

17 February 2022

TRANSURBAN APPENDIX 4D AND 1H22 INTERIM REPORT

In accordance with ASX Listing Rules, please see attached Transurban's Appendix 4D and Interim Report for the half year ended 31 December 2021.

The following documents will be provided separately:

- Transurban 1H22 Results Release
- Transurban 1H22 Investor Presentation

Transurban will provide a market briefing at 9:30am (AEDT) today, 17 February 2022. The market briefing will be webcast via the Transurban website at transurban.com.

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This announcement is authorised by the Board of Transurban Group.

Classification **Public**

Transurban Group

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Transurban Group

Appendix 4D

Half-year ended 31 December 2021

(Previous corresponding period being the half-year ended 31 December 2020)

The Transurban Group (the Group) comprises the following entities:

Transurban Holdings Limited (ABN 86 098 143 429)
Transurban Holding Trust (ARSN 098 807 419)
Transurban International Limited (ABN 90 121 746 825)

Results for announcement to the market^{1,2}

Statutory results from continuing operations		Half-year ended 31 December 2021 \$M
Revenue from ordinary activities	Decrease of 8.7% to	\$1,301
Loss from ordinary activities after tax	Decrease of 66.5% to	(\$106)
Net loss attributable to security holders of the stapled group	Decrease of 64.0% to	(\$103)

Statutory results including discontinued operations		Half-year ended 31 December 2021 \$M
Loss from ordinary activities after tax	Decrease of 76.6% to	(\$106)
Net loss attributable to security holders of the stapled group	Decrease of 75.6% to	(\$103)

Proportional results		Half-year ended 31 December 2021 \$M
Toll revenue	Decrease of 0.2% to	\$1,163
Earnings before depreciation, amortisation, net finance costs and income taxes (EBITDA)	Decrease of 4.1% to	\$805
Free Cash	Decrease of 1.6% to	\$459

There were no items classified as Significant items for the half-year ended 31 December 2021 or for the prior corresponding period. The accompanying ASX Release and Interim Report for the half-year ended 31 December 2021 that follow provide further commentary on the results and definitions of Proportional results, Significant items and Free Cash.

Distributions and dividends

Half-year ended 31 December 2021	Amount per security (cents)	Franked amount of dividend component (%)	Record date	Payment date
Interim distribution/dividend	15.0	Not applicable	31 December 2021	22 February 2022
Interim distribution/dividend (prior half-year)	15.0	Not applicable	31 December 2020	16 February 2021
Final distribution/dividend (prior year)	21.5	5.724	30 June 2021	23 August 2021

Distribution Reinvestment Plan

Under the Distribution Reinvestment Plan (DRP), security holders may receive additional stapled securities in substitution for some or all cash distributions in respect of their stapled securities. The last date for receipt of an election notice for participation in the DRP was 4 January 2022 and the participation rate was 2.30%. No discount has been applied when determining the price at which stapled securities will be issued under the DRP for the current period distribution.

Net tangible asset backing

	31 December 2021	30 June 2021	31 December 2020
Net tangible asset backing per stapled security ³	\$4.79	\$3.90	\$2.74

¹ Unless otherwise stated, statutory financial information has been reclassified to present the results of Transurban Chesapeake (TC) as discontinued operations in the comparative period. TC was a wholly owned subsidiary of TIL and includes the Greater Washington Area operating assets, being the 495 Express Lanes and 95 Express Lanes concessions. Refer to Note B13 of the Interim Report for the half-year ended 31 December 2021 for further information. TC has not been reclassified in the proportional results presented. Details of the contribution of TC to the Group's results are disclosed in Note B13.

² Figures used for calculating percentage movements are based on whole numbers.

³ Net tangible assets used as the basis for this calculation include the concessions relating to the operational assets of the Group, and Right of Use Assets and Lease Liabilities. Concession assets of this type are characterised as intangible assets under Australian Accounting Standards.

Audit review

This Appendix 4D is based on the interim financial statements of the Group which have been reviewed by the Group's auditors, PricewaterhouseCoopers (PwC). A copy of PwC's unqualified review report can be found in the Interim Report for the half-year ended 31 December 2021 that follows.

Other information

Disclosure requirements of ASX Listing Rule 4.2A and 4D.7 not contained in this Appendix 4D are included in the accompanying ASX Release and Interim Report for the half-year ended 31 December 2021.

Transurban Holdings Limited and controlled Entities

Interim report for the half-year ended
31 December 2021

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Directors' report

The Directors of Transurban Holdings Limited (the Company, the Parent or THL) and its controlled entities (Transurban, Transurban Group or the Group), Transurban International Limited and its controlled entities (TIL), and Transurban Infrastructure Management Limited (TIML), as responsible entity of Transurban Holding Trust and its controlled entities (THT or the Trust), present their report on the Transurban Group for the half-year ended 31 December 2021 (HY22). The controlled entities of THL include the other members of the stapled group, being TIL and THT.

Directors

The following persons were Directors of THL, TIML and TIL during the six months ended 31 December 2021 and up to the date of this report, unless otherwise stated:

Non-executive Directors

- Lindsay Maxsted (Chairman)
- Mark Birrell
- Terence Bowen
- Neil Chatfield (retired 21 October 2021)
- Patricia Cross (appointed 1 July 2021)
- Craig Drummond (appointed 1 July 2021)
- Marina Go (appointed 1 December 2021)
- Samantha Mostyn (retired 21 October 2021)
- Timothy Reed
- Peter Scott
- Robert Whitfield
- Jane Wilson

Executive Directors

- Scott Charlton

Principal activities

The principal activities of the Group during the period were the development, operation and maintenance of toll roads in Sydney, Melbourne and Brisbane, in Australia, and Montreal in North America, as well as investment in the Greater Washington Area in North America. There has been no significant change in the nature of these activities during the period.

Operating and financial review

Figures used for calculating percentage movements in the Directors' report are based on whole numbers.

Executive summary

Traffic and financial results for the half-year ended 31 December 2021 were impacted by COVID-19 and government mandated restrictions across all markets. Key results include:

Statutory results from continuing operations compared to the prior comparative period¹:

- Toll revenue decreased 1.2 per cent from \$1,069 million to \$1,056 million;
- Loss from ordinary activities after tax decreased from \$311 million to \$106 million;
- Earnings before depreciation, amortisation, net finance costs, equity accounted investments and income taxes (EBITDA) decreased 7.5 per cent from \$792 million to \$734 million; and
- Net loss attributable to ordinary security holders of the stapled group decreased from \$282 million to \$103 million.

Statutory results compared to the prior comparative period (which includes discontinued operations (Transurban Chesapeake (TC)¹):

- Loss from ordinary activities after tax decreased from \$448 million to \$106 million; and
- Net loss attributable to ordinary security holders of the stapled group decreased from \$419 million to \$103 million.

Proportional results compared to the prior comparative period:

- Average Daily Traffic (ADT) decreased 4.8 per cent²;
- Proportional Toll revenue decreased 0.2 per cent to \$1,163 million;
- Proportional EBITDA³ decreased 4.1 per cent to \$805 million; and
- Free cash decreased 1.6 per cent to \$459 million.

An interim distribution of 15.0 cents per stapled security will be paid on 22 February 2022 for the six months ended 31 December 2021. The interim distribution was in line with free cash generated for the half-year ended 31 December 2021. Further details on the distribution are presented in Note B8 of the Group interim financial statements.

Our business

As one of the world's largest toll-road operators, our business is about getting people where they want to go, quickly and safely to assist in achieving our purpose—to strengthen communities through transport.

Partnering with governments to address the backlog of infrastructure projects and create more efficient transport routes in our cities is at the core of Transurban's business. In our day-to-day operations as well as our projects we challenge ourselves in the way we respond to social and environmental issues to deliver on our purpose and create value for all our stakeholders.

Traffic declined period-on-period given government-mandated restrictions in response to COVID-19. The impact on Sydney traffic was more severe due to minimal restrictions being in place in the prior comparative period. While Melbourne had government mandated restrictions applying for part of the period, the restrictions were less severe period-on-period. The lifting of restrictions towards the end of the period saw the recovery of traffic in Sydney and Brisbane back to pre-COVID-19 levels.

The business is well positioned to pursue the pipeline of projects in its core markets, with funding optionality given the resilient business model and balance sheet.

We have seven⁴ major projects in development or delivery that will offer significant improvements in the way motorists move around our cities.

In the first half of FY22, Transurban and its partner Macquarie Capital received approval from the Maryland Board of Public Works over its Public Private Partnership Agreement to deliver Phase 1 of the Maryland Express Lanes Project in the Greater Washington Area. Phase 1 proposes to deliver High Occupancy Toll Lanes (HOT lanes), similar to Transurban's Virginia Express Lanes, to approximately 60 kilometres of highway connecting Maryland with key business and residential centres in Northern Virginia.

In September 2021, Transurban and its partners in the Sydney Transport Partners Joint Venture (STP JV) were successful in their bid to acquire the remaining 49% equity stake in WestConnex from the NSW Government, taking STP JV's total ownership interest in WestConnex to 100%.

1. Unless otherwise stated, statutory financial information in this interim report has been reclassified to present the results of TC as discontinued operations in the prior comparative period. TC was a wholly owned subsidiary of TIL and includes the Greater Washington Area operating assets, being the 495 Express Lanes and 95 Express Lanes concessions. During the prior comparative period the Group entered into an agreement to divest 50% of its equity interest in TC and the sale was completed on 31 March 2021. Refer to Note B13 of the Group interim financial statements for further information.

2. Excluding NorthConnex ADT decreased by 4.2%.

3. Refer to Note B3 of the Group interim financial statements for the definition of proportional EBITDA.

4. Includes the WestConnex M4-M5 Link, West Gate Tunnel Project, Fredericksburg Extension, 495 Express Lanes Northern Extension Project, Capital Beltway Accord, Phase 1 Maryland Express Lanes Project and Rozelle Interchange. Rozelle Interchange is being delivered and is 100% funded by Transport for NSW.

Operating and financial review (continued)

Our business (continued)

WestConnex is Australia's largest road infrastructure project and a key component of the NSW Government's integrated transport plan to ease congestion and connect communities in Sydney. Once completed, the WestConnex assets will form a 70-kilometre network linking Sydney's west with the Sydney CBD, Sydney Airport and Port Botany.

In Melbourne, we continued construction on the West Gate Tunnel Project, however tunnelling had not commenced during the first half of FY22 due to a dispute between the project parties relating to changes in the requirements for disposal of soil potentially contaminated with the chemical polyfluorinated alkyl substances (PFAS). On 16 December 2021, Transurban reached agreement with the Victorian Government (the State) and the CPB John Holland Joint Venture (the D&C subcontractor) on revised terms for the delivery of the West Gate Tunnel Project, including a new expected completion date of late 2025. The parties will now finalise binding detailed documentation, expected to be completed in early 2022.

Beyond development projects, technology is providing the opportunity for sophisticated and innovative solutions that look beyond physical engineering. Advanced on-road technologies, such as freeway management systems, are giving us the opportunity to increase the efficiency of both existing roads and new projects. Data and advanced analytics allow us to further optimise our roads to provide drivers with more efficient journeys.

From our traffic control room operators who monitor our roads 24/7, to our traffic planners who analyse travel data to forecast where congestion hot spots could be in a decade's time, our team is focused on making travel easier now and in the future. However, we recognise that motorways are part of a broader integrated transport system with public transport and active transport links all essential to creating efficient transportation networks in cities.

The COVID-19 pandemic has presented challenges for many people. Since April 2020 we have provided more than \$10 million in toll credits to more than 41,000 Australian customers including small business customers. We have expanded our social investment program and in FY21 almost \$3 million went to targeted programs and partnerships that support road safety, education and training, and local community initiatives. In October 2021 we distributed an additional \$150,000 in grants to organisations in Melbourne and Western Sydney to support those communities facing extended periods of restrictions.

In September 2021, to support governments in their campaign to encourage vaccination take-up, we undertook a two-month promotion that gave customers who are vaccinated the opportunity to win an electric vehicle. A follow-up campaign to support booster vaccinations will be promoted from February 2022.

Strategy and risk management

Transurban's strategy is to provide sustainable transport solutions that offer choice, reliability, safety, transparency and value. We do this by being a partner to stakeholders, creating optimal transport networks and investing in technology, innovation and highly skilled people. We maintain a disciplined and "best-for-network" approach to value-adding opportunities for development.

Operating and financial review (continued)

Sustainability strategy

Transurban's sustainability strategy is important to our day-to-day business activities and to our long-term objectives. Our strategy is aligned with the nine United Nations' (UN) Sustainable Development Goals most relevant to us and our stakeholders.

The UN goals are the blueprint to achieve a better and more sustainable future for all. They address global challenges including poverty, inequality, climate, environmental degradation, prosperity, peace and justice.

Our strategy reinforces our commitment to the UN Global Compact and is supported by a set of objectives and a work program.

The reality of climate change means that it is more important than ever to manage our energy use and impacts on the environment. By reducing our consumption of resources, goods and services, we can create more efficient operations that reduce our greenhouse gas (GHG) emissions.

We have committed to achieving net zero GHG emissions by 2050, establishing a long-term goal beyond our existing 2030 targets, which have been externally validated by the Science Based Targets initiative in line with climate science. Our net zero commitment comprehensively covers our Scope 1, 2 and 3 GHG emissions, accounting for fuel and electricity use, supply chain emissions, and major project development.

To achieve our targets we have a clear decarbonisation strategy that integrates internal opportunities such as efficiency upgrades and switching to renewable energy with external factors such as increasing availability of low-carbon materials. Operating sustainably also means working with our suppliers, customers and our communities to deliver benefits for people and the environment, and not adding to the global challenges we are all facing.

Working ethically

Transurban seeks to conduct business with suppliers who have shared values, act ethically and aim to make a positive impact in the areas of social, economic and environmental sustainability. Transurban's Supplier Sustainability Code of Practice details Transurban's expectations of its suppliers in delivering goods and services to the business. Fundamental to adopting the code is the understanding that all suppliers operate in full compliance with all laws, rules and regulations of the countries in which they operate, including protecting internationally recognised labour and human rights such as those related to modern slavery. The code also encourages suppliers to go beyond legal compliance, drawing upon internationally recognised standards, in order to advance social, economic and environmental responsibility. Transurban encourages suppliers to show leadership, improve their performance and develop their competencies in this field.

In December 2021, Transurban submitted its second Modern Slavery Statement to the Australian Federal Government in line with the Modern Slavery Act 2018. The Statement outlines how we work to identify and address the risks of modern slavery in our operations and supply chains and is consistent with the provisions of our Human Rights Policy.

Transurban's Code of Conduct articulates the behaviour expected of Transurban's Directors, Senior Executives and employees, who are expected to align their actions with the code and Transurban's values whenever they are representing Transurban or undertaking work on Transurban's behalf. The code refers employees to relevant Transurban policies for further information and guidance. It also encourages employees who become aware of unethical behaviours to report these. The Code of Conduct is promoted across the business and reinforced by formal training and proportionate disciplinary action if breached. The Directors (through either the Board or its Committees) are informed of any material breaches of the code.

Transurban also has a separate Ethical Business Practices Policy that supports its governance and integrity framework. This policy defines the standard required from employees and third parties when working with Transurban, highlights the processes for prevention, detection, and investigation of reports of fraudulent or corrupt conduct, and provides guidance in relation to managing and recording gifts and benefits. The policy and related frameworks are supported and reinforced by formal annual training and awareness programs across the business and proportionate disciplinary action if breached. The Directors (through either the Board or its Committees) are informed of any material breaches of the policy.

Transurban has a Whistleblower Policy to encourage all Directors, Senior Executives, other employees, contractors and suppliers who have witnessed, or know about, any misconduct or suspected misconduct to speak up without fear of intimidation, disadvantage or reprisal. The policy sets out how Transurban will respond to and investigate reports of misconduct and outlines the protections available to those who make a whistleblower report in good faith. A confidential, anonymous external toll free phone number and online whistleblower reporting service is detailed on both Transurban's intranet and external website and is available for use by all personnel. The Directors (through either the Board or its Committees) are informed of any material incidents reported under the policy.

Operating and financial review (continued)

Health, safety and environment

The safety of our people, contractors and customers is one of our highest priorities. We aim to achieve a healthy and safe environment for our employees, contractors, customers and the community while minimising impacts to the environment.

Knowing and understanding our risks in Health, Safety and Environment (HSE) is integral to how we make decisions. We aim to eliminate or reduce risks that could cause injury, impact on wellbeing (including mental health) or have an environmental impact on our roads and workplaces.

Key HSE strategic initiatives over the period included the development of enhanced HSE training and harmonised contractor management and assurance. Management of COVID-19 related health and safety risks continued throughout the period, with each market operating in line with relevant Government restrictions and guidelines. Modifications were made to the delivery of interactive safety sessions, including toolbox talks and pre-start meetings, to support work being performed across our networks in a COVID-19 safe way.

