

# Retail Entitlement Information Booklet

**Downer EDI Limited**  
**ABN 97 003 872 848**

**2 for 5 accelerated pro rata  
renounceable entitlement offer  
of Downer EDI Limited ordinary  
shares (New Shares) with retail  
rights trading, at an offer price  
of \$5.95 (or NZ\$6.46) per  
New Share**

Offer closes at 5:00pm  
(Sydney time) on  
Tuesday, 11 April 2017

**Not for distribution or release in  
the United States**

This is an important document which is accompanied by a personalised Entitlement and Acceptance Form and both should be read in their entirety. This document is not a prospectus under the Corporations Act and has not been lodged with the Australian Securities and Investments Commission (**ASIC**).

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser or call the Downer Offer Information Line on 1300 048 149 (within Australia) or +61 3 9415 4275 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period.

This Information Booklet contains forward looking statements and comments about future events, including Downer's expectations about the performance of its businesses and the effect of the funds raised under the Offer on that business. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements and include statements in this presentation regarding the conduct and outcome of the Offer, the use of proceeds and Downer's outstanding debt. You are cautioned not to place undue reliance on any forward looking statement. While due care and attention has been used in the preparation of forward looking statements, forward looking statements, opinions and estimates provided in this presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Downer. A number of important factors could cause Downer's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, including the risk factors described in the "Key Risks" section of this presentation. Actual results, performance or achievements may vary materially from any forward looking statements and the assumptions on which statements are based. Downer disclaims any intent or obligation to update publicly any forward looking statements, whether as a result of new information, future events or results or otherwise.

Investors should note that the past share price performance of Downer provides no guarantee or guidance as to future share price performance.

#### **NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES**

This Information Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Information Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the Entitlements nor the New Shares offered in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold, directly or indirectly to, persons in the United States or persons who are acting for the account or benefit of a person in the United States unless they have been registered under the U.S. Securities Act (which Downer has no obligation to do so or procure) or in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable U.S. state securities laws. The New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

#### **CURRENCY**

A reference to dollars (\$) or cents (c) in this Information Booklet is a reference to Australian currency unless otherwise identified as New Zealand currency (NZ\$). The Offer Price of \$5.95 has been converted into NZ\$6.46 at an exchange rate of NZ\$1.0862 to \$1.00.

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# Chairman's Letter

30 March 2017

NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

Dear Shareholder,

On 21 March 2017, Downer EDI Limited (**Downer**) announced an offer to acquire all of the issued shares in Spotless Group Holdings Limited (**Spotless**) not already owned by it by way of an off-market takeover offer (the **Takeover Bid**). Downer has an interest equivalent to 19.99% in the issued share capital of Spotless, which is comprised of a 15% shareholding and an economic interest equivalent to 4.99% via a total return cash settled equity swap.

On behalf of the Directors of Downer, I am pleased to invite you to participate in a 2 for 5 accelerated pro rata renounceable entitlement offer of new fully paid ordinary shares in Downer (**New Shares**) with retail rights trading, to raise gross proceeds of approximately A\$1,011 million (**Entitlement Offer**). The New Shares will be offered at an offer price of \$5.95 (or NZ\$6.46) (**Offer Price**) per New Share. The proceeds of the Entitlement Offer will be used to partially fund the Takeover Bid. The balance of the consideration for the Takeover Bid will be funded through debt from a committed bridge acquisition facility.

## Details of Takeover Bid

The proposed acquisition of Spotless is a strategically compelling transaction to strengthen Downer's position as a leading integrated services provider with resilient earnings and long-term customer relationships.

Further information about the Takeover Bid, including its strategic rationale and financial benefits, is in Downer's market announcement and presentation lodged with the Australian Securities Exchange (**ASX**) on Tuesday, 21 March 2017 (and included in this Information Booklet in section 4).

The Takeover Bid is subject to certain conditions, including a 90% minimum acceptance condition (including Downer's existing holding), all necessary regulatory approvals or consents being obtained and no action by any public authority which may adversely affect the Takeover Bid, no change of control triggers being exercised in respect of Spotless' existing debt facilities, no termination of the underwriting agreement in relation to the Entitlement Offer, no Spotless profit downgrade, no material acquisitions, disposals or significant events being undertaken by Spotless and no prescribed occurrences in relation to Spotless.

## Details of the Entitlement Offer

The Entitlement Offer comprises an institutional component (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**). The Institutional Entitlement Offer and associated bookbuild have raised gross proceeds of approximately \$757 million.

This information booklet (**Information Booklet**) relates to the Retail Entitlement Offer.

Under the Retail Entitlement Offer, eligible retail shareholders are entitled to subscribe for 2 New Shares for every 5 existing fully paid ordinary shares in Downer (**Shares**) (**Entitlement**) held at 7:00pm (Sydney time) on **Friday, 24 March 2017 (Record Date)**, at the Offer Price of \$5.95 (or NZ\$6.46) per New Share. This is the same price which was offered to institutional investors who participated in the Institutional Entitlement Offer (and as set out in the Entitlement and Acceptance Form that is enclosed with this Information Booklet). The Offer Price represents a 15% discount to the theoretical ex-rights price (**TERP**) based on the 5-day volume weighted average price (**VWAP**).<sup>1</sup>

However, the closing price of Shares on Friday 24 March 2017 was \$5.55 which is less than the Offer Price. The price at which Shares trade on ASX during the period prior to the close of the Retail Entitlement Offer may go up or down and you should check the current trading price of Shares before making a decision in relation to your Entitlements.

New Shares will be issued on a fully paid basis and will rank equally with existing Shares on issue.

The Entitlement Offer is fully underwritten by UBS AG, Australia Branch.

<sup>1</sup> The theoretical ex-rights price (**TERP**) is the theoretical market price for shares in Downer immediately following the Entitlement Offer assuming the Entitlement Offer is fully subscribed, based on the 5-day volume weighted average price (**VWAP**) of Downer shares prior to announcement of the equity raising on 21 March 2017. This is a theoretical calculation only and the actual market price may be higher or lower than this.

## Information Booklet

This Information Booklet is important and requires your immediate attention. It is accompanied by your personalised Entitlement and Acceptance Form which contains details of your Entitlement as well as important information including:

- Key Dates for the Entitlement Offer;
- Instructions on how to apply, setting out how to accept all or part of your Entitlement in the Retail Entitlement Offer if you choose to do so; and
- the ASX Offer Announcements and Investor Presentation.

The Retail Entitlement Offer closes at 5:00pm (Sydney time) on Tuesday, 11 April 2017.

To participate, you need to ensure that you have completed your application by:

- paying Application Monies via BPAY® pursuant to the instructions that are set out on the Entitlement and Acceptance Form so that your payment via BPAY® has been received by the Downer Share Registry by 5:00pm (Sydney time) on Tuesday, 11 April 2017;

OR

- lodging your Entitlement and Acceptance Form, together with payment of Application Monies, by direct credit (in New Zealand dollars only) or cheque, bank draft or money order so that it is received by the Downer Share Registry by 5:00pm (Sydney time) on Tuesday, 11 April 2017.

Please refer to the instructions in section 2 of this Information Booklet for further information.

If you do not wish to take up your Entitlement, you may sell all or part of it on the ASX from 10:00am (Sydney time) on Friday, 24 March 2017 (on a deferred settlement basis) to Tuesday, 4 April 2017, or transfer all or part of your Entitlement to another person. The transfer, assignment and exercise of Entitlements under the Retail Entitlement Offer is restricted to persons meeting certain eligibility criteria, as described in section 1.2. If holders of Entitlements at the end of the Retail Entitlement Offer period do not meet the eligibility criteria, they will not be able to exercise the Entitlements and, as a result, may receive no value for them.

If you choose to do nothing, or are unable to do anything, in respect of all or part of your Entitlement, part or all (as applicable) of your Entitlement will be offered for sale for your benefit through a bookbuild process on Tuesday, 18 April 2017 (**Retail Shortfall Bookbuild**). In this case, you will receive any proceeds in excess of the Offer Price (per underlying New Share) in respect of the part of your Entitlement sold to investors as part of the Retail Shortfall Bookbuild (**Retail Premium**), less any applicable withholding tax as described in section 3.

## Additional information

Further information on the Entitlement Offer is detailed in this Information Booklet. You should read the entirety of this Information Booklet carefully (including the “Key Risks” section of the Investor Presentation released to ASX on Tuesday, 21 March 2017) before deciding whether to participate in the Entitlement Offer.

If you have any further questions about the Entitlement Offer, you should seek advice from your stockbroker, accountant or other independent professional adviser, or you can call the Downer Offer Information Line on 1300 048 149 (within Australia) or +61 3 9415 4275 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period.

The Board of Directors of Downer looks forward to your participation in the Entitlement Offer.

Yours sincerely,



**Michael Harding**  
Chairman  
Downer EDI Limited

# Key Dates for the Entitlement Offer

Event	Date
Entitlement Offer announced	Tuesday, 21 March 2017
Entitlements under Retail Entitlement Offer commence trading on a deferred settlement basis	10:00am on Friday, 24 March 2017
Record Date to determine eligibility to participate in the Entitlement Offer	7:00pm on Friday, 24 March 2017
Retail Information Booklet and Entitlement and Acceptance Forms despatched	Thursday, 30 March 2017
Retail Entitlement Offer opens	Thursday, 30 March 2017
Entitlements under Retail Entitlement Offer commence trading on a normal settlement basis	Friday, 31 March 2017
Institutional Entitlement Offer Settlement Date	Friday, 31 March 2017
Issue of New Shares under the Institutional Entitlement Offer	Monday, 3 April 2017
Entitlement trading under Retail Entitlement Offer on ASX ends	Tuesday, 4 April 2017
Retail Entitlement Offer Closes	5:00pm on Tuesday, 11 April 2017
Retail Shortfall Bookbuild	Tuesday, 18 April 2017
Settlement of Retail Entitlement Offer (including Retail Shortfall Bookbuild)	Friday, 21 April 2017
Issue of New Shares under the Retail Entitlement Offer	Monday, 24 April 2017
Trading of New Shares issued under the Retail Entitlement Offer expected to commence on ASX on a normal settlement basis	Wednesday, 26 April 2017
Holding Statements sent to Retail Shareholders	Thursday, 27 April 2017
Retail Premium (if any) despatched	Friday, 5 May 2017

**Note:** The timetable above is indicative only and subject to change. Downer reserves the right to amend any or all of these events, dates and times subject to the *Corporations Act 2001* (Cth) (**Corporations Act**), the ASX Listing Rules and other applicable laws. In particular, Downer reserves the right to extend the closing date of the Entitlement Offer, to accept late applications either generally or in particular cases or to withdraw the Retail Entitlement Offer without prior notice. The commencement of quotation of New Shares is subject to confirmation from ASX. All references in this Information Booklet are to Sydney, Australia time.

## Enquiries

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser, or call the Downer Offer Information Line on 1300 048 149 (within Australia) or +61 3 9415 4275 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period.

# 1. Overview of the Entitlement Offer

## 1.1 Entitlement Offer

The Entitlement Offer is an offer of approximately 170 million New Shares at the Offer Price of \$5.95 (or NZ\$6.46) per New Share. All Eligible Institutional Shareholders and all Eligible Retail Shareholders are entitled to subscribe for 2 New Shares for every 5 existing Shares held at 7:00pm (Sydney time) on the Record Date.

The Entitlement Offer comprises:

- the **Institutional Entitlement Offer** – Eligible Institutional Shareholders were invited to take up their Entitlements. The Institutional Entitlement Offer closed on Wednesday, 22 March 2017.
- the **Institutional Shortfall Bookbuild** – Entitlements not taken up under the Institutional Entitlement Offer and Entitlements that would have been issued to Ineligible Institutional Shareholders had they been entitled to participate in the Institutional Entitlement Offer were offered for sale through a bookbuild process on Wednesday, 22 March 2017 and Thursday, 23 March 2017. As the Institutional Shortfall Bookbuild did not clear above the Offer Price of \$5.95 no amount will be paid for those Entitlements to Eligible Institutional Shareholders who elected not to take up all or part of their Entitlement and Ineligible Institutional Shareholders.
- the **Retail Entitlement Offer** – Eligible Retail Shareholders are now being invited to take up all or part of their Entitlements. Those Entitlements can be traded on ASX (or transferred directly to another person) in whole or in part.
- the **Retail Shortfall Bookbuild** – Entitlements not taken up under the Retail Entitlement Offer and Entitlements that would have been issued to Ineligible Retail Shareholders had they been entitled to participate in the Retail Entitlement Offer will be offered for sale through the Retail Shortfall Bookbuild. The amount realised for those Entitlements (the **Retail Premium**), if any, will be remitted proportionally to holders of those Entitlements at the close of the Retail Entitlement Offer, and to Ineligible Retail Shareholders. The Retail Premium, if any, is expected to be paid on or about Friday, 5 May 2017.

The Retail Entitlement Offer closes at 5:00pm (Sydney time) on Tuesday, 11 April 2017.

New Shares will be issued on a fully paid basis and will rank equally with existing Shares on issue.

The Entitlement Offer is underwritten by UBS AG, Australia Branch (the **Underwriter**).

## 1.2 Who is eligible to participate in the Retail Entitlement Offer?

Under the Retail Entitlement Offer, Eligible Retail Shareholders are being offered the opportunity to subscribe for 2 New Shares for every 5 existing Shares held as at the Record Date (7:00pm (Sydney time) on Friday, 24 March 2017), at the Offer Price of \$5.95 per New Share.

**Eligible Retail Shareholders** are those Shareholders who:

- (a) are not Eligible Institutional Shareholders or Ineligible Institutional Shareholders;
- (b) are registered as a holder of Shares as at the Record Date, being 7:00pm (Sydney time) on Friday, 24 March 2017;
- (c) as at the Record Date, have a registered address in Australia or New Zealand;
- (d) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding Shares for the account or benefit of such person in the United States); and
- (e) are eligible under all applicable securities laws to receive an offer under the Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Downer may (in its absolute sole discretion) extend the Retail Entitlement Offer to any institutional shareholder who was eligible to participate in the Institutional Entitlement Offer but was not invited to participate in the Institutional Entitlement Offer and was not treated as an Ineligible Institutional Shareholder under the Entitlement Offer (subject to compliance with applicable laws).

## 1.3 What is your Entitlement?

Your Entitlement is set out on the accompanying personalised Entitlement and Acceptance Form and has been calculated as 2 New Shares for every 5 existing Shares you held as at the Record Date, being 7:00pm (Sydney time) on Friday, 24 March 2017. If the result is not a whole number, your Entitlement will be rounded up to the nearest whole number. If you have more than one registered holding of Shares, you will be sent more than one personalised Entitlement and Acceptance Form and you will have separate Entitlements for each separate holding.

Note: The Entitlement stated on your personalised Entitlement and Acceptance Form may be in excess of the actual Entitlement you may be permitted to take up. For example, you are not permitted to take up an Entitlement to the extent you are holding Shares for the account or benefit of a person in the United States (see definition of Eligible Retail Shareholders in section 1.2 of this Information Booklet).

## 1. Overview of the Entitlement Offer (continued)

### 1.4 Can you trade your Entitlement?

If you do not wish to take up all or part of your Entitlement, you may be able to sell all or part of your Entitlement on ASX through a broker or transfer all or part of your Entitlement to another person.

Entitlements may be traded on ASX from 10:00am (Sydney time) on Friday, 24 March 2017 to Tuesday, 4 April 2017 (ASX Code: DOWR). You may incur brokerage fees if you sell all or part of your Entitlement on ASX.

If you sell your Entitlements in the Retail Entitlement Offer trading period, you may receive a higher or lower amount than a shareholder who sells their Entitlements at a different time during the trading period or through the Retail Shortfall Bookbuild. If you only sell or transfer part of your Entitlement, you may choose to take up the remainder or you may do nothing and let that part be sold in the Retail Shortfall Bookbuild.

### 1.5 Retail Shortfall Bookbuild

Entitlements which are not taken up by the close of the Retail Entitlement Offer and Entitlements that would have been issued to Ineligible Retail Shareholders had they been entitled to participate in the Retail Entitlement Offer will be offered for sale through the Retail Shortfall Bookbuild. Any Retail Premium (being any amount paid for the Entitlements sold in the Retail Shortfall Bookbuild) will be remitted proportionally to such shareholders on or about Friday, 5 May 2017, net of any applicable withholding tax.

The Retail Premium, if any, will be paid in either Australian dollars or New Zealand dollars based on your nominated bank account. Amounts paid in New Zealand dollars will be converted from Australian dollars at the prevailing exchange rate at the applicable time. You will be paid by direct credit to the nominated bank account as noted on Downer's share register or, if there is no nominated bank account, by Australian dollar cheque to the registered address on Downer's share register.

The Retail Premium may be zero, in which case no payment will be made to holders of the Entitlements sold in the Retail Shortfall Bookbuild. The outcome of the Institutional Shortfall Bookbuild is not an indication as to whether there will be a Retail Premium or what any Retail Premium may be. It should be noted that the Institutional Shortfall Bookbuild did not clear above the Offer Price so there were no amounts paid to Eligible Institutional Shareholders who did not take up their Entitlements or Ineligible Institutional Shareholders.

The ability to sell Entitlements in the Retail Shortfall Bookbuild and the ability to realise a Retail Premium will depend on various factors, including market conditions. If there is a Retail Premium, it will be more than the amount realised in the Institutional Shortfall Bookbuild or it may be less than, more than or equal to any price or prices that Entitlements were sold on ASX or otherwise transferred.

To the maximum extent permitted by law, Downer, the Underwriter and each of their respective related bodies corporate and affiliates, and each of their respective directors, officers, partners, employees, representatives and agents, disclaim all liability, including for negligence, for any failure to realise a Retail Premium in the Retail Shortfall Bookbuild, for any difference between the Retail Premium and the amount realised in the Institutional Shortfall Bookbuild and for any failure to obtain any particular exchange rate, or any movements in exchange rates, if exchanging the Retail Premium into New Zealand dollar funds. Downer reserves the right to allocate Entitlements under the Retail Shortfall Bookbuild at its discretion.

You should note that if you sell or transfer all or part of your Entitlement or allow all or part of your Entitlement to be sold into the Retail Shortfall Bookbuild, then you will forgo any exposure to increases or decreases in the value of New Shares (or any value for that Entitlement which may have been achieved through its sale on ASX or otherwise) and your percentage shareholding in Downer will be diluted by your non-participation in the Retail Entitlement Offer.

### 1.6 Reconciliation

The Entitlement Offer is a complex structure and in some instances investors may believe that they will own more Shares in Downer than they actually do on the Record Date. This results in a need for reconciliation. If reconciliation is required, it is possible that Downer may need to issue a small quantity of additional New Shares (**Top-Up Shares**) to ensure all Eligible Shareholders receive their full Entitlement.

These Top-Up Shares would be issued at the Offer Price.

### 1.7 ASX quotation

Subject to approval being granted, quotation of the New Shares is expected to commence on:

- Monday, 3 April 2017 for New Shares issued under the Institutional Entitlement Offer (including the Institutional Shortfall Bookbuild) (on a normal settlement basis); and
- Monday, 24 April 2017 for New Shares issued under the Retail Entitlement Offer (including the Retail Shortfall Bookbuild) (on a normal settlement basis).

Holding statements will be despatched in accordance with the Listing Rules. It is the responsibility of each applicant to confirm their holding before trading in New Shares. Any applicant who sells New Shares before receiving confirmation of their holding in the form of a holding statement will do so at their own risk. Downer and the Underwriter disclaim all liability (to the maximum extent permitted by law) to persons who trade New Shares before receiving their holding statements, whether on the basis of confirmation of the allocation provided by Downer, the Underwriter or the Downer Share Registry or otherwise.

## 1.8 Ineligible Retail Shareholders

All Shareholders who are not Eligible Retail Shareholders, Eligible Institutional Shareholders or Ineligible Institutional Shareholders are ineligible Retail Shareholders (**Ineligible Retail Shareholders**). Ineligible Retail Shareholders will not be entitled to participate in the Retail Entitlement Offer.

Downer has determined that it would be unreasonable on this occasion to extend the Retail Entitlement Offer to Ineligible Retail Shareholders, having regard to the number of securities held by Ineligible Retail Shareholders, the number and value of New Shares that they would be offered and the costs of complying with the legal and regulatory requirements which would apply to an offer of securities to Ineligible Retail Shareholders in those places.

Ineligible Retail Shareholders will receive the Retail Premium (if any) for Entitlements that have been sold on their behalf in the Retail Shortfall Bookbuild.

## 1.9 Restrictions on exercise of Entitlements acquired on ASX or otherwise

The Entitlements may not be purchased, traded, taken up or exercised by persons in the United States or by persons who are acting for the account or benefit of persons in the United States.

Investors should note that if you purchase Entitlements in a transaction on ASX or otherwise, in order to take up or exercise those Entitlements and subscribe for New Shares you:

- must be an Eligible Retail Shareholder, a resident of Australia or New Zealand, or otherwise qualify as an “Eligible Person”<sup>2</sup>; and
- must not be in the United States or acting for the account or benefit of a person in the United States.

If you do not satisfy the above conditions, you will not be entitled to take up Entitlements or subscribe for New Shares.

It is the responsibility of purchasers of Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Entitlements after the end of the trading period do not meet the eligibility criteria, they will not be able to exercise the Entitlements. In the event that holders are not able to take up their Entitlements, those Entitlements will be offered for sale in the Retail Shortfall Bookbuild and holders may receive no value for them.

<sup>2</sup> Certain investors in a limited number of foreign jurisdictions (other than the United States) may be Eligible Persons if they satisfy the requirements of that expression as set out in the “Entitlement and Acceptance Form” in respect of the Entitlement Offer which is available at [www.downerentitlementoffer.com](http://www.downerentitlementoffer.com) and to be released by Downer to ASX on [www.asx.com.au](http://www.asx.com.au).

## 1.10 Rights of Downer and the Underwriter

### (a) Adjusting Entitlements and Premiums

Downer reserves the right (in its absolute sole discretion) to reduce the number of New Shares or the amount of the Retail Premium allocated to Eligible Retail Shareholders, or persons claiming to be Eligible Retail Shareholders or other applicable investors, if their claims prove to be overstated or they fail to provide information to substantiate their claims.

### (b) Adjustments for subscriptions in excess of Entitlement

If any Shareholder subscribes under the Entitlement Offer for New Shares in excess of its Entitlement then, in the absolute discretion of Downer and the Underwriter, the relevant Shareholder may be required to transfer to the Underwriter the excess New Shares at the Offer Price of \$5.95 (or NZ\$6.46). If necessary, the relevant Shareholder will be required to transfer existing Shares held by them or to purchase Shares on market to meet this obligation. The relevant Shareholder will bear any and all losses caused by subscribing for New Shares in excess of its Entitlement and any actions it is required to take in this regard.

### (c) Overpayment

If any investor receives a Retail Premium payment in excess of the Retail Premium payment to which the investor is actually entitled based on that part of the Entitlement held by the investor as at close of the Retail Entitlement Offer on 5:00pm (Sydney time) on Tuesday, 11 April 2017, then, in the absolute discretion of Downer, the investor may be required to repay Downer the excess Retail Premium.

### (d) Acknowledgement

By taking up, transferring or acquiring or exercising an Entitlement, or accepting the payment of a Retail Premium, Eligible Shareholders and acquirers of Entitlements irrevocably acknowledge and agree to do any of the above as required by Downer and the Underwriter in their absolute discretion. Shareholders also acknowledge that:

- there is no time limit on the ability of Downer and the Underwriter to require any of the actions set out above;
- where Downer and the Underwriter exercise their right to correct a Shareholder’s Entitlement, the Shareholder is treated as continuing to accept or not take up any remaining Entitlement;
- where Downer and the Underwriter exercise their right to require an investor to repay any excess payment of the Retail Premium, the amount repaid will be net of any applicable withholding tax; and
- BPAY® is only available for payment in Australian dollars and direct credit is only available for payment in New Zealand dollars.

## 2. How to Apply

### 2.1 What you may do – choices available

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser, or call the Downer Offer Information Line on 1300 048 149 (within Australia) or +61 3 9415 4275 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period. You should also refer to the “Key Risks” section of the Investor Presentation.

If you are an Eligible Retail Shareholder, you may do any one of the following:

- take up all of your Entitlement (see section 2.2 of this Information Booklet);
- take up part of your Entitlement (see section 2.3 of this Information Booklet);
- sell all or part of your Entitlement on ASX (see section 2.4 of this Information Booklet) or other than on ASX (see section 2.5 of this Information Booklet); or
- do nothing and let your Entitlement be offered for sale in the Retail Shortfall Bookbuild (see section 2.6 of this Information Booklet).

You should note that if you do not take up all of your Entitlement, your percentage shareholding in Downer will be diluted.

### 2.2 If you wish to take up all of your Entitlement

If you decide to take up **all** of your Entitlement and you wish to pay by cheque, bank draft or money order you should:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form;
- attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement) to the form; and
- return the Entitlement and Acceptance Form together with payment to the Downer Share Registry so that it is received by 5:00pm (Sydney time) on Tuesday, 11 April 2017.

If you wish to take up **all** of your Entitlement and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement) so that it is received by 5:00pm (Sydney time) on Tuesday, 11 April 2017. If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form. This option is only available for payments in Australian currency.

If you wish to take up **all** of your Entitlement and you wish to pay by direct credit, you should:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form;
- make your payment for the full amount payable (being the Offer Price multiplied by the number of New Shares comprising your Entitlement) using the direct credit banking account and the unique Direct Credit Reference Number on your Entitlement and Acceptance Form; and
- return the Entitlement and Acceptance Form to the Downer Share Registry via email to DownerOffer@computershare.co.nz on the day of payment to ensure your payment is identifiable. All payments and forms must be received by 7:00pm (Auckland time) on Tuesday, 11 April 2017.

Payment by direct credit is only available for payments in New Zealand dollars.

For further information on how you can pay for New Shares, please refer to section 2.7.

If you take up and pay for your Entitlement before the closing date of the Retail Entitlement Offer of 5:00pm (Sydney time), Tuesday, 11 April 2017, you will be allotted your New Shares on Monday, 24 April 2017. Downer's decision on the number of New Shares allotted to you will be final.

### 2.3 If you wish to take up part of your Entitlement

If you decide to take up **part** of your Entitlement and reject the balance and you wish to pay by cheque, bank draft or money order you should:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form indicating the number of New Shares you wish to take up. This will be less than your Entitlement as specified on the Entitlement and Acceptance Form;
- attach payment for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself) to the form; and
- return the Entitlement and Acceptance Form to the Downer Share Registry so that it is received by 5:00pm (Sydney time) on Tuesday, 11 April 2017.

If you wish to take up **part** of your Entitlement and reject the balance and you wish to pay by BPAY® you should make your payment by BPAY® for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself) so that it is received by 5:00pm (Sydney time) on Tuesday, 11 April 2017.

