INFRATIL LIMITED
INFORMATION MEMORANDUM

For an application for admission to the official list of Australian Stock Exchange Limited

23 June 2010

Important Notice for Australian Investors

Infratil Limited is a New Zealand company incorporated under the *Companies Act 1993* and therefore is not subject to the takeovers and substantial holdings provisions in the *Corporations Act 2001* (Cth).

The following limitations on the acquisition of securities imposed by the New Zealand *Takeovers Code* apply (no restrictions are imposed by the New Zealand *Companies Act 1993* or the NZX Listing Rules):

- **A person who holds or controls less than 20% of the voting rights in Infratil can not increase that holding above 20%, except in compliance with the *Takeovers Code.***
- **Generally, the Takeovers Code only permits increases above a 20% holding or controlling of voting rights with prior shareholder approval or pursuant to a takeover offer where the offeror has acquired at least 50% of the voting rights. Unlike the Australian Corporations Act, a person can not, without shareholder approval, increase its holding or controlling of voting rights through the 20% to 50% "no fly" zone.**
- **Once a person holds or controls more than 50% of the voting rights then it may increase its holding or control by up to 5% every 12 months.**

TABLE OF CONTENTS

INFRATIL LIMITED INFORMATION MEMORANDUM 1

1 PURPOSE OF THIS INFORMATION MEMORANDUM 3

2 DEFINITIONS 4

3 INFRATIL BACKGROUND & STRATEGY 5

- TRUSTPOWER LIMITED 9
- WELLINGTON INTERNATIONAL AIRPORT LIMITED 11
- NEW ZEALAND BUS LIMITED 13
- INFRATIL ENERGY AUSTRALIA GROUP 15
- INFRATIL AIRPORTS EUROPE LIMITED 18
- GREENSTONE ENERGY 20
- OTHER ASSETS 23

4 SUMMARY FINANCIAL STATEMENTS 24

5 CORPORATE & CAPITAL STRUCTURE 24

- INFRATIL GROUP DEBT 26

6 RISKS 29

- RISK MANAGEMENT 29
- BUSINESS RISKS 31

7 MATERIAL CONTRACTS: MANAGEMENT AGREEMENT WITH MCIM 35

- MATERIAL CONTRACTS: 35

8 DIRECTORS AND SENIOR MANAGEMENT 39

9 CORPORATE GOVERNANCE 41

10 SHARE ISSUES, BUYBACKS & SCHEMES 51

- SHARE ISSUES IN LAST FIVE YEARS 51
- INFRATIL EXECUTIVE REDEEMABLE SHARE SCHEME 52
- INFRATIL STAFF SHARE PURCHASE SCHEME 53

11 MAJOR AND DIRECTOR RELATED SHAREHOLDINGS 53

12 DIRECTORY 55

APPENDIX A 58

APPENDIX B 59

APPENDIX C 60

1 PURPOSE OF THIS INFORMATION MEMORANDUM

This Information Memorandum is dated 23 June 2010 and has been prepared by Infratil Limited ("Infratil" or the "Company") in connection with its application for admission to the official list of ASX Limited ("ASX") and for fully-paid, ordinary shares in the capital of Infratil ("Infratil Shares" or "Shares") to be granted official quotation on the ASX.

As Infratil has not raised capital in the three months before the date of issue of this Information Memorandum (other than as a result of the exercise of the already existing IFTWB series of warrants) and will not need to raise capital in the three months after the date of issue of this Information Memorandum and has the required spread of security holders, ASX has agreed to the issue of this Information Memorandum.

This Information Memorandum does not constitute or contain any offer of Infratil Shares for subscription or purchase or any invitation to subscribe for or buy Shares, either expressly or by implication.

This Information Memorandum is not a prospectus lodged with the Australian Securities and Investments Commission ("ASIC") under the Corporations Act.

However, all the information that would be required under section 710 of the Corporations Act if this Information Memorandum were a prospectus offering for subscription the same number of securities for which quotation will be sought is contained in this Information Memorandum.

ASX does not take any responsibility for the contents of this Information Memorandum. The fact that ASX may admit Infratil to its official list is not to be taken in any way as to the merits of Infratil.

A supplementary information memorandum will be issued if Infratil becomes aware of any of the following between the issue of this Information Memorandum and the date Infratil's securities are quoted on the ASX:

- A material statement in this Information Memorandum is misleading or deceptive.
- There is a material omission from this Information Memorandum.
- There has been a significant change affecting a matter included in this Information Memorandum.
- A significant new circumstance has arisen and it would have been required to be included in this Information Memorandum.

Infratil is already listed on the main board equity security market ("NZSX") of NZ Exchange Limited ("NZX") and the Shares are quoted on the NZSX. As a consequence, Infratil is bound by the NZSX Listing

Rules, including Section 10: Disclosure of Information (commonly called the continuous disclosure obligations). If accepted for listing by ASX, Infratil will continue to be bound the NZSX Listing Rules and will also be bound by the ASX Listing Rules.

DISCLAIMER

This Information Memorandum is not, and nor is it intended to be, an exhaustive statement of information in relation to the activities of Infratil. While care has been taken in preparing this Information Memorandum, Infratil does not warrant the accuracy or completeness of the information in this Information Memorandum. The information in this Information Memorandum has not been audited (unless otherwise stated).

The contents of this Information Memorandum are based on information available as at 23 June 2010. Any statements as to future affairs are speculative and rely on assumptions and events in the future (some or all of which may not be satisfied or may not occur). Any forecast or financial information presented in this Information Memorandum must not be taken as a representation as to future matters. Infratil accepts no responsibility or liability in relation to the accuracy of the forecasts or whether they are achievable.

Recipients should obtain their own independent legal, financial and other advice in relation to the information in this Information Memorandum.

2 DEFINITIONS

Terms not otherwise defined in this Information Memorandum have the meanings set out below. Unless otherwise specified in this Information Memorandum, references to “dollars” and”$” are to New Zealand dollars.

"A$" or "Australian dollar" means the lawful currency of Australia

“ASX Listing Rules” means the listing rules of ASX applicable to companies admitted to the official list of the ASX

"Board of Directors" or "Board" means the board of directors of Infratil Limited as appointed from time to time

"Companies Act” means the Companies Act 1993 (New Zealand)

“Constitution" means Infratil Limited's constitution

“Corporate Governance Best Practice Code” means the code of this title contained in the NZSX Listing Rules

“Corporate Governance Principles and Recommendations” means the 2nd Edition of the principles and recommendations of this title published by the ASX Corporate Governance Council

“Corporations Act” means Corporations Act 2001 (Cth)

"€" or "Euro" means the lawful currency of Europe

"GWh" means Gigawatt hour, a measure of energy output

“Group” or “Infratil Group” means Infratil and its wholly owned subsidiaries and, where the context so requires, its partly owned subsidiaries including TrustPower and Greenstone Energy

"MW" means megawatt, a measure of the rate of energy conversion

“NZ$” means the lawful currency of New Zealand

“NZSX Listing Rules” means the listing rules of the NZX applicable to the NZSX

"Statement of Financial Position" means balance sheet

“UK£" means the lawful currency of the United Kingdom

“US$” means the lawful currency of the United States

3 INFRATIL BACKGROUND & STRATEGY

Infratil (until 2001 called Infrastructure & Utilities New Zealand Limited) was incorporated on 27 January 1994 and listed on the NZX in April 1994.

It remains listed on the NZX and now has (as at 23 June 2010) 15,780 shareholders and a market capitalisation for its ordinary shares of NZ$968,662,139.83. It also has listed warrants and infrastructure bonds on issue (see Section 6), for which a quotation on the ASX is not being sought.

Infratil owns and operates investments in the infrastructure and utilities sector in New Zealand, Australia and United Kingdom. Currently, its principal investment sectors are energy (particularly generation and retailing), airports, public transport and, through the recent Shell New Zealand transaction described in Section 4, fuel refining, distribution and retailing businesses. However, going forward these are not the exclusive areas of focus. Infratil will consider investment in any infrastructure or utilities class asset transport and distribution operations and commercial property and retailing that supports or is related to infrastructure and utilities.

Infratil’s investments are concentrated in wholly-owned subsidiaries or majority-controlled businesses and its strategy is to be an influential shareholder that adds value to its group companies' operations. Infratil’s current investments are described in Section 4.

Infratil’s preferred means of growth is re-investment in its existing businesses. It knows these businesses well and believes it can better assess the risks and likely returns. As an example, Infratil supports

TrustPower (its 50.1% subsidiary) re-investing in enhancing its existing or building new electricity power generation facilities.

Infratil is managed by Morrison & Co Infrastructure Management Limited ("MCIM" or the "Manager"), a wholly-owned subsidiary of HRL Morrison & Co Limited ("MCO") which is in turn a wholly-owned subsidiary of HRL Morrison & Co Group Limited. The details of this management arrangement, including the management fees paid, are described in Section 9. Infratil does not directly employ any staff, other than the personnel employed in its operating subsidiaries.

Infratil is a long-term investor. It generally targets sectors which it deems to benefit from macro economic, political and environmental trends that will lead to superior investment returns. In some cases, Infratil may be prepared to accept lower returns in the short run while it builds business in its chosen sectors or to give time for the expected benefits from these investments to eventuate.

Infratil expects that policy settings and growing demand will tend to support growth and enhanced returns in the sectors in which it is invested. For example:

- the introduction of carbon taxes or cap & trade schemes that enhance the value of renewable generation facilities;
- greater public investment and subsidies for public transport and rising fuel prices driving public transport demand; and
- low-cost airlines driving down the cost of air travel stimulating demand.

Management's priorities are to continue to build Infratil's earnings, to extract capital from investments which may underperform and to increase returns to shareholders by allocating available funds in an optimal way between repaying debt, increasing cash returns to shareholders and making new investments.

INFRATIL SHAREMARKET PERFORMANCE

Annual returns reflect dividends, changes in sharemarket prices and issues to share/warrant holders. The accumulation index reflects the compound total return on a holding of Infratil equity securities. On this basis, a New Zealand-based shareholder with NZ$100 invested as at 1 April 1994 would have had a holding worth NZ$1,359.90 as at 23 June 2010.

10 Year Financial Record

NZ$ Millions Year Ended 31 March	2010	2009	2008	2007	2006	2005	2004	2003	2002	2001
Revenue	1,836	1,734	1,346	655	301	172	149	143	121	68
EBITDA/EBITDAF	363	356	316	157	78	64	64	59	35	25
Operating Surplus	266	83	88	32	(18)	26	25	18	(4)	(7)
Realisations/ revaluations	84	(179)	(13)	66	0	23	2	20	28	12
Net Profit	29	(191)	(2)	68	8	45	23	28	23	17
Total assets	4,508	4,707	4,399	3,888	1,705	1,003	915	792	798	613
Shares on issue (million)	568	533	443 [i.]	220	219	227	183	186	186	189
Dividends paid cps	6.25	6.25	6.25	12.5	10.5	12.00	9.00	3.00	7.00	9.25

i. Shares were split 1 October 2007.
ii. Key Investments

Infratil's portfolio changes over time. The table below shows the changes in the year to 31 March 2010:

NZ$ Millions	As at 31 March 2010	As at 31 March 2009
TrustPower [1.]	1152.7	1,122.5
Infratil Energy Australia	256.4	221.1
Wellington Airport	288.9	285.9
Infratil Airports Europe	138.0	221.8
New Zealand Bus	214.4	210.9
Infratil Infrastructure Property	35.6	35.4
Energy Developments [1. 2.]	-	73.3
Other	18.6	8.3
Total Assets	**2,104.6**	**2,179.2**

1. Listed assets.
2. Asset sold after 31 March 2009.

Listed assets are shown at their market values. Non-listed assets are shown at Infratil's share of the relevant net book value (excluding deferred tax and cash balances for wholly-owned subsidiaries), cost or

realisable value. At 31 March 2010 exchange rates of NZ$/A$ 0.7755 and NZ$/UK₤0.4682 were used to translate offshore assets to NZ$.

Over the period 1 April 2009 to 31 March 2010 the following material developments occurred:

- NZ$63 million was received from the sale of Fullers Ferries and property related to the New Zealand Bus business.
- The entire interests in Auckland and Lübeck Airports were sold for NZ$87.25million and €25.5 million, respectively.
- The entire investment in Energy Developments Limited was sold for A$139.9 million.
- Glasgow Prestwick Airport was written down in value by UK£19.7 million to UK£51.6 million.
- The value of listed investments rose NZ$30.2 million to NZ$1,153.7 million.
- Across the Group NZ$193.0 million was invested in activities; as well as stay in business capital expenditure, this included the Kwinana power station, Wellington Airport's international runway and terminal upgrades, new buses and ticketing and systems at New Zealand Bus, acquiring customers at Infratil Energy Australia, and generation development and IT systems at TrustPower.
- Infratil Energy Australia announced an intention to invest a further A$56 million increasing its South Australian generation facilities.

In addition, on 1 April 2010, Infratil and the New Zealand Superannuation Fund jointly acquired (in a 50:50 joint venture) Shell's New Zealand fuel refining, distribution and retailing operations. Shell New Zealand has been renamed Greenstone Energy Limited. More precise details of this transaction and the price paid are provided in Section 4.

Infratil is not an asset trader. Each of the above noted investments and divestments has been undertaken or contemplated as part of Infratil's goal of improving long-term returns to shareholders, principally by increasing the rate at which earnings will rise and by ensuring an asset/debt match which means that funding is not an impediment to growth or a source of undesirable risk.

