

28 April 2014

## Correction - Queensland Motorways Acquisition and Equity Raising Investor Presentation

The investor presentation released by Transurban on 24 April 2014 contained an error in the pro-forma weighted average securities on issue for the half year ended 31 December 2013 and the financial year ended 30 June 2013, on slides 75 and 76 respectively. These changes impact pro-forma free cash per security (cents) on slides 34, 75 and 76.

The corrected values are as follows:

### Slide 34 (Free Cash Flow Pro-Forma)

Pro-forma underlying free cash per security for the half year ended 31 December 2013 is corrected to 14.7 cents per security (from 14.2 cents per security).

Pro-forma underlying free cash per security for the year ended 30 June 2013 is corrected to 28.2 cents per security (from 27.3 cents per security).

### Slide 75 (Free Cash Flow H1 FY14)

The adjustment to weighted average securities on issue is corrected to 404.5 million (from 462.1 million), making the pro-forma weighted average securities on issue 1,889.1 million.

Pro-forma underlying free cash per security for the half year ended 31 December 2013 is corrected to 14.7 cents per security (from 14.2 cents per security).

### Slide 76 (Free Cash Flow FY13)

The adjustment to weighted average securities on issue is corrected to 404.5 million (from 462.1 million), making the pro-forma weighted average securities on issue 1,875.0 million.

Pro-forma underlying free cash per security for the year ended 30 June 2013 is corrected to 28.2 cents per security (from 27.3 cents per security).

**The above corrections have been made in the attached version of the investor presentation. The investor presentation is otherwise unaffected by these changes.**



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Classification **Public**

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24 APRIL 2014

# QUEENSLAND MOTORWAYS ACQUISITION AND EQUITY RAISING



# DISCLAIMER

This investor presentation ("Presentation") has been prepared by Transurban Holdings Limited (ACN 098 143 429) ("THL"), Transurban International Limited (ACN 121 746 825) ("TIL") and Transurban Infrastructure Management Limited (ACN 098 147 678; AFSL 246585) as the responsible entity of Transurban Holding Trust (ARSN 098 807 419) ("THT") (together, "Transurban"). This Presentation has been prepared in relation to an accelerated renounceable entitlement offer of new Transurban stapled securities ("New Securities"), to be made to:

- eligible institutional security holders of Transurban ("Institutional Entitlement Offer"); and
- eligible retail security holders of Transurban ("Retail Entitlement Offer"),

under sections 708AA and 1012DAA of the Corporations Act 2001 (Cth) ("Corporations Act") as modified by ASIC Class Order 08/35 and ASIC relief obtained in relation to the entitlement offer (together, the "Entitlement Offer"). Unless the context otherwise requires, capitalised terms and abbreviations have the meaning given in the glossary at the end of this Presentation.

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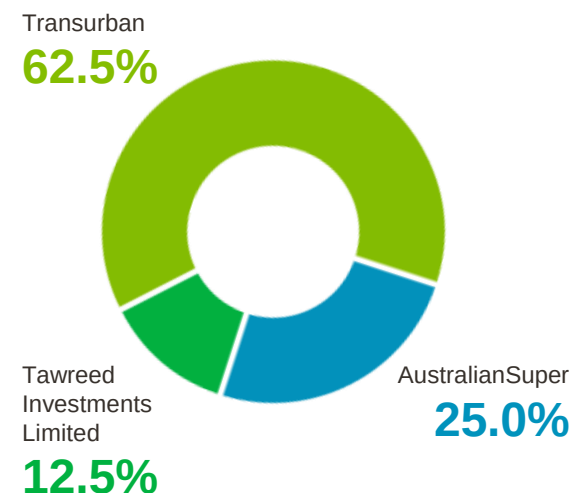
# SUMMARY OF TRANSACTION



# TRANSACTION SUMMARY

- Transurban, in conjunction with AustralianSuper and Tawreed Investments Limited, a wholly owned subsidiary of Abu Dhabi Investment Authority, has reached agreement to acquire Queensland Motorways for \$6.67Bn<sup>1</sup>, plus stamp duty of \$384M<sup>2</sup>
- Transurban to raise \$2.74Bn through a \$2.34Bn fully underwritten accelerated renounceable entitlement offer and a \$400M placement to its bid partners AustralianSuper and Tawreed
- Detailed due diligence began in 2013
- Transurban will be responsible for the management and operations of Queensland Motorways
- Acquisition remains conditional on Department of Transport and Main Roads / Brisbane City Council consent
- Financial close targeted for end of June 2014
- Acquisition enhances and further diversifies Transurban's portfolio
- Disciplined acquisition meeting Transurban's investment criteria

## TRANSURBAN CONSORTIUM



<sup>1</sup> Enterprise value inclusive of acquired debt.

<sup>2</sup> The purchase price is subject to post completion adjustment, including for working capital and capital expenditure as at the end of June 2014. The amount of \$384M is payable to the vendor for estimated stamp duty. The vendor will be entitled to retain, or obliged to pay, the difference (if any) between the estimated stamp duty and the actual stamp duty liability.

# ALIGNED WITH STRATEGY

STRATEGY

ROAD  
INFRASTRUCTURE  
PARTNER OF  
CHOICE

LEVERAGE  
NETWORK  
POSITIONS

UTILISING  
CORE  
CAPABILITIES

CLEAR  
MARKET  
DEFINITION

DISTRIBUTION  
GROWTH

- ✓ Distribution growth post acquisition
  - 35 cents guidance per security confirmed for FY14
  - 39 cents guidance per security for FY15
- ✓ Extended concession life adds long-term value to Transurban's portfolio
- ✓ Urban road network with extensive operating history and substantial available capacity
- ✓ Transurban to operate – utilising core capabilities
- ✓ Geographic diversification with attractive growth outlook
- ✓ Opportunity to work with government partners to further enhance Queensland Motorways network

# STRATEGIC RATIONALE

## Established toll road network with significant scale and strong growth outlook

### SIGNIFICANT NETWORK SCALE

- QM average work day transactions 328,900<sup>1</sup> – accounts for 23.0% of Transurban portfolio (pre-QM)

### ESTABLISHED OPERATING HISTORY

- Gateway opened in 1986 and Logan opened in 1988
- Strong traffic growth (5.7% CAGR) over the past 10 years
- Gateway / Logan account for 90% of QM FY13 proportional underlying EBITDA

### LONG TERM VALUE IN NETWORK

- Weighted average concession length<sup>2</sup> extended to 26 years
- Transurban (pre-QM) – 22 years; QM – 38 years

### LIMITED COMPETING ROUTES

- 3 of 7 river crossings between CBD and coast
- Arterial roads only competing routes for Logan and Gateway

### TRIP VALUE FOR MONEY

- Strong value proposition for drivers with significant time savings and comparatively lower tolls

### STRONG MARKET OUTLOOK (2014–2018)<sup>3</sup>

#### Population growth forecast

| QLD  | VIC  | NSW  |
|------|------|------|
| 2.2% | 1.9% | 1.4% |

#### Employment growth forecast

| QLD  | VIC  | NSW  |
|------|------|------|
| 2.5% | 1.5% | 1.1% |

### AVAILABLE CAPACITY

- Gateway and Logan motorways estimated to be operating at approximately 50% of capacity

<sup>1</sup> FY13 transactions including CLEM7 and Go Between Bridge. Transactions are recorded for each vehicle movement through a tolling point.

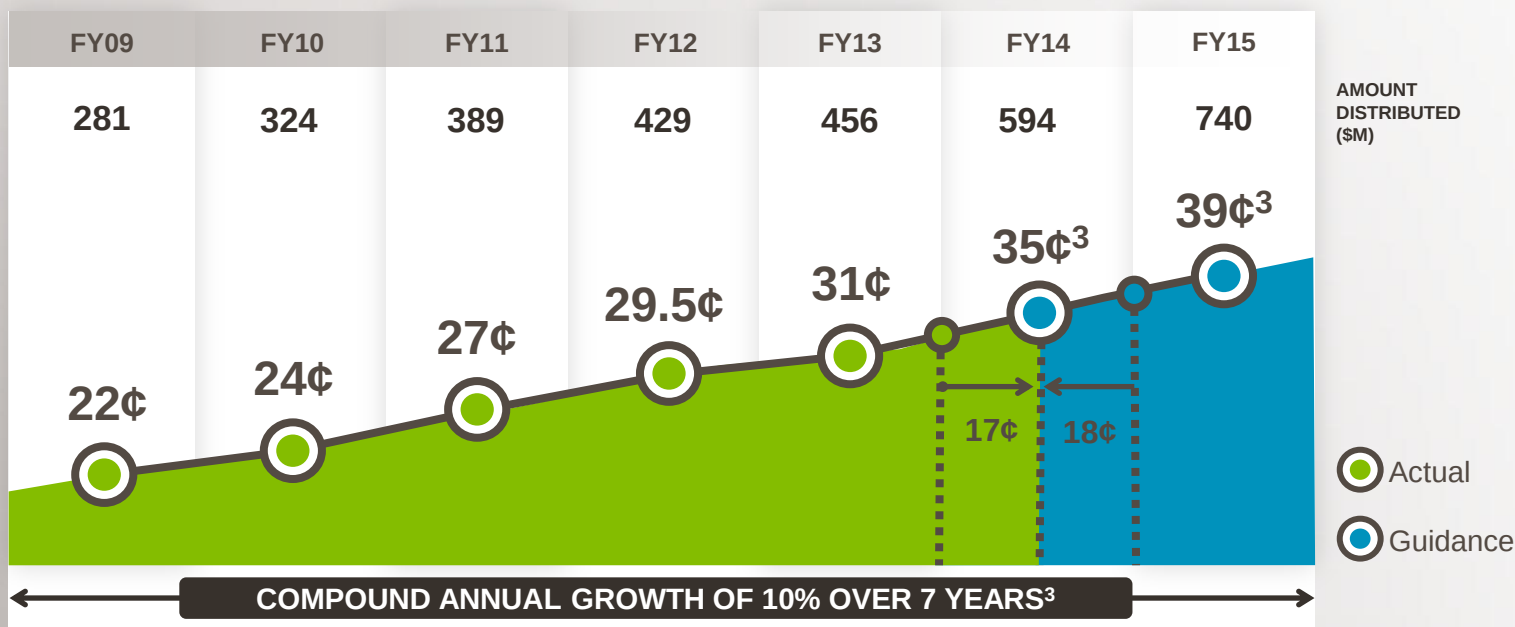
<sup>2</sup> Weighted based on contribution to total revenue for FY13. QM includes Logan/Gateway, CLEM7, and Go Between Bridge. Transurban's weighted average concession life excludes US assets and potential concession extensions associated with NorthConnex.

<sup>3</sup> 2014 – 2018 Growth Rate (Deloitte Access Economics).

# DISTRIBUTION GROWTH

## Distribution growth expected post acquisition of Queensland Motorways and remains key corporate objective

- FY14 distribution guidance of 35 cents per security maintained – expected to include a 7 cent franked dividend
  - Second half distribution guidance of 18 cents per security<sup>1</sup>
- New Securities issued as part of the capital raising will be entitled to FY14 second half distribution with guidance of 18 cents per security
  - FY14 distribution guidance now forecast to be 95% free cash covered<sup>2</sup> due to timing of New Securities issue
- FY15 distribution guidance of 39 cents per security<sup>1</sup> – expected to include 7 cent franked dividend
  - Expected to be 100% free cash covered



1 Guidance is based on assumptions relating to traffic volumes, toll revenue, maintenance and other items described on slide 77. Also see Key Risks.

2 Pre-equity raising FY14 distribution guidance was more than 100% free cash covered. See Appendix B for information about the calculation of free cash flow.

3 Projected amounts based on current distribution guidance for FY14 and FY15 assuming 1,896,352,228 securities on issue.

# EQUITY RAISING

## Gross proceeds of \$2.74Bn to be raised

- \$2.34Bn to be raised by way of a fully underwritten accelerated renounceable entitlement offer
  - Entitlement Offer ratio of 10 New Securities for every 43 existing Transurban securities
  - Entitlement Offer price of \$6.75 per New Security, represents
    - 5.8% discount to TERP<sup>1</sup>
    - 7.2% discount to last traded price of \$7.27 on 23 April 2014
- \$400M to be raised from placement<sup>2</sup> of 57,553,958 securities at a price of \$6.95 per security to AustralianSuper and Tawreed (Placement Securities)
  - Placement Securities will not be eligible to participate in the Entitlement Offer
  - 3.0% premium to Entitlement Offer
- All New Securities and Placement Securities are eligible for the distribution in respect of the second half of FY14, with guidance of 18 cents per security payable in August 2014<sup>3</sup>

<sup>1</sup> TERP is the theoretical ex-rights price per security and is equal to \$7.17 based on the last traded price of \$7.27 on 23 April 2014 and having regard to the Entitlement Offer ratio and the Placement Securities.

<sup>2</sup> Placement Securities will not be eligible to participate in the Entitlement Offer.

<sup>3</sup> Guidance is based on assumptions relating to traffic volumes, toll revenue, maintenance and other items described on slide 77. Also see Key Risks.

# FUNDING SOURCES AND USES

## ACQUISITION FUNDING (\$Bn)

| SOURCES                        |              | USES                                                     |              |
|--------------------------------|--------------|----------------------------------------------------------|--------------|
| Transurban equity – 62.5%      | 2.718        | QM acquisition price <sup>1</sup>                        | 6.673        |
| AustralianSuper equity – 25%   | 1.087        | Consortium stamp duty and transaction costs <sup>2</sup> | 0.447        |
| Tawreed equity –12.5%          | 0.544        |                                                          |              |
| Non-recourse debt <sup>3</sup> | 2.500        |                                                          |              |
| Acquired debt <sup>4</sup>     | 0.271        |                                                          |              |
| <b>Total sources of funds</b>  | <b>7.120</b> | <b>Total uses of funds</b>                               | <b>7.120</b> |

## TRANSURBAN EQUITY CONTRIBUTION (\$Bn)

| SOURCES                        |              | USES                                      |              |
|--------------------------------|--------------|-------------------------------------------|--------------|
| Entitlement Offer <sup>5</sup> | 2.342        | QM equity contribution                    | 2.718        |
| Placement <sup>6</sup>         | 0.400        | Transurban transaction costs <sup>7</sup> | 0.051        |
| Cash on hand                   | 0.027        |                                           |              |
| <b>Total sources of funds</b>  | <b>2.769</b> | <b>Total uses of funds</b>                | <b>2.769</b> |

1 Acquisition price represents enterprise value inclusive of acquired debt, and is subject to post completion adjustment, including for working capital and capital expenditure as at the end of June 2014.

2 The amount of \$384M is payable to the vendor for estimated stamp duty. The vendor will be entitled to retain, or oblige to pay, the difference (if any) between the estimated stamp duty and the actual stamp duty. The balance relates to transaction and debt-raising costs.

3 Comprised of 3- and 5-year term debt and bridge to future capital markets debt.

4 Existing CLEM7 debt comprising 3- and 5-year debt.

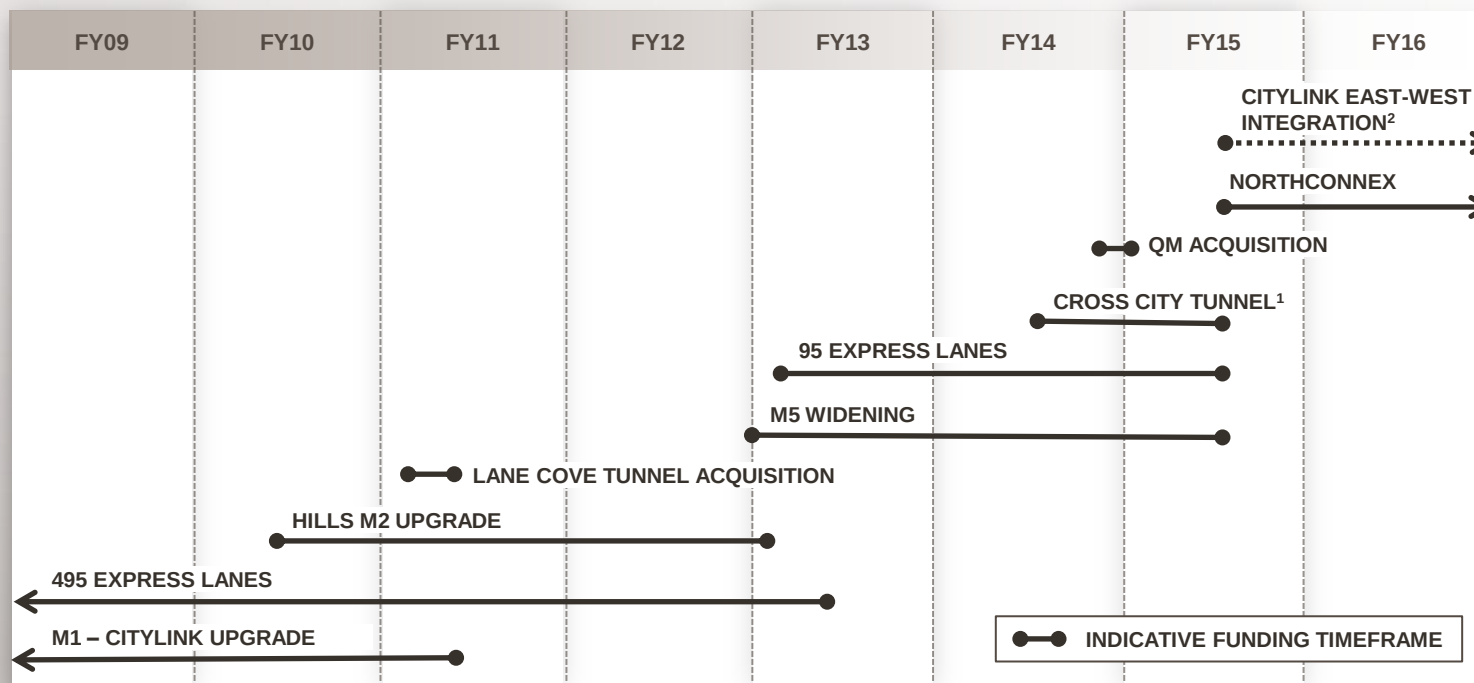
5 Assumes 346,943,070 fully paid New Securities are issued pursuant to the Entitlement Offer. The exact number of New Securities to be issued under the Entitlement Offer is still to be finalised and is subject to reconciliation of security holder entitlements.

6 Assumes 57,553,958 fully paid New Securities are issued pursuant to the placement.

7 Relates to Transurban's own equity raising costs of \$41M and own transaction costs.

# PORTFOLIO DEVELOPMENT ACTIVITIES

## BALANCE SHEET CONTINUES TO PROVIDE ABILITY TO FUND KNOWN PROJECTS



- Active development pipeline
- Transurban balance sheet capacity well matched to progressive funding of development projects
- Previous Transurban equity entitlement raising in 2010

Diagrammatic depiction only.

1. Transurban reached agreement to acquire the Cross City Tunnel in March 2014 and completion of the sale is expected to occur before 30 June 2014.

2. Currently working with the Victorian Government to facilitate East West integration.

# QUEENSLAND MOTORWAYS OVERVIEW



## CONCESSIONS IN QUEENSLAND MOTORWAYS PORTFOLIO

### LOGAN & GATEWAY

|                |          |
|----------------|----------|
| Length         | 61.8 km  |
| AADT (FY13)    | 253,168  |
| Concession end | Dec 2051 |

### GO BETWEEN BRIDGE

|                |          |
|----------------|----------|
| Length         | 0.3 km   |
| AADT (FY13)    | 11,668   |
| Concession end | Dec 2063 |

### CLEM7

|                |          |
|----------------|----------|
| Length         | 6.8 km   |
| AADT (FY13)    | 25,894   |
| Concession end | Aug 2051 |

### LEGACY WAY<sup>1</sup>

|                |          |
|----------------|----------|
| Length         | 4.6 km   |
| AADT (FY13)    | N/A      |
| Concession end | Jun 2065 |

## ESTABLISHED EARNINGS PROFILE<sup>2</sup>

|                            | FY13 (\$M) |                    | H1 FY14 (\$M) |                    |
|----------------------------|------------|--------------------|---------------|--------------------|
|                            | TCL        | QM                 | TCL           | QM                 |
| Proportional toll revenue  | 991.4      | 220.6              | 556.2         | 117.3              |
| Proportional EBITDA        | 828.0      | 151.8 <sup>3</sup> | 463.2         | 87.7 <sup>3</sup>  |
| Proportional EBITDA margin | 83.5%      | 68.8%              | 83.3%         | 74.8% <sup>4</sup> |

<sup>1</sup> Legacy Way currently under construction, with operations expected to commence in June 2015.