If you choose to pay by BPAY® you are not required to submit the personalised Entitlement and Acceptance Form but are taken to make the statements on that form. This option is only available for payments in Australian currency.

If you wish to take up **part** of your Entitlement and you wish to pay by direct credit, you should:

- complete the personalised Entitlement and Acceptance Form by following the instructions set out on the personalised Entitlement and Acceptance Form indicating the number of New Shares you wish to take up. This will be less than your Entitlement as specified on the Entitlement and Acceptance Form;
- make your payment for the full amount payable (being the Offer Price multiplied by the number of New Shares you are taking up – you will need to calculate this number yourself) using the direct credit banking account and the unique Direct Credit Reference number on your Entitlement and Acceptance Form; and
- return the Entitlement and Acceptance Form to the Downer Share Registry via email to DownerOffer@computershare.co.nz on the day of payment to ensure your payment is identifiable. All payments and forms must be received by 7:00pm (Auckland time) on Tuesday, 11 April 2017.

Payment by direct credit is only available for payments in New Zealand dollars.

For further information on how you can pay for New Shares, please refer to section 2.7.

If you take up and pay for part of your Entitlement before the closing date of the Retail Entitlement Offer of 5:00pm (Sydney time) on Tuesday, 11 April 2017, you will be allotted your New Shares on Monday, 24 April 2017. Downer's decision on the number of New Shares allotted to you will be final.

## **2.4 If you wish to sell all or part of your Entitlement on ASX**

If you wish to sell all or part of your Entitlement on ASX, you should instruct your stockbroker and provide details as requested from your personalised Entitlement and Acceptance Form. You should allow sufficient time for your instructions to be carried out by your stockbroker. Please note you may incur brokerage if you choose to sell all or part of your Entitlement on ASX.

Entitlement trading on ASX starts on a deferred settlement basis at 10:00am (Sydney time) on Friday, 24 March 2017 (ASX code: DOWR) and ceases at 4:00pm (Sydney time) on Tuesday, 4 April 2017. There is no guarantee that there will be a liquid market in traded Entitlements. A lack of liquidity may impact your ability to sell all or part of your Entitlement on ASX and the price you may be able to achieve.

This Information Booklet, along with your personalised Entitlement and Acceptance Form, will be despatched on Thursday, 30 March 2017.

**Downer will have no responsibility and disclaims all liability (to the maximum extent permitted by law) to you if you trade your Entitlement before you receive your personalised Entitlement and Acceptance Form, whether on the basis of confirmation of the allocation provided by Downer or the Downer Share Registry or failure to maintain your updated details on the Downer Share Registry or otherwise.**

If you wish to sell part of your Entitlement on ASX and let the balance be offered for sale in the Retail Shortfall Bookbuild, follow the procedures above in respect of the part of your Entitlement you wish to sell on ASX, and do nothing in respect of the balance. You will receive the Retail Premium (if any) in respect of those Entitlements sold in the Retail Shortfall Bookbuild.

Prices obtainable for Entitlements under the Retail Entitlement Offer may rise and fall over the Entitlement trading period and will depend on many factors including the demand for and supply of Entitlements on ASX and the value of Downer existing Shares relative to the Offer Price. The closing price of Shares on Friday, 24 March 2017 was \$5.55 which is less than the Offer Price. The price at which Shares trade on ASX may go up and down during the period during which Entitlements trade on ASX. If you sell your Entitlements in the Entitlement trading period, you may receive a higher or lower amount than a shareholder who sells their Entitlements at a different time in the Entitlement trading period or in the Retail Shortfall Bookbuild.

If you sell your Entitlements, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up that Entitlement. Your percentage shareholding in Downer will also be diluted.

## **2.5 If you wish to transfer all or part of your Entitlement other than on ASX**

If you wish to transfer all or part of your Entitlement other than on ASX, you must forward a completed Renunciation and Transfer Form to the Downer Share Registry in relation to the part of your Entitlement that you wish to transfer. If the transferee wishes to take up all or part of the Entitlement transferred to them, they must send their Application Monies together with the Entitlement and Acceptance Form related to the Entitlement transferred to them to the Downer Share Registry.

You can obtain a Renunciation and Transfer Form through the Downer Offer Information Line on 1300 048 149 (within Australia) or +61 3 9415 4275 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period or from your stockbroker. The Renunciation and Transfer Form as well as the transferee's Application Monies and the Entitlement and Acceptance Form related to the Entitlement transferred to them must be received by the Downer Share Registry by no later than 5:00pm (Sydney time) on Tuesday, 11 April 2017.

## 2. How to Apply (continued)

If the Downer Share Registry receives both a completed Renunciation and Transfer Form and an application for New Shares in respect of the same Entitlement, the transfer will take priority over the application.

If you wish to transfer part of your Entitlement and allow the balance to be sold in the Retail Shortfall Bookbuild, follow the procedures above in respect of the part of your Entitlement you wish to transfer, and do nothing in respect of the balance. You will receive the Retail Premium (if any) in respect of those Entitlements sold in the Retail Shortfall Bookbuild. If you transfer your Entitlement, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up that Entitlement. Your percentage shareholding in Downer will also be diluted.

You may only transfer your Entitlement in this way to a purchaser whose address is in Australia or New Zealand, who is not in the United States and is not acting for the account or benefit of a person in the United States. Persons that are in the United States or that are acting for the account or benefit of a person in the United States will not be eligible to purchase, trade, take up or exercise Entitlements. You should inform any transferee of these restrictions.

See section 5.8 for more information on restrictions on participation.

### 2.6 If you wish to let your Entitlement be offered for sale through the Retail Shortfall Bookbuild

Any of your Entitlements which you do not take up, sell or transfer will be offered for sale through the Retail Shortfall Bookbuild on Tuesday, 18 April 2017. You will receive the Retail Premium (if any) in respect of Entitlements sold in the Retail Shortfall Bookbuild (see section 1.5).

By allowing your Entitlement to be offered for sale in the Retail Shortfall Bookbuild, you will forgo any exposure to increases or decreases in the value of the New Shares had you taken up your Entitlement (or any value for your Entitlement which may have been achieved through its sale on ASX or otherwise). Your percentage shareholding in Downer will also be diluted.

## 2.7 Payment

### (a) General

The Offer Price of \$5.95 (or NZ\$6.46) per New Share accepted is payable on acceptance of your Entitlement.

If you wish to pay in Australian dollars, you can pay in the following ways:

- BPAY®, or
- cheque, bank draft or money order.

If you wish to pay in New Zealand dollars, you can pay in the following ways:

- direct credit; or
- cheque, bank draft or money order.

Cash payments will not be accepted. Receipts for payment will not be issued.

Application Monies received from Eligible Retail Shareholders will be held in the Downer Entitlement Offer Account solely for the purpose of holding the Application Monies.

Downer reserves the right to cancel the Entitlement Offer at any time prior to the allocation of New Shares under the Institutional Entitlement Offer. If the Entitlement Offer is cancelled, all Application Monies will be refunded without interest. To the fullest extent permitted by law, each Eligible Retail Shareholder agrees that any Application Monies paid by them to Downer will not entitle them to any interest against Downer and that any interest earned in respect of Application Monies will belong to Downer. This will be the case, whether or not all or none (if the Entitlement Offer is withdrawn) of the New Shares applied for by a person are issued to that person.

Any Application Monies received for more than your final allocation of New Shares will be refunded (except for where the amount is less than \$1.00 in which case it will be donated to a charity chosen by Downer). No interest will be paid on any Application Monies received or refunded.

### (b) Payment by BPAY® (in Australian dollars only)

For payment by BPAY® in Australian dollars, please follow the instructions on the personalised Entitlement and Acceptance Form (which includes the biller code and your unique reference number) or online at [www.downerentitlementoffer.com](http://www.downerentitlementoffer.com). You can only make a payment via BPAY® if you are the holder of an account with an Australian financial institution that supports BPAY® transactions.

If you are paying by BPAY®, please make sure to use the specific Biller Code and unique Reference Number on your Entitlement and Acceptance Form.

If you have multiple holdings and receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings, please only use the Reference Number specific to the Entitlement on that Form. If you do not use the correct Reference Number specific to that holding, or inadvertently use the same Reference Number for more than one of your Entitlements, your application will not be recognised as valid.

Please note that should you choose to pay by BPAY®:

- you do not need to submit the personalised Entitlement and Acceptance Form but are taken to have made the statements on that personalised Entitlement and Acceptance Form; and
- if you do not pay for your full Entitlement, you are deemed to have taken up your Entitlement in respect of such whole number of New Shares which is covered in full by your Application Monies.

It is your responsibility to ensure that your BPAY® payment is received by the Downer Share Registry by no later than 5:00pm (Sydney time) on Tuesday, 11 April 2017. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

#### **(c) Payment by direct credit (in New Zealand dollars only)**

For payment by direct credit in New Zealand dollars, please follow the instructions on the personalised Entitlement and Acceptance Form (including the direct credit banking account and your unique Direct Credit Reference number). You can only make a payment via direct credit if you are the holder of an account with a New Zealand financial institution that supports direct credit transactions.

If you are paying by direct credit (for New Zealand only), please make sure to use the direct credit banking account and the unique Direct Credit Reference Number on your Entitlement and Acceptance Form.

If you have multiple holdings and receive more than one Entitlement and Acceptance Form, when taking up your Entitlement in respect of one of those holdings, please only use the Direct Credit Reference Number specific to the Entitlement on that Form. If you do not use the correct Direct Credit Reference Number specific to that holding, or inadvertently use the same Direct Credit Reference Number for more than one of your Entitlements, your application will not be recognised as valid.

If you are paying by direct credit, you must also complete your personalised Entitlement and Acceptance Form in accordance with the instructions set out on that form and return it via email to [DownerOffer@computershare.co.nz](mailto:DownerOffer@computershare.co.nz) on the day of payment to ensure your payment is identifiable.

It is your responsibility to ensure that your direct credit payment is received in the direct credit bank account on the Entitlement and Acceptance Form by no later than 7:00pm (Auckland time) on Tuesday, 11 April 2017. You should be aware that your financial institution may implement earlier cut-off times with regard to electronic payment and you should therefore take this into consideration when making payment.

#### **(d) Payment by cheque, bank draft or money order**

Your cheque, bank draft or money order must be:

- for an amount equal to \$5.95 (or NZ\$6.46) multiplied by the number of New Shares that you are applying for;
- in Australian currency drawn on an Australian branch of a financial institution (or, in New Zealand dollars drawn on a New Zealand branch of a financial institution); and
- payable to “Downer EDI Limited 2017 Offer” and crossed “Not Negotiable”.

If you wish to pay by cheque, bank draft or money order, you must also complete your personalised Entitlement and Acceptance Form in accordance with the instructions set out on that form and return it to the Downer Share Registry accompanied by a cheque, bank draft or money order.

You should ensure that sufficient funds are held in the relevant account(s) to cover the Application Monies. If the amount of your cheque for Application Monies (or the amount for which the cheque clears in time for allocation) is insufficient to pay in full for the number of New Shares you have applied for in your personalised Entitlement and Acceptance Form, you will be taken to have applied for such lower number of whole New Shares as your cleared Application Monies will pay for (and you will be taken to have specified that number of New Shares on your personalised Entitlement and Acceptance Form). Alternatively, your application will not be accepted.

## 2. How to Apply (continued)

### 2.8 Mail delivery

#### (a) Payment in Australian dollars

The Offer Price in Australian dollars is \$5.95 per New Share. Shareholders who wish to pay in Australian Dollars via cheque, bank draft or money order should send their completed personalised Entitlement and Acceptance Form together with Application Monies to:

#### By mail:

Downer EDI Limited  
Computershare Investor Services Pty Limited  
GPO Box 505  
Melbourne VIC 3001  
Australia

#### (b) Payment in New Zealand dollars

The Offer Price in New Zealand dollars is NZ\$6.46 per New Share, being the Offer Price converted to New Zealand dollars at the applicable exchange rate of 1 Australian dollar equals \$1.0862 New Zealand dollars. The Application Monies in New Zealand dollars is determined by multiplying the number of New Shares that you are applying for by NZ\$6.46.

Further information and instructions are set out in your personalised Entitlement and Acceptance Form or provided when you make an online application at [www.downerentitlementoffer.com](http://www.downerentitlementoffer.com).

Eligible Retail Shareholders who wish to pay in New Zealand dollars via cheque, bank draft or money order should send their completed personalised Entitlement and Acceptance Form together with the Application Monies to:

#### By mail:

Downer EDI Limited  
Computershare Investor Services Limited  
Private Bag 92110  
Auckland 1142  
New Zealand

### 2.9 Effect of Participating in Entitlement Offer

By completing and returning your personalised Entitlement and Acceptance Form or making a payment by BPAY® or direct credit, or otherwise applying to participate in the Entitlement Offer or exercising an Entitlement, you:

- (a) declare that:
  - (i) if you are an Eligible Retail Shareholder, all details and statements made in the personalised Entitlement and Acceptance Form are complete and accurate;
  - (ii) if you acquired an Entitlement on ASX or otherwise, all details and statements made on any other form provided or required to be provided to Downer, the Downer Share Registry or the person's stockbroker are complete and accurate;
  - (iii) you are over 18 years of age and have full legal capacity and power to perform all your rights and obligations under the Retail Entitlement Offer; and
  - (iv) if you are an Eligible Retail Shareholder you were the registered holder(s) at the Record Date of the Shares indicated on the personalised Entitlement and Acceptance Form as being held by you on the Record Date;
- (b) references to the personalised Entitlement and Acceptance Form to be read as including any other form provided or required to be provided to Downer, the Downer Share Registry or the person's stockbroker;
- (c) acknowledge that:
  - (i) once Downer receives the Entitlement and Acceptance Form or any other form provided or required to be provided to Downer, the Downer Share Registry or the person's stockbroker with the requisite Application Monies or your payment by BPAY®, you may not withdraw it except as allowed by law;
  - (ii) you have read and understood this Information Booklet and, in the case of an Eligible Retail Shareholder the personalised Entitlement and Acceptance Form and, in the case of an investor who has acquired an Entitlement on ASX or otherwise, any other form provided or required to be provided to Downer, the Downer Share Registry or the person's stockbroker; and
  - (iii) the information contained in this Information Booklet is not investment advice or a recommendation that the New Shares are suitable for you, given your investment objectives, financial situation or particular needs;

(d) agree to:

- (i) apply for, and be issued with up to, the number of New Shares that you apply for at the Offer Price of \$5.95 (or NZ\$6.46) per New Share; and
- (ii) be bound by the terms of this Information Booklet and the provisions of Downer's constitution;

(e) authorise Downer to register you as the holder of New Shares and authorise Downer and its officers or agents to do anything on your behalf necessary for the New Shares to be issued to you, including to act on instruction of the Downer Share Registry by using the contact details set out in the personalised Entitlement and Acceptance Form or any other form provided or required to be provided to Downer, the Downer Share Registry or the person's stockbroker;

(f) represent and warrant that:

- (i) the law of any place (other than Australia and New Zealand) does not prohibit you from being given this Information Booklet or making an application for New Shares; and
- (ii) unless you acquired your Entitlement on ASX or otherwise, you are an Eligible Retail Shareholder.

By completing and returning your Entitlement and Acceptance Form or any other form provided or required to be provided to Downer, the Downer Share Registry or the person's stockbroker with the requisite Application Monies or making a payment by BPAY® or direct credit or otherwise applying to participate in the Retail Entitlement Offer, you will also be treated as:

(a) having represented and warranted that:

- (i) you are not in the United States and are not applying for New Shares on behalf of, or for the account or benefit of, a person in the United States;
- (ii) you and each person on whose account you are acting are not engaged in the business of distributing securities;
- (iii) you and each person on whose account you are acting have not and will not send any materials relating to the Entitlement Offer, including this Information Booklet and the Entitlement and Acceptance Form, to any person that is in the United States or that is acting for the account or benefit of a person in the United States; and

(b) acknowledging on your own behalf and on behalf of each person on whose account you are acting that:

- (i) you are not in the United States and you are not acting for the account or benefit of a person in the United States;
- (ii) you understand and acknowledge that neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction in the United States;
- (iii) you are subscribing for or purchasing the Entitlements or the New Shares outside the United States in an "offshore transaction" (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with reliance on Regulation S under the U.S. Securities Act;
- (iv) you have not and will not send this Retail Information Booklet, the Entitlement and Acceptance Form or any other materials relating to the Retail Entitlement Offer to any person in the United States or any other country outside Australia or New Zealand; and
- (v) if you are acting as a nominee or custodian, each beneficial holder on whose behalf you are submitting the Entitlement and Acceptance Form is resident in Australia or New Zealand and is not in the United States and is not acting for the account or benefit of a person in the United States, and you have not sent this Retail Information Booklet, the Entitlement and Acceptance Form or any information relating to the Retail Entitlement Offer to any such person.

## 3. Australian Tax Implications

This section summarises the general Australian taxation implications of the Retail Entitlement Offer for Australian resident Eligible Retail Shareholders who hold their Shares on capital account for Australian income tax purposes.

These comments do not apply to:

- Eligible Retail Shareholders who are not residents of Australia for tax purposes; or
- Eligible Retail Shareholders who carry on a business of life insurance or hold their Shares on revenue account (rather than on capital account) or as trading stock for Australian income tax purposes; or
- an Entitlement issued in respect of Shares previously acquired under an employee share scheme; or
- Eligible Retail Shareholders that are subject to the “taxation of financial arrangements” provisions in Division 230 of the *Income Tax Assessment Act 1997* (Cth) in respect of their holding of existing Shares, New Shares or Entitlements; or
- a reconciliation, as described in section 1.6 of this Information Booklet, or an oversubscription for New Shares, as described in section 1.10(b) of this Information Booklet.

These comments are general in nature. The tax implications of the Retail Entitlement Offer will depend upon each Eligible Retail Shareholder’s specific circumstances. Accordingly, all Eligible Retail Shareholders should seek their own independent taxation advice before reaching any conclusions as to the possible taxation consequences of the Retail Entitlement Offer. Neither Downer, nor any of its officers, nor its taxation adviser, nor any other adviser to Downer, accepts any liability or responsibility in respect of any statement concerning the taxation consequences of the Retail Entitlement Offer.

These comments do not address the taxation implications of the Retail Entitlement Offer under the laws of any jurisdiction other than the laws of Australia. These comments are based on Australian law and administrative practice as at the time of issue of the Information Booklet.

### 3.1 Income tax consequences of Entitlements

#### (a) Issue of Entitlements

The issue of an Entitlement should not of itself result in an amount being included in the assessable income of an Eligible Retail Shareholder.

#### (b) Exercise of Entitlements

The exercise of an Entitlement should not of itself result in an amount being included in the assessable income of an Eligible Retail Shareholder.

#### (c) Sale on ASX, or transfer, of Entitlements

Eligible Retail Shareholders make a capital gain from the disposal of their Entitlements if the capital proceeds from the sale or transfer are more than the “cost base” of the

Entitlements. Eligible Retail Shareholders make a capital loss if the capital proceeds are less than the “reduced cost base” of the Entitlements.

Eligible Retail Shareholders will have no first element of cost base for acquiring their Entitlements under the CGT rules. Accordingly, the cost base and reduced cost base of the Entitlements will generally include certain non-deductible incidental costs of the disposal.

If an Eligible Retail Shareholder is an individual, trust or complying superannuation fund, the Eligible Retail Shareholder should be entitled to reduce the capital gain (after offsetting the capital gain by applicable capital losses) by a CGT discount if the existing Shares which gave rise to the Entitlements were held for at least 12 months before the date of the CGT event. The applicable CGT discount is 50% for individuals and trustees and 33⅓% for complying superannuation funds. The CGT discount is not available to a company other than a company acting in the capacity of a trustee.

If a capital loss arises on the sale or transfer, the capital loss can only be used to offset capital gains, i.e. the capital loss cannot be offset against other types of ordinary or statutory income. However, if the capital loss cannot be used in a particular income year it can be carried forward to offset capital gains in future income years, provided applicable loss utilisation tests are satisfied.

#### (d) Sale of Entitlements through Retail Shortfall Bookbuild

Eligible Retail Shareholders who do not take up or dispose of their Entitlements will have their Entitlements sold on their behalf in the Retail Shortfall Bookbuild and any Retail Premium from the sale remitted to them.

There is a public ruling issued by the Commissioner of Taxation (the **Commissioner**) (Taxation Ruling TR 2012/1) in which he ruled that, in certain circumstances, a retail premium received from a bookbuild process would be assessable either as an unfranked dividend or as ordinary income (rather than as a capital gain under the CGT rules). TR 2012/1 states the ruling does not apply to entitlements which are assignable or tradeable or by, or given to a nominee entity for disposal on behalf of, the shareholder who is entitled to them.

Having regard to the facts that the Entitlements are tradeable on the ASX or to a third person, and the Retail Premium is received as proceeds from a sale of the Entitlements through the Retail Shortfall Bookbuild process on behalf of Eligible Retail Shareholders, TR 2012/1 should not apply in relation to the Entitlements. Accordingly, such sale should constitute a CGT event to the Eligible Retail Shareholder and be taxable under the CGT provisions in the manner set out in section 3.1(c) above, and the Retail Premium received by the Eligible Retail Shareholder should constitute the capital proceeds in respect of the sale.

It is noted that the Commissioner has not issued any binding public ruling or guidance on the tax treatment of amounts received in the particular circumstances of the Retail Shortfall Bookbuild. It is possible that the Commissioner may seek to apply the tax treatment as described in TR 2012/1 to the Retail Shortfall Bookbuild.

In light of the uncertainty above, Eligible Retail Shareholders should seek their own independent taxation advice on participating in the Retail Shortfall Bookbuild.

### 3.2 Income tax consequences of New Shares

Eligible Retail Shareholders who exercise their Entitlements will acquire New Shares. Any future dividends or other distributions made in respect of those New Shares should be subject to the same taxation treatment as dividends or other distributions made on existing Shares held in the same circumstances.

On a future disposal of New Shares, Eligible Retail Shareholders may make a capital gain or capital loss for Australian tax purposes, depending on whether the capital proceeds from that disposal are more than the “cost base” of the New Shares (in which case a capital gain will arise) or less than the “reduced cost base” of the New Shares (in which case a capital loss will arise). The cost base and reduced cost base of the New Shares should initially be equal to the Offer Price paid by the Eligible Retail Shareholder for the New Shares plus certain non-deductible incidental costs incurred in acquiring them (if any).

If an Eligible Retail Shareholder is an individual, trust or complying superannuation fund, the Eligible Retail Shareholder should be entitled to a CGT discount on the disposal of New Shares if the New Shares were held for at least 12 months before the disposal. New Shares should be treated for the purposes of the CGT discount as having been acquired when the Eligible Shareholder exercised their Entitlement (i.e. the date they accepted the Entitlement Offer in respect of the New Shares). The applicable CGT discount (i.e. the amount by which a capital gain, after offsetting applicable capital losses, is reduced) is 50% for individuals and trustees and 33⅓% for complying superannuation funds. The CGT discount is not available to a company other than a company acting in the capacity of a trustee.

If a capital loss arises on the disposal of New Shares, the capital loss can only be used to offset capital gains, i.e. the capital loss cannot be offset against other types of ordinary or statutory income. However, if the capital loss cannot be used in a particular income year it can be carried forward to offset capital gains in future income years, provided applicable loss utilisation tests are satisfied.

#### (a) Provision of TFN or ABN

Downer may be required to withhold an amount at the top marginal tax rate plus Medicare levy (currently 49%) from the payment of certain distributions to you on your Shares (such as the unfranked part of any dividends).

However, where you have provided Downer with your Tax File Number (**TFN**), or in certain circumstances your Australian Business Number (**ABN**), or you have notified Downer that you are exempt from providing this information, Downer is not required to withhold any amount on account of tax from these payments.

You are not required to provide your TFN or ABN to Downer.

#### (b) Other Australian Taxes

No Australian GST or stamp duty should be payable in respect of the issue, exercise or sale or transfer of the Entitlements, or the acquisition of New Shares.

## 4. ASX Offer Announcements

### Completion of Institutional Entitlement Offer Announcement (24 March 2017)



### Media/ASX and NZX Release

24 March 2017

#### COMPLETION OF INSTITUTIONAL ENTITLEMENT OFFER

On Tuesday 21 March 2017 Downer EDI Limited ("**Downer**") announced its fully underwritten 2 for 5 accelerated renounceable entitlement offer ("**Entitlement Offer**") to raise approximately \$1,011 million.

Today Downer announced the completion of the institutional component of the Entitlement Offer, raising approximately \$757 million ("**Institutional Entitlement Offer**") with approximately 66 percent of entitlements being taken up by eligible institutional shareholders.

Approximately 44 million entitlements not taken up by eligible and ineligible institutional shareholders were offered for sale in the institutional bookbuild, which was conducted on 22 and 23 March 2017 ("**Institutional Bookbuild**").

As the Institutional Bookbuild did not clear the Entitlement Offer price of \$5.95 there will be no proceeds available for distribution.

The retail component of the Entitlement Offer (**Retail Entitlement Offer**) is expected to raise approximately \$254 million. Eligible retail shareholders will be invited to participate in the Retail Entitlement Offer at the same offer price and offer ratio as the Institutional Entitlement Offer. The Retail Entitlement Offer will open at 9.00am (Sydney time) on Thursday, 30 March 2017 and close at 5.00pm (Sydney time) on Tuesday, 11 April 2017.

Downer's Chief Executive Officer, Grant Fenn, said that arrangements are in place to fully fund the takeover offer.

"Downer has the team with the right experience and capabilities to manage Spotless," he said.

"We have generated significant value in Downer over the past few years and we intend do the same with Spotless."

Mr Fenn said Downer has a track record of executing acquisitions successfully.

"The purchase of Tenix in late 2014 for \$300 million has proven to be an excellent strategic acquisition for Downer and we achieved \$25 million in pre-tax cost savings," he said.

"We believe strongly in the value and strategic merit of a combined Downer and Spotless group."

Mr Fenn said Downer's existing business continues to perform strongly.

"We have provided guidance that Downer will deliver underlying net profit after tax of at least \$175 million for the 2017 financial year," he said.



Further information on Downer's equity raising and offer for Spotless, including the Retail Entitlement Offer, can be found in the Investor Presentation, Bidder's Statement and other documents released by Downer to ASX on Tuesday, 21 March 2017.

