Infratil Limited

Results for the Six Months to 30 September 2008

Infratil

17 November 2008

30 September 2008 – Overview

- Events in the global capital markets have overshadowed corporate developments
- Infratil's businesses continue to be relatively well positioned
- Core sector trends remain favourable and continue to support long-term value creation
- Infratil's past risk mitigation and insurance measures are providing considerable benefit
- Infratil's financing and liquidity position is robust

30 September 2008 – Key Events & Developments

Key Events & Developments

- Record half-year earnings at both TrustPower and Wellington Airport
- Growth capital expenditure of $235 million across the group
- $140 million of debt which fell due during the period successfully rolled to 2011
- Initiation of strategic review of Energy Developments
- Passing of the Climate Change Response (Emissions Trading) Act supportive of investment in renewable energy
- Passing of Public Transport Management Act unfavourable relative to NZ Bus

Financial Milestones

- EBITDAF $203 million (23% increase from $166 million for the same period 2007)
- Operating earnings after interest, depreciation and amortisation $67 million (from $59 million)
- Net surplus $7.3 million (from $14.5 million)
  - Principally due to a $13.4 million reduction in derivative valuations
- Net operating cashflows of $42 million (after deducting working capital increases)

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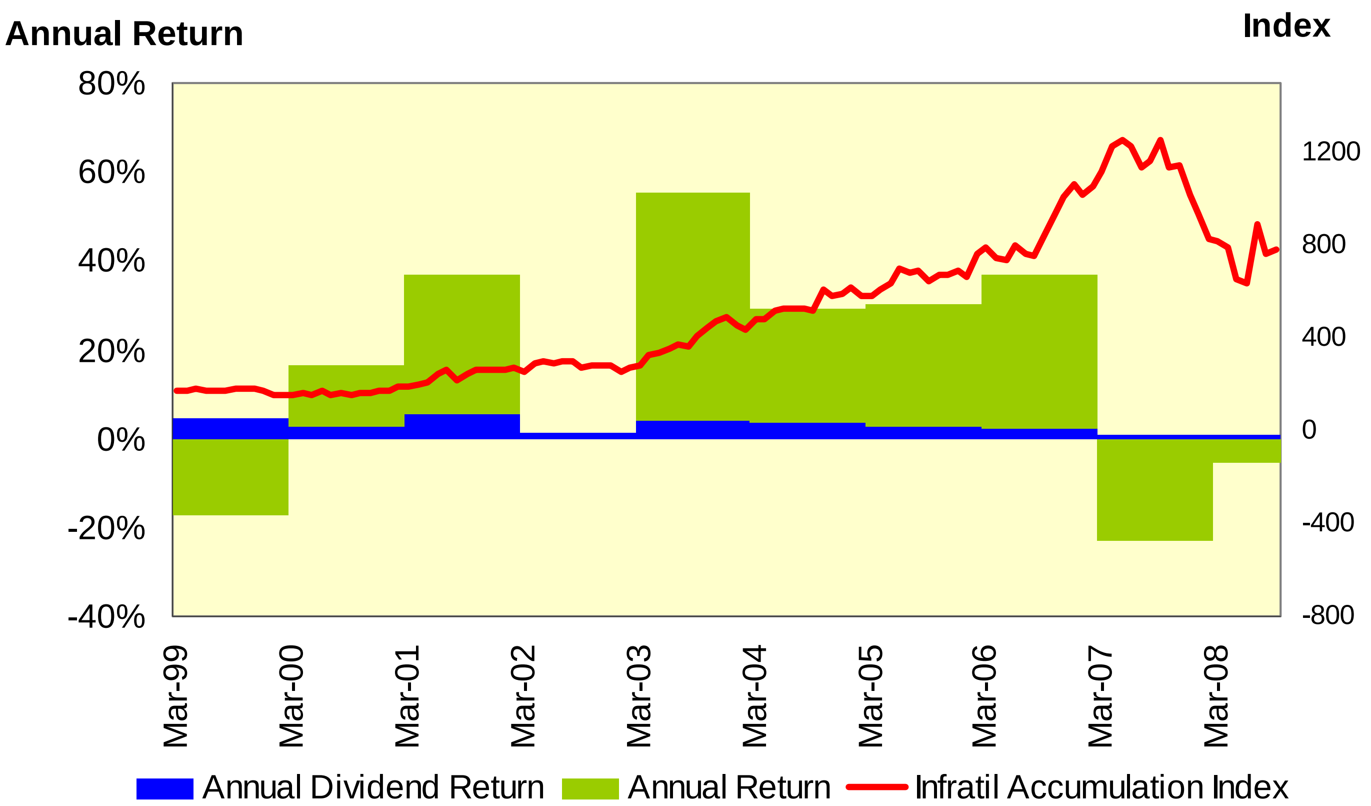
30 September 2008 – Annual Return Profile



