



31 July 2017

# Independent Directors update on Downer takeover offer

The Independent Directors<sup>1</sup> of Spotless Group Holdings Limited (Spotless) (ASX: SPO) note that based on its substantial shareholder notice dated 31 July 2017, Downer EDI Limited (Downer) (ASX: DOW) now has a relevant interest in 80.77% of Spotless shares.

Accordingly, the Independent Directors believe it is appropriate to update remaining shareholders in relation to Downer's offer, including Spotless' ongoing ASX listing and the requirements to be satisfied under ASX Guidance in order for Downer to de-list the company.

In addition, Spotless has today announced that it has secured change of control waivers for financing facilities in respect of the acquisition of control by Downer.

## Spotless' ASX listing

Downer has consistently indicated its intention to seek to have Spotless de-listed from the ASX if at the end of the takeover offer, Downer owns at least 75% of Spotless shares.

The Independent Directors note that de-listing following a takeover offer is a matter of ASX discretion. The relevant ASX Guidance indicates that in addition to having ownership of at least 75% of Spotless, a threshold relevant to ASX exercising its discretion to de-list is that there are less than 150 shareholders with shareholdings worth \$500 or more.

As at yesterday, 30 July 2017, Spotless had over 2,000 remaining shareholders with shareholdings worth \$500 or more. While there is such a significant number of shareholders remaining, the Independent Directors of Spotless believe that a de-listing at the end of the takeover offer is unlikely (regardless of whether or not Downer owns at least 75% of Spotless).

Under these circumstances, ASX Guidance is that any application to delist by Spotless would need to be approved by remaining Spotless shareholders, and Downer would only be able to vote in respect of such approval after 12 months following the close of the takeover offer.

The Independent Directors will continue to keep shareholders informed regarding key developments in relation to Spotless' ASX listing.

<sup>&</sup>lt;sup>1</sup> Spotless' Independent Directors are those directors not nominated by Downer, being Mr Garry Hounsell, Mr Simon McKeon AO and Mr Martin Sheppard.





### Financing change of control waivers confirmed

The Independent Directors of Spotless confirm that the company has now secured change of control waivers from all banks in its syndicated and bilateral financing facilities.

The waivers were required in respect of Downer's acquisition of control of Spotless pursuant to its takeover offer. As a result of the waivers obtained, Spotless will not require the Debt Standby Bridge Commitment arranged by Downer in connection with Downer's acquisition of a majority shareholding in Spotless.<sup>2</sup>

Spotless' Chairman, Garry Hounsell said: "The ongoing support shown by our lending banks following the change of control is a positive endorsement of Spotless' current financial position and strengthening balance sheet, particularly following our \$65 million reduction in net debt in the second half which was materially ahead of our stated \$50 million target."

#### **Update on Downer takeover offer**

Downer's takeover offer is currently scheduled to close at 7:00pm Monday, 31 July 2017 (unless extended further).

For the reasons set out in the ASX announcement dated 18 July 2017 and the Second Supplementary Target's Statement dated 19 July 2017, the Independent Directors of Spotless have reluctantly recommended that shareholders ACCEPT Downer's offer.

However, as set out in those documents, the Spotless Independent Directors acknowledge that some Spotless shareholders with greater risk appetite, a longer investment horizon or more aggressive investment strategies, may wish to continue to hold their Spotless shares.

For further information in relation to the reasons to accept or reject the offer, shareholders should refer to these documents.

Spotless shareholders should have regard to their own personal circumstances when deciding whether or not to accept Downer's offer and should seek their own professional advice.

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<sup>&</sup>lt;sup>2</sup> A further review event will occur under Spotless' financing facilities if a relevant interest of 90% is achieved, in which case the Debt Standby Bridge Commitment may be required if applicable waivers are not obtained in that scenario.





The Spotless Shareholder Information line is available to answer any questions on 1300 963 991 (for calls made from within Australia) or +61 1300 963 991 (for calls made from outside Australia) Monday to Friday between 8.30am and 5.30pm (AEST).

#### **Enquiries**

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