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RIVERCITY MOTORWAY GROUP

ANNUAL UPDATE 2009

HIGHLIGHTS 2009

- Design and construction expenditure reached \$1.7 billion in September 2009
- Tunnel excavation and installation of the permanent concrete tunnel lining is complete
- The first 1.5 kilometres of concrete road pavement has been laid inside the tunnel
- More than 75 percent of the mechanical and electrical fit-out of the tunnel is complete
- The tunnel's two ventilation structures and tollway control centre are substantially complete
- Bridge construction and road surface work are substantially complete
- Completed Site Acceptance Testing and User Acceptance Testing for the tolling system back office
- Roadside tolling equipment has passed Factory Acceptance Testing and the tolling gantries have been installed
- The Group launched its new FLOW Tolling business
- FLOW Tolling has been selected to provide tolling and customer service for Hale Street Link
- Airport Link construction advancing towards 2012 opening.

Front cover. One of three unique portal canopy structures being constructed at the tunnel entrances.

This page. All tunnel excavation and lining is now complete, the mechanical and electrical fit-out of the tunnel is more than 75 percent complete and the first 1.5 kilometres of road pavement has been laid inside the tunnel.

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CHAIRMAN'S REVIEW

Following another year of outstanding construction progress and business development, I am pleased to report the CLEM7 is in a strong position to open well ahead of its October 2010 contract completion date.

Outstanding construction progress

Excellent construction progress throughout 2009 resulted in construction expenditure reaching \$1.7 billion in September 2009. Monthly drawdowns under the syndicated debt facility proceeded on schedule throughout the period.

All tunnel excavation and lining is now complete, bridge construction and road surface work are substantially complete and the mechanical and electrical fit-out of the tunnel is more than 75 percent complete.

During the year, the Group completed development of our tolling system back office, the roadside tolling equipment successfully passed Factory Acceptance Testing and tolling gantries were erected at the northern entrance to the tunnel.

With the majority of construction risks now behind us, the Group does not anticipate any change to the fixed-price design and construction contract.

Transition to business operations

Positioning ourselves for successful road opening and ramp-up has remained a key focus during 2009. In April 2009, the Group launched its new FLOW Tolling business. The top-line management and leadership teams for FLOW Tolling are now working from our customer service centre and have developed the key operating procedures for the business.

Our aim is to make it easy and straight-forward for motorists to use the CLEM7 and pay their toll, no matter whether they are regular or occasional users of our tollway. In August 2009, we announced the key features of our FLOW tag and number plate accounts. They offer motorists the most affordable way to use tollways by providing free account establishment, no minimum use charges and no ongoing account management fees.

In addition to meeting needs of motorists, the Group is committed to keeping our operating costs low. In line with this strategy, FLOW Tolling is part of a Leighton Contractors-led consortium selected by Brisbane City Council to deliver tolling and customer service for the Hale Street Link bridge when it opens in mid-2010.

As well as driving down long-term transaction costs, this initiative will help expand our customer base and demonstrate our capability and capacity to provide tolling operations for multiple tollways.

The CLEM7 will be fully inter-operable with all tollways throughout Queensland and Australia. Tags issued by FLOW Tolling will be recognised on all other tollways and any use of other roads will be charged in the single bill from FLOW Tolling. Similarly, motorists with tags from other issuers such as Queensland Motorways will be able to use CLEM7, the tag will be recognised and charges passed through their regular account.

At the roadside, Brisbane Motorway Services is also well advanced developing operation and maintenance systems and plans for the CLEM7.

Managing short-term challenges

During the past three years the Group has made impressive progress constructing Australia's longest road tunnel and developing our new tolling business. At the same time, we have also seen upheaval from a global financial crisis that has reduced available credit and reversed a decade of strong economic growth.

In relation to debt, the Group has long-term financing in place with our first refinancing not due until 2014. While we anticipate more favourable conditions applying by that time, the Group has engaged Goldman Sachs JBWere as financial advisers to support ongoing prudent financial management and to assist the Board in setting distribution and refinance policies.

