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10 November 2014

Mr Simon Daniels
Senior Adviser, Listing Compliance
ASX Compliance Pty Limited
PO Box H224
Australia Square NSW 1215

Dear Mr Daniels

UGL Limited (the "Entity"): ASX Limited ("ASX") aware query - UGL's response

The Entity refers to ASX's questions regarding the Entity's announcement entitled "UGL completes sale of DTZ for \$1.215 billion and provides a market update" lodged with the ASX Market Announcements Platform and released at 9:57 am on Thursday, 6 November 2014 (the "Announcement"), disclosing, amongst other things, the following statement:

"As a result of a range of project changes and events in the design and procurement phase of the project being undertaken in Atlanta, and subsequent delays to the project, the forecast project costs have increased resulting in the joint venture led by CH2M Hill, recognising a provision of USD170 million."

(the "Information").

The Entity responds to each of ASX's questions, as set out below:

1. Does the Entity consider the Information in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?

The status of the Ichthys CCPP project remains unclear with ongoing work validating the extent of the delay to, and the expected cost to complete, the CCPP project. In addition, claims development is ongoing in relation to changes and delays and disruption to engineering and procurement on the CCPP project, which would be offset against any cost increases. This analysis involves a series of shifting views and judgments, each based on varying degrees of still incomplete information, with Client involvement in engineering continuing.

Further discussions with the Client, with the intent of agreeing a mutually acceptable resolution of past issues and a means to accelerate work going forward to overcome the delays to date, are ongoing.

In these circumstances, whilst acknowledging its JV partner's booking of a USD85 million provision, the potential of write-downs and claims recoveries related to the CCPP project in the Entity's accounts are considered by the Entity to remain unclear.

However, the Entity received restated JV accounts from its JV partner on Wednesday 5 November 2014, which are yet to be signed off by the JV Management Committee, reflecting a USD170 million (A\$183 million) loss and confirmation of the likely booking of a provision by the Entity's JV partner of USD85 million on Monday 10 November 2014 (Denver time). Having immediately taken steps to understand and verify the procedure and analysis underlying the restatement and to confirm the Entity's JV partner's intent regarding a provision (a process that continued through the night until the morning of Thursday 6 November 2014), the Entity formed the view that the Entity's JV partner's intent to book a provision on the basis of the restated JV accounts, was information that a reasonable person would expect to have a material effect on the price or value of its securities.

2. When did the Entity first become aware of the Information?

On Tuesday 14 October 2014, the Entity's JV partner notified the Entity of a planned review of the CCPP project, in Darwin. The possibility of the Entity's JV partner booking a provision of a then unconfirmed amount, upon completion of the review of the CCPP Project, if timely resolution of issues with the Client could not be achieved, was noted.

The CEO's of both JV partners attended meetings in Perth with executives of the Client on Sunday 2 November 2014 and the ultimate Client on Monday 3 November 2014, in the hope of obtaining greater certainty regarding resolution of issues on the CCPP project. Such certainty was not achieved and late on Monday 3 November 2014 the Entity was advised by its JV partner of its intent to recommend to its Audit Committee on Thursday 6 November 2014 that they consider booking a provision given the development status of the claims and the likely timing of the approval process.

On Wednesday 5 November 2014, the Entity received a copy of the JV's restated accounts, reflecting a USD170 million (A\$183 million) loss, which is yet to be signed off by the JV Management Committee. Calls were held overnight with the Entity's JV partner and into the morning of Thursday 6 November 2014 to clarify matters surrounding the restated accounts and what provision, if any, they would be booking, and to further understand the steps taken to prepare and review the cost build-up and the status of the ongoing review of the estimate to complete. Having received the clarifications requested and confirmed that the Entity's JV partner would book a provision of USD85 million, the Entity released the Information.

The Entity accelerated the process of confirming the Entity's JV partner's intentions regarding a provision to enable an announcement of the Information sooner than would ordinarily have occurred – ahead of the Entity's JV partner completing its own formal internal approval of the provision (the Entity understands that its JV partner's Audit Committee voted on the provision on Thursday 6 November 2014, Denver time, with the intent of filing on Monday 10 November 2014, Denver time) – because the Entity was concerned that an announcement regarding the DTZ sale completion before market open on Thursday 6 November 2014 (the timing of which the Entity had no control over, Completion of the sale having occurred shortly after 4:00pm on Wednesday 5 November 2014), in advance of any indication to the market of an issue with the CCPP project, could have created an inappropriately positive impression in the circumstances.

3. If the answer to question 1 is "no", please advise the basis for that view.

N/A

4. If the answer to question 1 is “yes” and the Entity first became aware of the Information before the relevant date, did the Entity make any announcement prior to the relevant date which disclosed the Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the Information was released promptly and without delay.

