Not for distribution or release in the United States

Downer

Relationships creating success

Creating a stronger Downer

21 July 2020

IMPORTANT NOTICES AND DISCLAIMER

This presentation (**Presentation**) has been prepared by Downer EDI Limited (ABN 97 003 872 848) (**DOW** or **Downer**) in relation to Downer's pro-rata accelerated non-renounceable entitlement offer of new fully paid ordinary shares in Downer (**New Shares**) (**Entitlement Offer**). The Entitlement Offer will be made to:

- Eligible institutional shareholders of Downer (**Institutional Entitlement Offer**); and
- Eligible retail shareholders of Downer (**Retail Entitlement Offer**),

under section 708AA of the Corporations Act 2001 (Cth) (**Corporations Act**), as notionally modified by the Australian Securities and Investments Commission (**ASIC**) Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73.

By reviewing or retaining these materials, or attending or participating in this Presentation, you acknowledge and represent that you have read, understood and accepted the terms of this "Important Notices and Disclaimer".

Summary information

This Presentation contains summary information about Downer and its associated entities, including Spotless Group Holdings Limited (ABN 27 154 229 562) (**Spotless**), and their activities current as at the date of this Presentation.
The information contained in this Presentation is of a general nature and does not purport to include or summarise all information that an investor should consider when making an investment decision nor does it contain all the information which would be required in a product disclosure statement, prospectus or other disclosure document prepared in accordance with the requirements of the Corporations Act. Downer is not responsible for updating, nor undertakes to update, this Presentation. This Presentation should be read in conjunction with Downer's other periodic and continuous disclosure announcements lodged with the Australian Securities Exchange (**ASX**), which are available at www.asx.com.au.

Certain information in this Presentation has been sourced from publicly available information. While steps have been taken to review that information, no representation or warranty, expressed or implied, is made as to its fairness, accuracy, correctness, completeness or adequacy. Certain market and industry data used in connection with this Presentation may have been obtained from research, surveys or studies conducted by third parties, including industry or general publications. Neither Downer nor its representatives have independently verified any such market or industry data provided by third parties or industry or general publications.

Not an offer

This Presentation is for information purposes only and is not a prospectus, product disclosure statement or other disclosure or offering document under Australian law or any other law (and will not be lodged with ASIC). This Presentation is not and should not be considered an offer or an invitation to acquire any entitlements or New Shares or any other financial product and neither this Presentation nor any of the information contained herein shall form the basis of any contract or commitment. The distribution of this Presentation in jurisdictions outside Australia may be restricted by law and you should observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

Not for release or distribution in the United States

This Presentation may not be released or distributed in the United States. This Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which, or to any person to whom, such an offer would be illegal. Neither the New Shares nor the entitlements have been, or will be, registered under the U.S. Securities Act of 1933, as amended (**U.S. Securities Act**), or the securities laws of any state or other jurisdiction of the United States, and may not be offered or sold, directly or indirectly, in the United States, or to any person acting for the account or benefit of any person in the United States, unless the securities have been registered under the U.S. Securities Act (which Downer has no obligation to do or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

Investment Risk

An investment in shares in Downer is subject to known and unknown risks, some of which are beyond the control of Downer, including possible loss of income and principal invested. Downer does not guarantee any particular rate of return or the performance of Downer, nor does it guarantee any particular tax treatment. Investors should have regard to (amongst other things) the risk factors outlined in this Presentation when making their investment decision. See the "Key Risks" section of this Presentation for certain risks relating to an investment in Downer shares.

Not investment or financial product advice

The information contained in this Presentation does not constitute investment or financial product advice (nor taxation, accounting or legal advice), is not a recommendation to acquire New Shares and does not and will not form the basis of any contract or commitment for the acquisition of New Shares. This Presentation has been prepared without taking into account the investment objectives, financial position or needs of any particular individual. Before making an investment decision, prospective investors should consider the appropriateness of the information (including but not limited to the assumptions, uncertainties and contingencies which may affect future operations of Downer and the values and the impact that different future outcomes may have on Downer) having regard to their own investment objectives, financial situation and needs and should seek legal, accounting and taxation advice appropriate to their jurisdiction. Downer is not licensed to provide investment or financial product advice in respect of Downer shares. Cooling off rights do not apply to the acquisition of New Shares pursuant to the Entitlement Offer.

IMPORTANT NOTICES AND DISCLAIMER

Future performance and forward looking statements
This Presentation contains certain forward looking statements and comments about future events, including Downer's expectations about the performance of its businesses, the effect of the funds raised under the Entitlement Offer on those businesses, the outcome of the Spotless Offer (as defined below) and the future performance (including potential or further expected synergies) of Downer and Spotless post acquisition. Forward looking statements can generally be identified by the use of forward looking words such as, "expect", "anticipate", "likely", "intend", "should", "could", "may", "predict", "plan", "propose", "will", "believe", "forecast", "estimate", "target" and other similar expressions. Indications of, and guidance or outlook on, future earnings or financial position or performance are also forward looking statements and include statements in this Presentation regarding the conduct and outcome of the Entitlement Offer, the use of proceeds, the outcome of the Spotless Offer, the future performance (including potential or further expected synergies) of Downer and Spotless post acquisition and Downer's outstanding debt. You are cautioned not to place undue reliance on any forward looking statement. While due care and attention has been used in the preparation of forward looking statements, forward looking statements, opinions and estimates provided in this Presentation are based on assumptions and contingencies which are subject to change without notice, as are statements about market and industry trends which are based on interpretations of current market conditions. Forward looking statements including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance and may involve known and unknown risks, uncertainties and other factors, many of which are outside the control of Downer, its directors and management. A number of important factors could cause Downer's actual results to differ materially from the plans, objectives, expectations, estimates and intentions expressed in such forward looking statements, including the risk factors described in the "Key Risks" section of this Presentation. Actual results, performance or achievements may vary materially from any forward-looking statements and the assumptions on which statements are based. Downer disclaims any intent or obligation to update publicly any forward-looking statements, whether as a result of new information, future events or results or otherwise.

Investors are strongly cautioned not to place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic.

Past Performance
Past performance and pro-forma historical information in this Presentation is given for illustrative purposes only and should not be relied upon (and is not) an indication of future financial condition and/or performance including future share price information. Historical information in this Presentation relating to Downer is information that has been released to the market. For further information, please see past announcements released to ASX.

Financial information
All dollar values are in Australian dollars ($ or AUD) unless stated otherwise. All references starting with "FY" refer to the financial year for Downer, ending 30 June. For example, "FY20" refers to the financial year ended 30 June 2020.

Investors should be aware that this Presentation contains certain financial information and measures that are "non-IFRS financial information" under Regulatory Guide 230: 'Disclosing non-IFRS financial information" published by the Australian Securities and Investments Commission (ASIC) and "non-GAAP financial measures" within the meaning of Regulation G under the U.S. Securities Exchange Act of 1934, as amended, and are not recognised under Australian Accounting Standards (AAS) and International Financial Reporting Standards (IFRS). The non-IFRS financial information includes EBITA, EBITDA, underlying EBITDA, underlying EBITA, underlying NPATA, gearing and NPATA. The non-IFRS financial information and non-GAAP financial measures do not have a standardised meaning prescribed by the applicable AAS or IFRS, and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with the applicable AAS or IFRS. Although Downer believes the non-GAAP and non-IFRS financial information and financial measures provide useful information to users in measuring Downer's financial performance and condition, investors are cautioned not to place undue reliance on any non-GAAP or non-IFRS financial information or financial measures included in this Presentation.

The financial information contained in this Presentation for the year ended 30 June 2020 is preliminary only. Downer currently expects to release its full FY20 financial statements on 12 August 2020. Accordingly, the FY20 financial information contained in this Presentation is unaudited. An audit process is currently underway in respect of the finalisation of the FY20 financial statements, however the audit will not be completed until immediately prior to the release of Downer's full FY20 financial statements on 12 August 2020. Whilst Downer has taken care so as to have a high degree of confidence that this financial information will not materially differ from the final numbers contained in the FY20 financial statements, there is a risk that those numbers will differ from the final financial information contained in the FY20 financial statements.

Effect of Rounding
A number of figures, amounts, percentages, estimates, calculations of value and fractions in this Presentation are subject to the effect of rounding. Accordingly, the actual calculation of these figures may differ from the figures set out in this Presentation.

Disclaimer
UBS AG, Australia Branch (ABN 47 088 129 613), and Macquarie Capital (Australia) Limited (ABN 79 123 199 548), as underwriters to the Entitlement Offer (Underwriters), together with each of their respective related bodies corporate, shareholders or affiliates and its respective officers, directors, employees, affiliates, agents or advisers (each a Limited Party) have not authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Presentation and do not make or purport to make any statement in this Presentation and there is no statement in this Presentation which is based on any statement by a Limited Party.

No representation or warranty, express or implied, is made by Downer, its related bodies corporate, any of their respective officers, directors, employees, agents or advisers, nor any Limited Party as to the accuracy, reliability, completeness or fairness of the information, opinions and conclusions contained in this Presentation. In particular, the Limited Parties have not independently verified such information and take no responsibility for any part of this Presentation or the Entitlement Offer.

To the maximum extent permitted by law, Downer, its related bodies corporate, their respective officers, directors, employees, agents or advisers, and each Limited Party expressly disclaims any and all liability, including, without limitation, any liability arising out of fault or negligence, for any direct, indirect, consequential or contingent loss or damage arising from the use of information contained in this Presentation. Statements made in this Presentation are made only at the date of the Presentation. Downer is under no obligation to update this Presentation. The information in this Presentation remains subject to change by Downer without notice.

The Limited Parties make no recommendations as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning the Entitlement Offer, and you represent, warrant and agree that you have not relied on any statements made by a Limited Party in relation to the Entitlement Offer and you further expressly disclaim that you are in a fiduciary relationship with any of them.

Investors acknowledge and agree that determination of eligibility of investors for the purposes of the Institutional Entitlement Offer or the Retail Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Downer and/or the Limited Parties, and each of Downer and the Limited Parties disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law. The Limited Parties may rely on information provided by or on behalf of institutional investors in connection with managing, conducting and underwriting the Entitlement Offer and without having independently verified that information and the Limited Parties do not assume any responsibility for the accuracy or completeness of that information.