We proactively support our people to reduce sedentary time and assist them with setting up their home and office workspace safely. This includes conducting ergonomic assessments and providing ergonomic equipment and early-intervention initiatives aimed at promoting physical activity during the workday, improving mental health and increased community connection.

Our focus on delivering excellence in road safety is underpinned by quality data to inform measures, independent benchmarking of our performance, partnerships with research organisations and community groups, and road safety action plans aligned with the Safe System Approach, consistent with the Sustainable Development Goal (SDG) 3.

We have a number of HSE key performance lead and lag indicators (KPIs) to help us track our performance, evaluate our success and ensure that we are meeting our goals. These indicators also help us identify areas for improvement. Some of our HSE KPIs include:

- Road Injury Crash Index;
- Recordable Injury Frequency Rate of both employees and contractors; and
- Proactive Team HSE leadership plans which require people leaders and their teams to outline how they will take accountability for ensuring a healthy and safe culture and environment across the business and within their teams.

Risk management

Identifying and managing risks is a crucial practice for any sustainable business. Effective risk management is essential to delivering value for our stakeholders and requires involvement from employees at all levels of the business.

Central to our approach is our Enterprise Risk Management (ERM) Framework. The ERM Framework includes a Risk Management Policy that articulates Transurban's approach to managing risk and is supported by risk appetite statements relating to key risk and business performance indicators. Transurban's approach to risk is reinforced by a proactive identification, assessment, management and escalation of risks (positive and negative) so that those with the potential to have a material impact on the business are mitigated and escalated appropriately.

These risks include consideration of financial and non-financial risk themes including economic conditions, environmental (including climate related impacts on/or from Transurban), regulatory risk and social sustainability risks themes.

The framework is also integrated with our HSE, sustainability, emergency management, business continuity, crisis management and assurance processes to enhance our business resilience and identify opportunities to innovate and aid with the implementing of strategies and contingency plans to manage risk.

We also regularly review the effectiveness of our risk management approach, culture and engagement, making improvements where appropriate.

Our Risk Management Policy is available on our website at: transurban.com/about-us/corporate-governance.

The Business risks—threats and opportunities and financial risk management sections below should be read in conjunction with the Corporate Report for the year ended 30 June 2021.

Business risks—threats and opportunities

As with any business, a number of variables have the potential to impact our financial and operating results.

The following are key opportunities that may impact Transurban's financial and operating result in the future:

- new business opportunities in our target markets;
- harnessing technology and services to develop new products and offerings; and
- maintaining sustainability initiatives to enhance road user and community experience.

The following are key threats that may impact Transurban's financial and operating result in the future:

- maintaining our social licence to operate;
- unfavourable changes in the market or to operating conditions;
- delivering our major projects to meet agreed outcomes;

Operating and financial review (continued)

Business risks—threats and opportunities (continued)

- customer and road safety;
- cyber security and information protection;
- operational resilience, including failure of technical infrastructure, including critical resource availability (personnel or supply chain) or an inability to respond effectively to a disruption;
- changes in government policies or regulatory interpretations;
- safety and wellbeing of employees and contractors;
- dependency on third parties and critical suppliers;
- inability to attract and retain the workforce capability required by the organisation for critical roles; and
- treasury management of debt, liquidity and balance sheet.

Financial risk management

The Group's activities expose it to a variety of financial risks: market risk (including currency risk and interest rate risk), credit risk and liquidity risk. The financial risk management function is carried out centrally under the policies approved by the Board. We review operations actively to identify and monitor all financial risks and to mitigate these risks through the use of financial instruments where appropriate. The Board is kept informed in a timely manner of any material exposures to financial risks.

We monitor risk exposures over time through reviewing cash flow sensitivities, market analysis and ongoing communication within the Group. When measuring financial risk, we consider positive and negative exposures, existing hedges and the ability to offset exposures.

Further information on Transurban's approach to financial risk management is included within the Corporate Report for the year ended 30 June 2021 at Note B15 Derivatives and financial risk management.

Asset portfolio at 31 December 2021

Overview	Sydney						
	M5 West ²	M2	M4 ³	M8 ^{3,4}	M5 East ^{3,6}	LCT	CCT
Opening date	Aug 1992	May 1997	May 1992	Jul 2020	Dec 2001	Mar 2007	Aug 2005
Remaining concession period ¹	5 years ²	26 years	39 years	39 years	39 years	26 years	14 years
Concession end date	Dec 2026	Jun 2048	Dec 2060	Dec 2060	Dec 2060	Jun 2048	Dec 2035
Physical details							
Length—total	22 km	21 km	14 km	11 km	10 km	3.8 km	2.1 km
Length—surface	22 km	20.5 km	8.5 km	2 km	5.5 km	0.3 km	–
Length—tunnel	–	0.5 km	5.5 km	9 km	4.5 km	3.5 km	2.1 km
Lanes	2x3	2x3	2x4—West 2x3—East	2x2 ⁵	2x2	2x2 2x3 some sections	2x2 2x3 some ramp sections
Ownership							
	100% ²	100%	50% – Transurban 20.5% – AustralianSuper 10.5% – CPP Investments 10.0% – Caisse de dépôt et placement du Québec (CDPQ) 9.0% – Tawreed Investments Limited (Tawreed)	50% – Transurban 20.5% – AustralianSuper 10.5% – CPP Investments 10.0% – CDPQ 9.0% – Tawreed	50% – Transurban 20.5% – AustralianSuper 10.5% – CPP Investments 10.0% – CDPQ 9.0% – Tawreed	100%	100%
Tolling							
Large vehicle multiplier	3x	3x	3x	3x	3x	Minimum 3x	2x

1. As at 31 December 2021. Rounded to nearest year.

2. M5 West will form part of the WestConnex M5 concession once the current concession expires in December 2026, through to December 2060. During that period Transurban's proportional ownership will be 50% based on its current ownership proportion in WestConnex.

3. Transurban's proportional ownership in WestConnex through its equity investment in STP JV increased from 25.5% to 50% on 29 October 2021.

4. Opened on 5 July 2020. Formerly referred to as New M5.

5. Marked for two lanes in each direction but built to accommodate three lanes in each direction from Kingsgrove to Arncliffe and five lanes in each direction from Arncliffe to St Peters.

6. Tolling commenced on 5 July 2020, coinciding with the opening of the M8.

Operating and financial review (continued)

Asset portfolio at 31 December 2021 (continued)

	Sydney (continued)			Melbourne	North America		
	ED	M7	NorthConnex	CityLink	495 Express Lanes ^{4,6}	95 Express Lanes ^{5,6}	A25
Overview							
Opening date	Dec 1999	Dec 2005	Oct 2020	Dec 2000	Nov 2012	Dec 2014	May 2011
Remaining concession period ¹	27 years	26 years	26 years	23 years ³	66 years	66 years	21 years
Concession end date	Jul 2048	Jun 2048	Jun 2048	Jan 2045 ³	Dec 2087	Dec 2087	Sep 2042
Physical details							
Length—total	6 km	40 km	9 km	22km in 2 sections	22 km	63 km	7.2 km
Length—surface	4.3 km	40 km	–	16.8 km	22 km	63 km	7.2 km
Length—tunnel	1.7 km	–	9 km	5.2 km	–	–	–
Lanes	2x3 2x2 some sections	2x2	2x2 ²	2x4 in most sections	2x2 HOT lanes	2 and 3 reversible HOT lanes	2x3 on bridge 2x2 on remaining sections
Ownership							
	75.1% -Transurban 14.4% - IFM Investors 10.5% - UniSuper	50% - Transurban 25% - CPP Investments 25% - QIC Limited	50% - Transurban 25% - CPP Investments 25% - QIC Limited	100%	50% - Transurban 25% - AustralianSuper 15% - CPP Investments 10% - UniSuper	50% - Transurban 25% - AustralianSuper 15% - CPP Investments 10% - UniSuper	100%
Tolling							
Large vehicle multiplier							
Light commercial vehicle (LCV)	2x	3x	3x	LCV—1.6x HCV—3x (day) 2x (night)	No multiplier (trucks >2 axles not permitted)	No multiplier (trucks >2 axles not permitted)	2x per axle
Heavy commercial vehicle (HCV)							

1. As at 31 December 2021. Rounded to nearest year.

2. Marked for two lanes in each direction but built to accommodate three lanes in each direction.

3. Includes 10-year extension to CityLink concession in connection with the West Gate Tunnel Project.

4. 495 Express Lanes concession includes the 495 Express Lanes Northern Extension project, for which a binding proposal with the Virginia government has been accepted, with commercial close reached in 1H22. Data relates to operational lanes only.

5. 95 Express Lanes concession includes the 395 Express Lanes (opened 17 November 2019) and the Fredericksburg Extension (currently under construction). Data relates to operational lanes only.

6. In FY21, the Group divested a 50% interest in TC, which includes 495 Express Lanes and 95 Express Lanes.

Operating and financial review (continued)

Asset portfolio at 31 December 2021 (continued)

Overview	Brisbane					
	Gateway Motorway	Logan Motorway	Clem7	Go Between Bridge	Legacy Way	AirportlinkM7
Opening date	Dec 1986	Dec 1988	Mar 2010	Jul 2010	Jun 2015	Jul 2012
Remaining concession period ¹	30 years	30 years	30 years	42 years	43 years	32 years
Concession end date	Dec 2051	Dec 2051	Aug 2051	Dec 2063	Jun 2065	Jul 2053
Physical details						
Length—total	23.1 km	39.5 km ²	6.8 km	0.3 km	5.7 km	6.7 km
Length—surface	23.1 km	39.5 km ²	2.0 km	0.3 km	1.1 km	1.0 km
Length—tunnel	-	-	4.8 km	-	4.6 km	5.7 km
Lanes	6, 8 and 10 (various) 12 Gateway Bridge	2x2 2x3 some sections	2x2	2x2	2x2	2x3
Ownership						
	62.5% – Transurban 25% – AustralianSuper 12.5% – Tawreed	62.5% – Transurban 25% – AustralianSuper 12.5% – Tawreed	62.5% – Transurban 25% – AustralianSuper 12.5% – Tawreed	62.5% – Transurban 25% – AustralianSuper 12.5% – Tawreed	62.5% – Transurban 25% – AustralianSuper 12.5% – Tawreed	62.5% – Transurban 25% – AustralianSuper 12.5% – Tawreed
Tolling						
Large vehicle multiplier						
Light commercial vehicle (LCV)	LCV—1.5x	LCV—1.5x	LCV—1.5x	LCV—1.5x	LCV—1.5x	LCV—1.5x
Heavy commercial vehicle (HCV)	HCV: 3.15x ³	HCV—3.15x ³	HCV—3x (day) 2.65x (night)	HCV—3x (day) 2.65x (night)	HCV—3x (day) 2.65x (night)	HCV—2.65x

1. As at 31 December 2021. Rounded to nearest year.

2. Includes Gateway Extension Motorway.

3. Gateway and Logan HCV tolls progressively increasing to a maximum of 3.44x car tolls subsequent to the completion of the Logan Enhancement Project.

Operating and financial review (continued)

Future concession assets¹

Overview	Sydney		Melbourne
	M4-M5 Link	Rozelle Interchange	West Gate Tunnel
Concession end date	Dec 2060	Dec 2060	Jan 2045
Physical details			
Length—total	7.5 km	5 km ²	17 km
Length—surface	–	–	10.2 km
Length—tunnel	7.5 km	5 km ²	6.8 km
Lanes	2x4	n/a	2x6 on WGF 2x3 on remaining sections
Ownership			
	50% – Transurban 20.5% – AustralianSuper 10.5% – CPP Investments 10.0% – CDPQ 9.0% – Tawreed	50% – Transurban 20.5% – AustralianSuper 10.5% – CPP Investments 10.0% – CDPQ 9.0% – Tawreed	100%
Tolling			
Large vehicle multiplier			LCV—1.6x HCV ³ HPFV ³
Light commercial vehicle (LCV)	3x	3x	
Heavy commercial vehicle (HCV)			

1. As at 31 December 2021. Not including upgrades or extensions to existing assets which are captured under "Asset Portfolio as at 31 December 2021".

2. Rozelle Interchange is being delivered and funded by Transport for NSW (TfNSW). Rozelle Interchange is a complex design consisting predominantly of ramps, with the length of lane kilometres approximately equivalent to a 5-kilometre motorway with two lanes in each direction.

3. HCV and High Productivity Freight Vehicle (HPFV) tolls are not based on a multiplier of a car toll. Further detail can be found at westgatetunnelproject.vic.gov.au.

Operating and financial review (continued)

Performance

Period ended 31 December 2021 highlights

Statutory results

	Half-year ended 31 December 2021 \$M	Half-year ended 31 December 2020 \$M ²
Continuing operations		
Toll revenue	1,056	1,069
EBITDA	734	792
Net loss for the period from continuing operations	(106)	(311)
Discontinued operations¹		
Net loss for the period from discontinued operations	-	(137)
Loss for the period	(106)	(448)
Loss attributable to ordinary security holders of the stapled group	(103)	(419)

1. Statutory results above have been reclassified to present TC as discontinued operations in the prior comparative period. Refer to Note B13 of the Group interim financial statements for further information.

2. The comparative statutory results have been reclassified to present \$94 million of net finance costs (tax-effected: \$103 million) as discontinued operations. These related to foreign exchange losses from revaluing AUD denominated intercompany funding arrangements in North American subsidiaries that no longer formed part of the Group's net investment in foreign operations and that were settled on receipt of the proceeds from the divestment of 50% of TC in the year ended 30 June 2021.

During the period, movements in statutory net loss from continuing operations have been influenced by:

- Decrease of \$13 million in toll revenue across the Australian and Canadian networks primarily as a result of restrictions mandated by governments in response to COVID-19 which adversely impacted traffic volumes;
- Decrease of \$355 million in net finance costs primarily due to favourable movements from the remeasurement of derivative financial instruments (\$170 million), remeasurement of shareholder loan notes (\$97 million) and remeasurement of the construction obligation liability (\$49 million);
- Increase of \$107 million in share of net loss of equity accounted investments due to higher losses in STP JV predominantly due to unfavourable net finance costs movements from the remeasurement of shareholder loan notes and recognising the share of TC's loss for the period; and
- Increase of \$21 million in income tax benefit is primarily driven by the prior year tax losses recognised.

Operating and financial review (continued)

Proportional EBITDA

Segment information in Note B3 to the Group interim financial statements presents the proportional result for the Transurban Group, including reconciliations to the statutory result. Management consider proportional EBITDA to be the best indicator of asset performance. The table below also provides HY22 results adjusted to exclude new assets and divestments so as to compare the performance of the business to the prior period result on a like-for-like basis.

	Half-year ended 31 December 2021 \$M	Half-year ended 31 December 2020 \$M	% Change	Half-year ended 31 December 2021 Adjusted ¹ \$M	Half-year ended 31 December 2020 \$M	% Change
Toll revenue	1,163	1,165	(0.2%)	1,184	1,165	1.7%
Other revenue	59	53	12.5%	47	53	(10.2%)
Total costs	(417)	(378)	10.4%	(422)	(378)	11.8%
EBITDA	805	840	(4.1%)	809	840	(3.6%)

1. Excludes new assets and divestments. New assets include additional 4 months of NorthConnex operations and additional ownership in WestConnex. Transurban acquired an additional equity interest in WestConnex (via STP JV) of 24.5% on 29 October 2021, taking its total proportional ownership to 50%. Divestments include the sale of 50% interest in TC (effective 1 April 2021).

Movements in adjusted proportional EBITDA during the period relative to the prior comparative period have been influenced by:

- Adverse impacts on traffic volumes related to COVID-19 government mandated restrictions in Sydney which had limited restrictions in the prior comparative period. Revenue impacts were partially mitigated by improved traffic volumes in Melbourne, Brisbane and North America (despite government mandated restrictions applying in those regions for part of the period) as well as toll price escalations across Transurban's Australian markets and on the A25 in Montreal, Canada; and
- Higher operating costs as a result of a change in accounting policy that requires certain Software as a Service (SaaS) spend to be expensed instead of capitalised, change in discount rates applied to maintenance models, investment in new capabilities to position the business for the next phase of growth and annual escalation in insurance and other costs.

Financial position

	31 December 2021	30 June 2021
Market capitalisation	\$42.4B	\$39.0B
Securities on issue	3,070M	2,738M
Cash and cash equivalents	\$1,724M	\$4,285M
Gearing ¹	34.6%	34.3%

1. Calculated using proportional debt to enterprise value, exclusive of issued letters of credit. The security price was \$13.82 as at 31 December 2021 and \$14.23 as at 30 June 2021.

Transurban's operating assets are primarily long-life intangible assets (concession assets), representing the provision by government entities of the right to toll customers for the use of the assets. Concession intangible assets represent 44 per cent of the total assets of the Group. Concessions typically range from approximately 30 to 80 years, and for accounting purposes the carrying amounts are amortised on a straight-line basis over the duration of the concession.

Free cash

	Half-year ended 31 December 2021	Half-year ended 31 December 2020	% Change
Free cash	\$459M	\$467M	(1.6%)
Weighted average securities eligible for distribution ¹	3,070M	2,737M	12.2%
Free cash per security (cents)	15.0cps	17.1cps	(12.3%)

1. New securities issued during the period are included only to the extent they are eligible for the interim and/or final distribution.