CONTRIBUTIONS TO EARNINGS (BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION AND FAIR MARKET ADJUSTMENTS)

NZ$ Millions	Year ended 31 March 2010	Year ended 31 March 2009
TrustPower	273.9	260.0
Infratil Energy Australia	11.0	19.9
Wellington Airport	68.3	65.4
Infratil Airports Europe	(8.6)	(18.9)
New Zealand Bus	29.1	40.0
Other, Eliminations, etc	(10.4)	(10.1)
EBITDAF Earnings	**363.3**	**356.3**

TRUSTPOWER LIMITED

Year Ended 31 March	2010	2009	2008	2007	2006
Energy customers	225,000	227,000	222,000	219,000	220,000
Customer Sales (GWh)	4,103	4,032	4,540	4,575	4,724
Hydro Generation Production (GWh)	1435	1,568	1,472	1,667	1,523
Wind Generation Production NZ (GWh)	582	558	546	274	268
Wind Generation Production AUST(GWh)	373	-	-	-	-
Average market price paid for NZ electricity (cents per kWh)	5.6 cents	12.0 cents	6.4 cents	6.3 cents	9.4 cents
Average price received for NZ generation (cents per KWh)	5.0	11.2	6.3	6.2	9.1
Capital investment	NZ$29.3m	NZ$200.1m	NZ$114.9m	NZ$179.0m	NZ$31.1m
EBITDAF	NZ$273.9m	NZ$260.0m	NZ$208.0m	NZ$196.4m	NZ$185.6m

TrustPower Limited ("TrustPower") is Infratil's largest investment, representing as at 31 March 2010 approximately 25.6% of total assets. Infratil has been a cornerstone shareholder in TrustPower since 1994 and has played an instrumental role in determining TrustPower's strategic direction from when it was formed from the Tauranga Electric Power Board

as an electricity lines company with less than 50,000 customers and a part shareholding in one hydro generation station.

Infratil now owns 50.1% of TrustPower and has two representatives (out of six) on its board, including Dr Bruce Harker who is chairman.

TrustPower is listed on the NZX (code TPW) and its business is well covered by investment analysts. As at 31 March 2010, TrustPower had 315.75 million shares on issue, more than 13,000 shareholders and a market capitalisation of approximately NZ$2,300 million. Its head office is in Tauranga, New Zealand and it employs approximately 406 employees.

TrustPower predominantly operates in New Zealand where electricity is largely generated from hydro, gas, coal and geothermal resources with an increasing development of wind generation. The generation stations are connected to the national electricity transmission network, operated and owned by state-owned enterprise Transpower, which interconnects to around 28 lines companies that own the local distribution networks. A number of competing retail companies sell the energy to the end consumer.

TrustPower is New Zealand's 5th largest electricity generator and 4th largest electricity retailer. The New Zealand generation and retailing market is dominated by state owned enterprises (Meridian Energy Limited, Mighty River Power Limited and Genesis Energy Limited). The other major player is the Origin Energy Limited subsidiary, Contact Energy Limited

TrustPower's existing New Zealand generation output (which is only hydro and wind) is approximately 2,260 GWh (sufficient for 250,000 households in a normal rainfall and wind year) in a year of normal wind and rainfall. The power stations are at 19 locations around New Zealand and TrustPower's 225,000 New Zealand customers are mostly located reasonably close by to the generation plants, which reduces transmission cost and risk and assists with maintaining community support. By keeping an approximate match between its retail customer demand and its generation capacity, TrustPower limits its exposure to the wholesale electricity market. It generally matches its sales to larger industrial and commercial customers with suitable wholesale contracts, again reducing exposure to spot market fluctuations.

New Zealand's recent growth in generation capacity has come from medium to smaller facilities, such as TrustPower's Tararua windfarm. This station has been developed in three stages, with the first 48 wind turbines commissioned in 1999, 55 added in 2004 and a further 31 much larger machines installed and commissioned in September 2007. The Tararua wind farm is New Zealand's largest wind farm, with an installed capacity of 161 MW, and an average annual output of 620 GWh. It currently has consents for a further 420MW of wind farm development in the South Island of New Zealand

TrustPower is also active in developing new, or expanding its existing, hydropower stations and is well advanced with a further 118MW of South Island hydro consents at Arnold and Wairau.

TrustPower is also considering how to leverage its existing investment in the Coleridge power station on the Rakaia River to optimise generation output

and irrigation on the Canterbury plains. It is a complex scheme that will take some time to consider and, perhaps, develop.

TrustPower recently announced that it is proceeding with the first 36 MW stage of the Mahinerangi wind farm near Dunedin at a cost of around NZ$75 million.

In 2009, TrustPower completed Stage I of its first project outside New Zealand comprising 98.7 MW at the Snowtown wind farm in South Australia, where it has planning consent for up to another 235MW. TrustPower is progressing feasibility studies of further windfarm projects in South Australia, Victoria, Western Australia and New South Wales

TrustPower's geographically dispersed, smaller scale, hydro power schemes are well placed to operate in conjunction with its windfarms, as the hydro schemes provide back-up generation when there is no wind.

In addition to its generation activities, TrustPower has also developed a strong retail business in New Zealand based on providing excellent service. As a necessary complement to generation and retailing, TrustPower is proactive in managing the price risks inherent in the wholesale electricity market.

WELLINGTON INTERNATIONAL AIRPORT LIMITED

Year Ended 31 March	2010	2009	2008	2007	2006
Passengers domestic	4,491,260	4,645,402	4,416,097	4,060,211	4,006,666
Passengers international	626,646	610,996	603,344	575,500	564,900
Aeronautical income	NZ$54.5m	NZ$53.2m	NZ$48.9m	NZ$41.9m	NZ$41.6m
Passenger services income	NZ$25.7m	NZ$23.6m	NZ$21.8m	NZ$18.8m	NZ$15.5m
Property & other income	NZ$7.6m	NZ$8.3m	NZ$7.5m	NZ$6.4m	NZ$4.3m
Operating costs	(NZ$19.7)	(NZ$19.6)	(NZ$18.2m)	(NZ$17.4m)	(NZ$14.4m)
EBITDAF	NZ$68.3m	NZ$65.4m	NZ$60.0m	NZ$49.7m	NZ$47.1m

Wellington Airport is Infratil's second largest investment, representing approximately 6.4% of total assets.

Infratil acquired its 66% interest in Wellington Airport for approximately NZ$96 million when the New Zealand Government sold its shareholding in 1998. The remaining 34% is owned by Wellington City Council. Infratil has four representatives on the board (out of six), including the chairman, Mr David Newman (who is also chairman of Infratil).

Wellington Airport is not listed on any stock exchange, however, it does have a single series of NZ$100 million of fixed coupon bonds (code WIA010) listed on the NZX. Wellington Airport is rated by Standard & Poor's as an A-

/Stable/A2 credit reflecting "the airport's strong business position, stable domestic business passenger base and growing international passenger numbers".

Wellington Airport is a true city airport - it is only 8 kilometres from the centre of Wellington city. Because of its relatively short runway (2,026 metres) and the constrained freehold site (110 hectares), it is focused on domestic and short haul international passenger services (mainly trans-Tasman). Air-freight is not a significant part of its business. There are no long haul services.

Its main airline customers are Air New Zealand, Qantas, Jetstar, Virgin Blue and Pacific Blue, with Air New Zealand providing more than 75% of total passengers. Wellington Airport is the hub of New Zealand's domestic aviation network and the only airport of any consequence in the lower North Island. It serves a surrounding regional population of approximately 500,000 people. Passenger traffic is underpinned by a relatively affluent catchment and business traffic is driven by Wellington being the capital city of New Zealand.

Nonetheless, demand and its growth depend on fares remaining competitive. In recent times, there has been vigorous competition between the three major airlines on the domestic main trunk services (particularly on the Wellington to Auckland sector) and trans Tasman services, which has helped maintain passenger numbers even though New Zealand has been in a recession. If competition were to lessen (due to the withdrawal of one of the major airlines) then Wellington Airport would expect fares to rise and passenger numbers to decline. As with other airports, while Wellington Airport seeks to promote passenger growth through a variety of initiatives (for example, participating in regional advertising campaigns and incentivising airlines to launch new services), passengers numbers are more a function of economic factors and airline competition and pricing, which are outside Wellington Airport's control.

Recently, Air New Zealand and Virgin Blue announced plans to enter into a wide ranging code share agreement. This transaction requires consents from both the Australian Competition and Consumer Commission (ACCC) and the Minister of Transport in New Zealand. Wellington Airport opposes the transaction, as currently understood, because it will reduce competition. Wellington Airport has made submissions to this effect to the ACCC.

Wellington Airport's aeronautical charges are set through a defined regulatory process specified under the Airport Authorities Act 1966 (NZ). This process requires consultation with the major airline customers before prices are set by Wellington Airport for a five year period. The process does enable Wellington Airport to set aeronautical charges that are expected to allow it to achieve a fair (weighted average cost of capital) return on its aeronautical assets (primarily the airfield and portion of the terminal required for passenger processing) over the five year period.

This price setting process has resulted in litigation between Wellington Airport and Air New Zealand. To date, Air New Zealand's legal challenges have been unsuccessful.

The New Zealand Commerce Commission is undertaking a review of the information disclosure requirements applicable to major airports (including Wellington Airport). There is a risk that this review, and the information disclosure standards that may result, might be a precursor to some form of price control. However, that is not the current explicit regulatory agenda. Wellington Airport benchmarks its aeronautical charges against Australasian peers and considers that its charges fall well within an acceptable range.

The New Zealand regulatory regime operates on a "dual till" basis, which means that the returns on commercial activities (principally retail concessions, car parking and commercial property) are unregulated. These activities are significant contributors to the overall financial performance.

Wellington Airport does not provide air traffic control services (these are provided by an agency of the New Zealand Government, Airways Corporation) or ground handling services (check-in, aircraft despatch or baggage services). Ground handling is done by the airlines or contractors to the airlines. Wellington Airport does provide airport fire services.

Over the five years to 31 March 2010, Wellington Airport will have invested approximately NZ$153 million in enhanced and expanded facilities and the development of its property. Approximately NZ$38 million of this sum was committed to enhancement of the runway and NZ$55 million for the expansion of the international terminal. This expansion, when completed later in 2010, will significantly relieve congestion at periods of peak use and also more readily allow gates to be used for both domestic and international services.

While Wellington Airport's Draft 2030 Master Plan forecasts continuing growth, there are no immediate plans for substantial capital works.

NEW ZEALAND BUS LIMITED

Year Ended 31 March	**2010**	**2009**	**2008**	**2007**	**2006**
Passengers Northern[1]	34,448,919	39,958,541	36,648,393	37,210,897	34,081,249
Passengers Wellington[2]	20,090,368	20,018,724	19,723,961	20,276,179	20,133,003
Distance travelled	46.9m kms	46.7m kms	44.6m kms	44.6m kms	-
Buses	1,110	1,072	1,084	1,019	1,032
Capital Spend	NZ$16.2m	NZ$41.8m	NZ$44.1m	NZ$10.1m	NZ$12.0m
Passenger Income	NZ$106.8m	NZ$128.4m	NZ$118.7m	NZ$114.9m	NZ$105.2m
Contract Income	NZ$83.2m	NZ$88.2m	NZ$77.4m	NZ$74.9m	NZ$59.7m
EBITDAF	NZ$29.1m	NZ$40.0m	NZ$39.2m	NZ$40.7m	NZ$30.5m

[1]Comprises greater Auckland & Whangarei.

[2]Comprises Wellington & Hutt Valley.

New Zealand Bus is a wholly-owned subsidiary of Infratil, representing approximately 4.8% of total assets. It was established in November 2005 when Infratil acquired the New Zealand public transport interests of Stagecoach Group plc for NZ$252 million.

Today, NZ Bus provides over 50% of public transport trips in New Zealand with services in Auckland, Wellington and Whangarei operating approximately 1,100 buses, providing 55-60 million customer journeys per year and employing approximately 2,000 drivers and support staff.

In Auckland, NZ Bus' community brands North Star, Metrolink, GO WEST and Waka Pacific operate over 620 buses and provide more than 39 million customer journeys per year, making it the largest operator in the Auckland market.

In Wellington, the local GO Wellington and Valley Flyer services, which include the Airport Flyer, operate 330 buses and provide approximately 20 million customer journeys per year, , making it the largest operator in the Wellington market.

In Whangarei, NorthBus operates the city's urban bus service providing more than 500,000 customer journeys per year.

New Zealand Bus does not operate on any material scale in school bus services, charter services or inter-city services.

With a strategic focus on developing its core land based public transport business, New Zealand Bus sold its Fullers Ferries business in Auckland for NZ$40 million in April 2009. At the same time, New Zealand Bus sold (with lease back) three of its Auckland bus depots for NZ$23.1 million. The balance of New Zealand Bus' depots are now held by Infratil Infrastructure Property Limited (also discussed in this Section 4) and leased by New Zealand Bus.

There are sound reasons to believe that, over the next decade, public transport will regain ground from the private car. Private motoring costs are likely to rise and government (central and local) is changing its policy goals in favour of public transport.

The benefits of supporting public transport are compelling. It is cheaper and quicker to upgrade bus services than to build more roads. However, transport funding is highly political and how and when Government's policy aspirations are translated into action is uncertain. The New Zealand Government is undertaking a review of the Public Transport Management Act 2008, which will likely lead to changes in the means by which central Government and local authorities contract for and fund urban public transport services. There is uncertainty as to the scope and effect of those.

The current model for urban public transport predominantly entails:

- Private bus operators register the services they are willing to provide without any local authority assistance ("commercial services"). Typically these are routes that are well-patronised or which the bus operator is willing to develop on its' own account.

- Local authorities (e.g. Greater Wellington Regional Council ("GWRC") and Auckland Regional Transport Authority ("ARTA")) identify additional services they want operated and tender these "non-commercial" routes. Usually a tender specifies service requirements and maximum fares and the provider will tender for a "top-up" subsidy. Subject to being able to meet specified service standards, the bus company requiring the smallest annual payment will win the contract, typically for one to five years. Some contracts ("net contracts") have the bus company retain the fare box (and accordingly take patronage risk) and some have the local authority retain the fare box (and take the patronage risk).

Having won a tender, a bus company is highly incentivised (in either contract form) to minimise costs and, especially for net contracts, to maximise patronage. At the end of the contract period, the route will again be tendered and competitors will be able to ascertain levels of patronage and tender accordingly.

New Zealand Bus expects changes to the contracting model, but is uncertain exactly how it will develop in its two major markets of Auckland and Wellington. The outcome of the changes to the contracting model will influence Infratil's approach to investing further in New Zealand Bus, including substantial fleet renewals.

