

WORKS INFRASTRUCTURE FINANCE | ROADS

Prospectus and Investment Statement

For the issue of Redeemable Optionally Adjustable Distributing Securities (ROADS) to raise up to \$150 million with the ability to accept oversubscriptions for up to a further \$50 million



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ISSUER



CORPORATE PARENT



UBS STRUCTURING ADVISER
JOINT LEAD MANAGER
JOINT ORGANISING PARTICIPANT



ABN-AMRO JOINT LEAD MANAGER
JOINT ORGANISING PARTICIPANT

CO-MANAGERS

ABN AMRO CRAIGS LIMITED
DIRECT BROKING LIMITED
FIRST NZ CAPITAL SECURITIES LIMITED
FORSYTH BARR LIMITED



**(THE INFORMATION IN THIS SECTION IS
REQUIRED UNDER THE SECURITIES ACT 1978)**

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

CHOOSING AN INVESTMENT

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

What sort of investment is this?	37
Who is involved in providing it for me?	40
How much do I pay?	41
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Who do I contact with enquiries about my investment?	51
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What other information can I obtain about this investment?	51

In addition to the information in this document, important information can be found in the current registered prospectus for the investment. You are entitled to a copy of that prospectus on request.*

IMPORTANT INFORMATION

CHOOSING AN INVESTMENT ADVISER

You have the right to request from any investment adviser a written disclosure statement stating his or her experience and qualifications to give advice. That document will tell you:

- > whether the adviser gives advice only about particular types of investments;
- > whether the advice is limited to the investments offered by one or more particular financial organisations; and
- > whether the adviser will receive a commission or other benefit from advising you.

You are strongly encouraged to request that statement.

An investment adviser commits an offence if he or she does not provide you with a written disclosure statement within five working days of your request. You must make the request at the time the advice is given or within one month of receiving the advice.

In addition:

- > if an investment adviser has any conviction for dishonesty or has been adjudged bankrupt, he or she must tell you this in writing; and
- > if an investment adviser receives any money or assets on your behalf, he or she must tell you in writing the methods employed for this purpose.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes.

COMBINED DOCUMENT

This document is an investment statement for the purposes of the Securities Act and Securities Regulations. It is prepared as at and dated 7 March 2007. This document is also a prospectus for the purpose of the Securities Act and Securities Regulations. The information required to be contained in investment statements is set out above under

the heading “Important information” and under the heading “Investment Statement – Answers to Important Questions” on pages 36 to 51.

REGISTRATION

This Offer Document is prepared as at and dated 7 March 2007. A copy of this Offer Document signed by the directors of the Issuer and by Downer and each of its directors (as promoters) for the purposes of the Securities Act, and having endorsed thereon or attached thereto the documents required to be so endorsed or attached by section 41 of the Securities Act, the Auditor’s Report, the signed consent of the Auditor to the Auditor’s Report and other statements attributed to them appearing in this Offer Document, and an acknowledgement from NZX, has been delivered to the Registrar of Companies at Auckland for registration under section 42 of the Securities Act.

DEFINITIONS

Capitalised terms used in this Offer Document have defined meanings, which appear in the Glossary section, Appendix B or in the relevant section of this Offer Document in which the term is used. All references to \$ are to New Zealand dollars unless specified otherwise. All references to time are to time in New Zealand.

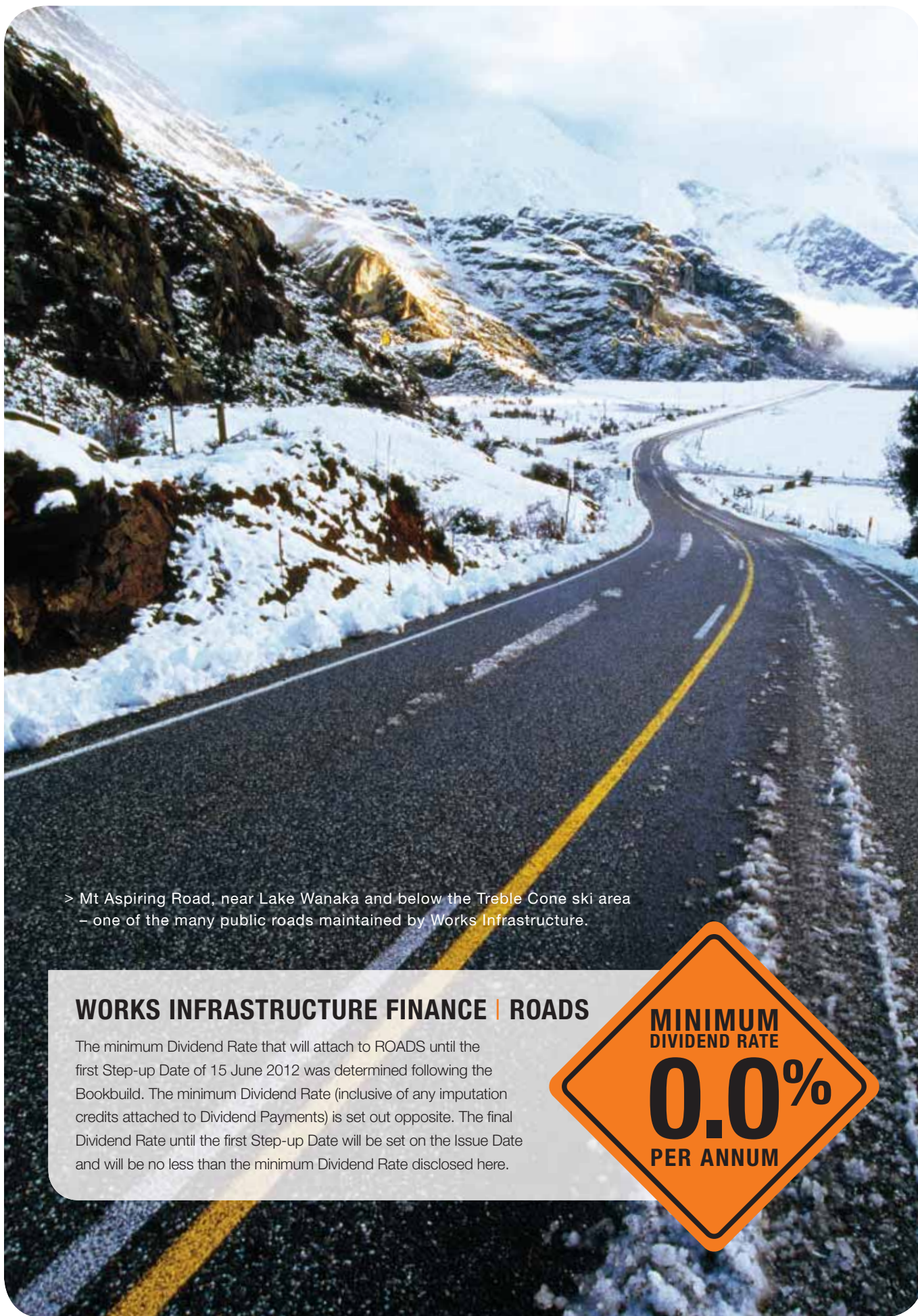
NEW ZEALAND ONLY

This Offer Document may not be used for the purpose of, and does not constitute, an offer or invitation in any jurisdiction other than New Zealand.

NZX LISTING

Application has been made to NZX for permission to list the Issuer on NZX and to quote ROADS on the NZDX, and all the requirements of NZX relating thereto that can be complied with on or before the date of this Offer Document have been duly complied with. However, NZX accepts no responsibility for any statement in this Offer Document.

* This is the wording required by Schedule 3D of the Securities Regulations, which contemplates a separate prospectus and investment statement. For this Offer the two documents have been combined and the prospectus available on request is this document.



> Mt Aspiring Road, near Lake Wanaka and below the Treble Cone ski area – one of the many public roads maintained by Works Infrastructure.

WORKS INFRASTRUCTURE FINANCE | ROADS

The minimum Dividend Rate that will attach to ROADS until the first Step-up Date of 15 June 2012 was determined following the Bookbuild. The minimum Dividend Rate (inclusive of any imputation credits attached to Dividend Payments) is set out opposite. The final Dividend Rate until the first Step-up Date will be set on the Issue Date and will be no less than the minimum Dividend Rate disclosed here.

**MINIMUM
DIVIDEND RATE**
0.0%
PER ANNUM

WORKS INFRASTRUCTURE FINANCE | ROADS INVESTMENT HIGHLIGHTS



ISSUER	Works Infrastructure Finance (NZ) Limited (a wholly-owned New Zealand subsidiary of Downer EDI Limited)
GUARANTOR	Downer EDI Limited (NZX:DOW, ASX:DOW) (Downer)
GUARANTEE	Downer has entered into a Deed Poll in favour of Holders under which it gives the unsecured and subordinated Guarantee and other covenants described on page 39
ROADS CREDIT RATING	ROADS are unrated
GUARANTOR CREDIT RATING	Downer has an Issuer Default Rating of BBB- from Fitch Ratings. Ratings of BBB- and above are considered to be investment grade
SECURITY	ROADS are perpetual, redeemable, exchangeable preference shares in the Issuer Distributions on ROADS are payable in the form of discretionary, non-cumulative, quarterly Dividends. Certain terms of ROADS are adjustable at the option of the Issuer from the first Step-up Date ROADS is an acronym for Redeemable Optionally Adjustable Distributing Securities
ISSUE PRICE	\$1.00 per ROADS
MINIMUM DIVIDEND RATE	The minimum Dividend Rate will be disclosed to the market after the Bookbuild on 14 March 2007
FIRST DIVIDEND PAYMENT DATE	15 June 2007
FIRST STEP-UP DATE	15 June 2012
IMPUTATION	Imputation credits are expected to be attached to Dividend Payments. If Dividends are not Fully Imputed, it is expected that the cash Dividend will be adjusted to compensate for the unimputed amount
MAXIMUM ISSUE AMOUNT	\$150 million plus up to a further \$50 million in oversubscriptions
MINIMUM SUBSCRIPTION AMOUNT	3,000 ROADS (\$3,000) and thereafter in multiples of 1,000 ROADS (\$1,000)
QUOTATION	NZDX
SHARES PROVIDED IF ROADS ARE EXCHANGED	Ordinary Shares in Downer

KEY DATES

OPENING DATE	19 March 2007	These dates are indicative only and are subject to change. The Issuer has the right in its absolute discretion and without notice to close any part of the Offer early, to accept late Applications, to extend the Closing Date for any part of the Offer or to choose not to proceed with the Offer. If the Closing Date is extended, subsequent dates may be extended accordingly. Investors are encouraged to lodge their Applications as soon as possible after the Offer opens as Dividend payments will accrue from the date Application monies are banked.
CLOSING DATE	5.00pm on 19 April 2007	
ISSUE DATE (LAST DATE ON WHICH ROADS MAY BE ISSUED)	23 April 2007	
HOLDING STATEMENTS DESPACHED BY	24 April 2007	
ROADS EXPECTED TO BEGIN TRADING ON THE NZDX	24 April 2007	
FIRST DIVIDEND PAYMENT DATE	15 June 2007	
FIRST STEP-UP DATE	15 June 2012	

DIRECTORS' LETTER



7 March 2007

Dear investor,

On behalf of Downer EDI Limited (**Downer**) and Works Infrastructure Finance (NZ) Limited (**Issuer**), we are pleased to offer you an opportunity to invest in Redeemable Optionally Adjustable Distributing Securities (**ROADS**). **ROADS** are redeemable, exchangeable preference shares to be issued by the Issuer.

The Issuer intends to issue up to \$150 million of **ROADS** with the ability to accept up to a further \$50 million in oversubscriptions (**Offer**). The Issuer is a newly formed wholly-owned New Zealand subsidiary of Downer that was established for the sole purpose of conducting the Offer.

The proceeds of the Offer will be invested in Works Infrastructure Limited (**Works**), which will use some of the proceeds to refinance its capital base and invest in long-term assets such as industrial land, plant and equipment. The majority of the Offer proceeds will be made available to other parts of the Downer group to repay existing debt, reduce the group's gearing levels and for other general corporate purposes.

Works originated as part of the New Zealand Government's Public Works Department which was established in 1870. Since its inception, Works has operated continuously in New Zealand for over 130 years. Over its proud history, Works has built and maintained a significant portion of New Zealand's public infrastructure including roads, bridges, railways, hydro-electricity systems, parks, carparks and water treatment plants. It is one of New Zealand's leading companies with turnover exceeding \$600 million and more than 2,700 New Zealand employees.

Works is part of the Downer group, a leading provider of comprehensive engineering and infrastructure management services to the public and private transport, energy, communications and resources sectors in New Zealand, Australia, Asia-Pacific and the United Kingdom. Downer is listed on the NZX and ASX and has a market capitalisation of approximately A\$2.2 billion.

ROADS will offer investors a fixed quarterly dividend payment until the first step-up date on 15 June 2012. The minimum dividend rate will be disclosed to the market after the bookbuild on 14 March 2007. Downer, which carries an investment grade Issuer Default Rating of BBB- from Fitch Ratings, gives certain covenants to **ROADS** holders on an unsecured and subordinated basis under a deed poll entered into by Downer in favour of holders. Fitch is an internationally recognised credit rating agency with a presence in over 90 countries.

Further details of this investment opportunity are set out in this document and we urge you to read it carefully. As **ROADS** may be exchanged into Downer ordinary shares in certain circumstances, this document also contains information in relation to the Downer group and Downer ordinary shares.

The key dates of the Offer are summarised on the opposite page. We encourage you to lodge your application as soon as possible, as dividend payments will accrue from the date application monies are banked.

The directors of Downer and the Issuer commend this investment opportunity to you.

Yours faithfully,

Barry O'Callaghan AO / **CHAIRMAN**
Downer EDI Limited

Geoffrey Bruce / **DIRECTOR**
Works Infrastructure Finance (NZ) Limited





INTRODUCING WORKS

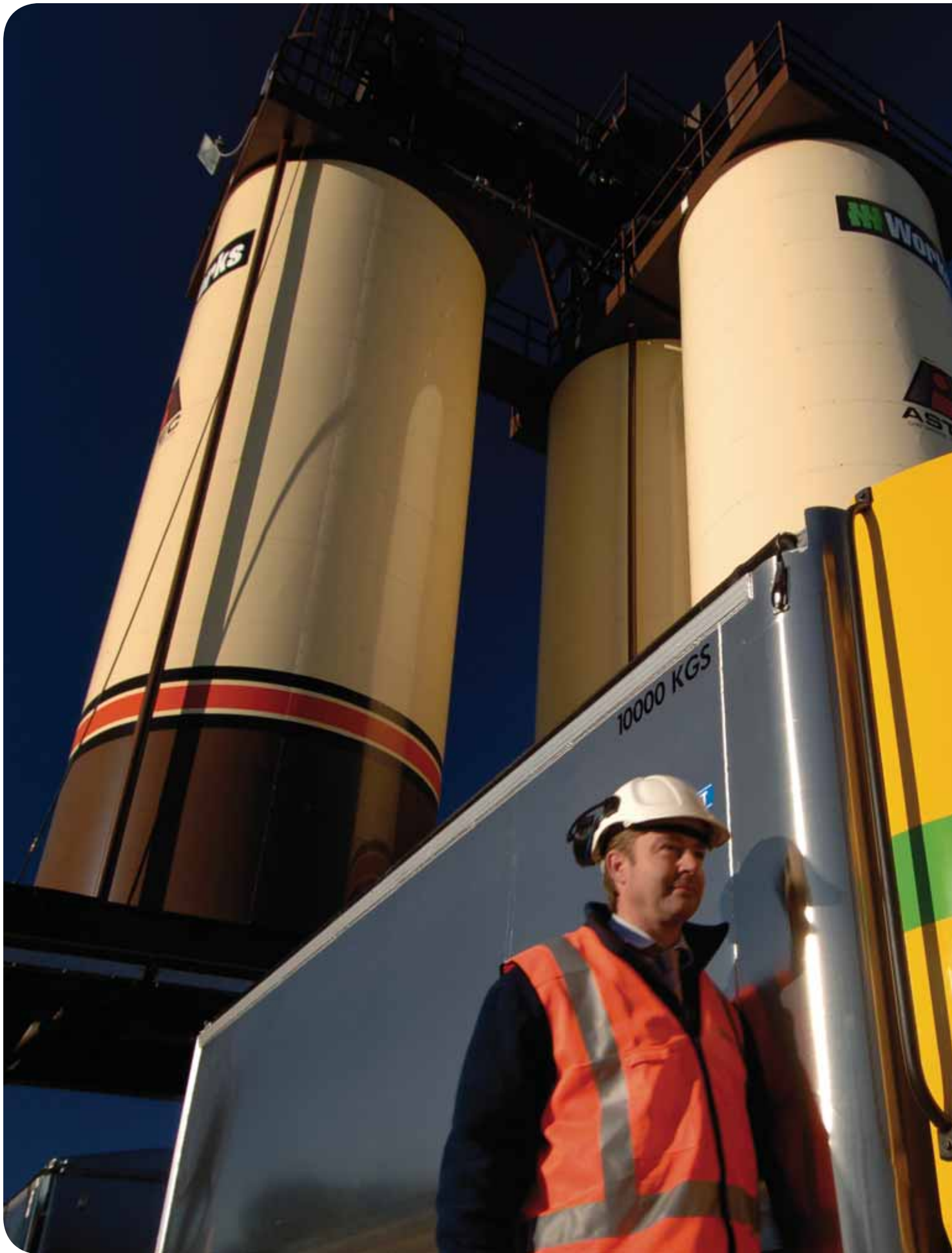
The majority of Works' activities involve the maintenance of the road systems that are vital to everyday living for New Zealand motorists, travellers and the road freight industry.



OPERATION AND MAINTENANCE OF INFRASTRUCTURE ASSETS

Providing a one stop shop for the effective 24/7 operation and maintenance of infrastructure assets including roads, bridges, utility networks and built facilities.

> Works maintains public roads in the key ski areas surrounding Queenstown and Wanaka.





WORKS KEY FACTS

- > Proud 130 year history
- > Strong market position in New Zealand
- > Over 75% of Works' business is with the government
- > Profitable over each of the last five years
- > Over 2,700 New Zealand employees



MATERIALS MANUFACTURE

Works' materials manufacturing capability supports its operational activities and an extensive external customer base. Products include quarried and recycled aggregate production, bitumen and associated bitumen based products and a range of standard and proprietary asphalts.

- > Works produces around 300,000 tonnes of asphalt every year for public roads and private use.





WORKS IS PART OF THE DOWNER GROUP, WHICH HAS

- > A market capitalisation of A\$2.2 billion
- > An investment grade credit rating from Fitch Ratings
- > A track record of paying dividends since ASX listing in 1998
- > A strong market position in core operating businesses
- > More than 22,000 employees



INFRASTRUCTURE INSTALLATION

Works has a proven capability of delivering the installation and commissioning of infrastructure assets across a number of sectors including transportation, water services, environmental and specialist commercial and industrial infrastructure.

- > Works installs, operates and maintains essential infrastructure, including wastewater treatment plants on the Coromandel Peninsula.





SPECIALIST SERVICES

Works' specialist services division includes surfacing operations, a nationwide network of materials laboratories, a traffic management and engineering business, asset design and management services and a niche electronics capability supporting Works' transportation operations.

> Works surfaces over 5,000 lane kilometres of road every year – enough to run a single lane road around the combined perimeter of New Zealand.



TERMS OF THE OFFER

> Works Infrastructure – Official
Sponsor of Referees for the
Super 14 rugby competition.





TERMS OF THE OFFER

INTRODUCTION

This Offer Document is a combined prospectus and investment statement for an Offer by the Issuer of up to \$150 million of ROADS at an Issue Price of \$1.00 per ROADS. The Offer is being made to New Zealand resident retail and institutional investors, including in particular to Eligible Employees, Eligible Shareholders and Broker Firm Applicants. The Issuer reserves the right to accept oversubscriptions for up to a further \$50 million of ROADS.

The Issuer, which is incorporated in New Zealand, is a wholly-owned subsidiary of Downer. More information about Downer, Works Infrastructure Limited (**Works**) and the Issuer is set out in Sections 2 and 3.

This Offer Document contains important information and should be read in its entirety, including in particular the Terms of ROADS and the Deed Poll – set out in full in Appendix B.

TYPE OF SECURITY

ROADS are perpetual, redeemable, exchangeable preference shares to be issued by the Issuer. ROADS may be Redeemed, Repurchased or Exchanged for Ordinary Shares in Downer from 15 June 2012 or earlier in certain circumstances.

ISSUE PRICE

The Issue Price of \$1.00 per ROADS must be paid in full on Application.

GUARANTEE

Downer has entered into a Deed Poll in favour of Holders under which it gives the unsecured and subordinated Guarantee and other covenants described on page 39.

ROADS CREDIT RATING

ROADS are unrated.

GUARANTOR CREDIT RATING

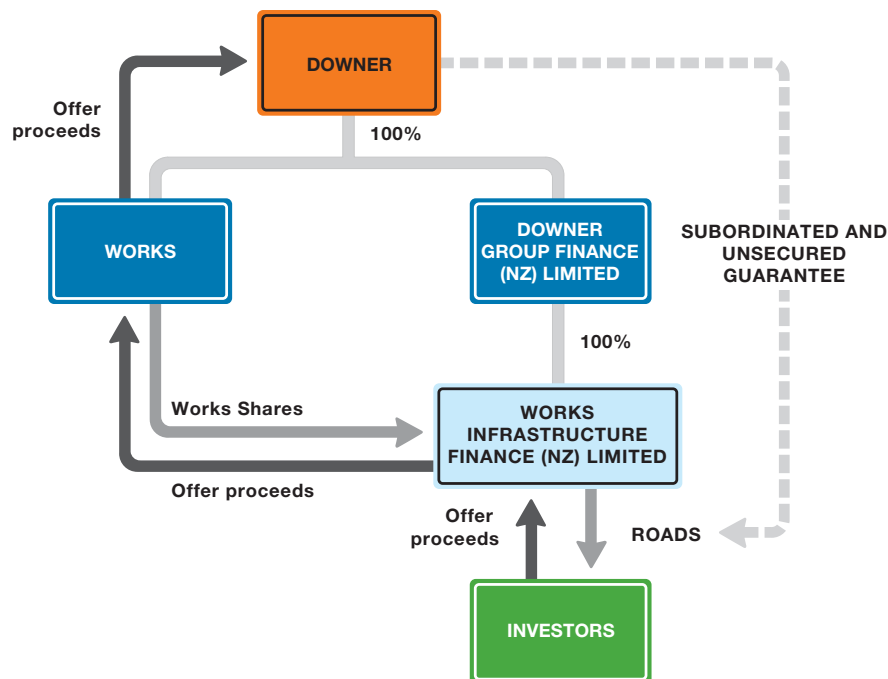
Downer has an Issuer Default Rating of BBB- from Fitch Ratings. Ratings of BBB- and above are considered to be investment grade.

Ratings are statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities. Ratings may be changed, withdrawn or suspended at any time.

USE OF PROCEEDS

The Issuer is a wholly-owned subsidiary of Downer and was formed for the purpose of issuing ROADS. The proceeds of the Offer will be invested in redeemable preference shares in Works (**Works Shares**). Works will use some of the proceeds to refinance its capital base

ROADS IN THE DOWNER GROUP STRUCTURE



and invest in long-term assets such as industrial land, plant and equipment. The majority of the Offer proceeds will be made available to other parts of the Downer Group to repay existing debt, reduce the Group's gearing levels and for other general corporate purposes.

The only business of the Issuer will be the issue of ROADS and the subscription for Works Shares, and the only assets of the Issuer will be the Works Shares. The Issuer does not currently intend to have any other business pursuits.

DIVIDEND RATE

ROADS offer quarterly, fixed rate, discretionary, non-cumulative Dividends. Dividends may be paid in cash or a combination of cash and imputation credits. As the Dividends are expected to be Fully Imputed, the cash component of the Dividends is expected to be 67% of the applicable Dividend Rate. If Dividends are not Fully Imputed, it is expected that the cash Dividend will be adjusted to compensate for the unimputed amount.

The Margin until the first Step-up Date of 15 June 2012 will be determined through the Bookbuild process (described below). The minimum Dividend Rate (which is comprised of the Margin and the Market Rate) will be disclosed to the market after the Bookbuild. The final Dividend Rate until the first Step-up Date will be set on the Issue Date (in accordance with clause 13.1 of the Terms under the definition of Dividend Amount) and will be no less than the minimum Dividend Rate disclosed to the market after the Bookbuild.

Thereafter, for Dividend Periods from and including a Step-up Date which follow a Successful Re-marketing Process, the Dividend Rate will be determined through the Re-marketing Process. For Dividend Periods from and including a Step-up Date which do not immediately follow a Successful Re-marketing Process, the Dividend Rate will be the sum of the One Year Swap Rate (reset on an annual basis) and the Step-up Margin.

BOOKBUILD

The Bookbuild is a process conducted by the Joint Lead Managers before the Opening Date. In that process, Institutional Investors, Primary Market Participants and other financial intermediaries will be invited to lodge bids for ROADS. On the basis of those bids, the Issuer, Downer and the Joint Lead Managers will determine both the Margin until the first Step-up Date and the Firm Allocations to Institutional Investors and Primary Market Participants and other financial intermediaries.

The Bookbuild will be conducted under the terms and conditions agreed by the Issuer, Downer and the Joint Lead Managers under the Offer Management Agreement.

Firm Allocations under the Bookbuild will be made to successful Applicants under the terms and conditions of this Offer Document.

PAYMENT OF DIVIDENDS

The first Dividend is payable on 15 June 2007. Dividends are payable thereafter on 15 September, 15 December, 15 March and 15 June each year (or, if that day is not a Business Day, the next Business Day). Dividends are also payable on the date of Redemption, Repurchase, Resale or Exchange of ROADS.

The first Dividend will be calculated on a daily basis in respect of the period from the date the Application monies for the relevant ROADS are banked to (but excluding) 15 June 2007, and will be paid to the original successful Applicant, irrespective of any transfer of ROADS by that original successful Applicant prior to the first Dividend Payment Date.

DISTRIBUTION STOPPER

It is possible that Dividends will not be paid. Dividends will not be paid if the Directors of the Issuer or Downer determine that a Dividend is not payable. Dividends are non-cumulative, which means that if a Dividend is not paid, it does not accumulate and may never be paid.

However, if a Dividend is not paid in full within 20 Business Days after the relevant Dividend Payment Date, the Terms and the Deed Poll will prevent the Issuer and Downer from paying dividends, making any other form of capital distribution and from redeeming, reducing, cancelling or buying back or acquiring for any consideration any share capital (other than in respect of ROADS) without approval of a Special Resolution of Holders, unless:

- > four consecutive Dividends scheduled to be paid on ROADS after the Dividend Payment Date of the Dividend that has not been paid have been paid in full; or
- > an Optional Dividend has been paid equal to the unpaid amount of any unpaid Dividends which were scheduled to be paid in the 12 months prior to the date of payment of the Optional Dividend; or
- > all ROADS have been Redeemed, Repurchased or Exchanged.

Downer has demonstrated a track record of consistently paying dividends since its listing on ASX in 1998.

RANKING AND SUBORDINATION

Each ROADS confers on its Holder:

- > an equal right to payment of the Issue Price in a liquidation of the Issuer between other Holders of



ROADS and holders of any other class of securities ranking equally with ROADS; and

- > the right to payment of the Issue Price in a liquidation of the Issuer in priority to any other class of shares other than any preference shares ranking equally with ROADS.

ROADS are shares in the Issuer. Accordingly, they rank for payment in a liquidation of the Issuer after all creditors of the Issuer. The obligations of Downer under the Deed Poll are subordinated to the claims of all creditors of Downer (other than any creditors which rank equally with Holders, if any). Further details regarding the ranking and subordination of ROADS in Downer's capital structure are contained in the Deed Poll, which is summarised on page 39 and set out in full in Appendix B.

REDEMPTION AND EXCHANGE

The Issuer may elect to Redeem or Exchange:

- > all or some ROADS on a Step-up Date;
- > all or some ROADS on any Dividend Payment Date after a Step-up Date, if the Step-up Margin applies with effect from the Step-up Date;
- > all (but not some only) ROADS at any time, if a Regulatory Event, Accounting Event or Tax Event has occurred;

- > all or some ROADS on any Dividend Payment Date after an Acquisition Event has occurred; and/or
- > all (but not some only) ROADS at any time, if there is less than 50 million ROADS on issue.

If any ROADS are to be Redeemed, the Issuer must pay to the Holder in respect of each relevant ROADS an amount equal to the Issue Price.

If any ROADS are to be Exchanged, the Issuer will request Downer to purchase those ROADS for a consideration consisting of Ordinary Shares and, if Downer agrees to do so, Holders are required to transfer the relevant ROADS to Downer and Downer will issue to the relevant Holders a number of Ordinary Shares equal to the Exchange Number in respect of each ROADS being Exchanged.

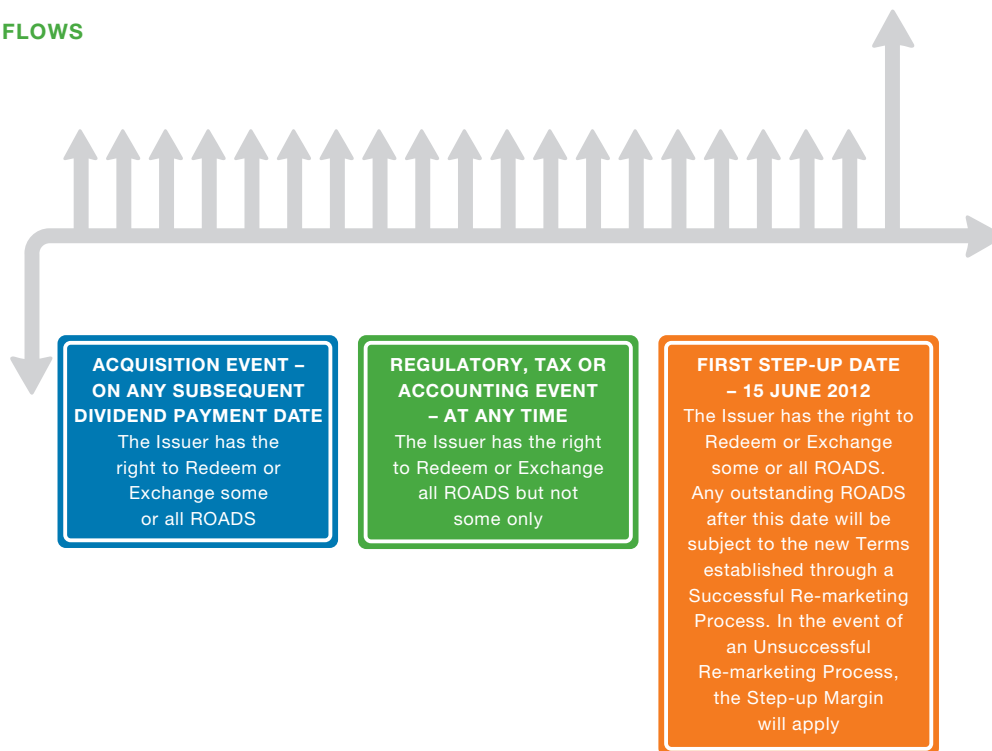
In either case, the Issuer must also pay the Holder any Dividend scheduled to be paid on the Redemption Date or the Exchange Date (as the case may be).

Holders cannot request Redemption or Exchange in any circumstances.

ADDITIONAL MARGIN UPON A RECOMMENDED ACQUISITION EVENT

If an Acquisition Event occurs and the Acquisition Event has been recommended by the Directors of Downer and

CASH FLOWS



Note: The above diagram depicts Redemption as occurring on the first Step-up Date. This outcome is not guaranteed. As shown in the diagram on the opposite page, Redemption is only one of the choices available to the Issuer on a Step-up Date.

approved by the Directors of the Issuer, the Margin will increase by an additional margin (**Additional Margin**) with effect from the date of the Acquisition Event.

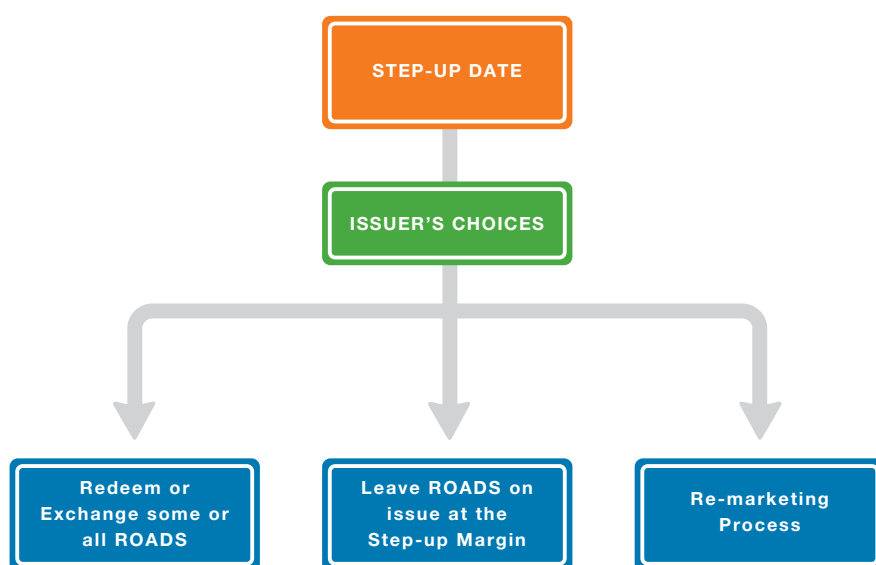
The Additional Margin will be 3.00% per annum unless the Step-up Margin applies at the date of the relevant Acquisition Event, in which case the Additional Margin will be 1.00% per annum.

