

Broad Spectrum Board changes recommendation: now recommends shareholders ACCEPT Ferrovia's Revised Offer of \$1.50 cash per share in light of increased uncertainty related to operations in Manus Province

- **Broad Spectrum's Directors have changed their recommendation to shareholders**
- **Broad Spectrum's Directors now unanimously recommend shareholders ACCEPT Ferrovia's Revised Offer of \$1.50 cash per share**
- **Change of recommendation is as a result of increased uncertainty related to the Company's operations in Manus Province**
- **The Revised Offer provides increased certainty to shareholders and represents a 43% premium to the closing Broad Spectrum share price on 27 April 2016**
- **Shareholders are advised to ACCEPT the offer before the offer period closes at 7.00pm AEST on Monday, 2 May 2016**

The Board of Broad Spectrum Limited ("Broad Spectrum") today announced that it has changed its recommendation in relation to Ferrovia Services Australia Pty Limited's ("Ferrovia") Revised Takeover Offer ("Revised Offer").

The Company has lodged a Fourth Supplementary Target's Statement in which the Board now unanimously recommends shareholders ACCEPT the revised all cash offer ("Revised Offer") of \$1.50 cash per share.

The change in recommendation follows the ruling by the Supreme Court of Papua New Guinea on 26 April 2016 that the detention of asylum seekers at the Regional Processing Centre ("RPC") in Manus Province was unconstitutional, and the announcement the following day by Papua New Guinea's Prime Minister, Peter O'Neill, that the RPC would be closed down.

The Board has advised that the impact of the Supreme Court's decision and the subsequent statement by the Prime Minister of Papua New Guinea has increased the level of near-term uncertainty to its contract with the Department of Immigration and Border Protection (DIBP), and future earnings that may be derived from it.

Whilst the Board considers it likely that there will be changes to its current operations on Manus Province, with the current information available, it is not possible to definitively determine either (1) the nature, scope and timing of any changes or (2) any resulting impact to Broad Spectrum, including whether the changes will be positive, negative or neutral from the Company's perspective.

It is unlikely that the Company will have certainty as to the potential impacts before the current scheduled closing date for the Offer Period on 2 May 2016. Broad Spectrum considers that this matter could have a material impact on its future earnings, either positive or negative.

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In considering whether their recommendation should change, the Board noted that:

- the developments with respect to Manus Province raise uncertainties which will not be resolved within the Offer Period
- the opportunity for Shareholders to receive the certainty of \$1.50 per share in cash in the face of these uncertainties may be attractive
- Ferrovial's Revised Offer represents a 43% premium to the closing Broad Spectrum Share price on 27 April 2016 and a 76% premium to the closing Broad Spectrum Share price of \$0.85¹ on the trading date immediately prior to the announcement of Ferrovial's Offer on 7 December 2015 and
- if the Offer is unsuccessful, the Broad Spectrum share price is likely to fall.

On balance, having considered all of these matters, the Directors now recommend shareholders ACCEPT Ferrovial's Revised Offer of \$1.50. All of the Directors currently intend to accept the Revised Offer in respect of their Broad Spectrum shareholdings.

Further details are provided in the Fourth Supplementary Target's Statement, which can be found at www.broadspectrum.com.

A Shareholder Information Line has been established to address any specific queries in relation to the Offer. The phone number for the Shareholder Information Line is 1300 361 735 (for calls from within Australia) and +61 1300 361 735 (for calls made from outside Australia). Updates in relation to the Offer will also be posted on Broad Spectrum's website (www.broadspectrum.com).

Broad Spectrum has been advised in this transaction by Macquarie Capital and Herbert Smith Freehills.

ENDS

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¹ Broad Spectrum's closing share price on 4 December 2015.