

CIMIC CLASS ACTION

NOTICE OF PROPOSED SETTLEMENT

Inabu Pty Ltd as trustee for the Alidas Superannuation Fund
v
CIMIC Group Limited

WHY YOU ARE RECEIVING THIS NOTICE

On 11 February 2020, the Federal Court of Australia ordered that this Notice be sent to class members who registered to participate in any settlement of the class action commenced by Inabu Pty Ltd (ACN 003 657 654) as trustee for the Alidas Superannuation Fund (ABN 38 718 529 455) in the Federal Court of Australia against CIMIC Group Limited (ACN 004 482 982) (formerly known as Leighton Holdings Limited) (the **CIMIC Class Action**).

You have received this Notice because you have been identified as a potential class member and you registered to participate in any settlement of the CIMIC Class Action. This Notice is an important legal document and you should read the whole Notice carefully as it concerns your legal rights.

This Notice is to inform you that an agreement to settle the CIMIC Class Action has been reached for \$32.4 million (the **Proposed Settlement**). The Proposed Settlement requires Court approval before compensation can be distributed to eligible class members. The Court has been asked to approve the settlement at a hearing to be held at 10.15am on 28 April 2020.

This Notice contains the following information:

- Section A:** Summary of the CIMIC Class Action;
- Section B:** Definition of a Class Member;
- Section C:** Details of the Proposed Settlement;
- Section D:** Details of steps you are required to take;
- Section E:** Details of how you can obtain further information;
- Annexure:** Schedule of Registered Class Member's Claim Data.

Registered Class Members should be aware of the following deadlines:

	DEADLINE	MORE INFORMATION
Correct any errors in the Schedule of Claim Data	4pm AEDT, 20 March 2020	Section D of this Notice, paragraph 21
Provide payment details	4pm AEDT, 20 March 2020	Section D of this Notice, paragraph 21
Oppose the settlement	4pm AEST, 9 April 2020	Section D of this Notice, paragraph 24

Any questions you have concerning the matters contained in this Notice should not be directed to the Federal Court. If there is any matter in this Notice that you do not understand you should contact Maurice Blackburn on 1800 982 043 or by email at CIMICGroupClassAction@mauriceblackburn.com.au or seek independent legal advice.

A. SUMMARY OF THE CIMIC CLASS ACTION

1. The CIMIC Class Action was commenced on 23 November 2016 by the applicant, Inabu Pty Ltd (**Inabu**). Inabu brought the proceeding against CIMIC on its own behalf, and on behalf of all persons who are class members in the CIMIC Class Action. The definition of a class member is set out in section B below.
2. Inabu alleges that:
 - (a) CIMIC failed to comply with its continuous disclosure obligations under Australian corporate laws, and engaged in misleading and deceptive conduct, by withholding from shareholders that senior executives had knowledge, or knowledge of a risk that an offshore subsidiary was, or may have been engaged in corrupt conduct in order to secure construction work in Iraq. Inabu claims that this conduct breached CIMIC's continuous disclosure obligations under the *Corporations Act 2001* (Cth) (**Corporations Act**) and the ASX Listing Rules and the prohibition against misleading or deceptive conduct under the Corporations Act and the Australian Consumer Law.
 - (b) Persons who acquired an interest in fully paid ordinary shares in CIMIC (**LEI shares**) during the period between 23 November 2010 and 3 October 2013 (**Relevant Period**) suffered loss as a result of these alleged breaches.
3. Inabu is represented by solicitors Maurice Blackburn and the CIMIC Class Action has been funded by Harbour Fund III, L.P. (**Harbour**).
4. CIMIC denies the allegations and defended the class action. The trial of the proceeding had been scheduled to commence in March 2020.
5. The detailed allegations are set out in the Further Amended Statement of Claim and CIMIC's defence against those allegations are set out in CIMIC's Amended Defence. A copy of these documents are available to download from Maurice Blackburn's website at: <https://www.mauriceblackburn.com.au/cimic>

B. DEFINITION OF A CLASS MEMBER

6. You are a class member in the CIMIC Class Action if you:
 - (a) acquired an interest in fully paid ordinary LEI shares during the Relevant Period;
 - (b) suffered loss or damage by reason of the conduct of CIMIC as alleged by the applicant in its Further Amended Statement of Claim;

