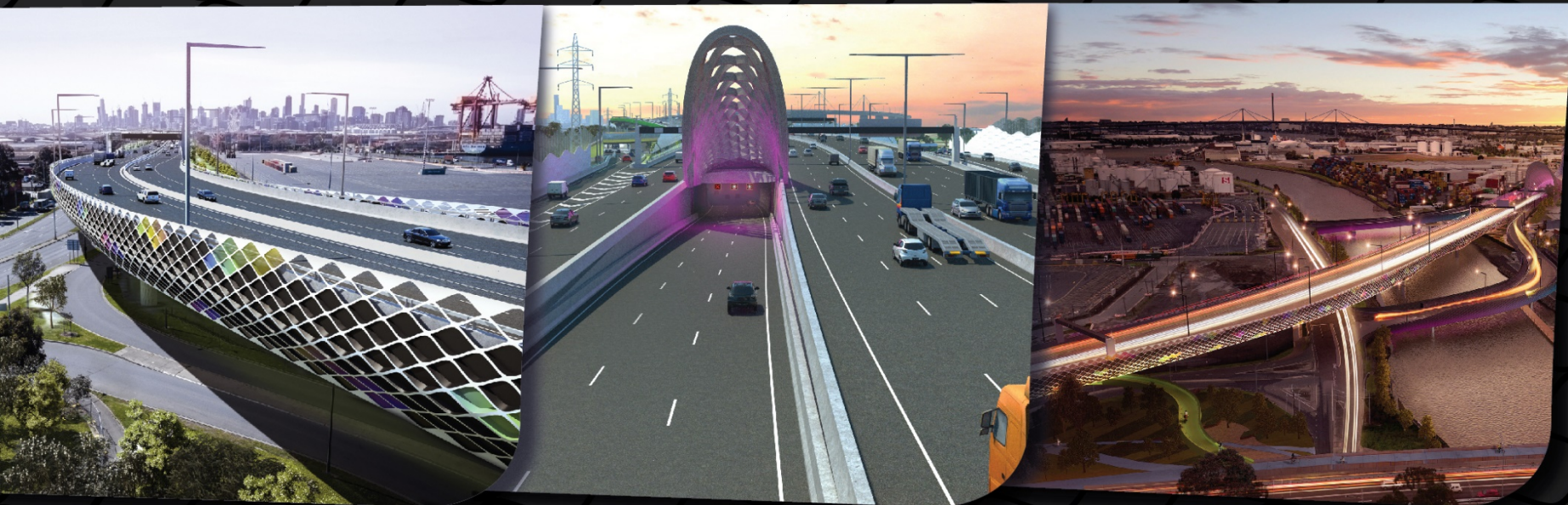


# West Gate Tunnel Project

Transurban equity raising



12 December 2017

NOT FOR RELEASE OR DISTRIBUTION IN THE UNITED STATES OF AMERICA

# 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 a pro rata accelerated renounceable entitlement offer of new Transurban stapled Securities ("New Securities") with retail entitlements trading, 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 Corporations (Non-Traditional Rights Issues) Instrument 2016/84 and ASIC Corporations (Disregarding Technical Relief) Instrument 2016/73 (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.

## SUMMARY INFORMATION

This Presentation contains summary information about the current activities of Transurban and its subsidiaries as at the date of this Presentation. The information in this Presentation is of a general nature and does not purport to be complete. This Presentation does not purport to contain all of the information that an investor should consider when making an investment decision nor does it contain all of the information which would be required in a product disclosure statement or prospectus prepared in accordance with the requirements of the Corporations Act. It should be read in conjunction with Transurban's other periodic and continuous disclosure announcements including Transurban's results for the year ended 30 June 2017 lodged with the Australian Securities Exchange ("ASX") on 8 August 2017 and other announcements to the ASX available at [www.asx.com.au](http://www.asx.com.au).

No member of the Transurban group gives any representations or warranties in relation to the statements or information in this Presentation.

## NOT FINANCIAL PRODUCT ADVICE

This Presentation is for information purposes only and is not a prospectus, disclosure document, product disclosure statement or other offering document under Australian law or under any other law. This Presentation is not financial product advice or investment advice nor a recommendation to acquire New Securities and has been prepared without taking into account the objectives, financial situation and particular needs of individuals. Before making an investment decision, prospective investors should consider the appropriateness of the information having regard to their own objectives, financial situation and needs and seek appropriate advice, including financial, legal and taxation advice appropriate to their jurisdiction. Transurban is not licenced to provide financial product advice in respect of New Securities. Cooling off rights do not apply to an investment in New Securities.

## FINANCIAL INFORMATION

All dollar values contained in this document are expressed in Australian dollars unless otherwise stated. Totals may vary slightly due to rounding. The pro forma historical financial information included in this Presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Investors should be aware that certain financial data included in this presentation is "non-IFRS financial information" under ASIC Regulatory Guide 230: "Disclosing non-IFRS financial information" published by the Australian Securities and Investments Commission ("ASIC") and is also "Non-GAAP financial information" within the meaning of Regulation G under the US Securities Exchange Act of 1934. Non-IFRS measures in this Presentation include "proportional toll revenue". Transurban believes the non-IFRS financial information provides useful information to users in measuring the financial performance and condition of Transurban. However, investors should note that the non-IFRS financial information does not have a standardised meaning prescribed by Australian Accounting Standards. Therefore, the non-IFRS financial information is not a measure of financial performance, liquidity or value under the IFRS and may not be comparable to similarly titled measures presented by other entities, nor should the information be construed as an alternative to other financial measures determined in accordance with Australian Accounting Standards. Investors are cautioned, therefore, not to place undue reliance on any non-IFRS financial information included in this Presentation.

# Disclaimer

## FUTURE PERFORMANCE

This Presentation may contain certain forward-looking statements. The words “anticipate”, “believe”, “expect”, “project”, “forecast”, “estimate”, “likely”, “intend”, “outlook”, “should”, “could”, “may”, “target”, “plan” and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position, distributions and performance are also forward-looking statements as are statements regarding Transurban’s future developments, the market outlook and the development and future operation of the West Gate Tunnel Project, including the EES traffic forecast in slide 35 and the future actions of the Victorian State Government (including the passage of legislation.) Such forward-looking statements are not guarantees of future performance and involve known and unknown risks (including the risks set out in the “Key Risks” section of this Presentation), uncertainties and other factors, many of which are beyond the control of Transurban, its officers, employees, agents and advisors, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material.

Investors should not place undue reliance on forward-looking statements. Neither Transurban, the underwriters, nor any other person, gives any representation, warranty, assurance, nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement will occur.

To the maximum extent permitted by law, Transurban, the underwriters and each of their respective advisors, affiliates, related bodies corporate, directors, officers, partners, employees and agents (“Extended Parties”) disclaim any responsibility for the accuracy or completeness of any forward-looking statements whether as a result of new information, future events or results or otherwise. Transurban disclaims any responsibility to update or revise any forward-looking statement to reflect any change in Transurban’s financial condition, status or affairs or any change in the events, conditions or circumstances on which a statement is based, except as required by law.

## PAST PERFORMANCE

Past performance and pro forma historical financial information in this Presentation is given for illustrative purposes only and should not be relied on and is not an indication of future performance including future security price information. Historical information in this Presentation relating to Transurban is information that has been released to the market. For further information, please see past announcements released to the ASX.

## NOT AN OFFER

This Presentation is not and should not be considered an offer or an invitation to acquire New Securities or any other financial products.

## DETERMINATION OF ELIGIBILITY

Investors acknowledge and agree that determination of eligibility of investors for the purposes of the Institutional Entitlement Offer or the Retail Entitlement Offer is determined by reference to a number of matters, including legal and regulatory requirements, logistical and registry constraints and the discretion of Transurban and/or the underwriters. Each of Transurban, the underwriters and each of their respective Extended Parties disclaim any duty or liability (including for negligence) in respect of that determination and the exercise or otherwise of that discretion, to the maximum extent permitted by law. The underwriters may rely on information provided by or on behalf of institutional investors in connection with managing, conducting and underwriting the Entitlement Offer without having independently verified that information and the underwriters do not assume responsibility for the currency, accuracy, reliability or completeness of that information.

## NOT FOR DISTRIBUTION OR RELEASE IN THE UNITED STATES

This Presentation may not be distributed or released in the United States.

This Presentation does not constitute an offer to sell, or a solicitation of any offer to buy, any securities in the United States or to any person who is acting for the account or benefit of any person in the United States (to the extent such person is acting for the account or benefit of a person in the United States), or in any other jurisdiction in which such an offer would be illegal. Neither the entitlements nor the New Securities have been, nor will be, registered under the U.S. Securities Act of 1933 (the “U.S. Securities Act”) or the securities laws of any state or other jurisdiction of the United States. Accordingly, the entitlements may not be taken up or exercised by, and the New Securities may not be offered or sold, directly or indirectly, to, any person in the United States or any person that is acting for the account or benefit of a person in the United States, except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or other jurisdiction of the United States.

# Disclaimer

Each recipient of this Presentation should make its own enquiries and investigations regarding all information included in this Presentation including the assumptions, uncertainties and contingencies which may affect Transurban's future operations and the values and the impact that future outcomes may have on Transurban.

The retail information booklet for the Retail Entitlement Offer will be available to eligible retail security holders following its lodgement with the ASX. Any eligible retail security holder who wishes to participate in the Retail Entitlement Offer should consider the retail information booklet in deciding whether to apply under that offer. Any eligible retail security holder who wishes to apply for New Securities under the Retail Entitlement Offer or sell their entitlements will need to apply in accordance with the instructions contained in the retail information booklet and the entitlement and application forms or follow the sale instructions in the retail information booklet. This Presentation does not constitute financial product advice and does not and will not form part of any contract for the acquisition of New Securities.

The offer is a 'PAITREO' structure and while it accommodates trading of retail entitlements, it does not constitute a pro rata 'renounceable' offer for the purposes of ASX Listing Rule 7.7.1(c), meaning a nominee facility for the sale of foreign security holder interests is not required.

## TRANSURBAN AND THE UNDERWRITERS

None of the underwriters, nor any of their Extended Parties, nor the advisors to Transurban, have authorised, permitted or caused the issue, lodgement, submission, dispatch or provision of this Presentation and do not make or purport to make any statement in this Presentation and there is no statement in this Presentation that is based on any statement by any of those parties.

Transurban, the underwriters and their respective Extended Parties, to the maximum extent permitted by law, expressly disclaim all liabilities, including without limitation liability for negligence in respect of and make no representations or warranties regarding, and take no responsibility for, any part of this Presentation other than references to their name and make no representation or warranty, express or implied, as to the currency, accuracy, reliability or completeness of information in this Presentation.

The underwriters, together with their affiliates, are full service financial institutions engaged in various activities, which may include trading, financing, financial advisory, investment management, investment research, principal investment, hedging, market making, brokerage and other financial and non-financial activities and services including for which they have received or may receive customary fees and expenses.

The underwriters and/or their affiliates are acting as joint lead managers and underwriters of both the Institutional Entitlement Offer and Retail Entitlement Offer. The underwriters are acting for and providing services to Transurban in relation to the Entitlement Offer and will not be acting for or providing services to Transurban security holders. The underwriters have been engaged solely as independent contractors and are acting solely in a contractual relationship on an arm's length basis with Transurban. The engagement of the lead managers and underwriters by Transurban is not intended to create any agency or other relationship between the underwriters and the Transurban security holders.

The underwriters, in conjunction with their affiliates, are acting in the capacity as such in relation to the offering and will receive fees and expenses for acting in this capacity. Affiliates of the underwriters are or may in the future be lenders to Transurban or its affiliates.

The information in the Presentation remains subject to change without notice. Transurban reserves the right to withdraw or vary the timetable for the Retail Entitlement Offer and/or Institutional Entitlement Offer without notice.

## DISCLAIMER

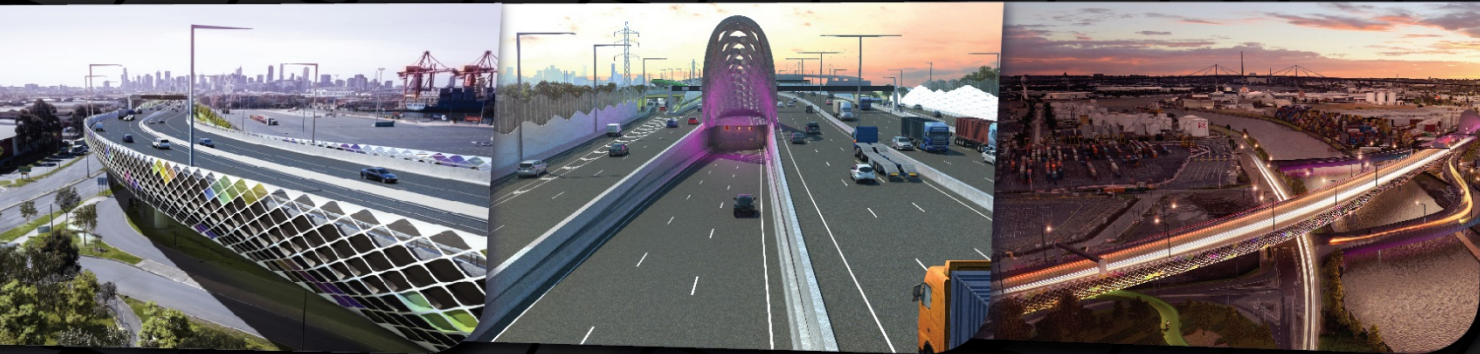
No person is authorised to give any information or make any representation in connection with the Entitlement Offer which is not contained in this Presentation. Any information or representation not contained in this Presentation may not be relied on as having been authorised by Transurban in connection with the Entitlement Offer. The underwriters and their respective Extended Parties take no responsibility for any information in this Presentation or any action taken by you on the basis of such information. To the maximum extent permitted by law, Transurban, the underwriters and their respective Extended Parties exclude and disclaim all liability (including without limitation liability for negligence) for any expenses, losses, damages or costs incurred by you as a result of your participation in or failure to participate in the Entitlement Offer. The underwriters and their respective Extended Parties make no recommendation as to whether you or your related parties should participate in the Entitlement Offer nor do they make any representations or warranties to you concerning this Entitlement Offer or any such information, and you represent, warrant and agree that you have not relied on any statements made by the underwriters or any of their Extended Parties in relation to the New Securities or the Entitlement Offer generally and you further expressly disclaim that you are in a fiduciary relationship with any of them.

