

11 November 2013

TRANSURBAN ANNOUNCES ACQUISITION OF CROSS CITY TUNNEL DEBT

Transurban Group (ASX: TCL) announces that it has reached agreement with The Royal Bank of Scotland plc, Australian Branch and The Royal Bank of Scotland N.V., Australian Branch (together **RBS**) to acquire all of RBS' senior secured debt exposure to the Cross City Tunnel (**CCT**) in Sydney for \$475 million, subject to regulatory approvals and final asset inspections.

In addition, in the event of material CCT traffic outperformance relative to Transurban's base case assumptions and if certain other conditions are satisfied, a further payment will be made to RBS over four years of up to \$27.5 million (year four nominal dollars).

The 2.1 kilometre CCT links Darling Harbour on the Western fringe of the Sydney CBD to Rushcutters Bay in the Eastern Suburbs. It also includes connections to the Eastern Distributor, in which Transurban holds a 75.1 per cent interest.

RBS is the CCT's sole senior secured creditor. In September 2013 receivers were appointed to oversee the CCT holding and operating entities and commence a sale process for the asset.

Transurban and RBS have agreed during this transitional process to instruct the receivers to continue with the sale process for the asset. Transurban intends to participate in the sale process. The outcome of that process will determine Transurban's future ownership interest, if any, in the asset, again subject to regulatory approvals.

If the conditions precedent to the debt acquisition are satisfied, Transurban will utilise corporate debt facilities to fund the debt acquisition. The transaction to acquire the debt would be expected to complete by the end of the 2013 calendar year, with conclusion of the asset sale process anticipated in early 2014.

Transurban's FY14 distribution guidance of 34 cents per security would be unchanged by the transaction to acquire the debt. Transurban anticipates that if it is successful in acquiring the asset this would be distribution accretive from the date of the acquisition.

Transurban CEO Scott Charlton said: "The acquisition of the senior debt in the CCT will allow us to work with the receivers to examine restructuring options for the asset and ultimately, if successful in the sale process, put the asset onto a sustainable footing".

"The CCT is reported to have cost its original owners \$1 billion to finance and construct. As the CCT's sole secured creditor, we would be well positioned to unlock value for Transurban security holders from the asset and participate in the process to acquire the asset".

"As asset owners on the Sydney orbital network we are focused on enhancing services to our customers and working with the RMS to improve the network more broadly".

Classification **Public**

Transurban Group

Transurban International Limited
ABN 90 121 746 825

Transurban Holdings Limited
ABN 86 098 143 429

Transurban Holding Trust
ABN 30 169 362 255
ARSN 098 807 419

corporate@transurban.com
www.transurban.com

Level 3
505 Little Collins Street
Melbourne VIC 3000
Australia
Telephone +613 8656 8900
Facsimile +613 9649 7380

Level 5
50 Pitt Street
Sydney NSW 2000
Australia
Telephone +612 9254 4900
Facsimile +612 9254 4990

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Additional facts:

- The CCT concession term expires on 19 December 2035.
- The motorway commenced operations on 28 August 2005.
- The CCT is a dual lane, two tunnel toll road. In addition to the two core east-west tunnels, there is a tunnel connecting from the east to Sir John Young Crescent and the Cahill Expressway, a tunnel connecting from the west to the Eastern Distributor and entry to the CCT westbound from the Eastern Distributor.
- AADT (1 January – 30 June 2013) 35,846.
- Main tunnel toll pricing: cars \$4.95; trucks \$9.89.
- Sir John Young Crescent toll pricing: cars \$2.33; trucks \$4.67.
- Toll price escalation: 4 per cent pa to December 2011; 3 per cent pa to December 2017; CPI to concession end.



Amanda Street
Company Secretary

Investor enquiries
Henry Byrne
General Manager, Communications, Media and Investor Relations
+61 438 564 245

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