

# Proposal Form



Directors & Officers Liability Insurance  
D&O Gold and/or Company Securities Insurance

Transurban Group Proposal  
2021-2022  
Draft 19 February 2021



Bring on tomorrow

## Important Notices

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### Claims-Made Insurance

This policy, issued by AIG Australia Limited (AIG), ABN 93 004 727 753 AFSL 381686, contains coverage on a claims-made and notified basis. This means that the policy only covers Claims (as defined) first made against you after the Inception Date (as defined) and notified to the insurer as soon as practicable after you first became aware of such Claim. The policy does not provide cover for any Claims made against you after the Inception Date if at any time prior to the Inception Date you became aware of facts which might give rise to those Claims being made against you.

This policy does not cover Claims arising out of, based upon or attributable to:

- a) the facts alleged, or the same or related Wrongful Acts (as defined) alleged or contained in any Claim which has been or could have been reported, or circumstances of which notice has been given or could have been given under (i) any policy of which this policy is a renewal or replacement or which it may succeed in time; or (ii) any other management liability policy; or
- b) any pending or prior litigation as of the Continuity Date, or alleging or derived from the same or essentially the same facts as alleged in the pending or prior litigation. For the purposes of this exclusion, the term 'litigation' shall include, but not be limited to, any civil or criminal proceeding as well as any administrative or regulatory proceeding or official investigation or arbitration or adjudication.

### Your Duty of Disclosure

Section 21 of the Insurance Contracts Act 1984 provides that before you enter into a contract of general insurance with an insurer, you have a duty to disclose to the insurer every matter that you know, or could reasonably be expected to know, is relevant to the insurer's decision whether to accept the risk of the insurance and, if so, upon what terms. You have the same duty to disclose those matters to the insurer before you renew, extend, vary or reinstate a contract of general insurance.

However, your duty of disclosure does not require you to disclose matters:

- that diminish the risk to be undertaken by the insurer;
- that are of common knowledge;
- that your insurer knows, or in the ordinary course of its business, ought to know;
- as to which compliance with your duty of disclosure is waived by the insurer.

Your duty of disclosure continues after the proposal form has been completed up until the Inception Date of the policy.

### Consequences of Non-Disclosure

If you fail to comply with your duty of disclosure, the insurer may be entitled to reduce its liability under the contract in respect of a Claim or may cancel the contract. If your non-disclosure is fraudulent, the insurer may also have the option of avoiding the contract from its beginning.

### Subrogation

This policy contains provisions which have the effect of excluding or limiting the insurer's liability in respect of a loss where you have prejudiced the insurer's rights of subrogation where you are a party to an agreement which excludes or limits insurer's rights to recover the loss from another party. You are hereby notified of the effect of these provisions.

### General

Please read this proposal and the policy carefully. A reference to "Company" in the proposal means the Principal Entity and all of its Subsidiaries. The terms "Subsidiary", "Director or Officer", "Outside Entity" and "Claim" have the definitions attributed to them in the policy.



## Privacy Consent and Disclosure

AIG has adopted the National Privacy Principles. The National Privacy Principles apply to any personal information collected by AIG.

## Purpose of Collection

AIG collects information necessary to underwrite and administer your insurance cover, to maintain and to improve customer service. You have a duty under the *Insurance Contracts Act 1984* to disclose certain information. Failure to comply with your Duty of Disclosure or to provide certain information may result in AIG either declining cover, cancelling your insurance cover or reducing the level of cover.

In the course of administering your Policy we may disclose your information to:

- (a) Another member of the AIG group of companies either in Australia or overseas;
- (b) Contractors or third party providers providing services related to the administration of your Policy;
- (c) Banks and financial institutions for the purpose of processing your application and obtaining policy payments;
- (d) In the event of a claim, assessors, third party administrators, emergency providers, and medical providers.

We will only disclose your personal information to these parties for the primary purpose for which it was collected. In some circumstances AIG is entitled to disclose your personal information to third parties without your authorisation such as law enforcement agencies or government authorities.

## Access to Your Information

You may gain access to your personal information by submitting a written request to AIG.

In some circumstances, AIG may not permit access to your personal information.

Circumstances where access may be denied include where it would compromise the privacy of other individuals, or where it would be unlawful.

AIG has also established an internal dispute resolution process for handling customer complaints and an access and correction procedure. Both procedures are generally free of charge however we reserve the right to charge for access requests in limited circumstances.

If you feel you have a complaint about AIG's Information Privacy Principles, require assistance in lodging a privacy complaint or you wish to gain access to the information, you may write to The Privacy Manager, AIG, Level 12, 717 Bourke Street, Docklands, or e-mail [australia.privacy.manager@aig.com](mailto:australia.privacy.manager@aig.com). Your complaint will be reviewed and you will be provided with a written response. If it cannot be resolved, your complaint will be referred to AIG's Internal Disputes Resolution Committee who will respond within 15 working days. In either case the matter will be reviewed by a person or persons with appropriate authority to deal with the complaint.

Should your complaint not be resolved by AIG's internal dispute resolution process, you may take your complaint to the Privacy Commissioner for review of the determination.



### **Complaints Procedure**

We are committed to handling any complaints about our products or services efficiently and fairly.

If you have a complaint, you (or your broker) can contact our dedicated complaints line on 1800 339 669. If your complaint is not satisfactorily resolved, you (or your broker) may request that the matter be reviewed by management by writing to The Compliance Manager, AIG, Level 12, 717 Bourke Street Docklands VIC 3008. If you are still unhappy, you (or your broker) may request that the matter be reviewed by our Internal Dispute Resolution Committee ("Committee"). We will respond to you with the Committee's findings within 15 working days.

If you are not satisfied with the finding of the Committee, you may be able to take your matter to an independent dispute resolution body, the Financial Ombudsman Service (FOS). This external dispute resolution body can make decisions with which AIG are obliged to comply. The FOS can be contacted on 1300 78 08 08 (local call fee applies), or e-mail on [info@fos.org.au](mailto:info@fos.org.au), via the website <http://www.fos.org.au>, or mailed at GPO Box 3, Melbourne, VIC 3001.

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## Details of Proposer

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1. (a) Name of Company

Transurban Group which consists of:

Transurban Holdings Limited [ABN 86 098 143 429]

Transurban Infrastructure Management Limited [ABN 27 098 147 678] (as Responsible Entity of Transurban Holding Trust [ARSN 098 807 419])

Transurban International Limited [ABN 90 121 746 825]

**Please see list of Group Subsidiary Companies and Group Structure at Attachment 1.**

(b) Address of Head Office

Level 31,  
Tower Five, Collins Square  
727 Collins Street  
Docklands VIC 3008

(c) Country or State of Registration

The Group has subsidiaries registered in Australia, USA and Canada.

(d) Company's Website Address

[www.transurban.com](http://www.transurban.com)

2. (a) Does the Company hold a registration pursuant to A New Tax System (Goods and Services Tax) Act 1999?

☒ Yes ☐ No

If "Yes", what is the registration number?

Refer Q. 1(a)

(b) Does the Company or any other entity to be insured under this policy intend to claim an input tax credit for the premium for this policy?

☒ Yes ☐ No

If "Yes", to what extent will an input tax credit be claimed by the Company or any other entity to be insured under this policy?

100%

3. (a) How long has the Company continually carried on business?

25 years (initial ASX listing March 1996)

(b) Describe the Business Activities of the Company and its Subsidiaries and attach any relevant marketing materials:

During the year (up to the date of this proposal) the principal continuing activities of the group were:

(a) Majority Owners and Operators of;

Victoria

- CityLink (including Exhibition St Extension) (Melbourne) (100%)

NSW

- M2 Motorway (Sydney) (100%)
- Eastern Distributor M1 - Sydney (75.1%)
- Lane Cove Tunnel (including Military Rd E-Ramp) - Sydney (100%)
- Cross City Tunnel – Sydney (100%)
- M5 West Motorway – Sydney (100%)

Queensland

- Gateway Motorway - Brisbane (62.5%)
- Logan Motorway - Brisbane (62.5%)
- CLEM7 Tunnel - Brisbane (62.5%)
- Go Between Bridge - Brisbane (62.5%)
- Legacy Way Tunnel - Brisbane (62.5%)
- Airport Link M7 Tunnel (Brisbane) (62.5%)

North America

- 495 Express Lanes - Virginia, USA (\*100 %)
- 95 Express Lanes - Virginia, USA (\*100 %)
- A25 – Montreal, Canada (100%)

\* Note: Transurban has reached agreement to sell a 50% interest in its Transurban Chesapeake assets to AustralianSuper, Canada Pension Plan Investment Board (CPP Investments) and UniSuper. Transurban Chesapeake comprises Transurban's Greater Washington Area (GWA) operational assets which include the 495 Express Lanes, 95 Express Lanes and 395 Express Lanes, as well as three projects in delivery and development (the Fredericksburg Extension, 495 Express Lanes Northern Extension and the Capital Beltway Accord). Financial close is expected by the end of FY21

Minority Owners and Operators of;

- WestConnex M4 (Sydney) (25.5%) [Part of the WestConnex network of which Sydney Transport Partners own 51% and NSW Government owns the remaining 49%. Sydney Transport Partners ownership is Transurban (50%), Australian Super (20.5%), CPPIB (20.5%) and Tawreed Investments Limited (9%). Transurban provides management services to WestConnex under a management agreement.]
- WestConnex M8 and M5 East (Sydney) (25.5%); [Part of the WestConnex network of which Sydney Transport Partners owns 51% and NSW governments owns the remaining 49%. Sydney Transport Partners ownership is Transurban (50%), Australian Super (20.5%), CPPIB (20.5%) and Tawreed Investments Limited (9%). Transurban provides management services to WestConnex under a management agreement.]
- NorthConnex Tunnel (Sydney) (50%) NorthConnex is owned by the NorthWestern Roads Group (NWR), consisting of Transurban (50%), Queensland Investment Corporation (25%) and Canada Pension Plan Investment Board (25%).



Transurban provides operational services to NorthConnex under an operations and maintenance agreement.

- (b) Investment, Board participation and Management advice in respect to entities responsible for the following toll-roads;
  - WestLink M7 Motorway - Sydney (50%)
  - WestConnex Network – Sydney (25.5%) [Note: In respect to both operating and roads under construction]
  - NorthConnex Tunnel – Sydney (50%)
- (c) Participation in the direction of the activities responsible for the development and construction of;
  - WestGate Tunnel Project – Melbourne (100%)
  - WestConnex Network – Sydney (25.5%) [In respect to roads under construction]
- (d) Provision of tolling and customer management systems and services for:
  - Australia
    - the Westlink M7 Motorway, Hills M2, Lane Cove Tunnel (including Military Road E-Ramp), Cross City Tunnel, Eastern Distributor, M5 West, Logan and Gateway Motorways, CLEM7 Tunnel, Go Between Bridge, Legacy Way, AirportLink M7, CityLink, WestConnex M8 and M5 East, WestConnex M4 and NorthConnex.
    - Melbourne, Sydney and Brisbane Airports Taxi Tag Back Office Services
    - Toowoomba Second Range Crossing Queensland State Back Office Services
  - North America
    - 495 Express Lanes and 95 Express Lanes tolling is operated by Transurban with billing and customer interface managed and operated primarily by “EZ-pass system” government operators. In March 2020, Transurban launched the “GoToll” app in the US market. This offers drivers who aren’t frequent toll-road users and don’t have the Government issued E-ZPass, a method of payment via their smartphone. It allows drivers to register their car’s license plate and a payment method to use the toll lanes. The use of the app was expanded in January 2021, from Virginia to North Carolina, Georgia and Florida through a partnership with the North Carolina Turnpike Authority (NCTA).
    - A25 Tolling operates on a standalone basis as part of concession operations
- (e) Tendering for participation in and/ or acquisition of other toll roads in Australia
- (f) Tendering for participation in and/ or acquisition of other toll roads in North America
- (g) Development of electronic tolling and intelligent transport systems for implementation in both domestic and international markets;
- (h) Identification and development of infrastructure projects in accordance with the investment strategies of Transurban Group entities; and
- (i) Property Owners (Concession Leaseholders) and Occupiers of Property, including use of sundry Concession Lease land for;
  - Non-commercial car parking
  - Telecommunication and Utility company access and equipment
  - Advertising billboards
  - Public Artwork



- (j) Project management for delivery of road upgrades for Transurban (Including related Government projects) and certain Government projects where Transurban provides standalone project management services
- (k) Minority investor (4.2%) in a technology start-up company (Bluedot) that provides services to the Company.
- (l) Maintenance Services and Operation and Incident Response Activities for the Inner City Bypass
- (m) Incident Response Activities on State roads adjacent to the CityLink Melbourne network
- (n) Transurban provides services to Transurban Group entities pursuant to our Australian Financial Services Licences

4. During the last (3) years has:

- (a) the name of the Parent Company changed? ☐ Yes ☒ No
- (b) any acquisition or merger involving the Company taken place? ☒ Yes ☐ No
- (c) any Subsidiary of the Company been sold or ceased trading? ☒ Yes ☐ No
- (d) the capital structure of the Parent Company changed? ☒ Yes ☐ No

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## (b) Acquisitions

### 2018 – A25 – Montreal, Canada

On 23 March 2018, Transurban announced that it had reached agreement with Macquarie Infrastructure Partners to acquire 100% of the equity interests in the A25 for CAD 840 million plus transaction costs of CAD 18 million. The A25 is a 7.2km toll road and bridge connecting Northern Montreal across the Riviere des Prairies to commercial and residential areas. It opened in May 2011 with a concession to 2042. On 6 June 2018, Transurban announced that it had reached financial close on the acquisition of the A25 toll road asset and concession.

### 2018 – Westconnex

On 31 August 2018, Transurban announced that the Sydney Transport Partners (STP) consortium with equity interests 50% Transurban, 20.5% AustralianSuper, 20.5% CPPIB and 9% Tawreed Investments Limited, had executed an agreement to acquire a 51% equity stake in WestConnex (WCX) from the NSW Government for \$9.3 billion. The NSW Government maintains a 49% interest.

Westconnex will be an integrated toll road network consisting of seven assets under three concessions deeds. Transurban will manage and operate the network on behalf of the owners.

On 27 September 2018, Transurban announced that STP had reached financial close on the acquisition of the 51% equity stake in WestConnex.

### 2019 – M5 West Motorway

In 2018, minority interests totalling 15.39% were acquired bringing total holding to 65.38%.

On 30 October 2019, Transurban announced that it had reached financial close on the acquisition of the remaining 34.62% minority interests in the M5 West after receiving the necessary consents from the Roads and Maritime Services and M5 West financiers. The acquisition took Transurban's ownership interest in the asset to 100%.

## (c) Subsidiaries

Refer to Attachment 1 – Group Company Schedule for details of changes to subsidiary entities.

## (d) Change in Capital Structure

### Distribution Reinvestment Plan - Ongoing

Transurban Group has an ongoing Distribution Reinvestment Plan in line with twice-yearly distribution schedule. The Board retains full discretion to activate or suspend the DRP for each distribution.

### Capital Raising - 2017

On 12 December 2017, Transurban achieved contractual close with the Victorian State Government to build, toll and operate the West Gate Tunnel Project, and Transurban announced it would undertake a fully underwritten pro rata accelerated renounceable 3 for 37 entitlement offer (with retail entitlements trading) to raise approximately A\$1.9 billion (the Entitlement Offer). The proceeds raised will be used to contribute to the funding of the West Gate Tunnel

Project and for general corporate purposes. On 15 December 2017, Transurban announced the successful completion of the institutional component of the Entitlement Offer of new Transurban stapled securities announced on 12 December 2017. On 30 January 2018, Transurban announced the completion of the retail component of the Entitlement Offer. This represented the final stage of Transurban's \$1.9 billion entitlement offer announced on 12 December 2017.

#### Capital Raising - 2018

On 31 August 2018, Transurban announced that it would undertake a capital raising in order to fund Transurban's equity contribution to the STP consortium acquiring a 51% equity stake in WestConnex. The equity raising comprised:

- A fully underwritten, 10 for 57 accelerated pro rata renounceable entitlement offer to eligible security holders of \$10.80 per security with retail entitlements trading to raise \$4.2 billion ("Retail Entitlement Offer"); and
- A placement to AustralianSuper and Tawreed Investments Limited at \$10.85 per security to raise \$600 million. These placement securities were not entitled to participate in the Entitlement Offer.

On 21 September 2018, Transurban announced the completion of the Retail Entitlement Offer. The Retail Entitlement Offer raised gross proceeds of approximately \$1,222 million from the issue of approximately 113.2 million new securities at an issue price of \$10.80 per new security. This represented the final stage of Transurban's \$4.2 billion entitlement offer announced on 31 August 2018.

#### Capital Raising - 2019

On 8 August 2019 Transurban announced the successful completion of its \$500 million 'pro-rata' institutional placement, announced on Wednesday, 7 August 2019, ("Placement"). Proceeds raised under the Placement and Security Purchase Plan also announced on Wednesday, 7 August 2019 ("SPP"), contributed to funding Transurban's acquisition of the remaining 34.62% interest in M5 West for \$468 million (excluding stamp duty and transaction costs of \$47 million), and for general corporate purposes.

On 4 September 2019 Transurban announced the completion of the SPP (following the closing of the SPP at 5.00pm (AEST) on Friday, 30 August 2019). The SPP raised a total of \$312 million.

5. (a) Has the Company any acquisition, tender offer or merger pending or under consideration? ☒ Yes ☐ No
- (b) Is the Company aware of any proposal relating to its acquisition by another company? ☐ Yes ☒ No
- (c) Is the Company intending a new public offering of securities within the next year in Australia or elsewhere? ☐ Yes ☒ No

*If the answer to any of the foregoing is "Yes", please provide details*

The company explores potential opportunities in Australia and North America in the ordinary course of business. At the moment the only publicly submitted proposal is in relation to the M7 staged widening and M7/M12 interchange (Sydney) – Proposal submitted by Transurban and its Westlink M7 co-investors is progressing through Stage 2 of the NSW Government's Unsolicited Proposals process, where a detailed proposal is developed and assessed.

The NSW Government has publicly indicated that it will seek to dispose of some or all of its 49% WestConnex minority interest. The NSW Government is expected to begin a sale process for a 24.5% tranche in Q2 2021 with a process to sell the second 24.5% tranche also expected. Transurban and its Sydney Transport Partners co-investors (who currently own the remaining 51% interest in the assets) expect to participate in the sale process.

If the company was successful with any such potential opportunities it would decide on the best way to fund the opportunity (which could involve a new public offering of securities) at the relevant time.

6. Is the Company or any of its Subsidiaries:
- (a) Private? ☒ Yes ☐ No
- (b) Public? ☒ Yes ☐ No
- (c) Listed on the Australian Stock Exchange? ☒ Yes ☐ No
- (d) Listed on any foreign stock exchanges? ☐ Yes ☒ No

*If "Yes", please specify*

- (e) Listed on any unlisted securities market or exempt stock exchange? ☐ Yes ☒ No
- (f) Traded in any other way? ☒ Yes ☐ No

*If "Yes", please specify*

Transurban Debt Securities are traded on listed exchanges. Private trading occurs - not on any formal exchange.

7. Do you have Financial Statements for the Company which have been externally audited or reviewed in the last 12 months? ☒ Yes ☐ No

*If "Yes", please complete the following questions based upon the Companies financial statements*

**Refer Transurban Group Annual Report 2020**

<https://www.transurban.com/content/dam/investor-centre/04/2020-Corporate-Report.pdf>

and to subsequent ASX announcements.



- (a) Current Assets: \$
- (b) Total Assets: \$
- (c) Current Liabilities: \$
- (d) Total Liabilities: \$
- (e) Shareholders/Owners Equity: \$
- (f) Turnover: \$
- (g) Profit / Loss: \$
8. (a) Since the date of the latest Financial Statements attached to this proposal, have there been any developments which adversely impact the financial position of the Company? ☐ Yes ☒ No
- (b) Is any proposed director or officer aware of facts or circumstances that might affect the ability of the Company to meet all its debts as and when they fall due? ☐ Yes ☒ No
- If the answer to any of the foregoing is "Yes", please provide details*
9. (a) Does the Company or its Subsidiaries have any assets or business activities in the USA? ☒ Yes ☐ No
- If "Yes", please complete our North American Supplementary Questionnaire.*
- (b) Does the Company or any of its subsidiaries currently conduct or intend to conduct any business activities from a permanent location outside Australia? ☒ Yes ☐ No

*If "Yes", please provide a list of each country in which assets are or are to be located or business activities are or are to be conducted*

Transurban has Operations in the USA (Northern Virginia) and Canada (Quebec) for the purpose of identification, development and operation of infrastructure projects.

Specific Developments – North America:

(i) Capital Beltway Project - 495 Express Lanes (Virginia, USA)

The Capital Beltway - 495 Express Lanes Project commenced construction in July 2008 and was completed in November 2012. A Transurban subsidiary has a concession to operate the 495 Express Lanes for a period of 75 years. The 495 Express Lanes were opened to tolled traffic in November 2012.

In January 2019, Transurban and the Virginia Department of Transportation (VDOT) reached agreement on a development framework to progress the 495 Northern Extension Project. The project involves an extension of the 495 Express Lanes for 3.2 kilometres toward the Maryland border. Construction is expected to commence post financial close in FY21.

Transurban in partnership with the Virginia Government are progressing a project that will extend the 495 Express Lanes in Virginia by approximately 4.2 kilometres north across the Potomac River and into Maryland. The Capital Beltway Accord project includes the replacement of the existing four general purpose lanes in each direction and the addition of two new Express Lanes in each direction from the George Washington Memorial Parkway in Virginia and to the vicinity of River Road in Maryland. Construction could commence as early as 2022.