Movements in free cash during the period have been influenced by:

- Decrease in cash flows from 100 per cent owned assets due to lower toll revenue as a result of government mandated COVID-19 restrictions;
- Increase in distributions and shareholders loan note payments from non-100 per cent owned entities, due to the recognition of distributions from TC following the Group's divestment of 50% of its equity interest in TC during the year ended 30 June 2021 and increased distributions and shareholder loan note payments from STP JV and NWRG attributable to the assets that opened in FY21; and
- Unfavourable movements in working capital.

Operating and financial review (continued)

Segment performance

	1H22 performance	Operations and development	Customer and community
Sydney	<ul style="list-style-type: none"> Car traffic decreased by 27.6% and large vehicle traffic decreased by 4.7%, driven by Greater Sydney and regional lockdowns throughout July – October Proportional toll revenue decreased by 14.0% to \$527 million, including new assets¹ 	<ul style="list-style-type: none"> Increased effective ownership interest in WestConnex to 50%. Transurban raised \$4.2 billion of new equity as part of a \$5.6 billion contribution to the purchase price Tunnelling now complete on the M4-M5 Link Tunnels. As of mid February 2022, road paving is expected to be 95% complete and mechanical and electrical fit out over 60% complete Since the M8 tunnel opened in July 2020, there has been a 40% reduction in serious crashes on the M5 East with the M8 tunnels more than doubling the capacity of this corridor NSW renewable Power Purchase Agreement (PPA) supplied renewable energy to meet ~58% of NSW electricity consumption. This will increase to ~80% in FY23 as later stages of the wind farm become operational 	<ul style="list-style-type: none"> Transurban appeared at the NSW Parliament's Inquiry into Road Tolling Regimes, providing the opportunity to discuss ideas on how to bring greater benefits to customers and community stakeholders⁵ Launch of the immersive interactive Canal to Creek online education portal which has been accessed by around 9,000 students and 200 teachers from over 60 different countries Since the commencement of the project, over 300 WestConnex Community Grants have been awarded to grassroots organisations, directly benefitting around 155,000 people
Melbourne	<ul style="list-style-type: none"> CityLink traffic increased by 20.6% when compared to a heavily restricted period in 1H21. Western Link experienced higher COVID-19 impacts than Southern Link due to greater airport traffic exposure Car traffic increased by 27.7% and large vehicle traffic increased by 5.9% Of large vehicle traffic, heavy commercial vehicles increased by 1.3% and light commercial vehicles increased by 9.8% Toll revenue increased by 21.2% to \$313 million 	<ul style="list-style-type: none"> Agreement reached to resolve long standing disputes on the West Gate Tunnel Project. Revised terms include a new estimated completion date of late 2025 and an additional contribution from all parties⁶ Entered into Victorian renewable Retail PPA to meet 100% of CityLink's electricity consumption with renewable energy from 2024 onwards Ventilation optimisation trial underway on CityLink to improve energy consumption while maintaining high air quality standards 	<ul style="list-style-type: none"> After two years of virtual events and fundraising due to COVID-19, the Herald Sun / Transurban Run for the Kids event will return on 3 April 2022 to raise money for the Royal Children's Hospital Good Friday Appeal Transurban hosted a child car seat safety webinar in November 2021 with various road safety experts, including the CEO of Kidsafe Victoria, pilot schools and parent education campaigns will be rolled out in 2022 Colourful murals created by a local artist for the community under the elevated section of CityLink's pillars in Flemington, as part of an initiative of Moonee Valley Council

1. New assets include contributions from NorthConnex and additional ownership of WestConnex.

2. Excluding contributions from NorthConnex and additional ownership of WestConnex, toll revenue decreased by 19.9%.

3. Excluding contributions from NorthConnex and additional ownership of WestConnex, underlying EBITDA margin would be 74.3%.

4. Excluding NorthConnex, ADT decreased by 25.3%.

5. Transurban-WestConnex submission to NSW Parliament's Inquiry into Road Tolling Regimes.

6. The parties will now finalise binding detailed documentation, expected to be completed in early 2022.

Operating and financial review (continued)

Segment performance (continued)

	1H22 performance	Operations and development	Customer and community
Brisbane	<ul style="list-style-type: none"> • Car traffic increased by 3.2% and large vehicle traffic increased by 6.5% • Proportional toll revenue increased by 6.7% to \$224 million 	<ul style="list-style-type: none"> • Transition of all Brisbane operations to a new centralised traffic control centre is progressing well, with three of four sites due to be migrated by 3Q22. The final control room will be integrated by the end of FY22 • Queensland renewable PPA commenced on 1 January 2022 providing renewable energy to meet ~80% of the energy needed to run Brisbane's toll roads and tunnels, saving over 40,000 tonnes of CO₂ emissions each year • Progress on a range of sustainability initiatives, including customer eco-driving trial, an LED lighting trial, transition to zero emission fleet vehicles and the reduction of power consumption through optimisation of operations 	<ul style="list-style-type: none"> • Sponsorship of the Sunday Mail Transurban Bridge to Brisbane, with 27,000 participants returning to the Gateway Bridge to celebrate the event's 25th anniversary, raising a record \$1.2 million for charities • Supported the State Government's campaign to increase vaccination rates by running an incentive competition for Queensland Linkt customers. Received more than 47,000 entries, in addition to the 86,000 Queenslanders who participated in Transurban's national vaccine incentive competition • 580 free car seat fittings were provided for families in Brisbane and Logan over the past six months through Kidsafe QLD partnership. Sponsored 780 driving lessons for refugee women, survivors of domestic violence and Indigenous youth as a part of community grants and social investment programs
North America¹	<ul style="list-style-type: none"> • Traffic on the Express Lanes increased by 43.9% • A25 traffic increased by 12.8% with car traffic increasing by 13.7% and large vehicle traffic increasing 6.7% • Proportional toll revenue increased by 17.0% to \$99 million or 84.0% to \$155 million on a like for like basis, excluding sale of TC assets 	<ul style="list-style-type: none"> • 95/395 Express Lanes access enhancements at Seminary Boulevard and Opitz Boulevard approved by Virginia governing body to advance in 2H22 • US\$2.2 million annual transit commitment announced in partnership with VDOT to fund new Virginia to Maryland bus service as part of 495 Northern Extension project • Road User Charging pilot concluded, demonstrating early success in technology, administration and future scalability, with next phase of pilot to launch early FY23 • GoToll mobile tolling app now available on 86 roads, tunnels and bridges across the United States with expansion into Midwestern market • Provided over US\$165,000 in community grants and donations over 1H22 across GWA 	<ul style="list-style-type: none"> • Continuing engagement with Quebec Government in relation to potential future opportunities • Continuing partnership with Polytechnique Montréal to study A25 electric vehicle purchasing behaviour

1. All percentage changes are calculated in AUD unless otherwise stated.

2. Excluding the impacts of the divestment of TC, underlying EBITDA margin would be 57.6%.

Operating and financial review (continued)

Events subsequent to the end of the half-year

Details of any events that have arisen from 31 December 2021 to the date of signing this report that have significantly affected or may significantly affect the Group's operations, the results of those operations or the Group's state of affairs in future years, are provided in Note B17 of the Group interim financial statements.

Auditor

PricewaterhouseCoopers continues in office in accordance with section 327 of the *Corporations Act 2001*.

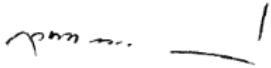
Auditor's independence declaration

A copy of the auditor's independence declaration as required under section 307C of the *Corporations Act 2001* is set out on page 16.

Rounding of amounts

The Group is of a kind referred to in *Instrument 2016/191*, issued by the Australian Securities and Investments Commission, relating to the 'rounding off' of amounts in the Directors' report. Amounts in the Directors' report have been rounded off in accordance with that Instrument to the nearest million, or in certain cases, to the nearest dollar.

This Directors' report is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.



Lindsay Maxsted

Director



Scott Charlton

Director

Melbourne
17 February 2022



Auditor's Independence Declaration

As lead auditor for the review of Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited for the half-year ended 31 December 2021, I declare that to the best of my knowledge and belief, there have been:

- (a) no contraventions of the auditor independence requirements of the *Corporations Act 2001* in relation to the review; and
- (b) no contraventions of any applicable code of professional conduct in relation to the review.

This declaration is in respect of Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited and the entities they controlled during the period.

A handwritten signature in black ink, appearing to read 'M. Laithwaite'.

Marcus Laithwaite
Partner
PricewaterhouseCoopers

Melbourne
17 February 2022

Section A: Group interim financial statements

Transurban Holdings Limited

Consolidated statement of comprehensive income for the half-year ended 31 December 2021

	Note	Half-year ended 31 December 2021 \$M	Half-year ended 31 December 2020 \$M ¹
Continuing operations			
Revenue	B4	1,301	1,423
Expenses			
Employee benefits expense		(152)	(131)
Road operating costs		(172)	(163)
Construction costs		(167)	(290)
Transaction and integration costs		(12)	(4)
Corporate and other expenses		(64)	(43)
Total expenses		(567)	(631)
Earnings before depreciation, amortisation, net finance costs, equity accounted investments and income taxes		734	792
Amortisation		(501)	(495)
Depreciation		(58)	(58)
Total depreciation and amortisation		(559)	(553)
Net finance costs	B9	(255)	(610)
Share of loss of equity accounted investments	B14	(181)	(74)
Loss before income tax		(261)	(445)
Income tax benefit	B6	155	134
Loss for the half-year from continuing operations		(106)	(311)
Discontinued operations			
Loss for the half-year from discontinued operations	B13	-	(137)
Loss for the half-year from continuing and discontinued operations		(106)	(448)
Loss/(profit) for the half-year attributable to:			
Ordinary security holders of the stapled group			
- Attributable to THL		(298)	(160)
- Attributable to THT/TIL		195	(259)
Loss attributable to ordinary security holders of the stapled group		(103)	(419)
Non-controlling interests—other		(3)	(29)
Loss for the half-year		(106)	(448)
Other comprehensive income			
Items that may be reclassified to profit or loss in the future			
Changes in the fair value of cash flow hedges, net of tax		259	(61)
Changes in the fair value of cost of hedging, net of tax		9	(2)
Share of other comprehensive income of equity accounted investments, net of tax	B14	32	48
Exchange differences on translation of North American operations, net of tax		67	87
Other comprehensive income for the half-year, net of tax		367	72
Total comprehensive income/(loss) for the half-year		261	(376)
Total comprehensive income/(loss) for the half-year is attributable to:			
Ordinary security holders of the stapled group			
- Attributable to THL		(198)	(184)
- Attributable to THT/TIL		424	(138)
Non-controlling interests—other		35	(54)
Total comprehensive income/(loss) for the half-year		261	(376)
		Cents	Cents
Earnings from continuing operations per security attributable to ordinary security holders of the stapled group	B7	(3.5)	(10.3)
Earnings per security attributable to ordinary security holders of the stapled group	B7	(3.5)	(15.3)

1. The comparative statutory results have been reclassified to present \$94 million of net finance costs (tax-effected: \$103 million) as discontinued operations. These related to foreign exchange losses from revaluing AUD denominated intercompany funding arrangements in North American subsidiaries that no longer formed part of the Group's net investment in foreign operations and that were settled on receipt of the proceeds from the divestment of 50% of TC in the year ended 30 June 2021.

Transurban Holdings Limited Consolidated balance sheet as at 31 December 2021

	Note	As at 31 December 2021 \$M	As at 30 June 2021 \$M
Assets			
Current assets			
Cash and cash equivalents		1,724	4,285
Current tax assets		13	-
Trade and other receivables		906	572
Other assets		11	-
Total current assets		2,654	4,857
Non-current assets			
Equity accounted investments	B14	10,527	5,751
Trade and other receivables		4	194
Financial assets at amortised cost		2,076	1,353
Derivative financial instruments	B11	380	145
Property, plant and equipment		554	567
Concession financial asset		330	330
Deferred tax assets		863	831
Goodwill		466	466
Other intangible assets		20,781	21,177
Total non-current assets		35,981	30,814
Total assets		38,635	35,671
Liabilities			
Current liabilities			
Trade and other payables		446	397
Current tax liabilities		16	182
Borrowings	B10	292	750
Derivative financial instruments	B11	6	2
Maintenance provision		165	144
Distribution provision		499	627
Other provisions		65	83
Construction obligation liability		261	579
Other liabilities		338	300
Total current liabilities		2,088	3,064
Non-current liabilities			
Borrowings	B10	17,196	17,081
Derivative financial instruments	B11	351	697
Deferred tax liabilities		1,754	1,778
Maintenance provision		942	934
Other provisions		6	7
Construction obligation liability		814	646
Other liabilities		313	312
Total non-current liabilities		21,376	21,455
Total liabilities		23,464	24,519
Net assets		15,171	11,152
Equity			
Contributed equity		3,937	2,929
Reserves		(357)	(457)
Accumulated losses		(4,568)	(4,270)
Equity attributable to other members of the stapled group (THT/TIL)		15,358	12,149
Equity attributable to security holders of the stapled group		14,370	10,351
Non-controlling interests—other		801	801
Total equity		15,171	11,152

The above consolidated balance sheet should be read in conjunction with the accompanying notes.

Transurban Holdings Limited

Consolidated statement of changes in equity for the half-year ended 31 December 2021

	Attributable to security holders of stapled group							
	Number of securities M	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	Equity attributable to other members THT & TIL \$M	Total \$M	Non-controlling interests— other \$M	Total equity \$M
Balance at 1 July 2021	2,738	2,929	(457)	(4,270)	12,149	10,351	801	11,152
Comprehensive income/(loss)								
(Loss)/profit for the half-year	–	–	–	(298)	195	(103)	(3)	(106)
Other comprehensive income	–	–	100	–	229	329	38	367
Total comprehensive income/(loss)	–	–	100	(298)	424	226	35	261
Transactions with owners in their capacity as owners:								
Contributions of equity, net of transaction costs ¹	324	983	–	–	3,167	4,150	–	4,150
Employee performance awards issued ²	1	2	–	–	5	7	–	7
Distributions provided for or paid ³	–	–	–	–	(461)	(461)	–	(461)
Distribution reinvestment plan ⁴	7	23	–	–	74	97	–	97
Distributions to non-controlling interests ⁵	–	–	–	–	–	–	(35)	(35)
	332	1,008	–	–	2,785	3,793	(35)	3,758
Balance at 31 December 2021	3,070	3,937	(357)	(4,568)	15,358	14,370	801	15,171

1. On 13 October 2021, the Group successfully completed the fully underwritten institutional and retail components of its pro-rata accelerated renounceable 1 for 9 entitlement offer. The institutional component raised gross proceeds of \$2,898 million at an issue price of \$13.00 per security. The retail component raised gross proceeds of \$1,068 million at an issue price of \$13.00 per security. A further \$250 million was raised through a placement to AustralianSuper at an issue price of \$13.07 per security. The total gross proceeds of \$4,216 million (\$4,150 million net of costs and tax) were used to partly fund the Group's contribution to the acquisition of the remaining 49% equity stake in WestConnex through Sydney Transport Partners Joint Venture (STP JV), which completed on 29 October 2021.

2. It's the Group's policy that a portion of all Short Term Incentives issued to the CEO and other senior executives are deferred for a period of 2 years. In addition to the Short Term Incentives, stapled securities (including units in the Trust) were issued to senior executives and other employees under the Group's Long Term Incentive share based payment plans. These securities are held by the employees but will only vest in accordance with the terms of the plans.

3. Refer to Note B8 for further details of dividends and distributions provided for or paid.

4. Under the Distribution Reinvestment Plan (DRP), holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash. The DRP applied for the interim and final distribution for FY21, paid in February 2021 and August 2021, respectively. The DRP applies for the interim FY22 distribution.

5. Distributions and dividends were paid during the period to the non-controlling interest partners in Transurban Queensland.

Transurban Holdings Limited

Consolidated statement of changes in equity for the half-year ended 31 December 2020

	Attributable to security holders of stapled group							
	Number of securities M	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	Equity attributable to other members THT & TIL \$M	Total \$M	Non-controlling interests—other \$M	Total equity \$M
Balance at 1 July 2020	2,735	2,919	(491)	(3,887)	9,333	7,874	927	8,801
Comprehensive (loss)/income								
Loss for the half-year	–	–	–	(160)	(259)	(419)	(29)	(448)
Other comprehensive (loss)/income	–	–	(24)	–	121	97	(25)	72
Total comprehensive loss	–	–	(24)	(160)	(138)	(322)	(54)	(376)
Transactions with owners in their capacity as owners:								
Employee performance awards issued ¹	1	1	(1)	–	2	2	–	2
Distributions provided for or paid ²	–	–	–	–	(411)	(411)	–	(411)
Distribution reinvestment plan ³	1	3	–	–	8	11	–	11
Distributions to non-controlling interests ⁴	–	–	–	–	–	–	(51)	(51)
	2	4	(1)	–	(401)	(398)	(51)	(449)
Balance at 31 December 2020	2,737	2,923	(516)	(4,047)	8,794	7,154	822	7,976

1. It's the Group's policy that a portion of all Short Term Incentives issued to the CEO and other senior executives are deferred for a period of 2 years. In addition to the Short Term Incentives, stapled securities (including units in the Trust) were issued to senior executives and other employees under the Group's Long Term Incentive share based payment plans. These securities are held by the employees but will only vest in accordance with the terms of the plans.