**For further information please contact:**

Michael Sharp, Group Head of Corporate Affairs and Investor Relations

+61 439 470 145

**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).

**Not for distribution or release in the United States**

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the entitlements nor any securities of Downer have been, nor will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements and any such securities may not be taken up by, or offered or sold to, directly or indirectly, any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

## 4. ASX Offer Announcements – continued

### Equity Raising Announcement (21 March 2017)

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## Media/ASX and NZX Release

21 March 2017

### DOWNER EQUITY RAISING TO SUPPORT TAKEOVER OFFER FOR SPOTLESS

- Offer to acquire all of the issued share capital of Spotless not already owned by Downer by way of an off-market takeover (the "**Takeover Offer**")
- All cash consideration of \$1.15 per share, representing an attractive premium of 59% to \$0.725, the last closing price of Spotless shares prior to the announcement of the Takeover Offer<sup>2</sup>
- Downer has an interest equivalent to 19.99% in the issued share capital of Spotless, which is comprised of a 15.0% shareholding and an economic interest equivalent to 4.99%<sup>3</sup>
- Takeover Offer is subject to conditions including 90% minimum acceptance condition (including Downer's existing holding), no reduction in the FY17 earnings guidance provided by Spotless in February 2017 and regulatory approvals

#### Acquisition on strategy

- ✓ Strategically compelling transaction to strengthen Downer's position as a **leading integrated services provider with resilient earnings and long term customer relationships**
- ✓ **Highly experienced Downer management team** has the capabilities to manage and add value to the Spotless business
  - robust financial discipline and risk management processes
  - track record in executing turnarounds and integrating large acquisitions
  - specialist team working on entry into facilities and social infrastructure services
- ✓ **Well positioned for growth** across the businesses within the combined portfolio, with leading market positions across key sectors and a robust balance sheet to support future growth opportunities
- ✓ **Financially attractive** acquisition metrics
  - EPS accretive on a pro forma FY17 NPAT before amortisation ("**NPATA**") basis
    - Around 10% accretion before any synergies<sup>4</sup>
    - Mid-high teens accretion including conservative estimate of \$20m of run-rate synergies<sup>5</sup>
  - Estimated pre-tax cost synergies of approximately \$20m-\$40m per annum over time

#### Transaction funding

- The Takeover Offer will be funded through a combination of proceeds from a fully underwritten c.\$1,011 million accelerated renounceable entitlement offer with retail rights trading ("**Entitlement Offer**") and committed debt facilities
- Robust balance sheet on completion supports ability to continue investing in Downer's existing business portfolio and pursue future growth opportunities
  - pro forma net debt / EBITDA of approximately 1.5x<sup>6</sup> and pro forma gearing of approximately 28%<sup>7</sup> on completion of the Takeover Offer, with de-gearing from cash flows anticipated going forward

<sup>1</sup> All references to "FY17" in this announcement refer to the 12 month forecast period ending 30 June 2017. References to "FY16" in this announcement refer to the financial year ended 30 June 2016

<sup>2</sup> Closing price as at 20 March 2017

<sup>3</sup> 4.99% economic interest accumulated via cash settled total return swap between 27 February 2017 and 7 March 2017 (inclusive), at a weighted average reference price of \$0.815 per Spotless share. 15.0% shareholding accumulated on 20 March 2017 at a weighted average price of \$1.146 per Spotless share

<sup>4</sup> Pro forma FY17 EPS accretion on a NPATA basis reflects the impact of the acquisition as if it had occurred on 1 July 2016. FY17 pro forma NPATA is based on Downer's FY17 earnings guidance, being underlying NPAT (NPAT excluding transaction costs) of \$175 million, the mid-point of Spotless' underlying NPAT guidance announced on 28 February 2017, being \$85 million (midpoint of \$80-\$90 million range) and the impact of the additional interest expense (post-tax) that would have been incurred as a result of incremental debt drawn down as part of the Takeover Offer. NPATA used to calculate the EPS accretion excludes the impact of integration, implementation and transaction costs. Spotless does not disclose acquired intangibles amortisation for the FY17 forecast, and in the absence of this information, for the purposes of deriving EPS accretion, Downer has used Spotless' FY16 acquired intangibles amortisation expense of \$10.1 million (\$7.1 million after-tax), disclosed in Spotless' audited financial statements for the year ended 30 June 2016, as a proxy for Spotless' FY17 amortisation of acquired intangibles. For the purposes of the calculation, Downer's standalone earnings per share has been adjusted for the bonus element of the Entitlement Offer

<sup>5</sup> Pro forma FY17 EPS accretion inclusive of synergies, is calculated on the same basis as per note 4 above, but includes the assumed impact of \$20 million of run rate synergies (\$14 million post-tax)

<sup>6</sup> Based on 31 December 2016 Combined Group pro forma net debt of \$1,222.9 million (being pro forma debt of \$1,878.9 million less pro forma cash of \$656.0 million) after completion of the Takeover Offer and the Entitlement Offer, and pro forma EBITDA of \$829.6 million for the 12 months ended 31 December 2016 (excluding synergies). Refer to the Investor Presentation lodged with the ASX on the date of this announcement for further details

<sup>7</sup> Calculated as pro forma net debt of \$1,222.9 million after the impact of the Takeover Offer and the Entitlement Offer divided by the sum of pro forma net debt and pro forma equity of \$3,099.6 million after the impact of the Takeover Offer and Entitlement Offer. Refer to the Investor Presentation lodged with the ASX on the date of this announcement for further details



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### Transaction details

Downer EDI Limited ("**Downer**"), through Downer EDI Services Pty Ltd ("**Downer Services**"), has an interest equivalent to 19.99% in the issued share capital of Spotless Group Holdings Limited ("**Spotless**"), which is comprised of a 15.0% shareholding and an economic interest equivalent to 4.99%.<sup>8</sup>

Downer today announced that, through Downer Services, it intends to make a conditional cash offer to acquire all of the shares in Spotless that it does not already own, pursuant to an off-market takeover at a price of \$1.15 per share ("**Offer Price**"). The Takeover Offer is subject to certain conditions, including:

- 90% minimum acceptance condition (including Downer's existing holding);
- No reduction to the FY17 earnings guidance provided by Spotless in February 2017 of net profit after tax (pre-exceptional items) of \$80-\$90 million;
- No change of control triggers being exercised in respect of Spotless' existing debt facilities;
- No termination of the underwriting agreement in relation to the Entitlement Offer;
- No material acquisitions, disposals or significant events being undertaken by Spotless;
- Regulatory approvals; and
- Other conditions including no regulatory restraints and no Spotless prescribed occurrence.

The Downer Board believes that this is an attractive offer to Spotless shareholders. Further details on the Takeover Offer, including its conditions and reasons Spotless shareholders should accept the Takeover Offer, are set out in the accompanying ASX announcement.

The Chief Executive Officer of Downer, Grant Fenn, said:

"The proposed acquisition of Spotless is very exciting for Downer, its people and its shareholders. It is aligned with our strategy and strengthens Downer's position as a leading integrated services provider to not only the resources, transport and utilities sectors, but also in health, education, corrections, defence and other areas of government.

"Importantly, the Downer management team has what it takes to turn the Spotless business around and to create a highly competitive, customer focused and successful service organisation.

"This is a strategically and financially compelling transaction with the potential to deliver growth across the combined portfolio and drive shareholder value."

### Overview of Spotless<sup>9</sup>

Spotless is a large scale provider of facility management services and laundry and linen services across Australia and New Zealand, with c.\$3 billion in revenue<sup>10</sup> and c.\$309 million in underlying EBITDA<sup>11</sup> for the 12 months ended 31 December 2016.

<sup>8</sup> 4.99% economic interest accumulated via total return cash settled swap between 27 February 2017 and 7 March 2017 (inclusive), at an average weighted price of \$0.815 per Spotless share. 15.0% shareholding accumulated on 20 March 2017 at a weighted average price of \$1.146 per Spotless share

<sup>9</sup> Information in this announcement relating to Spotless, including financial information, has been sourced or derived from public information and Downer makes no representation or warranty with respect to the fairness, accuracy or completeness of such information

<sup>10</sup> Statutory revenue for the 12 months ended 31 December 2016. Derived from Spotless' audited financial statements for the year ended 30 June 2016, Spotless' reviewed financial statements for the six months ended 31 December 2015 and Spotless' reviewed financial statements for the six months ended 31 December 2016

<sup>11</sup> Underlying EBITDA for the 12 months ended 31 December 2016. Derived from Spotless' statutory income statements as derived per note 10 above, adjusted for the impact of the adjustments disclosed by Spotless in its Annual Report for the year ended 30 June 2016 and its half year report for the six months ended 31 December 2016. No additional adjustments have been made to Spotless' underlying results beyond the adjustments disclosed by Spotless

## 4. ASX Offer Announcements – continued

### Equity Raising Announcement (21 March 2017)



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Spotless operates through two core segments:

- **Facility services**, which includes property maintenance (mechanical/electrical), property management (security, waste, grounds), catering (food supply and delivery) and cleaning; and
- **Laundry services**, which involves the rental, cleaning, delivery and management of linen and workwear.

Facility services contributes c.91% of Spotless' revenue, while Laundry services contributes c.9%.<sup>12</sup>

Spotless has a diversified portfolio of long term contracts across a high quality customer base, with strong market positions across its key sectors.

#### Strategic Rationale

There is a strong rationale for Downer's acquisition of Spotless.

- The acquisition of Spotless **delivers on Downer's strategic objectives**:
  - continues Downer's transformation towards a more stable services-focused business with resilient earnings
  - enhances contract portfolio, with long term contracts that provide high certainty over revenues<sup>13</sup>
  - contributes a complementary, high quality customer base
  - creates an integrated services provider with a comprehensive range of capabilities
- Downer has a **highly experienced management team** with the capabilities to manage and add value to the Spotless business
  - robust financial discipline and risk management processes
  - track record in executing turnarounds and integrating large acquisitions
  - specialist team working on entry into facilities and social infrastructure services
- **Well positioned for growth** across the businesses within the combined portfolio. The combined business is expected to benefit from the continuing trend towards outsourcing in the public and private sectors, with leading market positions across all key sectors. The maintenance of a robust balance sheet on completion of the Takeover Offer will support Downer's ability to continue investing in its existing businesses as well as pursue future growth opportunities.
- **Increased market relevance**. The acquisition of Spotless creates the largest diversified and integrated services manager in Australia and New Zealand, with combined revenues of c.\$10.5 billion<sup>14</sup> and c.55,000 employees<sup>15</sup>, as well as a pro forma market capitalisation of over \$4 billion.<sup>16</sup>
- **Potential to realise synergies and value accretion**. The acquisition of Spotless is financially compelling, with the Takeover Offer expected to be EPS accretive on a pro forma FY17 NPATA basis, with around 10% accretion before any synergies<sup>17</sup> and mid-high teens accretion if \$20 million of run-rate synergies are included (as conservatively estimated).<sup>18</sup>

<sup>12</sup> 12 months ended 31 December 2016. Derived from Spotless' FY16 Annual Report, Spotless' reviewed financial statements for the six months ended 31 December 2015 and Spotless' reviewed financial statements for the six months ended 31 December 2016, and includes inter-segment revenues

<sup>13</sup> Spotless ASX filings as at 30 June 2016. Based on top 150 identified contracts by FY17 forecast revenue

<sup>14</sup> 12 months ended 31 December 2016. Based on statutory revenue for Spotless. Based on Total Revenue for Downer, which is a non-statutory disclosure and which includes \$534 million from Downer's share of revenue from equity accounted joint ventures and associates. Excluding Downer's share of revenue from equity accounted joint ventures and associates, the Combined Group revenue is \$9.9 billion

<sup>15</sup> As at 31 December 2016

<sup>16</sup> Based on 424.8 million current shares on issue for Downer, plus 169.9 million shares expected to be issued under the Entitlement Offer, at the theoretical ex-rights price ("TERP") of \$7.00

<sup>17</sup> Pro forma FY17 EPS accretion on a NPATA basis is calculated as per note 4 above

<sup>18</sup> Pro forma FY17 EPS accretion inclusive of synergies is calculated as per note 5 above



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The combination of the two businesses is expected to deliver pre-tax cost synergies of approximately \$20-\$40 million per annum over time.

### Transaction Funding

The Takeover Offer is to be funded through a combination of proceeds from a fully underwritten c.\$1,011 million accelerated renounceable entitlement offer with retail rights trading ("**Entitlement Offer**") and committed debt facilities.

Downer has adopted a conservative transaction funding structure, reflecting its commitment to maintaining its current investment grade rating following completion of the Takeover Offer. Pro-forma net debt / EBITDA of approximately 1.5x<sup>19</sup> and pro-forma gearing of 28%<sup>20</sup> are expected on completion, with de-gearing from cash flows expected going forward.

### Entitlement Offer

The Entitlement Offer comprises a fully underwritten 2 for 5 accelerated pro rata renounceable entitlement offer that includes the ability to trade retail entitlements on the ASX.

The Entitlement Offer is expected to raise approximately \$1,011 million.

The Offer Price of \$5.95 per share represents a 19.8% discount to Downer's closing price of \$7.42 on the ASX on Monday, 20 March 2017 and a 15.0% discount to the theoretical ex-rights price ("**TERP**") of \$7.00.

The Entitlement Offer consists of an accelerated institutional entitlement offer ("**Institutional Entitlement Offer**") and a retail entitlement offer that includes the ability for eligible retail shareholders to trade their retail entitlements on ASX ("**Retail Entitlement Offer**").

Under the Entitlement Offer, eligible shareholders are entitled to subscribe for 2 new Downer ordinary shares for every 5 existing Downer ordinary shares ("**Entitlement**") held as at 7.00pm (Sydney time) on Friday, 24 March 2017.

New Downer ordinary shares issued under the Entitlement Offer will rank equally with existing Downer shares in all respects.

Entitlements may only be exercised by eligible investors, being persons who have a registered address in Australia or New Zealand, and certain categories of institutional investors in Canada (Ontario, British Columbia and Quebec only), France, Germany, Hong Kong, Ireland, Japan, Malaysia, the Netherlands, New Zealand, Norway, Singapore, Switzerland, the United Kingdom and the United Arab Emirates. Persons in the United States and persons acting for the account or benefit of a person in the United States will not be eligible to purchase or trade Entitlements on market, or take up or exercise Entitlements purchased on market or transferred from another person.

### Institutional Entitlement Offer

Eligible institutional shareholders will be invited to participate in the Institutional Entitlement Offer which will take place from Tuesday, 21 March 2017 to Wednesday, 22 March 2017.

Eligible Institutional Shareholders can choose to take up all, part or none of their Entitlements ("**Institutional Entitlements**"). Institutional Entitlements cannot be sold on ASX. Institutional Entitlements that eligible institutional shareholders do not take up by the close of the Institutional Entitlement Offer, and Institutional Entitlements that would have been offered to ineligible institutional shareholders had they been entitled to participate, will be offered for sale through the institutional shortfall bookbuild ("**Institutional Shortfall Bookbuild**") opening on Wednesday, 22 March 2017 and closing on Thursday, 23 March 2017. Any proceeds

<sup>19</sup> Pro forma net debt / EBITDA is calculated as per note 6 above

<sup>20</sup> Pro forma gearing is calculated as per note 7 above

## 4. ASX Offer Announcements – continued

### Equity Raising Announcement (21 March 2017)



Not for distribution or release in the United States

from the sale of Institutional Entitlements under the Institutional Shortfall Bookbuild will be remitted proportionally to those institutional shareholders, less any applicable withholding tax.

Downer shares have been placed in trading halt while the Institutional Entitlement Offer and the Institutional Shortfall Bookbuild are undertaken.

#### **Retail Entitlement Offer**

Eligible retail shareholders in Australia and New Zealand will be invited to participate in the Retail Entitlement Offer at the same offer price and offer ratio as the Institutional Entitlement Offer. The Retail Offer will open at 9:00am (Sydney time) on Thursday, 30 March 2017 and close at 5:00pm (Sydney time) on Tuesday, 11 April 2017.

Eligible retail shareholders will be allotted Entitlements ("**Retail Entitlements**") which can be traded on the ASX. If they do not wish to take up all or part of their Retail Entitlements, they can seek to sell all or part of their Retail Entitlements on the ASX or by transferring them directly to another person to realise value for those Retail Entitlements ahead of the retail shortfall bookbuild (discussed below). Retail Entitlements can be traded on the ASX from Friday, 24 March 2017 (on a deferred settlement basis) to Tuesday, 4 April 2017.

Eligible retail shareholders should carefully read the retail information booklet and accompanying personalised entitlement and acceptance form which are expected to be despatched on Thursday, 30 March 2017 and which will be made available on the ASX website on that date.

Retail Entitlements which are not exercised by the close of the Retail Entitlement Offer, and Retail Entitlements that would otherwise have been offered to ineligible retail shareholders had they been entitled to participate, will be sold through the retail shortfall bookbuild on Tuesday, 18 April 2017 ("**Retail Shortfall Bookbuild**"). Any proceeds from the sale of Retail Entitlements under the Retail Shortfall Bookbuild will be remitted proportionally to those retail shareholders, less any applicable withholding tax. There is no guarantee that there will be any proceeds remitted to those retail shareholders.

It is the responsibility of purchasers of Retail Entitlements to inform themselves of the eligibility criteria for exercise. If holders of Retail Entitlements after the trading period do not meet the eligibility criteria, they will not be able to exercise the Retail Entitlements. In the event that holders are not able to take up their Retail Entitlements, those Retail Entitlements will be sold into the Retail Shortfall Bookbuild and holders may receive no value for them.

## Key Dates

Event	Date
Institutional Entitlement Offer opens	Tuesday, 21 March
Institutional Entitlement Offer closes	Wednesday, 22 March
Institutional shortfall bookbuild opens	Wednesday, 22 March
Institutional shortfall bookbuild closes	Thursday, 23 March
Announcement of results of Institutional Entitlement Offer Trading Halt lifted Trading in ordinary shares resumes on an ex-entitlement basis Rights trading of retail entitlements only commences on a deferred settlement basis Record Date for Entitlement Offer (7.00pm Sydney time)	Friday, 24 March
Retail Entitlement Offer opens	Thursday, 30 March
Settlement of Institutional Entitlement Offer Rights trading of retail entitlements commences on a normal settlement basis	Friday, 31 March
Issue and trading of new shares under the Institutional Entitlement Offer	Monday, 3 April
Rights trading of retail entitlements ends	Tuesday, 4 April
Retail Entitlement Offer closes (5.00pm)	Tuesday, 11 April
Retail shortfall bookbuild	Tuesday, 18 April
Settlement of Retail Entitlement Offer	Friday, 21 April
Issue of new shares under the Retail Entitlement Offer	Monday, 24 April
New shares issued under the Retail Entitlement Offer commence trading on a normal settlement basis	Wednesday, 26 April
Despatch of holding statements for new shares under Retail Entitlement Offer	Thursday, 27 April

The above timetable is indicative only and subject to change. All dates and times are Sydney time.

### Further Information

Further details of the Takeover Offer and the Entitlement Offer are set out in the Investor Presentation lodged with the ASX today. This includes important information with respect to the Entitlement Offer, including key risks involved in an investment in Downer and the Takeover Offer and foreign selling restrictions.

Retail shareholders who have any questions about the Retail Entitlement Offer should speak with their broker or adviser and/or call the Downer Offer Information Line on 1300 048 149 within Australia or +61 3 9415 4275 outside Australia from 8.30am to 5.30pm (Sydney time) Monday to Friday during the Retail Entitlement Offer.

### Advisers

UBS AG, Australia Branch is acting as financial adviser and Ashurst is acting as legal adviser to Downer in relation to the Takeover Offer and Entitlement Offer.

### Forward looking statements disclaimer

This announcement contains certain forward looking statements and comments about current intention, statements of opinion and predictions as to possible future events, including Downer's expectations about the future performance of its business, the effect of the funds raised under the Entitlement Offer on those businesses, the outcome of the Takeover Offer and the future performance (including potential or expected

## 4. ASX Offer Announcements – continued

### Equity Raising Announcement (21 March 2017)



Not for distribution or release in the United States

synergies) of Downer and Spotless post acquisition. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements and include statements in this announcement regarding the conduct and outcome of the Entitlement Offer, the use of proceeds, the outcome of the Takeover Offer, the future performance (including potential or expected synergies) of Downer and Spotless post acquisition and Downer's outstanding debt. You are cautioned not to place undue reliance on any forward looking statement. While due care and attention has been used in the preparation of forward looking statements, forward looking statements, opinions and estimates provided in this announcement are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Downer, its directors and management. Actual results, performance or achievements may vary materially from any forward looking statements and the assumptions on which statements are based. Downer disclaims any intent or obligation to update publicly any forward looking statements, whether as a result of new information, future events or results or otherwise.

#### Financial information

The pro forma financial information included in this announcement does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission. Investors should be aware that financial data in this announcement include "non-IFRS financial information" under ASIC Regulatory Guide 230 Disclosing non-IFRS financial information published by the Australian Securities and Investments Commission and also "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, including NPATA, EBITDA, underlying EBITDA, net debt and gearing. Downer believes this non-IFRS/non-GAAP financial information provides useful information to users in measuring the financial performance and conditions of Downer. The non-IFRS financial information do not have a standardised meaning prescribed in Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS/non-GAAP financial information and ratios included in this announcement.

#### Not for distribution or release in the United States

This announcement does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States. Neither the Entitlements nor any securities of Downer have been, nor will be, registered under the U.S. Securities Act of 1933, as amended ("**U.S. Securities Act**") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements and such securities may not be taken up by, or offered or sold to, directly or indirectly, any person in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the U.S. Securities Act and applicable U.S. state securities laws.

#### 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

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## Media/ASX and NZX Release

21 March 2017

### DOWNER ANNOUNCES TAKEOVER OFFER FOR SPOTLESS

- All cash takeover offer of \$1.15 per Spotless share for all shares not already owned by Downer
- Compelling value and certainty for Spotless shareholders
- Attractive 59% premium to the last closing price of \$0.725 per share

#### Transaction details

Downer EDI Limited (**Downer**) today announced that its wholly owned subsidiary, Downer EDI Services Pty Ltd (**Downer Services**), will today lodge a Bidder's Statement for a takeover offer (**Offer**) for all of the issued shares in Spotless Group Holdings Limited (**Spotless**) that it does not already own for \$1.15 cash per share (**Offer Price**).

Downer Services has an interest equivalent to 19.99% in the issued share capital of Spotless, which is comprised of a 15% shareholding and a further economic interest equivalent to 4.99% via a total return cash settled equity swap.

The Offer is a highly attractive one and represents compelling value for Spotless shareholders. The Offer Price of \$1.15 cash for each Spotless share represents a premium of 59% to the closing price of Spotless shares on 20 March 2017, being the last trading day before the announcement of the Offer on 21 March 2017 (**Announcement Date**), and implies a diluted equity value of \$1,272 million<sup>1</sup> for Spotless.

Importantly, the Offer provides certain value to Spotless shareholders, in contrast to the uncertain value of Spotless shares. The Offer is particularly attractive in the context of Spotless' recent share price performance, Spotless' first half 2017 results, Spotless' relatively high level of debt and the recent reduction in Spotless' dividend.

The Chief Executive Officer of Downer, Grant Fenn, said:

"The acquisition of Spotless is a significant investment in Downer's strategy to expand its capabilities and strengthen its position as a leading provider of services to customers in Australia and New Zealand.

"Downer's all cash offer provides an excellent opportunity for Spotless shareholders to realise certain value for their shares, because the offer is at a substantial premium to recent trading prices."

<sup>1</sup> Based on 1,098.3 million ordinary shares on issue plus 7.7 million estimated 'in the money' options and rights based on Spotless' Appendix 3B dated 24 November 2016 and FY16 Annual Report.

## 4. ASX Offer Announcements – continued

### Takeover Offer Announcement (21 March 2017)



#### Compelling value for Spotless shares

The Offer Price of \$1.15 cash per Spotless share represents compelling value for Spotless shareholders and a substantial premium to trading levels prior to the Announcement Date.

The Offer Price represents an attractive premium of:

- 59% to the closing price of Spotless shares on 20 March 2017, being the last trading day before the Announcement Date;
- 45% to the VWAP of Spotless shares since 28 February 2017<sup>2</sup> (the date on which Spotless released its results for the six months ended 31 December 2016); and
- 42% to the 1-month VWAP of Spotless shares up to and including 20 March 2017.<sup>3</sup>

The Offer is also materially higher than the range of analyst 12 month price targets and valuations for Spotless, representing a:

- 55% premium to the average analyst 12 month price target of \$0.74;<sup>4</sup>
- 83% premium to the lowest analyst 12 month price target of \$0.63;<sup>4</sup> and
- 37% premium to the highest analyst 12 month price target of \$0.84.<sup>4</sup>

#### Certainty

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

Downer considers this to be important to Spotless shareholders in the context of Spotless' recent share market performance, relatively high levels of debt, and recent reduction in dividend.

#### Offer Conditions

The Offer is subject to a number of conditions, including a 90% minimum acceptance condition (including Downer's existing holding), all necessary regulatory approvals or consents being obtained and no action by any public authority which may adversely affect the Offer, no change of control triggers being exercised in respect of Spotless' existing debt facilities, no termination of the underwriting agreement in relation to the Downer entitlement offer, no Spotless profit downgrade, no material acquisitions, disposals or significant events being undertaken by Spotless and no prescribed occurrences in relation to Spotless.

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<sup>2</sup> VWAP is calculated based on cumulative value traded on the ASX and Chi-X divided by cumulative volume traded on the ASX and Chi-X. VWAP calculated from 28 February 2017 – 20 March 2017 (inclusive). Source: IRESS.

<sup>3</sup> VWAP is calculated based on cumulative value traded on ASX and Chi-X divided by cumulative volume traded on ASX and Chi-X. VWAP calculated from 21 February 2017 – 20 March 2017 (inclusive). Source: IRESS.

<sup>4</sup> Five broker price targets have been used to determine the 12 month broker price target range and average. The date range of the broker price targets used in determining the range and average was 28 February 2017 to 1 March 2017. These brokers were selected on the basis of all broker research reports publicly available to Downer that were released since the announcement of Spotless' 1H2017 results on 28 February 2017. Downer notes that according to Bloomberg, there were two other broker price targets available for Spotless that had been released since 28 February 2017 (Downer did not have access to the research reports for these brokers). Inclusion of these additional two price targets results in an average broker price target of \$0.76 and no change to the \$0.63 to \$0.84 range of broker price targets. Source: broker research reports, Bloomberg.



Further details on the Offer, including its conditions, are set out in the Bidder's Statement to be lodged with ASIC and the ASX today.

#### **Dividends**

Under the Offer, Spotless shareholders will be entitled to be paid the dividend for the 6 months ended 31 December 2016 (**1H17**) declared by Spotless in its 1H17 results announcement on 28 February 2017 (to be paid on 7 April 2017).

#### **Bidder's Statement**

Downer intends to lodge its Bidder's Statement with ASIC, Spotless and ASX today. The Bidder's Statement will contain detailed information relevant to the Offer, including how to accept. The Bidder's Statement is expected to be sent to Spotless shareholders 14 days after the date of this announcement.