AGENDA

Executive Summary

Relationships creating success

1 Executive Summary

FY20 preliminary, unaudited result		• Underlying FY20 EBITA[1,2] expected to be in the range of $410m – $420m and underlying NPATA[1,2] in the range of $210m – $220m • Underlying FY20 EBITA for core Urban Services businesses estimated to total $511m[2] (FY19: $525m) • Considerable resilience in earnings and cash flows despite COVID-19 due to diversification of markets across critical services including roads and rail maintenance, public transport, power and gas, water, defence, health and education and government housing and facilities • Operating cash conversion of ~74% in the second half, taking full year operating cash conversion to ~40% • Expect to recognise $386m of items outside of the FY20 underlying result, including non-cash impairment charge of $165m in relation to Spotless goodwill • Statutory FY20 NPAT loss is expected to be in the range of $150m – $160m[2]
Initiatives to reshape Downer	**1. Achieving 100% ownership of Spotless**	• Downer will make an unconditional offer to acquire all of the issued share capital of Spotless not already owned by Downer ("**Spotless Offer**") for upfront cash consideration of $1.00 per Spotless share plus for every 17.92741 Spotless shares accepted into the Spotless Offer, a Downer contingent share option[3] (**"Downer Contingent Share Option"**) exercisable over 1 Downer share, subject to the future market prices of Downer shares[4] • Expected to achieve synergies of $10m – $15m per annum through elimination of redundant corporate structures, integrating operations and consolidation of the Group's debt platform • Downer has entered into a call option deed with Coltrane Master Fund, L.P. (**"Coltrane"**) which provides a clear path to 100% ownership of Spotless[5]
	2. Exiting non-core businesses	Downer is committed to shaping its portfolio in line with its Urban Services Strategy: • Exploring the potential sale of the Mining portfolio (in parts or as a whole) in response to recent enquiries from a number of interested parties • Sale process for Laundries has been paused and will resume when investment market conditions improve • Exit of high-risk construction markets is underway as remaining projects complete • Reviewing medium to long-term prospects of Hospitality business to determine which parts will continue, be exited or sold (stadium and events business has been placed in 'hibernation' and underperforming contracts renegotiated or terminated)
	3. Right-sizing	• Decisive action to right-size Downer's corporate and divisional cost base and operating model to align with the requirements of its core Urban Services portfolio • Downer anticipates annual cost saving benefits of $15m – $20m[6] commencing in FY21

Notes:
1. Underlying profit and pro forma measures are non-IFRS financial information. These measures are reported as they provide useful information to users in measuring the financial performance of Downer. Underlying NPATA is reconciled to statutory NPAT in Appendix A. Underlying profit and pro forma measures have not been subject to audit or review
2. FY20 financials are estimates only, based on preliminary, unaudited financial results for the year ended 30 June 2020. Figures remain subject to finalisation, audit and Board review and sign-off and may change. FY20 financials represent the mid-point of the estimated EBITA range
3. Subject to finalisation of definitive terms and all required ASX approvals.
4. Off-market takeover bid to be made by Downer or Downer's wholly-owned Australian subsidiary, Downer EDI Services Pty Ltd
5. Coltrane Master Fund, L.P. currently has a relevant interest in approximately 11.8% of the Spotless shares on issue
6. Annual cost benefits measured at the EBITA level

1 Executive Summary

Highlights of a reshaped Downer	• After implementing the portfolio initiatives and the equity raising, Downer will be well placed to deliver growth and an improving return on capital • Core Urban Services[1] businesses have demonstrated their strength and resilience and represent the future of Downer and enjoy leading market positions and attractive medium and long-term growth outlook across the range of its end markets • High proportion of government and government related contracts • Capital light service-based business model (post the exit of Mining and Laundries) generating lower risk, long term more predictable revenues and cash flows • Opportunity to leverage Downer's expertise in operations, maintenance, servicing and supply to drive margin expansion over time • Right-sized operating model and simplified corporate and capital structure delivering tangible cost efficiencies • Strengthened balance sheet with flexibility to continue investment in Downer's core businesses
Trading update and outlook	• Across all of Downer's core Urban Services businesses there is strong demand for our services, significant work-in-hand and a strong pipeline of opportunities with the potential to benefit further from government stimulus during the recovery period
Equity Raising	• Downer is seeking to raise $400 million of equity through a 1 for 5.58 fully underwritten accelerated non-renounceable pro rata entitlement offer (the "**Entitlement Offer**") • Entitlement Offer to support acquisition of the remaining shares in Spotless, strengthen the Group's balance sheet and provide flexibility for continued investment in Downer's core Urban Services businesses • The offer price of A$3.75 per share represents a 12.0% discount to Downer's closing price of A$4.26 on the ASX on Monday, 20 July 2020 and a 10.3% discount to the theoretical ex-rights price ("**TERP**") of A$4.18
Funding and liquidity	• Downer will have significant balance sheet flexibility following the Entitlement Offer and Spotless Offer with pro-forma liquidity of ~$2.1 billion as at 30 June 2020[2] • Pro forma gearing of 29.3%[3] following the Entitlement Offer and Spotless Offer (within long term target ratio of 25% – 30%). Further opportunity to reduce through asset sales. • No near term debt maturities, compliant with covenants, and a simpler capital structure post Entitlement Offer and Spotless Offer

Notes:
Underlying profit and pro forma measures are non-IFRS financial information. These measures are reported as they provide useful information to users in measuring the financial performance of Downer.
1. Core Urban Services include Transport, Utilities, Facilities and Asset Services and exclude E&C, I&C, Mining, Laundries and Hospitality as set out in the table under FY20 Financial Performance
2. Pro forma liquidity adjusts for the Entitlement Offer ($400m) and the Spotless Offer ($135m).
3. Gearing ratio calculated as net debt / (net debt + shareholders' equity). For the purposes of the gearing ratio calculations, shareholders' equity has been adjusted to exclude the impact upon adoption of AASB16 of $66.0m, consistent with Downer's debt covenant reporting requirements which have been amended to exclude the impact of AASB16. The pro forma gearing ratio includes adjustments for the impacts of the Entitlement Offer and Spotless Offer.

FY20 result update

Downer
Relationships creating success

2 Core Urban Services' performance has been resilient

Despite the near-term impacts associated with COVID-19, total FY20 underlying EBITA for Downer's core Urban Services businesses is comparable to FY19 levels

Underlying EBITA A$m	FY19[1]	Estimated FY20[2]	Variance (%)
Segment	**Actual**	**Preliminary, unaudited**	
Transport	242	236	(2%)
Utilities	136	115	(15%)
Facilities	134	134	0%
EC&M – Asset Services	13	27	108%
Core Urban Services Businesses	**525**	**511**	(3%)
Facilities – Infrastructure & Construction	(3)	(9)	(>100%)
EC&M – Engineering & Construction	20	(69)	(>100%)
Businesses in wind down	**17**	**(78)**	(>100%)
Mining	77	79	3%
Facilities – Laundries	17	9	(47%)
Facilities – Hospitality	23	(20)	(>100%)
Businesses under review or to be sold	**117**	**68**	(42%)
Corporate	(98)	(87)	11%
Underlying EBITA	**561**	**415**	(26%)
Amortisation of acquired intangibles	(70)	(71)	(1%)
Underlying EBIT	**490**	**344**	**(30%)**
Net interest expense	(82)	(112)	(37%)
Tax expense	(117)	(67)	43%
Underlying NPAT	**291**	**165**	**(43%)**
Amortisation of acquired intangibles (post tax)	49	50	1%
Underlying NPATA	**340**	**215**	**(37%)**
Items outside of underlying NPATA (pre tax)	(28)	(386)	>(100%)
Tax effect on items outside of underlying NPATA	14	65	>100%
Statutory NPATA	**326**	**(106)**	**>(100%)**
Amortisation of acquired intangibles (post tax)	(49)	(50)	(1%)
Statutory NPAT	**276**	**(156)**	**>(100%)**

- Core urban services businesses expected to deliver FY20[2] underlying EBITA comparable to FY19[1] levels
- COVID-19 restrictions drove reduced productivity across certain sectors
  - New Zealand: level 4 restrictions limited services to 30% of normal levels
  - Spotless: reduced revenue in Hospitality and reduced volumes within Laundries
  - Asset Services: delays to non-essential works
  - Mining: travel restrictions, changed work practices, and mine closure in South Africa
  - Yarra Trams: reduction in patronage
  - Construction: travel restrictions and changed work practices
- No material impact on demand across other business units

Notes:
FY20 financials are estimates only, based on preliminary, unaudited financial results for the year ended 30 June 2020. Figures remain subject to finalisation, audit and Board review and sign-off and may change. FY20 financials represent the mid-point of the estimated $210 – $220 million underlying NPATA range.
1. FY19 actuals are prior to the adoption of AASB16 Leases.
2. The underlying EBITA is calculated on a consistent basis with EBITA in the segment reporting in Downer's financial statements with the exception that the underlying EBITA excludes $19m of historical contract claims adjustments ($10m relating to the Facilities segment and $9m relating to the EC&M segment) in estimated FY20

2 Summary of items outside of the underlying result

Items outside of underlying FY20 (Pre tax basis) A$m	Previously reported 1H20 impact	Estimated (subject to review and audit processes) 2H20 impact	FY20[1] impact	Summary
Non-cash impairment to Spotless goodwill	Nil	165	165	• Impact of COVID-19 on future earnings from Hospitality • Reduction in construction earnings from the Spotless Infrastructure and Construction (I&C) division as that business exits major construction exposure • Discount rate increase from 8.1% to 8.3% applied to forecast cash flows • Reduction in terminal growth rate from 2.5% to 2.25% due to macro-economic environment
Portfolio Restructure and Exit Costs	9	133	142	• Costs incurred in restructuring Hospitality, Downer Engineering & Construction and Spotless I&C • Changes to the Corporate structure to reflect the new operating model • Transaction costs related to the portfolio reviews of Mining and Laundries • Non-cash impairment of capitalised Information Systems relating to businesses being wound down • Anticipate annual cost savings of $15 - $20m[3] commencing in FY21
Payroll Remediation costs[2]	4	12	16	• Historic payroll issues that have resulted in underpayment of employees
Legal settlements	Nil	44	44	• Settlements of Spotless Class Action ($34m) and NZ building works ($10m)
Historical contract claims adjustments	(15)	34	19	• Difficulty in settling variations and disputed claims • Downer will continue to pursue these claims
Total	**(2)**	**388**	**386**	

The $386m of items outside of the underlying FY20 result presented in the above table include significant non-cash write-offs as follows: Spotless goodwill impairment ($165m), information systems ($26m), historical contract claims ($19m), stock ($10m) and receivables ($8m).