Weaker economic growth and rising unemployment rates are likely to present short-term challenges to our business in the form of slower than anticipated urban development, reduced business activity and a contraction in consumer spending. To overcome these challenges, the Group has developed a range of products that will make it easy and more affordable for motorists to travel on the CLEM7.

The direct connection to Airport Link tunnel at our northern end will provide a significant long-term traffic benefit for the CLEM7. However, traffic counts completed during the construction of the CLEM7 have shown that major construction activity can reduce traffic volumes on adjacent roads. The Group is working closely with Brisbane City Council, the Queensland Government and BrisConnections to manage the construction interface between the two tunnels during our traffic ramp-up.

On opening, the Group will focus on attracting tunnel usage to maximise revenues to allow secure management of debt rollover in 2014 and a commencement of distributions. The Group has

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significant cash reserves available during the ramp-up period. Those reserves include a \$25.5 million Debt Service Reserve (equal to 3 months financing costs) and a \$65.3 million Ramp-up Reserve (equal to 7 months financing costs).

Realising long-term value

The 45-year concession to operate the CLEM7 offers long-term value to our investors. This is a critical piece of infrastructure in a city that is already experiencing traffic pressures following a decade of strong population and economic growth.

Despite the short-term economic challenges, Brisbane is well positioned to continue growing in terms of population, employment and household incomes. The suburbs adjacent to our tunnel also remain key areas for urban renewal. The combination of CLEM7 and Airport Link will be a major new piece of road infrastructure that should drive development in the surrounding area and generate strong traffic growth.

Brisbane is one of the most decentralised capital cities in Australia, with major residential areas, industrial areas and shopping centres located on both sides of the Brisbane River. Much like Sydney's Harbour, the Brisbane River represents an enormous barrier for 400,000 motorists seeking to cross the river every day.

Dependence on cars continues to grow with the number of vehicle registrations in Queensland increasing to 4.15 million in 2008, an increase of 9 per cent since 2006. Of those, 70 percent, or an extra 254,684 vehicles, were registered to people living in South-East Queensland.

Our tunnel will link with six major roads which carry high volumes of traffic. We will, therefore, be a very important part of the future road network in Brisbane.

On behalf of the Board, I would like to thank investors for their continued support as we look forward to opening in 2010.

Robert Morris
Chairman

- 1 The final tunnel boring machine breakthrough at Woolloongabba in May 2009.
- 2 38,000 concrete tunnel segments have been used to line the CLEM7.
- 3 The blooms of Poinciana trees lining many of Brisbane's inner city streets have inspired the urban design of ventilation station at Bowen Hills.
- 4 Dependence on cars continues to grow with the number of vehicle registrations in Queensland increasing to 4.15 million in 2008, an increase of 9 percent since 2006.



CHIEF EXECUTIVE OFFICER'S REVIEW

Delivery of the CLEM7 has entered its final construction phase as we move rapidly towards commissioning and the commencement of operations.

Completion of tunnelling

The progress of tunnelling during 2009 has been impressive, considering this time last year the project's two tunnel boring machines had only completed 30 percent of their 4.3 kilometre journey.

Since then, after tunnelling 60 metres under the Brisbane River and breaking through at Kangaroo Point and then at Woolloongabba, both tunnel boring machines have been disassembled and removed from site.

The fit-out of the tunnel is now well under way. Over 1.5 kilometres of road pavement is now complete and work will commence later this year progressively installing barriers and wall panels inside the tunnel.

The installation of lighting, ventilation fans, traffic management devices and tunnel safety systems is dramatically transforming the interior of the tunnel.

Urban design taking shape

The Group has worked closely with Brisbane City Council to ensure urban design for the CLEM7 reflects the progressive and changing image of our city.

In recent months the unique portal canopy structures have started to take shape. As well as providing drivers with a transition between the light inside and outside the tunnel, the canopies highlight the tunnel entrances and are truly unique.

Colours for the tunnel's two ventilation stations have been inspired by the blooms of Poinciana and Jacaranda trees lining many of Brisbane's inner city streets.