2. Refer to Note B8 for further details of dividends and distributions provided for or paid.

3. Under the Distribution Reinvestment Plan (DRP), holders of stapled securities may elect to have all or part of their distribution entitlements satisfied by the issue of new stapled securities rather than by cash. The DRP applied for the interim and final distribution for FY20, paid in February 2020 and August 2020, respectively. The DRP was in effect for the interim FY21 distribution, paid in February 2021.

4. Distributions and dividends were paid during the period to the non-controlling interest partners in the Eastern Distributor and Transurban Queensland.

Transurban Holdings Limited

Consolidated statement of cash flows for the half-year ended 31 December 2021

	Half-year ended 31 December 2021 \$M	Half-year ended 31 December 2020 \$M
Cash flows from operating activities		
Receipts from customers	1,164	1,229
Payments to suppliers and employees	(475)	(431)
Payments for maintenance of intangible assets	(44)	(44)
Transaction and integration costs	(4)	(4)
Other cash receipts	82	70
Interest received	10	9
Interest paid	(359)	(417)
Income taxes paid	(8)	(1)
Net cash inflow from operating activities	366	411
Cash flows from investing activities		
Payments for financial assets at amortised cost	(716)	(27)
Repayment of financial assets at amortised cost	31	2
Capital contribution to equity accounted investment	(4,975)	(58)
Payments for intangible assets	(310)	(490)
Payments for property, plant and equipment	(47)	(77)
Distributions received from equity accounted investments	149	93
Income taxes paid related to the disposal of subsidiaries ¹	(185)	-
Net cash outflow from investing activities	(6,053)	(557)
Cash flows from financing activities		
Proceeds from equity issuances of stapled securities (net of costs)	4,143	-
Proceeds from borrowings (net of costs)	7	2,009
Proceeds from loan facilities	40	46
Principal repayment of leases	(6)	(5)
Repayment of borrowings	(551)	(1,922)
Dividends and distributions paid to the Group's security holders	(491)	(426)
Distributions paid to non-controlling interests	(35)	(51)
Net cash inflow/(outflow) from financing activities	3,107	(349)
Net decrease in cash and cash equivalents	(2,580)	(495)
Cash and cash equivalents at the beginning of the half-year	4,285	2,349
Effects of exchange rate changes on cash and cash equivalents	19	(57)
Cash and cash equivalents at end of the half-year	1,724	1,797

1. Relates to income tax paid in connection with to the Group's divestment of 50% of its equity interest in TC during the year ended 30 June 2021. Refer to Note B13 for details of cash flows from discontinued operations.

Section B: Notes to the Group interim financial statements

Basis of preparation and significant changes

B1 Summary of significant changes in the current reporting period

The financial position and performance of the Group was particularly affected by the following transactions and events during the reporting period:

Coronavirus global pandemic and the related government-mandated restrictions

COVID-19 has continued to impact the Group's operating performance, particularly traffic volumes and toll revenue. During the half-year ended 31 December 2021, toll revenue from continuing operations decreased by 1.2% from the prior comparative period, with impacts to traffic experienced, particularly in Sydney, as a result of comparatively more severe government mandated restrictions on movement. While Melbourne had government mandated restrictions applying for part of the period, the restrictions were less severe compared to the prior comparative period. Traffic in each of Transurban's markets continues to be sensitive to government responses to COVID-19. Despite the impact on toll revenue and the related decline in cash receipts, the Group's operations, liquidity and financial position have not been significantly impacted in the current reporting period by COVID-19.

The Group's concession assets have remained fully operational and investment into networks and major development projects has continued, with only short periods of shutdown of the construction industry, throughout the period.

Group equity issuance and equity injection to Sydney Transport Partners Joint Venture (STP JV)

On 13 October 2021, the Group successfully completed the fully underwritten institutional and retail components of its pro-rata accelerated renounceable 1 for 9 entitlement offer. The institutional component raised gross proceeds of \$2,898 million at an issue price of \$13.00 per security. The retail component raised gross proceeds of \$1,068 million at an issue price of \$13.00 per security. A further \$250 million was raised through a placement to AustralianSuper at an issue price of \$13.07 per security. The total gross proceeds of \$4,216 million (\$4,150 million net of costs and tax) were used to partly fund the Group's contribution to the acquisition of the remaining 49% equity stake in WestConnex through STP JV, which was completed on 29 October 2021.

To fund the acquisition, the Group contributed \$4,856 million of equity to the STP JV and also issued shareholder loan notes with a face value of \$699 million. The Group's equity interest in STP JV remains at 50%. The Group's proportional equity interest in WestConnex through its equity investment in STP JV increased from 25.5% to 50% on 29 October 2021. Refer to Note B14 for further information.

Agreement reached on revised terms for the delivery of the West Gate Tunnel Project

On 16 December 2021, the Group reached agreement with the State and the D&C Subcontractor on revised terms for the delivery of the West Gate Tunnel Project, including a new expected Completion Date of late 2025. The binding detailed documentation is expected to be completed in early 2022. The total cost of the D&C Subcontract will be increased by \$3,440 million (Contract Sum Adjustment), with Transurban and the State each contributing \$1,720 million. Transurban is expected to incur additional net costs of approximately \$300 million including the Group's share of site activation and insurance costs as well as Transurban's direct project management costs. Transurban's future revenues will be impacted due to the delayed new Completion Date in late 2025. There will be no changes to concession rights or tolling arrangements. The D&C Subcontractor will withdraw their claims to additional construction costs which are significantly higher than the agreed Contract Sum Adjustment.

Transurban's Contract Sum Adjustment contribution is expected to be accounted for as capital expenditure (increasing the concession intangible asset as the expenditure is incurred) and is not expected to impact Free Cash or result in any impairment. Refer to Note B16.

Refer to the 17 December 2021 ASX Release "West Gate Tunnel Project Update - Investor Presentation" for further details.

B2 Basis of preparation

Transurban Holdings Limited (the Company, the Parent or THL) is a Company incorporated in Australia and limited by shares that are publicly traded on the Australian Securities Exchange. These financial statements have been prepared as a consolidation of the financial statements of Transurban Holdings Limited and its controlled entities (Transurban, Transurban Holdings Limited Group, Transurban Group or the Group). The controlled entities of THL include the other members of the stapled group being Transurban International Limited and its controlled entities (TIL) and Transurban Holding Trust and its controlled entities (THT). Transurban Infrastructure Management Limited (TIML) is the responsible entity of THT. The equity securities of THL, THT and TIL are stapled and cannot be traded separately. The Group is a for-profit entity. Entities within the Group are domiciled and incorporated in Australia, the United States of America and Canada.

The Group interim financial statements for the half-year ended 31 December 2021:

- Have been prepared in accordance with the *Corporations Act 2001* and AASB 134 *Interim Financial Reporting*;
- Have adopted all accounting policies in accordance with Australian accounting standards, and where a standard permits a choice in accounting policy, the policy adopted by the Group for the half-year ended 31 December 2021 is consistent with that which has been disclosed in the Corporate Report for the year ended 30 June 2021;
- Have applied the option under *ASIC Corporations (Stapled Group Reports) Instrument 2015/838* to present the consolidated financial statements in one section (Section A), and all other reporting group members in a separate section (Section C);
- Have been prepared under the historical cost convention, as modified by the revaluation of other financial assets and liabilities (including derivative financial instruments);
- Are presented in Australian dollars, which is the Group's functional and presentation currency;
- Have been rounded to the nearest million dollars, unless otherwise stated, in accordance with *ASIC Corporations (Rounding in Financial/Directors' reports) Instrument 2016/191*; and
- Have restated the presentation of comparative amounts, where applicable, to conform to the current period presentation.

Unless otherwise stated, statutory financial information in this interim report has been reclassified to present the results of TC as discontinued operations in the prior comparative period. Refer to Note B13 for further information.

In accordance with AASB 134 *Interim Financial Reporting*, the Group interim financial statements do not include all the notes of the type normally included in an annual financial report. Accordingly, this report is to be read in conjunction with the Corporate Report for the year ended 30 June 2021 and any public announcements made by the Transurban Group during the half-year ended 31 December 2021 in accordance with the continuous disclosure requirements of the ASX Listing Rules.

Going concern

The financial report has been prepared on a going concern basis, which assumes the continuity of normal operations. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of COVID-19 and near-term interest rates on the Group's liquidity and operations, in particular the next 12 months from the financial report release date of 17 February 2022.

While the long-term strategy of the Group remains unchanged, the ongoing impact of COVID-19 is uncertain and continues to represent a risk to the global economy. Traffic performance is expected to remain sensitive to future government responses to COVID-19 outbreaks, as well as global economic conditions.

In response to this uncertainty and the near-term interest rate exposure, the Group has critically assessed cash flow forecasts for the 12 months from the date of this report, taking into consideration an estimate of the potential continued impacts of COVID-19 and short-term interest rates. Scenario analysis has been undertaken on cash flow forecasts to reflect reasonably possible changes in traffic volume and short-term interest rates, and includes funding future debt financing through the use of existing debt facilities and cash and cash equivalents as at 31 December 2021. Based on the analysis, which includes judgement, the Group is expected to have sufficient headroom to continue to operate within available cash levels and the terms of its debt facilities for the 12 months from the date of this report.

The Group has also forecast that it does not expect to breach any financial covenants within the next 12 months from the date of this report. Financial covenant forecasts utilised the same underlying cash flow forecasts as those described above, with asset specific scenario analysis overlaid to adjust for reasonably possible changes in assumptions. Corporate and non-recourse debt financial covenants are calculated on a trailing 12 month basis.

Furthermore, the Directors have also taken the following matters into consideration in forming the view that the Group is a going concern:

- The Group has cash and cash equivalents of \$1,724 million as at 31 December 2021;
- The Group has available a total of \$1,825 million of undrawn general purpose borrowing facilities across a number of financial providers with a maturity beyond 12 months (total undrawn general purpose borrowing facilities is \$2,765 million). Additionally, the Group has a further \$80 million of undrawn borrowing facilities to provide funding for the Group's capital projects; and
- Payment of future dividends and distributions remains at the discretion of the Board.

B2 Basis of preparation (continued)

New and amended standards

The Group has adopted the following new and amended accounting standards which became effective for the half-year commencing 1 July 2021. The Group's assessment of the impact of these new and amended standards is set out below.

Reference	Description
AASB 2020-8 <i>Amendments to Australian Accounting Standards—Interest Rate Benchmark Reform—Phase 2</i>	This standard amends AASB 9 <i>Financial instruments</i> , AASB 16 <i>Leases</i> and AASB 7 <i>Financial Instrument: Disclosures</i> , providing certain relief for hedge accounting and changes to contractual cash flows of financial instruments (including lease liabilities) due to the reform of inter-bank offered rates. The relief enables hedge accounting to continue for certain hedges that might otherwise need to be discontinued once an alternative benchmark interest rate is available. It also allows the recalculation of the carrying amount of a financial instrument using an updated effective interest rate to reflect the change to the benchmark rate for the purpose of discounting the revised contractual cash flows. The application of the amendments has not materially impacted the Group.
AASB 2021-3 <i>Amendments to Australian Accounting Standards—COVID-19-Related Rent Concessions beyond 30 June 2021</i>	AASB 2021-3 extends the date of the practical expedient provided to lessees in AASB 2020-4 <i>Amendments to Australian Accounting standards—COVID-19-Related Rent Concessions</i> from 30 June 2021 to 30 June 2022. The practical expedient allows lessees to recognise any change in lease payments (now due before 30 June 2022) arising from a COVID-19 related rent concession directly in the profit and loss and not have to assess whether it is lease modification. The application of the amendments has not materially impacted the Group.

Key accounting estimates and judgements

Estimates and judgements are regularly made by management and are based on historical experience and other factors, including expectations of future events that may have a financial impact on the Group and that are believed to be reasonable under the circumstances.

The estimates and judgements that have a significant risk of causing a material adjustment to the recognised amount of assets and liabilities are as follows:

- Provision for income taxes and utilisation of tax losses;
- Fair value of derivatives and other financial instruments;
- Recoverability of goodwill, other intangible assets and equity accounted investments;
- Construction risk of assets under construction;
- Provision for maintenance expenditure;
- Valuation of construction obligation liability;
- Valuation of promissory notes and concession notes;
- Assessment of control of STP JV;
- Assessment of control of TC; and
- Contingencies.

Further details on the nature of key accounting estimates and judgements are disclosed in the Group's Corporate Report for the year ended 30 June 2021, except for the following:

- | | |
|--|-----------------------|
| • Assessment of utilisation of tax losses for the TIL Australia tax consolidated group | Note B6 |
| • Fair value of the Contract for Difference relating to Power Purchase Agreements | Note B11 |
| • Impairment assessment of other intangible assets and equity accounted investments | Note B12 and Note B14 |
| • West Gate Tunnel Project remeasurement of construction obligation liability | Note B12 |
| • Assessment of control of STP JV | Note B14 |
| • Contingent liabilities relating to Fredericksburg Extension project | Note B15 |

There have been no other significant changes to key accounting estimates and judgements disclosed in the Group's Corporate Report since 30 June 2021.

Operating performance

B3 Segment information

In the segment information provided to the Transurban Group Executive Committee (certain members of which act as the chief operating decision maker), segments are defined by the geographical region in which the Group operates being Melbourne, Sydney, Brisbane and North America. The Group's corporate function is not an operating segment under the requirements of AASB 8 *Operating Segments* as its revenue generating activities are only incidental to the business.

The Executive Committee assesses the performance of the region based on a measure of proportional earnings before depreciation, amortisation, net finance costs and income taxes (Proportional EBITDA). This reflects the contribution of each region in the Group in the proportion of Transurban's equity ownership.

The diagram below shows the assets included in each geographical region, together with the ownership interests held by the Group as at 31 December 2021:

	MELBOURNE	SYDNEY	BRISBANE	NORTH AMERICA
WHOLLY OWNED	CityLink (100%)	Lane Cove Tunnel (100%)	Hills M2 Motorway (100%)	A25 (100%)
	West Gate Tunnel (100%)	Cross City Tunnel (100%)	M5 West (100%)	
NON-100% OWNED AND CONSOLIDATED		M1 Eastern Distributor (75.1%)	Logan Motorway (62.5%)	Gateway Motorway (62.5%)
			Go Between Bridge (62.5%)	Clem7 (62.5%)
			Legacy Way (62.5%)	AirportlinkM7 (62.5%)
NON-100% OWNED AND EQUITY ACCOUNTED		Westlink M7 ¹ (50%)	WestConnex M4 ² (50%)	95 Express Lanes ³ (50%) ²
		NorthConnex ¹ (50%)	WestConnex M8/M5 East ² (50%)	495 Express Lanes ⁴ (50%) ²
			WestConnex M4-M5 Link ² (50%)	AM Partners ⁶ (60%)

1. Westlink M7 and NorthConnex form the NorthWestern Roads Group (NWRG).

2. The M4, M8/M5 East and M4-M5 Link together form WestConnex. The M8/M5 East includes the M8, the M5 East and will include the M5 West from December 2026. During the period, the Group's proportional equity interest in WestConnex increased from 25.5% to 50% through its equity investment in the STP JV.

3. The 95 Express Lanes concession is inclusive of the 395 Express Lanes and the Fredericksburg Extension.

4. The 495 Express Lanes concession is inclusive of the 495 Express Lanes Northern Extension Project and the Capital Beltway Accord Project.

5. 495 Express Lanes and 95 Express Lanes are part of TC. Transurban Group's ownership of TC reduced from 100% to 50% from 1 April 2021.

6. Accelerate Maryland Partners LLC (AM Partners) has the Public Private Partnership Agreement to deliver Phase 1 of the Maryland Express Lanes Project.

B3 Segment information (continued)

Segment information—proportional income statement

31 December 2021

\$M	Melbourne	Sydney	Brisbane	North America	Corporate and other	Total
Toll revenue	313	527	224	99	–	1,163
Other revenue	10	17	2	15	15	59
Total proportional revenue	323	544	226	114	15	1,222
Proportional EBITDA	252	387	162	64	(60)	805

31 December 2020

\$M	Melbourne	Sydney	Brisbane	North America	Corporate and other	Total
Toll revenue	259	612	210	84	–	1,165
Other revenue	13	16	1	7	16	53
Total proportional revenue	272	628	211	91	16	1,218
Proportional EBITDA	204	488	155	29	(36)	840

Reconciliation of segment information to statutory financial information

The proportional results presented above are different from the statutory financial results of the Group due to the proportional presentation of each asset's contribution to each geographical region and adjustments.

