



Company Announcements Platform

Australian Securities Exchange and NZX

30 June 2009

Offer of Works Bonds in New Zealand - Amendment

We refer to the combined Prospectus and Investment Statement for the offer of Works Bonds, (being three-year, fixed rate, unsubordinated, unsecured debt securities) dated 27 May 2009 ("**Offer Document**"), as amended on 28 May 2009. We advise that the Offer Document has been revised today to include the admission of Works Finance (NZ) Limited (Works Finance) as a guarantor under Downer EDI Limited's (Downer) senior unsecured debt facilities.

Works Bonds carry an investment grade credit rating from Fitch Ratings of BBB- with a stable outlook. This rating remains unchanged.

Investors who wish to maintain their investment in Works Bonds need do nothing further. Investors wishing to do so may withdraw their application by submitting a withdrawal form by 5.00pm (New Zealand time) on 10 July 2009. The closing date for the offer has therefore also been extended to this date.

Investors will be advised in writing and the revised Offer Document is attached to this announcement.

Further information

The amended Offer Document is available at the offer website:
www.works.co.nz/bonds

Enquiries can be referred to:

Downer EDI

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Downer EDI Limited (www.downeredi.com) is an Australian top -100 company that provides comprehensive engineering and infrastructure management services to the public and private transport, energy, infrastructure, communications and resources sectors, across Australia, New Zealand, the Asia Pacific region and the United Kingdom.

WORKS FINANCE | WORKS BONDS

Prospectus and Investment Statement

For an offer of fixed rate, unsubordinated, unsecured debt securities (Works Bonds) to raise up to \$100 million (with the ability to accept oversubscriptions of up to \$50 million in aggregate)



WORKS BONDS

ISSUER



WORKS FINANCE (NZ) LIMITED

GUARANTOR



STRUCTURING ADVISER JOINT LEAD MANAGER



JOINT LEAD MANAGERS



FORSYTH BARR



CO-MANAGER



IMPORTANT INFORMATION



(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
What are the charges?	42
What returns will I get?	42
What are my risks?	45
Can the investment be altered?	52
How do I cash in my investments?	52
Who do I contact with enquiries about my investment?	53
Is there anyone to whom I can complain if I have problems with the investment?	53
What other information can I obtain about this investment?	53

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.*

* 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 in this document.

ENGAGING AN INVESTMENT ADVISER

An investment adviser must give you a written statement that contains information about the adviser and his or her ability to give advice. You are strongly encouraged to read that document and consider the information in it when deciding whether or not to engage an adviser.

Tell the adviser what the purpose of your investment is. This is important because different investments are suitable for different purposes, and carry different levels of risk.

The written statement should contain important information about the adviser, including:

- > relevant experience and qualifications, and whether dispute resolution facilities are available to you; and
- > what types of investments the adviser gives advice about; and
- > whether the advice is limited to investments offered by one or more particular financial institutions; and
- > information that may be relevant to the adviser's character, including certain criminal convictions, bankruptcy, any adverse findings by a court against the adviser in a professional capacity, and whether the adviser has been expelled from, or prohibited from joining, a professional body; and
- > any relationships likely to give rise to a conflict of interest.

The adviser must also tell you about fees and remuneration before giving you advice about an investment. The information about fees and remuneration must include:

- > the nature and level of the fees you will be charged for receiving the advice; and
- > whether the adviser will or may receive a commission or other benefit from advising you.

An investment adviser commits an offence if he or she does not provide you with the information required.

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 27 May 2009 (as amended by memorandum of amendments dated 28 May 2009 and memorandum of amendments dated 30 June 2009). 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 in section 4, "Investment Statement – Answers to Important Questions", on pages 36 to 53.

REGISTRATION

This Offer Document is prepared as at and dated 27 May 2009 (as amended by memorandum of amendments dated 28 May 2009 and memorandum of amendments dated 30 June 2009). 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, being the Auditors' Report, the signed consent of the Auditor to the Auditors' Report and other statements attributed to them appearing in this Offer Document, a copy of the material contracts which have not previously been filed with the Registrar of Companies, the Trustee's Statement, letters of authority authorising this Offer Document to be signed by the agent of Directors of the Issuer and Downer (where appropriate), 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 C, or in the relevant section of this Offer Document in which the term is used. There are also lists of defined terms in clause 1.1 of the Master Trust Deed and clause 1.2 of the Supplemental Trust Deed, which are both set out in Appendix B. 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

The Issuer is currently listed on NZDX. Application has been made to NZX for permission to list Works Bonds 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. It is expected Works Bonds will begin trading on 15 July 2009 under NZDX code "WKS020".

DISCLAIMER

Except as required by section 62 of the Securities Act, clause 1 of the fifth schedule of the Securities Regulations and any other applicable law, the Trustee does not assume any duty of care to the Issuer, any creditors of the Issuer or any other person other than the Holders (subject to and in accordance with the Master Trust Deed) in exercising its powers under the Master Trust Deed, and shall not be liable to any person (including the Issuer and the Holders) in any way except for wilful default, negligence or wilful breach of trust where the Trustee has failed to show the degree of care and diligence required of it having regard to the provisions of the Master Trust Deed.

The Trustee does not guarantee the payment or repayment of any moneys owing to a Holder or the principal or Interest on Works Bonds.

This document does not constitute specific advice to any particular recipient or person or a recommendation by the Trustee, the Joint Lead Managers or the Co-Manager nor any of their directors, officers, employees or agents ("Participating Entities"), to subscribe for, or purchase, any Works Bonds. Subject to applicable law (with particular reference to section 62 of the Securities Act, clause 1 of the fifth schedule of the Securities Regulations and the terms of the Master Trust Deed in relation to the liability of the Trustee), no Participating Entity accepts any liability whatsoever for any loss arising from this document or its contents or otherwise arising in connection with Works Bonds.

The Trustee has not independently verified the information contained in the sections of this document entitled "Introducing Works", "About Works and the Issuer" and "About Downer". In accepting delivery of this document, the recipient acknowledges that none of the Participating Entities give any warranty or representation of accuracy or reliability and they take no responsibility for it. Subject to applicable law and the terms of the Master Trust Deed, no Participating Entity has any liability for any errors or omissions (including for negligence) in this document, and each recipient waives all claims in that regard.

Each recipient of this document must decide whether the investment in Works Bonds is appropriate, having regard to its own investment objectives, financial situation and particular needs.



CONTENTS

	Investment highlights	3
	Key dates	4
	Directors' letter	5
	Introducing Works	7
SECTION 1	Summary of the Offer	14
SECTION 2	About Works and the Issuer	22
SECTION 3	About Downer	28
SECTION 4	Investment Statement – Answers to Important Questions	36
SECTION 5	Summary of the Trust Documents	54
SECTION 6	Trustee's Statement	60
SECTION 7	Auditors' Report	62
SECTION 8	Tax Information	66
SECTION 9	Statutory and Other Information	68
	Execution	73
	Index for the Securities Regulations 1983	74
APPENDIX A	Financial Information	75
APPENDIX B	Trust Documents	95
APPENDIX C	Glossary	141
APPENDIX D	Application Forms	147
	Corporate Directory	IBC



WORKS FINANCE | WORKS BONDS

Up to \$100 million of Works Bonds are being offered (with the ability to accept oversubscriptions of up to \$50 million in aggregate).

The Issue Price of Works Bonds is \$1.00.

WORKS FINANCE | WORKS BONDS INVESTMENT HIGHLIGHTS



ISSUER	Works Finance (NZ) Limited (an indirectly wholly-owned New Zealand subsidiary of Downer EDI Limited and formerly called Works Infrastructure Finance (NZ) Limited) (NZX:WKS)
GUARANTORS	Downer EDI Limited (NZX:DOW, ASX:DOW) (Downer) and other members of the Downer Group who are Guarantors from time to time in accordance with the Supplemental Trust Deed The initial Guarantors of Works Bonds are listed in schedule 3 of the Supplemental Trust Deed, which is set out in Appendix B to this Offer Document The Issuer shall procure that at all times: > Consolidated Guarantor EBIT shall be equal to or greater than 90% of Consolidated Group EBIT; and > Consolidated Guarantor Total Tangible Assets shall be equal to or greater than 90% of Consolidated Group Total Tangible Assets
GUARANTEE	The Guarantors guarantee all payments due and payable under Works Bonds on an unsubordinated, unsecured basis
WORKS BONDS CREDIT RATING	Works Bonds are rated BBB- by Fitch Ratings. Credit ratings of BBB- and above are considered to be investment grade
DOWNER'S CREDIT RATING	Downer has an issuer default rating of BBB- (stable outlook) from Fitch Ratings. Credit ratings of BBB- and above are considered to be investment grade
DESCRIPTION OF INVESTMENT	Works Bonds are three year, fixed rate, unsubordinated, unsecured debt securities issued by the Issuer Distributions on Works Bonds are payable in the form of non-discretionary, quarterly Interest Payments The terms and conditions applicable to Works Bonds are contained in the Trust Documents Holders are part of a group of unsecured creditors of the Guarantors, which also includes bank lenders
ISSUE PRICE	\$1.00 per Works Bond (being the Principal Amount of each Works Bond)
INTEREST RATE	The Interest Rate will be announced by the Issuer on the Rate Set Date following the close of the Offer The Interest Rate will be the sum of the Market Rate and the Margin, and can be no lower than the Minimum Interest Rate, which will be announced by the Issuer to NZX on or about the Bookbuild Date and is set out in the Rate Card accompanying this Offer Document In the event that Downer's issuer default rating falls below BBB-, or is withdrawn, the Interest Rate will be increased by 1.25% per annum
INTEREST ON APPLICATION MONEYS	The first Interest Payment will be calculated on a daily basis in respect of the period from the date the Application moneys for Works Bonds are banked to (but excluding) 15 September 2009, and will be paid to the original successful Applicant irrespective of any transfer of Works Bonds by that original successful Applicant prior to the first Interest Payment Date. Application moneys received by or on behalf of the Issuer will be banked promptly Interest will not be paid on any refund or Application moneys which are not accepted
FIRST INTEREST PAYMENT DATE	15 September 2009
MATURITY DATE	15 September 2012
OFFER SIZE	\$100 million (with the ability to accept oversubscriptions of up to \$50 million in aggregate)
MINIMUM APPLICATION SIZE	3,000 Works Bonds (\$3,000) and thereafter in multiples of 1,000 Works Bonds (\$1,000)
QUOTATION	NZDX

KEY DATES

BOOKBUILD DATE	2 June 2009
OPENING DATE	3 June 2009
RATE SET DATE	25 June 2009
CLOSING DATE	5.00pm on 10 July 2009
ISSUE DATE (LAST DATE ON WHICH WORKS BONDS MAY BE ISSUED)	14 July 2009
HOLDING STATEMENTS DESPATCHED BY	15 July 2009
WORKS BONDS EXPECTED TO BEGIN TRADING ON THE NZDX¹	15 July 2009
FIRST INTEREST PAYMENT DATE	15 September 2009
INTEREST PAYMENT DATES	15 September, 15 December, 15 March and 15 June each year until the Maturity Date of 15 September 2012
MATURITY DATE	15 September 2012

These dates are indicative only and are subject to change. The Issuer has the right in its absolute discretion 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 Interest will accrue from the date Application moneys are banked. Application moneys received by or on behalf of the Issuer will be banked promptly.

¹ Works Bonds will begin trading on 15 July 2009 under NZDX code "WKS020".

DIRECTORS' LETTER



27 May 2009

Dear investor,

On behalf of Downer EDI Limited (**Downer**) and Works Finance (NZ) Limited (**Issuer**), we are pleased to offer you an opportunity to invest in an offering of Works Bonds. Works Bonds are new three year, fixed rate, unsubordinated, unsecured debt securities to be issued by the Issuer.

Works Bonds will offer investors a fixed quarterly Interest Payment. The Interest Rate will be the sum of the Market Rate plus a Margin, and can be no lower than the Minimum Interest Rate, which will be determined following the Bookbuild.

The Issuer intends to issue Works Bonds to raise up to \$100 million (with the ability to accept oversubscriptions of up to \$50 million in aggregate) (**Offer**).

The proceeds of the Offer will be used to repay existing debt on maturity and for other general corporate purposes of the Downer Group.

The Issuer is indirectly a wholly-owned New Zealand subsidiary of Downer that was established for the purpose of issuing another security called ROADS in 2007 and now Works Bonds. Downer EDI Works Limited (**Works**), Downer and other members of the Downer Group who are Guarantors from time to time guarantee all payments due and payable under Works Bonds issued by the Issuer, on an unsubordinated, unsecured basis.

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 \$700 million as at 30 June 2008 and more than 3,300 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 and Australia, with a presence in the Asia-Pacific region and the United Kingdom. Downer is listed on the NZX and ASX and has a market capitalisation of approximately A\$1.549 billion as at 22 May 2009.

The minimum Application size is \$3,000. The Offer is scheduled to close on 24 June 2009.

Further details of this investment opportunity are set out in this Offer Document and we urge you to read it carefully.

The key dates of the Offer are summarised on the opposite page. We encourage you to lodge your Application as soon as possible after the opening date, as Interest will accrue from the date Application moneys are banked.

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

Yours faithfully,

Peter Jollie AM / **CHAIRMAN**
Downer EDI Limited

Geoff Knox / **MANAGING DIRECTOR AND CEO**
Downer EDI Limited
DIRECTOR
Works 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 and bridges.

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





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 six years
- > More than 3,300 full time and part time 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 surfaces over 5,000 lane kilometres of road every year – enough to run a single lane road around the combined perimeter of New Zealand.





WORKS IS PART OF THE DOWNER GROUP, WHICH HAS

- > A market capitalisation of approximately A\$1.549 billion as at 22 May 2009
- > 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 23,000 employees



INFRASTRUCTURE INSTALLATION

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

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





SPECIALIST SERVICES

Works' specialist services include bitumen importation, nationwide asphaltic concrete manufacture, laboratories and surfacing operations, traffic management, line marking, asset management services and avalanche control services, all supporting Works transportation operations.

> Works produces around 220,000 tonnes of asphalt every year for public roads and private use.



SUMMARY OF THE OFFER





SUMMARY OF THE OFFER

INTRODUCTION

This Offer Document is a combined prospectus and investment statement for an Offer by the Issuer of up to \$100 million of Works Bonds (with the ability to accept oversubscriptions of up to \$50 million in aggregate) at an Issue Price of \$1.00 per Works Bond.

Interest will accrue and be payable on the Issue Price. The Offer is being made to New Zealand resident retail and Institutional Investors.

The Issuer, which is incorporated in New Zealand, is indirectly a wholly-owned subsidiary of Downer. More information about Downer, Works (formerly called Works Infrastructure Limited) 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 Trust Documents – set out in full in Appendix B.

TYPE OF INVESTMENT

Works Bonds are three year, fixed rate, unsubordinated, unsecured debt securities to be issued by the Issuer. The terms and conditions applicable to Works Bonds are contained in the Trust Documents.

The Issuer is currently listed on the NZDX. Application has been made to NZX for permission to list Works Bonds 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.

It is expected that Works Bonds will begin trading on 15 July 2009 under NZDX code “WKS020”.

ISSUE PRICE

The Issue Price is \$1.00 per Works Bond.

INTEREST RATE

The Interest Rate will be announced by the Issuer on the Rate Set Date following the close of the Offer.

The Interest Rate will be the sum of the Market Rate and the Margin, and can be no lower than the Minimum Interest Rate, which will be announced by the Issuer to NZX on or about the Bookbuild Date and is set out in the Rate Card accompanying this Offer Document.

In the event that Downer's issuer default rating falls below BBB-, or is withdrawn, the Interest Rate will be increased by 1.25% per annum.

Interest will be paid in cash less any applicable withholding tax.

GUARANTEE

Downer and other members of the Downer Group who are Guarantors from time to time guarantee all payments due and payable under Works Bonds on an unsubordinated, unsecured basis for the benefit of the Trustee to enforce on behalf of Holders.

The initial Guarantors of Works Bonds are listed in schedule 3 of the Supplemental Trust Deed, which is set out in Appendix B to this Offer Document.

The Issuer itself has been formed for the purpose of issuing securities and other than entering into a guarantee in favour of the Group's lenders the Issuer will not carry on any other business or hold any assets of the Downer Group other than intra-group loan receivables and shares.

Holders should note that the entities comprising the Downer Group and the Guarantors may change from time to time. For instance, there may be acquisitions or disposals of a subsidiary by Downer or any member of the Downer Group. Therefore the members of the Downer Group, and those members of the Downer Group that comprise the Guarantors, on the Issue Date may change prior to the maturity of Works Bonds. Consequently, Holders may not in the future have the benefit of a Guarantee from each initial Guarantor.

Additionally, the financial position of the Group and the Guarantors may change from time to time, for instance if members of the Group acquire or dispose of assets, enter into further borrowings or incur other liabilities. As at 31 December 2008, the Downer Group had in place banking facilities totalling A\$1.17 billion, drawn to a total of A\$703 million², and its financiers under those facilities also have the benefit of a guarantee from the guaranteeing subsidiaries within the Group including from the Issuer (ranking equally with the indebtedness of the Issuer and the Guarantors under the Works Bonds). The terms, including amount, of the Group's bank debt may change from time to time (subject to the negative pledge described below).

The Issuer shall procure that at all times:

- > Consolidated Guarantor EBIT shall be equal to or greater than 90% of Consolidated Group EBIT; and
- > Consolidated Guarantor Total Tangible Assets shall be equal to or greater than 90% of Consolidated Group Total Tangible Assets.

² Includes deferred finance charges and the mark-to-market revaluation adjustments of cross currency interest rate swaps. Note that these swaps have been entered into in relation to US private placement transactions and need to be included for purposes of determining the overall borrowing position of the Downer Group and for the financial covenant calculations.

The composition of the guarantors of the Group's bank and other senior unsecured debt may also change from time to time.

NEGATIVE PLEDGE

The Issuer has given a negative pledge in respect of the Group in favour of Holders, as more fully described in clause 5.3(f) of the Supplemental Trust Deed. The negative pledge provides that no Group member will grant a security interest over its assets in favour of a third party other than permitted security interests described in the Supplemental Trust Deed but does not restrict acquisitions or disposals generally. A summary of the negative pledge is set out on page 37 under the heading "What sort of investment is this? – "Guarantee".

CROSS DEFAULT

An Event of Default will occur if Finance Debt (as defined in the Supplemental Trust Deed) of the Issuer, Downer or a Guarantor totalling at least A\$10 million is not paid when due (or within an applicable grace period), or becomes due and payable or capable of being declared due and payable before its stated maturity or expiry, as set out in clause 2.8 of the Supplemental Trust Deed (the Cross Default).

There are no other Events of Default that apply in respect of the Guarantors other than the statutory management of New Zealand incorporated Guarantors. For instance (without limitation) the insolvency of a Guarantor is not of itself an Event of Default under the Supplemental Trust Deed. If an adverse event were to occur in respect of a Guarantor, the applicability of the Cross Default described above would depend on the terms of the other Finance Debt of Downer and the Guarantors at that time. If those terms did not permit A\$10 million or more to be declared due and payable, there would be no right for the Trustee to take enforcement action in respect of the Works Bonds. The applicability of the Cross Default also depends on the relevant Finance Debt being entered into by the Issuer, Downer or a Guarantor (and not by any other Group company).

FINANCIAL COVENANTS

Works Bonds shall have the benefit of the following financial covenants for the Group as contained in clauses 5.3(d) and (e) of the Supplemental Trust Deed:

- > for any 12 month period, the Interest Service Coverage Ratio shall not be less than 1.75:1; and
- > the Debt-to-Capitalisation Percentage shall not, at any time, be greater than 60%.

TRUSTEE

The Trustee (Perpetual Trust Limited) holds on trust for the benefit of Holders the right to enforce the Issuer's obligations under Works Bonds and the Guarantors' obligations under the Guarantee.

The Trustee does not guarantee the payment or repayment of any moneys owing to a Holder or the Interest or principal on Works Bonds.

Subject to its duties contained in clause 1 of the fifth schedule of the Securities Regulations, the Trustee has absolute discretion as to the exercise of its powers in relation to Works Bonds.

The duties and powers of the Trustee are set out in more detail on pages 55 and 56.

WORKS BONDS CREDIT RATING

Works Bonds are rated BBB- by Fitch Ratings. Credit ratings of BBB- and above are considered to be investment grade. See page 47 for more information regarding credit ratings.

DOWNER'S CREDIT RATING

Downer has an issuer default rating of BBB- (stable outlook) from Fitch Ratings. Credit ratings of BBB- and above are considered to be investment grade.

In the event that Downer's issuer default rating falls below BBB-, or is withdrawn, the Interest Rate will be increased as discussed under "Interest Rate" above.

Ratings are statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities. Credit ratings may be changed, withdrawn or suspended at any time. See page 47 for more information regarding credit ratings.

USE OF PROCEEDS

The Issuer is indirectly a wholly-owned subsidiary of Downer and was formed for the purpose of issuing another security called ROADS in 2007 and now Works Bonds. The proceeds of the Offer will either be lent by the Issuer to Works or other members of the Downer Group who are Guarantors. The interest and principal repayments from such loans will be used to pay the Interest and principal on Works Bonds. The proceeds will be used to repay existing debt on maturity and for other general corporate purposes of the Downer Group.

The only business of the Issuer is the issue of ROADS and Works Bonds and related activities. Other than entering into a guarantee in favour of the Group's lenders, the Issuer does not currently intend to engage in any



other business pursuits or hold any assets of the Downer Group other than the intra-group loan receivables and shares described above. The Issuer therefore depends entirely on these intra-group receipts from other members of the Downer Group in order to meet its payment obligations in respect of Works Bonds.

BOOKBUILD

The Bookbuild will be conducted in accordance with the terms and conditions agreed by Downer and the Organising Participant 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. In that process, Institutional Investors, Primary Market Participants and other financial intermediaries will be invited to lodge bids for Works Bonds. On the basis of those bids, the Issuer, Downer and the Organising Participant will determine the Margin, the Minimum Interest Rate and the Firm Allocations to Institutional Investors, Primary Market Participants and other financial intermediaries.

PAYMENT OF INTEREST

The first Interest Payment in respect of Works Bonds to be issued under this Offer Document is payable on 15 September 2009. Interest is payable thereafter on 15 December, 15 March, 15 June and 15 September each year (or, if that day is not a Business Day, the next Business Day). Interest is also payable on the Maturity Date of Works Bonds.

The first Interest Payment will be calculated on a daily basis in respect of the period from the date the Application moneys for the relevant Works Bonds are banked to (but excluding) 15 September 2009, and will be paid to the original successful Applicant, irrespective of any transfer of Works Bonds by that original

successful Applicant prior to the first Interest Payment Date. Application moneys received by or on behalf of the Issuer will be banked promptly.

MATURITY DATE

The Principal Amount of Works Bonds will be repaid by the Issuer on the Maturity Date (15 September 2012), being three years from the Issue Date.

REDEMPTION

Holders have no right to require redemption of Works Bonds prior to the Maturity Date, except through the Trustee in the case of an Event of Default, or directly in the case of a Change of Control which relates to Downer (and not to any other member of the Downer Group). This means that Holders have no ability to cash in their investment, except following an Event of Default, Change of Control which relates to Downer or by selling their Works Bonds in the secondary market.

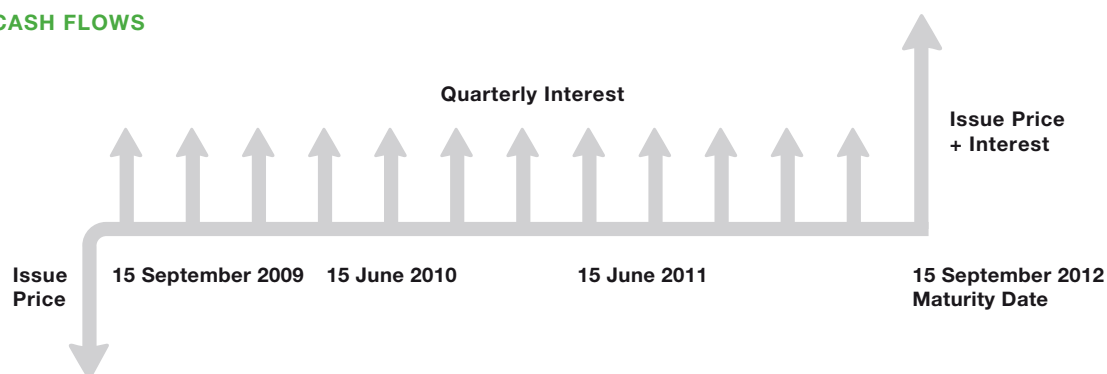
As the Offer is for an initial issue of Works Bonds, there is currently no established market for the sale of Works Bonds. The Directors are of the opinion that a secondary trading market for Works Bonds will develop over time.

The Issuer may, but is not obliged to, redeem all outstanding Works Bonds in the event of receiving Holder Redemption Requests by Holders holding 51% or more of outstanding Works Bonds following a Change of Control which relates to Downer occurring.

RANKING

Works Bonds being offered under this Offer Document will constitute unsecured and unsubordinated obligations of the Issuer, rank equally with each other and will also rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, except indebtedness preferred by law.

CASH FLOWS



APPLICATIONS

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

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

STRUCTURE OF THE OFFER

The Offer comprises:

- > a Broker Firm Offer – made to Broker Firm Applicants;
- > an Institutional Offer – made to certain Institutional Investors who are invited to bid for an Allocation by the Joint Lead Managers and the Co-Manager;
- > a Securityholder Offer – made to Eligible Securityholders;
- > an Employee Offer – made to Eligible Employees; and
- > a General Offer – made to General Applicants.

OFFER PERIOD

Applications will only be accepted during the Offer Period, which is expected to open on 3 June 2009 (Opening Date) and close at 5.00pm on 10 July 2009 (Closing Date).

As set out on page 4, 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 Works Bonds, you need to complete and sign the Application Form in accordance with the instructions on the back of the form.

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 and the Co-Manager.

SECURITYHOLDER OFFER, EMPLOYEE OFFER AND GENERAL OFFER

Applicants under the Securityholder Offer, Employee Offer and General Offer need to return the relevant Application

Form, together with Application payment, to the Registry no later than 5:00pm on the Closing Date.

Applicants may also lodge their Application with the Issuer, any Primary Market Participant, the Organising Participant, approved financial intermediary or any other channel approved by NZX, but must deliver it in time to enable the Application Form to be forwarded to and received by the Registry no later than 5.00pm on the Closing Date.

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 Works Bonds on the terms set out in this Offer Document and the Application Form including, without limitation, the Trust Documents and Constitution, notwithstanding any changes to the Closing Date or other dates which the Issuer is entitled to change.

OFFER IN NEW ZEALAND ONLY

Works Bonds 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 Works Bonds, 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 Works Bonds, any offering material or any documents in connection with Works Bonds, to any person outside New Zealand.

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

INDEPENDENT ADVICE

Investors should obtain their own independent advice in relation to applying for, and holding, Works Bonds. 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 NZDX

The Issuer is currently listed on the NZDX. Application has been made to NZX for permission to list Works Bonds 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.

It is expected that Works Bonds will begin trading on 15 July 2009 under NZDX code “WKS020”.

SALE AND TRANSFER

Works Bonds are transferable subject to all rights and obligations in respect of the Trust Documents, to other persons without restriction, except as provided in clause 3.4 of the Master Trust Deed which provides that the Issuer may refuse to register a transfer of any Works Bonds if the transfer would result in the purchaser holding less than 3,000 Works Bonds and that Works Bonds may only be transferred in multiples of 1,000 thereafter.

BROKERAGE

NZX has authorised the Organising Participant to act in this Offer. Applicants are not required to pay brokerage for Works Bonds under the Offer. Works Bonds purchased or sold on NZDX are likely to attract normal brokerage fees and charges. More information about charges in relation to the Offer is set out in Section 4 under the heading “What are the charges?” on page 42.

PAYMENT OF ISSUE PRICE

The Issue Price must be paid in full on Application. Cheques must be made payable to “Works Bonds 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 Works Bonds, cancel any Works Bonds 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 moneys will be refunded within five Business Days of the date of allotment of Works Bonds to the Applicant under that Application. If an Application is not accepted by the Issuer, any Application moneys 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 moneys which are not accepted.

ALLOTMENT OF WORKS BONDS

Successful Applicants will have their Works Bonds allotted on a periodic basis following receipt and acceptance of Applications by the Issuer during the Offer Period. The Registry will advise successful Applicants

of the allotment of Works Bonds to them as soon as possible after allotment.

ALLOCATION POLICY

Allocations to Institutional Investors, Primary Market Participants and other financial intermediaries will be determined under the Bookbuild. The Issuer, Downer and the Organising Participant have the right to nominate the persons to whom Works Bonds will be Allocated, namely in respect of Firm Allocations to Institutional Investors, Primary Market Participants and other financial intermediaries participating in the Bookbuild. At the time of registration of this Offer Document, no Works Bonds have been reserved for any class of Applicant or otherwise.

If demand for Works Bonds exceeds the total number of Works Bonds to be issued, those Eligible Securityholders and Eligible Employees who apply for Works Bonds under the Securityholder Offer or the Employee Offer will receive an Allocation of Works Bonds in priority to Applicants under the General Offer.

If possible, having regard to the total level of Applications under the Offer, the Issuer will endeavour to provide Eligible Securityholders and Eligible Employees with a priority Allocation under the Securityholder Offer and the Employee Offer of at least 10,000 Works Bonds (or such lesser number as may be applied for). However, the Issuer does not guarantee any minimum priority Allocation under the Securityholder Offer or the Employee Offer and the extent of any priority will ultimately depend on the total level of Applications under the Offer.

There is no guaranteed minimum Allocation under the General Offer and the Issuer reserves the right to not allocate any Works Bonds under the General Offer.

ANNUAL AND HALF-YEARLY REPORTS

Holders will be sent a copy of the Issuer’s annual reports, incorporating the most recent audited financial statements in accordance with the requirements of the Companies Act, and a copy of the Issuer’s half-yearly reports complying with the NZDX Listing Rules if they tick the relevant box in the Application Form included at the back of this Offer Document indicating that they wish to receive such reports. Each Holder may also receive a copy of the annual and half-yearly financial reports of Downer by contacting the Issuer at its registered office at 14 Amelia Earhart Avenue, Airport Oaks, Auckland.

STRUCTURING ADVISER, ORGANISING PARTICIPANT AND JOINT LEAD MANAGER
UBS

JOINT LEAD MANAGERS

ANZ, part of ANZ National Bank Limited, Forsyth Barr Limited and Westpac Institutional Bank (a division of Westpac Banking Corporation).

CO-MANAGER

BNZ Capital, a division of Bank of New Zealand.

OFFER MANAGEMENT AGREEMENT

The Offer is not underwritten. Downer and the Organising Participant have entered into an Offer Management Agreement in respect of the management of the Offer. The Bookbuild will be conducted in accordance with the terms and conditions agreed by Downer and the Organising Participant under the Offer Management Agreement. Under this agreement, the Organising Participant will, among other things, be obliged to provide settlement support in respect of successful Applications for Works Bonds from the other Joint Lead Managers, the Co-Manager and other Primary Market Participants 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.

DISCLAIMER

Except as required by section 62 of the Securities Act, clause 1 of the fifth schedule of the Securities Regulations and any other applicable law, the Trustee does not assume any duty of care to the Issuer, any creditors of the Issuer or any other person other than the Holders (subject to and in accordance with the Master Trust Deed) in exercising its powers under the Master Trust Deed, and shall not be liable to any person (including the Issuer and the Holders) in any way except for wilful default, negligence or wilful breach of trust where the Trustee has failed to show the degree of care and diligence required of it having regard to the provisions of the Master Trust Deed.

The Trustee does not guarantee the payment or repayment of any moneys owing to a Holder or the principal or Interest on Works Bonds.

This document does not constitute specific advice to any particular recipient or person or a recommendation by the Trustee, the Joint Lead Managers or the Co-Manager nor any of their directors, officers, employees or agents (“Participating Entities”), to subscribe for, or purchase, any Works Bonds. Subject to applicable law (with particular reference to section 62 of the Securities Act,

clause 1 of the fifth schedule of the Securities Regulations and the terms of the Master Trust Deed in relation to the liability of the Trustee), no Participating Entity accepts any liability whatsoever for any loss arising from this document or its contents or otherwise arising in connection with Works Bonds.

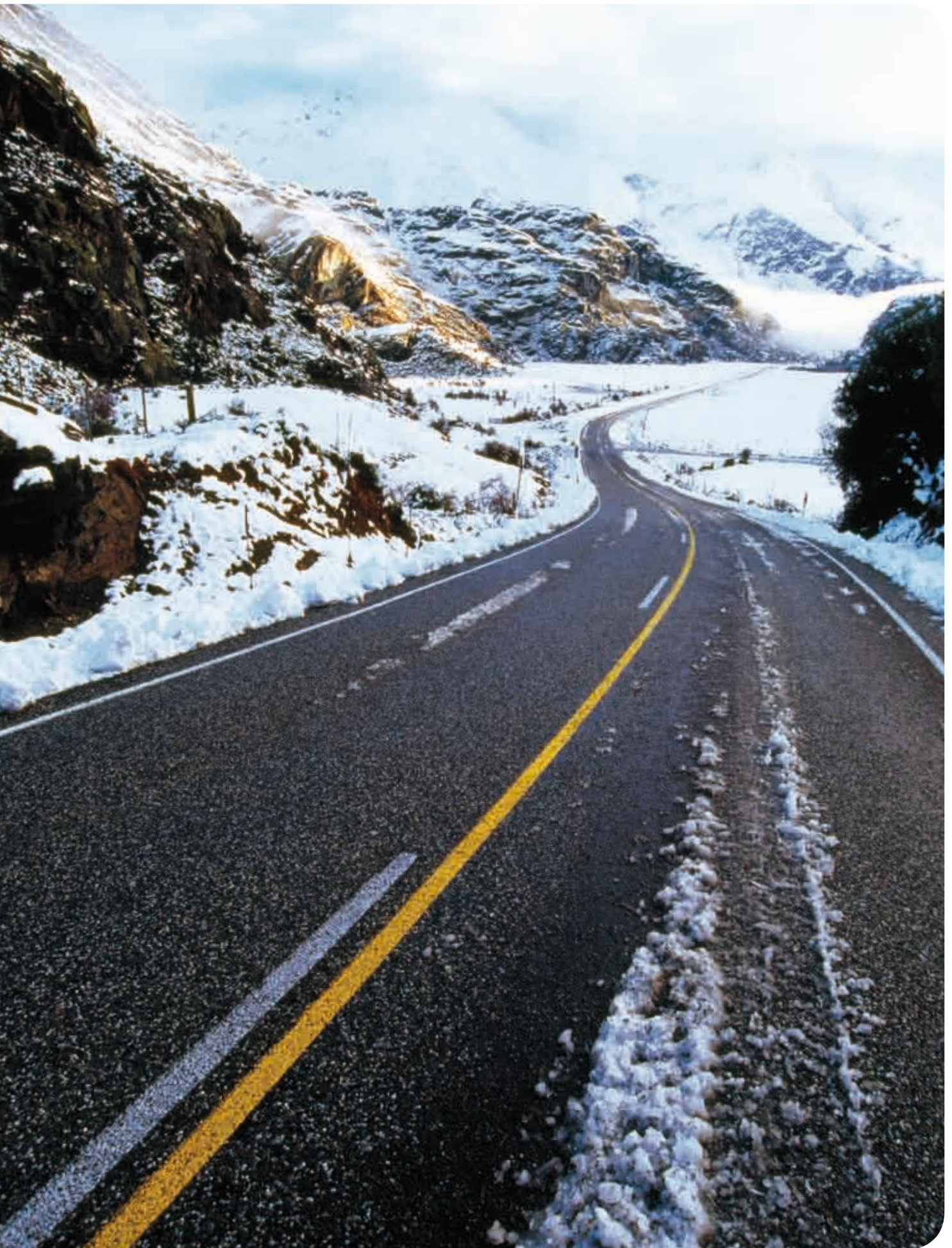
The Trustee has not independently verified the information contained in the sections of this document entitled “Introducing Works”, “About Works and the Issuer” and “About Downer”. In accepting delivery of this document, the recipient acknowledges that none of the Participating Entities give any warranty or representation of accuracy or reliability and they take no responsibility for it. Subject to applicable law and the terms of the Master Trust Deed, no Participating Entity has any liability for any errors or omissions (including for negligence) in this document, and each recipient waives all claims in that regard.

Each recipient of this document must decide whether the investment in Works Bonds is appropriate, having regard to its own investment objectives, financial situation and particular needs.



ABOUT WORKS AND THE ISSUER

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





ABOUT WORKS AND THE ISSUER

ABOUT WORKS

Downer EDI Works Limited (**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. This acquisition enabled Downer to establish its Infrastructure Services Division (now known as Downer EDI Works) which has since undergone significant expansion by way of both acquisitions and organic growth.

Over the last ten years, Works' revenue has grown from around \$200 million to in excess of \$700 million (as at 30 June 2008). For the half year ended 31 December 2008, Works reported a net profit after tax of \$27 million. Works has been profitable over each of the last six financial years and has generated a total net profit after tax of \$146.6 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, car parks 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 3,300 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 New Zealand Transport Agency and more than 70 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 are primarily 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 client 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 is one of the initial Guarantors of Works Bonds, as listed in schedule 3 of the Supplemental Trust Deed, which is set out in Appendix B to this Offer Document.



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 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 covers 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 and new contracts

2008 and the beginning of 2009 calendar year has seen ongoing success for Works in the areas of infrastructure construction, operations and maintenance services.

Highlights

Renewal of:

- > New Zealand Transport Agency (NZTA) Milford Road Maintenance Contract and Avalanche Control Services
- > Wellington City Council Road Maintenance Contracts
- > NZTA West Wanganui five year Road Maintenance Contract
- > NZTA Taupo West five year Maintenance Contract
- > NZTA Bay of Plenty East five year Maintenance Contract

New contracts:

- > The award of three year design and construction contract for key road infrastructure in Vanuatu (US\$54 million)
- > NZTA SH60 Ruby Bay – Construction of 10.7km of SH60 Ruby Bay By-pass including realignment of a two lane rural road, drainage works, design and build of five major culverts and two pedestrian underpasses, removal of redundant sections of the existing road, landscape planting, fencing, signs and pavement marking
- > Pukekohe Wastewater Treatment Plant for Franklin District Council – Construction on 'greenfield site' of a new treatment plant
- > Whakatane District Council five year Road Maintenance Contract
- > Hamilton City Council City Heart Upgrade – Hamilton town centre streetscape upgrade
- > Manukau City Council Kawakawa Bay (Turei Hill) Landslip Repair Contract – Construction of physical works for landslip repairs including earthworks and retaining structures

Substantial progress has been made on the delivery of the following key infrastructure projects including:

- > Design and construction of three Wastewater Treatment Plants for the Thames Coromandel District Council. The final of three plants will be completed by May 2009. An ongoing maintenance and operation of these plants has also been secured for a two year period

- > Clear Harbour Alliance – The project is tracking well with construction now 40% complete. Discussions are underway with the client for potential significant additional work for the Alliance upon completion of the current scope in early 2010
- > NZTA SH20-1 Motorway Connection – The project, a 50:50 joint venture with Leightons, is tracking well with construction now 55% complete and completion due mid 2010
- > Construction of a new Wastewater Treatment Plant for the Hastings District Council
- > Construction of major pump stations, servicing the new Wastewater Outfalls for Christchurch and Dunedin City Councils

Financial statements

The financial statements of Works are available for public inspection on the Companies Office website at www.companies.govt.nz.

ABOUT THE ISSUER

Overview

The Issuer is indirectly a wholly-owned New Zealand subsidiary of Downer established for the purpose of issuing ROADS in April 2007 and now the issue of Works Bonds. It was incorporated on 16 February 2007.

The Issuer currently has two classes of securities, being ordinary shares issued to Downer EDI Group Finance (NZ) Limited (a wholly-owned New Zealand subsidiary of Downer), and ROADS which were issued to the New Zealand public in April 2007. Subject to meeting solvency requirements, there are no restrictions on the Issuer making distributions to Downer EDI Group Finance (NZ) Limited. Downer EDI Group Finance (NZ) Limited does not guarantee any amount in respect of the ROADS or have any obligation in respect of them.

The financial statements required to be included in this Offer Document by the Second Schedule of the Securities Regulations in respect of the Issuer are set out in Appendix A.

The Issuer, together with certain other subsidiaries within the Group, is a guarantor of all amounts borrowed by the Downer Group under its banking and other senior debt facilities. As at 31 December 2008 the Downer Group had in place banking and other senior debt facilities totalling A\$1.17 billion, drawn to A\$703 million³. The effect of the provision of such a guarantee by the Issuer is, among

³ Includes deferred finance charges and the mark-to-market revaluation adjustments of cross currency interest rate swaps. Note that these swaps have been entered into in relation to US private placement transactions and need to be included for purposes of determining the overall borrowing position of the Downer Group and for the financial covenant calculations.

other things, that it becomes liable in its own right to pay the amounts owing under those facilities. Therefore, if amounts became due for payment, the Issuer, together with the other guaranteeing subsidiaries, may be called upon under its guarantee to repay an amount equal to the amount outstanding at that time under those facilities. In a liquidation or statutory management of the Issuer, the Holders' rights to repayment under the Works Bonds will rank equally with the claims of the Downer Group's senior financiers under the Group financing facilities, and with all other unsecured, unsubordinated creditors of the Issuer. In giving the above guarantee, the Issuer will give certain other representations, warranties and undertakings in favour of its bank and other senior lenders, which are consistent with those given by the other guarantors under those facilities. Investors should be aware that the terms, including amount, of the Group's bank debt may change from time to time.

BOARD OF DIRECTORS

COS BRUYN

Mr Bruyn is the Chief Executive Officer of Works. Mr Bruyn has previously held Executive General Management positions with Works both in New Zealand and Australia as well as General Management positions in Fulton Hogan. He has over 27 years experience in the successful delivery of infrastructure construction and maintenance services to a wide variety of Government, Local Authority and private clients in New Zealand and Australia. He is the Chairman of Roadking New Zealand and holds an NZCE (Civil).

Mr Bruyn lives in Auckland.

PETER DOOLEY

Mr Dooley has previously held Commercial, Alliance Project and Financial Management roles with McConnell Dowell and Mainzeal, working internationally in Australasia and the United Kingdom. He has a Bachelor of Business Studies and New Zealand Diploma of Business.

Mr Dooley lives in Auckland.

GEOFF KNOX

Mr Knox is the Managing Director and Chief Executive Officer of Downer. Mr Knox was previously Global Executive Director, Hatchcos Holdings; Executive Chairman Hatch Associates Pty Ltd; and Global Managing Director, Hatch Infrastructure. Mr Knox is the former President of BHP Engineering and Vice President of BHP Project Management. He is a director of the Australian Constructors Association and holds a Bachelor of Civil Engineering from the University of Western Australia and completed the Executive Program at the University of Michigan Business School.

Mr Knox lives in Sydney.

PETER REICHLER

Mr Reichler is the Chief Financial Officer of Downer. Mr Reichler was previously Vice President, Finance for Amcor's European PET Packaging group. With over 25 years experience in finance and management, Mr Reichler has worked at a number of financial institutions and accounting firms in Australia and Europe including KPMG Peat Marwick, Schroder's Australia Limited, ANZ Capital Markets, Bank of America, Touche Ross and the Commonwealth Bank. Mr Reichler holds a Bachelor of Financial Administration from the University of New England, Masters of Commerce from University of New South Wales and a Masters of Business Administration from Macquarie University. He is also qualified as a Chartered Accountant and is a member of the Institute of Company Directors.

Mr Reichler lives in Sydney.

ANDREW TITTER

Mr Titter is the Chief Financial Officer of Works. Mr Titter has worked internationally with Ernst & Young for 10 years. He has previously held Chief Financial Officer and General Management positions with Carter Holt Harvey Limited, Goodman Fielder New Zealand Limited and AFFCO New Zealand Limited. He is a Director of the New Zealand Football Board and Chairman of the Audit Committee. Andrew holds a Bachelor of Commerce from Auckland University and is a member of the New Zealand Institute of Chartered Accountants.

Mr Titter lives in Auckland.



ABOUT DOWNER

Downer is a successful and market leading supplier of comprehensive engineering and infrastructure management services to the public and private transport, energy, communications and resources sectors in New Zealand, and Australia, with representation in the Asia-Pacific region and 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).

