

11 January 2012

Correspondence received from PEP

Spotless Group Limited (“Spotless”) announces that it has received correspondence from Pacific Equity Partners Pty Limited (“PEP”) in response to Spotless’ announcement dated 9 January 2012.

In its announcement dated 9 January 2012, Spotless set out the key terms on which it would allow PEP to conduct due diligence and would unanimously recommend that shareholders vote in favour of a scheme of arrangement proposal. One of these terms is PEP submitting a revised proposal which provides for total cash consideration per Spotless share of not less than \$2.80 (consisting of the cash price and the next dividend paid by Spotless prior to completion).

The correspondence from PEP reconfirms PEP’s previous indicative, non-binding and conditional proposal dated 30 November 2011 to acquire 100% of Spotless shares through a scheme of arrangement unanimously recommended by the Spotless Board at an indicative price of \$2.68 cash per share. PEP also stated that it continues to require access to due diligence to progress its proposal.

PEP stated that “there was no information provided” in the Spotless Management Presentation dated 21 December 2011 “that would justify a valuation above our Revised Proposal of \$2.68” per share. PEP’s correspondence also referred to Spotless’ FY12 P/E multiple implied by PEP’s indicative \$2.68 per share proposal price relative to “comparable companies”. This selected short term value reference does not address the expected medium-term financial performance outlined in the Spotless Management Presentation.

The expected FY12 Group Reported EBIT of Spotless, as set out in the Spotless Management Presentation, is \$90 million to \$94 million¹. The Spotless Management Presentation specifically stated that Spotless believes that it has the capability to generate medium-term (i.e. in 3-4 years from now) Group Reported EBIT of approximately \$140 million to \$150 million² once the Transformation Program is complete, but excluding any recovery in hanger demand for Braiform. Braiform is leveraged to a cyclical recovery and could increase its EBIT contribution in the medium-term if garment on hanger volumes recover³. Excluding any potential cyclical recovery in Braiform hanger demand, the medium-term EBIT estimate represents an approximate 49% to 67% increase on the expected FY12 Group Reported EBIT.

“In any control transaction, the duty of the Board is to ensure that the medium and long-term prospects of the company are reflected in the value realised for the benefit of all shareholders. It is on this basis that the Directors unanimously determined that \$2.80 per share is an appropriate price for due diligence. The detail in the Spotless Management Presentation and the clear communication of the terms required for due diligence and unanimous Board recommendation have provided certainty to PEP and all shareholders of the Board’s position” Spotless Chairman Peter Smedley said.

Spotless will continue to update its shareholders on any developments as appropriate.

For further information, please contact:

Media

Tim Duncan / Scott Hinton
Hintons
T: +61 (0) 3 9600 1979

Investors

Rowan Wilkie
Spotless Group
T: +61 (0) 3 9269 7303

¹ Refer to the Spotless Management Presentation (including page 37 and Appendix A), in relation to this forward looking financial information, its basis of preparation, and details of the assumptions and exclusions applicable to it. The forward looking financial information is subject to inherent risks and uncertainties outlined in the Spotless Management Presentation, which should be reviewed by shareholders in full. Actual events or results may differ materially from the expectations expressed or implied in such forward looking statements.

² Refer to the Spotless Management Presentation dated 21 December 2011 (including page 41 and Appendix A).

³ Refer to the Spotless Management Presentation (including pages 39 to 41 and Appendix A).