- (c) were not during any part of the Relevant Period, and are not any of the following:
 - i. a related party of CIMIC;
 - ii. a related body corporate of CIMIC;
 - iii. an associated entity of CIMIC;
 - iv. an officer or a close associate of CIMIC; or
 - v. a judge or the Chief Justice of the Federal Court of Australia or a Justice or the Chief Justice of the High Court of Australia; and
 - (d) did not opt-out of the CIMIC Class Action before 4pm AEST 2 October 2018.
7. You are only entitled to participate in the Proposed Settlement if you are a class member and you validly registered your LEI share trade data with Maurice Blackburn by 2 October 2018 (**Registered Class Member**), unless the Court otherwise orders.

C. PROPOSED SETTLEMENT

Application for settlement approval

8. The Proposed Settlement must be approved by the Court under section 33V of the *Federal Court of Australia Act 1976* (Cth). Before approving the settlement, the Court must be satisfied that the Proposed Settlement is fair and reasonable and in the interests of all class members. The Court will also determine at this time whether the legal costs in the proceeding have been reasonably incurred.
9. The approval hearing will take place at 10.15am **on 28 April 2020** in the New South Wales Registry of the Federal Court of Australia located at Law Courts Building, 184 Phillip Street, Queens Square, Sydney, NSW 2000. You are entitled to attend the hearing if you wish to.
10. Under the Proposed Settlement:
- (a) CIMIC will pay \$32.4 million (**Settlement Sum**) to settle the CIMIC Class Action inclusive of interest, legal costs and funding commission;
 - (b) The following will be deducted from the Settlement Sum before it is distributed to Registered Class Members:
 - i. approximately \$10,800,000 to pay the legal costs incurred in conducting the proceeding and for the estimated costs of administering the Proposed Settlement.
 - ii. approximately \$8,600,000 to pay funding fees to Harbour in accordance with either the funding agreements or order of the Court; and
 - iii. a reimbursement payment to the applicant, Inabu, of approximately \$25,000, for the time and expense its director incurred in representing the class.

11. The Proposed Settlement includes covenants and releases that are commonly agreed in class action settlements. If the Proposed Settlement is approved by the Court, all class members will be bound by the settlement and will not be permitted to make any further claims against CIMIC or its related parties in relation to matters arising or resulting from, referred to or connected with the circumstances, allegations and matters which are or have been the subject of the proceeding.
12. If the Proposed Settlement is not approved by the Court, the CIMIC Class Action will continue and there will be no distribution of compensation to Registered Class Members unless and until the applicant is successful in the proceeding, or a further settlement is reached and approved. The Proposed Settlement is without admission of liability by CIMIC.

Settlement Distribution Scheme

13. The process by which the Settlement Sum is proposed to be distributed will be outlined in a "Settlement Distribution Scheme". The Settlement Distribution Scheme will include a confidential "Loss Assessment Formula" which details how each Registered Class Member's entitlement to a share of the Settlement Sum will be calculated. The Settlement Distribution Scheme and the Loss Assessment Formula must also be approved by the Court.
14. Registered Class Members can obtain access to the proposed Settlement Distribution Scheme by:
 - (a) contacting Maurice Blackburn at CIMICGroupClassAction@mauriceblackburn.com.au and requesting a copy; and
 - (b) signing and returning a confidentiality undertaking to obtain a copy of the confidential Loss Assessment Formula.
15. The amount of compensation to be paid to each Registered Class Member under the Proposed Settlement will depend on factors such as the date and number of shares purchased by that Registered Class Member, whether any of those shares were sold, and the overall losses of all Registered Class Members who chose to participate in the Proposed Settlement.
16. If the Court approves the Proposed Settlement, a Settlement Administrator will be appointed in order to distribute the Settlement Sum to Registered Class Members and administer the settlement in accordance with the Settlement Distribution Scheme under the directions of the Court. In applying for approval of the Proposed Settlement, the applicant intends to ask the Court to make an order that Maurice Blackburn be appointed as Settlement Administrator. The decision as to who is appointed to administer the settlement is a decision for the Court.

