

**NOTICE OF PROPOSED SETTLEMENT
FEDERAL COURT OF AUSTRALIA**

***Alison Court v Spotless Group Holdings Limited (VID 561 of 2017)*
(the Spotless Class Action)**

**You have been sent this notice because you have been identified as someone who may be a
Group Member in the Spotless Class Action**

**This notice contains important information about the proposed settlement of the Spotless
Class Action and your right to object it.**

**If you have received this Notice in your capacity as a custodian of Spotless securities and do
not have legal authority to make decisions in relation to the securities, please forward this
Notice to the individual securities owners as soon as possible.**

WHAT IS THIS NOTICE?

- **This is an important legal document and must be read carefully. If you do not understand this notice, you should immediately contact Slater and Gordon on 1800 071 827 or SpotlessClassAction@slatergordon.com.au or obtain independent legal advice.**
 - On 18 June 2020, the Federal Court of Australia (the **Court**) approved the form and content of this Notice and ordered that it be distributed to Group Members in the class action commenced by Alison Court (**Applicant**) against Spotless Group Holdings Limited (**Spotless**) (the **Spotless Class Action**).
 - On 22 May 2020, the Applicant and Spotless advised the Court of the settlement of the Spotless Class Action, subject to Court approval. Pursuant to the settlement, Spotless is to pay the sum of \$95 million (**Settlement Sum**), inclusive of legal fees, disbursements and interest to resolve the claims of all Group Members (the **Proposed Settlement**).
 - The purpose of this Notice is to inform you of the Proposed Settlement and to explain your right, as a Group Member of the Spotless Class Action, to object to the Proposed Settlement.
 - Subject to any further order of the Court, Group Members are only entitled to a distribution of money from the Proposed Settlement if they:
 - a) Meet the definition of “Group Members” in the Third Further Amended Statement of Claim;
 - b) Registered their claims in accordance with the orders made by the Court on 26 November 2018 or 21 February 2020;
 - c) Did **not** file an opt-out notice before 28 January 2019 or have not otherwise been permitted to opt-out by Court order,
- (Registered Group Members)**
- On **2 September 2020 at 10.15 am (AEST)** the Court will be asked to approve the Proposed Settlement and the proposed Settlement Distribution Scheme (**Settlement Approval Hearing**).
 - If you do **not** oppose the Proposed Settlement, or any aspect of it, including the proposed distribution of the Settlement Sum, no action is required by you in response to this Notice.

- If you wish to oppose the Proposed Settlement, or any aspect of it, including the proposed distribution of the Settlement Sum, you must take the steps outlined in paragraph 31 of this Notice, which includes filing a completed Notice of Objection to Proposed Settlement by 14 August 2020.

BACKGROUND

1. The Spotless Class Action was commenced in the Federal Court of Australia on 25 May 2017 by the Applicant on behalf of herself and Group Members.
2. The Proceeding relates to alleged breaches of Spotless' continuous disclosure obligations and misleading and deceptive conduct which occurred between 25 August 2015 and 2 December 2015.
3. Copies of selected court documents (including the Third Further Amended Statement of Claim and Spotless' Defence) are available at <http://www.slatergordon.com.au/class-actions/current-class-actions/spotless>.
4. The Applicant's prosecution of the Spotless Class Action on behalf of Group Members was funded by Therium Australia Limited and Therium Litigation Finance AF IC (together, **Therium Entities**) and Investor Claim Partner Pty Ltd and ICP Capital Pty Ltd (together, **ICP Entities**) (the **Funders**).

PROPOSED SETTLEMENT

5. On 29 May 2020, the parties exchanged an executed Deed of Settlement reflecting the Proposed Settlement. A copy of the Deed of Settlement is available to all Group Members. You may request to view a copy of the Deed of Settlement by contacting Slater and Gordon.
6. The terms of the Proposed Settlement are subject to the Court's approval.
7. If the Proposed Settlement is approved, a Settlement Sum of AUD\$95 million, inclusive of interest and legal costs, together with any interest accrued on the account in which the Settlement Sum is to be held, will become available for distribution in accordance with the proposed Settlement Distribution Scheme, explained below in paragraphs 17 – 21.
8. The Proposed Settlement is without admission of liability by Spotless.