INFRATIL ENERGY AUSTRALIA GROUP

Year Ended 31 March	2010	2009	2008	2007	2006	2005
Energy accounts	411,000	386,941	285,997	186,033	76,950	25,000
Generation capacity	99MW	99MW	70MW	70MW	40MW	-
Sales	A$549.6m	A$456.3m	A$237m	A$118m	A$49.8m	$12.0m
Earnings (EBITDAF)	A$8.8m	A$16.7m	A$10.6m	A$13.4m	(A$2.2m)	(A$2.4m)

Infratil Energy Australia Limited ("IEA") is a wholly-owned subsidiary of Infratil. Its operations comprise

- energy retailing;
- risk management; and
- generation.

While IEA's activities are relatively small at present, they are a sound base from which to grow and are capable of being successful notwithstanding their small scale. Larger incumbent retailers and generators do not appear to have any intrinsic cost or expertise advantage.

ENERGY RETAILING

Electricity and gas retailing has been progressively reformed in Australia over the past decade, starting with large commercial and industrial customers. Residential electricity customers became contestable in New South Wales and Victoria in 2002, in South Australia and the Australian Capital Territory in 2003 and in Queensland in 2007. Western Australia, Tasmania and the Northern Territory have scheduled reviews and introductions in 2010.

Victoria Electricity, IEA's first investment, was established as a joint venture start-up business in 2004 to build an energy retailing operation in Victoria. In 2007 IEA increased its shareholding in Victoria Electricity to 100% when it bought out its joint venture partners.

Victoria Electricity's business is concentrated in Victoria but it also retails electricity in South Australia, Queensland and now New South Wales. In Victoria, it also retails gas. The company is licensed in each state and operates under a local name – customers in South Australia are serviced by South Australia Electricity, in Queensland by Queensland Electricity, and in New South Wales by New South Wales Electricity. Nonetheless, Victoria remains the key focus: as at 31 March 2010, IEA had 345,000 retail energy accounts in Victoria (representing approximately 8% of the State retail energy market) and 84% of IEA's energy accounts were in Victoria.

In 2007, IEA acquired an initial 51% shareholding in Western Australia-based Perth Energy for A$7 million. With subsequent investments, IEA now holds 81.2% of Perth Energy. Perth Energy sells energy to industrial and commercial customers and is constructing its own generation capacity. The major project, which is due for completion in mid 2010, is the Kwinana power station described below.

GENERATION

IEA owns three peaking power generation stations totalling 100MW capacity: Angaston and Lonsdale in South Australia and the Hunter power station in New South Wales. This is in addition to the Kwinana power station.

The three peaking power stations consist of diesel engines, which serve as reserve generators that are operated only during periods when prices are very high. Notwithstanding a relatively low level of output (say, 100-200 hours per year), the investment in such stations are expected to be cashflow positive through selling "insurance" against extreme prices to other generators or retailers. These power stations do not supply base load electricity to IEA to support its retail business.

Angaston, acquired in 2006, comprises 16 diesel engines with the capacity to generate 40MW (sufficient for approximately 45,000 households). Subsequently IEA has agreed to invest in expanding the capacity of Angaston by a further 10MW and has purchased another South Australian diesel reserve peaking power station at Lonsdale (20MW). The 29MW Hunter peaker power station was commissioned in 2009. Work is now commencing

on a further 65MW peaking station in South Australia located at Port Stanvac.

In 2009, construction of Perth Energy's 120MW dual fuel gas turbine power station at Kwinana (West Australia) commenced. This project is due for completion in mid-2010 at a cost of approximately A$120 million. Kwinana is dual fuelled fast start plant. It will initially operate on as available gas with liquid fuel as a backup ensuring firm power station capacity is available for the Western Australian capacity market. The project is an integral part of Perth Energy's wholesale portfolio supporting its growing sales to industrial and commercial customers.

IEA is pursuing a number of other generation development and expansion initiatives which could be brought to operation in reasonably short order. At present it is anticipated that the bulk of IEA's wholesale energy requirements will continue to be acquired via the contracts and futures market, rather than through ownership of generation, but IEA is prepared to become a more substantial generator if the economics become attractive.

ENERGY RISK MANAGEMENT

IEA sources nearly all of its energy for retail sale from the wholesale market. Australian daily wholesale energy prices are significantly more volatile than in New Zealand. There is, however, a more liquid wholesale market and a greater range of financial instruments to help ensure long term supply and mitigate price risk. IEA has a significant investment in people who understand and can operate in these markets.

While extreme risks are capped and generally, peaking and commodity energy product purchases align with anticipated retail sales, there is nonetheless trading of residual positions on both the gas and electricity spot markets. Volumes traded to spot are greater in the gas market as gas contracts are currently less readily able to be matched to the winter dominated sales to residential gas customers. Over the past two years, IEA has suffered significant losses on its excess gas portfolio as spot prices have been considerably below the contract prices and IEA has had surplus gas that it has had to sell into the spot market. IEA expects this issue to resolve as its contracts roll off, its demand increases and the spread between spot and contract prices shrinks. None-the-less, losses may continue through to 2012.

INFRATIL AIRPORTS EUROPE LIMITED

Year Ended 31 March	2010[1]	2009	2008	2007	2006	2005
Passengers	1,718,070	2,748,184	3,003,874	3,085,797	2,525,117	2,190,705
Freight (tonnes)	48582	42,012	64,359	56,455	37,133	33,288
Aeronautical income	£12.7m	£17.4m	£22.4m	£20.5m	£15.3m	£13.3m
Passenger services income	£6.6m	£8.4m	£8.4m	£7.7m	£5.9m	£5.4m
Property & other income	£4.4m	£3.9m	£6.3m	£6.8m	£2.6m	£2.5m
Operating costs	(£27.4m)	(£36.8m)	(£36.6m)	(£35.0m)	(£14.3m)	(13.1m)
EBITDAF	(£3.6m)	(£7.1m)	£0.5m	£0.0m	£1.4m	£3.8m

1. The declines in 2010, in part, reflect the sale of Lübeck Airport in November 2009 but largely the falloff in passengers at Glasgow Prestwick Airport

In 2001, Infratil made its first investment in a European airport, with the NZ$48.5 million acquisition of 67% of Glasgow Prestwick Airport. Subsequently, Infratil expanded its European airport investments by:

- Acquiring the rest of Glasgow Prestwick Airport to achieve 100% (2004).
- Acquiring 100% of Kent Airport for UK£18 million (2005).
- Acquiring 90% of Lübeck Airport for an initial payment of €10 million (2005).

These airports are held through wholly owned subsidiary, Infratil Airports Europe Limited ("IAEL") In November 2009, Infratil exercised its right to sell its stake in Lübeck Airport back to the City of Lübeck. The net sale proceeds of €25.5 million (which converted to NZ$64.5 million) provided a small positive return on the capital deployed and operating losses on this investment, leaving IAEL with its two UK airports.

In the current recession, Infratil's UK airports have suffered a significant drop in revenues as freight and passenger numbers fell sharply. The situation has been exacerbated by the industry wide disruptions caused by volcanic ash from Iceland's Eyjafjallajokull volcano. Infratil's investment in these airports has been motivated by assumptions about trends. More people and freight are being moved by air and as hub airports become congested there will be a step change in the demand for relatively under-utilised edge-of-town airports. While this forecast remains valid, its timing is uncertain and this uncertainty is being factored into Infratil's approach to these investments. The European aviation market remains depressed with only tentative signs of recovery.

UK airport ownership is undergoing a major change at present. BAA Airports Limited has been obliged by regulatory agencies to sell Gatwick Airport

(while retaining Heathrow and Stansted Airports) and may be obliged to sell one of its two Scottish airports (Edinburgh or Glasgow). In addition, an extensive process is underway to identify future runways for London, with Kent Airport being one candidate. These factors and the underlying propensity of the aviation industry to bounce back quickly from recession auger well for the long-term value of Infratil's UK airports, but it is uncertain when this will eventuate.

It is IAEL's intention to minimise operating costs and wait for a recovery in the European aviation market.

GLASGOW PRESTWICK AIRPORT

Glasgow Prestwick Airport is one of two airports that serve the city of Glasgow and Scotland's south west.

Glasgow Prestwick Airport's main passenger airline customer is Ryanair, the highly successful low-cost airline. Ryanair's aggressive very low-cost approach resulted in the Airport's passengers rising from less than 1 million in 2000 to around 2.4 million in 2007, although the current recession has caused Ryanair to reduce services and passenger numbers have fallen back to around 1.7 million per annum in the year to 31 March 2010. The continuing recession and volcanic ash will slow any recovery. Glasgow Prestwick Airport competes with other airports in the Ryanair route network for services. Because the west of Scotland is not a high yield market (i.e. average air fares are low) compared to other markets (including Edinburgh in the east of Scotland) it needs to keep its aeronautical charges low to remain competitive and encourage airlines to choose to use it.

Glasgow Prestwick Airport's performance is closely linked to its use by low-cost passenger airlines and freight services. Almost all of Glasgow Prestwick Airport's passengers fly on Ryanair, which provides direct services to Irish, English and continental European destinations.

In addition to its passenger business, it is also a base for dedicated freight services. Glasgow Prestwick Airport is Scotland's only major airport with the facilities to accommodate Boeing 747 freight aircraft and 24 hour operations. Over the medium to long term, Glasgow Prestwick Airport is expected to benefit from air freight's strong rate of growth and the trend towards dedicated freighters as fewer passenger aircraft carry freight. However, in the short term, freight volumes have fallen sharply. This reflects the recession, the decline of regional manufacturing and route changes by air freight operators.

Given these developments, significant cost reductions were implemented at Glasgow Prestwick Airport during 2009 with operational staff numbers being reduced by approximately 25%. In September 2009, the directors of IAEL undertook a review of the value of Glasgow Prestwick Airport which resulted in a reduction in its assessed value by UK£19.7 million to UK£51.6 million.

KENT AIRPORT

Kent Airport was acquired in 2005 for approximately UK£18 million, a price well below replacement cost, from the financial administrator of its previous

owner and has considerable operational and financial potential. At the time, there were no scheduled passenger services but some dedicated freight operations.

Freight operations have continued and the immediate goal is to develop Kent Airport as a major air freight facility. In the year to 31 March 2010, Kent Airport handled 36,084 tonnes of freight. In due course, Kent Airport may also become an attractive option for passenger services as the Airport has a population catchment of approximately 1.5 million people within 1 hour's road travel and congestion is increasing at London's other airports. There have not been significant scheduled services at Kent Airport for some time. However, for 5 months over the 2010 European summer, Flybe will offer scheduled passenger services to and from Edinburgh. If this service is successful, further services are expected to be added.

Upgrades to rail and road infrastructure in England's south east should further assist the Airport's land access.

It will take time before Kent Airport makes a positive earnings contribution. In the medium term it is well-placed to attract traffic due to its location and the increasing congestion of the major London airports.

GREENSTONE ENERGY

On 1 April 2010, a 50:50 Infratil and New Zealand Superannuation Fund ("NZSF") joint venture (incorporated as Aotea Energy Holdings Limited) acquired 100% of the shares in Shell New Zealand Holding Company Limited and renamed that company Greenstone Energy Holdings Limited ("Greenstone"). Greenstone, through its wholly owned subsidiaries, continues to operate the downstream oil business of Shell New Zealand.

The base purchase price was NZ$696.5 million plus an adjustment for actual net working capital in excess of NZ$208 million as at the settlement date. Normal working capital levels are estimated to average NZ$250 million during a 12 month period.

While the purchase price did not specifically allocate amounts to each underlying asset acquired, Infratil provided its shareholders with the following guidance: Fixed assets (land, buildings, plant and equipment): NZ$298.5 million; Net working capital (inventory and receivables less payables): NZ$208 million; 17.1% shareholding in New Zealand Refining Company Limited ("NZRC"): NZ$190 million.

More particularly, the purchase included a 17.1% stake in NZRC, an extensive network of retail service stations, commercial customer base and contracts, New Zealand wide distribution and storage facilities (and the benefit of industry agreements to allow sharing of these and equivalent facilities owned by other oil companies in New Zealand), a 25% shareholding in Loyalty New Zealand Limited (the owner and operator of the "Flybuys" loyalty card scheme) and a licence agreement to use the Shell brand at retail locations for 3 years. Contemporaneously, the Greenstone group entered into crude oil and refined oil product supply agreements with Shell Group affiliate companies to ensure continuity of supply.

Infratil and NZSF each contributed NZ$210 million of equity, with the balance of the purchase price provided by a syndicate of banks on a non-recourse (to Infratil and NZSF) basis. This bank syndicate also provides a working capital facility that is expected to be sufficient to cover peaks caused by high crude oil price and a weaker New Zealand dollar.

Greenstone buys crude oil and refined oil products in the international markets. On average, it buys 15 crude oil cargoes a year of an average 110 million litres (700,000 barrels) each for refining at NZRC's refinery, the only oil refinery in New Zealand. In addition, Greenstone imports 750 million litres of refined oil products each year, which generally arrive in tankers carrying 30-40 million litres.

NZRC is listed on the NZX under code NZR. NZRC's major shareholders are (now) Greenstone (17.1%), BP New Zealand (23.7%), Chevron New Zealand (12.7%), Mobil Oil New Zealand (19.2%) and a non-fuel company investor, Garlow Management (13.1%). Each of the oil company shareholders have board representation and processing agreements with NZRC with agreed fee structures that ensure access to the refinery to refine crude oil proportionate for their operations in New Zealand. The refinery is relatively modern and can produce a wide range of refined products at a competitive price to offshore refineries. The refinery's output is around 6.6 billion litres, which represents approximately 80% of New Zealand's transport fuel demand. The balance of New Zealand's demand is imported as fully refined product.

The output from the refinery is delivered to Auckland (New Zealand's largest market) through the refinery's 170 kilometre pipeline and Auckland (Wiri) terminal. It is then delivered by road tankers from Wiri. Output is also delivered to regional terminals by two coastal tankers that are operated by the four major oil companies in a joint venture. Road tankers then deliver to the adjacent regions. The regional terminals are owned by the four oil majors but mostly, as a means of achieving the lowest overall distribution cost, operated on a shared access basis to all of them. Any of the four major oil companies is able to draw fuel from any terminal under what are known as "borrow and loan" arrangements.

Greenstone contracts out the road transport of its fuel from the terminals to the services stations, truck stops and commercial customers.