Notes:
1. FY20 financials are estimates only, based on preliminary, unaudited financial results for the year ended 30 June 2020. Figures remain subject to finalisation, audit and Board review and sign-off and may change
2. Recognised an expected liability of $41m, of which $25m has been recognised as a prior period error in opening retained earnings, with $16m being recognised as an expense in the period
3. Annual cost benefits measured at the EBITA level

Initiatives to reshape Downer

Downer
Relationships creating success

3 Creating a stronger Downer

Downer is undertaking a range of initiatives focused on optimising its portfolio and creating a stronger platform for long-term, sustainable growth

1. Path to 100% ownership of Spotless through unconditional offer and agreement with Coltrane	• Downer or its wholly-owned subsidiary, Downer EDI Services Pty Ltd, will make an unconditional offer to acquire all of the issued share capital of Spotless not already owned by Downer (the "**Spotless Offer**") for upfront cash consideration of $1.00 per Spotless share plus for every 17.92741 Spotless shares accepted into the Spotless Offer, a Downer contingent share option exercisable over 1 Downer share, subject to the future market prices of Downer shares.[1] The Downer Contingent Share Option has a zero exercise price • Spotless is integral to Downer's Urban Services strategy, supporting its position as a leading integrated services provider with resilient earnings and long term customer relationships − Leading positions and resilient earnings in core Spotless businesses of Health, Education, Government and Defence − Expected to achieve synergies of $10m – $15m per annum through elimination of redundant corporate structures, integration of operations and consolidation of the Group's debt platform • Downer has entered into a call option deed with Coltrane[3] under which Downer has a call option over 2.99% of Spotless shares to be delivered to it, which on exercise will increase Downer's ownership above the 90% threshold required to proceed to compulsory acquisition
2. Exiting non-core businesses	Downer is committed to shaping the portfolio in line with its Urban Services strategy: • Options to sell the Mining business (in parts or as a whole) are being explored with recent enquiries from a number of interested parties; • The Laundries business is performing well with hospital volumes returning strongly. The sale process has been paused and will resume when investment market conditions improve; • The exit of high-risk construction markets in Downer's Engineering and Construction (E&C) and Spotless' Infrastructure and Construction (I&C) is underway as remaining projects complete; • Reviewing medium to long-term prospects of Hospitality business to determine which parts will continue, be exited or sold (stadium and events business within Spotless Hospitality has been placed in "hibernation" and underperforming contracts renegotiated or terminated).
3. Right-sizing	• Downer is taking decisive action to right-size its corporate and divisional cost base and adjust its operating model to align with the requirements of its core Urban Services portfolio • Downer anticipates annual cost saving benefits of $15m – $20m[2] commencing from FY21 and has booked FY20 restructuring costs of $142m

Notes:
1. Subject to finalisation of definitive terms and all required ASX approvals.
2. Annual cost benefits measured at the EBITA level
3. Coltrane Master Fund, L.P. currently has a relevant interest in approximately 11.8% of the Spotless shares on issue

3 Path to 100% ownership of Spotless

Spotless is integral to Downer's Urban Services strategy, supporting its position as a leading integrated services provider with resilient earnings and long term customer relationships

- ✓ Multi-billion dollar pipeline of new opportunities driven by macro-economic trends of increasing urbanisation, growing population and government outsourcing
- ✓ Leading positions and resilient earnings in core Spotless businesses of Health, Education, Government and Defence
- ✓ Significant steps taken to strengthen the business are showing results:
  - ✓ restructure to better align with customers and markets
  - ✓ more robust governance and risk management
  - ✓ more predictable cash flows
  - ✓ Hospitality has been placed in “hibernation” and underperforming contracts renegotiated or terminated
- ✓ Ability to realise further synergies through one debt platform, integration of operations and further rationalisation of corporate structures – estimated $10m – $15m per annum

3 Exiting non-core businesses

Mining and Laundries

- Portfolio review announced in August 2019
  - Review concluded Downer should exit both Mining and Laundries to increase returns to shareholders and release invested capital
  - In March 2020, Downer announced it was suspending the sale process for Mining due to volatile market conditions. Downer is currently exploring the potential sale of the portfolio (in parts or as a whole) in response to recent enquiries from a number of interested parties. At this stage there is no certainty that any transaction will proceed
  - The Laundries business is performing well with hospital volumes returning. The sale process has been paused and will resume when investment market conditions improve
- FY20 performance
  - Mining earnings were above FY19 despite the impact of COVID-19 restrictions on operations, state border closures and operations in South Africa closing due to COVID-19
  - Laundry volumes were also impacted materially from the restrictions on elective surgery resulting in a reduction in EBITA for FY20. With those restrictions now relaxed, the business is performing well with volumes returning, improved yield as hospitals use more supplied consumables and the benefit from efficiency improvements implemented during the year
- Downer will continue to keep the market informed in relation to these businesses

3 Exiting non-core businesses (cont.)

Construction and Hospitality

- Identified areas of the business where restructuring is required and taking the necessary steps to exit from less profitable markets and contracts, and to right-size the cost structure of these businesses
  - The exit of high-risk construction markets in Downer's Engineering and Construction (E&C) and Spotless' Infrastructure and Construction (I&C) is underway as remaining projects complete
    - Downer has been strictly limiting the risk in its construction portfolio in terms of the type and scale of work, price, terms and conditions
  - The stadium and events business within Hospitality has been placed in "hibernation". All non-critical staff have been either stood down or made redundant
    - All other contracts have either been discontinued or converted to cost plus a margin. Downer will determine which parts of the business will continue, be exited or sold as the future market demand becomes clearer

3 Restructuring to right-size corporate structure

- As it moves to exit legacy construction and hospitality contracts, Downer is taking steps to restructure and right-size its corporate cost structure to deliver ongoing cost savings and efficiencies across the Group's operations
- Included in portfolio restructuring and exit costs of $142m, Downer expects to recognise costs of $62m to reflect the impact of right-sizing its corporate cost structure, including:
  - the net impact of staff redundancies;
  - lease-related costs; and
  - write-down of IT and other assets as a result of the exit and wind down of construction and hospitality
- Downer anticipates cost saving benefits of $15m – $20m[1] to be realised from the restructuring, with benefits to commence from FY21.

Notes:
1. Annual cost benefits measured at the EBITA level

Reshaped Downer

Downer
Relationships creating success

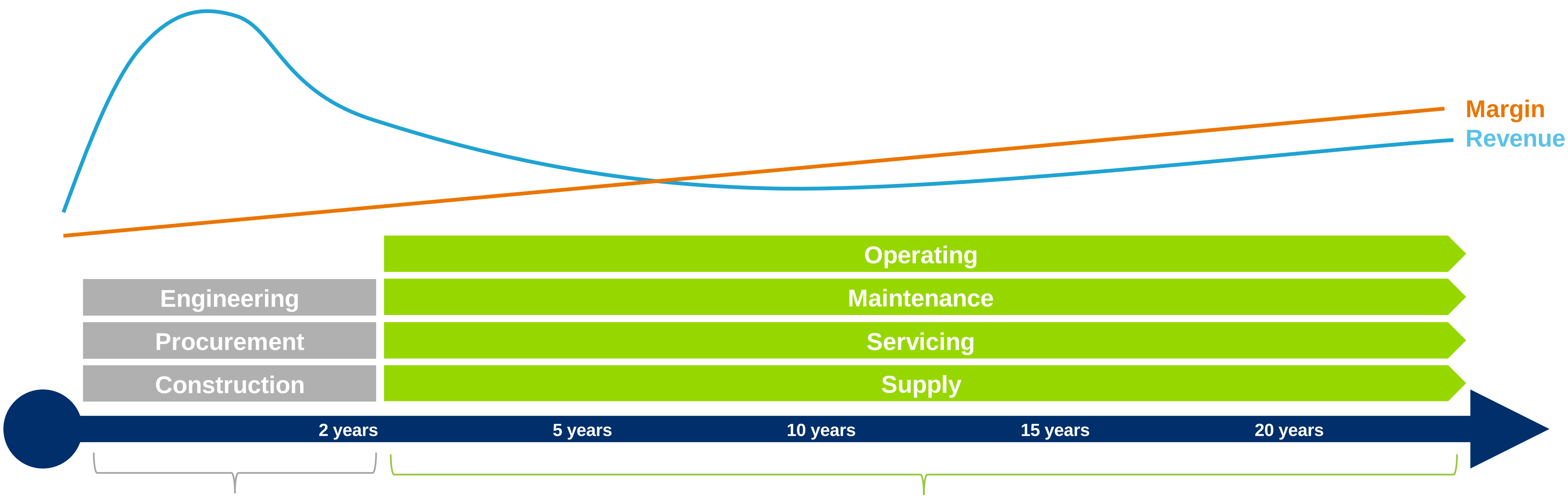
4 Reshaped Downer

After implementing these reshaping initiatives and the equity raising, Downer will be well positioned to deliver growth and improved returns post COVID-19

- ✓ Downer's future portfolio is weighted to services-oriented businesses that have demonstrated their resilience:
  - ✓ Leading market positions and attractive medium and long-term growth outlook across the range of Urban Services end markets
  - ✓ High proportion of government and government related contracts
- ✓ Capital light business model that generates lower risk, long term more predictable revenues
- ✓ Opportunity to leverage Downer's expertise in operations, maintenance, servicing and supply to drive margin expansion over time
- ✓ Right-sized operating model and simplified corporate and capital structure delivering tangible cost efficiencies
- ✓ Strengthened balance sheet with flexibility to continue investment

4 Focus on lifecycle asset services

Downer is focused on winning and delivering secure, long-term contractual service revenue and leveraging its expertise to drive margin expansion over time[1]



- ✓ Selective participation
- ✓ Focus on O&M markets

- ✓ Long term, more predictable revenue with opportunities for top-line growth
- ✓ Ability to improve margin through operational efficiencies and innovation over time
- ✓ Lower risk to margin compared to construction

Notes:
1. Graph represents theoretical depiction showing the ability for long-term contractual services revenues and margins to increase over time with improved operating knowledge of the underlying contract.