- **Over the six months to 30 September 2008 a holder of Infratil shares would have incurred a 3.9% loss in value. For the year to 31 March 2008 the decline was 16.5%**
- **For a holder of a portfolio of Infratil securities (shares and warrants) the respective period returns were -22% and -5.5% (as graphed)**
- **$100 invested in Infratil shares in 1998 would have compounded to $800 by 30 September 2008 (assuming full reinvestment of dividends, etc) providing a return of over 23%pa. over the decade**

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Consolidated Results

$ millions	30 September 2008	30 September 2007	31 March 2008	Change
Earnings (EBITDAF)	203.0	165.7	315.9	23%
Net Interest	(87.4)	(68.9)	(148.8)	27%
Depreciation & Amortisations	(48.6)	(37.7)	(79.3)	29%
Operating Surplus	**67.0**	**59.1**	**87.8**	**13%**
Derivative Change	7.0	20.4	2.9	(66%)
Realisation/Impairment	(4.2)	(4.3)	(15.4)	2%
Tax	(23.6)	(33.6)	(22.6)	(13%)
Minorities	(38.9)	(33.6)	(54.4)	–
Net Parent Surplus	**7.3**	**14.5**	**(1.7)**	**(50%)**
Net Operating Cashflows	42.3	21.2	167.7	100%

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Consolidated Results: EBITDAF by Business

$ millions	6 months to 30 September 2008	6 months to 30 September 2007	Year to 31 March 2008
TrustPower	136.7	116.2	208.0
IEA Group	28.1	7.8	12.0
Wellington Airport	32.2	27.7	60.0
IAE	(6.0)	–	1.2
NZ Bus	17.8	20.8	41.9
Other, Elims, etc	(5.8)	(6.8)	(7.2)
Total	**203.0**	**165.7**	**315.9**

- **TrustPower's** record result was despite a very difficult market and poor wind and hydrology conditions
- **Infratil Energy Australia** (**IEA**) exceptional returns, reflecting strong organic growth and certain non-recurring revenues
- **Wellington Airport** benefited from solid passenger growth resulting from the good work of Pacific Blue and Air New Zealand
- **Infratil Airports Europe** (**IAE**) suffered from the loss of air freight customers and the associated adjustment costs
- **NZ Bus**'s results were satisfactory given business changes. Higher maintenance costs to enhance fleet reliability

Expectations remain positive

- The recession will trim growth, but the impact on core group earnings is likely to be modest
- Seasonality bias is towards first half in energy markets and European airports

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Consolidated Results: Net Surplus & Cashflows

Infratil Group Cash Flow $ millions	30 September 2008	30 September 2007	31 March 2008
EBITDA	**203**	**166**	**316**
Working cap & other non-cash	(60)	(64)	28
Interest	(87)	(64)	(141)
Tax	(13)	(17)	(41)
Operating Cash Flow	**43**	**21**	**162**
Investing Activities			
Investments	(44)	(115)	(235)
Capex	(217)	(155)	(271)
Financing Activities			
Equity raised	77	18	95
Term debt	95	300	453
Dividends	(49)	(44)	(78)
Cash balances utilised	(95)	24	127
Opening cash held	255	128	129
Closing cash held	160	152	255

- Growth in EBITDA of 23%
- Increase in working capital (WC) reflects expansion and seasonality of TPW and IFT Australia energy businesses
- Discretionary growth investments of $44 million and plant of $191 million (principally TPW wind farm, Hunter Valley and WA generation, and additional bus capacity). Going concern capital expenditure of $26 million
- Equity raised of $77 million includes rights issue (instalment shares completed), warrants conversion and share buy-backs
- Term debt accessed and strong cash balance position

Risk Profile and Management

Developments in the world's capital markets and the prospect of a prolonged recession are highlighting the role of strong risk management. Infratil's management of risk is a core feature of its fundamental approach, operationally and with its financing:

- S&P Hedge against "significant equity market decline"
  - \$16 million gain over the period. Position now closed (\$17 million further gain in the 2nd half)

- Equity raising. \$90 million received on the 2nd tranche of the 2007 rights issue and warrant exercise
  - \$14 million invested in buying back shares

- One debt maturity in the period
  - \$140 million facility rolled through 2011

- Preparation for 2009 bank roll-overs
  - One third of Infratil's bank facility, \$174 million, matures in 2009
  - IEA's \$47 million working capital facility also matures in 2009
  - As at 30 September 2008 Infratil had undrawn bank lines and cash on deposit of \$254 million

- Discretionary investment of \$235 million in fixed assets and investments, and \$60 million into working capital, mainly to support TrustPower and IEA's growth. Only \$26 million of capital spending required to sustain operations

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Assets & Liabilities

$ millions	30 September 2008	31 March 2008
TrustPower	1,250	1,194
IEA	250	202
Energy Developments	135	110
Wellington Airport	238	247
IAE	308	288
NZ Bus	224	202
IIP	63	63
AIA	92	90
Other	64	51
Total	**$2,624**	**$2,425**