Segment revenue

Revenue from external customers comprises toll, service and fee revenues earned on toll roads. Segment revenue reconciles to total statutory revenue as follows:

	Note	Half-year ended 31 December 2021 \$M	Half-year ended 31 December 2020 \$M
Total segment revenue (proportional)		1,222	1,218
Add:			
Revenue attributable to non-controlling interests		148	143
Construction revenue from road development activities		167	353
Other revenue from discontinued operations ¹		–	4
Intragroup elimination ²		25	13
Less:			
Proportional revenue of non-100% owned equity accounted assets		(247)	(183)
Toll revenue receipts on A25 relating to concession financial asset ³		(7)	(6)
Other revenue receipts on A25 relating to concession financial asset ³		(7)	(7)
Revenue attributable to discontinued operations ¹		–	(112)
Total statutory revenue from continuing operations	B4	1,301	1,423

1. Statutory financial information classifies the results of TC as discontinued operations in the prior comparative period. Other revenue from discontinued operations represents intragroup revenue recognised in relation to arrangements between continuing and discontinued operations that is eliminated for segment purposes.

2. Statutory revenue recognised in relation to arrangements with equity accounted investments that are eliminated for segment purposes.

3. The Executive Committee members acting as the chief operating decision maker assesses the performance of the Group using proportional results that include A25 income streams relating to availability payments and guaranteed toll income which are classified as revenue within the proportional results. These revenues form part of the ordinary activities of the A25 and are reflective of its underlying performance. For statutory accounting purposes, these income streams offset the related concession financial asset receivable recorded on acquisition of the A25.

B3 Segment information (continued)

Proportional EBITDA

Proportional EBITDA reconciles to loss before income tax as follows:

	Half-year ended 31 December 2021	Half-year ended 31 December 2020
	\$M	\$M
Proportional EBITDA	805	840
Add: EBITDA attributable to non-controlling interests	106	105
Add: Intragroup elimination ¹	3	3
Less: Proportional EBITDA of non-100% owned equity accounted assets	(166)	(142)
Less: Toll and other revenue receipts on A25 relating to concession financial asset ²	(14)	(13)
Less: EBITDA from discontinued operations ³	-	(1)
Statutory profit before depreciation, amortisation, net finance costs, equity accounted investments and income taxes from continuing operations	734	792
Statutory depreciation and amortisation from continuing operations	(559)	(553)
Statutory net finance costs from continuing operations ⁴	(255)	(610)
Share of loss of equity accounted investments from continuing operations	(181)	(74)
Loss before income tax from continuing operations⁴	(261)	(445)

1. Statutory EBITDA recognised in relation to arrangements with equity accounted investments that are eliminated for segment purposes. For statutory purposes an offsetting adjustment is recognised within the share of loss of equity accounted investments.

2. The Executive Committee members acting as the chief operating decision maker assesses the performance of the Group using proportional results that include A25 income streams relating to availability payments and guaranteed toll income which are classified as revenue within the proportional results. These revenues form part of the ordinary activities of the A25 and are reflective of its underlying performance. For statutory accounting purposes, these income streams offset the related concession financial asset receivable recorded on acquisition of the A25.

3. Statutory results classify the results of TC as discontinued operations in the prior comparative period.

4. The comparative statutory results have been reclassified to present \$94 million of net finance costs as discontinued operations. These related to foreign exchange losses from revaluing AUD denominated intercompany funding arrangements in North American subsidiaries that no longer formed part of the Group's net investment in foreign operations and that were settled on receipt of the proceeds from the divestment of 50% of TC in the year ended 30 June 2021.

B4 Revenue

	Half-year ended 31 December 2021	Half-year ended 31 December 2020
	\$M	\$M
Toll revenue	1,056	1,069
Construction revenue	167	290
Other revenue	78	64
Total revenue from continuing operations¹	1,301	1,423

1. Includes \$58,213 thousand (half-year ended 31 December 2020: \$39,442 thousand) of revenue for tolling and management services provided to related parties. Half-year ended 31 December 2020 also includes \$3,757 thousand of intragroup revenue recognised in relation to arrangements between continuing and discontinued operations.

The Group's revenue streams and related accounting policies are the same as those described in the Corporate Report for the year ended 30 June 2021.

Revenue sharing

Toll revenue for the half-year ended 31 December 2021 is recognised net of revenue share of \$11 million (2020: \$11 million) to the grantor of A25, Ministry of Transport of Quebec (MTQ).

B5 Significant items

Significant items are items where their nature is sufficiently significant to the Group interim financial statements and not in the ordinary course of business. There were no items classified as significant items for the half-year ended 31 December 2021 or for the half-year ended 31 December 2020.

B6 Income tax

	Half-year ended 31 December 2021	Half-year ended 31 December 2020 ¹
	\$M	\$M
Income tax benefit		
Current tax	(60)	(50)
Deferred tax	(95)	(83)
	(155)	(133)
Income tax benefit attributable to continuing operations	(155)	(134)
Income tax benefit attributable to discontinued operations	-	1
	(155)	(133)
Deferred income tax benefit included in income tax benefit comprises:		
Increase in deferred tax assets	(13)	(19)
Decrease in deferred tax liabilities	(82)	(64)
	(95)	(83)

Reconciliation of income tax (benefit)/expense to prima facie tax payable

	Half-year ended 31 December 2021	Half-year ended 31 December 2020 ¹
	\$M	\$M
Loss before income tax from continuing operations	(261)	(445)
Loss profit before income tax from discontinued operations (Note B13)	-	(136)
Loss before income tax benefit	(261)	(581)
Tax at the Australian tax rate of 30% (2020: 30%)	(78)	(174)
Tax effect of amounts which are not (taxable)/deductible in calculating taxable income:		
Trust income not subject to tax	(89)	(27)
Equity accounted results	36	22
Tax rate differential	3	5
Prior year tax losses (recognised)/utilised	(25)	1
(Non-assessable)/non-deductible interest	(8)	11
Non-deductible depreciation	4	4
Non-deductible other expenses	2	25
Income tax benefit	(155)	(133)
Tax (income)/expense relating to items of other comprehensive income		
Cash flow hedges	90	(28)
Cost of hedging	4	(1)
Foreign currency translation	(8)	(2)
	86	(31)

1. The comparative statutory results have been reclassified to present \$94 million of net finance costs (tax effected: \$103 million) as discontinued operations. These related to foreign exchange losses from revaluing AUD denominated intercompany funding arrangements in North American subsidiaries that no longer formed part of the Group's net investment in foreign operations and that were settled on receipt of the proceeds from the divestment of 50% of TC in the year ended 30 June 2021.

Current tax assets and liabilities

As at 31 December 2021 the current tax assets and liabilities of the Group relate to income tax receivable for the Transurban DRiVe Holdings LLC (DRiVe) and Transurban (USA) Holdings LLC (TUSAH) tax consolidated groups, and income tax payable for the Airport Motorway Limited (AML) tax consolidated group, respectively.

Prior year tax losses recognised

During the half-year ended 31 December 2021, the Group undertook a review of its unbooked tax losses in conjunction with updated forecast financial information of the relevant entities in the Group. As a result, the Group has determined it is probable future taxable profit will be available to utilise previously unbooked tax losses in the TIL Australia tax consolidated group. Accordingly, an additional deferred tax asset of \$25 million has been recognised as at 31 December 2021.

KEY ESTIMATE AND JUDGEMENT

The Group has recognised deferred tax assets relating to carried forward tax losses to the extent there are sufficient taxable temporary differences and/or future taxable profits relating to the same taxation authority against which the unused tax losses can be utilised. However, the recognition and utilisation of tax losses also depends on the ability of the Group to satisfy certain tests at the time the losses are recouped.

Management have reviewed forecast taxable profits for the TIL Australia tax consolidated group and have recognised deferred tax assets in relation to previously unbooked tax losses during the half-year ended 31 December 2021. The change in the TIL Australia tax loss utilisation profile has arisen due to new cross-staple interest bearing loans established as a result of the Group equity issuance completed in October 2021.

Security holder outcomes

B7 Earnings per stapled security

Reconciliation of earnings used in calculating earnings per security

	Half-year ended 31 December 2021	Half-year ended 31 December 2020 ¹
Loss attributable to ordinary security holders of the stapled group (\$M)		
Continuing operations	(103)	(282)
Discontinued operations	–	(137)
Total	(103)	(419)
Weighted average number of securities (M)	2,912	2,736
Basic and diluted earnings per security attributable to the ordinary security holders of the stapled group (cents)		
Continuing operations	(3.5)	(10.3)
Discontinued operations	–	(5.0)
Total	(3.5)	(15.3)

1. The comparative statutory results have been reclassified to present \$94 million of net finance costs (tax effected: \$103 million) as discontinued operations. These related to foreign exchange losses from revaluing AUD denominated intercompany funding arrangements in North American subsidiaries that no longer formed part of the Group's net investment in foreign operations and that were settled on receipt of the proceeds from the divestment of 50% of TC in the year ended 30 June 2021.

B8 Dividends/distributions and free cash

Dividends/distributions paid by the Group during the half-year

	Total \$M	Paid in cash \$M	Settled in securities \$M	Cents	Date paid/ payable
31 December 2021					
Declared 24 June 2021					
Franked THL	27	23	4	1.0	
Partly franked THT	561	468	93	20.5	
	588	491	97	21.5	23 August 2021
31 December 2020					
Declared 22 June 2020					
Franked THL	–	–	–	–	
Unfranked THT	437	426	11	16.0	
	437	426	11	16.0	14 August 2020

Dividends/distributions payable by the Group

	Total \$M	Paid in cash \$M	Settled in securities \$M	Cents	Date paid/ payable
31 December 2021					
Declared 3 December 2021					
Franked THL	–	–	–	–	
Unfranked THT	461	–	–	15.0	
	461	–	–	15.0	22 February 2022
31 December 2020					
Declared 23 December 2020					
Franked THL	–	–	–	–	
Unfranked THT	411	392	19	15.0	
	411	392	19	15.0	16 February 2021

B8 Dividends/distributions and free cash (continued)

Distribution policy and free cash calculation

The Group typically aligns distributions with free cash generated. The interim distribution declared on 3 December 2021 was in line with free cash generated for the half-year ended 31 December 2021. The Group calculates free cash as follows:

	Half-year ended 31 December 2021	Half-year ended 31 December 2020
	\$M	\$M
Cash flows from operating activities	366	411
Add back transaction and integration costs	4	4
Add back payments for maintenance of intangible assets	44	44
Less debt amortisation of 100% owned assets ¹	(7)	(4)
Less cash flow from operating activities related to non-100% owned entities	(174)	(165)
Less allowance for maintenance of intangible assets for 100% owned assets ²	(28)	(44)
Adjust for distributions and interest received from non-100% owned entities		
M1 Eastern Distributor distribution	–	36
Transurban Queensland distribution and shareholder loan note payments	70	86
NWRG distribution and shareholder loan note payments	72	49
STP JV distribution and shareholder loan note payments	77	50
TC distribution	35	–
Free cash	459	467
Weighted average securities on issue (M)³	3,070	2,737
Free cash per security (cents)—weighted average securities	15.0	17.1

1. From the date of the initial WestConnex acquisition in 2018, debt amortisation from M5 West has been added back to this figure due to the M5 West concession arrangement being transferred to the WestConnex ownership consortium at the end of the current M5 West concession agreement in 2026. Debt amortisation of 100% owned assets has been adjusted by \$44 million (2020: \$42 million).

2. The prior comparative period includes allowance for maintenance of intangible assets classified within discontinued operations.

3. The weighting applied to securities is based on their eligibility for distributions during the period and consequently can be different to weighted average number of securities calculated in Note B7 Earnings per stapled security.

Capital and borrowings

B9 Net finance costs

	Half-year ended 31 December 2021	Half-year ended 31 December 2020 ¹
	\$M	\$M
Finance income		
Interest income on financial assets at amortised cost	15	9
Interest income on bank deposits held at amortised cost	5	3
Income from concession financial asset	12	12
Net unrealised remeasurement gain attributable to derivative financial instruments	67	–
Unwind of discount and remeasurement of liabilities—construction obligation	20	–
Unwind of discount and remeasurement of financial assets at amortised cost	33	–
Total finance income	152	24
Finance costs		
Interest and finance charges paid/payable	(372)	(387)
Net unrealised remeasurement loss attributable to derivative financial instruments	–	(103)
Unwind of discount and remeasurement of liabilities—maintenance provision	(15)	(19)
Unwind of discount and remeasurement of liabilities—construction obligation	–	(29)
Unwind of discount and remeasurement of liabilities—promissory and concession notes	(6)	(14)
Unwind of discount and remeasurement of liabilities—lease liabilities	(3)	(3)
Unwind of discount and remeasurement of liabilities—other liabilities	(2)	(4)
Unwind of discount and remeasurement of financial assets at amortised cost	–	(64)
Movement in impairment provisions on financial assets at amortised cost	(2)	–
Net foreign exchange losses	(7)	(11)
Total finance costs	(407)	(634)
Net finance costs from continuing operations²	(255)	(610)

1. The comparative statutory results have been reclassified to present \$94 million of net foreign exchange losses (tax effected: \$103 million) as discontinued operations. These related to foreign exchange losses from revaluing AUD denominated intercompany funding arrangements in North American subsidiaries that no longer formed part of the Group's net investment in foreign operations and that were settled on receipt of the proceeds from the divestment of 50% of TC in the year ended 30 June 2021.

2. In addition to the net finance costs from continuing operations that are included in the profit and loss, \$33 million (2020: \$26 million) of financing costs have been capitalised and included in the carrying amount of assets under construction.

Unwind of discount and remeasurement of construction obligation

The movement in the unwind of discount and remeasurement of liabilities – construction obligation has been influenced by the change in the expected opening completion of the West Gate Tunnel Project and the timing of CityLink funding source payments (refer Note B12).

Unrealised remeasurement gain/loss attributable to derivative financial instruments

The Group uses derivative financial instruments in the normal course of business to hedge exposures to fluctuations in interest rates and foreign exchange rates in accordance with the Group's financial risk management policies. Excluding borrowings held in foreign currencies that hedge the Group's investment in US and Canadian operations, the Group has entered into cross-currency interest rate swaps that hedge 100% of its economic exposure to borrowings raised in foreign currencies. The cross-currency interest rate swap contracts hedge the risk of unfavourable foreign exchange and interest rate movements on borrowings denominated in foreign currencies. Under the swap contracts, the Group receives foreign currency at fixed rates and pays AUD at fixed rates.

At the end of each reporting period the Group remeasures the cross-currency interest rate swap contracts at fair value and applies hedge accounting. The periodic remeasurement of the cross-currency interest rate swap contracts to fair value includes an element of foreign currency basis spread. For those cross-currency interest rate swap contracts that designate the entire fair value of the cross-currency interest swap contract as the hedging instrument (including the foreign currency basis spread component), this can result in ineffectiveness in the hedging relationship that is recognised in the profit and loss.

In the half-year ended 31 December 2021 the Group observed an upwards shift in the AUD basis curve relative to other foreign currencies, which resulted in a change in the fair value of these cross-currency interest rate swaps. While the Group has removed the cash flow risk of unfavourable exchange rate movements through the use of these swaps, hedge accounting ineffectiveness is the primary driver of the net unrealised remeasurement gain attributable to derivative financial instruments for the half-year ended 31 December 2021.

Unwind of discount and remeasurement of financial assets at amortised cost

The movement in the unwind of discount and remeasurement of financial assets at amortised cost is primarily due to the revision of the estimated repayment cash flows on the shareholder loan notes (SLNs) with STP JV and NWRG in the prior period, which had the effect of deferring the repayment of the SLNs.

B10 Borrowings

	31 December 2021 \$M	30 June 2021 \$M
Current		
Capital markets debt	-	250
US private placement	-	216
Term debt	292	284
Total current borrowings	292	750
Non-current		
Capital markets debt	11,184	11,088
US private placement	2,913	2,828
Term debt	2,818	2,884
Shareholder loan notes	281	281
Total non-current borrowings	17,196	17,081
Total borrowings	17,488	17,831

Financing arrangements and credit facilities

During the reporting period Transurban executed a number of financing activities including:

August 2021

- Transurban closed two letter of credit facilities, US\$93 million and US\$6 million both with a 2 year tenor.

September 2021

- Transurban Queensland repaid its \$250 million Medium Term Note (MTN) due for maturity in December 2021.
- Transurban closed a letter of credit facility, comprising Facility A \$82 million with a tenor of 2 years and Facility B \$125 million with a tenor of 5 months. Facility B was cancelled in October 2021, following financial close of WestConnex.

November 2021

- Transurban repaid US\$162m in US private placement notes at their maturity in November 2021.

December 2021

- Transurban reached financial close on three letter of credit facilities of US\$215 million with a tenor of 3 years, US\$198 million with a tenor of 4.5 years and US\$150 million with a tenor of 2.5 years.

