

21 March 2017

The Manager
Company Announcements Office
ASX Limited
20 Bridge Street
SYDNEY NSW 2000

Dear Sir/Madam

**Downer EDI Limited (ASX: DOW)
Notification under section 708AA(2)(f) of the Corporations Act 2001 (Cth) as modified by
ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84**

Downer EDI Limited (the **Company**) announced today a fully underwritten accelerated renounceable pro-rata entitlement offer (with retail rights trading) (the **Entitlement Offer**) of 2 ordinary shares in the Company (**New Shares**) for every 5 ordinary shares in the Company held as at 7.00pm (AEDT) on Friday, 24 March 2017 (the **Record Date**) by holders with registered addresses in Australia and New Zealand (**Eligible Shareholders**).

The Company gives notice under section 708AA(2)(f) of the *Corporations Act 2001* (Cth) (the **Corporations Act**) as modified by ASIC Corporations (Non-Traditional Rights Issues) Instrument 2016/84 that:

1. The Company will offer New Shares in the Company for issue pursuant to the Entitlement Offer without disclosure to investors under Part 6D.2 of the Corporations Act.
2. As at the date of this notice:
 - a) the Company has complied with the provisions under Chapter 2M of the Corporations Act as they apply to the Company;
 - b) the Company has complied with section 674 of the Corporations Act; and
 - c) there is no "excluded information" within the meaning of sections 708AA(8) and 708AA(9) of the Corporations Act which is required to be disclosed under section 708AA(7)(d) of the Corporations Act;
3. The effect that the issue of New Shares will have on control of the Company and the consequences of that effect will depend upon a number of factors, including investor demand. However, given the structure of the Entitlement Offer as a fully underwritten pro-rata offer and the current level of substantial holders (based on substantial holding notices that have been

given to the Company and lodged with ASIC on or before the date of this notice), the potential effect that the issue of the New Shares will have on the control of the Company is as follows:

- a) if all Eligible Shareholders take up their entitlements under the Entitlement Offer, there will be no material effect on the control of the Company;
- b) to the extent that any Eligible Shareholder sells or fails to take up their entitlements under the Entitlement Offer, that Eligible Shareholder's percentage holding in the Company's shares will be diluted by the issue of the New Shares;
- c) the percentage holding in the Company's shares of shareholders with registered addresses outside of Australia and New Zealand (excluding any relevant institutional holders) will be diluted as a result of the issue of the New Shares; and
- d) although the issue of New Shares which are not taken up by Eligible Shareholders under the Entitlement Offer may increase the voting power of the underwriter in the Company (or eligible institutional investors who may be allocated New Shares via the bookbuild processes to be conducted by the underwriter), it is not expected to have any material effect on the control of the Company.

Yours sincerely,



Peter Tompkins
Company Secretary
Downer EDI Limited