



# PRODUCT DISCLOSURE STATEMENT



**BRISCONNECTIONS**

THE ISSUER

BrisConnections Management Company  
Limited (ABN 67 128 614 291 AFSL 322 275)

## AIRPORT LINK PROJECT

For the Offer of approximately  
408.67 million Stapled Units in

BrisConnections Investment Trust (ARSN 131 124 813)  
and BrisConnections Holding Trust (ARSN 131 125 025)

### UNDERWRITERS



Credit Suisse (Australia) Limited



Deutsche Bank AG, Sydney Branch



J.P. Morgan Australia Limited



Macquarie Capital Advisers Limited

# Important information

## Responsible Entity

BrisConnections Management Company Limited (ABN 67 128 614 291) (BCMCL) is the Responsible Entity for BrisConnections Investment Trust (ARSN 131 124 813) and BrisConnections Holding Trust (ARSN 131 125 025) which together form the BrisConnections Unit Trusts.

BCMCL is the entity making the Offer under this Product Disclosure Statement (PDS). The Offer contained in this PDS is an invitation to apply for Stapled Units comprising one unit in BrisConnections Investment Trust and one unit in BrisConnections Holding Trust, stapled together.

BCMCL's Australian Financial Services Licence number is 322 275.

BCMCL can be contacted at:

Address: Units 5a & 5b  
West End Corporate Park  
305 Montague Road  
West End, Queensland 4101  
Telephone: 07 3226 4284  
Facsimile: 07 3226 4299

## Capital and Investment Returns Are Not Guaranteed

Investments in Stapled Units are not deposits with, or liabilities of, any entity and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. Neither BCMCL nor any member of BrisConnections nor any other person guarantees any particular rate of return on the Stapled Units or the performance of BrisConnections, nor do they guarantee the repayment of capital from BrisConnections.

## Availability and Applications

No person is authorised to provide any information or to make any representation in connection with the Offer described in this PDS which is not contained in this PDS. Any information or representation not so contained may not be relied upon as having been authorised by BCMCL, the Underwriters (Macquarie Capital Advisers, Credit Suisse (Australia), J.P. Morgan Australia and Deutsche Bank) or any other person in connection with the Offer.

This PDS will be issued in paper form and may also be viewed on the BrisConnections website at [www.brisconnections.com.au](http://www.brisconnections.com.au). The following conditions apply if the PDS is accessed electronically:

- You must download the electronic version of this PDS in its entirety from the BrisConnections website;
- Your application will only be considered if you applied on an Application Form that accompanied the electronic version of this PDS (in making an application, you declare that you were given access to the electronic version of this PDS together with an accompanying Application Form); and
- You are a resident of Australia and did not access, download or print the electronic version of this PDS outside of Australia.

A paper copy of this PDS will be provided free of charge to any person who requests a copy by contacting the BrisConnections Offer Information Line on 1800 236 994, by contacting BCMCL or the Registry, by mail or in person, or by registering on the BrisConnections website at [www.brisconnections.com.au](http://www.brisconnections.com.au), during the period that the Offer is open.

The Stapled Units will only be issued on receipt of a copy of the Application Form which was issued together with the PDS. The electronic Application Form may be generated by software accessible by the same means as the electronic version of the PDS.

The Corporations Act prohibits any person from passing the Application Form on to another person unless it is attached to a paper copy of the PDS or the complete and unaltered electronic version of the PDS.

## General Financial Product Advice Only

It is important that you read the entire PDS before making any decision to invest in Stapled Units. This PDS contains general financial product advice only. This is not investment advice. It has not been personalised for any individual investor. This PDS does not take into account the investment objectives, financial situation and particular needs of any particular investor. Accordingly, nothing in this PDS should be construed as a recommendation by BCMCL, or any associate of BCMCL or any other person (including the Underwriters), concerning an investment in Stapled Units. In particular, when considering the prospects of BrisConnections, it is important that you consider the risk factors that could affect the financial performance of BrisConnections. You should carefully consider these factors in light of your particular investment needs, objectives and circumstances (including financial and taxation issues) and consider seeking professional advice from your accountant, stockbroker or other professional adviser before deciding whether to invest. Some of the risk factors that should be considered by prospective investors are detailed in Section 6.

## Forecasts

This PDS contains forecast Distributions based on best estimate assumptions prepared by the Responsible Entity. While these best estimate assumptions are considered reasonable at the time of preparing this PDS, you should appreciate that many factors that may affect the results of this investment are outside the control of the Directors of the Responsible Entity or may not be capable of being foreseen or accurately predicted. Accordingly actual Distributions may vary materially from forecast Distributions. You should review the best estimate assumptions in Section 9.6.

## Regulatory Information

This PDS is dated 24 June 2008 and was lodged with the Australian Securities and Investments Commission (ASIC) on that date. A copy of this PDS will be provided to ASX. Within seven days of the date of this PDS, an application will be made to ASX to admit the BrisConnections Unit Trusts to the official list of ASX. The fact that ASX may admit the BrisConnections Unit Trusts to the official list of ASX is not to be taken in any way as an indication of the merits of the BrisConnections Unit Trusts. ASIC and ASX take no responsibility for the contents of this PDS or the merits of the investments to which the PDS relates.

## Exposure Period

The Corporations Act prohibits the processing of Applications in the seven day period after the date of lodgement of this PDS (the Exposure Period). This period may be extended by ASIC by up to a further seven days. The Exposure Period enables the PDS to be examined by market participants prior to the raising of funds. Applications received by BCMCL during the Exposure Period will not be processed until after the expiry of that period. No preference will be conferred on Applications received during the Exposure Period.

## Selling Restrictions Apply

The distribution of this PDS in jurisdictions outside Australia may be restricted by law, and persons who come into possession of it should seek advice on and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws.

The Offer to which this PDS relates is only available to persons receiving the PDS (electronically or otherwise) in Australia.

The Stapled Units have not been and will not be registered under the US Securities Act of 1933, as amended (the Securities Act). Subject to certain exceptions, the Stapled Units may not be offered, sold or delivered within the United States or to, or for the account or benefit of, US persons (as defined in Regulation S under the Securities Act) except in a transaction exempt from the registration requirements of the Securities Act and applicable US state securities laws.

This PDS does not constitute an offer in any jurisdiction in which, or to any person to whom, it would not be lawful to make such an offer. No action has been taken to register or qualify the Offer of the Stapled Units or otherwise to permit a public offering of the Stapled Units in any jurisdiction outside Australia.

## Updated Information

Information relating to the Stapled Units and the Offer may change from time to time. Information regarding the BrisConnections Unit Trusts that is not materially adverse may be updated and made available to you on the BrisConnections website at [www.brisconnections.com.au](http://www.brisconnections.com.au) and, if required by the Listing Rules, by providing it to ASX. A paper copy of any updated information will be provided free on request. Where updated information is materially adverse to investors, in accordance with the Corporations Act a supplementary PDS will be

prepared which will be provided to Applicants free of charge and made available on the above website.

## Definitions and Abbreviations

Defined terms and abbreviations used in this PDS are explained in the Glossary in Section 12.

A reference to time in this PDS is a reference to Australian Eastern Standard time. All references to \$ are to Australian dollars.

## Photographs and Diagrams

The assets depicted in photographs in this PDS are not assets of BrisConnections unless otherwise stated. Diagrams appearing in this PDS are illustrative only and may not be drawn to scale.

## Privacy Notification

By submitting the Application Form to apply for Stapled Units, you are providing information to BCMCL (directly and/or via the Registry, Link Market Services Limited) that may constitute personal information for the purposes of the *Privacy Act 1988* (Cwlth) (the Privacy Act). BCMCL (and the Registry on its behalf) will collect, hold and use personal information in relation to your Application in order to assess your Application, service your needs as an Investor, provide facilities and services that you request and administer your holding of Stapled Units.

If you do not provide the information requested in the Application Form, BCMCL and the Registry may not be able to process or accept your Application or administer your holding of Stapled Units appropriately.

BCMCL may also use such information to forward to you from time to time, including by email, details of other investment opportunities available from BCMCL or related entities. By submitting an Application Form, you consent for the purposes of the *Spam Act 2003* (Cwlth), to receiving commercial electronic messages from BCMCL, and its related entities. However, if you request, no information of that nature will be sent to you. Under the Privacy Act, you may request access to your personal information held by (or on behalf of) BCMCL or the Registry by telephoning the BrisConnections Offer Information Line on 1800 236 994, by visiting BCMCL's website, or by writing to BCMCL's Privacy Officer or to BCMCL at the address listed below. Alternatively, you may write to the Registry at the address listed below. You can obtain a copy of BCMCL's privacy policy from its website at [www.brisconnections.com.au](http://www.brisconnections.com.au), by sending an email to [privacy@brisconnections.com.au](mailto:privacy@brisconnections.com.au) or by writing to BCMCL's Privacy Officer at:

BrisConnections Management Company Limited  
PO Box 3548  
South Brisbane BC QLD 4101

Alternatively, you can obtain a copy of BCMCL's privacy policy by writing to the Registry at:

Link Market Services Limited  
Locked Bag A14  
Sydney South, NSW 1235

**This document is important and should be read in its entirety.**

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# Offer Summary

The Offer consists of approximately 408.67 million Stapled Units in the BrisConnections Unit Trusts at an Issue Price of \$3.00 per Stapled Unit. Each Stapled Unit comprises one unit in BrisConnections Investment Trust and one unit in BrisConnections Holding Trust, stapled together to form a single Stapled Unit. The Issue Price is payable in three equal instalments:

- An Initial Instalment of \$1.00 per Stapled Unit which is payable with the application for Stapled Units;
- A Second Instalment of \$1.00 per Stapled Unit which will be payable 9 months after Allotment Date; and
- A Final Instalment of \$1.00 per Stapled Unit which will be payable 18 months after Allotment Date.

BCMCL intends to apply to have the Stapled Units quoted on ASX. While the Stapled Units are quoted on ASX, units in BrisConnections Investment Trust and units in BrisConnections Holding Trust will be stapled and cannot be separately traded or transferred. The Offer (including any shortfall in the Second Instalment and the Final Instalment) has been fully underwritten by the Underwriters.

## Key Statistics

|   |                   |
|---|-------------------|
| Initial Instalment per Stapled Unit               | \$1.00            |
| Second Instalment per Stapled Unit                | \$1.00            |
| Final Instalment per Stapled Unit                 | \$1.00            |
| Issue Price per Stapled Unit (fully paid)         | \$3.00            |
| Number of Stapled Units available under the Offer | 408.67 million*   |
| Market capitalisation of the Initial Instalment   | \$408.67 million* |
| Market capitalisation at the Issue Price          | \$1,226 million*  |

\* Note: The number of Stapled Units to be issued is based on interest rates at 14 April 2008. If interest rates change between 14 April 2008 and Financial Close the number of Stapled Units to be issued would also change. For further details refer to Sections 1.5 and 9.1.

## Important Dates

|  |                                |
|--|--------------------------------|
| Offer opens  | 3 July 2008                    |
| Offer closes   | 16 July 2008                   |
| Allotment of Stapled Units   | 29 July 2008                   |
| Expected date of Financial Close   | 30 July 2008                   |
| Stapled Units commence trading on ASX on a deferred settlement basis*          | 31 July 2008                   |
| Expected despatch of holding statements  | 1 August 2008                  |
| Stapled Units expected to commence trading on ASX on a normal settlement basis | 4 August 2008                  |
| Second Instalment Payment Date   | 9 months after Allotment Date  |
| Final Instalment Payment Date  | 18 months after Allotment Date |

These dates are indicative only.

\*Trading on a deferred settlement basis is not guaranteed. ASX will determine the trading basis after an application is made to ASX to admit the BrisConnections Unit Trusts to the official list of ASX.

BCMCL in consultation with the Underwriters reserves the right to vary the dates and terms of the Offer subject to the Corporations Act and the Listing Rules without prior notice, which includes closing the Offer early or accepting late Applications. Investors are encouraged to submit their Applications as early as possible. The exact date of Financial Close will depend on the satisfaction of certain conditions specified in the Project Documents some of which are outside the control of BrisConnections.

It is important that you read this PDS carefully, including the risk factors set out in Section 6, before making any decision to invest in Stapled Units.

# Chairman's Letter



Dear Investor

It is my pleasure to invite you to become an investor in BrisConnections which was recently awarded the Concession by the State of Queensland to design, construct, operate, maintain and finance Airport Link.

Airport Link is a priority transport infrastructure project for Brisbane, forming part of both the Queensland Government's South East Queensland Infrastructure Plan and Program and the Brisbane City Council's TransApex agenda for easing traffic congestion. It will be a 6.7 kilometre multi-lane electronic free-flow tollroad with dual 5.7 kilometre tunnels and will be the largest tollroad project, by design and construction cost, undertaken in Australia to date.

Airport Link will be a multi-faceted tollroad, with multiple connections, and will be unique in its functionality within Brisbane. The Board notes that the Queensland Government has acknowledged that Airport Link will form a vital component of Brisbane's road network that will provide Queensland with Australia's premier airport to CBD connection.

When completed, it will be the first major motorway linking Brisbane's CBD to the northern suburbs and the Brisbane Domestic and International Airport and will address serious traffic and transport issues affecting some of the major destinations in the Brisbane metropolitan area. Upon opening in June 2012, Airport Link is expected to deliver substantial travel time savings between the Brisbane CBD and Brisbane Airport, Australia TradeCoast and the northern suburbs of Brisbane. Travel time savings of up to 50% between the CBD and Brisbane Airport are expected and there will be significantly increased reliability, providing further benefits for motorists. BrisConnections will receive toll revenue under the Concession with tolls escalating in line with Brisbane CPI. The Concession is for a total period of 45 years including construction.

Airport Link will be designed and constructed by a joint venture between Thiess and John Holland under a Fixed Time, Fixed Price Construction Contract. Thiess and John Holland have extensive experience in the design and construction of road infrastructure, including tunnels. Their construction commitments for Airport Link are backed by a performance guarantee from Leighton Holdings, the parent company of the largest project development and contracting group in Australia.

BrisConnections will also design and construct a portion of the Northern Busway between Windsor and Kedron (the Busway) and an upgrade of the East-West Arterial / Airport Drive / Gateway Motorway interchange at Brisbane Airport (the Airport Roundabout Upgrade). The State will fund the design, construction and commissioning costs of the Busway and the Airport Roundabout Upgrade and BrisConnections will not receive any toll revenue from these projects. Both the Busway and the Airport Roundabout Upgrade will be handed over to the State upon commissioning.

Stapled Units in BrisConnections are being offered on an instalment basis, with \$1.00 payable on application and two further instalments of \$1.00 each payable 9 months and 18 months following Allotment Date.

BrisConnections intends to pay Distributions totalling 15.27 cents to Unitholders over the first two Distribution Periods which is equivalent to an annualised distribution Yield of 14% on the paid up value of the Stapled Units. Distributions for the remainder of the Fixed Distribution Period are projected to provide an annual Distribution Yield of 8% on the paid up value of the Stapled Units.

I encourage you to read this PDS carefully in its entirety, including the risk factors set out in Section 6, before making an investment decision as it contains detailed information about BrisConnections, Airport Link and the Offer.

On behalf of my fellow Directors, I commend the Offer to you and look forward to welcoming you as a Unitholder in BrisConnections.

Yours sincerely

**Trevor C. Rowe, AM**  
Chairman  
BrisConnections





# Airport Link is the largest tollroad infrastructure project undertaken in Australia\*

A 45 year Concession Period

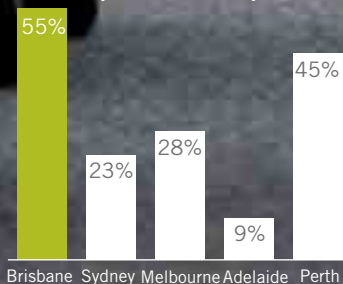
A 6.7km tollroad connecting  
Brisbane's CBD, Brisbane Airport  
and the northern suburbs



\* In terms of design and construction cost.



Forecast population growth  
(2004 to 2031)



Brisbane Sydney Melbourne Adelaide Perth

**Brisbane is the fastest growing  
capital city in Australia**

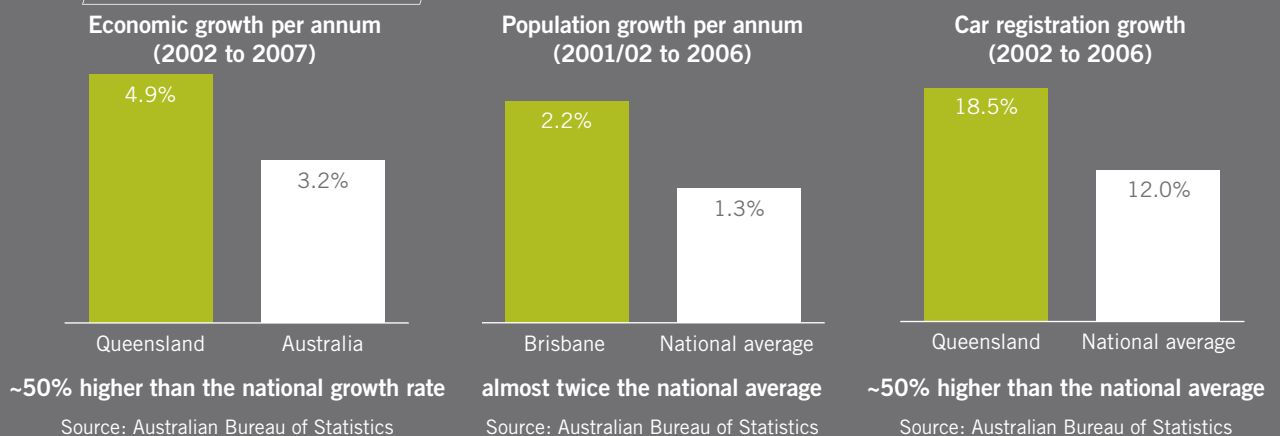
Source: Australian Bureau of Statistics

Alternative travel routes are  
heavily congested arterial roads

Growth in peak hour traffic  
and travel time is currently the  
highest of any Australian  
capital city




# Brisbane is the fastest growing capital city in Australia ... suffering from critical transport capacity constraints



Brisbane's economic and population growth are both projected to exceed the national average

Airport Link Catchment contains 60% of Brisbane's population



First motorway linking  
Brisbane's CBD to the northern  
suburbs and Brisbane Airport

Brisbane's CBD currently  
supports approximately  
150,000 jobs

Airport Link is expected to provide  
a 50% reduction in peak period 2012 travel  
times\* avoiding 17 sets of traffic lights\*\*

\* Based on travel time savings provided by the Traffic Expert.

\*\* From CBD to Brisbane Airport.

# A unique multi-purpose tollroad connecting Brisbane's key destinations

Brisbane Airport is one of  
Australia's fastest growing  
airports

Australia TradeCoast is  
Australia's fastest growing  
industrial and trade precinct,  
currently supporting  
approximately 38,000 jobs



## INSTALMENT PROFILE

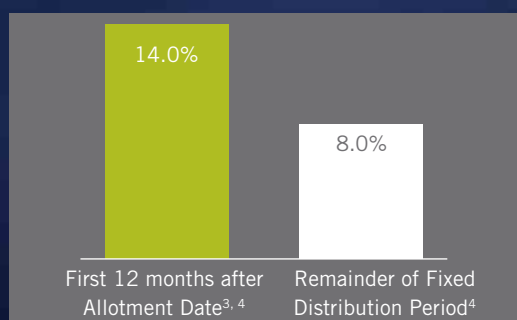
| INSTALMENT  | AMOUNT PAYABLE |
|---|----------------|
| Initial Instalment payable on application               | \$1.00         |
| Second Instalment payable 9 months after Allotment Date | \$1.00         |
| Final Instalment payable 18 months after Allotment Date | \$1.00         |

## DISTRIBUTIONS<sup>1</sup>

| PERIOD   | TOTAL ANNUAL DISTRIBUTION |
|--|---------------------------|
| First two Distribution Periods after Allotment Date        | 15.27 cents <sup>2</sup>  |
| Third and fourth Distribution Periods after Allotment Date | 19.33 cents               |
| Remainder of Fixed Distribution Period                     | 24 cents                  |

1. Cash Distributions during the Fixed Distribution Period will be primarily funded through an underwritten DRP. For further information on Distributions and the DRP see Sections 1.6 and 9.5.
2. This Distribution is calculated on a pro rata basis for the period from Allotment Date until 30 June 2009.

## YIELD



3. Annualised Yield from Allotment Date until the end of the second Distribution Period (being 30 June 2009).
4. Yield is calculated on the time weighted paid up value of the Stapled Units over the applicable Distribution Period.


# Annualised tax deferred Yield of 14% over the first two Distribution Periods and tax deferred Yield of 8% over the remainder of the Fixed Distribution Period

Potential for capital growth  
from investment re-rating during  
construction and traffic Ramp-up

Inflation protected  
long-term revenues

The Yield shown above is presented on the basis of the current intentions of the Directors of BrisConnections. The level of Distributions and the Yield are not guaranteed and investors are referred to the description of Distributions in Sections 1.6 and 9.5 for further information.





Connections from key feeder routes avoid intersection delays and streamline traffic flows

Dedicated lanes provide for separate traffic movements, with early decision points

Weaving and merging minimised, enabling faster travel speeds and greater time savings

## Design solution optimises traffic flow

# Fixed Time, Fixed Price Construction Contract

Investors are protected from material construction risks under the terms of the D&C Contract

Highly experienced contractors and well proven construction techniques

Performance of the D&C Contract guaranteed by Leighton Holdings, Australia's largest project development and contracting group



There may still be construction risks that arise which are not dealt with under the D&C Contract. Investors are referred to Sections 4 and 6 for further information on how BrisConnections is dealing with construction related issues.



# Electronic free-flow tolling is expected to be mandatory across all Queensland tollroads by July 2009

Airport Link tags will be fully interoperable with other Queensland and Australian tollroads

Currently over 300,000 tags on issue in Queensland with this number expected to increase prior to Airport Link Opening

# A robust and simple financial structure

Gearing is aligned to the projected revenue profile

Debt funding provided by 10 global banks

Debt service withstands a 40% reduction in forecast traffic in each year

Funded cash reserves mitigate Ramp-up risk

For further information, investors are referred to the financial analysis and information in Section 9.







# Sponsors have a proven track record

All Sponsors have committed  
to invest a substantial amount  
in BrisConnections

John Holland has  
constructed over 60km of  
tunnel and underground  
works in the past 15 years

Thiess is a leading Australian  
integrated engineering,  
construction and mining  
services provider

Macquarie has acted as  
financial adviser on tollroad  
transactions valued at over  
\$54 billion since 2004



## Key Investment Risks<sup>1</sup>

**Traffic** – Returns to Unitholders will depend on the number of vehicles that use Airport Link

– BrisConnections' ability to service its debt will also depend on the number of vehicles using Airport Link

**Construction** – An extended delay in the construction of Airport Link, the Busway or the Airport Roundabout Upgrade may reduce returns to Unitholders<sup>2</sup>

**Operations** – Unitholders bear the long-term risk of operating and maintaining Airport Link

**Financing** – Debt market conditions may impact BrisConnections' ability to obtain future debt financing facilities on the terms assumed

**Government** – Restrictions by the State or a premature termination of the Concession may affect returns to Unitholders<sup>3</sup>

**Economic conditions** – Future economic factors including economic growth rates, interest rates and inflation may affect returns to Unitholders

**Single asset** – An investment in BrisConnections provides an exposure to the performance of a single asset, not a diversified portfolio of assets

### Notes:

1. See Section 6 for a more detailed description of the investment risks.

2. For further information on how BrisConnections is dealing with construction related issues see Sections 4 and 6.

3. Termination subject to the terms of the Project Deed.

# Questions and Answers

| Topic  | Summary   | Where to find more information – Section(s) |
|--|---|---|
| What am I investing in?  | BrisConnections, which has been awarded the Concession by the State of Queensland. The Concession is the right to design, construct, operate, maintain and finance Airport Link for a period of 45 years and to receive toll revenues.  | Section 3                                   |
| Who is the issuer?   | BCMCL as Responsible Entity of the BrisConnections Unit Trusts.   | Sections 1.4 and 8                          |
| Who is the Responsible Entity?   | BCMCL is a wholly owned subsidiary of JF Infrastructure. The Responsible Entity is ultimately responsible to Unitholders for the operation of BrisConnections.  | Sections 1.4 and 8                          |
| What is Airport Link?  | Airport Link will be a 6.7 kilometre multi-lane electronic free-flow tollroad with dual 5.7 kilometre tunnels located in Brisbane, Queensland, Australia.   | Section 3                                   |
| What is the Offer?   | <p>The Offer is an initial public offer of Stapled Units, each consisting of one unit in BrisConnections Investment Trust and one unit in BrisConnections Holding Trust, stapled together.</p> <p>BCMCL will apply for the admission of the BrisConnections Unit Trusts to the official list of ASX and for official quotation on ASX of the Stapled Units within seven days of the date of this PDS.</p> | Sections 1.3 and 2.2                        |
| Is the Offer underwritten?   | Yes, Macquarie Capital Advisers, Credit Suisse (Australia), J.P. Morgan Australia and Deutsche Bank (the Underwriters) are underwriting the Offer. Subject to the terms of the Underwriting Agreement, the Underwriters will subscribe for any shortfall so that the full amount of the Offer is raised.  | Section 11.5.22                             |
| What is the Issue Price?   | The Issue Price is \$3.00 per Stapled Unit, payable in three equal instalments.   | Offer Summary                               |
| What is the Initial Instalment?  | The Initial Instalment of \$1.00 per Stapled Unit is payable on application.  | Offer Summary                               |
| What is the Second Instalment?   | The Second Instalment of \$1.00 per Stapled Unit is payable nine months after Allotment Date.   | Section 2.6                                 |
| What is the Final Instalment?  | The Final Instalment of \$1.00 per Stapled Unit is payable 18 months after Allotment Date.  | Section 2.7                                 |
| What happens if I do not pay the Second Instalment or the Final Instalment?    | <p>If you do not pay the Second Instalment or the Final Instalment on their respective due dates, those partly paid Stapled Units will be forfeited and sold to offset any amount owing or expense incurred by BrisConnections as a result of your default.</p> <p>You will be liable for interest costs and expenses incurred by BrisConnections as a result of your default.</p>                        | Sections 2.6 and 2.7                        |
| What is the minimum subscription under the Offer?                              | 2,000 Stapled Units, and thereafter in multiples of 500.  | Section 2.2.1                               |
| What will the market capitalisation of BrisConnections be upon listing on ASX? | \$408.67 million, based on the Initial Instalment.  | Offer Summary                               |

## Questions and Answers continued

| Topic  | Summary  | Where to find more information<br>– Section(s) |
|--|--|--|
| What are the key dates of the Offer?               | <ul style="list-style-type: none"> <li>– The Offer opens on 3 July 2008</li> <li>– The Offer closes at 5:00pm AEST on 16 July 2008</li> <li>– Stapled Units are expected to commence trading on ASX on 31 July 2008 on a deferred settlement basis*</li> <li>– These dates are indicative only. Subject to the Corporations Act and the Listing Rules, BCMCL and the Underwriters reserve the right to vary the dates and times of the Offer, which includes closing the Offer early without prior notice.</li> </ul> <p>*Trading on a deferred settlement basis is not guaranteed. ASX will determine the trading basis after an application is made to ASX to admit the BrisConnections Unit Trusts to the official list of ASX.</p> | Offer Summary and Section 2.1                  |
| How will the proceeds of the Offer be used?        | <p>The proceeds raised by BrisConnections will be used to partially fund the:</p> <ul style="list-style-type: none"> <li>– construction of Airport Link; and</li> <li>– the first semi-annual Distribution.</li> </ul>   | Sections 1.5 and 9.1                           |
| Will the Sponsors be investing in BrisConnections? | Yes. Thiess Trustee and John Holland Trustee will subscribe for Stapled Units on a deferred basis (refer to the next question for further detail) and Macquarie Investment Holdings No 2 Pty Ltd (a related entity of Macquarie Capital Group) will subscribe for no less than 33.33 million Stapled Units under the Offer representing \$100 million on a fully paid basis.   | Sections 2.2.3, 9.2.2 and 11.5.20              |
| What is the Deferred Equity Tranche amount?        | Thiess Trustee and John Holland Trustee together will subscribe for \$200 million of Stapled Units on a deferred basis, representing approximately 11% of the Notional Equity. These Stapled Units will be subscribed for at the earlier of 24 months after Construction Completion or 71 months after Financial Close. The Deferred Equity Tranche will not be eligible to participate in the DRP until allotted and registered.  | Sections 9.2.2 and 11.5.20                     |
| What is the Fixed Distribution Period?             | The period during which BrisConnections intends to pay Distributions at a fixed rate as set out in the question below. This is presently intended to continue until payment of the 12th Distribution in relation to the semi-annual period ending 30 June 2014.  | Sections 1.6 and 9.5.1                         |

| Topic  | Summary  | Where to find more information – Section(s)                 |  |   |   |                          |                                    |  |             |                 |  |          |    |                        |
|--|--|---|--|---|---|--------------------------|------------------------------------|--|-------------|-----------------|--|----------|----|------------------------|
| When will I receive Distributions during the Fixed Distribution Period?    | <p>During the Fixed Distribution Period, BrisConnections intends to make semi-annual Distributions for the periods ending 30 June and 31 December as follows:</p> <table> <tr> <th>Period</th><th>Total annual Distribution<sup>1</sup></th><th>Annual Distribution Yield on paid up value of Stapled Units</th></tr> <tr> <td>First two Distribution Periods after Allotment Date</td><td>15.27<sup>2</sup> cents</td><td>14%<sup>3,4</sup><br/>(Annualised)</td></tr> <tr> <td>Third and fourth Distribution Periods after Allotment Date</td><td>19.33 cents</td><td>8%<sup>4</sup></td></tr> <tr> <td>Remainder of Fixed Distribution Period</td><td>24 cents</td><td>8%</td></tr> </table> <p>1. Cash Distributions during the Fixed Distribution Period will be primarily funded through an underwritten DRP.<br/> 2. This Distribution is calculated on a pro rata basis for the period from Allotment Date until 30 June 2009.<br/> 3. Annualised Yield from Allotment Date until the end of the second Distribution Period (being 30 June 2009).<br/> 4. Yield is calculated on the time weighted paid up value of the Stapled Units over the applicable Distribution Period.</p> <p>Unitholders should be aware that these Distributions are not guaranteed.</p> | Period  | Total annual Distribution <sup>1</sup> | Annual Distribution Yield on paid up value of Stapled Units | First two Distribution Periods after Allotment Date | 15.27 <sup>2</sup> cents | 14% <sup>3,4</sup><br>(Annualised) | Third and fourth Distribution Periods after Allotment Date | 19.33 cents | 8% <sup>4</sup> | Remainder of Fixed Distribution Period | 24 cents | 8% | Sections 1.6 and 9.5.1 |
| Period   | Total annual Distribution <sup>1</sup>   | Annual Distribution Yield on paid up value of Stapled Units |  |   |   |                          |                                    |  |             |                 |  |          |    |                        |
| First two Distribution Periods after Allotment Date                        | 15.27 <sup>2</sup> cents   | 14% <sup>3,4</sup><br>(Annualised)                          |  |   |   |                          |                                    |  |             |                 |  |          |    |                        |
| Third and fourth Distribution Periods after Allotment Date                 | 19.33 cents  | 8% <sup>4</sup>   |  |   |   |                          |                                    |  |             |                 |  |          |    |                        |
| Remainder of Fixed Distribution Period                                     | 24 cents   | 8%  |  |   |   |                          |                                    |  |             |                 |  |          |    |                        |
| When will I receive Distributions following the Fixed Distribution Period? | Following the Fixed Distribution Period, Directors will determine Distributions based on the operating cash flows of BrisConnections. These distributions are expected to be paid semi-annually.   | Sections 1.6 and 9.5.2                                      |  |   |   |                          |                                    |  |             |                 |  |          |    |                        |
| What is the Distribution Reinvestment Plan (DRP)?                          | A DRP has been established under which Distributions may be received in Stapled Units rather than cash. <b>During the Fixed Distribution Period, unless a Unitholder elects in writing not to participate in the DRP, or is ineligible, Distributions will be automatically reinvested in further Stapled Units.</b>   | Sections 1.6, 9.5.3 and 11.5.23                             |  |   |   |                          |                                    |  |             |                 |  |          |    |                        |
| Will DRP units be issued partly paid?                                      | Stapled Units issued under the DRP prior to the Final Instalment Payment Date will be partly paid Stapled Units and the Unitholder will be liable to pay the Second Instalment of \$1.00 (for those Stapled Units issued prior to the Second Instalment Payment Date) and the Final Instalment of \$1.00 in relation to them.  | Sections 1.6 and 11.5.23                                    |  |   |   |                          |                                    |  |             |                 |  |          |    |                        |
| Is the DRP underwritten?   | <p>The DRP Underwriter will underwrite the DRP, commencing from the Distribution payable in respect of the period ending 30 June 2009 until the end of the Fixed Distribution Period. The cash required for the first semi-annual Distribution will be funded from equity raised in the Offer.</p> <p>There are additional terms attached to the DRP that you should consider before applying for Stapled Units.</p>   | Section 11.5.24   |  |   |   |                          |                                    |  |             |                 |  |          |    |                        |



## Questions and Answers continued

| Topic  | Summary   | Where to find more information<br>– Section(s) |
|--|---|--|
| What are the costs of the Offer and who is paying them?                                    | <p>The fees and costs related to the Offer are estimated at \$89.2 million (including underwriting fees, professional advisory and expert fees, handling fees for processing applications and ASX fees) which are payable out of the proceeds of the Offer and from draw-downs under the Debt Financing Facilities.</p> <p>Further details on the costs related to the Offer and other fees and costs are set out in Section 7.</p> | Section 7                                      |
| What are the ongoing fees and expenses?  | <p>BCMCL is entitled to an annual management fee of \$1.35 million (subject to CPI adjustment in arrears) as Responsible Entity of the BrisConnections Unit Trusts. BCMCL is entitled to be reimbursed for costs and expenses incurred in the proper performance of its duties.</p>   | Section 7                                      |
| Can the Responsible Entity be replaced?  | <p>Yes. However, if BCMCL is removed as Responsible Entity without cause prior to the end of six years after Financial Close, an early termination fee is payable. This fee will be the balance of the relevant years' base fee (not adjusted for CPI) and any base fees for the period from termination to the date six years after Financial Close that otherwise would have been paid to the Responsible Entity.</p>             | Section 7.3                                    |
| Is there any commission payable to financial advisers?                                     | <p>No. The Underwriters, however, may pay retail brokers a stamping fee from their own underwriting fee.</p>  | Section 2.9                                    |
| What are the tax implications of investing in BrisConnections?                             | <p>The taxation implications of investing in Stapled Units will depend on an investor's individual circumstances. Applicants should obtain their own independent professional taxation advice prior to investing.</p>   | Section 5                                      |
| Is there a cooling-off period?   | <p>No, there is no cooling-off period.</p>  | Section 2.4                                    |
| Is there a dispute resolution mechanism to address complaints by holders of Stapled Units? | <p>Yes, the Responsible Entity provides a complaints handling and dispute resolution process for Unitholders and is a member of an external complaints resolution body.</p>   | Section 11.12                                  |
| How do I apply for Stapled Units?  | <p>By submitting an Application Form contained within or accompanying this PDS, in accordance with its instructions.</p>  | Section 2.2                                    |
| When will I receive confirmation that my Application has been successful?                  | <p>Holding statements confirming Applicants' allocations under the Offer are expected to be despatched to Unitholders on 1 August 2008.</p>   | Offer Summary and Section 2                    |
| How can I obtain further information?  | <ul style="list-style-type: none"> <li>– By speaking to your accountant, stockbroker or other professional adviser.</li> <li>– If you require assistance or require additional copies of this PDS, you should contact the BrisConnections Offer Information Line on 1800 236 994.</li> <li>– For further contact details, see the Corporate Directory at the back of this PDS.</li> </ul>   | All Sections                                   |

# Investment Overview



# 1 Investment Overview

The following is a summary only and should be read in conjunction with the more detailed information contained elsewhere in this PDS.

## 1.1 Overview

BrisConnections has been awarded the Concession by the State to design, construct, operate, maintain and finance Airport Link in Brisbane, Queensland. BrisConnections will receive toll revenue under the Concession, with tolls escalating in line with Brisbane CPI.

Airport Link will be approximately 6.7 kilometres in length with approximately 5.7 kilometres of this comprising tunnel and is designed to address serious traffic congestion affecting the Brisbane metropolitan area. Upon completion, it will be the first free-flow motorway linking Brisbane's CBD to the northern suburbs and Brisbane Airport and is expected to become a key distribution road connecting some of Brisbane's major destinations such as Brisbane Airport, the CBD, northern suburbs, Royal Brisbane Hospital, Australia TradeCoast and Chermside Shopping Centre.

### 1.1.1 The Busway and the Airport Roundabout Upgrade

BrisConnections will also be required to design and construct the Windsor to Kedron section of the Northern Busway (the Busway). The Busway will be delivered under a design and construction contract with the State funding the milestone payments for the Busway. The State will be responsible for the ongoing operation and maintenance of the Busway.

In addition, BrisConnections will be required to design and construct an upgrade to the roundabout at the East-West Arterial / Airport Drive / Gateway Motorway interchange located near Brisbane Airport (the Airport Roundabout Upgrade) to address traffic issues at the existing intersection. The Airport Roundabout Upgrade will be delivered under a design and construction contract with the State funding milestone payments for the Airport Roundabout Upgrade. The State will be responsible for the ongoing operation and maintenance of the Airport Roundabout Upgrade.

BrisConnections will not receive any toll revenue from the Busway or the Airport Roundabout Upgrade and will not have any involvement in their operation and maintenance. The State will fund the design, construction and commissioning costs of the Busway and the Airport Roundabout Upgrade. Both the Busway and the Airport Roundabout Upgrade will be handed over to the State upon commissioning.

## 1.2 Stapled Units

A Stapled Unit consists of one unit in BrisConnections Investment Trust and one unit in BrisConnections Holding Trust (together, the BrisConnections Unit Trusts).

The stapling of the units means that BrisConnections Investment Trust units may not be transferred, issued or otherwise dealt with without a corresponding and contemporaneous transfer, issue or dealing of BrisConnections Holding Trust units and vice versa.

## 1.3 The Offer

The Offer consists of approximately 408.67 million Stapled Units at the Issue Price of \$3.00 per Stapled Unit.

The Issue Price per Stapled Unit is payable in three equal instalments:

- The Initial Instalment of \$1.00 per Stapled Unit will be paid on application for Stapled Units;
- The Second Instalment of \$1.00 per Stapled Unit will be payable 9 months after Allotment Date; and
- The Final Instalment of \$1.00 per Stapled Unit will be payable 18 months after Allotment Date.

Applications for Stapled Units must be made in accordance with the instructions set out in the Application Form.

## 1.4 Responsible Entity

It is a requirement of the Corporations Act that registered managed investment schemes have a responsible entity. BCMCL is the Responsible Entity of BrisConnections Investment Trust and BrisConnections Holding Trust. BCMCL is a wholly owned subsidiary of JF Infrastructure, an infrastructure investment and asset manager with in excess of \$850 million in funds and assets under management spanning economic, urban, social and environmental infrastructure (including tollroads, airports, forestry, car parks and environmental assets).

BCMCL must exercise its powers and functions in the Unitholders' best interests. Such powers and functions extend to the overall management and corporate governance of the BrisConnections Unit Trusts.

Under the Management Deeds, the day-to-day operation of Airport Link will be carried out by BC Operations. BCMCL however, remains ultimately responsible to its Unitholders for the management and operations of BrisConnections.

Information on BCMCL's corporate governance structure and the management of BrisConnections is set out in Section 8.

## 1.5 Funding Airport Link

The table below sets out the projected sources and applications of funds for the development of Airport Link. All figures relate to the period up to Airport Link Opening, except for the Deferred Equity Tranche, which is initially funded by the Equity Bridge Facilities and only subscribed for on the Deferred Equity Contribution Date, which is approximately two years after Airport Link Opening.

Figures in the table are based on interest rates as at 14 April 2008 and will be impacted by the interest rates set at Financial Close. The State bears the risk associated with changes in interest rates between this date and Financial Close through an adjustment to the State Works Contribution. These figures may also be impacted by design modifications required by the State or the Coordinator-General that may increase the cost or the expected construction time of Airport Link. The State bears the cost associated with any such modification through an adjustment to the State Works Contribution.

BCMCL expects that the funding sources will provide BrisConnections with sufficient working capital to fund its stated business objectives.

| Sources of Funds           | \$ million       | Application of Funds                           | \$ million               |
|----------------------------|------------------|--|--------------------------|
| Bank debt                  | 3,055            | Construction cost – Airport Link               | 3,400                    |
| Equity raised in the Offer | 1,226            | Upfront development and financing costs        | 267                      |
| Equity raised via DRP      | 361 <sup>1</sup> | Net interest prior to Airport Link Opening     | 538                      |
| Deferred Equity Tranche    | 200 <sup>2</sup> | Reserves                                       | 254 <sup>4</sup>         |
| State Works Contribution   | 47 <sup>3</sup>  | Equity distributions during construction       | 315                      |
|                            |                  | Ongoing development, financing and other costs | 114 <sup>5</sup>         |
| <b>Total</b>               | <b>4,889</b>     | <b>Total</b>                                   | <b>4,889<sup>6</sup></b> |

Notes:

1. Comprises all estimated proceeds received from the issue of Stapled Units under the DRP for the period up to Airport Link Opening. This includes the proceeds received from the Second Instalment and the Final Instalment in respect of partly paid Stapled Units issued under the DRP.
2. Thiess Trustee and John Holland Trustee together will subscribe for \$200 million of Stapled Units on the Deferred Equity Contribution Date. Thiess Trustee and John Holland Trustee have the right to nominate a replacement deferred subscriber after Construction Completion. For further information regarding the Deferred Equity Tranche refer to Sections 9.2.2 and 11.5.20.
3. If interest rates fall between 14 April 2008 and Financial Close such that the State Works Contribution becomes zero, BrisConnections may be required to make certain payments to the State which will be applied toward funding the Airport Roundabout Upgrade. These payments would enable the State to share the benefit associated with a fall in interest rates between these dates.
4. This includes the Distribution reserve and the cash funded component of the Ramp-up reserve. In addition to these reserves, there is up to \$120 million in available debt commitments under the Reserve Facility.
5. Includes ongoing company costs, ongoing DRP underwriting fees, provision for the capitalisation of interest in respect of the Equity Bridge Facilities, net GST and other ongoing costs.
6. Total does not exactly equal the sum of the individual components above due to rounding adjustments.

## 1.6 Distributions to Unitholders and the Distribution Reinvestment Plan

Distributions to Unitholders can be classified into two categories:

- Forecast Distributions during the Fixed Distribution Period; and
- Distributions following the Fixed Distribution Period.

**During the Fixed Distribution Period, unless a Unitholder elects in writing not to participate in the DRP, or is not eligible under the DRP Rules to participate in the DRP, Distributions due on the Stapled Units will be automatically reinvested in further Stapled Units under the DRP.**

Stapled Units issued under the DRP prior to the Final Instalment Payment Date will be partly paid Stapled Units and the Unitholder will be liable to pay the Second Instalment of \$1.00 (for those Stapled Units issued prior to the Second Instalment Payment Date) and the Final Instalment of \$1.00 in relation to them. Unitholders should not rely on the payment of Distributions to partly fund payment of the Second Instalment or the Final Instalment. For further information on the DRP see Section 11.5.23.

During the Fixed Distribution Period, BrisConnections intends to make semi-annual Distributions for the periods ending 30 June and 31 December. BrisConnections intends to pay

Distributions to Unitholders over the first two Distribution Periods equivalent to an annualised Distribution Yield of 14% on the paid up value of the Stapled Units. Forecast Distributions for the remainder of the Fixed Distribution Period will provide an annual Distribution Yield of 8% on the paid up value of the Stapled Units. The amount of the Distribution relating to the initial period between Allotment Date and the payment of the first semi-annual Distribution will be calculated on a pro rata basis. It is expected that Distributions during the Fixed Distribution Period will be fully tax deferred. Following the Fixed Distribution Period it is expected that Distributions will be fully tax deferred until the payment of the Distribution for the period ending 31 December 2016.

While the present intention of the Directors is to pay semi-annual Distributions, BrisConnections will only pay Distributions having regard to the financial circumstances of BrisConnections and there is no guarantee that any Distributions (including the Distributions during the Fixed Distribution Period) will be paid.

To the extent that Unitholders do not participate in the DRP, the cash required for Distributions during the Fixed Distribution Period (other than the first Distribution) will be funded by the issue of additional Stapled Units (underwritten pursuant to the DRP Underwriting Agreement).

# 1 Investment Overview continued

Following the Fixed Distribution Period, Directors will determine Distributions based on the operating cash flows of BrisConnections. BrisConnections intends to distribute the available net cash flows to Unitholders after making appropriate allowances for certain provisions and accruals and other projected commitments. BrisConnections intends to pay these Distributions on a semi-annual basis for the periods ending 30 June and 31 December each year.

A full copy of the DRP Rules is available on the BrisConnections website at [www.brisconnections.com.au](http://www.brisconnections.com.au).

For a detailed explanation of investment risks, refer to Section 6.

## 1.7 Significant benefits

The significant benefits of investing in BrisConnections are set out below.

- An opportunity to invest in a multi-purpose tollroad that:
  - Is Australia's largest tollroad infrastructure project in terms of design and construction cost;
  - Links key Brisbane destinations, including Brisbane's CBD, Brisbane Airport, Australia TradeCoast and the northern suburbs;
  - Utilises design and construction features which will optimise the flow of traffic and reduce travel times; and
  - Will be fully interoperable with other Queensland and Australian electronic tollroads.
- Above average growth in population, employment and car ownership is expected to lead to increased road usage in Brisbane, which highlights the need for Airport Link, as does the congested state of current arterial roads and low public transport usage.
- BrisConnections intends to pay Distributions to Unitholders over the first two Distribution Periods equivalent to an annualised Distribution Yield of 14% on the paid up value of the Stapled Units. Forecast Distributions for the remainder of the Fixed Distribution Period will provide an annual Distribution Yield of 8% on the paid up value of the Stapled Units.
- Construction risk has been mitigated by BrisConnections entering into a Fixed Time Fixed Price Construction Contract with highly experienced contractors, the performance of which is guaranteed by their related party, Leighton Holdings, Australia's largest contracting group.
- Opportunity for capital growth from investment re-rating during the construction and Ramp-up phases of the project.

These significant benefits of investing in BrisConnections are set out in further detail in Sections 3, 4 and 9.

## 1.8 Significant risks

Prospective investors should be aware that Distributions from BrisConnections and the market price of the Stapled Units may be adversely affected by a number of risk factors. Some of these risks are discussed below.

- Lower than projected traffic volumes, which will impact on returns to Unitholders and BrisConnections' ability to service its debt.
- Construction of Airport Link, Busway and the Airport Roundabout Upgrade is complex and any extended delays in their completion may reduce returns to Unitholders.
- Unitholders bear the long-term risks of operating and maintaining Airport Link and returns may be affected by disruptions in, for instance, the Tolling System used for Airport Link.
- Debt market conditions may affect the ability of BrisConnections to obtain future debt financing.
- There are several circumstances that could result in the Concession being varied or terminated by the State before the end of the Concession Period. Depending on the circumstances that cause the State to act in such a manner, Unitholders may incur economic loss as a result.
- Future changes in external economic conditions, such as changes in economic outlook, interest rates and inflation, as well as changes in government fiscal and regulatory policy and share market conditions, may affect the value of Stapled Units and returns to Unitholders.
- An investment in Airport Link through BrisConnections is an investment in a single asset, which heightens the investment's vulnerability to events which damage or significantly disrupt Airport Link.

These are only some of the relevant risks. See Section 6 for further discussion on the relevant risks.



# Details of the Offer



2

## 2 Details of the Offer

### 2.1 Timetable for the Offer

|  |                                |
|--|--------------------------------|
| Offer opens  | 3 July 2008                    |
| Offer closes   | 16 July 2008                   |
| Allotment of Stapled Units   | 29 July 2008                   |
| Expected date of Financial Close   | 30 July 2008                   |
| Stapled Units commence trading on ASX on a deferred settlement basis*          | 31 July 2008                   |
| Expected despatch of holding statements  | 1 August 2008                  |
| Stapled Units expected to commence trading on ASX on a normal settlement basis | 4 August 2008                  |
| Second Instalment Payment Date   | 9 months after Allotment Date  |
| Final Instalment Payment Date  | 18 months after Allotment Date |

These dates are indicative only.

\*Trading on a deferred settlement basis is not guaranteed. ASX will determine the trading basis after an application is made to ASX to admit the BrisConnections Unit Trusts to the official list of ASX.

BCMCL in consultation with the Underwriters reserve the right to vary the dates and terms of the Offer, which may include closing the Offer at any time before the Closing Date or extending the Offer, subject to the Corporations Act and the Listing Rules, without prior notice. Applicants are encouraged to submit their Applications as early as possible.

### 2.2 Structure of the Offer

The Offer comprises:

|                                |  |
|--------------------------------|--|
| <b>The Public Offer</b>        | Open to Australian resident retail investors   |
| <b>The Broker Firm Offer</b>   | Open to Australian resident retail investors who have received an allocation from their broker                 |
| <b>The Institutional Offer</b> | Open to institutional investors in Australia and a number of other overseas jurisdictions pursuant to this PDS |

#### 2.2.1 Public Offer

The Public Offer is open to all members of the public who are residents of Australia.

##### How many Stapled Units can be applied for?

The minimum number of Stapled Units that can be applied for under the Public Offer is 2,000 and thereafter in multiples of 500. There is no maximum number of Stapled Units that may be applied for under the Public Offer.

##### How to complete an Application Form

Applications under the Public Offer can be made by completing and lodging the Application Form attached to or accompanying this PDS.

A paper copy of this PDS will be provided free of charge to any person who requests a copy by contacting the BrisConnections Offer Information Line on 1800 236 994, or by contacting BCMCL or the Registry by mail or in person during the period that the Offer is open.

Applications must be completed in accordance with the instructions set out in this Section and accompanying the Application Form.

##### Who should cheques be made payable to?

The Application must be accompanied by a cheque(s) or bank draft in Australian dollars drawn on an Australian branch of an Australian bank. Cheque(s) or bank drafts should be made payable to '**BrisConnections Public Offer**' and crossed 'not negotiable'. All amounts must be in cleared funds. Please do not send cash. Receipts for payment will not be issued.

You should ensure that sufficient funds are held in the relevant account(s) to cover the payment. If the amount of your payment for application monies is insufficient to pay for the number of Stapled Units you have applied for in your Application Form, your Application may be rejected or BCMCL may, in its discretion, issue you with fewer Stapled Units than the number for which you applied.

#### Where and when to send your Application Form

Completed Application Forms together with the cheque(s) or bank draft for application monies should be mailed or delivered to the Registry (on behalf of BCMCL) so that they are received no later than 5.00pm Australian Eastern Standard Time on the Closing Date. Applicants are encouraged to submit their Applications as early as possible.

#### Mailing address:

Link Market Services Limited  
Locked Bag A14  
Sydney South NSW 1235

#### Delivery address:

Level 12  
680 George Street  
Sydney NSW 2000

#### Online Application and BPAY®:

Alternatively, you may submit your Application electronically via the internet at [www.brisconnections.com.au](http://www.brisconnections.com.au) and submit your application monies using BPAY®. If you apply online and intend to submit application monies using BPAY®, you must ensure that your payment is submitted and processed by your banks so that funds are received before 5.00pm Australian Eastern Standard Time on the Closing Date.

If you submit an online Application and your payment is not received before 5.00pm Australian Eastern Standard Time on the Closing Date, it will be treated as a late Application and may not be processed. Full details on how to make payment through BPAY® are available on the BrisConnections website at [www.brisconnections.com.au](http://www.brisconnections.com.au).

#### Acceptance of Applications

A completed Application constitutes an irrevocable offer to BCMCL to subscribe for Stapled Units on the terms and conditions outlined in this PDS. BCMCL in consultation with the Underwriters reserves the right to reject any Application, including Applications that have not been correctly completed or are accompanied by payments that are insufficient or dishonoured, or to allocate to any Applicant fewer Stapled Units than the number for which they applied.

If an Application is rejected, or accepted in part only, the relevant part of the surplus application monies will be refunded (rounded down to the nearest whole cent). No interest will be paid to Applicants on any application monies refunded.

In the event that the Offer is oversubscribed, scale back arrangements will apply. The Underwriters in consultation with BCMCL will determine the method of scale back.

#### 2.2.2 Broker Firm Offer

The Broker Firm Offer is open to all Australian resident retail clients who receive an allocation of Stapled Units from their broker.

Applicants under the Broker Firm Offer should follow the application instructions of the broker from whom they receive an offer of Stapled Units.

BCMCL, the Registry and the Underwriters take no responsibility for any acts or omissions by a broker in connection with Applications made under the Broker Firm Offer. BCMCL will not accept an Application if it has reason to believe that the Applicant has not received a complete copy of this PDS.

#### 2.2.3 Institutional Offer

The Institutional Offer is structured in two parts:

- An invitation to Australian resident institutional investors to subscribe for Stapled Units; and
- An invitation to institutional investors resident in certain jurisdictions outside Australia to subscribe for Stapled Units in compliance with all applicable laws in the jurisdictions in which such Stapled Units are offered and sold.

The Underwriters will advise institutional investors of application procedures for the Institutional Offer.

At the time of this PDS, the Underwriters have received firm subscription commitments from a number of institutions including Macquarie Investment Holdings No 2 Pty Ltd (a related entity of Macquarie Capital Group) which has agreed to subscribe for no less than 33.33 million Stapled Units under the Offer, with a fully paid value of \$100 million.

#### 2.2.4 Discretion

BCMCL, in consultation with the Underwriters, has absolute discretion regarding the basis of allocation of Stapled Units, and there is no assurance that any Applicant will be allocated any Stapled Units or the number of Stapled Units for which they have applied.

#### 2.3 Conditions of the Offer

It is expected that Financial Close will occur on or before 30 July 2008. If Financial Close does not occur on or before 1 August 2008, BrisConnections with the consent of the Lenders, Underwriters and the State may defer Financial Close to a date no later than 30 September 2008. If Financial Close has not occurred by 1 August 2008 or the later agreed date and the Stapled Units have not been issued, the Offer will be cancelled. If so, a public statement will be made advising that the Offer has been cancelled. If in these circumstances Stapled Units have been issued, the BrisConnections Unit Trusts will redeem and cancel all Stapled Units issued under the Offer. Investors will be repaid their application monies without interest. Advertisements to this effect will be placed in *The Courier Mail*, *The Australian* and the *Australian Financial Review*.

## 2 Details of the Offer continued

### 2.4 Cooling-off

There is no cooling-off period for an investment in Stapled Units. Investors who have submitted a completed Application Form that has been accepted will not be able to withdraw from BrisConnections other than as permitted by the Corporations Act. Unitholders may, however, offer their Stapled Units for sale once the Stapled Units are quoted on ASX.

### 2.5 Allocation and allotment

Allotment of Stapled Units will be made as soon as possible after the date the Offer closes. The Underwriters and BCMCL reserve the right to allocate Stapled Units offered under this PDS in full on any Application, or to allocate any lesser number, or to decline any Application.

Where no allotment is made or the number of Stapled Units allotted is less than the number of Stapled Units applied for, the surplus application monies will be despatched to the Applicant within 21 days of the Closing Date. Interest will not be paid to Applicants on refunded application monies. BCMCL is entitled to keep any interest earned on the trust account.

### Priority for Queensland Residents

In the event that the Offer is oversubscribed, an Applicant who is a Queensland resident will receive priority in allocation. The basis of such priority will be at the absolute discretion of BCMCL, in consultation with the Underwriters.

### 2.6 Second Instalment

The amount of the Second Instalment is \$1.00 per Stapled Unit. Unitholders who are registered as the holders of the Stapled Units on the Second Instalment Record Date will be required to pay the Second Instalment by the Second Instalment Payment Date.

The Second Instalment Payment Date is 9 months after Allotment Date. BrisConnections will not bring forward the Second Instalment Payment Date to an earlier date. BrisConnections will not increase the amount of the Second Instalment. BCMCL will not accept payment of the Second Instalment until it is called.

If Unitholders do not pay the Second Instalment, BCMCL will take action to recover the amounts owing. While amounts are outstanding, voting and Distribution rights will be suspended. BCMCL will also sell the Stapled Units of Unitholders who have not paid the Second Instalment, in which case those Unitholders will be liable for any shortfall after the amount outstanding plus any applicable interest (calculated from the Second Instalment Payment Date) and the costs and expenses of sale are deducted from the sale proceeds.

BCMCL may apply any proceeds from the resale of Stapled Units plus any applicable interest to pay up the amount of the Second Instalment.

Unitholders who have participated in the DRP in respect of Distributions paid prior to the Second Instalment Payment Date will receive additional partly paid Stapled Units under the DRP. Such Unitholders will be required to pay the Second Instalment and the Final Instalment for these Stapled Units by the Second Instalment Payment Date and the Final Instalment Payment Date respectively if they are still registered as the holders of those Stapled Units.

The payment of the Second Instalment has been fully underwritten by Macquarie Capital Advisers and Deutsche Bank (except for the Second Instalment in relation to partly paid Stapled Units issued under the DRP). To the extent Unitholders default on payment of the Second Instalment, Macquarie Capital Advisers and Deutsche Bank will subscribe or procure subscription of additional Stapled Units to make up the funding shortfall. However, this does not affect the liability of Unitholders to pay the Second Instalment, nor does it guarantee a residual amount to those who have defaulted on payment of the Second Instalment.

### 2.7 Final Instalment

The amount of the Final Instalment is \$1.00 per Stapled Unit. Unitholders who are registered as the holders of the Stapled Units on the Final Instalment Record Date will be required to pay the Final Instalment by the Final Instalment Payment Date.

The Final Instalment Payment Date is 18 months after Allotment Date. BrisConnections will not bring forward the Final Instalment Payment Date to an earlier date. BrisConnections will not increase the amount of the Final Instalment. BCMCL will not accept payment of the Final Instalment until it is called.

