

This document is a supplementary target's statement under section 644 of the *Corporations Act 2001* (Cth). It is the fourth supplementary target's statement (**Fourth Supplementary Target's Statement**) issued by Broadspectrum Limited ABN 69 000 484 417 (**Broadspectrum**) in relation to the off market takeover bid for all the ordinary shares in Broadspectrum by Ferrovial Services Australia Pty Ltd ACN 609 542 556 (**Ferrovial**). This Fourth Supplementary Target's Statement supplements, and should be read together with, Broadspectrum's supplementary target's statement dated 27 April 2016 (**Third Supplementary Target's Statement**), Broadspectrum's supplementary target's statement dated 8 April 2016 (**Second Supplementary Target's Statement**), Broadspectrum's supplementary target's statement dated 8 February 2016 (**Supplementary Target's Statement**) and Broadspectrum's target's statement dated 21 January 2016 (**Target's Statement**).

This Fourth Supplementary Target's Statement prevails to the extent of any inconsistency with the Third Supplementary Target's Statement, Second Supplementary Target's Statement, Supplementary Target's Statement or the Target's Statement.

A copy of this Fourth Supplementary Target's Statement has been lodged with ASIC. Neither ASIC nor any of its officers take any responsibility for its contents.

Unless the context otherwise requires, terms defined in the Target's Statement have the same meaning as in this Fourth Supplementary Target's Statement.

## Fourth Supplementary Target's Statement – Directors recommend you act now to ACCEPT the Offer

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This Fourth Supplementary Target's Statement provides an update on certain material information relevant to Broadspectrum Shareholders in their consideration of the Offer.

For the reasons set out in section 2, your Directors now recommend that you ACCEPT Ferrovial's Revised Offer of \$1.50 per Broadspectrum Share. All of the Directors currently intend to accept the Revised Offer in respect of their Broadspectrum shareholdings.

Please note that Ferrovial's Offer is currently due to close at 7pm (AEST) on Monday, 2 May 2016<sup>1</sup>. If you wish to ACCEPT the offer, you should do so promptly in order to ensure that your acceptance is validly received before the Offer closes.

For further information on how to ACCEPT the Offer, please refer to section 3.

### 1 Update to services at the regional processing centres in Manus Province

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As previously advised to shareholders in its Target's Statement, the Company is subject to a number of key operational risks as a result of its foreign operations, including the risk of its financial performance being adversely impacted by:

- current or future regulatory regimes, local laws and regulations; or
- changes to current political, judicial or administrative policies.

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<sup>1</sup> If Ferrovial's voting power in Broadspectrum increases to more than 50% before the end of the Offer Period, there will be an automatic extension of the Offer Period so that it ends 14 days after the date that Ferrovial's voting power increases to more than 50%.

On 26 April 2016, Papua New Guinea's Supreme Court ruled that the detention of asylum seekers at the Regional Processing Centre in Manus Province was unconstitutional, following which the Company issued a Third Supplementary Target's Statement on 27 April 2016 advising Broadspectrum Shareholders that it would update the market on any impact the decision might have on the Company as soon as it becomes known.

On 27 April 2016, after the release of the Third Supplementary Target's Statement, Papua New Guinea's Prime Minister Peter O'Neill announced that the Manus Province Regional Processing Centre will be closed following the ruling from the country's Supreme Court. The press release did not specify a timeframe for the closure of the regional processing centre.

On 28 April 2016, Minister Dutton indicated that there is capacity at the Nauru facility and that discussions are in progress with the PNG Government about what options are available in PNG.

The impact of the Supreme Court's decision and the subsequent statement by the Prime Minister of Papua New Guinea has increased the level of near-term uncertainty to the DIBP contract and future earnings that may be derived from it.

The Company is awaiting further guidance from the centre operator, PNG Immigration and Citizenship Service, and Broadspectrum's client, the Department of Immigration and Border Protection (**DIBP**).

Whilst the Board considers it likely that there will be changes to its current operations on Manus Province, with the current information available, it is not possible to definitively determine either (1) the nature, scope and timing of any changes or (2) any resulting impact to Broadspectrum, including whether the changes will be positive, negative or neutral from the Company's perspective.

It is unlikely that the Company will have certainty as to the potential impacts before the current scheduled closing date for the Offer Period (noting that there are only 2 Business Days remaining in the scheduled Offer Period).

Broadspectrum considers that this matter could have a material impact on its future earnings, either positive or negative.

The Company reconfirms its guidance for FY2016 Underlying EBITDA.

However, in light of this uncertainty, while the Board expects that the Underlying EBITDA for FY2017 will be in excess of \$300 million<sup>2</sup>, there is sufficient doubt that it would not be prudent to maintain this as a statement of the outlook for the Company's FY2017 Underlying EBITDA.

## 2 Directors' recommendation

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The reasons why your Directors' have, to date, recommended that you reject the Offer are summarised below:

- the Revised Offer is still opportunistic and continues to undervalue your Broadspectrum Shares

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<sup>2</sup> The FY2017 outlook for Underlying EBITDA is not a forecast and is subject to changes in macro-economic conditions and further clarity on the potential impact on the DIBP contract. It is important to note that the actual FY2017 Underlying EBITDA will not be known for more than 14 months and there is the possibility for it to be materially higher or lower than \$300 million.