#### **Advisers**

UBS AG, Australia Branch is acting as financial adviser and Ashurst is acting as legal adviser to Downer in relation to the Offer.

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

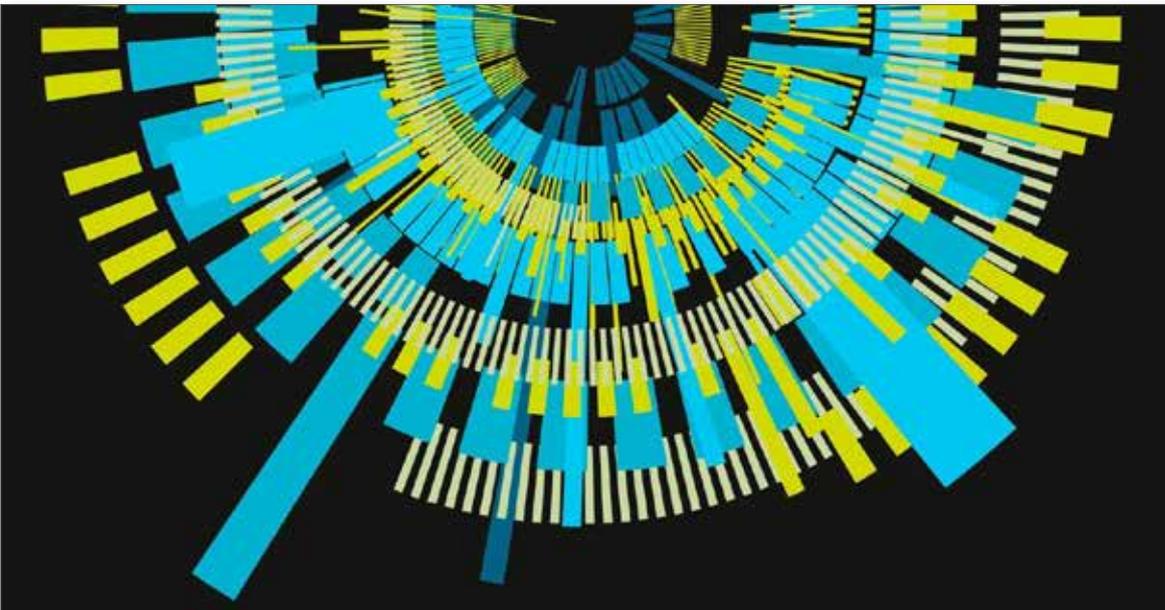
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#### **About Downer**

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. Downer builds 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).

## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)



**Offer for Spotless and Equity Raising**  
21 March 2017

**Downer**  
Relationships creating success

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## IMPORTANT NOTICES AND DISCLAIMER

This presentation (**Presentation**) has been prepared by Downer EDI Limited (ABN 97 003 872 848) (**Downer**) in relation to a pro-rata accelerated renounceable entitlement offer of new fully paid ordinary shares in Downer (**New Shares**) with retail rights trading (**Entitlement Offer**). The Entitlement Offer will be made to:

- Eligible institutional shareholders of Downer (**Institutional Entitlement Offer**); and
- Eligible retail shareholders of Downer (**Retail Entitlement Offer**),

under section 708AA of the *Corporations Act 2001* (Cth) (**Corporations Act**), as notionally modified by the Australian Securities and Investments Commission (**ASIC**) Legislative Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

The proceeds from the Entitlement Offer will be applied to partially fund Downer's off-market takeover bid to acquire all of the ordinary shares in Spotless Group Holdings Limited (**Spotless**) (**Transaction**).

### Summary information

This Presentation contains summary information about Downer and its associated entities and their activities current as at the date of this Presentation.

The information contained in this Presentation is of a general nature and does not purport to include or summarise all information that an investor should consider when making an investment decision nor does it contain all the information which would be required in a product disclosure statement, prospectus or other disclosure document prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Downer's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at [www.asx.com.au](http://www.asx.com.au).

Certain information in this Presentation has been sourced from publicly available information about Spotless (including Spotless' periodic and continuous disclosure announcements lodged with ASX). While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither Downer nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

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## IMPORTANT NOTICES AND DISCLAIMER



### Investment Risk

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### No investment or financial product advice

The information contained in this Presentation does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire entitlements or New Shares and does not and will not form the basis of any contract or commitment for the acquisition of entitlements or New Shares. This Presentation has been prepared without taking into account the investment objectives, financial position or needs of any particular individual. Before making an investment decision, prospective investors should consider the appropriateness of the information (including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Downer and the values and the impact that different future outcomes may have on Downer) having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. Downer is not licensed to provide investment or financial product advice in respect of Downer shares. Cooling off rights do not apply to the acquisition of New Shares pursuant to the Entitlement Offer.

### Future performance and forward looking statements

This Presentation contains certain forward looking statements and comments about future events, including Downer's expectations about the performance of its businesses, the effect of the funds raised under the Entitlement Offer on those businesses, the outcome of the Transaction and the future performance (including potential or expected synergies) of Downer and Spotless post acquisition. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements and include statements in this Presentation regarding the conduct and outcome of the Entitlement Offer, the use of proceeds, the outcome of the Transaction, the future performance (including potential or expected synergies) of Downer and Spotless post acquisition and Downer's outstanding debt. You are cautioned not to place undue reliance on any forward looking statement. While due care and attention has been used in the preparation of forward looking statements, forward looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Downer, its directors and management. A number of important factors could cause Downer's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, including the risk factors described in the "Key Risks" section (Appendix D) of this Presentation. Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based. Downer disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

### Past Performance

Past performance and pro-forma historical information in this Presentation is given for illustrative purposes only and should not be relied upon (and is not) an indication of future performance including future share price information. Historical information in this Presentation relating to Downer is information that has been released to the market. For further information, please see past announcements released to ASX.

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### Financial data

All dollar values are in Australian dollars (\$) or AUD unless stated otherwise. All references starting with "FY" refer to the financial year for Downer, ending 30 June. For example, "FY16" refers to the financial year ending 30 June 2016. All references starting with "CY" refer to the calendar year ending 31 December. For example, "CY16" refers to the calendar year ending 31 December 2016. All references in this Presentation to "1H17" are a reference to the six months to 31 December 2016 and all references in this Presentation to "2H17" are a reference to the six months to 30 June 2017. All references in this Presentation to FY17 refer to the 12 month forecast period ending 30 June 2017.

This Presentation includes certain pro forma historical financial information. The pro forma historical financial information provided in this Presentation is for illustrative purposes only and is not represented as being indicative of Downer's views on its, nor anyone else's, future financial position and/or performance. The pro forma historical financial information has been prepared by Downer in accordance with the measurement and recognition principles, but not the disclosure requirements prescribed by Australian Accounting Standards.

In addition, the pro forma financial information in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the US Securities Exchange Commission, and such information does not purport to comply with Article 3-05 of Regulation S-X.

In addition, financial data in this Presentation includes "non-IFRS financial information" under ASIC Regulatory Guide 230 Disclosing non-IFRS financial information published by the Australian Securities and Investments Commission and also "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, including NPATA, EBITDA, underlying EBITDA, net debt and gearing. Downer believes this non-IFRS/non-GAAP financial information provides useful information to users in measuring the financial performance and conditions of Downer. The non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards and, therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with Australian accounting standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS/non-GAAP financial information and ratios included in this Presentation.

### Effect of Rounding

A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

### References to broker price targets and forecasts

This Presentation includes references to a 12 month broker price target average for Spotless shares of \$0.74. Five broker price targets have been used to determine the 12 month broker price target range and average for Spotless shares. The date range of the broker price targets used in determining the range and average was 28 February 2017 to 1 March 2017. These brokers were selected on the basis of all broker research reports publicly available to Downer that were released since the announcement of Spotless' 1H17 results on 28 February 2017. Downer notes that according to Bloomberg, there were two other broker price targets available for Spotless that had been released since 28 February 2017 (Downer did not have access to the research reports for these brokers). Inclusion of these additional two price targets results in an average broker price target of \$0.76 and no change to the \$0.63 to \$0.84 range of broker price targets.

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## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)



## IMPORTANT NOTICES AND DISCLAIMER

**Disclaimer**

The underwriter to the Entitlement Offer, together with its related bodies corporate, shareholders or affiliates and its respective officers, directors, employees, affiliates, agents or advisers (each a **Limited Party**) have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Presentation and do not make or purport to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by a Limited Party.

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The Limited Parties make no recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning the Entitlement Offer, and you represent, warrant and agree that you have not relied on any statements made by a Limited Party in relation to the Entitlement Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them.

Investors acknowledge and agree that determination of eligibility of investors for the purposes of the Institutional Entitlement Offer or the Retail Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Downer and/or the Limited Parties, and each of Downer and the Limited Parties disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law. The Limited Parties may rely on information provided by or on behalf of institutional investors in connection with managing, conducting and underwriting the Entitlement Offer and without having independently verified that information and the Limited Parties do not assume any responsibility for the accuracy or completeness of that information.

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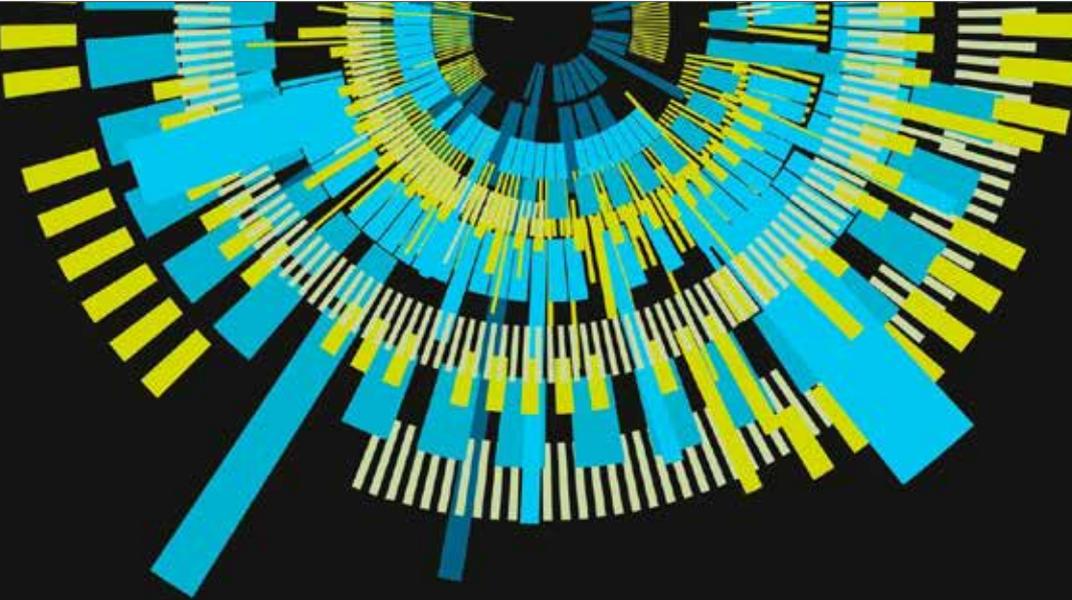


## AGENDA

- 1 Executive summary
- 2 Overview of Spotless and the Transaction
- 3 Strategic rationale
- 4 Transaction impact on Downer
- 5 Transaction funding and Equity Raising overview
- 6 Appendices

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# Executive summary

## Section 1



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## TRANSACTION SUMMARY

<b>Transaction details</b>	<ul style="list-style-type: none"> <li>▪ Offer to acquire all of the issued share capital of Spotless not already owned by Downer by way of an off-market takeover offer ("Transaction")               <ul style="list-style-type: none"> <li>– Downer has an interest equivalent to 19.99% in the issued share capital of Spotless, which is comprised of a 15.0% shareholding and an economic interest equivalent to 4.99%<sup>1</sup></li> </ul> </li> <li>▪ All cash consideration of \$1.15 per Spotless share ("Offer Price")               <ul style="list-style-type: none"> <li>– implies a diluted Equity Value of c.\$1,272 million<sup>2</sup> and an Enterprise Value of c.\$2,120 million<sup>3</sup></li> </ul> </li> <li>▪ The Offer Price represents an attractive premium of 59% to \$0.725, the last closing price of Spotless shares on 20 March 2017, being the last trading day prior to the announcement of the Transaction</li> <li>▪ Transaction to be funded through a combination of proceeds from a fully underwritten c.\$1,011 million accelerated renounceable entitlement offer with retail rights trading ("Entitlement Offer") and committed debt facilities</li> </ul>
<b>Expected financial impacts</b>	<ul style="list-style-type: none"> <li>▪ EPS accretive on a pro forma FY17 NPAT before amortisation ("NPATA") basis:               <ul style="list-style-type: none"> <li>– Around 10% accretion before any synergies<sup>4,6</sup></li> <li>– Mid-high teens accretion including conservative estimate of \$20 million of run-rate synergies<sup>5,6</sup></li> </ul> </li> <li>▪ Pro forma net debt / EBITDA of approximately 1.5x<sup>7</sup> and pro forma gearing of approximately 28%<sup>8</sup> on completion of the Transaction – with de-gearing from cash flows anticipated going forward</li> <li>▪ Estimated pre-tax cost synergies of approximately \$20-\$40 million per annum over time<sup>9</sup></li> </ul>
<b>Conditions</b>	<ul style="list-style-type: none"> <li>▪ 90% minimum acceptance condition (including Downer's existing holding)</li> <li>▪ No reduction in the FY17 earnings guidance provided by Spotless in February 2017 of net profit after tax (pre-exceptional items) of \$80-90 million</li> <li>▪ Required regulatory approvals, and other conditions as summarised in Appendix C</li> </ul>

<sup>1</sup> 4.99% economic interest accumulated via cash settled total return swap between 27 February 2017 and 7 March 2017 (inclusive), at a weighted average reference price of \$0.815 per Spotless share. 15.0% shareholding acquired on 20 March 2017 at a weighted average price of \$1.146 per Spotless share

<sup>2</sup> Based on 1,998.3 million ordinary shares on issue plus 7.7 million estimated 'in the money' options and rights based on Spotless' Appendix 3B dated 24 November 2016 and FY16 Annual Report

<sup>3</sup> Based on Equity Value as calculated in note 2 above, and Spotless' net debt of \$848 million as at 31 December 2016

<sup>4</sup> Pro forma FY17 EPS accretion on a NPATA basis reflects the impact of the acquisition as if it had occurred on 1 July 2016. FY17 NPATA is based on Downer's earnings guidance included in this Presentation, being underlying NPAT (NPAT excluding Transaction costs) of \$175 million, the mid-point of Spotless' underlying NPAT guidance announced on 28 February 2017, being \$85 million (mid-point of \$80-\$90 million range) and the impact of the additional interest expense (post-tax) that would have been incurred as a result of incremental debt drawn down as part of the Transaction. NPATA used to calculate the EPS accretion excludes the impact of integration, implementation and Transaction costs. Spotless does not disclose acquired intangibles amortisation for the FY17 forecast, and in the absence of this information, for the purposes of deriving EPS accretion, Downer has used Spotless' FY16 acquired intangibles amortisation expense of \$10.1 million (\$7.1 million after-tax), disclosed in Spotless' audited financial statements for the year ended 30 June 2016, as a proxy for Spotless' FY17 amortisation of acquired intangibles. For the purposes of the calculation, Downer's standalone earnings per share has been adjusted for the bonus element of the Entitlement Offer

<sup>5</sup> Pro forma FY17 EPS accretion inclusive of synergies, is calculated on the same basis as per note 4 above, but includes the assumed impact of \$20 million of run-rate synergies (\$14 million post-tax)

<sup>6</sup> If the EPS accretion calculation was based on \$80 million of NPAT for Spotless (the low end of management's guidance range), the Transaction would be high single digit accretive before any synergies and mid teens accretive including \$20 million of estimated run-rate synergies

<sup>7</sup> Based on 31 December 2016 Combined Group pro forma net debt of \$1,222.9 million (being pro forma debt of \$1,878.9 million less pro forma cash of \$656.0 million) after completion of the Transaction and pro forma EBITDA of \$829.6 million for the 12 months ended 31 December 2016 (excluding synergies). Refer to Appendix A for further details

<sup>8</sup> Calculated as pro forma net debt of \$1,222.9 million after the impact of the Transaction divided by the sum of pro forma net debt and pro forma equity of \$3,099.6 million after the impact of the Transaction. Refer to Appendix A for further details

<sup>9</sup> Downer will conduct a review on completion of the Transaction to validate its synergy expectations and to identify further opportunities

## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)



## DOWNER'S STRATEGY

Downer's strategy is focused on three key elements, as articulated at our 2016 Investor Day

- 1. DRIVE IMPROVEMENT IN EXISTING BUSINESSES**
  - leverage our brand
  - reduce costs, increase efficiency and productivity
  - improve revenue management
- 2. INVEST IN GROWTH**
  - strengthen market leading positions, capability and "IP"
  - technology
  - we have a strong balance sheet
  - strategic M&A
- 3. CREATE NEW POSITIONS**
  - government outsourcing
  - adjacent sectors
  - geographic expansion

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## TRANSACTION HIGHLIGHTS

Strengthens Downer's position as a leading integrated services provider with resilient earnings and long term customer relationships

- Delivers on Downer's strategic objectives**
  - Continues Downer's transformation towards a more stable services-focused business with resilient earnings
  - Enhances contract portfolio, with long term contracts that provide high certainty over revenues
  - Contributes complementary, high quality customer base
  - Creates an integrated services provider with a comprehensive range of capabilities
- Highly experienced Downer management team has the capabilities to manage and add value to the Spotless business**
  - Robust financial discipline and risk management processes
  - Track record in executing turnarounds and integrating large acquisitions
  - Specialist team working on entry into facilities and social infrastructure services
- Well positioned for growth across the businesses within the combined portfolio**
  - Leading market positions across key sectors positions the business to benefit from continued trend towards outsourcing
  - Robust balance sheet on completion supports ability to continue investing in existing businesses and pursue future growth opportunities such as bolt-on acquisitions across the portfolio
- Increased market relevance**
  - Combined revenues of **c.\$10.5 billion**, **1 c.55,000 employees** and pro forma market capitalisation of over **\$4 billion**<sup>2</sup>
- Financially compelling transaction, with potential to realise synergies and value accretion**
  - Pro forma FY17 EPS accretion on an NPATA basis before synergies of around 10%<sup>3</sup>
  - Combination of the two businesses expected to deliver pre-tax cost synergies of approximately **\$20-40 million per annum over time**<sup>4</sup>

1 12 months ended 31 December 2016. Based on statutory revenue for Spotless. Based on Total Revenue for Downer, which is a non-statutory disclosure and which includes \$534 million from Downer's share of revenue from equity accounted joint ventures and associates. Excluding Downer's share of revenue from equity accounted joint ventures and associates, the Combined Group revenue is \$9.9 billion

2 Based on 424.8 million current shares on issue for Downer, plus 169.9 million shares expected to be issued under the Entitlement Offer, at the theoretical ex-rights price ("TERP") of \$7.00

3 Pro forma FY17 EPS accretion on a NPATA basis reflects the impact of the acquisition as if it had occurred on 1 July 2016. FY17 NPATA is based on Downer's earnings guidance included in this Presentation, being underlying NPAT (NPAT excluding Transaction costs) of \$175 million, the mid-point of Spotless' underlying NPAT guidance announced on 28 February 2017, being \$85 million (midpoint of \$80-\$90 million range) and the impact of the additional interest expense (post-tax) that would have been incurred as a result of incremental debt drawn down as part of the Transaction. NPATA used to calculate the EPS accretion excludes the impact of integration, implementation and Transaction costs. Spotless does not disclose acquired intangibles amortisation for the FY17 forecast, and in the absence of this information, for the purposes of deriving EPS accretion, Downer has used Spotless' FY16 acquired intangibles amortisation expense of \$10.1 million (\$7.1 million after-tax), disclosed in Spotless' audited financial statements for the year ended 30 June 2016, as a proxy for Spotless' FY17 amortisation of acquired intangibles. For the purposes of the calculation, Downer's standalone earnings per share has been adjusted for the bonus element of the Entitlement Offer

4 Downer will conduct a review on completion of the transaction to validate its synergy expectations and to identify further opportunities

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## DOWNER TRADING UPDATE

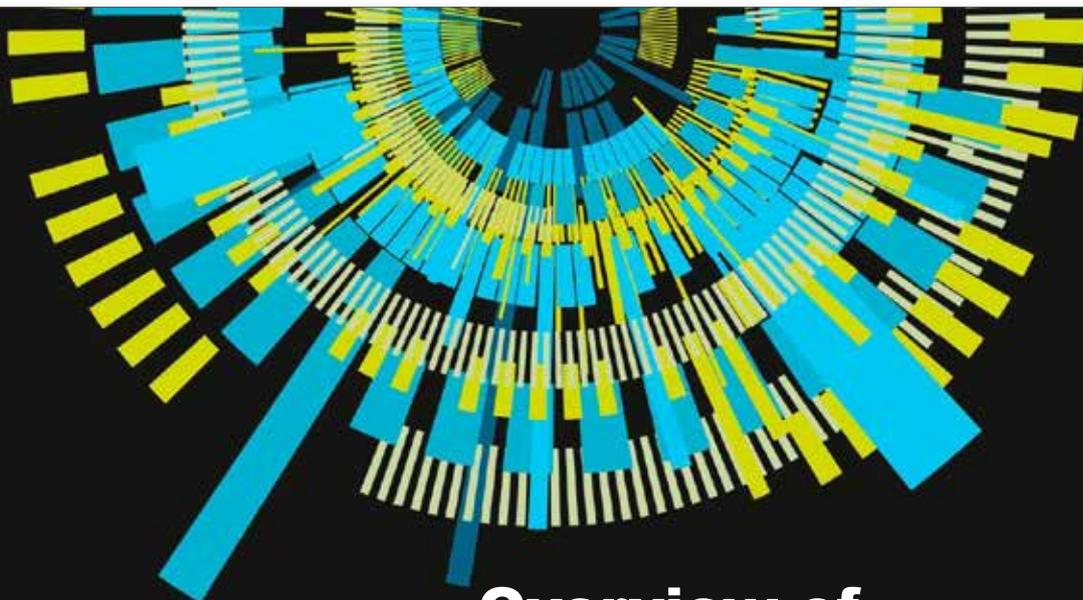


- Strong operating performance across each of Downer's segments has continued into the second half of FY17
- Guidance to deliver standalone underlying<sup>1</sup> net profit after tax of at least \$175 million for FY17
- Downer continues to assess opportunities to drive organic growth, examine strategic acquisitions and rationalise its existing businesses

<sup>1</sup> Downer underlying net profit after tax excludes the impacts of the Transaction and associated Transaction costs

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# Overview of Spotless and the Transaction

## Section 2



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## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)



## OVERVIEW OF THE TRANSACTION

Offer to acquire all of the issued share capital of Spotless not already owned by Downer by way of an off-market takeover offer

**Offer consideration**

- \$1.15 in cash per Spotless share ("Offer Price")
- The Offer Price represents an attractive premium of:
  - 59% to the closing price of Spotless shares on 20 March 2017, being the last trading day before the announcement of the Transaction;
  - 45% to the VWAP of Spotless shares since 28 February 2017 (the date on which Spotless released its results for the six months ended 31 December 2016);<sup>1</sup>
  - 42% to the 1-month VWAP of Spotless shares up to and including 20 March 2017;<sup>2</sup> and
  - 55% to the average analyst 12 month price target of \$0.74 for Spotless shares<sup>3</sup>

**Existing Downer interest in Spotless**

- Downer has an interest equivalent to 19.99% in the issued share capital of Spotless, which is comprised of:
  - 15.0% shareholding acquired on 20 March 2017 at a weighted average price of \$1.146 per Spotless share
  - economic interest equivalent to 4.99%, accumulated via total return cash settled equity swap, at a weighted average reference price of \$0.815 per Spotless share

**Key conditions**

- 90% minimum acceptance condition (including Downer's existing holding)
- No reduction in the FY17 earnings guidance provided by Spotless in February 2017 of net profit after tax (pre-exceptional items) of \$80-90 million
- Required regulatory approvals, and other conditions as summarised in Appendix C

**Dividends**

- Under the Offer, Spotless shareholders will be entitled to be paid the 1H17 dividend declared by Spotless in its 1H17 Results Announcement on 28 February 2017 (to be paid on 7 April 2017)

1 VWAP is calculated based on cumulative value divided by cumulative volume traded on the ASX and Chi-X. VWAP calculated from 28 February 2017-20 March 2017 (inclusive). Source: IRESS  
2 VWAP is calculated based on cumulative value divided by cumulative volume traded on the ASX and Chi-X. VWAP calculated from 21 February 2017-20 March 2017 (inclusive). Source: IRESS  
3 Based on broker price targets sourced from broker research reports. Refer to the Important Notices and Disclaimer section of this Presentation for further information on the broker price targets

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## REASONS FOR SPOTLESS SHAREHOLDERS TO ACCEPT DOWNER'S OFFER

- 1 Offer Price represents a substantial premium to recent trading levels and compelling value for Spotless Shares
- 2 Offer is materially higher than the range of broker 12 month price targets and valuations for Spotless<sup>1</sup>
- 3 Spotless reported 1H17 results that were materially worse than the prior corresponding period across a number of key financial metrics, significantly reduced its recent dividend and has reset its dividend policy
- 4 Spotless' FY17 NPAT<sup>2</sup> guidance range implies a 31% to 39% decline from its FY16 NPAT and is also dependent upon a substantial increase in NPAT from 1H17 to 2H17
- 5 Spotless' share price has underperformed the ASX200 index in the last 24 months<sup>3</sup>
- 6 All cash offer with a certain value
- 7 Accepting the offer removes exposure to the risks associated with a continued investment in Spotless
- 8 Spotless' share price may fall if the offer is not successful and no alternative superior proposal emerges

1 Based on broker price targets sourced from broker research reports. Refer to the Important Notices and Disclaimer section of this Presentation for further information on the broker price targets  
2 Pre-exceptional items  
3 Source: IRESS

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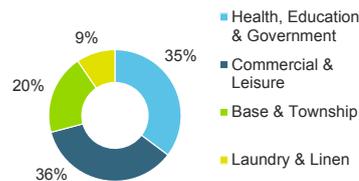


## OVERVIEW OF SPOTLESS

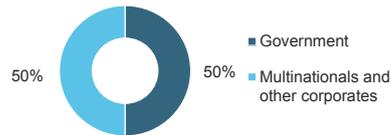
Spotless is a large scale provider of facility services in Australia and New Zealand

