

MinterEllison

24 January 2017

BY ELECTRONIC LODGEMENT

Company Announcements
ASX Limited
Exchange Centre
20 Bridge Street
Sydney NSW 2000

Dear Sirs

Off-market bid by CIMIC Group Investments Pty Limited for Macmahon Holdings Limited (ASX:MAH)

We act for CIMIC Group Investments Pty Limited (ACN 126 876 953)(CGI), a wholly owned subsidiary of CIMIC Group Limited (ACN 004 482 982).

In accordance with item 5 of section 633(1) of the *Corporations Act 2001* (Cth) (**Act**), we enclose for lodgement a copy of CGI's Bidder's Statement dated 24 January 2017 in relation to CGI's off-market takeover bid for all the ordinary shares in Macmahon Holdings Limited (ACN 007 634 406) (**MAH**).

A copy of the Bidder's Statement was sent to MAH today.

For the purposes of sections 633(2) and 633(4) of the Act, CGI has set 7.00pm (AEDT) on 25 January 2017 as the register date.

Yours faithfully
MinterEllison



Michael Gajic

Partner



Michael Scarf

Senior Associate

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THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION

YOU SHOULD READ THIS DOCUMENT IN ITS ENTIRETY. IF YOU ARE IN ANY DOUBT AS TO HOW TO DEAL WITH IT, YOU SHOULD CONSULT YOUR LEGAL, FINANCIAL OR OTHER PROFESSIONAL ADVISER AS SOON AS POSSIBLE.



Bidder's Statement

ACCEPT the Unconditional
(other than in respect of a no
"prescribed occurrences"
condition)

Cash Offer by

CIMIC Group Investments Pty Limited ACN 126 876 953, a
wholly owned Subsidiary of CIMIC Group Limited
ACN 004 482 982

TO ACQUIRE ALL OF YOUR ORDINARY SHARES IN
Macmahon Holdings Limited (ACN 007 634 406)

FOR \$0.145 CASH FOR EACH MACMAHON SHARE

The Offer Price of \$0.145 cash for each Macmahon Share is final and cannot be increased during the Offer Period, in the absence of a competing proposal.

If you have any queries about the Offer, you may also call the CIMIC Offer Information Line on 1300 648 874 (for calls made within Australia) or +61 2 8355 1000 (for calls made from outside Australia) between 9.00am and 5.00pm (Sydney time) Monday to Friday.



Financial Adviser

MinterEllison

Legal Adviser

THIS IS AN IMPORTANT DOCUMENT AND REQUIRES YOUR IMMEDIATE ATTENTION

If you are in any doubt as to how to deal with this document, you should consult your Broker or your legal, financial or other professional adviser as soon as possible.

IMPORTANT INFORMATION AND NOTICES

(a) **Bidder's Statement**

This Bidder's Statement is given by CIMIC Group Investments Pty Limited ACN 126 876 953 to Macmahon Holdings Limited ACN 007 634 406 under Part 6.5 of the Corporations Act and relates to the Offer. This Bidder's Statement is dated 24 January 2017 and includes an Offer dated [●] 2017 to acquire Your Macmahon Shares.

(b) **CIMIC Group Investments Pty Limited**

CIMIC Group Investments Pty Limited ACN 126 876 953 is a wholly owned Subsidiary of CIMIC Group Limited ACN 004 482 982. Unless otherwise specified, in this document CIMIC Group Investments Pty Limited is referred to as **CGI** and CIMIC Group Limited is referred to as **CIMIC**.

(c) **Australian Securities and Investments Commission**

A copy of this Bidder's Statement was lodged with ASIC and sent to ASX on 24 January 2017. Neither ASIC nor ASX nor any of their officers takes any responsibility for the contents of this Bidder's Statement.

(d) **Offers outside Australia**

The distribution of this Bidder's Statement may, in some countries, be restricted by law or regulation. Accordingly, persons who come into possession of this Bidder's Statement should inform themselves of, and observe, those restrictions.

(e) **Important notice to US shareholders**

The Offer is made for the shares of an Australian registered company. It is important that US shareholders understand that the Offer is subject to disclosure requirements in Australia that are quite different from those in the US.

You should be aware that, subject to the Corporations Act, CGI or CIMIC may purchase Macmahon Shares otherwise than under the Offer, such as in open market or privately negotiated purchases after the end of the Offer Period.

(f) **Forward looking statements**

This Bidder's Statement includes certain forward looking statements and statements of current intention (which include those in Section 4 of this Bidder's Statement). As such statements relate to future matters, they are subject to various inherent risks and uncertainties. These risks and uncertainties include factors and risks specific to the industries in which CGI, CIMIC and Macmahon operate, as well as matters such as general economic conditions, many of which are outside of the control of CGI, CIMIC or Macmahon and their respective directors. These factors may cause the actual results, performance or achievements of CGI, CIMIC or Macmahon to differ, perhaps materially, from the results, performance or achievements expressed or implied by those forecasts or forward looking statements. The past performance of CGI, CIMIC and Macmahon is not a guarantee of future performance.

The forward looking statements do not constitute a representation that any such matter will be achieved in the amounts or by the dates indicated and are presented as a guide to assist you in assessing the Offer. The forward looking statements are based on information available to CGI at the date of this Bidder's Statement.

(g) **Investment decisions**

This Bidder's Statement does not take into account your individual investment objectives, financial or taxation situation or particular needs. You should therefore seek your own financial and taxation advice before deciding whether or not to accept the Offer.

(h) **Information on Macmahon**

All information in this Bidder's Statement relating to Macmahon has been prepared by CGI using information available to CGI, which includes information in public documents filed by Macmahon or published by Macmahon on its website. None of the information in this Bidder's Statement relating to Macmahon has been commented on or verified by Macmahon or independently verified by CGI for the purposes of this Bidder's Statement. Accordingly, subject to the Corporations Act, CGI does not make any representation or warranty, express or implied, as to the accuracy or completeness of such information. The information on Macmahon in this Bidder's Statement should not be considered comprehensive. In addition, the Corporations Act requires the directors of Macmahon to provide a Target's Statement to Macmahon Shareholders in response to this Bidder's Statement, setting out certain material information concerning Macmahon.

(i) **Privacy**

CGI has collected your information from the Register for the purposes of making the Offer and, if accepted, administering your holding of Macmahon Shares. The Corporations Act requires the names and addresses of Macmahon Shareholders to be held in a public register. Your information may be disclosed on a confidential basis to CGI's Related bodies corporate and external service providers, and may be required to be disclosed to regulators, such as ASIC. The registered office of CGI is Level 25, 177 Pacific Highway, North Sydney, NSW 2060, Australia.

(j) **Defined terms and interpretation**

Unless otherwise noted, capitalised terms and certain abbreviations used in this Bidder's Statement are defined in the Glossary in Section 10. That Section also sets out certain rules of interpretation which apply to this Bidder's Statement.

KEY DATES

Announcement Date	24 January 2017
Bidder's Statement lodged with ASIC and ASX	24 January 2017
Date of Offer	[•] 2017
Offer closes (unless extended or withdrawn in accordance with the Corporations Act)*	7.00pm (Sydney time) on [•] 2017

* This date is indicative only and may be changed as permitted by the Corporations Act.

HOW DO I ACCEPT THE OFFER?

You may only accept the Offer for all of Your Macmahon Shares.

Acceptances must be received before the end of the Offer Period.

For Issuer Sponsored Holdings of Macmahon Shares (Securityholder Reference Number beginning with "I")

To accept the Offer, complete the enclosed Issuer Acceptance Form in accordance with the instructions on it and return it in the enclosed envelope or to an address on the Issuer Acceptance Form, or by facsimile to +61 3 9473 2093 or email to CimicOffer@computershare.com.au (subject to receipt of original documents), so that it is received before 7.00pm (Sydney time) on the last day of the Offer Period.

For CHESS Holdings of Macmahon Shares (Holder Identification Number beginning with "X")

To accept the Offer, either contact your Controlling Participant (usually your Broker) and instruct them to accept the Offer on your behalf, or complete the enclosed CHESS Acceptance Form in accordance with the instructions on it and return it in the enclosed envelope or to an address on the CHESS Acceptance Form, or by facsimile to +61 3 9473 2093 or email to CimicOffer@computershare.com.au (subject to receipt of original documents).

CIMIC Offer Information Line

If you have any questions in relation to this document, the Offer or how to accept the Offer, please call the CIMIC Offer Information Line on 1300 648 874 (for calls made within Australia) or +61 2 8355 1000 (for calls made from outside Australia) from Monday to Friday between 9:00am and 5.00pm (Sydney time). Please note that calls to these numbers may be recorded.

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Letter from CIMIC Group



Dear Macmahon Shareholder

Final Off-Market Takeover Bid for Macmahon by CGI

I am pleased to provide you with this final¹, unconditional (other than in respect of a no "prescribed occurrences" condition²) Offer to acquire all of Your Macmahon Shares for \$0.145 cash per Macmahon Share³.

The Offer Price of \$0.145 per Macmahon Share, in cash, represents a premium of:

- 31.8% to the Last Close Price, being the price of Macmahon Shares on ASX at the close of trading on 23 January 2017, the Trading Day prior to the Announcement Date, of \$0.110 per Macmahon Share;
- 37.6% to the Macmahon one month volume weighted average price (**VWAP**) as at the Trading Day prior to Announcement Date, of \$0.105 per Macmahon Share;
- 45.6% to the Macmahon three month VWAP as at the Trading Day prior to Announcement Date, of \$0.100 per Macmahon Share; and
- 22.1% to the Macmahon six month VWAP as at the Trading Day prior to the Announcement Date, of \$0.119 per Macmahon Share.

In addition to the premium, the unconditional⁴ Offer enables you to exit all of your shareholding in Macmahon in an orderly manner and without the need to pay brokerage fees and with the opportunity to receive certain value.

The Offer is open for acceptance until 7.00pm (Sydney time) on [•] 2017, unless extended or withdrawn in accordance with the Corporations Act. To accept the Offer, please follow the instructions set out in Section 1.2 and on the enclosed Acceptance Form.

I encourage you to consider the Offer.

Following the conclusion of the Offer, CIMIC's intentions are to:

- conduct a strategic review of Macmahon's businesses in order to drive operational efficiencies and improvements to project delivery, identify ways in which both CIMIC and Macmahon can benefit from their complementary skills and capabilities, and analyse the composition and value of Macmahon's assets;
- review the dividend and capital management policies of Macmahon;
- seek to procure the removal of Macmahon from the Official List of ASX, depending on the level of control secured by CGI and remaining spread and volume of Macmahon Shares;

¹ The Offer Price is final, and cannot be increased during the Offer Period, in the absence of a competing proposal and is subject to the Offer terms specified in this document.

² These include Macmahon or a subsidiary splitting or consolidating its shares, Macmahon or a subsidiary buying-back or reducing its capital, Macmahon or a subsidiary issuing securities, Macmahon or a subsidiary disposing of the whole or a substantial part of its business or property, or the occurrence of insolvency events in respect of Macmahon or a subsidiary. See further the Frequently Asked Questions and Section 9.8 of this Bidder's Statement.

³ The Offer Price of \$0.145 is subject to the Offer terms specified in this document including Section 9.7 in relation to dividends and other entitlements (which do not include franking credits).

⁴ Other than with respect to a no "prescribed occurrence" condition.

- reconstitute the Macmahon Board; and
- retain the services of Macmahon's current employees in the ordinary course. In cases where particular roles may no longer be required, CGI will attempt to identify opportunities for alternative employment within the CIMIC Group.

As the Offer is unconditional, other than in respect of the no "prescribed occurrences" condition, CGI intends to exercise its rights under item 2 of section 611 of the Corporations Act and has appointed Credit Suisse Equities to stand in the market on the ASX from the date of this Bidder's Statement and purchase on CGI's behalf any Macmahon Shares offered to it at the Offer Price.

If you require additional assistance, please contact the CIMIC Offer Information Line on 1300 648 874 (for calls made within Australia) or +61 2 8355 1000 (for calls made from outside Australia) from Monday to Friday between 9:00am and 5.00pm (Sydney time).

Yours sincerely

A handwritten signature in blue ink, appearing to read 'M. Fernández Verdes', written over a light blue horizontal line.

Marcelino Fernández Verdes
Executive Chairman

Summary of the Offer

This summary provides an overview of the Offer and is qualified by the detailed information contained in this Bidder's Statement. You should read this Bidder's Statement in full before deciding whether or not to accept the Offer.

The Bidder	<p>CGI is a wholly owned Subsidiary of CIMIC. CIMIC is one of the world's leading international contractors and the world's largest contract miner. CIMIC is listed on ASX with a market capitalisation of approximately \$11.1 billion as at the close of trading on the last Trading Day prior to the Announcement Date.</p> <p>Through CGI, CIMIC has a relevant interest in 20.54% of all Macmahon Shares.</p> <p>Section 2 of this Bidder's Statement contains further information on CGI and CIMIC.</p>
Offer	<p>The Offer consideration is \$0.145 cash for every Macmahon Share acquired by CGI pursuant to the Offer. CGI is offering to acquire all of Your Macmahon Shares by way of an off-market takeover bid under Chapter 6 of the Corporations Act.</p> <p>The Offer relates to all Macmahon Shares on issue on the Register Date which CGI does not already own and, subject to ASIC granting relief (or ASIC confirming that no such relief is required), to all Macmahon Shares issued before the end of the Offer Period as a result of the vesting of Macmahon Performance Rights that are on issue as at the Register Date.</p>
Conditions to Offer	<p>The Offer is only conditional on there being no "prescribed occurrences" – these include Macmahon or a subsidiary splitting or consolidating its shares, Macmahon or a subsidiary buying-back or reducing its capital, Macmahon or a subsidiary issuing securities, Macmahon or a subsidiary disposing of the whole or a substantial part of its business or property, or the occurrence of insolvency events in respect of Macmahon or a subsidiary. See further the Frequently Asked Questions and Section 9.8 of this Bidder's Statement.</p>
Offer Period	<p>The Offer closes at 7.00pm (Sydney time) on [●] 2017, unless it is extended or withdrawn by CGI in accordance with the Corporations Act.</p>
How to Accept and Payment Date	<p>To accept the Offer you should follow the instructions set out in Section 1.2 and on the Acceptance Form. Your acceptance must be received before the Offer Period ends.</p> <p>If you accept the Offer and the Offer becomes unconditional, CGI will pay you the consideration under the Offer by the later of:</p> <ul style="list-style-type: none">(a) 7 business days after receipt of your valid acceptance; or(b) 7 business days after the Offer becomes unconditional.
Broker Fees	<p>There are no brokerage costs in accepting the Offer.</p>

Why you should accept CGI's Offer

1. You will receive an attractive cash price for Your Macmahon Shares

The Offer Price of \$0.145 per Macmahon Share, in cash, represents a premium of:

- 31.8% to the Last Close Price, being the price of Macmahon Shares on ASX at the close of trading on 23 January 2017, the Trading Day prior to the Announcement Date, of \$0.110 per Macmahon Share;
- 37.6% to the Macmahon one month volume weighted average price (**VWAP**) as at the Trading Day prior to the Announcement Date, of \$0.105 per Macmahon Share;
- 45.6% to the Macmahon three month VWAP as at the Trading Day prior to Announcement Date, of \$0.100 per Macmahon Share; and
- 22.1% to the Macmahon six month VWAP as at the Trading Day prior to the Announcement Date, of \$0.119 per Macmahon Share.

