



HOCHTIEF

**AUSTRALIA HOLDINGS
LIMITED**

ABN 17 103 181 675

Level 3, 2 Bulletin Place
Circular Quay, Sydney NSW 2000

GPO Box 4605
Sydney NSW 2001 Australia

Tel.: +61 2 9247 2227
Fax: +61 2 9247 8550
mail@hochtief-australia.com.au

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**HOCHTIEF ANNOUNCES INTENTION TO MAKE A \$22.15 CASH PER SHARE PROPORTIONAL OFFER FOR
LEIGHTON AND INTENTION TO MAKE LEIGHTON BOARD CHANGES**

HOCHTIEF Aktiengesellschaft ("**HOCHTIEF AG**"), through its wholly owned subsidiary HOCHTIEF Australia Holdings Limited ("**HOCHTIEF**"), is a majority shareholder in Leighton Holdings Limited ("**Leighton**"). HOCHTIEF today announced that it intends to make a conditional, proportional off-market offer to acquire 3 out of every 8 shares held by Leighton shareholders (other than HOCHTIEF) for \$22.15 cash per share ("**Offer**"), which represents an 18.8% premium over the dividend adjusted 5 day volume weighted average price of \$18.65 per Leighton share up to and including 7 March 2014.

Leighton shareholders on the Leighton register on 21 March 2014 will be entitled to a 50% franked dividend of \$0.60 per Leighton share, which was declared by Leighton on 20 February 2014 ("**Dividend**"). The Dividend will be paid on 4 April 2014. This Dividend will not be deducted from the Offer price payable to Leighton shareholders who accept the Offer.

Leighton shareholders who are on the Leighton register on 21 March 2014 and who accept the Offer will therefore receive \$22.75 per share in respect of 37.5% of their Leighton shares, comprising a cash payment of \$22.15 per share under the Offer and dividends paid by Leighton of \$0.60 per share.

If all Leighton shareholders accept the Offer, HOCHTIEF will increase its stake in Leighton from 58.77% to a maximum of 74.23% for a total cash consideration of approximately \$1,155 million.

HOCHTIEF also announced that it intends to increase its representation on the Leighton Board to reflect its majority interest in Leighton.

An attractive Offer

HOCHTIEF considers that the Offer is attractive to Leighton shareholders. The Offer price of \$22.15 cash per share represents:

- an 18.8% premium over the dividend adjusted 5 day volume weighted average price of \$18.65 per Leighton share up to and including 7 March 2014, the last trading day prior to announcement of the Offer;
- a 24.4% premium over the 1 month volume weighted average price of \$17.80 per Leighton share up to and including 7 March 2014; and
- a 33.0% premium over the 3 month volume weighted average price of \$16.66 per Leighton share up to and including 7 March 2014.

In addition to the premium, the Offer enables shareholders to achieve liquidity for a proportion of their shareholding in an orderly manner and without the need to pay brokerage fees.

HOCHTIEF's intentions

As previously communicated to Leighton and the market, HOCHTIEF has reserved its right to depart from the informal and non-binding governance principles that had arisen between HOCHTIEF and Leighton over time. Subject to the Corporations Act and Leighton's constitution, HOCHTIEF intends to increase its representation on Leighton's Board to reflect its shareholding in Leighton.

HOCHTIEF continues to support the current Independent Chairman, Mr Robert Humphris OAM.

HOCHTIEF intends to work with the Leighton Board to complete the broad-based, general review of Leighton's operating model that is currently being undertaken by Leighton management. A particular focus of the review is whether existing operating businesses of Leighton can be more efficiently structured. HOCHTIEF sees benefit in Leighton maintaining an ASX listing and an Australian head office.

Changes are not dependent on an increased shareholding

HOCHTIEF will pursue the above changes to Leighton irrespective of the outcome of the Offer.

HOCHTIEF has announced its intention to make the proportional offer to increase its interest to up to 74.23% to demonstrate its commitment to Leighton. Under the 'creep' provisions of the Corporations Act, HOCHTIEF could continue to increase its shareholding through on market purchases (at the prevailing market price) at the rate of 3% every six months but is willing to offer Leighton shareholders an attractive premium for part of their shareholding to increase its equity interest in Leighton more rapidly.

Offer conditions

HOCHTIEF'S Offer is conditional on:

- **(FIRB)** the Treasurer either advising he has no objections to the Offer under the *Foreign Acquisitions and Takeovers Act 1975* (Cth), or the period for the Treasurer to object elapsing during the condition period;
- **(No material adverse change)** no material adverse change occurring during the condition period (being changes of the kind set out in paragraph 1.1(e) of Appendix 1);
- **(No prescribed occurrences)** no prescribed occurrence occurring during the condition period;
- **(No regulatory action)** no regulatory action occurring during the condition period which has, or which may, materially adversely impact upon the Offer; and
- **(Leighton's disclosure that there are no change of control or similar rights under agreements or instruments or these rights are waived)** Leighton's disclosure that no rights referred to in paragraph 1.1(d) of Appendix 1 exist under agreements or instruments which are or may be triggered by the Offer or, if these rights exist, that they are waived.

