

# Infratil Limited

## Simplified Disclosure Prospectus

for the offer of Infrastructure Bonds maturing November 2017



Renewable Energy



Wellington Airport

Public Transport



Fuel Distribution

Australian Energy

**4 November 2011**

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 NZDX and in priority to the ordinary shares in Infratil Limited listed on the NZSX and ASX



Institutional Bank



## Important Information

This prospectus is a simplified disclosure prospectus prepared in accordance with regulation 10 of the Securities Regulations, and is dated at 4 November 2011.

This prospectus relates to an offer ("**Offer**") of a series of debt securities known as "Infrastructure Bonds" by Infratil Limited ("**Infratil**"). The Offer consists of two separate parts. Under the first part ("**General Offer**"), Infratil is offering up to \$25 million of Infrastructure Bonds to all investors in New Zealand (with the option to accept up to \$50 million oversubscriptions at Infratil's discretion). Under the second part ("**Exchange Offer**"), Infratil is offering holders of the Infrastructure Bonds maturing on 15 November 2011 ("**2011 Bonds**") the opportunity to exchange all or some of their 2011 Bonds for the Infrastructure Bonds offered under this prospectus.

Infratil is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited ("**NZX**") and ASX Limited for the purpose of that information being made available to participants in the NZDX, the NZSX and the ASX.

### CAPITALISED TERMS

Capitalised terms used in this prospectus have defined meanings, which appear in the Glossary section on pages 35 and 36 or in the relevant section of this prospectus in which the term is used. All references 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](http://www.legislation.govt.nz).

### 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 33 of this prospectus, a copy of the audited financial statements of the Infratil Group for the year ended 31 March 2011, the Trustee's statement as set out on page 24 of this prospectus and any relevant authorities where an agent has signed the prospectus on behalf of a director of Infratil.

### SELLING RESTRICTIONS

This prospectus does not constitute an offer of Infrastructure Bonds in any jurisdiction other than New Zealand. No action has been or will be taken by Infratil 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 conformity with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered. No information memorandum, prospectus, circular, advertisement or other offering material in respect of any Infrastructure Bonds may be published, delivered or distributed in or from any country or jurisdiction except under circumstances which will result in compliance with all applicable laws and regulations.

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

This prospectus does not constitute a recommendation by the Managers, the Organising Participant, the Trustee, or any of their respective directors, officers, employees or agents to subscribe for, or purchase, any of the Infrastructure Bonds. None of these parties or any of their respective directors, officers, employees or agents 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, the recipient acknowledges that none of the Managers, the Organising Participant, the Trustee nor their respective 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 each recipient waives all claims in that regard.

### SECTION 37A(1A) DIRECTORS' CERTIFICATE

The Securities Act requires the Infrastructure Bonds offered under this prospectus to be allotted no later than 31 December 2011 (being 9 months after Infratil's end of financial year) unless, on or before that date, Infratil registers a certificate with the Registrar of Financial Service Providers that complies with section 37A(1A) of the Securities Act (which requires, among other things, the certificate to be accompanied by Infratil's interim financial statements for the half year ended 30 September 2011). The Closing Date of the General Offer is 31 January 2012. Accordingly, Infratil intends to register a section 37A(1A) directors' certificate so that it can issue Infrastructure Bonds under the General Offer after 31 December 2011 pursuant to this prospectus.

### NZX WAIVER

Listing Rule 5.2.3 requires a class of securities quoted on the NZDX 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 the Spread Requirements may not be satisfied on the date the Infrastructure Bonds are quoted on the NZDX. NZX has provided a waiver to Listing Rule 5.2.3 on the basis that the Spread Requirements will be satisfied on or before the final Issue Date.

## Chairman's Letter



Dear Investor

This prospectus contains a description of Infratil and the terms of the Infrastructure Bonds being offered.

Bonds are used to provide longer term funding than is available from banks and have formed an important part of Infratil's debt since its first issue in 1999.

Proceeds of the Infrastructure Bonds described in this prospectus will predominantly be used to refinance bank debt and Bonds which are maturing 15 November 2011, having been issued in 2001.

Holders of the maturing Bonds are also being offered the opportunity to reinvest.

While bonds tend to be more expensive than bank borrowing, they allow repayment to be spread over a longer term, reducing the obligation in any one year. Paying a little more for longer term funding is consistent with Infratil's approach to avoiding and mitigating risks.

Bond funding also suits the character of Infratil's businesses which provide facilities and services important to their communities for which there is stable long-term growing demand. In an average week approximately:

- 1,000,000 public transport rides are provided by NZ Bus;
- 1,200,000 vehicles are refuelled at a Z Energy service station;
- 100,000 people use Wellington Airport to get to or from their aircraft; and
- 218,000 New Zealand residences and businesses purchase electricity from TrustPower and 400,000 Australian accounts buy their electricity or gas from Lumo Energy.

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

The current financial climate is uncertain and difficult, but New Zealand and Australia have avoided the worst of the global financial crisis. While no one can confidently predict when "normal" will again prevail, Infratil's businesses and affairs have come through the last few years in good shape. People have not stopped needing and using public transport, motor fuel, electricity, gas and air travel and Infratil's operating earnings have remained resilient.

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 black ink, appearing to read 'David Newman'.

**David Newman**

Chairman



**RENEWABLE ENERGY**



**WELLINGTON AIRPORT**



**FUEL DISTRIBUTION**





**PUBLIC TRANSPORT**



**AUSTRALIAN ENERGY**

## Offer at a Glance

**Issuer:**

Infratil Limited.

**Description:**

Infrastructure Bonds are unsecured, unsubordinated debt securities of Infratil.

**Opening Date:**

4 November 2011.

**Maturity Date:**

15 November 2017.

**Interest Rate:**

8.00% per annum.

**Interest Payment Dates:**

15 February, 15 May, 15 August and 15 November of each year until and including the Maturity Date (commencing on 15 February 2012).

**Interest payments:**

Other than for the first Interest Payment Date in respect of Infrastructure Bonds allotted under the General Offer, interest will be payable in arrears in equal amounts on each Interest Payment Date.

Interest on each Infrastructure Bond allotted under the General Offer will accrue at the Interest Rate from (and including) the date on which a Bondholder's subscription moneys have been banked into the trust account operated in respect of the Offer.

Interest on each Infrastructure Bond allotted under the Exchange Offer will accrue at the Interest Rate from (and including) the Issue Date of the Infrastructure Bond.

**First interest payment to original subscriber:**

Interest payable on the first Interest Payment Date will be paid 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 26 of this prospectus). 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.

**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. Bondholders have no right of early redemption except following an Early Redemption Event. Further information on early redemption is on page 26 of this prospectus.

**Liabilities to assets covenant:**

Infratil covenants 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 the Issuer Group at that date.

**Infrastructure Bond Programme:**

The Infrastructure Bonds offered under this prospectus will constitute a new series of Infrastructure Bonds under Infratil's Infrastructure Bond Programme. Unlike each previous series of Infrastructure Bonds, the Infrastructure Bonds offered under this prospectus are not convertible into Shares in Infratil in any circumstance.

**Infratil and the Infratil Group:**

Infratil is a holding company with investments in the infrastructure companies described in this prospectus. Bondholders have no claims against, or recourse to the assets of, any of those infrastructure 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 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).

**General Offer:**

Infratil is offering up to \$25 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 of the General Offer:**

31 January 2012.

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 of the General Offer is extended, subsequent dates may be extended accordingly.

**Exchange Offer:**

Infratil is offering holders of the Infrastructure Bonds maturing on 15 November 2011 (“**2011 Bonds**”) the opportunity to exchange all or some of their 2011 Bonds for the Infrastructure Bonds offered under this prospectus. A Bondholder will receive one new Infrastructure Bond for each 2011 Bond exchanged under the Exchange Offer.

**Closing date of the Exchange Offer:**

14 November 2011.

**Issue Price:**

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

The Issue Price for each Infrastructure Bond allotted under the General Offer is payable in accordance with the instructions under the heading “Applications and payment” on page 27 of this prospectus.

No subscription moneys are payable by a Bondholder for each Infrastructure Bond allotted under the Exchange Offer. Rather, the Issue Price for the new Infrastructure Bond is satisfied by the Bondholder agreeing to exchange a 2011 Bond for the new Infrastructure Bond.

**Issue Dates:**

Infrastructure Bonds offered under the Exchange Offer will be issued on 15 November 2011.

Infrastructure Bonds offered under the General Offer will be issued on 15 November 2011 and each Friday thereafter up to and including the Friday following the Closing Date of the General Offer.

**Expected date of initial quotation on the NZDX:**

15 November 2011.

**Minimum application amount:**

\$5,000 and multiples of \$1,000 thereafter (unless a holder of 2011 Bonds is exchanging all of his or her 2011 Bonds under the Exchange Offer).

**Offer process:**

Infrastructure Bonds offered under the General Offer, including oversubscriptions, may be reserved for subscription by clients of the Managers, Primary Market Participants (as defined in the NZX Participant Rules) and other approved financial intermediaries (“**Firm Allocations**”). The aggregate number of Infrastructure Bonds so 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 offered under the General Offer which are not subject to Firm 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 27 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:**

The net proceeds of the General Offer will be used for general business purposes, including repayment of other debt.

**NZDX quotation:**

Application has been made to NZX for permission to list the Infrastructure Bonds on the NZDX 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.

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

**NZDX ticker code:**

NZDX ticker code IFT170 has been reserved for the Infrastructure Bonds.

**No guarantee:**

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

**No underwriting:**

The Offer is not underwritten.

Infratil was established and listed on the NZSX 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 area of investment.

Over the subsequent 18 years the Company's focus has been retained and refined. Investment continues to be in transport and energy infrastructure (Infratil still holds its first ever investment; TrustPower) but the priority has become infrastructure businesses which can grow their earnings through investing in their own activities by building power stations, airport terminals, fuel storage and distribution facilities, and so on.