<sup>2</sup> FY13 financials based on information from Transurban and QM statutory accounts for the year ended 30 June 2013. FY14 financials based on results for the half year ended 31 December 2013. See Appendix B for detailed financials.

<sup>3</sup> QM EBITDA is underlying, proportional. Refer to Appendix B for Basis of Preparation.

<sup>4</sup> QM proportional EBITDA margin higher in H1 FY14 compared to FY13 due to a higher EBITDA margin on Logan/Gateway. Abnormally low repairs and maintenance expenditure was a key driver of this margin improvement.

# TRANSURBAN NETWORK POSITIONS



FY13

Number of concessions

Average daily transactions

% of Transurban proportional toll revenue<sup>1</sup>

% of Transurban proportional EBITDA<sup>1,2</sup>

| VIC     | NSW            | USA            | QLD     |
|---------|----------------|----------------|---------|
| 1       | 5 <sup>3</sup> | 3 <sup>4</sup> | 4       |
| 779,756 | 476,942        | 38,271         | 290,730 |
| 40.9%   | 39.6%          | 1.3%           | 18.2%   |
| 45.3%   | 39.0%          | 0.1%           | 15.6%   |



1 Calculated on the basis of Pro Forma financial information. The Basis of Preparation for Pro Forma financial information is set out in Appendix B.

2 Excludes Roam, Tollaust, DRIVE Holdings and corporate.

3 Excludes Cross City Tunnel and NorthConnex, which are currently in negotiation.

4 Includes Pocahontas 895. Transurban expects to complete handback to the lenders by 30 June 2014.

# NETWORK DEVELOPMENT ACTIVITIES

## NSW

- NorthConnex – 9km tunnel motorway linking the M1 Pacific Motorway and Hills M2 - targeted financial close late calendar 2014
- M5 West widening – 70%<sup>1</sup> complete, staged opening commenced
- Cross City Tunnel – already funded, targeted financial close before 30 June 2014

## VIC

- The Victorian Government and CityLink continue to consider potential integration works including provision of additional capacity for merging traffic to and from CityLink and East-West Link.
- Discussions are continuing with the Victorian Government on wider measures to enhance the performance and safety of CityLink and the network with potential to progress in the near term.

## USA

- I-95 Express Lanes – 29 miles (46km) Express Lanes facility – 70%<sup>1</sup> complete
- 495 Express Lanes – recapitalisation in progress and expected to be complete by 30 June 2014
- Pocahontas 895 handback expected to be completed by 30 June 2014

## QLD

- Integration of Queensland Motorways portfolio
- Targeted operational efficiencies

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# QUEENSLAND MOTORWAYS ACQUISITION



# SUMMARY

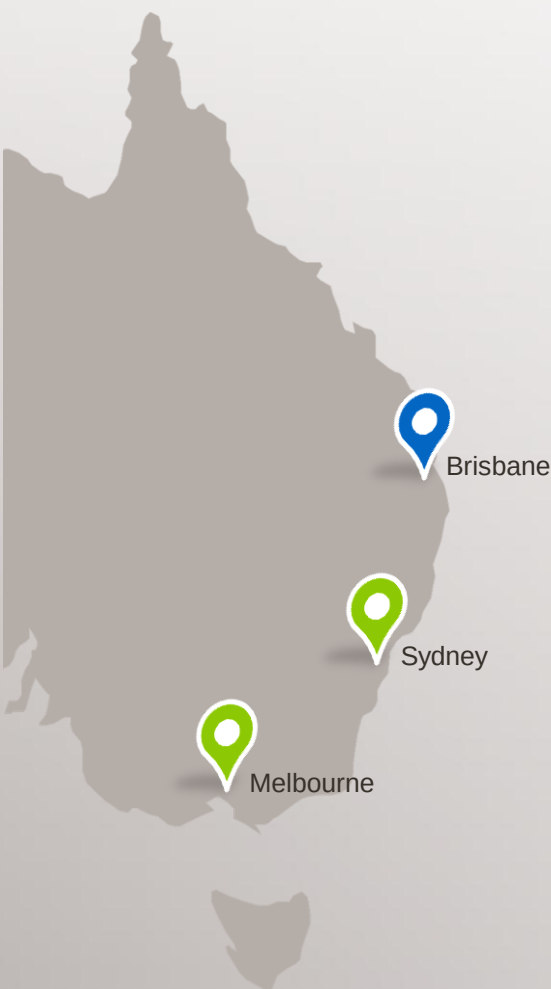
- ✓ Extensive due diligence underpins the Queensland Motorways acquisition
- ✓ Enhances and further diversifies Transurban portfolio
- ✓ Urban network with extensive operating history and substantial capacity for growth
- ✓ Transurban to operate – utilising core capabilities

# DETAILED DUE DILIGENCE FROM 2013

- Traffic modelling and network planning
  - Detailed strategic Brisbane network model (includes long-term forecast for employment, population and key demographic indicators)
  - External consultants engaged to work alongside Transurban forecasters providing peer review
- Asset condition and capex assumptions
  - Transurban engineers inspected assets and reviewed maintenance plans – formed view based on long-term operating history and extensive experience on Transurban's existing networks
- Operating model and integration plan
  - Detailed integration plan outlining progressive move to Transurban operating model, delivering benefits from Transurban core capabilities in tolling, operations, customer management and corporate functions<sup>1</sup>
  - Seek to utilise strong expertise from QM

<sup>1</sup> Subject to various consents and expiry of existing contracts.

# HIGH QUALITY NETWORK



## BRISBANE DEMOGRAPHICS

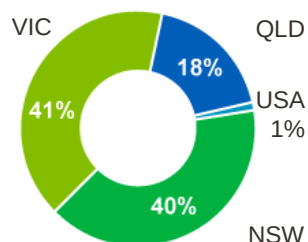
- Australia's third largest city
- Population growth forecast higher than Australian average<sup>1</sup>
- More than 50% of future population growth expected to occur in the outer regions of Brisbane
- Employment growth expected in CBD will encourage use of QM motorway network

## QM PORTFOLIO

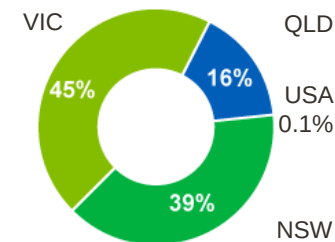
- Strategic network
- Inflation-linked pricing
- Established traffic profile
- Potential network development opportunities
- Long-dated concessions
- Exposure to key growth corridors

## PRO FORMA PORTFOLIO COMPOSITION<sup>2</sup>

Pro forma proportional  
FY13 toll revenue



Pro forma proportional  
FY13 EBITDA



**QM acquisition diversifies Transurban's earnings base across Australia's three largest cities.**

<sup>1</sup> Refers to forecast growth for the period 2014 to 2018. Source: Deloitte Access Economics.

<sup>2</sup> Pro forma financial information is presented on a proportional basis, including Transurban's 62.5% in QM. See Appendix B for further information.

# MARKET CHARACTERISTICS

## INNER CITY

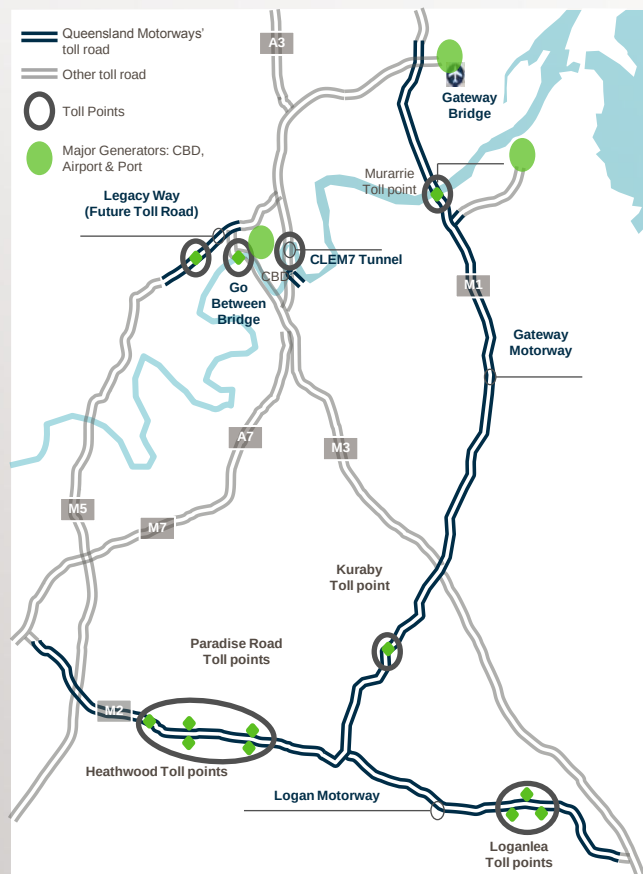
### CLEM7 & GBB

- Key bypass of CBD
- Approximately 30% of Brisbane's employment growth expected to occur in CBD (120,000 additional jobs over 20 years to 2031)
- Centenary Motorway (Western Freeway) upgrade expected to have positive impact on Legacy Way
- Legacy Way to offer alternative to congested arterial network

## SOUTH

### Logan Motorway

- Key east-west link in South East Queensland linking major growth population and employment areas of Ipswich and Logan
- Competing routes all signalised arterials
- Significant travel-time savings of 20 to 27 minutes<sup>1</sup>



## NORTHEAST

### Gateway Motorway

- Primary river crossing for bypassing the city and accessing the airport, Brisbane port and Australia TradeCoast, a fast-growing trade and industry region
- \$2.12Bn upgrade to Gateway Bridge completed in 2010, including a new bridge
- Travel-time savings of 7 to 25 minutes depending on time of day and direction of travel<sup>2</sup>
- Potential 14km expansion and upgrade north of Gateway Bridge contiguous with Gateway and could drive growth<sup>3</sup>

## SOUTHEAST

### Gateway Extension & Logan

- Gateway extension opened in 1997 – and combined with Logan – provides a strategic west-to-port freight route
- Competing routes heading north all signalised arterials

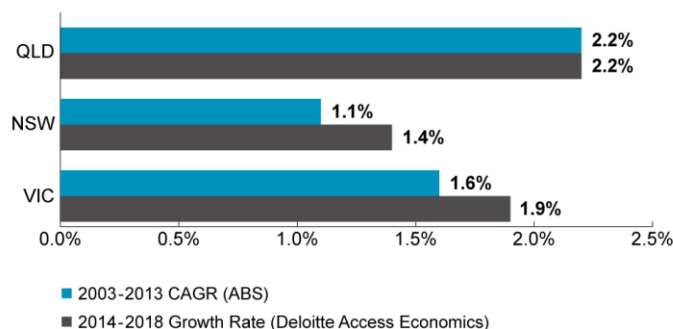
<sup>1</sup> Compared against two arterial competing routes a) Logan River Rd /Browns Plains Rd/Johnston Rd b) Pacific Motorway/Compton Rd/Leary Rd/Progress Rd.

<sup>2</sup> Compared against Pacific Motorway route.

<sup>3</sup> Proposed Gateway Upgrade North is yet to be developed and there is no certainty around timing.

# ATTRACTIVE DEMOGRAPHICS AND GROWTH

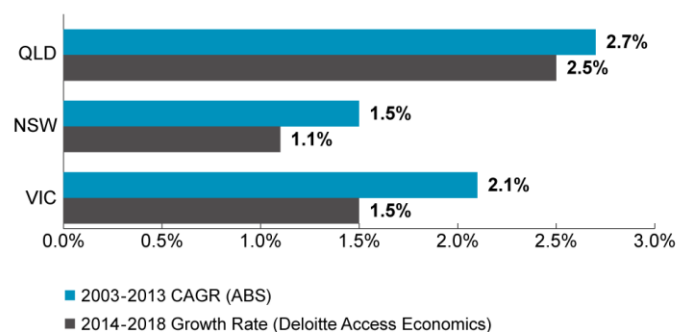
## HIGHER POPULATION GROWTH



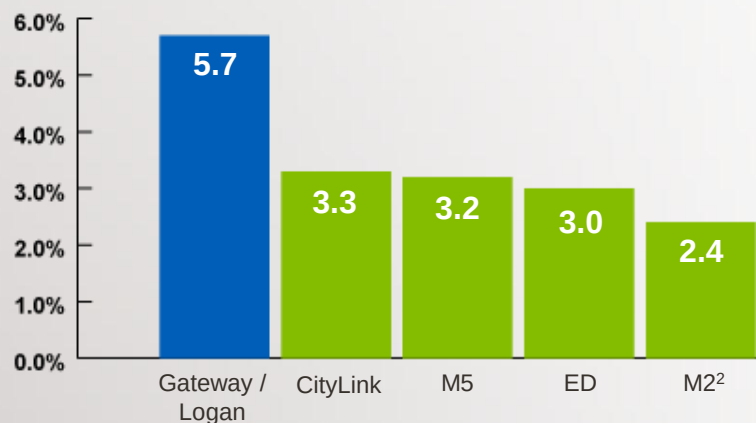
## CPI 2003-2013<sup>1</sup>

|           |      |
|-----------|------|
| Brisbane  | 3.0% |
| Sydney    | 2.6% |
| Melbourne | 2.7% |

## HIGHER EMPLOYMENT GROWTH



## ATTRACTIVE TRAFFIC GROWTH (2003-2013 CAGR)



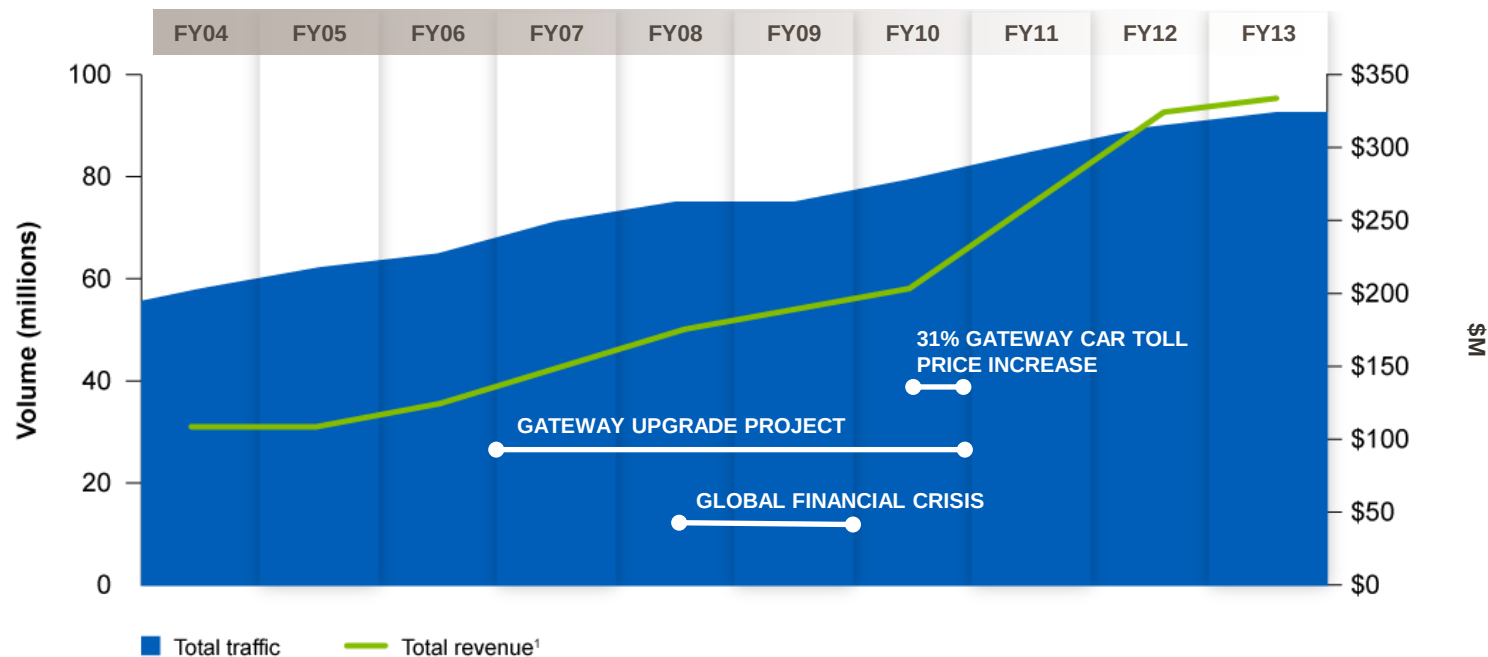
Notes: 2014-2018 forecast growth rates are five year average forecast annual growth rates to 2017-2018

<sup>1</sup> Source: Australian Bureau of Statistics.

<sup>2</sup> M2 CAGR is for FY05 to FY13.

# ESTABLISHED HISTORY OF USE

## LOGAN / GATEWAY TRAFFIC & REVENUE PROFILE



Past performance may not be reflective of future performance

- Logan and Gateway motorways demonstrated traffic and revenue resilience through economic cycles, major construction activity and material price increases.

# EXTENDED CONCESSION LIFE

|                                | OPERATING<br>HISTORY (YEARS) | REMAINING CONCESSION<br>LIFE (YEARS) | FY13 PROPORTIONAL<br>UNDERLYING EBITDA (\$M) |
|--------------------------------|------------------------------|--------------------------------------|----------------------------------------------|
| CityLink                       | 15                           | 20                                   | 441.5                                        |
| Gateway/ Logan                 | 29                           | 37                                   | 137.4 <sup>2</sup>                           |
| Hills M2                       | 17                           | 32                                   | 117.4                                        |
| M5 South West Motorway         | 22                           | 12                                   | 87.8                                         |
| Westlink M7                    | 9                            | 23                                   | 84.8                                         |
| M1 Eastern Distributor         | 15                           | 34                                   | 53.7                                         |
| Lane Cove Tunnel               | 7                            | 23                                   | 36.9                                         |
| Cross City Tunnel <sup>1</sup> | 9                            | 22                                   | 26.4                                         |
| CLEM7                          | 4                            | 37                                   | 8.1                                          |
| Go Between Bridge              | 4                            | 49                                   | N/A                                          |
| Legacy Way                     |                              | 51                                   | N/A                                          |

■ QM assets ■ Transurban assets ■ Proposed concession extensions from NorthConnex

- Main QM assets have significant operating history on which to base forecasts
- QM assets have significantly longer concession profile
- Gateway / Logan account for 90% of QM FY13 proportional underlying EBITDA
- Legacy Way not yet operational – scheduled for opening June 2015

Note: Remaining concession lives are as at June 2014. FY13 EBITDA is based on Transurban and QM's financial results for FY13, as described in the basis of preparation in Appendix B.

1 Transurban reached agreement to acquire the Cross City Tunnel in March 2014 and completion of the sale is expected to occur before 30 June 2014.