(ii) 95 Express Lanes Project (Virginia USA)

The 95 Express Lanes construction commenced in August 2012 and was completed in December 2014. The 29-mile (46 kilometre), reversible two and three-lane Express Lanes facility has a 73 year operating concession. The Toll system delivery and operations of the 95 Express Lanes are managed by Transurban and co-located with the 495 Express Lanes Operations Centre. The 95 Express Lanes utilise technology developed for the 495 Express Lanes. The 95 Express Lanes were opened to traffic on 14 December 2014.

In November 2017, approximately 3.2 km of extended lanes were opened at the southern end of the 95 Express Lanes. This was a joint VDOT and Transurban project, with the additional lanes becoming part the 95 Express Lanes network.

In July 2019 Transurban reached financial close with VDOT to extend the 95 Express Lanes for approximately 16 km from the current southern terminus at a cost of ~ \$425 million. When complete the Fredericksburg Extension (or Fred Ex) will operate together with the 395 Express Lanes as a single, fully-integrated 95 Express Lanes facility between the Potomac and Rappahannock Rivers. Fred Ex is expected to open in late 2022.

In November 2019 the 395 Extension Project, which extends the northern end of the 95 Express Lanes for 11km to the Washington DC border, was opened for tolling.

(iii) A25 Toll-Road and Bridge – (Montreal, Quebec, Canada)

On 23 March 2018, Transurban announced that it had reached agreement with Macquarie Infrastructure Partners to acquire 100% of the equity interests in the A25 for CAD 840 million plus transaction costs of CAD 18 million. The A25 is a 7.2km toll road and bridge connecting Northern Montreal across the Riviere des Prairies to commercial and residential areas. It opened in May 2011 with a concession to 2042. On 6 June 2018, Transurban announced that it had reached financial close on the acquisition of the A25 toll road asset and concession.

(iv) Maryland Express Lanes Project – (Maryland, USA)

On 19 February 2021 Accelerate Maryland Partners LLC (AM Partners) led by Transurban and Macquarie were selected by the Maryland Department of Transportation (MDOT), MDOT State Highway Administration (MDOT SHA) and Maryland Transportation Authority (MDTA) as the developer to deliver the American Legion Bridge I-270 to I-70 Relief Plan (previously known as Phase 1 of the Maryland Express Lanes Project) in the Greater Washington Area. With exclusive rights of negotiation, the selection of AM Partners represents the first step in the predevelopment process to establish a project plan and concession agreement in partnership with MDOT SHA, its stakeholders and communities. Pending approvals by the MDTA Board and the Maryland Board of Public Works of the selected developer which are expected by end FY21, and subject to reaching agreement on terms, a final concession agreement and financial close is expected in late 2022.

10. Please list: **Refer to Transurban Group Annual Report 2020**

<https://www.transurban.com/content/dam/investor-centre/04/2020-Corporate-Report.pdf>

and to subsequent ASX announcements.

- (a) Total number of shareholders:
- (b) Total number of shares issued:
- (c) Total number of shares held by Directors and Officers (both directly & beneficially):
- (d) All holdings representing 5% or more of the Company's voting share capital:
- (e) Is the Company a Subsidiary of another Entity?

☐ Yes ☒ No

11. Have any Directors or Executive Officers of the Company resigned or been replaced in the past 12 months?

☒ Yes ☐ No





*If "Yes", please advise who and why*

**Transurban Group (ASX: TCL) Directors and Officers - the following changes have occurred since the date of the previous proposal dated 17 March 2020:**

Christine O'Reilly retired as Non-executive Director effective 8 October 2020

Robert John Whitfield was appointed as Non-executive Director effective 1 November 2020

Timothy John Reed was appointed as Non-executive Director effective 1 November 2020

**Transurban Group (ASX: TCL) Executives - the following changes have occurred since the date of the previous proposal dated 17 March 2020:**

Kristine Anne Cooney Group Executive, Customer (departed Transurban effective 31 July 2020). Was on paid leave between 13 June 2020 and 31 July 2020

Anthony Adams resigned as Group Executive, Project Delivery effective 29 February 2020. Commenced role as General Manager, Delivery Partners, Delivery and Risk effective 1 March 2020

Adam Jeffrey Watson resigned as Chief Financial Officer effective 13 November 2020

Jennifer Aument resigned as President, North America effective 12 February 2021 (departs Transurban effective 21 March 2021)

Thomas Patrick McKay appointed Interim Chief Financial Officer effective 14 November 2020 (ceases Interim Chief Financial Officer role effective 28 March 2021). Reverts to General Manager, Treasury and Capital Markets effective 29 March 2021

Simon Moorfield was appointed Group Executive, Customer and Technology effective 5 October 2020

Hugh Wehby was appointed Group Executive, Partners, Delivery and Risk effective 19 October 2020

Pierce Coffee was appointed President, North America effective 15 February 2021

Michelle Nicole Jablko will commence as Chief Financial Officer effective 29 March 2021



12. Please provide a complete list of all Subsidiary Companies including country of registration and percentage (%) owned by the Parent Company other than those shown in the latest Annual Report and Financial Statements attached to this proposal.

Please also provide a complete corporate structure diagram.

Note: special terms and conditions may apply to any Investment Vehicles being:

- (a) any off balance sheet entity whose revenue primarily consists on the return on investments (including a special purpose vehicle or structured investment vehicle); or
- (b) any fund, managed investment scheme or trust, in which a person (including an entity) other than the Company (whether directly or indirectly) has a legal or beneficial interest?

### Insurance Details

13. (a) Does the Company or any of its Subsidiaries have Directors & Officers Liability Insurance currently in force? ☒ Yes ☐ No  
*If "Yes", please state:*
- (a) Insurer: AIG – Lead Primary (and multiple excess insurers)
  - (b) Policyholder: Transurban Group as defined in Q 1 (a)
  - (c) Limit of Liability: \$240 Million
  - (d) Is Company Securities Cover Provided ☒ Yes ☐ No
  - (e) Expiry Date 31 March 2021
14. Has the Company or any of its Subsidiaries ever had an insurer decline a proposal, impose any special terms, cancel or refuse to renew a Directors & Officers Liability Insurance policy? ☐ Yes ☒ No  
*If "Yes", please give details:*

### Accounting Practices

15. Has the Company changed its external auditor in the past 5 years? ☐ Yes ☒ No  
*If "Yes", please give details:*
16. Does the Company intend to change its external auditor in the next 12 months? ☐ Yes ☒ No  
*If "Yes", please advise why?*



17. Have all the revenue recognition practices used by the Company been approved by its external auditor? ☒ Yes ☐ No

*If "No", please provide details*

Note, the Group's Auditors sign-off that accounts have been prepared in accordance with all relevant accounting standards

18. Since the date of the latest Financial Statements attached to this proposal, has the Company or its Subsidiaries or any of their Directors and Officers entered into any related-party transactions? ☒ Yes ☐ No

*If "Yes", please provide details*

Refer to the 2020 Financial Statements

<https://www.transurban.com/content/dam/investor-centre/04/2020-Corporate-Report.pdf>

19. Has the Company ever re-stated its financial results? ☐ Yes ☒ No

*If "Yes", please provide details*

20. Does the Company anticipate incurring a significant one time change to earnings, or having to re-state earnings, in the next 12 months? ☐ Yes ☒ No

*If "Yes", please provide details*

21. Does the Company have written corporate policies as regards the ability of Directors, Officers and Employees to purchase or sell the Company's shares, including the ability to exercise share options? ☒ Yes ☐ No

*If "Yes", please provide details*

A copy of the Transurban Group "Dealing in Securities" Policy is available on the Group website at

[https://www.transurban.com/content/dam/transurban-pdfs/02/corporate-governance/Dealing\\_in\\_Securities.pdf](https://www.transurban.com/content/dam/transurban-pdfs/02/corporate-governance/Dealing_in_Securities.pdf)

## Outside Directorships

22. Do any of the Directors or Officers of the Company serve, at the specific request or direction of the Company, as a director or officer, trustee (except a pension or superannuation trustee), governor or equivalent of any entities which are not Subsidiaries? ☒ Yes ☐ No

*If "Yes", and you would like this policy to provide cover for those board positions, please complete the Schedule of Outside Directorships attached to this proposal*

**Note:** If we agree to provide cover for an Outside Directorship, the cover will apply in excess of any indemnity from the Outside Entity and in excess of any cover provided under the Outside Entity's insurance policies.

## Claims Information [to be completed]

**Enquires should be made of all appropriate staff before answering the following three questions**

23. Has there ever been, or is there now pending, a claim against any Directors or Officers in their capacity as Directors or Officers of the Company or its Subsidiaries? ☐ Yes ☐ No
24. Is the Company aware of any facts which might give rise to a claim being made against any Directors or Officers in their capacity as Directors or Officers of the Company or its Subsidiaries? ☐ Yes ☐ No
25. Has any Director or Officer of the Company or its Subsidiaries ever been subject to any prosecution, disciplinary action, been fined or penalised, or been the subject of an inquiry or investigation in their capacity as a Director or Officer of any company? ☐ Yes ☐ No

*If the answer is "Yes" to any one of Questions 23, 24 or 25, please provide details by attachment.*

## Company Securities Insurance

26. This is a separate policy designed specifically to cover the Company for claims made against it arising out of the sale or purchase of the Company's securities.
- Note: Company Securities Insurance is not available as a standalone product. It is offered as a 'companion' to the AIG D & O Gold policy.*
- Would you like a quotation for this Policy? ☒ Yes ☐ No

## Optional Cover

27. **Lifeboat Protection**
- This Optional Extension provides a separate excess limit for the Company's board for unrelated claims or circumstance
- Would you like a non-binding quotation for this Extension? ☒ Yes ☐ No



### Additional Coverage

#### 28. Employment Practices Liability

This is a separate policy specifically designed to cover the Company and its Directors, Officers and Employees for employment-related claims.

Would you like a non-binding quotation for this Policy?

☐ Yes ☒ No

*If "Yes", please complete our CorporateGuard Employment Practice Liability Proposal Form.*

#### 29. Prospectus Liability

This is a separate policy specifically designed to cover the Company and its Directors, Officers and Employees for claims made against them in respect of a specific prospectus.

Would you like a non-binding quotation for this Policy?

☐ Yes ☒ No

*If "Yes", please complete our CorporateGuard Prospectus Liability Proposal Form.*

#### 30. Crime

This is a separate policy which insures the Company against direct financial loss it sustains as a result of theft by employees or other persons

Would you like a non-binding quotation for this Policy?

☐ Yes ☒ No

*If "Yes", please complete our CorporateGuard CrimeManager Complete Proposal Form.*

### Limit of Liability

#### 31. Amount of indemnity required in respect of **Directors and Officers Liability**:

☐ \$1 mln

☐ \$5 mln

☐ \$10 mln

☐ \$20 mln

☒ Other – please state: \$250 Million

#### 32. Amount of indemnity required in respect of **Company Security Insurance**:

☐ \$1 mln

☐ \$5 mln

☐ \$10 mln

☐ \$20 mln

☒ Other – please state: \$100 million

### Stamp Duty Split

#### 33. For the purpose of calculating Stamp Duty please specify the Company's staff numbers by location as follows:

NSW	VIC	QLD	SA	WA	TAS	ACT	NT	Overseas
442	859	285						176



**Please Enclose with this Proposal Form**

- (a) The last two Annual Reports and Financial Statements for the Company.
- (b) The last two Interim Financial Statements for the Company (if applicable).
- (c) Marketing Materials which describe the business activities of the Company.
- (d) Any Prospectus-type document published in the last 3 years.
- (e) Financial Statements for Outside Entities

**ONCE YOU HAVE COMPLETED THE QUESTIONS ABOVE PLEASE SIGN AND DATE THE PROPOSAL AT THE DECLARATION ON THE NEXT PAGE. SIGNING THIS PROPOSAL DOES NOT BIND THE PROPOSER OR THE INSURER TO COMPLETE THIS INSURANCE.**

**Declaration**

We declare that we have made all necessary enquiries into the accuracy of the responses given in this proposal and confirm that the statements and particulars in this proposal are true and complete and that no material facts have been omitted, misstated or suppressed. We agree that should any of the information given by us alter between the date of this proposal and the inception date of the insurance to which this proposal relates, we will give immediate notice thereof to the insurer.

We acknowledge receipt of the **Important Notices** contained in this proposal and that I have read and understood the content of that Notice.

**We confirm that we are authorised by the Company and its directors to complete, sign and submit this proposal on behalf of the Company and its directors.**

**Signed on behalf of :**

**The Insured Persons (D&O Gold™ Insurance) ☒**

**The Company (Company Securities Insurance) ☒**

**(To be signed by the Chairman and an Executive Officer)**

NAME: Fiona Last

TITLE: Company Secretary

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_

NAME: Lindsay Maxsted

TITLE: Chairman

SIGNATURE: \_\_\_\_\_

DATE: \_\_\_\_\_





#### Schedule of Outside Entities

Name of Outside Entity	Does the Outside Entity provide an Indemnity for the Outside Directorships?	Does the Outside Entity have current D&O Insurance?	Who is the D&O Insurer?	What is the D&O Policy Limit?	What is the D&O Policy Number?
North Western Roads Group, Including Westlink Motorway Group and NorthConnex Group	Yes	Yes	AIG Chubb	\$10M Primary \$10M Excess	AU000053GC 02CH024419
Sydney Transport Partners Group defined as; <ul style="list-style-type: none"><li>STP AT Pty Ltd (ACN 626 630 144) (as trustee of the STP Asset Trust)</li><li>STP PT Pty Ltd (ACN 626 630 153) (as trustee of the STP Project Trust)</li></ul>	Yes	Yes	AIG Australia Limited (20% lead)	\$50M	AU000939GC

DRAFT

**Head Office**

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F +61 3 9522 4645

[www.aig.com.au](http://www.aig.com.au)



**Bring on tomorrow**

# Transurban Group

## Directors & Officers Liability Insurance Proposal 2021-2022

### Attachment 1

### Group Company Schedule & Structure

Australia - Entity Name	Transurban % Ownership	Notes
STP AT PTY LTD	50	
STP FINCO PTY LTD	50	
STP HEDGE CO PTY LTD	50	
STP PT PTY LTD	50	
AIRPORT MOTORWAY CONSTRUCTION COMPANY PTY LTD	75.1	
AIRPORT MOTORWAY HOLDINGS PTY LIMITED	75.1	
AIRPORT MOTORWAY LIMITED	75.1	
AMT MANAGEMENT LIMITED	100	
CITY LINK EXTENSION PTY LTD	100	
CITYLINK MELBOURNE LIMITED	100	
DEVOME PTY LIMITED	100	
HILLS MOTORWAY CONSTRUCTION COMPANY PTY LTD	100	
HILLS MOTORWAY MANAGEMENT LIMITED	100	
HILLS MOTORWAY UNDERWRITING NO.1 PTY LTD	100	
INTERLINK ROADS PTY LTD	100	
LCT-MRE HOLDINGS PTY LIMITED	100	
LCT-MRE NO.1 PTY LIMITED	100	
LCT-MRE NOMINEES PTY LIMITED	100	
LCT-MRE PTY LIMITED	100	
M4 HOLDINGS NO. 1 PTY LIMITED	100	
M5 HOLDINGS PTY LIMITED	100	
ROAM TOLLING PTY LTD	100	
STATEWIDE ROADS (M4) PTY LIMITED	100	
STATEWIDE ROADS LIMITED	100	
SWR OPERATIONS PTY LIMITED	100	
SWR PROPERTIES PTY LIMITED	100	
SYDNEY ROADS LIMITED	100	
SYDNEY ROADS MANAGEMENT LIMITED	100	
THE HILLS MOTORWAY LIMITED	100	
TOLLAUST PTY LIMITED	100	
TRANSLINK OPERATIONS PTY LIMITED	100	
TRANSURBAN (USA) HOLDINGS NO.1 PTY LTD	100	
TRANSURBAN (USA) HOLDINGS NO.2 PTY LTD	100	
TRANSURBAN (USA) HOLDINGS NO.3 PTY LTD	100	
TRANSURBAN CCT HOLDINGS PTY LTD	100	Formerly known as TRANSURBAN CANON NO 1 PTY LIMITED
TRANSURBAN CCT NO 1 PTY LTD	100	
TRANSURBAN CCT NOMINEES PTY LTD	100	
TRANSURBAN CCT PTY LTD	100	Formerly known as TRANSURBAN CANON NO 2 PTY LIMITED
TRANSURBAN COLLATERAL SECURITY PTY LTD	100	
TRANSURBAN FINANCE COMPANY PTY LTD	100	
TRANSURBAN FUNDING PTY LTD	100	
TRANSURBAN INFRASTRUCTURE MANAGEMENT LIMITED	100	
TRANSURBAN INTERNATIONAL HOLDINGS PTY LTD	100	
TRANSURBAN INVESTMENTS PTY LIMITED	100	
TRANSURBAN LIMITED	100	
TRANSURBAN MAPLE HOLDINGS PTY LTD	100	
TRANSURBAN MAPLE INVESTMENTS PTY LTD	100	
TRANSURBAN NCX M7 HOLD CO PTY LTD	100	
TRANSURBAN NCX M7 NOMINEES PTY LTD	100	
TRANSURBAN OPERATIONS PTY LTD	100	
TRANSURBAN RETAIL PTY LIMITED	100	
TRANSURBAN STP AHT PTY LTD	100	
TRANSURBAN STP AT PTY LTD	100	
TRANSURBAN STP PROJECT CO PTY LTD	100	
TRANSURBAN STP PROJECT HOLD CO PTY LTD	100	
TRANSURBAN SUN HOLDINGS PTY LTD	100	
TRANSURBAN SUN NOMINEES PTY LTD	100	
TRANSURBAN TECHNOLOGY INVESTMENTS HOLDINGS PTY LTD	100	
TRANSURBAN TECHNOLOGY INVESTMENTS PTY LTD	100	
TRANSURBAN VIC HOLD CO PTY LIMITED	100	
TRANSURBAN VIC OP CO PTY LIMITED	100	
TRANSURBAN WGT CO PTY LIMITED	100	
TU CORPORATE SERVICES PTY LTD	100	Formerly known as TRANSURBAN ASSET MANAGEMENT PTY LTD
WEST GATE TUNNEL LEASEHOLD CO. PTY LTD	100	
TRANSURBAN HOLDINGS LIMITED	Ultimate holding	
TRANSURBAN INTERNATIONAL LIMITED	Ultimate holding	
STP ASSET TRUST	50	% ownership reflects Transurban's direct ownership interest in the Trust
STP PROJECT TRUST	50	% ownership reflects Transurban's direct ownership interest in the Trust
AIRPORT MOTORWAY TRUST	75.1	% ownership reflects Transurban's direct ownership interest in the Trust
CITYLINK TRUST	100	Formerly known as TRANSURBAN CITYLINK UNIT TRUST
HILLS MOTORWAY TRUST	100	
LCT-MRE HOLDINGS TRUST	100	
LCT-MRE TRUST	100	
M5 HOLDINGS FUNDING TRUST	100	
SYDNEY ROADS TRUST	100	
T(895) FINANCE TRUST	100	
TRANSURBAN CCT HOLDINGS TRUST	100	
TRANSURBAN CCT TRUST	100	
TRANSURBAN FINANCE TRUST	100	
TRANSURBAN NCX M7 HOLD TRUST	100	
TRANSURBAN STP ASSET HOLD TRUST	100	
TRANSURBAN STP ASSET TRUST	100	
TRANSURBAN SUN HOLDINGS TRUST	100	
TRANSURBAN HOLDING TRUST	Ultimate holding	
TQ APL ASSET TRUST	62.5	
TQ APL HOLD TRUST	62.5	
TRANSURBAN QUEENSLAND INVEST TRUST	62.5	Formerly known as SUN GROUP INVEST TRUST
TRANSURBAN QUEENSLAND PROPERTY TRUST	62.5	Formerly known as SUN GROUP PROPERTY TRUST
APL CO PTY LIMITED	62.5	
APL HOLD CO PTY LIMITED	62.5	
BRIDGE SECURITY PTY LTD	62.5	

