

First Supplementary Bidder's Statement

In relation to the Cash Offer

by

Downer EDI Services Pty Ltd

ACN 137 732 042

a wholly-owned subsidiary of

Downer EDI Limited

ACN 003 872 848

to purchase all of your ordinary shares in

Spotless Group Holdings Limited

ACN 154 229 562

For each Spotless Share you will receive

\$1.15 Cash

This is an important document and requires your immediate attention. If you are in doubt as to how to deal with this document you should consult your financial or other professional adviser.

1. INTRODUCTION

This document is the first supplementary bidder's statement (**First Supplement**) to the Bidder's Statement dated 21 March 2017 (**Original Bidder's Statement**) made under section 643 of the *Corporations Act 2001* (Cth) (the **Corporations Act**).

The First Supplement is issued by Downer EDI Services Pty Ltd (**Downer Services**), a wholly-owned subsidiary of Downer EDI Limited ACN 003 872 848 (**Downer**), in relation to its off-market takeover bid by Downer Services to acquire all of the ordinary shares in Spotless Group Holdings Limited ACN 154 229 562 (**Spotless**) that it does not already own (**Offer**). This document supplements, and must be read together with, the Original Bidder's Statement.

Unless the context requires otherwise, terms defined in the Original Bidder's Statement have the same meaning in this First Supplement. This First Supplement prevails to the extent of any inconsistency with the Original Bidder's Statement.

A copy of this First Supplement was lodged with the Australian Securities and Investments Commission (**ASIC**) on Monday, 10 April 2017. This document will prevail to the extent of any inconsistency with the Original Bidder's Statement. Neither ASIC nor any of its officers takes any responsibility for the contents of this First Supplement.

2. REPLACEMENT BIDDER'S STATEMENT

A replacement bidder's statement issued by Downer Services and dated Monday, 10 April 2017 (**Replacement Bidder's Statement**) replaces the Original Bidder's Statement.

Attached as Attachment 1 to this First Supplement is a marked up copy of the Original Bidder's Statement showing the changes that have been made as reflected in the Replacement Bidder's Statement.

A clean copy of the Replacement Bidder's Statement is issued at the same time as this First Supplement.

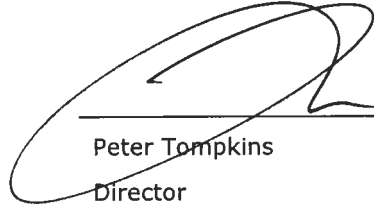
3. FURTHER INFORMATION

For further information, you may call the Offer Information Line on 1300 048 144 (from within Australia) or +61 3 9415 4662 (from outside Australia) from Monday to Friday between 9.00am and 5.00pm (Sydney time).

4. APPROVAL OF FIRST SUPPLEMENT

The copy of this First Supplement that has been lodged with ASIC has been approved by a unanimous resolution of Downer Services on Monday, 10 April 2017.

Signed on behalf of Downer EDI Services Pty Ltd:



Peter Tompkins
Director

Attachment 1

Bidder's Statement

ACCEPT the Cash Offer

by

Downer EDI Services Pty Ltd

ACN 137 732 042

a wholly owned subsidiary of

Downer EDI Limited

ACN 003 872 848

to purchase all of your ordinary shares in

Spotless Group Holdings Limited

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For each Spotless Share you will receive

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Important Information

Offer Information Line

For information regarding your Spotless Shares, the Offer or how to accept the Offer please read this Bidder's Statement. If you still need assistance please contact the Downer Offer Information Line on:

For Australian callers: 1300 048 144

For international callers: +61 3 9415 4662

Key Dates

Original Bidder's Statement lodged with ASIC	Tuesday, 21 March 2017
First Supplementary Bidder's Statement lodged with ASIC	Monday, 10 April 2017
Replacement Bidder's Statement lodged with ASIC	Monday, 10 April 2017
Offer opens (date of Offer)	[•]
Offer closes (unless extended)	7:00pm (Sydney time), [•]

This [is a Replacement Bidder's Statement](#) ~~is dated 21 March 2017~~ and is given by Downer EDI Services Pty Ltd ACN 137 732 042 (**Downer Services**) to Spotless Group Holdings Limited ACN 154 229 562 (**Spotless**) under Part 6.5 of the Corporations Act, [as amended by ASIC Class Order \[CO 13/528\]](#) and the additional relief [described in section 6.5](#). This [Replacement Bidder's Statement is dated \[• Monday, 10 April 2017\]](#) and replaces the Bidder's Statement [dated 21 March 2017 and lodged with ASIC on that date \(Original Bidder's Statement\)](#). This [Replacement Bidder's Statement](#) includes an Offer dated [•] to acquire all of your Spotless Shares and also sets out certain disclosures required by the Corporations Act. [The Offer made under this Replacement Bidder's Statement is on the same terms as the offer set out in the Original Bidder's Statement except to the extent approved by ASIC in the relief described in section 6.6.](#)

A copy of this [Replacement Bidder's Statement](#) was lodged with the Australian Securities and Investments Commission (**ASIC**) on [Monday, 10 April 2017](#) ~~21 March 2017~~. ASIC takes no responsibility for the contents of this [Replacement Bidder's Statement](#).

A number of defined terms are used in this [Replacement Bidder's Statement](#). These terms are defined in section 8. [All references to the Bidder's Statement in this document are to this Replacement Bidder's Statement.](#)

Investment decisions

This Bidder's Statement does not take into account the investment objectives, financial situation and particular needs of any person. Before making any investment decision you should consider whether it is appropriate in the light of those factors. Accordingly, you may wish to seek independent financial and taxation advice before deciding whether to accept the Offer.

Forward looking statements

This Bidder's Statement contains forward looking statements. Forward looking statements are not based on historical facts, but are based on current expectations of future results or events. These forward looking statements are subject to risks, uncertainties and assumptions which could cause actual results or events to differ materially from the expectations described in such forward looking statements. While Downer EDI Limited ACN 003 872 848 (**Downer**) and Downer Services believe that the expectations reflected in the

forward looking statements in this document are reasonable, no assurance can be given that such expectations will prove to be correct. Matters as yet not known to Downer or Downer Services or not currently considered material by Downer or Downer Services, may cause actual results or events to be materially different from those expressed, implied or projected in any forward looking statements. Any forward looking statement contained in this document is qualified by this cautionary statement.

Information regarding Spotless

The information contained in this Bidder's Statement on Spotless and Spotless Shares has been prepared by Downer Services using publicly available information.

None of that information has been independently verified by Downer Services. Accordingly, Downer Services does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information.

Further information relating to Spotless' business may be included in the Target's Statement, which Spotless must provide to its shareholders in response to this Bidder's Statement.

Notice for U.S. shareholders

This Bidder's Statement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. The securities described herein have not been, and will not be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, such securities may not be offered or sold, directly or indirectly, to any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws. This Bidder's Statement may not be forwarded, distributed or reproduced in whole or in part in any jurisdiction where it would be unlawful, including the United States.

The Offer is being made for shares of an Australian company and is subject to the laws of Australia. It is important for U.S. shareholders to be aware that the transaction is subject to takeover and disclosure laws and regulations in Australia that are different from those in the United States. Certain of the U.S. federal securities laws applicable to tender offers will not apply to the transaction and you may not have the same rights or protections applicable to equivalent transactions conducted in the United States. It may be difficult for you to enforce your rights and any claim you may have arising under the U.S. federal securities laws, since Downer and Downer Services are located in Australia, and some or all of their officers and directors may be residents of Australia.

Privacy collection statement

Personal information relating to your shareholding in Spotless will be collected by Downer Services or its agents from Spotless in accordance with its rights under the Corporations Act. Downer Services will share this information with its related bodies corporate, advisers, agents and regulators (such as ASIC and the Australian Taxation Office) where necessary for the purposes of the Offer. Downer Services, its related bodies corporate, advisers and agents will use this information solely for purposes relating to the Offer. If you would like to access or correct your personal information held by Downer Services or its agents or have any other queries about the handling of your personal information please view Downer's Privacy Policy available at www.downergroup.com.

How to accept the Offer

You should read section [7.3](#) for full details on how to accept the Offer.

CHES Holding

If your Spotless Shares are held in a CHES Holding (holder identification number beginning with 'X'), to accept you must either:

- instruct your Controlling Participant to accept the Offer on your behalf; or
- complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

Issuer Sponsored Holding

If your Spotless Shares are held in an Issuer Sponsored Holding (securityholder reference number beginning with 'I'), to accept you must complete, sign and return the enclosed Acceptance Form in accordance with the instructions on it.

Participants

If you are a Participant (as defined in the ASX Settlement Operating Rules) (typically, a stockbroker who is a participating organisation of ASX Settlement), the above does not apply. To accept the Offer you must initiate acceptance in accordance with the ASX Settlement Operating Rules.

To be effective, your acceptance must be received by Downer Services before the Offer closes.

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- A UNDERWRITING AGREEMENT – TERMINATION EVENTS
- B ACQUISITIONS OF SPOTLESS SHARES DURING THE LAST FOUR MONTHS
(ANNEXURE TO SECTION 6.3)

Chairman's letter

21 March 2017

Dear Spotless Shareholder,

I am pleased to present you with this offer (the **Offer**) from Downer EDI Services Pty Ltd (**Downer Services**), a wholly-owned subsidiary of Downer EDI Limited (**Downer**), to acquire all of your shares in Spotless Group Holdings Limited (**Spotless**) for \$1.15 cash per Spotless Share (the **Offer Price**).

The Offer is a highly attractive one and represents compelling value for Spotless Shareholders. The Offer Price of \$1.15 cash for each Spotless Share represents a premium of:

- 59% to the closing price of Spotless Shares on 20 March 2017, being the last trading day before the Announcement Date;
- 45% to the VWAP of Spotless Shares since 28 February 2017 (the date on which Spotless released its 1H17 Results); and
- 42% to the 1-month VWAP of Spotless Shares up to and including 20 March 2017.

You cannot be certain about the future value of Spotless Shares in the absence of the Offer and/or any other superior proposal. Importantly, the Offer provides certain cash value to Spotless Shareholders for their Spotless Shares. The Offer is particularly attractive in the context of Spotless' recent share price performance, 1H17 Results, relatively high level of debt and recent reduction in dividend.

As at the date of this letter, Downer Services has an interest equivalent to 19.99% in the issued share capital of Spotless, which is comprised of a 15% shareholding in Spotless and a further economic interest in 4.99% of Spotless Shares pursuant to a total return cash settled equity swap.¹

Spotless Shareholders who accept the Offer will be paid within one month after the Offer becomes or is declared unconditional and within 21 days after the end of the Offer Period, whichever is earlier.

Spotless Shareholders will also be entitled to be paid the 1H17 dividend declared by Spotless in its 1H17 Results Announcement (to be paid on 7 April 2017).

Downer is a leading provider of services to customers in markets including: Transport Services; Technology and Communications Services; Utilities Services; Engineering, Construction and Maintenance (EC&M); Mining; and Rail. The Downer Group employs 19,000 staff across Australia, New Zealand, the Asia-Pacific region, South America and Southern Africa. Downer is

¹ For further information, see Section 6.2.

headquartered in Sydney and is listed on the ASX. The proposed acquisition of Spotless is an important part of Downer's strategy to expand the scale of its business and create the largest, diversified, integrated services provider in Australia and New Zealand.

Detailed information in respect of the Offer is set out in this Bidder's Statement, which you should read in its entirety. To accept the Offer, please follow the instructions in this Bidder's Statement and on the accompanying Acceptance Form. The Offer is open for you to accept until 7:00pm (Sydney time) on [•], unless extended in accordance with the Corporations Act.

I encourage you to accept the Offer.

If you have any questions in relation to the Offer, or how to accept it, please contact the Offer Information Line on 1300 048 144 (from within Australia) or +61 3 9415 4662 (from outside Australia).

Yours sincerely

A handwritten signature in black ink that reads "R. M. Harding". The signature is written in a cursive style with a long, sweeping underline that extends to the right.

Michael Harding

Chairman

Downer EDI Limited

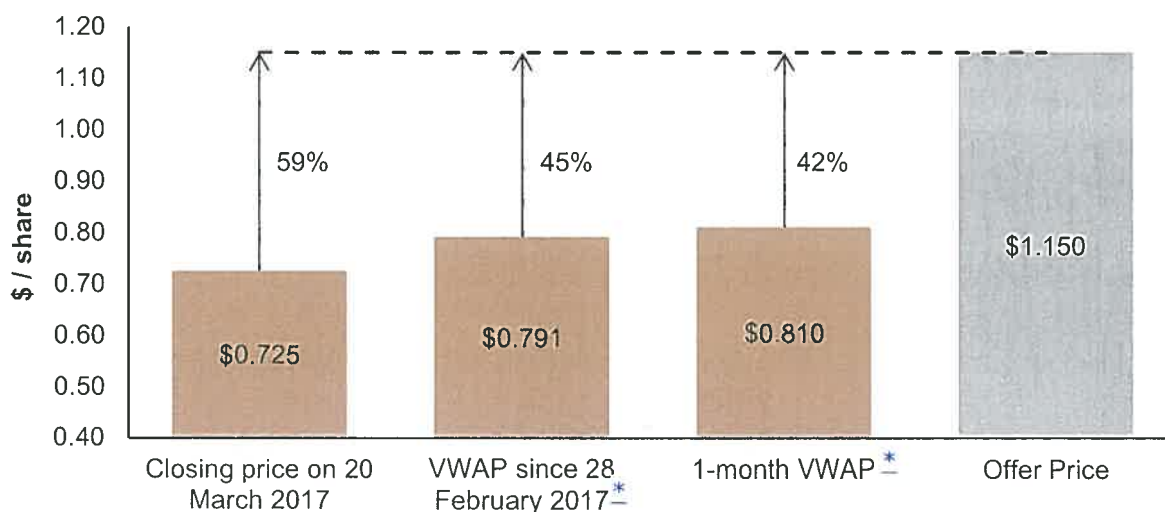
Reasons why you should accept Downer Services' Offer

1. THE OFFER PRICE REPRESENTS A SUBSTANTIAL PREMIUM TO ~~RECENT~~ TRADING LEVELS PRIOR TO THE ANNOUNCEMENT DATE AND COMPELLING VALUE FOR YOUR SPOTLESS SHARES

The Offer Price of \$1.15 cash per Spotless Share represents compelling value for Spotless Shareholders and a substantial premium to trading levels prior to the announcement of the Offer on 21 March 2017 (**Announcement Date**).

The Offer Price represents an attractive premium of:

- 59% to the closing price of Spotless Shares on 20 March 2017, being the last trading day before the Announcement Date;
- 45% to the Volume Weighted Average Price (VWAP) of Spotless Shares since 28 February 2017² (the date on which Spotless released its 1H17 Results); and
- 42% to the 1-month VWAP of Spotless Shares up to and including 20 March 2017.³



* For the period up to and including 20 March 2017.

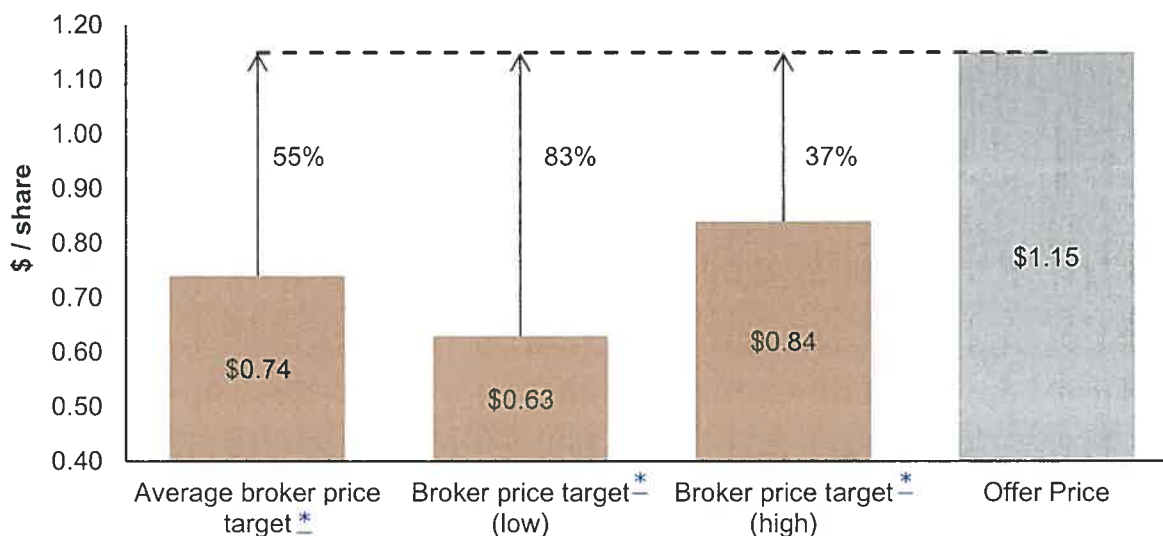
² VWAP is calculated based on cumulative value traded on ASX and CHI-X divided by cumulative volume traded on ASX and CHI-X. VWAP calculated from 28 February 2017 – 20 March 2017 (inclusive). Source: IRESS.