A stable core of businesses has been retained and developed over the years, with changes reflecting new opportunities or market developments. Infratil has also expanded geographically and now looks at both Australia and New Zealand as "home turf".

The allocation of capital between businesses and to new opportunities is a key role for management. As the companies Infratil owns seek growth the merits of investment proposals are assessed both relatively and against return targets. Growth investment is funded from earnings, borrowings and occasionally the sale of a business or asset to release capital for redeployment. In the financial year ended 31 March 2010 Infratil realised \$392 million through asset sales with the funds used to finance \$193 million of internal capital expenditure and the subsequent acquisition of a 50% interest in Z Energy.

Infratil's participation in several infrastructure sectors means that both its investment opportunities and earnings are subject to diverse influences. For example, New Zealand's wholesale electricity prices are largely determined by weather and the cost of new wind and geothermal power stations, while in Australia the price of gas and gas fired generation tends to set electricity prices. Wellington Airport is providing strong earnings from its past investment programme, while Z Energy is embarking on a major increase in its capital spending.



Investment decisions are based on the absolute and relative merits of each proposal. They are also based on the need to maintain a comfortable balance of debt and equity and on shareholder priorities. These factors change over time; financial market uncertainty of recent years has resulted in a more conservative stance towards debt and many shareholders are currently placing greater priority on dividends than capital growth.

The conscious shift in capital towards businesses and projects with more immediate cash earnings has contributed to the rise in Infratil's earnings, but mainly this is due to the natural earnings profile of many infrastructure businesses and the rewarding internal growth opportunities which have been available. Companies such as Wellington Airport and TrustPower have invested substantially in their activities and their relatively fixed costs mean that a high proportion of revenue growth is reflected in earnings.

## 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 two headings. The first is the "big picture" risk factors relating to the resilience of Infratil's income. The second relates to the more complex area of operational risk including the many day to day factors where management and systems are significant.

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.

For instance, motor fuel consumption in New Zealand has grown over the last decade by about 1% pa. with the "outlier" years being 2002 and 2003 when consumption growth was over 4% pa. and 2009 when it fell 3%.<sup>1</sup>

This stable demand profile occurred despite very substantial price fluctuations and a wide range of economic conditions.

Changes to the supply industry over this period were also incremental rather than dramatic. The market shares of the four integrated fuel distribution companies varied little year on year. Volume sales by Z Energy's network rose 0.7% pa. over the last 6 years, with the "outliers" being a 4% fall in one year and a 6% rise in another.

However, while the industries in which Infratil's businesses operate are relatively stable they are not risk free. 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. 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.

The second area of risk; related to operations, processes and events, take numerous forms. Effective management of risks requires good systems and decision making. For example, Infratil's treasury function oversees the funding needs and risks of Infratil and its 100% owned businesses and it also monitors the funding activities of the non-wholly owned subsidiaries and associates. Infratil's receipt in 2011 of a second Institute of Finance Professionals New Zealand (INFINZ) award as New Zealand's best corporate treasury is third party recognition of Infratil's risk management.

Further information on the risks relating to Infratil and the risks specific to an investment in Infrastructure Bonds can be found under the heading "Risk Factors" on pages 22 and 23 of this prospectus.

Further information on Infratil's liability profile is also provided on pages 15 and 16.

<sup>1</sup> [www.med.govt.nz/templates/StandardSummary\\_\\_\\_\\_15169.aspx](http://www.med.govt.nz/templates/StandardSummary____15169.aspx).

## PEOPLE – DIRECTORS AND MANAGEMENT



**David Newman**  
Chairman, independent

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



**Marko Bogoievski**  
Director, Chief Executive

Marko Bogoievski is Chief Executive of Infratil and its manager, Morrison & Co. He joined the Infratil board in 2009. He is Chairman of Aotea Energy Holdings (parent of the Z Energy group) and a director of TrustPower. He was previously Chief Financial Officer of Telecom responsible for corporate finance, M&A and group strategy. He is a member of the New Zealand Institute of Chartered Accountants.



**Lloyd Morrison**  
Director and founder of Infratil

Lloyd Morrison is Executive Chairman of H.R.L. Morrison & Co Group, the parent company of Infratil's manager, and has been on the Infratil board since 2002. He is a director of Infratil Airports Europe and Auckland International Airport and an alternate director of TrustPower. In 2009 he was made a companion of the New Zealand Order of Merit for services to business. At present Lloyd is on medical leave.



**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

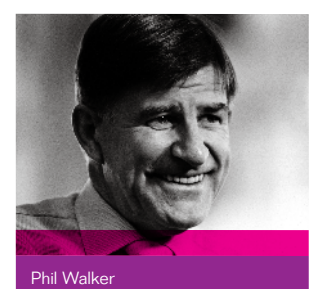
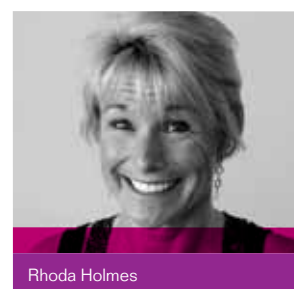
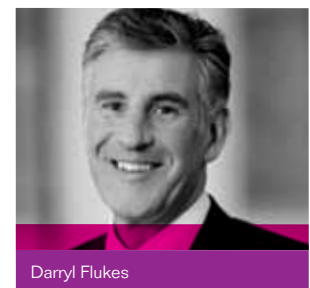
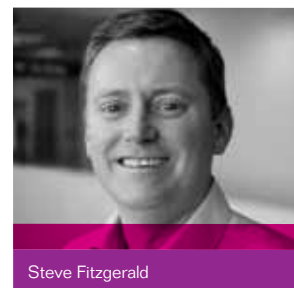
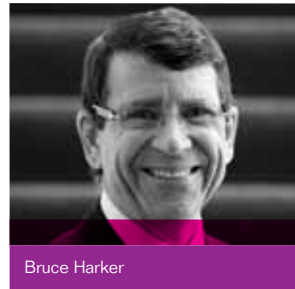
Duncan Saville has been a director of Infratil since its establishment and is also a director of Morrison & Co, Infratil's manager. He is a chartered accountant and an experienced non-executive director in the utility sector having been on the boards of a number of water, airport and utility investment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

Anthony Muh is an alternate director for Duncan Saville.



**Mark Tume**  
Director, independent

Mark Tume has been a director of Infratil since 2007 and is the chair of the board's Audit and Risk Committee. He is also a director of the New Zealand Refining Company and New Zealand Railways Corporation 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.



## Earnings and Operating Cash Flows

Infratil owns and invests in companies which own and operate energy and transport infrastructure and associated activities.

The key determinants of Infratil's risk characteristics are the resilience of the operating cash flows, the diversity of the businesses, and the investment programme.

Infratil's goal is to own businesses which provide both solid core earnings and the prospect of investment to grow future earnings.

At times earnings and growth investment will occur together, for instance in the year to 31 March 2011 Infratil received total cash income of \$88 million from TrustPower and Wellington Airport which in the same year undertook \$124 million of investment. In the same period, the EBITDAF of NZ Bus amounted to \$40 million and it undertook \$18 million of investment.

Those businesses have the benefit of relatively mature operations which provide cash earnings as well as growth opportunities.

A start-up type project, such as Infratil Energy Australia, takes time before it is generating operating earnings. That project took six years from establishment to the point where it began providing reasonable earnings.

Z Energy was a relatively unusual new investment which has provided both immediate cash income and the prospect of growth.

An investor in Infratil Infrastructure Bonds is relying on, and has the benefit of:

- Infratil's investment in five core businesses (TrustPower, Wellington Airport, NZ Bus, Z Energy and Infratil Energy Australia), which generate positive operating cash flows and face diverse influences and disparate event risks.
- Infratil's objective of continuing to move capital towards such core businesses; by growing other Infratil subsidiaries, by acquisition, and by selling out of lower growth/earnings businesses and assets.

### EARNINGS BEFORE INTEREST, TAX, DEPRECIATION, AMORTISATION, FAIR VALUE MOVEMENTS OF FINANCIAL INSTRUMENTS, INVESTMENT COSTS, REALISATIONS AND IMPAIRMENTS (EBITDAF)

The following table shows the sources of Infratil's consolidated earnings before interest, tax, the non-cash adjustments (ie. depreciation, amortisation, fair value movements of financial instruments, and impairments), investment costs, and realisations. Z Energy is not a subsidiary and the \$55 million contribution recognised for the year to 31 March 2011 is Infratil's 50% share of that company's net surplus.



Year Ended 31 March \$Millions	2011	2010	2009	2008	2007
TrustPower*	\$274	\$274	\$260	\$208	\$65
Wellington Airport	\$72	\$68	\$65	\$60	\$50
NZ Bus	\$40	\$29	\$40	\$42	\$41
Infratil Energy Australia	\$55	\$11	\$20	\$12	\$16
European Airports	(\$11)	(\$9)	(\$19)	\$1	-
Z Energy	\$55	-	-	-	-
Other, group eliminations, etc	(\$26)	(\$10)	(\$10)	(\$7)	(\$15)
<b>Total EBITDAF</b>	<b>\$460</b>	<b>\$363</b>	<b>\$356</b>	<b>\$316</b>	<b>\$157</b>

\* For year ended 31 March 2007 TrustPower was only partially consolidated by Infratil.

The "Other" line in the table includes both costs, for instance for Infratil's management, and income from other sources, and group eliminations.

#### EBITDAF & OPERATING CASH FLOWS

Consolidated operating cash flows after interest and tax have also risen over the last five years.