Figure 1: Offer premium*



* Source: IRESS (23 January 2017). As permitted by ASIC Class Order 07/429, this chart contains ASX share price trading information sourced from IRESS without its consent.

2. Cash certainty

The Offer is to acquire all of Your Macmahon Shares for \$0.145 cash consideration per Macmahon Share. The Offer Price is final, and cannot be increased during the Offer Period, in the absence of a competing proposal. The Offer is only subject to there being no "prescribed occurrences".

This gives Macmahon Shareholders certainty about the value of consideration being offered. The certainty provided by receiving a cash price under the Offer should be compared with the risks and uncertainties associated with holding shares in a listed company.

3. Potential reduction in liquidity

CIMIC Group currently has a relevant interest in 20.54% of the Macmahon Shares on issue. Should CGI be successful in increasing its ownership stake in Macmahon, this may lead to reduced liquidity and make it difficult for you to sell Your Macmahon Shares outside the Offer at or above the Offer Price.

The Offer enables all Macmahon Shareholders to exit their shareholding in an orderly manner at the Offer Price.

4. Share price may fall if Macmahon Shareholders do not accept

The closing Macmahon Share price on ASX on 23 January 2017, being the last Trading Day prior to the Announcement Date, was \$0.11.

The Macmahon Share price may trade at levels below the Offer Price once the Offer has lapsed (although this is difficult to predict with any degree of certainty) given the premium currently being offered to Macmahon Shareholders under the Offer.

5. No brokerage charges in accepting CGI's Offer

In addition to a premium, you will not incur any brokerage charges on the transfer of Your Macmahon Shares to CGI pursuant to the Offer.

Frequently asked questions

The table below answers some key questions that you may have about the Offer and should be read in conjunction with the remainder of this Bidder's Statement. You are strongly encouraged to read the entire Bidder's Statement before deciding how to deal with Your Macmahon Shares.

Question	Answer
What is the Offer?	<p>CGI is making an Offer to acquire all of Your Macmahon Shares. The Offer consideration is \$0.145 cash per Macmahon Share.</p> <p>Please note that you may only accept the Offer for all of Your Macmahon Shares.</p>
What is this Bidder's Statement?	<p>This Bidder's Statement was prepared by CGI for distribution to Macmahon Shareholders. This Bidder's Statement describes the terms of CGI's Offer for Your Macmahon Shares and information relevant to your decision whether or not to accept the Offer.</p> <p>This Bidder's Statement is an important document. Should you have any doubt as to how to deal with this document, you should consult your financial, legal or other professional adviser.</p>
Who is CGI?	<p>Through CGI, CIMIC is a shareholder in Macmahon, and currently has a relevant interest in 20.54% of all Macmahon Shares.</p> <p>CGI is a wholly owned Subsidiary of CIMIC. CIMIC, founded in Australia in 1949, is one of the world's leading international contractors and the world's largest contract miner. CIMIC, previously known as Leighton Holdings Limited, was listed on ASX in 1962 and has its head office in Sydney, Australia. CIMIC provides construction, mining, mineral processing, engineering, concessions, and operation and maintenance services to the infrastructure, resources and property markets. It operates in more than 20 countries throughout the Asia Pacific, the Middle East, North America, Sub-Saharan Africa and South America and, as at 31 December 2016, employed approximately 50,500 people directly and through its investments. CIMIC's market capitalisation was approximately \$11.1 billion as at the close of trading on the last Trading Day prior to the Announcement Date.</p> <p>Section 2 of this Bidder's Statement contains further information on CGI and CIMIC.</p>
What interest does CGI currently have in Macmahon Shares?	<p>CGI has a relevant interest in 20.54% of the total number of Macmahon Shares.</p>
Does CIMIC work with Macmahon on projects?	<p>CIMIC works with Macmahon from time to time. This currently includes leasing of machinery by CIMIC to Macmahon, and raisebore subcontract works by Macmahon to CIMIC, all undertaken on normal commercial terms. There are no current joint ventures or projects being undertaken between CIMIC and Macmahon.</p>
How do I accept the Offer?	<p>To accept the Offer, you should follow the instructions set out in Section 1.2 of this Bidder's Statement and on the Acceptance Form. Your acceptance must be received before the end of the Offer Period.</p>
Are there any conditions to the Offer?	<p>The Offer is only conditional on there being no "prescribed occurrences". "Prescribed occurrences" are certain events which if they occur will give CGI the right to not proceed with its Offer. Some of these events include Macmahon or a subsidiary splitting or consolidating its shares, Macmahon or a subsidiary buying-back or reducing its capital, Macmahon or a subsidiary issuing securities, Macmahon or a subsidiary disposing of the whole or a substantial part of its business or property, or the occurrence of insolvency events in respect of Macmahon or a subsidiary. This condition is set out in full in Section 9.8 of this Bidder's Statement.</p>
What will you receive if you accept the Offer?	<p>If you accept the Offer you will receive \$0.145 cash for each of Your Macmahon Shares that you accept into the Offer.</p> <p>The aggregate cash payable to you will be rounded down to the nearest whole cent.</p>
How long is the Offer open for?	<p>The Offer opens on [●] 2017 and is scheduled to close at 7.00pm (Sydney time) on [●] 2017 (unless extended or withdrawn in accordance with the Corporations Act).</p>

Do I have to pay any fees?	No brokerage charges or stamp duty will be payable by you on the acceptance of the Offer.
What should I do?	<p>You should:</p> <ul style="list-style-type: none"> (a) read this Bidder's Statement in full; (b) read Macmahon's Target Statement in full (when issued); (c) consult your Broker, legal, financial or other professional adviser if you are in any doubt as to what action to take or how to accept the Offer; and (d) to accept the Offer, follow the instructions set out in Section 1.2 and the Acceptance Form. <p>If you have any queries about the Offer, you may also call the CIMIC Offer Information Line on 1300 648 874 (for calls made within Australia) or +61 2 8355 1000 (for calls made from outside Australia) between 9.00am and 5.00pm (Sydney time) Monday to Friday.</p>
Can I accept the Offer for less than all of my Macmahon Shares?	No, you can only accept the Offer for all of Your Macmahon Shares.
Will CGI purchase any Macmahon Shares outside of the Offer?	As the Offer is only conditional on there being no "prescribed occurrences", CGI intends to exercise its rights under item 2 of section 611 of the Corporations Act and has appointed Credit Suisse Equities to stand in the market on the ASX from the date of this Bidder's Statement and purchase on CGI's behalf any Macmahon Shares offered to it at the Offer Price.
If I accept the Offer, when will I receive consideration for my Macmahon Shares?	<p>If you accept the Offer and the Offer becomes unconditional, CGI will pay you the consideration under the Offer by the later of:</p> <ul style="list-style-type: none"> (a) 7 business days after receipt of your valid acceptance; or (b) 7 business days after the Offer becomes unconditional.
What if Macmahon pays a dividend?	<p>Under the terms of the Offer, if you accept the Offer, then CGI will be entitled to all of the Rights attaching to Your Macmahon Shares, which includes the value of any dividends or capital distributions declared or paid by Macmahon after the Announcement Date. Rights do not include any franking credits attached to any dividend.</p> <p>In accordance with the terms and conditions of the Offer set out in full in Section 9, if Macmahon pays any dividend or capital distribution to Macmahon Shareholders between the Announcement Date and the close of the Offer Period and you receive that dividend or capital distribution and you accept the Offer, CGI will deduct the value of such dividends or capital distributions from the \$0.145 per Macmahon Share to be paid to you under the Offer.</p>
If Macmahon declares a dividend, how will CGI treat franking credits attached to the dividend?	<p>Rights do not include any franking credits attached to any dividend. Accordingly, if Macmahon were to declare a franked final dividend or a franked special dividend during the Offer Period, and the record date for that dividend fell during the Offer Period, CGI would not make any deduction from the Offer Price in respect of such franking credits.</p> <p>CGI intends to deduct the actual amount of any dividend declared by Macmahon during the Offer Period from its Offer Price as envisaged by Section 9.7 of its Offer terms.</p>
What happens if I accept the Offer?	Once you accept the Offer in respect of all of Your Macmahon Shares, you will not be able to sell those Macmahon Shares or otherwise deal with the Rights attaching to those Macmahon Shares, subject to your limited statutory rights to withdraw your acceptance in certain circumstances. Rights do not include any franking credits attached to any dividend.
What happens if I do not accept the Offer?	If you do not accept the Offer and you do not sell Your Macmahon Shares on ASX, you will retain all of Your Macmahon Shares and will not receive any cash consideration unless Your Macmahon Shares are compulsorily acquired.

<p>What are the tax implications of accepting the Offer?</p>	<p>A general description of the taxation treatment for certain Macmahon Shareholders accepting the Offer is set out in Section 7.</p> <p>The description in Section 7 is a general description only and not advice. It does not take into account your particular circumstance or needs. You should not rely on that description as advice for your own affairs.</p> <p>You should consult your taxation adviser for detailed taxation advice before making a decision as to whether or not to accept the Offer for Your Macmahon Shares.</p>
<p>Is there a minimum acceptance condition?</p>	<p>No, there is no minimum acceptance condition. The Offer is only conditional on there being no "prescribed occurrences". This condition is set out in full in Section 9.8 of this Bidder's Statement.</p>
<p>When does the Offer become unconditional?</p>	<p>The Offer becomes unconditional when CGI gives a notice to Macmahon declaring the Offer to be free of the Defeating Condition. This notice will also be given to ASX.</p>

1. OVERVIEW OF THE OFFER

1.1 Offer terms – off-market takeover bid

CGI offers under an off-market takeover bid to purchase Your Macmahon Shares for \$0.145 per Macmahon Share on the terms of the Offer set out in Section 9 of this Bidder's Statement. The Offer relates to Macmahon Shares that exist as at the Register Date and, subject to ASIC granting relief (or ASIC confirming that no such relief is required), to all Macmahon Shares issued before the end of the Offer Period as a result of the vesting of, conversion of, or exercise of rights attached to Macmahon Performance Rights that are on issue as at the Register Date.

Under the terms of the Offer, the amount of consideration you receive from CGI will be reduced by the amount or value of any Rights attaching to the Macmahon Shares in respect of which the Offer is accepted, which arise or are paid on or after the Announcement Date, which CGI does not receive. Rights do not include any franking credits attached to any dividend. See Section 9.7 for further details regarding the treatment of dividends and other entitlements.

Offer Period

The Offer is scheduled to close at 7.00pm (Sydney time) on [●] 2017 (but it may be extended or withdrawn in accordance with the Corporations Act).

Payment date

If you accept the Offer and the Offer becomes unconditional, CGI will pay you the consideration under the Offer by the later of:

- (a) 7 business days after receipt of your valid acceptance; or
- (b) 7 business days after the date on which the Offer becomes unconditional.

Conditions

The Offer and the contracts resulting from the acceptance of the Offer (and each other Offer and each contract resulting from the acceptance therefore) are subject to a no "prescribed occurrences" condition only. This condition is set out in full in Section 9.8 of this Bidder's Statement.

1.2 How to accept the Offer

The Offer may only be accepted for all of Your Macmahon Shares.

How you accept the Offer depends on whether Your Macmahon Shares are in an Issuer Sponsored Holding or a CHESS Holding. You will have been sent an Acceptance Form with this Bidder's Statement (an Issuer Acceptance Form or a CHESS Acceptance Form), which will be the Acceptance Form to be used in relation to Your Macmahon Shares:

- (a) **If you hold Your Macmahon Shares in an Issuer Sponsored Holding (your SRN starts with an "I")**, to accept the Offer you must complete, sign and return the enclosed Issuer Acceptance Form in accordance with the instructions on it to the address indicated on the form (and set out below) before the end of the Offer Period. Acceptance Forms can be sent by post, or by facsimile to +61 3 9473 2093 or email to CimicOffer@computershare.com.au (subject to receipt of original documents) and must be received BEFORE 7.00pm on the date the Offer closes.

For Acceptance Forms sent by email or fax, the original Acceptance Form (including any documents required in order to validly process acceptances, such as certified copies of powers of attorney) must still be posted in accordance with instructions on the Acceptance Form, and CGI will not be obliged to pay the consideration until it receives those documents.

- (b) **If you hold Your Macmahon Shares in a CHES Holding (your HIN starts with an "X")**, to accept the Offer you must either:
- (i) instruct your Controlling Participant (for example, your Broker) to initiate acceptance of the Offer before the end of the Offer Period; or
 - (ii) complete the accompanying CHES Acceptance Form and send the completed CHES Acceptance Form (together with all other documents required by the instructions on the form) directly to your Broker or other Controlling Participant in sufficient time for the Offer to be accepted before the end of the Offer Period with instructions to initiate acceptance of the Offer on your behalf before the end of the Offer Period; or
 - (iii) complete, sign and return the CHES Acceptance Form in accordance with the instructions on it and lodge it by returning it to the address indicated on the form (and set out below), or by facsimile to +61 3 9473 2093 or email to CimicOffer@computershare.com.au (subject to receipt of original documents), so that your acceptance is received by CGI in time to give instructions to your Controlling Participant, and for your Controlling Participant to carry out those instructions, before the end of the Offer Period. This will authorise CGI to instruct your Broker or other Controlling Participant to initiate acceptance of the Offer on your behalf.
- (c) **If you are a Controlling Participant** (usually a Broker or a bank, custodian or other nominee), to accept the Offer you must initiate acceptance in accordance with the requirements of ASX Settlement Operating Rules before the end of the Offer Period.

The postal address for completed Acceptance Forms is as follows:

CIMIC OFFER
C/- Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne Victoria 3001
Australia

The transmission of the Acceptance Form and other documents is at your own risk.

For full details see Section 9.4 of this Bidder's Statement.