- Operates through two core segments
  - **Facility services** includes property maintenance (mechanical/electrical) and management (security, waste, grounds), catering (food supply and delivery) and cleaning
  - **Laundry services** involves the rental, cleaning, delivery and management of linen and workwear
- Diversified end markets, with services provided across four key customer sectors:
  - Health, Education and Government
  - Commercial and Leisure
  - Base and Township
  - Laundry and Linen
- Revenue of c.\$3.0 billion<sup>1</sup> and underlying EBITDA of c.\$309 million<sup>2</sup> (last 12 months to 31 December 2016)
- Revenue is largely generated through contractual arrangements with long term customers
  - diverse customer base includes government departments as well as large and medium sized domestic and global corporations

Revenue by customer sector<sup>3</sup>



Revenue by customer demographic<sup>4</sup>



Source: Spotless ASX filings

<sup>1</sup> Statutory revenue for the 12 months ended 31 December 2016

<sup>2</sup> Underlying EBITDA for the 12 months ended 31 December 2016. Excludes significant and exceptional items

<sup>3</sup> Revenue by customer sector for the 12 months ended 31 December 2016. The revenue by customer sector presented above is a non-statutory disclosure which includes \$38.9 million of inter-segment revenues and has been derived from Spotless' FY16 Annual Report. Spotless' reviewed financial statements for the six months ended 31 December 2015 and Spotless' reviewed financial statements for the six months ended 31 December 2016

<sup>4</sup> Spotless ASX filings as at 30 June 2016. Based on top 150 contracts by FY17 forecast revenue

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## SPOTLESS' OPERATING SEGMENTS

SEGMENTS	FACILITY SERVICES (91% of revenue)			LAUNDRIES (9% of revenue)
	Health, education & government	Commercial & leisure	Base & township	Laundry & linen
<b>Revenue by customer sector (12 months to 31 Dec 16)<sup>1</sup></b>	<p>35% \$1,081m</p>	<p>36% \$1,090m</p>	<p>20% \$602m</p>	<p>9% \$291m</p>
<b>Selected customers</b>	<b>Health</b> <ul style="list-style-type: none"> <li>▪ Hospitals</li> <li>▪ Aged care facilities</li> </ul> <b>Education</b> <ul style="list-style-type: none"> <li>▪ Universities &amp; colleges</li> <li>▪ High schools</li> </ul> <b>Government</b> <ul style="list-style-type: none"> <li>▪ Agencies</li> <li>▪ Public housing</li> <li>▪ Transport</li> <li>▪ Correctional facilities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Offices, retail space</li> <li>▪ Airports</li> <li>▪ Major sporting stadia</li> <li>▪ Entertainment, leisure and function facilities</li> </ul>	<b>Defence</b> <ul style="list-style-type: none"> <li>▪ Residential housing</li> <li>▪ Barracks and bases</li> </ul> <b>Resources</b> <ul style="list-style-type: none"> <li>▪ Remote mining towns</li> <li>▪ Mining support facilities</li> </ul>	<ul style="list-style-type: none"> <li>▪ Hospitals</li> <li>▪ Aged care facilities</li> <li>▪ Hotels</li> <li>▪ Serviced apartments</li> <li>▪ Motels</li> <li>▪ Workplaces</li> </ul>
<b>Services</b>	<ul style="list-style-type: none"> <li>▪ Facility management, catering and cleaning services</li> </ul>	<ul style="list-style-type: none"> <li>▪ Facility management, catering and cleaning services</li> </ul>	<ul style="list-style-type: none"> <li>▪ Integrated services contracts</li> </ul>	<ul style="list-style-type: none"> <li>▪ Centralised laundry services and linen plus uniform laundry services</li> </ul>

Source: Spotless ASX filings

<sup>1</sup> Revenue by customer sector for the 12 months ended 31 December 2016. The revenue by customer sector presented above is a non-statutory disclosure which includes \$38.9 million of inter-segment revenues and has been derived from Spotless' FY16 Annual Report. Spotless' reviewed financial statements for the six months ended 31 December 2015 and Spotless' reviewed financial statements for the six months ended 31 December 2016

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## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)




## SPOTLESS FINANCIAL OVERVIEW

Spotless standalone financial summary

A\$m	12 months to 31 Dec 2016	1H17	FY17
Revenue <sup>1</sup>	3,026	1,455	
Underlying EBITDA <sup>2</sup>	309	121	
Margin (%)	10.2%	8.3%	
Underlying EBITA <sup>2,3</sup>	208	70	
Margin (%)	6.9%	4.8%	
Underlying EBIT <sup>2</sup>	198	65	
Margin (%)	6.5%	4.5%	
Reported NPAT <sup>1</sup>	(284)	(358)	
Underlying NPAT <sup>2</sup>	116	33	80 - 90

Spotless management guidance as at 1H17 results on 28 February 2017

Source: Spotless ASX filings

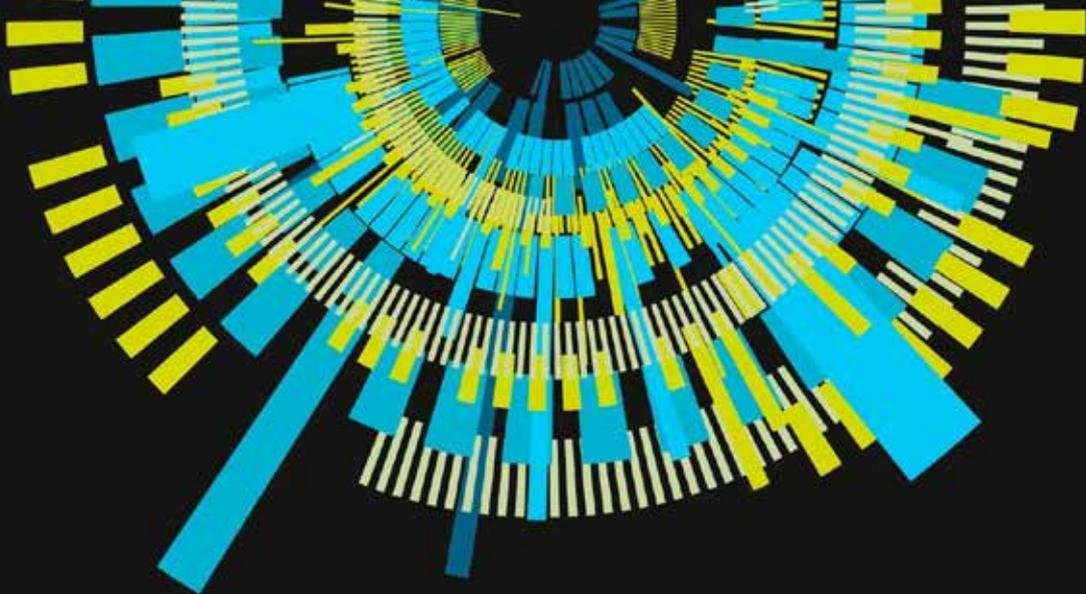
1 Spotless' income statements for the 12 months ended 31 December 2016 have been derived from Spotless' audited financial statements for the year ended 30 June 2016. Spotless' reviewed financial statements for the six months ended 31 December 2015 and Spotless' reviewed financial statements for the six months ended 31 December 2016. Spotless' income statement for the six months ended 31 December 2016 has been derived from Spotless' reviewed financial statements for the six months ended 31 December 2016.

2 Spotless' underlying income statements have been derived from Spotless' statutory income statements as derived per note 1 above, adjusted for the impact of the adjustments disclosed by Spotless in its Annual Report for the year ended 30 June 2016 and its half year report for the six months ended 31 December 2016. No additional adjustments have been made to Spotless' underlying results beyond the adjustments disclosed by Spotless. Refer to Appendix B for further information on Spotless' standalone financials for the 12 months ended 31 December 2016 and the six months ended 31 December 2016.

3 Downer calculates EBITA as EBIT adjusted to add back acquired intangibles amortisation expense. Spotless does not separately disclose acquired intangibles amortisation on a half yearly basis. In the absence of this information, for the purposes of deriving CY16 Spotless EBITA, Downer has used Spotless' FY16 acquired intangibles amortisation expense of \$10.1 million, disclosed in Spotless' audited Annual Report for the year ended 30 June 2016, as a proxy for Spotless' CY16 amortisation of acquired intangibles expense and 50% of this balance as a proxy for Spotless' 1H17 amortisation of acquired intangibles expense (\$5.1 million). For the avoidance of doubt, this metric is different to EBITA calculated by Spotless in its 1H17 Results Presentation dated 28 February 2017 and presented in the Bidder's Statement lodged with the ASX on the date of this Presentation, which Spotless has calculated as EBIT adjusted to add back total amortisation expense

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# Strategic rationale

## Section 3



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## STRATEGICALLY ALIGNED ACQUISITION

The acquisition of Spotless represents a significant investment in growth and drives the creation of new positions in adjacent sectors

### 1 Continues Downer's portfolio transformation

- Higher proportion of earnings from stable services businesses with resilient earnings
- De-risks Downer's portfolio while maintaining upside potential from continued resources recovery

### 2 Enhances contract portfolio

- Spotless' portfolio includes long term contracts providing high certainty over revenues

### 3 Contributes a complementary, high quality customer base

- Spotless has a diversified contract portfolio across a high quality customer base, with a high proportion of government-backed contracts

### 4 Extends services capabilities

- Creates an integrated services provider with a range of capabilities across facilities and asset management services

Downer has a highly experienced management team with the capabilities to manage and add significant value to Spotless' portfolio

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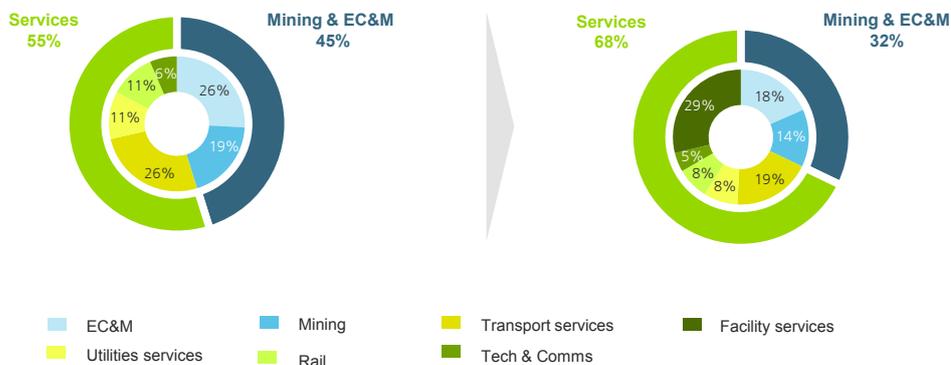
## 1. CONTINUES DOWNER'S PORTFOLIO TRANSFORMATION



The acquisition increases the proportion of earnings from services businesses

Downer Total Revenue<sup>1</sup>

Combined Group Total Revenue<sup>1</sup>



Source: Spotless ASX filings

<sup>1</sup> Based on 12 months ended 31 December 2016. The Downer revenue by segment presented above is a non-statutory disclosure which includes \$534 million from Downer's share of revenue from equity accounted joint ventures and associates and \$27.9 million from inter-segment revenues. Spotless revenue by segment included in the Combined Group revenue by segment above is a non-statutory disclosure which includes \$38.9 million from inter-segment revenues and has been derived from Spotless' FY16 Annual Report, Spotless' reviewed financial statements for the six months ended 31 December 2015 and Spotless' reviewed financial statements for the six months ended 31 December 2016

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## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)



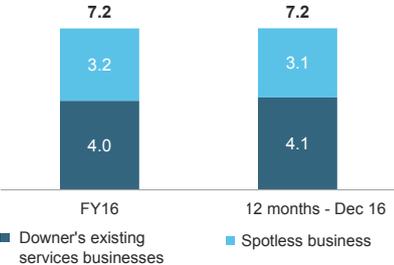


## 1. CONTINUES DOWNER'S PORTFOLIO TRANSFORMATION

#### Combined Group's services portfolio

- On a combined basis, total services revenue is in excess of **\$7 billion<sup>1</sup>**
- Enhanced capabilities across Downer's priority customer sectors, including Defence, Health, Education and other government contracts

#### Combined Group's services portfolio total revenue (\$ billion)



Period	Downer's existing services businesses	Spotless business	Total
FY16	4.0	3.2	7.2
12 months - Dec 16	4.1	3.1	7.2

Source: Spotless ASX filings, Spotless website

#### Spotless' presence across priority markets

Defence	<ul style="list-style-type: none"> <li><b>30 year relationship</b> with <b>Australian Department of Defence</b>, providing up to \$400m of services every year</li> <li>Other key contracts include provision of facility services to <b>NZ Defence Force</b></li> </ul>
Health	<ul style="list-style-type: none"> <li>Provision of services to hospitals for <b>40+ years</b></li> <li>Non-clinical support services for over <b>200 healthcare</b> facilities in ANZ</li> <li><b>5 hospital PPP</b> projects</li> </ul>
Education	<ul style="list-style-type: none"> <li>Growing contribution from PPPs, including NSW Schools, Southbank TAFE, South Australia Schools</li> </ul>
Government	<ul style="list-style-type: none"> <li>Government clients include New Zealand Department of Corrections, Parliament House, City of Melbourne, NSW Land and Housing Corporation</li> </ul>

<sup>1</sup> Based on 12 months ended 31 December 2016. Downer services revenue presented above includes revenue from the following Downer reporting segments: Transport Services, Tech & Comms Services, Utilities Services and Rail. It is a non-statutory disclosure which includes Downer's share of revenue from equity accounted joint ventures and associates and inter-segment revenues. Spotless revenue by segment presented above is a non-statutory disclosure which includes \$38.9 million from inter-segment revenues and has been derived from Spotless' FY16 Annual Report, Spotless' reviewed financial statements for the six months ended 31 December 2015 and Spotless' reviewed financial statements for the six months ended 31 December 2016

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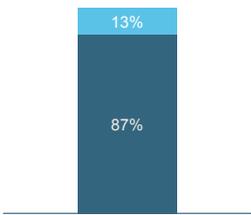


## 2. LONG TERM CONTRACTS

Spotless' portfolio includes long term contracts, providing high certainty over revenues

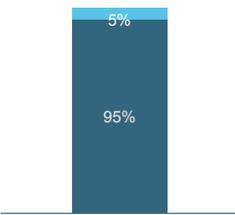
- ✓ High certainty over revenues
  - high proportion of contracted revenue
  - weighted average contract tenure of c.5 years<sup>1</sup>
  - embedded price growth mechanisms across majority of contracts<sup>2</sup>
- ✓ Significant exposure to attractive PPP contracts
  - Spotless currently contracted on 16 PPPs, with lifetime revenues of \$10.6 billion<sup>3</sup>
  - average tenure of c.28 years<sup>3</sup>
- ✓ Strong new business pipeline - \$1.6 billion<sup>3</sup>

#### Contracted revenue<sup>1</sup>



■ Non-contracted revenue  
■ Contracted revenue

#### Price growth<sup>2</sup>



■ No price growth mechanism  
■ Embedded price growth mechanism

Source: Spotless ASX filings  
<sup>1</sup> Spotless ASX filings as at 30 June 2016. Based on top 150 identified contracts by FY17 Forecast revenue  
<sup>2</sup> Spotless ASX filings as at 30 June 2016. Based on identified contracts greater than \$1 million annual revenue  
<sup>3</sup> Spotless ASX filings as at 31 December 2016

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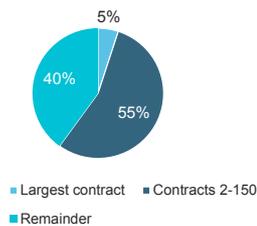
### 3. HIGH QUALITY CUSTOMER BASE



Spotless has a diversified contract portfolio across a high quality customer base

- ✓ Limited customer concentration
- ✓ High proportion of government backed contracts
- ✓ Strong contract renewal rates, supporting the development of long term customer relationships

Customer diversification<sup>1</sup>

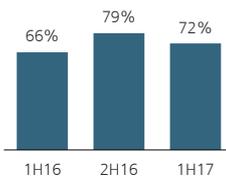


Customer demographic<sup>1</sup>

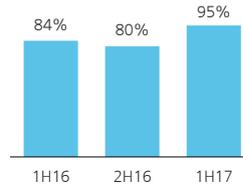


Contract renewal rates<sup>2</sup>

By annual revenue



By number of contracts



Source: Spotless ASX filings

1 At 30 June 2016. Based on top 150 identified contracts by FY17 Forecast revenue  
2 Spotless 1H17 results presentation

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### 4. EXTENDS SERVICES CAPABILITIES



Creates an integrated services provider with a comprehensive range of capabilities

- Provides Downer with expanded services capabilities across facilities and asset management services
- Opportunity to market combined Downer and Spotless services offerings to existing customers of each company

Core Spotless services

- ✓ Property maintenance and management
- ✓ Engineering
- ✓ Utilities
- ✓ Security
- ✓ Catering
- ✓ Cleaning
- ✓ Laundry

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## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)



## MANAGEMENT CAPABILITIES AND EXPERIENCE



Downer's management team has the experience and capabilities to manage and add value to the Spotless business

<b>1</b>	<p>Robust financial discipline and risk management processes</p> <ul style="list-style-type: none"> <li>✓ Consistently strong operating cash flow performance</li> <li>✓ Commitment to maintaining current investment grade credit rating</li> <li>✓ Detailed risk management processes</li> <li>✓ Safety leadership</li> </ul>	<ul style="list-style-type: none"> <li>▪ EBITDA to operating cash flow conversion of c.90%<sup>1</sup> for FY14-FY16</li> <li>▪ Tenders and Contracts Committee and Board Tender Risk Evaluation Committee</li> <li>▪ Project Management Office</li> </ul>
<b>2</b>	<p>Substantial turnaround of Downer business</p> <ul style="list-style-type: none"> <li>✓ Track record in delivering on guidance</li> <li>✓ Substantial cost efficiencies and productivity gains</li> <li>✓ Investment in core systems</li> </ul>	<ul style="list-style-type: none"> <li>▪ "Fit 4 Business" program - \$600 million of cost savings as at June 2016</li> <li>▪ 2015 restructure along service lines and rebranding</li> </ul>
<b>3</b>	<p>Execution and integration of large transactions</p> <ul style="list-style-type: none"> <li>✓ Maintaining focus on customers and business performance</li> <li>✓ Retaining key talent</li> <li>✓ Identifying and delivering synergies</li> </ul>	<ul style="list-style-type: none"> <li>▪ \$300m acquisition of Tenix in 2014                             <ul style="list-style-type: none"> <li>– enhanced capabilities (power, gas, water, renewables)</li> <li>– retained key talent</li> <li>– delivered c.\$25 million of pre-tax cost savings</li> </ul> </li> </ul>
<b>4</b>	<p>Experienced specialist team working on entry into facility services and social infrastructure services</p>	

1 EBITDA to adjusted operating cash flow. Adjusted operating cash flow calculated as reported operating cash flow excluding net interest paid and income tax received / paid

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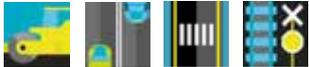
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## COMBINED GROUP STRUCTURE



The Combined Group will consist of seven service lines

<div style="border: 1px solid #0070C0; border-radius: 10px; padding: 5px; margin-bottom: 10px;"> <div style="background-color: #0070C0; color: white; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> <span>Transport Services</span>  </div> </div> <div style="border: 1px solid #0070C0; border-radius: 10px; padding: 5px; margin-bottom: 10px;"> <div style="background-color: #0070C0; color: white; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> <span>Rail</span>  </div> </div> <div style="border: 1px solid #0070C0; border-radius: 10px; padding: 5px; margin-bottom: 10px;"> <div style="background-color: #0070C0; color: white; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> <span>Utilities Services</span>  </div> </div> <div style="border: 1px solid #0070C0; border-radius: 10px; padding: 5px;"> <div style="background-color: #0070C0; color: white; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> <span>Facilities services</span>  </div> </div>	<div style="border: 1px solid #0070C0; border-radius: 10px; padding: 5px; margin-bottom: 10px;"> <div style="background-color: #0070C0; color: white; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> <span>Technology and Communications Services</span>  </div> </div> <div style="border: 1px solid #0070C0; border-radius: 10px; padding: 5px; margin-bottom: 10px;"> <div style="background-color: #0070C0; color: white; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> <span>Engineering, Construction and Maintenance</span>  </div> </div> <div style="border: 1px solid #0070C0; border-radius: 10px; padding: 5px;"> <div style="background-color: #0070C0; color: white; padding: 5px; display: flex; justify-content: space-between; align-items: center;"> <span>Mining</span>  </div> </div>
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## MANAGEMENT AND GROWTH PLAN

Downer management is well prepared to manage and grow the Spotless businesses, drawing on their prior execution and services experience

### Preparation

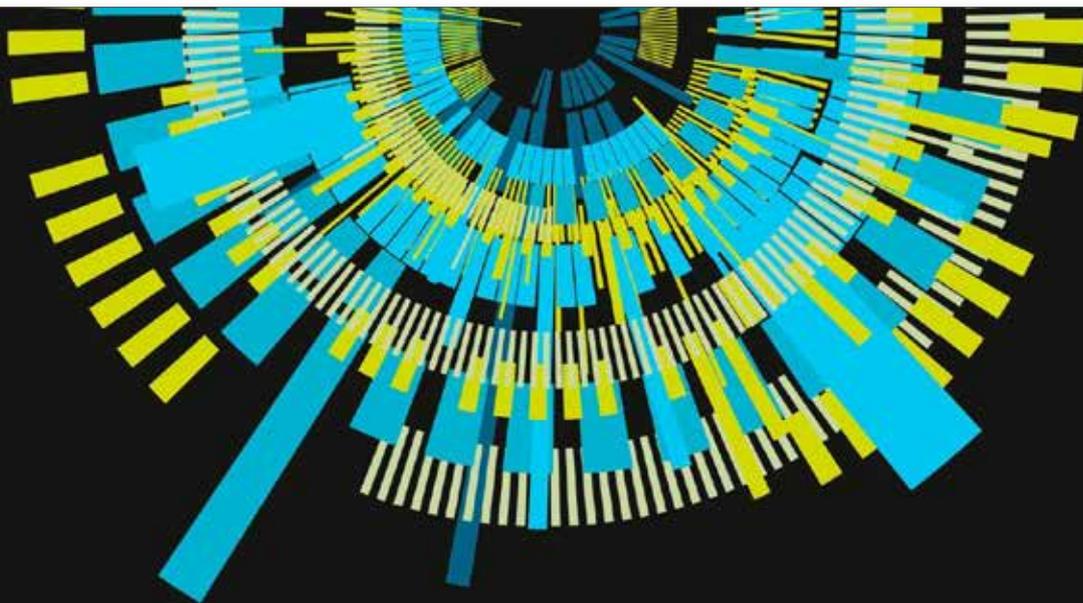
- Highly experienced project team established in 2016 to develop Downer's capabilities with respect to facilities and social infrastructure services
  - business has been actively monitoring potential acquisition opportunities and building expertise
- Internal project management team established to manage transition
  - focused on ability to drive benefits from complementary service offerings across the two businesses

### Management Priorities

- ✓ Focus on Spotless customers and service delivery
- ✓ Clear leadership and management accountability
- ✓ Talent retention
- ✓ Ensure robust financial and business processes
- ✓ Identification and delivery of synergies

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## Transaction impact on Downer

### Section 4



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## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)




## FINANCIALLY COMPELLING TRANSACTION

EPS accretive transaction on an NPATA basis before synergies<sup>1</sup>, with the potential to drive further accretion through the realisation of synergies

<b>EPS accretion</b>	<ul style="list-style-type: none"> <li>▪ EPS accretive on a pro forma FY17 NPATA basis<sup>1</sup> <ul style="list-style-type: none"> <li>– <b>Around 10%</b> accretion anticipated before any synergies<sup>1</sup></li> <li>– <b>Mid-high teens</b> accretion assuming \$20 million of run-rate synergies<sup>2</sup></li> </ul> </li> </ul>
<b>Pro forma gearing</b>	<ul style="list-style-type: none"> <li>▪ Downer is committed to maintaining its current investment grade rating following the Transaction</li> <li>▪ Conservative transaction funding structure, with quantum of debt sized to ensure appropriate gearing levels and business' ability to continue delivering operationally</li> <li>▪ Pro forma net debt / EBITDA of approximately <b>1.5x</b><sup>3</sup> and pro forma gearing of approximately <b>28%</b><sup>4</sup> on completion of the Transaction <ul style="list-style-type: none"> <li>– strong operating cash flows and de-gearing anticipated post the Transaction</li> </ul> </li> </ul>
<b>Synergies</b>	<ul style="list-style-type: none"> <li>▪ Downer has conducted its synergies analysis on the basis of external information</li> <li>▪ On this basis, Downer conservatively estimates that approximately \$20-40 million per annum of cost synergies will be realised through the combination of Downer and Spotless over time <ul style="list-style-type: none"> <li>– synergies expected to be realised predominantly through reduction in head office and corporate costs</li> </ul> </li> <li>▪ A review will be undertaken on completion of the Transaction to validate Downer's synergy expectations and ensure that Spotless' business and assets are operating efficiently and competitively</li> </ul>
<b>Dividend policy</b>	<ul style="list-style-type: none"> <li>▪ There is no expectation for the dividend policy of Downer to change as a result of the proposed Transaction</li> <li>▪ Dividends will continue to be determined by the Board of Downer at the time, taking into account the Combined Group's ability to continue as a going concern, to invest in opportunities that grow the business and enhance shareholder value</li> </ul>

<sup>1</sup> Pro forma FY17 EPS accretion on a NPATA basis reflects the impact of the acquisition as if it had occurred on 1 July 2016. FY17 NPATA is based on Downer's earnings guidance included in this presentation, being underlying NPAT (NPAT excluding Transaction costs) of \$175 million, the mid-point of Spotless' underlying NPAT guidance announced on 28 February 2017, being \$85 million (midpoint of \$80-\$90 million range) and the impact of the additional interest expense (post-tax) that would have been incurred as a result of incremental debt drawn down as part of the Transaction. NPATA used to calculate the EPS accretion excludes the impact of integration, implementation and Transaction costs. Spotless does not disclose acquired intangibles amortisation for the FY17 forecast, and in the absence of this information, for the purposes of deriving EPS accretion, Downer has used Spotless' FY16 acquired intangibles amortisation expense of \$10.1 million, disclosed in Spotless' audited financial statements for the year ended 30 June 2016, as a proxy for Spotless' FY17 amortisation of acquired intangibles. For the purposes of the calculation, Downer's standalone earnings per share has been adjusted for the bonus element of the Entitlement Offer.  
<sup>2</sup> Pro forma FY17 EPS accretion inclusive of synergies, is calculated on the same basis as per note 1 above, but includes the assumed impact of \$20 million of run rate synergies (\$14 million post-tax)  
<sup>3</sup> Based on 31 December 2016 Combined Group pro forma net debt of \$1,222.9 million (being pro forma debt of \$1,878.9 million less pro forma cash of \$656.0 million) after completion of the Transaction and pro forma EBITDA of \$829.6 million for the 12 months ended 31 December 2016 (excluding synergies). Refer to Appendix A for further details  
<sup>4</sup> Calculated as pro forma net debt of \$1,222.9 million after the impact of the Transaction divided by the sum of pro forma net debt and pro forma equity of \$3,099.6 million after the impact of the Transaction. Page 29  
Refer to Appendix A for further details  
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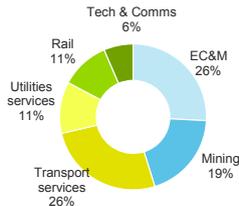
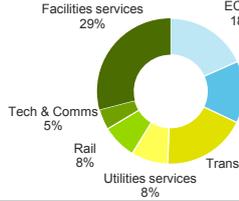