# Contents

- 1 Transaction overview
- 2 West Gate Tunnel Project
- 3 Transurban overview
- 4 Summary
- 5 Supplementary information
  - i. Funding sources and financials
  - ii. Key risks
  - iii. International offer restrictions
  - iv. Glossary

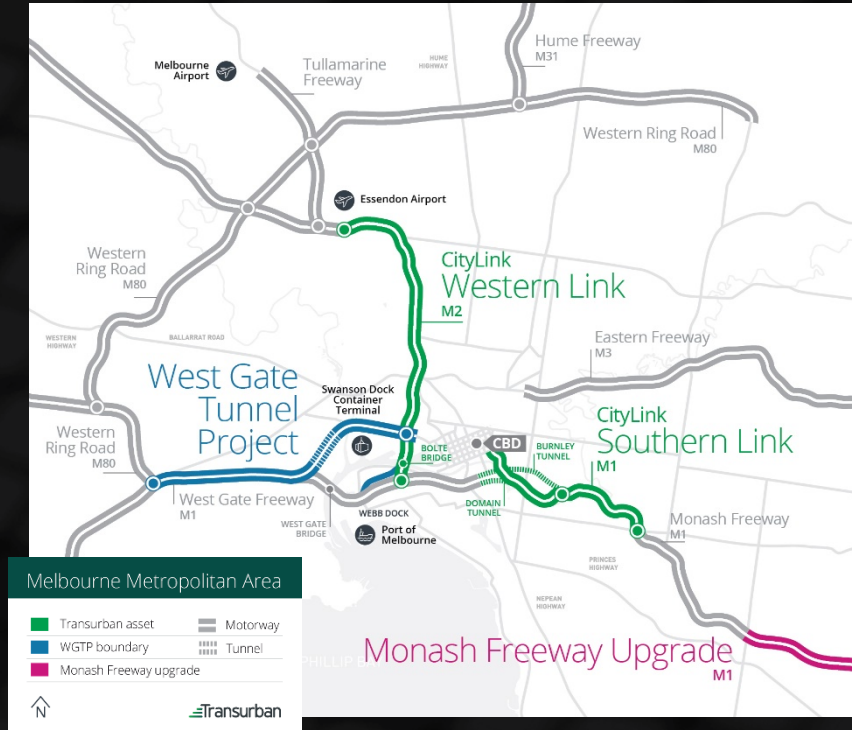
# 1

## Transaction overview



# Transaction overview

- Transurban to raise \$1.9 billion through a fully underwritten renounceable entitlement offer with retail rights trading
- The proceeds raised will contribute to funding Transurban's share (\$4.0 billion) of the West Gate Tunnel Project<sup>1</sup> (WGTP or the Project) and for general corporate purposes
- Transurban has achieved contractual close<sup>2</sup> with the Victorian State Government (the State) to build, toll and operate WGTP until 2045
- WGTP construction phase commenced 12 December 2017
- WGTP is a significant transport infrastructure project to relieve congestion in Melbourne, reduce reliance on the West Gate Bridge (WGB), provide a direct freight link to the Port of Melbourne and remove trucks from residential areas in the inner west. The Project cost also includes the Monash Freeway Upgrade (MFU), which will relieve congestion in Melbourne's east, and the Webb Dock Access improvements which will further improve access to the port
- Project funding sources include WGTP tolls, CityLink funding sources and the State's contribution
- Transurban reaffirms its distribution guidance of 56.0 cps for FY18
- New Securities not entitled to the 1H18 distribution of 28.0 cps



1. Additionally the State will undertake land acquisition, rail stabling works and other associated activities.

2. Transurban has entered into unconditional agreements with the State.

# Aligned with strategy

To be the partner of choice with governments providing effective and innovative urban road infrastructure and services utilising core capabilities



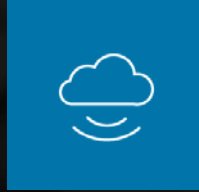
**Network planning  
/ forecasting**



**Community  
engagement**



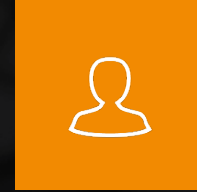
**Development  
/ delivery**



**Technology**



**Operations**



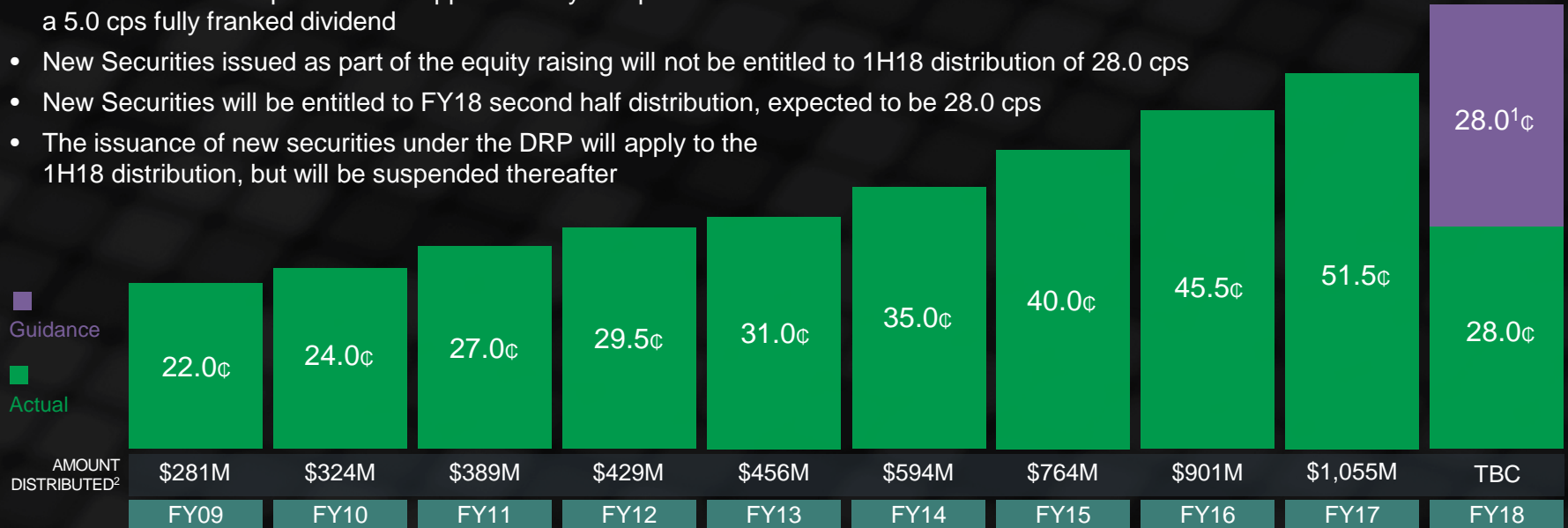
**Customer  
management**

- Partnered with the State under its Market-led Proposals Guideline to accelerate the planning and delivery of a major city-shaping transport infrastructure project, providing significant benefits to the community
- WGTP leverages Transurban's expertise in development/delivery, tolling, customer management and technology, with operations to be integrated into CityLink
- Project design incorporating over two years of intensive community and stakeholder engagement, technical investigations and design development



# Distribution growth

- 1H18 distribution of 28.0 cps to be paid on 16 February 2018
- FY18 distribution guidance of 56.0 cps reaffirmed<sup>1</sup> supported by stronger performance
- FY18 distribution expected to be approximately 100 per cent free cash covered and include a 5.0 cps fully franked dividend
- New Securities issued as part of the equity raising will not be entitled to 1H18 distribution of 28.0 cps
- New Securities will be entitled to FY18 second half distribution, expected to be 28.0 cps
- The issuance of new securities under the DRP will apply to the 1H18 distribution, but will be suspended thereafter

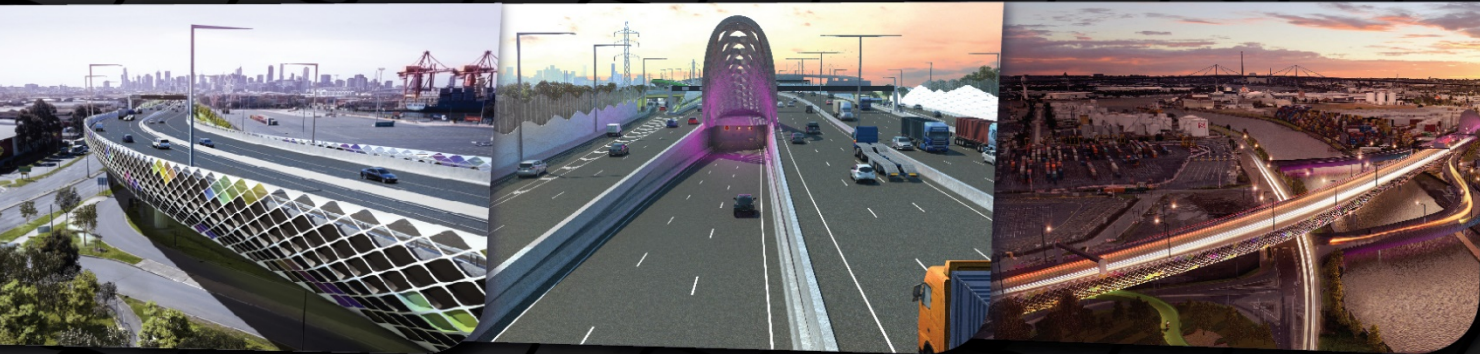


1. Guidance is based on assumptions relating to traffic volumes, toll revenue, maintenance and other items described in the Key financials - basis of preparation on slide 36. Also see Key risks.

2. Total amount distributed, inclusive of DRP.

# 2

## West Gate Tunnel Project

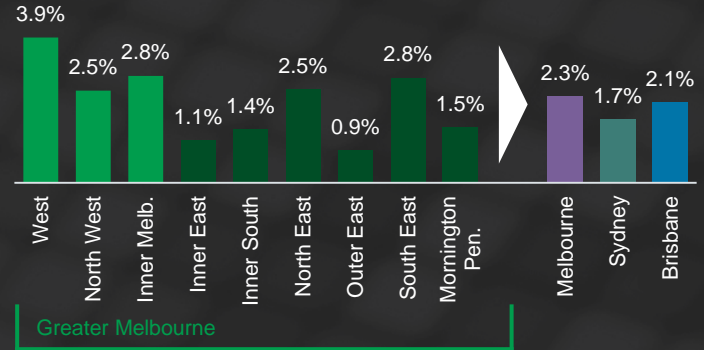


# Melbourne market

- In 2016, approximately 903,000<sup>1</sup> people travelled to, or were present in the City of Melbourne on an average weekday. The City of Melbourne expects this figure to grow by 55% to 1,402,000<sup>1</sup> by 2036
- The State expects Melbourne's population to almost double in size by 2051<sup>2</sup>
- The State expects container demand at the Port of Melbourne to more than double by 2046<sup>3</sup>
- State transport priorities include:
  - WGTP (\$6.7 billion)<sup>4</sup>
  - North East Link (\$16.5 billion)<sup>2,5</sup>
  - Metro Tunnel (\$11.0 billion)<sup>2</sup>
  - Removal of level crossings (\$6.9 billion)<sup>2</sup>
  - Regional public transport (\$2.8 billion)<sup>2</sup>
  - OSAR/Western Roads Upgrade (\$1.8 billion)<sup>6</sup>
  - Melbourne Airport Rail Link<sup>7</sup>

1. <http://www.melbourne.vic.gov.au/SiteCollectionDocuments/daily-population-estimates-and-forecasts-report-2017.pdf>.
2. [https://www.vic.gov.au/system/user\\_files/Documents/vip/Victorian%20Infrastructure%20Plan.pdf](https://www.vic.gov.au/system/user_files/Documents/vip/Victorian%20Infrastructure%20Plan.pdf).
3. [http://www.infrastructure.victoria.com.au/sites/default/files/images/Securing%20Victoria's%20ports%20capacity%20-%20FINAL%20WEB\\_0.PDF](http://www.infrastructure.victoria.com.au/sites/default/files/images/Securing%20Victoria's%20ports%20capacity%20-%20FINAL%20WEB_0.PDF).
4. Includes State costs of land acquisition, rail stabling works and other associated activities.
5. <https://northeastlink.vic.gov.au/news/north-east-link-victoria's-biggest-ever-transport-project>
6. <https://www.vicroads.vic.gov.au/planning-and-projects/melbourne-road-projects/outer-suburban-arterial-roads>.
7. <https://infrastructurepipeline.org/project/melbourne-airport-rail-link/>.
8. Compound annual growth rate, using data from Australian Bureau of Statistics, catalogue 3218 Regional Population Growth, June 2016.
9. Compound annual growth rate, using data from Australian Bureau of Statistics, catalogue 55220 Australian National Accounts: State Accounts, 2015 - 2016
10. Australian Bureau of Statistics, catalogue 9309 Motor Vehicle Census, January 2017.

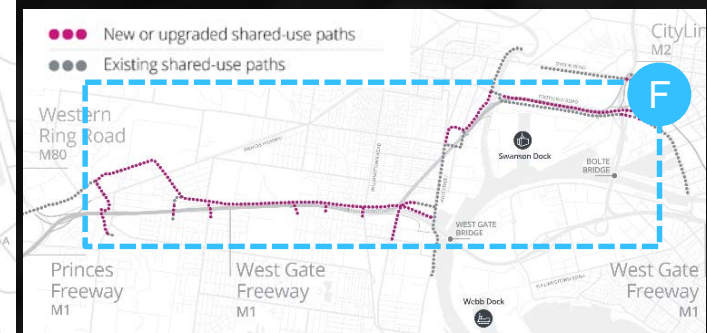
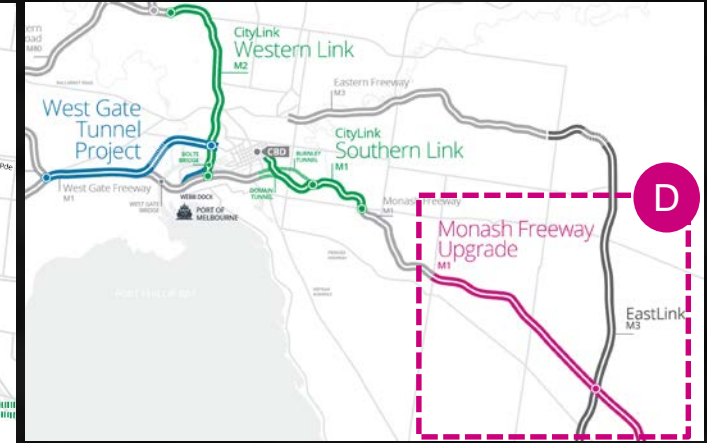
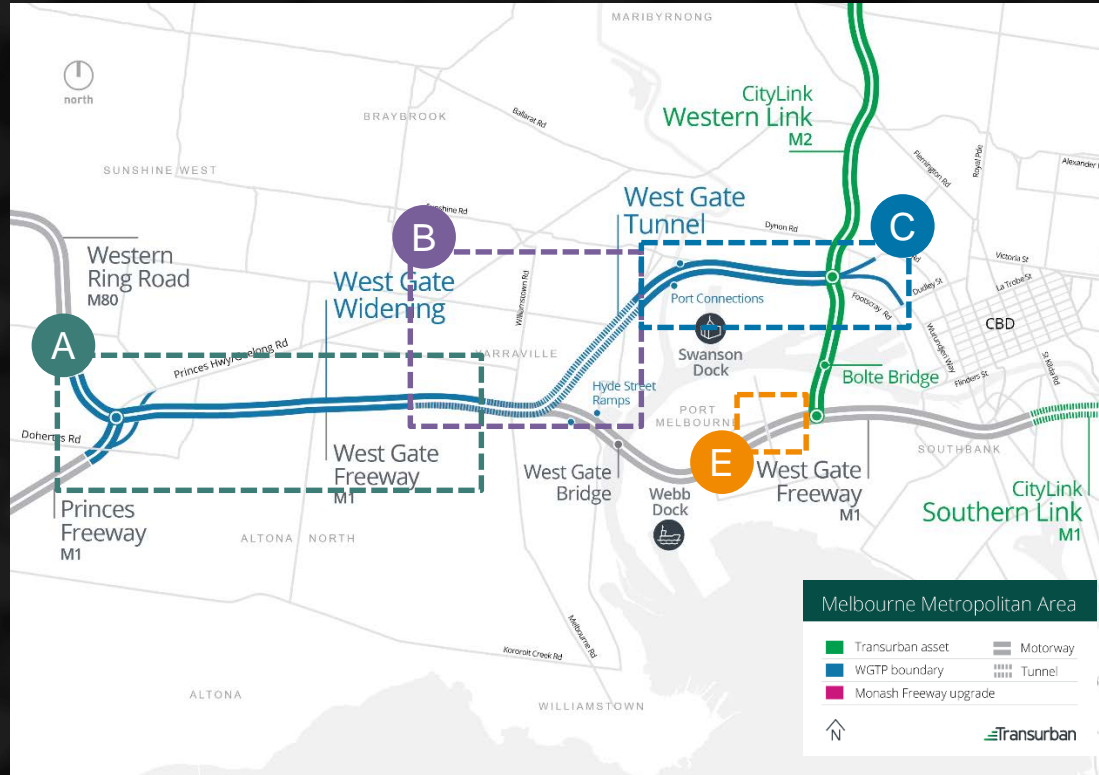
## Population growth (2006-16 CAGR)<sup>8</sup>



## Key statistics

Melbourne population (2016)	4.6m <sup>8</sup>
Population growth (2006-2016)	2.3% <sup>8</sup>
Gross State Product growth (2006-2016)	2.2% <sup>9</sup>
Number of registered vehicles in Victoria (2017)	4.8m <sup>10</sup>

# Project components<sup>1</sup>



1. This is an illustration for indicative purposes only, does not reflect scale.

# Project components

WGTP comprises three main components

## A West Gate Freeway upgrade and widening

- Upgrade and widening between the M80 Ring Road interchange and Williamstown Road
- Widening the freeway from four lanes in each direction to six lanes in each direction

## B Tunnels under Yarraville

- Connecting the West Gate Freeway (WGF) to the Port of Melbourne precinct and the western edge of the city
- Twin tunnels catering for three lanes of traffic in each direction, comprising 4km westbound and 2.8km eastbound tunnels

## C Port of Melbourne, CityLink and city connections

- A new bridge over the Maribyrnong River
- Direct access to the Port of Melbourne
- Twin elevated road structures along Footscray Road
- Connections to CityLink and the city

As part of an integrated transport solution, Transurban is also delivering the following projects within the funding framework

## D Monash Freeway Upgrade

- Adding new lanes to the Monash Freeway and including smart technology to ease congestion
- The Monash Freeway Upgrade D&C contractor (Fulton Hogan) is directly contracted by VicRoads. Transurban does not carry the risk for the D&C contractor's performance and costs
- Work commenced in September 2016 and is expected to be completed in 2018