Year Ended 31 March \$Millions	2011	2010	2009	2008	2007
<b>Total EBITDAF</b>	<b>\$460</b>	<b>\$363</b>	<b>\$356</b>	<b>\$316</b>	<b>\$157</b>
Net interest paid	(\$161)	(\$159)	(\$176)	(\$141)	(\$68)
Tax paid	(\$44)	(\$44)	(\$36)	(\$41)	(\$17)
Working capital/adjustments	(\$76)	(\$28)	(\$26)	\$30	(\$7)
<b>Operating cash flows</b>	<b>\$179</b>	<b>\$132</b>	<b>\$118</b>	<b>\$164</b>	<b>\$65</b>
Minority dividends	(\$68)	(\$79)	(\$71)	(\$51)	(\$26)

#### INVESTMENT SPENDING BY INFRATIL, SUBSIDIARIES & ASSOCIATES

Investment and rising demand for the Infratil Group's services and facilities underpins future earnings growth.

The table below shows the investment spending of Infratil, its subsidiaries and associates over the last five years:

Year Ended 31 March \$Millions	2011	2010	2009	2008	2007
TrustPower	\$109	\$29	\$93	\$177	\$187
Wellington Airport	\$15	\$23	\$23	\$32	\$35
NZ Bus	\$18	\$20	\$45	\$44	\$18
Infratil Energy Australia	\$116	\$116	\$53	\$31	\$77
European Airports	\$7	\$5	\$21	\$24	\$41
Other*	\$239	-	\$40	\$66	\$146
<b>Total Investment</b>	<b>\$504</b>	<b>\$193</b>	<b>\$275</b>	<b>\$374</b>	<b>\$504</b>

\* In year ended 31 March 2011 Infratil acquired 50% of Z Energy for \$210 million and Z Energy subsequently undertook \$29 million of internal investment.

## Investments

The ease with which a borrower meets interest and repayment obligations depends on the resilience of the borrower's operating cash flows. Also relevant for a lender will be a borrower's assets, and the lender's rights to those assets.

Infratil's investments comprise shareholdings in five core businesses (which make up over 90% of Infratil's investments by value) and a number of less material holdings.

### INFRATIL'S INVESTMENTS

As At 31 March \$Millions	2011	2010	2009	2008	2007
TrustPower	\$1,146	\$1,153	\$1,123	\$1,194	\$1,329
Wellington Airport	\$297	\$289	\$286	\$247	\$245
NZ Bus	\$208	\$214	\$211	\$203	\$257
Infratil Energy Australia	\$375	\$206	\$221	\$180	\$172
Z Energy	\$312	-	-	-	-
European Airports	\$101	\$138	\$222	\$256	\$321
Other*	\$56	\$55	\$298	\$346	\$251
<b>Total Investments</b>	<b>\$2,495</b>	<b>\$2,055</b>	<b>\$2,361</b>	<b>\$2,426</b>	<b>\$2,575</b>

\* "Other" fell in 2010 with the sale of a number of assets.

The values shown in the table (except for TrustPower) are derived from the annual reports of Infratil and reflect Infratil's share of the relevant investment's net asset book values as noted below. 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 set out under the heading "Capital and debt funding" on page 15 of this prospectus.

None of the companies listed in the table guarantees the Infrastructure Bonds. 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 NZSX market as at 31 March of each year. The decline in value between 31 March 2007 and 31 March 2008 and the subsequent stability reflected movements in TrustPower's share price as the number of shares owned by Infratil was the same on each of the five dates.

**Wellington Airport's** value represents 66% of Wellington Airport's shareholders' equity excluding deferred tax. Changes in value over the five years 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 (the company has not undertaken asset revaluations over this period) and capital injections and repayments. The decrease in value in 2008 reflects the sale by NZ Bus of property and Fullers Ferries.

**Infratil Energy Australia's (IEA)** value includes:

- IEA's power stations and land;
- Perth Energy's (of which IEA is an 81% shareholder) power station and retailing activities; and
- Lumo's energy retailing activities 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, changes in the market value of hedges, changes in valuation of generation assets and the provision of additional capital.

**Z Energy's** value represents the cost of Infratil's investment and share of retained net profits and revaluations.

**European Airports'** value includes airport assets at valuations adopted by the company's directors while changes in value over the period reflect the sale of Lubeck Airport, changes in retained earnings, and a reduction of the value of the airport assets and investment properties.

**"Other"** has, over the last two years, comprised Infratil's interest in Infratil Infrastructure Property, Snapper and a number of other smaller investments. Previously it included a number of assets which have been sold.

## VALUATION TRANSPARENCY & CONSISTENCY

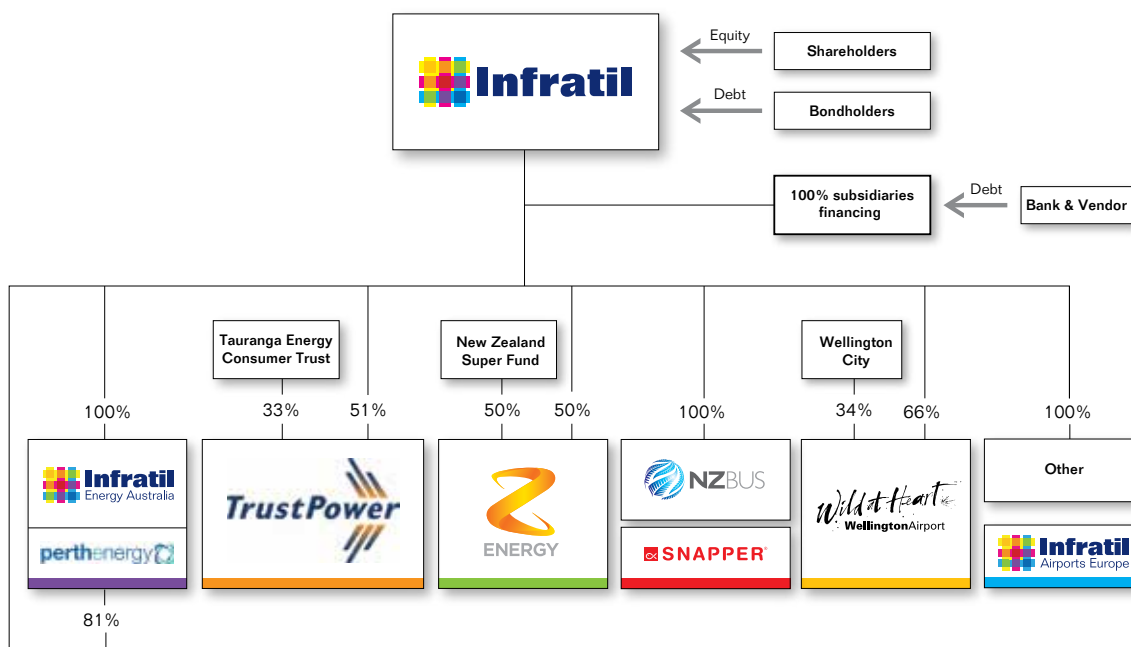
The value of TrustPower is based on an identifiable NZSX market price; the other values in the table above are derived from the annual reports of Infratil. Infratil's accounts were prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with International Financial Reporting Standards. The values of the subsidiaries and associates (other than TrustPower) reflect the opinion of Infratil's directors.

However, valuations rely on judgements and facts which change over time. In the 2010 financial year Infratil received \$392 million in proceeds from selling assets which at the time had a book value of \$264 million. Conversely, over the last three years the value of the European Airports fell due to the rising value of the NZ\$ against the UK£, losses and reduced business valuations.

## Infratil Structure and Bondholder Status

As with earnings, a lender is interested in both the total value of the borrower's assets and the ranking of claims against those assets.

The Infratil Group is depicted in the following diagram. Infratil's assets comprise its shareholdings in the companies shown in the diagram and other less material investments.



Within the Infratil Group, debt can be categorised as:

- The borrowings of operating companies not 100% owned by Infratil. A creditor of one these companies has no claim against, or recourse to the assets of, Infratil or any member of the Infratil Group other than the relevant debtor company.
- Borrowings of 100% Infratil owned subsidiaries. Creditors in most cases have a claim against all 100% Infratil owned subsidiaries as guarantors which would rank ahead of the claim of a liquidator of Infratil. They also in most cases have a claim against Infratil as guarantor, which ranks equally with the Bondholders' claims against Infratil.
- Infrastructure Bonds issued by Infratil, the parent company. 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 an Infratil subsidiary or associate, creditors of the company in liquidation would have a prior 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 their creditors have been satisfied, would be available to Infratil (or its liquidator) as shareholder and therefore to Bondholders and Infratil's other creditors.

As at 31 March 2011 the net aggregate debt owed by Infratil's 100% owned subsidiaries was \$270 million. This is net financial debt and does not include other obligations, such as trade creditors.

The financial and other liabilities of the less than 100% owned subsidiaries and associates are reflected in the investment values shown in the table above. Infratil does not guarantee or otherwise provide support to any creditor of these companies.



## Capital and Debt Funding

As noted in the previous section the debt of the Infratil Group can be categorised as:

- Borrowing undertaken by companies not 100% owned by Infratil (TrustPower, Wellington Airport, Perth Energy, Z Energy).
- Borrowing of 100% Infratil owned subsidiaries.
- Infratil Infrastructure Bonds.

The following table excludes the first of these categories of debt as while the 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 section on page 12 takes into account the value of these liabilities.

The table below shows the borrowing of Infratil and 100% subsidiaries and the NZSX market value of Infratil's equity (shares and warrants).

### INFRATIL AND 100% SUBSIDIARY BORROWING AND CAPITAL STRUCTURE

As at 31 March 2011 Infratil's 100% owned subsidiaries had \$49 million borrowed in vendor financing which provided for the construction of a power station, \$312 million borrowed from banks, and \$91 million on deposit with banks. Together these sums make up the \$270 million net figure shown in the table.

