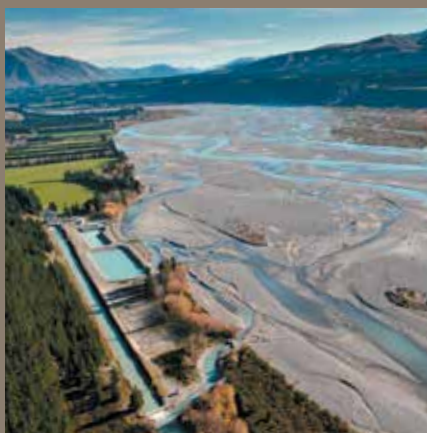


Infratil Simplified Disclosure Prospectus

For the offer of
Infrastructure Bonds
13 December 2013



This is a simplified disclosure prospectus for an offer of bonds that rank equally with other bonds issued by Infratil Limited which are listed on the NZX Debt Market and in priority to the ordinary shares in Infratil Limited listed on the NZX Main Board and ASX. Infratil is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited and ASX Limited for the purpose of that information being made available to participants in the NZX Debt Market, the NZX Main Board and the ASX.



DeutscheCRAIGS

FIRST NZ CAPITAL

FORSYTH BARR

Westpac
Institutional Bank

Chairman's Letter



Dear Investor

This prospectus contains a description of Infratil and the terms of the Infrastructure Bonds being offered. Proceeds of this issue will be used for general corporate purposes.

Infratil uses Infrastructure Bonds to provide most of its borrowings because they provide long-term funding and by allowing Infratil to spread out repayments they reduce the obligations in any one year. This reduces Infratil's financial risk and compensates for the bond funding tending to be more expensive than borrowing from banks.

Bond funding also suits the character of Infratil's businesses which meet core societal needs and provide relatively stable earnings:

- + In New Zealand over 220,000 customers buy their electricity or gas from Trustpower which, in a year of average rain and wind, generates sufficient electricity for almost 300,000 households. Trustpower is also expanding its wind generation capacity in Australia and its provision of water storage and conduit facilities for New Zealand irrigation schemes.
- + Over 495,000 Australian accounts buy their electricity or gas from Lumo Energy, which has access to 100MW of peak time generation capacity through Infratil Energy Australia.
- + On an average work day NZ Bus provides 220,000 public transport rides in Auckland and Wellington, about half of all trips taken on public transport in New Zealand.
- + 15,000 passengers a day, on average, pass through Wellington Airport on their way to or from their flights. Over 40% of all New Zealand's domestic flights (measured by seat numbers) start or finish in Wellington.
- + Infratil has a 20% interest in Z Energy and owns 19.9% of Metlifecare, respectively one of New Zealand's largest transport fuel suppliers and one of New Zealand's largest providers of retirement villages.

People's need and use of these services and facilities are relatively stable and have tended to grow even over periods of economic weakness and volatility.

By ensuring customers are well looked after, and by being in sectors with growing demand, Infratil has been able to build businesses which have delivered good returns.

To ensure that an investment in the Infrastructure Bonds meets your objectives, I recommend you read this prospectus carefully and consult a professional adviser before deciding whether or not to make an application.

Additional information is available in Infratil's 2013 annual and interim reports and in the announcements made by Infratil to the NZX.

Whether you are an existing Shareholder or Bondholder or a first time investor in Infratil, we thank you for your support.

Yours sincerely

A handwritten signature in dark ink, appearing to read 'Mark Tume', written over a light background.

Mark Tume
Chairman

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Key Information

This prospectus relates to an offer (“**Offer**”) of a series of debt securities known as “Infrastructure Bonds” by Infratil Limited. It contains important information and you should read it carefully.

Capitalised terms used in this prospectus have defined meanings. These terms, if not defined elsewhere in this prospectus, are defined in the Glossary on page 39.

This section highlights the key terms of the Offer and the key benefits and risks of an investment in the Infrastructure Bonds. Detailed information is contained elsewhere in this prospectus and you should read it all before deciding whether or not to invest in the Infrastructure Bonds.

Issuer

Infratil Limited.

Description of Bonds

Infrastructure Bonds are unsecured, unsubordinated debt securities of Infratil.

Opening Date

23 December 2013.

Offer

Infratil is offering up to \$50 million of Infrastructure Bonds to all investors in New Zealand (with the option to accept up to \$50 million oversubscriptions at Infratil’s discretion).

Closing Date

5.00pm, 14 February 2014.

This date is indicative only and Infratil has the right in its absolute discretion and without notice to close the Offer early, to accept late applications or to extend the Closing Date. If the Closing Date is extended, subsequent dates may be extended accordingly.

Interest Rate

6.75% per annum.

Maturity Date

15 November 2019.

Interest Payment Dates

15 February, 15 May, 15 August and 15 November of each year until and including the Maturity Date (commencing on 15 May 2014).

Interest Payments

Other than for the first Interest Payment Date, Infratil will pay interest in arrear in equal amounts on each Interest Payment Date.

Interest payable on each Infrastructure Bond on the first Interest Payment Date will accrue at the Interest Rate from (and including) the date on which your subscription moneys have been banked into the trust account operated in respect of the Offer.

First Interest Payment to Original Subscriber

Interest payable on the first Interest Payment Date will be paid by Infratil to the original subscriber of an Infrastructure Bond regardless of any transfer of the Infrastructure Bond prior to the first Interest Payment Date.

Interest Suspension Event and Dividend Stopper

Infratil may suspend the payment of interest where an Interest Suspension Event exists (as described on page 32 of this prospectus). If the payment of interest is suspended:

- a) interest will continue to accrue and will be paid by Infratil when the Interest Suspension Event ceases to exist; and
- b) Infratil will not pay or make any distribution to Shareholders or provide any financial assistance for the acquisition of Shares.

Right to Redeem Early

Subject to certain conditions, Infratil has the right to redeem all or some of the Infrastructure Bonds prior to the Maturity Date. You have no right of early redemption except following an Early Redemption Event. Further information on early redemption is on page 36 of this prospectus.

Right to Sell Securities

You are entitled to sell your Infrastructure Bonds at any time, subject to the terms of the Trust Deed and any applicable securities laws and regulations (including the Listing Rules). Further information on your right to sell your Infrastructure Bonds is on page 36 of this prospectus.

Liabilities to Assets Covenant

Infratil has agreed for the benefit of Bondholders that, on the last day of each financial year and financial half-year of Infratil (and in certain other circumstances), Borrowed Money Indebtedness of the Issuer Group will not exceed 50% of Tangible Assets of Infratil and its subsidiaries as at that date. Further information on this covenant is on page 34 of this prospectus.

Ranking of Infrastructure Bonds

The Infrastructure Bonds are unsecured and unsubordinated debt obligations of Infratil. This means that in a liquidation of Infratil your rights and claims as a Bondholder:

- (a) will rank **after** the claims of (i) secured creditors of Infratil (if any), and (ii) creditors of Infratil who are preferred by law (eg, Infratil's employees in respect of claims for unpaid wages or salaries, and the Inland Revenue Department in respect of unpaid tax);
- (b) will rank **equally** with the claims of all other unsecured, unsubordinated creditors of Infratil; and
- (c) will rank in **priority** to the claims of (i) subordinated creditors of Infratil (if any) (being creditors who have agreed to accept a lower priority in respect of their claims in a liquidation of Infratil), and (ii) Shareholders.

Infratil is a holding company with investments in the companies described in this prospectus. **Bondholders have no claims against, or recourse to the assets of, any of those companies.** Infratil's ability to make timely payments on the Infrastructure Bonds is dependent on the returns it receives from its investments, its capital structure and the quality of its management - these features are all described in more detail in this prospectus.

In a liquidation of the Infratil Group, creditors of Infratil's subsidiaries and associates (including lenders) would have a prior claim to the assets of those companies ranking ahead of the claim of Infratil's liquidator (claiming as shareholder in the companies). Only the residual assets of the companies, after the claims of the companies' creditors have been satisfied, would be available to Infratil's liquidator and therefore Infratil's creditors (including Bondholders).

No Guarantee

The Infrastructure Bonds are not guaranteed by any member of the Infratil Group or any other person.

Risks

The principal risks associated with the Infrastructure Bonds which may affect your ability to receive the returns on the Infrastructure Bonds are set out under "Risk Factors" on pages 25 to 28 of this prospectus. The principal risks associated with the Infrastructure Bonds include:

- (a) If you transfer any of your Infrastructure Bonds before they are redeemed, the price at which you are able to sell your Infrastructure Bonds may be less than the price you paid for them, due to changes in market interest rates, a deterioration in Infratil's creditworthiness and other factors.
- (b) If a material deterioration in the operating or financial performance of the members of the Infratil Group, or an adverse change in financial markets on which the Infratil

Group relies for finance, affects Infratil's ability to make payments on the Infrastructure Bonds.

- (c) If interest payments on the Infrastructure Bonds are suspended by Infratil because an Interest Suspension Event occurs.
- (d) The risk that, in a liquidation of the Infratil Group, the claims of the creditors of Infratil's subsidiaries and associates result in there being insufficient assets available to Infratil (as shareholder) or its liquidator to satisfy in full the claims of Infratil's Bondholders.

Issue Price

\$1.00 per Infrastructure Bond (being the Face Value).

The Issue Price for each Infrastructure Bond is payable to Infratil in accordance with the instructions under the heading "Applications and payment" on page 30 of this prospectus.

Issue Dates

Infrastructure Bonds will be issued on 30 January 2014 and 17 February 2014 or, if Infratil decides to extend the Offer beyond 14 February 2014, allotments of further Infrastructure Bonds will be made on the Friday following the extended Closing Date.

Expected Date of Initial Quotation on the NZX Debt Market

30 January 2014.

Minimum Application Amount

\$5,000 and multiples of \$1,000 thereafter.

Offer Process

Infratil may reserve Infrastructure Bonds, including oversubscriptions, for subscription by clients of the Managers, Primary Market Participants (as defined in the NZX Participant Rules) and other approved financial intermediaries ("**Allocations**"). The aggregate number of Infrastructure Bonds reserved will be determined by Infratil, in consultation with the Managers.

Infratil, in consultation with the Managers, will determine the arrangements in respect of Infrastructure Bonds which are not subject to Allocations (if any).

How to Apply

Instructions on how to make an application for Infrastructure Bonds are contained under the heading "Applications and payment" on page 30 of this prospectus.

Brokerage

NZX has authorised Primary Market Participants to act in the Offer. Applicants are not required to pay brokerage for Infrastructure Bonds under this Offer.

Use of Proceeds

Infratil will use the net proceeds of the Offer for general corporate purposes.

NZX Debt Market Quotation

Application has been made to NZX for permission to list the Infrastructure Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the date of this prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this prospectus.

The NZX Debt Market is a registered market operated by NZX Limited which is a registered exchange, regulated under the Securities Markets Act 1988.

NZX Debt Market Ticker Code

NZX Debt Market ticker code IFT200 has been reserved for the Infrastructure Bonds.

NZX Waiver

Listing Rule 5.2.3 requires a class of securities quoted on the NZX Debt Market to be held by at least 500 members of the public holding at least 25% of the securities issued or NZX to be otherwise satisfied that the issuer will maintain a spread of security holders that is sufficient to ensure that there is a liquid market in the class of securities ("**spread requirements**"). It is possible that these minimum spread requirements may not be satisfied on the date the Infrastructure Bonds are quoted on the NZX Debt Market. NZX has provided a waiver to Listing Rule 5.2.3 on the basis that the minimum spread requirements will be satisfied on or before the final Issue Date.

No Underwriting

The Offer is not underwritten.

Registration

A copy of this prospectus, signed by or on behalf of the directors of Infratil, and having endorsed on it or attached to it the documents required by section 41 of the Securities Act, has been delivered to the Registrar of Financial Service Providers for registration under section 42 of the Securities Act. These documents are copies of the NZX announcements referred to on page 37 of this prospectus, a copy of the audited financial statements of the Infratil Group for the year ended 31 March 2013, a copy of the unaudited interim financial statements of Infratil for the half year ended 30 September 2013, the Trustee's statement as set out on page 29 of this prospectus and any relevant authorities where an agent has signed the prospectus on behalf of a director of Infratil.

Offer in New Zealand only

This prospectus only constitutes an offer of Infrastructure Bonds in New Zealand. Infratil has not and will not take any action which would permit a public offering of the Infrastructure Bonds, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand). Infrastructure Bonds may only be offered for sale or sold in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. Any information memorandum, prospectus, circular, advertisement or other offering material in respect of the Infrastructure Bonds may only be published, delivered or distributed in or from any country or jurisdiction under circumstances which will result in compliance with all applicable laws and regulations.

By subscribing for Infrastructure Bonds, you indemnify Infratil, the Managers, the Organising Participant and the Trustee in respect of any loss incurred as a result of you breaching the above selling restrictions.

Non-reliance

This prospectus does not constitute a recommendation by the Managers, the Organising Participant, the Trustee, or any of their respective directors, officers, employees, agents or advisers to subscribe for, or purchase, any of the Infrastructure Bonds. None of these parties or any of their respective directors, officers, employees, agents or advisers accepts any liability whatsoever for any loss arising from this prospectus or its contents or otherwise arising in connection with the Offer.

The Managers, the Organising Participant and the Trustee have not independently verified the information contained in this prospectus. In accepting delivery of this prospectus, you acknowledge that none of the Managers, the Organising Participant, the Trustee nor their respective directors, officers, employees, agents or advisers gives any warranty or representation of accuracy or reliability and they take no responsibility for it. They have no liability for any errors or omissions (including for negligence) in this prospectus, and you waive all claims in that regard.

Infratil

Infratil was established in 1994 at a time when the New Zealand Government was opening the market to the private provision of infrastructure. Infratil was formed to enable investors to participate in what was then a new investment sector.

Over the subsequent two decades Infratil has evolved its approach to the sectors and companies in which it invests.

- + **Expertise:** Investment is principally in transport and energy which are sectors where Infratil's management have considerable experience. Investment is also in businesses and activities which are complementary to core infrastructure. Wellington Airport's core activity is the movement of aircraft and passengers, but it also provides passenger services such as car parking and coffee shops. Infratil established Snapper because NZ Bus needed better ticketing. Ownership of bus depots has led to the development of the land as higher value uses for the sites have become available.
- + **Operational & Price Risk:** Infratil's businesses have price, volume and / or cost risk because generally businesses with some risk offer higher long-term returns. The flip-side of a willingness to accept risk is a strong focus on risk management.
- + **Crucial Services & Value Add:** Many of Infratil's businesses provide crucial services, such as electricity, an airport, motor fuel, and urban transport. Meeting user needs in a cost efficient way is paramount because community support is vital and failure to do so can result in regulatory intervention. But once a service is reliably and fairly provided, it is possible to add value to both users and investors by lifting standards and adding comforts and choices. Z Energy attracted customers by introducing forecourt concierges. It was win/win for both customers and shareholders when Wellington Airport introduced Mojo, Fuel and Wishbone coffee shops. The Airport's land transport links are an example of making sure good basic services are available while also offering extras for those willing to pay. The Airport has both excellent public transport links to the city and covered parking. Both are well used.
- + **Growth:** Infratil invests in companies with the opportunity to grow, so that if they are well managed they will be able to invest additional capital to increase earnings and value.
- + **Management Control:** Infratil is not a passive shareholder. The goal is ownership which provides control or strong influence so that Infratil's expertise can be employed and to ensure Infratil's interest as a shareholder are recognised.

In following these guidelines management's overriding goals are to ensure that the existing businesses maximise earnings and

value, and to optimise the allocation of capital. The latter goal warrants particular note because it means that Infratil's portfolio of assets is not the same as it was five years ago, and is certain to be different when the Infrastructure Bonds being issued under this prospectus mature.

Capital allocation (ie. acquisition and sale of capital assets or shares or the investment in new projects) can be categorised as either "internal" or "external". If NZ Bus buys new buses that is internal, while if Infratil buys shares in, say, Z Energy that is external. Over the last five years the Infratil Group's total investment spending was approximately \$1,740 million with about 88% of this being internal and the remainder largely comprising the \$210 million spent in 2010 to purchase a 50% interest in Z Energy. The \$1,530 million of internal investment included wind farms, irrigation facilities, customer systems for energy retailing, new bus fleet, airport facilities and upgrades to service stations.

Funding for these outlays comes from operating cash flows, borrowing, equity issuance and asset disposals.

Infratil's participation in several sectors means that both its investment opportunities and earnings are subject to diverse influences. For instance, different factors influence New Zealand or Australian electricity prices, air traffic through Wellington, fuel sales around New Zealand and use of public transport in Auckland and Wellington.

Trustpower's growth investment is directed to wind farms in Australia and not New Zealand because of the particular circumstances of the different markets. Both countries have ample generation capacity relative to the levels of demand, but Australia has a Government policy to increase its renewable generation which means there are profitable opportunities to build wind farms in that country, which is not the case in New Zealand. On the other hand there are opportunities to invest in irrigation in New Zealand, again because government policy is supportive.

Each of Infratil's businesses faces a unique range of factors influencing costs, demand, prices and future prospects; including the circumstances of the economy and policies such as pricing CO₂ emissions. Investment decisions are based on management's assessment of these factors and their view as to the absolute and relative merits of individual proposals, the need to maintain a comfortable balance of debt and equity, and shareholder priorities. The weighting of these factors changes over time; for example the financial market uncertainty prevalent after 2008 resulted in Infratil taking a more conservative stance towards debt and shifting capital towards businesses and projects with more immediate cash earnings.

It is also likely that the preferred balance between earnings and growth will continue to change, usually gradually but occasionally (as happened in 2008 with the global financial crisis) abruptly. It is also likely that occasionally new investments will occur, such as Metlifecare, as will sales, such as Z Energy and European airports.

Risks and their Management

A prospective investor in Infratil's Infrastructure Bonds asking "what could go wrong?" may find it helpful to consider the risks under three headings:

- + The first is the "big picture" risk factors relating to the resilience of Infratil's income.
- + The second "big picture" factor is the financial market's attitude to infrastructure businesses (especially those owned by Infratil) and how this impacts their value and bankability.
- + The third area of risk relates to the group's operations; the day to day activities involving management and staff, plant and equipment, and operating and financial systems.

The resilience of Infratil's income reflects the nature of the businesses it owns and the markets in which they operate. A key attribute of Infratil's businesses is that they are mainly in markets with stable long-term demand and, in some situations, also stable supply. Trustpower, Wellington Airport, NZ Bus and Z Energy face relatively predictable demand over the medium term. Infratil Energy Australia is a relatively small participant in a large market and faces more challenging market conditions.