STEP-UP DATE

The first Step-up Date is 15 June 2012, and after that, on each fifth anniversary of that date. However, a new Step-up Date may be set through a Successful Re-marketing Process.

The Issuer may decide to Redeem or Exchange all or some ROADS on a Step-up Date.

CHOICES ON A STEP-UP DATE



RE-MARKETING PROCESS

Prior to a Step-up Date, the Issuer may issue a Re-marketing Process Invitation to Holders, notifying them that it would like to change certain terms of ROADS with effect from the Step-up Date. Through this process, the Issuer may change certain terms including the Market Rate (including from floating to fixed or fixed to floating or any other variation), Step-up Percentage, Exchange Discount, the frequency and timing of Dividend Payment Dates and the next Step-up Date.

Upon receipt of a Re-marketing Process Invitation, each Holder may give one of the following types of notice to the Issuer:

- > **Step-up Notice** – indicating that they do not wish to continue to hold ROADS unless the Step-up Margin applies with effect from the Step-up Date;
- > **Bid Notice** – indicating that they do not wish to continue to hold ROADS unless the New Margin is at least equal to a rate specified by the Holder (which must be less than the Step-up Margin) with effect from the Step-up Date; or

- > **Hold Notice** – indicating that they wish to continue to hold ROADS irrespective of the Margin which applies with effect from the Step-up Date.

If the Holder does not give the Issuer one of these notices, the Holder is deemed to have given a Hold Notice for all ROADS held by the Holder.

If the Issuer does not issue a Re-marketing Process Invitation within the requisite period, the Terms of ROADS will not be adjusted and there will be no further Step-up Dates. From the Step-up Date, in respect of any ROADS which remain on issue:

- > the Margin will be the Step-up Margin; and
- > the Market Rate will be the One Year Swap Rate (reset on an annual basis).

RESULT OF A RE-MARKETING PROCESS

If at least 20% of Holders actively respond to the Re-marketing Process Invitation with Hold Notices or Bid Notices which specify a Margin equal to or less than the New Margin, the Issuer may set a New Margin (if approved by Downer) which, together with the other



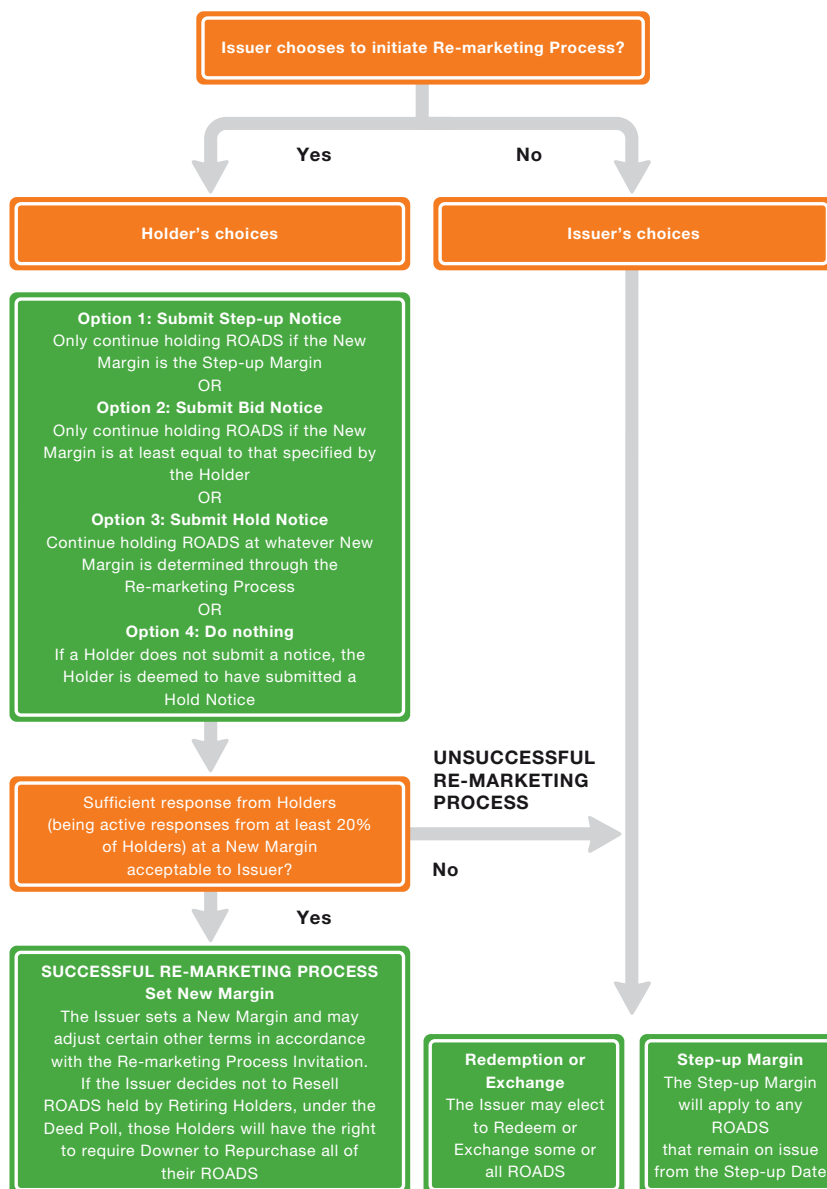
changed terms notified to Holders, will apply with effect from the Step-up Date (**Successful Re-marketing Process**).

If the Issuer sets a New Margin, Holders who provided a Step-up Notice or a Bid Notice specifying a margin higher than the New Margin will be Retiring Holders who are entitled to require Downer to Repurchase their ROADS if the Issuer chooses not to Resell the relevant ROADS. The New Margin will apply to all other Holders from the Step-up Date.

Under the Deed Poll, each Retiring Holder has the right to require Downer to Repurchase all of the Holder's ROADS, subject to the Issuer deciding not to Resell those ROADS.

If the Issuer decides not to set a New Margin, the Step-up Margin will apply from the Step-up Date in respect of any ROADS which remain on issue and the Market Rate will become the One Year Swap Rate (reset on an annual basis). In addition, no other Terms will be adjusted, there will be no further Step-up Dates and no Holder will have the right to be a Retiring Holder (**Unsuccessful Re-marketing Process**).

SUMMARY OF RE-MARKETING PROCESS



RESALE

Instead of allowing Downer to Repurchase ROADS held by a Retiring Holder after a Successful Re-marketing Process, the Issuer may sell or procure the sale of the relevant ROADS to a third party for an amount such that the net proceeds of sale are at least equal to the amount which would have been paid on Redemption of ROADS (determined as if ROADS were being Redeemed on the date which would otherwise have been the Redemption Date) (**Resale Date**), and remit the net proceeds to the Retiring Holder on the Resale Date. If the Issuer elects to Resell and the relevant ROADS are not Resold on or before the Resale Date, ROADS must be Repurchased on the Resale Date.

REPURCHASE

Under the Deed Poll, Downer has granted each Holder the right to require Downer to Repurchase all of the Holder's ROADS in circumstances where the Holder becomes a Retiring Holder during a Re-marketing Process and the relevant ROADS have not been Resold by the Issuer.

If any ROADS of a Retiring Holder are to be Repurchased, Downer must do one of the following:

- > Exchange the relevant ROADS for a number of Ordinary Shares equal to the Exchange Number; or
- > pay to the Retiring Holder in respect of each relevant ROADS an amount equal to the Issue Price.

In either case, the Issuer must also pay the Retiring Holder any Dividend scheduled to be paid on the Repurchase Date.

EXCHANGE

On Exchange, subject to the approval of Downer, the Issuer has the right to require Holders to transfer their ROADS to Downer (or a nominee of Downer) in Exchange for Ordinary Shares. In that case, Downer will issue to the relevant Holder a number of Ordinary Shares equal to the Exchange Number. The formula used to calculate the Exchange Number is described under the heading "Exchange" on page 50.

As described above, Retiring Holders may also receive Ordinary Shares as an Exchange on a Repurchase Date.

APPLICATIONS

Applications must be for a minimum of 3,000 ROADS (\$3,000) and thereafter in multiples of 1,000 ROADS (\$1,000).

The Issuer may refuse all or any part of any Application without giving a reason.

STRUCTURE OF THE OFFER

The Offer comprises:

- > an **Employee Offer** – made to employees of the Downer Group as at 7.00pm on 6 March 2007 who are residents of New Zealand (**Eligible Employees**);
- > a **Shareholder Offer** – made to registered Shareholders of Downer as at 7.00pm on 6 March 2007 who are shown on the Register to have an address in New Zealand (**Eligible Shareholders**);
- > a **General Offer** – made to New Zealand resident retail investors (**General Applicants**);
- > a **Broker Firm Offer** – made to New Zealand resident retail clients of a NZX Firm or other approved financial intermediary who apply for a Firm Allocation from that NZX Firm or other approved financial intermediary (**Broker Firm Applicants**); and
- > an **Institutional Offer** – made to certain Institutional Investors who are invited to bid for an Allocation by the Joint Lead Managers.

OFFER PERIOD

Applications will only be accepted during the Offer Period, which is expected to open on 19 March 2007 (**Opening Date**) and close at 5.00pm on 19 April 2007 (**Closing Date**).

As set out on page 2, the key dates for the Offer are indicative only and may change. Accordingly, you are encouraged to apply as soon as possible after the Opening Date.

HOW TO APPLY

Instructions on how to apply are set out in Appendix D. If you wish to apply for ROADS, you need to complete and sign the Application Form in accordance with the instructions.

Employee Offer, Shareholder Offer and General Offer

Applicants under the Employee Offer, Shareholder Offer and General Offer need to return the relevant Application Form, together with Application Payment, to the address set out below so that it is received by the Registry no later than 5.00pm on the Closing Date.

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland
OR:
Private Bag 92119
Auckland 1142

Applicants may also lodge their Application with any Primary Market Participant, or the Joint Organising Participants, but must deliver it in time to enable the Application Form to be forwarded to the Registry no later than 5.00pm on the Closing Date.



Broker Firm Offer

Applicants accepting a Firm Allocation from a NZX Firm or approved financial intermediary need to return the relevant Application Form to the offices of the NZX Firm or approved financial intermediary which has provided that Firm Allocation in time for it to be forwarded to and received by the Registry no later than 5.00pm on the Closing Date.

Institutional Offer

Applicants under the Institutional Offer must submit their Applications in accordance with arrangements made with the Joint Lead Managers.

Issuer discretion

The Issuer may, at its discretion, treat any Application Form as valid even if it does not comply with the requirements above or is otherwise irregular. An Application Form may be treated by the Issuer as a valid Application whether or not it is received before the Closing Date. By signing the Application Form, an Applicant irrevocably offers to subscribe for ROADS on the terms set out in this Offer Document and the Application Form including, without limitation, the Terms, Constitution and Deed Poll, notwithstanding any changes to the Closing Date or other dates which the Issuer is entitled to change.

OFFER IN NEW ZEALAND ONLY

ROADS are being offered under this Offer Document only to persons who are resident in New Zealand and no offer is being made in any jurisdiction other than New Zealand. No action has been or will be taken by the Issuer which would permit an offer of ROADS, or possession or distribution of any offering material, in any other jurisdiction where action for that purpose is required. No person may offer, sell, distribute or deliver any ROADS, any offering material or any documents in connection with ROADS, to any person outside New Zealand.

Each Applicant represents and warrants that it is a resident of New Zealand and is not in a jurisdiction which prohibits the making of an offer of this kind and is not acting for a person in such a jurisdiction.

INDEPENDENT ADVICE

Investors should obtain their own independent advice in relation to applying for, and holding, ROADS. The information (including the tax information) contained in this Offer Document is general in nature and may not apply to investors' individual circumstances.

QUOTATION ON THE NZDX

An application has been made to NZX for permission to quote ROADS on the NZDX, and all the requirements of NZX relating thereto that can be complied with on or

before the date of this Offer Document have been duly complied with. However, NZX accepts no responsibility for any statement in this Offer Document.

NZX ticker code "WKS" has been reserved for the Issuer.

SALE AND TRANSFER

ROADS are transferable subject to all rights and obligations in respect of the Terms and the Deed Poll, to other persons without restriction, except as provided in clause 10.5 of the Terms which relates to liens and proof of title and also provides that the Issuer may refuse to register a transfer of any ROADS if the transfer would result in the purchaser holding less than 3,000 ROADS.

BROKERAGE

NZX has authorised Primary Market Participants to act in this Offer. Applicants are not required to pay brokerage for ROADS under the Offer. More information about charges in relation to the Offer is set out in Section 4 under the heading "What are the charges?" on page 41.

PAYMENT OF ISSUE PRICE

The Issue Price must be paid in full on Application. Cheques must be made payable to "Works ROADS Offer", must be crossed "Not Transferable" for payment in New Zealand dollars and for immediate value. If a cheque is dishonoured, the Issuer may refuse to issue any ROADS, cancel any ROADS allotted or pursue any other remedies available to it at law.

REFUNDS

If the Issuer accepts an Application in part, the balance of the Application monies will be refunded within five Business Days of the date of allotment of ROADS to the Applicant under that Application. If an Application is not accepted by the Issuer, any Application monies received with that Application will be returned within five Business Days of the Closing Date.

Interest will not be paid on any refund or Application monies which are not accepted. Any interest that accrues on the Application monies prior to the issue of ROADS will be, and will remain, the property of the Issuer.

ALLOTMENT OF ROADS

Successful Broker Firm Applicants will have their ROADS allotted on a periodic basis following receipt and acceptance of Applications by the Issuer during the Offer Period. Successful Applicants under the Employee Offer, Shareholder Offer and General Offer will have their ROADS allotted after the Closing Date. The Registry will advise successful Applicants of the allotment of ROADS to them as soon as possible after allotment.

ALLOCATION POLICY

Introduction

The Allocation policy for Institutional Investors and Primary Market Participants will be determined under the Bookbuild. The Issuer and the Joint Lead Managers have the right to nominate the persons to whom ROADS will be Allocated, namely in respect of Firm Allocations to Institutional Investors and Primary Market Participants participating in the Bookbuild. Allocations for the

Employee Offer, Shareholder Offer and General Offer will be determined by the Issuer in consultation with the Joint Lead Managers after the Closing Date. Any scale back will be announced on the NZX on the day ROADS commence trading on the NZDX – expected to be 24 April 2007. No assurance is given that any Eligible Employee, Eligible Shareholder or General Applicant will receive an Allocation.

Allocations

INSTITUTIONAL OFFER	Allocations to Institutional Investors will be determined by the Joint Lead Managers in consultation with the Issuer.
BROKER FIRM OFFER	Firm Allocations to NZX Firms or approved financial intermediaries will be determined by the Joint Lead Managers in consultation with the Issuer. Allocations to Broker Firm Applicants by a NZX Firm or approved financial intermediary are at the discretion of that NZX Firm or approved financial intermediary.
EMPLOYEE, SHAREHOLDER, AND GENERAL OFFERS	<p>Eligible Employees, Eligible Shareholders and General Applicants who submit a valid Application may receive an Allocation, subject to the right of the Issuer in consultation with the Joint Lead Managers to determine the Allocations, when the Offer closes.</p> <p>If there is excess demand for ROADS after Allocations under the Institutional Offer and Broker Firm Offer, Applicants under the Employee Offer and Shareholder Offer will be given priority over General Applicants. The Issuer and the Joint Lead Managers have the absolute discretion to determine the method and extent of the priority Allocation to Applicants under the Employee Offer and Shareholder Offer.</p> <p>In particular, the Issuer, in consultation with the Joint Lead Managers, reserves the right (at its discretion) to:</p> <ul style="list-style-type: none"> > Allocate to an Eligible Employee, Eligible Shareholder or General Applicant all ROADS for which they have applied; > reject any Application by an Eligible Employee, Eligible Shareholder or General Applicant; or > Allocate to any Eligible Employee, Eligible Shareholder or General Applicant a lesser number of ROADS than that applied for, including less than the minimum Application of ROADS or none at all. <p>No assurance is given that any Eligible Employee, Eligible Shareholder or General Applicant will receive an Allocation.</p>

ANNUAL AND HALF-YEARLY REPORTS

Unless otherwise requested, each Holder will be entitled to receive the annual and half-yearly reports of the Issuer as required by the NZDX Listing Rules. Each Holder will also be entitled to receive a copy of the annual and half-yearly financial reports of Downer.

STRUCTURING ADVISER

UBS

JOINT LEAD MANAGERS AND JOINT ORGANISING PARTICIPANTS

ABN AMRO, UBS

CO-MANAGERS

ABN AMRO Craigs Limited, Direct Broking Limited, First NZ Capital Securities Limited, Forsyth Barr Limited

OFFER MANAGEMENT AGREEMENT

The Offer is not underwritten. Downer and the Joint Lead Managers have entered into an Offer Management Agreement in respect of the management of the Offer. Under this agreement, the Joint Lead Managers will, among other things, be obliged to provide settlement support in respect of successful Applications for ROADS from the Co-Managers and other participants in the Bookbuild having Firm Allocations.

IMPORTANT DOCUMENT

If you are in any doubt as to how to deal with this Offer Document, please immediately contact a NZX Firm, an accountant or a financial adviser.



ABOUT WORKS AND THE ISSUER

> Works Infrastructure – a leading New Zealand company with over 2,700 dedicated employees.





ABOUT WORKS AND THE ISSUER

ABOUT WORKS

Works originated as part of the Public Works Department of the New Zealand Government in 1870 and since inception has operated continuously in New Zealand for over 130 years. In 1991, the business was corporatised by the New Zealand Government and in 1996 was sold to Downer. Downer used Works to establish its Infrastructure Services Division. Since acquisition, Downer has provided Works with extensive financial and management support which has underpinned the significant expansion of the business by way of both acquisitions and organic growth.

Since 1996, Works' revenue has grown from around \$200 million to in excess of \$600 million. For the 2006 financial year, Works reported a net surplus after tax of \$16 million. Works has been profitable over each of the last five financial years and has generated a total net surplus after tax of \$66 million over that period.

Over its proud 130 year history, Works has built and maintained a significant portion of New Zealand's public infrastructure including roads, bridges, railways, hydro-electricity systems, parks, carparks and water treatment plants. Works' principal activities are the provision of services for the development, asset management and maintenance of public and private infrastructure assets including roads, rail track, power, gas, telecommunications, water supply, wastewater treatment, parks and reserves. It is one of New Zealand's leading companies with more than 2,700 New Zealand employees.

Business operations

The majority of Works' activities involve the maintenance of the road systems that are vital to everyday living for New Zealand motorists, travellers and the road freight industry, whether this involves maintenance of the national highways or local roads servicing New Zealand's individual communities. Works' road maintenance services include upgrading of existing roads and surrounding infrastructure such as pavements, signage, bridges and culverts, ground works and supply of bitumen and asphalt necessary to build new roads and upgrade existing roads, through to vegetation control, snow clearing and avalanche control in the winter months.

More than 75% of Works' revenue is derived from government clients including the central government-owned Transit NZ and more than 100 local councils, government-owned businesses and agencies. While Works' private sector customers account for less than 25% of its revenue, they number more than 2,000 – reflecting the diversity and reach of Works' operations within New Zealand. Works' service contracts primarily are based on long term arrangements and repeat business with both public sector and major blue chip corporate clients. An increasing proportion of its business is relationship-based and founded on the development of long term strategic customer partnerships.

Works undertakes between 15,000 and 20,000 jobs every year, many of which involve multi-faceted works under term maintenance contracts with its clients. For example, a road maintenance job can be as simple as repairing potholes to a more complex contract involving assessing road condition, traffic management, complete road resurfacing, upgrade of kerbing, drains and signage and clearing of vegetation.

Works is headquartered in Auckland and conducts its activities through more than 70 points of representation located throughout New Zealand.

The map below shows the major locations of Works and highlights the significant geographical reach of its operations in New Zealand.



Works undertakes no liability in respect of ROADS.

Main operations in New Zealand

Operation and maintenance of infrastructure assets

Providing a one stop shop for the effective 24/7 operation and maintenance of infrastructure assets including roads, bridges, utility networks and built facilities.

Works' in-house capability extends to cover physical works, design and inspection, inventory collection and knowledge based asset management, fleet management and the effective provision of emergency response and customer services.



Materials manufacture

Works' materials manufacturing capability supports its operational activities and an extensive external customer base.

Products include quarried and recycled aggregate production, bitumen and associated bitumen based products and a range of standard and proprietary asphalts.



Infrastructure installation

Works' major projects division has a proven capability of delivering the installation and commissioning of infrastructure assets across a number of sectors including transportation, water services, environmental and specialist commercial and industrial infrastructure.

Works' capability extends to cover both physical works and design tailored to meet customer needs.



Specialist services

Works' specialist services division supports both internal operations and external customers and includes surfacing operations, a nationwide network of materials laboratories, a traffic management and engineering business, asset design and management services and a niche electronics capability supporting Works' transportation operations.

These services are provided directly and indirectly through a number of strategic partnerships, such as the Engineering Faculty of Auckland University.





Current projects

The beginning of the 2006/07 financial year has seen significant contract success for Works through its infrastructure installation, operation and maintenance divisions.

Infrastructure assets

Works has been awarded a two year contract for the design, installation and operation of three new wastewater treatment plants on the Coromandel Peninsula (valued at \$43 million). Works has also secured a further three year rollover of its Rodney Water operations and maintenance alliance contract with the Rodney District Council north of Auckland (valued at around \$8 million).

Operation and maintenance of infrastructure assets

A total value of A\$315 million of forward road maintenance work in New Zealand and Australia has been secured through extensions of existing contracts and the award of new contracts. These contracts are all with state, district and local government clients.

Recently secured contracts in New Zealand:

- > A five year road maintenance contract with Transit NZ for the Hauraki Matamata State Highway Network secured on quality attributes
- > A resecured five year road maintenance contract with Transit NZ for the Coromandel State Highway Network
- > A three year (extendable to five) road maintenance contract for Waikato District Council won on quality attributes
- > Resecured road maintenance contracts for Transit NZ in the Central Otago and Queenstown Lakes areas

Recently secured contracts in Australia:

- > A 15 year road maintenance, surfacing and upgrade commission for Mornington Peninsula Shire in Victoria
- > Renewal of three road maintenance contracts with the Department of Transport, Energy and Infrastructure in South Australia, for a period of five years covering 5,600km of state roads
- > Renewal of the G6 Group of Councils in Adelaide (Charles Sturt, Salisbury, Onkaparinga, Tea Tree Gully, Marion) contract for asphalt and spray seal road surfacing for a period of three years
- > Extension of the Northern Road Maintenance contract for the Tasmanian Government Department of Infrastructure, Energy and Resources, covering 2,200km of state roads for 12 months

ABOUT THE ISSUER

Overview

The Issuer is a newly formed wholly-owned New Zealand subsidiary of Downer that was established for the sole purpose of conducting the Offer. It was incorporated on 16 February 2007 and has not carried on any business or activity as at the date of this Offer Document (other than in preparation for the Offer).

The Issuer will initially have two classes of securities, being ordinary shares issued to Downer Group Finance (NZ) Limited (a wholly owned New Zealand subsidiary of Downer) and ROADS issued to investors under this Offer Document. Downer Group Finance (NZ) Limited does not guarantee any amount in respect of ROADS or have any obligation in respect of them.

Pro forma financial information

The pro forma balance sheet of the Issuer below sets out the expected effect of the Offer on the Issuer as if the Offer was completed, \$150 million was raised through the issue of ROADS and the gross Offer proceeds were invested in redeemable preference shares in Works (**Works Shares**) as at the Issue Date.

The pro forma balance sheet is unaudited and has been prepared under A-IFRS.

Issuer pro-forma balance sheet

\$ million	Pro-forma as at the Issue Date
ASSETS	
Investment in Works Shares	150
Total assets	150
LIABILITIES	
Total liabilities	-
Net assets	150
EQUITY	
Ordinary shares held by Downer Group Finance (NZ) Limited	- ¹
ROADS	150
Total equity	150
Note: ¹ Nominal balance	

A prospective statement of cash flows of the Issuer, which the Directors expect to occur in the year commencing on the date of registration of this Offer Document, is set out on page 72.

No other financial information of the Issuer is included in the Offer Document on the basis that the Issuer has not yet carried on any business or activity as at the date of this Offer Document (other than in preparation for the Offer).

BOARD OF DIRECTORS

MR GEOFFREY BRUCE

Director

Mr Bruce is the Finance Director of Downer and a director of Works. He joined Downer in 1997. He is responsible for the financial planning and management of the company's accounting and financial operations.

Prior to joining Downer, Mr Bruce held a number of chief financial officer positions, including Century Drilling Limited (acquired by Downer in 1997) and in retailing and property companies. He has more than 25 years experience in both Australian and international finance and accounting.

Mr Bruce is a director of all wholly-owned operating subsidiaries of Downer and reports directly to the Managing Director. He holds a Bachelor of Arts degree from Macquarie University (majoring in economics and financial studies) and is a Chartered Accountant.

Mr Bruce lives in Sydney, Australia.

MR JOHN DAVENPORT

Director

Mr Davenport is the General Manager Group Funding of Downer and has responsibility for strategic funding for the Group, including all aspects of treasury management. He joined Downer in 2001 and reports directly to the Managing Director.

Mr Davenport has over 25 years experience in corporate finance and treasury. Prior to joining Downer, he held senior positions in debt capital markets origination at Bank of America and Commonwealth Bank and various positions in bank treasury management and corporate lending. He holds a Bachelor of Economics (Honours) degree from Macquarie University.

Mr Davenport lives in Sydney, Australia.

MS JAN JOHNSON

Director

Ms Johnson is the Financial Controller of Works. She joined the company in 2005 and is responsible for day-to-day financial accounting and treasury operations for Works.

Prior to joining Works, Ms Johnson held similar positions at Cavalier Corporation Limited, NZ Liquor Limited and Burns Philp (New Zealand) Limited.

Ms Johnson is a Chartered Accountant and lives in Auckland, New Zealand.

MR PETER REIDY

Director

Mr Reidy is the Chief Executive Officer of Works. He joined Works in February 2006.

Prior to joining Works, Mr Reidy held the position of Chief Executive Officer of Todd Energy, Gas & Electricity operating entities. He has also held senior executive positions with Fletcher Building Limited, Enerco New Zealand Limited and Freightways Limited. He holds a Bachelor of Commerce degree from Auckland University.

Mr Reidy lives in Auckland, New Zealand.



ABOUT DOWNER

Downer has evolved to be a leading provider of comprehensive engineering and infrastructure management services to the public and private transport, energy, communications and resources sectors in New Zealand, Australia, Asia-Pacific and, most recently, the United Kingdom.



ABOUT DOWNER

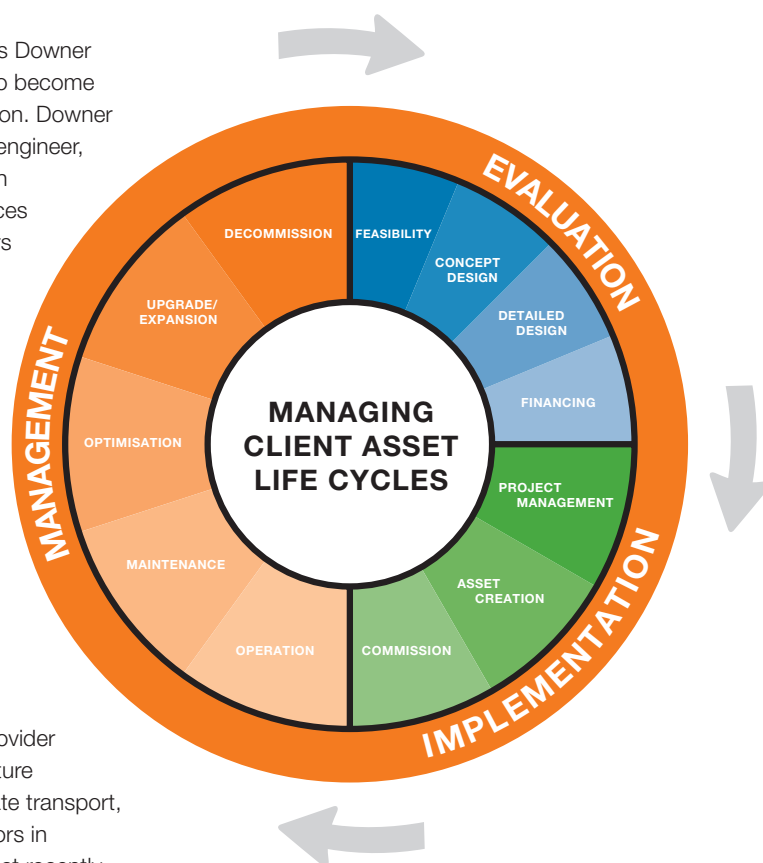
OVERVIEW

Downer originated in New Zealand in 1933 as Downer & Co, a privately owned company that was to become the foundation of Downer's engineering division. Downer & Co was established by a highly respected engineer, the late Arnold Downer, CBE, and focused on providing engineering and construction services to the public and private infrastructure sectors in New Zealand, including the New Zealand Public Works Department. Downer played a significant role in the creation of a number of major public infrastructure assets in New Zealand, including the road, rail, water and power systems. Notable heritage projects in New Zealand involving Downer include the Homer Tunnel accessing Milford Sound (1935-1940), Cook Strait Ferry Terminal for passenger and freight operations (1960), Lower Nihotupu Dam (1948), Lower Wairarapa Valley flood prevention scheme (1964-1984) and New Plymouth Power Station (1972).

Downer has since evolved to be a leading provider of comprehensive engineering and infrastructure management services to the public and private transport, energy, communications and resources sectors in New Zealand, Australia, Asia-Pacific and, most recently, the United Kingdom. It provides a comprehensive range of services to its clients across the whole life cycle of their physical infrastructure assets, from "front end" consulting and design through to their creation, operation, maintenance, upgrade/expansion and final decommissioning. The chart opposite depicts Downer's strategic focus.

Downer's Ordinary Shares are traded on the Australian and New Zealand stock exchanges under the ticker code "DOW". As at the close of trading on ASX on 5 March 2007, Downer's Ordinary Share price was A\$6.95 and its total market capitalisation was A\$2.2 billion.


Since its listing in 1998, Downer has demonstrated a track record of consistently paying dividends and has also grown its revenue from A\$1.0 billion to A\$4.6 billion (as at 30 June 2006) and total assets from A\$0.8 billion to A\$3.1 billion (as at 31 December 2006). Prior to the 2006 financial year, Downer had also grown its net profit after tax from A\$32.4 million to A\$123.3 million. See page 32 for more information regarding Downer's financial position and financial performance.





BUSINESS OPERATIONS

Downer conducts its business through four key divisions, as described below. This structure is also reflected in the Group's reporting of financial results by business segment.

TRANSPORTATION	 <p>Works INFRASTRUCTURE A DIVISION OF DOWNER EDI LIMITED ESTABLISHED 1870</p>	<p>Works Infrastructure provides services for the development, asset management and maintenance of public and private infrastructure, principally to the road and rail track infrastructure sectors. It also provides utility services such as groundworks for power, gas and telecommunications, maintenance of water supply, wastewater treatment and parks and reserves. Works operates in Australia, New Zealand, Singapore and the UK.</p> <p>A more detailed overview of Works is set out in Section 2.</p>
POWER, COMMUNICATIONS & CONSULTING	 <p>Downer ENGINEERING A DIVISION OF DOWNER EDI LIMITED ESTABLISHED 1933</p>	<p>Downer Engineering provides integrated engineering and infrastructure management services to the public and private transport, energy, communications and resource sectors in the following three key areas:</p> <ul style="list-style-type: none"> > Power – electrical contracting and mechanical engineering services to the power infrastructure sectors in Australia, New Zealand and the Pacific. Australia's largest provider of electrical contracting services. > Communications – design, installation, operation and maintenance of telecommunications and data networks and facilities management of related buildings and infrastructure such as exchange centres and mobile towers in Australia, New Zealand and South East Asia. > Consulting Engineering – through its three leading brands, provides "front-end" engineering design and consulting in New Zealand, Australia, Asia-Pacific and the Middle East to public and private infrastructure sectors. <div style="display: flex; justify-content: space-around; align-items: center;">    </div>
MINING & RESOURCES	 <p>Roche MINING A DIVISION OF DOWNER EDI LIMITED ESTABLISHED 1922</p>  <p>Century RESOURCES A DIVISION OF DOWNER EDI LIMITED ESTABLISHED 1985</p>	<p>Roche Mining provides an extensive range of services to the mining industry in Australia – from consulting, mining operations (both open cut and underground), mine management and blasting services through to processing of extracted materials and waste, mine site rehabilitation and mine decommissioning.</p> <p>Century Resources provides land drilling services to the oil, gas and geothermal markets in Australia, New Zealand and South East Asia.</p>



STRATEGY

Downer's vision is to be the preferred comprehensive supplier of engineering services to its clients, provided either directly or through strategic alliances, with the intellectual capacity to capitalise on the worldwide trend towards outsourcing. Its aim is to work alongside its clients to help them manage the infrastructure assets for which they are held accountable throughout the life of those assets.

Over the past ten years, Downer has repositioned its business to principally focus on the evaluation and management of infrastructure assets for its clients while at the same time reducing its reliance on the asset implementation markets – in particular, the creation phase of the asset life cycle, where historically Downer had provided construction services across a broad range of markets. When Downer listed on ASX in 1998, general construction services represented more than 40% of consolidated Group revenue. Today, the construction of assets represents less than 10% of Downer's forecast 2007 revenue of A\$5.3 billion. Further, the nature of this activity within Downer has changed from being general construction to specialised construction in the Group's key infrastructure markets of transportation, power, communications and mining & resources. Management considers this change in revenue mix should reduce the Group's risk profile.