4 Positive outlook for core businesses

Downer expects earnings to continue to be resilient, supported by strong exposure to critical infrastructure and government-mandated public works

- Due to the current economic environment Downer cannot provide earnings guidance for FY21 at this time
- While the Downer business continues to be impacted by COVID-19, particularly in Hospitality, its diversification across critical services such as road and rail maintenance, public transport, power and gas, water, health and education, defence and government housing and facilities has delivered considerable resilience in earnings and cash flows
- Across all of Downer's businesses, apart from Hospitality, there is strong demand for its services, significant work-in-hand and a strong pipeline of opportunities with the potential to benefit further from government stimulus during the COVID-19 recovery period
- As committed, Downer’s deferred unfranked interim dividend of 14 cents per share will be paid on 25 September 2020 to shareholders on the register at 26 February 2020
- Given the current circumstances and equity raising the Downer Board does not intend to pay a final dividend for the year ended 30 June 2020. Dividends are expected to resume in financial year 2021 depending on business performance

4 Driving value for shareholders

Business growth	**Aligned to growing markets and serving quality customers** Leveraged to economic and social infrastructure markets	**Increased exposure to low capital, service oriented businesses** Growing exposure to high margin, low capital intensity Urban Services	**Strategic acquisitions** Path to 100% ownership of Spotless
+ **Efficient use of capital**	**Continue strong operating cash flow discipline** Improve operating margins and ROFE	**Strategic capital allocation, cost and capital efficiency** Reshape the portfolio by exiting non-core businesses and right-sizing cost base	**Maintaining a strong balance sheet and credit rating** Equity raising to strengthen balance sheet and maintain flexibility to invest
+ **Sustainable operations**	**Safety – Zero Harm is embedded in Downer's culture** Continue to improve safety performance and employee wellbeing	**Environmentally responsible operations** Provide environmentally responsible and sustainable solutions for our customers	**Supporting our communities** Actively support our people and the success of our communities
= **Shareholder value**	**Consistently growing EPS and DPS**	**Increasing EPS and maintaining a 50% – 60% payout ratio over time**	**TSR growth through continued delivery**

Equity raising and balance sheet

Downer
Relationships creating success

5 Entitlement Offer to support Spotless Offer and reshaping initiatives, maintain flexibility and strengthen balance sheet

Downer is undertaking a fully underwritten $400 million Entitlement Offer

Supports reshaping initiatives	• Achieving 100% ownership of Spotless with upfront cash cost to Downer of $134.5m – Expected to achieve synergies of $10m – $15m per annum through elimination of redundant corporate structures and consolidation of the Group's debt platform • Exiting non-core businesses to shape portfolio in line with Downer's Urban Services Strategy • Decisive action to right-size Downer's corporate and divisional cost base and operating model to align with the requirements of its core Urban Services portfolio – Downer anticipates annual cost saving benefits of $15m – $20m[3] commencing in FY21
Maintain flexibility	• The equity raising will ensure Downer's balance sheet is well positioned to support future refinancing • Continue investment in its core Urban Services business units • Ensure the exit of Mining and Laundries is completed on appropriate terms
Strengthened balance sheet	• Strong balance sheet and liquidity position post raising – Liquidity (cash and undrawn debt facilities) of ~$2.1 billion as at 30 June 2020[1] after adjusting for equity raising and expected cash cost of Spotless Offer – Reported gearing ratio post impairment of 35.5% will reduce to a pro forma gearing ratio of 29.3%[2] following the Entitlement Offer and Spotless Offer (within long term target ratio of 25% – 30%). Further opportunity to reduce through asset sales – Compliant with covenants • Committed to maintaining Fitch credit rating (BBB Stable) and the capacity to respond to market volatility

Notes:
Underlying profit and pro forma measures are non-IFRS financial information. These measures are reported as they provide useful information to users in measuring the financial performance of Downer.
1. Pro forma liquidity adjusts for the Entitlement Offer ($400m) and the Spotless Offer ($135m)
2. Gearing ratio calculated as net debt / (net debt + shareholders' equity). For the purposes of the gearing ratio calculations, shareholders' equity has been adjusted to exclude the impact upon adoption of AASB16 of $66.0m, consistent with Downer's debt covenant reporting requirements which have been amended to exclude the impact of AASB16. The pro forma gearing ratio includes adjustments for the impacts of the Entitlement Offer and Spotless Offer
3. Annual cost benefits measured at EBITA level

5 Entitlement Offer Details

Fully underwritten c.$400 million accelerated non-renounceable entitlement offer

Structure	• Fully underwritten c.$400 million accelerated non-renounceable entitlement offer ("**Entitlement Offer**") • Under the Entitlement Offer, eligible shareholders are entitled to 1 New Share for every 5.58 existing ordinary shares held on the Record Date
Offer Price	• A$3.75[1] per New Share • 12.0% discount to Downer's closing price of A$4.26 on the ASX on Monday, 20 July 2020 • 10.3% discount to the theoretical ex-rights price ("**TERP**") of A$4.18[2]
Institutional Entitlement Offer	• Institutional Entitlement Offer to be conducted by way of a bookbuild process on Tuesday, 21 July 2020
Retail Entitlement Offer	• Retail Entitlement Offer opens on Tuesday, 28 July 2020 and closes 5:00pm on Friday, 14 August 2020 • Each member of the Downer Board has stated they intend to participate in the Entitlement Offer in whole or in part
Ranking	• New Shares will rank equally with existing ordinary shares from their time of issue • New Shares issued will not be entitled to the deferred unfranked interim dividend of 14 cents per share that will be paid on 25 September 2020 as this dividend had an ex-dividend date of 25 February 2020 and a record date of 26 February 2020
Record Date	• 7.00pm (Sydney time) Thursday, 23 July 2020

Notes:
Dates and times are indicative only and subject to change without notice. Downer reserves the right to alter the dates in this presentation at its discretion and without notice, subject to the ASX Listing Rules and Corporations Act 2001 (Cth). All dates refer to 2020 and times are Sydney, Australia time.
1. Eligible shareholders may also apply in NZD. The NZD equivalent of the AUD offer price will be determined following completion of the Institutional Entitlement Offer and communicated to investors who may wish to subscribe in NZD
2. TERP is the theoretical price at which Downer shares trade immediately after the ex-date for the Entitlement Offer. TERP is a theoretical calculation only and the actual price at which Downer shares trade on the ASX immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to the closing price of the Downer share price as traded on ASX on Monday, 20 July 2020 being the last trading day prior to the announcement of the Entitlement Offer.

5 Entitlement Offer Timetable

Event	Date
Announcement of Entitlement Offer, Institutional Entitlement Offer opens	Tuesday, 21 July
Announcement of results of Institutional Entitlement Offer Trading Halt lifted Trading in ordinary shares resumes on an ex-entitlement basis	Wednesday, 22 July
Record Date for Entitlement Offer (7.00pm Sydney time)	Thursday, 23 July
Retail Entitlement Offer opens and Retail Entitlement Offer Booklet despatched	Tuesday, 28 July
Settlement of Institutional Entitlement Offer	Thursday, 30 July
Issue and trading of New Shares under the Institutional Entitlement Offer	Friday, 31 July
Announcement of Downer FY20 results Expected lodgement of Bidder’s Statement for the Spotless Offer	Wednesday, 12 August
Retail Entitlement Offer closes (5.00pm Sydney time)	Friday, 14 August
Announce results of Retail Entitlement Offer	Wednesday, 19 August
Settlement of Retail Entitlement Offer	Thursday, 20 August
Allotment of New Shares under the Retail Entitlement Offer	Friday, 21 August
New Shares issued under the Retail Entitlement Offer commence trading on a normal settlement basis	Monday, 24 August
Despatch of holding statements for New Shares under Retail Entitlement Offer	Tuesday, 25 August

Note: Dates and times are indicative only and subject to change without notice. Downer reserves the right to alter the dates in this presentation at its discretion and without notice, subject to the ASX Listing Rules and Corporations Act 2001 (Cth). All dates refer to 2020 and times are Sydney, Australia time.

5 Strengthened balance sheet

The Entitlement Offer will strengthen Downer's balance sheet to support continued investment in its core businesses

- Following the Entitlement Offer, Downer will be well capitalised to meet expected future funding needs
- Reported gearing ratio[2] post impairment of 35.5% will reduce to a pro forma gearing ratio of 29.3% following the Entitlement Offer and Spotless Offer (within long term target ratio of 25% – 30%). Further opportunity to reduce through asset sales
- No near term debt maturities, and material headroom to covenants
- Committed to maintaining Fitch credit rating (BBB Stable) and the capacity to respond to market volatility

Sources and uses

Sources of funds	A$m	Uses of funds	A$m
Proceeds from Entitlement Offer[1]	400	Spotless offer	135
		Net debt reduction	265
Total sources	**400**	**Total uses**	**400**

Balance sheet metrics

A$m	As at 30 June 2020	Impact of Entitlement Offer	Impact of Spotless Offer	Pro forma for Entitlement Offer and Spotless Offer
Total limit	3,339	-	-	3,339
Drawn	(2,069)	-	-	(2,069)
Available	**1,270**	**-**	**-**	**1,270**
Cash	588	400	(135)	853
Total liquidity	**1,858**	**400**	**(135)**	**2,123**
Net debt	1,481	(400)	135	1,216
Net debt / underlying EBITDA	1.7x			1.4x
Gearing ratio[2]	**35.5%**			**29.3%**

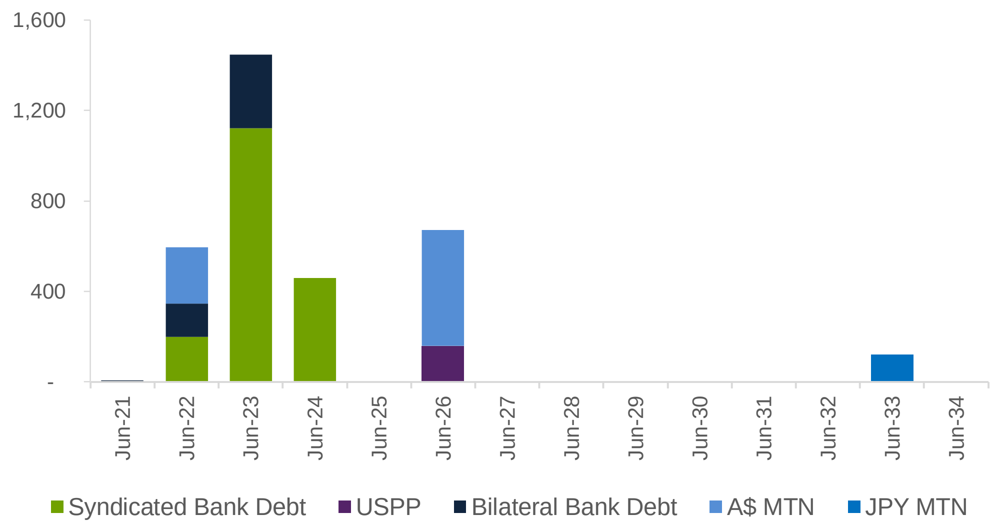
Notes:
Underlying profit and pro forma measures are non-IFRS financial information. These measures are reported as they provide useful information to users in measuring the financial performance of Downer.
1. Gross proceeds excluding transaction costs.
2. Gearing ratio calculated as net debt / (net debt + shareholders' equity). For the purposes of the gearing ratio calculations, shareholders' equity has been adjusted to exclude the impact upon adoption of AASB16 of $66.0m, consistent with Downer's debt covenant reporting requirements which have been amended to exclude the impact of AASB16. The pro forma gearing ratio includes adjustments for the impacts of the Entitlement Offer and Spotless Offer