Investment changes

- The values are book values for unlisted assets and market value for listed
  - Deferred tax is excluded, as is cash
- During the period, growth capital was provided to a number of Infratil's businesses;
  - eg, the increased value of NZ Bus reflects capex less depreciation
- Increased stake in AIA. 3.9% from 3.3% as at 31 March
- IEA includes retailing, generation and Infratil's 75% stake in Perth Energy
  - Respective values of NZ$149m, NZ$70m and NZ$31m

$ millions	30 September 2008	31 March 2008
Net Bank Debt	*318	257
Non Recourse Debt	140	140
Bonds 2010 to 2011	133	133
Bonds 2012 to 2013	143	143
Bonds 2014 to 2020	233	233
Bonds Perpetual	240	240
Total	**$1,207**	**$1,146**

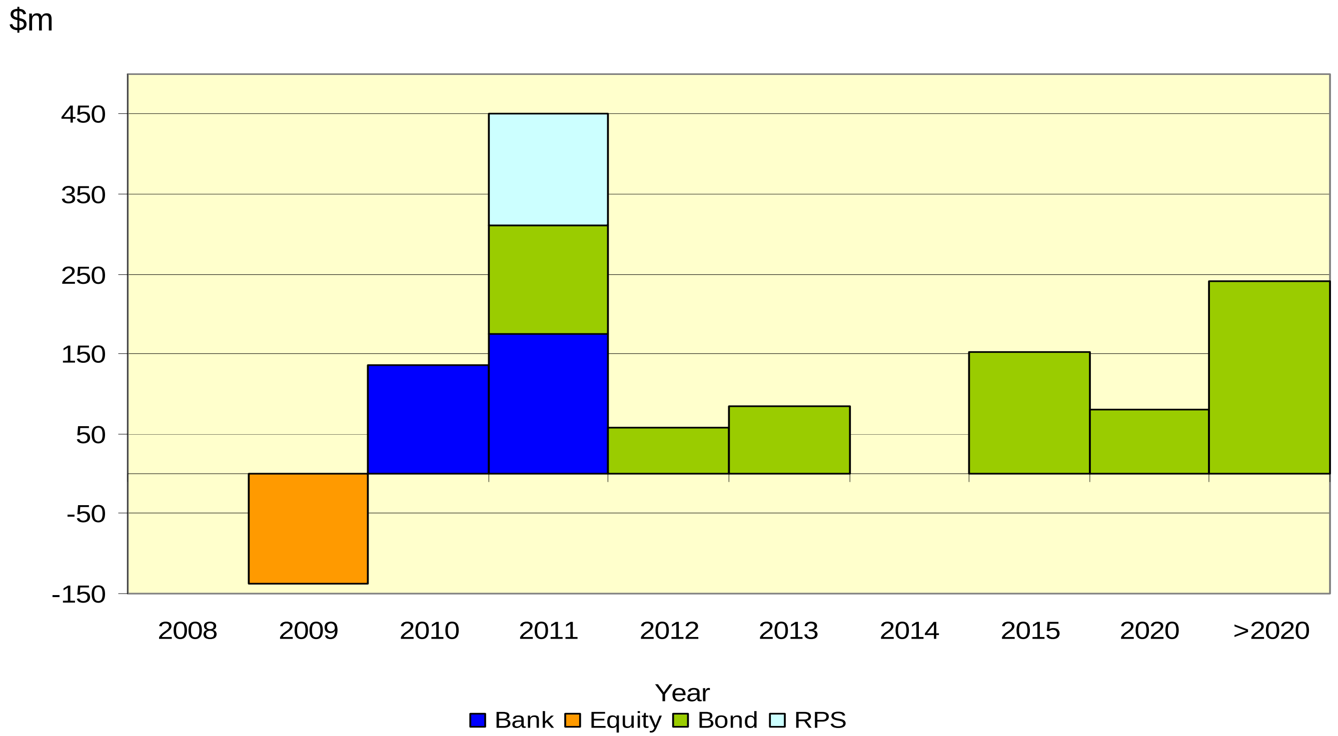
* $274 million as at 17 November 2008

Liability changes

- $140 million of limited recourse debt matured and was extended to August 2011
- Bank facilities comprise $572 million drawn to $414 for funding or guarantees
- Infratil and wholly owned subsidiaries had $96 million on deposit ($176.5 million as at 17 November 2008)
- In 2009 one third of Infratil's facilities with banking group rolls ($174 million) and $47 million working capital facility provided to IEA