## E Webb Dock Access improvements

- Connecting freight from Webb Dock to the freeway network, making it easier and safer for trucks to enter the Bolte Bridge. Expected completion end of 2017

## F Walking and cycling paths

- Over 14km of new and upgraded walking and cycling paths will also be delivered as part of WGTP

# Project benefits—keeping Melbourne moving

Expected benefits of West Gate Tunnel Project <sup>1</sup>	Key enhancements driven by community engagement	Expected freight benefits <sup>1</sup>	Community benefits from CityLink concession changes <sup>2</sup>
<ul style="list-style-type: none"><li>• Combined with MFU, providing network improvements from Pakenham to Geelong</li><li>• 70km of new traffic lanes</li><li>• Improved safety and reliability</li><li>• Expanded incident response along the M1 corridor</li><li>• Alleviating pressure in highly congested WGB corridor</li><li>• Over 9,000 trucks off local roads each day</li><li>• Up to 20 minutes travel-time savings<sup>3</sup></li><li>• Delivery of \$11 billion in economic benefits to Victoria</li><li>• Creation of 6,000 jobs</li></ul>	<ul style="list-style-type: none"><li>• 26 months of engagement to date:<ul style="list-style-type: none"><li>– 5,700+ face-to-face engagements</li><li>– 100+ community information sessions</li><li>– Community and technical reference group meetings</li></ul></li><li>• Enhancements driven by community engagement:<ul style="list-style-type: none"><li>– WGT entry / exit within the freeway corridor, further away from existing homes</li><li>– Stricter noise standards</li><li>– New cycling and walking connections and open spaces</li></ul></li><li>• Project enables truck ban implementation by the State</li></ul>	<ul style="list-style-type: none"><li>• Direct freeway access to the Port<ul style="list-style-type: none"><li>– 12-13 minutes travel-time savings from Princes Freeway to Appleton Dock</li><li>– Bypassing up to 17 sets of traffic lights</li></ul></li><li>• Alternative route for dangerous goods vehicles</li><li>• Increasing the strength of the WGF to carry heavier loads and accommodate HPFV<ul style="list-style-type: none"><li>– Provides a heavy vehicle route between Port of Melbourne and M80 via West Gate Tunnel</li></ul></li></ul>	<ul style="list-style-type: none"><li>• Greater government flexibility to pursue future infrastructure projects</li><li>• Improvements to the handling of toll fines, including more time and additional contact with customers to help prevent entry into the infringement process</li><li>• New best practice operating KPIs for customer service, incident response and maintenance across WGTP and CityLink</li></ul>

1. As reflected in the State's report available at <http://westgatetunnelproject.vic.gov.au/eesdocuments>.

2. The State has confirmed that it is Government policy intention to implement the necessary legislative support for the CityLink concession deed amendments during the WGTP construction period.

3. Travel-time savings from the Princes Freeway to Melbourne CBD in 2031.

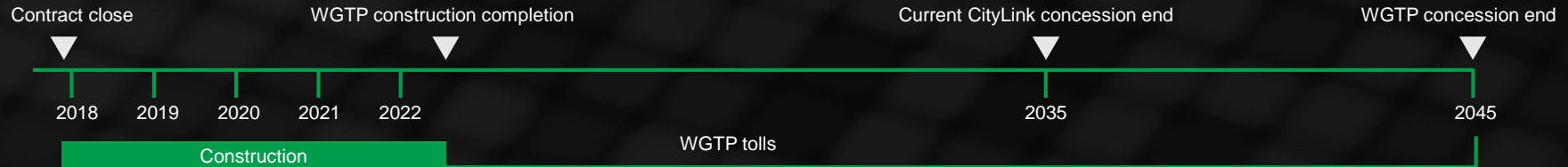
# WGTP funding sources<sup>1</sup>

Transurban has entered into a number of agreements with the State to deliver WGTP. Construction phase has commenced and is due to complete in 2022. To support the financing, delivery and operation of WGTP, Transurban will use the following funding sources:

## WGTP

Transurban has the right to toll, operate and maintain WGTP from construction completion in 2022 to 13 January 2045

- Toll escalation regime of 4.25% p.a. from opening to 30 June 2029, thereafter toll escalation at CPI
- Cars and LCVs will be tolled if using the new tunnels and Hyde Street ramps, whilst HCVs and HPFVs will pay one single toll on the WGF to use the upgraded freeway, new tunnels and connections
- A city access toll will apply for cars and LCVs exiting WGTP at Footscray Road or Dynon Road from 7AM–9AM
- Introduction of a new HPFV truck toll class (large truck and trailer combinations) from the opening of WGTP



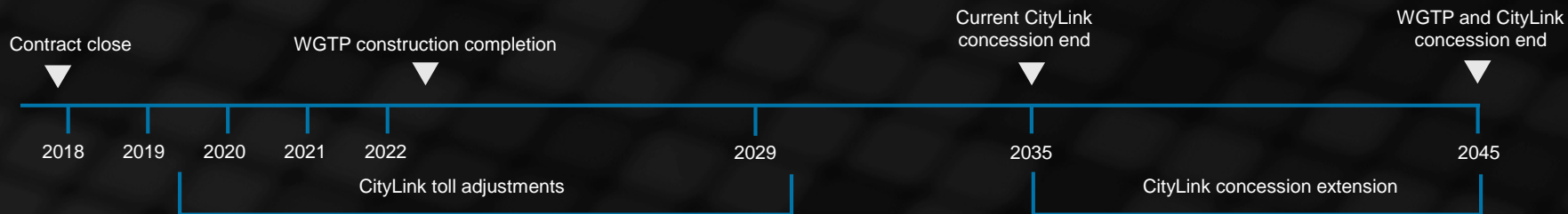
1. Whilst a parliamentary process is not required for the construction and tolling of WGTP, separate WGTP legislation is required to align the WGTP toll enforcement regime with the CityLink toll enforcement regime. The State has confirmed that it is Government policy intention to implement the necessary legislative support for the WGTP. For additional detail refer to page 18, 32 and 33 and the Key risks.

# CityLink funding sources<sup>1</sup>

## CityLink

WGTP will provide benefits for the broader transport network of Melbourne. To support the financing, delivery and operation of this essential infrastructure for Victoria, the funding sources from CityLink will be:

- Toll revenue from a 10 year extension to the existing CityLink concession from 14 January 2035 to 13 January 2045
- Toll revenue from fixed toll escalation consistent with WGT of 4.25% p.a. from 1 July 2019 to 30 June 2029, thereafter toll escalation at CPI
- Introduction of a new HPFV truck toll class (large truck and trailer combinations) from the opening of WGTP



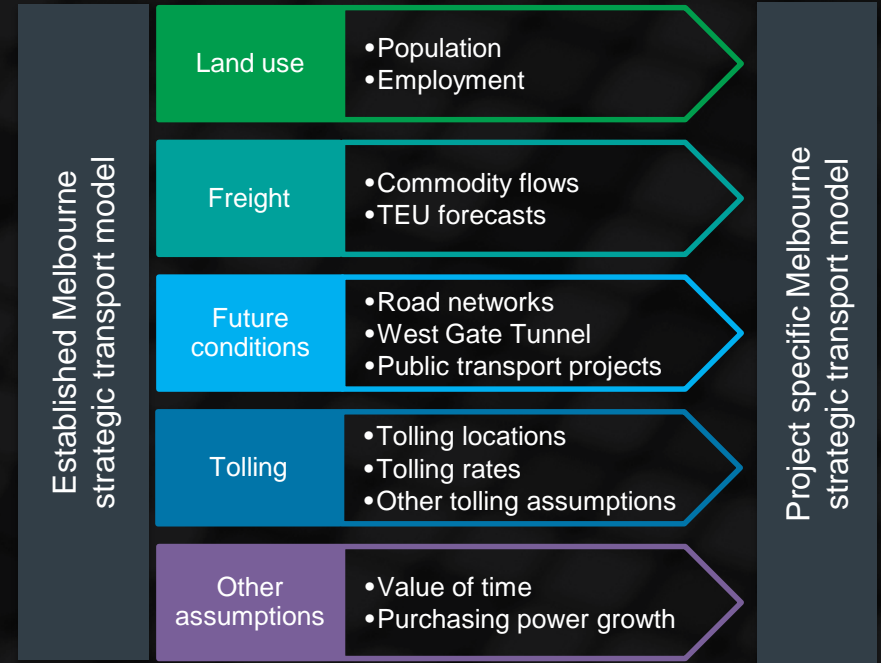
1. CityLink funding sources require the successful passage through parliament of amendments to the CityLink concession deed. The State has confirmed that it is Government policy intention to implement the necessary legislative support for the CityLink concession deed amendments during the WGTP construction period. For additional detail refer to page 18, 32 and 33 and the Key risks.



# Traffic characteristics

- WGTP traffic is expected to increase steadily and experience a ramp-up profile<sup>1</sup>
- In 2016, weekday traffic was approximately 330,000 trips on CityLink and 200,000<sup>2</sup> on WGF
- HCVs expected to be a higher proportion of total traffic on WGTP than CityLink due to port access and WGB existing traffic
- Project delivers an enhanced alternative route that enables the State to extend 24/7 truck bans in the inner west aimed at removing truck traffic from residential streets
- One toll point will apply for HCVs and HPFVs on the WGF, which includes travel on the upgraded freeway, new tunnels and connections
- Funding model:
  - Reflects forecast disruption impacts from WGTP and diversion due to WGTP on CityLink traffic
  - Includes direct funding sources from WGTP that represent less than one third of the Project value
  - Includes government funding contribution

Transurban has extensive experience in forecasting traffic



1. Refer to slide 35 for additional information.

2. Annual average weekday traffic. EES Technical report A - Transport Impact Assessment (May 2017) p71.

# Statutory considerations<sup>1</sup>

## WGTP

- Legislation is not required to be passed in order to construct and toll the WGTP
- However legislation is required to provide a consistent toll enforcement regime between WGTP and CityLink
- This will enable improvements to the handling of toll fines, with more time for and additional contact with customers
- The State has confirmed that it is Government policy intention to implement the necessary legislative support for the WGTP

## CityLink

- Amendments are required to the existing CityLink concession in order to implement the CityLink funding sources. These amendments require successful passage through parliament
- The State has confirmed that it is Government policy intention to implement the necessary legislative support for the CityLink concession deed amendments during the WGTP construction period
- In the absence of parliamentary consents, the State will replace the CityLink funding sources with completion / substitution payments. Completion / substitution payments cover project construction costs, financing costs and a return component commensurate with Transurban's investment metrics and the risk profile

*1. Refer to page 32 and 33 and Key risks for additional information.*

# D&C overview

## Delivery managed by an experienced Transurban team

- Transurban has significant experience and expertise in delivering large-scale projects on budget and on time
- Delivery of WGTP will be led by the Transurban CTW team which opened new CTW lanes three months ahead of schedule and budget

## Tier one contractors to deliver WGTP

- Transurban and the State conducted an extensive international competitive tender process and have awarded the WGTP D&C contract to a 50:50 joint venture between CPB Contractors and John Holland

## D&C contract has market-standard risk allocation

- Market-standard, fixed-price and fixed-time contract

Total project costs include WGTP D&C and associated costs of approximately \$5.5 billion<sup>1</sup>. Transurban will contribute \$4.0 billion over the construction period and the State will fund the remainder

## Estimated construction profile

Transurban spend (\$4.0 billion)



1. Additionally the State will undertake land acquisition, rail stabling works and other associated activities.

# Delivery environment

- Transurban working with all stakeholder groups to deliver the Project's benefits
- First major new road project in Melbourne to commence construction since 2010
- Extensive community engagement resulted in significant enhancements to the amenity of local areas
- Solving some of the most significant road network issues in Melbourne, including providing second river crossing
- Important component in broader multi-modal network strategy which includes rail and public transport projects
- The Project incorporates Indigenous urban design that celebrates the rich Aboriginal heritage and maritime history of Melbourne's West

**Business partners**

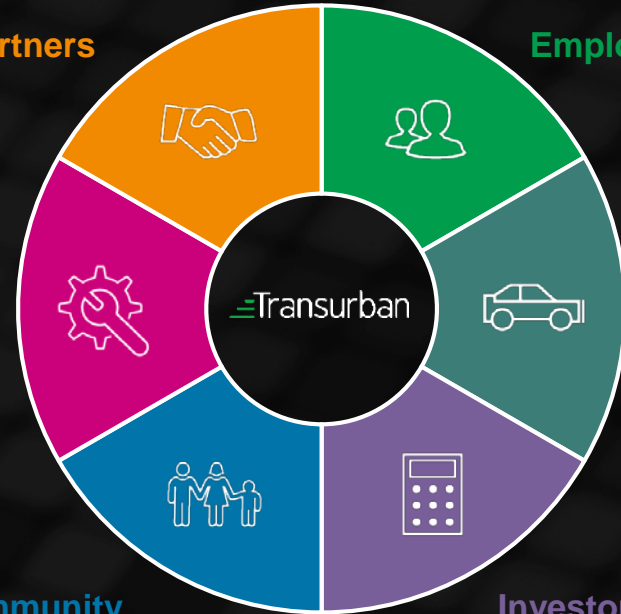
**Employees**

**Government**

**Customers**

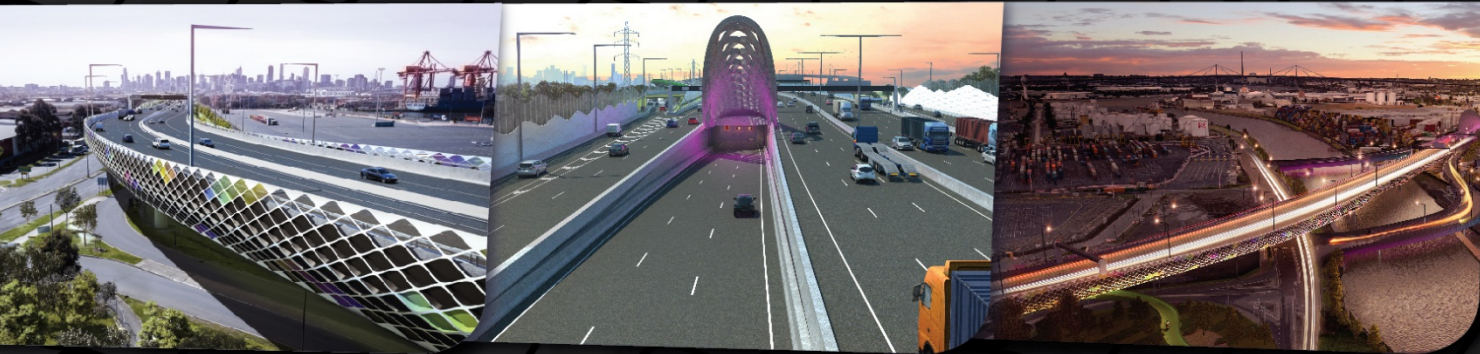
**Community**

**Investors**



# 3

## Transurban overview



# Transurban

## Transurban is a global leader in road development, delivery, operations and technology

- Melbourne, Australia headquarters
- Approximately 70 per cent of Transurban's investors are Australian fund managers and retail investors<sup>1</sup>
- Publically listed on the ASX with ranking of 13<sup>th</sup> and a market capitalisation of \$26 billion<sup>2</sup>
- Transurban employs 2,300 people and a further 5,200 contractors on projects

