

Third 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.

Offer Information Line

For information regarding your Spotless shares, the Offer or how to accept the Offer please read the 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

IMPORTANT INFORMATION

This document is the third supplementary bidder's statement (**Third 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 Third 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 the offers dated 12 April 2017 made under 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 replacement bidder's statement dated 10 April 2017 (**Replacement Bidder's Statement**) which replaced the Original Bidder's Statement, the first supplementary bidder's statement dated 10 April 2017 (**First Supplement**) and the second supplementary bidder's statement dated 3 May 2017 (**Second Supplement**). In this Third Supplement, all references to the Bidder's Statement are references to the Replacement Bidder's Statement (as amended by the Second Supplement and the notices of extension dated 22 May 2017 and 2 June 2017). This Third Supplement prevails to the extent of any inconsistency with the Bidder's Statement, the First Supplement and the Second Supplement. Unless the context requires otherwise or separately defined in this Third Supplement, terms defined in the Bidder's Statement have the same meaning in this Third Supplement.

A copy of this Third Supplement, which incorporates a notice under section 650F of the Corporations Act, was lodged with the Australian Securities and Investments Commission (**ASIC**) on 19 June 2017. Neither ASIC nor any of its officers takes any responsibility for the contents of this Third Supplement or the notice incorporated into this Third Supplement.

1. REASONS TO ACCEPT THE OFFER

Spotless shareholders should accept the Offer promptly and without delay for the following reasons:

- The Offer is now **unconditional** (see Section 2 below). If you intend to accept the Offer, there is no reason to delay.
- The Offer Price of \$1.15 per Spotless share is **final** and will not be increased in the absence of a superior proposal.
- Downer Services has introduced **accelerated payment terms** (see Section 3 below). Spotless shareholders who accept the Offer will be paid within 7 business days of Downer Services receiving a valid acceptance (or for Spotless shareholders whose valid acceptances have been received by Downer Services before the date of this Third Supplement, by Wednesday, 28 June 2017).
- As at 7:00pm (Sydney Time) on Friday, 16 June 2017, Downer Services had an **Interest¹ equivalent to 36.44%** in the issued share capital of Spotless, comprising its relevant interest of 19.214%, acceptances into the Institutional Acceptance Facility equivalent to 12.240% and a further economic interest in 4.99% pursuant to the cash-settled equity swap (as described in the Notice of Initial Substantial Holder lodged by Downer Services on 21 March 2017). As the Offer is now unconditional, the acceptances into the Institutional Acceptance Facility will now be accepted into the Offer as described in Section 4 below.
- With Downer Services' Interest¹ now equivalent to 36.44%, there are risks to remaining a shareholder in Spotless following conclusion of the Offer, including:
 - a risk of reduced trading liquidity; and
 - a risk of limited institutional support for Spotless shares.
- The Offer Price of \$1.15 cash per Spotless share provides compelling value for Spotless shareholders, being a **59% premium** to the closing price of Spotless shares on 20 March 2017 (being the last trading day prior to the announcement of the Offer).
- Downer Services' unconditional, all cash Offer provides certain value for Spotless shareholders.

The Offer provides Spotless shareholders with an opportunity to realise certain cash value for their shares, with no exposure to the potential risks associated with a continuing investment in Spotless.

The alternative for Spotless shareholders is to put their faith in a company which experienced a share price decline of almost 70% in the two years prior to the announcement of the Offer², and which has warned shareholders of a material risk concerning its 'strategy reset', stating that "there is no guarantee as to the benefits that the strategy reset will realise."³

¹ Interest is defined to comprise: Downer Services' economic interest equivalent to 4.99% in the issued share capital of Spotless (accumulated via cash settled total return swap between 27 February and 7 March 2017 (inclusive) at a weighted average reference price of \$0.815 per Spotless Share), Downer Services' relevant interest in Spotless shares, and acceptances into the Institutional Acceptance Facility established by Downer Services on the terms set out in section 7 of the second supplementary bidder's statement dated 3 May 2017.

² Share price movement between 20 March 2015 to 20 March 2017 (inclusive). Source: IRESS.

³ Spotless Target's Statement released to the ASX on 27 April 2017 (page 55).

- Although Spotless believes that its strategy reset is demonstrating early signs of success, Spotless' FY18⁴ net profit after tax (pre-exceptional items) (**NPAT**) guidance, if achieved, would still be materially lower than its FY16 NPAT. Spotless delivered NPAT of \$136 million in FY15 and NPAT of \$131 million in FY16.⁵ Spotless' FY18 NPAT guidance of \$85-\$100 million, which includes benefits of the strategy reset (which will then have been in place for two years), if achieved, would still be 24% to 35% lower than FY16 NPAT (at the high to low end of the guidance range respectively).⁶
- Spotless has confirmed in its Target's Statement that there is **no superior offer** for its shareholders to consider, despite engaging with several parties in an attempt to negotiate a superior transaction.
- If the Offer is unsuccessful and no superior proposal emerges, the Spotless share price is likely to trade at a substantial discount to the Offer. Downer Services notes that the Spotless share price at closing on 20 March 2017, the last trading day prior to the announcement of the Offer, was \$0.725.
- The Offer is currently scheduled to close at **7.00pm (Sydney time) on Thursday, 29 June 2017** (unless further extended under the Corporations Act).