As At 31 March \$Millions	2011	2010	2009	2008	2007
Net bank and other debt of 100% subsidiaries	\$270	\$82	\$463	\$397	\$192
Infratil fixed maturity bonds	\$623	\$509	\$509	\$509	\$509
Infratil perpetual bonds	\$238	\$239	\$240	\$240	\$221
Market value equity	\$1,151	\$1,002	\$764	\$1,104	\$1,347
<b>Total capital</b>	<b>\$2,282</b>	<b>\$1,832</b>	<b>\$1,976</b>	<b>\$2,250</b>	<b>\$2,269</b>
100% subsidiary debt/Total capital	12%	4%	23%	18%	8%
Dated debt/Total capital	39%	32%	49%	40%	31%

Over the six months to 30 September 2011 net borrowing by Infratil and 100% subsidiaries increased approximately \$20 million.

## INFRATIL AND 100% SUBSIDIARY DEBT MATURITY PROFILE AS AT 31 MARCH 2011

The following table shows the maturity profile of Infratil and its 100% owned subsidiaries' debt as at 31 March 2011.

Debt maturity as at 31 March 2011 \$Millions	2012	2013	2014	2015	2016	>2017	perpetual
Net bank and other debt of 100% subsidiaries	\$13	\$17	\$206	\$2	\$32	-	-
Infratil fixed maturity bonds	\$99	\$57	\$85	-	\$153	\$229	-
Infratil perpetual bonds	-	-	-	-	-	-	\$238

In the table the "net bank and other debt" maturity profile comprised:

- \$49 million of vendor finance which is to be repaid in tranches before 31 March 2015.
- \$140 million of Redemable Preference Shares to be repaid in the 31 March 2014 financial year.
- The residual amount was borrowings on Infratil's general bank facilities less amounts on deposit. As at 31 March 2011 the facilities totaled \$552 million with approximately one third coming up for renewal each year; \$172 million was drawn on the facilities and \$91 million was on deposit with the banks.

Over the six months to 30 September 2011:

- Vendor funding fell to \$44 million.
- \$79 million of the bonds shown maturing in the 2012 financial year were redeemed, a further \$18 million of bonds maturing June 2017 were issued and \$1 million of the perpetual bonds were repurchased.
- Offsetting the \$67 million reduction of vendor and bond debt, net bank borrowing rose \$86 million.

On 30 September 2011 bank facilities amounted to \$598 million with \$233 million drawn and \$65 million on deposit.



## Operating Businesses

### TRUSTPOWER

#### 51% shareholding (listed)

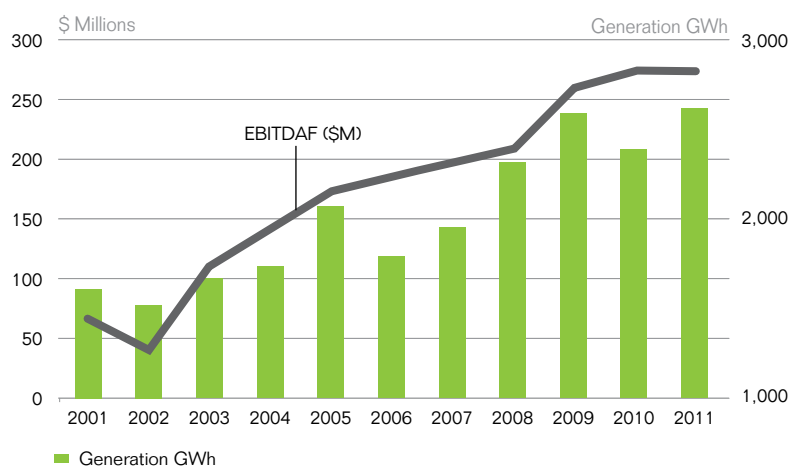
#### Market value as at 31 March 2011 \$1,146 million

TrustPower is principally an electricity generator and retailer. It owns 34 hydro power stations in New Zealand, two windfarms in New Zealand and one in Australia and a diesel powered back-up generation unit north of Auckland. It also provides water to an irrigation scheme in Canterbury. TrustPower has approximately 218,000 energy customers in New Zealand while most of the output of its Australian windfarm is sold through a long-term contract.

TrustPower's power stations which use rain and wind to generate electricity have no fuel cost and consequently TrustPower is a direct beneficiary of rising electricity prices which increases the value of generation and incentivises investment in increasing capacity.

On 1 July 2010 New Zealand electricity generation became subject to greenhouse gas emission obligations. At present generators with emissions are required to purchase rights which are available from the Crown at a cost of \$25 per two tonnes of CO<sub>2</sub>. It is anticipated that over the next five years this obligation will be increased. The current emission cost adds approximately 0.5c/kwh to the wholesale price of electricity generated using gas as a fuel. TrustPower's wind and hydro generation does not emit greenhouse gas, consequently while TrustPower would be expected to benefit from a sustained rise in wholesale electricity prices it does not incur emission costs.

### EARNINGS AND GENERATION



In the financial year ended 31 March 2011 TrustPower provided Infratil with \$61 million of dividend income.

Over the decade TrustPower's EBITDAF have risen from \$69 million to \$274 million.

Over the same period TrustPower's investment in increased renewable generation capacity has lifted its generation by approximately 60%.

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.



## INFRATIL ENERGY AUSTRALIA GROUP

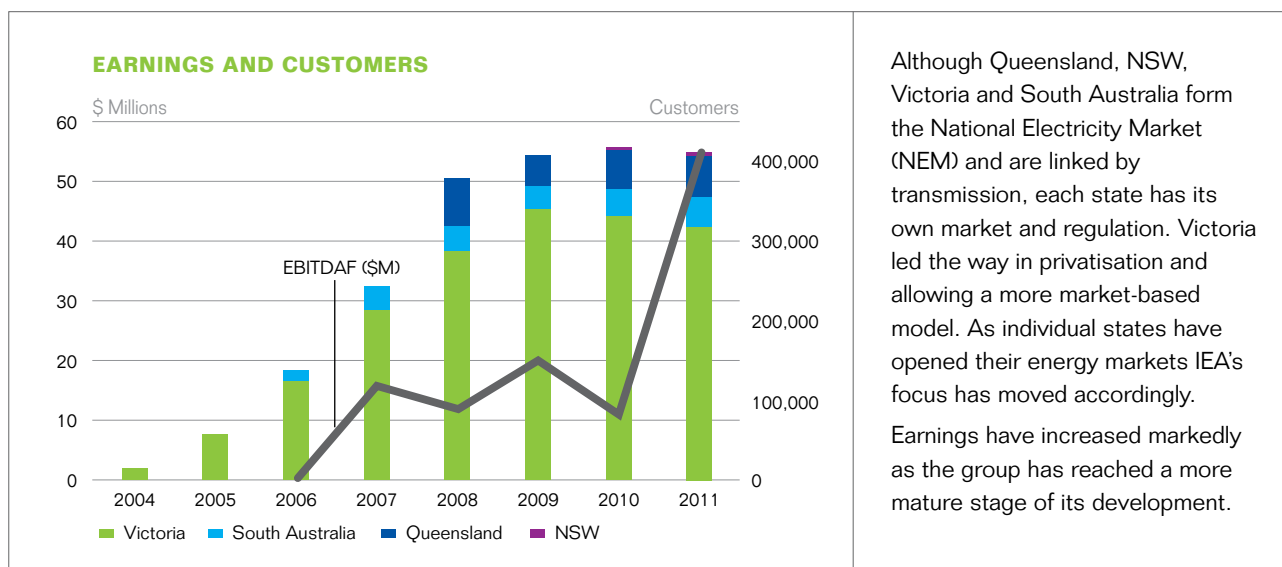
**Infratil Energy Australia 100% & Perth Energy 82%**

**Book value as at 31 March 2011 \$375 million**

Infratil Energy Australia (IEA) was established in 2004 with the aim of developing an integrated Australian energy company. Its retailing division, which operates as Lumo, now has over 400,000 electricity and gas accounts in Victoria, Queensland, South Australia, and New South Wales. The IEA group owns 275MW of generation in Western Australia (via Perth Energy), South Australia and New South Wales.

The Australian electricity market is gradually emerging from state ownership and control, although to date only Victoria has effected complete sell down of the state's ownership and removed retail price controls. As the state markets have gradually deregulated and privatised three large companies (AGL, Origin and TRU) and a number of medium sized or smaller participants have emerged; IEA is one of the more material of the medium sized companies in the sector.

Infratil is now beginning to experience the earnings benefits of its past investment into IEA and the objective now is to continue to grow both earnings and scale.



Neither Infratil Energy Australia 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.





## Z ENERGY

### 50% co-shareholder with NZ Superannuation Fund

#### Book value as at 31 March 2011 \$312 million

Demand for motor fuel in New Zealand, and the associated supply industry, are relatively stable.

Since June 2000 consumption has risen 1.0% pa. with petrol sales up 0.8% pa. and diesel up 1.9% pa<sup>2</sup>.

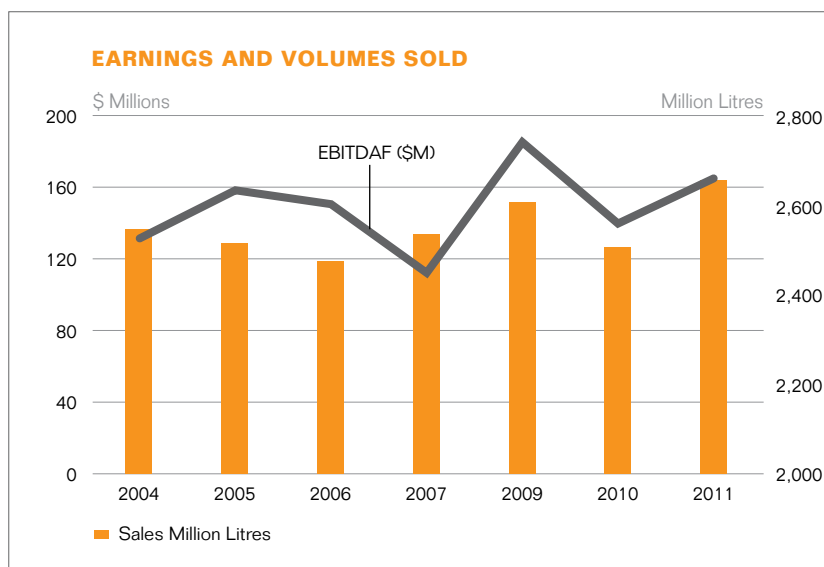
On the supply side, four companies, of which Z Energy is the largest by volume, undertake the full range of logistical, distribution, marketing and retailing functions: importing crude oil into New Zealand, having it refined at the country's single refinery, and distributing refined product around New Zealand either for sale directly to private motorists and commercial users or to independent merchants.