However none of the businesses face completely stable demand; Wellington Airport is an example. Over the last decade passenger throughput has risen from 3,900,000 a year to 5,400,000. That is 3.8% per annum or an average annual increase of slightly over 150,000 passengers. But passenger numbers actually fell in two years of the decade, albeit the worst year was down only 2%. The risk to demand for the Airport is shown by the changes in airline customers; Origin Pacific, Ansett NZ, Qantas NZ, Pacific Blue and Jetstar have all come or gone or both; but with all this action it still seems that there is reliable and stable underlying growth.

Even if demand is relatively stable, there are other sources of potential income risk. Wholesale electricity prices are volatile and can rise by over 100% from one year to the next if a cold, dry, calm winter pushes up electricity demand while reducing wind and hydro generation. Also, crucial facilities and services such as airports, energy, public transport and motor fuel are closely monitored by authorities and can be subject to regulatory intervention. Wellington Airport is subject to a web of economic

regulations, all of Infratil's businesses will be subject to changing health, safety and environmental standards, and Trustpower has to cope with both the efforts of the Electricity Authority to stimulate competition and perversely, proposed policies from Opposition political parties that they may close the wholesale market altogether, if they become Government.

The second area of material risk reflects **financial market conditions**; being the risk that funding for, or investor interest in, infrastructure businesses falls or (more improbably) ceases. Over the last two decades infrastructure has emerged as an investment and financing sector and as the characteristics of the businesses have become better understood funding has become more available and values have risen. This could reverse, with the most plausible source of such an adverse change being onerous regulation or changes in government attitude to property rights and private provision of infrastructure. Such events would not have to be specific to Infratil or its businesses to have an effect. If investors or lenders have a bad experience in one market they often become more conservative in related areas.

The **operating risks** of Infratil's businesses are perhaps less dramatic than the possibility of a large drop in demand or a funding/investment crisis, but they take many forms and are subject to intensive identification, monitoring, reporting and, when appropriate and possible, mitigation. Infratil's risk management framework includes regular reporting of operational and financial performance, preparation of budget and forecasts, investment analysis and capital planning and the identification and management of significant business risk areas and regulatory compliance.

Effective management of risks requires capable and experienced management, strong systems and processes and good decision making. Ensuring all of these factors are in place is the responsibility of both the Infratil board and the boards of the companies Infratil invests in.

This prospectus includes further information on the risks relating to Infratil and the risks specific to an investment in Infrastructure Bonds along with information on Infratil's liability profile.

Directors

Infratil's directors are current as at the date of this prospectus but are subject to change.

Mark Tume

Chairman

Mark Tume has been a director of Infratil since 2007 and the chairman of the Infratil board since October 2013. He has previously been the chair of the board's Audit and Risk Committee and is now an Audit and Risk Committee member. He is also a director of Infratil Energy Australia, the New Zealand Refining Company and New Zealand Oil and Gas and is a member of the board of The Guardians of The New Zealand Superannuation Fund. His professional experience has been in New Zealand banking and funds management.



Marko Bogoevski

Director, Chief Executive

Marko Bogoevski is Chief Executive of Infratil and its manager, Morrison & Co. He joined the Infratil board in 2009. He is a director of Trustpower, Z Energy and Morrison & Co. He was previously Chief Financial Officer of Telecom responsible for corporate finance New Zealand, M&A and group strategy. He is a fellow of the New Zealand Institute of Chartered Accountants.



Paul Gough

Director, Independent

Paul Gough joined the Infratil board as an independent director in 2012. His professional career has been in investment banking and private equity in New Zealand and the United Kingdom, where he is a partner in the private equity fund STAR Capital Partners with responsibility for the acquisition and management of investments especially in the transport and energy sectors. Paul is the chair of the board's Audit and Risk Committee.



Anthony Muh

Alternate Director (for Duncan Saville)

Anthony Muh was an independent director at Infratil from 2007 until 2010 and is now an alternate for Duncan Saville. He joined Morrison & Co in 2010 to head its asset management businesses. Anthony has extensive experience in investment management including senior roles at Alliance Trust Plc; Citigroup Global Asset Management and Solomon Brothers Asset Management Asia Pacific.



Humphry Rolleston

Director, Independent

Humphry Rolleston has been a director of Infratil since 2006. He is also a director of the NZX listed companies Property for Industry, Mercer Group, and SKY Network Television. He owns a number of private companies involved in tourism, security, manufacturing and finance. He is a Fellow of the New Zealand Institute of Directors and the Institute of Management.



Duncan Saville

Director

Duncan Saville has been a director of Infratil since its establishment. He is a chartered accountant and an experienced non-executive director in the utility sector having been on the boards of a number of water, airport and utility investment companies. He is a Fellow of the Institute of Chartered Accountants in Australia and of the Australian Institute of Directors.

Management

Infratil's senior management team are current as at the date of this prospectus but are subject to change.

Kevin Baker Chief Financial Officer

Kevin Baker is responsible for financial and management accounting, and reporting for Infratil and its 100% owned subsidiaries. He is Chair of NZ Bus, and a director of Infratil Energy Australia. Prior to joining Morrison & Co he was CFO of NGC Holdings.

Jason Boyes Head of Legal

Jason Boyes is responsible for group legal compliance and transaction structuring and execution. He is a director of Wellington International Airport. Before joining Morrison & Co, he was a lawyer at Buddle Findlay for 13 years – seven as a partner, specialising in corporate, securities and finance.

Tim Brown Capital Markets and Economic Regulation

Tim Brown is involved in financing, capital markets, and economic regulation. He is a director of NZ Bus and Chair of Wellington International Airport. Before joining Morrison & Co he was head of capital markets at National Bank of New Zealand.

Fiona Cameron Group Treasurer/ Morrison & Co Financial Controller

Fiona Cameron is responsible for Infratil Group Treasury operations including cash management, funding draw-downs, FX and IR management and corporate accounting, company and group financials for Morrison & Co. Fiona joined Morrison & Co in 2006.

Peter Coman Property and Social Infrastructure

Peter Coman is accountable for the development and performance of infrastructure property opportunities within Morrison & Co and Infratil. Peter is a director of Wellington International Airport, Infratil Infrastructure Property and iSite.

Bruce Harker Executive Director Energy Group

Dr Bruce Harker heads Morrison & Co's energy team and has over 30 years of experience in the electricity industry. Dr Harker is Chairman of Trustpower. Prior to joining Morrison & Co in 1994, he held senior management roles within Electricity Corporation of New Zealand.



Lib Petagna Executive Director and Chief Investment Officer

Lib Petagna has extensive transactional experience having led acquisitions and divestments in the airport, energy and transport sectors in Australasia and Europe. He has overseen Morrison & Co's entry into wholesale, retail and agricultural sector funds management and is a director of NZ Bus, Z Energy and Infratil Infrastructure Property.

Steve Sanderson CEO, Wellington Airport

Steve Sanderson joined Wellington Airport in 2011 having previously been CEO of Queenstown Airport and before that having had senior management roles in a number of manufacturing and infrastructure businesses.

Vince Hawsworth CEO, Trustpower

Vince Hawsworth joined Trustpower in 2011 with over 25 years of energy sector experience, including with thermal and hydro generation and energy retailing. His most recent prior role was as CEO of Hydro Tasmania.

Rhoda Phillippo Managing Director IEA, LUMO

Rhoda Phillippo developed the Z Energy transition and operations plan and joined Morrison & Co in 2011. Prior to her work with Morrison & Co, Rhoda was CEO of Optimisation New Zealand and led Telecom/Gen-i's trans-Tasman business for major customers. Rhoda is also Chairperson of Snapper.

Mike Bennetts CEO, Z Energy

Mike Bennetts joined Z Energy in 2010 after a 25 year career with BP in New Zealand, China, South Africa, the UK and Singapore. His last role was as Chief Executive of BP's Eastern Hemisphere supply and trading business.

Zane Fulljames CEO, NZ Bus

Zane Fulljames joined NZ Bus in 2008 having previously had roles in logistics, oil and gas, construction, manufacturing and finance. His previous employer was Royal Dutch Shell.

Information about Financial Performance and Position

Background

For an investor in Infrastructure Bonds with a natural concern about Infratil's ability to meet its interest and principal obligations the key questions are likely to be about the robustness of Infratil's earnings, the value of its assets and the scale and nature of its liabilities.

Over the long-term Infratil's businesses operate in stable and growing sectors and have exhibited relatively predictable earnings. However because of the higher risk-adjusted returns Infratil is seeking for its shareholders, the businesses have also been selected because they offer some potential to outperform, which usually also comes with the potential for underperformance.

Usually earnings and value growth comes from Infratil's businesses having the potential to take advantage of rising demand to invest in expansion, improvements and adjacent opportunities. Such growth opportunities arise from a diverse range of sources. Wellington Airport can profitably invest in terminal and car park expansion because growing passenger throughput necessitates additional facilities. Expanding populations in Auckland and Wellington, and recognition of the cost efficiency of bus public transport, is opening the door for NZ Bus to increase its services. Trustpower has wind farm and hydrology expertise which is now being used to develop investments into wind farms in Australia and irrigation in New Zealand. The restructuring Australian energy market has created an opportunity for New Zealand energy retailing and risk management expertise to grow Infratil Energy Australia/Lumo.

The list of influencing factors is diverse and naturally at any one time some drivers of growth will be stronger than others. This results in the prioritisation of opportunities and occasionally the sale of shares or assets to allow capital to be redeployed to areas of greater potential. Not all of Infratil's investment plans have however met targets. The most notable example is Infratil's ownership of two airports in the UK. These were ambitious projects which failed in an investment sense. But good management of exposures and risks meant that their negative returns did not materially harm Infratil's creditworthiness before they were sold this year.

While investment and divestment will be important to the shape of Infratil, of greater relevance to immediate financial health will be the Infratil Group's operating earnings and cash flows. If a company isn't generating satisfactory returns from its existing operations it also tends to lose the flexibility to pursue growth, whether from making new investments or retaining existing ones.

Financial Performance & Position

On the following pages the Infratil Group's key financial information is provided for potential Infrastructure Bond investors. Unless otherwise specified, the financial information included on the following pages 9 to 14 has been taken from:

- + In the case of information relating to the financial years ended 31 March 2013 and 31 March 2012, Infratil's consolidated audited financial statements for the relevant year.
- + In the case of information relating to the six month periods ended 30 September 2013 and 30 September 2012, Infratil's consolidated unaudited interim financial statements for the relevant period.

The information is provided in a sequence which is intended to help investors understand how the various reported measures of financial performance relate to each other.

EBITDAF Contributions

"EBITDAF" is the Infratil Group's earnings before interest, tax, depreciation, amortisations, fair value movements of financial instruments, realisations and impairments.

It is a useful non-GAAP financial measure of earnings prior to non-cash items such as depreciation and amortisation, fair value adjustments, the cost of financing and taxation. The table shows the sources of Infratil's earnings and indicates the relative contributions of Infratil's businesses.

Z Energy is not a subsidiary of Infratil for accounting purposes and the contributions recognised from Z are Infratil's 50% share of that company's net profit after tax up until 31 August 2013 when Infratil reduced its shareholding to 20%. Although they are not 100% owned Trustpower, Wellington Airport and Perth Energy are subsidiaries for accounting purposes and are therefore fully consolidated in Infratil's consolidated financial statements, as are Infratil's 100% subsidiaries which include, Infratil Energy Australia, Lumo Energy, Infratil Airports Europe and NZ Bus.

EBITDAF Contributions

\$Millions	6 months to 30 September 2013 Unaudited	6 months to 30 September 2012 Unaudited	12 months to 31 March 2013 Audited	12 months to 31 March 2012 Audited
Trustpower	\$153	\$166	\$295	\$300
Wellington Airport	\$42	\$40	\$83	\$76
NZ Bus	\$22	\$22	\$44	\$46
Infratil Energy Australia ¹	\$57	\$71	\$98	\$64
Z Energy	\$22	\$8	\$31	\$52
Other	(\$11)	(\$12)	(\$23)	(\$18)
EBITDAF continuing operations	\$285	\$295	\$528	\$520
EBITDAF discontinued operations ²	(\$6)	(\$4)	(\$10)	(\$12)

(1) IEA includes Infratil Energy Australia, Lumo Energy, Direct Connect and Perth Energy

(2) European Airports were held for sale and have been classified as discontinued operations

The “Other” line in the table above includes Infratil’s management and operating costs, income from other sources and group eliminations.

Reconciliation of EBITDAF to Net Parent Surplus/(Loss)

The following table reconciles EBITDAF to Infratil’s GAAP net parent surplus or loss.

\$Millions	6 months to 30 September 2013 Unaudited	6 months to 30 September 2012 Unaudited	12 months to 31 March 2013 Audited	12 months to 31 March 2012 Audited
EBITDAF continuing operations	\$285	\$295	\$528	\$520
Net financing expense	(\$91)	(\$97)	(\$195)	(\$187)
Taxation expense	(\$36)	(\$29)	(\$24)	(\$58)
Depreciation & amortisation	(\$74)	(\$73)	(\$149)	(\$134)
Net gain/(loss) on derivatives	\$36	(\$23)	(\$14)	\$19
Net realisations, revaluations and impairments	\$186	(\$3)	(\$7)	\$4
Discontinued operations	(\$29)	(\$47)	(\$62)	(\$37)
Minority interests	(\$47)	(\$39)	(\$74)	(\$75)
Net parent surplus/(loss)	\$230	(\$17)	\$3	\$52

Reconciliation of EBITDAF to Consolidated Operating Cash Flows

The table reconciles EBITDAF to Infratil's consolidated operating cash flows. It deducts the mandatory cash obligations of interest and tax from operating earnings (as represented by EBITDAF) and adjusts for changes in working capital, discontinued operations and to reflect actual distributions received from associates ("associate adjustments").

\$Millions	6 months to 30 September 2013 Unaudited	6 months to 30 September 2012 Unaudited	12 months to 31 March 2013 Audited	12 months to 31 March 2012 Audited
EBITDAF continuing operations	\$285	\$295	\$528	\$520
Net interest paid	(\$84)	(\$91)	(\$181)	(\$176)
Tax paid	(\$30)	(\$35)	(\$53)	(\$47)
Working capital adjustments, discontinued operations, and associate adjustments	\$104	(\$63)	(\$6)	(\$109)
Operating cash flow	\$275	\$106	\$288	\$188

Reconciliation of Operating Surplus to Net Surplus/(loss)

The following table shows the reconciliation of Infratil's consolidated operating surplus to net surplus/(loss).

\$Millions	6 months to 30 September 2013 Unaudited	6 months to 30 September 2012 Unaudited	12 months to 31 March 2013 Audited	12 months to 31 March 2012 Audited
Operating surplus before financing, investment costs, derivatives and impairments	\$212	\$222	\$379	\$386
Net financing costs	(\$91)	(\$97)	(\$195)	(\$187)
Operating earnings (earnings after depreciation, amortisation and interest)	\$121	\$125	\$184	\$199
Net (loss)/gain on foreign exchange and derivatives	\$36	(\$23)	(\$14)	\$19
Investment realisations, revaluations and impairment	\$3	(\$3)	(\$6)	\$4
Net gain on Z Energy Limited IPO	\$183	-	-	-
Taxation expense	(\$36)	(\$29)	(\$24)	(\$58)
Net (loss) from discontinued activities*	(\$29)	(\$47)	(\$62)	(\$37)
Net surplus for the period	\$277	\$23	\$77	\$127
Net surplus attributable to minority interests	(\$47)	(\$39)	(\$74)	(\$75)
Net (loss)/ surplus after taxation, discontinued operations and minorities	\$230	(\$17)	\$3	\$52

*Net (loss) from discontinued operations includes both operating losses and impairment of Infratil's investment in Infratil Airports Europe (Glasgow Prestwick and Kent Airports) which Infratil has sold subsequent to 30 September 2013. In the period to 30 September 2013, \$8 million of this amount relates to operating losses, and \$21 million to impairment.

Total Investment Spending by Infratil, Subsidiaries & Associates

The table below shows the Infratil Group's capital and investment spending extracted from management information.

\$Millions	6 months to 30 September 2013 Unaudited	6 months to 30 September 2012 Unaudited	12 months to 31 March 2013 Audited	12 months to 31 March 2012 Audited
Trustpower	\$193	\$99	\$214	\$49
Wellington Airport	\$12	\$5	\$12	\$22
NZ Bus	\$39	\$22	\$57	\$64
Infratil Energy Australia	\$9	\$11	\$28	\$22
European Airports	\$3	\$3	\$6	\$7
Z Energy*	-	\$39	\$71	\$74
Other	\$1	\$8	\$26	\$8
Capital spending	\$257	\$187	\$414	\$246

*Z Energy's capital outlays in the half year to 30 September 2013 are excluded reflecting Infratil's partial sale of that business in August 2013.

Infratil's Investments

\$Millions	6 months to 30 September 2013 Unaudited	6 months to 30 September 2012 Unaudited	12 months to 31 March 2013 Audited	12 months to 31 March 2012 Audited
Trustpower	\$1,121	\$1,274	\$1,226	\$1,154
Wellington Airport	\$337	\$315	\$342	\$326
NZ Bus	\$285	\$254	\$270	\$246
Infratil Energy Australia	\$395	\$496	\$435	\$477
Z Energy	\$307	\$322	\$324	\$331
European Airports	-	\$28	\$21	\$70
Other	\$219	\$67	\$65	\$65
Total investments	\$2,664	\$2,756	\$2,683	\$2,669

The values shown in the table (except for Trustpower and in September 2013 Z Energy) are derived from the annual reports and interim reports of Infratil and reflect Infratil's share of the relevant investment's net asset book values as noted below. These values are relevant to Bondholders as they represent the value of Infratil's investments. For 100% owned subsidiaries, cash balances are excluded from the values as they are deducted from bank borrowing in the calculation of net bank debt as shown in the next table.

The basis of the investment values is summarised below:

Trustpower's value in the table reflects the number of Trustpower shares Infratil owns (approximately 51% of the total) and the Trustpower share price on the NZX Main Board as at the relevant 31 March or 30 September.

Wellington Airport's value represents 66% of Wellington Airport's shareholders' equity excluding deferred tax. Changes in value reflect fluctuations in retained earnings and asset values.

NZ Bus' value represents the book value of assets less liabilities, including goodwill and excluding deferred tax. Fluctuations in value reflect changes in retained earnings and capital injections and repayments.

Infratil Energy Australia's (IEA) value includes IEA's power stations and land, Perth Energy (of which Infratil is an 80% shareholder), and Lumo Energy's retailing assets which are included at cost with energy price hedges at market values.

The fluctuation in IEA's value shown in the table reflects changes in the NZ\$/A\$ exchange rate, the market value of hedges, valuation of generation assets, the provision of additional capital and movement in retained earnings.

Z Energy's value before 30 September 2013 represents the cost of Infratil's investment and its share of retained net profits and revaluations. For 30 September 2013 the value reflects Infratil's 20% interest in Z Energy at the share price on the NZX Main Board. Between 31 March 2013 and 30 September 2013 Infratil received cash income of \$37 million from Z Energy and sold 120 million Z Energy shares for net proceeds of \$398 million.

