

ASX Release

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24 November 2008

CAPITAL INITIATIVES

ConnectEast today announces two major initiatives:

1. Capital raising of up to \$450 million
2. Change to distribution policy.

Further information is set out in the attached Investor Presentation.

NOT FOR DISTRIBUTION IN THE U.S. OR TO U.S. PERSONS.

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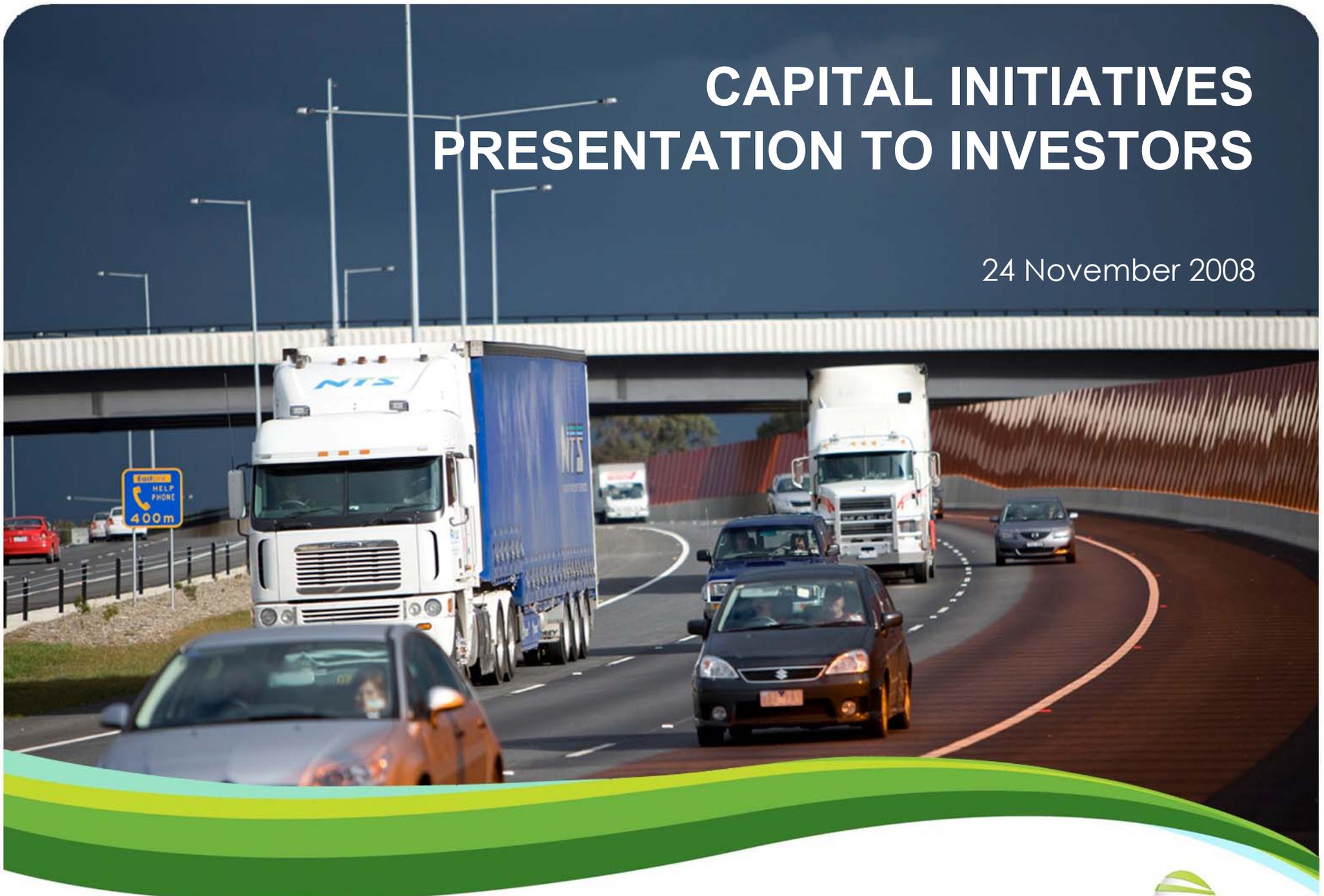


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CAPITAL INITIATIVES PRESENTATION TO INVESTORS

24 November 2008



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Where stapled units are subscribed or purchased under Section 282Z of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the stapled units pursuant to an offer made under Section 282Z of the SFA except:
 - (I) to an institutional investor (for corporations, under Section 274 of the SFA) or to a relevant person defined in Section 282Z(3) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than S\$200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions specified in Section 275 of the SFA;
 - (II) where no consideration is or will be given for the transfer; or
 - (III) where the transfer is by operation of law.