Greenstone has 229 retail service stations of which 111 are directly owned, 103 are leased and 15 are operated by independent dealers. The day to day operations of Greenstone's 214 owned sites are contracted out. The contractors (who generally are responsible for 5 to 15 sites) are responsible for employing staff and day to day operations and receive a commission on sales. The fuel remains the property of Greenstone. Greenstone also has 95 non-manned truck-stops for commercial vehicle refuelling.

Greenstone also services the commercial markets in the transport, marine, aviation, bitumen and, to a much smaller extent, chemicals markets. These are typically higher volume, lower margin contracts but they are important as Greenstone needs to find markets for all the different products produced from the refinery.

Greenstone's overall market share varies by product type and can move as major commercial contracts are won and lost. Its overall market share is around 29% (slightly lower in aviation and marine fuels but around 50% in bitumen). The equivalent market shares of the major competitors are: BP (28%), Mobil (19.4%) and Chevron/Caltex (19%).

Because by far the largest component of the cost of refined fuel to the consumer (whether retail or commercial) reflects international crude and refined oil prices, the New Zealand price strongly correlates with these international prices and fluctuations in the US dollar/NZ dollar exchange rate (as international price and purchases are quoted and paid in US dollars). Greenstone, like its domestic competitors, seeks to control its costs as well as possible (without compromising safety) and achieve a satisfactory net margin on its sales. Over the long run the New Zealand Ministry of Economic Development estimates that Greenstone and its competitors have achieved a gross margin of around NZ$0.15 cents a litre for regular 91 octane petrol over the estimated cost of importing that fuel. Greenstone then has the domestic storage, distribution and retailing costs (including marketing costs such as Flybuys and supermarket discount coupons) to absorb. In recent years Greenstone has achieved a net margin of around NZ$0.05 cents per litre across all its business.

Reporting and assessing the past financial performance of Greenstone is relatively complex, principally because different accounting approaches produce quite different results. The key issue revolve around treatment of inventory. International accounting standards require that reported result use the historic cost approach (first in first out or FIFO). Because the actual sale prices move quickly (often within days) to reflect current international oil prices but the inventory reflects product acquired up to 90 days earlier (to allow for shipment, refining and local storage), product may be sold at a significant accounting loss or profit over the acquisition cost 90 days earlier. The alternative accounting approach of current cost, which assumes that as product is sold it will replaced at its current market cost, provides a less volatile and better long run view of financial performance. In addition, because procurement is necessarily lumpy (shipment by shipment) while sales are mostly constant day after day, the stock levels at any particular balance date can vary widely depending on when shipments are brought in to account.

Summary operating and financial information is provided below

Year Ended 31 December	2005	2006	2007	2008	2009
Market Indices					
Average NZ$/US$ Exchange Rate	0.7	0.65	0.74	0.71	0.63
Crude price at year end NZ$ per barrel	$76.85	$80.95	$116.96	$64.49	$103.76
Average crude price NZ$ per barrel	$70.15	$94.95	$92.61	$128.61	$95.12
Crude price range NZ$ per barrel	$49.18-$84.30	$49.18-$84.30	$49.18-$84.30	$49.18-$84.30	$49.18-$84.30
Greenstone Operations					
Sales (millions litres)	2.519	2.479	2.538	2.61	2.508
Sourced from Refinery (%)	67%	70%	64%	67%	70%
Distributed to retail (%)	49%	50%	49%	47%	50%
Inventory at year end (million litres)	630	516	533	456	411
Greenstone Financial (NZ$million)					
Revenue (excluding tax)	$1,788	$2,206	$2,174	$2,942	$2,152
Gross margin	$289	$315	$288	$399	$368
Operating costs	-$171	-$204	-$208	-$245	-$230
Current Cost EBITDA	**$118**	**$111**	**$80**	**$154**	**$138**
Stock value adjustment	$55	$47	$70	-$160	$38
Historic Cost EBITDA	**$173**	**$158**	**$150**	**-$6**	**$176**
Depreciation	-$27	-$23	-$20	-$21	-$22
Capital expenditure	-$25	-$30	-$33	-$31	-$25
New Zealand Refining Company contribution	$41	$41	$33	$32	$3
Group Earnings Before Interest & Tax	**$187**	**$176**	**$163**	**$5**	**$157**
Gross margin (cents per litre on)	11.5	12.7	11.4	15.3	14.7
EBITDA (cents per litre on Current Cost basis)	4.7	4.5	3.2	5.9	5.5

OTHER ASSETS

SNAPPER SERVICES LIMITED

Wholly-owned subsidiary Snapper Services Limited ("Snapper Services") is implementing a smart card low-value payment system for New Zealand. While the primary use of the Snapper card is integrated ticketing for public transport to be used on multiple operators' services, it can also be used at retail outlets allowing faster transactions than traditional non-cash payment alternatives.

For this purpose, Snapper Services partnered with Korea Smart Card Company Limited to use its existing highly sophisticated system (which already processes around 30 million transactions per day) on a hosted basis to process Snapper Services' transactions. Under this approach, Snapper Services has avoided both the cost and risk of establishing its own back-

office and achieved probably the fastest launch of a sophisticated, integrated ticketing solution in the world.

New Zealand Bus's Go Wellington subsidiary is the first transport operator to accept Snapper Services. In addition, a strong retailer footprint will enable commuters to buy their coffees, magazines, lunches and everyday items with their Snapper card. EFTPOS New Zealand is implementing and supporting the retailer network throughout the region and nationally.

The investment in Snapper Services is not material in the overall context of Infratil.

INFRATIL INFRASTRUCTURE PROPERTY LIMITED

Infratil Infrastructure Property Limited ("IIP"), a wholly-owned subsidiary of Infratil and is the owner and manager of a commercial real estate portfolio that is associated with, or leased to, Infratil's various infrastructure operating businesses. The book value of IIP's assets is NZ$35.7 million, all which are leased to New Zealand Bus for use as bus depots. IIP is charged with working with Infratil's various businesses to ensure that all related real estate assets are being proactively managed to:

- optimise the operating benefits to the businesses;
- achieve the long-term highest and best use outcomes for the property assets where appropriate; and
- deliver the best financial results and performance for Infratil investors from the commercial property portfolio.

4 SUMMARY FINANCIAL STATEMENTS

Attached as Exhibits A, B and C to this Information Memorandum are Infratil financial statements for the financial years ended 31 March 2008, 2009 and 2010

5 CORPORATE & CAPITAL STRUCTURE

Infratil is a limited liability company incorporated under the Companies Act 1993 (New Zealand). It is the holding company for the Infratil group. It has a series of wholly owned holding company subsidiaries which, in turn, hold the interests in Infratil's investments.

Infratil is funded through equity, bank debt and various series of subordinated NZX listed bonds. The details are listed in this Section 6.

The investment in, and operations of, some Infratil group companies (particularly New Zealand Bus and Infratil Airport Europe) are funded by the parent company group. These operating companies do not have material levels of third party debt.

The investment in the IEA group is funded by the parent company group but its operations (particularly its working capital needs and financial support for

its energy trading activities) are funded on a non-recourse basis in the Australian market.

For the partially-owned subsidiaries, particularly Perth Energy, TrustPower and Wellington Airport, the parent company group provides the funding for the investment but, as for IEA, each of these companies arranges working capital facilities from banks and market sources on a non-recourse basis. In addition they arrange substantial non-recourse term debt:

- As at 31 March 2010, TrustPower had net bank debt (without recourse to Infratil) of NZ$327.4 and outstanding bonds of NZ$108.6 million due in 2012, NZ$54.7 million due in 2014 and NZ$100 million due in 2015 (all without recourse to Infratil). In addition, Infratil has NZ$140 million of term debt funding in relation to its investment in TrustPower, the recourse of which is limited to a proportion of its shareholding in TrustPower.
- As at 31 March 2010, Wellington Airport had net bank debt (without recourse to Infratil) of NZ$nil and outstanding bonds of NZ$100 million due in 2013 and NZ$150 million due in 2017 (all without recourse to Infratil).
- As at 31 March 2010, the IEA group (excluding Perth Energy) had non-recourse net bank debt of A$23 million and financial obligations in respect of its energy trading activities of A$81 million.
- As at 31 March 2010, Perth Energy had non-recourse net bank debt of A$60.8 million which, with the completion of the Kwinana project, is expected to increase to A$75 million.

The overall debt position of the Infratil group is reflected in its consolidated financial statements but, as noted above, a proportion of the debt is limited in its recourse to specific subsidiaries.

The Infratil group seeks to ensure that no more than 25% of its non-bank debt (whether recourse or non-recourse) is maturing in any one year period, and to spread the maturities of its bank debt (again, whether recourse or non-recourse) between one and five years, with no more than 35% of facilities maturing in any six month period.

Discussions on refinancing of bank debt facilities will normally commence at least six months before maturity with facility terms agreed at least two months prior to maturity. Bank facilities are maintained with AA or above rated financial institutions, with a minimum number of bank counterparties to ensure diversification. The Infratil group manages its interest rate profile so as to minimise net value volatility. This means having interest costs fixed for extended terms. At times when long rates appear to be unsustainably high, the profile may be shortened, and when rates are low, the profile may be lengthened.

Infratil has access to sufficient working capital to carry out its business.

INFRATIL GROUP DEBT

The debts detailed in the table below are the obligations of Infratil and its wholly-owned subsidiaries (excluding any debts that are non-recourse to Infratil, which are detailed above).

	As at 31 March 2010 NZ$ Millions
Net bank debt	(58.4)
Non recourse bank debt	140.0
7.25% Bonds maturing November 2010	0.7
8.25% Bonds maturing May 2011	112.1
8.25% Bonds maturing November 2011	20.0
7.75% Bonds maturing November 2012	57.4
8.50% Bonds maturing September 2013	85.3
8.50% Bonds maturing November 2015	152.8
8.5% Bonds maturing February 2020	80.5
Perpetual bonds	239.8
Total Debt	**830.2**

As at 31 March 2010, Infratil had NZ$748.6 million of bank facilities drawn to NZ$68.9 million (excluding NZ$36.4 million utilised for guarantees) and cash balances of NZ$127.3 million.

In order to complete on 1 April 2010 its share of the purchase of Shell New Zealand, Infratil drew down a further NZ$210 million under its existing bank facilities.

The bank facilities (excluding the non-recourse bank debt) are provided by the following banks with the following key terms:

- ANZ: Facility Amount: NZ$104m
- Bank of New Zealand: Facility Amount: NZ$95m
- Commonwealth Bank of Australia: NZ$98m
- Hongkong and Shanghai Banking Corporation: Facility Amount: NZ$54m
- Westpac Banking Corporation: Facility Amount: NZ$116m

INFRATIL FIXED COUPON BONDS

Infratil has 508.8 million fixed rate infrastructure bonds on issue, each with a face value of NZ$1.00 per bond. Each series is listed on the NZX (under codes IFT040, IFT060, IFT070, IFT090, IFT130 and IFT140), but no application has been made or is intended to be made to list on the ASX. Interest is payable quarterly on the bonds. 25 days prior to the maturity date, Infratil can elect to redeem all infrastructure bonds in that series at

their NZ$1.00 face value payable in cash, or convert all the infrastructure bonds in the relevant series by issuing the number of shares obtained by dividing the NZ$1.00 face value by the product of the relevant conversion percentage of 98% and the market price. The market price is the average price weighted by volume of all trades of ordinary shares over the 10 business days up to the fifth business day before the maturity date.

PERPETUAL INFRATIL INFRASTRUCTURE BOND

Infratil has 239.8 million perpetual infrastructure bonds ("PIIBs") on issue, each with a face value of NZ$1.00 per bond. The PIIBs are of a single series and are listed on the NZX (under code IFTHA), but no application has been made or is intended to be made to list on the ASX. Interest is payable quarterly on the PIIBs. For the period to 15 November 2010 the coupon is fixed at 4.97% per annum. Thereafter, the rate is reset annually each 15 November at 1.5% per annum over the then one year bank rate (quarterly), unless Infratil's gearing ratio exceeds certain thresholds, in which case the margin increases. The PIIBs have no fixed maturity date.

INFRATIL SHARES & WARRANTS ON ISSUE

	Number Outstanding as at 31 March 2010
Shares (excluding treasury stock)	567,655,106
IFTWB Warrants	38,086,925
IFTWC Warrants	52,825,458

Since 31 March 2010, the final expiry date for the IFTWB Warrants passed on 21 May 2010. All IFTWB Warrants were either exercised and the equivalent number of Shares issued raising NZ$42.6 million, or lapsed. The IFTWBs that lapsed, have no value and are no longer quoted on the NZX.

IFTWC Warrants have a final expiry date of 29 June 2012 and have an exercise price of NZ$4.12. Infratil expects that because the exercise price is materially above the current share price few IFTWC series warrants will be exercised in the short term and, unless the Infratil share price increases substantially, few may be exercised at all. Rights and Liabilities of Securities to be Listed on the ASX

Infratil is seeking to list its Shares on the ASX. The Shares are ordinary shares with the rights and liabilities described below. The Shares are the only class of share that Infratil has on issue.

Infratil is not seeking to list on the ASX its IFTWC Warrants or any of its series of Infrastructure Bonds.

The rights and liabilities attaching to the Shares are set out in full in Infratil's Constitution and are governed by the *New Zealand Companies Act 1993*. In addition, Infratil is bound to comply with the Listing Rules of the NZX in respect of the Shares and, upon being accepted for listing by the ASX, the Listing Rules of the ASX. The following description has been

included to provide investors with a summary of the material rights and liabilities attaching to the Shares:

INFRATIL CONSTITUTION

Infratil has recently adopted a new constitution, in part to facilitate its listing on the ASX. The constitution complies with the requirements of both the NZX and ASX and the applicable provisions of the Companies Act 1993 (New Zealand) and the Corporations Act. A copy of the constitution can be obtained through a search for Infratil Limited on www.companies.govt.nz or by request to Infratil's company secretary (contact detail details are provided in the Directory section of this Information Memorandum). In addition, a copy of the Notice of Special Meeting that provides a description of the new constitution can be obtained from the Company Secretary or at www.infratil.com.

FULLY PAID & LIMITED LIABILITY

All Shares are fully paid and Infratil is incorporated with limited liability. Accordingly, no further calls for payment can be made on any Shares currently on issue.