³ VWAP is calculated based on cumulative value traded on ASX and CHI-X divided by cumulative volume traded on ASX and CHI-X. VWAP calculated from 21 February 2017 – 20 March 2017 (inclusive). Source: IRESS.

2. THE OFFER IS MATERIALLY HIGHER THAN THE RANGE OF BROKER 12 MONTH PRICE TARGETS ~~AND VALUATIONS~~ FOR SPOTLESS PRIOR TO THE ANNOUNCEMENT DATE

Prior to the Announcement Date, brokers were forecasting, on average, a 12-month price target for Spotless of \$0.74 per Spotless Share, with a range of \$0.63 to \$0.84.⁴ This means that the analysts' best estimate of the price target for Spotless Shares in 12-months' time was, on average, \$0.74.

The Offer is for \$1.15 cash per Spotless Share, which is \$0.41 per share, or 55%, above the average broker price target and \$0.52 per share, or 83%, above the lowest broker price target of \$0.63 per Spotless Share and \$0.31 per share, or 37%, above the highest broker price target of \$0.84 per Spotless Share.



* Prior to the Announcement Date.

⁴ The 5 broker price targets have been used to determine the 12 month broker price target range and average. The date range of the broker price targets used in determining the range and average was 28 February 2017 to 1 March 2017. These brokers were selected on the basis of all broker research reports publicly available to Downer that were released since the announcement of Spotless' 1H2017 results on 28 February 2017 and prior to the Announcement Date. Downer notes that according to Bloomberg, there were 2 other broker price targets available for Spotless that had been released since 28 February 2017 (Downer did not have access to the research reports for these brokers as at the Announcement Date). Inclusion of these additional 2 price targets results in an average broker price target of \$0.76 and no change to the \$0.63 to \$0.84 range of broker price targets. Source: broker research reports, Bloomberg.

3. SPOTLESS REPORTED 1H17 RESULTS THAT WERE MATERIALLY WORSE THAN THE PRIOR CORRESPONDING PERIOD ACROSS A NUMBER OF KEY FINANCIAL METRICS

On 28 February 2017, Spotless released its results for the six months to 31 December 2016 (**1H17**) (**1H17 Results**).

Across a number of key financial metrics, Spotless' financial performance disclosed in the 1H17 Results and the 1H17 Investor Presentation was materially lower than the prior corresponding period (the six months to 31 December 2015 (**1H16**)), including:

- revenue of \$1,455 million, 9.4% below \$1,606 million in 1H16;
- EBITDA (excluding exceptional items) of \$121 million, 11.8% below \$137 million in 1H16;
- EBITA (excluding exceptional items) of \$74 million, 23.6% below \$96 million in 1H16;
- Net Profit After Tax (**NPAT**) (excluding exceptional items) of \$33 million, 31.4% below \$48 million in 1H16; and
- net debt of \$848 million, \$58 million above net debt at 30 June 2016 of \$790 million and \$46 million above net debt at 31 December 2015 of \$802 million.

As stated in Spotless' 1H17 Results Announcement, Spotless' financial performance was impacted by:

- revenue decline due to a number of contract losses;
- increased depreciation from investment in prior years;
- costs associated with investment in business development, marketing and innovation; and
- ongoing restructure of the business and 'strategy reset'.

Since the release of the 1H17 Results, Spotless' share price has declined 23.7%.⁵

⁵ Based on Spotless' share price performance from close of trading on 27 February 2017 (the last trading day prior to the announcement of Spotless' 1H17 results) to close of trading on 20 March 2017 (the last trading day prior to Announcement of the Offer).

4. SPOTLESS HAS SIGNIFICANTLY REDUCED ITS RECENT DIVIDEND AND HAS RESET ITS DIVIDEND POLICY

In its 1H17 Results Announcement, Spotless stated it had reset its dividend payout ratio to 40% to 60% of Adjusted NPAT⁶ (from a previous payout ratio of 65% to 75% of Adjusted NPAT).

In accordance with the reset dividend policy, and as disclosed in the 1H17 Results Announcement, Spotless stated that its 1H17 dividend per share would be 1.35 cents, being 61.4% lower than the 3.5 cents per share dividend announced in 1H16. The 1H17 dividend represents a payout ratio of 40% (the bottom end of the revised range).

As stated by Spotless in its 1H17 Results Announcement, the resetting of Spotless' dividend policy was in part due to its level of net debt as at 31 December 2016 which represented a net leverage ratio of 2.7x.⁷ The resetting of Spotless' dividend policy was consistent with its "*near term priority of reducing gearing and strengthening our balance sheet*".⁸ Spotless also stated it was "*targeting a reduction of net leverage to ~2.5x by June 2018*".⁹

5. SPOTLESS' FY17 NPAT GUIDANCE RANGE IMPLIES A 31% TO 39% DECLINE FROM ITS FY16 NPAT AND IS ALSO DEPENDENT UPON A SUBSTANTIAL INCREASE IN NPAT FROM 1H17 TO 2H17

In Spotless' 1H17 Results Announcement, Spotless stated that subject to economic conditions FY17 NPAT (pre-exceptional items) was expected to be between \$80-90 million. This implies a 31% to 39% decline from FY16 NPAT (at the high to low end of the guidance range respectively).

As noted in Spotless' 1H17 Results Announcement, this reflects:

- business development returns being slower than expected;
- benefits of business development to date offset by weaker business performance in the Business and Industry, Construction and Resources sectors; and
- increases in depreciation and investment in business development.

In its 1H17 Results Announcement, Spotless reported 1H17 NPAT (pre-exceptional items) of \$33 million. This implies that, in order to achieve its FY17 guidance range of NPAT (pre-exceptional items) of \$80-90 million, NPAT (pre-exceptional items) in 2H17 would need to be \$47-57 million.

⁶ Adjusted NPAT as defined by Spotless in its 1H17 Investor Presentation to exclude exceptional items including goodwill impairment, other intangible asset write-downs, PP&E write-downs, other asset write-downs, onerous contracts provision and other provisions and accrual.

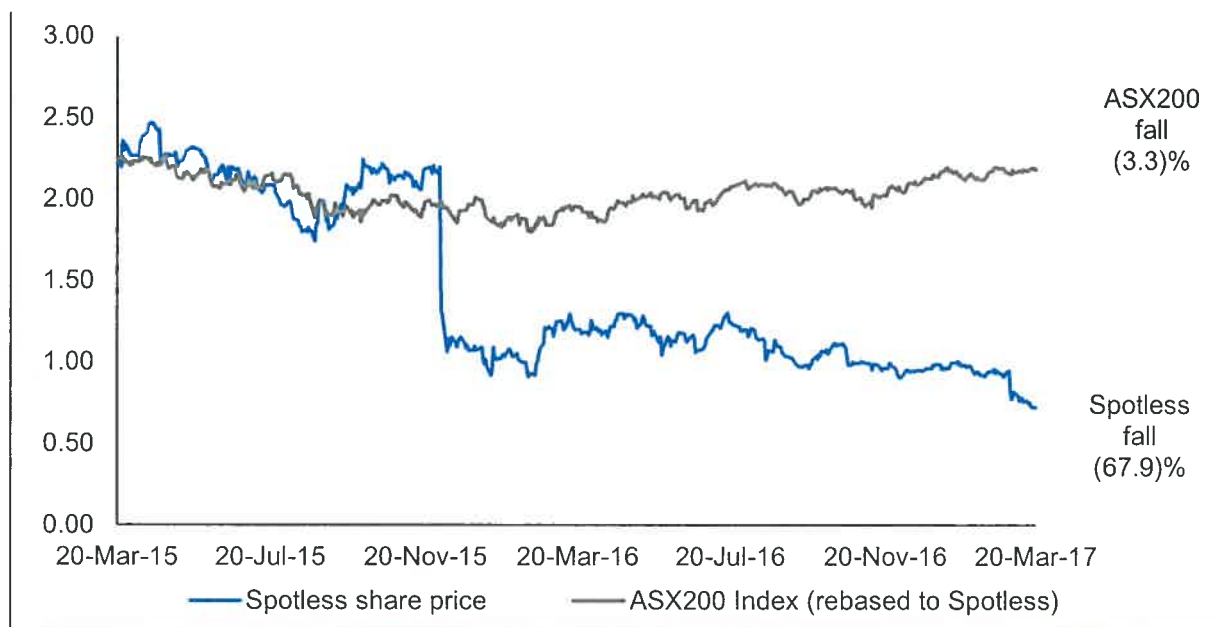
⁷ Net leverage ratio is defined by Spotless in the 1H17 Results as net debt / EBITDA and excluding exceptional items.

⁸ As stated in Spotless' 1H17 Results Announcement.

⁹ As stated in Spotless' 1H17 Investor Presentation.

6. SPOTLESS' SHARE PRICE HAS UNDERPERFORMED THE ASX200 INDEX IN THE LAST 24 MONTHS PRIOR TO THE ANNOUNCEMENT DATE

Over the last 24 months, Spotless' share price has fallen 67.9% from \$2.26 (the closing price on 20 March 2015) to \$0.725, the closing price on 20 March 2017, being the last trading day before the Announcement Date. By contrast, over the same period the ASX200 Index has fallen 3.3%.¹⁰



Source: IRESS

7. THE OFFER IS AN ALL CASH OFFER WITH A CERTAIN VALUE

The Offer provides Spotless Shareholders with an opportunity to realise certain cash value for their Spotless Shares, with no transaction costs and no exposure to the potential risks associated with a continuing investment in Spotless.

If you accept the Offer and the Offer becomes unconditional, you will:

- be paid \$1.15 for each of your Spotless Shares;
- not incur any brokerage fees; and
- receive your cash consideration by the earlier of:
 - 21 days after the end of the Offer Period; and
 - within one month after the date the Offer becomes, or is declared, unconditional.

¹⁰ Source: IRESS.

8. ACCEPTING THE OFFER REMOVES YOUR EXPOSURE TO THE RISKS ASSOCIATED WITH A CONTINUED INVESTMENT IN SPOTLESS

Downer Services believes that the Offer represents compelling value for your Spotless Shares.

As a Spotless Shareholder, you are subject to a number of risks that may affect the market price of Spotless Shares, including, but not limited to:

- the uncertain future market price of Spotless Shares, in the absence of the Offer and/or any other superior proposal;
- the outcome of the Class Action which, although Spotless has stated it strongly denies the allegations and will vigorously defend them, is uncertain and may have financial consequences for Spotless; and
- the possibility that Spotless' stated near term priorities to reduce gearing and strengthen its balance sheet will not be achieved or may take longer to achieve in which event Spotless' dividend policy may need to be further reset to reduce dividends.

Accepting the Offer removes your exposure to these risks assuming the Defeating Conditions have been satisfied or waived.

9. SPOTLESS' SHARE PRICE MAY FALL IF THE OFFER IS NOT SUCCESSFUL AND NO ALTERNATIVE SUPERIOR PROPOSAL EMERGES

In the month Prior to the Announcement Date, the VWAP of Spotless Shares ~~over the last month~~ was \$0.810 per Spotless Share.¹¹ Since the announcement of Spotless' 1H17 Results, the VWAP of Spotless Shares (up to the last trading day before the Announcement Date) was \$0.791 per Spotless Share.¹²

Since the announcement of the Offer on 21 March 2017, Spotless Shares have traded in the range of \$1.025 to \$1.110 per share.¹³ The last recorded price of a Spotless Share prior to the date of this Bidder's Statement (being close of trade on 7 April 2017) is \$1.085 per share.

Although many factors affect the price of any given quoted security, if the Offer does not proceed and no alternative superior proposal emerges, the Spotless share price is likely to trade at a substantial discount to the Offer Price.

¹¹ VWAP is calculated based on cumulative value traded on ASX and CHI-X divided by cumulative volume traded on ASX and CHI-X. VWAP calculated from 21 February 2017 – 20 March 2017 (inclusive). Source: IRESS.

¹² VWAP is calculated based on cumulative value traded on ASX and CHI-X divided by cumulative volume traded on ASX and CHI-X. VWAP calculated from 28 February 2017 – 20 March 2017 (inclusive). Source: IRESS.

¹³ Between 21 March 2017 and 7 April 2017 (inclusive).

Key questions

This section answers some key questions that you may have about the Offer and should only be read in conjunction with the entire Bidder's Statement. The terms of the Offer are contained in section 7.

1. What is the Offer?

Downer Services, a wholly-owned subsidiary of Downer, is offering to buy your Spotless Shares by way of an off-market takeover offer for \$1.15 cash per Spotless Share on the terms and conditions set out in section 7.

2. Who is making the Offer?

Downer Services, a wholly owned subsidiary of Downer, is making the Offer.

Downer is a public company incorporated in Australia which is listed on ASX (ASX Code: DOW) with a secondary listing as an overseas listed issuer on NZX. Downer operates primarily in Australia and New Zealand and provides a range of outsourced services to public and private sector customers in industries including transport, rail, technology and communications, utilities, engineering construction and maintenance and mining. The market capitalisation of Downer as at the date of this Bidder's Statement is approximately A\$3,0463,054 million.

3. What is the Bidder's Statement?

This Bidder's Statement sets out the terms of the Offer and information relating to the Offer, including the consideration you will receive.

4. What are the conditions to the Offer?

The conditions of the Offer are set out in section 7.11. The conditions are summarised as follows:

- a 90% minimum acceptance condition;
- all necessary Approvals required by law or Public Authority (including OIO consent) and no action by any Public Authorities which may adversely affect the Offer;
- no change of control triggers are exercised in respect of the Spotless Debt Facilities;
- no termination of the Underwriting Agreement;
- no Spotless profit downgrade;
- no material acquisitions, disposals or significant events; and
- no Prescribed Occurrence in relation to Spotless.

5. What interest does Downer Services have in Spotless Shares?

As at the date of this Bidder's Statement, Downer Services has an interest equivalent to 19.99% in the issued share capital of Spotless, which is comprised of a relevant interest in 15% of the total number of Spotless Shares and an economic interest of 4.99% in Spotless Shares pursuant to a cash settled equity swap referenced over 54,804,679 Spotless Shares.

6. What choices do I have?

As a Spotless Shareholder, you have the following choices:

- (a) accept the Offer for all your Spotless Shares and receive cash consideration (see question [7](#) below);
- (b) sell your Spotless Shares on-market (unless you have previously accepted the Offer) (see question [13](#) below); or
- (c) do nothing (see question [9](#) below).

7. How do I accept the Offer?

To accept the Offer you must follow the instructions set out in section [7.3](#), as well as the instructions on the Acceptance Form. Your acceptance must be received before the end of the Offer Period.

8. Can I accept the Offer for part of my holding?

No, you can only accept the Offer for all of your holding of Spotless Shares. Your acceptance will be treated as being for all your Spotless Shares plus any additional Spotless Shares registered as held by you at the date your acceptance is processed.

9. What happens if I do not accept the Offer?

Subject to what is stated below, you will remain the holder of your Spotless Shares if you do not accept the Offer.

If Downer Services becomes entitled to do so, Downer Services intends to proceed to compulsorily acquire your Spotless Shares (see section [2.2](#) for further details). In that event, you will receive consideration for your Spotless Shares sooner if you accept the Offer rather than have your Spotless Shares compulsorily acquired.

10. When does the Offer close?

The Offer is currently scheduled to close at 7:00pm (Sydney time) on [], unless extended or withdrawn in accordance with the Corporations Act.

11. If I accept the Offer, when will I be paid?

If you accept this Offer, Downer Services will pay you for your Spotless Shares to which Downer Services acquires good title on or before the earlier of:

- (a) the day one month after you accept this Offer or, if this Offer is subject to a Defeating Condition when accepted, one month after the contract resulting from your acceptance becomes unconditional; and
- (b) the day 21 days after the end of the Offer Period, provided that the Offer has become or is declared unconditional.

Full details of when you will be paid are set out in section [7.17](#).

12. Can I withdraw my acceptance?

You can withdraw an acceptance at any time before the Defeating Conditions have been satisfied or waived by Downer Services. Section 6.11 provides information about how to withdraw acceptances.

12.13. Can I sell on-market?

Yes, but you may incur brokerage and other transaction costs if you do.

However, if you accept the Offer, you agree not to sell your Spotless Shares to anyone else and you will not be able to sell your Spotless Shares on market, except [where you have withdrawn your acceptance in accordance with section 6.11.](#) ~~in the limited circumstances in which you are able to withdraw your acceptance as described in section 7.6. If you accept the Offer and then seek to sell your Spotless Shares on market you will be unable to settle that on-market trade.~~

13.14. Will I need to pay brokerage or stamp duty if I accept the Offer?

You will not pay any stamp duty on accepting the Offer.

If your Spotless Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Downer Services, you will not incur any brokerage connected with you accepting the Offer.

If your Spotless Shares are in a CHESS Holding or you hold your Spotless Shares through a bank, custodian or other nominee, you should ask your Controlling Participant (usually, your Broker) or the bank, custodian or other nominee whether it will charge any transaction fees or service charges connected with you accepting the Offer.

14.15. What are the tax consequences if I accept the Offer?

A general outline of the Australian tax consequences of disposing of your shares pursuant to accepting the Offer is set out in section 5. As the information in that section is general in nature, you should seek your own professional tax advice on the tax implications of accepting the Offer.

