



01 October 2015

Please note: These bonds are not listed on the ASX. This notice is provided for information purposes only.

Infratil Infrastructure Bonds 5.25% per annum due 15 September 2023

Infratil announces that the above offer of unsecured unsubordinated Infrastructure Bonds is now open.

Infratil is offering up to \$100 million of Infrastructure Bonds to all investors in New Zealand (with the option to accept up to \$50 million of oversubscriptions at Infratil's discretion).

The offer will be made pursuant to the Financial Markets Conduct Act 2013 as an offer of debt securities of the same class as existing quoted debt securities. The notice required by the Financial Markets Conduct Regulations 2014 has been provided to NZX and is attached.

The key terms of the offer are contained in the Terms Sheet, a copy of which is also attached.

Details on how to apply for the Infrastructure Bonds are set out in the Terms Sheet. The offer is now open and will close on 23 October 2015

The Managers of the offer are:

ANZ Bank New Zealand Limited	0800 269 476	www.anzsecurities.co.nz
Deutsche Craigs Limited	0800 226 263	www.craigsip.com
First NZ Capital Securities Limited	0800 005 678	
Forsyth Barr	0800 367 227	www.forsythbarr.co.nz
Westpac	0800 942 822	

Application has been made to NZX for permission to quote 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 announcement have been duly complied with. However, NZX accepts no responsibility for any statement in this announcement. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, each regulated under the Financial Markets Conduct Act 2013.

Further information is available on Infratil's website or by contacting:
Fiona Cameron (Infratil) on 04 473 3663.



1 October 2015

Notice pursuant to clause 20(1)(a) of schedule 8 of the Financial Markets Conduct Regulations 2014

Infratil Limited ("**Infratil**") gives notice under clause 20(1)(a) of schedule 8 of the Financial Markets Conduct Regulations 2014 ("**Regulations**") that it proposes to make an offer for the issue of fixed rate bonds due 15 September 2023 ("**New Bonds**") in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 ("**FMCA**").

The main terms of the offer and the New Bonds are set out in the attached Terms Sheet. Except for the interest rate and maturity date, the New Bonds will have identical rights, privileges, limitations and conditions as Infratil's fixed rate bonds maturing on 15 June 2022 which are quoted on the NZX Debt Market under the ticker code IFT190 ("**IFT190 Bonds**") and therefore are of the same class as the IFT190 Bonds for the purposes of the FMCA and the Regulations. The IFT190 Bonds have been continuously quoted on the NZX Debt Market over the preceding three months.

As at the date of this notice, Infratil is in compliance with:

- (a) the continuous disclosure obligations that apply to it in relation to the IFT190 Bonds; and
- (b) its financial reporting obligations (as defined in the Regulations).

As at the date of this notice, there is no excluded information required to be disclosed for the purposes of the Regulations except the following:

Infratil Limited is currently participating in the sales process for Pacific Hydro Pty Ltd (<http://www.pacifichydro.com/>). Pacific Hydro owns renewable generation assets and development projects in Australia, Chile and Brazil, and Infratil may bid for some or all of these assets. The sales process is contested and the date for submission of final bids has not yet been confirmed, but in any event is expected to be at least several weeks away. Infratil has not decided whether to submit a final bid, and there is no certainty that any bid will be successful. As at 31 December 2014, based on publicly available information, the book value of Pacific Hydro Pty Ltd's assets were A\$1.9bn, and the result from operating activities for the most recent financial year ending 30 June 2014 was A\$41.8m. Funding for any transaction would include use of Infratil's cash and debt.

As at the date of this notice, there is no other information that would be required to be disclosed under a continuous disclosure obligation or which would be excluded information required to be disclosed for the purposes of the Regulations if the IFT190 Bonds had had the same redemption date or interest rate as the New Bonds being offered.

For further information, please contact:

Fiona Cameron, Treasurer, Fiona.Cameron@Infratil.com

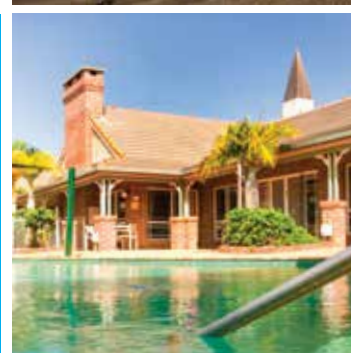
Infratil Terms Sheet

For the offer of Infrastructure Bonds
01 October 2015



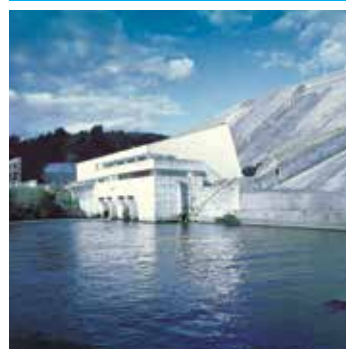
**8 year fixed
rate bonds**

maturity
15 September
2023

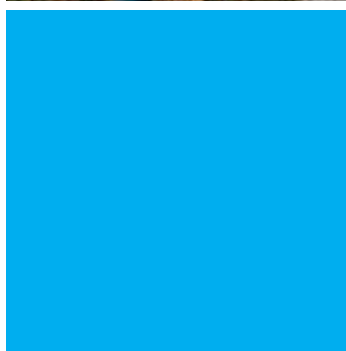


This Terms Sheet sets out the key terms of the offer (“**Offer**”) by Infratil Limited of up to \$150,000,000 of fixed rate bonds maturing on 15 September 2023 (“**Infrastructure Bonds**”) under its programme trust deed dated 11 November 1999 (as amended from time to time) as modified and supplemented by the series supplement dated 30 September 2015 between Infratil Limited and Trustees Executors Limited (together, the “**Trust Deed**”).

Unless the context requires otherwise, capitalised terms used in this Terms Sheet have the same meaning given to them in the Trust Deed.



\$100 million
plus up to
\$50 million of
oversubscriptions



Important Notice

The offer of debt securities by Infratil Limited ("Infratil") is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 ("FMCA").

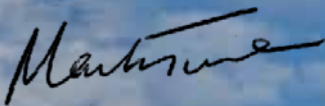
The offer contained in this Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as Infratil's fixed rate bonds maturing on 15 June 2022, which have an interest rate of 6.85% per annum and are currently quoted on the NZX Debt Market under the ticker code IFT190 ("IFT190 Bonds").