DIVIDENDS

Holders of Shares are entitled to dividends as and when declared by the Board, subject only to rights of holders of other shares from time to time entitled to special or prior rights to dividends. As at the date of this Information Memorandum, no other shares have special or prior rights and there is no intention to issues any such shares. At the time a dividend is declared, the directors must sign a solvency certificate confirming that the solvency test is satisfied which is that: Infratil is able to pay its debts as they become due in the normal course of business; and the value of Infratil's assets is greater than the value of its liabilities, including contingent liabilities.

The current policy of the Board is to pay dividends on a semi annual basis to the extent of available imputation credits and consistent with Infratil retaining resources sufficient for financial obligations and investment opportunities.

VOTING RIGHTS

A holder of Shares is entitled on a poll to one vote for each Share held at all general meetings of shareholders of Infratil, other than a meeting of holders of a specific class of Shares. As at the date of this Information Memorandum, all Shares are of a single class and there is no intention to issue shares in Infratil of another class.

LIQUIDATION

In the event of the liquidation of Infratil, after payment of outstanding debts and subject to the prior rights attaching to any shares from time to time ranking senior in priority to the Shares, the remaining net assets of Infratil will be applied in paying all surpluses to holders of Shares in proportion to the amount paid up on such Shares held by them. As at the date of this

Information Memorandum, there are no shares ranking senior to the Shares and there is no intention to issue any such shares.

6 RISKS

RISK MANAGEMENT

The Board has overall responsibility for the establishment and oversight of the Group's risk management framework. For these purposes, neither TrustPower nor Greenstone Energy is considered part of the Group. While TrustPower is a subsidiary, it is also listed on the NZX and Infratil does not have a majority of the directors. Accordingly, it has its own risk management policies that are reviewed and administered by its board. Greenstone Energy is also not a subsidiary (it is only owned 50%) and Infratil only nominates 2 of the 6 directors. Accordingly, Greenstone Energy also has its own risk management policies which are reviewed and administered by its board. Many of these reflect the policies that applied when Greenstone Energy was owned and controlled by Shell.

The Board has established an Audit and Risk Committee which reviews management practices in relation to identification and management of significant business risk areas and regulatory compliance. The Group has developed a comprehensive, enterprise-wide risk management framework. Infratil's management and board participate in the identification, assessment and monitoring of new and existing risks. Particular attention is given to strategic risks that could affect the Group. Management report to the Audit and Risk Committee and the Board on Infratil's risks and the controls and treatments for those risks. There is a more detailed discussion of the Audit and Risk Committee functions in Section 11.

Below is a commentary on risks that Infratil considers that it and its subsidiaries face.

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group is exposed to credit risk in the normal course of business including those arising from trade receivables with its customers, financial derivatives and transactions (including cash balances) with financial institutions. The Group has a policy of dealing with, as far as possible, credit-worthy counterparties as a means of mitigating the risk of financial loss from defaults. The Group minimises its exposure to credit risk of trade receivables through the adoption of counterparty credit limits and standard payment terms. Nonetheless, in some of the Group's businesses it is not possible to choose the counterparties. For example, Wellington Airport is highly dependent on the credit-worthiness of Air New Zealand and Jetstar (part of the Qantas group), as these airlines provides a very substantial proportion of total passengers. IEA has approximately 410,000 retail customers and there is an expected level of payment default. In recent times, IEA's bad debt provisions have been higher than is acceptable but appropriate system changes have been made to remedy this problem going forward. Derivative counterparties and cash transactions are limited to high credit quality

financial institutions and other organisations in the relevant industry. The Group's exposure and the credit ratings of counterparties are monitored, and the aggregate value of transactions concluded are spread amongst approved counterparties. The carrying amounts of financial assets recognised in the Statement of Financial Position best represent the Group's maximum exposure to credit risk at the reporting date. Generally no security is held on these amounts.

Liquidity risk is the risk that assets held by the Group cannot readily be converted to cash to meet the Group's contracted cash flow obligations. Liquidity risk is monitored by continuously forecasting cash flows and matching the maturity profiles of financial assets and liabilities. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due and make value investments, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Foreign currency: The Group has exposure to currency risk on the value of its net investment in foreign investments (i.e. non-New Zealand), assets and liabilities denominated in foreign currencies (i.e. non-New Zealand dollar), future investment obligations and future income. Foreign currency obligations and income are recognised as soon as the flow of funds is likely to occur. Decisions on buying forward cover for likely foreign currency investments are subject to the Group's expectation of the fair value of the relevant exchange rate. The Group has entered into a number of forward exchange contracts to reduce the risk from price fluctuations of foreign currency costs associated with the construction of generation assets. Any resulting differential to be paid or received as a result of the currency hedging of the asset is reflected in the final cost of the asset. The Group has elected to apply cash flow hedge accounting to these instruments.

Energy Price Risk is the risk that results will be impacted by fluctuations in spot energy prices. As noted above, TrustPower manages its own policies in this regard. As well as being an electricity retailer, TrustPower is also an electricity generator which gives it a degree of natural hedge against changing electricity prices. Because IEA is very substantially an electricity and gas retailer and not a generator, it has to meet its energy sales demand by purchasing energy on spot markets or contracting for supply. Because spot market prices can vary widely, without IEA being able to immediately pass through price changes to its customers, the Group enters into a number of energy hedge contracts to reduce the energy price risk from price fluctuations. These hedge contracts establish the price at which future specified quantities of energy are purchased and settled. Any resulting differential to be paid or received is recognised as a component of energy costs through the term of the contract. The Group has elected to apply cash flow hedge accounting to those instruments it deems material and which qualify as cash flow hedges while immaterial contracts will not be hedge accounted. In conjunction with entering into the energy hedge contracts, IEA seeks to set matching tariffs in order to lock in a positive operating margin. It is not possible to effect this perfectly because the retail customer base is constantly changing in size and IEA does need to be responsive to competitors' prices.

Greenstone Energy also has exposure to oil price increases and fluctuations. While, for the most part, demand for refined oil products (i.e. petrol, diesel, aviation gas and jet fuel and marine oil) is relatively inelastic in the short to medium terms and Greenstone and its competitors (BP, Chevron/Caltex and Exxon/Mobil) can usually pass through price increases and retain a constant margin, higher crude oil prices will cause an increase in Greenstone's working capital requirements which, in turn, will increase its overall interest costs. Further, fluctuations in crude oil prices can make the earnings of Greenstone more volatile. Greenstone will buy crude oil shipments about every three weeks at a fixed US dollar price reflective of crude oil prices at the time of purchase. But as pump prices in New Zealand move quickly to reflect changes in international crude oil prices, a sharp fall in crude oil prices shortly after Greenstone has contracted for a new cargo may cause material losses, while a sharp rise equivalent gains. Greenstone expects that these fluctuations will equalise over time, but the short run effects might make a material difference to reported profits. Equally, Greenstone is exposed to risks from fluctuations in the value of the NZ dollar against the US dollar. Pump prices in New Zealand also move quickly to reflect changes in the NZ dollar/US dollar exchange rate. If Greenstone buys crude oil shipments when the NZ dollar is weak against the US dollar, and the NZ dollar subsequently appreciates, then it may incur material losses (with the reverse being true). As with crude oil prices, Greenstone expects these fluctuations will equalise over time, but the short run effects might make a material difference to reported profits.

BUSINESS RISKS

The value and profitability of Infratil's investments in energy, public transport, oil refining and refined petroleum marketing and airports and any other infrastructure and utility companies are dependent on the following factors:

- management performance and investment decision-making at Infratil and investee company levels;
- specific adverse company events (e.g. an aircraft crash at Wellington or Glasgow Prestwick Airports or a major fuel spill at a Greenstone terminal or service station);
- specific natural disasters (e.g. fire, earthquakes and pandemics);
- adverse world events (e.g. terrorist attacks reducing air travel);
- macro-economic factors affecting general trading circumstances (e.g. local or global recessions);
- local economic conditions (e.g. Wellington and Glasgow Prestwick Airports are affected by changes in their local area catchments – which in Wellington Airport's case could include a reduction in Government employee air travel);
- regulatory risk (e.g. government regulation);

- changes to taxation regimes and financial market risk (e.g. reduced or impeded access to bank and bond credit markets;
- rising interest rates and/or an increase in the value of the New Zealand dollar against the Australian and/or United Kingdom currencies or other changes that adversely affect asset values);
- oil price shocks; and
- changes to public initiatives in fields such as control of greenhouse gas emissions (which can affect air travel) and the procurement of public transport services.

The value of equity investments is more volatile when the issuer has higher debt levels, so higher debt levels may be an additional investment risk. In addition, there are sector and asset-specific risks relating to the individual investments. These are discussed below.

TRUSTPOWER

The New Zealand electricity market is dominated by State-owned enterprises that may not always operate in the same economic way as equivalent private sector companies. The Electricity Commission of New Zealand and other regulatory bodies may have adverse or unexpected consequences for the electricity industry. The long-term wholesale electricity price (which is the principal driver of the value of TrustPower) depends on, among other things, the New Zealand Government's policies on climate change and green house gas emissions and on the timing and cost of discovering and extracting new gas supplies. It also depends on the New Zealand Government's approach to regulating the industry. A lessening of the commitments to limiting green house gas emissions and the early discovery of abundant gas would have an adverse effect on the value of TrustPower, because TrustPower only generates electricity from renewable resources (water and wind). The volatile nature of electricity prices can also produce short-term fluctuations in the earnings of a company such as TrustPower as can climatic conditions which impact hydro and wind power generation. TrustPower does seek to hedge against such eventualities, but hedging cannot eliminate all risk. TrustPower's profitability also depends on maintenance of the margin between the wholesale price and the retail price of electricity. Most of these issues also affect TrustPower's Australian business correspondingly.

TrustPower's assets are geographically dispersed. Nonetheless, an earthquake or other natural disaster could have a material adverse affect, notwithstanding any insurance cover.

WELLINGTON AIRPORT

The performance of Wellington Airport is mainly dependant on the domestic and Tasman market for air travel remaining competitive and being able to earn a fair return on its aeronautical assets. It is important that the major airline customer, Air New Zealand, maintains a commitment to low fares and making capacity available on Wellington Airport's routes and that smaller competitors, Jetstar and Pacific Blue, remain in the market. The cessation of

activity by either of them would probably result in higher air travel costs and lower passenger numbers. Wellington Airport's determination of aeronautical charges is subject to a defined regulatory process which essentially allows it to earn its weighted average cost of capital on its aeronautical assets. Aeronautical income comprises approximately 52.1% of total income. This process is currently being reviewed by New Zealand's Commerce Commission and it is unclear both how this regulatory power will develop and be exercised. It is, however, Wellington Airport's expectation that there will not be significant adverse changes to the way aeronautical charges are set.

Wellington Airport's assets are on a single site so a major earthquake or other natural disaster could have a catastrophic adverse affect, notwithstanding any insurance cover.

NEW ZEALAND BUS

New Zealand Bus Limited ("New Zealand Bus") operates in an environment of strong civic support for increased use of public transport as a means of reducing reliance on private cars. In both Auckland and Wellington, the public agencies responsible for encouraging use of public transport (ARTA and GWRC) hope to increase services over the medium-term and to stimulate use of public transport.

The Company recognises that in order for public transport to become the preferred mode of urban transport, it must be popular with the communities it serves, meeting public expectations of being more readily available, quality, value for money. Since its purchase by Infratil, NZ Bus has instigated a number of changes designed to make its services more reliable, convenient, frequent and comfortable. These include continued investment in new and improved fleet, on-going driver training and improved systems and processes. NZ Bus also works with local body partners, to instigate enhancements for public transport such as bus priority measures on the road.

A high percentage of New Zealand Bus revenue is from contracted income (from ARTA in Auckland and GWRC in Wellington). The viability of New Zealand Bus depends on maintaining its contractual arrangements with the GWRC, ARTA and, to a much lesser extent, the Northland Regional Council. ARTA has communicated that its preferred contracting model is one of predominantly "gross contracts". These are contracts where the local authority collects the fare box (and takes patronage risk) and operators are paid on, effectively, a per kilometre basis.

Changes in the ARTA's management of the public transport services in the Auckland region present a risk for the Auckland businesses. For instance, while buses are significantly lower cost than trains, political prioritisation is resulting in considerably more public funding (on a per-passenger basis) being invested in trains. This will result in a transfer of passengers from bus to train. However is the size of the overall public transport market grows, this should not represent a material threat to bus operators.

INFRATIL ENERGY AUSTRALIA

Victoria Electricity purchases electricity and gas from their respective spot markets. Victoria Electricity is obliged to meet (or to procure from a guarantor) reasonably onerous financial conditions in order to be able to access third party electricity and gas distribution networks and trade electricity and gas products. The obligations include being able to meet margin calls when spot prices for electricity and gas rise. Risk is managed with long term contracts, hedge contracts and other derivatives, but because customer numbers are changing, demand fluctuates with the season, daily climatic conditions and other factors and wholesale supply can be affected by outages or other failures, it isn't possible to fully hedge against all adverse wholesale prices changes. Having satisfactory access and hedge arrangement requires access to capital and, as spot prices rise, the minimum capital requirements can become onerous.

Victoria Electricity is subject to regulatory oversight and compliance failure could lead, in the extreme, to a loss of its retail licence and the transfer of customers to other retailers. IEA's diesel engine power stations at Angaston and Lonsdale in South Australia specialise in selling electricity price caps. The financial performance of these stations depend on the nature of the inherently volatile Australia energy market and the expertise of IEA's energy trading management and systems.

The market for electricity and gas customers is highly competitive (both retail and commercial). Victoria Electricity has succeeded by, in part, offering a better customer proposition. As it gets bigger it's more likely that larger incumbent retailers respond more aggressively in order to maintain and grow their own customer bases.

INFRATIL AIRPORTS EUROPE

Glasgow Prestwick Airport's financial performance is influenced by the volume of freight that passes through the airport, passenger numbers (which directly impacts the airport charges levied on passenger airlines) and passenger spend rates on parking, food and beverages and other retail while passing through the airport.

Unlike Wellington Airport, which mainly provides facilities to airlines and retail outlets, the European businesses encompass a much larger part of the land-based airport activities such as baggage handling and air traffic control. Having a higher cost base means that declines in activity can have a dramatic impact on profitability, and it is very difficult to keep costs fully proportionate with declining activity. Similarly, in the start-up phase which is Kent Airport's current position, it is difficult to cover all costs at relatively low passenger volumes.