2 Includes the impact of an increase in the maintenance provision to align with Transurban's accounting policy.

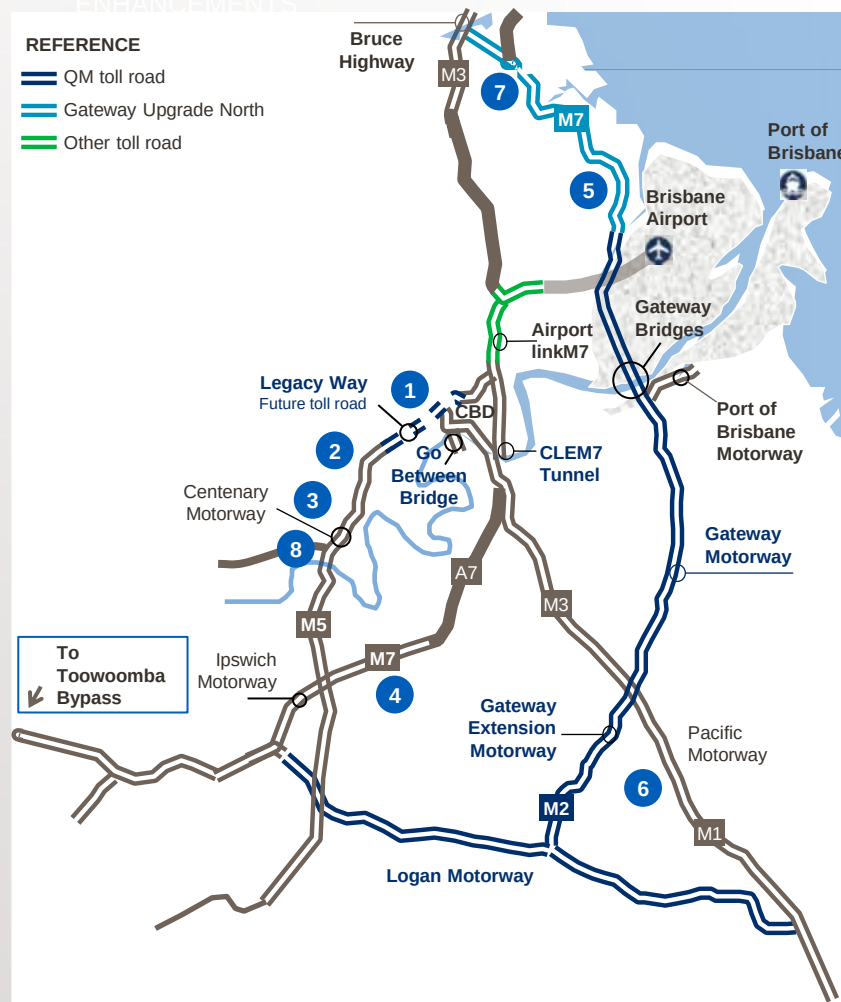
# BROADER NETWORK DEVELOPMENT PLANS

## PROJECTS ON QUEENSLAND GOVERNMENT'S AGENDA<sup>1,2</sup>

- 1 Legacy Way – (owned by QM) new 4-lane tunnel, operational 2015
- 2 Centenary Highway / Western Freeway Stage 1 – upgrade to 6 lanes
- 3 Centenary Highway / Western Freeway Stage 2 – upgrade to 6 lanes
- 4 Ipswich Motorway – upgrade to 6 lanes
- 5 Gateway Motorway North – upgrade to 6 lanes (Deagon Deviation to Southern Cross Drive)
- 6 Pacific Motorway upgrade to 8 lanes
- 7 Gateway Motorway North – upgrade to 6 lanes (Bruce Highway to Deagon Deviation)
- 8 Kenmore Bypass – new 4 lane divided arterial

Transurban has a proven track record in network enhancements, investing or committing more than \$2Bn to the Sydney networks since 2010.

## POTENTIAL NETWORK ENHANCEMENTS



1 Examples of potential projects contained within various Queensland Government planning and policy statements.

2 Not all of the projects listed are expected to have a positive impact on the QM network. Refer to Key Risks. None of these projects may proceed and are only listed as potential projects.

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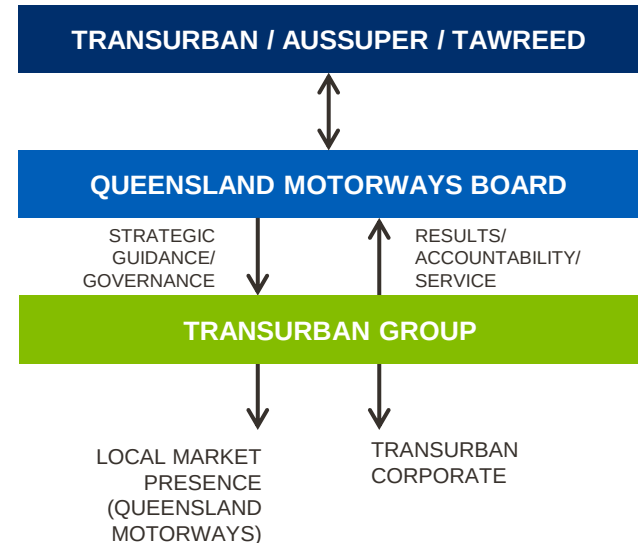
# OPERATING MODEL



# OPERATING MODEL

- Transurban will be responsible for all aspects of management and operations of QM
  - QM Board to comprise representatives of each shareholder and an independent chairman
  - Transurban's representatives on QM Board to include Transurban CEO, CFO and Group General Manager Queensland
- Leverages core Transurban competencies
- Provision of efficient corporate and Transurban services at scale across national portfolio
- Ability to leverage Transurban's technology platforms
- Transurban to manage operations and maintenance, tolling and corporate services for QM<sup>1</sup>

## PROPOSED OPERATING MODEL



<sup>1</sup> Subject to various consents and expiry of existing contracts.

# SCOPE FOR OPERATING EFFICIENCIES

## TOLLING & CUSTOMER MANAGEMENT (TCM)

- Call centre operations
- Credit and billing functions
- Retail brands back office
- Enforcement
- Tag logistics
- Image processing

## TECHNOLOGY

- Roadside tolling systems and equipment
- Corporate systems
- Back-office tolling platforms

## OPERATIONS & MAINTENANCE (O&M)

- Roadside operations – traffic control and incident response
- Maintenance – roads and structures, mechanical and electrical, road tolling systems, intelligent transport systems

## CORPORATE SERVICES

- Transurban corporate services – HR, Finance, Treasury, Public Affairs, Marketing, Traffic Forecasting to support Queensland Motorways

- Current call handling times<sup>1</sup>:
  - Transurban average 234 seconds
  - QM average 330 seconds
- Customer self-service rate<sup>2</sup>:
  - Transurban 58%
  - QM 31%

- Proven tolling platform driving efficiencies in existing Transurban operations and customer management – CityLink

### ONLINE TRANSACTIONS<sup>3</sup>



### CALL CENTRE INBOUND CALLS<sup>4</sup>



<sup>1</sup> Transurban average reflects current handling time for Transurban customer calls overall. QM call handling time is the current average based on due diligence..

<sup>2</sup> Customer self-service rate is the current rate for Transurban overall. QM is the current rate based on vendor data.

<sup>3</sup> Transactions refer to vehicle and eTag maintenance.

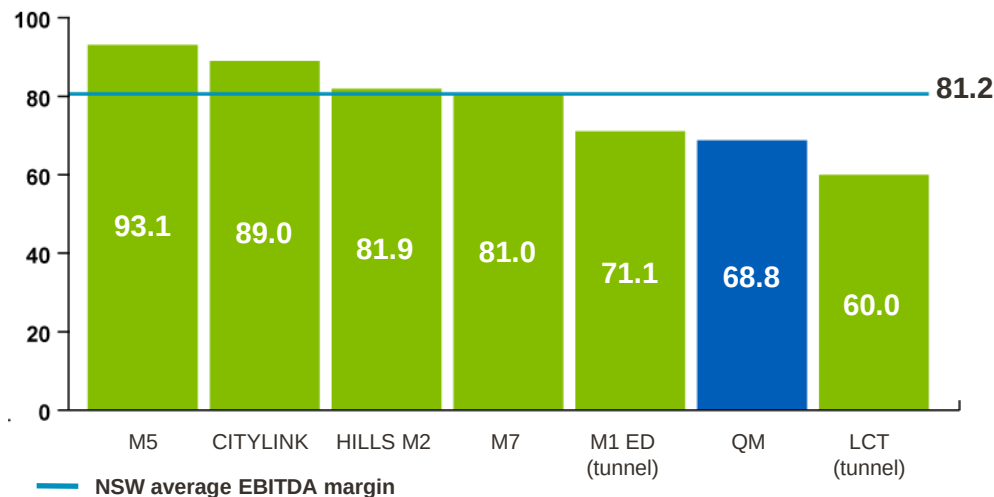
<sup>4</sup> Excluding toll notice calls.

# ESTABLISHED OPERATIONAL BENCHMARKS

## Most recent integration example

- Pre-acquisition Lane Cove Tunnel (LCT) EBITDA margin was considerably lower than Transurban's other assets (42.3% compared to Transurban average of 80.4%<sup>1</sup> for FY09)
- FY13 EBITDA margin for LCT was 60.0%, representing a 41.8% improvement over FY09

EBITDA MARGIN (%) – FY13



QM portfolio has similar characteristics to Transurban's NSW portfolio

Note: Transurban benchmark data reflects reported FY13 financials.

<sup>1</sup> Australian road assets excluding M4, for which the concession expired on 15 February 2010.

# SUSTAINABILITY

## Opportunity to apply Transurban's sustainability principles

### BE GOOD NEIGHBOURS

- Extend Transurban community grants program to Queensland market
- Support economic development in QM corridors by purchasing from local businesses and/or hiring local labor on major projects
- Look at strategic investment opportunities to address the community's transport and mobility objectives

### USE LESS

- Apply Transurban's '10 in 10' energy reduction target to all operating assets in Queensland
- Evaluate and minimise biodiversity impacts in Queensland Motorways corridors
- Find opportunities to re-use materials on major projects, or incorporate materials with lower environmental impacts

### THINK LONG TERM

- Embed best practice sustainability from early design phase on any potential projects e.g. Gateway Upgrade North
- Look at opportunities to convert road corridors into spaces for community benefit
- Incorporate smart technologies such as ramp metering in upgrades or new projects

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# KEY FINANCIALS



# QUEENSLAND MOTORWAYS – PRO FORMA SUMMARY

|                                                               | STATUTORY |       | PROPORTIONAL |       |
|---------------------------------------------------------------|-----------|-------|--------------|-------|
|                                                               | H1 FY14   | FY13  | H1 FY14      | FY13  |
| <b>TOLL REVENUE</b>                                           |           |       |              |       |
| Queensland Motorways                                          | 187.7     | 353.0 | 117.3        | 220.6 |
| Logan & Gateway                                               | 161.5     | 302.6 | 100.9        | 189.1 |
| CLEM7                                                         | 20.6      | 39.4  | 12.9         | 24.6  |
| Other                                                         | 5.6       | 11.0  | 3.5          | 6.9   |
| <b>UNDERLYING EBITDA</b>                                      |           |       |              |       |
| Queensland Motorways                                          | 140.4     | 242.9 | 87.7         | 151.8 |
| Logan & Gateway                                               | 128.6     | 219.9 | 80.4         | 137.4 |
| CLEM7                                                         | 8.2       | 13.0  | 5.1          | 8.1   |
| Other                                                         | 3.6       | 10.0  | 2.2          | 6.3   |
| <b>UNDERLYING MAINTENANCE PROVISION EXPENSE<sup>2</sup></b>   |           |       |              |       |
| Queensland Motorways                                          | 11.5      | 21.7  | 7.2          | 13.6  |
| Logan & Gateway                                               | 8.7       | 16.4  | 5.4          | 10.3  |
| CLEM7                                                         | 2.6       | 5.0   | 1.6          | 3.1   |
| Other                                                         | 0.2       | 0.3   | 0.2          | 0.2   |
| <b>UNDERLYING MAINTENANCE CAPITAL EXPENDITURE<sup>3</sup></b> |           |       |              |       |
| Queensland Motorways                                          | 26.3      | 12.6  |              |       |
| Logan & Gateway                                               | 25.8      | 12.4  |              |       |
| CLEM7                                                         | 0.3       | 0.2   |              |       |
| Other                                                         | 0.2       | 0.0   |              |       |
| <b>CASH FINANCE COSTS</b>                                     |           |       |              |       |
| Queensland Motorways                                          | 54.5      | 110.2 |              |       |

The pro-forma maintenance provision expense reflects Transurban's accounting policy and is recognised for the present value of obligations to maintain tolling assets as required under service concession arrangements. The maintenance provision expense has been added back to EBITDA in determining pro-forma operating cash flow for QM on pages 75 and 76.

Maintenance capital expenditure reflects QM historic expenditure in each period and is included as a cash outflow in determining pro-forma operating cash flow on pages 75 and 76.

Pro-forma cash finance costs are the additional net finance cost adjustment for the pro-forma statutory profit and loss, less the non-cash unwind of the maintenance provision discount.

1 Refer Appendix B for Basis of Preparation.

2 QM historical maintenance provision expense has been adjusted to align to Transurban's accounting policy.

3 Maintenance capital expenditure derived through due diligence..

# STATUTORY RESULTS – PRO FORMA

|                                      | H1 FY14 (\$M)  |                        | FY13 (\$M)     |                        |
|--------------------------------------|----------------|------------------------|----------------|------------------------|
|                                      | TCL            | PRO FORMA <sup>1</sup> | TCL            | PRO FORMA <sup>1</sup> |
| Toll revenue                         | 450.6          | 638.3                  | 801.2          | 1,154.2                |
| Fee and other revenue                | 47.0           | 63.1                   | 85.5           | 120.2                  |
| Construction revenue                 | 53.7           | 53.7                   | 265.8          | 265.8                  |
| Business development & other revenue | 20.6           | 21.0                   | 42.6           | 44.7                   |
| <b>Total revenue</b>                 | <b>571.9</b>   | <b>776.1</b>           | <b>1,195.1</b> | <b>1,584.9</b>         |
| Operational costs                    | (112.9)        | (149.2)                | (197.5)        | (281.8)                |
| Corporate costs                      | (17.7)         | (45.1)                 | (41.2)         | (102.4)                |
| Business development costs           | (9.2)          | (9.3)                  | (23.8)         | (25.2)                 |
| Construction costs                   | (51.0)         | (51.0)                 | (256.4)        | (256.4)                |
| <b>Total costs</b>                   | <b>(190.8)</b> | <b>(254.6)</b>         | <b>(518.9)</b> | <b>(665.8)</b>         |
| <b>Underlying EBITDA</b>             | <b>381.1</b>   | <b>521.5</b>           | <b>676.2</b>   | <b>919.1</b>           |
| Non-recurring items <sup>2</sup>     | –              | (47.5)                 | –              | (22.0)                 |
| <b>EBITDA</b>                        | <b>381.1</b>   | <b>474.0</b>           | <b>676.2</b>   | <b>897.1</b>           |
| Depreciation and amortisation        | (159.7)        | (250.0)                | (312.1)        | (492.7)                |
| Net finance costs                    | (129.4)        | (203.5)                | (237.0)        | (384.5)                |
| Share of equity accounted losses     | (15.1)         | (15.1)                 | (9.7)          | (9.7)                  |
| <b>Profit before income tax</b>      | <b>76.9</b>    | <b>5.4</b>             | <b>117.4</b>   | <b>10.2</b>            |
| Tax benefit                          | 4.0            | 34.6                   | 57.1           | 106.7                  |
| <b>Net profit</b>                    | <b>80.9</b>    | <b>40.0</b>            | <b>174.5</b>   | <b>116.9</b>           |

<sup>1</sup> Refer Appendix B for Basis of Preparation and further details. Pro forma results include the restatement of QM maintenance provision under Transurban's accounting policies, an adjustment to finance costs to reflect the new debt structure and an increase to amortisation charges to reflect the impact of acquiring the concession assets at fair value. Further details are presented in Appendix B.

<sup>2</sup> Includes one-off costs incurred by QM in acquiring CLEM7 and GGB, QIC management fees, CLEM7 receivership costs, CLEM7 listed entity costs, one-off contract costs for CLEM7 and GGB, recharges from BCC to GGB for employees that did not transfer to QM and one off contract costs. Further details are presented in Appendix B.

# PROPORTIONAL EBITDA – PRO FORMA

## PROPORTIONAL EBITDA

|                                       | H1 FY14 (\$M)  |                        | FY13 (\$M)     |                        |
|---------------------------------------|----------------|------------------------|----------------|------------------------|
|                                       | TCL            | PRO FORMA <sup>1</sup> | TCL            | PRO FORMA <sup>1</sup> |
| Toll revenue                          | 556.2          | 673.5                  | 991.4          | 1,212.0                |
| Fee revenue                           | 45.5           | 55.6                   | 75.8           | 97.5                   |
| Other revenue                         | 9.6            | 9.8                    | 27.1           | 28.4                   |
| TTMS revenue                          | 17.0           | 17.0                   | 31.2           | 31.2                   |
| <b>Total revenue</b>                  | <b>628.3</b>   | <b>755.9</b>           | <b>1,125.5</b> | <b>1,369.1</b>         |
| Operating costs                       | (132.2)        | (154.9)                | (233.8)        | (286.5)                |
| Business development costs            | (10.3)         | (10.4)                 | (18.9)         | (19.8)                 |
| Corporate costs                       | (18.3)         | (35.4)                 | (41.8)         | (80.0)                 |
| TTMS development costs                | (14.3)         | (14.3)                 | (21.8)         | (21.8)                 |
| <b>Total direct costs</b>             | <b>(175.1)</b> | <b>(215.0)</b>         | <b>(316.3)</b> | <b>(408.1)</b>         |
| Capitalised overheads                 | 10.0           | 10.0                   | 18.8           | 18.8                   |
| <b>Underlying proportional EBITDA</b> | <b>463.2</b>   | <b>550.9</b>           | <b>828.0</b>   | <b>979.8</b>           |

<sup>1</sup> Refer Appendix B for Basis of Preparation.

<sup>2</sup> Pro forma results include the restatement of QM maintenance provision under Transurban accounting policies. A reconciliation of statutory results to proportional results is provided in Appendix B.

# FREE CASH FLOW – PRO FORMA

## FREE CASH FLOW

|                                                                                                | H1 FY14 |           | FY13  |           |
|------------------------------------------------------------------------------------------------|---------|-----------|-------|-----------|
|                                                                                                | TCL     | PRO FORMA | TCL   | PRO FORMA |
| Free cash (\$M)                                                                                | 240.0   | 277.1     | 443.3 | 528.3     |
| Underlying free cash per security (cents) – weighted average securities on issue during period | 16.2    | 14.7      | 30.1  | 28.2      |

Further details are presented in Appendix B regarding the pro forma adjustments and Basis of Preparation.

- Historical pro forma underlying free cash per security in FY13 and H1 FY14 calculated on basis of 404,497,028 additional securities on issue post acquisition of Queensland Motorways as if issued 1 July 2012
- Transurban FY15 distribution guidance of 39 cents per security reflects estimated \$740M free cash available for distribution in FY15<sup>1</sup>

<sup>1</sup> Guidance is based on assumptions relating to traffic volumes, toll revenue, maintenance and other items described on slide 77. Also see Key Risks.

# CONSOLIDATED BALANCE SHEET – PRO FORMA

AS AT 31 DEC 2013<sup>1,2</sup> (\$M)

TRANSURBAN

PRO FORMA

## ASSETS

|                              |                 |                 |
|------------------------------|-----------------|-----------------|
| Cash and cash equivalents    | 457.7           | 441.2           |
| Intangible assets            | 8,017.1         | 15,162.5        |
| Property plant and equipment | 189.9           | 355.9           |
| Other current assets         | 631.8           | 650.1           |
| Other non-current assets     | 1,496.4         | 1,765.2         |
| <b>Total assets</b>          | <b>10,792.9</b> | <b>18,374.9</b> |

## LIABILITIES

|                               |                |                 |
|-------------------------------|----------------|-----------------|
| Short term borrowings         | 1,036.8        | 1,536.8         |
| Long term borrowings          | 4,751.4        | 6,991.5         |
| Other current liabilities     | 607.4          | 785.7           |
| Other non-current liabilities | 1,156.7        | 1,918.8         |
| <b>Total liabilities</b>      | <b>7,552.3</b> | <b>11,232.8</b> |
| <b>Net assets</b>             | <b>3,240.6</b> | <b>7,142.1</b>  |

|                                      |                |                |
|--------------------------------------|----------------|----------------|
| <b>Total security holders' funds</b> | <b>3,240.6</b> | <b>7,142.1</b> |
|--------------------------------------|----------------|----------------|

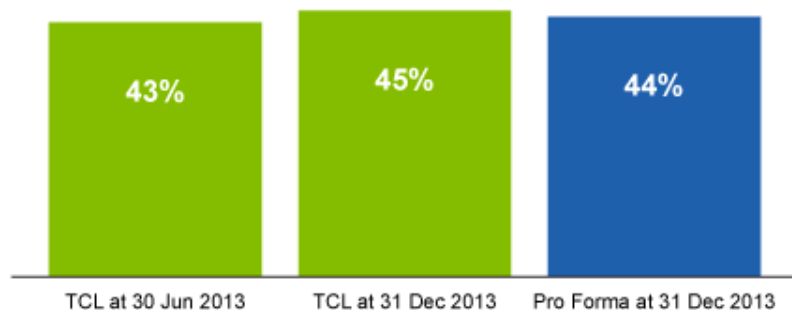
1 Refer Appendix B for Basis of Preparation.

2 The pro forma balance sheet presented above reflects the acquisition of QM at fair value and the equity and debt as if the transaction had occurred on 31 December 2013. Refer to Appendix B for more detailed information regarding the pro forma adjustments and Basis of Preparation.

