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UGL completes sale of DTZ for \$1.215 billion and provides a market update

- **UGL has completed the sale of its global property services business DTZ for \$1.215 billion to the TPG and PAG Consortium**
- **Surplus net sale proceeds of \$3 per share to be distributed to shareholders with expected payment date of 27 November 2014**
- **Update to market on Ichthys project progress**

Sydney: UGL Limited (ASX: UGL) today announced the completion of the sale of its global property services business DTZ for \$1.215 billion to a consortium comprising TPG Capital, PAG Asia Capital and Ontario Teacher's Pension Plan (together TPG and PAG Consortium).

On 16 June 2014 UGL announced that it had entered into a binding agreement for the sale of DTZ to the TPG and PAG Consortium. Completion of the sale follows the achievement of regulatory approvals and other conditions precedent.

Net proceeds from the sale are expected to be in the range of \$1.0-1.05 billion dependent on the finalisation of transaction costs and other sale adjustments including known liabilities which will be transferred with DTZ.

Distribution to Shareholders

A capital return of up to \$500 million, or \$3 per share was approved by shareholders at the Company's Annual General Meeting (AGM) on 30 October 2014. The Board after considering the appropriate capital structure for UGL going forward has determined that surplus net proceeds from the DTZ sale of \$3 per share will be distributed to shareholders.

UGL is in the process of obtaining a class ruling in relation to the distribution from the Australian Taxation Office (ATO) for the benefit of UGL shareholders. The distribution of \$3 per share will comprise a return of capital and a small unfranked dividend component. The class ruling will be made available to shareholders once issued in its final form.

An indicative timetable for the capital return was released on 30 October 2014 advising that a payment date of 27 November 2014 was expected. A final timetable will be released following receipt of the final class ruling from the ATO.

Indicative Capital Return Timetable

Event	Expected Date
UGL announces final class ruling	14 November 2014
Record date	20 November
Payment date	27 November 2014

Following completion of the distribution UGL expects net debt to be commensurate with peers.

UGL Managing Director and CEO, Richard Leupen said: “Whilst over the last twelve years we have built a great property services company which is a global leader in its industry, we recognise that the TPG and PAG Consortium are better able to fund and support the strong future growth potential and strategic opportunities of DTZ as it continues to position itself as one of the global property services leaders ensuring the long term interests of our clients and employees are maximised.

“The sale price achieved for DTZ reflects the significant value we have created in building a unique platform over time, delivering a highly positive result for UGL and its shareholders.

Market Update

A Consortium comprising a Joint Venture of CH2M HILL and UGL, together with GE, is building the power station (the project) for the Ichthys LNG Project. CH2M HILL of Denver Colorado is the lead partner and manager for the JV. The client for the project is JKC – a JV comprising JGC Corporation, KBR and Chiyoda Corporation.

As a result of a range of project changes and events in the design and procurement phase of the project being undertaken in Atlanta, and subsequent delays to the project, the forecast project costs have increased resulting in the joint venture led by CH2M Hill, recognising a provision of USD170 million. The construction phase is now ramping up into 2015 and 2016 which is the period in which much of these costs will be incurred.

UGL have been advised by CH2M Hill that as claims for the recovery of these increased costs are not yet sufficiently resolved to recognise as revenue to offset the increases, they will book a USD85 million provision in their September quarter accounts pending resolution of these issues. While acknowledging the JV’s position in relation to the provision recognised, UGL is still reviewing the cost to complete estimate and given ongoing discussions with the client regarding the claims position and project acceleration does not feel in a position to reliably measure the provision at this stage.

The JV and JKC are engaged in a series of meetings aiming to close out these issues by end 2014/early 2015 and also to accelerate the project to recover the delays. UGL will update the market at the half year results or earlier once in a position to reliably measure the financial outcome of the project.

UGL Today

UGL Managing Director and CEO, Richard Leupen said: “The sale of DTZ enables the Board and management of UGL to refocus on the engineering services business, with a clear strategy unambiguously centred on a single industry. As a standalone engineering and maintenance services company, UGL will adopt a capital structure and dividend policy appropriate for its operating requirements. A robust balance sheet positions UGL strongly for future growth opportunities including reinvestment in the core business to drive organic growth with the flexibility to consider future acquisition or diversification opportunities.

“With established capabilities in rail, maintenance and transport infrastructure, the Company is very well positioned to take advantage of the current and future growth opportunities in the Australian economy. This is underpinned by a solid base of recurring revenue providing future earnings stability.

“Over the coming months we will continue to work with JKC and our JV partner CH2M HILL to progress the design and procurement issues on the Ichthys LNG power project in order to resolve the claims position.

UGL today is a dedicated end-to-end outsourced engineering and maintenance services provider in Australia, New Zealand and South East Asia. The company has a diversified end market exposure across the core sectors of rail, transport & technology systems, power, resources, water and defence. UGL will employ more than 7,700 people and have annual revenue in excess of \$2.3 billion.

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FOR FURTHER INFORMATION CONTACT:

Carrie Barrack

Group Investor Relations & Corporate Affairs Manager
UGL Limited
+61 2 9492 1431
carrie.barrack@ugllimited.com

Richard Leupen

Managing Director & CEO
UGL Limited
+61 2 9492 8803
richard.leupen@ugllimited.com

Media please contact: Ben Jarvis +61 413 150 448