The conditions of the Offer are set out in full in Appendix 1.

Funding

HOCHTIEF AG has agreed to provide HOCHTIEF with all amounts HOCHTIEF is required to pay under the Offer under a Loan Facility Agreement. The funds required by HOCHTIEF AG to provide the funds under the Loan Facility Agreement will be funded from existing money market and invested funds at call and undrawn facilities available to HOCHTIEF AG. In aggregate, the funds available from existing money market and invested funds at call and undrawn amounts under HOCHTIEF AG's existing debt facilities materially exceed the maximum cash consideration required and all associated transaction costs.

Timing

HOCHTIEF expects to dispatch its Bidder's Statement containing detailed information relevant to the Offer to all Leighton shareholders by the end of March 2014.

Advisers

J.P.Morgan is acting as financial adviser to HOCHTIEF and Ashurst is acting as legal adviser.

Media Contact

Ian Brown
0418 466 129
ibrown@firstadvisers.com.au

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Appendix 1 – Offer Conditions

1.1 Defeating Conditions

The Offer and any contract resulting from its acceptance, is subject to the following conditions being fulfilled or waived by HOCHTIEF:

(a) **FIRB**

Before the end of the Offer Period, one of the following occurs:

- (i) HOCHTIEF receives written notice issued by or on behalf of the Treasurer stating that there are no objections under the FATA or the Australian Government's foreign investment policy to the acquisition by HOCHTIEF of all the Leighton Shares to which the Offer relates or the notice being unconditional;
- (ii) the expiry of the period provided under the FATA prohibiting the acquisition of the Leighton Shares to which the Offer relates by HOCHTIEF under the Offer, without such an order being made; or
- (iii) if an interim order is made under FATA to prohibit the acquisition of the Leighton Shares to which the Offer relates by HOCHTIEF under the Offer, the subsequent period for making a final order has elapsed, without any such final order being made.

(b) **No prescribed occurrences**

None of the following events happen in the period between the Announcement Date and the end of the Offer Period:

- (i) Leighton converting all or any of its shares into a larger or smaller number of shares under Section 254H of the Corporations Act;
- (ii) Leighton or a subsidiary of Leighton resolving to reduce its share capital in any way;
- (iii) Leighton or a subsidiary of Leighton entering into a buyback agreement or resolving to approve the terms of a buyback agreement under Section 257C(1) or 257D(1) of the Corporations Act;
- (iv) Leighton or a subsidiary of Leighton making an issue of its shares or granting an option over its shares or agreeing to make such an issue or grant such an option;
- (v) Leighton or a subsidiary of Leighton issuing, or agreeing to issue, convertible notes;
- (vi) Leighton or a subsidiary of Leighton disposing, or agreeing to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Leighton or a subsidiary of Leighton charging, or agreeing to charge, the whole, or a substantial part, of its business or property;
- (viii) Leighton or a subsidiary of Leighton resolving that it be wound up;

- (ix) the appointment of a liquidator or provisional liquidator of Leighton or of a subsidiary of Leighton;
- (x) the making of an order by a court for the winding up of Leighton or of a subsidiary of Leighton;
- (xi) an administrator of Leighton or of a subsidiary of Leighton being appointed under Section 436A, 436B or 436C of the Corporations Act;
- (xii) Leighton or a subsidiary of Leighton executing a deed of company arrangement; or
- (xiii) the appointment of a receiver, or a receiver and manager in relation to the whole, or a substantial part, of the property of Leighton or of a subsidiary of Leighton.

(c) **No action by Public Authority adversely affecting the Offer**

During the Condition Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is instituted, or threatened by any Public Authority with respect to Leighton or any subsidiary of Leighton; and
- (iii) no application is made to any Public Authority (other than an application by HOCHTIEF or any company within the HOCHTIEF Group, an application under Section 657G of the Corporations Act, or an application commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer),

in consequence of, or in connection with, the Offer, which restrains or prohibits or threatens to restrain or prohibit, or may otherwise materially adversely impact upon, the making of the Offer or seeks to require the divestiture by HOCHTIEF of any Leighton Shares, or the divestiture of any assets by Leighton or by any subsidiary of Leighton or by any company within the HOCHTIEF Group.