Downer remains focused on continuing to diversify its revenues by client, geographic region and business activity in order to reduce its reliance on any one source of revenue. In the last three years, Downer has established business platforms in Singapore, Hong Kong and the United Kingdom to expand its markets for the life cycle management of its clients' infrastructure assets. Further, the company has acquired businesses in Australia and New Zealand to enhance the Group's capabilities and revenue in the evaluation and management phases of the infrastructure asset life cycle, notably in the areas of asset feasibility, concept design, operation and maintenance. Finally, the company has reduced its exposure to higher risk, fixed price contracts by increasing the number and volume of contracts written on an alliance-style basis where risks can be better shared with clients. These initiatives will serve to further reduce the risk profile of the Group as revenue sources become more diverse and contract terms are executed with a more balanced sharing of risks with its clients.

The diversity and repeatability of Downer's revenue streams, its strong market position in each of its core operating businesses combined with the company's commitment to maintaining an investment grade financial profile, provide a strong underpinning for its financial performance.



CURRENT PROJECTS

NSW Government Rolling Stock PPP

As part of the NSW Government's Rolling Stock PPP, Reliance Rail was recently awarded a A\$3.6 billion contract to finance, design and construct 624 new passenger train carriages for Sydney's CityRail network. The new carriages will replace 498 old non-airconditioned carriages and provide extra rolling stock capacity for the CityRail travelling public by 2013.

Reliance Rail is a new operating business owned by Downer (49%), AMP Capital Investors (25.5%), ABN AMRO (12.75%) and Babcock & Brown (12.75%).

The business will be supported by several core contractors, including Downer's wholly owned subsidiary EDI Rail (design, manufacture and maintenance) and Hitachi Limited (design and manufacture).

Other projects

A summary of other select projects currently being undertaken by the Downer Group is listed below:

- > Roche Mining has recently negotiated a new alliance agreement with long-standing client Xstrata Coal which will see the development of two new Coal Handling Processing Plants to service Xstrata Coal's Mt Owen and Liddell operations in the Hunter Valley, NSW.
- > Works Australia has recently secured a two year extension to its alliance contract with the Australian Rail Track Corporation (ARTC) for rail track maintenance work in Victoria. This will take the alliance through to June 2009, extending this relationship with ARTC to ten years.
- > The value of these alliance arrangements is approximately A\$200 million.
- > Downer Engineering was recently awarded two new five-year power contracts with Powerlink, the Queensland electricity transmission utility. The first contract involves the delivery of high voltage transmission line capital works in the northern region of Queensland, valued at over A\$200 million. The second contract involves substation upgrade works valued at over A\$50 million.

SUMMARY HISTORICAL FINANCIAL INFORMATION

Half-year ended 31 December 2006

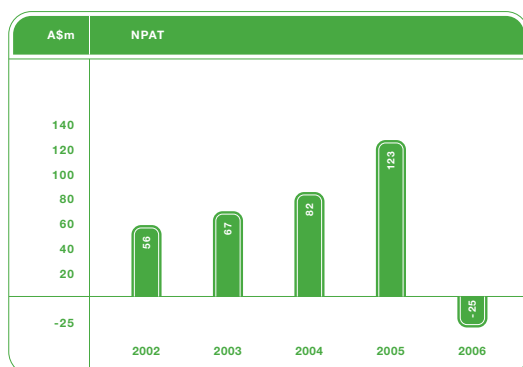
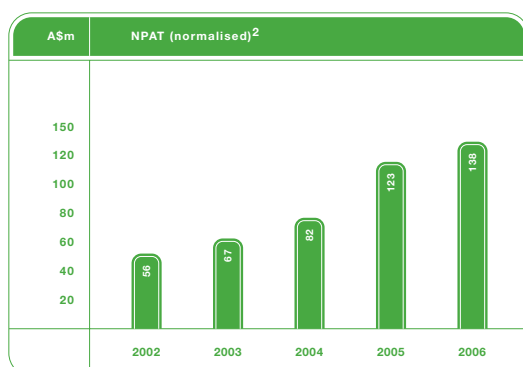
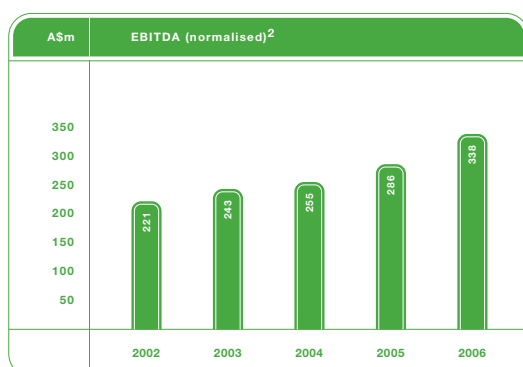
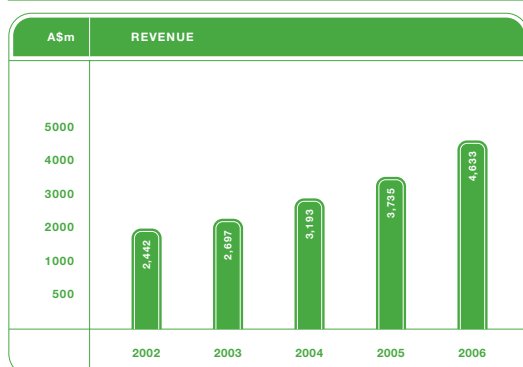
For the half-year ended 31 December 2006, Downer reported a net profit after tax of A\$80.6 million compared to A\$69.6 million for the same period in the 2006 financial year, representing an increase of 15.8%. Revenue increased from A\$2.2 billion to A\$2.6 billion, an increase of 15.4% when compared against revenue for the same period in the 2006 financial year. Downer's total consolidated assets as at 31 December 2006 were A\$3.1 billion.

Full-year ended 30 June 2006

For the full-year ended 30 June 2006, Downer reported a loss after tax of A\$24.9 million. This result reflected total provisions taken, net of tax benefits, for non-recurring, individually significant items amounting to A\$162.7 million. Adjusting for these provisions, the underlying business produced a net profit after tax of A\$137.8 million.

The provision largely related to the Iluka Douglas Mineral Sands project and was taken having regard to contract claims and disputes arising from a number of factors including variations of scope, delays, prolongation, skills shortages and the delay in acknowledgement of contract disputes by customers. The provision was made as at 30 June 2006 following a review of the Downer Group's accounting policy dealing with construction contracts. The policy provides that, where claims with customers result in dispute and the amount in dispute is significant, and it is expected that the matters in dispute will not be resolved within 12 months from Downer's semi-annual reporting date, the provision will be based on Downer's assessment of the risk associated with construction contracts, such provision being at least 75% of the disputed amount on each contract. While Downer has recognised a provision for these amounts, it intends to vigorously pursue its entitlements under such contract claims and disputes.

Further summary historical financial information for Downer is set out in Appendix A.

FULL-YEAR OVERVIEW–2002-2006¹

Notes: 1. 2002-2004 reported under A-GAAP and 2005-2006 reported under A-IFRS.
2. Normalised for significant one-off non-recurring items in 2006.

CREDIT RATING INFORMATION**Downer's credit rating**

Downer has a long-term Issuer Default Rating of BBB- (with a stable rating outlook) issued by Fitch Ratings. Issuers rated BBB- or above by Fitch are described as investment grade.

Fitch's long-term Issuer Default Rating is assigned to issuers and counterparties, reflecting their ability to meet their financial obligations on a timely basis. The long-term Issuer Default Rating, therefore, is effectively a benchmark probability of default rating. The rating of BBB- is current as at the date of this Offer Document. This is the lowest investment grade category.

Under Fitch's ratings definitions, the BBB rating category (ie between BBB- and BBB+) represents good credit quality and indicates that there are currently expectations of low credit risk. The capacity for payment of financial commitments is considered adequate but adverse changes in circumstances and economic conditions are more likely to impair this capacity.

A rating outlook indicates the direction a rating is likely to move over a one to two year period. Outlooks may be positive, negative or stable. A positive or negative rating outlook does not imply a rating change is inevitable. Similarly, companies whose outlooks are stable could be upgraded and downgraded before an outlook moves to positive or negative if circumstances warrant such an action.

Ratings are statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities. Ratings may be changed, withdrawn or suspended at any time. As at the date of this Offer Document, Downer has not approached any other rating agency for a credit rating.

About Fitch Ratings

Fitch Ratings is a leading global credit rating agency which provides ratings and research on entities and issues worldwide. It was one of the first three Nationally Recognized Statistical Rating Organizations designated by the US Securities and Exchange Commission in 1975, together with Moody's and Standard & Poor's. Fitch's research covers corporate finance, structured finance, US public finance and sovereigns, and international public finance.

Fitch Ratings is dual-headquartered in New York and London, operating offices and joint-ventures in 49 locations and covering entities in more than 90 countries. Fitch currently maintains coverage of 5,700 financial institutions and 1,400 corporates. Fitch Ratings also covers over 2,500 insurance companies and over 100 sovereigns.



BOARD OF DIRECTORS

MR BARRY O'CALLAGHAN AO
Non-Executive Chairman



Mr O'Callaghan was appointed as a Non-Executive Director in May 1998 and is Chairman of the Board of Downer. Mr O'Callaghan is a barrister and solicitor and was a consultant to the Australian law firm Corrs Chambers Westgarth from 2002-2005, a Partner from 1960-2002, Chairman of Partners of the Melbourne office from 1993-1999 and Manager of the Property and Development Division from 1965-1992.

Mr O'Callaghan serves as Chairman of Mercy Health and Aged Care Inc and is a non-executive director of the Selpam Group and Monterey Investments. He was formerly a non-executive director of the Linfox Group, Hudson Conway Limited, the Royal Melbourne Institute of Technology Graduate School of Business and the Committee for Melbourne, and a former Chairman of Xavier College Council.

Mr O'Callaghan lives in Melbourne, Australia.

MR PETER JOLLIE AM
Non-Executive Deputy Chairman



Mr Jollie was appointed as a Non-Executive Director in April 2004. Mr Jollie is a past President of the Institute of Chartered Accountants and is a fellow of that body as well as the Australian Institute of Company Directors.

Mr Jollie holds several current directorships. He was previously CEO of P&O Containers, Chairman of the Prospect Water Treatment consortium and was the Chairman of the Defence Housing Authority from 1997 to June 2003. Mr Jollie has had a long involvement in international trade, having been a member of the Trade Policy Advisory Committee to Ministers for Trade for six years to 2002.

Mr Jollie lives in Sydney, Australia.

MR LUCIO DI BARTOLOMEO
Non-Executive Director



Mr Di Bartolomeo was appointed as a Non-Executive Director in June 2006. Mr Di Bartolomeo is a qualified civil engineer and has a Master's Degree in Engineering Science. He is a fellow of the Australian Institute of Management and the Chartered Institute of Transport and is a member of the Institution of Engineers Australia.

Mr Di Bartolomeo was Managing Director of ADI Limited for four years and prior to that gained over ten years' experience as Chief Executive of a number of substantial businesses, including six years as Managing Director of FreightCorp (now Pacific National).

Mr Di Bartolomeo is a director of Civic Nexus Pty Limited (the company appointed to redevelop Melbourne's Spencer Street Station precinct) and was recently appointed as a director of Macquarie Generation. He is also Chairman of the Reliance Rail consortium (see page 32).

Mr Di Bartolomeo holds a Bachelor of Engineering (Civil) degree and a Master of Engineering Science degree from the University of NSW.

Mr Di Bartolomeo lives in Sydney, Australia.

MR STEPHEN GILLIES
Managing Director and
Chief Executive Officer



Mr Gillies is Managing Director of Downer. Mr Gillies holds a Bachelor's Degree in Business with a major in accounting and finance from Massey University, New Zealand, and has over 20 years experience in construction, manufacturing, retailing and financial services.

Mr Gillies spent a number of years with General Motors New Zealand in finance and administration before joining Brierley Investments Limited (BIL) in 1988. When BIL sold Downer in 1994, Mr Gillies remained with Downer as General Manager, Finance and Administration and became Managing Director in 1996.

Mr Gillies lives in Sydney, Australia.

MR JOHN HUMPHREY
Non-Executive Director



Mr Humphrey was appointed as a Non-Executive Director in April 2001. He holds a Bachelor of Laws degree from the University of Queensland. Mr Humphrey is a Partner in Mallesons Stephen Jacques, where he specialises in corporate and resource project work.

Mr Humphrey is currently chairman of Villa World Limited and a director of Horizon Oil NL. He was appointed to the board of Evans Deakin Industries Limited in 2000 and subsequently to the Board of Downer.

Mr Humphrey lives in Brisbane, Australia.

MR CHRISTOPHER RENWICK AM
Non-Executive Director



Mr Renwick was appointed as a Non-Executive Director in September 2004. Mr Renwick qualified as a barrister and solicitor and holds both Bachelor of Laws and Bachelor of Arts degrees from the University of Melbourne.

Mr Renwick was Chief Executive Officer of Rio Tinto Iron Ore until December 2004. His wide experience in the mining and resources sector spanned 35 years with the Rio Tinto group and included chairmanships of Hamersley Iron, the Iron Ore Company of Canada and Robe River Mining, and Managing Director of Comalco Minerals & Alumina. He was a vice-president of the Australia Japan Business Co-operation Committee, and was an executive committee member of the Australia-China Business Council, including National President 1997-1999. He is a fellow of the Australian Institute of Management, a fellow of the Australian Institute of Export and a fellow of the Australian Academy of Technological Sciences and Engineering.

Mr Renwick lives in Melbourne, Australia.



**INVESTMENT
STATEMENT**

**ANSWERS TO
IMPORTANT
QUESTIONS**



ANSWERS TO IMPORTANT QUESTIONS

WHAT SORT OF INVESTMENT IS THIS?

The Issuer is offering up to \$200 million of ROADS to New Zealand investors.

ROADS are perpetual, redeemable, exchangeable preference shares to be issued by the Issuer. ROADS may be Redeemed or Exchanged for Ordinary Shares in Downer from 15 June 2012 or earlier in certain circumstances. Accordingly, this Investment Statement relates to both ROADS and Ordinary Shares of Downer.

Summary of Terms of ROADS

The following is a summary of the Terms of ROADS. The full Terms are set out in Appendix B of this Offer Document.

Dividends

ROADS offer quarterly, fixed rate, discretionary, non-cumulative Dividends. Dividends may be paid in cash or a combination of cash and imputation credits. As the Dividends are expected to be Fully Imputed, the cash component of the Dividends is expected to be 67% of the applicable Dividend Rate. If Dividends are not Fully Imputed, it is expected that the cash Dividend will be adjusted to compensate for the unimputed amount.

Until the first Step-up Date of 15 June 2012, Dividends are fixed at the Dividend Rate set on the Issue Date. The Dividend Rate will be no less than the rate disclosed to the market after the Bookbuild on 14 March 2007.

Thereafter, for Dividend Periods from and including a Step-up Date which follows a Successful Re-marketing Process, the Dividend Rate will be determined through the Re-marketing Process. For Dividend Periods from and including a Step-up Date which does not immediately follow a Successful Re-marketing Process, the Dividend Rate will be the sum of the One Year Swap Rate (reset on an annual basis) and the Step-up Margin.

Dividend Payment Dates

The first Dividend is payable on 15 June 2007. Dividends are payable thereafter on 15 September, 15 December, 15 March and 15 June each year (or, if that day is not a Business Day, the next Business Day). Dividends are also payable on the date of Redemption, Repurchase, Resale or Exchange of ROADS.

The first Dividend will be calculated on a daily basis in respect of the period from the date the Application monies for the relevant ROADS are banked to (but excluding) 15 June 2007, and will be paid to the original successful Applicant, irrespective of any transfer of ROADS by that original successful Applicant prior to the first Dividend Payment Date.

Dividends for subsequent Dividend Periods will be paid to the Holders on the Register as at the Record Date, being the day which is 10 days prior to the Dividend Payment Date.

Distribution Stopper

It is possible that Dividends will not be paid. Dividends will not be paid if the Directors declare that a Dividend is not payable. Dividends are non-cumulative, which means that if a Dividend Payment is not paid, it does not accumulate and may never be paid.

However, if a Dividend is not paid in full within 20 Business Days after the relevant Dividend Payment Date, a Distribution Stopper will prevent the Issuer and Downer from paying dividends, making any other form of capital distribution and from redeeming, reducing, cancelling or buying back or acquiring for any consideration any share capital (other than in respect of ROADS) without approval of a Special Resolution of Holders, unless:

- > four consecutive Dividends scheduled to be paid on ROADS after the Dividend Payment Date of the Dividend that has not been paid have been paid in full; or
- > an Optional Dividend has been paid equal to the unpaid amount of any unpaid Dividends which were scheduled to be paid in the 12 months prior to the date of payment of the Optional Dividend; or
- > all ROADS have been Redeemed, Repurchased or Exchanged.

Ranking and subordination

Each ROADS confers on its Holder:

- > an equal right to payment of the Issue Price in a liquidation of the Issuer between other Holders of ROADS and holders of any other class of securities ranking equally with ROADS; and
- > the right to payment of the Issue Price in a liquidation of the Issuer in priority to any other class of shares other than any preference shares ranking equally with ROADS.

ROADS are shares in the Issuer. Accordingly, they rank for the payment in a liquidation of the Issuer after all creditors of the Issuer. The obligations of Downer under the Deed Poll are subordinated to the claims of all creditors of Downer. Further details regarding the ranking and subordination of ROADS in Downer's capital structure are contained in the Deed Poll, which is summarised on page 39 and set out in full in Appendix B.

Redemption and Exchange

The Issuer may elect to Redeem or Exchange:

- > all or some ROADS on a Step-up Date;
- > all or some ROADS on any Dividend Payment Date after a Step-up Date, if the Step-up Margin applies with effect from the Step-up Date;
- > all (but not some only) ROADS at any time, if a Regulatory Event, Accounting Event or Tax Event has occurred;



- > all or some ROADS on any Dividend Payment Date after an Acquisition Event has occurred; and/or
- > all (but not some only) ROADS at any time, if there is less than 50 million ROADS on issue.

If any ROADS are to be Redeemed, the Issuer must pay to the Holder in respect of each relevant ROADS an amount equal to the Issue Price.

If any ROADS are to be Exchanged, the Issuer will request Downer to purchase those ROADS for a consideration consisting of Ordinary Shares and, if Downer agrees to do so, Holders are required to transfer the relevant ROADS to Downer and Downer will issue to the relevant Holders a number of Ordinary Shares equal to the Exchange Number in respect of each ROADS being Exchanged.

In either case, the Issuer must also pay the Holder any Dividend scheduled to be paid on the Redemption Date or the Exchange Date (as the case may be).

Holders cannot request Redemption or Exchange in any circumstances.

Additional Margin upon a recommended Acquisition Event

If an Acquisition Event occurs and the Acquisition Event has been recommended by the Directors of Downer and approved by the Directors of the Issuer, the Margin will increase by an additional margin (**Additional Margin**) with effect from the date of the Acquisition Event.

The Additional Margin will be 3.00% per annum unless the Step-up Margin applies at the date of the relevant Acquisition Event, in which case the Additional Margin will be 1.00% per annum.

ROADS in Downer's capital structure

It is the intention of the Issuer and Downer that ROADS will constitute a permanent component of Downer's consolidated capital unless there is not an adverse impact on its credit rating. Accordingly, if the Issuer elects to Redeem all or some ROADS under the Terms, the Issuer will Redeem ROADS with proceeds raised through the issuance of Ordinary Shares by Downer or through the issuance of new hybrid capital securities on, or within a period of six months prior to, the Redemption Date of ROADS.

Any new hybrid capital securities issued for this purpose would be perpetual and would rank equally with ROADS. The terms of the new hybrid capital securities would permit the Issuer to suspend or cancel payments in the same manner as ROADS. If the interest rate on the new hybrid capital securities increases at any point over the life of the securities, the terms of the new hybrid capital securities will contain a capital replacement provision that is identical to this disclosure (to the extent that the new hybrid capital securities are redeemable).

Step-up Date

The first Step-up Date is 15 June 2012, and after that, on each fifth anniversary of that date. However, a new Step-up Date may be set through a Successful Re-marketing Process.

The Issuer may decide to Redeem or Exchange all or some ROADS on a Step-up Date.

Re-marketing Process

Prior to a Step-up Date, the Issuer may issue a Re-marketing Process Invitation to Holders, notifying them that it would like to change certain terms of ROADS with effect from the Step-up Date. Through this process, the Issuer may change certain terms including the Market Rate (including from floating to fixed or fixed to floating or any other variation), Step-up Percentage, Exchange Discount, the frequency and timing of Dividend Payment Dates and the next Step-up Date.

Upon receipt of a Re-marketing Process Invitation, each Holder may give one of the following types of notice to the Issuer:

- > **Step-up Notice** – indicating that they do not wish to continue to hold ROADS unless the Step-up Margin applies with effect from the Step-up Date;
- > **Bid Notice** – indicating that they do not wish to continue to hold ROADS unless the New Margin is at least equal to a rate specified by the Holder (which must be less than the Step-up Margin) with effect from the Step-up Date; or
- > **Hold Notice** – indicating that they wish to continue to hold ROADS irrespective of the Margin which applies with effect from the Step-up Date.

If the Holder does not give the Issuer one of these notices, the Holder is deemed to have given a Hold Notice. If the Issuer does not issue a Re-marketing Process Invitation within the requisite period, the Terms of ROADS will not be adjusted and there will be no further Step-up Dates. From the Step-up Date, in respect of any ROADS which remain on issue:

- > the Margin will be the Step-up Margin; and
- > the Market Rate will be the One Year Swap Rate (reset on an annual basis).

Result of a Re-marketing Process

If at least 20% of Holders actively respond to the Re-marketing Process Invitation with Hold Notices or Bid Notices which specify a Margin equal to or less than the New Margin, the Issuer may set a New Margin (if approved by Downer) which, together with the other changed terms notified to Holders, will apply with effect from the Step-up Date (**Successful Re-marketing Process**).

If the Issuer sets a New Margin, Holders who provided a Step-up Notice or a Bid Notice specifying a margin higher than the New Margin will be Retiring Holders who are entitled to require Downer to Repurchase their ROADS if the Issuer chooses not to Resell the relevant ROADS. The New Margin will apply to all other Holders from the Step-up Date.

Under the Deed Poll, each Retiring Holder has the right to require Downer to Repurchase all of the Holder's ROADS, subject to the Issuer deciding not to Resell those ROADS.

If the Issuer decides not to set a New Margin, the Step-up Margin will apply from the Step-up Date in respect of any ROADS which remain on issue and the Market Rate will become the One Year Swap Rate (reset on an annual basis). In addition, no other Terms will be adjusted, there will be no further Step-up Dates and no Holder will have the right to be a Retiring Holder (**Unsuccessful Re-marketing Process**).

Resale

Instead of Exchanging ROADS held by a Retiring Holder after a Successful Re-marketing Process, the Issuer may sell or procure the sale of the relevant ROADS to a third party for an amount such that the net proceeds of sale are at least equal to the amount which would have been paid on Redemption of ROADS (determined as if ROADS were being Redeemed on the date which would otherwise have been the Redemption Date) (**Resale Date**), and remit the net proceeds to the Retiring Holder on the Resale Date. If the Issuer elects to Resell and the relevant ROADS are not Resold on or before the Resale Date, ROADS must be Repurchased on the Resale Date.

Repurchase

Under the Deed Poll, Downer has granted each Holder the right to require Downer to Repurchase all of the Holder's ROADS in circumstances where the Holder becomes a Retiring Holder during a Re-marketing Process and the relevant ROADS have not been Resold by the Issuer.

If any ROADS of a Retiring Holder are to be Repurchased, Downer must do one of the following:

- > Exchange the relevant ROADS for a number of Ordinary Shares equal to the Exchange Number; or
- > pay to the Retiring Holder in respect of each relevant ROADS an amount equal to the Issue Price.

In either case, the Issuer must also pay the Retiring Holder any Dividend scheduled to be paid on the Repurchase Date.

Exchange

On Exchange, subject to the approval of Downer, the Issuer has the right to require Holders to transfer their ROADS to Downer (or a nominee of Downer) in Exchange for Ordinary Shares. In that case, Downer will issue to the

relevant Holder a number of Ordinary Shares equal to the Exchange Number in respect of each ROADS purchased. The formula used to calculate the Exchange Number is described under the heading "Exchange" on page 50.

As described above, Retiring Holders may also receive Ordinary Shares as an Exchange on a Repurchase Date.

In any Exchange, Holders are obliged to accept Ordinary Shares notwithstanding anything which might affect the Ordinary Shares, including any change in the business prospects or financial position of Downer or its subsidiaries, or any disruption to the market or potential market for Ordinary Shares or to capital markets generally. Downer has no obligation to notify Holders of any such occurrence.

Voting rights

Holders have no right to receive notice of, attend or vote at meetings of shareholders of the Issuer, other than in respect of a proposal to amend or vary the Terms of ROADS to the detriment of a Holder or that otherwise affects any right attached to ROADS to the detriment of a Holder (in which case each Holder is entitled to one vote for each of its ROADS).

A Holder has no right to receive notice of, attend or vote at meetings of Shareholders of Downer.

Transfer

ROADS are transferable subject to all rights and obligations in respect of the Terms and the Deed Poll, to other persons without restriction, except as provided in clause 10.5 of the Terms which relates to liens and proof of title and also provides that the Issuer may refuse to register a transfer of any ROADS if the transfer would result in the purchaser holding less than 3,000 ROADS.

Summary of the Deed Poll

The following is a summary of the principal provisions of the Deed Poll. For further information, reference should be made to the Deed Poll itself – see Appendix B.

Benefit of the Deed Poll

The Deed Poll has been entered into by Downer for the benefit of:

- > Holders of ROADS
- > former holders of ROADS who are entitled to receive a payment referred to below; and
- > creditors of Downer.

Guarantee

Under the Deed Poll, Downer guarantees the payment by the Issuer of Dividends on ROADS and of amounts payable on Redemption of ROADS on an unsecured and subordinated basis (**Guarantee**). It is, however, important to note that:

- > the Directors of the Issuer or Downer can at any time determine that a Dividend is not payable;



- > ROADS are only able to be Redeemed at the election of the Issuer; and
- > Dividends and amounts payable on Redemption are payable only if the Directors of the Issuer take certain steps including:
 - in the case of a Dividend, deciding that the Issuer will meet the solvency test provided for in the Companies Act; and
 - in the case of Redemption, deciding that the Issuer will meet the solvency test after Redemption, and also resolving that the Redemption is in the best interests of the Issuer and that the consideration payable on Redemption is fair and reasonable to the Issuer.

All of these matters are entirely within the discretion of the Directors of the Issuer or Downer. If the Directors of the Issuer or Downer determine that a Dividend is not payable, or the Directors of the Issuer do not take the steps referred to above, the relevant amount will not become payable by the Issuer, and the Guarantee by Downer will not apply. Accordingly, the Guarantee will be effective only if the Directors of the Issuer (and in the case of a Dividend, Downer) at their discretion determine that payment should be made, but payment is not then made by the Issuer. As the Guarantee is subordinated, the claims of Holders under the Guarantee rank behind the claims of all creditors of Downer (other than any creditors which rank equally with Holders, if any).

Neither Works nor Downer Group Finance (NZ) Limited guarantee any amount in respect of ROADS or have any obligations in respect of them.

Repurchase by Downer

Under the Deed Poll, Downer has agreed to Repurchase ROADS held by Retiring Holders in certain circumstances. A “Retiring Holder” is a Holder who, for the purposes of a Successful Re-marketing Process, gave a Step-up Notice or Bid Notice specifying a margin higher than the New Margin set by the Issuer in that Successful Re-marketing Process. For further details, refer to page 38.

Exchange

If the Issuer elects to Exchange ROADS in the circumstances described on page 37 under the heading “Redemption and Exchange” and Downer agrees to that Exchange, Downer will issue to the relevant Holders a number of Ordinary Shares equal to the Exchange Number.

The formula used to calculate the Exchange Number is described under the heading “Exchange” on page 50.

Distribution Stopper

Downer gives covenants in favour of Holders as outlined under the heading “Distribution Stopper” on page 37.

Subordination

All obligations of Downer under the Deed Poll are subordinated to the obligations of Downer to its other creditors. That in effect means that Downer is not required to make any payment to Holders under the Deed Poll unless and until Downer has paid all of its other creditors (other than any creditors which rank equally with Holders, if any).

Summary of rights attaching to Ordinary Shares

The rights attaching to Ordinary Shares are set out in the Constitution of Downer and are also regulated by the Corporations Act, the ASX Listing Rules and the general law applying in Australia. The rights conferred on Ordinary Shareholders include:

- > the right to receive notice of, and to attend and vote at, general meetings of Downer;
- > the right to receive all notices, accounts and other documents required to be sent to Shareholders under the Constitution, the Corporations Act or the ASX Listing Rules; and
- > the right to receive dividends in proportion to the amounts paid up (not credited) on the Ordinary Shares held by that Shareholder.

Subject to the Constitution of Downer, the Corporations Act, ASX Listing Rules and ASTC Settlement Rules, Shareholders may transfer their Ordinary Shares by a written transfer instrument in the usual form, any form approved by the Directors of Downer, by a proper transfer effected in accordance with the ASTC Settlement Rules and ASX requirements or, where transfer occurs through the NZX order matching system, in accordance with any requirements of NZX.

Other information

The above is a simplified and general description of some of the rights of Holders and Ordinary Shareholders. All terms of the Offer, ROADS and Ordinary Shares, except those rights and obligations implied by law, are set out in this Offer Document and the Constitutions of the Issuer and Downer and the Deed Poll (all of which are available for public inspection at the Issuer's registered office at 14 Amelia Earhart Avenue, Airport Oaks, Auckland during normal business hours).

The Constitution of the Issuer may also be inspected at the New Zealand Companies Office on its website at www.companies.govt.nz. Where relevant documents are not available on the Companies Office website, copies may also be obtained (on payment of a fee) by telephoning the Companies Office Contact Centre on 0508 266 726.

WHO IS INVOLVED IN PROVIDING IT FOR ME?

Works Infrastructure Finance (NZ) Limited, a wholly-owned subsidiary of Downer, is the Issuer of ROADS. Its registered office is at 14 Amelia Earhart Avenue, Airport Oaks, Auckland.

In the event that ROADS are Exchanged, Downer will be the issuer of Ordinary Shares. Downer has its registered office at Level 3, 190 George Street, Sydney NSW 2000, Australia. Its address and principal place of business in New Zealand is c/- Works Infrastructure Limited, 14 Amelia Earhart Avenue, Airport Oaks, Auckland.

The promoters of the Offer are Downer and its Directors. The names and the cities of residence of the Directors are set out in Section 3. All of the Directors of Downer can be contacted through the office of Works Infrastructure Limited at 14 Amelia Earhart Avenue, Airport Oaks, Auckland.

The Issuer was incorporated on 16 February 2007 and has not, as at the date of this Offer Document, carried on any business or activity other than in preparation for the Offer. The only business of the Issuer will be the issue of ROADS and the investment in Works Shares, and the only assets of the Issuer will be Works Shares. The Issuer does not currently intend to have any other business pursuits.

Downer is an Australian company formed in 1989 and publicly listed since 1998. Its first predecessor, Downer & Co Limited, originated in New Zealand in 1933 and remains as a New Zealand registered holding company in the Group.

Downer is a leading provider of comprehensive engineering and infrastructure management services to the public and private transport, energy, communications and resources sectors in New Zealand, Australia, Asia-Pacific and the United Kingdom. Downer is one of Australia's largest listed engineering, infrastructure and resource services companies with shareholders' funds of A\$1.0 billion, assets of A\$3.1 billion, more than 22,000 employees and an annual turnover approaching A\$5 billion, each as at 31 December 2006. Downer is listed on the NZX and ASX under the ticker code "DOW". Further information about its business is set out in Section 3.

HOW MUCH DO I PAY?

ROADS are to be issued for \$1.00 each which must be paid in full on Application.

Applications must be for a minimum of 3,000 ROADS (\$3,000) and thereafter in multiples of 1,000 ROADS (\$1,000).

The Offer comprises:

- > an Employee Offer made to Eligible Employees;
- > a Shareholder Offer made to Eligible Shareholders;
- > a General Offer made to General Applicants;
- > a Broker Firm Offer made to Broker Firm Applicants; and
- > an Institutional Offer, made to certain Institutional Investors who are invited to bid for an Allocation by the Joint Lead Managers.

Employee Offer, Shareholder Offer and General Offer

Applicants under the Employee Offer, Shareholder Offer and General Offer need to return the relevant Application Form, together with Application Payment, to the address set out below so that it is received by the Registry no later than 5.00pm on the Closing Date.

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland
OR:
Private Bag 92119
Auckland 1142

Applicants may also lodge their Application with any Primary Market Participant, or the Joint Organising Participants, but must deliver it in time to enable the Application Form to be forwarded to the Registry no later than 5.00pm on the Closing Date.

Broker Firm Offer

Applicants accepting a Firm Allocation from a NZX Firm or approved financial intermediary need to return the relevant Application Form to the offices of the NZX Firm or approved financial intermediary which has provided that Firm Allocation in time for it to be forwarded to and received by the Registry no later than 5.00pm on the Closing Date.

Institutional Offer

Applicants under the Institutional Offer must submit their Applications in accordance with arrangements made with the Joint Lead Managers.

Application payments

Cheques for ROADS must be made payable to "Works ROADS Offer" and be crossed "Not Transferable" for payment in New Zealand dollars and for immediate value.

Ordinary shares

No amount is payable by Holders on the issue of Ordinary Shares if ROADS are Exchanged for Ordinary Shares.

