

18 August 2015

Sydney Airport Announces Landmark Terminal 3 Transaction

- Sydney Airport and Qantas have reached agreement on Terminal 3 (T3) almost four years ahead of previous lease term, for consideration of \$535 million to Qantas
- Win-win transaction, providing certainty for both Qantas and Sydney Airport
- Business as usual for passengers and stakeholders using T3
- EBITDA and cash flow accretive; purchased on approximately 11x EBITDA multiple for the first full year
- Strategically important for future airport flexibility
- Transaction funded through a mixture of existing cash and debt
- Common use terminal from mid-2019
- Following our announcement on 30 June 2015, airlines representing 98% of passengers have international aeronautical agreements in place

Sydney Airport announced that it has reached a landmark agreement with Qantas to take control of T3 almost four years ahead of the previous lease term, for \$535 million. This is a positive outcome for Sydney Airport investors, as the transaction is EBITDA and cash flow accretive from year one.

“We’re delighted with the outcomes for both Sydney Airport and Qantas, resulting from a long-term, collaborative engagement. The agreement provides an equitable and fair outcome for both parties, as well as certainty for passengers and other airport users,” Sydney Airport managing director and chief executive officer Kerrie Mather said.

Welcoming the agreement, Qantas Group CEO Alan Joyce said: “This deal secures Qantas’ long-term position in our largest domestic hub, ensuring priority usage as the primary airline customer of Sydney Airport’s T3.

“We now have certainty about our future operations in T3 beyond 2019, and an outcome that is win-win for both Qantas and Sydney Airport.”

The terminal is approximately 74,000 square metres and includes 17 gates, 24,000 square meters of office and other leasable space, 51 commercial outlets, three lounges and 120 valet car parking spaces. The fixed property rental Sydney Airport previously received will cease and new variable aeronautical, retail and property revenue streams, as well as operating expenses, will commence on completion, expected 1 September 2015.

The transaction will be funded with a mixture of cash and debt as follows:

Sources (\$m)		Uses (\$m)	
Cash (previously the debt service reserve account ¹)	106	Terminal 3	535
Distribution Reinvestment Plan	60		
Bank Debt	369		
Total	535	Total	535

“We are excited to now have 100% of our terminal footprint, to work closely with Qantas and from 2019 other airline partners using Terminal 3, and we look forward to continuing to provide passengers with a world-class experience,” Ms Mather added.

**CONTACT
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INFORMATION**

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¹ Utilisation of debt service reserve account cash was considered appropriate following the development of significant credit metric headroom since privatisation in 2002. Both rating agencies have confirmed the use of such cash has no impact on their views of liquidity and the broader credit rating of Sydney Airport.