Accordingly, the Infrastructure Bonds are the same class as the IFT190 Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

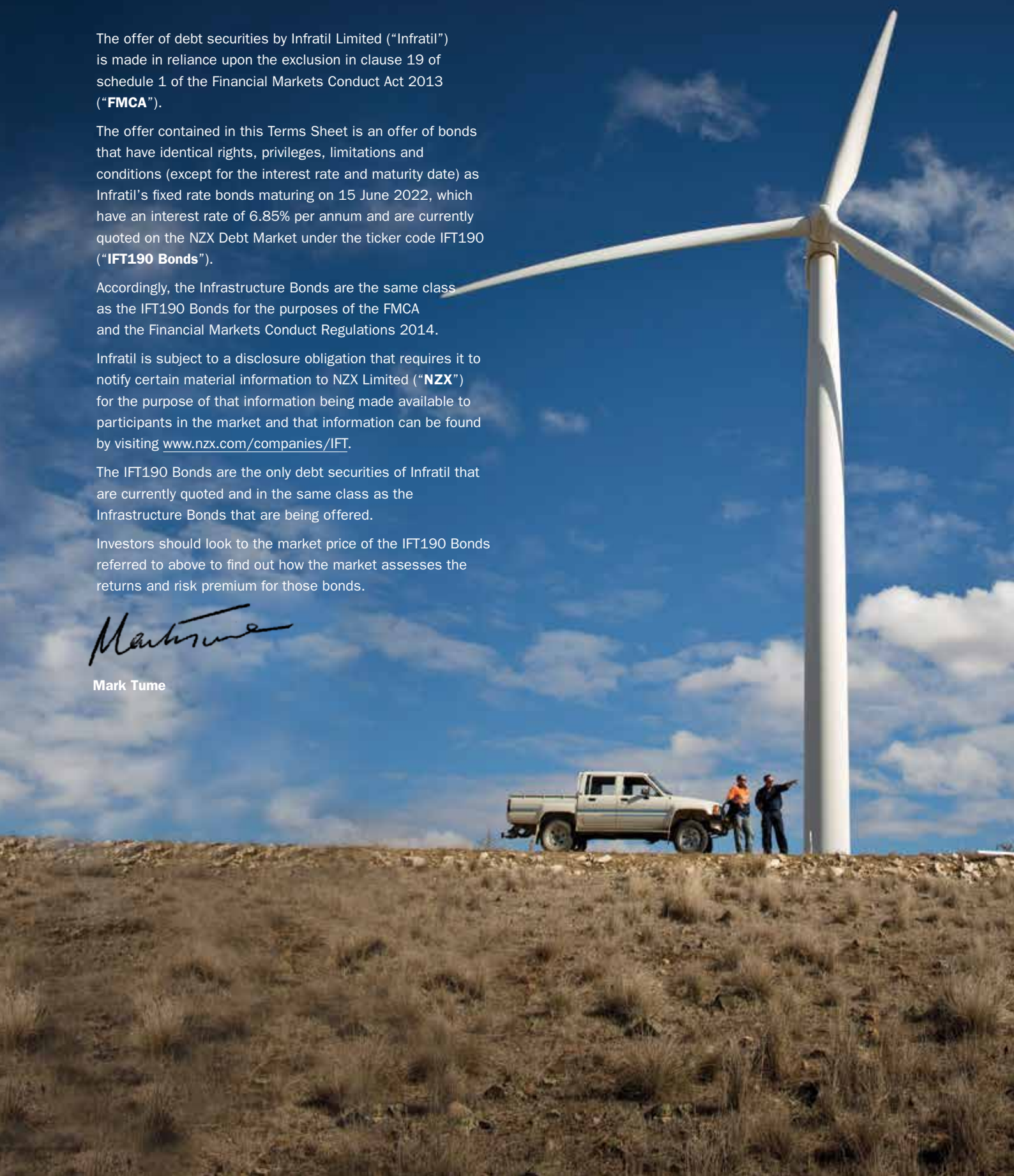
Infratil is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited ("NZX") for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/IFT.

The IFT190 Bonds are the only debt securities of Infratil that are currently quoted and in the same class as the Infrastructure Bonds that are being offered.

Investors should look to the market price of the IFT190 Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.



Mark Tume



Key Terms of the Infrastructure Bonds

Issuer:	Infratil Limited
Description:	Infrastructure Bonds are unsecured, unsubordinated debt securities of Infratil to be issued pursuant to the Trust Deed
Opening Date:	01 October 2015
Offer Amount:	Infratil is offering up to \$100 million of Infrastructure Bonds to all investors in New Zealand (with the option to accept up to \$50 million of oversubscriptions at Infratil's discretion)
Closing Date:	5.00pm, 23 October 2015
Interest Rate:	5.25% per annum
Maturity Date:	15 September 2023
Interest Payment Dates:	15 March, 15 June, 15 September and 15 December of each year until and including the Maturity Date (commencing on 15 December 2015)
Interest Payments:	Other than for the first Interest Payment Date, Infratil will pay interest in arrears 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 to (but excluding) the first Interest Payment Date. In addition, if the Infrastructure Bonds are redeemed on a day that is not an Interest Payment Date (see "Right to Redeem Early" and "Early Redemption Events" below), the amount of interest that will be payable to you will be adjusted to reflect the number of days in the interest period in which the interest accrued.
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 and Dividend Stopper:	Infratil may suspend the payment of interest where an Interest Suspension Event exists. If the payment of interest is suspended: - interest will continue to accrue (without compounding) and will be paid by Infratil when the Interest Suspension Event ceases to exist; and - Infratil will not pay or make any distribution to shareholders or provide any financial assistance for the acquisition of shares in Infratil.
Interest Suspension Events:	In summary, an Interest Suspension Event may occur if: - the interest payment would be likely to breach the solvency test in section 4 of the Companies Act 1993; - the interest payment would be likely to result in a breach of the terms or conditions of other financial indebtedness incurred by Infratil or certain of its subsidiaries; or - the interest payment would be likely to result in a breach of any other legal obligation by Infratil or certain of its subsidiaries.
Right to Redeem Early:	Infratil has the right to redeem all or some of the Infrastructure Bonds prior to the Maturity Date by giving you no less than 5 business days' notice. Infratil may only exercise this right if: - the Supervisor has not declared the Infrastructure Bonds due and payable because an event of default as described in clause 8.1 of the Trust Deed exists; and - the notice of early redemption is given at a time prior to the day falling 25 business days before the Maturity Date. You have no right of early redemption except following an Early Redemption Event.
Early Redemption Events:	In summary, an Early Redemption Event may occur if: - an event of default as described in clause 8.1 of the Trust Deed occurs; or - certain takeover offers are made in respect of the shares in Infratil. In general terms, the events of default include non-payment for 14 days or more and the occurrence of certain insolvency related events in relation to Infratil.
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 (being Infratil and certain of its subsidiaries) will not exceed 50% of Tangible Assets of Infratil and its subsidiaries as at that date.