B11 Derivatives and financial risk management

Derivatives

	31 December 2021		30 June 2021	
	Current	Non-current	Current	Non-current
Assets				
Power purchase agreements	-	1	-	-
Interest rate swap contracts—cash flow hedges	-	58	-	28
Cross-currency interest rate swap contracts—cash flow hedges	-	321	-	117
Total derivative financial instrument assets	-	380	-	145
Liabilities				
Interest rate swap contracts—cash flow hedges	6	159	2	213
Cross-currency interest rate swap contracts—cash flow hedges	-	192	-	484
Total derivative financial instrument liabilities	6	351	2	697

Fair value measurements

The carrying amount of the Group's financial assets and liabilities approximate their fair value. This is also generally the case with borrowings since either the interest payable on those borrowings is close to current market rates or the borrowings are of a short-term nature. The fair values of non-current borrowings are determined based on discounted cash flows using a current borrowing rate. They are classified as level 2 fair values in the fair value hierarchy due to the use of observable inputs.

Fair value is categorised within the fair value hierarchy based on the lowest level of input that is significant to the fair value measurement as a whole:

- Level 1—quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2—inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3—inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Group's financial instruments measured, recognised and disclosed at fair value are valued using market observable inputs (level 2), except for the Financial Power Purchase Agreements (PPAs).

The Financial PPAs operate as a 'contract for difference' (CfD) and are measured as a level 3 financial instrument as the key inputs, the electricity forward spot prices, cannot be forecasted (using observable market data) for the duration of the contract.

As at 31 December 2021, the Group has Financial PPAs relating to three wind farms: the Bango Wind Farm, Coopers Gap Wind Farm and Sapphire Wind Farm. As at 31 December 2021, the Bango and Coopers Gap Wind Farms are not operational and the instruments' fair values are offset by their day 1 deferred gain/loss. The valuation technique relating to the Sapphire Wind Farm, which is operational, uses the electricity price forecasting model and inputs consistent with those outlined in the 'Key estimate and judgement' below.

On 23 December 2021, the Group entered into a Victorian Retail PPA to supply renewable energy from 2024, which is not yet operational. The Retail PPA contract type differs to the Financial PPA contract type in that it does not contain a CfD derivative.

The following table presents the changes in level 3 instruments for the half-year ended 31 December 2021:

	\$M
Opening balance at 1 July 2021	-
Gains recognised in the profit and loss ¹	1
Closing balance at 31 December 2021	1

1. Includes unrealised gains recognised in the profit and loss attributable to balances held at the end of the reporting period.

There has been no change in the valuation techniques applied and there were no transfers between levels within the fair value hierarchy during the period.

KEY ESTIMATE AND JUDGEMENT

The fair value of financial instruments that are not traded in an active market is determined using valuation techniques. The Group uses its judgement to select a variety of methods and makes assumptions that are mainly based on market conditions existing at each reporting date. The fair value of CfDs relating to PPAs is determined using the electricity price forecasting model and inputs used include forecast electricity volumes, the electricity forward spot price, the contract period, the discount rate and the net position of the long-term generation certificates.

Concession summary

B12 Concession summary

The table below summarises the key balance sheet items of the Group's concession assets by geographical region:

31 December 2021 \$M	Melbourne	Sydney	Brisbane	North America	Carrying amount
Equity accounted investment carrying amount	-	7,745	-	2,782	10,527
Service concession intangible assets carrying amount	2,724	5,647	7,438	1,203	17,012
Concession financial asset (current and non-current)	-	-	-	358	358
Assets under construction ^{1,2}	3,645	-	-	-	3,645
Other intangibles ³	61	-	-	-	61
Goodwill	1	260	205	-	466
Maintenance provision (current and non-current)	(175)	(265)	(634)	(33)	(1,107)
Construction obligation liability (current and non-current)	(1,075)	-	-	-	(1,075)

30 June 2021 \$M	Melbourne	Sydney	Brisbane	North America	Carrying amount
Equity accounted investment carrying amount	-	3,037	-	2,714	5,751
Service concession intangible assets carrying amount	2,780	5,867	7,557	1,223	17,427
Concession financial asset (current and non-current)	-	-	-	358	358
Assets under construction ^{1,2}	3,672	-	-	2	3,674
Goodwill	1	260	205	-	466
Maintenance provision (current and non-current)	(171)	(256)	(620)	(31)	(1,078)
Construction obligation liability (current and non-current)	(1,225)	-	-	-	(1,225)

1. Assets under construction are included within other intangible assets in the consolidated balance sheet.

2. There is amortisation recorded in assets under construction for the component of the West Gate Tunnel Project which is related to CityLink funding contributions, for which funding commenced from 1 July 2019.

3. Relates to rights associated with the agreement with the High-Quality Bulla spoil disposal site entered in June 2021. Funding has been provided to complete the site activation works on a rights reserved basis to enable the site to be available for the receipt and storage of project spoil in relation to the West Gate Tunnel Project.

Indicators of impairment

At each reporting period the Group assesses whether there is an indication of impairment for each of the Group's service concession intangible assets. Where an indicator of impairment is identified, impairment testing is performed.

COVID-19 related government restrictions have adversely affected traffic volumes and toll revenue and indicators of impairment were identified for all concession intangible assets as at 30 June 2020 (and certain service concession intangible assets as at 31 December 2020) necessitating formal impairment testing. Notwithstanding this, formal impairment testing demonstrated that each of the Group's service concession intangible assets' recoverable amount exceeded their carrying amount and no impairment was recognised.

Expected COVID-19 impacts have been factored into the Group's budget and for the half-year ended 31 December 2021 there has been no deterioration in performance against budget (including the toll revenue impact during the half-year ended 31 December 2021 from increased COVID-19 related government mandated movement restrictions, particularly in the Group's Australian markets) significant enough to erode the excess in recoverable amount. This is mainly due to the length of the remaining term of these service concession arrangements, with the majority of the recoverable amount generated beyond the near-term period impacted by COVID-19. Given this, management have concluded that there are no indicators of impairment for the Group's service concession intangible assets as at 31 December 2021.

As outlined in the Group's Corporate Report for the year ended 30 June 2021, the A25's recoverable amount exceeded its carrying amount by 16% when impairment testing was last performed as at 30 June 2021. The testing as at 30 June 2021 also indicated that the A25 was sensitive to reasonably possible changes in key assumptions. Given the sensitivity of assumptions, and despite the fact that impairment indicators have not been identified, management have nevertheless completed an impairment assessment of the A25 as at 31 December 2021. The recoverable amount as at 31 December 2021 (based on fair value less costs of disposal) exceeds the carrying amount by 24% (31 December 2021 carrying amount: \$1,203 million). An updated sensitivity analysis was performed to consider reasonably possible changes in traffic volumes, long-term CPI, the discount rate and the realisation of asset enhancement opportunities. As at 31 December 2021, the A25 concession intangible asset continues to be sensitive to and may be impaired if there are reasonably possible changes in the key assumption relating to the realisation of asset enhancement opportunities. There has not been a material change to long-term assumptions through to 31 December 2021. Accordingly, and given the A25's reducing carrying amount through amortisation, management conclude there is no impairment as at 31 December 2021.

KEY ESTIMATE AND JUDGEMENT

The Group makes certain assumptions in calculating the recoverable amount of service concession intangible assets. These include assumptions around expected traffic performance (including COVID-19 impacts) and forecast operational costs.

Except for the A25, management do not consider that reasonably possible changes in key assumptions would result in the recoverable amount being lower than the carrying amount of a service concession intangible asset.

B12 Concession summary (continued)

Construction obligation liability

West Gate Tunnel Project

The West Gate Tunnel Project is being funded by tolling income from the CityLink Concession Deed and the receipt of future tolling income from the West Gate Tunnel Project. The CityLink Concession Deed was amended in April 2019, requiring the recognition of an incremental asset within other intangible assets and a corresponding liability. The liability represents the Group's obligation to complete construction of the West Gate Tunnel Project, attributable to the remaining CityLink funding sources payments. The liability will reduce as payments are made in connection with the CityLink funding sources.

The estimated nominal value of the remaining funding sources payments attributable to CityLink is \$1,161 million as at 31 December 2021. The carrying amount is \$1,075 million as at 31 December 2021.

KEY ESTIMATE AND JUDGEMENT

The Group has a construction obligation liability for the West Gate Tunnel Project attributable to the CityLink funding sources from the CityLink Concession Deed Amendments. The construction obligation liability is measured at the present value of the remaining CityLink funding sources payments. Assumptions are made in determining the timing and profile, based on the expected cash flows to be paid through completion of construction of the West Gate Tunnel Project.

The current balance represents the payments the Group expects to be made within 12 months from the reporting date, with the non-current portion being the present value of payments beyond 12 months from the reporting date.

Group structure

B13 Discontinued operations

Half-year ended 31 December 2020

On 17 December 2020, the Group announced that it had entered into an agreement to divest 50% of its equity interest in TC to AustralianSuper (25%), Canada Pension Plan Investment Board (15%) and UniSuper (10%). TC is part of the North American segment and includes the concessions for the 495 Express Lanes and 95 Express Lanes.

The sale was completed on 31 March 2021 via disposal of the Group's controlling interest in TC. The Group's investment in TC is equity accounted from 31 March 2021.

As TC represents the majority of the Group's North American revenue and assets, the Group has classified its previous interest in TC as a discontinued operation up until the date of disposal. Financial information disclosed in relation to discontinued operations includes consolidation adjustments, net finance costs and income tax benefit (current tax and taxable temporary differences) that are recorded outside of the legal entities which form the TC Group, as they are directly related to the performance of the disposal group and the accounting for the transaction upon financial close.

The contribution of discontinued operations included within the Group's consolidated statement of comprehensive income and consolidated statement of cash flows are detailed below:

Income statement—Discontinued operations

	Note	Half-year ended 31 December 2020 ¹ \$M
Toll revenue		49
Construction revenue		63
Total revenue		112
Total expenses²		(111)
Earnings before depreciation, amortisation, net finance costs and income taxes		1
Total amortisation and depreciation		(20)
Net finance costs ³		(117)
Loss before income tax		(136)
Income tax expense		(1)
Loss for the half-year⁴		(137)
(Loss)/profit attributable to:		
Ordinary security holders of the stapled group		
– Attributable to THL		14
– Attributable to THT/TIL		(151)
Loss attributable to ordinary security holders of the stapled group		(137)
Other comprehensive income		
Changes in the fair value of cash flow hedges, net of tax		6
Exchange differences on translation of operations, net of tax		(98)
Other comprehensive loss for the period, net of tax		(92)
Total comprehensive loss for the period		(229)
Total comprehensive loss for the period is attributable to:		
Ordinary security holders of the stapled group		
– Attributable to THL		(2)
– Attributable to THT/TIL		(227)
Total comprehensive loss attributable to ordinary security holders of the stapled group		(229)
		Cents
Basic and diluted earnings per security attributable to ordinary security holders of the stapled group	B7	(5.0)

1. The comparative statutory results of the Group have been reclassified to present \$94 million of net finance costs (tax-effected: \$103 million) as discontinued operations of THL, and \$135 million of net finance costs (tax-effected: \$132 million) as discontinued operations of TIL. These predominantly related to foreign exchange losses from revaluing AUD denominated intercompany funding arrangements in entities where the functional currency was not AUD and that were settled on receipt of the proceeds of the transaction in the year ended 30 June 2021.

2. Includes construction costs of \$63 million.

3. Includes fair value gains of \$37 million recognised in association with forward foreign exchange contracts to fix the Australian dollar value of the majority of the net U.S. dollar proceeds from the divestment of 50% of the Group's interest in TC.

4. Loss of TIL for the half-year ended 31 December 2020 excludes fair value gains of \$37 million (tax effected \$26 million), which is recorded within a wholly owned subsidiary of THL.

In addition to net finance costs included in the profit and loss from discontinued operations shown above, \$5 million of financing costs were capitalised and included in the carrying amount of assets under construction for the half-year ended 31 December 2020.

B13 Discontinued operations (continued)

Cash flows from Discontinued operations

	Half-year ended 31 December 2021 \$M	Half-year ended 31 December 2020 \$M
Net operating cash flows	–	(12)
Net investing cash flows ¹	(185)	(65)
Net financing cash flows	–	–
Effects of exchange rate changes on cash and cash equivalents	–	(54)
Net decrease in cash and cash equivalents from discontinued operations	(185)	(131)

1. Cash flows from discontinued operations in the half-year ended 31 December 2021 relate to income tax paid in connection with the Group's divestment of 50% of its equity interest in TC during the year ended 30 June 2021.

B14 Equity accounted investments

Below is the reconciliation of the equity accounted carrying amount of investments:

	STP JV		NWRG		TC		Other ³		Total	
	2021 \$M	2020 \$M	2021 \$M	2020 \$M	2021 \$M	2020 \$M	2021 \$M	2020 \$M	2021 \$M	2020 \$M
Opening carrying amount at 1 July	2,774	3,061	263	374	2,714	–	–	–	5,751	3,435
Group's share of net loss ^{1,2}	(122)	(74)	–	–	(59)	–	–	–	(181)	(74)
Group's recognised share of other comprehensive income	28	48	–	–	4	–	–	–	32	48
Distributions/dividends received	(71)	(44)	(43)	(49)	(35)	–	–	–	(149)	(93)
Capital contributions ⁴	4,916	58	–	–	47	–	12	–	4,975	58
Foreign exchange movements	–	–	–	–	98	–	–	–	98	–
Fair value adjustment on issuance of shareholder loans	–	–	–	–	1	–	–	–	1	–
Closing carrying amount at 31 December	7,525	3,049	220	325	2,770	–	12	–	10,527	3,374
Cumulative losses not recognised ²	–	–	151	160	–	–	–	–	151	160

1. The Group's share of STP JV losses includes losses from STP Project Trust of \$52 million (2020: \$22 million profit) and losses from STP Asset Trust of \$70 million (2020: \$96 million loss).

2. The Group's share of profits from the investment in NWRG are not recognised until such time as cumulative losses have been fully utilised. Cumulative losses not recognised are disclosed above at 100%.

3. Other equity accounted investments comprises AM Partners (60% ownership interest) and Bluedot (4.2% ownership interest).

4. Capital contributions to the STP JV include \$4,856 million contributed to partly fund the Group's contribution to the acquisition of the remaining 49% equity stake in WestConnex through the STP JV.

Joint ventures

STP JV (50% ownership interest)

The Group has a 50% ownership interest in the STP JV. The STP JV partners comprise, Transurban (50%), AustralianSuper (20.5%), CPP Investments (10.5%), Caisse de depot et placement du Quebec (CDPQ) (10%) and Tawreed (9%). The STP JV and its subsidiaries are jointly controlled by Transurban, AustralianSuper, CPP Investments, CDPQ and Tawreed.

During the half-year ended 31 December 2021, the STP JV increased its ownership interest in WestConnex from 51% to 100%. To fund this acquisition, the Group contributed \$4,856 million of equity to the STP JV and also issued shareholder loan notes with a face value of \$699 million. WestConnex has long-dated concessions through to 2060 and includes 33 kilometres of new or improved motorway linking Sydney's west and southwest with the CBD, and the corridor to Sydney Airport and Port Botany.

The following entities are part of the STP JV Group:

- STP Project Trust;
- STP Asset Trust;
- STP PT Pty Ltd; and
- STP AT Pty Ltd.

KEY ESTIMATE AND JUDGEMENT

The Group's assessment that it does not control STP JV has been made by considering the terms of the Investment Agreement signed by the JV partners and the ongoing compliance with the Investor Agreement. This Agreement requires a supermajority vote of at least 91.5% of all investors for decisions on significant relevant activities made by the STP JV. Therefore, noting this and other factors, the Group has concluded that it, together with AustralianSuper, CPP investments, CDPQ and Tawreed, jointly controls the STP JV and its controlled entities.

B14 Equity accounted investments (continued)

Joint ventures (continued)

NWRG (50% ownership interest)

The Group has a 50% ownership interest in NWRG (including NorthWestern Roads Group Pty Ltd, NorthWestern Roads Group Trust and NorthConnex State Works Contractor Pty Limited), which holds 100% of the Westlink M7 Group and the NorthConnex Group. Westlink M7 holds the concession to design, construct, finance and operate the Westlink M7 Motorway in Sydney for a period of 43 years from the date of operation (16 December 2005) until June 2048, and NorthConnex holds the concession to design, construct, finance and operate the NorthConnex Tunnel in Sydney until 2048.

The following entities are part of the Westlink Group:

- WSO Co Pty Limited (the operator of the Motorway);
- Westlink Motorway Limited (the nominee manager of the Westlink Motorway Partnership);
- WSO Finance Pty Limited (the financier of the Motorway); and
- Westlink Motorway Partnership (was responsible for the construction of the Motorway).

The following entities are part of the NorthConnex Group:

- NorthConnex Company Pty Limited (the operator of the Motorway); and
- NorthConnex Finance Company Pty Limited (the financier of the Motorway).

TC (50% ownership interest)

The Group has a 50% ownership interest in Transurban Chesapeake LLC which holds 100% of the TC Group.

The following entities are part of the TC Group:

- 495 Express Lanes LLC; and
- 95 Express Lanes LLC.