Today, Downer is a successful and market leading supplier of services to the infrastructure, mining and metals and energy sectors in New Zealand and Australia, with representation in the Asia-Pacific region and 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 the creation, operation, maintenance, upgrade/expansion and final decommissioning.

More recently, Downer has evolved from simply providing skills and products to its clients, to developing and delivering client-focused service solutions, and ultimately to working with clients to redefine its market proposition and coverage.

The diagram above shows the five themes of the company's Back to Basics programme – Zero Harm; Empowering our People; Engaging our Clients; Optimising our Portfolio and Performance; and Shareholder Value.



This programme has helped focus efforts over the past 12 months and improve performance accordingly.

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 22 May 2009, Downer's Ordinary Share price was A\$4.68 and its total market capitalisation was approximately A\$1.549 billion.

Since its listing in 1998, Downer has demonstrated a track record of consistently paying dividends, has grown revenue to an annualised A\$5.6 billion and total assets from A\$0.8 billion to A\$3.4 billion as at 31 December 2008. For the half-year ended 31 December 2008, Downer reported a net profit after tax of A\$85.4 million compared to A\$82.2 million for the same period in the 2007 financial year, an increase of 4%. For the full-year ended 30 June 2008, Downer reported a net profit after tax of A\$165.8 million. See page 32 for more information regarding Downer's financial position and financial performance.



BUSINESS OPERATIONS

Downer conducts its business through five key divisions which are described below. This structure is also reflected in the Group's reporting of financial results by division.

TRANSPORTATION		Downer EDI Works provides services for development, asset management and maintenance of public and private infrastructure: > Infrastructure serviced includes roads, rail track, water supply, water treatment and public open spaces. > Has essential roles in many Australian and New Zealand towns, cities and communities. Has a presence in the United Kingdom and Singapore
		Downer EDI Rail is a leading provider of passenger and freight rolling stock and associated maintenance services in Australia: > It offers services in the design, manufacture, refurbishment, overhaul, operations and maintenance of diesel electric locomotives, electric locomotives, electric and diesel multiple (passenger) units, rail wagons, traction motors and related services > Operates primarily in Australia with an increasing presence in New Zealand and Asia
POWER, COMMUNICATIONS & CONSULTING		Downer EDI Engineering provides engineering services from design and planning through to operation and maintenance with prime activities in contracting, services and projects: > Focused on resources, energy, transport, oil/gas/petrochemical, technology, telecommunications, water and environment markets > Operates across Australia, New Zealand and the greater Asia-Pacific region
		Downer EDI Consulting delivers 'front-end' engineering design and consulting capabilities through four companies: > CPG Corporation in Singapore, China, India, SE Asia and the Middle East > Duffil Watts Group in New Zealand, Singapore and Vietnam > Coomes Consulting in Australia > Snowden which has a global consulting practice and capability focused on the mining and resources sectors
MINING		Downer EDI Mining is a major provider of mining, mine planning and mine management services: > Capabilities include consulting, mining (open cut and underground), mine planning and management, explosives manufacture, supply and blasting services and asset maintenance and management > Operates in Australia and selected locations globally



STRATEGY

Downer's vision is to be the preferred 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 deliver whole-of-life services and support for their infrastructure assets.

Over the past 10 years, Downer has positioned its business to principally focus on providing key services to critical assets in mining, metals, energy and infrastructure sectors in the Asia-Pacific region.

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 acquired businesses in Singapore and the United Kingdom to expand its markets. Further, the Group has acquired businesses in Australia and New Zealand to enhance the Group's capabilities in the evaluation and management phases of the infrastructure asset life cycle, notably in the areas of asset feasibility, concept design, operation and maintenance. The Group has also reduced its exposure to higher-risk, fixed-price contracts by increasing the number and volume of contracts written on a lower risk contracting basis in which risks can be better shared with clients.

The diversity and repeatability of Downer's revenue streams, its sound 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 CONTRACTS

Some of the current projects being undertaken by Downer are detailed below:

- > Downer EDI Rail – NSW Government Rolling Stock Public Private Partnership (PPP)

As part of the NSW Government's Rolling Stock PPP, Reliance Rail was awarded the biggest ever order by an Australian railway in 2006.

Reliance Rail is an operating business owned by Downer (49%), AMP Capital Investors (25.5%), ABN AMRO (12.75%) and Babcock & Brown Public Partnerships Limited (12.75%). The contract covers the finance, design, manufacture, delivery and maintenance of 626 new passenger train carriages for Sydney's CityRail network. The business is supported by Downer EDI Rail (design manufacture and maintenance) and several core contractors including Hitachi Limited (design and manufacture).

Reliance Rail is a party to a number of complex contractual arrangements. There are risks associated with those arrangements which are detailed on page 50 under the headings "Major contracting and counterparty risks" and "General contracting and counterparty risks".

- > Downer EDI Engineering – North West Shelf: the North West Shelf Venture in Western Australia produces 48 per cent of Australia's oil and gas. In 1986 Downer commenced providing electrical and instrumentation services to Woodside and the partnership continues to grow. Works include high-voltage power line diversion, cabling for greenfield and brownfield sites and electrical and instrumentation work.
- > Downer EDI Consulting – Gardens By The Sea: Singapore's premier city-in-a-garden project. CPG Pte Limited, a subsidiary company of Downer, provided full design consultancy services including architectural and green design; mechanical, electrical, civil and structural engineering; quantity surveying and project management services. This project was awarded a Green Mark (Gold Plus) Award from the Building and Construction Authority of Singapore. It will be complemented by a 32-hectare waterfront garden and a 15-hectare beachfront garden.
- > Downer EDI Mining – AngloGold Ashanti: Downer has been working at AngloGold Ashanti's Sunrise Dam open-cut gold mine since production commenced in 1997. The company now operates under a 'Life of Mine' Alliance and has developed indigenous engagement and community partnership programmes.

The combined value of these projects is approximately A\$4.6 billion.

Refer to page 26 for information on Works contracts.

SUMMARY HISTORICAL FINANCIAL INFORMATION

Half-year ended 31 December 2008

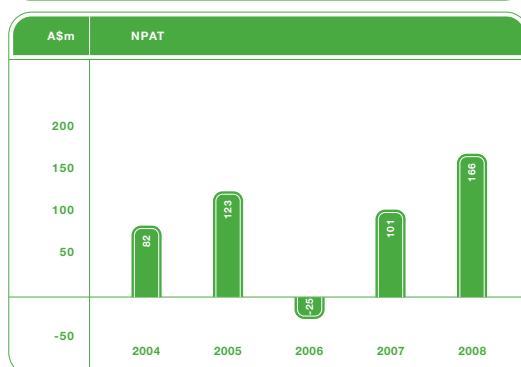
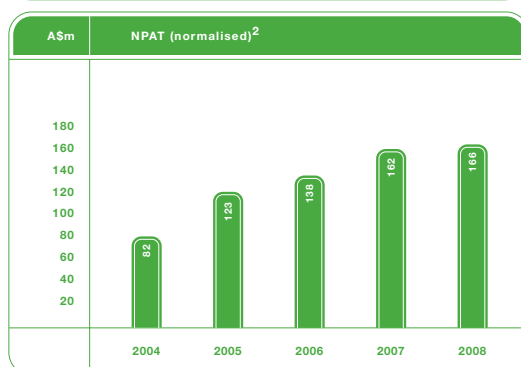
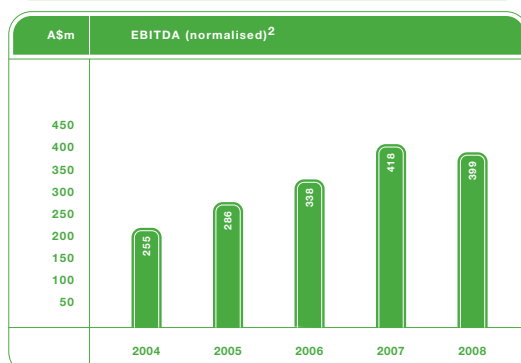
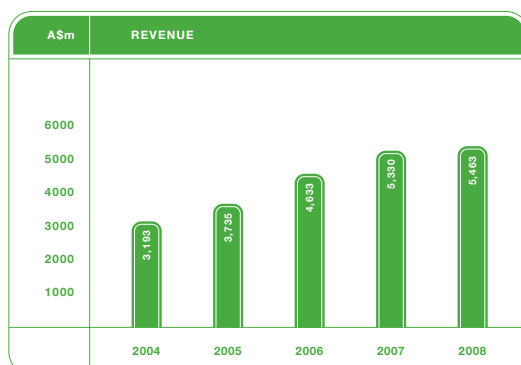
For the half-year ended 31 December 2008, Downer Group reported a net profit after tax of A\$85.4 million compared to A\$82.2 million for the same period in the 2007 financial year, representing an increase of 4%. Revenue increased to A\$2.9 billion, an increase of 6% when compared against revenue for the same period in the 2007 financial year. Downer Group's total consolidated assets as at 31 December 2008 were A\$3.4 billion.

Full-year ended 30 June 2008

For the full-year ended 30 June 2008, Downer Group reported a net profit after tax of A\$165.8 million.

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

DOWNER GROUP FULL-YEAR OVERVIEW–2004–2008^{1,3}



¹ 2004 reported under A-GAAP and 2005–2008 reported under A-IFRS.

² Normalised for significant one-off non-recurring items in 2006 and 2007. For a discussion regarding the nature of these items, refer to the audited financial statements for the Downer Group for the years ended 30 June 2006 and 30 June 2007.

³ Figures are for the Downer Group as at 30 June for each financial year.

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. Downer's issuer default 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 more than 49 locations and covering entities in more than 90 countries, including insurer financial strength ratings on over 2,000 insurance companies. Fitch Ratings is a majority-owned subsidiary of Fimalac, S.A., an international business support services group headquartered in Paris, France.

Additional information can be found on Fitch's website at www.fitchratings.com.



BOARD OF DIRECTORS

PETER JOLLIE AM

Chairman



Mr Jollie is a Past President of the Institute of Chartered Accountants in Australia and is a fellow of that body as well as the Australian Institute of Company Directors. Mr Jollie holds several current directorships including ASX Markets Supervision Pty Limited and is a former director of Travel.com.au Limited. 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 the Australian Chair of the Asia Pacific Trade Committee and a member of the Trade Policy Advisory Committees to Ministers for Trade for six years to 2002.

Mr Jollie lives in Sydney.

GEOFF KNOX

Managing Director and Chief Executive Officer



Mr Knox was previously Global Executive Director, Hatchcos Holdings; Executive Chairman Hatch Associates Pty Ltd; and Global Managing Director, Hatch Infrastructure. Mr Knox is the former President of BHP Engineering and Vice President of BHP Project Management. He is a director of the Australian Constructors Association and holds a Bachelor of Civil Engineering from the University of Western Australia and completed the Executive Program at the University of Michigan Business School.

Mr Knox lives in Sydney.

SALLY (ANNABELLE) CHAPLAIN

Independent Non-executive Director



Ms Chaplain is currently Chairman of the Queensland Bulk Water Supply Authority and of Honeycombes Property Group Pty Limited, and holds non-executive directorships with Canstar Cannex Pty Limited, George Street Finance Pty Limited and the Australian Youth Orchestra. She has had extensive experience as a company director over the past fifteen years. Ms Chaplain has held management positions as Head of Public Sector Client Management at ABN AMRO, Director Corporate and Project Finance at AIDC Limited and Vice President for Citibank Limited. Ms Chaplain holds a Bachelor of Arts degree, majoring in Economics and Mandarin and an MBA from the University of Melbourne and is a Fellow of the Australian Institute of Company Directors.

Ms Chaplain lives on the Gold Coast.

PETER COATES

Independent, Non-executive Director



Mr Coates was the Chief Executive of Xstrata Coal since the company's inception as Glencore Coal in 1994 and its transition to Enx Resources in 2001 (which was acquired by Xstrata Plc in 2002). In addition to Mr Coates' considerable coal industry experience he has occupied senior positions in other commodity industries including nickel, iron ore and bauxite. Mr Coates is a past Chairman of the Minerals Council of Australia, the NSW Minerals Council and the Australian Coal Association. He was also a member of the Queensland Clean Coal Council and is a current member of the NSW Ministerial Minerals Advisory Council. He has worked closely with government as a member of the APEC 2007 Business Consultative Group and the Emissions Trading Task Group. Mr Coates was appointed Chairman of Minara Resources in April 2008 and joined the Board of Santos in March 2008. He also remains as Chairman of Xstrata Australia, a role he took on in April 2008 after he stepped down as Chief Executive of Xstrata Coal.

Mr Coates lives in Sydney.

LUCIO DI BARTOLOMEO**Independent Non-executive Director**

Mr Di Bartolomeo was Managing Director of ADI Limited for four years and prior to this he was Chief Executive of a number of substantial businesses for over ten years, including six years as Managing Director of FreightCorp (now Pacific National). Mr Di Bartolomeo is a director of Australian Rail Track Corporation Limited, Macquarie Generation, Australian Super Limited, Parklands Foundation Limited and Reliance Rail Group. Mr Di Bartolomeo is a qualified civil engineer and has a Master's degree in Engineering Science; a Fellow of the Australian Institute of Management; Fellow of the Chartered Institute of Transport and a Member of the Institution of Engineers Australia.

Mr Di Bartolomeo lives in Sydney.

RICHARD (MIKE) HARDING**Independent Non-executive Director**

Mr Harding is currently Chairman of Clough Limited, a non-executive Director of Santos Limited and was previously Chairman of the Army Project Governance Board of the Department of Defence and a non-executive Director of ARC Energy Limited. He has held management positions around the world with British Petroleum, including President and General Manager of BP Exploration Australia. Mr Harding holds an MSc in Mechanical Engineering.

Mr Harding lives in Melbourne.

JOHN HUMPHREY**Independent Non-executive Director**

Mr Humphrey is a Partner in Mallesons Stephen Jacques, based in Brisbane where he specialises in corporate and resource project work. Mr Humphrey is currently a director of Horizon Oil Limited and Wide Bay Australia Limited and is a former Chairman of Villa World Limited. He was appointed to the board of Evans Deakin Industries Limited in 2000 and, subsequently, to the board of Downer EDI Limited. Mr Humphrey holds a Bachelor of Laws degree from the University of Queensland.

Mr Humphrey lives in Brisbane.

CHRISTOPHER RENWICK AM**Independent Non-executive Director**

Mr Renwick was Chief Executive Officer, Rio Tinto Iron Ore until December 2004 when he retired from Rio Tinto. 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 is a non-executive director of Transurban Holdings Limited, Transurban Infrastructure Management Limited, Sims Metal Management Limited and Coal & Allied Industries Limited. 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 was a qualified barrister and solicitor and holds both Bachelor of Laws and Bachelor of Arts degrees from the University of Melbourne.

Mr Renwick lives in Melbourne.



INVESTMENT STATEMENT

ANSWERS TO IMPORTANT QUESTIONS



ANSWERS TO IMPORTANT QUESTIONS

WHAT SORT OF INVESTMENT IS THIS?

The Issuer intends to issue Works Bonds to raise up to \$100 million (with the ability to accept oversubscriptions of up to \$50 million in aggregate).

Works Bonds

Works Bonds offered under this Offer Document are three year, fixed rate, unsubordinated, unsecured debt securities to be issued by the Issuer.

The Issuer is currently listed on the NZDX. Application has been made to NZX for permission to list Works Bonds 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. It is expected that Works Bonds will begin trading on 15 July 2009 under NZDX code "WKS020".

The terms and conditions applicable to Works Bonds are contained in the Trust Documents.

Trustee

Works Bonds are issued pursuant to the Trust Documents. The Trustee holds on trust for the benefit of Holders the right to enforce the Issuer's obligations under Works Bonds and the Guarantors' obligations under the Guarantee.

The Trustee does not guarantee the payment or repayment of any moneys owing to a Holder or the Interest or principal on Works Bonds.

Subject to its duties contained in clause 1 of the fifth schedule of the Securities Regulations, the Trustee has absolute discretion as to the exercise of its powers in relation to Works Bonds.

The duties and powers of the Trustee are set out in more detail on pages 55 and 56.

Guarantee

Downer and other members of the Downer Group who are Guarantors from time to time in accordance with the Supplemental Trust Deed guarantee all payments due and payable under Works Bonds on an unsubordinated, unsecured basis for the benefit of the Trustee to enforce on behalf of Holders.

The initial Guarantors of Works Bonds are listed in schedule 3 of the Supplemental Trust Deed, which is set out in Appendix B to this Offer Document.

The Issuer itself has been formed for the purpose of issuing securities and other than entering into a guarantee

in favour of the Group's lenders the Issuer will not carry on any other business or hold any assets of the Downer Group other than intra-group loan receivables and shares.

The Issuer is owned by Downer EDI Group Finance (NZ) Limited. Subject to meeting solvency requirements, there are no restrictions on the Issuer making distributions to its parent company.

Holders should note that the entities comprising the Downer Group and the Guarantors may change from time to time. For instance, there may be acquisitions or disposals of a subsidiary by Downer or any member of the Downer Group. Therefore the members of the Downer Group, and those members of the Downer Group that comprise the Guarantors, on the Issue Date may change prior to the maturity of Works Bonds. Consequently, Holders may not in the future have the benefit of a Guarantee from each initial Guarantor.

Additionally, the financial position of the Group and the Guarantors may change from time to time, for instance if members of the Group acquire or dispose of assets, enter into further borrowings or incur other liabilities. As at 31 December 2008, the Downer Group had in place banking facilities totalling A\$1.17 billion, drawn to a total of A\$703 million.⁴ The financiers under those facilities also have the benefit of a guarantee from the guaranteeing subsidiaries within the Group including from the Issuer (ranking equally with the indebtedness of the Issuer and the Guarantors under the Works Bonds). The terms, including amount, of the Group's bank debt may change from time to time (subject to the negative pledge described below).

The composition of the guarantors of the Group's bank and other senior unsecured debt may also change from time to time.

The Issuer shall procure that at all times:

- > Consolidated Guarantor EBIT shall be equal to or greater than 90% of Consolidated Group EBIT; and
- > Consolidated Guarantor Total Tangible Assets shall be equal to or greater than 90% of Consolidated Group Total Tangible Assets.

The Issuer has given a negative pledge in respect of the Group in favour of Holders, as more fully described in clause 5.3(f) of the Supplemental Trust Deed. Under the negative pledge the Issuer agrees that no Security Interest (as defined in the Supplemental Trust Deed) may be created or allowed to exist over the assets of any member of the Group other than:

⁴ Includes deferred finance charges and the mark-to-market revaluation adjustments of cross currency interest rate swaps. Note that these swaps have been entered into in relation to US private placement transactions and need to be included for purposes of determining the overall borrowing position of the Downer Group and for the financial covenant calculations.



- > liens arising by operation of law;
- > banker's lien, rights of set off or combination over property or money deposited with a banker in the ordinary course of business of a member of the Group;
- > liens existing over assets acquired after the date of this document or members of the Group which became members after the date of this document if the lien existed at the date the asset was acquired or the entity became a member of the Group and is discharged within six months of the acquisition;
- > liens to secure Finance Debt (as defined in the Supplemental Trust Deed) to finance the acquisition, construction or improvement of a property of any member of the Group;
- > any rights conferred by virtue of any subordination of any Finance Debt between any member of the Group;
- > liens in favour of co-venturers over interests in or the assets of any unincorporated joint venture;
- > rights conferred by the lodging of security bonds or deposits in connection with any mining operation and infrastructure arrangements;
- > liens to secure Limited Recourse Borrowing (as defined in the Supplemental Trust Deed);
- > any lien created as security for the purpose of financing any export or import trading contract;
- > any lien created over any offshore business as security for any Finance Debt used to finance such operation where the granting of such lien is required by local law;
- > any Capital Lease (as defined in the Supplemental Trust Deed) existing on the date of the Supplemental Trust Deed; or
- > any additional liens the aggregate principal amount secured by such liens shall not exceed 8% of Total Assets (as defined in the Supplemental Trust Deed) of the Group.

The negative pledge does not restrict acquisitions or disposals generally.

An Event of Default will occur if Finance Debt (as defined in the Supplemental Trust Deed) of the Issuer, Downer or a Guarantor totalling at least A\$10 million is not paid when due (or within an applicable grace period), or becomes due and payable or capable of being declared due and payable before its stated maturity or expiry, as set out in clause 2.8 of the Supplemental Trust Deed (the Cross Default).

There are no other Events of Default that apply in respect of the Guarantors other than the statutory management

of New Zealand incorporated Guarantors. For instance (without limitation) the insolvency of a Guarantor is not of itself an Event of Default under the Supplemental Trust Deed. If an adverse event were to occur in respect of a Guarantor, the applicability of the Cross Default described above would depend on the terms of the other Finance Debt of Downer and the Guarantors at that time. If those terms did not permit A\$10 million or more to be declared due and payable, there would be no right for the Trustee to take enforcement action in respect of the Works Bonds. The applicability of the Cross Default also depends on the relevant Finance Debt being entered into by the Issuer, Downer or a Guarantor (and not by any other Group company).

Interest

Works Bonds offer quarterly, fixed rate, non-discretionary Interest Payments. Interest will be paid in cash less any applicable withholding tax.

The Interest Rate will be announced by the Issuer following the close of the Offer on the Rate Set Date, and will be announced by notice on www.works.co.nz/bonds and by press release to NZX on the Rate Set Date. The Interest Rate will be the sum of the Market Rate and the Margin, and can be no lower than the Minimum Interest Rate which will be announced by the Issuer to NZX on or about the Bookbuild Date and is set out in the Rate Card accompanying this Offer Document.

In the event that Downer's issuer default rating falls below BBB-, or is withdrawn, the Interest Rate will be increased by 1.25% per annum.

Interest Payment Dates

The first Interest Payment in respect of Works Bonds to be issued under this Offer Document is payable on 15 September 2009. Interest is payable thereafter on 15 December, 15 March, 15 June and 15 September each year (or, if that day is not a Business Day, the next Business Day). Interest is also payable on the Maturity Date or date of redemption of Works Bonds.

The first Interest Payment will be calculated on a daily basis in respect of the period from the date the Application moneys for Works Bonds are banked to (but excluding) 15 September 2009, and will be paid to the original successful Applicant irrespective of any transfer of Works Bonds by that original successful Applicant prior to the first Interest Payment Date. Application moneys received by or on behalf of the Issuer will be banked promptly.

Interest Payments for subsequent Interest 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 Interest Payment Date.

Maturity Date

The Principal Amount of Works Bonds will be repaid by the Issuer on the Maturity Date (15 September 2012).

Redemption

Holders have no right to require redemption of Works Bonds, except through the Trustee in the case of an Event of Default, or directly in the case of a Change of Control which relates to Downer (and not to any other member of the Downer Group). This means that Holders have no ability to cash in their investment prior to the Maturity Date, except following an Event of Default, Change of Control which relates to Downer or by selling their Works Bonds in the secondary market.

As the Offer is for an initial issue of Works Bonds, there is currently no established market for the sale of Works Bonds. The Directors are of the opinion that a secondary trading market for Works Bonds will develop over time.

Issuer's ability to redeem prior to Maturity Date

The Issuer may, but is not obliged to, redeem all outstanding Works Bonds in the event of receiving Holder Redemption Requests by Holders holding 51% or more of outstanding Works Bonds following a Change of Control which relates to Downer occurring.

Ranking

Works Bonds being offered under this Offer Document will constitute unsecured and unsubordinated obligations of the Issuer, rank equally with each other and will also rank at least equally with all other unsecured and unsubordinated indebtedness of the Issuer, except indebtedness preferred by law.

Events of Default

Upon the occurrence of any of the Events of Default set out in the Trust Documents, the Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of Holders must, declare the Bond Moneys to be immediately due and payable by notice in writing to the Issuer, whereupon such amount shall become immediately due and payable.

The Events of Default are listed in the Trust Documents. In summary, the Events of Default include the following events:

- > a failure to make any payment of Principal Amount within two business days of the due date;
- > a failure to make any payment of Interest on Works Bonds within two Business Days of the due date;
- > any breach by the Issuer of any other material undertakings or obligations under the Trust

Documents that, if capable of remedy, is not remedied within 30 days of the Issuer becoming aware of that breach;

- > a statutory manager is appointed under the Corporations (Investigation and Management) Act 1989 in respect of the Issuer or any Guarantor which is incorporated under the Companies Act;
- > any breach by the Issuer of a representation or warranty in a material respect which has a material adverse effect on the Issuer;
- > if the Issuer becomes insolvent, is placed into liquidation or any analogous procedure occurs in respect of it;
- > if any indebtedness in excess of A\$10 million is not paid when due by the Issuer; and
- > if Finance Debt (as defined in the Supplemental Trust Deed) of the Issuer, Downer or a Guarantor totalling at least A\$10 million is not paid when due (or within an applicable grace period), or becomes due and payable or capable of being declared due and payable before its stated maturity or expiry.

Investors should refer to the Trust Documents for a complete list and a fuller description of the acts and omissions that constitute an Event of Default.

Other than the fourth and eighth bullet points above, the Events of Default listed above do not apply in respect of the Guarantors. For instance (without limitation) the insolvency of a Guarantor is not an Event of Default. If an adverse event were to occur in respect of a Guarantor, the applicability of the Event of Default described above would depend on the terms of the Finance Debt of Downer and the Guarantors at that time. If those terms did not permit A\$10 million or more to be declared due and payable, there would be no right for the Trustee to take enforcement action in respect of the Works Bonds. The applicability of the Event of Default also depends on the relevant Finance Debt being entered into by the Issuer, Downer or a Guarantor (and not by any other Group company).

Voting rights

Holders have no right to receive notice of, attend or vote at meetings of shareholders of the Issuer.

Holders have the power exercisable by Extraordinary Resolution to agree, approve, authorise, ratify and sanction various acts, matters or things in relation to, or in connection with, the Trust Documents, Works Bonds and the exercise or performance by the Trustee of its powers, duties and discretions.



Transfer

Works Bonds are transferable subject to all rights and obligations in respect of the Trust Documents, to other persons without restriction, except as provided in clause 3.4 of the Master Trust Deed which provides that the Issuer may refuse to register a transfer of any Works Bonds if the transfer would result in the purchaser holding less than 3,000 Works Bonds and that Works Bonds may only be transferred in multiples of 1,000 thereafter.

Other information

The above is a simplified and general description of some of the rights of Holders. All terms of the Offer and Works Bonds, except those rights and obligations implied by law, are set out in this Offer Document, the Master Trust Deed and the Supplemental Trust Deed (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 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?

Issuer

Works Finance (NZ) Limited, (formerly called Works Infrastructure Finance (NZ) Limited) is indirectly a wholly-owned subsidiary of Downer and is the Issuer of Works Bonds. Its registered office is 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 and the issue of ROADS in April 2007. The only business of the Issuer is the issue of ROADS and Works Bonds and related activities. Other than entering into a guarantee in favour of the Group's lenders, the Issuer does not currently intend to engage in any other business pursuits or hold any assets of the Downer Group other than intra-group loan receivables and securities. The Issuer therefore depends on these intra-group receipts from other members of the Downer Group in order to meet its payment obligations in respect of Works Bonds.

Promoters

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 Downer EDI Works Limited at 14 Amelia Earhart Avenue, Airport Oaks, Auckland.

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 company in the Group.

Downer is a successful and market leading supplier of services to the infrastructure, mining and metals and energy sectors in New Zealand and Australia, with representation in the Asia-Pacific region and the United Kingdom. Downer is one of Australia's largest listed engineering, infrastructure and resource services companies with shareholders' funds of A\$1.35 billion, assets of A\$3.4 billion, more than 23,000 employees and an annualised turnover approaching A\$5.6 billion, each as at 31 December 2008. Downer is listed on the NZX and ASX under the ticker code "DOW". Further information about its business is set out in Section 3.

Guarantors

Downer and other members of the Downer Group who are Guarantors from time to time in accordance with the Supplemental Trust Deed guarantee all payments due and payable under Works Bonds on an unsubordinated, unsecured basis for the benefit of the Trustee to enforce on behalf of Holders.

The initial Guarantors of Works Bonds are listed in schedule 3 of the Supplemental Trust Deed, which is set out in Appendix B to this Offer Document.

The Issuer itself has been formed for the purpose of issuing securities and other than entering into a guarantee in favour of the Group's lenders the Issuer will not carry on any other business or hold any assets of the Downer Group other than intra-group loan receivables and shares.

The Issuer is owned by Downer EDI Group Finance (NZ) Limited. Subject to meeting solvency requirements, there are no restrictions on the Issuer making distributions to its parent company.

Holders should note that the entities comprising the Downer Group and the Guarantors may change from time to time. For instance, there may be acquisitions or disposals of a subsidiary by Downer or any member of the Downer Group. Therefore the members of the Downer Group, and those members of the Downer Group that comprise the Guarantors, on the Issue Date may change prior to the maturity of Works Bonds. Consequently, Holders may not in the future have the benefit of a Guarantee from each initial Guarantor.

Additionally, the financial position of the Group and the Guarantors may change from time to time, for instance if members of the Group acquire or dispose of assets, enter into further borrowings or incur other liabilities. As at 31 December 2008, the Downer Group had in place banking facilities totalling A\$1.17 billion, drawn

to a total of A\$703 million.⁵ The financiers under those facilities also have the benefit of a guarantee from the guaranteeing subsidiaries within the Group including from the Issuer (ranking equally with the indebtedness of the Issuer and the Guarantors under the Works Bonds). The terms, including amount, of the Group's bank debt may change from time to time (subject to the negative pledge described below).

The composition of the guarantors of the Group's bank and other senior unsecured debt may also change from time to time.

The Issuer shall procure that at all times:

- > Consolidated Guarantor EBIT shall be equal to or greater than 90% of Consolidated Group EBIT; and
- > Consolidated Guarantor Total Tangible Assets shall be equal to or greater than 90% of Consolidated Group Total Tangible Assets.

The negative pledge given by the Issuer in respect of the Group (including the Guarantors) is described under the heading "Guarantee" in the section "What sort of investment is this?" above.

Other than as described under the heading "Events of Default" in the section "What sort of investment is this?", there are no Events of Default that apply in respect of the Guarantors. The rights of the Trustee to take enforcement action in respect of the Works Bonds where an adverse event occurs in respect of a Guarantor are limited as described in that section.

Trustee

Perpetual Trust Limited is the Trustee of the Bonds. The Trustee's address is set out in the Corporate Directory.

Registry

The Registry for Works Bonds is Computershare Investor Services Limited, Level 2, 159 Hurstmere Road, Takapuna, North Shore City, Private Bag 92119, Auckland 1142.

Joint Lead Managers

The Joint Lead Managers of the Offer are UBS, ANZ, part of ANZ National Bank Limited, Forsyth Barr Limited, and Westpac Institutional Bank (a division of Westpac Banking Corporation).

Co-Manager

The Co-Manager of the Offer is BNZ Capital, a division of Bank of New Zealand.

Organising Participant

The Organising Participant of the Offer is UBS.

HOW MUCH DO I PAY?

Works Bonds are to be subscribed for \$1.00 each which must be paid in full on Application.

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

The Offer comprises:

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

Broker Firm Offer

Applicants accepting a Firm Allocation from a NZX Firm, other Primary Market Participant or approved financial intermediary need to return the relevant Application Form to the offices of the NZX Firm, other Primary Market Participant 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 and the Co-Manager.

Securityholder Offer, Employee Offer and General Offer

Applicants under the Securityholder Offer, Employee Offer and General Offer need to return the relevant Application Form, together with Application payment, to the Registry no later than 5:00pm on the Closing Date.

Applicants may also lodge their Application with the Issuer, any Primary Market Participant, the Organising Participant, approved financial intermediary or any other channel approved by NZX, but must deliver it in time to enable the Application Form to be forwarded to and received by the Registry no later than 5.00pm on the Closing Date.

⁵ Includes deferred finance charges and the mark-to-market revaluation adjustments of cross currency interest rate swaps. Note that these swaps have been entered into in relation to US private placement transactions and need to be included for purposes of determining the overall borrowing position of the Downer Group and for the financial covenant calculations.



Application payments

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

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. Works Bonds purchased or sold on NZX are likely to attract normal brokerage fees and charges.

Joint Lead Managers and the Co-Manager will be paid a brokerage fee of 1.00% of the Issue Price in respect of Works Bonds allotted pursuant to each valid Application submitted by Applicants bearing their stamp.

Primary Market Participants (excluding the Joint Lead Managers and the Co-Manager) 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 Works Bonds allotted pursuant to each valid Application submitted by Broker Firm Applicants bearing their stamp.

Participants in the Bookbuild will be paid a fee of 0.25% of the Issue Price in respect of Works Bonds allotted pursuant to each valid Application submitted by them in satisfaction of their Firm Allocation.

The Organising Participant will be paid a structuring fee of 0.45% of the Issue Price in respect of Works Bonds allotted pursuant to the Offer.

The Joint Lead Managers (excluding the Organising Participant) and the Co-Manager will be paid a fee in respect of all Works Bonds allotted pursuant to valid Applications bearing their stamp if certain thresholds are met. If the proceeds of such Works Bonds are greater than \$15 million and less than \$25 million, the Joint Lead Manager or Co-Manager will be paid a fee of 0.15%, or if the proceeds of such Works Bonds are \$25 million or greater, the Joint Lead Manager or Co-Manager will be paid a fee of 0.30%, calculated on the Issue Price in respect of all Works Bonds allotted pursuant to valid Applications which bear that Joint Lead Manager's or Co-Manager's stamp.

Downer or another member of the Downer Group will pay all fees to the Organising Participant on behalf of the Joint Lead Managers, who will then pay the relevant fees to the other Joint Lead Managers, Co-Manager, 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 Joint Lead Managers (excluding the Organising Participant), the Co-Manager, Primary Market Participants or approved financial intermediaries or approved participants in the Bookbuild.

WHAT RETURNS WILL I GET?

Interest

The Interest Rate will be determined following the close of the Offer on the Rate Set Date, and will be announced by notice on www.works.co.nz/bonds and by press release to NZX on the Rate Set Date.

The Interest Rate will be the higher of:

- > the Minimum Interest Rate; and
- > the sum of the Market Rate and the Margin.

The Interest Rate cannot be lower than the Minimum Interest Rate, but may be higher than the Minimum Interest Rate. The Minimum Interest Rate will be announced by the Issuer to NZX on or about the Bookbuild Date and is set out in the Rate Card accompanying this Offer Document.

The Margin will be a percentage rate per annum determined by the Issuer, Downer and the Organising Participant following the completion of the Bookbuild. The Margin will also be announced to NZX on or about the Bookbuild Date. Your broker or financial adviser can also notify you of the Margin once it has been determined.

The Market Rate will be the rate per annum (expressed on a percentage yield basis) determined by the Issuer, Downer and the Organising Participant to be the higher of the three year Swap Rate at 11.00am on the Bookbuild Date or 11.00am on the Rate Set Date (rounded if necessary to the nearest five basis points).

Interest on Works Bonds will be paid in cash less any applicable withholding tax.

First Interest Payment: The first Interest Payment in respect of Works Bonds will be calculated on a daily basis in respect of the period from the date the Application moneys for Works Bonds are banked to (but excluding) the first Interest Payment Date (15 September 2009). The first Interest Payment will be paid to the initial successful Applicant, irrespective of any transfer of new Works Bonds by that initial successful Applicant prior to the first Interest Payment Date.

Subsequent Interest Payments: Interest Payments are payable thereafter on 15 December, 15 March, 15 June and 15 September each year (or, if that day is not a Business Day, the next Business Day). Interest is also payable on the Maturity Date.

Each quarterly Interest Payment, with the exception of the first Interest Payment, will be calculated in accordance with the following formula:

$$\text{Interest Payment} = \frac{(\text{Interest Rate} \times \text{Issue Price})}{4}$$

In respect of the first Interest Payment, Interest will be calculated in accordance with the following formula:

$$\text{Interest Payment} = \frac{(\text{Interest Rate} \times \text{Issue Price} \times N)}{365}$$

Where N is the number of days from (and including) the date Application moneys are banked until (but excluding) the first Interest Payment Date.

In the event that Downer's issuer default rating falls below BBB-, or is withdrawn, the Interest Rate will be increased by 1.25% per annum.

Maturity Date

The Principal Amount of Works Bonds will be repaid by the Issuer on the Maturity Date (15 September 2012).

Redemption

Holders have no right to require redemption of Works Bonds prior to the Maturity Date, except through the Trustee in the case of an Event of Default, or directly in the case of a Change of Control which relates to Downer (and not to any other member of the Downer Group). This means that Holders have no ability to cash in their investment, except following an Event of Default, Change of Control which relates to Downer or by selling their Works Bonds in the secondary market.

As the Offer is for an initial issue of Works Bonds, there is currently no established market for the sale of Works Bonds. The Directors are of the opinion that a secondary trading market for Works Bonds will develop over time.

Issuer's ability to redeem prior to Maturity Date

The Issuer may, but is not obliged to, redeem all outstanding Works Bonds in the event of receiving Holder Redemption Requests by Holders holding 51% or more of outstanding Works Bonds following a Change of Control which relates to Downer occurring.

Events of Default

Upon the occurrence of any of the Events of Default set out in the Trust Documents, the Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of Holders must, declare the Bond Moneys to be immediately due and payable by notice in writing to the Issuer, whereupon such amount shall become immediately due and payable.

The Events of Default are listed in the Trust Documents. In summary, the Events of Default include the following events:

- > a failure to make any payment of Principal Amount within two Business Days of the due date;
- > a failure to make any payment of Interest on Works Bonds within two Business Days of the due date;
- > any breach by the Issuer of any other material undertakings or obligations under the Trust Documents that, if capable of remedy, is not remedied within 30 days of the Issuer becoming aware of that breach;
- > a statutory manager is appointed under the Corporations (Investigation and Management) Act 1989 in respect of the Issuer or any Guarantor which is incorporated under the Companies Act;
- > any breach by the Issuer of a representation or warranty in a material respect which has a material adverse effect on the Issuer;
- > if the Issuer becomes insolvent, is placed into liquidation or administration, or any analogous procedure occurs in respect of it;
- > if any indebtedness in excess of A\$10 million is not paid when due (or by the end of its period of grace) by the Issuer; and
- > if Finance Debt (as defined in the Supplemental Trust Deed) of the Issuer, Downer or a Guarantor totalling at least A\$10 million is not paid when due (or within an applicable grace period), or becomes due and payable or capable of being declared due and payable before its stated maturity or expiry.

Investors should refer to the Trust Documents for a fuller description of the acts and omissions that constitute an Event of Default.

Other than the fourth and eighth bullet points above, the Events of Default listed above do not apply in respect of the Guarantors. For instance (without limitation) the insolvency of a Guarantor is not an Event of Default. If an adverse event were to occur in respect of a Guarantor, the applicability of the Event of Default described above would depend on the terms of the Finance Debt of Downer and the Guarantors at that time. If those terms did not permit A\$10 million or more to be declared due and payable, there would be no right for the Trustee to take enforcement action in respect of the Works Bonds. The applicability of the Event of Default also depends on the relevant Finance Debt being entered into by the Issuer, Downer or a Guarantor (and not by any other Group company).



Key factors that determine returns

The key factors that determine the returns on a Holder's investment are:

- > the Interest Rate;
- > the Issuer's financial condition and credit ratings;
- > the financial position of the Guarantors;
- > any applicable taxes (see Section 8 – Tax Information on pages 66 to 67);
- > fluctuations in the price of Works Bonds if sold on the secondary market, as described under the heading "Transfer" below; and
- > the other risk factors described under the heading "What are my risks?" on page 45.

Transfer

If Holders transfer any Works Bonds, the price obtained for them may differ from the amount paid to purchase them. This is because changes in market interest rates can affect the market value of Works Bonds (see below under the heading "What are my risks?").

Works Bonds may only be transferred in multiples of 1,000 in Principal Amount and no transfer may be made if it results in the transferor or the transferee holding Works Bonds the Principal Amount of which is less than 3,000 in aggregate (unless the amount is zero). You should contact your broker or financial adviser if you wish to sell or transfer Works Bonds.

The Issuer will not compensate Holders for any loss incurred if Holders choose to sell Works Bonds.

Applicants should not attempt to sell Works Bonds until they know whether, and how many, Works Bonds have been issued to them. Neither the Issuer, the Joint Lead Managers, the Organising Participant, the Co-Manager, the Trustee nor any of their respective directors or employees or any other person accepts any liability or responsibility should any Applicant for Works Bonds attempt to sell or otherwise deal with any Works Bonds before receiving a statement recording the number of Works Bonds (if any) issued to them.

Taxation

Taxes may affect the return to Holders. Interest on Works Bonds 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 resident withholding tax has been deducted.

In addition, gains on the sale of Works Bonds are likely to be taxable to investors.

Further information relating to tax is set out in Section 8. Investors should obtain their own tax and legal advice regarding all aspects of Works Bonds and the Offer.

Persons liable

The Issuer will be legally liable to pay any Interest on Works Bonds which are payable under the Trust Documents. If a Holder sells Works Bonds, the purchaser of those Works Bonds will be legally liable to pay the purchase price for those Works Bonds.

Guarantee

The Guarantors guarantee all payments due and payable under Works Bonds on an unsubordinated, unsecured basis for the benefit of the Trustee to enforce on behalf of Holders.

Under the Deed of Guarantee, the Guarantors give the Guarantee in respect of Works Bonds. That Guarantee applies only if amounts become due and payable in respect of Works Bonds. The Guarantors include Downer and other members of the Downer Group who are Guarantors from time to time. The initial Guarantors of Works Bonds are listed in schedule 3 of the Supplemental Trust Deed, which is set out in Appendix B to this Offer Document.

The Guarantee has been granted in favour of the Trustee and is held by the Trustee on behalf of it and all Holders.

The Issuer itself has been formed for the purpose of issuing securities and other than entering into a guarantee in favour of the Group's lenders the Issuer will not carry on any other business or hold any assets of the Downer Group other than intra-group loan receivables and shares.

The Issuer is owned by Downer EDI Group Finance (NZ) Limited. Subject to meeting solvency requirements, there are no restrictions on the Issuer making distributions to its parent company.

Holders should note that the entities comprising the Downer Group and the Guarantors may change from time to time. For instance, there may be acquisitions or disposals of a subsidiary by Downer or any member of the Downer Group. Therefore the members of the Downer Group, and those members of the Downer Group that comprise the Guarantors, on the Issue Date may change prior to the maturity of Works Bonds. Consequently, Holders may not in the future have the benefit of a Guarantee from each initial Guarantor.

Additionally, the financial position of the Group and the Guarantors may change from time to time, for instance if members of the Group acquire or dispose of assets, enter into further borrowings or incur other liabilities. As at 31 December 2008, the Downer Group had in

place banking facilities totalling A\$1.17 billion, drawn to a total of A\$703 million.⁶ The financiers under those facilities also have the benefit of a guarantee from the guaranteeing subsidiaries within the Group including from the Issuer (ranking equally with the indebtedness of the Issuer and the Guarantors under the Works Bonds). The terms, including amount, of the Group's bank debt may change from time to time (subject to the negative pledge described below).

The composition of the guarantors of the Group's bank and other senior unsecured debt may also change from time to time.

The Issuer shall procure that at all times:

- > Consolidated Guarantor EBIT shall be equal to or greater than 90% of Consolidated Group EBIT; and
- > Consolidated Guarantor Total Tangible Assets shall be equal to or greater than 90% of Consolidated Group Total Tangible Assets.

The Issuer has given a negative pledge in respect of the Group in favour of Holders, as more fully described in clause 5.3(f) of the Supplemental Trust Deed. The negative pledge provides that no Group member will grant a security interest over its assets in favour of a third party other than permitted security interests described in the Supplemental Trust Deed but does not restrict acquisitions or disposals generally. A summary of the negative pledge is set out on page 37 under the heading "What sort of investment is this? – "Guaranteee."

An Event of Default will occur if Finance Debt (as defined in the Supplemental Trust Deed) of the Issuer, Downer or a Guarantor totalling at least A\$10 million is not paid when due (or within an applicable grace period), or becomes due and payable or capable of being declared due and payable before its stated maturity or expiry, as set out in clause 2.8 of the Supplemental Trust Deed (the Cross Default).

