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PRIVATE AND CONFIDENTIAL

28 July 2020

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Dear Shareholder

Pro rata accelerated non-renounceable entitlement offer – Notification to Ineligible Retail Shareholders

On 21 July 2020, Downer EDI Limited (ABN 97 003 872 848) ("**Downer**" or the "**Company**") announced that it was conducting a fully underwritten pro-rata accelerated non-renounceable entitlement offer to eligible shareholders to subscribe for 1 new Downer share ("**New Shares**") for every 5.58 existing Downer shares ("**Existing Shares**") held at 7:00 pm (Sydney time) on Thursday, 23 July 2020 ("**Record Date**") to raise approximately \$400 million ("**Entitlement Offer**").

The proceeds of the Entitlement Offer will be used by Downer to strengthen Downer's balance sheet, support the acquisition of the remaining shares not held by Downer in Spotless Group Holdings Limited and provide flexibility for continued investment in Downer's core business.

This notice is to inform you about the Entitlement Offer and to explain why you will not be able to subscribe for New Shares under the Entitlement Offer. This letter is not an offer to issue entitlements or New Shares to you, nor an invitation for you to apply for entitlements or New Shares. You are not required to do anything in response to this letter but there may be financial implications for you as a result of the Entitlement offer that you should be aware of.

What is the Entitlement Offer?

The Entitlement Offer comprises an institutional entitlement offer ("**Institutional Entitlement Offer**") and an offer to Eligible Retail Shareholders (as defined below) to participate on the same terms ("**Retail Entitlement Offer**"). The Entitlement Offer is being made by the Company in accordance with section 708AA of the Corporations Act 2001 (Cth) ("**Act**") as modified by Australian Securities and Investments Commission Corporations (Non-Traditional Rights Issue) Instrument 2016/84, meaning that no prospectus or other disclosure document needs to be prepared.

The Institutional Entitlement Offer has already closed and the results announced to the Australian Securities Exchange ("**ASX**") on Wednesday, 22 July 2020. Downer has today lodged a retail information booklet with the ASX, which sets out further details in respect of the Retail Entitlement Offer ("**Information Booklet**").

What is the Retail Entitlement Offer?

The Retail Entitlement Offer involves an offer to Eligible Retail Shareholders of an entitlement to subscribe for 1 New Share for every 5.58 Existing Shares held at 7:00 pm (Sydney time) on the Record Date, at a price of \$3.75 ("**Offer Price**") for each New Share ("**Entitlement**").

As with the Institutional Entitlement Offer, the Retail Entitlement Offer is non-renounceable. A number of New Shares equal to the number that you would otherwise have been entitled to subscribe for under the Retail Entitlement Offer if you were an Eligible Retail Shareholder (as defined below) will be subscribed for by the underwriters and sub-underwriters at the Offer Price (as defined above). As a result, no amount will be payable by you and you will not otherwise receive any value for Entitlements in respect of any New Shares that would have been offered to you if you were an Eligible Retail Shareholder.

Who is eligible?

"**Eligible Retail Shareholders**" are those persons who:

- a) are registered as a holder of Existing Shares as at 7:00 pm (Sydney time) on the Record Date;
- b) have a registered address in Australia or New Zealand as noted on Downer's share register;
- c) were not invited to participate in the Institutional Entitlement Offer and were not treated as an Ineligible Institutional Shareholder under the Institutional Entitlement Offer;
- d) are not in the United States and are not acting for the account or benefit of a person in the United States (to the extent they are holding Existing Shares for the account or benefit of a person in the United States); and
- e) are eligible under all applicable securities laws to receive an offer under the Retail Entitlement Offer without any requirement for a prospectus, product disclosure statement or offer document to be lodged or registered.

"**Ineligible Institutional Shareholders**" are those persons who were identified as an institutional shareholder by Downer and are not Eligible Institutional Shareholders (as defined in the Information Booklet).

"Ineligible Retail Shareholders" are those persons who are not Eligible Retail Shareholders, Eligible Institutional Shareholders or Ineligible Institutional Shareholders.

Why am I not eligible to participate in the Retail Entitlement Offer?

Unfortunately, according to our records you do not satisfy the criteria for an Eligible Retail Shareholder. In compliance with ASX Listing Rule 7.7.1(b) and section 9A(3) of the Act, this notice is to inform you that under the terms of the Entitlement Offer, you are not entitled to participate in the Retail Entitlement Offer and as such, you will not be offered any New Shares or Entitlements under the Retail Entitlement Offer. You will not be sent a copy of the Information Booklet.

The restrictions upon eligibility are due to a number of factors, including the legal limitations in some countries, the relatively small number of shareholders there, the small number and value of Existing Shares they hold and the potential cost of complying with regulatory requirements in those countries. Having given consideration to these factors, Downer has determined that, pursuant to Listing Rule 7.7.1(a) of the ASX Listing Rules and section 9A(3)(a) of the Act, it would be unreasonable to make the Retail Entitlement Offer to shareholders resident in any country outside of Australia and New Zealand.

As the Retail Entitlement Offer is non-renounceable, Entitlements in respect of the New Shares you would have been offered if you were an Eligible Retail Shareholder will lapse and you will not receive any payment or value for those Entitlements. Further details in respect of the Entitlement Offer (including details of eligibility) can be found on the announcements platform of the ASX (www.asx.com.au).

On behalf of the Company, we thank you for your continued support of Downer.

Yours sincerely,



Robert Regan

Group General Counsel and Company Secretary
Downer EDI Limited

Further information

If you have any questions, you should seek advice from your stockbroker, accountant or other independent professional adviser or the Downer Entitlement Offer Information Line on 1300 556 161 (within Australia) or +61 3 9415 4000 (outside Australia) at any time between 8:30 am to 5:00 pm (Sydney time) on Monday to Friday, up to the closing date of the Retail Entitlement Offer at 5:00 pm (Sydney time) on Friday, 14 August 2020.

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Disclaimer

This letter is to inform you about the Retail Entitlement Offer. It is neither an offer to issue shares to you, nor an invitation for you to apply for New Shares. You are not required to do anything in response to this letter.

Determination of eligibility of investors for the purposes of the institutional or retail components of the Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of the Company and the Joint Lead Managers. Each of the Company and the Joint Lead Managers and each of their respective affiliates and related bodies corporate and each of their respective directors, officers, partners, employees, advisers and agents 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.

This letter does not constitute an offer to sell, or the solicitation of an offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), or in any other jurisdiction in which, or to any person to whom, such an offer would be illegal. No action has been or will be taken to register, qualify or otherwise permit a public offering of the Entitlements and the New Shares under the Retail Entitlement Offer in any jurisdiction outside Australia and New Zealand. In particular, neither the Entitlements nor the New Shares have been, nor will be, registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act") or the securities laws of any state or other jurisdiction of the United States. Accordingly, the Entitlements may not be taken up or exercised by, and the New Shares may not be offered or sold, directly or indirectly, in the United States, or to any to, persons who is acting for the account or benefit of any person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), unless they have been registered under the U.S. Securities Act (which Downer has no obligation to do so 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 the applicable securities laws of any state or other jurisdiction of in the United States. The provision of this letter is not, and should not be considered as, financial product advice. The information in this letter is general information only, and does not take into account your individual objectives, taxation position, financial situation or needs. If you are unsure of your position, please contact your accountant, tax advisor, stockbroker or other professional advisor.