Tolling system development on track

I am pleased to report the Group achieved its target of completing development of the tolling system back office. Delivery of roadside equipment and tolling gantries also proceeded as planned during 2009. End-to-end testing of the complete system is scheduled to commence in late 2009 when the tolling gantries have been fitted out.

Completion and commissioning

With increased focus moving to completion and commissioning activities, a comprehensive schedule of

all requirements to achieve tollway completion has been prepared. This is the key management tool to track readiness for opening.

Integrating with Brisbane's road network

Effective integration with the existing and future Brisbane road network is important to the long-term success of our tollway. The Group has signed a road network interface agreement with the Queensland Government and Brisbane City Council which will facilitate efficient and reliable access for motorists as they enter and exit the CLEM7.

Following the successful move to free-flow tolling on the Gateway and Logan Motorways, there are now more than 800,000 electronic tags being used by motorists in South East Queensland. The Group has agreed tolling interoperability arrangements with most Australian tollways and expects to finalise the remainder over the next few months. These arrangements will enable FLOW Tolling customers to use their accounts on any tollway.

Transition to business operations

During 2009, the Group launched our new FLOW Tolling business.

The Group has recruited an experienced and dedicated team who have responded enthusiastically to the challenges of establishing a new business. With the exact opening date for the tunnel still to be determined, FLOW Tolling has developed a flexible customer service rollout plan.

Our approach to customer service is to ensure that paying for travel is easy and straightforward for all customers. Often the first use of an electronic tollway is intimidating and disconcerting for a customer as they may be unsure of how to pay or the consequences of non-payment. This can result in avoidance of tollways or agitated behaviour when dealing with customer service. Our 'no fuss, no drama' approach will guide customers to the product that best meets their needs.

Brisbane Motorway Services, which will operate and maintain the road on subcontract to the Group, is well advanced developing the operation and maintenance systems, plans and procedures for the CLEM7. Commissioning and testing of all tunnel safety systems and operating plans will be a major focus in the transition to operations. This will include a live emergency exercise involving the police and emergency services a few weeks prior to opening.

Community anticipation continues to grow

One of the most pleasing aspects of the past three years of construction has been the enormous interest and excitement our tunnel has generated within the Brisbane community. The project has provided regular updates for the community, including project newsletters, presentations to community groups, sponsorship, displays and weekly site tours.

Community awareness and anticipation of our opening is continuing to grow. The Group is committed to ensuring positive and proactive community relations are maintained during operations. As Brisbane's first major road tunnel, work is also under way to develop a campaign to educate motorists about safe driving behaviours inside tunnels.

Comprehensive marketing strategy

The Group has developed a comprehensive marketing strategy that will guide our activities in the lead-up to opening and during ramp-up. This includes a targeted promotional campaign, easy-to-use and straightforward tolling products and convenient payment methods for customers.

In line with our business approach, the FLOW Tolling website has been designed to make it easy for motorists to open accounts, pay tolls and manage their accounts. Motorists seeking to pay for a one-off trip in the CLEM7 will also have the convenience of being able to pay through a network of petrol stations, newsagents and convenience stores. FLOW Tolling will operate a 24-hour customer contact centre to enable customers to pay their tolls quickly and easily.

Now that the design and construction phase is nearing a very successful conclusion, I look forward to keeping investors informed of our progress as we move rapidly towards the opening of the road and the start of tolling operations.



Flan Cleary
Chief Executive Officer

- 1 The tunnel's second ventilation station is located near the Brisbane Cricket Ground (the 'Gabba').
- 2 The mechanical and electrical fit-out of the tunnel is more than 75 percent complete.
- 3 Commissioning and testing of all tunnel safety systems and operating plans will be a major focus in the transition to operations.



PROJECT DELIVERY

Tunnel excavation and lining complete

The Group achieved a number of major construction milestones during 2009, most notably the completion of tunnel excavation and installation of permanent concrete lining.

Following the final tunnel breakthrough in May 2009, both of the CLEM7's 4,000-tonne boring machines have now been disassembled and removed from the tunnel.

Other civil construction inside the tunnel is also nearing completion, with more than 90 percent of the smoke duct ceiling now installed. Excavation of all 60 cross passages and sub-station passages within the tunnel is complete and 90 percent of these passages have been handed over to the mechanical and electrical contractor.