A specific feature of Glasgow Prestwick Airport is that a single operator, Ryanair, provides almost all of its passengers. Ryanair's financial stability, its business strategy, the relative profitability of services to and from other airports, its success in the marketplace and other company-specific issues can therefore have a very strong effect on the number of Ryanair passengers at the Airport and, consequently, its profitability and value.

Kent Airport is a relatively immature business acquired at significantly below replacement cost. It is Infratil's intention to invest to build up the level of freight and passenger activity as a means of enhancing value. Servicing the air freight business is highly competitive as air freight operators often have a number of airports that can service their requirements. Equally, it is challenging to establish and maintain passenger services at a level that provides sustainable earnings. If Kent Airport doesn't succeed in growing and establishing new services, then it will not become profitable.

GREENSTONE ENERGY

As described above the financial performance of Greenstone Energy is vulnerable to rapid shifts in the price of crude oil and other refined oil products and to fluctuations in the New Zealand/United States dollar exchange rate. Of a more long term nature the profitability of Greenstone Energy is dependent on it being able to earn a sustainable net margin on its fuel sales. The margin is small compared to the retail price of the product (e.g. 5 cents per litre on a retail price (inclusive of all taxes) of currently around $1.90 per litre). Accordingly, if competitive forces, poor management, rising costs or other external events force that margin to shrink then Greenstone Energy's profitability will quickly erode.

Because it net operating margin is small, Greenstone must have in place excellent systems to manage inventory, reduce theft and shrinkage and collect all debtors. A failure in any of these systems could cause material adverse financial consequences. If oil prices rise then the working capital requirements of Greenstone Energy increase, with a commensurate cost. Profitability will fall if margins do not increase to compensate for this extra cost.

Greenstone Energy sells a hazardous product that, if not transported, stored and sold with appropriate care and systems, could cause significant damage. Avoiding this requires Greenstone Energy to have appropriate safety systems, procedures and training in place.

In the medium to long term it is expected that the demand and need for oil based transport fuels will decline as crude oil reserves diminish, transportation adopt more fuel efficient engines, public transport services increase and new alternative fuels (especially electricity) become more economic. This will, over time, reduce the demand for Greenstone Energy's products and, as electricity becomes more favoured, reduce the need for dedicated re-fueling sites as electric cars will re-charge wherever there is an appropriate electricity source. These factors were considered by Infratil in assessing the value of Greenstone Energy. While Infratil expects this trend, it believes that it is some years away from having a material effect on Greenstone Energy.

7 MATERIAL CONTRACTS: MANAGEMENT AGREEMENT WITH MCIM

MATERIAL CONTRACTS:

The only material contract between Infratil and any of its directors is a Management Agreement dated 11 February 1994 (as amended) between

Infratil and MCIM ("Management Agreement"). Certain directors of Infratil (Messrs Morrison, Saville and Bogoievski) have beneficial and/or non-beneficial interests in MCIM and MCO.

The key terms of the Management Agreement are:

- The MCIM is the sole and exclusive investment manager of the Company.
- MCIM is responsible for identifying and investing in investment opportunities for the Company which are characterised by providing utility or infrastructure services. MCIM is also responsible for providing a range of administrative services (maintaining accounting records, preparing annual and half yearly shareholder reports, preparing management reports, filing tax returns, collecting debts, arranging payment of liabilities, conducting litigation, arranging audit, maintenance and storage of records and liaison with NZX and ASX). Additional services are provided by MCIM, on the fee basis described below.
- Once an investment is made, MCIM is responsible for management of that investment, including the appointment of directors to the board of the relevant investee. However, MCIM is not permitted to make an investment in a new Portfolio Entity (essentially a new investment) or divest any existing investments in excess of 5% of total assets, without the prior approval of the Company. MCIM may increase the levels of investment in existing Portfolio Entities, without prior approval but this is not the custom. No investment can be made outside the investment policy (utility and infrastructure services) without the unanimous approval of the directors of the Company. MCIM may not, without the approval of the Company, give a guarantee on behalf of the Company, incur any financial indebtedness on behalf of the Company make any investment that might incur unlimited liability for the Company or enter into any lease or loan transaction in relation to any security without the approval of the Company.
- The Management Agreement provides that the Company shall not acquire more than a 50% shareholding without the prior written approval of the Board. As the nature of the Company's business has changed from a portfolio to a controlling stake investor, these approvals have been routinely given.
- Subject to the following, the term of the Management Agreement is indefinite.
- The Company and MCIM may each terminate the Management Agreement for default (which covers the usual liquidation, receivership and insolvency events), material breach (which provides for a 20 business day notice and remedy period) and gross negligence or upon giving 5 years' notice in writing to the other.

- The Company may also terminate the Management Agreement if there is there is a change of control of MCIM, which occurs without the consent of the Board (such consent not to be unreasonably withheld). A change of control is defined as where HRL Morrison & Co Limited or Lloyd Morrison (between them and including though subsidiaries) cease to hold 60% of the equity share capital of MCIM. Neither MCIM nor the Company has a right to terminate upon a change of control of the Company. Neither MCIM nor the Company has any pre-emptive rights over the assets of the other.

- The Company may also terminate the Management Agreement if MCIM fails, neglects or refuses to carry out or perform any material function or action, or if the Manager consistently fails to provide a satisfactory and competent standard of investment and administrative management which the Company could reasonably expect from a comparable professional manager. Termination for this cause requires a 20 business day notice and remedy period.

- Management fees are payable up until the effective date of termination. In the case where five years notice of writing applies the management fees will be payable for that 5 year period.

- The Company pays to MCIM a management fee that comprises a number of different components:

    - A base management fee is paid on the "New Zealand Company Value" at the rates of 1.125% per annum on the New Zealand Company Value up to NZ$50 million, 1.0% per annum on the New Zealand Company Value between NZ$50 million and NZ$150 million and 0.80% per annum on the New Zealand Company Value above NZ$150 million.

    - The New Zealand Company Value is:

        - ◊ the Company's market capitalisation as defined in the Management Agreement (i.e. the aggregate market value of the Company's listed securities, being ordinary shares, partly paid shares, infrastructure bonds and warrants);

        - ◊ plus the Company and its wholly-owned subsidiaries' net debt (excluding listed debt securities and the book value of the debt in any non-Australasian investments);

        - ◊ minus the cost price of any non-Australasian investments; and

        - ◊ plus/minus an adjustment for foreign exchange gains or losses related to non-New Zealand investments.

    - An international fund management fee is paid at the rate of 1.50% per annum on:

        - ◊ the cost price of any non-Australasian investments; plus

    - ◊ the book value of the debt in any wholly–owned, non-Australasian investments.

    The investment in the Glasgow Prestwick Airport group of companies is treated as an investment in a New Zealand asset for management fee purposes.

  - An international fund incentive fee is payable at the rate of 20% of gains on the international (including Australian) assets in excess of 12% per annum post-tax. The calculation of this fee is made by an independent expert appointed by the Company after consultation with MCIM. The Management Agreement contains valuation process guidelines which require a valuation outcome that is neither optimistic nor pessimistic.

  - The Management Agreement makes provision for a venture capital fund management fee. However, the venture capital fund has been wound up and no fees are now payable.

  - The base management fee is payable monthly, within 5 business days of the end of each month. The international fund management fee is calculated annually following each 31 March. To date no international fund management fee has become payable, and none will be payable for the year end 31 March 2010. All fees are payable in cash. MCIM has no right to be paid in shares and the Company no right to make payment in shares.

- The Company also makes ancillary payments to MCIM, or affiliates of MCIM, for additional services. All such fees are agreed to in advance by the independent directors of the Company and disclosed in the Company's annual report. In the year to 31 March 2010 the following payments were made:

  - Investment banking services: NZ$3.6m

  - Financial management, accounting, treasury, compliance and administrative services: NZ$1.0m

  - Risk management reporting: NZ$0.3m

  - Consulting: NZ$0.2m

- The Management Agreement does not contain any protocols or procedures regulating the acquisition or disposal of assets between MCIM (or its related parties) and the Company. Any such transaction would be governed by the related party transaction rules imposed by the NZX and ASX Listing Rules and any restrictions in the Company's constitution.

- Any change to the Management Agreement that would result in the related party thresholds applied by the NZX or ASX Listing Rules or by the constitution of the Company would require prior shareholder approval.

- The Company has provided the ASX with an undertaking that any material changes to the Management Agreement (i.e. changes that materially affect the value of the Company) will only occur with the prior approval of an ordinary resolution of shareholders.

8 DIRECTORS AND SENIOR MANAGEMENT

DIRECTORS

David Newman: Mr Newman has been a director since 1994 and chairman since the 2004. He is chairman of Wellington Airport and Loyalty New Zealand, a director of Infratil Airports Europe and Deputy chairman of the Board of the Guardians of the New Zealand Superannuation Fund. He is a chartered accountant. He was previously Managing Director of BP New Zealand and Chief Executive of the Institute of Directors, of which he is a Fellow.

Marko Bogoievski: Mr Bogoievski has been a director since 2009. Mr Bogoievski is Chief Executive Officer of MCO and Infratil and joined from Telecom where he was Chief Financial Officer, responsible for corporate finance, M&A and group strategy. Mr Bogoievski is a director of Infratil Energy Australia, NZ Bus and an alternate director of TrustPower and Auckland International Airport.

Lloyd Morrison: Mr Morrison is Executive Chairman of H.R.L. Morrison & Co Group Limited (the parent company of MCO and MCIM). He founded the Company and has been a director since 2002. He is chairman of Infratil Airports Europe and a director of Auckland International Airport Limited, TrustPower and Fisher Funds Management Limited. He is also involved in various charitable organisations, particularly in the arts sector.

Humphry Rolleston: Mr Rolleston has been a director since 2006. He is a director of a number of other listed companies including: Property for Industry Limited, Mercer Industries Limited, and SKY Television Network Limited. He is chairman of several unlisted companies including Simmonds Lumber Pty Limited, ANZCRO Pty Limited, Murray & Co Limited, Murray & Co Wealth Management Limited, FDJ Murray & Company Holdings Limited, Fraser McAndrew Ryan Limited, Craigpine Timber Limited and Matrix Security Group Limited. He is also a director of and Asset Management Limited, Stray Limited, Save a Watt Limited and Media Metro Limited. Mr Rolleston is a Fellow of the New Zealand Institute of Directors and a Fellow of the New Zealand Institute of Management.

Duncan Saville: Mr Saville has been a director since Infratil's establishment in 1994. He is a chartered accountant and a director of H.R.L. Morrison & Co Group Limited (the parent company of MCO and MCIM), Utilico Emerging Markets Limited, Ingot Capital Management Pty Limited (the investment manager for the Company's largest shareholder, Utilico Limited) and Vix-ERG Limited. He is a fellow of the Institute of Chartered Accountants in Australia and a Fellow of the Australian Institute of Directors.

Mark Tume: Mr Tume has been a director since 2007. Mr Tume has had a career in capital markets working in the New Zealand banking and funds management industries. He is currently a director of the New Zealand Refining Company Limited and Infratil Energy Australia. Mr Tume is also a member of the Board of

the Guardians of The New Zealand Superannuation Fund. Mr Tume has a Bachelor of Business Studies from Massey University and a Diploma of Banking.

SENIOR MANAGEMENT

As noted in Sections 3 and 9, Infratil is managed by MCIM and, as a result, does not directly employ its own executives. MCIM performs its Management Agreement obligation through executives employed by MCO. The executives of MCO who have senior management roles in respect of MCIM and Infratil, in addition to executive directors Marko Bogoievski and Lloyd Morrison, are profiled below:

Kevin Baker: Mr Baker is Chief Financial Officer of Infratil and MCO. Mr Baker is responsible for financial and management reporting, treasury and funding, taxation and risk management for Infratil and its 100% owned subsidiaries. He is a director of Wellington Airport, Infratil Energy Australia and New Zealand Bus. Prior to joining MCO in 2005, Mr Baker had considerable financial and energy sector experience as Chief Financial Officer of NGC Holdings Limited.

Tim Brown: Mr Brown joined MCO in 1995 after 12 years at National Bank of NZ including as head of capital markets. At MCO he has been involved in financing and more latterly investor relations and regulatory affairs. He is a director of Wellington Airport and New Zealand Bus.

Bruce Harker: Dr Bruce Harker heads MCO's Energy Sector team and has an extensive background in the electricity industry including direct utility management roles, advisory and investment experience. Dr Harker is chairman of TrustPower and Victoria Electricity. Prior to joining MCO in 1994, he held senior management roles within the Electricity Corporation of New Zealand.

Liberato Petagna: Mr Petagna is an Executive Director and Chief Investment Officer of MCO. Mr Petagna has extensive transactional experience across multiple sectors and has led a number of acquisitions and divestments in the airport, energy and transport sectors in Australasia and Europe. He has led MCO's entry into wholesale funds management and the agriculture sector. He is also the chairman of New Zealand Bus and a director of IIP and Fisher Funds Management.

Paul Ridley-Smith: Mr Ridley-Smith manages legal and execution strategy for MCO and Infratil and has been closely involved in all of Infratil's major acquisitions and disposals. He serves on the board of Infratil Airports Europe and has previously been on the board of Wellington Airport. In addition, he is chairman of Isite (out of home advertising) and Snapper Services (smartcard solutions), some of Infratil's more entrepreneurial businesses. Mr Ridley-Smith joined MCO in 1998 and previously practiced law in Hong Kong and New York as well as New Zealand.

PROMOTERS

Except in respect of the Share issues described in Section 12, none of the directors, in the two years prior to the date of this Information Memorandum, have been a promoter of Infratil and none have in this two year period promoted any property acquired or proposed to be acquired by Infratil.

9 CORPORATE GOVERNANCE

CORPORATE GOVERNANCE BEST PRACTICE CODE AND CORPORATE GOVERNANCE PRINCIPLES AND RECOMMENDATIONS:

The Company supports and substantially complies with the Corporate Governance Best Practice Code and the Corporate Governance Principles and Recommendations.