## COMBINED GROUP

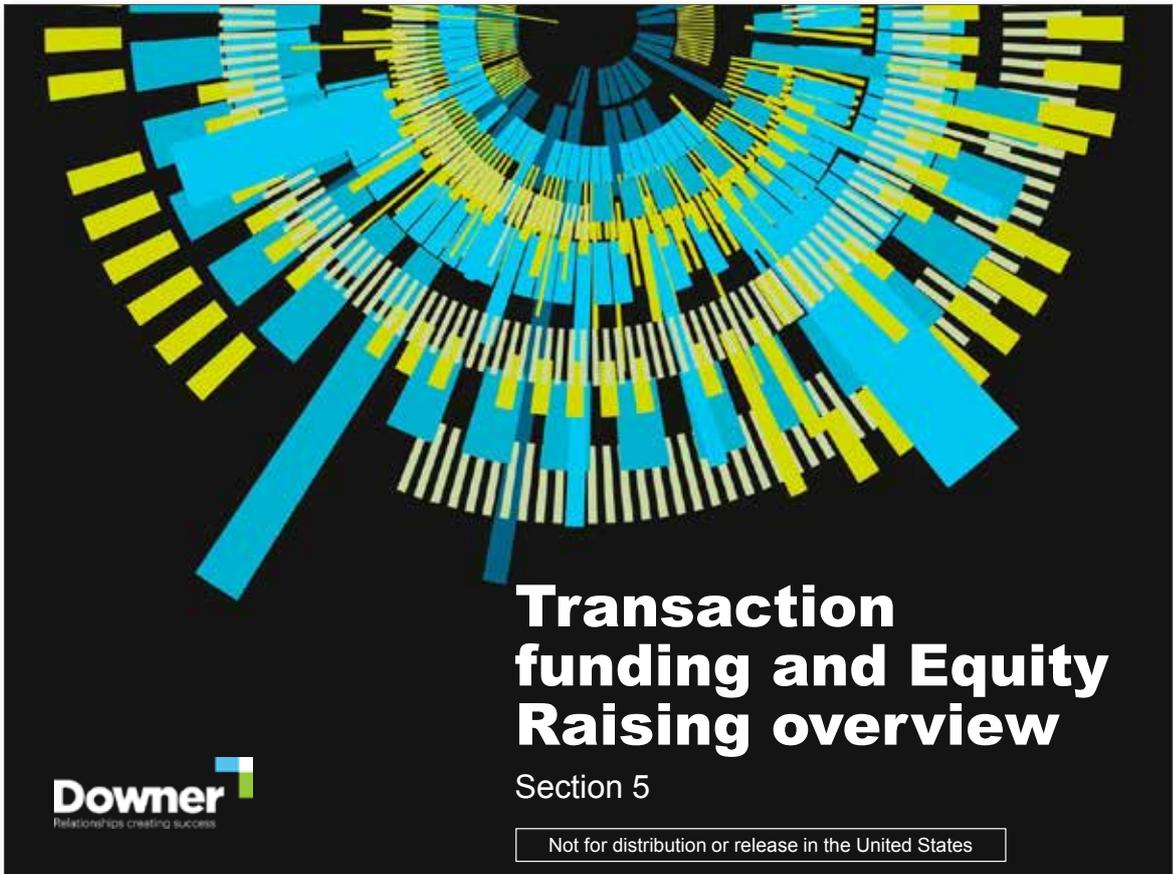
Largest genuinely diversified services group in Australia and New Zealand

	Downer pre-transaction		Combined Group
Total Revenue <sup>1</sup>	\$7.5 billion	➔	\$10.5 billion
Underlying EBITA <sup>2</sup>	\$291 million	➔	\$519 million
Employees	c.19,000	➔	c.55,000

Revenue by segment<sup>3</sup>


➔


Source: Spotless ASX filings  
<sup>1</sup> Based on the 12 months ended 31 December 2016. Based on statutory revenue for Spotless. Based on Total Revenue for Downer, which is a non-statutory disclosure and which includes \$534 million from Downer's share of revenue from equity accounted joint ventures and associates. Excluding Downer's share of revenue from equity accounted joint ventures and associates, Downer's revenue is \$6.9 billion, and the Combined Group revenue is \$9.9 billion  
<sup>2</sup> Represents underlying EBITA for the 12 months ended 31 December 2016, excluding exceptional and significant items and before amortisation of identifiable intangibles arising from acquisitions. Includes \$20 million of estimated run-rate synergies. Spotless does not separately disclose acquired intangibles amortisation on a half yearly basis. In the absence of this information, for the purposes of deriving CY16 Spotless EBITA, Downer has used Spotless' FY16 acquired intangibles amortisation expense of \$10.1 million, disclosed in Spotless' audited financial statements for the year ended 30 June 2016, as a proxy for Spotless' CY16 amortisation of acquired intangibles expense. See Appendix A for further details on the preparation of the pro forma financials for the Combined Group  
<sup>3</sup> Based on 12 months ended 31 December 2016. Downer revenue by segment presented above is a non-statutory disclosure which includes \$534 million from Downer's share of revenue from equity accounted joint ventures and associates and \$27.9 million from inter-segment revenues. Spotless revenue by segment included in the Combined Group revenue by segment above is a non-statutory disclosure which includes \$38.9 million from inter-segment revenues and has been derived from Spotless' FY16 Annual Report, Spotless' reviewed financial statements for the six months ended 31 December 2015 and Spotless' reviewed financial statements for the six months ended 31 December 2016. Page 30  
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## TRANSACTION FUNDING



<b>Acquisition value</b>	<ul style="list-style-type: none"> <li>▪ \$1.15 in cash per Spotless share</li> <li>▪ Implies a diluted Equity Value of c.\$1,272 million<sup>1</sup> and Enterprise Value of c.\$2,120 million<sup>2</sup></li> <li>▪ Total estimated transaction costs of \$50 million</li> </ul>
<b>Funding</b>	<ul style="list-style-type: none"> <li>▪ Acquisition to be funded through a combination of proceeds from the Entitlement Offer and committed debt facilities</li> </ul>
<b>Equity raising</b>	<ul style="list-style-type: none"> <li>▪ Fully underwritten equity raising of approximately \$1,011 million</li> </ul>
<b>Debt financing</b>	<ul style="list-style-type: none"> <li>▪ Committed acquisition debt facility in place</li> <li>▪ Standby bridge debt facility in place to bridge Spotless debt in the event any change of control is triggered under existing Spotless facilities</li> </ul>

Notes:  
 1 Based on 1,098.3 million ordinary shares on issue plus 7.7 million estimated 'in the money' options and rights based on Spotless' Appendix 3B dated 24 November 2016 and FY16 Annual Report  
 2 Based on Spotless' net debt of \$848 million as at 31 December 2016

## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)

EQUITY RAISING OVERVIEW	
<b>Structure</b>	<ul style="list-style-type: none"> <li>Fully underwritten c.\$1,011 million accelerated renounceable entitlement offer with retail rights trading ("Entitlement Offer")</li> <li>Each member of the Downer Board has stated they intend to participate in the Entitlement Offer to the extent that their financial circumstances permit</li> <li>Under the Entitlement Offer, eligible shareholders are entitled to 2 New Shares for every 5 existing ordinary shares held on the record date</li> </ul>
<b>Offer Price</b>	<ul style="list-style-type: none"> <li>\$5.95 per New Share</li> <li>19.8% discount to Downer's closing price of \$7.42 on the ASX on Monday, 20 March 2017</li> <li>15.0% discount to the theoretical ex-rights price (TERP) of \$7.00<sup>1</sup></li> </ul>
<b>Institutional Offer</b>	<ul style="list-style-type: none"> <li>Institutional Entitlement Offer opens on Tuesday, 21 March and closes on Wednesday, 22 March</li> <li>Entitlements not taken up, and entitlements that would have been offered to ineligible shareholders, will be sold in the institutional shortfall bookbuild to open on Wednesday, 22 March and conclude on Thursday, 23 March</li> </ul>
<b>Retail Entitlement Offer</b>	<ul style="list-style-type: none"> <li>Retail Entitlement Offer opens Thursday, 30 March and closes 5:00pm on Tuesday, 11 April</li> <li>Rights trading available from Friday, 24 March to Tuesday, 4 April</li> <li>Entitlements not taken up, and entitlements that would have been offered to ineligible shareholders, will be sold in the retail shortfall bookbuild to be conducted on Tuesday, 18 April</li> </ul>
<b>Ranking</b>	<ul style="list-style-type: none"> <li>New shares will rank equally with existing ordinary shares from their time of issue</li> </ul>
<b>Record date</b>	<ul style="list-style-type: none"> <li>7.00pm (Sydney time) Friday 24, March</li> </ul>

1 The theoretical ex-rights price is the theoretical price at which Downer shares should theoretically trade immediately after the ex-date for the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Downer shares trade immediately after the ex-date for the Entitlement Offer may vary from TERP. TERP is calculated by reference to Downer's closing price of \$7.42 per share on Monday, 20 March 2017, being the last trading day prior to the announcement of the Entitlement Offer.

Note: Dates and times are indicative only and subject to change without notice. Downer reserves the right to alter the dates in this presentation at its discretion and without notice, subject to the ASX Listing Rules and Corporations Act 2001 (Cth). All dates refer to 2017 and Sydney, Australia time.

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EQUITY RAISING TIMETABLE	
Event	Date
Institutional Entitlement Offer opens	Tuesday, 21 March
Institutional Entitlement Offer closes	Wednesday, 22 March
Institutional shortfall bookbuild opens	Wednesday, 22 March
Institutional shortfall bookbuild closes	Thursday, 23 March
Announcement of results of Institutional Entitlement Offer Trading Halt lifted Trading in ordinary shares resumes on an ex-entitlement basis Rights trading of retail entitlements only commences on a deferred settlement basis Record Date for Entitlement Offer (7.00pm Sydney time)	Friday, 24 March
Retail Entitlement Offer opens	Thursday, 30 March
Settlement of Institutional Entitlement Offer Rights trading of retail entitlements commences on a normal settlement basis	Friday, 31 March
Issue and trading of new shares under the Institutional Entitlement Offer	Monday, 3 April
Rights trading of retail entitlements ends	Tuesday, 4 April
Retail Entitlement Offer closes (5.00pm)	Tuesday, 11 April
Retail shortfall bookbuild	Tuesday, 18 April
Settlement of Retail Entitlement Offer	Friday, 21 April
Issue of new shares under the Retail Entitlement Offer	Monday, 24 April
New shares issued under the Retail Entitlement Offer commence trading on a normal settlement basis	Wednesday, 26 April
Despatch of holding statements for new shares under Retail Entitlement Offer	Thursday, 27 April

Note: Dates and times are indicative only and subject to change without notice. Downer reserves the right to alter the dates in this presentation at its discretion and without notice, subject to the ASX Listing Rules and Corporations Act 2001 (Cth). All dates refer to 2017 and Sydney, Australia time.

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## SUMMARY



- Delivers on strategy
  - Continues Downer's portfolio transformation towards a more stable, services-focused business with resilient earnings
  - Spotless has long term contracts with high quality customers that provide high certainty over revenues
  - Creates an integrated services group with a comprehensive range of capabilities
- Downer has a highly experienced management team with a track record in delivery, executing turnarounds and integrating large acquisitions
- Well positioned for further growth across the portfolio, with leading market positions across key sectors and a robust balance sheet
- Increased market relevance, with combined revenues of c.\$10.5 billion<sup>1</sup>, c.55,000 employees and pro forma market capitalisation of over \$4 billion<sup>2</sup>
- Expected to be EPS accretive on an NPATA basis before synergies, with the opportunity to drive further accretion through the realisation of synergies<sup>3</sup>

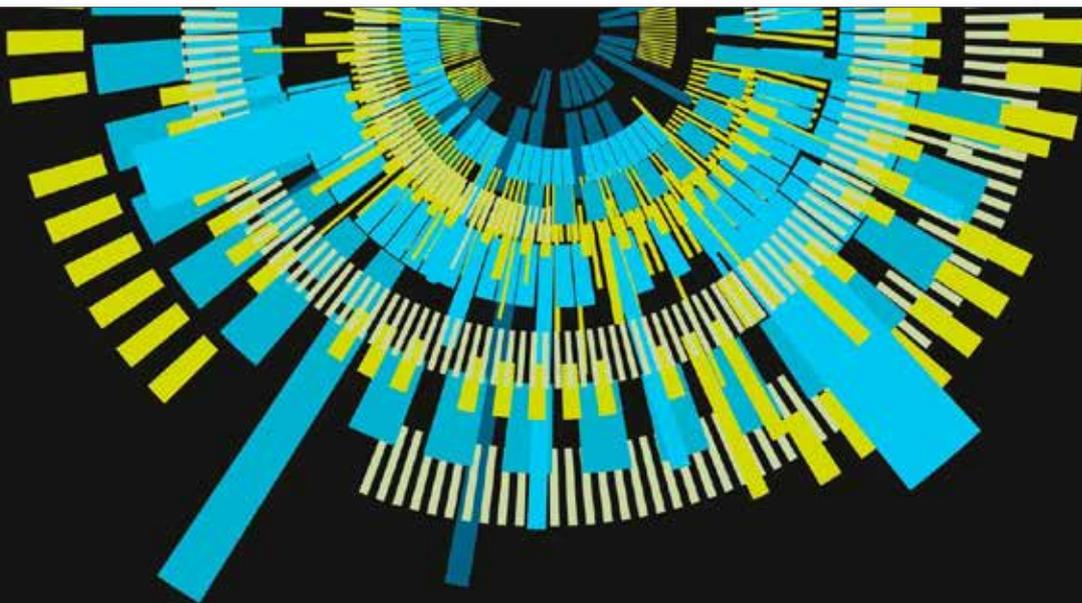
<sup>1</sup> 12 months ended 31 December 2016. Based on Total Revenue for Downer, which is a non-statutory disclosure and which includes \$534 million from Downer's share of revenue from equity accounted joint ventures and associates. Excluding Downer's share of revenue from equity accounted joint ventures and associates, the Combined Group revenue is \$9.9 billion

<sup>2</sup> Based on 424.8 million current shares on issue for Downer, plus 169.9 million shares expected to be issued under the Entitlement Offer, at the theoretical ex-rights price ("TERP") of \$7.00

<sup>3</sup> Pro forma FY17 EPS accretion on a NPATA basis reflects the impact of the acquisition as if it had occurred on 1 July 2016. FY17 NPATA is based on Downer's earnings guidance included in this presentation, being underlying NPAT (NPAT excluding Transaction costs) of \$175 million, the mid-point of Spotless' underlying NPAT guidance announced on 28 February 2017, being \$85 million (midpoint of \$80-\$90 million range) and the impact of the additional interest expense (post-tax) that would have been incurred as a result of incremental debt drawn down as part of the Transaction. NPATA used to calculate the EPS accretion excludes the impact of integration, implementation and Transaction costs. Spotless does not disclose acquired intangibles amortisation for the FY17 forecast, and in the absence of this information, for the purposes of deriving EPS accretion, Downer has used Spotless' FY16 acquired intangibles amortisation expense of \$10.1 million, disclosed in Spotless' audited financial statements for the year ended 30 June 2016, as a proxy for Spotless' FY17 amortisation of acquired intangibles. For the purposes of the calculation, Downer's standalone earnings per share has been adjusted for the bonus element of the Entitlement Offer

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# Pro-forma financials

## Appendix A



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## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)



## BASIS OF PREPARATION



This section has been prepared to illustrate the pro forma historical financial information of Downer post the acquisition of Spotless ('Pro Forma Financial Information').

The Pro Forma Financial Information is based on information extracted from the audited consolidated financial statements of Downer and Spotless for the year ended 30 June 2016 and reviewed consolidated financial statements for the half years ended 31 December 2015 and 31 December 2016 and such other supplementary information as was considered necessary. It is presented in an abbreviated form insofar as it does not include all of the presentation disclosures, statements or comparative information as required by the Australian Accounting Standards ('AAS') applicable to annual general purpose financial reports prepared in accordance with the Corporations Act. The Pro Forma Financial Information has been prepared in order to give Downer shareholders an indication of the scale and size of Downer following completion of the proposed transaction.

The Pro Forma Financial Information has been prepared in accordance with the recognition and measurement principles of AAS, and includes the following adjustments (unless otherwise stated), which have been extracted from the Annual Reports and Half-Year Reports accompanying the financial statements of Spotless listed above. The adjustments have been made to exclude certain significant items to present underlying net profit after tax (NPAT) and NPAT adjusted to exclude amortisation of identifiable intangibles arising from acquisitions (NPATA):

- Impairment of goodwill, intangibles, property plant and equipment and other assets;
- Onerous contracts provisions;
- Other provisions and accruals;
- Tender costs write-offs; and
- Small bid costs written-off as part of a change in accounting policy.

Apart from the adjustments outlined in the notes to the Pro Forma Financial Information, no adjustments have been made to the historical financial information of Downer and Spotless. In particular, no adjustments have been made to allow for subsequent events unless specifically mentioned. The accounting policies adopted for the purposes of the Pro Forma Financial Information for Downer and Spotless are based on each entity's current accounting policies and income and expense treatments as outlined in their respective financial statements for the year ended 30 June 2016 and half years ended 31 December 2015 and 31 December 2016. As such, Pro Forma Financial Information of Downer (post transaction) excludes the impact of any accounting policy alignments that may be deemed necessary post transaction. In addition, the Pro Forma Financial Information excludes the amortisation of acquired intangibles as a purchase price allocation exercise has not yet been performed due to information limitations.

In addition, pro forma financial information in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the US Securities Exchange Commission, and such information does not purport to comply with Article 3-05 of Regulation S-X.

The financial information should be read in conjunction with the risk factors described in Appendix D of this Presentation as well as the accounting policies of Downer and Spotless as disclosed in their most recent financial reports.

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## PRO FORMA INCOME STATEMENT



### Pro forma income statement for the 12 months ending 31 December 2016

(\$m)	Downer statutory	Spotless statutory	Spotless underlying	Adjustments	Combined Group statutory	Combined group underlying
Revenue	6,920.0	3,025.5	3,025.5	-	9,945.5	9,945.5
EBITDA	520.2	(124.3)	309.4	20.0	415.9	849.6
EBITA	291.1	(229.4)	208.0	20.0	81.7	519.1
EBIT	284.5	(239.5)	197.9	20.0	65.0	502.4
NPAT	186.7	(284.0)	115.8	3.5	(93.8)	306.0
NPATA	191.3	(276.9)	122.9	3.5	(82.1)	317.7

Notes:

- 1 Downer's income statement for the 12 months ended 31 December 2016 has been derived from Downer's audited financial statements for the year ended 30 June 2016, Downer's reviewed financial statements for the six months ended 31 December 2015 and Downer's reviewed financial statements for the six months ended 31 December 2016.
- 2 Spotless' income statement for the 12 months ended 31 December 2016 has been derived from Spotless' audited financial statements for the year ended 30 June 2016, Spotless' reviewed financial statements for the six months ended 31 December 2015 and Spotless' reviewed financial statements for the six months ended 31 December 2016.
- 3 Spotless' underlying income statement has been derived from Spotless' statutory income statement as derived per note 2 above, adjusted for the impact of the adjustments disclosed by Spotless in its Annual Report for the year ended 30 June 2016 and its half year report for the six months ended 31 December 2016. No additional adjustments have been made to Spotless' underlying results beyond the adjustments disclosed by Spotless.
- 4 Pro forma adjustments represent the following:
  - a) Downer's conservative estimate of the annual run rate EBITDA synergies of \$20 million (\$14 million after tax) that Downer management expect to be realised post-acquisition. Downer management has estimated synergies of approximately \$20 - \$40 million per annum at full run rates that are expected to be able to be realised over time; and
  - b) The estimated additional interest expense of \$15.0 million (\$10.5 million after tax) that Downer expects to incur as a result of the assumed \$285.2 million of incremental debt drawn as part of the Transaction at an assumed interest rate of 5.3%
- 5 Downer calculates EBITA as EBIT plus acquired intangibles amortisation expense
- 6 Spotless does not separately disclose acquired intangibles amortisation on a half yearly basis. In the absence of this information, for the purposes of deriving CY16 Combined Group EBITA and NPATA, Downer has used Spotless' FY16 acquired intangibles amortisation expense of \$10.1 million (\$7.1 million after tax), disclosed in Spotless' audited Annual Report for the year ended 30 June 2016, as a proxy for Spotless' CY16 amortisation of acquired intangibles expense
- 7 As noted (over the page) in respect of the Combined Group pro forma balance sheet, the post-acquisition purchase price allocation exercise may result in a reallocation of the fair value of assets and liabilities in the combined group's balance sheet. Accordingly, this may also result in a materially different depreciation and amortisation profile in the combined group's income statement to that presented above (and a respective increase or decrease in net profit after tax).

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## PRO FORMA BALANCE SHEET



Pro forma balance sheet as at 31 December 2016

(\$m)	Downer as at 31 December 2016	Downer pro forma adjustments	Downer pro forma pre-Transaction	Transaction pro forma adjustments	Combined Group pro forma
<b>Assets</b>					
Cash and cash equivalents	602.1	756.9	1,359.0	(703.0)	656.0
Trade and other receivables	1,040.9	-	1,040.9	424.8	1,465.7
Property, plant and equipment	987.8	9.2	997.0	279.9	1,276.9
Intangible assets	1,032.5	64.2	1,096.7	1,725.4	2,822.1
Other assets	462.4	239.3	701.7	(29.1)	672.6
<b>Total assets</b>	<b>4,125.7</b>	<b>1,069.6</b>	<b>5,195.3</b>	<b>1,698.0</b>	<b>6,893.3</b>
<b>Liabilities</b>					
Trade and other payables	928.9	-	928.9	278.8	1,207.7
Current borrowings	34.5	-	34.5	902.0	936.5
Non-current borrowings	587.8	73.4	661.2	281.2	942.4
Other liabilities	456.1	-	456.1	251.0	707.1
<b>Total liabilities</b>	<b>2,007.3</b>	<b>73.4</b>	<b>2,080.7</b>	<b>1,713.0</b>	<b>3,793.7</b>
<b>Net assets</b>	<b>2,118.4</b>	<b>996.2</b>	<b>3,114.6</b>	<b>(15.0)</b>	<b>3,099.6</b>
<b>Equity</b>					
Issued capital and reserves	1,426.0	997.2	2,423.2	-	2,423.2
Retained earnings	692.4	(1.0)	691.4	(15.0)	676.4
<b>Total equity</b>	<b>2,118.4</b>	<b>996.2</b>	<b>3,114.6</b>	<b>(15.0)</b>	<b>3,099.6</b>

**Notes:**

- 1 The Downer balance sheet as at 31 December 2016 has been derived from Downer's reviewed financial statements for the half year ended 31 December 2016.
- 2 The Downer Pro Forma pre-Transaction Balance Sheet represents the Downer balance sheet as at 31 December 2016, after adjusting for the impact of the following events, as if these events had taken place as at 31 December 2016:
  - a) The receipt of gross proceeds from the Offer of approximately \$1,011 million based on the issue of 169.9 million shares at an Offer price of \$5.95 per share, less \$19.7 million of Offer related transaction costs. A deferred tax asset of \$5.9 million has been recognised in relation to the transaction costs
  - b) The impact of entering into a cash settled total return equity swap in relation to 4.99% of the shareholding of Spotless
  - c) The acquisition of a 15.0% shareholding in Spotless that has been acquired immediately prior to the proposed transaction for consideration of \$188.8 million and associated transaction costs of \$0.5 million.
  - d) The acquisition of the construction, infrastructure and project management business of Hawkins announced by Downer on 8 March 2017

Notes continued on next page

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## PRO FORMA BALANCE SHEET (continued)



**Notes continued:**

- 3 The Combined Group pro forma balance sheet represents the Downer pro forma balance sheet as at 31 December 2016, after adjusting for the impact of the following events in respect of the Transaction, as if these events had taken place as at 31 December 2016:
  - a) The acquisition of the remaining 85% of Spotless shares and the close-out of the cash settled total return swap (4.99%) for net consideration of \$1,010.6 million based on the Offer price of \$1.15, the closing out of 'in the money' employee options and rights for net consideration of c.\$2.2 million based on an Offer price of \$1.15; and transaction costs of \$25.3 million. It is assumed that the acquisition will be funded out of available cash post the Offer and the drawdown of debt (refer note (b) below)
  - b) Drawdown of \$285.2 million of new acquisition debt under new debt facilities that Downer is entering into in respect of the Offer, offset by \$4.0 million of capitalised debt costs
  - c) It is assumed that Spotless' existing non-current debt of \$895.7 million will become current as part of the takeover. This debt is assumed to be replaced by a new standby bridge debt facility that Downer is entering into in conjunction with the Offer. For accounting purposes, this bridging facility is expected to be treated as a current liability as at the date of the Transaction
  - d) The consolidation of Spotless' assets and liabilities as at 31 December 2016, which have been derived from Spotless' reviewed financial statements for the half year ended 31 December 2016. As noted in the basis of preparation section of this Presentation, due to information limitations a purchase price allocation exercise is not able to be undertaken at the time of the Presentation. Accordingly, for the purposes of the Combined Group pro forma balance sheet, no adjustments have been made to the carrying values of Spotless' assets and liabilities, and the excess between the purchase price and net assets is reflected in the intangibles line. Downer will undertake a detailed purchase price allocation exercise post-acquisition which may result in changes to the fair value of assets and liabilities acquired and / or give rise to the recognition of separately identifiable intangible assets

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## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)



## IF LESS THAN 90% OF SPOTLESS IS ACQUIRED



- Downer is making an offer to acquire all of the issued share capital of Spotless which it does not already own, by way of an off-market takeover offer
  - 90% minimum acceptance condition (including Downer's existing holding) and other conditions as summarised in Appendix C
  - Downer has an interest equivalent to 19.99% in the issued share capital of Spotless, which is comprised of a 15.0% shareholding and an economic interest equivalent to 4.99%
- In the event that Downer acquires less than 90% of all Spotless shares (in instances where the minimum acceptance condition is waived by Downer and all other conditions are satisfied or waived):
  - Downer intends to retain its interest in Spotless, and reserves its right to increase its interest in the future;
  - Downer will seek Spotless board representation in line with its ultimate interest in order to influence the operation and management of the Spotless business; and
  - Downer will review its capital management position and consider whether a return of capital to its shareholders and/or an on-market buyback is appropriate, giving consideration to the on-going capital requirements of the business and growth strategy



