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12 December 2017

TRANSURBAN ANNOUNCES CONTRACTUAL CLOSE ON THE WEST GATE TUNNEL PROJECT, \$1.9 BILLION EQUITY RAISING AND FINANCIAL CLOSE OF \$550 MILLION TRANCHE OF SYNDICATED DEBT FACILITY

Transaction overview

- Transurban to raise \$1.9 billion through a fully underwritten renounceable entitlement offer with retail rights trading (Entitlement Offer)
- The proceeds raised will be used to contribute to funding Transurban's share (\$4.0 billion) of the West Gate Tunnel Project¹ (WGTP or the Project) and for general corporate purposes
- Transurban has achieved contractual close² with the Victorian State Government (the State) to build, toll and operate the WGTP until 2045
- WGTP construction phase commenced 12 December 2017 and is due to complete in 2022
- WGTP is a significant transport infrastructure project to relieve congestion in Melbourne, reduce reliance on the West Gate Bridge, 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, inclusive of the recently announced interim distribution of 28.0 cps for the six months ending 31 December 2017
- New Transurban Staped Securities (New Securities) will not be entitled to the 1H18 distribution of 28.0 cps

"Works on the West Gate Tunnel are now in construction phase, with CPB Contractors and John Holland moving to the tunnel's northern portal site compound today and the first tunnel boring machine to be ordered in the coming weeks," said Transurban CEO Scott Charlton.

"West Gate Tunnel will help address congestion along Melbourne's critical M1 corridor and provide an iconic addition to the city's transport network, when it opens to motorists in less than five years' time.

Congestion costs Melbourne around \$5 billion a year and it is only by investing in infrastructure, both roads and public transport, that we can give people first-class choices about how they can efficiently move around their city.

This project will take around 28,000 vehicles off the West Gate Bridge and 22,000 off the Bolte Bridge³, as well as taking more than 9,000 trucks off local streets every day.

FY18 distribution guidance has been maintained, supported by stronger performance by the business."

Overview of the Project

Transurban will partner with the State to deliver the main components of the Project:

- West Gate Freeway upgrade and widening between the M80 Ring Road interchange and Williamstown Road, widening the freeway from four to six lanes in each direction
- Twin tunnels under Yarraville catering for three lanes of traffic in each direction, comprising 4km westbound and 2.8km eastbound tunnels. The tunnels connect the West Gate Freeway to the Port of Melbourne precinct
- A new bridge over the Maribyrnong River with direct access to the Port of Melbourne and twin elevated road structures along Footscray Road with connections to CityLink and the Western edge of the city
- Over 14km of new and upgraded walking and cycling paths

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.

³ Traffic volumes are based on all vehicles over a 24 hour period assuming the West Gate Tunnels are operational in 2031, and are reflected in the State's Environmental Effects Statement report available at <http://westgatetunnelproject.vic.gov.au/eesdocuments>.

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As part of an integrated transport solution, Transurban is also delivering the Monash Freeway Upgrade and Webb Dock Access improvements within the funding framework.

Once completed in 2022, the Project is expected to result in⁴:

- Network improvements from Pakenham to Geelong
- 70km of new traffic lanes
- Improved safety and reliability
- Expanded incident response along the M1 corridor
- Over 9,000 trucks off local roads each day and up to 20 minutes⁵ in travel time savings
- \$11 billion in economic benefits for the State of Victoria
- 12-13 minutes of travel time savings for freight vehicles from Princes Freeway to Appleton Dock
- Benefits for Melbourne's broader transport network
- Creation of 6,000 jobs

26 months of community engagement to date has led to enhancements which include a longer tunnel with entry and exit points within the freeway corridor and further from existing homes, stricter noise standards, and new cycling and walking connections and open spaces.

Community benefits from CityLink concession changes⁶ will include:

- Greater Government flexibility to pursue future infrastructure projects
- Improvements to the handling of toll fines, including more time and additional contact with customers to help prevent entry into the infringement process
- New best practice operating KPIs for customer service, incident response and maintenance across WGTP and CityLink

Transurban funding sources

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 financing, delivery and operation of the WGTP, Transurban will use the following funding sources:

WGTP funding sources

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

- Toll escalation regime will be 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 West Gate Freeway 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
- 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

CityLink funding sources

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

⁴ As reflected in the State's report available at <http://westgatetunnelproject.vic.gov.au/eesdocuments>.

⁵ Travel-time savings from the Princes Freeway to Melbourne CBD in 2031.

⁶ 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.

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- Toll revenue from the fixed toll escalation of 4.25% p.a. from 1 July 2019 to 30 June 2029, consistent with WGTP, thereafter toll escalation at CPI
- Introduction of a new HPFV truck toll class (large truck and trailer combinations) from the opening of WGTP
- Amendments are required to the existing CityLink concession in order to implement the CityLink value 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

Equity raising

Funds raised from the Entitlement Offer will be used to fund Transurban's equity contributions to the construction of the Project and for general corporate purposes.

Total project costs include WGTP D&C and associated costs of approximately \$5.5 billion⁷. Transurban will contribute \$4.0 billion over the construction period and the State will fund the remainder.

Transurban contribution of \$4.0 billion to WGTP will be sourced wholly at the corporate level through a combination of:

- Proceeds from the fully underwritten pro rata accelerated renounceable entitlement offer
- Proceeds from the \$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
- Additional funding from a range of markets as required

The Entitlement Offer will consist of a fully underwritten, pro rata accelerated renounceable 3 for 37 entitlement offer with retail entitlements trading (PAITREO) to eligible security holders at an offer price of \$11.40 (Offer Price) per New Security to raise gross proceeds of approximately \$1.9 billion.

