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20 September 2021

TRANSURBAN ANNOUNCES WESTCONNEX ACQUISITION WITH \$4.2 BILLION EQUITY RAISING AND 1H22 DISTRIBUTION GUIDANCE

Transurban announces that Sydney Transport Partners (STP) will acquire the remaining 49% equity stake in WestConnex from the NSW Government for \$11.1 billion^{1,2} (Acquisition). The Acquisition will take STP's total ownership interest in WestConnex to 100%.

Chief Executive Officer Scott Charlton said, "WestConnex is one of the largest road infrastructure projects in the world with an enterprise value of \$33 billion based on this transaction³. WestConnex is a key component of the NSW Government's integrated transport plan to ease congestion and connect communities in Sydney."

"We feel privileged to take Sydney Transport Partners' holding in this critical asset to 100%. This transaction is expected to support Free Cash growth and distributions for Transurban security holders for the life of the concession."

Acquisition highlights

- The Acquisition will take STP's total ownership interest in WestConnex to 100%. Transurban owns 50% of STP alongside its strategically aligned partners, including new partner Caisse de dépôt et placement du Québec (CDPQ)
- WestConnex has close to 40 years concession life remaining⁴. The additional ownership in WestConnex, including the extension to the M5 West concession from 2026, extends Transurban's weighted average concession life to approximately 30 years⁵
- WestConnex Free Cash generation, underpinned by strong asset fundamentals with potential upside from future infrastructure development and economic growth across Greater Sydney, is expected to support long-term Group Free Cash generation and distributions for security holders
- Transurban currently expects to receive more than \$600 million of potential Capital Releases until FY25 resulting from its increased stake in WestConnex. This is in addition to more than \$2.0 billion of potential Capital Releases expected to be achieved between FY21 and FY25 from a number of assets across Transurban⁶
- The Acquisition is expected to be Free Cash per security accretive over the near, medium and long-term when including Capital Releases, and slightly dilutive in the near-term excluding Capital

¹ Includes approximately \$0.8 billion in stamp duty, payable in respect of the Acquisition.

² See Glossary in the investor presentation released by Transurban to the ASX today (Investor Presentation) for definitions of key terms.

³ Implied 100% enterprise value for WestConnex of \$33 billion in 2021. Enterprise value includes net debt.

⁴ Remaining concession life as at 30 June 2021 for each concession on a non-revenue weighted basis with each concession expiring in December 2060.

⁵ Pro-forma remaining concession life as at 30 June 2021 with each concession weighted based on the contribution to Transurban's total proportional revenue for FY21 in each concession's respective region as reported in Transurban's audited financial statements. Ownership proportions of the M4, M8/M5 East and M5 West are adjusted for post-financial close with M5 West concession life post-December 2026.

⁶ Although certain future Capital Releases between FY21 – FY25 have been pre-agreed with relevant stakeholders, the timing and amount of those (and other potential future) Capital Releases remain uncertain and subject to a variety of factors, including the performance of the relevant asset, debt capital market conditions and broader macroeconomic conditions.

Classification

Public

Transurban Group

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Releases, as a result of the timing of the Entitlement Offer and Placement relative to the timing of Free Cash generation from WestConnex

- Once the expected additional Capital Releases are received, and subject to the outlook at the time, Transurban is likely to use a portion of the additional WestConnex Capital Releases in the first two years following the Acquisition to minimise dilution in Free Cash per security
- Financial close of the Acquisition is expected in October 2021⁷. ACCC and FIRB have confirmed that they have no opposition to STP's acquisition of the remaining interest in WestConnex

WestConnex overview

- The WestConnex assets will form a ~70 kilometre network linking Sydney's west with the Sydney CBD, Sydney Airport and Port Botany
- 40% of the Sydney population is expected to live within 5 kilometres of WestConnex by 2031⁸
- WestConnex offers customers faster, safer, more efficient routes around Sydney. The NSW Government expects WestConnex to provide travel-time savings of approximately 40 minutes between Parramatta and Sydney Airport⁹
- WestConnex traffic resilience is supported by diversified travel routes and reasons for travel, with a mix of commercial and commuter sources¹⁰
- Construction nearing completion with 82% of projected capex spent to date¹¹. The M4 and M8 are now fully operational, and continued progress is being made on the M4-M5 Link which is expected online in 2023. The Rozelle Interchange is being delivered and fully funded by Transport for NSW¹²
- WestConnex is expected to benefit from traffic uplift from future road infrastructure investment across Sydney, including new major projects which will link into the asset over time¹³
- WestConnex (excluding M5 West) toll escalation by greater of Consumer Price Index (CPI) or 4% per annum until 2040, and greater of CPI or 0% per annum post 2040 through to the end of the concessions in 2060
- Transurban provides WestConnex with operational services under a Master Services Agreement (MSA), with WestConnex utilising centralised Transurban customer and corporate systems
- Transurban's Linkt retail tolling provider is now the 'preferred retailer' across all WestConnex assets¹⁴
- Community sentiment towards WestConnex has improved significantly with 68% of surveyed people in Greater Sydney reporting they feel positive about WestConnex¹⁵

⁷ Subject to customary closing conditions. Refer to Key risk 3.1 in the Investor Presentation.