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, 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 various companies. 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. 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.
Issue Price:	\$1.00 per Infrastructure Bond (being the Face Value)
Issue Dates:	Infrastructure Bonds will be issued on 27 October 2015 and 29 October 2015
Expected Date of Initial Quotation on the NZX Debt Market:	27 October 2015
Minimum Application Amount:	\$5,000 and multiples of \$1,000 thereafter
ISIN:	NZIFTD0210L1
Business Day:	A day on which NZX is open for trading. If any Interest Payment Date or the Maturity Date falls on a day that is not a Business Day, the due date for the payment to be made on that date will be on the immediately preceding Business Day, but the amount paid will not be adjusted.
Registrar and Paying Agent:	Link Market Services Limited
Who May Apply:	Infratil may reserve Infrastructure Bonds, including oversubscriptions, for subscription by clients of the Managers, NZX participants 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 the Infratil Bonds which are not subject to Allocations and announce these arrangements via NZX.
How to Apply:	Applications to subscribe for Infrastructure Bonds must be made on the application form attached to this Terms Sheet. Retail investors should contact any Manager, their financial adviser or any NZX participant for details on how they may acquire Infrastructure Bonds. You can find a NZX participant by visiting www.nzx.com/investing/find_a_participant. Applicants accepting an Allocation from a NZX participant or approved financial intermediary must return a completed application form to the office of that NZX 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. 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 (on behalf of Infratil) at the address below, no later than 5.00pm on the Closing Date: Link Market Services Limited PO Box 91976, Auckland 1142 Alternatively, completed application forms may be lodged with any Manager, Primary Market Participant, the Organising 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.

How to Apply (continued):	Each investor's financial adviser will be able to advise them as to what arrangements will need to be put in place for the investors to trade the Infrastructure Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a Primary Market Participant as well as the costs and timeframes for putting such arrangements in place. 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.
Brokerage:	NZX has authorised NZX 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:	Infratil will take any necessary steps to ensure that the Infrastructure Bonds are, immediately after issue, quoted. 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 Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMCA.
NZX Debt Market Ticker Code:	NZX Debt Market ticker code IFT210 has been reserved for the Infrastructure Bonds.
Supervisor:	Trustees Executors Limited
Governing Law:	New Zealand
NZX Waivers:	In accordance with the Ruling on Listing Rule 5.2.3, a class of debt securities will not generally be considered for quotation on the NZX Debt Market unless those securities are held by at least 100 members of the public holding at least 25% of the securities issued with each member of the public holding at least a minimum holding, and those requirements are maintained ("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 within 12 months of the initial date of quotation of the Infrastructure Bonds. The effect of the waiver from Listing Rule 5.2.3 is that initially the Infrastructure Bonds may not be widely held and there may be reduced liquidity in the Infrastructure Bonds. Infratil has agreed to notify NZX as soon as practicable if there is a material reduction to the total number of members of the public holding at least a minimum holding of the Infrastructure Bonds and/or the percentage of Infrastructure Bonds held by members of the public holding at least a minimum holding. Infratil has also agreed to clearly and prominently disclose this waiver, its conditions and their implications in its half-year report and its annual report for the year the waiver is relied on.
No Underwriting:	The Offer is not underwritten.
Offer in New Zealand Only:	The Infrastructure Bonds may only be offered for sale or sold 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, terms sheet, 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 Supervisor in respect of any loss incurred as a result of you breaching the above selling restrictions.
Non-reliance:	This Terms Sheet does not constitute a recommendation by the Managers, the Organising Participant, the Supervisor, 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 Terms Sheet or its contents or otherwise arising in connection with the Offer. The Managers, the Organising Participant and the Supervisor have not independently verified the information contained in this Terms Sheet. In accepting delivery of this Terms Sheet, you acknowledge that none of the Managers, the Organising Participant, the Supervisor 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 Terms Sheet, and you waive all claims in that regard.

Other Information

The dates set out in this Terms Sheet are indicative only and Infratil may change the dates set out in this Terms Sheet. Infratil has the right in its absolute discretion and without notice to close the offer early, to extend the Closing Date, or to choose not to proceed with the Offer. If the Closing Date is changed, other dates (such as the Issue Dates, the Maturity Date and the Interest Payment Dates) may be changed accordingly.

Any internet site address provided in the Terms Sheet is for reference only and, except as expressly stated otherwise, the content of such internet site is not incorporated by reference into, and does not form part of, this Terms Sheet.

Copies of the Trust Deed are available by visiting www.infratil.com/for-investors/bonds/ or you may request a copy from:

Infratil Limited
5 Market Lane
Wellington
Attention: Phillippa Harford

or

Trustees Executors Limited
Level 5
10 Customhouse Quay
Wellington
Attention: Sean Roberts.

Information on the IFT190 Bonds is contained in Infratil's simplified disclosure prospectus dated 26 April 2013. Investors can obtain a copy of the simplified disclosure prospectus from www.infratil.com/for-investors/bonds/

Investors should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations).

For further information regarding Infratil, visit www.nzx.com/companies/IFT

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 Terms Sheet, 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 2023 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.

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 2, 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 1 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 Terms Sheet 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 23 October 2015. 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 "How to Apply" on pages 2–3 of the Terms Sheet.

Personal Information Rights

Personal information provided by you will be held by Infratil and the Registrar at their respective addresses shown under the Directory details section in the Terms Sheet 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.)

Offer Application Form

BROKER STAMP	Broker code
	Advisor code

(ATTACH CHEQUE HERE)

This application form ("**Application Form**") is issued with the Terms Sheet dated and prepared as at 01 October 2015 ("**Terms Sheet**"), 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 "How to Apply" on pages 2–3 of the Terms Sheet.

Before completing this Application Form, applicants should read the Terms Sheet 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, 23 October 2015.

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:

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

- ☐ **OPTION 1:** Please direct debit my bank account below for the amount of Infrastructure Bonds applied for on the date the application form is received.
- ☐ **OPTION 2:** Please find attached my cheque made payable to "Infratil 2023 Bond Offer" and crossed "Not Transferable".
- If you wish for your interest to be paid into a different bank account please advise the Registrar in writing.

Name of Bank: Name of Account:

Account Number:

Bank Branch Account No. Suffix

- ☐ **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 the New Zealand bank account provided above.
- ☐ **OPTION 2:** Direct credit to my cash management account.

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

Cash Management Client Account number:

E. IRD NUMBER & RESIDENT WITHHOLDING TAX

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

- ☐ I am a New Zealand tax resident (✓). Please provide your country of tax residence if not New Zealand.

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 Terms Sheet, 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 Terms Sheet, the Trust Deed and the Series Supplement, and the Application Form.

All applicants on the Application Form must sign.

Date / /	Date / /	Date / /

H. SEND APPLICATION FORM AND PAYMENT (IF APPLICABLE) TO BE RECEIVED BY LINK MARKET SERVICES, NO LATER THAN 5.00 PM ON 23 OCTOBER 2015

Infratil 2023 Bond Offer, c/- Link Market Services Limited, PO Box 91976, 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 Terms Sheet, 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 Terms Sheet.

This Application Form, the Offer and any contract arising out of its acceptance are each governed by New Zealand law. Under the Anti-Money Laundering and Countering Financing of Terrorism Act 2009, 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 the address details section of the Terms Sheet 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.