Future performance

This presentation may contain certain "forward-looking statements". The words "anticipate", "believe", "expect", "project", "forecast", "estimate", "likely", "intend", "should", "could", "may", "target", "plan" and other similar expressions are intended to identify forward-looking statements. Indications of, and guidance on, future earnings and financial position and performance are also forward-looking statements. Due care and attention have been used in the preparation of forecast information. Such forward-looking statements are not guarantees of future performance and involve known and unknown risks, uncertainties and other factors, many of which are beyond the control of ConnectEast that may cause actual results to differ materially from those expressed or implied in such statements. There can be no assurance that actual outcomes will not differ materially from these statements. Recipients should also have regard to the risks set out in this document.

Ineligible Unitholders

Certain unitholders resident outside Australia and New Zealand are not eligible to participate in the non-renounceable pro-rata entitlement offer. To satisfy applicable Corporations Act conditions, ConnectEast will appoint a nominee for ineligible unitholders. ConnectEast will issue the nominee with rights to subscribe for the ConnectEast units that would otherwise have been available for subscription by ineligible unitholders. The nominee will offer those rights for sale and will distribute any proceeds of sale (net of expenses) proportionately to ineligible unitholders.

Financial data

All dollar values are in Australian dollars (A\$).



Proactive steps to strengthen capital position

ConnectEast today announces two major initiatives:

1. ConnectEast will undertake a capital raising of up to \$450 million

- Placement and a 3 for 8 accelerated non-renounceable pro-rata entitlement offer
- Net Offer proceeds will be used to reduce net debt
- Reduce pro-forma balance sheet gearing¹ from 45% to between 33% and 34%
- Underwritten to \$400 million by Macquarie Capital Advisers Limited and UBS AG, Australia Branch

2. Change to distribution policy

- Distributions to be reduced given the ongoing uncertainty in global capital markets
- Subject to the ongoing and prudent management of ConnectEast's financial position:
 - ConnectEast intends to reduce distributions to 1 cent per half year, commencing with the distribution for the six months ending 31 March 2009 until the six months ending 31 March 2010
 - After 31 March 2010, ConnectEast intends to align distributions with operating cash flow

1. Pro-forma balance sheet gearing as at 30 June 2008 - calculated as net debt / total assets less cash, based on a maximum and minimum raising of \$450 million and \$400 million respectively



Capital review

ConnectEast has conducted a review of its capital structure and distribution policy

- Several key observations:
 - ConnectEast is fully compliant with covenants under its debt facilities
 - First tranche of ConnectEast's debt facilities matures in November 2010
 - It is expected that access to debt markets will continue to be challenging with higher funding costs likely

ConnectEast is proactively taking steps to strengthen its capital position and manage future refinancing risks

- Initiatives announced today are directed towards:
 - Reducing net debt and ongoing net interest costs
 - Creating a more robust capital structure in light of challenging global capital markets and lower than forecast traffic volumes



Offer structure

The Offer consists of a placement and an accelerated non-renounceable pro-rata entitlement offer

Offer to raise up to \$450 million, underwritten to \$400 million

- \$105 million placement
- 3 for 8 entitlement offer of up to \$345 million, underwritten to \$295 million
 - Up to \$207 million institutional offer
 - Up to \$138 million retail offer
- To be completed by 23 December 2008

\$0.55 Offer Price

- 22.0% discount to last closing price¹
- 18.5% discount to price immediately prior to trading halt²
- 14.2% discount to TERP³
- 23.7% discount to 5-day VWAP⁴

1. Closing price of \$0.705 as at 18 November 2008

2. Price of \$0.675 on ASX at trading halt on 19 November 2008

3. TERP of \$0.64 calculated using the price immediately prior to trading halt assuming total raising of \$450 million

4. 5-day VWAP of \$0.721 up to close on 18 November 2008



Offer timing

Key event	Date
Announcement of the Offer	Monday, 24 November 2008
Placement and Institutional Offer bookbuild opens	Monday, 24 November 2008
Placement and Institutional Offer bookbuild closes	4:00pm (AEDT), Tuesday, 25 November 2008
Record Date for determining entitlement to subscribe for New Units	7:00pm (AEDT), Tuesday, 25 November 2008
Announcement of Institutional Offer and Placement bookbuild and units re-commence trading	Wednesday, 26 November 2008
Retail Offer opens	Wednesday, 26 November 2008
Early Retail Acceptance Date	5:00pm (AEDT), Tuesday, 2 December 2008
First Settlement Date – Placement, Institutional Offer and Early Retail Acceptance	Friday, 5 December 2008
First Allotment Date – Placement, Institutional Offer and Early Retail Acceptance	Monday, 8 December 2008
Normal trading of New Units on First Allotment	Monday, 8 December 2008
Closing date for Retail Offer	5:00pm (AEDT), Monday, 15 December 2008
Allotment of New Units for Retail Offer	Monday, 22 December 2008
Despatch of holding statements and normal trading of New Units on ASX under Retail Offer	Tuesday, 23 December 2008