The specific policies of the Company on corporate governance matters are contained in following policy documents that are available on the Company website, www.infratil.com or by request to the company secretary (who address is provided in the directory at the end of this Information Memorandum):

- Corporate Governance Code
- Code of Ethics
- Audit and Risk Committee Charter
- Shareholder Communication
- Securities Trading Policy and Guidelines
- Executive Remuneration

The key elements of these policies are summarised below.

In a number of respects, the Company's practices differ from each of the Corporate Governance Best Practice Code and the Corporate Governance Principles and Recommendations. These exceptions, and the reasons for exception, are noted below:

- The Company has not established separate Director Nomination and Remuneration Committees. The Company considers that it is properly dealing with these issues at the full Board level. In addition, because the Company is both externally managed by MCIM and each of its operating subsidiaries has its own board and chief executive, the responsibility for determining the remuneration of these chief executives and senior executives better lies with these respective boards and chief executives.
- As at the date of this Information Memorandum, the Company has three independent and three non-independent directors. Until the recent resignation of an independent director, there was a majority of independent directors. It is the Company's intention to appoint a replacement independent director in the near term.

CORPORATE GOVERNANCE CODE & CODE OF ETHICS

ROLE OF THE BOARD:

The primary role of the Board is to approve and monitor the strategic direction of the Company recommended by MCIM (within the objectives contained in the Management Agreement that states that the objectives are

to invest in securities issued by entities which provide infrastructure and utility services). As noted in Section 9, the day-to-day management responsibilities of the Company have been delegated to MCIM.

The intended effect of the Management Agreement is to impose by contract on MCIM duties and responsibilities more usually carried out by a chief executive officer and senior management team.

The Board also:

- approves the policies and ensures that these are followed;
- approves and monitors the budgets of the Company;
- approves major investments and divestments and, through MCIM, monitors the performance of those investments;
- monitors financial performance including approving the interim and annual financial statements and reports;
- monitors compliance by MCIM of its obligations under the Management Agreement;
- ensures appropriate risk management systems are established and reports on performance are regularly reviewed;
- reviews and approves the Company's Corporate Governance Code;
- reviews and approves the Company's Code of Ethics;
- reviews and approves the framework for the Company's relationship with its auditor;
- reviews and approves the Company's Audit and Risk Committee Charter and the performance of the Audit & Risk Committee;
- ensures that, through MCIM, the Company provides continuous disclosure of requisite information to the NZX, ASX and the investment community, and that shareholders have available all information they reasonably require to make informed assessments of the Company's prospects;
- through MCIM, facilitates the fulfilment of the Company's statutory functions; and
- through MCIM, meets all relevant responsibilities imposed at law, by the NZX Listing Rules, the ASX Listing Rules, or otherwise.

However, because the Company does not directly employ or remunerate the senior executives in MCIM or MCO it does not undertake reviews of them. The Company understands that MCO undertakes at least annual reviews of its senior employees, with a particular focus on their performance in respect of MCIM and the Company.

BOARD MEMBERSHIP AND STATUS:

The Board currently comprises four non-executive directors (Messrs Newman, Tume, Rolleston and Saville) including the chairman and two executive directors (Messrs Morrison and Bogoievski). The Board has determined that Messrs Newman, Rolleston and Tume are independent directors in terms of the definitions in both the NZX Listing Rules and the Corporate Governance Principles and Recommendations. The Board has determined that Messrs Bogoievski, Morrison and Saville are not independent. Messrs Bogoievski and Morrison are employees of MCO and Mr Saville is associated with interests that have a substantial indirect shareholding in MCO and he is also associated with Utilico Limited, the Company's largest shareholder.

Up until the recent resignation of Mr Anthony Muh, the Board has always had a majority of independent directors. The Board believes that a majority of independent directors is appropriate for the Company and is currently seeking to add a seventh director, who is expected to be an independent director, which will restore the balance to a majority of independent directors.

The Board meets at least six times a year on a scheduled basis and as required to deal with special or urgent business. In accordance with the Company's Constitution, one-third, or the number nearest to one-third, of the directors (excluding any director appointed since the previous annual meeting) retire by rotation at each annual meeting. The directors to retire are those who have been longest in office since their last election. Directors retiring by rotation may, if eligible, stand for re-election.

At each Board meeting there is a period for Board only discussion, at which representatives of MCIM and MCO are excluded including, as appropriate, executive directors Messrs Bogoievski and Morrison.

The Company has not established a Nomination Committee. It considers that consideration of the replacement of directors can be equally efficiently and effectively handled at the Board. The Company policy for seeking new directors is to identify the attributes that would strengthen the Board or, as the case may be, the attributes that need replacing on the retirement of an existing director. The Board considers that, given the nature of the Company's business, the directors collectively should be knowledgeable in capital markets, corporate finance, accounting, listed company compliance, governance and infrastructure and utility matters. Because each of the Company's investments are held through subsidiaries with their own boards, those boards are often the more appropriate place for directors who have specialist expertise in respect of the respective subsidiaries' businesses (for example airports or electricity markets).

BOARD REMUNERATION:

Each director receives remuneration from a collective fee pool that is fixed by ordinary shareholder resolution and allocated by the Board from time to time. Directors are encouraged, subject to legal compliance, to take a portion of their fee as fully paid shares in the Company.

Directors are entitled to be reimbursed for costs directly associated with the performance of their role as directors, including for travel.

The Chairman approves all directors' expenses and the Chief Executive Officer or Chief Financial Officer of MCO approves the Chairman's expenses.

DIRECTORS' SHAREHOLDING:

Under the Constitution, directors are not required to hold shares in the Company. However, NZ$10,000 of the directors' fees for non-executive directors (other than Mr Saville) are paid through the issue of shares to those directors. Shares are not issued to the executive directors. All directors either hold shares themselves, or shares are held by organisations to which they are associated parties in recognition of the benefits of aligning directors' interests with those of shareholders. Directors will not normally make investments in listed infrastructure or utilities securities in areas targeted by the Company.

CODE OF ETHICS:

The Company has adopted the following policies that apply to all directors and employees:

Conflicts of Interest: Individual interests should not interfere, or appear to interfere, with the Company's interests.
There should not be any undisclosed and unapproved business relationships, including with suppliers, customers, shareholders, investee companies or competitors that might impair, or could be perceived to impair, the independence of any judgment made on behalf of the Company. Directors and employees will not accept any bribe, gratuity or other inducements in the course of business dealings on behalf of the Company.

Fair Dealing: Directors and employees will deal honestly and fairly in all dealings with the Company's shareholders, professional advisors, and other stakeholders. Directors and employees will treat all colleagues with respect and dignity.

Use of Company Assets and Property: Directors and employees will use best endeavours to protect the Company's assets and property from loss, damage, misuse, waste and theft. Directors and employees will only use the Company assets and property in their control and care for the legitimate business purpose of the Company, and will not use that property for any other purpose, including for personal gain.

Use of Company Information: Directors and employees will use Infratil corporate information gained during our relationship with the Company only in the best interests of the Company and not for personal gain.

Compliance with All Laws, Regulations and Rules: Directors and employees will, at all times, act honestly and in good faith, and comply with all applicable laws including, legislation, regulations, local authority by-laws and Rules (including the NZX Listing Rules and ASX Listing Rules) and codes of practice in the countries in which the Company operates.

Compliance with Corporate Policies: Directors and employees will at all times behave and conduct themselves in a manner that is consistent with the values set out in the Code of Ethics, and will comply with all corporate policies adopted from time to time.

AUDIT AND RISK COMMITTEE:

The Board has established an Audit and Risk Committee, as a sub-committee of the Board, comprising two directors, Mr M Tume (chairman) and Mr D A R Newman, with attendances by appropriate MCIM and MCO representatives. The Company considers that the Audit and Risk Committee can satisfactorily comply with its charter with two members.

The Audit & Risk Committee has a comprehensive charter but its main objectives are to:

- Ensure the financial statements are prepared in accordance with New Zealand law and generally accepted accounting practice and provide a true and fair view of the financial position, cash flows and results of the Group's operations.
- Ensure any relevant financial reports and statements are prepared in accordance with applicable accounting and reporting standards, and legislative requirements for the jurisdiction in which the company or any entity in the Group operates.
- Monitor the internal control systems and financial records operating within the Group.
- Ensure the Group’s risks are identified, managed, treated and reported.
- Avoid situations of potential conflict of interest, real or perceived, arising from the employment of the Group's external auditor.
- Safeguard and support the independence of view of the Group’s external auditor.
- Be able to demonstrate a robust and transparent policy for the management of the Group's external audit processes and activities, that support the above objectives and complies with relevant regulation, legislation and current accounting and reporting standards.
- Assist the Board to discharge its responsibility to exercise due care, diligence and skill in relation to the Group’s governance processes including assessing the adequacy of the Group's:
    - ◊ financial reporting;
    - ◊ accounting policies;
    - ◊ financial management;
    - ◊ internal control system;
    - ◊ risk management system;

- ◊ systems for protecting Group assets; and
- ◊ compliance with applicable laws, regulations, standards and best practice guidelines as they relate to financial and non-financial disclosures.

- Enhance the efficiency of the Board by allowing delegated issues to be discussed in sufficient depth and, where necessary, with appropriate independent advice.
- Review Management's letters of representation to the auditors.
- Facilitate the continuing independence of the external auditor and enhancing the effectiveness of external audit.
- Provide a formal forum for enhancing communication between the Board, Management and external audit, ensuring there has been no unjustified restrictions or limitations placed on the auditors.

Each material subsidiary company of the Company also has an Audit and Risk Committee and its own charter. The subsidiary Audit and Risk Committee objectives are intended to mirror the overall objectives of the Company's Audit and Risk Committee, but at a subsidiary level. The composition of the Audit and Risk Committee is a matter for the subsidiary board, but the Company's Audit and Risk Committee may request any information of the subsidiary committees (including its papers and minutes) and also may attend the subsidiary meetings.

INTERNAL FINANCIAL CONTROL:

The Board has overall responsibility for the Company's system of internal financial control. The directors have established procedures and policies that are designed to provide effective internal financial control.

Annual budgets and long-term strategic plans are agreed by the Board.

Financial statements are prepared regularly and reviewed by the Board throughout the year to monitor performance against budget targets and objectives.

RISK MANAGEMENT AND COMPLIANCE:

The Audit & Risk Committee also has a function of reviewing management practices in relation to the identification and management of significant business risk areas and regulatory compliance. Formal systems have been introduced for regular reporting to the Board on business risk and compliance matters.

DIRECTORS' AND OFFICERS' INSURANCE AND DIRECTORS INDEMNITY:

The Company has arranged Directors' and Officers' liability insurance covering directors acting on behalf of the Company. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for the Company.

The types of acts that are not covered are dishonest, fraudulent, malicious acts, or omissions, wilful breach of statute or regulations, or duty to the Company, improper use of information to the detriment of the Company or breach of professional duty.

The Constitution provides that every director shall be indemnified by the Company:

- for any costs incurred by him or her in any proceeding that relates to liability for any act or omission in his or her capacity as a director or a director of a subsidiary of the Company and in which judgment is given in his or her favour, or in which he or she is acquitted, or which is discontinued; and
- in respect of liability to any person other than the Company or a related company for any act or omission by him or her in his or her capacity as a director or a director of a subsidiary of the Company, and costs incurred by him or her in defending or settling any claim or proceeding relating to any such liability, and this indemnity shall continue in force, despite any subsequent revocation or amendment of this clause, in relation to any liability which arises out of any act or omission by a director prior to the date of such revocation or amendment.

The Company may, with the prior approval of the Board, indemnify a director of a related company, or an employee of the Company or a related company:

- for any costs incurred by him or her in any proceeding that relates to liability for any act or omission by him or her in such capacity and in which judgment is given in his or her favour, or in which he or she is acquitted, or which is discontinued; and
- in respect of liability to any person other than the Company or a related company for any act or omission by him or her in such capacity, and costs incurred by him or her in defending or settling any claim or proceeding relating to any such liability.

The above indemnities shall not apply in respect of:

- any criminal liability; or
- in the case of an employee of the Company or a related company, any liability in respect of a breach of any fiduciary duty owed to the Company or related company; or
- in the case of a director or a director of a related company, any liability in respect of a breach of the duty specified in section 131 of the Companies Act (broadly a failure to act in good faith and in what the director believes to be the best interests of the Company.

INDEPENDENT PROFESSIONAL ADVICE:

With the approval of the chairman, directors are entitled to seek independent professional advice on any aspect of the directors' duties, at the Company's expense.

COMPANY SECRETARY:

The directors have direct access to the Company Secretary on matters relating to the Company and the Company Secretary is accountable to the Board for governance matters. The company secretary is senior executive of MCO and, accordingly, is not directly appointed by the Company or the Board. The Company considers this appropriate in the context of, and the responsibilities of MCIM under, the Management Agreement.

GOING CONCERN:

Based on current results and detailed forecasts, taking into account available credit facilities and making further enquiries as considered appropriate, the directors are satisfied that the Company has adequate resources to enable it to continue in business for the foreseeable future. For this reason, the directors believe it is appropriate to adopt the going concern basis in preparing the financial statements.

BOARD PERFORMANCE:

The Board as a whole and individual directors are subject to a performance appraisal from time to time using a corporate governance best practice model. This appraisal is designed to measure performance through peer review and self-assessment. The chairman then initiates a review with each director and a collective review of Board performance. Appropriate strategies for personal and collective improvement are then agreed and actioned.

THE ROLE OF SHAREHOLDERS:

The Board aims to ensure that shareholders are informed of all major developments affecting the Group's state of affairs. Information is communicated to shareholders in the annual report, interim report, periodic shareholder updates, regular e-mail updates and media announcements. The Board encourages full participation of shareholders at the annual meeting to ensure a high level of accountability and identification with the Group's strategies and goals.

SHAREHOLDER COMMUNICATION

The Company aims to:

- communicate effectively;
- give ready access to balanced and understandable information about the Company and corporate proposals; and
- make it easy to participate in general meetings.

The Company is committed to providing comprehensive continuous disclosure to shareholders and other stakeholders, and complying with the NZX Listing Rules and the ASX Listing Rules.

The Company seeks to ensure its shareholders are appropriately informed on its operations and results, with the delivery of timely and focused communication, and the holding of shareholder meetings in a manner conducive to achieving shareholder participation.