## SPOTLESS FINANCIAL OVERVIEW

### Statutory and underlying profit and loss

A\$m	12 months to 31 Dec 2016 <sup>1</sup>		1H17 <sup>1</sup>	
	Statutory	Underlying <sup>2</sup>	Statutory	Underlying <sup>2</sup>
<b>Revenue</b>	<b>3,026</b>	<b>3,026</b>	<b>1,455</b>	<b>1,455</b>
<b>EBITDA</b>	<b>(124)</b>	<b>309</b>	<b>(299)</b>	<b>121</b>
Margin (%)	(4.1)%	10.2%	(20.5)%	8.3%
<b>EBITA<sup>3</sup></b>	<b>(229)</b>	<b>208</b>	<b>(354)</b>	<b>70</b>
Margin (%)	(7.6)%	6.9%	(24.3)%	4.8%
<b>EBIT</b>	<b>(240)</b>	<b>198</b>	<b>(359)</b>	<b>65</b>
Margin (%)	(7.9)%	6.5%	(24.6)%	4.5%
<b>NPAT</b>	<b>(284)</b>	<b>116</b>	<b>(358)</b>	<b>33</b>

Source: Spotless ASX filings

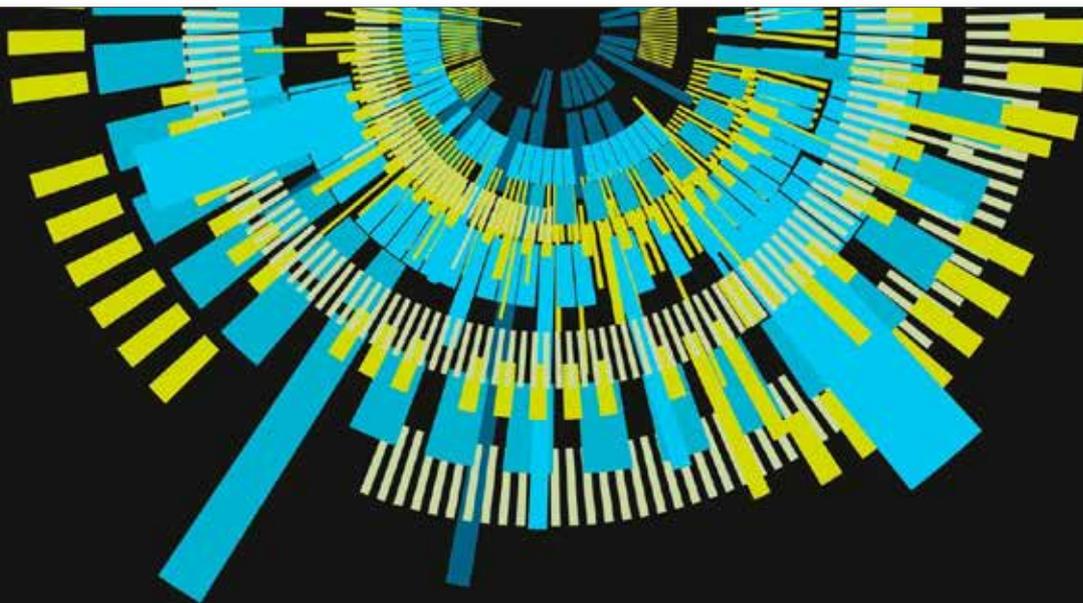
<sup>1</sup> Spotless' income statement for the 12 months ended 31 December 2016 has been derived from Spotless' audited financial statements for the year ended 30 June 2016. Spotless' reviewed financial statements for the six months ended 31 December 2015 and Spotless' reviewed financial statements for the six months ended 31 December 2016. Spotless' income statement for the six months ended 31 December 2016 has been derived from Spotless' reviewed financial statements for the six months ended 31 December 2016.

<sup>2</sup> Spotless' underlying income statements have been derived from Spotless' statutory income statements as derived per note 1 above, adjusted for the impact of the adjustments disclosed by Spotless in its Annual Report for the year ended 30 June 2016 and its half year report for the six months ended 31 December 2016. No additional adjustments have been made to Spotless' underlying results beyond the adjustments disclosed by Spotless.

<sup>3</sup> Downer calculates EBITA as EBIT adjusted to add back acquired intangibles amortisation expense. Spotless does not separately disclose acquired intangibles amortisation on a half yearly basis. In the absence of this information, for the purposes of deriving CY16 Spotless EBITA, Downer has used Spotless' FY16 acquired intangibles amortisation expense of \$10.1 million, disclosed in Spotless' audited Annual Report for the year ended 30 June 2016, as a proxy for Spotless' CY16 amortisation of acquired intangibles expense and 50% of this balance as a proxy for Spotless' 1H17 amortisation of acquired intangibles expense (\$5.1 million). For the avoidance of doubt, this metric is different to EBITA calculated by Spotless in its 1H17 Results Presentation dated 28 February 2017 and presented in the Bidder's Statement lodged with the ASX on the date of this Presentation, which Spotless has calculated as EBIT adjusted to add back total amortisation expense.

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## Key conditions of the Transaction

Appendix C

## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)



## KEY CONDITIONS

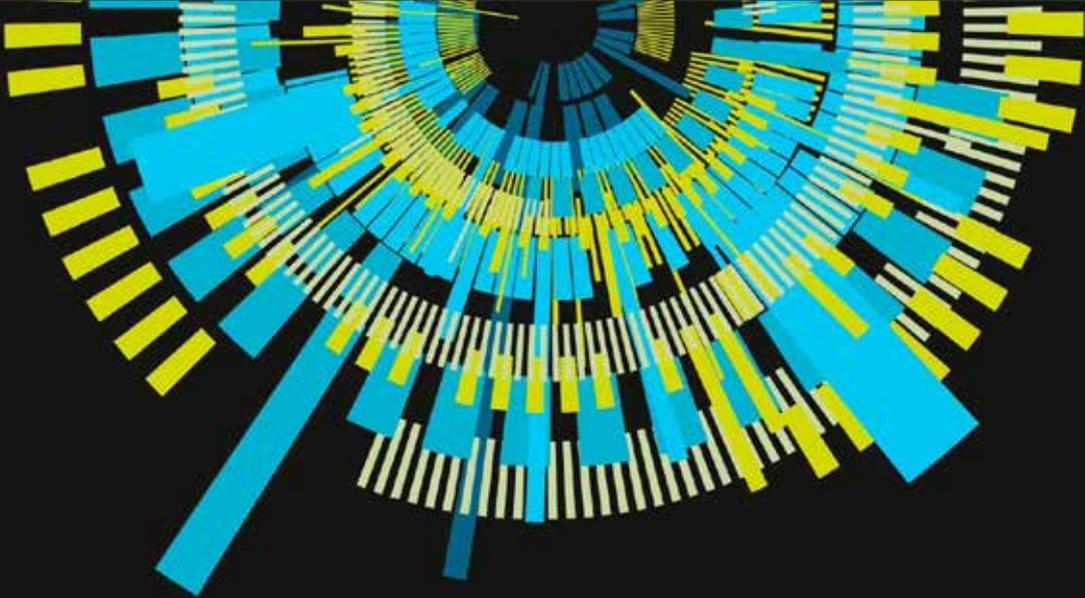
### Transaction – Conditions of Offer

The conditions of the offer under the Transaction, which are set out in the Bidder's Statement in full lodged with ASIC and ASX on 21 March 2017, are as follows:

- a 90% minimum acceptance condition (including Downer's existing holding);
- no reduction to the FY17 earnings guidance provided by Spotless in February 2017 of net profit after tax (pre-exceptional items) of \$80-\$90 million
- no change of control triggers exercised in respect of Spotless' existing debt facilities;
- no termination of the underwriting agreement in relation to the Entitlement Offer;
- no material acquisitions, disposals or significant events being undertaken by Spotless;
- all necessary approvals required by law or public authority (including New Zealand Overseas Investment Office consent (if required)) and no action by any public authorities which may adversely affect the Offer; and
- no prescribed occurrence (as listed in section 652C of the Corporations Act), in relation to Spotless.

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## Key risks

### Appendix D



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## KEY RISKS

There are a number of risks, of a general and specific nature, which may affect the future operating and financial performance of Downer, its investment returns and the value of its shares. Many of the circumstances giving rise to these risks are beyond the control of Downer.

This section describes certain specific areas that are believed to be the major risks associated with an investment in Downer. Broadly, these risks include:

- (a) risks associated with the Transaction;
- (b) risks specific to Downer's business and the industry in which Downer operates; and
- (c) general risks associated with the current economic conditions including, among other things, changes in legislation or regulatory policies and variations in prevailing exchange rates and interest rates.

Each of the risks described below could, if they eventuate, have a material adverse effect on Downer's operating and financial performance. You should note that the risks in this section are not exhaustive. There may be other risks which Downer is not presently aware of or may arise in the future, which may also have a material impact on Downer's performance. You should consider carefully the risks described in this section, as well as other information in this presentation, and consult your financial or other professional adviser before making an investment decision.

### RISKS ASSOCIATED WITH THE ACQUISITION OF SPOTLESS:

Acquisition Risk	Description
<b>Completion Risk</b>	<p>The acquisition of the outstanding shares in Spotless pursuant to the Transaction is conditional on a number of matters including Downer acquiring a relevant interest in 90% or more of the Spotless shares, the receipt of required regulatory approvals, the Underwriting Agreement not being terminated, no Spotless profit downgrade and no material acquisitions, disposals or significant events. For a full list of the conditions see Appendix C.</p> <p>If these conditions are not satisfied or waived, the acquisition under the Transaction will not complete. There may also be a substantial delay to completing the acquisition under the Transaction in order to satisfy some of the conditions.</p> <p>If the Transaction is not completed, or Downer acquires less than 100% of the shares in Spotless (including in circumstances where the 90% minimum acceptance condition is waived and all other conditions are satisfied or waived) and the full proceeds of the Entitlement Offer have not been applied to the acquisition of Spotless Shares, Downer will review its capital management position and consider whether a return of capital to its shareholders and/or an on market buy back is appropriate at the time, giving consideration to the ongoing capital requirements of Downer's business and growth strategy.</p> <p>If, following the Transaction, Downer has acquired less than 90% of the Spotless shares (which may be possible if Downer decides to waive the 90% minimum acceptance condition and all other conditions are satisfied or waived), Downer will not be able to realise the full benefits of owning Spotless as a wholly owned subsidiary. For instance, the benefits of tax consolidation will not be available and dealings with Spotless will, if Downer controls Spotless, be subject to the related party provisions of the Corporations Act (and, while Spotless is listed, ASX Listing Rule 10).</p>

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## KEY RISKS

Acquisition Risk	Description
<b>Reliance on public information disclosed by Spotless</b>	<p>Downer has relied on information made available by Spotless through Spotless' continuous and periodic disclosure obligations under the Corporations Act and the ASX Listing Rules. However, Downer has not been able to verify the accuracy, reliability or completeness of all the information which was disclosed by Spotless. In addition, there may be other potentially material information which Spotless has not disclosed in reliance of an exception to the continuous disclosure requirements set out in Listing Rule 3.1A.</p> <p>Similarly, Downer is relying on the reviewed financial information of Spotless in respect of the half-year ended 31 December 2016 as disclosed to ASX on 28 February 2017. On the basis of this information Downer has prepared the pro forma financial information for the combined Downer Group included in this presentation.</p> <p>Downer has also relied on the profit guidance provided by Spotless for FY17 for the purposes of calculating EPS accretion on a pro forma FY17 NPAT before amortisation basis as disclosed in this presentation. Spotless has in the past failed to meet its profit guidance so there is a risk that it may fail to meet its profit guidance for FY17.</p> <p>If the financial information in relation to Spotless proves to be incorrect, incomplete or misleading, or Spotless fails to meet its profit guidance for FY17, there is a risk that the actual financial position and performance of Spotless and/or the combined Downer Group may be materially different to the expectations reflected in this presentation.</p>
<b>Material contracts of Spotless</b>	<p>Spotless' material customer contracts may be terminable on notice or upon a change of control of Spotless. It is possible that in some cases contract counterparties may exercise their rights to terminate the contracts. As the Transaction is not conditional on such contract counterparties consenting to the change in control of Spotless or waiving their termination rights, (other than in respect of Spotless' financing arrangements) in the event that such contracts are not re-negotiated or replacement revenue is not secured in the future, the business, operating and financial performance of Spotless and the combined Downer and Spotless Group may be affected.</p>
<b>Spotless Debt</b>	<p>The Transaction may trigger a change of control condition in Spotless' debt facilities which may increase the costs of acquiring Spotless. As disclosed in the Bidder's Statement, Downer has entered into arrangements by way of a commitment letter for a standby bridge loan to be made available to Spotless to refinance Spotless' debt facilities (including any bonding facilities), which standby loan would (if called upon) be under the Spotless credit platform and will be non-recourse to Downer. In circumstances where Downer has acquired less than 100% of Spotless, it will be a decision of the board of Spotless as to whether to utilise the standby bridge loan.</p> <p>If the board does not utilise the standby bridge loan in these circumstances, Spotless is likely to need to renew its existing debt facilities in the short term. There is a risk that it is unable to renew its existing facilities or is only able to renew them on less favourable terms.</p>
<b>Risk of Takeovers Panel Proceedings</b>	<p>The Transaction is an off-market takeover offer under Chapter 6 of the Corporations Act. An interested party (such as Spotless, ASIC or a competing bidder if one emerges) may seek to commence proceedings in the Takeovers Panel in respect of the Transaction. If the Takeovers Panel agrees to conduct such proceedings, there may be a delay in completion of the Transaction and depending on the nature of the issue considered and whether the Takeovers Panel makes any orders there may be a material impact on the success of or the terms of the Transaction.</p>

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## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)




## KEY RISKS

Acquisition Risk	Description
<b>Risk of Competing Bidders</b>	<p>During the course of the Transaction, a third party may also make an offer to acquire a substantial or controlling interest in Spotless. The existence of a competing bidder may impede the success of the Transaction or prevent Downer from acquiring 100% of Spotless.</p>
<b>Equity Funding Risk</b>	<p>Downer has entered into an underwriting agreement under which the underwriter has agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the underwriting agreement. If certain events occur, the underwriter may terminate the underwriting agreement.</p> <p>Such "termination events" include: regulatory action being undertaken in respect of the Entitlement Offer, ASX refusing to grant quotation to the new shares to be issued under the Entitlement Offer, Downer being prevented from issuing the new shares under the Entitlement Offer, Downer ceasing to be admitted to the official list of ASX, a director of Downer being charged with an offence, being disqualified from managing a corporation or otherwise being the subject of a proposed regulatory action, Downer or a prescribed member of the Downer Group becoming insolvent, the Transaction being varied to increase the offer consideration or being withdrawn, or the offer period expiring ending without being declared free from all defeating conditions, termination of the debt documents entered into for the purposes of financing the Transaction, there being a disruption in financial markets which makes it impossible or impracticable to settle the Entitlement Offer, the documents released on ASX by Downer for the Entitlement Offer containing a false, misleading or deceptive statement (including by omission) in a material respect, a representation or warranty given by Downer to the underwriter becoming incorrect in a material respect, there being a change in law which materially impacts the Entitlement Offer, or hostilities arising which involve either Australia or the US or a state of emergency being declared in either of those countries.</p> <p>Termination of the underwriting agreement would have an adverse impact on the availability of the proceeds raised under the Entitlement Offer. In such a case, Downer may not have sufficient equity funding for the Transaction and a defeating condition under the Transaction will have been triggered.</p>

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## KEY RISKS

Acquisition Risk	Description
<b>Debt Funding Risk</b>	<p>Downer has entered into a commitment letter under which the mandated lead arrangers, underwriters and bookrunners (MLAUBs) have agreed to provide a bridge loan facility (<b>Bridge Loan Facility</b>) to finance in part the acquisition of the shares in Spotless pursuant to the Transaction and related expenses subject to the facility agreement being executed within 14 days of the Transaction being announced.</p> <p>There are "conditions precedent" to the availability of the funding under the Bridge Loan Facility including customary matters such as satisfaction of administrative conditions, the drawdown occurring within the availability period of the Bridge Loan Facility (which is not more than 6 months unless agreed with the financiers), Downer having retained sufficient funds available from the aggregate of the proceeds of the Entitlement Offer and the Bridge Loan Facility to fund the purchase price for any of the shares not then owned by it, there being no litigation, governmental, administrative or judicial action, actual or pending, that does or could be reasonably expected to restrain or prevent the consummation of the Offer (excluding any such matter associated with the compulsory acquisition provisions), any major representation of Downer being untrue or misleading and any major default occurring or it being unlawful for the Financiers to provide the financing under the Bridge Loan Facility.</p> <p>Termination of the Bridge Loan Facility or a failure to satisfy the conditions precedent to a drawing under the Bridge Loan Facility would mean funds would not be available under the Bridge Loan Facility. In such a case, Downer may not have sufficient funding for the Transaction and may be required to seek alternative funding.</p>
<b>Downer's credit platform</b>	<p>Spotless will be a subsidiary of Downer and a member of the Downer Group if the takeover offer becomes unconditional and it acquires more than 50% of all Spotless Shares. This means that certain representations, undertakings and events of default that apply to the Downer Group in its debt facilities will automatically also apply to the Spotless Group.</p> <p>As Downer is unlikely to have day to day control of every aspect of Spotless' activities and processes unless Spotless is a wholly owned subsidiary, it is possible that in circumstances where Downer acquires less than 90% of Spotless' shares there could be breaches or events of default that could also result in an event of default being triggered across all of Downer's facilities.</p>
<b>Spotless' liabilities and potential impact on value</b>	<p>Spotless may be exposed to liabilities which are contingent, of an uncertain amount, or otherwise have not been publicly disclosed by Spotless. For instance, Spotless announced on 24 February 2017 that it was served with a representative proceeding filed in the Federal Court of Australia in relation to Spotless' financial results for the year ended 30 June 2015 and an alleged breach of Spotless' continuous disclosure obligations. Depending on the resolution of the matters the subject of the filed proceedings, Spotless may have an exposure to liability, the quantum of which is currently uncertain. The quantum of such liabilities may impact the ultimate value of Downer's investment in Spotless.</p>

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## KEY RISKS



Acquisition Risk	Description
Analysis of acquisition opportunity	<p>Downer has undertaken an internal analysis of Spotless based on public information, in order to determine whether to pursue the acquisition under the Transaction. It is possible that such analyses, the assumptions made by Downer and the resulting conclusions, are ultimately inaccurate or fail to be fully realised. If Downer acquires all of the outstanding shares in Spotless, Downer intends to conduct a broad-based general review of Spotless' corporate structure, assets, businesses, employees and operations.</p> <p>Following such review, it may become apparent that the actual results achieved by Spotless' businesses, or the costs associated with the acquisition (including transaction costs, taxes and stamp duty) or the level of synergy realisation are different compared to those indicated by Downer's analysis. In such circumstances, there is a risk that the profitability and future earnings of the operations of the combined Downer Group may be materially different from the profitability and earnings expected as reflected in this presentation.</p>
Acquisition Accounting	<p>For the purposes of the pro-forma combined group financial information set out in this presentation, no adjustments have been made in respect of potential purchase price allocation impacts on the balance sheet or income statement.</p> <p>Downer will undertake a formal purchase price allocation exercise in respect of the acquired assets and liabilities of Spotless post-acquisition, which may give rise to a materially different fair value allocation than that reflected, for illustrative purposes, in the pro-forma combined group financial information.</p> <p>The formal purchase price allocation exercise may result in a reallocation of the fair value of assets and liabilities in the combined group's balance sheet and may also result in a materially different depreciation and amortisation profile in the combined group's income statement (and a respective increase or decrease in net profit after tax).</p>
Post Acquisition Performance	<p>If the acquisition of Spotless completes, many of the general and market risks identified in the next section in respect of Downer will also apply to Spotless. In particular, Spotless has disclosed that, relative to FY17, it has a higher level of contract renewals due in FY 2018. There is a risk that Spotless will not be able to renew these contracts or that those contracts will be renewed on less favourable terms. On the basis of public information, Spotless appears to be under margin pressure across a number of key sectors.</p>
Strategy Reset	<p>Further, the ability of Downer to successfully implement its integration priorities may be impacted by the outcome of the strategic review referred to above (refer to 'Analysis of acquisition opportunity'), as well as other factors including the size of Downer's shareholding.</p> <p>Spotless has been undertaking a strategy review to reposition the company's strategy and growth agenda (<b>Strategy Reset</b>). The benefits of Strategy Reset are yet to be realised in full and there is a risk that there may be additional one off expenses associated with achieving the strategic imperatives of Strategy Reset.</p>

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## KEY RISKS



### RISKS ASSOCIATED WITH NOT TAKING UP NEW SHARES UNDER THE ENTITLEMENT OFFER:

Acquisition Risk	Description
Rights Trading on ASX	<p>The price at which entitlements to new shares may be sold on ASX during the entitlement trading period may rise and fall. A shareholder who sells entitlements on ASX during the retail entitlement offer period may receive a higher or lower price than a shareholder who sells entitlements at a different time during the retail entitlement trading period or a shareholder who realises value for their entitlements through the Retail Shortfall Bookbuild.</p> <p>There is no guarantee that there will be a viable market during, or on any particular day in, the entitlement trading period, on which to sell entitlements on ASX. If you are an eligible shareholder and you do not exercise your entitlements to new shares under the Entitlement Offer, there is no guarantee that you will be able to sell your entitlements on ASX.</p>
Bookbuild processes	<p>If you are an eligible shareholder and you do not exercise your entitlements to new shares under the Entitlement Offer or sell your entitlements on ASX, there is no guarantee that you will receive any value for entitlements not taken up through the bookbuild processes. The ability to sell new shares under the institutional shortfall bookbuild or the retail shortfall bookbuild and the ability to obtain any premium to the offer price will depend on various factors, including general market conditions. In particular, the institutional shortfall bookbuild price and/or the retail shortfall bookbuild price will depend on, among other things, the underwriter receiving binding and bona fide offers which, in the reasonable opinion of the underwriter, will (if accepted) result in otherwise acceptable allocations which may allow the underwriter to clear the entire book. If the institutional shortfall bookbuild realizes a premium to the offer price, this is not any guarantee that the retail shortfall bookbuild price will realize the same premium or any premium at all.</p>
Dilution	<p>You should also note that if you sell, or do not take up, all or part of your entitlement, then your percentage shareholding in Downer will be diluted by not participating to the full extent in the Entitlement Offer and you will not be exposed to future increases or decreases in Downer's share price in respect of the new shares which would have been issued to you had you taken up all of your entitlement.</p>

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## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)

Acquisition Risk	Description
Workplace accidents and environmental incidents	<p>Downer maintains a rigorous focus on Zero Harm for its employees and environment, recognising that its activities can result in harm to people and the environment. As part of this focus Downer, on an ongoing basis, seeks to assess, understand and mitigate the "critical risks" facing Downer and implementing "Cardinal Rules" which provide direction and guidance on these critical risks and high potential incidents. However, the risk of serious injury, death or environmental incident cannot be fully eliminated. In such cases there may be adverse impacts on project completions, as well as reputational damage to Downer. In the event Downer is found to have failed to comply with applicable health, safety or environmental legislative requirements, fines, penalties and/or compensation to those affected may be payable.</p>
Key contracts, competition and retention of clients	<p>There is a risk that material contracts that Downer enters may not be renewed, renewed on less favourable terms or cancelled.</p> <p>Furthermore, some of the markets in which Downer operates are highly competitive. Increased competition can impact on Downer's ability to win new contracts.</p> <p>If such events take place this may lead to a decrease in work in hand, profitability and earnings. To manage these risks, Downer maintains its focus on forming strong relationships with customers across a range of different markets and delivering successful outcomes for its customers, strategic partnerships and joint ventures with leading technology and knowledge providers and a strong focus on its Customer Relationship Management (CRM) system.</p> <p>In addition, some of the contracts that Downer enters have pricing that is 'fixed' or 'not to exceed'. While Downer undertakes thorough bid governance processes to ensure that projects are appropriately estimated and there is a strong focus on costs, supply chain management and project management controls, to the extent that the cost of delivering on its contractual obligations exceeds the estimated price, Downer could incur losses that are not recoverable from its customers.</p>
Project Management and bid governance for large projects	<p>Downer has implemented robust project risk management processes and systems across its business (including a Project Management Office), as well as additional bid governance relating to tenders for large projects.</p> <p>Because of the nature of the industries in which Downer operates and the size of some of Downer's contracts, there is the possibility that material losses could be incurred if these systems and governance requirements are not followed correctly.</p>

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Acquisition Risk	Description
Key supplier, subcontractor and partner risk	<p>Where Downer is reliant on one or a small set of specialist suppliers or subcontractors to provide goods and services, the performance of these suppliers or subcontractors may impact Downer's ability to achieve budgeted project outcomes. Where suppliers or subcontractors do not fulfil contractual obligations or do not renew existing contracts, the ability of Downer to complete projects and win new work may be adversely affected. In addition, there are particular suppliers with whom Downer has a long term relationship which support Downer's business activities. A change in relationship with these suppliers and partners could negatively impact Downer's financial performance.</p>
Capital Expenditure	<p>Certain aspects of Downer's operations are reliant on significant capital investment being made in order for Downer to provide services to its customers. Downer's ongoing ability to win new work and to comply with its obligations in respect of existing contracts may be dependent on sufficient funds being available to Downer in respect of this capital expenditure.</p>
Key personnel and specialist labour shortage	<p>Downer's growth and profitability may be limited by the loss of key management, the inability to attract new suitably qualified personnel or by increases in remuneration costs associated with attracting and retaining personnel. Downer is dependent on the availability of suitably skilled personnel to provide its services and therefore, access to labour can sometimes represent an ongoing risk in some parts of the business.</p>
Product and services liability	<p>There is a risk that Downer may fail to fulfil its statutory and contractual obligations in relation to the quality of its products or services, which could give rise to contractual damages claims or statutory penalties.</p> <p>Some entities in the Downer Group are subject to normal design liability in relation to completed design and construction projects where that entity has had design responsibility and in some cases also construction responsibility. The liability may include claims, disputes and/or litigation against Downer Group companies and/or joint venture arrangements in which the Downer Group has an interest. The liabilities may also include an obligation on Downer to rectify the design defects at its own cost. The directors are of the opinion that there is adequate insurance to cover these potential liabilities and accordingly, no amounts are recognised in the financial statements.</p>

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## KEY RISKS



Acquisition Risk	Description
Insurance	The availability of insurance at an appropriate term and price is not guaranteed. It is possible that the occurrence of an event may not be fully covered, or covered at all, by insurance.
Future dividends and franking capacity	In respect of the 31 December 2016 half year, Downer declared a 100% franked dividend of \$0.12 per share. While Downer maintains a progressive dividend policy with interim and final dividends increasing in line with improved earnings and balance sheet strength, any future dividends and the level of franking will ultimately be determined by the Board of Downer having regard to a range of factors including the Group, the availability of cash, capital requirements of the business and obligations under debt instruments. There is no guarantee that any dividend will be paid by Downer or, if paid, that they will be paid at previous levels, or with the same level of franking.
Partnerships and joint ventures	Controlled entities have entered into various partnerships and joint ventures under which the controlled entity could ultimately be jointly and severally liable for the obligations of the partnership or joint venture.
Asset impairment	The Downer Board regularly monitors impairment risk. Consistent with accounting standards, Downer is periodically required to assess the carrying values of its assets. Where the value of an asset is to be less than its carrying value, Downer is obliged to recognise an impairment charge in its profit and loss account. Impairment charges can be significant and operate to reduce the level of a company's profits and potentially, its capacity to pay dividends. Impairment charges are a non-cash item.
Guarantees and indemnities	Downer and certain of its controlled entities are called upon to give guarantees and indemnities in respect of the performance by counterparties, including controlled entities and related parties, of their contractual and financial obligations. These guarantees and indemnities are generally indeterminable in amount.
Litigation	Downer is subject to the usual business risk that disputes or litigation may arise from time to time in the course of its business activities. Downer's 2016 Annual Report and half-year report for the 6 months ended 31 December 2016 discloses a number of such disputes, claims and litigation such as those relating to the "leaky building" claims in New Zealand, the ground subsidence at the Waratah Train Maintenance Centre located on Manchester Road, Auburn and the arbitration proceedings on foot with Tecnicas Reunidas S.A. among others. If such issues are not resolved in line with Downer's expectations, there could be a material impact on Downer's financial position.