These dates are indicative only. ConnectEast reserves the right to vary the dates and times of the Offer, which includes closing the Offer early, without prior notice.



Capital raising supported by CP2

- CP2 is a focussed long term investor in infrastructure assets primarily in OECD countries
 - Manages approximately \$3 billion of funds on behalf of clients in North America, Australasia and Europe
 - Currently an investor (directly or indirectly) in over 60 toll roads globally, including ConnectEast, Transurban Group and Transurban DRIVE
- Currently the largest holder of ConnectEast units with a 13% holding
- Participation in placement and in sub-underwriting of institutional and retail entitlement offers
- CP2 holding post-Offer of between 16% and 27% subject to final take-up

CP2 unitholding scenario analysis	Minimum		Maximum ¹	
	Units (million)	%	Units (million)	%
Existing pre Offer	212	13%	212	13%
Take up under placement	101		101	
Take up under institutional entitlement offer	80		132	
Take up under retail entitlement offer	-		222	
Total unit holding	393	16%	667	27%

1. Subject to Foreign Investment Review Board approval



Ineligible Unitholders

Nominee to administer Ineligible Unitholder entitlements

- Some unitholders resident outside Australia and New Zealand are not eligible to participate in the non-renounceable pro-rata entitlement offer due to securities law restrictions on the offer of ConnectEast units in certain jurisdictions (Ineligible Unitholders)
- To satisfy Corporations Act conditions in connection with CP2 sub-underwriting the Offer, ConnectEast will appoint a nominee for Ineligible Unitholders. ConnectEast will issue the nominee with rights to subscribe for the ConnectEast units that would have been available for subscription by Ineligible Unitholders had they been eligible to participate in the Offer
 - Rights will be offered (off-market) for sale by the nominee to wholesale investors on 15 December 2008
 - Rights must be exercised by 16 December 2008
 - The nominee will distribute any proceeds of sale (net of expenses) proportionately to the Ineligible Unitholders
- ConnectEast estimates that Ineligible Unitholders represent approximately 1.5% of the ConnectEast register and that the number of rights to be offered for sale will represent up to approximately 24 million ConnectEast units. The final number of Ineligible Unitholders and the number of rights to be offered for sale by the nominee will be determined on the basis of ConnectEast's register on the Record Date for the Offer (7:00pm, 25 November 2008)



Revised distribution policy

Distributions reduced to 1 cent per half year for the remainder of the Fixed Distribution Period

- Decision to reduce distributions driven by the desire to preserve capital and reduce dilution from operating the Distribution Reinvestment Plan (DRP) at low security prices
- Commencing with the distribution for the six months ending 31 March 2009 until the six months ending 31 March 2010 (Fixed Distribution Period), subject to the ongoing and prudent management of ConnectEast's financial position
- Corresponds to a yield of 3.1% p.a. based on the TERP of \$0.64 and a yield of 3.6% p.a. on the Offer price
- Distributions for the remainder of the Fixed Distribution Period are expected to be on a largely tax deferred basis
- Any distributions in this period will be made under ConnectEast's DRP and remain fully underwritten by the DRP Underwriters
- After the Fixed Distribution Period, it is the intention of ConnectEast to align distributions with operating cash flow, subject to the ongoing and prudent management of ConnectEast's financial position



Offer sources and uses

ConnectEast intends to use the net Offer proceeds to partially repay Tranche A of its debt facilities, which will mature in November 2010

- Net Offer proceeds will initially be held on deposit and will only be used to reduce ConnectEast's net debt
- Early repayment of ConnectEast's senior debt facilities will only be made after resolution of certain contractual requirements in relation to the payment of TJH's early completion bonus¹
- The intended partial repayment of the debt facilities will be made no later than the Tranche A maturity date in November 2010
- ConnectEast will seek improvements in the terms of its debt facilities in exchange for any early repayment of debt