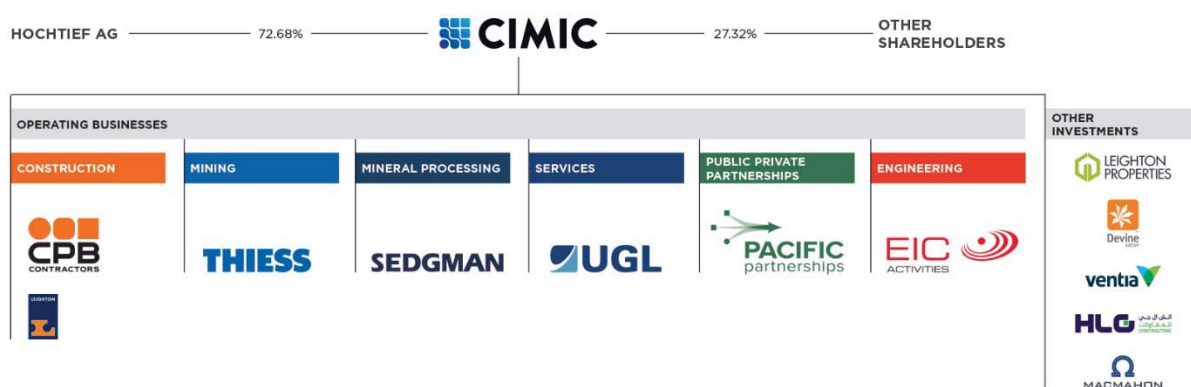
2. INFORMATION ON CGI AND CIMIC

2.1 Overview of CGI and CIMIC

CGI is a wholly owned Subsidiary of CIMIC. Through CGI, CIMIC is a shareholder in Macmahon, and currently has a relevant interest in 20.54% of all Macmahon Shares.

In addition to its holding of Macmahon Shares, CGI holds investments within CIMIC Group including the CIMIC Group's 100% interest in Sedgman Pty Limited.

CIMIC, founded in Australia in 1949, is one of the world's leading international contractors and the world's largest contract miner. CIMIC, previously known as Leighton Holdings Limited, was listed on ASX in 1962 and has its head office in Sydney, Australia. CIMIC provides construction, mining, mineral processing, engineering, concessions, and operation and maintenance services to the infrastructure, resources and property markets. It operates in more than 20 countries throughout the Asia Pacific, the Middle East, North America, Sub-Saharan Africa and South America and, as at 31 December 2016, employed approximately 50,500 people directly and through its investments.



Revised 13 January 2017

CONSTRUCTION



CPB CONTRACTORS is a leading international construction contractor, with operations spanning Australia, New Zealand, Asia, India and Papua New Guinea. CPB Contractors delivers projects spanning all key sectors of the construction industry, including roads, rail, tunnelling, defence, building and resources infrastructure.

The company works with clients across a range of delivery models, including design and construct, construct only, construction management, in Alliances and Joint Ventures, and public private partnerships in conjunction with the CIMIC Group's Pacific Partnerships.

The company combines the construction expertise and track record formerly delivered by Leighton Contractors and Thiess, two of Australasia's most successful contractors.

CPB Contractors also includes the people and projects of LEIGHTON ASIA, the contractor behind some of Asia's most prestigious projects.

MINING



THIESS is the world's largest mining services provider. The team offers the widest range of in-house surface and underground mining capabilities across Australia, Botswana, Canada, Chile, Indonesia and Mongolia. Thiess' expertise spans most of the world's commodities including metallurgical and thermal coal, copper, diamonds, gold, iron ore, lignite, nickel and oil sands.

From fully-resourced, end-to-end solutions, to targeted services, to supporting clients' in-house teams, the focus is on flexibility. The team understands the lifecycle of a mine and how to manage market changes and evolving requirements, tailoring Thiess' services to optimise the mining value chain unique to each mine.

MINERAL PROCESSING

SEDGMAN

SEDGMAN is a market leader in the design, construction and operation of mineral processing plants and associated minesite infrastructure. With a track record in successful project and operation delivery, Sedgman is focused on realising value for clients.

From pre-feasibility and commissioning through to operations, Sedgman has completed more than 170 processing and handling projects globally. Sedgman has a balanced commodity portfolio across base and precious metals, industrial minerals, coal and iron ore as well as associated minesite infrastructure.

SERVICES



UGL is a diversified services company delivering critical assets and essential services that sustain and enhance the environment in which we live.

UGL is a leading provider of end-to-end engineering, construction and maintenance services and is active across rail and transport, communications and technology systems, oil and gas, power and resources, water and defence markets. UGL partners with some of the world's largest blue-chip companies and government agencies, private enterprise and public institutions.

UGL's skilled workforce, expertise in project management and end-to-end engineering, is backed by a continuous focus on safety, innovation and improvement.

PUBLIC PRIVATE PARTNERSHIPS



PACIFIC PARTNERSHIPS is the CIMIC Group's project finance arm. It is a leading developer of Public Private Partnerships and Build Own Operate Transfer projects.

Leveraging the financial strength and diverse capabilities of CIMIC Group, it offers clients seamless value for money solutions for the finance, design, construction, operations and maintenance of key infrastructure.

CIMIC has been responsible for the delivery of more than 20 PPPs with a market value of around \$32 billion.

ENGINEERING



EIC ACTIVITIES is CIMIC Group's engineering and technical services business.

Its engineering and risk mitigation expertise provides a competitive advantage for winning and delivering profitable projects that also generate value for clients.

EIC Activities leads innovation. Partnering with tender and project teams across the transport, industrial and resources infrastructure and building sectors, it increases self-performance and delivers competitive solutions that achieve significant safety, cost, time and productivity gains.

Among these businesses are entities that have been in existence since the 1930s.

For the year ended 31 December 2015, CIMIC reported earnings before interest and tax of \$838.9 million up 3.2% on the prior comparable period and net profit after tax from continuing operations of \$520.4 million up 19.9% on the prior comparable period.

In the half-year ended 30 June 2016, CIMIC reported earnings before interest and tax of \$358.7 million and net profit after tax of \$265.2 million.

In the nine months to 30 September 2016, CIMIC reported earnings before interest and tax of \$546.7 million and net profit after tax of \$413.7 million.

CIMIC is listed on the ASX with a market capitalisation of approximately \$11.1 billion as at the close of trading on the last Trading Day prior to the Announcement Date. The largest shareholder in CIMIC is HOCHTIEF Australia Holdings Limited, a wholly owned Subsidiary of HOCHTIEF Aktiengesellschaft (**HOCHTIEF AG**), which owns 72.68% of CIMIC as at 31 December 2016⁵. HOCHTIEF AG is listed on the Frankfurt Stock Exchange. The largest

⁵ 31 December 2016 was the last practicable date for determining HOCHTIEF Australia Holdings Limited's shareholding in CIMIC prior to the date of this Bidder's Statement.

shareholder in HOCHTIEF AG, Actividades de Construcción y Servicios S.A. (**ACS**), held 71.72% of the shares in HOCHTIEF AG at 31 December 2016⁶.

For more information please refer to www.cimic.com.au.

2.2 Directors

As at the date of this Bidder's Statement, the directors of CIMIC are:

- Mr Marcelino Fernández Verdes (Executive Chairman);
- Mr Adolfo Valderas (Chief Executive Officer and Managing Director);
- Mr Russell Chenu;
- Mr José Luis del Valle Pérez;
- Mr Trevor Gerber;
- Mr Pedro López Jiménez;
- Mr David Robinson; and
- Mr Peter-Wilhelm Sassenfeld.

As at the date of this Bidder's Statement, the directors of CGI are:

- Mr Robert Brian Cotterill; and
- Mr Angel Manuel Muriel Bernal.

2.3 Directors' Interests in Macmahon

No CIMIC director has an interest in Macmahon Shares.

No CGI director has an interest in Macmahon Shares.

2.4 CIMIC's Work with Macmahon

CIMIC works with Macmahon from time to time. This currently includes leasing of machinery by CIMIC to Macmahon, and raisebore subcontract works by Macmahon to CIMIC, all undertaken on normal commercial terms. There are no current joint ventures or projects being undertaken between CIMIC and Macmahon.

⁶ 31 December 2016 was the last practicable date for determining ACS's shareholding in HOCHTIEF AG prior to the date of this Bidder's Statement.

3. INFORMATION ON MACMAHON

3.1 Profile of Macmahon

Macmahon is an Australian company offering mining services in Australasia and Africa with experience in surface and underground mining and engineering design and fabrication, construction and maintenance services. Macmahon is headquartered in Perth, Western Australia, and was founded in 1963. Macmahon previously operated a civil construction business which it exited in 2013 through a sale of a majority of the projects to CIMIC to allow Macmahon to focus on its mining operations.

The surface mining division of Macmahon provides a range of services including mine planning, drill and blast, bulk and selective mining, crushing and screening, materials handling, resource infrastructure development, civil construction, water management, and plant operation and maintenance.

The underground mining division of Macmahon provides underground development and production services including the provision of ground support services (rock bolting, cable bolting and shotcreting) as well as the full suite of ventilation and access services (shaft sinking, raise drilling and shaft lining).

The international operations division of Macmahon includes current mining services operations in Malaysia and Indonesia.

Macmahon is listed on ASX with a market capitalisation of \$132.1 million (as at the close of trade on the last Trading Day prior to the Announcement Date). Further information can be obtained from Macmahon's website (<http://www.macmahon.com.au>).

3.2 Operational overview

Macmahon's current and recent projects are outlined below. Macmahon also has numerous short term hire equipment agreements with multiple customers.

(a) Surface mining

- **Tropicana Gold Mine:** Macmahon provides a full range of mining services at the Tropicana Gold Mine in Western Australia for Anglo Gold Ashanti and Independence Group under a life of mine contract with a term estimated to 2022.
- **Telfer Gold Mine:** Macmahon provides the scope of open pit mining, bulk earthworks and maintenance related services at Newcrest Mining Limited's Telfer operation under an annual contract with client options until 2022.
- **St Ives Gold Mine:** Macmahon provides plant and personnel for large scale open cut mining operations at the St Ives Gold Mine near Kambalda in Western Australia. In May 2016 this contract was extended for a further 24 months.
- **Argyle Diamond Mine:** Macmahon has a 3-year contract with Rio Tinto to manage its tailings dam operations at the Argyle Diamond Mine in Western Australia.

In February 2015, Macmahon concluded its contract with Fortescue Metals Group at the Christmas Creek mine in Western Australia.

(b) Underground mining

- **Gold mine services:** Macmahon provides services including drilling, shotcreting, raise drilling, shaft sinking and engineering design to projects, including the Mount Wright Gold Mine in Queensland for Carpentaria Gold and the Ballarat Gold Project in Victoria for Castlemaine Gold Fields.

- **Olympic Dam:** Macmahon provides raise drilling services at BHP Billiton's Olympic Dam Mine in South Australia, with the current scope of works contracted to 2018.
- **Cadia Project:** Macmahon undertakes cablebolting activities at Newcrest Mining's Cadia Project in New South Wales.
- **Ranger Mine:** Macmahon provides care and maintenance services at the Ranger Mine in the Northern Territory for Energy Resources of Australia.
- **Leinster Mine:** Macmahon is undertaking a raisebore at BHP Billiton's Leinster Mine in Western Australia, as a subcontract to Thiess.

In 2015 and 2016, Macmahon completed operations at BHP Billiton's Olympic Dam Mine in South Australia, at Panoramic Resources' Lanfranchi and Savannah Mines in Western Australia, as well as at George Fisher.

On 30 November 2016, Macmahon announced that it has found it challenging to secure new underground development work, citing a lack of new work in its underground business following the completion of its contract at Olympic Dam as a reason for its financial performance in the year ended 30 June 2016.

CGI understands that Macmahon may be considering a potential sale of some or all of its underground mining division in the near future. CGI does not support the continuation of any such sale process during the Offer Period.

(c) **International**

- **Martabe, Indonesia:** A 50:50 joint venture between Macmahon and an Indonesian contractor, provides mining services at the Martabe gold mine in the North Sumatran province of Indonesia under a 5-year contract.
- **Indonesia and Malaysia:** Macmahon provides a range of mining services for LafargeHolcim at operations in Indonesia and Malaysia with contract terms extending up to 2018 and 2020, respectively.

In October 2016, Macmahon terminated its contract at the Calabar mine in Nigeria. In April 2016, Macmahon concluded its contract with LafargeHolcim at the Ewekoro mine in Nigeria. In May 2015, Macmahon concluded its contract with Newmont Waihi Gold for the Martha Mine in New Zealand.

On 24 June 2015, Macmahon sold its Mongolian operations for US\$65 million.

3.3 Key latest news from Macmahon

For the year ended 30 June 2016, Macmahon reported earnings before interest, tax, asset write-downs and onerous lease provisions from continuing operations of \$6.0 million down 84.0% on the prior comparable period and net profit after tax from continuing operations of \$1.1 million up \$221.7 million on the prior comparable period. Macmahon reported revenue from continuing operations for the year ended 30 June 2016 of \$347.4 million, down 47.4% on the prior comparable period.

On 22 August 2016, Macmahon announced that it expects revenue in FY17 to be in the range of \$350 million to \$370 million, with more than \$320 million of work contracted for FY17. Macmahon stated that its current order book runs for another 5 years.

On 12 October 2016, Macmahon announced to the ASX that its mining contract in Calabar, Nigeria was terminated. On 30 November 2016, Macmahon announced that it ceased mining operations on 28 October 2016 and are now in the process of winding up that operation. Macmahon stated that the project closure costs are yet to be finally determined, and that it was considering options for the disposal of assets in Nigeria which will enable Macmahon to determine the final project closure costs.

The final project closure costs in respect of the Nigerian operations are expected to be borne by Macmahon during the first half of the financial year ending 30 June 2017. On 30 November 2016, Macmahon announced that it will account for those losses in its half year results to 31 December 2016 to be released in February 2017, and that the full profit and loss and cash flow impacts will also be communicated once these are known.

Macmahon noted in its 2016 Annual Report that if Macmahon was to withdraw from its activities in Nigeria, Macmahon would be likely to incur foreign currency translation reserve losses which would be reclassified to Macmahon's profit and loss statement and that the current foreign currency translation reserve loss at the time of the 2016 Annual Report was \$6.4 million.

On 12 October 2016, Macmahon also announced its Telfer contract has been incurring losses since February 2016 as a result of larger than expected start-up costs, difficult operating conditions and additional maintenance rectification costs for client supplied equipment. Macmahon stated that the operational performance issues in respect of the Telfer contract will negatively impact results for the financial year ending 30 June 2017. Macmahon stated that it remains in discussions with its client at Telfer, Newcrest Mining Limited, with respect to formulating options to mitigate the issues impacting the Telfer contract.