5 Funding and liquidity

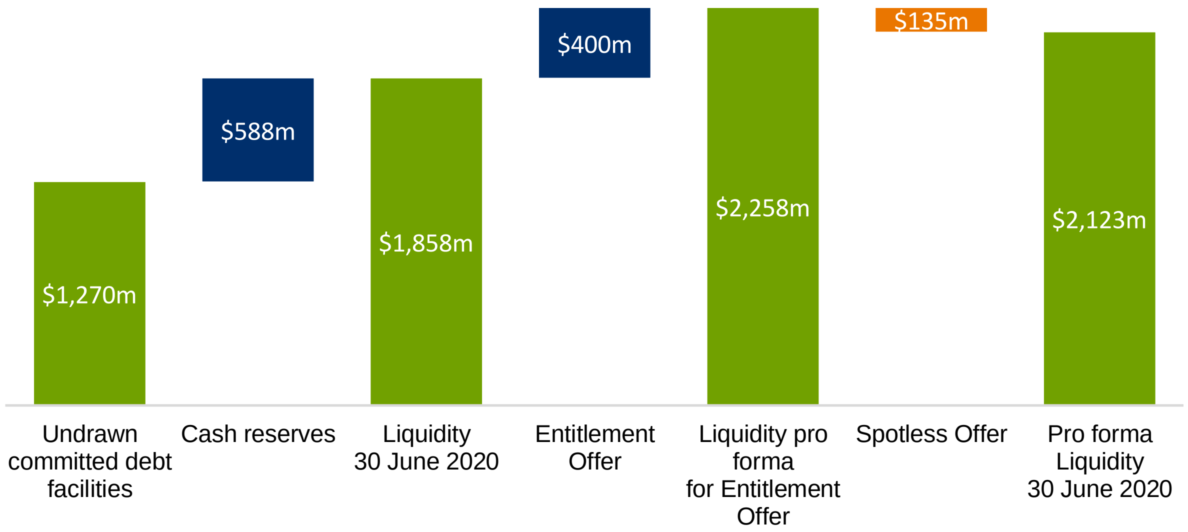
Diversified funding sources and no near-term debt maturities

- Total limit under all facilities of $3,339m ($1,270m currently undrawn)
- New $500m syndicated bank facility established in April 2020 and extension to existing bilateral facilities
- Diversified funding sources
- Downer is rated BBB (Stable) by Fitch Ratings

Debt facilities maturity profile as at 30 June 2020



Pro forma liquidity[1]



Notes:
1. Undrawn and committed facilities and cash position at 30 June 2020 based on preliminary, unaudited financial results for the year ended 30 June 2020. Figures remain subject to finalisation, audit and Board review and sign-off and may change.

Downer
Relationships creating success

FY20 preliminary, unaudited result

Appendix A

Reconciliation to statutory result

A$m	FY19 reported	Expected FY20[1] result (subject to review and audit processes)
Underlying NPATA	**340.1**	**210 – 220**
Amortisation of acquired intangibles (post-tax)	(49.3)	(50)
Underlying NPAT	**290.8**	**160 – 170**
Items outside of underlying NPAT (pre tax)	(28.0)	(386)
Tax effect on items outside of underlying NPAT	13.5	65
Statutory NPAT	**276.3**	**(150) – (160)**

Notes:
Underlying profit and pro forma measures are non-IFRS financial information. These measures are reported as they provide useful information to users in measuring the financial performance of Downer.
1. FY20 financials are estimates only, based on preliminary, unaudited financial results for the year ended 30 June 2020. Figures remain subject to finalisation, audit and Board review and sign-off and may change.

Downer
Relationships creating success

Further detail on Spotless Offer

Appendix B

Spotless Offer details

Overview	▪ Downer or its wholly-owned subsidiary, Downer EDI Services Pty Ltd will make an unconditional offer to acquire all of the issued share capital in Spotless not already owned by Downer ▪ Downer has entered into a call option deed with Coltrane Master Fund, L.P.[1] under which it has a call option over 2.99% of Spotless shares, which on exercise will increase Downer's ownership above the 90% threshold required to proceed to compulsory acquisition[2]
Consideration	▪ Under the Spotless Offer, Spotless shareholders other than Downer will be entitled to receive: – Upfront cash consideration of $1.00 per Spotless share; plus – For every 17.92741 Spotless shares accepted into the Spotless Offer, a Downer Contingent Share Option (**DCSO**) exercisable over 1 Downer share, subject to the future market prices of Downer shares[3]
Details of Downer Contingent Share Option (DCSO)	▪ Downer Contingent Share Options are exercisable in three series (**"Series"**) if and when, on or prior to the lapsing date (see below), the 5 day volume weighted average price of a Downer share equals or exceeds the corresponding Target Price[4] for that Series – Target Prices for each Series of $6.50, $7.00 and $7.50 per Downer share – Target Prices for each Series, post adjustment for Entitlement Offer, are $6.382, $6.873 and $7.364[5] per Downer share – If the Target Price Condition is not satisfied within 4 years from the date the offer period commences, the DCSOs will lapse. The last day for exercise of the DCSOs in a Series is 20 business days after the Target Price Condition for the Series has been satisfied; – The Downer Contingent Share Option has a zero exercise price ▪ A maximum of 7.5 million Downer shares may be issued on exercise of the Downer Contingent Share Options[6] ▪ Target Prices and number of shares subject to agreed adjustments for certain capital events[7]
Expected Financial Impact	• Total upfront cash cost to Downer of $134.5 million • Estimated pre-tax cost synergies of approximately $10m – $15m per annum through rationalisation of corporate structure and more efficient capital structure
Other	• Upfront Cash Consideration under the Spotless Offer is in line with Downer's expected revised carrying value for its existing shareholding in Spotless business, following the expected non-cash impairment to goodwill announced today

Notes:
1. Coltrane Master Fund, L.P. currently has a relevant interest in approximately 11.8% of the Spotless shares on issue
2. Downer currently has a relevant interest in 87.8% of the issued capital of Spotless
3. The following description of terms is subject to finalisation of definitive terms and all required ASX approvals. To the extent a term of the DCSOs is inconsistent with the ASX Listing Rules (and no confirmations or waivers have been provided by ASX in respect of that rule), the term will be amended or read down to the extent of the inconsistency
4. The target price will be varied in the event of certain share issues, special dividends and certain other adjustment events
5. Target Price assuming the successful completion of both the institutional and retail component of the Entitlement Offer.
6. Number of Downer shares issued on exercise of Downer Contingent Share Options are subject to customary adjustment events.
7. Depending on the type of corporate action that triggers an adjustment, the Target Price or the number of Downer shares which may be issued under a DCSO may be varied accordingly.

Key risks

Appendix C

Downer

Relationships creating success

KEY RISKS

There are a number of risks, of a general and specific nature, which may affect the future operating and financial performance of Downer, its investment returns and the value of its shares. Many of the circumstances giving rise to these risks are beyond the control of Downer.

This section describes certain specific areas that are believed to be the major risks associated with an investment in Downer. Broadly, these risks include:

- risks specific to Downer's business and the industry in which Downer operates;
- risks relating to the acquisition of 100% of the shares not already owned by Downer in Spotless; and
- general risks associated with the current economic conditions including, among other things, changes in legislation or regulatory policies and variations in prevailing exchange rates and interest rates.

Each of the risks described below could, if they eventuate, have a material adverse effect on Downer's operating and financial performance. You should note that the risks in this section are not exhaustive. There may be other risks which Downer is not presently aware of or may arise in the future, which may also have a material impact on Downer's performance. You should consider carefully the risks described in this section, as well as other information in this presentation, and consult your financial or other professional adviser before making an investment decision.

DOWNER BUSINESS SPECIFIC RISKS:

COVID-19 impact

The ongoing COVID-19 pandemic has had a significant impact on the Australian and global economy and the ability of individuals, businesses, and governments to operate. Across Australia and the world, travel, trade, business, working arrangements and consumption have been materially impacted by the pandemic. In addition, events relating to COVID-19 have resulted in significant volatility across financial, commodity and other markets, including in the prices of securities trading on the Australian Securities Exchange (ASX) (including the price of Downer securities) and on other foreign securities exchanges.

As previously disclosed to ASX, COVID-19 has affected Downer in several ways, with:

- generally reduced productivity due to distancing measures;
- reduced provision of services (down to 30%) in New Zealand caused by Level 4 restrictions (now lifted);
- Spotless's hospitality division being unable to generate revenue and the laundries division operating on reduced volumes from private hospitals as a result of the cancellation of elective surgery;
- Asset services experiencing delays to non-essential maintenance and capital works;
- Mining division being impacted by travel restrictions and changed work practices, as well as the closure of the Palabora mine in South Africa; and
- Yarra Trams fare box being impacted by reduced patronage.

While government restrictions have begun to ease, there continues to be considerable uncertainty as to the duration of and further impact of COVID-19. A new wave of infections, prolonged period of social distancing, quarantines, travel restrictions, work stoppages, (including in the construction industry), project delays, health authority actions, lockdowns and other related measures within Australia or New Zealand (or overseas), or an escalation of currently existing measures, may directly and indirectly impact a number of aspects of Downer's business divisions including those referred to above. Events such as those experienced in Victoria in early July 2020 demonstrate that the easing of restrictions can be reversed quickly and without warning.

KEY RISKS

In addition, there is a risk of a COVID-19 related infection occurring at a location in which Downer operates, which could have a negative impact on Downer's ability to operate at that location. This may also create a risk of broader infection of Downer's workforce which could negatively impact on Downer's ability to meet its contractual obligations, and may adversely impact Downer's financial and business performance.

While Downer considers that it has a strong balance sheet (including as a result of the Entitlement Offer), significant available liquidity and headroom in its bank covenants and expects it will have sufficient liquidity to deal with the circumstances relating to COVID-19 currently known to it, there is a risk that if the duration of events surrounding COVID-19 is prolonged, Downer may need to take additional measures in order to respond appropriately, including by raising additional funding or selling assets/businesses.