# PROPORTIONAL DRAWN DEBT AND GEARING – PRO FORMA

| CALCULATED ON DRAWN DEBT             | AS AT 31 DECEMBER 2013 (\$M) |         |           |
|--------------------------------------|------------------------------|---------|-----------|
|                                      | TRANSURBAN REPORTED          | QM      | PRO FORMA |
| Proportional total debt <sup>1</sup> | 8,317.6                      | 1,712.8 | 10,030.4  |
| Gearing <sup>2</sup>                 | 45%                          | 41%     | 44%       |
| Senior interest cover ratio          | 2.7                          | N/A     | 2.9       |

## GEARING (PROPORTIONAL TOTAL DEBT / ENTERPRISE VALUE)



Note: Pro forma gearing metrics based on Transurban and QM EBITDA for the 12 months ending 31 December 2013. See Appendix B for further information regarding the pro forma adjustments and Basis of Preparation including an explanation of the proportional basis of presenting results.

<sup>1</sup> Proportional total debt in A\$, C\$, € and US\$ is converted at the hedged rate where cross currency swaps are in place. Unhedged US\$ debt is converted at the spot exchange rate (\$0.8948 at 31 December 2013). QM proportional total debt includes \$2.5Bn of non-recourse asset debt and existing external debt.

<sup>2</sup> Gearing is calculated as proportional total debt to enterprise value. The security price was \$6.84 at 31 December 2013 with 1.48M securities on issue at 31 December 2013. QM enterprise value is based on the purchase price for QM exclusive of stamp duty.

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# OFFER DETAILS



# OFFER DETAILS

- Fully underwritten accelerated renounceable Entitlement Offer to raise gross proceeds of \$2.34Bn
- 10 for 43 Entitlement Offer
- Offer price of \$6.75 per New Security
  - 7.2% discount to last closing price of \$7.27 on 23 April 2014
  - 7.2% discount to 30 day VWAP as at 23 April 2014
  - 5.8% discount to TERP<sup>1</sup>
- Eligible security holders<sup>2</sup> may choose to take up all or part of their pro rata entitlement or none at all
- If an entitlement is renounced, the New Securities which would have been issued in respect of that entitlement will be sold via a bookbuild process and any proceeds of sale in excess of the offer price (net of any withholding tax) will be paid to renouncing security holders
- New Securities to be issued under the Entitlement Offer will rank equally with existing securities, including for all future distributions
- New Securities issued under the Entitlement Offer and Placement Securities are eligible for the distribution in respect of the second half of FY14 with guidance of 18.0 cents per security

<sup>1</sup> TERP is the theoretical ex-rights price per security and is equal to \$7.17 based on the last traded price of \$7.27 on 23 April 2014 and having regard to the Entitlement Offer ratio and the Placement Securities.

<sup>2</sup> Placement Securities will not be eligible to participate in the Entitlement Offer.

# OFFER TIMETABLE

## DATES AND TIMES MAY BE SUBJECT TO CHANGE WITHOUT NOTICE

|                                                                                                                            |                        |
|----------------------------------------------------------------------------------------------------------------------------|------------------------|
| Institutional Entitlement Offer opens                                                                                      | 24 April 2014          |
| Institutional Entitlement Offer closes                                                                                     | 29 April 2014          |
| Institutional Bookbuild                                                                                                    | 30 April 2014          |
| Announcement of completion of Institutional Entitlement Offer                                                              | 1 May 2014             |
| Trading halt lifted                                                                                                        | 1 May 2014             |
| Record date under the Entitlement Offer                                                                                    | 7pm (AEST) 1 May 2014  |
| Despatch of Retail Information Booklet and entitlement application form                                                    | 6 May 2014             |
| Retail Entitlement Offer opens                                                                                             | 6 May 2014             |
| Initial Retail Closing Date – last day to apply for New Securities to be issued on the Initial Allotment Date              | 5pm (AEST) 8 May 2014  |
| Settlement of Institutional Entitlement Offer, Institutional Shortfall Bookbuild and Initial Retail Acceptance             | 9 May 2014             |
| Initial Allotment Date – Institutional Offer, Institutional Shortfall Bookbuild and Initial Retail Acceptance              | 12 May 2014            |
| Normal trading commences on ASX of New Securities issued under the Initial Allotment                                       | 12 May 2014            |
| Retail Entitlement Offer closes                                                                                            | 5pm (AEST) 23 May 2014 |
| Retail Shortfall Bookbuild (after market)                                                                                  | 28 May 2014            |
| Settlement of Entitlement Offer and Retail Shortfall Bookbuild                                                             | 3 June 2014            |
| Final Allotment of New Securities                                                                                          | 4 June 2014            |
| Normal trading commences on ASX of New Securities issued under the Retail Entitlement Offer and Retail Shortfall Bookbuild | 5 June 2014            |
| Despatch of Holding Statements                                                                                             | 6 June 2014            |

# KEY RISKS

- This section discusses some of the key risks associated with any investment in Transurban which may affect the value of Transurban securities. The risks set out below are not listed in order of importance and do not necessarily constitute an exhaustive list of all risks involved with an investment in Transurban.
- Before investing in Transurban you should be aware that an investment in Transurban has a number of risks which are associated with investing in both toll roads and listed securities generally and which are beyond the control of Transurban.
- Before investing in New Securities, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on Transurban (such as that available on the websites of Transurban and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional advisor before making an investment decision.
- Nothing in this Presentation is financial product advice and this document has been prepared without taking into account your investment objectives or personal circumstances.

# BUSINESS RISKS

## Transurban's concession agreements have finite lives

- Transurban's business is dependent on concession agreements that have been granted to members of the Transurban group, or entities in which Transurban has an interest, to operate various toll roads in Australia and the United States of America ("Concession Agreements"). Earnings from the Concession Agreements account for substantially all of Transurban's earnings. When the Concession Agreements expire, the toll roads and related infrastructure revert to the relevant government counterparty. If Transurban cannot enter into new concession agreements to permit it to carry on its core business, or any new concession agreements entered are on less advantageous terms to those of the current Concession Agreements, Transurban's financial performance could be materially adversely affected.

## Traffic volumes

- The volume of traffic using a toll road is critical to the generation of revenues and ultimately returns for Transurban security holders. Any developments that reduce traffic volumes or inhibit the growth in traffic volumes could have a material impact on Transurban's financial performance. The volume of traffic using QM toll roads, or any of Transurban's other toll roads, may not meet the traffic volumes or growth expected by Transurban.
- If Transurban's toll roads are unable to maintain an adequate level of vehicle traffic, or if traffic volumes decrease or experience lower rates of growth than in previous periods, this could materially adversely affect Transurban's cash flow, financial condition and results of operations. The number and classes of vehicles using Transurban's toll roads are, to a large extent, outside Transurban's control.
- Factors that affect traffic volumes on Transurban's toll roads, and consequently Transurban's earnings, include:
  - The level of congestion, mix of traffic, level of carpooling, tolls charged to users and toll increases on the toll roads;
  - The quality and state of repair of the toll roads and any disruption as a result;
  - The quality, proximity and convenience of alternative roads such as toll roads that are not operated under Transurban's Concession Agreements and toll-free roads, as well as the existence of public transport infrastructure;
  - The nature and extent of the connections of Transurban's toll roads to other urban roads and regional highway networks;
  - Disruptions, changes to, or events (including events that affect public safety) that occur on Transurban's toll roads or on roads that connect to or feed Transurban's toll roads;
  - Economic and fiscal conditions including fuel prices, taxation on road use and motor vehicle use, other costs associated with owning and operating a vehicle, inflation, interest rates and levels of employment in areas served by Transurban's toll roads;
  - Changing travel patterns and habits of domestic and commercial users of Transurban's toll roads;
  - Demographic and social conditions including population growth, migration, land development programs, social instability, changes in residential and commercial land use and general development in areas served by Transurban's toll roads;
  - Transport and environmental regulation, including the impact of carbon trading programs, congestion taxes on urban travel, other measures to restrict motor vehicle use and government transport and urban management policies and strategies;
  - Weather conditions, forest fires, flooding, natural phenomena, natural disasters and acts of terrorism; and
  - Reduced traffic volumes or an inability to grow traffic volumes could be caused by Transurban carrying out brownfield upgrade/development work on its toll roads.

# BUSINESS RISKS

## Revenue collection

- Transurban collects revenue using a variety of tolling systems and is reliant on the reliable and efficient operation and maintenance of those tolling systems in the manner expected. The failure of an existing tolling system could result in a loss of revenue that may materially adversely affect Transurban's financial condition and results of operations.
- The costs associated with the development of new tolling systems may be greater than anticipated and there is also a risk that the new tolling system may never be implemented. Once implemented, the new tolling system may not function effectively or deliver the anticipated benefits. Any circumstances that impair the operation or maintenance of tolling systems may result in an inability to collect tolls from users of Transurban's toll roads, which could result in a loss of revenue.
- Transurban relies on the assistance of governmental authorities to take enforcement action against motorists who default on their obligation to pay Transurban's road tolls. If such enforcement action is not taken or is unsuccessful, or if the legislative framework governing the enforcement proceedings is deficient, Transurban may be unable to recover the relevant tolls from road users which may adversely affect Transurban's cash flow, financial condition and results of operations.
- Agreements between Transurban and other toll road operators require that each operator pays Transurban for their customers who travel on Transurban toll roads. Transurban bears the credit risk if those other operators default on such payments.
- Transurban also collects revenue from its tag customers for travelling on other toll roads. Transurban bears the credit risk relating to recovering these toll payments from those customers.

## Restrictions on toll price

- Most of the Concession Agreements contain mechanisms that regulate the tolls that can be charged for using the relevant toll road. The mechanism used generally provides for increases in tolls on a quarterly basis by reference to inflation, measured by the quarterly consumer price index, or annual consumer price index for the QM toll roads. Under certain Concession Agreements, Transurban does not have the right to increase tolls beyond the relevant rate of inflation. In circumstances where the consumer price index has decreased in a quarter, a minority of the Concession Agreements may require Transurban to reduce the tolls that can be charged to users of the relevant toll road.
- The price adjustment mechanisms in the Concession Agreements do not take account of changes in Transurban's operating, financing and other costs. Therefore, those operating, financing and other costs could increase at a greater rate than revenue from tolls and other fees charged to users of the toll roads, which could negatively impact on Transurban's results of operations.

## Maintenance and capital expenditure projects

- Transurban is required under the Concession Agreements to undertake maintenance and capital expenditure projects from time to time on its toll roads. There can be no assurance that Transurban will be able to implement these projects in the manner or within the timeframe and budget expected.
- In addition, Transurban is also subject to the risk of unexpected significant maintenance or capital expenditure requirements, which may arise as a result of a variety of factors which may be outside the control of Transurban, such as the identification of material defects or material latent defects in the road infrastructure.
- Under the terms of Concession Agreements and documents related to those agreements, Transurban can also be required to perform upgrades on the concessions and other road projects. The upgrades are generally governed by process deeds. Under those deeds, a failure to carry out an upgrade in accordance with the terms of the deed can result in the government counterparty having a right to terminate the relevant Concession Agreement.
- Transurban's failure to successfully implement planned maintenance and capital expenditure projects in the manner or within the timeframe and budget expected, or the occurrence of any unexpected maintenance or capital expenditure requirements could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

# BUSINESS RISKS

## Loss of a toll road concession

- If Transurban breaches a material obligation under a Concession Agreement and fails to remedy the breach, this could lead to the early termination of the relevant toll road concession. In relation to the Legacy Way and GBB concessions, a default under either of the Concession Agreements governing those concessions gives the government counterparty a right to terminate both of the relevant Concession Agreements. Additionally, a failure to comply with agreements with government counterparties that govern upgrade projects could result in the termination of the underlying Concession Agreement. If Transurban's concession were to be terminated early, the relevant toll road and associated infrastructure would revert to the relevant government body, which could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## Breach of financing arrangements

- Transurban has entered into financing arrangements with external financiers in relation to many of its toll roads. In addition to principal and interest repayment obligations, the financing arrangements typically require Transurban to comply with covenants and undertakings with regards to their operation, maintenance and tolling of the relevant toll road. If Transurban breaches a material obligation under its financing arrangements, it could result in Transurban's financing becoming immediately due and payable, or the external financiers enforcing their securities to facilitate an asset sale or ownership transfer and/or stepping-in and taking control of the relevant toll road. In such circumstances, the relevant financiers would obtain the benefit of the relevant toll road concession, and Transurban may suffer material financial loss.
- If there is an event of default under Transurban's financing arrangements Transurban may be required to take action in response which might include (but not be limited to) restricting distributions to security holders.

## Adverse government intervention

- If Transurban is prevented from exercising its material rights (such as operating and tolling the relevant toll road) under a Concession Agreement as a result of government action, Transurban may be able to terminate the Concession Agreement early.
- In such circumstances Transurban may be entitled to receive compensation from the relevant government entity but the compensation may not be adequate to compensate Transurban for the loss of its rights under the Concession Agreement.

## Competing roads

- The presence of other toll roads, toll-free roads and competing modes of transportation depends in part on governmental policy. In general, the Concession Agreements do not prevent the relevant governmental authorities from building or awarding contracts to build roads or infrastructure for competing modes of transportation which may compete with Transurban's toll roads, although Transurban may, in certain circumstances, be entitled to compensation from the relevant government. Any compensation awarded in such circumstances may not adequately compensate Transurban.

## Reliance of key contractors/counterparty risk

- Transurban may engage third party contractors and counterparties to carry out development and construction activities and to provide certain systems and services, including those relating to tolling, customer services, operations and maintenance services, road management and control systems. Transurban is therefore dependent upon the services of key contractors.
- In the event that any of these contractors or counterparties is unable or unwilling to perform the obligations owed to Transurban, Transurban could suffer material disruptions to its operations. Disruptions to Transurban's operations or inadequately performed services could result in delays to projects, degradation in the quality and state of repair of Transurban's toll roads, dissatisfaction of toll road users, reduced traffic volumes, reduced toll road revenue and breach of Concession Agreements and financing arrangements.
- Any of these factors could result in a material increase in Transurban's costs and interruption to Transurban's operations in the event of a service provider having to be replaced. The occurrence of any of these risks could materially adversely affect Transurban's business, cash flow, financial condition and results of operations. In addition, the early termination of a Concession Agreement could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

# BUSINESS RISKS

## Joint venture risk

- Transurban holds a number of interests in its companies and affiliates, including QM, jointly with joint venture partners through equity or co-operative joint ventures. Although in all cases Transurban has significant influence over the decision-making of these joint ventures, certain decisions require approval of all the directors or shareholders of the joint venture. Therefore, irrespective of Transurban's proportional interest in the joint venture, Transurban may not be able to unilaterally control all decision-making processes of a joint venture. The joint venture partners in these projects may have economic or business interests or objectives that are different to those of Transurban, they may be unable or unwilling to fulfil their obligations under the relevant joint venture contracts or they may experience financial or other difficulties. The occurrence of any of these risks could disrupt the operations of the joint venture and negatively impact Transurban's investment in, and the returns from, the joint venture.

## Risks in relation to future projects

- Transurban may not be able to implement current and future development projects in the manner or within the timeframe and budget expected. Additionally such current and future development projects may not deliver the return or earnings expected by Transurban.
- Transurban's failure to successfully implement current and future development and construction projects in the manner or within the timeframe and budget expected could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## Other acquisitions

- The Transurban Group has in the past expanded its portfolio through acquisitions or bids for new projects. In the future, in addition to the acquisition of QM, Transurban may seek to acquire or develop additional assets or businesses, such as brownfield or greenfield toll roads.
- The success of any such acquisitions or developments depends on a variety of factors and there can be no assurance that such acquisitions or developments would be successful or generate the anticipated benefits, synergies and efficiencies for Transurban. Transurban may incur substantial costs, delays or other operational or financial problems in acquiring, integrating, developing and/or managing the additional asset or business, any such investment may divert management's attention from the operation of Transurban's existing businesses.
- Additionally, Transurban may encounter unanticipated events, circumstances or legal liabilities in connection with the investment and Transurban may have difficulty financing or refinancing any investment and Transurban may be unable to serve any increased indebtedness as a result of such investment. The occurrence of any of the risks relating to any such investment could materially adversely affect Transurban's business, results of operations and financial condition.

# BUSINESS RISKS

## Refinancing risks and use of leverage

- Transurban has existing debt financing arrangements and credit facilities from bank, debt capital market and government sources. Transurban will need to continue accessing debt markets in the future to refinance maturing debt and to access debt for growth projects and other corporate needs. The use of leverage may enhance returns, but it may also substantially increase the risk of loss.
- Transurban is exposed to risks associated with debt financing, including that it will be unable to arrange financing for growth projects or the refinancing of its existing indebtedness as and when required, on the terms expected or at all. If Transurban Group is able to refinance its existing indebtedness, the terms of such refinancing may not be as favourable as the original terms of such indebtedness.
- Transurban's access to and cost of finance is affected by Transurban's credit ratings, in particular its senior secured debt credit ratings. Any downgrade or change in outlook could affect the ability of Transurban to refinance its existing indebtedness or materially increase its cost of finance.
- Financing arrangements typically require Transurban to comply with certain obligations and undertakings, including maintaining security arrangements for the benefit of lenders, and in some instances the meeting of certain financial covenants. If a material obligation is breached and not remedied, this could lead to early termination of the financing arrangement and a requirement to repay the debt financing.

## Reliance on dividends, distributions and interest on and repayments of shareholder loans from entities in the Transurban group

- Transurban operates its business through its subsidiaries. Transurban also funds certain of its subsidiaries through shareholder loans. The availability of funds to service Transurban's debts is impacted by dividends, distributions, interest and repayments on shareholder loans received from Transurban's subsidiaries. Some of Transurban's subsidiaries that have entered into Concession Agreements have incurred debt which is secured against the specific assets, including the relevant Concession Agreement, of the Transurban subsidiary. The holders of such debt may be able to impair the ability of the relevant Transurban subsidiary to pay dividends or other distributions to Transurban. As a result, Transurban's ability to service its debt may be restricted and this could have a material adverse effect on Transurban's business, financial condition and results of operations.

## Interest rate risk

- An increase in interest rates would increase the Transurban group's debt servicing costs on any part of its indebtedness which is unhedged.

## Payment of distributions

- Future payment of distributions will be determined by the Board of Transurban. Transurban will pay distributions having regard to the free cash flow and financial position of Transurban and there is no guarantee that future distributions will be paid.

# BUSINESS RISKS

## Fraudulent behaviour of employees

- Transurban is exposed to risks associated with fraudulent behaviour of its officers, employees, consultants, contractors and contractual counterparties. The occurrence of such behaviour could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## Risks of accidents

- Transurban is subject to the risk of accidents and incidents on its toll road network, as well as to weather conditions, natural phenomena, natural disasters, vandalism and acts of terrorism which may impact its toll roads. The occurrence of any of these factors could adversely affect traffic volumes, the collection of toll revenue and could cause physical damage to Transurban's toll roads. In addition, any such incident could result in the loss of part of Transurban's infrastructure assets or critical operating equipment and Transurban may incur additional costs in repairing the affected infrastructure asset. The occurrence of any of these risks could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

# QM ACQUISITION RISKS

## Completion risks

- Completion of the acquisition of QM ("QM Acquisition") is conditional on certain matters including DTMR and BCC consent. If any of the conditions are not met, completion of the QM Acquisition may be deferred or cancelled. If this occurs, Transurban will need to consider alternative uses for, or ways to return the proceeds of, any subscriptions raised from Transurban security holders under the Entitlement Offer. Failure to complete the QM Acquisition and/or any action required to be taken to return capital may have a material adverse effect on Transurban's financial performance, financial position and security price. The QM Acquisition agreement may also be terminated by the vendor if certain events occur including an unremedied breach of a material term by the purchasing consortium. In all circumstances Transurban may incur significant costs and be exposed to material liabilities.

## QM Acquisition liability risk

- If the QM Acquisition completes, Transurban and its consortium partners will be liable for any defects associated with QM which were not identified during due diligence or which are greater than expected, and for which Transurban does not have any protection (in the form of insurance, representations and warranties and indemnities). Such defects may adversely affect the financial performance or position of Transurban.