On 17 October 2016, Macmahon announced that it had accepted the resignation of Macmahon's Chief Executive Officer and Managing Director, Mr Sybrandt van Dyk, effective from mid-November 2016. Macmahon also announced that Mr Michael Finnegan, then Macmahon's General Manager of Surface Mining, would assume the role of Chief Executive Officer to replace Mr van Dyk. Mr van Dyk ceased to be a director of Macmahon on 11 November 2016, and on 15 November 2016 Macmahon announced that it had finalised the employment contract with Mr Finnegan as its new Chief Executive Officer.

3.4 Directors

As at the date of this Bidder's Statement, the Macmahon Directors are:

- Mr James Walker (Non-Executive Chairman);
- Mr Giles Everist;
- Ms Eva Skira; and
- Mr Vyril Vella (who was nominated to the Macmahon Board by CGI).

3.5 Substantial holders

Based on publicly available information, the following persons had the following substantial holdings in Macmahon Shares on the date of this Bidder's Statement.

Substantial holder	Macmahon Shares	% ⁷
CIMIC Group Investments Pty Limited	246,631,927	20.54
Forager Funds Management Pty Ltd	92,024,493	7.66
3 rd Wave Investors Ltd	63,425,000	5.28
Schroder Investment Management Australia Limited	62,545,555	5.21

⁷ Shareholding percentages of each substantial holder are based on their last announced substantial holder notice and a total of 1,200,920,894 Macmahon Shares on issue – see Section 5.1 of this Bidder's Statement for further details on the total number of Macmahon Shares on issue.

3.6 Dividend and capital management policy

Macmahon has not declared or paid a dividend since 17 October 2012.

On 6 October 2015, Macmahon announced the commencement of an on-market share buy-back of up to 10% of Macmahon Shares over the next 12 months. Macmahon announced that the buy-back was undertaken as part of its ongoing capital management. The buy-back concluded on 21 October 2016.

In its 2016 Annual Report, Macmahon stated that the Macmahon Board determined that a dividend would not be declared for the year ended 30 June 2016, as it believed that the then current share buy-back was the most effective way to return capital to Macmahon Shareholders.

Since conclusion of the recent buy-back, Macmahon has not indicated whether it will undertake any other capital management initiatives. On 30 November 2016, Macmahon announced, when describing the Macmahon Board's decision to not declare a dividend for the year ended 30 June 2016, that at the time it was focused on addressing operational issues, strengthening its balance sheet and conserving cash for potential new projects.

As at 30 June 2016, Macmahon had a net cash position of \$56.5 million, and no bank debt following retirement of Macmahon's bank debt in July 2015.

3.7 Change of control and termination rights under key contracts

As a result of the Limited Due Diligence described in Section 3.8 below, CGI is aware of the following terms of key project contracts to which Macmahon is currently party (in each case based on terms in place as at April 2015):

- **Tropicana Gold Mine:** Pursuant to Macmahon's life of mine contract, the counterparty may terminate the contract in whole or in part for convenience by giving Macmahon 90 days' notice. The contract also contains a change of control provision whereby if effective control of Macmahon or the business conducted by Macmahon changes, the counterparty has a right to terminate; and
- **Malaysia:** Macmahon's contract with Lafarge to operate the Kanthan limestone quarry in Malaysia can be terminated by the counterparty for convenience and in the event of a change of control of Macmahon.

3.8 Macmahon information

In early 2015, CIMIC Group was invited by Macmahon to carry out a limited 'due diligence' review of certain aspects of the business of Macmahon and its subsidiaries (**Limited Due Diligence**). During the course of the Limited Due Diligence, representatives of the CIMIC Group had access to certain records of Macmahon and to Macmahon management. The information obtained by CIMIC Group during the Limited Due Diligence is either in the public domain, is disclosed in this Bidder's Statement or, in CGI's opinion, is not material to the making of a decision by a Macmahon Shareholder whether or not to accept the Offer.

The information in this Section 3 concerning Macmahon and the Macmahon Group has been prepared using information available to CGI, which includes information in public documents filed by Macmahon, or published by Macmahon on its website or made available to the CIMIC Group as part of the Limited Due Diligence. That information has not been independently verified by CGI. Accordingly, subject to the Corporations Act, CGI does not make any representation or warranty (express or implied) as to the accuracy or completeness of such information.

The information on Macmahon and the Macmahon Group in this Bidder's Statement should not be considered comprehensive. Further information relating to Macmahon's businesses or Macmahon's securities may be included in the Target's Statement in relation to the Offer, which will be sent to you directly by Macmahon.

Macmahon is a company listed on ASX and is subject to the periodic and continuous disclosure requirements of the Corporations Act and the Listing Rules. For more information concerning the financial position and affairs of Macmahon, you should refer to the full range of information that has been disclosed by Macmahon pursuant to those obligations.

The ASX website (www.asx.com.au) and Macmahon's website (<http://www.macmahon.com.au>) list announcements issued by Macmahon, including their most recent Annual Report and financial statements.

The following table contains a description of each announcement made by Macmahon to ASX between 30 June 2016 and the date of this Bidder's Statement:

Date	Announcement
30/11/2016	AGM - Results of Meeting
30/11/2016	Chairman's Address to Shareholders
15/11/2016	CEO employment contract
14/11/2016	Final Director's Interest Notice
24/10/2016	Letter to Shareholders
24/10/2016	Notice of Annual General Meeting/Proxy Form
21/10/2016	Final share buy-back notice - Appendix 3F
21/10/2016	Daily share buy-back notice - Appendix 3E
18/10/2016	Daily share buy-back notice - Appendix 3E
17/10/2016	CEO Resignation and Appointment
12/10/2016	Market Update
16/09/2016	Cancellation of Shares - ASIC form 484
15/09/2016	Daily share buy-back notice - Appendix 3E
13/09/2016	Daily share buy-back notice - Appendix 3E
8/09/2016	Appendix 3B
6/09/2016	Daily share buy-back notice - Appendix 3E
5/09/2016	Daily share buy-back notice - Appendix 3E
2/09/2016	Daily share buy-back notice - Appendix 3E
25/08/2016	Daily share buy-back notice - Appendix 3E
24/08/2016	Daily share buy-back notice - Appendix 3E
22/08/2016	Investor Presentation
22/08/2016	FY16 Full Year Results
22/08/2016	Appendix 4G
22/08/2016	2016 Annual Report
22/08/2016	Appendix 4E
7/07/2016	Cancellation of Shares - ASIC form 484
6/07/2016	Becoming a substantial holder
5/07/2016	Ceasing to be a substantial holder from CBA
1/07/2016	Daily share buy-back notice - Appendix 3E

4. CGI'S INTENTIONS

4.1 Overview

This Section 4 sets out CGI's intentions in relation to the following:

- the continuation of the businesses of Macmahon;
- any major changes to be made to the businesses of Macmahon, including any redeployment of the fixed assets of Macmahon;
- changes to the Macmahon Board; and
- the future employment of the present employees of Macmahon.

CGI is a wholly owned Subsidiary of CIMIC. Accordingly, the intentions, views, understanding and beliefs of CIMIC as set out in this Bidder's Statement are the same as those of CGI and are both collectively referred to as the intentions of CGI in this Section 4.

These intentions are based on the information concerning Macmahon, its businesses and the general business environment which is known to CGI at the time of preparation of this Bidder's Statement, which includes publicly available information and information made available to the CIMIC Group as part of the Limited Due Diligence.

CGI is Macmahon's major shareholder and has nominated Mr Vyril Vella as one of the members of the Macmahon Board. Due to commercial sensitivities and confidentiality protocols, the CIMIC Group does not have access to specific information about the Macmahon business, to Macmahon management or to other internal Macmahon resources by virtue of Mr Vella's role on the Macmahon Board, and the CIMIC Group and Macmahon do not have any arrangements under which the CIMIC Group has any right to receive such access.

The statements set out in this Section 4 are statements of current intention only and may vary as new information becomes available or circumstances change. Final decisions will only be reached in light of all material facts and circumstances. The statements in this Section 4 should be read in this context.

4.2 Limitations on intentions

The extent to which CGI will be able to implement its intentions in relation to Macmahon will be subject to:

- the outcome of the Offer and the size of CGI's shareholding at that time;
- the Corporations Act and the Listing Rules, in particular in relation to related party transactions and conflicts of interests given that, if CGI obtains control of Macmahon but does not acquire all of the Macmahon Shares, it will be treated as a related party of Macmahon for these purposes. For example, the Corporations Act prohibits a public company (such as Macmahon) from giving a financial benefit to a related party unless disinterested shareholders approve the transaction or a relevant exception (such as that for dealing on "arm's length terms") applies, and the Listing Rules prohibit a listed company from acquiring or disposing of assets (whose value is 5% or more of the listed company's equity interests) from or to a related party unless disinterested shareholders, with the benefit of an independent expert's report, approve the transaction. CGI would be regarded as a related party for these purposes such that the possible requirements of minority Macmahon Shareholder approval may prevent a particular intention being achieved; and
- the legal obligations of the directors and officers of Macmahon, including to act honestly, for proper purposes and in the best interests of Macmahon Shareholders.

4.3 CGI's intentions following conclusion of the Offer

As at the date of this Bidder's Statement, CGI has a relevant interest in 20.54% of Macmahon Shares.

CGI's intention is to obtain control of Macmahon as a result of the Offer.

This Section 4.3 sets out the current intentions of CGI if CGI acquires a relevant interest in 50% or more, but less than 90%, of Macmahon Shares.

(a) Continuation of business and review of operations and assets

(i) Strategic review

CIMIC Group has been an investor in Macmahon since 2007.

Following the close of the Offer, if CGI is the holder of 50% or more of all Macmahon Shares, CGI intends to conduct a strategic review of the Macmahon businesses (**Strategic Review**) in order to:

- drive operational efficiencies and improvements to projects; and
- identify ways in which both CIMIC Group and Macmahon can benefit from the complementary skills and capabilities of the two companies in the provision of mining services.
- analyse the composition and value within Macmahon's assets.

The outcome of this Strategic Review may result in changes to the structure of the operating businesses, including changes to the way the businesses are managed, changes to the number of employees and their functions required in each operating business, and the possible divestment of certain assets or businesses.

While CGI does not have any specific intentions in relation to the outcomes of the Strategic Review, CGI considers that there is opportunity for CIMIC Group and Macmahon to increase their cooperation on specific projects.

Further, CGI understands that Macmahon may be considering a potential sale of some or all of its underground mining division in the near future. CGI does not support the continuation of any such sale process during the Offer Period and CGI intends to cease any such sale process on commencement of the Strategic Review.

(ii) Cooperation between CGI and Macmahon

CGI intends to capitalise on any opportunities for CIMIC and Macmahon Shareholders that may result from increased cooperation between CIMIC Group and Macmahon.

Although CIMIC has extensive experience managing separate operating companies operating in the same markets, CGI has not yet formed any intentions regarding how Thiess and Macmahon may respond to opportunities in respect of new projects after conclusion of the Offer, and whether they would respond together or separately in competition to one another. It is not practical for CGI to form any such intentions until after completion of the Strategic Review, and CGI notes that the approach to such matters will necessarily be impacted by the requirements of the relevant client for each individual project opportunity.

CGI intends that CIMIC Group will otherwise continue working with Macmahon from time to time (including as set out in Section 2.4 of this Bidder's Statement) on an arms' length basis.

CGI intends to engage with counterparties of Macmahon who may have rights enlivened as a result of a change of control of Macmahon, with a view to Macmahon continuing to perform those contracts on their current terms.

(iii) Dividend and capital management policies

CGI notes that Macmahon has not declared or paid a dividend since 17 October 2012 and has recently undertaken an on-market share buy-back as a capital management initiative (see Section 3.6 of this Bidder's Statement).

Following the close of the Offer, if CGI is the holder of 50% or more of all Macmahon Shares, CGI intends to conduct a review of the dividend and capital management policies of Macmahon.

CGI considers that the proposed review of Macmahon's dividend and capital management policies will assist in identifying the most effective and efficient capital structure for Macmahon. This review may affect CGI's view on payment of dividends and the return of capital by Macmahon which may be different to those of the current Macmahon Board. No determination has been made by CGI at this time regarding Macmahon's dividend and capital management policies, nor is it practical to make any such determination until after the conclusion of the Offer. Accordingly, CGI does not support any dividends being paid or any capital management initiatives being undertaken by the Macmahon Board during the Offer Period.

It is important to understand that CGI does not, at this time, have access to the detailed information concerning Macmahon that would be required to make a determination regarding Macmahon's dividend and capital management policies. Also, such determination will take into account a number of factors on which CGI will require further information concerning Macmahon. Those factors include:

- Macmahon's cash reserves (including following the conclusion of Macmahon's recent on-market share buy-back described in Section 5.1(a) below);
- medium and longer term investment or divestment opportunities;
- the expected operating cash flows and risks to those cash flows;
- management's anticipated medium and longer term earnings outlook and an assessment of the potential volatility of that outlook;
- management's expected medium and longer term capital expenditure outlook and an assessment of the range of potential outcomes under different scenarios;
- the medium and longer term outlook for Macmahon's businesses in each market and geography in which it operates and the potential volatility of that outlook; and
- the level of Macmahon's profits.

Given this, it may take several weeks after the conclusion of the Offer for CGI to undertake the proposed review of Macmahon's dividend and capital management policies and to determine the most effective and efficient capital structure for Macmahon.

(iv) ASX Listing

CGI may also seek to procure the removal of Macmahon from the Official List of ASX, which will depend on whether CGI secures control of Macmahon, as well as the spread and volume of Macmahon Shareholders remaining at the conclusion of the Offer. If CGI applies to have Macmahon removed from the Official List of ASX,

CGI expects that a final decision as to its removal will ultimately be made by ASX in accordance with published ASX guidance on this point. ASX has stated in published guidance that it is generally acceptable for an entity to be removed from the Official List of ASX if, as a result of a takeover, the entity only has a small number of remaining security holders so its continued listing can no longer be justified.

Whilst ASX does not prescribe a minimum shareholding that the bidder must have, or a maximum number of remaining shareholders, before it will allow a delisting to occur, the ASX's published guidance states that it will likely require shareholder approval for the proposed delisting unless (most relevantly):

- the bidder and its Related bodies corporate own or control at least 75% of the entity's ordinary securities; and
- excluding the bidder and its Related bodies corporate, the number of holders of ordinary securities having holdings with a value of at least \$500 is fewer than 150.