European Airports' value includes airport assets at valuations adopted by the company's directors and changes in the NZ\$/UK£ exchange rate. As at 30 September 2013 the value had been fully written down and since then both airports have been sold for a nominal price.

Until 30 September 2013 "**Other**" mainly comprised Infratil's interest in Infratil Infrastructure Property, Snapper and a number of other smaller investments. For 30 September 2013 it also includes \$153 million of Infratil's share of the undistributed proceeds from the Z Energy sale currently held by Aotea Energy.

None of the companies listed in the table guarantees the Infrastructure Bonds.

Group Financial Structure and Bondholder Status

A Bondholder will be interested in both the total value of Infratil's assets and the ranking of claims against those assets. Within the Infratil Group, debt falls within three categories:

- + The borrowings of operating companies not 100% owned by Infratil. These companies are Trustpower, Wellington Airport, Perth Energy (in the tables on the previous pages Perth Energy assets and earnings are included within Infratil Energy Australia) and other investments such as Z Energy and Metlifecare. A creditor of one of these companies has no claim against, or recourse to, the assets of Infratil or any member of the Infratil Group other than the relevant operating company. As at 30 September 2013 the aggregate debt of the non-100% subsidiaries amounted to \$1,526 million.
- + Borrowings of 100% Infratil owned subsidiaries. These subsidiaries include Infratil Energy Australia, NZ Bus and Infratil Finance. Creditors of 100% Infratil owned subsidiaries have a claim against the relevant subsidiary and in some cases security over specific assets of the subsidiary. They also in most cases have a claim against Infratil as guarantor of the subsidiaries' debt obligations, which ranks equally with the Bondholders' claims against Infratil. As at 30 September 2013 the net aggregate debt owed by Infratil's 100% owned subsidiaries which was guaranteed by Infratil was \$42 million. This is net financial debt and does not include other obligations, such as trade creditors, financial derivative positions, and other liabilities.
- + Infrastructure Bonds issued by Infratil. Bondholders have no claims against or recourse to the assets of Infratil's subsidiaries or associates in respect of Infratil's obligations under the Infrastructure Bonds. As at 30 September 2013, the net aggregate face value of Infrastructure Bonds outstanding was \$921 million.

In a liquidation of an Infratil subsidiary or associate (whether wholly or partly owned by Infratil), creditors of the company in liquidation would have a claim to the assets of that company ranking ahead of Infratil's claim (or the claim of a liquidator of Infratil) as shareholder. Only the residual assets (if any) of the company in liquidation, after the claims of its creditors have been satisfied, would be available to Infratil (or its liquidator) as shareholder and therefore to Bondholders and Infratil's other creditors.

Infratil & 100% Subsidiary Capital & Debt Funding

The following table shows the net borrowing of Infratil and its 100% subsidiaries. The net debt figures are after deducting the cash held by those companies.

\$Millions	6 months to 30 September 2013 Unaudited	6 months to 30 September 2012 Unaudited	12 months to 31 March 2013 Audited	12 months to 31 March 2012 Audited
Net debt 100% subsidiaries	\$42	\$397	\$364	\$363
Fixed maturity bonds	\$686	\$623	\$677	\$623
Perpetual bonds	\$235	\$235	\$235	\$236
Market value equity (NZX Main Board price x No. of shares)	\$1,454*	\$1,268	\$1,382	\$1,109
Total capital	\$2,417	\$2,523	\$2,658	\$2,331
Total debt/total capital	40%	50%	48%	52%

*As at 6 December 2013 Infratil's market value equity on the NZX Main Board was \$1,258 million.

As at 30 September 2013 Infratil and its 100% subsidiaries had \$799 million of bank facilities which were drawn to \$98 million and \$66 million on deposit. A subsidiary also had \$10 million of vendor funding. Bank facilities were also utilised to provide \$33 million of guarantees which are not shown in the table as no money was borrowed.

Between 31 March 2013 and 30 September 2013 Infratil repaid \$86 million of maturing bonds and issued \$94 million of bonds to mature in 2022. Bank funding in this period was reduced, largely from the proceeds of the Z Energy sale.

The table excludes the debt of less than 100% owned subsidiaries and associates. While their lenders have claims against the assets of the relevant companies which rank ahead of any claim of Infratil as shareholder (and therefore Infratil's creditors, such as Bondholders) Infratil has no obligation to these lenders and the value of Infratil's investments shown in the previous table takes into account the value of the relevant companies' liabilities.

Infratil and 100% Subsidiary Debt Maturity Profile as at 30 September 2013

The following table shows the maturity profile of Infratil and its 100% owned subsidiaries' available debt facilities and bonds as at 30 September 2013.

As at 30 September 2013 ⁽¹⁾ (Unaudited) \$Millions	2014	2015	2016	>2017	> 4 years	> 10 years
Bonds	-	-	\$152.8	\$100.0	\$433.0	\$234.9
Infratil bank facilities ⁽²⁾	\$168.0	\$113.0	\$118.0	\$77.0	\$140.0	-
Vendor finance ⁽³⁾	\$8.1	\$1.4	-	-	-	-
100% subsidiaries bank facilities	\$6.9 ⁽⁴⁾ \$4.9 ⁽⁵⁾	\$78.8 ⁽⁶⁾ \$12.7 ⁽⁴⁾	\$12.7 ⁽⁴⁾	\$12.7 ⁽⁴⁾	\$54.9 ⁽⁴⁾	-

(1) Maturity profile based on 31 March financial year ends.

(2) Infratil and wholly-owned subs excludes Trustpower, Wellington International Airport, Perth Energy and Z Energy.

(3) Vendor finance used for Port Stanvac generation development funding.

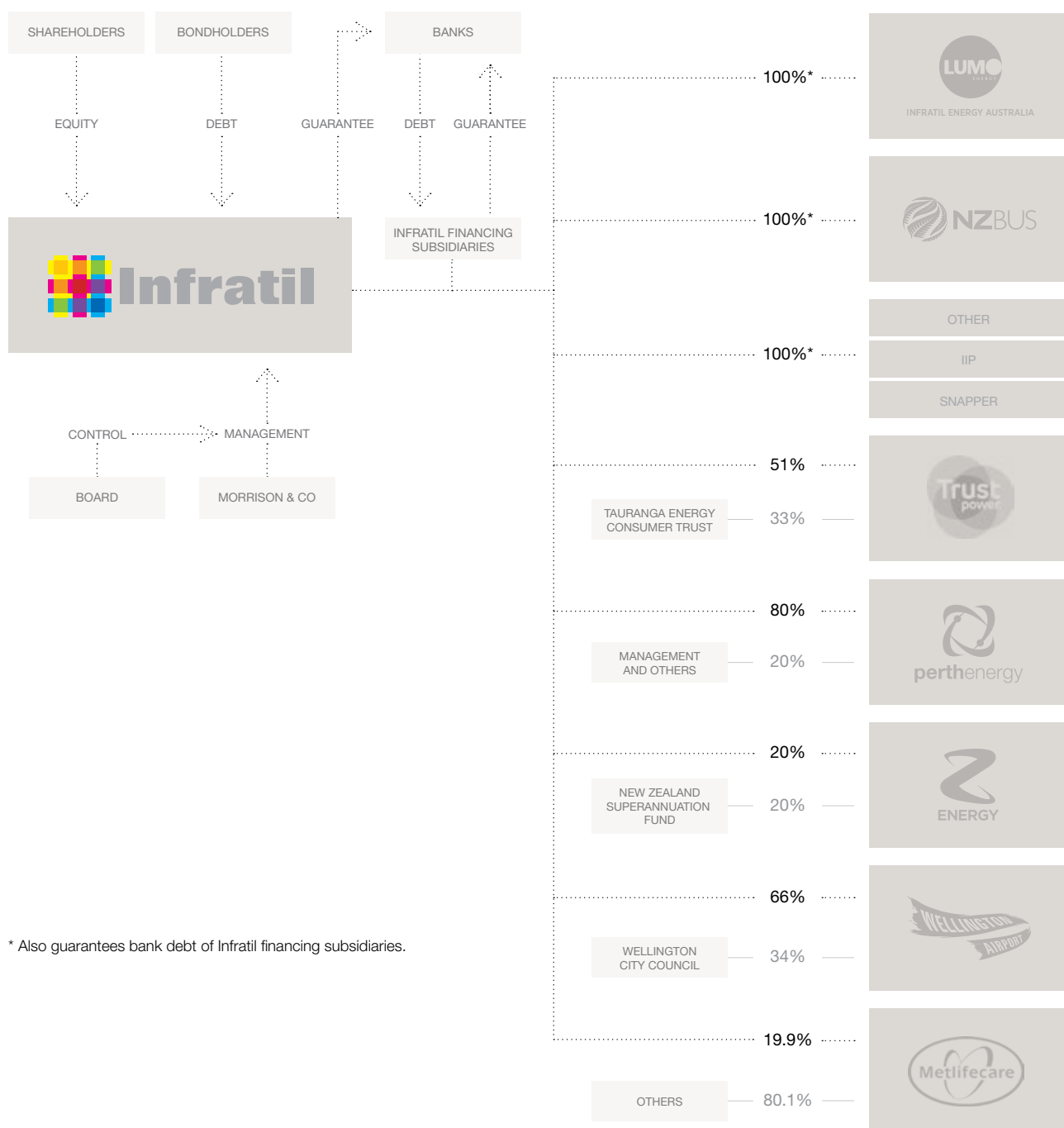
(4) NZ Bus export credit guarantee fleet procurement facility.

(5) IAE overdraft facility.

(6) IEA working capital and guarantee facility.

Infratil's Investments, Structure and Bondholder Status

When Infratil issues Infrastructure Bonds, as a Bondholder you are the lender and Infratil is the borrower. The ability of a borrower such as Infratil to meet its interest and repayment obligations depends on the resilience of its operating cash flows, the scale of liabilities, the value of assets and other creditors' rights to those assets. Infratil and some of its key investments are depicted in the following diagram. Infratil's assets comprise its shareholdings in the companies shown in the right hand side of the diagram and other less material investments.





Key
Operating
Businesses

Trustpower

Trustpower is principally an electricity generator and retailer. It owns 36 small to medium sized hydro power stations in New Zealand, two wind farms in New Zealand and one in Australia, and a diesel powered back-up generation unit north of Auckland. Trustpower has approximately 219,000 energy customers in New Zealand while most of its Australian wind farm output is sold through long-term contracts.

In addition to the core generation and energy retailing activities, Trustpower provides water to local irrigation schemes in Canterbury and has almost 30,000 customers for a range of telecommunications services. Trustpower has been highly effective at growing its generation activities and expanding into adjacent areas where it has expertise and other advantages.

- + In October 2013 Trustpower commissioned the small scale Esk River hydro power scheme north of Napier which is expected to provide sufficient electricity for about 2,000 households at a cost of \$13.5 million. Although small, it is the largest hydro power station built in New Zealand in the last decade.
- + Trustpower's ownership of the Highbank, Montalto and Coleridge hydro power stations (the only hydro stations in Canterbury) positioned the company to expand into providing water storage, pumping and conduit services to local irrigation schemes. Trustpower has now been selected by the Hawkes Bay Regional Council's development company as a preferred partner to work on the development of a \$265 million generation and irrigation scheme in that region.
- + The near \$800 million investment in wind farms in South Australia was possible because of Trustpower's wind generation expertise developed in the Tararua and Otago. Trustpower is progressing consents for a further 1,000MW of wind capacity in Australia to take advantage of Australian renewable energy incentives. The A\$440 million Snowtown II wind farm is expected to be commissioned in late 2014 and to then generate sufficient electricity in an average year for 170,000 households.
- + Trustpower's expanding provision of broadband and phone and data services takes advantage of its customer service and billing expertise. Last year the number of these customers grew 10% and revenue from these activities is increasing at 8% per annum.

Against this backdrop of investment lead growth, Trustpower is facing a difficult operating market in New Zealand and an unusual regulatory threat. The New Zealand market has excess generation capacity and consequently low wholesale prices. It also has a highly competitive retail market (an international agency identified New Zealand's electricity market as the

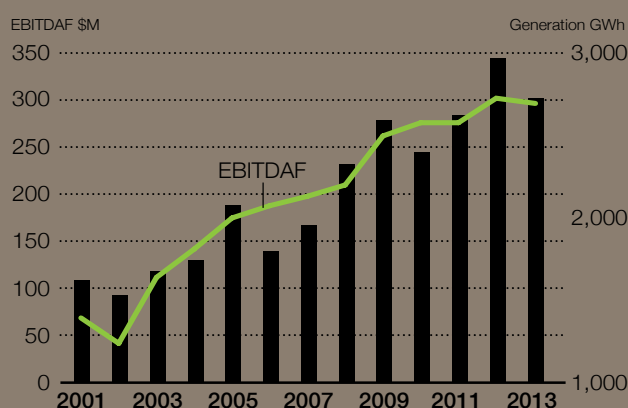
second most competitive in the world). Both factors are exerting downward pressure on earnings. Eventually generation prices will rise, but this may be some years off, especially if the Tiwai Point smelter closes. The smelter uses almost 15% of all New Zealand's electricity. Energy retailing is intrinsically a competitive activity, but also one in which a minimum level of earnings is required to justify the capital employed.

The regulatory threat is more uncertain and difficult to quantify. Parliament's Labour opposition party has indicated that if it is elected it may close the wholesale electricity market and establish a government agency to buy all generation and to make all decisions about the future construction of generation capacity. The issues are covered in other releases Infratil has previously published, which are listed on page 37. The Labour party estimated that its proposed reforms will reduce total electricity charges by between \$500 million and \$700 million per year. These estimated reductions are in respect of the electricity industry generally and it is not clear how this would impact individual generators, including Trustpower. Accordingly, it is not possible to guess the financial or value impact on Trustpower, but at the extreme the consequences could be materially adverse.

Trustpower does not guarantee the Infrastructure Bonds. Bondholders have no claims against or recourse to the assets of Trustpower in respect of Infratil's obligations under the Infrastructure Bonds.

EBITDAF and Generation

Year ended 31 March





Listed market value of Infratil's shareholding as at 30 September 2013

\$1,121 million

31 March 2013, \$1,226 million, as at 6 December 2013 the market value of Infratil's shareholding was \$1,037 million

Since 2000 Trustpower's investment in renewable generation has lifted its output by approximately 75% and annual EBITDAF has increased from \$110 million to \$295 million.

In the half-year ended 30 September 2013 Trustpower provided Infratil with \$32 million of dividend income. Over that period Trustpower's EBITDAF was \$153 million (from \$166 million last year) and net profit after tax was \$77 million (from \$70 million).



Infratil Energy Australia Group

Infratil Energy Australia (IEA) was established in 2004 with the aim of developing a substantial independent Australian energy company. IEA buys electricity and gas in the wholesale market and on-sells to residential and smaller scale commercial users. It owns three “peaker” power stations in South Australia and one in NSW, and has an 80% shareholding in Perth Energy.

The key part of IEA is Lumo, the retailing business which had at 31 October 2013 495,000 accounts in Victoria, South Australia, NSW and Queensland (jointly known as the National Electricity Market or NEM). The success of this business has a number of foundations:

- + Wholesale energy (electricity and gas) has to be consistently procured at prices which are cost competitive. A key element of this is avoiding price spikes which can occur in both electricity and gas wholesale spot markets and which cannot usually be passed on to retail customers.
- + Core retailing activities such as account and debtor management and billing have to be undertaken reliably and at low cost.
- + Customers have to be attracted to the retailer in a cost effective way. In Australia this has largely been by door knocking, but recent ACCC regulatory decisions have made this channel more difficult.
- + Customer services, branding, and other operational elements are also important.

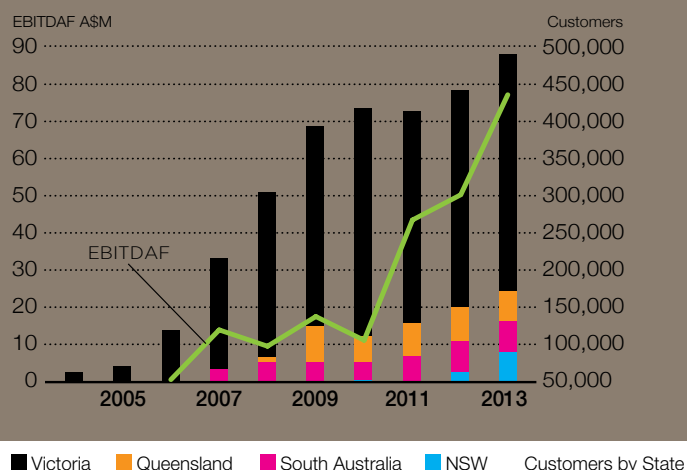
Having started business with a single customer, Lumo is now the largest of the second tier of energy retailers in the NEM, although the three largest companies still jointly have over 85% of all the customers.

Lumo is now providing a satisfactory level of EBITDAF, which last year was A\$58 million (last year earnings were boosted by a drop in wholesale energy procurement prices).

In addition to Lumo’s retailing activities, IEA also owns 165MW of diesel peakers on four sites. Revenue for these power stations primarily comes from selling “caps”. These are financial products which insulate the buyer against very high price periods (in the NEM these tend to happen on very hot days when air conditioning is heavily used and thermal generation can be constrained and unreliable). The peakers mainly operate only during very high price periods and some years this can mean hardly at all. Last year EBITDAF from this business unit was A\$9 million.

EBITDAF and Customers

Year ended 31 March



The third division of IEA is 80% owned Perth Energy based in Western Australia. Its value and EBITDAF are mainly provided by its generation operations, but it also has a retail electricity supply business, which is only available to larger commercial consumers because residential electricity supply in Western Australia is not open to competitive offers.

Neither Infratil Energy Australia, Lumo, nor Perth Energy guarantees the Infrastructure Bonds. Bondholders have no claims against or recourse to the assets of Infratil Energy Australia and Perth Energy in respect of Infratil’s obligations under the Infrastructure Bonds.



Book value of Infratil's shareholding as at 30 September 2013

\$395 million

EBITDAF has increased markedly since 2010 as the group has reached a more mature stage of its development. Last year EBITDAF was A\$77 million up from A\$50 million in 2012 and only A\$9 million in 2010.

In the six months to 30 September 2013 EBITDAF was A\$49 million.



Wellington Airport

Wellington Airport serves the Capital and central New Zealand region. In the 12 months to 30 September 2013 it hosted 5,520,000 passengers. Over the last decade growth has averaged 150,000 passengers per year (with the largest increase 421,000 in one year and largest decrease 140,000 in another).

The Airport's main airline customers are Air New Zealand and Jetstar on domestic services and Air New Zealand, Qantas and Virgin Australia on international services, which are mainly to east coast Australia. Over 40% of New Zealand domestic services (measured by seat numbers) start or finish in Wellington, but only about 10% of international services.