Liability & Risk Management

Infratil Capital Receipts and Debt Maturity Profile



Since 1999 Infratil's principal debt source has been deeply subordinated, long dated (including perpetual) bonds. Bank funding is via facilities provided by ANZ, BNZ, CBA, Westpac, HSBC which has annual roll-overs of 1/3 of the amount (the 2009 roll-over is not shown as it provides no net funding). The anticipated 2009 equity raising is via an in-the-money option exercise (Strike $1.62). Infratil's 100% subsidiaries have no net external debt outside of working capital/liquidity. 2009 maturities are balanced by cash

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Value Developments & Trends

Industry trends & value drivers

- Infratil’s businesses have robust cashflows and are well placed to weather adverse economic developments

- Core underlying trends remain;
  - More people will still travel by air
  - Renewable energy will grow to replace hydrocarbon based sources
  - Public transport continues to be the low-cost and low-emission way to urban mobility
  - The Australian energy market restructuring continues

- Governments are prioritising infrastructure development and investment;
  - Social pressure for better facilities and services to remove bottlenecks
  - To provide economic stimulus
  - With limited government capital available there will be an onus on partnerships which are more than financial structures
  - Investors will not “buy new” when “second hand” is available more cheaply

- Long term investors remain committed;
  - Notwithstanding capital market events, very few excellent assets have come to market
  - Visible marked negative price changes have been restricted to liquid minority holdings in listed entities

30 September 2008: Prospects & Plans

Investment plans under scrutiny to ensure they are appropriate given availability and cost of capital, and expected returns

Future discretionary investments and share buybacks are likely to reflect capital released from existing activities rather than new funding

The infrastructure sector remains prospective and attractive;

- Robust cashflows
- Social demand for better facilities
- Political desire to encourage investment
- Strong sector and demand trends underlying air travel, renewable energy, and public transport

Energy

TrustPower

	30 September 2008	30 September 2007	31 March 2008
Customers (electricity)	219,000	220,000	222,000
Sales (GWh)	2,254	2,361	4,540
Generation Hydro (GWh)	907	833	1,472
Generation Wind (GWh)	254	273	546
Av. gen spot price	17 cents kWh	6.2 cents kWh	6.8 cents kWh
EBITDAF	**$136.7m**	**$116.2m**	**$208.0m**
Net profit after tax	$66.8m	$64.3m	$98.1m

Excellent result despite trying generation and market conditions. 558MW of new generation in consenting

Excellent financial result from a difficult generation period

- In June, TrustPower indicated that low hydro levels and a lack of wind meant earnings would fall by $15 million to $20 million for the year to March 2009, because of a need to purchase expensive spot electricity to meet consumer needs
- The record financial outcome is testament to the strength of TrustPower energy risk management skills

Prospects & Projects

- The 98.7MW Snowtown Wind Farm in South Australia was completed on time and on budget
- Resource consents for a further 558MW of New Zealand renewable generation were progressed
  - 72MW Wairau Hydro, 46MW Arnold Hydro, 200MW Mahinerangi Wind, 240MW Kaiwera Downs
- Government passed legislation to establish New Zealand's emission trading scheme. As structured this will expose electricity generators to the international price of carbon emissions from 1 January 2010. TrustPower's generation entails no emissions.

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Infratil Energy Australia

	30 September 2008	30 September 2007	31 March 2008
Generation Capacity	**96MW**	**70MW**	**70MW**
Billed Accounts	**372,556**	**235,540**	**286,139**
Revenue Generation	A$3.5m	A$5.1m	A$12.1m
Revenue Retail	A$226.0m	A$123.8m	A$230.0m
EBITDAF	**A$22.9m**	**A$7.0m**	**A$10.6m**
Costs capitalised	A$5.3m	A$2.3m	A$7.3m
Depreciation & Amortisation	(A$4.7m)	(A$2.4m)	(A$5.6m)
Net interest	(A$2.4m)	(A$0.2m)	(A$1.9m)
Tax	(A$1.1m)	(A$7.5m)	(A$2.0m)
Derivative Change	(A$8.4m)	A$18.1m	(A$7.5m)
Minorities	(A$1.9m)	A$0.3m	A$0.9m

Exceptional financial result and excellent customer growth.

New generation progressed, but retailing faces difficulties with stifling regulation except in Victoria

A strong earnings contribution, including one-off gains

- While there were one-off gains they reflected good positioning
- Retail growth of 86,209 accounts producing positive, but seasonal returns

Prospects & Projects

- Commissioning of the 26MW Hunter peaker station
- Dual fuel 120MW Perth Energy project - work expected to start in 1Q 2009 pending final consents
- Continued deregulation and good retail conditions in Victoria – price cap removal from Jan 2009. Very testing conditions in Queensland awaiting legal and/or regulatory developments
- Development of the Australian Government emissions reduction scheme has progressed and is now accommodated by the contracts and futures markets