(b) **Board composition**

CGI intends to reconstitute the Macmahon Board so that it is appropriately sized and composed having regard to the size and scale of Macmahon's business and CGI's shareholding. Further, if Macmahon remains listed on the ASX after the conclusion of the Offer, CGI will have regard to the Corporate Governance Principles and Recommendations published by the ASX Corporate Governance Council as well as applicable Listing Rules in determining the composition of the Macmahon Board. Accordingly, no determination has yet been made by CGI at this time regarding the identity of Macmahon directors, or the number of directors on the Macmahon Board, after the conclusion of the Offer, although the candidates who are likely to be considered by CGI for appointment to the Macmahon Board will be persons with appropriate experience, qualifications and skills for Macmahon and its business and to implement CGI's intentions for Macmahon.

(c) **Employees**

CGI recognises the outstanding value of Macmahon's employees, brand and operations and acknowledges that there is significant value and knowledge in the existing staff of Macmahon. CGI intends to retain the services of Macmahon's current employees in the ordinary course. In cases where particular roles may no longer be required, such as management or administrative functions provided by CIMIC Group, CGI will attempt to identify opportunities for alternative employment within CIMIC Group. In the transition, CGI will seek to minimise any changes to employees' terms and conditions. No determination has been made by CGI at this time regarding such matters, nor is it practical to make any such determination until after the conclusion of the Offer.

(d) **Further acquisition or disposal of Macmahon Shares by CIMIC Group**

CIMIC Group may, at some later time, acquire further Macmahon Shares in any manner permitted by the Corporations Act, including by making creeping acquisitions (as permitted under section 611, item 9 of the Corporations Act), or it may divest of some or all of its shareholding in Macmahon. In particular if CIMIC Group does not obtain a relevant interest in 90% or more of the Macmahon Shares under the Offer, it may determine that its holding of Macmahon Shares is not a long term investment and accordingly may seek to explore options in relation to its holding including a divestment of some or all of its Macmahon Shares. Any decisions in relation to these matters will have regard to all relevant considerations at that time.

(e) **Compulsory acquisition at a later time**

If CGI becomes entitled at some later time to exercise any compulsory acquisition rights under the Corporations Act, it may exercise those rights.

4.4 If CGI acquires 90% or more of Macmahon Shares

This Section 4.4 sets out the current intentions of CGI if CGI acquires a relevant interest in 90% or more of Macmahon Shares.

(a) **Continuation of business**

CGI intends to implement those intentions set out in Section 4.3 to the fullest extent possible.

(b) **Compulsory acquisition**

If it becomes entitled to do so under the Corporations Act, CGI intends to give notices to compulsorily acquire any outstanding Macmahon Shares and Macmahon Performance Rights in accordance with section 661B of the Corporations Act.

If it is required to do so under sections 662A and 663A of the Corporations Act, CGI intends to give notices to Macmahon Shareholders and holders of Macmahon Performance Rights offering to acquire their Macmahon Shares and Macmahon Performance Rights in accordance with sections 662B and 663C of the Corporations Act.

(c) **ASX listing**

CGI also intends to seek to procure the removal of Macmahon from the Official List of ASX as described in Section 4.3(a)(iv) above.

4.5 If CGI acquires less than 50% of Macmahon Shares

This Section 4.5 sets out the current intentions of CGI if CGI acquires a relevant interest in less than 50% of Macmahon Shares.

If CGI acquires less than 50% of all Macmahon Shares by way of this Offer, it intends to seek representation on the Macmahon Board commensurate to its shareholding with a view to gaining a more detailed understanding of the corporate structure, strategies, governance, assets, businesses, personnel and operations of Macmahon.

In those circumstances CGI intends that CIMIC Group will continue working with Macmahon from time to time (including as set out in Section 2.4 of this Bidder's Statement) on an arms' length basis. CGI would also seek to assist Macmahon to engage with its counterparties, if any, who may have rights enlivened as a result of CGI's shareholding in Macmahon following the Offer, with a view to assisting Macmahon to continue to perform those contracts on their current terms.

CGI intends to reassess its position with respect to Macmahon in light of the outcome of the Offer and CGI's position at that time, which may include seeking the implementation of certain of its intentions as outlined in Section 4.3 of this Bidder's Statement, including acquiring further Macmahon Shares in any manner permitted by the Corporations Act, including by making creeping acquisitions (as permitted under section 611, item 9 of the Corporations Act), or divesting some or all of its shareholding. Any such implementation of CGI's intentions would be subject to the Corporations Act and may rely on the cooperation of other Macmahon Shareholders or Macmahon Directors who have not been appointed by CGI (which is uncertain).

4.6 Other intentions

Other than as set out in this Section 4, it is the present intention of CGI:

- to continue the business of Macmahon;
- not to make any major changes to the business of Macmahon, nor to redeploy any of the fixed assets of Macmahon; and
- to continue the employment of Macmahon's present employees.

5. INFORMATION ON MACMAHON SECURITIES

5.1 Capital structure of Macmahon

CGI understands that the total number of securities in Macmahon as at the date of this Bidder's Statement is as follows:

- 1,200,920,894 Macmahon Shares⁸; and
- 27,787,973 Macmahon Performance Rights issued under the Macmahon Executive Equity Plan⁹.

(a) On-market share buy-back

On 6 October 2015, Macmahon announced its intention to commence an on-market share buy-back of up to 10% of its fully paid ordinary shares over the following 12 months.

As at 21 October 2016, Macmahon announced in the Appendix 3F (*Final share buy-back notice*) issued on 21 October 2016 that it had completed its on market share buy-back and had bought back 60,779,072 Macmahon Shares pursuant to its on-market share buy-back.

(b) Macmahon Performance Rights

Macmahon Performance Rights have been granted to certain Macmahon executives and other senior personnel pursuant to the Macmahon Executive Equity Plan. Broadly:

- Macmahon Performance Rights are issued at no cost;
- the holder of a Macmahon Performance Right will be entitled to receive, subject to specified performance conditions being met and subject to remaining in the employment of Macmahon until the vesting date, one fully paid Macmahon Share per Performance Right at no cost on vesting;
- on vesting, the Macmahon Share issued on vesting of a Macmahon Performance Right will rank equally with all other Macmahon Shares then on issue; and
- Macmahon Performance Rights are not quoted securities and do not have any voting rights or rights to receive dividends or distributions prior to vesting.

If a change of control occurs, or if Macmahon is delisted, the Macmahon Board may (in its absolute discretion) determine that all or a portion of the Macmahon Performance Rights will vest notwithstanding that time restrictions or performance conditions applicable to the share performance have not been satisfied.¹⁰

5.2 Details of relevant interests in Macmahon securities and voting power

As at the date of this Bidder's Statement, CGI has a relevant interest in 246,631,927 Macmahon Shares and its voting power in Macmahon is 20.54%.

⁸ CGI has calculated the total number of Macmahon Shares on issue by subtracting from the 1,261,699,966 Macmahon Shares (as set out in Macmahon's Appendix 3C dated 6 October 2015) the 60,779,072 Macmahon Shares bought back pursuant to Macmahon's on-market buy-back (as set out in the Appendix 3F dated 21 October 2016).

⁹ CGI has calculated the total number of Macmahon Performance Rights on issue by subtracting from the 30,287,973 Macmahon Performance Rights (as set out in Macmahon's Appendix 3B dated 8 September 2016) the 2,500,000 Macmahon Performance Rights previously held by Mr Sybrandt van Dyk which were stated to lapse on cessation of employment in the Appendix 3Z announced by Macmahon on 14 November 2016.

¹⁰ Page 26 Macmahon 2016 Annual Report.

5.3 Consideration provided for Macmahon securities during previous four months

CGI and its Associates have not acquired any Macmahon Shares or Macmahon Performance Rights during the period of four months ending on the day immediately before the date of this Bidder's Statement.

CGI and its Associates have not disposed of any Macmahon Shares or Macmahon Performance Rights during the period of four months ending on the day immediately before the date of this Bidder's Statement.

5.4 Inducing benefits given during the previous four months

Neither CGI nor any of its Associates has, during the period of four months ending on the day immediately before the date of the Offer, given, offered or agreed to give, a benefit to another person where the benefit was likely to induce the other person, or an Associate, to:

- (a) accept the Offer; or
- (b) dispose of Macmahon Shares,

which benefit was not offered to all Macmahon Shareholders under the Offer.

6. FUNDING

6.1 Maximum Cash Consideration

The consideration for the acquisition of the Macmahon Shares to which the Offer relates will be satisfied by the payment by CGI of cash (in Australian dollars). The maximum cash amount which may be required by CGI to settle acceptances under the Offer is \$140,267,199 (**Maximum Cash Consideration**).

The Maximum Cash Consideration is calculated on the basis:

- (a) of acceptances in respect of 954,288,967 Macmahon Shares, being all Macmahon Shares not owned or controlled by the CIMIC Group as at 23 January 2017; and
- (b) that all 27,787,973 Macmahon Performance Rights¹¹ vest and the holders of such Macmahon Performance Rights:
 - (i) to the extent that there are sufficient Macmahon Shares held on trust to satisfy the vesting of all Macmahon Performance Rights on issue¹², are transferred one Macmahon Share for each Macmahon Performance Right and accept the Offer. As at the date of this Bidder's Statement, and based on documents lodged with the ASX by Macmahon, CGI understands that 14,716,948 Macmahon Shares are currently held on trust pending transfer on vesting of Macmahon Performance Rights. Those Macmahon Shares held on trust are included in the aggregate number of Macmahon Shares specified in paragraph (a) above; and
 - (ii) to the extent that there is a shortfall of Macmahon Shares held on trust to satisfy the vesting of all Macmahon Performance Rights on issue, are issued one Macmahon Share for each Macmahon Performance Right and accept the Offer. As at the date of this Bidder's Statement, and based on documents lodged with ASX by Macmahon, CGI understands that 13,071,025 Macmahon Shares would need to be issued to the holders of Macmahon Performance Rights for this purpose.

Note that whilst the above calculation of the Maximum Cash Consideration is based on Macmahon Shares being issued in respect of all Macmahon Performance Rights, CGI has no reason to believe that 100% of the Macmahon Performance Rights will vest on a change of control of Macmahon that may occur as a result of the Offer. For example, it is typical for such rights to vest subject to conditions relating to the medium and long term performance of the relevant company or the employee continuing their employment in the medium to long term – if such conditions exist in respect of the Macmahon Performance Rights, they may not necessarily be satisfied in full as a result of the Offer. For example, where the Macmahon Board has a discretion to accelerate vesting of the Macmahon Performance on a change of control of Macmahon, CGI expects that the Macmahon Board will have regard to its fiduciary duties and therefore may not vest 100% of such rights where conditions relating to the medium or long term performance of Macmahon or continued employment with Macmahon apply.

6.2 CGI's internal funding arrangements

CIMIC has unconditionally agreed to provide CGI with all amounts CGI requires to pay the Maximum Cash Consideration, as well as any associated transaction costs incurred by CGI. These amounts will be provided under an executed loan agreement between CIMIC and CGI.

¹¹ CGI has calculated the total number of Macmahon Performance Rights on issue by subtracting from the 30,287,973 Macmahon Performance Rights (as set out in Macmahon's Appendix 3B dated 8 September 2016) the 2,500,000 Macmahon Performance Rights previously held by Mr Sybrandt van Dyk which were stated to lapse on cessation of employment in the Appendix 3Z announced by Macmahon on 14 November 2016.

¹² Page 66 of the 2016 Macmahon Annual Report confirms that, as at 30 June 2016, 14,716,948 Macmahon Shares were held by the trustee of the Macmahon Holdings Limited Employee Share Ownership Plans Trust.

Drawdown under the loan agreement (which will remain in place so long as CGI has an outstanding obligation to make payments under the Offer) will not be subject to any conditions precedent other than the presentation of a loan terms schedule to CIMIC which is signed by CGI.

6.3 CIMIC's funding arrangements

CIMIC has existing money market and invested funds at call (in addition to funds used to complete the previously announced off-market takeover bid by CIMIC Group Investments Pty Limited for all of the shares that it did not already own in UGL Limited which closed on 21 December 2016) materially in excess of the Maximum Cash Consideration and associated transaction costs. As at 31 December 2016, CIMIC had cash of more than \$1.5 billion and net cash (excluding operating leases) in excess of \$400 million. CIMIC intends to utilise those funds or CIMIC's existing debt facilities to allow CGI to fund the Offer (as described in Section 6.2).

To the extent that CIMIC elects to utilise third party funds rather than its existing money market and invested funds at call to fund any of the consideration payable by CGI pursuant to the Offer, such funds will be drawn by CIMIC pursuant to its existing debt facilities. As at 31 December 2016, CIMIC Group had undrawn committed bank facilities of over \$1.6 billion. Those debt facilities are made available by a number of banking institutions with whom CIMIC has ongoing banking relationships. Drawdown under CIMIC's existing debt facilities is subject only to routine conditions precedent which CIMIC considers customary for facilities of this nature. As at the date of this Bidder's Statement, CIMIC is not aware of any reason why any conditions precedent to drawdown from the existing debt facilities will not be satisfied.

6.4 Payment of cash consideration

Having regard to the matters set out above in this Section 6, CGI is of the opinion that it has a reasonable basis for forming, and it holds, the view that it will be able to pay the Maximum Cash Consideration required for the acquisition of Macmahon Shares pursuant to the Offer.

The Offer is not subject to any financing conditions.

7. AUSTRALIAN TAX CONSIDERATIONS

7.1 Introduction

The following is a general description of the principal Australian tax consequences for the registered holders of Macmahon Shares upon the disposal of their shareholding to CGI pursuant to this Offer.

The following description is intended as a general guide to the Australian tax considerations and is based upon the law in effect at the date of this Bidder's Statement. It is not intended to be an authoritative or complete statement of the law applicable to the particular circumstances of every registered holder of Macmahon Shares, and is not intended to be advice and should not be relied on as such. In particular, the registered holders of Macmahon Shares should be aware that the levels and bases of taxation can change and that where reference is made to tax concessions, this is to tax concessions as currently applying. It is recommended that registered holders seek independent professional advice in relation to their own particular circumstances and should not rely upon the comments contained in this general description.

Any persons who may be subject to tax in any jurisdiction outside Australia should obtain independent professional advice on their particular circumstances.