Directory

Issuer

Infratil Limited

5 Market Lane
PO Box 320
Wellington 6140
Telephone 04 473 3663

Supervisor

Trustees Executors Limited

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

Registrar

Link Market Services Limited

Level 7, Zurich House
21 Queen Street
Auckland 1010
PO Box 91976
Auckland 1142

Organising Participant

Forsyth Barr Limited

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

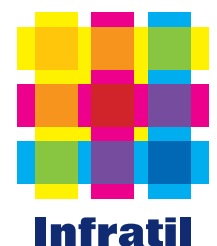
Westpac Banking Corporation, New Zealand

Branch

PO Box 934
Auckland 1140
Telephone 0800 942 822



Infratil Corporate Profile



Infratil invests in energy, transport and social infrastructure businesses that provide essential services to individuals and communities. If they are efficient and provide good services they create opportunities for profitable growth.



Infratil is an infrastructure holding company listed on the NZX and ASX.

Infratil invests in energy, transport and social infrastructure businesses which have opportunities for profitable growth if they operate efficiently and deliver good services. For its funding Infratil uses a mixture of debt and equity that seeks to balance cost and risk.

As at 30 June 2015 Infratil had approximately 39,000 individual share and bond holders. 74% of the shares were owned by New Zealand residents, with almost 60% of these owned by individual investors.

When making choices about allocating capital to sectors and businesses, Infratil management is guided by the following criteria

Expertise. Infratil must have, or have access to, appropriate operational experience and skills.

Influence/Control/Partnership. Most of Infratil's investments have been in partnership with entities such as Wellington City Council, the New Zealand Superannuation Fund and Tauranga Energy Consumers Trust; long-term investors who often have a strategic relationship with the relevant business.

Whether through a partnership or on a standalone basis Infratil is not a passive investor, it seeks to exert influence or control so that Infratil's expertise can be applied to the business and to ensure that the long-term interests of shareholders are given suitable priority.

Growing demand and/or sectors undergoing change. Growth and change create opportunities for profitable investment. More people flying more often need expanded airport facilities. The shift to renewable power generation requires more wind, hydro and geothermal power stations. The break-up of the multinational integrated fuel industry is creating opportunities for investment in distribution facilities. Freed-up energy markets are open to new approaches to retailing electricity, and to combining it with gas and communications. The growing elderly population needs accommodation and care. Urban congestion and constraints on government funding should mean increasing use of privately provided public transport.

Customer and community needs. Over the last three decades, ownership and operation of infrastructure has been transitioning from public to private hands. While private ownership has unquestionably resulted in improved operational efficiency and value, a key differentiating factor is recognition of the importance of the customer. In part because State provided infrastructure was often a statutory monopoly and in part because people now feel empowered to demand choice. Technology is also creating options in areas where previously none existed.

Although the relationship with the customer has changed appreciably, the importance of the relationship with the community has not. For instance, an airport has huge relevance to its region and proactive recognition of the community interest by airport management is crucial if long-term commercial returns are to be optimised.

Risk and its management. Demand and supply of infrastructure is usually stable over the short term and this tends to mean that earnings volatility is also relatively low over the short term. However, risks do still exist and in fact some risk has to be accepted in the pursuit of higher returns.

Value and target returns. Infratil targets an after-tax return to its shareholders, over the long-term, of 20% per annum. This return aspiration means that Infratil primarily seeks to invest in businesses which require active management around relatively complex infrastructure. Very low risk infrastructure is attractive to passive investors and unlikely to deliver the return outcomes targeted by Infratil. The return target also has consequences for Infratil's continued ownership of businesses, a mature company with stable cash flows may not offer the future growth and returns targeted by Infratil.

Infratil uses funding that seeks to balance cost and risk

Debt costs less than equity (on average over the last two decades Infratil's return on equity was over 18% per annum after tax while the cost of debt averaged approximately 7% per annum before tax), but debt imposes strict servicing and repayment commitments.

To minimise its cost of capital while also seeking to minimise the risks associated with debt, Infratil uses long dated bonds which carry few rights of early repayment. This ensures that in any one year Infratil's bond repayment obligations are known well in advance and can be managed in an orderly way.

Applying these principles has seen Infratil deliver good returns for its shareholders and reliable income for its bond holders. Over the 21 years to 31 March 2015 Infratil's shares returned 18.4% per annum after tax (assuming reinvestment of all dividends and rights). Infratil has met all interest and repayment commitments on the 17 bonds it has issued since 1999.

There has also been evolution in the make-up of Infratil's assets. A decade ago Infratil had \$1 billion of capital invested; 68% in electricity and 32% in transport. As at 31 March 2015 it had \$2.9 billion of capital: 47% in energy, 14% in fuel distribution, 22% in transport and 17% in other fields, mainly retirement accommodation and services.

Information about Infratil

One of the obligations of being listed is the requirement to continuously disclose information which could be relevant to investors. To meet this obligation and to help investors (and anyone else with an interest in Infratil, including employees, partners, policy makers and the communities in which Infratil's businesses operate) Infratil provides the following:

Regular financial reports. Annual and interim reports are released each June and November. They provide financial statements, a summary of key developments, activities and people, guidance as to short term earnings and investment expectations, and commentary.

Semi-annual Update newsletters. These provide in-depth coverage of topics relevant to Infratil's businesses or the sectors in which they operate. Recent editions covered the economics of providing accommodation and other services to the elderly, Wellington Airport's plans to provide direct air links to the northern hemisphere, and the evolution of the New Zealand electricity industry over the last 25 years.

Occasional announcements. Infratil releases information covering matters such as changes in its people, transactions, financial results, payments to share and bond holders, and so on. Infratil also produces presentations on its businesses, in particular at its annual Investor Day which covers both the investment markets in which Infratil operates as well as matters specific to the businesses.

Capital raising, Notice of Meeting and other corporate documents. When Infratil undertakes bond, share and warrant issues it produces a range of documents. Similarly, with each annual and special meeting, reports are provided that set out matters germane to all resolutions. Infratil also has agreements such as that with its Manager which are public.

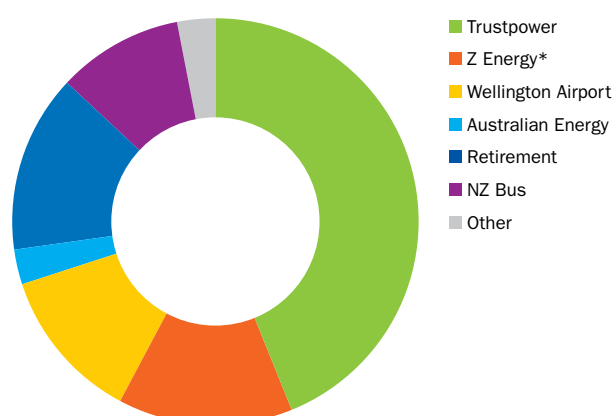
All of the above information and releases are available at www.infratil.com or by contacting Infratil.