Australia - Entity Name	Transurban % Ownership	Notes
GATEWAY MOTORWAY PTY LIMITED	62.5	
GBB HOLDING CO PTY LIMITED	62.5	
GBB OPERATIONS PTY LIMITED	62.5	
LOGAN MOTORWAYS PTY LIMITED	62.5	
LW HOLDING CO PTY LIMITED	62.5	
LW OPERATIONS PTY LIMITED	62.5	
PROJECT T FINANCE CO PTY LIMITED	62.5	
PROJECT T PARTNER CO 1 PTY LIMITED	62.5	
PROJECT T PARTNER CO 2 PTY LIMITED	62.5	
PROJECT T PARTNER HOLD CO 1 PTY LIMITED	62.5	
PROJECT T PARTNER HOLD CO 2 PTY LIMITED	62.5	
QM ASSETS PTY LIMITED	62.5	
QMH FINANCE PTY LIMITED	62.5	
QML HOLD CO PTY LIMITED	62.5	
QUEENSLAND MOTORWAYS HOLDING PTY LIMITED	62.5	
QUEENSLAND MOTORWAYS MANAGEMENT PTY LTD	62.5	
QUEENSLAND MOTORWAYS PTY LIMITED	62.5	
QUEENSLAND MOTORWAYS SERVICES PTY LIMITED	62.5	
TQ APL ASSET CO PTY LIMITED	62.5	
TQ APL FINANCE CO PTY LIMITED	62.5	
TQ APL HOLD CO PTY LIMITED	62.5	
TRANSURBAN QUEENSLAND FINANCE PTY LIMITED	62.5	
TRANSURBAN QUEENSLAND HOLDINGS 1 PTY LIMITED	62.5	
TRANSURBAN QUEENSLAND HOLDINGS 2 PTY LIMITED	62.5	
TRANSURBAN QUEENSLAND INVEST PTY LIMITED	62.5	
TRANSURBAN QUEENSLAND PROPERTY PTY LIMITED	62.5	
WCX M5 STATE WORKS CONTRACTOR PTY LTD	25.5	
WESTCONNEX FINANCE COMPANY PTY LTD	25.5	Formerly known as WCX AT FINCO PTY LTD
WCX AHT PTY LTD	25.5	
WCX AT PTY LTD	25.5	
WCX PHT PTY LTD	25.5	
WCX PT PTY LTD	25.5	
WCX M4 AMT PTY LTD	25.5	
WCX M5 AMT PTY LTD	25.5	
WCX M4-M5 LINK AMT PTY LTD	25.5	
WCX M4 PMT PTY LTD	25.5	
WCX M5 PMT PTY LTD	25.5	
WCX M4-M5 LINK PMT PTY LTD	25.5	
WCX M4 PTY LTD	25.5	
WCX M4 AHT PTY LTD	25.5	
WCX M4 AT PTY LTD	25.5	
WCX M4 FINCO PTY LTD	25.5	
WCX M4 PHT PTY LTD	25.5	
WCX M4 PT PTY LTD	25.5	
WCX M5 AHT PTY LTD	25.5	
WCX M5 AT PTY LTD	25.5	
WCX M5 FINCO PTY LTD	25.5	
WCX M5 PHT PTY LTD	25.5	
WCX M5 PT PTY LTD	25.5	
WCX M4-M5 LINK AHT PTY LTD	25.5	
WCX M4-M5 LINK AT PTY LTD	25.5	
WCX M4-M5 LINK FINCO PTY LTD	25.5	
WCX M4-M5 LINK PHT PTY LTD	25.5	
WCX M4-M5 LINK PT PTY LTD	25.5	
WCX STATE WORKS CONTRACTOR PTY LTD	25.5	
WCX INTEGRATED OPCO PTY LTD	25.5	
SYDNEY MOTORWAY CORPORATION PTY LTD	25.5	
WCX M4 PROJECT TRUST	100	% ownership reflect the relevant WCX companies ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M5 PROJECT TRUST	100	% ownership reflect the relevant WCX companies ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M4-M5 LINK PROJECT TRUST	100	% ownership reflect the relevant WCX companies ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX ASSET HOLD TRUST	51	% ownership reflects STP's ownership interest in the Trust (of which Transurban holds a 50% interest)
WCX ASSET TRUST	51	% ownership reflects STP's ownership interest in the Trust (of which Transurban holds a 50% interest)
WCX PROJECT HOLD TRUST	51	% ownership reflects STP's ownership interest in the Trust (of which Transurban holds a 50% interest)
WCX PROJECT TRUST	51	% ownership reflects STP's ownership interest in the Trust (of which Transurban holds a 50% interest)
WCX M4 ASSET MEZZANINE TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M5 ASSET MEZZANINE TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M4-M5 LINK ASSET MEZZANINE TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M4 PROJECT MEZZANINE TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M5 PROJECT MEZZANINE TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M4-M5 LINK PROJECT MEZZANINE TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M4 ASSET HOLD TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M4 ASSET TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M4 PROJECT HOLD TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M5 ASSET HOLD TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M5 ASSET TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M5 PROJECT HOLD TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M4-M5 LINK ASSET HOLD TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M4-M5 LINK ASSET TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
WCX M4-M5 LINK PROJECT HOLD TRUST	100	% ownership reflects the relevant WCX company's ownership interest in the Trust (of which Transurban owns a 25.5% interest)
TRANSURBAN CARS TRUST	50	
TRANSURBAN WSO TRUST	50	
TRANSURBAN AL TRUST	50	
NORTHWESTERN ROADS GROUP TRUST	50	
WSO PARTNERSHIP INVESTMENT TRUST	50	
WESTERN SYDNEY ORBITAL HOLDING TRUST	50	
TRANSURBAN NOMINEES PTY LTD	50	
TRANSURBAN NOMINEES 2 PTY LTD	50	
WSO CO PTY LTD	50	
WESTLINK MOTORWAY LIMITED	50	
WSO FINANCE PTY LIMITED	50	
CARS NOMINEES (AUSTRALIA) PTY LTD	50	

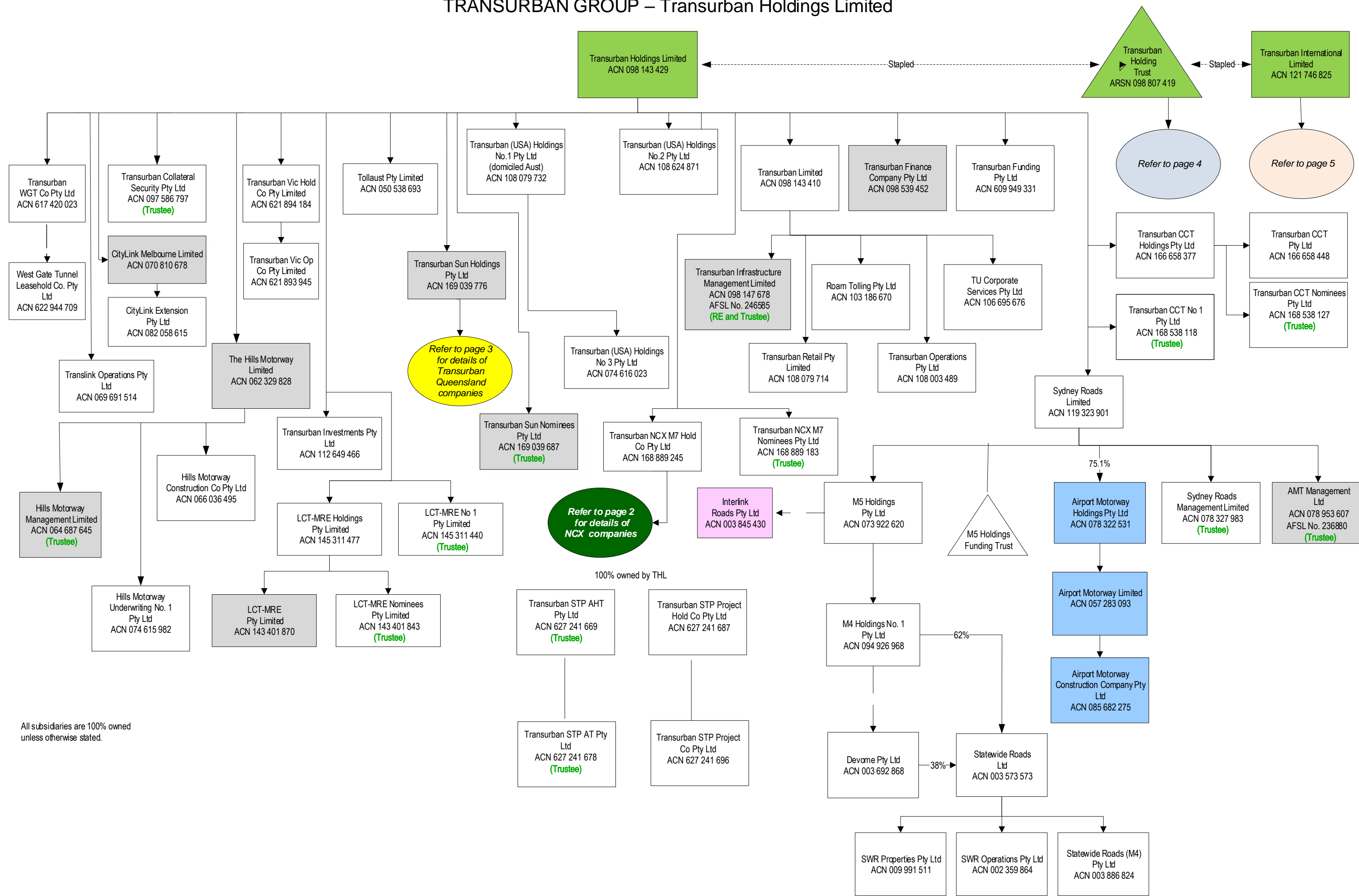
Australia - Entity Name	Transurban % Ownership	Notes
NORTHWESTERN ROADS GROUP NOMINEES PTY LTD	50	
NORTHWESTERN ROADS GROUP PTY LTD	50	
NORTHCONNEX HOLDING COMPANY PTY LTD	50	
NORTHCONNEX COMPANY PTY LTD	50	
NORTHCONNEX FINANCE PTY LTD	50	
NORTHCONNEX STATE WORKS CONTRACTOR PTY LTD	50	
NORTHWESTERN ROADS MANAGEMENT SERVICES COMPANY PTY LTD	50	
WSO INVESTMENT MANAGEMENT NO. 1 PTY LTD	50	
WSO INVESTMENT MANAGEMENT NO. 3 PTY LTD	50	
WSO INVESTMENT HOLDING COMPANY PTY LIMITED	50	
WSO PARTNERSHIP INVESTMENT COMPANY PTY LIMITED	50	



USA - Entity Name	Transurban % Ownership	Notes
TRANSURBAN (USA) HOLDINGS INC.	100	
TRANSURBAN (USA) INC.	100	
TRANSURBAN DRIVe Management LLC	100	
TRANSURBAN (USA) OPERATIONS INC.	100	
TRANSURBAN DRIVe HOLDINGS LLC	100	
TRANSURBAN DRIVe USA LLC	100	
TRANSURBAN EXPRESS LANES LLC	100	Transurban Express Lanes LLC is owned by Transurban Chesapeake LLC.
DRIVE USA INVESTMENTS LLC	100	
CAPITAL BELTWAY EXPRESS LLC	100	Capital Beltway Express LLC is owned by Transurban Express Lanes LLC.
95 EXPRESS LANES LLC	100	95 Express LLC is owned by Transurban Express Lanes LLC.
TRANSURBAN MOBILE LLC	100	
CAPITAL BELTWAY FUNDING CORPORATION OF VIRGINIA (CBFCV)	Note 1	CBFCV is a not-for-profit , non-stock, Virginia corporation (i.e. there are no stock or units). There are four board members, three Transurban representatives and one independent. Its D&O insurance is on a separate policy, renewal of which is handled by US Office.
TRANSURBAN RUC LLC	100	
ACCELERATE MARYLAND PARTNERS LLC	60	
TRANSURBAN CHESAPEAKE LLC	100	

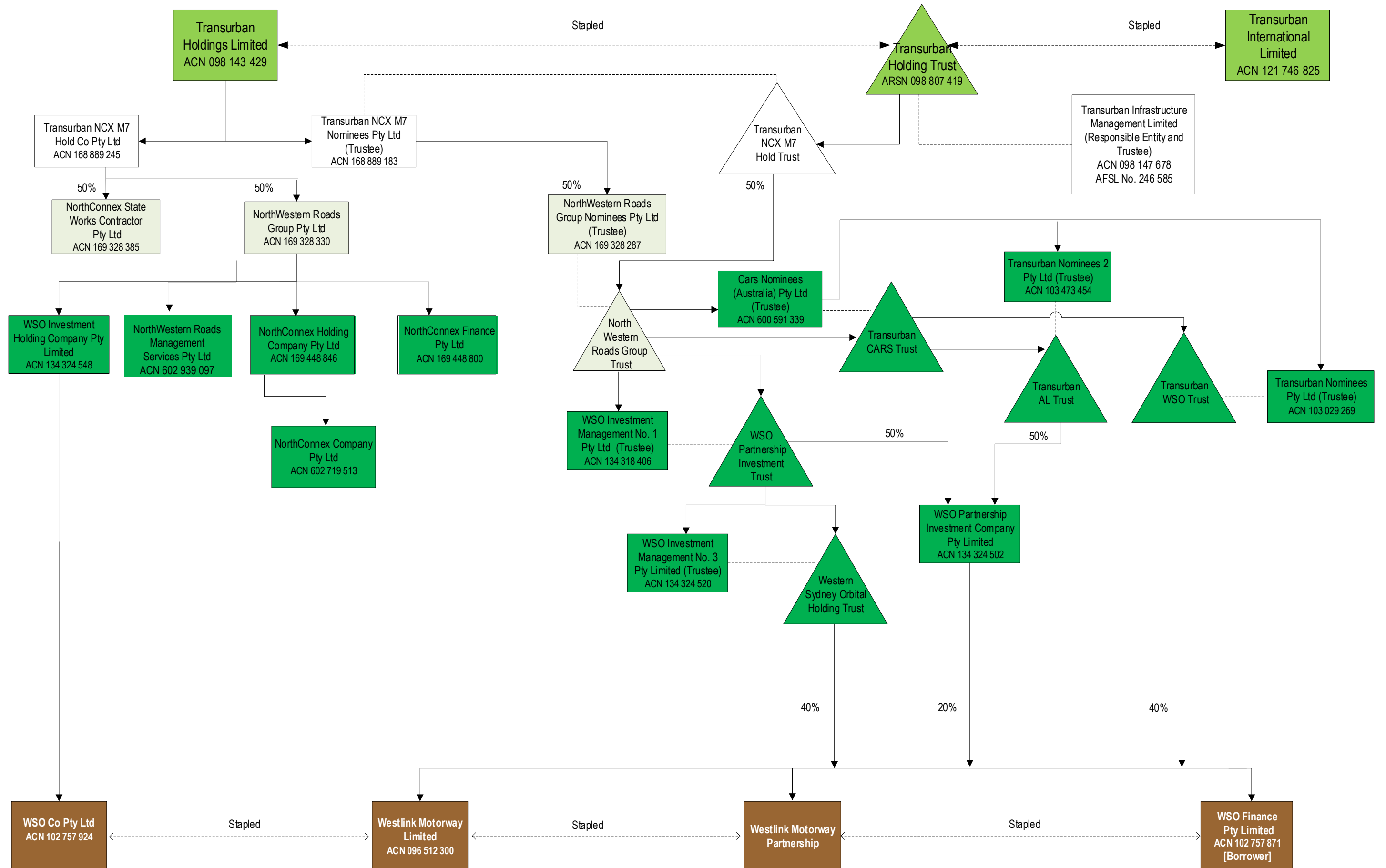
Canada - Entity Name	Transurban % Ownership	Notes
TRANSURBAN CARDINAL HOLDINGS LTD.	100	Changed to Quebec domicile.
TU CARDINAL SECONDARY HOLDINGS LTD.	100	Changed to Quebec domicile.
MIP QUEBEC TRUSTEE LTD.	100	
CONCESSION A25 FUNDING LTD.	100	
CONCESSION A25 FUNDING 2 LTD.	100	
MIP QUEBEC HOLDINGS, L.P.	100	
CONCESSION A25, L.P.	100	

TRANSURBAN GROUP – Transurban Holdings Limited

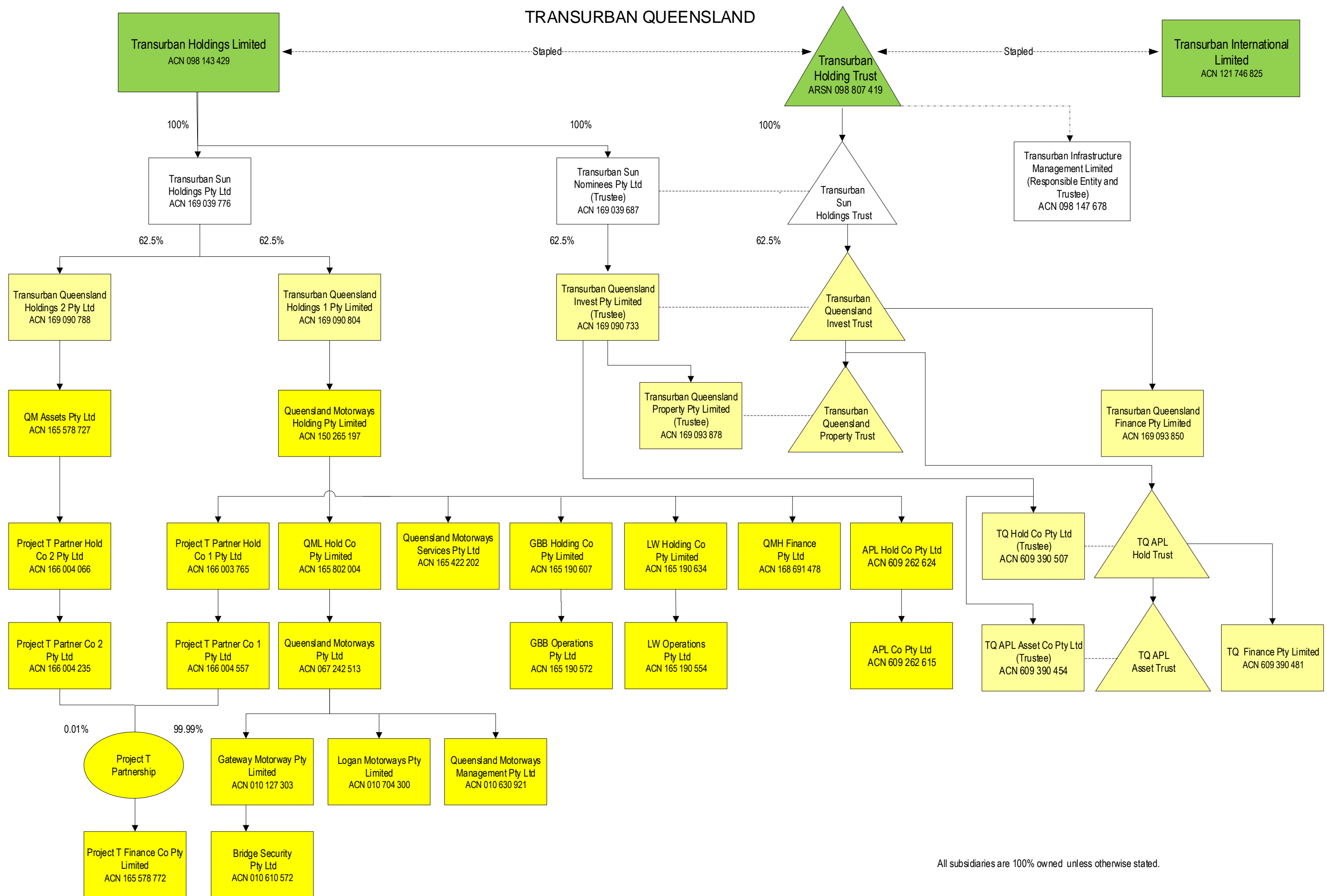


All subsidiaries are 100% owned unless otherwise stated.

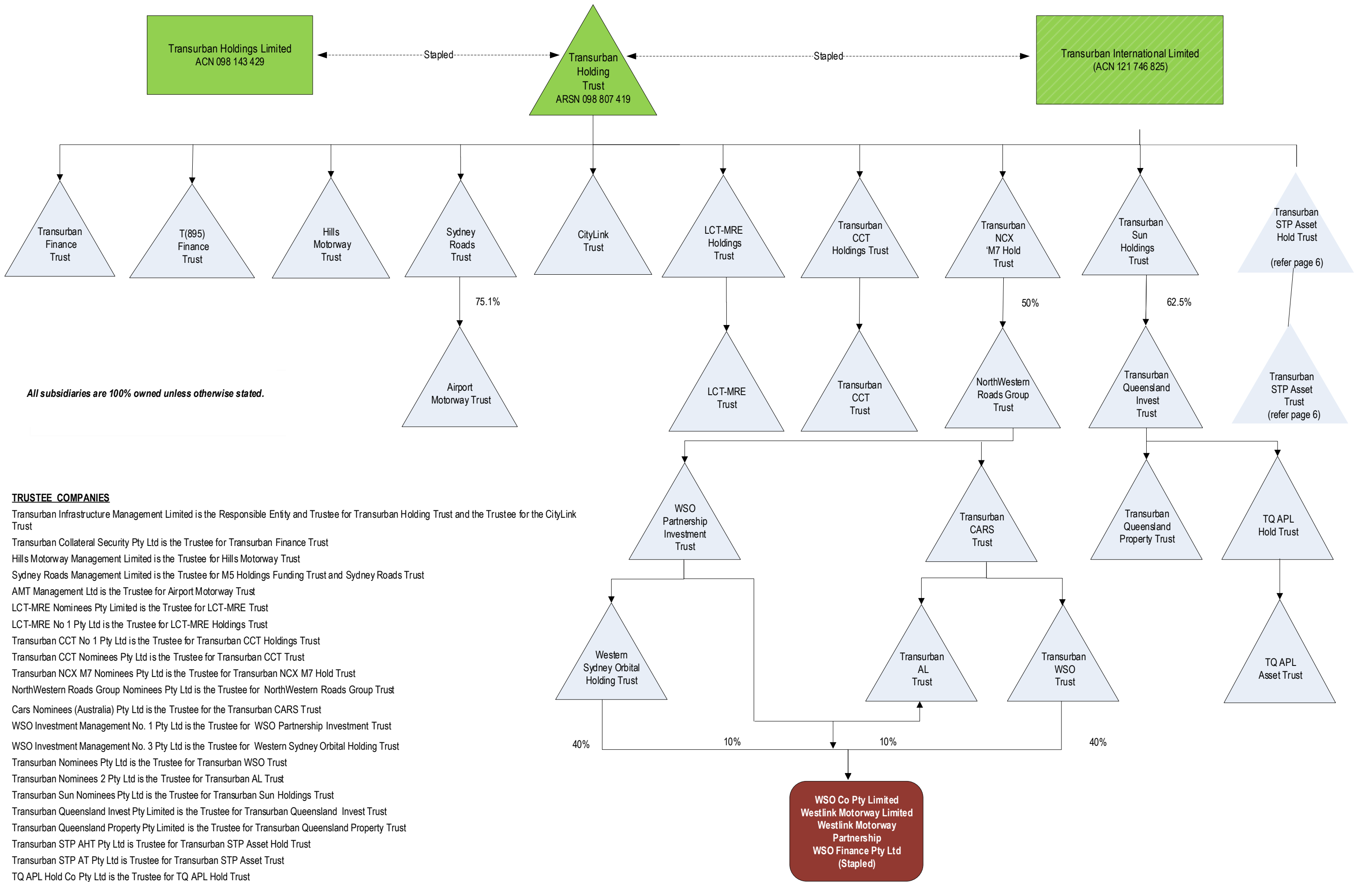
NORTHCONNEX GROUP



All subsidiaries are 100% owned unless otherwise stated.



