



PEP
PACIFIC EQUITY PARTNERS

17 November 2011

PACIFIC EQUITY PARTNERS DISAPPOINTED BY SPOTLESS BOARD RESPONSE TO ITS ACQUISITION PROPOSAL

Proposal well developed with strong early-stage shareholder support

Funds advised by Pacific Equity Partners ("PEP") note today's announcement from Spotless Group in response to PEP's proposal (the "Proposal") to the Spotless Board for the acquisition of 100% of the issued share capital of Spotless Group Limited ("Spotless") for \$2.63 cash per share through a scheme of arrangement.

PEP is disappointed with the response from the Spotless Board and feels that the Board has failed to listen to its shareholders and failed to give PEP's Proposal due consideration based on its merits.

To progress the Proposal to a binding offer, PEP needs to conduct customary due diligence which it has offered to conduct in a short 4 week period. The Proposal is subject to customary conditions which PEP has indicated – with Spotless' co-operation – it can work through to announce an agreed transaction by 31 January 2012.

PEP believes the Proposal presents a compelling proposition for Spotless shareholders:

Price - The indicative cash offer of \$2.63 per share represents a premium of:

- 30.8% to closing price of \$2.010 on 2 November 2011
- 34.5% to the closing price of \$1.955 on 9 May 2011, the day prior to the Blackstone proposal
- 37.1% to the one month volume weighted average price of \$1.919 to 2 November 2011
- 38.6% to the three month volume weighted average price of \$1.898 to 2 November 2011
- 50.3% to closing price of \$1.750, the 52 week low, which occurred on 4 October
- After adjusting for dividend paid in October, the offer is 19 cents per share higher than the \$2.50 per share proposal announced in May

Shareholder support - The Proposal has received strong early stage shareholder support, with PEP having obtained a relevant interest in 19% of Spotless shares through pre-bid agreements at \$2.63 per share. Pre-bid shareholders include the Blythe family, McMullin family, Investors Mutual Limited, Lazard Asset Management and Orbis Investment Management, who together hold more than a quarter of Spotless' issued shares.

Funding - PEP intends to commit 100% of the total equity capital required to complete the transaction. This will be supported by debt capital, with Investec, Citi, Mizuho, HSBC and one of Australia's leading domestic banks, having indicated they are highly confident in their ability to support the Proposal.

More information on all the points raised in this announcement can be found in PEP's substantial shareholder notice which has been lodged with the ASX.



Commenting on the reaction of the Spotless Board to PEP's proposal, A PEP spokesperson said:

"We have approached the Spotless Board with what we and many of Spotless' shareholders acknowledge is a very compelling offer and, given the lack of engagement, are surprised to have already received a rebuttal from the Board.

"We are well prepared and willing to develop a compelling offer to shareholders and, with a reasonable level of engagement, we could move quickly to turn our proposal into a binding offer via scheme of arrangement, capable of delivery in a short period of time. We hope to be able to engage with the Board on this basis."

PEP is advised by Citi, Investec and Gilbert + Tobin.

For further information, please contact:

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About Pacific Equity Partners:

Pacific Equity Partners is the most active private equity firm in Australia and New Zealand. The firm has some A\$6bn of equity funds under management, with PEP Fund IV being the largest private equity fund in Australia. The team provide strategic management experience and capital resources to generate sustainable value within the PEP operating companies through a focus on supporting management to drive operational improvement and realise additional growth opportunities.

Established in 1998, PEP has made 22 operating company investments, and over 30 add-on acquisitions at the company level. The 8 current PEP group operating companies span several industries including energy, consumer products, entertainment and basic financial services industries, with a total combined enterprise value over A\$6bn. Together, these businesses employ over 10,000 people across Australia and New Zealand.

PEP has been the recipient of a number of awards in recent years, including Firm of the Year, Best LBO Deal of the Year and Private Equity Firm of the Year.

Recent PEP transactions include:

- Joint Venture investment in SCA Hygiene Australasia in November 2011
- PEP and Unitas sale of Independent Liquor to Asahi for NZ\$1.53bn in August 2011
- PEP sale of Tegel Foods to Affinity Equity Partners for NZ\$605m in May 2011
- Acquisition of Energy Developments for A\$844m in January 2010

Further information on PEP and its operating companies can be found at www.pep.com.au.