If Unitholders do not pay the Final Instalment, BCMCL will take action to recover the amounts owing. While amounts are outstanding, voting and Distribution rights will be suspended. BCMCL will also sell the Stapled Units of Unitholders who have not paid the Final Instalment, in which case those Unitholders will be liable for any shortfall after the amount outstanding plus any applicable interest (calculated from the Final Instalment Payment Date) and the costs and expenses of sale are deducted from the sale proceeds.

BCMCL may apply any proceeds from the resale of Stapled Units plus any applicable interest to pay up the amount of the Final Instalment.

Unitholders who have participated in the DRP in respect of Distributions paid after the Second Instalment Payment Date but prior to the Final Instalment Payment Date will receive additional partly paid Stapled Units under the DRP. These units will be partly paid to the aggregate amount of the Initial Instalment and Second Instalment being \$2.00. Such Unitholders will be required to pay the Final Instalment for these Stapled Units by the Final Instalment Payment Date if they are still registered as the holders of those Stapled Units.

The payment of the Final Instalment has been fully underwritten by Macquarie Capital Advisers and Deutsche Bank (except for the Final Instalment in relation to partly paid Stapled Units issued under the DRP). To the extent Unitholders default on payment of the Final Instalment, Macquarie Capital Advisers and Deutsche Bank will subscribe or procure subscription of additional Stapled Units to make up the funding shortfall. However, this does not affect the liability of Unitholders to pay the Final Instalment, nor does it guarantee a residual amount to those who have defaulted on payment of the Final Instalment.

## **2.8 Disbursement of application monies**

Application monies for Stapled Units offered under this PDS will be held in a trust account for Applicants until the allotment of Stapled Units. The account will be established and kept by BCMCL on behalf of Applicants.

After the Stapled Units have been allotted, the application monies will be paid to BrisConnections under this PDS.

Application monies will be fully or partially refunded where:

- An Application is not accepted or accepted in part only;
- The Offer is withdrawn and/or cancelled by BCMCL; or
- Financial Close does not occur on or before 1 August 2008, or such other date on or before 30 September 2008 agreed by the Lenders, Underwriters and the State.

Interest will not be paid on refunded application monies. BCMCL is entitled to keep any interest earned on the trust account.

## **2.9 Broker stamping fees**

Where the Application Form of an Applicant who receives Stapled Units under the Public Offer bears the code of a member organisation of ASX, the Underwriters will pay that member organisation a broker stamping fee of an amount equal to 1% (inclusive of GST) of the value of Stapled Units allotted to that Applicant (calculated on the value of the Initial Instalment) subject to a maximum amount of \$200 per Application. This fee will not apply to Stapled Units issued under the Broker Firm Offer. This fee will be paid from the Underwriters' fee.

## **2.10 Underwriting**

The Offer, including the instalments, has been fully underwritten by the Underwriters (except for the Second Instalment and the Final Instalment in relation to partly paid Stapled Units issued under the DRP). A summary of the Underwriting Agreement is set out in Section 11.5.22.

## **2.11 ASX Quotation**

No later than seven days after the date of issue of this PDS, an application will be made to ASX for the BrisConnections Unit Trusts to be admitted to the official list of ASX and for the official quotation of Stapled Units issued under this PDS. All contracts formed on acceptance of Applications under the Offer will be conditional on quotation of the Stapled Units on ASX. Quotation is not guaranteed.

## **2.12 CHESS and holding statements**

BCMCL will apply to ASX to participate in the security transfer system known as CHESS. Under CHESS, BCMCL will not issue certificates to Unitholders. BCMCL will operate an electronic issuer sponsored sub-register and an electronic CHESS sub-register.

Following the issue of Stapled Units to successful Applicants, Unitholders will be mailed a holding statement that sets out the number of Stapled Units that have been allotted to them. The holding statement will also advise them of their holder identification number in the case of a holding on the CHESS sub-register, or security holder reference number in the case of a holding on the issuer sponsored sub-register.

Unitholders will be mailed holding statements at the end of any subsequent month during which there has been a movement in their holding of Stapled Units. Unitholders may also request additional statements at any other time either through the Unitholders sponsoring participant in the case of a holding on the CHESS sub-register, or through the Registry in the case of a holding on the issuer sponsored sub-register. The Registry may charge a fee for these additional sponsored statements.

## 2 Details of the Offer continued

### 2.13 Deferred settlement trading

It is expected that the Stapled Units will be quoted on ASX on or about 31 July 2008, on a deferred settlement basis. An application for deferred settlement trading will be made at the same time as an application is made to ASX to admit the BrisConnections Unit Trusts to the official list of ASX.

Trading will initially be on a deferred settlement basis until BCMCL has advised ASX that holding statements have been despatched to Unitholders. Normal settlement trading is expected to commence on or about 4 August 2008.

Public Offer Applicants will also be able to call the BrisConnections Offer Information Line on 1800 236 994 to find out or confirm their allocations.

It is the responsibility of each Applicant to confirm their holding before trading in Stapled Units. Applicants who sell Stapled Units before they receive a holding statement do so at their own risk. BCMCL, the Registry and the Underwriters disclaim all liability, whether in negligence or otherwise, to persons who sell Stapled Units before receiving their holding statement, whether on the basis of a confirmation of allocation provided by any of them or by the BrisConnections Offer Information Line or a broker or otherwise.

### 2.14 Anti-money laundering laws

BCMCL is bound by the provisions of the *Anti-Money Laundering and Counter-Terrorism Financing Act 2006* (Cwlth) (the AML/CTF Act).

Under the requirements of the AML/CTF Act, BCMCL is required to establish an AML/CTF program, the standards for which are prescribed by the AML/CTF Act and associated rules. The program must contain details of BCMCL's customer identification procedures, including details of BCMCL's procedures for the collection and verification of the minimum prescribed information about BCMCL's customers and the agents of its customers.

AUSTRAC, the Australian Government agency which administers the AML/CTF Act and rules, has issued BCMCL a 'no-action' letter however, advising that it will not commence enforcement action against BCMCL should it not comply with its obligations under the AML/CTF Act, subject to specified conditions being met. BCMCL does not therefore propose to collect this information in respect of the Offer.

The letter has been issued on the basis of draft rules released by AUSTRAC which propose to exempt a primary issue of an interest in a managed investment scheme under an initial public offering made in accordance with a product disclosure statement lodged with ASIC from the provisions of the AML/CTF Act, subject to meeting prescribed conditions.

### 2.15 Enquiries

All enquiries regarding the Offer should be directed to the BrisConnections Offer Information Line on 1800 236 994.



# Importance of Airport Link



# 3 Importance of Airport Link

## 3.1 Overview of Airport Link and the TransApex agenda

| Airport Link specifications    |   |
|--------------------------------|---|
| Location                       | Brisbane, Queensland, Australia                   |
| Nature of Concession           | Tollroad, tolls escalate with Brisbane CPI        |
| Type                           | Greenfield project – construction to be completed |
| Tollroad length                | 6.7 kilometres                                    |
| Tunnel length                  | 5.7 kilometres                                    |
| Traffic lanes (each direction) | 3 (north/south) and 2 (east/west)                 |
| Term of Concession             | 45 years  |
| Counterparty                   | State of Queensland                               |

### 3.1.1 Airport Link

BrisConnections has been awarded the Concession to design, construct, operate, maintain and finance Airport Link in Brisbane, Queensland. BrisConnections will receive toll revenue under the Concession, with tolls escalating in line with Brisbane CPI. Airport Link will be a tollroad constructed between Bowen Hills, Kedron and Toombul, with a connection to Gympie Road, Stafford Road and Lutwyche Road at Kedron and Sandgate Road and the East-West Arterial at Toombul. To the south, Airport Link will connect to NSBT which is currently under construction, the Inner City Bypass and the inner city road network. Airport Link will form a critical component of the Brisbane orbital and radial road network.

Airport Link will be approximately 6.7 kilometres in length with approximately 5.7 kilometres of this comprising tunnel and will be the largest tollroad project, in terms of design and construction cost, undertaken in Australia to date. Upon completion, it will be the first free-flow motorway linking Brisbane's CBD to the northern suburbs and Brisbane Airport and is expected to become a key distribution road connecting some of Brisbane's major destinations such as Brisbane Airport, the CBD, northern suburbs, Royal Brisbane Hospital, Australia TradeCoast and Chermshire Shopping Centre.

Airport Link is expected to provide a number of benefits for Brisbane including:

- Improved traffic flow across and within Brisbane's northern suburbs;
- Reduced through-traffic on local and suburban roads;

- Improved accessibility between the CBD, Brisbane Airport and the Australia TradeCoast precinct;
- Improved north-south accessibility between the CBD and Gympie Road, and east-west accessibility between the East-West Arterial and Stafford Road;
- A customer service facility with key performance indicators to measure quality;
- Improved land use opportunities;
- Improved connectivity to, and use of, community infrastructure, such as schools, churches, shopping centres, pedestrian and cycle networks and parklands; and
- Improved environmental and social outcomes for the community through an extensive sustainability strategy which includes:
  - The planting of over 500,000 trees within the Airport Link Corridor; and
  - Fuel and energy consumption reporting during construction and operations to identify opportunities to reduce carbon emissions and maximise energy efficiency.

Figure 3.1 – Airport Link and Airport Roundabout Upgrade



This map is illustrative only and is not to scale.

# 3 Importance of Airport Link continued

The Concession Period is 45 years from Financial Close. Based on a construction period of approximately 47 months, as provided in the Project Deed, BrisConnections will operate Airport Link for approximately 41 years.

BrisConnections will also be required to design and construct:

- The Busway. The State has procured this section of the Northern Busway as part of the Airport Link tender process in order to minimise community disruptions and cost; and
- The Airport Roundabout Upgrade, involving a bridge structure connecting the East-West Arterial over both Nudgee Road and the Gateway Motorway to Airport Drive, together with modifications to the roundabout that currently exists at the interchange.

BrisConnections will not receive any toll revenues from the Busway or the Airport Roundabout Upgrade and will not have any involvement in their operation and maintenance. The State will fund the design, construction and commissioning costs of the Busway and the Airport Roundabout Upgrade.

Both the Busway and the Airport Roundabout Upgrade will be handed over to the State upon commissioning. Despite this, BrisConnections cannot generally commence tolling on Airport Link until all aspects of the Project, including the Busway and the Airport Roundabout Upgrade are complete and until after Airport Link has been open for a four week 'toll-free' period. However, if Airport Link Opening is delayed by late completion of the Busway or the Airport Roundabout Upgrade, the D&C Contractor will be liable to pay liquidated damages to BrisConnections at a daily rate. For more information in relation to the liquidated damages regime refer to Section 11.5.11. There are also circumstances in which completion of the Airport Roundabout Upgrade will not be required before BrisConnections can commence tolling. For more information in relation to those circumstances, refer to Section 11.5.10.

A summary of the material project documents is contained in Section 11.

## 3.1.2 TransApex agenda

TransApex is an initiative of Brisbane City Council involving the construction of five tolled road links to address traffic congestion in Brisbane. TransApex aims to enhance Brisbane's road infrastructure in response to existing heavy congestion in the inner city area and expected high population growth over the next 20 years.

The five elements are:

### 1. NSBT

NSBT is a dual tunnel of two lanes each way currently being constructed below the city of Brisbane and the Brisbane River. It will comprise separate parallel tunnels to cater for both north and south bound traffic. It will provide Brisbane with additional river crossing capacity. NSBT will connect with Airport Link and is expected to be a significant feeder of traffic onto Airport Link.

### 2. Airport Link

BrisConnections has been awarded the Concession to design, construct, operate, maintain and finance Airport Link (see Section 3.1.1).

### 3. Hale Street Link

A contract to construct Hale Street Link has been awarded by Brisbane City Council, which will be an additional river crossing to the west of the CBD. It will be a local link project rather than a cornerstone component of TransApex, providing improvement in local amenity rather than facilitating through-traffic into the wider South Brisbane area. Through linking with the Inner City Bypass, Hale Street Link will also provide a direct route from the South Brisbane area to Airport Link.

### 4. Northern Link

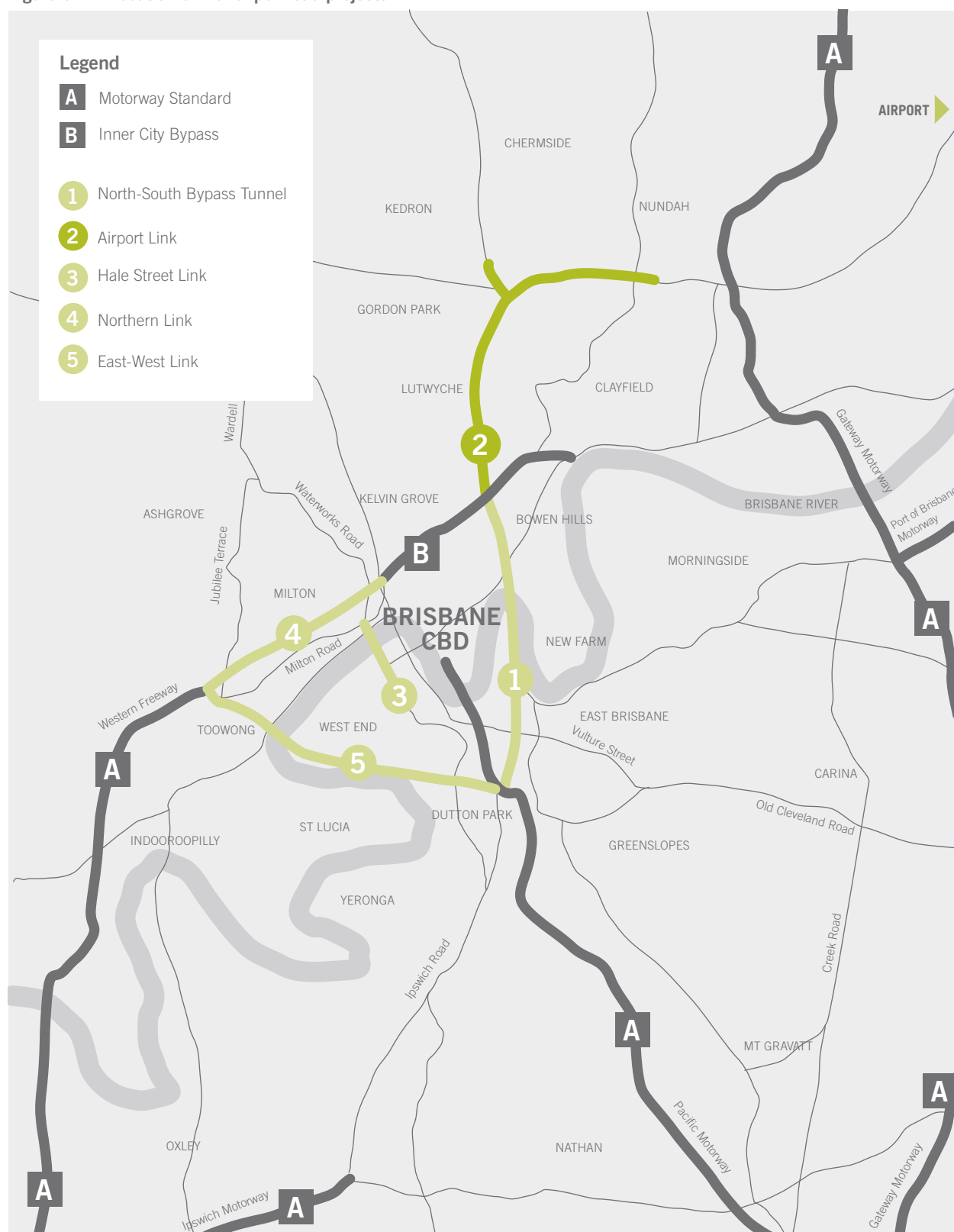
Northern Link will be a north-east and south-west aligned tunnel. It is intended to provide an effective bypass of the CBD for travel from the western suburbs, alleviate congestion on the existing east-west routes of Milton Road and Coronation Drive and reduce the travel time of a return journey between the western suburbs and Brisbane Airport. It is also expected to have the effect of providing direct access for traffic through the Inner City Bypass and onto Airport Link.

### 5. East-West Link

East-West Link will be a further cross-river tunnel and is expected to have a negligible impact on Airport Link traffic. It is expected to be built after 2026 following a review of traffic demand.

The five projects are shown in the map of Brisbane in figure 3.2.

Figure 3.2 – Location of TransApex road projects



# 3 Importance of Airport Link continued

The impact that each TransApex project is expected to have on Airport Link traffic is set out in table 3.1.

**Table 3.1 – Timing of TransApex road projects**

| TransApex Link   | Expected opening year | Likely effect on Airport Link traffic |
|------------------|-----------------------|---------------------------------------|
| NSBT             | 2010                  | Increase                              |
| Airport Link     | 2012                  | –                                     |
| Hale Street Link | 2010                  | Small increase                        |
| Northern Link    | 2014                  | Increase                              |
| East-West Link   | 2031                  | Negligible                            |

## 3.1.3 Gateway Upgrade Project

In addition to TransApex, another major road project within the Airport Link Corridor is the Gateway Upgrade Project. The project involves the construction of a second Gateway Bridge, refurbishment of the existing Gateway Bridge, upgrading of 20 kilometres of the Gateway Motorway and a new Gateway Motorway deviation including a new northern airport interchange. It will provide Brisbane with additional cross river capacity and provide a more direct route north of the river with better access to Brisbane Airport. Construction is currently underway over a number of stages, with final completion expected by 2011.

The Gateway Upgrade Project and TransApex projects have been included in the forecast road network assumptions developed by the Traffic Expert. These assumptions are further set out in the summary of the Traffic Experts' Report in Section 10.

## The need for Airport Link

### 3.1.4 Growth in South East Queensland and Brisbane

Population growth, employment growth, high levels of car ownership and low public transport usage are expected to contribute approximately one million additional trips per day in South East Queensland over the six year period to 2012 (the year Airport Link is scheduled to open).

#### Population

Queensland is the fastest growing state in Australia with an annual compound population growth rate between 1992 and 2006 of 2.3% compared to the national average of 1.2%. Queensland is the third largest Australian state in terms of population with 4.1 million people, behind NSW (6.8 million) and Victoria (5.1 million).<sup>1</sup>

South East Queensland accounted for approximately 75% of Queensland's total population growth between 2001 and 2006. South East Queensland's population of 2.7 million in 2006 is expected to grow to approximately 3 million by 2011 and reach approximately 4.5 million by 2031.

Situated in South East Queensland, Brisbane is the fastest growing capital city in Australia with an annual population growth rate that is twice the national average. Brisbane's population of 1.85 million in 2006 is expected to grow to approximately 2.1 million by 2011 and reach approximately 3 million by 2031.<sup>2</sup>

Expected population growth between 2004 and 2031 for major Australian capital cities is shown in figure 3.3. For this period, Brisbane's projected population growth in percentage terms is expected to be approximately twice that of both Sydney and Melbourne.

**Figure 3.3 – Australian capital city population growth 2004–2031**



Source: Australian Bureau of Statistics

#### Employment

The anticipated population and economic growth in South East Queensland and Brisbane is expected to generate demand for over 550,000 new jobs in Brisbane by 2031. The Brisbane labour force in recent years has displayed strong levels of participation in the labour market and sustained low levels of unemployment.

Note:

1. 2006.

2. These figures relate to the area within the Brisbane Statistical Division.



Table 3.2 shows expected growth in population and employment for both Brisbane and South East Queensland.

**Table 3.2 – Population and employment forecasts**

| Forecast year | Population (million)  |                       | Employment (million)  |                       |
|---------------|-----------------------|-----------------------|-----------------------|-----------------------|
|               | Brisbane <sup>1</sup> | South East Queensland | Brisbane <sup>1</sup> | South East Queensland |
| 2006          | 1.848                 | 2.689                 | 0.968                 | 1.318                 |
| 2011          | 2.064                 | 3.015                 | 1.122                 | 1.522                 |
| 2016          | 2.294                 | 3.362                 | 1.229                 | 1.679                 |
| 2021          | 2.532                 | 3.722                 | 1.330                 | 1.825                 |
| 2026          | 2.766                 | 4.089                 | 1.431                 | 1.960                 |
| 2031          | 3.001                 | 4.460                 | 1.536                 | 2.124                 |

Note:

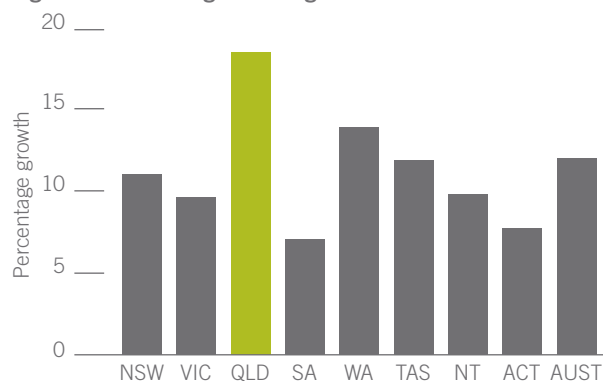
1. These figures relate to the area within the Brisbane Statistical Division.

#### Car registration growth

Vehicle ownership rates in Brisbane are high by Australian standards. In both Brisbane and South East Queensland, over 90% of households own at least one car. For NSW, the same measure is 85%.

Between 2002 and 2006 the number of registered motor vehicles in Queensland increased by 18.5% from 2.45 million to 2.9 million. As shown in figure 3.4, this was the highest percentage increase for any Australian state or territory.

**Figure 3.4 – Car registration growth 2002–2006**



Source: Australian Bureau of Statistics

# 3 Importance of Airport Link continued

Brisbane's high motor vehicle dependence is further illustrated through low usage of public transport services, with only 8.0% of all trips being made by public transport. This compares to 10.5% for Sydney and 11.0% for Melbourne. Further, approximately 75% of peak hour commuter trips to the CBD in Sydney are made by public transport compared to 50% in Brisbane. This is shown in table 3.3.

**Table 3.3 – Public transport usage (Brisbane vs Sydney and Melbourne)**

| Share of trips                                   | Sydney | Melbourne | Brisbane |
|--|--------|-----------|----------|
| Public transport % of all trips                  | 10.5%  | 11.0%     | 8.0%     |
| Public transport % of commuter trips             | 20.0%  | 14.5%     | 10.0%    |
| Public transport % of peak commuter trips to CBD | 75.0%  | 60.2%     | 50.0%    |

## 3.1.5 Demographics and growth in the Airport Link Catchment

The Airport Link Catchment encompasses over 1.1 million Brisbane residents (representing approximately 60% of Brisbane's population) and over 700,000 motor vehicles. Over 700,000 people are employed within the Airport Link Catchment.

The key demographic statistics of the Airport Link Catchment are set out in table 3.4.

**Table 3.4 – 2006 key demographic statistics – Airport Link Catchment**

|   | Population       | Number of jobs | Number of vehicles |
|---|------------------|----------------|--------------------|
| CBD and surrounding areas                 | 59,700           | 237,600        | 41,700             |
| Brisbane Airport and Australia TradeCoast | 5,700            | 37,900         | 3,600              |
| Northern suburbs                          | 585,200          | 219,500        | 355,000            |
| Western suburbs                           | 235,300          | 115,300        | 150,100            |
| Southern suburbs                          | 252,000          | 127,500        | 156,200            |
| <b>Total Airport Link Catchment</b>       | <b>1,137,900</b> | <b>737,800</b> | <b>706,600</b>     |

Table 3.5 summarises some of the key destinations serviced by Airport Link.

**Table 3.5 – Key destinations serviced by Airport Link**

| Origin/Destination                 | Origin/Destination                                 |
|------------------------------------|--|
| CBD, Fortitude Valley and West End | Airport, Australia TradeCoast and Port of Brisbane |
| CBD, Fortitude Valley and West End | Northern suburbs and Sunshine Coast                |
| Western and inner eastern suburbs  | Airport, Australia TradeCoast and Port of Brisbane |
| Western and inner eastern suburbs  | Northern suburbs and Sunshine Coast                |
| Southern suburbs                   | Airport, Australia TradeCoast and Port of Brisbane |
| Southern suburbs                   | Northern suburbs and Sunshine Coast                |

The major markets serviced by Airport Link are discussed in further detail below.

#### **Brisbane CBD**

The Brisbane CBD and surrounding areas comprise the primary employment region of Brisbane with over 235,000 jobs. A number of leading companies have their headquarters based in Brisbane including Virgin Blue, Boeing Australia, Flight Centre, Bank of Queensland and Suncorp.

The Brisbane CBD is currently experiencing substantial growth with a number of residential, commercial and retail developments being undertaken to cater for this growth. Examples of this include the construction of Empire Square, Vision, 480 Queen Street, One One One Eagle Street, 400 George Street and Northbridge. There are also a number of significant projects within the Brisbane CBD awaiting final development or construction approval.

#### **Brisbane Airport**

Brisbane Airport is one of Australia's fastest growing airports in terms of passenger growth, with 10% annual passenger growth from 2003 to 2007. In the year ended 30 June 2007, Brisbane Airport handled approximately 17.5 million passengers, comprising 13.5 million domestic passengers and 4 million international passengers.

A number of potential developments have been planned over the next 15 years aimed at doubling the international terminal capacity, expanding domestic terminal capacity and introducing a new parallel runway.

The Brisbane Airport City commercial hub is Australia's largest on-airport mixed-use commercial development zone (occupying a land area three times the size of Sydney Airport). It employs 18,000 people and will be the South East Queensland base for over 100 operating businesses.

#### **Australia TradeCoast**

Brisbane Airport forms part of the Australia TradeCoast which is the fastest growing industrial and trade precinct in Australia, covering an area of 8,000 hectares of prime industrial land. It currently generates approximately 38,000 jobs (including those jobs generated by Brisbane Airport), a number which is expected to almost double within 25 years.

Also part of the Australia TradeCoast is the Port of Brisbane, currently the only purpose-built, capital city, inter-modal port complex in Australia. It has achieved 13 years of total tonnage growth and 21 years of container trade growth, making it the fastest growing container port in Australia today.

#### **Chermside shopping district and northern suburbs**

The northern suburb of Chermside is the location of the largest retail shopping centre in Queensland, attracting over 12 million customer visits per year. Chermside is expected to benefit from continued growth as large amounts of land in the area are earmarked for future development.

The northern suburbs of Brisbane have a population of approximately 585,000 and over 200,000 jobs. Upon completion, Airport Link will serve as the only motorway standard connection from these suburbs to both the CBD and Brisbane Airport.

### **3.1.6 Critical capacity constraints**

#### **Existing Brisbane road network**

The Brisbane road system is characterised by a strong radial road network, with arterial roads facilitating traffic flow from the CBD area to the outer Brisbane suburbs. The radial links also connect to the CBD river crossings allowing for cross-city travel.

While the southern part of Brisbane is catered for by a number of motorway standard roads, the northern suburbs lack motorway standard roads. This is illustrated in the map of Brisbane's existing road network in figure 3.5 which shows the absence of a motorway standard road (represented by green lines) northward from the CBD.

Further, the northern Brisbane road network is highly signalised, increasing travel times for trips between key destinations such as the CBD, Brisbane Airport and Australia TradeCoast.

These factors highlight the importance of Airport Link which will, upon completion, serve as the only motorway standard road from the CBD to the northern suburbs and Brisbane Airport.

### 3 Importance of Airport Link continued

Figure 3.5 – Existing Brisbane road network

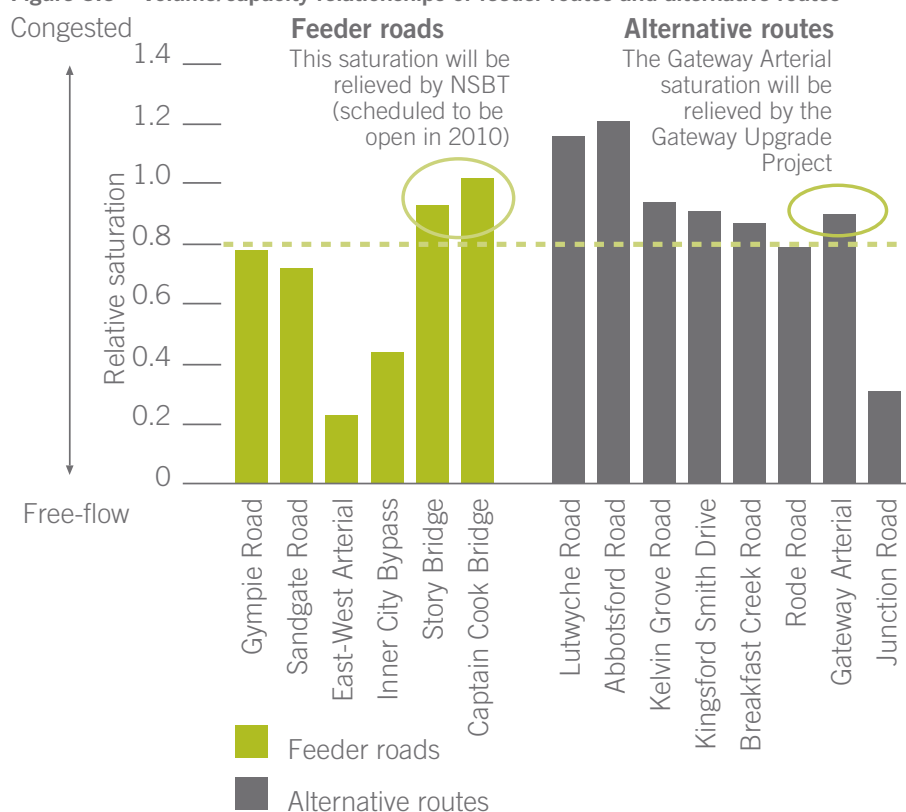


This map is illustrative only and is not to scale.

### Congestion levels in Airport Link Corridor

As shown in figure 3.6, Airport Link's alternatives are constrained arterial roads, and these have a significant number of traffic lights (17 to 22 sets between the CBD and Brisbane Airport depending on route choice) and dedicated pedestrian crossings. As a result, trip times on the competing routes to Airport Link are highly variable with the potential for substantial delays to occur. This should make the potential travel time savings provided by Airport Link attractive to road users. In addition, the feeder routes into the Airport Link Corridor are generally high quality with excess capacity, providing additional patronage support for Airport Link.

**Figure 3.6 – Volume/capacity relationships of feeder routes and alternative routes<sup>1</sup>**



Note:

1. Chart data as at 2004. Relative saturation is calculated as actual traffic divided by lane capacity, with a level of 0.80 and above indicating 'stop-start' traffic conditions.



# 3 Importance of Airport Link continued

The Traffic Expert has forecast that peak period travel times on Airport Link will on average be approximately half the travel times on existing competing routes. Table 3.6 shows these expected travel time savings in 2012. Further detail on the expected travel time savings for 2012, 2016 and 2022 can be found in the summary of the Traffic Experts' Report in Section 10.

**Table 3.6 – 2012 maximum expected peak period travel time savings**

|  | Expected travel times on competing routes (minutes) | Expected travel time on Airport Link (minutes) | Expected maximum travel time savings from using Airport Link (minutes) |
|--|---|--|--|
| Tollable Section 1 – Journey between Bowen Hills and Kedron  | 22–26   | 10   | 12–16  |
| Tollable Section 2 – Journey between Bowen Hills and Toombul | 25–29   | 12   | 13–17  |
| Tollable Section 3 – Journey between Kedron and Toombul      | 14–17   | 5  | 9–12   |

# Construction and Operation of Airport Link



# 4 Construction and Operation of Airport Link

## 4.1 Design and construction

### 4.1.1 Key design features

The key features of Airport Link include:

- Two separate parallel north-south tunnels, each carrying three lanes of traffic in both directions between Bowen Hills and Kedron;
- Two separate parallel east-west tunnels, each carrying two lanes of traffic in both directions between Kedron and Toombul;
- Tunnel portals and network connections at Bowen Hills, Kedron and Toombul; and
- A ventilation system to manage air quality in the tunnel, at the portals and in the external environment.

The design solution has been formulated to optimise traffic flow, enabling faster travel speeds and greater time savings through:

- Dedicated lanes to provide for separate traffic movements with early decision points;
- Lane configuration to minimise traffic merging and weaving; and
- Connections from key feeder routes that avoid intersection delays and streamline traffic flows.

The tunnels will be constructed by a combination of road headers and tunnel boring machines depending on the underlying geology along each section of the tunnel route.

BrisConnections has subcontracted its obligations to design and construct Airport Link to the D&C Contractor under the D&C Contract.

BrisConnections' design for Airport Link and the Busway also incorporates a number of urban design and regeneration initiatives including:

- Creating safe and open access to the Kedron and Lutwyche bus stations that will be built as part of the Busway;
- Creating the Bowen to Bay Urban Parkway – comprising dedicated green space to allow pedestrians and cyclists to travel between Bowen Hills and Moreton Bay;
- Providing tree-lined street boulevards to enhance liveability;
- A connection of new open spaces and cyclepaths from the Boondall wetlands to the Brisbane CBD;
- Enhancing the bicycle and pedestrian network with a new cycle and pedestrian bridge at Bowen Hills, a pedestrian/cycleway at Lutwyche bus station and facilities at Kedron and Toombul to provide safe access for the local community to parklands, public transport and local facilities; and
- Reducing the visual impacts of the ventilation stations at Bowen Hills and Toombul by respectively depressing and burying the buildings.

### 4.1.2 Construction works

The D&C Contractor is an unincorporated joint venture comprising Thiess and John Holland. Thiess and John Holland are both experienced contractors in Australia and Asia with significant resources and road tunnelling experience. These same joint venture partners designed and constructed the Lane Cove Tunnel Project in Sydney and the EastLink Project in Melbourne. Further information on Thiess and John Holland is set out in Section 4.1.6.

BrisConnections considers that Airport Link's design and construction risks have been minimised due to the:

- Use of experienced professional local and international design consultants;
- Reliance on existing technology and utilisation of proven building methods within the competency of the D&C Contractor;
- Investigation of geological conditions and planning of the tunnelling process; and
- The significant level of experience and expertise of the D&C Contractor.

### 4.1.3 Airport Link interchanges

Entry and exit points into and from Airport Link are via three interchanges:

- Bowen Hills Interchange;
- Kedron Interchange; and
- Toombul Interchange.

#### Bowen Hills Interchange

- Traffic travelling between the western suburbs to the northern suburbs or Brisbane Airport can travel along the Inner City Bypass (motorway standard road – three lanes in each direction) to access Airport Link.
- Traffic travelling between the CBD and the northern suburbs or Brisbane Airport can travel via the Inner City Bypass or through the city ramp connections at Campbell Street, Bowen Bridge Road or Lutwyche Road (key northern arterial with three lanes in each direction) to access Airport Link.
- Traffic travelling between the southern suburbs and the northern suburbs or to Brisbane Airport can travel on NSBT (motorway standard tollroad with two lanes in each direction) or via the Riverside Expressway (currently the largest river crossing in Brisbane with four lanes in each direction)/Inner City Bypass, or via the Story Bridge (key arterial river crossing with three lanes in each direction)/city connections, to access Airport Link.

#### Kedron Interchange

- Traffic travelling from the northern suburbs to the CBD, western suburbs or southern suburbs can enter and exit at Gympie Road (the key northern arterial with three lanes in each direction) or Stafford Road (the key northern east-west arterial connector with two lanes in each direction).
- Traffic travelling between the northern to north western suburbs and Brisbane Airport can enter and exit at the specific east-west ramps from either Gympie Road or Stafford Road.
- Traffic travelling northward on Lutwyche Road can enter the east-west tunnel of Airport Link at a specific ramp at Kedron.

#### Toombul Interchange

- Traffic travelling between Brisbane Airport and the north-western suburbs, CBD, southern suburbs or western suburbs can enter and exit at the East-West Arterial (key motorway standard road to and from Brisbane Airport with two lanes in each direction).
- Traffic travelling between the north-eastern suburbs, north-western suburbs, CBD, southern suburbs or western suburbs can enter and exit at Sandgate Road (key northern arterial with three lanes in each direction north of the East-West Arterial and two lanes in each direction south of the East-West Arterial).

#### 4.1.4 Additional works

BrisConnections will also be required to design and construct the Busway and the Airport Roundabout Upgrade. BrisConnections has subcontracted its obligations to design and construct the Busway and the Airport Roundabout Upgrade to the D&C Contractor under the D&C Contract. The State will pay for the construction of the Busway and the Airport Roundabout Upgrade under separate contracts (the NB Works Deed and the Airport Roundabout Upgrade Works Deed respectively), with milestone payments made throughout construction. Upon commissioning, the Busway and the Airport Roundabout Upgrade will be handed over to the State, with the State assuming responsibility for their ongoing operation and maintenance.

#### 4.1.5 Tolling System

The D&C Contractor must also deliver a fully operational electronic Tolling System under the D&C Contract. Airport Link will use an electronic, free-flow tolling system designed to be fully interoperable with other Brisbane and Australian tollroads.

The Directors believe that the use of electronic, free-flow tolling will provide several benefits, including:

- The ability to provide motorists with an uninterrupted journey under freeway conditions;
- The avoidance of delays typically associated with toll plazas or cash toll systems;
- The ability to offer tailored tolling products designed around the travel patterns of various customer groups; and
- Interoperable tags with other electronic tollroads in Brisbane and throughout Australia.

Queensland Motorways has recently announced that it intends to accelerate its transition to electronic free-flow tolling and as such it is expected that free-flow tolling will be mandatory across all Queensland tollroads by July 2009.

The D&C Contractor plans to enter into a subcontract with a tolling system supplier for the Tolling System delivery, including the back office computer system and integration with other project items such as the road-side equipment. The D&C Contractor has identified a short-list of qualifying tolling system providers and at this time has not made a final selection of the specialist subcontractors. The short-listed suppliers identified by the D&C Contractor all have extensive experience in integrating technologies for intelligent transport systems, including recent and proven delivery of best practice multi-lane, free-flow electronic tolling systems.

It is the primary responsibility of the D&C Contractor to ensure the Tolling System and related equipment are commissioned on time and to specification. In support of this commitment, the D&C Contractor has agreed to pay liquidated damages to BrisConnections in the event completion does not occur on time or to specifications.

# 4 Construction and Operation of Airport Link continued

Figure 4.1 – Airport Link, Busway and Airport Roundabout Upgrade





#### 4.1.6 D&C Contractor

The D&C Contractor is an unincorporated joint venture comprising Thiess and John Holland.

##### Thiess

Established in 1934, Thiess is a leading Australian integrated engineering, construction and mining services provider. Thiess had approximately \$4.8 billion of turnover in the 2006-07 financial year and approximately \$9.9 billion of work in hand (as at 31 December 2007). Thiess has more than 10,000 employees and contributed over 41% of the revenue of its parent company, Leighton Holdings, in 2006-07.

Thiess has constructed more than 5,000 kilometres of roads and highways in Australia, including major works on the Western/Metropolitan Ring Road in Melbourne, the Pacific Motorway from Brisbane to the Gold Coast and the Kwinana Freeway extension in Perth. Major infrastructure projects demonstrating recent experience include:

- The \$2.5 billion EastLink project in Melbourne (a joint venture with John Holland);
- The \$1.1 billion Lane Cove Tunnel project in Sydney (a joint venture with John Holland); and
- The \$860 million Epping to Chatswood Rail Line project (ECRL) in Sydney which incorporates the construction of twin 12.5 kilometre tunnels using tunnel boring machines (a joint venture with Hochtief Construction).

##### John Holland

Established in 1949, John Holland is one of Australia's most diversified contractors. John Holland is a leader in the construction of tunnels and underground works both in soft ground and hard rock. John Holland had approximately \$2.4 billion in turnover in the 2006-07 financial year and approximately \$4.4 billion of work in hand (as at 31 December 2007). John Holland contributed approximately 20% of the revenue of its parent company, Leighton Holdings, in 2006-07.

John Holland has constructed over 60 kilometres of tunnels and underground works in the past 15 years. Major infrastructure projects in which John Holland has been involved include:

- The \$2.5 billion EastLink project in Melbourne (a joint venture with Thiess);
- The \$1.1 billion Lane Cove Tunnel project in Sydney (a joint venture with Thiess); and
- The \$1.2 billion Alice Springs to Darwin railway (a joint venture with Barclay Mowlem Construction Limited, MacMahon Holdings Limited and Halliburton KBR Pty Ltd).

John Holland acquired the Transfield Construction tunnelling business in 2003. Transfield's tunnelling experience includes the completion of the 2.3 kilometre Sydney Harbour Tunnel, the Melbourne CityLink Project, the 10 kilometre Airport Rail Tunnel in Sydney and the Graham Farmer Freeway in Perth.

#### 4.1.7 D&C Contract

The D&C Contractor will be responsible for the design, construction and commissioning of Airport Link (including the Tolling System), the Busway and the Airport Roundabout Upgrade, and will perform these obligations under a Fixed Time, Fixed Price Construction Contract. Should construction and commissioning be completed earlier than the date assumed and Airport Link commence operations ahead of schedule, Airport Link will derive revenue for the benefit of Unitholders for a longer period than scheduled. In this circumstance a bonus will be payable to the D&C Contractor at the completion of Ramp-up (see Section 11.5.11 for further details).

The liability of the D&C Contractor is limited to the aggregate of 50% of the D&C Contract Price (which does not include the amount of any liquidated damages or deductibles payable by the D&C Contractor or the amount of any proceeds paid out under insurance policies effected in respect of the Project). This limit does not apply to liability for loss, damage and expense caused by the malicious and deliberate or fraudulent acts of the D&C Contractor, its employees and agents. In the particular case where Airport Link Opening has occurred and the D&C Contract has terminated or where the D&C Contractor's obligation to complete the Airport Roundabout Upgrade is terminated, but BrisConnections is still required to complete the Airport Roundabout Upgrade by the State, the D&C Contractor's liability for the costs to complete the Airport Roundabout Upgrade is limited to 50% of the Airport Roundabout Upgrade Contract Price. The obligations of each party constituting the D&C Contractor are joint and several and are supported by:

- A parent company guarantee from Leighton Holdings for the D&C Contractor's liability under the D&C Contract;
- Security bonds procured by the D&C Contractor (from a bank or insurance company of high credit quality) in favour of BrisConnections and the Security Trustee (in an amount equal to approximately 7.5% of the D&C Contract Price up to Airport Link Opening, reducing to 50% of that amount after Airport Link Opening) until the end of the defects liability period; and
- A liquidated damages regime which will cover the costs of a delay of up to 12 months in Airport Link Opening caused by the failure of the D&C Contractor to reach Airport Link Opening by the scheduled date.

For more detailed information in relation to the D&C Contract, refer to Section 11.5.11 and Section 11.5.17 which summarise key provisions of the contract and related documentation including the D&C Consent Deed.

# 4 Construction and Operation of Airport Link continued

## 4.1.8 Independent Verifier

An Independent Verifier as appointed from time to time under the Independent Verifier Agreement will review the progress of construction and act as certifier to the State and BrisConnections, in accordance with the Project Documents, including the Independent Verifier Agreement and the D&C Contract.

## 4.2 Operation and maintenance

The operation and maintenance of Airport Link will comprise two main areas:

- Tolling and customer service; and
- Roadside operations and maintenance.

### 4.2.1 Tolling and customer service

BrisConnections will undertake the tolling and customer service operations for Airport Link. These functions include:

- Toll and fee collection;
- Marketing of Airport Link and associated customer services;
- Operation of a website, customer service centres and call centres;
- Ensuring appropriate tolling products and payment options are available;
- Electronic tag distribution;
- Managing and negotiating roaming agreements with other tollroad operators; and
- Toll monitoring and enforcement management.

BrisConnections intends to subcontract maintenance and support of the back office computer system to a suitably qualified service provider.

### 4.2.2 Roadside operations and maintenance

The O&M Contractor, an unincorporated joint venture between Thiess Services and John Holland Services will undertake the roadside operations and maintenance of Airport Link. Under the terms of the O&M Contract, the O&M Contractor will be responsible for the overall tunnel operation and day-to-day maintenance of Airport Link for the first five years of the Operations Phase.

Thiess Services is a wholly owned subsidiary of Thiess and is responsible for a diverse range of operation, maintenance and environmental contracting obligations. Thiess Services' total revenue in the 2006–07 financial year exceeded \$727 million and current work in hand is valued at over \$1.9 billion (as at 31 December 2007). Thiess Services has diversified its facilities operation and maintenance capabilities into the transport sector, initially for major tollroad and road tunnel projects. Key personnel with specialist skills and experience in the transport and infrastructure sector have been engaged to complement Thiess Services' project management expertise and experience in other infrastructure sectors.

John Holland Services is a wholly owned subsidiary of John Holland Group Pty Ltd. John Holland Services' total revenue in the 2006–07 financial year was \$14 million and current work in hand is valued at \$67 million (as at 31 December 2007). John Holland Services has a wide breadth of experience including:

- Facilities management: commercial and infrastructure management; and
- Heavy aircraft: engineering and maintenance services.

The O&M Contract is supported by a \$500,000 performance bond that is renewed annually for the life of the contract and parent company guarantees from Thiess and John Holland.

Costs under the O&M Contract for the first five years of operations are fixed. After five years BrisConnections may either elect to extend the O&M Contract, re-tender the contract to other available service providers or bring roadside operations and maintenance in-house. This provides cost certainty in the early years of operations without limiting BrisConnections' ability to replace the O&M Contractor and enhance terms.

### 4.3 Tolling structure

Drivers will be charged tolls on a per trip basis each time they travel through Airport Link.

Tolls are grouped into four bands with the expected base toll levels shown in table 4.1 (in 2006 dollars).

**Table 4.1 – Airport Link tolling structure**

| Category of vehicle       | Tollable Section 1<br>Any journey between<br>Bowen Hills and Kedron <sup>1</sup> | Tollable Section 2<br>Any journey between<br>Bowen Hills and<br>Toombul <sup>1</sup> | Tollable Section 3<br>Any journey between<br>Kedron and Toombul <sup>1</sup> |
|---------------------------|--|--|--|
| Cars                      | \$4.00   | \$4.00   | \$3.00   |
| Motorcycles               | \$2.00   | \$2.00   | \$1.50   |
| Light commercial vehicles | \$6.00   | \$6.00   | \$4.50   |
| Heavy commercial vehicles | \$10.60  | \$10.60  | \$7.95   |

Note:

1. Toll rates in 2006 dollar terms. Amounts inclusive of GST.

In accordance with the terms of the Project Deed, toll levels will be indexed annually with Brisbane CPI until the end of the Concession Period. These toll rates are generally below the estimated value of travel on Airport Link (based on the value of travel time savings to potential users) as calculated by the Traffic Expert. The Directors believe this is an important consideration as it increases the attractiveness of Airport Link to a wider range of potential users.

From the date of Airport Link Opening, BrisConnections may be required to share with the State a portion of revenues in excess of the Base Case Financial Model on an upward sliding scale. For further information see Sections 9.7 and 11.5.1. In addition, BrisConnections will be required to pay the State 50% of any refinancing gains which are not contemplated in the Base Case Financial Model.

#### 4.3.1 Tolling products

As Airport Link is a multi-lane electronic free-flow tollroad, the Directors expect that the majority of users will be account holders with an electronic tag fitted to their vehicle. There are currently over 300,000 tags on issue in Queensland with this number expected to increase prior to Airport Link Opening.

The electronic toll collection system is proposed to be fully interoperable with all other tollroads in Australia. In addition to tags, pass products are proposed to be made available for less frequent users who do not have a tag account.

The tolling products that are proposed to be offered are discussed in further detail below.

##### Bris-Tag

This is aimed at retail customers who will use Airport Link on a regular basis. The customer will be able to purchase the tag which will be linked to an account from which the toll will be deducted each time a trip is made on Airport Link.

##### Fleet-Tag

This is aimed at commercial customers with large fleets that will use Airport Link on a regular basis. It will provide a convenient travel option for employees using company vehicles.

##### Bris-Link Pass

This will be an interoperable pass that will allow an occasional user to travel on both Airport Link and NSBT with a single payment.

##### Connect-Pass

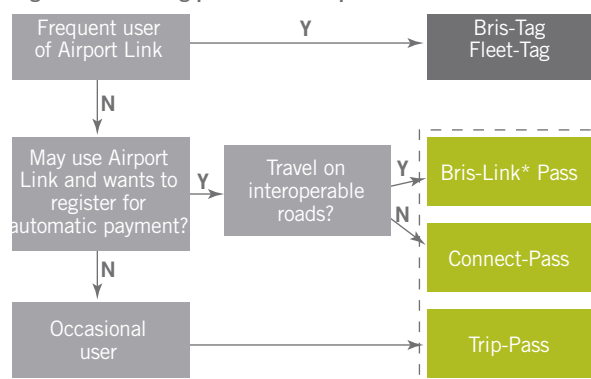
This is aimed at occasional users of Airport Link who anticipate using Airport Link in the future but not regularly enough to warrant the deposit for a Bris-Tag account.

##### Trip-Pass

This is aimed at occasional users of Airport Link who do not want to register for automatic payment. The customer will be able to pay for their Airport Link trip up to 72 hours after their trip or up to six months prior to their travel.

Figure 4.2 shows these tolling products and the customer segments they target.

**Figure 4.2 – Tolling products for Airport Link**



\* Can only be used in conjunction with NSBT.

# 4 Construction and Operation of Airport Link

## 4.3.2 Tolling enforcement

The State has established procedures under legislation for the drivers of vehicles who use tollroads such as Airport Link to be liable to pay tolls. The legislation also sets out procedures for pursuing unpaid tolls, and prescribes the consequences for vehicle owners who fail to pay the toll due or fail to give all the help they can in identifying the driver of the vehicle.

The licence number plates of non-registered users of Airport Link will be identified using video imaging technology. These users have the option of purchasing a post-paid trip pass within 72 hours of travel after which BrisConnections will commence an unregistered user debt recovery procedure.

## 4.3.3 Marketing of Airport Link

BrisConnections will develop a comprehensive marketing plan. The marketing plan will seek to:

- Develop and protect the Airport Link brand;
- Educate customers; and
- Increase patronage of Airport Link.

The marketing plan is expected to include:

- Market research into customer preferences and their perception and knowledge of Airport Link and electronic tolling;
- Direct mail-outs, publications, advertising and community relations;
- Promotional publicity events on attainment of key milestones and opening of Airport Link;
- Establishment of customer channels, including an interactive, responsive e-commerce website, customer service centres and a 24 hour call centre; and
- Product and customer service initiatives to encourage early take up and account opening. These initiatives will include:
  - One month toll free period from opening;
  - Four month purchase fee waiver period from opening for a Bris-Link Pass, Connect-Pass and Trip-Pass;
  - \$50 toll credit for accounts established prior to Airport Link Opening;
  - \$25 toll credit for accounts established during the toll free period; and
  - Additional \$10 toll credit for hybrid vehicle accounts established prior to Airport Link Opening or during the toll free period.

# Corporate Structure and Taxation



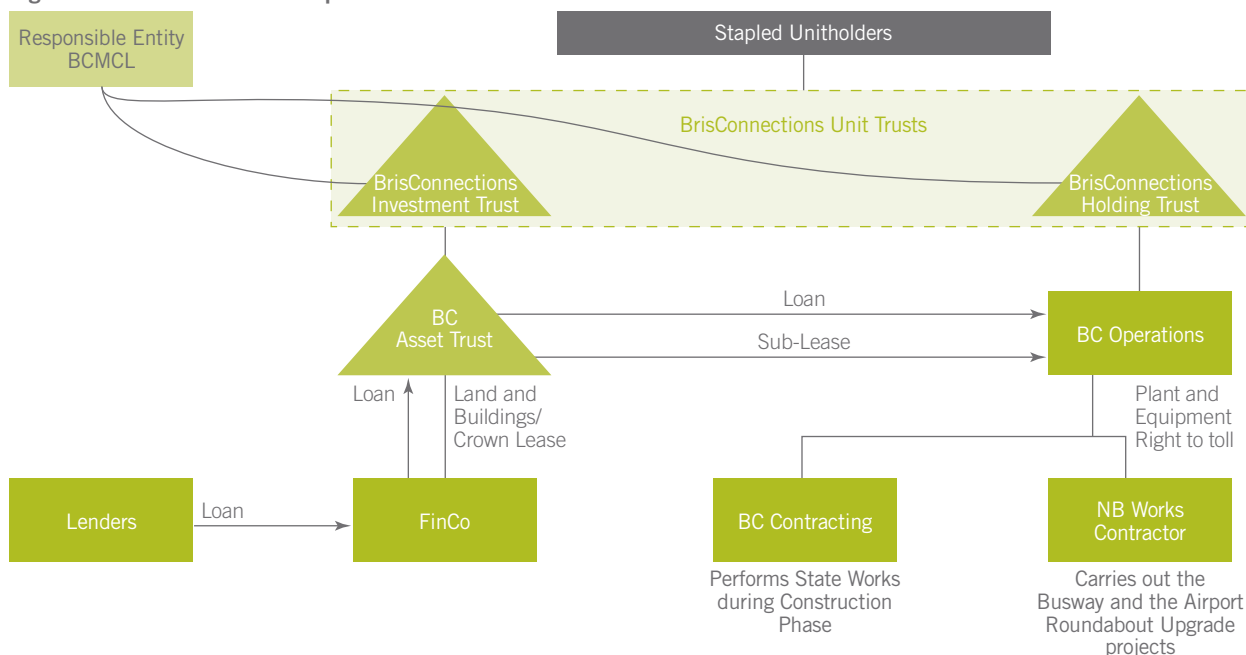
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# 5 Corporate Structure and Taxation

## 5.1 Corporate structure

The key entities in BrisConnections' corporate structure are outlined in the diagram below:

**Figure 5.1 BrisConnections corporate structure**



Note: This is a simplified diagram and does not include some intermediate entities.

- **BrisConnections Investment Trust and BrisConnections Holding Trust** – each trust is a registered managed investment scheme under the Corporations Act. An application will be made to list the BrisConnections Unit Trusts on ASX within seven days of the date of this PDS. BCMCL is the Responsible Entity of both trusts.
- **BC Asset Trust** – has the right and obligation under the Project Deed to design and construct Airport Link and will have a leasehold interest from the State in the land on which Airport Link will be built, as well as over most fixtures on the land at Airport Link Opening.
- **BC Operations** – has day-to-day responsibility for the operation and maintenance of Airport Link and will receive all operating revenue from, and meet all operating expenses of, Airport Link.
  - BC Operations will make rental payments to BC Asset Trust on the land sub-leased to BC Operations and will make interest payments on borrowings provided by BC Asset Trust to BC Operations. When Airport Link is operational, the Directors intend that BC Asset Trust will use this cash flow from BC Operations to meet BC Asset Trust's debt service obligations to FinCo and any other obligations.
- **FinCo** – will enter into Senior Debt finance agreements with the Lenders. Borrowings by FinCo will be on-lent to BC Asset Trust on back-to-back terms with the Senior Debt finance agreements. BC Asset Trust will in turn lend a portion of these funds to BC Operations to enable it to meet its capital expenditure requirements and operating expenses.
- **BC Contracting** – is a wholly owned subsidiary of BC Operations and will perform the State Works which comprise that part of Airport Link whose capital works are equal to the amount of the State Works Contribution.
- **NB Works Contractor** – is a wholly owned subsidiary of BC Operations and will contract with the State to construct the Busway and the Airport Roundabout Upgrade.



## 5.2 Taxation

The taxation information in this Section is of a general nature only and does not take into account your objectives, financial situation or needs. BCMCL recommends you seek independent professional taxation advice which takes into account your individual circumstances.

This Section contains a summary of the principal taxation consequences applying to the holding of Stapled Units by a Unitholder. Unless otherwise specified, the summary:

- Is based on Australian revenue legislation, public taxation rulings, determinations and administrative practice as at the date of this PDS; and
- Relates only to Unitholders who are Australian residents and who hold Stapled Units as a capital asset; that is, the Unitholder will not hold Stapled Units in the course of the business of trading or dealing in such securities or for a profit making purpose.

Provisions of the *Income Tax Assessment Act 1936* (Cwlth) (1936 Tax Act), the *Income Tax Assessment Act 1997* (Cwlth) (1997 Tax Act), the *A New Tax System (Goods and Services Tax) Act 1999* (Cwlth) (GST Act) and the *A New Tax System (Goods and Services Tax) Regulations 1999* (Cwlth) (GST Regulations) are referred to in this Section.

### 5.2.1 Tax characterisation of Stapled Units

Each Stapled Unit will consist of one unit in BrisConnections Investment Trust and one unit in BrisConnections Holding Trust. The units in BrisConnections Investment Trust and in BrisConnections Holding Trust will be stapled and will not be able to be traded or transferred independently of each other. However, the Australian income tax (including capital gains tax (CGT)) consequences of investing in Stapled Units will distinguish between the holding of units in each of BrisConnections Investment Trust and BrisConnections Holding Trust.

### 5.2.2 Taxation of the BrisConnections Unit Trusts

#### Taxation of BrisConnections Investment Trust

BrisConnections Investment Trust should not generally be liable for income tax. Rather, Unitholders will be presently entitled to all of the income of BrisConnections Investment Trust and will generally be the persons who will be taxed on their share of the net income of BrisConnections Investment Trust.

A trust may be taxed in a similar way to a company if the trust is either a 'corporate unit trust' in terms of Division 6B of Part III of the 1936 Tax Act or a 'public trading trust' in terms of Division 6C of Part III of the 1936 Tax Act in respect of the income year.

Neither BrisConnections Investment Trust nor any of its subsidiary trusts will be a corporate unit trust under Division 6B or a public trading trust under Division 6C. In particular, in relation to Division 6C, BrisConnections Investment Trust:

- Will not conduct any business other than 'eligible investment business' as defined in Division 6C; and
- Will not control or have the ability to control, directly or indirectly, the affairs or operations of any entity (including FinCo) which carries on activities other than an 'eligible investment business'.

For a discussion of proposed amendments to Division 6C, refer to Section 6.7.4.

Where a revenue loss or net capital loss is incurred by BrisConnections Investment Trust, one of its subsidiary trusts or FinCo, that tax loss cannot be passed to another of BrisConnections Investment Trust's subsidiaries or to Unitholders. Rather, revenue losses will be carried forward in the relevant entity to be offset against assessable income derived by the entity that incurred the loss in later years, subject to satisfying certain tests for the utilisation of losses. Similarly, net capital losses will be carried forward in the relevant entity to be offset against capital gains in later years.