## Integration risk

- The QM Acquisition involves the integration of businesses and infrastructure that was previously operated independently. There is a risk that the integration of QM may encounter unexpected challenges or issues including (but not limited to) a failure to obtain necessary consents and takes longer than anticipated, diverts management attention or does not deliver the expected benefits (including synergy benefits) and this may affect Transurban's operating and financial performance.

## Reliance on information provided

- Transurban undertook a due diligence investigation process in respect of QM and was provided with the opportunity to review certain financial and other information provided by or on behalf of QM and third parties. While the Transurban Board considers that this review was adequate, the information was largely provided by QM. Consequently, Transurban has not been able to verify the accuracy, reliability or completeness of all the information which was provided to it against independent data and there is no assurance that the due diligence conducted was conclusive and that all material issues and risks in respect of the QM Acquisition have been identified.
- Similarly, financial information in respect of QM has been derived from audited and unaudited financial information. Transurban is unable to verify the accuracy or completeness of this information.
- It should also be noted that limited contractual representations or warranties have been obtained in respect of the adequacy or accuracy of the materials disclosed during the due diligence process.
- If any of the data or information provided is shown to be incomplete, incorrect, inaccurate or misleading, this may consequently have an adverse impact on the actual performance of QM compared to the performance expected of it as part of Transurban's analysis and assessment of the QM Acquisition opportunity. This may therefore have an adverse impact on the financial position and performance of Transurban.

# QM ACQUISITION RISKS

## Analysis of QM Acquisition opportunity

- Transurban has undertaken financial, operational, asset condition, business and other analysis in respect of QM in order to determine its attractiveness to Transurban and whether to pursue the QM Acquisition.
- It is possible that the analysis undertaken by Transurban, and the best estimates assumptions made by Transurban, draws conclusions and forecasts which are inaccurate or which are not realised in due course (whether because of flawed methodology, misinterpretation of economic circumstances, differing actual traffic volumes from those assumed (see the risk described in section on slide 41 or otherwise).
- To the extent that the actual results achieved by QM are weaker than those indicated by Transurban's analysis, there is a risk that there may be an adverse impact on the financial position and performance of Transurban.

## Funding risk

- The Consortium has entered into financing arrangements pursuant to which financiers have agreed to provide debt financing for the QM Acquisition, subject to the terms and conditions of a debt financing agreement between the parties. If certain conditions are not satisfied or certain events occur, the financiers may terminate the debt financing agreement. Termination of the debt financing agreement would have an adverse impact on the Consortium's sources of funding for the QM acquisition.
- Transurban and the other members of the Consortium have agreed to fund their respective share of the purchase price for the QM Acquisition. If one or more members of the Consortium do not provide their funds and the QM Acquisition cannot or does not complete Transurban may be exposed to a liability that could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## Performance benchmarks for QM concessions

- Transurban will be required to meet certain performance benchmarks in relation to its operation of the QM concessions. There is no guarantee that Transurban will be able to meet these performance benchmarks. A failure to meet these benchmarks may have financial consequences which could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

# OFFER AND GENERAL RISKS

## Underwriting risk

- Transurban has entered into an underwriting agreement under which two underwriters have agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the underwriting agreement between the parties. If certain conditions are not satisfied or certain events occur, the underwriters may terminate the underwriting agreement. Termination of the underwriting agreement would have an adverse impact on the proceeds raised under the Entitlement Offer and Transurban's sources of funding for the QM Acquisition. If the underwriting agreement is terminated Transurban will not be entitled to terminate the sale and purchase agreement for the QM Acquisition. In these circumstances Transurban would need to find alternative funding to meet its contractual obligations. Termination of the underwriting agreement could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.
- The underwriters' obligations to underwrite the Entitlement Offer are conditional on certain matters. These matters include that the acquisition and debt financing agreements for the QM Acquisition have not been terminated, rescinded or varied in any material respect without the underwriters' consent and no condition precedent under such agreements is able to be waived or becomes incapable of being satisfied.
- The events which may trigger termination of the underwriting agreement include where:
  - Transurban is suspended from the official list of ASX or its securities are delisted or suspended from quotation;
  - Transurban alters its capital structure;
  - Transurban or a material subsidiary of Transurban is or becomes insolvent;
  - Transurban's CEO or CFO has their employment terminated for cause;
  - Transurban contravenes its constituent documents, the Corporations Act, the ASX Listing Rules or other applicable law; or
  - Transurban's directors engage in fraud or commit certain offences.
- The ability of the underwriters to terminate the underwriting agreement in respect of some events will depend on whether the event has or is likely to have a material adverse effect on the success, marketing or settlement of the Entitlement Offer, the value of the securities, or the willingness of investors to subscribe for securities, or where they may give rise to liability for the underwriters.
- In addition to these termination events, the occurrence of certain other events (including market disruption, hostilities, regulatory action or material adverse change) may affect the underwriters' obligation to underwrite the Entitlement Offer at the offer price under the underwriting agreement. If any such event occurs, the underwriters' obligation to underwrite at the offer price may cease to apply, in which case the underwriters and Transurban may be required to work together in good faith to agree amendments to the underwriting agreement to implement an alternative capital raising that enables Transurban to pursue the QM Acquisition. In such circumstances, there is no guarantee that the underwriters will agree appropriate and timely amendments to the underwriting agreement, which may adversely impact the timing and success of the Entitlement Offer, the proceeds raised by Transurban and Transurban's funding for the QM Acquisition.

# OFFER AND GENERAL RISKS

## Renouncement risk

- If you are an eligible security holder, and renounce your entitlement under the Entitlement Offer, there is no guarantee that any value will be received for your renounced entitlement through the bookbuild process
- The ability to sell New Securities under the bookbuild and the ability to obtain any premium will be dependent upon various factors, including market conditions. Further, the bookbuild price may not be the highest price available, but will be determined having regard to a number of factors, including having binding and bona fide offers which, in the reasonable opinion of the underwriters, will, if accepted, result in acceptable allocations to clear the entire book.
- To the maximum extent permitted by law, Transurban, the underwriters and the respective related bodies corporate, affiliates or the directors, officers, employees or advisors of any of them, will not be liable, including for negligence, for any failure to procure applications under the bookbuild at a price in excess of the offer price.
- You should also note that if you do not take up all of your Entitlement, then your percentage security holding in Transurban will be diluted by not participating to the full extent in the Entitlement Offer.

## Market generally

- The price of Transurban securities on the ASX may rise or fall due to numerous factors, including:
  - Australian and international general economic conditions, including inflation rates, the level of economic activity, interest rates and currency exchange rates;
  - tensions and acts of terrorism in Australia and around the world;
  - investor perceptions in the local and global markets for listed stocks; and
  - changes in the supply and demand of infrastructure securities.
- Transurban securities may trade below the offer price and no assurances can be given that Transurban's market performance will not be materially adversely affected by any such market fluctuations or factors. No member of Transurban, nor any of their directors nor any other person guarantees Transurban's market performance.

## Asset impairment

- The Transurban Board regularly monitors impairment risk. Where the value of an asset is assessed to be less than its carrying value, Transurban is obliged to recognise an impairment charge in its profit and loss account.
- Asset impairment charges may result from the occurrence of unexpected adverse events that impact Transurban's expected performance. Assets are tested for impairment annually or more frequently if events or changes in circumstances indicate that they might be impaired. This could result in the recognition of impairment provisions that could be significant and could have a material adverse effect on Transurban's financial condition and results of operations.

# OFFER AND GENERAL RISKS

## Changes to accounting standards

- Changes to Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board, Urgent Issues Group Interpretations and the Corporations Act could affect Transurban's reported results of operations in any given period or Transurban's financial condition from time to time.

## Adverse tax developments

- The Transurban group is structured as a stapled group comprising two companies (Transurban Holdings Limited and Transurban International Limited) and a trust (Transurban Holding Trust), which trade as a single stapled security. Australian taxation laws apply to each of these entities separately. Changes to tax legislation, the interpretation of tax legislation by the courts, the administration of tax legislation by the relevant tax authorities and the applicability of such legislation to the Transurban group or entities within the Transurban group may increase Transurban's tax liabilities.
- Transurban Holding Trust and its subsidiary trusts are generally not liable for Australian income tax and capital gains tax, provided that all income is distributed. If applicable tax regimes change or the activities of the Transurban group result in Transurban Holding Trust or its subsidiary trusts becoming subject to a different tax regime, this could result in material tax liabilities for Transurban.
- In addition, certain companies within the Transurban Group have carried forward tax losses which are recognised as deferred tax assets on its balance sheet. The ability of members of the Transurban Group to utilise their tax losses to decrease their tax liabilities in future periods is subject to them meeting certain conditions under the relevant tax legislation. If members of the Transurban group fail to meet the relevant conditions, or if the relevant tax legislation is amended in a way that results in an inability for members of the Transurban group to use their tax losses in future periods, the relevant Transurban entity's or Transurban's tax liabilities could be materially higher than currently expected.

## Changes in law or regulation

- Governments may impose new or increased charges on road transportation, on motorists or motor vehicles or fuel. In addition, Governments may restrict or prohibit the levying of tolls on toll roads. Such changes in law or regulation may have an adverse effect on traffic volumes on Transurban's toll roads.
- The Concession Agreements contain mechanisms under which Transurban may be able to claim compensation for the impact of a change in law or regulation, but the compensation mechanism may not be applicable to every possible change in law or regulation, or the compensation payable may not adequately compensate Transurban for the adverse effect on traffic, cash flow, financial condition and results of operations.

# OFFER AND GENERAL RISKS

## Other external factors

- Other external factors may impact Transurban's performance, including changes or disruptions to political, regulatory, legal or economic conditions or to national and international markets.
- Natural phenomenon such as fire, earthquake, flood or cyclone may occur and some of the assets of Transurban may not be insured for such an event. Events of this nature can affect a party's ability to perform its contractual obligations.

## Insurance counterparty risk

- There can be no assurance that Transurban maintains, or will continue to maintain, sufficient insurance coverage for all of the risks associated with the operation of its businesses. Transurban is also subject to the credit risk of its insurers and their continued ability to satisfy claims made by Transurban. If Transurban's insurance coverage is not sufficient to cover any losses that are incurred in the course of its business, or if Transurban's insurers are unwilling or unable to satisfy claims made by Transurban, Transurban could be exposed to uninsured losses that are significant.

## Ongoing disputes

- Transurban may from time to time be involved in legal, regulatory and other proceedings and disputes arising from its businesses and operations, including proceedings and disputes relating to construction, development and expansion of toll roads, environmental issues, native title claims, shareholder action, industrial action, special interest group action and disputes with joint venture partners, contractors and other counterparties (including government counterparties). These disputes may lead to legal, regulatory and other proceedings, and may cause Transurban to incur significant costs, delays and other disruptions to its businesses and operations. In addition, regulatory actions and disputes with governmental authorities may result in fines, penalties and other administrative sanctions.

## Environment and health and safety

- Transurban is subject to environmental and health and safety regulations under Australian Commonwealth and State laws and applicable laws in the United States of America. Although Transurban maintains comprehensive environmental management plans to monitor the performance of its toll roads, and any external parties responsible for operating any Transurban toll road, no assurance can be given that Transurban will not be subject to potential environmental and health and safety liabilities associated with the operation of its businesses. Transurban's construction projects may also be subject to delays as a result of environmental disputes, environmental impact assessments and consultation processes and the need to obtain necessary environmental approvals.

# INTERNATIONAL SELLING RESTRICTIONS

## **New Zealand**

This document nor any of the accompanying documents are an investment statement or prospectus under New Zealand law and have not been registered, filed with, or approved by any New Zealand regulatory authority or under or in accordance with the New Zealand Securities Act 1978 or any other relevant law in New Zealand. The documents may not contain all the information that an investment statement or prospectus under New Zealand law is required to contain.

It is a term of this Offer that the offer of New Securities to the public in New Zealand is made in compliance with the laws of Australia and any code, rules and requirements relating to the offer that apply in Australia.

Any recipient of New Securities in New Zealand acknowledges that any New Securities allotted to it are not being allotted with a view to them being offered for sale to the public in New Zealand and further undertakes to Transurban that if in the future the investor elects to directly or indirectly sell or offer any of the New Securities allotted to it, the investor will not do so in a manner which will, or is likely to, result in a contravention of the Securities Act 1978 (New Zealand) or may result in Transurban or its directors incurring any liability and, without limitation, will not offer any New Securities allotted to it for sale to the public in New Zealand at any time within six months after allotment.

## **Canada**

This document, any accompanying document and the New Securities described therein may only be distributed in Canada (or to residents thereof) to "accredited investors" as defined in National Instrument 45-106 "Prospectus and Registration Exemptions."

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This document and any accompanying document do not constitute an offer of transferable securities to the public in the United Kingdom to which section 85 of the Financial Services and Markets Act 2000 of the United Kingdom ("FSMA") applies and has not been delivered to the Financial Conduct Authority ("FCA") in accordance with the Prospectus Rules published by the FCA. No New Securities will be offered or sold except in circumstances which have not resulted, and will not result in, an offer to the public in the United Kingdom, in contravention of section 85 of the FSMA. This document and any accompanying document are issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of FSMA) (a "Qualified Investor") in the United Kingdom, and New Securities may not be offered or sold in the United Kingdom by means of this document, any accompanying letter or any other document, except in circumstances which do not require the publication of a prospectus pursuant to section 86(1) of FSMA. This document or any accompanying document should not be distributed, published or reproduced, in whole or in part, nor may its contents be disclosed by recipients to any other person in the United Kingdom.

The New Securities include units in the Transurban Holding Trust which is an unregulated collective investment scheme and may also be regarded as an alternative investment fund for the purposes of law and regulations in the United Kingdom. No offer of any New Securities will be made in the United Kingdom until Transurban Infrastructure Management Limited, as the alternative investment fund manager of the Transurban Holding Trust, has notified the FCA in accordance with Regulation 59 of The Alternative Investment Fund Managers Regulations 2013. The New Securities may only be promoted in the United Kingdom to restricted categories of persons.

Invitations or inducements to engage in investment activity within the meaning of section 21 of FSMA (a "financial promotion") in connection with the issue or sale of any of the New Securities in the United Kingdom will only be communicated in circumstances which would give rise to (i) no breach of section 21(1) of FSMA (which restricts the making of financial promotions) and (ii) no breach of section 238(1) of the FSMA (which restricts the communication of invitations and inducements to participate in a collective investment scheme by authorised persons).

# INTERNATIONAL SELLING RESTRICTIONS

The distribution of this document and any accompanying document in the United Kingdom is made to or directed only at (i) persons who are investment professionals within the meaning of Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "FPO") and Article 14(5) of the Financial Services and Markets Act 2000 (Promotion of Collective Investment Schemes) (Exemptions) Order 2001, as amended (the "PCIS Order"), and (ii) high net-worth companies, unincorporated associations and other bodies within the categories described in Article 49(2) of the FPO and Article 22(2) of the PCIS Order (iii) existing holders of New Securities and (iv) persons to whom it is otherwise lawful to distribute it. The investment or investment activity to which this document relates is available in the United Kingdom only to such persons. It is not intended that this document or any accompanying document be distributed or passed on in the United Kingdom, directly or indirectly, to any other class of person and in any event and under no circumstances should persons of any other description rely on or act upon the contents of this document or any of the accompanying documents.

By accepting this document you acknowledge and agree to be bound by the foregoing provisions, limitations and conditions and, in particular, you have represented, warranted and undertaken that: (i) you will observe the foregoing provisions, limitations and conditions; and (ii) you have read and agree to comply with the contents of this notice including without limitation the obligation to keep this document and its contents confidential. You further agree to return this document to Transurban immediately upon request by Transurban.

## Singapore

If you are in Singapore, you confirm that:

- (a) you are an institutional investor as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (the "SFA"), a relevant person as defined in Section 275(2) of the SFA or a person to whom an offer referred to in Section 275(1A) of the SFA is to be made; and
- (b) you understand that that no prospectus has been registered in respect of the New Securities with the Monetary Authority of Singapore and that any offer of the New Securities in Singapore has been made pursuant to the prospectus exemptions in Sections 274 or Section 275 of the SFA. Accordingly, you undertake:
  - (i) not to circulate or distribute any document, information or material made available to you in connection with the New Securities; and
  - (ii) not to offer or sell or make the subject of an invitation for subscription or purchase, whether directly or indirectly, the New Securities, to any persons other than (1) to an institutional investor pursuant to Section 274 of the SFA, (2) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (3) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA; and
  - (iii) without limitation to paragraph (b)(ii) above, not to sell the New Securities within the period of six months from the date of the initial acquisition of the New Securities, except to (1) an institutional investor (as defined in Section 4A of the SFA); (2) a relevant person (as defined in Section 275(2) of the SFA) or (3) any person pursuant to an offer referred to in Section 275(1)(A) of the SFA, unless expressly specified otherwise in Section 276(7) of the SFA or Regulation 32 of the Securities and Futures (Offers and Investments) (Shares and Debentures) Regulations 2005 of Singapore.

You further acknowledge and agree that where the New Securities are subscribed or purchased under Section 275 of the SFA by you, as a relevant person, which is:

- (c) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (d) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the New Securities pursuant to an offer made under Section 275 except:
  - (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or (in the case of such corporation) where the transfer arises from an offer referred to in Section 276(3)(i)(B) of the SFA or (in the case of such trust) where the transfer arises from an offer referred to in Section 276(4)(i)(B) of the SFA;

# INTERNATIONAL SELLING RESTRICTIONS

- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

## Denmark

This document and any accompanying document has not been and will not be filed with or approved by the Danish Financial Supervisory Authority or any other regulatory authority in Denmark and the New Securities have not been and are not intended to be listed on a Danish regulated market.

This document and any accompanying document may not be made available nor may the New Securities otherwise be placed or offered for sale in Denmark, except to qualified investors within the meaning of Annex II of the Markets in Financial Instruments Directive.

## Germany

Neither Transurban nor any other person on behalf of Transurban has made an application, registration or filing or taken or will take any other action of any kind whatsoever to facilitate any form of offer, purchase, holding or sale of the New Securities, or distribution of a prospectus or any other offering material relating to the New Securities in the Federal Republic of Germany or to achieve or to ensure a certain form of taxation to be applied to an investment in the New Securities (to the extent such action would be required under any applicable law, regulation, order or otherwise).

In particular, no securities prospectus (Wertpapierprospekt) within the meaning of the German Securities Prospectus Act (Wertpapierprospektgesetz - WpPG) of 22 June 2005, as amended (the "German Securities Prospectus Act") has been or will be published within the Federal Republic of Germany, nor has this document nor any accompanying document been filed with, notified to or approved by the German Financial Services Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht) for publication within the Federal Republic of Germany.

Also, no notification of the Federal Financial Supervisory Authority of a distribution of the New Securities has been performed under the German Capital Investment Code (Kapitalanlagegesetzbuch – KAGB) of 4 July 2013, as amended (the "German Capital Investment Code"), irrespective of the fact that the New Securities include units in the Transurban Holding Trust which is an unregulated collective investment scheme and may also be regarded as an alternative investment fund for the purposes of law and regulations in the Federal Republic of Germany.

Any offer or sale of the New Securities or any distribution of offering material in relation to the New Securities within the Federal Republic of Germany may violate the provisions of the German Securities Prospectus Act, the German Capital Investment Code or the German Investment Products Act (Vermögensanlagegesetz - VermAnlG) of 6 December 2011, as amended (the "German Investment Products Act"). Potential investors are also advised to consider possible tax consequences of an acquisition, holding and/or disposal of the New Securities including, in particular, a potential application of the German Investment Tax Act (Investmentsteuergesetz - InvStG) of 15 December 2003, as amended (the "German Investment Tax Act"), and should consult their own tax advisers in that respect.

# INTERNATIONAL SELLING RESTRICTIONS

## United Arab Emirates

Pursuant to the Securities and Commodities Authority's ("SCA") Board of Directors Resolution No.37 of 2012 Concerning the Regulations as to Mutual Funds and Resolution No. 13 of 2013, the approval of the SCA shall be obtained by a licensed promoter prior to marketing the New Securities to certain investors in the United Arab Emirates.

Investors are hereby notified that the approval by the SCA for the promotion of the New Securities to investors in the United Arab Emirates shall not be deemed as a recommendation by the SCA for purchasing or investing in the New Securities. The SCA takes no responsibility for the accuracy and soundness of the data contained in this document or any accompanying document and the SCA shall not be liable for any failings by Transurban Infrastructure Management Limited in the performance of its duties and obligations in relation to Transurban Holding Trust, which liability shall solely be the responsibility of Transurban Infrastructure Management Limited.