To ensure shareholders have access to relevant information:

- the Company holds investor road shows when appropriate;
- the Company sends shareholders a printed half year and annual report, which is a summary of the Company’s operating and financial performance;
- the Company's website contains media releases, quarterly financial information, current and past half year and annual reports, dividend histories, notices of meeting, a list of shareholders' frequently asked questions and other information about the Company;
- the Company publishes advice on issues/events that may have material information content that could impact on the price of its traded securities;
- the Company issues additional explanatory memoranda where circumstances require, such as explanations of dividend changes and other explanatory memoranda as may be required by law, the NZX Listing Rules or ASX Listing Rules;
- Shareholder meetings are generally held in a location and at a time which best ensure full participation by shareholders. Meetings are typically alternated between Wellington and Auckland.
- Information is published on the Company's website, with further dissemination through broadcast emails to news agencies and other market commentators.

Full participation of shareholders at the annual meeting is encouraged. Shareholders have the opportunity to submit questions prior to each meeting and senior management and auditors are present to assist in answering any specific queries raised. There is also an opportunity for informal discussion with directors and senior management for a period after the meeting concludes.

SECURITIES TRADING POLICY AND GUIDELINES

The Company’s fundamental rule is that insider trading is prohibited at all times. Directors and employees are advised that if they possess “material information” then they must not:

- trade the Company’s securities;

- advise or encourage others to trade, or hold any of the Company's securities; or
- pass on the material information to others.

Directors and employees are also engaged not to short term trade the Company's securities (i.e. the buying or selling of the Company's securities within a 3 month period).

Additional trading restrictions apply to:

- all directors;
- all MCO and MCIM employed staff;
- the chief executive and direct reports at all the Companies subsidiaries (except TrustPower which as a separate listed company has its own procedures for dealing with insider trading).

These people need to obtain prior approval from designated officers before they buy or sell any of the Companies securities.

Directors and employees are also reminded that they have a duty of confidentiality to the Company and must not (except in certain limited circumstances) reveal any confidential information concerning about the Company to a third party, or to use confidential information in any way which may injure or cause loss to the Company, or use confidential information to gain an advantage.

EXECUTIVE REMUNERATION

Principle responsibility for setting the remuneration of the chief executives of the Company subsidiaries lies with the boards of those subsidiaries and the remuneration of senior employees of the subsidiaries is the joint responsibility of the chief executive and board of the respective subsidiaries, in each case within high level principles established by the Company. The Company is not responsible for the remuneration of the employees of MCIM or MCO. This is the responsibility of MCIM and MCO and the salaries are paid by MCO out its MCIM management fee income.

There Company supports executive remuneration having two components: fixed remuneration and at risk/variable remuneration. The determination of fixed remuneration is based on responsibilities, individual performance and experience, and market data. At-risk/variable remuneration comprises short term incentives and, for senior and key employees, long-term incentives. Incentives are directly related to the performance area controlled by the executive and longer term incentives aligning to shareholder interest.

Short term incentives: Short term incentives (STIs) comprise cash payments based on performance measured against key performance indicators (KPIs). Different levels of incentives are determined reflecting the nature of the roles. KPIs generally comprise company, team and individual targets. These targets are designed to create goals that will support an achievement and performance-oriented culture. The STI programme is

designed to differentiate and reward exceptional, outstanding and good performance.

Long term incentives: Long term incentives (LTIs) are intended to align executives' performance with shareholder interests and provide equity-based incentives that help retain valuable employees. LTI arrangements vary within the Group and include both cash payments based on performance and value add over a period (generally three years), or rights to participate in the Infratil Executive Redeemable Share Scheme (see Section 12). In determining the allocation of shares under the Infratil Executive Redeemable Share Scheme the Board considers individual participants' performance in the preceding financial year and potential in future years. Currently participation in the LTI Scheme is limited to 20 senior and key employees of the Group. These employees are approved by the Board after consideration of a recommendation from subsidiary boards. TrustPower, an Infratil NZX listed non-wholly owned subsidiary has issued share options to certain employees as part of its long term incentives. The details of this scheme are disclosed in TrustPower's Annual Report.

10 SHARE ISSUES, BUYBACKS & SCHEMES

SHARE ISSUES IN LAST FIVE YEARS

Infratil has issued Shares periodically over the last five years as follows:

- In July 2004, Infratil issued 45.4 million (which became 90.8 million after a share split) of its IFTWB series of warrants. The IFTWB warrants were issued at no cost to existing Shareholders on 1 for 5 basis (one IFTWB warrant for every 5 Shares held). Each IFTWB warrant entitled the holder to one Share, upon payment of the exercise price. The IFTWB warrants had a final exercise date of 21 May 2010 and an exercise price of NZ$1.62 (initially NZ$3.50 before a share split and subsequent bonus issues of the IFTWC warrants and instalment shares). IFTWB warrant holders were subsequently give the option of: (a) exercising in full at NZ$1.62 per IFTWB warrant; or (b) making a part payment of NZ$0.55 cents per IFTWB warrant by 10 July 2009 and a further payment of NZ$1.12 per IFTWB warrant by 21 May 2010. In aggregate, the issue and exercise of the IFTWB warrants resulted in the issue of 83,957,008 million Shares and equity raised of NZ$78,580,316 million.
- In June 2007, Infratil issued 52.9 million of its IFTWC series of warrants. The IFTWC warrants were issued at no cost to existing Shareholders on 1 for 10 basis (one IFTWC warrant for every 10 Shares held). Each IFTWC warrant entitled the holder to one Share, upon payment of the exercise price. The IFTWC warrants have a final exercise date of 29 June 2012 and an exercise price of NZ$4.12 (initially NZ$4.25 before a subsequent bonus issue of instalment shares). As at 10 June 2010, an immaterial number of

IFTWCs have been exercised. Infratil does not expect any material level of exercise of the IFTWC warrants while its Share price is significantly below the exercise price of NZ$4.12.

- In October 2007, Infratil issued 88 million partly paid shares. NZ$1.00 was payable on application and a second and final instalment of NZ$1.00 was payable by 8 August 2008. In aggregate, the issue and exercise of the partly paid shares resulted in the issue of 88 million Shares and equity raised of NZ$176 million.
- In May 2010, Infratil introduced a Dividend Reinvestment Plan ("DRP"). The DRP entitles Shareholders resident in New Zealand or Australia to apply all or part of their dividends to the purchase of Shares. The DRP applies for the first time to the dividend of NZ$3.75 cents per Share, which has a payment date of 25 June 2010. A copy of the DRP Offer Document dated 10 May 2010 is available on request from Infratil or can be downloaded from www.infratil.com.

SHARE BUYBACKS

Infratil has had an active share buyback programme over the last five years. Infratil buys back its own shares on market when it considers that the Shares are under fair value and investing in its own Shares is a preferred investment strategy. Infratil reports each Share buyback on the following business day. In the period from 1 April 2009 to 23 June 2010, Infratil has bought back 4,950,000 Shares at a total cost of NZ$8,338,284 million.

INFRATIL EXECUTIVE REDEEMABLE SHARE SCHEME

During each year, Infratil invites key eligible executives and senior managers of Infratil and certain of its subsidiaries to participate in the Infratil Executive Redeemable Share Scheme to acquire Executive Redeemable shares ("Executive Shares"). The Executive Shares may convert to Shares three years after issue (other than in defined circumstances) provided that the issue price has been fully paid and vesting conditions have been met.

Infratil has existing shareholder approval to issue up to 3 million Executive Shares and, as at 23 June 2010, has issued 293,500 Executive Shares. Infratil has no present intention to seek shareholder approval to increase the 3 million limit.

The Executive Shares have certain rights and conditions and cannot be traded until those conditions have been met. The Executive Shares confer no rights to receive dividends or other distributions or to vote. The vesting conditions include share performance hurdles with minimum future share price targets which need to be achieved over the specified period. The number of shares that vest, or the long-term incentive ("LTI") bonus paid, is based on the share price performance over the relevant period of the Infratil ordinary shares. If the executive is still employed by the Group at the end of the specified period, provided the share performance hurdles are met, the

employee receives an LTI which must be used to repay the outstanding balance of the Executive Shares. The Executive Shares are then converted to fully paid ordinary shares of Infratil.

The 293,500 Executive Shares were granted at a price of $2.0395 on 16 October 2008. One cent per Executive Share was paid up in cash by the executives, with the balance of the issue price payable when an executive becomes eligible to receive the LTI bonus. The carrying amount of the liability for the LTI bonus at 31 March 2010 was $0.1 million (in 2009, it was NZ$0.1 million).

INFRATIL STAFF SHARE PURCHASE SCHEME

Infratil also offers a staff share purchase scheme (the "Staff Share Scheme"). Under the Staff Share Scheme, participating employees are offered up to NZ$780 of Infratil Shares. Employees who participate are lent the purchase price interest-free and repay it in three equal annual instalments. Until the loans have been fully paid, title to the Shares remains with an independent trustee company (the "Trustee"). Other than in exceptional circumstances, the length of the retention period before the Shares vest is three years, during which time the ordinary shares cannot be sold or disposed of. Upon repayment of the loan and three years' service by the participating employee, the Shares transfer from the Trustee to the participating employee and the Shares become unrestricted.

The balance of the loans owing by the Group to the Trustee at 31 March 2010 was NZ$0.3 million (in 2009, it was NZ$0.3 million).

The total charge recognised in the Statement of Financial Position for both the schemes in the 2010 year was NZ$0.3 million (in 2009, it was NZ$0.3 million).

11 MAJOR AND DIRECTOR RELATED SHAREHOLDINGS

Shareholders who have hold or have a relevant interest in more than 5% of Infratil's Shares are:

- Utilico Limited: As at 23 June 2010, Utilico held 121,038,296 Shares representing 20.1% of the Shares on issue. Utilico is associated with Infratil director, Duncan Saville.
- HRL Morrison & Co Limited: As at 23 June 2010, MCO held 26,348,730 Shares representing 4.4% of the Shares on issue. MCO is associated with Infratil directors, Lloyd Morrison, Duncan Saville and Marko Bogoievski. MCO is the parent company of Infratil's manger, MCIM. Also as at 23 June 2010, a related shareholder, the trustees of the HRL Morrison Family Trust, 24,523,038 Shares representing 4.1% of the Shares on issue. This trust is associated with Mr Morrison.
- Accident Compensation Corporation: As at 23 June 2010, the Accident Compensation Corporation held 46,391,372 Shares representing 7.7% of the Shares on issue.

As at 23 June 2010, Infratil's 20 largest shareholders were:

Shareholder	Shareholding
New Zealand Central Securities Depository	314,786,683
Hettinger Nominees Limited	24,523,038
Custodial Services Limited <3 A/C>	14,001,179
Bell Investment Account	8,000,000
JML Capital Limited	6,765,503
Infratil Limited	4,300,000
Custodial Services Limited <2 A/C>	4,062,133
Forsyth Barr Custodians Limited <1 M A/C>	3,843,747
FNZ Custodians Limited	2,133,416
Forsyth Barr Custodians Limited <1L A/C>	2,017,395
Ronnoco Nominees Limited	1,920,680
Custodial Services Limited <4 A/C>	1,820,556
JBWere (NZ) Nominees Limited	1,703,797
Investment Custodial Services Limited <C A/C>	1,689,607
Custodial Services Limited <1 A/C>	1,529,534
HA & MR Morrison No 2 A/C	1,456,860
FNZ Custodians Limited <DRP NZ A/C>	1,448,628
JBWere (NZ) Nominees Limited <50610 A/C>	1,294,513
Nancy Holdings Limited	1,286,128
Agra Nominees Limited	1,200,000

As at 23 June 2010, the shareholding interests of the directors of Infratil were:

Shares	Beneficial Interests	Non- Beneficial Interests
HRL Morrison	37,335,221	13,536,547
DAR Newman	85,279	Nil
HJD Rolleston	19,749	Nil
DP Saville	8,772	121,038,296
M Tume	15,151	Nil
M Bogoievski	Nil	Nil
Warrants (IFTWC)		
HRL Morrison	3,157,172	1,111,837
DAR Newman	7,096	Nil
HJD Rolleston	800	Nil
DP Saville	877	9,225,513
M Tume	Nil	Nil
M Bogoievski	Nil	Nil

12 DIRECTORY

DIRECTORS

D A R Newman (Chairman)
M Bogoievski
H R L Morrison
H J D Rolleston
D P Saville
M Tume

REGISTERED OFFICE

97 The Terrace
PO Box 320
Wellington, New Zealand
Telephone: (+64) 4 473 3663
Internet address
http://www.infratil.com
E-mail: info@infratil.com

MANAGER

Morrison & Co Infrastructure Management Limited
97 The Terrace
PO Box 1395
Wellington, New Zealand
Telephone: (+64) 4 473 2399
Facsimile: (+64) 4 473 2388
Internet address
http://www.hrlmorrison.com

SHARE REGISTRAR

Link Market Services
138 Tancred Street
PO Box 384
Ashburton, New Zealand
Telephone: (+64) 3 308 8887
E-mail: Lmsenquiries@linkmarketservices.com

Link Market Services
Locked Bag A14
Sydney South NSW 1235, Australia
Telephone: 1300 554 474 or (+61) 2 8280 7111
Fax: (+61) 2 9287 0303
Email: registrars@linkmarketservices.com.au

AUDITOR

KPMG
Maritime Tower
10 Customhouse Quay
PO Box 996
Wellington, New Zealand

BANKERS

ANZ National Bank Limited
215-229 Lambton Quay

Wellington, New Zealand

Bank of New Zealand
State Insurance Tower
1 Willis Street
Wellington, New Zealand

Commonwealth Bank of Australia
135 Albert Street
Auckland, New Zealand

Hong Kong and Shanghai Banking Corporation
HSBC Tower

195 Lambton Quay
Wellington, New Zealand

Westpac Banking Corporation
188 Quay Street
Auckland, New Zealand

The signatory executing this Information Memorandum states that he has no notice of revocation or suspension of his authority to sign.

Signed for **Infratil Limited** under authorisation of its directors in the presence of:

______________________________	______________________________
Witness Signature	Authorised Person Signature
______________________________	______________________________
Print Name	Print Name

APPENDIX A

[2008 Financial Statements]

APPENDIX B

[2009 Financial Statements]

APPENDIX C

[2010 Financial Statements]