WHAT ARE THE CHARGES?

Other than their Application payment, investors are not required to pay any charges to the Issuer in relation to the Offer. ROADS purchased or sold on NZX are likely to attract normal brokerage fees and charges.

No charges are payable by a Holder if their ROADS are Exchanged for Ordinary Shares. However, normal brokerage fees and charges are likely to apply in relation to any Ordinary Shares purchased or sold on ASX or NZX.

NZX Firms and approved financial intermediaries will be paid a brokerage fee of the lesser of \$10,000 or 1.00% of the Issue Price in respect of ROADS allotted pursuant to each valid Application submitted by Broker Firm Applicants bearing their stamp.



Primary Market Participants and approved participants in the Bookbuild will also be paid a Firm Allocation fee of 0.50% of the Issue Price in respect of ROADS allotted pursuant to valid Applications submitted under Firm Allocations.

Downer or another member of the Downer Group on behalf of the Issuer will pay all fees to the Joint Lead Managers who will then pay the relevant fees to the Primary Market Participants and approved financial intermediaries and also approved participants in the Bookbuild committing to a Firm Allocation. Neither the Issuer nor any other member of the Downer Group will be liable for any fees payable to Co-Managers, Primary Market Participants, approved financial intermediaries or approved Bookbuild participants.

WHAT RETURNS WILL I GET?

ROADS

A Holder's return on ROADS will be comprised of the following:

Dividends

Dividends on ROADS may be paid in cash or a combination of cash and imputation credits.

First Dividend: The first Dividend is payable on 15 June 2007. The first Dividend will be paid to the initial successful Applicant, irrespective of any transfer of ROADS by that initial successful Applicant prior to the first Dividend Payment Date.

The first Dividend will be calculated on a daily basis in respect of the period from the date Application monies for the relevant ROADS are banked to (but excluding) 15 June 2007.

Subsequent Dividends: Dividends are payable thereafter on 15 September, 15 December, 15 March and 15 June each year (or, if that day is not a Business Day, the next Business Day). Dividends are also payable on a Redemption Date, Repurchase Date, Resale Date or Exchange Date.

The cash component of each quarterly Dividend will be calculated in accordance with the following formula:

$$\text{Dividend} = \frac{(\text{Dividend Rate} \times \text{Issue Price})}{4} \times (1-T)$$

Where:

Dividend Rate means:

- > until the first Step-up Date, the rate set on the Issue Date in accordance with clause 13.1 of the Terms – this will be no less than the minimum rate disclosed to the market after the Bookbuild on 14 March 2007; and
- > following the first Step-up Date, the sum of the **Market Rate** and the **Margin** where:
 - the **Market Rate** will either be:
 - set by the Issuer through a Successful Re-marketing Process; or

- the One Year Swap Rate applying on the Step-up Date and reset on an annual basis thereafter; and
- the **Margin** will either be:
 - the New Margin set by the Issuer through a Successful Re-marketing Process (**New Margin**); or
 - the Initial Margin increased by the Step-up Percentage of 2.00% (**Step-up Margin**)

T means the basic rate of income tax (expressed as a decimal) applicable to the Issuer under the Tax Act.

It is expected that Dividends will be Fully Imputed. Accordingly, (on the basis that the relevant corporate tax rate (T) remains at the current rate of 33%) the cash component of Dividends is expected to be 67% of the applicable Dividend Rate. If Dividends are not Fully Imputed, it is expected that the cash Dividend will be adjusted to compensate for the unimputed amount.

If any Dividend is not a quarterly Dividend it will be calculated on a daily basis.

Distribution Stopper

Dividends will not be paid in full if either the Directors of the Issuer or the Directors of Downer determine that the Dividend or any part of it is not payable. Dividends are not cumulative where Dividends are not paid. As a result, Holders are not entitled to Dividends if the Directors of the Issuer or Downer decide not to pay a Dividend. Accordingly, no guarantee can be given that a Dividend will always be paid.

Where a Dividend on ROADS is not paid in full within 20 Business Days from the relevant Dividend Payment Date, the Terms and the Deed Poll will prevent the Issuer and Downer from paying dividends, making any other form of capital distribution and from redeeming, reducing, cancelling or buying back or acquiring for any consideration any share capital (other than in respect of ROADS) without approval of a Special Resolution of Holders, unless:

- > four consecutive Dividends scheduled to be paid on ROADS after the Dividend Payment Date of the Dividend that has not been paid have been paid in full; or
- > an Optional Dividend has been paid equal to the unpaid amount of any unpaid Dividends which were scheduled to be paid in the 12 months prior to the date of payment of the Optional Dividend; or
- > all ROADS have been Redeemed, Repurchased or Exchanged.

Redemption

If any ROADS are to be Redeemed, the Issuer must pay to the Holder in respect of each relevant ROADS an amount equal to the Issue Price. The Issuer must also pay the Holder any Dividend scheduled to be paid on the Redemption Date.

Repurchase

If any ROADS are to be Repurchased, Downer must pay to the Holder in respect of each relevant ROADS an amount equal to the Issue Price. The Issuer must also pay the Holder any Dividend scheduled to be paid on the Repurchase Date.

Resale

If any ROADS are to be Resold, the Issuer must procure the acquisition of those ROADS by a third party for an amount such that the net proceeds of sale are at least equal to the amount which would have been paid on Redemption and remit the net proceeds to the Holder.

Exchange

A description of the Issuer and Downer's obligations upon Exchange is set out in this Investment Statement in relation to the question "What sort of investment is this?" under the heading "Exchange" on page 39. Further details in relation to Exchange are also set out in this Investment Statement in relation to the question "How do I cash in my investment?" under the heading "Exchange" on page 50.

Sale

If the Holder sells ROADS to a third party, the Holder may realise a gain if the sale price exceeds the Issue Price, or alternatively, may realise a loss if the sale price is less than the Issue Price.

The key factor affecting returns of ROADS will be the amount received by the Issuer under the Works Shares. That in turn will depend on the financial performance of Works and the Downer Group as a whole.

Nothing contained in this Offer Document should be construed as a promise of profitability of the Downer Group, and neither the Issuer nor Downer or any of their respective Directors can give any assurance about the level of Dividends, if any, or the level of imputation credits. No amount of returns is promised by the Issuer or any other person.

Ordinary Shares

The returns on Ordinary Shares comprise the following:

Dividends

In the event that ROADS are Exchanged for Ordinary Shares in Downer, holders of those Ordinary Shares may receive dividends.

The Directors of Downer may from time to time declare and pay dividends out of the profits of Downer and may fix the amount and timing for payment and the method of payment of any such dividend. Subject to Downer's Constitution and the ASX Listing Rules, dividends are payable to all Shareholders in proportion to the amounts paid up (not credited) on the Ordinary Shares held by them.

Returns on Ordinary Shares are not payable on fixed dates. No person, including the Directors of either the Issuer or Downer, can give any assurance regarding the payment of dividends on Ordinary Shares.

No amount of returns is promised on the Ordinary Shares by Downer or any other person.

The key factors that will determine returns on the Ordinary Shares following any Exchange will be the financial performance of the Downer Group and the market price of the Ordinary Shares.

Sale

Ordinary Shareholders may benefit from any increase in the market price of Ordinary Shares. The market price of Ordinary Shares may also decline. The price of Ordinary Shares (as quoted on ASX and NZX) may rise or fall due to numerous factors which may affect the financial performance of Downer. This may include, among other things:

- > general economic conditions including inflation rates and interest rates;
- > variations in the general market for listed stocks in general or for stocks in the sectors in which Downer and its subsidiaries operate in particular;
- > changes to government policy, legislation or regulation;
- > the inclusion or removal of Downer from major stock market indices; and
- > general operational and business risks.

Fluctuations in the price of Ordinary Shares due to factors including those described above may result in Shareholders receiving a market price for their Ordinary Shares that is more than or less than the market price of those Ordinary Shares when they were Exchanged.

A\$/NZ\$ exchange rate

Ordinary Shares are traded and quoted principally in A\$. Fluctuations in the A\$/NZ\$ exchange rate will affect the value in NZ\$ of Ordinary Shares.

Fluctuations in the A\$/NZ\$ exchange rate will also affect the NZ\$ equivalent of any dividend (which will be denominated in A\$) that a Shareholder receives following any Exchange.

No quantifiable amount of returns is promised on Ordinary Shares.

Taxation

Taxes may affect the return to Holders. Dividends on ROADS paid to Holders who are resident in New Zealand for New Zealand tax purposes will be subject to New Zealand income tax but a Holder's liability in respect of such taxes may be reduced or satisfied to the extent Dividends have imputation credits attached.



If Dividends are not Fully Imputed, it is expected that the cash Dividend will be adjusted to compensate for the unimputed amount.

In addition, in some cases, gains on the sale of ROADS or Ordinary Shares may be taxable to investors.

Further information relating to tax is set out in Section 5. Investors should obtain their own tax and legal advice regarding all aspects of ROADS, Ordinary Shares and the Offer.

Persons liable

The Issuer will be legally liable to pay any Dividends on ROADS which are payable under the Terms. If a Holder sells ROADS, the purchaser of those ROADS will be legally liable to pay the purchase price for those ROADS.

Downer will be legally liable to pay any dividends on Ordinary Shares which are declared to be payable. If a holder sells their Ordinary Shares, the purchaser of those Ordinary Shares will be legally liable to pay the purchase price for those Ordinary Shares.

Guarantee

Under the Deed Poll, Downer gives the Guarantee in respect of ROADS. That Guarantee applies only if amounts become payable in respect of ROADS. The Directors of the Issuer (and, in the case of Dividends, the Directors of Downer) have complete discretion as to whether amounts become payable in respect of ROADS. The Guarantee is unsecured and subordinated to all other creditors of Downer. The Issuer is a wholly owned subsidiary of Downer.

The Deed Poll may be amended in the limited circumstances set out in clause 11 of the Deed Poll – see Appendix B.

The Deed Poll does not restrict Downer from entering into any transaction or from acquiring and disposing of assets, entering into any borrowing, guarantee or indemnity and creating and issuing further guarantees, loans or other equity or debt securities including securities or other indebtedness ranking ahead of, or equally with, claims of Holders under the Guarantee, other than accepting, procuring the grant of, or allowing to exist, any encumbrance in its favour from Downer in respect of ROADS, while any moneys owing under the Guarantee are still outstanding.

Returns on Ordinary Shares are not guaranteed.

The information set out in this Section should be read in conjunction with the information set out in the Section entitled “What are my risks?” below. The factors described in that Section could reduce or eliminate the Dividends or other returns intended to be derived from holding ROADS or Ordinary Shares.

WHAT ARE MY RISKS?

Before applying for ROADS, an investor should consider whether ROADS are a suitable investment for that investor. Investors should be aware that there are risks associated with an investment in ROADS generally. In particular, these risks arise from the nature of ROADS and the Terms.

As Holders may receive Ordinary Shares in certain circumstances, and as the Downer Group’s business and financial performance may affect its credit quality and, hence, the value of ROADS themselves, investors should also be aware that there are risks associated with an investment in the Downer Group generally. In particular, these risks arise from the business and structure of the Group.

Many of these risks are outside the control of the Directors, including the risk factors set out in this Section and other matters mentioned in this Investment Statement.

General risks

General factors such as economic activity, inflation, currency exchange fluctuations, interest rate movements, industrial disruption, commodity prices, stock market fluctuations, changes in government policy, political instability, terrorist acts, natural disasters, new regulations and changes to legislation may have an impact on all companies, including the Downer Group and its future operating performance. The diversified nature of the Group’s operations to some extent mitigates some of these risks.

Risks associated with ROADS – Offer specific Dividends

There is a risk that Dividends will not be paid. Dividends are payable by resolution of the Directors and can only be paid to the extent permitted by applicable law. It is intended that Dividends will be paid from the dividends received by the Issuer on Works Shares. If no dividends on the Works Shares are paid to the Issuer, there is a risk that Dividends (or part thereof) will be determined not to be payable to Holders. The Guarantee would not apply in this situation, as it only applies in circumstances where a Dividend is payable but remains unpaid by the Issuer.

Dividends are non-cumulative, and therefore if a Dividend is not paid in any Dividend Period, it may not be made up in subsequent periods.

However, if a Dividend is not paid in full within 20 Business Days after the relevant Dividend Payment Date, the Terms and the Deed Poll will prevent the Issuer and Downer from paying dividends, making any other form of capital distribution and from redeeming, reducing, cancelling or buying back or acquiring for any consideration any share capital (other than in respect of ROADS) without approval of a Special Resolution of Holders, unless:

- > four consecutive Dividends scheduled to be paid on ROADS after the Dividend Payment Date of the Dividend that has not been paid have been paid in full; or
- > an Optional Dividend has been paid equal to the unpaid amount of any unpaid Dividends which were scheduled to be paid in the 12 months prior to the date of payment of the Optional Dividend; or
- > all ROADS have been Redeemed, Repurchased or Exchanged.

Imputation

Imputation credits are expected to be attached to Dividend Payments. If Dividends are not Fully Imputed, it is expected that the cash Dividend will be adjusted to compensate for the unimputed amount.

Perpetual term

ROADS are a perpetual security. Holders do not have the right to require the Issuer to Redeem or Exchange that Holder's ROADS.

Holders may, however, in the circumstance outlined on page 39, require Downer to Repurchase that Holder's ROADS.

Therefore, if Holders want to realise their investment, they will have to sell their ROADS on-market.

Guarantee

The Guarantee given by Downer under the Deed Poll only applies if a Dividend or an amount payable upon Redemption actually becomes payable by the Issuer (see page 39 under the heading "Guarantee"). If the Guarantee does apply, Downer's liability under the Guarantee is subordinated to all other creditors of Downer. That in effect means that Downer will not make any payment to Holders under the Deed Poll unless and until Downer has paid all of its other creditors (other than any creditors which rank equally with Holders, if any). Downer is not limited in any way from issuing further securities ranking ahead of the Guarantee.

Redemption, Exchange, Repurchase or Resale

The Issuer and/or Downer have the right to Redeem, Exchange, Repurchase and/or Resell all or some of a Holder's ROADS in certain circumstances, including if events associated with certain regulatory, accounting, taxation or other specified events occur.

As such, if the Issuer and/or Downer are entitled to Redeem, Exchange, Repurchase or Resell any ROADS, the method and date by which the Issuer or Downer elects to do so may not accord with the preference of individual Holders. This may be disadvantageous in light of market conditions or a Holder's individual circumstances.

If the Issuer elects to Exchange ROADS, but on the Exchange Date the Ordinary Shares of Downer are

not quoted on ASX, the relevant ROADS will not be Exchanged.

Potential A\$ investment

Holders should be aware that if the Issuer decides to Exchange any ROADS, they will receive Ordinary Shares which are an A\$ denominated investment.

The NZ\$ value of those shares (and any dividends on those shares) would therefore be affected by changes to the A\$/NZ\$ exchange rate. Fluctuations in the A\$/NZ\$ exchange rate may therefore result in the Holder receiving more or less than the NZ\$ amount initially invested.

Ability to vary the Terms

If a Successful Re-marketing Process occurs, the Issuer may, in addition to resetting the Margin, reset other important terms including the Market Rate, Step-up Percentage, the timing of the next Step-up Date, and the frequency and timing of Dividend Payment Dates. These changes may not suit the needs or preferences of Holders.

Ranking and subordination

Each ROADS confers on its Holder the right to payment of the Issue Price in a liquidation of the Issuer in priority to any other class of shares other than any preference shares ranking equally with ROADS.

In the event of the winding-up of Downer, the claims of Holders under the Guarantee (if Downer has defaulted) will rank behind the claims of all creditors of Downer (other than any creditors which rank equally with Holders, if any).

ROADS are shares in the Issuer. Accordingly, they rank for payment in a liquidation after all creditors of the Issuer. The obligations of Downer under the Deed Poll are subordinated to the claims of all creditors of Downer (other than any creditors which rank equally with Holders, if any). Accordingly, there is a risk that, on the occurrence of a liquidation of the Issuer or a winding-up of Downer, there will be insufficient funds available to provide a return of capital to Holders.

Further securities

The Issuer may from time to time issue further ROADS or other securities which rank equally with, or ahead of, ROADS. Further securities may differ in their terms from ROADS including in respect of, among other things, their dividend payment dates, market rate, margin, redemption, and exchange.

Market price

ROADS may fluctuate in market price due to various factors, including:

- > New Zealand, Australian and international economic conditions including inflation and interest rates and equity market conditions;



- > investor perceptions;
- > movements in the market price of Ordinary Shares;
- > the market for ROADS being less liquid than the market for Ordinary Shares; and
- > movements in global equity markets as a result of hostilities or terrorist activity.

The market price of ROADS may be more sensitive than Ordinary Shares to changes in interest rates, and it is possible that ROADS may trade below the Issue Price.

Liquidity

The market for ROADS may be less liquid than the market for Ordinary Shares. Holders who wish to sell their ROADS may not be able to do so at an acceptable price or at all if insufficient liquidity exists in the market for ROADS.

Absence of market

As the Offer is the initial issue of ROADS in New Zealand, there is currently no established market for the sale of ROADS. There can be no assurance that an active trading market will develop for ROADS or that they will trade in the public market subsequent to the Offer at or above the Issue Price.

The market price of ROADS or Ordinary Shares may be volatile. Factors such as those discussed in this Section, general trends in interest rates and currencies, New Zealand and Australian international debt and equity markets and the Australian and New Zealand economies could cause the market price of ROADS or Ordinary Shares to fluctuate. Such fluctuations may have a material adverse effect on the market price of ROADS or Ordinary Shares.

Securities eligible for future sale

No prediction can be made as to the effect, if any, that future sales of ROADS or Ordinary Shares, or the availability of ROADS or Ordinary Shares for future sales, will have on the market price of ROADS or Ordinary Shares prevailing from time to time. Sales of substantial numbers of ROADS or Ordinary Shares, or the perception that such sales may occur, may adversely affect prevailing market prices.

Credit rating

Downer has an Issuer Default Rating of BBB- from Fitch Ratings. Ratings of BBB- and above are considered to be investment grade.

The rating of Downer may change over time, depending on the business, operational and financial performance and profile of the Downer Group. The Margin will not be adjusted for any such changes in the credit rating of Downer. A change in rating may adversely affect the price of ROADS quoted on the NZDX and therefore proceeds received from a sale of ROADS on the NZDX.

Ratings are statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities. Ratings may be changed, withdrawn or suspended at any time.

Acquisition Event

On the occurrence of an Acquisition Event, the Issuer may choose to Redeem or Exchange all or some ROADS on issue. Exchange may only occur if the Ordinary Shares remain quoted on ASX at the time of Exchange. The Issuer's decision in this regard may not accord with the preferences of individual Holders. This may be disadvantageous to Holders in light of market conditions or their individual circumstances.

If an Acquisition Event occurs and the Acquisition Event has been recommended by the Directors of Downer and approved by the Directors of the Issuer, the Margin will increase by the Additional Margin. Given that the credit profile of the Downer Group may change after the occurrence of such an Acquisition Event, the Additional Margin may be disadvantageous to Holders in light of market conditions or their individual circumstances.

Taxation considerations

A general description of the New Zealand tax consequences of investing in ROADS is set out in Section 5. The information contained in that Section is in general terms only and is not intended to provide specific advice in relation to the circumstances of any particular investor. Accordingly, investors should seek independent advice in relation to their personal circumstances.

Holders of ROADS and/or Ordinary Shares should be aware that future changes in Australian and New Zealand taxation law including changes in interpretation or application of the law by the courts or taxation authorities in Australia and New Zealand, may affect the taxation treatment of an investment in ROADS, or the holding and disposal of ROADS or Ordinary Shares. An adverse change in law may provide grounds for the Issuer to Redeem or Exchange ROADS.

Accounting classification of ROADS

A written accounting opinion has been obtained from the Auditor to confirm that ROADS will be classified as equity for the Downer Group's consolidated accounts under A-IFRS. However, there is a possibility that the applicable accounting standards could be amended, revised or subject to interpretation by the accounting standard setting bodies which could result in ROADS being reclassified as a financial liability.

If ROADS were reclassified as a financial liability as a result of any such regulatory changes, this would result in the reclassification of Dividends for accounting purposes as an interest expense in arriving at the net profit or loss after tax attributable to Ordinary Shareholders on a consolidated basis. In this event, the Issuer would be

entitled to Redeem or Exchange ROADS. As such, if the Issuer is entitled to Redeem or Exchange ROADS, the method and date by which the Issuer elects to do so may not accord with the preference of individual Holders. This may be disadvantageous in light of market conditions or a Holder's individual circumstances.

Recovery of Dividends or Redemption Amount

It is possible under New Zealand legislation for a Dividend or Redemption Amount to be recovered from a Holder if the Issuer did not satisfy the solvency test immediately after the payment of that Dividend. However, there are limitations on the ability to recover a Dividend or Redemption Amount from Holders once it has been paid, where the Holder received the Dividend or Redemption Amount in good faith and without knowledge of the Issuer's failure to satisfy the solvency test, and where it would be unfair to require the repayment in full or at all. The Guarantee will not apply in any circumstances where a Dividend or Redemption Amount is recovered from Holders.

Risks associated with the Downer Group – Guarantor specific

Competition

The industries in which the Downer Group operates are highly competitive and are expected to remain so. Any increase in competition could result in loss of market share, reduced operating margins and price reductions. Any of these occurrences could adversely affect the operating and financial performance of the Group. Although the Group has a sound track record in securing new contracts and competing effectively in the business areas it operates in, there can be no assurance that any or all of its businesses will continue to perform in the future.

Sensitivity of earnings to project revenue

A substantial portion of the Downer Group's revenue is derived from alliance contracts, which tend to extend over multiple years at relatively stable levels, and project revenue, which relates to specific projects that typically have a shorter time frame. Project revenue therefore has a greater propensity to vary from year to year. Forecast performance is based on assumptions of utilisation for employees which are considered appropriate, but which provide capacity for additional project revenue, should this be won. The Group's financial performance in any future period is sensitive to the timely and successful execution of projects and changes in utilisation rates driven by project activity levels.

Sustainability of growth and margins

The sustainability of the Downer Group's future growth and the profitability of operations are dependent on a number of factors outside its control. There is no assurance that the Group's historical performance is indicative of future operating results. The diversified

nature of the Group's operations, however, should assist in reducing the impact of short term margin pressures that may occur in individual industry sectors.

Macroeconomic factors

The Downer Group's financial performance is dependent on the level of activity within the industries in which it operates. The level of activity in these sectors is sensitive to several factors outside of the Group's control. These include, but are not limited to, the level of gross domestic product in the countries in which it operates, the policies pursued by governments and commodity prices. The diversified nature of the Group's operations, however, should partially offset its exposure to cyclical factors affecting an individual industry sector. The Group is not able to predict the timing, extent or duration of the activity cycles in the markets in which it operates.

Political factors

The Downer Group undertakes work for a range of public and private sector clients. The Group's operating and financial performance may be influenced by a number of political considerations including, but not limited to, the priority accorded by governments to infrastructure projects, the attitude of governments to private sector participation in infrastructure projects and changes in the level of government spending on such projects. These factors may affect the Group's operations in any or all of the jurisdictions in which it operates.

Financing

The Downer Group's continued ability to effectively implement its business plan over time may depend in part on its ability to raise additional funds and/or refinance its existing debt. As Downer's business grows, it may require additional working capital. There can be no assurance that any such equity or debt funding will be available on favourable terms or at all. If adequate funds are not available on acceptable terms, the Group may not be able to take advantage of opportunities, develop new ideas or otherwise respond to competitive pressures.

Accounting policies

The preparation of the Downer Group's financial reports requires management to make certain judgments, estimates and assumptions. These may relate to cost estimates, price estimates, the financial impact of contractual disputes or any other matter which cannot be measured with precision at the date of a financial report. The estimates and underlying assumptions are reviewed by the Group's management team on an ongoing basis, and periodically reviewed by the Auditor, and may be adjusted from time to time. Actual results may differ materially from these estimates based on such reviews.



Exchange rate

The revenues, profits, assets and liabilities of the Downer Group may be exposed to exchange rate fluctuations. In addition, the Group's ability to compete against international companies may be adversely affected by movements in exchange rates that would reduce the Group's relative competitiveness.

Acquisition integration

The Downer Group has pursued and may in the future pursue strategic acquisitions in the course of its business. To finance such acquisitions, the Group may procure additional debt and/or seek to raise equity capital. A strategy of growth through acquisition entails numerous operational and financial risks. These risks include, but are not limited to, poor integration of the acquired businesses, entry into market segments with more volatile revenues than existing operations and loss of managerial focus on existing businesses. Acquisition risk may have a material and adverse impact on the Group's financial position.

Operations

While the Group has established risk management practices to identify, monitor, control and manage risk at the individual contract or project level, the profitability of the Group will continue to be subject to a range of operational risks. These risks include, but are not limited to, loss or damage to operating assets and equipment, equipment failures or breakdowns, human error, accidents, weather, natural disasters, terrorism, cost over-runs, delays, litigation or damage by third parties.

Personnel

The loss of a number of key personnel may materially impact the Downer Group's earnings and growth prospects. In addition, the Group may be adversely affected by increases in compensation costs and/or difficulties in attracting skilled personnel.

Contracting and counterparty risks

The industries in which Downer operates involve contracts for projects that include requirements for completion within the agreed timeframe, to agreed specifications, and within budget. In addition, in some cases (including Reliance Rail), Downer is subject to risks in relation to the design and implementation of the relevant project. Where possible, Downer seeks to mitigate these risks by using previously implemented designs, comprehensive prototype testing, and factoring contingency into the relevant contract. Cost over-runs or unfavourable project outcomes could, however, adversely affect the cash flows, financial performance and position of the Downer Group.

The Downer Group has over 5,000 contracts with third parties and as such is not dependent on any key customers and suppliers. However, there is a risk that counterparties to agreements with the Group do not

perform their obligations under those agreements which may adversely impact the financial position of the Group.

Downer also contracts alongside and/or subcontracts to third parties in certain cases (including in Reliance Rail). Downer may be exposed to liability where those third parties do not perform their obligations under those contracts in which case Downer may also have liability for the non-performance of such third parties or be required to source resources from additional providers. Where possible, to mitigate these risks, Downer seeks to include provisions limiting its liability under the relevant contract, to enter into contracts with reputable parties of acceptable standing, and take other measures such as requiring performance bonds or measures of liquidated damages from subcontractors.

Outsourcing

The Downer Group's business prospects partly depend on a continuation of the trend towards outsourcing of non-core functions by potential clients, particularly those with large infrastructure assets or which are in the mining sector. If this trend does not continue or reverses, it may have a material impact on the Group's profitability and growth prospects.

Contractual disputes and litigation

There is a risk that disputes in respect of a major contract (such as the Iluka contract described in Section 6 under the heading "Pending Proceedings") will have a material adverse impact on the Group's financial position.

The Downer Group is currently involved in a number of contractual disputes and litigation matters which may be material in the context of the Group taken as a whole. Summaries of these matters have been previously disclosed to the market by Downer and are also described in Section 6. While no assurance can be made as to the outcome of these matters, appropriate advice has been obtained and, in light of such advice, aggregate provisions as deemed necessary have been made and are disclosed in the Group's financial reports. If these provisions prove inadequate, this may have a material adverse effect on the Group's financial performance and position.

Industrial disputes

There is a risk of industrial disputes arising from claims for higher wages and/or better conditions in any industry in which the Downer Group operates. This could disrupt operations and result in a loss of earnings.

Information systems

The Downer Group has invested in and will continue to invest in the development of information systems in order to improve the operation of its businesses. While the Group will make every effort to ensure these systems are maintained and continually improved, system failures may negatively affect the company's performance.

Liability

In the course of its operations, the Downer Group may be held liable for losses arising from negligence or defective work, including indirect losses suffered by third parties.

Insurance

Downer has insurance which it believes to be commensurate with industry standards and adequate having regard to the business activities of the Downer Group. However, there are risks that this will be insufficient to meet a very large claim or a number of large claims, that either the Downer Group or one of its divisions is unable to secure insurance to satisfactorily cover all anticipated risks or that the cost of insurance will increase beyond anticipated levels.

Regulatory

Health and safety and environmental laws and regulations affect the Group's operations. The Downer Group abides by the respective laws and regulations of each of the jurisdictions in which it operates. Changes to these laws and regulations may have a material detrimental effect on the Group's performance. Regulatory developments that may impact the Group include, but are not limited to, changes in environmental laws, modifications to labour laws and amendments to the standard of proof required in civil liability laws. Failure to comply with applicable laws and regulations may result in penalties against Downer and loss of income or reputation.

Management of growth

The Downer Group has experienced rapid growth in the scope of its operating activities, the geographical area of its operations and employee numbers. This growth has resulted in an increased level of responsibility for new and existing management personnel. To manage this growth effectively, the Group will need to continue to develop and refine its management systems to maintain efficient management of its operating and financial systems and continue to train, expand and manage its employee base.

Access to resources

Access to resources is a potential risk to the Downer Group. Inability to source materials and other key inputs required by the Group or suitable contractors could limit the Group's ability to deliver against its objectives which could have a material adverse impact on the Group's financial position.

Conclusion

The above risks should not be taken as exhaustive of the risks associated with an investment in ROADS, Ordinary Shares and the Downer Group generally.

The risks above and other risks not specifically referred to may in the future materially adversely affect the value of an investment in ROADS or Ordinary Shares, and the Downer Group's financial position and performance.

On termination of an investment in ROADS or Ordinary

Shares (which have been Exchanged from ROADS), Holders, for the reasons outlined above, may receive less than the consideration that was provided for the subscription of those ROADS.

Consequences of insolvency

Holders will not be liable to pay any additional money (in excess of the Issue Price payable to the Issuer on Application for ROADS) to any person in the event of insolvency of the Issuer or Downer except where a Dividend or Redemption Amount may be recovered from Holders where the Issuer did not, immediately after payment of the Dividend, satisfy the solvency test.

All claims of creditors of the Issuer rank ahead of the claims of Holders in the event of any liquidation of the Issuer. Holders of ROADS rank equally with each other upon a liquidation of the Issuer.

The obligations of the Deed Poll rank after the claims of all creditors of Downer.

All claims of creditors and holders of shares ranking in priority to the Ordinary Shares rank ahead of the claims of Shareholders in the event of any liquidation or winding-up of Downer. All Shareholders rank equally with each other upon a liquidation or winding-up of Downer.

CAN THE INVESTMENT BE ALTERED?

The terms of the Offer are set out in this Offer Document. Those terms may be altered by an amendment to this Offer Document by the Issuer. Details of any such amendment must be filed with the Companies Office.

Re-marketing Process

Prior to a Step-up Date, the Issuer may issue a Re-marketing Process Invitation to Holders. The Invitation will include the terms of ROADS that may be adjusted with effect from the Step-up Date.

The terms that may be adjusted are:

- > Market Rate (including from floating to fixed or fixed to floating or any other variation);
- > Step-up Percentage;
- > Exchange Discount;
- > frequency and timing of Dividend Periods;
- > frequency and timing of Dividend Payment Dates; and
- > next Step-up Date.

The terms will only be altered after a Successful Re-marketing Process.

If the Issuer does not issue a Re-marketing Process Invitation within the requisite period, the Terms of ROADS will not be adjusted and there will be no further Step-up Dates. From the Step-up Date, in respect of any ROADS which remain on issue:

- > the Margin will be the Step-up Margin; and



- > the Market Rate will be the One Year Swap Rate (reset on an annual basis).

Variation of Terms of ROADS

Alteration without consent

The Issuer may, without the authority, assent or approval of the Holders, vary or add to the rights attaching to ROADS if such variation or addition is:

- > of a formal, minor or technical nature; or
- > made to correct a manifest error; or
- > not likely to be materially prejudicial to the interests of the Holders (taken as a whole and in conjunction with all other variations, if any, to be made contemporaneously with that variation).

Alteration with consent

The Terms of ROADS may be altered with the approval of each of the following:

- > the Board of the Issuer;
- > Downer; and
- > a Special Resolution of the Holders (being a resolution passed by a majority of at least 75% of the votes validly cast by Holders in person or by proxy and entitled to vote on the resolution).

Variation of rights attaching to Ordinary Shares

Subject to the Corporations Act and the ASX Listing Rules, all or any of the rights attached to any class of shares (including the Ordinary Shares) in Downer may be varied or cancelled with the consent in writing of the holders of at least 75% of the issued shares in the particular class or the sanction of a special resolution passed at a meeting of holders of shares in that class.

The Constitution of Downer also governs the rights attaching to shares and the Constitution of Downer may only be amended by a special resolution passed by at least 75% of votes cast by shareholders present and entitled to vote at a general meeting of Downer.

HOW DO I CASH IN MY INVESTMENT?

ROADS may be Redeemed, Repurchased, Resold or Exchanged (or a combination thereof) in certain circumstances. A summary of the Holder's and the Issuer's exit rights whereby ROADS may be Redeemed, Repurchased, Resold or Exchanged is provided in this Investment Statement in relation to the question "What sort of investment is this?" on page 37. The terms of Redemption, Repurchase, Resale and Exchange are set out in full in the Terms and the Deed Poll in Appendix B of this Offer Document.

ROADS

Sale

Holders are entitled to offer to sell their ROADS at any time subject to the Terms of ROADS and applicable laws and regulations. ROADS may be offered for sale

by contacting an NZX Trading and Advising Firm and supplying the relevant FASTER Identification Number (FIN) or by any other method of transfer of marketable securities which is not contrary to any law or the NZDX Listing Rules. Normal brokerage may be payable as described in the Section of this Investment Statement entitled "What are the charges?".

As the Offer is the initial issue of ROADS in New Zealand, there is currently no established market for the sale of ROADS. No assurance that such a market will develop can be given.