## Hong Kong

WARNING: The contents of this document have not been reviewed by any Hong Kong regulatory authority. You are advised to exercise caution in relation to this document. If you are in any doubt about any of the contents of this document, you should obtain independent professional advice.

This document and any accompanying document in relation to an offer of New Securities is strictly confidential to the person to whom it is addressed and may not be provided, assigned or transferred to any other person. If you are not the intended recipient of this document or any accompanying document, you are hereby notified that any review, dissemination, distribution, publication or reproduction (in whole or in part) of the documents to any person in Hong Kong is strictly prohibited except to your professional advisors under duties of confidentiality.

This document is not a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Chapter 32, The Laws of Hong Kong) ("CO") nor is it an offer or invitation to the public within the meaning of the CO and the Securities and Futures Ordinance (Chapter 571, The Laws of Hong Kong) ("SFO"), or an advertisement, invitation or document subject to section 103(1) of the SFO. This document or any accompanying document, including the contents within, have not been authorised by the Hong Kong Securities and Futures Commission.

No advertisement, invitation or document relating to the New Securities may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the SFO and any rules made thereunder.

No person allotted New Securities may sell, or offer to sell, such securities in circumstances that amount to an offer to the public in Hong Kong within six months following the date of issue of such securities.

## Switzerland

This document or any accompanying document may only be freely circulated and New Securities may only be freely offered, distributed or sold to regulated financial intermediaries such as banks, securities dealers, fund management companies, asset managers of collective investment schemes and central banks as well as to regulated insurance companies. Circulating this document or any accompanying document and offering, distributing or selling interests in the New Securities to other persons or entities including qualified investors as defined in the Federal Act on Collective Investment Schemes ("CISA") and its implementing Ordinance ("CISO") may trigger, in particular, (i) licensing/prudential supervision requirements for the distributor and Transurban, (ii) a requirement to appoint a representative and paying agent in Switzerland and (iii) the necessity of a written distribution agreement between the representative in Switzerland and the distributor. Accordingly, legal advice should be sought before providing this document or any accompanying document to and offering, distributing, selling, or on-selling interests in the New Securities to any other persons or entities. This document or any accompanying document does not constitute an issuance prospectus pursuant to Articles 652a or 1156 of the Swiss Code of Obligations and may not comply with the information standards required thereunder. The New Securities will not be listed on the SIX Swiss Exchange, and consequently, the information presented in this document does not necessarily comply with the information standards set out in the relevant listing rules.

# INTERNATIONAL SELLING RESTRICTIONS

The documentation of Transurban has not been and will not be approved, and may not be able to be approved, by the Swiss Financial Market Supervisory Authority FINMA under the Swiss Collective Investment Schemes Act ("CISA"). Therefore, investors do not benefit from protection under the CISA or supervision by the FINMA. This document and any accompanying document do not constitute investment advice. It may only be used by those persons to whom it has been handed out in connection with the interests and may neither be copied or directly or indirectly distributed or made available to other persons.

The New Securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This document and any accompanying document have been prepared without regard to the disclosure standards for issuance prospectuses under Art. 652a or Art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under Art. 27 et seq. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the New Securities or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

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## **Belgium**

This offer is structured as a private placement. This document and any accompanying document have not been and will not be submitted to nor have they been approved by the Belgian Financial Services and Markets Authority (Autorité des services et marchés financiers-Autoriteit voor financiële diensten en markten) and accordingly may not be used in connection with any direct or indirect offering, placement or sale of securities (including units or shares of an Alternative Investment Fund) in Belgium except as may otherwise be permitted by law.

This document is made available to you following your express representation that you qualify (i) either as one of the professional and institutional investors listed in article 5, §3 of the Act of August 3, 2012 or (ii) as one of the qualified investors listed in article 10, §1 of the Act of June 16, 2006 on the public offer of investment instruments and the admission of investment instruments to trading on a regulated market.

The party receiving this document shall hold harmless and indemnify the issuing company for all damages, losses and expenses which could result from the violation of the aforementioned representation.

## **Norway**

This document and any accompanying document have not been prepared so as to comply with the provisions of the public offer rules in the Norwegian Securities Trading Act 2007, nor is it intended to be relied upon by anyone who is not a professional investor within the meaning of that Act. The recipient of this document and any accompanying document must not copy or in any other way transmit its contents to any other person in Norway.

This document and any accompanying document are not intended as an offer or solicitation with respect to the purchase or sale of the New Securities in Norway. By furnishing this presentation to the recipient, Transurban is not committing to any transaction. Although any indicative information included in this document or any accompanying document is reflective of the terms, as of the specified date, under which Transurban believe a transaction might be arranged or agreed, no assurance is given that such a transaction could, in fact, be executed at the specific levels or on the specific terms indicated.

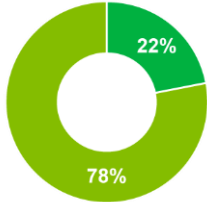
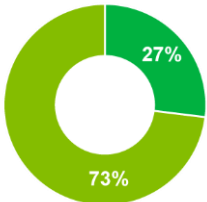
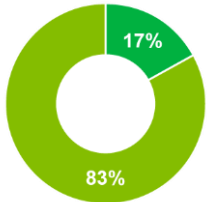
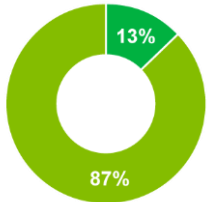
# APPENDIX A

## QUEENSLAND MOTORWAYS ASSET OVERVIEW (100%)



# QUEENSLAND MOTORWAYS OVERVIEW

## ASSET OVERVIEW

| ASSET                              | GATEWAY                                                                                                              | LOGAN                                                                             | CLEM7                                                                              | GO BETWEEN BRIDGE                                                                   | LEGACY WAY <sup>5</sup> |
|------------------------------------|----------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------|------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|-------------------------|
| LENGTH (KM)                        | 23.1                                                                                                                 | 38.7 <sup>1</sup>                                                                 | 6.8                                                                                | 0.3                                                                                 | 4.6                     |
| CARRIAGEWAY SIZE                   | 6, 8 and 10 lanes (various)<br>12 lanes (Gateway Bridge)                                                             | 4 lanes                                                                           | 4 lanes                                                                            | 4 lanes                                                                             | 4 lanes                 |
| AADT (FY13)                        | 105,614                                                                                                              | 147,554 <sup>2</sup>                                                              | 25,894                                                                             | 11,668                                                                              | N/A                     |
| TRAFFIC MIX <sup>3</sup><br>(FY13) |  <p>■ CARS<br/>■ OTHER VEHICLES</p> |  |  |  | N/A                     |
| CURRENT CAR TOLL <sup>4</sup>      | \$4.13                                                                                                               | \$1.56 – \$2.57                                                                   | \$4.72                                                                             | \$2.88                                                                              | N/A                     |
| TOLLING ESCALATION                 | 1 July, Brisbane CPI                                                                                                 | 1 July, Brisbane CPI                                                              | 1 January, Brisbane CPI                                                            | 1 July, Brisbane CPI                                                                | 1 July, Brisbane CPI    |
| DATE OPENED                        | December 1986                                                                                                        | December 1988                                                                     | 15 March 2010                                                                      | 5 July 2010                                                                         | June 2015               |
| CONCESSION DATES                   | April 2011 – Dec 2051                                                                                                | April 2011 – Dec 2051                                                             | August 2006 – August 2051                                                          | Dec 2013 – Dec 2063                                                                 | June 2015 – June 2065   |

Source: Queensland Motorways

1 Length includes 9.8km of Gateway Extension Motorway.

2 Each Logan gantry is counted as a separate trip.

3 Other vehicles includes HCVs, LCVs and motorcycles.

4 Toll data represents current toll charge (which is the maximum allowable toll charge) for cars, sourced from toll road websites and information provided by QM.

5 Legacy Way currently under construction, with operations expected to commence in June 2015.

# LOGAN / GATEWAY

## ASSET HIGHLIGHTS

### STRATEGIC CONTEXT

- Essential components of the south-east Queensland transport network linking Australia TradeCoast precinct, Brisbane Airport, and Port of Brisbane with north-south (Gateway) and east-west (Logan) freight corridors
- Critical south-east Queensland network asset with no motorway standard, full-length competing route
- High-capacity feeder routes coupled with lower-capacity, congested competing routes
- Gateway remains the only Brisbane River crossing east of the CBD with no material risk of a new competing toll road
- Long operating track record with inflation-linked tolls
  - > 25 years of consistent traffic growth; remained resilient despite toll increases and upgrade works
- Logan / Gateway account for 90% of QM FY13 proportional underlying EBITDA

### CONCESSION

- Remaining concession life of 37 years with State Government<sup>1</sup>

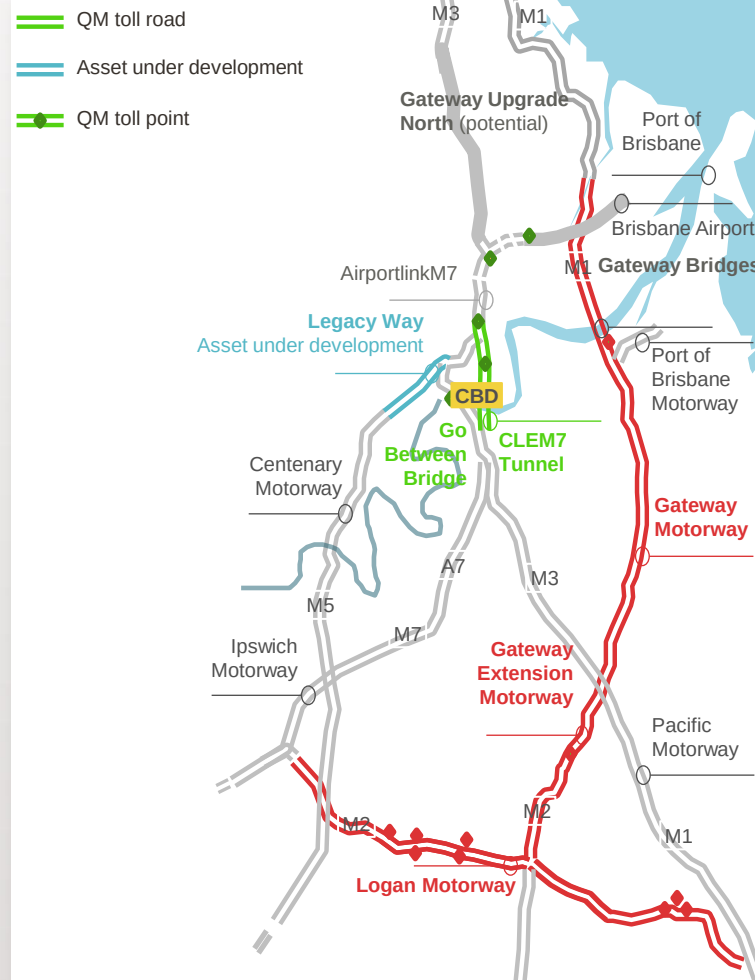
### TOLL ESCALATION

- Tolls escalate annually at Brisbane CPI

### CONSTRUCTION / UPGRADE REQUIREMENTS

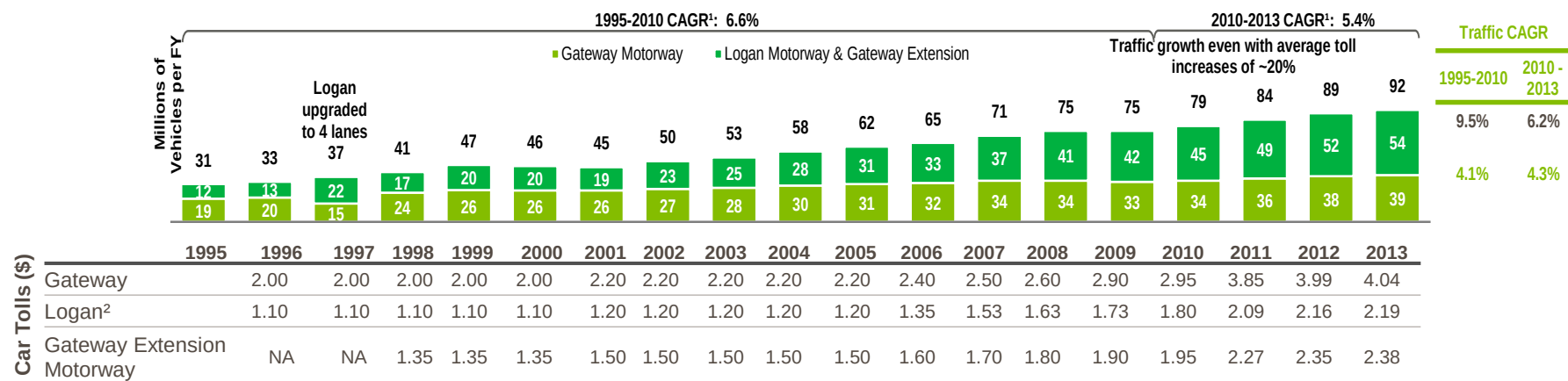
- Potential Gateway Upgrade North project

## ASSET LOCATION



# LOGAN / GATEWAY

## HISTORICAL TRAFFIC PROFILE <sup>1</sup>



## KEY HISTORICAL FINANCIALS

### SUMMARY FINANCIALS (\$M)

Toll revenue

302.6

161.5

Underlying EBITDA

219.9

128.6

EBITDA margin

72.7%

79.6%

Capital expenditure<sup>4</sup>

30.5

40.1

### Pavement Rectification Program<sup>5</sup>

- Pavement Rectification Program for Logan began in 2011 and will continue until 2023
- Increase in maintenance provision on pro forma basis given future rectification capex program
- Pavement rectification program expenditure, once complete, expected to be \$633 million (\$2014) between date of completion and 2023
- Consortium's debt sized to substantially fund rectification costs

Source: Audited / reviewed financial statements, as adjusted to exclude CLEM7/GBB acquisition costs of \$3.6M and \$0.2M, and QIC management fees of \$7.5M and \$3.1M in FY13 and H1 FY14 respectively, and the additional movement in the maintenance provision in order to align with Transurban's accounting policy.

<sup>1</sup> Source: Queensland Motorways.

<sup>2</sup> Compound annual growth rate based on financial years.

<sup>3</sup> Average car tolls across Loganlea, Heathwood and Paradise Road toll points.

<sup>4</sup> Capital expenditure, including major maintenance, is extracted from due diligence.

<sup>5</sup> Staged lifecycle / routine maintenance program for Logan / Gateway pavement.

# CLEM7

## ASSET HIGHLIGHTS

### STRATEGIC CONTEXT

- Acquired by QM in December 2013 for \$618M (gross), having originally cost \$2.8Bn to build
- Allows motorists to bypass CBD and connect directly to Brisbane Airport and the Australia TradeCoast precinct
- Experienced traffic growth despite increased tolls
- CLEM7 is expected to benefit from increased congestion levels on cross river routes; no planned capacity upgrades to competing routes reinforces diversion expectations for CLEM7
- Proximity and interdependency of traffic between CLEM7 and AirportlinkM7 has the potential for numerous areas of efficiency improvements

### CONCESSION

- Remaining concession life of 37 years with BCC<sup>1</sup>

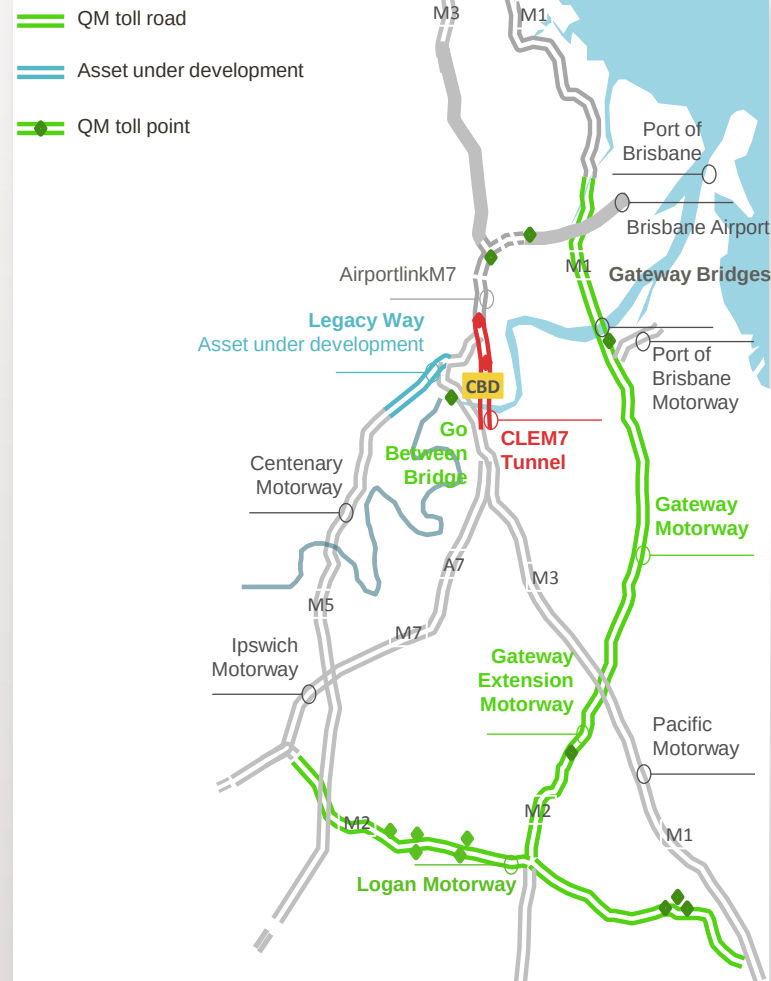
### TOLL ESCALATION

- Tolls escalate annually at Brisbane CPI

### CONSTRUCTION / UPGRADE REQUIREMENTS

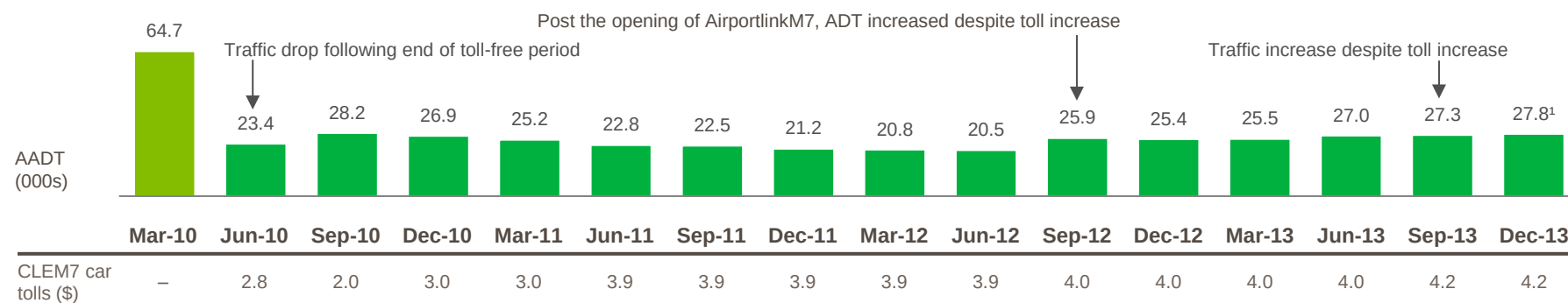
N/A

## ASSET LOCATION



# CLEM7

## HISTORICAL TRAFFIC PROFILE



## KEY HISTORICAL FINANCIALS

### SUMMARY FINANCIALS (\$M)

Toll revenue

39.4

20.6

Underlying EBITDA

13.0

8.1

EBITDA margin

33.0%

39.3%

Capital expenditure<sup>2</sup>

0.2

0.3

Source: Unaudited CLEM7 management accounts for FY13 and half year ended 31 December 2013, as adjusted to exclude receivership costs of \$3.2M and \$1.2M, and acquisition-related costs of \$5.5M and \$3.6M in FY13 and H1 FY14 respectively, and the additional movement in the maintenance provision in order to align with Transurban's accounting policy.

<sup>1</sup> As at 15 December 2013.