LONG-LIFE TOLL ROAD CONCESSIONS

EMBEDDED INFLATION PROTECTION FOR AUSTRALIAN ASSETS

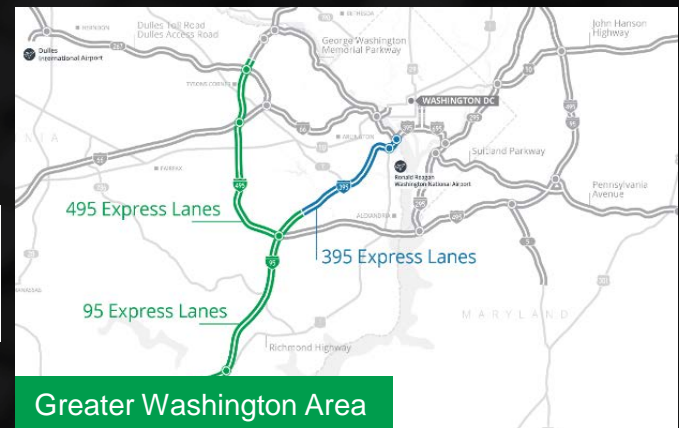
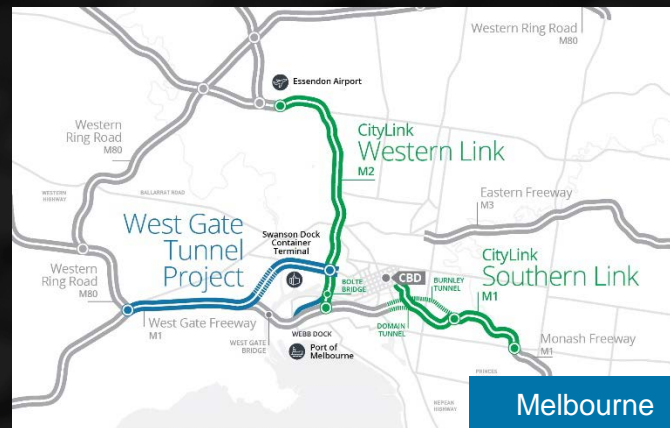
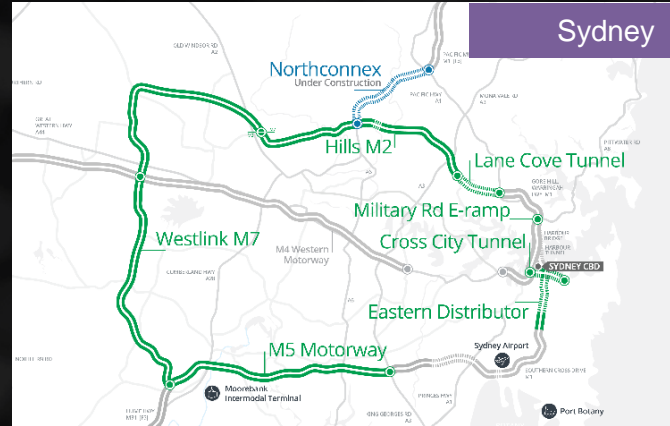
ESSENTIAL URBAN INFRASTRUCTURE

COMMITTED TO STRONG INVESTMENT GRADE CREDIT METRICS

1. By value.

2. Market capitalisation of \$26 billion as of 30 November 2017.

# Transurban



Number of operational assets	FY17 proportional toll revenue contribution
6	40.5%
1	31.9%
6	17.9%
2	9.7%

■ Transurban asset    Motorway  
■ Committed projects    Tunnel

# Operational and development update

## Sydney

- NorthConnex continues to progress on time and on budget
- A third westbound lane on the M2, as part of the integration with NorthConnex, has opened three months ahead of schedule
- Response to Invitation to Register was submitted for the WestConnex project on 13 November 2017

## Melbourne

- CTW new lanes delivered three months ahead of schedule in October 2017—delivering approximately 30km of additional lanes and 30% increased capacity on Western Link
- Monash Freeway Upgrade in progress and on schedule—30km of additional lanes to be added, with improved technology

## Brisbane

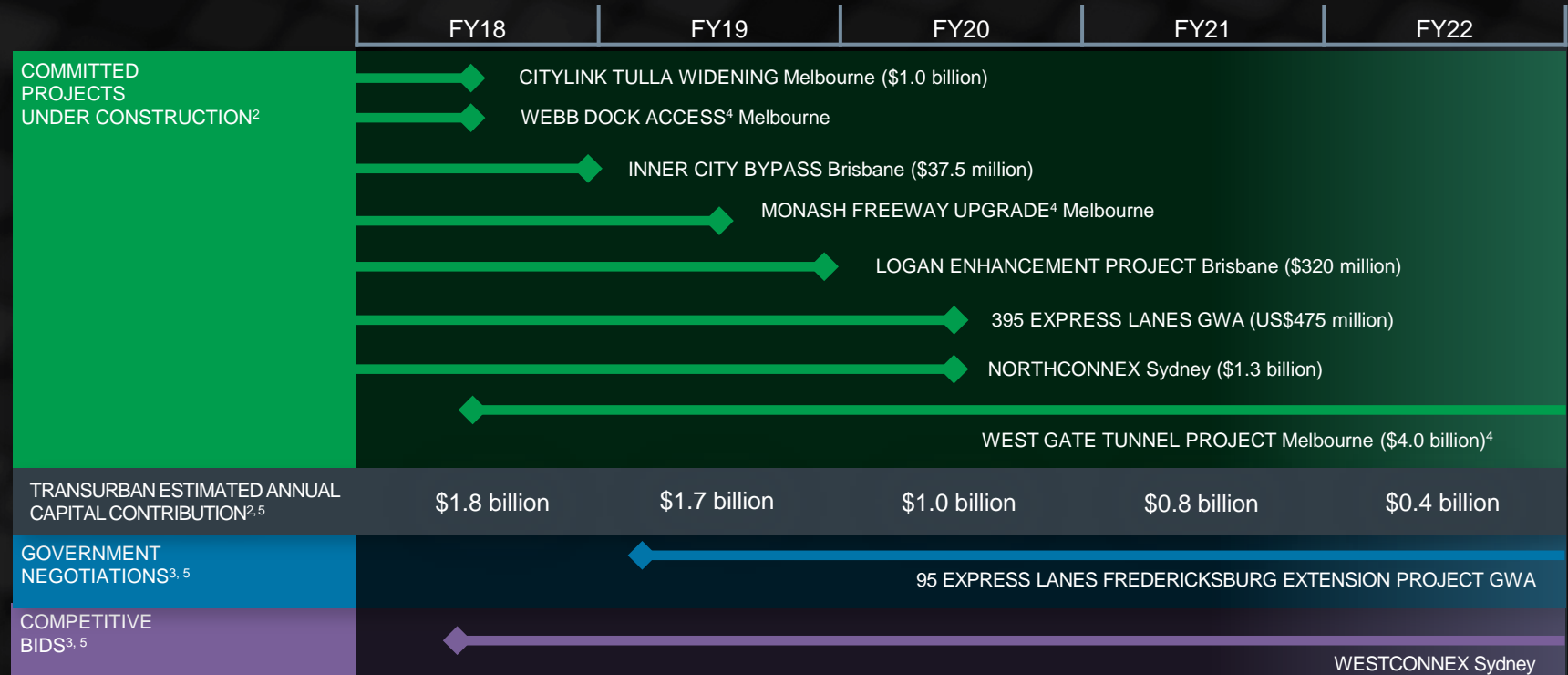
- Major construction on the Logan Enhancement Project has commenced, with completion expected in 2019
- Inner City Bypass Upgrade is progressing well
- Insourcing of tunnel operations and strategic asset management is under way, with Legacy Way and Go Between Bridge completed

## Greater Washington Area

- Financial close reached on the 395 Express Lanes project
- Early completion of the 3km southern extension of the 95 Express Lanes
- Assessing other opportunities across the North American market



# \$11 billion development pipeline<sup>1</sup>



1. Estimated spend reflects 100% of the total project cost of committed projects under construction, not Transurban's share.  
 2. Estimated spend reflects Transurban's proportion of the total project cost, net of government contribution at time of announcement.  
 3. Final funding requirement subject to confirmation of project proceeding with Transurban, project scope and/or competitive procurement process and extent of government funding.  
 4. WGTP cost to Transurban of \$4.0 billion of the total \$5.5 billion WGTP D&C and associated costs (inclusive of Webb Dock Access and Monash Freeway Upgrade).

# Capital strategy

Maintain strong investment grade credit metrics

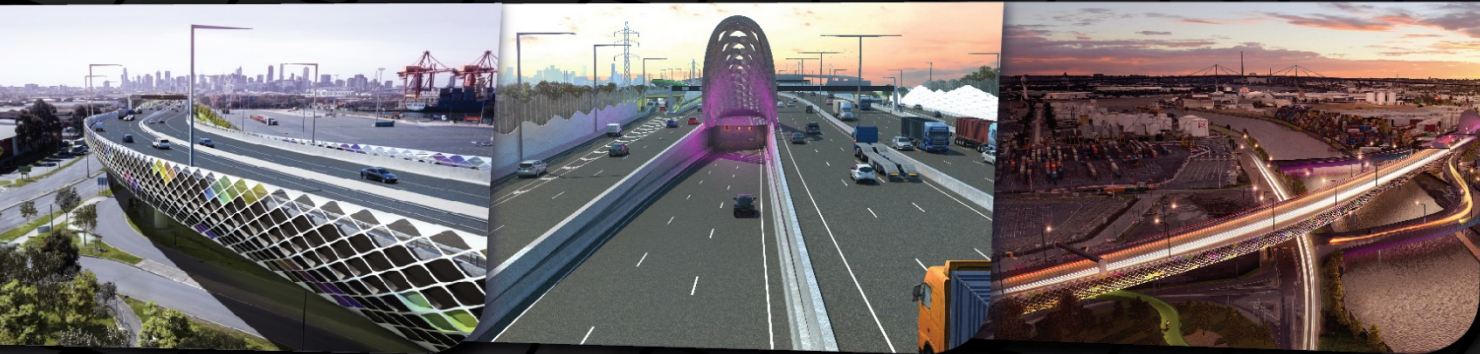
Cost efficient funding through market cycles

Efficiently fund growth

Consistently growing distributions while creating long term value

- Financial flexibility maintained to pursue Transurban's pipeline of investment opportunities
- Transurban contribution of \$4.0 billion to WGTP will be sourced from:
  - Proceeds from the fully underwritten pro rata accelerated renounceable entitlement offer
  - Proceeds from \$1.65 billion corporate syndicated bank facility, which has been increased from \$1.1 billion by the addition of a new \$550 million five year tranche
  - Transurban will meet any remaining funding requirements for WGTP at the corporate level
- It is Transurban's intention to periodically refinance amounts drawn under the \$1.65 billion facility via debt capital market issuances into global debt markets, thereby freeing up additional bank debt capacity

# 4 Summary



# Entitlement Offer key details

Structure and size	Fully underwritten 3 for 37 accelerated pro rata renounceable entitlement offer with retail entitlements trading (PAITREO) to raise gross proceeds of approximately \$1.9 billion
Ranking	New Securities rank equally with ordinary securities, but do not receive the 1H18 distribution of 28.0 cps which is to be paid on 16 February 2018
Offer price	Offer price of \$11.40 per New Security <ul style="list-style-type: none"><li>• 5.0% discount to the distribution adjusted closing price of \$12.00 on 11 December 2017</li><li>• 4.6% discount to the distribution adjusted TERP<sup>1</sup> of \$11.96</li></ul>
Institutional entitlement offer	Institutional Entitlement Offer is <ul style="list-style-type: none"><li>• Open from 12 December 2017 to 13 December 2017; and</li><li>• Entitlements not taken up and entitlements of ineligible security holders will be placed into the institutional bookbuild to be conducted on 14 December 2017</li></ul>
Retail entitlement offer	Eligible Retail Security Holders in Australia and New Zealand have a number of options under the Retail Entitlement Offer <sup>2</sup> : <ul style="list-style-type: none"><li>• Elect to take up all or part of their pro rata entitlement by either:<ul style="list-style-type: none"><li>– The early retail close date of 20 December 2017; or</li><li>– 24 January 2018 the retail offer close date</li></ul></li><li>• Sell their entitlement on the ASX between 15 December 2017 (on a deferred settlement basis) and 17 January 2018</li><li>• Do nothing and let their entitlement be offered for sale through the retail shortfall bookbuild process managed by the underwriters, with any proceeds in excess of the offer price (net of any withholding tax and expenses) paid to the security holder</li></ul> Retail security holders offered an extended close date to allow for the holiday period

1. The TERP is a theoretical price at which Transurban securities trade immediately after the ex-date for the Entitlement Offer assuming 100% take-up of the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Transurban securities trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Transurban's closing price of \$12.28 on 11 December 2017 and is adjusted for the 1H18 distribution of 28.0 cps.

2. Retail security holders must read the Retail Information Booklet which contains full information on the Retail Entitlement Offer and application process.

# Offer timetable

## Dates and times are subject to change without notice

Announcement of contractual close and Entitlement Offer, trading halt and Institutional Entitlement Offer opens	12 December 2017
Announcement of completion of the Institutional Entitlement Offer and Institutional Shortfall Bookbuild	15 December 2017
Trading halt lifted	15 December 2017
Retail Entitlements commence trading on a deferred settlement basis	15 December 2017
Record date under the Entitlement Offer (7.00pm, AEDT)	15 December 2017
Lodgement of the Retail Information Booklet on ASX	15 December 2017
Retail Entitlement Offer opens	19 December 2017
Despatch of Retail Information Booklet	19 December 2017
Retail Entitlements commence trading on a normal settlement basis	20 December 2017
Initial Retail Closing Date – last day to apply for New Securities to be issued on the Initial Allotment Date (5.00pm, AEDT)	20 December 2017
Settlement of Institutional Entitlement Offer, Institutional Shortfall Bookbuild and Initial Retail Acceptance	21 December 2017
Initial Allotment Date - Institutional Entitlement Offer, Institutional Shortfall Bookbuild and Initial Retail Acceptance	22 December 2017
Normal trading commences on ASX of New Securities issued under the Initial Allotment (as separate ASX ticker)	22 December 2017
New Securities issued under the Initial Allotment cease trading under separate ASX ticker and trade normally under ASX ticker TCL	28 December 2017
Retail Entitlements conclude trading	17 January 2018
Retail Entitlement Offer closes (5.00pm, AEDT)	24 January 2018
Retail Shortfall Bookbuild	29 January 2018
Settlement of Retail Entitlement Offer and Retail Shortfall Bookbuild	1 February 2018
Final Allotment of New Securities under the Retail Entitlement Offer	2 February 2018
Normal trading commences on ASX of New Securities issued under the Final Allotment	5 February 2018

# Summary

## An essential new infrastructure asset for Melbourne

- Transurban has achieved contractual close with the State and the construction phase has commenced to build, toll and operate WGTP until 2045
- WGTP is a significant transport project to relieve congestion in Melbourne, reduce reliance on the WGB, provide a direct freight link to the Port of Melbourne and remove trucks from residential areas in the inner west
- The MFU will relieve congestion in Melbourne's east and the Webb Dock works will further improve access to the port

## Leverages Transurban's existing scale and expertise

- Leverages Transurban's expertise in development/delivery, tolling, customer management and technology, with operations integrated into CityLink
- Project design incorporating over two years of intensive community and stakeholder engagement, technical investigations and design development

## Diverse and reliable funding sources<sup>1</sup>

- Project funding sources underpinned by existing traffic patronage on WGF and CityLink
- A new concession agreement to build, toll and operate WGTP to 2045
- Enhancements to the existing CityLink concession, primarily comprising:
  - 10 year concession extension to 2045
  - Amendments to the toll escalation (i.e. fixed toll escalation of 4.25% p.a. from 1 July 2019 to 30 June 2029, thereafter toll escalation at CPI)

## Transaction funding

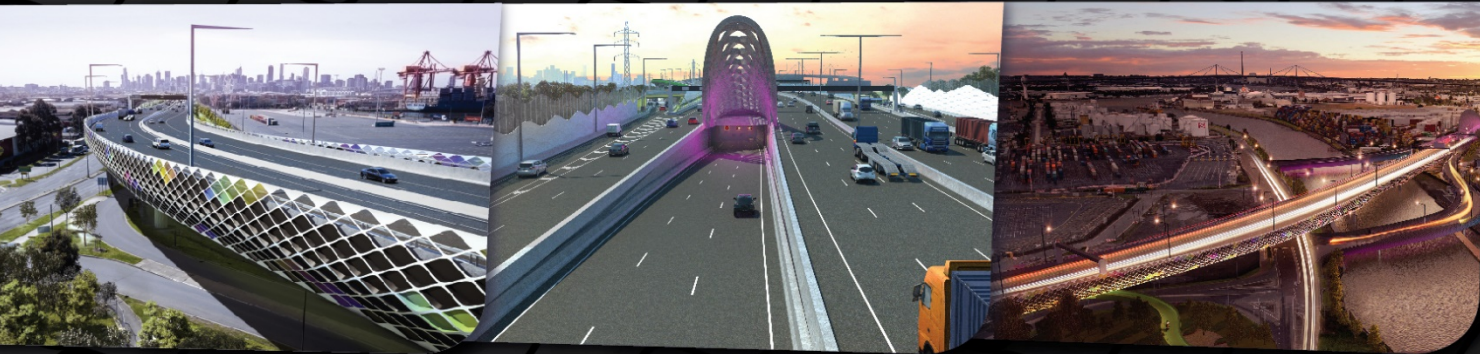
- Transurban to raise \$1.9 billion through a fully underwritten renounceable entitlement offer
- Proceeds from \$1.65 billion of funding from a corporate syndicated bank facility established
- Transurban will meet any remaining funding requirements for WGTP at the corporate level

<sup>1</sup>. Refer to pages 18, 32 and 33 for further information.