TRANSURBAN GROUP – Transurban Holding Trust



TRUSTEE COMPANIES

Transurban Infrastructure Management Limited is the Responsible Entity and Trustee for Transurban Holding Trust and the Trustee for the CityLink Trust

Transurban Collateral Security Pty Ltd is the Trustee for Transurban Finance Trust

Hills Motorway Management Limited is the Trustee for Hills Motorway Trust

Sydney Roads Management Limited is the Trustee for M5 Holdings Funding Trust and Sydney Roads Trust

AMT Management Ltd is the Trustee for Airport Motorway Trust

LCT-MRE Nominees Pty Limited is the Trustee for LCT-MRE Trust

LCT-MRE No 1 Pty Ltd is the Trustee for LCT-MRE Holdings Trust

Transurban CCT No 1 Pty Ltd is the Trustee for Transurban CCT Holdings Trust

Transurban CCT Nominees Pty Ltd is the Trustee for Transurban CCT Trust

Transurban NCX M7 Nominees Pty Ltd is the Trustee for Transurban NCX M7 Hold Trust

NorthWestern Roads Group Nominees Pty Ltd is the Trustee for NorthWestern Roads Group Trust

Cars Nominees (Australia) Pty Ltd is the Trustee for the Transurban CARS Trust

WSO Investment Management No. 1 Pty Ltd is the Trustee for WSO Partnership Investment Trust

WSO Investment Management No. 3 Pty Ltd is the Trustee for Western Sydney Orbital Holding Trust

Transurban Nominees Pty Ltd is the Trustee for Transurban WSO Trust

Transurban Nominees 2 Pty Ltd is the Trustee for Transurban AL Trust

Transurban Sun Nominees Pty Ltd is the Trustee for Transurban Sun Holdings Trust

Transurban Queensland Invest Pty Limited is the Trustee for Transurban Queensland Invest Trust

Transurban Queensland Property Pty Limited is the Trustee for Transurban Queensland Property Trust

Transurban STP AHT Pty Ltd is Trustee for Transurban STP Asset Hold Trust

Transurban STP AT Pty Ltd is Trustee for Transurban STP Asset Trust

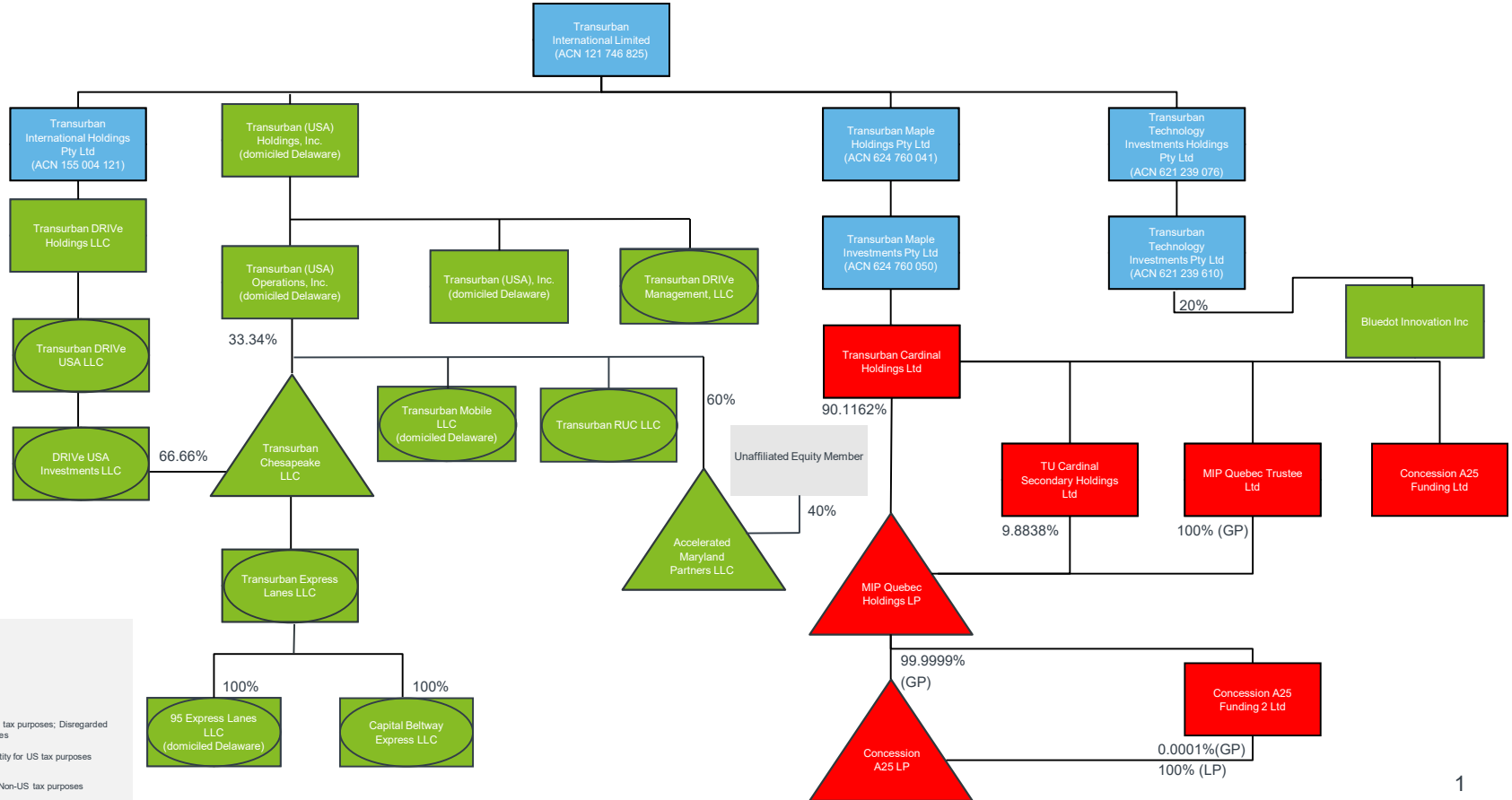
TQ APL Hold Co Pty Ltd is the Trustee for TQ APL Hold Trust

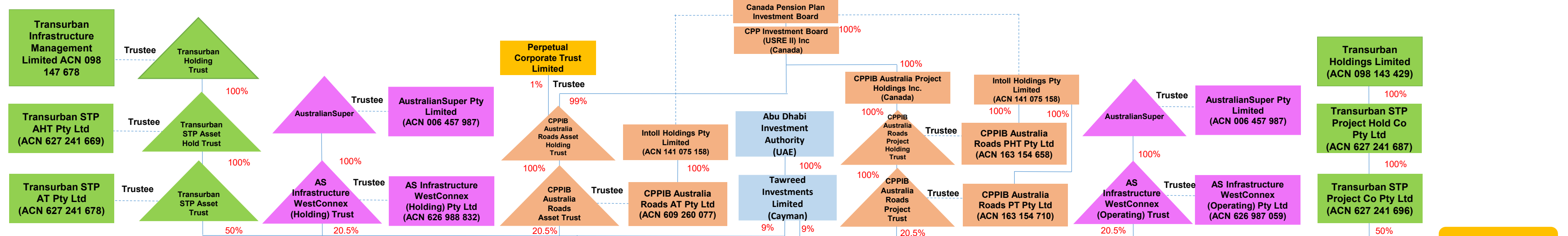
TQ APL Asset Co Pty Ltd is Trustee for TQ APL Asset Trust



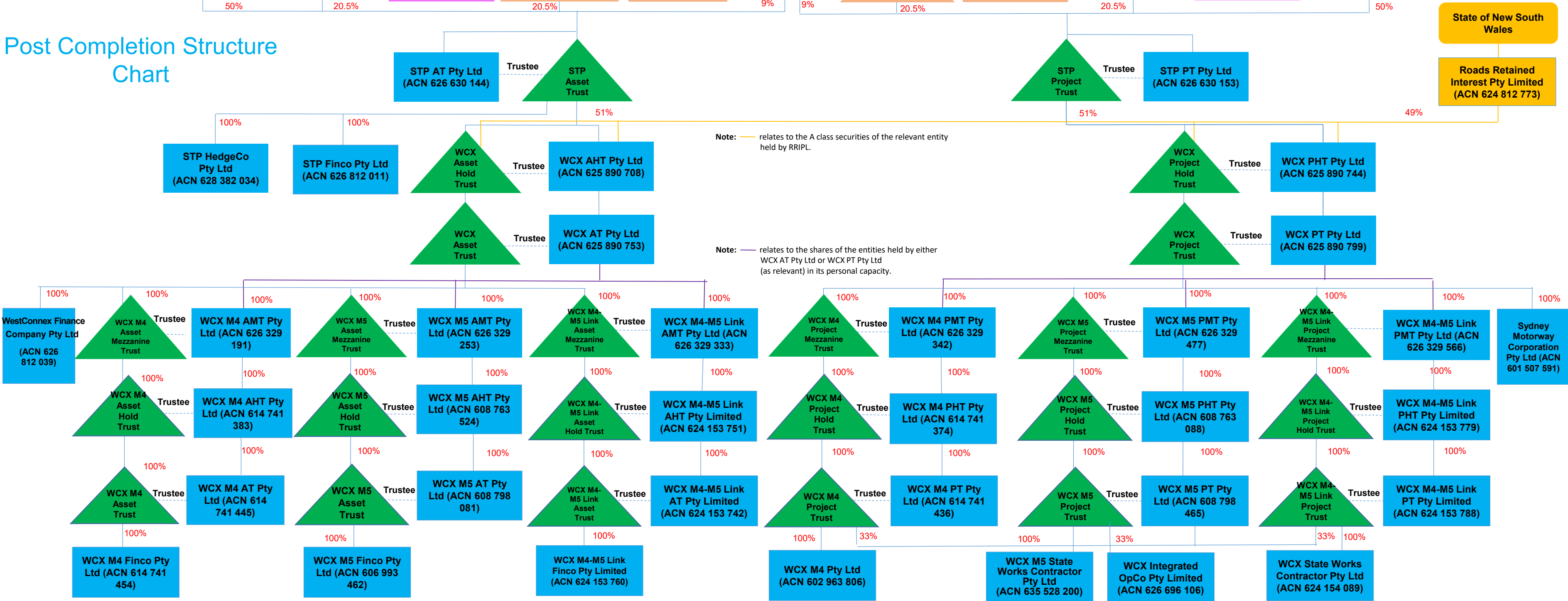
# North America Group Structure

## Current structure of North American operations





## Post Completion Structure Chart



**Transurban Group**

**Directors & Officers Liability  
Insurance Proposal 2021-2022**

**Attachment 2**

**Financial Reports:**

North Western Roads Group 30 June 2020

Sydney Transport Partners Group 30 June  
2020

30 June 2020 Annual Report

## **NorthWestern Roads Group Pty Ltd and its controlled entities**

ACN 169 328 330

*(including NorthConnex State Works Contractor Pty Ltd and NorthWestern Roads Group Trust  
and controlled entities)*

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# NorthWestern Roads Group Pty Ltd and its controlled entities

## Directors' Report

### For the year ended 30 June 2020

#### Director's Report

The Directors of NorthWestern Roads Group Pty Ltd, NorthConnex State Works Contractor Pty Ltd and NorthConnex Roads Group Nominees Pty Ltd, as responsible entity for NorthWestern Roads Group Trust, present their report for the "NorthWestern Roads Group" for the year ended 30 June 2020.

The NorthWestern Roads Group financial statements have been prepared as an aggregation of the financial statements of NorthWestern Roads Group Pty Ltd and its controlled entities, NorthConnex State Works Contractor Pty Ltd and its controlled entities and NorthWestern Roads Group Trust and its controlled entities, as if all entities operate together. They are therefore treated as a combined entity (and referred to as "the Group" or "NorthWestern Roads Group"), notwithstanding that none of the entities controls any of the others.

#### Directors

The following persons were Directors of NorthWestern Roads Group during the financial year and up to the date of this report, unless otherwise stated:

Andrew Alley

Andrew Sims

Anthony Adams

Brendan Bourke

Matina Papathanasiou (resigned on 5 September 2019)

Robin Aldis

Kristine Cooney (resigned 20 May 2020)

Leisel Moorhead (Alternate until 5 September 2019)

Raymond Golzar (Alternate until 28 May 2020)

Shirley Robertson (Alternate, appointed 5 September 2019)

#### Principal Activities

During the year the principal continuing activities of the Group are the operation and maintenance of the Westlink M7 toll road and the construction of the NorthConnex Infrastructure Project.

There were no changes to the principal activities of the Group during the year.

#### Distributions

Distributions paid to members of the NorthWestern Roads Group Trust during the financial year were as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Final distribution paid / payable from profits	81,449	67,099
<b>Total distribution</b>	<b>81,449</b>	<b>67,099</b>

#### Review of operations

The profit from continuing operations after income tax amounted to \$143,066 thousand (2019: \$109,846 thousand).

#### Significant changes in the state of affairs

There was a drop in toll revenue from Westlink as a result of the impact of COVID-19 on traffic volumes. However, construction activities relating to the NorthConnex project were able to continue without significant changes to work schedules regardless of government-mandated restrictions. There were no other significant changes in the state of affairs of the Group.

## **NorthWestern Roads Group Pty Ltd and its controlled entities**

### **Directors' Report**

### **For the year ended 30 June 2020**

#### **Going concern**

The financial statements have been prepared on a going concern basis, which contemplates the Group continuing in operation for the foreseeable future. As at end of the reporting period, the Group is in a net liability position of \$582,920 thousand. The Group has made a profit before tax, cash flows remain positive and all debts have been collected as they fall due. The net liability position arises from the presentation of the Group's intangible assets at historical cost less accumulated amortisation. Historical cost reflects the original cost of constructing the asset and does not reflect its current fair value.

COVID-19 has impacted the Group's operations, particularly traffic volumes and toll revenue. A notable decline in traffic was observed in March and early April 2020, before a progressive improvement in traffic volumes was observed from mid-April 2020 as government restrictions eased. Despite the noticeable drop in toll revenue the Group's concession road asset has remained fully operational. The Group maintained its current workforce to continue its construction of the NorthConnex Infrastructure Project and other routine operations, and in addition was successful in raising \$155 million of debt in June 2020.

The Directors have considered the prospects of the Group and are satisfied that the Group can meet its debts as and when they fall due. Accordingly the Directors believe that the going concern basis of preparation is appropriate.

#### **Event since the end of the financial year**

The NorthWestern Roads Group Trust paid a distribution of \$11,775 thousand to shareholders on 12 August 2020 and a further \$26,078 thousand to shareholders on 7 September 2020 (relating to the June 2020 quarter).

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

#### **Likely developments and expected results of operations**

The NorthConnex project is expected to complete in 2020 therefore liabilities related to this project are all shown as current on the balance sheet.

The Directors expect that the Group will continue to carry out its principal activities as detailed above. There are no other known or likely developments which the Directors foresee which they wish to disclose at this time.

#### **Environmental regulation**

The Westlink M7 toll road was constructed under an approval from the Minister for Planning under the Environmental Planning & Assessment Act of New South Wales. The approval was issued following an environmental impact study of the project and as part of the terms of the approval, 223 environmental conditions have been stipulated to which the project must adhere. These conditions cover engineering, community consultation, flood protection, heritage and environmental matters. No material breaches of the aforementioned environmental conditions were reported.

The operation of the Westlink M7 toll road is also required to comply with various Acts including the Protection of the Environment Operations Act, NSW Heritage Act, and Environmentally Hazardous Chemicals Act.

On 25 October 2013, the NorthConnex Project was declared, by Ministerial Order, to be State significant infrastructure and critical State significant infrastructure under sections 115U (4) and 115V of the Environmental Planning and Assessment Act 1997 (EP&A Act).

An Environmental Impact Statement (EIS) was then prepared and placed on public exhibition for 60 days between July and September 2014. Following consideration of submissions made during the EIS exhibition period, the Submissions and Preferred Infrastructure Report (SPIR) was then submitted to the Minister for Planning. Under Part 5.1 of the EP&A Act, approval for the construction and operation of the NorthConnex Project was granted on 13 January 2015.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
**Directors' Report**  
**For the year ended 30 June 2020**

**Environmental regulation (continued)**

The Minister for Planning's Infrastructure Approval stipulates that the construction and operation of the NorthConnex Project is required to comply with 114 Conditions of Approval (CoA). The CoA detail the Project's obligations in regards to environmental performance, community consultation, and the construction and operational environmental management, reporting and auditing requirements. The Construction Environmental Management Plan (CEMP) and sub plans, as required by CoA56, were approved by the Minister for Planning on 18 June 2015 allowing the construction of the NorthConnex Project to commence.

There have been no material breaches of any environmental requirements.

**Insurance of officers**

During the financial year the Group paid, or agreed to pay, premiums to insure the Directors and Secretaries of the Group, and the General Managers of each of the divisions of the Group. The contracts prohibit disclosure of the amount of the premiums paid.

The liabilities insured are legal costs that may be incurred in defending civil or criminal proceedings that may be brought against the officers in their capacity as officers of entities in the Group, and any other payments arising from liabilities incurred by the officers in connection with such proceedings. This does not include such liabilities that arise from conduct involving a wilful breach of duty by the officers or the improper use by the officers of their position or of information to gain advantage for themselves or someone else or to cause detriment to the Group. It is not possible to apportion the premium between amounts relating to the insurance against legal costs and those relating to other liabilities.

**Proceedings on behalf of the Company**

No proceedings have been brought or intervened in on behalf of the Company with leave of the Court under section 237 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 41.

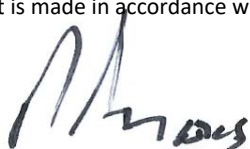
**Auditor**

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

**Rounding of amounts**

The Group is of a kind referred to in the ASIC Corporations Instrument 2017/191, issued by the Australian Securities and Investments Commission, relating to the rounding of amounts in the Directors' report. Amounts in the Directors' report have been rounded in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

This report is made in accordance with a resolution of Directors.