GROUP MEMBER AND REGISTERED GROUP MEMBER DEFINITIONS

9. You are a Group Member in the Spotless Class Action if you:
 - (a) acquired:
 - i. an interest in ordinary shares in Spotless (**SPO Shares**); or
 - ii. long exposure to SPO Shares by entering into equity swap confirmations in respect of ordinary shares in Spotless (**SPO Equity Swaps**),
during the period from 25 August 2015 to the close of trade on 1 December 2015 (inclusive);
 - (b) suffered loss or damage by reason of the matters set out in the Third Further Amended Statement of Claim;
 - (c) are not a director or officer, a close associate, a related party, a related body corporate or an associated entity (as defined by the *Corporations Act 2001* (Cth)), or a Justice, Registrar, District Registrar or Deputy District Registrar of the High Court of Australia or the Federal

Court of Australia; and

(d) did not opt out of the Spotless Class Action by 28 January 2019.

10. All Group Members will be bound by the terms of the Proposed Settlement, if approved by the Court. However, subject to any further order of the Court, only Registered Group Members are entitled to a distribution of money from the Proposed Settlement. A Registered Group Member is a Group Member who registered their claim in the Spotless Class Action in accordance with orders made by the Court on 26 November 2018 or 21 February 2020.
11. **If you did not register your claim in the Spotless Class Action (“Unregistered Group Member”), the Applicant intends to seek orders confirming that you are not entitled to a distribution of money from the Proposed Settlement. If the application to implement the Proposed Settlement is approved, Unregistered Group Members will not receive any further correspondence concerning the Spotless Class Action beyond this Notice. Further, if the Proposed Settlement is approved by the Court, Unregistered Group Members will be bound by the terms of the settlement. These include releases of Spotless and its related parties (including its past and present officers). The effect of those releases is explained in paragraph 15 below.**

COURT APPROVAL PROCESS

12. Under section 33V of the *Federal Court of Australia Act 1976* (Cth) (the **Act**), the Proposed Settlement is subject to Court approval. Before the Court will approve the Proposed Settlement, it must be satisfied that the Proposed Settlement is fair and reasonable in the interests of all Group Members. The Court will also determine whether the proposed distribution of the Settlement Sum under the Settlement Distribution Scheme is reasonable, including the proposed distributions for legal costs and Funder Remuneration, referred to below under the heading ‘Litigation Funding’.
13. The Settlement Approval Hearing will take place on 2 September 2020 at 10.15 am AEST in the Victoria Registry of the Federal Court of Australia located at **Owen Dixon Commonwealth Law Courts Building, 305 William Street, Melbourne Victoria 3000**. You are entitled to attend the hearing and you may file a Notice of Objection to the Proposed Settlement and/or any aspect of the proposed distribution of the Settlement Sum.
14. As part of the Settlement Approval Hearing, the Applicant will also seek orders from the Court to approve the Settlement Distribution Scheme which will establish how Registered Group Members’ entitlements are to be calculated, and the process to distribute the Settlement Sum as efficiently as possible. This is explained further in paragraphs 17 – 21 below.
15. If the Proposed Settlement is approved by the Court, all Group Members (including Unregistered Group Members), will be bound by the settlement and will not be permitted to make any further claims against Spotless or any of its related parties (including its past and present officers), in relation to the allegations raised in the proceeding or which were at any time the subject of the proceeding or any part of the proceeding or which relate to the matters or issues the subject of the proceeding or any part of the proceeding, whether arising at common law, in equity or under statute.
16. If the Proposed Settlement is not approved by the Court, the Spotless Class Action will continue and there will be no distribution of monies to Registered Group Members unless and until the Applicant is successful in the proceeding, or a further settlement is reached and approved by the Court.