# 5

## Supplementary information

### (i) Funding sources and financials



# Construction and statutory impacts on funding sources<sup>1</sup>

The WGTP and CityLink funding sources are outlined on slides 15, 16 and 18. These funding sources can be impacted by certain factors, including a failure to reach construction completion on WGTP and whether or not the requisite parliamentary processes have been concluded. Further detail of the key elements to the Project funding sources are provided below

## WGTP legislation and CityLink Concession Deed amendments successfully pass through Parliament

### WGTP construction completion achieved

Transurban will collect WGTP tolls from construction completion and such tolls will escalate at 4.25% p.a. until 30 June 2029, thereafter toll escalation at CPI

Transurban will receive fixed toll escalation of 4.25% p.a. on CityLink from 1 July 2019 to 30 June 2029, thereafter toll escalation at CPI

CityLink concession will be extended by 10 years to 2045

### WGTP construction completion not achieved<sup>2</sup>

Transurban will not collect WGTP tolls

Transurban will cease to receive the 4.25% p.a. CityLink toll escalation amounts from the date of termination but will retain any toll escalation amounts received up to the date of termination

The 10 year CityLink concession extension is not subject to construction risk once Transurban has invested an agreed proportion of its total equity committed to the Project. After that point, the concession extension is paid for on a pro rata basis as Transurban's equity is invested into the Project, and so a period of extension that has been paid for at the point of termination cannot be unwound. In certain circumstances, depending on the cause and timing of termination, Transurban can elect, or be required, to invest further equity into the Project, with such further equity not to exceed the total equity committed to the Project, but in doing so Transurban will effectively pay for a commensurate additional concession extension period in return for the additional funds invested

1. Refer also to Project risks.

2. In certain circumstances, depending on the cause and timing of project termination, Transurban may be required to invest further funds into the Project (up to a capped amount) or otherwise be repaid by the State a pre-determined amount of its sunk investment plus an agreed return commensurate with that amount.



# Construction and statutory impacts on funding sources<sup>1</sup>

(continued)

## WGTP legislation and CityLink Concession Deed amendments do not successfully pass through Parliament

### WGTP construction completion achieved

Transurban will collect WGTP tolls from construction completion<sup>3</sup> and such tolls will escalate at 4.25% p.a. until 30 June 2029, thereafter toll escalation at CPI

In respect of the 4.25% p.a. toll escalation on CityLink, Transurban will receive payments from the State from 1 July 2019 until construction completion, equal to the amount Transurban would have received had the toll escalation amount on CityLink been legislated, based on agreed forecast traffic on CityLink for that period

On construction completion, the State will make a payment in relation to the 4.25% p.a. CityLink toll escalation equal to a pre-determined proportion of the total equity committed to the Project for that funding source by Transurban plus a return commensurate with Transurban's investment metrics and the risk profile

On the date for construction completion, the State will make a payment in relation to the 10 year CityLink concession extension equal to a pre-determined proportion of the total equity committed to the Project for that funding source plus a return commensurate with Transurban's investment metrics and the risk profile

### WGTP construction completion not achieved<sup>2</sup>

Transurban will not collect WGTP tolls

Transurban will cease to receive payments with respect to the 4.25% p.a. CityLink toll escalation from the date of termination but will retain amounts received up to the date of termination

The State will make a payment to Transurban calculated by reference to the amount invested by Transurban in respect of the 10 year CityLink concession extension at the date of termination plus a return commensurate with Transurban's investment metrics and the risk profile

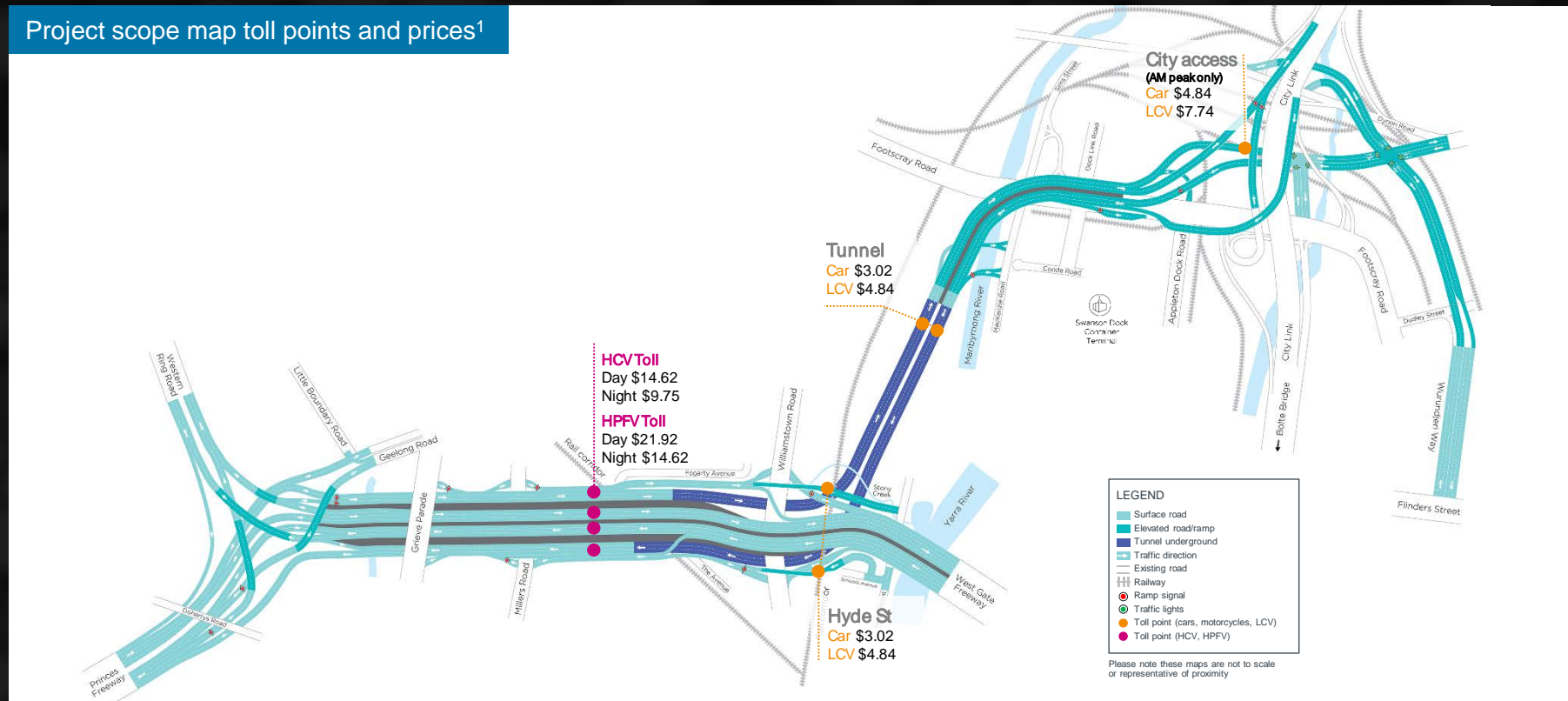
1. Refer also to Project risks.

2. In certain circumstances, depending on the cause and timing of project termination, Transurban may be required to invest further funds into the Project (up to a capped amount) or otherwise be repaid by the State a pre-determined amount of its sunk investment plus an agreed return commensurate with that amount.

3. If Transurban achieves a WGTP toll recovery rate that is lower than the existing CityLink toll recovery rate (which may arise as a result of the WGTP toll enforcement regime being a civil enforcement regime), then the State will make payments to Transurban in amounts equal to the difference in the recovery rates experienced with respect to the WGTP tolls compared to the CityLink tolls.

# Detailed project design

## Project scope map toll points and prices<sup>1</sup>



1. All prices shown as at 30 September 2017 prices.

# Traffic—key projections from EES<sup>1</sup>

Road section		2016 figures <sup>2</sup>	2031 projections <sup>2</sup>	EES reference
<b>Project components</b>				
WGT	Total vehicles	n/a	55,000-67,000 <sup>3</sup>	Technical report A —Transport Impact Assessment (May 2017) p228
Hyde Street	Total vehicles	n/a	3,000-5,000 <sup>4</sup>	Technical report A—Transport Impact Assessment (May 2017) p229
WGF (between Millers Rd and Williamstown Rd)	Trucks	~30,000	36,100-44,000	Technical report A—Transport Impact Assessment (May 2017) p115 WDA Project Note 1 (July 2017) p6

1. The traffic data set out on this page is sourced from the "Western Distributor Authority – West Gate Tunnel Transport Impact Assessment" Report by GHD dated May 2017 available at <http://westgatetunnelproject.vic.gov.au/eesdocuments> (Report). The 2016 figures reflect road freight traffic volume data described on page 29 of the Report and are based on a number of assumptions and methodologies described in the Report. The 2031 projections are forecasts of traffic volumes and are based on a number of assumptions described on pages 35 to 41 of the Report. There can be no assurance that these figures and projections are accurate and actual outcomes may differ materially from such figures and projections because events and actual circumstances frequently do not occur as projected and forecast. See Disclaimer page 3 of this presentation and the Key risks for further information.

2. Traffic volumes expressed as annual average weekday traffic.

3. Includes WGT trucks of 13,200 – 16,200.

4. Approximately 30 to 50 per cent of these vehicles are trucks.

# Key financials—basis of preparation

The Transurban financial information included in this Presentation has been extracted from the audited statutory financial statements for the respective periods presented.

No pro forma adjustments were required for Transurban's FY16 and FY17 statutory and proportional income statement results, or free cash flows.

Balance sheet information presented in this Presentation is as at 30 June 2017. The pro forma balance sheet assumes the estimated impact of the equity raising as if the transaction had occurred on 30 June 2017.

## **Assumptions for distribution guidance**

The statements on pages 7 and 9 include reaffirmation of the Group's distribution guidance for FY18. The FY18 guidance incorporates free cash flows for the four months ended 31 October 2017 extracted from unaudited management accounts and the forecast free cash flow performance of the Group for the eight months ended 30 June 2018.

In determining distribution guidance 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 "Key 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.

## **Other assumptions**

For FY18, equity raising costs relating to the Entitlement Offer 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.

# Balance Sheet—statutory and pro forma

As at 30 June 2017 (\$M)

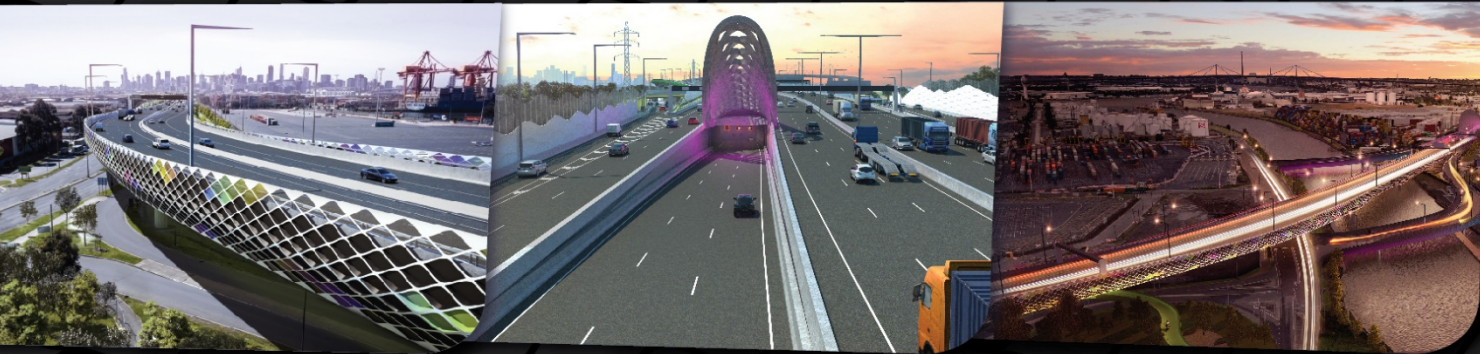
	TCL (audited)	Equity funding	Pro forma
<b>Assets</b>			
Cash and cash equivalents	988	1,866	2,854 <sup>1</sup>
Intangible assets	19,330	-	19,330
Property, plant and equipment	327	-	327
Other current assets	295	-	295
Other non-current assets	2,383	-	2,383
<b>Total assets</b>	<b>23,323</b>	<b>1,866</b>	<b>25,189</b>
<b>Liabilities</b>			
Short term borrowings	880	-	880
Long term borrowings	12,868	-	12,868
Other current liabilities	1,259	-	1,259
Other non-current liabilities	2,509	-	2,509
<b>Total liabilities</b>	<b>17,516</b>	<b>-</b>	<b>17,516</b>
Net assets	5,807	1,866	7,673
<b>Total equity</b>	<b>5,807</b>	<b>1,866</b>	<b>7,673</b>

1. Proceeds from the anticipated entitlement offer are net of transaction costs of \$34 million, have been shown as an increase to cash and cash equivalents at 30 June 2017 and have been prepared excluding any deferred tax impacts. These funds will be utilised to fund a portion of the capital commitments for WGTP as shown on slide 19 and for general corporate purposes.

# 5

## Supplementary information

### (ii) Key risks



# 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 document is financial product advice and this document has been prepared without taking into account your investment objectives or personal circumstances.

# Project risks

## 1.1 Applicable WGTP legislation not currently passed

Transurban's right to construct and toll the WGT is set out in the WGT Project Agreement and is not currently legislated.

The State has confirmed that it is Government policy intention to implement the necessary legislative support for the WGT and Transurban has entered into the Project on that basis.

If that legislative support is not obtained, it will mean the WGT toll enforcement regime is inconsistent with the CityLink toll enforcement regime. Transurban has agreed with the State contractual protections for any financial exposure associated with that inconsistency in the toll enforcement regime, but Transurban could still be exposed to WGT toll revenue losses, liabilities and reputational damage as a result of the inconsistency that could have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations.

Although Transurban's right to construct and toll the WGT does not require legislation, there is a risk that the State's power to enter into the WGT Project Agreement, or the enforceability of certain rights provided to Transurban under that agreement, including its right to toll the WGT, could be challenged. If any such challenge was successful, it could have a material adverse effect on Transurban's reputation, business, cash flow, financial condition and results of operations.

## 1.2 CityLink funding sources not currently introduced into, or passed by, the Victorian Parliament

Any amendments to the CityLink concession deed are required to be tabled in both Houses of the Victorian Parliament, and once tabled are then effective if not revoked within 6 sitting days of such tabling. The CityLink concession deed has previously been updated 36 times using this process including the one year concession extension for the CTW Project.

To facilitate the Project, Transurban and the State have entered into the CityLink Option Deed which specifies the agreed amendments to the CityLink concession deed required to implement the CityLink funding sources and other agreed changes.

As at contractual close for the Project, those amendments had not passed through the Victorian Parliament. The current Leader of the Opposition has advised that the Victorian Coalition Political Party will not support any Labor government proposal to amend the CityLink Concession Deed so as to extend the period of the concession in order to fund the WGTP, although they do not have the requisite Parliamentary numbers to disallow those amendments on their own. They have confirmed, however, that they will not seek to terminate valid agreements. There has been opposition to the Project from other political parties. If those political parties joined with the Opposition, their combined Parliamentary numbers may enable them to disallow the amendments. The State has confirmed that it is Government policy intention to implement the necessary legislative support for those amendments during the WGTP construction period and Transurban has entered into the Project on that basis.



# Project risks

If the amendments do not successfully pass through the Victorian Parliament during the WGTP construction period, the State has agreed to replace the CityLink funding sources with completion / substitution payments inclusive of an agreed return consistent with Transurban's investment metrics and commensurate with the capital invested by Transurban for services rendered and the risk taken on the delivery of a project of this size. If Transurban receives those completion / substitution payments, it will consider how best to use those funds at that time having regard to its capital management strategy.

It is possible that a challenge could be made as to the enforceability of the obligations on the State to make the completion / substitution payments. There is also a risk that the enforceability of other contractual arrangements that have been agreed with the State could be challenged.

Any outcome which results in Transurban failing to receive the CityLink funding sources or the completion / substitution payments could have a material adverse effect on Transurban's reputation, business, cash flow, financial condition and results of operations.

To facilitate the proposed changes to the CityLink concession deed, certain other CityLink documents need to be updated post contractual close. A failure to make those updates could have an impact on the timing of passage of the CityLink concession deed amendments through parliament, and/or on the ongoing business and operations of CityLink, which could have a material adverse effect on Transurban's reputation, business, cash flow, financial condition and results of operations.