<sup>2</sup> Source: Queensland Motorways

# GO BETWEEN BRIDGE

## ASSET HIGHLIGHTS

### STRATEGIC CONTEXT

- Four-lane bridge, 300m bridge, providing an alternative to the William Jolly Bridge
- Links to some of Brisbane's most popular recreational, cultural and residential precincts
- Achieved strong growth since opening in 2010
- Robust traffic performance despite four toll increases (from \$1.50 to \$2.88)
- Long-dated concession with BCC (expires 2063)
- Patronage will benefit from increased congestion in Brisbane CBD and on competing routes, such as the William Jolly Bridge, Victoria Bridge and Captain Cook Bridge

### CONCESSION

- Remaining concession life of 49 years with BCC1

### CONSTRUCTION/UPGRADE REQUIREMENTS

N/A

### "DEFERRED PAYMENT MECHANISM"

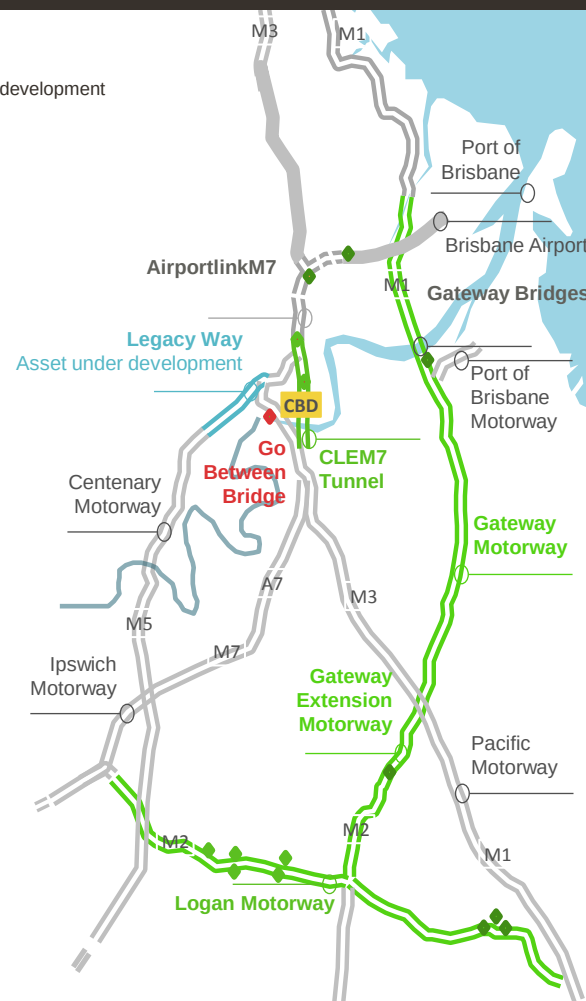
- Final payment (forecast to be between \$42M and \$112M) due third quarter 2018 based on realised traffic.

## ASSET LOCATION

QM toll road

Asset under development

QM toll point



# LEGACY WAY

## ASSET HIGHLIGHTS

### STRATEGIC CONTEXT

- Currently under construction with tolling and operations expected to commence in June 2015
- Connects the Western Freeway at Toowong with the Inner City Bypass at Kelvin Grove
- Will provide an alternative route for Western Freeway traffic travelling to and from the Inner City Bypass
- Uniquely structured transaction that provides downside protection
- Limited traffic risk through a deferred payment mechanism
- Heavy inter-peak and weekend traffic on the Western Freeway could see increasing use of the Legacy Way tunnel outside of the peak periods
- Widening of the Centenary Motorway (Western Freeway) will benefit Legacy Way

### CONCESSION

- Concession life of 51 years with the BCC remaining<sup>1</sup>

### CONSTRUCTION / UPGRADE REQUIREMENTS

- Expected build cost of ~\$1.5Bn (predominantly borne by the BCC, not QM)
- Construction risk borne by the BCC and defect risk managed by existing D&C contract

### "DEFERRED PAYMENT MECHANISM"

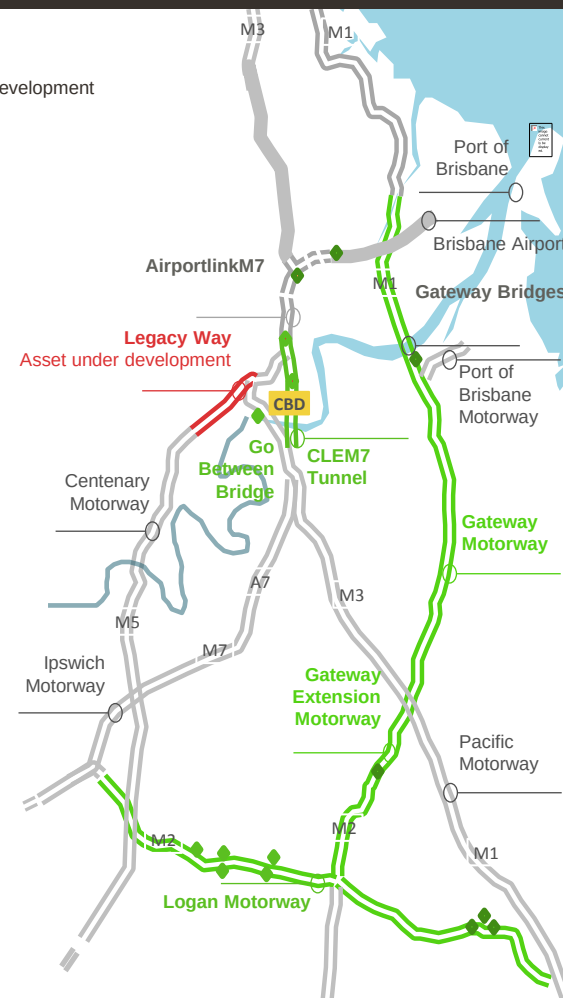
- Upfront payment expected in 2015 (financial close) of \$129M subject to adjustments for stamp duty, transaction costs and working capital
- Interim payments based on realised traffic may occur in 2017 and 2020
- In 2017 a payment of \$100M - \$200M to be paid based on actual traffic from financial close to June 2017
- In 2020 a final payment of between \$42M - \$631M to be paid based on actual traffic from June 2017 to June 2020

## ASSET LOCATION

QM toll road

Asset under development

QM toll point



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# APPENDIX B

## FINANCIAL DETAILS



# FINANCIAL INFORMATION

## Basis of Preparation

The financial information included in this Presentation includes pro forma adjustments. The pro forma financial information is based on an aggregation of the Transurban financial information as extracted from the audited or reviewed statutory financial statements for the respective periods presented, financial information related to Queensland Motorways Group which has been extracted from Queensland Motorways Holdings Pty Limited audited statutory financial statements for FY13 and from QM Hold Co Pty Limited audited financial statements for the half year ended 31 December 2013, CLEM7 financial information as extracted from the unaudited CLEM7 management accounts and the financial information of GBB as extracted from QM sourced information.

Pro forma adjustments are made to previously reported numbers of Transurban and Queensland Motorways Group to reflect the impact of Transurban's acquisition of Queensland Motorways Group, the capital raising and the funding structure of the acquisition in Transurban's H1 FY14 and FY13 results as if the acquisition and related funding occurred on 1 July 2012, and to Transurban's balance sheet as if the acquisition occurred on 31 December 2013. Specific assumptions are described below.

The pro forma financial information contained within the Presentation for the profit and loss and the cash flow metrics are the results of Transurban for FY13 and half year ended 31 December 2013 aggregated with the results of the acquired Queensland Motorways Group for the same periods. Queensland Motorways Group results for FY13 and half year ended 31 December 2013 have been adjusted to reflect removal of the following expenses:

- Transaction costs of \$41.6M in H1 FY14 and \$9.1M in FY13 incurred in relation QM's acquisition of CLEM7 and GBB;
- QIC management fees of \$3.1M in H1 FY14 and \$7.5M in FY13 which are not payable post transaction;
- Non-recurring contracts costs of \$2.6M in H1 FY14 in relation to CLEM7 and \$1.3M in FY13 for GBB;
- CLEM7 receivership costs of \$3.2M in FY13; and
- Recharges from Brisbane City Council to GBB of \$1.1M in FY13 for employees who did not transfer upon acquisition by QM.

In addition, QM historical maintenance provision expense has been adjusted to align to Transurban's accounting policy. Pro forma results also includes an adjustment to finance costs to reflect the new debt structure, an increase to amortisation charges to reflect the impact of acquiring the concession assets at fair value, and tax adjustments.

Balance sheet information presented in this Presentation is as at 31 December 2013. The pro forma balance sheet assumes the estimated impact of the debt and equity raising and the acquisition of QM's identifiable net assets at fair value as if the transaction had occurred on 31 December 2013. Transurban has conducted a preliminary assessment of the fair value of assets and liabilities arising from the acquisition of Queensland Motorways Group, including identifiable assets (primarily related to tolling rights which will be accounted for in accordance with Interpretation 12 *Service Concession Arrangements*). However the final determination of fair value of the assets and liabilities of Queensland Motorways Group, including recognition of any deferred tax assets or liabilities which may arise as a result of the fair value adjustments, is subject to Transurban finalising its fair value assessment, which will not be completed prior to the Entitlement Offer and hence the final fair value assessment may be materially different from the preliminary fair value assessment and may have a consequential earnings impact.

## Proportional basis of presenting results

Certain pro forma financial information in this Presentation has been prepared on a proportional underlying basis. Transurban's CEO and the Executive Committee receive information for assessing the business on an underlying proportional basis reflecting the contribution of individual assets in the proportion of Transurban's equity ownership. This method of presentation differs from the statutory accounting format.

## Free cash flow available for distributions

Transurban's free cash is calculated as cash flow from operations from 100% owned subsidiaries plus dividends received from less than 100% owned subsidiaries and equity accounted investments less the estimated annualised maintenance capital expenditure for 100% owned subsidiaries for their remaining concession life. Free cash flows may also exclude certain one-off or non-recurring items. Specific assumptions are presented on page 77.

# COMPARABLE TRANSACTIONS

## SELECTED COMPARABLE TRANSACTIONS (EV / HISTORICAL EBITDA)

|                                         |      | REMAINING<br>CONCESSION LIFE <sup>3</sup> |
|-----------------------------------------|------|-------------------------------------------|
| Cross City Tunnel <sup>1</sup> (Mar-14) | 18 x | 22 years                                  |
| CLEM7 <sup>2</sup> (Sep-13)             | 33 x | 38 years                                  |
| ConnectEast (Jul-11)                    | 24 x | 32 years                                  |
| QML (Nov-10)                            | 28 x | 41 years                                  |
| Intoll (Aug-10)                         | 29 x | 81 years                                  |
| Lane Cove Tunnel (May-10)               | 29 x | 27 years                                  |

- Transurban investment criteria considers a variety of metrics around discounted cash flows and distribution impacts as well as strategic fit and risk profile
  - EV / EBITDA multiples not utilised in valuation analysis but provided for reference
- Transurban considers that the QM acquisition EV/EBITDA (FY13) multiple of 27.5x<sup>4</sup> is in line with previous Australian toll road transactions, given the quality, growth profile and low risk nature of QM's portfolio<sup>5</sup>

Source: Transurban statutory accounts, ASX releases in respect of the transactions and Government press releases

Notes to the transaction multiples:

- Precedent transactions for the past 5 years based on publicly available information unless indicated.
- Enterprise value includes net debt and excludes transaction costs and stamp duty where disclosed. Historic EBITDA taken as last available full year reported EBITDA for the financial year prior to the transaction.
- The transaction multiples set out are calculated based on the EV of the relevant asset at the time of its acquisition and historical EBITDA as at the same date. The multiple may not be reflective of the current multiple for the relevant asset.
- In relation to the selected transactions (a) the majority of the selected transactions involved the acquisition of smaller businesses than QM; (b) the transaction multiples may incorporate various levels of a control premium and special values paid for by the acquirer based on the specific circumstances of the acquisition at the time; and (c) the transactions occurred between May 2010 and July 2011 when economic conditions, including interest rates and economic outlook, may have been materially different from those currently experienced in relation to the QM acquisition. These and other factors may influence the amounts paid for the businesses.

<sup>1</sup> Based on disclosed acquisition price and 12 months historic EBITDA to June 2013 of \$26.4M based on CCT Motorway Group financial statements provided in the course of the acquisition of Cross City Tunnel.

<sup>2</sup> Based on disclosed acquisition price (excluding \$33M for taxes and other costs disclosed) and 12 months adjusted historic EBITDA to June 2013 of \$17.9M as provided by QM in the course of the Transaction.

<sup>3</sup> Concession years remaining at purchase date for each asset.

<sup>4</sup> Calculated using underlying FY13 EBITDA for QM of \$242.9M and an enterprise value based on purchase price (excluding stamp duty and transaction costs) of \$6.67Bn. See Section 4 for further details.

<sup>5</sup> No adjustment for value attributable to Legacy Way for which operations are expected to commence on 30 June 2015 and contributes no earnings today. Excludes anticipated operating synergies / business improvements in QM.

# BALANCE SHEET

TRANSURBAN AND QM PRO FORMA AT 31 DECEMBER 2013

|                                      | AS AT 31 DECEMBER 2013 (\$M) |                |                           |                                       |                 |
|--------------------------------------|------------------------------|----------------|---------------------------|---------------------------------------|-----------------|
|                                      | TRANSURBAN                   | QM             | FAIR VALUE<br>ADJUSTMENTS | DEBT / EQUITY<br>FUNDING <sup>1</sup> | PRO FORMA       |
| <b>ASSETS</b>                        |                              |                |                           |                                       |                 |
| Cash and cash equivalents            | 457.7                        | 157.7          | (147.7)                   | (26.5)                                | 441.2           |
| Intangible assets                    | 8,017.1                      | 3,876.7        | 3,268.7                   | —                                     | 15,162.5        |
| Property plant and equipment         | 189.9                        | 166.0          | —                         | —                                     | 355.9           |
| Other current assets                 | 631.8                        | 18.3           | —                         | —                                     | 650.1           |
| Other non current assets             | 1,496.4                      | 268.8          |                           |                                       | 1,765.2         |
| <b>Total assets</b>                  | <b>10,792.9</b>              | <b>4,487.6</b> | <b>3,121.0</b>            | <b>(26.5)</b>                         | <b>18,374.9</b> |
| <b>LIABILITIES</b>                   |                              |                |                           |                                       |                 |
| Short term borrowings                | 1,036.8                      | 1,426.8        | (1,426.8)                 | 500.0                                 | 1,536.8         |
| Long term borrowings                 | 4,751.4                      | 1,555.6        | (1,289.5)                 | 1,974.0                               | 6,991.5         |
| Other current liabilities            | 607.4                        | 178.3          | —                         | —                                     | 785.7           |
| Other non current liabilities        | 1,156.7                      | 518.3          | 243.8                     | —                                     | 1,918.8         |
| <b>Total liabilities</b>             | <b>7,552.3</b>               | <b>3,679.0</b> | <b>(2,472.5)</b>          | <b>2,474.0</b>                        | <b>11,232.8</b> |
| <b>Net assets</b>                    | <b>3,240.6</b>               | <b>808.6</b>   | <b>5,593.5</b>            | <b>(2,500.5)</b>                      | <b>7,142.1</b>  |
| <b>SECURITY HOLDERS' FUNDS</b>       |                              |                |                           |                                       |                 |
| Issued securities                    | 8,004.0                      |                |                           | 2,701.3                               | 10,705.3        |
| Reserves                             | (81.9)                       |                |                           | —                                     | (81.9)          |
| (Accumulated losses)                 | (4,597.5)                    |                |                           | (272.9)                               | (4,870.5)       |
| Non-controlling interest             | (84.0)                       |                |                           | 1,473.1                               | 1,389.2         |
| <b>Total security holders' funds</b> | <b>3,240.6</b>               |                |                           | <b>3,901.5</b>                        | <b>7,142.1</b>  |

Source: QM audited financial statements for the period ended 31 December 2013 adjusted to reflect the impact of the fair value of assets and liabilities acquired for \$6.40Bn (being enterprise value less debt acquired) as if it had occurred on 31 December 2013.

1 Funding adjustment comprises use of \$26.5M of Transurban's cash reserves; \$2.5Bn new debt raised net of debt raising costs of \$26M; \$2.74Bn of new equity (including a \$400M placement offer completed by Transurban) net of equity raising costs of \$41M, and payment of consortium transaction costs totalling \$421M (including \$384M of stamp duty upon acquisition) of which Transurban's share is \$263M plus \$10M of Transurban's own transaction costs.

# STATUTORY PROFIT AND LOSS

## TRANSURBAN AND QM PRO FORMA INCOME STATEMENT H1 FY14

|                                            | HALF YEAR ENDING 31 DECEMBER 2013 (\$M) |              |                |                |
|--------------------------------------------|-----------------------------------------|--------------|----------------|----------------|
|                                            | TRANSURBAN                              | QM           | ADJUSTMENTS    | PRO FORMA      |
| Toll revenue                               | 450.6                                   | 187.7        | —              | 638.3          |
| Fee and other revenue                      | 47.0                                    | 16.1         | —              | 63.1           |
| Construction revenue                       | 53.7                                    | —            | —              | 53.7           |
| Business development & other revenue       | 20.6                                    | 0.4          | —              | 21.0           |
| <b>Total revenue</b>                       | <b>571.9</b>                            | <b>204.2</b> | <b>—</b>       | <b>776.1</b>   |
| Operational costs <sup>1</sup>             | (112.9)                                 | 69.0         | (105.3)        | (149.2)        |
| Corporate costs                            | (17.7)                                  | (27.4)       | —              | (45.1)         |
| Business development costs                 | (9.2)                                   | (0.1)        | —              | (9.3)          |
| Construction costs                         | (51.0)                                  | —            | —              | (51.0)         |
| <b>Total costs</b>                         | <b>(190.8)</b>                          | <b>41.5</b>  | <b>(105.3)</b> | <b>(254.6)</b> |
| <b>Underlying EBITDA</b>                   | <b>381.1</b>                            | <b>245.7</b> | <b>(105.3)</b> | <b>521.5</b>   |
| Non-recurring items <sup>2</sup>           | —                                       | (47.5)       | —              | (47.5)         |
| <b>EBITDA</b>                              | <b>381.1</b>                            | <b>198.2</b> | <b>(105.3)</b> | <b>474.0</b>   |
| Depreciation and amortisation <sup>3</sup> | (159.7)                                 |              | (90.3)         | (250.0)        |
| Net finance costs <sup>4</sup>             | (129.4)                                 |              | (74.1)         | (203.5)        |
| Share of equity accounted losses           | (15.1)                                  |              | —              | (15.1)         |
| <b>Profit / (loss) before income tax</b>   | <b>76.9</b>                             |              | <b>(269.7)</b> | <b>5.4</b>     |
| Tax benefit <sup>5</sup>                   | 4.0                                     |              | 30.6           | 34.6           |
| <b>Net profit / (loss)</b>                 | <b>80.9</b>                             |              | <b>(239.1)</b> | <b>40.0</b>    |

Source: QM audited financial statements for the period ended 31 December 2013, CLEM7 unaudited management accounts for the period ended 31 December 2013 (adjusted results of which are presented on page 63), and vendor dataroom information in respect of GBB (which comprises 0.9% of QM underlying EBITDA).

1 Adjustments are related to a change in the movement in the maintenance provision to align with TCL's accounting policy (increasing the charge to the RFA assets by \$102.5M, CLEM7 by \$2.6M and GBB by \$0.2M) the associated impact to the unwinding of the maintenance provision as presented within finance costs and the finance cost under the new funding structure.

2 Includes acquisition costs of \$41.6M incurred by QM in acquiring CLEM7 and GBB. QIC management fees of \$3.1M, contract termination costs of \$2.6M settled by the receivers in relation to CLEM7 and CLEM7 listed entity costs of \$0.1M.

3 Depreciation and amortisation charge reflects the annual expense from the amortisation of estimated fair value of tolling rights acquired over the concession period.