There have however been changes to the industry. In 2010 Shell sold out to Infratil and the NZ Superannuation Fund and the last decade has seen an evolution away from the

four distribution companies having nearly equal market shares; Z Energy and BP now distribute about 60% of New Zealand's total liquid fuel needs.

On average, Z Energy purchases and sells 50 million litres of fuel each week. Typically, the prices at which product is purchased and on-sold move together, which reduces the risk associated with fluctuations in international oil prices or the value of the NZ dollar.

For the year ended 31 March 2011 Z Energy's gross margin was \$400 million which was reduced to \$157 million after deducting all the costs of transporting fuel from the port to consumers. Those figures equate to 15 cents per litre gross and 5.9 cents per litre after all operating costs but before interest, tax, depreciation, amortisations and the provision of a return to shareholders. They also do not include the \$10 million contribution from Z Energy's 17% shareholding in the NZ Refining Company.



Fuel consumption in New Zealand tends to grow, and shrink, along with the overall economy. Z Energy's share of the market has increased slightly since the early 2000s.

An average Z Energy service station dispenses 5.8 million litres a year, better than twice the average of the rest of the industry.

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

<sup>2</sup> [http://www.med.govt.nz/templates/StandardSummary\\_\\_\\_15169.aspx](http://www.med.govt.nz/templates/StandardSummary___15169.aspx).



## WELLINGTON AIRPORT

**66% (Wellington City Council 34%)**

**Book value as at 31 March 2011 \$297 million**

Wellington Airport serves the Capital and central New Zealand region. In the year to 31 March 2011 it hosted 4.5 million domestic and 650,000 international passengers.

The Airport's main airline customers are Air New Zealand, Jetstar, Qantas and Pacific Blue. Airport charges for the major airline customers are reset every five years and are subject to scrutiny by the Commerce Commission which in 2012 is to report on the effectiveness of the current regulatory regime.

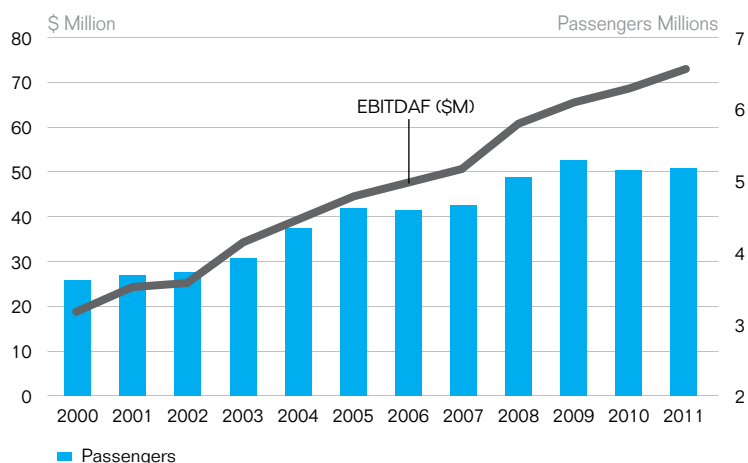
Accommodating increasing passenger numbers requires investment in capacity, which since 1998 has included new domestic and international terminals, runway extension and major improvements to land transport facilities. Improved passenger services has allowed a substantial rise in income from retail, food and beverage, advertising, car parking and

other transport amenities. In the year to 31 March 2011 these generated \$29 million of earnings or \$5.65 per passenger; Up from \$6 million per annum or \$1.65 a passenger when Infratil made its initial investment.

The most recent forecasts of Boeing and Airbus are for Australasian air travel (measured by passenger/kilometres) to treble over the next 20 years. Wellington Airport's own forecast is for its traffic to approximately double over that period.<sup>1</sup>

While the majority of the growth is expected to be on existing routes, the Airport also hopes to gain new direct links with Asia. Boeing's new mid-sized long-haul aircraft, the B787, has the technical capability to fly directly to Singapore from Wellington with a commercial payload. The first delivery of this aircraft to an airline occurred in September 2011 and several hundred more are expected to be delivered over the next decade.

### EARNINGS AND PASSENGERS



In the financial year ended 31 March 2011 Wellington Airport provided Infratil with \$27 million of cash income<sup>2</sup>.

Over the last decade air travel on the Tasman increased 70% while the Australian and New Zealand populations rose approximately 14%. Rising incomes, the falling real cost of air travel, and better airline services are encouraging demand growth.

The Airport's investment in capacity and better services has markedly increased earnings over the period.

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.

<sup>1</sup><http://www.infratil.com/content/view/full/2934/67/>

<sup>2</sup> Wellington Airport does not pay Infratil a dividend. Infratil derives income on its investment in Wellington Airport by way of a subvention payment which is referred to as "cash income".



## NZ BUS

100%

**Book value as at 31 March 2011 \$208 million**

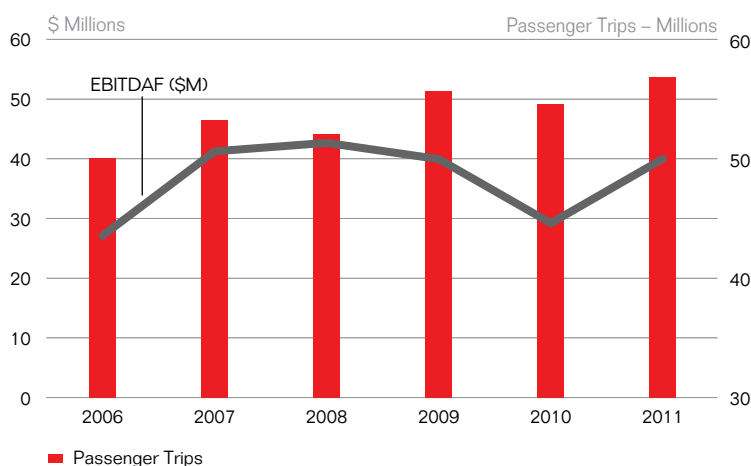
Almost half of all public transport rides in New Zealand are taken on NZ Bus. It is the main provider of bus services in the two main public transport markets, Auckland and Wellington; and also operates in Whangarei.

Bus public transport is a partnership between operators, such as NZ Bus, and regional transport authorities which define and regulate the network. Services consistent with the network are undertaken without a rate/tax payer subsidy if commercially feasible or with a subsidy if fares are insufficient to cover costs. The authorities set routes, timetables, operational standards and maximum fares on most services.

For several years industry participants have been working to change the regulatory, funding and contracting regime and a new model has now been largely agreed with implementation expected to commence in calendar year 2012. It is hoped this will provide a base for future growth by incentivising a more commercial approach by operators (they are expected to receive financial benefits from patronage increases) and focus on value and network enhancement by authorities.

In recent years NZ Bus has achieved patronage increases on its Auckland services but public transport use per head of population in this region remains comparatively low and the regional transport agency has ambitious growth goals.

### EARNINGS AND PATRONAGE



Bus public transport can be a materially cheaper and faster way of improving urban mobility than either building more roads or commuter rail.

In today's more frugal fiscal environment, with enhancements to local governance in Auckland and a better contracting regime emerging under the guidance of the Ministry of Transport, it is hoped that the right ingredients are in place for growth in bus 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.



## Risk Factors

Any investment in Infrastructure Bonds will involve risks, including those described in this section, which may affect the ability of Bondholders to receive the returns outlined under the heading “Returns” on page 28 of this prospectus. These include risks specific to the Infrastructure Bonds, risks relating to Infratil, and risks of a general nature, all of which may affect the ability of Infratil to make payments on the Infrastructure Bonds and the market value of the Infrastructure Bonds.

Prospective investors should note that the risk factors set out below may not be exhaustive, and should consider these risk factors in conjunction with the other information disclosed in this prospectus. This prospectus does not take account of the personal circumstances, financial position or investment requirements of any one person in particular. It is important that before making any investment decision, investors give consideration to the suitability of an investment in the Infrastructure Bonds in light of their individual risk profile for investments, personal circumstances and investment objectives.

### **RISKS SPECIFIC TO THE INFRASTRUCTURE BONDS**

#### **Transfer and market value**

If a Bondholder transfers his or her Infrastructure Bonds before they are redeemed, the price at which they are able to sell their Infrastructure Bonds may be more or less than the price 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 Bondholders are able to sell their 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 Infrastructure Bonds, or the lack of an established market or demand for the Infrastructure Bonds.

Depending on market conditions and other factors, investors seeking to sell relatively small or relatively large amounts of Infrastructure Bonds 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 independent of 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, whether interest payments on the Infrastructure Bonds have been suspended, the amount of Infrastructure Bonds being sold in the secondary market from time to time, any legal restrictions limiting demand for the Infrastructure Bonds, the availability of comparable securities and the level, direction and volatility of market interest rates generally.

No investor should purchase Infrastructure Bonds unless the investor understands and is 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 to the investor if he or she sells their Infrastructure Bonds before the Maturity Date. This is particularly the case for investors whose circumstances may not permit them 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 26 of this prospectus.

#### **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.

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 accord with the preference of individual Bondholders. This may be disadvantageous in light of market conditions or a Bondholder's individual circumstances.



### **Bondholders' right of early redemption**

Bondholders have no right of early redemption except following an Early Redemption Event, as described on page 26 of this prospectus. A significant deterioration in the financial position of Infratil might not necessarily constitute an Early Redemption Event.