#### Taxation of BrisConnections Holding Trust

BrisConnections Holding Trust will be a public trading trust under Division 6C of Part III of the 1936 Tax Act. BC Operations will carry on a 'trading business' for Division 6C purposes and BrisConnections Holding Trust will control that company. As such, BrisConnections Holding Trust will be broadly taxed like a company and will pay income tax at the corporate rate (currently 30%) on its taxable income. There is no intention for BrisConnections Holding Trust to choose to form a consolidated group for tax purposes. On that basis, to the extent that BC Operations derives taxable income and is required to pay tax, it would generate franking credits that are capable of being attached to dividends paid up to BrisConnections Holding Trust and ultimately to Distributions paid by BrisConnections Holding Trust.

Any revenue loss or net capital loss incurred by BrisConnections Holding Trust or one of its subsidiary companies cannot be passed to Unitholders. Rather, any such tax losses may be carried forward or offset against assessable income in later years, subject to satisfying relevant tests for the utilisation of losses.

### 5.2.3 Income taxation – Australian resident Unitholders

#### Distributions from BrisConnections Investment Trust

The following discussion assumes that BCMCL determines that the distributable income of BrisConnections Investment Trust for a Distribution Period will be the aggregate of the net income of the BrisConnections Investment Trust calculated in accordance with the provisions of the 1936 Tax Act and the 1997 Tax Act (referred to below as tax law net income) and such other amounts as determined by BCMCL.

An Australian resident Unitholder will be required to include in their assessable income for the income year in which a Distribution Period ends (whether that Distribution relates to a Fixed Distribution Period or otherwise) such part of a Distribution from BrisConnections Investment Trust which

# 5 Corporate Structure and Taxation continued

represents a distribution of the tax law net income of BrisConnections Investment Trust for a Distribution Period. That amount must be included in an Australian resident Unitholder's assessable income for that income year even if the Distribution by BrisConnections Investment Trust is physically paid to the Unitholder in the subsequent income year, or the Distribution amount is reinvested in further Stapled Units under the DRP.

A Unitholder will generally not be required to include in their assessable income such part of a Distribution which represents an amount paid from the capital of BrisConnections Investment Trust or amounts in excess of the tax law net income of the trust (described in this PDS as a 'tax deferred payment'). BCMCL will advise Unitholders of the extent (if any) to which a Distribution consists of tax deferred payments.

## Receipt of tax deferred payments from BrisConnections Investment Trust

The Directors expect that Distributions will be paid on a fully tax deferred basis until the payment of the Distribution for the period ending 31 December 2016. Refer to Section 9.5 for further discussion of expected Distributions.

If a Distribution consists of a tax deferred payment then the cost base of the units in BrisConnections Investment Trust to the Unitholder will be reduced by an amount equal to the tax deferred payment.

If the cost base of the units in BrisConnections Investment Trust is reduced to nil as a result of receiving such tax deferred payments then any further tax deferred payments received by an Australian resident Unitholder in respect of the units in BrisConnections Investment Trust will result in a capital gain to the Unitholder.

## Distributions from BrisConnections Holding Trust

An Australian resident Unitholder will be required to include Distributions from BrisConnections Holding Trust in their assessable income for the income year in which the Distribution is paid (including amounts reinvested in further Stapled Units under the DRP).

Distributions may be franked by BrisConnections Holding Trust in broadly the same way as company dividends, so that an Australian resident Unitholder may be entitled to any franking credits attached to the franked Distribution. For an Australian resident Unitholder to be entitled to franking credits, the Unitholder must be a 'qualified person' (as defined in former Division 1A of Part IIIAA of the 1936 Tax Act). In particular, the Unitholder must satisfy the 'holding period rule', or qualify for an exemption or franking credit rebate ceiling under such provisions. Broadly, the 'holding period rule' requires that the unit in BrisConnections Holding Trust be held sufficiently 'at risk' for more than 45 days. The application of the 'qualified person' provisions and the 'holding period rule' is complex and Unitholders should seek

their own independent professional taxation advice as to whether those rules will affect them.

On the assumption that the Australian resident Unitholder is a 'qualified person', the tax treatment of Distributions from BrisConnections Holding Trust will generally be as follows:

**Individuals** – The Distribution plus any franking credit will be included in the Australian resident individual's assessable income. A tax offset for the amount of the franking credit will be available to offset the tax payable on the individual's assessable income. Any excess tax offset (after offset against tax payable) should be refundable to the individual.

**Companies** – The Distribution plus any franking credit will be included in the Australian resident company's assessable income. A tax offset for the amount of the franking credit will be available against tax payable on the company's taxable income. The company will be able to credit its franking account with the franked amount of the Distribution.

## Trustees (excluding trustees of superannuation funds)

– If Australian resident beneficiaries of a trust are presently entitled to a Distribution of the net income for the year in which the Distribution is derived by the trust, generally the franked Distribution should flow through to, and be taxable in the hands of, the beneficiaries in accordance with their particular tax status and profile (subject to the trust having positive net income and the beneficiaries satisfying the 'qualified person' rules referred to above).

## Life insurance companies (statutory fund) and superannuation funds

– The Distribution plus any franking credit will be included in assessable income. A tax offset for the amount of the franking credit will be available against tax payable. In the case of life companies and complying superannuation funds, a refund of excess franking credits will arise to the extent the offset exceeds the total tax liability. With non-complying superannuation funds and non-complying approved deposit funds, a refund of excess franking credits is not available.

## Quotation of Tax File Number

Unitholders will be provided with the opportunity to disclose their Tax File Number (TFN) or any applicable exemption. Alternatively, where a Unitholder holds the Stapled Units in the course or furtherance of an Australian enterprise carried on by the Unitholder, the Unitholder may quote its Australian Business Number (ABN) instead of their TFN. Although disclosure of a TFN or ABN is not compulsory, Australian resident Unitholders should be aware that, unless they quote the applicable exemption, failure to disclose their TFN or ABN may result in an amount of tax being deducted from the Distribution payments at the top marginal tax rate plus Medicare levy (currently 46.5%).

## Disposal of Stapled Units

Australian resident Unitholders will need to consider their CGT liability upon a sale or other disposal of their Stapled

Units. For CGT purposes, a Unitholder will be disposing of both the unit in BrisConnections Investment Trust and the unit in BrisConnections Holding Trust which together comprise the Stapled Units. A CGT calculation will be required in respect of the units in each trust.

For CGT purposes a capital gain would arise to an Australian resident Unitholder to the extent of any excess of capital proceeds received from the sale or disposal of the units in each trust over the cost base of the respective units to the Unitholder. The capital proceeds received in respect of the combined Stapled Unit should be apportioned on a reasonable basis between the unit in BrisConnections Investment Trust and the unit in BrisConnections Holding Trust. The cost base of the units would include the amount paid by the Unitholder to acquire the units (whether upon issue by BrisConnections Holding Trust or as a result of purchase from a previous Unitholder or pursuant to the DRP) as well as the costs associated with the acquisition and disposal of the units (such as brokerage) incurred by the Unitholder. As noted above, the cost base of the units in BrisConnections Investment Trust may be reduced where a Distribution or part of a Distribution from BrisConnections Investment Trust is attributable to a tax deferred payment.

If the Australian resident Unitholder is an individual and has held the Stapled Units for at least 12 months prior to disposing of them, the Unitholder may be eligible to include only one-half of their net capital gains (that is, after application of any available capital losses) in their assessable income. If the Australian resident Unitholder is a complying superannuation fund or the Stapled Units are a virtual PST asset of a life insurance company and the Stapled Units have been held for at least 12 months prior to disposal, the Unitholder may be eligible to include only two-thirds of the net capital gains (after application of any available capital losses) in their assessable income. If the Unitholder is the trustee of a trust and has held the Stapled Units for at least 12 months then the Unitholder may be eligible to include only one half of the capital gains (after application of any available capital losses) to determine the net income of that trust for Australian income tax purposes.

Conversely, capital losses could arise where the capital proceeds are less than the reduced cost base of the units in the trusts.

#### **5.2.4 Income taxation – non-resident Unitholders**

The following discussion in this section contains general comments in relation to Unitholders who are not Australian residents for income tax purposes. It is very important that a prospective non-resident investor seeks independent professional taxation advice in relation to the tax consequences of investing in the Stapled Units taking into account the particular circumstances of the investor, the tax laws of Australia and of the country of residence of the investor and the relevant tax treaty (if any) between Australia and the country of residence of the investor.

#### **Distributions from BrisConnections Investment Trust**

Unitholders who are not residents of Australia for tax purposes will generally be subject to Australian tax on their entitlement to Australian-sourced income and gains of the BrisConnections Investment Trust. To the extent that the Distributions are subject to Australian withholding tax or the trustee is otherwise subject to tax, an appropriate amount will be withheld from the Distributions by BCMCL.

The relevant rates of tax depend on the nature of the income or gain.

‘Fund payments’ made by ‘managed investment trusts’ (being trusts which are managed investment schemes, widely held and resident in Australia) to non-residents are currently subject to withholding tax at a 30% rate. The fund payment is calculated as an amount equal to the net income of the trust disregarding the following amounts:

- Dividends, interest and royalties that are subject to, or exempt from, withholding tax (discussed below);
- Capital gains arising in respect of the disposal of a capital gains tax asset that is not ‘taxable Australian property’;
- Non-Australian source income; and
- Deductions relating to deriving the income and gains referred to above.

Distributions from BC Investment Trust will, in part, comprise rental income and to the extent that the distributions of that income are made to a non-resident Unitholder, Australian withholding tax at the rate of 30% would currently apply. Unlike the withholding tax applicable to dividends, interest and royalties, this is not a final withholding tax and non-resident Unitholders may still be required to lodge tax returns and pay any difference between the tax due on assessment (at non-resident rates) and the tax withheld (or may be entitled to a refund if the assessed tax is less than the amount withheld).

In the 2008/2009 Federal Budget released on 13 May 2008, the Australian Government announced that fund payments from managed investment trusts will be subject to a new withholding tax regime. The rules will apply to distributions made directly to non-residents and distributions made through intermediaries (including custodians). As set out above, dividend, interest and royalties are not fund payments and will continue to be subject to the existing withholding tax regime.

The new withholding tax measures will progressively reduce the withholding tax rate on fund payments to 7.5% for non-resident investors that are resident in a jurisdiction which has exchange of information arrangements with Australia (to be listed in regulations). For fund payments made in the first year after the legislation introducing the measures receives royal assent, a withholding tax rate of 22.5% will apply (reduced from the current 30%), although this will remain a non-final withholding tax (discussed above). In the second year, a withholding tax rate of 15% will apply which will be a final impost with non-resident investors no longer required to

# 5 Corporate Structure and Taxation continued

lodge Australian income tax returns in respect of the amount withheld. The rate will be reduced to a final imposit of 7.5% from the third year onwards.

Residents of jurisdictions with which Australia does not have exchange of information arrangements will continue to be subject to a 30% withholding tax, with effect for fund payments made from the first year after the legislation introducing the measures receives royal assent. However, unlike the current arrangements, this will be a final withholding tax.

Bills in relation to the above measures (Tax Laws Amendment (Election Commitments No 1) Bill 2008, Income Tax (Managed Investment Trust Withholding Tax) Bill 2008 and Income Tax (Managed Investment Trust Transitional) Bill 2008) were introduced into Parliament on 4 June 2008.

To the extent Distributions from BrisConnections Investment Trust to a non-resident Unitholder consist of income in the form of interest, Australian interest withholding tax at the rate of 10% would generally apply (subject to any relevant tax treaty between Australia and the country of residence of the Unitholder). Some of the tax treaties to which Australia is a party reduce the interest withholding tax rate to nil in certain circumstances.

## Distributions from BrisConnections Holding Trust

Franked Distributions paid by BrisConnections Holding Trust to Unitholders who are not residents of Australia for tax purposes will not be subject to Australian dividend withholding tax.

Unfranked Distributions paid by BrisConnections Holding Trust to non-resident Unitholders will generally be subject to Australian dividend withholding tax at 30% unless the Unitholder is a resident of a country with which Australia has a tax treaty, in which case the withholding tax is generally payable at a 15% rate.

## Disposal of Stapled Units

A Unitholder who is not a resident of Australia for tax purposes and who holds Stapled Units on capital account will not generally be subject to Australian CGT on the disposal of their Stapled Units unless a capital gain is realised as a result of a CGT event (e.g. a disposal) that happens in relation to 'taxable Australian property'.

Broadly, 'taxable Australian property' includes:

- 'Taxable Australian real property' (i.e. real property in Australia and mining, quarrying or prospecting rights);
- An 'indirect Australian real property interest' (i.e. an interest in real property in Australia held through an interposed entity or entities);
- Assets used in carrying on a business at or through a permanent establishment in Australia; and
- An option or right to acquire one of the above.

The Stapled Units would not constitute taxable Australian real property.

The Stapled Units will be an indirect Australian real property interest if that interest satisfies both the:

- Non-portfolio interest test – broadly, where the Unitholder (together with its associates) holds or held greater than 10% of the issued units in either BrisConnections Investment Trust or BrisConnections Holding Trust for more than 12 months in the preceding 2 years; and
- Principal asset test – where the underlying value of the BrisConnections Investment Trust or BrisConnections Holding Trust is principally derived from taxable Australian real property. The test is whether or not the market value of the entity's taxable Australian real property represents more than 50% of the market value of all the entity's assets, excluding any assets acquired for the purpose of not satisfying the principal asset test.

The application of the principal asset test is complex, but will only be relevant if a Unitholder (together with its associates) holds or has held in excess of 10% of the issued units in either BrisConnections Investment Trust or BrisConnections Holding Trust. A Unitholder exceeding or likely to exceed this threshold should obtain its own independent professional taxation advice in this regard.

If a non-resident would be subject to Australian CGT under this test, consideration should be given to any relief which may be available under an applicable tax treaty.

## 5.2.5 Stamp duty

The Queensland Office of State Revenue has confirmed that the Stapled Units will be treated as units in listed unit trusts for Queensland stamp duty purposes and therefore no stamp duty will be payable on the issue of the units. As a result, any transfer, issue or redemption of the units while the Trusts are listed will not attract stamp duty.

## 5.2.6 GST

Under the GST Act, GST is imposed on 'taxable supplies'. A 'financial supply', which is instead input taxed, will not be a taxable supply.

Although no GST is payable on a supply which is input taxed, the person making the supply is unable to obtain input tax credits in respect of any GST in respect of related acquisitions from another person making supplies to them.

The GST Regulations provide that the provision, acquisition or disposal of an interest in a 'security' is a financial supply. For these purposes, a security includes the capital of a trust. As the Stapled Units will constitute an interest in the capital of the BrisConnections Unit Trusts:

- The transfer of the Stapled Units by the Unitholder by way of sale; and
- The disposal of the Stapled Units by the Unitholder upon failure to pay the Final Instalment (whether to the BrisConnections Unit Trusts or to a third party), will be a financial supply which is input taxed and in respect of which no GST is payable.

# Risk Factors



# 6



# 6 Risk Factors

## 6.1 Overview

Prospective investors should be aware that Distributions from BrisConnections and the market price of the Stapled Units may be adversely affected by a number of risk factors. These risks include those:

- Specific to BrisConnections and Airport Link or inherent to investments in infrastructure or tollroad assets; and
- General to investing in the stock market,

and also include, but are not limited to, the risks set out in this Section.

Under the Project Deed and other State Project Documents, BrisConnections has accepted responsibility for most of the risks arising from Airport Link, and indemnifies the State from most liabilities arising from Airport Link. BrisConnections receives the benefit of very few warranties and only some finite and specific promises from the State in relation to Airport Link. However:

- BrisConnections has entered into contracts with third party contractors, which seek to mitigate risk by making contractors bear legal responsibility where practicable; and
- If some specific events occur which have a material adverse effect (Possible MAE Events), BrisConnections is entitled to negotiate with the State to obtain redress.

## 6.2 Traffic risks

### 6.2.1 Traffic volumes

Returns to Unitholders during the Operations Phase will mainly be a function of the volume of traffic using Airport Link and the level of tolls. Traffic volumes are directly and indirectly affected by a number of factors, including among other things, general traffic levels in the area, the quality and proximity of alternative roads and other transport infrastructure, toll rates and fuel prices.

The Airport Link project has been developed based on the traffic volumes projected by Arup, BrisConnections' Traffic Expert. These volumes are a function of numerous assumptions including:

- Demographic and economic conditions, including population and employment growth, inflation, interest rates and taxation;
- The continued growth of passenger numbers and commercial development at Brisbane Airport;
- The occurrence and timing of changes to the structure of road and other transport projects (other than Airport Link) in Brisbane and the Airport Link Corridor (including NSBT and the Airport Roundabout Upgrade). Although the Traffic Expert has made assumptions as to the probable timing of these other projects, there is no guarantee that they will be undertaken in the timeframes assumed;

- The projected traffic volumes assume the completion of NSBT and the Airport Roundabout Upgrade by 2012. NSBT is currently being constructed by RiverCity Motorway Group which is not associated with BrisConnections. Completion of the Airport Roundabout Upgrade by 2012 requires the grant of all necessary authorisations and permits, as discussed in Section 6.3.2;
- The state of the Brisbane road network including the principal road connectors that feed traffic onto Airport Link;
- Changing travel patterns and habits including the average length of trips; and
- Industrial and residential shifts in the area of the Airport Link Corridor including Brisbane's inner city and CBD development.

If any of these assumptions prove to be materially incorrect, the actual traffic volumes may vary significantly from the projected levels.

A summary of the Traffic Experts' Report and projected traffic volumes are set out in Section 10.

Unitholders will bear the risk that traffic volumes and revenue may be adversely affected by various factors including but not limited to:

- Insufficient capacity on the arterial routes feeding into Airport Link;
- Problems integrating Airport Link into other parts of the arterial and local road and transport network and future changes to the surrounding road network;
- A substantive shift in user preference for public transport including that resulting from increasing costs associated with car ownership and utilisation, such as higher fuel prices and the introduction of carbon pricing;
- Slower than expected uptake of new car technologies;
- Community opposition to Airport Link;
- Social instability and other political and economic developments;
- Actual lane capacities for Airport Link being lower than assumed; and
- The traffic modelling assumptions including Ramp-up, annualisation and expansion factors, peak spreading and capping, as detailed in the summary of the Traffic Experts' Report in Section 10, not being realised.

The impact of a significant and sustained increase in fuel prices on traffic volumes is a risk that should also be considered. Increased fuel prices may lead to a reduction in car ownership, car utilisation and a shift in modal share to public transport, walking, cycling or motorbikes and scooters.



Any developments that reduce traffic volumes or inhibit the growth in traffic volumes on Airport Link could have a material adverse effect on BrisConnections' financial condition and results of operations.

### 6.2.2 Competitive risk

Airport Link traffic may also be affected by the improvement of existing alternative routes and/or the construction of new alternative routes or new means of transportation. There is no assurance that alternative roads that may allow for no tolls or faster travelling speeds will not be built or improved. In particular, the State has given no undertaking as to how it will manage other roads in the area. There are no restrictions under the Project Deed on the State, its associates or any council to develop, manage or change Queensland's transport network (including road and public transport networks).

Unitholders bear the risk that the State (either itself, or through another party):

- Constructs new tollroads, freeways or other roads;
- Connects new or existing tollroads, freeways and other roads to Airport Link;
- Extends, alters or upgrades existing freeways and other roads; or
- Constructs new public transport routes or adds or improves services.

## 6.3 Construction risks

### 6.3.1 Design and construction risks

There is a risk that construction of Airport Link, the Busway or the Airport Roundabout Upgrade could be delayed, as is inherent in all construction projects. BrisConnections cannot generally commence tolling until all aspects of the Project, including the Airport Roundabout Upgrade and the Busway, are complete. Design and construction of Airport Link, the Busway and the Airport Roundabout Upgrade are subject to a number of risks including:

- Risks associated with the implementation of the tender design through to the final design for Airport Link, the Busway and the Airport Roundabout Upgrade;
- Authorisation and permit issues (see Section 6.3.2 below);
- Risk associated with the tunnel boring machines, including delays in delivery, commissioning and major mechanical breakdown;
- Collapse of roof in driven tunnel areas;
- Delays interconnecting Airport Link with NSBT (which is currently under construction);

- Environmental risks including noise restrictions (which may limit hours of work) and unanticipated land contamination;
- Geotechnical risks associated with the construction of the tunnels including flooding and groundwater issues; and
- Industrial action.

Section 6.3.3 outlines how the design and construction risk is allocated between BrisConnections and the D&C Contractor. Design and construction risks are discussed in the summary of the Technical Reviewers' Report contained in Section 10.

The Issuer and Sponsors have effectively jointly and severally agreed to indemnify the Technical Reviewer for all claims made by third parties arising out of the inclusion of the summary of the Technical Reviewers' Report in this PDS. Therefore, investors bear the risk of any claims being made by third parties in respect of this report.

### 6.3.2 Authorisations and permits

A number of authorisations and permits will be required for Airport Link, the Busway and the Airport Roundabout Upgrade. These will be issued by various authorities. Some permits may be appealed by BrisConnections or third parties. The timetable for these processes cannot be controlled by BrisConnections.

If the terms of an authorisation or permit received during the design and construction of Airport Link, the Busway or the Airport Roundabout Upgrade increase the costs of Airport Link, the Busway or the Airport Roundabout Upgrade, any additional design and construction costs will be borne by the D&C Contractor under the terms of the D&C Contract (except in certain circumstances where a planning approval condition in a Coordinator-General's report or the Project Deed is amended) and BrisConnections will bear any additional operating costs in relation to Airport Link. It is possible that delays in obtaining requisite authorisations or permits may result in delays in construction and BrisConnections may incur economic loss although, in relation to the Airport Roundabout Upgrade, until key Commonwealth Government or State environmental approvals are obtained, BrisConnections is not required to construct the Airport Roundabout Upgrade. If receipt of these approvals is delayed beyond a specified date, BrisConnections will have no obligation to construct the Airport Roundabout Upgrade. In this case, if the Airport Roundabout Upgrade is to be constructed, this construction would need to be undertaken by the State.

### 6.3.3 Contractual allocation of risk

Under the D&C Contract, the D&C Contractor is responsible for constructing Airport Link, the Busway and the Airport Roundabout Upgrade under a Fixed Time, Fixed Price Construction Contract. As a consequence, the D&C Contractor bears the material risk that Airport Link, the Busway and the Airport Roundabout Upgrade will not be completed on time, within budget and to the agreed specifications.

# 6 Risk Factors continued

In most cases the D&C Contractor carries the risk of the event that caused the delay and, if either Airport Link Opening or the completion of the Tollroad Control Centre do not occur by their respective expected dates of completion, the D&C Contractor will be liable to pay liquidated damages to BrisConnections. The amount of liquidated damages payable is capped at \$2 million in respect of a failure to complete the Tollroad Control Centre three months before the date of Airport Link Opening and at \$431 million (based on market interest rates at 14 April 2008) in respect of a failure to achieve Airport Link Opening by the expected date for Airport Link Opening. The \$431 million may change to reflect movements in interest rates between 14 April 2008 and Financial Close.

Under certain circumstances, liquidated damages may not be payable where Airport Link, the Busway and the Airport Roundabout Upgrade and the Tolling System are not completed by their respective scheduled dates, including where a delay is caused by:

- Certain insured events;
- A native title claim;
- Discovery of an artefact;
- A legal challenge to a planning approval;
- A breach of contract by the State; or
- An act or omission of BrisConnections.

In all but the last of these circumstances, BrisConnections may have a right to redress for some but not necessarily all costs from the State or under insurance policies.

The D&C Contract contains certain 'pay when paid' arrangements in respect of amounts that may be claimed by the D&C Contractor. There is a risk that the *Building and Construction Industry Payments Act 2004* (Qld) may render the operation of these 'pay when paid' arrangements void which may result in BrisConnections becoming immediately liable for the amounts claimed by the D&C Contractor. Nevertheless, this approach is used in other Queensland and Australian tollroad projects and there are various factors which support the arrangement in the project documentation.

### 6.3.4 Insolvency risk

If the D&C Contractor becomes insolvent, BrisConnections will bear the time delay and cost of finding a new contractor who may negotiate a different price or other terms to complete the construction. However, BrisConnections would have the benefit of the construction bond procured by the D&C Contractor.

### 6.3.5 Environmental risk

Airport Link has been subject to an Environmental Impact Study (EIS). Similarly, the Busway has been subject to a Concept Design and Impact Management Plan (CDIMP). BrisConnections considers it unlikely a further EIS or CDIMP will be required.

Airport Link is required to comply with certain conditions arising out of an evaluation of the EIS as provided for in the Coordinator-General's report for Airport Link. The Coordinator-General's assessment of changes which have been made to the design for Airport Link which was previously assessed in the Coordinator-General's report is required as a condition to the Project Deed coming into full operation.

Before BrisConnections will be required to construct the Airport Roundabout Upgrade, key Commonwealth Government and State environmental and planning approvals need to be obtained and processes completed. The D&C Contractor will accept the impact of any conditions attached to Commonwealth approvals. In relation to State approvals, if any conditions attached fall outside a pre-agreed set of conditions, BrisConnections is entitled to seek redress from the State.

BrisConnections also remains at risk if, after construction has been completed, contamination of the site is discovered that was not discovered by or caused by the D&C Contractor.

### 6.4 Operational risks

There is a risk that the operation of Airport Link could be adversely affected by a number of events, as is inherent for a project of this nature, including (without limitation):

- Failure of the Tolling System;
- Traffic management issues, including temporary closure due to traffic incidents;
- Failure of the air ventilation system;
- Fire; and
- Flooding.

Section 6.4.1 outlines how the operational risks are allocated between BrisConnections and the O&M Contractor.

#### 6.4.1 Operation of Airport Link

Under the Project Deed, BrisConnections must operate and maintain Airport Link in accordance with 'operation and maintenance best practices'. That term is broadly defined and includes a principle of continuous improvement, including a requirement to incorporate advances in technology consistent with other tollroads. The costs of continuous improvement for maintenance and repairs are borne by the O&M Contractor to the extent that they are in the agreed scope. Where the costs are not within the agreed scope, they will be borne by BrisConnections.

BrisConnections may from time to time be required to comply with other changes in law, regulatory orders or changes in operating standards. Unitholders bear the risk if BrisConnections must incur material costs to meet this obligation, since BrisConnections will not be entitled to recoup that cost by a toll increase. However, if the increase in cost results from a Discriminatory Change in State Law or a change in air filtration law which has a material adverse effect, BrisConnections may be entitled to renegotiate the terms of the Project Deed with the State as set out in Section 11.5.1.

Under the O&M Contract, the O&M Contractor will be responsible for the general operation and maintenance functions of Airport Link and maintained non-Airport Link works (excluding the Tolling System but including certain roadside equipment components supporting the Tolling System) and the provision of certain customer services (such as traffic information management and traffic incident management). BrisConnections will be directly responsible for the remainder of the operation and maintenance of the Tolling System and collection of tolls.

Unitholders bear the risk if the loss suffered by BrisConnections from a default by the O&M Contractor exceeds the limit of the O&M Contractor's liability under the O&M Contract and from the O&M Contractor's insolvency (although recourse may be had to the O&M Guarantor, see Section 11.5.18).

#### **6.4.2 Renewal of O&M Contract**

The O&M Contractor will perform its obligations under the O&M Contract from Financial Close until five years after the date of Airport Link Opening (unless terminated earlier). After this time, BrisConnections has the opportunity to renew the O&M Contractor's contract, to re-tender these services, or to perform them in-house.

There is a risk that the terms on which BrisConnections is able to renew or re-tender the O&M Contract are less favourable than the terms of the current O&M Contract. In addition, the costs to BrisConnections of performing these services in-house may be higher than the costs under the current O&M Contract.

#### **6.4.3 Revenue collection**

The Tolling System (including accounting, back office and customer service systems) will be operated by BrisConnections. BrisConnections' tolling revenues (and Unitholders' returns) depend on a reliable and efficient Tolling System.

Unitholders bear the risk if BrisConnections is not able to operate and maintain the Tolling System in the manner expected, or if the cost of operation and maintenance is greater than expected.

Revenue collection relies on the Tolling System including tags, readers and roadside equipment (hardware) together with software working as an integrated package. If implementation problems occur Airport Link would open but the costs of collecting tolls may increase.

The D&C Contractor is required to deliver the Tolling System and is liable for the payment of penalties to BrisConnections if the Tolling System is not delivered in accordance with the terms of the D&C Contract.

BrisConnections intends to enter into an agreement with a suitably qualified service provider for maintenance of the Tolling System.

#### **6.4.4 Interoperability**

The Tolling System will be designed to be interoperable with other Australian tollroads including NSBT. BrisConnections intends to enter into agreements with other Australian tollroads under which:

- Customers of other tollroads may use Airport Link, and BrisConnections will invoice the other tollroad operators for that usage; and
- Customers of BrisConnections may use other tollroads, and the operators of those other tollroads will invoice BrisConnections for that usage.

BrisConnections has reached agreement on the principles of a roaming agreement with Queensland Motorways Limited and roaming agreements will be sought with all interstate tollroads.

Unitholders bear the risk that these agreements may not be successfully negotiated or may be concluded on terms materially different from those contemplated. This may result in a reduction in BrisConnections' net revenue.

#### **6.4.5 Major maintenance**

BrisConnections must meet the cost of all major repairs and maintenance to Airport Link other than those for which the O&M Contractor is responsible. BrisConnections has made an allowance for contributions to a maintenance reserve sinking fund for periodic maintenance work.

Unitholders bear the risk if major repairs and maintenance costs are more than projected, as BrisConnections will not be entitled to increase tolls to recover that cost. Damage to Airport Link may be covered under the insurance policies that BrisConnections will obtain, depending on the cause of the damage, and the terms of the applicable policies.

# 6 Risk Factors continued

## 6.4.6 Industrial relations during the Operations Phase

The O&M Contractor assumes sole responsibility for industrial relations issues relating to the carrying out of the O&M activities and the O&M Contractor's other obligations under the O&M Contract. If BrisConnections is not able to collect tolls due to industrial action by the O&M Contractor's personnel, the O&M Contractor's liability would be limited to its capped liability of \$15 million (refer to Section 11.5.18) and Unitholders bear the risk of losses above that level. Liability for loss, damage and expense caused by the malicious and deliberate or fraudulent act of the O&M Contractor or its employees or agents, any losses attributable to the O&M Contractor's key performance indicator failures or any losses arising out of the O&M Contractor's breach of intellectual property provisions (to the extent that the intellectual property breach causes an amount to be owed by BrisConnections to the State) are not subject to the cap on liability.

Unitholders are exposed to the risk of any other industrial actions that may occur during the Operations Phase, including industrial relations issues arising in relation to the Tolling System.

## 6.5 State risk

### 6.5.1 Termination of Project Deed

There are several circumstances that could result in the Project Deed being terminated before the end of the Concession Period. Depending on the circumstances that cause the premature termination of the Project Deed, Unitholders may incur economic loss.

#### Termination by the State for default by BrisConnections

In the event of default by BrisConnections, the State may give notice to BrisConnections and the Security Trustee requiring that the default be remedied within a reasonable period. BrisConnections must comply with that notice. If BrisConnections believes in good faith that the time specified is not reasonable, the matter may be determined under the dispute resolution provisions of the Project Deed.

The Project Deed contains a detailed list of events of default by BrisConnections. BrisConnections is entitled to a reasonable remedy period not exceeding six months, provided it is diligently pursuing the remedy of the default. The Security Trustee is entitled to a further remedy period under the Debt Finance Side Deed (see Section 11.5.3).

#### Termination by BrisConnections

BrisConnections may also terminate the Project Deed if BrisConnections is prevented from exercising its rights under the Project Deed due to certain circumstances set out in the Project Deed (see Section 11.5.1). If BrisConnections is entitled to terminate the Project Deed, BrisConnections would receive an early termination amount from the State.

The basis of the calculation of this amount is set out in Section 11.5.1. There is a risk that the State may not pay the early termination amount (in full or at all) and that the early termination amount may not fully compensate investors in respect of their investment in BrisConnections and accordingly investors may incur an economic loss.

### 6.5.2 Change of control

A change in control of the entities constituting BrisConnections may trigger a default under the Project Deed unless the State consents. However the State may only reject a change of control if the person acquiring control is not solvent or reputable, or has a conflict of interest with the State, or the change would be against the public interest, or have certain adverse impacts. Prospective investors should be aware that this may limit the ability of some entities to acquire a controlling interest in BrisConnections and in some circumstances the possibility of a control premium associated with the takeover of listed entities.

In addition to these restrictions, any transfer of units by John Holland Trustee and Thiess Trustee in the period until the expiry of two years after Construction Completion will require the consent of the State, which the State may grant in its absolute discretion.

### 6.5.3 Occurrence of various key risk events ('Possible MAE Events')

The Project Deed defines certain events as being 'Possible MAE Events' (see Section 11.5.1). If a Possible MAE Event occurs which has a material adverse effect on BrisConnections then it may negotiate changes to the terms of the Project Deed to restore BrisConnections' previous ability to pay the Senior Debt and to pay the Base Case Equity Return (or the Equity Return, if lower). Changes to tolls or to the Concession Period or other methods of redress contemplated by the Project Deed may not necessarily achieve this result, in which case, as a last resort, the parties may negotiate for a contribution by the State.

BrisConnections may be required to incur expense in remedying a Possible MAE Event and compensation through increased tolls or a longer Concession Period may not provide the immediate funding required. There is therefore a cash flow or financing risk in relation to the Possible MAE Events.

The loss BrisConnections suffers or may suffer must have a 'material adverse effect' prior to BrisConnections being entitled to negotiate changes to the Project Deed. What is considered 'material' may vary in a particular context or at a particular time.

### 6.5.4 Legislative risk

Unitholders are exposed to the risk that the State or other authorities may exercise their powers under legislation in a way that is not beneficial to the Project or to BrisConnections.

The terms of legislation prevail over any contrary provision of the Project Deed. BrisConnections is also subject to the general State laws that apply to the construction and operation of roads. The State remains free to exercise its powers under the law and to exercise its general executive powers, even if this may be contrary to the terms of the Project Documents. However (except where the State's action is in the exercise of a duty under the law) BrisConnections may nevertheless be entitled to claim damages from the State, if the State's exercise of executive power is contrary to an express obligation of the State under the Project Deed.

In addition, if the State's action amounts to a Discriminatory Change in State Law, BrisConnections may be entitled to redress by renegotiating certain terms of the Project Deed or in some cases to terminate the Project Deed (see Section 11.5.1).

#### **6.5.5 Tolling breaches enforcement risk**

Motorists who do not pay tolls may either be the subject of direct legal action from BrisConnections where a contract is in place or may be referred to the State, which may (but is not obliged to) take enforcement action under the *Transport Infrastructure Act 1994* (Qld). If the State does not pursue such enforcement actions in broadly the same way that it pursues the enforcement of toll evasion on other tollroads, BrisConnections may be entitled to redress by renegotiating certain terms of the Project Deed. Subject to that circumstance, Unitholders bear the risk if either BrisConnections' or the State's enforcement actions against defaulting motorists are not successful and if BrisConnections' own enforcement actions are more costly or take more time than expected.

### **6.6 Financing risks**

#### **6.6.1 Financial Close risk**

If allotment has occurred but Financial Close does not occur on or before 1 August 2008, or such other date on or before 30 September 2008 agreed by the Lenders, Underwriters and the State, the BrisConnections Unit Trusts will redeem all Stapled Units for the Initial Instalment and may also redeem some or all of the Stapled Units issued to Thiess Trustee and Macquarie Capital Group in connection with the commencement of the BrisConnections Unit Trusts and all application monies will be returned to Unitholders at that time. A condition precedent to Financial Close is the provision of unconditional direct pay letters of credit from reputable banks by Thiess Trustee and John Holland Trustee to support their equity subscription obligations. If these parties fail to provide the required letters of credit, Financial Close will not occur.

Further, under the Project Deed, the State must consult with and receive from the Coordinator-General a report to take account of BrisConnections' concept design of Airport Link and any changed or new conditions to the planning approval for Airport Link as a condition precedent to Financial Close.

The Coordinator-General may impose new conditions or amend the conditions to the planning approval for Airport Link such that the cost of Airport Link or the expected time for construction may increase. BrisConnections has in place arrangements with the D&C Contractor, Thiess Services, John Holland Services, the State and Lenders in respect of any new or amended conditions, which are designed to compensate Investors for the need to comply with those new or amended conditions.

In certain circumstances, the State may elect to proceed to Financial Close on the basis that receipt of the report from the Coordinator-General is treated as a condition subsequent to be satisfied after Financial Close. If such condition subsequent to Financial Close is not achieved on or before 30 September 2008, BCMCL will be required to redeem all Stapled Units for the Initial Instalment and return all application monies (after deduction of costs of redemption and any other costs incurred for which BrisConnections is not indemnified) will be returned to Unitholders at that time. This may result in a material loss to investors.

#### **6.6.2 Payment of forecast Distributions**

Payment of Distributions is at the discretion of the Directors. Unitholders should be aware that while the present intention of the Directors is to pay semi-annual Distributions, BrisConnections will only pay Distributions having regard to the financial circumstances of BrisConnections and there is no guarantee that all Distributions (including the Distributions during the Fixed Distribution Period) will be paid.

The Lenders will have the right to prevent BrisConnections paying cash Distributions to Unitholders if certain financial covenants and other distribution tests are not met. In certain situations the Directors may elect to pay the Distribution in the form of Stapled Units (subject to certain conditions, including those described in Section 11.5.14). See Section 11.5.14 for a description of certain restrictions on Distributions.

In addition, during the Fixed Distribution Period, the payment of forecast Distributions will be subject to the DRP Rules and in respect of Distributions other than the first Distribution will be subject to the conditions of the DRP Underwriting Agreement being satisfied and the DRP Underwriter subscribing for Stapled Units to fund those cash Distributions (as required). Accordingly, Unitholders may be required to accept additional Stapled Units (calculated on the same basis as the DRP) instead of a cash Distribution. Stapled Units issued under the DRP prior to the Final Instalment Payment Date will be partly paid Stapled Units and the Unitholder will be liable to pay the Second Instalment of \$1.00 (for those Stapled Units issued prior to the Second Instalment Payment Date) and the Final Instalment of \$1.00 in relation to them.



# 6 Risk Factors continued

## 6.6.3 Risk of debt not being available

The availability of the Senior Debt at Financial Close is subject to a number of conditions precedent.

Each drawdown of Senior Debt by BrisConnections during the term of the Debt Financing Facilities is also subject to the satisfaction of certain additional conditions precedent. Unitholders bear the risk of non-compliance with these conditions precedent, which may result in BrisConnections being unable to make drawdowns which may lead to default under the Project Deed and the D&C Contract and Distributions to Unitholders being withheld.

## 6.6.4 Interest rate risk

If real long-term interest rates increase, Unitholder returns may be adversely affected as an increase in real interest rates will increase BrisConnections' debt servicing costs on that part of BrisConnections' debt that is not hedged.

Prior to Financial Close, BrisConnections will enter into interest rate hedges to fully hedge its interest rate exposure during construction of Airport Link. Thereafter, it will hedge a minimum of 80% of its interest rate exposure until the tenth anniversary of Financial Close.

## 6.6.5 Refinancing risk

BrisConnections has assumed that the Term Debt Facility will be refinanced in 2012, 2018, 2024, 2030 and 2035 respectively. There is a risk that BrisConnections will be unable to arrange these refinancing facilities as and when assumed, or that the terms of any refinancing are less favourable to BrisConnections than assumed. The assumptions BrisConnections has made in respect of its ability to refinance its debt facilities are set out in Section 9.6.5.

The Term Debt Facility is required to be refinanced on the maturity date which is 10 years after Financial Close. There is a risk that BrisConnections will be unable to arrange refinancing facilities as and when required to repay the Term Debt Facility on the terms expected, or that the terms of any refinancing are less favourable to BrisConnections than expected.

## 6.6.6 Risk of debt default

An event of default occurs under the Syndicated Facilities Agreement when the interest cover ratio (after including cash available from the Ramp-up reserve in the numerator) is less than 1.10x. This occurs in the Base Case Financial Model when a higher than 40% reduction to projected traffic volumes is uniformly applied across the entire operating period for Airport Link.

## 6.6.7 Insurance risk

Where an event occurs, including a force majeure event described in Section 6.7.5 or other event causing physical damage to, or loss of, property, there is a risk that BrisConnections will incur economic loss as a result of such an event if BrisConnections is unable to seek redress from the State or other third parties. In particular, a risk may arise because of the length of the delay in start up insurance which is commercially available. This may result in loss, as the coverage in the D&C Contract for the time deductible under that insurance will only cover part of the economic loss which may be incurred due to any delay to completion of the Project in these circumstances.

BrisConnections may also be adversely affected if no or inadequate insurance has been taken out or there is any delay or failure to make payment by an insurer in respect of risks that have been insured.

Under the Debt Finance Side Deed (summarised in Section 11.5.3), if insurance proceeds in respect of a loss are greater than \$250 million (indexed to CPI) and it is not economically viable to reinstate the Project, as there are insufficient insurance proceeds to fund the reinstatement, the debt financiers may require these proceeds to be applied to redress debt, and BrisConnections will continue to have an obligation to reinstate the Project under the Project Deed.

## 6.6.8 Failure of deferred subscriptions

BrisConnections is to be partly funded by the Deferred Equity Tranche (refer to Sections 9.2.2 and 11.5.20).

There is a risk that the deferred subscribers Thiess Trustee and John Holland Trustee may fail to pay the subscription amount for their Deferred Equity Tranche on the Deferred Equity Contribution Date. Thiess Trustee and John Holland Trustee may with the consent of the State assign their obligation to subscribe to a third party. Although that third party must provide unconditional letters of credit, there is a risk the third party may fail to pay the subscription. In such circumstances, the unconditional letters of credit from major trading banks to be provided by the deferred subscribers as a condition precedent to Financial Close (or by any substitute subscriber) may be drawn upon. This will result in funding nonetheless being provided to BrisConnections. If a letter of credit was unable to be drawn, BrisConnections would have less funding than anticipated and would be adversely affected.



## **6.7 Other risks**

### **6.7.1 Single asset risk**

An investment in Airport Link through BrisConnections is an investment in a single asset, not a diversified portfolio of assets. It is therefore particularly vulnerable to events (including natural disasters or force majeure events) which damage or significantly disrupt Airport Link and may be uninsurable or cause loss to BrisConnections which it cannot fully recover.

### **6.7.2 CPI risk**

Under the Project Deed, tolls will increase each year in line with Brisbane CPI. The revenues for the Project assume a level for Brisbane CPI as described in Section 9. If Brisbane CPI is lower than assumed, revenues for the Project will be lower than expected.

In addition to the impact on revenue, however, if Brisbane CPI is lower than assumed, BrisConnections would expect interest rates to be lower, reducing the cost of servicing the unhedged portion of BrisConnections' debt in future years. It should be noted that the expected impact arising from lower debt servicing costs would not be enough to offset the fall in revenues as a consequence of Brisbane CPI being lower than assumed.

A variation in a toll or fee may only be made in accordance with the Project Deed. Brisbane CPI is the key determinant of changes in the toll level (and this may not reflect the costs actually incurred by BrisConnections).

### **6.7.3 Documentation risk**

Unitholders should be aware that due to the complexity of the legal documentation that supports Airport Link, the Busway and the Airport Roundabout Upgrade, the risk of a dispute over interpretation or enforceability of this documentation may be higher than in a conventional equity investment.

Any discrepancies between the Project Documents with the State and contracts with other third parties may lead to losses or expenses not presently expected by BrisConnections. Generally, BrisConnections has attempted to pass on risks to other parties where practicable. However, even where BrisConnections has passed risks through to other parties, there may be a mismatch as to terms, timing or amount. BrisConnections remains primarily responsible for obligations to the State, even if back-to-back contracts with other parties exist. Further, the ability of BrisConnections to recover liquidated damages and other remedies against the D&C Contractors will be subject to the risk associated with the successful enforcement of the complex contractual arrangements.

### **6.7.4 Tax risk**

Changes in taxation law and administrative practice may affect the future earnings, asset values, after tax returns and relative attractiveness of investing in the Stapled Units. An investment in the Stapled Units may involve tax considerations that differ for each Unitholder. Each prospective investor is encouraged to seek independent professional tax advice in connection with their investment.

In February 2008, the Australian Government announced a broad ranging review of the tax treatment of managed investment trusts and that, pending that review, the Commonwealth Treasury would consider interim amendments to the public trading trust rules in Division 6C of Part III of the 1936 Tax Act.

In the 2008/2009 Federal Budget released on 13 May 2008, the Australian Government confirmed that it will introduce interim measures to clarify the scope and meaning of what constitutes an investment in land for the purpose of deriving rent in the context of Division 6C of Part III of the 1936 Tax Act. The measures will also introduce a 'safe harbour' test to clarify when a taxpayer invests in land 'primarily' for the purpose of deriving rent, being a 25% allowance for non-rental income (excluding capital gains), and expand the range of financial instruments that a trust may invest or trade in.

Notwithstanding the announcement set out above, no draft legislation in relation to the new measures has been released as at the date of this PDS. Further, the tax impact for BrisConnections and Unitholders of the wider review of managed investment trusts will not be known until that review is completed and the Australian Government makes an announcement as to what, if any, reforms it will enact.

Unitholders will bear the risks relating to the tax treatment of the activities of BrisConnections and Distributions.

### **6.7.5 Force majeure**

Force majeure refers to an event beyond the control of a party, including natural disasters and war that can affect a party's ability to perform its contractual obligations. Force majeure is a risk, sometimes uninsurable, that may adversely affect returns to Unitholders. BrisConnections has undertaken to repair any part of the road that is damaged or destroyed. BrisConnections has undertaken to obtain insurance policies, to the extent commercially available, to protect Airport Link cash flows.

# 6 Risk Factors continued

If a Force Majeure Event occurs which is identified in the Project Deed as being uninsurable and which has a Material Adverse Effect on BrisConnections, it has a right to negotiate with the State to achieve redress. An event is uninsurable if it is a force majeure event in respect of which BrisConnections is not insured and insurance against the risk is not available from a reputable insurer, or the insurance premium against the risk is available at such a level or on such terms and conditions that a reputable insurance broker certifies in its reasonable opinion that the risk is not generally being insured against by prudent, competent and experienced participants in the tollroad and busway industry, or the State agrees that such insurance is unavailable. Where a force majeure event is uninsurable and BrisConnections is unable to seek redress from the State, BrisConnections may incur economic loss.

## **6.7.6 Carbon pricing**

Australia recently ratified the Kyoto Protocol. It is currently developing policy for a national carbon emissions scheme and the Garnaut Climate Change Review Emissions Trading Scheme Discussion Paper was released in March 2008. The current Federal Government has committed to implement a national carbon emission trading scheme by 2010. The impact of an emission trading scheme can be expected to have broad ramifications on price setting mechanisms throughout the economy, including fuel prices and car prices, and this may negatively impact car ownership and utilisation.

## **6.8 General risks**

### **6.8.1 External factors**

Prospective investors should be aware that the market price of Stapled Units may be influenced by various factors external to its operations, including but not limited to:

- Changes in the Australian and international economic outlook;
- Performance of comparable listed entities and projects;
- Changes in government fiscal and regulatory policies;
- Changes in interest rates and inflation;
- Changes in the general level of prices on local and international share markets and general investor sentiment in these markets; and
- Significant industrial, contractual or political disturbances impacting entities comprising BrisConnections or the continuity of their businesses.

# Fees and Other Costs



# 7 Fees and Other Costs

## Consumer Advisory Warning

The Corporations Act requires this consumer advisory warning.

### DID YOU KNOW?

**Small differences in both investment performance and fees and costs can have a substantial impact on your long-term returns.**

**For example, total annual fees and costs of 2% of your fund balance rather than 1% could reduce your final return by up to 20% over a 30 year period (for example, reduce it from \$100,000 to \$80,000).**

**You should consider whether features such as superior investment performance or the provision of better member services justify higher fees and costs.**

**You may be able to negotiate to pay lower contribution fees and management costs where applicable. Ask the fund or your financial adviser.**

### TO FIND OUT MORE

If you would like to find out more, or see the impact of the fees based on your own circumstances, the **Australian Securities and Investments Commission (ASIC)** website ([www.fido.asic.gov.au](http://www.fido.asic.gov.au)) has a managed investment fee calculator to help you check out different fee options.

This Section shows fees and other costs that you may be charged from the returns on your investment or from the assets of BrisConnections as a whole. All fees and costs in this Section 7 are presented exclusive of GST.

Tax costs are set out in Section 5.

You should read all the information about fees and costs because it is important to understand their impact on your investment.

None of the fees or other costs set out on the following pages are negotiable.

**Table 7.1**

| Type of fee or cost   | Amount   | How and when paid   |
|---|--|---|
| <b>Fees when your money moves in or out of the fund</b>   |  |   |
| <i>Establishment fee</i><br>The fee to open your investment   | Nil  | Not applicable  |
| <i>Contribution fee</i><br>The fee on each amount contributed to your investment – either by you or your employer                     | Nil  | Not applicable  |
| <i>Withdrawal fee</i><br>The fee on each amount you take out of your investment   | Nil  | Not applicable  |
| <i>Termination fee</i><br>The fee to close your investment  | Nil  | Not applicable  |
| <b>Management costs</b>   |  |   |
| The fees and costs for managing your investment   |  |   |
| <i>Ongoing management fee</i><br>The fee in managing your investment  | \$1.35 million per annum for the first year after Allotment Date, subject to CPI adjustment.<br>(e.g. \$55* for every \$50,000 invested in the Offer in year 1).   | Payable to the Responsible Entity in arrears, out of the assets of the BrisConnections Unit Trusts.   |
| <i>Other ongoing management costs</i><br>The ongoing costs and expenses of operating the BrisConnections Unit Trusts                  | Estimated at \$7.25 million per annum for the first year after Allotment Date and estimated to be an average of \$7.91 million per annum over the following five years. Ongoing management costs, which continue to be payable after this period, have not been included in this table.<br>(e.g. \$296** for every \$50,000 invested in the Offer in year 1).<br>Actual costs may be higher than the estimate. | Payable to the Responsible Entity and BC Operations as a reimbursement of costs and expenses, in cash at the relevant time, out of the assets of the BrisConnections Unit Trusts or the relevant BrisConnections entity. See Sections 7.1(a) and 7.1(b) for more details. |
| <i>Offer and establishment costs</i><br>The costs incurred in establishing the BrisConnections Unit Trusts and carrying out the Offer | Estimated to be approximately \$89.2 million.<br>(e.g. \$3,638*** for every \$50,000 invested in the Offer).<br>See table 7.1A for more details.   | Payable to the relevant parties predominantly on both Allotment Date from the proceeds of the Offer and 31 December 2008 from draw-downs under the Debt Financing Facilities.   |

# 7 Fees and Other Costs continued

Table 7.1 (continued)

| Type of fee or cost  | Amount | How and when paid |
|--|--------|-------------------|
| <b>Service fees</b>  |        |                   |
| <i>Investment switching fee</i><br>The fee for changing investment options | Nil    | Not applicable    |

Additional costs will apply:

Transactional and operational costs – \$122.2 million (estimated). These are one-off costs which relate to the development of the Project as described in Section 7.1(c) and do not relate to the Offer. These costs amount to \$4,984 for every \$50,000 invested in the Offer in year 1, calculated as follows:

$$\begin{array}{rclclcl}
 \$122.2 \text{ million} & \div & \$1,226 \text{ million} & \times & \$50,000 & = & \$4,984 \\
 & & \text{(being the total funds from the Offer on} & & & & \\
 & & \text{the basis of 408.67 million Stapled Units} & & & & \\
 & & \text{fully paid to \$3.00. At Allotment Date, the} & & & & \\
 & & \text{Stapled Units will be paid up to the Initial} & & & & \\
 & & \text{Instalment amount of \$1.00)} & & & & 
 \end{array}$$

\* The calculation for this is as follows:

$$\$1.35 \text{ million} \div \$1,226 \text{ million} \times \$50,000 = \$55$$

\*\* The calculation for this is as follows:

$$\$7.25 \text{ million} \div \$1,226 \text{ million} \times \$50,000 = \$296$$

\*\*\* The calculation for this is as follows:

$$\$89.2 \text{ million} \div \$1,226 \text{ million} \times \$50,000 = \$3,638$$



**Table 7.1A – Offer and establishment costs**

*(Note: This table sets out information on the costs and expenses relating to the establishment of the BrisConnections Unit Trusts and the Offer. These are not included as ‘ongoing’ management costs.)*

| Type of fee or cost  | Amount  | How and when paid   |
|--|---|---|
| Underwriters fees  | Approximately \$65.37 million.<br><br>(Being an underwriting commission of an amount calculated in accordance with the Underwriting Agreement plus reimbursement of certain costs of approximately \$1.0 million incurred in respect of the Offer. Assuming the Offer will raise \$1,226 million, the maximum underwriting commission payable to the Underwriters would be approximately \$64.4 million. See Section 11.5.22 for further information in relation to the Underwriting Agreement).  | Payable by BCMCL to the Underwriters partly on Allotment Date out of the proceeds of the Offer and partly on 31 December 2008 from draw-downs under the Debt Financing Facilities.  |
| DRP Underwriter fees   | Approximately \$20.58 million.<br><br>(This amount consists of a base commission of \$14 million based on the total underwritten amount of \$700 million for the DRP and additional commission in respect of Distributions during the Fixed Distribution Period (with the exception of the first semi-annual Distribution which is not underwritten).<br><br>The additional commission will be 2% of the underwritten amount for a particular Distribution (together with reimbursement of certain costs). This additional commission will be approximately \$6.6 million, of which approximately \$0.4 million is payable in the first year after Allotment Date and approximately \$6.2 million is payable over the following five years after Allotment Date (being an average of approximately \$1.2 million per year). See Section 11.5.24 for further information in relation to the DRP Underwriting Agreement). | BCMCL will pay to the DRP Underwriter the base commission on 31 December 2008 from draw-downs under the Debt Financing Facilities, and the additional commission in respect of Distributions over the Fixed Distribution Period from draw-downs under the Debt Financing Facilities and operating cash flows. |
| Other costs and expenses in establishment of the BrisConnections Unit Trusts and the Offer | Approximately \$3.25 million.<br><br>(Being the amount the Sponsors have incurred in costs, including professional advisory and expert fees, handling fees for processing applications and ASX fees, in relation to the establishment of the BrisConnections Unit Trusts and the Offer).  | BCMCL will pay to the Sponsors on Financial Close out of the proceeds of the Offer.   |
| <b>Total</b>   | <b>\$89.2 million</b>   |   |

# 7 Fees and Other Costs continued

## 7.1 Additional explanation of fees and costs

### a) **Reimbursement of costs and expenses incurred by BCMCL in performing its duties as Responsible Entity of the BrisConnections Unit Trusts.**

Subject to the Corporations Act and under the Constitutions, BCMCL is entitled to be reimbursed out of the assets of the BrisConnections Unit Trusts for all expenses incurred by it in relation to the proper performance of its duties as Responsible Entity. These costs include expenses properly incurred in the administration, custody, management, compliance (including audit, legal and tax) and promotion of the BrisConnections Unit Trusts. The BrisConnections Unit Trusts' Constitutions are summarised in Section 11.4.

### b) **Reimbursement of costs and expenses incurred by BC Operations in performing its duties.**

BC Operations is entitled to be reimbursed for all costs properly paid by it in performing its functions under the Management Deeds out of the assets of the relevant BrisConnections entity. These include expenses properly incurred in the administration, management, compliance (including audit, legal and tax) and promotion of BrisConnections and the BrisConnections Unit Trusts. The Management Deeds are summarised in Section 11.5.21.

### c) **Transactional and operational costs.**

In addition to the costs set out in the tables above, other BrisConnections entities have incurred or will incur costs and expenses which relate to the development of the Project. These fees and expenses are summarised below:

- **Sponsors' development fee:** BCMCL will pay to the Sponsors \$25.0 million in aggregate on Financial Close, in cash from the proceeds of the Offer. This amount represents fees to the Sponsors for their work in assembling the BrisConnections consortium to bid for the Project and bearing all bid costs incurred in the event that the bid was unsuccessful.
- **Balance sheet fee:** BC Trustee will pay \$12.8 million to Thiess and \$12.8 million to John Holland on Financial Close under the terms of the Deferred Equity Commitment Deed. The Deferred Equity Commitment Deed is summarised in Section 11.5.20.
- **Other costs and expenses:** BCMCL has agreed to pay the Sponsors approximately \$71.6 million for their costs in relation to the establishment and development of the Project, including financial advisory fees relating to the development of the Project, legal and other professional advisory fees and expert fees. These costs and expenses will be paid in cash partly on Financial Close from the proceeds of the Offer and partly on 31 December 2008 from a draw-down under the Debt Financing Facilities.

## 7.2 Example of annual fees and costs

Table 7.2 gives an example of how fees and costs for this product can affect your investment over a one year period. As fees are substantially different between the first year and subsequent five years after Allotment Date, figures for those subsequent five years are shown in table 7.3. Fees and costs continue to be payable after this period in accordance with the Constitutions and the Management Deeds. You should use these tables to compare this product with other managed investment products. The costs contained in tables 7.2 and 7.3 are shown as a proportion of a \$50,000 investment in Stapled Units fully paid to the Issue Price of \$3.00. It should be noted that the Stapled Units will be paid up to the Initial Instalment amount of \$1.00 at Allotment Date.