On 11 February 2022, 95 Express Lanes LLC reached financial close on the issuance of US\$638 million of Private Activity Bonds (PABs). The PABs were issued at a fixed rate and have a final maturity date in 2048. The proceeds from the issuance will be used to fully refinance 95 Express Lanes LLC's existing PABs that were issued in 2012, 2017 and 2019.

AM Partners (60% ownership interest)

The Group has a 60% ownership interest in AM Partners, whose role is to be the Maryland Department of Transport's long-term partner to build, finance and operate the new Express Lanes in Maryland, USA.

Indicators of impairment

At each reporting period the Group assesses whether there is an indication of impairment. Where an indicator of impairment is identified, impairment testing is performed using the same approach as the Group's annual goodwill impairment testing. There were no indicators of impairment as at 31 December 2021.

KEY ESTIMATE AND JUDGEMENT

The Group makes certain assumptions in calculating the recoverable amount of its equity accounted investments. These include assumptions around expected traffic performance (including COVID-19 impacts) and forecast operational costs.

Management do not consider that reasonably possible changes in key assumptions would result in the recoverable amount being lower than the carrying amount of an equity accounted investment.

Items not recognised

B15 Contingencies

Contingent assets are possible recoveries whose existence will only be confirmed by uncertain future events not wholly within the control of the Group. Contingent assets are not recognised on the balance sheet unless they are virtually certain but are disclosed if the inflow of economic resources is probable. Contingent liabilities are possible obligations whose existence will only be confirmed by uncertain future events and present obligations where the transfer of economic resources is not probable or cannot be reliably estimated. Contingent liabilities are not recognised on the balance sheet unless they are probable but are disclosed if the outflow of economic resource is possible.

In overseeing construction projects, from time to time it is possible payments may be made that are in excess of, or separate to, D&C subcontracted amounts to facilitate the continued progression of the project. Contingent assets and liabilities may exist in respect of actual or potential claims and commercial payments and recoveries arising from overseeing construction projects. Disclosures are made for these matters in accordance with accounting standards, or other legal disclosure obligations. This may be applicable for a number of projects overseen by Transurban, and the Group's equity accounted investments. As at 31 December 2021 any possible payment or possible claim settlement cannot be reliably estimated and/or is not considered probable of being made.

West Gate Tunnel Project

As part of the agreement reached on 16 December 2021 with the State and the D&C Subcontractor on revised terms for the delivery of the West Gate Tunnel Project, the D&C Subcontractor will provide releases of historic claims that would otherwise impact construction costs and time. Transurban will also provide equivalent releases to the State.

Equity accounted investments

The Group's 50% equity accounted investment, TC, has received claims from Branch-Flatiron Joint Venture (BFJV), the D&C Subcontractor on the Fredericksburg Extension project, related to certain geological soil conditions encountered during construction. The parties agreed to enter into a two-part binding arbitration, in order to conclude whether the disputes raised by BFJV had any merit. In October 2021, the arbitrator concluded that BFJV's disputes have merit and entitle BFJV to an adjustment of the Fredericksburg Extension project D&C Subcontract price and time. A second arbitration hearing is expected to occur in April 2022 to resolve the quantum of price and time relief to which BFJV is entitled. Any contract price adjustment is expected to be shared in accordance with pre-agreed proportions between the Virginia Department of Transportation (VDOT) and TC. Management have however identified various inconsistencies with the amount of the claims by BFJV. As a result of this and the outstanding arbitration hearing, as at 31 December 2021, the amount of any contract price adjustment cannot be reliably estimated.

Further disclosure relating to this matter is included in the key estimate below.

KEY ESTIMATE AND JUDGEMENT

The Group's equity accounted investment, TC, has received claims in connection with the Fredericksburg Extension project from its Design & Construction Subcontractor, BFJV.

The Group has assessed the claims related to the Fredericksburg Extension project for the purposes of preparing the Group interim financial statements in accordance with accounting standards. Contingent assets and liabilities may exist in respect of the claims and recoveries arising from this matter.

As at 31 December 2021, any possible payment relating to the claims by BFJV in excess of, or separate to the amounts stipulated in the D&C Subcontract for the Fredericksburg Extension project, cannot be reliably estimated.

B16 Capital commitments

On 16 December 2021, the Group reached agreement with the State and the D&C Subcontractor on revised terms for the delivery of the West Gate Tunnel Project. The total cost of the D&C Subcontract will be increased by \$3,440 million, with Transurban and the State each contributing \$1,720 million. Transurban's contribution is expected to be accounted for as capital expenditure (increasing the concession intangible asset).

B17 Subsequent events

Other than as disclosed elsewhere in this report, in the interval between the end of the half-year and the date of this report, no matter or circumstance has arisen that has significantly affected, or may significantly affect, the Group's operations, the results of those operations, or Group's state of affairs, in future years.

Section C: Transurban Holding Trust (THT) and Transurban International Limited (TIL) interim financial statements

THT—ARSN 098 807 419 and TIL—ABN 90 121 746 825

Consolidated statements of comprehensive income

Consolidated balance sheets

Consolidated statements of changes in equity

Consolidated statements of cash flows

Transurban Holding Trust and Transurban International Limited Consolidated statements of comprehensive income for the half-year ended 31 December 2021

	Note	Transurban Holding Trust		Transurban International Limited	
		Half-year ended 31 December 2021 \$M	Half-year ended 31 December 2020 \$M	Half-year ended 31 December 2021 \$M	Half-year ended 31 December 2020 ¹ \$M
Continuing operations					
Revenue	D4	494	410	50	33
Expenses					
Employee benefits expense		–	–	(17)	(18)
Road operating costs		–	–	(17)	(14)
Construction costs		(20)	(83)	–	–
Corporate and other expenses		(6)	(6)	(6)	(11)
Total expenses		(26)	(89)	(40)	(43)
Earnings before depreciation and amortisation, net finance costs, equity accounted investments and income taxes		468	321	10	(10)
Amortisation		(163)	(163)	(31)	(29)
Depreciation		–	–	(2)	(3)
Total depreciation and amortisation		(163)	(163)	(33)	(32)
Net finance income/(costs)	D6	8	(118)	(10)	(35)
Share of loss of equity accounted investments		(51)	(79)	(59)	–
Profit/(loss) for before income tax		262	(39)	(92)	(77)
Income tax (expense)/benefit		(4)	19	50	20
Profit/(loss) for the half-year from continuing operations		258	(20)	(42)	(57)
Discontinued operations					
Loss for the half-year from discontinued operations	B13	–	–	–	(192)
Profit/(loss) for the half-year from continuing and discontinued operations		258	(20)	(42)	(249)
Profit/(loss) for the half-year attributable to:					
Ordinary security holders of TIL		–	–	(42)	(249)
Ordinary unit holders of THT		257	3	–	–
Non-controlling interests		1	(23)	–	–
Profit/(loss) for the half-year		258	(20)	(42)	(249)
Other comprehensive income					
Items that may be reclassified to profit or loss in the future					
Changes in the fair value of cash flow hedges, net of tax		146	(50)	–	6
Changes in the fair value of cost of hedging, net of tax		2	–	–	–
Share of other comprehensive income from equity accounted investments, net of tax		30	48	4	–
Exchange differences on translation of North American operations, net of tax		–	–	87	105
Other comprehensive income/(loss) for the half-year, net of tax		178	(2)	91	111
Total comprehensive income/(loss) for the half-year		436	(22)	49	(138)
Total comprehensive income/(loss) for the half-year is attributable to:					
Ordinary security holders of TIL		–	–	49	(138)
Ordinary unit holders of THT		397	26	–	–
Non-controlling interests		39	(48)	–	–
Total comprehensive income/(loss) for the half-year		436	(22)	49	(138)
		Cents	Cents	Cents	Cents
Earnings from continuing operations per security attributable to ordinary security holders of the group	D5	8.8	0.1	(1.4)	(2.1)
Earnings per security attributable to ordinary security holders of the group	D5	8.8	0.1	(1.4)	(9.1)

1. The comparative statutory results of TIL have been reclassified to present \$135 million of net finance costs (tax-effected: \$132 million) as discontinued operations. These predominantly related to foreign exchange losses from revaluing AUD denominated intercompany funding arrangements in entities where the functional currency was not AUD and that were settled on receipt of the proceeds from the divestment of 50% of TC in the year ended 30 June 2021.

The above consolidated statements of comprehensive income should be read in conjunction with the accompanying notes.

Transurban Holding Trust and Transurban International Limited Consolidated balance sheets as at 31 December 2021

	Note	Transurban Holding Trust		Transurban International Limited	
		As at 31 December 2021 \$M	As at 30 June 2021 \$M	As at 31 December 2021 \$M	As at 30 June 2021 \$M
Assets					
Current assets					
Cash and cash equivalents		112	116	305	560
Current tax assets		-	-	13	-
Related party receivables		677	1,013	21	5
Trade and other receivables		8	10	147	118
Concession notes		93	-	-	-
Total current assets		890	1,139	486	683
Non-current assets					
Equity accounted investments		5,334	2,149	2,782	2,714
Derivative financial instruments	D8	233	44	-	-
Related party receivables		8,253	9,064	417	-
Concession notes		801	855	-	-
Concession financial asset		-	-	330	330
Financial assets at amortised cost		634	627	17	2
Property, plant and equipment		-	-	30	28
Deferred tax assets		68	67	27	-
Other intangible assets		9,149	9,314	1,203	1,225
Total non-current assets		24,472	22,120	4,806	4,299
Total assets		25,362	23,259	5,292	4,982
Liabilities					
Current liabilities					
Related party payables		210	490	12	12
Trade and other payables		71	64	29	29
Current tax liabilities		-	-	-	168
Borrowings	D7	195	441	4	4
Maintenance provision		-	-	5	4
Distribution provision		499	600	-	-
Derivative financial instruments	D8	6	2	-	-
Construction obligation liability		61	60	-	-
Other liabilities		-	-	42	38
Total current liabilities		1,042	1,657	92	255
Non-current liabilities					
Maintenance provision		-	-	28	27
Deferred tax liabilities		54	6	1,036	1,031
Related party payables		3,657	3,693	420	421
Borrowings	D7	7,302	7,166	592	594
Derivative financial instruments	D8	38	208	106	113
Construction obligation liability		47	66	-	-
Other liabilities		78	77	7	7
Total non-current liabilities		11,176	11,216	2,189	2,193
Total liabilities		12,218	12,873	2,281	2,448
Net assets		13,144	10,386	3,011	2,534
Equity					
Contributed equity		-	-	1,028	599
Issued units		19,346	16,527	-	-
Reserves		48	(91)	(166)	(256)
Retained earnings/(accumulated losses)		(6,977)	(6,773)	2,149	2,191
Non-controlling interests		727	723	-	-
Total equity		13,144	10,386	3,011	2,534

The above consolidated balance sheets should be read in conjunction with the accompanying notes.

Transurban Holding Trust and Transurban International Limited Consolidated statements of changes in equity for the half-year ended 31 December 2021

THT

	Attributable to security holders of Transurban Holding Trust					Total equity \$M
	Number of units M	Issued units \$M	Reserves \$M	Accumulated losses \$M	Non-controlling interests \$M	
Balance at 1 July 2021	2,738	16,527	(91)	(6,773)	723	10,386
Comprehensive income						
Profit for the half-year	-	-	-	257	1	258
Other comprehensive income	-	-	140	-	38	178
Total comprehensive income	-	-	140	257	39	436
Transactions with owners in their capacity as owners:						
Contributions of equity, net of transaction costs ¹	324	2,749	-	-	-	2,749
Employee performance awards issued	1	6	(1)	-	-	5
Distributions provided for or paid	-	-	-	(461)	-	(461)
Distribution reinvestment plan	7	64	-	-	-	64
Distributions to non-controlling interests	-	-	-	-	(35)	(35)
	332	2,819	(1)	(461)	(35)	2,322
Balance at 31 December 2021	3,070	19,346	48	(6,977)	727	13,144
Balance at 1 July 2020	2,735	16,504	(234)	(6,148)	831	10,953
Comprehensive income/(loss)						
Profit/(loss) for the half-year	-	-	-	3	(23)	(20)
Other comprehensive income/(loss)	-	-	23	-	(25)	(2)
Total comprehensive income/(loss)	-	-	23	3	(48)	(22)
Transactions with owners in their capacity as owners:						
Employee performance awards issued	1	3	(2)	-	-	1
Distributions provided for or paid	-	-	-	(411)	-	(411)
Distribution reinvestment plan	1	7	-	-	-	7
Distributions to non-controlling interests	-	-	-	-	(39)	(39)
	2	10	(2)	(411)	(39)	(442)
Balance at 31 December 2020	2,737	16,514	(213)	(6,556)	744	10,489

1. Refer to the Group's consolidated statement of changes in equity for further information.

Transurban Holding Trust and Transurban International Limited Consolidated statements of changes in equity for the half-year ended 31 December 2021 (continued)

TIL

	Number of securities M	Attributable to security holders of Transurban International Limited			Total equity \$M
		Contributed equity \$M	Reserves \$M	Accumulated profits/(losses) \$M	
Balance at 1 July 2021	2,738	599	(256)	2,191	2,534
Comprehensive income/(loss)					
Loss for the half-year	-	-	-	(42)	(42)
Other comprehensive income	-	-	91	-	91
Total comprehensive income/(loss)	-	-	91	(42)	49
Transactions with owners in their capacity as owners:					
Contributions of equity, net of transaction costs ¹	324	418	-	-	418
Employee performance awards issued	1	1	(1)	-	-
Distribution reinvestment plan	7	10	-	-	10
	332	429	(1)	-	428
Balance at 31 December 2021	3,070	1,028	(166)	2,149	3,011
Balance at 1 July 2020	2,735	595	(223)	(1,155)	(783)
Comprehensive income/(loss)					
Loss for the half-year	-	-	-	(249)	(249)
Other comprehensive income	-	-	111	-	111
Total comprehensive income/(loss)	-	-	111	(249)	(138)
Transactions with owners in their capacity as owners:					
Employee performance awards issued	1	1	-	-	1
Distribution reinvestment plan	1	1	-	-	1
	2	2	-	-	2
Balance at 31 December 2020	2,737	597	(112)	(1,404)	(919)

1. Refer to the Group's consolidated statement of changes in equity for further information.

Transurban Holding Trust and Transurban International Limited Consolidated statements of cash flows for the half-year ended 31 December 2021

	Transurban Holding Trust		Transurban International Limited	
	Half-year ended 31 December 2021 \$M	Half-year ended 31 December 2020 \$M	Half-year ended 31 December 2021 \$M	Half-year ended 31 December 2020 \$M
Cash flows from operating activities				
Receipts from customers	425	321	48	101
Payments to suppliers and employees	(20)	(28)	(66)	(59)
Payments for maintenance of intangible assets	-	-	(4)	(6)
Transaction costs	-	-	(1)	-
Other cash receipts	-	-	19	7
Interest received	108	115	-	-
Interest paid	(261)	(300)	(22)	(49)
Income taxes paid	-	-	-	(1)
Net cash inflow/(outflow) from operating activities	252	108	(26)	(7)
Cash flows from investing activities				
Payments for property, plant and equipment	-	-	(7)	(13)
Payments for intangible assets	(18)	(73)	-	(76)
Payments for financial assets at amortised cost	-	-	(17)	-
Repayment of financial assets at amortised cost	1	2	-	-
Capital contribution to equity accounted investment	(3,319)	(58)	(59)	-
Distributions received from equity accounted investments	113	93	35	-
Income taxes paid related to the disposal of subsidiaries ¹	-	-	(185)	-
Net cash outflow from investing activities	(3,223)	(36)	(233)	(89)
Cash flows from financing activities				
Loans (to)/from related parties	(3,892)	(1,865)	(416)	31
Repayment of loans from/(to) related parties	4,880	2,179	(8)	-
Proceeds from equity issuances of stapled securities (net of costs)	2,749	-	416	-
Proceeds from borrowings (net of costs)	7	382	-	-
Principal repayment of leases	-	-	-	(1)
Repayment of borrowings	(272)	(310)	(7)	(4)
Distributions paid to Transurban Group's security holders	(470)	(426)	-	-
Distributions paid to non-controlling interests	(35)	(39)	-	-
Net cash inflow/(outflow) from financing activities	2,967	(79)	(15)	26
Net decrease in cash and cash equivalents	(4)	(7)	(274)	(70)
Cash and cash equivalents at the beginning of the half-year	116	128	560	599
Effects of exchange rate changes on cash and cash equivalents	-	-	19	(56)
Cash and cash equivalents at end of the half-year	112	121	305	473

1. Relates to income tax paid in connection with to the Group's divestment of 50% of its equity interest in TC during the year ended 30 June 2021. Refer to Note B13 for details of cash flows from discontinued operations.