Robin Aldis

Director

Sydney

24 September 2020



**NorthWestern Roads Group Pty Ltd and its controlled entities**  
**Consolidated Statement of Profit or Loss and Other Comprehensive Income**  
**For the year ended 30 June 2020**

	Notes	2020 \$'000	2019 \$'000
<b>Continuing Operations</b>			
<b>Revenue</b>	5	582,336	685,181
Tolling and customer management expenses		(23,106)	(26,388)
Employee benefits expense		(5,926)	(5,095)
Operational and maintenance expenses		(30,599)	(30,944)
Contracting expenses		(21,253)	(103,367)
Construction costs		(148,192)	(148,192)
Depreciation and amortisation expenses	6.1	(81,354)	(81,357)
Administration expenses		(5,572)	(5,475)
Net finance costs	6.2	(82,640)	(148,340)
<b>Profit before income tax</b>		<b>183,694</b>	<b>136,023</b>
Income tax (expense) / benefit	7	(40,628)	(26,177)
<b>Profit from continuing operations for the year</b>		<b>143,066</b>	<b>109,846</b>
<b>Discontinued operations</b>	20		
Profit from discontinued operations, net of tax		-	1,327
Net gain on disposal of business, net of tax		-	24,028
<b>Profit for the year</b>		<b>143,066</b>	<b>135,201</b>
<b>Profits / (losses) attributable to:</b>			
- Owners of NorthWestern Roads Group Pty Ltd and its controlled entities		60,272	58,178
- Non-controlling interest held by security holders of the stapled group	14	82,794	77,023
<b>Total profits / (losses) attributable to owners of NorthWestern Roads Group Pty Ltd</b>		<b>143,066</b>	<b>135,201</b>
<b>Other comprehensive income, net of tax</b>			
<i>Items that may be reclassified to profit or loss</i>			
Changes in fair value of cash flow hedges		(12,943)	9,451
<b>Other comprehensive income attributable to owners of NorthWestern Roads Group Pty Ltd</b>			
- Owners of NorthWestern Roads Group Pty Ltd and its controlled entities		32	433
- Non-controlling interest held by security holders of the stapled group	14	(12,975)	9,018
<b>Total comprehensive income attributable to owners of NorthWestern Roads Group Pty Ltd</b>		<b>130,123</b>	<b>144,652</b>

The above Consolidated Statement of Profit or Loss and Other Comprehensive Income should be read in conjunction with the accompanying notes on pages 9 to 39.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
**Consolidated Statement of Financial Position**  
**As at 30 June 2020**

	Notes	2020 \$'000	2019 \$'000
<b>ASSETS</b>			
<b>Current assets</b>			
Cash and cash equivalents	8.1	82,097	114,976
Trade and other receivables	8.2	159,571	186,437
Other receivables	20	4,084	3,008
<b>Total current assets</b>		<b>245,752</b>	<b>304,421</b>
<b>Non-current assets</b>			
Property, plant and equipment	9	1,561	1,530
Intangible assets	10	3,033,144	2,966,785
Deferred tax assets	7	213,128	249,194
Other receivables	20	44,128	45,403
<b>Total non-current assets</b>		<b>3,291,961</b>	<b>3,262,912</b>
<b>Total assets</b>		<b>3,537,713</b>	<b>3,567,333</b>
<b>LIABILITIES</b>			
<b>Current liabilities</b>			
Trade and other payables	8.4	45,814	79,590
Provisions	11	13,921	12,457
Derivative financial instruments		-	46
Other liabilities	12	38,074	337,540
<b>Total current liabilities</b>		<b>97,809</b>	<b>429,633</b>
<b>Non-current liabilities</b>			
Borrowings	13.1	3,962,975	3,487,706
Provisions	11	50,732	43,486
Derivative financial instruments	8.3	9,117	4,858
<b>Total non-current liabilities</b>		<b>4,022,824</b>	<b>3,536,050</b>
<b>Total liabilities</b>		<b>4,120,633</b>	<b>3,965,683</b>
<b>NET LIABILITIES</b>		<b>(582,920)</b>	<b>(398,350)</b>
<b>EQUITY</b>			
Contributed equity	13.2	68,200	68,200
Reserves	13.3	-	(32)
Accumulated losses		(1,010,705)	(1,070,977)
Non-controlling Interests held by security holders of the stapled group		359,585	604,459
<b>TOTAL DEFICIENCY IN EQUITY</b>		<b>(582,920)</b>	<b>(398,350)</b>

The above Consolidated Statement of Financial Position should be read in conjunction with the accompanying notes on pages 9 to 39.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
**Consolidated Statement of Changes in Equity**  
**For the year ended 30 June 2020**

	Contributed equity	Reserves	Accumulated losses	Non-Controlling interests	Total equity
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2018</b>	<b>68,200</b>	<b>(465)</b>	<b>(1,129,155)</b>	<b>728,912</b>	<b>(332,508)</b>
Profit for the year	-	-	58,178	77,023	135,201
Other comprehensive income	-	433	-	9,018	9,451
<b>Total profit and comprehensive income for the year</b>	<b>-</b>	<b>433</b>	<b>58,178</b>	<b>86,041</b>	<b>144,652</b>
<b>Transactions with owners in their capacity as owners:</b>					
Return of equity, net of transaction costs and tax	13.4	-	-	(143,395)	(143,395)
Distributions	13.4	-	-	(67,099)	(67,099)
		-	-	<b>(210,494)</b>	<b>(210,494)</b>
<b>Balance as at 30 June 2019</b>	<b>68,200</b>	<b>(32)</b>	<b>(1,070,977)</b>	<b>604,459</b>	<b>(398,350)</b>

	Contributed equity	Reserves	Accumulated losses	Non-Controlling interests	Total equity
Consolidated	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Balance as at 1 July 2019</b>	<b>68,200</b>	<b>(32)</b>	<b>(1,070,977)</b>	<b>604,459</b>	<b>(398,350)</b>
Profit for the year	-	-	60,272	82,794	143,066
Other comprehensive income	-	32	-	(12,975)	(12,943)
<b>Total profit and comprehensive income for the year</b>	<b>-</b>	<b>32</b>	<b>60,272</b>	<b>69,819</b>	<b>130,123</b>
<b>Transactions with owners in their capacity as owners:</b>					
Return of equity, net of transaction costs and tax	13.4	-	-	(233,244)	(233,244)
Distributions	13.4	-	-	(81,449)	(81,449)
		-	-	<b>(314,693)</b>	<b>(314,693)</b>
<b>Balance as at 30 June 2020</b>	<b>68,200</b>	<b>-</b>	<b>(1,010,705)</b>	<b>359,585</b>	<b>(582,920)</b>

The above Consolidated Statement of Changes in Equity should be read in conjunction with the accompanying notes on pages 9 to 39.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
**Consolidated Statement of Cashflows**  
**For the year ended 30 June 2020**

	Notes	2020 \$'000	2019 \$'000
<b>Cash flow from operating activities</b>			
Receipts from customers		455,505	487,804
Payments to suppliers and employees		(87,998)	(108,750)
Interest received		860	2,317
Income taxes paid		(2,786)	(7,532)
<b>Net cash provided by operating activities</b>	<b>8.1</b>	<b>365,581</b>	<b>373,839</b>
<b>Cash flow from investing activities</b>			
Payments for property and equipment		(194)	(152)
Payment for intangible assets		(492,386)	(360,869)
Proceeds from disposal of business		3,992	1,555
<b>Net cash used in investing activities</b>		<b>(488,588)</b>	<b>(359,466)</b>
<b>Cash flow from financing activities</b>			
Proceeds from borrowings, net of costs	<b>8.1</b>	154,533	613,449
Repayment of term facility	<b>8.1</b>	-	(403,500)
Proceeds from additional loan note issued	<b>8.1</b>	313,147	331,047
Repayment of loan notes issued	<b>8.1</b>	-	(196,000)
Payment of distributions	<b>13.4</b>	(298,105)	(284,164)
Interest paid		(79,447)	(92,850)
<b>Net cash used in financing activities</b>		<b>90,128</b>	<b>(32,018)</b>
<b>Reconciliation of cash and cash equivalents</b>			
Cash and cash equivalents at beginning of the financial year		114,976	132,621
Net increase / (decrease) in cash and cash equivalents held		(32,879)	(17,645)
<b>Cash and cash equivalents at end of the financial year</b>	<b>8.1</b>	<b>82,097</b>	<b>114,976</b>

The above Consolidated Statement of Cash Flows should be read in conjunction with the accompanying notes on pages 9 to 39.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
**Notes to the consolidated financial statements**  
**For the year end 30 June 2020**

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# NorthWestern Roads Group Pty Ltd and its controlled entities

## Notes to the consolidated financial statements

### For the year end 30 June 2020

#### 1. Basis of preparation of the financial report

The NorthWestern Roads Group financial statements have been prepared as an aggregation of the financial statements of NorthWestern Roads Group Pty Ltd and its controlled entities, NorthConnex State Works Contractor Pty Ltd and NorthWestern Roads Group Trust and its controlled entities, as if all entities operate together. They are therefore treated as a combined entity (and referred to as “the Group” or the “NorthWestern Roads Group”), notwithstanding that none of the entities have control over of the others. The principles of consolidation have been applied in order to present the aggregated financial statements on a combined basis.

For the purpose of AASB Interpretation 1002, NorthWestern Roads Group Pty Ltd has been identified as the Parent Entity in relation to the post-date of transition stapling with NorthConnex State Works Contractor Pty Ltd and NorthWestern Roads Group Trust. In accordance with AASB 1002, the results and equity of NorthWestern Roads Group Pty Ltd have been presented in the financial statements. The results and equity, not directly owned by NorthWestern Roads Group Pty Ltd, of NorthConnex State Works Contractor Pty Ltd and NorthWestern Roads Group Trust are to be treated and disclosed as non-controlling interest.

NorthWestern Roads Group Pty Ltd (the “Company”) is a company limited by shares, incorporated and domiciled in Australia. NorthWestern Roads Group Pty Ltd is a for profit entity for the purpose of preparing the financial statements.

The Group’s registered office and principal place of business is: 101 Wallgrove Road, Eastern Creek, NSW 2766.

#### 1.1 Going concern

As at end of the reporting period, the Group is in a net liability position of \$582,920 thousand. The Group has made a profit before tax, cash flows remain positive and all debts have been collected as they fall due. The net liability position arises from the presentation of the Group’s intangible assets at historical cost less accumulated amortisation. Historical cost reflects the original cost of constructing the asset and does not reflect its current fair value.

The financial report has been prepared on a going concern basis, which assumes the continuity of the Group’s ability to operate as normal into the foreseeable future. In determining the appropriateness of this basis of preparation, the Directors have considered the impact of COVID-19 on the Group’s operations in particular for the next 12 months from the financial statements release date of 24 September 2020.

While the long-term strategy of the Group remains unchanged, the ongoing impact of COVID-19 introduces uncertainty and risk to the economy. For the Group, traffic performance is expected to remain sensitive to future government responses to COVID-19 outbreaks. In response to this uncertainty, the Group has critically assessed cash flow forecasts for 12 months from the date of this report, taking into consideration an estimate of the potential continued impacts of COVID-19.

Scenario analysis was undertaken on cash flow forecasts to reflect reasonably possible changes in traffic volume and based on the analysis, which exercises management judgement, the Group is expected to have sufficient headroom to continue to meet its debts and obligations within available cash levels and the terms of its debt facilities.

Despite the impact of COVID-19 on the economy, the Group has been successful in accessing credit markets at market rates since the impacts of COVID-19 were first observed. This includes the Group receiving proceeds of \$155 million from the issue of medium-term loan notes in an arrangement with various parties.

Among other factors the Directors have taken the following matters into consideration in forming the view that the Group remains a going concern:

- The Group has cash on hand of \$82,097 thousand as at 30 June 2020;
- The Group has available a total of \$38,369 thousand of undrawn borrowing facilities for use in the NorthConnex construction project;
- Although the Group has net liabilities of \$582,920 thousand, cash flow from operating activities has remained positive and debts have been collected as they fall due; and
- The Group has net current assets of \$147,943 thousand as of 30 June 2020;
- The Group has paid \$298,105 thousand of dividends and distributions to the Group’s security holders over the past 12 months and payment of future dividends and distributions is at the discretion of the Board.

# NorthWestern Roads Group Pty Ltd and its controlled entities

## Notes to the consolidated financial statements

### For the year end 30 June 2020

#### 1. Basis of preparation of the financial report (continued)

##### 1.2 Statement of compliance

The consolidated financial statements are Tier 1 General Purpose Financial Statements which have been prepared in accordance with Australian Accounting Standards (AASBs) adopted by the Australian Accounting Standards Board (AASB) and the Corporations Act 2001. The consolidated financial statements comply with International Financial Reporting Standards (IFRS) adopted by the International Accounting Standards Board (IASB).

The financial statements were authorised for issue by the Board of Directors on 24 September 2020. Details of the Group's accounting policies are included in Note 2.

The notes to the financial report include additional information required to understand the Group's financial statements that is material and relevant to its operations, financial position and performance. Information is considered material and relevant if the amount in question is significant because of its size or nature or it helps to explain the impact of significant changes in the business.

##### 1.3 Basis of measurement

The financial report has been prepared under the historical cost convention, except for revaluations to fair value for certain classes of assets and liabilities as described in the accounting policies.

##### 1.4 Functional and presentation currency

The financial statements of each Company within the Group are measured using the currency of the primary economic environment in which that Company operates (the functional currency). The financial report is presented in Australian dollars which is the Company's functional and presentation currency.

##### 1.5 Rounding of amounts

The Group is of a kind referred to in the ASIC Corporations Instrument 2016/191, issued by the Australian Securities and Investments Commission, relating to the rounding of amounts in the financial report. Amounts in the financial report have been rounded in accordance with that Legislative Instrument to the nearest thousand dollars, or in certain cases, to the nearest dollar.

##### 1.6 Use of estimates and judgements

In preparing these consolidated financial statements, management has made judgements, estimates and assumptions that affect the application of the Group's accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised prospectively.

#### (i) Assumptions and estimation uncertainties

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment within the year ended 30 June 2020 are included in the following notes:

- Note 1.1 – going concern basis of accounting;
- Note 2.6 – recognition of deferred tax assets: availability of future taxable profit against which carry forward tax losses can be used;
- Note 2.9 – derivative financial instruments: recognition of gains/losses from hedge instruments, key assumptions regarding cash flow risks;
- Note 2.10 – impairment of intangible assets: assumptions used in calculation of recoverable amount; and
- Note 2.11 – recognition and measurement of provisions: key assumptions about the likelihood and magnitude of an outflow of resources

#### (ii) Measurement of fair values

A number of the Group's accounting policies and disclosures require the measurement of fair values, for both financial and non-financial assets and liabilities. For the majority of the Group's financial assets and liabilities, fair values approximate carrying amounts at the year end.

# NorthWestern Roads Group Pty Ltd and its controlled entities

## Notes to the consolidated financial statements

### For the year end 30 June 2020

#### 1. Basis of preparation of the financial report (continued)

##### 1.6 Use of estimates and judgements (continued)

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 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 were valued using market observable inputs (Level 2). 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 balance sheet date.

There were no transfers between levels during the year and there has been no change in the valuation techniques applied.

##### 1.7 Changes in significant accounting policies

###### AASB 16 - Leases

AASB 16 Leases is applicable for accounting periods starting from 1 January 2019. It removes (for lessees) the classification of leases as either operating leases or finance leases, requiring instead that a right-of-use asset and a corresponding liability be recognised over the lease term of the asset. An entity may choose whether or not to apply AASB 16 to its short-term leases (less than 12 months) and leases of low value assets (such as personal computers). Leases under service concession arrangements within the scope of Interpretation 12 Service Concession Arrangements are exempt from the lease accounting requirements of AASB 16 although an election can be made by lessees to apply the standard where the lease is related to an intangible asset.

The Group's material leases with Transport for NSW for the right to use the motorway stratum fall under the definition of a service concession arrangement under Interpretation 12. This type of contracts is specifically outside of the scope of AASB 16. Management elected not to apply AASB 16 to low value and short-term operating leases, which related to office equipment and a motor vehicle that the Group leases from third parties, and chose to expense lease payments on a straight-line basis over the lease term. As a result the adoption of this standard did not have a material impact on the Group.

#### 2. Significant accounting policies

Accounting policies have been consistently applied to all the years presented, unless otherwise stated. The accounting policies adopted by the individual entities comprising the Group are consistent with the parent company.

##### 2.1 Basis of consolidation

###### (i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date on which control commences until the date on which control ceases.

Investments in subsidiaries, associates and joint venture entities are accounted for at cost in the parent entity financial information. Where the parent entity has provided financial guarantees in relation to loans and payables of subsidiaries for no compensation, the fair values of these guarantees are accounted for as contributions and recognised as part of the cost of the investment.



**NorthWestern Roads Group Pty Ltd and its controlled entities**  
**Notes to the consolidated financial statements**  
**For the year end 30 June 2020**

**2. Significant accounting policies (continued)**

**2.1 Basis of consolidation (continued)**

**(ii) Transactions eliminated on consolidation**

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

**(iii) Common control transaction reserve**

In 2016 a rationalisation of the Group structure was undertaken which resulted in the removal of 27 entities. As a result of this capital reorganisation, the difference between the cost of the transaction (i.e. the equity issued in NorthWestern Roads Group Pty Ltd) and the carrying value of the net assets of the controlled entities is recorded in equity in the common control transaction reserve.

**2.2 Revenue**

The Groups's principal revenue generating activities under service concession arrangements are accounted for in accordance with AASB 15 Revenue from Contracts with Customers and Interpretation 12 Service Concession Arrangements (IFRIC 12) which specifies that the construction services and operation or maintenance services provided under the Group's service concession arrangements are two distinct types of services.

The Group generates the following type of revenues;

**Toll and fee revenue-** The customer (with respect to operations or maintenance services) is identified as the road user under the project deeds between road operators and the government. Therefore each use of the toll road by the customer is considered a separate performance obligation that is satisfied at a point in time. Tolls are due and payable at the time of the trip and are recognised as revenue when it is probable that future economic benefits will flow to the Group.

**Construction revenue-** The Group has obligations for the design and construction, and operation and maintenance of NorthConnex tunnel project under the project deed between the Company and the State. The customer in respect of construction of NorthConnex project is the concession grantor, being the State. Revenue is accounted for as one performance obligation, recognised over time in line with the progress of construction of the project. The progress of construction is based on the input method. This is calculated by reference to costs incurred to date as a percentage of total forecast costs for the project.

**Contracting revenue-** NorthConnex StateWorks Contractor Pty Ltd has obligations for the design and construction of State works element of the NorthConnex tunnel project under the State works deed between the Company and the State. The revenue represents the reimbursement by the State to the Group and will be accounted for as one performance obligation recognised at a point in time in line with the costs incurred by the contractor.

**2.3 Finance income and finance costs**

The Group's finance income and finance costs include:

- interest income;
- interest expense; and
- unwind of the discount on provisions.

Interest income or expense is recognised using the effective interest rate method. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
**Notes to the consolidated financial statements**  
**For the year end 30 June 2020**

**2. Significant accounting policies (continued)**

**2.4 Foreign currency translation**

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss, except when they are deferred in equity as qualifying cash flow hedges.

Foreign exchange gains and losses that relate to borrowings are presented in the consolidated income statement, within finance costs. All other foreign exchange gains and losses are presented in the consolidated income statement on a net basis within other income or other expenses.

Non-monetary items that are measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss.

**2.5 Employee benefits**

**(i) Short-term employee benefits**

Short-term employee benefits include wages and salaries, non-monetary benefits, annual leave and accumulating sick leave, and are expensed as the related service is provided. A liability or provision is recognised for the present value of the estimated future cash outflow expected to be paid if the Group has a present legal or constructive obligation as a result of past service provided by the employee, and the obligation can be estimated reliably. The entire amount of the provision is presented as current, since the Group does not have an unconditional right to defer settlement for any of these obligations. The liability for annual leave is recognised in the provision for employee benefits. All other short-term employee benefit obligations are presented as payables.

Superannuation is contributed to plans as nominated by the employee. The contribution is not less than the statutory minimum. The superannuation plans are all accumulation funds. The cost of current and deferred employee compensation and contributions to employee superannuation plans are charged to the income statement.

**(ii) Other long-term employee benefits**

The liabilities for annual leave and long service leave represent the present value of the estimated future cash outflows to be made by the employer resulting from employees' cumulative services as at the reporting date. The provision is calculated using:

- expected future increases in wage and salary rates, including related on-costs;
- expected staff turnover rates; and
- discount rates at reporting date which most closely match the terms to maturity of the related liabilities.

Remeasurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

The obligations are presented as current liabilities in the consolidated statement of financial position if the entity does not have an unconditional right to defer settlement for at least twelve months after the reporting date, regardless of when the actual settlement is expected to occur.

**2.6 Income tax**

Income tax expense/benefit comprises current and deferred tax. It is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income (OCI).

NorthWestern Roads Group Pty Ltd is the ultimate parent entity of the Group. NorthWestern Roads Group have adopted the Australian tax consolidation legislation from 1 November 2014.

As the head of the tax consolidated group, the Company entered into a tax funding agreement (TFA) effective from 1 November 2014. Under the TFA, all entities within the tax consolidated group continue to account for their own current and deferred tax amounts. These tax amounts are measured as if each entity in the tax consolidation group is a separate tax payer within the tax consolidated group. These tax amounts are subsequently assumed by NorthWestern Roads Group Pty Ltd. The amounts receivable/payable under the TFA are calculated as soon as practicable after the end of the financial year for the consolidated tax group. NorthWestern Roads Group Pty Ltd as the head entity communicates the funding amount to the members of the Group along with the method of calculation and any other information deemed necessary.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
**Notes to the consolidated financial statements**  
**For the year end 30 June 2020**

**2. Significant accounting policies (continued)**

**2.6 Income tax (continued)**

The Company has also entered into a tax sharing agreement (TSA) effective from 1 November 2014. The TSA limits the joint and several liability of the wholly-owned entities in the case of a default by the head entity.

**(i) Current tax**

Current tax comprises the expected tax payable or receivable on the taxable income or loss for the year and any adjustment to tax payable or receivable in respect of previous years. The amount of current tax payable or receivable is the best estimate of the tax amount expected to be paid or received that reflects uncertainty related to income taxes, if any. It is measured using tax rates enacted or substantively enacted at the reporting date. Current tax also includes any tax arising from dividends.

**(ii) Deferred tax**

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax assets are recognised for unused tax losses, unused tax credits and deductible temporary differences to the extent that it is probable that future taxable profits will be available against which they can be used. The utilisation of tax losses also depends on the ability of the Group to satisfy certain tests at the time the losses are recouped. Management has internal models forecasting future taxable profits and has therefore recognised deferred tax assets in relation to tax losses. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the Group expects, at the reporting date, to recover or settle the carrying amount of its assets and liabilities. Deferred tax assets and liabilities are offset only if certain criteria are met.

The Group has reviewed its deferred tax assets with reference to the potential impact of COVID-19 on forecast taxable profits. Management have determined that it is probable that future taxable profits will be available to utilise against deferred tax assets recognised as at 30 June 2020.

**2.7 Property, plant and equipment**

**(i) Recognition and measurement**

Items of property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Any gain or loss on disposals of an item of property, plant and equipment is recognised in profit or loss. Gains and losses on disposals are determined by comparing proceeds with carrying amount.

**(ii) Subsequent expenditure**

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group.

**(iii) Depreciation**

Depreciation is calculated to write off the cost of items of property, plant and equipment less their estimated residual values using the straight-line basis over their estimated useful lives, and is generally recognised in profit or loss. Leasehold improvements, and certain leased plant and equipment assets are depreciated over the shorter of the lease term and their useful lives. The estimated useful lives of property, plant and equipment range from 3 to 5 years.

Depreciation methods, useful lives and residual values are reviewed at each reporting date and adjusted if appropriate.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
**Notes to the consolidated financial statements**  
**For the year end 30 June 2020**

**2. Significant accounting policies (continued)**

**2.8 Intangible assets**

Intangible assets are non-physical assets used by the Group to generate revenues and profits. These assets include concession assets, which represent the Group's right to operate the Westlink M7 Motorway and NorthConnex under Service Concession Arrangements. The concession assets are amortised on a straight-line basis to profit and loss over the term of the concession deeds. Where work is in progress, it is classified as WIP-construction costs.

**2.9 Financial instruments**

**(i) Cash and cash equivalents**

Cash and cash equivalents comprise cash balances held for the purpose of meeting short term cash commitments and investments which are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. Where investments are categorised as cash equivalents, the related balance has a maturity of three months or less from the date of reporting.

**(ii) Trade receivables**

Trade and other receivables are measured at fair value at inception and subsequently at amortised cost using the effective interest rate method, less provision for impairment.