Sources	\$400m	\$450m	Uses	\$400m	\$450m
Placement (\$m)	105	105	Net debt reduction (\$m)	364	409
Entitlement Offer (\$m)	295	345	Transaction costs ² (\$m)	16	18
			Swap break costs ³ (\$m)	20	23
Total (\$m)	400	450	Total (\$m)	400	450

- The early completion bonus arrangements with TJH are referred to in the risks section of this presentation
- Costs incurred in connection with the Offer
- The reduction in net debt will result in net debt being over-hedged. The termination of interest rate swap agreements in respect of the net debt reduction will attract a break fee estimated at approximately \$20m - \$23m based on interest rates as at 19 November 2008. The final break fee will be subject to change in accordance with interest rate movements



Impact of the Offer on net debt profile

With the first tranche of its debt facilities maturing in November 2010, ConnectEast is proactively managing the risks associated with refinancing in uncertain global capital markets

- The balance of the debt facilities as at 30 November 2008 will be \$2,024 million
- The net proceeds from the Offer will be used to reduce net debt
- This will reduce pro-forma balance sheet gearing¹ to between 33% and 34%

Tranche	Maturity	\$400m Amount (\$m)	\$450m Amount (\$m)
Tranche A	November 2010	810	810
Tranche B	November 2012	810	810
Tranche C	November 2014	404	404
Total debt		2,024	2,024
Current cash reserves		(234)	(234)
Current net debt		1,790	1,790
Net Offer proceeds (estimated)		(364)	(409)
Post Offer net debt (estimated)		1,426	1,381

Interest rate period	Hedged base rate	Margin	Total
Up to June 2010	6.265%	1.10%	7.365%
June 2010 – June 2012	6.265%	1.35%	7.615%
June 2012 – November 2014	6.265%	1.50%	7.765%

1. Pro-forma balance sheet gearing as at 30 June 2008 - calculated as net debt / total assets less cash, based on a maximum and minimum raising of \$450 million and \$400 million respectively



ConnectEast going forward

ConnectEast has a solid capital position

- EastLink is operating and generating tolling revenue
- ConnectEast is fully compliant with covenants under its debt facilities
- The first tranche of ConnectEast's debt facilities matures in November 2010
- Interest rates are 100% hedged through to first debt maturity in November 2010
- Interest rates are at least 80% hedged through to November 2014

Following the Offer, ConnectEast will be better positioned to meet the challenges arising from uncertain global capital markets

- Equity raising will create a more robust capital structure
- Refinancing risk will be reduced
- Net interest costs will be reduced by approximately \$23 – \$26 million¹ per annum
- Debt facilities will be reduced following resolution of certain contractual requirements in relation to TJH's early completion bonus but not later than 30 November 2010

Internalisation of Responsible Entity

- ConnectEast has agreed with Macquarie Capital Group to internalise the Responsible Entity function within 120 days, subject to necessary approvals
- Subject to independent review, the amount payable for accelerating the internalisation will be \$5 million²
- After the internalisation, directors of ConnectEast will subject to election by ConnectEast unitholders³

1. Based on a minimum and maximum raising of \$400 million and \$450 million respectively
2. The Responsible Entity performance fee, which is described in the risks section of this document, will not be payable if the internalisation proceeds
3. If internalisation is not complete within 120 days, it is intended that constitutional amendments will be made to provide for the independent directors of ConnectEast to be elected by ConnectEast unitholders



Traffic performance to date

EastLink Traffic and Revenue	29 June – 23 July 2008 (Toll free)	August 2008	September 2008	October 2008	25 – 31 October 2008	1 – 7 November 2008 ¹	8 – 14 November 2008
Actual Average Daily Traffic (ADT)	270,868	135,151	139,624	147,414	148,307	125,450	149,309
ADT month-on-month growth			3.3%	5.6%			
Normalised ADT ²	271,954	135,706	139,161	145,478	148,307	132,428	149,309
Normalised ADT month-on-month growth			1.8%	4.5%			
Actual Average Gross Daily Toll Revenue ³		\$418,560	\$439,578	\$464,175	\$467,497	\$387,285	\$469,396
Average Gross Daily Toll Revenue month-on-month growth			5.0%	5.6%			

- EastLink has been operating under tolls for three and a half months, with 35 years remaining under the EastLink Concession Deed
- Traffic volumes and revenues are lower than forecast in the PDS
- EastLink is in the early stages of Ramp-up, with traffic patterns yet to be established
- The toll-free period demonstrated the strong underlying travel demand in the EastLink corridor

1. This period included the Melbourne Cup Carnival and the Melbourne Cup Day public holiday on 4 November 2008. A 20% toll discount applies to all car trips on weekends and public holidays.

