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21 November 2019

Acquisition of Additional Interest in APRR, Termination of Macquarie Advisory Agreement and Equity Raising

Key highlights

- Atlas Arteria has executed agreements to acquire a further 6.14% indirect interest in APRR and ADELAC increasing operational influence and improving governance in respect of its total post acquisition 31.14% indirect interest in APRR and 31.17% in ADELAC. New shareholder agreements have also been negotiated with co-investors in the APRR structure and all remaining management agreements with the Macquarie Group will be terminated (**Transaction**).¹
- The Transaction is immediately cash flow and value accretive and creates value for Atlas Arteria securityholders by:
 - Increasing Atlas Arteria’s indirect interest in APRR to 31.14%, the largest business in its portfolio, at an attractive valuation
 - Delivering better governance and genuine operational influence for Atlas Arteria, with negative control and director appointment rights and participation at all levels of the APRR structure
 - Atlas Arteria distribution guidance of 17 cents per security for the next two distributions (a 6% uplift to the previous guidance for H2 2019).
- Eiffage will also acquire an additional indirect stake of 2% in APRR via a 4% interest in MAF2 (same terms and conditions as the purchase by Atlas Arteria) reflecting their support for APRR’s positive outlook.
- The Transaction will be funded via a fully underwritten A\$1,350 million equity raising comprising a A\$452 million institutional placement and a 4 for 21 accelerated pro-rata non-renounceable entitlement offer to raise A\$898 million.
- In conjunction with the Transaction, Eiffage has agreed to work with Atlas Arteria and other MAF2 Shareholders to refinance the Eiffarie debt by deferring near-term amortisation obligations.

Atlas Arteria CEO Graeme Bevans said: “This Transaction fulfils a key strategic objective and creates significant value for securityholders. Having successfully internalised management at the parent company on 1 April, we will complete the task with this Transaction and establish ourselves as a fully independent group. We will increase our interest in APRR to over 31%, restructure our arrangements with Eiffage and our other co-investors in APRR, and terminate all remaining management agreements with the Macquarie Group, providing us with independent management of our APRR investment.”

“The Transaction announced today, positions Atlas Arteria for future growth. Importantly, it will deliver immediate value to Atlas Arteria securityholders, as recognised in our distribution guidance of 17 cents

¹ Other than a short term transition services agreement between Macquarie Infrastructure and Real Assets (Europe) Limited, MAF and MAF2 which will apply post Transaction, in respect of which no fees are payable.

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per security in relation to the second half of 2019 and 17 cents per security in relation to the first half of 2020” added Mr Bevans.

The Transaction

Atlas Arteria (ASX: ALX) has executed agreements to acquire a further net 6.14% indirect interest in APRR and ADELAC, increasing operational influence and improving governance in respect of its total 31.14% indirect interest in APRR and 31.17% in ADELAC. New shareholder agreements have been negotiated with Atlas Arteria’s co-investors in the APRR structure, and all remaining management agreements with the Macquarie Group will be terminated.²

The Transaction, once completed, will provide four key strategic and value accretive benefits to Atlas Arteria security holders:

- Increases Atlas Arteria’s exposure to APRR by 6.14% to a total 31.14% indirect interest, a quality infrastructure business that is performing well and has access to growth opportunities. As the largest existing business in Atlas Arteria’s portfolio, the acquisition has limited due diligence risk
- Simplifies and streamlines Atlas Arteria’s ownership and governance of APRR:
 - Better governance rights and genuine operational influence for Atlas Arteria with negative control and director appointment rights and participation at all levels of the APRR structure
 - Removal of the call option held by Eiffage over MAF’s shareholding in APRR
- Finalises the removal of the Macquarie Group as a manager from the Atlas Arteria corporate structure and terminates all associated management and performance fees
- Is accretive to value and cash flows:
 - Results in a 6% increase in distribution per security for H2 2019 from 16 cents to 17 cents (to be paid in H1 2020)
 - Additional guidance has been provided of 17 cents per security for H1 2020 (payable in H2 2020).

Atlas Arteria has agreed with its co-investors in the APRR and ADELAC structure, including Eiffage, to:

- Make payments to relevant parties enabling improved governance rights including director appointment rights at each level of the APRR structure:
 - Macquarie Payment: Atlas Arteria will pay a one-off fee to Macquarie Group of A\$100 million. The existing annual management fee of €7.4 million, which would have otherwise been increased to €9.2 million per annum (A\$15.1 million) as a result of the increased APRR interest acquired, will not be incurred. There will be no further management fees, and no performance fees are or will be payable by Atlas Arteria following completion of the Transaction.
 - Eiffage Payment: Atlas Arteria will pay a one-off fee of €60.755 million (A\$100.2 million) to Eiffage in exchange for the removal of the call option and the renegotiation of the shareholders agreements within the APRR structure.
- Formalise the existing services provided by Eiffage to APRR (including treasury, human resources, internal audit and government relations) into a services agreement between Eiffage and APRR for

² Other than a new short term transition services agreement with the Macquarie Group, in respect of which no fees are payable

an annual fee payable by APRR of €14.3 million in 2020 (Atlas Arteria's proportionate cost is around €3 million after tax).