Please refer to the Entity’s response to questions 1 and 2. The Information was released expeditiously and without delay other than as required for preparing and validating and checking the correctness of its statements, and obtaining the Entity’s Board approval together with the referenced JV partner’s confirmation. Notably the Entity’s JV partner only approved their provision on Thursday 6 November 2014, Denver time, after the Entity’s announcement, and the Entity understood that its JV partner intended to file its results on Monday 10 November 2014, Denver time.

5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

Confirmed.

Yours faithfully



Pryce Dale
Company Secretary



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7 November 2014

Lyn Nikolopoulos
Company Secretary
UGL Limited
Level 9, 40 Miller St
North Sydney NSW 2060

By email: Lyn.Nikolopoulos@ugllimited.com

Dear Ms Nikolopoulos,

UGL Limited (the "Entity"): ASX aware query

ASX Limited ("ASX") refers to the following.

1. The Entity's announcement entitled "UGL completes sale of DTZ for \$1.215 billion and provides a market update" lodged with the ASX Market Announcements Platform and released at 9:57 am on Thursday, 6 November 2014 (the "Announcement"), disclosing, amongst other things, the following statement:

"As a result of a range of project changes and events in the design and procurement phase of the project being undertaken in Atlanta, and subsequent delays to the project, the forecast project costs have increased resulting in the joint venture led by CH2M Hill, recognising a provision of USD170 million."

(the "Information").

2. The decrease in the price of the Entity's securities from a close of \$6.90 on 5 November 2014 to a low of \$5.78 on 6 November 2014.
3. Listing Rule 3.1, which requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.
4. The definition of "aware" in Chapter 19 of the Listing Rules. This definition states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity."

Additionally, you should refer to section 4.4 in Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information"*.

5. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following requirements is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- *It would be a breach of a law to disclose the information;*

- *The information concerns an incomplete proposal or negotiation;*
- *The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- *The information is generated for the internal management purposes of the entity; or*
- *The information is a trade secret; and*

3.1A.2 *The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and*

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

5. ASX's policy position on the concept of "confidentiality" which is detailed in section 5.8 of Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B "Listing Rule 3.1A.2 – the requirement for information to be confidential"*. In particular, the Guidance Note states that:

"Whether information has the quality of being confidential is a question of fact, not one of the intention or desire of the listed entity. Accordingly, even though an entity may consider information to be confidential and its disclosure to be a breach of confidence, if it is in fact disclosed by those who know it, then it ceases to be confidential information for the purposes of this rule."

Having regard to the above, we ask that you answer the following questions in a format suitable for release to the market in accordance with Listing Rule 18.7A:

1. Does the Entity consider the Information in the Announcement to be information that a reasonable person would expect to have a material effect on the price or value of its securities?
2. When did the Entity first become aware of the Information?
3. If the answer to question 1 is "no", please advise the basis for that view.
4. If the answer to question 1 is "yes" and the Entity first became aware of the Information before the relevant date, did the Entity make any announcement prior to the relevant date which disclosed the Information? If so, please provide details. If not, please explain why this information was not released to the market at an earlier time, commenting specifically on when you believe the entity was obliged to release the Information under Listing Rules 3.1 and 3.1A and what steps the Entity took to ensure that the Information was released promptly and without delay.
5. Please confirm that the Entity is in compliance with the Listing Rules and, in particular, Listing Rule 3.1.

When and where to send your response

This request is made under, and in accordance with, Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by not later than half an hour before the start of trading (ie before 9.30 a.m. AEDT on Tuesday, 11 November 2014. If we do not have your response by then, ASX will have no choice but to consider suspending trading in the Entity's securities under Listing Rule 17.3.

You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, the Entity's obligation is to disclose the information "immediately". This may require the information to be disclosed before the deadline set out in the previous paragraph.

ASX reserves the right to release a copy of this letter and your response on the ASX Market Announcements Platform under Listing Rule 18.7A. Accordingly, your response should be in a form suitable for release to the market.

Your response should be sent to me by e-mail at simon.daniels@asx.com.au. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Listing Rule 3.1

Listing Rule 3.1 requires a listed entity to give ASX immediately any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities. Exceptions to this requirement are set out in Listing Rule 3.1A.

The obligation of the Entity to disclose information under Listing Rules 3.1 and 3.1A is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

In responding to this letter, you should have regard to the Entity's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure: Listing Rules 3.1 – 3.1B*.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in the Entity's securities under Listing Rule 17.1.

If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We may require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted.

You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

If you have any queries or concerns about any of the above, please contact me immediately.

Yours sincerely

[sent electronically without signature]

Simon Daniels
Senior Adviser, Listings Compliance (Sydney)