Energy Developments Limited

Chairman's Address 5 November 2008

- The Company has embarked on a comprehensive strategic review of the entire business. Several months ago, the Company received feedback from its major shareholders, signalling a view the market wanted to see what steps could be taken to have EDL's undoubted inherent value more immediately reflected in the share price prevailing at that time. Consequently, the Company announced on 4 July that it would undertake a Strategic Review and engaged various financial and legal advisors to assist in the process. This Review is continuing to consider a variety of options, which include the potential sale of the Company as a whole, or the sale of some of its businesses, or some other strategic arrangement, all with the objective of maximising value for all of the Company's shareholders. It is a big exercise. We now operate in five countries across three continents, and have a broad and complex mix of operating activities, customer arrangements and financial facilities. We foreshadowed that the process would take significant time to put it all together, and that is proving to be the case. Nevertheless, good progress has been made, with strong initial interest expressed in all of the Company's businesses from a range of financial sponsors and trade partners. Qualifying parties were provided with confidential information memoranda in early September and a select list of shortlisted parties is conducting detailed due diligence on the various businesses at the current time

Airports

Infratil

Wellington

	30 September 2008	30 September 2007	31 March 2008
Passengers Domestic	2,366,892	2,042,646	4,418,381
Passengers International	285,014	288,254	603,344
Aeronautical Income	$27.9m	$22.8m	$48.9m
Pax Services Income	$11.7m	$10.4m	$21.8m
Property & Other Income	$4.1m	$3.6m	$7.5m
Operating Costs	$11.5m	$9.2m	$18.2m
EBITDAF	**$32.2m**	**$27.7m**	**$60.0m**

Good passenger and earnings growth care of good airline service and fare offers.

In the short term passenger numbers unlikely to grow, but work is underway to accommodate the growth of new services over the medium term

Solid financial result

- Earnings growth continued thanks to active competition on the trunk routes between Pacific Blue and Air New Zealand
- While the economy will impact demand for air travel, lower fuel costs and active airline competition may balance the impact

Prospects & Projects

- During the period the north end runway safety area was commissioned. The Airport has spent $33 million on the runway safety project. Work commenced on the expansion and renewal of the international terminal, which is projected to cost $40 million
- The Commerce Amendment Act was passed which will eventually result in changes to the economic regulation of Auckland, Wellington and Christchurch Airports. The changes will involve the Airports in a more complex regulatory structure but it is likely to take several years to determine the real impact
- Air New Zealand progressed the refurbishment and reengineering of its airport operations with the aim of enhancing their efficiency and quality of service
- The successful growth of Pacific Blue and expansion of JetStar’s Tasman services (to include Auckland as well as Christchurch) signal the increasing integration of the New Zealand, Tasman and Australian aviation markets which will spur growth

Europe

	30 September 2008	30 September 2007	31 March 2008
Passengers	1,672,249	1,715,427	3,003,874
Freight (tonnes)	20,376	25,101	64,359
Aeronautical Income	£10.7m	£11.2m	£22.4m
Pax Services Income	£4.7m	£4.1m	£8.4m
Property & Other Income	£2.2m	£1.5m	£6.3m
Operating Costs	£19.9m	£18.0m	£36.6m
EBITDAF	**(£2.3m)**	**£0.0m**	**£0.5m**
Interest, Tax, Dep, Impair	(£3.6m)	(£2.3m)	(£4.2m)

Poor financial outcome due to the loss of freight airlines

Because of the low-cost nature of the airports' passenger services these numbers have held up

Poor financial result

- The European Airports group incurred an EBITDA loss for the six months of $6 million
- Principally this was due to the loss of freight customers at Glasgow Prestwick and Kent

Prospects & Projects

- Work is continuing on achieving the necessary resource consents for Lübeck Airport. The delay in consenting has been a major impediment to developing the Airport's potential
- Master Plans have recently been concluded for both Glasgow Prestwick and Kent Airports. In both cases this will be significant aid to forecasting and planning growth
- While the European aviation market is suffering the consequences of the wider economic malaise the low-cost passenger sector served by Glasgow Prestwick and Lübeck have not borne the brunt of the downturn
- The halving of fuel costs is also expected to start flowing through to fares in the second half. For very low cost passenger airlines such as Ryanair fuel can make up 50% of the total operating cost and it is an even larger share of freight airline costs

NZ Public Transport

NZ Bus

	30 September 2008	30 September 2007	31 March 2008
Passengers Northern	19,956,312	18,638,872	36,648,393
Passengers Wellington	10,601,150	10,206,281	19,723,961
Fare Income	$58.6m	$55.8m	$112.7m
Contract Income	$43.0m	$38.6m	$83.4m
EBITDAF	**$17.8m**	**$20.8m**	**$41.9m**
Interest, Tax, Dep, Impair.	($14.9m)	($15.4m)	($22.9m)
Capital Spend	$20.5m	$11.0m	$44.1m

6% passenger growth overall, but up to 22% on services subject to intensive upgrade