Charges paid by the major airline customers make up almost 60% of the Airport's income and are required to be reset at least every five years after extensive consultation. This was last concluded for the five year period from 1 April 2012, however subsequently the Commerce Commission reported to the Minister of Commerce that the Airport could earn excessive returns in 2015 after the conclusion of the 2014 financial year. On the basis of this report the Airport reinitiated price consultation with the aim of resetting the prices in 2014 to ensure compliance with the Commission's guidelines.

It is not possible at present to forecast what the new prices will be, but the Commerce Commission did not find fault with the Airport's forecast earnings in the current year or the actual earnings in the three years since the Airport has been obliged to report in accordance with the Commerce Commission's stipulations. Over that period the Airport's average return on aeronautical assets has been 6.4% per annum and the Commerce Commission has previously indicated acceptance of average returns of approximately 8% per annum.

Year Ended 31 March	2011	2012	2013	Average per annum
Cash earnings	\$20.2m	\$22.2m	\$22.6m	\$21.7m
Cash earnings	5.1%	5.4%	5.4%	5.3%
Revaluations	1.1%	1.5%	0.8%	1.1%
Total returns	6.2%	6.9%	6.2%	6.4%

Accommodating increasing passenger numbers requires constant investment in capacity, which over the fifteen years of Infratil involvement has included new domestic and international terminals, runway overlays, end safety areas and resurfacing and major improvements to land transport facilities. In addition the Airport has invested in the development of the land it owns around the airport site.

Improved passenger services has resulted in a substantial rise in income from that source, to \$6.26 per passenger from \$1.63 per passenger when Infratil made its initial investment in 1998.

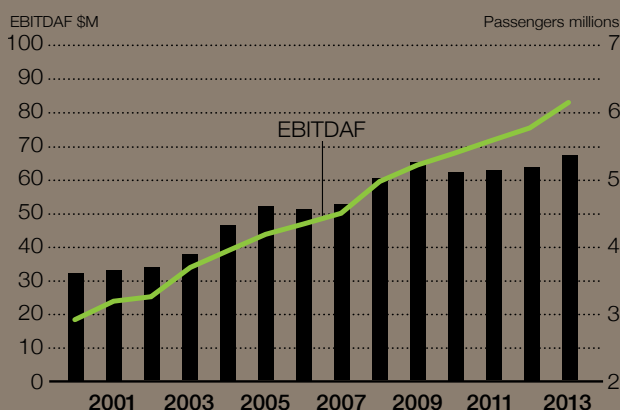
Rental income from non-aeronautical property and other items was \$4.6 million over the last six months, up from approximately \$1 million a year when Infratil first invested.

The Airport has indicated that its capital works plan over the next five years could amount to as much as \$250 million, which would include a substantial expansion of the domestic terminal, additional car parking, a hotel and further development of non-aeronautical land holdings. It does not include the potential extension of the Airport's runway. This is being strongly encouraged by civic, business and educational interests as a way to facilitate direct air services between Wellington and Asia. In response to this interest the Airport is undertaking feasibility analysis of likely aviation, consenting, economic and demand conditions. If these indicate that the extension could meet criteria it is likely to result in progressing the necessary consents and a very open and thorough consultation process. If the runway extension occurs it will be a unique initiative in the way it will involve both commercial and civic interests.

Wellington Airport does not guarantee the Infrastructure Bonds. Bondholders have no claims against or recourse to the assets of Wellington Airport in respect of Infratil's obligations under the Infrastructure Bonds.

EBITDAF and Passengers

Year ended 31 March





Book value of Infratil's shareholding as at 30 September 2013

\$337 million

In six months ended 30 September 2013 Wellington Airport provided Infratil with \$35 million of cash income (\$30 million in the prior year).

Over the last five years the Airport's EBITDAF has risen from \$60 million to \$83 million and Infratil's income has risen from \$19 million to \$35 million.

In the six months to 30 September 2013 EBITDAF was \$42 million from \$40 million in the same six month period last year.



NZ Bus

Almost half of all public transport rides in New Zealand are taken on NZ Bus services. It is the main provider of bus services in the two main public transport markets, Auckland and Wellington.

Bus public transport is a partnership between operators, such as NZ Bus, and the regional transport authorities which define and regulate the network in their regions. These authorities determine which services can operate (in New Zealand it is not possible to just turn up and start operating a bus service, all aspects of all services are subject to consent), determine the timetable, set the fares, provide information to the public (including real time information on bus arrival and departure times) and determine the subsidy (if any) for services they deem desirable but which are not commercial (ie. where fares will not cover costs).

For several years industry participants and regulators have been working to change the regulatory, funding and contracting regime, and a new model is expected to be implemented in 2014. Under this new model, NZ Bus's current services (or routes) are likely to be categorised as negotiated or tendered units. These categories will define how the transport operator and the authorities will go about entering into the contracts to cover the relevant services, ie. either by tender or negotiation. A very small number of services are excluded from the process having been deemed to be fully commercial.

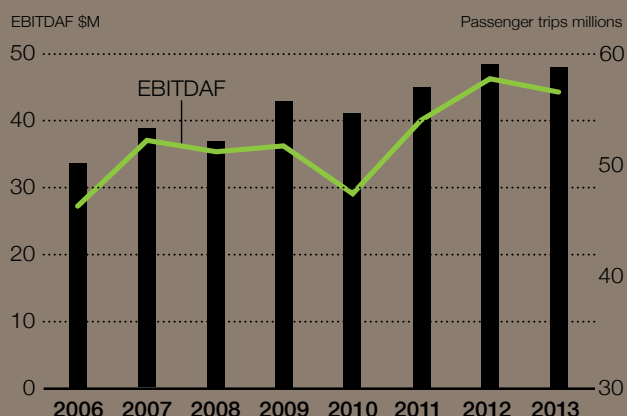
It is expected that over the next two to three years all the services currently operated by NZ Bus will be re-contracted by way of these tenders and negotiations, meaning other operators could replace NZ Bus on services, if NZ Bus's tender was not accepted or the parties could not agree on the negotiated terms.

Despite this process having been underway for some years there is still no certainty as to timetable or the form of the new contracts. This is because of the complexity of the process the authorities are obliged to follow as they are required to determine both the form of contracts and the overall public transport network.

The uncertainties associated with the new contracts which are relevant to NZ Bus include the quality of services required and whether there will be incentives for passenger growth. NZ Bus has been investing in being able to provide a superior quality of service, including through a major renewal of its fleet, increased driver training, information systems and by the implementation of Telematics which measure bus speed and acceleration and allow drivers to provide a smoother ride for their passengers. NZ Bus has also been given tertiary level accreditation by ACC making it the only public transport operator in New Zealand of this standing.

EBITDAF and Patronage

Year ended 31 March



It is possible these qualitative improvements will not conform with the final form of the new public transport contracts. However this is unlikely as especially in Auckland the authorities have set aggressive growth targets for bus public transport and low quality services are unlikely to deliver this. If the Auckland authority's targets are met it is likely to mean NZ Bus will have significant opportunities to grow its business in that market.

Wellington will also be re-contracting its bus services over the next few years, but it seems that in that region the authorities are more comfortable with a stable level of public transport use.

NZ Bus does not guarantee the Infrastructure Bonds.

Bondholders have no claims against or recourse to the assets of NZ Bus in respect of Infratil's obligations under the Infrastructure Bonds.



Book value as at 30 September 2013

\$285 million

In the six months to 30 September 2013 NZ Bus EBITDAF was \$22 million unchanged from the same six months in the year prior. Last year NZ Bus EBITDAF was \$44 million.



Infratil's Other Investments

As at 30 September 2013 Infratil's "other" investments were valued at \$526 million (which includes Infratil's investment in Z Energy). In addition, the intention to make two further investments has been announced. These investments are summarised on this page.

Aotea Energy: Infratil previously held its 50% interest in Z Energy via Aotea Energy. With the partial sell down of Z Energy, undistributed proceeds of \$306 million are currently held by Aotea Energy, in which Infratil remains a 50% shareholder.

Z Energy: Infratil has a 20% interest in Z Energy. As part of the Z Energy float Infratil agreed not to sell its remaining interest before the 30 September 2014 results announcement.

Infratil Infrastructure Property ("IIP"): IIP was established to own and manage some of Infratil's property holdings. The book value of IIP was \$36 million as at 30 September 2013, mainly comprising a number of bus depot and ex-bus depot sites in Auckland and Wellington.

Snapper Services: Snapper was established by Infratil to provide the world's best public transport ticketing at an affordable cost and was implemented on all the NZ Bus services. To provide additional functions and income, Snapper was also introduced to shops as a way for customers to make low-value payments, and by Wellington City Council as a way to pay for street-side car parking. Regrettably Auckland Transport decided that Snapper was not compatible with the French ticketing system it had purchased for public transport in that region, and NZ Bus is obliged to replace Snapper on that part of its fleet.

None of the companies described in this "Other Investment" section guarantees the Infrastructure Bonds. Bondholders have no recourse to the assets of such companies in respect of Infratil's obligations under the Infrastructure Bonds.

Events Subsequent to 30 September 2013

Metlifecare: Subsequent to 30 September 2013 Infratil acquired 19.9% of the listed rest home and care provider Metlifecare for \$148 million (\$3.53 per share). This is Infratil's first investment into a sector with highly favourable demographic and macro-economic characteristics and trends. The core drivers of value (quality of service, ability to purchase and develop new facilities and operating costs and charges) are areas in which Infratil's management has expertise or appreciation of requirements. The particular attraction of the investment into Metlifecare included the price, availability of a meaningful stake and Metlifecare's potential growth and hence further capital investment potential.

Australia Social Infrastructure Partners ("ASIP"): Infratil has announced its intention to invest up to A\$100 million (about NZ\$110 million) into Australian social infrastructure through ASIP. The timetable for the actual investment is uncertain and it could be spread out over a number of years. These types of infrastructure investments involve the construction and provision of roads, hospitals and schools, etc. While the lessee/acquirer of the relevant facility will mainly be a government agency, investors will be taking risks in respect of maintaining the availability of the relevant facility in a cost efficient manner. Infratil's management has been involved in this field for a number of years and the Infratil board has now decided to commit equity. The decision reflects the view that there is expected to be substantial demand for this form of financing and attractive equity returns.

European Airports: On 22 November 2013 Infratil sold Glasgow Prestwick Airport to TS Prestwick Holdco Limited, an entity wholly owned by the Scottish Ministers, for cash consideration of 1 pound. On 29 November 2013 Infratil sold Manston Airport for 1 pound to Manston Skyport Limited, an entity wholly owned by Ann Gloag.

Buyback: On 5 December 2013 Infratil acquired 24.8 million ordinary shares in Infratil at a price of NZ\$2.38 per share at a cost of \$59 million.

Risk Factors

Any investment in Infrastructure Bonds will involve risks, including those described in this section, which may affect whether or not you receive the returns outlined under the heading “Returns” on page 31 of this prospectus. These include risks specific to the Infrastructure Bonds, risks relating to the structure of the Infratil Group, and general risks relating to Infratil and the Infratil Group.

There may be risk factors in addition to those set out below and you should consider the risk factors below in conjunction with the other information disclosed in this prospectus. This prospectus does not take account of your personal circumstances, financial position or investment requirements. It is important that before making any investment decision, you consider the suitability of an investment in the Infrastructure Bonds in light of your individual risk profile for investments, personal circumstances and investment objectives.

Risks specific to the Infrastructure Bonds

Transfer and market value

If you transfer your Infrastructure Bonds before they are redeemed, the price at which you are able to sell your Infrastructure Bonds may be more or less than the price you paid for them. This is because changes in market interest rates and other factors can affect the market value of the Infrastructure Bonds. For example, if market interest rates go up, the market value of the Infrastructure Bonds may go down.

The price at which you are able to sell your Infrastructure Bonds may also be affected by a deterioration, whether real or perceived, in the creditworthiness of Infratil or the Infratil Group, a lack of persons wishing to buy the Infrastructure Bonds, or the lack of an established market or demand for the Infrastructure Bonds.

In addition, if you are seeking to sell relatively small or relatively large amounts of Infrastructure Bonds you may not be able to do so at prices comparable to those that may be available to other investors.

Any secondary market for the Infrastructure Bonds will also be affected by a number of other factors not related to the creditworthiness of Infratil or the Infratil Group. These factors may include the time remaining to the maturity of the Infrastructure Bonds, the outstanding amount of the Infrastructure Bonds, the amount of Infrastructure Bonds being sold in the secondary market from time to time, any factors limiting demand for the Infrastructure Bonds (such as investment mandates that exclude unrated securities), the availability of comparable securities and the level, direction and volatility of market interest rates generally.

While Infratil is of the view that a secondary trading market for the Infrastructure Bonds will develop over time, there can be no

assurances as to the existence or characteristics of any such secondary market. Consequently, you may not be able to sell your Infrastructure Bonds readily or at all, or at prices that will enable you to obtain a return comparable to that of similar instruments, if any, with a developed market.

You should only purchase Infrastructure Bonds if you understand and are able to bear the risk that the Infrastructure Bonds may not be readily saleable, that the value of the Infrastructure Bonds will fluctuate over time, and that such fluctuations may be significant and could result in significant losses for you if you sell your Infrastructure Bonds before the Maturity Date. This is particularly the case if your circumstances may not permit you to hold the Infrastructure Bonds until maturity.

Suspension of interest payments

There is a risk that interest payments on the Infrastructure Bonds may be suspended by Infratil if an Interest Suspension Event occurs, as described in more detail on page 32 of this prospectus. If interest payments are suspended you will not receive payment of interest on the Infrastructure Bonds when you expected. A suspension of interest payments on the Infrastructure Bonds may also result in a material reduction in the market price of the Infrastructure Bonds.

Infratil's right of early redemption

Although the Infrastructure Bonds have a specified Maturity Date, Infratil may choose to redeem the Infrastructure Bonds early subject to certain conditions as described in more detail on page 36 of this prospectus.

If Infratil is entitled or required to redeem any of the Infrastructure Bonds, the date on which Infratil elects or is required to do so may not suit your individual circumstances. For instance, if you wish to reinvest the amount you receive on an early redemption of the Infrastructure Bonds, you may not be able to obtain a return equal to that you would have received on the Infrastructure Bonds had they not been redeemed.

You have no right of early redemption

You have no right of early redemption except following an Early Redemption Event, as described on page 36 of this prospectus. A significant deterioration in the financial position of Infratil might not necessarily constitute an Early Redemption Event.

Limited rights of Bondholders to enforce their rights directly

Bondholders are not able to enforce their rights under the Trust Deed directly against Infratil unless the Trustee fails to do so having become bound to enforce those rights in accordance with the Trust Deed. Generally, the Trustee will only be bound to enforce such rights if it is directed to do so by an Extraordinary

Resolution of Bondholders. A copy of the Trust Deed and the Series Supplement is available on the Companies Office website (www.business.govt.nz/companies).

Risks relating to the structure of the Infratil Group

No claim against Infratil's subsidiaries and associates or their assets

Infratil is a holding company. This means the operating assets of the Infratil Group are owned by Infratil's subsidiaries and associates and not directly by Infratil itself. Bondholders have no claims against, or recourse to the assets of, Infratil's subsidiaries or associates in respect of Infratil's obligations under the Infrastructure Bonds. In a liquidation of the Infratil Group, creditors of Infratil's subsidiaries and associates would have a prior claim to the assets of these companies ranking ahead of the claim of Infratil's liquidator (claiming as shareholder in the companies). Only the residual assets of the companies, after the claims of the companies' creditors have been satisfied, would be available to Infratil's liquidator and therefore Infratil's creditors (including Bondholders).

Incurring additional debt and guarantees by Infratil

Subject to compliance with the Constitution, the Listing Rules and the Trust Deed (including the Series Supplement, which contains the 'liabilities to assets covenant' described on page 34 below), Infratil may from time to time issue additional securities and incur further debt which ranks equally with the Infrastructure Bonds without the consent of Bondholders. Infratil may issue additional securities and incur further debt on such terms as it thinks fit. Infratil may also extend its guarantee of the debts of its wholly-owned subsidiaries to other creditors who may provide debt to those subsidiaries from time to time. The issue of additional securities, incurrence of further debt or the extension of that guarantee may reduce the amount (if any) recoverable by you as a Bondholder in a liquidation of Infratil.

Infratil's subsidiaries and associates may incur additional debt

Infratil's subsidiaries and associates have borrowed money under various funding arrangements (for instance, bank loans and bond issues), and may borrow more in the future. Additional borrowings can be made by Infratil's subsidiaries and associates without the consent of the Bondholders. As noted above, in a liquidation of the Infratil Group or any of these companies, creditors of the companies would rank ahead of the claims of Infratil as a shareholder and as a subordinated creditor (if it is a lender to the companies). An increased level of debt in these subsidiaries and associates may lead to a reduction in the level of distributions of income to Infratil and a reduction in the residual assets that would be available to Infratil (or its liquidator)

as shareholder, and therefore available to Bondholders and Infratil's other creditors.

Risks relating to Infratil and the Infratil Group

As a Bondholder, you are subject to Infratil's credit risk. This is the risk of Infratil becoming insolvent and being placed in receivership, liquidation, statutory management or voluntary administration, or otherwise being unable to meet its debts as they fall due. If this occurs, you may not be able to recover from Infratil the returns outlined under the heading "Returns" on page 31 of this prospectus.

The financial position of Infratil is linked to the financial position, operating performance and profitability of the members of the Infratil Group. A material deterioration in the operating or financial performance of the members of the Infratil Group could affect Infratil's ability to make payments on the Infrastructure Bonds.

Set out below are what Infratil considers to be the key risks relating to the Infratil Group.

Refinancing risks

The Infratil Group relies on debt markets including banks and retail bond markets for core debt. Adverse changes in the business or financial performance of a member of the Infratil Group or in financial markets may reduce that company's access to, or increase the cost of, this debt. This might result in Infratil or other members of the Infratil Group not maintaining adequate funding facilities or being unable to renew or replace existing facilities when they mature. This could adversely affect the company's financial performance and in extreme circumstances could affect Infratil's ability to pay its debts.

A potential consequence if Infratil is unable to access funding to refinance maturing debt is that it may need to sell an existing investment to repay that debt. In those circumstances the forced timing of the required sale may mean that Infratil is not able to maximise the value of that investment.