⁸ In 2031, based on Deloitte Access Economics estimates and Transurban's own internal estimates and assessments. Expectations relating to population and employment growth are based on a number of assumptions including fertility and mortality rates, overseas and interstate migration, land use, the form and timing of government planning and infrastructure policies, demographic trends and macroeconomic factors and there can be no assurance that these projections are accurate and actual outcomes may differ materially from such projections because events and actual circumstances frequently do not occur as projected. Based on the Greater Sydney Greater Capital City Statistical Area. See the Key risks within the Investor Presentation for further information.

⁹ Source: NSW Government media release dated 6 March 2020: NSW Government announces scoping study into options for residual stake in WestConnex.

¹⁰ WestConnex traffic will remain sensitive to future government responses to COVID-19 and overall economic conditions.

¹¹ Total projected capex of \$3.1 billion, net of State Works Contribution, from the initial 2018 acquisition to completion of WestConnex (excluding Rozelle Interchange). Refer to Key risks as well as the Basis of Preparation on slide 54 of the Investor Presentation for information on the preparation of the WestConnex Business Plan.

¹² Refer to slide 23 of the Investor Presentation for additional information.

¹³ Refer to slide 14 of the Investor Presentation for additional information.

¹⁴ Transurban holds the agreement to provide tolling services to WestConnex under a Tolling Services Agreement.

¹⁵ Source: Transurban commissioned research: Community Attitudes to WestConnex' December 2020.

Further details on WestConnex are set out in the Investor Presentation released by Transurban to the ASX today.

Acquisition funding

- Transurban's contribution to the Acquisition to be funded through a combination of new equity and existing corporate liquidity
- Transurban will raise \$4.22 billion of new equity, including \$3.97 billion through a fully underwritten, 1 for 9 Entitlement Offer to eligible security holders at an offer price of \$13.00 (Offer Price) per security¹⁶. The Offer Price represents a 8.3% discount to Transurban's closing price of \$14.18 on 17 September 2021, and a 7.5% discount to TERP of \$14.06¹⁷
- Transurban has also agreed to place securities to STP consortium member AustralianSuper at \$13.07 per security to raise \$250 million (Placement). This is in addition to AustralianSuper taking up its full entitlement under the Entitlement Offer¹⁸
- Acquisition to be funded by STP with equity upfront, with no additional debt funding required by STP. WestConnex gearing is expected to be progressively increased in line with industry standards as the remaining WestConnex assets are brought online and cash flows build, with the increased WestConnex ownership currently expected to facilitate more than \$600 million of additional potential Capital Releases to FY25¹⁹
- Transurban's funding strategy allows retention of liquidity for general corporate purposes and future growth opportunities

Further details on transaction funding and indicative timetable are set out in Appendix 1.

STP consortium details

STP will fund the Acquisition through equity subscriptions.

Transurban, along with existing STP consortium partners AustralianSuper and Tawreed Investments Limited, will maintain their existing percentage interest in the STP consortium following the Acquisition.

STP will also welcome CDPQ as a new member of the STP consortium as part of the Acquisition. CDPQ will contribute 20.5% of the STP funding requirement for a 10.0% interest in the STP consortium. Canada Pension Plan Investment Board (CPP Investments) is remaining at its 10.5% interest in WestConnex and its interest in the STP consortium will be 10.5%.

¹⁶ New securities issued under the Entitlement Offer and Placement will rank equally with existing ordinary securities.

¹⁷ TERP is a theoretical price at which Transurban securities trade immediately after the ex date for the Entitlement Offer assuming 100% take up of the Entitlement Offer and having regard for to the Entitlement Offer ratio and securities issued under the Placement. TERP is a theoretical calculation only and the actual price at which Transurban securities trade immediately after the ex date for the Entitlement Offer will depend on many factors and may not be equal to TERP. TERP is calculated by reference to Transurban's closing price of \$14.18 on 17 September 2021.

¹⁸ For internally managed funds. The Placement securities will not be entitled to participate in the Entitlement Offer.

¹⁹ Refer to slide 31 of the Investor Presentation.

West Gate Tunnel Project

Challenges remain on the West Gate Tunnel Project. Information on the status of the project is provided on slides 14 to 16 of the FY21 Results Investor Presentation, and slide 27 of the Investor Presentation released by Transurban to the ASX today.

Updated FY22 distribution guidance

The Board provides distribution guidance of 15.0 cps for the six months ending 31 December 2021²⁰. This compares with the 1H21 distribution of 15.0 cps. New securities issued as part of the Entitlement Offer and Placement will be entitled to the 1H22 distribution.