The amount of the impairment allowance is the difference between the asset's carrying amount and the present value of estimated future cash flows (having consideration for expected credit losses), discounted at the original effective interest rate. Cash flows relating to short-term receivables are not discounted if the effect of discounting is immaterial. Impairment losses are recognised in profit or loss within administration expenses. When a trade receivable for which an impairment allowance had been recognised becomes uncollectible in a subsequent period, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against other expenses in profit or loss.

**(iii) Financial liabilities**

Financial liabilities include trade and other payables, other creditors and loans from third parties including intercompany balances. Non-derivative financial liabilities are recognised at fair value and subsequently measured at amortised cost using the effective interest rate method. Financial liabilities are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least twelve months after the reporting period.

**(iv) Derivative financial instruments**

Derivative financial instruments are recognised at fair value on the date on which a derivative contract is entered into. The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged.

Certain derivative instruments do not qualify for hedge accounting. Changes in the fair value of these instruments not formally designated as hedging instruments in a hedging relationship are recognised immediately in profit or loss and are included in other income or other expenses.

For those utilised and formally designated within hedging relationships, the Group designates certain derivatives as either:

- hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedges); or
- hedges of a particular risk associated with the cash flows of recognised assets and liabilities and highly probable forecast transactions (cash flow hedges).

The Group documents at the inception of the hedging transaction the relationship between hedging instruments and hedged items, as well as its risk management objective and strategy for undertaking various hedge transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions have been and will continue to be highly effective in offsetting changes in fair values or cash flows of hedged items.

All derivatives are carried as assets when fair value is positive and as liabilities when fair value is negative. The full fair value of a hedging derivative is classified as non-current when the remaining maturity of the hedged item is more than 12 months; it is classified as current when the remaining maturity of the hedged item is less than 12 months.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**2. Significant accounting policies (continued)**

**2.9 Financial instruments (continued)**

***Cash flow hedge***

The Group has interest rate swaps in place as at 30 June 2020 which qualify as cash flow hedges under AASB 9. The risk management strategies and hedge documentation are aligned with the requirements of AASB 9 and these relationships are treated as continuing hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in hedging reserves in equity. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss within other income or other expenses.

Amounts accumulated in equity are reclassified to profit or loss in the periods when the hedged item affects profit or loss (for instance when the forecast sale that is hedged takes place). The gain or loss relating to the effective portion of interest rate swaps hedging variable rate borrowings is recognised in profit or loss within finance costs.

When a hedging instrument expires or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was reported in equity is immediately reclassified to profit or loss.

**(v) Loans and borrowings**

Loans and borrowings are recognised initially at fair value net of transaction costs incurred, and subsequently at amortised cost over the period of borrowings using the effective interest rate method. Borrowings are removed from the balance sheet when the obligation specified in the contract is discharged, cancelled or expired. Any difference between the proceeds (net of transaction costs) and the redemption value is recognised in the statement of profit or loss and other comprehensive income. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least one year after the reporting date.

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale. Other borrowing costs are expensed in the period in which they are incurred.

**2.10 Impairment**

**Financial assets**

IFRIC 12 outlines that costs related to Concession assets under construction should be accounted for in accordance with AASB 15 Revenue from Customer Contracts. AASB 15 requires assets subject to impairment to apply AASB 9 Financial Instruments and not AASB 136 Impairment of Assets. Per AASB 9 the intangible assets under construction balance is a contract asset, to which the Company must apply the simplified (impairment) approach and an impairment must be recognised based on the expected credit loss model.

For the NorthConnex construction project the counterparty and grantor (the customer), is the state government. Given the low credit risk associated with a government counterparty, there have been no historical losses incurred and thus no expected credit loss allowance recognised with regard to these balances. Despite the change in economic conditions due to COVID-19 management considers the government counterparty to have a low credit risk profile and does not expect any losses to be incurred.

The Company has also considered other impairment triggers specified in AASB 9 to determine if there is any further impairment risk to financial assets held. It was determined that there are no impairment triggers as there has been no material change in construction timetables due to government-imposed restrictions as a result of COVID-19, and infrastructure projects have been allowed to continue construction through such restrictions.

# NorthWestern Roads Group Pty Ltd and its controlled entities

## Notes to the consolidated financial statements

### For the year end 30 June 2020

#### 2. Significant accounting policies (continued)

##### 2.10 Impairment (continued)

###### Non-financial assets

Any work-in-progress construction costs are recorded as contract (financial) assets under AASB 9. Once construction is complete these contract assets are reclassified to concession assets, which are recorded as intangible (non-financial) assets under AASB 138.

At each reporting date, the Company reviews the carrying amounts of all non-financial assets (other than deferred tax assets) to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. For impairment testing assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or cash generating units (CGUs).

The recoverable amount of an asset or CGU is the greater of its value in use and its fair value less costs to sell. Value in use is based on the estimated future cash flows, discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset or CGU. These calculations require the use of assumptions regarding forecasted traffic volumes, discount rates, growth rates and other factors affecting the cash generating unit. An impairment loss is recognised in profit or loss if the carrying amount of an asset or CGU exceeds its recoverable amount.

The Group's operations have been affected by the recent and ongoing outbreak of the COVID-19 pandemic and this, among other factors, was identified as a trigger for impairment testing. The Directors have assessed the impact of COVID-19 on the Group's financial position, operations and cash flow and determined that there is no impairment in the values of non-financial assets reported as at 30 June 2020.

##### 2.11 Provisions

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions giving rise to a cash outflow after more than one year are discounted to present value if the impact is material. They are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The unwinding of the discount is recognised as finance costs.

###### (i) Provision for maintenance

As part of its obligations under the service concession arrangement, the Group assumes responsibility for the maintenance and repair of installations of the publicly-owned motorway it operates. The Group's obligations under the concession deed arises as a consequence of use of the road during the operating phase. A provision for maintenance has been raised where the Group has a present legal or constructive obligation to maintain and replace components of the underlying physical assets operated by the Group as a result of past events. The provision is included in the financial statements at the present value of expected future payments. The calculations to discount these amounts to their present value are based on the estimated timing and profile of expenditure occurring on the roads. A discount rate is used to value the maintenance expenditure provision at its present value, which is determined through reference to the nature of the provision and the risks associated with the expenditure.

##### 2.12 Other liabilities

Other liabilities represents a contractual obligation to construct the NorthConnex Infrastructure Project. The current balance represents the costs that management believe will be incurred within 12 months from reporting date, with the non-current portion being the present value of spend beyond 12 months until estimated tunnel opening date. As the project is expected to be completed in 2020 all other liabilities are expected to be paid within 12 months and therefore have been classified as current.

##### 2.13 Contributed equity

Ordinary shares and trust units are classified as equity. Incremental costs directly attributable to the issue of new shares and trust units are recognised as a deduction from equity, net of any tax effects.

##### 2.14 Parent entity financial information

The financial information for the deemed parent entity, NorthWestern Road Group Pty Ltd, disclosed in note 17 has been prepared on the same basis as the consolidated financial statements.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
**Notes to the consolidated financial statements**  
**For the year end 30 June 2020**

**2. Significant accounting policies (continued)**

**2.15 Goods and Services Tax (GST)**

Revenues, expenses and assets are recognised net of the amount of associated GST, unless the GST incurred is not recoverable from the taxation authority. In this case it is recognised as part of the cost of acquisition of the asset or as part of the expense. Receivables and payables are stated inclusive of the amount of GST receivable or payable. The net amount of GST recoverable from, or payable to, the taxation authority is included with other receivables or payables in the consolidated statement of financial position. Cash flows are presented on a gross basis. The GST components of cash flows arising from investing or financing activities which are recoverable from, or payable to the taxation authority, are presented as operating cash flows.

**3. Standards issued but not yet effective**

A number of new standards, amendments to standards and interpretations have been published but are not yet mandatory for periods beginning on or after 1 July 2020, and have not been applied in preparing these financial statements. Those which may be relevant to the Group are set out below.

Reference	Description / Impact	Application of Standard	Application by Company
AASB 2018-6 Amendments to Australian Accounting Standards— Definition of a Business	Amendments to AASB 3 revise the definition of a business. To be considered a business, an acquisition would have to include an input and a substantive process that together significantly contribute to the ability to create outputs. The new guidance provides a framework to evaluate when an input and a substantive process are present. To be a business without outputs, there would need to be an organised workforce.  Application of the new standard is prospective for acquisitions following the application date by the Group and is not expected to materially impact the Group.	1 January 2020	1 July 2020
AASB 2018-7 Amendments to Australian Accounting Standards— Definition of Material	Amendments are primarily to AASB 101 and AASB 108 to refine the definition of material and its application by improving the wording and aligning the definition across AASB Standards and other publications.  Application of the amendments is not expected to materially impact the Group.	1 January 2020	1 July 2020

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**3. Standards issued but not yet effective (continued)**

Reference	Description / Impact	Application of Standard	Application by Company
AASB 2019-1  Conceptual Framework for Financial Reporting  Amendments to Australian Accounting Standards—References to the Conceptual Framework	<p>The Australian Accounting Standards Board issued a revised Conceptual Framework which will initially only apply to for-profit private sector entities that have public accountability and are required by legislation to comply with Australian Accounting Standards (AAS), and to other for-profit entities that elect to apply it.</p> <p>The key amendments include revising the definition and recognition criteria for assets, liabilities, income and expenses and other relevant financial reporting concepts. No changes have been made to existing AAS, however the updated concepts should be used when an existing accounting standard does not provide relevant guidance for a transaction.</p> <p>AASB 2019-1 makes consequential changes to other standards so that they retain the previous Framework for the preparation and presentation of financial statements for entities that do not have to apply the revised Framework. The revised Framework is not expected to materially impact the Group given there is no change to existing AAS and there are no existing transactions that require the application of the revised Framework.</p>	1 January 2020	1 July 2020
AASB 2019-3  Amendments to Australian Accounting Standards—Interest Rate Benchmark Reform	<p>The standard amends AASB 7 Financial Instruments: Disclosures, AASB 9 Financial Instruments and AASB 139 Financial Instruments: Recognition and Measurement to provide certain relief for hedge accounting in the period before benchmark interest rates are replaced by global regulators. The relief enables hedge accounting to continue for certain hedging relationships that might otherwise need to be discontinued due to uncertainties arising from the interest rate reform.</p> <p>Application of the amendments is not expected to materially impact the Group.</p>	1 January 2020	1 July 2020
AASB 2019-5  Amendments to Australian Accounting Standards—Disclosure of the Effect of New IFRS Standards Not Yet Issued in Australia	<p>Amendments to AASB 1054 to clarify that in order for an entity to assert compliance with IFRS Standards in its financial statements, it is required to disclose the potential effect on its financial statements of an IFRS Standard that has not yet been issued by the AASB as at reporting date.</p> <p>Application of the amendments is not expected to materially impact the Group.</p>	1 January 2020	1 July 2020



**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**3. Standards issued but not yet effective (continued)**

Reference	Description / Impact	Application of Standard	Application by Company
AASB 2020-1  Amendments to Australian Accounting Standards— Classification of Liabilities as Current or Non-current	Amendments to AASB 101 to clarify requirements for the presentation of liabilities in the statement of financial position as current or non-current.  Application of the amendments is not expected to materially impact the Group.	1 January 2022	1 January 2022
AASB 2020-3  Annual improvements 2018–2020 Cycle and Other Amendments	The following small amendments were made to accounting standards:  Annual Improvements 2018-2020 Cycle make minor amendments to AASB 1 First time requirements in the Standards; <ul style="list-style-type: none"> <li>Amendments to AASB 3 Business Combinations update a reference in AASB 3 to the Conceptual Framework for Financial Reporting without changing the accounting requirements for business combinations;</li> <li>Amendments to AASB 116 Property, Plant and Equipment require an entity to recognise the sales proceeds from selling items produced while preparing property, plant and equipment for its intended use and the related cost in the profit and loss, instead of deducting the amounts received from the cost of the asset; and</li> <li>Amendments to AASB 137 Provisions, Contingent Liabilities and Contingent Assets clarify which costs a company includes when assessing whether a contract will be onerous.</li> </ul> The application of the above amendments are prospective following the application date by the Group and is not expected to materially impact the Group.	1 January 2022	1 January 2022

The following new or amended standards were not found to have a significant impact on the Group's financial statements:

- Interpretation 23 – Uncertainty over income tax treatment; and
- AASB 2018-1 – Annual improvements 2015-2017 cycle.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**For the year end 30 June 2020**

**4. Financial Risk Management**

The Group has exposure to the following financial risks in its normal course of business:

- Credit risk;
- Liquidity risk; and
- Market risk (including interest rate risk).

The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on financial performance. The Group uses derivative financial instruments such as interest rate swaps to reduce certain risk exposures.

Risk management is carried out by the Group under policies approved by the Board and to meet the requirements as set out in the Funding Deed (Common Terms Deed). The Board identifies, evaluates and seeks to reduce financial risk and provide written principles for overall risk management, as well as written policies covering specific areas, such as mitigating interest rate and credit risks, use of derivative financial instruments and investing excess liquidity.

**(a) Credit risk**

The Group is exposed to credit risk through entering into financial transactions in the ordinary course of business. This includes cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions. The Group limits its exposure in relation to cash balances by only dealing with well-established financial institutions of high quality credit standing. The Board from time to time sets exposure limits to financial institutions and these are monitored on an on-going basis.

The Group's credit risk management involves prudently managing the risk and reward relationship and controlling and minimising credit risks across a variety of dimensions, such as quality, concentration, maturity and security. The Group has no material balances which are past due or impaired.

***Trade and other receivables***

Trade receivables are generally due for settlement within 30 days. The Group's accounting policy in regards to trade and other receivables is outlined in note 2.9(ii).

For the Group's financial assets at amortised cost as at 30 June 2020 management have assessed the impacts arising from COVID-19 on the expected credit loss over the lifetime of the receivables and do not consider there to be evidence of a significant increase in credit risk since initial recognition of these balances. This is mainly due to there being no significant change in the nature or the collectability of these balances. These balances continue to have low credit risk as they have a low risk of default and the issuer has a strong capacity to meet its contractual cash flow obligations in the short term.

**(b) Liquidity risk**

The Group's liquidity risk management initiative involves maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. The Group has a prudent liquidity management policy which manages liquidity risk by monitoring the stability of funding, surplus cash or highly liquid cash assets, anticipated cash in and outflows and exposure to connected parties.

In light of the deterioration in revenue and cash flows observed as a consequence of COVID-19, forecasting is being performed more frequently to ensure the liquidity is being maintained to adequate levels.

Group assets are currently forecasted to have sufficient liquidity to withstand the current and potential ongoing deterioration in revenue and cash flow due to COVID-19 restrictions.

***Financing arrangements***

The Group has \$38,369 thousand (2019: \$517,453 thousand) undrawn borrowing facilities at the end of the reporting period. These facilities have restrictions on use related to the construction of the NorthConnex project.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**4. Financial Risk Management (continued)**

***Maturities of financial liabilities***

The tables below analyse the Group's financial liabilities into relevant maturity groupings based on their contractual maturities.

The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months, interest is included in the table but not in the carrying value. For interest rate swaps the cash flows have been estimated using forward interest rates applicable at the end of the reporting period.

	< 1 Year	1 - 2 years	2 - 5 years	> 5 Years	Total contractual cash flows	Carrying amount liabilities
At 30 June 2020	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-derivatives</b>						
Trade payables	10,887	-	-	-	10,887	10,887
Loan notes	-	-	-	2,546,028	2,546,028	1,970,094
Medium term loan notes	44,398	44,302	509,307	861,351	1,459,358	1,190,000
US Private Placement notes – Fixed	37,175	37,175	111,625	1,076,510	1,262,485	815,000
<b>Total non-derivatives</b>	<b>92,460</b>	<b>81,477</b>	<b>620,932</b>	<b>4,483,889</b>	<b>5,278,758</b>	<b>3,985,981</b>
<b>Derivatives</b>						
Net settled (interest rate swaps)	1,824	1,920	1,984	(1,920)	3,808	9,117
Net settled (FX forwards)	-	-	-	-	-	-
<b>Total derivatives</b>	<b>1,824</b>	<b>1,920</b>	<b>1,984</b>	<b>(1,920)</b>	<b>3,808</b>	<b>9,117</b>

	< 1 Year	1 - 2 years	2 - 5 years	> 5 Years	Total contractual cash flows	Carrying amount liabilities
At 30 June 2019	\$'000	\$'000	\$'000	\$'000	\$'000	\$'000
<b>Non-derivatives</b>						
Trade payables	49,742	-	-	-	49,742	49,742
Loan notes	-	-	-	2,235,507	2,235,507	1,651,080
Medium term loan notes	41,466	42,135	485,473	751,744	1,320,818	1,035,000
US Private Placement notes – Fixed	37,175	37,276	74,349	1,150,961	1,299,761	815,000
<b>Total non-derivatives</b>	<b>128,383</b>	<b>79,411</b>	<b>559,822</b>	<b>4,138,212</b>	<b>4,905,828</b>	<b>3,550,822</b>
<b>Derivatives</b>						
Net settled (interest rate swaps)	570	18	(1,399)	(3,980)	(4,791)	(4,858)
Net settled (FX forwards)	(46)	-	-	-	(46)	(46)
<b>Total Derivatives</b>	<b>524</b>	<b>18</b>	<b>(1,399)</b>	<b>(3,980)</b>	<b>(4,837)</b>	<b>(4,904)</b>

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**4. Financial Risk Management (continued)**

**(c) Market risk - Interest rate risk**

The Group's main interest rate risk arises from long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. The Group have borrowings issued at floating interest rates. For floating rate exposures, the Group reduce the exposure by entering into interest rate swaps, whereby the Group agrees with external counterparties to exchange at specified intervals the difference between the fixed contract rates and floating rate amounts calculated by reference to the agreed notional principal amounts. Interest rate risk is currently hedged to 100% (2019: 100%).

	30 June 2020		30 June 2019	
	Weighted avg. interest rate %	Balance \$'000	Weighted avg. interest rate%	Balance \$'000
Cash and cash equivalents	0.35%	(82,097)	1.00%	(114,976)
Floating rate borrowings	2.45%	100,000	3.69%	100,000
Interest rate swaps (Notional principal amount)	2.01%	(100,000)	2.01%	(100,000)
Net exposure to cash flow interest rate risk		<b>(82,097)</b>		<b>(114,976)</b>

A change of 1% (100 basis points) in interest rates throughout the reporting period would have increased (decreased) profit or loss by the amounts shown below. This analysis assumes that all other variables remain constant.

	Impact on profit after tax Higher / (lower) 2020 \$'000	Impact on profit after tax Higher / (lower) 2019 \$'000
+100 basis points	821	1,150
-100 basis points	(821)	(1,150)

**(d) Capital management**

The Group and Company's capital management objectives are to:

- Ensure sufficient capital resources to support the Group and Company's business and operational requirements;
- Safeguard the Group and Company's ability to continue as a going concern;
- Ensure the representations and warranties required under the financing documents are met; and
- Ensure compliance with the undertakings as required under the Finance Deed (Security Trust Deed) which include maintaining a debt service cover ratio of at least 1.30:1.

Periodic reviews of the Group and Company's capital requirements are performed to ensure it is meeting its objectives.

The Group and Company has complied with all externally imposed capital requirements.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**5. Revenue**

	Continuing Operations		Discontinued operations	
	2020	2019	2020	2019
	\$'000	\$'000	\$'000	\$'000
Toll and fee revenue	412,891	433,622	-	5,073
Contracting income	21,253	103,367	-	-
Construction income	148,192	148,192	-	-
	<b>582,336</b>	<b>685,181</b>	<b>-</b>	<b>5,073</b>

Included in the Group's prior year toll and fee revenue is an amount of \$10,939 which is not considered to form part of routine operations as it relates to collection of outstanding tolls and fees pertaining to travel made in previous financial years (nil in the current financial year). This amount was not included in the previous year's trade receivables balance as it was not considered likely to be collectible.

**6. Expenses**

**6.1 Depreciation and amortisation**

Depreciation – plant and equipment  
Amortisation – service concession rights

	2020	2019
	\$'000	\$'000
	146	149
	81,208	81,208
	<b>81,354</b>	<b>81,357</b>

**6.2 Finance costs**

Interest paid and payable  
Interest received and receivable  
Unwinding of discount of liabilities  
Amortisation of capitalised borrowing costs  
Cash Flow hedges

	2020	2019
	\$'000	\$'000
	85,931	137,526
	(3,666)	(4,647)
	8,203	13,372
	902	2,089
	(8,730)	-
	<b>82,640</b>	<b>148,340</b>

**7. Income taxes**

**(a) Components of tax expense**

Current tax  
Deferred tax  
(Over) / under provision in prior years

**Income tax expense / (benefit) expense from continuing operations**

	2020	2019
	\$'000	\$'000
	10,903	(12,660)
	36,066	48,569
	(6,341)	(9,732)
	<b>40,628</b>	<b>26,177</b>

Current tax- Discontinued operations  
Current tax on gain on disposal of operations  
Income tax expense / (benefit)

	2020	2019
	\$'000	\$'000
	-	569
	-	24,609
	<b>40,628</b>	<b>51,355</b>

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**7. Income taxes (continued)**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(b) Prima facie tax payable</b>		
Profit before income tax	183,694	136,023
Tax at the Australian tax rate of 30.0% (2019: 30%)	55,108	40,807
Tax effect of amounts which are not deductible / (taxable):		
— Trust income	(20,687)	(18,293)
— Non-deductible amortisation	11,163	11,812
— Non-deductible interest	1,766	3,393
— Partnership income share	(453)	(1,521)
— Other items	72	(289)
— (Over) / under provided in prior years	(6,341)	(9,732)
<b>Current tax expense / (benefit) attributable to profit</b>	<b>40,628</b>	<b>26,177</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(c) Deferred tax</b>		
Deferred tax relates to the following:		
<b>Deferred tax assets</b>		
The balance comprises:		
— Current and prior year tax losses	211,577	253,808
— Provision for maintenance	19,273	16,668
— Contract liabilities	11,442	10,639
— Other	1,006	852
<b>Deferred tax asset</b>	<b>243,298</b>	<b>281,967</b>
	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Deferred tax liabilities</b>		
The balance comprises:		
— Property, plant and equipment	(1,843)	(1,545)
— Intangible assets – service concessions	(24,750)	(25,206)
— Other	(3,577)	(6,022)
<b>Deferred tax liability</b>	<b>(30,170)</b>	<b>(32,773)</b>
<b>Net deferred tax assets</b>	<b>213,128</b>	<b>249,194</b>

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**7. Income taxes (continued)**

	<b>2020</b>		<b>2019</b>	
	<b>\$'000</b>		<b>\$'000</b>	
	<b>Deferred Tax Asset</b>	<b>Deferred Tax Liability</b>	<b>Deferred Tax Asset</b>	<b>Deferred Tax Liability</b>
<b>(d) Deferred tax movement</b>				
Opening balance	249,194	-	297,764	-
(Decrease) / increase recognised in P&L	(38,684)	2,603	(46,266)	(2,289)
(Decrease) / increase recognised in Equity	15	-	(15)	-
Set off of tax	2,603	(2,603)	(2,289)	2,289
<b>Closing balance</b>	<b>213,128</b>	<b>-</b>	<b>249,194</b>	<b>-</b>

**8. Operating assets and liabilities**

**8.1 Cash and cash equivalents**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash at bank and on hand	<b>82,097</b>	<b>114,976</b>

Included in the Group's cash balances is a funding reserve account required to be held in accordance with Funding Deeds. The balance of this reserve at 30 June 2020 was \$12,296 thousand (2019: \$12,877 thousand). These funds are not available for general use.