Change in business composition due to investment decisions

The allocation of capital between businesses and new opportunities is a key role for management and the directors of Infratil. Over the term of the Infrastructure Bonds the composition of the Infratil Group may change as a result of decisions about capital allocation. This means that the nature of Infratil's investments (and the industries in which Infratil's businesses operate) over the term of the Infrastructure Bonds may be different to that described in this prospectus. Any such change in capital allocation could result in both a reduction in distributions of income to Infratil and a reduction in the residual assets that would be available to Infratil's liquidator (and so Bondholders and

Infratil's other creditors) in the liquidation of the Infratil Group. If Infratil invests in a new business, that new business may take some time to begin generating returns for Infratil and may involve risks which are different to those applicable to Infratil's current investments. For example, Infratil Energy Australia was established in 2004 as a start-up Australian energy company and did not contribute to the Infratil Group's EBITDAF until 2006. More information in relation to Infratil Energy Australia can be found on page 18 of this prospectus.

Realisation of existing investments

If Infratil is required to sell an existing investment, it may not be able to do so in a way which maximises the value of that investment. For example, this could occur if Infratil had to make a forced sale to repay maturing debt (as described above under "Refinancing risk") or if regulatory restrictions prevented Infratil from selling its holding in the relevant subsidiary or associate to its preferred purchaser. This could reduce the value realised by Infratil from that sale and, if that was a substantial reduction in value, potentially affect Infratil's ability to make payments on the Infrastructure Bonds.

General economic conditions

Changes in economic conditions generally in New Zealand or globally may adversely impact the Infratil Group's financial performance. These include changes in:

- + general trading circumstances (e.g. local or global recessions);
- + financial market prices (e.g. interest rates, the value of the New Zealand dollar against the Australian, US or other currencies, or other prices that affect asset values); and
- + the state of capital markets (including continuing access to capital and the cost of capital, including from banks).

Each of these factors is vulnerable to international economic and political events, such as the recent global financial crisis. For example, the aviation market, like the significant majority of global industries, felt the impact of the recent economic crisis, resulting in a reduction in both passenger numbers and freight volumes which materially affected the business of Infratil Airports Europe.

Industry risk

While the main industries in which Infratil's businesses operate are relatively stable they are not risk free. Industry related factors which present risks for members of the Infratil Group include:

- + **Price volatility:** The prices for the products the Infratil Group sells may change over time. For example, wholesale electricity prices are volatile and can vary by more than

100% from year to year if, for instance, a cold, dry, calm winter pushes up electricity demand while reducing wind and hydro generation.

- + **Demand:** Infratil's businesses are dependent on continued demand for the relevant energy and transport or other products, and this demand may be affected by a range of factors including climate, economic conditions and the availability of alternatives to those products.
- + **Input costs:** Changes in the prices and availability of key inputs such as water and wind for generation of electricity, and gas, crude oil and refined oil products.
- + **Competition:** In certain industries members of the Infratil Group face the risk of losing market share through the competitive actions of other participants or a new entrant to that industry. Such competitive pressures could also reduce the margins earned by the relevant member of the Infratil Group. For example, in New Zealand recent multi-media advertising campaigns have promoted customers switching between electricity providers. Switching rates have increased markedly over the past two years, although the growth in switching rates appears to have levelled out. In addition, over the next two to three years NZ Bus services will be re-contracted and other operators could replace NZ Bus on services if NZ Bus's tender was not accepted.
- + **Counterparties:** Changes to the business of key customers or loss of key customers and deterioration of the creditworthiness of key customers or financial counterparties.

Operational risk

The value and profitability of Infratil's investments in energy, public transport, fuel distribution, retirement villages and airports and any other infrastructure and utility activities is dependent on, and can be affected by, management performance and investment decisions at Infratil and investee company levels. Infratil's strategy, operating performance and investments are supervised by its directors, whilst its day to day management has been delegated to Infratil's manager, Morrison & Co Infrastructure Management. Infratil's risk management framework includes regular reporting of operational and financial performance, preparation of budget and forecasts, investment analysis and capital planning and the identification and management of significant business risk areas and regulatory compliance. A material decline in the standard of management performance and investment decisions at Infratil and its subsidiaries could affect the value of the relevant businesses and Infratil's ability to make payments on the Infrastructure Bonds.

The Infratil Group is also subject to operational risks relating to:

- + disruptive industrial relations; and
- + the performance of key information technology systems, particularly those required for the billing, collection of data and communication with customers.

Changes in the regulatory environment

Participants in all the main industries in which Infratil's businesses operate are exposed to risks from new laws or regulations or from changes in policies with respect to the implementation of existing laws. Infratil's businesses are currently experiencing an unusually high level of regulatory activity of all types. For example:

- + new laws are being drafted to govern bus public transport and its associated regulation;
- + airport information disclosures are being reviewed;
- + the Electricity Authority is consulting about new transmission pricing;
- + Parliament's Labour Party has indicated that if it is elected that it may close the wholesale electricity market and establish a government agency to buy all generation and to make all decisions about the future construction of generation capacity; and
- + if a capital gains tax was introduced in New Zealand that may affect Infratil's returns on the sale or value of one of its investments.

It is impossible to accurately predict the form that any changes to laws, regulations or policies could take, but they may involve actions that could undermine the ongoing profitability of a member of the Infratil Group. If the effects of such regulatory actions on subsidiaries of Infratil caused a material deterioration in the operating or financial performance of that member of the Infratil Group, that could affect Infratil's ability to make payments on the Infrastructure Bonds.

Health and safety and reputation risk

Infratil is also reliant on its subsidiaries and associates continuing to effectively and safely provide services to many people without accidents or harm to individuals, property, or the environment which could otherwise damage the reputation and financial standing of such companies or Infratil.

Catastrophic events and insurance

Catastrophic events or natural disasters such as earthquakes, tsunamis, fires or acts of terrorism or other disasters, could adversely affect or cause failure of the assets of Infratil's investments and could generate losses significantly greater than the material damage and business interruption insurance limits

Infratil has in place. These natural disasters (eg, weather, earthquakes and pandemics) and adverse world events (eg, terrorist attacks reducing air travel) and the state of insurance markets also affect access to insurance and the cost of insurance for the Infratil Group.

Trustpower

Infratil's investment in Trustpower makes up a substantial part of Infratil's value and provides a substantial part of the consolidated financial performance and Infratil's cash earnings. Other risks specific to Trustpower include regulatory changes in Australia in relation to renewable generation or in New Zealand (including the increase in regulatory uncertainty resulting from the electricity sector reform proposals announced by the Green Party and Labour Party on 18 April 2013), a debt default, a significant non-discretionary capital spending requirement, major disruption to the electricity market through for instance drought or transmission failure, a prolonged period of substantially lower electricity prices, a major failure of Trustpower's systems both as regards electricity price hedging and the basic retailing back-office functions or access rights in water in the form of additional tax or resource rental for continued access to water. Any of these matters or a collapse of the price of Trustpower's shares on the NZX Main Board brought about for any reason would affect Infratil's ability to make payments on the Infrastructure Bonds.

Legal actions

Infratil and its subsidiaries and associates may be subject to legal actions with uncertain consequences. The Infratil Group is not aware of any current material legal action.

Infratil has previously disclosed via the NZX:

- + potential litigation arising from the termination of the Auckland Transport participation agreement with Snapper, NZ Bus and Infratil (see NZX announcement dated 27 August 2012); and
- + state aid investigations in relation to Flughafen Lübeck (see NZX announcement dated 12 November 2012 'Results for the half year ended 30 September 2012', Note 16).



13 December 2013

The Directors
Infratil Limited
PO Box 320
WELLINGTON

Dear Sirs

Clause 9(3) of Schedule 12 to the Securities Regulations 2009 requires us to confirm that the offer of the securities (Bonds) by Infratil Limited ('Infratil') set out in the simplified disclosure prospectus dated 13 December 2013 (the 'Prospectus') complies with any relevant provisions of:

- a) the Programme Trust Deed between Infratil and Trustees Executors Limited ('Trustee') dated 11 November 1999 (as amended from time to time); and
- b) the Series Supplement between Infratil and the Trustee dated 13 December 2013, (together, 'Trust Documents').

The relevant provisions of the Trust Documents are those which:

- a) entitle Infratil to constitute and issue under the Trust Documents the Bonds offered under the Prospectus; and
- b) impose any restrictions on the right of Infratil to offer the Bonds;

and are described in the "Provisions of Trust Deed and other restrictions on Borrowing Group" section of the Prospectus.

The Trustee's statement does not refer to any financial information, or to any material contained in the Prospectus, which does not relate to the Trust Documents.

The Trustee confirms that the offer of Bonds set out in the Prospectus complies with any relevant provisions of the Trust Documents. We have given the confirmation on the basis set out above.

The inclusion of this Trustee's statement in the Prospectus should not be taken to imply that the Trustee has responsibility for the material in this Prospectus other than the Trustee's statement.

The Trustee does not guarantee or provide any assurance as to the repayment of the Bonds offered or the payment of interest thereon or any other aspect of the Bonds.

Yours sincerely

For and on behalf of the Trustee, Trustees Executors Limited

Sean Roberts
Business Manager
Corporate Trust

Statutory Information

The information in this section is provided in accordance with schedule 12 of the Securities Regulations.

Names, addresses, and other information

Infratil Limited is the issuer of the Infrastructure Bonds. Infratil's registered office is at 5 Market Lane, Wellington.

The directors of Infratil are:

Marko Bogoevski

Paul Gough

Humphry Rolleston

Duncan Saville

Mark Tume

Anthony Muh (alternate director for Duncan Saville)

Infratil's directors are current as at the date of this prospectus but are subject to change.

Trustees Executors Limited is the Trustee for the Infrastructure Bonds. The Trustee's address is Level 5, Maritime Tower, 10 Customhouse Quay, PO Box 3222, Wellington.

The Trustee has been granted a licence under section 16 (1) of the Securities Trustees and Statutory Supervisors Act 2011 ("**STSS Act**") to act as a trustee in respect of debt securities. The licence expires on 16 January 2018 and is subject to certain conditions imposed by the Financial Markets Authority, including the condition that the Trustee must certify in its six-monthly reports to the Financial Markets Authority under section 25 of the STSS Act that:

- (i) it has sufficient financial resources and independence to support and develop its trustee and statutory supervisor business; and
- (ii) it holds adequate professional indemnity insurance for its trustee and statutory supervisor business.

Further information on the Trustee's licence and applicable conditions is publicly available on the Financial Markets Authority website at <http://www.fma.govt.nz/help-me-comply/trustees>.

Experts and underwriter

There are no experts named in this prospectus. The Offer is not underwritten.

Main terms of offer

The Infrastructure Bonds

A summary of the key information in relation to the Offer is set out on page 1 of this prospectus.

Infrastructure Bond Programme

Infratil has established the Infrastructure Bond Programme under which it may offer debt securities known as "Infrastructure Bonds" from time to time. The Infrastructure Bonds offered under this prospectus will constitute a new series of Infrastructure Bonds under the Infrastructure Bond Programme. Unlike each series of Infrastructure Bonds issued prior to November 2011, the Infrastructure Bonds offered under this prospectus are not convertible into Shares in Infratil in any circumstance.

The Offer

Under the Offer, Infratil is offering up to \$50 million of Infrastructure Bonds to all investors in New Zealand (with the option to accept up to \$50 million oversubscriptions at Infratil's discretion). Accordingly, the maximum aggregate amount of Infrastructure Bonds being offered by Infratil is \$100 million.

Status

The Infrastructure Bonds are unsecured and unsubordinated debt obligations of Infratil, and will rank equally with all other unsecured and unsubordinated indebtedness of Infratil (other than indebtedness preferred by law).

Trust Documents

The Infrastructure Bonds are constituted and issued under the Trust Deed and the Series Supplement prepared for the Offer. The Series Supplement supplements the Trust Deed. If a term of the Series Supplement is inconsistent with any term of the Trust Deed, the term of the Series Supplement will prevail, but only in respect of the Infrastructure Bonds offered under this prospectus.

Registered Bonds

Infratil will issue the Infrastructure Bonds in registered form. This means that no certificates of title in respect of the Infrastructure Bonds will be issued to Bondholders and transfers must be effected using a registrable transfer form, by means of the NZClear System or the Settlement System (formerly the FASTER System). A transfer will not take effect until the transferee is registered as the holder of the Infrastructure Bonds.

Infratil and the Registrar will rely solely on the Register and, in the case of a beneficial interest in Infrastructure Bonds lodged with NZClear, the records of NZClear for the purpose of determining entitlements to:

- (a) payment of interest on each Interest Payment Date; and
- (b) payment of the redemption amount for Infrastructure Bonds redeemed on or prior to the Maturity Date.

Interest

Infratil will pay interest on each Infrastructure Bond at the fixed Interest Rate of 6.75% per annum.

The Interest Payment Dates are 15 February, 15 May, 15 August and 15 November of each year until and including the Maturity Date (commencing on 15 May 2014).

Issue Price

The Issue Price for each Infrastructure Bond is \$1.00 (being the Face Value).

The Issue Price for Infrastructure Bonds is payable to Infratil in accordance with the payment instructions below.

Applications and payment

Applications to subscribe for Infrastructure Bonds must be made on the application form contained on page 43 of this prospectus.

Payment instructions for the Offer

If you make an application under the Offer, you must pay for the Infrastructure Bonds by cheque (or, if the application is for an

aggregate subscription amount of \$500,000 or more, by a bank cheque), direct debit or through the NZClear System (for authorised institutional investors who have made prior arrangements with the Registrar). Cheques should be in New Zealand dollars drawn on a New Zealand branch of a registered bank and submitted with the completed application form. Cheques should be made payable to "Infratil 2019 Bond Offer" and crossed "Not Transferable" and must not be post-dated.

If payment for the Infrastructure Bonds is not made through the NZClear System (by prior arrangement with the Registrar) or by direct debit, each application form must be accompanied by a cheque for payment when the application form is returned or lodged in accordance with the instructions below.

Where to send your application form and payment

Applicants accepting an Allocation from a Manager, Primary Market Participant or approved financial intermediary must return a completed application form to the office of that Manager, Primary Market Participant or approved financial intermediary which has provided the Allocation in time to enable it to be forwarded to the Registrar before 5.00pm on the Closing Date.

If there is a Public Pool, Public Pool applicants (being all applicants other than applicants in respect of Allocations) must return a completed application form, so that it is received by the Registrar at the address below, no later than 5.00pm on the Closing Date:

Link Market Services Limited
PO Box 91976, Victoria Street West, Auckland 1142

Alternatively, completed application forms may be lodged with any Manager, Primary Market Participant, or any other channel approved by NZX, but must be delivered in sufficient time to enable the application form to be forwarded to and received by the Registrar no later than 5.00pm on the Closing Date.

Applications may be refused

Infratil reserves the right to refuse any application or to accept an application in part only, without providing a reason.

If Infratil refuses an application under the Offer or accepts an application in part, all or the relevant balance of the application moneys will be returned (without interest) as soon as reasonably practicable and, in any event, within five Business Days after such refusal or acceptance in part.

Infratil in consultation with the Managers, reserve the right to scale oversubscriptions under the Offer at their discretion. Any such scaling may not necessarily be applied equally across all applications.

No cooling off

There is no cooling-off period in respect of the Infrastructure Bonds. This means that once an application has been lodged, it cannot be withdrawn or revoked, unless Infratil determines otherwise in its sole discretion.

Relationship with Listed Securities and Ranking of Securities

In a liquidation of Infratil, the Infrastructure Bonds offered under this prospectus will rank:

- (a) equally with each other series of Infrastructure Bonds listed on the NZX Debt Market; and
- (b) in priority to the Shares listed on the NZX Main Board and the ASX.

Unlike each series of Infrastructure Bonds issued by Infratil under the Infrastructure Bond Programme prior to November 2011, the Infrastructure Bonds offered under this prospectus are not convertible into Shares in Infratil in any circumstance.

As at the date of this prospectus there are no securities secured by a mortgage or charge over any assets of the borrowing group ranking in point of security ahead of, or equally with, the Infrastructure Bonds being offered under this prospectus.¹

Issue Expenses

The estimated maximum amount of expenses of the Offer is \$1.65 million. That amount includes brokerage (as referred to below), issue management fees, Organising Participant fees, legal fees, registry expenses, advertising expenses and expenses in respect of the printing and distribution of this prospectus.

Infratil will pay NZX Firms and approved financial intermediaries a brokerage fee of 1.00% of the Issue Price in respect of each Infrastructure Bond allotted pursuant to each valid retail application submitted by that NZX Firm or financial intermediary bearing their stamp.

Returns

Introduction

The information set out in this section should be read in conjunction with the information set out under the heading "Risk factors" on page 25 of this prospectus. Certain events could reduce or eliminate the returns intended to be derived from holding the Infrastructure Bonds.

The returns to you comprise interest paid by Infratil on the Infrastructure Bonds and either the Face Value payable by Infratil on the Maturity Date, the price received for any Infrastructure Bonds sold, or, if the Infrastructure Bonds are redeemed early, the early redemption amount payable by Infratil.

It is not possible to quantify, as at the date of this prospectus, the exact amount of returns Bondholders will receive, and therefore no such amount can be promised by Infratil.

There are no reserves or retentions that will impact on your returns.

Key factors that determine returns

The key factors that determine the returns on an investment in Infrastructure Bonds are:

- (a) the Interest Rate;
- (b) the term of the investment (including whether the Infrastructure Bonds are redeemed early or sold);
- (c) any applicable taxes;
- (d) fluctuations in the price of Infrastructure Bonds if sold on a secondary market; and
- (e) the other risk factors described under the heading "Risk factors" on page 25 of this prospectus.

Interest

Interest Rate

Infratil will pay interest on each Infrastructure Bond at the fixed Interest Rate of 6.75% per annum.

Payment of interest

The Interest Payment Dates are 15 February, 15 May, 15 August and 15 November of each year until and including the Maturity Date (commencing on 15 May 2014).

Other than for the first Interest Payment Date, Infratil will pay interest in arrear in equal amounts on each Interest Payment Date.

1. For the purposes of the Securities Regulations, Infratil is the sole member of "borrowing group" as none of Infratil's subsidiaries are "guaranteeing subsidiaries". Consequently, references to the "borrowing group" in this prospectus should be understood as a reference to Infratil alone.

The interest payable on the first Interest Payment Date will be calculated by reference to the number of days from (and including) the date on which your subscription moneys are banked into the trust account operated in respect of the Offer until (but excluding) the first Interest Payment Date.

Interest payable on the first Interest Payment Date will be paid by Infratil to the original subscriber of an Infrastructure Bond regardless of any transfer of the Infrastructure Bond prior to the first Interest Payment Date.

If the due date for payment of any amount in respect of an Infrastructure Bond is not a Business Day, payment will be on the immediately preceding Business Day, but the amount paid will not be adjusted.

Other than for the first Interest Payment Date, payments of interest on each Interest Payment Date will be made by Infratil to the person named in the Register as the Bondholder on the Record Date immediately preceding the Interest Payment Date. If more than one person is named in the Register as the holder of an Infrastructure Bond, payment will be made by Infratil to the first person so named.