2. **OFFER FREED FROM ALL REMAINING OUTSTANDING DEFEATING CONDITIONS**

Downer Services has today declared each of the Offers and all contracts formed by acceptance of the Offers to be free of all of the remaining outstanding Defeating Conditions set out in section 7.11 of the Bidder's Statement. Accordingly, the Offer is now unconditional.

A formal notice under section 650F of the Corporations Act is attached as **Annexure A**. A copy of the notice has been, or will be, provided to Spotless and ASX today in accordance with the requirements of section 650F of the Corporations Act.

3. **ACCELERATED PAYMENT TERMS**

Downer Services has introduced accelerated payment terms to Spotless shareholders such that:

- (a) Spotless shareholders whose valid acceptances have been received by Downer Services before the date of this Third Supplement will be paid by no later than Wednesday, 28 June 2017; and
- (b) all other Spotless shareholders who accept the Offer will be paid within 7 business days of Downer Services receiving a valid acceptance from the shareholder in accordance with the terms of the Offer.

4. **ACCEPTANCES UNDER THE INSTITUTIONAL ACCEPTANCE FACILITY**

As announced to the ASX on 3 May 2017, Downer Services established an Institutional Acceptance Facility (**Facility**) operated by Computershare Clearing Pty Limited ACN 063 826 228 (**Facility Operator**).

Downer Services will now confirm to the Facility Operator by written notice that Downer Services has declared the Offer free of all Defeating Conditions (**Confirmation Letter**).

⁴ All references to "FY17" and "FY18" in this document refer to the 12 month forecast period ending 30 June 2017 and 30 June 2018 respectively. References to "FY15" and "FY16" refer to the financial year ended 30 June 2015 and 30 June 2016 respectively.

⁵ Spotless' FY16 financial statements and results presentation, released to the ASX on 24 August 2016.

⁶ Spotless Target's Statement released to the ASX on 27 April 2017 (page 45).

Accordingly, upon receiving the Confirmation Letter, the Facility Operator must deliver (as applicable):

- (a) all duly completed and executed Acceptance Forms lodged with the Facility Operator in accordance with the instructions on the relevant Acceptance Forms; and
- (b) all custodian directions which have been lodged with the Facility Operator by Eligible Shareholders to the relevant custodian, nominee and trustee.

5. **ON-MARKET PURCHASES**

As the Offer is now unconditional, Downer Services intends to appoint UBS as its broker to stand in the market and purchase on its behalf Spotless shares offered for sale to it on-market from today until the end of the Offer at a price of up to \$1.15 for each Spotless share.

6. **ACCEPT THE OFFER AS SOON AS POSSIBLE**

Downer Services encourages Spotless shareholders to accept the Offer as soon as possible. The Offer will remain open for acceptance until 7:00pm (Sydney time) on **Thursday, 29 June 2017** (unless further extended under the Corporations Act).

Full details on how to accept the Offer are contained in section 7.3 of the Bidder's Statement.

For further information regarding the Offer, please refer to the Bidder's Statement which was sent to Spotless shareholders and is available via the ASX.

Please 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) if you require further information or assistance.

7. **APPROVAL OF THIRD SUPPLEMENT**

This Third Supplement has been approved by a unanimous resolution of Downer Services on 19 June 2017.

Signed on behalf of Downer EDI Services Pty Ltd:



Peter Tompkins

Director

ANNEXURE A

NOTICE BY DOWNER EDI SERVICES PTY LIMITED

UNDER SECTIONS 650F OF THE *CORPORATIONS ACT 2001* (CTH)

TO: Spotless Group Holdings Limited
ACN 154 229 562

Australian Securities Exchange Limited

Australian Securities and Investments Commission

This notice is given by Downer EDI Services Pty Limited (**Downer Services**) in respect of the offers dated 12 April 2017 made by Downer Services in relation to its off-market takeover bid to acquire all of the ordinary shares in Spotless Group Holdings Limited ACN 154 229 562 (**Spotless**) that it does not already own (**Offers**).

In this notice, all references to the Bidder's Statement are references to the replacement bidder's statement dated 10 April 2017 which replaced the bidder's statement dated 21 March 2017 (as amended by the second supplementary bidder's statement dated 3 May 2017 and the notices of extension dated 22 May 2017 and 2 June 2017). Terms defined in the Bidder's Statement have the same meaning when used in this notice unless the context requires otherwise.

Downer Services gives notice under section 650F of the *Corporations Act 2001* (Cth) (the **Corporations Act**) that:

- (a) Downer Services hereby frees each of the Offers and each contract resulting from acceptance of the Offers from all of the remaining Defeating Conditions set out in section 7.11 of the Bidder's Statement; and
- (b) as at the date of this notice, Downer Services' voting power in Spotless is 19.214%, comprising 211,051,449 Spotless shares out of a total of 1,098,403,963 Spotless shares presently on issue.

Dated 19 June 2017

Signed on behalf of Downer EDI Services Pty Ltd:



Peter Tompkins

Director