## KEY RISKS



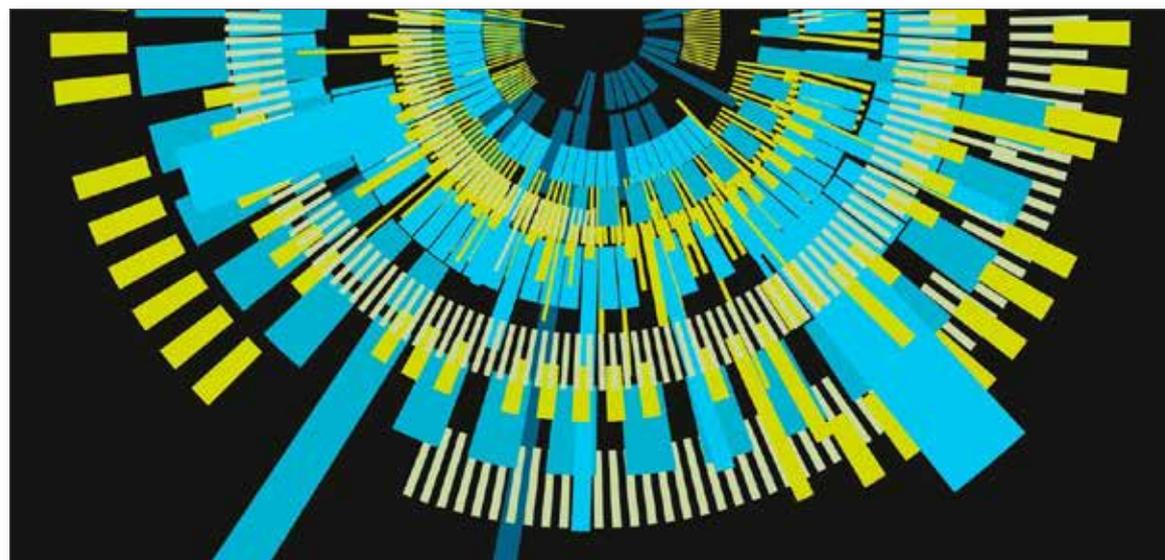
Acquisition Risk	Description
Economic and Financial Risks	<p><b>Level of economic activity</b> Downer's operational and financial performance is linked to both the overall level of activity in the economy and the level of outsourcing in the sectors in which Downer operates. A reduction in economic activity, and particularly a reduction in demand for the commodities produced by many of Downer's larger clients, or a reduction in the level of outsourcing in the sectors in which Downer operates, can negatively impact the level of earnings generated by Downer.</p> <p><b>Level of government spending</b> Public authorities in Australia and New Zealand are major clients of Downer. Changes in prioritisation of government spending or restrictions on the level of spending undertaken by governments could impact the level of earnings generated by Downer.</p> <p><b>Continued access to capital markets</b> Downer's ability to service its existing debt will depend on its future performance and cash flows, which in turn will be affected by various factors, certain of which are outside of its control (such as changes in interest and foreign exchange rates, and general economic conditions). Any inability to service its existing debt may have a material adverse effect on Downer. Further, to the extent that additional equity or debt funding is not available from time to time on acceptable terms, Downer may not be able to take advantage of acquisition and other growth opportunities, develop new business or respond to competitive pressures.</p> <p><b>Financing covenants and ability to refinance</b> Downer has various covenants in relation to its banking facilities. Factors such as increases in base rates, increased borrowings and weak operational performance could lead to Downer breaching its debt covenants. In certain circumstances, lenders may require that such banking facilities be repaid immediately. Under such a scenario, there is no guarantee that Downer will be able to secure alternative financing on commercially acceptable terms or at all. Further, where existing loans either approach or reach maturity, Downer may seek to re-negotiate with existing and new lenders to extend the maturity date of those loans. Downer's earnings profile, credit rating, state of the economy, and other factors may influence the outcome of those negotiations. Where refinancing occurs at a higher cost, this may impact the ability of Downer to win new work and the profitability of its operations.</p> <p><b>Credit ratings</b> As at the date of this presentation Downer was rated BBB (Stable) by Fitch Ratings. Changes to Downer's credit rating by Fitch Ratings may impact the ability of Downer to win new work as well as the cost of funding. Where the credit rating is reduced, or placed on negative watch, customers and suppliers may be less willing to contract with Downer as Downer may be considered to be higher counterparty risk. Banks and other lending institutions may demand a higher interest rate on funds provided to Downer to reflect the higher risk of lending. In such circumstances, both the revenue and profitability of Downer may be reduced.</p> <p><b>Impact of interest rate and foreign exchange movements</b> While Downer takes reasonable steps to protect itself through the use of hedges, rising interest rates may nonetheless adversely impact Downer's interest payments on its floating rate borrowings and inflation in underlying input costs may also adversely impact the anticipated returned from client operations. In addition, as Downer operates internationally it faces foreign exchange rate risks associated with foreign currency denominated debt, input costs and offshore earnings.</p>

## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)

Acquisition Risk	Description
General equity market and investment risk	The price of Downer shares will fluctuate due to various factors including movements in Australian equity markets, recommendations by broker and analysts, interest rates, inflation, Australian and international economic conditions, changes in government, fiscal, monetary and regulatory policies, global and geo-political events and hostilities and acts of terrorism, investor perceptions and other factors that may affect Downer's financial position and earnings. Downer manages its exposure to these risks by undertaking, among other things, strategic partnerships and joint ventures to diversify revenue sources.
Government policies and legislation	Downer's business is affected by a range of industry specific and general legal and regulatory controls. Changes in these types of controls can have an adverse effect on Downer's financial performance. Further, any major shift in regulatory policy may impact on the profitability of Downer and its customers. Infrastructure projects, which are a key source of revenue for Downer, are subject to discretion by government departments and ministers.
Business interruptions	Significant business interruptions as a result of natural disasters (such as fire, earthquake, flood or cyclone), general periods of prolonged rain, unstable service sites or regulatory intervention may have a materially adverse impact on the business activities of Downer and its clients and may lead to a decrease in profitability and earnings.
Taxation risk	Future changes in Australian and New Zealand taxation law, including changes in interpretation or application of the law by courts or taxation authorities in Australia and New Zealand, may affect taxation treatment of an investment in Downer shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted in the various jurisdictions in which Downer operates may impact the future tax liabilities of Downer.
Changes in accounting policy	Changes to Australian Accounting Standard could affect Downer's reported earnings and its financial position from time to time.

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**International offering jurisdictions**

Appendix E

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**Downer**  
Relationships creating success



## INTERNATIONAL OFFERING JURISDICTIONS



### International Offer Restrictions

This document does not constitute an offer of entitlements ("Entitlements") or new ordinary shares ("New Shares") of the Company in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the Entitlements and New Shares may not be offered or sold, in any country outside Australia except to the extent permitted below.

#### Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of Entitlements and New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the Entitlements or the New Shares or the offering of such securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of Entitlements or New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and received by the securities regulator in the applicable Province. Furthermore, any resale of the Entitlements or the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

The Company as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon the Company or its directors or officers. All or a substantial portion of the assets of the Company and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against the Company or such persons in Canada or to enforce a judgment obtained in Canadian courts against the Company or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

#### Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

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## INTERNATIONAL OFFERING JURISDICTIONS



The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the Entitlements or the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against the Company if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against the Company. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the *Securities Act* (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the Entitlements and the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against the Company, provided that (a) the Company will not be liable if it proves that the purchaser purchased such securities with knowledge of the misrepresentation; (b) in an action for damages, the Company is not liable for all or any portion of the damages that the Company proves does not represent the depreciation in value of such securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which such securities were offered.

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

**Certain Canadian income tax considerations.** Prospective purchasers of the Entitlements and the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of such securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

**Language of documents in Canada.** Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

#### European Economic Area – Germany and the Netherlands

The information in this document has been prepared on the basis that all offers of Entitlements and New Shares will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities.

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## 4. ASX Offer Announcements – continued

### Investor Presentation (21 March 2017)



# INTERNATIONAL OFFERING JURISDICTIONS



An offer to the public of Entitlements and New Shares has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

**France**

This document is not being distributed in the context of a public offering of financial securities (*offre au public de titres financiers*) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) and Articles 211-1 et seq. of the General Regulation of the French *Autorité des marchés financiers* ("AMF"). The Entitlements and the New Shares have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the Entitlements and the New Shares have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the Entitlements and the New Shares cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.

**Hong Kong**

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the Entitlements and the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO). No advertisement, invitation or document relating to the Entitlements and the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Entitlements and the New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors (as defined in the SFO and any rules made under that ordinance). No person allotted Entitlements or New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities. The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

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# INTERNATIONAL OFFERING JURISDICTIONS



**Ireland**

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The Entitlements and the New Shares have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(I) of the Prospectus Regulations.

**Japan**

The Entitlements and the New Shares have not been and will not be registered under Article 4, paragraph 1 of the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948), as amended (the "FIEL") pursuant to an exemption from the registration requirements applicable to a private placement of securities to Qualified Institutional Investors (as defined in and in accordance with Article 2, paragraph 3 of the FIEL and the regulations promulgated thereunder). Accordingly, the Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan other than Qualified Institutional Investors. Any Qualified Institutional Investor who acquires Entitlements or New Shares may not resell them to any person in Japan that is not a Qualified Institutional Investor, and acquisition by any such person of Entitlements or New Shares is conditional upon the execution of an agreement to that effect.

**Malaysia**

This document may not be distributed or made available in Malaysia. No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of Entitlements or New Shares. The Entitlements and the New Shares may not be offered or sold in Malaysia except pursuant to, and to persons prescribed under, Part 1 of Schedule 6 of the Malaysian Capital Markets and Services Act.

**New Zealand**

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act"). The Entitlements and the New Shares in the entitlement offer are not being offered to the public within New Zealand other than to existing shareholders of the Company with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

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## INTERNATIONAL OFFERING JURISDICTIONS



### Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007. The Entitlements and the New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

### Singapore

This document and any other materials relating to the Entitlements and the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of Entitlements and New Shares, may not be issued, circulated or distributed, nor may the Entitlements and New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA. This document has been given to you on the basis that you are (i) an existing holder of the Company's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the Entitlements or the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire Entitlements or New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

### Switzerland

The Entitlements and the New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the Entitlements and the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. These securities will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations.

Neither this document nor any other offering or marketing material relating to the Entitlements and the New Shares have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Entitlements and New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

This document is personal to the recipient only and not for general circulation in Switzerland.

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## INTERNATIONAL OFFERING JURISDICTIONS



### United Arab Emirates

Neither this document nor the Entitlements and the New Shares have been approved, disapproved or passed on in any way by the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates, nor has the Company received authorisation or licensing from the Central Bank of the United Arab Emirates, the Emirates Securities and Commodities Authority or any other governmental authority in the United Arab Emirates to market or sell the Entitlements or the New Shares within the United Arab Emirates. No marketing of any financial products or services may be made from within the United Arab Emirates and no subscription to any financial products or services may be consummated within the United Arab Emirates. This document does not constitute and may not be used for the purpose of an offer or invitation. No services relating to the Entitlements or the New Shares, including the receipt of applications and/or the allotment or redemption of such securities, may be rendered within the United Arab Emirates by the Company.

No offer or invitation to subscribe for Entitlements or New Shares is valid in, or permitted from any person in, the Dubai International Financial Centre.

### United Kingdom

Neither the information in this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the Entitlements or the New Shares.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and these securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of the FSMA. This document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the Entitlements or the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to the Company.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any invitation, offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

### Not for release or distribution in the United States

This Presentation may not be released or distributed in the United States. In particular, this Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the New Shares nor the entitlements have been, or will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the securities have been registered under the U.S. Securities Act (which Downer has no obligation to do or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.

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Not for distribution or release in the United States

## 5. Important Information

### 5.1 Responsibility for Information Booklet

This Information Booklet (including the ASX Offer Announcements and the enclosed personalised Entitlement and Acceptance Form) has been prepared by Downer. This Information Booklet is dated 30 March 2017 (other than the ASX Offer Announcements, which were published on the ASX website on 21 March 2017 and 24 March 2017).

No party other than Downer has authorised or caused the issue of this Information Booklet, or takes any responsibility for, or makes, any statements, representations or undertakings in this Information Booklet.

No person is authorised to give any information, or to make any representation, in connection with the Entitlement Offer that is not contained in this Information Booklet. Any information or representation that is not in this Information Booklet may not be relied on as having been authorised by Downer, or its related bodies corporate in connection with the Entitlement Offer.

### 5.2 Status of Information Booklet

The Retail Entitlement Offer is being made pursuant to provisions of the Corporations Act as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 which allow rights issues to be offered without a prospectus.

Neither this Information Booklet nor the Entitlement and Acceptance Form are required to be lodged or registered with ASIC. This Information Booklet is not a prospectus under the Corporations Act and no prospectus for the Entitlement Offer will be prepared. These documents do not contain, or purport to contain, all of the information that a prospective investor may require in evaluating an investment in Downer. They do not contain all the information which would be required to be disclosed in a prospectus.

As a result, it is important for Eligible Retail Shareholders to carefully read and understand the information on Downer and the Entitlement Offer made publicly available, prior to accepting all or part of their Entitlement. In particular, please refer to this Information Booklet, the Investor Presentation and other announcements made available at <http://www.asx.com.au/>.

This Information Booklet does not contain financial product advice and has been prepared without taking into account your investment objectives, financial circumstances or particular needs. Downer is not licensed to provide financial product advice in respect of the New Shares. Before deciding whether to apply for New Shares, you should consider whether they are a suitable investment for you in light of your own investment objectives and financial circumstances and having regard to the merits or risks involved. If, after reading the Information Booklet, you have any questions about the Entitlement Offer, you should contact your stockbroker, accountant or other independent professional adviser.

### 5.3 Information Booklet availability

Eligible Retail Shareholders in Australia and New Zealand can obtain a copy of this Information Booklet during the period of the Entitlement Offer by accessing the ASX website or accessing the Downer Retail Entitlement Offer website at [www.downerentitlementoffer.com](http://www.downerentitlementoffer.com). Persons who access the electronic version of this Information Booklet should ensure that they download and read the entire Information Booklet. The electronic version of this Information Booklet on the ASX website and the Downer Retail Entitlement Offer website will not include a personalised Entitlement and Acceptance Form.

A replacement personalised Entitlement and Acceptance Form can be requested by calling the Downer Offer Information Line on 1300 048 149 (within Australia) or +61 3 9415 4275 (outside Australia) at any time between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period.

This Information Booklet (including the accompanying personalised Entitlement and Acceptance Form) may not be distributed or released to, or relied upon by, persons in the United States or that are acting for the account or benefit of a person in the United States.

### 5.4 Notice to Nominees

If Downer believes you hold Shares as a nominee or custodian you will have received, or will shortly receive, a letter in respect of the Entitlement Offer from Downer. Nominees and custodians should consider carefully the contents of that letter and note in particular that the Retail Entitlement Offer is not available to Eligible Institutional Shareholders who were invited to participate in the Institutional Entitlement Offer (whether they accepted their Entitlement or not) and Ineligible Institutional Shareholders.

Persons acting as custodians or nominees must not apply for New Shares on behalf of, or for the account or benefit of, a person in the United States and must not send any document relating to the Retail Entitlement Offer to, any person that is in the United States or that is acting for the account or benefit of any person in the United States.

Downer is not required to determine whether or not any registered holder is acting as a nominee or custodian or the identity or residence of any beneficial owners of Shares. Where any holder is acting as a nominee for a foreign person, that holder, in dealing with its beneficiary, will need to assess whether indirect participation by the beneficiary in the Retail Entitlement Offer is compatible with applicable foreign laws. Eligible Retail Shareholders who are nominees, trustees or custodians are therefore advised to seek independent advice as to how to proceed.

## 5.5 No Cooling Off

Cooling off rights do not apply to an investment in New Shares. You cannot withdraw your application once it has been made.

## 5.6 Privacy Statement

If you complete an application for New Shares, you will be providing personal information to Downer (directly or through the Downer Share Registry). Downer collects, holds and will use that information to assess your application, service your needs as a Shareholder and to facilitate distribution payments and corporate communications to you as a Shareholder.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Downer Share Registry.

You can access, correct and update the personal information that is held about you. If you wish to do so please contact the Downer Share Registry at the relevant contact numbers set out in the Corporate Directory of this Information Booklet.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the *Privacy Act 1988* (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if the information required on the Entitlement and Acceptance Form is not provided, Downer may not be able to accept or process your application.

## 5.7 Governing Law

This Information Booklet, the Entitlement Offer and the contracts formed on acceptance of the Entitlement Offers pursuant to the personalised Entitlement and Acceptance Forms are governed by the laws applicable in New South Wales, Australia. Each applicant for New Shares submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia.

## 5.8 Foreign Jurisdictions

This Information Booklet has been prepared to comply with the requirements of the securities laws of Australia.

The Entitlements and New Shares being offered under the Entitlement Offer are being offered to shareholders with registered addresses in New Zealand in reliance on the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016. This Information Booklet is not a product disclosure statement under the Financial Markets Conduct Act 2013 (FMCA) or other similar offering or disclosure document under New Zealand law and has not been registered, filed with, or approved by any New Zealand regulatory authority or under or in accordance with the FMCA or any other relevant law in New Zealand. It does not contain all the information that a product disclosure document, under New Zealand law, is required to contain.

This Information Booklet does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Entitlement Offer, the Entitlements or the New Shares or otherwise permit the public offering of the New Shares in any jurisdiction other than Australia and New Zealand.

This Information Booklet, and any accompanying ASX announcements and the Entitlement and Acceptance Form, do not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. Neither this Information Booklet nor the Entitlement and Acceptance Form may be distributed or released in the United States. Neither the Entitlements nor the New Shares offered in the Entitlement Offer have been, or will be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up by, and the New Shares may not be offered or sold to, persons in the United States or persons who are acting for the account or benefit of a person in the United States.

The New Shares to be offered and sold in the Retail Entitlement Offer may only be offered and sold outside the United States in “offshore transactions” (as defined in Rule 902(h) under the U.S. Securities Act) in compliance with Regulation S under the U.S. Securities Act.

Any non-compliance with these restrictions may contravene applicable securities laws.

See the “International Offering Jurisdictions” section of the Investor Presentation for more information.

## 5.9 Underwriting

The Entitlement Offer is fully underwritten by UBS AG, Australia Branch. Although the issue of New Shares under the Entitlement Offer may increase the voting power of the Underwriter in the Company, the voting power of the Underwriter will not increase to more than 20% as such an increase is not permitted under the Corporations Act. Notwithstanding this, the Company will receive the full proceeds of the Institutional Entitlement Offer and the Retail Entitlement Offer on the Institutional Entitlement Offer Settlement Date and the Retail Entitlement Offer Settlement Date, as the case may be. The Underwriting Agreement contains customary representations, warranties and indemnities in favour of the Underwriter. A summary of some of the circumstances in which the Underwriting Agreement may be terminated is set out in the “Key Risks – Equity Funding Risk” section of the Investor Presentation. No person may acquire a relevant interest in New Shares, if the voting power of any person would increase above 20% as such an increase is not permitted under the Corporations Act.

## 5.10 Disclaimer of Representations

Except as required by law, and only to the extent so required, none of Downer, or any other person, warrants or guarantees the future performance of Downer or any return on any investment made pursuant to this Information Booklet.

## 6. Glossary

**ABN** means Australian Business Number.

**Application Monies** means the amount specified in the personalised Entitlement and Acceptance Form, being the consideration for New Shares under the Retail Entitlement Offer.

**ASIC** means the Australian Securities and Investments Commission.

**ASX** means ASX Limited ACN 008 624 691 or, where the context requires, the financial market operated by it on which Shares are quoted.

**ASX Offer Announcements** means the ASX announcements reproduced in section 4 of the Information Booklet, being the announcement to ASX on Tuesday, 21 March 2017 of the launch of the Entitlement Offer, the announcement to ASX on Tuesday, 21 March in relation to launch of the Takeover Bid, the Investor Presentation dated Tuesday, 21 March and the announcement to ASX on Friday, 24 March 2017 of the completion of Institutional Entitlement Offer.

**CGT** means capital gains tax.

**Corporations Act** means the *Corporations Act 2001* (Cth).

**Downer** means Downer EDI Limited.

**Downer Share Registry** means Computershare Investor Services Pty Limited.

**Eligible Institutional Shareholder** means institutional shareholders who were successfully invited to participate in the Institutional Entitlement Offer (as determined by the Underwriter).

**Eligible Retail Shareholders** has the meaning given in section 1.2 of the Information Booklet.

**Entitlement and Acceptance Form** means the personalised form accompanying this Information Booklet to be used to make an application in accordance with the instructions set out on that form.

**Entitlement** means the number of New Shares for which an Eligible Shareholder is entitled to subscribe under the Entitlement Offer, being 2 New Shares for every 5 existing Shares held at the Record Date.

**Entitlement Offer** means the accelerated pro rata non-renounceable entitlement offer of 2 New Shares for every 5 existing Shares held at the Record Date at an Offer Price of \$5.95 per New Share.

**GST** means goods and services tax.

**Information Booklet** means this information booklet in relation to the Retail Entitlement Offer, including the ASX Offer Announcements reproduced in section 4 and the personalised Entitlement and Acceptance Form accompanying the information booklet.

**Ineligible Institutional Shareholders** means institutional shareholders who were treated as ineligible institutional shareholders under the Institutional Entitlement Offer (as determined by the Underwriter).

**Ineligible Retail Shareholders** has the meaning given in section 1.8 of this Information Booklet.

**Institutional Entitlement Offer** means the entitlement offer made to Eligible Institutional Shareholders and successfully completed on Tuesday, 21 March 2017.

**Institutional Shortfall Bookbuild** means the bookbuild process associated with the Institutional Entitlement Offer.

**Institutional Trading Date** means the date on which New Shares are issued under the Institutional Entitlement Offer.

**Investor Presentation** means the Downer Investor Presentation released to ASX on Tuesday, 21 March 2017 and included in section 4 of this Information Booklet.

**Listing Rules** means the official listing rules of the ASX.

**New Shares** means the fully paid ordinary shares in Downer offered under the Entitlement Offer (as applicable).

**Offer Price** means \$5.95 (or NZ\$6.46) being the price payable per New Share under the Entitlement Offer.

**Record Date** means 7:00pm (Sydney time) on 24 March 2017.

**Renunciation and Transfer Form** means the personalised form to be used to transfer all or part of your Entitlement other than on ASX.

**Retail Allotment Date** means the date on which New Shares are issued under the Retail Entitlement Offer.

**Retail Entitlement Offer** means the accelerated pro rata renounceable entitlement offer of 2 fully paid ordinary shares for every 5 existing Shares held at the Record Date with retail rights trading at an Offer Price of \$5.95 (or NZ\$6.46) made to Eligible Retail Shareholders.

**Retail Premium** means the amount paid (if any) to purchase Entitlements offered for sale in the Retail Shortfall Bookbuild.

**Retail Shortfall Bookbuild** means the bookbuild process associated with the Retail Entitlement Offer.

**Share** means a fully paid ordinary share in Downer.

**Shareholder** means a holder of a Share.

**Takeover Bid** means the offer by Downer to acquire the issued shares in Spotless not already owned by it by way of an off market takeover bid.

**TERP** means the theoretical ex-rights price.

**TFN** means tax file number.

**Top Up Shares** has the meaning ascribed in section 1.6.

**Underwriter** means UBS AG, Australia Branch.

**Underwriting Agreement** means the underwriting agreement between Downer and the Underwriter under which the Underwriter has agreed to underwrite the Entitlement Offer.

**U.S. Securities Act** means the United States Securities Act 1933 (as amended).

**VWAP** means the volume weighted average price.

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# Corporate Directory

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## **Downer EDI Limited**

ACN 003 872 848

## **Registered Office**

'Triniti III Triniti Business  
Campus'  
Level 2, 39 Delhi Road  
North Ryde NSW 2113  
Australia

## **Legal Adviser to Downer EDI Limited**

Ashurst  
Level 11, 5 Martin Place  
Sydney NSW 2000  
Australia

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## **Underwriter**

UBS AG, Australia Branch  
Level 16, Chifley Tower  
2 Chifley Square  
Sydney NSW 2000  
Australia

## **Downer Share Registry**

Computershare Investor  
Services Pty Limited  
Level 4, 60 Carrington Street  
Sydney NSW 2000  
Australia



#### **WEBSITE**

Corporate information and the Downer Annual Report can be found via Downer's website at [www.downergroup.com](http://www.downergroup.com).



#### **DOWNER OFFER INFORMATION LINE**

**1300 048 149 (within Australia)**

**+61 3 9415 4275 (outside Australia)**

Open between 8:30am and 5:00pm (Sydney time) on Monday to Friday during the Retail Entitlement Offer period