Downer is also exposed to counterparty risk in respect of its customers failing to fulfil their contractual obligations. This risk may be heightened as a result of COVID-19 and may cause Downer's financial performance and business to be impacted where its customers experience financial difficulties, reduce or discontinue operations or default on obligations owed to Downer.

There have been and may be other changes in the domestic and global macroeconomic environment associated with the events relating to COVID-19 that are beyond the control of Downer and may be exacerbated in an economic recession or downturn. These include, but are not limited to:

(a) changes in inflation, interest rates and foreign currency exchange rates;

(b) changes in employment levels and labour costs;

(c) changes in customer and consumer behaviours to those that existed prior to the pandemic;

(d) changes in aggregate investment and economic output; and

(e) other changes in economic conditions which may affect Downer's revenue or operating costs.

Many of the risks highlighted in further detail below are likely to be heightened due to the impacts of the COVID-19 pandemic.

FY20 financial information is preliminary, incomplete and unaudited

The financial information contained in this Investor Presentation for the year ended 30 June 2020 is preliminary only. Downer currently expects to release its full FY20 financial statements on 12 August 2020. While Downer has taken care so as to have a high degree of confidence that this financial information will not materially differ from the final numbers contained in the FY20 financial statements, there is a risk that those numbers will differ from the final financial information contained in the FY20 financial statements.

The financial information contained in this Investor Presentation is not a complete statement of all the financial information that will be contained in the FY20 financial statements. Certain of the information that will be contained in the FY20 financial statements may aid in an understanding of the financial information contained in this Investor Presentation. In addition there may be information contained in the FY20 financial statements that may be material to an understanding of the financial performance and assets and liabilities of Downer that is not set out in this Investor Presentation.

The financial information contained in this Investor Presentation is unaudited. An audit process is currently under way in respect of the finalisation of the FY20 financial statements. The FY20 financial statements will contain an independent auditors report given by Downer's auditor, KPMG, containing an opinion on the FY20 financial statements and their compliance with the disclosure requirements of Corporation Act. An independent auditors report provides greater assurance of financial disclosure as compared to unaudited financial information. The independent auditors report will also contain details of the key audit matters that the auditor has focused on in providing its report that may assist in an understanding of the financial information contained in the FY20 financial statements. There is a risk that the completion of the audit process may require changes to the financial information concerning the year ended 30 June 2020 contained in this Investor Presentation.

KEY RISKS

Equity raising and Underwriting Risk

Downer has entered into an underwriting agreement under which the Underwriters have agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the underwriting agreement. If certain events occur, the underwriter may terminate the underwriting agreement.

Such "termination events" include: regulatory action being undertaken in respect of the Entitlement Offer; ASX refusing to grant quotation of the new shares to be issued under the Entitlement Offer; Downer being prevented from issuing the new shares under the Entitlement Offer; Downer ceasing to be admitted to the official list of ASX; a director of Downer being charged with an indictable offence, being disqualified from managing a corporation or otherwise being the subject of a regulatory action; Downer or a prescribed member of the Downer Group becoming insolvent; there being a disruption in financial markets which makes it impossible or impracticable to settle the Entitlement Offer; the documents released on ASX by Downer for the Entitlement Offer containing a false, misleading or deceptive statement (including by omission) in a materially adverse respect; a representation or warranty given by Downer to the Underwriters becoming incorrect in a materially adverse respect; there being a change in law which materially adversely impacts the Entitlement Offer; or hostilities arising or majorly escalating which involve Australia or the US or a state of emergency being declared in either of those countries in a materially adverse respect.

Termination of the underwriting agreement would have an adverse impact on the availability of the proceeds raised under the Entitlement Offer and may require Downer to review its proposed gearing strategy and/or seek alternative sources of funding to achieve those strategies.

Risk of Dilution

You should also note that if you do not take up all of your entitlement under the Entitlement Offer, then your percentage security holding in Downer will be diluted by not participating to the full extent in the Entitlement Offer.

Workplace accidents and environmental incidents

Downer maintains a rigorous focus on Zero Harm for its employees and environment, recognising that its activities can result in harm to people and the environment. As part of this focus Downer, on an ongoing basis, seeks to assess, understand and mitigate the "critical risks" facing Downer and implementing "Cardinal Rules" which provide direction and guidance on these critical risks and high potential incidents. However, the risk of serious injury, death or environmental incident cannot be fully eliminated. In such cases there may be adverse impacts on project completions, as well as reputational damage to Downer. In the event Downer is found to have failed to comply with applicable health, safety or environmental legislative requirements, fines, penalties and/or compensation to those affected may be payable.

Key contracts, competition and retention of clients

There is a risk that material contracts that Downer enters may not be renewed, renewed on less favourable terms or cancelled.

Furthermore, some of the markets in which Downer operates are highly competitive. Increased competition can impact on Downer's ability to win new contracts.

If such events take place this may lead to a decrease in work in hand, profitability and earnings. To manage these risks, Downer maintains its focus on forming strong relationships with customers across a range of different markets and delivering successful outcomes for its customers, strategic partnerships and joint ventures with leading technology and knowledge providers and a strong focus on its Customer Relationship Management (CRM) system.

In addition, some of the contracts that Downer enters have pricing that is 'fixed' or 'not to exceed'. While Downer undertakes thorough bid governance processes to ensure that projects are appropriately estimated and there is a strong focus on costs, supply chain management and project management controls, to the extent that the cost of delivering on its contractual obligations exceeds the estimated price, Downer could incur losses that are not recoverable from its customers.

KEY RISKS

Project Management and bid governance for large projects

Downer has sought to implement robust project risk management processes and systems across its business (including a Project Management Office), as well as additional bid governance relating to tenders for large projects.

Because of the nature of the industries in which Downer operates and the size of some of Downer's contracts, there is the possibility that material losses could be incurred if these systems and governance requirements are not followed correctly.

Key supplier, subcontractor and partner risk

Where Downer is reliant on one or a small set of specialist suppliers or subcontractors to provide goods and services, the performance of these suppliers or subcontractors may impact Downer's ability to achieve budgeted project outcomes. Where suppliers or subcontractors do not fulfil contractual obligations or do not renew existing contracts, the ability of Downer to complete projects and win new work may be adversely affected. In addition, there are particular suppliers with whom Downer has a long term relationship which support Downer's business activities. A change in relationship with these suppliers and partners could negatively impact Downer's financial performance.

Capital expenditure

Certain aspects of Downer's operations are reliant on significant capital investment being made in order for Downer to provide services to its customers. Downer's ongoing ability to win new work and to comply with its obligations in respect of existing contracts may be dependent on sufficient funds being available to Downer in respect of this capital expenditure.

Key personnel and labour issues

Downer's growth and profitability may be limited by the loss of key management, the inability to attract new suitably qualified personnel or by increases in remuneration costs associated with attracting and retaining personnel. Downer is dependent on the availability of suitably skilled personnel to provide its services and therefore, access to labour can sometimes represent an ongoing risk in some parts of the business.

Product and services liability

There is a risk that Downer may fail to fulfil its statutory and contractual obligations in relation to the quality of its products or services, which could give rise to contractual damages claims or statutory penalties.

Some entities in the Downer Group are subject to normal design liability in relation to completed design and construction projects where that entity has had design responsibility and in some cases also construction responsibility. The liability may include claims, disputes and/or litigation against Downer Group companies and/or joint venture arrangements in which the Downer Group has an interest. The liabilities may also include an obligation on Downer to rectify the design defects at its own cost. The directors are of the opinion that there is adequate insurance to cover these potential liabilities and accordingly, no amounts are recognised in the financial statements.

Insurance

The availability of insurance at an appropriate term and price is not guaranteed. It is possible that the occurrence of an event may not be fully covered, or covered at all, by insurance.

KEY RISKS

Payroll Remediation

(a) Employee Pay Remediation

In 2019, following the identification of historical under and overpayments to some employees, the Group commenced a review of the main Enterprise Agreements (EA) and Modern Awards (MA) under which permanent and casual Spotless employees have been engaged. The review was set up to validate the calculation of wage payments (covering hourly base rates of pay and other entitlements and allowances) through an assessment of how employment agreements, EAs and MAs have been applied, interpreted and configured in Spotless' payroll systems.

The review is ongoing but has progressed to a point where Management has been able to identify further instances of underpayments and form its best estimate of the additional cost of remediation in relation to these shortfalls.

(b) Redundancy costs

In addition, on 1 July 2020, Spotless was notified that its appeal to the Full Federal Court in the matters of United Voice v Berkeley Challenge Pty Limited [2018] FCA224 and Fair Work Ombudsman v Spotless Services Australia Ltd [2019] FCA9 were unsuccessful.
Both cases involved an interpretation of the ordinary and customary turnover of labour (OCTL) exemption to the obligation to make redundancy payments under the Fair Work Act 2009 (Cth) (FW Act).

Spotless is currently considering the Court's judgment in the context of an application to the High Court of Australia for special leave to appeal. However, in the meantime Management has formed its best estimate of Spotless' exposure to make redundancy payments to former staff where the OCTL exemption has been historically relied upon and on an assumption that any appeal is not successful.

(c) Estimate of potential exposure in relation to (a) and (b) and risks

Management has estimated the amount at $41m in relation to the above matters, which will be recognised as a provision in the Financial Statements for the full year ended 30 June 2020. Of this amount, $25m will be recognised as a prior period error in opening retained earnings, with $16m being recognised as an expense in the period.

Each identified case is currently in the process of final validation and quantification. In the case of redundancy costs, the quantification and ultimate liability will also be subject to the outcome of any appeal.

The work involved in calculating the provision has been time consuming, complex and is Management's best estimate of the Group's exposure in relation to (a) and (b). The estimate is based on an assessment of substantial volumes of payroll data and where employee, payroll and/or rostering data has been missing or incomplete, assumptions have been made by the reviewing team in relation to known gaps. The estimate also relies upon the correct interpretation of the applicable EAs and Modern Awards in calculating the shortfalls.

Changes to any of the variables (including the reviewing period and numbers of employees affected), assumptions (including the roles that employees were originally hired to perform in the case of (b)) or inputs has the potential to result in further adjustments to the calculation of the shortfall, which would result in further provisioning being required in subsequent reporting periods.

The Group is committed to ensuring its people are paid in accordance with their legal entitlements and will keep the dedicated reviewing team in place until it is satisfied that the above matters have been addressed.