- Refinance the Eiffarie debt so as to defer near-term amortisation obligations and bring forward incremental cashflows. The target amortisation profile is subject to market conditions and execution. Any surplus cash outside of operating business cashflows, should it eventuate, would be used to delever and support sustainable cash flow growth from all businesses and sustainable distributions to Atlas Arteria security holders.

The Transaction is subject to anti-trust clearance from relevant competition authorities and foreign investment committee clearance from the French Ministry of the Economy, with completion expected to occur by the end of Q1 2020³. Delays in completion will see the purchase price of APRR increase at 8% pa (reduced for any dividends paid prior to completion).

The Funding

The Transaction will be funded via a fully underwritten⁴ equity raising comprising an institutional placement of \$452 million (**Placement**) and a 4 for 21 pro-rata accelerated non-renounceable entitlement offer of \$898 million (**Entitlement Offer**). The Placement and Entitlement Offer will raise approximately \$1,350 million (**Equity Raising**), with the issue of 195.7 million new ordinary stapled securities (**New Stapled Securities**) representing 28.6% of existing securities on issue.

The Placement and Entitlement Offer will be conducted at an offer price of \$6.90 per security (**Offer Price**), representing a:

- 8.3% discount to TERP⁵; and
- 9.7% discount to the last traded price of \$7.64 per security before announcement of the Equity Raising.

New Stapled Securities issued under the Placement and Entitlement Offer will rank equally with existing ALX securities.

Use of Proceeds

Atlas Arteria intends to use proceeds from the Equity Raising for the following purposes:

- To fund the acquisition of an additional 6.14% indirect interest in APRR (via the acquisition of an additional 12.28% interest in holding company MAF2)
- To make the Macquarie Payment (\$100 million) and the Eiffage Payment (€60.755 million)
- Circa \$41 million as contingency in the event of Transaction timing delays and potential capital management activities, including deleveraging
- To fund the transaction costs associated with the Equity Raising.

³ Long stop date is 30 June 2020

⁴ The Underwriting Agreement is subject to conditions precedent, termination events, representations and warranties customary for a transaction of this nature.

⁵ Theoretical ex-rights price (TERP) includes shares on issue under the Entitlement Offer and excludes shares issued under the Placement. TERP is a theoretical calculation only and the actual price at which ALX shares trade immediately following the ex-date for the Entitlement Offer may be different from TERP.

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Placement Details

The Placement to institutional investors will raise \$452 million at a Placement Offer Price of \$6.90 per security. The Placement comprises the issue of 65.5 million securities to eligible sophisticated, professional and other institutional investors located in Australia and select international jurisdictions. The Placement represents 7.4% of Atlas Arteria's securities on issue following the Entitlement Offer. The Placement is within the Company's existing capacity under ASX Listing Rule 7.1 and accordingly no securityholder approval is required to issue the new securities.

Settlement of the Placement is scheduled to take place on Monday, 2 December 2019, with allotment and quotation of the new securities on ASX expected to occur on Tuesday, 3 December 2019.

Entitlement Offer Details

The 4 for 21 Entitlement Offer will raise a total of approximately \$898 million at an Entitlement Offer Price of \$6.90 per security. The Entitlement Offer will be conducted in two parts, a component to institutional investors (**Institutional Entitlement Offer**) and a retail component (**Retail Entitlement Offer**). The Entitlement Offer is non-renounceable, and entitlements will not be tradeable or otherwise transferrable.

Eligible security holders under the Institutional Entitlement Offer include sophisticated, professional and other institutional security holders located in Australia and select international jurisdictions as at the Record Date of Monday, 25 November 2019 (**Eligible Institutional Stapled Security Holders**). The Institutional Entitlement Offer will be conducted from Thursday, 21 November 2019 to Friday, 22 November 2019.

The Retail Entitlement Offer will be offered to eligible retail securityholders with registered addresses in Australia and New Zealand at the Record Date of Monday, 25 November 2019 (**Eligible Retail Stapled Security Holders**). The Retail Entitlement Offer will open on Thursday, 28 November 2019, and close on Monday 9 December 2019 (unless extended). The Retail Offer Booklet, containing full details of the Entitlement Offer, will be sent to Eligible Retail Stapled Security Holders on Thursday, 28 November 2019.

The Boards of Atlas Arteria Limited (ATLAX) and Atlas Arteria International Limited (ATLIX) support the Entitlement Offer, and the Directors intend to take up their direct entitlements in full, to the extent that they are eligible to participate in the Entitlement Offer.

Indicative timetable⁶

Event	Date
Trading halt and announcement of Equity Raising, Institutional Entitlement Offer and Placement opens	Thursday, 21 November 2019
Institutional Entitlement Offer and Placement closes	Friday, 22 November 2019
Trading halt lifted – ALX stapled securities recommence trading on ASX on an "ex entitlement" basis	Monday, 25 November 2019
Record Date for determining entitlement to subscribe for New Stapled Securities	Monday, 25 November 2019

⁶ This timetable is indicative only and may change without notice at the Company's discretion or subject to the requirements of the Corporations Act 2001 (Cth) and the ASX Listing Rules. Atlas Arteria has the ability at its discretion to make changes including to extend the closing date for the Retail Entitlement Offer, to withdraw the Entitlement Offer at any time prior to the issue of the New Stapled Securities and/or to accept late applications either generally or in specific areas.