### **Incurring additional debt by Infratil or its subsidiaries and associates**

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 30 of this prospectus), Infratil may from time to time issue additional securities which rank equally with the Infrastructure Bonds without the consent of Bondholders. Such securities may be issued on such terms as Infratil thinks fit.

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. Infratil's subsidiaries and associates have borrowed money under various funding arrangements (for instance, bank loans and bond issues), and may borrow further amounts. 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).

### **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. A copy of the Trust Deed and the Series Supplement is available on the Companies Office website ([www.business.govt.nz/companies](http://www.business.govt.nz/companies)).

### **ECONOMIC CONDITIONS AND FACTORS AFFECTING MEMBERS OF THE INFRATIL GROUP**

Infratil is a holding company. Accordingly, 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.

The value and profitability of Infratil's investments in energy, public transport, fuel distribution 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, market prices and continued demand for energy and transport, rational behaviour amongst competitors, natural disasters (eg, weather, earthquakes and pandemics), adverse world events (eg, terrorist attacks reducing air travel), disruptive industrial relations, macro-economic factors affecting general trading circumstances (eg, local or global recessions), regulatory interventions (eg, airport price control), changes to taxation regimes, fluctuations in financial market prices (eg, interest rates, the value of the New Zealand dollar against the Australian, US or United Kingdom currencies, or other prices that affect asset values), the state of capital markets (including continuing access to capital and the cost of capital, including from banks), the state of insurance markets (including access to insurance and the cost of insurance), changes to public policy initiatives in fields such as control of greenhouse gas emissions, environmental law changes and the procurement plans and policy for public transport services, changes to the business of key customers or loss of key customers, and deterioration of the creditworthiness of key customers or financial counterparties. Infratil subsidiaries and associates may also be subject to legal or regulatory actions with uncertain consequences (as noted in Infratil's 2011 annual report under the heading Contingent Liabilities).

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.

In particular, the investment in TrustPower makes up a substantial part of Infratil's value and provides a substantial part of the consolidated EBITDAF and Infratil's cash earnings. Risks specific to TrustPower include a debt default, a significant non-discretionary capital spending requirement, major disruption to the electricity market through for instance drought or transmission failure, regulatory change, a prolonged period of substantially lower electricity prices, or a major failure of TrustPower's systems both as regards electricity price hedging and the basic retailing back-office functions. Any of these matters or a collapse of the price of TrustPower's shares on the NZSX brought about for any reason would affect Infratil's ability to make payments on the Infrastructure Bonds.



4 November 2011

The Directors  
Infratil Limited  
PO Box 320  
**WELLINGTON**

Dear Sirs

Clause 9(3) of Schedule 12 of the Securities Regulations 2009 requires us to confirm that the offer by Infratil Limited ("Infratil") of the bonds (the "Bonds") set out in the simplified disclosure prospectus dated 4 November 2011 (the "Prospectus") complies with any relevant provisions of the master trust deed dated 11 November 1999 (as amended) between Infratil and Trustees Executors Limited (the "Trustee") and the series supplement dated 3 November 2011 between Infratil and the Trustee (together, the "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 under the heading "Trust Documents" in the section of the Prospectus entitled "Statutory Information".

We confirm that the offer of the Bonds set out in the Prospectus complies with any relevant provisions of the Trust Documents.

We have given the above confirmation on the basis that the Trustee relies on the information supplied to it by Infratil pursuant to the Trust Documents, and does not carry out an independent check of the statements or the figures supplied to it in that information.

The Trustee draws your attention to the explanation of the Trustee's role described under the heading "The Trustee's duties and powers" in the section of the Prospectus entitled "Statutory Information". The Trustee does not guarantee the repayment of the Bonds or the payment of interest on the Bonds.

Yours sincerely  
**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 97 The Terrace, Wellington.

The directors of Infratil are:

Marko Bogoevski  
Lloyd Morrison  
Anthony Muh (alternate director for Duncan Saville)  
David Newman  
Humphry Rolleston  
Duncan Saville  
Mark Tume

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.

### **EXPERTS AND UNDERWRITER**

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

### **MAIN TERMS OF OFFER**

#### **The Infrastructure Bonds**

##### **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 previous series of Infrastructure Bonds, the Infrastructure Bonds offered under this prospectus are not convertible into Shares in Infratil in any circumstance.

#### **The Offer**

The Offer consists of the General Offer and the Exchange Offer.

##### **The General Offer**

Under the General Offer, Infratil is offering up to \$25 million of Infrastructure Bonds to all investors in New Zealand (with the option to accept up to \$50 million oversubscriptions at Infratil's discretion).

##### **The Exchange Offer**

Under the Exchange Offer, Infratil is offering holders of the 2011 Bonds the opportunity to exchange all or some of their 2011 Bonds for the Infrastructure Bonds offered under this prospectus. A Bondholder will receive one new Infrastructure Bond for each 2011 Bond he or she exchanges under the Exchange Offer. The Issue Date

of the new Infrastructure Bonds issued under the Exchange Offer is 15 November 2011 (being the maturity date of the 2011 Bonds).

Infratil will also pay the final scheduled interest payment on each 2011 Bond exchanged for a new Infrastructure Bond on the Issue Date of the new Infrastructure Bond. The final interest payment will be calculated at the interest rate applicable to the 2011 Bonds.

2011 Bonds that are not exchanged under the Exchange Offer will be redeemed on their maturity date in accordance with their existing terms and conditions.

#### **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**

The Infrastructure Bonds will be issued 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 registerable transfer form, by means of the NZClear System (formerly the Austraclear 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 8.00% per annum.

#### **Interest payments**

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 February 2012).

Other than for the first Interest Payment Date in respect of Infrastructure Bonds allotted under the General Offer, interest will be payable in arrears in equal amounts on each Interest Payment Date.

The interest payable on the First Interest Payment Date in respect of Infrastructure Bonds allotted under the General Offer will be calculated by reference to the number of days from (and including) the date on which the Bondholders subscription moneys were banked into the trust account operated in respect of the offer until (but excluding) the first Interest Payment Date.

#### First interest payment

Interest payable on the first Interest Payment Date will be paid 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

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 Senior 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 because of an Interest Suspension Event, interest will continue to accrue on the Infrastructure Bonds at the Interest Rate. Unpaid interest accrued (whether before or after the suspension) will be paid by Infratil if and when the Interest Suspension Event ceases to apply.

#### Dividend stopper

While an Interest Suspension Event applies, Infratil will not pay or make any distribution (as defined in section 2 of the Companies Act) to Shareholders or provide any financial assistance for the acquisition of Shares.

#### Early redemption

Infratil may elect to redeem all or some of the Infrastructure Bonds for cash before the Maturity Date by giving no less than five Business Days’ notice to Bondholders. This election may only be made 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.

If a notice of early redemption is given to Bondholders, then on the early redemption date specified in the notice, Infratil will redeem the Infrastructure Bonds for an 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 NZDX 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

NZDX 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).

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.

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

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.

#### 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 pages 30 and 31 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.

#### Maximum amount of securities being offered

The General Offer is for up to \$25 million Infrastructure Bonds (with the option to accept up to \$50 million of oversubscriptions at Infratil’s discretion). The Exchange Offer is for up to \$20 million Infrastructure Bonds (being equal to the amount of 2011 Bonds outstanding at the date of this prospectus). Accordingly, the maximum aggregate amount of Infrastructure Bonds being offered is \$95 million.

### Issue Price

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

The Issue Price for Infrastructure Bonds allotted under the General Offer will be payable in accordance with the payment instructions below.

No subscription moneys are payable by a Bondholder for each Infrastructure Bond allotted under the Exchange Offer. Rather, the Issue Price for the new Infrastructure Bond is satisfied by the Bondholder agreeing to exchange a 2011 Bond for the new Infrastructure Bond.

### Applications and payment

Applications to subscribe for Infrastructure Bonds offered under the General Offer must be made on the General Offer application form contained on page 39 of this prospectus.

Applications to subscribe for Infrastructure Bonds offered under the Exchange Offer must be made on the Exchange Offer application form contained on page 45 of this prospectus.

#### Payment instructions for the General Offer

Applicants of the General Offer 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) or through the NZClear System. Cheques should be in New Zealand dollars drawn on a New Zealand registered bank or New Zealand branch of a registered bank and submitted with the completed General Offer application form. Cheques should be made payable to "Infratil 2017 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, each General Offer 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

#### Exchange Offer

Applicants of the Exchange Offer 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 of the Exchange Offer:

Link Market Services Limited  
PO Box 384, Ashburton 7740

Alternatively, completed application forms may be lodged with any 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 of the Exchange Offer.

#### General Offer

Applicants of the General Offer accepting a Firm Allocation from a Primary Market Participant or approved financial intermediary must return a completed application form to the office of that

Primary Market Participant or approved financial intermediary which has provided the Firm Allocation in time to enable it to be forwarded to the Registrar before 5.00pm on the Closing Date of the General Offer.

If there is a Public Pool, Public Pool applicants of the General Offer (being all applicants other than applicants in respect of Firm 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 of the General Offer:

Link Market Services Limited  
PO Box 384, Ashburton 7740

Alternatively, completed application forms may be lodged with any 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 of the General Offer.

### 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 General Offer or accepts an application in part, all or the relevant balance of the application monies 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.

The Managers in consultation with Infratil reserve the right to scale oversubscriptions under the General Offer at their discretion. Any scaling may not necessarily be applied on a pro-rata basis.

### 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 NZDX; and
- (b) in priority to the Shares listed on the NZSX and the ASX.

Unlike each previous series of Infrastructure Bonds issued under the Infrastructure Bond Programme, 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.<sup>3</sup>

<sup>3</sup> 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.



## ISSUE EXPENSES

The estimated maximum amount of expenses of the Offer is \$2 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 1.3% 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 pages 22 and 23 of this prospectus. Certain events could reduce or eliminate the returns intended to be derived from holding the Infrastructure Bonds.