The Australian tax implications outlined below are relevant to registered holders who hold their Macmahon Shares as capital assets for the purposes of investment and who do not hold their Macmahon Shares as trading stock, as part of a profit-making undertaking or scheme, under an arrangement which qualifies as an employee share or rights plan for Australian tax purposes (such as holders of Macmahon Performance Rights), or otherwise on revenue account. This Section 7 in particular does not address the tax considerations applicable to persons holding options, or registered holders that may be subject to special rules, such as banks, insurance companies, tax exempt organisations, trusts, superannuation funds, dealers in securities or registered holders who change their tax residence while holding Macmahon Shares. It also does not consider the Australian tax considerations for registered shareholders who are non-residents for Australian tax purposes or who hold their Macmahon Shares as an asset of a permanent establishment in Australia.

7.2 Capital gains tax (CGT) implications

(a) CGT event

For CGT purposes, a 'CGT event' will occur when you dispose of Your Macmahon Shares to CGI. Generally, your disposal should be taken to occur on the date that the Offer contract to dispose of Your Macmahon Shares is formed. However, if you do not accept the Offer and Your Macmahon Shares are compulsorily acquired, your disposal should take place on the date that CGI becomes the owner of Your Macmahon Shares.

(b) Determining your capital gain or loss

Broadly, any capital gain or loss from the CGT event will be determined by comparing the total consideration that you receive for Your Macmahon Shares with the CGT cost base (in the case of a capital gain) or reduced cost base (in the case of a capital loss) of Your Macmahon Shares.

The cost base or reduced cost base of Your Macmahon Shares should broadly equal the money you paid or were required to pay to acquire Your Macmahon Shares plus any non-deductible incidental costs incurred in acquiring and disposing of the Macmahon Shares (for example, brokerage) less any capital returns received during the duration of holding Your Macmahon Shares.

You will make a capital gain from the disposal of Your Macmahon Shares to CGI to the extent that the consideration that you received for Your Macmahon Shares exceeds the cost base of Your Macmahon Shares.

Conversely, you will make a capital loss to the extent that the reduced cost base of Your Macmahon Shares exceeds the consideration that you received for Your Macmahon Shares.

The tax treatment of your capital gain or capital loss arising from the disposal of Your Macmahon Shares depends on whether or not you are an Australian resident for taxation purposes and whether you hold Your Macmahon Shares as an individual, trustee of a trust, complying superannuation fund or company.

(c) **Australian residents**

You may be entitled to the CGT discount if:

- (i) you are an Australian resident individual, trust or complying superannuation fund;
- (ii) you have held Your Macmahon Shares for at least 12 months (excluding the days of acquisition and disposal); and
- (iii) you make a capital gain from the disposal of Your Macmahon Shares.

The CGT discount may result in your capital gain being reduced by the "discount percentage", being:

- (i) 50%, if you are an individual or a trust; or
- (ii) 33⅓%, if you are a complying superannuation fund.

No CGT discount is available for companies.

If you make a capital gain from the disposal of Your Macmahon Shares, that capital gain will be combined with any other capital gains that you have made for the income year. Any available capital losses will then be applied against the total of the capital gains (before applying any CGT discount) that you have made in the current income year. Any remaining discount capital gains are then reduced by your discount percentage. Any resulting net capital gain will be included in your assessable income for the income year.

If you make a capital loss from the disposal of Your Macmahon Shares, that capital loss may only be offset against your assessable capital gains (before taking into account the CGT discount, if applicable) for the current income year. Any excess capital losses will be carried forward and may be applied against your future assessable capital gains (before taking into account the CGT discount, if applicable) if any relevant loss carry forward requirements are met.

(d) **Non-Australian residents**

The disposal of Your Macmahon Shares may be subject to Australian CGT if:

- (i) you and your Associates held 10% or more of the shares in Macmahon:
 - (A) at the time of disposal; or
 - (B) throughout a 12 month period that began no earlier than 24 months before the date of disposal; and

- (ii) the market value of Macmahon's assets that are "taxable Australian real property" (generally, real property in Australia, or mining, quarrying or prospecting rights, where the minerals, petroleum or quarry materials are in Australia) is greater than the market value of Macmahon's assets that are not taxable Australian real property.

If you are a non-Australian tax resident, it is recommended that you obtain your own independent professional advice as to the Australian tax consequences arising from the disposal of Your Macmahon Shares.

7.3 Australian stamp duty and the goods and services tax (GST)

No Australian stamp duty or GST is payable by you on the sale of Your Macmahon Shares to CGI pursuant to the Offer.

You may be charged GST on incidental costs (for example, advisory fees) incurred in acquiring and disposing of Your Macmahon Shares. You may be entitled to input tax credits or reduced input tax credits for such costs, but should seek independent professional advice in relation to your own particular circumstances.

8. ADDITIONAL INFORMATION

8.1 Offer condition

The condition of the Offer is set out in Section 9.8 of this Bidder's Statement.

8.2 ASIC modifications

ASIC relief from the Corporations Act may be required for CGI to extend the Offer to Macmahon Shares that are issued during the period from the Register Date to the end of the Offer Period due to the vesting of Macmahon Performance Rights, that are on issue at the Register Date. CGI has applied for this relief from ASIC expects a decision on its application to be made at a time that would provide sufficient time for holders of Macmahon Shares issued upon the vesting of Macmahon Performance Rights to accept the Offer.

ASIC has published various "Class Order" instruments providing for modifications and exemptions that generally apply to all persons including CGI, in relation to the operation of Chapter 6 of the Corporations Act.

Amongst others, CGI has relied on the modification to section 636(3) of the Corporations Act set out in paragraph 5(d) of ASIC Class Order 13/521 "Takeover Bids" to include references to certain statements which are made or based on statements made in documents lodged with ASIC or the ASX. Pursuant to ASIC Class Order 13/521, the consent of the relevant person is not required for the inclusion of such statements in this Bidder's Statement. As required by Class Order 13/521, CGI will make available a copy of these documents (or of relevant extracts from these documents), free of charge, to you and other Macmahon Shareholders who request it during the Offer Period. To obtain a copy of these documents (or the relevant extracts), you may telephone the CIMIC Offer Information Line on 1300 648 874 (for calls made within Australia) or +61 2 8355 1000 (for calls made from outside Australia) from Monday to Friday between 9.00am and 5.00pm (Sydney time).

8.3 Persons to whom Offer is sent

For the purposes of Section 633(2) of the Corporations Act, the date for determining the persons to whom information is to be sent in items 6 and 12 of Section 633(1) of the Corporations Act is the Register Date (being 7.00pm on 25 January 2017).

The Offer also extends to persons who become registered, or entitled to be registered, as the holder of Macmahon Shares during the Offer Period due to the conversion of, or exercise of rights attached to, securities convertible into or which entitle participants to receive Macmahon Shares which are on issue on the Register Date. Subject to ASIC granting any necessary relief from the Corporations Act (or ASIC confirming that no such relief is required), the Offer extends to Macmahon Shares that are issued during the period from the Register Date to the end of the Offer Period due to the vesting of Macmahon Performance Rights that are on issue at the Register Date.

8.4 No Broker commissions

CGI will not pay any broker commissions to Brokers who solicit acceptances of the Offer from their clients.

8.5 Regulatory and legal matters

(a) Regulatory approvals

CGI has obtained approval from the Foreign Investment Review Board to acquire all of the Macmahon Shares under the Offer.

The ACCC has pre-assessed the proposed acquisition on a confidential basis in accordance with the Informal Merger Review Process Guidelines and indicated that it does not intend to

conduct a public review pursuant to section 50 of the *Competition & Consumer Act 2010* (Cth).

The Offer is not conditional on any regulatory approvals being obtained.

(b) Autonomous Sanctions Regulations 2011 (Cth)

The *Autonomous Sanctions Regulations 2011* (Cth) currently prohibit making an asset available to, or for the benefit of, a designated person or entity without authorisation from the Minister for Foreign Affairs or to use or deal with an asset owned or controlled by a designated person or entity without authorisation from the Minister for Foreign Affairs. Designated persons and entities include:

- (i) specified individuals and entities associated with the Democratic People's Republic of Korea (North Korea);
- (ii) specified individuals associated with the former government of the Federal Republic of Yugoslavia;
- (iii) specified entities and individuals who contribute to Iran's proliferation activities or assist Iran to violate United Nations Security Council Resolutions;
- (iv) specified individuals associated with the former Qadhafi regime;
- (v) specified individuals in Myanmar associated with the current or former military and government;
- (vi) specified individuals participating or providing support for the Syrian regime;
- (vii) specified individuals who have engaged or are engaging in activities that undermine democracy and respect for human rights and rule of law in Zimbabwe; and
- (viii) specified individuals responsible or complicit in the threat to the sovereignty and territorial integrity of Ukraine.

(c) Other Commonwealth legislation

The *Charter of the United Nations Act 1945* (Cth) prohibits:

- (i) assets from being provided to proscribed persons or entities; and
- (ii) the use or dealing and facilitation of such use or dealing, of certain assets owned or controlled by proscribed persons or entities,

in each case without the written consent of the Minister of Foreign Affairs.

Persons and entities from various countries have been proscribed under various regulations made pursuant to the *Charter of the United Nations Act 1945* (Cth). A consolidated list of proscribed persons and entities can be found on the Department of Foreign Affairs and Trade website at <http://dfat.gov.au/international-relations/security/sanctions/pages/consolidated-list.aspx>.

8.6 No escalation agreements

Neither CGI nor any Associate of CGI has entered into any escalation agreement in respect of Macmahon Shares that is prohibited by section 622 of the Corporations Act.

8.7 Consents

This Bidder's Statement contains statements made by, or statements based on, statements made by CIMIC, MinterEllison, Credit Suisse, Credit Suisse Equities and Computershare. Each of CIMIC,

MinterEllison, Credit Suisse, Credit Suisse Equities and Computershare has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn their consent to the inclusion of:

- (a) references to its name;
- (b) each statement it has made; and
- (c) each statement which is based on a statement it has made,

in this Bidder's Statement in the form and context in which those statements appear and to the maximum extent permitted by law expressly disclaims and takes no responsibility for any part of this Bidder's Statement other than any statement which has been included in this Bidder's Statement with the consent of that party.

Each person who is named in this Bidder's Statement as acting in a professional capacity for CGI in relation to the Offer (including, without limitation, Credit Suisse, Credit Suisse Equities, Minter Ellison and Computershare) has given and has not, before lodgement of this Bidder's Statement with ASIC, withdrawn their consent to the inclusion of references to its name in this Bidder's Statement in the form and context in which they are named, and:

- (a) has not authorised or caused the issue of the Bidder's Statement;
- (b) does not make, or purport to make, any statement in this Bidder's Statement or any statement on which a statement in this Bidder's Statement is based; and
- (c) to the maximum extent permitted by law, expressly disclaims and takes no responsibility for any part of this Bidder's Statement, other than a reference to its name.

In addition, this Bidder's Statement includes statements which are made in, or based on statements made in, documents lodged with ASIC or on the company announcement platform of the ASX by Macmahon and others. Under the terms of ASIC Class Order 13/521, the parties making those statements are not required to consent to, and have not consented to, the inclusion of those statements in this Bidder's Statement. This information may also be obtained from Macmahon's website at www.macmahon.com.au.

8.8 No other material information

There is no other information that:

- (a) is material to the making of the decision by a holder of Macmahon Shares whether or not to accept the Offer; and
- (b) which is known to CGI,

other than:

- (c) as set out or referred to elsewhere in this Bidder's Statement; or
- (d) information which it would be unreasonable to require CGI to disclose because the information has previously been disclosed to holders of Macmahon Shares.

9. THE OFFER

9.1 Offer

- (a) CGI offers to acquire from you on the terms and conditions of this Offer all of Your Macmahon Shares together with all Rights attaching to those Macmahon Shares. Rights do not include any franking credits attached to any dividend.
- (b) This Offer extends to all of the Macmahon Shares in respect of which you become registered or in respect of which you become entitled to be registered as the holder prior to the end of the Offer Period as a result of the vesting of, conversion of, or the exercise of rights attached to, other securities convertible into or which entitle participants to receive Macmahon Shares that are on issue at the Register Date. Subject to ASIC granting any necessary relief from the Corporations Act (or ASIC confirming that no such relief is required), the Offer extends to Macmahon Shares that are issued during the period from the Register Date to the end of the Offer Period due to the vesting of, conversion of, or exercise of rights attaching to, Macmahon Performance Rights that are on issue at the Register Date.
- (c) Offers on terms and conditions identical to those contained in this Offer have been dispatched or will be dispatched to:
 - (i) all holders of Macmahon Shares and Macmahon Performance Rights registered as such in the Register on the Register Date; and
 - (ii) any person who becomes registered as the holder of Macmahon Shares during the period commencing on the Register Date and ending at the end of the Offer Period due to the vesting of, conversion of, or exercise of rights attached to, other securities convertible into or which entitle participants to receive Macmahon Shares and which are on issue at the Register Date.
- (d) This Offer is dated [●] 2017.

9.2 Consideration for the Offer

Subject to the terms of this Offer, the consideration offered by CGI for the acquisition of each of Your Macmahon Shares to which this Offer relates is \$0.145 cash for each Macmahon Share.

9.3 Offer Period

- (a) Unless the Offer Period is extended or the Offer is withdrawn, in either case in accordance with the requirements of the Corporations Act, this Offer will remain open for acceptance by you during the period commencing on the date of this Offer and ending at 7.00pm (Sydney time) on [●] 2017 (**Offer Period**).
- (b) Subject to the Corporations Act as modified by ASIC Class Order 13/521, CGI may extend the Offer Period.
- (c) If, within the last seven days of the Offer Period:
 - (i) CGI's voting power in Macmahon increases to more than 50%; or
 - (ii) this Offer is varied to improve the consideration offered,then the Offer Period will be mandatorily extended in accordance with Section 624(2) of the Corporations Act so that it ends 14 days after the relevant event.

9.4 Acceptance

- (a) You may accept this Offer only in respect of all of Your Macmahon Shares.

- (b) To accept this Offer in respect of Macmahon Shares which, at the time of acceptance, are registered in your name in the issuer sponsored subregister operated by Macmahon (in which case Your Macmahon Shares are not in a CHESS Holding and your Securityholder Reference Number will commence with "I"), you must complete and sign the Issuer Acceptance Form enclosed with this Offer (which forms part of this Offer) in accordance with the instructions on it and return it together with all other documents required by those instructions (if any) to:

CIMIC OFFER

C/- Computershare Investor Services Pty Limited
GPO Box 2115
Melbourne Victoria 3001
Australia

or by facsimile to +61 3 9473 2093 or email to CimicOffer@computershare.com.au (subject to receipt of original documents), so that it is received at the address specified above by no later than the end of the Offer Period. A reply paid envelope, which is valid if sent from within Australia, is enclosed for your use.