Adequate financial result

- Earnings were below target due to a change in maintenance practices which resulted in a increase in costs over the period
- Otherwise higher fare and contract income was in balance with increased costs
  - Given the pressure on costs over the period, the relative stability of the net outcome was a credit to the NZ Bus team
  - Notably NZ Bus incurred road user charges of $5.6 million for the period, $0.7 million more than the same period in 2007 due to a 14% increase in this government charge

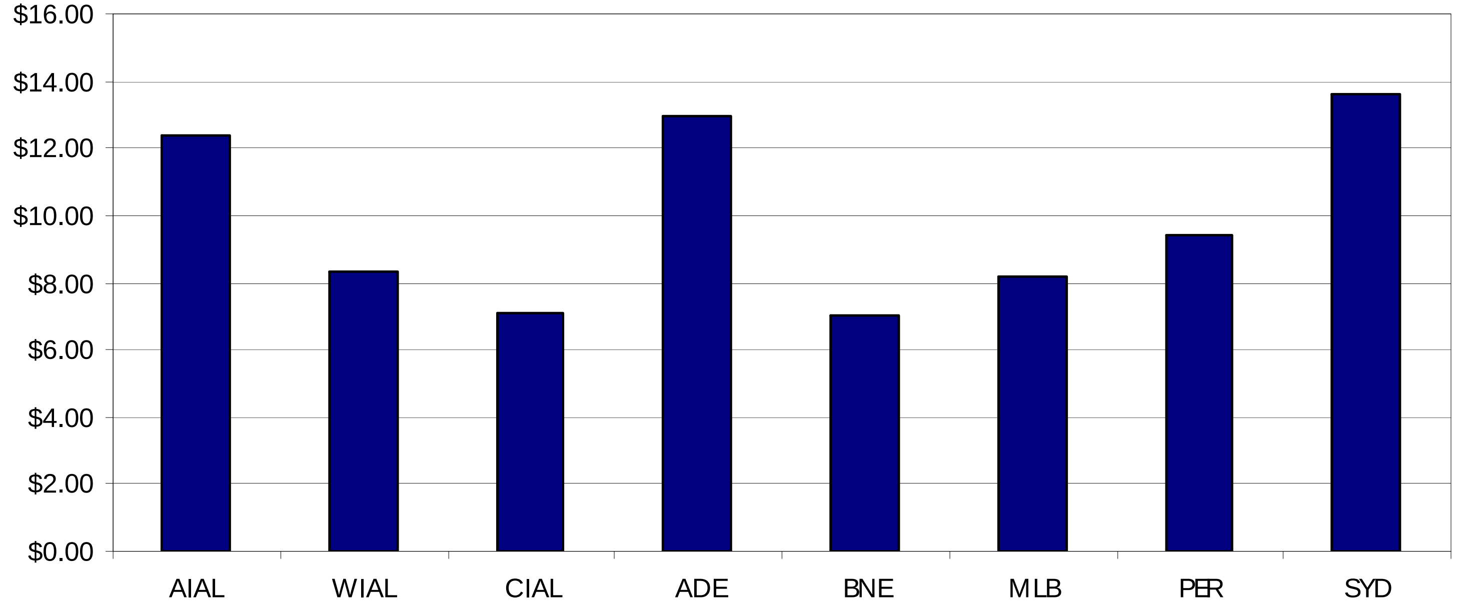
Prospects & Projects

- NZ Bus is in the process of a comprehensive reengineering and upgrading of its operations. Its goals are to be as efficient as possible and to provide excellent services. Implementing change inevitably results in some challenges but progress to date has been encouraging
- The last minute changes to the Public Transport Management Act represent a major issue as it effectively means regional transport agencies can ban privately provided public transport. It is hoped the incoming Government will undertake the speedy repeal of this law
- The Wellington launch of Snapper has far exceeded expectations with 30,000 cards issued and cards now representing about a third of all adult fare payments. The goal is to have Snapper on all Wellington public transport and started in Auckland within the next year

www.infratil.com

Wellington Airport

Average Airport Charges per Passenger



Source: NZ Airport 2007 Disclosure Accounts and ACCC 2007 Price Monitoring Report

The Commerce Amendment Act changes the economic controls on Auckland, Christchurch and Wellington airports

- Analysis by officials (Ministry of Economic Development and Treasury) indicated that Airports were amongst the best performing parts of NZ's transport infrastructure and that no case existed for changed regulation
- The consequences will be a more expensive and time consuming regulatory regime that will cause investment to slow down
- Any pricing consequences would arise from the 2012 reset