Businesses & Capital Allocation

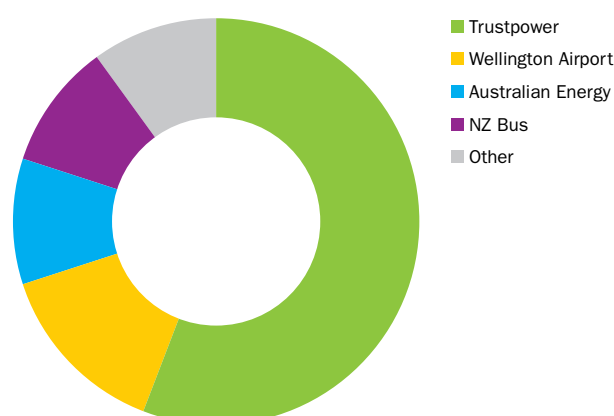
The following graphs show Infratil's assets as at 31 March in 2015 and 2010. They highlight both the asset mix at those dates and how they have changed over the period. Although the majority of Infratil's businesses appear in both snapshots

none have been static. For instance, over the five years Trustpower invested \$921 million; mainly in Australian generation.

2015 Asset Mix



2010 Asset Mix



Investment & Divestment

While Infratil is largely defined by the businesses it is now invested in, to understand how Infratil may evolve over the next few years it is helpful to note the factors that contributed to recent investment and divestment transactions. Over the five years to 31 March 2015:

- Infratil subsidiaries invested \$1,675 million in new electricity generation plant, airport facilities, buses, etc. This was 73% of the total amount invested by the group and reflects a key feature of Infratil's businesses; Infratil owns them because they are able to invest to grow.
- The remaining 27% of the group's investment was the \$610 million Infratil spent buying shares in Z Energy (then called Shell NZ), Metlifecare, RetireAustralia and through its investment in the Australian Social Infrastructure Partnership. The acquisitions were undertaken because the investments were available at a good price and fitted Infratil's investment criteria.

- Infratil realised \$1,138 million through asset sales (mainly shares in Infratil Energy Australia and Z Energy). The divestments reflected the view that the businesses had reached a level of maturity in their growth or value, or were just worth more to another party.

The next five years will not be the same as the last five, it isn't possible to even forecast if they will be more or less active, but there will be the same desire to ensure that Infratil's capital is allocated to best meet the Company's investment and return goals.

* As at 1 October 2015, Infratil has agreed to sell its 20% stake in Z Energy Limited for \$480 million and the sale is scheduled to complete on 6 October 2015.

Businesses



- 1. Snowtown Wind Farm
- 2. Metlifecare
- 3. NZ Bus
- 4. Highbank
- 5. Waipori Dam
- 6. Wellington Airport



7



8



9



10



11



- 7. NZ Bus
- 8. Snapper
- 9. Tararua Wind Farm
- 10. RetireAustralia
- 11. RetireAustralia
- 12. Wellington Airport



12



Businesses

Trustpower (Infratil 51% shareholding. Sharemarket value on 31 August 2015 of \$1,195 million)

Trustpower owns wind and hydro generation in New Zealand and Australia which in a year of average rain and wind is expected to produce sufficient electricity for about 550,000 households. In New Zealand Trustpower provides approximately 240,000 customers with electricity and some of these, and some additional customers, with gas, telephone and internet services. In Australia Trustpower's generation output is sold through the wholesale market and long-term contracts. Trustpower also provides irrigation facilities in Canterbury.

Over the ten years to 31 March 2015 Trustpower increased annual generation 106% to 3,681 GWh and EBITDAF¹ 80% to \$331 million. These increases occurred despite both New Zealand and Australia having excess generation capacity and highly competitive retail energy markets. The growth in generation, customers and earnings reflects:

- Trustpower's generation is mainly smaller scale and powered by wind and water. This is a relatively specialist niche where engineering and risk management skills can deliver higher than average returns. It also allows "bolt on" upgrades and cost efficient provision of additional services such as irrigation using water previously only stored for electricity generation.
- Much of Trustpower's generation investment has been in Australia and was undertaken in response to a government goal of having 20% of the country's electricity provided from renewable sources by 2020 (in New Zealand approximately 80% is now renewable).
- Trustpower has been highly successful at developing a retail offering that has been smart and careful in its use of technology, is providing customers with a useful bundle of utilities, and has reliable and efficient back-office services.

The Australian and New Zealand energy markets are changing and face many uncertainties. If Trustpower is to continue to grow returns and value it will have to be smart with its generation developments and innovative with its retailing.

Wellington Airport (Infratil 66% shareholding. Book value on 31 March 2015 of \$350 million, excluding deferred tax liabilities)

Over the decade to 31 March 2015 Wellington Airport passenger movements on international routes rose 37% to 775,000 and on domestic routes 17% to 4,682,000. The

different rates of growth are largely explained by the greater level of competition amongst providers of international air services. The causal chain is apparent in Statistics NZ figures which show that in March 2015 the cost of international air travel was essentially unchanged from March 2005 while over the same period domestic air travel costs had risen 45%. The Airport is very active in its efforts to attract additional services. It researches routes to identify potential opportunities, actively markets to airlines, and invests in its facilities to ensure that airlines are able to operate in Wellington with maximum efficiency.

The Commerce Commission monitors Wellington Airport and has indicated that the Airport's airline charges and aeronautical returns are acceptable through to 2019 when they are likely to next be reset.

Over the decade to 31 March 2015 EBITDAF¹ (excluding subvention) rose 85% to \$82.1 million. The rise was due to increased traffic and higher earnings per airport user, which in turn was due to the Airport's operational efficiency (on a per-passenger basis it is the lowest cost major airport in Australasia) and the improving suite of amenities it offers users.

The challenge for the airport now is to build on the last decade's success; in particular by attracting more air services.

RetireAustralia & Metlifecare (Infratil 50% and 20% shareholding respectively with a combined book value on 31 March 2015 of \$408 million)

Over the last two years Infratil has invested \$359 million acquiring 20% of Metlifecare and 50% of RetireAustralia.

Metlifecare is NZX and ASX listed and operates over 4,030 retirement units and 359 care beds, mainly in the Auckland region.

RetireAustralia is privately owned by Infratil and the New Zealand Superannuation Fund and operates over 3,700 retirement units in Queensland, NSW and South Australia.

The sector is attractive because the increasing elderly population in both countries will need more specialist services and accommodation than is now available. Over the next 20 years the Australia/New Zealand population of people older than 85 years old is forecast to rise almost 110%; that is 110,000 more elderly people in New Zealand and almost 500,000 more in Australia.

With both Metlifecare and RetireAustralia the investments were available to Infratil at prices that offered the prospect of good

1. EBITDAF is a non-GAAP measure which shows the operating earnings contributions of investments and businesses before interest, tax, depreciation and amortisation and before making any adjustments for fair value movements, realisations and impairments. EBITDAF is a useful financial measure which presents management's view of the underlying business operating performance.

returns without having to pay a substantial premium for potential growth. Providers of accommodation and care to the elderly tend to be valued on the basis of the earnings potential of their existing operations plus the earnings potential related to growth. In the case of RetireAustralia the value of the “potential for profitable expansion” amounted to about 15% of the acquisition price. For some other operators in the sector, the sharemarket’s value of this component is over 50% of the total. By not paying a substantial premium for growth, Infratil is less exposed to loss if growth does not occur, but of course if growth does occur it will add appreciable value.