THE SETTLEMENT DISTRIBUTION SCHEME

17. The process by which the Settlement Sum is proposed to be distributed will be outlined in a Settlement Distribution Scheme. The Settlement Distribution Scheme will include a confidential schedule containing a “Loss Assessment Formula” which details how each Registered Group Member’s entitlement will be calculated. The proposed Settlement Distribution Scheme and the Loss Assessment Formula are subject to Court approval.
18. The amount of compensation to be paid to each Registered Group Member under the Settlement Distribution Scheme will depend on a number of factors, such as the number of shares purchased by that Registered Group Member, the date of purchase, whether any of those shares were sold, and the overall losses of all Registered Group Members sharing in the Proposed Settlement, the total amount of the deductions from the Settlement Sum which are approved by the Court and any interest earned on the Settlement Sum prior to final distributions.
19. The Settlement Distribution Scheme proposed by the Applicant will also provide for:
 - (a) Court-approved legal costs estimated at approximately \$7.8 million to be deducted from the Settlement Sum prior to individual Registered Group Member entitlements being calculated. The effect of this is that Court-approved legal costs will be shared on a pro-rata basis by all Registered Group Members;
 - (b) Deductions for other “Project Costs” (principally payment of premiums for adverse costs insurance and two deeds of indemnity provided by way of security for costs in the proceeding) of approximately \$1.6 million;
 - (c) Court-approved Funders’ Remuneration of 22.5% of Net Recoveries (approximately \$19.2 million) to be paid to the Funders, which is to be deducted from the Settlement Sum prior to individual Registered Group Member entitlements being calculated. The effect of this is that the costs of litigation funding will be shared on a pro-rata basis by all Registered Group Members (this is explained further below under the heading ‘Litigation Funding’;
 - (d) The Applicant to be reimbursed a Court-approved sum, estimated at approximately \$25,000, for the reasonable time and costs she incurred in prosecuting the Spotless Class Action on behalf of Group Members, which will be deducted from the Settlement Sum prior to individual Registered Group Member entitlements being calculated; and
 - (e) Court-approved administration costs, estimated at approximately \$350,000, to be payable from the Settlement Sum prior to final distribution.
20. If the Court approves the Proposed Settlement, a Settlement Administrator will be appointed in order to distribute the Settlement Sum to Registered Group Members and administer the settlement in accordance with the Settlement Distribution Scheme under the directions of the Court.
21. As part of the Settlement Approval Application, the Applicant intends to ask the Court to make an order that Slater and Gordon be appointed as Settlement Administrator.
22. Group Members can obtain access to the proposed Settlement Distribution Scheme including relevant confidential schedules, from any time after 10 July 2020, by:
 - (a) Contacting Slater and Gordon at SpotlessClassAction@slatergordon.com.au requesting a copy of the proposed Settlement Distribution Scheme; and
 - (b) signing and returning a confidentiality undertaking which will be sent to you in response to

your request for a copy of the Settlement Distribution Scheme.

LITIGATION FUNDING

23. The Funders provided litigation funding for the Applicant's prosecution of the Spotless Class Action on behalf of Group Members. Under this arrangement, the Funders:
 - (a) indemnified the Applicant against any adverse costs orders; and
 - (b) paid legal costs and other "Project Costs" incurred in prosecuting the proceeding, including the cost of solicitors, barristers, and independent experts together with the upfront cost of securing adverse costs insurance and the deeds of indemnity provided as security for costs.
24. On 8 May 2019, the Court approved Funding Terms in the Spotless Class Action, which imposed obligations on the Funders to provide funding to the Applicant in prosecuting the proceeding, and to indemnify the Applicant from adverse costs. As consideration for performing these obligations, the Funding Terms indicated that Funders Remuneration would be determined by the Court when the case resolved, but would not exceed 25% of the Net Recoveries (that is, the pool of funds available after payment of all legal and administration costs and other expenses). Net Recoveries in the Spotless Class Action are expected to be approximately \$85 million.
25. The Court's Class Actions Practice Note (GPN-CA) states that in an open class action (such as the Spotless Class Action), class members may expect that if an application is made, and if in all the circumstances it is fair, just, equitable and in accordance with principle, the Court will make an appropriately framed order to prevent unjust enrichment and equitably and fairly distribute the burden of reasonable legal costs, fees and other expenses (including reasonable litigation funding charges or commission) amongst all persons who have benefited from the action.
26. As part of the Settlement Approval Application, the Funders will seek an order for Funders' Remuneration, representing a funding commission of 22.5% of Net Recoveries. If granted, the order for Funders' Remuneration would allow a deduction from the Settlement Sum for Registered Group Members. It would mean that all Registered Group Members who stand to benefit from the proceeding contribute towards the funding arrangements.
27. If an order for Funders' Remuneration is not made, the Funders will seek to recover their contractually defined commission, subject to a funding equalisation order. Under a funding equalisation order, the amount equal to the amount of funding commission owed under the funding agreements (entered into by some, but not all, Group Members), is deducted from the unfunded Registered Group Members' recovery and redistributed amongst all Registered Group Members on a pro rata basis, so that all Registered Group Members contribute towards the funding arrangements.
28. As part of the Settlement Approval Application, the Court will determine whether the legal costs, fees and other expenses, including Funders' Remuneration, which are proposed to be deducted are reasonable.
29. Group Members have a right to object to the Proposed Settlement and/or any aspect of the proposed distribution of the Settlement Sum, including the proposed order for Funders' Remuneration, or alternatively, the funding equalisation order.