15.16. What happens if the conditions of the Offer are not satisfied or waived?

If the conditions of the Offer are not satisfied or waived before the Offer closes, the Offer will lapse and, in this case, Spotless Shares accepted into the Offer will be returned. Downer will make an announcement to ASX if the conditions of the Offer are satisfied or waived during the Offer Period.

16.17. What if I require further information?

If you have any queries about this document, the Offer or how to accept the Offer, please contact the Downer Offer Information Line on:

For Australian callers: 1300 048 144

For international callers: +61 3 9415 4662

1. INFORMATION ON DOWNER

1.1 Downer Services

The Offer is being made by Downer Services, a wholly-owned subsidiary of Downer. Downer Services is a company incorporated on 17 June 2009 and registered in Victoria.

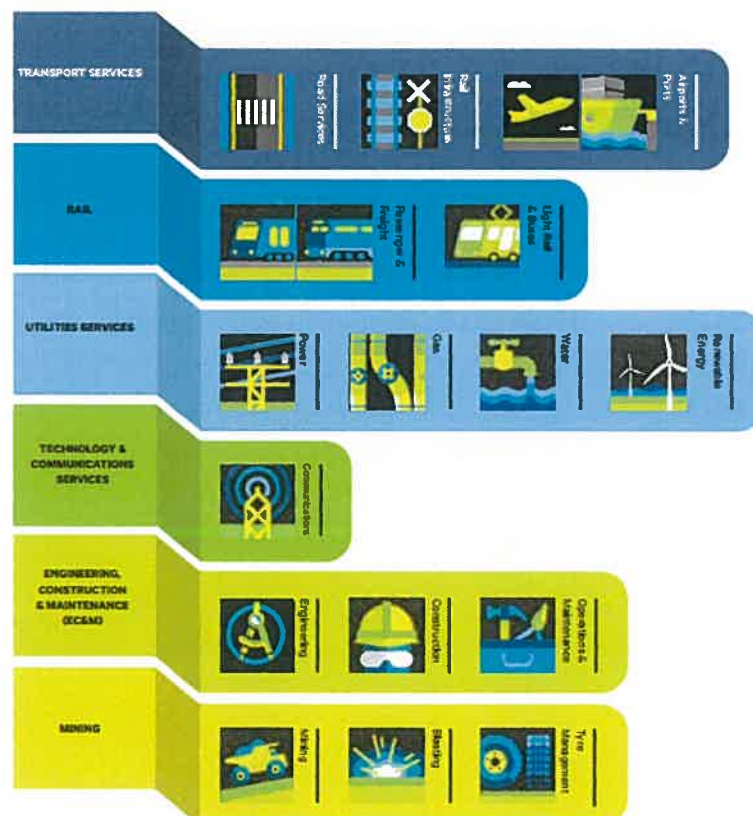
As at the date of this Bidder's Statement, the Directors of Downer Services are:

- (a) Peter Tompkins – *Group General Counsel and Company Secretary of Downer*;
- (b) Michael Ferguson – *Chief Financial Officer of Downer*; and
- (c) Peter Lyons – *Company Secretary of Downer*.

1.2 Overview of Downer

Downer is a public company incorporated in Australia which is listed on ASX (ASX Code: DOW) with a secondary listing as an overseas listed issuer on NZX. The market capitalisation of Downer as at the date of this Bidder's Statement is approximately ~~A\$3,046~~A\$3,152 million.

Downer operates primarily in Australia and New Zealand and provides a range of outsourced services to public and private sector customers in industries including transport, rail, technology and communications, utilities, engineering construction and maintenance (EC&M) and mining.



1.3 Principal activities of Downer

Downer's operations cover the following service lines:

- (a) **Transport services** – this comprises Downer's road, rail infrastructure, bridge, airport and port businesses and provides a broad range of transport infrastructure services including: earthworks; civil construction; asset management; maintenance; surfacing and stabilisation; supply of bituminous products and logistics; open space and facilities management; and rail track signalling and electrification works;
- (b) **Rail** – Downer provides total rail asset solutions including passenger and freight build, operations and maintenance, component overhauls and after-market services;
- (c) **Mining** – Downer provides services across all stages of the mining lifecycle including: asset management; blasting services, explosive supply; civil projects; crushing; exploration drilling; mine closure and mine site rehabilitation; mobile plant maintenance; open cut mining; training and development for ATSI employees; tyre management; and underground mining;
- (d) **Utilities services** – Downer provides complete lifecycle solutions to customers in the power, gas, water and renewable energy sectors including: planning, designing, constructing, operating, maintaining, managing and decommissioning power and gas network assets; providing complete water lifecycle solutions for municipal and industrial water users; and design, build and maintenance services for wind farms and wind turbine sites, solar farms, landfill methane generation plants, sugar cane waste fired cogeneration plants, and other biomass fired cogeneration plants;
- (e) **EC&M** – Downer provides design, engineering, construction and maintenance services for greenfield and brownfield projects across a range of sectors and all stages of the project lifecycle including: feasibility studies; engineering design; civil works; structural, mechanical and piping; electrical and instrumentation; mineral process equipment design and manufacture; commissioning; operations maintenance; shutdowns, turnarounds and outages; strategic asset management; and decommissioning; and
- (f) **Technology and communications services** – Downer provides an end-to-end infrastructure service offering comprising feasibility, design, civil construction, network construction, commissioning, testing, operations and maintenance across fibre, copper and radio networks as well as data centre services, automated ticketing and intelligent transport technology systems.

1.4 Directors and senior management of Downer

As at the date of this Bidder's Statement, the Directors of Downer are:

- (a) **Michael Harding** – *Chairman, Independent Non-Executive Director;*
- (b) **Grant Fenn** – *Managing Director and Chief Executive Officer;*
- (c) **Annabelle Chaplain** – *Independent Non-Executive Director;*
- (d) **Philip Garling** – *Independent Non-Executive Director;*
- (e) **Eve Howell** – *Independent Non-Executive Director;*
- (f) **Grant Thorne** – *Independent Non-Executive Director;* and

(g) **Teresa Handicott** – *Independent Non-Executive Director.*

As at the date of this Bidder's Statement, the senior management team of Downer are:

- (a) **Michael Ferguson** – *Chief Financial Officer;*
- (b) **Brendan Petersen** – *Chief Executive Officer, Engineering, Construction and Maintenance;*
- (c) **Sergio Cinerari** – *Chief Executive Officer, Infrastructure Services;*
- (d) **David Overall** – *Chief Executive Officer, Mining;*
- (e) **Michael Miller** – *Chief Executive Officer, Rail;*
- (f) **Steve Killeen** – *Acting Chief Executive Officer, New Zealand;*
- (g) **Peter Tompkins** – *Group General Counsel & Company Secretary;*
- (h) **David Cattell** – *Group Head of Strategy, Growth and Innovation;*
- (i) **Michael Sharp** – *Group Head of Corporate Affairs and Investor Relations.*
- (j) **Julie Wills** – *Group Head of Zero Harm; and*
- (k) **Steve Schofield** – *Group Head of Human Resources.*

It is the intention of Downer that the current Board and senior management remain unchanged following completion of the Offer.

1.5 **Entitlement Offer**

As set out in further detail in section [3.2\(b\)](#) below, on 21 March 2017, Downer announced an Entitlement Offer to raise approximately \$1,011 million for the purposes of contributing to the payment of consideration for Spotless Shares by Downer Services under the Offer.

1.6 **Publicly available information about Downer**

Downer maintains a website (www.downergroup.com) from which its Annual Reports, ASX Announcements and financial statements in respect of previous reporting periods and many of its other publications can be downloaded in their entirety.

2. **DOWNER SERVICES' INTENTIONS**

2.1 **Overview**

This section 2 sets out Downer Services' intentions in relation to:

- the continuation of the business of Spotless;
- any major changes to the business of Spotless and any redeployment of the fixed assets of Spotless;
- changes to the Board of Spotless; and
- the future employment of the present employees of Spotless.

Downer Services is a wholly-owned subsidiary of Downer. The intentions, views, understanding and beliefs of Downer Services as set out in this section 2 are the same as those of Downer and both are collectively referred to as the intentions of Downer Services in this section 2.

These intentions are based on publicly available information concerning Spotless, its business and the general business environment that is known to Downer Services at the time of preparation of this Bidder's Statement.

As at the date of this Bidder's Statement no due diligence has been conducted on Spotless' non-public confidential information.

Therefore Downer Services does not currently have full knowledge of all material information, facts and circumstances that are necessary to assess the operational, commercial, tax, regulatory and financial implications of its current intentions. Final decisions regarding these matters will only be made by Downer Services once it has access to Spotless' internal confidential information and in light of the circumstances at the relevant time.

Accordingly, the statements set out in this section 2 are statements of current intention only, which may change as new information becomes available to Downer Services and as circumstances change.

2.2 **Intentions upon acquisition of 90% or more of all Spotless Shares**

This section sets out Downer Services' current intentions if Downer Services acquires a relevant interest in 90% or more of the Spotless Shares and it is entitled to proceed to compulsory acquisition of the remaining Spotless Shares under the Corporations Act.

(a) **Corporate matters**

It is intended that Downer Services would:

- (i) proceed with compulsory acquisition of the outstanding Spotless Shares (including any Spotless Shares which come into existence within the period of six weeks after Downer Services gives the compulsory acquisition notice due to conversion or exercise of LTI Awards) in accordance with the provisions of Chapter 6A of the Corporations Act;
- (ii) arrange for Spotless to be removed from the official list of the ASX;
- (iii) replace the Spotless Board with Downer Services nominees; and

- (iv) proceed to compulsory acquisition of the Spotless LTI Awards which have not been converted or exercised and that have not lapsed.

(b) **Spotless business and assets**

Spotless' business does not materially overlap with Downer's business and Downer and Spotless are not material competitors. Notwithstanding this, Downer expects a combination of the Downer and Spotless businesses to deliver pre-tax cost synergies of approximately \$20-40 million per annum over time. These synergies are expected to be generated by integrating board and head office teams, integrating reporting systems, reducing listing, statutory and regulatory costs and achieving costs savings under the insurance platforms of both groups. Downer Services has no current intention to change the business of Spotless, nor to redeploy any of the Spotless fixed assets.

If Downer Services acquires all of the Spotless Shares, Downer Services intends to conduct a broad-based general review of Spotless' corporate structure, assets, businesses, employees and operations. This review will focus on ensuring that Spotless' business and assets operate efficiently and competitively with a view to increasing customer service and levels of customer satisfaction. The review will include Spotless' internal confidential information to which Downer has not had access and is expected to take at least 3 months.

The outcome of this general review may result in changes to the structure of the operating businesses, including changes to the way the businesses are managed or operated, changes to the number of employees and their functions required in each operating business and the possible divestment of certain assets or businesses. Downer Services does not have any specific intentions in relation to this review or its outcomes. The review is expected to result in the creation of a new service line, being a separate division for external reporting and management purposes (for details of Downer's existing service lines see section [1.3](#) above).

(c) **Future employment of employees**

Recognising that Downer and Spotless' businesses do not materially overlap, subject to the broad-based general review discussed above and the matters referred to below, Downer generally intends to retain the services of Spotless' current employees in the ordinary course.

However, there may be cases where particular roles may no longer be required because of duplication with Downer's existing employees, such as head office, senior executive and administrative functions. Therefore it is likely that certain positions may become redundant, including before the review is completed. Where appropriate having regard to the position held by the relevant employee, Downer will attempt to identify opportunities for alternative employment within the Downer Group. Employees who are to be made redundant will receive all entitlements in compliance with applicable legislative awards or contractual requirements and they will be paid any redundancy amounts in accordance with their legal entitlements.

2.3 Intentions upon acquisition of less than 90% of all Spotless Shares

This section sets out Downer Services' present intentions if Downer Services acquires less than 90% of all Spotless Shares (in instances where the minimum acceptance Defeating Condition is waived by Downer Services and the other Defeating Conditions are either waived or satisfied).

The intentions in this section will be subject to:

- (i) the outcome of the Offer and the size of Downer Services' shareholding at that time;
- (ii) compliance with applicable Corporations Act requirements and the ASX Listing Rules, in particular in relation to related party transactions and conflicts of interests;
- (iii) the legal obligation of the directors of Spotless (including Downer Services' nominees on the Spotless Board) to act for proper purposes and in the best interests of Spotless Shareholders as a whole; and
- (iv) the outcome of the review described in section 2.2(b).

Subject to such limitations, Downer Services' intentions in relation to the acquisition of less than 90% of all Spotless Shares include:

(a) **Corporate matters**

- (i) subject to the Corporations Act and Spotless' constitution, seeking to appoint a number of nominees to the Spotless Board such that the proportion which Downer Services' nominees represent of the total number of directors on the Spotless Board equals or exceeds Downer Services' proportionate ownership interest in Spotless. In this scenario, where Downer Services acquires greater than 50% of all Spotless Shares, it will seek to appoint a majority of Downer Services' nominees to the Spotless Board and may, in its discretion, seek to retain one or more of the existing directors of Spotless on the Spotless Board. Downer Services has not made any decision as to who would be nominated for appointment to the Spotless Board in this case but expects such nominees will be persons with appropriate experience, qualifications and skills for Spotless' business and to implement Downer's intentions for Spotless;
- (ii) seeking to engage with the Spotless Board with a view to reaching agreement to undertake a broad-based general review of Spotless' corporate structure as discussed in section 2.2(b) and to implement any operational efficiencies and enhancements that may be identified in the review process. This may include the appointment of senior managers who have an understanding of Downer's management systems and to streamline functions which may be duplicated within Downer and Spotless;
- (iii) seeking to capitalise on any opportunities for Downer and Spotless to co-operate in expanding their respective revenue generating opportunities; and
- (iv) seeking to have Spotless removed from the official list of ASX in the circumstances set out below if applicable.

ASX guidance indicates that ASX would likely approve an application for Spotless to be removed from the official list of ASX without the need for shareholder approval if an application is made within a month of the end of the Offer Period and if:

- (A) at the end of the Offer, the Downer Group owns or controls at least 75% of the Spotless Shares and the Offer remained open for at least two weeks after the Downer Group attained ownership or control of at least 75% of the Spotless Shares; and
- (B) the number of Spotless Shareholders (other than the Downer Group) having holdings with a value of at least \$500 is fewer than 150.

In addition, ASX guidance indicates that ASX would likely approve an application for Spotless to be removed from the official list of ASX with shareholder approval and, where such removal is sought later than 12 months after the close of the Offer, Downer Services would be entitled to vote on the resolution approving the removal.

(b) **Dividend Policy and Capital Management Policy**

Downer Services will seek to include in the general review that is referred to in section 2.3(a)(i) a review of Spotless' dividend policy and capital management policy to determine whether these are adequate, sustainable, or appropriate for Spotless, having regard to current and future earnings, debt levels, bonding requirements, capital and other commitments.

If a conclusion of the review is that Spotless should adopt a more conservative capital management policy and reduce leverage or, independently of the review, the Spotless Board comes to the conclusion that a more conservative capital management policy is justified, this may lead to a number of outcomes including the need for Spotless to raise additional equity, including from its shareholders, or to reduce its dividends, or a combination of both.

Subject to the outcome of such review and Spotless' trading performance at the time, Downer Services expects that it would support any capital raising for the purpose of reducing Spotless' debt, on at least a pro rata basis to its shareholding in Spotless at the time.

(c) **Spotless Debt Financing**

(i) Background

Downer Services does not have access to the full terms of Spotless' debt financing arrangements. However, Downer Services expects that the Offer may give rise to certain change of control or review events within Spotless' debt funding arrangements (the **Spotless Debt Facilities**). In particular, according to the Spotless Prospectus, a change of control, a delisting or a suspension from trading on the ASX of 10 consecutive business days gives rise to a review event under the Spotless Debt Facilities.

According to Spotless' 1H17 Results, Spotless had committed debt facilities of \$1,057.4m, of which \$887.4m were drawn as at 31 December 2016.

While Spotless has indicated in the 2016 Annual Report that the terms of its debt facilities were renegotiated on more favourable terms, Downer Services anticipates that the change of control or review event clauses which were described in the Spotless Prospectus may still be in place which, if triggered, can cause the facilities to become repayable in the circumstances where Downer has control of Spotless (for example, by holding more than 50% of Spotless Shares) when there remain minority shareholders.

(ii) Target Debt Standby Bridge Commitment

In light of the above, Downer Group Finance Pty Ltd (**Downer Finance**) has entered into a binding commitment letter on 21 March 2017 with BNP Paribas, Sydney Branch, Mizuho Bank, Ltd., Sydney Branch and UBS AG, Australia Branch (each a mandated lead arranger, underwriter and bookrunner (**MLAUB**)) for an A\$1.1 billion bridge loan (**Target Debt Standby Bridge Commitment**). The Target Debt Standby Bridge Commitment will be available to Spotless and certain of its subsidiaries to refinance the Spotless Debt Facilities and for working capital purposes in the

ordinary course of ordinary business of Spotless, in a situation where Downer Services has acquired a relevant interest in more than 50% but less than 100% of the Spotless Shares (**Spotless Change of Control**). The Target Debt Standby Bridge Commitment will only be available on the terms and subject to the conditions of the Target Debt Standby Bridge Commitment to refinance:

- facility limits or commitments of the Spotless Debt Facilities which are required to be repaid or are cancelled as a consequence of a Spotless Change of Control; or
- the Spotless Debt Facilities which expire and are not able to be extended or replaced during the period in which Downer Services has a relevant interest in more than 50% and less than 100% of the Spotless Shares.