2. Normalised ADT eliminates the effect arising from the different number of weekends and workdays in each month, and from other non-standard days such as public holidays.

Normalised ADT is calculated for a particular month as follows:

a. A monthly ADT is calculated for each day of the week e.g. the monthly ADT for Monday is the simple average of the actual trips for each Monday in the month.

b. Public holidays are excluded from the calculation. (The only public holiday since EastLink opened on 29 June 2008 was Melbourne Cup Day on 4 November 2008.)

c. The Normalised ADT for the month is the simple average of the monthly ADTs for the seven days in each week.

d. Melbourne school holidays ran from 20 September until 5 October 2008. No adjustment has been made to the Normalised ADT for this holiday period.

e. The same basis of calculation has been applied for the periods 25 - 31 October 2008, 1- 7 November 2008 and 8 -14 November 2008.

3. Includes goods and services tax (GST)



Note: Historical results are not a guarantee of future performance. Future traffic and revenue performance cannot be extrapolated from performance to date.

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Risks

This section discusses some of the key risks associated with an investment in ConnectEast. Before investing in ConnectEast units, you should consider whether this investment is suitable for you. Potential investors should consider publicly available information on ConnectEast (such as that available on the websites of ConnectEast and ASX), carefully consider their personal circumstances and consult their stockbroker, solicitor, accountant or other professional adviser before making an investment decision.

- **Extended transition to steady-state operations** – The PDS included a Contingency Reserve of \$25 million. ConnectEast expects to utilise the Contingency Reserve to cover higher costs in operating the EastLink tolling and customer service systems during the transition to steady-state operations. This includes the costs of correcting system defects which are typical of new complex systems, and of manually operating some processes that will be automated in steady-state operations. Some of these costs may be recoverable from TJH under the defects liability provisions of the EastLink Construction Contract. If the transition to steady-state operations of the EastLink tolling and customer service systems is extended, ConnectEast's operating and financial performance may be adversely affected.
- **Finalisation of EastLink Construction Contract claims** – The EastLink Construction Contract provides that after 13 December 2008 (being six months after 13 June 2008, the relevant completion date under the Construction Contract), TJH is prevented from making any further claim against certain ConnectEast Group entities which arises out of facts, matters or circumstances occurring prior to 13 June 2008 in respect of the contract price under the Construction Contract. This time limit does not apply to claims that may be made by ConnectEast in respect of the Construction Contract. TJH has notified ConnectEast of its intention to make claims in respect of a number of such matters, and in relation to other matters that it claims have occurred since 13 June 2008. To date, the information provided by TJH with respect to these potential claims is not sufficient to enable a reasonable assessment of the merit, amount or consequence for ConnectEast of the potential claims. ConnectEast has also given notice to TJH of certain claims that ConnectEast may make against TJH. In most cases, ConnectEast has not yet completed its quantification or provided full details of those claims, including in respect of ongoing management and correction of tolling and customer service system defects. Neither party has accepted any of the other's claims. The parties are dealing with these claims in accordance with the terms of the Construction Contract, which provide for executive negotiations and, if such negotiations are not successful, for escalation to arbitration or expert determination. There are no arbitration or expert determination proceedings currently under way. If the net outcome of the claims outstanding in respect of the Construction Contract requires payments to be made by ConnectEast to TJH, that may adversely affect ConnectEast's financial position or the value of its assets.
- **Early completion bonus** – ConnectEast reported a non-current provision of \$66 million on its balance sheet as at 30 June 2008 in respect of the early completion bonus that will be payable to TJH for achieving the project completion ahead of the scheduled date. The final amount of the bonus will be calculated in April 2010 based on ConnectEast's financial performance between October 2009 and March 2010. This provision will be adjusted up or down as required to reflect changes in the liability.



Risks

Financing risks

- **Refinancing risk** – ConnectEast’s debt facilities are required to be refinanced on three maturity dates. There is a risk that ConnectEast will be unable to arrange refinancing facilities as and when required to repay these debt facilities or that the terms of any refinancing are less favourable to ConnectEast.
- **Risk of debt default** – An event of default occurs under ConnectEast’s financing documents when the interest cover ratio (after including cash available from the Ramp-up reserve in the numerator) is less than 1.10x.
- **Interest rate risk** – ConnectEast may be adversely affected by an increase in real long-term interest rates which will increase its debt servicing costs on that part of its debt that is unhedged.
- **Leverage** – The use of leverage may enhance returns, but it may also substantially increase the risk of loss. Use of leverage may adversely affect ConnectEast when economic factors such as rising interest rates, severe economic downturns or deterioration in the condition of global capital markets occur.
- **Global capital markets** – The price of ConnectEast units and ConnectEast’s ability to access debt at a reasonable cost may be affected by further deterioration in global capital markets.