In July 2009, pavement crews commenced laying the first section of road pavement inside the mainline tunnels. With 1.5 kilometres of road pavement now complete, work will commence later this year progressively installing barriers and wall panels inside the tunnel.

Above ground, all bridge construction and road surface work is substantially complete, with only the final asphalt layers required to connect existing roads to the new tunnel. In addition, all noise walls have been erected, landscaping is substantially complete and 70 percent of all streetlights have been installed.

Mechanical and electrical fit-out

Factory Acceptance Testing has been successfully completed for all tunnel devices and software operating systems, and more than 75 percent of the mechanical and electrical fit-out of the tunnel is now complete.

The CLEM7's two ventilation stations are structurally complete and their internal fit-out is well advanced. During 2009, the major mechanical installation was completed at the northern ventilation station, including all fans and dampers. The first three main axial vent fans were delivered to the southern ventilation station in August 2009.

To date, three of the tunnel's seven electrical sub-stations have been energised and are operational.

Work will soon commence installing computer servers inside the tollway control centre. This will enable software for the operating systems to be loaded and commencement of Site Acceptance Testing for mechanical and electrical equipment.

Tolling systems

The Group achieved its target to substantially complete the tolling system back office in April 2009.

Site Acceptance Testing and User Acceptance Testing of the system is now complete and the Group has finalised all key system interfaces, including transaction bank, electronic tag distribution, access to motor vehicle registration information and enforcement processes.

During 2009, Factory Acceptance Testing was successfully completed for all roadside tolling equipment. In July 2009, the first tolling gantries were installed at the tunnel's northern entrance.

Looking forward, the final stages of tolling system delivery requires Site Acceptance Testing of roadside equipment, followed by end-to-end testing of both roadside tolling equipment and tolling system back office.

The northern interchange at Bowen Hills will provide motorists with direct connections to Lutwyche Road, the Inner City Bypass and the future Airport Link tunnel.

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BUSINESS OPERATIONS

Tolling and customer service

The FLOW Tolling top-line management and leadership teams have been recruited and have substantially completed operating policies and procedures for the business.

All IT hardware and telephone systems have been installed and the first shipment of electronic tags received.

Interoperability arrangements are being agreed with existing tollways in Brisbane and with other Australian tollways. These arrangements will enable FLOW Tolling customers to use their accounts on any tollway. Work is also under way testing technical protocols with other Australian tollways.

Key customer communication tools have also been developed, including customer forms, invoices, transaction statements, online product purchase and account management, and customer contact centre support.

In July 2009, the FLOW Tolling enterprise agreement for all customer contact personnel was approved. This ensures the business is well positioned for final stages of recruitment and training prior to tollway opening.

Roadside operations and maintenance

Brisbane Motorway Services is well advanced in developing operation and maintenance systems, plans and procedures for the CLEM7.

During the period, Factory Acceptance Testing was successfully completed for the Operation Management Control System. In another important milestone, the Fire Engineering Safety Brief, Incident Management Plan and subsequent Incident Response Procedures have been approved by Department of Community Safety and the Queensland Police.

Work is also well advanced finalising approvals for the CLEM7 Operation and Maintenance Manual. The draft Operational Environmental Management Plan has been reviewed by Brisbane City Council and the Independent Verifier and has been submitted to the Department of Environment and Resource Management for finalisation well ahead of tollway opening. The tunnel's four external air quality monitoring sites have been operational since May 2009.

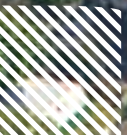
Equipment and service agreements in areas such as air quality monitoring, tunnel wall washing and landscaping maintenance are currently being procured.

Implementation of an asset management system is expected to be complete by the end of 2009. This system will track all scheduled and unscheduled tollway maintenance activities and assist with capital works planning.

Following the recruitment of its senior management team, Brisbane Motorway Services is now planning the next stages of recruitment which include operational controllers, maintenance personnel and incident response crews.

Construction is nearing completion at the tunnel's southern entrance at Woolloongabba which will connect to Ipswich Road and the Pacific Motorway.

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