**Table 7.2 – First year after Allotment Date**

|                     |   |
|---------------------|---|
| Example             | Balance of \$50,000.  |
| Management costs    | For every \$50,000 you have in the fund you will be charged approximately \$3,736*.<br>(This includes the Offer and establishment costs). |
| EQUALS cost of fund | If you had an investment of \$50,000 at the beginning of the year, in the first year you would be charged fees of \$3,736.                |

Additional costs will apply:

Transactional and operational costs – \$122.2 million (estimated). These are one-off costs which relate to the development of the Project as described in Section 7.1(c) and do not relate to the Offer. These costs amount to \$4,984 for every \$50,000 invested in the Offer in year 1, calculated as follows:

$$\begin{array}{rclclcl}
 \$122.2 \text{ million} & \div & \$1,226 \text{ million} & \times & \$50,000 & = & \$4,984 \\
 & & \text{(being the total funds from the Offer on} & & & & \\
 & & \text{the basis of 408.67 million Stapled Units} & & & & \\
 & & \text{fully paid to \$3.00. At Allotment Date, the} & & & & \\
 & & \text{Stapled Units will be paid up to the Initial} & & & & \\
 & & \text{Instalment amount of \$1.00)} & & & & 
 \end{array}$$

\* The calculation for this is as follows:

$$\$91.6 \text{ million} \div \$1,226 \text{ million} \times \$50,000 = \$3,736$$

(being the management fees of \$1.35 million and other estimated ongoing costs of \$7.25 million (from table 7.1)

PLUS \$83 million, being that part of the Offer and establishment costs paid in the first year after Allotment Date (which does not include the DRP underwriting fee of \$6.2 million paid after the first year after Allotment Date)

# 7 Fees and Other Costs

**Table 7.3 – Subsequent five years after Allotment Date**

(Note: Fees and costs continue to be payable after this period in accordance with the Constitutions and the Management Deeds.)

|                     |   |
|---------------------|---|
| Example             | Balance of \$50,000.  |
| Management costs    | For every \$50,000 you have in the fund you will be charged approximately \$428*.   |
| EQUALS cost of fund | If you had an investment of \$50,000 at the beginning of the year, in the second and subsequent years you would be charged fees of \$428. |

\* The calculation for this is as follows:

$$\begin{array}{rclclclcl} \$10.5 \text{ million} & \div & \$1,226 \text{ million} & \times & \$50,000 & = & \$428 \end{array}$$

(being the management fees of \$1.35 million and other average estimated ongoing costs of \$7.91 million (from table 7.1)

(being the total funds from the Offer on the basis of 408.67 million Stapled Units fully paid to \$3.00. At Allotment Date, the Stapled Units will be paid up to the Initial Instalment amount of \$1.00)

PLUS \$1.2 million, being the average annual DRP underwriting fee from the second until the end of the sixth year after Allotment Date)

## 7.3 Responsible Entity early termination fee

If BCMCL is removed as Responsible Entity without cause prior to the end of six years after Financial Close (sixth Anniversary Date), an early termination fee is payable (Fee Amount). The Fee Amount will be the balance of the relevant years' base fee plus the base fee (not adjusted for CPI) for the period from termination to the sixth Anniversary Date that otherwise would have been paid to the Responsible Entity.

### Fee Amount – example 1

If BCMCL is removed 200 days into year 3 after Financial Close, the Fee Amount will be as follows:

Base Fee for year 3

(indexed at for example 3% CPI each year) = \$1,432,215

Remainder of year 3 = 165/365

The Fee Amount is: (\$1,432,215 x 165/365)  
 + \$1,432,215 (for year 4)  
 + \$1,432,215 (for year 5)  
 + \$1,432,215 (for year 6)  
 = \$4,944,085

### Fee Amount – example 2

If BCMCL is removed 200 days into year 6 after Financial Close, the Fee Amount will be as follows:

Base Fee for year 6

(indexed at for example 3% CPI each year) = \$1,565,020

Remainder of year 6 = 165/365

The Fee Amount is: (\$1,565,020 x 165/365) = \$707,475

See Section 11.4 for a summary of the Constitutions.

# Board, Management and Corporate Governance



8

# 8 Board, Management and Corporate Governance



**Trevor C. Rowe, AM**

Independent Non-Executive Chairman

Trevor has over 35 years' experience in the banking and finance industry. He is currently chairman of Queensland Investment Corporation, Rothschild Australia Limited, United Group Limited, Enhance Management Limited Group, Gotalk Limited, Careers Australia Group Limited and the RSPCA Building Fund Queensland and a director of the ASX. Trevor is also a member of the Board of Guardians for the Commonwealth of Australia Future Fund and is Chancellor of Bond University in Queensland.

Trevor was previously chairman of Investment Banking Australia for Citigroup and its antecedents from 1983 to 2005 and was a member of the Commonwealth of Australia's Takeovers Panel from 2000 to 2003.

In 2004, Trevor was awarded a Member of the Order of Australia (AM) for his contribution to the investment banking sector, the formulation of public policy, higher education and the community.

Trevor has been a member of the Foreign Affairs Council since 2000. He is also a member of the Royal Flying Doctor Services (South West Precinct) Friends Committee.



**Nicholas Lattimore**

Non-Executive Director

Nicholas is deputy CEO and the Head of Investment Origination at JF Infrastructure, leading the Investment Origination Group in sourcing and executing acquisition and disposal transactions on behalf of JF Infrastructure's institutional clients and funds.

Nicholas was previously managing director and Head of Banking at N M Rothschild & Sons (Australia) Limited and managing director and Head of Structured Finance at Deutsche Bank in Australia and New Zealand where his responsibilities included project advisory and finance, leveraged finance and structured finance. Prior to joining Deutsche Bank, he jointly established the project and infrastructure group at Allco Finance Group in Sydney. He also spent approximately 12 years at Macquarie Bank (1979 to 1991) in several senior project and structured finance positions.

Nicholas is also a non-executive director of LinQ Capital Limited (manager of the LinQ Resources Fund), Chairman of Energy Infrastructure and Resources Limited, alternate director of Connector Motorways Group and Chairman of Superior Coal Limited.

Nicholas is a certified practising accountant and is a member of the Australian Institute of Company Directors.

## 8.1 Board members

BCMCL is responsible for the overall management and corporate governance of the BrisConnections Unit Trusts and the protection of Unitholders' interests.

The BCMCL Board will initially comprise five Directors, three of whom are independent.





**Ray Wilson**

Non-Executive Director

Ray is Executive General Manager – Development and Special Projects at Thiess and is responsible for investments in major infrastructure projects and strategic business development for the company. He is a director of each of the companies comprising the Connector Motorways Group and is also a director of the ASX listed ConnectEast Group.

Ray has more than 35 years' experience in all aspects of international and local project development and operations, including 13 years' involvement in the development of privatised infrastructure projects such as tollroads and power projects in Australia, New Zealand and Asia. Ray has worked on projects in Australia, South East Asia, New Zealand, the Middle East and West Africa.

Prior to joining Thiess in late 1993, Ray's roles included director of Engineering Development for Leighton Holdings (Technical Resources), Operations director for Boulderstone Hornibrook and General Manager (Heavy Construction) for McConnell Dowell.



**Richard Wharton**

Independent Non-Executive Director

Richard is a civil engineer engaged in general consulting and project assessment. He has over 40 years' experience in highway and bridge design, construction and administration throughout Queensland. He spent most of his career with the Department of Main Roads and held various senior management positions prior to being appointed Commissioner of Main Roads in 1988. He later served as Director-General of Main Roads, Queensland from 1996 to 1998.

Richard served two terms as chairman of Austroads and was a director of the Australian Road Research Board for four years. He was a member of the Council of James Cook University for eight years and President of Engineers Australia, Queensland Division in 2001. In 2005 he was awarded the Australian Road Forum's John Shaw Medal for outstanding service to the transport industry. He is an Honorary Fellow of Engineers Australia and continues to promote the interests of engineering projects with government.



**John Allpass**

Independent Non-Executive Director

John was in practice as a Chartered Accountant from 1971 to 1993 in the firm now known as KPMG. During that time he specialised in Audit, Assurance and Corporate Recovery. He was Managing Partner of the Queensland practice of KPMG from 1984 to 1993 and was a member of the firm's National Board during that time. Since 1993, he has held various board appointments as a non-executive director of both listed and unlisted companies.

John has been a director of Queensland Investment Corporation since 1991, a director of MBF Australia Limited Group since 1999 and chairman of Envestra Limited since 2002, having been a director since 1997. He was previously a member of the board of Macquarie Bank Limited from 1994 to 2007. Recently, he has also been appointed to the boards of BUPA Australia Holdings Pty Limited and BUPA Australia Health Pty Limited.

John is a Fellow of the Australian Institute of Company Directors and a Fellow of the Institute of Chartered Accountants in Australia.

# 8 Board, Management and Corporate Governance continued

## 8.2 Directors' fees

BCMCL's independent Directors will be paid Directors' fees for their roles. Directors' fees will be partly directed to the on-market purchase of Stapled Units. The maximum aggregate of Directors' fees permissible in respect of the BCMCL constitution is currently \$1 million per annum.

Trevor Rowe will receive a base fee of \$210,000 per annum and \$10,000 per annum (in aggregate) for chairing the remuneration and nomination committees. 40% of these fees will be directed to the purchase of Stapled Units on market. He will also receive a one-off cash payment of \$200,000 on Financial Close, in recognition of the work he has done prior to this.

Richard Wharton will receive fees of \$100,000 per annum and \$10,000 per annum for chairing the occupational health and safety committee. 20% of Richard's fees will be directed to the purchase of Stapled Units on market.

John Allpass will receive fees of \$100,000 per annum and \$30,000 per annum for chairing the audit, risk and compliance committee. 20% of John's fees will be directed to the purchase of Stapled Units on market.

Nicholas Lattimore will not receive Directors' fees from BCMCL. He is an employee of JF Infrastructure and is remunerated in that capacity.

Ray Wilson will not receive Directors' fees from BCMCL. He is an employee of Thiess and is remunerated in that capacity.

## 8.3 Management structure

The executive management team will commence from Financial Close and include key functional roles covering the whole scope of BrisConnections' business. BrisConnections will establish the following positions as part of its core executive management team:

- Chief Executive Officer
- Chief Financial Officer
- General Manager – Construction
- General Manager – Operations
- General Manager – Community and Public Affairs

### 8.3.1 Interim Chief Executive Officer – Mark Snape

Mark is development director for John Holland and was the head of BrisConnections' bid for Airport Link. He has been appointed as the interim CEO of BrisConnections. Mark has an extensive knowledge of the Project and brings direct relevant experience to his role as interim CEO. The Board of BCMCL intends to appoint a permanent CEO following Listing.

Mark has over 20 years' experience in large infrastructure development projects and 17 years' experience in director and CEO roles.

Mark is currently an alternate director of the ASX listed ConnectEast Group and an alternate director of Connector Motorways Group. He is also a Member of the Joint Venture Management Committee which constructed, owns and operates the Alice Springs to Darwin railway.

Mark was previously a director of the ASX listed Pacific Hydro Limited, Southern Hydro Pty Limited and the Australian Council for Infrastructure Development Limited. From 1996 to 2001 he was the managing director of AEP Resources Australia Pty Limited (Resources). Resources was the Australian representative of the NYSE listed American Electric Power Co., Inc. (AEP). AEP owned electricity retailing and distribution assets in Australia serving approximately 250,000 customers and had over 600 employees. Resources also held an investment in Pacific Hydro Limited, an owner of hydro generating assets in Australia and the Philippines.

Mark has degrees in economics and business from the University of Sydney, is a Chartered Accountant and a Fellow of the Australian Institute of Company Directors.

### 8.3.2 Other key positions

BrisConnections will source candidates for other key positions from the mature market that exists for these roles. BrisConnections has already identified a number of potential candidates. Executives from Thiess and John Holland will act in these positions until permanent candidates have been recruited. These executives have typically been actively involved in the development of BrisConnections' proposal and therefore have the depth and familiarity necessary for streamlined delivery of Airport Link into the Concession Period.

## 8.4 Corporate governance structure

BCMCL, as Responsible Entity, is responsible for the overall corporate governance of the BrisConnections Unit Trusts and for the protection of Unitholders' interests.

The Corporations Act, ASX Listing Rules, the Constitutions and compliance plans of the BrisConnections Unit Trusts and the general law regulate the workings of the BrisConnections Unit Trusts and the essential practices, responsibilities and duties of BCMCL and its officers. BCMCL must exercise its powers diligently and in the best interests of Unitholders. Under the terms of the Management Deeds, BC Operations has been appointed by BCMCL to manage the day-to-day business affairs of the BrisConnections Unit Trusts. Those functions will be performed by personnel appointed by BC Operations. Key personnel of BC Operations must be approved by BCMCL. A summary of the key terms of the Management Deeds is set out in Section 11.5.21.

The BC Operations Board has the same directors as the BCMCL Board. Notwithstanding the delegation of the management function, BCMCL retains responsibility for the strategic and corporate governance of the BrisConnections Unit Trusts and the protection of Unitholders' interests. BCMCL therefore monitors BrisConnections Unit Trusts' compliance with its regulatory and contractual obligations.

### 8.4.1 ASX corporate governance standards

Listed entities are required to disclose in their annual reports the extent of their compliance with the Principles of Good Corporate Governance and Best Practice Recommendations (the Standards), released by ASX Corporate Governance Council, and to explain why they have not adopted a Standard if they consider it inappropriate in their particular circumstances.

The Standards encompass matters such as board composition, committees and compliance procedures and are designed to maximise corporate performance and accountability in the interests of Unitholders and the broader economy.

BrisConnections will include on its website at [www.brisconnections.com.au](http://www.brisconnections.com.au) full details of its corporate governance regime and a corporate governance statement will be included in BrisConnections' first annual report. A summary of the corporate governance regime that applies to BrisConnections is set out below.

### 8.4.2 Responsible Entity and governance

BCMCL is the Responsible Entity for the BrisConnections Unit Trusts.

BCMCL has the primary responsibility of operating the BrisConnections Unit Trusts (as registered managed investment schemes) and of performing the functions conferred on it by the Corporations Act, the Constitutions and the compliance plans.

All corporate governance practices and policies have been adopted by BCMCL as the Responsible Entity for the BrisConnections Unit Trusts to implement the various systems and processes to ensure that the interests of Unitholders and other stakeholders are protected at all times.

### 8.4.3 Board of Directors

#### Board of Directors

The Board of Directors operates in accordance with the principles set out in the Board charter. The charter details the Board's composition and responsibilities and is available on the BrisConnections website at [www.brisconnections.com.au](http://www.brisconnections.com.au).

#### Directors overview

The BCMCL Board currently has five Directors, three of whom are independent.

As Airport Link will be located in Brisbane, BCMCL considers a presence in Brisbane to be of valuable commercial importance. The majority of the independent Directors of BCMCL reside in Brisbane and have established relationships within the local business community.

The Board considers that its Directors collectively bring the range of skills, knowledge and experience necessary to direct BrisConnections. It is intended that additional Directors will be appointed to the Board to further complement this set of skills and experience.

Details of the current Directors are set out on the BrisConnections' website at [www.brisconnections.com.au](http://www.brisconnections.com.au).

## 8 Board, Management and Corporate Governance continued

### Responsibilities

The primary objective of the BCMCL Board is to build long-term value for Unitholders with due regard to other stakeholder interests.

The Board has formalised its roles and responsibilities into a Board charter which also clarifies the roles and responsibilities that are delegated to management.

### Membership and expertise of the BCMCL Board

The BCMCL Board considers that its membership should comprise Directors with an appropriate mix of skills, knowledge, experience and personal attributes to allow the Directors individually and the Board collectively to:

- Discharge their duties and responsibilities under the law efficiently and effectively;
- Understand the business and the environment within which BCMCL operates so as to provide sound stewardship for management and BCMCL's objectives, goals and strategic direction to maximise value for Unitholders; and
- Assess the performance of management in meeting those objectives.

In addition to ensuring that the Board has a broad range of relevant skills, knowledge and experience, the Board considers that its membership should represent an appropriate balance of commercial, financial, accounting and engineering experience and knowledge.

The Board also considers that its size should be conducive to effective discussion and efficient decision making. Although it is intended that additional Directors will be appointed in the short to medium term, the Board believes that its current composition meets these requirements.

The Chairman of BCMCL, Trevor Rowe, as well as John Allpass and Richard Wharton, are considered by the Board to be independent in terms of the ASX Corporate Governance Council's definition of independent director.

The Board has developed guidelines, contained in the Board charter, to determine the independence of its Directors.

### Conflicts of interest

The Board has guidelines for dealing with conflicts of interest with their duties as Directors as detailed in the Board charter and conflicts of interest policy.

### Meetings of the Board

The BCMCL Board plans to meet at least six times a year, both as a Board and in conjunction with executive management, to discuss the short and long-term strategy of BrisConnections. The Board will receive monthly reports, providing current information concerning BrisConnections. The monthly Board report will include key financial details, together with information on the performance of operations, major initiatives, as well as legal, governance, risk management and compliance issues that may arise.

The Board will convene by email and by telephone conference calls to discuss matters of urgency with management, make recommendations to management and discuss strategy.

### Review of Board and executive performance

In order to ensure that the BCMCL Board continues to discharge its duties effectively, the performance of all Directors will be reviewed annually by the Chairman. The performance of the Chairman will be reviewed during each reporting period by his fellow Directors.

The Board will undertake an annual assessment of its collective performance in accordance with BrisConnections' performance evaluation process for Directors and executives.

The Board will also annually review the performance of the executive management team. The CEO will monitor executive performance throughout the year through regular meetings.

#### 8.4.4 Board committees

##### Board committees and membership

The Board has established committees to deal with the following:

- Scheme compliance;
- Audit risk and compliance;
- Remuneration;
- Nomination; and
- Occupational health and safety.

In general, the review of capital management, financial reporting, risk management and audit and compliance matters has been delegated to the various committees.

##### Scheme compliance

The scheme compliance committee will comprise the entire Board and will be chaired by the independent Chairman, Trevor Rowe. The scheme compliance committee will monitor BrisConnections' fulfilment of its compliance plan, monitor and report any breaches of the Corporations Act or the Constitutions, report to ASIC should the Board not take appropriate action to deal with a matter, regularly assess the adequacy of BrisConnections' compliance plan and make recommendations on any required changes that the Corporations Act or Board requires. The scheme compliance committee will meet at least quarterly.

##### Audit, risk and compliance

BrisConnections' audit, risk and compliance committee (ARCC) currently comprises three non-executive Directors, including John Allpass, who also acts as chair and is a Chartered Accountant with extensive knowledge of commercial and financial matters.

The ARCC has authority, within the scope of its responsibilities, to seek any information it requires from any employee or external party. The members of the ARCC are:

- John Allpass as Chairman of the ARCC;
- Nicholas Lattimore as non-executive Director; and
- Richard Wharton as independent non-executive Director.

The Board considers that these members have appropriate financial expertise and understanding of the industry in which BCMCL operates. The committee will meet at least four times each year and more often as required.

The objectives of this committee are to assist the Board to fulfil its corporate governance objectives and to oversee responsibilities relating to BrisConnections':

- Financial reporting;
- Systems of internal control and management of risk;
- Internal and external audit functions; and
- Processes for monitoring compliance with laws and regulations and BrisConnections' code of conduct for ethical business behavior.

##### Remuneration

Personnel and remuneration matters have been delegated to the remuneration committee.

The remuneration committee is chaired by Trevor Rowe.

The objective of the committee is to assist the Board in ensuring that BrisConnections:

- Has coherent remuneration policies and practices which are consistent with BrisConnections' strategic goals and human resource objectives by attracting and retaining executives and Directors who will create value for Unitholders; and
- Fairly and responsibly remunerates Directors and executives having regard to the performance of BrisConnections, the performance of the executives and the general remuneration environment.

##### Nomination

The nomination committee is chaired by Trevor Rowe.

Its responsibilities include ensuring that the Board is of a size and composition that is conducive to making decisions expediently with the benefit of a variety of perspectives and skills.

# 8 Board, Management and Corporate Governance continued

## Occupational health and safety

The occupational health and safety committee is chaired by Richard Wharton.

It will focus on safety, occupational health and security across all of BrisConnections' activities and operations. The focus of the committee will extend to the activities and operations of BrisConnections' contractors, agents and other business partners.

## Committee charters

Each committee has its own terms of reference or charter, approved by the Board, setting out matters relevant to its composition and responsibilities. The charters are available from the BrisConnections website at [www.brisconnections.com.au](http://www.brisconnections.com.au) and will be reviewed periodically by the Board.

### 8.4.5 External auditor relationship

The ARCC, in accordance with its charter, is responsible for overseeing the relationship with BrisConnections' external auditor, including the terms of engagement of the external auditor and the scope of the external audit program each year. The ARCC is also responsible for monitoring and evaluating the performance and independence of the external auditor.

## Approach to auditor independence

The BCMCL Board has adopted a policy for auditor independence which forms part of the ARCC's charter published on BrisConnections' website at [www.brisconnections.com.au](http://www.brisconnections.com.au).

The policy endorses fundamental principles of auditor independence. In order to be eligible to undertake any non-audit related services, the external auditor must not, as a result of that assignment:

- Create a mutual or conflicting interest with that of BrisConnections;
- Audit their own work;
- Act in a management capacity or as an employee; or
- Act as an advocate for BrisConnections.

The policy also details the services that the external auditor will be prohibited from performing.

### 8.4.6 Recognising and managing risk

## Approach to risk management

The BCMCL Board is responsible for approving and reviewing risk management policy and strategy. To assist the Board in discharging its risk management responsibilities, certain activities have been delegated to the ARCC, as described in its charter.

The management of risk and the implementation of mitigation measures are the responsibility of management under the guidance of the CEO.

The Board determines the overall risk appetite and approves the strategies, policies and practices to ensure that risks are identified and managed within the context of this risk appetite.

BrisConnections' risk management policy and underlying strategies will be reviewed annually by the ARCC and the Board to ensure continued application and relevance.

### 8.4.7 Corporate conduct and responsibility

## Approach to corporate conduct

BrisConnections has adopted a code of conduct which espouses its core values and reflects the Standards in terms of the matters addressed.

The code applies to the Directors, executives and all other employees. A copy of the code has been made available to all Directors, employees and consultants and is posted on the BrisConnections' website at [www.brisconnections.com.au](http://www.brisconnections.com.au).

## Compliance with code of conduct

To fulfil BrisConnections' commitment to its core values and the requirements of the code of conduct, BrisConnections needs to be able to ensure that:

- Violations of the code of conduct and these values are detected and reported; and
- Appropriate action is taken in response to any violations.

## Security trading policy

BrisConnections has implemented a security trading policy that covers dealings in the ASX listed Stapled Units by Directors, executives and other designated employees as well as their respective associates. These persons may only deal in the Stapled Units, or in securities of other publicly listed entities that are related to BrisConnections, as identified in the policy.

BrisConnections' security trading policy is available from the investor information section of the BrisConnections' website at [www.brisconnections.com.au](http://www.brisconnections.com.au).



#### Market disclosure policy and practice

BrisConnections is committed to:

- Effectively communicating with its Unitholders and facilitating an efficient and informed market in its securities by keeping the market apprised through announcements to the ASX, of all material information; and
- Compliance with the requirements of the Corporations Act, Listing Rules and the Standards.

BrisConnections' continuous disclosure policy is designed to support its commitment to a fully informed market in its securities by ensuring that announcements are:

- Made to the ASX in a timely manner, are factual and do not omit material information; and
- Expressed in a clear and objective manner that allows investors to assess the impact of the information when making investment decisions.

Supporting BrisConnections' continuous disclosure policy is BrisConnections' communications policy which governs BrisConnections' policy in relation to interactions with external individuals, investors, analysts and other market participants.

BrisConnections' continuous disclosure and communications policies are available from the investor information section of BrisConnections' website at [www.brisconnections.com.au](http://www.brisconnections.com.au).

## 8 Board, Management and Corporate Governance continued

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# Financial Analysis and Information



# 9 Financial Analysis and Information

## 9.1 Sources and applications of funds

Table 9.1 sets out the projected sources and applications of funds for the development of Airport Link. All figures relate to the period up to Airport Link Opening, except for the Deferred Equity Tranche, which is initially funded by the Equity Bridge Facilities and only subscribed for on the Deferred Equity Contribution Date, which is approximately two years after Airport Link Opening.

Figures in the table are based on interest rates as at 14 April 2008 and will be impacted by the interest rates set at Financial Close. The State bears the risk associated with changes in interest rates between this date and Financial Close through an adjustment to the State Works Contribution. These figures may also be impacted by design modifications required by the State or the Coordinator-General that may increase the cost or the expected construction time of Airport Link. The State bears the cost associated with any such modification through an adjustment to the State Works Contribution.

BCMCL expects that the funding sources will provide BrisConnections with sufficient working capital to fund its stated business objectives.

**Table 9.1 – Sources and application of funds**

| Sources of funds           | \$ million       |  |
|----------------------------|------------------|--|
| Bank debt                  | 3,055            |  |
| Equity raised in the Offer | 1,226            |  |
| Equity raised via DRP      | 361 <sup>1</sup> |  |
| Deferred Equity Tranche    | 200 <sup>2</sup> |  |
| State Works Contribution   | 47 <sup>3</sup>  |  |
| Total                      | 4,889            |  |

| Application of funds                           | Sub-total<br>\$ million | Total<br>\$ million |
|--|-------------------------|---------------------|
| Construction cost – Airport Link               | 3,400                   | 3,400               |
| Upfront development and financing costs        |                         | 267                 |
| Bid costs                                      | 122                     |                     |
| Offer costs                                    | 83                      |                     |
| Debt financing costs                           | 62                      |                     |
| Net interest prior to Airport Link Opening     | 538                     | 538                 |
| Reserves                                       |                         | 254 <sup>4</sup>    |
| Distribution reserve                           | 55                      |                     |
| Cash funded component of the Ramp-up reserve   | 199                     |                     |
| Equity distributions during construction       | 315                     | 315                 |
| Ongoing development, financing and other costs | 114                     | 114 <sup>5</sup>    |
| Total  |                         | 4,889 <sup>6</sup>  |

- Notes:
1. Comprises all estimated proceeds received from the issue of Stapled Units under the DRP for the period up to Airport Link Opening. This includes the proceeds received from the Second Instalment and the Final Instalment in respect of partly paid Stapled Units issued under the DRP.
  2. Thiess Trustee and John Holland Trustee together will subscribe for \$200 million of Stapled Units on the Deferred Equity Contribution Date. Thiess Trustee and John Holland Trustee have the right to nominate a replacement deferred subscriber after Construction Completion. For further information regarding the Deferred Equity Tranche refer to Sections 9.2.2 and 11.5.20.
  3. If interest rates fall between 14 April 2008 and Financial Close such that the State Works Contribution becomes zero, BrisConnections may be required to make certain payments to the State which will be applied toward funding the Airport Roundabout Upgrade. These payments would enable the State to share the benefit associated with a fall in interest rates between these dates.
  4. In addition to these reserves, there is up to \$120 million in available debt commitments under the Reserve Facility.
  5. Includes ongoing company costs, ongoing DRP underwriting fees, provision for the capitalisation of interest in respect of the Equity Bridge Facilities, net GST and other ongoing costs.
  6. Total does not exactly equal the sum of the individual components above due to rounding adjustments.

## 9.2 Equity Funding

Equity funding will be raised to assist financing of costs incurred during the construction of Airport Link. The equity funding is to be raised in two tranches;

- The Offer raising \$1,226 million before costs. This amount is based on interest rates as at 14 April 2008 and will be impacted by the interest rates set at Financial Close; and
- The Deferred Equity Tranche raising \$200 million.

In addition, BrisConnections will offer a DRP for the Fixed Distribution Period. The DRP will be underwritten during the Fixed Distribution Period by the DRP Underwriter, with the exception of the first Distribution for the period ending 31 December 2008 which will not be underwritten. To the extent that Unitholders do not participate in the DRP for the first Distribution, cash Distributions will be funded from equity raised in the Offer. A summary of the DRP is set out in Section 9.5.3.

### 9.2.1 The Offer

The Offer consists of approximately 408.67 million Stapled Units at an Issue Price of \$3.00 per Stapled Unit. Each Stapled Unit comprises one unit in BrisConnections Investment Trust and one unit in BrisConnections Holding Trust, stapled together.

Applicants under the Offer will pay for their Stapled Units in three instalments. The Initial Instalment of \$1.00 will be payable with the application for Stapled Units. The Second Instalment of \$1.00 will be payable nine months after Allotment Date. The Final Instalment of \$1.00 will be payable 18 months after Allotment Date.

### 9.2.2 Deferred Equity Tranche

Pursuant to the Deferred Equity Commitment Deed, Thiess Trustee and John Holland Trustee have agreed to subscribe for Stapled Units which will rank equally with previously issued Stapled Units. The obligations of Thiess Trustee and John Holland Trustee to subscribe for Stapled Units under the Deferred Equity Commitment Deed are secured by unconditional direct pay letters of credit. In the 24 month period after Construction Completion, Thiess Trustee and John Holland Trustee may nominate a replacement deferred subscriber to assume their respective rights to subscribe for Stapled Units, provided that the mechanism set out in the Deferred Equity Commitment Deed is observed.

Thiess Trustee and John Holland Trustee have agreed to subscribe for \$200 million of Stapled Units at \$3.933 per Stapled Unit, representing approximately 11% of the Notional Equity. These Stapled Units will be subscribed for at the earlier of 24 months after Construction Completion or 71 months after Financial Close. The Deferred Equity Tranche will not be eligible to participate in the DRP until allotted and registered.

If an event of default occurs under the Debt Financing Documents, the Lenders may demand immediate payment of the deferred equity contributions. A summary of the Deferred Equity Commitment Deed is set out in Section 11.5.20.

## 9.3 Debt funding

### 9.3.1 Debt facilities

The debt financing for Airport Link is being provided through bank debt facilities. The principal facilities are underwritten by the Lenders which are a party to the Syndicated Facilities Agreement, initially comprising of Allied Irish Banks p.l.c. (Sydney Branch), Australia and New Zealand Banking Group Limited, Bayerische Hypo-und Vereinsbank AG, BNP PARIBAS, BOS International (Australia) Limited, DEPFA BANK PLC, DZ BANK AG Deutsche Zentral Genossenschaftsbank, Hong Kong Branch, KBC Finance Ireland, Societe Generale Australia Branch and United Overseas Bank Limited Sydney.

The Lenders are providing the following debt facilities:

- Equity Bridge Facilities of \$200 million in aggregate;
- a State Bridge Facility of up to \$475 million;
- a Construction Facility of up to \$3,150 million (converts to the Term Debt Facility upon Airport Link Opening); and
- a Reserve Facility with available commitments of up to \$120 million.

The aggregate amount that can be drawn down under the State Bridge Facility and Construction Facility cannot exceed \$3,250 million.

At the end of the construction period the Construction Facility will convert to the Term Debt Facility. It is assumed that the Term Debt Facility will be refinanced during the Concession Period in the manner set out in Section 9.6.5.

Separately, Macquarie Financial Holdings will be arranging and leading an IPO Equity Bridge Facility of up to \$650 million to BrisConnections.

In addition to these Debt Financing Facilities, the D&C Contractor has agreed to defer up to \$200 million of its final payments for the Airport Link works until payment of the State Works Contribution by the State if BrisConnections is required to fund increases in the State Works Contribution due to interest rate movements or the need to respond to conditions arising from the Coordinator-General's report (see Section 11.7 for further details in relation to this report). This funding arrangement will only be utilised after the Debt Financing Facilities have been fully utilised. If utilised, the D&C Contractor will be entitled to interest and fee payments as if it were a Lender to the Project.

Table 9.2 summarises the key features of the Debt Financing Facilities.

# 9 Financial Analysis and Information continued

**Table 9.2 – Debt Financing Facilities**

| Facility  | Maximum facility amount<br>\$ million <sup>1</sup> | Term <sup>2</sup> | Repayment             | Purpose   |
|---|--|-------------------|-----------------------|---|
| Equity Bridge Facilities  | 200  | 71 months         | Bullet <sup>3</sup>   | To bridge the payment of the Deferred Equity Tranche  |
| IPO Equity Bridge Facility  | 650  | 20 months         | Revolver <sup>4</sup> | To bridge the payments of the Second Instalment and the Final Instalment                          |
| State Bridge Facility   | 475  | 47 months         | Bullet                | To bridge the payment by the State of the State Works Contribution following Airport Link Opening |
| Construction Facility (converts to the Term Debt Facility on Airport Link Opening) <sup>5</sup> | 3,150  | 10 years          | Bullet                | To fund construction, development and other project costs   |
| Reserve Facility (becomes available on Airport Link Opening)                                    | 120  | 6 years, 1 month  | Revolver              | See below Section 9.4   |

Note:

- Figures reflect the maximum commitments available under the facilities. However, based on interest rates at 14 April 2008, the expected final commitment amounts are shown in table 9.5.
- Terms are from Financial Close except for the Reserve Facility which is from Airport Link Opening.
- 'Bullet' means the entire loan amount is repaid at maturity by a single payment.
- 'Revolver' means the funds may be borrowed and repaid up until the maturity date of the facility.
- On Airport Link Opening, drawings under the Construction Facility will convert to loans under the Term Debt Facility. The Construction Facility will be deemed to have been repaid and will no longer be available for draw-down by BrisConnections.

The Equity Bridge, IPO Equity Bridge, State Bridge and Construction Facilities will be available from Financial Close. Funds drawn under each of these facilities will be applied towards expenditure incurred by BrisConnections, specifically:

- Construction costs – certain amounts payable to the D&C Contractor (except bonuses and other deferred amounts) under the D&C Contract;
- Development costs – costs incurred by BC Operations at Financial Close and during the Construction Phase;
- Operating costs incurred prior to Airport Link Opening – costs payable to the O&M Contractor, fees payable to engineering consultants, the Agent or the Security Trustee, operating expenses, amounts payable to comply with the Project Documents, capital maintenance contributions, taxes (including GST) and reasonable costs and expenses (but not certain fees) incurred by the trustee, custodian or Responsible Entity of BrisConnections, all to the extent contemplated in the financial model of the Lenders which are a party to the Syndicated Facilities Agreement;
- Financing costs incurred by BrisConnections prior to Airport Link Opening – funding interest (net of payments under the hedging arrangements) and fees and other expenses incurred during the Construction Phase by the Lenders (other than the Security Trustee fees or Agent's fees);
- Reserve accounts – funding the Ramp-up reserve account and the maintenance and repair reserve account as required by the Lenders which are a party to the Syndicated Facilities Agreement and the State respectively;
- Funding any amount needed to fully repay the State Bridge Facility. This amount is equal to the amount by which the State Works Contribution is reduced below the total amounts payable under the State Bridge Facility due to any deduction for Airport Link Opening occurring early;
- Reasonable costs, expenses and fees payable prior to Airport Link Opening to the trustee, custodian and Responsible Entity of BrisConnections which are forecast to be payable;
- Certain reserved financing costs (being capitalised finance costs forecast to be incurred in relation to the Equity Bridge Facilities until scheduled to be repaid following Airport Link Opening); and
- Other – meeting any other costs approved by the Agent acting on the instructions of a prescribed majority of the Lenders that are a party to the Syndicated Facilities Agreement.



### 9.3.2 Interest cover ratio

The interest cover ratio is relevant to certain ongoing financial covenants of BrisConnections including the ability of BrisConnections to pay Distributions.

The interest cover ratio is generally defined in the Debt Financing Documents as the ratio of the past 12 months of cash flow available for debt service (generally defined to be revenue less operating costs less contributions to the maintenance and repair reserve) to the past 12 months of financing costs (comprised of interest, commitment fees and other fees). An interest cover ratio is calculated quarterly on this basis. In addition, a reserve supported interest cover ratio is calculated also including cash available from the Ramp-up reserve as discussed in Section 9.4.1 below.

Distributions are generally able to be paid from available amounts when:

- The interest cover ratio has been equal to or has exceeded 1.20x for the previous two quarters;
- The reserve supported interest cover ratio is greater than or equal to 1.35x in the current quarter; and
- No event of default, potential event of default or review event subsists.

If the reserve supported interest cover ratio is equal to or less than 1.25x in any quarter, the balance of the proceeds account that would have otherwise been available to be paid to Unitholders, must be used to reduce the balance of the Debt Financing Facilities (and associated interest rate hedging) under the Syndicated Facilities Agreement.

An event of default occurs under the Debt Financing Documents when the reserve supported interest cover ratio is less than 1.10x. This occurs in the Base Case Financial Model when a higher than 40% reduction to projected traffic volumes is uniformly applied across the entire operating period for Airport Link.

### 9.3.3 Undertakings to debt financiers

The principal debt financing facilities impose a number of financial and non-financial undertakings on BrisConnections including:

- Compliance with the Project Documents and applicable laws;
- Information and reporting requirements;
- Negative undertakings restricting disposal of assets;
- Negative undertakings restricting the incurring of additional financial indebtedness and giving security;
- Restrictions on capital expenditure; and
- Restrictions on the payment of fees, interest or Distributions to Unitholders without satisfaction of minimum financial criteria, including the interest cover ratio requirement discussed above in Section 9.3.2.

## 9.4 Reserves

### 9.4.1 Ramp-up reserves

BrisConnections believes the Ramp-up reserves will be able to meet the equivalent of 14 months of debt service from Airport Link Opening and comprise:

- A \$199 million cash funded Ramp-up reserve account that is funded at Airport Link Opening (equivalent to nine months of debt service); and
- A Ramp-up reserve facility equivalent to five months of debt service with a maximum available commitment of \$120 million. Based on interest rates at 14 April 2008, the actual amount available under the Reserve Facility will be \$111 million.

The Ramp-up reserves and debt service reserve facility may be drawn to fund:

- Operating costs and maintenance and repair costs – costs payable to the O&M Contractor, fees payable to engineering consultants, the Agent or the Security Trustee, operating expenses, administration, maintenance and repair costs, amounts payable to comply with the Project Documents, taxes (including GST) and reasonable costs and expenses (but not fees) incurred by the Responsible Entity of BrisConnections; and
- Financing costs – funding interest (net of payments under hedging arrangements entered into by BrisConnections), fees (but not the Security Trustee fees or Agent's fees) and other expenses in relation to debt due to the Lenders that are a party to the Syndicated Facilities Agreement.

Any remaining balance in the Ramp-up reserve account may, subject to the satisfaction of certain conditions, be available to equity once a minimum interest cover ratio of 1.15x is achieved. The Ramp-up reserve facility will convert to a debt service reserve facility with an available commitment equivalent to the first three months of debt service (approximately \$66 million) after Airport Link Opening, once a minimum interest cover ratio of 1.35x is satisfied.

### 9.4.2 Maintenance and repair reserve

BrisConnections will establish a maintenance and repair reserve account at Airport Link Opening. The balance will be maintained on a rolling basis to match budgeted capital expenditure for the following 12 month period.

### 9.4.3 Distribution reserve

At Financial Close, BrisConnections will fund a \$55 million distribution reserve to be used at the discretion of the Directors. To the extent that the distribution reserve is not fully utilised, the balance will be available to be paid to Unitholders subject to the discretion of the Directors and the satisfaction of certain financial covenants.

### 9.4.4 Contingency

BrisConnections has budgeted for a \$10 million contingency at Airport Link Opening to fund any cost overruns in establishing BrisConnections.

# 9 Financial Analysis and Information continued

## 9.5 Equity distributions

Distributions to Unitholders can be classified into two categories:

- Forecast Distributions during the Fixed Distribution Period; and
- Distributions following the Fixed Distribution Period.

### 9.5.1 Distributions during the Fixed Distribution Period

During the Fixed Distribution Period, BrisConnections intends to make semi-annual Distributions for the periods ending 30 June and 31 December as set out in table 9.3. It is expected that Distributions during the Fixed Distribution Period will be fully tax deferred.

**Table 9.3 – Distributions during the Fixed Distribution Period**

| Period   | Total annual Distribution <sup>1</sup> | Annual Distribution Yield on paid up value of Stapled Units |
|--|--|---|
| First two Distribution Periods after Allotment Date        | 15.27 <sup>2</sup> cents               | 14% <sup>3,4</sup><br>(Annualised)                          |
| Third and fourth Distribution Periods after Allotment Date | 19.33 cents                            | 8% <sup>4</sup>   |
| Remainder of Fixed Distribution Period                     | 24 cents                               | 8%  |

Notes:

1. Cash Distributions during the Fixed Distribution Period will be primarily funded through an underwritten DRP.
2. This Distribution is calculated on a pro-rata basis for the period from Allotment Date until 30 June 2009.
3. Annualised Yield from Allotment Date until the end of the second Distribution Period (being 30 June 2009).
4. Yield is calculated on the time weighted paid up value of the Stapled Units over the applicable Distribution Period.

During the Fixed Distribution Period, unless a Unitholder elects in writing not to participate in the DRP, or is not eligible under the DRP Rules to participate in the DRP, Distributions due on Stapled Units will be reinvested in further Stapled Units under the DRP (see Section 9.5.3).

To the extent that Unitholders do not participate in the DRP, the cash required for the first Distribution will be funded from a reserve established from the proceeds of the Offer. The cash required for later Distributions during the Fixed Distribution Period will be funded by the issue of additional Stapled Units.

### 9.5.2 Distributions following the Fixed Distribution Period

Following the Fixed Distribution Period, Distributions will be determined by the Directors of BCMCL based on the operating cash flows of BrisConnections. As a result, Distributions to Unitholders following the Fixed Distribution Period may be higher or lower than those during the Fixed Distribution Period.

It is the intention of BrisConnections to distribute the available net cash flow to Unitholders after making appropriate allowances for certain provisions and accruals and other projected commitments. BrisConnections intends to pay these Distributions on a semi-annual basis for the periods ending 30 June and 31 December.

### 9.5.3 Distribution Reinvestment Plan (DRP)

The Directors of BCMCL have established a DRP to partially fund Distributions during the Fixed Distribution Period. Stapled Units will be issued under the DRP at a 5% discount to the arithmetic average of the daily volume weighted average price of the Stapled Units over a 20 trading day pricing period (subject to any relevant adjustments when the Stapled Units are partly paid).

Unless a Unitholder elects not to participate in the DRP or is not eligible to participate, Distributions due on the Stapled Units during the Fixed Distribution Period will be reinvested in further Stapled Units under the DRP. A Unitholder may elect not to participate in the DRP by notifying BCMCL in accordance with the DRP Rules. Persons who acquire Stapled Units on market will have their fixed Distributions automatically reinvested in further Stapled Units under the DRP unless they notify BCMCL in accordance with the DRP Rules or are ineligible to participate in the DRP.

The Stapled Units issued under the DRP will rank equally in all respects with existing Stapled Units. The DRP will be underwritten by the DRP Underwriter during the Fixed Distribution Period, excluding the first Distribution for the period ending 31 December 2008. A description of the DRP Underwriting Agreement is contained in Section 11.5.24.

## 9.6 Key assumptions in Base Case Financial Model

BrisConnections has made a number of key assumptions in formulating its bid for Airport Link and in building its Base Case Financial Model. While BrisConnections obtained advice from experts in various fields, actual outcomes may be different from the assumptions and in many cases the actual outcomes may be beyond the control of BCMCL, the Board of BCMCL and the management of BrisConnections.

The key assumptions made by BrisConnections relate to:

- Traffic volumes;
- Ramp-up;
- Inflation;
- Interest costs and hedging;
- Refinancing and re-gearing; and
- Operating, administration, maintenance and capital expenditure.

### 9.6.1 Traffic volumes

BrisConnections' traffic volume projections were produced by the Traffic Expert. The key assumptions underlying the traffic projections are:

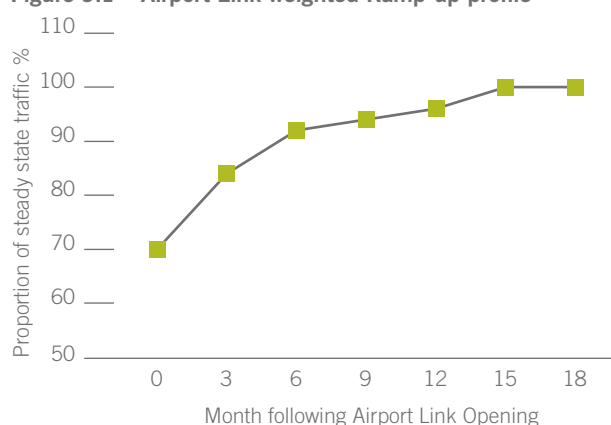
- Population and employment growth;
- Road network capacity improvements;
- Public transport share;
- Expansion and annualisation factors;
- Peak spreading and capping; and
- Traffic on Airport Link feeder roads.

A summary of these key assumptions, traffic projections and the traffic model methodology developed by the Traffic Expert to produce these projections is set out in the summary of the Traffic Experts' Report in Section 10.

### 9.6.2 Ramp-up

Ramp-up refers to the transition period after a new motorway opens during which actual traffic volumes are less than forecast as drivers adjust their behavioural patterns to take account of the new road. Based on the Traffic Experts' Report a 15 month Ramp-up period is anticipated for Airport Link. The Ramp-up profile and details of the methodology developed by the Traffic Expert are set out in the summary of the Traffic Experts' Report in Section 10.

**Figure 9.1 – Airport Link weighted Ramp-up profile**



### 9.6.3 Inflation

Tolls will increase each year in line with Brisbane CPI. BrisConnections assumes that a differential will exist between Brisbane and Australian CPI, driven by BrisConnections' higher growth forecasts for Brisbane than Australia as a whole. BrisConnections' assumption for Australian CPI is that it will revert to the Reserve Bank of Australia's long term target range of 2–3% after declining from current levels in excess of that range. Table 9.4 shows BrisConnections' assumption for Brisbane CPI and Australian CPI over the Concession Period.

**Table 9.4 – Australian and Brisbane CPI assumptions**

| Australian CPI assumption | Brisbane CPI assumption | Period                           |
|---------------------------|-------------------------|----------------------------------|
| 3.20%                     | 3.50%                   | Financial Close–31 December 2013 |
| 3.00%                     | 3.30%                   | 1 January 2014–31 December 2018  |
| 2.70%                     | 3.00%                   | 1 January 2019–31 December 2028  |
| 2.65%                     | 2.95%                   | Remainder of the Concession      |

BrisConnections has assumed that expenses and capital expenditure following Airport Link Opening will also escalate in line with Brisbane CPI as set out in table 9.4.

# 9 Financial Analysis and Information continued

## 9.6.4 Interest costs and hedging

Prior to Financial Close BrisConnections will enter into interest rate hedges to fully hedge its interest rate exposure during construction of Airport Link. Thereafter it will hedge a minimum of 80% of its interest rate exposure until the tenth anniversary of Financial Close.

Table 9.5 sets out the assumed hedged interest rate costs on BrisConnections' Debt Financing Facilities, based on market interest rates at 10.00am on 14 April 2008. The State bears the risk associated with changes in interest rates between this date and Financial Close through an adjustment to the State Works Contribution.

**Table 9.5 – Hedged interest rates**

| Facility   | Facility amount<br>\$ million <sup>1</sup> | Percent hedged<br>(%) | Hedged base rate<br>(%) <sup>2</sup> | Credit margin<br>(%)   | Total interest rate<br>(%) |
|--|--|-----------------------|--------------------------------------|------------------------|----------------------------|
| Equity Bridge Facilities   | 200  | 100                   | 7.18                                 | 0.65                   | 7.83                       |
| IPO Equity Bridge Facility   | 458  | 100                   | 7.31                                 | 1.10                   | 8.41                       |
| State Bridge Facility  | 47   | 100                   | 7.18                                 | 1.90                   | 9.08                       |
| Construction Facility (converts to a Term Debt Facility on Airport Link Opening) | 3,055                                      | 100                   | 7.18                                 | 1.90                   | 9.08                       |
| Term Debt Facility (until the sixth anniversary of Airport Link Opening)         | 3,055                                      | 80                    | 6.91 <sup>3</sup>                    | 1.75–1.85 <sup>4</sup> | 8.66–8.76                  |

1. Figures reflect the likely final aggregate commitment amounts, based on interest rates at 14 April 2008, rather than the maximum commitments available which are shown in table 9.2.

2. Inclusive of hedging costs.

3. Blended rate – 80% hedged, 20% unhedged.

4. BrisConnections has assumed that the Term Debt Facility will be refinanced at the dates and credit margins contained in Section 9.6.5.

## Unhedged interest rates

BrisConnections has assumed a long-term unhedged base rate of 5.85% as at 14 April 2008. This rate has been formulated using a fundamental approach for calculating long-term interest rates – being the sum of forecast long-term inflation and forecast real GDP growth for Australia. A 0.10% adjustment is then assumed to convert this rate to the long-term unhedged base rate. A margin is then applied to achieve the long-term unhedged total interest rate of 6.65%. These rates will be adjusted to reflect long-term market interest rates at Financial Close. The State bears the risk associated with changes in interest rates between 14 April 2008 and Financial Close through an adjustment to the State Works Contribution.

## 9.6.5 Refinancing and re-gearing

BrisConnections has assumed that the Term Debt Facility will be refinanced with interest only facilities in 2012, 2018, 2024, 2030 and 2035 respectively. This facility is assumed to begin being repaid after June 2035 and to be fully repaid by the end of the Concession Period. It is assumed that the credit margin applicable to the Term Debt Facility shown in table 9.5 will reduce to 0.90% for the first four years of the first refinancing and 0.80% for the remainder of that refinancing and all subsequent refinancings.

The outstanding level of debt is assumed to increase in 2019 and 2026, reflecting increased borrowing capacity as a result of higher expected cash flows from growth in traffic and the inflation indexation of tolls. Debt has been re-sized in these years to maintain a minimum annual interest cover ratio of approximately 1.50x. For further information on the annual interest cover ratio and how it is calculated, refer to Section 9.3.2.

The debt assumed to be outstanding over the Concession Period is illustrated in figure 9.2.

**Figure 9.2 – Debt outstanding**

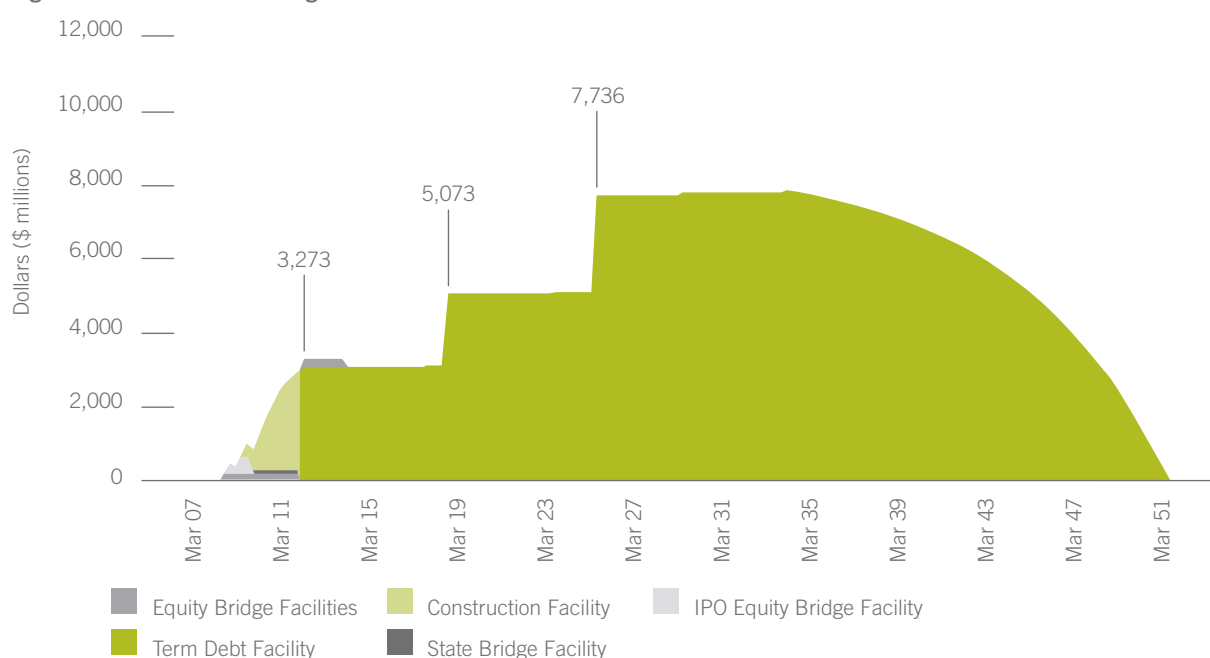


Figure 9.2 represents the profile of BrisConnections outstanding debt contained in the Base Case Financial Model over the Concession Period as set out in the Project Deed. This profile is based on the assumptions set out in Section 9.6 of this PDS including the assumptions as to traffic volumes, Ramp-up, inflation, interest costs, hedging, refinancing, re-gearing, operating costs, administration costs, maintenance costs and capital expenditure. Prospective investors should be aware that the projection of the assumptions in the Base Case Financial Model for an extended period as represented in figure 9.2 is highly uncertain. BrisConnections can give no assurance that the debt profile and underlying cash flow of BrisConnections will be consistent with the representation in the figure. Figure 9.2 is shown for the information of investors only in order to provide further background in relation to the Base Case Financial Model incorporated in the Project Deed and how the outstanding level of debt may vary over the Concession Period.

#### 9.6.6 Operating, administration, maintenance and capital expenditure

The assumed operating, administration and maintenance costs for the first full year of operation are set out in table 9.6. All estimates shown in this Section 9.6.6 are in June 2008 dollars and are assumed to increase with Brisbane CPI.

**Table 9.6 – Operating, administration and maintenance costs**

| Cost item                       | Amount in \$ million<br>(first full year of operations) |
|---------------------------------|---|
| Road operations and maintenance | 20  |
| Tolling & customer service      | 29  |
| Administration costs            | 12  |
| Insurance costs                 | 2   |
| Total                           | 64 <sup>1</sup>   |

1. Total does not exactly equal the sum of the individual components due to rounding adjustments.

Road operations and maintenance will be performed by the O&M Contractor under a five year fixed price O&M Contract (with provision of additional services and for repairs and asset refurbishment above a certain value threshold on a cost plus basis).

After the initial fixed price term, it is assumed that BrisConnections will either retender or internalise its O&M function. The Technical Reviewer has conducted a review of O&M costs in Section 10.

Tolling and customer service costs include wages and salaries associated with operating call centres, information technology costs, the cost of purchasing tags and other costs of toll collection such as merchant fees. These costs are assumed to

# 9 Financial Analysis and Information continued

increase with Brisbane CPI over the Concession Period and, where costs are directly linked to patronage on Airport Link, also increases in line with traffic volumes.

BrisConnections' capital expenditure following Airport Link Opening is divided into two categories:

- Civil, mechanical and electrical assets (for example, road surfaces and exhaust fans); and
- Tolling and control systems (in order to replace parts and upgrade technology).

**Table 9.7 – Capital expenditure profile**

| Years | Civil, mechanical and electrical assets (\$ million) | Tolling and control systems (\$ million) | Total (\$ million) |
|-------|--|--|--------------------|
| 1–10  | 8  | 1  | 9                  |
| 11–20 | 49   | 15                                       | 64                 |
| 21–30 | 34   | 15                                       | 49                 |
| 31+   | 47   | 14                                       | 60 <sup>1</sup>    |

1. Total does not exactly equal the sum of the individual components due to rounding adjustments.

## 9.7 Rental payments

From the date of Airport Link Opening, where BrisConnections' revenue exceeds the revenue profile for that period shown in the Base Case Financial Model, BrisConnections may be required to share a proportion of the excess revenue with the State in the form of lease rental payments under the terms of the Project Deed.

For example, if revenue is 40% above that shown in the Base Case Financial Model over a 12 month period, nothing is shared during years 1–3, approximately 15% of the excess revenue is shared during years 4–13 and approximately 23% of the excess revenue is shared from year 14 onwards. The amounts of these rental payments are shown in further detail in table 9.8.

**Table 9.8 – Rental payments profile**

| Revenue in excess of Base Case Financial Model (%) | Proportion of excess revenue shared with the State (%) |                                       |  |
|--|--|---------------------------------------|--|
|  | Years 1–3 after Airport Link Opening                   | Years 4–13 after Airport Link Opening | Year 14 after Airport Link Opening onwards |
| 0  | 0  | 0                                     | 0  |
| 10   | 0  | 0                                     | 0  |
| 20   | 0  | 5                                     | 10   |
| 30   | 0  | 10                                    | 17   |
| 40   | 0  | 15                                    | 23   |
| 50   | 0  | 20                                    | 28   |
| 60   | 0  | 25                                    | 33   |
| 70   | 0  | 29                                    | 37   |
| 80   | 0  | 31                                    | 40   |
| 90   | 0  | 33                                    | 42   |
| 100  | 0  | 35                                    | 44   |

## 9.8 Pro-forma balance sheets

### Basis of preparation of the pro-forma balance sheets

BrisConnections will prepare consolidated financial statements combining the consolidated financial statements of BrisConnections Investment Trust and BrisConnections Holding Trust. Transactions between the entities will be eliminated in the consolidated financial statements of BrisConnections.

The pro-forma balance sheets as at Allotment Date and the expected date for Airport Link Opening together with applicable accounting policies are set out in appendix A of the Investigating Accountants' Report contained in Section 10.



# Experts' and Consultants' Reports



# 10 Experts' and Consultants' Reports

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**Note: This report consists of both a Financial Services Guide and an Investigating Accountants' Report**

### Part 1 - Financial Services Guide

24 June 2008

#### What is a Financial Services Guide?

This Financial Services Guide (FSG) is an important document whose purpose is to assist you in deciding whether to use any of the general financial product advice provided by Deloitte Corporate Finance Pty Limited (ABN 19 003 833 127). The use of "we", "us" or "our" is a reference to Deloitte Corporate Finance Pty Limited as the holder of Australian Financial Services Licence (AFSL) No. 241457. The contents of this FSG include:

- who we are and how we can be contacted
- what services we are authorised to provide under our AFSL
- how we (and any other relevant parties) are remunerated in relation to any general financial product advice we may provide
- details of any potential conflicts of interest
- details of our internal and external dispute resolution systems and how you can access them.

#### Information about us

We have been engaged by the Directors of BrisConnections Management Company Limited to give general financial product advice in the form of a report to be provided to you in connection with the offer of stapled securities in BrisConnections. You are not the party or parties who engaged us to prepare this report. We are not acting for any person other than the party or parties who engaged us. We are required to give you an FSG by law because our report is being provided to you. You may contact us using the details located above.

Deloitte Corporate Finance Pty Limited is ultimately owned by the Australian partnership of Deloitte Touche Tohmatsu. The Australian partnership of Deloitte Touche Tohmatsu and its related entities provide services primarily in the areas of audit, tax, consulting, and financial advisory services. Our directors may be partners in the Australian partnership of Deloitte Touche Tohmatsu.

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The financial product advice in our report is provided by Deloitte Corporate Finance Pty Limited and not by the Australian partnership of Deloitte Touche Tohmatsu, its related entities, or the Deloitte Touche Tohmatsu Verein.

We do not have any formal associations or relationships with any entities that are issuers of financial products.

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#### What financial services are we licensed to provide?

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- to provide general financial product advice in respect of:
  - debentures, stocks or bonds to be issued or proposed to be issued by a government
  - interests in managed investment schemes including investor directed portfolio services
  - securities.
- to deal in a financial product by arranging for another person to apply for, acquire, vary or dispose of financial products in respect of:
  - debentures, stocks or bonds issued or to be issued by a government
  - interests in managed investment schemes including investor directed portfolio services
  - securities.

#### Information about the general financial product advice we provide

The financial product advice provided in our report is known as "general advice" because it does not take into account your personal objectives, financial situation or needs. You should consider whether the general advice contained in our report is appropriate for you, having regard to your own personal objectives, financial situation or needs.