4 Net finance costs adjustments reflect the revised QM debt structure.

5 Pro forma tax has been calculated based on the proposed company and trust group structure and tax rates applicable.

# STATUTORY PROFIT AND LOSS

## TRANSURBAN AND QM PRO FORMA INCOME STATEMENT FY13

|                                            | YEAR ENDING 30 JUNE 2013 (\$M) |               |                          |                |
|--------------------------------------------|--------------------------------|---------------|--------------------------|----------------|
|                                            | TRANSURBAN                     | QM            | ADJUSTMENTS <sup>2</sup> | PRO FORMA      |
| Toll revenue                               | 801.2                          | 353.0         | –                        | 1,154.2        |
| Fee and other revenue                      | 85.5                           | 34.7          | –                        | 120.2          |
| Construction revenue                       | 265.8                          | –             | –                        | 265.8          |
| Business development & other revenue       | 42.6                           | 2.1           | –                        | 44.7           |
| <b>Total revenue</b>                       | <b>1,195.1</b>                 | <b>389.8</b>  | <b>–</b>                 | <b>1,584.9</b> |
| Operational costs <sup>1</sup>             | (197.5)                        | 41.6          | (125.9)                  | (281.8)        |
| Corporate costs                            | (41.2)                         | (61.2)        | –                        | (102.4)        |
| Business development costs                 | (23.8)                         | (1.4)         | –                        | (25.2)         |
| Construction costs                         | (256.4)                        | –             | –                        | (256.4)        |
| <b>Total costs</b>                         | <b>(518.9)</b>                 | <b>(21.0)</b> | <b>(125.9)</b>           | <b>(665.8)</b> |
| <b>Underlying EBITDA</b>                   | <b>676.2</b>                   | <b>368.8</b>  | <b>(125.9)</b>           | <b>919.1</b>   |
| Non-recurring items <sup>2</sup>           | –                              | (22.0)        | –                        | (22.0)         |
| <b>EBITDA</b>                              | <b>676.2</b>                   | <b>346.8</b>  | <b>(125.9)</b>           | <b>897.1</b>   |
| Depreciation and amortisation <sup>3</sup> | (312.1)                        |               | (180.6)                  | (492.7)        |
| Net finance costs <sup>4</sup>             | (237.0)                        |               | (147.5)                  | (384.5)        |
| Share of equity accounted losses           | (9.7)                          |               | –                        | (9.7)          |
| <b>Profit / (loss) before income tax</b>   | <b>117.4</b>                   |               | <b>(454.0)</b>           | <b>10.2</b>    |
| Tax benefit <sup>5</sup>                   | 57.1                           |               | 49.6                     | 106.7          |
| <b>Net profit / (loss)</b>                 | <b>174.5</b>                   |               | <b>(404.4)</b>           | <b>116.9</b>   |

QM audited financial statements for the year ended 30 June 2013 (adjusted results of which are presented on page 63, CLEM7 unaudited management accounts for the year ended 30 June 2013 (adjusted results of which are presented on page 65, and through due diligence. in respect of GBB (which comprises 2.8% of QM underlying EBITDA after the maintenance provision adjustment below).

1 Includes QIC management fees of \$7.5M transaction costs in relation to the acquisition of CLEM7 and GBB of \$9.1M, receivership costs of \$3.2M, a deduction of CLEM7 listed entity costs of \$0.1M, recharges from BCC to GBB of \$1.1M for employees that did not transfer to QM, and contract costs of \$1.3M paid by GBB which ceased upon acquisition by QM.

2 Adjustments are related to an increase in the movement in the maintenance provision to align with Transurban's accounting policy (increasing the charge to the RFA assets by \$120.4M, CLEM7 by \$5.0M and GBB by \$0.5M), the associated impact to the unwinding of the maintenance provision as presented within finance costs and the finance cost to reflect the new funding structure.

3 Depreciation and amortisation charge reflects the annual expense from the amortisation of estimated fair value of tolling rights acquired over the concession period.

4 Net finance costs adjustments reflect the revised QM debt structure.

5 Pro forma tax has been calculated based on the proposed company and trust group structure and tax rates applicable.

# STATUTORY EBITDA TO PROPORTIONAL EBITDA

|                                                       | HALF YEAR ENDING<br>31 DECEMBER 2013 | YEAR ENDING<br>30 JUNE 2013 (\$M) |
|-------------------------------------------------------|--------------------------------------|-----------------------------------|
| <b>TCL statutory EBITDA</b>                           | <b>381.1</b>                         | <b>676.2</b>                      |
| Less: EBITDA attributable to non-controlling interest | (8.5)                                | (17.8)                            |
| Add: M5 South West Motorway proportional EBITDA       | 44.0                                 | 87.8                              |
| Add: Westlink M7 proportional EBITDA                  | 47.8                                 | 84.8                              |
| Add: Pocahontas proportional EBITDA                   | 4.1                                  | 6.8                               |
| Add: 495 proportional EBITDA                          | (2.8)                                | (5.4)                             |
| Add: Drive operations proportional EBITDA             | (2.5)                                | (4.4)                             |
| <b>TCL proportional EBITDA</b>                        | <b>463.2</b>                         | <b>828.0</b>                      |
| <b>QM statutory EBITDA</b>                            | <b>92.8</b>                          | <b>220.8</b>                      |
| Add: non-recurring items                              | 47.5                                 | 22.0                              |
| Less: EBITDA attributable to non-controlling interest | (52.6)                               | (91.0)                            |
| <b>QM proportional underlying EBITDA</b>              | <b>87.7</b>                          | <b>151.8</b>                      |
| <b>Pro forma proportional underlying EBITDA</b>       | <b>550.9</b>                         | <b>979.8</b>                      |

# PROPORTIONAL PROFIT AND LOSS

TRANSURBAN AND QM PRO FORMA INCOME STATEMENT H1 FY14

|                                       | HALF YEAR ENDING 31 DECEMBER 2013 (\$M) |              |                          |                |
|---------------------------------------|-----------------------------------------|--------------|--------------------------|----------------|
|                                       | TRANSURBAN <sup>1</sup>                 | QM           | ADJUSTMENTS <sup>2</sup> | PRO FORMA      |
| Toll revenue                          | 556.2                                   | 117.3        | -                        | 673.5          |
| Fee revenue                           | 45.5                                    | 10.1         | -                        | 55.6           |
| Other revenue                         | 9.6                                     | 0.2          | -                        | 9.8            |
| TTMS revenue                          | 17.0                                    | -            | -                        | 17.0           |
| <b>Total revenue</b>                  | <b>628.3</b>                            | <b>127.6</b> | <b>-</b>                 | <b>755.9</b>   |
| Operating costs                       | (132.2)                                 | 43.1         | (65.8)                   | (154.9)        |
| Business development costs            | (10.3)                                  | (0.1)        | -                        | (10.4)         |
| Corporate costs                       | (18.3)                                  | (17.1)       | -                        | (35.4)         |
| TTMS development costs                | (14.3)                                  | -            | -                        | (14.3)         |
| <b>Total direct costs</b>             | <b>(175.1)</b>                          | <b>25.9</b>  | <b>(65.8)</b>            | <b>(215.0)</b> |
| Capitalised overheads                 | 10.0                                    | -            | -                        | 10.0           |
| <b>Proportional underlying EBITDA</b> | <b>463.2</b>                            | <b>153.5</b> | <b>(65.8)</b>            | <b>550.9</b>   |

Source: QM audited financial statements for the period ended 31 December 2013, CLEM7 unaudited management accounts for the period ended 31 December 2013, and due diligence in respect of GBB.

<sup>1</sup> Refer to page 67 which details the basis of preparation of Transurban proportional profit and loss.

<sup>2</sup> Adjustment relates to Transurban's share of the increase in the movement in the maintenance provision to align with Transurban's accounting policy.

# PROPORTIONAL PROFIT AND LOSS

## TRANSURBAN AND QM PRO FORMA INCOME STATEMENT FY13

|                                       | YEAR ENDING 30 JUNE 2013 (\$M) |               |                          |                |
|---------------------------------------|--------------------------------|---------------|--------------------------|----------------|
|                                       | TRANSURBAN <sup>1</sup>        | QM            | ADJUSTMENTS <sup>2</sup> | PRO FORMA      |
| Toll revenue                          | 991.4                          | 220.6         | -                        | 1,212.0        |
| Fee revenue                           | 75.8                           | 21.7          | -                        | 97.5           |
| Other revenue                         | 27.1                           | 1.3           | -                        | 28.4           |
| TTMS revenue                          | 31.2                           | -             | -                        | 31.2           |
| <b>Total revenue</b>                  | <b>1,125.5</b>                 | <b>243.6</b>  | <b>-</b>                 | <b>1,369.1</b> |
| Operating costs                       | (233.8)                        | 26.0          | (78.7)                   | (286.5)        |
| Business development costs            | (18.9)                         | (0.9)         | -                        | (19.8)         |
| Corporate costs                       | (41.8)                         | (38.2)        | -                        | (80.0)         |
| TTMS development costs                | (21.8)                         | -             | -                        | (21.8)         |
| <b>Total direct costs</b>             | <b>(316.3)</b>                 | <b>(13.1)</b> | <b>(78.7)</b>            | <b>(408.1)</b> |
| Capitalised overheads                 | 18.8                           | -             | -                        | 18.8           |
| <b>Proportional underlying EBITDA</b> | <b>828.0</b>                   | <b>230.5</b>  | <b>(78.7)</b>            | <b>979.8</b>   |

Source: QM audited financial statements for the year ended 30 June 2013, CLEM7 unaudited management accounts for the year ended 30 June 2013 and due diligence in respect of GBB.

1 Refer to page 67 which details the basis of preparation of Transurban proportional profit and loss.

2 Adjustment relates to Transurban's share of the increase in the movement in the maintenance provision to align with Transurban's accounting policy.

# FREE CASH FLOW

## TRANSURBAN AND QM PRO FORMA H1 FY14

|                                                                                          | HALF YEAR ENDING 31 DECEMBER 2013 (\$M) |                 |             |              |
|------------------------------------------------------------------------------------------|-----------------------------------------|-----------------|-------------|--------------|
|                                                                                          | TRANSURBAN                              | QM <sup>1</sup> | ADJUSTMENTS | PRO FORMA    |
| Group operating cash flow                                                                | 226.9                                   | 59.3            |             | 286.2        |
| Adjusted for:                                                                            |                                         |                 |             |              |
| M7 Term Loan Notes interest received                                                     | (21.0)                                  |                 |             | (21.0)       |
| M5 Term Loan Notes interest received                                                     | (0.9)                                   |                 |             | (0.9)        |
| Payments for maintenance capital expenditure                                             | 7.5                                     | 26.3            |             | 33.8         |
| Cashflows from operating activities – M1                                                 | (20.1)                                  |                 |             | (20.1)       |
| Cash flows from QM                                                                       |                                         | (85.6)          |             | (85.6)       |
| <b>Controlled cash</b>                                                                   | <b>192.4</b>                            | <b>–</b>        | <b>–</b>    | <b>192.4</b> |
| Plus distributions/dividends received from non 100% owned assets                         | 61.2                                    |                 |             | 61.2         |
| Distribution from QM <sup>2</sup>                                                        |                                         | 37.1            |             | 37.1         |
| Maintenance capital provision recognised in 100% owned assets (including tags purchased) | (13.6)                                  |                 |             | (13.6)       |
| <b>Free cash</b>                                                                         | <b>240.0</b>                            | <b>37.1</b>     | <b>–</b>    | <b>277.1</b> |
| Weighted average securities on issue                                                     | 1,484.6                                 |                 | 404.5       | 1,889.1      |
| Underlying free cash per security (cents) – securities                                   | 16.2                                    |                 |             | 14.7         |

Source: Cash flows for QM are extracted from the audited statutory accounts for QM, unaudited management accounts in respect of CLEM7 and due diligence in respect of GBB.

<sup>1</sup> QM operating cash flows comprise QM cash flows which are based upon underlying EBITDA of QM adjusted for changes in working capital, changes in the maintenance provision and maintenance capex spent, CLEM7 cash flows which are based upon underlying EBITDA of CLEM7 adjusted for maintenance capex spent and GBB cash flows which are based upon underlying EBITDA adjusted for maintenance capex spent. Refer page 67 for Basis of preparation for further details.

<sup>2</sup> The distribution from QM represents Transurban's share (62.5%) of QM's operating cash flows.

# FREE CASH FLOW

## TRANSURBAN AND QM PRO FORMA FY13

|                                                                                          | YEAR ENDING 30 JUNE 2013 (\$M) |                 |             |              |
|------------------------------------------------------------------------------------------|--------------------------------|-----------------|-------------|--------------|
|                                                                                          | TRANSURBAN                     | QM <sup>1</sup> | ADJUSTMENTS | PRO FORMA    |
| Group operating cash flow                                                                | 411.3                          | 136.0           |             | 547.3        |
| Adjusted for:                                                                            |                                |                 |             |              |
| M7 Term Loan Notes interest received                                                     | (46.4)                         |                 |             | (46.4)       |
| M5 Term Loan Notes interest received                                                     | –                              |                 |             | –            |
| Payments for maintenance capital expenditure                                             | 9.6                            | 12.6            |             | 22.2         |
| Cash flows from operating activities – M1                                                | (38.6)                         |                 |             | (38.6)       |
| Cash flows from QM                                                                       |                                | (148.6)         |             | (148.6)      |
| <b>Controlled cash</b>                                                                   | <b>335.9</b>                   | <b>–</b>        | <b>–</b>    | <b>335.9</b> |
| Plus distributions/dividends received from non 100% owned assets                         | 126.1                          |                 |             | 126.1        |
| Distribution from QM <sup>2</sup>                                                        |                                | 85.0            |             | 85.0         |
| Maintenance capital provision recognised in 100% owned assets (including tags purchased) | (18.7)                         |                 |             | (18.7)       |
| <b>Free cash</b>                                                                         | <b>443.3</b>                   | <b>85.0</b>     | <b>–</b>    | <b>528.3</b> |
| Weighted average securities on issue                                                     | 1,470.5                        |                 | 404.5       | 1,875.0      |
| Underlying free cash per security (cents) – securities                                   | 30.1                           |                 |             | 28.2         |

Source: Cash flows for QM are extracted from the audited statutory accounts for QM, unaudited management accounts in respect of CLEM7 and due diligence in respect of GBB.

<sup>1</sup> QM operating cash flows comprise QM cash flows which are based upon underlying EBITDA of QM adjusted for changes in working capital, changes in the maintenance provision and maintenance capex spent, CLEM7 cash flows which are based upon underlying EBITDA of CLEM7 adjusted for maintenance capex spent and GBB cash flows which are based upon underlying EBITDA adjusted for maintenance capex spent. Refer page 67 for Basis of preparation for further details.

<sup>2</sup> The distribution from QM represents Transurban's share (62.5%) of QM's operating cash flows.

# FINANCIAL INFORMATION

## Assumptions

The statements on pages 7, 9 and 34 include re-affirmation of the Group's distribution guidance for the year ending 30 June 2014 and guidance for the year ending 30 June 2015. The June 2014 guidance incorporates distributions paid in the year to date, free cash flows for the three months ended 31 March 2014 extracted from unaudited management accounts and the forecast free cash flow performance of the Group for the three months ended 30 June 2014.

In determining distribution guidance for FY14 and FY15, certain assumptions have been made about future performance and expenditure. There is no guarantee that these assumptions will materialise and the following should be read together with the section entitled "Risks".

### ▪ Traffic volumes and toll revenue assumptions

These are based on internal budgets and forecasts which reflect current volumes and revenues for existing concessions, observed and expected traffic growth and the terms of individual concession deeds, including price escalation terms and the assumption that there are no significant unplanned adverse events impacting road availability.

### ▪ Maintenance expenditure and maintenance expense assumptions

These are based on Transurban's assessment of each concession's existing asset condition and the timing and cost of future works, with reference to the nature of the underlying asset, past cost for works and price escalation over time, primarily CPI.

### ▪ Operating expenditure assumptions

For Transurban's business, this is based on our forecast for the three months ending 30 June 2014, our FY15 forecast, current operating model and assumptions on cost escalation, primarily CPI. For the acquired QM (with an assumed completion date of 1 July 2014) FY15 is based on Transurban's forecast for QM, based upon existing third party contracts and rate schedules, the forecast for employees and direct labour required at current employment costs and the forecast for materials, equipment and overhead costs.

### ▪ Other assumptions

Net funding costs are consistent with existing facilities plus a new debt raising of \$2.5Bn at an effective rate of 4.25%.

For FY14 and FY15, transaction costs relating to the acquisition of QM, including stamp duty, will be excluded from free cash flow.

### Distributions from non-controlled entities

Distributions from non-controlled entities are assumed to continue in line with existing practice and policies of those entities.

# GLOSSARY

| TERM                    | DEFINITION                                                                                                        |
|-------------------------|-------------------------------------------------------------------------------------------------------------------|
| <b>AADT</b>             | Annual Average Daily Traffic                                                                                      |
| <b>ADT</b>              | Average Daily Traffic                                                                                             |
| <b>Australian Super</b> | Australian Super Pty Ltd (ABN 94 006 457 987) (ABN as trustee of AustralianSuper (ABN 65 714 394 898) AFSL 233788 |
| <b>AREO</b>             | Accelerated Renounceable Entitlement Offer                                                                        |
| <b>BCC</b>              | Brisbane City Council                                                                                             |
| <b>CAGR</b>             | Compound Annual Growth Rate                                                                                       |
| <b>CBD</b>              | Central Business District                                                                                         |
| <b>CCT</b>              | Cross City Tunnel                                                                                                 |
| <b>CPI</b>              | Consumer Price Index                                                                                              |
| <b>DTMR</b>             | Department of Transport and Main Roads                                                                            |
| <b>EBITDA</b>           | Earnings Before Interest Tax and Depreciation                                                                     |
| <b>EV</b>               | Enterprise Value                                                                                                  |
| <b>FY13</b>             | The financial year ended 30 June 2013                                                                             |
| <b>FY14</b>             | The financial year ending 30 June 2014                                                                            |
| <b>FY15</b>             | The financial year ending 30 June 2015                                                                            |
| <b>GBB</b>              | Go Between Bridge                                                                                                 |
| <b>GDP</b>              | Gross Domestic Product                                                                                            |
| <b>GUN</b>              | Gateway Upgrade North                                                                                             |
| <b>H1 FY14</b>          | The half year ended 31 December 2013                                                                              |
| <b>IT</b>               | Information Technology                                                                                            |
| <b>LCT</b>              | Lane Cove Tunnel                                                                                                  |
| <b>New Securities</b>   | Transurban securities issued pursuant to the Offer                                                                |

| TERM                                    | DEFINITION                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>NSW</b>                              | New South Wales                                                                                                                                                                                                                                                                                                                                                                                  |
| <b>O&amp;M</b>                          | Operations & Maintenance                                                                                                                                                                                                                                                                                                                                                                         |
| <b>Offer or Entitlement Offer</b>       | Accelerated renounceable pro-rata entitlement offer of New Securities                                                                                                                                                                                                                                                                                                                            |
| <b>Placement Securities</b>             | Transurban securities issued to AustralianSuper and Tawreed                                                                                                                                                                                                                                                                                                                                      |
| <b>PRP</b>                              | Pavement Rectification Program                                                                                                                                                                                                                                                                                                                                                                   |
| <b>Queensland Motorways Group or QM</b> | The entities which own and operate the business known as Queensland Motorways, including QMH and QML, assuming that the acquisition of CLEM7 and GBB had occurred on 1 July 2012.                                                                                                                                                                                                                |
| <b>QMH</b>                              | QM Hold Co Pty Limited (ACN 165 802 004) and Queensland Motorways Holdings Pty Limited (ACN 150 265 197) as the context requires                                                                                                                                                                                                                                                                 |
| <b>QIC</b>                              | QIC Limited (ACN 130 539 123)                                                                                                                                                                                                                                                                                                                                                                    |
| <b>QML</b>                              | QML Hold Co Pty Limited, as owner of the Logan and Gateway concession                                                                                                                                                                                                                                                                                                                            |
| <b>RFA</b>                              | Road Franchise Agreement                                                                                                                                                                                                                                                                                                                                                                         |
| <b>SEQ</b>                              | South East Queensland                                                                                                                                                                                                                                                                                                                                                                            |
| <b>Tawreed</b>                          | Tawreed Investments Limited, a wholly owned subsidiary of the Abu Dhabi Investment Authority                                                                                                                                                                                                                                                                                                     |
| <b>TCM</b>                              | Tolling and Customer Management                                                                                                                                                                                                                                                                                                                                                                  |
| <b>TERP</b>                             | Theoretical Ex-Rights Price                                                                                                                                                                                                                                                                                                                                                                      |
| <b>Transurban or TCL</b>                | Transurban Group comprising Transurban Holdings Limited (ABN 86 098 143 429) ("THL"), Transurban International Limited (ABN 90 121 746 825) ("TIL") and Transurban Infrastructure Management Limited (ABN 27 098 147 678; AFSL 246585) as the responsible entity of Transurban Holding Trust (ARSN 098 807 419) ("THT") and, where the context requires, Transurban and all controlled entities. |
| <b>VWAP</b>                             | Volume Weighted Average Price                                                                                                                                                                                                                                                                                                                                                                    |