The returns to Bondholders comprise interest paid 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.

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 returns to Bondholders.

### 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 pages 22 and 23 of this prospectus.

### Interest

#### Interest Rate

Infratil will pay interest on each Infrastructure Bond at the fixed Interest Rate of 8.00% 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 February 2012).

Other than for the first Interest Payment Date in respect of Infrastructure Bonds allotted under the General Offer, interest will be payable in arrears in equal amounts on each Interest Payment Date.

The interest payable on the first Interest Payment Date in respect of Infrastructure Bonds allotted under the General Offer will be calculated by reference to the number of days from (and including) the date on which the Bondholder's subscription moneys were 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 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 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 to the first person so named.

Infratil may suspend the payment of interest where an Interest Suspension Event exists, as described on page 26 of this prospectus. 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 redeems all or some of the Infrastructure Bonds before the Maturity Date (as described on page 26 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 NZDX 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 NZDX 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 26 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 Bondholder. 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 the Bondholder 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 the Bondholder in relation to any such deduction.

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

#### **Resident withholding tax on interest**

If a Bondholder is either a New Zealand resident for tax purposes or is 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 the New Zealand Bondholder 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 its IRD number to the Registrar or Infratil 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 2011 to 31 March 2012) will be \$14,000 or less, and the New Zealand Bondholder has supplied its IRD number to the Registrar or Infratil, 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 or Infratil, RWT will be deducted at 30%.

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

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

#### **Non-resident withholding tax on interest**

If at any time an Infrastructure Bond is held by a Bondholder who is not a New Zealand tax resident and who is 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 that Bondholder. If Infratil is lawfully able to pay the approved issuer levy (as defined in section 86F of the Stamp and Cheque Duties Act 1971) in respect of any payment of interest (or deemed interest) to a Non-New Zealand Bondholder, and the Non-New Zealand Bondholder requests in writing that the approved issuer levy be paid, Infratil will pay the approved issuer levy 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.

A Bill introduced to Parliament in October 2010 contains draft legislation that would allow interest payments to non-residents on certain listed or widely held securities to be made without deduction of NRWT or payment of an approved issuer levy. If this Bill is passed in its current form, the proposals could apply to interest paid on the Infrastructure Bonds to Non-New Zealand Bondholders after the date of Royal assent.

#### **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, for a Bondholder who is subject to the rules, any gain on the disposal or redemption of Infrastructure Bonds will be subject to tax. Bondholders should consult their 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 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. 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.

### PROVISIONS OF TRUST DEED AND OTHER RESTRICTIONS ON BORROWING GROUP

#### Trust Documents

The Infrastructure Bonds will be issued and constituted pursuant to 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. Reference should be made 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](http://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.

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 non compliance.

The Bondholders 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 NZDX 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.

#### Liabilities to assets covenant

Pursuant to the Series Supplement, Infratil also covenants 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 the Issuer Group as at that date.

#### 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 and requiring the default 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 covenanted 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's material wholly owned subsidiaries ("Bank Debt Guaranteeing Subsidiaries" and together with Infratil, the "Bank Debt Guaranteeing Group") 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 covenants which may restrict Infratil's ability to borrow money, namely:

- (a) Shareholders' Funds (being total tangible assets of the Bank Debt Guaranteeing Group measured in accordance with the terms of the facilities agreements less total liabilities of the Bank Debt Guaranteeing Group) must not be less than 40% of the total tangible assets of the Bank Debt Guaranteeing Group, measured in the same way.
- (b) The ratio of debt (excluding all Infrastructure Bonds issued under the Infrastructure Bond Programme and indebtedness owing by one member of the Bank Debt Guaranteeing Group to another) to Bank Covenant EBITDA of the Bank Debt Guaranteeing Group must not be greater than 5 times (tested half-yearly and yearly). The ratio of Bank Covenant EBITDA of the Bank Debt Guaranteeing Group to interest on debt (excluding all Infrastructure Bonds issued under the Infrastructure Bond Programme and indebtedness owing by one member of the Bank Debt Guaranteeing Group to another) must not be less than 3 times (tested half-yearly and yearly).

These covenants 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 above covenants.

The Infrastructure Bonds are not guaranteed by any of the Bank Debt Guaranteeing Subsidiaries. Bondholders have no claims against, or recourse to the assets of, Bank Debt Guaranteeing Subsidiaries 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 24 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 the Bondholders' rights to repayment of the Face Value, and to payment of interest in respect of their 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 infrastructure companies described in this prospectus. Bondholders have no claims against, or recourse to the assets of, any of those infrastructure 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 payable for Infrastructure Bonds once an investor's 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; or
- (d) 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. However, depending on the nature of the proposed alteration, it is possible that Bondholders of Infrastructure Bonds offered under this prospectus will constitute a separate interest group to Bondholders of each other existing series of Infrastructure Bonds. This is because the Infrastructure Bonds offered under this prospectus are not convertible into Shares in Infratil in any circumstance (unlike each previous series of Infrastructure Bonds). 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

Subject to certain conditions, Infratil has the right to redeem all or some of the Infrastructure Bonds prior to the Maturity Date. Bondholders have no right of early redemption except following an Early Redemption Event. Further information on early redemption is on page 26 of this prospectus.

### RIGHT TO SELL SECURITIES

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

Applicants should not attempt to sell Infrastructure Bonds until they know whether, and how many, Infrastructure Bonds have been allotted to them. 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 any applicant for Infrastructure Bonds attempt to sell or otherwise deal with any Infrastructure Bonds before receiving a statement recording the number of Infrastructure Bonds (if any) allotted to them.

Application has been made to NZX for permission to list the Infrastructure Bonds on the NZDX 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. NZDX 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 such secondary market. Consequently, investors may not be able to sell their Infrastructure Bonds readily or at all, or at prices that will enable them 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 a Bondholder on any transfer of their Infrastructure Bonds effect through a NZX Firm or other financial intermediary.

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 a Bondholder receives from a sale of Infrastructure Bonds may be more or less than the amount 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](http://www.nzx.com/markets/nzxx/IFT/announcements).

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
10 October 2011	Infratil Update Newsletter
7 October 2011	Infratil monthly Operational Report
6 September 2011	Infratil monthly Operational Report
15 August 2011	Infratil annual meeting presentation
5 August 2011	Infratil monthly Operational Report
28 July 2011	Infratil Notice of Meeting
1 July 2011	Infratil monthly Operational Report
27 June 2011	Infratil annual report for the year to 31 March 2011
17 May 2011	Infratil results the year to 31 March 2011
2 May 2011	Infratil monthly Operational Report
14 April 2011	Infratil Bond Issue Closes
5 April 2011	Infratil monthly Operational Report
4 April 2011	Infratil Update

#### FINANCIAL STATEMENTS

Infratil's audited financial statements (including audited consolidated financial statements for the Infratil Group) for the financial year ended 31 March 2011 that comply with the Financial Reporting Act 1993 were registered at the Companies Office on 13 June 2011, and notified to NZX on 17 May 2011.

Copies of these financial statements are also available at [http://www.infratil.com/media/PDF/ift\\_ar2011\\_financials.pdf](http://www.infratil.com/media/PDF/ift_ar2011_financials.pdf).

#### ADDITIONAL INTERIM FINANCIAL STATEMENTS

As at the date of signing of this prospectus, no interim financial statements for Infratil have been notified to NZX.

#### 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. 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](http://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 15 of this prospectus). As well as the covenants described on page 31 of this prospectus, the facility agreements contain certain covenants 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 Bank Debt Guaranteeing Subsidiaries (while it remains a member of the Bank Debt Guaranteeing Group) except any Bank Debt Guaranteeing Subsidiaries which hold, in aggregate, assets with an aggregate value of less than 5% of total tangible assets of the Bank Debt Guaranteeing Group;
- (c) Infratil may only hold:
  - (i) shares and other securities in, or loans to, members of the Bank Debt Guaranteeing Group;
  - (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 Debt Guaranteeing Group 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.

The above covenants 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 above covenants.

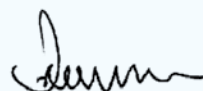
## DIRECTORS' STATEMENT

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.




**Marko Bogoievski**  
Director



**David Newman**  
Director



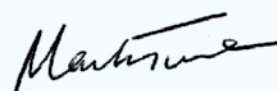
**Duncan Saville**  
Director



**Lloyd Morrison**  
Director



**Humphry Rolleston**  
Director



**Mark Tume**  
Director

## Glossary

**"2011 Bonds"** means the Infrastructure Bonds maturing on 15 November 2011.

**"ASX"** means the Australian Securities Exchange operated by ASX Limited.

**"Bank Debt Guaranteeing Group"** has the meaning given to it on page 31 of this prospectus.

**"Bank Debt Guaranteeing Subsidiaries"** has the meaning given to it on page 31 of this prospectus.

**"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, realized and unrealized exchange gains and losses, and revaluations of derivative financial instruments.

**"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:

- (a) in relation to the Exchange Offer, 14 November 2011; and
- (b) in relation to the General Offer, 31 January 2012 (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](http://www.business.govt.nz/companies)).

**"Early Redemption Event"** has the meaning given to it on page 26 of this prospectus.

**"EBITDAF"** means earnings before interest, tax, depreciation, amortisation, fair value movements of financial instruments, investment costs, realisations and impairments.

**"Event of Default"** means each of the events described on pages 30 and 31 of this prospectus.

**"Exchange Offer"** means the offer of Infrastructure Bonds to holders of 2011 Bonds.

**"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 thereat 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.

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

**"General Offer"** means the offer of Infrastructure Bonds to all investors in New Zealand.

**"Infrastructure Bond"** means a debt security offered by Infratil pursuant to this prospectus and, where the context requires, includes a convertible 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 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 February 2012).