KEY RISKS

IT and Cyber risk

Downer relies on IT infrastructure and systems and the efficient and uninterrupted operation of core technologies. Downer's core technologies and other systems and operations could be exposed to damage or interruption from system failures, computer viruses, cyber-attacks, power or telecommunication provider's failure or human error. These events may cause one or more of Downer's core technologies to become unavailable.

Any interruptions to these operations would impact Downer's ability to operate and could result in business interruption, loss of customers and revenue, damaged reputation and weakening of competitive position and could therefore adversely affect Downer's operating and financial performance.

Downer uses technologies which involve the collection of confidential information. Through the ordinary course of business, Downer may be exposed to cyberattacks. Cyberattacks may lead to a compromise or breach of technology systems used by Downer to protect confidential information. It is possible that measures taken by Downer will not be sufficient to detect or prevent unauthorised access to, or disclosure of, confidential information, whether malicious or inadvertent.

There is a risk that, if a cyberattack is successful, any data security breaches or Downer's inadvertent failure to protect confidential information could result in a loss of information integrity, breaches of Downer's obligations under applicable laws or client arrangements, system outages and the hacking of Downer systems. Each of these has the potential to have a materially adverse impact on Downer's reputation and financial performance.

Downer is currently undertaking an IT systems upgrade and is continuing to invest in data centres and network infrastructure. There is a risk that the costs of undertaking these improvements will exceed those anticipated by Downer, that the anticipated improvements are not achieved or that the upgrading process causes business disruption.

Environmental risk

Downer operates in industries and services that may have a negative impact on the environment, including in respect of land, air and water pollution and greenhouse gas emissions. Downer believes in the pursuit of environmental excellence and enhancing liveability for all communities in which it operates.

Downer is committed to developing solutions to reduce its energy consumption and greenhouse gas emissions and is seeking to transition to a low carbon economy. There is a risk that these strategies cause increases to Downer's cost structure or that Downer will be unable to satisfy future regulatory requirements relating to these matters.

There is a risk that Downer's business operations may incur liability under applicable environmental laws and regulations that could adversely impact Downer's financial and business performance. In the event that Downer is found to have failed to comply with applicable environmental laws and regulations, fines, penalties and/or compensation to those affected may be payable. There is also a risk that any such event may have adverse impacts on project completions and result in reputational damage to Downer.

Future dividends and franking capital

On 24 March 2020 Downer announced that payment of the interim dividend ($83 million) would be deferred until September 2020 as a consequence of COVID-19. While the current intention of Downer remains to pay that interim dividend, a number of listed companies have cancelled previously declared dividends as the COVID-19 pandemic develops. The impact of COVID-19 may also impact on the ability to pay future dividends.

While Downer maintains a progressive dividend policy with interim and final dividends generally being in line with improved earnings and balance sheet strength, any future dividends and the level of franking will ultimately be determined by the Board of Downer having regard to a range of factors including the performance of Downer's businesses (particularly in the COVID-19 environment), the availability of cash, capital requirements of the business and obligations under debt instruments. There is no guarantee that any dividend will be paid by Downer or, if paid, that they will be paid at previous levels, or with the same level of franking as prior periods.

KEY RISKS

Partnerships and joint ventures

Controlled entities have entered into various partnerships and joint ventures under which the controlled entity could ultimately be jointly and severally liable for the obligations of the partnership or joint venture.

The participation of third parties in partnerships and joint ventures introduces the risk that Downer may not be able to determine the outcome of business decisions concerning the activities of the partnership or joint venture and may not be able to access surplus cash generated by the partnership or joint venture. The contractual terms governing the partnership or joint venture may give third party participants rights that are adverse to the interests of Downer in certain circumstances (for example where Downer breaches a term of the arrangement or where there is a change of control of Downer) and may give rise to disputes between the participants in the partnership or joint venture.

Asset impairment

The Downer Board regularly monitors impairment risk. Consistent with accounting standards, Downer is periodically required to assess the carrying values of its assets. Where the value of an asset assessed is to be less than its carrying value, Downer is obliged to recognise an impairment charge in its profit or loss. Impairment charges can be significant and operate to reduce the level of a company's profits, may impact its capacity to pay dividends and may impact upon financial ratios relevant to Downer's financing arrangements. Impairment charges are a non-cash item.
As outlined in the Presentation, on 21 July 2020 Downer announced non-cash impairment charges of $165m relating to the Spotless goodwill and certain other impairment charges (for example, $26m relating to the information systems of Downer), including as a result of the impact of COVID-19. While Downer believes that those impairment charges fully deal with the financial consequences of this deterioration in the relevant activities of the Downer Group there is a risk that deterioration in those activities may result in further impairment charges in relation to these matters.

Cost reductions

Downer has undertaken an internal analysis of cost saving and restructuring opportunities available to the Downer Group. It is possible that such analyses, the assumptions made by Downer and the resulting conclusions, are ultimately inaccurate or fail to be fully realised, or the costs associated with the cost saving and restructuring opportunities (including transaction costs, taxes and stamp duty) or the level of cost saving realisations are different compared to those indicated by Downer's analysis. In such circumstances, there is a risk that the profitability and future earnings of the operations of the Downer Group may be different from the profitability and earnings expected as reflected in this presentation.

As outlined in the Investor Presentation, on 21 July 2020 Downer announced that it will incur portfolio and exit costs of $142m to right size its corporate cost structure, primarily in restructuring its hospitality, engineering and construction and infrastructure and construction divisions to reflect its new business model. There is a risk that the provision for these costs is insufficient to recognise the actual costs incurred in undertaking this right size its corporate cost structure.

Acquisition and Divestment risks

Downer periodically considers acquisition and divestment opportunities. There can be no assurance that Downer will identify suitable acquisition or divestment opportunities or other projects at acceptable prices, or successfully execute those opportunities.

In addition, Downer's past and future acquisitions and divestments may subject to unanticipated risks and liabilities, or may disrupt its operations. Acquisitions may not deliver projected benefits or value, and integrations may not be successful, resulting in interruptions to the achievement of business strategy. Due diligence undertaken in making acquisitions may not have identified all liabilities and risks associated with the relevant business. This may divert management's attention and resources from Downer's day to day operations.

Downer is conducting a portfolio review of its business in order to determine whether to divest certain non-core assets and business units, particularly its mining and laundries business units. The laundries sale process has been paused and is intended to resume when investment market conditions improve. There is no guarantee that Downer will be able to dispose of these assets or business units at acceptable prices or successfully execute any such disposal opportunities.

Downer is seeking to exit high risk construction markets in Downer's engineering and construction and Spotless's infrastructure and construction divisions as remaining projects complete. The stadium and events business of Spotless hospitality has been placed in hibernation as Downer determines which parts of that business will continue, be exited or sold as future market demand becomes clearer. The exiting of these markets and businesses may involve unanticipated costs and may impact the future financial performance of Downer.

KEY RISKS

Guarantees and indemnities

Downer and certain of its controlled entities are called upon to give guarantees and indemnities in respect of the performance by counterparties, including controlled entities and related parties, of their contractual and financial obligations. These guarantees and indemnities are generally indeterminable in amount.

Litigation

Downer is subject to the usual business risk that disputes or litigation may arise from time to time in the course of its business activities. Downer's 2019 Annual Report and half-year report for the 6 months ended 31 December 2019 discloses a number of such disputes, claims and litigation such as those relating to the "leaky building" claims in New Zealand and the arbitration proceedings on foot with Tecnicas Reunidas S.A. among others. If such issues are not resolved in line with Downer's expectations, there could be a material impact on Downer's financial position.

Economic and Financial Risks

Level of economic activity

Downer's operational and financial performance is linked to both the overall level of activity in the economy and the level of construction, investment and outsourcing in the sectors in which Downer operates. A reduction in economic activity (for example, during periods of economic recession, including, but not limited to, as a result of the impact of the COVID-19 pandemic), and particularly a reduction in demand for the commodities produced by many of Downer's larger clients, or a reduction in the level of outsourcing in the sectors in which Downer operates, can negatively impact the level of revenue and earnings generated by Downer.

Level of government spending

Public authorities in Australia and New Zealand are major clients of Downer. Changes in prioritisation of government spending or restrictions on the level of spending undertaken by governments (including, but not limited to, as a result of the impact of the COVID-19 pandemic) could impact the level of earnings generated by Downer.

Continued access to capital markets

Downer's ability to service its existing debt will depend on its future performance and cash flows, which in turn will be affected by various factors, certain of which are outside of its control (such as changes in interest and foreign exchange rates, and general economic conditions (including, but not limited to, as a result of the impact of the COVID-19 pandemic)). Any inability to service its existing debt may have a material adverse effect on Downer. Further, to the extent that additional equity or debt funding is not available from time to time on acceptable terms, Downer may not be able to operate its business in the ordinary course, take advantage of acquisition and other growth opportunities, develop new business or respond to competitive pressures.

Financing covenants and ability to refinance

Downer has various covenants in relation to its banking facilities. Factors such as increases in base rates, increased borrowings and weak operational performance could lead to Downer breaching its debt covenants. In certain circumstances, lenders may require that such banking facilities be repaid immediately. Under such a scenario, there is no guarantee that Downer will be able to secure alternative financing on commercially acceptable terms or at all.

Further, where existing loans either approach or reach maturity, Downer may seek to re-negotiate with existing and new lenders to extend the maturity date of those loans. Downer's earnings profile, credit rating, state of the economy and other factors (including, but not limited to, the COVID-19 pandemic) may influence the outcome of those negotiations. Where refinancing occurs at a higher cost, this may impact the ability of Downer to win new work and the profitability of its operations.

KEY RISKS

Credit ratings

As at the date of this presentation Downer was rated BBB (Stable) by Fitch Ratings.

Changes to Downer's credit rating by Fitch Ratings may impact the ability of Downer to win new work as well as the cost of funding. Where the credit rating is reduced, or placed on negative watch, customers and suppliers may be less willing to contract with Downer as Downer may be considered to be higher counterparty risk. Banks and other lending institutions may demand a higher interest rate on funds provided to Downer to reflect the higher risk of lending. In such circumstances, both the revenue and profitability of Downer may be reduced.

Impact of interest rate and foreign exchange movements

While Downer takes reasonable steps to protect itself through the use of hedges, rising interest rates may nonetheless adversely impact Downer's interest payments on its floating rate borrowings and inflation in underlying input costs may also adversely impact the anticipated returned from client operations. Notwithstanding the hedging arrangements Downer has in place, disruptions in financial markets (including, but not limited to, the impact of the COVID-19 pandemic) may affect the availability and cost of hedging, which may have a material adverse impact on the financial performance and position of Downer.