**Cash generated from operating activities**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Profit for the year</b>	143,066	135,201
<i>Non-cash adjustments to reconcile profit to net cash flows:</i>		
Depreciation and amortisation	81,354	81,357
Financing costs	81,780	148,339
<i>Change in operating assets and liabilities:</i>		
Decrease / (increase) in receivables and other assets	8,799	1,696
Decrease / (Increase) in deferred tax assets	36,066	48,569
(Decrease) / Increase in trade and other payables	4,998	(48,776)
Increase / (Decrease) in provisions	9,518	7,453
<b>Net cash generated from operating activities</b>	<b>365,581</b>	<b>373,839</b>

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**8.1 Cash and cash equivalents (continued)**

*Cash generated from financing activities*

	2020 \$'000	2019 \$'000
<b>Opening borrowings</b>	<b>3,487,706</b>	<b>3,095,401</b>
Proceeds of borrowings, net of costs	154,533	613,449
Repayment of term facility	-	(403,500)
Proceeds from additional loan notes issued	313,147	331,047
Repayment of equity notes	-	(196,000)
Total cash flows	<b>467,680</b>	<b>344,996</b>
Capitalised interest	5,866	44,203
Amortisation of borrowing costs	1,723	3,106
Total non-cash	<b>7,589</b>	<b>47,309</b>
<b>Closing borrowings</b>	<b>3,962,975</b>	<b>3,487,706</b>

13.1

**8.2 Trade and other receivables**

	2020 \$'000	2019 \$'000
Trade receivables	3,330	4,534
Provision for impairment of receivables	-	-
	<b>3,330</b>	<b>4,534</b>
Prepayments	13,326	21,408
GST receivable	1,652	2,836
Insurance claims receivable	535	295
Distribution receivable	139,611	156,199
Other receivables	1,117	1,165
	<b>159,571</b>	<b>186,437</b>

**8.3 Derivative financial instruments**

	2020 \$'000	2019 \$'000
<b>Non-current liabilities</b>		
Interest rate swap contracts – cash flow hedges	9,117	4,858
	<b>9,117</b>	<b>4,858</b>

**8.4 Trade and other payables**

	2020 \$'000	2019 \$'000
Trade creditors	10,887	49,742
Accrued expenses	31,507	29,116
GST payable	3,420	732
	<b>45,814</b>	<b>79,590</b>



**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**9. Property, plant and equipment**

	<b>Total \$'000</b>
<b>2019</b>	
Net book amount at 1 July 2018	1,541
Additions	138
Depreciation charge	(149)
Closing net book amount at 30 June 2019	<u><b>1,530</b></u>
<b>2020</b>	
Opening net book amount at 1 July 2019	1,530
Additions	177
Depreciation charge	(146)
Closing net book amount at 30 June 2020	<u><b>1,561</b></u>

**10. Intangible assets**

	<b>Service concession right \$'000</b>	<b>WIP Construction costs \$'000</b>	<b>Total \$'000</b>
<b>Opening net book amount at 1 July 2018</b>	2,436,080	463,721	2,899,801
Additions	-	148,192	148,192
Amortisation charge	(81,208)	-	(81,208)
<b>Closing net book amount at 30 June 2019</b>	<u><b>2,354,872</b></u>	<u><b>611,913</b></u>	<u><b>2,966,785</b></u>
<b>Opening net book amount at 1 July 2019</b>	2,354,872	611,913	2,966,785
Additions	-	147,567	147,567
Amortisation charge	(81,208)	-	(81,208)
<b>Closing net book amount at 30 June 2020</b>	<u><b>2,273,664</b></u>	<u><b>759,480</b></u>	<u><b>3,033,144</b></u>

**Service concession rights**

Concession assets represent the Group's right to operate the Westlink M7 Motorway and NorthConnex under Service Concession Arrangements. The concession asset is classified as an intangible asset, and is amortised over the term of the concession deed on a straight line basis. Where work is in progress, it is classified as WIP construction costs. The concession periods will end on 30 June 2048 after which time all concession assets are returned to the New South Wales government. The concession deeds provide that tolls are adjusted to CPI (weighted average capital cities-All Groups CPI:Australia) on a quarterly basis, or to a maximum of 1% in the case of NorthConnex.

The economic impact of COVID-19 and the direct impact on traffic performance, is considered an impairment trigger in the year ended 30 June 2020. Accordingly, impairment testing has been performed for each of the Group's concession intangible assets.

The key assumptions on which management have based their cash flow projections are traffic volumes, long-term CPI and discount rates. Management have estimated the recoverable amount of each concession intangible asset using one-year cash flow projections and a two-year extrapolated forecast based on financial plans. Management have estimated a short-term reduction in traffic volumes arising from COVID-19 before the commencement of a gradual improvement in the traffic profile that is associated with an expected easing of government-mandated restrictions. Thereafter, traffic volumes are modelled to continue to improve before traffic growth reverts to a set of market-based long-term assumptions up to the end of the applicable concession period.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**10. Intangible assets (continued)**

Discount rates consider specific risks relating to the CGU. Discount rates also factor in the risk associated with possible variations in the traffic forecast including impacts of COVID-19. Long-term CPI is based on independent external forecasts.

Management has determined that there is no impairment of the Group's concession intangible assets as a result of the assets' individual recoverable amounts exceeding their carrying values. This is mainly due to the length of the remaining term of the Group's service concession arrangements, with the majority of the recoverable amount generated beyond the short-term period impacted by COVID-19.

**WIP construction costs**

For the purposes of impairment testing, these balances are classified as contract assets and subject to the impairment requirements in AASB 9 Financial Instruments. Management applied the expected credit loss model to the Group's assets under construction and concluded that no loss allowance was required. The expected credit loss model as at 30 June 2020 included consideration of the impacts arising from COVID-19, which were limited due to the financial strength of the Group's government counterparties. Further, this infrastructure project has been allowed to continue construction through the period of government-mandated restrictions. There has been no material change in construction costs and timetables for NorthConnex due to COVID-19.

Management considers the carrying amount of assets under construction to be appropriate as at 30 June 2020.

**11. Provisions**

	2020 \$'000	2019 \$'000
<b>Current</b>		
Employee benefits	620	383
Maintenance provision	13,301	12,074
	<b>13,921</b>	<b>12,457</b>
<b>Non-current</b>		
Maintenance provision	50,732	43,486
	<b>50,732</b>	<b>43,486</b>

**(a) Movement in maintenance provisions**

A reconciliation of the carrying amount of the maintenance provisions at the beginning and end of the current financial year is set out below:

	Maintenance (current) 2020 \$'000	Maintenance (non-current) 2020 \$'000	Maintenance (current) 2019 \$'000	Maintenance (non-current) 2019 \$'000
Balance at 1 July	12,074	43,486	17,559	30,690
Provisions made during the year	-	9,281	-	11,536
Provisions paid / (utilised) during the year	(3,124)	-	(6,288)	-
Transfer from current / (non-current)	4,351	(4,351)	803	(803)
Unwinding of discount	-	2,316	-	2,063
<b>Balance at 30 June</b>	<b>13,301</b>	<b>50,732</b>	<b>12,074</b>	<b>43,486</b>

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**12. Other liabilities**

	2020 \$'000	2019 \$'000
<b>Current</b>		
NorthConnex Construction Liability	38,074	337,540
	<b>38,074</b>	<b>337,540</b>

Other liabilities represents a contractual obligation to construct the NorthConnex Infrastructure Project. The current balance represents the costs that management believe will be incurred within 12 months from reporting date. As NorthConnex is expected to open in calendar year 2020 all other liabilities are expected to be paid within 12 months and therefore have been classified as current.

**13. Capital structure and financing**

**13.1 Borrowings**

	2020 \$'000	2019 \$'000
<b>Secured liabilities</b>		
Loan notes	1,970,094	1,651,080
Medium Term Loan Notes	1,190,000	1,035,000
Capitalised borrowing costs	(12,119)	(13,374)
US Private Placement notes	815,000	815,000
	<b>3,962,975</b>	<b>3,487,706</b>

Information about the Group's exposure to interest rate, foreign currency and liquidity risks is included in Note 4.

**(a) Terms and repayment schedule**

	Calendar Year of maturity	2020 \$'000	2019 \$'000
Medium Term Loan Notes	2023	400,000	400,000
Medium Term Loan Notes	2026	100,000	100,000
Medium Term Loan Notes	2027	435,000	435,000
Medium Term Loan Notes	2027	100,000	100,000
Medium Term Loan Notes	2030	155,000	-
US Private Placement notes	2029	100,000	100,000
US Private Placement notes	2032	100,000	100,000
US Private Placement notes	2030	345,000	345,000
US Private Placement notes	2033	195,000	195,000
US Private Placement notes	2038	75,000	75,000
Shareholder loan notes		1,970,094	1,651,080
Capitalised borrowing costs		(12,119)	(13,374)
<b>Total interest bearing liabilities</b>		<b>3,962,975</b>	<b>3,487,706</b>

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**13. Capital structure and financing (continued)**

**13.1 Borrowings (continued)**

**Medium Term Notes**

Medium Term Loan notes are provided to WSO Finance Pty Limited by various parties under a loan note agreement. Four of these agreements are at fixed interest rates for the term of the facility, in the range of 2.7% to 4.5%. The floating facility is at a rate of 3 month average BBSW rate plus a margin of 2%. WSO Finance Pty Limited has entered into interest rate swaps to fix 100% of the facility at a rate of 2.01% per annum, plus the relevant margin (as detailed above).

The facilities are fully secured against the respective rights of Westlink and their assets.

**US Private Placement Notes**

US Private Placement Loan notes are provided to WSO Finance Pty Limited by various parties under a loan note agreement. The agreements are at fixed interest rates for the term of the facility, in the range of 4.46% to 4.80%. The facilities are fully secured against the respective rights of Westlink and their assets.

**Shareholder loan notes**

Shareholder loan notes are issued to fund the construction of the NorthConnex Project under Shareholder Loan Note Subscription Facility A (FY20: \$173.6m, FY19: nil) and Facility B (FY20: \$102.9m; FY19: \$97.0m). Facility A is non-interest bearing and the interest on Facility B is accrued at 5.9% per annum (FY19: 5.9%). In addition, at call shareholder loan notes (also non-interest-bearing) have been drawn to the value of \$1,693,573 thousand as of 30 June 2020. Any unpaid interest is capitalised and deemed to subscribe to further loan notes with an aggregate principle amount equal to that unpaid interest.

The group has complied with all financial covenants during the year.

**13.2 Contributed equity**

	2020 \$'000	2019 \$'000
68,200,000 Ordinary shares	68,200	68,200

**Ordinary shares**

Ordinary shares entitle the holder to participate in dividends and to share in the proceeds of winding up the Company in proportion to the number of and amounts paid on the shares held. On a show of hands every holder of ordinary shares present at a meeting in person or by proxy, is entitled to one vote, and upon a poll each share is entitled to one vote. Ordinary shares have no par value and the Company does not have a limited amount of authorised capital.

**Trust units**

Trust units entitle the holder to its proportional share of trust income and have rights to re-investment.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**13. Capital structure and financing (continued)**

**13.3 Reserves**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Cash flow hedge reserves	-	(32)

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>(a) Cash flow hedge reserves</b>		
Opening balance	(32)	(465)
Revaluation – net of tax	32	433
<b>Closing balance</b>	<b>-</b>	<b>(32)</b>

**13.4 Distributions**

Distributions paid in cash or satisfied by the issue of trust units under the trust unit reinvestment plan during the year were as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Final distribution paid or payable	81,449	67,099
Return of capital	233,244	143,395
Decrease / (increase) in distribution in advance	(16,588)	73,670
	<b>298,105</b>	<b>284,164</b>

The NorthWestern Roads Group under Trust Constitutions has established a trust unit reinvestment plan under which holders of trust units may elect to have all or part of their interest settlement satisfied by the issue of new trust units rather than being paid in cash. Trust units are issued at the application price being net asset value of the Trust at the time of issue spread over units held by sponsors.

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**14. Non-controlling interests**

	NorthConnex State Works Contractor Pty Ltd		NorthWestern Roads Group Trust	
	2020 \$'000	2019 \$'000	2020 \$'000	2019 \$'000
<b>(a) Summarised statement of financial position</b>				
<b>Assets</b>				
Current Assets	11,814	20,078	667	85,568
Non-current Assets	-	-	2,380,005	2,378,819
<b>Total Assets</b>	<b>11,814</b>	<b>20,078</b>	<b>2,380,672</b>	<b>2,464,387</b>
<b>Liabilities</b>				
Current Liabilities	10,879	19,145	19,742	19,100
Non-Current Liabilities	281	278	2,001,999	1,841,483
<b>Total Liabilities</b>	<b>11,160</b>	<b>19,423</b>	<b>2,021,741</b>	<b>1,860,583</b>
<b>Net Assets / (Liabilities)</b>	<b>654</b>	<b>655</b>	<b>217,120</b>	<b>603,804</b>
<b>Accumulated Non controlling interest</b>	<b>654</b>	<b>655</b>	<b>358,931</b>	<b>603,804</b>
<b>(b) Summarised statement of comprehensive income</b>				
Revenue	21,255	103,401	138,614	136,416
Expenses	(21,254)	(103,376)	(55,821)	(59,418)
<b>Profit for the period</b>	<b>1</b>	<b>25</b>	<b>82,793</b>	<b>76,998</b>
Other Comprehensive Income	-	-	(12,975)	9,018
<b>Total Comprehensive Income</b>	<b>1</b>	<b>25</b>	<b>69,818</b>	<b>86,015</b>
<b>(c) Summarised statement of cash flows</b>				
<b>Assets</b>				
Cashflow from operating activities	-	(4)	295,699	59
Cashflow from investing activities	-	-	-	-
Cashflow from financing activities	-	-	(298,105)	-
<b>Net increase/(decrease) in cash and cash equivalents</b>	<b>-</b>	<b>(4)</b>	<b>(2,406)</b>	<b>59</b>

**15. Capital and leasing commitments**

	2020 \$'000	2019 \$'000
<b>Commitments for expenditure</b>		
— Within one year	17,694	194,607
— Later than one year but not later than five years	-	24,243
	<b>17,694</b>	<b>218,850</b>

NorthConnex Infrastructure Project has commitments for significant capital expenditure, contracted for at the end of the reporting period but not recognised as liabilities.

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**15. Capital and leasing commitments (continued)**

**Non-cancellable operating leases**

AASB 16 Leases is applicable for accounting periods starting from 1 January 2019. It removes (for lessees) the classification of leases as either operating leases or finance leases, requiring instead that a right-of-use asset and a corresponding liability be recognised over the lease term of the asset. An entity may choose whether or not to apply AASB 16 to its short-term leases (less than 12 months) and leases of low value assets (such as personal computers). Leases under service concession arrangements within the scope of Interpretation 12 Service Concession Arrangements are exempt from the lease accounting requirements of AASB 16 although an election can be made by lessees to apply the standard where the lease is related to an intangible asset.

The Group's material leases with Transport for NSW for the right to use the motorway stratum fall under the definition of a service concession arrangement under Interpretation 12. This type of contracts is specifically outside of the scope of AASB 16. Management elected not to apply AASB 16 to low value and short-term operating leases, which related to office equipment and a motor vehicle that the Group leases from third parties, and chose to expense lease payments on a straight-line basis over the lease term. As a result the adoption of this standard did not have a material impact on the Group.

Commitments for minimum lease payments in relation to non-cancellable operating leases as payable as follows:

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
— Within one year	6,121	10,978
— Later than one year but not later than five years	46,589	46,809
— Later than five years	294,081	294,081
	<b>346,791</b>	<b>351,868</b>

Westlink M7 have commitments in relation to Western Sydney Orbital Operation and Maintenance Deed, and the Western Sydney Orbital Motorway Stratum Agreement to lease, which are payable whilst operating the M7 over the concession term.

**Contractual Commitments**

— Within one year	13,458	12,747
— Later than one year but not later than five years	55,593	54,254
— Later than five years	178,418	213,502
	<b>247,469</b>	<b>280,503</b>

Westlink M7 have commitments in relation to the Western Sydney Orbital Motorway Stratum Agreement to lease, which are payable whilst operating the M7 over the concession term, as well as smaller operating leases for motor vehicles and office equipment.

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**16. List of subsidiaries**

The following are the Group's subsidiaries:

	Ownership interest held by the group	
	2020 (%)	2019 (%)
CARS Nominees (Australia) Pty Ltd	100	100
NorthConnex Company Pty Ltd	100	100
NorthConnex Finance Pty Ltd	100	100
NorthConnex Holding Company Pty Ltd	100	100
NorthConnex State Works Contractor Pty Ltd	100	100
NorthWestern Roads Group Nominees Pty Ltd	100	100
NorthWestern Roads Group Pty Ltd	100	100
NorthWestern Roads Group Trust	100	100
NorthWestern Roads Management Services Company Pty Ltd	100	100
Transurban AL Trust	100	100
Transurban CARS Trust	100	100
Transurban Nominees No. 2 Pty Ltd	100	100
Transurban Nominees Pty Ltd	100	100
Transurban WSO Trust	100	100
Western Sydney Orbital Holding Trust	100	100
Westlink Motorway Limited	100	100
Westlink Motorway Partnership	100	100
WSO Co Pty Ltd	100	100
WSO Finance Pty Ltd	100	100
WSO Investment Holding Company Pty Ltd	100	100
WSO Investment Management No. 1 Pty Ltd	100	100
WSO Investment Management No. 3 Pty Ltd	100	100
WSO Partnership Investment Company Pty Ltd	100	100
WSO Partnership Investment Trust	100	100



**NorthWestern Roads Group Pty Ltd and its controlled entities**  
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**17. Parent entity disclosures**

**(a) Summarised statement of financial position of NorthWestern Roads Group Pty Ltd**

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
<b>Assets</b>		
Current assets	1,011	579
Non-current assets	368,320	365,407
<b>Total assets</b>	<b>369,331</b>	<b>365,986</b>
<b>Liabilities</b>		
Current Liabilities	132	144
Non-Current Liabilities	302,502	299,040
<b>Total liabilities</b>	<b>302,634</b>	<b>299,184</b>
<b>Net assets</b>	<b>66,697</b>	<b>66,802</b>
<b>Equity</b>		
Issued capital	68,200	68,200
Accumulated losses	(1,503)	(1,398)
<b>Total equity</b>	<b>66,697</b>	<b>66,802</b>

**(b) Summarised statement of comprehensive income of NorthWestern Roads Group Pty Ltd**

Loss for the year	106	155
<b>Total comprehensive loss for the year</b>	<b>106</b>	<b>155</b>

**18. Auditor's remuneration**

	<b>2020</b>	<b>2019</b>
	<b>\$</b>	<b>\$</b>
<b>Audit and other assurance services provided by PricewaterhouseCoopers Australia</b>		
Audit and review of financial reports	298,350	228,000
Other assurance services	29,070	36,120
	<b>327,420</b>	<b>264,120</b>
<b>Other services provided by PricewaterhouseCoopers Australia</b>		
Taxation compliance services	270,618	402,994
Other services	108,097	200,919
	<b>378,715</b>	<b>603,913</b>
<b>Total remuneration of PricewaterhouseCoopers Australia</b>	<b>706,135</b>	<b>868,033</b>

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
**Notes to the consolidated financial statements**  
**For the year end 30 June 2020**

**19. Related parties**

**(a) Key management personnel**

The Directors of "NorthWestern Roads Group" during the financial year were:

Andrew Alley

Andrew Sims

Anthony Adams

Brendan Bourke

Matina Papathanasiou (resigned on 5 September 2019)

Robin Aldis

Kristine Cooney (resigned 20 May 2020)

Leisel Moorhead (Alternate until 5 September 2019)

Raymond Golzar (Alternate until 28 May 2020)

Shirley Robertson (Alternate, appointed 5 September 2019)

The aggregated compensation made to the Directors is set out below:

	<b>2020</b>	<b>2019</b>
	<b>\$'000</b>	<b>\$'000</b>
Directors fees	180	202

There were no other transactions with key management personnel during the year.

