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## NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

30 March 2017

Dear Shareholder

### **DOWNER EDI LIMITED \$1,011 MILLION RENOUNCEABLE ENTITLEMENT OFFER – NOTIFICATION TO INELIGIBLE RETAIL SHAREHOLDERS**

On Tuesday, 21 March 2017, Downer EDI Limited ("Downer") announced a fully underwritten pro rata renounceable entitlement offer of new Downer ordinary shares ("New Shares") (with retail entitlements trading) to raise approximately \$1,011 million ("Entitlement Offer"). The offer price is \$5.95 per New Share ("Offer Price").

This letter is to inform you about the Entitlement Offer, and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue New Shares to you, nor an invitation for you to apply for New Shares. **You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement Offer that you should be aware of.**

### **The Entitlement Offer and use of proceeds**

The Entitlement Offer comprises an institutional entitlement offer and an offer to eligible retail shareholders (as described below, "Eligible Retail Shareholders") to participate at the same Offer Price and offer ratio ("Retail Entitlement Offer"). The Entitlement Offer is being made in accordance with section 708AA of the Australian Corporations Act 2001 (Cth) ("Act") (as modified by Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84), meaning that no prospectus needs to be prepared.

Proceeds from the Entitlement Offer will be applied to partially fund the offer by Downer to acquire all of the issued share capital of Spotless Group Holdings Limited ("Spotless") not already owned by Downer by way of an off-market takeover.

### **Details of the Retail Entitlement Offer**

The Retail Entitlement Offer is being made to eligible shareholders on the basis of 2 New Shares for every 5 existing Downer ordinary shares held on the Record Date of 7.00 pm (Sydney time) on 24 March 2017 ("Entitlement"). An offer booklet in relation to the Retail Entitlement Offer ("Retail Information Booklet") will be despatched to Eligible Retail Shareholders on or around 30 March 2017.

### **Eligibility Criteria**

Eligible Retail Shareholders are those persons who are holders of existing Downer ordinary shares as at 7.00pm (Sydney time) on 24 March 2017 and who:

- have a registered address on the Downer share register in Australia or New Zealand;
- 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 Downer ordinary shares for the account or benefit of such person in the United States);
- were not invited to participate (other than as nominee, in respect of other underlying holdings) in the institutional entitlement offer and were not treated as ineligible institutional investors under the institutional entitlement offer; and
- are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus or offer document to be lodged or registered.

Shareholders who are not Eligible Retail Shareholders and who did not participate in the institutional entitlement offer are “Ineligible Shareholders” and are consequently unable to participate in the Retail Entitlement Offer.

The restrictions upon eligibility to participate in the Retail Entitlement Offer arise because of the legal and regulatory requirements in countries other than Australia or New Zealand and the potential costs of complying with these legal and regulatory requirements compared with the relatively small number of shareholders in those countries, the relatively small number of existing Downer ordinary shares they hold and the relatively low value of New Shares to which they would otherwise be entitled.

Downer has determined, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Act (as modified by Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issues) Instrument 2016/84), that it would be unreasonable to make offers to shareholders in certain countries under the Retail Entitlement Offer.

Determination of eligibility of investors for the purposes of the Retail Entitlement Offer is determined by Downer with reference to a number of matters. The underwriter to the Entitlement Offer and its affiliates and related bodies corporate and each of their directors, officers, partners, employees, advisers and agents disclaim any liability in respect of any determination as to eligibility, to the maximum extent permitted by law.

Unfortunately, according to our records, you do not satisfy the eligibility criteria for an Eligible Retail Shareholder stated above. Accordingly, in compliance with ASX Listing Rule 7.7.1(b) and section 9A(3)(b) of the Act, Downer wishes to advise you that it will not be extending the Retail Entitlement Offer to you and you will not be able to subscribe for New Shares under the Retail Entitlement Offer. You will not be sent the documents relating to the Entitlement Offer.

However, as the Entitlement Offer is renounceable, you may receive value for Entitlements you would have received had you been eligible to participate in the Retail Entitlement Offer. Arrangements have been made for the New Shares that would have represented the Entitlements of Ineligible Shareholders to be sold via a retail shortfall bookbuild on 18 April 2017, which is to be undertaken by the underwriter to the Entitlement Offer. You will receive any proceeds in excess of the Offer Price in respect of each Entitlement sold in the retail shortfall bookbuild that you would have received under the Retail Entitlement Offer if you were eligible to participate, net of any applicable withholding tax. However, there is no guarantee that you will receive any value as a result of the retail shortfall bookbuild.

The Entitlements of Eligible Retail Shareholders will be tradeable on ASX. The assignment, transfer and exercise of Entitlements trading on ASX will be restricted to persons meeting certain eligibility criteria. In particular, persons in the United States and persons acting for the account or benefit of persons in the United States will not be eligible to purchase or trade Entitlements or to exercise Entitlements they acquire. If you buy Entitlements during the trading period, but you do not meet the eligibility criteria, you will not be able to take up or exercise those Entitlements and, as a result, you may receive no value for them.

**You are not required to do anything in response to this letter.**

For further information on the Entitlement Offer or if you believe that you are an Eligible Retail Shareholder, you can call the Downer Offer Information Line on 1300 048 149 (Australia) or +61 3 9415 4275 (International callers) from 8.30am to 5.30pm (Sydney time) Monday to Friday during the

Retail Entitlement Offer period. If you have any further questions, you should contact your stockbroker, accountant or other professional adviser.

On behalf of the Board of Downer, I thank you for your continued support.

Yours faithfully



Peter Tompkins  
**Company Secretary**  
**Downer EDI Limited**

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**Important Information**

This letter is issued by Downer EDI Limited (ABN 97 003 872 848). This letter is not a prospectus or offering document under Australian law or under any other law. It is for information purposes only and does not constitute an offer, invitation or recommendation to subscribe for, retain or purchase any securities in Downer in any jurisdiction. This letter does not constitute financial product advice and does not and will not form part of any contract for the acquisition of Downer ordinary shares.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States. No action has been or will be taken to register, qualify or otherwise permit a public offering of the Entitlements or New Shares in any jurisdiction outside Australia and New Zealand. In particular, neither the Entitlements nor the New Shares have been, or will be, registered under the U.S. Securities Act of 1933, as amended (the "Securities Act"), or under the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be exercised or taken up by, and the New Shares may not be offered or sold directly or indirectly, to, persons in the United States unless they have been registered under the Securities Act (which Downer has no obligation to do so or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the Securities Act and applicable U.S. state securities laws. The Entitlements and New Shares to be offered and sold in the Retail Entitlement Offer will only be offered and sold outside the United States in "offshore transactions" (as defined in Rule 902(h) of the Securities Act) in reliance on Regulation S under the Securities Act.

The provision of this letter is not, and should not be considered as, financial product advice. The information in this letter is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. Please read the Retail Information Booklet, and if you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.