

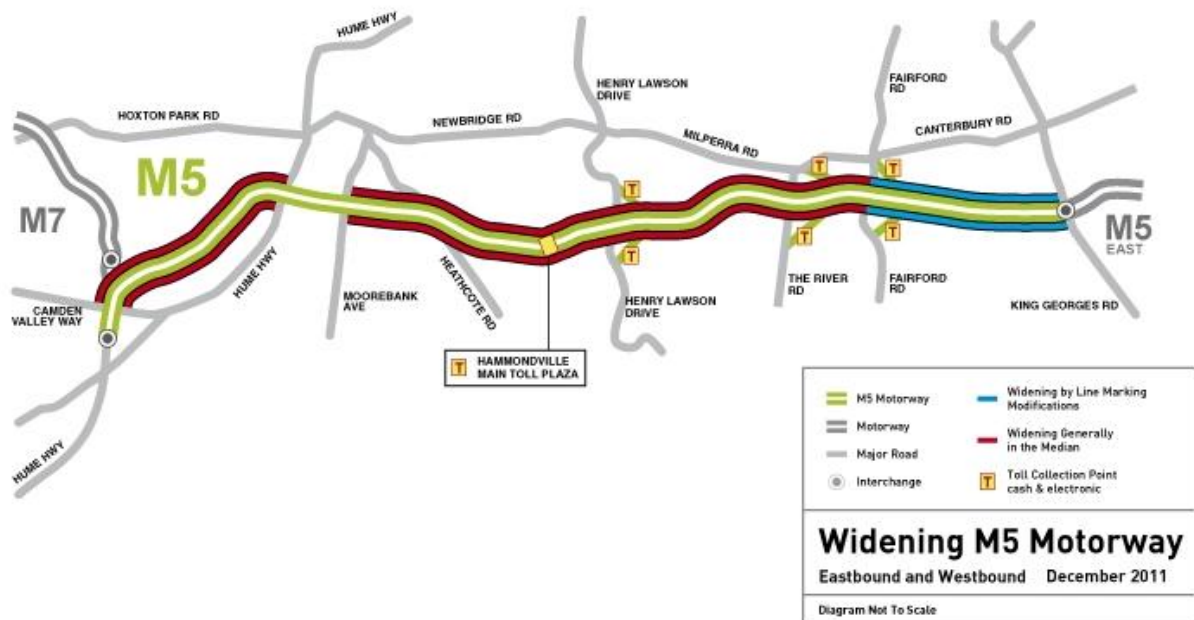
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26 June 2012

Financial close on M5 Widening Project

Transurban announces that Interlink Roads Pty Limited (**Interlink**) has reached financial close on the M5 West Widening Project. Transurban is a 50% shareholder in Interlink.

The \$400 million project, of which the NSW Government will fund approximately \$50 million directly, will add an extra lane in each direction over the 21 kilometres of the M5 South West Motorway from Camden Valley Highway at the western end through to King Georges Road in the east.



The business case for the M5 West Widening is based on three main value drivers:

- Concession extension: 3.3 year concession extension (ending December 2026);
- Traffic uplift: project forecasted to deliver a 4.4% traffic uplift over the no-project case by 2017;
- Truck toll multiplier: trucks will move to paying 3x the car toll.

All project documents have been executed with the NSW Government, financiers and the principal contractor, Abigroup Limited.

Preliminary work will begin in July 2012 with construction expected to be completed in late 2014.

All project financing has been raised with new non-recourse debt of \$210 million raised for the construction in addition to the refinancing of \$525 million of existing debt facilities. This debt package has been closed on market competitive rates.

Classification

Public

Transurban Group

Transurban International Limited
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Transurban Holdings Limited
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Interlink shareholders (including Transurban) have provided \$140 million via a shareholder subordinated loan facility. Transurban has funded its \$70 million contribution from existing corporate facilities, provided for by prior capital raisings.

As part of the agreement there are two new risk sharing components:

- Cashback: Should the NSW Government remove Cashback, Interlink is entitled to compensation on traffic attributable to the upgrade on a pre-agreed basis; and
- M5 East: Should the M5 East Tunnel be widened or duplicated, Interlink would be required to share additional revenues above a threshold level.