The Offer Price represents a 5.0 per cent discount to the distribution adjusted closing price of \$12.00 on 11 December 2017, and a 4.6 per cent discount to the distribution adjusted theoretical ex-rights price per security of \$11.96.

\$550 million syndicated facility

Transurban announces that Transurban Finance Company Pty Ltd, the Group's finance vehicle, has successfully closed a new \$550 million tranche to its existing \$1.1 billion syndicated bank debt facility, increasing the total facility limit to \$1.65 billion. The new \$550 million tranche has a tenor of 5 years.

Distribution guidance

The Board has reaffirmed⁸ distribution guidance of 56.0 cps for FY18. This remains unchanged as a result of the contractual close on the Project and the Entitlement Offer.

The Board has previously announced a distribution totaling 28.0 cps for 1H18. This consists of a 25.5 cps distribution from Transurban Holding Trust and 2.5 cps fully franked dividend from Transurban Holdings Limited. New Securities issued under the Entitlement Offer will not be entitled to the distribution for 1H18, although they will be entitled to distributions for any future periods, including for 2H18.

The extent to which distributions paid in FY18 are tax deferred will be confirmed in Tax Statements to be issued with the final distribution in August 2018.

Further information regarding distribution guidance is provided in the investor presentation released by Transurban to the ASX today.

⁷ Additionally the State will undertake land acquisition, rail stabling works and other associated activities.

⁸ Guidance is based on assumptions relating to traffic volumes, toll revenue, maintenance and other such items. Please refer to the investor presentation for further details.

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Distribution Reinvestment Plan

The Distribution Reinvestment Plan (DRP) will operate for the 1H18 distribution. No discount will be applied when determining the price at which stapled securities will be issued under the DRP for this distribution.

The Directors have determined that the DRP pricing period in relation to this distribution will be the period of 10 trading days, commencing on 5 January 2018.

The key dates for the distribution and the DRP are:

- Securities trade "ex distribution" - 28 December 2017
- Record Date - 29 December 2017
- Last date for Elections under DRP - 2 January 2018
- Payment Date - 16 February 2018

As the New Securities issued under the Entitlement Offer will not be entitled to receive the 1H18 distribution, those New Securities will not be eligible to participate in the 1H18 DRP.

The issuance of new securities under the DRP will apply to the 1H18 distribution but will be suspended thereafter.

Overview of the Entitlement Offer

The Entitlement Offer comprises:

- **An Institutional Entitlement Offer:** Eligible institutional security holders will be invited to purchase a pro rata number of New Securities. The Institutional Entitlement Offer will open on 12 December 2017 and close at 11.00am (AEDT) on 13 December 2017. Institutional entitlements not exercised, along with entitlements of ineligible institutional security holders, will be sold under an institutional shortfall bookbuild and any proceeds in excess of the Offer Price (net of any withholding tax) will be paid to the relevant security holders.
- **A Retail Entitlement Offer:** Eligible retail security holders in Australia and New Zealand will be invited to purchase a pro rata number of New Securities. Eligible retail security holders who wish to apply to participate in the Retail Entitlement Offer must do so by 5.00pm (AEDT) on 24 January 2018. If eligible retail security holders apply to participate by 5.00pm (AEDT) on 20 December 2017, they will be allotted New Securities at the same time as investors under the Institutional Entitlement Offer. Eligible retail security holders may also sell their entitlements on the ASX, with trading to commence on 15 December 2017 (on a deferred settlement basis), on 20 December 2017 (on a normal settlement basis), and conclude on 17 January 2018. Entitlements not taken up, along with entitlements of ineligible retail security holders, will be sold under a retail shortfall bookbuild and any proceeds in excess of the Offer Price (net of any withholding tax) will be paid to the relevant security holders.

Each New Security will rank equally with existing stapled securities from the date of allotment, including in respect of distributions, however, the New Securities will not be entitled to the 1H18 distribution.

A Retail Information Booklet containing information in respect of the Retail Entitlement Offer will be sent to eligible retail security holders in Australia and New Zealand on 19 December 2017 and will be made available at www.transurban.com/offer. The contents of Transurban's website do not form part of the offer documents for the Entitlement Offer.

Eligible retail security holders should read the Retail Information Booklet in full in deciding whether to subscribe for New Securities or sell their entitlements.

Any eligible retail security holder who wishes to acquire New Securities under the Retail Entitlement Offer will need to complete, or otherwise apply in accordance with, the personalised entitlement and acceptance form that will accompany the Retail Information Booklet.

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If you are an eligible retail security holder in Australia or New Zealand and you do not receive a copy of the Retail Information Booklet or you have any questions regarding the Entitlement Offer, please contact the Transurban Security Holder Information Line on:

- 1300 360 146 (from within Australia); or
- +61 3 9415 4315 (from outside Australia),

between 8.30am to 5.30pm (AEDT) Monday to Friday.

Indicative timetable

DATES AND TIMES ARE SUBJECT TO CHANGE WITHOUT NOTICE	
Announcement of trading halt, contractual close and Entitlement Offer, 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 and personalised Entitlement and Acceptance Forms	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 "TCLNB")	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 trading on ASX ends	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 and Retail Shortfall Bookbuild	2 February 2018
New Securities under the Final Allotment commence trading on ASX on normal settlement basis	5 February 2018



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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 advisors, affiliates, related bodies corporate, directors, officers, partners, employees and agents 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.

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