There are no other Events of Default that apply in respect of the Guarantors other than the statutory management of New Zealand incorporated Guarantors. For instance (without limitation) the insolvency of a Guarantor is not of itself an Event of Default under the Supplemental Trust Deed. If an adverse event were to occur in respect of a Guarantor, the applicability of the Cross Default described above would depend on the terms of the other Finance Debt of Downer and the Guarantors at that time. If those terms did not permit A\$10 million or more to be

declared due and payable, there would be no right for the Trustee to take enforcement action in respect of the Works Bonds. The applicability of the Cross Default also depends on the relevant Finance Debt being entered into by the Issuer, Downer or a Guarantor (and not by any other Group company).

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 Interest or other returns intended to be derived from holding Works Bonds.

It is not possible to quantify as at the date of this Offer Document the exact amount of returns Holders will receive, and therefore no such amount can be promised by the Issuer.

WHAT ARE MY RISKS?

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

As the Group's business and financial performance may affect its credit quality and, hence, the value of Works Bonds themselves, investors should also be aware that there are risks associated with an investment in the Group generally. In particular, these risks arise from the business and structure of the Group.

The principal risks for Holders are that they may be unable to recover from the Issuer or any Guarantor all or any of the Principal Amount of the Bonds, or they may not receive timely, or any, Interest Payments on the Bonds. These circumstances could arise if the Issuer or any Guarantor becomes insolvent for any reason, or is placed into receivership, liquidation or statutory management, or is otherwise not able to meet its debts as they fall due.

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

The operating and financial performance of the Group may be significantly affected by changes in economic conditions both globally and in the particular countries

⁶ Includes deferred finance charges and the mark-to-market revaluation adjustments of cross currency interest rate swaps. Note that these swaps have been entered into in relation to US private placement transactions and need to be included for purposes of determining the overall borrowing position of the Downer Group and for the financial covenant calculations.



in which it conducts business. These changes may influence the operating performance of those businesses.

Market conditions are also subject to periods of volatility which can have the effect of reducing activity in a range of industry sectors which can then adversely impact the financial performance and position of the Group. Market volatility may also impact the ability to fund their respective businesses in a similar manner, cost and from the same sources as funding raised in the past.

Since the second half of 2007 global capital markets have experienced difficult and unique conditions, the full effects of which are as yet unknown. These challenging market conditions have resulted in significantly reduced availability of funds, increased volatility, the unavailability of funds in certain markets, industry sectors or specific companies, forced asset sales, a lack of price transparency in many markets and heightened prospects of regional recession.

The financial performance and position of the Group could be adversely affected by the worsening of general economic conditions in the New Zealand and Australian markets, as well as international market conditions and/or related factors. These and other risks faced by the Group are set out in this Section. You should carefully consider these risk factors, as well as the other information in this Investment Statement, and consult your financial adviser or other professional adviser before deciding whether to invest in Works Bonds. It is also possible new risks might emerge as a result of markets experiencing extreme stress or existing risks may manifest themselves in ways that are not currently foreseeable.

RISKS ASSOCIATED WITH WORKS BONDS – OFFER SPECIFIC

Liquidity

There may be no liquid market for Works Bonds. Holders who wish to sell their Works Bonds may not be able to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for Works Bonds. The market price of Works Bonds may be volatile. Factors such as those discussed in this Section, general trends in interest rates and currencies, New Zealand, Australian and international debt and equity markets and the New Zealand and Australian economies could cause the market price of Works Bonds to fluctuate. Such fluctuations may have a material adverse effect on the market price of Works Bonds.

Securities eligible for future sale

No prediction can be made as to the effect, if any, that future sales of Works Bonds or the availability of Works Bonds for future sales, will have on the market price of Works Bonds prevailing from time to time. Sales of substantial numbers of Works Bonds, or the perception

that such sales may occur, may adversely affect prevailing market prices.

Market price

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

- > New Zealand, Australian and international economic conditions including capital market volatility, interest rates and inflation;
- > investor confidence and perceptions;
- > changes in interest rates in New Zealand;
- > the market liquidity for Works Bonds; and
- > factors that may affect the Group's financial performance and position.

Three year term

Works Bonds have a three year term. Holders have no right to require redemption of Works Bonds prior to the Maturity Date, except in the case of an Event of Default or a Change of Control which relates to Downer (and not to any other member of the Downer Group). This means that Holders have no ability to cash in their investment, except following an Event of Default, Change of Control which relates to Downer or by selling their Works Bonds in any secondary market.

As the Offer is for an initial issue of Works Bonds, there is currently no established secondary market for the sale of Works Bonds. The Directors are of the opinion that a secondary trading market for Works Bonds will develop over time.

The Issuer may, but is not obliged to, redeem all outstanding Works Bonds in the event of receiving Holder Redemption Requests by Holders holding 51% or more of outstanding Works Bonds following a Change of Control which relates to Downer occurring.

Guarantee

The Issuer itself has been formed for the purpose of issuing securities and other than entering into a guarantee in favour of the Group's lenders the Issuer will not carry on any other business or hold any assets of the Downer Group other than intra-group loan receivables and shares.

The Guarantee given by the Guarantors under the Supplemental Trust Deed only applies if an Interest Payment or an amount actually becomes due and payable by the Issuer. The entities that constitute the Guarantors and the financial position of the Guarantors may change from time to time. The composition of the guarantors of the Group's bank and other senior unsecured debt may also change from time to time. For more details about the Guarantee, see pages 37 and 44 under the heading "Guarantee" and page 48 under the heading "Composition of Guarantors". The Guarantee has

been granted in favour of the Trustee and is held by the Trustee on behalf of it and all Holders.

Ranking

Each Works Bonds confers on its Holder the right to payment of the Issue Price in a liquidation of the Issuer in priority to any subordinated debt or class of shares of the Issuer other than any debt ranking equally with Works Bonds.

In the event of the winding-up of Downer or any Guarantor, the claims of Holders under the Guarantee (if Downer or a Guarantor has defaulted) will rank in priority to the claims of all subordinated creditors of Downer or that Guarantor (other than any creditors which rank equally with Holders, if any).

Notwithstanding the granting of a negative pledge by the Issuer in respect of the Group (see pages 37 and 45), there is a possibility that some claims may rank ahead of Works Bonds and Holders' claims under the Guarantee. This includes debts which are secured by a specific asset or assets, and claims such as employee entitlements.

Insolvency

As the Bonds are unsecured, unsubordinated debt obligations, in a liquidation or statutory management of the Issuer, the Holders rights to repayment will rank after the claims of persons to whom preferential payments must be made (including creditors of the Issuer preferred by law) and secured creditors (if any). Claims of the Holders will thereafter rank equally with the claims of all other unsecured, unsubordinated creditors of the Issuer including the Downer Group's financiers under its financing facilities. Such financiers have the benefit of a guarantee from the guaranteeing subsidiaries within the Group, including from the Issuer.

Holders will not in any circumstances be liable to pay money to any person as a result of the insolvency of the Issuer.

The factors which may contribute to an insolvency of the Issuer are set out above under "General risks".

Further securities

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

The Issuer is owned by Downer EDI Group Finance (NZ) Limited. Subject to meeting solvency requirements, there are no restrictions on the Issuer making distributions to its parent company.

Credit rating

Works Bonds are rated BBB- by Fitch Ratings. Downer has an issuer default rating of BBB- (stable outlook) from Fitch Ratings. Credit 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 Group. The Interest Rate will only be adjusted if Downer's issuer default rating falls below BBB- (ie, below investment grade). A change in rating may adversely affect the price of Works Bonds quoted on NZDX and therefore proceeds received from a sale of Works Bonds on 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.

The ratings may not reflect the potential impact of all risks related to the structure under which Works Bonds are issued, market and additional factors discussed in this section, and other factors that may affect the value of Works Bonds or the Issuer's or Downer's financial performance and position or creditworthiness.

Taxation considerations

A general description of the New Zealand tax consequences of investing in Works Bonds is set out in Section 8. 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 Works Bonds 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 Works Bonds, or the holding and disposal of Works Bonds.

Recovery of Interest Payments or Bond Moneys

It is possible under New Zealand legislation for an Interest Payment or Bond Moneys to be recovered from a Holder if the Issuer did not satisfy the solvency test immediately after the payment of that amount. However, there are limitations on the ability to recover an Interest Payment or Bond Moneys from Holders once it has been paid, where the Holder received the Interest Payment or Bond Moneys in good faith and without knowledge of the Issuer's failure to satisfy the solvency test, and the Holder has altered their position in reliance on the validity of the Interest Payment or Bond Moneys, and where it would be unfair to require the repayment in full or at all.



Composition of Guarantors

On the Issue Date, the Guarantors will comprise the initial Guarantors listed in schedule 3 of the Supplemental Trust Deed, which is set out in Appendix B to this Offer Document. Holders should note that the entities comprising the Downer Group and the Guarantors may change from time to time. For instance, there may be acquisitions or disposals of a subsidiary by Downer or any member of the Downer Group. Therefore the members of the Downer Group, and those members of the Downer Group that comprise the Guarantors, on the Issue Date may change prior to the maturity of Works Bonds. Consequently, Holders may not in the future have the benefit of a Guarantee from each initial Guarantor.

Additionally, the financial position of the Group and the Guarantors may change from time to time, for instance if members of the Group acquire or dispose of assets, enter into further borrowings or incur other liabilities. As at 31 December 2008, the Downer Group had in place banking facilities totalling A\$1.17 billion, drawn to a total of A\$703 million⁷. The financiers under those facilities also have the benefit of a guarantee from the guaranteeing subsidiaries within the Group including from the Issuer (ranking equally with the indebtedness of the Issuer and the Guarantors under the Works Bonds). The terms, including amount, of the Group's bank debt may change from time to time (subject to the negative pledge).

The effect of the provision of such a guarantee by the Issuer is, among other things, that it becomes liable in its own right to pay the amounts owing under those facilities. Therefore, if amounts became due for payment, the Issuer, together with the other guaranteeing subsidiaries, may be called upon under its guarantee to repay an amount equal to the amount outstanding at that time under those facilities. In a liquidation or statutory management of the Issuer, the Holders' rights to repayment under the Works Bonds will rank equally with the claims of the Downer Group's senior financiers under the Group financing facilities, and with all other unsecured, unsubordinated creditors of the Issuer. In giving the above guarantee, the Issuer will give certain other representations, warranties and undertakings in favour of its bank and other senior lenders, which are consistent with those given by the other guarantors under those facilities.

The composition of the guarantors of the Group's bank and other senior unsecured debt may also change from time to time.

The Issuer procures that at all times, the Consolidated Guarantor EBIT shall be equal to or greater than 90% of Consolidated Group EBIT, and the Consolidated Guarantor Total Tangible Assets shall be equal to or greater than 90% of Consolidated Group Total Tangible Assets.

For further details about the Guarantors and the Guarantee, see pages 37, 44 and 46 under the heading "Guarantee".

RISKS ASSOCIATED WITH THE DOWNER GROUP – ISSUER AND GUARANTOR SPECIFIC

Competition

The industries in which the Group operates are highly competitive and are expected to remain so. Any increase in competition could result in loss of market share and/or reduced operating margins. 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 Group's revenue is derived from contracting, which can 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 appropriate project conversion rates and timely, successful execution of projects and changes in utilisation rates driven by project activity levels.

Termination of contracts

Some contracts under which the Group provides services to clients allow termination on short notice under termination for convenience provisions. Early termination or a failure to renew a contract by the Group's clients may have an adverse effect on the Group's future financial performance and position. The quantum of this adverse

⁷ Includes deferred finance charges and the mark-to-market revaluation adjustments of cross currency interest rate swaps. Note that these swaps have been entered into in relation to US private placement transactions and need to be included for purposes of determining the overall borrowing position of the Downer Group and for the financial covenant calculations.

effect will vary based on a number of factors, including the value of the contract terminated or not renewed, and the magnitude of compensation due for termination for convenience under the contract.

Sustainability of growth and margins

The sustainability of the 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 Group's financial performance is dependent on the level of activity within the sectors 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 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 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 maturities in 2009 and future years. The impact on the global economy of recent events in the credit markets and financial services industry have affected, and are expected to continue to affect, the ability of companies to access interest bearing debt finance and the cost of debt finance. There can be no assurance that equity or debt funding will be available on favourable terms or at all.

The Group is currently working on the refinancing of its remaining term debt facility maturing in the current financial year, being a US\$110 million (A\$159

million equivalent) Syndicated Loan. This facility was drawn to US\$43 million (A\$62 million equivalent) as at 31 December 2008. The Group will be required to refinance A\$241 million equivalent of term debt prior to 30 June 2010. As at 31 December 2008 the Group had A\$470 million equivalent in undrawn facilities.

The Group continues to maintain the support of its financiers, successfully refinancing a A\$390 million bank facility in May 2008 on acceptable terms and completing financings of A\$244 million between July and December 2008. The Group continues its strategy to diversify sources of funding away from conventional bank loan transactions.

Accounting policies

The preparation of the 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 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. The Group has a Board-approved Treasury policy in place to identify and mitigate the effect of exchange rate fluctuations on the Group's activities.

Acquisition integration

The 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 overruns, delays, litigation or damage by third parties.

Personnel

The loss of a number of key personnel may materially impact the 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.

Major contracting and counterparty risks

The industry sectors in which the Group operates involve fixed price and alliance style 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), the Group is subject to risks in relation to the design and implementation of the relevant project. Where possible, the Group seeks to mitigate these risks by using previously implemented designs, comprehensive prototype testing, and factoring contingency into the relevant contract. Cost overruns, project delays or other unfavourable project outcomes could, however, adversely affect the cash flows, financial performance and position of the Group.

Reliance Rail and the Group are currently experiencing a delay in achieving certain project milestones. As is commonly the case with projects of this nature, the project includes a timetable allowance and a contingency provision to cover matters such as time delays, cost overruns or changes in contract scope. In the circumstances, the delay is not currently having a material financial impact on the Group; however, it may have a material adverse financial impact if the delay period increases over the design and build phase of the project. The Group has in place plans and actions intended to mitigate this risk.

General contracting and counterparty risks

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.

The Group also contracts alongside and/or subcontracts to third parties in certain cases (including in Reliance Rail). The Group may be exposed to liability where those third parties do not perform their obligations under those contracts in which case the Group 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, the Group 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.

The debt funding obligations of Reliance Rail are guaranteed by two financial guarantors (or monoline insurers), each for one half of the debt exposure. One of the monoline insurers, Syncora Guarantee Inc, (**Syncora**) has been ordered by the New York State Insurance Department to suspend payments of all claims and is operating only so as to complete a restructuring for the restoration of its surplus to the minimum amounts required by New York State Insurance Law.

Downer does not expect this event to have any current impact on the funding arrangements of Reliance Rail. In addition, Downer has no contractual obligation to provide further funding to Reliance Rail.

Syncora's inability to successfully restructure may eventually give rise to the need for Reliance Rail to restructure some of its contractual arrangements (including those in place with Downer). This may have a material adverse impact on the Group.

Fitch Ratings has reviewed the potential implications for Downer arising out of Syncora's and Reliance Rail's position, and has affirmed, as at 20 May 2009, Downer's senior unsecured debt rating of BBB- and has maintained a stable outlook. As with any rating Fitch will continue to monitor developments with Syncora and Reliance Rail and assess any impact on Downer's rating.

Outsourcing

The 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 9 under the heading "Pending Proceedings") will have a material adverse impact on the Group's financial position.

The Iluka dispute matter has been previously disclosed to the market by Downer and is also described in Section 9 under the heading "Pending proceedings". While no assurance can be made as to the outcome of this matter, appropriate advice has been obtained and, in light of such advice, 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.

Contingent liabilities

In the ordinary course of the Group's business bank guarantees, insurance, performance and payment bonds and letters of credit are issued by banks and insurance companies to provide clients of the Group with third party security in relation to the completion of projects and the satisfaction of equity commitments.

As a consequence of the nature of the projects and contracts to which the Group is a party, there is a risk that guarantees, bonds and letters of credit may be called upon, and that the Group would be required by the banks and insurance companies to fund payments under guarantees, bonds and letters of credit. This may, in turn, have an adverse effect on the Group's future 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 Group operates. This could disrupt operations and result in a loss of earnings.

Information systems

The 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 Group may be held liable for losses arising from negligence or defective work, including indirect losses suffered by third parties.

Insurance

The Group has insurance which it believes to be commensurate with industry standards, and adequate having regard to the business activities of the 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 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 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 the Group and loss of income or reputation.

In particular, the Australian Federal Government has proposed an Australian national carbon pollution reduction scheme, to be implemented in 2011. This scheme requires large emitters of greenhouse gases to purchase permits that are equivalent to their emissions volume.

Some of the Group's activities involve energy intensive processes and the Group is therefore an emitter of greenhouse gases (particularly in Downer EDI Mining). Full details of the scheme are yet to be finalised, and accordingly the impact of the changing environmental climate on the Group's financial performance and position is uncertain. Any costs for emitting greenhouse gas emissions imposed on the Group by the scheme may or may not be recoverable from customers in a timely manner (or at all) and this may have an adverse effect on the Group's future financial performance and position.

Management of growth

The Group has experienced 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 Group. Inability to source materials and 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 Works Bonds 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 Works Bonds and the Downer Group's financial position and performance. On termination of an investment in Works Bonds, Holders, for the reasons outlined above, may receive less than the consideration that was provided for the subscription of those Works Bonds.



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 Works Bonds) to any person in the event of insolvency of the Issuer or Downer or any Guarantor except where Interest Payments or Bond Moneys may be recovered from Holders where the Issuer did not, immediately after payment of amount, satisfy the solvency test.

Holders of Works Bonds rank equally with each other and any other unsubordinated debt of the Downer Group, and in priority to any subordinated debt and all classes of shares of the Issuer, upon a liquidation of the Issuer.

The obligations of the Guarantee rank in priority to the claims of all subordinated creditors of the Guarantors.

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.

The terms and conditions of Works Bonds themselves may be altered by an amendment to the Trust Documents.

Amendment of Trust Documents

The terms and conditions of the Trust Documents may be altered with the approval of Holders (or a class of Holders, if applicable) by an Extraordinary Resolution at a meeting of Holders (whether convened by the Issuer or Holders) and, in limited circumstances, with the approval only of the Trustee and the Issuer.

The following amendments do not require Holder approval:

- > amendments of a minor, formal, administrative or technical nature;
- > amendments that are to correct a manifest error;
- > amendments that are to comply with the requirements or a modification of the requirements of any applicable law or any rules of any stock exchange;
- > amendments that are necessary for the purpose of obtaining or maintaining a quotation of Works Bonds on any stock exchange;
- > amendments that reflect an exemption granted to the Issuer, or an exemption that is applicable to the Issuer, in relation to any obligation imposed upon the Issuer by or pursuant to the Securities Act, the Companies Act or the Financial Reporting Act 1993 which is materially the same as or analogous to any obligation of the Issuer under the Master Trust Deed or Works Bonds; and
- > amendments in respect of any of the provisions of the Trust Documents relating to reporting to the Trustee, the Trustee's fees, expenses and indemnities or the exercise of the Trustee's powers.

The above circumstances are also subject to the general requirement that the Issuer and the Trustee must each be of the opinion that the amendment will not be materially prejudicial to the interests of Holders generally.

In addition, the Trustee may temporarily vary the provisions of the Trust Documents, or waive any breach or anticipated breach by the Issuer, for such period and on such terms as:

- > may be deemed appropriate provided that the Trustee is satisfied that the interests of the affected Holders generally will not be materially and adversely prejudiced; or
- > may be agreed by the Trustee to reflect an exemption of the nature referred to above as an amendment that can be made without Holder approval.

Any amendment to the Trust Documents will be binding on all Holders and will only be effective if it is in writing and signed by the Issuer and the Trustee.

HOW DO I CASH IN MY INVESTMENTS?

A summary of the Holder's and the Issuer's rights whereby Works Bonds may be repaid is provided in this Offer Document in relation to the question "What sort of investment is this?" on page 37.

Sale

Holders are entitled to offer to sell their Works Bonds at any time subject to the Trust Documents and applicable laws and regulations. The Issuer is of the opinion that there will be an established market for the sale of Works Bonds. Works Bonds may be offered for sale by contacting a NZX Trading and Advising Firm and supplying the relevant Common Shareholder Number (CSN) and 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?".

Maturity Date

The Principal Amount of Works Bonds will be repaid by the Issuer on the Maturity Date (15 September 2012).

Redemption

Holders have no right to require redemption of Works Bonds prior to the Maturity Date, except through the Trustee in the case of an Event of Default, or directly in the case of a Change of Control which relates to Downer (and not to any other member of the Downer Group). This means that Holders have no ability to cash in their investment, except following an Event of Default, Change of Control which relates to Downer or by selling their Works Bonds in the secondary market.

As the Offer is for an initial issue of Works Bonds, there is currently no established market for the sale of Works Bonds. The Directors are of the opinion that a secondary trading market for Works Bonds will develop over time.

Issuer's ability to redeem prior to Maturity Date

The Issuer may, but is not obliged to, redeem all outstanding Works Bonds in the event of receiving Holder Redemption Requests by Holders holding 51% or more of outstanding Works Bonds following a Change of Control which relates to Downer occurring.

NZX listing

The Issuer is currently listed on the NZDX. Application has been made to NZX for permission to list Works Bonds 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. It is expected that Works Bonds will begin trading on 15 July 2009 under NZDX code "WKS020".

WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?

Enquiries in relation to Works Bonds can be directed to your normal adviser or:

Computershare Investor Services Limited
159 Hurstmere Road, Takapuna, North Shore City
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 Works Bonds can be made to:

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

OR

The Trustee of Works Bonds at:

Perpetual Trust Limited
Shortland Street
PO Box 3376
AUCKLAND 1140
Tel: 0800 737 738

There is no ombudsman to whom complaints about Works Bonds can be made.

WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

Additional information about Works Bonds, the Issuer, the Guarantors 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, the Trust Deed and the Supplemental Trust Deed 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 the Issuer 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.

The financial statements of Works are available for public inspection on the Companies Office website at www.companies.govt.nz.

Holders will be sent a copy of the Issuer's annual reports, incorporating the most recent audited financial statements in accordance with the requirements of the Companies Act, and a copy of the Issuer's half-yearly reports complying with the NZDX Listing Rules if they tick the relevant box in the Application Form included at the back of this Offer Document indicating that they wish to receive such reports. Each Holder may also receive a copy of the annual and half-yearly financial reports of Downer by contacting the Issuer at its registered office at 14 Amelia Earhart Avenue, Airport Oaks, Auckland.

Holders of Works Bonds 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;
- > the Trust Documents; and
- > a copy of this Offer Document.

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.



SUMMARY OF THE

TRUST DOCUMENTS



SUMMARY OF THE TRUST DOCUMENTS

The following is a summary of the principal provisions of the Master Trust Deed. Investors requiring further information should refer to the Master Trust Deed and the Supplemental Trust Deed (together the “Trust Documents”). Holders are bound by, and are deemed to have notice of, the provisions of the Trust Documents.

TRUST DOCUMENTS

Works Bonds will be constituted by, and issued pursuant to the Trust Documents. The Supplemental Trust Deed and the Master Trust Deed contain the conditions of Works Bonds.

The Trust Documents are available for inspection at the places indicated under the heading Places of inspection of documents on page 73 of this Offer Document. Copies of the Trust Documents are set out in Appendix B to this Offer Document.

THE TRUSTEE AND THE HOLDERS

The Trustee is appointed under the Master Trust Deed to act as trustee for the Holders.

The Trustee does not guarantee the payment or repayment of any moneys owing to a Holder or the interest or principal on Works Bonds.

ISSUE AND FORM OF WORKS BONDS

The Master Trust Deed does not create any security over the assets of the Issuer or any of its subsidiaries.

The Master Trust Deed provides that the Issuer may issue Works Bonds at such times, in such amounts, to such persons, on such terms and conditions and at the prices determined by the Issuer. Without limiting the above, the Master Trust Deed provides that where Works Bonds are interest-bearing, that interest will be calculated by reference to a specific interest rate (which may be fixed or floating). In addition, the Master Trust Deed provides that Works Bonds may be secured or unsecured, as specified in the relevant Supplemental Trust Deed.

COVENANTS

The Trust Documents for Works Bonds offered under this Offer Document contain a number of covenants by the Issuer, including that for so long as any Works Bonds are outstanding:

- > to notify the Trustee of the occurrence of any Event of Default or event which, with the passing of time or the giving of notice or both, would constitute an Event of Default;
- > to maintain its corporate existence; and
- > to ensure that a Register is maintained in respect of each Series and give notice to the Holders of any resignation or removal of the Registrar.

DUTIES AND POWERS OF THE TRUSTEE

The principal duties of the Trustee under the Master Trust Deed in relation to the Holders are summarised as follows:

- > upon the occurrence of any Event of Default specified in the Master Trust Deed, the Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of the Holders must, declare the Bond Moneys to be immediately due and payable by notice in writing to the Issuer, exercise the powers of enforcement available to it and apply all moneys received in accordance with the provisions of the Master Trust Deed;
- > to receive regular financial and other reports provided to it by the Issuer;
- > to perform a number of functions relating to the ongoing administration of the Trust Documents, including in relation to the meetings of Holders, and the exercise of discretions or the giving or withholding of consents (as appropriate) relating to such administration and other matters out of the ordinary, such as making an application to the High Court of New Zealand under the Securities Act, and agreeing to modifications of the Trust Documents, all upon the terms set out in the Trust Documents; and
- > on being satisfied that all Bond Moneys have been paid or provided for upon the terms of the Trust Documents, to execute a deed of release of the Trust Documents.

In addition, the Trustee has a statutory duty pursuant to the Securities Act and the Securities Regulations to exercise reasonable diligence to:

- > ascertain whether or not there has been any breach of the terms of the Trust Documents or of the terms of any offer of Works Bonds and to do all it is empowered to do to cause any such breach of those terms to be remedied (except where the Trustee is satisfied that the breach will not materially prejudice the interests of the Holders); and
- > ascertain whether or not the assets of the Issuer that are or may be available, whether by way of security or otherwise, are sufficient or likely to be sufficient to discharge the amounts of Works Bonds as they become due.

The Trustee receives the benefit of a general indemnity from the Issuer for any expenses, losses or liabilities it reasonably sustains or incurs while acting as Trustee unless the claim arises out of a wilful default, gross negligence or wilful breach of trust.

Subject to its duties contained in clause 1 of the fifth schedule of the Securities Regulations, the Trustee has



SUMMARY OF THE TRUST DOCUMENTS

absolute discretion as to the exercise of its powers in relation to Works Bonds. Under the Trust Documents, the Trustee may, amongst other things, in relation to Works Bonds:

- > refrain from exercising any power until directed by an Extraordinary Resolution of Holders or the affected class of Holders;
- > decline to act or exercise any power, take any action or comply with any request or direction (including any direction by an Extraordinary Resolution of Holders) unless it has first been indemnified to its satisfaction against all expenses, losses and liabilities it may reasonably sustain or incur by so doing;
- > represent and act on behalf of Holders in any matter concerning them generally;
- > invest any moneys held in its capacity as Trustee, in the name of the Trustee or its nominee, in any investment, with power to vary, deal with or dispose of such investment, and all income (less any commissions properly payable to the Trustee) arising from all such investments will belong to the person in respect of whom such moneys are held by the Trustee;
- > in the performance of its duties, act on, or decline to act on, certificates signed by or on behalf of the Issuer, and the advice or opinion of professional advisers; or
- > require the Issuer to report to Holders on certain matters, convene meetings of Holders or otherwise seek directions from the Holders or a court of New Zealand.

REPORTING

The Issuer covenants to supply to the Trustee a range of regular reports, certificates, annual and half-yearly financial statements and other information as to the financial condition of the Issuer and its subsidiaries and as to compliance with the Trust Documents. This includes a requirement that two Directors of the Issuer, on behalf of the board of the Issuer, provide a report to the Trustee, following the end of each financial year and each financial half-year, as to various matters relating to the Issuer and Works Bonds, including details of any matter that has arisen relating to the Issuer which would materially and adversely affect the ability of the Issuer to perform its obligations under the Trust Documents and Works Bonds or which adversely affects the interests of Holders, compliance by the Issuer with the provisions of the Trust Documents, details of all Works Bonds that have been repaid on maturity in the immediately preceding

financial year and due maintenance of the Register for Works Bonds.

EVENTS OF DEFAULT

Upon the occurrence of any of the Events of Default set out in the Trust Documents, the Trustee may, and immediately upon being directed to do so by an Extraordinary Resolution of Holders must, declare the Bond Moneys to be immediately due and payable. However, none of the events listed in the definition of Event of Default in the Trust Documents will constitute an Event of Default, and the Bond Moneys will not become immediately due and payable, unless the Event of Default is continuing unremedied and the Trustee has given a notice to the Issuer declaring such event to be an Event of Default and the Bond Moneys to be immediately due and payable.

The Events of Default are listed in the Trust Documents. In summary, the Events of Default include the following events:

- > a failure to make any payment of Principal Amount within two business days of the due date;
- > a failure to make any payment of Interest on Works Bonds within two Business Days of the due date;
- > any breach by the Issuer of any other material undertakings or obligations under the Trust Documents that, if capable of remedy, is not remedied within 30 days of the Issuer becoming aware of that breach;
- > a statutory manager is appointed under the Corporations (Investigation and Management) Act 1989 in respect of the Issuer or any Guarantor which is incorporated under the Companies Act;
- > any breach by the Issuer of a representation or warranty in a material respect which has a material adverse effect on the Issuer;
- > if the Issuer becomes insolvent, is placed into liquidation or any analogous procedure occurs in respect of it;
- > if any indebtedness in excess of A\$10 million is not paid when due by the Issuer; and
- > if Finance Debt (as defined in the Supplemental Trust Deed) of the Issuer, Downer or a Guarantor totalling at least A\$10 million is not paid when due (or within an applicable grace period), or becomes due and payable or capable of being declared due and payable before its stated maturity or expiry.

Investors should refer to the Trust Documents for a complete list and a fuller description of the acts and omissions that constitute an Event of Default.

Other than the fourth and eighth bullet points above, the Events of Default listed above do not apply in respect of the Guarantors. For instance (without limitation) the insolvency of a Guarantor is not an Event of Default. If an adverse event were to occur in respect of a Guarantor, the applicability of the Event of Default described above would depend on the terms of the Finance Debt of Downer and the Guarantors at that time. If those terms did not permit A\$10 million or more to be declared due and payable, there would be no right for the Trustee to take enforcement action in respect of the Works Bonds. The applicability of the Event of Default also depends on the relevant Finance Debt being entered into by the Issuer, Downer or a Guarantor (and not by any other Group company).

CHANGE OF CONTROL

Upon any Change of Control of Downer (and not of any other member of the Downer Group) each of the Holders has the right, but not the obligation, to request prepayment at the par value of the then outstanding amount of Works Bonds held by the Holder, plus any accrued interest.

A Change of Control of Downer will occur where at any time, any person together with its Associates (as that term is defined in the Corporations Act) acquires 50% or more of the voting power (as that term is defined in section 610 of the Corporations Act) of Downer and there is a Ratings Decline within 90 days of such a change of control event.

Issuer's ability to redeem prior to Maturity Date

The Issuer may, but is not obliged to, redeem all outstanding Works Bonds in the event of receiving Holder Redemption Requests by Holders holding 51% or more of the outstanding Works Bonds following a Change of Control which relates to Downer occurring.

NO ENFORCEMENT BY HOLDERS

Holders have no direct enforcement rights and they may not bring proceedings directly against the Issuer for the enforcement of any of their rights or remedies under the Trust Documents, unless the Trustee has failed to enforce such rights or remedies within a reasonable period after having become bound to do so under the provisions of the Trust Documents.

DEFAULT INTEREST

If any amount payable in respect of a Bond is not paid on its due date, interest will accrue on the unpaid amount at the rate determined by the Issuer to be the aggregate of 2% and the relevant fixed rate, as the case may be, payable on the relevant Series of Works Bonds compounded monthly until the unpaid amount is paid.

MEETINGS

The Master Trust Deed contains provisions for meetings of Holders and the matters that may be determined by ordinary or Extraordinary Resolutions.

The Issuer must call a meeting of Holders, or a class of Holders, at the request in writing of the Holders of at least 10% of the aggregate principal amount of Works Bonds, or that class of Works Bonds (as the case may be). The Trustee may convene a meeting of Holders at any time.

An Extraordinary Resolution passed at a meeting of Holders or a class of Holders is binding on all Holders, or all Holders of that class (as the case may be), whether or not they were present at such meeting. However:

- > a resolution which affects a particular Holder only, rather than the rights of all Holders generally, or of a particular class of Holders generally, will not be binding on such Holder unless such Holder agrees to be bound by the terms of such resolution;
- > a resolution which affects one class only of Works Bonds is deemed to have been duly passed if passed at a properly convened and held meeting of the Holders of that class;
- > a resolution which affects more than one class of Works Bonds, but does not give rise to a conflict of interest between the Holders of any of the classes so affected, is deemed to have been duly passed if passed at a single properly convened and held meeting of the Holders of all classes so affected; and
- > a resolution which affects more than one class of Works Bonds and gives rise to a conflict of interest between the Holders of any of the classes so affected is deemed to have been duly passed if passed at separate properly convened and held meetings of the Holders of each class so affected.

After the occurrence of an Event of Default and while it continues unremedied, Holders of a Series may by an Extraordinary Resolution direct the Trustee to declare the Principal Amount of Works Bonds of that Series, together with accrued interest thereon, to be immediately due and payable by notice in writing to the Issuer.

Holders have the power exercisable by Extraordinary Resolution to agree, approve, authorise, ratify and sanction various acts, matters or things in relation to, or in connection with, the Trust Documents, Works Bonds and the exercise or performance by the Trustee of its powers, duties and discretions. For example, the Holders may, by an Extraordinary Resolution:

- > sanction the release of the Issuer from payment of all or any part of the Bond Moneys;



SUMMARY OF THE TRUST DOCUMENTS

- > sanction any exchange of Works Bonds for other obligations or securities of the Issuer or any other company;
- > postpone or, with the agreement of the Issuer, accelerate the Maturity Date of Works Bonds and suspend or postpone for a time the payment of interest on Works Bonds;
- > sanction any alteration, release, modification, waiver, variation or compromise or any other arrangement relating to the rights of the Holders against the Issuer or its assets;
- > assent to any amendment to the terms of the Trust Documents;
- > sanction, assent to, release or waive any breach or default by the Issuer or the Trustee under any of the provisions of the Trust Documents;
- > sanction any scheme for the reconstruction of the Issuer or for the amalgamation of the Issuer with any other corporation where such sanction is necessary;
- > subject to section 62 of the Securities Act, discharge, release or exonerate the Trustee from all liability in respect of any act or omission for which the Trustee has or may become responsible under the Trust Documents; and
- > subject to the provisions of the Trust Documents, remove the Trustee and approve the appointment of, or appoint, a new Trustee.

An Extraordinary Resolution is a resolution passed at a meeting of Holders (or of a class of Holders) at which at least 75% of the Holders (or that class of Holders) voting at the meeting, vote in favour of the resolution. A quorum for the purpose of passing an Extraordinary Resolution is two or more Holders (present in person or by representative) holding or representing a majority in Principal Amount of Works Bonds or, in the case of a meeting of any class of Holders, of Works Bonds of the relevant class. If a quorum is not present and the meeting is adjourned, a quorum at the adjourned meeting is all Holders present (in person or by representative). Anything that may be done by Holders (or a class of Holders) by an ordinary resolution or an Extraordinary Resolution passed at a meeting of Holders (or that class of Holders) may be done by a resolution in writing signed by not less than 75% of Holders (or that class of Holders) having the right to vote on that resolution and holding in aggregate the right to cast not less than 75% of the votes which could be cast on that resolution.

AMENDMENT OF TRUST DOCUMENTS

The terms and conditions of the Master Trust Deed may be altered with the approval of Holders (or a class of Holders, if applicable) by an Extraordinary Resolution at a meeting of Holders (whether convened by the Issuer or Holders) and, in limited circumstances, with the approval only of the Trustee and the Issuer. A description of the requirements for an Extraordinary Resolution is set out in the preceding paragraph of this Offer Document.

The following amendments do not require Holder approval:

- > amendments of a minor, formal, administrative or technical nature;
- > amendments that are to correct a manifest error;
- > amendments that are to comply with the requirements or a modification of the requirements of any applicable law or any rules of any stock exchange;
- > amendments that are necessary for the purpose of obtaining or maintaining a quotation of Works Bonds on any stock exchange;
- > amendments that reflect an exemption granted to the Issuer, or an exemption that is applicable to the Issuer, in relation to any obligation imposed upon the Issuer by or pursuant to the Securities Act, the Companies Act or the Financial Reporting Act 1993 which is materially the same as or analogous to any obligation of the Issuer under the Master Trust Deed or Works Bonds; and
- > amendments in respect of any of the provisions of the Trust Documents relating to reporting to the Trustee, the Trustee's fees, expenses and indemnities or the exercise of the Trustee's powers.

The above circumstances are also subject to the general requirement that the Issuer and the Trustee must each be of the opinion that the amendment will not be materially prejudicial to the interests of Holders generally.

Where an amendment is, in the reasonable opinion of the Trustee, required in order for the Trustee to comply with its obligations under any applicable law or regulation, the provisions of the Master Trust Deed may also be amended without the consent of the Holders, and the Issuer agrees to make any such amendment reasonably requested by the Trustee for that purpose.

In addition, the Trustee may temporarily vary the provisions of the Trust Documents, or waive any breach or anticipated breach by the Issuer, for such period and on such terms as:

- > may be deemed appropriate provided that the Trustee is satisfied that the interests of the affected Holders generally will not be materially and adversely prejudiced; or
- > may be agreed by the Trustee to reflect an exemption of the nature referred to above as an amendment that can be made without Holder approval.

Any amendment to the Trust Documents will be binding on all Holders and will only be effective if it is in writing and signed by the Issuer and the Trustee.

MISCELLANEOUS

The Trust Documents also contain detailed provisions relating to procedures for holding meetings of Holders, transfer and registration of Works Bonds and various other matters.

Because Works Bonds are to be registered (rather than bearer) bonds, the Trustee and the Issuer are entitled to rely on the Register as the sole and conclusive record of Works Bonds held by a Holder, notwithstanding any discrepancy between the Register and any certificate issued in respect of any Works Bonds. A certificate will not constitute a document of title and transfers must be effected using a registrable transfer form or by means of the FASTER system operated by NZX. A transfer will not take effect until the transferee is registered as the holder of the Bond.

Neither the Trustee nor the Issuer is liable to the other or to any Holder for relying on the Register or for accepting in good faith as valid the details recorded on the Register if they are subsequently found to be forged, irregular or not authentic.



TRUSTEE'S STATEMENT

TRUSTEE'S STATEMENT

125 years 
Perpetual Trust

27 May 2009

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

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

Dear Sirs

TRUSTEE'S STATEMENT

Clause 13(3) of the Second Schedule to the Securities Regulations 1983, requires us to confirm that the offer of unsecured debt securities (the "**Bonds**") by Works Finance (NZ) Limited (the "**Issuer**") set out in this Offer Document dated 27 May 2009 complies with any relevant provisions of the:

- (a) Master Trust Deed between the Issuer and Perpetual Trust Limited (the "**Trustee**") dated 27 May 2009; and
- (b) Supplemental Trust Deed between the Issuer and the Trustee dated 27 May 2009 (together the "**Trust Documents**").

The relevant provisions of the Trust Documents are those which:

- (a) entitle the Issuer to constitute and issue under the Trust Documents the Bonds offered under the Offer Document; and
- (b) impose any restrictions on the right of the Issuer to offer the Bonds,

and are described in the "Summary of the Trust Documents" section of the Offer Document.

The Auditors have reported on certain of the financial information set out in the Offer Document and the Trustee's statement does not refer to that information, or to any material contained in the Offer Document which does not relate to the Trust Documents.

The Trustee confirms that the offer of the Bonds set out in the Offer Document complies with any relevant provisions of the Trust Documents. We have given the above confirmation on the basis:

- (a) set out above; and
- (b) that the Trustee relies on the information supplied to it by the Issuer pursuant to the Trust Documents, and does not carry out an independent check of the statements or the figures supplied to it in that information.

The Trustee does not guarantee the repayment of the Bonds offered, the payment of interest thereon or any other aspect of the Bonds or obligations of the Issuer.

Signed for and on behalf of the Trustee



Chris Lithgow
REGIONAL MANAGER
Corporate Trust



AUDITORS' REPORT

AUDITORS' REPORT



27 May 2009

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

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

Dear Directors

Deloitte Touche Tohmatsu
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AUDITORS' REPORT FOR INCLUSION IN OFFER DOCUMENT

As auditors of Works Finance (NZ) Limited ("Borrowing Entity") and Downer EDI Limited and subsidiaries ("Downer Group") we have prepared this report pursuant to clause 36 of the Second Schedule of the Securities Regulations 1983 for inclusion in an Offer Document to be dated 27 May 2009 for the issue by the Borrowing Entity of Works Bonds ("Offer Document").

This report is made solely to the directors, in accordance with clause 36 of the Second Schedule to the Securities Regulations 1983 ("the Second Schedule"). Our audit has been undertaken so that we might state to the directors those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law and subject to Section 61 of the Securities Act 1978, we do not accept or assume responsibility to anyone other than the Downer Group and the Downer Group shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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

Board of Directors' Responsibilities

The board of directors (the 'directors') are responsible for the preparation and presentation of:

- (a) the financial statements of the Borrowing Entity as required by clauses 16 to 31 of the Second Schedule of the Securities Regulations 1983, that comply with the regulations; and subject to the regulations comply with generally accepted accounting practice in New Zealand; and give a true and fair view of the state of affairs of the Borrowing Entity as at 30 June 2008 and its financial performance and cash flows for the financial year ended on that date; and
- (b) the summary of financial statements of the Borrowing Entity for the financial years ended 30 June 2008 and 30 June 2007, as required by clause 7 of the Second Schedule of the Securities Regulations 1983; and
- (c) the details and amounts in respect of the ranking of securities of the Borrowing Entity as at 31 December 2008 as required by clause 12 of the Second Schedule of the Securities Regulations 1983; and
- (d) the interim financial statements of the Borrowing Entity which give a true and fair view of the financial position of the Borrowing Entity as at 31 December 2008, and its financial performance and cash flows for the 6 month period ended on that date, as required by clauses 16 to 31 of the Second Schedule of the Securities Regulations 1983; and
- (e) the summary of interim financial statements for the Borrowing Entity for the 6 month period ended 31 December 2008 as required by clauses 7(2) and 7(3) of the Second Schedule of the Securities Regulations 1983; and
- (f) the summary of financial statements for the Downer Group for the years ended 30 June 2008, 30 June 2007, 30 June 2006, 30 June 2005 and 30 June 2004 and the summary of interim financial statements for the Downer Group for the 6 month period ended 31 December 2008 included in the Offer Document by the directors for investors' information; and

- (g) the prior year comparative information in relation to the summary of interim financial statements for the Borrowing Entity and the Downer Group for the 6 month period ended 31 December 2007 included in the Offer Document by the directors for investors' information.

Auditors' Responsibilities

It is our responsibility to:

- (a) express an independent opinion on the financial statements of the Borrowing Entity as at 30 June 2008 and for the year ended on that date, prepared and presented by the directors, and report our opinion in accordance with clause 36(1) of the Second Schedule of the Securities Regulations 1983; and
- (b) report in accordance with clause 36(1)(g) of the Second Schedule of the Securities Regulations 1983
 - (i) on the amounts included in the summary of financial statements for the Borrowing Entity for the financial years ended 30 June 2008 and 30 June 2007 presented by the directors; and
 - (ii) on the amounts included in the ranking of securities of the Borrowing Entity as at 31 December 2008 presented by the directors; and
 - (iii) on the amounts included in the summary interim financial statements for the Borrowing Entity for the 6 month periods ending 31 December 2008 and 31 December 2007 presented by the directors.

We have not audited, and have not expressed an opinion on, the interim financial statements of the Borrowing Entity as at and for the 6 month periods ended 31 December 2008 set out on pages 86 to 94.

This report has been prepared for inclusion in the Offer Document for the purpose of meeting the requirements of clause 36 of the Second Schedule of the Securities Regulations 1983. We disclaim any assumptions of responsibility for reliance on this report or the amounts included in the financial statements, the summary financial statements, the amounts included in the ranking of securities, the interim financial statements, and the summary interim financial statements 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 Offer Document not specifically mentioned in this report.

Basis of Opinion on the Financial Statements

An audit of the financial statements for the year ended 30 June 2008 includes examining, on a test basis, evidence relevant to the amounts and disclosures in the financial statements. It also includes assessing:

- > the significant estimates and judgements made by the board of directors in the preparation of the financial statements; and
- > whether the accounting policies are appropriate to the Borrowing Entity's circumstances, consistently applied and adequately disclosed.