If our advice is being provided to you in connection with the acquisition or potential acquisition of a financial product issued another party, we recommend you obtain and read carefully the relevant offer document provided by the issuer of the financial product. The purpose of the offer document is to help you make an informed decision about the acquisition of a financial product. The contents of the offer document will include details such as the risks, benefits and costs of acquiring the particular financial product.

#### How are we and our employees remunerated?

Our fees are usually determined on an hourly basis; however they may be a fixed amount or derived using another basis. We may also seek reimbursement of any out-of-pocket expenses incurred in providing the services.

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Page 2

Fee arrangements are agreed with the party or parties who actually engage us, and we confirm our remuneration in a written letter of engagement to the party or parties who actually engage us.

Neither Deloitte Corporate Finance Pty Limited nor its directors and officers, nor any related bodies corporate or associates and their directors and officers, receives any commissions or other benefits, except for the fees for services rendered to the party or parties who actually engage us. Our fee is \$150,000 and will also be disclosed in the relevant PDS or offer document prepared by the issuer of the financial product.

All of our employees receive a salary. Our employees are eligible for annual salary increases and bonuses based on overall performance but do not receive any commissions or other benefits arising directly from services provided to you. The remuneration paid to our directors reflects their individual contribution to the company and covers all aspects of performance. Our directors do not receive any commissions or other benefits in connection with our advice.

We do not pay commissions or provide other benefits to other parties for referring prospective clients to us.

## Responsibility

The liability of Deloitte Corporate Finance Pty Limited is limited to the contents of this FSG and our report referred to in this FSG.

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The Complaints Officer  
Practice Protection Group  
PO Box N250  
Grosvenor Place  
Sydney NSW 1220

If you are not satisfied with the steps we have taken to resolve your complaint, you may contact the Financial Industry Complaints Service ("FICS"). FICS provides free advice and assistance to consumers to help them resolve complaints relating to members of the financial services industry. Complaints may be submitted to FICS at:

Financial Industry Complaints Service  
PO Box 579  
Collins Street West  
Melbourne VIC 8007  
Telephone: 1300 780 808  
Fax: +61 3 9621 2291  
Internet: <http://www.fics.asn.au>

On 1 July 2008, the Banking and Financial Services Ombudsman, Insurance Ombudsman Services and FICS will be merging to become the Financial Ombudsman Service ("FOS"). We have applied for participation in the

dispute resolution scheme to be operated by FOS. Complaints may be submitted to FOS from 1 July 2008 at:

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Telephone: 1300 780 808  
Fax: +61 3 9613 6399  
Internet: <http://www.fos.org.au>  
Email: [info@fos.org.au](mailto:info@fos.org.au)

If your complaint relates to the professional conduct of a person who is a Chartered Accountant, you may wish to lodge a complaint in writing with the Institute of Chartered Accountants in Australia ("ICAA"). The ICAA is the professional body responsible for setting and upholding the professional, ethical and technical standards of Chartered Accountants and can be contacted at:

The Institute of Chartered Accountants  
GPO Box 3921  
Sydney NSW 2001  
Telephone: +61 2 9290 1344  
Fax: +61 2 9262 1512

Specific contact details for lodging a complaint with the ICAA can be obtained from their website at <http://www.icaa.org.au/about/index.cfm>.

The Australian Securities and Investments Commission ("ASIC") regulates Australian companies, financial markets, financial services organisations and professionals who deal and advise in investments, superannuation, insurance, deposit taking and credit. Their website contains information on lodging complaints about companies and individual persons and sets out the types of complaints handled by ASIC. You may contact ASIC as follows:

Info line: 1 300 300 630  
Email: [infoline@asic.gov.au](mailto:infoline@asic.gov.au)  
Internet: <http://www.asic.gov.au/asic/asic.nsf>

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### Part 2– Investigating Accountants' Report

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The Directors  
BrisConnections Management Company Limited  
Units 5a & 5b  
West End Corporate Park  
305 Montague Road,  
WEST END QLD 4101

24 June 2008

Dear Sirs

#### INVESTIGATING ACCOUNTANTS' REPORT

##### Introduction

This report has been prepared at the request of the Directors of BrisConnections Management Company Limited ("BCMCL" or "the Issuer") for inclusion in a Product Disclosure Statement ("PDS") to be issued by BCMCL on or about 24 June 2008 in respect of the offer of 408.67 million Stapled Units at \$3.00 each (the "Offer"). Each Stapled Unit comprises one unit in BrisConnections Investment Trust and one unit in BrisConnections Holding Trust, stapled together (together, the "BrisConnections Unit Trusts"). The BrisConnections Unit Trusts control a number of subsidiary companies and the consolidated group is referred to as BrisConnections. The issue price is payable in three instalments, with \$1.00 per Stapled Unit payable at the time of application and the two further instalments nine months and eighteen months from Allotment Date. The Issuer intends to apply to have the Stapled Units quoted on the Australian Securities Exchange ("ASX").

The net proceeds raised pursuant to the Offer of Stapled Units together with debt facilities will be utilised to fund the construction of the Airport Link tollroad (the "Airport Link") and meet other BrisConnections expenses.

References to the BrisConnections Unit Trusts and other terminology used in this report have the same meaning as in the PDS unless stated to the contrary.

##### Background Information

BrisConnections has been granted the right to design, construct, operate, maintain and finance Airport Link pursuant to the Project Deed. The Project Deed has a term of 45 years from Financial Close. It is assumed for the purposes of this report that Financial Close and Allotment Date occur on the same day.

##### Scope of Report

You have requested that we prepare an Investigating Accountants' Report reviewing:

- the pro-forma consolidated balance sheet of the BrisConnections Unit Trusts and notes thereto which assumes completion of the Allotment Date transactions, as disclosed in Note 1, Appendix A, as at the date of this report ("Allotment Balance Sheet"); and
- the pro-forma consolidated balance sheet of the BrisConnections Unit Trusts and notes thereto which assumes completion of the Allotment Date and the Airport Link Opening transactions, as disclosed in Note 1, Appendix A, as at the date of this report ("Airport Link Opening Balance Sheet").

Together we refer to the above hereafter as the "Pro-Forma Financial Information" which is set out in Appendix A to this report.

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The Directors of BCMCL, as the Responsible Entity of the BrisConnections Unit Trusts, are responsible for the Pro-Forma Financial Information, which has been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards effective as at the date of this report and the accounting policies described in Appendix A to this report.

In our role as Investigating Accountants, we have reviewed the Pro-Forma Financial Information in order to state whether, on the basis of the procedures described, anything has come to our attention which would indicate that the Pro-Forma Financial Information is not presented fairly in accordance with Australian Accounting Standards as at the date of this report and the accounting policies described in Appendix A to this report.

Our review of the Pro-Forma Financial Information has been conducted in accordance with Australian Auditing Standard 902 "Review of Financial Reports". Our review was limited primarily to examination of supporting documentation for the pro-forma adjustments, discussions with the advisors, analytical procedures applied to the financial data and the evaluation of accounting policies used.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance is less than given in an audit. We have not performed an audit and accordingly, we do not express an audit opinion.

## Statement

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the Pro-Forma Financial Information set out in Appendix A to this report does not present fairly:

- the pro-forma consolidated balance sheet of the BrisConnections Unit Trusts and notes thereto which assumes completion of the Allotment Date transactions, as disclosed in Note 1, Appendix A, as at the date of this report; and
- the pro-forma consolidated balance sheet of the BrisConnections Unit Trusts and notes thereto which assumes completion of the Allotment Date and the Airport Link Opening transactions, as disclosed in Note 1, Appendix A, as at the date of this report.

in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards effective as at the date of this report and the accounting policies described in Appendix A to this report.

## Subsequent Events

Up to the date of this report, nothing has come to our attention that would cause us to believe material transactions or events outside of the ordinary course of business of BrisConnections have occurred, other than the matters dealt with in this report or the PDS, which would require comment on, or adjustment to, the Pro-Forma Financial Information contained in this report, or which would cause the Pro-Forma Financial Information contained in this report to be misleading.

Yours faithfully



J Duivenvoorde  
Director



## APPENDIX A

Page A1

BrisConnections

### PRO-FORMA CONSOLIDATED BALANCE SHEETS

|  | Note | Allotment<br>\$ million | Airport Link<br>Opening<br>\$ million |
|--|------|-------------------------|---------------------------------------|
| <b>Current assets</b>                                |      |                         |                                       |
| Cash and cash equivalents                            | 3    | 41                      | 120                                   |
| <b>Total current assets</b>                          |      | 41                      | 120                                   |
| <b>Non-current assets</b>                            |      |                         |                                       |
| Intangible assets                                    | 4    | 264                     | 4,323                                 |
| Other assets   | 5    | 40                      | -                                     |
| <b>Total non-current assets</b>                      |      | 304                     | 4,323                                 |
| <b>Total assets</b>                                  |      | 345                     | 4,443                                 |
| <b>Non-current liabilities</b>                       |      |                         |                                       |
| Borrowings   | 6    | -                       | 3,055                                 |
| <b>Total non-current liabilities</b>                 |      | -                       | 3,055                                 |
| <b>Total liabilities</b>                             |      | -                       | 3,055                                 |
| <b>Net Assets</b>                                    |      | 345                     | 1,388                                 |
| <b>Equity</b>  |      |                         |                                       |
| Stapled securityholders' equity in:                  |      |                         |                                       |
| - BrisConnections Investment Trust (parent interest) | 7    | 341                     | 1,387                                 |
| - BrisConnections Holding Trust (minority interest)  | 7    | 4                       | 14                                    |
| Accumulated losses                                   |      | -                       | (13)                                  |
| <b>Total Equity</b>                                  |      | 345                     | 1,388                                 |

Notes to and forming part of the pro-forma consolidated balance sheets of BrisConnections are set out on the following pages.





## 1. Basis of Preparation of the Pro-Forma Financial Information

The pro-forma consolidated balance sheets have been prepared based on information known as at the date of this report and in the Allotment balance sheet, assumes completion of the Allotment Date transactions as at the date of this report, and in the Airport Link Opening balance sheet, assumes completion of the Allotment Date and Airport Link Opening transactions as at the date of this report.

The figures included in the pro-forma consolidated balance sheets of BrisConnections are based on interest rates as at 14 April 2008 and will be impacted by the interest rates set at Financial Close.

### Assumptions – Allotment Date

- Pursuant to the Offer, BrisConnections has raised \$409 million and has allotted 408.67 million Stapled Units. Stapled Units issued pursuant to the Offer, have been partly paid to \$1 per Stapled Unit as at Allotment Date. The second instalment of \$1 per Stapled Unit is to be paid nine months from the Allotment Date and the final instalment of \$1 per Stapled Unit is to be paid eighteen months from the Allotment Date and both recorded when received
- BrisConnections has incurred fees of \$65 million in relation to equity underwriting to issue the Stapled Units which have been netted against the proceeds raised
- BrisConnections has incurred fees of \$62 million in relation to the arrangement of the IPO Equity Bridge Facility, the Equity Bridge Facilities, the State Bridge Facility, the Reserve Facility and the Construction Facility. These fees have been deferred and capitalised as part of intangible assets
- BrisConnections has entered into a Project Deed with the State of Queensland. This Project Deed grants BrisConnections the right to finance, design, construct, operate and maintain the Airport Link for a period of 45 years from Financial Close
- BrisConnections has paid the Sponsors Sponsor development fees of \$25 million. These fees have been deferred and capitalised as part of intangible assets
- BrisConnections has paid the Sponsors \$75 million for other costs incurred prior to entering into the Project Deed with the State of Queensland. These costs have been deferred and capitalised as part of intangible assets
- BrisConnections has incurred costs of \$102 million prior to entering into the Project Deed with the State of Queensland that are attributable to the design and construction of the Airport Link. These costs have been deferred and capitalised as part of intangible assets
- BrisConnections has paid the D&C Contractor a Balance Sheet fee of \$26 million in consideration for Leighton Holdings Limited providing a parent company guarantee of the D&C Contractor's performance under the D&C Contract, which has been capitalised as an asset until the Deferred Equity Contribution Date.
- BrisConnections has paid the underwriter of the Distribution Reinvestment Plan ("DRP") a fee of \$14 million for providing the DRP Underwriting facility, which has been capitalised as an asset until Stapled Units are issued in accordance with the DRP.
- BrisConnections has entered into interest rate swaps for a period of ten years from Financial Close. It is assumed that these hedges will meet the criteria for hedge accounting under *AASB 139 Financial Instruments: Recognition and Measurement* and remain effective over the period from Allotment Date to Airport Link Opening.

### Assumptions – Airport Link Opening

- The second and third instalments of \$1 each per Stapled Unit have been received in full (\$817 million)

## Deloitte.

### 1. Basis of Preparation of the Pro-Forma Information (cont'd)

#### Assumptions – Airport Link Opening (cont'd)

- The D&C Contractor has subscribed for \$200 million of Stapled Units on the Deferred Equity Contribution Date. Whilst the Deferred Equity Contribution Date is the earliest to occur of (a) demand being made of the Security Trustee at any time after the occurrence of an event of default; (b) twenty-four months after Airport Link Opening; (c) seventy-one months after Financial Close; (d) in respect of each deferred subscriber severally, any failure by the deferred subscriber to provide replacement equity support when required under the deed, the Deferred Equity Contribution Date has been deemed to be included at the date of Airport Link Opening on the basis that it is effectively guaranteed.
- The Equity Bridge Facility of \$200 million, including \$25 million of interest, has been fully drawn to fund costs during construction of the Airport Link and repaid using the total proceeds of the Deferred Equity Tranches of \$200 million
- An amount of \$48 million, which represents the estimated fair value of the equity instrument relating to the Deferred Equity Contribution, has been recognised over the period of construction and is included within intangible assets and equity
- The Construction Facility of \$3,055 million, including \$538 million of interest, has been drawn to fund construction and other costs during construction of the Airport Link and converted to the Term Debt Facility as at Airport Link Opening. The \$18 million refinancing fees assumed to be paid at Airport Link Opening at the time the Construction Facility is converted to the Term Debt Facility are recognised as part of intangible assets
- The Balance Sheet fee of \$26 million in relation to the arrangement of the Deferred Equity Commitment, previously capitalised as an asset, has been netted against proceeds raised
- The DRP Underwriting fee of \$14 million, previously capitalised as an asset, and the DRP ongoing fees incurred during construction of \$7 million have been offset against equity
- BrisConnections has incurred costs of \$62 million in ongoing commitment fees in relation to borrowings prior to Airport Link Opening that have been deferred and capitalised as part of intangible assets
- Construction of the Airport Link, including tolling systems and equipment, has been completed as at Airport Link Opening and the D&C Contractor has been paid the fixed D&C Contract Price of \$3,400 million, including the State of Queensland contribution.
- Fixed distributions of \$24 million in respect of the Stapled Units have not been underwritten. Of the fixed distributions, it has been assumed that 50% (\$12 million) are reinvested in further Stapled Units in accordance with the DRP, and 50% (\$12 million) of this distribution will be paid in cash
- Fixed distributions of \$325 million in respect of the Stapled Units have been reinvested in further Stapled Units in accordance with the underwritten DRP. Distributions during the period to Airport Link Opening have been disclosed as a return of capital on the basis that no accounting profit is generated during this period
- Operating costs of \$59 million incurred from Allotment Date to Airport Link Opening have been capitalised as part of intangible assets. Operating costs of \$19 million which do not meet the criteria for capitalisation have been expensed during the period and are included within accumulated losses at Airport Link Opening
- Interest of \$5 million earned over the period to Airport Link Opening has been recorded as interest income and is included within accumulated losses at Airport Link Opening.



## **2. Summary of Accounting Policies**

### **(a) Basis of Accounting**

The pro-forma consolidated balance sheets have been prepared in accordance with the recognition and measurement principles prescribed in Australian Accounting Standards.

The Pro-Forma Financial Information does not comply with all the disclosure requirements set out in the *Corporations Act 2001* and Australian Accounting Standards, however the directors believe the Appendix contains adequate information for the purposes of this PDS.

The pro-forma consolidated balance sheets have been prepared on the basis of historical cost. Cost is based on the fair values of the consideration given in exchange for the assets.

Accounting policies are selected and applied in a manner which ensures that the resulting financial information satisfies the concepts of relevance and reliability, thereby ensuring that the substance of the underlying transactions and other events is reported.

The following significant accounting policies have been adopted in the preparation and presentation of the pro-forma consolidated balance sheets for BrisConnections:

### **(b) Principles of Consolidation**

AASB 3 “Business Combinations” currently excludes stapling arrangements from the scope of AASB 3. However, AASB Interpretation 1002 “Post Date-of-Transition Stapling Arrangements” requires entities combining under stapling arrangements to identify one entity acquirer or parent entity. The parent entity is required to prepare consolidated financial statements in accordance with the principles of AASB 3 and AASB 127 “Consolidated and Separate Financial Statements”.

Units in BrisConnections Investment Trust and BrisConnections Holding Trust will be stapled and registered with ASIC prior to entering into the Project Deed. Accordingly, the combination of the BrisConnections Unit Trusts occurred prior to awarding the Project Deed when there were only nominal assets and liabilities in each Trust. As a result, no fair value adjustment is required on consolidation of the BrisConnections Unit Trusts.

In preparing the pro-forma consolidated balance sheets, BrisConnections Investment Trust has been identified as the parent entity of the BrisConnections Unit Trusts on the basis that it comprises more than 99% of the value of the Stapled Units on issue. As the parent entity does not have an ownership interest in the BrisConnections Holding Trust, the equity of that trust is treated as a Minority Interest in the pro-forma consolidated balance sheets.

The pro-forma consolidated balance sheets have been prepared by consolidating the financial statements of all the entities that comprise the BrisConnections Unit Trusts being BrisConnections Investment Trust and its controlled entities by ownership interest and its controlled entities by contract alone being BrisConnections Holding Trust and its controlled entities. Consistent accounting policies have been employed in the preparation and presentation of the pro-forma consolidated balance sheet. In preparing the pro-forma consolidated balance sheets, all transactions within BrisConnections have been eliminated in full.

## Deloitte.

### 2. Summary of Accounting Policies (cont'd)

#### (c) Income Tax

##### BrisConnections Holding Trust

Pursuant to the provisions of Division 6C of the Income Tax Assessment Act 1936 ("the Act"), it is intended that the BrisConnections Holding Trust will be treated as a public trading trust and effectively treated as a company for income tax purposes.

##### BrisConnections Investment Trust

Pursuant to the provisions of Division 6A of the Act, it is intended the BrisConnections Investment Trust will not be liable for income tax under the Act, provided that the taxable income of the Trust is fully distributed to unitholders each year. Accordingly, income tax and tax-effect accounting will not be applied in relation to the BrisConnections Investment Trust.

#### (d) Project Deed / Intangibles

BrisConnections has applied the requirements of AASB Interpretation 12 "Service Concession Arrangements". At Airport Link Opening an intangible asset, representing the cost of construction services provided in exchange for the Right to the Project Deed, has been recognised as the State of Queensland does not have the primary obligation to pay BrisConnections for the concession services. No profit or loss has been recognised on the exchange of construction services for the intangible asset.

The Right to the Project Deed is amortised over the period of operation, being 41 years from Airport Link Opening.

#### (e) Borrowings and Borrowing Costs

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit and loss over the period of the borrowing using the effective interest rate method. Borrowing costs directly attributable to assets under construction are capitalised as part of the cost of those assets.

#### (f) Financial Instruments Issued by the Group

##### *Debt and equity instruments*

Debt and equity instruments are classified as either liabilities or as equity in accordance with the substance of the contractual arrangement.

##### *Transaction costs on the issue of equity instruments*

Transaction costs arising on the issue of Stapled Units are recognised directly in equity as a reduction of the proceeds of the equity instruments to which the costs relate. Transaction costs are the costs that are incurred directly in connection with the issue of those equity instruments and which would not have been incurred had those instruments not been issued.

##### *Interest and dividends*

Interest and dividends are classified as expenses or as distributions of profit, consistent with the balance sheet classification of the related debt or equity instruments.

#### (g) Derivative Financial Instruments

BrisConnections enters into a variety of derivative financial instruments to manage its exposure to interest rate risk, including interest rate swaps. Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event, the timing of the recognition in profit or loss depends on the nature of the hedge relationship. BrisConnections designates certain derivatives as either hedges of the fair value of recognised assets or liabilities or firm commitments (fair value hedges), hedges of highly probable forecast transactions (cash flow hedges). Hedge accounting is discontinued when the hedge instrument expires or is sold, terminated, exercised, or no longer qualifies for hedge accounting.



|                                     | Allotment<br>\$ million | Airport Link<br>Opening<br>\$ million |
|-------------------------------------|-------------------------|---------------------------------------|
| <b>3. Cash and cash equivalents</b> |                         |                                       |
| Cash                                | 29                      | -                                     |
| DRP reserve                         | 12                      | 28                                    |
| Ramp up reserve                     | -                       | 92                                    |
| Other reserves                      | -                       | -                                     |
| Total                               | <u>41</u>               | <u>120</u>                            |

Note 9 details the facilities available to meet the operating costs of BrisConnections during the period to Airport Link Opening.

|                                     |            |              |
|-------------------------------------|------------|--------------|
| <b>4. Intangibles (non-current)</b> |            |              |
| Rights to Project Deed              | <u>264</u> | <u>4,323</u> |

|                                      |           |          |
|--------------------------------------|-----------|----------|
| <b>5. Other Assets (non-current)</b> |           |          |
| Dividend reinvestment plan costs     | 14        | -        |
| Deferred equity commitment costs     | <u>26</u> | <u>-</u> |
|                                      | <u>40</u> | <u>-</u> |

|   |          |              |
|---|----------|--------------|
| <b>6. Borrowings (non-current)</b>                |          |              |
| Secured against the assets of<br>BrisConnections: | -        | 3,055        |
| Term Debt Facility                                | <u>-</u> | <u>3,055</u> |

On Airport Link Opening the principal outstanding under the Construction Facility is converted to the Term Debt Facility. The terms and conditions of each tranche of senior debt, including the term to maturity, the relevant interest rate (including margins) and other conditions associated with these facilities are described in Section 9 of the PDS. BrisConnections will hedge its interest rate exposure through various interest rate swap contracts.

## Deloitte.

|   | Allotment<br>\$ million | Airport Link<br>Opening<br>\$ million |
|---|-------------------------|---------------------------------------|
| <b>7. Stapled Securityholders Equity</b>  |                         |                                       |
| Stapled Units in BrisConnections Investment Trust issued pursuant to the Offer (i)                  | 405                     | 1,257                                 |
| Stapled Units in BrisConnections Holding Trust issued pursuant to the Offer                         | 4                       | 12                                    |
| Stapled Units in BrisConnections Investment Trust issued pursuant to the Deferred Equity issue (ii) | -                       | 198                                   |
| Stapled Units in BrisConnections Holding Trust issued pursuant to the Deferred Equity issue         | -                       | 2                                     |
| Distributions - Return of Capital (iii)   | -                       | (328)                                 |
| Stapled Units issued pursuant to the DRP (iii)  | -                       | 340                                   |
| Unit issue costs  | (64)                    | (80)                                  |
|   | <u>345</u>              | <u>1,401</u>                          |

(i) Two further instalments of \$1 each per Stapled Unit are receivable nine months and eighteen months from Allotment Date. The receivable is fully underwritten as part of the initial application for the Stapled Units.

(ii) Pursuant to the Deferred Equity Commitment Deed, \$200.0 million of Stapled Units will be subscribed for on the Deferred Equity Commitment Date (assumed to occur on Airport Link Opening). The obligation to subscribe for Stapled Units under the Deferred Equity Commitment Deed is secured by direct pay letters of credit. The estimated fair value (\$48 million) of the equity instrument relating to the Deferred Equity Contribution has been included within equity at Airport Link Opening.

(iii) Distributions will be paid on a semi-annual basis to the Unitholders. Distributions during the period from Allotment Date to Airport Link Opening have been disclosed as a return of capital on the assumption that no accounting profit is generated during this period.

BrisConnections has established a DRP which will operate from Allotment Date until the Fixed Distribution Period terminates, or such later date as the Directors determine. Stapled Units will be issued under the DRP at a 5% discount to the Average Price of the Stapled Units. Unless Unitholders elect otherwise in writing, distributions payable on the Stapled Units will be reinvested in further Stapled Units under the DRP. Unitholders may elect not to participate in the DRP.

The first fixed distribution of \$24 million is not underwritten. Thereafter, fixed distributions payable to Unitholders during the period to Airport Link Opening are fully underwritten by the DRP Underwriter, whereby any cash distributions during this period are funded by the issue of new Stapled Units.





|  | Allotment<br>\$ million | Airport Link<br>Opening<br>\$ million |
|--|-------------------------|---------------------------------------|
| <b>8. Expenditure Commitments</b>  |                         |                                       |
| <b>Capital expenditure</b>   |                         |                                       |
| BrisConnections has entered into a construction contract to complete the required construction activities over the expected period of 47 months from Allotment Date. |                         |                                       |
| Non-cancellable construction commitments contracted for, but not recognised in the balance sheet, are payable as follows:  |                         |                                       |
| Payable not later than one year  | 1,010                   | -                                     |
| Later than one year and not later than five years  | 1,489                   | -                                     |
| Later than five years  | -                       | -                                     |
|  | <u>2,499</u>            | <u>-</u>                              |
| <b>9. Financing Facilities</b>   |                         |                                       |
| <i>IPO Equity Bridge Facility</i>  |                         |                                       |
| Drawn  | -                       | -                                     |
| Committed  | <u>458</u>              | <u>-</u>                              |
| <i>Construction Facility</i>   |                         |                                       |
| Drawn  | -                       | -                                     |
| Committed  | <u>3,055</u>            | <u>-</u>                              |
| <i>Reserve Facility</i>  |                         |                                       |
| Drawn  | -                       | -                                     |
| Committed  | <u>-</u>                | <u>111</u>                            |
| <i>Term Debt Facility</i>  |                         |                                       |
| Drawn  | -                       | 3,055                                 |
| Committed  | <u>-</u>                | <u>-</u>                              |
| <i>State Bridge Facility</i>   |                         |                                       |
| Drawn  | -                       | 47                                    |
| Committed  | <u>-</u>                | <u>-</u>                              |
| <i>Equity Bridge Facilities</i>  |                         |                                       |
| Drawn  | -                       | -                                     |
| Committed  | <u>200</u>              | <u>-</u>                              |

Drawdowns of the Construction Facility, which is converted to the Term Debt Facility on Airport Link Opening, are made in accordance with a committed drawdown schedule and will be used to fund committed capital expenditure, interest and other expenses incurred during the Construction Period, which are outlined in Section 9 of the PDS.

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Our ref 86008/02/AJD

Date 24 June 2008

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For the attention of The Directors

ARUP

Dear Sirs

## Traffic forecasts for the Airport Link Project

### 1 Purpose of the report

#### 1.1 Introduction

Arup Pty Limited ("Arup") prepared traffic forecasts and implied toll projections for the Airport Link Project ("APL"). This report summarises Arup's traffic forecasts for APL and has been prepared to be included in a Product Disclosure Statement ("PDS") dated on or about 24 June 2008 for the offering of Stapled Units in BrisConnections.

Arup is a global engineering and consulting firm with extensive experience in traffic demand modelling and traffic and transport planning and engineering. Arup has a detailed understanding of transport and traffic issues within Brisbane and South East Queensland. Arup, in conjunction with Sinclair Knight Merz developed the Brisbane Strategic Transport Model for Brisbane City Council ("BCC"), Queensland Transport and the Queensland Department of Main Roads ("QDMR") in 2000. This model has been progressively maintained and updated by BCC and applied to the majority of road planning projects within Brisbane, by or on behalf of BCC and QDMR.

Arup has previously been involved in traffic forecasting studies for several other major road and toll road projects, both in Australia and overseas including the Inner City Bypass, Bruce Highway, Brisbane Airport Northern Access Road, Ipswich Motorway, Centenary Highway and BrisConnections' North South Bypass Tunnel ("NSBT") bid in Brisbane, City Link bid in Melbourne, the Lane Cove Consortium bid in Sydney, the Indiana Toll Road bid and SH 121 in Texas in the United States and the Tyne River Crossing in the United Kingdom.

The remainder of this report outlines:

- The methodology adopted for the traffic modelling process
- The key assumptions underlying the traffic forecasts for APL
- The traffic forecasts for APL
- The proposed toll regime for APL

## 2 Methodology

Arup was appointed by BrisConnections as the lead traffic consultant responsible for the traffic forecasts for APL that form the basis of the Revenue Forecasts.

Arup, as lead traffic consultant, engaged the following specialist sub-consultants:

- **Access Economics** provided forecasts of the future population and employment in metropolitan Brisbane and South East Queensland. Access Economics also provided advice on the growth in value of travel time savings ("VTTS") over time.
- **Spiller Gibbins Swann** conducted a review of land use and population trends across metropolitan Brisbane together with analysis of the changes in development patterns as a result of the improved accessibility provided by major infrastructure improvement projects.
- **UrbisJHD** conducted a review of land use and population trends across metropolitan Brisbane focusing on planning and property trends for key areas.
- **The Hensher Group** provided advice on the development of the VTTS for different road user types.
- **IMIS** assisted in calibrating the commercial vehicle aspects of the base year traffic model.
- **Sd+D** provided forecasts of truck movements within Brisbane.

### 2.1 Traffic modelling

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Traffic modelling is the process of estimating the number of trips made on the road network. The traffic modelling process involves four key considerations:

- trip generation (ie how many people are travelling to and from an area?)
- trip distribution (ie where do their trips begin and end?)
- mode choice (ie what mode of transport do they use?)
- traffic assignment (ie which route do they choose?).

### 2.2 Base year traffic model

---

In order to develop a model capable of generating traffic forecasts (APL Traffic Model), Arup first developed a base year model using 2004 traffic flows (Base Year Traffic Model). The Brisbane Strategic Transport Model (BSTM), the primary transport planning tool in Brisbane, was adapted by Arup in the development of the Base Year Traffic Model.

Using internationally accepted modelling techniques, processes and modelling software, the Base Year Traffic Model generated modelled volumes and travel times for the Brisbane road network in the Base Year (2004). The time period modelled was the weekday morning (AM) peak period, between 7.00am and 9.00am.

The development of the Base Year Traffic Model included the following steps:

#### Base Year Road Network

The base year road network was extensively reviewed to reflect the existing physical conditions throughout the Brisbane Statistical Division. This included adjusting lane capacities to reflect on-street parking zones, clearways, bus zones, transit lanes and the like.

#### Base Year Trip Tables

The Base Year Traffic Model incorporated trip tables for three vehicle types - cars, Light Commercial Vehicles (LCVs) and Heavy Commercial Vehicles (HCVs). These tables were formulated through an analysis of Brisbane employment and population data and allow the behaviour of different vehicle types and users to be accounted for.

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## Network Calibration

The Base Year Traffic Model was calibrated and validated using internationally accepted best practice criteria<sup>1</sup> designed to assess the model's "goodness of fit" between modelled values and actual surveyed volumes. The Base Year Traffic Model satisfied all of these criteria, as demonstrated in Table 2.1.

**Table 2.1 – Calibration and Validation Criteria**

| Criteria  | Achieved |
|---|----------|
| Comparisons to observed volumes on specific roads                                       | ✓        |
| Comparisons to observed volumes across a series of roads (screenline)                   | ✓        |
| Toll diversion for other current toll roads in the existing network (ie Gateway Bridge) | ✓        |
| Convergence / stability of the model  | ✓        |
| Overall goodness of fit of model results for all roads in the network                   | ✓        |
| Comparison to observed key journey times on alternative routes to Airport Link          | ✓        |
| Additional comparisons to observed volumes for commercial vehicles                      | ✓        |

## 2.3 Future year forecasts

Using the calibrated Base Year Traffic Model, the APL Traffic Model was used to forecast traffic demand for APL for the following future years - 2012, 2016, 2022, 2026 and 2031 (Future Year Traffic Models).

Each Future Year Traffic Model was based on a road network and trip tables corresponding to the respective forecast year. The preparation of each Future Year Traffic Model involved the following key steps:

### Future Year Road Network Assumptions

The road network for each forecast year was developed from an assessment of current road project commitments and other capacity changes expected in the short, medium and long-term. This was drawn from BCC and QDMR commitments, a review of APL Environmental Impact Statement documentation and other sources. The forecast road network includes the Gateway Upgrade project and TransApex projects (eg. Airport Link, North-South Bypass Tunnel (NSBT), Hale Street Link, Northern Link and East-West Link).

The Airport Roundabout Upgrade (ARU) has been included in the Airport Link Project, although it will be handed back to the State Government upon completion. A flyover solution from the East-West Arterial to Airport Drive will be built, as will an upgrade of the East West Arterial from 2 to 3 lanes in both directions. This will now create a continuous motorway standard road from Airport Drive to the Inner City, including motorway standard connections to the Inner City Bypass, North South Bypass Tunnel and beyond.

### Future Year Trip Tables

Future year trip tables were developed taking into account anticipated changes in population, employment and future public transport mode share for Brisbane.

### Traffic Forecasts

Traffic forecasts for the APL corridor for future years were made by applying the trip tables to the network. In applying trips to the network, the APL Traffic Model takes into account capacity constraints, traffic congestion, travel speeds and the resulting trip times on roads in the network including APL. The APL Traffic Model uses VTTS to value the potential travel time savings from using APL compared to the costs of the tolls charged on APL.

<sup>1</sup> Highways Agency (1997) *Design Manual for Roads & Bridges*, Volume 12, Highways Agency: London

### 3 Key assumptions

In preparing traffic forecasts it is necessary to make a number of assumptions. This section sets out some of the key assumptions used in the APL Traffic Model. The assumptions adopted are considered reasonable given the data currently available at the time of the preparation of the traffic forecasts.

#### 3.1 Population and employment growth

The key determinants of the amount of traffic on a road network are the levels of population and employment in the surrounding region. Greater population and employment levels generate higher trip numbers, which in turn generally increases road usage.

Access Economics prepared forecasts of population and employment in Queensland and metropolitan Brisbane. The population and employment projections are summarised in Table 3.1.

**Table 3.1 – Population and Employment Projections (millions)**

| Forecast Year | Population (million) |                       | Employment (million) |                       |
|---------------|----------------------|-----------------------|----------------------|-----------------------|
|               | Brisbane             | South East Queensland | Brisbane             | South East Queensland |
| 2006          | 1.848                | 2.689                 | 0.968                | 1.318                 |
| 2011          | 2.064                | 3.015                 | 1.122                | 1.522                 |
| 2016          | 2.294                | 3.362                 | 1.229                | 1.679                 |
| 2021          | 2.532                | 3.722                 | 1.330                | 1.825                 |
| 2026          | 2.766                | 4.089                 | 1.431                | 1.960                 |
| 2031          | 3.001                | 4.460                 | 1.536                | 2.124                 |

*Source: Access Economics (2007)*

#### 3.2 Road network capacity improvements

The distribution of the traffic generated from the population and employment growth is influenced by where and when road network capacity improvements occur and by the effects of congestion on travel time.

Arup applied their considerable local knowledge to estimate the form, capacity and connections offered by each road project and the likely timing of each improvement including any staged implementation. This included adjusting lane capacities to reflect expected operational improvements, changes to signalised intersection operations, on-street parking zones, clearways, bus zones, transit lanes and the like.

#### 3.3 Public transport mode share

In recent years the BCC and the Queensland State Government have invested heavily in the development of the public transport network in Brisbane. Despite this, the proportion of total trips undertaken using public transport has increased only marginally from 6.9% in 1992 to 8% in 2004.

Arup has assumed that the 2004 mode share split will broadly be maintained over the forecast period.

#### 3.4 Expansion factors / annualisation

The APL Traffic Model provides a forecast traffic volume for a two hour weekday AM peak period. Annualisation and expansion factors have been used to convert AM peak period traffic flows to Annual Average Daily Traffic (AADT) and Annual Average Weekday Traffic (AAWT).

In order to develop appropriate expansion and annualisation factors for APL, traffic count data was compiled for APL feeder routes based on actual traffic flow data collected over a 12 month period. The expansion and annualisation factors also take into account a reduction for tolled routes compared with free routes. The AADT and AAWT expansion and annualisation factors used in the APL Traffic Model are shown in Table 3.2.

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**Table 3.2 – APL Expansion and Annualisation Factors**

|             | 2 hour<br>AM<br>peak to<br>AAWT<br>Factor | Cars<br>Annualisation<br>(equivalent<br>days) | 2 hour<br>AM<br>peak to<br>AADT<br>Factor | 2 hour<br>AM<br>peak to<br>AAWT<br>Factor | LCVs<br>Annualisation<br>(equivalent<br>days) | 2 hour<br>AM<br>peak to<br>AADT<br>Factor | 2 hour<br>AM<br>peak to<br>AAWT<br>Factor | HCVs<br>Annualisation<br>(equivalent<br>days) | 2 hour<br>AM<br>peak to<br>AADT<br>Factor |
|-------------|---|---|---|---|---|---|---|---|---|
| <b>2012</b> | 7.11                                      | 349   | 6.79                                      | 6.96                                      | 286   | 5.44                                      | 6.61                                      | 315   | 5.70                                      |
| <b>2016</b> | 7.17                                      | 350   | 6.87                                      | 7.02                                      | 287   | 5.52                                      | 6.67                                      | 316   | 5.77                                      |
| <b>2022</b> | 7.26                                      | 352   | 7.00                                      | 7.11                                      | 289   | 5.62                                      | 6.75                                      | 318   | 5.88                                      |
| <b>2026</b> | 7.32                                      | 353   | 7.07                                      | 7.17                                      | 290   | 5.70                                      | 6.82                                      | 319   | 5.96                                      |
| <b>2031</b> | 7.40                                      | 354   | 7.17                                      | 7.25                                      | 291   | 5.78                                      | 6.89                                      | 320   | 6.04                                      |

*Note: Factors are applied to the 2 hour AM peak period traffic flows to estimate AAWT & AADT.*

## 3.5 Peak spreading & capping

Peak spreading occurs when car users adjust their travel times to avoid the most congested period. There is evidence that peak spreading has and is continuing to occur in the Brisbane network. The traffic forecasts have been prepared assuming that where the AM peak demand exceeds capacity, the additional demand will be accommodated in periods either side of the peak period until those periods also exceed capacity in which case the demand is assumed to find an alternative route, change mode or not undertake the trip.

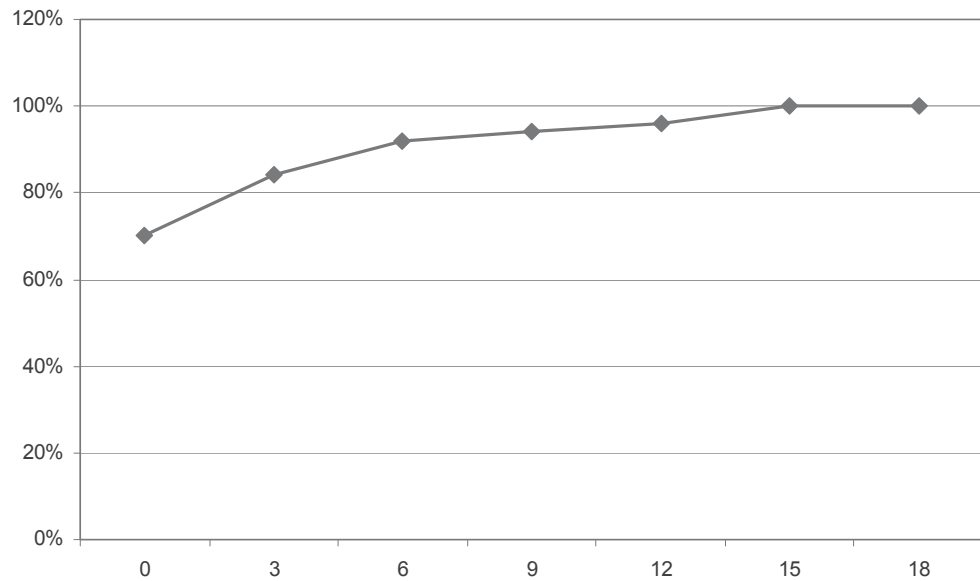
## 3.6 Ramp-up

When any new motorway opens, there is a period known as the ramp-up period during which actual traffic volumes are less than forecast total demand because it takes time for drivers to become accustomed to the new road, learn which trips it can service and for other traffic to rebalance. Ramp-up on APL is expected to benefit from the following:

- Brisbane already has three toll roads; the Gateway Bridge, the Gateway Motorway Extension (between the Pacific Motorway and Logan Motorway) and the Logan Motorway. Brisbane motorists are familiar with the practice of paying to use toll roads.
- Currently, Queensland Motorways Limited ("QML") is actively expanding the electronic tag base in Brisbane. It has recently been announced by the State Government that QML will move to fully free-flow electronic tolling by July 2009 in preparation for the completion of the Gateway Upgrade Project. These tags will be fully interoperable on APL.
- Other TransApex projects (NSBT and Hale Street Bridge) will already be in operation two years ahead of APL which will increase electronic tag penetration in Brisbane.
- All toll roads in Brisbane are planned to be fully electronic well before the APL is completed.
- Drivers will require very limited new learning to use APL as the entry points are located on major motorways and arterial roads that are already on many drivers existing routes
- A ramp-up profile of 15 months is assumed for APL. This profile is shown in Figure 3.1.



**Figure 3.1 – APL Weighted Ramp-up Profile**



NB: Month zero is opening month. Ramp-up proportions are average for the month.

### 3.7 Traffic on APL feeder roads

The historic and forecast levels of traffic growth for the feeder roads to APL are set out below. Feeder roads to APL have exhibited high levels of growth given the inherent capacity in these roads to accommodate growth in trips in the Brisbane network.

**Table 3.3 – Historical and Forecast Feeder Road Growth Rates in APL Corridor**

|  | Tollable Section 1<br>Feeder Roads | Tollable Section 2<br>Feeder Roads | Tollable Section 3<br>Feeder Roads |
|--|------------------------------------|------------------------------------|------------------------------------|
| <b>Historic Traffic Growth (2000-2006)</b> | 6.4%                               | 6.6%                               | 9.0%                               |
| <b>Forecast Traffic Growth (2004-2012)</b> | 6.2%                               | 4.9%                               | 6.0%                               |

Table 3.3 shows that whilst traffic will continue to grow, future traffic growth on feeder roads in the APL corridor is expected to be lower than historic growth levels as a result of increasing levels of congestion.

APL benefits from a redistribution of traffic through the corridor due to the additional capacity it provides. It could therefore be expected that the corridor growth rates incorporate a level of suppressed demand that would not be released without APL.

## 4 Traffic forecasts

There are a number of factors which are expected to contribute to the growth in traffic on APL during the term of the concession. In particular:

- Strong population, employment and economic growth in Brisbane and the South East is expected to continue.
- Substantial inner city and CBD development is currently underway and is forecast to continue. This is expected to increase traffic flow to and from the CBD
- The demand for air travel through Brisbane Airport has been significant over the past decade and is expected to continue to grow significantly.
- Significant commercial development is underway and more is planned over the next 10 to 20 years at Brisbane Airport and the Australia TradeCoast precincts.
- Significant road network capacity improvements are underway or planned over the next 10 years in proximity to the APL.

### 4.1 Daily forecast by tollable section

APL has three tollable sections:

- Tollable Section 1 from Bowen Hills to Kedron which links the CBD with the northern suburbs of Brisbane.
- Tollable Section 2 from Bowen Hills to Toombul which links the CBD to Brisbane Airport and Australia TradeCoast.
- Tollable Section 3 from Kedron to Toombul which links the north-western suburbs to Brisbane Airport and Australia TradeCoast.

The AADT forecasts for 2012, 2016, 2022, 2026 and 2031 for APL are detailed in Table 4.1 by tollable section. The 2012 forecasts do not include a discount to account for the ramp-up profile shown in Figure 3.1.

**Table 4.1 – APL AADT Traffic Forecasts**

| Vehicle class and direction                              | 2012   | 2016   | 2022    | 2026    | 2031    |
|--|--------|--------|---------|---------|---------|
| <b>Tollable Section 1 – Bowen Hills to/ from Kedron</b>  |        |        |         |         |         |
| Motorcycle   | 897    | 975    | 1,258   | 1,385   | 1,399   |
| Cars   | 81,289 | 87,899 | 112,418 | 122,889 | 124,181 |
| LCV  | 6,734  | 7,281  | 9,312   | 10,180  | 10,287  |
| HCV  | 1,677  | 2,309  | 4,043   | 5,386   | 5,429   |
| All Vehicles   | 90,597 | 98,464 | 127,032 | 139,839 | 141,296 |
| <b>Tollable Section 2 – Bowen Hills to/ from Toombul</b> |        |        |         |         |         |
| Motorcycle   | 671    | 795    | 823     | 955     | 1,001   |
| Cars   | 60,821 | 71,255 | 72,028  | 83,023  | 86,642  |
| LCV  | 5,038  | 5,903  | 5,967   | 6,877   | 7,177   |
| HCV  | 1,223  | 2,333  | 4,340   | 5,607   | 6,284   |
| All Vehicles   | 67,753 | 80,285 | 83,158  | 96,463  | 101,104 |
| <b>Tollable Section 3 – Kedron to/ from Toombul</b>      |        |        |         |         |         |
| Motorcycle   | 350    | 419    | 552     | 547     | 478     |
| Cars   | 31,542 | 37,600 | 48,452  | 48,021  | 41,438  |
| LCV  | 2,613  | 3,115  | 4,014   | 3,978   | 3,433   |
| HCV  | 809    | 1,205  | 2,690   | 2,726   | 2,889   |
| All Vehicles   | 35,314 | 42,338 | 55,707  | 55,272  | 48,237  |

## 4.2 Initial daily forecasts after opening

Table 4.2 shows the ADT forecasts over the first 15 months of operation when ramp-up is taken into account.

**Table 4.2 – APL ADT Forecasts (after opening)**

| Months After Opening | ADT forecasts (vehicles per day) including “ramp up” |  |   |
|----------------------|--|--|---|
|                      | Tollable Section 1 – Bowen Hills to/from Kedron      | Tollable Section 2 – Bowen Hills to/from Toombul | Tollable Section 3 – Kedron to/from Toombul |
| 1 month              | 67,948   | 46,749   | 21,188                                      |
| 3 months             | 78,819   | 56,912   | 27,898                                      |
| 6 months             | 85,161   | 62,333   | 31,782                                      |
| 9 months             | 86,067   | 63,688   | 32,489                                      |
| 12 months            | 87,879   | 65,043   | 33,195                                      |
| 15 months            | 91,089   | 68,536   | 35,753                                      |

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## 5 Tolls

### 5.1 Toll structure

Table 5.1 summarises the base tolling structure for APL. In 2006, the base toll level for cars was set at \$4.00 for Tollable Sections 1 and 2, and \$3.00 for Tollable Section 3. Toll levels will be escalated over the concession period by CPI and the toll rate adjusted by vehicle type. Assuming BrisConnections' forecast for CPI, this equates to \$4.76 and \$3.57 respectively by the time APL is expected to open in 2012.

**Table 5.1 – Forecast APL Tolls**

| Vehicle Type                     | Toll (inclusive of GST)                       |                       |  |                       |
|----------------------------------|---|-----------------------|--|-----------------------|
|                                  | June 2006 price<br>Tollable Sections<br>1 & 2 | Tollable Section<br>3 | June 2012 price (Forecast)<br>Tollable Sections<br>1 & 2 | Tollable Section<br>3 |
| <b>All Cars</b>                  | \$4.00  | \$3.00                | \$4.76   | \$3.57                |
| <b>Light Commercial Vehicles</b> | \$6.00  | \$4.50                | \$7.14   | \$5.36                |
| <b>Heavy commercial Vehicles</b> | \$10.60                                       | \$7.95                | \$12.61  | \$9.46                |

### 5.2 Toll per km

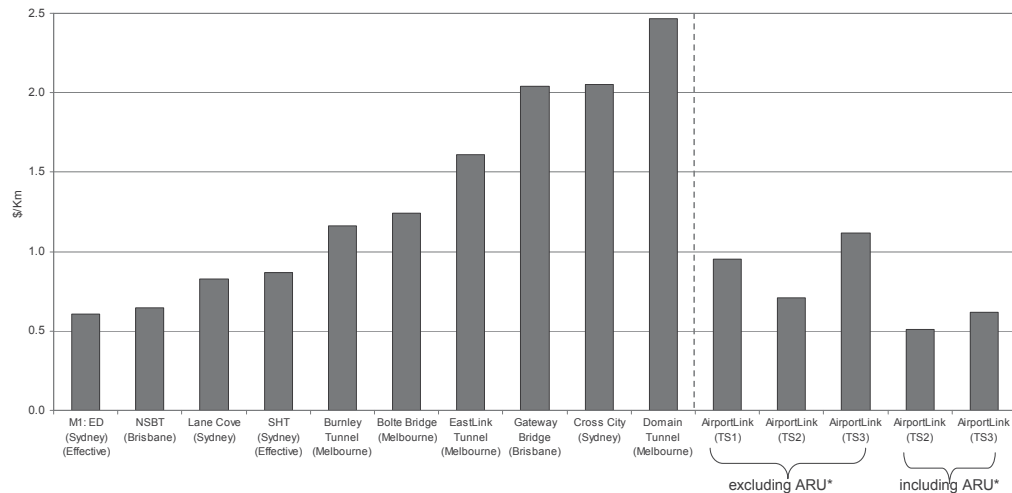
Figure 5.1 compares the APL car toll on a cents per kilometre basis with estimated tolls for a number of other tolled tunnels in Australia. While it does not include a tunnel component, the Gateway Bridge was included to provide a Brisbane based comparison.

The tolls were compared on an estimated 30 June 2012 basis to conform to the actual toll that will be charged when APL opens. The analysis relies on a number of assumptions regarding the escalation factors for the tolls and the length of the respective tunnels. The APL toll as at June 2006 was increased in line with Brisbane CPI, consistent with the regime proposed for the APL concession. The current or proposed tolls for the other tunnels were estimated using publicly available information and were either escalated at Australian weighted capital cities CPI or at a rate consistent with the applicable regime to derive an average 2012 toll rate.

Figure 5.1 shows that on a cents per kilometre basis, APL will be one of the cheapest tunnels in Australia in 2012. The rate of \$0.71/km for an APL trip to the airport is lower than Sydney Harbour Tunnel (\$0.86/km) and Lane Cove Tunnel (\$0.82/km), and almost half the rate of the average for the sample (\$1.25/km).

With the inclusion of the Airport Roundabout Upgrade as part of Airport Link, the tolls in dollars per kilometre will be \$0.51/km for trips from the CBD to the Airport and \$0.62/km for trips from the north-west suburbs to the Airport.

**Figure 5.1 – Comparison of Tunnel Toll Roads in Australia**



*Note – effective tolls for SHT and ED are the one-way toll divided by 2 to recognise non-payment for the return journey*

*\* ARU – Airport Roundabout Upgrade*

### 5.3 APL travel time savings

Table 5.2 shows the average AM 2 Hour peak period travel time savings forecast to be gained by using APL, as opposed to the most logical alternative route to each of the tollable sections.

**Table 5.2 – Potential Travel Time Savings**

|                           | 2012          | 2016          | 2022          |
|---------------------------|---------------|---------------|---------------|
| <b>Tollable Section 1</b> | 12-16 minutes | 13-17 minutes | 35-46 minutes |
| <b>Tollable Section 2</b> | 13-17 minutes | 17-22 minutes | 36-47 minutes |
| <b>Tollable Section 3</b> | 9-12 minutes  | 9-12 minutes  | 16-21 minutes |

The travel times on APL are forecast to be approximately half the travel time on the most logical alternative route during the AM 2 Hour peak period.

### 5.4 Combined usage of APL and NSBT

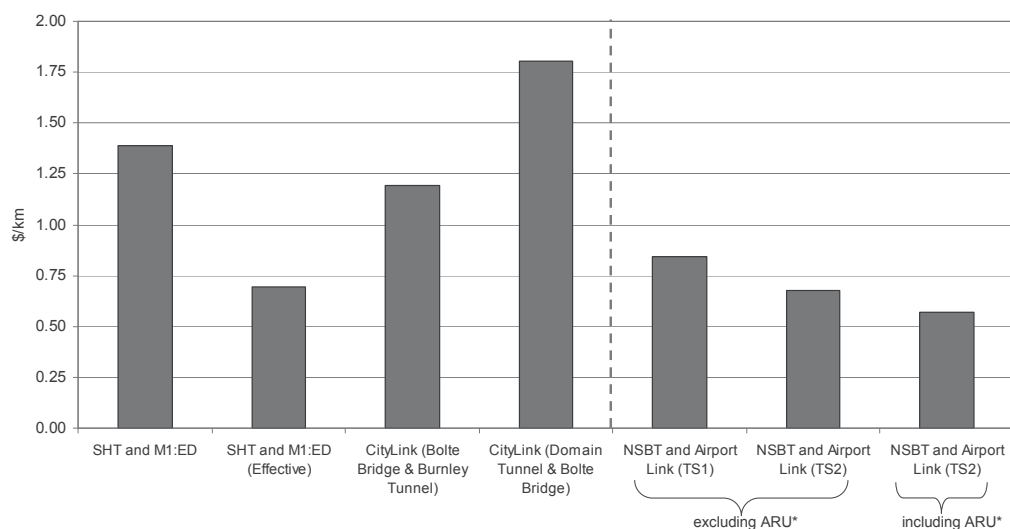
Given the contiguous nature of APL and NSBT, there will be a proportion of users of APL that will use both motorways, given the lack of spare cross-river capacity in the corridor south of the CBD in conjunction with a lack of additional capacity on the arterial roads north of the CBD to the northern suburbs and Brisbane Airport.

On a \$/km basis, the combination of APL and NSBT (\$0.68 to \$0.78 / km) is cheaper than a combination of CityLink segments including Burnley Tunnel and Bolte Bridge (\$1.31 / km), Domain Tunnel and Bolte Bridge (\$1.99 / km), and comparatively similar to the effective \$/km of Sydney Harbour Tunnel and Eastern Distributor (\$0.72 / km). When the Airport Roundabout Upgrade component of Airport Link is included, the effective rate of using both Airport Link and NSBT is reduced further to \$0.57/km.

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**Figure 5.2 – Comparison of Composite Tunnel Toll Road Trips in Australia**



*Note – effective tolls for SHT and ED are the one-way toll divided by 2 to recognise non-payment for the return journey*  
*\* ARU – Airport Roundabout Upgrade*



## **6 Conclusion**

The traffic forecasts for APL are considered achievable and are based on reasonable assumptions.

## 7 Reliance statement

This report presents the traffic forecasts for APL and has been prepared at the request of BrisConnections for inclusion in the PDS.

Arup is a global firm of designers, engineers, planners and business consultants providing a diverse range of professional services.

Arup was engaged by Macquarie Capital Group Limited, Thiess, and John Holland (the Sponsors) to prepare traffic forecasts for APL for the benefit of:

- the Sponsors, including their substitutes and assigns;
- the respective related bodies corporate of each of the Sponsors (including their substitutes and assigns);
- BrisConnections, the directors of such entities or the trustee of such entities and any due diligence committees as may be constituted from time to time;
- the Lenders; and
- the Investors and Underwriters (including substitutes and assigns) and the directors from time to time of the Underwriters, (the Parties).

Arup delivered its report titled "Airport Link Patronage Forecasting" dated 4 June 2008 (the Main Traffic Report) on 24 June 2008.

This report provides a summary of the method and assumptions set out in the Main Traffic Report and in some aspects provides additional information and commentary beyond that contained within the Main Report. In Arup's opinion, the traffic projections are based on reasonable assumptions and the traffic projections are reasonable.

### 1. Key assumptions

In conducting its review, Arup adopted the key assumptions set out in section three of this summary report, which are in its view reasonable.

If any of the above assumptions does not apply, then the traffic projections and other opinions and conclusions stated in the Main Traffic Report and summarised in this report may vary significantly.

### 2. Methodology Overview

In preparing its projections, Arup utilised the method outlined in section two of this report to arrive at opinions and conclusions in relation to APL.

### 3. Limitations

This report is subject to the following limitations and disclaimers:

- This report has been prepared for the PDS solely for the purpose of providing an overview of Arup's views on traffic projections for APL. Traffic projections are only a prediction of what might happen in the future and may not be achieved. The projections rely on a complex set of data inputs, modelling procedures and underlying assumptions.
- To the maximum extent permitted by law no warranty, expressed or implied, is made by Arup and no duty of care is owed by Arup, to any person, other than the Parties listed above, in connection with the professional advice included in the Main Traffic Report or this report.
- To the maximum extent permitted by law, and subject to the requirements of the Corporations Act, no other warranty, expressed or implied, is made as to the professional advice included in the Main Traffic Report or this report.
- Arup does not and cannot represent or warrant that all material traffic issues relevant to APL have been identified in the Main Traffic Report or this report or within the broader PDS.
- The methodology adopted and sources of information used by Arup are summarised in this report.

- Opinions and conclusions presented in this summary report apply to the design produced for BrisConnections for APL and the assumed road network arrangements at the time of the preparation of this report and necessarily cannot apply to changes made in the process of final design. To the maximum extent permitted by law and subject to the requirements of the Corporations Act, Arup disclaims responsibility for any changes that may occur after the preparation of this report.
- The nature of Arup's review assumed certain intentions expressed by BrisConnections as to tolling arrangements, operation, signage and marketing of APL. Any variance from those intentions will have an impact on actual results and may therefore affect the conclusions drawn in the Main Traffic Report and in this report. Arup takes no responsibility for any divergence between their understanding of tender intentions and the actual APL implementation.
- This report addresses only Arup's key findings in the Main Traffic Report. This means that certain elements or details of the Main Traffic Report are not included in this report, and such matters or details may be relevant to a more detailed understanding of Arup's work and findings (which are beyond the purpose of this report). This report may only be relied upon subject to the limitation of liability referred to below.
- In accordance with regulation 7.6.01(1)(u) of the Corporations Regulations 2001 and sections 947B(2)(d) and (e) of the Corporations Act, Arup makes the following disclosures:
  - Arup was engaged by the Sponsors to provide traffic projection services including preparing this report and the Main Traffic Report. Under the terms of that engagement, Arup has received fees and expense reimbursement of a total of \$4,687,755.74 excluding GST (of which an amount of \$1,982,992.66 excluding GST is payable upon the Sponsors achieving financial close).
  - Arup has the benefit of other contractual terms including an agreed limitation of Arup's liability as follows: "Arup's total liability arising in any way out of or in connection with the Services, this Contract and any other representation, statement or agreement herein, whether in contract, in tort, for breach of statutory duty or otherwise whether to the Sponsor Group or any member of the Sponsor Group or to any other party, shall not exceed ten million dollars (AUD \$10,000,000). This limitation of liability does not apply to any liabilities, losses, costs and expenses which have been caused by the gross negligence, recklessness, wilful misconduct, or fraud of Arup."
  - Arup has been separately engaged by the D&C Contractor to BrisConnections to provide design engineering services.
  - Arup anticipates that further engagements in relation to the provision of traffic and design services may be entered into with, BrisConnections and other related companies and some of these other engagements in relation to the APL could result in significant fees to Arup.
  - Arup has no intention to make any direct or indirect investment in BrisConnections or its members or their business interests and has no commercial interests in the financial products being offered other than as a service provider to the BrisConnections.
  - this report does not give and should not be interpreted as giving an opinion or advice on a financial product within the meaning of section 766B of the Corporations Act or Section 12BAB of the Australian Securities and Investments Commission Act 2001 (Cwlth). Financial product advice can only be given by advisers holding an Australian Financial Services Licence. Arup is not operating under an Australian Financial Services Licence in providing this report or the Main Traffic Report.
  - Other limitations and qualifications as described in this report.
  - This report does not purport to give legal advice.