NZ Bus (Infratil 100% shareholding. Book value on 31 March 2015 of \$286 million)

In November 2005 Infratil acquired NZ Bus from multinational public transport operator Stagecoach. At the time NZ Bus was a very substantial part of New Zealand’s public transport providing about half of all trips, but its prospects were mired in regulatory uncertainty. It was hoped that local ownership would lead to more trust between bus operators and local transport agencies (mainly regional councils) and the evolution of a better contracting and regulation model. A decade later this is occurring.

The first of the new bus public transport contracts is soon to be agreed. They will be a significant change for the industry and will provide much greater control to the relevant council, along with revenue risk. In the future the fare paid by someone boarding a bus will go to a council which (quite independent of fares and patronage) will pay the bus operator a fee for providing the service to agreed standards.

The new contracts are to be allocated by tender and through negotiation and will be for six to 12 years in term. It is expected that about half of NZ Bus’s existing services will be re-tendered while the other half will be available via negotiation.

This change is likely to result in a narrowing of the potential range of financial returns for an operator such as NZ Bus. Assuming routes are retained, net earnings will mainly depend on NZ Bus reliably providing the agreed services and doing so cost efficiently, with some upside if there is very high patronage growth or innovation, and some downside if the quality of services falls outside of the acceptable range.

Other (\$163 million of assets as at 31 March 2015 which contributed \$20 million of EBITDAF over the prior year; in both cases 4% to 5% of the total)

Over the years Infratil has acquired or established a number of companies which are complementary with its main businesses. Snapper provides payment technology for small-value transactions such as paying a bus fare. iSite provides the advertising you see in airports, on the sides of buses and elsewhere outdoors. Infratil Infrastructure Property was formed to provide expertise to the development of the group’s land holdings.

In addition Infratil has started investing in Australian social infrastructure (schools, hospitals, etc) via the Australian Social Infrastructure Partnership, ASIP. While this is expected to become reasonably significant (perhaps A\$100 million may be invested over the next few years), the goal is also to learn more about this specialised sector.

Perth Energy which makes up most of the rest of “Other” is a Western Australian electricity generator and energy retailer.

Acquisition & Disposal Examples

In addition to the above businesses, Infratil has owned shares in other companies over the last two decades. Each of those that has come and gone tells a story that illustrates Infratil's investment approach; of note:

New Zealand's deregulation and corporatisation of its electricity industry in the 1990s resulted in the development of considerable commercial management capability. In 2002 Infratil chose to take advantage of this talent by setting up an energy company in Victoria which was a jurisdiction following a similar industry path to New Zealand's. Over the next dozen years Infratil Energy Australia was built up to become the fourth largest energy retailer in the eastern states. It was sold in 2014 for a \$338 million gain. The decision to sell took into account the price offered for the shareholding on the one hand and the challenges the business faced in Australia's increasingly complex energy market on the other hand.

A much less successful investment/divestment occurred with two UK Airports. Again the starting point was the commercial airport management expertise developed in Australia and New Zealand following their 1990s airport privatisations. But in Europe, Infratil's investment resulted in a significant loss because the 2008 financial crisis and economic downturn disproportionately impacted airline use of "edge of town" airports, while simultaneously removing the interest of investors in such assets. Infratil chose to exit because the prospect of future growth was too uncertain.

Funding & Capital Structure

As with Infratil's assets, funding also changes over time while remaining consistent with overriding objectives, which in this case are to find the right balance between cost and risk.

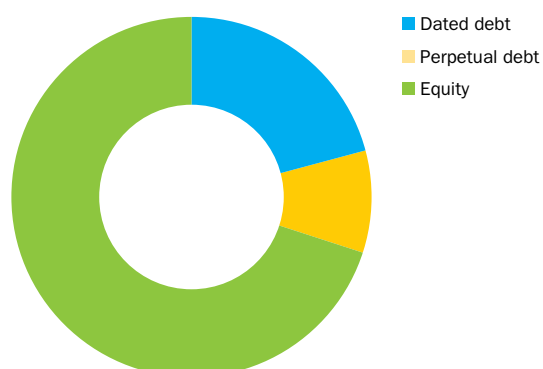
The optimal use of debt depends on both the nature of the assets being funded and the terms of the debt. The more reliable the income generated by an asset, the higher will be the level of debt funding it can support, and a borrower will usually be comfortable assuming more debt if it doesn't have to be repaid for several years.

The combination of Infratil's asset mix and funding terms has resulted in Infratil normally using debt to provide about half of its funding. This is the debt of Infratil and its 100% subsidiaries and excludes the debt of non wholly owned subsidiaries and investments.

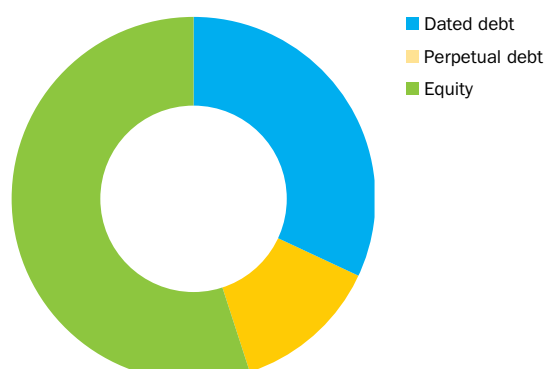
50% debt funding is calculated using the value of debt owed by Infratil and its 100% subsidiaries (less cash on deposit) and the market value of Infratil's equity as determined in the sharemarket.

The pie graph of Infratil's funding mix (or capital structure) as at 31 March 2015 indicates a level of debt well below 50% of the total (it was almost exactly 30% and if only debt with a repayment date is included in the calculation it was only 20%). This was because asset sales over the previous year had released \$700 million. In the future the level of debt funding is expected to rise as new investments are made, or equity is returned to shareholders.

2015 Funding Mix



2010 Funding Mix



Group Debt Structure (debt funding mix) as at 31 March 2015

Tiers	Net Debt
Non-100% subsidiaries	\$1,494 million
Infratil and 100% subsidiaries' Bank Debt/(Deposits)	(\$228 million)*
Infratil Bond Debt	\$989 million
} \$761 million	

*net deposits

The net debt for which Infratil was responsible (i.e. has a repayment obligation) amounted to \$761 million as at 31 March 2015. This was the borrowings of Infratil and its 100% subsidiaries less cash on hand.

In addition, Infratil's less than 100%-owned subsidiaries (Trustpower, Wellington Airport and Perth Energy) had \$1,494 million of debt for which Infratil had no repayment obligations. Infratil does however use returns from those investments to meet its borrowings.