Redemption

If any ROADS are to be Redeemed, the Issuer must pay to the Holder in respect of each relevant ROADS an amount equal to the Issue Price. The Issuer must also pay the Holder any Dividend scheduled to be paid on the Redemption Date.

Repurchase

If any ROADS are to be Repurchased, Downer must pay to the Holder in respect of each relevant ROADS an amount equal to the Issue Price. The Issuer must also pay the Holder any Dividend scheduled to be paid on the Repurchase Date.

Resale

If any ROADS are to be Resold, the Issuer must procure the acquisition of those ROADS by a third party for an amount such that the net proceeds of sale are at least equal to the amount which would have been paid on Redemption and remit the net proceeds to the Holder. The Issuer must also pay the Holder any Dividend scheduled to be paid on the Resale Date.

Exchange

Holders may receive Ordinary Shares in Downer as an Exchange where the Issuer elects to Exchange ROADS in any of the circumstances described above under the heading "Redemption and Exchange" on page 37. Retiring Holders may also receive Ordinary Shares as an Exchange on a Repurchase Date.

If any ROADS are to be Exchanged, Downer is required to provide the Holder whose ROADS are being Exchanged with a number of Ordinary Shares equal to the Exchange Number, calculated in accordance with the following formula:

$$\text{Exchange Number} = \frac{\text{Issue Price}}{\text{VWAP} \times (1 - \text{Exchange Discount})}$$

Where:

VWAP (expressed in NZ\$) means, (subject to any adjustments described in the Deed Poll), the average of the daily weighted average sale prices (rounded to the nearest full cent) of Ordinary Shares sold on ASX during the 20 ASX Business Days on which trading took place immediately preceding the relevant date of Exchange.

The price of Ordinary Shares quoted on ASX is denominated in A\$. For the purposes of expressing VWAP in NZ\$, the VWAP on each ASX Business Day in the VWAP period (after relevant adjustments have been made) expressed in A\$ will be converted to NZ\$ at the Exchange Rate applying on that ASX Business Day.

Exchange Discount means 2.5% (or as may be adjusted by the Issuer through a Successful Re-marketing Process).

Ordinary Shares

Sale

Ordinary Shareholders are entitled to sell their Ordinary Shares at any time subject to the terms of the Constitution of Downer and applicable laws and regulations. Ordinary Shares may be sold on ASX or NZX.

Ordinary Shares are quoted on ASX and NZX and, in the opinion of Downer, there is an established market for the sale of Ordinary Shares. No charges are payable to Downer on the sale of Ordinary Shares. However, brokerage may be payable on sales on ASX or NZX – as described in the Section of this Investment Statement in relation to the question “What are the charges?”.

NZX listing

Application has been made to NZX for permission to list the Issuer on NZX, and to quote ROADS on the NZDX, and all requirements relating to the listing that can be complied with on or before the date of this Offer Document have been duly complied with. However, NZX accepts no responsibility for any statement in this Offer Document.

NZX ticker code “WKS” has been reserved for the Issuer.

WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?

Enquiries in relation to ROADS or Ordinary Shares can be directed to your normal adviser or:

Computershare Investor Services Limited
159 Hurstmere Road, North Shore
Private Bag 92119
AUCKLAND 1142
Tel: 0800 107 108

IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?

Complaints about ROADS or Ordinary Shares can be made to:

Computershare Investor Services Limited
159 Hurstmere Road, North Shore,
Private Bag 92119
AUCKLAND 1142
Tel: 0800 107 108

There is no ombudsman to whom complaints about ROADS or Ordinary Shares can be made.

WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

Additional information about ROADS, Ordinary Shares, the Issuer and the Downer Group is contained in other Sections of this Offer Document and in the financial statements of Downer.

Copies of the Constitutions of the Issuer and Downer and the Deed Poll are available for public inspection at the Issuer's registered office at 14 Amelia Earhart Avenue, Airport Oaks, Auckland during normal business hours.

A copy of this Offer Document and the most recent financial statements of Downer can be obtained free of charge from the registered office of the Issuer at 14 Amelia Earhart Avenue, Airport Oaks, Auckland during normal business hours. Those documents, and other documents of or relating to the Issuer, are available for public inspection on the Companies Office website at www.companies.govt.nz. Where relevant documents are not available on the Companies Office website, copies may also be obtained (on payment of a fee) by telephoning the Companies Office Contact Centre on 0508 266 726.

Downer's financial statements are also available at Downer's website at www.downeredi.com.

Holder will receive an annual report of the Issuer, incorporating the most recent audited financial statements in accordance with the requirements of the Companies Act, and also a half-yearly report of the Issuer complying with the NZDX Listing Rules. Holders will also receive a copy of the most current annual or half-yearly financial statements of Downer.

Holder of ROADS may request from the Issuer the following documents:

- > a copy of the most recent annual report of the Issuer;
- > a copy of the most recent financial statements of the Issuer;
- > a copy of this Offer Document; and
- > in respect of the period commencing on 7 March 2007 and ending on 7 March 2008 only, a comparison of actual results against the statement of prospective cash flows set out on page 72.

Those documents will be provided free of charge.

A request for those documents should be made to the Directors at the registered office of the Issuer at 14 Amelia Earhart Avenue, Airport Oaks, Auckland.



TAX

INFORMATION



TAX INFORMATION

INTRODUCTION

The following statements are of a general nature and relate only to the New Zealand tax implications for New Zealand resident investors in respect of the Dividends, the sale (including a Resale), Exchange or Redemption of ROADS, the grant of the right of a Holder to require Repurchase and the exercise of the right of a Holder to require Repurchase. The statements are based on New Zealand tax legislation and interpretations of tax legislation as at the date of this Offer Document. As personal circumstances will cause the relevant tax matters to differ, the following summary should not be considered a comprehensive description of all relevant tax matters. Prospective holders should seek their own tax advice in relation to their own tax positions.

INDIVIDUAL INVESTORS

Dividends

Dividends (including the amount of imputation credits attached) will be assessable income for individual investors. An individual investor's net income is taxed at their marginal tax rate. The maximum marginal tax rate for an individual is currently 39%. Imputation credits attached will give rise to a tax credit and may be used against the tax liability of the individual for the year the Dividend is paid. To the extent that an individual investor has excess imputation credits, the excess credits may be carried forward to future years.

Unless the investor has notified the Issuer that it holds a valid certificate of exemption from resident withholding tax and has provided the Issuer with a copy of the certificate, resident withholding tax will be deducted from the Dividend to the extent that the Dividend is not Fully Imputed at the rate of 33%. A credit of tax should be available for any resident withholding tax withheld to offset the investor's tax liability for the year the Dividend is paid. To the extent that the resident withholding tax credit exceeds the investor's tax liability the resident withholding tax may be refunded by the Inland Revenue Department by filing an income tax return for the year in question.

Sale of ROADS

Amounts derived by individual investors from the sale, including a Resale, of ROADS (other than on their Redemption – see below) should not be included in assessable income for New Zealand tax purposes unless the individual investor:

- > deals in equity securities;
- > acquired ROADS for the purpose of sale or disposal; or
- > sold ROADS pursuant to a profit making undertaking or scheme.

As noted above, individual investors should seek their own advice as to whether the proceeds from sale will be taxable, and if so whether deductions for costs are available.

Redemption of ROADS

For individual investors, the Redemption Amount should not be taxed as a dividend for New Zealand tax purposes as the amount paid on Redemption is equal to the Issue Price, ROADS should be non-participating redeemable shares, and the return of the Issue Price should not be in lieu of a dividend. Any Dividend payable at the same time as a Redemption will be treated in the same manner as described for Dividends above.

A Redemption will be taxable if the investor is taxable on the sale of ROADS (see above).

Exchange of ROADS

As set out in Section 4 under the heading "Exchange" on page 39, an Exchange of ROADS will not cause a redemption. On Exchange, ROADS are sold to Downer.

The proceeds from sale will be taxable if the investor is taxable on the sale of ROADS (see above).

Grant of the Repurchase right

The grant of the right of a Holder to require Repurchase should not give rise to any New Zealand tax consequences.

Exercise of the Repurchase right

The exercise of the right of a Holder to require Repurchase will result in the sale of ROADS. The tax treatment of amounts derived from the sale of ROADS is described above.



CORPORATE INVESTORS

Dividends

Dividends (including the amount of imputation credits attached) will be assessable income for corporate investors. A corporate investor's net income is currently taxed at the corporate tax rate of 33%. Imputation credits attached will give rise to a tax credit and may be used against the tax liability of the corporate for the year of receipt. To the extent that a corporate investor has excess imputation credits, the excess is converted into a tax loss (at the rate of 33%) and may be carried forward to offset against net income in subsequent years (subject to meeting the necessary shareholder continuity requirements).

Unless the investor has notified the Issuer that it holds a valid certificate of exemption from resident withholding tax and has provided the Issuer with a copy of the certificate, resident withholding tax will be deducted from the Dividend to the extent that the Dividend is not Fully Imputed at the rate of 33%. A credit of tax should be available for any resident withholding tax withheld to offset the investor's tax liability for the year the Dividend is paid. To the extent that the resident withholding tax credit exceeds the investor's tax liability the resident withholding tax may be refunded by the Inland Revenue Department by filing an income tax return for the year in question.

Sale of ROADS

Amounts derived by a corporate investor from the sale, including the Resale, of ROADS (other than on their Redemption – see below) should not be included in assessable income for New Zealand tax purposes unless the corporate investor:

- > carries on the business of life insurance;
- > deals in equity securities;
- > acquired ROADS for the purpose of sale or disposal; or
- > sold ROADS pursuant to a profit making undertaking or scheme.

Corporate investors should seek their own advice as to whether the proceeds from sale will be taxable, and if so whether deductions for costs are available.

Redemption of ROADS

For corporate investors, the Redemption Amount should not be taxed as a dividend for New Zealand tax purposes as the amount paid on Redemption is equal to the Issue Price, ROADS should be non-participating redeemable shares, and the return of the Issue Price should not be in lieu of a dividend. Any Dividend payable at the same time as a Redemption will be treated in the same manner as described for Dividends above.

A Redemption will be taxable if the investor is taxable on the sale of ROADS (see above).

Exchange of ROADS

As set out in Section 4 under the heading "Exchange" on page 39, an Exchange of ROADS will not cause a redemption. On Exchange, ROADS are sold to Downer.

The proceeds from sale will be taxable if the investor is taxable on the sale of ROADS (see above).

Grant of the Repurchase right

The grant of the right of a Holder to require Repurchase should not give rise to any New Zealand tax consequences.

Exercise of the Repurchase right

The exercise of the right of a Holder to require Repurchase will result in the sale of ROADS. The tax treatment of amounts derived from the sale of ROADS is described above.

PORTFOLIO INVESTMENT ENTITIES

Non-listed Portfolio Investment Entities (PIE) are a new hybrid entity that will be established from 1 October 2007. These entities, being widely held investment vehicles, are required to allocate income derived to their investor's accounts and determine the tax liability based on the marginal tax rate applying to each investor (up to a maximum individual tax rate of 33%). Where the investor is a corporate taxpayer, the PIE applies a 0% tax rate and the corporate taxpayer returns the income in its own return as above.

As ROADS should be non-participating redeemable shares, the PIE will be required to attribute to the investors in the PIE any taxable income (if any) arising from the sale or disposal of ROADS.

We recommend that these entities seek their own tax advice in respect of income from ROADS.

IMPLICATIONS FOLLOWING EXCHANGE

If ROADS are Exchanged, following the Exchange the investor will hold Ordinary Shares in Downer, a company listed on ASX and NZX.

Dividends payable by Downer on the Ordinary Shares will be assessable income for investors. No credit is available in New Zealand for any Australian franking credits that may be attached to the dividends.

If the Holder of Ordinary Shares has no presence in Australia, no Australian income tax or withholding tax should apply to fully franked dividends payable on the Ordinary Shares and/or the sale of the Ordinary Shares. Australian withholding tax at the rate of 15% will be applied to unfranked dividends payable on the Ordinary Shares. A foreign tax credit should be available in New Zealand for any Australian withholding tax deducted from unfranked dividends (if any).

For an individual or corporate investor (other than a PIE or investor who carries on a business of life insurance), any sale proceeds of the Ordinary Shares should only be taxable income where the investor carries on a business of dealing in shares, acquired the shares for sale or disposal, or sells the shares as part of a profit making scheme or undertaking.

Investors should seek their own advice as to whether they will be taxed on the sale proceeds, and if so, what deductions they are permitted.

Where the Ordinary Shares are held as part of a business of life insurance any sale proceeds are taxable under current tax laws in New Zealand.

From 1 October 2007, any entity which elects into the PIE regime should not be required to include any proceeds from the sale of Ordinary Shares in the calculation of taxable income so long as Downer remains listed on ASX.

Prospective Holders should seek their own advice on their taxation status in New Zealand and Australia as personal circumstances may cause differing taxation outcomes.



STATUTORY INFORMATION



STATUTORY INFORMATION

The information in this Section includes, but is not limited to, the information required by the first schedule of the Securities Regulations in respect of the Issuer. Although not required by the first schedule of the Securities Regulations, certain disclosures have also been made in respect of Downer.

MAIN TERMS OF OFFER

Issuer

The issuer of ROADS is Works Infrastructure Finance (NZ) Limited (**Issuer**), which has its registered office at 14 Amelia Earhart Avenue, Airport Oaks, Auckland.

The issuer of Ordinary Shares following any Exchange will be Downer EDI Limited (ABN 97 003 872 848) (**Downer**), which has its registered office at Level 3, 190 George Street, Sydney NSW 2000, Australia. Its address in New Zealand is c/- Works Infrastructure Limited, 14 Amelia Earhart Avenue, Airport Oaks, Auckland.

Description

The Issuer is offering perpetual, redeemable, exchangeable preference shares called ROADS. A summary of the Terms of ROADS is set out in Section 1.

ROADS may, in certain circumstances, be Exchanged for Ordinary Shares. Any Ordinary Shares issued on Exchange will be identical to the Ordinary Shares already on issue and all Ordinary Shares will trade as a single class of securities on ASX and NZX. The terms of any Exchange of ROADS for Ordinary Shares are summarised in Section 4.

Ordinary Shares are described in greater detail on page 40.

Maximum number

The maximum number of ROADS to be issued under the Offer is 200 million (inclusive of any oversubscriptions).

Price or other consideration

ROADS are offered at a subscription price of \$1.00 each, payable in full upon Application.

If ROADS are Exchanged for Ordinary Shares, the price of those Ordinary Shares will be calculated in accordance with the Terms.

Date and number

The Issuer was incorporated in New Zealand on 16 February 2007 under the Companies Act. The Issuer's registered number is 1909583.

Downer was incorporated in Australia on 21 September 1989 under the Corporations Act. Downer's ABN is 97 003 872 848. Downer is not registered in New Zealand.

Place file kept

The public file in respect of the Issuer can be viewed on the Companies Office website at www.companies.govt.nz. Where relevant documents are not available on the Companies Office website, copies may also be obtained (on payment of a fee) by telephoning the Companies Office Contact Centre on 0508 266 726.

No public file in respect of Downer is kept in New Zealand. The public file in respect of Downer is, however, kept with ASIC in Australia. It can be viewed at ASIC's website at www.asic.gov.au. Where relevant documents are not available on the ASIC website, they may be requested by contacting an information broker (appointed by ASIC and listed on the ASIC website) or an ASIC Service Centre.

PRINCIPAL SUBSIDIARIES OF ISSUER

As at the date of registration of this Offer Document, there are no subsidiaries of the Issuer.

The following are the principal subsidiaries of Downer, all of which are directly or indirectly wholly owned by Downer:

Downer Engineering Power Pty Limited
Downer Group Finance Pty Limited
EDI Rail Pty Limited
Roche Mining (JR) Pty Limited
Roche Mining Pty Limited
Works Infrastructure Pty Limited
Works Infrastructure Limited

DIRECTORATE AND ADVISERS OF THE ISSUER AND DOWNER

The names of the Directors of the Issuer and Downer, their technical or professional qualifications (if any), and their principal place of residence are set out in Sections 2 and 3 respectively.

The Directors may be contacted at the registered office of the Issuer at 14 Amelia Earhart Avenue, Airport Oaks, Auckland.

No bankruptcy

No Director has been adjudged bankrupt during the five years preceding the date of registration of this Offer Document.

Advisers

The name and addresses of the Joint Lead Managers, the Auditor, the Registry and the legal and tax advisers who have been involved in the preparation of this Offer Document are set out in the Corporate Directory.



RESTRICTIONS ON DIRECTORS' POWERS

The Companies Act contains a number of provisions which could have the effect, in certain circumstances, of restricting the powers of Directors of the Issuer. For example, the Directors must not allow the Issuer to enter into any major transaction (as that term is defined in the Companies Act) without the prior approval of a special resolution of shareholders. These provisions are common to any company registered under the Companies Act. The Corporations Act contains a number of provisions which could have the effect, in certain circumstances, of restricting the powers of the Directors of Downer. These provisions are common to any company registered under the Corporations Act. Downer is listed on ASX and NZX and is required to comply with the ASX Listing Rules. Further restrictions are imposed on the Directors of Downer by the ASX Listing Rules. Such restrictions are common to any ASX-listed company.

SUBSTANTIAL EQUITY SECURITY HOLDERS OF THE ISSUER AND DOWNER

Names and shares held

As at the date of registration of this Offer Document, Downer Group Finance (NZ) Limited holds all 100 of the ordinary shares in the Issuer. These Shares were issued at an issue price of \$1.00 each and are fully paid up.

As at the date of registration of this Offer Document, 317,069,497 Ordinary Shares in Downer are on issue. The registered holders of the ten largest holdings of equity securities in Downer as at 16 February 2007 are as follows:

TOP 10 SHAREHOLDERS IN DOWNER

RANK	INVESTOR	NUMBER	% ISSUED CAPITAL
1	Westpac Custodian Nominees Limited	61,772,050	19.48
2	JP Morgan Nominees Australia Limited	50,601,401	15.96
3	National Nominees Limited	38,992,460	12.30
4	Citigroup Nominees Pty Limited	20,012,154	6.31
5	ANZ Nominees	17,641,861	5.56
6	HSBC Custody Nominees (Australia) Limited	16,451,614	5.19
7	UBS Nominees Pty Limited	12,134,120	3.83
8	Tarrow Pty Limited	11,387,062	3.59
9	RBC Dexia Investor Services Australia Nominees Pty Limited	6,485,142	2.05
10	Cogent Nominees Pty Limited	4,355,586	1.37

No shareholder liability

Downer Group Finance (NZ) Limited does not undertake any liability in respect of ROADS and is only a holding company for the Issuer.

Except as set out in this Offer Document, Downer does not undertake any liability in respect of ROADS.

None of the shareholders of Downer undertakes any liability in respect of ROADS or Ordinary Shares.

DESCRIPTION OF ACTIVITIES OF THE ISSUER

Activities

The Issuer was incorporated on 16 February 2007 and has not at the date of this Offer Document carried on any business or activity.

A summary of the general business activities of Downer and its subsidiaries during the five years preceding the date of this Offer Document is set out in Section 3.

Principal fixed assets

The Issuer does not own or lease any fixed assets.

The principal fixed assets of Downer and its subsidiaries are plant and equipment for the provision of engineering services. Those assets are both owned and leased by Downer or its subsidiaries.

SUMMARY OF FINANCIAL STATEMENTS

The Issuer has not undertaken any business or activity as at the date of registration of this Offer Document except in connection with this Offer Document and the matters outlined herein. Accordingly, no financial statements for the Issuer have been prepared, other than as set out in Section 2.

Summary financial information in respect of the Downer Group is set out in Appendix A.

PROSPECTS AND FORECASTS

The Issuer has been incorporated for the purpose of issuing ROADS. The Issuer will invest the proceeds of the issue of ROADS in Works Shares.

The Directors of the Issuer anticipate that the Issuer will carry on no business or activity other than issuing ROADS, holding and receiving dividends on Works Shares, and paying Dividends on ROADS.

For the principal risks associated with an investment in ROADS and the Downer Group more generally, see Section 4 under the heading, "What are my risks?"

PROVISIONS RELATING TO INITIAL FLOTATIONS

The Offer is the Issuer's first public offer of equity securities in the Issuer.

Directors' plans

The plans of the Directors of the Issuer in respect of the Issuer during the year commencing on the date of registration of this Offer Document are to invest the proceeds of the issue of ROADS in Works Shares. The Directors anticipate that the Issuer will carry on no business or activity other than issuing ROADS, holding and receiving dividends on Works Shares and paying Dividends on ROADS.

Use of proceeds

The Directors intend to use the Offer proceeds to subscribe for Works Shares. Works will use some of the proceeds to refinance its capital base and invest in long-term assets such as industrial land, plant and equipment. The majority of the Offer proceeds will be made available to other parts of the Downer Group to repay existing debt, reduce the Group's gearing levels and for other general corporate purposes. Notwithstanding the

Directors' stated intention, the proceeds from the Offer may be applied towards any other undertaking in which the Issuer may lawfully engage.

Prospective statement of cash flows

A prospective statement of cash flows of the Issuer which the Directors of the Issuer expect to occur in the year commencing on the date of registration of this Offer Document is set out on page 72.

Minimum amount

In the opinion of the Directors, there is no minimum amount to be raised under the Offer.

ACQUISITION OF BUSINESS OR SUBSIDIARY

The Issuer has not acquired any business between the date of its incorporation and the date of registration of this Offer Document. As at the date of registration of this Offer Document, the Issuer does not have any subsidiaries.

Downer, has not, in the five years preceding the date of registration of this Offer Document, acquired a business or subsidiary, the consideration for which exceeds one fifth of the amount of the total tangible assets of Downer shown in the statement of financial position set out in Appendix A.

SECURITIES PAID UP OTHERWISE THAN IN CASH

The Issuer, since the date on which it was incorporated, has not allotted any equity securities or participating securities as fully or partly paid other than in cash.

OPTIONS TO SUBSCRIBE FOR SECURITIES OF THE ISSUER

No option to subscribe for securities of the Issuer has been, or is proposed to be, granted to any person.

APPOINTMENT AND RETIREMENT OF DIRECTORS

Directors of the Issuer may be appointed by the holder of ordinary shares in the Issuer by written notice to the Issuer. The existing Directors of the Issuer were appointed on incorporation of the Issuer.

There is no retirement age for Directors of the Issuer.

**INTERESTS OF THE DIRECTORS OF THE ISSUER
Remuneration**

Directors of the Issuer are not entitled to remuneration from the Issuer other than by way of Directors' fees.

Retirement benefits

There are no contracts or other provisions relating to the retirement benefits or compensation for loss of office of Directors of the Issuer.



Transactions with Directors of the Issuer

During the five years before the date of registration of this Offer Document, no material transaction has been entered into between the Issuer and any Director of the Issuer or other person described in clause 15(4) of the first schedule to the Securities Regulations.

PROMOTERS' INTERESTS

The promoters of ROADS offered by this Offer Document are Downer and the persons listed below, being the Directors of Downer.

Barry O'Callaghan AO
Peter Jollie AM
Lucio Di Bartolomeo
Stephen Gillies
John Humphrey
Christopher Renwick AM

Transactions with promoters

During the five years before the date of registration of this Offer Document, no material transaction has been entered into between the Issuer or any of its subsidiaries and any promoter or other person referred to in clause 16(2) of the first schedule to the Securities Regulations. However, the Issuer intends to invest the proceeds of the Offer in Works Shares of Works Infrastructure, a wholly-owned subsidiary of Downer.

The Works Shares will be issued by Works at an issue price of \$1.00 each. The Works Shares will be redeemable preference shares and will carry dividends at a rate similar to the Dividends payable on ROADS.

MATERIAL CONTRACTS

During the two years before the date of registration of this Offer Document, no material contract (not being a contract entered into in the ordinary course of business) has been entered into by the Issuer.

PENDING PROCEEDINGS

Roche Mining Pty Limited, a subsidiary of Downer, has commenced arbitration proceedings against Coppabella Coal Pty Limited, CITIC Australia Coppabella Pty Limited, Winview Pty Limited, Mapella Pty Limited, KC Resources Pty Limited, NS Coal Pty Limited and Macarthur Coal (C & M Management) Pty Limited. The proceedings relate to various claims by Roche Mining in relation to the contract entered into with those parties in respect of mining activities at the Coppabella coal mine. The other parties to that arbitration have raised counterclaims against Roche. Downer has made proper provision in respect of both its claims and any counterclaims in its financial statements. Arbitration is currently scheduled for June 2007.

Roche Mining is also in dispute over claims against Iluka Resources Limited under the contract for the design and construction of the Iluka Douglas Mineral Sands project. Iluka Resources Limited has indicated that it intends to pursue counterclaims against Roche Mining. Downer has made proper provision in respect of both its claims and any counterclaims in its financial statements. The matter is to be concluded through the dispute resolution process provided under the contract.

There are no other legal proceedings or arbitrations that are pending at the date of this Offer Document that may have a material adverse effect on the Issuer or Downer.

PRELIMINARY AND OFFER EXPENSES

The estimated amount of expenses of the Offer is \$5 million, based on an Offer size of \$150 million. That amount comprises accounting and audit fees, legal fees, listing fees, Registry expenses, advertising, printing and distribution of this Offer Document and brokerage fees. Downer or another member of the Downer Group will pay all of these expenses.

NZX Firms and approved financial intermediaries will be paid a brokerage fee of the lesser of \$10,000 or 1.00% of the Issue Price in respect of ROADS allotted pursuant to each valid Application submitted by Broker Firm Applicants bearing their stamp.

Primary Market Participants and approved participants in the Bookbuild will also be paid a Firm Allocation fee of 0.50% of the Issue Price in respect of ROADS allotted pursuant to valid Applications submitted under Firm Allocations.

Downer or another member of the Downer Group on behalf of the Issuer will pay all fees to the Joint Lead Managers who will then pay the relevant fees to the Primary Market Participants and approved financial intermediaries and also approved participants in the Bookbuild committing to a Firm Allocation. Neither the Issuer nor any other member of the Downer Group will be liable for any fees payable to Co-Managers, Primary Market Participants, approved financial intermediaries or approved Bookbuild participants.

The preliminary expenses of the Issuer are included in the estimated amount of expenses of the Offer (see above). These comprise the expenses of incorporation of the Issuer and the cost of professional advice. Downer or another member of the Downer Group will pay all of these expenses.

RESTRICTIONS ON THE ISSUER

There are no restrictions on the Issuer to borrow or make a distribution as a result of any undertaking given or deed or contract entered into.

OTHER TERMS OF THE OFFER AND ROADS

All the terms of the Offer, and all the Terms of ROADS being offered, are set out in this Offer Document, except for those implied by law or set out in a document that:

- > is registered with a public official; and
- > is available for public inspection; and
- > is referred to in this Offer Document.

FINANCIAL STATEMENTS

The Issuer has not, at the date of registration of this Offer Document, commenced business. Accordingly, no financial statements are included in this Offer Document other than in Section 2.

PLACES OF INSPECTION OF DOCUMENTS

During the currency of this Offer Document, copies of the Constitutions of the Issuer and Downer and the Deed Poll may be inspected without fee at the registered office of the Issuer at 14 Amelia Earhart Avenue, Airport Oaks, Auckland during normal business hours of 9.00am to 5.00pm on a working day (as defined in the Companies Act).

The public file in respect of the Company can be viewed on the Companies Office website at www.companies.govt.nz. Where relevant documents are not available on the Companies Office website, copies may also be obtained (on payment of a fee) by telephoning the Companies Office Contact Centre on 0508 266 726.

Downer's financial statements are also available at Downer's website at www.downeredi.com.

OTHER MATERIAL MATTERS

Other than the matters set out elsewhere in this Offer Document, and contracts entered into in the ordinary course of business of the Issuer, there are no other material matters relating to the Offer.

AUDITOR'S REPORT

A copy of the Auditor's Report, as required by clause 42 of the first schedule of the Securities Regulations, is set out on pages 74 to 75.

The Auditor has consented to the Auditor's Report appearing in this Offer Document in the form in which it appears. The Auditor takes no responsibility for, nor has it authorised the issue of, any part of this Offer Document, except for the Auditor's Report. While the Auditor is a professional adviser to the Issuer, neither the Auditor nor any officer or employee of the Auditor is intended to be a Director, officer or employee of the Issuer.

EXEMPTIONS AND WAIVERS

NZX has ruled that ROADS are not Equity Securities

as defined in, and for the purpose of, the NZDX Listing Rules. The effect of this ruling is that the Issuer is not required to comply with provisions in the NZDX Listing Rules (including those set out in Appendix 5 of the NZDX Listing Rules) applying to Equity Securities. NZX has also granted the Issuer a waiver from the requirement under the NZDX Listing Rules to provide for a minimum holding of ROADS having a principal amount of \$3,000.

SIGNED BY

As directors of Works Infrastructure Finance (NZ) Limited or their authorised agent in writing

Geoffrey Bruce

John Davenport

Jan Johnson

Peter Reidy

As directors of Downer EDI Limited or their authorised agent in writing

Barry O'Callaghan AO

Peter Jollie AM

Lucio Di Bartolomeo

Stephen Gillies

John Humphrey

Christopher Renwick AM

For and on behalf of Downer EDI Limited

Director/Attorney



FINANCIAL INFORMATION

FINANCIAL INFORMATION

This Section contains the following information:

- > summary of financial statements for the Downer Group prepared in accordance with A-IFRS, namely:
 - the audited summary income statements, balance sheets and statements of cash flows for the years ended 30 June 2006 and 30 June 2005; and
 - the unaudited income statements, balance sheets and statements of cash flows for the half-years ended 31 December 2006 and 31 December 2005;
- > summary of financial statements for the Downer Group prepared in accordance with A-GAAP, namely the audited statement of financial performance, statement of financial position and statement of cash flows for the years ended 30 June 2005, 30 June 2004, 30 June 2003 and 30 June 2002;
- > an outline of the differences between A-GAAP and NZ-GAAP and a summary of the impact of the Group's adoption of A-IFRS; and
- > prospective statement of cash flows of the Issuer.

Summary historical financial information for the year ended 30 June 2005, being the year of Downer's first annual financial report prepared in accordance with A-IFRS, is disclosed under both A-IFRS and A-GAAP. This is consistent with the approach required in New Zealand under Securities Commission Practice Note No 3/2005.

Further financial information is detailed in the financial statements of Downer and is available from Downer's website at www.downeredi.com.

The following financial information is presented in Australian dollars unless otherwise stated.

DOWNER GROUP

CONSOLIDATED INCOME STATEMENTS

AS'000	½ YEAR 31 DEC 06 (A-IFRS)	½ YEAR 31 DEC 05 (A-IFRS)	FULL YEAR 30 JUN 06 (A-IFRS)	FULL YEAR 30 JUN 05 (A-IFRS)	FULL YEAR 30 JUN 05 (A-GAAP)	FULL YEAR 30 JUN 04 (A-GAAP)	FULL YEAR 30 JUN 03 (A-GAAP)	FULL YEAR 30 JUN 02 (A-GAAP)
Revenue	2,593,408	2,247,620	4,633,424	3,735,308	3,814,511	3,193,308	2,697,023	2,442,449
Total Turnover	2,628,779	2,279,520	4,727,482	3,909,466	3,972,325	3,417,491	2,867,858	2,585,636
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) ¹	190,928	156,244	338,130	286,168	288,934	255,488	242,852	221,407
Depreciation & Amortisation of Leased Assets & Intellectual Property	(67,195)	(57,030)	(108,317)	(101,094)	(101,389)	(99,094)	(103,252)	(93,735)
Earnings Before Interest, Tax and Amortisation of Goodwill (EBITA) ¹	123,733	99,214	229,813	185,074	187,545	156,394	139,600	127,672
Goodwill Amortisation	–	–	–	–	(19,606)	(18,613)	(16,031)	(14,258)
Earnings Before Interest and Tax (EBIT) ¹	123,733	99,214	229,813	185,074	167,939	137,781	123,569	113,414
Interest Expense (Net of Interest Earned)	(27,491)	(21,124)	(47,044)	(36,309)	(36,309)	(28,546)	(28,826)	(34,113)
PROFIT BEFORE TAX AND BEFORE SIGNIFICANT ONE-OFF ITEMS	96,242	78,090	182,769	148,765	131,630	109,235	94,743	79,301
Significant one-off items before tax	–	–	(293,675)	–	–	–	–	–
PROFIT BEFORE TAX AND AFTER SIGNIFICANT ONE-OFF ITEMS	96,242	78,090	(110,906)	148,765	131,630	109,235	94,743	79,301
Income tax	(15,634)	(8,465)	85,977	(25,475)	(27,595)	(27,689)	(28,171)	(22,870)
PROFIT (LOSS) AFTER TAX	80,608	69,625	(24,929)	123,290	104,035	81,546	66,572	56,431
PROFIT AFTER TAX BEFORE SIGNIFICANT ONE-OFF ITEMS (NET OF ONE-OFF TAX EFFECTS)	80,608	69,625	137,755	123,290	104,035	81,546	66,572	56,431
Basic earnings per share before significant one-off items (cents)	25.6	23.8	46.3	43.0	36.3	29.6	25.2	23.2
Basic earnings per share after significant one-off items (cents)	25.6	23.8	-8.4	43.0	36.3	29.6	25.2	23.2
Diluted earnings per share (cents)	25.6	23.8	-8.4	43.0	36.3	29.6	24.4	22.0
Dividends per ordinary share (cents) ²	13.0	12.0	20.0	18.0	18.0	15.6	11.6	9.6

KEY FINANCIAL INDICATORS³

AS'000	½ YEAR 31 DEC 06 (A-IFRS)	½ YEAR 31 DEC 05 (A-IFRS)	FULL YEAR 30 JUN 06 (A-IFRS)	FULL YEAR 30 JUN 05 (A-IFRS)	FULL YEAR 30 JUN 05 (A-GAAP)	FULL YEAR 30 JUN 04 (A-GAAP)	FULL YEAR 30 JUN 03 (A-GAAP)	FULL YEAR 30 JUN 02 (A-GAAP)
EBITDA ¹ Margin (%)	7.3	6.9	7.2	7.3	7.3	7.5	8.5	8.6
EBITDA ¹ /Net interest (x)	6.9	7.4	7.2	7.9	8.0	9.0	8.4	6.5
EBITA ¹ /Net Interest (x)	4.5	4.7	4.9	5.1	5.2	5.5	4.8	3.7
Gross Debt/EBITDA ^{1,4} (x)	2.4	2.1	2.1	1.8	1.8	1.9	2.1	2.5
Net Debt/EBITDA ^{1,4} (x)	2.0	1.5	1.6	1.2	1.2	1.3	1.2	2.0
Closing share price (dollars)	A\$6.99	A\$7.18	A\$7.44	A\$5.33	A\$5.33	A\$3.20	A\$3.08	A\$2.64

Notes:

¹ For 2006 excludes significant one-off items before tax.