Any Facility Agreement (a **Target Replacement Facility Agreement**) entered into pursuant to the Target Debt Standby Bridge Commitment will be under the Spotless credit platform and will be non-recourse to Downer and the Downer Group. It will be a decision of the Spotless Board as to whether to utilise the Target Debt Standby Bridge Commitment.

If Downer Services acquires all the Spotless Shares (at the **Wholly Owned Date**), it will endeavour to amend the Spotless Debt Facilities and any Target Replacement Facility Agreement to conform to the Downer credit platform. In order to effect this after the Wholly Owned Date, the Target Debt Standby Bridge Commitment includes an agreement by the MLAUBs to restate any Target Replacement Facility Agreement on the Downer credit platform and to refinance the remaining Spotless Debt Facilities up to a combined limit of up to \$1.1 billion onto the Downer credit platform.

The Target Debt Standby Bridge Commitment is separate to the funding arrangements to fund the cash consideration under the Offer as discussed in Section 3.

(d) **Further acquisition of Spotless securities**

Downer Services may, at some later time, acquire further Spotless securities in a manner consistent with the Corporations Act.

(e) **Compulsory acquisition at a later time**

If Downer Services becomes entitled at some later time to exercise general compulsory acquisition rights under the Corporations Act in respect of Spotless securities, it may exercise those rights.

2.4 **Other intentions**

Subject to the above it is the present intention of Downer Services, on the basis of the information concerning Spotless which is known to it and the existing circumstances affecting the business of Spotless, that:

- (a) the business of Spotless will otherwise be continued in substantially the same manner as it is presently being conducted;
- (b) no other major changes will be made to the business of Spotless and there will not be any other redeployment of the fixed assets of Spotless; and

- (c) the present employees of Spotless will otherwise continue to be employed by Spotless.

3. SOURCES OF CASH CONSIDERATION

3.1 Consideration under the Offer

The consideration for the acquisition of the Spotless Shares to which the Offer relates will be satisfied by the payment by Downer Services of cash (in Australian dollars).

The consideration offered for each of your Spotless Shares is \$1.15, subject to section [7.17\(d\)](#).

The maximum cash amount which may be required by Downer Services to settle acceptances under the Offer is \$1,089.2 million (**Maximum Cash Consideration**).

The Maximum Cash Consideration has been calculated on the basis:

- (a) of acceptances being received in respect of 933,546,652 Spotless Shares, being all Spotless Shares not owned or controlled by the Downer Group as at the date of this Bidder's Statement; and
- (b) that 13,601,476 Spotless Shares are issued as a result of all LTI Awards vesting (if applicable) and being exercised or converted during the Offer Period.

Upon the occurrence of a "Corporate Control Event" (which includes an offer being made for Spotless Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act), the LTI Awards automatically vest on a pro-rata basis. Those LTI Awards that do not automatically vest on a pro rata basis may vest subject to the discretion of the Spotless LTI plan committee.

Anticipated costs and expenses to be incurred by Downer in connection with the Offer are expected to be approximately \$15 million.

3.2 Source of funds

Downer Services' acquisition of the Spotless Shares under the Offer will be funded through a combination of:

- an unsecured senior syndicated term loan bridge facility to be provided by certain of Downer's existing financiers (**New Loan Facility**) as described further in section [3.2\(a\)](#) below; and
- proceeds of an accelerated pro rata entitlement offer of shares in Downer (**Downer Shares**) with retail rights trading to raise approximately \$1,011 million (the **Entitlement Offer**). The Entitlement Offer will be fully underwritten (as to the amount of cash proceeds to be raised) by UBS AG, Australia Branch (the **Underwriter**) pursuant to the terms and conditions of an Underwriting Agreement dated 21 March 2017 (the **Underwriting Agreement**).

(a) New Loan Facility

(i) Commitment Letter

For the purposes of the New Loan Facility, a related entity of Downer Services, Downer Finance, has entered into a binding commitment letter on 20 March 2017 (**Commitment Letter**) with the MLAUBs.

Under the Commitment Letter, the MLAUBs have agreed to arrange, underwrite and provide the New Loan Facility pursuant to the terms of the existing common terms deed poll (including guarantee) by, amongst others, Downer Services and Downer Finance (**Common Terms Deed Poll**) to be

utilised for the purpose of providing consideration which, together with the proceeds raised under the Entitlement Offer, will be sufficient to cover the Maximum Cash Consideration under the Offer and any expenses incurred by Downer Services associated with the Offer, as set out in section 3.1.

(ii) Availability of New Loan Facility

Provided that the matters set out in paragraph (a)(iii) below are satisfied, funds under the New Loan Facility will be made available to Downer Finance by the MLAUBs for drawdown from 3 April 2017 (being the date of the New Loan Facility) up to the earlier of:

- 29 September 2017~~six months after the date of the New Loan Facility (which is expected to be signed within 14 days of the Commitment Letter, that is before Downer Services dispatches the Bidder's Statement to Spotless Shareholders);~~
- if Downer Services does not have a relevant interest in at least 90% of the Spotless Shares at the end of the Offer Period, 21 days after the last day of the Offer Period (as extended as the case may be);
- if Downer Services does have a relevant interest in at least 90% of the Spotless Shares at the end of the Offer Period, the last date on which payment is required to be made in accordance with the compulsory acquisition provisions under Part 6A.1 and Part 6A.3 of the Corporations Act; or
- such later date as agreed between the parties to the New Loan Facility,

(the **Certain Funds Period**).

(iii) Conditions

The ~~Commitment Letter~~ New Loan Facility sets out the agreed pre-conditions to drawdown of funds ~~that will be included in the New Loan Facility~~ that must be satisfied for drawdowns thereunder during the Certain Funds Period. They are as follows:

- (A) **(Conditions Precedent)** customary conditions precedent to drawdown such as issuance of drawdown notices~~including execution of the New Loan Facility and related finance documents;~~
- (B) **(Sufficient Funds)** Downer or Downer Finance has retained the proceeds of the Entitlement Offer (in an amount of at least A\$~~800~~740m which has already been received by Downer pursuant to the Institutional Entitlement Offer) which, when combined with the undrawn commitment under the New Loan Facility, are sufficient to fund the purchase price for any of the Spotless Shares not then owned by Downer Services;
- (C) **(No litigation or governmental, administrative or judicial action)** litigation, governmental, administrative or judicial actions, actual or pending, that does or could be reasonably expected to restrain or prevent the consummation of the Offer (excluding the completion of the compulsory acquisition process);
- (D) **(Major Representations)** "major representation" becoming untrue or misleading in any material respect (whether by omission or otherwise). The "major representations" are certain customary

representations and warranties regarding Downer Services and the guarantors under the Common Terms Deed Poll including, among other things, representations regarding status, due authority, binding obligations and accuracy of information;

- (E) **(Major Default)** "major default" subsisting or resulting from the drawdown of the New Loan Facility. The "major defaults" are certain events regarding Downer Services and the guarantors under the Common Terms Deed Poll including non-payment under the finance documents, breaches of obligations under the Common Terms Deed Poll or occurrence of an insolvency event in respect of Downer Services or a guarantor under the Common Terms Deed Poll; or
- (F) **(Breach of law)** the financiers providing their share of the funding portion under the New Loan Facility being unlawful for any reason.

As at the date of this Bidder's Statement, Downer Services is not aware of:

- any circumstance which would prevent the satisfaction of the conditions precedent to drawing the New Loan Facility, and is confident that they will be satisfied in time to allow payment in full of the debt funded component of the aggregate consideration as and when due under the terms of the Offer;
- any circumstance which would give rise to litigation, governmental, administrative or judicial actions, actual or pending, that does or could be reasonably expected to restrain or prevent the consummation of the Offer;
- any circumstance which would lead to a "major representation" being untrue or misleading in any material respect;
- the occurrence of any "major default" or any circumstance which would lead to a "major default" subsisting or being caused by the drawdown of the New Loan Facility; or
- any circumstance which would make it unlawful for the financiers to provide the New Loan Facility.

(b) **Equity Funding**

On 21 March 2017, Downer announced the Entitlement Offer. The Entitlement Offer is structured as follows:

- an accelerated institutional entitlement offer (**Institutional Entitlement Offer**), under which eligible institutional shareholders of Downer will be invited to take up all or part of their entitlement to subscribe for Downer Shares at a fixed price (**Entitlement Offer Price**). Any entitlements not taken up, together with the entitlements of ineligible institutional shareholders, will be sold through an institutional bookbuild; and
- a retail entitlement offer with retail rights trading (**Retail Entitlement Offer**), under which:
 - eligible retail shareholders will be invited to take up all or part of their entitlement at the Entitlement Offer Price;

- the entitlements can be taken up in whole or in part, or traded on ASX (or transferred directly to another person) in whole or part by eligible shareholders; and
- any retail entitlements not taken up, together with the entitlements of ineligible retail shareholders, will be sold through a retail bookbuild.
- The Retail Entitlement Offer will be conducted immediately after the close of the Institutional Entitlement Offer.

The Entitlement Offer will be conducted in accordance with a timeline under which the funds received by Downer will be available for use prior to the time that settlement of acceptances under the Offer will be required.

~~It is expected that:~~

~~the Institutional Entitlement Offer will settle on 31 March 2017, with A\$757 million being raised. the proceeds under the Institutional Entitlement Offer being raised on or about this date; and~~

~~It is expected that~~ the Retail Entitlement Offer will settle on 21 April 2017, with the proceeds under the Retail Entitlement Offer being raised on or about this date.

Downer will announce on ASX the results of ~~the Institutional Entitlement Offer and~~ the Retail Entitlement Offer, including the proceeds raised at ~~each of the above dates of~~ settlement, as and when ~~they it~~ occurs.

The Entitlement Offer will be fully underwritten by the Underwriter subject to the terms of an Underwriting Agreement between Downer and the Underwriter. The Underwriter may terminate the Underwriting Agreement upon the occurrence of certain prescribed circumstances (**Termination Events**). A summary of the Termination Events is set out in [Annexure A](#).

As the proceeds of the Institutional Entitlement Offer and Retail Entitlement Offer are expected to be received by no later than 21 April 2017, Downer will have these funds before the earliest date that Downer Services will be required to pay for acceptances under the Offer.

(c) **Intercompany Facility**

The proceeds raised by Downer under the Entitlement Offer will be advanced to Downer Finance under an intercompany facility between Downer and Downer Finance (**Intercompany Facility**).

The terms of the Intercompany Facility are set out in a commitment letter from Downer dated 20 March 2017, which has been accepted by Downer Finance. In summary, the Intercompany Facility enables the proceeds raised by Downer under the Entitlement Offer, to be advanced by Downer to Downer Finance, thereby enabling Downer Finance to advance to Downer Services the same funds under the Holdings Facility (described below), for the purposes of acquiring Spotless Shares under the Offer and paying associated transaction costs.

The Intercompany Facility is interest free and unsecured. There are no conditions precedent to Downer Finance's drawdown of the funds under the Intercompany Facility.

3.3 **Availability of funding to Downer Services – Holdings Facility**

The cash consideration for the Offer and the funds required to satisfy other obligations of Downer Services relating to the Offer (including stamp duty, advisor fees and other transaction costs) will be provided under a loan facility which Downer Services has entered into with Downer Finance (**Holdings Facility**).

Downer Services and Downer Finance are wholly owned subsidiaries of Downer.

Under the Holdings Facility, Downer Finance has agreed to advance to Downer Services the amounts drawn down under the New Loan Facility and raised under the Entitlement Offer which will be sufficient to cover the Maximum Cash Consideration and associated transaction costs.

The terms of the Holdings Facility are set out in a commitment letter from Downer Finance dated 19 March 2017, which has been accepted by Downer Services. In summary, the terms of the Holdings Facility are as follows:

- the funds provided under the Holdings Facility are for the purpose of acquiring Spotless Shares under the Offer and paying transaction costs associated therewith;
- the Holdings Facility is interest free; and
- the Holdings Facility is unsecured.

There are no conditions precedent for Downer Services to drawdown funds under the Holdings Facility other than the satisfaction of the conditions precedent to drawdowns under the New Loan Facility.

3.4 **Provision of consideration**

On the basis of the arrangements described in this section 3, Downer Services is of the opinion that it has reasonable grounds for holding the view, and holds the view, that it will be able to provide the consideration offered under the Offer.

4. INFORMATION ON SPOTLESS AND SPOTLESS SHARES

4.1 Disclaimer

(a) Disclaimer

The information in this section concerning Spotless has been prepared using publicly available information and has not been independently verified. Accordingly Downer Services does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The information on Spotless should not be considered comprehensive. Further information relating to Spotless may be included in Spotless' Target's Statement in relation to the Offer which will be sent to you by Spotless.

(b) Publicly available information

Spotless is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and ASX Listing Rules.

For information concerning the financial position and affairs of Spotless, you should refer to the information that has been disclosed by Spotless in accordance with these obligations including information available on its website (www.spotless.com), announcements made to ASX by Spotless (which may be available on www.asx.com.au) and the Target's Statement that Spotless is required to provide you under the Corporations Act.

4.2 Overview of Spotless

Spotless operates in Australia and New Zealand and provides outsourced facility services, laundry and laundry services, technical and engineering services, maintenance and asset management services and refrigeration solutions to various industries.

As disclosed in the 2016 Annual Report, Spotless currently operates four main business lines:

- (a) **Health, Education and Government** – Spotless provides facility management, catering and cleaning services for social infrastructure providers, including private and governmental entities. Spotless operates in public and private hospitals, aged care facilities, universities, colleges and high schools, public housing, local government, transport and correctional facilities;
- (b) **Commercial and Leisure** – Spotless delivers facility management, catering and cleaning services for private sector organisations. Spotless' customers include large and medium-sized companies, operators of airports and airline terminals, as well as function centres, large stadia, commercial offices and retail spaces;
- (c) **Base and Township** – Spotless holds a number of integrated services contracts for defence forces and resources companies. For Spotless' defence clients, Spotless works across residential housing, barracks and bases. In the resources sector, Spotless delivers services for remote mines, mining townships and support facilities; and
- (d) **Laundry and Linen** – Spotless provides centralised laundry services for linen for public and private hospitals, aged care facilities and accommodation clients, such as hotels and serviced apartments. Spotless also delivers uniform laundry services to a number of corporate customers, and the food and manufacturing sectors.

Spotless performs these services through a range of brands such as Alliance Catering, Ensign, Clean Domain and Mustard.

4.3 **Recent ASX announcements up to the Announcement Date**

Spotless' 2016 Annual Report was released on 20 September 2016, and its 1H17 Results were released on 28 February 2017. Copies of these documents are available on Spotless' website (www.spotless.com) and, as set out in section 6.6(c), Downer Services will make available a copy of these documents (or of relevant extracts from these documents) free of charge to you and other Spotless Shareholders who request it during the Offer Period. Between 31 December 2016 (being the end of the last financial period for which results were released) and the Announcement Date, Spotless has made the following additional ASX announcements that Downer Services considers may be material to the financial position of Spotless:

- **Retirement of Chairman** – On 22 February 2017, it was announced that Ms Margaret Jackson AC had advised of her retirement from the Spotless Board, effective immediately. The announcement stated that:

"Following recent episodes of ill health, Ms Jackson has advised the Board that she wishes to scale back her corporate commitments so that she can focus more fully on her recovery".

Ms Jackson was succeeded as Chairman by Mr Garry Hounsell. Mr Hounsell has been a Spotless non-executive director and Chairman of the Audit, Business Risk and Compliance Committee since March 2014 and also holds current non-executive directorships with Dulux Group Limited, Treasury Wine Estates Limited and Integral Diagnostics Limited, as well as being Chairman of Helloworld Limited.

- **Shareholder Class Action** – On 30 January 2017 it was announced that IMF Bentham Limited proposes to fund on a 'conditional' basis, a shareholder action against Spotless. On 24 February 2017, an additional announcement was made confirming that Spotless had been served with a representative proceeding filed in the Federal Court of Australia. The announcement states:

"The proceeding has been filed on behalf of applicants, who bring the claim on behalf of themselves and shareholders who acquired an interest in Spotless' shares between 25 August 2015 and 2 December 2015.

The statement of claim includes allegations that Spotless' financial results for the financial year ended 30 June 2015 were misleading or deceptive and that Spotless breached its continuous disclosure obligations."

The announcement also states that *"Spotless considers that it has at all times been in compliance with its continuous disclosure obligations and strongly denies these allegations. Spotless will vigorously defend the proceeding."*

A copy of each of these announcements can be obtained from ASX. In addition copies of other major announcements by Spotless before or after the Announcement Date can be obtained from Spotless' website www.spotless.com.au.