#### 4. Traffic forecasts

The traffic forecasts are summarised in Section four of this summary report.

# 10 Experts' and Consultants' Reports continued

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## 5. Definitions

- **BrisConnections:** BrisConnections Management Company Limited, BrisConnections Holding Trust, BrisConnections Investment Trust, BrisConnections Investment Trust 2, BrisConnections Asset Trust, BrisConnections Holding 2 Pty Ltd, BrisConnections Operations Pty Ltd, BrisConnections Finance Pty Ltd, BrisConnections Contracting Pty Ltd, Northern Busway Contracting Pty Ltd and BrisConnections Nominee Company Pty Ltd
- **Investor:** Investor in the Stapled Units
- **Lenders:** The providers of the Debt Financing Facilities from time to time and may, where the context permits, include any agent or trustee of such lenders.
- **Underwriters:** Macquarie Capital Advisers Limited, Credit Suisse (Australia) Limited, Deutsche Bank AG, Sydney Branch and JP Morgan Australia Limited.

Yours faithfully



Andrew Douglas  
Principal



24 June 2008  
Project No. 43167535

BrisConnections Management Company Limited  
Units 5a & 5b, West End Corporate Park  
305 Montague Road  
West End QLD 4001

Attention: The Directors

Dear Sirs,

**Subject: Airport Link, Northern Busway and Airport Roundabout Upgrade -  
Technical Review Report**

This letter has been prepared at the request of Macquarie Capital Group Limited ("Macquarie"), Thiess Pty Limited ("Thiess"), and John Holland Pty Limited ("John Holland") ("Consortium") for inclusion in a product disclosure statement (as that term is defined in the *Corporations Act 2001* (Cth)) ("PDS") to be issued by BrisConnections Management Company Limited, the responsible entity of the BrisConnections Holdings Trust and the BrisConnections Investment Trust, and to be dated on or about the date of this letter.

URS Australia Pty Limited ("URS") is a professional services company providing engineering and environmental services in Australia.

In October 2007, URS was commissioned (the "Commission") by the Consortium to conduct a review of engineering, design, construction, operation and other technical aspects of the Consortium's proposal to design, construct and operate the Airport Link Tunnel ("AL") project and design and construct the Northern Busway ("NB") project and the Airport Roundabout Upgrade ("AR") project (collectively the "Project"), for the benefit of the preferred tenderers for the Project, being BrisConnections Operations Pty Limited and BrisConnections Nominees Pty Limited as trustee of the BrisConnections Asset Trust ("BrisConnections") and for the benefit of any proposed providers of finance to BrisConnections for the Project ("BrisConnections Financiers").

URS is not the engineering design consultant for this Project. URS' role to date has been solely to undertake a review of engineering, design, construction, operation and other technical aspects of the Project subject to the limitations set out below. Please see section 7 of this letter for details of the design consultants that have been engaged in relation to the Project.

URS Australia Pty Ltd (ABN 46 000 691 690)  
Level 3, 116 Miller Street North Sydney  
NSW 2060, Australia  
Tel: 61 2 8925 5500  
Fax: 61 2 8925 5555





The Directors  
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URS delivered its main report titled "Airport Link & Northern Busway Projects Independent Technical Review" to BrisConnections on 8<sup>th</sup> November 2007. The main report outlined URS' opinions on certain engineering and technical matters in relation to the Project and was prepared during the period 23<sup>rd</sup> August 2007 to 8<sup>th</sup> November 2007 based on documentation made available to URS during that period. Subsequently URS has provided nine supplementary reports based on documentation made available to URS from 9<sup>th</sup> November 2007 to 5<sup>th</sup> May 2008 ("Supplementary Report No 1 dated 22<sup>nd</sup> November 2007, Supplementary Report No 2 dated 27<sup>th</sup> November 2007, Supplementary Report No 3 dated 30<sup>th</sup> November 2007, Supplementary Report No 4 dated 7<sup>th</sup> December 2007, Supplementary Report No 5 dated 10<sup>th</sup> April 2008, Supplementary Report No 6 dated 18<sup>th</sup> April 2008, Supplementary Report No 7 dated 24<sup>th</sup> April 2008, Supplementary Report No 8 dated 30<sup>th</sup> April 2008 and Supplementary Report No 9 dated 5<sup>th</sup> May 2008). The main report and the nine supplementary reports mentioned above are referred to throughout this letter as the "Full URS Report."

The purpose of this letter is to summarise the key factual matters and opinions expressed in the Full URS Report taking into account the nature and scope of review as outlined in Section 1 below.

## **1. Nature of Review and Scope**

URS' role to date has been solely to undertake a review of engineering, design, construction, operation and other technical aspects of the Project based on the tender design ("Tender Design") submitted to URS by the Joint Venture between Thiess and John Holland ("TJH JV"), the Project design and construction contractor, on behalf of BrisConnections in response to the requirements of the State of Queensland's (the "State") Performance Specification, draft Project Deed, draft design and construction ("D&C") contract and draft operations and maintenance ("O&M") contract (together referred to as the "Proposal"). URS has reviewed the draft Project Deed, draft O&M contract and draft D&C contract from a technical point of view only but has not reviewed any of the Project agreements from a legal point of view and expresses no opinion about them.

### **1.1 Nature of Review**

In conducting the review and preparing the Full URS Report on which this letter is based, it should be noted that:

1. URS is not the engineering design consultant for this Project. URS' role to date has been solely to undertake a review of engineering, design, construction, operation and other technical aspects of the Project. As a result, URS' review has been of a high level overview nature and cannot be considered a detailed review or verification that would normally be undertaken by a designer nor has any design, calculation, modelling or sensitivity testing been carried out. However, it



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BrisConnections Management Company Limited  
24 June 2008  
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is considered to be consistent with industry practice for a review undertaken prior to financial close of projects of a similar nature;

2. URS' review has been limited to the scope outlined in Section 1.2 below. The review has identified some Project risks. URS' review has not involved a detailed review of any aspect of the Project nor a comprehensive assessment of all of the risks in D&C or O&M, nor has URS reviewed the legal agreements under which the Project will be undertaken. The estimation of the probabilities and consequences of such risks are based on an interpretation of current industry standards and practices, as well as the experience and judgment of the URS personnel involved in the review. The results of such estimates are therefore subjective. Due to the high level nature of the review, URS has only reviewed in this letter what it considers to be more significant risks. In addition, there are other risks outlined in the Full URS Report that are not discussed in this letter although this letter has sought to summarise the significant material technical risks identified by URS in the Full URS Report;
3. URS' review is based on the Tender Design. In URS' experience, as described in more detail in section 5 below, tender designs are typically preliminary, incomplete and subject to change when compared to the final design. As a result, URS' review and conclusions are in respect to the Tender Design that has been provided to URS, and are subject to any changes in or from the Tender Design reviewed by URS;
4. URS has relied on the accuracy and relevance of data and information provided by BrisConnections, or on its behalf by, including by TJH JV. URS cannot guarantee the accuracy or completeness of the data that has been provided to it by those parties. URS reviewed only a small portion of the available information given the high level nature of the review. Other documentation and information not provided to URS, or outside the scope of URS' review, may, however, have altered the opinions or conclusions contained in the Full URS Report and summarised in this letter. If documents or information were not provided to URS, URS accepts no responsibility for the impact that such documents or information may have had on its opinions and conclusions;
5. in clarification of the technical feasibility and identification of key construction risks for the NB, URS has only carried out a review of the program and cost associated risks of the proposed NB. URS was not asked to review or assess the technical adequacy of the proposed design, which has been assumed to be adequate for the purpose of the opinions and conclusions set out in the Full URS Report as summarised in this letter;
6. URS' review has been based on the key assumptions set out elsewhere herein. If any of these assumptions prove to be incorrect, either in whole or in part, then the



## URS

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opinions and conclusions stated in the Full URS Report as summarised in this letter may not be relied upon;

7. the views expressed regarding Thiess and John Holland may be substantially affected by and are subject to the internal management of both companies, day to day management decisions and the ongoing financial viability of each company, any of which may change over time. URS has undertaken no financial review or financial assessment of these companies or their financial statements, the purpose of the Full URS Report and this report being to express certain technical opinions and conclusions about the historic capacity of these companies to perform; and
8. URS did not undertake any independent assessment of any traffic patronage data related to the Project, as this was specifically excluded from the scope of the review completed by URS.

### 1.2 Scope of Review

In summary, subject to the nature of the review described in the introduction to this section 1 and in section 1.1 above, and to the assumptions set out in section 3 below, the scope of URS' review consisted primarily of the following:

1. A review of D&C issues, including:
  - the technical feasibility of the proposed engineering solution for roads, traffic, drainage, structures, geotechnical, tunnel, noise, tolling and environmental matters;
  - the budgeted construction costs and risk contingencies;
  - the proposed construction program and risk of delay; and
  - the technical experience and competence of the D&C team proposed to deliver the Project infrastructure; and
2. A review of O&M issues, including:
  - the compatibility of the operating assumptions with the design basis;
  - the adequacy and suitability of the O&M arrangements, including scheduled maintenance planning and proposed staffing and equipment;
  - the plan for the tolling strategy, tolling and customer service systems, including proposed technology and systems, design, installation, commissioning and capability to deliver the required systems, incorporating a review of the system providers;



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- the technical experience and capability of the contractors appointed to conduct the AL O&M; and
- the budgeted O&M costs including assessing the timing and the costs associated with the long term asset maintenance cycles for the AL.

### 1.3 Disclosure of Interest in the Project

In addition to the limitations and disclosures contained in Section 10 of this letter, URS discloses the interests set out below, which are current as at the date of this letter:

As a part of the Commission, URS agreed, if requested by the Consortium, to prepare this letter for purposes of publication in a PDS. In exchange for the preparation of this letter, URS will receive fees not exceeding A\$39,000 (excluding GST) and the benefit of other contractual terms (including limited indemnities in favour of URS and an agreed limitation of URS' liability).

In addition, URS has the benefit of a Deed of Indemnity and Release ("Deed") dated 24 June 2008 with each of the members of the Consortium. Pursuant to the Deed, each of the members of the Consortium, jointly and severally, agreed to indemnify, release and hold harmless URS from all losses (whether arising by operation of statute or the laws of contract, tort or equity) suffered by URS directly or indirectly related to: (i) any misleading or deceptive statement in, or omission of information from, any PDS or other document published by BrisConnections in connection with the offer of securities related to the Project; (ii) the distribution of any such documents or offer or investment relating thereto; and (iii) the reliance by any person on any report related thereto. Such agreement to indemnify and release also extends to any claim for the liability of URS in connection with the provision of services under certain services and verifier agreements entered into by URS relating to the Project.

On 2 June 2008, URS entered into certain contracts to provide verification services relating to the design and construction of the Project. The undertaking of the engagement pursuant these contracts would have resulted in substantial fees being paid to URS. However, at the request of URS, the Consortium and URS have agreed to use their best endeavours to have URS replaced under these agreements. As a result, URS expects to be released from all of its obligations under such agreements, in which event it will not provide any such verification services, and such contracts will be cancelled.

Further, a company acquired by the United States parent of URS in November 2007 has a 50% interest in a joint venture that is performing a fixed-price highway project in California that was approximately 95% complete as of March 28, 2008. Prior to the acquisition of that company by URS' parent, that company recorded significant losses on the project resulting from various developments, including final design and other customer specifications, state regulatory agency requirements, material quantity and cost growth, higher subcontractor and labor costs, and the impact of schedule delays. In many instances, these developments were unanticipated. On April 28, 2008, the project owner,

## URS

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which is an affiliate of and managed by Macquarie Infrastructure Group, drew \$4.5 million on a Letter of Credit posted by such company, based on a disputed unilateral deductive change order issued by the project owner. That matter is among the numerous claims in dispute made by the joint venture against the project owner, which URS' parent expects will ultimately be decided in binding arbitration between the parties.

### 2. Background of the Project

The AL part of the Proposal provides for a mainly underground fully electronically tolled road between Brisbane's inner northern suburbs, the airport and the inner city. It is intended that the AL part of the Proposal will connect to the Inner City Bypass and the North South Bypass Tunnel at Bowen Hills, to Gympie Road and Stafford Road at Kedron and to Sandgate Road and the East – West Arterial at Clayfield/Toombul. Pursuant to the Proposal, the road is expected to be approximately 6.7km long with approximately 5.7km of tunnels beneath Lutwyche Road and the suburbs of Woolloowin and Clayfield. The State issued a reference design ("Reference Design") that TJH JV revised when it submitted its Proposal.

The scope of work contained in the entire Proposal consists of:

- two separate north-south tunnels, up to 50m underground each carrying three lanes of traffic in both directions between Windsor and Kedron;
- two separate east-west tunnels up to 35m underground, each carrying two lanes of traffic in both directions between Kedron and Clayfield;
- tunnel portals at Bowen Hills, Kedron and Clayfield, with cut and cover transition sections at each surface connection; and
- tunnels and bridges linking Lutwyche Road and the mainline tunnels with Gympie Road and Stafford Road on the northern side of Kedron Brook.

The construction of the bored tunnels is proposed to be undertaken by means of a combination of roadheaders and tunnel boring machines ("TBMs").

In addition, the Proposal also provides for:

- a section of the Northern Busway along Lutwyche Rd/Gympie Rd primarily between Constitution Rd and Sadlier St. The busway works will include a combination of above ground and below ground roadworks; and
- the AR, which comprises a new interchange between the extension of the Airport Link Motorway and the existing Gateway Motorway.



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### 3. Key Assumptions

In conducting its review, URS made and relied upon the following key assumptions:

- BrisConnections will subcontract the entire design and construction of the Project to TJH JV under a fixed price fixed time contract. BrisConnections and TJH JV will retain specialist consultants to provide professional services as required;
- the technical performance standards specified by the State can be achieved in final design, these standards will not change for the final design, and these requirements will prove to be adequate performance standards for the Project;
- the concepts developed during the Tender Design phase will remain of the same form for the final design, in particular in respect to the proposed structural arrangements, technologies and construction methodologies, and any other matter that may give rise to an impact on the calculation of construction costs and construction time risks;
- the manner and extent of additional site testing, survey, and other preliminary investigative works recommended by TJH JV and other advisors during the tender phase will be undertaken to enable proper consideration of the results of these investigations on the proposed technical solutions and such results will not materially change the design growth allowance or other assumptions or estimates set out in the Tender Design;
- the relevant parties to each of the contracts and agreements contemplated under the Proposal will take out any required project specific contract works and other insurance in accordance with the terms of such contract or agreement, and will comply with all other conditions, covenants and obligations to be complied with by the Proposal; and
- the D&C contract (that forms part of the Proposal) is a fixed time, fixed cost contract and should construction be delayed liquidated damages may be payable by TJH JV.

If any of the above assumptions do not apply to the Project (including any variations to the scope of the Project or otherwise), then the opinions and conclusions stated in the Full URS Report and summarised in this letter may vary significantly.

### 4. Methodology

In undertaking its review of the Proposal, URS utilised the following methods to arrive at its opinions and conclusions in relation to the Project:

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- URS undertook interviews with team leaders of TJH JV involved with both design and construction, where proposed technical solutions were presented and discussed;
- URS reviewed conceptual arrangements, plans, sketches and design reports which were made available for review; and
- where particular issues of concern were noted by URS, further discussions occurred or documentation or other information was provided to URS for consideration.

Subject to the nature and scope of the review described in section 1 above, and in connection with the foregoing, URS reviewed the following:

- the Reference Design which includes drawings showing a conceptual arrangement of the Project developed by the State;
- the Performance Specification which specifies the technical performance requirements of the State; and
- the draft Project Deed (solely from a technical standpoint and not any other agreements referred to in the draft Project Deed other than the draft D&C contract and the draft O&M contract, from a technical standpoint too only) which outlines the proposed contractual arrangements between BrisConnections and the State.

### 5. Technical Review

#### 5.1 Key Findings

Based upon the nature and scope of the services provided and the methodologies undertaken, and subject to the assumptions, in the Full URS Report, URS made a number of findings. In URS' opinion:

- the Proposal is technically feasible and appropriate for the Project;
- the technical solutions developed for the Proposal have been based on techniques applied successfully in other recent comparable projects and are capable of being developed during final design into technically feasible and practical construction solutions provided that the assumptions set out in the Tender Design remain unchanged;
- the level of detail in the Tender Design is appropriate given the level of complexity of the Project and consistent with the standard normally expected for design and construct projects of this nature carried out in Australia;
- the parties constituting TJH JV (Thiess and John Holland) have the necessary expertise and relevant experience to act as D&C contractor on the Project;



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- the proposed 47 month construction period (from the proposed Financial Close (as defined in the Project Deed between BrisConnections and the State) date of 1<sup>st</sup> August 2008) is, on the basis of the assumptions set out in section 3 above, reasonable and includes allowances for certain events and delays, but does not account for the occurrence of potentially high impact unanticipated events (such as structural collapse, flood or fire); and
- the assumptions made by Thiess Services Pty Limited and John Holland Services Pty Limited ("TSJHS JV") regarding the costs of tolling and customer service and tunnel operations and maintenance are reasonable.

Further details on these conclusions, and the bases of these conclusions, are set out in the remainder of this letter. Set out in Sections 1 and 10 of this letter are qualifications and limitations applicable to all opinions and conclusions expressed in this letter. All such opinions and conclusions must be read subject to these qualifications and limitations.

## **5.2 Key Risks**

The Full URS Report highlighted some key technical risks that are believed to be relevant to the Project as a whole. A summary of those risks is set out below.

### **5.2.1 Tender Design Risk**

TJH JV developed a Tender Design that formed the primary basis for establishing the cost of construction and the time period for construction.

URS' industry experience indicates that the amount of time and resources required to produce a tender design might only represent around 5-10% of the time and resources required to produce a final design for construction. A tender design is therefore preliminary, incomplete and likely to change. There is significant risk in estimating the Project cost, complexity and duration based on a tender design. The final design could change significantly when compared to the Tender Design, and result in additional construction cost and time to TJH JV. The preliminary nature of the Tender Design could give rise to significant construction risks to TJH JV, including cost increases and schedule delays. In respect of the Project, TJH JV has included in its cost estimate contingencies intended to be sufficient to cover the costs of these risks commensurate with the assumptions set out in the Tender Design. URS can provide no assurances that the contingencies provided by TJH JV will be sufficient to cover all contingencies occurring in connection with the Project.

### **5.2.2 Authority Approvals Risk**

The magnitude and complexity of the Project means that a number of approvals from government and government authorities may be required during the course of construction. There may be risks to the timing of beginning or completing construction in



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obtaining these approvals. In particular, the Project may require several approvals under the Integrated Planning Act (IPA) as per the provisions of Queensland's Integrated Development Assessment Process (IDAP).

In URS' opinion, the size of the Project may also mean that it may be difficult for authorities which have limited resources to respond in a timely manner to approval requests and this could result in delays and increased costs.

URS is of the opinion that this poses a risk to the activities of TJH JV. URS is not aware of the specific contingencies established by TJH JV in the Tender Design, however, the Tender Design does include a provision for general contingencies with respect to time and costs.

### 5.2.3 Resources Risk

URS is of the opinion that the Project will place significant demand on certain technical resources necessary to deliver the Project within the required timeframe given the size of the Project, the current market for technical resources and the anticipated level of activity in those markets. Key resources constraints are considered by URS to be sufficiently skilled design engineers and personnel to progress the design effort in a timely manner, and key construction personnel with relevant skills and experience to manage and deliver the construction works. TJH JV has advised URS that it is aware of these issues and has strategies in place that are intended to minimise the impact of this resource risk on the Project. URS can provide no assurances that the strategies contemplated or employed by TJH JV to minimise this risk will be adequate or successful.

In addition, based on information available to it at such time and cost estimates included in the Full URS Report, URS made certain assumptions in relation to cost escalation, which assumptions it believes were reasonable at the time they were made. However, due to recent extraordinary increases in pricing for construction staples such as steel, cement and fuel, the ultimate prices paid for such commodities in the Project may be outside of the estimated range, and this could adversely affect the total construction cost of the Project. URS has been advised by TJH JV that the Project will be completed by it under a "fixed price" contract. As a result, TJH JV will have no recourse against other contracting parties as a result of any cost increases incurred by it relating to the Project, whether within or outside of those contemplated in the Tender Design, and all such costs will be borne by TJH JV (other than those arising from changes to the scope of work). As a result, the ultimate impact of any such cost increases is difficult to predict. During the course of URS' review of the construction cost estimate, described below, URS was not engaged to perform any sensitivity testing for price increases of construction staples.

### 5.2.4 Geotechnical Risk

One of the major components of the Proposal is the tunnels to be constructed using a combination of large diameter TBMs and roadheaders. The review by URS identified a number of geotechnical risks associated with the construction of the tunnels. TJH JV has





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represented to URS that it is aware of these risks and URS has been advised that mitigation strategies have been developed by TJH JV. URS notes that subsurface conditions may be other than anticipated. Any such departure from predicted subsurface conditions may significantly impact the timing and cost of the Project or cause delays, including through equipment or other failures.

#### **5.2.5 Production Risk**

Having regard to the information currently available, including from the Proposal, URS has identified a number of areas of significant time risk which will need to be taken into account in the assessment of the probable duration to achieve completion. These periods include the periods from start to construction, tunnelling, surface works, mechanical and electrical, and tolling. These risks include design and procurement time for long-lead materials and equipment and assumed production rates. Time delays in the completion of any of the required activities on the critical path could result in delays in Project completion.

#### **5.2.6 Other Technical Risks**

In addition, our review identified areas with other material technical risks. These include, in summary form:

- traffic and roadworks related risks including network connections and operating protocols, lane configurations and spatial limitations, changes to vertical and horizontal alignment, works footprint containment and construction traffic;
- hydrogeology related risks including possible settlement induced by lowering of groundwater levels;
- construction and operational noise and vibration related risks which may, among other things, impact public perception and support of the Project;
- contaminated land related risks; and
- risks related to services to be relocated or otherwise encountered, including railways.

The mitigation measures allowed for these risks by TJH JV are considered by URS to be reasonable given the Project size, risk profile and delivery method, and are consistent with industry standards for a project of this nature.

In addition to the foregoing, the Project may become subject to additional risks not presently known or determinable by URS. The occurrence of any one or more such risks may adversely affect the cost or timing of the Project.



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## **6. Design and Construction**

### **6.1 Construction Cost Estimate**

We understand that TJH JV prepared its construction cost estimate on the basis of the scope of work as shown on the Tender Design drawings, supplier quotations, previous similar works and judgments of experienced estimating personnel. In the preparation of the cost estimate for the Project, TJH JV used the resource based estimating technique (using the Thiess estimating software system “CCats”). Some components have been priced using approximate techniques based on the experience of the estimating personnel and some contingent amounts have also been included where there were no quantity measurements. Various parts of the direct cost estimates as reviewed were prepared by Thiess and John Holland in the pre-tender period from October 2007 through December 2007. We understand that all estimators had access to the CCats system and the whole of the direct cost estimate was prepared using the capabilities of that software. There was thus consistent methodology used for the calculation of resource rates throughout the estimates. URS reviewed the CCats schedules. Preliminaries (including insurance, levies, tender design costs, site establishment and mobilizations costs and independent verifier costs), design costs, bid associated costs, contingencies, escalation and TJH JV costs and margins were added to the direct costs.

Based on the foregoing, URS is of the opinion that the construction cost estimate for the direct cost of the Project has been prepared by TJH JV to a reasonable level of accuracy consistent with the level of detail design contained in the Tender Design. URS did not undertake a detailed independent check of the estimate, however, based upon the information supplied and the Tender Design, URS considers the above approach to be consistent with normal industry standards for a project of this nature.

The estimates for contingencies, escalation and TJH JV costs and margin were not provided by TJH JV but were estimated by URS in arriving at a total construction cost estimate to compare with the total estimate provided by TJH JV. These estimates were based on the experience of URS and knowledge of similar projects (such as Lane Cove Tunnel, North South Bypass Tunnel and EastLink).

### **6.2 Construction Program and Schedule**

URS reviewed a pre-tender (October 2007) summary version of TJH JV's D&C program for the AL part of the Project (which was prior to the finalisation of the Tender Design) and, based on that preliminary material, conducted a risk analysis on the likely completion date. The risk analysis was undertaken on the basis that only typical design/construction risks of high probability/high impact, likely to significantly affect the durations of groups of programmed construction activities, were included in this review. Potentially high impact unanticipated events (such as structural collapse, flood, fire etc.), low potential impact risks, or risks that should be minimised under reasonably competent management, were not considered in the risk analysis of the Project program.



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A probabilistic assessment of completion dates, based on the pre-tender summary version of the program of the AL part of the Project produced by TJH JV was carried out by applying probabilities to a range of durations for major groups of programmed construction activities, which were in turn based on the information made available to URS, using generally accepted methodologies for program risk analysis as applicable within the construction industry.

Following review of a later revised high-level summary program provided to URS by TJH JV in December 2007, URS considered that based on: (i) the time risk analysis previously carried out; and (ii) if it were assumed that revised TBM excavation rates as provided by TJH JV in the December 2007 program were achievable; and (iii) considering the other assumptions, qualifications and risk ranges and the construction methodology as set out in the Full URS Report, then the proposed program of 45 months (from the original Financial Close date of 1<sup>st</sup> October 2008) was achievable.

This program duration was later changed to 47 months as a result of bringing forward the Financial Close date to 1<sup>st</sup> August 2008. Due to the significance of the early works and without changes to the site access schedule the construction end date could not be brought forward.

Based on the foregoing, URS is of the opinion that the processes undertaken by TJH JV in developing a construction program for the Project up to the time the programs were reviewed and having regard to the stage of the Project at that time, are considered consistent with industry practice for a project of this nature. A number of the programs reviewed, or elements of those programs, were preliminary only at the time of review and further development was anticipated.

There is always a risk that the Project could take longer than the proposed construction period. Any delays to completion may have adverse financial implications to TJH JV and/or BrisConnections depending on the period of delay and may result in the obligation to pay liquidated damages to BrisConnections. In certain circumstances if these liquidated damages were exhausted and/or BrisConnections were required to replace TJH JV, this could also have negative financial consequences for BrisConnections.

## **7. Design and Construction Team**

As stated above URS understands that BrisConnections proposes to sub-contract the entire D&C of the Project to TJH JV.

URS is of the opinion that, as at the date of this letter and subject to the assumptions contained in the Full URS Report, the parties constituting TJH JV have the necessary expertise and relevant experience to act as D&C contractor on the Project. Further, URS considers that the previous experience of TJH JV on large infrastructure projects, delivered using design and construction processes, provides them with an understanding of the risks inherent in this process. Based on the information with which it has been provided, URS is of the opinion that TJH JV has examined the material Project risks, and

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has taken steps to mitigate and minimise risks that would be expected of a contractor on a project of this size and nature.

URS is not the engineering design consultant for the Project. TJH JV has selected a team combining the expertise of Parsons Brinckerhoff Australia Pty Limited ("PB"), Arup Pty Limited ("Arup"), Halcrow Pacific Pty Limited ("Halcrow"), Douglas Partners Pty Ltd ("Douglas Partners") and Pells Sullivan Meynink Pty Ltd ("PSM") for all aspects of engineering design associated with the Project. In addition, URS has been advised that urban and landscape design and architecture will be undertaken by various parties including Tract Consultants Pty Limited ("Tract Consultants"), VIVO Design Pty Limited, Taylor & Cullity Pty Limited and Cottee Parker Architects Pty Limited.

- **PB** is a global infrastructure design and environmental consultancy. PB provides planning, design and project management for various types of major land transport system around the world. Areas of expertise include railways, highways and public transport systems.
- **Arup** is a global firm of designers with significant experience in transportation projects around the world. Areas of expertise include highways and in particular transportation tunnels.
- **PSM** is a specialist geotechnical consultancy. PSM has substantial experience in the fields of engineering geology, mining, rock mechanics, soil mechanics, hydrology and hydrogeology. PSM has worked on a number of large underground infrastructure projects in Australia.
- **Douglas Partners** is a specialist geotechnical, environmental and groundwater consultancy. It has worked on a number of large infrastructure projects in Australia and South East Asia.
- **Halcrow** is a global transportation and infrastructure consultancy with worldwide experience as a specialist tunnel design consultant.
- **Tract Consultants** is a major Australia urban and landscape design consultancy.

Based on URS' knowledge of such firms' experience in major infrastructure projects in Australia, URS is of the opinion that these firms have the appropriate experience in transportation infrastructure design of a similar nature to the Project. However, this opinion may be substantially affected by and is subject to the internal management of each company, day to day management decisions and the ongoing financial viability of each company, which may change over time.



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## **8. Tolling Systems**

The Proposal is that the tolling system will be provided by TJH JV, with TJH JV being responsible for the design, supply, installation and commissioning of the tolling system.

We have been advised that TJH JV proposes to subcontract the supply of tolling system technology to a tolling system vendor, with overall implementation co-ordinated and managed by TJH JV in conjunction with the equipment vendor.

As a result of a comprehensive request for fully priced tolling system proposals conducted by BrisConnections during tender preparation, two preferred tolling system vendors have been nominated in the final BrisConnections tender to the State.

Based on our knowledge of its primary role in the provision of a tolling system in both the Lane Cove Tunnel and EastLink projects, URS is of the opinion that the TJH JV team understands the issues associated with the supply, design, and implementation of such systems, and has developed tailored systems engineering management processes intended to mitigate the associated commercial, technical and operational risks in supply and implementation of such technology.

## **9. Operations and Maintenance**

### **9.1 Tolling and Customer Service ("TCS")**

A comprehensive TCS cost model based on a first principles cost build and fundamental cost assumptions has been developed by BrisConnections. URS has reviewed the cost model and considers the cost assumptions to be consistent with the normal industry standards for a project of this nature. While similar cost assumptions have been used for other toll road projects, we understand that each cost assumption has been assessed in relation to the AL, and reviewed to account for any unique characteristics anticipated for the Project. In the opinion of URS, based on the prior experience of the members of the Consortium in similar projects, the Consortium is well positioned to assess and determine tolling system operational cost assumptions.

### **9.2 Tunnel Operations and Maintenance**

URS understands that the AL tunnel operations and maintenance will be undertaken by a joint venture between Thiess Services Pty Limited and John Holland Services Pty Limited ("TSJHS JV").

TSJHS JV provided a comprehensive estimate to BrisConnections of the expected operational and maintenance costs associated with the running of the AL, and an estimate of any major replacement and refurbishment costs, which were reviewed by URS. URS did not undertake an independent calculation of the AL tunnel operations and maintenance costs, however, TSJHS JV estimates were compared to a number of current operating comparable projects including Lane Cove Tunnel, Cross City Tunnel and

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Eastern Distributor in Sydney, and the recently awarded North South Bypass Tunnel. On this basis, URS believes that the estimate provided by TSJHS JV is reasonable. On the same basis, URS is of the opinion that the estimated cost for electricity is also reasonable. Notwithstanding the reasonableness of the assumptions, it is possible that actual future costs could escalate at a rate in excess of that provided for in the estimate, which may result in significant increased costs for operations and maintenance above those provided for in the estimate.

In addition URS believes that savings to the O&M cost may be possible after the completion of the O&M Agreement in Year 5. URS considers that a reduction in the O&M cost may be possible, by consolidation with other toll road O&M providers, re-tendering the work or internalising the work and combining with the tolling operations.

### 10. Limitations

This letter and the Full URS Report were prepared for use by the Consortium with the usual care and thoroughness expected from a professional in the engineering consulting industry in accordance with the agreed scope of work and the Commission. They are based on generally accepted practices and standards at the time they were prepared. To the maximum extent permitted by law, and subject to the requirements of the Corporations Act 2001 (Cth), no other warranty, expressed or implied, is made as to the professional advice included in the Full URS Report or this letter.

In the review and analysis, and on arriving at the Full URS Report and this letter, URS has assumed and relied upon the accuracy and completeness of all of the information provided to URS (both written and oral) by BrisConnections and the Consortium members or otherwise publicly available and has neither attempted independently to verify, nor assumed responsibility for verifying, such information. URS has relied upon the assurances of BrisConnections and the Consortium members that they are not aware of any facts that would make such information misleading.

The Full URS Report and this letter are necessarily based upon scientific, governmental, market, economic and other conditions as in effect on, and information made available to URS as of their respective dates. It should be understood that subsequent developments may affect the estimates or projections expressed in the Full URS Report and this letter and cannot be predicted with certainty. URS specifically does not guarantee or warrant any estimate or projections contained in the Full URS Report or this letter.

Certain statements made in the Full URS Report or this letter that are not historical facts may constitute estimates, projections or other forward-looking statements and even though URS believes that such forward-looking statements are reasonable and are based on reasonable assumptions as of the date of the Full URS Report and this letter, such forward-looking statements by their nature involve risks and uncertainties that could cause actual results to differ materially from the results predicted. Any such estimates and projections are not necessarily indicative of actual costs or predictive of future





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results, which may ultimately be more or less favourable than those suggested by the Full URS Report and this letter and are therefore subject to substantial uncertainty.

URS does not and cannot represent or warrant that all material engineering issues relevant to the Project have been identified in the Full URS Report or in this letter or within the PDS.

The methodology adopted and sources of information used by URS are summarised in this letter and set out more fully in the Full URS Report. In particular, in preparing the Full URS Report, URS has relied on information and advice made available by BrisConnections and the Consortium members. URS has made no independent verification of this information/advice beyond the agreed scope of work and, to the maximum extent permitted by law and subject to the requirements of the Corporations Act 2001 (Cth), URS assumes no responsibility for any inaccuracies or omissions arising from that information/advice. No indications were found during URS' investigations that the information/advice as provided to URS for preparation of the Full URS Report was inaccurate.

Opinions and conclusions presented in this letter are necessarily based on the information contained in the Tender Design at the time of URS' review and necessarily cannot apply if any changes are made in the process of completing the final design. To the maximum extent permitted by law and subject to the requirements of the Corporations Act 2001 (Cth), URS disclaims responsibility for any changes that may occur after the date of the Full URS Report.

The nature of URS' review assumed that certain intentions expressed by TJH JV as to the way the Project would be delivered and the Project management to be applied to the Project (such as the intentions to appoint specified parties to conduct certain work packages), would in fact apply to the Project delivering phase. Any variants during the Project delivery phase from those intentions would have an impact on actual results and may therefore affect the conclusions drawn in the Full URS Report and this letter. URS takes no responsibility for any divergences between tender intentions and Project implementation.

This letter addresses only URS' key findings in the Full URS Report as they relate to the scope described in section 1.2 above. This means that certain elements of the Full URS Report are not included in this letter, and such matters may be relevant to a more detailed understanding of the URS work and findings (which is beyond the purpose of this letter).

This letter should be read in full. Any summary of URS' information contained in this letter is not a complete description of the analysis and methods conducted in the Full URS Report as such analysis and method involves a complex analytical process involving various determinations as to the most appropriate and relevant methods of analysis and the application of those methods to the particular circumstances. Therefore, any analysis is not readily susceptible to a summary description. URS has made qualitative judgments as to the significance and relevance of each analysis and method that it considered.



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Accordingly, URS' analyses must be considered as a whole and selecting portions of any individual analyses without considering all analyses and methods could create a misleading or incomplete view of the processes underlying its analyses. URS therefore gives no opinion as to the value or merit standing alone of any one or more sections of this letter. To the maximum extent permitted by law and subject to the requirements of the Corporations Act 2001 (Cth), no responsibility is accepted for the use of any part of this letter in any other context or for any other purpose not stated therein.

URS makes no comments and is giving no guarantee in respect of the product being offered under the PDS.

URS disclaims any undertaking or obligation to advise any person of any change in any matter affecting the Full URS Report or this letter, which may come or be brought to the attention of URS after the date of this letter.

The Full URS Report and this letter are confidential and are solely for the use of the Consortium members and their advisors in connection with their evaluation of the Project. Any use of the Full URS Report or this letter for any other purpose or any other publication of this material without the express written consent of URS is strictly prohibited. It is understood that this letter may be included in a PDS provided that this letter is reproduced therein in full and any description of or reference to URS or any summary of this letter included in the PDS shall be in form and substance acceptable to URS.

In accordance with regulation 7.6.01(1)(u) of the *Corporations Regulations* 2001 and in addition to the disclosures set out in paragraph 1.3 of this letter, URS makes the following disclosures:

- Neither the Full URS Report nor this letter gives nor should be interpreted as giving an opinion, recommendation or advice on a financial product within the meaning of section 766B of the *Corporations Act* 2001 or section 12BAB of the *Australian Securities and Investment Commission Act* 2001. Financial product advice can only be given by advisers holding an Australian Financial Services Licence. URS is not operating under an Australian Financial Services Licence in providing the Full URS Report or this letter.
- URS was retained by the Consortium members to provide the Full URS Report. Under the terms of that retainer URS will receive fees not exceeding A\$502,000 (excluding GST), of which an amount not exceeding A\$108,500, is payable upon achieving Financial Close, and the benefit of other contractual terms (including limited indemnities in favour of URS and an agreed limitation of URS liability).
- URS was retained by the Consortium members to provide this summary letter. Under the terms of that retainer URS will receive fees not exceeding A\$39,000 (excluding GST) and the benefit of other contractual terms (including limited indemnities in favour of URS and an agreed limitation of URS' liability).

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- URS does not have any direct investment in either the BrisConnections Unit Trust or the BrisConnections Holding Trust or their members or their business interests and has no commercial interests in the financial products being offered other than as a service provider to BrisConnections and the BrisConnections Financiers. Drafts of each of the Full URS Report and this letter have been provided to BrisConnections for review and comment.
- Other limitations and qualifications as described in this letter.

Yours faithfully,

URS Australia Pty Limited



Bill Anderson  
Senior Principal

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# Additional Information



# 11 Additional Information

## 11.1 Reporting and disclosure obligations

Each of the BrisConnections Unit Trusts will be a 'disclosing entity' under the Corporations Act and will be subject to regular reporting and disclosure obligations under the Corporations Act, including the preparation of annual reports and half yearly reports. Copies of documents lodged with ASIC will be available to the public and may be obtained from, or inspected at, an ASIC office upon payment of ASIC's prescribed fee. You have the right to obtain a copy of each annual report, half year report and any continuous disclosure notice from BrisConnections, free of charge. These documents may also be accessed on the ASX website. As at the date of this PDS, BrisConnections has not lodged with ASIC any annual report or half year report and has not given any continuous disclosure notice to ASX.

Following listing on ASX, BrisConnections will be required to notify ASX of information about specific events and matters as they arise for the purposes of ASX making that information available to the public. In particular, BrisConnections will have an obligation under the Listing Rules (subject to certain exceptions) to notify ASX immediately of any information of which it becomes aware which a reasonable person would expect to have a material effect on the price or value of the Stapled Units. This information will be available to the public and may be accessed on the ASX website.

## 11.2 Availability of documents

The following documents are available for inspection at the offices of BCMCL between 9.00am and 5.00pm Australian Eastern Standard Time on Business Days. Alternatively, a copy may be requested (to be provided free of charge) by contacting the BrisConnections Offer Information Line on 1800 236 994:

- Constitution of BrisConnections Holding Trust;
- Constitution of BrisConnections Investment Trust;
- Compliance plan of BrisConnections Holding Trust;
- Compliance plan of BrisConnections Investment Trust; and
- DRP Rules.

## 11.3 Investment considerations

BCMCL does not take into account labour standards or environmental, social or ethical considerations in the selection, retention or realisation of investments of BrisConnections.

## 11.4 Summary and Constitutions of the Brisconnections Unit Trusts

The main rules governing the operation of the BrisConnections Unit Trusts are set out in the Constitutions of each BrisConnections Unit Trust (each a Constitution). The Corporations Act, exemptions and declarations given by ASIC, the Listing Rules (subject to waivers) and the general law of trusts are also relevant to the rights and obligations of BCMCL and Unitholders.

The terms and conditions of the Constitutions are binding on Unitholders and BCMCL.

The main provisions of each Constitution are very similar and are summarised below.

### Principal investment policy

The principal investment policy of each BrisConnections Unit Trust is the holding (either directly or indirectly) of investments or interests in the Project and providing financial assistance to any entity in BrisConnections (and certain other incidental activities). The principal investment policy may be varied by BCMCL only with the approval of a special resolution of Unitholders passed at a joint meeting of the BrisConnections Unit Trusts. Any other developments and any other investment (such as in another road project) would require the approval of Unitholders except where the development or investment is in accordance with any options approved by the State in connection with the Airport Link project.

### Stapling

The Constitutions contain provisions which provide that BrisConnections Investment Trust units are to be stapled to BrisConnections Holding Trust units. Stapling means that BrisConnections Investment Trust units must not be transferred, issued or otherwise dealt with without a corresponding and contemporaneous transfer, issue or dealing of BrisConnections Holding Trust units and vice versa. Essentially, the BrisConnections Investment Trust units and the BrisConnections Holding Trust units are attached such that they are treated as one joint security.

BCMCL must use every reasonable endeavour to procure that while the Stapled Units are officially quoted on ASX as one joint security, they are dealt with in a manner consistent with stapling.

The Constitutions also contain provisions for the Stapled Units to be de-stapled. However, Stapled Units may not be de-stapled without a special resolution of the Unitholders at a joint meeting of the BrisConnections Unit Trusts. In addition, no stapling provision of the Constitutions may be amended or deleted without a special resolution of the Unitholders at a joint meeting of the BrisConnections Unit Trusts.

The Constitutions provide for the sharing of information between the BrisConnections Unit Trusts in relation to the preparation of financial accounts, the adoption of the same valuation and accounting policies, the provision of all reports, circulars and other information required by law or the Listing Rules or which may be reasonably desirable to provide to Unitholders.

### Partly paid Stapled Units

BCMCL has the power to issue partly paid Stapled Units. Either all the Stapled Units on issue will be partly paid or all will be fully paid. There will never be both partly paid and fully paid Stapled Units on issue at the one time.

Subject to the Corporations Act and the Listing Rules, BCMCL may revoke or postpone the payment of the Second Instalment and/or the Final Instalment and may extinguish in full or in part any liability of Unitholders in respect of any monies unpaid on the Stapled Units. Subject to the Listing Rules, the non-receipt of a notice that the Second Instalment or Final Instalment is due, or the accidental omission to give a Unitholder a notice that the instalment is due, does not invalidate the instalment being due.

### Legal entitlement and joint holdings

Unless otherwise required by law, only persons registered as Unitholders are recognised as having any interest in the BrisConnections Unit Trusts. Where two or more Unitholders are registered as jointly holding Stapled Units, those Unitholders hold as joint tenants with rights of survivorship unless BCMCL agrees otherwise.

### Distributions to Unitholders

#### Entitlement

- A Unitholder's entitlement to a Distribution is calculated on a proportionate basis according to the number of Stapled Units the Unitholder holds.
- Distributions must be paid to a Unitholder within six months of the relevant Distribution Calculation Date. An eligible person registered as a Unitholder on a record date determined by BCMCL is entitled to receive the Distribution for the Distribution Period notwithstanding a transfer or transmission of Stapled Units after the record date.

#### Other Distributions

- BCMCL, as the Responsible Entity of the BrisConnections Unit Trusts, may at any time distribute any amount of capital or income to Unitholders pro rata according to the number of Stapled Units held as at a time determined by BCMCL. The Distribution may, at the election of the Responsible Entity, be in cash or by way of issue of additional Stapled Units (in which case, while the Stapled Units are officially quoted on ASX as one joint security, they will be issued at a 5% discount to the Average Price of the Stapled Units and such Stapled Units will rank equally in all respects with existing Stapled Units).

### Limited redemption

If Financial Close does not occur on or before 1 August 2008, or such other date on or before 30 September 2008 agreed by the Lenders, Underwriters and the State, BCMCL must redeem all the Stapled Units for the Initial Instalment and may also redeem some or all of the Stapled Units issued to Thiess Trustee and Macquarie Capital Group in connection with the commencement of the BrisConnections Unit Trusts.

In addition, if a condition subsequent to Financial Close is not achieved on or before 30 September 2008, or the Underwriters and the Lenders determine that a condition subsequent cannot be satisfied, BCMCL must redeem all the Stapled Units.

The Initial Instalment must be repaid on or within 30 days of the date Financial Close is not reached or the date the Underwriters and the Lenders determine that a condition subsequent cannot be met, as applicable. The Initial Instalment will be redeemed at a redemption price equal to the amount paid up on the Stapled Units, and, in the case of Stapled Units redeemed where a condition subsequent cannot be met, less costs of redemption and any other costs incurred for which BCMCL is not indemnified.

### Meetings and voting

Rights to request, attend and vote at meetings are mostly prescribed by the Corporations Act. However, the Constitutions also contain provisions to facilitate meetings of Unitholders.

The Constitutions provide that the quorum for a meeting is two Unitholders present in person or by proxy. It allows meetings by electronic means including telephone.

Any ordinary resolution being considered at a meeting is determined by a show of hands unless a poll is demanded. A special resolution must be determined by poll. On a show of hands, a Unitholder present in person and each other person present as a proxy, attorney or representative of the Unitholder has one vote. On a poll, a Unitholder present in person has one vote for each dollar of the value of the Stapled Units held by the Unitholder and each other person present as a proxy, attorney or representative of the Unitholder has one vote for each dollar of the value of the Stapled Units held by the Unitholder that the person represents.

# 11 Additional Information continued

## **Small holdings**

While the BrisConnections Unit Trusts are officially quoted on ASX, BCMCL may in its discretion from time to time sell any Stapled Units held by a Unitholder which comprise less than a 'marketable parcel' as provided in the Listing Rules, without request by the Unitholder. The Responsible Entity may only exercise this power on one occasion in any 12 month period and must conduct the sale in accordance with the procedures set out in the Constitutions.

## **Powers of BCMCL**

BCMCL has all the powers it would have if it were the absolute owner of the assets of BrisConnections Investment Trust and the assets of BrisConnections Holding Trust. BCMCL has wide powers to invest and deal with assets, subject to the principal investment policy.

BCMCL is also permitted to:

- Enter into the documents relating to the Project, the Underwriting Agreement and the DRP Underwriting Agreement;
- Subject to the Constitutions and the Listing Rules, issue Stapled Units on such terms as it determines;
- Take and act upon advice from professionals;
- Value the assets of the BrisConnections Unit Trusts at any time;
- Determine the net asset value of the BrisConnections Unit Trusts at any time, including more than once a day;
- Hold Stapled Units in the BrisConnections Unit Trusts in any capacity; and
- Contract with itself or any associate and be interested in any such contract.

## **Issue Price**

While the Stapled Units are Listed, the application price for Stapled Units will generally be such proportion of the market price of a Stapled Unit as BCMCL determines in accordance with the Constitutions, the Corporations Act and the Listing Rules, except for limited exceptions such as the issue of units to Thiess Trustee and John Holland Trustee under the Deferred Equity Commitment Deed and rights offers to all Unitholders.

## **Indemnity in favour of BCMCL**

Subject to the Corporations Act, BCMCL is not liable in contract, tort or otherwise to Unitholders for any loss suffered in any way relating to the BrisConnections Unit Trusts.

BCMCL has a right to be indemnified out of the assets of the BrisConnections Unit Trusts for any liability incurred by it in properly performing or exercising any of its powers or duties in relation to the relevant BrisConnections Unit Trust (including any liability incurred as a result of an act or omission of its appointed delegates and agents). This indemnity is in addition to any indemnity allowed by law.

## **Liability of Unitholders**

Each Constitution limits the liability of each Unitholder to the Issue Price paid or agreed to be paid for their Stapled Units unless a Unitholder incurs 'user pays' fees or makes a separate agreement with BCMCL.

## **Fees of the Responsible Entity**

The Constitutions provide that the Responsible Entity is entitled to an annual fee and an early termination fee. For details of the form of payment of these fees, refer to Section 7.

All expenses incurred by the Responsible Entity in relation to the proper performance of its duties in respect of the BrisConnections Unit Trusts are payable or reimbursable from the assets of the BrisConnections Unit Trusts.

## **Retirement of BCMCL**

BCMCL may retire as Responsible Entity of the BrisConnections Unit Trusts as permitted, or when required, by law. When BCMCL retires or is removed, BCMCL is released from all obligations in relation to the relevant BrisConnections Unit Trust arising after the time when BCMCL retires or is removed. BCMCL may, in relation to its retirement, receive a benefit from an incoming Responsible Entity and is not required to account to Unitholders for that benefit. The new Responsible Entity must execute a deed by which it covenants to be bound by the Constitutions as if it had originally been a party to them and the fees to be paid to the new Responsible Entity will not exceed 0.2% per annum of the gross assets of the BrisConnections Unit Trusts for the quarter most recently ended.

## **Amendment of the Constitutions**

The Constitutions may be amended by a special resolution of Unitholders or by deed executed by BCMCL if BCMCL reasonably considers the amendment will not adversely affect the rights of Unitholders.



### 11.5 Material document summaries

This Section contains summaries of the material documents entered into by BrisConnections in relation to Airport Link, the Busway and the Airport Roundabout Upgrade. These documents were executed on or prior to the date of this PDS, unless otherwise stated.

Table 11.1 sets out the basic features of the material documents. A more detailed description of some of the material documents has been provided in Sections 11.5.1 to 11.5.25. The summaries of the material documents in this Section 11 are not exhaustive. The material documents summarised have further qualifications to rights and other obligations which are not mentioned here.

**Table 11.1 – Material documents**

| Title   | Parties  | Subject matter   |
|---|--|--|
| <b>Main Project Documents</b>                                       |  |  |
| Project Deed<br>(Refer to Section 11.5.1)                           | The State, BC Operations and BC Trustee  | Regulates the relationship of the parties concerning the design, construction, operation, maintenance and financing of Airport Link and the design and construction of the Busway and the Airport Roundabout Upgrade. This document also allocates risk between the parties. |
| State Works Deed<br>(Refer to Section 11.5.8)                       | The State and BC Contracting   | Regulates the basis on which BC Contracting will design and construct the State Works (which form part of Airport Link) for the State and the State will pay for those works.  |
| NB Works Deed<br>(Refer to Section 11.5.9)                          | The State and the NB Works Contractor  | Regulates the basis on which the NB Works Contractor will design and construct the Busway and the State will pay for those works.  |
| Airport Roundabout Upgrade Works Deed<br>(Refer to Section 11.5.10) | The State, the NB Works Contractor and BC Operations   | Regulates the basis on which the NB Works Contractor will design and construct the Airport Roundabout Upgrade and the State will pay for those works.  |
| Independent Verifier Agreement                                      | The State, BC Operations, BC Trustee, BC Contracting, the NB Works Contractor, the Independent Verifier and the Security Trustee | Regulates the performance by the Independent Verifier of the functions contemplated by the Project Deed, State Works Deed, NB Works Deed and Airport Roundabout Upgrade Works Deed.  |
| State Deed of Charge<br>(Refer to Section 11.5.2)                   | The State, BC Operations, BC Trustee and FinCo   | BC Operations, BC Trustee and FinCo charge all their assets and undertakings to the State, to secure their obligations under the State Project Documents.  |
| State Works Contractor Deed of Charge                               | The State and BC Contracting   | BC Contracting charges all of its assets and undertakings to the State to secure its obligations under the State Project Documents.<br><br>This document operates in a similar manner to the State Deed of Charge.   |
| NB Works Contractor Deed of Charge                                  | The State and the NB Works Contractor  | The NB Works Contractor charges all of its assets and undertakings to the State to secure its obligations under the State Project Documents.<br><br>This document operates in a similar manner to the State Deed of Charge.  |
| Debt Finance Side Deed<br>(Refer to Section 11.5.3)                 | The State, BC Operations, BC Trustee, BC Contracting, the NB Works Contractor, FinCo and the Security Trustee                    | Regulates the relationship between BC Operations, BC Trustee, BC Contracting, the NB Works Contractor, the Lenders and the State and the enforcement of their respective securities.   |

# 11 Additional Information continued

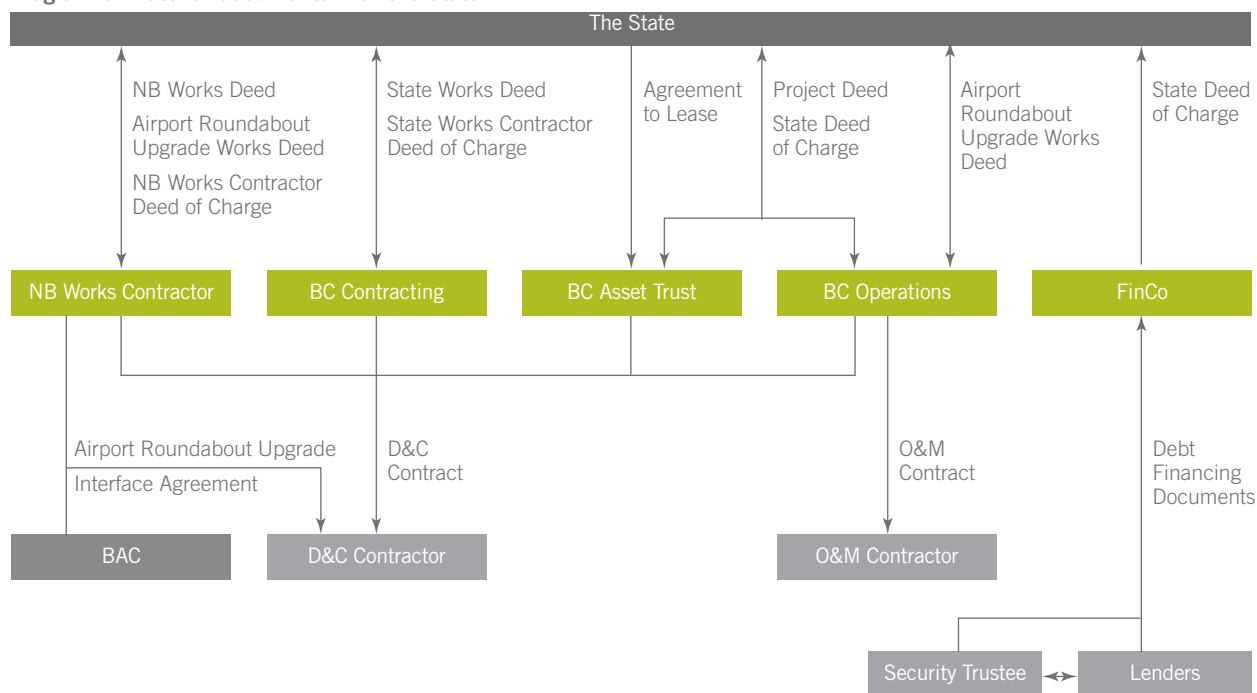
| Title   | Parties   | Subject matter   |
|---|---|--|
| D&C Side Deed<br>(Refer to Section 11.5.4)                                | The State, BC Operations, BC Trustee, BC Contracting, the NB Works Contractor, the D&C Contractor, the D&C Guarantor and the Independent Verifier   | Regulates the relationship between the State and the D&C Contractor, including in relation to dealing with a default under the D&C Contract.   |
| O&M Side Deed<br>(Refer to Section 11.5.5)                                | The State, BC Trustee, BC Operations, the O&M Contractor, the O&M Guarantor and the Independent Verifier  | Regulates the relationship between the State and the O&M Contractor including in relation to dealing with default under the O&M Contract.  |
| Agreement to Lease<br>(Refer to Section 11.5.6)                           | The State and BC Trustee  | Regulates the basis on which the State will provide BC Trustee with access to land during the Construction Phase and the Lease and access to land for maintenance purposes during the Operations Phase.                          |
| Lease<br>(Refer to Section 11.5.7)  | The State and BC Trustee  | This is the agreed form of the Lease, which the State will grant to BC Trustee following completion of construction of Airport Link. It is a schedule to the Agreement to Lease.   |
| <b>Main design, construction and operation documents</b>                  |   |  |
| D&C Contract<br>(Refer to Section 11.5.11)                                | BC Operations, BC Trustee, BC Contracting, the NB Works Contractor and the D&C Contractor   | BC Operations, BC Trustee, BC Contracting and the NB Works Contractor appoint the D&C Contractor to design, construct and commission Airport Link, the Busway and the Airport Roundabout Upgrade.                                |
| Airport Roundabout Upgrade Interface Agreement (Refer to Section 11.5.12) | The D&C Contractor, the NB Works Contractor and BAC   | Regulates the basis on which the D&C Contractor can construct the Airport Roundabout Upgrade on BAC land.  |
| O&M Contract<br>(Refer to Section 11.5.13)                                | BC Operations and the O&M Contractor  | BC Operations appoints the O&M Contractor to provide roadside operation and maintenance services for Airport Link.   |
| <b>Main debt financing documents</b>                                      |   |  |
| Syndicated Facilities Agreement<br>(Refer to Section 11.5.14)             | FinCo, BC Operations, BC Trustee, BrisConnections Nominees Pty Ltd, BC Contracting, the NB Works Contractor, the Agent, the Security Trustee and the Lenders which are a party to the Syndicated Facilities Agreement | The Lenders which are a party to the Syndicated Facilities Agreement agree to provide funding to FinCo for the purposes of funding Airport Link.   |
| IPO Equity Bridge Facility Agreement<br>(Refer to Section 11.5.15)        | BCMCL as Responsible Entity and manager for the BrisConnections Unit Trusts and certain lenders arranged and led by Macquarie Financial Holdings  | The IPO EBF Lenders agree to provide funding to BCMCL as Responsible Entity and manager for the BrisConnections Unit Trusts pending receipt of the Second Instalment and Final Instalment to facilitate funding of Airport Link. |

| Title   | Parties   | Subject matter  |
|---|---|---|
| Security Trust Deed and securities<br>(Refer to Section 11.5.16)                    | FinCo, the Security Trustee, each other Obligor and the Intermediate Entities   | The Security Trustee agrees to hold for the Lenders which are a party to the Syndicated Facilities Agreement, the Agent, the Security Trustee and the providers of the interest rate management hedging the various securities granted by the Obligors and the Intermediate Entities. |
| D&C Consent Deed<br>(Refer to Section 11.5.17)                                      | BC Operations, BC Trustee, BC Contracting, the NB Works Contractor, the D&C Contractor, D&C Guarantor, the Security Trustee and the Agent   | Regulates the relationship between the Lenders and the D&C Contractor and contains a guarantee from the D&C Guarantor.  |
| O&M Consent Deed<br>(Refer to Section 11.5.18)                                      | BC Operations, the O&M Guarantor, the O&M Contractor, the Security Trustee and the Agent  | Regulates the relationship between the Lenders and the O&M Contractor, and contains a guarantee from the O&M Guarantor and an obligation on the O&M Guarantor to provide a bond, if required.   |
| BAC Consent Deed<br>(Refer to Section 11.5.19)                                      | BAC, the NB Works Contractor, the D&C Contractor, the Security Trustee and the Agent  | Regulates the relationship between BAC, the NB Works Contractor, the D&C Contractor and the Lenders and the enforcement of their respective rights to 'step in' to the Airport Roundabout Upgrade Interface Agreement.  |
| <b>Main equity documents</b>  |   |   |
| Deferred Equity Commitment Deed<br>(Refer to Section 11.5.20)                       | Thiess Trustee, John Holland Trustee, BCMCL as Responsible Entity of BrisConnections Holding Trust and BrisConnections Investment Trust and others  | Thiess Trustee and John Holland Trustee undertake to subscribe for equity in BrisConnections Investment Trust and BrisConnections Holding Trust on the Deferred Equity Contribution Date.   |
| Management Deeds<br>(Refer to Section 11.5.21)                                      | BrisConnections   | Certain entities in BrisConnections appoint BC Operations to manage the affairs of BrisConnections.   |
| Underwriting Agreement<br>(Refer to Section 11.5.22)                                | Macquarie Capital Advisers, Credit Suisse (Australia), J.P. Morgan Australia, Deutsche Bank, BCMCL as Responsible Entity for BrisConnections Holding Trust and BrisConnections Investment Trust, BC Trustee and BC Operations | The Underwriters agree to underwrite the Initial Instalment and Macquarie Capital Advisers and Deutsche Bank agree to underwrite the Second Instalment and the Final Instalment (except in relation to partly paid Stapled Units issued under the DRP).                               |
| DRP Rules and DRP Underwriting Agreement<br>(Refer to Sections 11.5.23 and 11.5.24) | Macquarie Capital Advisers, BCMCL as Responsible Entity for BrisConnections Holding Trust and BrisConnections Investment Trust  | The DRP Underwriter agrees to underwrite the issue of Stapled Units issued under the DRP during the Fixed Distribution Period, with the exception of the first Distribution for the period ending 31 December 2008 which will be pre-funded through the Offer.                        |
| Custody Agreement<br>(Refer to Section 11.5.25)                                     | Custodian and BCMCL   | Under the Custody Agreement, BCMCL appoints the Custodian to hold the property of the BrisConnections Unit Trusts and the property of BrisConnections Investment Trust 2 on trust for BCMCL.  |

BC Operations, BC Trustee and other members of BrisConnections are also entering into various other documents, setting out their respective rights and obligations in relation to Airport Link, the Busway and the Airport Roundabout Upgrade.