- (c) To accept this Offer in respect of Macmahon Shares which, at the time of acceptance, are held by you in a CHESS Holding (in which case your Holder Identification Number will commence with "X"), you must comply with the ASX Settlement Operating Rules. To accept this Offer in accordance with the ASX Settlement Operating Rules:

- (i) if you are the Controlling Participant, you must initiate acceptance of this Offer in accordance with Rule 14.14 of the ASX Settlement Operating Rules before the end of the Offer Period; or
- (ii) if you are not the Controlling Participant, you may either:
- (A) **instruct** your Controlling Participant, in accordance with the sponsorship agreement between you and the Controlling Participant, to initiate acceptance of this Offer in accordance with Rule 14.14 of ASX Settlement Operating Rules, such initiation to occur before the end of the Offer Period. If you choose to accept this Offer in this way, your Controlling Participant will be obliged by Rule 14.14.1 of ASX Settlement Operating Rules to initiate the acceptance within the following timeframes:
- (I) if you specify a time when or by which this Offer must be accepted, in accordance with those instructions; or
- (II) otherwise, by End of Day (as defined in the ASX Settlement Operating Rules) on the date that you instruct the Controlling Participant to accept this Offer or, if the Offer Period ends on the day you provide those instructions, before the end of the Offer Period; or
- (B) otherwise, **complete** and **sign** the enclosed CHESS Acceptance Form in accordance with the instructions on the CHESS Acceptance Form and **return** it (using the enclosed reply paid envelope, which is valid if sent from within Australia) together with all other documents required by those instructions to the address indicated on the CHESS Acceptance Form, or by facsimile to +61 3 9473 2093 or email to CimicOffer@computershare.com.au (subject to receipt of original documents), and as such authorise CGI to instruct your Controlling Participant to initiate acceptance of this Offer on your behalf in accordance with Rule 14.14 of the ASX Settlement Operating Rules. For return of the CHESS Acceptance Form to be an effective acceptance of the Offer under this Section 9.4(c)(ii)(B), it must be received by CGI in time for CGI to give instructions to your Controlling Participant, and your Controlling Participant to carry out those instructions, before the end of the Offer Period.

- (d) To accept this Offer in respect of Macmahon Shares:

- (i) in respect of which, at the time of acceptance, you are entitled to be registered but are not registered as a result of the conversion of, or exercise of rights attached to, securities convertible into or which entitle participants to receive Macmahon Shares; or
- (ii) that, subject to ASIC granting any necessary relief from the Corporations Act (or ASIC confirming that no such relief is required), are issued during the period from the Register Date to the end of the Offer Period due to the vesting of, conversion of, or exercise of rights attached to, Macmahon Performance Rights that are on issue at the Register Date,

you must **complete** and **sign** the Issuer Acceptance Form enclosed with this Offer in accordance with the instructions on it and return it together with all other documents required by those instructions to the address referred to in Section 9.4(b), or by facsimile to +61 3 9473 2093 or email to CimicOffer@computershare.com.au (subject to receipt of original documents), so that it is received by no later than the end of the Offer Period.

- (e) An acceptance of this Offer under Sections 9.4(b), 9.4(c)(ii)(B) or 9.4(d) shall not be complete until the Acceptance Form, completed and signed in accordance with the instructions on it and all other documents required by those instructions, have been received at the address set out in Section 9.4(b), or received by facsimile to +61 3 9473 2093 or email to CimicOffer@computershare.com.au (subject to receipt of original documents). Notwithstanding the foregoing provisions of this Section 9.4, CGI may, in its absolute discretion, waive at any time prior to the end of the Offer Period all or any of the requirements specified in the Acceptance Form but payment of the consideration in accordance with this Offer will not be made until any irregularity has been resolved and such other documents as may be necessary to procure registration of the relevant Macmahon Shares have been lodged with CGI.
- (f) The transmission of the Acceptance Form and other documents is at your own risk.

9.5 Entitlement to Offer

- (a) A person who:
 - (i) is able during the Offer Period to give good title to a parcel of Macmahon Shares; and
 - (ii) has not already accepted an Offer for those Macmahon Shares,
 may, in accordance with Section 653B(1) of the Corporations Act, accept this Offer as if an offer on terms identical with the Offer had been made to that person in relation to those Macmahon Shares.
- (b) If at any time during the Offer Period and before you accept this Offer, Your Macmahon Shares consist of one or more separate parcels within the meaning of Section 653B of the Corporations Act (for example, because you hold Macmahon Shares on trust for, as nominee for, or on account of, another person or persons), then you may accept as if a separate offer in the form of this Offer had been made to you in relation to each of those parcels (including any parcel you hold in your own right). An acceptance by you of the Offer in respect of any such distinct portion of Your Macmahon Shares will be ineffective unless:
 - (i) you have given CGI notice stating that Your Macmahon Shares consist of separate and distinct parcels, such notice being:
 - (A) in the case of Macmahon Shares not in a CHESS Holding, in writing; or
 - (B) in the case of Macmahon Shares in a CHESS Holding, in an electronic form approved by the ASX Settlement Operating Rules; and
 - (ii) your acceptance specifies the number of Macmahon Shares in the distinct portions to which the acceptance relates; and

- (iii) in circumstances where the parcel of Macmahon Shares is held by you as trustee or nominee for, or otherwise on account of, another person, your acceptance specifies:
 - (A) the date that other person acquired an equitable interest in the parcel or, if that date is not known, the date that other person is reasonably believed to have acquired an equitable interest in the parcel; and
 - (B) where the date that other person acquired an equitable interest in the parcel is the Announcement Date – whether the equitable interest was acquired before the time the Offer was announced to the ASX on the Announcement Date.
- (c) Beneficial owners whose Macmahon Shares are registered in the name of a Broker, investment dealer, bank, trust company or other nominee should contact that nominee for assistance in having this Offer accepted in respect of the Macmahon Shares which they beneficially own.

9.6 Effect of acceptance

- (a) By:
 - (i) completing, signing and returning an Acceptance Form in accordance with Sections 9.4(b), 9.4(c)(ii)(B) or 9.4(d); or
 - (ii) causing this Offer to be accepted in accordance with the ASX Settlement Operating Rules if Your Macmahon Shares are in a CHESS Holding,
 you will, or will be deemed to, have:
 - (iii) subject to Section 9.5, irrevocably accepted this Offer in respect of all Your Macmahon Shares (**Accepted Shares**);
 - (iv) agreed to transfer the Accepted Shares to CGI (even if the number of Macmahon Shares on the Acceptance Form differs from the number of Your Macmahon Shares);
 - (v) represented and warranted to CGI as a fundamental condition going to the root of the contract resulting from your acceptance of this Offer that, both at the time of acceptance of this Offer and at the time the transfer of the Accepted Shares (including any Rights) to CGI is registered, all of the Accepted Shares (including any Rights) are, and will upon registration, be fully paid up and free from all mortgages, charges, liens and other Encumbrances of any kind and restrictions on transfer of any kind, and that you have full power and capacity (whether legal or equitable) to sell and transfer the Accepted Shares (including any Rights) and that you have paid all amounts which at the time of acceptance have fallen due for payment in respect of the Accepted Shares (including any Rights);
 - (vi) irrevocably authorised CGI (by any of its directors, officers, servants or agents), if necessary, to alter the Acceptance Form on your behalf by completing on the Acceptance Form correct details of the Accepted Shares, filling in any blanks remaining on the Acceptance Form and rectifying any errors in or omissions from the Acceptance Form as may be necessary by CGI to make the Acceptance Form an effective acceptance of this Offer or to enable registration of Your Macmahon Shares in the name of CGI;
 - (vii) irrevocably appointed CGI and each of its directors, secretaries and officers from time to time jointly and each of them severally as your true and lawful attorney, with effect from the date of your Acceptance Form, with power to exercise all powers and rights which you could lawfully exercise as the registered holder of the Accepted Shares or in exercise of any right derived from the holding of the Accepted Shares, including, without limiting the generality of the foregoing, requesting Macmahon to register the Accepted Shares in the name of CGI, attending and voting at any meeting of Macmahon Shareholders (including any court convened meeting

of Macmahon), demanding a poll for any vote taken at or proposing or seconding any resolutions to be considered at any meeting of Macmahon Shareholders, requisitioning any meeting of Macmahon Shareholders, signing any forms, notices or instruments relating to the Accepted Shares and doing all things incidental or ancillary to any of the foregoing. You will, or will be deemed to, have acknowledged and agreed that in exercising such powers the attorney may act in the interests of CGI as the intended registered holder of the Accepted Shares. This appointment, being given for valuable consideration to secure the interest acquired in the Accepted Shares, is irrevocable and terminates upon registration of a transfer to CGI of the Accepted Shares;

- (viii) agreed, with effect from the date of your Acceptance Form, and in the absence of a prior waiver of this requirement by CGI, not to attend or vote in person, by proxy or by body corporate representative at any meeting of Macmahon Shareholders (including any court convened meeting of Macmahon) or to exercise or purport to exercise any of the powers conferred on CGI or its nominee in Section 9.6(a)(vii);
- (ix) irrevocably authorised and directed Macmahon to pay to CGI or to account to CGI for all Rights in respect of the Accepted Shares, subject, however, to any such Rights received by CGI being accounted for by CGI to you in the event that this Offer is withdrawn or avoided;
- (x) except where Rights have been paid or accounted for under Section 9.6(a)(ix), irrevocably authorised CGI to deduct from the consideration payable in respect of the Accepted Shares, the value of any Rights paid to you in respect of the Accepted Shares which, where the Rights take a non-cash form, will be the value of those Rights as reasonably assessed by CGI. For the avoidance of doubt, CGI will not be entitled to deduct the value of any franking credits attaching to any dividends or capital distributions declared or paid by Macmahon;
- (xi) if, at the time of acceptance of this Offer, the Accepted Shares are in a CHESS Holding, irrevocably authorised CGI to cause a message to be transmitted in accordance with ASX Settlement Operating Rule 14.17.1 (and at a time permitted by ASX Settlement Operating Rule 14.17.1(b)) so as to transfer the Accepted Shares to CGI's Takeover Transferee Holding. CGI shall be so authorised even though at the time of such transfer it has not paid the consideration due to you under this Offer;
- (xii) agreed to indemnify CGI in respect of any claim or action against it or any loss, damage or liability whatsoever incurred by it as a result of you not producing your Holder Identification Number or in consequence of the transfer of the Accepted Shares being registered by Macmahon without production of your Holder Identification Number for the Accepted Shares;
- (xiii) represented and warranted to CGI that, if you are the legal owner but not the beneficial owner of the Accepted Shares:
 - (A) the beneficial holder has not sent a separate acceptance of the Offer in respect of the Accepted Shares;
 - (B) the number of Macmahon Shares you have specified as being the entire holding of Macmahon Shares you hold on behalf of a particular beneficial holder is in fact the entire holding; and
 - (C) that you are irrevocably and unconditionally entitled to transfer the Accepted Shares, and to assign all of the beneficial interest therein to CGI; and
- (xiv) agreed to execute all such documents, transfers and assurances, and do all such acts, matters and things, that may be necessary or that CGI may consider to be desirable to give effect to the matters the subject of this Section 9.6 or to convey the Accepted Shares and any Rights in respect of the Accepted Shares to CGI.

- (b) If Your Macmahon Shares are in a CHESS Holding and you complete, sign and return the Acceptance Form in accordance with Section 9.4(c)(ii)(B) (which you are not bound, but are requested, to do), you will be deemed to have irrevocably authorised CGI and any of its directors, secretaries or officers to:
 - (i) instruct your Controlling Participant to initiate acceptance of this Offer in respect of the Accepted Shares which are in a CHESS Holding, in accordance with Rule 14.14 of the ASX Settlement Operating Rules if you have not already done so; and
 - (ii) give any other instructions in relation to the Accepted Shares to your Controlling Participant on your behalf under the sponsorship agreement between you and that Controlling Participant.

9.7 Dividends and other entitlements

- (a) CGI will be entitled to all Rights declared, paid, made, or which arise or accrue after the Announcement Date in respect of Macmahon Shares that it acquires pursuant to this Offer. Rights do not include any franking credits attached to any dividend.
- (b) If any Rights are declared, paid, made or arise or accrue in cash after the Announcement Date in respect of Macmahon Shares to the holders of the Macmahon Shares, CGI will (provided the same has not been paid to CGI in respect of those Macmahon Shares) be entitled to reduce the consideration specified in Section 9.2 and payable by it to the holders of the Accepted Shares by an amount equal to the value of such Rights. If CGI does not, or cannot, make such a reduction and you receive the Rights then you must pay the amount of those Rights to CGI.
- (c) If any non-cash Rights (which do not include any franking credits) are issued or made or arise or accrue after the Announcement Date in respect of the Accepted Shares to the holders of the Accepted Shares, CGI will (provided the same has not been issued to CGI in respect of those Accepted Shares) be entitled to reduce the consideration specified in Section 9.2 and payable by it to holders of the Accepted Shares by an amount equal to the value (as reasonably assessed by CGI) of such non-cash Rights.

9.8 Defeating Condition

- (a) The Offer and the contract resulting from the acceptance of the Offer (and each other Offer and each contract resulting from the acceptance therefore) are subject to the following condition (the **Defeating Condition**) being fulfilled or waived by CGI:
 - (i) **No prescribed occurrences**

During the Condition Period, none of the following events happen:

- (A) Macmahon converts all or any of its shares into a larger or smaller number of shares;
- (B) Macmahon or a Subsidiary of Macmahon resolves to reduce its share capital in any way;
- (C) Macmahon or a Subsidiary of Macmahon:
 - (I) enters into a buy-back agreement; or
 - (II) resolves to approve the terms of a buy-back agreement under Section 257C(1) or 257D(1) of the Corporations Act;
- (D) Macmahon or a Subsidiary of Macmahon issues shares or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (E) Macmahon or a Subsidiary of Macmahon issues, or agrees to issue, convertible notes;

- (F) Macmahon or a Subsidiary of Macmahon disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (G) Macmahon or a Subsidiary of Macmahon grants, or agrees to grant, a security interest in the whole, or a substantial part, of its business or property;
- (H) Macmahon or a Subsidiary of Macmahon resolves to be wound up;
- (I) a liquidator or provisional liquidator of Macmahon or of a Subsidiary of Macmahon is appointed;
- (J) a court makes an order for the winding up of Macmahon or of a Subsidiary of Macmahon;
- (K) an administrator of Macmahon, or of a Subsidiary of Macmahon, is appointed under Sections 436A, 436B or 436C of the Corporations Act;
- (L) Macmahon or a Subsidiary of Macmahon executes a deed of company arrangement; or
- (M) a receiver, or a receiver and manager, is appointed in relation to the whole, or a substantial part, of the property of Macmahon or of a Subsidiary of Macmahon.