4.4 Capital structure of Spotless

According to documents lodged by Spotless with ASX as at the date this Bidder's Statement is lodged with ASIC, the following securities in Spotless are currently on issue:¹⁴

CLASS	NUMBER
Fully paid ordinary shares	1,098,290,178
LTI Options	10,019,714
LTI Rights	3,581,762

4.5 Spotless Executive Incentive Plan

The information in this section concerning LTI Options and LTI Rights (together, the **LTI Awards**) issued by Spotless to eligible employees under the Spotless Executive Incentive Plan (**LTI Plan**) has been prepared using publicly available information and has not been independently verified. Accordingly, Downer Services does not make any representation or warranty, express or implied, as to the accuracy or completeness of this information.

The LTI Plan is governed by the Spotless Executive Incentive Plan Rules (**LTI Plan Rules**) which, in summary provide that:

- Spotless Shares issued under the LTI Plan (including Spotless Shares issued on the exercise of LTI Options or LTI Rights) will rank equally in all respects with existing Spotless Shares on issue on and from the date of issue;
- each LTI Option issued under the LTI Plan confers on its holder the entitlement to acquire one Spotless Share (by way of issue or transfer) at the exercise price (if any) upon exercise (once vesting conditions have been satisfied); and
- each LTI Right issued under the LTI Plan confers on its holder the entitlement to receive one Spotless Share (by way of issue or transfer) at the exercise price (if any) upon exercise (once vesting conditions have been satisfied).

The Offer does not extend to LTI Awards.

Under the LTI Plan Rules, on the occurrence of a "Corporate Control Event" (which, under the LTI Plan Rules, includes an offer being made for Spotless Shares pursuant to a takeover bid under Chapter 6 of the Corporations Act), any unvested LTI Awards will vest on a pro rata basis based on the proportion of the vesting period remaining.

The plan committee of the LTI Plan has complete discretion as to how to treat any remaining unvested LTI Awards. Downer Services does not have information concerning the exact number of LTI Awards which will vest and will be exercisable as a result of this Offer.

¹⁴

As per the Appendix 3B released by Spotless on 24 November 2016.

The Offer extends to Spotless Shares that are issued or otherwise come into existence during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to the LTI Options that are on issue at the Register Date. ~~Subject to ASIC granting the relief referred to in section 6.6(a) or confirming that such relief is not required,~~ the Offer extends to Spotless Shares that are issued or otherwise come into existence during the period from the Register Date to the end of the Offer Period due to the conversion of, or exercise of rights attached to the LTI Rights that are on issue at the Register Date.

4.6 ~~Recent~~ Share price performance

The last recorded sale price of Spotless Shares on ASX on 20 March 2017, being the last trading day prior to the Announcement Date, was \$0.725.

As depicted in the performance chart below, during the three months ended 20 March 2017:

- the highest recorded closing price for Spotless Shares on ASX was \$1.01 on 17 January 2017; and
- the lowest recorded closing price for Spotless Shares on ASX was \$0.725 on 20 March 2017.



Source: IRESS.

5. TAXATION CONSIDERATIONS

5.1 Introduction

This section provides a general outline of the Australian taxation implications for Spotless Shareholders from disposing of their Spotless Shares in return for cash pursuant to the Offer. The information in this section is based upon Australian taxation law and practice in effect at the date of this Bidder's Statement.

The taxation consequences to Spotless Shareholders of disposing of their Spotless Shares depend on a number of factors and will vary depending on their particular circumstances. The outline provided in this section is of a general nature only and does not consider any specific facts or circumstances that may apply to particular Spotless Shareholders.

Spotless Shareholders should not rely on the disclosure of taxation considerations in this Bidder's Statement as being advice on their own affairs and should seek their own specific professional tax advice as to the taxation implications applicable to their circumstances. Neither Downer nor any of its Directors or advisers accept any liability or responsibility in respect of any statement concerning the taxation consequences to particular Spotless Shareholders from disposing of their Spotless Shares.

The following comments only apply to Spotless Shareholders who hold their Spotless Shares on capital account.

This section does not deal with Spotless Shareholders who:

- hold their shares in the course of carrying on a business (eg as trading stock) or on revenue account (eg as part of a profit-making undertaking or scheme);
- acquired their Spotless Shares pursuant to an employee share, rights or option scheme; or
- are subject to the Taxation of Financial Arrangements provisions in Division 230 of the *Income Tax Assessment Act 1997*,

and does not deal with the implications of disposing of Spotless Shares under the taxation laws of countries other than Australia.

5.2 Australian resident shareholders

This section [5.2](#) applies to Spotless Shareholders who are residents of Australia for Australian income tax purposes.

(a) CGT event

A disposal by a Spotless Shareholder of their Spotless Shares pursuant to the Offer will constitute a CGT event for the Spotless Shareholder. The date of the CGT event will be the date the contract to dispose of the Spotless Shares is entered into by the Spotless Shareholder, or in the case of a compulsory acquisition, the date when the Spotless Shareholder ceases to be the owner of the Spotless Shares.

(b) Calculation of capital gain or capital loss

Spotless Shareholders will make a capital gain to the extent that the capital proceeds from the disposal of the Spotless Shares are more than the cost base of those Spotless Shares. Conversely, Spotless Shareholders will make a capital loss to the extent that the capital proceeds from the disposal are less than their reduced cost base of those Spotless Shares.

(c) **Cost base**

The cost base of the Spotless Shares generally includes the purchase price paid for the shares and certain non-deductible incidental costs of their acquisition and disposal. The reduced cost base of the Spotless Shares is usually determined in a similar, but not identical, manner.

(d) **Capital proceeds**

The capital proceeds from a disposal of Spotless Shares is generally the amount of consideration received by the Spotless Shareholder for the disposal.

(e) **Other issues**

If a Spotless Shareholder makes a capital gain from a disposal of their Spotless Shares, the capital gain is aggregated with other capital gains made by the Spotless Shareholder in the same income year. Any available capital losses of the Spotless Shareholder from the same or previous income years may then be offset against the capital gains (subject to satisfaction of loss recoupment tests). If there is a capital gain remaining after application of available capital losses, the Spotless Shareholder may be entitled to apply a discount (see below). Any net capital gain after applying the discount (if applicable) is included in assessable income of the Spotless Shareholder in that income year.

Individuals, complying superannuation entities and trusts that have held the CGT asset to which the capital gain relates for at least 12 months before the CGT event may be entitled to discount the amount of the capital gain (after application of capital losses) by 50% in the case of individuals and trusts or by 33⅓% for complying superannuation entities. For trusts, the ultimate availability of the discount for beneficiaries of the trust in relation to distributions of capital gains by the trust will depend on the particular circumstances of the beneficiaries. No discount is available for Spotless Shareholders which are companies.

If a Spotless Shareholder makes a capital loss from the disposal of their Spotless Shares, the capital loss may only be used to offset capital gains of the Spotless Shareholder in the same or future income years (subject to satisfaction of loss recoupment tests).

5.3 **Non-resident shareholders**

This section [5.3](#) applies to Spotless Shareholders who are not residents of Australia for Australian income tax purposes.

The disposal of Spotless Shares will generally only result in Australian CGT implications to a non-resident Spotless Shareholder if the Spotless Shares are 'taxable Australian property' at the time of the CGT Event.

Shares that meet the following conditions are 'indirect Australian real property interests' and are included in taxable Australian property:

- that Spotless Shareholder together with its associates held ten percent or more of the total shares on issue in Spotless at the time of the CGT event or for any 12 month period within two years preceding the CGT event (referred to as a 'non-portfolio interest'); and
- the aggregate market value of Spotless assets which is attributable to 'taxable Australian real property' (including interests in Australian real property and leases of Australian real property) exceeds the aggregate market value of Spotless assets

which are not taxable Australian real property (referred to as satisfying the 'principal asset test').

Non-resident Spotless Shareholders who hold a 'non-portfolio interest' in Spotless should obtain independent tax advice as to the tax implications to them of the disposal.

5.4 **Non-resident CGT withholding rules**

From 1 July 2016, broadly, purchasers that acquire indirect Australian real property interests that are shares (as described in section 5.3) in an off-market acquisition may, subject to certain exceptions, be required to withhold 10% of the consideration and pay that amount to the Australian Taxation Office (ATO). In certain circumstances, the ATO may agree to a lower withholding rate.

The withholding tax is not a final tax, and the shareholder receives a credit for amounts withheld on filing an Australian tax return and may receive a refund of tax if amounts have been withheld in excess of their actual Australian tax liability.

Downer Services may make a withholding from the cash consideration payable to a Spotless Shareholder for the disposal of their Spotless Shares where:

- Downer Services knows or reasonably believes that the Spotless Shareholder is a non-resident or the Spotless Shareholder has an overseas address or Downer Services is authorised to pay the consideration overseas (in a case where Downer Services does not reasonably believe that the Spotless Shareholder is an Australian resident); and
- the Spotless Shares for that Spotless Shareholder are indirect Australian real property interests (as described in section 5.3 of this Bidder's Statement).

If Downer Services considers that it has an obligation to make the withholding from the cash consideration payable to a Spotless Shareholder for the disposal of their Spotless Shares, it may withhold the applicable amount from the consideration payable to the relevant Spotless Shareholder. In accordance with section 7.21(f), where Downer Services pays the withheld amount to the ATO, Downer Services will be discharged of any liability to pay that amount of the consideration to the Spotless Shareholder.

However, in relation to this Offer, based on Downer Services' review of publicly available information on Spotless, as at the date of this Bidder's Statement, Downer Services does not consider Spotless to satisfy the 'principal asset test' (as described in section 5.3 above), and on that basis, does not consider that withholding under these rules is required. Accordingly, subject to there being no material change in circumstances by the time a Spotless Shareholder disposes of their Spotless Shares and no contrary conclusions reached by Spotless in Spotless' Target's Statement, Downer Services does not intend to withhold any consideration from a Spotless Shareholder in accordance with these rules. Spotless Shareholders should read the tax disclosures in the Target's Statement to ascertain Spotless' views (if any) in this regard.

5.5 **GST & stamp duty**

No liability to GST should arise for Spotless Shareholders in respect of a disposal of their Spotless Shares. Spotless Shareholders may be charged GST on costs they incur which relate to the disposal (eg legal, financial and tax advisor fees). Certain Spotless Shareholders may be entitled to claim input tax credits or reduced input tax credits in relation to the GST amount incurred on these costs, but should seek independent tax advice in relation to their individual circumstances.

Downer Services will pay any stamp duty payable on its acquisition of Spotless Shares from Spotless Shareholders pursuant to the Offer.



6. OTHER MATERIAL INFORMATION

6.1 Date for determining holders of Spotless Shares (Register Date)

For the purposes of section 633(2) of the Corporations Act, the date for determining the persons to whom information is to be sent in items 6 and 12 of section 633(1) of the Corporations Act (**Register Date**) is 7:00pm (Sydney time) on 22 March 2017.

6.2 Downer Services' relevant interest and voting power in Spotless Shares

Downer Services' relevant interest in Spotless Shares, and its voting power in Spotless overall (as at the dates specified) is shown below:

	At date of this Bidder's Statement	At date first Offer is sent
<i>Relevant interest in Spotless Shares</i>	164,743,526	 164,743,526
<i>Voting power in Spotless</i>	15.00%	 %15.00%

In addition to the above, Downer Services has an economic interest of 4.99 % in Spotless Shares pursuant to a total return cash settled equity swap referenced over 54,804,679 Spotless Shares.

6.3 Acquisition by Downer Services of Spotless Shares during previous 4 months

During the period beginning 4 months before the date on which this Bidder's Statement is lodged with ASIC and ending the day before the date of ~~lodgement~~[the Offer](#), neither Downer Services nor Downer has provided, or agreed to provide, consideration for a Spotless Share except as shown below.

Date	No. of shares	Description of dealing and Consideration per share
20 March 2017	1,531,764	See Annexure B.
20 March 2017	163,211,762	Acquisition of Spotless Shares by Downer Services after-market at a price of \$1.15 per share.

6.4 Inducing benefits given by Downer during previous 4 months

Except as set out in this Bidder's Statement, during the period beginning 4 months before the date on which this Bidder's Statement is lodged with ASIC and ending the day before the date of ~~lodgement~~[the Offer](#), neither Downer nor Downer Services, nor any associate of Downer or Downer Services, gave, or offered to give or agreed to give a benefit to another person that is not available under the Offer and was likely to induce the other person, or an associate of the other person, to:

- (a) accept an Offer; or
- (b) dispose of Spotless Shares.

6.5 Regulatory and other approvals

(a) ASX confirmations

Downer Services has received confirmation from ASX that ASX Listing Rules 11.1.2 and 11.1.3 do not apply to the Offer.

(b) Regulatory Approval Condition

The Regulatory Approval Condition set out in section [7.11\(b\)\(i\)](#) of the Bidder's Statement requires any approvals or consents that may be required from Public Authorities in connection with the Offers to be given.

As noted elsewhere in the Bidder's Statement, Downer Services has not undertaken any due diligence on Spotless' non-public confidential information. However, based on publicly available information that Downer Services has reviewed, Downer Services considers that the following approvals, consents or exemptions from the requirement for approvals or consents will or may be required from a Public Authority in connection with the Offers:

(i) OIO

~~From publicly available information on Spotless' operations,~~ Downer Services understands that Spotless or entities within Spotless' corporate group may hold a leasehold interest in New Zealand "sensitive land" that requires consent to be given by the OIO under the *Overseas Investment Act 2005* (New Zealand) and the *Overseas Investment Regulations 2005* (New Zealand).

Downer Services has lodged an application with the OIO for the relevant consent.

Spotless has provided Downer Services with information setting out all freehold or leasehold interests that Spotless or entities within Spotless' corporate group have in New Zealand. Downer Services is considering whether any of these interests is "sensitive land" that requires consent to be given by the OIO under the *Overseas Investment Act 2005* (New Zealand) and the *Overseas Investment Regulation 2005* (New Zealand). Following its review of the information provided by Spotless, Downer Services will, in accordance with its undertakings to the OIO, notify the OIO of any additional interests in "sensitive land" that Spotless or entities within Spotless' corporate group have in New Zealand.

~~Downer Services will request Spotless to advise whether Spotless or entities within Spotless' corporate group hold any other sensitive land or significant businesses or assets in New Zealand that also require consent from the OIO under the New Zealand overseas investment legislation referred to above.~~

~~Downer and Downer Services expect to lodge an application with the OIO for the relevant consent within 5 Business Days of the date of this Bidder's Statement.~~

(ii) Australian liquor license related approvals

Spotless disclosed in the Spotless Prospectus that it is subject to governmental regulation at various levels including, among other things, licensing requirements in relation to the service of liquor.

Based on publicly available information that Downer Services has reviewed, Spotless holds contracts to provide catering and hospitality services to venues located in Western Australia, Victoria, New South Wales, South Australia and Queensland. ~~Downer Services does not know whether Spotless holds the liquor licenses for the service of liquor at the venues.~~

In certain Australian jurisdictions, the liquor licensing legislation imposes an obligation on the licensee, that is Spotless or a member of Spotless' corporate group, to notify the relevant liquor licensing Public Authorities where a person or corporate entity assumes a position where it can exercise control or substantial influence over the licensee, within 14 days of such party assuming such a position.

In Western Australia and South Australia, it is an offence for a person to assume a position of authority in relation to a corporation holding a liquor licence without the prior approval of the relevant liquor licensing Public Authorities.

The Public Authority in Western Australia has confirmed that the approval of Downer and Downer Services as persons assuming a position of authority in respect of Spotless or an entity within the Spotless corporate group which holds a liquor licence in Western Australia is not required.

Downer Services has made applications to the relevant Public Authority in South Australia for the required approval or waiver in respect of liquor licences held in that state by Spotless or an entity within the Spotless corporate group.

~~Downer Services will request Spotless to advise whether Spotless (or any member of the Spotless group of companies) holds liquor licenses in Western Australia and/or South Australia.~~

~~Downer Services intends to make an application for approval or consent to the relevant Public Authority where required, as soon as practicable after it becomes aware of the details of any relevant liquor license, to the extent that it can do so without the cooperation of Spotless.~~

(c) **ACCC and NZCC**

From publicly available information on Spotless' operations, Downer Services believes that neither the ACCC nor the NZCC will have concerns in relation to, or propose to intervene in, the Offer. As a result, Downer Services has not sought and does not propose to seek clearance from either of the ACCC or the NZCC in relation to the Offer.

6.6 **Modifications to and exemptions from the Corporations Act**

(a) ASIC relief from the Corporations Act ~~has been was~~ sought in respect of the ability of Downer Services to extend the Offer to Spotless Shares issued due to the vesting, conversion or exercise of LTI Rights after the Register Date and before the end of the Offer Period. ~~Downer Services expects a decision on this application to be made at a time that would provide sufficient time for holders of Spotless Shares issued upon the vesting of such LTI Rights to accept the Offer.~~ ASIC has confirmed to Downer Services that relief is not required and therefore Downer Services has withdrawn this application.

(b) ASIC has granted Downer Services relief under section 655A of the Corporations Act to vary the terms of the Offer, to:

- (i) clarify that Downer Services will not deduct, from the consideration offered under the Offer, any amounts attributable to the value of franking credits attaching to any dividend received by Spotless Shareholders; and
- (ii) remove any term that is inconsistent with Spotless Shareholders having the ability to withdraw their acceptances until such time as the Offer has become unconditional.