We conducted our audit in accordance with Australian Auditing Standards. We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to obtain reasonable assurance that the financial statements are free from material misstatements, whether caused by fraud or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Basis of Opinion on the Summary of Financial Statements and Summary of Interim Financial Statements

We have undertaken procedures to provide reasonable assurance that the amounts set out in the summary of financial statements on pages 84 and 85 of this Offer Document, pursuant to clauses 7(2) and 7(3) of the Second Schedule of the Securities Regulations 1983, have been correctly taken from the audited financial statements of the Borrowing Entity for the financial years ended 30 June 2008 and 30 June 2007. For a better understanding of the financial position and results of the Borrowing Entity's operations for the financial periods the summary of financial statements should be read in conjunction with the related annual financial statements.

We have undertaken procedures to provide reasonable assurance that the amounts set out in the summary of interim financial statements on pages 84 and 85 of this Offer Document, pursuant to clauses 7(2) and 7(3) of the Second Schedule of the Securities Regulations 1983, have been correctly taken from the unaudited interim financial statements of the Borrowing Entity for the 6 month periods ended 31 December 2008 and 31 December 2007.

We have not audited, and do not expressed an opinion on, the interim financial statements of the Borrowing Entity as at and for the 6 month periods ended 31 December 2008 set out on pages 86 to 94.

Basis of Opinion on the Ranking of Securities

We have undertaken procedures to provide reasonable assurance that the amounts set out in the ranking of securities on page 72, pursuant to clause 12 of the Second Schedule of the Securities Regulations 1983, have been correctly taken from the unaudited interim financial statements of the Borrowing Entity as at 31 December 2008.

Other than in our capacity as auditor and the provision of taxation and accounting advice, we have no relationship with or interests in the Downer Group or any of its subsidiaries.

Unqualified Opinion on the Financial Statements

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

In our opinion:

- > proper accounting records have been kept by the Borrowing Entity as far as appears from our examination of those records; and
- > the financial statements of the Borrowing Entity on pages 86 to 94 of this Offer Document, as required by clauses 16 to 31 of the Second Schedule of the Securities Regulations 1983, and that are required to be audited, have been drawn up to:
 - comply with the Securities Regulations 1983; and
 - subject to these Regulations, comply with generally accepted accounting practice in New Zealand; and
 - give a true and fair view of the financial position of the Borrowing Entity as at 30 June 2008 and the results of its operations and cash flows for the financial year ended on that date.

Our audit was completed on 27 May 2009 and our unqualified opinion is expressed as at that date.

Unqualified Opinion on the Summary of Financial Statements and Interim Financial Statements

In our opinion:

- > the amounts set out in the summary of financial statements, on pages 84 to 85 of this Offer Document, as required by clauses 7(2) and 7(3) of the Second Schedule of the Securities Regulations 1983, have been correctly taken from the audited financial statements of the Borrowing Entity for the financial years ended 30 June 2008 and 30 June 2007 from which they were extracted; and
- > the amounts set out in the summary of interim financial statements, on pages 84 and 85 of this Offer Document, as required by clauses 7(2) and 7(3) of the Second Schedule of the Securities Regulations 1983, have been correctly taken from the unaudited financial statements of the Borrowing Entity for the 6 month period ended 31 December 2008 and 31 December 2007 from which they were extracted.

Unqualified Opinion on the Ranking of Securities

In our opinion the amounts set out in the ranking of securities, on page 72 of this Offer Document, as required by clause 12 of the Second Schedule of the Securities Regulations 1983, have been correctly taken from the unaudited interim financial statements of the Borrowing Entity as at 31 December 2008.

In terms of Regulations 7(1)(b)(ii) of the Securities Regulations 1983 we hereby give our consent to the inclusion in the above mentioned Offer Document of this report in the form in which it is included. We also confirm that we have not, before delivery of this Offer Document for registration, withdrawn our consent to the issue thereof.

Yours faithfully



Deloitte
Chartered Accountants
Sydney, Australia

This audit report relates to the Offer Document of Works Finance (NZ) Ltd dated 27 May 2009 included on the Downer Group's website. The Downer Group's governing body is responsible for the maintenance and integrity of the Downer Group's website. We have not been engaged to report on the integrity of the Downer Group's website. We accept no responsibility for any changes that may have occurred to the Offer Document since it was initially presented on the website. The audit report refers only to the Offer Document named above. It does not provide an opinion on any other information which may have been hyperlinked to/from the Offer Document. If readers of this report are concerned with the inherent risks arising from electronic data communication they should refer to the published hard copy of the Offer Document and related audit report dated 27 May 2009 to confirm the information included in the Offer Document presented on this website. Legislation in New Zealand governing the preparation and dissemination of Offer Document may differ from legislation in other jurisdictions.



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 and Australian resident Holders in respect of Interest Payments and the sale or Redemption of Works Bonds. 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.

NEW ZEALAND RESIDENT HOLDERS

Works Bonds are financial arrangements for the purposes of the Income Tax Act 2007 ('Tax Act'). All Interest will represent taxable income for the Holder (other than tax exempt Holders) calculated under the financial arrangements rules of the Tax Act. Holders who are cash basis persons under the financial arrangements rules are (unless they elect otherwise) excluded from the income spreading methods of the Tax Act.

The redemption or purchase for cash, or sale of Works Bonds may require the Holder to calculate a base price adjustment ('BPA') for the purposes of the financial arrangements rules. Any gain arising will be taxable income and losses will be deductible where the relevant criteria are met. The calculation will include all consideration both paid and received by the Holder, including the amount paid on the issue of Works Bonds, Interest Payments, and the cash received on Redemption, purchase or sale as applicable. All amounts returned as income or expenditure in prior years in relation to Works Bonds (including Interest) are adjusted in the BPA.

Resident Withholding Tax ('RWT') will be deducted by the Issuer from Interest Payments unless a Holder provides the Issuer with a valid certificate of exemption or evidence that they are not otherwise liable to RWT and the Issuer is satisfied that no deduction is required. RWT will be deducted at the rates applicable at the time Interest is paid. The current rates are:

- > 33% where notification is received that the Holder is a company (other than a company holding Works Bonds as trustee);

- > 19.5% where the Holder is not a company (other than a company holding Works Bonds as trustee) and the Holder provides the Issuer its IRD number;
- > 39% where the Holder does not provide its IRD number;
- > Holders who have provided their IRD numbers may elect to have RWT deducted at 33% or 39%.

The Taxation (Urgent Measures and Annual Rates) Act 2008 has introduced an optional 38% rate to replace the 39% rate for the 2010 income year only. It applies at the option of the Issuer to interest paid from 1 April 2009 to 31 March 2010. The Issuer currently intends to use the 38% rate where applicable. A further legislative change is expected to align the RWT rates with the personal tax rates starting from the 2011 income year.

Joint Holders will be taxed at the rates described above as if they were one person.

A tax credit for RWT deducted will be available against any tax liability of the Holder.

Australian and non-New Zealand resident Holders

Should any Holder become non resident, or a non resident acquire any Works Bonds, they should immediately notify the Issuer.

The Issuer plans to register under the Approved Issuer Levy ('AIL') regime. Accordingly, unless advised otherwise, the Issuer will, where it is lawfully able to, deduct AIL (currently at 2%) from payments made or credited to non resident Holders who do not engage in business in New Zealand through a fixed establishment in New Zealand.

Non resident Holders may request by a written notice to the Registrar that AIL not be deducted. In this case non resident withholding tax will be deducted at the appropriate rate.

No transactional taxes

No transactional taxes such as Goods and Services Tax will be applicable to the issue, Redemption, purchase or sale of Works Bonds.



STATUTORY AND OTHER INFORMATION



STATUTORY AND OTHER INFORMATION

The order of this section of the Offer Document follows the order of the Second Schedule to the Securities Regulations 1983.

MAIN TERMS OF OFFER

Issuer

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

Description

Descriptions of the terms and conditions of Works Bonds being offered at the date of this Offer Document are summarised on pages 14 to 21.

Maximum number

The maximum number of Works Bonds to be issued under the Offer is 150 million (inclusive of any oversubscriptions).

Price or other consideration

The Issue Price of each Works Bond is \$1.00.

Details of incorporation of the Issuer

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.

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.

Guarantors

There are no guaranteeing subsidiaries of the Issuer.

Downer and other members of the Downer Group who are Guarantors from time to time in accordance with the Supplemental Trust Deed guarantee all payments due and payable under Works Bonds and of amounts payable on redemption of Works Bonds on an unsubordinated unsecured basis for the benefit of the Trustee to enforce on behalf of Holders.

The Issuer itself has been formed for the purpose of issuing securities and other than entering into a guarantee in favour of the Group's lenders the Issuer will not carry on any other business or hold any assets of the Downer Group other than intra-group loan receivables and shares.

The Issuer shall procure that at all times:

- > Consolidated Guarantor EBIT shall be equal to or greater than 90% of Consolidated Group EBIT; and
- > Consolidated Guarantor Total Tangible Assets shall be equal to or greater than 90% of Consolidated Group Total Tangible Assets.

The initial Guarantors of Works Bonds are listed in schedule 3 of the Supplemental Trust Deed, which is set out in Appendix B to this Offer Document.

Holders should note that the entities comprising the Downer Group and the Guarantors may change from time to time. For instance, there may be acquisitions or disposals of a subsidiary by Downer or any member of the Downer Group. Therefore the members of the Downer Group, and those members of the Downer Group that comprise the Guarantors, on the Issue Date may change prior to the maturity of Works Bonds. Consequently, Holders may not in the future have the benefit of a Guarantee from each initial Guarantor.

Additionally, the financial position of the Group and the Guarantors may change from time to time, for instance if members of the Group acquire or dispose of assets, enter into further borrowings or incur other liabilities. As at 31 December 2008, the Downer Group had in place banking facilities totalling A\$1.17 billion, drawn to a total of A\$703 million.⁸ The financiers under those facilities also have the benefit of a guarantee from the guaranteeing subsidiaries within the Group including from the Issuer (ranking equally with the indebtedness of the Issuer and the Guarantors under the Works Bonds). The effect of the provision of such a guarantee by the Issuer is, among other things, that it becomes liable in its own right to pay the amounts owing under those facilities. In a liquidation or statutory management of the Issuer, the Holders' rights to repayment will rank after the claims of persons to whom preferential payments must be made (including creditors of the Issuer preferred by law) and secured creditors (if any), and claims of Holders will thereafter rank equally with the claims of all other unsecured, unsubordinated creditors of the Issuer (including the Downer Group's financiers under its financing facilities who have the benefit of a guarantee from the Issuer). In giving the above guarantee, the Issuer will give certain other representations, warranties and undertakings in favour of its bank and other senior lenders, which are consistent with those given by the other guarantors under those facilities. The terms, including amount, of the

⁸ Includes deferred finance charges and the mark-to-market revaluation adjustments of cross currency interest rate swaps. Note that these swaps have been entered into in relation to US private placement transactions and need to be included for purposes of determining the overall borrowing position of the Downer Group and for the financial covenant calculations.



Group's bank debt may change from time to time (subject to the negative pledge described below). The Guarantors' liability is not secured by any mortgage or charge.

The composition of the guarantors of the Group's bank and other senior unsecured debt may also change from time to time.

The negative pledge given by the Issuer in respect of the Group (including the Guarantors) is described under the heading "Guarantee" in the section "What sort of investment is this?" above.

Other than as described under the heading "Events of Default" in the section "What sort of investment is this?", there are no Events of Default that apply in respect of the Guarantors. The rights of the Trustee to take enforcement action in respect of the Works Bonds where an adverse event occurs in respect of a Guarantor are limited as described in that section.

The amount of the net tangible assets of the following initial Guarantors as shown in their most recent audited balance sheet as at 30 June 2008 and excluding any assets that are also assets of the Issuer (that has no guaranteeing subsidiaries) are as follows:

- > Downer EDI Limited (ABN 97 003 872 848): A\$908,847,000
- > Downer EDI Engineering Electrical Pty Limited (ABN 76 007 102 516): A\$15,734,000
- > Downer EDI Rail Pty Limited (ABN 92 000 002 031): A\$177,582,000
- > Downer Group Finance Pty Limited (ABN 45 072 473 913): A\$184,448,000
- > Downer EDI Engineering Pty Limited (ABN 66 057 593 503): A\$1,040,000
- > Downer EDI Works Pty Limited (ABN 66 008 709 608): A\$148,320,000
- > Downer EDI Mining-Mineral Technologies Pty Limited (ABN 52 105 309 260): A\$19,147,000
- > Downer EDI Mining Pty Limited (ABN 49 004 142 223): A\$135,328,000
- > Evans Deakin Industries Pty Limited (ABN 47 009 702 961): A\$281,481,000
- > Downer EDI Resource Holdings Limited (ABN 25 002 975 439): A\$40,939,000
- > Downer EDI Engineering Limited (New Zealand): A\$20,451,000
- > Downer EDI Works Limited (New Zealand): A\$304,789,000
- > CPG Consultants Pte Ltd (Singapore): A\$96,570,000

- > CPG Corporation Pte Ltd (Singapore): A\$192,842,000
- > CPG Facilities Management Pte Ltd (Singapore): A\$53,234,000
- > CPG Holdings Pte Ltd (Singapore) A\$17,456,000
- > PM Link Pte Ltd (Singapore) A\$5,886,000

The amount of the net tangible assets of the following initial Guarantors as shown in their most recent unaudited balance sheet as at 31 December 2008 and excluding any assets that are also assets of the Issuer (that has no guaranteeing subsidiaries) are as follows:

- > Downer EDI Engineering Group Pty Limited (ABN 16 006 016 495): A\$72,503,000
- > Downer EDI Engineering - Projects Pty Limited (ABN 21 009 173 040): (A\$167,813,000)
- > Downer EDI Mining-Blasting Services Pty Limited (ABN 97 009 687 487): A\$29,621,000
- > Downer EDI Mining-Minerals Exploration Pty Limited (ABN 93 009 905 220): A\$13,198,000
- > Downer EDI Engineering Construction (Australia) Pty Limited (ABN 90 089 088 031): (A\$7,882,000)
- > Downer Energy Systems Pty Limited (ABN 90 067 158 954): (A\$82,348,000)
- > Downer EDI Engineering Transmission Pty Limited (ABN 51 105 310 870): (A\$8,865,000)
- > Downer EDI Engineering Power Pty Limited (ABN 53 000 983 700): A\$116,516,000
- > EDI Rail (Maryborough) Pty Limited (ABN 43 009 656 848): A\$43,274,000
- > Emoleum Road Services Pty Limited (ABN 28 006 673 481): A\$25,777,000
- > Emoleum Roads Group Pty Limited (ABN 78 099 733 445): A\$25,662,000
- > Roche Contractors Pty Limited (ABN 17 063 974 916): A\$121,425,000
- > Roche Highwall Mining Limited (ABN 30 065 307 333): (A\$9,163,000)
- > Snowden Mining Industry Consultants Pty Limited (ABN 99 085 319 582): A\$11,581,000

The net tangible assets figures above have been calculated for each entity as being total assets (including deferred tax assets) less total liabilities less intangible assets. The above balances are the stand alone positions for each Guarantor and do not include the net tangible assets of the wider Downer Group. The consolidated net tangible assets of the Downer Group were

A\$617,639,000 as at 30 June 2008 and A\$748,987,000 as at 31 December 2008.

DIRECTORATE AND ADVISERS OF THE ISSUER

The names of the Directors of the Issuer, 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 Co-Manager, 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.

Trustee

The Trustee of Works Bonds is Perpetual Trust Limited. The Trustee's address is 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.

DESCRIPTION OF ACTIVITIES OF THE BORROWING GROUP

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 other than issuing ROADS in April 2007, holding and receiving dividends on Works Shares, and paying dividends on ROADS.

PRINCIPAL FIXED ASSETS

The Issuer does not own or lease any fixed assets.

SUMMARY OF FINANCIAL STATEMENTS

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

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.

MATERIAL CONTRACTS

The following material contracts, within the meaning of the Securities Regulations (not being contracts entered into in the ordinary course of business), have been entered into by the Issuer within the two year period prior to 27 May 2009, along with other relevant material contracts which have been entered into by the Issuer, which are described for completeness:

Trust Documents

On 27 May 2009, the Issuer and the Trustee entered into the Master Trust Deed pursuant to which the Trustee agrees to act as trustee for the Holders in connection with the issue of Works Bonds.

On 27 May 2009, the Issuer and the Trustee entered into the Supplemental Trust Deed, pursuant to which Works Bonds offered under this Offer Document is constituted and issued.

Copies of the Trust Documents are set out in Appendix B to this Offer Document and the terms of the Trust Documents are summarised on pages 54 to 59.

PENDING PROCEEDINGS

Downer EDI Mining is in dispute with Iluka Resources Limited over claims under the contract for the design and construction of the Iluka Douglas Mineral Sands project. Iluka Resources Limited is pursuing counterclaims against Downer EDI 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 borrowing group.

ISSUE EXPENSES

Applicants pay no fees or charges to invest in Works Bonds.

The estimated amount of expenses of the Offer is \$3 million, based on an Offer size of \$100 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. In addition, the Issuer will pay fees to the Trustee in accordance with the Master Trust Deed.

Primary Market Participants (excluding the Joint Lead Managers and the Co-Manager) 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 Works Bonds allotted pursuant to each valid Application submitted by Applicants bearing their stamp.

Joint Lead Managers and the Co-Manager will be paid a brokerage fee of 1.00% of the Issue Price in respect of Works Bonds allotted pursuant to each valid Application submitted by Applicants bearing their stamp.

Participants in the Bookbuild will be paid a fee of 0.25% of the Issue Price in respect of Works Bonds allotted pursuant to each valid Application submitted by them in satisfaction of their Firm Allocation.

The Organising Participant will be paid a structuring fee of 0.45% of the Issue Price in respect of Works Bonds allotted pursuant to the Offer.

The Joint Lead Managers (excluding the Organising Participant) and the Co-Manager will be paid a fee in respect of all Works Bonds allotted pursuant to valid Applications bearing their stamp if certain thresholds are met. If the proceeds of such Works Bonds are greater than \$15 million and less than \$25 million, the Joint Lead Manager or Co-Manager will be paid a fee of 0.15% or if the proceeds of such Works Bonds are \$25 million or greater, the Joint Lead Manager or Co-Manager will be paid a fee of 0.30%, calculated on the Issue Price in respect of all Works Bonds allotted pursuant to valid Applications which bear that Joint Lead Manager's or Co-Manager's stamp.

Downer or another member of the Downer Group on behalf of the Issuer will pay all fees to the Organising Participant on behalf of the Joint Lead Managers, who will then pay the relevant fees to the other Joint Lead Managers, Co-Manager, 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 Joint Lead Managers (excluding the Organising Participant), the Co-Manager, Primary Market Participants, approved financial intermediaries or approved participants in the Bookbuild.

RANKING OF SECURITIES

Works Bonds being offered under this Offer Document will constitute unsecured and unsubordinated obligations of the Issuer, rank equally with each other and will also rank at least equally with all other unsecured and

unsubordinated indebtedness of the Issuer, except indebtedness preferred by law.

As at the date of the latest statement of financial position contained or referred to in this Offer Document (being 31 December 2008), there were no securities of the Issuer that were secured by a mortgage or charge over any of the assets of the Issuer ranking in point of security ahead of, or equally with, Works Bonds offered under this Offer Document.

PROVISIONS OF TRUST DEED AND OTHER RESTRICTIONS ON BORROWING GROUP

Trust Documents

Works Bonds are issued pursuant to the Master Trust Deed (dated 27 May 2009) and a Supplemental Trust Deed for Works Bonds offered under this Offer Document dated 27 May 2009 (as amended by memorandum of amendments dated 28 May 2009 and memorandum of amendments dated 30 June 2009).

A summary of the principal provisions of the Master Trust Deed is set out in the section of this Offer Document entitled "Summary of the Trust Documents" on pages 54 to 59.

Copies of the Trust Documents are set out in Appendix B to this Offer Document.

Duties of the Trustee

The duties of the Trustee under the Trust Documents are summarised on pages 55 to 56.

Borrowing restrictions

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.

Trustee's statement

The statement required to be made by the Trustee pursuant to clause 13(3) of the Second Schedule to the Securities Regulations is set out on page 60.

OTHER TERMS OF THE OFFER AND WORKS BONDS

All the terms of the Offer, and all the terms of Works Bonds being offered, are set out in this Offer Document, except for those implied by law and in the Constitution of the Issuer, Master Trust Deed and Supplemental Trust Deed.

REQUIREMENTS IN RESPECT OF FINANCIAL STATEMENTS

The financial statements required to be included in this Offer Document by the Second Schedule of the Securities Regulations in respect of the Issuer are set out in Appendix A.

The financial statements in respect of the Downer Group are also set out in Appendix A.

PLACES OF INSPECTION OF DOCUMENTS

During the currency of this Offer Document, copies of the Constitutions of the Issuer and the material contracts referred to under the heading "Material Contracts" in this section of the Offer Document 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 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.

OTHER MATERIAL MATTERS

NZX has granted the Issuer waivers from NZX Listing Rules 11.1.1 and paragraph (c) of Appendix 2 to the NZX Listing Rules, to enable the Issuer to:

- > decline to accept or register a transfer of Works Bonds if such transfer would result in the transferor or the transferee holding or continuing to hold Works Bonds with a Principal Amount of less than the applicable minimum holding (or minimum multiple thereof); and
- > require a minimum holding of 3,000 Works Bonds (\$3,000) and thereafter in multiples of 1,000 Works Bonds (\$1,000).

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.

DIRECTORS' STATEMENT

The Directors, after due enquiry by them in relation to the period between 31 December 2008 and the date of registration of this Offer Document, are of the opinion that no circumstances have arisen that materially adversely affect:

- > the trading or profitability of the Issuer; or
- > the value of the Issuer's assets; or
- > the ability of the Issuer to pay its liabilities due within the next 12 months.

AUDITORS' REPORT

A copy of the Auditors' Report, as required by clause 36 of the Second Schedule of the Securities Regulations, is set out on pages 63 to 65.

The Auditor has consented to the Auditors' 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 Auditors' 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.

EXECUTION

Signed by

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

Geoff Knox

Peter Reichler

Andrew Titter

Cos Bruyn

Peter Dooley

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

Peter Jollie AM

Geoff Knox

Sally (Annabelle) Chaplain

Lucio Di Bartolomeo

Richard (Mike) Harding

John Humphrey

Christopher Renwick AM

Peter Coates

For and on behalf of Downer EDI Limited

Director/Attorney

INDEX FOR THE SECURITIES REGULATIONS 1983

For the purposes of Regulation 5(6) of the Securities Regulations 1983, the matters required to be stated or contained in or distributed with this Offer Document by virtue of the Second Schedule to the Securities Regulations are:

CLAUSE	MATTER	PAGE
1.	Main terms of offer	69
2.	Name and address of offeror	N/A
3.	Details of incorporation of issuer	69
4.	Guarantors	69
5.	Directorate and advisers	71
5A.	Restrictions on directors' powers	71
6.	Description of activities of borrowing group	71
7.	Summary of financial statements	71
8.	Acquisition of business or subsidiary	71
9.	Material contracts	71
10.	Pending proceedings	71
11.	Issue expenses	71
12.	Ranking of securities	72
13.	Provisions of trust deed and other restrictions on borrowing group	72
14.	Other terms of offer and securities	72
15-32.	Requirements in respect of financial statements	72
33.	Places of inspection of documents	73
34.	Other material matters	73
35.	Directors' statement	73
36.	Auditors' report	73



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 2008, 30 June 2007, 30 June 2006 and 30 June 2005; and
 - the unaudited summary income statements, balance sheets and statements of cash flows for the half-years ended 31 December 2008 and 31 December 2007;
- > 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 and 30 June 2004;
- > 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;
- > summary of financial statements for the Issuer prepared in accordance with NZ-IFRS, namely:
 - the audited summary income statements, balance sheets and statements of cash flows for the years ended 30 June 2008 and 30 June 2007; and
 - the unaudited summary income statements, balance sheets and statements of cash flows for the half-years ended 31 December 2008 and 31 December 2007;

- > financial statements for the Issuer prepared in accordance with NZ-IFRS, namely;
 - the audited financial statements for the Issuer for the year ended 30 June 2008; and
 - the unaudited financial statements for the Issuer for the half-year ended 31 December 2008; and
- > an outline of the differences between A-IFRS and NZ-IFRS.

Summary historical financial information of the Downer Group 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.

The guaranteeing group, consisting of the members of the Group who are Guarantors from time to time in accordance with the Supplemental Trust Deed, is different to the Downer Group.

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.

SUMMARY OF FINANCIAL STATEMENTS FOR THE DOWNER GROUP

DOWNER GROUP
CONSOLIDATED INCOME STATEMENTS

AS\$'000	½ YEAR 31 DEC 08 (A-IFRS) UNAUDITED	½ YEAR 31 DEC 07 (A-IFRS) UNAUDITED	FULL YEAR 30 JUN 08 (A-IFRS) AUDITED	FULL YEAR 30 JUN 07 (A-IFRS) AUDITED	FULL YEAR 30 JUN 06 (A-IFRS) AUDITED	FULL YEAR 30 JUN 05 (A-IFRS) AUDITED	FULL YEAR 30 JUN 05 (A-GAAP) AUDITED	FULL YEAR 30 JUN 04 (A-GAAP) AUDITED
Revenue	2,877,936	2,707,904	5,462,530	5,329,530	4,633,424	3,735,308	3,814,511	3,193,308
Total Turnover	2,925,683	2,766,598	5,587,647	5,422,157	4,727,482	3,909,466	3,972,325	3,417,491
Expenses (Excluding Depreciation and Amortisation)								
Earnings Before Interest, Tax, Depreciation and Amortisation (EBITDA) ¹	202,939	204,689	398,680	418,322	338,130	286,168	288,934	255,488
Depreciation & Amortisation of Leased Assets & Intellectual Property	(64,415)	(74,204)	(117,563)	(137,428)	(108,317)	(101,094)	(101,389)	(99,094)
Earnings Before Interest, Tax and Amortisation of Goodwill (EBITA) ¹	138,524	130,485	281,117	280,894	229,813	185,074	187,545	156,394
Goodwill Amortisation	–	–	–	–	–	–	(19,606)	(18,613)
Earnings Before Interest and Tax (EBIT) ¹	138,524	130,485	281,117	280,894	229,813	185,074	167,939	137,781
Interest Expense (Net of Interest Earned)	(24,616)	(26,440)	(49,171)	(56,018)	(47,044)	(36,309)	(36,309)	(28,546)
PROFIT BEFORE TAX AND BEFORE SIGNIFICANT ONE-OFF ITEMS	113,908	104,045	231,946	224,876	182,769	148,765	131,630	109,235
Significant one-off items before tax ⁵	–	–	–	(152,233)	(293,675)	–	–	–
PROFIT BEFORE TAX AND AFTER SIGNIFICANT ONE-OFF ITEMS	113,908	104,045	231,946	72,643	(110,906)	148,765	131,630	109,235
Income tax (expense) / benefits	(28,465)	(21,853)	(66,104)	28,855	85,977	(25,475)	(27,595)	(27,689)
PROFIT (LOSS) AFTER TAX	85,443	82,192	165,842	101,498	(24,929)	123,290	104,035	81,546
PROFIT AFTER TAX BEFORE SIGNIFICANT ONE-OFF ITEMS (NET OF ONE-OFF TAX EFFECTS)	85,443	82,192	165,842	161,566	137,755	123,290	104,035	81,546
Basic earnings per share before significant one-off items (cents)	24.5	23.7	47.9	50.3	46.3	43.0	36.3	29.6
Basic earnings per share after significant one-off items (cents)	24.5	23.7	47.9	31.3	-8.4	43.0	36.3	29.6
Diluted earnings per share (cents)	22.9	23.1	47.5	31.3	-8.4	43.0	36.3	29.6
Dividends per ordinary share (cents) ²	13	13	25.5	21	20	18.0	18	15.6

KEY FINANCIAL INDICATORS³

AS\$'000	½ YEAR 31 DEC 08 (A-IFRS)	½ YEAR 31 DEC 07 (A-IFRS)	FULL YEAR 30 JUN 08 (A-IFRS)	FULL YEAR 30 JUN 07 (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)
EBITDA ¹ Margin (%)	6.9	7.4	7.1	7.7	7.2	7.3	7.3	7.5
EBITDA ¹ /Net interest (x)	8.2	7.7	8.1	7.5	7.2	7.9	8.0	9.0
EBITA ¹ /Net Interest (x)	5.6	4.9	5.7	5.0	4.9	5.1	5.2	5.5
Gross Debt/EBITDA ^{1,4} (x)	1.8	1.6	1.6	1.8	2.1	1.8	1.8	1.9
Net Debt/EBITDA ^{1,4} (%) (x)	1.2	1.1	1.0	1.2	1.6	1.2	1.2	1.3
Closing share price (dollars)	A\$3.83	A\$5.38	A\$6.87	A\$7.36	A\$7.44	A\$5.33	A\$5.33	A\$3.20

Notes:

¹ For 2006 and 2007 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.

⁵ For a discussion regarding the nature of these items, refer to the audited financial statements for the years ended 30 June 2006 and 30 June 2007.

SUMMARY OF FINANCIAL STATEMENTS FOR THE DOWNER GROUP

DOWNER GROUP
CONSOLIDATED BALANCE SHEETS

AS\$'000	½ YEAR 31 DEC 08 (A-IFRS) UNAUDITED	½ YEAR 31 DEC 07 (A-IFRS) UNAUDITED	FULL YEAR 30 JUN 08 (A-IFRS) AUDITED	FULL YEAR 30 JUN 07 (A-IFRS) AUDITED	FULL YEAR 30 JUN 06 (A-IFRS) AUDITED	FULL YEAR 30 JUN 05 (A-IFRS) AUDITED	FULL YEAR 30 JUN 05 (A-GAAP) AUDITED	FULL YEAR 30 JUN 04 (A-GAAP) AUDITED
CURRENT ASSETS								
Cash	212,731	196,377	245,790	242,746	167,895	165,972	165,972	148,264
Inventories	212,192	195,223	204,043	177,543	173,566	173,745	173,745	144,189
Receivables	1,263,538	1,077,872	1,114,371	1,090,420	948,765	940,445	940,445	822,885
Other Financial	31,647	20,885	17,536	19,118	16,387	15,594	15,594	20,056
Tax Assets	13,885	2,486	7,100	2,297	18,421	8,954	8,954	4,202
Other Current Assets	101,407	99,925	108,785	26,558	25,394	18,487	18,018	15,478
TOTAL CURRENT ASSETS	1,835,400	1,592,768	1,697,625	1,558,682	1,350,428	1,323,197	1,322,728	1,155,074
NON-CURRENT ASSETS								
Non-Current Receivables	–	11,377	–	518	–	21,646	31,014	20,245
Net Property Plant & Equipment	787,017	638,755	662,188	754,154	676,416	560,808	570,733	552,334
Intangibles	602,506	574,945	578,725	569,551	541,618	367,430	347,657	329,076
Deferred Tax	87,799	183,702	183,682	197,079	148,112	45,053	38,066	26,855
Investments & Other Non-Current Assets	75,782	116,260	61,056	100,043	43,303	42,263	32,895	35,553
TOTAL NON-CURRENT ASSETS	1,553,104	1,525,039	1,485,651	1,621,345	1,409,449	1,037,200	1,020,365	964,063
TOTAL ASSETS	3,388,504	3,117,807	3,183,276	3,180,027	2,759,877	2,360,397	2,343,093	2,119,137
CURRENT LIABILITIES								
Payables	1,028,508	887,390	993,478	848,791	816,076	699,046	705,348	609,473
Borrowings	370,554	202,224	145,268	193,685	136,498	16,735	16,735	107,624
Provisions	203,544	211,001	225,803	196,851	152,976	108,539	108,539	91,471
Current Tax Payables	6,498	5,595	10,442	16,467	12,239	29,414	29,414	6,231
Other Financial Liabilities	21,341	33,300	44,482	18,803	29,608	6,302	–	–
TOTAL CURRENT LIABILITIES	1,630,445	1,339,510	1,419,473	1,274,597	1,147,397	860,036	860,036	814,799
NON-CURRENT LIABILITIES								
Payables	963	643	918	877	1,436	1,566	15,702	19,698
Borrowings	343,673	399,684	421,597	499,309	503,782	490,037	490,037	377,193
Provisions	41,643	55,162	32,008	104,893	61,232	61,233	37,724	31,507
Deferred Tax Liabilities	7,384	18,452	19,427	21,040	47,032	32,807	31,574	52,911
Other Financial Liabilities	12,903	63,660	93,489	109,404	48,455	14,136	–	–
TOTAL NON-CURRENT LIABILITIES	406,566	537,601	567,439	735,523	661,937	599,779	575,037	481,309
TOTAL LIABILITIES	2,037,011	1,877,111	1,986,912	2,010,120	1,809,334	1,459,815	1,435,073	1,296,108
NET ASSETS	1,351,493	1,240,696	1,196,364	1,169,907	950,543	900,582	908,020	823,029
EQUITY								
Issued Capital	1,100,040	1,081,166	1,090,350	1,065,317	846,345	669,840	667,603	631,207
Reserves	(29,401)	(46,126)	(135,780)	(50,271)	(17,707)	(5,399)	(16,726)	(11,327)
Retained Earnings	280,854	205,656	241,794	154,861	121,905	236,141	257,143	203,149
TOTAL EQUITY	1,351,493	1,240,696	1,196,364	1,169,907	950,543	900,582	908,020	823,029

SUMMARY OF FINANCIAL STATEMENTS FOR THE DOWNER GROUP

DOWNER GROUP**CONSOLIDATED STATEMENT OF CASH FLOWS**

AS\$'000	½ YEAR 31 DEC 08 (A-IFRS)	½ YEAR 31 DEC 07 (A-IFRS)	FULL YEAR 30 JUN 08 (A-IFRS)	FULL YEAR 30 JUN 07 (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)
CASH FLOWS FROM OPERATING ACTIVITIES								
Receipts from Customers	3,028,206	2,885,614	5,808,923	5,616,750	4,944,967	4,055,336	4,055,336	3,665,956
Distributions from Joint Ventures	5,555	1,081	11,288	6,937	11,635	16,637	16,637	19,949
Interest Received	6,283	8,309	16,909	10,888	6,397	4,512	4,512	6,490
Dividends received from External entities	1,061	1,067	1,089	104	1,142	–	–	–
Payments to Suppliers and Employees	(2,842,506)	(2,717,491)	(5,466,204)	(5,475,178)	(4,798,770)	(3,813,713)	(3,813,713)	(3,429,415)
Interest and Other Costs of Finance Paid	(32,864)	(33,496)	(66,338)	(69,058)	(50,815)	(43,892)	(43,892)	(36,599)
Income Tax (Paid)/Refunded	(10,325)	(23,102)	(29,636)	15,713	(24,654)	(32,923)	(32,923)	(44,901)
NET CASH PROVIDED BY OPERATING ACTIVITIES	155,410	121,982	276,031	106,156	89,902	185,957	185,957	181,480
CASH FLOWS FROM INVESTING ACTIVITIES								
Net Sale Proceeds from Investments (Net Payments for Investments)	–	–	48	(60,594)	(19,224)	6,318	6,318	2,879
Payments for Property, Plant & Equipment (Net of Sales)	(154,156)	(103,601)	(180,542)	(97,122)	(149,281)	(107,251)	(107,251)	(124,694)
Receipts from/(Advances to) Joint Ventures & Other Entities	(922)	(2,129)	2,891	4,072	3,241	(11,734)	(11,734)	(454)
Payments for Businesses Acquired & Related Obligations (Net of Sales)	(31,433)	38,470	33,882	(67,555)	(219,241)	(29,591)	(29,591)	(22,987)
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES	(186,511)	(67,260)	(143,721)	(221,199)	(384,505)	(142,258)	(142,258)	(145,256)
CASH FLOWS FROM FINANCING ACTIVITIES								
Proceeds from Borrowings	488,005	368,193	818,387	1,271,044	948,729	612,335	612,335	459,256
Proceeds from Issue of Securities	609	(11)	647	176,856	142,584	17	17	–
Repayment of Borrowings	(462,837)	(451,078)	(889,401)	(1,224,120)	(760,292)	(613,039)	(613,039)	(533,031)
Dividends Paid	(39,836)	(16,184)	(54,518)	(36,172)	(36,854)	(20,909)	(20,909)	(22,350)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES	(14,059)	(99,080)	(124,885)	187,608	294,167	(21,596)	(21,596)	(96,125)
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD	(45,160)	(44,358)	7,425	72,565	(436)	22,103	22,103	(59,901)
Cash and Cash Equivalents at the Beginning of the Financial Year	239,833	233,664	233,664	164,359	165,972	147,574	147,574	205,725
Effects of Exchange Rate Changes on the Balance of Cash and Cash Equivalents held in Foreign Currencies	7,871	(1,893)	(1,256)	(3,260)	(1,177)	(3,705)	(3,705)	1,750
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR	202,544	187,413	239,833	233,664	164,359	165,972	165,972	147,574

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 77 to 79 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 other country's standards, or reflect differing disclosure requirements.

SIGNIFICANT DIFFERENCES BETWEEN A-IFRS AND NZ-IFRS

There are no differences between A-IFRS and NZ-IFRS that significantly impact on the historical financial information of the Issuer as presented on pages 75 to 94 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 other 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
	Notes	30 June 2005 AS'000
PROFIT AFTER TAX UNDER PREVIOUS A-GAAP *		104,035
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)
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

* 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 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, was 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 was 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 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 are now 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 is 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 is measured at the lower of carrying amount and fair value, less costs to sell.

Applying the policy required by AASB 5 resulted 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 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 were 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 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, were designated into an effective hedge relationship with the underlying item. The remaining forward exchange contracts were 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 were 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 determined the most appropriate classification and measurement basis for all financial assets and liabilities.

The key changes are as follows:

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

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

SUMMARY OF FINANCIAL STATEMENTS FOR THE ISSUER

WORKS FINANCE (NZ) LIMITED
INCOME STATEMENT

NZ\$'000	½ YEAR 31 DEC 08 (NZ-IFRS) UNAUDITED	½ YEAR 31 DEC 07 (NZ-IFRS) UNAUDITED	FULL YEAR 30 JUN 08 (NZ-IFRS) AUDITED	4.5 MONTHS 30 JUN 07 (NZ-IFRS) AUDITED
REVENUE	7,000	6,700	13,400	2,463
Expenses (Bank charges)	2	1	2	1
Earnings Before Interest and Tax (EBIT)	6,998	6,699	13,398	2,462
Interest Expense (Net of Interest Earned)	–	–	–	–
Profit before tax and before significant one-off items	6,998	6,699	13,398	2,462
Significant one-off items before tax	–	–	–	–
Profit before tax and after significant one-off items	6,998	6,699	13,398	2,462
Income tax (expense) / benefits	–	–	–	–
Profit (loss) after tax	6,998	6,699	13,398	2,462
PROFIT AFTER TAX BEFORE SIGNIFICANT ONE-OFF ITEMS (NET OF ONE-OFF TAX EFFECTS)	6,998	6,699	13,398	2,462
Dividends per Security – Ordinary Shares (cents)	317,203 ¹	–	–	–
Dividends per Security – ROADS (cents)	3.43 ¹	3.28 ¹	6.57 ¹	1.21 ¹

¹ Unaudited

SUMMARY OF FINANCIAL STATEMENTS FOR THE ISSUER

WORKS FINANCE (NZ) LIMITED
BALANCE SHEET

NZ\$'000	½ YEAR 31 DEC 08 (NZ-IFRS) UNAUDITED	½ YEAR 31 DEC 07 (NZ-IFRS) UNAUDITED	FULL YEAR 30 JUN 08 (NZ-IFRS) AUDITED	4.5 MONTHS 30 JUN 07 (NZ-IFRS) AUDITED
CURRENT ASSETS				
Cash	135	181	314	50
TOTAL CURRENT ASSETS	135	181	314	50
NON-CURRENT ASSETS				
Loans and Receivables - Receivable from Downer EDI Group Finance (NZ) Limited	–	–	–	–
Investments in Available for sale assets	200,000	200,000	200,000	200,000
TOTAL NON-CURRENT ASSETS	200,000	200,000	200,000	200,000
TOTAL ASSETS	200,135	200,181	200,314	200,050
CURRENT LIABILITIES				
Financial liabilities at amortised cost Accrual for non-resident withholding tax payable on dividend	–	–	–	1
Borrowings	–	–	–	–
Provisions	–	–	–	–
Current Tax Payables	–	–	–	–
Other Financial Liabilities	–	–	–	–
TOTAL CURRENT LIABILITIES	–	–	–	1
NON-CURRENT LIABILITIES				
Payables	–	–	–	–
Borrowings	–	–	–	–
Provisions	–	–	–	–
Deferred Tax Liabilities	–	–	–	–
Other Financial Liabilities	–	–	–	–
TOTAL NON-CURRENT LIABILITIES	–	–	–	–
TOTAL LIABILITIES	–	–	–	1
NET ASSETS	200,135	200,181	200,314	200,049
EQUITY				
Ordinary Shares	–	–	–	–
ROADS	200,000	200,000	200,000	200,000
Reserves	–	–	–	–
Retained Earnings	135	181	314	49
TOTAL EQUITY	200,135	200,181	200,314	200,049
TOTAL TANGIBLE ASSETS	200,135	200,181	200,314	200,050

WORKS FINANCE (NZ) LIMITED
INCOME STATEMENT

NZ\$'000	Note	½ YEAR 31 DEC 08 (NZ-IFRS) UNAUDITED	FULL YEAR 30 JUN 08 (NZ-IFRS) AUDITED	4.5 MONTHS 30 JUN 07 (NZ-IFRS) AUDITED
REVENUE	2	7,000	13,400	2,463
Expenses (Bank charges)		2	2	1
Earnings Before Interest and Tax (EBIT)		6,998	13,398	2,462
Interest Expense (Net of Interest Earned)		–	–	–
Profit before tax and before significant one-off items		6,998	13,398	2,462
Significant one-off items before tax		–	–	–
Profit before tax and after significant one-off items		6,998	13,398	2,462
Income tax (expense) / benefits	3	–	–	–
Profit (loss) after tax		6,998	13,398	2,462
PROFIT AFTER TAX BEFORE SIGNIFICANT ONE-OFF ITEMS (NET OF ONE-OFF TAX EFFECTS)		6,998	13,398	2,462

STATEMENT OF RECOGNISED INCOME AND EXPENSE

NZ\$'000	Note	½ YEAR 31 DEC 08 (NZ-IFRS) UNAUDITED	FULL YEAR 30 JUN 08 (NZ-IFRS) AUDITED	4.5 MONTHS 30 JUN 07 (NZ-IFRS) AUDITED
Equity at beginning of Period		200,314	200,049	–
Issue of Ordinary Shares	4	–	–	0
Issue of ROADS	5	–	–	200,000
Profit for the Period		6,998	13,398	2,462
Dividends paid		(317)	–	–
Dividends paid on ROADS		(6,860)	(13,132)	(2,414)
EQUITY AT END OF PERIOD		200,135	200,314	200,049

FINANCIAL STATEMENTS FOR THE ISSUER

WORKS FINANCE (NZ) LIMITED
BALANCE SHEET

NZ\$'000	Note	½ YEAR 31 DEC 08 (NZ-IFRS) UNAUDITED	FULL YEAR 30 JUN 08 (NZ-IFRS) AUDITED	4.5 MONTHS 30 JUN 07 (NZ-IFRS) AUDITED
CURRENT ASSETS				
Cash		135	314	50
TOTAL CURRENT ASSETS		135	314	50
NON-CURRENT ASSETS				
Loans and Receivables - Receivable from Downer EDI Group Finance (NZ) Limited		–	–	–
Investments in Available for sale assets	7	200,000	200,000	200,000
TOTAL NON-CURRENT ASSETS		200,000	200,000	200,000
TOTAL ASSETS		200,135	200,314	200,050
CURRENT LIABILITIES				
Financial liabilities at amortised cost Accrual for non-resident withholding tax payable on dividend		–	–	1
Borrowings		–	–	–
Provisions		–	–	–
Current Tax Payables		–	–	–
Other Financial Liabilities		–	–	–
TOTAL CURRENT LIABILITIES		–	–	1
NON-CURRENT LIABILITIES				
Payables		–	–	–
Borrowings		–	–	–
Provisions		–	–	–
Deferred Tax Liabilities		–	–	–
Other Financial Liabilities		–	–	–
TOTAL NON-CURRENT LIABILITIES		–	–	–
TOTAL LIABILITIES		–	–	1
NET ASSETS		200,135	200,314	200,049
EQUITY				
Ordinary Shares	4,6	–	–	–
ROADS	5,6	200,000	200,000	200,000
Reserves				
Retained Earnings	6	135	314	49
TOTAL EQUITY		200,135	200,314	200,049

WORKS FINANCE (NZ) LIMITED
STATEMENT OF CASH FLOWS

NZ\$'000	Note	½ YEAR 31 DEC 08 (NZ-IFRS) UNAUDITED	FULL YEAR 30 JUN 08 (NZ-IFRS) AUDITED	FULL YEAR 30 JUN 07 (NZ-IFRS) AUDITED
CASH FLOWS FROM OPERATING ACTIVITIES				
Dividends received from Downer EDI Works Limited		7,000	13,400	2,463
Interest Received		–	–	–
Bank charges		(2)	(2)	(1)
Income Tax (Paid)/Refunded		–	–	–
NET CASH PROVIDED BY OPERATING ACTIVITIES	10	6,998	13,398	2,462
CASH FLOWS APPLIED TO INVESTING ACTIVITIES				
Purchase of shares in Downer EDI Works Limited		–	–	(200,000)
NET CASH (USED IN)/PROVIDED BY INVESTING ACTIVITIES		–	–	(200,000)
CASH FLOWS FROM/(APPLIED TO) FINANCING ACTIVITIES				
Proceeds from Issue of ROADS		–	–	200,000
Payment of Non Residential Withholding Tax on ROADS		–	(1)	–
Dividends Paid		(317)	–	–
Dividends Paid on ROADS		(6,860)	(13,132)	(2,413)
NET CASH PROVIDED BY/(USED IN) FINANCING ACTIVITIES		(7,177)	(13,133)	197,587
NET (DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS HELD		(179)	265	50
Cash and Cash Equivalents at the Beginning of the Financial Year		314	50	–
CASH AND CASH EQUIVALENTS AT THE END OF THE FINANCIAL YEAR		135	314	50

NOTES TO THE FINANCIAL STATEMENTS FOR THE ISSUER

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements of Works Finance (NZ) Limited have been prepared in accordance with the requirements of the Companies Act 1993 and the Financial Reporting Act 1993.