Lender Rights

Infratil's capital structure creates a distinct tiering of lender rights. A lender to, say, Trustpower will have direct recourse to the assets of Trustpower and no recourse to the assets of Infratil. A lender to Infratil will have recourse to Infratil's assets including its shareholding in Trustpower, but no direct recourse to the assets of Trustpower.

There is also a distinction between the rights of the banks that lend to the Infratil 100% group and the rights of Infratil's bondholders. The banks have recourse to Infratil's shareholdings (in companies such as Trustpower) and other assets of members of the Infratil 100% group that provide a guarantee to the banks. The upshot of this tiering and segregation of lender rights is that Infratil's bondholders have indirect recourse to assets of Infratil's subsidiaries only after the direct recourse of other lenders and creditors. But bondholders do have the benefit of having rights to all of Infratil's assets and are not limited to the assets of just one subsidiary.

Management & Governance

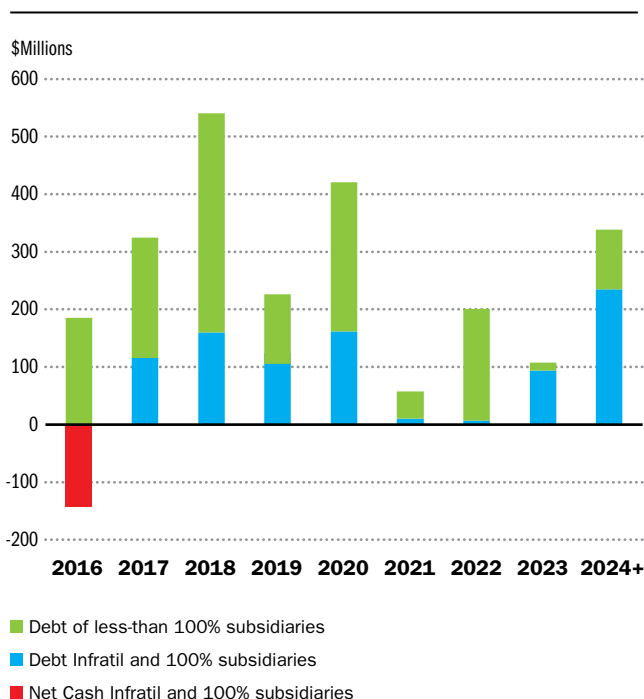
Debt Term & Terms

The term “financial risk” tends to relate to the possibility of a situation where a borrower is obliged to repay debt and to do so is forced to sell assets at an inopportune time.

To manage this risk Infratil issues long-dated bonds where lenders have few rights to demand early repayment. This ensures that Infratil’s obligations to its lenders in any one year are both predictable and of a manageable level.

The following graph shows Infratil’s debt obligations in the financial year they fall due. They are graphed in red and blue. The green bars show the debt maturities of Infratil’s less-than-100% subsidiaries, for which Infratil does not have an obligation.

Infratil and subsidiary Debt Maturity Profile



Infratil’s management is employed at two levels. Infratil itself is managed under contract by H.R.L. Morrison & Co, while the operating businesses have their own managers. Governance also has two layers being in respect of both Infratil and the operating businesses.

Infratil Board

Infratil’s board composition reflects the operational and financial character of Infratil. The directors have an obligation to understand and advise on Infratil’s individual investment initiatives, the broad range of risks faced by Infratil, and to assist with the relationships that are the basis of Infratil’s partnership approach to investing.

Infratil & H.R.L. Morrison & Co

Infratil is managed under contract by H.R.L. Morrison & Co, a specialist investment manager with offices in Wellington, Auckland, Sydney and Hong Kong. In addition to managing Infratil, H.R.L. Morrison & Co also manages two social infrastructure funds and investments on behalf of the New Zealand Superannuation Fund, the Australian Future Fund and others. It is also involved with the management of investment into renewable generation in Australia and China.

The agreement between Infratil and H.R.L. Morrison & Co provides for an annual management fee based on the market value of Infratil’s equity and debt. H.R.L. Morrison & Co can also receive incentive payments if Infratil’s investments outside of New Zealand exceed benchmarks. The attraction for Infratil of the arrangement is the defined cost and the access to H.R.L. Morrison & Co’s pool of experienced managers. The efficacy of the arrangement has been demonstrated by Infratil’s returns, the transactions undertaken, and the quality of operational management delivered.

Infratil can terminate the management contract by giving a period of notice or in certain specified situations.

Business Management & Direction

Each operating business has its own management and board and as with any good business managed on behalf of shareholders, the directors and managers are charged with creating value and closely monitoring and controlling risks along the way.

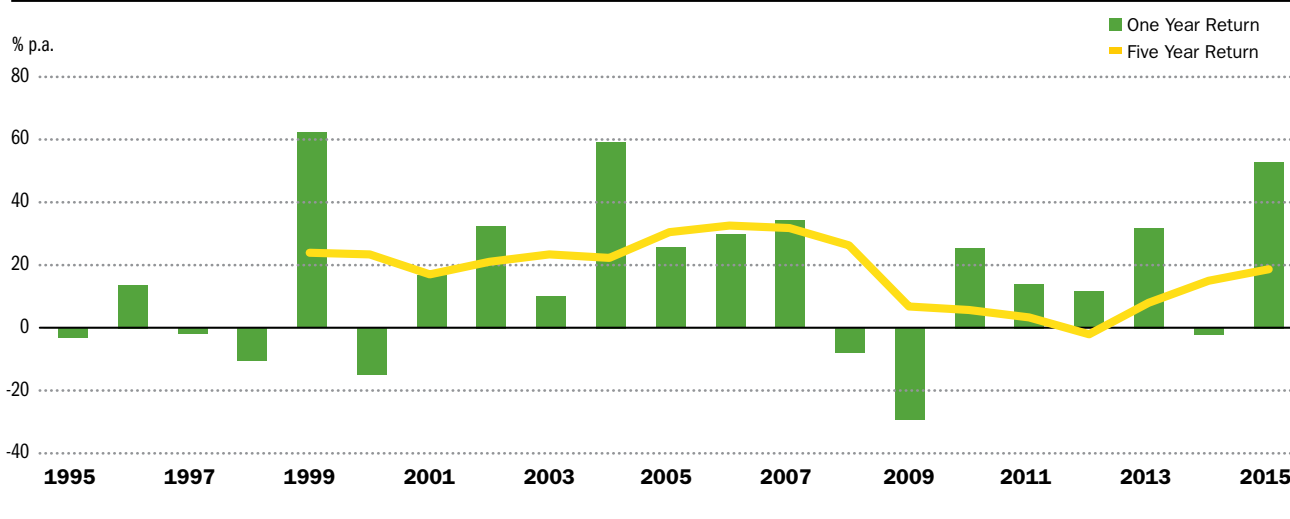
Infratil's Track Record for its Shareholders & Bondholders

Shares

The following graph shows the returns to Infratil shareholders (dividend plus change in share value) in each of the years since listing in March 1994. It also shows the rolling five year returns. A large percentage of Infratil's shareholders hold their shares for at least five years so the longer period is likely to be more illustrative of actual returns for most shareholders than the outcome of any one year. For a shareholder who acquired

shares in Infratil's 31 March 1994 listing and subsequently reinvested all dividends and rights issues the return to 31 March 2015 would have been 18.4% per annum after tax. Someone who owned them for the five years leading up to 31 March 2015 would have gained 18.9% per annum (again assuming the reinvestment of all dividends).