## 1.3 Project completion risk

There is a risk that the Project may not complete because, amongst other reasons:

- the State seeks to terminate the WGT Project Agreement;
- the State does not obtain the approvals contemplated under the WGT Project Agreement (including planning scheme amendment approvals) or such approvals are determined to be inadequate;
- legislation is passed (including by a new Government) which means the State is not required to comply with its obligations under the WGT documents and complete the Project;
- Transurban fails to comply with its obligations under WGT Project Agreement;
- the D&C contractor for the Project abandons the project or otherwise fails to comply with its obligations under its contract; or
- a force majeure event occurs which means that it is not possible for the WGT Project to be completed.

# Project risks

The WGTP planning scheme amendment is required to be tabled in both Houses of Parliament and not be revoked within 10 sitting days. In the event that the WGTP planning scheme amendment was revoked, and not subsequently successfully tabled and passed, the State could elect to terminate the Project.

There is also a risk that the Project may not complete where there is a change of government and the incoming government seeks to terminate or renegotiate the Project.

Although Transurban has mechanisms in place to mitigate any losses it incurs where the Project fails to complete, there are certain circumstances where a failure to complete may result in Transurban losing a significant portion of the funds it has invested in the Project or failing to receive any or all return on those funds, or the CityLink concession extension being lost or shorter than expected. Any of those outcomes could have a material adverse effect on Transurban's reputation, business, cash flow, financial condition and results of operations.

If the Project is terminated at an early stage, Transurban will consider how best to use funds that were to be applied to construction at that time, having regard to its capital management strategy.

## 1.4 Payments from the State

Under the WGT documents, the State may be required to make payments to Transurban in certain circumstances, including in the circumstances outlined in this Presentation. If the State is unable or unwilling to make those payments to Transurban, it could have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations.

## 1.5 Construction risk

Given the nature and scale of the Project, there is a risk that the Project may take longer to complete than is contemplated. Any increase in the time taken to complete the Project could result in a shorter period during which WGT can be tolled, increased disruptions to CityLink, dissatisfaction of CityLink users, intended users of the WGT and users of the wider road network, and reduced toll road revenues which could have a material adverse effect on Transurban's reputation, business, cash flow, financial condition and results of operations.

There is also a risk that the Project costs more to complete than is expected. Transurban will be responsible for any cost overruns incurred by the D&C contractor that are caused by Transurban and depending on their nature or scale, those costs overruns could have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations.

# Project risks

If the D&C contractor needed to be replaced, there could be significant delay to completion and any replacement contractor may not accept the same risk allocation. This could have a material adverse effect on Transurban's business, cash flows, financial condition and results of operations.

## 1.6 Disruptions to CityLink

As outlined on page 13 of this Presentation, the WGT will provide connections to CityLink. As a result, to complete the Project, the D&C contractor for the Project will require access to CityLink. Any unscheduled access may result in disruptions and physical damage to CityLink which could lead to dissatisfied users of CityLink, reduced traffic volumes on CityLink and reduced toll revenue on CityLink during the Project construction period.

## 1.7 Achievement of operating synergies

Transurban proposes to adopt a centralised operating model for CityLink and WGT. There is a risk that the implementation of that centralised operating model may encounter unexpected challenges or issues which may have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations.

## 1.8 Analysis of the Project

Transurban has undertaken extensive financial, operational, business and other analysis in connection with the Project to determine its attractiveness to Transurban and whether it is an appropriate project to develop.

It is possible that the analysis undertaken by Transurban, and the best estimates and 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 risk 2.14) or otherwise).

To the extent that the actual results achieved by the WGT are weaker than those indicated by Transurban's analysis, there is a risk that there may be an adverse impact on Transurban's financial position and performance.

# Project risks

## 1.9 Tax

The Australian Taxation Office closely scrutinises large infrastructure transactions and new projects in Australia and provides formal and informal guidance about the way it will administer the application of the Australian taxation laws to these transactions. Transurban has undertaken extensive analysis of the WGT documents and associated contractual arrangements to determine appropriate tax assumptions and positions that are consistent with Australian taxation laws. Should these assumptions not be realised, then Transurban's tax exposure may increase and impact project returns.

Given the nature and scale of the Project, there is a risk that the Australian Taxation Office may review the transaction tax positions and consequences of the Project. 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 tax legislation to contractual arrangements entered into to complete the Project may increase Transurban's tax liabilities which could impact project returns.

# Business risks

## 2.1 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 virtually all of Transurban's earnings. When the concession agreements expire, the toll roads and related infrastructure must be returned to the relevant government counterparty. If Transurban cannot enter into new concession agreements or extend its existing concession agreements to permit it to carry on its core business, or any new concession agreements entered into are on less advantageous terms to those of the current concession agreements, Transurban's business and financial performance could be materially adversely affected.

## 2.2 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 below Transurban's traffic forecasts or growth expectations could have a material impact on Transurban's financial performance. Factors that affect traffic volumes on Transurban's toll roads, and consequently Transurban's earnings, include:

- a) The level of congestion, mix of traffic, level of carpooling, and tolls charged to users and any toll increases on the toll roads;
- b) The quality and state of repair of the toll roads, including any upgrades and any disruption as a result;
- c) The quality, state of repair, proximity and convenience of alternative roads, toll-free roads and competing toll roads, as well as the existence of other public or alternative transport infrastructure;
- d) The nature and extent of the connections of Transurban's toll roads to other urban roads and regional highway networks;
- e) 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;
- f) 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;
- g) Changing travel patterns and habits of private and commercial users of Transurban's toll roads;
- h) 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;
- i) Transport and environmental regulation, including the impact of carbon reduction programs, congestion taxes on urban travel, other measures to restrict motor vehicle use and government transport and urban management policies and strategies;
- j) Weather conditions, forest fires, flooding, natural phenomena, pandemics, natural disasters and acts of terrorism; and
- k) 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

Many of these factors, including the number and classes of vehicles using Transurban's toll roads are, to a large extent, outside of its control.

If Transurban's toll roads are unable to maintain or grow an adequate level of vehicle traffic, or if traffic volumes decrease or experience unexpected lower rates of growth than in previous periods, this could materially adversely affect Transurban's revenues, cash flow, financial condition and results of operations.

## 2.3 Revenue collection

Transurban collects and processes toll revenue using a variety of tolling systems and other information technology systems, and is reliant on the reliable and efficient operation and maintenance of those 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 business, cash flow, financial condition and results of operations.

The costs associated with the development of a new tolling system 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 the tolling system may result in an inability to collect tolls from users of Transurban's toll roads, which could result in a loss of toll revenue. If Transurban is unable to successfully implement or deliver these projects or systems in a timely manner, this could have a material adverse effect on its business, cash flow, financial condition and results of operations.

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. Transurban also relies in part on the assistance of governmental authorities to monitor and prevent unauthorised use of the 95 Express Lane and 495 Express Lanes in the Greater Washington Area. If these enforcement actions are not taken or are 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. However, if enforcement action is pursued too vigorously, Transurban's reputation may be adversely affected.

Agreements between Transurban and other toll road operators require that each operator pays Transurban for that operator's customers who travel on Transurban's 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.

# Business risks

## 2.4 Restrictions on toll price

Most of Transurban's 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 or annual basis by reference to inflation, measured by the quarterly consumer price index, or annual consumer price index of a specified geographic area. 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, a minority of the concession agreements may require Transurban to reduce the tolls that can be charged to users of the relevant toll road. Additionally, for some concession agreements with inflation linked tolls, tolls cannot be lowered as a result of deflation; however, an increase cannot occur until inflation offsets the previous deflation.

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.

## 2.5 Maintenance and capital expenditure projects

Transurban is required under its concession agreements to undertake information technology, 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 Transurban's control, such as the identification of material defects or material latent defects in the road infrastructure.

Under the terms of its concession agreements and the 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.

Additionally, in negotiations with the relevant governmental entity to undertake improvement projects on an existing toll road, or to develop new toll roads, Transurban may agree to vary or waive certain benefits under an existing concession agreement, including waiving rights to receive compensation where existing infrastructure is built or a material adverse event occurs. While Transurban aims to carefully consider a range of factors in any such circumstances before varying or waiving rights under a concession agreement, any such variation or waiver may restrict Transurban's rights if the relevant event occurred.

# Business risks

In connection with the Project, Transurban has agreed a number of changes to the CityLink concession deed which require successful passage through Parliament. If the agreed changes successfully pass through Parliament, certain existing protections afforded to Transurban in connection with the CityLink concession deed will be reduced, including the relaxing of legacy restrictions to allow the State to make certain improvements to the adjacent road network. These changes to the CityLink concession deed will only be implemented if they are successfully passed through Parliament. The changes, in aggregate, would restrict Transurban's right to object to, or be compensated for the changes to the adjacent road network. The CityLink concession deed will include protections which protects for material adverse changes in road transport policy (e.g. cordon toll, road user pricing).

Transurban's failure to successfully implement planned information technology, 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 or events for which Transurban's right to compensation has been waived, could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

## 2.6 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 Go Between Bridge 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.

## 2.7 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 and reputational damage. 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 ultimately to Transurban's security holders.



# Business risks

## 2.8 Relationship with government

Transurban's relationship with government entities is key to ensuring the continuity of its existing concession agreements and future opportunities for growth of its toll roads.

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.

Transurban works closely with governmental entities to plan and develop new projects and to improve and expand its existing toll roads. If Transurban is unable to work with governmental entities on such projects, Transurban may be unable to enter into new concession agreements on commercially acceptable terms and Transurban may not be able to maximise the long-term funding of its existing toll roads.

Transurban's dealings with government are subject to stringent regulations, breaches of which may result in substantial fines and other penalties, Transurban's reputation may suffer and result in limitations on its future ability to interact with governments or participate in government tender processes.

## 2.9 Competing roads and other modes of transport

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. The WGT Project Agreement does not prevent the State from building or awarding contracts to build roads or infrastructure for competing modes of transportation which may compete with the WGT, and Transurban will not be entitled to compensation if the State takes any of those actions.

## 2.10 Reliance on key contractors/counterparty risks

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 and counterparties.

# Business risks

In the event that any of these contractors or counterparties are 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.

## 2.11 Joint venture risk

Transurban holds a number of interests in its companies and affiliates jointly with joint venture partners through equity or co-operative joint ventures. While Transurban has director representation on the boards of each company and affiliate, 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 will not be able to unilaterally control all decision-making processes of a joint venture, including decisions in respect of distributions. 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. In addition, Transurban's reputation and its relationships with governments and other stakeholders could be affected if its brand is associated with a partner that has engaged in misconduct or has been negligent, either in connection with a joint venture project or a different project. 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.

## 2.12 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.

# Business risks

## 2.13 Acquisitions

The Transurban group has in the past expanded its portfolio through acquisitions or bids for new projects. In the future, in addition to developing the WGTP, Transurban may seek to acquire or develop additional toll roads, assets or businesses.

The success of any such acquisitions or developments depends on a variety of factors including the limited supply of viable road assets that meet Transurban's acquisition and development requirements and there can be no assurance that such acquisitions or developments would be available, successful or generate the anticipated project cash flows and returns, benefits, synergies and efficiencies that Transurban expects. Transurban may incur substantial costs, delays or other operational or financial problems in acquiring, integrating, developing and/or managing the additional asset or business, and any such investment may divert management's attention from the operation of Transurban's existing businesses. In particular, Transurban's ability to supplement its current portfolio of assets with new assets and to undertake additional developments on its existing assets is dependent on government policies with respect to ownership and operating models for transport and road infrastructure. Changes to government policies could adversely impact Transurban's ability to invest in new projects, develop existing assets and maintain or continue to grow its existing levels of business.

Additionally, Transurban may encounter unanticipated events, circumstances or legal liabilities in connection with the investment. Transurban may have difficulty financing or refinancing any investment and Transurban may be unable to service 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.

## 2.14 Impact of forecasts and modelling on Transurban's business and growth projects

Transurban relies on internal traffic and other forecasts and modelling expertise to assess the viability of acquisitions, the development of new projects, the improvement and expansion of existing toll roads, the timeframe in which to undertake these activities and the carrying value of its assets. In particular, Transurban has relied on internal traffic forecasts and modelling to assess the viability of the Project and the impact of the Project on CityLink. If Transurban's forecasting methodology and modelling, including the assumptions inputted into them or information from third-party sources used to derive the information, are inaccurate or do not reflect current or future market conditions, Transurban may undertake acquisitions and projects (including the Project) that do not deliver forecasted returns or earnings, may impact the profitability of existing assets, may fail to optimise the value of acquired assets and may overvalue acquisition targets and write down the carrying value of assets.

# Business risks

## 2.15 Systems, information technology and confidential information

Transurban relies on operating, maintenance, traffic management and safety technology and systems to optimise the safe and efficient operation of its toll roads. The failure of these systems, including a failure to adequately respond to a disruption event or manage an incident effectively could materially disrupt the operation of Transurban's toll roads, leading to reduced traffic volumes or closure of a road.

Transurban's ability to continue to improve revenue generation from its toll roads and provide key services to its customers depends on its capacity to develop and manage new technology systems and platforms. In some cases, Transurban partners with technology providers to develop and implement new information technology systems. Certain of Transurban's software is held under license agreements with technology providers. If Transurban fails to continue to maintain its relationships with its key technology partners or licensors of key software, its ability to operate and grow its business may be adversely affected.

Transurban's technology systems may be subjected to external cyber-attacks that could adversely affect its business and reputation. Although Transurban takes various measures to prevent or mitigate external breaches to its systems and monitor its technology networks, there is no guarantee that such measures will provide absolute security. The occurrence of any such cyber-attacks could have a material adverse effect on its business, cash flow, financial condition and results of operations.

Transurban's tolling arrangements and systems lead it to obtain personal and confidential information from its customers. The handling and retention of such information is regulated by various privacy laws. Transurban is exposed to the risk of deliberate or inadvertent release of this information and the loss or misuse of data. Although Transurban utilises systems and processes that are designed to protect data and to prevent data loss and other security breaches, no assurance can be given that such measures will provide absolute security. If such information were released, Transurban may be subject to financial penalties under privacy laws, be subject to increased regulatory scrutiny or legal action.

## 2.16 Refinancing risks and use of leverage

Transurban has existing debt financing arrangements and credit facilities from bank, debt capital markets and government sources. Transurban will need to continue accessing debt markets in the future to refinance maturing debt and to access debt for corporate purposes or in connection with the financing of new acquisition or development projects, including the Project. The use of leverage may enhance returns, but it may also substantially increase the risk of loss.

# Business risks

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 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 (including in relation to global credit markets) 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 or the lender may have rights to step in and operate the applicable asset or appoint receivers.

Transurban undertakes transactions with financial counterparties including banking, cash investments and derivatives that create an exposure to the credit worthiness of those financial counterparties. If a financial counterparty defaults on such a transaction, Transurban may suffer material financial loss.

## **2.17 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 intra-group loans. The availability of funds to service Transurban's debts is impacted by dividends, distributions, interest and repayments on intra-group loans received from Transurban's subsidiaries. Some of Transurban's subsidiaries that have entered into concession agreements have incurred debt with external financiers which is secured against the specific assets, including the relevant concession agreement, of the Transurban subsidiary. The external financiers may in certain circumstances be able to restrict 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, cash flow, financial condition and results of operations.

## **2.18 Interest rate risk**

Transurban's ability to arrange financing, and the cost of any such financing, is impacted by changes in interest rates, prevailing economic conditions and deteriorations in the bank finance market or in the national or international debt capital markets.

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

# Business risks

## 2.19 Foreign exchange risk

Transurban is exposed to foreign exchange risks due to fluctuations in foreign exchange rates. A portion of Transurban's investments is and will continue to be denominated in, or generate cash flow in, U.S. dollars, while its reporting currency is Australian dollars. As a result, certain of Transurban's income, costs and operating cash flows are exposed to foreign exchange risks arising from U.S. dollar exposures when the assets and liabilities are translated into Australian dollars. Consequently, portions of its costs and margins are affected by fluctuations in the exchange rates between these currencies.

To the extent that Transurban has unhedged investments in assets outside of Australia, movements in currency exchange rates have the potential to reduce the capital value of its investments and cash returns from investments.

## 2.20 Payment of distributions

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

## 2.21 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.

## 2.22 Key personnel

Retaining and recruiting qualified personnel is critical to Transurban's success. Transurban may face risks from the loss of key personnel and an inability to attract any new personnel required in its business. Although Transurban has implemented strategies designed to assist in the recruitment and retention of people within its business, Transurban may encounter difficulties in recruiting and retaining candidates with appropriate experience and expertise.

If any of Transurban's key employees leave their employment, this may adversely affect its ability to conduct its business. If Transurban is unable to retain and attract the services of a sufficient number of qualified personnel, this could impact its operations and development and could have a material adverse effect on its business, cash flow, financial condition and results of operations.