Infratil may, by providing written notice to the Trustee, suspend the payment of interest on the Infrastructure Bonds when any of the following circumstances exist (each an **"Interest Suspension Event"**):

- (a) Infratil's directors believe on reasonable grounds that the payment would be likely to result in a breach of the solvency test contained in section 4 of the Companies Act;
- (b) the payment would be likely to result in any member of the Issuer Group being in breach of any covenant, warranty or undertaking given by it to any of its creditors under the terms or conditions on which any Borrowed Money Indebtedness was advanced or otherwise provided; or
- (c) the payment would be likely to result in any member of the Issuer Group breaching any other legal obligation.

If the payment of interest is suspended:

- (a) interest will continue to accrue and will be paid when the Interest Suspension Event ceases to exist; and
- (b) Infratil will not pay or make any distribution to Shareholders or provide any financial assistance for the acquisition of Shares.

Returns on maturity

On the Maturity Date, Infratil will redeem all the Infrastructure Bonds for cash at their Face Value (less any withholding taxes and other deductions).

Returns on early redemption

If Infratil elects to redeem all or some of the Infrastructure Bonds before the Maturity Date (as described on page 36 of this prospectus), Infratil will pay a redemption amount which is equal to the greater of (in each case less all withholdings or deductions required to be made):

- (a) the Face Value of the Infrastructure Bonds being redeemed plus accrued but unpaid interest; and
- (b) the volume weighted average of the prices at which Infrastructure Bonds were sold through the NZX Debt Market during the period of 10 consecutive Business Days immediately preceding the fifth Business Day prior to the early redemption date (or, if no Infrastructure Bonds have been sold through the NZX Debt Market on at least 5 of those 10 consecutive Business Days, the average price of the Infrastructure Bonds for that period as determined by an independent adviser appointed in accordance with the Trust Deed).

Bondholders have no right of early redemption except following an Early Redemption Event, as described on page 36 of this prospectus. The redemption amount payable by Infratil for each Infrastructure Bond redeemed following an Early Redemption Event will be equal to the Face Value plus accrued but unpaid interest (less all withholdings or deductions required to be made).

If the Infrastructure Bonds are redeemed on a date that is not an Interest Payment Date, interest will accrue on the Infrastructure Bonds that are redeemed on a daily basis from (and including) the most recent Interest Payment Date (or the Issue Date if the early redemption date is before the first Interest Payment Date) to (but excluding) the early redemption date.

Taxation

The information set out below is of a general nature and relates solely to New Zealand taxation. It does not address all possible situations and does not constitute taxation advice to any person. Taxation laws are subject to change, and such changes may materially affect your tax position with respect to an investment in the Infrastructure Bonds. You should seek qualified, independent financial and taxation advice before deciding to invest.

The return on an investment in Infrastructure Bonds will be affected by taxes. If Infratil is required by law to deduct an amount in respect of resident withholding tax (**"RWT"**) or non-resident withholding tax (**"NRWT"**) from a payment under an Infrastructure Bond, such that you would not actually receive on the due date the full amount provided for under the Infrastructure Bond, then Infratil will deduct the amount and pay it to the relevant authority. Infratil is not obliged to pay any additional amounts to you in relation to any such deduction.

Under the Trust Deed, you indemnify Infratil in respect of any tax which Infratil becomes liable to pay on your behalf in respect of an Infrastructure Bond. Infratil may deduct any indemnity payment from future amounts payable.

Resident withholding tax on interest

If you are either a New Zealand resident for tax purposes or are engaged in business in New Zealand through a fixed establishment (as defined in the Tax Act) in New Zealand (**"New Zealand Bondholder"**), RWT will be deducted from the interest (including amounts deemed to be interest) payable to you in accordance with the provisions of the Tax Act.

As at the date of this prospectus, RWT of 33% will be deducted from interest paid to a New Zealand Bondholder that is an individual or trustee, unless the New Zealand Bondholder supplies his or her IRD number to the Registrar and elects for RWT to be deducted at a different rate.

The available rates of RWT for individuals and trustees as at the date of this prospectus are 33%, 30% and 17.5%. In addition, if the New Zealand Bondholder is a trustee of certain testamentary trusts, or an individual (not acting as a trustee) who has a reasonable expectation at the time of the election that their income for the income year applicable to the New Zealand Bondholder (eg, 1 April 2013 to 31 March 2014) will be \$14,000 or less, and the New Zealand Bondholder has supplied its IRD number to the Registrar, the New Zealand Bondholder may elect for RWT to be deducted at 10.5%.

The RWT rate for interest paid to most companies is 28% as at the date of this prospectus. However, if a New Zealand Bondholder that is a company (not acting as a trustee) has not supplied its IRD number to the Registrar, RWT will be deducted at 33%.

RWT will not be deducted where a New Zealand Bondholder provides a copy of an appropriate RWT exemption certificate to the Registrar on or before the Record Date for the relevant payment.

Bondholders should notify the Registrar of any changes to their elected RWT rate as a result of changes to their particular circumstances.

Non-resident withholding tax on interest

If you are not a New Zealand tax resident and are not engaged in business in New Zealand through a fixed establishment (as defined in the Tax Act) in New Zealand ("**Non-New Zealand Bondholder**") NRWT will be deducted, where appropriate, at the rate required by law from payments of interest (or deemed interest) made to you. If Infratil is lawfully able to apply, and does apply, the approved issuer levy ("**AIL**") regime in respect of any payment of interest (or deemed interest) to a Non-New Zealand Bondholder Infratil will pay the AIL at the applicable rate to the appropriate authority and will deduct the amount paid from the interest (or deemed interest) payable to that Non-New Zealand Bondholder in lieu of deducting NRWT from that payment. The rate of AIL applicable to interest on listed and widely held bonds that meet certain criteria is 0%. Infratil expects the Infrastructure Bonds to qualify for the 0% rate of AIL, meaning that interest (or deemed interest) may be paid to Non-New Zealand Bondholders without deduction of NRWT or payment of AIL.

The AIL regime is not available to reduce the rate of NRWT to 0% for interest (or deemed interest) paid to a Non-New Zealand Bondholder that is associated with Infratil or that derives the interest jointly with a New Zealand tax resident.

Financial arrangements rules

The Tax Act contains rules, known as the financial arrangements rules, which apply to debt instruments such as the Infrastructure Bonds. One consequence of the financial arrangements rules is that, if you are subject to the rules, any gain on the disposal or redemption of Infrastructure Bonds will be subject to tax. You should consult your own taxation advisors regarding the application of the financial arrangements rules and the tax consequences of holding Infrastructure Bonds and the disposal or redemption of Infrastructure Bonds.

Person legally liable to pay returns

Infratil is the person legally liable to pay you the returns on the Infrastructure Bonds described above. No other person promises or guarantees to pay any of the returns.

Guarantors

The Infrastructure Bonds are not guaranteed by any member of the Infratil Group or by any other person. You have no claims against, or recourse to the assets of, Infratil's subsidiaries or associates in respect of Infratil's obligations under the Infrastructure Bonds.

Provisions of trust deed and other restrictions on borrowing group

Trust Documents

The Infrastructure Bonds will be constituted by and issued under the Trust Deed dated 11 November 1999 (as amended and supplemented from time to time) between Infratil and the Trustee and the Series Supplement prepared for this Offer. The Series Supplement contains certain terms relating to this Offer (for instance, the Interest Rate). If a term of the Series Supplement is inconsistent with any term of the Trust Deed, the term of the Series Supplement will prevail, but only in respect of the Infrastructure Bonds offered under this prospectus.

The following is a summary of the principal provisions of the Trust Deed and Series Supplement, which have not been summarised elsewhere in this prospectus. Capitalised words and expressions appearing in this section and not otherwise defined in this prospectus are defined in the Trust Deed or Series Supplement. You should refer to the Trust Deed and the Series Supplement for the full terms and conditions of the

Infrastructure Bonds. Copies of the Trust Deed, all amendments to it, and the Series Supplement are available on the Companies Office website (www.business.govt.nz/companies).

The Trustee's duties and powers

The Trustee acts as the trustee for the Bondholders (including holders of Infrastructure Bonds in other series issued prior to the date of this prospectus) on the terms and conditions, and with the rights, powers and obligations, contained in the Trust Deed or implied by law.

In summary, the principal rights and obligations of the Trustee under the Trust Deed are:

- (a) to hold in trust for the benefit of the Bondholders the right to enforce any obligations that Infratil has under the Trust Deed, including the right to enforce Infratil's obligation to repay to a Bondholder the Face Value of the Bonds together with interest;
- (b) after the occurrence of any Event of Default that is continuing, the Trustee may declare at its discretion (and must upon being directed to do so by an Extraordinary Resolution of Bondholders) that the Infrastructure Bonds are immediately due and payable, whereupon Infratil must prepay immediately to each Bondholder the Face Value of Infrastructure Bonds held by the Bondholder plus accrued but unpaid interest (less all withholdings or deductions required to be made);
- (c) to receive from Infratil regular financial statements and regular reports, certificates and other information as to Infratil's financial condition and compliance with the Trust Deed;
- (d) to perform a number of functions relating to the on-going administration of, and monitoring compliance with, the Trust Deed, including in relation to meetings of Bondholders, and the exercise of discretions or the giving or withholding of consents (as appropriate) relating to such administration and other matters out of the ordinary; and
- (e) to engage experts, amend the Trust Deed and hold rights and property on trust in accordance with provisions implied or inserted pursuant to the Securities Regulations.

In addition, the Trustee has a statutory duty pursuant to the Securities Act and the Securities Regulations to exercise reasonable diligence to:

- (a) ascertain whether there has been any breach of the terms of the Trust Deed or of the offer of Infrastructure Bonds and to do all it is empowered to do to cause any such breach to be remedied (except where the Trustee is satisfied that the breach will not materially prejudice the interests of the Bondholders); and
- (b) ascertain whether or not Infratil's assets that are or may be available are sufficient or likely to be sufficient to discharge the amounts payable on the Infrastructure Bonds as they become due.

The Trustee has entered into the Trust Deed on the basis that the duties of the Trustee as prescribed in clause 1 of Schedule 15 of the Securities Regulations will be interpreted (and limited to the maximum extent permitted by section 62(1) of the Securities Act) to take into account that:

- (a) the terms of issue of the Infrastructure Bonds allow suspension of interest if an Interest Suspension Event applies and, to this extent, payment by Infratil cannot be compelled; and
- (b) as some provisions of the Trust Deed derive from the Listing Rules, the Trustee is entitled to assume that Infratil is complying with these provisions and the Listing Rules in the absence of notice, and may act accordingly having regard to the actions of NZX in relation to noncompliance.

You are deemed to know and accept the interpretation of the Trustee's duties as described above.

As between itself and Bondholders the Trustee may determine all questions and doubts arising in relation to any of the provisions of the Trust Deed and every such determination will be conclusive and binding on the Trustee and the Bondholders.

The powers, rights and remedies conferred on the Trustee by the Trust Deed are exercisable by the Trustee only. Bondholders are not entitled to exercise any of the Trustee's powers except with the written consent of the Trustee or if the Trustee has failed to exercise any such power, right or remedy having been directed by an Extraordinary Resolution of Bondholders to do so.

Infratil's obligations

For so long as any of the Infrastructure Bonds are outstanding, Infratil has made a number of undertakings to the Trustee on behalf of the Bondholders, including (but not limited to) the following:

- (a) Infratil will use its reasonable endeavours to ensure that the Infrastructure Bonds remain listed on the NZX Debt Market while there are any Infrastructure Bonds outstanding or until the Infrastructure Bonds no longer qualify for listing.
- (b) Infratil will comply at all times with the Companies Act and the Securities Act.
- (c) Infratil will not create or permit to subsist any charge over its assets in favour of or for the benefit of any person or persons unless at the same time the benefit of such charge is extended equally and rateably to the Bondholders in respect of all Infrastructure Bonds outstanding at the time. This restriction applies only to assets directly owned by Infratil and not to assets owned by any of its subsidiaries or associates.
- (d) If at any time Infratil has reasonable grounds to believe that it has breached, or may have breached, any of the terms of the Trust Deed or the terms of an offer of Infrastructure Bonds, it will, as soon as practicable, notify the Trustee in writing of the breach or possible breach and the steps (if any) that it has taken or intends to take in light of the breach or possible breach, and the date by which the steps were taken or are to be taken.

Liabilities to assets covenant

Pursuant to the Series Supplement, Infratil has agreed for the benefit of Bondholders that, on the last day of each financial year and financial half-year of Infratil (and in certain other circumstances), Borrowed Money Indebtedness of the Issuer Group will not exceed 50% of the Tangible Assets of Infratil and its subsidiaries as at that date. For the purposes of this covenant, the "Issuer Group" means Infratil and those of its subsidiaries that, as at the date of the Trust Deed or from time to time, guarantee any financial indebtedness of Infratil or any of its subsidiaries that in turn guarantee any financial indebtedness of Infratil. As at the date of this prospectus, the Issuer Group comprises Infratil and all of its material 100% owned subsidiaries, except Infratil Energy New Zealand (which owns 48,470,446 shares in Trustpower).

Events of Default

An Event of Default in respect of the Infrastructure Bonds will occur under the Trust Deed if:

- (a) Infratil has defaulted in payment of interest on the Infrastructure Bonds for a period of 14 days (other than where an Interest Suspension Event applies);
- (b) Infratil has defaulted in payment of any other moneys payable under the Trust Deed for a period of 14 days after a written demand is made;

- (c) an order is made, or an effective resolution is passed, for the liquidation of Infratil (other than for the purpose of a reconstruction or amalgamation approved by the Trustee);
- (d) a receiver is appointed, an encumbrancer takes possession or sells any material part of Infratil's assets, any step is taken to appoint or with a view to appointing a statutory manager of Infratil, or Infratil or any associated person is declared at risk pursuant to the Corporations (Investigation and Management) Act 1989;
- (e) Infratil enters into an arrangement or compromise with creditors without the prior written consent of the Trustee; or
- (f) Infratil defaults in the performance or observation of any other binding provision under the Trust Deed or the Series Supplement (including the liabilities to assets covenant described above) and the default continues for more than 30 days after Infratil has received written notice from the Trustee specifying the default and requiring it to be remedied.

Upon the occurrence of any Event of Default that is continuing, the Trustee may declare at its discretion (and must upon being directed to do so by an Extraordinary Resolution of Bondholders) that the Infrastructure Bonds are immediately due and payable, whereupon Infratil must prepay immediately to each Bondholder the Face Value of Infrastructure Bonds held by the Bondholder plus accrued but unpaid interest (less all withholdings or deductions required to be made).

Bondholder Meetings

The Trust Deed contains provisions for meetings of Bondholders. Meetings may be convened by Infratil or the Trustee, and are required to be convened on the request of Bondholder(s) holding not less than 10% of the total Face Value of all the Infrastructure Bonds of all series outstanding under the Infrastructure Bond Programme. At least 14 clear days' notice of each meeting is required to be given.

The meetings are to be held in the city in which the registered office of Infratil is situated (currently Wellington), or at such other place as the Trustee determines or approves. Each Bondholder is entitled to attend in person or by proxy and vote at the meeting. The quorum required for passing an Extraordinary Resolution is Bondholders of a majority of the Infrastructure Bonds of all series outstanding under the Infrastructure Bond Programme present in person or by representative. The quorum for any other business is Bondholders of at least 10% of the Infrastructure Bonds of all series outstanding under the Infrastructure Bond Programme. An Extraordinary Resolution of Bondholders binds all Bondholders of all series and the Trustee.

If, within fifteen minutes after the time appointed for a meeting of Bondholders, a quorum is not present, the meeting shall stand adjourned to such day and time, not being less than 14 days thereafter, and at such adjourned meeting the Bondholders present in person or by representative will be a quorum for the transaction of business including the passing of Extraordinary Resolutions.

Waivers

Subject to the Listing Rules and to any direction or request given by Bondholders, the Trustee may at any time waive, in whole or in part, for a specified period or indefinitely and on such terms and conditions (if any) as it deems expedient, any breach or anticipated breach by Infratil of any provision expressed or implied in the Trust Deed provided the Trustee is satisfied that the interests of Bondholders will not be materially prejudiced by the waiver. Any waiver will not prejudice the rights of the Trustee or Bondholders in respect of any other breach.

Limitations on mortgages or charges

Infrastructure Bonds are unsecured indebtedness of Infratil. Accordingly, the Trust Deed does not contain any terms that impose limitations relating to the creation of mortgages or charges ranking in point of security ahead of, or equally with, any mortgage or charge securing the Infrastructure Bonds. However, under the Trust Deed, Infratil has agreed not to create or permit to subsist security over its assets to any person unless at the same time the benefit of such security is extended equally and rateably to Bondholders in respect of the Infrastructure Bonds.

Borrowing restrictions

Infratil and the Issuer Group (together, the “**Bank Guarantors**”) are guarantors of the indebtedness of Infratil Finance Limited and certain other wholly owned subsidiaries of Infratil under various bilateral banking facility agreements. The facility agreements contain certain restrictions which may limit Infratil's ability to borrow money, namely:

- (a) Shareholders' funds (being total tangible assets of the Bank Guarantors less total liabilities of the Bank Guarantors) must not be less than 35% of the total tangible assets of the Bank Guarantors.
- (b) The ratio of debt (excluding all Infrastructure Bonds issued under the Infrastructure Bond Programme and indebtedness owing by one Bank Guarantor to another) to Bank Covenant EBITDA of the Bank Guarantors must not be greater than 4.25 times (tested half-yearly and yearly).
- (c) The ratio of Bank Covenant EBITDA of the Bank Guarantors to interest on debt (excluding all Infrastructure Bonds issued under the Infrastructure Bond Programme and indebtedness owing by one Bank Guarantor to another) must not be less than 4 times (tested half-yearly and yearly).

These restrictions may be amended by agreement between the parties to the bilateral facility agreements.

Bondholders (and the Trustee to the extent it represents the Bondholders) do not have the benefit of the restrictions described above.

The Infrastructure Bonds are not guaranteed by any of the Bank Guarantors. Bondholders have no claims against, or recourse to the assets of, Bank Guarantors (other than Infratil) in respect of Infratil's obligations under the Infrastructure Bonds.

Trustee's statement

The statement required to be made by the Trustee under clause 9(3) of schedule 12 of the Securities Regulations is set out on page 29 of this prospectus.

Consequences of insolvency

Bondholders will not be liable to pay money to any person as a result of the insolvency of Infratil.

Ranking of the Infrastructure Bonds

The Infrastructure Bonds are unsecured and unsubordinated debt obligations of Infratil. This means that in a liquidation of Infratil your rights to repayment of the Face Value, and to payment of interest in respect of your Infrastructure Bonds:

- (a) will rank **after** the claims of (i) secured creditors of Infratil (if any), and (ii) creditors of Infratil who are preferred by law (eg, Infratil's employees in respect of claims for unpaid wages or salaries, and the Inland Revenue Department in respect of unpaid tax);
- (b) will rank **equally** with the claims of all other unsecured, unsubordinated creditors of Infratil; and

- (c) will rank in **priority** to the claims of (i) subordinated creditors of Infratil (if any) (being creditors who have agreed to accept a lower priority in respect of their claims in a liquidation of Infratil), and (ii) Shareholders.