Works Finance (NZ) Limited was incorporated on 16 February 2007 and accordingly the 2007 comparative information represent 4-5 months of operations.

The financial statements have been prepared on the basis of historical cost, except for the valuation of certain investments, as disclosed below. Cost is based on the fair values of the consideration given in exchange of assets. The reporting currency is New Zealand dollars.

International Financial Reporting Standards

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice. They comply with New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS) and other applicable Financial Reporting Standards appropriate for profit oriented entities. Works Finance (NZ) Limited is a profit oriented entity. The financial statements comply with International Financial Reporting Standards (IFRS).

The preparation of the financial report requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, income and expenses. The judgements and associated assumptions are based on the historical experience of management and various other factors that are believed to be reasonable under the circumstances. Actual results may differ from these assumptions. The underlying assumptions are reviewed on an ongoing basis.

Judgements made by management in the application of NZ IFRS that have significant effects on the financial statements and estimates with a significant risk of material adjustments in the next year are disclosed, where applicable, in the relevant notes to the financial statements. In particular, see Note 7 for the judgements made in valuing the investment in Downer EDI Works Limited.

There are new standards and changes to existing standards which have not been implemented as they are not yet effective. Of these, NZ-IFRS 8 Operating segments and NZ IAS 1 'Presentation of financial statements' will not impact the amounts recognised in the financial statements but will change the presentation and disclosures. Other standards and amendments are not expected to have an impact on the Company.

Significant accounting policies

The classification of the ROADS as equity rather than as debt is deemed by the directors to be a significant accounting policy and an area of significant judgement. The Company has taken into account the key features of the ROADS, including the dividend stopper mechanism and the fact that the shares do not have to be redeemed, in arriving at this classification.

Dividend Revenue

Dividend revenue is recognised on a receivable basis, when the shareholders' right to receive payment is established.

Financial assets

Available-for-sale financial assets

Available-for-sale financial assets are stated at fair value less provision for any impairment. Gains and losses arising from changes in fair value are recognised directly in the available-for-sale revaluation reserve, until the investment is disposed of or determined to be impaired, at which time the cumulative gain or loss in the available-for-sale revaluation reserve is included in the profit or loss for the year. Fair value has been assessed with reference to the market value of the NZX listed ROADS shares which have similar terms, as adjusted for the difference in interest rates.

Impairment of assets

Assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

Debt and Equity Instruments

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement. Interest and dividends are classified as expenses or as a distribution of profit consistent with the balance sheet classification of the related debt or equity instruments.

Provision is made for the amount of any dividend declared, being appropriately authorised and no longer at the discretion of the entity, on or before the end of the financial year but not distributed at balance date.

Taxation

Current tax

Current tax is calculated by reference to the amount of income taxes payable or recoverable in respect of the taxable profit or tax loss for the year. It is calculated using tax rates and tax laws that have been enacted or substantively enacted by the reporting date.

Deferred tax

Deferred tax is accounted for using the comprehensive balance sheet liability method in respect of temporary differences arising from differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax base of those items. In principle, deferred tax liabilities are recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that sufficient taxable amounts will be available against which deductible temporary differences or unused tax losses and tax offsets can be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset and liability giving rise to them are realised or settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the reporting date. The measurement of deferred tax liabilities and assets reflect the tax consequences that would follow from the manner in which the entity expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax is recognised as an expense or income in the income statement.

Statement of Cash Flows

For the purpose of the cash flow statement, cash and cash equivalents include cash on hand and in banks and investments in money market instruments, net of outstanding bank overdrafts. The following terms are used in the statement of cash flows:

Operating activities: are the principal revenue producing activities of the Group and other activities that are not investing or financing activities.

Investing activities: are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities: are activities that result in changes in the size and composition of the contributed equity and borrowings of the entity.

Change in Accounting Policies

There have been no changes in accounting policies during the year and all policies have been applied on a consistent basis.

2. DIVIDEND RECEIVED

Details of the dividend received from Downer EDI Works are set out in Note 7.

3. TAXATION

	31 DEC 08 (6 months) \$ UNAUDITED	30 JUN 08 \$ AUDITED	30 JUN 07 (4-5 months) \$ AUDITED
Reconciliation from pre-tax accounting profit to tax expense:			
Profit before Taxation	6,998,315	13,397,666	2,462,351
Income tax expense at 33%	2,099,495	4,421,230	812,576
Less : Non-assessable income arising from fully imputed dividends received	(2,099,495)	(4,421,230)	(812,576)
TAX EXPENSE	-	-	-

The company has tax losses at June 2008 of \$3,062 (2007: \$728) available to be offset against future assessable income, subject to the requirements of

income tax legislation being met. The tax losses have not been recognised in the financial statements.

	31 DEC 08 (6 months) \$ UNAUDITED	30 JUN 08 \$ AUDITED	30 JUN 07 (4-5 months) \$ AUDITED
IMPUTATION CREDIT ACCOUNT			
Opening Balance	156,244	24,262	–
Imputation Credits attached to Dividends Received	3,000,000	6,600,000	1,213,158
Imputation Credits attached to Dividends Paid	(3,096,234)	(6,468,018)	(1,188,896)
CLOSING BALANCE	60,010	156,244	24,262

The tax rate used for the 2008 and 2007 reconciliations above is the corporate tax rate of 33% payable by New Zealand corporate entities on taxable profits under New Zealand tax law.

The corporate tax rate in New Zealand was changed from 33% to 30% with effect from 1 January 2008. The revised tax rate has not impacted the current tax rate, but will do so in future periods.

4. ORDINARY SHARE CAPITAL

Works Finance (NZ) Limited issued 100 fully paid ordinary shares during the prior year with a par value of \$1. All ordinary shares carry equal rights in respect of voting, dividend payments and any surplus on winding up of the Company.

5. ROADS

Works Finance (NZ) Limited issued 200,000,000 fully paid Redeemable Optionally Adjustable Distributing Securities (ROADS) with a par value of \$1. The ROADS may be redeemed or exchanged for ordinary shares in Downer EDI Limited from 15 June 2012 or earlier in certain circumstances.

The ROADS offer quarterly, fixed rate, discretionary, non-cumulative dividends. Dividends are payable on 15 September, 15 December, 15 March and 15 June each year. Dividends are also payable on the date of redemption, repurchase, resale or exchange. Until the first step-up date of 15 June 2012, dividends are fixed at 9.8% inclusive of imputation credits.

It is possible that dividends will not be paid. Dividends will not be paid if the Directors of Works Finance (NZ) Limited or Downer EDI Limited 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.

Each ROADS confers on its holder:

- > An equal right to payment of the issue price of \$1 in a liquidation of Works Finance (NZ) Limited 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 Works Finance (NZ) Limited in priority to any other class of shares other than any preference shares ranking equally with ROADS.

The ROADS rank for payment in a liquidation of Works Finance (NZ) Limited after all creditors of the Company.

Works Finance (NZ) Limited 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) ROADS at any time, if certain specified events occur, including regulatory or legal changes which could lead to the Company or group being exposed to significantly increased costs, or in the event of an acquisition of 50% or more of the Downer EDI ordinary shares;
- > All or some ROADS on any dividend payment date after an acquisition of 50% or more of the Downer EDI ordinary shares has occurred; and/or
- > All (but not some) ROADS at any time, if there is less than 50 million ROADS on issue

If any ROADS are to be redeemed, Works Finance (NZ) Limited 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, Works Finance (NZ) Limited will request Downer EDI Limited to purchase

those ROADS for a consideration consisting of ordinary shares and, if Downer EDI Limited agrees to do so, holders are required to transfer the relevant ROADS to Downer EDI Limited and Downer EDI Limited will issue to the relevant holders a number of ordinary shares at a 2.5% discount to the weighted average sale price of ordinary shares traded on the ASX during the 20 business days immediately preceding the date of exchange.

Prior to a step-up date, Works Finance (NZ) Limited may issue a remarketing 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 Company may change certain terms including the market rate, step-up percentage, exchange Company discount, the frequency and timing of dividend payment dates and the next step-up date. This process is subject to approval from holders, being active responses from at least 20% of the holders by value. If the remarketing process is unsuccessful, the Company may elect to

redeem or exchange some or all of the ROADS. For any remaining ROADS in issue, the rate payable on the ROADS will become the one year swap rate. The first step-up date is 15 June 2012, and after that, on each fifth anniversary of that date.

Holders of ROADS cannot request redemption or exchange in any circumstances. Holders have no right to receive notice of, attend or vote at meetings of shareholders of Works Finance (NZ) Limited, other than in respect of a proposal to amend or vary the terms of the ROADS to the detriment of a holder or that otherwise affects any right attached to ROADS to the detriment of a holder. The full terms of the ROADS are set out in Appendix 1 to the Constitution of the Company. Transaction costs in connection with the issue of the ROADS were borne by Downer EDI Limited. The dividends paid on ROADS in the year, gross of imputation credits, totalled \$9.8m being per share 4.9c (June 2008 – 9.8c : June 2007 – 1.8c).

6. RESERVES

	Retained Earnings \$	Ordinary Shares \$	ROADS \$
30 JUNE 2007			
Balance at Beginning of Year	–	–	–
Issue of Ordinary shares	–	100	–
Issue of ROADS	–	–	200,000,000
Profit for Year	2,462,351	–	–
Dividends paid on ROADS	(2,413,819)	–	–
BALANCE AT END OF YEAR (AUDITED)	48,532	100	200,000,000
30 JUNE 2008			
Balance at Beginning of Year	48,532	100	200,000,000
Profit for Year	13,397,666	–	–
Dividends paid on ROADS	(13,132,029)	–	–
BALANCE AT END OF YEAR (AUDITED)	314,169	100	200,000,000
31 DECEMBER 2008			
Balance at Beginning of Year	314,169	100	200,000,000
Profit for the half Year	6,998,315	–	–
Dividends Paid	(317,203)	–	–
Dividends paid on ROADS	(6,860,000)	–	–
BALANCE AT END OF HALF YEAR (UNAUDITED)	135,281	100	200,000,000

There were no changes to the number of ordinary shares or ROADS during the current year.

7. AVAILABLE FOR SALE INVESTMENTS

Works Finance (NZ) Limited holds 200,000,000 Redeemable Preference Shares ("RPS") in Downer EDI Works Limited, issued on 23 April 2007.

The RPS entitle the company to receive dividends from Downer EDI Works Limited at the fixed percentage rate of 10% (inclusive of imputation credits) of the issue price. It is possible that dividends will not be paid. Dividends will not be paid if the Directors of Downer EDI Works Limited or Downer EDI Limited determine that a dividend is not payable. Dividends are not accumulated if they are not declared as there is no liability on Downer EDI Works Limited to pay the dividend. The Directors of Downer EDI Works Limited may approve the redemption at any stage, with the consideration payable being \$1 for each share plus an additional amount calculated based on the market interest rates multiplied by the issue price for one quarter.

In assessing the fair value of the RPS, the Directors have considered the fair value of the ROADS shares listed on the NZDX which have some similar terms and also consulted with external experts on appropriate valuation methodology. As at 31 December 2008 the value of shares on the NZX was \$1.02 (June 2008 – \$0.967 : June 2007 – \$1.02). The Directors, after consultation with external experts, believe that as the ROADS shares are thinly traded it is appropriate to look at the market price of the ROADS over an extended period in order to value the RPS, which values the investment at \$200,000,000 after taking into account the interest rate differential between the investment and the ROADS shares.

The Directors have also considered the prevailing interest rates at the time of issue of the ROADS shares and 30 June 2008 and believe that there has been no significant change in market interest rates for this type of instrument, after taking into account movements in credit spread.

8. RELATED PARTIES

Works Finance (NZ) Limited is wholly owned by Downer EDI Group Finance (NZ) Limited. The ultimate parent company is Downer EDI Limited, a company listed on the Australian Stock Exchange and with a secondary listing on the NZX. Works Finance (NZ) Limited has invested in Redeemable Preference Shares of Downer EDI Works Limited, a fellow Group subsidiary, and received a dividend as described in these financial statements. The transaction costs associated with the issue of Works Bonds, as well as the audit fees applicable to Works Finance (NZ) Limited, are met by Downer EDI Limited. Under a Deed Poll entered into, Downer EDI Limited guarantees the payment by Works Finance (NZ) Limited

of dividends on Works Bonds and of amounts payable on redemption of Works Bonds on an unsecured and subordinated basis.

The Directors of Works Finance (NZ) Limited or Downer EDI Limited may at any time determine that a dividend is not payable. If the Directors of Works Finance (NZ) Limited or Downer EDI Limited determine that a dividend is not payable, the relevant amount will not become payable by Works Finance (NZ) Limited, and the guarantee by Downer EDI Limited will not apply. Accordingly, the guarantee will be effective only if the Directors of Works Finance (NZ) Limited (and in the case of a dividend, Downer EDI Limited) at their discretion determine that payment should be made, but payment is not then made by Works Finance (NZ) Limited. As the guarantee is subordinated, the claims of holders under the guarantee rank behind the claims of all creditors of Downer EDI Limited.

The following Directors of Works Finance (NZ) Limited are also Directors of Downer EDI Group Finance (NZ) Limited.

Cornelius Wihelmus Bruyn

Peter Frederick Reichler

Geoffrey Hugh Knox

All the Directors are also Directors of Downer EDI Works Limited.

Key management personnel received no compensation from the company during the year (2008 – NIL : 2007 – NIL)

9. FINANCIAL INSTRUMENTS

Financial instruments carried in the balance sheet include bank balances, investments, receivables and accruals. The particular recognition methods adopted are disclosed in the individual accounting policy statements associated with each item.

As at 31 December 2008, the carrying amounts and fair value of investments, bank balances, receivables and accruals were equivalent.

The Company was established by Downer EDI for the purpose of issuing Works Bonds, and as such its exposure to liquidity risk and interest rate risk is managed by being passed back to other group companies through issuing intra-group Redeemable Preference Shares to the Company with similar terms to those issued by the Company.

The most significant concentration of credit risk of Works Finance (NZ) Limited as at 31 December 2008 comprises the investment in Downer EDI Works Limited of \$200,000,000. This investment is expected to have a similar credit risk profile as Downer EDI Limited. Downer

EDI Limited has a long-term issuer default rating of BBB- (stable) issued by Fitch Ratings. This rating was re-affirmed by Fitch Ratings in March 2008. Issuers rated BBB- or above (or the equivalent by other rating agencies) are described as "Investment Grade".

The Company is exposed to market risk around the fair value of the investment in Downer EDI Works Redeemable Preference Shares. If market interest rates

were 1% higher or lower as at balance date, and it was assumed that the investment was held to perpetuity, then the impact would be to reduce or increase the fair value of the investment by approximately \$6 million (June 2008 – \$6m : June 2007 – \$6m).

The Company is not directly exposed to foreign currency risk.

10. CASH FLOW RECONCILIATION

	31 DEC 08 (6 months) \$	30 JUN 08 \$	30 JUN 07 (4-5 months) \$
Profit for the year	6,998,315	13,397,666	2,462,351
Net cash flows from operating activities	6,998,315	13,397,666	2,462,351

11. SEGMENTAL INFORMATION

The only business of Works Finance (NZ) Limited is the issue of Works Bonds to New Zealand residents and the investment in Downer EDI Works Limited.

12. CAPITAL AND LEASE COMMITMENTS

The company has no capital or lease commitments as at 31 December 2008 (June 2008 – NIL : June 2007 – NIL).

13. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 December 2008 (June 2008 – NIL : June 2007 – NIL).

14. SUBSEQUENT EVENTS

There are no events subsequent to balance date of such significance as to require adjustment to, or disclosure in, the financial statements as at 31 December 2008 (June 2008 – NIL : June 2007 – NIL).



TRUST DOCUMENTS

MASTER TRUST DEED AND
SUPPLEMENTAL TRUST DEED

MASTER TRUST DEED

CONTENTS	PAGE
1. INTERPRETATION	97
2. ISSUE AND FORM OF BONDS	102
3. TITLE AND TRANSFER	103
4. REGISTER	104
5. PAYMENT OF PRINCIPAL AMOUNT AND INTEREST	105
6. CALCULATION OF INTEREST	106
7. PAYMENTS	106
8. TAXES	107
9. REPRESENTATIONS AND WARRANTIES	108
10. UNDERTAKINGS	108
11. DEFAULT	110
12. APPOINTMENT OF TRUSTEE	111
13. TRUSTEE'S FEES, EXPENSES AND INDEMNITIES	111
14. TRUSTEE'S POWERS	112
15. EXERCISE OF TRUSTEE'S POWERS	113
16. REPLACEMENT OF TRUSTEE	114
17. LIABILITY OF TRUSTEE	114
18. BENEFIT OF DEED	114
19. AMENDMENTS	115
20. WAIVER	115
21. MEETINGS AND RESOLUTIONS OF BONDHOLDERS	116
22. NOTICES	116
23. GENERAL	117
24. GOVERNING LAW	117
SIGNED AS A DEED	117
SCHEDULE 1	118
MEETINGS OF HOLDERS	118
SCHEDULE 2	124
FORM OF AUTHORISED SIGNATORIES' REPORTING CERTIFICATE	124
SCHEDULE 3	125
PARTICULARS OF BONDS IN REGISTER	125

DEED dated 27 May 2009

PARTIES

WORKS FINANCE (NZ) LIMITED (“Issuer”)
PERPETUAL TRUST LIMITED (“Trustee”)

INTRODUCTION

- A. The Issuer proposes to establish a bond programme under which the Issuer may from time to time issue debt securities.
- B. Each Tranche of Bonds issued by the Issuer will be constituted by and issued on terms set out in a Supplemental Trust Deed made between the Issuer and the Trustee. The terms of any such Supplemental Trust Deed may modify the terms of this deed in relation to the relevant Tranche of Bonds.
- C. The Trustee has agreed, at the request of the Issuer, to act as trustee for the Holders on the terms and conditions of this Deed.

COVENANTS

1. INTERPRETATION

- 1.1 **Definitions:** In this Deed, unless the context otherwise requires:

“A\$” means the lawful currency of Australia.

“Agency Agreement” means, in relation to any Series, the registrar and paying agency agreement (however described) between the Issuer and the person appointed as the registrar, paying agent and, if applicable, the calculation agent for that Series.

“Auditors” means the auditors for the time being of the Issuer.

“Austraclear” means the securities clearing and settlement facility known as the Austraclear New Zealand System and includes any securities clearing and/or settlement facility which replaces or supersedes it from time to time.

“Authorised Officers” means any director of the Issuer or any other person designated by the Issuer from time to time and notified in writing to the Trustee.

“Base Rate” means, in relation to an Interest Period, either:

- (a) **Bill rate:**
 - (i) if the Interest Period is one, two, three, four, five, or six months, the FRA settlement rate (rounded, if necessary, to the nearest two

decimal places) as displayed at or about 10.45am on the first day of that Interest Period on the Reuters Monitor Screen page BKBM (or its successor page) (“Reuters Monitor Screen”) for bank bills having a term approximately equal to that Interest Period; or

- (ii) if the Interest Period is longer than one month but shorter than six months, and not two, three, four, or five months, the rate resulting from straight line interpolation (rounded, if necessary, to the nearest two decimal places) between the FRA settlement rates as displayed at or about 10.45am on the first day of that Interest Period on the Reuters Monitor Screen for bank bills having a term:
 - (aa) shorter than, but closest to, that Interest Period; and
 - (bb) longer than, but closest to, that Interest Period; or

- (iii) (in either case) if:

- (aa) there are no such rates displayed for bank bills having the relevant term; or
- (bb) fewer than four persons are displayed on the Reuters Monitor Screen as quoting such a rate,

then the average (rounded, if necessary, to the nearest two decimal places and ignoring the highest and lowest rates quoted) of the rates quoted to the Calculation Agent for the relevant Tranche by each of the Reference Banks (or such one or more of them as are quoting) as being its buy rate for bank bills having a term approximately equal to the relevant Interest Period at or about that time on that date; or

- (b) **Other specified rate:** any other reference rate as may be specified in the Supplemental Trust Deed for a Tranche.

“Bond” means a bond, note or other instrument by whatever name called and whether secured or unsecured constituted by, and subject to the terms and conditions set out in this Deed, and includes a Fixed Rate Bond and a Floating Rate Bond.

“Bond Moneys” means, in relation to a Bond at any time, the Principal Amount, interest and other moneys payable on, or in relation to, that Bond to the Holder of that Bond at the direction of the

MASTER TRUST DEED

Trustee at that time under or pursuant to this Deed and a reference to “**Bond Moneys**” includes any part of them.

“**Business Day**” means a day (other than a Saturday or Sunday) on which registered banks are generally open for business in Wellington, Auckland, Sydney, and, to the extent specified in the Supplemental Trust Deed in relation to a Tranche, the city or cities specified in that Supplemental Trust Deed.

“**Calculation Agent**” means, in relation to any Series, the person appointed by the Issuer from time to time to calculate Interest Rates or amounts due on the Bonds and, if none is appointed, means the Registrar for the relevant Series.

“**Class**” means Bonds which constitute a separate category of Bonds with such categories being:

- (a) in relation to matters affecting a Series only, that Series; or
- (b) any category of Bonds having substantially the same rights, privileges, limitations and conditions, which in the reasonable opinion of the Issuer (in consultation with the Trustee) at any particular time, for any particular purpose, constitutes a separate class of Bonds,

and “**Class of Holders**” means the Holders of those Bonds.

“**Companies Act**” means the Companies Act 1993 (NZ).

“**Conditions**” means, in relation to a Tranche, the terms and conditions applicable to that Tranche set out in the Supplemental Trust Deed for that Tranche and (as modified by that Supplemental Trust Deed) this deed.

“**this Deed**” means this deed and, where used or falling to be interpreted in relation to a particular Tranche, includes the Supplemental Trust Deed for that Tranche and relates to this deed as modified and supplemented by that Supplemental Trust Deed, and (for the avoidance of doubt) “**this deed**” means this deed alone.

“**Date of Enforcement**” means the date on which a Holder or the Trustee makes a declaration pursuant to clause 11.1.

“**Default Interest**” has the meaning given in clause 5.5.

“**Director**” means a director of the Issuer for the time being and includes an alternate director acting as a director of the Issuer.

“**Dollars**” and “**\$**” means the lawful currency of New Zealand.

“**Event of Default**” means any of the events specified in clause 11.1.

“**Extraordinary Resolution**” has the meaning set out in schedule 1.

“**FASTER**” means the Fully Automated Screen Trading and Electronic Registration System operated by NZX.

“**Financial Statements**” means, at any date:

- (a) in respect of the Group, consolidated financial statements of the Group as at that date which comply with generally accepted accounting principles, standards and practices in Australia and are consistent with the most recent published audited consolidated financial statements of the Group, except to the extent (if any) expressly disclosed in notes to such financial statements; and
- (b) in respect of the Issuer, financial statements of the Issuer as at that date which comply with NZIFRS and are consistent with the most recent published audited financial statements of the Issuer, except to the extent (if any) expressly disclosed in notes to such financial statements (and which may be included in the same report as the consolidated financial statements of the Group).

“**First Interest Accrual Date**” means the first date from which interest will accrue in respect of a particular Tranche as set out in the Supplemental Trust Deed for that Tranche and, if no such date is specified, means the Issue Date.

“**Fixed Rate Bond**” means a Bond bearing a fixed rate of interest and that is not reset prior to the Maturity Date of the Bond other than an adjustment for a specified event such as a drop in credit rating as set out in the Conditions for the Bond.

“**Floating Rate Bond**” means a Bond bearing interest rate that is at a margin over the Base Rate and that, pursuant to the relevant Conditions, is to be reset prior to the Maturity Date of the Bond.

“**Group**” means, at any time, the Parent and its Subsidiaries at that time.

“**Guarantee**” means a guarantee in respect of a Series.

“**Guarantor**” means, in respect of a Series at any time, any guarantor of that Series at that time.

“Holder” means, in relation to a Bond at any time, the person whose name is recorded in the Register in respect of that Bond as the holder of that Bond at that time.

“Interest Payment Date” means:

- (a) in relation to a Floating Rate Bond, the last day of each Interest Period for that Floating Rate Bond or such other date as is specified in the Supplemental Trust Deed in relation to the Tranche of which that Floating Rate Bond forms part and recorded as such in the Register in respect of that Floating Rate Bond; and
- (b) in relation to a Fixed Rate Bond, the quarterly, semi-annual or annual dates (or such other dates) specified in the Supplemental Trust Deed in relation to the Tranche of which that Fixed Rate Bond forms part and recorded as such in the Register in respect of that Fixed Rate Bond.

“Interest Period” means, in relation to a Floating Rate Bond, a period determined in accordance with clause 6.1(a) in respect of that Bond.

“Interest Rate” means, in relation to a Bond, the rate of interest (if any) payable in respect of that Bond (which may be a fixed rate or a margin over the Base Rate and which may include an adjustment for an event specified in the relevant Supplemental Trust Deed) specified in the relevant Supplemental Trust Deed and recorded as such in the Register in respect of that Bond.

“Issue Date” means, in relation to a Bond, the date on which that Bond is issued, being the date specified in the relevant Supplemental Trust Deed and recorded as such in the Register in respect of that Bond.

“Issue Price” in relation to a Bond, has the meaning given in the relevant Supplemental Trust Deed or, if no such meaning is specified, means the face value of the Bond.

“Listed” means listed and quoted on the NZDX market operated by NZX or any alternative or successor recognised stock exchange and **“Listing”** has a corresponding meaning.

“Listing Rules” means the listing rules of NZX in force from time to time applicable to the Issuer and the relevant Bonds.

“Margin” means, in relation to a Floating Rate Bond, the margin specified at the time of issue and

recorded as such in the Register in respect of that Floating Rate Bond.

“Maturity Date” means, in relation to a Bond, the date for the repayment of that Bond, being the date specified in the relevant Supplemental Trust Deed and recorded as such in the Register in respect of that Bond.

“Minimum Principal Amount” means, in relation to a Tranche, the minimum Principal Amount for subscription, and any specified minimum in excess of that amount, transfer and/or holding of the Bonds forming part of that Tranche, being the amount specified as such in the relevant Supplemental Trust Deed for that Tranche.

“NZIFRS” means New Zealand Equivalents to International Financial Reporting Standards, as approved from time to time by the Accounting Standards Review Board.

“NZX” means NZX Limited.

“Offer Document” means in relation to any Series:

- (a) that is a Retail Series, the registered prospectus and the investment statement or such other document required by law which may replace a registered prospectus and/or an investment statement relating to that Series;
- (b) that is a Wholesale Series, the information memorandum, offering circular or prospectus or other offering document (if any) relating to that Series,

in each case, which have been prepared by, or on behalf and with the approval of, the Issuer in relation to the relevant Series and which have been approved by the Trustee and shall include (in each case) all documents to be distributed with or which form part of the relevant document.

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

“Potential Event of Default” means an event which, with the passing of time or the giving of notice or both, would constitute an Event of Default.

“PPSA” means the Personal Property Securities Act 1999 (NZ).

“Principal Amount” means, in relation to a Bond, the amount (other than interest) payable on redemption or repayment of that Bond, being the amount recorded as such in the Register in respect of that Bond.

MASTER TRUST DEED

“Record Date” means, in relation to a payment due on a Bond, 5.00pm on the tenth day before the due date for that payment.

“Reference Banks” means ANZ National Bank Limited, ASB Bank Limited, Bank of New Zealand, and Westpac New Zealand Limited or any successor of any of the same or any replacement Reference Bank reasonably selected by the Issuer in consultation with the Trustee.

“Register” means, in relation to a Series, the register of Bonds maintained by the Registrar for that Series in accordance with the provisions of this Deed and the relevant Agency Agreement.

“Registrar” means, in respect of any Series, the person named in the relevant Agency Agreement and specified in the Supplemental Trust Deed for that Series as the registrar and/or Calculation Agent and/or paying agent for that Series (as the case may be), or any successor agent appointed under the relevant Agency Agreement in relation to that Series.

“Retail Series” means a Series of Bonds which may, in accordance with the relevant Conditions, be offered or sold to members of the public, and

“Retail Bond” means a Bond which is part of a Retail Series and **“Retail Holder”** means a Holder of a Retail Bond.

“Securities Act” means the Securities Act 1978 (NZ).

“Series” means a Tranche of Bonds together with any further Tranche or Tranches of Bonds which are:

- (a) expressed to be consolidated and form a single series; and
- (b) identical in all respects except for the respective Issue Dates, First Interest Accrual Dates, Issue Prices and/or denominations.

“Statement” means, in respect of Listed Bonds, a FASTER statement issued by the Issuer (or the Registrar on its behalf) to a Holder in relation to the Bonds held by that Holder, if applicable, in compliance with the Listing Rules.

“Subsidiary” of an entity means another entity which is a subsidiary of the first within the meaning of Part 1.2 Division 6 of the Corporations Act 2001 of Australia or is a subsidiary or otherwise controlled by the first within the meaning of any applicable approved accounting standard.

“Supplemental Trust Deed” means a deed supplemental to this deed entered into by the

Issuer and the Trustee pursuant to clause 2.5 constituting and setting out the terms and conditions of a Tranche.

“Tranche” means Bonds issued pursuant to a particular Supplemental Trust Deed, being identical in all respects and forming part of a Series.

“Transaction Documents” means, in relation to a Tranche, the documents specified as such in the relevant Supplemental Trust Deed.

“Trustee” means Perpetual Trust Limited or any replacement trustee appointed under this deed.

“Trust Powers” means, in relation to a Bond, the trusts, powers, authorities and discretions vested in the Trustee by this Deed in relation to that Bond.

“Wholesale Series” means a Series of Bonds which are not permitted, in accordance with the relevant Conditions, to be offered or sold to members of the public, and **“Wholesale Bond”** means a Bond which is part of a Wholesale Series and **“Wholesale Holder”** means a Holder of a Wholesale Bond.

“Winding-Up” means any procedure, whether brought or instigated by a Holder or any other person, for the winding up, liquidation or dissolution of the Issuer otherwise than for the purposes of, and followed by, an amalgamation or solvent reconstruction on terms previously approved by an Extraordinary Resolution of each Class of Holders.

1.2 **References:** Except to the extent that the context otherwise requires, any reference in this Deed to: an **“authorisation”** includes:

- (a) any consent, authorisation, registration, filing, agreement, notarisation, certificate, permission, licence, approval, authority or exemption from, by or with a governmental agency; or
- (b) in relation to anything which will be proscribed or restricted in whole or part by law if a governmental agency intervenes or acts in any way within a specified period after lodgement, filing, registration or notification, the expiry of such period without such intervention or action.

a **“clause”** or **“schedule”** is a reference to a clause of, or schedule to, this deed.

the **“dissolution”** of any person includes the bankruptcy, winding up or liquidation, removal from the register of that person, and any equivalent

or analogous procedure under the law of any jurisdiction in which that person is incorporated, domiciled or resident or carries on business or has assets.

any **“governmental agency”** includes any government or any governmental, semi-governmental or judicial entity or authority, or legislative body, or any person or body charged with the administration of any law. It also includes any self-regulatory organisation established under statute or any stock exchange.

“indebtedness” includes any obligation (whether present or future, actual or contingent, secured or unsecured, as principal, surety or otherwise) relating to the payment or repayment of money.

something having a **“material adverse effect”** on a person is a reference to it having a material adverse effect on the consolidated financial condition or operations of that person which materially adversely affects the ability of that person to perform or comply with its obligations under this Deed or any Bond.

a **“law”** includes common or customary law and any constitution, decree, judgment, legislation, order, ordinance, regulation, statute or other legislative measure, in each case of any jurisdiction whatever and **“lawful”** and **“unlawful”** shall be construed accordingly.

“outstanding” means, in relation to Bonds, all Bonds other than those which have been:

- (a) redeemed or repaid in full in accordance with the Conditions applicable to those Bonds; or
- (b) purchased and cancelled in accordance with the Conditions applicable to those Bonds,

provided that, for the purposes of (1) ascertaining the right to attend and vote at any meeting of the Holders, and (2) the exercise of any discretion, power or authority which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Holders, those Bonds which are beneficially held by or on behalf of the Issuer or any of its subsidiaries and not cancelled shall (unless no longer so held) be deemed not to remain outstanding.

“payment” includes satisfaction of a monetary obligation.

“person” includes an individual, firm, company, corporation or unincorporated body of persons, organisation or trust, and any state, government or

governmental agency, in each case whether or not having a separate legal personality.

“public” and **“member of the public”** shall be construed in accordance with the Securities Act.

a **“security”** includes a security interest (as construed and defined in the PPSA), mortgage, lien, pledge, any interest in land of a security nature, any other security arrangement creating in effect security for the payment of a monetary obligation or the observance of any other obligation, and any other arrangement having like economic effect over any property, assets or revenues, and **“unsecured”** means not subject to a security.

“tax” includes any present or future tax, levy, impost, duty, rate, charge, fee, deduction or withholding of any nature and whatever called (including, for the avoidance of doubt, approved issuer levy), imposed or levied by any governmental agency, together with any interest, penalty, charge, fee or other amount imposed or made on or in respect of any of the foregoing.

“tax resident” means resident in New Zealand for tax purposes or engaged in business in New Zealand through a fixed establishment in New Zealand, and **“non-tax resident”** shall be construed accordingly.

“written” and **“in writing”** includes all means of reproducing words in a tangible and permanently visible form.

- 1.3 **Cross-references:** In relation to any Tranche, a cross-reference to any clause of this deed shall, where that clause is amended or substituted by the Supplemental Trust Deed in relation to that Tranche, be deemed to be a cross-reference to that clause as so amended or substituted.

1.4 **Miscellaneous:**

- (a) The introduction to and headings in this deed are inserted for convenience only and shall be ignored in construing this deed.
- (b) Unless the context otherwise requires, words denoting only the singular number shall include the plural and vice versa and words denoting any gender shall include all genders.
- (c) References to any legislation or to any provision of any legislation shall be deemed to be references to that legislation or provision as from time to time amended, re-enacted or substituted and, unless the context otherwise requires, shall also include any statutory

MASTER TRUST DEED

instruments issued under any such legislation or provision.

- (d) References to any document (however described) shall include references to such document as modified, novated, supplemented, varied or replaced from time to time.
- (e) References to any party to this deed or any other document or any Holder shall include its successors or permitted assigns.
- (f) References to a time of day are references to New Zealand time unless otherwise stated.
- (g) Anything which may be done at any time may also be done from time to time.
- (h) Unless the context otherwise requires, anything which is required by this Deed to be done on, or as of, a day which is not a Business Day is to be done on, or as of, the next Business Day.

2. ISSUE AND FORM OF BONDS

- 2.1 **Power to issue Bonds:** Bonds may be issued by the Issuer under this deed at the times, in the amounts, to the persons, on the terms and conditions and at the prices from time to time determined by the Issuer.
- 2.2 **Form of Bonds:** Without limitation to clause 2.1, Bonds may be issued on terms such that interest will be calculated by reference to a specific interest rate (which may be a fixed rate or a margin over the Base Rate). In addition, Bonds may be secured or unsecured, as specified in the relevant Supplemental Trust Deed.
- 2.3 **Wholesale Bonds and Retail Bonds:** Bonds shall be issued on the basis that the relevant Series may be offered or sold to the public (being Retail Bonds) or that the relevant Series is not permitted to be offered or sold to the public (being Wholesale Bonds), in each case as specified in the selling restrictions in the relevant Supplemental Trust Deed.
- 2.4 **Listing:** Bonds may be Listed or unlisted as specified in the relevant Supplemental Trust Deed or Offer Document or as otherwise provided in respect of any Series.
- 2.5 **Supplemental Trust Deed:**
 - (a) Bonds shall be constituted and issued in Series. Each Tranche which forms part of a Series shall be subject to the terms and conditions set out in a Supplemental Trust

Deed for that Tranche and (as modified by that Supplemental Trust Deed) this deed.

- (b) In respect of a Series comprising two or more Tranches, the Supplemental Trust Deeds relating to that Series will be substantially identical except for the respective Issue Dates, First Interest Accrual Dates, Issue Prices and/or denominations.
 - (c) To the extent that the Supplemental Trust Deed for a Tranche modifies this deed, or in the event of any conflict between the provisions of that Supplemental Trust Deed and those of this deed, that Supplemental Trust Deed shall prevail over this deed in relation to that Tranche.
 - (d) The provisions of the relevant Supplemental Trust Deed and this deed read together in accordance with this clause 2.5 shall constitute the Conditions for the Bonds of the relevant Tranche.
- 2.6 **Creation and issue:** Bonds of a Tranche are constituted when the Supplemental Trust Deed for that Tranche has been signed by the Issuer and the Trustee. Bonds are issued and created by the Registrar entering in the Register for the relevant Tranche the particulars of that Bond, substantially as specified in schedule 3.
 - 2.7 **Provisions applicable to Bonds:** The Bonds shall be issued and held with the benefit of and subject to the applicable Conditions, all of which are binding upon the Issuer, the Trustee and the Holders. The Holders shall be deemed to have notice of the applicable Conditions.
 - 2.8 **Enforcement of Holders' rights:** The Trustee holds its rights and benefits under this Deed in trust for, and for the benefit of the Holders. No Holder shall be entitled to enforce any of its rights or remedies under this Deed directly against the Issuer unless the Trustee fails to enforce such rights or remedies within a reasonable period after having become bound to do so in accordance with this Deed.
 - 2.9 **Form of Bonds:** Each Bond shall:
 - (a) be in uncertificated book entry form;
 - (b) be denominated in New Zealand dollars (unless otherwise specified in the relevant Supplemental Trust Deed); and
 - (c) have a face value of NZ\$1.00 or such other amount as may be specified in the relevant Supplemental Trust Deed.

2.10 **Minimum Principal Amount:** Each Tranche shall have a Minimum Principal Amount for holdings of Bonds of that Tranche and also may have a minimum multiple for such holdings, in each case as specified in the relevant Supplemental Trust Deed for that Tranche.

2.11 **Status of Bonds:** The Bonds are and will at all times be direct, unsecured or secured, unsubordinated and unconditional indebtedness of the Issuer.

3. TITLE AND TRANSFER

3.1 **Certificates:** At the request of a Holder, or otherwise as required by the Securities Act or any other applicable law, the Issuer shall procure the Registrar of the relevant Bonds to issue to that Holder a certificate or notice of registration in relation to the Bonds held by that Holder, such certificate or notice to be in the form agreed between the Issuer and the Registrar of the relevant Bonds or, in respect of any Listed Bonds, a Statement complying with the Listing Rules (if applicable). A certificate, notice of registration or Statement issued in respect of a Bond will not constitute a document of title. Entitlement will be determined solely by entry in the Register for the relevant Series and, in the case of the beneficial interest in Bonds lodged in Austraclear, the records of Austraclear.

3.2 **Form of transfer:** A Holder may transfer any Bond held by it by:

- (a) a written instrument of transfer in any commonly used form that complies with the standard form and procedures of the Registrar; or
- (b) means of the FASTER system operated by NZX (in respect of any Series of Bond that is Listed); or
- (c) instructing the Registrar to transfer the Bond into the name(s) of the transferee(s) through the Austraclear New Zealand System maintained by the Reserve Bank of New Zealand; or
- (d) any other method of transfer of marketable securities that is not contrary to any law and that may be operated in accordance with any Listing Rules and that is approved by the Issuer.

3.3 **Evidence:** Each instrument of transfer as referred to in clause 3.2 must be accompanied by:

- (a) any evidence (including legal opinions) that the Issuer or the Registrar reasonably require to

prove the title of the transferor, the transferor's right to transfer the Bonds or the identity of the transferor and/or the transferee; and

- (b) if the form of the transfer is executed by some other person on behalf of the transferor or, in the case of the execution of the form of transfer on behalf of a corporation by its officers, the authority of that person to so execute that transfer,

subject, in each case, to clause 4.10 of this Deed.

3.4 **Partial transfers:** A Holder may transfer part of its interest in a Bond. However, no transfer of any part of its interest may be effected if such transfer would result in the transferor or the transferee holding or continuing to hold a Bond with a Principal Amount of less than the applicable Minimum Principal Amount (or minimum multiple thereafter).

3.5 **Fees:** The Issuer shall, and shall procure each Registrar will, make no service charge to the Holders for:

- (a) the registration of any holding of Bonds; or
- (b) the transfer of registered title to any Bonds.

The Issuer and each Registrar may, however, require the payment of any taxes and other governmental charges payable as a result of any transfer.

3.6 **Selling restrictions:**

- (a) Each Holder shall only offer for sale or sell any Bond in conformity with all applicable laws and regulations in any jurisdiction in which it is offered, sold or delivered.
- (b) Without limitation to the generality of clause 3.6(a), Bonds which are expressed in the relevant Supplemental Trust Deed to be part of a Wholesale Series shall not be offered or sold by the Issuer or any Wholesale Holder to members of the public.
- (c) No Offer Document or any advertisement or other offering material in respect of any Bond may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations.

3.7 **Indemnity for breach of selling restrictions:** Each Holder indemnifies the Issuer, the Trustee and any arranger, lead manager, dealer or organising participant in respect of any Tranche of Bonds, for any loss suffered by any one or more of them by reason of any breach of the selling restrictions set out in clause 3.6.