Infrastructure – Still An Interesting Sector

Financial Times 15 May 2008

- "Kohlberg Kravis Roberts has unveiled plans to diversify into infrastructure with a $10bn - $15bn fundraising, as the US private equity group reacts to recent credit market turmoil. The shift into infrastructure is an attempt by the US private equity firm behind some of the biggest buy-outs in history to regain ground on its great rival Blackstone. KKR has hired George Bilicic, the former managing director at Lazard responsible for its power, energy and infrastructure activities, to take charge of its new infrastructure fund. It is also seeking to hire new executives for the fund in Europe and Asia."Infrastructure is a multi-trillion dollar global marketplace with enormous need for private investment," said Henry Kravis and George Roberts, co-founders of KKR. "This new initiative is a logical extension of our business, building on the significant expertise we have established by investing in large, complex and regulated businesses," they said. The move comes only days after Morgan Stanley and Global Infrastructure Partners, a private equity firm backed by Credit Suisse and General Electric, announced they had raised a combined $10bn for two infrastructure funds"

Infrastructure

Macquarie Equities Report

13 November 2008

Infrastructure sector

Money still flowing to the unlisted funds

Event

- The listed infrastructure sector is down around 28.4% this year in local currency terms and 33.3% in USD
- According to a report by California-based placement agent, Probitas, $21.5bn has been raised for infrastructure in the first nine months of 2008, and a total of 63 funds worldwide have or are targeting raising, with 32 of these looking to raise upwards of US$1bn individually. Collectively Probitas is forecasting a total of US$94bn of funds currently in market or thought to be coming to market in the next 12 months

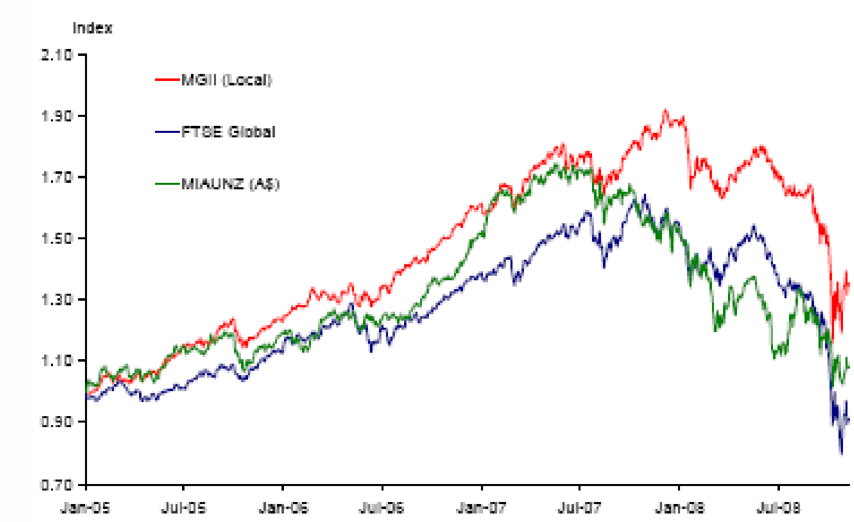
Impact

- The infrastructure sector, while down significantly, has outperformed the broader market, with the FTSE All-World (USD) down 41.3% over the same period. Despite this, the high level of debt at some infrastructure companies is seeing them having to realise assets or look at other means (eg, dividend cuts) to in order to pay down debt
- While the funds listed in the report by Probitas are not all likely to reach their targets (for example, we'll go out on a limb and say Babcock & Brown may struggle to get €1bn for its Turkish Infrastructure Fund), that US$21.5bn in **equity** has already been raised this year, the likelihood that a significant portion of the targeted amounts will be raised in the coming 12 months means that there will continue to be money flowing into the sector
- On our estimates, around US$100bn of capital has been raised over the past two years and clearly not all of this will have been invested. Even with more conservative gearing this represents a substantial pool of funds looking for a home in infrastructure – and that is before we include pension funds and sovereign wealth funds
- As a consequence, while current tight credit markets may impact the funding ability for some of the larger assets in particular, as they start to open up again we would expect to see private buyers move in to pick off assets from distressed holders (be it asset sales or public-to-private transactions) and governments that are looking to raise money and or move ahead with projects to stimulate the economy

Infrastructure

- The listed infrastructure sector is down around 28.4% this year in local currency terms and 33.3% in USD. The infrastructure sector, while down significantly, has outperformed the broader market, with the FTSE All-World (USD) down 41.3% over the same period

Infrastructure has outperformed the broader market



Source: Macquarie Research, November 2008

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- Despite this, there are still a number of stocks within the sector that are suffering from high debt levels and we have seen a significant number of players going to the market looking to sell non-core (or in some cases core) assets
- In Australia, the most obvious current example is Asciano, which is looking to sell a stake in its rail business, and BBI looking to sell some of its ports and rail business (having recently sold 50% Powerco to QIC). However, we have also seen MAP sell stakes in CPH and BRU in order to, among other things, defease its Tickets debt. MIG is also looking to sell its stake in the M7. The question is who will be able to purchase these assets, and who has the money to partner with governments on the existing (and in some cases accelerated) infrastructure project pipeline