² Comparative information has been restated to reflect the effects of the November 2003 1 for 4 share consolidation.

³ This information does not form part of the consolidated income statements presented above.

⁴ The EBITDA ratios for the half-year results have been annualised to include the EBITDA for the previous six month period.

DOWNER GROUP

CONSOLIDATED BALANCE SHEETS

AS'000	½ YEAR 31 DEC 06 (A-IFRS)	½ YEAR 31 DEC 05 (A-IFRS)	FULL YEAR 30 JUN 06 (A-IFRS)	FULL YEAR 30 JUN 05 (A-IFRS)	FULL YEAR 30 JUN 05 (A-GAAP)	FULL YEAR 30 JUN 04 (A-GAAP)	FULL YEAR 30 JUN 03 (A-GAAP)	FULL YEAR 30 JUN 02 (A-GAAP)
CURRENT ASSETS								
Cash	164,708	193,041	167,895	165,972	165,972	148,264	206,746	106,298
Inventories	180,945	157,493	173,566	173,745	173,745	144,189	125,396	112,054
Receivables	1,156,758	1,025,304	948,765	940,445	940,445	822,885	736,564	678,240
Other Financial	30,942	25,592	16,387	15,594	15,594	20,056	14,195	20,385
Tax Assets	366	–	18,421	8,954	8,954	4,202	12,880	12,111
Other Current Assets	24,414	35,805	25,394	18,487	18,018	15,478	14,663	7,999
TOTAL CURRENT ASSETS	1,558,133	1,437,235	1,350,428	1,323,197	1,322,728	1,155,074	1,110,444	937,087
NON-CURRENT ASSETS								
Non-current Receivables	251	55,157	–	21,646	31,014	20,245	32,018	19,737
Net Property Plant & Equipment	697,723	617,927	676,416	560,808	570,733	552,334	484,024	530,819
Intangibles	552,104	402,069	541,618	367,430	347,657	329,076	328,875	278,525
Deferred Tax	177,851	76,011	148,112	45,053	38,066	26,855	33,768	26,325
Investments & Other Non-current Assets	106,523	32,528	43,303	42,263	32,895	35,553	43,617	37,173
TOTAL NON-CURRENT ASSETS	1,534,452	1,183,692	1,409,449	1,037,200	1,020,365	964,063	922,302	892,579
TOTAL ASSETS	3,092,585	2,620,927	2,759,877	2,360,397	2,343,093	2,119,137	2,032,746	1,829,666
CURRENT LIABILITIES								
Payables	839,059	763,577	816,076	699,046	705,348	609,473	551,514	387,909
Borrowings	179,098	73,422	136,498	16,735	16,735	107,624	96,204	24,063
Provisions	163,567	136,139	152,976	108,539	108,539	91,471	89,358	94,010
Current Tax Payables	52,329	27,536	12,239	29,414	29,414	6,231	37,320	5,784
Other Financial Liabilities	8,417	32,236	29,608	6,302	–	–	–	–
TOTAL CURRENT LIABILITIES	1,242,470	1,032,910	1,147,397	860,036	860,036	814,799	774,396	511,766
NON-CURRENT LIABILITIES								
Payables	1,515	876	1,436	1,566	15,702	19,698	1,503	2,162
Borrowings	668,858	521,271	503,782	490,037	490,037	377,193	406,747	529,212
Provisions	60,003	40,921	61,232	61,233	37,724	31,507	23,826	16,528
Deferred Tax Liabilities	32,420	42,905	47,032	32,807	31,574	52,911	66,083	60,433
Other Financial Liabilities	57,702	45,390	48,455	14,136	–	–	–	–
TOTAL NON-CURRENT LIABILITIES	820,498	651,363	661,937	599,779	575,037	481,309	498,159	608,335
TOTAL LIABILITIES	2,062,968	1,684,273	1,809,334	1,459,815	1,435,073	1,296,108	1,272,555	1,120,101
NET ASSETS	1,029,617	936,654	950,543	900,582	908,020	823,029	760,191	709,565
EQUITY								
Issued Capital	863,213	688,411	846,345	669,840	667,603	631,207	614,361	607,705
Reserves	(10,975)	(3,606)	(17,707)	(5,399)	(16,726)	(11,327)	(12,173)	380
Retained Earnings	177,379	251,849	121,905	236,141	257,143	203,149	158,003	101,480
TOTAL EQUITY	1,029,617	936,654	950,543	900,582	908,020	823,029	760,191	709,565

DOWNER GROUP

CONSOLIDATED STATEMENT OF CASH FLOWS

AS'000	½ YEAR 31 DEC 06 (A-IFRS)	½ YEAR 31 DEC 05 (A-IFRS)	FULL YEAR 30 JUN 06 (A-IFRS)	FULL YEAR 30 JUN 05 (A-IFRS)	FULL YEAR 30 JUN 05 (A-GAAP)	FULL YEAR 30 JUN 04 (A-GAAP)	FULL YEAR 30 JUN 03 (A-GAAP)	FULL YEAR 30 JUN 02 (A-GAAP)
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from Customers	2,761,131	2,486,561	4,944,967	4,055,336	4,055,336	3,665,956	2,967,818	2,391,234
Distributions from Joint Ventures	2,687	1,044	11,635	16,637	16,637	19,949	19,457	13,879
Interest Received	4,666	2,835	6,397	4,512	4,512	6,490	6,275	3,956
Dividends Received from External Entities	91	-	1,142	-	-	-	-	-
Payments to Suppliers and Employees	(2,765,479)	(2,396,400)	(4,798,770)	(3,813,713)	(3,813,713)	(3,429,415)	(2,730,734)	(2,307,139)
Interest and Other Costs Of Finance Paid	(31,849)	(22,392)	(50,815)	(43,892)	(43,892)	(36,599)	(37,792)	(40,333)
Income Tax (Paid)/Refunded	12,167	(20,676)	(24,654)	(32,923)	(32,923)	(44,901)	(21)	(14,244)
NET CASH PROVIDED BY OPERATING ACTIVITIES	(16,586)	50,972	89,902	185,957	185,957	181,480	225,003	47,353
CASH FLOWS FROM INVESTING ACTIVITIES								
Net Sale Proceeds from Investments (Net Payments for Investments)	(67,811)	(24,353)	(19,224)	6,318	6,318	2,879	5,271	(10,668)
Payments for Property, Plant & Equipment (Net of Sales)	(41,780)	(93,568)	(149,281)	(107,251)	(107,251)	(124,694)	(10,657)	(28,672)
Receipts From/(Advances To) Joint Ventures & Other Entities	(862)	4,589	3,241	(11,734)	(11,734)	(454)	13,978	(1,904)
Payments for Businesses Acquired & Related Obligations (Net of Sales)	(49,019)	(26,931)	(219,241)	(29,591)	(29,591)	(22,987)	(42,475)	(34,476)
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(159,472)	(140,263)	(384,505)	(142,258)	(142,258)	(145,256)	(33,883)	(75,720)
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from Borrowings	678,950	431,552	948,729	612,335	612,335	459,256	167,217	367,195
Proceeds from Issue of Securities	260	3,374	142,584	17	17	-	-	51,271
Repayment of Borrowings	(498,522)	(299,858)	(760,292)	(613,039)	(613,039)	(533,031)	(229,942)	(336,738)
Dividends Paid	(15,371)	(20,193)	(36,854)	(20,909)	(20,909)	(22,350)	(21,778)	(11,242)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	165,317	114,875	294,167	(21,596)	(21,596)	(96,125)	(84,503)	70,486
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD	(10,741)	25,584	(436)	22,103	22,103	(59,901)	106,617	42,119
Cash and Cash Equivalents at the Beginning of the Financial Year	164,359	165,972	165,972	147,574	147,574	205,725	105,836	63,953
Effects Of Exchange Rate Changes on the Balance Of Cash and Cash Equivalents held in Foreign Currencies	465	1,098	(1,177)	(3,705)	(3,705)	1,750	(6,728)	(236)
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	154,083	192,654	164,359	165,972	165,972	147,574	205,725	105,836

SIGNIFICANT DIFFERENCES BETWEEN A-GAAP AND NZ-GAAP

There are no differences between Australian GAAP (A-GAAP) and New Zealand GAAP (NZ-GAAP) that significantly impact on the historical financial information of the Downer Group as presented on pages 64 to 66 of this Offer Document. Where differences do exist between the two sets of principles, they principally relate to either the Australian or New Zealand standards being silent on matters addressed in the country's standards, or reflect differing disclosure requirements.

IMPACT OF ADOPTION OF A-IFRS

The Downer Group changed its accounting policies on 1 July 2005 to comply with Australian equivalents to IFRS (A-IFRS). The transition to A-IFRS is accounted for in accordance with Accounting Standard AASB 1 'First-time Adoption of Australian Equivalents to International Financial Reporting Standards', with 1 July 2004 as the date of transition, except for financial instruments, including derivatives, where the date of transition is 1 July 2005.

An explanation of how the transition from previous A-GAAP to A-IFRS has affected Downer and the Group's financial position, financial performance and cash flows is set out in the following reconciliations and the notes that accompany the reconciliations.

RECONCILIATION OF TOTAL EQUITY AS PRESENTED UNDER PREVIOUS A-GAAP TO THAT UNDER A-IFRS

		Group	
	Notes	30 June 2005 A\$'000	1 July 2004 A\$'000
TOTAL EQUITY UNDER PREVIOUS A-GAAP		908,020	823,029
Add / (deduct) adjustments (net of tax) for:			–
Write-back of goodwill amortisation	ii	19,606	–
Write-back of intellectual property amortisation	ii	252	–
Other	i, ii	(385)	–
Recognition of deferred tax assets using the balance sheet approach	iii	(4,019)	(5,993)
Recognition of decommissioning and make good provisions	iv	(16,564)	(16,124)
Fair value adjustment for plant and equipment at deemed costs	iv	(6,202)	(6,502)
Property, plant and equipment reclassified as non-current assets held for sale	vii	(169)	(311)
Reversal of depreciation for assets reclassified as held for sale	vii	43	–
TOTAL EQUITY UNDER A-IFRS		900,582	794,099
		Downer	
		30 June 2005 A\$'000	1 July 2004 A\$'000
TOTAL EQUITY UNDER PREVIOUS A-GAAP		678,619	652,235
A-IFRS adjustments		–	–
TOTAL EQUITY UNDER A-IFRS		678,619	652,235

RECONCILIATION OF PROFIT AFTER TAX UNDER PREVIOUS A-GAAP TO THAT UNDER A-IFRS

		Group	Downer
	Notes	30 June 2005 A\$'000	30 June 2005 A\$'000
PROFIT AFTER TAX UNDER PREVIOUS A-GAAP *		104,035	40,029
Add / (deduct) adjustments (net of tax) for:			
Write-back of goodwill amortisation	ii	19,606	–
Write-back of patent amortisation	ii	252	–
Movement in deferred tax liabilities	iii	1,974	–
Decommissioning expense	iv	(440)	–
Share-based transactions	vi	(2,237)	(2,237)
Disposal of assets reclassified as held for sale	vii	142	–
Reversal of depreciation for assets reclassified as held for sale	vii	43	–
Other	i, ii, iv	(85)	–
PROFIT AFTER TAX UNDER A-IFRS		123,290	37,792

* Reported financial results for the year ended 30 June 2005

Effect of A-IFRS on the cash flow statement for the financial year ended 30 June 2005

There are no material differences between the cash flow statement presented under A-IFRS and the cash flow statement presented under the previous A-GAAP.

Notes to the reconciliations of income and equity

(i) Business combinations

On initial adoption of A-IFRS, the directors have elected not to restate business combinations that occurred before 1 July 2004. The effects of the adoption of A-IFRS on the financial report associated with business combinations including those acquired during the financial year ended 30 June 2005, will be limited to the recognition of additional deferred tax assets and deferred tax liabilities (refer Income Tax section below) and the cessation of goodwill amortisation (refer Goodwill section below).

(ii) Goodwill and other intangible assets

The adoption of A-IFRS has been assessed as having no material effect on the net carrying amount of intangible assets. Under A-IFRS, goodwill is not subject to amortisation, but must be tested for impairment annually. All intangible assets have been subject to an impairment test. This impairment test has been performed at the appropriate cash-generating unit (CGU) levels and supported the carrying values of intangible assets within each CGU. Accordingly, under A-IFRS, the amortisation charge for 2005 was decreased by \$19,606,000.

Under AASB 138 'Intangible Assets', costs incurred during the research phase of the development of an intangible asset are expensed. The group's previous A-GAAP policy allows for the capitalisation of research and development costs where future benefits are expected beyond reasonable doubt. Accordingly, on A-IFRS transition the derecognition of \$31,592,000 in previously capitalised intellectual property has been recognised as an increase in the carrying amount of goodwill. Under A-IFRS, the amortisation charge for 2005 was decreased by \$252,000.

iii) Income tax

Under AASB 112 'Income Taxes', a balance sheet approach is adopted and temporary differences are identified for each asset and liability rather than accounting for the effects of timing and permanent differences between taxable income and accounting profit.

Applying AASB 112 lead to increases in deferred tax assets and deferred tax liabilities as a consequence of the following:

- > Recognition of deferred taxes associated with fair value adjustments in relation to business combinations;
- > Recognition of deferred tax assets relating to decommissioning and make good provisions;
- > Classification and measurement of assets as 'current assets – non-current assets classified as held for sale';
- > Plant and equipment restated using fair value as its deemed cost; and
- > Reclassification from opening consolidated deferred tax liabilities to opening consolidated deferred tax assets.

The cumulative effect on the financial position at 30 June 2005 was to increase deferred tax assets by \$7,005,000, and to increase deferred tax liabilities by \$1,233,000. The effect on the profit and loss for the financial year ended 30 June 2005 was a decrease in tax expense of \$2,167,000 represented by a movement in deferred tax liabilities of \$1,974,000 and the tax effect of other expenses including decommissioning.

(iv) Property, plant and equipment

As permitted by the first-time adoption provisions in AASB 1, the directors have elected, where appropriate, to deem the fair value of certain items of plant and equipment at 1 July 2004 to be cost for accounting purposes. Consequently, the fair value adjustment on adoption of A-IFRS resulted in a decrease in plant and equipment of \$9,288,000 (\$6,502,000 net of tax).

Under AASB 116 'Property, Plant and Equipment', entities are required to include costs associated with the dismantling, removal and restoration of property, plant and equipment. An amount of \$22,876,000 (\$16,124,000 net of tax) was recognised as a liability in accordance with AASB 137 'Provisions, Contingent Liabilities and Contingent Assets'. The consequent impact on the profit and loss for the financial year ended 30 June 2005 was an increase in the related expense and provision of \$633,000 (\$440,000 net of tax).

(v) Revenue from ordinary activities

Although not affecting the net profit of the Group, adoption of A-IFRS resulted in a number of transactions being recorded on a "net" rather than a "gross" basis. In addition, the adoption of A-IFRS results in the reclassification of proceeds from sale of non-current assets from revenue from ordinary activities to other income and expense items in the income statement.

(vi) Share-based transactions

For the financial year ended 30 June 2005, share-based transactions of \$2,237,000 which were not recognised under A-GAAP have now been recognised as an expense under A-IFRS, with a corresponding increase in equity. There was no effect on consolidated total equity.

(vii) Non-current assets held for sale

Under AASB 5 'Non-current Assets Held for Sale and Discontinued Operations', a non-current asset will be classified as held for sale if its carrying amount is to be recovered principally through a sale transaction rather than through continued use. The asset will be measured at the lower of carrying amount and fair value, less costs to sell.

Applying the policy required by AASB 5 would result in some items within property, plant and equipment being reclassified to 'Current assets – non-current assets classified as held for sale' at 1 July 2004. The measurement of the assets under AASB 5 resulted in a \$311,000 fair value reduction in opening retained earnings.

(viii) Foreign currency translation reserves: cumulative translation differences

On initial application of A-IFRS, the directors have elected to apply the exemption in AASB 1 'First time adoption of Australian Equivalents to International Financial Reporting Standards' relating to the balance of the foreign currency translation reserve. The cumulative translation differences for all foreign operations represented in the opening foreign currency translation reserve of \$11,327,000 were deemed to be zero at the date of transition to A-IFRS and the balance transferred to consolidated retained earnings. There is no effect on the consolidated total equity.

(ix) Retained earnings

With limited exceptions, adjustments on first-time adoption of A-IFRS have been recognised directly in retained earnings at the date of transition. Adjustments arising from the change of accounting policy by adopting AASB 132 and AASB 139 are also recognised directly in retained earnings at 1 July 2005.

Effect of changes in accounting policy on adoption of AASB 132 and AASB 139:

(x) Derivative financial instruments

On initial adoption of AASB 132 and AASB 139 the Group has measured at fair value all forward foreign currency exchange contracts put in place to manage its exposure to foreign currency movements arising on the import/export of engineering goods and services. On transition forward exchange contracts, where applicable,

have been designated into an effective hedge relationship with the underlying item. The remaining forward exchange contracts have been fair valued independently of the underlying item.

On initial adoption of AASB 132 and AASB 139 the Group has designated and measured at fair value all currency and interest rate swaps put in place to manage foreign currency and interest rate risk associated with foreign currency denominated borrowings. These hedges have been recognised on adoption as either effective cash flow or effective fair value hedges, as applicable.

The initial adoption of AASB 132 and AASB 139 has resulted in the recognition at 1 July 2005 of consolidated hedge liability of \$69,537,000 consisting of cash flow hedge liability \$65,440,000 and fair value hedge liability of \$4,097,000.

(xi) Other financial assets and financial liabilities

On initial adoption of AASB 132 and AASB 139 the Group has determined the most appropriate classification and measurement basis for all financial assets and liabilities.

The key changes are as follows:

Ongoing fair value adjustments are required to gross debt and associated hedge liabilities. On initial adoption gross debt has decreased by \$69,248,000 as a result of these fair value adjustments.

The application of the amortised cost and fair value basis to the measurement of financial assets has resulted in a reduction of carrying value of non-current receivables by \$15,103,000 at 1 July 2005.

PROSPECTIVE STATEMENT OF CASH FLOWS OF THE ISSUER

Set out overleaf is certain prospective financial information of the Issuer for the period commencing on 7 March 2007 and ending on 7 March 2008. There is no present intention by the Issuer to update this prospective financial information or to publish prospective financial information in the future.

This prospective financial information has been prepared on the basis of a number of hypothetical but realistic assumptions that reflect possible courses of action that the Directors reasonably expect to take at the date the information was prepared. The prospective financial information will vary from actual results as explained overleaf.

The prospective financial information is forward looking, and should be read in conjunction with the assumptions set out overleaf and other information set out in this Offer Document. Because such statements involve risk and uncertainties, actual events may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause such differences include, but are not limited to, those discussed under the heading "What are my risks?" in Section 4 on pages 44 to 49.

The prospective financial information has been prepared on the basis of numerous assumptions, including the general and principal assumptions set out overleaf. This presentation is intended to assist potential investors in assessing the validity of the principal assumptions on which the prospective financial information is based and the likelihood of the principal assumptions actually occurring.

It is not intended to be a projection that any assumptions will in fact occur and potential investors should be aware that events or outcomes which differ in size or timing from those assumed may occur and may have a positive or negative effect on the prospective financial information. In assessing the reliability of the prospective financial information potential investors should have regard to all of the information in this Offer Document, including information set out under the heading "What are my risks?" in Section 4 on pages 44 to 49.

Inclusion of the prospective financial information set out overleaf is a statement of the present belief of the Directors as to the prospective financial information for the period commencing on 7 March 2007 and ending on 7 March 2008 and is not a representation by the Issuer, the Directors or any other person that the results set out overleaf will be achieved.

The Issuer expects to adopt accounting policies consistent with those of the Downer Group, and the prospective financial information has been prepared on this basis.

WORKS INFRASTRUCTURE FINANCE (NZ) LIMITED
PROSPECTIVE STATEMENT OF CASH FLOWS

NZ\$'000	Period commencing on 7 March 2007 and ending on 7 March 2008
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash will be provided from:	
Dividends received on Works Shares	9,246.0
Cash will be applied to:	
Taxation paid	–
Net Cash Flows from Operating Activities	9,246.0
CASH FLOWS FROM INVESTING ACTIVITIES	
Cash will be applied to:	
Purchase of Works Shares	(150,000.0)
Net Cash Flows from Investing Activities	(150,000.0)
CASH FLOWS FROM FINANCING ACTIVITIES	
Cash will be provided from:	
Proceeds of ROADS issue	150,000.0
Cash will be applied to:	
Dividends paid on ROADS	(9,045.0)
Net Cash Flows from Financing Activities	140,955.0
SUMMARY OF MOVEMENTS IN CASH	
Opening Cash and Cash Equivalents	–
Net Increase in Cash and Cash Equivalents	201.0
Cash and Cash Equivalents at End of Year	201.0

General assumptions

The prospective financial information is based on events and conditions as at the date of this Offer Document and assumes that:

- > there will be no material change in the general economic or fiscal environment in New Zealand, in particular as this may affect interest rates; and
- > the ultimate parent company of the Issuer will continue to be Downer.

Principal assumptions

The principal assumptions underlying the above statement of cash flows are:

- > an Offer Document registration date of 7 March 2007;
- > an issue of NZ\$150 million of ROADS allotted no later than 23 April 2007;
- > the purchase from Works of NZ\$150 million of Works Shares;
- > a gross quarterly equivalent Dividend Rate of 9.00% (6.03% exclusive of imputation credits) paid quarterly in arrears;
- > a gross quarterly equivalent dividend rate on the Works Shares of 9.20% (6.16% exclusive of imputation credits) paid quarterly in arrears;
- > net income of the Issuer is not material and consequently no material dividends on ordinary shares will be paid by the Issuer to Downer Group Finance (NZ) Limited;
- > all Offer costs are paid by Downer or another member of the Downer Group; and
- > all ongoing operating costs for the Issuer are paid by Downer or another member of the Downer Group.

AUDITOR'S REPORT

Deloitte.

7 March 2007

The Board of Directors
Downer EDI Limited
190 George Street
Sydney NSW 2000
AUSTRALIA

The Board of Directors
Works Infrastructure Finance (NZ) Limited
14 Amelia Earhart Avenue
Airport Oaks, Auckland
NEW ZEALAND

Dear Sirs

This report is issued in respect of the public offer by Works Infrastructure Finance (NZ) Limited ("the Issuer") of up to NZ\$200,000,000 of redeemable preference shares called "ROADS" in the Issuer, pursuant to terms of the Offer Document dated 7 March 2007.

Unless otherwise indicated, capitalised terms used in the Offer Document have the same meaning in this report.

Directors' responsibilities

The Directors are responsible for the Offer Document and the preparation and presentation of:

- (a) the summary of financial statements on pages 64 to 66 of the Offer Document for the Downer Group, prepared in accordance with A-GAAP and A-IFRS as the case may be. The summary of financial statements comprises the audited income statements, balance sheets and cash flow statements of the Downer Group for the years ended 30 June 2006, 30 June 2005, 30 June 2004, 30 June 2003 and 30 June 2002 and the unaudited income statements, balance sheets and cash flow statements for the half-years ended 31 December 2006 and 31 December 2005 ("the Summary of Financial Statements"); and
- (b) the prospective statement of cash flows on page 72 of the Offer Document for the Issuer for the 12 month period commencing on 7 March 2007 and ending on 7 March 2008, including the assumptions on which the prospective statement of cash flows is based.

Auditor's responsibilities

We are responsible for:

- (a) reporting on the amounts presented by the Directors in the Summary of Financial Statements; and
- (b) reporting, in accordance with clause 42(2) of the first schedule of the Securities Regulations, on the prospective statement of cash flows for the 12 month period commencing on 7 March 2007 and ending on 7 March 2008.

This report has been prepared for inclusion in the Offer Document for the purpose of meeting the requirements of clause 42 of the first schedule of the Securities Regulations. We disclaim any assumption of responsibility for reliance on this report or the amounts included in the Summary of

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Financial Statements or the prospective statement of cash flows for any purpose other than that for which they were prepared. In addition, we take no responsibility for, nor do we report on, any part of the combined Offer Document not mentioned in this report.

Deloitte provides taxation advice to the Issuer and companies related to the Issuer.

Basis of opinion

We have undertaken procedures to provide reasonable assurance that the amounts presented by the Directors in the Summary of Financial Statements have been correctly extracted from the audited financial statements of the Downer Group for the years ended 30 June 2006, 30 June 2005, 30 June 2004, 30 June 2003 and 30 June 2002 and unaudited financial statements of the Downer Group for the half-years ended 31 December 2006 and 31 December 2005.

In addition, we have examined the prospective statement of cash flows to confirm that, so far as the accounting policies and calculations are concerned, they have been properly compiled on the footing of the assumptions made or adopted by the Directors of the Issuer and are presented on a basis consistent with the accounting policies expected to be adopted by the Issuer. The assumptions relate to future events. However, we are not in a position to, and do not, express an opinion on these assumptions.

Unqualified opinion

We have obtained all the information and explanations we have required.

In our opinion:


- (a) the amounts presented by the Directors in the Summary of Financial Statements, on pages 64 to 66 of the Offer Document, have been correctly taken from audited financial statements of the Downer Group for the years ended 30 June 2006, 30 June 2005, 30 June 2004, 30 June 2003 and 30 June 2002 and unaudited financial statements of the Downer Group for the half-years ended 31 December 2006 and 31 December 2005; and
- (b) the prospective statement of cash flows, on page 72 of the Offer Document, so far as the accounting policies and calculations are concerned, has been properly compiled on the footing of the assumptions made or adopted by the Directors of the Issuer as set out on page 73 and are presented on a basis consistent with the accounting policies expected to be adopted by the Issuer.

Actual results are likely to be different from the prospective cash flows since anticipated events frequently do not occur as expected and the variation could be material. Accordingly, we express no opinion as to whether the prospective cash flows will be achieved.

We completed our work for the purposes of this report on 7 March 2007 and our unqualified opinion is expressed as at that date.

We have no responsibility to update our opinion on the prospective financial information for events and circumstances occurring after the date of this report.

Yours faithfully



Deloitte Touche Tohmatsu
Sydney, Australia



TERMS OF ROADS

AND THE DEED POLL

TERMS OF ROADS

1. DIVIDEND

- 1.1 Subject to clause 1.6, ROADS carry the right to a Dividend, payable on each Dividend Payment Date equal to the Dividend Amount for the relevant Dividend Period (increased if applicable in accordance with clause 1.3).
- 1.2 Dividends will be Fully Imputed. The only consequence of, or remedy for, a Dividend not being Fully Imputed will be an increase in the Dividend in accordance with clause 1.3.
- 1.3 If all or any part of a Dividend is not Fully Imputed, the Dividend will be increased by an amount equal to the shortfall in Imputation Credits which would otherwise have been attached to the Dividend had clause 1.2 been complied with. The increase in the Dividend payable under this clause 1.3:
- is due on the Dividend Payment Date of the Dividend and to the extent paid, substitutes for or replaces the corresponding obligation of the Issuer under clause 1.2; and
 - will be regarded as a variation in the rate at which Dividends are calculated.
- 1.4 A Dividend will not be paid in full if either the Board, or the Downer Board, determines that the Dividend, or any part of it, is not payable.
- 1.5 If a Dividend has not been paid in full on a Dividend Payment Date because of clause 1.4, the Issuer has no liability to pay the unpaid amount of the Dividend and, notwithstanding the Board's discretion to pay an Optional Dividend pursuant to clause 1.6, the Holder has no claim in respect of such non-payment.
- 1.6 If all or any part of a Dividend has not been paid on a Dividend Payment Date because of clause 1.4, the Issuer may, in its absolute discretion, on a date which is notified to Holders (which date must be at least 15 Business Days before the payment), pay the unpaid amount of the Dividend (**Optional Dividend**). An Optional Dividend is payable only (subject to clause 1.9) to those persons registered as Holders on the Record Date in respect of the Optional Dividend.
- 1.7 If a Dividend has not been paid in full for any reason within 20 Business Days after the relevant Dividend Payment Date, the Issuer will not, without approval of a Special Resolution, make or pay any Distribution (other than a Dividend) unless:
- four consecutive Dividends scheduled to be paid after the Dividend Payment Date of the Dividend that has not been paid have been paid in full; or
 - an Optional Dividend has been paid to all Holders equal to the aggregate unpaid amount of any unpaid Dividends which were scheduled to be paid in the 12 months prior to the date of payment of the Optional Dividend; or
 - all ROADS have been Redeemed, Exchanged or Repurchased.
- 1.8 Dividends (other than Optional Dividends) will be payable on the following dates (each a **Dividend Payment Date**):
- each 15 March, 15 June, 15 September and 15 December, commencing on 15 June 2007; and
 - each Redemption Date, Exchange Date, Repurchase Date or Resale Date, in respect of ROADS to be Exchanged, Redeemed, Repurchased or Resold on that date.
- 1.9 The Dividend paid on the first Dividend Payment Date in respect of each ROADS issued as part of the initial issue of ROADS will be paid to the first subscriber for that ROADS, (being the person whose name was registered in the Register on the day on which the Board passed a resolution to pay that Dividend which will be on or about the Issue Date) irrespective of any transfer of that ROADS before the first Dividend Payment Date. If an Optional Dividend payment is made in substitution for a Dividend not paid on the first Dividend Payment Date, it will be paid to the first subscriber for ROADS in respect of which it is paid.
- 1.10 Subject to clause 1.9, each Dividend will be paid to the Holders on the Register at the Record Date in respect of that Dividend.
- 1.11 If during any Dividend Period a Recommended Acquisition Event occurs, the Additional Margin as defined below will be added to the Margin (otherwise calculated under these terms) for that Dividend Period and for each subsequent Dividend Period until, but excluding, the next Step-up Date that follows a Successful Re-marketing Process. For this purpose, the **Additional Margin** (expressed as a percentage per annum) means 3.00% unless the Step-up Margin applies at the date of the Recommended Acquisition Event, in which case the Additional Margin is 1.00%. If the Acquisition Event does not occur on a Dividend Payment Date, the Additional Margin will apply to the number of days remaining during the relevant Dividend Period from (and including) the date that the Recommended Acquisition Event occurred.

TERMS OF ROADS

- 1.12 For the avoidance of doubt, clause 1.11 can take effect only once.
- 1.13 The Issuer will give notice of an Acquisition Event within five Business Days of the Acquisition Event occurring by issuing a market release to NZX describing the event, sending a copy of the market release to each Holder on the Register on the day the market release is made, and publishing a notice in the New Zealand Herald or any other daily financial newspaper of national circulation in New Zealand, which notice describes the event.
- 1.14 Except as provided in this clause 1 and clause 8, ROADS are not entitled to participate in the surplus assets or profits of the Issuer.
- 1.15 The Issuer may make from Dividends any deductions or withholdings on account of tax or on any other account which the Issuer is required by law to make.
- ## 2. ISSUER REDEMPTION EXCHANGE AND RESALE
- 2.1 The Issuer may elect to Redeem or Exchange:
- (a) all or some ROADS on a Step-up Date;
 - (b) all or some ROADS on any Dividend Payment Date after a Step-up Date, if the Step-up Margin applies with effect from the Step-up Date;
 - (c) all or some ROADS on any Dividend Payment Date after an Acquisition Event has occurred;
 - (d) all (but not some only) ROADS at any time, if a Regulatory Event, an Accounting Event, or a Tax Event has occurred; or
 - (e) all (but not some only) ROADS at any time, if there are less than 50,000,000 ROADS on issue.
- 2.2 To elect to Redeem or Exchange ROADS under clause 2.1, the Issuer must give a notice (**Issuer Notice**) under this clause 2.2. An Issuer Notice will be irrevocable, and must:
- (a) state whether ROADS are to be Redeemed or Exchanged, or both, and if both, the proportion of ROADS that will be Redeemed and the proportion that will be Exchanged;
 - (b) if less than all ROADS are to be Redeemed or Exchanged, state the proportion of ROADS to be Redeemed or Exchanged for each Holder;
 - (c) in the case of a Redemption or Exchange under clause 2.1(a) or 2.1(b), be given no less than 35 Business Days (but no more than three months) before the Step-up Date or Dividend Payment Date, and state the Step-up Date or Dividend Payment Date as the Redemption Date or Exchange Date;
- (d) in any other case, state as the Redemption Date or Exchange Date the last Business Day of the month following the month in which the Issuer Notice was given, unless the Issuer determines an earlier date having regard to the best interests of Holders (collectively) and the relevant event (provided that, in the case of an Exchange, the Exchange Date must be at least 20 Business Days after the date of the Issuer Notice).
- 2.3 If less than all ROADS are Redeemed pursuant to clause 2.1(a), 2.1(b) or 2.1(c), the Issuer will Redeem the relevant ROADS of all Holders and in a manner that will leave unaffected the relative voting and distribution rights of Holders.
- 2.4 For the avoidance of doubt, on a Redemption Date or Exchange Date, and immediately before Redemption or Exchange, the Issuer will pay to the Holder a Dividend in respect of the Dividend Period ending on the Redemption Date or Exchange Date.
- 2.5 The Issuer may, by giving notice under clause 7.1, elect to Resell all or some ROADS of a Retiring Holder on a Step-up Date.
- ## 3. REDEMPTION AMOUNT
- 3.1 If ROADS are to be Redeemed, the Issuer will on Redemption of each ROADS, pay to each Holder in respect of that ROADS the Redemption Amount.
- ## 4. EXCHANGE
- 4.1 At least 10 Business Days prior to electing to Exchange ROADS, the Issuer must give to Downer a notice (**Request Notice**) requesting Downer to Repurchase those ROADS on the Exchange Date.
- 4.2 If Downer responds to the Request Notice by agreeing to Repurchase the relevant ROADS, the Issuer may elect to Exchange all or some ROADS and clause 6.1(a) of the Deed Poll will apply.
- 4.3 If Downer responds to the Request Notice by declining to Repurchase the relevant ROADS, the Issuer may not elect to Exchange any ROADS.
- 4.4 If Downer responds to the Request Notice by agreeing to Repurchase the relevant ROADS or a Retiring Holder is deemed to have given notice under clause 6.2, each Holder of the relevant ROADS will be deemed to have authorised the Issuer to act on behalf of that Holder in respect of the transfer of that Holder's relevant ROADS to Downer or the person nominated by Downer

under clause 8.2 of the Deed Poll, and to sign any document necessary to effect or record that transfer and to do everything necessary or desirable to be done in order to record or perfect that transfer.