Infratil is a holding company with investments in the companies described in this prospectus. Bondholders have no claims against, or recourse to the assets of, any of those companies. In a liquidation of the Infratil Group, creditors of Infratil's subsidiaries and associates would have a prior claim to the assets of those companies ranking ahead of the claim of Infratil's liquidator (claiming as shareholder in the companies). Only the residual assets of the companies, after the claims of the companies' creditors have been satisfied, would be available to Infratil's liquidator and therefore Infratil's creditors (including Bondholders).

Alteration of securities

Infratil has no right to vary the amount you pay for Infrastructure Bonds once your application has been accepted by Infratil.

The terms of the Infrastructure Bonds may only be altered by an amendment to the Trust Deed. Infratil and the Trustee may agree to amend the Trust Deed without the consent of Bondholders only if:

- (a) it is necessary or desirable to correct a manifest error, or to comply with the requirements of any statute or statutory regulations, or the Listing Rules;
- (b) it is of a formal or technical nature;
- (c) in the opinion of the Trustee it is not, or is not likely to become, prejudicial to the general interests of the Bondholders;
- (d) it does not adversely affect the interests of Bondholders; or
- (e) the law in New Zealand relating to securities is modified and, in the opinion of the Trustee, it is in the interests of the Bondholders of all series of Infrastructure Bonds outstanding under the Infrastructure Bond Programme to amend the Trust Deed to take account of the modification.

In all other cases, the Trust Deed may only be amended with the approval of Bondholders by Extraordinary Resolution.

In accordance with the Listing Rules and the Trust Deed, the rights of Bondholders may not be altered without the approval (by a 75% majority of votes of those entitled to vote and voting) of each “interest group”. In broad terms, an “interest group” is a group of Bondholders whose rights are affected by the proposed alteration in the same way. For these purposes, the issue of further Shares, Infrastructure Bonds or other securities which rank equally with, or in priority to, the Infrastructure Bonds, whether as to voting rights, distributions, dividends or otherwise, is deemed not to be an action affecting the rights of Bondholders. If a proposed alteration affects Bondholders of different series of Infrastructure Bonds in the same way, then it is likely that all Bondholders will be a single “interest group” and will vote as a single class. Bondholders of a single series of Infrastructure Bonds issued under the Infrastructure Bond Programme would vote as a single “interest group” to approve alterations specific to that series.

Early termination

Infratil may elect to redeem all or some of the Infrastructure Bonds for cash before the Maturity Date by giving you no less than five Business Days' notice. Infratil may only make this election if:

- (a) the Trustee has not declared the Infrastructure Bonds due and payable because an Event of Default exists; and
- (b) the notice of early redemption is given at a time prior to the day falling 25 Business Days before the Maturity Date.

Infratil is subject to other restrictions on early redemption contained in various bilateral bank facility agreements of Infratil Finance Limited, which are described under 'Other Material Matters' on page 38 of this prospectus.

If a notice of early redemption is given to Bondholders by Infratil, then on the early redemption date specified in the notice, Infratil will redeem the Infrastructure Bonds for the amount described under 'Returns on early redemption' on page 32 of this prospectus.

If Infratil gives a notice of early redemption electing to redeem only some of the Infrastructure Bonds offered pursuant to this prospectus, the notice must be made to all Bondholders electing to redeem an equal proportion of those Infrastructure Bonds held by each Bondholder.

You have no right of early redemption except following an Early Redemption Event, as described below.

Early Redemption Event

An Early Redemption Event will occur if, upon the occurrence of any Event of Default that is continuing, the Trustee declares (at its discretion or upon being directed to do so by an Extraordinary Resolution of Bondholders) that the Infrastructure Bonds are immediately due and payable. Upon such a declaration, Infratil must immediately pay to Bondholders the Face Value of the Infrastructure Bonds plus accrued but unpaid interest (less all withholdings or deductions required to be made). The Events of Default are summarised on page 34 of this prospectus.

An Early Redemption Event will also occur if Infratil receives notice that a person or a group of Associated Persons (as defined in the Listing Rules) has acquired that number of Shares, or any interest therein, which (whether under the Constitution, the Companies Act, the Listing Rules, or otherwise):

- (a) permits that person, or group of Associated Persons, to require the remaining Shareholders to sell their Shares to that person, or group of Associated Persons, and that person, or group of Associated Persons, has elected to require those Shareholders to sell their Shares; or
- (b) requires that person, or group of Associated Persons, to offer to purchase the Shares of the remaining Shareholders.

If this occurs, each Bondholder will have the option of electing (within the time period prescribed by the Trust Deed) to redeem his or her Infrastructure Bonds.

Right to sell securities

You are entitled to sell your Infrastructure Bonds at any time, subject to the terms of the Trust Deed and any applicable securities laws and regulations (including the Listing Rules).

You should not attempt to sell Infrastructure Bonds until you know whether, and how many, Infrastructure Bonds have been allotted to you. Neither Infratil, the Managers, the Organising Participant, the Registrar, the Trustee, nor any of their respective

directors or employees nor any other person accepts any liability or responsibility should you attempt to sell or otherwise deal with any Infrastructure Bonds before receiving a statement recording the number of Infrastructure Bonds (if any) allotted to you.

Application has been made to NZX for permission to list the Infrastructure Bonds on the NZX Debt Market and all requirements of NZX relating thereto that can be complied with on or before the date of this prospectus have been duly complied with. However, NZX accepts no responsibility for any statement in this prospectus. The NZX Debt Market is a registered market operated by NZX Limited which is a registered exchange, regulated under the Securities Markets Act 1988.

While Infratil is of the view that a secondary trading market for the Infrastructure Bonds will develop over time, Infratil gives no assurances as to the existence or characteristics of any such secondary market. Consequently, you may not be able to sell your Infrastructure Bonds readily or at all, or at prices that will enable you to realise a yield comparable to that of similar instruments, if any, with a developed secondary market. No charges are payable to or by Infratil on any sale of Infrastructure Bonds. However, brokerage at applicable rates is likely to be payable by you on any transfer of your Infrastructure Bonds effected through a NZX Firm or other financial intermediary.

To be eligible to trade Infrastructure Bonds on the NZX Debt Market you must have an account with a NZX Firm (broker), a Common Shareholder Number ("CSN") and an Authorisation Code (FIN). If you do not have an account with a broker you should be aware that opening an account can take a number of days depending on the NZX Firm's new client procedures. If you do not have a CSN you will be assigned one either at the time you apply for the Infrastructure Bonds or by your broker. You will receive a CSN from the Registrar when you receive your allotment notice for the Offer (which is expected to be sent on the day of allotment). If you are a first time investor and do not have a FIN, you will be sent one as a separate communication by the Registrar. If you have a broker and have not received a FIN by the date you want to trade Infrastructure Bonds, your broker can arrange to obtain your FIN from the Registrar. Your broker will be charged for the re-issue of your FIN by the Registrar and may pass this cost on to you.

In accordance with the Listing Rules, Infratil may refuse to register a transfer of Infrastructure Bonds if the transfer would result in the transferee holding less than 5,000 Infrastructure Bonds.

The amount you receive from a sale of Infrastructure Bonds may be more or less than the amount you paid for them. Infratil will not provide compensation for any losses incurred from selling Infrastructure Bonds.

Other terms of offer and securities

All of the terms of the Offer and the Infrastructure Bonds being offered are set out in this prospectus (except for those implied by law or set out in the Trust Deed and Series Supplement).

Information available under issuer's disclosure obligation

Infratil, as a listed issuer, is subject to continuous disclosure obligations under the Listing Rules. Copies of announcements made by Infratil to NZX are available on www.nzx.com/markets/nzxx/IFT/announcements or at www.infratil.com/our-news/infratil-news/.

The table below sets out particulars of information notified by Infratil to NZX prior to the date of this prospectus in accordance with its disclosure obligations under the Listing Rules that is material to the Offer.

Announcement Date	Description of Announcement
11 & 12 December 2013	DRP Share buy backs
11 December 2013	Infratil (Parent) Interim Financial Statements 30 September 2013
9 December 2013	Infratil DRP announcement
9 December 2013	Disclosure Notice – Duncan Saville
6 December 2013	Infratil Interim Report
6 December 2013	Ongoing Disclosure Notice
5 December 2013	Infratil on-market buyback announcements
2 & 3 December 2013	SSH Notice – Market Holding Limited / Distribution of shares held by H.R.L. Morrison & Co / Substantial Shareholder Notices / Ongoing Disclosure Notices (numerous)
2 December 2013	Infratil sells Manston Airport
28 November 2013	Infratil completes purchase of 19.9% of Metlifecare
25 November 2013	Infratil files SSH notice in respect of Metlife
25 November 2013	Infratil sells Glasgow Prestwick Airport
20 November 2013	Disclosure of Directors and Officers Relevant Interests
15 November 2013	IFTHA Interest Rate Reset
15 November 2013	Letter to Shareholders (in relation to on-market buyback)
12 November 2013	Infratil Results for Half Year to 30 September 2013
25 October 2013	Infratil Monthly Operational Report
25 October 2013	Infratil commits to Australian PPP projects and to Buy a 19.9% Interest in Metlifecare Ltd
15 October 2013	Infratil agrees to sell Manston Airport
14 October 2013	David Newman
9 October 2013	Acting Chairman
27 September 2013	Infratil Market Update and Share Buyback
26 September 2013	Infratil Updated Newsletter – September update: An informal submission on a political proposal to replace New Zealand's wholesale electricity market with a Central Buyer
11 September 2013	Lumo Energy CEO Departure
29 August 2013	Infratil Monthly Operational Report
21 August 2013	Infratil Sale of 30% of Z Energy & Z Energy IPO Fulfilment of Conditions

Announcement Date	Description of Announcement
19 August 2013	Z NZ's first listed transport fuel distribution company
16 August 2013	Z Energy IPO priced at \$3.50 per share
14 August 2013	2013 Annual Meeting Results
13 August 2013	Infratil AGM
31 July 2013	Infratil Infrastructure Bonds Maturing 15 September 2013
26 July 2013	Letter to Investors Z Energy IPO
25 July 2013	Z Energy IPO
24 July 2013	Infratil Notice of Meeting
11 July 2013	Wellington Airport returns under Commission guideline
5 July 2013	Z Energy Guidance
2 July 2013	Infratil Monthly Operational Report
28 June 2013	Infratil Infrastructure Bonds Maturing 15 June 2022
25 June 2013	Infratil Annual Report 2013
20 June 2013	Dividend Reinvestment Plan Allotment Notice
18 June 2013	Disclosure of Directors and Officers Relevant Interests
16 May 2013	Cancellation of Treasury Stock
14 May 2013	Lumo Energy signs gas sales agreement
14 May 2013	Infratil Results for the year ended 31 March 2013
10 May 2013	Z Energy correction of media reports
3 May 2013	Z Energy Results for the year ended 31 March 2013
1 May 2013	Infratil Update Newsletter
12 April 2013	Infratil Monthly Operational Report
12 April 2013	Infratil (Parent) Financial Statements 30 September 2012

Financial statements

Infratil's audited financial statements (including audited consolidated financial statements for the Infratil Group) for the financial year ended 31 March 2013 that comply with the Financial Reporting Act 1993 were registered at the Companies Office on 16 May 2013, and notified to NZX on 14 May 2013. Copies of these financial statements are also available at www.infratil.co.nz/assets/Uploads/PDF/ift_fy2013_financial_statements130513.pdf

Additional interim financial statements

Infratil's unaudited financial statements prepared in accordance with NZ IAS 34 for the half year ended 30 September 2013 were notified to NZX on 11 December 2013. There have been no material changes in matters contained in the interim financial statements for the half year ended 30 September 2013 from the matters contained in the audited financial statements for the financial year ended 31 March 2013, other than:

- The sale of 60% of Infratil's investment in Z Energy Limited through an Initial Public Offering ('IPO'), realising a net gain on IPO of \$182.5 million;
- The impairment of Infratil's investment in Infratil Airports Europe (Glasgow Prestwick and Kent Airports) of \$20.5 million included in the Interim Financial Statements for 30 September 2013;
- Cash and cash equivalents increased from \$144 million to \$238 million; and
- Infratil's current interest bearing loans and borrowings, and Infrastructure Bonds decreased from \$225 million to \$206 million while non-current interest bearing loans and borrowings, and Infrastructure bonds have decreased from \$1,641 million to \$1,529 million. Non-current Wellington International Airport bonds increased from \$149 million to \$199 million.

No transactions that are material related party transactions under generally accepted accounting practice were entered into or were being performed in the period of the interim financial statements for the half year ended 30 September 2013.

Access to information and statements

Copies of the information referred to under the heading "Information available under issuer's disclosure obligation" above and the financial statements for the Infratil Group will be made available on request, and free of charge, by writing to Infratil at the address specified in the Directory at the back of this prospectus. This information and the financial statements are also filed on a public register at the Companies Office and are available for public inspection (including at www.business.govt.nz/companies).

Other material matters

Infratil is a guarantor of the indebtedness of Infratil Finance Limited (a wholly owned subsidiary of Infratil) under various bilateral banking facility agreements (as described on page 35 of this prospectus). As well as the restrictions described on page 35 of this prospectus, the facility agreements contain certain other restrictions that relate to the business of Infratil, namely:

- (a) Infratil will not change its manager from Morrison & Co Infrastructure Management Limited;
- (b) Infratil will maintain its 100% beneficial shareholding in each of the other Bank Guarantors (while it remains a Bank Guarantor) except any Bank Guarantors which hold, in aggregate, assets with an aggregate value of less than 5% of total tangible assets of the Bank Guarantors;
- (c) Infratil may only hold:
 - (i) shares and other securities in, or loans to, other Bank Guarantors;

- (ii) cash or credit balances of no greater than \$25,000,000; and
- (iii) other assets (excluding cash, credit balances or assets referred to above) of up to an aggregate amount of 2% of total tangible assets of the Bank Guarantors at the relevant time; and
- (d) Infratil may not redeem any Infrastructure Bonds before maturity, other than from the issue of further Infrastructure Bonds or, where applicable, by conversion to Shares.

These restrictions may be amended by agreement between the parties to the bilateral facility agreements.

Bondholders (and the Trustee to the extent it represents the Bondholders) do not have the benefit of the restrictions described above.

Directors' Statement

The directors of Infratil, after due enquiry by them, are of the opinion that Infratil is in compliance with the requirements of the continuous disclosure provisions that apply to it.

The copy of this prospectus delivered to the Registrar of Financial Service Providers for registration has been signed by each director of Infratil or by his agent authorised in writing.

Glossary

“Allocations” means Infrastructure Bonds offered under the Offer reserved for subscription by the clients of the Managers, Primary Market Participants and other approved financial intermediaries.

“ASX” means the Australian Securities Exchange operated by ASX Limited.

“Bank Covenant EBITDA” means net profit (including, for the purposes of the debt to Bank Covenant EBITDA ratio, interest income) before interest, tax, depreciation and amortisation, excluding profits and losses on the sale of fixed assets or investments, non-cash equity accounted profits and losses, realised and unrealised exchange gains and losses, and revaluations of derivative financial instruments.

“Bank Guarantors” has the meaning given to it on page 35 of this prospectus.

“Bondholder” means a person who is recorded in the Register as the holder of an Infrastructure Bond allotted pursuant to the Offer and, where the context requires, includes a person who is recorded in the Register as the holder of an Infrastructure Bond forming part of an existing series of Infrastructure Bonds issued under the Infrastructure Bond Programme.

“Borrowed Money Indebtedness” of the Issuer Group means the aggregate financial indebtedness of each member of the Issuer Group (excluding any guarantee, indemnity or similar obligation of one member in respect of the financial indebtedness of any other member) and includes all Infrastructure Bonds of all series outstanding under the Infrastructure Bond Programme.

“Business Day” means a day on which NZX is open for trading.

“Closing Date” means 14 February 2014 (or such other date as Infratil may determine).

“Companies Act” means the Companies Act 1993.

“Constitution” means the constitution of Infratil (a copy of which is available on www.business.govt.nz/companies).

“Early Redemption Event” has the meaning given to it on page 36 of this prospectus.

“EBITDAF” means earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, realisations and impairments.

“Event of Default” means each of the events described on page 34 of this prospectus.

“Extraordinary Resolution” means a resolution passed at a duly convened meeting of the Bondholders by a majority consisting of not less than 75% of the persons voting at that meeting upon a show of hands or, if a poll is duly demanded, by a majority consisting of not less than 75% of the votes given on such poll.

“Face Value” means \$1.00 per Infrastructure Bond.

“GAAP” means generally accepted accounting practice. Currently GAAP for all issuers in New Zealand is NZ IFRS which is based on International Financial Reporting Standards (IFRS).

“Infrastructure Bond” means a debt security offered by Infratil pursuant to this prospectus and, where the context requires, includes a debt security previously issued by Infratil under an existing series of Infrastructure Bonds.

“Infrastructure Bond Programme” means the programme pursuant to which Infratil may issue different series of Infrastructure Bonds from time to time. Each series of Infrastructure Bonds is constituted and issued pursuant to the Trust Deed.

“Infratil” means Infratil Limited.

“Infratil Group” means Infratil and its subsidiaries (within the meaning of section 2 of the Financial Reporting Act 1993) and associates (within the meaning of NZ International Accounting Standard 28).

“Interest Payment Date” means 15 February, 15 May, 15 August and 15 November of each year up to and including the Maturity Date (commencing on 15 May 2014).

“Interest Rate” means 6.75% per annum.

“Interest Suspension Event” means each of the events described on page 32 of this prospectus.

“Issue Date” means the date on which an Infrastructure Bond is issued. Infrastructure Bonds offered under the Offer will be issued on 30 January 2014 and 17 February 2014 or, if Infratil decides to extend the period of the Offer beyond 14 February 2014, allotments of further Infrastructure Bonds will be made on the Friday following the extended Closing Date.

“Issuer Group” means Infratil and those of its subsidiaries that, as at the date of the Trust Deed or from time to time, guarantee any financial indebtedness of Infratil, or any of its subsidiaries that in turn guarantee any financial indebtedness of Infratil. As at the date of this prospectus, this comprises Infratil and all of its material 100% owned subsidiaries, except Infratil Energy New Zealand (which owns 48,470,446 shares in Trustpower).

“Issue Price” means \$1.00 per Infrastructure Bond.

“Listing Rules” means the listing rules of NZX.

“Managers” means the persons listed as managers in the Directory at the back of this prospectus.