Traffic risks

- **Revenue of ConnectEast** – Revenue is mainly a function of EastLink traffic volume and the level of tolls. Any developments that reduce traffic volumes or inhibit the growth in traffic volumes on EastLink could have a material adverse affect on ConnectEast’s financial performance. Revenues and traffic volumes are directly and indirectly affected by various factors including, but not limited to:
 - general traffic levels in the corridor;
 - the quality and proximity of alternative roads and other transport infrastructure;
 - the level of tolls;
 - the occurrence and timing of road projects in Melbourne and the EastLink corridor;
 - future changes to the surrounding road network including improvement of existing alternative routes and/or the construction of new alternative routes or alterations to existing transport infrastructure;
 - demographic and economic conditions, including inflation, population growth, economic growth, interest rates and taxation;
 - changing travel patterns and habits;
 - new technologies;
 - social instability and other political and economic developments;
 - industrial and residential shifts in the area of the EastLink corridor; and
 - the impact of a significant and sustained increase in fuel prices which may lead to a reduction in car ownership, car utilisation and a shift in modal share to other forms of transport.

Operating risks

- **EastLink operation** – Under the EastLink Concession Deed, ConnectEast must operate, maintain and repair EastLink in accordance with “Operation and Maintenance Best Practices”. A risk exists that ConnectEast may incur materially higher than expected costs to meet this obligation, which may have an adverse affect on ConnectEast’s financial performance.



Risks

- **KPI regime** – The key performance indicators regime under the EastLink Concession Deed exposes ConnectEast to risk of financial penalties for not achieving designated KPI benchmarks. In certain circumstances, some of such penalties may be recoverable under an indemnity from TJH. A failure to achieve these benchmarks (or to recover any available indemnity) may have an adverse affect on ConnectEast’s financial performance.
- **Operations & Maintenance** – ConnectEast has engaged Transfield Services under an Operation and Maintenance Contract to perform the operations and maintenance of EastLink until June 2013. After this time, there is a risk that the terms and price on which ConnectEast is able to renew or re-tender for these services are less favourable than the terms of the current Operation and Maintenance Contract.
- **Restrictions on toll price increases** – ConnectEast is only permitted to increase toll prices on EastLink once per year and by a maximum of the increase in CPI. If ConnectEast’s financing, operating and other costs increase at a greater rate, ConnectEast’s operating performance may be adversely affected.
- **Toll collection risk** – ConnectEast collects tolls when motorists travel on EastLink, including customers of ConnectEast or other toll road operators and other motorists. ConnectEast bears credit risk if its own customers do not pay tolls and fees when due for travel on EastLink or other toll roads. Arrangements between ConnectEast and other toll roads require that each other toll road operator pays ConnectEast daily in respect of travel by its customers on EastLink. ConnectEast bears credit risk if other toll road operators do not pay or delay in paying amounts due to ConnectEast. If Melbourne CityLink (whose customers currently represent around two thirds of traffic on EastLink) defaults on such payments to ConnectEast, ConnectEast’s financial position could be adversely affected. ConnectEast invoices motorists who are not a customer of either ConnectEast or another toll road operator for their travel on EastLink. If they fail to pay such invoices, ConnectEast may request the State to take enforcement action against them and ConnectEast will only receive payment if such action results in payment by the motorist. If the State does not pursue such enforcement actions in the manner expected, ConnectEast may be entitled to redress by renegotiation of the EastLink Concession Deed.
- **Reliance on key contractors** - During the transition to steady-state operations, ConnectEast is reliant on the services of certain key contractors for the provision of support services for its tolling, customer services and road management and control systems. If these contractors become unable to provide their contracted services, ConnectEast's operations or financial performance may be adversely affected.