Infratil Sharemarket Returns



Another way to show Infratil's performance for its shareholders is the cash returns. Simply, the difference between what Infratil raised from shareholders and what it has paid back to shareholders plus the current market value of Infratil's shares. As at 31 August 2015 this net wealth creation amounted to \$2,074 million.

(\$345 million) The amount Infratil raised from its shareholders less the amount Infratil has paid out to buy shares back.

\$694 million The value of fully imputed dividends that Infratil has paid out.

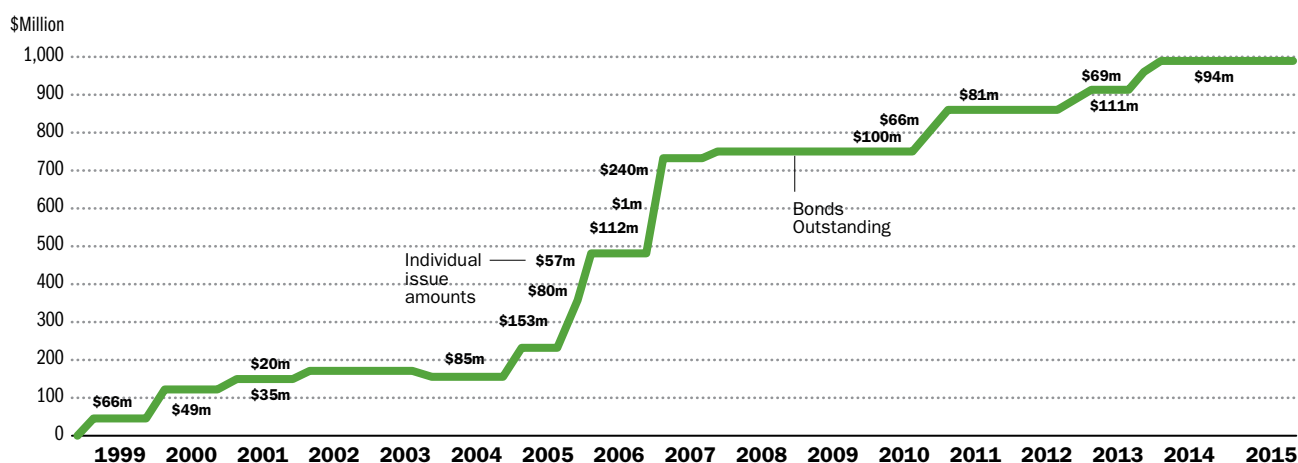
\$1,725 million Infratil's market capitalisation at \$3.07 per share.

Bonds

Infratil undertook its first issue of Infrastructure Bonds in March 1999 and has now made 17 issues amounting to \$1,420 million. Eight issues have been repaid and nine issues, amounting to \$989.2 million, remain outstanding.

Over the last 15 years Infratil has been one of the more active and substantial issuers of corporate bonds into the New Zealand market.

Infrastructure Bond Debt Total Outstanding & Individual Issues



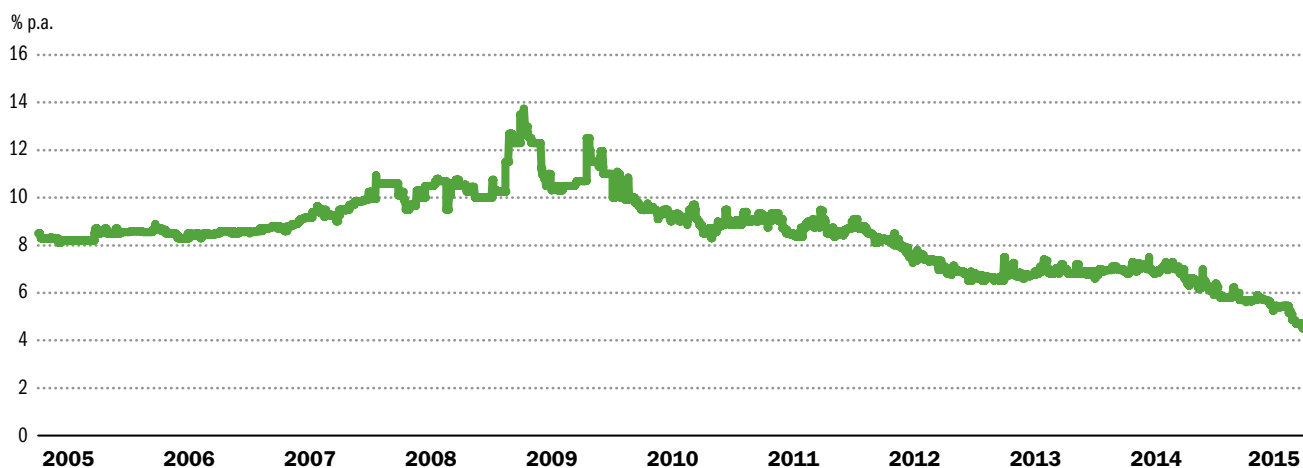
For a bond investor the key consideration is likely to be whether the borrower meets obligations as they fall due. Another factor which may be considered is the potential secondary market pricing, both as a potential way to sell-out of a bond and as an indication of the issuer's credit.

The following graph shows the secondary market trading of the ten year bonds Infratil issued in 2005. This period included the Global Financial Crisis which had a profound impact on the market pricing of many securities. However, except for periods when pricing of the Infratil bonds seem to have been adversely impacted by liquidity concerns, in the main the market pricing appears to have been rational. Rational in this instance means that the market's yield for Infratil bonds has roughly reflected

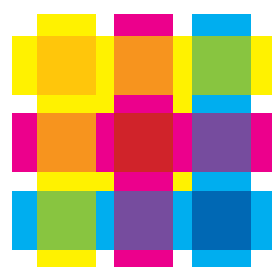
the yield on government bonds of a similar term plus a margin for the additional credit and liquidity risk.

The bonds were issued at a yield of 8.5% per annum and initially traded slightly below that rate before rising to a yield of over 10% per annum (in which case someone selling would have received back less than the par value of the bonds) before trading to a yield of below 6% per annum (in which case someone selling would have realised above par value). The secondary market pricing of bonds is, however, unpredictable and the track record of one infrastructure bond, even over ten years, does not provide an indication of how Infratil's bonds will trade in the future.

The Secondary Market Yield on the Infratil Infrastructure Bonds Maturing November 2015







Infratil