Transurban CEO, Chris Lynch, said of the announcement: "This is a great outcome for commuters and businesses in the south west of Sydney. It is a critical improvement to a corridor servicing some of Australia's most vital infrastructure - Sydney Airport, Port Botany and growing industrial, commercial and residential areas."

"This upgrade will help alleviate congestion in peak periods and provide significant capacity into the future."

"We believe the final deal with the NSW Government represents an excellent outcome for all parties. Most importantly, drivers will get a better commute while the Government has leveraged significant private capital to complete this much needed work, and we believe Transurban security holders will receive an appropriate return on their investment."

"The project return will be delivered through a core part of our strategy – an enhancement of one of our existing assets on a business case with multiple value sources. The project delivers value through a toll price increase, concession extension and traffic uplift. In that regard, this is a low risk growth initiative delivered through diversified value sources."

"We now look forward to moving this construction project, with our partners, through to completion as efficiently as possible."



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General Manager Investor Relations, Media and Government

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Appendix A

All project details are consistent with the in-principle agreement announced in December 2011.

Project cost

- Approximately \$400 million total capital cost (with approximately \$50 million funded directly by the NSW Government).

Project funding/return

- Extension of the concession term by a period of 3.3 years (being 3 years and 110 days) which will extend the concession end date from August 2023 to December 2026.
- An increase in the truck toll multiplier to 3x the car toll (to be escalated from its current level of approximately 2.2x over eight calendar quarters following construction completion).
- Traffic uplift as a result of the additional lane in each direction.
- The NSW Government will be directly contributing approximately \$50 million towards the total capital cost (predominately towards the cost of noise walls and other noise mitigation measures).

Project financing

- The Interlink works, budgeted at approximately \$350 million, will be funded by approximately 40% shareholder contributions (\$140 million) and 60% non-recourse debt at the M5 asset (\$210 million).
- Transurban retains a 50% shareholding in Interlink, resulting in a security holder contribution of approximately \$70 million.

Cashback

- Cashback is the scheme introduced by the NSW Government in 1997 whereby NSW residents are able to claim back from the NSW Government the value of tolls (exclusive of GST) paid by the resident to Interlink for using a privately registered vehicle on the M5 South West Motorway.
- Interlink and the NSW Government have agreed an entitlement to preserve Interlink's investment in the M5 West Widening project should Cashback be removed during the concession term.
- The compensation entitlement would be triggered if there was a removal, reduction or phase out of Cashback.
- The amount of compensation would be determined on an annual basis from the time of removal and based on the measured impact on traffic revenue against forecast revenue and a pre-agreed schedule for allocating the M5 West Widening project's proportion of these impacts.

Revenue Sharing

- Interlink and the NSW Government have agreed upside sharing of revenue if the M5 East duplication proceeds.
- The revenue sharing arrangement would be on 50:50 basis of all revenue for any year where actual traffic exceeded 104% of the baseline traffic forecast if the M5 East had not proceeded.
- A revenue sharing entitlement would only commence from the time of completion of the M5 East duplication project and only if the threshold was exceeded.

Construction

- Interlink will be responsible for the completion of an extra lane in each direction for the full length of the M5 West Motorway.
- Interlink has agreed a fixed-price, fixed-time contract with Abigroup Limited. The fixed-price contract is valued at \$315 million.
- Construction is currently scheduled to take 2.5 years.

Tolls

- Truck tolls will move to 3x car tolls (up from approximately 2.2x currently).
- No toll price changes for cars (outside of usual CPI-based toll increases embedded in the base concession).

Debt

\$735 million of non-recourse project debt comprising:

- A refinancing of \$525 million of existing debt (\$15 million undrawn facility); and
- The raising of \$210 million of additional debt to partly fund the upgrade.

The new debt facility has been provided by six banks: Australian and New Zealand Banking Group Limited, Canadian Imperial Bank of Commerce, Commonwealth Bank of Australia, Royal Bank of Canada, Sumitomo Mitsui Banking Corporation and Westpac Banking Corporation.

The \$735 million facility has a 3.5 year tranche (approximately 60%) and a 4.5 year tranche (approximately 40%).