MASTER TRUST DEED

4. REGISTER

- 4.1 **Register:** The Issuer shall at all times while Bonds are outstanding cause the Registrar for each Series to maintain the Register for that Series, which must record in respect of each Bond the information specified in schedule 3.
- 4.2 **Disclosure and Inspection:** The Registrar of the relevant Bonds must disclose to a Holder of Bonds of a Series who so requests, any information held on the Register of that Series. The Issuer and the Trustee may, at all reasonable times during the office hours of the relevant Registrar and subject to any applicable laws, inspect and take extracts from each Register without payment of any fee.
- 4.3 **Register conclusive:** Except as ordered by a court of competent jurisdiction, the Issuer, the Trustee and each Registrar are each entitled to recognise the Holder of a Bond as the absolute owner of the Bond and shall not be bound by any actual or constructive notice of any trust (express, implied or constructive), encumbrance, security or other adverse interest to which any Bond may be subject. No recognition of any trust (express, implied or constructive), encumbrance, security or other adverse interest shall be entered on any Register. In the event of any conflict between any certificate or notice of registration issued in respect of a Bond and a Register, that Register shall prevail.
- 4.4 **Correction of errors:** Each Registrar may, on such evidence as appears to it to be sufficient, correct errors and remedy omissions in the relevant Register.
- 4.5 **Co-ownership Bonds:**
- (a) Where two or more persons are registered as Holders of the same Bond(s) by virtue of any application for Bonds, memorandum of transfer or other instrument, then, unless the contrary is expressed in the application, memorandum, or other instrument, those persons will be deemed to hold the Bond(s) as joint tenants with right of survivorship.
 - (b) If two or more persons apply (on an application for any Bonds or by memorandum of transfer or other instrument), to be registered as Holders as tenants in common, the Registrar for the relevant Series may, after notifying the persons of its intention to do so, divide the Bonds into parcels which represent each such person's share. If the Bonds cannot be divided into shares each of which share would comply with the applicable Minimum Principal Amounts (and any minimum multiples thereafter), the Registrar of the relevant Bonds may refuse to accept the application, memorandum of transfer or other instrument (as the case may be).
- 4.6 **Acquisition of Bonds by operation of law:** When the right to any Bond is acquired by any person in any manner other than by way of a transfer under this Deed (whether on the dissolution, death or bankruptcy of the relevant Holder, or under a writ of execution, or otherwise) the Registrar of the relevant Bonds, on application by or on behalf of that person and on being satisfied that such person is legally entitled to be registered as the Holder of that Bond, will enter that person's name in the Register as the Holder of that Bond accordingly.
- 4.7 **Tax details:** Each Holder shall give written notice to the Registrar of its country of residency for taxation purposes and, if not resident in New Zealand for taxation purposes, of whether the Holder is engaged in business in New Zealand through a branch or other fixed establishment (as that term is defined in the Income Tax Act 2007 (NZ)) in New Zealand.
- 4.8 **Notification by Holders:** Any change of name or address of any Holder or any change in any other information required to be inserted in any Register in respect of any Holder shall immediately be notified by the Holder to the Registrar of the relevant Bonds in writing by the Holder, or if a joint holding by all the joint Holders (and, for the avoidance of doubt, this clause does not place any obligations on the Issuer).
- 4.9 **Register compliance:** The Issuer shall comply with, and shall use all reasonable endeavours to ensure that each Registrar complies with all statutory requirements and the requirements of this Deed relating to the keeping of each Register and the details entered in each Register. Without limitation to the generality of the foregoing, the Register in respect of any Series shall be audited by the Auditors annually and at such other times as the Trustee may request in writing if the Trustee has reasonable grounds for believing that the requirements of this clause 4.9 are not being complied with in relation to the Register for any Series.
- 4.10 **Reliance on documents:** The Issuer, the Trustee and the Registrar shall be entitled to accept and assume the authenticity and genuineness of any

instrument of transfer or other document and will not incur any liability for registering any instrument of transfer which is subsequently discovered to be a forgery or otherwise defective, unless the Issuer, the Trustee or the Registrar had actual notice of such forgery or defect at the time of registration of such instrument of transfer.

- 4.11 **No liability:** No Registrar will be liable for any breach by the Issuer of any representation, obligation, undertaking, including the non-payment of any money due, nor will any Registrar be liable for any negligent act, error or omission on the part of the Issuer, nor for acting in accordance with any instruction or direction of the Issuer or with the consent or approval of the Issuer.

5. PAYMENT OF PRINCIPAL AMOUNT AND INTEREST

- 5.1 **Determination of Principal Amount:** The Principal Amount of each Bond shall be the amount recorded as such in the Register in respect of that Bond, which may be the par or face value or the amount calculated by the Registrar for that Bond by reference to the formula recorded in the Register in respect of that Bond.

5.2 Bonds:

(a) Principal Amount:

- (i) Subject to clause 5.2(a)(ii), the Issuer shall, on the Maturity Date of each Bond, pay or cause to be paid to, or to the order of, the Trustee the Principal Amount of that Bond in accordance with the Conditions applicable to that Bond.
- (ii) Notwithstanding clause 5.2(a)(i), the Issuer shall, on the Maturity Date of each Bond, unless and until otherwise requested by the Trustee, pay or cause to be paid to, or to the order of, the relevant Holder the Principal Amount of that Bond. Such payment shall operate as a payment to the Trustee in satisfaction (to the extent of the amount paid) of the Issuer's obligations under clause 5.2(a)(i).

(b) Interest:

- (i) Subject to clause 5.2(b)(ii), the Issuer shall, as and when due and payable in accordance with the Conditions applicable to each Bond, unconditionally pay or cause to be paid to, or to the order of, the Trustee all interest and other amounts payable in respect of that Bond in accordance with the Conditions applicable to that Bond.

- (ii) Notwithstanding clause 5.2(b)(i), the Issuer shall, as and when due and payable in accordance with the Conditions applicable to each Bond, unless and until otherwise requested by the Trustee, pay or cause to be paid to, or to the order of, the relevant Holder all interest and other amounts payable in respect of that Bond in accordance with the Conditions applicable to that Bond. Such payment shall operate as a payment to the Trustee in satisfaction (to the extent of the amount paid) of the Issuer's obligations under clause 5.2(b)(i).

- 5.3 **Interest rate:** Subject to the Conditions applicable to a Bond, the Issuer shall pay interest on each Interest Payment Date:

- (a) on each Floating Rate Bond for each Interest Period, at the rate per annum equal to the aggregate of the Base Rate for that Interest Period (as determined by the Calculation Agent for the relevant Series) and the Margin for that Floating Rate Bond; and
- (b) on each Fixed Rate Bond, at the Interest Rate for that Fixed Rate Bond.

- 5.4 **Non-payment:** Each Bond will cease to bear interest from its Maturity Date unless payment of the Principal Amount is improperly withheld or refused. In such event, interest will continue to accrue (after, as well as before, any judgment) up to but excluding the date on which payment in full of the Principal Amount is made.

- 5.5 **Default interest:** If any amount payable in respect of a Bond or any other amount due to any person under this Deed is not paid on its due date, interest ("Default Interest") shall accrue on the unpaid amount (net of any interim or progress payments made) (after, as well as before, judgment) at the rate determined by the Calculation Agent to be (in the case of a Floating Rate Bond) the aggregate of 2%, the Base Rate and the Margin, or (in the case of a Fixed Rate Bond) the aggregate of 2% and the relevant fixed rate or the relevant Base Rate plus the relevant Margin (as applicable) until the unpaid amount (net of any interim or progress payments) is paid and shall be compounded monthly until paid. For the avoidance of doubt, this clause 5.5 shall not apply in relation to payments of interest on any Bonds which have been suspended in accordance with the Conditions of those Bonds.

MASTER TRUST DEED

6. CALCULATION OF INTEREST

6.1 Floating Rate Bonds:

- (a) **Interest Periods:** Each Interest Period in relation to a Floating Rate Bond shall be a period of one, two, three, four, five or six months' duration (as specified by the Issuer at the time of issue of that Bond and entered in the Register for the relevant Series) and:
 - (i) the first Interest Period will commence on (and include) the First Interest Accrual Date and end on (but exclude) the next Interest Payment Date and each subsequent Interest Period will commence on (and include) the Interest Payment Date of the previous Interest Period and end on (but exclude) the next Interest Payment Date;
 - (ii) if an Interest Period would otherwise end on a day which is not a Business Day, it will be extended to the next Business Day unless the result of that extension would be to carry the Interest Period over into another calendar month, in which event the Interest Period shall end on the immediately preceding Business Day;
 - (iii) where an Interest Period commences on the last day of a calendar month or on a day for which there is no numerically corresponding day in the month in which that Interest Period would otherwise end, the Interest Period shall, (subject to paragraphs (ii) and (iv)) end on the last day of that last mentioned month;
 - (iv) if the final Interest Period would otherwise extend beyond the Maturity Date, it will end on the Maturity Date.
- (b) **Basis for calculation:** Interest shall be calculated on the Principal Amount of the Floating Rate Bond, on the basis of the number of days in the relevant Interest Period and a year of 365 days. Interest shall accrue from day to day and shall be paid to the Holder in arrears on the Interest Payment Date for that Interest Period, subject to any provisions relating to suspension of interest payments which are contained in the Conditions of the relevant Series.

- 6.2 **Fixed Rate Bonds:** Interest shall be calculated on the Principal Amount of each Fixed Rate Bond and shall be payable in arrears in equal quarterly, semi-annual, annual or other instalments on each Interest Payment Date (other than for the first

Interest Payment Date) for that Fixed Rate Bond, subject to any provisions relating to suspension of interest payment which are contained in the Conditions of the relevant Series. In respect of the first Interest Payment Date of each Bond, the Interest payable on that Bond shall be equal to the Interest Rate on the Principal Amount of that Bond on the basis of the number of days elapsed from, and including, First Interest Accrual Date of that Bond to, but excluding, the first Interest Payment Date, and a 365-day year.

7. PAYMENTS

- 7.1 **Payment to Holder:** Payment of the Principal Amount of, and interest (if any) on, a Bond (less any amount required to be deducted in accordance with clause 8) shall be made to the person whose name appears in the Register for the relevant Series as the Holder of the Bond on the Record Date in respect of the relevant payment. If more than one person is so named in the relevant Register, payment will be made to the first person so named except as specified in the Conditions of the Bond.

7.2 Method of payment:

- (a) If the Issuer pays the Principal Amount of any Bond in accordance with clause 5.2(a)(ii), all payments in respect of that Bond held by a Holder shall be paid by the Registrar by direct credit to a bank account specified by that Holder by written notice from time to time or, in the absence of such specification, by cheque sent to the address of the Holder as recorded in the Register for the relevant Series, unless the Conditions of any Bond specify otherwise. A Holder may at any time amend any notice so given, provided that no amendment of a notice shall have effect unless another address or bank account is specified by that Holder.
- (b) No notice or amendment of a notice given under clause 7.2(a) will have effect in respect of any payment unless received by the Registrar on or before the Record Date for that payment. Any notice given under clause 7.2(a) will be deemed to be automatically cancelled upon transfer of all of a Bond or, in the case of transfer of part of a Bond, in respect of the part transferred. A notice from one of several Holders of the same Bonds shall be deemed to be given by all such Holders.
- (c) If, for whatever reason, at any time a Holder has provided neither a current address

nor current details of a bank account to the Registrar, any payments in respect of any Bond to that Holder shall be deemed to be unclaimed money for the purpose of clause 7.4.

7.3 **Business Day:** Subject to clause 6.1, if any Interest Payment Date or the Maturity Date of a Bond is not a Business Day for that Bond, the due date for the payment to be made on that date will be the next following Business Day, and all other provisions of this Deed and the Agency Agreement will be read and construed accordingly.

7.4 **Unclaimed payments:** If any payment made by the Issuer to a Holder to the address, or into the bank account, last specified by that Holder to the Issuer or the Registrar is returned unclaimed, the amount concerned will (unless the Registrar or the Issuer has in the meantime received notice of a change of address or bank account to be entered in the Register for the relevant Series) be retained by the Registrar for the relevant Series to be held by it for the Holder concerned without any liability to invest or pay interest on that amount. Any money not claimed within a period of six months from the original date of payment must be returned to the Issuer without limiting the rights of the Holder entitled to the unclaimed amount. The Issuer will have no liability in respect of the unclaimed amount if it remains unclaimed five years after the original date of payment. If the unclaimed amount concerned is not claimed within five years after the original date of payment, then the unclaimed amount is taken to be forfeited to the Issuer for the Issuer's benefit and shall no longer be treated as being an unclaimed amount.

7.5 **Reinstatement:** Subject to clause 7.4, if any payment made to a Holder by, or on behalf of, the Issuer is subsequently rescinded, avoided or otherwise restored to the Issuer, that payment will be deemed not to have discharged or affected the liability of the Issuer in respect of which that payment was made. In that event the relevant Holder and the Issuer will be restored to the position in which each would have been, and be entitled to exercise all the rights which each would have had, if such payment had not been made.

8. TAXES

8.1 **Deductions or withholdings:** All sums payable under a Bond or under this Deed must be paid:

(a) free of any restriction or condition;

(b) free and clear of, and (except to the extent required by law or as provided in this clause 8) without any deduction or withholding on account of, any taxes; and

(c) (except to the extent required by law or as provided in this clause 8) without deduction or withholding on account of any other amount whether by way of set-off or otherwise.

8.2 **Non-resident Withholding Tax:** New Zealand non-resident withholding tax will be deducted from payments of interest or payments deemed by law to be interest to any Holder (including, if applicable, any person who beneficially derives interest under the relevant Bond) who is non-tax resident. Unless otherwise stated in the relevant Offer Document or the relevant non-tax resident Holder notifies the Issuer that it elects that non-resident withholding tax be deducted from payments to it instead of approved issuer levy, if the Issuer is lawfully able to pay approved issuer levy in respect of any payment of interest (or deemed interest) to non-tax resident Holders, and elects to do so in respect of any Series, the Issuer, or the Registrar for the relevant Series on its behalf, shall pay the approved issuer levy to the appropriate authority and shall deduct and retain for its own benefit an amount equal to the amount so paid from the interest (or deemed interest) payable to those Holders in lieu of deducting New Zealand non-resident withholding tax from that payment at the rate otherwise applicable.

8.3 **Resident Withholding Tax:** New Zealand resident withholding tax will be deducted from payments of interest (or payments deemed by law to be interest) to any Holder (including, if applicable, any other person who beneficially derives interest under the relevant Bond) who is tax resident unless the Holder is able to establish to the satisfaction of the Issuer, or the Registrar for the relevant Series on its behalf, either by means of an appropriate exemption certificate or otherwise before the Record Date for the relevant payment that no such tax need be deducted.

8.4 **No gross-up:** The Issuer will not be required to and will not make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding from any payment made in respect of the Bonds under clauses 8.2 or 8.3. If, in respect of any Bond, the Registrar for the relevant Series or the Issuer becomes liable to make any payment of, or on account of, tax

MASTER TRUST DEED

payable by any Holder (including, if applicable, any other person who beneficially derives interest under the relevant Bond), then the Registrar for the relevant Series and the Issuer shall be indemnified by the relevant Holder in respect of such liability. Any moneys paid by the Registrar for the relevant Series or the Issuer in respect of such liability may be recovered from the Holder as a debt due to the Registrar for the relevant Series or the Issuer and may be withheld from any further payments to that Holder. Nothing in this clause 8.4 will prejudice or affect any other right or remedy of the Registrar for the relevant Series or the Issuer.

8.5 **Maximum rate:** Other than with respect to the payment of approved issuer levy pursuant to clause 8.2, deductions of non-resident or resident withholding tax will be made at the maximum rates from time to time applicable unless a Holder (or, if applicable, any person who beneficially derives interest under the relevant Bond) provides evidence to the Issuer or the Registrar for the relevant Series (acceptable to it) that a lesser rate is applicable.

8.6 **Tax status:** The Issuer and the Registrar for the relevant Series shall be entitled for the purposes of this clause 8 to rely, without further enquiry, upon any evidence produced or statement made by, or on behalf of, a Holder in relation to that Holder's tax status or tax residency, and to regard the Holders entered in the Register as the only beneficial owners of, or the only persons who beneficially derive interest under, the relevant Bonds.

9. REPRESENTATIONS AND WARRANTIES

9.1 **Representations and warranties:** The Issuer represents and warrants to the Trustee and the Holders that:

- (a) **Status:** it is a company duly incorporated and validly existing under the laws of New Zealand;
- (b) **Power and corporate authority:** it has power to enter into and perform its obligations under this Deed and to issue the Bonds;
- (c) **Authorisations:** it has all necessary authorisations and has taken all necessary corporate and other action to authorise the execution and performance by it of this Deed and the issue of Bonds;
- (d) **Binding obligations:** its obligations under this Deed and the Bonds (once issued) are legal, valid, binding and enforceable against it, in each case in accordance with its

terms, subject to applicable bankruptcy, re-organisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject also (as to enforceability) to equitable principles of general application regardless of whether enforcement is sought in a proceeding in equity or at law; and

- (e) **No violation:** the execution and performance by it of its obligations under this Deed and the Bonds do not violate any applicable law or its constitution or any agreement, security document or other instrument to which it is a party or which is binding on it or any material part of its assets.

9.2 **Supplemental Trust Deed:** In respect of a Series, the Issuer shall make such further representations and warranties as are set out in the Supplemental Trust Deeds for that Series.

9.3 **Repetition:**

- (a) The representations and warranties contained in clause 9.1 shall be deemed to be repeated for the benefit of the Trustee and the Holders on the Issue Date of each Bond.
- (b) In respect of a Series, the representations and warranties referred to in clause 9.1(d) and 9.2 shall be deemed to be repeated for the benefit of the Trustee and the Holders of that Series on the Issue Date and each Interest Payment Date of each Bond forming part of that Series.

10. UNDERTAKINGS

10.1 **General undertakings:** The Issuer undertakes to the Holders and the Trustee that it will, for so long as any Bonds are outstanding:

- (a) **Notify Event of Default:** promptly upon becoming aware of the same, notify the Trustee of the occurrence of any Event of Default or Potential Event of Default;
- (b) **Corporate existence:** maintain its corporate existence and will not amalgamate, merge or consolidate with any person unless the resulting or surviving entity assumes, to the satisfaction of the Trustee, the obligations of the Issuer under the relevant Bonds and each Transaction Document;
- (c) **Send notices:** in respect of each Series, send copies to the Trustee of all notices or other information given by it to Holders of that Series generally;

- (d) **Securities Act:** in respect of each Retail Series, comply with the provisions of the Securities Act, the Securities Regulations 1983 (NZ) and the securities laws of any other jurisdiction applicable to that Series;
 - (e) **Annual and half yearly reports:** if requested by a Holder, send copies to that Holder of the Issuer's annual report and/or half yearly report at the same time the Issuer distributes that annual report and/or half yearly report to shareholders of the Issuer;
 - (f) **Information:** provide the Trustee upon written request with such information relating to the Group or the Group's business or financial condition as may reasonably be required by the Trustee for the purposes of the discharge of the duties, trusts and powers vested in the Trustee under this deed or imposed on it by law; and
 - (g) **Offer Document:** not issue an Offer Document in respect of the issue of Bonds pursuant to this deed without prior written notice to the Trustee, and not include any statement in any such Offer Document, or any advertisement (as defined in the Securities Act) for any Bonds concerning the Trustee, without the prior consent of the Trustee.
- 10.2 **Supplemental Trust Deed:** In respect of each Series, the Issuer undertakes to the Holders of that Series and the Trustee that it will, and in relation to paragraphs (a) and (e) below, will procure that each relevant Guarantor will, for so long as any Bonds of that Series are outstanding:
- (a) **Supplemental Trust Deed:** comply in all material respects with and perform its obligations under each Transaction Document for that Series to which it is a party;
 - (b) **Agency Agreement:** comply in all material respects with and perform its obligations under the Agency Agreement for that Series and use all reasonable endeavours to ensure that the Registrar for that Series also does so;
 - (c) **Registrar:** give notice to the Holders of that Series and the Trustee of any resignation or removal of the Registrar for that Series and the appointment of any replacement Registrar promptly following such event, provided that so long as any Bond is outstanding, any resignation or removal of the Registrar shall not be effective until the new Registrar is duly appointed;
 - (d) **Register:** ensure that a Register for that Series is maintained and cause the Registrar for that Series to keep the Register for that Series pursuant to the Agency Agreement for that Series; and
 - (e) **Authorisations:** obtain, effect and promptly renew from time to time all material authorisations required under any applicable law to enable it to perform and comply fully with the Conditions for that Series or required on its part for the validity or enforceability of this Deed or any Transaction Document to which it is a party.
- 10.3 **Reports and Financial Statements:** The Issuer covenants with the Trustee that, so long as any Bonds are outstanding, the Issuer will deliver to the Trustee:
- (a) not later than four months after the end of each of its financial years, a copy of:
 - (i) the latest Financial Statements of the Issuer; and
 - (ii) the latest consolidated Financial Statements of the Group,
 in each case made up as at the last day of that financial year and duly audited; and
 - (b) not later than three months after the end of each of its financial half-years, a copy of the latest Financial Statements of the Group and, if available, the Issuer for the preceding half-year, made up as at the last day of that half-year; and
 - (c) for so long as any Retail Bonds are outstanding, not later than the times of delivery of the latest Financial Statements for the Issuer pursuant to clauses 10.3(a) or 10.3(b), a separate report in relation to each Series signed by two Directors in the form set out in schedule 2, or such other form as the Issuer and the Trustee may agree or, if applicable, as set out in the Supplemental Trust Deed stating the matters referred to therein as at the end of and in respect of such year or half-year, as the case may be.
- 10.4 **Auditors' report:** The Issuer shall, so long as any Retail Bonds are outstanding, provide to the Trustee, at the same time as the audited latest Financial Statements for the Issuer are provided in accordance with clause 10.3(a), a separate report by the Auditors stating:

MASTER TRUST DEED

- (a) whether, in the course of performing their duties as Auditors, they have become aware of:
 - (i) any non-payment of interest (including any suspension of interest) or any breach of the provisions of this Deed, and if so giving particulars thereof; or
 - (ii) any matter which, in their opinion, is relevant to the exercise or performance of the powers or duties conferred or imposed on the Trustee by this Deed, by law or by the Securities Act, and if so giving particulars thereof;
 - (b) whether they, as Auditors, have audited the Register for each Series, and if not whether another firm (and which firm if any) audited the Register for each Series, and to the extent that the Auditors have audited the Register for a Series, whether the Register for that Series has been duly maintained;
 - (c) whether their audit has disclosed any matter, and if so giving particulars thereof, calling in their opinion for further investigation by the Trustee in the interests of the Holders;
 - (d) that they have perused the report(s) of the Authorised Directors provided in accordance with clause 10.3(c) ("**Authorised Director's Report**") given since the last report by the Auditors (or the date of this deed, whichever is the later), and that, so far as matters which they have observed in the performance of their duties as auditors are concerned, nothing has come to their attention to show that the statements made in the Authorised Signatories' Report are not correct; and
 - (e) the aggregate Principal Amount of Bonds in each Series on issue and outstanding.
- in this Deed within two Business Days of its due date (for the avoidance of doubt, in the event that interest is suspended in accordance with the relevant Supplemental Trust Deed the due date for payment of that interest shall not have occurred for the purposes of this Deed and this clause 11.1(a) until such interest becomes payable in accordance with the relevant Supplemental Trust Deed); or
- (iii) any other amount payable under this Deed is not paid in the manner specified in this Deed within 30 Business Days of its due date; or
- (b) **Other breach:** the Issuer commits any breach of, or omits to observe, any of its material undertakings or obligations under this deed (other than those referred to in clause 11.1(a)) or any Supplemental Trust Deed and, in respect of any such breach or omission which is capable of being remedied, such breach or omission is not remedied within 30 days of the Issuer becoming aware of that breach or omission; or
 - (c) **Misrepresentation:** any representation, warranty or statement made or deemed to be repeated by or in respect of the Issuer in this deed is or was untrue or incorrect in a material respect when made, deemed repeated or delivered and this has a material adverse effect on the Issuer and, in respect of any such misrepresentation which is capable of being remedied, such misrepresentation is not remedied within 30 days of the Issuer becoming aware of that misrepresentation; or
 - (d) **Dissolution:** an application (other than an application which is being contested in good faith by appropriate proceedings) or an order is made, or a resolution is passed or proposed by or on behalf of the Issuer for the dissolution of the Issuer, except for the purpose of and followed by an amalgamation or solvent reconstruction on terms previously approved by an Extraordinary Resolution of Holders; or
 - (e) **Receiver:** a receiver, liquidator, provisional liquidator or administrator is appointed of, or an encumbrancer takes possession of, or exercises its power of sale in respect of, the whole or any material part of the assets of the Issuer; or

11. DEFAULT

11.1 **Events of Default:** If any of the following occurs, whether or not within the control of the Issuer:

- (a) **Non-payment:** subject to any provisions of the Supplemental Trust Deed applicable to any Bond relating to suspension of interest payments:
 - (i) any amount of, or in respect of, the Principal Amount payable in respect of any Bond is not paid in the manner specified in this Deed within two Business Days after its due date; or
 - (ii) any interest payable in respect of any Bond is not paid in the manner specified

- (f) **Statutory management:** a statutory manager is appointed under the Corporations (Investigation and Management) Act 1989 in respect of the Issuer or any Guarantor which is incorporated under the Companies Act; or
- (g) **Insolvency:** the Issuer is declared or becomes insolvent or is deemed under any applicable law to be unable to pay its debts when they fall due; or
- (h) **Cross-acceleration:** the Issuer fails to repay any indebtedness in aggregate in excess of A\$10,000,000 required to be repaid prior to its stated maturity by reason of a default (however described) by the Issuer; or
- (i) **Cessation of Business:** the Issuer ceases or threatens to cease to carry on all or substantially all of its business or operations (except for the purpose of, and followed by, an amalgamation or solvent reconstruction on terms previously approved by an Extraordinary Resolution of all Holders); or
- (j) **Supplemental Trust Deed:** (in relation to any Bond) any event occurs which is specified in the Conditions for that Bond as an event of default,

then at any time thereafter, provided that event is continuing unremedied the Trustee may in its discretion and shall immediately upon being directed to do so by an Extraordinary Resolution passed by Holders of a Series of Bonds declare the Bond Moneys in respect of the Bonds of that Series to be immediately due and payable by notice in writing to the Issuer whereupon it shall become immediately due and payable.

- 11.2 **Distribution of funds:** All moneys received by the Trustee in respect of unsecured Bonds from the Issuer on or after the Date of Enforcement shall (subject to payment of any debts or liabilities having priority to the moneys due to Holders pursuant to those Bonds including, without limitation, the moneys due to the Holders of secured Bonds) be held and applied (subject to the provisions of clause 6):
- (a) first, subject to any direction made by any court, in payment of all amounts due to the Trustee under this Deed (including all expenses, losses and liabilities sustained or incurred by the Trustee under this Deed, all fees payable to the Trustee under this Deed, and any Default Interest on each such amount);
 - (b) secondly, in or towards payment to the Holders of unsecured Bonds, rateably in

proportion to the Bond Moneys owing to them in respect of the unsecured Bonds held by them; and

- (c) thirdly, the surplus (if any) of such moneys, in payment to the Issuer or to such other persons (including a liquidator of the Issuer) as may be lawfully entitled thereto.

12. APPOINTMENT OF TRUSTEE

- 12.1 The Issuer appoints the Trustee, and the Trustee accepts appointment, as trustee for the Holders on the terms and conditions of this Deed.

13. TRUSTEE'S FEES, EXPENSES AND INDEMNITIES

- 13.1 **Fees:** The Issuer shall pay to the Trustee such fees as may from time to time be agreed between them in writing.
- 13.2 **Expenses:** The Issuer shall pay all expenses (including legal fees on a full indemnity basis and travelling expenses) reasonably incurred by or on behalf of the Trustee in connection with:
- (a) the preparation, signing and (if applicable) registration of this deed, each Supplemental Trust Deed and each Offer Document;
 - (b) the convening and holding, and carrying out of any directions or resolutions, of any meeting of Holders in accordance with the terms and conditions of this Deed; or
 - (c) any waiver, consent or other action requested by the Issuer.
- 13.3 **Enforcement:** The Issuer shall pay all expenses (including legal fees on a full indemnity basis and travelling expenses) properly incurred by the Trustee in connection with the enforcement or preservation of, or attempted enforcement or preservation of, any right under a Transaction Document or the exercise of any Trust Power, including taking of any expert advice deemed reasonably necessary or expedient by the Trustee.
- 13.4 **Indemnity by Issuer:** Without prejudice to the right of indemnity by law given to trustees, the Trustee or any of its officers, directors, employees or agents shall be indemnified by the Issuer for all expenses, losses and liabilities reasonably sustained or incurred in carrying out the Trust Powers or otherwise for any action taken, or omitted to be taken, in accordance with the provisions of this Deed, other than a claim arising out of a wilful default, negligence or wilful breach of trust.
- 13.5 **Indemnity by Holders:** The Trustee is not required to take any action or exercise any Trust Power

MASTER TRUST DEED

or comply with any request or direction pursuant to this Deed (whether or not it is expressed to be bound to do so) unless it has first been indemnified to its satisfaction against all expenses, losses and liabilities it may reasonably sustain or incur by so doing.

- 13.6 **Payments:** The fees, expenses, indemnities and other amounts payable under this Deed to the Trustee shall be payable by the Issuer at the times agreed with the Trustee and if not paid when due, shall carry Default Interest in accordance with clause 5.5 until paid.

14. TRUSTEE'S POWERS

- 14.1 **General powers:** The powers, authorities and discretions conferred on the Trustee by this Deed shall be in addition to any powers, authorities and discretions which may from time to time be vested in trustees by law in relation to Bonds and to any powers, authorities and discretions which may from time to time be vested in the Trustee as the Holder of any Bond or the security for any Bond.
- 14.2 **Series:** In relation to each Series the Trustee shall, in addition to any powers provided by law or by the security for any Bonds which are secured, have the following powers and duties, subject to the terms of the Supplemental Trust Deeds in relation to the relevant Series:
- (a) **Monitoring role:** The Trustee must exercise reasonable diligence to ascertain whether or not the Issuer has breached the Conditions of any Bonds but, until it has received notice to the contrary from the Issuer, the Auditors or any Holder, is entitled to assume that no such breach has occurred. The Trustee shall exercise reasonable diligence to ascertain whether or not the assets of the Issuer that are or may be available, are sufficient or likely to be sufficient to discharge the payment obligations of the Issuer in respect of the Bonds as they become due.
 - (b) **Applications to court:** If, after due inquiry, the Trustee, acting reasonably, is of the opinion that the Issuer is unlikely to be able to pay any amounts payable in relation to one or more Series as and when due, or that the provisions of this Deed are no longer adequate to give protection to the interests of any of the relevant Holders of Bonds then, having regard to any other powers or remedies available to it under this Deed or at law for the protection of the

interests of such Holders and to all other circumstances relevant to the general interests of such Holders, the Trustee may, apply to the court pursuant to section 49 of the Securities Act for an order that the Trust Powers be exercised under the direction of the court or for directions or any other order in relation to the extent of, or the carrying out of, the Trust Powers or for any other order under section 49 of the Securities Act and it may support or oppose any application to the court made by or at the instance of any Holder. The Trustee shall be indemnified by the Issuer against all expenses incurred in relation to any such application or proceedings, provided that the Trustee must consult with the Issuer prior to making any such application before the Date of Enforcement.

- (c) **Material breach:** If any breach of this Deed occurs or any circumstances occur which may result in such a breach which the Trustee reasonably considers may be materially prejudicial to the interests of any Holders, the Trustee shall be entitled in its absolute discretion to require the Issuer to report to the Holders the circumstances and the nature of such breach and any other relevant information concerning the Issuer which the Trustee has received in relation to this Deed and which it reasonably considers to be material to those Holders, and invite those Holders to indicate to the Trustee their preferences as to any exercise or non-exercise of the Trust Powers under this Deed. If the Issuer fails to give that report the Trustee shall be entitled to do so itself.
- (d) **Represent Holders:** The Trustee may, either of its own volition or pursuant to any directions or in accordance with any policy given or indicated by any meeting of Holders, represent and act on behalf of those Holders in any matter concerning them generally.
- (e) **Investment:** Any moneys held by the Trustee which are subject to the trusts created by this Deed may, at the discretion of the Trustee, be invested in the name of the Trustee or its nominee in any investment whatsoever, with power to vary such investments for others of a like nature and to deal with, or dispose of, such investments. The income (less any commissions properly payable to the Trustee) arising from all such investments made by the

Trustee will belong to the person in respect of whom such moneys are held by the Trustee.

- (f) **Power to Remedy Breach:** The Trustee's powers to remedy any breach of this Deed are subject to any other provision of this Deed which is inconsistent with the exercise of such powers.

15. EXERCISE OF TRUSTEE'S POWERS

- 15.1 **Discretion:** Except as otherwise expressly provided in this Deed, the Trustee:

- (a) has absolute discretion as to the exercise of the Trust Powers and as to the conduct of any action, proceeding or claim (provided it has acted with reasonable care and diligence); and
- (b) may refrain from exercising any Trust Power until directed by Extraordinary Resolution of Holders or of the affected Class of Holders to do so.

- 15.2 **Reliance:** The Trustee shall be entitled without liability for loss, to obtain, accept and act on, or to decline and elect not to act on:

- (a) any communication or document (including any fax or email) reasonably believed by it to be genuine and correct;
- (b) any resolution which the Trustee reasonably believes to have been properly passed at any meeting of Holders or affected Class of Holders;
- (c) advice and statements of lawyers, accountants and other experts reasonably selected by it or by the Issuer;
- (d) a certificate signed by or on behalf of the Issuer as to any matters of fact which might reasonably be expected to be within the knowledge of the Issuer or that any particular transaction, step or thing is expedient or commercially desirable and not detrimental to the interests of Holders generally or of any Class of Holders generally, as sufficient evidence of such fact or the expediency or desirability of such transaction, step or thing; and
- (e) the statements contained in any certificate or certificates or in any report or reports given pursuant to the provisions of this Deed, as conclusive evidence of the facts stated therein.

- 15.3 **Delegation:** The Trustee, whenever it reasonably believes it expedient in the interests of the relevant Holders to do so, may:

- (a) delegate at any time to any person any of the Trust Powers which cannot conveniently be exercised by it or through its employees, upon such terms and conditions it thinks fit provided that any such delegation shall not relieve the Trustee of its responsibilities under this Deed; and
- (b) authorise any person as it thinks fit to act as its representative at any meeting.

- 15.4 **Trustee's consent:** Any consent given by the Trustee for the purposes of this Deed may be given on such terms and conditions (if any) as the Trustee thinks fit.

- 15.5 **Subscribers' money:** The Trustee shall not be responsible for monitoring the application by the Issuer of the money paid by purchasers of the Bonds.

- 15.6 **Safe custody:** The Trustee may hold or place this Deed and any other documents with any bank or any person whose business includes the undertaking of safe custody of documents or with any lawyer or firm of lawyers (in each case reasonably considered by the Trustee to be of good repute) and the Trustee is not responsible for or required to insure against any loss incurred in connection with that deposit.

- 15.7 **Fiduciary relationship:** The Trustee and any of its related companies and officers may (without having to account to the Issuer or any Holder) engage in any kind of business with the Issuer and its Subsidiaries and may accept fees or other consideration for services without having to account to the Holders.

- 15.8 **Confidentiality:** Unless ordered to do so by law, court order or the Conditions, the Trustee shall not be required to disclose to any Holder any confidential financial or other information made available to the Trustee by the Issuer.

- 15.9 **Listing Rules:** Subject to compliance by the Trustee with its obligations under this Deed and the Securities Regulations 1983 (NZ), the Trustee shall not be required to monitor compliance by the Issuer or any other party with the Listing Rules and, in the absence of notice to the contrary from the Issuer of NZX, shall be entitled to assume that the Issuer is so complying. In the event of non-compliance with the Listing Rules, the Trustee, in determining the action to be taken or not taken by it, shall be entitled to have regard to the actions of NZX, as relevant, in relation to that non-compliance by the Issuer.

MASTER TRUST DEED

16. REPLACEMENT OF TRUSTEE

16.1 **Resignation or removal of Trustee:** Subject to the appointment and acceptance of a successor Trustee as provided in this clause 16:

- (a) the Trustee may resign at any time by giving not less than 90 days' written notice to the Issuer;
- (b) the Issuer may remove the Trustee from office by giving not less than 90 days' written notice to the Trustee; or
- (c) the Holders may remove the Trustee from office by giving not less than 90 days' written notice to the Issuer and Trustee upon the passing of an Extraordinary Resolution of Holders to that effect.

16.2 **Appointment of new Trustee:** Upon such a notice of resignation or removal being given, the Issuer will, subject to clause 16.3, have the right to appoint a successor Trustee, which must be a person who is authorised to act as a trustee under section 48 of the Securities Act.

16.3 **Approval by Extraordinary Resolution:** Where at any time there are Bonds outstanding under this Deed, then the removal of the Trustee pursuant to clause 16.1(b) and the appointment of any successor Trustee pursuant to clause 16.2, shall be subject to approval by an Extraordinary Resolution of Holders.

16.4 **Failure to appoint Trustee:** Other than where the successor Trustee requires approval pursuant to clause 16.3, if a successor Trustee has not been appointed by the Issuer or has not accepted an appointment within 60 days after any such notice, then the retiring Trustee may, on behalf of the Issuer, appoint a successor Trustee. In circumstances where the successor Trustee requires approval by an Extraordinary Resolution of the Holders, any failure of the Issuer to appoint or have approved a successor Trustee will entitle the Holders, by an Extraordinary Resolution, to appoint a new Trustee.

16.5 **Successor Trustee:** Upon the acceptance of any appointment under this clause 16 by a successor Trustee:

- (a) the successor Trustee will succeed to, and become vested with, all the rights, powers and obligations of the retiring Trustee under the Transaction Documents and, as from that time, the retiring Trustee shall be discharged from its rights, powers and obligations; and

- (b) the retiring Trustee must transfer to the successor Trustee all moneys, investments, property and books held by the Trustee under this Deed.

16.6 **Execution of documents:** Upon the acceptance of any appointment under this clause 16 by a successor Trustee, the successor Trustee shall execute all such documents which are necessary or appropriate and in such form as may be required by the other parties to the Transaction Documents, such that the successor Trustee is bound by all the covenants on the part of the Trustee under the Transaction Documents from the date of such appointment. Any appointment of a successor Trustee has no effect until such documents are executed by the successor Trustee.

16.7 **Notice:** The Issuer shall notify all Holders of the appointment of any new trustee as soon as reasonably practicable following such appointment.

17. LIABILITY OF TRUSTEE

17.1 **Trustee not indemnified:** No provision of this Deed shall have the effect of exempting the Trustee from, or indemnifying the Trustee against, liability for wilful breach of trust where the Trustee fails to show the degree of care and diligence required of the Trustee having regard to the Trust Powers and the provisions of this Deed.

17.2 **Duty of care:** Notwithstanding any other provision of this deed but subject to the provisions of any Supplemental Trust Deed, the Trustee does not assume any duty of care to the Issuer, any creditors of the Issuer or any other person other than the Holders (subject to and in accordance with this Deed) in exercising the Trust Powers, and shall not be liable to any person (including the Issuer and any Holders) in any way except for wilful default, negligence or wilful breach of trust where the Trustee has failed to show the degree of care and diligence required of it having regard to the provisions of this Deed.

18. BENEFIT OF DEED

18.1 The Issuer acknowledges, in relation to each Series and the Holders of the Bonds of that Series, that this Deed (including, for the avoidance of doubt, the Supplemental Trust Deeds for that Series) is made for the benefit of, and subject to clause 2.8 is intended to be enforceable by, any person who is from time to time a Holder of the

Bonds of that Series, the Registrar for that Series, and the Trustee.

19. AMENDMENTS

19.1 **Limited right to amend:** Except as provided in clauses 19.2 and 19.4, the Issuer may not cancel, vary or amend any provision of this Deed while any Bonds are outstanding. Any amendment to this Deed must be in writing signed by the Issuer and the Trustee.

19.2 **Amendment without consent:**

(a) In relation to each Class, the provisions of this Deed may be amended without the consent of the Holders of that Class where such amendment (in the opinion of the Issuer and the Trustee):

- (i) is of a minor, formal, administrative or technical nature;
- (ii) is to correct a manifest error;
- (iii) is to comply with the requirements or a modification of the requirements of any applicable law or any rules of any stock exchange in New Zealand or elsewhere;
- (iv) is necessary for the purpose of obtaining or maintaining a quotation of any Bonds on any stock exchange in New Zealand or elsewhere;
- (v) is in respect of any of the provisions for reporting to the Trustee under this Deed or in respect of clauses 13 and 15; or
- (vi) is agreed to by the Trustee pursuant to clause 20.3,

and, in any such case, the Issuer is of the opinion that such amendment will not be materially prejudicial to the interests of Holders generally and the Trustee is of the reasonable opinion that such amendment will not be materially prejudicial to the interests of the Holders generally.

(b) Notice of any such amendment shall be provided to the relevant Holders within 30 days of the amendment being made.

19.3 **Amendments required by law:** Notwithstanding clause 19.2(a)(iii) above, the provisions of this Deed may be amended without the consent of the Holders of any Class where an amendment is (in the reasonable opinion of the Trustee) required in order for the Trustee to comply with its obligations under any applicable law or regulation and the Issuer agrees to make any such amendment

reasonably requested by the Trustee for that purpose.

19.4 **Amendment approved by Holders:** Without limiting clause 19.2, in relation to each Class the provisions of this Deed may be amended if the amendment has been approved by an Extraordinary Resolution of that Class of Holders. Where the relevant Class of Holders holds Bonds from more than one Series, this Deed in respect of each such Series is deemed to be amended in accordance with the amendment approved by that Class of Holders in accordance with this clause 19.4.

19.5 **Single Meeting:** Where an amendment requiring approval of the Holders pursuant to clause 19.4 relates to or arises from any general change in the constitution, affairs or business of the Issuer, such approval shall not be required to be dealt with by way of separate meetings of each such Class of Holders.

19.6 **Notice:** Notice of any proposed variation under clause 19.4 shall be given by the Issuer to each Holder or if it affects one or more Classes of Holders but not all Classes of Holders, to the Holders of each affected Class of Holders not less than 14 days before the date on which it is intended that such variation take effect, but the non-receipt of notice by any such Holder shall not affect the validity of any such variation.

20. WAIVER

20.1 **Temporary Variation:** In addition to, and not in abrogation of or substitution for, clause 19 (but subject to any applicable law and except to the extent expressly provided otherwise in the Conditions applicable to any Bond) the Trustee may, in respect of any Series, temporarily vary the provisions of this Deed applicable to the relevant Bonds, for such period and on such terms as:

- (a) may be deemed appropriate provided that the Trustee shall be satisfied that the interests of the affected Holders generally will not be materially and adversely prejudiced thereby; or
- (b) may be agreed by the Trustee pursuant to and in accordance with clause 20.3.

20.2 **Waivers:** Subject to any applicable law and except to the extent expressly provided otherwise in the Conditions for any Bonds, the Trustee may if it is satisfied that the interests of the Holders generally will not be materially prejudiced thereby, and shall if so directed by an Extraordinary Resolution of

MASTER TRUST DEED

Holders, waive, in whole or in part for a specified period or indefinitely and on such terms and conditions (if any) as may be deemed expedient, any breach or anticipated breach by the Issuer of this Deed or any Conditions of any Bonds.

20.3 **Exemptions:** Except to the extent expressly provided otherwise in the Conditions for any Bonds, if:

- (a) the Issuer is granted an exemption, or an exemption is applicable to the Issuer, in relation to any obligation imposed upon the Issuer by or pursuant to the Securities Act, the Financial Reporting Act 1993 or any other applicable New Zealand or Australian law which is materially the same as or analogous to any obligation of the Issuer under this Deed or any Bonds; and
- (b) two Authorised Officers certify that such amendment, temporary variation or waiver will not have a material adverse effect on the Issuer or be or become materially and adversely prejudicial to the general interests of Holders,

then the Trustee may, in respect of any Series, agree to amend or temporarily vary this Deed or the Conditions for the relevant Bonds or waive any breach or anticipated breach of such obligation in a manner which is consistent with the relevant exemption.

21. MEETINGS AND RESOLUTIONS OF BONDHOLDERS

21.1 **Meetings:** Meetings of Holders and any Class of Holders are to be convened and held in accordance with the provisions of schedule 1.

21.2 **Resolutions of Holders:** Any matter relating to this Deed or the Bonds may be agreed or approved by the relevant Class of Holders by signing (in any number of counterparts) a memorandum in writing, recording the matter so agreed or approved.

22. NOTICES

22.1 **Writing:** Each notice or other communication to be given or made under this Deed to any person must:

- (a) **Writing:** be given or made in writing by fax or letter and be signed by the sender or an authorised officer of the sender;
- (b) **Address:** be given or made to the recipient at the address or fax number, and marked for the attention of the person (if any), from time to

time designated by the recipient to the other for the purposes of this Deed or the Bonds;

- (c) **Deemed delivery:** not be effective until received by the recipient, and any such notice or communication shall be deemed to be received:
 - (i) (if given or made by letter) when left at the address of the recipient or 5 Business Days after being put in the post (by airmail if to another country), postage prepaid, and addressed to the recipient at that address; or
 - (ii) (if given or made by fax) upon production of a transmission report by the machine from which the fax was sent which indicates that the fax was sent in its entirety to the fax number of the recipient,

provided that any notice or communication received or deemed received after 5pm on a Business Day in the place to which it is sent, or on a day which is not a Business Day in that place, shall be deemed not to have been received until the next Business Day in that place.

