

## Media/ASX and NZX Release

28 June 2017

### **DOWNER'S STAKE IN SPOTLESS NOW 59.64%**

### **DOWNER IS NOW SPOTLESS' MAJORITY SHAREHOLDER**

### **REMAINING SPOTLESS SHAREHOLDERS SHOULD ACCEPT DOWNER'S UNCONDITIONAL OFFER**

Downer EDI Limited (**Downer**) refers to its unconditional takeover offer (**Offer**) for Spotless Group Holdings Limited (**Spotless**).<sup>1</sup>

#### **1. Downer now owns 59.64% of Spotless**

As at 2:30pm on Wednesday, 28 June 2017 Downer had a relevant interest of 59.64% in Spotless.

Downer is now the majority shareholder in Spotless.

#### **2. Accept the Offer as soon as possible to realise a certain cash premium for your shares**

The Offer is unconditional. Spotless shareholders who accept the Offer will be paid within seven business days of Downer Services receiving a valid acceptance from the shareholder in accordance with the terms of the Offer.

There are no assurances that shareholders who do not accept the Offer will be able to exit their investment in Spotless at a price equal to the Offer Price in the future.

#### **3. Reasons to accept the Offer**

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

- 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 Spotless shareholders with an opportunity to realise certain cash value for their shares
- If the Offer closes and Spotless remains on the Official List of the ASX, the Spotless share price is likely to trade at a substantial discount to the Offer Price. 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
- Holders of over 59% of the shares in Spotless have accepted the Offer or sold their shares to Downer
- There are minority risks if you do not accept the offer (see section 4 below)

Detailed reasons as to why Spotless shareholders should accept the Offer are set out in the Bidder's Statement lodged with the ASX and sent to Spotless shareholders.

#### **4. There are minority shareholder risks if you do not accept the Offer**

Spotless shareholders who do not accept the Offer will become minority shareholders in Spotless unless Downer Services is able to proceed with compulsory acquisition.

There are a number of risks in remaining a minority shareholder in Spotless. These include:

- Downer Services will be in a position to cast the majority of votes at a general meeting of Spotless and accordingly to control the board of Spotless. This will enable it to determine, among other things, Spotless' dividend policy and capital structure and control the strategic direction of Spotless<sup>2</sup>;

<sup>1</sup> Downer's takeover offer through wholly-owned subsidiary Downer EDI Services Pty Ltd (**Downer Services**) for all of the issued shares in Spotless Group Holdings Limited that it does not already own, announced on 21 March 2017.

<sup>2</sup> See section 2.3 of the Bidder's Statement for Downer Services' intentions as a controlling shareholder, including an overview of the limitations on Downer Services' intentions (including under the Corporations Act and under the ASX Listing Rules).

- Downer intends to seek representation on the Spotless Board commensurate with its controlling interest in the company.<sup>2</sup> Spotless has stated that it will engage with Downer in relation to the composition of the Spotless Board now that a change in control has occurred;
- Liquidity of Spotless shares will be lower than at present, and there is a risk that Spotless could be fully or partially removed from certain S&P/ASX market indices due to a lack of free float and/or liquidity;
- There may be limited institutional support for Spotless shares; and
- There may be fewer analysts providing coverage for Spotless shares.

In addition, as foreshadowed in section 2.3 of the Bidder's Statement, Downer will seek to have Spotless removed from the Official List of the ASX if:

- at the end of the Offer, Downer owns at least 75% of Spotless shares; and
- the number of Spotless shareholders is less than that required by the ASX to maintain an ASX Listing.<sup>3</sup>

If Spotless is delisted from ASX, there will be no ongoing public market in Spotless shares.

## **5. Automatic Offer Extension**

Following Downer's voting power in Spotless increasing to more than 50% within the last seven days of the Offer Period, the Offer Period has been automatically extended pursuant to section 624(2) of the *Corporations Act 2001* (Cth) (as modified by ASIC Class Order 13/521) so that the Offer remains open for acceptance until **7:00pm** (Sydney time) on **Tuesday, 11 July 2017** (unless further extended in accordance with the Corporations Act).

## **6. Accepting the Offer**

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 on the ASX. Please call the Offer Information Line on 1300 048 144 (within Australia) or +61 3 9415 4662 (from outside Australia) if you require further information or assistance.

## **About Downer**

Downer EDI Limited ("**Downer**") is a leading provider of services to customers in markets including: Transport Services; Rail; Mining; Utilities Services; Technology and Communications Services; and Engineering, Construction & Maintenance. We build strong relationships of trust with our customers, truly understanding and predicting their needs and bringing them world leading insights and solutions. Downer employs about 19,000 people across more than 200 sites and projects, mostly in Australia and New Zealand, but also in the Asia-Pacific region, South America and Southern Africa. For more on Downer, visit: [www.downergroup.com](http://www.downergroup.com).

## **For further information please contact:**

Michael Sharp, Group Head of Corporate Affairs and Investor Relations

+61 439 470 145

<sup>3</sup> See section 2.3 of the Bidder's Statement for further information in relation to Downer Services' intentions to delist Spotless and the requirements which need to be satisfied in order to do so.