5. RE-MARKETING PROVISIONS

- 5.1 No earlier than six months and not later than 45 Business Days before a Step-up Date, the Issuer may issue a Re-marketing Process Invitation that will include the terms of ROADS, if any, that will be adjusted with effect from the Step-up Date following a Successful Re-marketing Process. Those terms that may be adjusted are:
- (a) the Market Rate (including from floating to fixed or fixed to floating or any other variation);
 - (b) the Step-up Percentage;
 - (c) the Exchange Discount;
 - (d) the frequency and timing of Dividend Periods;
 - (e) the frequency and timing of Dividend Payment Dates;
 - (f) the timing of the next Step-up Date (which must coincide with the beginning of a Dividend Period); and
 - (g) the notice periods required under clause 2.2 or clause 5.3, having regard to the changes specified in the Re-marketing Process Invitation in respect of clause 5.1(d), (e) or (f).
- 5.2 If the Issuer does not issue a Re-marketing Process Invitation within the period prescribed by clause 5.1, the Step-up Margin will apply with effect from the Step-up Date, the Market Rate will thereafter be fixed on the basis of the Swap Rate for interest rate swaps of a one year term, no other terms will be adjusted and there will be no further Step-up Dates.
- 5.3 Each Holder may, within 20 Business Days of the issue of a Re-marketing Process Invitation or such longer time period (ending not less than 25 Business Days before the Step-up Date) which the Issuer nominates, give one of the following types of written notice to the Issuer:
- (a) a **Step-up Notice** indicating that the Holder does not wish to continue to hold ROADS unless the Step-up Margin applies with effect from the Step-up Date;
 - (b) a **Bid Notice** indicating that the Holder does not wish to continue to hold ROADS unless the Margin applying with effect from the Step-up Date is at least equal to a rate specified by

the Holder (which must be less than the Step-up Margin); or

- (c) a **Hold Notice** indicating that the Holder wishes to continue to hold ROADS irrespective of the Margin which applies with effect from the Step-up Date.

If a Holder does not respond within 20 Business Days, or the longer time period nominated by the Issuer, the Holder is deemed to have given a Hold Notice in respect of all of that Holder's ROADS.

- 5.4 The following provisions apply in respect of setting a Margin:

- (a) If the Issuer issues a Re-marketing Process Invitation, it may, at its election and subject to clause 5.4(b), within five Business Days after the last date for receipt of responses from Holders:
 - (i) set a New Margin which, together with the revised terms referred to in clause 5.1 (if any), will apply with effect from the Step-up Date; or
 - (ii) not set a New Margin;
- (b) The Issuer may set a New Margin under clause 5.4(a)(i) only where Holders gave:
 - (i) Hold Notices (and for the purposes of this clause 5.4, a deemed Hold Notice must not be counted); or
 - (ii) Bid Notices specifying a margin equal to or less than the proposed New Margin, notices under (i) and (ii) were cumulatively in respect of at least 20% of ROADS on issue at the time the Re-marketing Process Invitation was issued, and the proposed New Margin has been approved by Downer in writing.
- (c) If clause 5.4(a)(ii) applies, the Step-up Margin will apply to any ROADS which remain on issue with effect from the Step-up Date, the Market Rate will be fixed on the basis of the Swap Rate for interest rate swaps of a one year term, no other terms will be adjusted and there will be no further Step-up Dates.

6. REPURCHASE BY DOWNER

- 6.1 If, in response to a Re-Marketing Process Invitation, a Holder has given:

- (a) a Step-up Notice, and the Step-up Margin does not apply from the relevant Step-up Date; or

TERMS OF ROADS

- (b) a Bid Notice, and the Margin applying from the relevant Step-up Date is less than the rate specified by the Holder in the Bid Notice, that Holder is, for the purposes of these Terms, called a **Retiring Holder**.
- 6.2 If a Holder becomes a Retiring Holder, the Holder is deemed to have given to Downer a notice (**Repurchase Notice**) requiring Downer to Repurchase all the Holder's ROADS in accordance with the Deed Poll on the relevant Step-up Date, unless those ROADS are Resold on that Step-up Date.
- 6.3 If a Holder becomes a Retiring Holder, the Holder will not thereafter deal with, transfer or dispose of or otherwise encumber its ROADS (unless Downer fails to Repurchase ROADS in accordance with the Deed Poll).
- 6.4 For the avoidance of doubt, on a Repurchase Date, and immediately before Repurchase, the Issuer will pay to the Holder a Dividend in respect of the Dividend Period ending on the Repurchase Date.
- 7. RESALE**
- 7.1 The Issuer may, subject to compliance with all applicable laws, not later than 10 Business Days before a Step-up Date, give a notice to Retiring Holders which states that the Issuer will sell or procure the sale of ROADS the subject of that notice to a third party on the Step-up Date. That notice:
- (a) may be given to all Retiring Holders, or some Retiring Holders selected by the Issuer;
 - (b) may specify that the Issuer will procure the sale of all, or some, ROADS held by the Retiring Holders to which it is given; and
 - (c) will, if it specifies that the Issuer will procure the sale of less than all ROADS held by Retiring Holders to which it is given, specify the proportion of each Retiring Holder's ROADS to be sold.
- If the Issuer gives notice under this clause, the Issuer must on the relevant Step-up Date procure the sale of ROADS specified in that notice to a third party for an amount such that the net proceeds of the sale are at least equal to the amount which would have been paid on Redemption of those ROADS and remit the net proceeds to the Retiring Holder.
- 7.2 If the Issuer gives the Retiring Holder a notice under clause 7.1, each Retiring Holder to which that notice is addressed will be deemed to have authorised the Issuer to act on behalf of that Retiring Holder in respect of the transfer of that Retiring Holder's ROADS to the third party referred to in clause 7.1, and to sign any document necessary to effect or record that transfer and to do everything necessary or desirable to be done in order to record or perfect that transfer.
- 7.3 For the avoidance of doubt, on a Resale Date, and immediately before Resale, the Issuer will pay to the Retiring Holder a Dividend in respect of the Dividend Period ending on the Resale Date.
- 8. RANKING**
- 8.1 Dividends will rank for payment in priority to the rights in respect of dividends of all other classes of shares of the Issuer, other than Equal Ranking Shares.
- 8.2 Each Holder will have the right in a liquidation of the Issuer to payment of the Redemption Amount in priority to the holders of all other classes of shares of the Issuer, other than Equal Ranking Shares. Holders will not be entitled to participate further in the assets of the Issuer.
- 8.3 ROADS are shares of the Issuer and accordingly rank in a liquidation of the Issuer after all creditors of the Issuer.
- 9. VOTING**
- 9.1 Holders will have no right to receive notice of, attend, or vote at meetings of shareholders of the Issuer, other than meetings referred to in clause 12.6.
- 10. TRANSFER**
- 10.1 A Holder may, subject to clause 10.5, transfer any ROADS:
- (a) under any share transfer system which operates in relation to the trading of securities on any stock exchange on which ROADS are quoted and which is applicable to the Issuer; or
 - (b) by an instrument of transfer which complies with clause 10.3.
- 10.2 ROADS which are disposed of in a transaction which complies with the requirements of a system of transfer referred to in clause 10.1 may be transferred in accordance with the requirements of that system.

- 10.3 An instrument of transfer of ROADS to which the provisions of clause 10.2 are not applicable will:
- (a) be in any common form or any other form approved by the Issuer or the Registry; and
 - (b) be signed or executed by or on behalf of the transferor.
- 10.4 An instrument transferring ROADS must be delivered to the Issuer or to the Registry, together with such evidence (if any) as the Issuer or the Registry reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, ROADS.
- 10.5 The Board may refuse to register a transfer of any ROADS if:
- (a) the Issuer has a lien on ROADS;
 - (b) the transferor fails to produce such evidence as the Issuer or the Registry reasonably requires to prove the title of the transferor to, or right of the transferor to transfer, ROADS; or
 - (c) registration of the transfer (together with registration of any further transfer or transfers then held by the Issuer and awaiting registration) would result in less than a Minimum Holding standing in the name of the transferee.
- 10.6 A transferor of ROADS is deemed to remain the Holder of ROADS until the name of the transferee is entered in the Register in respect of the share.
- 11. DEED POLL**
- 11.1 It is a condition of each ROADS that each person who becomes a Holder of ROADS whether by subscription or transfer or otherwise, has in respect of that ROADS the benefit of, and is subject to, the Deed Poll.
- 11.2 Any transfer of ROADS will be subject to the Deed Poll and will be deemed to be a transfer of all rights and obligations in respect of the Deed Poll from the transferor to the transferee.
- 11.3 The Issuer holds the benefit of this clause 11 in respect of the Deed Poll for and on behalf of the Issuer and for and on behalf of Downer.
- 12. GENERAL**
- 12.1 All calculations of payments will be rounded to four decimal places. For the purposes of making any payment in respect of a Holder's aggregate holding of ROADS, any fraction of a cent will be disregarded.
- 12.2 Monies payable by the Issuer to a Holder may be paid in any manner the Issuer decides, including:
- (a) by any method of direct credit determined by the Issuer to the Holder or Holders shown on the Register or to such person or place directed by them;
 - (b) by cheque sent through the post directed to the physical or postal address of the Holder as shown in the Register or, in the case of joint Holders, to the physical or postal address notified to the Registrar for receipt of such monies (and in default of notification, to the physical or postal address shown in the Register as the address of the joint Holder first named in that Register); or
 - (c) by cheque sent through the post directed to such other physical or postal address as the Holder or joint Holders in writing direct.
- 12.3 Cheques issued by the Issuer that are not presented within six months of being issued or such lesser period as determined by the Issuer may be cancelled. Where a cheque which is cancelled was drawn in favour of a Holder, the monies are to be held by the Issuer for the Holder as a non-interest bearing deposit or paid by the Issuer according to the legislation relating to unclaimed monies.
- 12.4 Subject to applicable law, where the Issuer:
- (a) decides that an amount is to be paid to a Holder by a method of direct credit and the Holder has not given a direction as to where amounts are to be paid by that method;
 - (b) attempts to pay an amount to a Holder by direct credit, electronic transfer of funds or any other means and the transfer is unsuccessful; or
 - (c) has made reasonable efforts to locate a Holder but is unable to do so,
- the amount is to be held by the Issuer for the Holder as a non-interest bearing deposit until the Holder or any legal personal representative of the Holder claims the amount or the Issuer is otherwise entitled to deal with the money by applicable law.

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- 12.5 A payment to any one of joint Holders will discharge the Issuer's liability in respect of the payment.
- 12.6 Subject to clause 12.7, the rights attaching to ROADS may be varied, added to or cancelled with the approval of:
- the Board; and
 - the holder or holders of the ordinary shares of the Issuer; and
 - a Special Resolution.

A meeting of Holders for the purposes referred to in paragraph (c) may be convened by the Board.

- 12.7 Subject to complying with applicable laws, the Board may without the authority, assent or approval of the Holders vary or add to the rights attaching to ROADS if such variation or addition is in the opinion of the Board formed in good faith:
- of a formal, minor or technical nature; or
 - made to correct a manifest error; or
 - not likely (taken as a whole and in conjunction with all other variations, if any, to be made contemporaneously with that variation) to be materially prejudicial to the interests of the Holders.

- 12.8 The Board may, subject to clause 12.9, at any time give notice to any Holder holding less than a Minimum Holding that if at the expiration of three months after the date the notice is given the Holder still holds ROADS which are less than a Minimum Holding, the Board may exercise the power of sale of those ROADS set out in this clause 12.8. If that power of sale becomes exercisable:
- the Board may arrange for the sale of those ROADS through NZX or in some other manner approved by NZX;
 - the Holder will be deemed to have authorised the Issuer to act on the Holder's behalf and to execute all necessary documents for the purposes of that sale; and
 - the Issuer will account to the Holder for the net proceeds of sale of ROADS (after deduction of reasonable sale expenses), which will be held on trust for the Holder by the Issuer and paid to the Holder.

The title of a purchaser of any ROADS sold pursuant to this clause 12.8 will not be affected by any irregularity or invalidity in the exercise of the power of sale or the sale itself.

- 12.9 The Board will not give notice under clause 12.8 to a Holder who holds less than a Minimum Holding if that Holder was issued less than a Minimum Holding on the issue of ROADS, and has never held a Minimum Holding.

- 12.10 If Downer makes a payment to Holders pursuant to the Deed Poll on account of any unpaid Dividend or Redemption Amount, that payment will be deemed to be a payment by the Issuer of or towards the Dividend or Redemption Amount, and will to the extent of the payment made reduce or extinguish the obligation of the Issuer in respect of Dividends or the Redemption Amount.

13. DEFINITIONS

- 13.1 In this schedule, unless the context otherwise requires:

Accounting Event means any change in Australian or New Zealand equivalents to International Financial Reporting Standards or their interpretation or implementation, confirmed (in respect of Australia) with Downer's auditors or (in the case of New Zealand) with the Issuer's auditors, which has the effect that ROADS would be treated as a liability for the purposes of the accounts or consolidated accounts of the Issuer or the Group.

Acquisition Event means:

- a takeover bid is made to acquire all or some of the Ordinary Shares and the offer is, or becomes, unconditional and:
 - the bidder has a relevant interest in more than 50% of the Ordinary Shares; or
 - the Downer Board issues a statement recommending acceptance of the bid; or
- a court approves a scheme of arrangement which, when implemented, will result in a person having a relevant interest in more than 50% of the Ordinary Shares.

Act means the Companies Act 1993 of New Zealand.

Administrative Action means any judicial decision, official administrative pronouncement, published or private ruling, response to application for a ruling, regulatory procedure, notice or announcement (including any notice or announcement of intent to adopt a procedure or regulation).

ASX means ASX Limited (ABN 98 008 624 691).

Board means the directors of the Issuer who number not less than the required quorum, acting together as a board of directors.

Bookbuild means the process conducted by Downer or its agents prior to the opening of the initial offer of ROADS whereby certain investors and brokers lodge bids for ROADS and, on the basis of those bids, the Issuer and Downer determine the Initial Margin and announce their determination prior to the opening of the offer.

Business Day has the meaning given to that term in the NZDX Listing Rules.

Corporations Act means the Corporations Act 2001 (Commonwealth of Australia).

Deed Poll means the deed poll dated on or about 7 March 2007 made by Downer in favour of Holders from time to time and others.

Distribution has the meaning in the Act.

Dividend means any dividend on ROADS payable pursuant to clause 1.

Dividend Amount means:

- (a) in respect of a Dividend Period (except where paragraph (b) of this definition applies), an amount calculated according to the following formula:

$$\text{Dividend Amount} = \frac{\text{Dividend Rate} \times \text{Issue Price}}{4} \times (1-T)$$

- (b) in respect of:

- (i) the first Dividend Payment Date for any ROADS issued as part of the initial issue of ROADS, or subsequently issued on a date that is not a Dividend Payment Date; or
- (ii) each Dividend Payment Date that is a Dividend Payment Date only because it is a Redemption Date, Exchange Date, Repurchase Date or Resale Date,

an amount calculated according to the following formula:

$$\text{Dividend Amount} = \frac{\text{Dividend Rate} \times \text{Issue Price} \times N}{365} \times (1-T)$$

in each case, where:

Dividend Rate (expressed as a percentage per annum) is calculated according to the following formula:

$$\text{Dividend Rate} = \text{Market Rate} + \text{Margin}$$

where:

Market Rate (expressed as a percentage per annum) means:

- (a) in respect of each Dividend Period ending on or before the first Step-up Date, the greater of:
- (i) the Swap Rate for interest rate swaps of a five year term on the date the Bookbuild is concluded; and
- (ii) the Swap Rate for interest rate swaps of a five year term on the Issue Date;
- (b) in respect of each Dividend Period ending after the first Step-up Date, and subject to paragraphs (c) and (d), the Swap Rate for interest rate swaps of a five year term on the Step-up Date immediately preceding the commencement of that Dividend Period;
- (c) if the Issuer adjusts the Market Rate pursuant to a Re-marketing Process, the Market Rate as adjusted by the Issuer;
- (d) subject to clause (c) in this definition of Market Rate, if clause 5.4(c) or clause 5.2 applies, the Swap Rate for interest rate swaps of a one year term on the relevant Step-up Date and thereafter reset on each one year anniversary of that Step-up Date.

Margin (expressed as a percentage per annum) means in respect of each Dividend Period:

- (a) to (but not including) the first Step-up Date, the Initial Margin;
- (b) from and including a Step-up Date which follows a Successful Re-marketing Process (and with effect from and including the Step-up Date but excluding the next Step-up Date), the New Margin;
- (c) from and including a Step-up Date which does not immediately follow a Successful Re-marketing Process (and with effect from the Step-up Date), the Step-up Margin; and
- (d) where clause 1.11 applies, includes the Additional Margin.

N means:

- (a) in respect of the first Dividend Period for each ROADS issued as part of the initial issue of ROADS the number of days from (and including) the date application monies for that ROADS are banked until (but excluding) the first Dividend Payment Date for that ROADS; or

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- (b) in respect of each Dividend Payment Date that is a Dividend Payment Date only because it is a Redemption Date, Exchange Date, Repurchase Date or Resale Date, the number of days from (and including) the previous Dividend Payment Date until (but excluding) the Redemption Date, Exchange Date, Repurchase Date or Resale Date (as the context requires) for that ROADS.

T means the basic rate of income tax applicable to the Issuer under Schedule 1 of the Tax Act.

Dividend Payment Date has the meaning in clause 1.8.

Dividend Period means in respect of any ROADS:

- (a) in respect of the first Dividend Period for any ROADS issued as part of the initial issue of ROADS, the period from (and including) the date on which the subscription money for that ROADS is banked by the Issuer until (but excluding) the first Dividend Payment Date for that ROADS;
- (b) in respect of each subsequent Dividend Period, the period from (and including) a Dividend Payment Date until (but excluding) the next Dividend Payment Date.

Downer means Downer EDI Limited (ABN 97 003 872 848).

Downer Board means directors of Downer who number not less than the required quorum, acting together as a board of directors.

Equal Ranking Shares means shares of the Issuer which are issued on the terms that they are to rank equally with ROADS in respect of dividends and/or distribution of capital in a liquidation.

Exchange means that the Issuer requests that Downer Repurchase all or some ROADS and Downer agrees to repurchase those ROADS.

Exchange Date means a date on which ROADS are Exchanged.

Exchange Repurchase has the meaning given to that term in the Deed Poll.

Fully Imputed means in relation to a Dividend, that Imputation Credits are validly attached to the Dividend, so that the imputation ratio of the Dividend is the maximum imputation ratio permitted by the law of New Zealand.

Group means Downer and its consolidated entities and operations.

Hold Notice has the meaning in clause 5.3.

Holder in respect of a ROADS means a person whose name is entered in the Register as the holder for the time being of that ROADS.

Imputation Credit means an imputation credit as defined in section OB 1 of the Tax Act.

Initial Margin means the Margin determined under the Bookbuild.

Issue Date means the date on which the last ROADS issued as part of the initial offer of ROADS is issued (which is expected to be on or about 23 April 2007).

Issue Price means the amount specified in the Offer Document as the amount payable, on the issue of any ROADS, by a subscriber for any ROADS.

Issuer Notice means a notice given by the Issuer under clause 2.2.

Margin has the meaning in the definition of Dividend Rate.

Market Rate has the meaning in the definition of Dividend Rate.

Minimum Holding means 3,000 ROADS.

New Margin means a new margin set in accordance with clause 5.4.

NZX means New Zealand Exchange Limited.

Offer Document means:

- (a) in respect of the initial offer of ROADS, the prospectus and investment statement pursuant to which ROADS are offered to the public in New Zealand; and
- (b) in respect of any subsequent offer of ROADS, the prospectus and investment statement or other disclosure or offering document under which ROADS are offered in New Zealand and/or elsewhere.

Optional Dividend has the meaning in clause 1.6.

Ordinary Shares means fully paid ordinary shares of Downer or the shares which result if the ordinary shares of Downer are at any time subdivided, consolidated or reclassified.

Recommended Acquisition Event means an Acquisition Event that has been recommended by the Downer Board and approved by the Board, having regard to the interests of the Group as a whole (so far as permitted by the applicable law).

Record Date means for payment of:

- (a) a Dividend (other than the first Dividend) the date which is 10 days before the Dividend Payment Date for that Dividend; or
- (b) an Optional Dividend, the date prior to the payment of the Optional Dividend that is determined by the Issuer,

or such other date as may be required by NZX.

Redeem means to redeem ROADS for cash in accordance with clause 3.

Redemption Amount means in respect of each ROADS the Issue Price of that ROADS.

Redemption Date means a date on which ROADS are Redeemed.

Register means the share register for the Issuer kept in accordance with the Act.

Regulatory Event means the receipt by the Issuer or Downer of an opinion from a reputable legal counsel that, as a result of:

- (a) any amendment to, clarification of, or change (including any announced prospective change) in the laws or any regulations of a Relevant Jurisdiction or any political subdivision of a Relevant Jurisdiction;
- (b) any Administrative Action; or
- (c) any amendment to, clarification of, or change in an Administrative Action that provides for a position that differs from the current generally accepted position,

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which amendment, clarification, change or Administrative Action is effective or such pronouncement or decision is announced on or after the Issue Date, there is more than an insubstantial risk that Downer or the Issuer would be exposed to more than a minimal increase in its costs in respect of ROADS.

Related Company has the meaning given by the Companies Act, as if a reference to a company was to any body corporate, wherever incorporated.

Relevant Jurisdiction means Australia or New Zealand.

Re-marketing Process means the process described in clause 5.

Re-marketing Process Invitation means an invitation given by the Issuer to Holders in accordance with clause 5.1.

Repurchase means a purchase of ROADS from a Holder under clauses 5 or 7 of the Deed Poll.

Repurchase Date means the date on which a Repurchase is to take place, as specified in clause 4.1 or 6.2.

Repurchase Notice has the meaning in clause 6.2.

Request Notice has the meaning in clause 4.1.

Retiring Holder has the meaning in clause 6.1.

Registry means an agent appointed by the Issuer to keep the Register.

Resale means the sale of ROADS pursuant to clause 7.1.

Resale Date means a date on which ROADS are Resold.

ROADS means Redeemable Optionally Adjustable Distributing Securities, being preference shares having the rights and restrictions recorded in this schedule.

Special Resolution means a special resolution (as defined in the Act) of Holders.

Step-up Date means:

- (a) the date which is the first Dividend Payment Date referred to in clause 1.8(a) falling after the fifth anniversary of the Issue Date; and
- (b) each fifth anniversary after that date, or such other time period as may be specified as an adjustment to that date following a Successful Re-marketing Process.

Step-up Margin means the Margin which prevailed immediately before the relevant Step-up Date plus the Step-up Percentage.

Step-up Percentage means 2.00%.

Step-up Notice has the meaning in clause 5.3.

Successful Re-marketing Process means the Re-marketing Process which results in a New Margin being set by the Issuer pursuant to clause 5.4.

Swap Rate means on any day and in respect of any term, the rate per annum expressed on a percentage yield basis, and rounded up to the nearest two decimal places, which is the average of the bid and ask rates displayed at or about 11.00am (New Zealand time) on that day on page FISSWAP (or any successor page) of the Reuters monitor screen for an interest rate swap with that term, or if there is a manifest error in the

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calculation of that average rate or that average rate is not displayed by 11.00am (New Zealand time) on that date, the rate specified in good faith by the Board at or around that time on that date having regard, to the extent possible, to the rates otherwise bid and offered for interest swaps of that term displayed on any Reuters page on that date.

Tax Act means the Income Tax Act 1994, or the Income Tax Act 2004, as applicable, of New Zealand, including any statute amending, consolidating or replacing it.

Tax Event means the receipt by the Issuer or Downer of an opinion from a reputable legal counsel or other tax adviser that, as a result of:

- (a) any amendment to, clarification of, or change (including any announced prospective change) in the laws, treaties, or any regulations affecting taxation of a Relevant Jurisdiction or any political subdivision or taxing authority of a Relevant Jurisdiction;
- (b) any Administrative Action; or
- (c) any amendment to, clarification of, or change in an Administrative Action that provides for a position that differs from the current generally accepted position,

in each case, by any legislative body, court, governmental authority or regulatory body, irrespective of the manner in which such amendment, clarification, change or Administrative Action is made known, which amendment, clarification, change or Administrative Action is effective or such pronouncement or decision is announced on or after the Issue Date, there is more than an insubstantial risk that the Issuer or Downer would be exposed to more than a minimal increase in its costs in respect of ROADS.

- 13.2 Whenever in this schedule there is a reference to a date, and that date is not a Business Day, the reference will be deemed to be to the next day which is a Business Day.
- 13.3 Terms defined in the Constitution (whether or not denoted with a capital letter) have the same meaning in this schedule.
- 13.4 The terms 'takeover bid', 'related body corporate', 'relevant interest', 'scheme of arrangement' and 'subsidiary', when used in this schedule have the meaning given in the Corporations Act.

DEED POLL

DEED POLL MADE BY DOWNER EDI LIMITED (ABN 97 003 872 848) (DOWNER) DATED 7 MARCH 2007

INTRODUCTION

- A. Works Infrastructure Finance (NZ) Limited (Issuer) is a company incorporated in New Zealand and is a wholly owned subsidiary of Downer.
- B. The Issuer intends to issue redeemable preference shares called ROADS.
- C. Downer has agreed to give the covenants in this deed for the benefit of the Holders and the Senior Creditors.

1. BENEFIT

- 1.1 This deed is made for the benefit of, and is enforceable by:
 - (a) Holders from time to time;
 - (b) former Holders who are entitled to receive a payment pursuant to clause 3.1 or clause 4.1; and
 - (c) Senior Creditors from time to time.
- 1.2 Each Holder, by accepting a payment by Downer under this deed, is taken to do so on and subject to the terms of this deed.

2. NO DISTRIBUTIONS

- 2.1 If a Dividend has not been paid in full for any reason within 20 Business Days after the relevant Dividend Payment Date, Downer will not, without the approval of a Special Resolution, make or pay any Distribution unless:
 - (a) four consecutive Dividends scheduled to be paid after the Dividend Payment Date of the Dividend that has not been paid have been paid in full; or
 - (b) an Optional Dividend has been paid to all Holders equal to the aggregate unpaid amount of any unpaid Dividends which were scheduled to be paid in the 12 months prior to the date of payment of the Optional Dividend; or
 - (c) all ROADS have been Redeemed, Exchanged or Repurchased.

3. GUARANTEE

- 3.1 Downer unconditionally (but subject to clause 4) and irrevocably guarantees to Relevant Holders as principal obligor, and not merely as a surety, by way of continuing obligation, the payment of all Relevant Amounts.

- 3.2 The guarantee in clause 3.1:
 - (a) constitutes an obligation separate from the other obligations under this deed;
 - (b) continues in full force and effect despite any judgment, order, claim or proof for any liquidated amount under this deed or any judgment or order.
- 3.3 No release, granting of time, forbearance, compromise or any other indulgence given by any Relevant Holder to the Issuer, or any amendment, alteration, compounding, compromise, release, abandonment, waiver or other variation of any of the provisions of this deed or any other thing by which Downer would have been released, if Downer had been surety only or otherwise, will discharge, release, prejudice or affect the liability of Downer as guarantor under this clause 3.
- 3.4 As between Downer and a Relevant Holder, Downer may for all purposes be treated as the Issuer and a Relevant Holder will be under no obligation to take any proceedings against the Issuer or exhaust any of that Relevant Holder's rights, powers or remedies against the Issuer before pursuing or enforcing this guarantee against Downer.
- 3.5 Downer:
 - (a) will not claim in the liquidation of the Issuer in competition with any Relevant Holder;
 - (b) waives in favour of each Relevant Holder all its rights against the Issuer to the extent necessary to give effect to the provisions of this clause 3;
 - (c) to the fullest extent permitted by law, waives such of the rights of Downer as surety or indemnifier (legal, equitable, statutory or otherwise) which may at any time be inconsistent with any of the provisions of the guarantee in this clause 3.
- 3.6 The obligations of Downer under this guarantee will not be conditional, contingent or dependent upon the validity or enforceability of the obligations of any other person, and will be and remain binding notwithstanding that any other person has not executed or duly executed this deed or given this guarantee.
- 3.7 The obligations of Downer under the guarantee in this clause 3 will remain in force until all Relevant Amounts payable by the Issuer to Relevant Holders have been paid. Such obligations will not be reduced or affected by the insolvency, liquidation or dissolution of Downer.

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4. FURTHER PROVISIONS RELATING TO THE GUARANTEE

- 4.1 For the purposes of calculating a payment to be made by Downer under clause 3 in respect of an unpaid Dividend, the amount of the Dividend in respect of which the payment is made will be calculated on the assumption that no Imputation Credits are attached to that Dividend.
- 4.2 Downer is not required to make a payment under clause 3 in respect of an amount payable upon Redemption or Exchange of ROADS, unless and until ROADS in respect of which the payment is to be made is validly transferred to Downer, or to a person nominated by Downer.
- 4.3 Downer may nominate some person other than Downer to pay any amount due and payable by Downer under clause 3 (**Nominated Amount**). If it does so, Downer's obligations under clause 3 will apply to the Nominated Amount as if that amount were a Relevant Amount for the purposes of clause 3.
- 4.4 If the Issuer pays any Relevant Amount to a Holder on its due date, the liability of Downer under clause 3 in relation to that Relevant Amount will be absolutely discharged when that payment is made, including without limitation if the Holder is obliged to repay the Redemption Amount or any part of it to the Issuer. This does not affect any other right or action (at law or otherwise) that the Holder may have against Downer as a consequence of any such repayment.

5. REPURCHASE OF ROADS OF RETIRING HOLDER

- 5.1 If:
- (a) a Holder is deemed to have given to Downer a Repurchase Notice under clause 6.2 of the Terms; and
 - (b) the Issuer does not Resell all the Holder's ROADS in accordance with clause 7 of the Terms on the relevant Step-up Date,
- Downer will, on the Repurchase Date, and subject to and in accordance with this clause 5, Repurchase all the Holder's ROADS.
- 5.2 Downer will, not later than 10 Business Days before the Repurchase Date, notify Holders referred to in clause 5.1 whose ROADS are to be Repurchased whether the Repurchase is to be a Cash Repurchase, an Exchange Repurchase, or both, and if both, the proportion of ROADS that will be purchased by way of a Cash Repurchase and by way of an Exchange Repurchase.

- 5.3 To the extent that a Repurchase is a Cash Repurchase, Downer will on the Repurchase Date pay to the Holder in respect of each ROADS purchased, the amount which would be payable on Redemption of that ROADS under clause 3.1 of the Terms.
- 5.4 To the extent that a Repurchase is an Exchange Repurchase, clause 7 will apply.

6. EXCHANGE REPURCHASE AT REQUEST OF THE ISSUER

- 6.1 If the Issuer gives to Downer a Request Notice, Downer will respond to that Request Notice within five Business Days either:
- (a) by agreeing to Repurchase the ROADS specified in that Request Notice, in which case Downer will Repurchase those ROADS by way of an Exchange Repurchase and clause 7 will apply. The relevant Repurchase Date will be the Exchange Date specified in the Request Notice; or
 - (b) by declining to Repurchase the ROADS specified in that Request Notice, in which case Downer will not be obliged to Repurchase those ROADS.

7. EXCHANGE REPURCHASE

- 7.1 If ROADS are to be Repurchased by way of an Exchange Repurchase, Downer will, on the Repurchase Date, issue to the Holder in respect of each ROADS purchased, the Exchange Number of Ordinary Shares.
- 7.2 The Exchange Number is a number of Ordinary Shares calculated in accordance with the following formula:

$$\text{Exchange Number} = \frac{\text{Issue Price}}{\text{VWAP} \times (1 - \text{Exchange Discount})}$$

where:

VWAP (expressed as a dollar value) means VWAP during the VWAP Period; and

Exchange Discount means 0.025 or the discount changed according to clause 5.1 of the Terms.