1H22 Free Cash may be higher or lower than the 1H22 distribution guidance due to ongoing uncertainty from COVID-19, including government-imposed restrictions and the progress of vaccine roll outs. The total FY22 distribution is still expected to be in line with FY22 Free Cash excluding Capital Releases.

Further information

Further information in relation to the WestConnex Acquisition and the Entitlement Offer are set out in the Investor Presentation released by Transurban to the ASX today.

Transurban will provide a market briefing at 10.30am (AEST) today, 20 September. 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.

²⁰ Guidance is based on assumptions relating to traffic volumes, toll revenue, maintenance and other items described in the Basis of Preparation on slide 54 of the Investor Presentation. Also see Key risks in the Investor Presentation.

Appendix 1

Funding sources and uses

Sydney Transport Partners funding sources and uses—upfront WestConnex purchase price ²¹			
Sources	(\$b)	Uses	(\$b)
Transurban equity	5.56	Acquisition price – 49% Sell down by NSW Government ²²	11.11
Other STP consortium members equity	5.56		
Additional debt	0.0		
Total sources of funds	11.11	Total uses of funds	11.11

Transurban equity contribution sources and uses			
Sources	(\$b)	Uses	(\$b)
Entitlement Offer ²³	3.90	TCL share of WestConnex equity contribution to fund Acquisition price	5.56
Placement to AustralianSuper	0.25		
Available cash	1.41		
Total sources of funds	5.56	Total uses of funds	5.56

²¹ Figures may not add up due to rounding.

²² Includes approximately \$0.8 billion in stamp duty, payable in respect of the Acquisition.

²³ Net of transaction costs and fees. Assumes approximately 305 million fully paid new securities are issued under the Entitlement Offer. The exact number of new securities to be issued under the Entitlement Offer is still to be finalised and is subject to reconciliation of security holder entitlements.

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Indicative timetable

Dates and times are subject to change without notice	Timing
Announcement of WestConnex Acquisition and Entitlement Offer, trading halt commences, and institutional Entitlement Offer opens	20 September 2021
Announcement of completion of institutional Entitlement Offer	23 September 2021
Transurban securities recommence trading	23 September 2021
Retail entitlements commence trading on a deferred settlement basis	23 September 2021
Record date for the Entitlement Offer	23 September 2021
Retail Entitlement Offer opens	27 September 2021
Despatch of Retail Information Booklet and entitlement and acceptance form completed	28 September 2021
Retail entitlements commence trading on a normal settlement basis	29 September 2021
Initial Retail Closing Date – last day to apply for New Securities to be issued on the Initial Allotment Date	29 September 2021
Settlement of institutional Entitlement Offer, institutional shortfall bookbuild and initial retail acceptance	30 September 2021
Retail entitlements conclude trading	1 October 2021
Initial Allotment Date – Institutional Entitlement Offer, institutional shortfall bookbuild and initial retail acceptance	1 October 2021
Normal trading commences on ASX of New Securities issued under the initial allotment	1 October 2021
Retail Entitlement Offer closes	8 October 2021
Retail shortfall bookbuild	12 October 2021
Settlement of retail Entitlement Offer and retail shortfall bookbuild	15 October 2021
Final allotment of New Securities	18 October 2021
New Securities issued under the retail Entitlement Offer and retail shortfall bookbuild commence trading on the ASX	19 October 2021
Despatch of holding statements	20 October 2021

These dates are indicative only and are subject to change without notice. All times and dates refer to times and dates in Melbourne, Australia. Subject to the requirements of the Corporations Act, the ASX Listing Rules and any other applicable laws, Transurban has the right, with the consent of the underwriters, to amend the timetable, including extending the retail Entitlement Offer or accepting late applications (either generally or in particular cases) without notice.

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This release may contain certain forward-looking statements. The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "outlook", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings, financial position, distributions, performance, illustrations of projected revenue, illustrations of projected relative revenue contributions and projected pro forma EV/EBITDA multiples are also forward-looking statements as are statements regarding internal management estimates and assessments of projected population and employment growth, traffic expectations, Transurban's future developments, the market outlook, the development, construction and future operation (including the proposed new operating model) of WestConnex, the outcome of the Entitlement Offer and Placement and the use of proceeds therefrom. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks (including the risks set out in the "Key Risks" section of the Investor Presentation), uncertainties and other factors, many of which are beyond the control of Transurban, its officers, employees, agents and advisors, that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. There are usually differences between forecast and actual results because events and actual circumstances frequently do not occur as forecast and their differences may be material.

Investors should not place undue reliance on forward-looking statements, particularly in light of the current economic climate and the significant volatility, uncertainty and disruption caused by the COVID-19 pandemic. Neither Transurban, the underwriters, nor any other person, gives any representation, warranty, assurance, nor will guarantee that the occurrence of the events expressed or implied in any forward-looking statement will occur.

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