# Business risks

## 2.23 Risks of accidents or other incidents relating to toll roads

Transurban is subject to the risk of accidents and incidents on its toll roads and adjacent and feeder roads and sites, as well as to weather conditions, natural phenomena, natural disasters, vandalism, 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.

Transurban operates critical road infrastructure assets in and around high-density population areas in Australia and the United States that could be targeted by terrorist attacks or threatened with terrorist attacks. Terrorist attacks or threats of terrorist attacks on Transurban's toll road assets could affect traffic volumes and the collection of toll revenue and could lead to physical damage to toll roads, any of which could have a material adverse effect on Transurban's business, cash flow, financial condition and results of operations. In addition, any physical damage to Transurban's toll roads may cause loss or damage to customers or third parties who may seek to recover damages from Transurban for any such terrorist attacks.

## 2.24 Social licence to operate

Transurban relies on a level of broad public acceptance of its activities, which it refers to as its social licence to operate. Transurban's business, and toll roads generally, may generate negative public sentiment with certain stakeholder groups due to the perception that its toll roads are expensive, that there are too many toll roads or negative sentiment towards private ownership of roads. In addition, construction and improvement of new and existing toll roads often results in disruptions to local business, communities and road users over extended periods of time, which may lead to negative public sentiment and publicity for Transurban's toll roads. Negative public sentiment, any resulting community action and related publicity may result in federal and state governments declining to pursue projects involving Transurban or private toll road operators generally, declining to accept Transurban's project proposals or implementing political measures that adversely impact Transurban's ability to own and operate toll roads in the future or that adversely impact the profitability of its current toll roads. Any government measures restricting Transurban's ability to own or operate toll roads or negative community sentiment and publicity could impact its social licence to operate and adversely impact its reputation, financial condition and results of operations.

Consistent with this, there has been some negative public sentiment regarding the Project from local communities and businesses who may be affected by the Project and other stakeholders.

# Offer and general risks

## 3.1 Underwriting risk

Transurban has entered into an underwriting agreement under which three underwriters have agreed to fully underwrite the Entitlement Offer, subject to the terms and conditions of the underwriting agreement between the parties. The underwriters' obligation to underwrite the Entitlement Offer is conditional on certain customary matters, including Transurban delivering certain certificates, sign-offs and opinions to the underwriters. Further, if 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 Project. If the underwriting agreement is terminated Transurban will not be entitled to terminate the WGT Transaction Documents. In these circumstances Transurban would need to find alternative funding to meet its contractual obligations with respect to the Project. Termination of the underwriting agreement could materially adversely affect Transurban's business, cash flow, financial condition and results of operations.

The events which may trigger termination of the underwriting agreement include where:

- a) Transurban is suspended from the official list of ASX or its securities are delisted or suspended from quotation;
- b) Transurban alters its capital structure;
- c) Transurban or a material subsidiary of Transurban is or becomes insolvent;
- d) Transurban's CEO or CFO has their employment terminated for cause;
- e) Transurban contravenes its constituent documents, the Corporations Act, the ASX Listing Rules or other applicable law; or
- f) 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.

## 3.2 Renouncement risk

If you are an eligible security holder, and you do not take up or sell your entitlements under the Entitlement Offer, then your entitlements will be treated as renounced and will be sold on your behalf in the institutional or retail bookbuild (as applicable) and any proceeds of sale of your entitlements will be paid to you. However, there is no guarantee that any value will be received for your renounced entitlement through the bookbuild process.



# Offer and general risks

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. If there is a retail premium achieved on the retail bookbuild, it may be less than, more than, or equal to any premium achieved on the institutional bookbuild. Accordingly, it is possible that retail holders who do not take up their entitlements will receive less value than their institutional counterparts, or no value at all.

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.

## **3.3 Risk of selling or transferring entitlements**

If you are an eligible retail security holder and do not wish to take up your entitlements, you can sell them on ASX or transfer them to another person or entity other than on ASX during the entitlement trading period.

Prices obtainable for retail entitlements may rise and fall over the entitlement trading period and liquidity may vary. If you sell or transfer your entitlements at one stage in the retail entitlement trading period you may receive a higher or lower price than a security holder who sells or transfers their entitlements at a different stage in the retail entitlement trading period or through the retail shortfall bookbuild.

There is no guarantee that there will be a viable market during, or on any particular day in, the retail entitlement trading period, on which to sell retail entitlements on ASX. Eligible retail security holders who wish to sell their entitlements may be unable to do so at an acceptable price, or at all, if insufficient liquidity exists in the market for entitlements.

If you choose to transfer your entitlements to another person or entity other than on ASX, there is no guarantee that you will receive any value for transferred entitlements.

# Offer and general risks

You should also note that if you sell or transfer all or part of your entitlements, then your percentage security holding in Transurban will be diluted by not participating to the full extent in the Entitlement Offer.

The tax consequences from selling or transferring entitlements or from doing nothing may be different. Before selling entitlements or choosing to do nothing in respect of entitlements, you should seek independent tax advice and may wish to refer to the tax information contained in the retail information booklet which will provide further information on potential taxation implications for Australian security holders.

## 3.4 Market generally

The price of Transurban securities on the ASX may rise or fall due to numerous factors, including:

- a) Australian and international general economic conditions, including inflation rates, the level of economic activity, interest rates and currency exchange rates;
- b) tensions and acts of terrorism in Australia and around the world;
- c) investor perceptions in the local and global markets for listed stocks; and
- d) 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.

## 3.5 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 actual performance failing to meet Transurban's forecasts or 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

## 3.6 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.

## 3.7 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:

- a) where the trust is an Attribution Managed Investment Trust ("AMIT"), the trust attributes the net income to its unit holders on a fair and reasonable basis; and
- b) where the trust is not an AMIT, all income is distributed to its unit holders.

Transurban Holding Trust is qualified to make and has made the relevant election under the Australian tax law to be treated as an AMIT. This position must be assessed on a yearly basis in the future. If Transurban Holding Trust ceases to be qualified to make the relevant election to be characterised as an AMIT or ceases to reasonably attribute all of its income to unitholders in any income year, Transurban may incur tax liabilities.

Transurban Holding Trust may be liable for tax if it derives non-arm's length income. Transurban Holding Trust subsidiary trusts may be liable for tax if they derive non-arm's length income or do not designate all income to their unitholders.

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 regarding continuity of ownership and activities. 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.

# Offer and general risks

Adverse tax developments, including the factors described above, could materially increase Transurban's tax liabilities or timing of its tax payments, which could have a material adverse effect on its business, cash flow, financial condition and results of operations.

As noted above, Transurban operates through a stapled structure. Stapled structures have been a common Australian vehicle for infrastructure assets and typically involve the principal assets of the structure being held through a trust that is stapled together with a company that conducts the primary operations of the structure. The Australian Taxation Office and The Treasury of the Australian Federal Government continue to closely scrutinise the use of stapled structures where such structures are used to recharacterise trading income from operations into more favourably taxed passive income. The Treasury of the Australian Federal Government undertook a consultation on stapled groups in 2017 but no recommendations with respect to any changes to the taxation of stapled groups have been made to date. Taxation of stapled structures in Australia may change, including in ways that may adversely impact Transurban.

## 3.8 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.

Transurban's concession agreements generally 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, business, cash flow, financial condition and results of operations.

## 3.9 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.

## 3.10 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. In particular, there can be no assurance that events that result in a prolonged reduction in traffic volume or in toll revenues will be adequately covered by Transurban's insurance policies.

# Offer and general risks

The renewal of insurance will be dependent on a number of factors, such as the continued availability of coverage, the nature of risks to be covered, the extent of the proposed coverage and costs involved. The cost of Transurban's insurance policies could significantly increase as a result of claims made by it or as a result of local or global economic conditions that cause insurance to be more expensive.

Transurban is also subject to the credit risk of its insurers and their continued ability to satisfy claims made by Transurban. Certain risks and liabilities, including potential losses of a catastrophic nature, such as those arising from floods, earthquakes, terrorism or other similar catastrophic events, may be either uninsurable or not insurable on a financially reasonable basis, or may be subject to larger deductibles. Transurban may also elect to self-insure and/or carry large deductibles. In the event Transurban experiences a loss or liability to third parties in the future, the proceeds of an applicable insurance policy may not respond to cover the full actual loss incurred or related liabilities to third parties. 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 or the payment of a larger deductible.

## **3.11 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, delivery, operation, maintenance and expansion of toll roads, collection of toll revenue, 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.

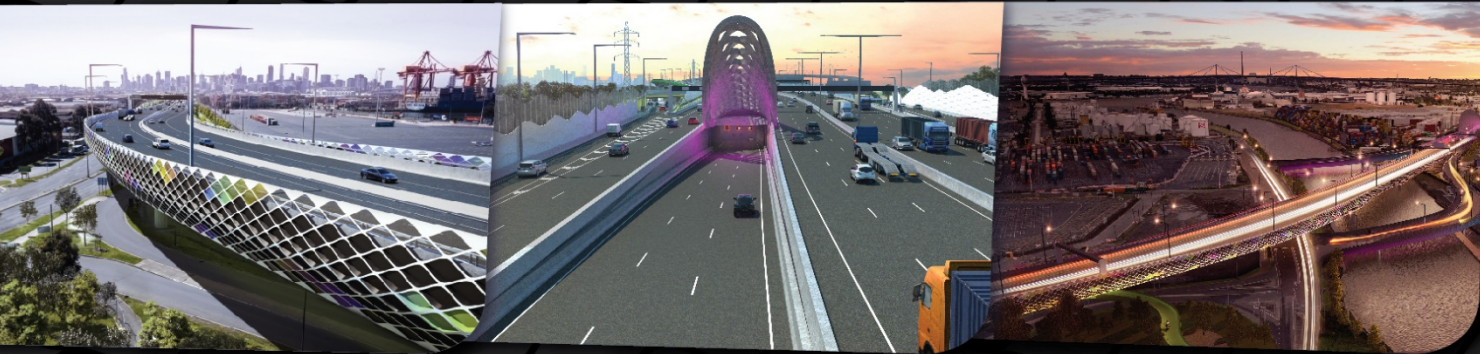
## **3.12 Environment and health and safety**

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.

# 5

## Supplementary information

### (iii) International offer restrictions



# International offer restrictions

This document does not constitute an offer of entitlements or New Securities in any jurisdiction in which it would be unlawful. In particular, this document may not be distributed to any person, and the entitlements and New Securities may not be offered or sold, in any country outside Australia except to the extent permitted below.

## UNITED STATES

This document may not be distributed or released in the United States. This document does not constitute an offer to sell, or a solicitation of an offer to buy, securities in the United States. Any securities described in this document have not been, and will not be, registered under the U.S. Securities Act or the securities laws of any state or other jurisdiction of the United States and may not be offered or sold, directly or indirectly, in the United States except in transactions exempt from, or not subject to, the registration requirements of the U.S. Securities Act and any other applicable securities laws of any state or jurisdiction of the United States.

## CANADA (BRITISH COLUMBIA, ONTARIO AND QUEBEC PROVINCES)

This document constitutes an offering of entitlements and New Securities only in the Provinces of British Columbia, Ontario and Quebec (the "Provinces") and to those persons to whom they may be lawfully distributed in the Provinces, and only by persons permitted to sell such securities. This document is not, and under no circumstances is to be construed as, an advertisement or a public offering of securities in the Provinces. This document may only be distributed in the Provinces to persons that are "accredited investors" within the meaning of NI 45-106 – *Prospectus and Registration Exemptions*, of the Canadian Securities Administrators.

No securities commission or similar authority in the Provinces has reviewed or in any way passed upon this document, the merits of the entitlements or the New Securities or the offering of such securities and any representation to the contrary is an offence.

No prospectus has been, or will be, filed in the Provinces with respect to the offering of entitlements or New Securities or the resale of such securities. Any person in the Provinces lawfully participating in the offer will not receive the information, legal rights or protections that would be afforded had a prospectus been filed and receipted by the securities regulator in the applicable Province. Furthermore, any resale of the entitlements or the New Securities in the Provinces must be made in accordance with applicable Canadian securities laws which may require resales to be made in accordance with exemptions from dealer registration and prospectus requirements.

Transurban as well as its directors and officers may be located outside Canada and, as a result, it may not be possible for purchasers to effect service of process within Canada upon Transurban or its directors or officers. All or a substantial portion of the assets of Transurban and such persons may be located outside Canada and, as a result, it may not be possible to satisfy a judgment against Transurban or such persons in Canada or to enforce a judgment obtained in Canadian courts against Transurban or such persons outside Canada.

Any financial information contained in this document has been prepared in accordance with Australian Accounting Standards and also comply with International Financial Reporting Standards and interpretations issued by the International Accounting Standards Board.

Unless stated otherwise, all dollar amounts contained in this document are in Australian dollars.

### *Statutory rights of action for damages and rescission*

Securities legislation in certain of the Provinces may provide purchasers with, in addition to any other rights they may have at law, rights of rescission or to damages, or both, when an offering memorandum that is delivered to purchasers contains a misrepresentation. These rights and remedies must be exercised within prescribed time limits and are subject to the defenses contained in applicable securities legislation. Prospective purchasers should refer to the applicable provisions of the securities legislation of their respective Province for the particulars of these rights or consult with a legal adviser.

The following is a summary of the statutory rights of rescission or to damages, or both, available to purchasers in Ontario. In Ontario, every purchaser of the entitlements or the New Securities purchased pursuant to this document (other than (a) a "Canadian financial institution" or a "Schedule III bank" (each as defined in NI 45-106), (b) the Business Development Bank of Canada or (c) a subsidiary of any person referred to in (a) or (b) above, if the person owns all the voting securities of the subsidiary, except the voting securities required by law to be owned by the directors of that subsidiary) shall have a statutory right of action for damages and/or rescission against Transurban if this document or any amendment thereto contains a misrepresentation. If a purchaser elects to exercise the right of action for rescission, the purchaser will have no right of action for damages against Transurban. This right of action for rescission or damages is in addition to and without derogation from any other right the purchaser may have at law. In particular, Section 130.1 of the *Securities Act* (Ontario) provides that, if this document contains a misrepresentation, a purchaser who purchases the entitlements and the New Securities during the period of distribution shall be deemed to have relied on the misrepresentation if it was a misrepresentation at the time of purchase and has a right of action for damages or, alternatively, may elect to exercise a right of rescission against Transurban, provided that (a) Transurban will not be liable if it proves that the purchaser purchased such securities with knowledge of the misrepresentation; (b) in an action for damages, Transurban is not liable for all or any portion of the damages that Transurban proves does not represent the depreciation in value of such securities as a result of the misrepresentation relied upon; and (c) in no case shall the amount recoverable exceed the price at which such securities were offered.

# International offer restrictions

Section 138 of the *Securities Act* (Ontario) provides that no action shall be commenced to enforce these rights more than (a) in the case of any action for rescission, 180 days after the date of the transaction that gave rise to the cause of action; or (b) in the case of any action, other than an action for rescission, the earlier of (i) 180 days after the purchaser first had knowledge of the fact giving rise to the cause of action or (ii) three years after the date of the transaction that gave rise to the cause of action. These rights are in addition to and not in derogation from any other right the purchaser may have.

*Certain Canadian income tax considerations.* Prospective purchasers of the entitlements and the New Securities should consult their own tax adviser with respect to any taxes payable in connection with the acquisition, holding or disposition of such securities as any discussion of taxation related matters in this document is not a comprehensive description and there are a number of substantive Canadian tax compliance requirements for investors in the Provinces.

*Language of documents in Canada.* Upon receipt of this document, each investor in Canada hereby confirms that it has expressly requested that all documents evidencing or relating in any way to the sale of the New Securities (including for greater certainty any purchase confirmation or any notice) be drawn up in the English language only. *Par la réception de ce document, chaque investisseur canadien confirme par les présentes qu'il a expressément exigé que tous les documents faisant foi ou se rapportant de quelque manière que ce soit à la vente des valeurs mobilières décrites aux présentes (incluant, pour plus de certitude, toute confirmation d'achat ou tout avis) soient rédigés en anglais seulement.*

## EUROPEAN ECONOMIC AREA – BELGIUM, DENMARK, GERMANY, LIECHTENSTEIN, LUXEMBOURG AND NETHERLANDS

This document has been prepared on the basis that all offers of entitlements and New Securities will be made pursuant to an exemption under the Directive 2003/71/EC ("Prospectus Directive"), as amended and implemented in Member States of the European Economic Area (each, a "Relevant Member State"), from the requirement to publish a prospectus for offers of securities.