**"Interest Rate"** means 8.00% per annum.

**"Interest Suspension Event"** means each of the events described on page 26 of this prospectus.

**"Issue Date"** means the date on which an Infrastructure Bond is issued. Infrastructure Bonds offered under the Exchange Offer will be issued on 15 November 2011 (being the maturity date of the 2011 Bonds). Infrastructure Bonds offered under the General Offer will be issued on 15 November 2011 and each Friday thereafter up to and including the Friday following the Closing Date of the General Offer.

**"Issue Price"** means \$1.00 per Infrastructure Bond.

**"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.

**"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 2017.

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

**"NZDX"** means the market for debt securities of that name operated by NZX.

**"NZSX"** 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 (consisting of the General Offer and the Exchange Offer).

**"Opening Date"** means 4 November 2011.

**"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 General Offer other than applicants in respect of Firm 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.

**"Senior Creditors"** means a creditor of any member or members of the Issuer Group in respect of Borrowed Money Indebtedness.

**"Series Supplement"** means the series supplement to the Trust Deed dated 3 November 2011 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 and 21 January 2011 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.

## General Offer Application Instructions

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

If you are applying for Infrastructure Bonds under the Exchange Offer, please see page 27 of this prospectus for 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 General 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 General Offer application form.

### A = Investor Details

Please complete all relevant sections in the General 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 General 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.

### 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 cheque (or, if the application is for an aggregate subscription amount of \$500,000 or more, by a bank cheque) or 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 2017 Bond Offer", crossed "Not Transferable" and must not be post-dated. Staple your cheque to the completed General 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 an applicant's cheque 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 General 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 General Offer application form.

If payment to your cash management account with a broker 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 General Offer application form carefully and sign and date the General Offer application form.

The General 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 General 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 General Offer application form.

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

Joint applicants must each sign the General Offer application form.

**H = General Offer Closing Date and Delivery**

The General Offer will close at 5.00pm on 31 January 2012.

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 General Offer. Your General 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 27 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.com](http://www.linkmarketservices.com). (You will be required to enter your holder number and FIN).

# General Offer Application Form

BROKER STAMP	Broker code
	Advisor code

(ATTACH CHEQUE HERE)

This General Offer application form ("Application Form") is issued with the prospectus dated and prepared as at 4 November 2011 ("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 27 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, 31 January 2012.

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 2017 Bond Offer" and crossed "Not Transferable".

☐ **OPTION 2:** 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 base registry number will be allocated.

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

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## 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:**

Name of Bank:

Name of Account:

Account No:

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 (tick ✓ 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. \*\*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.**

_____ Date / /	_____ Date / /	_____ Date / /
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**H SEND APPLICATION FORM AND CHEQUE (IF APPLICABLE) TO BE RECEIVED BY LINK MARKET SERVICES, NO LATER THAN 5.00PM 31 JANUARY 2012**

Infratil 2017 Bond Offer, c/- Link Market Services Limited, PO Box 384, Ashburton 7740

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.com](http://www.linkmarketservices.com)). 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.

# General Offer Application Form

BROKER STAMP	Broker code
	Advisor code

(ATTACH CHEQUE HERE)

This General Offer application form ("Application Form") is issued with the prospectus dated and prepared as at 4 November 2011 ("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 27 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, 31 January 2012.

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 2017 Bond Offer" and crossed "Not Transferable".

☐ **OPTION 2:** 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 base registry number 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:**

Name of Bank:

Name of Account:

Account No:

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 (tick ✓ 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. \*\*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.**

_____ Date / /	_____ Date / /	_____ Date / /
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**H SEND APPLICATION FORM AND CHEQUE (IF APPLICABLE) TO BE RECEIVED BY LINK MARKET SERVICES, NO LATER THAN 5.00PM 31 JANUARY 2012**

Infratil 2017 Bond Offer, c/- Link Market Services Limited, PO Box 384, Ashburton 7740

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.com](http://www.linkmarketservices.com)). 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.



## Exchange Offer Application Instructions

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

If you also wish to apply for Infrastructure Bonds under the General Offer, please see page 27 of this prospectus for 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 Exchange 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 Exchange Offer application form.

### A = Investor Details

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

**Full name details:** Insert your full name. Applications must be in the name(s) of the natural persons, companies or other legal entities which hold the 2011 Bonds to be exchanged under the Exchange Offer. 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
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**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 Exchange 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.

### B = Application 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. Unless you are applying to exchange all of your 2011 Bonds, an application to subscribe for new Infrastructure Bonds must be for a minimum aggregate Face Value of \$5,000 and thereafter in multiples of \$1,000. The maximum amount of Infrastructure Bonds you may apply for under the Exchange Offer is equal to the number of 2011 Bonds you hold.

2011 Bonds that are not exchanged under the Exchange Offer will remain on issue subject to their existing terms and conditions.

### 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 Exchange Offer application form must correspond with the registration details under that CSN.

### D = Interest and redemption payments

If you wish your payments in respect of the new Infrastructure Bonds to be direct credited to the same account to which payments in respect of your 2011 Bonds are made, then you do not need to complete section D of the Exchange Offer application form.

If payment to your cash management account with a broker 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 but wish to have payments in respect of your new Infrastructure Bonds credited to a different bank account than the account to which payments in respect of your 2011 Bonds are currently made, 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 Exchange Offer application form carefully and sign and date the Exchange Offer application form.

The Exchange 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 Exchange 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 Exchange Offer application form.

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

Joint applicants must each sign the Exchange Offer application form.

**H = Exchange Offer Closing Date and Delivery**

The Exchange Offer will close at 5.00pm on 14 November 2011. Applicants should remember that the Closing Date of the Exchange Offer 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 Exchange Offer. Your Exchange Offer application form should be returned to, or lodged with, an appropriate person as specified under the heading "Where to send you application form and payment" on page 27 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.com](http://www.linkmarketservices.com). (You will be required to enter your holder number and FIN).

# Exchange Offer Application Form

BROKER STAMP	Broker code
	Advisor code

(ATTACH CHEQUE HERE)

This Exchange Offer application form ("Application Form") is issued with the prospectus dated and prepared as at 4 November 2011 ("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 you application form and payment" on page 27 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 – IMPORTANT

Your Application Form must be received by Link Market Services Limited ("Link") by 5.00pm, 14 November 2011.

Unless you are applying to exchange all of your 2011 Bonds, applications must be for a minimum of **NZ\$5,000** and, thereafter, in multiples of **NZ\$1,000**. The maximum amount of Infrastructure Bonds you may apply for under the Exchange Offer is equal to the number of 2011 Bonds you hold. Infratil may accept or reject all or part of this application without giving reason.

Amount of Infrastructure Bonds applied for:

## 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 base registry number will be allocated.

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

## D INTEREST AND REDEMPTION PAYMENTS

Continue to pay interest and principal in the same way as was occurring on the maturing bonds.

If you wish to change the way in which interest and principal is paid please 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 NZX Member Firm 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:

Account No:

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 (tick ✓ 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. \*\* 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.**

<input type="text"/> Date / /
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<input type="text"/> Date / /
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<input type="text"/> Date / /
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## H SEND APPLICATION FORM TO BE RECEIVED BY LINK MARKET SERVICES, NO LATER THAN 5.00PM ON 14 NOVEMBER 2011

Infratil 2017 Bond Offer, c/- Link Market Services Limited, PO Box 384, Ashburton 7740. **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.com](http://www.linkmarketservices.com)). 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.

# Exchange Offer Application Form

BROKER STAMP	Broker code
	Advisor code

(ATTACH CHEQUE HERE)

This Exchange Offer application form ("Application Form") is issued with the prospectus dated and prepared as at 4 November 2011 ("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 you application form and payment" on page 27 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 – IMPORTANT

Your Application Form must be received by Link Market Services Limited ("Link") by 5.00pm, 14 November 2011.

Unless you are applying to exchange all of your 2011 Bonds, applications must be for a minimum of **NZ\$5,000** and, thereafter, in multiples of **NZ\$1,000**. The maximum amount of Infrastructure Bonds you may apply for under the Exchange Offer is equal to the number of 2011 Bonds you hold. Infratil may accept or reject all or part of this application without giving reason.

Amount of Infrastructure Bonds applied for:

## 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 base registry number will be allocated.

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

## D INTEREST AND REDEMPTION PAYMENTS

Continue to pay interest and principal in the same way as was occurring on the maturing bonds.

If you wish to change the way in which interest and principal is paid please 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 NZX Member Firm 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:

Account No:

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 (tick ✓ 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. \*\* Available for companies only. \*\*\*If you are exempt from resident withholding tax, you must attach a copy of your RWT exemption certificate for noting.

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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.**

<input type="text"/> Date / /
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Infratil 2017 Bond Offer, c/- Link Market Services Limited, PO Box 384, Ashburton 7740. **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.

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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  
97 The Terrace  
PO Box 320  
Wellington 6011

### REGISTRAR

Link Market Services Limited  
Level 16, Brookfields House  
19 Victoria Street West  
Auckland 1062  
PO Box 91976, Auckland 1142

### ORGANISING PARTICIPANT

Forsyth Barr Limited  
The Octagon  
Private Bag 1999  
Dunedin 9054  
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### SOLICITORS TO INFRATIL

Russell McVeagh  
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Wellington 6143

### MANAGER OF INFRATIL

Morrison & Co Infrastructure Management Limited  
97 The Terrace  
PO Box 1395  
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### TRUSTEE

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

### MANAGERS OF THE OFFER

ANZ National Bank Limited  
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PO Box 540  
Wellington 6011  
Telephone 0800 269 476

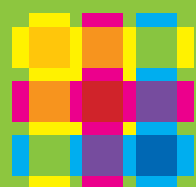
First NZ Capital Limited  
Level 14, HP Tower  
171 Featherston Street  
Wellington 6011  
Telephone 0800 005 678

Forsyth Barr Limited  
The Octagon  
Private Bag 1999  
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Westpac Banking Corporation  
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### SOLICITORS TO THE TRUSTEE

Buddle Findlay  
State Insurance Tower  
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**Infratil**