# 11 Additional Information continued

Diagram of material documents with the State



## 11.5.1 Project Deed

The Project Deed sets out the terms on which the Project is to be carried out and the rights and obligations of BrisConnections and the State under the Concession.

### Performance bonds to be provided by BrisConnections

BrisConnections must give the State a construction bond for \$10 million in relation to Airport Link, two bonds for \$10 million in relation to the Busway and two bonds for \$6.75 million in relation to the Airport Roundabout Upgrade. These bonds secure the payment by BrisConnections of any loss or other amount under the Project Documents.

If BrisConnections does not operate Airport Link satisfactorily, the State may require a further performance bond of up to \$20 million (indexed).

### Land conditions and environmental issues

BrisConnections bears all risks relating to the condition of the land used for Airport Link, the Busway and the Airport Roundabout Upgrade, including pre-existing or new contamination, discovery of artefacts and latent defects, and any pollution coming from that land.

### Construction Phase

Airport Link, the Busway and the Airport Roundabout Upgrade must be built in accordance with the Performance Specifications and the design documentation. BrisConnections' overall responsibility is to ensure that Airport Link, the Busway and the Airport Roundabout Upgrade are fit for their intended purposes as specified in, or ascertained from, the State Project Documents.

BrisConnections must ensure that the NB Works Contractor achieves Busway Completion in accordance with the NB Works Deed.

BrisConnections must ensure that the NB Works Contractor achieves Airport Roundabout Upgrade Completion in accordance with the Airport Roundabout Upgrade Works Deed.

BrisConnections must use its best endeavours and ensure BC Contracting uses its best endeavours to achieve completion of the construction activities by the expected date for Airport Link Opening.

Although there are construction milestones, a failure to achieve them is not in itself a breach and does not give rise to any damages or payment by BrisConnections, except in the limited case of a failure to complete the Airport Roundabout Upgrade on time, where damages for delay are limited to \$40,000 per day and \$15 million in aggregate. These obligations are passed through to the D&C Contractor under the D&C Contract.

### Delays in construction

If there is a delay in construction, BrisConnections must take all reasonable steps to avoid, mitigate or minimise the consequences of the delay and develop and comply with a corrective action plan.

### Modifications requested by the State

If the State requests a modification to Airport Link, the Busway or the Airport Roundabout Upgrade, BrisConnections must advise its effect on Airport Link, the Busway or the Airport Roundabout Upgrade. If the State accepts BrisConnections' notice, then BrisConnections must carry out the modification on those terms. If an agreement cannot be reached, the terms on which the modification must be made may be resolved under the dispute resolution provisions (see below). BrisConnections and the State have agreed the terms for implementing certain possible modifications in advance, which the State may elect to implement at its option. The State may also direct BrisConnections to carry out a modification, including where the resolution of a dispute concerning a modification is pending.

### Operations Phase

BrisConnections must operate and maintain Airport Link in accordance with 'operation and maintenance best practices'.

### Obligation to keep Airport Link open

Airport Link must be kept open for traffic unless there is a material risk to the health or safety of the general public, or otherwise required by a relevant authority, or otherwise agreed with the State. Lane closure is regulated under Airport Link traffic management plans.

### Tolls and fees

The tolls and any fees must be levied in accordance with a toll calculation schedule, which is annexed to the Project Deed. They cannot be varied except in accordance with:

- The toll calculation schedule; or
- The provisions governing Possible MAE Events (see below).

BrisConnections must obtain the prior approval of the State for any change in the Tolling System used by BrisConnections. The State receives an irrevocable, non-exclusive licence to use BrisConnections' Tolling System.

BrisConnections must use its reasonable endeavours to enter into an interoperable agreement with the operators of other Australian tollroads which will enable customers of BrisConnections to use other tollroads and be billed for the relevant tolls and charges by BrisConnections. BrisConnections is restricted in the fees and charges that may be levied under interoperable agreements.

### Customer service

BrisConnections must provide customer services in accordance with customer service practice requirements, including continually improving the accuracy, standards and quality of customer services. There are conditions applying to customer contracts, tolling products and dealing with customer complaints. An annual customer service audit must be conducted.

### Transport network

The State and Brisbane City Council are free to develop, manage or change Queensland's transport network. In particular, the State gives no undertaking as to how it will manage other roads in the area (other than an obligation not to permanently close identified principal traffic connections), nor is there any restriction on the development of any competing road (with the limited exception of a competing tunnel) or on public transport changes.

### Proximate works

The State has reserved its rights to undertake certain proximate works to the Project including constructing, operating, maintaining, repairing or connecting roads or public transport to Airport Link or other works under or above Airport Link.

If the State carries out any proximate works (other than proximate works associated directly or indirectly with the Busway, NSBT or, if the Airport Roundabout Upgrade Works Deed is terminated, the upgrade to the East-West Arterial between Sandgate Road and Airport Drive to six lanes) before Construction Completion, it must not do so without the prior consent of the relevant member of BrisConnections.

If the State carries out any proximate works (other than proximate works associated directly or indirectly with the Busway, NSBT or, if the Airport Roundabout Upgrade Works Deed is terminated, the upgrade to the East-West Arterial between Sandgate Road and Airport Drive to six lanes) after Construction Completion the State must not do so in a manner which would permanently prevent a member of BrisConnections from undertaking the Airport Link project or impede the safe and free flow of traffic onto or from Airport Link at its design speed and volume without the prior consent of the relevant member of BrisConnections, except where such work is either non-peak hour work or occasional short-term work.

If the State carries out any proximate works in connection with the Busway, NSBT or, if the Airport Roundabout Upgrade Works Deed is terminated, the upgrade to the East-West Arterial between Sandgate Road and Airport Drive to six lanes, it must not do so in a manner which would permanently prevent a member of BrisConnections from undertaking the Projects.

### Lease rental

From the date of Airport Link Opening until the end of the 45th year of the Concession Period, if BrisConnections' revenue in any year exceeds that set out in the Base Case Financial Model for that period, BrisConnections must pay to the State rent equal to an agreed percentage of that additional revenue. For the first three 12 month periods no additional rent will be paid to the State, regardless of the revenue derived by BrisConnections.

# 11 Additional Information continued

If the Concession Period is extended, BrisConnections will pay additional rent to the State calculated in accordance with the sliding scale of rent payable during the 45th year of the Concession Period.

Any such rental payment will be treated as an operating cost and paid ahead of debt service and equity distributions.

The State may give notice to BrisConnections electing to forego its right to a rental payment and instead have either:

- The Concession Period reduced by a period of not greater than 10% of the remaining Concession Period; or
- BC Operations not charge tolls for a period.

## Compensable enhancements

If the State changes the surrounding transport network in a way which was not taken into account when preparing the Base Case Financial Model, and if those changes have an overall positive impact on traffic volumes on Airport Link, then BrisConnections and the State must negotiate to agree on the net additional revenue likely to be derived by BrisConnections for each financial year until the end of the Concession Period. BrisConnections must then make annual rental payments to the State equal to 50% of that additional revenue for each subsequent financial year. Payment of this additional rent is deferred if BrisConnections would not be able to pay the operating and financing costs which are then payable or accrued in that period.

## Material Adverse Effect regime

Certain matters that are capable of materially adversely affecting Airport Link are described as 'Possible MAE Events' in the Project Deed. These include:

- Identified principal traffic connections are closed or a competing tunnel that directly connects Bowen Hills to Gordon Park and/or Gordon Park to Toombul and/or Bowen Hills to Toombul is opened;
- A Discriminatory Change in State Law or a change in law concerning air filtration requirements;
- An Uninsurable Force Majeure Event occurs;
- The offence of failing or refusing to pay tolls is not enforced in a way that achieves in substance the same outcome as the enforcement and recovery procedures for other comparable tollroad offences or tollroads; or
- The terms of the relevant perpetual lease are materially different from those provided for in the Project Deed otherwise than due to the fault of BrisConnections.

If a Possible MAE Event has occurred, BrisConnections may open negotiations with the State to determine a method of redress which restores BrisConnections to its previous position, but not exceeding the Base Case Equity Return. In other words, if Unitholders were previously receiving a return greater than the Base Case Equity Return, the negotiations will not seek to restore that 'excess' return. In this context, the Base Case Equity Return is defined as a nominal internal rate of return (post-BrisConnections tax, pre-investor tax).

## Force majeure

BrisConnections' performance of its obligations may be suspended if they are prevented or delayed by a Force Majeure Event.

## Property damage and personal injury and indemnities to the State

BrisConnections bears the risk of loss or damage to Airport Link, the Busway, the Airport Roundabout Upgrade and other related facilities.

BrisConnections indemnifies the State and its associates from all claims, liability and loss arising in connection with Airport Link, the Busway and/or the Airport Roundabout Upgrade, whether or not any breach of obligations by BrisConnections or its subcontractors has occurred.

BrisConnections has the same level of responsibility in respect of persons and property and all other aspects of Airport Link, the Busway and the Airport Roundabout Upgrade as it would have if it owned the land freehold.

## Insurance

BrisConnections must obtain minimum insurances specified in the Project Deed. These include contract works, third party liability, professional indemnity and business interruption insurance.

If the required insurances are unavailable or the risks are not being generally insured by prudent and competent parties, BrisConnections may be excused from its obligation to obtain them.

## Road operation and traffic management

BrisConnections must manage the impacts of the project activities on traffic in adjacent areas.

## Restrictions on BrisConnections

BrisConnections' business is limited to carrying out the Project and complying with the Project Documents. All transactions with related bodies corporate must be undertaken with the State's consent.

## Change of control

A change of control of the entities constituting BrisConnections, including the BrisConnections Unit Trusts, may breach the Project Deed unless the State consents. This may include a change of control in the BrisConnections Unit Trusts arising from the acquisition of Stapled Units by trading on the stock exchange or upstream by reason of change in control in an Investor.

The State may only reject a change in control in limited circumstances including if the person acquiring control is not solvent and reputable, has a conflict of interest with the interests of the State, or the change would be against the public interests or have certain adverse impacts.



Any transaction involving units in the BrisConnections Unit Trusts other than acquisition on a stock exchange may result in a default unless the State is informed not less than five business days prior to the dealing.

The change of control provisions do not interfere with the right of Unitholders to resolve to replace the Responsible Entity in accordance with the Constitutions.

The consent of the State is also required for any transfer of the Stapled Units by Thiess Trustee and John Holland Trustee, regardless of whether this results in a change of control. This consent is only required during the period between Financial Close and two years after Construction Completion and may be given at the complete discretion of the State.

#### Refinancing

The State's consent is required to any refinancing of the Senior Debt. Consent must not be withheld for a refinancing of the current facilities contemplated by the Base Case Financial Model, provided that the principal amount outstanding is not increased by more than the amount contemplated by the Base Case Financial Model and certain other assumptions are satisfied. For other refinancings, consent may not be unreasonably withheld or delayed if the State is satisfied as to certain matters, including as to the credit rating of the incoming financier, the commercial terms of the refinancing (and whether these are effected on an arm's length basis), the refinancing's effect on the credit rating of BC Operations and BC Trustee and its impact on the State's position.

For those other refinancings, the State is entitled to share in 50% of any refinancing gains.

#### Default by BrisConnections and termination by the State

Events of default by BrisConnections include:

- Failure to commence or to diligently progress construction of Airport Link, the Busway or the Airport Roundabout Upgrade;
- Abandonment of Airport Link, the Busway or the Airport Roundabout Upgrade;
- Lane closure (other than as permitted);
- Failure to operate, maintain, repair or insure Airport Link or related facilities in accordance with the Project Deed;
- Material default in respect of BrisConnections' obligations regarding environmental and community consultation required by the Project Deed;
- Material default in other obligations under the State Project Documents or any other Project Document (unless in the case of a Project Document, BrisConnections disclosed the default and it is waived or remedied to the satisfaction of the relevant counterparty to that Project Document within the time permitted by that counterparty);

- Failure to disclose and remedy a materially incorrect or misleading representation;
- Insolvency events affecting BrisConnections or its contractors. A 60 day grace period applies for the D&C Contractor, the O&M Contractor or their respective guarantors to enable replacement; and
- Cancellation of funding.

Before the State is entitled to terminate the Project Deed in respect of an event of default, BrisConnections is entitled to a period in which to remedy the breach. Under a separate Debt Finance Side Deed, the Lenders which are a party to the Syndicated Facilities Agreement also have a further right to remedy the breach before the State can terminate the Project Deed. The remedy period for BrisConnections is based on the period reasonably required to remedy the particular breach and is limited to two days in the case of lane closure and failure to comply with environmental and community consultation requirements and between two and 40 Business Days in other cases. In appropriate circumstances, the State will grant BrisConnections an additional remedy period of up to six months in aggregate. The availability of the remedy period is subject to BrisConnections diligently pursuing the cure of the breach and keeping traffic lanes open to the extent safe to do so.

If the Project Deed is terminated by the State due to a default by BrisConnections, the State is not obliged to pay any compensation to BrisConnections.

#### Termination by BrisConnections

BrisConnections may terminate the Project Deed by giving 30 Business Days notice to the State if the State fails to make a required payment for the State Works or in certain limited circumstances which prohibit or prevent BrisConnections from undertaking all or substantially all of Airport Link, in all material respects, for a continuous period of two months, including if:

- A Court makes a final determination (which cannot be appealed), except if due to BrisConnections' breach;
- The State enacts legislation, except if due to BrisConnections' breach;
- The leased area is resumed; or
- The State fails to provide the areas necessary for construction as required by the Agreement to Lease.

BrisConnections may also terminate the Project Deed if at or after Construction Completion, Airport Link has not been declared a 'tollroad' under the *Transport Infrastructure Act 1994* (Qld) or the declaration was made with such conditions that it is impossible for BrisConnections to undertake all or most of Airport Link.



# 11 Additional Information continued

The State may suspend that termination notice for up to 30 Business Days in the case of non-payment for the State Works and otherwise 24 months, provided it pays BrisConnections, in respect of the period of the suspension, an amount sufficient to place it in the net after-tax cash position it would have been in if the relevant circumstance had not occurred. The State must also procure payment of any amount of principal of the project debt that falls due for payment more than 18 months after the start of the suspension period (if the suspension period is ongoing).

Ultimately, if the relevant circumstance is not resolved, BrisConnections may terminate the Project Deed and receive an early termination amount from the State. This amount is calculated to enable repayment of the Senior Debt and the Equity Return to that date (or the Base Case Equity Return if termination occurs before the fifth anniversary of the commencement of tolling of Airport Link and in this context, the Base Case Equity Return will be a nominal internal rate of return (post-BrisConnections tax, pre-investor tax)).

The Project Deed may only be terminated by BrisConnections for these reasons. If the State breaches some other obligation under the Project Documents, BrisConnections generally cannot terminate the Project Deed, although it may have a right to claim damages from the State, depending on the circumstances of the default.

## Handover of the Busway and the Airport Roundabout Upgrade

BrisConnections must hand over the Busway upon Busway Completion (at least two months prior to Construction Completion), and the Airport Roundabout Upgrade upon Airport Roundabout Upgrade Completion, in a condition which complies with the State Project Documents.

## Handover at end of Concession Period

BrisConnections must hand over Airport Link (including equipment) at the end of the Concession Period in a condition which complies with the State Project Documents.

To secure this obligation, certain revenue (after operating and maintenance costs, any additional rent payable, scheduled capital expenditure and taxes) for the last three years of the Concession Period must be paid into an escrow account, up to an amount equal to the costs agreed for works to implement the agreed program to achieve the standard of condition required at handover, or a bond for an equivalent amount must be provided.

## Dispute resolution

There is a dispute resolution procedure for all disputes connected with the State Project Documents. This involves negotiation, arbitration, expert determination or a combination of these.

## Interest rate adjustment mechanism

The Project Deed includes an interest rate adjustment mechanism agreed to by the Lenders and the D&C Contractor. The mechanism is intended to mechanically adjust certain financial parameters to take account of base interest rates as at Financial Close. It is designed to ensure that the Base Case Equity Return does not vary solely as a result of increases or decreases in interest rates between the date of the Project Deed and Financial Close. Should interest rates fall between these dates and the Base Case Equity Return increases as a consequence, BrisConnections may be required to pay an amount to the State out of the proceeds of the first re-gear (assumed for 2019) to maintain the Base Case Equity Return.

### 11.5.2 State Deed of Charge

#### Charging provision

BC Operations, BC Trustee and FinCo charge all property to the State to secure the due and punctual performance of their obligations and the due and punctual payment in full to the State of all the money secured under the charge.

The charge operates as a fixed charge over all interests in land (including all leasehold interests and all interests in fixtures and improvements), all capital, all machinery, plant and equipment, insurance policies and proceeds, goodwill, all approvals, all security interests, all marketable securities, all documents of title, all intellectual property rights and all documents, contracts and rights. The remaining property is subject to a floating charge.

#### Enforcement

All money secured under the charge becomes immediately due and payable on demand by the State if an event of default occurs.

#### Appointment of receiver

The State may appoint a receiver to the chargors at any time following the occurrence of circumstances constituting an event of default, including if:

- An insolvency event has occurred in relation to the chargors; or
- The State has the right to give a notice to terminate the Project Deed.

### 11.5.3 Debt Finance Side Deed

#### Consent to securities

The Security Trustee consents to the State Deed of Charge, the State Works Contractor Deed of Charge and the NB Works Contractor Deed of Charge, and the State consents to the Lenders' Security Documents.

#### Amendment of Debt Financing Documents

The Debt Financing Documents may not be varied or replaced without the State's prior consent which must not be unreasonably withheld.

#### Assignment of Secured Property

The Security Trustee agrees not to exercise its rights under the Lenders' Security Documents to dispose of any charged property without the prior consent of the State. The State may not withhold its consent if it is reasonably satisfied that the property is being disposed of to a reputable and experienced person who has assumed all the obligations of BrisConnections under the Project Documents and has the necessary financial and technical capacity to perform BrisConnections' obligations under the Project Documents.

#### Lenders' participation in meetings

The Security Trustee may attend meetings and negotiations under the Project Deed concerning Possible MAE Events and must be kept informed by BrisConnections concerning BrisConnections' events of default.

There are restrictions on appointing replacement contractors without the State's consent.

#### Priorities

The parties agree that the order of priority of payment between the State Securities and the Lenders' Security Documents is, at any particular time:

- First, the State Securities for certain amounts payable by BrisConnections to the State under the Project Deed relating to step-in costs;
- Second, the Lenders' Security Documents for all amounts due under the Debt Financing Documents; and
- Third, all other securities granted by BrisConnections to the State.

#### Security Trustee cure rights

The State acknowledges that the Security Trustee and its controller may, to the extent of enforcing the Lenders' Security Documents, exercise the rights of BrisConnections under the Project Documents. The State will not terminate the Project Deed without first giving the Security Trustee the opportunity to cure the relevant event of default. The Security Trustee and its controller will not be taken to have assumed liability for any of the obligations of BrisConnections under the Project Documents by reason only of the creation of the Lenders' Security Documents.

#### 11.5.4 D&C Side Deed

##### Acknowledgement

The D&C Contractor acknowledges that BrisConnections may charge the D&C Contract to the State.

#### Undertakings of the D&C Contractor

The D&C Contractor must not terminate the D&C Contract without giving the State at least 60 days notice of the proposed termination date (or in the case of a default that is a failure to pay, at least 10 Business Days), the grounds for termination and the details of any amounts owed by BC Operations, BC Trustee, BC Contracting and the NB Works Contractor to the D&C Contractor. Modifications, variations or amendments to the D&C Contract are not permitted without the State's consent.

The D&C Contractor undertakes to the State that it will complete the design and construction of the NB Works so that they are fit for their intended purposes as specified in, or ascertainable from, the State Project Documents.

Novation, assignment or substitution of or granting security over the D&C Contract is not permitted without the State's consent.

#### Notice of termination

The D&C Contractor may only exercise a power to terminate the D&C Contract if it has given 60 days prior notice to the State (or in the case of a default that is a failure to pay, at least 10 Business Days) setting out the details of the default.

#### State step-in rights

If the State terminates the Project Deed, then the State may assume the rights and obligations of BrisConnections under the D&C Contract and the guarantee provided by the D&C Guarantor.

#### 11.5.5 O&M Side Deed

The O&M Side Deed broadly regulates the O&M Contract in a similar manner as the D&C Side Deed regulates the D&C Contract.

#### 11.5.6 Agreement to Lease

##### Licence and Agreement to Lease

The State must make available an agreed corridor of land by certain agreed dates. BC Trustee accepts all risks relating to access to land additional to this agreed corridor of land, such as delays and extra costs. The State has no responsibility to help obtain access to any additional land.

Following Construction Completion, the State must grant BC Trustee a lease of Airport Link (BC Trustee will sub-lease Airport Link to BC Operations under the Sub-Lease).

#### Risk and liability

The State makes no representation or warranty concerning the land, subject to specific terms of the Project Deed. Subject to the Project Deed, BC Trustee bears all risks in relation to the land.

# 11 Additional Information continued

## 11.5.7 Lease

### Reservations

The State reserves the right to grant easements over the leased area provided that they do not materially adversely affect the operation or maintenance of Airport Link or adversely affect Airport Link patronage or capacity.

### Grant of Lease

BC Trustee is granted a lease of the land for the Operations Phase. The State makes no representations and warranties in relation to the suitability of the land. Use and occupation of the land is at BC Trustee's risk.

### Rent

Rent under the Lease is nominal. In certain specified circumstances, additional lease rental may be payable in the amounts determined under the Project Deed.

### Agreement to Sub-Lease

Upon the grant of each Lease to BC Trustee by the State, BC Trustee has agreed to sub-lease the relevant land to BC Operations. The arrangements are 'back-to-back' except that BC Operations is to pay BC Trustee market rather than nominal rent. Should the Lease or the Project Deed terminate, the Sub-Lease will automatically terminate.

## 11.5.8 State Works Deed

### Payment

BC Contracting will be paid a lump sum no later than Airport Link Opening. If Airport Link Opening occurs earlier than expected, this amount will be reduced to reflect the interest expense saving to BrisConnections arising from such earlier opening.

### Risk and liability

With respect to the State, BC Contracting accepts all risk and indemnifies the State in relation to the design and construction of the State Works.

### Suspension

If the obligations of BrisConnections are suspended under the Project Deed, the State may suspend the obligations of the State and BC Contracting under the State Works Deed.

### Termination

The State Works Deed terminates when the Project Deed terminates.

### General provisions

Similar general provisions apply to BC Contracting under the State Works Deed as apply to BC Trustee and BC Operations under the Project Deed.

## 11.5.9 NB Works Deed

### Payment

The NB Works Contractor will be paid by the State on a monthly progress claim basis provided that payment claims are approved by the Independent Verifier and the NB Works Contractor fulfils any other requirements of the Independent Verifier.

### Risk and liability

With respect to the State, the NB Works Contractor accepts all risk and indemnifies the State in relation to the design and construction of the Busway.

### Suspension

If the obligations of BrisConnections are suspended under the Project Deed, the State may suspend the obligations of the State and the NB Works Contractor under the NB Works Deed.

### Termination

The NB Works Deed will automatically terminate when the Project Deed terminates. In addition, the NB Works Deed can be terminated independently of the Project Deed by BrisConnections or the State as follows:

- BrisConnections can terminate the NB Works Deed if it becomes impossible for BrisConnections to undertake all, or substantially all, of the design, construction and commissioning of the Busway for a continuous period of two months as a result of a final determination by a court, the enactment of legislation by the State, or a failure by the State to provide the areas necessary for construction as required by the Agreement to Lease, and that event is unremedied 30 days after notice by BrisConnections. The State has a right to suspend BrisConnections' right to terminate. If the State does so, it must compensate BrisConnections for its direct costs in relation to the Busway works during the period of suspension.
- The State can terminate the NB Works Deed if BrisConnections fails to commence or to diligently progress construction of the Busway, or if an Uninsurable Force Majeure Event occurs in relation to the Busway, provided that the termination of the NB Works Deed and the rights and obligations with respect to the Busway works under the Project Deed will not have an adverse effect on the design and construction of Airport Link that is material. The process for termination by the State is the same as that under the Project Deed.

### General provisions

Similar general provisions apply to the NB Works Contractor under the NB Works Deed as apply to BC Trustee and BC Operations under the Project Deed.

## 11.5.10 Airport Roundabout Upgrade Works Deed

### Key approvals

BrisConnections is not required to commence construction of the Airport Roundabout Upgrade until specified key Commonwealth Government and State approvals have been obtained, and no relevant legal challenges have been initiated within 28 days of the Commonwealth approvals having been obtained.

Provided this happens (or any legal challenges are satisfactorily addressed) 30 months or more before the expected date for Airport Link Opening, completion of the Airport Roundabout Upgrade will be a condition of

Construction Completion. Otherwise, BrisConnections must use its best endeavours to complete the Airport Roundabout Upgrade but Airport Roundabout Upgrade Completion may occur after Construction Completion.

If all key approvals are not obtained and any relevant legal challenges not satisfactorily addressed by a sunset date of 24 months before the expected date for Airport Link Opening, then BrisConnections will not be required to construct the Airport Roundabout Upgrade and the Airport Roundabout Upgrade Works Deed will terminate.

#### Payment for the Airport Roundabout Upgrade works

The NB Works Contractor will be paid by the State on a monthly progress claim basis provided that payment claims are approved by the Independent Verifier and the NB Works Contractor fulfils any other requirements of the Independent Verifier. If interest rates are materially lower at Financial Close, these payments may be offset in part by a payment to the State to provide the State with the benefit of those lower interest rates.

#### Risk and liability

With respect to the State, the NB Works Contractor accepts all risk and indemnifies the State in relation to the design and construction of the Airport Roundabout Upgrade.

#### Suspension

If the obligations of BrisConnections are suspended under the Project Deed, the State may suspend the obligations of the State and the NB Works Contractor under the Airport Roundabout Upgrade Works Deed.

#### Termination

The Airport Roundabout Upgrade Works Deed will automatically terminate when the Project Deed terminates. In addition, the Airport Roundabout Upgrade Works Deed can be terminated independently of the Project Deed by BrisConnections or the State as follows:

- BrisConnections can terminate the Airport Roundabout Upgrade Works Deed if it becomes impossible for BrisConnections to undertake all, or substantially all, of the design, construction and commissioning of the Airport Roundabout Upgrade for a continuous period of two months as a result of a final determination by a court, the enactment of legislation by the State or Commonwealth, the revocation or withdrawal of State or Commonwealth planning approval, the implementation of certain defence requirements, or a failure by the State to provide the areas necessary for construction as required by the Agreement to Lease, and that event is unremedied 30 days after notice by BrisConnections. The State has a right to suspend BrisConnections' right to terminate. If the State does so, it must compensate BrisConnections for its direct costs in relation to the Airport Roundabout Upgrade works during the period of suspension.
- The State can terminate the Airport Roundabout Upgrade Works Deed at any time. If the State does so it must

compensate BrisConnections for its direct costs incurred in relation to the Airport Roundabout Upgrade.

#### Handover

On completion of the Airport Roundabout Upgrade, the part of the Airport Roundabout Upgrade located on BAC land which is at the same level as Airport Drive will be handed over to BAC. The remainder of the Airport Roundabout Upgrade will be handed over to the State.

For that part of the Airport Roundabout Upgrade which is to be handed over to the State and which is located on or over BAC land, BrisConnections must procure that BAC grants the State a long-term lease for the relevant land (and potentially freehold title). BrisConnections has corresponding arrangements with BAC under the Airport Roundabout Upgrade Interface Agreement.

#### General provisions

Similar general provisions apply to the NB Works Contractor under the Airport Roundabout Upgrade Works Deed as apply to BC Trustee and BC Operations under the Project Deed.

#### 11.5.11 D&C Contract

The D&C Contractor's obligations under this contract include (without limitation):

- Designing, constructing and commissioning Airport Link (including the Tolling System), the Busway and the Airport Roundabout Upgrade so that Airport Link, the Busway and the Airport Roundabout Upgrade remain at all times fit for their intended purposes as specified in or ascertainable from the State Project Documents and the D&C Contract;
- Rectifying defects in respect of Airport Link, the Tolling System and the Tollroad Control Centre for a period of 18 months after the date of Construction Completion, the expected date for Airport Link Opening and the date of completion of the Tollroad Control Centre (respectively);
- Rectifying defects in respect of the Busway for a period of at least three years after Busway Completion; and
- Rectifying defects in respect of the Airport Roundabout Upgrade for a period of at least two years after Airport Roundabout Upgrade Completion.

The D&C Contract has four principals, BC Trustee, BC Operations, BC Contracting and the NB Works Contractor. The D&C Contractor shall perform the design and construction activities (and other associated activities and obligations) in respect of: Airport Link for BC Operations and BC Trustee, the State Works for BC Contracting, the Busway for the NB Works Contractor and the Airport Roundabout Upgrade for the NB Works Contractor. These arrangements reflect the respective arrangements with the State under the Project Deed, the State Works Deed, the NB Works Deed and the Airport Roundabout Upgrade Works Deed.

# 11 Additional Information continued

## Payments

The D&C Contractor will be paid on a 'fixed price, fixed time' basis. The D&C Contract Price is approximately \$4.1 billion, comprising approximately \$3.4 billion in respect of Airport Link (including \$47 million, based on market interest rates at 14 April 2008, that relates to the works to be funded by the State), \$444 million in respect of the Busway and \$272 million in respect of the Airport Roundabout Upgrade. Variations will be payable in limited circumstances, including for modifications required by BrisConnections or the State. Extensions of time will be available in certain circumstances. Generally, BrisConnections passes down to the D&C Contractor the right to receive extensions of time and compensation only where they are available to BrisConnections, either under the State Project Documents or through its insurance policies, except where the right to an extension of time or compensation is the result of a breach of the D&C Contract by BrisConnections or any other act or omission by it. In the case of a delay due to a native title claim, discovery of an artefact or legal challenge to a planning approval, while BrisConnections may be entitled to compensation for delay sufficient to cover the D&C Contractor's and the debt financing delay costs, this compensation may not be sufficient to cover equity delay costs.

The D&C Contractor may be entitled to payment of a bonus for early achievement of Airport Link Opening.

The D&C Contractor has agreed to defer up to \$200 million of its final payments for the Airport Link works until payment of the State Works Contribution by the State if BrisConnections is required to fund increases in the State Works Contribution due to interest rate movements or the need to respond to conditions arising from the Coordinator-General's report (see Section 11.7 for further details in relation to this report). This funding arrangement will only be utilised after the Debt Financing Facilities have been fully utilised. If utilised, the D&C Contractor will be entitled to interest and fee payments as if it were a Lender to the Project.

## Limitation of liability

The D&C Contractor's liability is limited to the aggregate of 50% of the D&C Contract Price (which does not include the amount of any liquidated damages or deductibles payable by the D&C Contractor or the amount of any proceeds paid out under insurance policies effected in respect of the Project). This limit does not apply to liability for loss, damage or expense caused by the malicious and deliberate or fraudulent acts of the D&C Contractor, its employees and agents.

In the particular case where Airport Link Opening has occurred and the D&C Contract has terminated or where the D&C Contractor's obligations to complete the Airport Roundabout Upgrade are terminated, but BrisConnections is still required to complete the Airport Roundabout Upgrade by the State, the D&C Contractor's liability for costs to complete the Airport Roundabout Upgrade is limited to 50% of the Airport Roundabout Upgrade Contract Price.

## Insurance

The D&C Contractor must take out contract works insurance, marine insurance, third party liability insurance, professional indemnity insurance, employers' liability and workers compensation insurance, business interruption insurance and motor vehicle insurance.

## Consistent dispute resolution

Where a dispute arises under the D&C Contract which may affect the rights of the parties to the Project Deed, the State Works Deed, the NB Works Deed or the Airport Roundabout Upgrade Works Deed, or where a dispute under the Project Deed, State Works Deed, the NB Works Deed or the Airport Roundabout Upgrade Works Deed may impact on the rights of the parties to the D&C Contract, it must be resolved in accordance with the Project Deed. The parties (including the D&C Contractor) agree to be bound by such a resolution. To facilitate this process, BrisConnections will dispute decisions of the State under the Project Deed, State Works Deed, the NB Works Deed or the Airport Roundabout Upgrade Works Deed (if the D&C Contractor reasonably requests) and give the D&C Contractor, subject to the State's consent (which may be given or withheld at the State's absolute discretion), an opportunity to make submissions and participate in negotiations. Where the D&C Contractor's rights or obligations under the contract are directly and materially affected by the subject matter of a dispute, BrisConnections must not agree to a resolution of the dispute without the written consent of the D&C Contractor and must use its best efforts to obtain relief from the State.

## Default by D&C Contractor

If the D&C Contractor defaults (which includes a material breach, a failure to diligently progress work, abandonment of the works, a breach of representation or warranty or an event of insolvency occurring in relation to the D&C Contractor or the D&C Guarantor) BrisConnections may give notice requiring the default to be remedied within a specific time. If the D&C Contractor fails to remedy the default within that time, and the D&C Contractor is not diligently pursuing such remedy, BrisConnections may give notice of their intention to terminate. If, after that notice period (being not less than two and not exceeding 40 Business Days, depending on the nature of the default), the event of default has not been remedied, or the remedy of the event of default is not being diligently pursued, BrisConnections may terminate the D&C Contract on 20 days' notice.



The D&C Contractor has the right to suspend, and then potentially terminate, the D&C Contract if BrisConnections fails to make payment to the D&C Contractor in accordance with the contract. In addition, the D&C Contractor has the right to suspend its performance under the contract if BrisConnections does not grant access or BrisConnections is in breach of its obligations in respect of consistent dispute resolution.

#### Liquidated damages

If the D&C Contractor does not complete the Tollroad Control Centre or achieve Airport Link Opening by their respective expected completion dates, it will be liable to pay liquidated damages at a daily rate. The amount of liquidated damages payable is capped at \$2 million in respect of a failure to complete the Tollroad Control Centre three months before the date of Airport Link Opening and at \$431 million (based on market interest rates at 14 April 2008) in respect of a failure to achieve Airport Link Opening by the expected date for Airport Link Opening. The \$431 million may change to reflect movements in interest rates between 14 April 2008 and Financial Close. This latter amount represents approximately 12 months of anticipated debt, equity and operational costs.

#### Extensions of time for completion of construction

The D&C Contractor may be entitled to an extension of the expected dates for Busway Completion, Airport Roundabout Upgrade Completion, Construction Completion and Airport Link Opening respectively (and thus delay the date on which liquidated damages would become payable to BrisConnections) for a number of delays. These include an act or omission of BrisConnections, suspension by the D&C Contractor in accordance with the contract, a modification order, a breach by the State of a State Project Document, certain changes in law, an Uninsurable Force Majeure Event, an insured Force Majeure Event, certain native title claims, discovery of artefacts or planning approval claims. The D&C Contractor is entitled to delay costs in respect of certain extension events but those costs are only payable where they are available to BrisConnections either under the Project Deed, through the Project insurance policies or otherwise funded in accordance with the D&C Contract.

#### Early completion bonus

If Airport Link Opening is achieved earlier than required, the D&C Contractor is entitled to an early completion bonus, equal to a share of the extra operating cash flows arising due to Airport Link Opening being achieved early. It is payable out of free cash available to BrisConnections and is capped at \$72 million.

#### 11.5.12 Airport Roundabout Upgrade Interface Agreement

The Airport Roundabout Upgrade Interface Agreement sets out arrangements between BAC, the D&C Contractor and the NB Works Contractor in relation to:

- Permitting the D&C Contractor to construct the part of the Airport Roundabout Upgrade which is to be located on BAC's land;
- Allowing the D&C Contractor to obtain access to necessary BAC land for the purposes of constructing the Airport Roundabout Upgrade;
- The process for obtaining key Commonwealth Government and State approvals which are preconditions to commencement of construction of the Airport Roundabout Upgrade;
- The basis for accommodating the construction of the Airport Roundabout Upgrade within the constraints presented by existing infrastructure on BAC land and the continuing operational needs of Brisbane Airport and the associated commercial precinct; and
- The requirement to hand over part of the Airport Roundabout Upgrade (namely the part which will be at the same grade as Airport Drive) to BAC on completion.

The D&C Contract requires the D&C Contractor to comply with its obligations under the Airport Roundabout Upgrade Interface Agreement.

#### 11.5.13 O&M Contract

The O&M Contractor will perform its obligations under the O&M Contract from Financial Close until five years after Construction Completion (unless terminated earlier). The core services to be performed by the O&M Contractor include:

- The performance of pre-operations phase activities;
- Operating, maintaining and repairing Airport Link (other than tolling and the majority of customer service function) in accordance with the O&M Contract so that Airport Link remains at all times fit for its intended purpose;
- Keeping all traffic lanes of Airport Link open for traffic, except to the extent that the O&M Contractor is authorised to close lanes or is required to do so in compliance with the O&M Contract; and
- The performance of certain aspects of the customer services which relate to the operation, maintenance and repair of Airport Link (including providing traffic information and incident management, the handling of customer complaints and any other customer service requirements that are the responsibility of the O&M Contractor under the Performance Specification).

BC Operations retains the right to vary the scope of the activities to be carried out by the O&M Contractor (with the O&M Contractor being entitled to an appropriate adjustment to its fee).

# 11 Additional Information continued

## Payments

The O&M Contractor will be paid for the performance of the core services, calculated in accordance with a defined payment schedule set out in the O&M Contract. This fee is subject to adjustment for changes in CPI, and particular components of this fee are subject to adjustment for the cost of power and ventilation based on differences between projected and actual traffic flow. Payment for additional services will be on a cost plus basis.

If the O&M Contractor fails to meet defined key performance indicators set out in the O&M Contract, then any amount payable by BC Operations to the State under the Project Deed as a consequence of this failure shall be payable by the O&M Contractor to BC Operations by way of abatement of the fee payable to the O&M Contractor.

## Limitation of O&M Contractor's liability

The O&M Contractor's liability is limited to \$15 million. The amount of the liability cap is indexed annually with Brisbane CPI and is also refreshed upon the earlier of the extension of the O&M term and each five year period since the last refreshment of the cap. This limit does not apply to liability for loss, damage and expense caused by the malicious and deliberate or fraudulent acts of the O&M Contractor, its employees and agents. The limit does not apply in relation to any amounts payable by the O&M Contractor for failing to meet the key performance indicators or in relation to amounts owed from breaches of certain intellectual property provisions (to the extent that such breaches cause an amount to be owed by BrisConnections to the State).

## Bonding and insurance

The O&M Contractor must provide security for the performance of its obligations under the O&M Contract by way of a \$500,000 bond to be provided on or about the date of the O&M Consent Deed. As at the date of this PDS the final form of the bond is being settled and it is expected to be provided prior to Financial Close.

The O&M Guarantor must, in the event of the O&M Contractor failing to correct a non-compliance within a period specified in a notice from BC Operations (if the State has required a State bond under the Project Deed), provide a bond in favour of BC Operations for up to \$20 million as security for the O&M Contractor's obligations.

The O&M Contractor must take out workers compensation insurance and motor vehicle insurance. BC Operations will take out project-specific contract works insurance and public liability insurance.

## Disputes

Where a dispute arises under the O&M Contract which may affect the rights of the parties to the Project Deed, or where a dispute under the Project Deed may impact on the rights of the parties to the O&M Contract, such a dispute is to be resolved in accordance with the Project Deed. To facilitate this process, in circumstances where the O&M Contractor's rights or obligations are directly and materially affected, BC Operations must dispute decisions of the State under the Project Deed (if the O&M Contractor reasonably requests).

Where the O&M Contractor's rights or obligations are directly and materially affected by the subject matter of a dispute, BC Operations must not agree to resolve negotiations or settle the dispute without the O&M Contractor's written consent (not to be unreasonably withheld). The O&M Contractor has no opportunity to make submissions or participate in negotiations unless the State otherwise agrees.

## Default by the O&M Contractor

If the O&M Contractor defaults (which includes a material breach, a failure to operate, maintain, repair and insure the facilities as required, a closure of one or more traffic lanes of Airport Link other than for permitted reasons, an insolvency event, a failure to provide security documentation and the exhaustion of the liability cap) BC Operations may give notice requiring the default to be remedied within a specific time. If the O&M Contractor fails to remedy the default within the required time, and the O&M Contractor is not diligently pursuing such remedy, or all the lanes of Airport Link are not open to traffic (to the extent that it is safe to do so), BC Operations may give notice of its intention to terminate.

In addition to its other rights of termination, BC Operations may terminate the O&M Contract for convenience by giving 20 Business Days' written notice to the O&M Contractor, although this will result in a termination amount becoming payable to the O&M Contractor.



#### 11.5.14 Syndicated Facilities Agreement

The facilities to be provided to BrisConnections under the agreement will comprise:

|  |   |
|--|---|
| <b>Equity Bridge Facilities (Aggregate)</b>  | Maximum of \$200 million (to fund, among other things, construction, development, operating and finance costs until Stapled Units are subscribed under the Deferred Equity Commitment Deed on the Deferred Equity Contribution Date). |
| <b>State Bridge Facility</b>                 | Maximum of \$475 million.   |
| <b>Construction and Term Debt Facilities</b> | Maximum of \$3,150 million respectively (to fund, among other things, construction, development, operating and finance costs).  |
| <b>Reserve Facility</b>                      | Maximum of \$120 million.   |

On Airport Link Opening, drawings under the Construction Facility will convert to loans under the Term Debt Facility. The Construction Facility will be deemed to have been repaid and will no longer be available for draw-down by FinCo.

The Equity Bridge Facilities will be repaid from the Deferred Equity Tranche under the Deferred Equity Commitment Deed.

The State Bridge Facility will be repaid from the State Works Contribution no later than the date Airport Link Opening is achieved (or, if the State Works Contribution is reduced by deductions for any early completion amount by drawings on the Construction Facility).

FinCo will enter into a back-to-back agreement with BC Contracting to on-lend the funds borrowed by it to enable BC Contracting to fund the State Works prior to completion. FinCo will also enter into a back-to-back agreement with BC Trustee to on-lend the funds borrowed by it to BC Trustee and BC Trustee will enter into back-to-back agreements with BC Operations to on-lend some of the funds to BC Operations, consistent with FinCo's obligations under the Syndicated Facilities Agreement.

The Syndicated Facilities Agreement contains mechanisms relating to the treatment and distribution of revenue by the Obligors. From Construction Completion, all revenue and proceeds of asset sales, proceeds of Senior Debt or equity, and other specified amounts must be paid into a proceeds account. Withdrawals from this account are subject to a priority waterfall to ensure that certain costs (such as operating costs, maintenance and repair costs, financing costs, scheduled repayments of principal, contributions to reserve accounts, mandatory prepayments, deferred payments to the D&C Contractor and fees of BCMCL, as Responsible Entity and the Custodian) are met before any bonus for early completion is payable to the D&C Contractor or any distributions to equity and repayments of Unitholder loans are permitted.

Further, distributions to equity will only be permitted if certain conditions are satisfied, including that the Obligors are not in default or potential default and that a minimum interest cover ratio is satisfied. Also, such distributions must not be made more than quarterly.

These distribution restrictions do not apply to any Distribution on units issued by BC Asset Trust or shares issued by BC Operations if, and only if, the Distribution is applied by way of set off against the issue price for new units issued by BC Asset Trust or shares issued by BC Operations, no actual cash payment is made by BC Asset Trust or BC Operations and the new units and shares are secured in favour of the Lenders which are a party to the Syndicated Facilities Agreement.

FinCo must also maintain a maintenance and repair reserve account and the Obligors must maintain a Ramp-up reserve (in the form of a Ramp-up reserve account and a Ramp-up reserve facility, the latter converting to a debt service reserve facility once a minimum interest cover ratio is satisfied). Each reserve account will be subject to a requirement to maintain certain minimum balances.

The Syndicated Facilities Agreement also contains a range of mandatory prepayment events which, if triggered, require FinCo to repay either the Construction Facility or the Term Debt Facility. These include:

- A cash sweep of the proceeds account if a particular interest cover ratio is not satisfied on certain calculation dates;
- Insurance proceeds received for loss or damage to the project works in circumstances where the State has agreed the proceeds need not be applied in reinstatement (those circumstances include where the proceeds exceed \$250 million and it is not economically viable to repair the asset for which they were received);
- Certain payments made to any Obligor by the State under the State Project Documents;

# 11 Additional Information continued

- The proceeds of certain permitted disposals of assets; and
- The balance of the disbursement account after any remaining construction and development costs have been met except to the extent it covers anticipated construction costs for the Airport Roundabout Upgrade, although any amounts in the disbursement account as at Airport Roundabout Upgrade Completion which are not required to meet liability to the D&C Contractor will be included.

In addition, the Syndicated Facilities Agreement contains a range of representations and warranties and undertakings on the part of the Obligors and events of default. Breach of these may result in the Lenders which are a party to the Syndicated Facilities Agreement being able to exercise acceleration rights (subject to the Debt Finance Side Deed) to require the Senior Debt to be repaid early and enforce its security.

## **11.5.15 IPO Equity Bridge Facility Agreement**

BCMCL as Responsible Entity and manager for BrisConnections Investment Trust and BrisConnections Holding Trust, has entered into a loan agreement with certain lenders arranged and led by Macquarie Financial Holdings (IPO EBF Lenders).

The facility is structured as a revolving facility and will provide funding for Airport Link pending receipt of the aggregate of all Second Instalment and Final Instalment payments and instalments made in respect of Stapled Units issued under the DRP. The facility limit, which will be set to reflect interest rates at Financial Close, will not exceed \$650 million, and the facility is to be repaid by application of the Second Instalments and Final Instalments once received, or by applying amounts received pursuant to the underwriting, and by application of instalments made in respect of Stapled Units issued under the DRP. The facility will be available for drawing from Financial Close until the earlier of:

- the final repayment date (being the earlier to occur of the date 35 Business Days after the date of the Final Instalment Payment Date and the 'date certain');
- the 'date certain' (being 1 May 2010 provided that the date of Financial Close is on or before 1 September 2008); or
- the date on which the facility is cancelled.

The facility is secured in favour of an IPO EBF Security Trustee (on behalf of, among others, the IPO EBF Lenders) over the rights of BCMCL (as Responsible Entity and manager for the BrisConnections Unit Trusts) under the Underwriting Agreement and its rights to the proceeds of the Second Instalment and the Final Instalment. The facility is supported by a negative pledge undertaking given by BCMCL as Responsible Entity and manager for BrisConnections Investment Trust and BrisConnections Holding Trust, together with a direction to pay issued by them to the Registry to apply proceeds from the Second Instalment and the Final Instalment to repay the facility. The facility enables the IPO

EBF Lenders to set off their obligations against amounts owed under the facility.

The facility agreement also contains a number of representations and warranties, undertakings and events of default. Breach of these may result in the IPO EBF Lenders being able to cease funding under the facility, charge an increased 'default' margin and/or to call for outstanding amounts under the facility to be repaid.

## **11.5.16 Security Trust Deed and securities**

The obligations of FinCo under each of the Equity Bridge Facilities, State Bridge Facility, Construction and Term Debt Facilities and Reserve Facility and the associated interest rate management agreements are secured.

The security will include:

- Fixed and floating charges over all the assets and undertakings of FinCo, BC Operations and BC Trustee. The floating charges over the distribution account only become fixed charges during the appointment of an administrator;
- Real property mortgage over the Lease and Sub-Lease;
- A limited recourse third party mortgage granted by BCMCL as trustee for BrisConnections Investment Trust 2, the Custodian as custodian of BrisConnections Investment Trust 2, and by BrisConnections Holding 2, over their respective shares or units (if any), as applicable, in each of BC Asset Trust and BC Operations; and
- Any other collateral securities.

The benefit of the securities will be held by the Security Trustee on behalf of the Lenders which are a party to the Syndicated Facilities Agreement, the Agent, the Security Trustee and the providers of interest rate management hedging.

These securities will not support the IPO Equity Bridge Facility and the IPO EBF Lenders, the Agent, the Security Trustee and the providers of interest rate management hedging will have the benefit of the separate security and support described in Section 11.5.15.

## **11.5.17 D&C Consent Deed**

### **Acknowledgement**

The D&C Contractor consents to the creation of the security by BrisConnections in favour of the Lenders and acknowledges that the security will not have a bearing on the operation of the D&C Contract.

BrisConnections authorises the D&C Contractor to pay as directed by the Security Trustee all amounts which become due to BrisConnections. Where the State has agreed to pay compensation for a liability of BrisConnections to the D&C Contractor, those parties assign their rights to the D&C Contractor to receive that sum.

### Default

BrisConnections and the D&C Contractor are restricted from suspending or terminating activities performed under the D&C Contract.

### Security bonds

The D&C Contractor must provide a bond in favour of BrisConnections and the Security Trustee, initially amounting to approximately 7.5% of the D&C Contract Price (and reducing to 50% of that amount at Airport Link Opening). Leighton Holdings must provide bonds in favour of the State in the amount of \$43.5 million (in satisfaction of BrisConnections' obligation to do so under the Project Deed). All of those bonds are to be provided on or before Financial Close.

### Guarantee

Leighton Holdings guarantees the performance of obligations of the D&C Contractor under the D&C Contract, and indemnifies against any damages, expenses or loss suffered by each member of BrisConnections or the Security Trustee.

### Undertakings

The D&C Contractor is restricted from amending the D&C Contract, or assigning its rights or obligations under the D&C Contract without consent.

Any subcontracts entered into will include provisions enabling it to be novated or assigned to BrisConnections or any enforcing party without the consent of the relevant subcontractor if the D&C Contract is terminated.

### Liquidated damages

The D&C Contractor and each member of BrisConnections agree that they will not reduce, delay or set off any liquidated damages without consent of the Agent.

### Modifications

Consent will be required from the Agent where BrisConnections seeks to alter the scope of the activities to be performed by the D&C Contractor as agreed under the D&C Contract, except where such alterations are funded by the State.

### Refinance

The D&C Contractor and Leighton Holdings acknowledge that FinCo may refinance the secured money and if so, agree to novate the D&C Consent Deed or alternatively enter into a replacement deed with the replacement financier.

### Insurance

The D&C Contractor agrees to maintain and comply with its insurance obligations under the D&C Contract. In accordance with the Debt Finance Side Deed, where insurance proceeds are received by BrisConnections, the Security Trustee or the State Works Contractor, the proceeds will be used to repair and reinstate the damage by paying the D&C Contractor to carry out its obligations under the D&C Contract.

### Liability

The D&C Contractor's and the D&C Guarantor's total liability to BrisConnections and the Security Trustee respectively must not be greater than the D&C Contractor's liability under the D&C Contract.

### 11.5.18 O&M Consent Deed

#### Acknowledgement

The O&M Contractor consents to the creation of the security by BrisConnections in favour of the Lenders and acknowledges that the security will not have a bearing on the operation of the O&M Contract.

#### Default

The O&M Contractor agrees to notify the Security Trustee of any default so that the Security Trustee may take steps to remedy the default. Following a default, the O&M Contractor agrees not to terminate the O&M Contract unless certain provisions are met.

#### Security bonds

The O&M Guarantor must, in the event of the O&M Contractor failing to correct a non-compliance within a period specified in a notice from BC Operations (if the State has required a State bond under the Project Deed), provide a bond in favour of BC Operations for up to \$20 million as security for the O&M Contractor's obligations.

Security bonds issued in the name of the Security Trustee and BC Operations and by an issuer acceptable to the Lenders must be available to at least \$500,000 to secure the performance of the O&M Contractor's obligations to BC Operations under the O&M Contract.

#### Guarantee

The O&M Guarantor guarantees the performance of obligations that the O&M Contractor has under the O&M Contract, and indemnifies against any damages, expenses or loss suffered by the Security Trustee or BC Operations.

#### Undertakings

The O&M Contractor is restricted from amending the O&M Contract, or assigning its rights or obligations under the O&M Contract without consent.

Any subcontracts entered into will include provisions enabling it to be novated or assigned to BC Operations or any enforcing party without the consent of the relevant subcontractor, if the O&M Contract is terminated.

#### Damages

It is agreed between the O&M Contractor, the O&M Guarantor and BC Operations that a claim made against the O&M Contractor by BC Operations in excess of \$1 million per annum will not be reduced, delayed or set off by BC Operations without the consent of the Agent.

# 11 Additional Information continued

## Modifications

Consent will be required from the Agent where BC Operations seeks to alter the scope of the activities to be performed by the O&M Contractor as agreed under the O&M Contract (except where such alterations are funded by the State) and where the total amount payable as a result of the alterations would exceed \$1 million in aggregate in any financial year.

## Assignment

If an amount is payable to the O&M Contractor as a result of BC Operations' directions or is required to be paid under the O&M Contract, BC Operations assigns its rights to payment from the State in respect of the sum payable to the O&M Contractor. If no payment is to be made to BC Operations by the State, BC Operations' liability will be satisfied.

## Refinance

The O&M Contractor and the O&M Guarantor acknowledge that BC Operations may refinance the secured money and if so, agree to novate the O&M Consent Deed or alternatively enter into a replacement deed with the replacement financier.

## Liability

The O&M Contractor's and the O&M Guarantor's total liability to BC Operations and the Security Trustee respectively must not be greater than a total sum of \$15 million, with malicious and deliberate or fraudulent acts, losses arising out of O&M Contractor key performance indicator failures and losses arising out of the O&M Contractor's breach of intellectual property provisions (to the extent that the intellectual property breach causes an amount to be owed by BrisConnections to the State) not being subject to this cap. The amount of the liability cap is indexed annually with Brisbane CPI and is also refreshed upon the earlier of the extension of the O&M term and each five year period since the last refreshment of the cap.

## Termination

The O&M Consent Deed automatically terminates upon termination of the Project Deed.

### 11.5.19 BAC Consent Deed

#### Default by the D&C Contractor

BAC agrees to notify the NB Works Contractor and the Security Trustee of any default by the D&C Contractor under the Airport Roundabout Upgrade Interface Agreement so that the NB Works Contractor, the Agent or the Security Trustee may take steps to remedy the default. Following a default, BAC agrees not to terminate the Airport Roundabout Upgrade Interface Agreement unless certain provisions are met.

## Undertakings

Both the D&C Contractor and BAC are restricted from amending the Airport Roundabout Upgrade Interface Agreement, or assigning their respective rights or obligations under the Airport Roundabout Upgrade Interface Agreement without the consent of the Agent and the NB Works Contractor.

## Liability

BAC's total liability to the NB Works Contractor, the D&C Contractor, the Agent and the Security Trustee, in relation to the BAC Consent Deed and the Airport Roundabout Upgrade Interface Agreement, must not be greater than BAC's liability to the D&C Contractor under the Airport Roundabout Upgrade Interface Agreement.

## Termination

The BAC Consent Deed automatically terminates upon termination of the Airport Roundabout Upgrade Interface Agreement.