ASIC has also modified the operation of section 654A(2) of the Corporations Act in relation to the Offer such that Downer Services will not be taken to have disposed of securities in breach of section 654A(1) of the Corporations Act merely because Spotless Shareholders withdraw their acceptance of the Offer.

~~(b)~~(c) ASIC has also published various instruments providing for modifications and exemptions that apply generally to all persons, including Downer Services. Amongst others, Downer Services has relied on the modification to section 636(3) of the Corporations Act set out in paragraph 5(d) of ASIC Class Order 13/521 "Takeover Bids" to include references to certain statements which are made or based on statements made in documents lodged with ASIC or the ASX. Pursuant to ASIC Class Order 13/521, the consent of the relevant person is not required for the inclusion of such statements in this Bidder's Statement. As required by Class Order 13/521, Downer Services will make available a copy of these documents (or of relevant extracts from these documents), free of charge, to you and other Spotless Shareholders who request it during the Offer Period. To obtain a copy of these documents (or the relevant extracts), you may telephone the Downer Offer Information Line on 1300 048 144 (for calls made within Australia) or +61 3 9415 4662 (for calls made from outside Australia) from Monday to Friday between 9.00am and 5.00pm (Sydney time).

6.7 **No escalation agreements**

Neither Downer nor Downer Services, nor any of their associates have entered into an escalation agreement that is prohibited by section 622 of the Corporations Act.

6.8 **No collateral benefits**

Neither Downer nor Downer Services, nor any of its associates have in the four months before the date of this Bidder's Statement, or in the period between the date of this Bidder's Statement and the date of the Offer given, offered to give or agreed to give a benefit which is not offered to all Spotless Shareholders under the Offer to another person which was likely to induce the other person (or an associate) to accept the Offer or dispose of Spotless Shares.

6.9 **Consents**

This Bidder's Statement includes or is accompanied by statements which are made in reliance on or based on statements made in documents lodged with ASIC or on the company announcement platform of ASX. As noted above, under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, those statements being included in this Bidder's Statement. If you would like to receive a copy of any of these documents please contact the Downer Offer Information Line on 1300 048 144 (for calls made within Australia) or +61 3 9415 4662 (for calls made from outside Australia) from Monday to Friday between 9.00am and 5.00pm (Sydney time) and you will be sent copies free of charge.

In addition, the following parties have given and have not, before the time of lodgement of this Bidder's Statement with ASIC, withdrawn their written consent to be named in this Bidder's Statement in the form and context in which they were named:

- (a) Ashurst as Australian legal adviser to Downer Services and the Downer Group;
- (b) UBS AG, Australia Branch as financial adviser to Downer Services and the Downer Group; and
- (c) Computershare Investor Services Pty Limited, as Downer's share registry.

Each of the persons named above does not make, or purport to make, any statement in this Bidder's Statement other than those statements made in the capacity and to the extent that the person has provided its consent, as referred to above, and to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of the Bidder's Statement other than as described.

6.10 Institutional Acceptance Facility

Downer Services recognises that some Spotless Shareholders may be unable to accept the Offer, for example by reason of their investment mandates, until the Offer becomes or is declared unconditional. Accordingly, Downer Services may consider establishing an institutional acceptance facility (**Facility**) in relation to the Offer. The Facility would only be open to professional investors under the Corporations Act (**Eligible Spotless Shareholders**). The Facility would enable Eligible Spotless Shareholders to indicate their intention to accept the Offer.

If Downer Services decides to establish the Facility, it will inform Spotless Shareholders once the Facility is established by way of a supplementary Bidder's Statement.

6.11 How to withdraw an acceptance

A Spotless Shareholder may withdraw an acceptance of the Offer (**Withdrawal**) at any time before the Defeating Conditions have been satisfied or waived by Downer Services. The recommended methods of withdrawal are set out below.

(a) Withdrawal by written notice to Downer Services

This method of Withdrawal is available for shares in a CHESS Holding or shares in an Issuer Sponsored Holding.

Downer Services should receive from the Spotless Shareholder a notice in writing before the Defeating Conditions have been satisfied or waived that sets out the following information and states that the Spotless Shareholder wants to initiate a Withdrawal. The notice in writing should be signed by the Spotless Shareholder.

The information that should be provided in the written notice is:

- the registered name of the Spotless Shareholder;
- the Spotless Shareholder's SRN or HIN (as applicable); and
- the number of Spotless Shares that are the subject of the Withdrawal.

In the event that the number of Spotless Shares the subject of the Withdrawal are not set out in the written notice, then the Withdrawal will be deemed to be in respect of all the Spotless Shares that have been the subject of an acceptance by the person giving the written notice of Withdrawal. Subject to the above, if the information is not provided then the Withdrawal may be invalid.

If the written notice of Withdrawal is not received by Downer Services before the Defeating Conditions have been satisfied or waived, the Withdrawal may not be valid.

Downer Services recommends that you send the written notice of Withdrawal to Downer Services at the following address:

Downer EDI Services Pty Ltd
c/o Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne VIC 3001

Neither Downer Services nor Computershare Investor Services Pty Limited will be responsible for any delays in the process of you sending a written notice of Withdrawal to Downer Services.

(a)(b) Withdrawal of Spotless Shares in a CHESS Holding by instructions to Controlling Participant

If your Spotless Shares are in a CHESS Holding there is another way that you can initiate a Withdrawal as set out below. It is optional whether you initiate the Withdrawal by the method described below or by written notice to Downer Services in the manner set out above in section 6.11(a).

There are two requirements to be satisfied for a Withdrawal initiated in this manner and both must be satisfied before the Defeating Conditions have been satisfied or waived by Downer Services. The requirements are as follows:

- (i) you must instruct your broker (the Controlling Participant) to Transmit a Valid Originating Message to ASX Settlement in respect of the Spotless Shares in that CHESS Holding in accordance with Rule 14.16.1 of the ASX Settlement Operating Rules, specifying the number of Spotless Shares that are the subject of the Withdrawal and are to be released from the Subposition; and
- (ii) your Controlling Participant must Transmit a Valid Originating Message to ASX Settlement in respect of the relevant Spotless Shares before the Defeating Conditions are satisfied or waived by Downer Services.

You should allow sufficient time for your Controlling Participant to satisfy the above requirements for Withdrawal. Neither Downer Services nor Computershare Investor Services Pty Limited will be responsible for any delays in your Controlling Participant transmitting a Valid Originating Message.

If the above requirements for Withdrawal are satisfied before the Defeating Conditions are satisfied or waived by Downer Services, Downer Services will:

- return to the Spotless Shareholder any documents that were sent by the Spotless Shareholder to Downer Services with the acceptance of the Offer; and
- if you initiate a valid Withdrawal under section 6.11(a) (that is by notice in writing to Downer Services) and the shares are in a CHESS Holding, Transmit to ASX Settlement a Valid Originating Message that authorises the release of those shares from the Offer Accepted Subposition in which the CHESS Holding has been reserved in accordance with Rule 14.16.3 or 14.16.5 of the ASX Settlement Operating Rules as applicable.

No acknowledgement of valid receipt of Withdrawal will be given to you by or on behalf of Downer Services.

If you would like further information, please contact your legal, financial or other professional adviser or telephone the Downer Offer Information Line on 1300 048 144 (toll free within Australia) or +61 3 9415 4662 (not toll free) from outside Australia.

6.116.12 No other material information

Except as set out in this Bidder's Statement, there is no information material to the making of a decision by a Spotless Shareholder whether or not to accept the Offer, being information that is known to Downer or Downer Services and has not previously been disclosed to the holders of Spotless Shares.

7. THE OFFER TERMS

7.1 The Offer

(a) Offer for your Spotless Shares

- (i) Downer Services offers to acquire all of your Spotless Shares on the terms set out in this Offer.
- (ii) For the purposes of section 633(2) of the Corporations Act, the date for determining the persons to whom information is to be sent in items 6 and 12 of section 633(1) of the Corporations Act is the Register Date.
- (iii) This Offer also extends to all of the Spotless Shares in respect of which a person becomes registered or in respect of which the person becomes entitled to be registered as the holder prior to the end of the Offer Period as a result of:
 - (A) the vesting of, conversion of, or the exercise of rights attached to any LTI Options that are on issue at the Register Date; and
 - (B) ~~subject to ASIC granting any necessary relief from the Corporations Act (or confirming that no relief is needed),~~ the vesting of, conversion of, or exercise of rights attaching to LTI Rights which are on issue as at the Register Date.

(b) Offer includes Rights

If Downer Services acquires your Spotless Shares under this Offer, Downer Services is also entitled to any Rights attached to those Spotless Shares.

(c) Consideration

Downer Services offers \$1.15 cash for each of your Spotless Shares.

(d) Offer Date

This Offer is dated [•] 2017.

7.2 Offer Period

Unless withdrawn, this Offer is open during the period that begins on the date of this Offer and ends at 7.00pm Sydney time on the later of:

- (a) [•] 2017; or
- (b) any date to which the period of this Offer is extended under section [7.15](#) or as required by the Corporations Act.

7.3 How to accept this Offer

Sections [7.3\(b\)](#) and [7.3\(c\)](#) refer, among other things, to the different Acceptance Forms for use to accept this Offer depending on whether the Spotless shareholding is a CHES Holding or an Issuer Sponsored Holding. You will only be sent one type of Acceptance Form with this Bidder's Statement, which will be the Acceptance Form to be used in relation to your Spotless Shares.

(a) Accept for all your Spotless Shares

You can only accept this Offer during the Offer Period and for all (and not part of) your Spotless Shares. You will be taken to have accepted the Offer for all your Spotless Shares plus any additional Spotless Shares held by you on the date your acceptance is processed (despite any difference between that number and the number of Spotless Shares specified on your Acceptance Form when you accept this Offer).

(b) **CHESSE Holdings**

If your Spotless Shares are in a CHESSE Holding (in which case your holder identification number will commence with 'X'), to accept this Offer you must either:

- (i) **complete and sign** the Acceptance Form in accordance with the instructions on it. Once completed and signed, you need to **return** the Acceptance Form together with all other documents required by the instructions on it to the address specified on the form. This will authorise Downer Services to instruct your Controlling Participant (usually your Broker) to initiate acceptance of this Offer on your behalf. For return of the Acceptance Form to be an effective acceptance of the Offer, you must ensure it is received by Downer Services in time to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period; or
- (ii) **instruct** your Controlling Participant (usually your Broker) to initiate acceptance of this Offer under rule 14.14 of the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period.

If you are a Controlling Participant, you must yourself initiate acceptance under rule 14.14 of the ASX Settlement Operating Rules so as to be effective before the end of the Offer Period.

(c) **Issuer Sponsored Holdings and other holdings**

If your Spotless Shares are held on Spotless' issuer sponsored subregister (in which case your securityholder reference number will commence with 'I'), to accept this Offer you must:

- (i) **complete and sign** the Acceptance Form in accordance with the instructions on it; and
- (ii) **return** the Acceptance Form together with all other documents required by the instructions on it to the address specified on the form (using the addressed envelope provided if you wish) so that they are received before the end of the Offer Period.

7.4 **Effect of Acceptance Form**

By completing, signing and returning the Acceptance Form in accordance with section [7.3\(b\)](#) or section [7.3\(c\)](#) as applicable, you:

- (a) authorise Downer Services and each of its officers and agents to correct any errors in, or omissions from, the Acceptance Form necessary to:
 - (i) make it an effective acceptance of this Offer for your Spotless Shares which are not in a CHESSE Holding; and
 - (ii) enable the transfer of your Spotless Shares to Downer Services; and

- (b) if any of your Spotless Shares are in a CHESS Holding, authorise Downer Services and each of its officers and agents to:
 - (i) instruct your Controlling Participant to effect your acceptance of this Offer for those Spotless Shares under rule 14.14 of the ASX Settlement Operating Rules; and
 - (ii) give to your Controlling Participant on your behalf any other instructions in relation to those Spotless Shares which are contemplated by the sponsorship agreement between you and your Controlling Participant and are necessary or appropriate to facilitate your acceptance of this Offer.

7.5 Your agreement

By carrying out the instructions in section 7.3 on how to accept this Offer:

- (a) you accept this Offer in respect of all your Spotless Shares registered as held by you at the date your acceptance is processed despite any difference between that number and the number of Spotless Shares specified in the Acceptance Form;
- (b) you represent and warrant to Downer Services as a fundamental condition going to the root of the contract resulting from your acceptance of this Offer that, at the time of your acceptance of this Offer and at the time of transfer of your Spotless Shares to Downer Services:
 - (i) all your Spotless Shares are and will upon registration be fully paid up;
 - (ii) Downer Services will acquire good title to and beneficial ownership of your Spotless Shares, free from Encumbrances or restrictions on transfer of any kind; and
 - (iii) you have full power and capacity (whether legal or equitable) to sell and transfer your Spotless Shares (including any Rights) and that you have paid all amounts which at the time of acceptance have fallen due for payment in respect of your Spotless Shares (including any Rights);
- (c) you transfer, or consent to the transfer in accordance with the ASX Settlement Operating Rules, of your Spotless Shares to Downer Services subject to the conditions of the constitution of Spotless on which they were held immediately before your acceptance of this Offer (and Downer Services agrees to take those Spotless Shares subject to those conditions);
- (d) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though Downer Services has not yet paid or provided the consideration due to you), you irrevocably appoint Downer Services and each director of, and any nominee of, Downer Services jointly and each of them severally as your attorney to exercise all powers and rights which you could lawfully exercise as the registered holder of your Spotless Shares or in exercise of any right derived from the holding of your Spotless Shares, including, without limiting the generality of the foregoing:
 - (i) requesting Spotless to register your Spotless Shares in the name of Downer Services;
 - (ii) attending and voting in respect of your Spotless Shares at all general and class meetings of Spotless, demanding a poll for any vote taken at or proposing or seconding any resolutions to be considered at any general and class meeting of Spotless and requisitioning any general and class meeting of Spotless;

- (iii) executing all forms, notices, documents (including a document appointing a director of Downer Services as a proxy for any of your Spotless Shares) and resolutions relating to your Spotless Shares; and
- (iv) doing all things incidental or ancillary to any of the foregoing.

You will have, or will be deemed to have, acknowledged and agreed that in exercising such powers the attorney may act in the interests of Downer Services as the intended registered holder of those Spotless Shares. This appointment, being given for valuable consideration to secure the interest acquired in your Spotless Shares, is irrevocable and terminates upon registration of a transfer to Downer Services of your Spotless Shares;

- (e) you agree that in exercising the powers conferred by the power of attorney in section [7.5\(d\)](#), Downer Services and each of its directors and its nominee are entitled to act in the interest of Downer Services;
- (f) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though Downer Services has not yet paid or provided the consideration due to you), you agree not to attend or vote in person at any general meeting of Spotless or to exercise, or to purport to exercise, (in person, by proxy or otherwise) any of the powers conferred on the directors and nominees of Downer Services by section [7.5\(d\)](#);
- (g) if and when the contract resulting from your acceptance of this Offer becomes unconditional (even though Downer Services has not yet paid or provided the consideration due to you), you authorise Downer Services to transmit a message to ASX Settlement in accordance with rule 14.17.1 of the ASX Settlement Operating Rules so as to enter your Spotless Shares which are in a CHES Holding into Downer Services' Takeover Transferee Holding; and
- (h) you agree to do all such acts, matters and things that Downer Services may require to give effect to the matters the subject of this section [7.5](#) (including the execution of a written form of proxy to the same effect as this section [7.5](#) which complies in all respects with the requirements of Spotless) if requested by Downer Services;
- (i) you agree to indemnify Downer Services and each of its agents and nominees in respect of any claim or action against it or any loss, damage or liability incurred by it as a result of you not producing your holder identification number or securityholder reference number or in consequence of the transfer of your Spotless Shares being registered by Spotless without production of your holder identification number or securityholder reference number;
- (j) you irrevocably authorise and direct Spotless (on receipt of a written request from Downer Services) to pay to Downer Services or to account to Downer Services for all Rights. This is subject to any such Rights received by Downer Services being accounted for by Downer Services to you, in the event that this Offer is withdrawn or avoided;
- (k) except where Rights have been paid or accounted for under section [7.5\(j\)](#), or Downer Services has waived its entitlement as permitted by section [7.19](#), you irrevocably authorise Downer Services to deduct from the consideration payable in respect of your Spotless Shares, the value of any Rights paid to you in respect of your Spotless Shares which, where the Rights take a non-cash form, will be the value of those Rights as reasonably assessed by Downer Services; and

- (l) you have represented and warranted to Downer Services that, if you are the legal owner but not the beneficial owner of your Spotless Shares:
 - (i) the beneficial holder has not sent a separate acceptance of the Offer in respect of the Spotless Shares;
 - (ii) the number of Spotless Shares you have specified as being the entire holding of Spotless Shares you hold on behalf of a particular beneficial holder is in fact the entire holding; and
 - (iii) that you are irrevocably and unconditionally entitled to transfer the Spotless Shares, and to assign all of the beneficial interest therein to Downer Services.