22.2 **Initial address and numbers:** The initial address, fax number and person (if any) designated for the purposes of this Deed, are set out below:

(a) **The Issuer:**

Works Finance (NZ) Limited
14 Amelia Earhart Avenue
Airport Oaks, Auckland
Phone No: (09) 256 9810
Fax No: (09) 256 9811
Attention: Jan Johnson

(b) **The Trustee:**

Perpetual Trust Limited
PO Box 3376, Shortland Street
Auckland
Phone No: (09) 366 3298
Fax No: (09) 303 2696
Attention: Regional Manager – Corporate Trust

(c) **The Holders:**

The address of each Holder last entered in the Register.

22.3 **Joint Holders:** In the case of joint holders of Bonds a notice given to the Holder whose name stands first in the Register in respect of

such holding shall be sufficient notice to all the joint holders.

23. GENERAL

- 23.1 **Registration of deed:** If the Issuer proposes to issue a Series, it shall promptly, at its own cost, register this deed, the relevant Supplemental Trust Deeds in respect of that Series and any amendment to this deed or such Supplemental Trust Deeds as required by the Securities Act and/or any other applicable law and shall pay all costs and expenses incidental to doing so.
- 23.2 **Waivers and remedies:** Time shall be of the essence of this Deed but no delay in acting, or failure to act, by a Holder is a waiver of any of that Holder's rights, nor will any single or partial exercise of any right, power or remedy preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights provided in this Deed do not exclude any rights provided by law.
- 23.3 **Partial invalidity:** An invalid provision in this Deed shall not affect the enforceability of the remaining provisions of this Deed.
- 23.4 **Further issues:** The Issuer may from time to time, without the consent of the Holders, issue Bonds or issue or guarantee other debt obligations on such other terms and conditions as the Issuer may think fit.
- 23.5 **Documents:** Copies of this deed, the relevant Supplemental Trust Deed, the Offer Document relating to Bonds held by the relevant Holder and the Agency Agreement in relation to the relevant Series and any other Transaction Document in relation to the relevant Series will be made available by the Issuer for inspection during usual business hours by any Holder at the office of the Issuer (or such other office as the Issuer may notify the Holders from time to time) which, at the date of this deed, is as specified in clause 22.2(a). Each Holder will be deemed to have notice of the provisions of this Deed and each other Transaction Document in relation to the relevant Series.
- 23.6 **Survival:** The indemnities given in this Deed will survive the repayment of all the Bonds and the termination of this Deed.
- 23.7 **Remedies cumulative:** The rights, powers and remedies provided in this Deed are cumulative and not exclusive of any rights, powers or remedies provided by law.

- 23.8 **Counterparts:** This deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute this deed by signing any such counterpart (by fax or otherwise).

24. GOVERNING LAW

- 24.1 **Governing law:** This deed shall be construed and take effect as a contract and declaration of trust made in New Zealand and shall be governed by New Zealand law.
- 24.2 **Submission to jurisdiction:** The Issuer and the Trustee submit to the non-exclusive jurisdiction of the New Zealand courts for the purpose of any legal proceedings arising out of this Deed.

SIGNED AS A DEED

by WORKS FINANCE (NZ) LIMITED and PERPETUAL TRUST LIMITED

MASTER TRUST DEED

SCHEDULE 1

MEETINGS OF HOLDERS

1. DEFINITIONS

1.1 In these provisions:

“Appointed Time” means the day and time at which any meeting of Holders or the taking of a poll of Holders (not at a meeting of Holders) is due to be held.

“Extraordinary Resolution” means a resolution passed:

- (a) at a meeting of Holders, properly convened and held in accordance with the provisions of this schedule, at which not less than three fourths of the persons voting upon a show of hands or, if a poll is properly demanded, not less than 75% of the votes given on such a poll voted in favour of the resolution; or

- (b) in accordance with regulation 16.

“Proxy Closing Time” means 48 hours before the Appointed Time of the relevant meeting of Holders or taking of a poll of Holders.

“regulation” means a clause of this schedule.

“Representative” means:

- (a) in the case of an individual Holder, a person appointed by an instrument of proxy or by power of attorney or, in the event of the death of a Holder, the personal representative of that Holder;
- (b) in the case of a Holder which is a corporation or corporation sole either:
 - (i) a person appointed by an instrument of proxy or by power of attorney; or
 - (ii) a person authorised by the directors of the corporation, or in the case of a corporation sole, a person authorised pursuant to its constitution.

- 1.2. **Classes:** In this schedule, references to “Bonds” and “Holders” are references to the Bonds of the relevant Class of Bonds only and the Holders of the Bonds of the relevant Class of Bonds only.

2. CONVENING

- 2.1 **Meeting required by law:** The Issuer shall, whenever required to do so pursuant to the Companies Act or the Securities Act or any other applicable law, convene a meeting of the Holders.

- 2.2 **By Holders:** The Issuer shall, at the request in writing of Holders holding not less than 10% of the aggregate Principal Amount of the Bonds,

convene a meeting of the Holders. The request must state the nature of the business proposed to be dealt with at the meeting concerned.

- 2.3 **By Issuer:** The Issuer may at any time of its own volition convene a meeting of the Holders.

- 2.4 **By Trustee:** In relation to any Class of Bonds, the Trustee may at any time of its own volition (after such consultation with the Issuer which is reasonable in the circumstances as to the nature of the business the subject of the proposed meeting) convene a meeting of Holders of that Class. The Trustee shall not be obliged to convene a meeting of the relevant Holders pursuant to this regulation until it has been indemnified to its satisfaction (acting reasonably) against all costs and expenses to be incurred in relation to that meeting.

- 2.5 **Place of meeting:** Each meeting will be held in Auckland or at such other place as designated by the Issuer.

- 2.6 **Regulations:** Meetings of Holders shall be convened and held in accordance with the provisions of this schedule or such supplemental rules or procedures for meetings, and/or variations to the rules and procedures applying to such meeting set out in this schedule, as the Trustee and the Issuer may agree from time to time.

3. NOTICE OF MEETINGS

- 3.1 **Persons to be notified:** Notice of every meeting shall be given in the manner provided in clause 22 of this Deed to:

- (a) every Holder entered in the Register as at the close of business five Business Days prior to the date of despatch of the notice;
- (b) every personal representative or assignee in bankruptcy of any such Holder who, to the actual knowledge of the Issuer, is deceased or insolvent as the case may be;
- (c) the Issuer, if the meeting is convened by the Trustee;
- (d) the Trustee, if the meeting is convened by the Issuer; and
- (e) if the relevant Bonds are listed, any stock exchange on which those Bonds are listed.

- 3.2 **Time for notification:** Subject to regulation 4.5, at least 14 days’ notice of every meeting will be given. The notice will be exclusive of the day on which it is served or deemed to be served and of the day for which it is given.

- 3.3 **Contents of notice:** The notice will specify the place and Appointed Time of the meeting and the general nature of the business to be transacted. It will not be necessary to specify in the notice the terms of the resolutions to be proposed, except in the case of a resolution proposed to be passed as an Extraordinary Resolution in which case the text of the proposed resolution must be set out.
- 3.4 **Prior notification of Trustee:** The Issuer shall, at least 10 days before the Issuer gives notice of a meeting, advise the Trustee in writing of the intended place and time of the meeting and the nature of the business to be conducted and shall obtain the prior written approval of the Trustee to any documents it proposes to send to the relevant Holders (such approval not to be unreasonably withheld or delayed). If the Trustee so requires, the documents shall include any statement which the Trustee wishes to make in relation to the meeting and the matters to be considered at it.
- 3.5 **Short or informal notice:** Notwithstanding any other provision of this regulation 3, a meeting may be called by shorter notice than that specified in regulation 3.2, or without any formal notice, and without compliance with regulation 3.3, and shall be deemed to have been duly called if it is so agreed by all Holders before, at or after that meeting.
- 3.6 **Accidental omission:** The accidental omission to give notice to, or the non-receipt of notice by, any person (other than the Trustee) entitled to receive notice will not invalidate the proceedings at any meeting.
- 4. QUORUM**
- 4.1 **Quorum required:** No business will be transacted at any meeting unless the requisite quorum is present at the commencement of business.
- 4.2 **Quorum for Extraordinary Resolution:** Subject to regulation 4.4, the quorum for passing an Extraordinary Resolution will be two or more Holders (present in person or by Representative) holding or representing a majority in Principal Amount of the Bonds. If there is only one Holder of the Bonds, that Holder (present in person or by Representative) will constitute the quorum for passing an Extraordinary Resolution.
- 4.3 **Quorum for other business:** Subject to regulation 4.4, the quorum for the transaction of any business other than the passing of an Extraordinary Resolution will be the Holders present in person or by Representative of at least 10% in Principal Amount of the Bonds.
- 4.4 **Quorum not present:** If, within 15 minutes (or any longer time not exceeding 45 minutes as the chairman of the meeting may decide) after the Appointed Time, a quorum is not present the meeting, if convened at the request of Holders, will be dissolved. In any such case it will be adjourned to a day and time (not being less than 14 days later) and to a place as may be appointed by the chairman of the meeting. At such adjourned meeting all the Holders present in person or by Representative will be a quorum for the transaction of business including the passing of Extraordinary Resolutions.
- 4.5 **Notice of adjourned meeting:** Notwithstanding regulation 3.1, notice of any such adjourned meeting of Holders at which an Extraordinary Resolution is to be submitted shall be given to the same persons as those who were given notice of the original meeting and otherwise will be given in the same manner as for an original meeting (except that only seven clear days' notice will be required) and such notice will state that the Holders present in person or by Representative at the adjourned meeting will form a quorum whatever the Principal Amount of Bonds held by them.
- 5. CHAIRMAN**
- 5.1 **Series:** A person nominated by the Trustee shall preside at every meeting of Holders. If no such person is nominated or if at any meeting the person nominated is not present within 15 minutes after the time appointed for holding the meeting, the Holders or Representatives present shall appoint a person to be chairman of the meeting.
- 6. RIGHT TO ATTEND AND SPEAK**
- 6.1 Any:
- (a) director, officer or solicitor, auditor or accountant of the Issuer;
 - (b) person appropriately authorised by the Issuer;
 - (c) director, officer or solicitor of the Trustee; or
 - (d) person appropriately authorised by the Trustee,
- may attend any meeting and all such persons will have the right to speak at the meeting.
- 7. ADJOURNMENT**
- 7.1 **Chairman may adjourn:** The chairman of the meeting may, with the consent of the meeting at which a quorum is present, and will, if so directed

MASTER TRUST DEED

by the meeting, adjourn the meeting from time to time and from place to place.

- 7.2 **Business at adjourned meeting:** No business will be transacted at any adjourned meeting except business which might have been lawfully transacted at the meeting from which the adjournment took place.

8. ONLY PERSONS ON REGISTER RECOGNISED BY COMPANY

- 8.1 The persons named as Holders in the Register at the Proxy Closing Time will be recognised and treated as the legal owners of the Bonds whether those persons are or are not in fact the beneficial owners of those Bonds.

9. AUTHORITY TO VOTE

- 9.1 **Voting:** An individual Holder may vote personally or by his Representative and a Holder which is a corporation may vote by its Representative. A Holder may appoint more than one Representative, each such Representative being authorised to act on behalf of the Holder in respect of a specified Principal Amount of Bonds.

- 9.2 **Entitlement:** The persons named in the Register as Holders at the Proxy Closing Time, or the Representative(s) or the personal representatives or assignees in bankruptcy of any such Holder will be exclusively entitled to vote in person or by Representative in respect of the Bonds recorded as owned by them.

10. PROXIES

- 10.1 **In writing:** The instrument appointing a proxy must be in writing signed by the appointer or his attorney or, if the appointer is a corporation, either by an authorised officer or attorney or by any director, general manager, investment manager or other person who appears to have authority to appoint a proxy on behalf of the corporation.

- 10.2 **Proxy need not be Holder:** A person appointed to act as a proxy need not be a Holder. A holder of a proxy will have the right to speak at the meeting.

- 10.3 **Deposit of proxy:** The instrument appointing a proxy, and, if applicable, the power of attorney or other authority under which it is signed or a copy of such power or authority certified by a solicitor or in any other manner approved by the Issuer, must be deposited at the place appointed by the Issuer in the notice convening the meeting (or, if no such place is appointed, then at the registered office of the Issuer) not later than the Proxy Closing Time. An instrument of proxy which is not so

deposited will not be treated as valid unless the Issuer, in its absolute discretion, elects to accept any instrument of proxy notwithstanding that that instrument, or any power of attorney or other authority, is received or produced at a place other than that specified above or out of time.

- 10.4 **Form of proxy:** An instrument of proxy may be in any usual or common form or in any other form approved by the Issuer and may make provision for directions to be given by the grantor to vote in favour of or against any proposed resolution.

- 10.5 **Proxy valid for meeting:** An instrument of proxy, whether in a usual or common form or not, will, unless the contrary is stated thereon, not need to be witnessed and will be valid for the meeting to which it relates and for any adjournment of that meeting. Notwithstanding any provisions contained in an instrument of proxy, no instrument of proxy will be valid after the expiration of 12 months from the date of its execution notwithstanding any provision to the contrary in the instrument, but this provision will not be construed to apply to the appointment of an attorney or Representative otherwise than by an instrument of proxy.

- 10.6 **Proxy in favour of chairman:** An instrument of proxy in favour of:

- (a) the chairman of the Issuer;
- (b) the chairman; or
- (c) the chairman of the meeting,

(however expressed) will be valid and effectual as though it were in favour of a named person and will, in the case of paragraph (a) above, constitute the person holding the office of the chairman of the Issuer or, in the case of paragraph (c) above, the person who chairs the meeting for which the proxy is used (whether on adjournment or not) the lawful proxy of the appointer.

11. HOLDER MAY APPOINT ATTORNEY

- 11.1 Except where a Holder is the Issuer or any of its Subsidiaries, any Holder may by power of attorney appoint an attorney (who need not be a Holder) to vote and act on his behalf at any meeting. An attorney will be entitled to produce evidence of his appointment at any time before the Appointed Time. An attorney who is so empowered may exercise the Holder's right to appoint a proxy.

12. CORPORATE REPRESENTATIVES

- 12.1 **Authority:** A Representative of a Holder which is a corporation or a corporation sole will, until his authority is revoked, be entitled to exercise the

same powers on behalf of the corporation as that corporation could exercise if it were an individual Holder and will be entitled to produce evidence of his authority to act at any time before the Appointed Time of, or at, the meeting or adjourned meeting or for the taking of a poll at which the Representative proposes to vote.

- 12.2 **Right to act:** A Representative will have the right to demand or join in demanding a poll and will (except and to the extent to which the Representative is specially directed to vote for or against any proposal) have power generally to act at the meeting for the Holder concerned.

13. VOTING PROCEDURE AND POLLS

- 13.1 **Show of hands:** A resolution put to the vote of a meeting will be decided on a show of hands unless a poll is demanded (before or on the declaration of the result of the show of hands) by:

- (a) the chairman of the meeting; or
- (b) the Issuer or any representative of the Issuer; or
- (c) one or more Holders holding or representing not less than 5% in aggregate Principal Amount of the Bonds.

A declaration by the chairman of the meeting that a resolution has been carried by the requisite majority or lost will be conclusive evidence of that fact unless a poll is demanded.

- 13.2 **Number of votes:** On a show of hands each person present at the meeting and entitled to vote (whether personally or as a Representative) will have one vote only. On a poll every Holder who is present in person or by a Representative will have one vote for every \$1 of Principal Amount of the Bonds of which that person is the Holder as at the date of the meeting. On a poll votes may be given either personally or by Representative and a person entitled to more than one vote need not use all their votes or cast all the votes they use in the same way.
- 13.3 **Poll:** If a poll is demanded it will be taken in the manner directed by the chairman of the meeting and the result of the poll will be deemed to be the resolution of the meeting at which the poll was demanded.
- 13.4 **Chairman has casting vote:** In the case of an equality of votes, whether on a show of hands or on a poll, the chairman of the meeting at which the show of hands took place or at which the poll is demanded will be entitled to a casting

vote in addition to the votes (if any) to which the chairman may be entitled as a Holder or on behalf of Holders.

- 13.5 **Election of chairman:** A poll demanded on the election of a chairman of the meeting or on a question of adjournment will be taken immediately. A poll demanded on any other question will be taken either immediately or at a time within 30 days from the date of the meeting and in a place appointed by the chairman. The result of the poll will be deemed to be the resolution of the meeting at which the poll was demanded. No notice need be given of a poll not taken immediately.

- 13.6 **No disturbance:** The demand for a poll will not prevent the continuance of a meeting for the transaction of business other than the question in relation to which the poll has been demanded.

- 13.7 **Joint Holders:** In the case of joint Holders the vote of the senior who tenders a vote whether in person or by Representative will be accepted to the exclusion of the vote of the other joint Holders and for this purpose seniority will be determined by the order in which the names stand in the Register in respect of the joint holding.

- 13.8 **Disqualification:** A vote given in accordance with the terms of an instrument of proxy or power of attorney or other authority will be valid notwithstanding the previous death, insanity or (in the case of a corporation) liquidation of the principal or revocation of the proxy or power of attorney or authority or the transfer of the Bonds in respect of which the vote is given, provided that no written notice of such death, insanity, liquidation, revocation or transfer is received by the Issuer at its registered office before the commencement of the meeting or adjourned meeting at which the proxy, attorney or authority is used.

- 13.9 **Voting by Issuer:** Notwithstanding any other regulation, any Bonds held by or on behalf of the Issuer or any of its Subsidiaries shall not confer any right to vote for the period that they are so held.

14. EXTRAORDINARY RESOLUTIONS

- 14.1 **Powers:** A meeting of Holders will, in addition to all other powers which by this Deed are specified as exercisable by Extraordinary Resolution, have the following powers exercisable by Extraordinary Resolution namely power to:

- (a) sanction either unconditionally or upon any conditions the release of the Issuer from the

MASTER TRUST DEED

payment of all or any part of the moneys payable pursuant to this Deed or the Bonds;

- (b) sanction any request from the Issuer for the exchange of the Bonds for, or the conversion of the Bonds into, shares, stock, debentures, debenture stock or other obligations or securities of the Issuer or any other company formed or to be formed;
- (c) postpone or, with the concurrence of the Issuer, to accelerate the day when the Principal Amount of any Bonds becomes payable and to suspend or postpone for a time the payment of interest on any Bonds;
- (d) sanction any alteration, release, modification, waiver, variation, or compromise or any arrangement relating to the rights of the Holders against the Issuer or its assets however those rights arise;
- (e) assent to any amendment to the terms of this deed or the relevant Supplemental Trust Deed proposed or agreed to by the Issuer (and, where required, the Trustee) and to authorise the Trustee to execute any Supplemental Trust Deed embodying any such amendment;
- (f) give any sanction, assent, release or waiver of any breach or default by the Issuer or the Trustee under any of the provisions of this deed or the relevant Supplemental Trust Deed;
- (g) sanction any scheme for the reconstruction of the Issuer or for the amalgamation of the Issuer with any other corporation where such sanction is necessary;
- (h) subject to section 62 of the Securities Act, discharge, release or exonerate the Trustee from all liability in respect of any act of commission or omission for which the Trustee has or may become responsible under this Deed;
- (i) subject to the provisions of this Deed, remove any Trustee and to approve the appointment of or appoint a new Trustee;
- (j) consent to, approve, authorise and direct the Trustee in respect of any of the matters referred to in any of the foregoing paragraphs of this regulation 14.1, or as to any other matter which may be necessary to carry out and give effect to any Extraordinary Resolution;
- (k) authorise or direct the Trustee and if required, the Issuer to execute any supplemental deed or other document embodying such sanction,

authority or approval, assent, release, waiver, direction or request.

14.2 Binding on Holders: An Extraordinary Resolution passed by Holders in accordance with this schedule will be binding upon all the Holders whether or not they were present or entitled to be present at the relevant meeting, or signed the relevant resolution pursuant to regulation 16, as the case may be, and all Holders will be bound to give effect to that resolution. The passing of any such resolution will, as between the Issuer and the Holders, be conclusive evidence that the circumstances justify the passing thereof. Notwithstanding the foregoing:

- (a) a resolution which affects a particular Holder only, rather than the rights of all Holders generally, or of a particular Class of Holders generally, will not be binding on such Holder unless such Holder agrees to be bound by the terms of such resolution;
- (b) a resolution which affects one Class only of Bonds is deemed to have been duly passed if passed at a properly convened and held meeting of the Holders of that Class or pursuant to regulation 16;
- (c) a resolution which affects more than one Class of Bonds, but does not give rise to a conflict of interest between the Holders of any of the Classes so affected, is deemed to have been duly passed if passed at a single properly convened and held meeting of the Holders of all Classes so affected or pursuant to regulation 16; and
- (d) a resolution which affects more than one Class of Bonds and gives or may give rise to a conflict of interest between the Holders of any of the Classes so affected is deemed to have been duly passed if passed at separate properly convened and held meetings of the Holders of each Class so affected or pursuant to regulation 16.

14.3 Reliance on advice: The Issuer and the Trustee may rely on, and the Holders and the Registrar for the relevant Class shall be bound by, a legal opinion from a leading law firm in New Zealand to the effect that a resolution affects one Class only or, if it affects more than one Class of Bonds, does not give rise to a conflict of interest, for the purposes of determining the meeting or meetings which need to be held for the purposes of regulation 14.2.

15. MINUTES TO BE KEPT

- 15.1 Minutes of all resolutions and proceedings at every meeting will be made by the Issuer or, if the Issuer is not present at the meeting, by a person appointed by the chairman of the meeting. Minutes must be entered in books from time to time provided for that purpose by the Issuer. Any such minutes, if signed or apparently signed by the chairman of the meeting at which a resolution was passed or proceedings had or by the chairman of the next meeting of Holders, will be prima facie evidence of the matters recorded in those minutes. Until the contrary is proved every meeting in respect of which minutes have been made will be deemed to have been properly held and convened and all resolutions passed or proceedings had at that meeting to have been properly passed and had.

16. RESOLUTIONS IN WRITING

- 16.1 **Extraordinary Resolution:** Anything that may be done by Holders by a resolution or Extraordinary Resolution passed at a meeting of Holders may be done by a resolution in writing signed by not less than 75% of the Holders having the right to vote on that resolution, holding in aggregate Bonds conferring the right to cast not less than 75% of the votes which could be cast on that resolution.
- 16.2 **Counterparts:** Any such resolution may consist of several documents in similar form, each signed by one or more Holders.
- 16.3 **Execution:** Any such resolution may be signed by a Holder, or an agent or attorney of the Holder duly authorised in writing, or if the Holder is a company, by a director, or by an attorney so authorised by the company.

MASTER TRUST DEED

SCHEDULE 2

FORM OF DIRECTORS REPORTING CERTIFICATE

1. This report is given by the undersigned Directors of Works Finance (NZ) Limited (“**Issuer**”) pursuant to clause 10.3(c) of the Master Trust Deed dated 27 May 2009 between the Issuer and Perpetual Trust Limited, as trustee (“**Trust Deed**”) in connection with [specify relevant series].
 2. Unless the context otherwise requires, terms defined in the Trust Deed have the same meaning herein.
 3. We, the undersigned, hereby state that as at the last day of the financial [year] [half-year] ending on [X] (“**Reporting Date**”), to the best of our knowledge and belief having made all due inquiries, and, during the immediately preceding financial [year] [half-year]:
 - 3.1 [Here state any matter, or state if there is no matter, which has arisen relating to the Issuer which would materially and adversely affect the ability of the Issuer to perform its obligations under the Trust Deed and the Bonds or which adversely affects the Holders]
 - 3.2 the Issuer has observed and complied with all provisions expressed to be binding upon it under the Trust Deed and any relevant Supplemental Trust Deed in respect of Bonds including the payment of all interest on, and the Principal Amount in respect of, the Bonds;
[If the Issuer has not so complied and observed the provisions of the Trust Deed or any Supplemental Trust Deed set out the particulars of the contravention and proposals to remedy the same]
 - 3.3 no Event of Default has occurred;
[If any Event of Default has occurred, set out the particulars of the Event of Default and, if appropriate, details of how it has been, or is proposed to be, remedied]
 - 3.4 the Principal Amount of Bonds (if any) which have been repaid on maturity is \$[X], details of which are set out below:
[set out details of Bonds which have been repaid on maturity in the immediately preceding financial year]
 - 3.5 all interest due on the Bonds has been paid;
[If any interest has been suspended in respect of Bonds in the immediately preceding financial [year][half year], provide details]
 - 3.6 each Register in respect of a Series has been duly maintained in accordance with the Trust Deed;
[If any Register in respect of a Series has not been duly maintained set out the particulars of the failure to maintain]
 - 3.7 each financial covenant set out in the Supplemental Trust Deed relating to the Bonds has been complied with in accordance with its terms;
[Here set out details, including all financial information and calculations necessary to demonstrate compliance with each financial covenant or ratio]
 4. As at the date of this certificate, having considered the financial position (including contingent liabilities) of the Issuer as a going concern (which the Directors are satisfied will be the case) and such budgets, reports, projections, certificates and assurances as they deem necessary and the anticipated trading transactions and sources of finance arranged or capable of being arranged during the 12 months from the Reporting Date, to the best of our knowledge and belief the Issuer will be able to meet all its liabilities (including maturing Bonds and interest on Bonds) which fall due or are anticipated to become payable during the 12 months from the Reporting Date in accordance with accepted commercial practice.
 5. As at the date of this certificate:
 - 5.1 the aggregate Principal Amount of the Bonds outstanding is \$[X]; and
 - 5.2 the amount of any accrued but unpaid interest relating to the outstanding Bonds is \$[X].
- This report is given on the day of [] 20[XX]

Authorised Signatory

Authorised Signatory

SCHEDULE 3**PARTICULARS OF BONDS IN REGISTER**

1. Series number and if applicable, Tranche number
2. Type of Bond
3. Issue Date
4. First Interest Accrual Date
5. Early repayment date
6. Maturity Date
7. Principal Amount
8. Name, address and (where known) tax residency of Holder
9. Minimum Principal Amount
10. Interest Rate
11. Interest Payment Dates
12. Details of the account to which payments in respect of the Bond are to be made
13. Transfers of the Bond
14. Cancellation of the Bond
15. Details of any resident withholding tax exemption certificates held by Holder
16. Any other information required by law

SUPPLEMENTAL TRUST DEED

CONTENTS

1.	INTERPRETATION	127
2.	TERMS OF BONDS	130
3.	INTEREST PAYMENT AND TRANSFER	131
4.	CONDITIONS PRECEDENT	132
5.	REPRESENTATIONS AND UNDERTAKINGS	132
6.	MISCELLANEOUS	134
	SCHEDULE 1	135
	SCHEDULE 2	138
	SCHEDULE 3	140

DEED dated 27 May 2009

PARTIES

WORKS FINANCE (NZ) LIMITED (“Issuer”)
PERPETUAL TRUST LIMITED (“Trustee”)

INTRODUCTION

This deed is a Supplemental Trust Deed entered into pursuant to clause 2.5 of the Master Trust Deed to provide for the constitution and issue of the Bonds described in this Supplemental Trust Deed.

COVENANTS

1.1 INTERPRETATION

1.1 **Master Trust Deed:** The terms of the Master Trust Deed (including, without limitation, the definitions, rules of construction and the miscellaneous provisions of clauses 1.1, 1.2 and 1.4 respectively of the Master Trust Deed) shall apply in this Supplemental Trust Deed and to the Bonds constituted by this Supplemental Trust Deed except to the extent modified in this Supplemental Trust Deed. To that extent, or in the event of any conflict between the provisions of this Supplemental Trust Deed and those of the Master Trust Deed, the provisions of this Supplemental Trust Deed shall prevail over those of the Master Trust Deed.

1.2 **Additional or modified defined terms:** In this Supplemental Trust Deed, unless the context otherwise requires:

“**Adjusted Rental Expense**” means, in respect of any period, an amount equal to 33.33% of the sum of the rental and other obligations required to be paid during such period by the Parent or any of its Subsidiaries as lessee under all leases of real or personal property constituting plant or equipment for that period (excluding Capital Leases and excluding any amount required to be paid by the lessee whether or not therein designated as rental or additional rental on account of maintenance and repairs, insurance, taxes, assessments, water rates and similar charges), as shown in the Financial Statements prepared for that period or, if no Financial Statements were prepared in respect of that period, as would be shown in Financial Statements if they were prepared for that period (or as otherwise certified by the finance director or chief financial officer of the Parent in accordance with the then current accounting practice on a reasonable basis and in good faith).

“**Agency Agreement**” means the registry services agreement dated 7 March 2007 between the Issuer and the Registrar.

“**Bond Moneys**” means, at any time, the Principal Amount, interest and other moneys payable on the Bonds and all other moneys payable to, or at the direction of, the Trustee or to any Holder, at that time under or pursuant to the Transaction Documents and a reference to “**Bond Moneys**” includes any part of them.

“**Bonds**” means the unsecured, unsubordinated, fixed rate debt instruments which are to be issued pursuant to this Supplemental Trust Deed.

“**Calculation Agent**” means the Issuer notwithstanding any provision in the Master Trust Deed.

“**Capital Lease**” means, at any time, a lease with respect to which the lessee is required concurrently to recognise the acquisition of an asset and the incurrence of a liability in accordance with current accounting practice.

“**Change of Control**” means an event where at any time, any person together with its Associates (as that term is defined in the Corporations Act) acquires 50% or more of the voting power (as that term is defined in section 610 of the Corporations Act) of the Parent and there is a Ratings Decline within 90 days of the change of control event referred to in this definition.

“**Closing Date**” means 24 June 2009 or such other date that the Issuer may determine.

“**Consolidated Group EBIT**” means, at any time, the EBIT of the Group over the preceding twelve months.

“**Consolidated Group Total Tangible Assets**” means, at any time, the Total Tangible Assets of the Group.

“**Consolidated Guarantor EBIT**” means, at any time, the EBIT of the Guarantors over the preceding twelve months.

“**Consolidated Guarantor Total Tangible Assets**” means, at any time, the Total Tangible Assets of the Guarantors.

“**Corporations Act**” means the Corporations Act 2001 of Australia.

“**Credit Rating**” means the long term credit rating assigned to a company by the Rating Agency from time to time.

“**Debt-to-Capitalisation Percentage**” means the percentage of:

SUPPLEMENTAL TRUST DEED

- (a) Net Debt of the Group; to
- (b) Total Capitalisation.

“Deed of Release” means a deed of release entered into substantially in the form set out in Schedule 2, or such other form as the Issuer and the Trustee may agree in writing from time to time (but in any event prior to the execution thereof).

“EBIT” means, in relation to a group in respect of any period, the consolidated profit of that group:

- (a) prior to items separately disclosed as material one off events, plus
- (b) the amount of any Relevant Tax (other than in respect of extraordinary items); and
- (c) Interest Expense,

for that period as determined from the Financial Statements for that period or, if no Financial Statements were prepared in respect of that period, as would be determined from Financial Statements if they were prepared for that period.

“Finance Debt” means any indebtedness, present or future, actual or contingent in respect of money borrowed or raised or any financial accommodation whatever. It includes indebtedness under or in respect of a negotiable or other financial instrument, Relevant Guarantee, interest, gold or currency exchange, hedge or other arrangement of any kind, redeemable share, discounting arrangement, Capital Lease, hire purchase, deferred purchase price (for more than 90 days) of an asset or service or an obligation to deliver goods or other property or provide services paid for in advance by a financier or in relation to another financing transaction. It excludes amounts payable under commodity hedging arrangements which are entered into in the ordinary course of trading and which are of a non-speculative nature.

“Financial Statements” means:

- (a) a profit and loss statement;
- (b) a balance sheet; and
- (c) a statement of cash flows,

together with any notes to those documents and a directors’ declaration as required under the Corporations Act.

“First Interest Accrual Date” means the date on which an initial Holder’s subscription moneys for the Bonds have been banked.

“Guarantee” means, in respect of a guarantor, the guarantee entered into by that guarantor substantially in the form set out in Schedule 1, or

such other form as the Trustee may approve in writing from time to time (but in any event prior to the execution thereof).

“Guarantor” means any company which is a guarantor under a Guarantee.

“Interest” means interest payable on the Bonds in accordance with this Supplemental Trust Deed.

“Interest Expense” means, in relation to a group in respect of a period, the amount determined from the Financial Statements for that period, or if no Financial Statements were prepared in respect of that period, the amount which would be determined from Financial Statements if they were prepared in respect of that period, to be:

- (a) the sum of:
 - (i) all interest and any other amounts in the nature of interest or of similar effect to interest (including all line, facility, letter of credit, guarantee and similar fees and other amounts of a regular or recurring nature payable in relation to Finance Debt) paid or payable by each member of the group during that period; and
 - (ii) any amounts paid or payable during that period by each member of the group under any interest rate hedging arrangements; less
- (b) the sum of:
 - (i) all interest and amounts in the nature of interest which is received or receivable during that period by each member of the group; and
 - (ii) any net amounts received or receivable during that period by each member of the group under any interest rate hedging arrangements.

“Interest Payment Date” means, in relation to a Bond, 15 September 2009 and 15 December 2009 and thereafter 15 March, 15 June, 15 September and 15 December, in each year prior to the Maturity Date, and the Maturity Date.

“Interest Rate” means the rate determined by the Issuer, in the manner specified in the Offer Document, following the close of the Offer on the Rate Set Date, which will be announced by notice on www.works.co.nz/bonds and by press release to NZX on the Rate Set Date.

“Interest Service Coverage Ratio”, for any period, means the ratio of:

- (a) the sum of Consolidated Group EBIT and Adjusted Rental Expense for such period; to
- (b) the sum of Interest Expense and Adjusted Rental Expense for such period.

“Issue Date” means, in relation to a Bond, 30 June 2009 or such other date determined by the Issuer in the event the Closing Date is not 24 June 2009.

“Limited Recourse Borrowing” means Finance Debt provided to a Project Finance Subsidiary on the basis that the lender only has recourse to the assets of the Project Finance Subsidiary and none of the Guarantors provides any guarantee of such Finance Debt other than prior to satisfaction of a completion test.

“Master Trust Deed” means the master trust deed dated 27 May 2009 between the Issuer and the Trustee.

“Maturity Date” means 15 September 2012.

“Moody’s” means Moody’s Investors Service Inc or Moody’s Investors Service Pty Limited (ACN 003 399 657), each member of the group of companies of which those companies are a member, and their respective successors and assigns.

“Net Debt” means, in relation to any group at any time, the total amount of all Finance Debt (excluding any performance bond) of the group or entity at such time less the total amount of all cash or cash equivalents of the group or entity at such time, in each case determined on a consolidated basis in accordance with the then current accounting practice (including any contingent support covering borrowings in any nonconsolidating entity) except that cash or cash equivalents in a Subsidiary of the Parent that is neither the Issuer nor a Guarantor may only be deducted from the Finance Debt of that Subsidiary up to a maximum amount equal to the Finance Debt of that Subsidiary.

“Net Worth” means at any time Total Assets less Total Liabilities at that time.

“NZDX” means the market for debt securities operated by NZX.

“Opening Date” means 3 June 2009.

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

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

“Project Finance Subsidiary” means a Subsidiary of the Parent which raises Limited Recourse Borrowings to finance the acquisition or development of assets.

“Rate Set Date” means the date on which the Interest Rate is determined by the Issuer.

“Rating Agency” means Fitch Australia Pty Limited (ACN 081 339 184) or such other rating agency selected by the Issuer and approved by the Trustee.

“Ratings Decline” means a fall in the Parent’s Credit Rating below BBB- (or the equivalent rating issued by Moody’s or S&P), or a withdrawal of the Parent’s Credit Rating.

“Registrar” means Computershare Investor Services Limited or any successor agent appointed under the Agency Agreement.

“Relevant Guarantee” means any guarantee, indemnity, letter of credit, legally binding letter of comfort or suretyship. It includes any other obligation or irrevocable offer (whatever called and of whatever nature):

- (a) to pay or to purchase;
- (b) to provide funds (whether by the advance of money, the purchase of or subscription for shares or other securities, the purchase of assets, rights or services, or otherwise) (including by any cash deficiency undertaking or similar arrangement) for the payment or discharge of;
- (c) to indemnify against the consequences of default in the payment of; or
- (d) to be responsible otherwise for, an obligation or debt of another person, a dividend, distribution, capital or premium on shares or other interests, or the solvency or financial condition of another person. It excludes any performance bond or guarantee, on account of the performance of any obligation in the ordinary course of business which does not relate to Finance Debt, of a partnership or joint venture or any Subsidiary of it.

“Relevant Tax” means taxes, levies, imposts, charges and duties (including stamp and transaction duties) imposed by any authority together with any related interest, penalties, fines and expenses in connection with them.

SUPPLEMENTAL TRUST DEED

“S&P” means Standard & Poor’s (Australia) Pty Limited (ACN 007 324 852), trading as “Standard & Poor’s Ratings Group”, each member of the group of companies of which that company is a member, and their respective successors and assigns.

“Security Interest” means a mortgage, charge, pledge, lien or other security interest securing any obligation of any person, any other agreement, notice or arrangement having a similar effect.

“Support Guarantee” means any guarantee given by a Guarantor in connection with an obligation or liability of:

- (a) a partnership or joint venture entered into in the ordinary course of business by that Guarantor; or
- (b) a Subsidiary of the Group which is not a Guarantor.

“Tangible Assets” means all assets other than goodwill, patents, trademarks, design rights, franchises, future Tax benefits, underwriting and formation expenses and any other items which according to current accounting practice are regarded as intangible assets.

“Tax” means any tax, levy, impost, duty or other charge or withholding of a similar nature (including any penalty, interest or other amount payable in connection with any failure to pay or any delay in paying any of the same).

“this Supplemental Trust Deed” means this supplemental trust deed and, for the avoidance of doubt, includes the terms of the Master Trust Deed as applied herein in accordance with, and subject to, clause 1.1.

“Total Assets” means, at any date, the total book value of all assets of the Group on a consolidated basis as shown by the Financial Statements as at that date or, if no Financial Statements were prepared as at that date, as would be shown by Financial Statements if they were prepared as at that date.

“Total Capitalisation” means at any time, the sum of:

- (a) Net Worth of the Group; and
- (b) Net Debt of the Group at such time.

“Total Liabilities” means, at any date, the total book value of all liabilities of the Group on a consolidated basis shown by the Financial Statements prepared as at that date or, if no

Financial Statements were prepared as at that date, as would be shown by Financial Statements if they were prepared as at that date.

“Total Tangible Assets” means, in relation to a group at any date, the total book value of all Tangible Assets of that group on a consolidated basis as shown by the Financial Statements as at that date or, if no Financial Statements were prepared as at that date, as would be shown by Financial Statements if they were prepared as at that date.

“Transaction Documents” means this Supplemental Trust Deed and the Master Trust Deed and each Guarantee.

- 1.3 **Modification of other terms in Master Trust Deed:** In this Supplemental Trust Deed, the terms “Bonds”, “Holder”, “Offer Documents” and “Register” have the meanings given in the Master Trust Deed but, in this Supplemental Trust Deed, refer only to the Bonds of this Tranche, to the Holders of those Bonds, to the Offer Documents relating to this Tranche and to the Register in relation to this Tranche.

TERMS OF BONDS

- 2.1 **Maximum Principal Amount:** The aggregate Principal Amount of Bonds which may be issued under this Supplemental Trust Deed is \$100 million with the ability to accept oversubscriptions of up to \$50 million in aggregate.
- 2.2 **Minimum Principal Amount:** The Minimum Principal Amount for each Holder is \$3,000 and thereafter multiples of \$1,000.
- 2.3 **Type of Bonds:** The Bonds are Fixed Rate Bonds.
- 2.4 **Sale restrictions:** The Bonds may only be offered for sale or sold in New Zealand in conformity with all applicable laws and regulations in New Zealand. No Bonds may be offered for sale or sold in any other country or jurisdiction except in conformity with all applicable laws and regulations of that country or jurisdiction (including Australia). The Offer Documents may not be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations in that country or jurisdiction. If the Bonds are to be offered for sale in any jurisdiction other than New Zealand, the Issuer will:
- (a) notify the Trustee at least 20 Business Days prior to the date of such offer;

- (b) provide copies of all relevant documentation to be entered into in connection with such offer to the Trustee; and
 - (c) consult with the Trustee in relation to the finalisation of all such documentation.
- 2.5 **Status of Bonds:** The Bonds are unsecured, unsubordinated Bonds.
- 2.6 **Guarantee:**
- (a) The Bonds will be guaranteed by the Parent and certain Subsidiaries of the Parent substantially in the form set out in Schedule 1. The initial list of Guarantors is set out in Schedule 3.
 - (b) If, at any date, either Consolidated Guarantor EBIT or Consolidated Guarantor Total Tangible Assets is less than the amounts specified in clause 5.3(c), then the Issuer must ensure that sufficient members of the Group which are not Guarantors provide a Guarantee in order to ensure that the Consolidated Guarantor EBIT and Consolidated Guarantor Total Tangible Assets is equal to or greater than the amounts specified in clause 5.3(c).
 - (c) If requested by the Issuer, the Trustee must release any Guarantor nominated by the Issuer from its obligations as a Guarantor of the Bonds by executing and delivering a Deed of Release in relation to that Guarantor, provided that upon such release, the requirements of clause 5.3(c) will remain satisfied and no Event of Default has occurred and remains unremedied.
- 2.7 **Change of Control:**
- (a) If a Change of Control occurs, the Issuer shall, within 10 days after that Change of Control occurs, give notice (a “**Change of Control Notice**”) to Holders and the Trustee. The Change of Control Notice shall:
 - (i) state that a Change of Control has occurred (and the nature of that Change of Control) and that each Holder may, within 20 days after the date of receipt of the Change of Control Notice, elect that the Issuer is to redeem all (and not only some) of the Bonds held by that Holder by completing and returning the accompanying form to the Issuer; and
 - (ii) be accompanied by a form which a Holder may complete and return to the Issuer, by which a Holder may elect that the Issuer is to redeem all (and not only some) of the Bonds held by that Holder within 30 days from the date that such written notice is received by the Issuer.
 - (b) If a Holder elects to have that Holder’s Bonds redeemed by returning to the Issuer the form referred to in clause 2.7(a)(ii), the Issuer shall redeem such Bonds in cash for the Principal Amount, plus any accrued but unpaid Interest to the date of redemption.
 - (c) If Holders holding 51% or more of all outstanding Bonds provide notice in writing to the Issuer of their intention to redeem all Bonds held by those Holders then the Issuer may, but shall not be obliged to, redeem all remaining Bonds outstanding in cash for the Principal Amount, plus any accrued but unpaid Interest to the date of redemption by giving at least 15 days notice to the Holders within 30 days from the date that such written notice is received by the Issuer.
- 2.8 **Cross default:** If Finance Debt of the Issuer, the Parent or a Guarantor totalling at least A\$10,000,000 or its equivalent:
- (a) is not paid when due (or within an applicable grace period); or
 - (b) becomes due and payable or capable of being declared due and payable before its stated maturity or expiry,
- whether or not within the control of the Issuer, such an event shall constitute an event of default in respect of the Bonds for the purposes of clause 11.1 of the Master Trust Deed. For the purpose of this clause, if a person is required to provide cash cover for Finance Debt as a result of an actual, likely or threatened default or an event of default or termination, cancellation, special prepayment or similar event, whatever called, that Finance Debt will be taken to be due and payable.
- 3. INTEREST PAYMENT AND TRANSFER**
- 3.1 **First Interest Payment Date:** In respect of the first Interest Payment Date (being 15 September 2009) of each Bond, the Interest payable on that Bond shall be calculated by reference to the Interest Rate on the Principal Amount of that Bond and on the basis of the number of days elapsed from, and including, First Interest Accrual Date of that Bond to, but excluding, the first Interest Payment Date, and a 365-day year.

SUPPLEMENTAL TRUST DEED

3.2 **Subsequent Interest Payment Dates:** In respect of Interest Payment Dates other than the first Interest Payment Date of each Bond, the Interest payable on that Bond shall be equal to one-quarter of the Interest Rate multiplied by the Principal Amount of that Bond and shall be payable quarterly on each Interest Payment Date (being 15 March, 15 June, 15 September and 15 December of each year) until and including the Maturity Date.