WHAT YOU MUST DO

30. **If you are in favour of the Proposed Settlement, there is nothing you need to do in response to this Notice.** You will be kept informed about further developments. You are encouraged to refrain from contacting Slater and Gordon unnecessarily in order to keep costs to a minimum.
31. **If you wish to object to the Proposed Settlement, or any aspect of it, including the proposed order for Funders' Remuneration, or alternatively, the funding equalisation order, then you must, by no later than 4.00pm (AEST) on 14 August 2020, complete the Notice of Objection (which is below and can also be downloaded from Slater and Gordon's website at <http://www.slatergordon.com.au/class-actions/current-class-actions/spotless>) and file it with the Court by sending it by email to: ea.murphy@fedcourt.gov.au**

If you propose to object to the Proposed Settlement you may wish to review the materials in support of settlement approval filed by the Applicant. Slater and Gordon will make such material available to you for inspection on request, subject to signing an appropriate confidentiality undertaking. You should however be aware that Slater and Gordon is not required to file that material until 28 August 2020. If upon review of that material you decide to withdraw or amend your objection, you **must** notify the Court by email to the address above.

You **may** also attend the Settlement Approval Hearing to explain the basis of your objection to the Judge if you wish to do so.

The Settlement Approval Hearing will take place at the Federal Court of Australia, 305 William Street, Melbourne, Victoria on 2 September 2020 at 10.15 am (AEST).

32. If you intend to object to the Proposed Settlement, you should obtain independent legal advice immediately.

FURTHER INFORMATION

33. If you need further information about the Proposed Settlement, please contact Slater and Gordon on 1800 071 827, or by email to SpotlessClassAction@slatergordon.com.au.

Notice of Objection to Proposed Settlement

SPOTLESS CLASS ACTION No VID 561 of 2017

Complete this form if you wish to submit an objection to the Proposed Settlement.

Your Notice of Objection will be considered by the Court when it is determining whether or not to approve the Proposed Settlement.

If you wish to object to the Proposed Settlement, or any aspect of it, your Notice of Objection must be received by the Court by 4.00 pm (AEST) on 14 August 2020.

If you do NOT wish to object to the proposed settlement, you do NOT need to return this form.

TO: The Federal Court of Australia, by email to ea.murphy@fedcourt.gov.au

The person identified below gives notice pursuant to Order 12 of the orders of the Honourable Justice Murphy made on 18 June 2020 that the person **OBJECTS** to the Proposed Settlement of this proceeding.

A DETAILS OF OBJECTOR

Name:	
ACN/ABN [if company]:	
Capacity [e.g., individual, partnership, trustee/agent]:	
Telephone:	
Email:	
Postal address:	
HIN/SRN under which Spotless securities were traded:	
Total number of Spotless securities acquired (purchased) by the objector during the period 25 August 2015 to 1 December 2015 (inclusive)	
Total number of Spotless securities disposed of (sold) by the objector during the period 25 August 2015 to 1 December 2015 (inclusive)	

Please annex documentary evidence from a third party (e.g. transaction receipts) in support of each acquisition of Spotless securities during the period 25 August 2015 to 1 December 2015 (inclusive).

B GROUND(S) OF OBJECTION

My submissions in support of my objection to the proposed settlement are as follows *[set out in the space below any submissions you wish to make, attach additional pages if necessary]*:

C ATTENDANCE AT HEARING on 2 September 2020 at 10.15 am (AEST)

☐ I intend to appear before the Court at the hearing on 2 September 2020 at 10.15 am (AEST)
[If you intend to appear, please complete the following]:

☐ I will appear on my own behalf

☐ I will be represented by a lawyer:

☐ I do not intend to appear, but wish for my submissions to be considered in my absence

Signed:	
Name of person signing:	
Position <i>[if applicable]</i> :	
Date:	

Second signature <i>[if company]</i> :	
Name of person signing:	
Position <i>[if applicable]</i> :	
Date:	