Retail Entitlement Offer opens	Thursday, 28 November 2019
Retail Offer Booklet despatched	Thursday, 28 November 2019
Settlement of Institutional Entitlement Offer and Placement	Monday, 2 December 2019
Allotment and normal trading of New Stapled Securities under the Institutional Entitlement Offer and Placement	Tuesday, 3 December 2019
Retail Entitlement Offer closes	Monday, 9 December 2019
Allotment of New Stapled Securities under the Retail Entitlement Offer	Monday, 16 December 2019
Despatch of holding statements and normal trading of New Stapled Securities issued under the Retail Entitlement Offer	Tuesday, 17 December 2019

Additional information

Additional information regarding the Transaction and the Equity Raising is contained in the investor presentation released to ASX today. The investor presentation contains important information including key risks and foreign selling restrictions with respect to the Entitlement Offer.

Nothing contained in this announcement constitutes investment, legal, tax or other advice. Investors should seek appropriate professional advice before making any investment decision.

Morgan Stanley Australia Securities Limited and UBS AG, Australia Branch, are acting as Joint Lead Managers, bookrunners and underwriters to the Placement and Entitlement Offer.

For any questions in respect of the Retail Entitlement Offer, please call the ALX Offer Information Line on 1800 267 108 (within Australia) or +61-3 9415 4053 (outside Australia) between 8:30am and 5:00pm (Sydney time) Monday to Friday during the Retail Entitlement Offer Period. For other questions, investors should consult their broker, solicitor, accountant, financial adviser or other professional adviser.

- ENDS -

Investor briefing

A briefing for analysts and investors will be held today by Graeme Bevans (CEO) and Nadine Lennie (CFO) at 10:30am Australia Eastern Daylight Savings Time. To join the briefing the following option is available:

For those wishing to dial into the briefing, please dial one of the phone numbers below and provide the conference ID: **10002873** to the operator:

AUSTRALIA TOLL-FREE 1 800 870 643
AUSTRALIA (LOCAL) +61 02 9007 3187

For those wishing to pre-register for the call, follow this link:
[Atlas Arteria 21 November 2019 Investor Briefing](#)

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About Atlas Arteria

Atlas Arteria (ASX: ALX) is a global operator and developer of toll roads, creating value for our investors over the long-term through considered and disciplined management. The roads we develop, operate and invest in benefit communities through reduced travel time, greater time certainty, reduced fuel consumption and carbon emissions.

Today the Atlas Arteria Group consists of four businesses. We currently own a 25% interest in the APRR toll road group in France. Adjacent to the APRR business is the smaller ADELAC business which connects to APRR in south-east France. Together APRR and ADELAC comprise a 2,318km motorway network located in the East and South East of France. In the US, we have 100% of the economic interest in the Dulles Greenway, a 22km toll road in the Commonwealth of Virginia. In Germany, we own 100% of the Warnow Tunnel in the north-east city of Rostock.

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Important Notices and Disclaimer

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Forward-looking statements

This announcement contains certain forward-looking statements. The "may", "will", "expect", "intend", "plan", "estimate", "anticipate", "continue", and "guidance" and other similar expressions are intended to identify forward-looking statements. Forward-looking statements in this announcement include statements regarding: statements regarding plans, strategies, growth initiatives and objectives of management, timing, expected costs for Atlas Arteria, based on its estimates for 2019 and beyond and the future operation and financial performance of Atlas Arteria, and the outcome of the Placement and the Entitlement Offer and the use of proceeds therefrom. Forward-looking statements, including projections, guidance on future earnings and estimates are provided as a general guide only and should not be relied upon as an indication or guarantee of future performance. No representation, warranty or assurance (express or implied) is given or made in relation to any forward-looking statement by any person (including Atlas Arteria). In particular, no representation, warranty or assurance (express or implied) is given that the occurrence of the events expressed or implied in any forward-looking statements in this announcement will actually occur. Actual results, performance or achievement may vary materially from any projections and forward-looking statements and the assumptions on which those statements are based. Readers are cautioned not to place undue reliance on forward looking statements and Atlas Arteria assumes no obligation to update such information.

All dollar values are in Australian dollars ("\$" or "A\$") unless stated otherwise.

This announcement contains certain financial measures that are "non-IFRS financial information" under ASIC Regulatory Guide 230 'Disclosing non-IFRS financial information' published by ASIC and are not recognised under Australian Accounting Standards ("AAS") and International Financial Reporting Standards ("IFRS"). The non-IFRS financial information does not have a standardised meaning prescribed by AAS and IFRS and therefore, may not be comparable to similarly titled measures presented by other entities, nor should they be construed as an alternative to other financial measures determined in accordance with AAS or IFRS. Investors are cautioned not to place undue reliance on any non-IFRS financial information included in this announcement. The non-IFRS information has not been subject to audit or review by Atlas Arteria's external auditor.

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