7.6 Revocation of acceptance

- (a) Once you have accepted this Offer and the Defeating Conditions set out in section [7.11](#) have been fulfilled or waived, you will be unable to revoke your acceptance other than as set out in this section [7.6](#) and the contract resulting from your acceptance will be binding on you.
- ~~(b) In addition, once the Defeating Conditions set out in section 7.11 have been fulfilled, you will be unable to withdraw your acceptance of this Offer or otherwise dispose of your Spotless Shares, except as follows:
 - ~~(i) if a Defeating Condition, as set out in section 7.11, is not fulfilled or waived, then this Offer will automatically terminate and your Spotless Shares will be returned to you; or~~
 - ~~(ii) if the Offer Period is extended for more than one month and, at the time, this Offer is subject to one or more Defeating Conditions, as set out in section 7.11, then you may be able to withdraw your acceptance in accordance with section 650E of the Corporations Act.~~~~
- ~~(e)~~(b) The Defeating Conditions set out in section [7.11](#) are conditions precedent to Downer Services' acquisition of any interest in Spotless under the Offer. Notwithstanding your acceptance of the Offer, unless and until the Defeating Conditions are fulfilled or waived, you will be able to withdraw your acceptance of the Offer.

7.7 Powers of attorney

If the Acceptance Form is signed under power of attorney, the attorney declares that the attorney has no notice of revocation of the power and is empowered to delegate powers under the power of attorney under section [7.4](#) and paragraphs [\(d\)](#) and [\(g\)](#) of section [7.5](#).

7.8 Validation of otherwise ineffective acceptances

Except for Spotless Shares in a CHES Holding, Downer Services may treat the receipt by it of a signed Acceptance Form as a valid acceptance of this Offer even though it does not receive the other documents required by the instructions on the Acceptance Form or there is not compliance with any one or more of the other requirements for acceptance. If Downer Services does treat such an Acceptance Form as valid, subject to section [7.17](#), Downer Services will not be obliged to give the consideration to you until Downer Services receives all those documents and all of the requirements for acceptance referred to in section [7.3](#) and in the Acceptance Form have been met.

7.9 Dividends and other entitlements

Spotless Shareholders will be entitled to be paid the 1H17 dividend declared by Spotless in its 1H17 Results Announcement (to be paid on 7 April 2017). Downer Services will be entitled to all other Rights (including dividends) declared, paid, made or which arise or accrue after the Announcement Date in respect of Spotless Shares that it acquires pursuant to this Offer. Rights do not include any franking credits attached to any dividend.

If any Rights are declared, paid, made or arise or accrue in cash after the Announcement Date in respect of Spotless Shares to the holders of Spotless Shares, Downer Services will (provided the same has not been paid to Downer Services in respect of those Spotless Shares) be entitled to reduce the consideration specified in section 7.1(c) and payable to it by the holders of the Spotless Shares by an amount equal to the value of such Rights. If Downer Services does not, or cannot, make such a reduction and you receive the Rights then you must pay the amount of those Rights to Downer Services.

If any non-cash Rights (which do not include franking credits) are issued or made or arise or accrue after the Announcement Date in respect of the Spotless Shares to the holders of the Spotless Shares, Downer Services will (provided the same has not been issued to Downer Services in respect of those Spotless Shares) be entitled to reduce the consideration specified in section 7.1(c) and payable by it to holders of the Spotless Shares by an amount equal to the value (as reasonably assessed by Downer Services) of such non-cash Rights.

7.10 Transferees

If, at any time during the Offer Period, another person is able to give good title to some or all of your Spotless Shares, and that person has not already accepted an offer in the form of this Offer for those Spotless Shares, then that person may accept as if an offer in the form of this Offer had been made to them in respect of those Spotless Shares.

7.11 Defeating Conditions

This Offer and the contract resulting from acceptance of this Offer are subject to the fulfilment of the Defeating Conditions set out below. Under the terms of the Offer and the Corporations Act, any or some of these conditions may be waived by Downer Services.

If Downer Services decides that it will waive a condition, it will announce that decision to ASX in accordance with section 650F of the Corporations Act.

(a) Minimum acceptance condition

Before the end of the Offer Period, Downer Services has a relevant interest in 90% or more (by number) of Spotless Shares which are on issue or may be issued as a result of the exercise of any LTI Options or LTI Rights on issue as at the Register Date.

(b) Public Authorities

(i) **(Approval or consents)** Before the end of the Offer Period:

(A) Downer Services receives all Approvals which are required by law or by any Public Authority to permit the Offer to be made to and accepted by Spotless Shareholders in all applicable jurisdictions (including the OIO providing all necessary consents required under the *Overseas Investment Act 2005* (New Zealand) and *Overseas Investment Regulations 2005* (New Zealand) for Downer Services to complete the acquisition of Spotless Shares in accordance with the

Offer) and any such Approvals being given on terms and conditions which are usual for the granting of such Approvals; and

- (B) Downer Services receives all Approvals which are required by law or by a Public Authority as a result of the Offer or the successful acquisition of the Spotless Shares and which are necessary for the continued operation of the business of Spotless and its subsidiaries or of any member of the Downer Group,

and in each case those Approvals, subject as set out above, are on an unconditional basis and remain in force in all respects and there is no notice, intimation or indication of intention to revoke, suspend, restrict, modify or not renew those Approvals.

(ii) **(Regulatory action)** During the Offer Period:

- (A) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (B) no action or investigation is instituted, or threatened by any Public Authority with respect to Spotless or any subsidiary of Spotless; or
- (C) no application is made to any Public Authority (other than an application by Downer Services or any company within the Downer Group, an application under section 657G of the Corporations Act or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer),

in consequence of, or in conjunction with, the Offer, which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or may otherwise materially adversely impact upon, the making of the Offer or the completion of any transaction contemplated by this Bidder's Statement (including implementing the intentions expressed in section 2) or seeks to require the divestiture by Downer Services of any Spotless Shares, or the divestiture of any assets by Spotless or by any subsidiary of Spotless or by any company within the Downer Group.

(c) **No change of control triggers are exercised in respect of the Spotless Debt Facilities**

All persons who are parties to contracts relating to the Spotless Debt Facilities and any document required in connection with or ancillary to the Spotless Debt Facilities provide all required consents to, and waivers and releases, as applicable, in respect of their rights to:

- (i) terminate, cancel or rescind such arrangements;
- (ii) vary, amend or modify the terms of such arrangements;
- (iii) exercise, enforce or accelerate the terms of payment under such arrangements; or
- (iv) benefit from the operation of a provision which automatically gives effect to any of the above,

which arise as a direct or indirect result of the acquisition by Downer Services of a relevant interest in Spotless Shares, change of control of Spotless or the announcement of the Offer including where any such right or effect is subject to the satisfaction or failure of a contingency or condition, one or more of the

conditions to the Offer being waived, or any time period has expired within which any such rights may be exercised.

(d) **Underwriting Agreement termination**

The Underwriting Agreement is not terminated by the Underwriter before the end of the Offer Period.

(e) **No Spotless profit downgrade**

Spotless does not make an announcement on ASX providing revised earnings guidance which is lower in any respect than the earnings guidance announced to ASX on 28 February 2017 in the 1H17 Results Announcement.

(f) **No material acquisitions, disposals or significant events**

Except for any proposed transaction publicly announced by Spotless before the date of this Bidder's Statement, none of the following events occur during the period from that date to the end of the Offer Period:

- (i) Spotless, or any subsidiary of Spotless, acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$100 million or makes an announcement about such an acquisition;
- (ii) Spotless, or any subsidiary of Spotless, disposes, offers to dispose or agrees to dispose of, or creates, offers to create or agrees to create an equity interest in, one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than \$100 million or makes an announcement about such a disposal;
- (iii) Spotless, or any subsidiary of Spotless, enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership involving a commitment of greater than \$100 million in aggregate, or makes an announcement about such a commitment; or
- (iv) Spotless, or any subsidiary of Spotless, incurs or commits to, or grants to another person a right the exercise of which would involve Spotless or any subsidiary of Spotless incurring or committing to any capital expenditure or liability for one or more related items of greater than \$100 million in aggregate or makes an announcement about such a commitment.

(g) **No Prescribed Occurrences**

None of the following events happens during the period beginning on the date the Bidder's Statement is given to Spotless and ending at the end of the Offer Period (each event being a **Prescribed Occurrence**):

- (i) Spotless converts all or any of its shares into a larger or smaller number of shares;
- (ii) Spotless or a subsidiary of Spotless resolves to reduce its share capital in any way;
- (iii) Spotless or a subsidiary of Spotless:
 - (A) enters into a buy-back agreement; or

- (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) Spotless or a subsidiary of Spotless issues shares, other than Spotless Shares issued as a result of exercise of Convertible Securities which are on issue at the Register Date, or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) Spotless or a subsidiary of Spotless issues, or agrees to issue, convertible notes;
- (vi) Spotless or a subsidiary of Spotless disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Spotless or a subsidiary of Spotless grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
- (viii) Spotless or a subsidiary of Spotless resolves to be wound up;
- (ix) a liquidator or provisional liquidator of Spotless or of a subsidiary of Spotless is appointed;
- (x) a court makes an order for the winding up of Spotless or of a subsidiary of Spotless;
- (xi) an administrator of Spotless, or of a subsidiary of Spotless, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Spotless or a subsidiary of Spotless executes a deed of company arrangement; or
- (xiii) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Spotless or of a subsidiary of Spotless.

7.12 **Separate Defeating Conditions for benefit of Downer Services**

Each Defeating Condition:

- (a) must be construed as a separate condition; and
- (b) subject to the Corporations Act, operates only for the benefit of Downer Services and any breach or non-fulfilment of such condition may be relied upon only by Downer Services which may waive (generally or in respect of a particular event) the breach or non-fulfilment of that condition.

7.13 **Nature of Defeating Conditions**

None of the Defeating Conditions prevents a contract to sell your Spotless Shares resulting from your acceptance of this Offer but:

- (a) breach of any of the Defeating Conditions entitles Downer Services to rescind that contract by notice to you; and
- (b) non fulfilment of any of the Defeating Conditions at the end of the Offer Period will have the consequences set out in section 7.16.

7.14 Notice declaring Offer free of Defeating Conditions

Subject to the Corporations Act, Downer Services may declare this Offer and any contract resulting from acceptance of this Offer free from any of the Defeating Conditions by giving written notice to Spotless:

- (a) in the case of the Defeating Conditions in section [7.11\(g\)](#), not later than 3 business days after the end of the Offer Period; and
- (b) in the case of all other Defeating Conditions, not less than 7 days before the last day of the Offer Period.

7.15 Notice of status of Defeating Conditions

The date for giving the notice on the status of the Defeating Conditions as required by section 630(1) of the Corporations Act is [•] (subject to extension in accordance with the Corporations Act if the Offer Period is extended).

7.16 Contract void if Defeating Conditions not fulfilled

Your acceptance or the contract resulting from your acceptance of this Offer is void if:

- (a) at the end of the Offer Period any of the Defeating Conditions in section [7.11](#) is not fulfilled; and
- (b) Downer Services has not declared this Offer and any contract resulting from the acceptance of it free of that Defeating Condition in accordance with section [7.14](#).

7.17 Payment of consideration

(a) When will Downer Services pay you?

Subject to this section [7.17](#) and the Corporations Act, if you accept this Offer, Downer Services will pay you the consideration for your Spotless Shares to which Downer Services acquires good title on or before the earlier of:

- (i) the day one month after you accept this Offer or, if this Offer is subject to a Defeating Condition when accepted, one month after the contract resulting from your acceptance becomes unconditional; and
- (ii) the day 21 days after the end of the Offer Period.

(b) Acceptance Form requires additional documents

Where documents are required to be given to Downer Services with your acceptance to enable Downer Services to become the holder of your Spotless Shares (such as a power of attorney):

- (i) if the documents are given with your acceptance, Downer Services will pay you in accordance with section [7.17\(a\)](#);
- (ii) if the documents are given after your acceptance and before the end of the Offer Period while the Offer is subject to a Defeating Condition, Downer Services will pay you the consideration by the end of whichever of the following periods ends first:
 - (A) one month after the contract resulting from your acceptance becomes unconditional; and

- (B) 21 days after the end of the Offer Period; or
- (iii) if the documents are given after your acceptance and before the end of the Offer Period while the Offer is no longer subject to a Defeating Condition, Downer Services will pay you the consideration by the end of whichever of the following periods ends first:
 - (A) one month after Downer Services is given the documents; and
 - (B) 21 days after the end of the Offer Period.

(c) **Delivery of consideration**

Subject to the Corporations Act, Downer Services will send cheques for the cash payment due to you at your risk by pre-paid ordinary mail, or in the case of an address outside Australia by airmail, to the address shown in the Acceptance Form.

(d) **Non-Australian residents**

If, at the time of acceptance of this Offer, any authority or clearance of a Public Authority is required for you to receive any consideration under this Offer or you are resident in or a resident of a place, or you are a person to whom any law (including any regulations) of Australia that would make it unlawful for Downer Services to provide consideration for your Spotless Shares (for example, *The Banking (Foreign Exchange) Regulations 1959 (Cth)*, and Part 4 of the *Charter of the United Nations Act 1945 (Cth)* and any regulations under that act), then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained by Downer Services.

7.18 **Return of documents**

If this Offer does not become unconditional or any contract arising from this Offer is rescinded by Downer Services on the grounds of a breach of a condition of that contract, Downer Services will, at its election, either return by post to you at the address shown on the Acceptance Form any Acceptance Form and any other documents sent with it by you, or destroy those documents and notify the ASX of this.

7.19 **Rights**

If Downer Services becomes entitled to any Rights as a result of your acceptance of this Offer, it may require you to give to Downer Services all documents necessary to vest title to those Rights in Downer Services. If you do not give those documents to Downer Services, or if you have received or are entitled to receive (or any previous holder of your Spotless Shares has received or is entitled to receive) the benefit of those Rights, Downer Services may deduct the amount (or value as reasonably assessed by Downer Services) of such Rights (~~including~~ excluding the value of any franking credit) from any consideration otherwise payable to you. If Downer Services does not, or cannot, make such a deduction, you must pay that amount to Downer Services.

7.20 **Costs and stamp duty**

- (a) Downer Services will pay all costs and expenses of the preparation and circulation of the Offer and any stamp duty payable on the transfer of any Spotless Shares to Downer Services.
- (b) If your Spotless Shares are registered in an Issuer Sponsored Holding in your name and you deliver them directly to Downer Services you will not incur any brokerage in connection with your acceptance of this Offer.

7.21 Offerees

(a) Registered holders

Downer Services is making an offer in the form of this Offer to:

- (i) each holder of Spotless Shares registered in the register of members of Spotless at the Register Date; and
- (ii) each person who, during the period from the Register Date to the end of the Offer Period, becomes registered or entitled to be registered as the holder of Spotless Shares (whether or not they are registered or entitled to be registered as the holder of other Spotless Shares) due to the conversion of, or exercise of rights attached to, other securities convertible into Spotless Shares that are on issue at the Register Date.

(b) Transferees

This Offer extends to any person who is able during the Offer Period to give good title to a parcel of your Spotless Shares. That person may accept as if an Offer on terms identical to this Offer had been made to them for those Spotless Shares.

(c) Trustees and nominees

If, during the Offer Period and before you accept the Offer, your Spotless Shares consist of two or more separate parcels within the meaning of section 653B of the Corporations Act (for example, because you are a trustee or nominee for several distinct beneficial owners), section 653B of the Corporations Act will apply so that:

- (i) Downer Services is taken to have made a separate Offer to you for each separate parcel of Spotless Shares; and
- (ii) acceptance by you of the Offer for any distinct parcel of Spotless Shares is ineffective unless:
 - (A) you give Downer Services notice in accordance with section [7.21\(d\)](#) stating that your Spotless Shares consist of separate parcels; and
 - (B) your acceptance specifies the number of Spotless Shares in each separate parcel to which the acceptance relates.

(d) Notices by Trustees and Nominees

The notice required under section [7.21\(c\)\(ii\)\(A\)](#):

- (i) if it relates to Spotless Shares not in a CHESS Holding, must be in writing; or
- (ii) if it relates to Spotless Shares in a CHESS Holding, must be in an electronic form approved under the ASX Settlement Operating Rules for the purposes of Part 6.8 of the Corporations Act.

(e) Spotless Shares subject to Spotless transfer restrictions

If at any time during the Offer Period some of your Spotless Shares are subject to transfer restrictions imposed by Spotless (for example, because you hold some of your Spotless Shares under an employee incentive plan), then you may accept as if a separate offer in the form of this Offer had been made in relation to the balance of your Spotless Shares. Acceptance for the balance of your Spotless Shares is

ineffective unless you give Downer Services notice stating the number of your Spotless Shares that are subject to a transfer restriction and explaining the nature of the restriction, and your acceptance specifies the balance of your Spotless Shares.