### 11.5.20 Deferred Equity Commitment Deed

Stapled Units will be issued to Thiess Trustee and John Holland Trustee in accordance with the Deferred Equity Commitment Deed at a deferred issue price of \$3.933 for a total subscription amount of \$200 million.

Thiess Trustee and John Holland Trustee are required (as a condition precedent to Financial Close) to provide unconditional direct pay letters of credit (Equity Support) to support their deferred subscription obligations.

BC Trustee will pay Thiess and John Holland a balance sheet fee at Financial Close under the terms of the Deferred Equity Commitment Deed. The balance sheet fee is set out in Section 7.

The subscription date for Thiess Trustee and John Holland Trustee will generally be the Deferred Equity Contribution Date, subject to acceleration in the event of default or certain other specified events as described below.

Thiess Trustee and John Holland Trustee will contribute equity as follows:

Thiess Trustee: \$100 million, representing approximately 5.5% of the Notional Equity in the BrisConnections Unit Trusts.

John Holland Trustee: \$100 million, representing approximately 5.5% of the Notional Equity in the BrisConnections Unit Trusts.

Stapled Units issued under the Deferred Equity Commitment Deed will rank equally with previously issued Stapled Units.

Thiess Trustee and John Holland Trustee cannot novate, assign, transfer or otherwise dispose of all or any part of their rights, benefits or obligations under the Deferred Equity Commitment Deed prior to Construction Completion.

In the 24 month period after Construction Completion, Thiess Trustee and John Holland Trustee may nominate a replacement deferred subscriber to assume all its rights to subscribe for the Stapled Units provided that the mechanism set out in the Deferred Equity Commitment Deed is observed. This mechanism requires Thiess Trustee and John Holland Trustee (as applicable) to provide at least seven days' written notice to the deed's parties of its intention to nominate a replacement deferred subscriber and stipulates that a replacement deferred subscriber cannot be appointed until the State has consented in

writing to the replacement, the replacement deferred subscriber has provided substitute equity support which is acceptable to the Security Trustee, the Security Trustee is satisfied that the replacement deferred subscriber is solvent and reputable and the replacement deferred subscriber and the remaining parties to the deed have entered into a deed of accession on certain specified terms.

In the event of a capital reorganisation by consolidation, sub-division or bonus issue, the deferred issue price may be adjusted. The deferred subscribers may also contribute their equity before the Deferred Equity Contribution Date in the event of a pro rata offer to existing Unitholders or if there is an unconditional takeover offer for at least 50% of the Stapled Units, or a similar procedure structured as a scheme for the Stapled Units.

BCMCL, as trustee of the BrisConnections Unit Trusts, has agreed that it will exercise its powers as members of BrisConnections Investment Trust 2 and BrisConnections Holding 2 to ensure that a single representative of Thiess Trustee and John Holland Trustee is appointed as a director of each of BrisConnections Holding 2, BC Operations, BC Trustee, FinCo, BC Contracting and NB Contracting. The right to have a director appointed will apply only while Thiess Trustee and John Holland Trustee collectively hold or are obliged to subscribe for at least 10% of the Notional Equity or Stapled Units to the maximum value of \$200 million. A replacement deferred subscriber appointed by either of Thiess Trustee or John Holland Trustee in accordance with the terms of the Deferred Equity Contribution Deed will not have the right to appoint a director to the abovementioned companies.

In addition, by way of a letter from JF Infrastructure to Thiess Trustee and John Holland Trustee, JF Infrastructure, as the holding company of BCMCL, has agreed to exercise its rights to appoint a single representative of Thiess Trustee and John Holland Trustee to the board of BCMCL, and the subsidiary entities on the same basis as the appointment of a single representative of the subsidiary entities discussed above.

#### **11.5.21 Management Deeds**

Under the two Management Deeds, BCMCL in its capacity as the Responsible Entity of BrisConnections Holding Trust and BrisConnections Investment Trust, BCMCL in its capacity as trustee of BC Investment Trust 2, BrisConnections Holding 2, BC Contracting, NB Contracting, BC Trustee and FinCo (each a Delegator) each delegate their management of the day-to-day business affairs to BC Operations. The delegation under the relevant deed does not relate to statutory duties imposed on the Responsible Entity by virtue of provisions of the Corporations Act and for which BCMCL will appoint certain BC Operations executives to provide certain services and advice pursuant to the terms of a financial services appointment letter.

Under the Management Deeds, BC Operations is appointed to manage day-to-day business affairs for an initial term of six years. The term will be automatically renewed for a further three year term unless any party gives six months' notice prior to the end of the term.

BC Operations is not paid a management fee under the Management Deeds. However, BC Operations is entitled to be reimbursed by the Delegators for all costs properly paid by BC Operations on behalf of such Delegator in performing its functions under the Management Deeds, other than costs which:

- Under the terms of the relevant Delegator's constitution is not or would not have been (if it had been incurred by a Delegator) paid out of the assets of the relevant Delegator; or
- In respect of which BCMCL, in its capacity as Responsible Entity of the BrisConnections Unit Trusts, or BC Trustee, are not indemnified by the relevant trust under the terms of the constitution of the relevant trust.

BC Operations' authority is subject to certain limitations. In particular, it cannot without the prior approval of the relevant Delegator enter into a new line of business, exit or materially change an existing line of business, incur or assume on behalf of any Delegator debt or cause any Delegator to become liable for indebtedness in excess of \$500,000 in the aggregate, enter into or become liable under any guarantee, indemnity or similar arrangement under which a Delegator may incur liability in excess of \$500,000 in respect of that obligation, make or commit to make any capital expenditure in excess of \$1 million in the aggregate, decide to make a distribution, dividend or materially change any Delegator's distribution or dividend policy, or appoint or remove or determine any change to the wages, salary, commissions or bonuses of key personnel.

Each Delegator may terminate the relevant Management Deed if BC Operations acts fraudulently or commits an act which had the Delegator done or omitted to do would constitute a breach of trust, breach of an applicable law (as defined in the Management Deeds) or any law applying to its functions, or fails to hold or maintain the necessary licences, authority and approvals to perform its obligations under the relevant Management Deed. Each Delegator may also terminate the relevant Management Deed if it determines that termination is required in order to comply with applicable law or if BCMCL, in its capacity as the Responsible Entity of the BrisConnections Unit Trusts is obliged to terminate the relevant Management Deed under the terms of any applicable constitution, applicable law, or any resolution of its members or any stock exchange listing rule.

The key personnel of BC Operations must be approved by the Delegators and BC Operations must notify the Delegators of any changes in key personnel.



# 11 Additional Information continued

Any party to the relevant Management Deed may terminate the deed if the other party is in default. A party will be in default if it suspends payments of its debts, enters into or resolves to enter into any arrangement with its creditors, or ceases or threatens to cease carrying on business. A party will also be in default if an administrator or receiver is appointed or steps are taken to make such appointment in respect of the party, steps are taken to wind up or dissolve the party, a notice or application is made under section 601AB and section 601AA of the Corporations Act respectively or any representations or warranties given by the party are or become untrue in a material respect.

If the Delegator considers that there has been unsatisfactory performance by BC Operations of its obligations under a Management Deed, the parties must meet and attempt to negotiate a program to rectify the unsatisfactory performance or a program for its prevention in the future. If the parties are unable to agree on a program, BC Operations fails to implement the program or does not comply with the program, the Delegator may terminate the relevant Management Deed.

BC Operations is liable for and indemnifies each Delegator from any losses arising directly or indirectly from any claim, demand or proceeding made or brought against it by a third party in connection with the Management Deeds where such claim, demand or proceeding arises from the negligence, default or fraud of BC Operations, its employees, agents or contractors or from any breach of BC Operations' obligations under the Management Deeds.

## Conduct of D&C Claims

The Management Deeds also include a provision regarding the conduct of D&C Claims. BC Operations, BC Trustee, BC Contracting, BC Holding 2 and NB Contracting (the BC Members) and the shareholders and Unitholders of the BC Members have agreed to certain arrangements under which, if a BC Member is or may be liable to pay, compensate or grant an extension of time to the D&C Contractor (D&C Claim), a director of BC Operations appointed by Thiess Trustee and John Holland Trustee (the Contractor Representative) will have certain rights in respect of the conduct of any claim by the BC Member (the PPP Co Claim), based on the same events or circumstances giving rise to the D&C Claim. Each shareholder and unitholder of a BC Member agrees that they will exercise their voting rights as shareholders and unitholders of the BC Members and the voting rights of their nominated directors of BC Operations to ensure that such arrangements are complied with.

Subject to certain limitations, the Contractor Representative will have rights to:

- Communicate on behalf of a BC Member to the State or its associates, the insurers or the Lenders or any expert, arbitrator or court appointed to determine any aspect of a PPP Co Claim that is based on the matters that would give rise to the D&C Claim (D&C Component);

- Obtain legal advice on behalf of BC Members with respect of the D&C Component of a PPP Co Claim;
- In respect of a PPP Co Claim which has no other component than a D&C Component, agree on behalf of the BC Member any contract, settlement, compromise, procedural matter or other matter or arrangement for the resolution, determination or progress of the PPP Co Claim in consultation with the other directors of BC Operations but without any requirement for consent of the other directors; and
- In respect of a PPP Co Claim which has a D&C Component and one or more other components, be required to consent to any agreement by the BC Member to any contract, settlement, compromise, procedural matter or other matter or arrangement for the resolution, determination or progress of the PPP Co Claim (such consent is not to be unreasonably withheld or delayed).

None of the rights granted to the Contractor Representative will be taken to derogate from the Contractor Representative's other rights, powers, duties and obligations as a director.

Each shareholder and unitholder of a BC Member and each BC Member acknowledges and agrees that:

- The BC Members have obligations under the D&C Contract concerning the conduct of a PPP Co Claim to which the BC Members have agreed in consideration of the D&C Contractor agreeing to certain clauses of the D&C Contract;
- It is in the best interests of the BC Members that the BC Members fully comply with their obligations under the D&C Contract (notwithstanding any other interests which the BC Members may have in the PPP Co Claim not being pursued); and
- In the absence of fraud, wilful misconduct or gross negligence, the exercise by the Contractor Representative of his or her rights under the Management Deeds will be in the best interests of the BC Members. However, this will not apply to a D&C Claim or the majority part of a D&C Claim, which, in the opinion of an independent Queen's Counsel or a Senior Counsel, is vexatious, capricious or clearly unreasonable unless the Directors of BC Operations agree otherwise.

Thiess and John Holland jointly and severally indemnify each BC Member against any loss or claim brought against, suffered or incurred by the BC Member caused by, arising out of or in any way connected with the Contractor Representative exercising or failing to exercise in whole or part any of his or her rights under the conduct of D&C Claims provisions in the Management Deeds but only to the extent of any breach of such provisions, or any fraud, wilful misconduct or gross negligence.

### 11.5.22 Underwriting Agreement

Under the Underwriting Agreement, Macquarie Capital Advisers, Credit Suisse (Australia), J.P. Morgan Australia and Deutsche Bank have agreed to underwrite the Offer including the instalments but not the Second Instalment and the Final Instalment in relation to partly paid Stapled Units issued under the DRP.

As at the date of this PDS, the Underwriters have severally agreed to underwrite their respective proportions of the Offer as follows:

- Macquarie Capital Advisers: 41.7%;
- Deutsche Bank: 41.7%;
- Credit Suisse (Australia): 8.3%; and
- J.P. Morgan Australia: 8.3%.

These proportions reflect the underwriting arrangements in respect of each of the instalments, with each of the Underwriters underwriting 25% of the Initial Instalment and Macquarie Capital Advisers and Deutsche Bank each underwriting 50% of both the Second Instalment and Final Instalment.

The Underwriters may appoint sub-underwriters.

The Underwriting Agreement contains various representations and warranties. It imposes various obligations on BCMCL such as ensuring the PDS complies with the Corporations Act and the Listing Rules and that the Offer documents and public information will not contain any material statements which are misleading or deceptive or any material omissions.

Any of the Underwriters may terminate the Underwriting Agreement in respect of its commitment on the occurrence of certain events between the date of the Underwriting Agreement and Allotment Date. These events are:

- An adverse change occurs in the assets, liabilities or financial position of BrisConnections;
- Change of law making the Offer illegal;
- Debt funding not being available on or prior to Financial Close;
- Financial Close not occurring on or before 1 August 2008; or
- A breach, termination or amendment of the major project documents without the prior consent of the Underwriters.

Refer to Section 7 for details of the fees and reimbursements that the Underwriters are entitled to receive for underwriting the Offer.

### 11.5.23 Distribution Reinvestment Plan (DRP)

#### Eligibility

All Unitholders are eligible to participate in the DRP unless BCMCL determines that:

- It would be unlawful, impractical or impossible for the Unitholder to participate;
- Such participation would have an adverse effect on the regulatory approvals or licences which the BrisConnections Unit Trusts hold or for which they intend to apply; or
- The Unitholder has a registered address in a place where participation or the making of an offer or invitation to participate would be prohibited or would require the issue of a prospectus or product disclosure statement or its equivalent under foreign law or would otherwise require regulatory approvals or compliance which BCMCL considers impractical.

#### Operation and participation

Participation in the DRP is optional. However, unless a Unitholder elects in writing not to participate in the DRP or is not eligible to participate in the DRP, Distributions on all of a Unitholder's Stapled Units will be automatically reinvested in additional Stapled Units during the Fixed Distribution Period. A Unitholder may at any time elect to vary their level of participation in the DRP or withdraw from the DRP.

BCMCL may at any time:

- Suspend or terminate the DRP if the issue of Stapled Units would breach any law or a Distribution will not be made;
- Limit the amount of a Distribution which may be reinvested under the DRP;
- In its absolute discretion, determine that a Unitholder is not eligible to participate in the DRP without being bound to give any reason for doing so;
- Require all eligible Unitholders to participate fully in the DRP notwithstanding that a Unitholder has elected not to participate in the DRP or has elected not to participate fully in the DRP; or
- Require an increase in Unitholders' participation in the DRP, notwithstanding a Unitholder's election under a notice of variation.

Stapled Units issued under the DRP, and any bonus Stapled Units issued in respect of Stapled Units which participate in the DRP, will automatically participate in the DRP.

#### Variation of level of participation or withdrawal from the DRP

Participating Unitholders may vary their level of participation or withdraw from the DRP at any time by completing a notice of variation and returning it to BCMCL. Subject to BCMCL not requiring the continued participation of Unitholders, the variation or withdrawal will be effective for the next Distribution, provided the notice of variation is received on or prior to the DRP election date for that Distribution. BCMCL will notify Unitholders of the DRP election date in accordance with the DRP Rules.



# 11 Additional Information continued

## Entitlement

On each Distribution Payment Date, participating Unitholders will be entitled to be issued the nearest whole number of Stapled Units (rounded down) which can be acquired at the price calculated below using the cash Distribution on the Stapled Units in the relevant unitholding accounts.

If there is an amount remaining after Stapled Units have been issued under the DRP, that amount will be carried forward to the next Distribution and will be added to that Distribution in determining the number of Stapled Units to be issued under the DRP on that next Distribution Payment Date.

Stapled Units will not be issued under the DRP if the issue would breach any provision of any applicable law or if BCMCL determines not to make a Distribution.

Any Distributions on Stapled Units which BCMCL is entitled to retain under the Constitutions or otherwise, will not be available for subscription under the DRP. If withholding tax is payable in respect of a Distribution, that tax will be deducted and only the balance will be applied in subscribing for Stapled Units.

## Nature of DRP Stapled Units

Stapled Units issued under the DRP while the Stapled Units are partly paid will be partly paid Stapled Units. For example, Unitholders who receive Stapled Units under the DRP prior to the Second Instalment Payment Date will receive the Stapled Units partly paid to \$1.00 and will be required to pay the Second Instalment and Final Instalment on those Stapled Units on the Second Instalment Payment Date and the Final Instalment Payment Date respectively, if they are still registered as the holders of those Stapled Units. If the Stapled Units issued under the DRP are issued between the Second Instalment Payment Date and the Final Instalment Payment Date, only the Final Instalment will be payable. Stapled Units issued under the DRP when the Stapled Units are fully paid will be fully paid Stapled Units.

## The price of DRP Stapled Units

The price used to calculate the number of Stapled Units allotted under the DRP will be the Average Price, less a discount of 5%.

## Costs

The issue of Stapled Units under the DRP will not be subject to brokerage, commissions or other transaction costs.

## Ranking of DRP Stapled Units

Stapled Units issued under the DRP will rank equally in every respect with existing issued Stapled Units and will participate in all Distributions subsequently declared or paid.

## DRP records

Unitholders participating in the DRP will be mailed a statement as soon as practicable after each issue of Stapled Units under the DRP, showing for each unitholding account, full details of the amount of Distribution entitlement, the issue price, the number of Stapled Units issued and any residual Distribution carried forward.

## Sale of Stapled Units

Unitholders participating in the DRP may sell any of their Stapled Units, including Stapled Units participating in the DRP or issued under the DRP, at any time. If a Unitholder does not give BCMCL a notice of variation in respect of the remainder of the Unitholder's holding following the sale, the Stapled Units sold will, to the extent possible, be taken to be Stapled Units that are not participating in the DRP.

Stapled Units which are transferred are deemed on registration of a valid transfer document to participate fully in the DRP. The purchaser of the Units may vary the level of participation or withdraw from the DRP by completing a notice of variation as set out above.

## Stock exchange listing

Application will be made for all Stapled Units allotted under the DRP to be quoted on ASX.

## Taxation

Unitholders participating in the DRP will be liable to include Distributions under the DRP in their taxable income on the same basis as if those Distributions had been received in cash. BCMCL does not take responsibility for the taxation liability of Unitholders. For further details, refer to Section 5. However, it is recommended that Unitholders obtain independent professional taxation or financial advice.

## Modification and termination of the DRP

The DRP may be varied, suspended or terminated by BCMCL at any time by giving participating Unitholders notice in accordance with the DRP Rules.

### 11.5.24 DRP Underwriting Agreement

The DRP Underwriting Agreement provides that the DRP will be underwritten by the DRP Underwriter during the Fixed Distribution Period, with the exception of the first Distribution for the period ending 31 December 2008 which will not be underwritten (Underwritten Period). The issue of Stapled Units to the DRP Underwriter will result in a dilution of Unitholders' holdings.

The DRP Underwriter agrees to provide an aggregate underwritten facility of \$700 million, to be applied by BCMCL, at its discretion, in any proportion and to any or all offers of Stapled Units under the DRP during the Underwritten Period as required. In addition, the DRP Underwriter's obligation to underwrite a Distribution is subject to certain limitations and will not exceed 3.5% of the market capitalisation of the Stapled Units (as at the close of trading on the record date for the Distribution, excluding Stapled Units subscribed for

under the Deferred Equity Commitment Deed) plus 50% of the amounts (if any) sub-underwritten (as at the same date). These dates may be varied by the parties.

BCMCL may elect not to have a Distribution underwritten or to have a Distribution partially underwritten by the DRP Underwriter during the Underwritten Period.

The DRP Underwriting Agreement contains various representations and warranties, and imposes various obligations on BCMCL, including that BCMCL as Responsible Entity for the BrisConnections Unit Trusts is not in material breach of the Listing Rules or of any provision of the Corporations Act to an extent that is material to the BrisConnections Unit Trusts or the offer for each Distribution.

The DRP Underwriter may terminate the DRP Underwriting Agreement on the occurrence of certain events between the declaration date for a Distribution and 9.00am on the Business Day prior to the confirmation date for that Distribution.

Refer to Section 7 for details of the fees and reimbursements that the DRP Underwriter is entitled to receive for underwriting the DRP.

#### **11.5.25 Custody Agreement**

Under the Custody Agreement, BCMCL appoints the Custodian to hold the property of the BrisConnections Unit Trusts and the property of BrisConnections Investment Trust 2 on trust for BCMCL. The Custodian will act in accordance with the instructions of BCMCL. The terms of the Custody Agreement include the specific requirements of ASIC policies.

#### **11.6 Airport Link project legislation**

There is no Airport Link project specific legislation. Instead, the project will integrate with existing legislation already operative to facilitate the establishment and operation of tollroads by the State, including the *Transport Infrastructure Act 1994* (Qld) which provides for:

- The declaration of land as State tollroad corridor land;
- The declaration of land as busway land;
- The State to enter into a franchise agreement with a tollroad operator, which sets out their obligations in respect of maintenance, operation and repair of the tollroad; and
- The fixing, charging and collecting of tolls relating to the use of vehicles.

#### **11.7 Final approvals**

The State must consult with and receive from the Coordinator-General a report to take account of BrisConnections' concept design of Airport Link and any changed or new conditions to the planning approval for Airport Link as a condition precedent to Financial Close.

The Coordinator-General may impose new conditions or amend the conditions to the planning approval for Airport Link such that the cost of Airport Link or the expected time for construction may increase. BrisConnections has in place arrangements with the D&C Contractor, Thiess Services, John Holland Services, the State and Lenders in respect of any new or amended conditions, which are designed to compensate Investors for the need to comply with those new or amended conditions. These arrangements involve either a pre-agreed approach to addressing certain anticipated conditions or a process to deal with the conditions as a requirement of the Project proceeding.

In certain circumstances, the State may elect to proceed to Financial Close on the basis that receipt of the report from the Coordinator-General is treated as a condition subsequent to be satisfied after Financial Close. Failure to satisfy a condition subsequent could result in termination of the Project and the redemption of Stapled Units (after deduction of costs of redemption and any other costs incurred for which BrisConnections is not indemnified). However, BrisConnections considers that the State would only propose to proceed to Financial Close if there is confidence that this condition will be satisfied.

#### **11.8 ASIC modifications**

ASIC has granted a number of modifications to the Corporations Act to the BrisConnections Unit Trusts, in relation to various administrative and other matters as follows:

- Modifying sections 601FC(1)(c) and 601FD(1)(c) of the Corporations Act to permit BCMCL to have regard to the interests of Unitholders, as unitholders in the BrisConnections Unit Trusts rather than members' interests on a scheme by scheme basis;
- Modifying section 601GA(1)(a) of the Corporations Act to permit the issue price of a Stapled Unit to be determined by BCMCL in accordance with the method set out in the BrisConnections Unit Trusts Constitutions once the Stapled Units are officially quoted;
- Modifying section 601LC of the Corporations Act to enable BCMCL and entities it controls to give financial benefits out of scheme property of the BrisConnections Unit Trusts to other entities in BrisConnections Group;
- Modifying section 1012D(3) of the Corporations Act so that the exemption from the requirement to give a PDS under the DRP applies in respect of the Stapled Units; and
- Modifying section 1017E of the Corporations Act to the extent necessary to permit BCMCL to hold application monies for the Stapled Units in one account.

# 11 Additional Information continued

## 11.9 ASX waivers

ASX has given the BrisConnections Unit Trusts 'in principle' waivers from the Listing Rules as follows:

- Condition 7 of Listing Rule 1.1 to the extent necessary not to require each of the BrisConnections Unit Trusts to have each Unitholder hold a parcel of units with a value of at least \$2,000 on the condition that the units are stapled together and the value of a parcel of Stapled Units will be greater or equal to \$2,000;
- Condition 8 of Listing Rule 1.1 in respect of compliance with Listing Rule 1.3 on the basis that the BrisConnections Unit Trusts will together satisfy the assets tests in Listing Rule 1.3;
- Condition 2 of Listing Rule 2.1 on the basis that the Stapled Units (rather than each individual unit) will have an Issue Price and paid up value of at least 20 cents;
- Listing Rule 6.24 in respect of item 1 of Appendix 6A to permit an estimated Distribution rate to be advised to ASX on the same day that the record date for determining entitlement to the Distribution is announced, and the actual Distribution rate to be advised to ASX as soon as it becomes known;
- Listing Rule 8.10 to the extent necessary to permit BCMCL to refuse to register a transfer of a unit in a BrisConnections Unit Trust if it is not accompanied by a transfer of a unit in the other BrisConnections Unit Trust;
- Listing Rule 10.1 to allow the transfer of substantial assets between the BrisConnections Unit Trusts without Unitholder approvals;
- Listing Rule 6.11 to the extent necessary to permit the Distribution to be paid on a partly paid Stapled Unit prior to the Second Instalment Payment Date and Final Instalment Payment Date to be calculated on the basis that the partly paid Stapled Unit is fully paid;
- Listing Rule 7.1 to the extent necessary to permit the issue of Stapled Units under the Deferred Equity Commitment Deed and the DRP Underwriting Agreement without Unitholder approval provided certain conditions are satisfied;
- Listing Rule 10.11 to the extent necessary to permit the issue of Stapled Units under the Deferred Equity Commitment Deed and the DRP Underwriting Agreement without Unitholder approval provided certain conditions are satisfied; and
- Listing Rule 1.3.5 on the basis that the BrisConnections Unit Trusts will not have audited accounts for three full financial years because the BrisConnections Unit Trusts have not been in existence for such a period.

ASX has also given certain 'in principle' confirmations to BrisConnections that aspects of the Offer are appropriate under the Listing Rules.

## 11.10 Interests and benefits of advisers and experts

Macquarie Capital Advisers, Credit Suisse (Australia), J.P. Morgan Australia and Deutsche Bank have each acted as Underwriter to the Offer and are entitled to receive the fees set out in Section 7.

Macquarie Capital Advisers has agreed to act as the DRP Underwriter and is entitled to receive the fees set out in Section 7.

Deloitte Corporate Finance has prepared the Investigating Accountants' Report contained in this PDS and has been paid or will be paid \$150,000 (excluding GST and disbursements).

Arup has provided traffic consulting services for BrisConnections' bid for Airport Link and prepared the Traffic Experts' Report, a summary of which is contained in this PDS, and has been paid or will be paid \$4.69 million (excluding GST).

Macquarie Capital Group has been Sponsor of BrisConnections' bid for Airport Link and will be paid the amount set out in Section 7. This includes 50% of the Sponsors' development fee.

Macquarie Capital Advisers has acted as financial adviser to BrisConnections' bid for Airport Link and the Offer. For this role, Macquarie Capital Advisers will be paid \$56.05 million (excluding GST and disbursements) on 31 December 2008.

Macquarie Capital Advisers is the exclusive financial adviser to BrisConnections for 10 years. As a result, Macquarie Capital Advisers and other Macquarie Group companies may perform various services for BrisConnections from time to time. Arm's length fees will be payable for those services. The Directors may seek external advice as to the appropriateness of fees and the terms of Macquarie Group company engagements.

Thiess and John Holland have been Sponsors of BrisConnections' bid for Airport Link. For this role, Thiess and John Holland will be paid the fees set out in Section 7 on Financial Close. This includes 50% in aggregate of the Sponsors' development fee and the balance sheet fee. BrisConnections will pay or reimburse Thiess and John Holland for all their out of pocket costs in relation to the bid, except those borne by Thiess and John Holland in their capacity as D&C Contractor.

Corrs Chambers Westgarth has advised BrisConnections in relation to its bid for Airport Link and the Offer and has been paid or will be paid \$4.1 million (excluding GST and disbursements).

DLA Phillips Fox has advised BCMCL in its role as Responsible Entity of the BrisConnections Unit Trusts and has been paid or will be paid \$75,000 (excluding GST and disbursements).

URS has provided technical review services for BrisConnections' bid for Airport Link and prepared the Technical Reviewers' Report, a summary of which is contained in this PDS, and has been paid or will be paid \$541,000 (excluding GST and disbursements).

The Issuer and Sponsors have effectively jointly and severally agreed to indemnify URS for all claims made by third parties arising out of the inclusion of the summary of the Technical Reviewers' Report in this PDS. The Sponsors have also indemnified URS in respect of all claims arising from the Technical Reviewers' Report or from any agreement to which URS is a party in its present role as Independent Verifier.

#### **11.11 Benefits to related parties**

BCMCL is a wholly owned subsidiary of JFI and as Responsible Entity of the BrisConnections Unit Trusts is entitled to the fees and reimbursement of costs as described in Section 7. Leighton Holdings is the parent company of Thiess and John Holland who are the D&C Contractors.

Thiess Trustee and John Holland Trustee, related companies of Leighton Holdings, together will subscribe for \$200 million of Stapled Units on the Deferred Equity Contribution Date.

Macquarie Capital Group was issued 500 partly paid units on the establishment of the BrisConnections Investment Trust and 500 partly paid units on the establishment of the BrisConnections Holding Trust.

Entities within the BrisConnections Group have entered into Management Deeds (see the summary set out in Section 11.5.21) and an agreement to Sub-Lease (see summary of Lease set out in Section 11.5.7).

#### **11.12 Complaints**

BCMCL has an established policy for dealing with complaints. A copy of this policy can be found on BrisConnections website at [www.brisconnections.com.au](http://www.brisconnections.com.au).

Unitholders who wish to complain should write to:

BrisConnections  
C/- Link Market Services Limited  
Locked Bag A14  
Sydney South, NSW 1235

BCMCL is a member of an external dispute resolution scheme, the Financial Industry Complaints Service (FICS).

In all cases, if a Unitholder is dissatisfied with the response from BCMCL, the Unitholder can raise the complaint directly with FICS:

Financial Industry Complaints Service  
PO Box 579  
Collins Street West  
Melbourne VIC 8007  
Telephone: 1300 780 808  
Facsimile: (03) 9621 2291  
Website: [www.fics.asn.au](http://www.fics.asn.au)

On 1 July 2008, the Banking and Financial Services Ombudsman, Insurance Ombudsman Services and FICS will be merging to become the Financial Ombudsman Service (FOS). BCMCL has applied for participation in the dispute resolution scheme to be operated by FOS. Complaints may be submitted to FOS from 1 July 2008 at:

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Telephone: 1300 780 808  
Fax: (03) 9613 6399  
Website: [www.fos.org.au](http://www.fos.org.au)  
Email: [info@fos.org.au](mailto:info@fos.org.au)

# 11 Additional Information continued

## 11.13 Consents and disclaimers

Macquarie Capital Advisers, Credit Suisse (Australia), J.P. Morgan Australia and Deutsche Bank have given and have not, before the date of this PDS, withdrawn their consent to be named in this PDS as Underwriters to this Offer in the form and context in which they are included. This PDS does not contain statements made by Macquarie Capital Advisers, Credit Suisse (Australia), J.P. Morgan Australia and Deutsche Bank or statements said to be based on statements made by them. Accordingly, Macquarie Capital Advisers, Credit Suisse (Australia), J.P. Morgan Australia and Deutsche Bank expressly disclaim responsibility for any part of this PDS.

Deloitte Corporate Finance has given and has not, before the date of this PDS, withdrawn its consent to be named in this PDS as Investigating Accountant and to the inclusion of the Investigating Accountants' Report and all references to that report or that information in this PDS in the form and context in which it is included. Deloitte Corporate Finance expressly disclaims and takes no responsibility for any part of this PDS other than its Investigating Accountants' Report and other references to that report or that information in this PDS.

Arup has given and has not, before the date of this PDS, withdrawn its consent to be named in this PDS as Traffic Expert and to the inclusion of a summary of the Traffic Experts' Report and projections and all references to that report or that information in this PDS in the form and context in which they are included and formally verified by Arup. Arup expressly disclaims and takes no responsibility for any part of this PDS other than the summary of its Traffic Experts' Report and projections and other references to that report or that information in this PDS.

Macquarie Capital Group has given and has not, before the date of this PDS, withdrawn its consent to be named in this PDS as a sponsor of BrisConnections' bid for Airport Link in the form and context in which they are included. Macquarie Capital Group expressly disclaims and takes no responsibility for any part of this PDS.

Corrs Chambers Westgarth has given and has not, before the date of this PDS, withdrawn its consent to be named in this PDS as legal adviser to BrisConnections in the form and context in which they are included. Corrs Chambers Westgarth expressly disclaims and takes no responsibility for any part of this PDS.

DLA Phillips Fox has given and has not, before the date of this PDS, withdrawn its consent to be named in this PDS as legal adviser to BCMCL in the form and context in which they are included. DLA Phillips Fox expressly disclaims and takes no responsibility for any part of this PDS.

Thiess and Thiess Trustee have given and have not, before the date of this PDS, withdrawn their consent to be named in this PDS as a sponsor of BrisConnections' bid for Airport Link in the form and context in which they are included. Thiess and Thiess Trustee expressly disclaim and take no responsibility for any part of this PDS.

John Holland and John Holland Trustee have given and have not, before the date of this PDS, withdrawn their consent to be named in this PDS as a sponsor of BrisConnections' bid for Airport Link in the form and context in which they are included. John Holland and John Holland Trustee expressly disclaim and take no responsibility for any part of this PDS.

URS has given and has not, before the date of this PDS, withdrawn its consent to be named in this PDS as Technical Reviewer and to the inclusion of a summary of the Technical Reviewers' Report and all references to that report in this PDS in the form and context in which they are included. URS expressly disclaims and takes no responsibility for any part of this PDS.

Link Market Services Limited has given and has not, before the date of this PDS, withdrawn its consent to be named in this PDS as the Registry in the form and context in which they are included. Link Market Services Limited expressly disclaims and takes no responsibility for any part of this PDS.

## 11.14 Directors Consent to Lodgement

Each director has given and not withdrawn their consent to lodgement of this PDS with ASIC.

# Glossary



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# 12 Glossary

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| A\$ or \$ or AUD                               | Australian dollars   |
| Agent  | The agent of the Lenders from time to time, being at the date of this PDS, Australia and New Zealand Banking Group Limited (ABN 11 005 357 522)  |
| Agreement to Lease                             | The agreement to lease between the State and BC Trustee described in Section 11.5.6  |
| Agreement to Sub-Lease                         | The agreement to sub-lease between BC Trustee and BC Operations described in 11.5.7  |
| Airport Link                                   | The project proposed as a connection between Bowen Hills, Kedron and Toombul including the physical tunnel, road, works, facilities and systems (including the Tolling System) required to be designed and constructed under the Project Deed  |
| Airport Link Catchment                         | The areas of Brisbane for which Airport Link offers potential users a viable alternative route, as determined by the modelling of the Traffic Expert   |
| Airport Link Corridor                          | Describes the area surrounding and serviced by Airport Link, which is located within South East Queensland   |
| Airport Link Opening                           | The date on which Airport Link (including the Tolling System) will be opened for traffic. This date is expected to be 47 months after the date of Financial Close and will occur on or after Construction Completion   |
| Airport Roundabout Upgrade                     | The proposed upgrade to the roundabout at the East-West Arterial / Airport Drive / Gateway Motorway interchange located near Brisbane Airport that BrisConnections is required to design and construct   |
| Airport Roundabout Upgrade Completion          | The date on which construction of the Airport Roundabout Upgrade is completed so as to allow traffic flows in accordance with the Airport Roundabout Upgrade Works Deed  |
| Airport Roundabout Upgrade Contract Price      | \$272 million, or such higher amount as determined in accordance with the Airport Roundabout Upgrade Works Deed if commencement of the Airport Roundabout Upgrade occurs after the first anniversary of the Airport Roundabout Upgrade Works Deed  |
| Airport Roundabout Upgrade Interface Agreement | The Airport Roundabout Upgrade Interface Agreement described in Section 11.5.12, also known as the EWAG Interface Agreement  |
| Airport Roundabout Upgrade Works Deed          | The Airport Roundabout Upgrade Works Deed described in Section 11.5.10, also known as the EWAG Works Deed  |
| Allotment Date                                 | The date on which the Stapled Units issued under this PDS are allotted to Unitholders, assumed for the purpose of this PDS to be 29 July 2008  |
| Applicants                                     | Persons who submit a valid Application Form under this PDS   |
| Application or Application Form                | Application form attached to or accompanying this PDS  |
| ASIC   | Australian Securities and Investments Commission   |
| ASTC   | ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532)   |
| ASX  | ASX Limited (ABN 98 008 624 691)   |
| Average Price                                  | The arithmetic average of the daily volume weighted average price for the Stapled Units sold on ASX (excluding any special crossings) over a 20 trading day pricing period (subject to any relevant adjustments when the Stapled Units are partly paid)  |
| BAC  | Brisbane Airport Corporation Pty Limited (ACN 076 870 650), which is the entity responsible for the operation and development of Brisbane Airport. BAC holds a long-term lease from the Commonwealth Government over Brisbane Airport land (on or over which the Airport Roundabout Upgrade is to be partly located) |



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| Base Case Equity Return     | A figure sourced from the Base Case Financial Model and used in the Project Deed and other documents as the benchmark for calculating certain adjustments and payments due to BrisConnections. The Base Case Equity Return is defined as a nominal internal rate of return (post-BrisConnections tax, pre-investor tax) of 17% |
| Base Case Financial Model   | The financial model and assumptions which are incorporated in the Project Deed   |
| BC Asset Trust              | BrisConnections Asset Trust (ABN 74 715 990 030)   |
| BC Contracting              | BrisConnections Contracting Pty Ltd (ABN 99 128 631 498)   |
| BC Holding 2                | BrisConnections Holding 2 Pty Ltd (ACN 128 614 755)  |
| BC Investment Trust 2       | BrisConnections Investment Trust 2 (ABN 93 226 656 354)  |
| BC Operations               | BrisConnections Operations Pty Ltd (ABN 69 128 615 547)  |
| BC Trustee                  | BrisConnections Nominee Company Pty Ltd (ABN 43 128 615 814) in its capacity as trustee for BC Asset Trust   |
| BCMCL                       | BrisConnections Management Company Limited (ABN 67 128 614 291)  |
| BCMCL Board or Board        | The board of directors of BCMCL  |
| Brisbane CBD                | The central business district of Brisbane  |
| Brisbane CPI                | The All Groups Consumer Price Index Brisbane published quarterly by the Australian Bureau of Statistics  |
| BrisConnections             | BCMCL, BrisConnections Holding Trust, BrisConnections Investment Trust, BrisConnections Investment Trust 2, BrisConnections Asset Trust, BrisConnections Holding 2, BC Operations, FinCo, BC Contracting, NB Contracting and BC Trustee  |
| BrisConnections Unit Trusts | BrisConnections Investment Trust and BrisConnections Holding Trust   |
| Broker Firm Offer           | The offer described in Section 2.2.2   |
| Business Day                | A day other than a Saturday or Sunday on which banks are open for general banking business in Brisbane   |
| Busway                      | The section of the Northern Busway from Windsor to Kedron that BrisConnections is required to design and construct   |
| Busway Completion           | The date the construction of the Busway is completed by the NB Works Contractor in accordance with the NB Works Deed   |
| CHESS                       | The Clearing House Electronic Subregister System operated by ASTC for the purpose of settling transactions and registering transfers of approved financial products  |
| Closing Date                | Closing date for the Offer, being 16 July 2008   |
| Concession                  | The right granted by the State under the Project Deed to design, construct, finance, operate and maintain Airport Link and charge a toll for vehicular use   |
| Concession Period           | A period of 45 years from the date of Financial Close  |
| Constitutions               | The constitution of BrisConnections Investment Trust and the constitution of BrisConnections Holding Trust or either one of them   |
| Construction Completion     | The date on which Airport Link (excluding the Tolling System) and everything else necessary to open Airport Link for the safe, efficient and continuous passage of vehicles is complete. This date is expected to be 47 months after the date of Financial Close   |
| Construction Facility       | The construction facility described in Sections 9.3 and 11.5.14  |

# 12 Glossary continued

|                                    |   |
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| Construction Phase                 | The period between Financial Close and Construction Completion during which most of the design and construction of Airport Link is to take place  |
| Corporations Act                   | <i>Corporations Act 2001</i> (Cwlth)  |
| CPI                                | The Australian Consumer Price Index (All groups – weighted average of eight capital cities) published quarterly by the Australian Bureau of Statistics  |
| Credit Suisse (Australia)          | Credit Suisse (Australia) Limited (ABN 94 007 016 300)  |
| Custodian                          | Trust Company Limited (ACN 004 027 749)   |
| Custody Agreement                  | The Custody Agreement described in Section 11.5.25  |
| D&C Contract                       | The contract between BC Operations, BC Trustee, BC Contracting, the NB Works Contractor and the D&C Contractor to design, construct and commission Airport Link and associated works, described in Section 11.5.11  |
| D&C Contract Price                 | The fixed price of approximately \$4.1 billion, comprising approximately \$3.4 billion in respect of Airport Link (including \$47 million, based on interest rates at 14 April 2008, that relates to the works to be funded by the State), \$444 million in respect of the Busway and \$272 million in respect of the Airport Roundabout Upgrade  |
| D&C Contractor                     | An unincorporated joint venture comprising John Holland and Thiess  |
| D&C Guarantor                      | Leighton Holdings   |
| Debt Finance Side Deed             | The Debt Finance Side Deed described in Section 11.5.3  |
| Debt Financing Documents           | The documents in respect of the Debt Financing Facilities, including those documents described in Sections 11.5.14 and 11.5.15  |
| Debt Financing Facilities          | The Equity Bridge Facilities, State Bridge Facility, Reserve Facility, Construction Facility, Term Debt Facility, IPO Equity Bridge Facility and any ancillary, amending or supplemental debt financing facilities or agreements  |
| Deferred Equity Commitment Deed    | The Deferred Equity Commitment Deed described in Section 11.5.20  |
| Deferred Equity Contribution Date  | The earliest of 24 months after Construction Completion or the date which is 71 months after Financial Close  |
| Deferred Equity Tranche            | The Deferred Equity Tranche raising \$200 million in aggregate, subscribed for on the Deferred Equity Contribution Date   |
| Deutsche Bank                      | Deutsche Bank AG, Sydney Branch (ABN 13 064 165 162)  |
| Directors                          | The directors of BCMCL  |
| Discriminatory Change in State Law | A change to a State Law, including a modification or repeal to an existing law, enactment of a new law, or change in application or interpretation of a law due to the amendment, change, repeal or enactment of another State Law which specifically and only affects Airport Link or has a direct effect upon Airport Link together with other privately owned and operated tollroads in Queensland |
| Distribution or Distributions      | Dividend, return of capital or other distribution or payment (in cash or in kind) in respect of Stapled Units   |
| Distribution Calculation Date      | 31 December and 30 June in each year or such other days as BCMCL designates   |
| Distribution Payment Date          | The date on which the semi-annual Distributions for the periods ending 30 June and 31 December are paid   |
| Distribution Period                | The period from the day after a Distribution Calculation Date to the next occurring Distribution Calculation Date   |

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| Distribution Reinvestment Plan or DRP                  | Distribution Reinvestment Plan of the BrisConnections Unit Trusts   |
| DRP Rules  | The BrisConnections Distribution Reinvestment Plan Rules  |
| DRP Underwriter  | Macquarie Capital Advisers  |
| DRP Underwriting Agreement                             | The DRP Underwriting Agreement described in Section 11.5.24   |
| Equity Bridge Facilities                               | The equity bridge facilities described in Sections 9.3 and 11.5.14  |
| Equity Return  | The internal rate of return at any time which a notional investor is reasonably projected to receive (post-BrisConnections tax, pre-investor tax) on its investment in Airport Link over the Concession Period from the date of investment  |
| Final Instalment                                       | \$1.00 per Stapled Unit payable 18 months after Allotment Date  |
| Final Instalment Payment Date                          | The date 18 months following Allotment Date   |
| Final Instalment Record Date                           | The date at which a person is taken to hold Stapled Units for the purposes of determining whether that person is required to pay the Final Instalment   |
| Financial Close  | The date of financial close of the Project, when all the conditions precedent of the State, BrisConnections and other parties to the Project have been either satisfied or waived by the party entitled to them. These conditions precedent include arranging the insurance policies and performance bonds required for the Project, tabling the Project Deed in Parliament and notification in the Queensland Government Gazette of the entry of the relevant parties into the Project Deed. This is expected to occur on or before 30 July 2008 |
| FinCo  | BrisConnections Finance Pty Ltd (ABN 48 128 629 676)  |
| Fixed Distribution Period                              | The period commencing on the Listing Date and expiring on the earlier of:<br>(a) the date on which the 12th Distribution is paid by BrisConnections; and<br>(b) the later of 30 September 2014 and 75 months following the Listing Date   |
| Fixed Time, Fixed Price Construction Contract          | A contract pursuant to which a stipulated scope of work is to be designed and constructed for an agreed price within an agreed timeframe on the terms set out in the contract. The price and the timeframe are subject to adjustment in certain circumstances, including for certain modifications  |
| Force Majeure Event                                    | Certain events beyond the reasonable control of BrisConnections which cause it to be unable to perform an obligation under the Project Documents, and which could not be prevented, remedied or overcome by BrisConnections or their contractors exercising a reasonable standard of care and diligence   |
| Independent Verifier                                   | The party appointed under the Independent Verifier Agreement to perform the Independent Verifier's functions  |
| Independent Verifier Agreement                         | The Independent Verifier Agreement described in table 11.1  |
| Intermediate Entities                                  | BCMCL as trustee, and Custodian as custodian, of the BC Investment Trust 2 and BC Holding 2   |
| Initial Instalment                                     | \$1.00 per Stapled Unit payable on application for Stapled Units  |
| Institutional Offer                                    | The offer described in Section 2.2.3  |
| Investigating Accountant or Deloitte Corporate Finance | Deloitte Corporate Finance Pty Ltd (ABN 19 003 833 127)   |

# 12 Glossary continued

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| Investigating Accountants' Report    | The report prepared by the Investigating Accountant, summarised in the letter dated 24 June 2008  |
| Investor                             | Investor in the Stapled Units   |
| IPO EBF Security Trust Deed          | The deed that established the BrisConnections IPO Equity Bridge Security Trust and sets out the terms on which the IPO EBF Security Trustee holds the securities granted by BCMCL as Responsible Entity and manager for each of the BrisConnections Unit Trusts on behalf of the IPO EBF Lenders, the Agent, the IPO EBF Security Trustee and providers of the interest rate management hedging |
| IPO EBF Security Trustee             | The person appointed as security trustee under the IPO EBF Security Trust Deed  |
| IPO Equity Bridge Facility           | The IPO equity bridge facility described in Sections 9.3 and 11.5.15  |
| IPO Equity Bridge Facility Agreement | The IPO Equity Bridge Facility Agreement described in Section 11.5.15   |
| Issue Price                          | \$3.00 per Stapled Unit   |
| Issuer                               | BCMCL   |
| JFI or JF Infrastructure             | JF Infrastructure Pty Ltd (ABN 15 106 690 171)  |
| John Holland                         | John Holland Pty Ltd (ABN 11 004 282 268), a wholly owned subsidiary of Leighton Holdings   |
| John Holland Services                | John Holland Services Pty Ltd (ABN 74 099 412 656)  |
| John Holland Trustee                 | John Holland Infrastructure Nominees Pty Ltd (ACN 123 866 973) as trustee of the John Holland Infrastructure Trust, a trust established by deed of trust dated 13 March 2007, the units of which are wholly owned by the Leighton Holdings Group  |
| J.P. Morgan Australia                | J.P. Morgan Australia Limited (ABN 52 002 888 011)  |
| Key Performance Indicators or KPI    | Specific measures of the O&M Contractor's standard of performance of the O&M activities   |
| Lease                                | The lease between the State and BC Trustee described in Section 11.5.7  |
| Leighton Holdings                    | Leighton Holdings Limited (ABN 57 004 482 982)  |
| Leighton Holdings Group              | Leighton Holdings and its majority or wholly owned entities and subsidiaries  |
| Lenders                              | The providers of the Debt Financing Facilities from time to time and may, where the context permits, include the Agent or Security Trustee of such lenders  |
| Lenders' Security Documents          | The securities described in Section 11.5.3  |
| Listed                               | Being on the official list of ASX and Listing is to be construed accordingly  |
| Listing Date                         | The date on which the BrisConnections Unit Trusts are Listed  |
| Listing Rules                        | Listing Rules of ASX  |
| Macquarie Capital Advisers           | Macquarie Capital Advisers Limited (ABN 79 123 199 548)   |
| Macquarie Capital Group              | Macquarie Capital Group Limited (ABN 54 096 705 109)  |
| Macquarie Financial Holdings         | Macquarie Financial Holdings Limited (ABN 63 124 071 398)   |
| Management Deeds                     | The Management Deeds described in Section 11.5.21   |
| Material Adverse Effect              | In the context of a Possible MAE Event, a material adverse effect on the ability of BrisConnections to pay the Senior Debt and Base Case Equity Return (or actual returns, if less)   |

|                                    |   |
|------------------------------------|---|
| NB Works Contractor                | Northern Busway Contracting Pty Ltd (ACN 128 616 464)   |
| NB Works Contractor Deed of Charge | The NB Works Contractor Deed of Charge described in table 11.1  |
| NB Works Deed                      | The NB Works Deed described in Section 11.5.9   |
| Northern Busway                    | The two-lane, two-way bus only roadway proposed between the existing Inner Northern Busway at Royal Children's Hospital at Herston north through to Sadlier Street, Kedron  |
| Notional Equity                    | The anticipated number of Stapled Units on issue at the Deferred Equity Contribution Date (including the Stapled Units issued to Thiess Trustee and John Holland Trustee under the Deferred Equity Commitment Deed) on the assumption that no additional Stapled Units are issued after Allotment Date. In practice the number of units can be expected to vary with changes from Allotment Date to the Deferred Equity Contribution Date and as a result of the issue of Stapled Units under the DRP described in Section 11.5.23. The Notional Equity provides an approximation of the overall voting rights in BrisConnections |
| NSBT                               | North-South Bypass Tunnel – a system of road tunnels currently being constructed by RiverCity Motorway Group under the Brisbane CBD and Brisbane River. The mainline tunnels will be approximately 4.8km in length and construction is scheduled for completion in 2010   |
| O&M Contract                       | Contract between BC Operations and the O&M Contractor described in Section 11.5.13  |
| O&M Contractor                     | The contractors engaged by BrisConnections pursuant to the O&M Contract, initially being Thiess Services and John Holland Services  |
| O&M Guarantor                      | Thiess and John Holland   |
| Obligor                            | FinCo, BC Contracting, BC Operations, NB Works Contractor, BC Trustee and BrisConnections Nominee Company Pty Ltd in its own capacity or any one or more of them as the case may be or context requires   |
| Offer                              | The offer of approximately 408.67 million Stapled Units pursuant to this PDS at the Issue Price of \$3.00 per Stapled Unit  |
| Operations Phase                   | The period from the date that Airport Link is open for traffic until the end of the Concession Period, during which BrisConnections shall be entitled to operate Airport Link   |
| PDS                                | This product disclosure statement   |
| Performance Specification          | The technical description of the construction and operating activities which are to be carried out by BrisConnections and BC Contracting or their contractors pursuant to the Project Documents. It is an exhibit to the Project Deed   |
| Possible MAE Events                | Includes those events as set out in Section 11.5.1 (Material Adverse Effect Regime)   |
| Project                            | The design, construction, operation, maintenance and financing of Airport Link as required under the Project Documents, and the design and construction of the Busway and the Airport Roundabout Upgrade as required under the NB Works Deed and the Airport Roundabout Upgrade Works Deed respectively   |
| Project Deed                       | The Project Deed between the State, BC Operations and BC Trustee under which BrisConnections is granted the right to build, own and operate Airport Link, described in Section 11.5.1   |
| Project Documents                  | The project, finance and ancillary documents in relation to Airport Link and any amending or supplemental agreements to these documents, including the documents described in Section 11  |
| Public Offer                       | The offer described in Section 2.2.1  |

# 12 Glossary continued

|                                       |  |
|---------------------------------------|--|
| Queensland Motorways                  | Queensland Motorways Limited (ABN 50 067 242 513) – an unlisted public company that has a franchise agreement with the State to own and operate tollroad and bridge infrastructure in South-East Queensland, including the Gateway Bridge, Logan Motorway and the Gateway Extension Motorway   |
| Queensland Rail                       | Queensland Rail, body corporate constituted pursuant to the <i>Government Owned Corporations Regulation 2004</i>   |
| Ramp-up                               | The build-up of traffic in the initial period following the opening of a tollroad, as drivers adjust their behavioural patterns to take account of the tollroad  |
| Registry                              | Link Market Services Limited (ABN 54 083 214 537)  |
| Reserve Facility                      | The reserve facility described in Sections 9.4 and 11.5.14   |
| Responsible Entity                    | Responsible Entity of the BrisConnections Unit Trusts, being BCMCL at the date of this PDS   |
| Second Instalment                     | \$1.00 per Stapled Unit payable nine months after Allotment Date   |
| Second Instalment Payment Date        | The date nine months following Allotment Date  |
| Second Instalment Record Date         | The date at which a person is taken to hold Stapled Units for the purposes of determining whether that person is required to pay the Second Instalment   |
| Security Trust Deed                   | The deed that established the Airport Link Security Trust and sets out the terms on which the Security Trustee holds the securities granted by the Obligors and Intermediate Entities on behalf of the Lenders which are a party to the Syndicated Facilities Agreement, the Agent, the Security Trustee and the providers of interest rate management hedging |
| Security Trustee                      | The person appointed as security trustee under the Security Trust Deed or the security trustee identified by BrisConnections and consented to by the State before the date of the Project Deed   |
| Senior Debt                           | The financial accommodation made available to FinCo under or in connection with the Debt Financing Documents   |
| Sponsors                              | Each of Macquarie Capital Group, Thiess and John Holland and where relevant their related entities   |
| Stapled Unit                          | A unit in BrisConnections Investment Trust and a unit in BrisConnections Holding Trust which are stapled to form a single unit   |
| State                                 | State of Queensland  |
| State Bridge Facility                 | The State Bridge Facility described in Sections 9.3 and 11.5.14  |
| State Deed of Charge                  | The State Deed of Charge described in Section 11.5.2   |
| State Law                             | Legislation of the State including delegated legislation, any document or policy enforceable under such legislation or delegated legislation and Council local law, including model local law, interim local law and subordinate local law   |
| State Project Documents               | Project Documents to which the State is a party  |
| State Securities                      | The fixed and floating charges granted to the State by BC Operations, BC Trustee, BC Contracting, the NB Works Contractor and FinCo, and any other collateral instrument or security interest  |
| State Works                           | The components of Airport Link which the State is to have BC Contracting design and construct on its behalf and which are to be made available to BrisConnections  |
| State Works Contractor Deed of Charge | The State Works Contractor Deed of Charge described in table 11.1  |

|                                 |  |
|---------------------------------|--|
| State Works Contribution        | The amount the State is required to pay for the State Works  |
| State Works Deed                | The State Works Deed described in Section 11.5.8   |
| Sub-Lease                       | The sub-lease between BC Trustee and BC Operations described in Section 11.5.7   |
| Syndicated Facilities Agreement | The Syndicated Facilities Agreement described in Section 11.5.14   |
| Technical Reviewer or URS       | URS Australia Pty Ltd (ABN 46 000 691 690)   |
| Technical Reviewers' Report     | The report prepared by the Technical Reviewer, summarised in the letter dated 24 June 2008   |
| Term Debt Facility              | The term debt facility described in Sections 9.3 and 11.5.14   |
| Thiess                          | Thiess Pty Ltd (ABN 87 010 221 486), a wholly owned subsidiary of the Leighton Holdings Group  |
| Thiess Services                 | Thiess Services Pty Ltd (ABN 69 010 725 247), a wholly owned subsidiary of the Leighton Holdings Group   |
| Thiess Trustee                  | Thiess Infrastructure Nominees Pty Ltd (ABN 68 123 866 955) as trustee of the Thiess Infrastructure Trust, a trust established by deed of trust dated 6 March 2007, the units of which are wholly owned by the Leighton Holdings Group   |
| Toll                            | A toll levied for the use of Airport Link (or any part of Airport Link)  |
| Tolling System                  | The physical hardware, software, firmware and other aspects of the system proposed to be used or used for levying and collecting Tolls in accordance with the Project Deed, including any billing systems, operating systems, customer relationship management systems (including any call centre procedures and systems) and any other ancillary systems that are necessary for the full and proper operation of the Tolling System and Airport Link  |
| Tollroad Control Centre         | The Airport Link centre building and related facilities, equipment and systems described in the Performance Specifications and that part of the Tolling System necessary to enable BrisConnections to sell tags, market to the customer base, open accounts and settle interoperable transactions with other tollroad service providers  |
| Traffic Expert or Arup          | Arup Pty Limited (ABN 18 000 966 165)  |
| Traffic Experts' Report         | The report prepared by the Traffic Expert that sets out the traffic forecasts that form the basis of BrisConnections' revenue forecasts, summarised in the letter dated 24 June 2008   |
| Underwriters                    | Macquarie Capital Advisers, Credit Suisse (Australia), J.P. Morgan Australia and Deutsche Bank   |
| Underwriting Agreement          | The Underwriting Agreement described in Section 11.5.22 and as subsequently amended by the parties   |
| Uninsurable Force Majeure Event | A force majeure event in respect of which BrisConnections is not insured and insurance against the risk is not available from a reputable insurer, or the insurance premium against the risk is available only at such a level or on such terms and conditions that a reputable insurance broker certifies in its reasonable opinion that the risk is not generally being insured against by prudent, competent and experienced participants in the tollroad and busway industry, or the State agrees that such insurance is unavailable |
| Unitholders                     | Registered holders of Stapled Units  |
| Yield                           | Cash distribution paid to investors funded through cash reserves and an underwritten DRP   |



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# Application Forms



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# Corporate Directory

## **Directors of BrisConnections Management Company Limited**

Mr Trevor Rowe  
Mr Nicholas Lattimore  
Mr Ray Wilson  
Mr Richard Wharton  
Mr John Allpass

## **Responsible Entity**

BrisConnections Management Company Limited  
Units 5a & 5b  
West End Corporate Park  
305 Montague Road  
West End QLD 4101

## **Underwriters**

Credit Suisse (Australia) Limited  
Level 31, Gateway  
1 Macquarie Street  
Sydney NSW 2000

Deutsche Bank AG, Sydney Branch  
Deutsche Bank Place  
Level 16  
Cnr Hunter and Phillip Streets  
Sydney NSW 2000

J.P. Morgan Australia Limited  
Level 32, Grosvenor Place  
225 George Street  
Sydney NSW 2000

Macquarie Capital Advisers Limited  
A Member of the Macquarie Group of Companies  
No 1 Martin Place  
Sydney NSW 2000

## **Financial Adviser**

Macquarie Capital Advisers Limited  
A Member of the Macquarie Group of Companies  
No 1 Martin Place  
Sydney NSW 2000

## **Legal Adviser to BrisConnections**

Corrs Chambers Westgarth  
Bourke Place  
600 Bourke Street  
Melbourne VIC 3000

## **Investigating Accountant**

Deloitte Corporate Finance Pty Limited  
Grosvenor Place  
225 George Street  
Sydney NSW 2000