Other risks

- **Payment of distributions** – Future payment of distributions will be determined by the Board. ConnectEast will only pay distributions having regard to the operating results and financial position of ConnectEast and there is no guarantee that any distributions will be paid.
- **Responsible Entity performance fee** – ConnectEast reported a non-current provision of \$6.2 million in its Balance Sheet as at 30 June 2008 in respect of a performance fee payable to Macquarie Group Limited after November 2010. The fee is calculated as a function of the unit price out-performance above a 15% effective annual internal rate of return since November 2004. Subject to the ConnectEast unit price at the time of calculating the performance fee (and the price for issue of any further units under the DRP before that time), the amount payable may be higher or lower than the current provision. This performance fee will not be payable if the internalisation of the Responsible Entity proceeds.
- **Force majeure** – Force majeure refers to an event beyond the control of a party, including natural disasters, war and other events outside the control of a party, that can affect a party’s ability to perform its contractual obligations. Force majeure is a risk, sometimes uninsurable, that may adversely affect the performance of ConnectEast. ConnectEast has undertaken to repair any part of the road that is damaged or destroyed. ConnectEast has in place insurance policies, to the extent commercially available, to protect ConnectEast cash flows.



Risks

- **Termination of EastLink Concession Deed** – There are several circumstances that could result in the early termination of the EastLink Concession Deed. Depending upon the circumstances that cause the early termination of the EastLink Concession Deed, ConnectEast may incur economic loss.
- **Industrial relations** – Transfield Services assumes sole responsibility for industrial relations issues relating to it when performing its obligations under the Operation and Maintenance Contract. If ConnectEast is not able to collect tolls (or suffers other loss) due to industrial action by Transfield Services personnel (or other performance or non-performance of Transfield Services), Transfield Services' aggregate liability would be limited to \$15 million and ConnectEast bears the risk of losses above that level. ConnectEast is exposed to the risk of any other industrial actions that affect the personnel of ConnectEast or its other contractors or suppliers.
- **Occurrence of various key risk events** – The EastLink Concession Deed defines certain events as being Possible Key Risk Events. These include:
 - certain acts of the State which prevent, hinder or disrupt operations of EastLink;
 - the State fails to support the transport network connected to EastLink in the manner it has undertaken (this relates to maintaining the principal roads that connect to EastLink);
 - a change in the laws of Victoria occurs;
 - a native title claim prevents ConnectEast from complying with its obligations under the EastLink Concession Deed;
 - an uninsurable force majeure event occurs;
 - certain changes occur in the State's policy or resources for enforcing toll evasion offences by motorists using EastLink; and
 - a delay due to an action being taken under certain environmental legislation.If a Possible Key Risk Event occurs which has a material and detrimental effect on ConnectEast, then it may negotiate changes to the terms of the EastLink Concession Deed to restore its previous ability to repay the debt facilities and to pay expected equity returns.
- **Legislative risk** – ConnectEast is exposed to the risk that the State may exercise its powers under the EastLink Project Act 2004 (Vic), or under another law, in a way that is not beneficial to EastLink or to ConnectEast. The terms of the EastLink Project Act 2004 (Vic) prevail over any contrary provision of the EastLink Concession Deed. ConnectEast is also subject to most of the general Victorian laws that apply to the construction and operation of roads.
- **Market price** – The market price of ConnectEast units will fluctuate due to various factors including general movements in interest rates, the Australian and international investment markets, international economic conditions, global geo-political events and hostilities, investor perceptions and other factors that may affect ConnectEast's financial performance and position.
- **Employees** – ConnectEast is reliant on retaining and attracting quality senior executives and other employees. The loss of the services of any of ConnectEast's senior management or key personnel, or the inability to attract new qualified personnel, could adversely affect ConnectEast's operations and financial performance.
- **Insurance** – Insurance markets may be detrimentally affected by local or global economic conditions such that insurance becomes more expensive or the financial ability of insurance companies to respond to claims may be adversely affected.
- **Regulatory issues and changes in law** – ConnectEast is subject to the usual business risk that there may be changes in laws that reduce revenue or increase costs.
- **Other litigation and disputes** – Legal claims and other disputes may arise from time to time in the ordinary course of operations. Any such claims or disputes may adversely affect ConnectEast's earnings or the value of its assets.



