

26 May 2014

Update on financing condition to scheme of arrangement

SteriHealth Limited (**SteriHealth**) refers to the previously announced scheme of arrangement under which it is proposed that Catilina Nominees Pty Ltd (ACN 005 197 455) as trustee of the Danny Boulas Daniels Family Trust (**Catilina**) will acquire all of the issued shares in SteriHealth that are not held by Catilina or its associates (**Scheme**).

Catilina Finance Condition

As set out in section 4.7 of the Scheme Booklet lodged with ASX and sent to SteriHealth shareholders on 2 May 2014, implementation of the Scheme is subject to a number of conditions precedent including:

- Catilina and its financiers, before 5:00 pm on the day which is 7 days before the date of the Scheme Meeting (which has been convened for 10:00 am (Melbourne time) on Tuesday, 3 June 2014), executing a facility agreement on substantially the same terms contemplated by the terms sheet attached to the commitment letter executed by Catilina and its financiers (a redacted copy of which was provided to the Independent Directors of SteriHealth) (**Facility Agreement**); and
- before 8:00 am on the Second Court Hearing Date for the Scheme, each of the conditions precedent to drawdown under the Facility Agreement has been and remains satisfied or waived in accordance with the Facility Agreement,

Catilina has informed SteriHealth that on 23 May 2014 it entered into a facility agreement with Bankwest, a division of the Commonwealth Bank of Australia on substantially the same terms contemplated by the terms sheet referred to above (**Bankwest Facility**) and, accordingly, the first part of the condition precedent described above has been satisfied.

Catilina has provided SteriHealth with the following key terms of the Bankwest Facility for disclosure to SteriHealth shareholders as foreshadowed in section 6.7 of the Scheme Booklet.

| Item | Description |
|---------------------------|--|
| Date of Bankwest Facility | 23 May 2014 |
| Lender | Bankwest, a division of Commonwealth Bank of Australia (ABN 48 123 123 124) |
| Commitment | Includes: <ul style="list-style-type: none"> • A\$22,200,000 to be used to fund the Scheme Consideration of A\$1.75 per SteriHealth Share; and • certain other facilities, including a working capital facility to refinance existing debt of Catilina and for other |

SteriHealth Limited

ABN 83 060 871 249

36 Cahill Street, Dandenong VIC 3175 • Phone: 03 8762 8300 • Fax: 03 8762 8342

shareholder.questions@sterihealth.com.au • www.sterihealth.com.au



| Item | Description |
|--------------------------------------|--|
| | commercial purposes |
| Purpose | To fund the acquisition of shares not owned by Catilina in SteriHealth, in addition to other working capital facilities to refinance existing debt of Catilina and for other commercial purposes |
| Maturity Date | 3 years after completion of the Scheme of Arrangement |
| Conditions Precedent to availability | <p>The conditions precedent to drawdown under the Facility are customary for a facility of this nature and include:</p> <ul style="list-style-type: none"> evidence that all SteriHealth shares held by Mr Dan Daniels and Mrs Alison Daniels (as trustees for the Daniels Superannuation Fund) have been or will be transferred to Catilina, subject only to the completion of the Scheme of Arrangement; and evidence that no condition precedent under the Scheme Implementation Agreement has been waived by Catilina, including no amendment or waiver or termination of any other provision of the Scheme documents since the date of the terms sheet. <p>Catilina expects that these conditions will be satisfied by the Second Court Hearing Date (other than those conditions which by their nature are typically only satisfied on the date of initial drawdown under the Facility).</p> |
| Events of default | <p>The Facility Agreement contains events of default, subject to applicable grace periods, that are customary for facilities of this nature, including:</p> <ul style="list-style-type: none"> a failure to repay an amount drawn under the Facility; Catilina breaching a financial undertaking; Catilina becoming involved in litigation and judgment is rendered against it; and Catilina becoming insolvent, wound up or ceasing to trade. |
| Representations and warranties | The representation and warranties given by Catilina are customary for facilities of this kind. |
| Guarantee | If the Scheme becomes Effective, SteriHealth and its subsidiaries are required under the Facility to become additional guarantors to the Facility. |

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Change to Catilina’s intentions regarding composition of SteriHealth boards

Catilina has advised SteriHealth that in order to provide the guarantee contemplated under the Bankwest Facility (and referred to in the key terms set out above), SteriHealth and its subsidiaries will be required to pass financial assistance “whitewash” resolutions shortly after the Scheme is implemented in accordance with Part 2J.3 of the *Corporations Act 2001* (Cth).

Catilina has informed SteriHealth that, to ensure that the financial assistance resolutions are passed promptly and in an expeditious manner, Catilina has changed its intentions in respect of the composition of the SteriHealth board and the boards of its subsidiaries after implementation of the Scheme, details of which were set out in section 6.8(1) of the Scheme Booklet. Catilina has advised SteriHealth that it now intends to replace the current board of directors of SteriHealth and each of its subsidiaries with Catilina nominees shortly after implementation of the Scheme.

The independent directors of SteriHealth do not consider this change to the stated intentions of Catilina post-implementation of the Scheme materially impacts on the decision of a SteriHealth shareholder as to whether or not to vote in favour of the Scheme. The independent directors continue to unanimously recommend that SteriHealth shareholders vote in favour of the Scheme in the absence of a superior proposal.

The independent directors strongly encourage SteriHealth shareholders to vote either by attending the Scheme meeting in person or appointing a proxy, attorney or corporate representative to attend the Scheme meeting on the shareholder’s behalf.

Cameron Grant
Company Secretary
SteriHealth Limited

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