(f) **Withholding required by law**

If any amount (**withholding amount**) is determined by Downer Services as being required under any law to be:

- (i) withheld from any consideration otherwise payable to you under this Offer and paid to a Public Authority; or
- (ii) retained by Downer Services out of any consideration otherwise payable to you under this Offer,

Downer Services may withhold or retain the withholding amount and the withholding or retention by Downer Services of the withholding amount (as applicable) will constitute full discharge of Downer Services' obligation to pay the consideration to you to the extent of the withholding amount.

7.22 **Variation and withdrawal of Offer**

(a) **Variation**

Downer Services may vary this Offer in accordance with the Corporations Act.

(b) **Withdrawal**

In accordance with section 652B of the Corporations Act, Downer Services may withdraw this Offer with the written consent of ASIC and subject to the conditions (if any) which apply to that consent.

7.23 **Notices**

- (a) Any notices to be given by Downer Services to Spotless under the Offer may be given to Spotless by leaving them at, or sending them by pre-paid ordinary post to, the registered office of Spotless or by sending them by facsimile transmission to Spotless at its registered office.
- (b) Any notices to be given to Downer Services by you or by Spotless under the Offer may be given to Downer Services by leaving them at or sending them by pre-paid ordinary post to Spotless at the address specified on the Acceptance Form.
- (c) Any notices to be given by Downer Services to you under the Offer may be given to you by sending them by pre-paid ordinary post or courier, or if your address is outside Australia, by prepaid airmail or courier, to your address as shown in the share register of Spotless.

7.24 **Additional copies of Offer documents**

If, for the purposes of accepting the Offer, you require additional copies of this Bidder's Statement and the Acceptance Form, please call the Offer Information Line on 1300 048 144 (from within Australia) or +61 3 9415 4662 (from outside Australia) to request these copies.

7.25 **Governing law**

This Offer and any contract resulting from acceptance of it are governed by the law in force in New South Wales.

8. DEFINITIONS AND INTERPRETATION

8.1 Definitions

The following definitions apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a definition is not intended to apply:

1H16 means the six months to 31 December 2015.

1H17 means the six months to 31 December 2016.

1H17 Investor Presentation means Spotless' Investor Presentation in respect of the 1H17 Results, as released to ASX on 28 February 2017.

1H17 Results means Spotless' Appendix 4D and 1H17 Financial Report disclosing the financial results in respect of 1H17, as released to ASX on 28 February 2017.

1H17 Results Announcement means Spotless' ASX announcement of the 1H17 Results, as released to ASX on 28 February 2017.

2016 Annual Report means Spotless' 2016 Annual Report dated 20 September 2016.

2H17 means the six months to 30 June 2017.

ACCC means the Australian Competition and Consumer Commission.

Acceptance Form means the form with that title that accompanies this Bidder's Statement.

Agent means the agent appointed for the purposes of the New Loan Facility.

Announcement Date means 21 March 2017.

Approval means a licence, authority, consent, approval, order, exemption, waiver, ruling or decision.

ASIC means the Australian Securities and Investments Commission.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532).

ASX Settlement Operating Rules means the operating rules of ASX Settlement.

ASX means ASX Limited (ABN 98 008 624 691) or, as the context requires, the financial market operated by it.

ASX Listing Rules means the listing rules of ASX.

Bidder's Statement means this [documentReplacement Bidder's Statement dated 10 April 2017](#), being the statement made by Downer Services under Part 6.5 Division 2 of the Corporations Act relating to the Offer, [as amended by ASIC Class Order \[CO 13/528\]](#) and [the additional relief described in section 6.6](#).

Broker means a person who is a share broker and participant in CHESS.

Certain Funds Period has the meaning given to it in section [3.2\(a\)](#).

CHESS means the Clearing House Electronic Subregister System operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities.

CHES Holding means a holding of shares on the CHES Subregister of Spotless.

CHES Subregister has the meaning set out in the ASX Settlement Operating Rules.

CHI-X means CHI-X Australia Pty Limited (ABN 47 129 584 667) or, as the context requires, the financial market operated by it.

Class Action means the representative proceeding against Spotless filed in the Federal Court of Australia, as described in Spotless' ASX Announcement "Class action pending against Spotless" dated 24 February 2017.

Commitment Letter has the meaning given to it in section [3.2\(a\)](#).

Common Terms Deed Poll has the meaning given to it in section [3.2\(a\)](#).

Controlling Participant has the meaning set out in the ASX Settlement Operating Rules.

Convertible Security means a security which will convert, or may be converted, to a Spotless Share, or confers rights to be issued a Spotless Share, and includes an LTI Award.

Corporations Act means the *Corporations Act 2001* (Cth) as modified by any relevant exemption or declaration by ASIC.

Defeating Condition means each condition or part thereof (as applicable) as set out in section [7.11](#).

Downer means Downer EDI Limited ACN 003 872 848.

Downer Finance means Downer Group Finance Pty Limited ACN 072 473 913.

Downer Group means Downer and its related bodies corporate.

Downer Services means Downer EDI Services Pty Ltd ACN 137 732 042.

Downer Share means a fully paid ordinary share in Downer.

EC&M has the meaning given to it in section [1.2](#).

Eligible Spotless Shareholders has the meaning given to it in section [6.10](#).

Encumbrance means:

- (a) a security interest;
- (b) an easement, restrictive covenant, caveat or similar restriction over property;
- (c) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property (including a right to set off or withhold payment of a deposit or other money);
- (d) a right of any person to purchase, occupy or use an asset (including under an option, agreement to purchase, licence, lease or hire purchase);
- (e) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or
- (f) an agreement to create anything referred to above or to allow any of them to exist.

Entitlement Offer means the accelerated pro rata entitlement offer of shares in Downer with retail rights trading to raise approximately \$1 billion.

Entitlement Offer Information Documents means the materials disclosed to ASX in relation to the documents issued or published by or on behalf of Downer in respect of the Entitlement Offer.

Entitlement Offer Price has the meaning given to it in section [3.2\(b\)](#).

Facility has the meaning given to it in section [6.10](#).

Financiers means each MLAUB.

First Supplementary Bidder's Statement means the [supplementary bidder's statement dated Monday 10 April 2017 and lodged with ASIC on that date](#).

GST has the same meaning as in *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Holdings Facility has the meaning given to it in section [3.3](#).

Institutional Entitlement Offer has the meaning given to it in section [3.2\(b\)](#).

Intercompany Facility has the meaning given to it in section [3.2\(c\)](#).

Issuer Sponsored Holding means a holding of Spotless Shares on Spotless' issuer sponsored subregister.

LTI Awards means the LTI Options and LTI Rights which are on issue at the Register Date.

LTI Option means an option to be issued a Spotless share granted under the LTI Plan.

LTI Plan means the Spotless Executive Incentive Plan established by Spotless under which Spotless Shares, LTI Options and LTI Rights are granted for the benefit of certain senior executives of Spotless.

LTI Plan Rules means LTI Plan Spotless Executive Incentive Plan released by Spotless to ASX on 23 May 2014.

LTI Right means a performance right to acquire a Spotless share granted under the LTI Plan.

Maximum Cash Consideration has the meaning given to it in section [3.1](#).

MLAUBs means BNP Paribas, Sydney Branch, Mizuho Bank, Ltd., Sydney Branch and UBS AG, Australia Branch, each being a MLAUB.

New Loan Facility has the meaning given to it in section [3.2](#).

NPAT means net profit after tax.

NZCC means the New Zealand Commerce Commission.

Offer means the offer as set out in section [7](#) of this Bidder's Statement (or, if the context so requires, section [7](#) of this Bidder's Statement itself) and includes a reference to that offer as varied in accordance with the Corporations Act.

Offer Price means \$1.15 cash per Spotless Share.

Offer Period means the period referred to in section [7.2](#) of this Bidder's Statement.

Offers means the Offer and each of the other offers made on the same terms for Spotless Shares and includes a reference to those offers as varied in accordance with the Corporations Act.

OIO means the New Zealand Overseas Investment Office.

Original Bidder's Statement means the Bidder's Statement dated 21 March 2017 and lodged with ASIC on that date.

Prescribed Occurrence has the meaning given to it in section [7.11\(g\)](#).

Public Authority means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including the ACCC and the NZCC (but excluding the Takeovers Panel, ASIC and any court that hears or determines proceedings under section 657G or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer). It also includes any self-regulatory organisation established under statute or any stock exchange.

Register Date means 7:00pm (Sydney time) on 22 March 2017, being the date set by Downer Services under section 633(2) of the Corporations Act.

Retail Entitlement Offer has the meaning given to it in section [3.2\(b\)](#).

Rights means all accretions and rights attaching to Spotless Shares after 22 March 2017 (including all rights to receive dividends and other distributions declared or paid and to receive or subscribe for shares, notes or options issued by Spotless).

S&P ASX200 index means the index of that name published by Standard & Poor's (or any successor of or replacement for that index).

Spotless means Spotless Group Holdings Limited ACN 154 229 562 .

Spotless Board means the board of directors of Spotless.

Spotless Debt Facilities has the meaning given to it in section [2.3\(c\)](#).

Spotless Prospectus means the prospectus issued by Spotless and dated 28 April 2014.

Spotless Share means a fully paid ordinary share in Spotless.

Spotless Shareholder means a holder of Spotless Shares.

Takeover Transferee Holding means the CHESS Holding to which Spotless Shares are to be transferred after acceptance of the Offer.

Target Replacement Facility Agreement has the meaning given to it in section [2.3\(c\)\(ii\)](#).

Underwriter means UBS AG, Australia branch.

Underwriting Agreement means the underwriting agreement between Downer and the Underwriter in respect of the Entitlement Offer.

VWAP mean volume weighted average price, calculated as the cumulative value traded on ASX and CHI-X divided by cumulative volume traded on ASX and CHI-X.

Withdrawal has the meaning given in section 6.11.

your Spotless Shares means, subject to section 7.21, the Spotless Shares:

- (a) of which you are registered or entitled to be registered as the holder in the register of members of Spotless at the Register Date and any new Spotless Shares of which you are registered or entitled to be registered as the holder on the register of members of Spotless from the Register Date to the end of the Offer Period as a result of the conversion of, or exercise of rights attached to, LTI Awards and in respect of which no other person becomes registered or entitled to be registered as a holder before you accept the Offer; and
- (b) any other Spotless Shares, to which you are able to give good title at the time you accept this Offer during the Offer Period.

8.2 Interpretation

- (a) Words and phrases which are defined by the Corporations Act have the same meaning in this Bidder's Statement and the Acceptance Form and, if a special meaning is given for the purposes of Chapter 6 or 6A or a provision of Chapter 6 or 6A of the Corporations Act, have that special meaning.

(b) Words defined in the ASX Settlement Operating Rules have the same meaning where used in section 6.11, unless the context requires otherwise.

~~(b)~~(c) Headings are for convenience only and do not affect interpretation.

~~(e)~~(d) The following rules also apply in interpreting this Bidder's Statement and the Acceptance Form, except where the context makes it clear that a rule is not intended to apply:

- (i) a singular word includes the plural, and vice versa;
- (ii) a word which suggests one gender includes the other genders;
- (iii) if a word is defined, another part of speech has a corresponding meaning;
- (iv) unless otherwise stated references in this Bidder's Statement to sections, paragraphs and sub-paragraphs are to sections, paragraphs and sub-paragraphs of this Bidder's Statement;
- (v) a reference to a person includes a body corporate;
- (vi) a reference to \$ is to the lawful currency in Australia unless otherwise stated; and
- (vii) appendices to this Bidder's Statement form part of it.

Dated 10 April 2017

This Bidder's Statement has been approved by a resolution of the directors of Downer EDI Services Pty Ltd.

Signed on behalf of Downer EDI Services Pty Ltd:

Peter Tompkins

Director

ANNEXURE A

UNDERWRITING AGREEMENT – TERMINATION EVENTS

The Underwriting Agreement sets out the terms and conditions between Downer and the Underwriter pursuant to which the Underwriter has agreed to manage and underwrite the Entitlement Offer.

If certain conditions are not satisfied or certain events occur, the Underwriter may terminate the Underwriting Agreement. This includes where:

- (a) **(Regulatory action)** regulatory action or investigation is commenced or otherwise undertaken by ASIC in relation to the Entitlement Offer or the materials disclosed to ASX in relation to the documents issued or published by or on behalf of Downer in respect of the Entitlement Offer (**Entitlement Offer Information Documents**);
- (b) **(Unable to issue new shares under the Entitlement Offer)** Downer is prevented from issuing the new shares under the Entitlement Offer within the timeframe prescribed by the Underwriting Agreement, the Listing Rules, applicable laws, an order of a court of competent jurisdiction or a government agency;
- (c) **(ASX approval)** unconditional approval (or conditional approval, provided such condition would not, in the reasonable opinion of the Underwriter, have a material adverse effect on the Entitlement Offer) by ASX for the official quotation of:
 - (i) all Downer Shares to be issued under the Entitlement Offer; or
 - (ii) the entitlements to Downer Shares issued under the Retail Entitlement Offer,is not granted by the dates prescribed in the Underwriting Agreement, or ASX makes an official statement that it does not intend to grant official quotation for any or all of the new Downer Shares to be issued or entitlements to new Downer Shares under the Entitlement Offer;
- (d) **(Certificate)** a certificate which is required to be furnished by Downer under the Underwriting Agreement is not furnished when required or a statement in that certificate is untrue, incorrect or misleading and deceptive;
- (e) **(Timetable)** any event specified in the timetable in the Underwriting Agreement is delayed for more than one Business Day (in respect of the Institutional Entitlement Offer) and for more than two Business Days (in respect of the Retail Entitlement Offer) without the prior written approval of the Underwriter;
- (f) **(Listing)** Downer ceases to be admitted to the official list of ASX or Downer Shares are suspended from trading on, or cease to be quoted on, ASX (other than a trading halt requested by Downer for the purposes of conducting the institutional component of the Entitlement Offer);
- (g) **(Director)** a director of Downer is charged with an indictable offence, is disqualified from managing a corporation under the Corporations Act, or regulatory action is taken (or proposed to be taken as announced by a regulatory authority) in respect of a director of Downer;
- (h) **(Insolvency)** Downer or a prescribed member of the Downer Group is insolvent or there is an action or omission which is likely to result in Downer or such member of the Downer Group becoming insolvent;

- (i) **(Offer)** the Offer is varied or deemed to be varied to change the consideration payable or the Offer is withdrawn or the period for the Offer ends without the Offer being declared free from all conditions to which it is subject or those conditions to which it is subject being fulfilled;
- (j) **(Debt Documents)** a condition to certain debt documents entered into in connection with the Offer is not capable of being satisfied within the time allowed for satisfaction, or the debt documents are terminated, rendered void, voidable, illegal or otherwise unenforceable;
- (k) **(Defective Cleansing Notice)** any cleansing notice issued by Downer in accordance with the Corporations Act with respect to the Entitlement Offer becomes defective, or any amendment or update to a cleansing notice is issued or required to be issued under the Corporations Act where (in either case) such notice is adverse from the point of view of an investor;
- (l) **(disruption in financial markets)** an event occurs which makes it impossible or impracticable to settle the Entitlement Offer or allot and issue the securities in accordance with the Underwriting Agreement; or
- (m) **(events which may impact the Entitlement Offer in a material respect)** any of the following events occur:
 - (i) **(Entitlement Offer Information Documents)** any of the Entitlement Offer Information Documents contain (whether by omission or otherwise) any statement which is false, misleading or deceptive or are otherwise misleading or deceptive or likely to mislead or deceive (whether by content or omission of information);
 - (ii) **(Misrepresentation)** a representation or warranty made or given by Downer under the Underwriting Agreement proves to be, or has been, or becomes, untrue or incorrect;
 - (iii) **(Change in law)** there is a change in law, regulation or government policy;
 - (iv) **(Breach)** Downer fails to perform or observe any of its obligations under the Underwriting Agreement;
 - (v) **(Unauthorised alterations)** Downer alters its capital structure or constitution without the prior consent of the Underwriter;
 - (vi) **(hostilities)** hostilities not existing at the date of this agreement commencing, involving either Australia or the United States of America, or a national emergency being declared by either of those countries; or
 - (vii) **(Change in directors or management)** there is a change (other than a change which has been disclosed prior to the date of the Underwriting Agreement) in Downer's Board of directors or the position of Chief Executive Officer or Chief Financial Officer of Downer,

and such event has, or is likely to have, a material adverse effect on the success of the Entitlement Offer or settlement of the Entitlement Offer or the ability of the Underwriter to market or promote or settle the Entitlement Offer, or there is a reasonable possibility that the event will lead to the Underwriter being involved in a contravention of an applicable law or incurring a liability under an applicable law as a result of that event.

ANNEXURE B

**ACQUISITIONS OF SPOTLESS SHARES DURING THE LAST FOUR MONTHS
(ANNEXURE TO SECTION 6.3)**

Date	Price (\$) paid per Spotless Share	Number of Spotless Shares acquired	Total consideration paid (\$)
20 March 2017	0.7050	91,758	64,689
20 March 2017	0.7075	7,198	5,093
20 March 2017	0.7100	279,168	198,209
20 March 2017	0.7125	22,194	15,813
20 March 2017	0.7150	621,378	444,285
20 March 2017	0.7175	3,594	2,579
20 March 2017	0.7200	506,474	364,661
		1,531,764	1,095,330