Risks

- **Tax risk** – Changes in taxation law and administrative practice may affect the future earnings, asset values and relative attractiveness of investing in ConnectEast units. An investment in ConnectEast units may involve tax considerations that differ for each Unitholder. Each investor is encouraged to seek professional tax advice in connection with their investment and any acquisition of ConnectEast units under the Offer. Unitholders will bear any risks relating to the tax treatment of an investment in ConnectEast units and related transactions.
- **Key underwriting termination risk** – The Joint Lead Managers may terminate their obligations under the underwriting agreement upon the occurrence of certain events including:
 - Market fall – where the S&P/ASX200 Index falls by an amount that is 10% or more from the level at the close of trading on 21 November 2008:
 - (i) at any time during the bookbuild (between 24 -25 November 2008); or
 - (ii) until 10.00am on 5 December 2008 being the institutional settlement date:
 - (A) for at least two consecutive business days; or
 - (B) if the business day on which the S&P/ASX200 Index fell 10% or more is the business day that is one business day before 5 December 2008; or
 - (iii) until 10.00am on 19 December 2008 being the retail settlement date:
 - (A) for at least three consecutive business days; or
 - (B) if the business day on which the index fell 10% of more is the business day that is one or two business days before 19 December 2008.
 - Sub-underwriter – Capital Partners Pty Ltd fails to deliver:
 - (i) a financial guarantee (Guarantee) from CP2 Global Infrastructure Fund LLC as general partner on behalf of CP Public Securities Fund LP (Fund); and
 - (ii) a legal opinion as to (among other things):
 - (A) the due authorisation, execution, delivery and enforceability of the Guarantee;
 - (B) confirmation that the Fund has power and authority to enter into the Guarantee;
 - (C) the Guarantee not being in conflict with material agreements of the Fund; and
 - (D) the Guarantee not resulting in violation of any applicable laws,both in a form reasonably satisfactory to the Joint Lead Managers.



Summary

The capital raising and change in distribution policy are intended to protect long term value for ConnectEast unitholders

By raising equity and preserving capital, ConnectEast aims to:

- Create a more robust capital structure
- Reduce refinancing risk of its debt facilities ahead of maturity of Tranche A (\$810 million) in November 2010
- Reduce net interest costs by approximately \$23 – \$26 million¹ per annum

ConnectEast is taking a proactive and prudent approach to ongoing uncertainty in global capital markets

ConnectEast is proceeding to internalise the Responsible Entity and have its independent directors elected by ConnectEast unitholders

ConnectEast is confident in the underlying strength of EastLink, a quality long-term asset



1. Assumes minimum and maximum raising of \$400 million and \$450 million respectively

Glossary

Term	Meaning
ASX	<ul style="list-style-type: none"> o Australian Securities Exchange or ASX Limited or the financial market which it operates as the case requires
ConnectEast	<ul style="list-style-type: none"> o ConnectEast Group comprising ConnectEast Management Ltd ABN 68 071 292 647 / AFSL 254 959 as responsible entity for ConnectEast Investment Trust (ARSN 110 713 481) and ConnectEast Holding Trust (ARSN 110 713 614) and related entities
ConnectEast units	<ul style="list-style-type: none"> o A unit in ConnectEast Investment Trust and a unit in ConnectEast Holding Trust which are stapled together and may not be transferred, issued or otherwise dealt with separately
DRP Underwriters	<ul style="list-style-type: none"> o Macquarie Capital Advisers Limited (ABN 79 123 199 548) and ABN AMRO Equity Capital Markets Australia Limited (ABN 17 000 757 111)
EastLink Concession Deed	<ul style="list-style-type: none"> o The EastLink Concession Deed between the State and certain ConnectEast Group entities under which those entities are granted the right to design, construct, commission, operate, maintain and repair EastLink
Government or State	<ul style="list-style-type: none"> o The State Government of Victoria
New Units	<ul style="list-style-type: none"> o ConnectEast units issued under the Offer
Offer	<ul style="list-style-type: none"> o Placement and accelerated non-renounceable pro-rata entitlement offer of ConnectEast units
PDS	<ul style="list-style-type: none"> o ConnectEast Product Disclosure Statement (October 2004)
Ramp-up	<ul style="list-style-type: none"> o The build up of traffic in the initial period following the opening of a toll road, as drivers adjust their behavioural patterns to take account of the toll road
Responsible Entity	<ul style="list-style-type: none"> o ConnectEast Management Ltd ABN 68 071 292 647 / AFSL 254 959
TERP	<ul style="list-style-type: none"> o Theoretical ex-rights price of ConnectEast units subsequent to the Offer which is a theoretical calculation only and the actual price at which ConnectEast units trade immediately after the ex-date for Offer will depend on many factors and may not be equal to the theoretical ex-rights price
TJH	<ul style="list-style-type: none"> o Thiess Pty Ltd (ABN 87 010 221 486) and John Holland Pty Ltd (ABN 11 004 282 268), the contractors engaged by ConnectEast to design and construct EastLink
Transfield Services	<ul style="list-style-type: none"> o Transfield Services (Australia) Pty Limited (ABN 11 093 114 553) engaged by ConnectEast to perform the operations and maintenance of EastLink until June 2013
VWAP	<ul style="list-style-type: none"> o Volume weighted average price

