

Growth deal

Elizabeth River Crossings acquisition marks Abertis' breakthrough into US

The Group makes its first major investment in the mainland United States and continues to boost its growth strategy

- Abertis and Manulife Investment Management have signed an agreement to acquire 100% of the Elizabeth River Crossings concession, in Virginia. The asset, with an enterprise value of ca. €2bn, started tolling operations in 2014 and has a remaining term of 50 years.
 - The concession operates four tunnels and a highway in the area of Norfolk, Virginia, home to a broad range of industries. This is a vital infrastructure utilized by over 100,000 vehicles for their daily commutes.
 - Abertis demonstrates its ability to continue to expand its concession portfolio and further diversify into countries with a low risk profile. This acquisition complements well the purchase in June of the control of RCO in Mexico for ca. €5bn and extends the concession life of Abertis.
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November 9, 2020. - Abertis, a global leader in toll road concessions, and Manulife Investment Management have signed an agreement with Macquarie Infrastructure Partners II, a fund managed by Macquarie Infrastructure and Real Assets, and a subsidiary of Skanska AB, for the acquisition of the 100% stake in the Elizabeth River Crossings concession, located in the Hampton Roads region (Virginia, United States).

The acquisition will be carried out through a consortium in which Abertis will hold a maximum of 68%, which may be reduced to a minimum of 51%. The sale agreement, closed for a total equity amount of ca. €1bn, is subject to regulatory and other closing conditions and the parties are working expeditiously toward closing.

Manulife Investment Management, a long-term institutional infrastructure investor, reached the agreement on behalf of John Hancock Life Insurance Company. John Hancock is a US subsidiary of Manulife and is the consortium member with Abertis.

The new financial policy of Abertis announced this week has provided, amongst others, the required financial flexibility for this deal. Abertis will finance the deal with a combination of committed bank facilities and cash.

Abertis' CEO José Aljaro expressed his satisfaction with this announcement and said: "This acquisition is a further step in the ambitious growth strategy of the Abertis Group, with the acquisition of a solid platform in the United States, a country that offers a strong commitment to public-private partnerships and to the concession framework. We are also

very happy to initiate a new partnership with John Hancock. The deal has been possible thanks to the active support of our shareholders, Atlantia, ACS and Hochtief”.

The acquisition of this new asset in Virginia is a further important step in Abertis’ growth strategy in the key target market of the United States, one of the most important markets for infrastructure investment in the world. It also represents Abertis’ second major acquisition in less than a year, following the purchase in June of the control of RCO in Mexico for ca. €5bn, demonstrating the ability of Abertis to effectively manage its concession portfolio, replacing concessions that are nearing end with new assets with strong future prospects.

Abertis will have control of the company, which will therefore be fully consolidated and, due to its long concession life, adds 13% to the Abertis EBITDA backlog.

Assets description

The Elizabeth River Crossings tunnels are located in the Hampton Roads region and are one of the most highly travelled roads in the Virginia Beach-Norfolk-Newport News metropolitan area. The concession has a residual duration of 50 years, until April 2070. The asset is fully constructed and faces no relevant future capex.

The infrastructure provides an essential connection across the Elizabeth River and is an important link in the regional surface transportation network connecting Portsmouth and Norfolk. The project consists of four tunnels grouped into two sets of two-lane tubes, the Downtown Tunnel and the Midtown Tunnel, as well as the Martin Luther King Freeway Extension. The asset operates on a free-flow basis.



Elizabeth River Tunnels provide access to important employment, commercial, military and waterside areas in Norfolk and the rest of the Hampton Roads area, which is home to the deepest commercial port on the East Coast. Increasing port activity and the presence of the US Navy in the region serve as a constant source of traffic for the tunnels. In 2019 they registered an average intensity of 102,000 vehicles per day and have shown strong resilience in 2020 during the coronavirus pandemic, returning to almost normalised traffic levels in the last months.

The asset had a 2019 EBITDA of US\$ 60 million and a net debt of US\$ 1,127 million.

Platform in the United States

The acquisition of this new asset in Virginia will strengthen Abertis' growth platform in the mainland United States, a key target market that the company has actively explored in recent years, and will facilitate the analysis of further opportunities.

José Aljaro added: "Abertis looks forward to working for the benefit of local communities and building on a constructive and mutually beneficial relationship with the Virginia Department of Transport, which is one of the most established and significant grantors of road infrastructures in the USA".

This acquisition will also boost the development in the US of Emovis. Abertis' toll technology division installs and operates electronic toll collection systems, such as the Newport Pell Bridge in Rhode Island.

About Manulife Investment Management

Manulife Investment Management is the global wealth and asset management segment of Manulife Financial Corporation. It draws on more than a century of financial stewardship and the full resources of its parent company to serve individuals, institutions, and retirement plan members worldwide.

Headquartered in Toronto, its leading capabilities in public and private markets are strengthened by an investment footprint that spans 17 countries and territories. Manulife Investment Management complements these capabilities by providing access to a network of unaffiliated asset managers from around the world.

Committed to investing responsibly across its businesses, Manulife Investment Management develops innovative global frameworks for sustainable investing, collaboratively engage with companies in its securities portfolios, and maintain a high standard of stewardship where it owns and operates assets, and it believes in supporting

financial well-being through its workplace retirement plans. Today, plan sponsors around the world rely on its retirement plan administration and investment expertise to help their employees plan for, save for, and live a better retirement. For additional information, please visit manulifeim.com.

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