(b) **Defeating Condition for benefit of CGI**

The Defeating Condition, subject to the Corporations Act, operates only for the benefit of CGI and any breach or non-fulfilment of such condition may be relied upon only by CGI.

(c) **Nature of Defeating Condition**

The Defeating Condition is a condition subsequent to contract formation and the Defeating Condition does not prevent a contract to sell Your Macmahon Shares resulting from your acceptance of this Offer but:

- (i) breach of the Defeating Condition entitles CGI to rescind that contract by notice to you; and
- (ii) non-fulfilment of the Defeating Condition at the end of the Offer Period will have the consequences set out in this Section 9.8.

(d) **Defeating Condition apply to multiple events**

Where an event occurs that would mean at the time the event occurs the Defeating Condition to which this Offer or the contract resulting from your acceptance of this Offer is then subject would not be fulfilled, the Defeating Condition becomes two separate Defeating Conditions on identical terms except that:

- (i) one of them relates solely to that event; and
- (ii) the other specifically excludes that event.

CGI may declare the Offer free under this Section 9.8 from either of those Defeating Conditions without declaring it free from the other and may do so at different times. This Section 9.8(d) may apply any number of times to the Defeating Condition (including a Defeating Condition arising from a previous operation of this Section).

(e) **Notice declaring Offers free of Defeating Condition**

Subject to the Corporations Act, CGI may declare this Offer and any contract resulting from acceptance of this Offer free from the Defeating Condition by giving written notice to Macmahon not later than 3 business days after the end of the Offer Period.

(f) **Notice of status of Defeating Condition**

The date for giving the notice on the status of the Defeating Condition as required by Section 630(1) of the Corporations Act is [●] 2017 (subject to extension in accordance with the Corporations Act if the Offer Period is extended).

(g) **Contract void if Defeating Condition not fulfilled or waived**

Your acceptance of the contract resulting from your acceptance of this Offer is void if at the end of the Offer Period the Defeating Condition in this Section 9.8 has not been fulfilled or waived.

9.9 Obligations of CGI

- (a) Subject to this Section 9, the Corporations Act and ASIC Class Order 13/521, CGI will provide the consideration for the Accepted Shares:

- (i) where the Offer is unconditional, 7 business days after the Offer is accepted; or
- (ii) if the Offer is subject to the Defeating Condition when accepted, within 7 business days after the Offer becomes unconditional.

Under no circumstances will interest be paid on the consideration for the Accepted Shares under this Offer, regardless of any delay in making payment or any extension of this Offer.

- (b) Where the Acceptance Form requires an additional document to be given with your acceptance (such as a power of attorney):

- (i) if that document is given with your acceptance, CGI will provide the consideration in accordance with Section 9.9(a);
- (ii) if that document is given after your acceptance and before the end of the Offer Period while the Offer is subject to the Defeating Condition, CGI will provide the consideration 7 business days after the Offer becomes unconditional;
- (iii) if the document is given after your acceptance and before the end of the Offer Period while the Offer is not subject to the Defeating Condition, CGI will provide the consideration 7 business days after the document is received; or
- (iv) if that document is received after the end of the Offer Period, CGI will provide the consideration within 7 business days after that document is received.

- (c) If you accept this Offer, CGI is entitled to all Rights in respect of Your Macmahon Shares. CGI may require you to provide all documents necessary to vest title to those Rights in CGI, or otherwise to give CGI the benefit or value of those Rights. If you do not give those documents to CGI, or if you have received the benefit of those Rights, CGI will deduct from the consideration otherwise due to you the amount (or value, as reasonably assessed by CGI) of those Rights. For the avoidance of doubt, CGI will not be entitled to deduct the value of any franking credits attaching to any dividends or capital distributions declared or paid by Macmahon.

- (d) Payment of any cash amount to which you are entitled under the Offer will be made by cheque in Australian currency. Cheques will be posted to you at your risk by ordinary mail (or in the case of overseas Macmahon Shareholders, by airmail) to the address last provided to CGI by Macmahon.

- (e) If, at the time of acceptance of this Offer, or provision of any consideration under it, any authority or clearance of the Department of Foreign Affairs and Trade or of the Australian Taxation Office is required for you to receive any consideration under this Offer or you are a resident in, or a resident of, a place to which, or you are a person to whom:

- (i) *Autonomous Sanctions Regulations 2011 (Cth)*;
- (ii) *the Charter of the United Nations (Sanctions- Al-Qaida) Regulations 2008 (Cth)*;

- (iii) the *Charter of the United Nations (Dealing with Assets) Regulations 2008* (Cth); or
- (iv) any law of Australia that would make it unlawful for CGI to provide the consideration payable under the Offers,

applies, then acceptance of this Offer will not create or transfer to you any right (contractual or contingent) to receive the consideration specified in this Offer unless and until all requisite authorities or clearances have been obtained by CGI. Please refer to Section 8.5 for information as to whether this restriction applies to you.

9.10 Withdrawal

- (a) In accordance with section 652B of the Corporations Act, CGI may withdraw unaccepted Offers at any time with the written consent of ASIC which consent may be given subject to such conditions (if any) as are specified in the consent. Notice of any withdrawal will be given to ASX and Macmahon and will comply with any other conditions imposed by ASIC.
- (b) If CGI withdraws this Offer, any contract resulting from its acceptance will automatically be void.

9.11 Variation

CGI may at any time, and from time to time, vary this Offer in accordance with the Corporations Act.

9.12 Fractional entitlements

Where the calculation of the total consideration to be paid to a particular Macmahon Shareholder would result in the Macmahon Shareholder becoming entitled to a fraction of a cent, the fractional entitlement will be rounded down to the nearest whole cent.

9.13 Costs, taxes and GST

All costs and expenses of the preparation of this Bidder's Statement and of the preparation and circulation of this Offer will be paid by CGI. No GST is payable by you as a consequence of acceptance of the Offer.

9.14 Notices

- (a) Any notices to be given by CGI to Macmahon under the Offer may be given to Macmahon by leaving them at, or sending them by pre-paid ordinary post to, the registered office of Macmahon or by sending them by facsimile transmission to Macmahon at its registered office.
- (b) Any notices to be given to CGI by you or by Macmahon under the Offer may be given to CGI by leaving them at or sending them by pre-paid ordinary post to CGI at the address referred to in Section 9.4(b).
- (c) Any notices to be given by CGI to you under the Offer may be given to you by sending them by pre-paid ordinary post or courier, or if your address is outside Australia, by pre-paid airmail or courier, to your address as shown in the Register.

9.15 Governing law

This Offer, and any contract that results from your acceptance of this Offer, is governed by the laws in force in NSW.

10. GLOSSARY AND INTERPRETATION

10.1 Glossary

The following terms have the meanings set out below unless the context requires otherwise:

Acceptance Form means the form of acceptance of the Offer enclosed with this Offer and this Bidder's Statement or, as the context requires, any replacement or substitute acceptance form provided by or on behalf of CGI (and includes, to avoid doubt, both the Issuer Acceptance Form and the CHESSE Acceptance Form).

Accepted Shares has the meaning given to that expression in Section 9.6(a)(iii).

Announcement means the announcement of CGI's intention to make the Offer as made on the Announcement Date to ASX.

Announcement Date means 24 January 2017.

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that expression in Section 12 of the Corporations Act.

ASX means the Australian Securities Exchange or ASX Limited (ABN 98 008 624 691), as the context requires.

ASX Settlement means ASX Settlement Pty Limited (ABN 49 008 504 532), the body which administers the CHESSE system in Australia.

ASX Settlement Operating Rules means the settlement and operating rules of ASX Settlement.

Bidder's Statement means this document, being the bidder's statement of CGI under Part 6.5 of the Corporations Act relating to the Offer.

Broker means a person who is a share broker and participant in CHESSE.

CGI means CIMIC Group Investments Pty Limited (ACN 126 876 953).

CGT means Australian capital gains tax.

CHESSE means the Clearing House Electronic Subregister System established and operated by ASX Settlement, which provides for the electronic transfer, settlement and registration of securities in Australia.

CHESSE Acceptance Form means the Acceptance Form enclosed with this Offer and Bidder's Statement for Macmahon shareholders with a CHESSE Holding.

CHESSE Holding means a holding of Macmahon Shares on the CHESSE subregister of Macmahon.

CIMIC means CIMIC Group Limited (ACN 004 482 982).

CIMIC Group means CIMIC and its Related bodies corporate (including CGI).

Condition Period means the period beginning on the Announcement Date and ending at the end of the Offer Period (each inclusive).

Controlling Participant has the meaning given to that expression in the ASX Settlement Operating Rules.

Corporations Act means the *Corporations Act 2001* (Cth) as modified by any relevant exemption or declaration by ASIC and any regulation made under that Act.

Credit Suisse means Credit Suisse (Australia) Limited (ABN 94 007 016 300).

Credit Suisse Equities means Credit Suisse Equities (Australia) Limited (ABN 35 068 232 708).

Defeating Condition has the meaning given to that expression in Section 9.8(a).

Encumbrance means:

- (a) a security interest;
- (b) an easement, restrictive covenant, caveat or similar restriction over property;
- (c) any other interest or arrangement of any kind that in substance secures the payment of money or the performance of an obligation, or that gives a creditor priority over unsecured creditors in relation to any property (including a right to set off or withhold payment of a deposit or other money);
- (d) a right of any person to purchase, occupy or use an asset (including under an option, agreement to purchase, licence, lease or hire purchase);
- (e) any other thing that prevents, restricts or delays the exercise of a right over property, the use of property or the registration of an interest in or dealing with property; or
- (f) an agreement to create anything referred to above or to allow any of them to exist.

GST means the goods and services tax imposed under the *A New Tax System (Goods and Services Tax) Act 1999* (Cth).

Holder Identification Number or **HIN** means the number used to identify a Macmahon Shareholder on the CHESS subregister of Macmahon.

Issuer Acceptance Form means the Acceptance Form enclosed with this Offer and Bidder's Statement for Macmahon Shareholders with an Issuer Sponsored Holding.

Issuer Sponsored Holding means a holding of Macmahon Shares on Macmahon's issuer-sponsored sub register.

Last Close Price means the price of Macmahon Shares on the ASX at the close of trading on 23 January 2017, the Trading Day prior to the Announcement Date, of \$0.11 per Macmahon Share.

Listing Rules means the listing rules of the ASX as amended or varied from time to time.

Maximum Cash Consideration has the meaning given to that expression in Section 6.1.

Macmahon means Macmahon Holdings Limited (ACN 007 634 406).

Macmahon Board means the board of directors of Macmahon.

Macmahon Director means a director of Macmahon.

Macmahon Executive Equity Plan means the Macmahon long term incentive share plan.

Macmahon Group means Macmahon and each of its Related bodies corporate.

Macmahon Performance Rights means the Macmahon Performance Rights issued under the Macmahon Executive Equity Plan as set out in Section 5.1.

Macmahon Shareholders means a person who is registered as the holder of Macmahon Shares in the Register.

Macmahon Shares means fully paid ordinary shares in Macmahon on issue.

NSW means New South Wales, Australia.

Offer or **CGI's Offer** means, as the context requires, the Offer for Macmahon Shares contained in Section 9, or the off-market takeover bid constituted by that Offer, and **Offers** means the several like Offers which together constitute the Offer, as varied in accordance with the Corporations Act.

Offer Period means the period during which the Offer will remain open for acceptance in accordance with the terms of the Offer.

Offer Price means \$0.145 cash per Macmahon Share.

Participant has the meaning given to that expression in the ASX Settlement Operating Rules.

Register means the Register of Macmahon Shareholders or Macmahon Performance Rights holders (as the context requires) maintained by Macmahon in accordance with the Corporations Act.

Register Date means 7.00pm (Sydney time) on 25 January 2017.

Related body corporate has the meaning given to that expression in the Corporations Act and **Related bodies corporate** has a corresponding meaning.

Rights means all accretions, rights or benefits of whatever kind attaching to or arising from or in respect of the Macmahon Shares, whether directly or indirectly, including without limitation all rights to receive dividends (but excluding any attaching franking credit), to receive or subscribe for shares, units, notes, options or other securities and to receive all other distributions, capital returns or entitlements declared, paid, made or issued by Macmahon or any Subsidiary of Macmahon after the Announcement Date.

Subsidiary has the meaning given to that expression in the Corporations Act.

Sydney time means the time in Sydney, Australia.

Takeover Transferee Holding means the CHESS Holding to which Macmahon Shares are to be transferred pursuant to acceptances of the Offer.

Target's Statement means the target's statement issued by Macmahon in response to this Bidder's Statement in accordance with Part 6.5 of Chapter 6 of the Corporations Act.

Trading Day has the meaning given to that expression in the Listing Rules.

VWAP means volume weighted average price.

Your Macmahon Shares means the Macmahon Shares in respect of which you are registered or entitled to be registered as holder in the Register on the Register Date and any new Macmahon Shares in respect of which you become registered or entitled to be registered as the holder in the Register prior to the end of the Offer Period as a result of the vesting of Macmahon Performance Rights and to which you are able to give good title at the time you accept the Offer during the Offer Period.

10.2 Interpretation

- (a) Annexures to this Bidder's Statement form part of this Bidder's Statement.
- (b) Words and phrases to which a meaning is given by the Corporations Act, the Listing Rules or the ASX Settlement Operating Rules have that meaning in this Bidder's Statement unless that meaning is inconsistent with the context in which the word or phrase is used.
- (c) Headings are for convenience only and do not affect the interpretation of this Bidder's Statement.

- (d) The singular includes the plural and vice versa and words importing any gender include the other gender, and references to persons include corporations.
- (e) References to Sections are to sections of this Bidder's Statement.
- (f) References to paragraphs are references to paragraphs within the Section in which the reference to the paragraph is made.
- (g) References to time are references to the time in Sydney, Australia on the relevant date, unless stated otherwise.
- (h) References to "dollars" or "\$" are to Australian currency, unless stated otherwise.

11. APPROVAL OF BIDDER'S STATEMENT

This Bidder's Statement has been approved by a resolution of the directors of CIMIC Group Investments Pty Limited.

Dated: 24 January 2017

Signed for and on behalf of CIMIC Group Investments Pty Limited by:

A handwritten signature in black ink, consisting of a series of loops and a horizontal line extending to the right.

Angel Muriel
Director