- 7.3 If the total number of Ordinary Shares to be issued to a Holder in respect of the Holders' aggregate holding of ROADS being Exchanged includes a fraction of an Ordinary Share, the number of Ordinary Shares to be issued will be rounded to the nearest whole number (and rounded up in the case of one half).

- 7.4 For the purposes of calculating VWAP under clause 7.2:
- (a) where, on some or all of the ASX Business Days in the relevant VWAP Period, Ordinary Shares have been quoted on ASX as cum dividend or cum any other distribution or entitlement and the issue of Ordinary Shares will occur after that date and those Ordinary Shares no longer carry that dividend or other distribution or entitlement, then the VWAP on the ASX Business Days on which those Ordinary Shares have been quoted cum dividend or cum any other distribution or entitlement will be reduced by an amount (Cum Value) equal to:
- (i) (in the case of a dividend or other distribution), the amount of that dividend or other distribution;
- (ii) (in the case of any other entitlement which is traded on ASX on any of those ASX Business Days), the volume weighted average sale price of all such entitlements sold on ASX during the VWAP Period on the ASX Business Days on which those entitlements were traded; or
- (iii) (in the case of an entitlement not traded on ASX during the VWAP Period), the value of the entitlement as reasonably determined by the Downer Board;
- (b) where on some or all of the ASX Business Days in the VWAP Period, Ordinary Shares have been quoted on ASX as ex dividend or ex any other distribution or entitlement, and Ordinary Shares which are to be issued would be entitled to receive the relevant dividend or other distribution or entitlement, the VWAP on the ASX Business Days on which those Ordinary Shares have been quoted ex dividend or ex any other distribution or entitlement will be increased by the Cum Value;
- (c) where the Ordinary Shares are reconstructed, consolidated, divided or reclassified into a lesser or greater number of securities during the VWAP Period, the VWAP will be adjusted by the Downer Board as it considers appropriate; and
- (d) VWAP on each ASX Business Day in the VWAP Period (after any adjustment pursuant to clause 7.4(a), (b) or (c)) expressed in Australian dollars will be converted to New Zealand dollars at the Exchange Rate applying on that ASX Business Day.
- Any adjustment under clause 7.4(a), (b) or (c) will promptly be notified to Holders.
- 7.5 Each Ordinary Share issued on an Exchange will rank equally with all other Ordinary Shares except in respect of any dividend or other benefit the record date for which falls before the date of issue.
- 7.6 By acquiring ROADS, each Holder is deemed to irrevocably:
- (a) upon an Exchange, consent to become a holder of Ordinary Shares and bound by the constitution of Downer; and
- (b) agree it is obliged to accept the Ordinary Shares upon an Exchange, notwithstanding anything which might otherwise affect the Exchange, including:
- (i) any change in the business prospects or financial position of Downer or any of its subsidiaries since the Issue Date;
- (ii) any disruption to the market or potential market for Ordinary Shares or to capital markets generally.
- Downer has no obligation to notify Holders of anything in the nature referred to in clause 7.6(b).
- 7.7 Where ROADS held by a Foreign Holder are to be Exchanged, unless Downer is satisfied that the laws of the Foreign Holder's country of residence (as shown in the Register) permit the issue of Ordinary Shares to the Foreign Holder (but as to which Downer is not bound to enquire), either unconditionally or after compliance with conditions which Downer in its absolute discretion regards as acceptable and not unduly onerous, the Ordinary Shares which the Foreign Holder is obliged to accept will be issued to a nominee who will sell those Ordinary Shares and pay a cash amount equal to the net proceeds received, after deducting any applicable brokerage, stamp duty and other taxes and charges, to that Foreign Holder.
- 7.8 Downer may not effect an Exchange Repurchase unless Ordinary Shares are quoted on the ASX on the Repurchase Date. If Downer is required to effect an Exchange Repurchase, but:
- (a) on the Repurchase Date Ordinary Shares are not quoted on the ASX; or
- (b) for any reason Downer is unable to issue Ordinary Shares in respect of that Exchange Repurchase,
- then:
- (c) if Downer gave notice under clause 5.2 stating that Downer would effect an Exchange

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Repurchase, Downer's election to effect an Exchange Repurchase will be deemed revoked and:

- (i) Downer will, on the date 10 Business Days after the Repurchase Date, repurchase for cash the relevant ROADS; and
 - (ii) the price payable by Downer for those ROADS will be increased by an amount equal to the Dividend accrued on ROADS since the Repurchase Date, calculated at the rate payable under the Terms;
- (d) if Downer gave notice under clause 6.1(a) agreeing to effect an Exchange Repurchase, that notice will be deemed revoked and an Exchange Repurchase will not occur.

8. REPURCHASE – GENERAL

8.1 Downer is not required to provide to a Holder the consideration for ROADS the subject of a Repurchase unless and until:

- (a) Downer has received from the Holder a properly executed transfer to Downer, or a person nominated under clause 8.2, in registrable form in respect of those ROADS; and
- (b) Downer is reasonably satisfied that those ROADS will be validly transferred to Downer or that person free of any encumbrance or security interest.

8.2 Downer may nominate some person other than Downer to take title to and pay for any ROADS, and if Downer does so:

- (a) those ROADS will be transferred to that person, rather than to Downer; and
- (b) Downer will not be released from its obligation to provide the consideration for those ROADS if that person does not pay the consideration.

9. SUBORDINATION

9.1 Until the Senior Creditors have been paid in full, the Subordinated Liability is subordinated to the Senior Indebtedness on the terms of this deed.

9.2 Despite anything else contained in this deed, until the Senior Creditors have been paid in full, Downer must not:

- (a) pay, or make any distribution in respect or on account of, or purchase or acquire, any of the Subordinated Liability in cash or kind or apply any money or assets in discharge of the Subordinated Liability;

- (b) set off any amount owing to it against the Subordinated Liability;
- (c) permit to subsist or give any guarantee and/or indemnity in respect of any of the Subordinated Liability; or
- (d) permit to subsist or create a mortgage, charge or other security interest to secure payment of the Subordinated Liability.

9.3 Until the Senior Creditors have been paid in full, a Holder must not:

- (a) demand or receive payment of, or receive any distribution in respect or on account of, any of the Subordinated Liability from Downer or any other related entity of Downer or apply any money or assets in discharge of the Subordinated Liability;
- (b) set off any amount owing by it against the Subordinated Liability;
- (c) enforce the Subordinated Liability by execution or otherwise; or
- (d) initiate or support or take any step which results in an Insolvency of Downer, whether by petition, convening a meeting, voting for a resolution or otherwise.

9.4 If, before the Senior Creditors have been paid in full, a Holder receives or recovers any amount (whether in respect of money or kind) in respect of any Subordinated Liability (**Subordinated Proceeds**), that Holder must immediately repay the Subordinated Proceeds to Downer and until it does so will hold the Subordinated Proceeds on trust for Downer.

This clause creates a trust over the Subordinated Proceeds. It does not create a charge over the Subordinated Proceeds.

9.5 If, before the Senior Creditors have been paid in full:

- (a) a Holder or any related body corporate of a Holder receives any amount (whether in the form of money or kind) in connection with the Subordinated Liability; or
- (b) an amount owing to Downer by a Holder or any related body corporate of a Holder is set off against the Subordinated Liability (by operation of law or otherwise),

the Holder must immediately pay an equivalent amount, up to the amount of the Senior Indebtedness, to the Senior Creditors.

10. PROVISION OF INFORMATION

10.1 Downer will from time to time provide to the Issuer, or at the request of the Issuer directly to Holders, such documents or information as are necessary to enable the Issuer to comply with the Terms, the constitution of the Issuer, and any relevant law.

11. AMENDMENT

- 11.1 This deed may be amended by a deed poll executed by Downer:
- (a) with the prior approval of a Special Resolution; or
 - (b) without the authority, assent or approval of Holders if in the opinion of the Downer Board formed in good faith, the amendment is:
 - (i) of a formal, minor or technical nature; or
 - (ii) made to correct a manifest error; or
 - (iii) not likely (taken as a whole and in conjunction with all other amendments, if any, to be made contemporaneously with that amendment) to be materially prejudicial to the interests of the Holders.

12. PAYMENTS

- 12.1 All payments to be made by Downer under this deed will be made in New Zealand currency.
- 12.2 If:
- (a) a Holder is resident in New Zealand for the purposes of the Tax Act; and
 - (b) Downer is required to make any deduction or withholding on account of taxation from any amount paid or payable by Downer under clause 3; and
 - (c) the Issuer would not have been required to make a corresponding deduction or withholding from the Relevant Amount in respect of which the payment by Downer is made,
- the amount payable by Downer will be increased to the extent necessary to ensure that, after making the deduction or withholding, the person to which payment is to be made receives and retains, free of any liability in respect of such deduction or withholding, a net amount equal to the amount that that person would have received and retained had no such deduction or withholding been made.

13. SEVERANCE

13.1 If any provision of this deed is, or becomes, unenforceable, illegal or invalid for any reason it will be deemed to be severed from this deed without affecting the validity of the remainder of this deed, and will not affect the enforceability, legality, validity or application of any other provision of this deed.

14. GOVERNING LAW

14.1 This deed is governed by the laws of New South Wales, Australia and Downer submits to the non-exclusive jurisdiction of the courts of New South Wales, Australia in respect of any dispute or proceeding arising out of this deed.

15. INTERPRETATION

15.1 In this deed, unless the context otherwise requires.

ASX Business Day means a Business Day as defined in the listing rules of ASX.

Cash Repurchase means a Repurchase for a cash consideration under clause 5.3.

Cum Value has the meaning in clause 7.4(a).

Exchange Discount has the meaning in clause 7.2.

Exchange Number has the meaning in clause 7.2.

Exchange Rate means in respect of any day the mid point between the bid and ask spot rates for purchasing New Zealand dollars with Australian dollars displayed on or about 9.30am (Sydney time) on that day on page AUDNZD=R (or any successor page) of the Reuters monitor screen, or if those rates are not displayed at that time, the rate specified in good faith by the Board having regard, to the extent possible, to published rates.

Exchange Repurchase means a Repurchase for a consideration consisting of Ordinary Shares under clause 7.1.

Foreign Holder means a Holder whose address in the Register is a place outside New Zealand.

Insolvency means in relation to a corporation or a trust:

- (a) its Winding Up or dissolution or its administration, provisional liquidation or any administration having a similar effect; and
- (b) any arrangement (including a scheme of arrangement or deed of company arrangement), composition or compromise with, or assignment for the benefit of, all or any class of that person's creditors or members or a moratorium involving any of them.

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Relevant Amount means any amount which is payable by the Issuer by way of Dividend or upon Redemption of ROADS. For the avoidance of doubt, an amount is not payable by way of Dividend, or upon Redemption of ROADS, unless and until all steps required under the Terms, the constitution of the Issuer, and the Act in order for that amount to be paid, have been taken.

Relevant Holder means in respect of ROADS:

- (a) in respect of a Dividend, the person who is the Holder of that ROADS on the Record Date for that Dividend (or, in the case of the first Dividend, the first subscriber for that ROADS); and
- (b) in respect of an amount payable on Redemption or Exchange of ROADS, the person who was the Holder of that ROADS on the Redemption Date or Exchange Date.

ROADS means Redeemable Optionally Adjustable Distributing Securities being preference shares having the rights and restrictions recorded in the Terms.

Senior Creditor means each secured and unsecured creditor of Downer to whom Downer must make payment in respect of any Senior Indebtedness.

Senior Indebtedness means each claim against Downer which:

- (a) is not a claim made by a Holder under or in relation to this deed; and
- (b) in the event of Downer's Insolvency or Winding Up is not (other than by reason of any statutory provision) stated or required to rank equally with any claim made by a Holder under or in relation to this deed, whether by the terms of any agreement, deed or instrument entered into with it or otherwise.

Subordinated Liability means any amount in respect of ROADS (whether in the form of money or kind) which Downer is or at any time may become actually or contingently liable to pay to or for the account of any Holder (whether alone or with another person) for any reason whatsoever under or in relation to this deed. It includes money by way of principal, interest, fees, costs, indemnities, charges, duties or expenses or payment of liquidated or unliquidated damages for which Downer is or at any time may become so liable, or as a result of a breach of or default of any obligation by Downer under or in relation to this deed.

Terms means the terms of ROADS set out in the appendix to the constitution of the Issuer, and a copy of which is set out in the appendix to this deed, as those terms may be amended or modified from time to time.

VWAP means, subject to adjustments and conversion under clause 7.4, the average of the daily volume weighted average sale prices (rounded to the nearest full cent) of Ordinary Shares sold on ASX during the relevant period or on the relevant days but does not include any "crossing" transacted outside the "Open Session State" or any "special crossing" transacted at any time, each as defined in the market rules of ASX or any trades outside Australia or trades pursuant to the exercise of options over Ordinary Shares.

VWAP Period means the period of 20 ASX Business Days on which trading in Ordinary Shares took place immediately preceding the relevant Exchange Date.

Winding Up means, in relation to Downer, the appointment of a liquidator or provisional liquidator of Downer (and where the appointment is made by a court, by a court of competent jurisdiction in Australia), and Wind Up has a corresponding meaning.

- 15.2 Expressions defined in the Terms have the same meaning in this deed.

**SIGNED SEALED AND DELIVERED AS A DEED POLL
DOWNER EDI LIMITED (ABN 97 003 872 848)**



GLOSSARY

GLOSSARY

The following is a glossary of terms used throughout this Offer Document and the Application Forms. There are also lists of defined terms in clause 13 of the Terms and clause 15 of the Deed Poll.

\$, NZ\$ or NZD	the lawful currency of New Zealand
A\$ or AUD	the lawful currency of Australia
ABN	Australian Business Number
ABN AMRO	ABN AMRO New Zealand Limited and its subsidiaries and associates
A-GAAP	Australian GAAP
A-IFRS	Australian equivalents to IFRS
Allocation	the number of ROADS allocated to successful Applicants. Allocate and Allocated have corresponding meanings
Applicant	a New Zealand resident person who submits an Application Form under this Offer Document
Application	a valid application made under this Offer Document by using the applicable Application Form to apply for a specified number of ROADS
Application Form	the application form attached to or accompanying this Offer Document
ASIC	Australian Securities and Investments Commission
ASTC Settlement Rules	the clearing and settlement rules made by ASX Settlement and Transfer Corporation Pty Limited, as amended from time to time
ASX	ASX Limited (ABN 98 008 624 691) or the stock market conducted by ASX Limited, as the context requires
ASX Listing Rules	the listing rules of ASX, as amended or waived from time to time
Auditor	Deloitte Touche Tohmatsu
Auditor's Report	the auditor's report, prepared by the Auditor, which is contained in Appendix A of this Offer Document
Broker Firm Applicants	a New Zealand resident retail client of a NZX Firm or approved financial intermediary who applies for a broker Firm Allocation from that NZX Firm or approved financial intermediary
Broker Firm Offer	the offer of ROADS to New Zealand resident retail investors to apply for a Firm Allocation from a NZX Firm or approved financial intermediary under this Offer Document
Closing Date	closing date for the Employee Offer, Shareholder Offer, General Offer and Broker Firm Offer, which is expected to be 5.00pm on 19 April 2007
Co-Managers	ABN AMRO Craigs Limited, Direct Broking Limited, First NZ Capital Securities Limited, Forsyth Barr Limited
Companies Act	Companies Act 1993 (NZ)
Companies Office	the New Zealand Companies Office at 3 Kingston Street, Auckland
Constitution	the constitution of the Issuer and/or the constitution of Downer, as the context requires
Corporate Directory	the corporate directory on the IBC of this Offer Document
Corporations Act	Corporations Act 2001 (Cth)
Cth	Commonwealth of Australia
Deed Poll	the deed poll dated 7 March 2007 entered into by Downer, as set out in full in Appendix B
Directors	the directors of Downer and/or the Issuer, as the context requires
Distribution Stopper	the restrictions on the Issuer and Downer as set out in clause 1.7 of the Terms and clause 2.1 of the Deed Poll respectively
Downer or Downer EDI	Downer EDI Limited (ABN 97 003 872 848)
Downer Group or Group	Downer and its consolidated entities and operations
EBITDA	earnings before interest, tax, depreciation and amortisation

Eligible Employee	an employee of the Downer Group as at 7.00pm on 6 March 2007 who is a resident of New Zealand
Eligible Shareholder	a registered Shareholder as at 7.00pm on 6 March 2007 who is shown on the Register to have an address in New Zealand
Employee Offer	the offer of ROADS to Eligible Employees under this Offer Document
FASTER	Fully Automated Screen Trading and Electronic Registration System, being the electronic trading system used on NZX
Firm Allocation	ROADS reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants, Institutional Investors and other participants in the Bookbuild, as determined by the Joint Lead Managers
Fitch Ratings or Fitch Fully Imputed	Fitch Australia Pty Limited (ABN 93 081 339 184) in relation to a dividend, that New Zealand imputation credits are validly attached to that dividend, so that the imputation ratio of that dividend is the maximum imputation ratio permitted by law
GAAP	Generally Accepted Accounting Principles
General Applicant	New Zealand resident Applicants who are neither Institutional Investors nor Applicants under the Employee Offer, Shareholder Offer nor Broker Firm Offer
General Offer	the offer of ROADS to General Applicants under this Offer Document
Guarantee	the unsecured and subordinated guarantee provided by the Guarantor under the Deed Poll, as summarised in Section 4
Guarantor	Downer
Holder	a registered holder of ROADS
IBC	inside back cover
IFRS	International Financial Reporting Standards
Institutional Investor	an Applicant for greater than \$1 million of ROADS and being an entity other than a natural person
Institutional Offer	the invitation made by the Joint Lead Managers to certain Institutional Investors to bid for ROADS in the Bookbuild and apply for ROADS under this Offer Document Downer and the Joint Lead Managers reserve the right to treat Applications in excess of \$1 million as part of the Institutional Offer
Investment Statement	the investment statement at Section 4, for the purposes of the Securities Act in respect of the Offer
Issue Date	the last date on which ROADS are issued under the Offer to successful Applicants, expected to be 23 April 2007
Issuer	Works Infrastructure Finance (NZ) Limited
Joint Lead Managers, Joint Organising Participants or Joint Lead Managers and Joint Organising Participants	ABN AMRO and UBS
NPAT	net profit after tax
NSW	New South Wales
NZ	New Zealand
NZDX	the debt security market operated by NZX
NZDX Listing Rules	the listing rules of the NZDX, as amended or waived from time to time
NZ-GAAP	New Zealand GAAP
NZ-IFRS	New Zealand equivalents to IFRS
NZX	New Zealand Exchange Limited
NZX Firm	an entity designated as a NZX Firm under the NZX Participant Rules

GLOSSARY

NZX Participant Rules	NZX Participant Rules made by NZX from time to time
Offer	the invitation made by the Issuer under this Offer Document for prospective investors to apply for ROADS at an issue price of \$1.00 each to raise up to \$150 million with the ability to accept oversubscriptions for up to a further \$50 million
Offer Document	this combined prospectus and investment statement dated 7 March 2007
Offer Management Agreement	the agreement dated 7 March 2007 between Downer and the Joint Lead Managers
Offer Period	the period from the Opening Date to the Closing Date
One Year Swap Rate	the Swap Rate for interest rate swaps of a one year term
Opening Date	the first day on which Applications will be accepted, which is expected to be 19 March 2007
Ordinary Shareholder or Shareholder	a registered holder of Ordinary Shares
Ordinary Shares	fully paid ordinary shares in Downer
PPP	public private partnership
Primary Market Participant	any company, firm, organisation or corporation designated as such from time to time by NZX pursuant to rule 3.18 of the NZX Participant Rules
Register	the official register of Ordinary Shares or the official register of ROADS, as the context requires
Registrar of Companies	the Registrar of Companies appointed in accordance with section 357(1) of the Companies Act
Registry	Computershare Investor Services Limited or any other registry appointed to maintain the Register
Reliance Rail	the Reliance Rail consortium which recently won a A\$3.6 billion contract to finance, design and construct 624 new passenger train carriages for the NSW Government
ROADS	Redeemable Optionally Adjustable Distributing Securities, being perpetual, redeemable, exchangeable preference shares to be issued by the Issuer under this Offer Document
Roche Mining	Roche Mining Pty Limited, a wholly owned subsidiary of Downer
Securities Act	Securities Act 1978 (NZ)
Securities Regulations	Securities Regulations 1983 (NZ)
Shareholder Offer	the offer of ROADS to Eligible Shareholders under this Offer Document
Structuring Adviser	UBS
Successful Re-marketing Process	a Re-marketing Process where the Issuer sets a New Margin in accordance with clause 5 of the Terms
Swap Rate	has the meaning given in the Terms
Terms or Terms of ROADS	the terms of issue of ROADS, as set out in full in Appendix B
UBS	UBS New Zealand Limited
UK	United Kingdom
Unsuccessful Re-marketing Process	the Re-Marketing Process which does not result in a New Margin being set by the Issuer pursuant to clause 5.4 of the Terms
US	United States of America
Works or Works Infrastructure	Works Infrastructure Limited and, where the context requires, includes its consolidated entities and operations
Works Shares	redeemable preference shares in Works to be issued to the Issuer on or about the Issue Date



APPLICATION FORMS

INSTRUCTIONS

You should read this Offer Document carefully before completing the Application Form.

General

Applications must be for a minimum of 3,000 ROADS (\$3,000) and thereafter in multiples of 1,000 ROADS (\$1,000). Applications for ROADS may only be lodged during the Offer Period, which is expected to open on 19 March 2007 and close at 5.00pm on 19 April 2007.

An Application will constitute an irrevocable offer by the Applicant to subscribe for and acquire the number of ROADS specified on the Application Form (or such lesser number which the Issuer may determine) on the terms and conditions set out in this Offer Document and on the Application Form.

The Application Form

Please complete all relevant sections of the Application Form using CAPITAL BLOCK LETTERS.

1. Insert your details

- > Enter your FULL NAME. Up to three Applicants may apply jointly. You should refer to the information on the back of the Application Form under the heading "Correct Form of Registrable Names" for the correct form of name that can be registered. Applications using the wrong form of name may be rejected for that reason.
- > Enter your POSTAL ADDRESS for all correspondence. All communications to you from the Issuer (holding statements, Dividend cheques, periodic reports, correspondence, etc) will be mailed to person(s) at the address as shown. For joint Applicants, only one address is to be entered.
- > Please let us know your TELEPHONE NUMBER(S), EMAIL ADDRESS and CONTACT NAME in case we need to contact you in relation to your Application.
- > Insert the NUMBER OF ROADS and corresponding DOLLAR AMOUNT (at the price of \$1.00 per ROADS) you wish to apply for.
- > If you would like any Dividends to be credited directly to an account with your bank, ensure that the appropriate details are entered.
- > Please enter your IRD NUMBER. The Issuer is required by law to hold it. For joint Applicants, please fill in the IRD number of the first named Applicant. Your Application may be rejected if your IRD number is not entered. Indicate by ticking the appropriate box whether or not you hold a Resident Withholding Tax Exemption certificate. If you hold a certificate, the Issuer will not be obliged to deduct Resident Withholding Tax on Dividends, if it has seen the relevant certificate. A copy of the certificate must be attached to the Application Form.

- > If you currently have a Computershare Investor Services Limited shareholder number or a Common Shareholder Number, please enter it in the box provided.
- > Read the declaration carefully and SIGN the Application Form. It must be signed by Applicants personally. Companies or other bodies corporate must sign in the same way as they would sign a formal deed or other formal legal document. Applications may, in either case, be executed by an attorney. If your Application form is signed by an attorney, the power of attorney document is not required to be lodged, but the attorney must complete the certificate at the bottom of the Application Form. Joint Applicants must all sign the Application Form.

2. Payment

Payment must accompany each Application Form. Payment must be made by a cheque drawn on a New Zealand bank, for New Zealand dollars, for value immediately. Post-dated cheques will not be accepted. Please ensure that the total of the cheque equals the amount payable. Make the cheque payable to "Works ROADS Offer" and cross it "Not Transferable".

Sufficient cleared funds should be held in your account as cheques returned unpaid are likely to result in your Application being rejected or your allotment being cancelled. Staple your cheque to the Application Form. Institutional investors must pay in immediately cleared funds.

3. Delivery

Applications cannot be revoked or withdrawn.

Applicants under the Employee Offer, Shareholder Offer and General Offer need to return the completed Application Form, together with Application Payment, to the address below so that it is received by the Registry no later than 5.00pm on the Closing Date.

Computershare Investor Services Limited
Level 2, 159 Hurstmere Road
Takapuna, Auckland
OR:
Private Bag 92119
Auckland 1142

Applicants may also lodge their Application with any Primary Market Participant, or the Joint Organising Participants, but must deliver it in time to enable the Application Form to be forwarded to the Registry no later than 5.00pm on the Closing Date.

Applicants accepting a Firm Allocation from a Primary Market Participant need to return the completed Application Form to the offices of the Primary Market Participant which has provided that Firm Allocation in time for it to be forwarded to and received by the Registry no later than 5.00pm on the Closing Date.

Please lodge your Application AS SOON AS POSSIBLE.

(H) DECLARATION AND SIGNATURE

I/We hereby apply for the number of ROADS shown above upon the terms and conditions set out in the Offer Document and acknowledge that I/we are legally bound by any decision of the Issuer to allot ROADS applied for or any lesser number. I/We agree to be bound by the Issuer's Constitution (including the Terms) and the terms of the Deed Poll.

I/We consent to becoming the Holder of all ROADS (and, in the event of Exchange, all Ordinary Shares) issued to me/us pursuant to the Offer.

I/We authorise the Joint Lead Managers, the Issuer and Downer and their respective officers or agents, to do anything on my/our behalf necessary for ROADS to be issued to me/us, including without limitation to sign any necessary documents and to act on instructions received by the Registry on using the contact details provided by me/us.

I/We acknowledge that:

- > an Application cannot be withdrawn or revoked.
- > this Application Form, the Offer and any contract arising out of its acceptance is governed by New Zealand law.
- > the first Dividend payment on ROADS which are allotted will be calculated as from the date Application monies are banked by the Issuer. That means that the first Dividend will be different for different ROADS. The Applicant acknowledges that if ROADS are allotted to the Applicant, the first Dividend will be calculated in this way. By signing this Application Form, for the purposes of section 53 of the Companies Act I/we waive the right to receive any Dividend calculated in respect of a period before the date the my Application monies are banked.

I/We declare that all details and statements made by me/us in this Application Form are complete and accurate. Signature(s) of Applicant(s) (or for companies, execute as a deed):

APPLICANT #1 JOINT APPLICANT #2
 JOINT APPLICANT #3 DATE

PRIVACY POLICY

Your personal information will be held by the Issuer and Downer for the purposes of processing your Application in relation to the offer of ROADS and any other future investment opportunities. Under the Privacy Act 1993, you have rights of access to, and correction of, this information.

Sending your information to us indicates your acceptance of the Privacy Act provisions detailed above.

CORRECT FORM OF REGISTRABLE NAMES

Note that ONLY LEGAL ENTITIES are allowed to hold ROADS. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the Issuer. Full given names and surnames are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms or registrable names below.

TYPE OF INVESTOR

- INDIVIDUAL** Use given names in full, not initials
- COMPANY** Use company title, no abbreviations
- TRUSTS** Do not use the name of the trust, use the trustee(s) personal names. All trustees must apply as joint Applicants
- DECEASED ESTATES** Do not use the names of deceased persons, use executor(s) personal names
- PARTNERSHIPS** Do not use the names of partnerships, use partners(s) personal names
- CLUBS/UNINCORPORATED BODIES** Do not use names of clubs etc, use office bearer(s) personal names
- SUPERANNUATION FUNDS** Do not use name of fund, use name of trustee

CERTIFICATE OF NON-REVOCAION OF POWER OF ATTORNEY

I, of

HEREBY CERTIFY THAT

By a Power of Attorney dated the day of

(Name of person for whom attorney is signing)

appointed me his/her/its attorney on the terms and conditions set out in the power of attorney. I have executed the Application for ROADS printed on the face of this form as attorney under that power of attorney and pursuant to the powers thereby conferred upon me.

As at the date of this certificate, I have not received any notice or information of the revocation of that power of attorney by the death or liquidation of the donor or otherwise.

Signed at this day of 2007

Signature of attorney

(H) DECLARATION AND SIGNATURE

I/We hereby apply for the number of ROADS shown above upon the terms and conditions set out in the Offer Document and acknowledge that I/we are legally bound by any decision of the Issuer to allot ROADS applied for or any lesser number. I/We agree to be bound by the Issuer's Constitution (including the Terms) and the terms of the Deed Poll.

I/We consent to becoming the Holder of all ROADS (and, in the event of Exchange, all Ordinary Shares) issued to me/us pursuant to the Offer.

I/We authorise the Joint Lead Managers, the Issuer and Downer and their respective officers or agents, to do anything on my/our behalf necessary for ROADS to be issued to me/us, including without limitation to sign any necessary documents and to act on instructions received by the Registry on using the contact details provided by me/us.

I/We acknowledge that:

- > an Application cannot be withdrawn or revoked.
- > this Application Form, the Offer and any contract arising out of its acceptance is governed by New Zealand law.
- > the first Dividend payment on ROADS which are allotted will be calculated as from the date Application monies are banked by the Issuer. That means that the first Dividend will be different for different ROADS. The Applicant acknowledges that if ROADS are allotted to the Applicant, the first Dividend will be calculated in this way. By signing this Application Form, for the purposes of section 53 of the Companies Act I/we waive the right to receive any Dividend calculated in respect of a period before the date the my Application monies are banked.

I/We declare that all details and statements made by me/us in this Application Form are complete and accurate. Signature(s) of Applicant(s) (or for companies, execute as a deed):

APPLICANT #1 JOINT APPLICANT #2
 JOINT APPLICANT #3 DATE

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Your personal information will be held by the Issuer and Downer for the purposes of processing your Application in relation to the offer of ROADS and any other future investment opportunities. Under the Privacy Act 1993, you have rights of access to, and correction of, this information.

Sending your information to us indicates your acceptance of the Privacy Act provisions detailed above.

CORRECT FORM OF REGISTRABLE NAMES

Note that ONLY LEGAL ENTITIES are allowed to hold ROADS. Applications must be in the name(s) of natural persons, companies or other legal entities acceptable to the Issuer. Full given names and surnames are required for each natural person. The name of the beneficiary or any other non-registrable name may be included by way of an account designation if completed exactly as described in the examples of correct forms or registrable names below.

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- CLUBS/UNINCORPORATED BODIES** Do not use names of clubs etc, use office bearer(s) personal names
- SUPERANNUATION FUNDS** Do not use name of fund, use name of trustee

CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY

I, of

HEREBY CERTIFY THAT

By a Power of Attorney dated the day of

(Name of person for whom attorney is signing)

appointed me his/her/its attorney on the terms and conditions set out in the power of attorney. I have executed the Application for ROADS printed on the face of this form as attorney under that power of attorney and pursuant to the powers thereby conferred upon me.

As at the date of this certificate, I have not received any notice or information of the revocation of that power of attorney by the death or liquidation of the donor or otherwise.

Signed at this day of 2007

Signature of attorney

CORPORATE DIRECTORY

ISSUER

Works Infrastructure Finance (NZ) Limited

14 Amelia Earhart Avenue
Airport Oaks, Auckland
NEW ZEALAND

DIRECTORS OF THE ISSUER

Geoffrey Bruce
John Davenport
Jan Johnson
Peter Reidy

GUARANTOR

Downer EDI Limited

Level 3, 190 George Street
Sydney NSW 2000
AUSTRALIA

DIRECTORS OF THE GUARANTOR

Barry O'Callaghan AO
Peter Jollie AM
Lucio Di Bartolomeo
Stephen Gillies
John Humphrey
Christopher Renwick AM

AUDITOR

Deloitte Touche Tohmatsu

Level 9, 225 George Street
Sydney NSW 2000
AUSTRALIA

LEGAL ADVISERS

Russell McVeagh

Vero Centre
48 Shortland Street
Auckland
NEW ZEALAND

Corrs Chambers Westgarth

Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
AUSTRALIA

TAX ADVISER

Deloitte

8 Nelson Street
Auckland
NEW ZEALAND

REGISTRY

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna, Auckland
NEW ZEALAND

STRUCTURING ADVISER, JOINT LEAD MANAGER AND JOINT ORGANISING PARTICIPANT

UBS

Level 17, 188 Quay Street
Auckland
NEW ZEALAND

JOINT LEAD MANAGER AND JOINT ORGANISING PARTICIPANT

ABN AMRO

Level 32, 48 Shortland Street
Auckland
NEW ZEALAND

CO-MANAGERS

ABN AMRO Craigs Limited

ABN AMRO Craigs House
158 Cameron Road
PO Box 13155
Tauranga
NEW ZEALAND
Telephone: 0800 272 442
Facsimile: (07) 571 8625

Direct Broking Limited

Level 2, Gen-i House
154 Featherston Street
PO Box 1790
Wellington
NEW ZEALAND
Telephone: 0800 800 372 (Push 2)
Facsimile: (04) 498 7064

First NZ Capital Securities Limited

Level 20, ANZ Centre
23-29 Albert Street
PO Box 5333
Auckland
NEW ZEALAND
Telephone: (09) 302 5500
Facsimile: (09) 375 7947

Forsyth Barr Limited

Level 9, Forsyth Barr House
The Octagon
Dunedin 9016
NEW ZEALAND
Telephone: 0800 367 227
Facsimile: (03) 477 4928

ENQUIRIES

ROADS InfoLine 0800 107 108
(Monday to Friday – 8.30am to 5.30pm)

WEBSITE

www.works.co.nz/ROADS



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