An offer to the public of entitlements and New Securities has not been made, and may not be made, in a Relevant Member State except pursuant to one of the following exemptions under the Prospectus Directive as implemented in the Relevant Member State:

- to any legal entity that is authorized or regulated to operate in the financial markets or whose main business is to invest in financial instruments;
- to any legal entity that satisfies two of the following three criteria: (i) balance sheet total of at least €20,000,000; (ii) annual net turnover of at least €40,000,000 and (iii) own funds of at least €2,000,000 (as shown on its last annual unconsolidated or consolidated financial statements);
- to any person or entity who has requested to be treated as a professional client in accordance with the EU Markets in Financial Instruments Directive (Directive 2004/39/EC, "MiFID"); or
- to any person or entity who is recognised as an eligible counterparty in accordance with Article 24 of the MiFID.

## FRANCE

This document is not being distributed in the context of a public offering of financial securities (*offre au public de titres financiers*) in France within the meaning of Article L.411-1 of the French Monetary and Financial Code (*Code monétaire et financier*) and Articles 211-1 et seq. of the General Regulation of the French *Autorité des marchés financiers* ("AMF"). The entitlements and the New Securities have not been offered or sold and will not be offered or sold, directly or indirectly, to the public in France.

This document and any other offering material relating to the entitlements and the New Securities have not been, and will not be, submitted to the AMF for approval in France and, accordingly, may not be distributed (directly or indirectly) to the public in France. Such offers, sales and distributions have been and shall only be made in France to qualified investors (*investisseurs qualifiés*) acting for their own account, as defined in and in accordance with Articles L.411-2-II-2, D.411-1, L.533-16, L.533-20, D.533-11, D.533-13, D.744-1, D.754-1 and D.764-1 of the French Monetary and Financial Code and any implementing regulation.

Pursuant to Article 211-3 of the General Regulation of the AMF, investors in France are informed that the entitlements and the New Securities cannot be distributed (directly or indirectly) to the public by the investors otherwise than in accordance with Articles L.411-1, L.411-2, L.412-1 and L.621-8 to L.621-8-3 of the French Monetary and Financial Code.



# International offer restrictions

## HONG KONG

**WARNING:** This document has not been, and will not be, registered as a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong, nor has it been authorised by the Securities and Futures Commission in Hong Kong pursuant to the Securities and Futures Ordinance (Cap. 571) of the Laws of Hong Kong (the "SFO"). No action has been taken in Hong Kong to authorise or register this document or to permit the distribution of this document or any documents issued in connection with it. Accordingly, the entitlements and the New Securities have not been and will not be offered or sold in Hong Kong other than to "professional investors" (as defined in the SFO and any rules made under that ordinance).

No advertisement, invitation or document relating to the entitlements and the New Securities has been or will be issued, or has been or will be in the possession of any person for the purpose of issue, in Hong Kong or elsewhere that is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to entitlements and the New Securities that are or are intended to be disposed of only to persons outside Hong Kong or only to professional investors. No person allotted entitlements or 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.

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

## IRELAND

The information in this document does not constitute a prospectus under any Irish laws or regulations and this document has not been filed with or approved by any Irish regulatory authority as the information has not been prepared in the context of a public offering of securities in Ireland within the meaning of the Irish Prospectus (Directive 2003/71/EC) Regulations 2005, as amended (the "Prospectus Regulations"). The entitlements and the New Securities have not been offered or sold, and will not be offered, sold or delivered directly or indirectly in Ireland by way of a public offering, except to "qualified investors" as defined in Regulation 2(l) of the Prospectus Regulations.

## ITALY

The offering of the entitlements and the New Securities in the Republic of Italy has not been authorized by the Italian Securities and Exchange Commission (*Commissione Nazionale per le Società e la Borsa*, "CONSOB") pursuant to the Italian securities legislation and, accordingly, no offering material relating to these securities may be distributed in Italy and these securities may not be offered or sold in Italy in a public offer within the meaning of Article 1.1(t) of Legislative Decree No. 58 of 24 February 1998, as amended ("Decree No. 58"), other than:

- to qualified investors ("Qualified Investors"), as defined in Article 100 of Decree No. 58 by reference to Article 34-ter of CONSOB Regulation no. 11971 of 14 May 1999, as amended ("Regulation No. 11971"); and
- in other circumstances that are exempt from the rules on public offer pursuant to Article 100 of Decree No. 58 and Article 34-ter of Regulation No. 11971.

Any offer, sale or delivery of the entitlements or the New Securities or distribution of any offer document relating to these securities in Italy (excluding placements where a Qualified Investor solicits an offer from the issuer) under the paragraphs above must be:

- made by investment firms, banks or financial intermediaries permitted to conduct such activities in Italy in accordance with Legislative Decree No. 385 of 1 September 1993 (as amended), Decree No. 58, CONSOB Regulation No. 16190 of 29 October 2007 (as amended) and any other applicable laws; and
- in compliance with all relevant Italian securities, tax and exchange controls and any other applicable laws.

Any subsequent distribution of the entitlements and the New Securities in Italy must be made in compliance with the public offer and prospectus requirement rules provided under Decree No. 58 and the Regulation No. 11971, unless an exception from those rules applies. Failure to comply with such rules may result in the sale of such securities being declared null and void and in the liability of the entity transferring the securities for any damages suffered by the investors.

# International offer restrictions

## KOREA

Transurban is not making any representation with respect to the eligibility of any recipients of this document to acquire the entitlements or the New Securities under the laws of Korea, including, without limitation, the Foreign Exchange Transaction Act and regulations thereunder. These securities have not been, and will not be, registered under the Financial Investment Services and Capital Markets Act of Korea ("FSCMA") and therefore may not be offered or sold (directly or indirectly) in Korea or to any resident of Korea or to any persons for re-offering or resale in Korea or to any resident of Korea (as defined under the Foreign Exchange Transaction Act of Korea and its enforcement decree), except as permitted under the applicable laws and regulations of Korea.

Accordingly, the entitlements and the New Securities may not be offered or sold in Korea other than to "accredited investors" (as defined in the FSCMA).

## NEW ZEALAND

This document has not been registered, filed with or approved by any New Zealand regulatory authority under the Financial Markets Conduct Act 2013 (the "FMC Act").

The entitlements and the New Securities in the entitlement offer are not being offered to the public within New Zealand other than to existing shareholders of Transurban with registered addresses in New Zealand to whom the offer of these securities is being made in reliance on the FMC Act and the Financial Markets Conduct (Incidental Offers) Exemption Notice 2016.

Other than in the entitlement offer, the New Securities may only be offered or sold in New Zealand (or allotted with a view to being offered for sale in New Zealand) to a person who:

- is an investment business within the meaning of clause 37 of Schedule 1 of the FMC Act;
- meets the investment activity criteria specified in clause 38 of Schedule 1 of the FMC Act;
- is large within the meaning of clause 39 of Schedule 1 of the FMC Act;
- is a government agency within the meaning of clause 40 of Schedule 1 of the FMC Act; or
- is an eligible investor within the meaning of clause 41 of Schedule 1 of the FMC Act.

## NORWAY

This document has not been approved by, or registered with, any Norwegian securities regulator under the Norwegian Securities Trading Act of 29 June 2007. Accordingly, this document shall not be deemed to constitute an offer to the public in Norway within the meaning of the Norwegian Securities Trading Act of 2007.

The entitlements and the New Securities may not be offered or sold, directly or indirectly, in Norway except to "professional clients" (as defined in Norwegian Securities Regulation of 29 June 2007 no. 876 and including non-professional clients having met the criteria for being deemed to be professional and for which an investment firm has waived the protection as non-professional in accordance with the procedures in this regulation).

## SINGAPORE

This document and any other materials relating to the entitlements and the New Securities have not been, and will not be, lodged or registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this document and any other document or materials in connection with the offer or sale, or invitation for subscription or purchase, of entitlements and New Securities, may not be issued, circulated or distributed, nor may the entitlements and New Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore except pursuant to and in accordance with exemptions in Subdivision (4) Division 1, Part XIII of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"), or as otherwise pursuant to, and in accordance with the conditions of any other applicable provisions of the SFA.

# International offer restrictions

This document has been given to you on the basis that you are (i) an existing holder of Transurban's shares, (ii) an "institutional investor" (as defined in the SFA) or (iii) a "relevant person" (as defined in section 275(2) of the SFA). In the event that you are not an investor falling within any of the categories set out above, please return this document immediately. You may not forward or circulate this document to any other person in Singapore.

Any offer is not made to you with a view to the entitlements or the New Securities being subsequently offered for sale to any other party. There are on-sale restrictions in Singapore that may be applicable to investors who acquire entitlements or New Securities. As such, investors are advised to acquaint themselves with the SFA provisions relating to resale restrictions in Singapore and comply accordingly.

## SWEDEN

This document has not been, and will not be, registered with or approved by Finansinspektionen (the Swedish Financial Supervisory Authority). Accordingly, this document may not be made available, nor may the entitlements or the New Securities be offered for sale in Sweden, other than under circumstances that are deemed not to require a prospectus under the Swedish Financial Instruments Trading Act (1991:980) (*Sw. lag (1991:980) om handel med finansiella instrument*). Any offering of entitlements or New Securities in Sweden is limited to persons who are "qualified investors" (as defined in the Financial Instruments Trading Act). Only such investors may receive this document and they may not distribute it or the information contained in it to any other person.

## SWITZERLAND

The entitlements and the New Securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange or on any other stock exchange or regulated trading facility in Switzerland. This document has 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 the listing rules of any stock exchange or regulated trading facility in Switzerland. Neither this document nor any other offering or marketing material relating to the entitlements or the New Securities may be publicly distributed or otherwise made publicly available in Switzerland.

The entitlements and the New Securities will only be offered to regulated financial intermediaries such as banks, securities dealers, insurance institutions and fund management companies as well as institutional investors with professional treasury operations. This document is personal to the recipient and not for general circulation in Switzerland.

Neither this document nor any other offering or marketing material relating to the New Securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of entitlements and New Securities will not be supervised by, the Swiss Financial Market Supervisory Authority.

## UNITED ARAB EMIRATES

Neither this document nor any securities relating to it have been approved, disapproved or passed on in any way by the Emirates Securities and Commodities Authority ("ESCA") or any other governmental authority in the United Arab Emirates. Transurban has not received authorisation or licensing from the ESCA or any other governmental authority in the United Arab Emirates to market or sell the entitlements or the New Securities within the United Arab Emirates. This document does not constitute, and may not be used for the purpose of, an offer of securities in the United Arab Emirates (excluding the Dubai International Financial Centre). No services relating to the entitlements or the New Securities, including the receipt of applications, may be rendered within the United Arab Emirates (excluding the Dubai International Financial Centre).

In the Dubai International Financial Centre, the entitlements and the New Securities may be offered, and this document may be distributed, only as an "Exempt Offer", as defined and in compliance with the Markets Rules issued by the Dubai Financial Services Authority (the "DFSA"). The DFSA has not approved this document nor taken steps to verify the information set out in it, and has no responsibility for it.

## UNITED KINGDOM

Neither this document nor any other document relating to the offer has been delivered for approval to the Financial Conduct Authority in the United Kingdom and no prospectus (within the meaning of section 85 of the Financial Services and Markets Act 2000, as amended ("FSMA")) has been published or is intended to be published in respect of the entitlements or the New Securities.

This document is issued on a confidential basis to "qualified investors" (within the meaning of section 86(7) of the FSMA) in the United Kingdom, and these 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 the FSMA. This 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.

# International offer restrictions

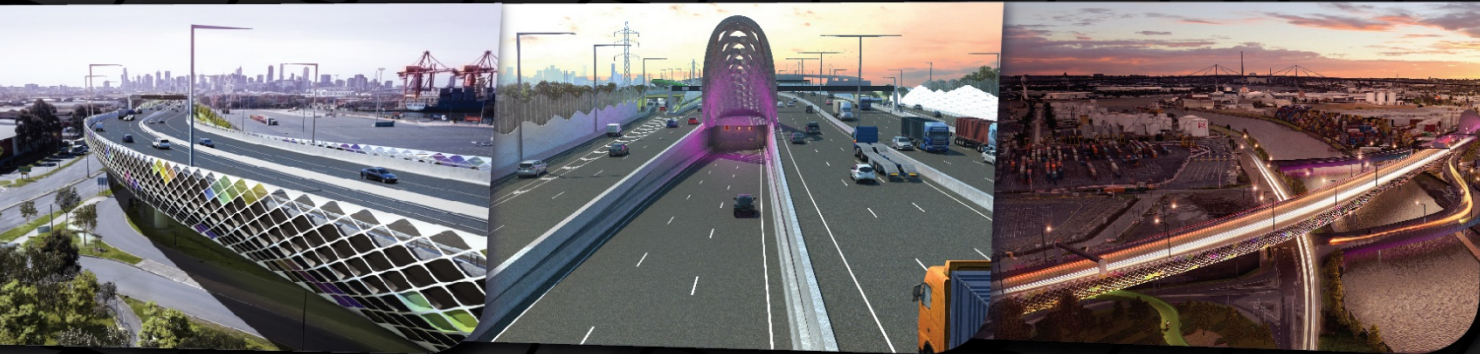
Any invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received in connection with the issue or sale of the entitlements or the New Securities has only been communicated or caused to be communicated and will only be communicated or caused to be communicated in the United Kingdom in circumstances in which section 21(1) of the FSMA does not apply to Transurban.

In the United Kingdom, this document is being distributed only to, and is directed at, persons (i) who have professional experience in matters relating to investments falling within Article 19(5) (investment professionals) of the Financial Services and Markets Act 2000 (Financial Promotions) Order 2005 ("FPO"), (ii) who fall within the categories of persons referred to in Article 49(2)(a) to (d) (high net worth companies, unincorporated associations, etc.) of the FPO or (iii) to whom it may otherwise be lawfully communicated (together "relevant persons"). The investments to which this document relates are available only to, and any offer or agreement to purchase will be engaged in only with, relevant persons. Any person who is not a relevant person should not act or rely on this document or any of its contents.

# 5

## Supplementary information

### (iv) Glossary



# Glossary

Term	Definition
1H/2H	First or second half of a financial year
AEDT	Australian Eastern Daylight Time
ASX	Australian Securities Exchange
ATO	Australian Tax Office
CAGR	Compound Annual Growth Rate
CBD	Central Business District
CPI	Consumer Price Index. Refers to Australian CPI unless otherwise stated
CPS	Cents per security
CTW	CityLink Tulla Widening
D&C	Design and Construct
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
EES	Environmental Effects Statement
FFO	Funds From Operations
FREE CASH/FCF	Free cash is calculated as statutory cash flows from operating activities from 100% owned subsidiaries plus distributions and interest received from non-100% owned subsidiaries, adjusted to include the allowance for maintenance of intangible assets and excludes cash payments for maintenance of intangible assets
FY	Financial year 1 July to 30 June
GWA	Greater Washington Area meaning northern Virginia, Washington D.C., areas of Maryland and the surrounding metropolitan area
HCV	Heavy Commercial Vehicle
HPFV	High Productivity Freight Vehicle. In Victoria, a High Productivity Freight Vehicle (HPFV) is a heavy vehicle combination that is equal to or greater than 26 metres and/or has a GCM in excess of 68.5 tonne
LCV	Light Commercial Vehicle
M2	Hills M2

Term	Definition
M5	M5 South West Motorway
M7	Westlink M7
MFU	Monash Freeway Upgrade
NEW SECURITIES	Transurban securities issued pursuant to the Offer
OTHER REVENUE	Other revenue includes interoperability charges, development and construction performance fees
PAITREO	Pro rata accelerated renounceable entitlement offer
PPP	Public Private Partnership
PROP/ PROPORTIONAL RESULTS	The proportional results are the aggregation of the results from each asset multiplied by Transurban's percentage ownership as well as the contribution from central Group functions. Proportional EBITDA is one of the primary measures used to assess the operating performance of Transurban, with an aim to maintain a focus on operating results and associated cash generation. The EBITDA calculation from the statutory accounts does not include the EBITDA contribution of the M5 or M7 and includes the non-controlling interests in Transurban Queensland and the Eastern Distributor.
SICR	Senior Interest Cover Ratio
STATE	The Victorian State Government
TBC	To be confirmed
TERP	Theoretical Ex-Rights Price
TEU	Twenty-foot Equivalent Unit
TRANSURBAN/TCL /TU	Transurban Group, comprising Transurban Holdings Limited (ABN 86 098 143 429), Transurban International Limited (ABN 90 121 746 825) and Transurban Infrastructure Management Limited (ABN 27 098 147 678; AFSL 246585) as the responsible entity of Transurban Holding Trust (ARSN 098 807 419) and, where the context requires, Transurban and all controlled entities.
WGB	West Gate Bridge
WGF	West Gate Freeway
WGT	West Gate Tunnel
WGTP or the Project	West Gate Tunnel Project