- the Revised Offer is below the Independent Expert's valuation range of \$1.60 to \$1.85 (noting that the Independent Expert has not been able to provide an update to its valuation given the timeframe and the uncertainty of the developments noted above)
- the outlook for Broadspectrum is positive and the Company continues to pursue strategies and initiatives to increase shareholder value
- Broadspectrum is a diversified portfolio business, providing flexibility to deliver sustained performance and earnings through industry and sector cycles
- Broadspectrum remains in a strong position and expects to deliver Underlying EBITDA for FY2016 in the range of \$280 million to \$300 million
- the outlook for FY2017 is positive, noting the comments above, and
- net debt is expected to reduce further to between \$370 million and \$390 million by 30 June 2016, from \$460 million at 31 December 2015, continuing a strong record of de-leveraging over a three-year period.

Your Directors have considered whether their recommendation should change, having regard to the new developments, and note that:

- the developments with respect to Manus Province raise uncertainties which will not be resolved within the Offer Period
- the opportunity for Broadspectrum Shareholders to receive the certainty of \$1.50 per share in cash in the face of these uncertainties may be attractive
- Ferrovial's Revised Offer represents a 43% premium to the closing Broadspectrum Share price on 27 April 2016 and a 76% premium to the closing Broadspectrum Share price of \$0.85<sup>3</sup> on the trading date immediately prior to the announcement of Ferrovial's Offer on 7 December 2015. As previously noted, Broadspectrum confirms its ability to commence a share buy-back in the event that Ferrovial's Offer unsuccessfully lapses on 2 May 2016, and
- if the Offer is unsuccessful, the Broadspectrum share price is likely to fall.

On balance, having considered all of these matters, your Directors now recommend you ACCEPT Ferrovial's Revised Offer of \$1.50.

All of the Directors currently intend to accept the Revised Offer in respect of their Broadspectrum shareholdings.

### 3 How to accept the Revised Offer

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Please refer to Appendix 1 for details on how to accept the Offer.

### 4 Authorisation and other matters

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A Shareholder Information Line has been established to address any specific queries in relation to the Offer. The phone number for the Shareholder Information Line is 1300 361 735 (for calls from within Australia) and +61 1300 361 735 (for calls made from outside

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<sup>3</sup> Broadspectrum's closing share price on 4 December 2015.

Australia). Updates in relation to the Offer will also be posted on Broadspectrum's website ([www.broadspectrum.com](http://www.broadspectrum.com)).

Signed for and on behalf of Broadspectrum following a resolution of the Directors of Broadspectrum:

A handwritten signature in black ink, appearing to read 'Diane Smith-Gander', written over a horizontal line.

**Diane Smith-Gander**

**Chairman, Broadspectrum Limited**

Date: 28 April 2016

## Appendix 1 – How to accept the Revised Offer

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The manner in which Broadspectrum Shareholders accept the Revised Offer will depend on whether your Broadspectrum Shares are in an Issuer Sponsored Holding or in a CHESS Holding.

1. **Issuer Sponsored Holdings** (identifiable by a securityholder reference number beginning with 'I')
  - a. **Complete** and **sign** the acceptance form enclosed with the Replacement Bidder's Statement dated 23 December 2015 in accordance with the instructions on it, and
  - b. **Return** the acceptance form together with all other documents required by the instructions on it so that they are received before the end of the Offer Period at one of the addresses indicated on the acceptance form.
2. **CHESS Holdings** (identifiable by a holder identification number beginning with 'X')
  - a. **Instruct** your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of the Revised Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules, so as to be effective before the end of the Offer Period, or
  - b. **Complete, sign and return** the acceptance form enclosed with the Replacement Bidder's Statement dated 23 December 2015, in accordance with the instructions on the acceptance form, together with all other documents required by those instructions so that they are received before the end of the Offer Period at the address on the acceptance form. This will authorise Ferrovial to initiate, or alternatively to instruct your Controlling Participant to initiate, acceptance of the Revised Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period. You must ensure that the acceptance form (and the other required documents), are received in sufficient time for Ferrovial to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period.

However, if you are the Controlling Participant in respect of your Broadspectrum shares, to accept the Revised Offer you must yourself initiate acceptance of the Revised Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period.

Controlling Participant has the meaning given in the ASX Settlement Operating Rules, and is usually a person, such as a broker, with whom you have a sponsorship agreement (within the meaning of the ASX Settlement Operating Rules).

Please refer to the Replacement Bidder's Statement dated 23 December 2015 for further information on how to accept the Revised Offer.

A Shareholder Information Line has been established to address any specific queries in relation to the Offer. The phone number for the Shareholder Information Line is 1300 361 735 (for calls from within Australia) and +61 1300 361 735 (for calls made from outside Australia). Updates in relation to the Offer will also be posted on Broadspectrum's website ([www.broadspectrum.com](http://www.broadspectrum.com)).