Section D: Notes to the THT and TIL interim financial statements

Basis of preparation and significant changes

D1 Summary of significant changes in the current reporting period	D2 Basis of preparation
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Operating performance

D3 Segment information	D4 Revenue
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Security holder outcomes

D5 Earnings per stapled security

Capital and borrowings

D6 Net finance income/(costs)	D7 Borrowings	D8 Derivatives and financial risk management
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Basis of preparation and significant changes

D1 Summary of significant changes in the current reporting period

Refer to Note B1 for significant changes in the current reporting period.

D2 Basis of preparation

The Transurban Holding Trust Group consists of Transurban Holding Trust and the entities it controls (THT or the Trust) and the Transurban International Limited Group consists of Transurban International Limited and the entities it controls (TIL). THT and TIL form part of the stapled Transurban Group.

THT is registered as a managed investment scheme under Chapter 5C of the *Corporations Act 2001*, and as a result requires a responsible entity. The responsible entity of THT is Transurban Infrastructure Management Limited (TIML). TIML is responsible for performing all functions that are required under the *Corporations Act 2001* of a responsible entity.

The Transurban Holding Trust was established on 15 November 2001 and has no termination date. The Trust was registered as a managed investment scheme by the Australian Securities and Investments Commission on 28 November 2001.

THT is a trust registered and domiciled in Australia.

TIL is a public company limited by shares and incorporated in Australia.

Going concern

The financial report has been prepared on a going concern basis, which assumes the continuity of normal operations. In determining the appropriateness of the basis of preparation, the Directors have considered the impact of COVID-19 and near-term interest rates on THT and TIL's liquidity and operations, in particular the next 12 months from the financial statements release date on 17 February 2022.

Refer to Note B1 for details of the impact of COVID-19 on the current reporting period.

While the long-term strategy of THT and TIL remains unchanged, the ongoing impact of COVID-19 is uncertain and continues to represent a risk to the global economy. For THT and TIL, traffic performance is expected to remain sensitive to future government responses to COVID-19 outbreaks, as well as global economic conditions.

In response to this uncertainty and the near-term interest rate exposure, THT and TIL have critically assessed cash flow forecasts for the 12 months from the date of this report, taking into consideration an estimate of the potential continued impacts of COVID-19 and short-term interest rates. In addition, the Directors have considered the ability of THT to fund its net current liability position as at 31 December 2021 of \$152 million. Excluding related party payables, THT is in a net current asset position of \$58 million. Scenario analysis has been undertaken on cash flow forecasts to reflect reasonably possible changes in traffic volume and short-term interest rates, and includes funding future debt financing through the use of existing debt facilities and cash and cash equivalents as at 31 December 2021. Based on the analysis, which includes judgement, THT and TIL are expected to have sufficient headroom to continue to operate within available cash levels and the terms of available debt facilities, and for THT to fund its net current liability position as at 31 December 2021.

THT and TIL have also forecast that they do not expect to breach any financial covenants within the next 12 months from the date of this report. Financial covenant forecasts utilised the same underlying cash flow forecasts as those described above, with asset specific scenario analysis overlaid to adjust for reasonably possible changes in assumptions. Non-recourse debt financial covenants are calculated on a trailing 12-month basis.

Furthermore, the Directors have also taken the following matters into consideration in forming the view that THT and TIL are a going concern:

- THT has generated positive cash inflows from operating activities of \$252 million for the half-year ended 31 December 2021;
- TIL has generated negative cash flow from operating activities of \$26 million for the half-year ended 31 December 2021, however is not dependent on the generation of near term positive operating cash flow to maintain required liquidity levels;
- THT and TIL expect to refinance or repay with available cash all borrowing facilities classified as a current liability as at 31 December 2021. Under the stapled arrangement, each entity is able to provide direct and/or indirect support to each other entity and its controlled entities within the Transurban Group; and
- Payment of future distributions remains at the discretion of the Board.

Refer to Note B2 for further information on the basis of preparation for the Transurban Group.

Operating performance

D3 Segment information

Refer to Note B3 for further information around the structure of the segments for the Transurban Group.

THT operating segments

Management have determined that THT has one operating segment.

THT's operations involve the leasing of assets and the provision of funding to the Transurban Group or associates of the Transurban Group. All revenues and expenses are directly attributable to these activities. The management structure and internal reporting of THT are based on this one operating segment.

TIL operating segments

Management has determined that TIL has one operating segment.

TIL's operations involve the development, operation and maintenance of toll roads as well as investment in North America. All revenues and expenses are directly attributable to these activities. The management structure and internal reporting of TIL are based on this one operating segment.

Reconciliation of segment information to statutory financial information

Segment information for TIL as disclosed in the Transurban Group segment note (Note B3) is reconciled to the TIL statutory financial information below.

Segment revenue

Revenue from external customers comprises toll, service and fee revenues earned on toll roads. Segment revenue reconciles to total statutory revenue as follows:

	Half-year ended 31 December 2021	Half-year ended 31 December 2020
	\$M	\$M
TIL		
Total segment revenue (proportional)	114	91
Add:		
Construction revenue from road development activities	-	63
Other revenue from discontinued operations ¹	-	4
Intragroup elimination ²	7	-
Less:		
Proportional revenue of non-100% owned equity accounted assets	(57)	-
Revenue attributable to discontinued operations ¹	-	(112)
Toll revenue receipts on A25 relating to concession financial asset ³	(7)	(6)
Other revenue receipts on A25 relating to concession financial asset ³	(7)	(7)
Total statutory revenue from continuing operations	50	33

1. Statutory results classify the results of TC as discontinued operations in the prior comparative period. Other revenue from discontinued operations represents intragroup revenue recognised in relation to arrangements between continuing and discontinued operations that is eliminated for segment purposes.

2. Statutory revenue recognised in relation to arrangements with equity accounted investments that are eliminated for segment purposes.

3. The Executive Committee members acting as the chief operating decision maker assesses the performance of TIL using proportional results that include A25 income streams relating to availability payments and guaranteed toll income which are classified as revenue within the proportional results. These revenues form part of the ordinary activities of the A25 and are reflective of its underlying performance. For statutory accounting purposes, these income streams offset the related concession financial asset receivable recorded on acquisition of the A25.

Proportional EBITDA

Proportional EBITDA reconciles to profit/(loss) before income tax as follows:

	Half-year ended 31 December 2021	Half-year ended 31 December 2020
	\$M	\$M
TIL		
Proportional EBITDA	64	29
Less: EBITDA attributable to TIL corporate activities (disclosed in corporate and other) ¹	(11)	(25)
Less: Toll and other revenue receipts on A25 relating to concession financial asset	(14)	(13)
Less: EBITDA from discontinued operations	-	(1)
Less: Proportional EBITDA of non-100% owned equity accounted investments	(29)	-
Statutory earnings before depreciation, amortisation, net finance costs, equity accounted investments and income taxes from continuing operations	10	(10)
Statutory depreciation and amortisation from continuing operations	(33)	(32)
Statutory net finance costs from continuing operations ²	(10)	(35)
Share of loss of equity accounted investments from continuing operations	(59)	-
Loss before tax for the half-year from continuing operations²	(92)	(77)

1. Relates primarily to development activities.

2. The comparative statutory results of TIL have been reclassified to present \$135 million of net finance costs as discontinued operations. These predominantly related to foreign exchange losses from revaluing AUD denominated intercompany funding arrangements in entities where the functional currency was not AUD and that were settled on receipt of the proceeds from the divestment of 50% of TC in the year ended 30 June 2021.

D4 Revenue

	Transurban Holding Trust		Transurban International Limited	
	Half-year ended	Half-year ended	Half-year ended	Half-year ended
	31 December 2021	31 December 2020	31 December 2021	31 December 2020
	\$M	\$M	\$M	\$M
Toll revenue	-	-	35	29
Rental income	451	305	-	-
Construction revenue	20	83	-	-
Other revenue	1	2	15	4
Concession fees	22	20	-	-
Total revenue from continuing operations¹	494	410	50	33

1. For TIL, includes \$14,251 thousand (half-year ended 31 December 2020: \$nil) of revenue for tolling and management services provided to related parties. Half-year ended 31 December 2020 includes \$3,757 thousand of intragroup revenue recognised in relation to arrangements between continuing and discontinued operations.

Security holder outcomes

D5 Earnings per stapled security

	Transurban Holding Trust		Transurban International Limited	
	Half-year ended 31 December 2021	Half-year ended 31 December 2020	Half-year ended 31 December 2021	Half-year ended 31 December 2020 ¹
Profit/(loss) attributable to ordinary security holders (\$M)				
Continuing operations	257	3	(42)	(57)
Discontinued operations	-	-	-	(192)
Total	257	3	(42)	(249)
Weighted average number of securities (M)	2,912	2,736	2,912	2,736
Basic and diluted earnings per security attributable to ordinary security holders (cents)				
Continuing operations	8.8	0.1	(1.4)	(2.1)
Discontinued operations	-	-	-	(7.0)
Total	8.8	0.1	(1.4)	(9.1)

1. The comparative earnings per security of TIL has been recalculated to include the reclassification of \$135 million of net finance costs (tax-effected: \$132 million) as discontinued operations. These predominantly related to foreign exchange losses from revaluing AUD denominated intercompany funding arrangements in entities where the functional currency was not AUD and that were settled on receipt of the proceeds from the divestment of 50% of TC in the year ended 30 June 2021.

Capital and borrowings

D6 Net finance income/(costs)

	Transurban Holding Trust		Transurban International Limited	
	Half-year ended 31 December 2021 \$M	Half-year ended 31 December 2020 \$M	Half-year ended 31 December 2021 \$M	Half-year ended 31 December 2020 ¹ \$M
Finance income				
Interest income from related parties	216	226	–	–
Interest income on financial assets at amortised cost	10	8	–	–
Unrealised remeasurement gain attributable to derivative financial instruments	13	–	8	14
Income from concession financial asset	–	–	12	12
Movement in impairment provisions on related party receivables	3	5	–	–
Unwind of discount and remeasurement of concession notes receivable	17	35	–	–
Unwind of discount and remeasurement of financial assets at amortised cost	1	–	–	–
Net foreign exchange gains	4	–	–	–
Total finance income	264	274	20	26
Finance costs				
Interest and finance charges paid/payable	(253)	(265)	(29)	(40)
Unrealised remeasurement loss attributable to derivative financial instruments	–	(56)	–	–
Unwind of discount and remeasurement of liabilities—promissory notes	(1)	(8)	–	–
Unwind of discount and remeasurement of liabilities—construction obligation	(2)	(5)	–	–
Unwind of discount and remeasurement of financial assets at amortised cost	–	(42)	–	–
Movement in impairment provisions on related party receivables	–	–	(1)	–
Net foreign exchange losses	–	(16)	–	(21)
Total finance costs	(256)	(392)	(30)	(61)
Net finance income/(costs)	8	(118)	(10)	(35)

1. The comparative statutory results of TIL have been reclassified to present \$41 million of interest and finance charges paid/payable and \$94 million of net foreign exchange losses as discontinued operations, relating to intercompany funding arrangements that were settled on receipt of the proceeds from the divestment of 50% of TC in the year ended 30 June 2021.

Unrealised remeasurement gain/loss attributable to derivative financial instruments

Refer to Note B9 for further information on the unrealised remeasurement gain/loss attributable to derivative financial instruments.

Unwind of discount and remeasurement of financial assets at amortised cost

Refer to Note B9 for further information on the unwind of discount and remeasurement of financial assets at amortised cost.

D7 Borrowings

	Transurban Holding Trust		Transurban International Limited	
	31 December 2021 \$M	30 June 2021 \$M	31 December 2021 \$M	30 June 2021 \$M
Current				
Capital markets debt	-	250	-	-
Term debt	195	191	4	4
Total current borrowings	195	441	4	4
Non-current				
Capital markets debt	2,530	2,458	-	-
U.S. private placement	2,605	2,525	215	213
Term debt	2,167	2,183	377	381
Total non-current borrowings	7,302	7,166	592	594
Total borrowings	7,497	7,607	596	598

D8 Derivatives and financial risk management

	31 December 2021 \$M				30 June 2021 \$M			
	THT	Current TIL	Non-current THT	Non-current TIL	THT	Current TIL	Non-current THT	Non-current TIL
Assets								
Interest rate swap contracts—cash flow hedges	-	-	58	-	-	-	28	-
Cross currency interest rate swap contracts—cash flow hedges	-	-	175	-	-	-	16	-
Total derivative financial instrument assets	-	-	233	-	-	-	44	-
Liabilities								
Interest rate swap contracts—cash flow hedges	6	-	38	106	2	-	77	113
Cross-currency interest rate swap contracts—cash flow hedges	-	-	-	-	-	-	131	-
Total derivative financial instrument liabilities	6	-	38	106	2	-	208	113

Section E: Signed reports

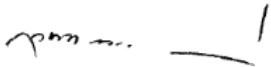
Directors' declaration

In the opinion of the Directors of Transurban Holdings Limited, Transurban Infrastructure Management Limited (as the responsible entity of Transurban Holding Trust) and Transurban International Limited (collectively referred to as 'the Directors'):

- (a) the Group interim financial statements and notes of Transurban Holdings Limited and its controlled entities, including Transurban Holding Trust and its controlled entities and Transurban International Limited and its controlled entities set out on pages 17 to 52 are in accordance with the *Corporations Act 2001*, including:
 - (i) complying with Australian Accounting Standards, the *Corporations Regulations 2001* and other mandatory professional reporting requirements, and
 - (ii) giving a true and fair view of the Transurban Holdings Limited Group's, Transurban Holding Trust Group's and Transurban International Limited Group's financial position as at 31 December 2021 and of their performance for the half-year ended on that date, and
- (b) there are reasonable grounds to believe that the Transurban Holdings Limited Group, Transurban Holding Trust Group and Transurban International Limited Group will be able to pay their debts as and when they become due and payable.

The Directors have been given the declarations by the Chief Executive Officer and Chief Financial Officer required by section 295A of the *Corporations Act 2001*.

The Directors' declaration is made in accordance with a resolution of the Board of Directors and is signed for and on behalf of the Directors.



Lindsay Maxsted

Director



Scott Charlton

Director

Melbourne
17 February 2022



Independent auditor's review report to the stapled security holders of Transurban Holdings Limited, Transurban Holding Trust and Transurban International Limited

Report on the half-year financial report

Conclusion

We have reviewed the half-year financial report which comprises:

- Transurban Holdings Limited (the Company) which comprises the consolidated balance sheet as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration for Transurban Holdings Limited and its controlled entities (together the Transurban Group). The Transurban Group comprises the Company and the entities it controlled at the half-year's end or from time to time during the financial half-year including the other members of the stapled group being Transurban Holding Trust and Transurban International Limited and their controlled entities.
- Transurban Holding Trust (the Trust), which comprises the consolidated balance sheet as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration for Transurban Holding Trust and its controlled entities (together THT). THT comprises the Trust and the entities it controlled at half-year's end or from time to time during the financial half-year.
- Transurban International Limited (the International Company), which comprises the consolidated balance sheet as at 31 December 2021, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, significant accounting policies and explanatory notes and the directors' declaration for Transurban International Limited and its controlled entities (together TIL). TIL comprises the International Company and the entities it controlled at half-year's end or from time to time during the financial half-year.

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the accompanying half-year financial report of the Transurban Group, THT and TIL does not comply with the *Corporations Act 2001* including:

1. giving a true and fair view of the Transurban Group, THT and TIL's financial positions as at 31 December 2021 and of their performance for the half-year ended on that date
2. complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.



Basis for conclusion

We conducted our review in accordance with ASRE 2410 *Review of a Financial Report Performed by the Independent Auditor of the Entity* (ASRE 2410). Our responsibilities are further described in the *Auditor's responsibilities for the review of the half-year financial report* section of our report.

We are independent of the Transurban Group, THT and TIL in accordance with the auditor independence requirements of the *Corporations Act 2001* and the ethical requirements of the Accounting Professional & Ethical Standards Board's APES 110 *Code of Ethics for Professional Accountants (including Independence Standards)* (the Code) that are relevant to the audit of the annual financial report in Australia. We have also fulfilled our other ethical responsibilities in accordance with the Code.

Responsibilities of the directors for the half-year financial report

The directors of Transurban Holdings Limited, Transurban International Limited and Transurban Infrastructure Management Limited, the responsible entity of Transurban Holding Trust, (collectively referred to as "the directors") are responsible for the preparation of the half-year financial report that gives a true and fair view in accordance with Australian Accounting Standards and the *Corporations Act 2001* and for such internal control as the directors determine is necessary to enable the preparation of the half-year financial report that gives a true and fair view and is free from material misstatement whether due to fraud or error.

Auditor's responsibilities for the review of the half-year financial report

Our responsibility is to express a conclusion on the half-year financial report based on our review. ASRE 2410 requires us to conclude whether we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including giving a true and fair view of the Transurban Group, THT and TIL's financial positions as at 31 December 2021 and of their performance for the half-year ended on that date, and complying with Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

A handwritten signature in cursive script that reads "PricewaterhouseCoopers".

PricewaterhouseCoopers

A handwritten signature in cursive script that reads "M. Laithwaite".

Marcus Laithwaite
Partner

Melbourne
17 February 2022