(d) **Leighton's disclosure of certain rights under agreements or instruments**

- (i) Leighton states, either in its Target's Statement or in writing to HOCHTIEF before the date of the Target's Statement whether or not any person is entitled, in connection with the announcement of the Offer, the Offer itself, or the close of the Offer, to exercise any rights under any provision of any agreement or other instrument to which Leighton or any of its subsidiaries is a party, or by or to which Leighton or any of its subsidiaries or any of its assets or businesses may be bound or be subject, which results, or could result, to an extent which is material in the context of Leighton and its subsidiaries taken as a whole in:
 - (A) any moneys borrowed by Leighton or any of its subsidiaries being or becoming repayable or being capable of being declared repayable immediately or earlier than the repayment date stated in such agreement or other instrument;

- (B) any such agreement or other such instrument being terminated or modified or any action taken or arising thereunder (including the acceleration of the performance of any obligations thereunder);
- (C) any assets, shares or business of Leighton or any of its subsidiaries being sold, transferred or offered for sale or transfer, including under any pre-emptive rights or similar provisions; or
- (D) the business of Leighton or any of its subsidiaries with any other person being adversely affected,

(**Counterparty Rights**) and the statement is not materially varied, revoked or qualified before the end of the Offer Period.

(ii) If any Counterparty Rights exist:

- (A) details of the Counterparty Rights are specified in the Target's Statement or in writing to HOCHTIEF before the date of the Target's Statement, including details of the following:
 - (aa) the relevant agreement or instrument;
 - (bb) the identity of the parties; and
 - (cc) the nature of the Counterparty Right; and
- (B) before the end of the Offer Period, each relevant party to the Counterparty Right provides to Leighton in writing a binding, irrevocable and unconditional waiver or release of that Counterparty Right (**Relevant Release**) and Leighton provides details of each such Relevant Release in the Target's Statement or in a supplementary target's statement or in writing to HOCHTIEF.

(e) **No material adverse change**

- (i) During the Condition Period, no matter, event or circumstance occurs, is announced or becomes known to Leighton (whether or not it becomes public) where that matter, event or circumstance has, has had, or could reasonably be expected to have, individually or when aggregated with all such matters, events or circumstances, the result that net profit after tax of the Leighton Group for any 12 month period (including the 12 month period ending on 31 December 2014) reduces or is adversely affected by at least \$500,000,000,

except it does not include any event, change, condition, matter or thing which:

- (ii) was fully, fairly and accurately disclosed by Leighton before the Announcement Date in a public filing with the ASX or fully, fairly and accurately disclosed by Leighton in writing to HOCHTIEF or HOCHTIEF AG before the Announcement Date, provided that in each case such disclosure was not misleading or deceptive in any material respect (including by omission);
- (iii) expressly consented to in writing by HOCHTIEF or HOCHTIEF AG for the purposes of this condition; or
- (iv) is, results from or is attributable to:

- (A) any change or movement in exchange rates;
- (B) projects or the establishment of any new business or new places of business by a competitor of the Leighton Group or the entry of a new entrant in any market in which the Leighton Group operates.

1.2 Definitions

The following definitions apply in interpreting the Defeating Conditions:

Announcement Date means 10 March 2014.

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

Bid means an off-market proportional takeover bid by HOCHTIEF to acquire 37.5% of each Leighton Shareholder's Leighton Shares under Chapter 6 of the Corporations Act.

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

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

FATA means the *Foreign Acquisitions and Takeovers Act 1975* (Cth).

FIRB means the Foreign Investment Review Board.

HOCHTIEF means HOCHTIEF Australia Holdings Limited ABN 17 103 181 675.

HOCHTIEF AG means HOCHTIEF Aktiengesellschaft, a company incorporated in Germany.

HOCHTIEF Group means HOCHTIEF and each of its related bodies corporate.

Leighton means Leighton Holdings Limited ABN 57 004 482 982.

Leighton Group means Leighton and each of its related bodies corporate, except that it does not include HOCHTIEF.

Leighton Share means a fully paid ordinary share in Leighton.

Offer means each offer to acquire 37.5% of each Leighton Shareholder's Leighton Shares to be made by HOCHTIEF to Leighton Shareholders in connection with the Bid.

Offer Period means the period during which Offers will remain open for acceptance.

Public Authority means any federal, provincial, state, regional, municipal, local or other government, governmental or public department, central bank, court, tribunal, administrative, statutory or judicial entity, arbitral body, commission, board, bureau or authority or agency.

related body corporate has the meaning given in the Corporations Act.

subsidiary has the meaning given in the Corporations Act.

Target's Statement means the target's statement issued by Leighton in response to the Bidder's Statement in accordance with Part 6.5 Division 3 of the Corporations Act.

Treasurer means the Treasurer of the Commonwealth of Australia.

References to "\$" are references to Australian currency, unless stated otherwise.