“Maturity Date” means 15 November 2019.

“Morrison & Co” means H.R.L. Morrison & Co Group Limited Partnership, and, as the context may require, its subsidiaries.

“NZClear System” means the securities clearing and settlement system facility operated by the Reserve Bank of New Zealand.

“NZX Debt Market” means the market for debt securities of that name operated by NZX.

“NZX Main Board” means the market for equity securities of that name operated by NZX.

“NZX” means NZX Limited.

“NZX Firm” has the meaning given to that term in the NZX Participant Rules.

“NZX Participant Rules” means the participant rules of NZX.

“Offer” means the offer by Infratil of Infrastructure Bonds pursuant to this prospectus.

“Opening Date” means 23 December 2013.

“Organising Participant” means Forsyth Barr Limited.

“Primary Market Participants” has the meaning given to that term in the NZX Participant Rules.

“Public Pool” means applicants for Infrastructure Bonds offered under the Offer other than applicants in respect of Allocations.

“Record Date” means, in relation to a payment due on an Infrastructure Bond, the tenth day before the due date for that payment or, if that day is not a Business Day, the Business Day immediately preceding such day.

“Register” means the register of Infrastructure Bonds maintained by the Registrar.

“Registrar” means Link Market Services Limited.

“Securities Act” means the Securities Act 1978.

“Securities Regulations” means the Securities Regulations 2009.

“Series Supplement” means the series supplement to the Trust Deed dated 13 December 2013 prepared in respect of the Infrastructure Bonds offered pursuant to this prospectus.

“Settlement System” means the facilities and systems used to effect the clearing and settlement of transactions by NZX.

“Share” means a fully paid ordinary voting share in the capital of Infratil.

“Shareholder” means a holder of a Share.

“Tangible Assets” means, at any date, the aggregate on a consolidated basis of the market value of all tangible assets (determined in accordance with generally accepted accounting practice as defined in section 3 of the Financial Reporting Act 1993) of Infratil and its subsidiaries as at that date.

“Tax Act” means the Income Tax Act 2007.

“Trust Deed” means the trust deed dated 11 November 1999 as amended by deeds dated 14 August 2003, 10 December 2004, 18 February 2005, 26 August 2005, 6 October 2005, 20 December 2005, 15 November 2006, 24 November 2010, 21 January 2011, 3 November 2011, 27 September 2012, 9 October 2012, 15 April 2013 and 13 December 2013 between Infratil and the Trustee, which sets out the rights and obligations of the Trustee, Bondholders and Infratil and, where the Trust Deed is being read in the context of the series of Infrastructure Bonds offered pursuant to this prospectus, includes the Series Supplement.

“Trustee” means Trustees Executors Limited.

All references in this prospectus to \$ are to New Zealand dollars unless specified otherwise. All references to time are to time in New Zealand. All legislation referred to in this prospectus may be viewed online at www.legislation.govt.nz

Application Forms

Offer Application Instructions

These application instructions relate to an application for Infrastructure Bonds under the Offer. An application to subscribe for Infrastructure Bonds under the Offer must be made on the application form following these application instructions.

An application will constitute an irrevocable offer by the applicant to subscribe for the aggregate Face Value of Infrastructure Bonds specified in the Offer application form (or such lesser amount which Infratil may determine) on the terms set out in this prospectus, the Trust Deed and the Series Supplement, and the Offer application form.

A = Investor Details

Please complete all relevant sections in the Offer application form in CAPITAL LETTERS.

Full name details: Insert your full name. Applications must be in the name(s) of natural persons, companies or other legal entities, up to a maximum of three names per application.

Use the table below to see how to write your name correctly.

Type of Investor:	Correct way to write Name:	Incorrect way to write Name:
Individual person	JOHN SMITH	J SMITH
More than one person	JOHN SMITH MICHELLE SMITH	J & M SMITH
Company	ABC LIMITED	ABC
Trusts	JOHN SMITH (JOHN SMITH FAMILY TRUST A/C)	SMITH FAMILY TRUST
Partnerships	JOHN SMITH MICHAEL SMITH (JOHN SMITH AND SONS A/C)	JOHN SMITH & SONS
Clubs and unincorporated associations	JANE SMITH (SMITH INVESTMENT CLUB A/C)	SMITH INVESTMENT CLUB
Superannuation funds	JOHN SMITH LIMITED (SUPERANNUATION FUND A/C)	JOHN SMITH SUPERANNUATION FUND

Postal address details: Insert your postal address for correspondence. All communications to you from Infratil will be mailed to the person(s) at the address shown (unless an applicant provides an email address in section F of the Offer application form). For joint applicants, only one address is to be provided.

Telephone numbers: Insert your telephone number(s) in case the Registrar or Infratil needs to contact you in relation to your application.

By supplying **your mobile number** you will enable the Share Registrar to advise you by TXT Alerts (post allotment for New Zealand investors only) of any changes on your holding balance, or if your bank account details or address on register change, or if a new / replacement FIN has been requested. This feature provides additional security to you as an investor.

B = Application Payment Details

Please enter the aggregate Face Value of Infrastructure Bonds that you wish to apply for. Each Infrastructure Bond has a Face Value of \$1.00. An application to subscribe for Infrastructure Bonds must be for a minimum aggregate Face Value of \$5,000 and thereafter in multiples of \$1,000.

Payment must be made by direct, debit cheque (or, if the application is for an aggregate subscription amount of \$500,000 or more, by a bank cheque) or (by prior arrangement with the Registrar) through the NZClear System.

Cheques must be in New Zealand dollars and drawn on a New Zealand branch of a registered bank. Cheques must be made payable to "Infratil 2019 Bond Offer", crossed "Not Transferable" and must not be post-dated. Staple your cheque to the completed Offer application form.

Your cheque will be banked upon receipt into a designated bank trust account pending allotment of the Infrastructure Bonds. The banking of application moneys does not constitute confirmation of allotment of any Infrastructure Bonds or acceptance of an offer to subscribe for Infrastructure Bonds.

If you choose the direct debit option, you must tick the box authorising the Registrar to direct debit the bank account nominated on the Application Form on any day after the Application Form is received by the Registrar for the amount applied for on the Application Form. You cannot specify a direct debit date and you must ensure that:

- the bank account details supplied are correct;
- sufficient funds in the bank account for direct debit are available on the day the Registrar receives the Application Form;
- the person(s) giving the direct debit instruction has/have the authority to operate the account solely/jointly; and
- the bank account you nominated is a transactional account eligible for direct debit transactions.

If you are uncertain, you should contact your bank or financial institution. Should your direct debit fail, your application will be rejected. The Registrar will not be able to process your direct debit if you do not sign and date the Application Form. If requested, the Registrar will provide you with a direct debit authority form.

If an applicant's cheque or direct debit is dishonoured, Infratil may cancel that applicant's allotment of Infrastructure Bonds and pursue any other remedies available to it at law. Investors who are members of NZClear may, by prior arrangement with the Registrar, settle their applications for the Infrastructure Bonds on the relevant Issue Date of the Infrastructure Bonds through the NZClear System.

C = Holder Number Details

If you have other investments registered under a Common Shareholder Number ("**CSN**") please supply your CSN in the space provided. The name and address details on your Offer application form must correspond with the registration details under that CSN.

D = Interest and Redemption Payments

If you currently receive interest or dividend payments from the Registrar by direct credit, and wish your payments in respect of the Infrastructure Bonds to be direct credited to the same account, then you do not need to complete section D of the Offer application form.

If payment to your cash management account with a Primary Market Participant is selected, tick the box for option 1, insert the name of the Primary Market Participant where your cash management account is held and provide your cash management client account number.

If you wish to be paid by direct credit and the Registrar does not already hold your bank account details or you wish to have payments credited to another bank account, please tick the box for option 2 and enter the details of the bank account.

E = Provide your IRD number and tick the relevant RWT box

Please enter your IRD number and tick the resident withholding tax ("**RWT**") rate that applies to you (or, if you are exempt from RWT, tick the exempt box and attach a photocopy of your RWT exemption certificate).

F = Electronic Investor Correspondence

By supplying your email address Infratil will be able to deliver your investor correspondence to you electronically where possible. This is a much more environmentally friendly, cost effective and timely option than paper based investor mail outs.

G = Signing and Dating

Read the prospectus and Offer application form carefully and sign and date the Offer application form.

The Offer application form must be signed by the applicant(s) personally, or by two directors of a company (or one director if there is only one director, whose signature must be witnessed), or in either case by a duly authorised attorney or agent.

If the Offer application form is signed by an attorney, the power of attorney document is not required to be lodged, but the attorney must complete the certificate of non-revocation of power of attorney following the Offer application form.

If the Offer application form is signed by an agent, the agent must complete the certificate of non-revocation of agent following the Offer application form.

Joint applicants must each sign the Offer application form.

H = Offer Closing Date and Delivery

The Offer will close at 5.00pm on 14 February 2014. Applicants should remember that the Closing Date may be changed at the sole discretion of Infratil. Changes will be advised by NZX announcement. Infratil reserves the right to refuse to accept applications received by the Registrar after the Closing Date of the Offer. Your Offer application form should be returned to, or lodged with, an appropriate person as specified under the heading "Where to send your application form and payment" on page 31 of the prospectus.

Personal Information Rights

Personal information provided by you will be held by Infratil and the Registrar at their respective addresses shown in the Directory on the inside back cover of this prospectus or at such other place as is notified upon request. This information will be used for the purpose of managing your investment. You have a right to access and correct any personal information about you under the Privacy Act 1993. You can also access your information on the Link Market Services website: www.linkmarketservices.co.nz. (You will be required to enter your holder number and FIN).

BROKER STAMP	Broker code
	Advisor code

(ATTACH CHEQUE HERE)

Offer Application Form

This application form ("**Application Form**") is issued with the simplified disclosure prospectus dated and prepared as at 13 December 2013 ("**Prospectus**"), issued by Infratil Limited ("**Infratil**"). Please complete this Application Form and return it to, or lodge it with, an appropriate person as specified under the heading "Where to send your application form and payment" on page 31 of the Prospectus.

Before completing this Application Form, applicants should read the Prospectus to which this application relates.

A. APPLICATION DETAILS AND INFORMATION – PLEASE PRINT IN BLOCK LETTERS

First Name(s):		Family Name:	
First Name(s):		Family Name:	
First Name(s):		Family Name:	
Corporate Name or <<On Account>> :			
Postal Address:			
Telephone Home:		Mobile/ Work:	

B. APPLICATION PAYMENT – IMPORTANT

Applications must be accompanied by payment in full. Payment must be in New Zealand currency based on NZ\$1.00 per Infrastructure Bond. Your Application Form must be received by Link Market Services Limited ("**Link**") by 5.00pm, 14 February 2014.

Applications must be for a minimum of **NZ\$5,000** and, thereafter, in multiples of **NZ\$1,000**. Infratil may accept or reject all or part of this application without giving reason.

Amount of Infrastructure Bonds applied for: NZ\$

You may choose only **ONE** of the options below. Please tick the box next to your selected option (✓):

- ☐ **OPTION 1:** Please find attached my cheque made payable to "Infratil 2019 Bond Offer" and crossed "Not Transferable".
- ☐ **OPTION 2:** Please direct debit my bank account for the amount of Infrastructure Bonds applied for. The Registrar will direct debit from the bank account provided in section D (Option 2) below on the date the application form is received. **Please Note:** The Registrar is not permitted to direct debit the Cash Management Account provided in section D (Option 1) below.
- ☐ **OPTION 3:** Payment will be made by NZClear as arranged with Link (**authorised institutional investors only**). NZClear mnemonic:

C. COMMON SHAREHOLDER NUMBER (CSN)

Please note that the application must be in the same name as the CSN below otherwise the application will be deemed to be made without a CSN and a new CSN will be allocated.

If you currently have a Common Shareholder Number (CSN), please enter it here:

D. INTEREST AND REDEMPTION PAYMENTS

You may choose only **ONE** of the options below. Please tick the box next to your selected option (✓):

- ☐ **OPTION 1: Direct credit to my cash management account.**

Name of Primary Market Participant where Cash Management Account is held:

Cash Management Client Account number:

- ☐ **OPTION 2: Direct credit to the New Zealand bank account nominated below.**

Name of Bank:

Name of Account:

--	--	--	--	--	--	--	--	--	--

Bank

Branch

Account No.

Suffix

E. IRD NUMBER & RESIDENT WITHHOLDING TAX

IRD number (only one IRD number is required in respect of joint applications):

Deduct resident withholding tax from all my/our interest payments at the following rate (✓one): ☐ 10.5%* ☐ 17.5% ☐ 28%** ☐ 30% ☐ 33% ☐ Exempt***

*Only available for an individual that reasonably expects their income for the income year to be \$14,000 or less and trustees of certain testamentary trusts. ** Available for companies only.

***If you are exempt from resident withholding tax, you must attach a copy of your RWT exemption certificate for noting.

F. ELECTRONIC CORRESPONDENCE & REPORTING

To enable Infratil to provide you with your investor correspondence in relation to your holding in this security electronically, please complete your email address below. If you do not provide an email address, investor correspondence will be mailed to you at the address provided on this Application Form.

G. SIGNATURE(S) OF APPLICANT(S)

I/We hereby acknowledge that I/we have received and read the Prospectus, and apply for the dollar amount of Infrastructure Bonds set out above and agree to accept such Infrastructure Bonds (or such lesser number as may be allotted to me/us) on, and subject to, the terms and conditions set out in the Prospectus, the Trust Deed and the Series Supplement, and the Application Form.

All applicants on the Application Form must sign.

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Date	/	/

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Date	/	/

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Date	/	/

H. SEND APPLICATION FORM AND CHEQUE (IF APPLICABLE) TO BE RECEIVED BY LINK MARKET SERVICES, NO LATER THAN 5.00 PM ON 14 FEBRUARY 2014

Infratil 2019 Bond Offer, c/- Link Market Services Limited, PO Box 91976, Victoria Street West, Auckland 1142 or
Deliver to: c/- Link Market Services Limited, Level 7, Zurich House, 21 Queen Street, Auckland 1010
Investor phone number: +64 9 375 5998

TERMS AND CONDITIONS:

By signing this Application Form:

- (a) I/We agree to subscribe for Infrastructure Bonds upon and subject to the terms and conditions of the Prospectus, this Application Form, the Trust Deed and the Series Supplement, and I/we agree to be bound by the provisions hereof.
- (b) I/We declare that all details and statements made by me/us in this Application Form are complete and accurate.
- (c) I/We certify that, where information is provided by me/us in this Application Form about another person, I/we are authorised by such person to disclose the information to Infratil and the Registrar and to give authorisation.
- (d) I/We acknowledge that an application cannot be withdrawn or revoked once it has been submitted.
- (e) I/We acknowledge that the Offer is only made in New Zealand, and by applying for Infrastructure Bonds, I/we warrant that I/we received this offer in New Zealand and I/we are eligible to participate in the Offer, and I/we agree to indemnify Infratil and its directors, officers, employees and agents in respect of any loss, cost, liability or expense sustained or incurred by Infratil as a result of my/our breaching that warranty or the selling restrictions described in the Prospectus.

This Application Form, the Offer and any contract arising out of its acceptance are each governed by New Zealand law. Under the Financial Transactions Reporting Act 1996, applicants may be required to produce evidence of their identity.

The information in this Application Form is provided to enable Infratil and the Registrar to process your application, and to administer your investment. By signing this Application Form, you authorise Infratil and the Registrar to disclose information in situations where Infratil or the Registrar are required or permitted to do so by any applicable law or by a governmental, judicial or regulatory entity or authority in any jurisdiction. Personal information will be held by Infratil and the Registrar at their respective addresses shown in the Directory of the Prospectus or at such other place as is notified upon request. If you are an individual under the Privacy Act 1993, you have the right to access and correct any of your personal information. You can also access your information on the Link website (www.linkmarketservices.co.nz). You will be required to enter your holder number and FIN.

I. CERTIFICATE OF NON-REVOCATION OF POWER OF ATTORNEY:

(Complete this section if you are acting on behalf of the Applicant on this Application Form for whom you have power of attorney)

I, (full name)
of (place and country of residence),
 (occupation),

CERTIFY:

- THAT by deed dated (date of instrument creating the power of attorney),
 (full name of person/body corporate which granted the power of attorney)
of (place and country of residence of person/body corporate which granted the power of attorney**)
appointed me (his/her/its) attorney;
- THAT I have executed the application for Infrastructure Bonds printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
- THAT I have not received notice of any event revoking the power of attorney.

Signed at this day of (month/year)
Signature of attorney

** If donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.

J. CERTIFICATE OF NON-REVOCATION OF AGENT:

(Complete this section if you are acting as Agent on behalf of the Applicant on this Application Form)

I, (full name)
of (place and country of residence),
 (occupation),

CERTIFY:

- THAT by the agency agreement dated (date of instrument creating the agency),
 (full name of person/body corporate which appointed you as agent)
of (place and country of residence of person/body corporate which appointed you as agent **)
appointed me (his/her/its) agent;
- THAT I have executed the application for Infrastructure Bonds printed on this Application Form under that appointment and pursuant to the powers thereby conferred on me; and
- THAT I have not received any notice or information of the revocation of my appointment as agent.

Signed at this day of (month/year)
Signature of agent

** If donor is a body corporate, state place of registered office or principal place of business of donor and, if that is not in New Zealand, state the country in which the principal place of business is situated.

Issuer

Infratil Limited
5 Market Lane
PO Box 320
Wellington 6140

Registrar

Link Market Services Limited
Level 7, Zurich House
21 Queen Street
Auckland 1010
PO Box 91976, Auckland 1142

Organising Participant

Forsyth Barr Limited

Solicitors to Infratil

Russell McVeagh
Level 24, Vodafone on the Quay
157 Lambton Quay
Wellington 6143

Manager of Infratil

Morrison & Co Infrastructure Management Limited
5 Market Lane
PO Box 1395
Wellington 6140

Trustee

Trustees Executors Limited
Level 5, Maritime Tower
10 Customhouse Quay
PO Box 3222
Wellington 6143

Managers of the Offer

ANZ Bank New Zealand Limited
Level 7, 1 Victoria Street
PO Box 540
Wellington 6011
Telephone 0800 269 476

Deutsche Craigs Limited
Level 36, Vero Centre
48 Shortland Street
PO Box 1196
Auckland 1140
Telephone 0800 226 263

First NZ Capital Securities Limited
Level 14, 171 Featherston Street
Wellington 6011
Telephone 0800 005 678

Forsyth Barr Limited
The Octagon
Private Bag 1999
Dunedin 9054
Telephone 0800 367 227

Westpac Banking Corporation, New Zealand Branch
PO Box 934
Auckland 1140
Telephone 0800 942 822

Solicitors to the Trustee

Buddle Findlay
Level 17, State Insurance Tower
1 Willis Street
Wellington 6011



Infratil