**(b) Related party transactions**

The following transactions occurred with related parties:

		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
Transurban Limited-Roam tolling (tolling services)		6,802	10,304
Transurban Limited- Tollaust (Sale of discontinued operations)	<b>20</b>	-	(48,637)
Transurban Limited-Transactions relating to NorthConnex Project		174,137	101,404
QIC Limited-Transactions relating to NorthConnex Project		80,522	45,383
CPPIB-Transactions relating to NorthConnex Project		80,708	45,227

The following balances are outstanding at the reporting period in relation to transactions:

		<b>2020</b>	<b>2019</b>
		<b>\$'000</b>	<b>\$'000</b>
Payable to Transurban Limited – Roam tolling		2,189	2,299
Payable to Transurban Limited- NCX Project		-	1,067
Receivable from Tollaust (Sale of discontinued operations)	<b>20</b>	47,228	48,411
Shareholder loan notes		1,970,094	1,651,080

Related party transactions were made on normal commercial terms and conditions and at market rates, except that there are no fixed due dates for the repayment of payables between parties.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
**Notes to the consolidated financial statements**  
**For the year end 30 June 2020**

**20. Discontinued Operation**

In a prior financial year (on 8th February 2019) WSO Co Pty Ltd entered into an agreement with Tollaust Pty Limited to sell their retail customer base in exchange for a deferred settlement over the concession period of the Westlink asset. Current receivables represent the amounts expected to be received as delayed settlement over the next 12 months and non-current receivables represent the present value of funds expected to be received later than 12 months. Current payables are payments received in advance.

	2020 \$'000	2019 \$'000
<b>a) Results of discontinued operation</b>		
Revenue	-	5,073
Expenses	-	(3,177)
<b>Results from operating activities</b>	-	1,896
Income tax	-	(569)
<b>Results from operating activities, net of tax</b>	-	1,327
Gain on sale of discontinued operation	-	48,637
Income tax on gain on sale of discontinued operation	-	(24,609)
<b>Profit (loss) from discontinued operations, net of tax</b>	-	<b>24,028</b>
<b>b) Balance sheet</b>		
<b>Opening carrying value</b>	<b>48,411</b>	-
Gain recognised on disposal	-	48,637
Additional finance income recognised	2,809	-
Results from operating activities, net of tax	-	1,327
Cash received	(3,992)	(1,553)
<b>Closing carrying value</b>	<b>47,228</b>	<b>48,411</b>
Including:		
Current receivable	4,084	3,008
Current payable	(984)	-
Non-current receivable	44,128	45,403
<b>Total net receivable</b>	<b>47,228</b>	<b>48,411</b>

**21. Contingencies**

The Group had no contingent liabilities at 30 June 2020 (30 June 2019: none).

**22. Subsequent events**

The NorthWestern Roads Group Trust paid a distribution of \$11,775 thousand to shareholders on 12 August 2020 and a further \$26,078 thousand to shareholders on 7 September 2020 (relating to the June 2020 quarter).

No other matter or circumstance has occurred subsequent to year end that has significantly affected, or may significantly affect, the operations of the Group, the results of those operations or the state of affairs of the Group or economic entity in subsequent financial years.

**NorthWestern Roads Group Pty Ltd and its controlled entities**  
**Directors' Declaration**  
**For the year end 30 June 2020**

In Director's opinion:

- a) the financial statements and notes set out on pages 5 to 39 are in accordance with the Corporations Act 2001, including:
  - I. complying with Accounting Standards, the Corporations Regulations 2001 and other mandatory professional reporting requirements, and
  - II. giving a true and fair view of the consolidated entity's financial position as at 30 June 2020 and of its performance for the period ended on that date, and
- b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

Note 1 confirms that the financial statements also comply with International Financial Reporting Standards as issued by the International Accounting Standards Board.

This declaration is made in accordance with a resolution of Directors.



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Robin Aldis  
Director

Sydney  
24 September 2020



## *Auditor's Independence Declaration*

As lead auditor for the audit of NorthWestern Roads Group Pty Ltd, NorthConnex State Works Contractor Pty Ltd and NorthWestern Roads Group Trust for the year ended 30 June 2020, 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 audit; and
- (b) no contraventions of any applicable code of professional conduct in relation to the audit.

This declaration is in respect of NorthWestern Roads Group Pty Ltd, NorthConnex State Works Contractor Pty Ltd and NorthWestern Roads Group Trust and the entities they controlled during the period.

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

Marcus Laithwaite  
Partner  
PricewaterhouseCoopers

Sydney  
24 September 2020

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**PricewaterhouseCoopers, ABN 52 780 433 757**

One International Towers Sydney, Watermans Quay, Barangaroo, GPO BOX 2650, SYDNEY NSW 2001  
T: +61 2 8266 0000, F: +61 2 8266 9999, [www.pwc.com.au](http://www.pwc.com.au)

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Liability limited by a scheme approved under Professional Standards Legislation.



## *Independent auditor's report*

To the members of NorthWestern Roads Group Pty Ltd, NorthConnex State Works Contractor Pty Ltd and unitholders of NorthWestern Roads Group Trust

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### *Our opinion*

In our opinion:

The accompanying financial report of NorthWestern Roads Group Pty Ltd (the Company) and its controlled entities (together the Group) is in accordance with the *Corporations Act 2001*, including:

- (a) giving a true and fair view of the Group's financial position as at 30 June 2020 and of its financial performance for the year then ended
- (b) complying with Australian Accounting Standards and the *Corporations Regulations 2001*.

### *What we have audited*

The Group financial report comprises:

- the consolidated statement of financial position as at 30 June 2020
- the consolidated statement of changes in equity for the year then ended
- the consolidated statement of cash flows for the year then ended
- the consolidated statement of profit or loss and other comprehensive income for the year then ended
- the notes to the consolidated financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Independence*

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

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### *Other information*

The directors are responsible for the other information. The other information comprises the information included in the Group's annual report for the year ended 30 June 2020 but does not include the financial report and our auditor's report thereon.

Our opinion on the financial report does not cover the other information and accordingly we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial report or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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### *Responsibilities of the directors for the financial report*

The directors of the Company are responsible for the preparation of the 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 financial report that gives a true and fair view and is free from material misstatement, whether due to fraud or error.

In preparing the financial report, the directors are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.

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

PricewaterhouseCoopers

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

Marcus Laithwaite  
Partner

Sydney  
24 September 2020

# **Sydney Transport Partners Group**

(Including Sydney Transport Partners Project Trust, Sydney Transport Partners Project Trust Pty Ltd, Sydney Transport Partners Asset Trust, Sydney Transport Partners Asset Trust Pty Ltd and their controlled entities)

## **Combined Financial Statements for the year ended 30 June 2020**



# **Sydney Transport Partners Group**

## **Combined Financial Statements for the year ended 30 June 2020**

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These combined financial statements cover Sydney Transport Partners Group (the 'Group') as described in note 1 to the combined financial statements. The combined financial statements are presented in Australian dollars.

Sydney Transport Partners Group is a group, registered and domiciled in Australia.

Its registered office is:

Level 9

1 Chifley Square

Sydney NSW 2000

The combined financial statements were authorised for issue by the Directors on 1 September 2020. The Directors have the power to amend and reissue the combined financial statements.

**Sydney Transport Partners Group**  
**Combined Statement of Comprehensive Income**  
**for the year ended 30 June 2020**

	2020 \$M	2019 \$M
<b>Revenue</b>		
Toll revenue	280	158
Other revenue	71	42
Construction revenue	1,085	1,211
<b>Total revenue</b>	<u>1,436</u>	<u>1,411</u>
<b>Expenses</b>		
Employee benefits expense	(17)	(3)
Road operating costs	(47)	(60)
Transaction and integration costs	(25)	(585)
Other Operating expenses	(11)	-
Construction costs	(1,085)	(1,211)
<b>Total expenses</b>	<u>(1,185)</u>	<u>(1,859)</u>
<b>Profit/(loss) before depreciation and amortisation, net finance costs and income taxes</b>	<u>251</u>	<u>(448)</u>
Depreciation	-	(2)
Amortisation	(233)	(124)
<b>Total depreciation and amortisation</b>	<u>(233)</u>	<u>(126)</u>
Finance income	11	17
Finance costs	(199)	(160)
<b>Net finance costs</b>	<u>(188)</u>	<u>(143)</u>
<b>Loss before income tax</b>	<u>(170)</u>	<u>(717)</u>
Income tax expense	(15)	(10)
<b>Loss for the year/period</b>	<u>(185)</u>	<u>(727)</u>
<i>Loss attributable to:</i>		
Security holders of the stapled group	(109)	(685)
Non-controlling interests – Roads Retained Interests Pty Ltd (RRIPL)	(76)	(42)
<b>Loss for the year/period</b>	<u>(185)</u>	<u>(727)</u>
<b>Other comprehensive income</b>		
<i>Items that may be reclassified subsequently to profit or loss</i>		
Changes in the fair value of cash flow hedges	(88)	(285)
<b>Total other comprehensive loss for the year/period</b>	<u>(88)</u>	<u>(285)</u>
<b>Total comprehensive loss for the year/period</b>	<u>(273)</u>	<u>(1,012)</u>
<i>Total comprehensive loss attributable to:</i>		
Security holders of the stapled group	(153)	(830)
Non-controlling interests	(120)	(182)
<b>Total comprehensive loss for the year/period</b>	<u>(273)</u>	<u>(1,012)</u>

The above Combined Statement of Comprehensive Income should be read in conjunction with the accompanying note.

**Sydney Transport Partners Group**  
**Combined Balance Sheet**  
as at 30 June 2020

	2020 \$M	2019 \$M
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	955	1,283
Trade and other receivables	60	101
<b>Total current assets</b>	<u>1,015</u>	<u>1,384</u>
<b>Non-current assets</b>		
Intangible assets	21,963	21,107
Deferred tax assets	7	-
<b>Total non-current assets</b>	<u>21,970</u>	<u>21,107</u>
<b>Total assets</b>	<u>22,985</u>	<u>22,491</u>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Trade and other payables	181	279
Income tax provision	25	13
Other liabilities	9	11
Other provisions	14	15
<b>Total current liabilities</b>	<u>229</u>	<u>318</u>
<b>Non-current liabilities</b>		
Borrowings	7,727	7,044
Derivative financial instruments	469	382
Deferred tax liabilities	-	4
Shareholder loan notes	1,301	1,291
Other provisions	19	8
<b>Total non-current liabilities</b>	<u>9,516</u>	<u>8,729</u>
<b>Total liabilities</b>	<u>9,745</u>	<u>9,047</u>
<b>NET ASSETS</b>	<u>13,240</u>	<u>13,444</u>
<b>EQUITY</b>		
Contributed equity	6,988	6,937
Reserves	(65)	(21)
Accumulated losses	(811)	(702)
Non-controlling interests held by RRIPL	7,128	7,230
<b>Total equity</b>	<u>13,240</u>	<u>13,444</u>

*The above Combined Balance Sheet should be read in conjunction with the accompanying note.*

Sydney Transport Partners Group  
Combined Statement of Changes in Equity  
for the year ended 30 June 2020

	Contributed equity \$M	Reserves \$M	Accumulated losses \$M	Total \$M	Non- controlling interests \$M	Total equity \$M
<b>Balance at 30 June 2019 as originally presented</b>	<b>6,932</b>	<b>(33)</b>	<b>(685)</b>	<b>6,214</b>	<b>7,230</b>	<b>13,444</b>
Change in accounting policy <sup>1</sup>	5	12	(17)			
<b>Balance as at 1 July 2019</b>	<b>6,937</b>	<b>(21)</b>	<b>(702)</b>			
Loss for the year	-	-	(109)	(109)	(76)	(185)
Other comprehensive loss	-	(44)	-	(44)	(44)	(88)
<b>Total comprehensive loss for the year</b>	<b>-</b>	<b>(44)</b>	<b>(109)</b>	<b>(153)</b>	<b>(120)</b>	<b>(273)</b>
<i>Transactions with owners in their capacity as owners</i>						
Capital injections from STP investors	95	-	-	95	92	187
Return of capital to STP investors	(44)	-	-	(44)	(74)	(118)
<b>Balance at 30 June 2020</b>	<b>6,988</b>	<b>(65)</b>	<b>(811)</b>	<b>6,112</b>	<b>7,128</b>	<b>13,240</b>
<b>Balance at 12 July 2018</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Loss for the period	-	-	(685)	(685)	(42)	(727)
Other comprehensive loss	-	(145)	-	(145)	(140)	(285)
<b>Total comprehensive loss for the period</b>	<b>-</b>	<b>(145)</b>	<b>(685)</b>	<b>(830)</b>	<b>(182)</b>	<b>(1,012)</b>
<i>Transactions with owners in their capacity as owners</i>						
Contribution of equity, net of transaction costs	6,956	-	-	6,956	8,535	15,491
Return of Capital	(24)	-	-	(24)	(1,085)	(1,109)
Distributions provided for or paid for	-	(12)	-	(12)	(38)	(50)
Fair value adjustment to shareholder loan notes	-	124	-	124	-	124
<b>Balance at 30 June 2019</b>	<b>6,932</b>	<b>(33)</b>	<b>(685)</b>	<b>6,214</b>	<b>7,230</b>	<b>13,444</b>

<sup>1</sup> Refer to Note 1 Basis of preparation for information relating to changes in comparative information, as previously presented.

The above Combined Statement of Changes in Equity should be read in conjunction with the accompanying note.

**Sydney Transport Partners Group**  
**Combined Statement of Cash Flows**  
**for the year ended 30 June 2020**

	2020 \$M	2019 \$M
<b>Cash flows from operating activities</b>		
Receipts from customers (inclusive of GST)	297	166
Payments to employees and suppliers (inclusive of GST)	(133)	(192)
Transaction and integration costs related to acquisitions	(25)	(585)
Other receipts	101	21
Interest received	13	16
Interest paid	(157)	(82)
Interest paid – shareholder loan notes	(33)	(19)
Income tax paid	(15)	-
<b>Net cash inflow/(outflow) from operating activities</b>	<u>48</u>	<u>(675)</u>
<b>Cash flows from investing activities</b>		
Payments for acquisition of subsidiaries (net of cash acquired)	-	(7,546)
Payments for intangible assets	(1,051)	(1,420)
<b>Net cash outflow from investing activities</b>	<u>(1,051)</u>	<u>(8,966)</u>
<b>Cash flows from financing activities</b>		
Proceeds from borrowings	605	6,211
Proceeds from shareholder loan notes issued to STP investors	-	1,400
Proceeds from issue of units to STP investors	-	6,956
Proceeds from issue of units to RRIPL	-	143
Repayment of borrowings	-	(2,627)
Return of capital to STP investors	(44)	(36)
Return of capital to non-controlling interest	(74)	(42)
Distribution paid to non-controlling interest from Stage 1 refinance	-	(1,081)
Capital injections from STP investors	96	-
Capital injections from non-controlling interest	92	-
<b>Net cash inflow from financing activities</b>	<u>675</u>	<u>10,924</u>
<b>Net (decrease)/ increase in cash and cash equivalents</b>	<u>(328)</u>	<u>1,283</u>
<b>Cash and cash equivalents at the beginning of the year/period</b>	<u>1,283</u>	<u>-</u>
<b>Cash and cash equivalents at the end of the year/period</b>	<u>955</u>	<u>1,283</u>

*The above Combined Statement of Cash Flows should be read in conjunction with the accompanying note.*

## 1. Summary of significant accounting policies

The financial statements ("Combined financial statements") consist of the aggregated statements of the combined Sydney Transport Partners Group ("the Group"), consisting of Sydney Transport Partners Project Trust ("STP Project Trust"), Sydney Transport Partners Project Trust Pty Ltd, Sydney Transport Partners Asset Trust ("STP Asset Trust"), Sydney Transport Partners Asset Trust Pty Ltd and their controlled entities. The combined financial statements incorporate elimination of inter-entity transactions and balances and other adjustments necessary to present the financial statements on a combined basis.

STP Project Trust and STP Asset Trust were registered on 12 July 2018. As such, these annual financial statements are prepared to reflect the financial results of the Group for the period from its inception (12 July 2018) to 30 June 2019.

The Group acquired 51% controlling interest in the WestConnex Group comprising of WCX Project Hold Trust and its controlled entities, including WCX Asset Hold Trust and its controlled entities ("WCX Group") on 27 September 2018. These annual financial statements therefore include the financial results of the WCX Group for the period from 27 September 2018 to 30 June 2019.

The principal accounting policies adopted in the preparation of the combined financial statements are set out below. These policies have been consistently applied to all periods presented, unless otherwise stated.

### (a) Basis of preparation

The combined financial statements of Sydney Transport Partners Group are special purpose financial statements which:

- i. Have been prepared for the use of the directors and the Group's investors in accordance with Clause 15.5 of the *Sydney Transport Partners Investment Agreement*;
- ii. These annual accounts have been prepared on the basis to reflect the equity value and profit and loss attributable to the total security holders of the stapled group;
- iii. Have been prepared in accordance with the recognition and measurement principles of Australian Accounting Standards and Interpretations by the Australian Accounting Standards Board with the exception of disclosure requirements;
- iv. Have been rounded to the nearest million dollars;
- v. Have been prepared under the historical cost basis, as modified by the revaluation of other financial assets and liabilities; and
- vi. Are presented in Australian dollars, which is the Group's functional and presentation currency.
- vii. The presentation of comparative amounts has been restated, where applicable, to conform to the current year presentation. Comparative information for the period ending 30 June 2019 has been restated for change in allocation of distributions provided or paid for from Contributed equity and Reserves to accumulated losses.

It is the opinion of the Directors of the Group that the Group is not a reporting entity because there are no users dependent on general purpose financial reports. The Directors have determined that the basis of accounting adopted is appropriate to meet the needs of the users.

The combined financial statements cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the group as a full financial report.

## Directors' Declaration

As stated in Note 1 to the combined financial statements, it is the opinion of the Directors of Sydney Transport Partners Group (the "Group"), that the Group is not a reporting entity and it is unlikely that users exist who are unable to command the preparation of reports tailored so as to satisfy, specifically, all of their information needs. This is a special purpose financial report that has been prepared to meet reporting requirements under the *Sydney Transport Partners Investment Agreement*.

In the Directors' opinion:

- a) the combined financial statements and note set out on pages 1 to 5:
  - i. comply with Accounting Standards and other mandatory professional reporting requirements to the extent described in Note 1; and
  - ii. present fairly the Group's financial position as at 30 June 2020 and its performance for the year ended on that date; and
- b) there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

This declaration is made in accordance with a resolution of the Directors.



Scott Charlton  
Director



Nicolas Kemp  
Director

Sydney, 1 September 2020



## *Independent auditor's report*

To the members of Sydney Transport Partners Project Trust, Sydney Transport Partners Project Trust Pty Ltd, Sydney Transport Partners Asset Trust, Sydney Transport Partners Asset Trust Pty Ltd

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### *Our opinion*

In our opinion the accompanying financial report presents fairly, in all material respects, the financial position of Sydney Transport Partners Project Trust, Sydney Transport Partners Project Trust Pty Ltd, Sydney Transport Partners Asset Trust, Sydney Transport Partners Asset Trust Pty Ltd and their controlled entities (together the Sydney Transport Partners Group or combined entity) as at 30 June 2020 and its financial performance and its cash flows for the year then ended in accordance with Australian Accounting Standards to the extent described in note 1 of the financial report.

### ***What we have audited***

The combined entity financial report comprises:

- the combined balance sheet as at 30 June 2020
- the combined statement of comprehensive income for the year then ended
- the combined statement of changes in equity for the year then ended
- the combined statement of cash flows for the year then ended
- the notes to the combined financial statements, which include a summary of significant accounting policies
- the directors' declaration.

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### *Basis for opinion*

We conducted our audit in accordance with Australian Auditing Standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial report* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### ***Independence***

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

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### *Emphasis of matter - basis of accounting and restriction on distribution and use*

We draw attention to note 1 in the financial report, which describes the basis of accounting. The financial report has been prepared for the purpose of fulfilling the directors' financial reporting obligations under the Sydney Transport Partners Investment Agreement. As a result, the financial

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report may not be suitable for another purpose. Our report is intended solely for Sydney Transport Partners Group and its members and should not be distributed to or used by parties other than Sydney Transport Partners Group and its members. Our opinion is not modified in respect of this matter.

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### *Responsibilities of the directors for the financial report*

The directors of Sydney Transport Partners Project Trust Pty Ltd (as trustee for Sydney Transport Partners Project Trust) and Sydney Transport Partners Asset Trust Pty Ltd (as trustee for Sydney Transport Partners Asset Trust) (hereafter the directors) are responsible for the preparation and fair presentation of the financial report in accordance with Australian Accounting Standards to the extent described in note 1 of the financial report, and for such internal control as the directors determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error. The directors have determined that the basis of preparation described in note 1 to the financial report is appropriate to meet the needs of the members.

In preparing the financial report, the directors are responsible for assessing the ability of the combined entity to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

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### *Auditor's responsibilities for the audit of the financial report*

Our objectives are to obtain reasonable assurance about whether the financial report as a whole is free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Australian Auditing Standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial report.

A further description of our responsibilities for the audit of the financial report is located at the Auditing and Assurance Standards Board website at: [http://www.auasb.gov.au/auditors\\_responsibilities/ar3.pdf](http://www.auasb.gov.au/auditors_responsibilities/ar3.pdf). This description forms part of our auditor's report.

A handwritten signature in dark ink, appearing to read 'PricewaterhouseCoopers'.

PricewaterhouseCoopers

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

Marcus Laithwaite  
Partner

Sydney  
1 September 2020