3.3 **Interest to Original Subscriber ("ITOS"):** The first Interest payment for each Bond will be paid to the original subscriber of that Bond irrespective of any subsequent transfer before the first Interest Payment Date. After the first Interest Payment Date Interest will be payable on each Interest Payment Date to the Holder as at the Record Date immediately preceding the relevant Interest Payment Date.

3.4 **Interest rate:** Interest will be payable on the Bonds at the Interest Rate. In the event of a Ratings Decline the Interest Rate will be increased by 1.25% per annum.

4. CONDITIONS PRECEDENT

4.1 **Conditions precedent:** The Issuer is not entitled to issue any Bonds until the Trustee has confirmed to the Issuer in writing that it has received the following in form and substance satisfactory to it:

- (a) a duly executed original of this Supplemental Trust Deed, each Guarantee, the Master Trust Deed and a copy of the registered prospectus and investment statement prepared by the Issuer in relation to the issue of the Bonds;
- (b) evidence that this Supplemental Trust Deed, the Master Trust Deed and the registered prospectus prepared by the Issuer in relation to the issue of the Bonds have been registered with the Companies Office under the Securities Act;
- (c) confirmation from the solicitors to the Issuer that the Transaction Documents and each Offer Document comply with the Securities Act, the Securities Regulations 1983 and all other applicable laws; and
- (d) a legal opinion from the solicitors to the Issuer as to the enforceability of the Transaction Documents.

4.2 **Conditions precedent on issuance:** In addition to the requirements set out in clause 4.1, the Issuer shall not issue any Bonds unless the representations and warranties contained in clause

9.1 of the Master Trust Deed and clause 5.1 of this Supplemental Trust Deed are true and correct in all material respects by reference to the facts and circumstances existing as at the Opening Date and the Issue Date for the Bonds.

4.3 **Issue notice:** Promptly after the closure of the issue of the Bonds the Issuer agrees to send to the Trustee a notice setting out the total amount of the Bonds issued and Interest Rates applying to those Bonds.

5. REPRESENTATIONS AND UNDERTAKINGS

5.1 **Representations and warranties:** Pursuant to clause 9.2 of the Master Trust Deed, the Issuer represents and warrants to the Holders and the Trustee that no Event of Default in relation to the Bonds has occurred and is continuing.

5.2 **Binding obligations:** The Issuer represents and warrants to the Trustee and the Holders that the obligations of the Guarantors under the Guarantee are legal, valid, binding and enforceable against each Guarantor, in each case in accordance with its terms, subject to applicable bankruptcy, re-organisation, insolvency, moratorium or similar laws affecting creditors' rights generally and subject also (as to enforceability) to equitable principles of general application regardless of whether enforcement is sought in a proceeding in equity or at law.

5.3 **Undertakings:** Pursuant to clause 10.2(a) of the Master Trust Deed, the Issuer undertakes to the Holders and the Trustee that, for so long as the Bonds are outstanding, it:

- (a) **Comply with laws:** will duly and punctually comply with all laws binding upon it the non-compliance with which is likely to materially and adversely affect the general interests of Holders;
- (b) **Quotation:** will use its best endeavours to ensure that the Bonds are, within a reasonable time, and in any event not later than 10 Business Days after the Closing Date, quoted on the NZDX and that such quotation is maintained;
- (c) **Guarantee:** will procure that at all times:
 - (i) Consolidated Guarantor EBIT is equal to or greater than 90% of Consolidated Group EBIT; and
 - (ii) Consolidated Guarantor Total Tangible Assets is equal to or greater than 90% of Consolidated Group Total Tangible Assets.

- (d) **Interest Service Coverage Ratio:** will ensure that for any twelve month period the Interest Service Coverage Ratio is not less than 1.75:1;
- (e) **Debt-to-Capitalisation Percentage:** will ensure that, at any time, the Debt-to-Capitalisation Percentage is not greater than 60%; and
- (f) **Negative pledge:** will not create or allow to exist a Security Interest over the assets of any member of the Group other than:
 - (i) a lien arising by operation of law in the ordinary course of day-to-day trading and not securing indebtedness where it duly pays the indebtedness secured by that lien other than indebtedness contested in good faith;
 - (ii) a banker's lien or right of set off or combination arising under contract or by operation of law or practice over property or money deposited with a banker in the ordinary course of business of a member of the Group unless such arrangements are deliberately established for the purpose of affording security to the bank or financial institution concerned;
 - (iii) any lien over any asset acquired after the date of this deed or any asset of a corporation which becomes a member of the Group after the date of this deed but in each case only if:
 - (aa) the lien existed at the date the asset was acquired by the member of the Group, or the corporation became a member of the Group (as the case may be) (the "**Acquisition Date**");
 - (bb) the lien was not created in anticipation of the asset being acquired or the corporation becoming a member of the Group;
 - (cc) the lien secures only the existing obligations (actual or contingent) secured by that lien at the Acquisition Date and such obligations were not increased in anticipation of the asset being acquired or the corporation becoming a member of the Group;
 - (dd) the lien is discharged and released within 6 months of the Acquisition Date; and
 - (ee) the principal amount so secured is not increased beyond the amount outstanding (or in the case of an overdraft or revolving facility, the applicable limit) at the Acquisition Date but is reduced in accordance with its terms and such principal amount was not increased in anticipation of the asset being acquired or the corporation becoming a member of the Group;
 - (iv) liens in respect of property acquired, constructed or improved by any member of the Group after the date hereof, or in rights relating to such property, which liens are created at the time of acquisition or completion of construction or improvement of such property or within 180 days thereafter, to secure Finance Debt assumed or incurred to finance all or any part of the purchase price of the acquisition or cost of construction or improvement of such property, provided that the aggregate principal amount of Finance Debt secured by any such lien in respect of any such property shall not exceed the fair market value of such property (or rights relating thereto) and no such lien shall extend to or cover any other property of the member of the Group;
 - (v) any rights conferred by virtue only of any subordination of any Finance Debt between any member of the Group;
 - (vi) any lien which is created in favour of co-venturers or any operator pursuant to any agreement relating to an unincorporated joint venture over interests in or the assets of such unincorporated joint venture, or the product derived there from or the sales proceeds payable or revenues receivable in respect thereto, or tariffs payable in respect to the assets the subject of any such unincorporated joint venture;
 - (vii) any rights conferred by the lodging of security bonds or deposits in connection with any mining operation including exploration, prospecting or mining tenements (including ancillary licenses) and infrastructure arrangements owned, provided to or applied for by any member

SUPPLEMENTAL TRUST DEED

of the Group (it being understood that this sub-paragraph (vii) shall not permit any member of the Group to create, permit or suffer to exist any lien securing the obligations of such member of the Group to any person providing a security bond on behalf of such member of the Group);

(viii) any lien granted by a Project Finance Subsidiary to secure Limited Recourse Borrowing;

(ix) any lien which is created as security for any borrowing from bankers or others for the purpose of financing any export or import trading contract in respect of which any part of the price receivable or payable is receivable or payable within 180 days of the date of shipment or is guaranteed or insured by any institution carrying on an export or import credit guarantee or insurance business, provided that such borrowings do not exceed the sum so guaranteed or insured, and provided further that any security is restricted to the items sold or purchased under such contract;

(x) any lien which is created over the assets of any business or mining operation conducted outside of Australia as security for any Finance Debt used to finance such operation where the granting of such lien is required by local law;

(xi) any Capital Lease existing on the date of this deed over, upon or with respect to any property or asset of any member of the Group; or

(xii) liens incurred by any member of the Group in addition to those described in paragraphs (i) to (xi) above, provided that, upon the incurrence thereof, the aggregate principal amount of Finance Debt of the Group secured by liens pursuant to this sub-paragraph (xii) plus the maximum amount contingently due under all Support Guarantees given shall not exceed 8% of Total Assets.

this Supplemental Trust Deed by signing any such counterpart.

6.2 **Governing law:** This Supplemental Trust Deed shall be governed by and construed in accordance with New Zealand law.

6.3 **Submission to jurisdiction:** The Issuer submits to the non-exclusive jurisdiction of the New Zealand courts for the purpose of any legal proceedings arising out of this Supplemental Trust Deed.

SIGNED AS A DEED

by WORKS FINANCE (NZ) LIMITED and PERPETUAL TRUST LIMITED

6. MISCELLANEOUS

6.1 **Counterparts:** This Supplemental Trust Deed may be signed in any number of counterparts, all of which together constitute one and the same instrument, and any of the parties may execute

SCHEDULE 1

FORM OF GUARANTEE

DEED dated [x]

GUARANTEE granted in favour of Perpetual Trust Limited (in its capacity as a trustee under and in accordance with the Trust Deed) by:

[X] LIMITED ("Guarantor")

INTRODUCTION

- A. Works Finance NZ Limited ("**Issuer**") is party to a Master Trust Deed dated 27 May 2009 between the Issuer and Perpetual Trust Limited as supplemented by a Supplemental Trust Deed dated 27 May 2009 between the same parties (together, the "**Trust Deed**") providing for the constitution and issue of Bonds (as therein defined) by the Issuer from time to time.
- B. The Issuer has, pursuant to the Trust Deed, issued a Tranche of Bonds which constitute Bonds as defined in the Trust Deed and pursuant to the provisions of the Supplemental Trust Deed, the Guarantor is to give a guarantee of the due payment by the Issuer of the Bond Moneys from time to time payable in respect of those Bonds.
- C. The directors of the Guarantor, being of the opinion that it is to the advantage and benefit of the Guarantor to do so, have resolved that the Guarantor guarantees the due payment by the Issuer of the Bond Moneys and that this deed be accordingly executed by the Guarantor.

COVENANTS

1. INTERPRETATION

- 1.1 Unless otherwise defined in this deed or the context otherwise requires, terms defined in the Trust Deed shall have the same meanings in this deed.

2. GUARANTEE AND INDEMNITY

- 2.1 **Guarantee:** The Guarantor guarantees to the Trustee on behalf of the Holders the due and punctual payment by the Issuer of the Bond Moneys, as and when the same become due and payable, in accordance with the Trust Deed, and the due observance and performance by the Issuer of all its obligations under the Trust Deed.
- 2.2 **Indemnity:** The Guarantor indemnifies the Trustee on behalf of the Holders against all claims, liabilities, damages, losses and payments, and all costs, charges and expenses (including legal expenses on a full indemnity basis) and goods

and services and similar taxes thereon incurred or sustained by the Trustee or any Holders at any time as a direct or indirect consequence of:

- (a) any Bond Moneys not being recoverable from the Issuer; or
- (b) any monetary or other obligation of the Issuer to any Holder or the Trustee (on behalf of the Holders) not being duly satisfied or performed by the Issuer.

- 2.3 **Payment:** If the Issuer fails to pay all or any part of the Bond Moneys on its due date, the Guarantor shall pay such moneys to the Trustee on behalf of the Holders.

3. NATURE AND EXTENT OF OBLIGATIONS

- 3.1 **Liability not prejudiced:** The liability of the Guarantor under this guarantee and indemnity shall not be abrogated, prejudiced or affected by:
 - (a) the granting of time, credit or any indulgence or other concession to the Issuer or to any other guarantor by the Holders or any of them or by the Trustee;
 - (b) any compounding, compromise, release, abandonment, waiver, variation, relinquishment or renewal of any securities, documents of title, assets or of any of the rights of the Holders or any of them or of the Trustee against the Issuer; or the Guarantor or any other guarantor;
 - (c) anything done or omitted or neglected to be done by the Trustee or the Holders or any of them whether in exercise of the authorities, powers and discretions vested in them by the Trust Deed or by any other dealing, matter or thing which, but for this provision, might operate to abrogate, prejudice or affect their respective guarantees;
 - (d) the liability of any other guarantor of the Issuer ceasing from any cause whatever (including release or discharge by the Holders or any of them or by the Trustee);
 - (e) any other person joining in this, or giving any similar, guarantee and indemnity;
 - (f) the dissolution, receivership or statutory management of the Issuer or any other guarantor of the Issuer;
 - (g) the enforcement of, or failure to enforce, any rights of the Trustee or any Holder under this deed or any other document, or under any law;

SUPPLEMENTAL TRUST DEED

- (h) any other guarantor being incompetent to give this guarantee and indemnity, or failing to become, or remain, legally bound in whole or in part under any of them respectively;
 - (i) any guarantee and indemnity (including any guarantee and indemnity given pursuant to the Trust Deed) held or taken being void, defective or informal;
 - (j) the amalgamation, change in constitution, status or control, or reconstruction or reorganisation, of the Guarantor or any other person;
 - (k) any amendment to, or variation of, the Trust Deed or any other document, or the Guarantor not receiving notice of any such amendment or variation; or
 - (l) any other matter or thing whatever.
- 3.2 **Principal obligation:** This guarantee and indemnity shall be a principal obligation and shall be treated as in addition to, and not in substitution for or collateral to, any other right which the Trustee may have under, or by virtue of, the Trust Deed, to the intent that the respective guarantees and indemnities may be enforced against the Guarantor without first having recourse to any such rights and without taking steps or proceedings against the Issuer or any other guarantor and notwithstanding that any other right may be, in whole or in part, unenforceable by reason of any rule of law or equity and notwithstanding any other acts or omissions on the part of the Trustee.
- 3.3 **Continuing guarantee:** Subject to clauses 3.4 and 3.9, this guarantee and indemnity shall be a continuing guarantee and indemnity and accordingly shall be irrevocable and unconditional and shall remain in full force and effect until the whole of the Bond Moneys have been paid or satisfied.
- 3.4 **Discretion:** The Trustee may, as regards the Guarantor, unless otherwise directed by an Extraordinary Resolution, determine, from time to time, whether it shall enforce or refrain from enforcing any guarantee and indemnity and, unless otherwise directed as aforesaid, may, from time to time, make any arrangement or compromise with the Guarantor in relation to any matter arising pursuant to the Trust Deed which the Trustee thinks expedient in the interests of the Holders.
- 3.5 **Restrictions:** Until all the obligations of the Guarantor to the Trustee have been fully satisfied, the Guarantor is not entitled to exercise any right of subrogation or contribution, or to require marshalling, or to claim the benefit of, any security now or in the future held by the Trustee for the payment of any Bonds Money.
- 3.6 **Waiver of rights:** The Guarantor waives in favour of the Trustee all its rights (including rights of subrogation, contribution and marshalling) against the Trustee and the Issuer and any other guarantor or any other person so far as may be necessary to give effect to this guarantee and indemnity.
- 3.7 **No rights to security:** This guarantee and indemnity shall not prejudicially affect, or be prejudicially affected by, any other right or guarantee now or at any time held by the Trustee in respect of the Bond Moneys but such other right or guarantee shall be deemed to be collateral hereto and the Guarantor will not, as against the Trustee, in any way claim the benefit, or seek the transfer, of any such right or guarantee or any right of recourse.
- 3.8 **Reinstatement:** If any payment made to the Trustee or to any Holder by, or on behalf of, the Issuer or the Guarantor is avoided by law, such payment shall be deemed not to have discharged or affected the liability of the Issuer or the Guarantor in respect thereof and, in that event, the Trustee and the Guarantor shall be restored to the position in which each would have been, and shall be entitled to exercise all the rights which each would have had, if such payment had not been made.
- 3.9 **Release:** The Guarantor may be released from its obligations under this deed in accordance with clause 2.6 of the Supplemental Trust Deed referred to in Recital A, provided that no release shall operate to release the Guarantor from the liability for the payment of any indebtedness or any other obligation for which it is liable or obligated to the Trustee or the Holders independently of this deed.
- 4. TAX**
- 4.1 **Deductions or withholdings:** All sums payable under this deed must be paid:
- (a) free of any restriction or condition;
 - (b) free and clear of, and (except to the extent required by law or as provided in this clause) without any deduction or withholding on account of, any taxes; and
 - (c) (except to the extent required by law or as provided in this clause) without deduction or

withholding on account of any other amount whether by way of set-off or otherwise.

- 4.2 **Non-resident withholding tax:** New Zealand non-resident withholding tax will be deducted from payments under this deed of interest (or payments deemed by law to be interest) to non-tax resident Holders, including to any person who is non-tax resident and who beneficially derives interest (or payments deemed by law to be interest) under this deed (including where such person derives such interest jointly with one or more other persons one of whom is tax resident). Unless otherwise stated in the Offer Document or if the relevant non-tax resident Holder notifies the Guarantor that it elects that non-resident withholding tax be deducted from payments to it under this deed instead of approved issuer levy, if the Guarantor is lawfully able to pay approved issuer levy in respect of any payment under this deed of interest (or deemed interest) to non-tax resident Holders, the Guarantor shall pay the approved issuer levy to the appropriate authority and shall deduct the amount so paid from the interest (or deemed interest) payable to those Holders in lieu of deducting New Zealand non-resident withholding tax from that payment at the rate otherwise applicable.

- 4.3 **Resident withholding tax:** New Zealand resident withholding tax will be deducted from payments under this deed of interest (or payments deemed by law to be interest) to Holders who are tax resident (including, if applicable, to any other person who is tax resident who beneficially derives interest or deemed interest under this deed) unless the Holder is able to establish to the satisfaction of the Guarantor either by means of an appropriate exemption certificate or otherwise before the relevant payment date that no such tax need be deducted.

- 4.4 **No gross-up:** The Guarantor will not be required to and will not make any additional payment by way of gross-up or otherwise with respect to the deduction or withholding from any payment made under this deed pursuant to clause 4.2 or 4.3. If the Guarantor becomes liable to make any payment of, or on account of, tax payable by any Holder (including, if applicable, any other person who beneficially derives interest or deemed interest under this deed) in respect of any amount payable under this deed, then the Guarantor shall be indemnified by the relevant Holder (or other person) in respect of such liability. Any moneys paid by the Guarantor in respect of such liability

may be recovered from the Holder (or other person) as a debt due to the Guarantor and may be withheld from any further payments to that Holder (or other person). Nothing in this clause 4.4 will prejudice or affect any other right or remedy of the Guarantor.

5. GOVERNING LAW

- 5.1 This deed shall be governed by and construed in accordance with New Zealand law and the parties submit to the non-exclusive jurisdiction of the New Zealand courts for the purpose of any legal proceedings arising out of this deed.

SIGNED AS A DEED

Signed by [GUARANTOR] LIMITED by:

Signature of director

Signature of director

Name of director

Name of director

SUPPLEMENTAL TRUST DEED

SCHEDULE 2

FORM OF DEED OF RELEASE

DEED dated

PARTIES

[X] LIMITED ("Relevant Guarantor")

WORKS FINANCE (NZ) LIMITED ("Issuer")

PERPETUAL TRUST LIMITED (in its capacity as a trustee under and in accordance with the Trust Deed) ("**Trustee**")

INTRODUCTION

- A. The Issuer and the Trustee are parties to a Master Trust Deed dated 27 May 2009 as supplemented by a Supplemental Trust Deed dated 27 May 2009 (together "**Trust Deed**") providing for the constitution and issue of Bonds by the Issuer.
- B. Pursuant to the provisions of the Supplemental Trust Deed, the Relevant Guarantor has, under a deed of guarantee dated [X] ("**Guarantee**"), granted a guarantee and indemnity in favour of the Trustee in respect of the obligations of the Issuer under the Trust Deed in relation to the Bonds.
- C. The Relevant Guarantor wishes to be released and discharged from all its obligations and liabilities under the Guarantee.

COVENANTS

1. Unless otherwise defined in this deed or the context otherwise requires, terms defined in the Trust Deed shall have the same meanings in this deed.
2. Each of the Issuer and the Relevant Guarantor undertakes and warrants for the benefit of the Trustee that:
- (a) no Event of Default has occurred and remains unremedied; and
- (b) subsequent to the release and discharge of the Relevant Guarantor from its guarantee and other undertakings under or arising out of this Guarantee:
- (i) Consolidated Guarantor EBIT will be equal to or greater than 90% of Consolidated Group EBIT; and
- (ii) Consolidated Guarantor Total Tangible Assets will be equal to or greater than 90% of Consolidated Group Total Tangible Assets.
3. The Relevant Guarantor is, by the execution of this deed by the parties hereto, released

and discharged from its guarantee and other undertakings under or arising out of the Guarantee provided that this release shall not operate to release:

- (a) the Relevant Guarantor from the liability for the payment of any indebtedness or any other obligation for which it is liable or obligated to the Trustee or the Holders independently of the Guarantee;
- (b) any other Guarantor from liability in respect of the Bond Moneys; or
- (c) any other Guarantee or any other security held in respect of the Bond Moneys.
5. This deed is governed by, and shall be construed in accordance with, the laws of New Zealand.

SIGNED AS A DEED

Signed by [RELEVANT GUARANTOR] LIMITED by:

Signature of director

Signature of director

Name of director

Name of director

Signed by WORKS FINANCE (NZ) LIMITED by:

Signature of director/authorised signatory/attorney

Name of director/ authorised signatory/attorney

Signature of director/authorised signatory/attorney

Name of director/ authorised signatory/attorney

Signature of witness

Occupation

City/town of residence

Signed by PERPETUAL TRUST LIMITED by:

Signature of authorised signatory

Name of authorised signatory

Signature of authorised signatory

Name of authorised signatory

Signature of witness

Occupation

City/town of residence

SUPPLEMENTAL TRUST DEED

SCHEDULE 3

GUARANTORS

The initial Guarantors of the Bonds will be the following companies:

1. Downer EDI Limited (ABN 97 003 872 848)
2. Downer EDI Engineering Group Pty Limited (ABN 16 006 016 495)
3. Evans Deakin Industries Pty Limited (ABN 47 009 702 961)
4. Downer EDI Engineering - Projects Pty Limited (ABN 21 009 173 040)
5. Snowden Mining Industry Consultants Pty Limited (ABN 99 085 319 582)
6. Downer EDI Resource Holdings Limited (ABN 25 002 975 439)
7. Downer EDI Mining-Blasting Services Pty Limited (ABN 97 009 687 487)
8. Roche Contractors Pty Limited (ABN 17 063 974 916)
9. Roche Highwall Mining Limited (ABN 30 065 307 333)
10. Downer EDI Mining-Mineral Technologies Pty Limited (ABN 52 105 309 260)
11. Downer EDI Mining Pty Limited (ABN 49 004 142 223)
12. Downer EDI Mining-Minerals Exploration Pty Limited (ABN 93 009 905 220)
13. Downer EDI Works Pty Limited (ABN 66 008 709 608)
14. Emoleum Road Services Pty Limited (ABN 28 006 673 481)
15. Emoleum Roads Group Pty Limited (ABN 78 099 733 445)
16. EDI Rail (Maryborough) Pty Limited (ABN 43 009 656 848)
17. Downer EDI Rail Pty Limited (ABN 92 000 002 031)
18. Downer Group Finance Pty Limited (ABN 45 072 473 913)
19. Downer EDI Engineering Pty Limited (ABN 66 057 593 503)
20. Downer EDI Engineering Construction (Australia) Pty Limited (ABN 90 089 088 031)
21. Downer EDI Engineering Electrical Pty Limited (ABN 76 007 102 516)
22. Downer Energy Systems Pty Limited (ABN 90 067 158 954)
23. Downer EDI Engineering Transmission Pty Limited (ABN 51 105 310 870)
24. Downer EDI Engineering Power Pty Limited (ABN 53 000 983 700)
25. Downer EDI Engineering Limited (New Zealand)
26. Downer EDI Works Limited (New Zealand)
27. CPG Consultants Pte Ltd (Singapore)
28. CPG Corporation Pte Ltd (Singapore)
29. CPG Facilities Management Pte Ltd (Singapore)
30. CPG Holdings Pte Ltd (Singapore)
31. PM Link Pte Ltd (Singapore)



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 1 of the Master Trust Deed and clause 1 of the Supplemental Trust Deed.

\$, NZ\$	the lawful currency of New Zealand
A\$	the lawful currency of Australia
ABN	Australian Business Number
A-GAAP	Australian GAAP
A-IFRS	Australian equivalents to IFRS
Allocation	the number of new Works Bonds 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 Works Bonds
Application Form	the application form attached to or accompanying this Offer Document
ASX	ASX Limited (ABN 98 008 624 691) or the stock market conducted by ASX Limited, as the context requires
Auditor	Deloitte Touche Tohmatsu
Auditors' Report	the auditor's report, prepared by the Auditor, which is contained in Section 7 of this Offer Document
Bond Moneys	the Principal Amount, interest and other moneys payable on Works Bonds and all other moneys payable to, or at the direction of, the Trustee or to any Holder, at that time under or pursuant to the Trust Documents.
Bookbuild	the process conducted by the Organising Participant before the Opening Date whereby Institutional Investors, Primary Market Participants and other financial intermediaries will be invited to bid for an Allocation of Works Bonds. On the basis of those Applications, the Issuer, Downer and the Organising Participant will determine the Margin and the Firm Allocations to Institutional Investors and Primary Market Participants and other financial intermediaries
Bookbuild Date	2 June 2009
Broker Firm Applicants	a New Zealand resident retail client of a NZX Firm, another Primary Market Participant or other approved financial intermediary who applies for a broker Firm Allocation from an NZX Firm or other approved financial intermediary
Broker Firm Offer	the offer of the Works Bonds to New Zealand resident retail investors to apply for a Firm Allocation from a NZX Firm, Primary Market Participant or approved financial intermediary under this Offer Document
Change of Control	an event where at any time, any person together with its Associates (as that term is defined in the Corporations Act) acquires 50% or more of the voting power (as that term is defined in section 610 of the Corporations Act) of Downer and there is a Ratings Decline within 90 days of such a change of control event
Closing Date	closing date for the Offer, which is expected to be 5.00pm on 10 July 2009
Co-Manager	BNZ Capital, a division of Bank of New Zealand
Companies Act	Companies Act 1993 (NZ)
Companies Office	the New Zealand Companies Office at Level 18, ASB Centre, 135 Albert Street, Auckland

Consolidated Group EBIT	as defined in the Supplemental Trust Deed
Consolidated Group Total Tangible Assets	as defined in the Supplemental Trust Deed
Consolidated Guarantor EBIT	as defined in the Supplemental Trust Deed
Consolidated Guarantor Total Tangible Assets	as defined in the Supplemental Trust Deed
Constitution	the constitution of the Issuer and/or the constitution of Downer, as the context requires
Corporate Directory	the corporate directory on the inside back cover of this Offer Document
Corporations Act	Corporations Act 2001 (Cth)
Cth	Commonwealth of Australia
Deed of Guarantee	the deed of guarantee entered into by the Guarantors on 27 May 2009 pursuant to which the Guarantors guarantee the obligations of the Issuer under Works Bonds
Debt-to-Capitalisation Percentage	as defined in the Supplemental Trust Deed
Directors	the directors of Downer and/or the Issuer, as the context requires
Downer or Downer EDI	Downer EDI Limited (ABN 97 003 872 848)
Downer Group or Group	Downer and its Subsidiaries (as defined in the Master Trust Deed)
Eligible Employee	an employee of the Downer Group as at 7.00pm on 27 May 2009 who is a New Zealand resident
Eligible Securityholders	Ordinary Shareholders and holders of ROADS as at 5.00pm on 27 May 2009 who are shown on the Register to have an address in New Zealand
Employee Offer	the offer of Works Bonds to Eligible Employees under this Offer Document
Event of Default	any of the events specified in clause 11.1 of the Master Trust Deed or clause 2.8 of the Supplemental Trust Deed
Extraordinary Resolution	(a) a resolution passed at a meeting of Holders (or a class of Holders, if applicable) at which at least 75% of such Holders (or that class of Holders) voting at the meeting, vote in favour of the resolution; or (b) a resolution in writing signed by not less than 75% of Holders (or a class of Holders, if applicable) having the right to vote on that resolution, holding in aggregate Works Bonds conferring the right to cast not less than 75% of the votes which could be cast on that resolution.
FASTER	Fully Automated Screen Trading and Electronic Registration System, being the electronic trading system used on NZX
Firm Allocation	Works Bonds reserved for subscription by clients of the Joint Lead Managers, Primary Market Participants, Institutional Investors and other NZX Firms
Fitch Ratings or Fitch	Fitch Australia Pty Limited (ABN 93 081 339 184)
GAAP	Generally Accepted Accounting Principles
General Applicant	New Zealand resident Applicants who are neither Institutional Investors nor applicants under the Employee Offer, Securityholder Offer nor Broker Firm offer
General Offer	the offer of Works Bonds to General Applicants under this Offer Document
Guarantee	the unsecured and unsubordinated guarantee provided by the Guarantors under the Deed of Guarantee

GLOSSARY

Guarantors	Downer and other members of the Downer Group who are Guarantors from time to time in accordance with the Supplemental Trust Deed
Holder	a registered holder of Works Bonds
Holder Redemption Request	written notice given to the Issuer by a Holder of their intention to redeem all Bonds held by that Holder
IBC	inside back cover
IFRS	International Financial Reporting Standards
Institutional Investor	an Applicant for greater than one million of Works Bonds and being an entity other than a natural person
Institutional Offer	the invitation made by the Joint Lead Managers and the Co-Manager to certain Institutional Investors to bid for Works Bonds and apply for Works Bonds under this Offer Document
Interest	interest payable on Works Bonds under the Trust Documents
Interest Payment	the amount of Interest payable on an Interest Payment Date
Interest Payment Dates	15 September, 15 December, 15 March and 15 June each year until the Maturity Date of 15 September 2012
Interest Rate	the rate of interest per annum payable on the face value of Works Bonds as announced by the Issuer on the Rate Set Date, subject to any Ratings Adjustment
Interest Service Coverage Ratio	as defined in the Supplemental Trust Deed
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 the Works Bonds are issued under the Offer to successful Applicants, expected to be 14 July 2009
Issue Price	the amount payable in respect of a Works Bond as specified in the Master Trust Deed
Issuer	Works Finance (NZ) Limited (formerly called Works Infrastructure Finance (NZ) Limited)
Joint Lead Managers	UBS, ANZ, part of ANZ National Bank Limited, Forsyth Barr Limited and Westpac Institutional Bank (a division of Westpac Banking Corporation)
Margin	the number of basis points determined by the Bookbuild on the Bookbuild Date, as set out in the Rate Card
Market Rate	the higher of the three year Swap Rate at 11.00am on the Bookbuild Date or 11.00am on the Rate Set Date (rounded if necessary to the nearest five basis points)
Master Trust Deed	the master trust deed entered into by the Issuer and the Trustee on 27 May 2009 pursuant to which the Trustee agrees to act as trustee for the Holders in connection with the issue of Works Bonds
Maturity Date	15 September 2012
Minimum Interest Rate	the aggregate of the Margin and the three year Swap Rate at 11.00am on the Bookbuild Date, or such higher interest rate as the Issuer may determine in its absolute discretion, as set out in the Rate Card
NSW	New South Wales, Australia
NZ	New Zealand
NZDX	the market for debt securities 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	NZX Limited
NZX Firm	an entity designated as a NZX Firm under the NZX Participant Rules
NZX Listing Rules	the listing rules of the NZX, as amended or waived from time to time
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 Works Bonds at an Issue Price of \$1.00 each to raise \$100 million (with the ability to accept oversubscriptions of up to \$50 million in aggregate)
Offer Document	this combined prospectus and investment statement dated 27 May 2009 (as amended by memorandum of amendments dated 28 May 2009 and memorandum of amendments dated 30 June 2009)
Offer Management Agreement	the agreement dated 27 May 2009 between Downer, UBS and UBS AG, Australia Branch
Offer Period	the period from the Opening Date to the Closing Date
Opening Date	the first day on which Applications will be accepted, which is expected to be 3 June 2009
Ordinary Shareholder or Shareholder	a registered holder of Ordinary Shares
Ordinary Shares	fully paid ordinary shares in Downer
Organising Participant	UBS
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
Principal Amount	in relation to a Works Bonds, the amount (other than Interest) payable on redemption or repayment of that Bond, being the amount recorded as such in the Register in respect of that Works Bond
Rate Card	the rate card accompanying this Offer Document
Rate Set Date	the date on which the Interest Rate is determined by the Issuer, Downer and the Organising Participant
Ratings Adjustment	an increase in the Interest Rate of 1.25% per annum in the event of a Ratings Decline
Ratings Decline	a fall in Downer's issuer default rating below BBB-, or a withdrawal of Downer's issuer default rating
Register	the official register of Ordinary Shares or the official register of Works Bonds, 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 won the A\$3.6 billion contract to finance, design and construct 626 new passenger train carriages for the NSW Government

GLOSSARY

ROADS	Redeemable Optionally Adjustable Distributing Securities, being perpetual, redeemable, exchangeable preference shares issued by the Issuer in April 2007. ROADS are subordinated to Works Bonds
Securities Act	Securities Act 1978 (NZ)
Securities Regulations	Securities Regulations 1983 (NZ)
Securityholder Offer	the offer of Works Bonds to Eligible Securityholders under this Offer Document
Supplemental Trust Deed	the supplemental trust deed entered into by the Issuer and the Trustee on 27 May 2009 pursuant to the Master Trust Deed, under which Works Bonds offered under this Offer Document are constituted and issued
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 five basis points, which is the average of the bid and ask rates displayed at or about 11.00am (New Zealand time) on that day on page ICAPAUKIWISWAP (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 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 Directors of the Issuer 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.
Trust Documents	the Master Trust Deed and the Supplemental Trust Deed
Trustee	Perpetual Trust Limited
UBS	UBS New Zealand Limited
Works	Downer EDI Works Limited (formerly called Works Infrastructure Limited) and, where the context requires, includes its consolidated entities and operations
Works Bonds	three year, fixed rate, unsubordinated, unsecured debt securities offered pursuant to this Offer Document
Works Shares	redeemable preference shares in Works issued to the Issuer



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 Works Bonds (\$3,000) and thereafter in multiples of 1,000 Works Bonds (\$1,000). Applications for Works Bonds may only be lodged during the Offer Period, which is expected to open on 3 June 2009 and close at 5.00pm on 10 July 2009.

An Application will constitute an irrevocable offer by the Applicant to subscribe for and acquire the number of Works Bonds 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, Interest 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 Works Bonds and corresponding DOLLAR AMOUNT (at the Issue Price of \$1.00 per new Works Bonds) you wish to apply for.
- > If you would like any Interest 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.
- > Tick the relevant box for resident withholding tax (if applicable). Complete country of tax residence and, if that is not New Zealand, tick the box if you carry on business in New Zealand through a fixed establishment (branch) in New Zealand.

- > If you hold a Resident Withholding Tax Exemption certificate, the Issuer will not be obliged to deduct Resident Withholding Tax on Interest, 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.
- > Tick the relevant box if you wish to receive copies of the Issuer's half-yearly and annual reports.
- > Read the declaration carefully and SIGN (and date) 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 attorneys' certificate at the bottom of the Application Form. If your Application form is signed by an agent, the agent must complete the agents' 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 Bonds 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 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.

WORKS FINANCE (NZ) LIMITED | WORKS BONDS APPLICATION FORM



WORKS FINANCE (NZ) LIMITED

This Application Form is for Works Bonds in Works Finance (NZ) Limited offered under the Offer Document dated 27 May 2009 (as amended by memorandum of amendments dated 28 May 2009 and memorandum of amendments dated 30 June 2009). For instructions on how to complete and deliver this form, see the instructions on page 148. If you are in any doubt as to how to deal with it, please contact your professional adviser.

Capitalised words and certain terms used in this Application Form have the same meaning given to them in the Offer Document.

PLEASE COMPLETE THIS FORM USING CAPITAL BLOCK LETTERS

(A) FULL NAME DETAILS

APPLICANT #1			
	Title	First names	Surname
JOINT APPLICANT #2			
	Title	First names	Surname
JOINT APPLICANT #3			
	Title	First names	Surname
Corporate Name			

(B) POSTAL ADDRESS DETAILS

Number and street Suburb

City Postcode

(C) TELEPHONE NUMBERS AND EMAIL ADDRESS

Contact name

Home Work

Email

(D) NUMBER OF WORKS BONDS APPLIED FOR

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

Number of Works Bonds at \$1.00 = \$

Cheques for Works Bonds must be made payable to "Works Bonds Offer" and be crossed "Not Transferable" for payment in New Zealand dollars and for immediate value. Cash payments will not be accepted.

(E) INTEREST PAYMENTS

Please tick the appropriate box to select the method of payment

Direct credit to my bank account or cash management account (fill in details below) ☐ Pay by cheque to the address at (B) above ☐

Name of Bank Address of Bank

Bank/Branch Account No. Suffix

If applicable, name of Primary Market Participant where cash management account is held

If applicable, cash management client account number

(F) IRD NUMBER Please write your IRD number

Only one IRD number is required in respect of joint Applicants.

Tax, please deduct from all my interest earned* (tick one)

☐ 19.5% resident withholding tax ☐ 33% resident withholding tax ☐ 38% resident withholding tax ☐ Exempt

(* If exempt from resident withholding tax please attach a copy of certificate of exemption)

Country of tax residence:

Although not New Zealand tax resident, I am engaged in business in New Zealand through a fixed establishment (branch) in New Zealand ☐

(G) COMPUTERSHARE INVESTOR SERVICES LIMITED:

If you currently have a Computershare Investor Services Limited shareholder number or a Common Shareholder Number, please insert it here.

(H) HALF-YEARLY AND ANNUAL REPORTS

I/We wish to receive a copy of the Issuer's half-yearly and annual reports. ☐

(I) DECLARATION AND SIGNATURE

I/We hereby apply for the number of Works Bonds 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 Works Bonds applied for or any lesser number. I/We agree to be bound by the terms of the Master Trust Deed and the Supplemental Trust Deed.

I/We consent to becoming the Holder of all Works Bonds 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 Works Bonds 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 Interest Payment on Works Bonds which are allotted will be calculated as from the date Application moneys are banked by the Issuer. That means that the first Interest Payment will be different for different Works Bonds. The Applicant acknowledges that if Works Bonds are allotted to the Applicant, the first Interest Payment 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 Interest calculated in respect of a period before the date my Application moneys 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 Works Bonds 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 Works Bonds. 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-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 Works Bonds 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 2009

Signature of attorney

CERTIFICATE OF NON-REVOCATION OF POWER OF AGENT

I, of

HEREBY CERTIFY THAT

By the Agency Agreement dated the day of

(Name of person for whom agent is signing)

appointed me his/her/its agent on the terms and conditions set out in the Agency Agreement. I have executed the Application for Works Bonds printed on the face of this form under the appointment 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 the appointment by the death or liquidation of the donor or otherwise.

Signed at this day of 2009

Signature of Agent

WORKS FINANCE (NZ) LIMITED | WORKS BONDS APPLICATION FORM



WORKS FINANCE (NZ) LIMITED

This Application Form is for Works Bonds in Works Finance (NZ) Limited offered under the Offer Document dated 27 May 2009 (as amended by memorandum of amendments dated 28 May 2009 and memorandum of amendments dated 30 June 2009). For instructions on how to complete and deliver this form, see the instructions on page 148. If you are in any doubt as to how to deal with it, please contact your professional adviser.

Capitalised words and certain terms used in this Application Form have the same meaning given to them in the Offer Document.

PLEASE COMPLETE THIS FORM USING CAPITAL BLOCK LETTERS

(A) FULL NAME DETAILS

APPLICANT #1			
	Title	First names	Surname
JOINT APPLICANT #2			
	Title	First names	Surname
JOINT APPLICANT #3			
	Title	First names	Surname
Corporate Name			

(B) POSTAL ADDRESS DETAILS

Number and street Suburb

City Postcode

(C) TELEPHONE NUMBERS AND EMAIL ADDRESS

Contact name

Home Work

Email

(D) NUMBER OF WORKS BONDS APPLIED FOR

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

Number of Works Bonds at \$1.00 = \$

Cheques for Works Bonds must be made payable to "Works Bonds Offer" and be crossed "Not Transferable" for payment in New Zealand dollars and for immediate value. Cash payments will not be accepted.

(E) INTEREST PAYMENTS

Please tick the appropriate box to select the method of payment

Direct credit to my bank account or cash management account (fill in details below) ☐ Pay by cheque to the address at (B) above ☐

Name of Bank Address of Bank

Bank/Branch Account No. Suffix

If applicable, name of Primary Market Participant where cash management account is held

If applicable, cash management client account number

(F) IRD NUMBER Please write your IRD number

Only one IRD number is required in respect of joint Applicants.

Tax, please deduct from all my interest earned* (tick one)

☐ 19.5% resident withholding tax ☐ 33% resident withholding tax ☐ 38% resident withholding tax ☐ Exempt

(* If exempt from resident withholding tax please attach a copy of certificate of exemption)

Country of tax residence:

Although not New Zealand tax resident, I am engaged in business in New Zealand through a fixed establishment (branch) in New Zealand ☐

(G) COMPUTERSHARE INVESTOR SERVICES LIMITED:

If you currently have a Computershare Investor Services Limited shareholder number or a Common Shareholder Number, please insert it here.

(H) HALF-YEARLY AND ANNUAL REPORTS

I/We wish to receive a copy of the Issuer's half-yearly and annual reports. ☐

(I) DECLARATION AND SIGNATURE

I/We hereby apply for the number of Works Bonds 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 Works Bonds applied for or any lesser number. I/We agree to be bound by the terms of the Master Trust Deed and the Supplemental Trust Deed.

I/We consent to becoming the Holder of all Works Bonds 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 Works Bonds 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 Interest Payment on Works Bonds which are allotted will be calculated as from the date Application moneys are banked by the Issuer. That means that the first Interest Payment will be different for different Works Bonds. The Applicant acknowledges that if Works Bonds are allotted to the Applicant, the first Interest Payment 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 Interest calculated in respect of a period before the date my Application moneys 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 Works Bonds 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 Works Bonds. 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-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 Works Bonds 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 2009

Signature of attorney

CERTIFICATE OF NON-REVOCATION OF POWER OF AGENT

I, of

HEREBY CERTIFY THAT

By the Agency Agreement dated the day of

(Name of person for whom agent is signing)

appointed me his/her/its agent on the terms and conditions set out in the Agency Agreement. I have executed the Application for Works Bonds printed on the face of this form under the appointment 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 the appointment by the death or liquidation of the donor or otherwise.

Signed at this day of 2009

Signature of Agent

CORPORATE DIRECTORY

ISSUER

Works Finance (NZ) Limited

14 Amelia Earhart Avenue
Airport Oaks, Auckland
NEW ZEALAND

DIRECTORS OF THE ISSUER

Geoff Knox
Peter Reichler
Andrew Titter
Cos Bruyn
Peter Dooley

TRUSTEE

Perpetual Trust Limited

Level 12, AMP Centre
29 Customs Street West
Auckland
NEW ZEALAND

AUDITOR

Deloitte Touche Tohmatsu

Level 9, 225 George Street
Sydney NSW 2000
AUSTRALIA

LEGAL ADVISERS TO THE ISSUER

Russell McVeagh

Vero Centre
48 Shortland Street
Auckland
NEW ZEALAND

Corrs Chambers Westgarth

Governor Phillip Tower
1 Farrer Place
Sydney NSW 2000
AUSTRALIA

LEGAL ADVISER TO THE TRUSTEE

Bell Gully

Level 22, Vero Centre
48 Shortland Street
Auckland
NEW ZEALAND

TAX ADVISER

Deloitte

8 Nelson Street
Auckland
NEW ZEALAND

STRUCTURING ADVISER, ORGANISING PARTICIPANT AND JOINT LEAD MANAGER

UBS

Level 17, 188 Quay Street
Auckland
NEW ZEALAND

JOINT LEAD MANAGERS

ANZ, part of ANZ National Bank Limited

Level 7, 1 Victoria Street
Wellington
NEW ZEALAND

Forsyth Barr Limited

Level 9, Forsyth Barr House
The Octagon
Dunedin
NEW ZEALAND

Westpac Institutional Bank (a division of Westpac Banking Corporation)

Level 15, 188 Quay Street
Auckland
NEW ZEALAND

CO-MANAGER

BNZ Capital, a division of Bank of New Zealand

Level 6, BNZ Tower
125 Queen Street
Auckland
NEW ZEALAND

REGISTRY

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna, North Shore City
NEW ZEALAND

ENQUIRIES

Works Bonds InfoLine 0800 107 108

WEBSITE

www.works.co.nz/bonds



ENQUIRIES

Works Bonds InfoLine 0800 107 108
(Monday to Friday – 8.30am to 5.00pm)

WEBSITE

www.works.co.nz/bonds