In addition, as Downer operates internationally it faces foreign exchange rate risks associated with foreign currency denominated debt, input costs and offshore earnings.

RISKS ASSOCIATED WITH THE ACQUISITON OF SPOTLESS

Increased economic exposure to Spotless

Downer currently has an approximate 88% interest in Spotless and has had such an interest since the close of its takeover offer in 2017. If the Spotless Offer is successful Spotless will become a wholly owned subsidiary of Downer and will therefore have an increased economic exposure to Spotless. While this increased economic exposure will afford Downer the opportunity to receive all of the benefit of any improvement in the financial performance and value of Spotless, the increased economic exposure also exposes Downer to greater risk if there is a financial deterioration and decline in the value of Spotless.

Impact of COVID-19

As discussed above in further detail, the ongoing COVID-19 pandemic has had a significant impact on various business divisions of Downer. With a strong focus on hospitality services (among others), Spotless's businesses have been impacted significantly as a result of government restrictions imposed in response to the COVID-19 pandemic, particularly the closure of a number of venues that Spotless provides hospitality services to and restricted operating conditions in those venues as restrictions ease and the laundries business operating on reduced volumes. The effect of such restrictions may continue for a prolonged period of time even as they begin to ease, such that Spotless operates under limited revenue conditions in the near to medium term before its operating environment recovers to pre-COVID levels. Downer is unable to estimate when such recovery may be achieved. Events such as those experienced in Victoria in early July 2020 also demonstrate that the easing of restrictions can be reversed quickly and without warning.

Post Acquisition Performance and Synergies

Downer has undertaken an internal analysis of the synergies which would be available as a result of successful completion of the Spotless Offer and 100% ownership of Spotless. It is possible that such analyses, the assumptions made by Downer and the resulting conclusions, are ultimately inaccurate or fail to be fully realised, or the costs associated with the acquisition (including transaction costs, taxes and stamp duty) or the level of synergy realisation are different compared to those indicated by Downer's analysis. In such circumstances, there is a risk that the profitability and future earnings of the operations of the combined Downer Group may be different from the profitability and earnings expected as reflected in this presentation.

KEY RISKS

Completion risk

The acquisition of the outstanding shares in Spotless is subject to an unconditional takeover bid which Downer has committed to make in respect of the shares it does not currently own in Spotless. Downer has entered into a call option deed with Coltrane Master Fund, L.P. over 2.99% of Spotless shares. While the making of the bid and grant of the option means that there is a high degree of certainty that Downer will be able to proceed with compulsory acquisition and move to 100% ownership of Spotless, the technical nature of the relevant legislative provisions means there is a possibility that outcome might not be achieved or may be delayed.

If Downer otherwise acquires less than 100% of the remaining shares in Spotless, the full benefits of completing the Spotless Offer would not be realised. In that event, more of the net proceeds of the Entitlement Offer would be applied to reduce debt, with Downer to review its capital management position in the future as required.

GENERAL RISKS
General equity market and investment risk

The price of Downer shares will fluctuate due to various factors including movements in Australian equity markets, recommendations by brokers and analysts, interest rates, inflation, Australian and international economic conditions, changes in government, fiscal, monetary and regulatory policies, global and geo-political events and hostilities, natural disasters, changing climatic conditions, pandemics, public health emergencies, acts of terrorism, investor perceptions and other factors that may affect Downer's financial position and earnings. Downer manages its exposure to these risks by undertaking, among other things, strategic partnerships and joint ventures to diversify revenue sources.

Government policies and legislation

Downer's business is affected by a range of industry specific and general legal and regulatory controls. Changes in these types of controls can have an adverse effect on Downer's financial performance. Further, any major shift in regulatory policy may impact on the profitability of Downer and its customers. Infrastructure projects, which are a key source of revenue for Downer, are subject to discretion by government departments and ministers.

Business interruptions
Significant business interruptions as a result of natural disasters (such as fire, earthquake, flood or cyclone), pandemics or public health emergencies, general periods of prolonged rain, unstable service sites or regulatory intervention may have a materially adverse impact on the business activities of Downer and its clients and may lead to a decrease in profitability and earnings.

Taxation risk
Future changes in the tax law of Australia or the investor's jurisdiction, including changes in interpretation or application of the law by courts or taxation authorities in Australia or the investor's jurisdiction, may affect the taxation treatment of an investment in Downer shares or the holding and disposal of those shares. Further, changes in tax law, or changes in the way tax law is expected to be interpreted in the various jurisdictions in which Downer operates may impact the future tax liabilities of Downer.

Changes in accounting policy

Changes to Australian Accounting Standards could affect Downer's reported earnings and its financial position from time to time.

International offering jurisdictions

Appendix D

Downer
Relationships creating success

INTERNATIONAL OFFERING JURISDICTIONS

International Offer Restrictions

This document does not constitute an offer of new ordinary shares ("New Shares") of Downer in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the New Shares may not be offered or sold in the institutional entitlement offer, in any country outside Australia except to the extent permitted below.

Canada (British Columbia, Ontario and Quebec provinces)

This document constitutes an offering of New Shares only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces"), only to persons to whom New Shares may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus Exemptions*, of the Canadian Securities Administrators. No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the New Shares or the offering of New Shares and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of New Shares or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the New Shares in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements. These resale restrictions may in some circumstances apply to resales of the New Shares outside Canada and, as a result, Canadian purchasers should seek legal advice prior to any resale of the New Shares.

Downer as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon Downer or its directors or officers. All or a substantial portion of the assets of Downer and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against Downer or such persons in Canada or to enforce a judgment obtained in Canadian courts against Downer or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board. Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

Statutory rights of action for damages and rescission

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

INTERNATIONAL OFFERING JURISDICTIONS

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the New Shares purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against Downer if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Downer. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the Securities Act (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the New Shares during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Downer, provided that (a) Downer will not be liable if it proves that the purchaser purchased the New Shares with knowledge of the misrepresentation; (b) in an action for damages, Downer is not liable for all or any portion of the damages that Downer proves does not represent the depreciation in value of the New Shares as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which the New Shares were offered.

Section 138 of the Securities Act (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

Certain Canadian income tax considerations. Prospective purchasers of the New Shares should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of the New Shares as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

Language of documents in Canada. Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Shares (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement*.

European Union

This document has not been, and will not be, registered with or approved by any securities regulator in the European Union. Accordingly, this document may not be made available, nor may the New Shares be offered for sale, in the European Union except in circumstances that do not require a prospectus under Article 1(4) of Regulation (EU) 2017/1129 of the European Parliament and the Council of the European Union (the "Prospectus Regulation").

In accordance with Article 1(4)(a) of the Prospectus Regulation, an offer of New Shares in the European Union is limited to persons who are "qualified investors" (as defined in Article 2(e) of the Prospectus Regulation).

INTERNATIONAL OFFERING JURISDICTIONS

Hong Kong

WARNING: This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the New Shares have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the New Shares has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to New Shares that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted New Shares may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to the offer. If you are in doubt about any contents of this document, you should obtain independent professional advice.

Malaysia

No approval from, or recognition by, the Securities Commission of Malaysia has been or will be obtained in relation to any offer of New Shares. The New Shares may not be offered, sold or issued in Malaysia except pursuant to, and to persons prescribed under, Schedules 5 and 6 of the Malaysian Capital Markets and Services Act.

New Zealand

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The New Shares are not being offered to the public within New Zealand other than to existing shareholders of Downer with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Shares may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

INTERNATIONAL OFFERING JURISDICTIONS

Norway

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007 no. 75. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act. The New Shares may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in the Norwegian Securities Trading Act).

Singapore

This document and any other materials relating to the New Shares have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of New Shares, may not be issued, circulated or distributed, nor may the New Shares be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

This document has been given to you on the basis that you are (i) an existing holder of Downer’s shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) an "accredited investor" (as defined in the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the New Shares being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire New Shares. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

Switzerland

The New Shares may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Shares constitutes a prospectus or a similar notice, as such terms are understood under art. 35 of the Swiss Financial Services Act or the listing rules of any stock exchange or regulated trading facility in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Shares may be publicly distributed or otherwise made publicly available in Switzerland. The New Shares will only be offered to investors who qualify as "professional clients" (as defined in the Swiss Financial Services Act). This document is personal to the recipient and not for general circulation in Switzerland.

No offering or marketing material relating to the New Shares has been, nor will be, filed with or approved by any Swiss regulatory authority or authorised review body. In particular, this document will not be filed with, and the offer of New Shares will not be supervised by, the Swiss Financial Market Supervisory Authority (FINMA).

INTERNATIONAL OFFERING JURISDICTIONS

United Arab Emirates

This document does not constitute a public offer of securities in the United Arab Emirates and the New Shares may not be offered or sold, directly or indirectly, to the public in the UAE. Neither this document nor the New Shares have been approved by the Securities and Commodities Authority (“SCA”) or any other authority in the UAE.

This document may be distributed in the UAE only to “qualified investors” (as defined in the SCA Board of Directors' Chairman Decision No. 37 RM of 2019, as amended) and may not be provided to any person other than the original recipient. No marketing of the New Shares has been, or will be, made from within the UAE other than in compliance with the laws of the UAE and no subscription for any securities may be consummated within the UAE.

No offer or invitation to subscribe for New Shares is valid, or permitted from any person, in the Abu Dhabi Global Market or the Dubai International Financial Centre.

United Kingdom

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the New Shares.

The New Shares may not be offered or sold in the United Kingdom by means of this document or any other document, except in circumstances that do not require the publication of a prospectus under section 86(1) of the FSMA. This document is issued on a confidential basis in the United Kingdom to "qualified investors" (within the meaning of Article 2(e) of the Prospectus Regulation (2017/1129/EU), replacing section 86(7) of the FSMA). This document may not be distributed or reproduced, in whole or in part, nor may its contents be disclosed by recipients, to any other person in the United Kingdom.

Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the New Shares has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Downer.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investment to which this document relates is available only to relevant persons. Any person who is not a relevant person should not act or rely on this document.

Not for release or distribution in the United States

This Presentation may not be released or distributed in the United States. In particular, this Presentation does not constitute an offer to sell, or a solicitation of an offer to buy, any securities in the United States or any other jurisdiction in which such an offer would be illegal. Neither the New Shares nor the entitlements have been, or will be, registered under the U.S. Securities Act of 1933, as amended (U.S. Securities Act) or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States unless the securities have been registered under the U.S. Securities Act (which Downer has no obligation to do or procure) or are offered and sold in a transaction exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable state securities laws.