Harbour's Funding Fees

17. Throughout the course of the proceeding Harbour provided litigation funding to the applicant and class members on the terms set out in the funding agreements

which have been signed by the applicant and many Registered Class Members. Under this arrangement Harbour:

- (a) indemnified the applicant against any adverse costs orders;
 - (b) obtained a deed of indemnity as security for such adverse costs orders; and
 - (c) paid legal costs incurred in prosecuting the proceeding, including the cost of solicitors, barristers and experts.
18. Under the funding agreement, and subject to Court approval, Harbour is entitled to receive out of the Settlement Sum:
- (a) reimbursement of the costs paid payable in respect of the CIMIC Class Action; and
 - (b) as consideration for funding the case, a percentage of the Settlement Sum.
19. The Loss Assessment Formula in the proposed Settlement Distribution Scheme includes a “funding equalisation formula” that adjusts the returns to funded and unfunded Registered Class Members so they are treated equitably. The funding equalisation ensures that a *funded* Registered Class Member (who entered a funding agreement with Harbour and is therefore obliged to pay commission) is not disadvantaged and will receive the same in-hand compensation as an *unfunded* Registered Class Member (who did not sign a funding agreement but otherwise benefitted from the funding of the proceeding) who suffered the same amount of loss.
20. If the Court makes orders requiring all Registered Class Members to make a contribution from their compensation to the legal and/or funding costs of the proceeding, this will not exceed the compensation amount and therefore there is no risk that Registered Class Members will be left out of pocket.

D. WHAT STEPS CLASS MEMBERS NEED TO TAKE

Review the Schedule of Claim Data

21. You must review the Schedule of Claim Data that accompanies this Notice and:
- (a) If the Schedule of Claim Data is accurate, and you wish to receive compensation in the Proposed Settlement, you must provide Maurice Blackburn with your banking details by logging on to the Maurice Blackburn online payment portal by **4pm AEDT on 20 March 2020**. Further information about this process, including log in details, is contained in the Schedule of Claim Data; or
 - (b) If the Schedule of Claim Data is not accurate, you must contact Maurice Blackburn no later than **4pm AEDT on 20 March 2020** and provide any relevant documentation. Further information about this process is set out in the Schedule of Claim Data.
22. The Schedule of Claim Data contains a preliminary estimate of the amount of the Settlement Sum to be distributed to you in accordance with the proposed

Settlement Distribution Scheme. This preliminary estimate has been provided to assist you to understand how the proposed Settlement Distribution Scheme will affect you personally.

23. The preliminary estimate is not final and may change depending on a number of factors, including the amounts the Court may approve to be deducted from the Settlement Sum, and whether any Registered Class Members seek to amend their trade data contained in a Schedule of Claim Data.

You May Oppose the Settlement

24. You are entitled to ask the Court not to approve the Proposed Settlement. If you wish to take that step, you must:

(a) By **4pm AEST on 9 April 2020** send a written notice to Maurice Blackburn marked to the attention of the CIMIC Class Action Team at PO Box A266 Sydney South NSW 1235 or CIMICGroupClassAction@mauriceblackburn.com.au stating that you wish to oppose the settlement and providing reasons why; and

(b) By **4 pm AEST on 9 April 2020** file with the Court written submissions, stating that you wish to oppose the Proposed Settlement and providing reasons why, and any evidence upon which you may wish to rely in support of your objection, and provide a copy to Maurice Blackburn (at the postal or email address referred to in paragraph 24(a) above). You should also be in a position to inform the Court whether or not you are willing to become the 'representative applicant' and take over the conduct of the CIMIC Class Action; and

(c) Be prepared, if necessary, to attend (or send a representative to) the hearing at **10.15am on 28 April 2020**, when the Court will consider whether to approve the Proposed Settlement. If you intend to attend, you or your representative may make oral submissions in support of your objection. The hearing will take place at:

Federal Court of Australia
Law Courts Building
184 Phillip Street
Queens Square, Sydney
NSW 2000

25. If you think you might wish to oppose the Proposed Settlement of the CIMIC Class Action, you should obtain independent legal advice immediately.

E. RELEVANT FURTHER INFORMATION

26. If you have any questions about the matters contained in this Notice please contact Maurice Blackburn on 1800 982 043 or by email at CIMICGroupClassAction@mauriceblackburn.com.au.