Fund/Parent	Fund Target (US$m)	Native Currency
KKR Infrastructure Fund	10,000	USD
GS Infrastructure Partners II	7,500	USD
Macquarie European Infrastructure Fund III	6,468	EUR
Macquarie Infrastructure Partners II	6,000	USD
Citigroup Infrastructure Investors	4,000	USD
GS European Infrastructure Fund	3,881	EUR
aAIM Infrastructure Fund	3,190	GBP
Alinda Infrastructure Fund II	3,000	USD
ABN AMRO Global Infrastructure Fund II	2,587	EUR
CVC European Infrastructure Fund	2,587	EUR
Fondi Italiani Per Le Infrastructure	2,587	EUR
Gulf One Infrastructure Fund I	2,000	USD
Macquarie India Infrastructure Opportunities Fund	2,000	USD
Santander Infrastructure II	1,941	EUR
Infracapital Partners	1,595	GBP
JP Morgan Asian Infrastructure Fund Mumbai	1,500	USD
Macquarie Renaissance Infrastructure Fund	1,500	USD
UBS International Infrastructure Fund	1,500	USD
Babcock & Brown Turkish Infrastructure Fund	1,294	EUR
EQT Infrastructure Fund	1,294	EUR
ING European Infrastructure Fund	1,294	EUR
Henderson Infrastructure III	1,276	GBP
Carlyle Riverstone Renewable Energy Infrastructure Fund II	1,200	USD
Challenger Mitsui Emerging Markets Infrastructure Fund	1,200	USD
Indian Infrastructure Financing Initiative	1,200	USD
Actis Infrastructure Fund II	1,000	USD
Alterna Core Capital Asset Fund	1,000	USD
ECP Africa Fund	1,000	USD
India Infrastructure Advantage Fund	1,000	USD
Pan African Infrastructure Development Fund	1,000	USD
SC – IL&FS Asia Infrastructure Growth Fund	1,000	USD
Vision Global India Infrastructure Fund	1,000	USD
Emerald Infrastructure Development Fund	970	EUR
Innisfree Secondary Fund	957	GBP
Babcock & Brown Asia Infrastructure Fund	883	USD
Asian Giants Infrastructure Fund	750	USD
Ampere Equity Fund	647	EUR
DIF Infrastructure II	647	EUR
Transport Infrastructure Investment Company Fund	647	EUR
ADIC UBS Infrastructure Fund I	600	USD
Fortis Clean Energy Capital Fund	517	EUR
Axis Infrastructure Fund	500	USD
Baer Capital Infrastructure and Real Estate	500	USD
HSBC Environmental Infrastructure Fund	500	USD
Indochina Infrastructure Holdings	500	USD
Macquarie Global Infrastructure Fund III	500	USD
MENA Infrastructure Fund	500	USD
Millenium Private Equity Infrastructure Fund	500	USD
Q India Fund	500	USD
RREEF North American Infrastructure Fund	500	USD
UTI India Fund	500	USD
Rabo Bouwfonds Communication Infrastructure Fund	485	EUR
Saratoga Asia Fund II	330	USD
AmKonzen Water Infrastructure Fund	323	USD
European Renewable Energy Fund	320	EUR
Darby Mexico Infrastructure Fund	200	USD
HBG Infrastructure	200	USD
Israel Infrastructure Fund II	200	USD
Piramal Healthcare Fund	200	USD
DG Infra+	194	EUR
Bunyah GCC Infrastructure Fund	150	USD
Central American Mezzanine Infrastructure Fund	150	USD
Network European Infrastructure Partners	129	EUR

Infrastructure

- On our estimates, around US$100bn of capital has been raised over the past two years and clearly not all of this will have been invested. Even with more conservative gearing this represents a substantial pool of funds looking for a home in infrastructure – and that is before we include pension funds and sovereign wealth funds
- Bankers willing to lend in the current quarter are few, but anecdotally there is interest in CY2009, possibly reflecting the budget cycle. Further, bond markets are effectively closed, thus banks are being required to step in. Club deals with numerous banks are now the norm, making achieving the transaction harder
- As a consequence, while companies may be facing difficulties stemming from risks around refinancing combined with falling asset values, the current tight credit markets are also impacting the ability for potential predators to come in and purchase these assets (particularly for some of the larger assets)
- While these stresses are not insurmountable – as demonstrated at the start of the month the Powerco transaction – cash is clearly king. However, as credit markets start to open up again we would expect private buyers move in to pick off cheap assets from distressed holders (be it asset sales or public-to-private transactions) and governments that are looking to raise money and or move ahead with projects to stimulate the economy. In Australia, this will be aided by the fall in the Australian dollar

C$90-100bn has been raised in the last 2 years

Fund	Global	Europe	US	Other
2i Capital Group				0.3
3i		1.4		1.2
ABN Amro		1.3		
Abu Dhabi Investment Company				1.0
AIG			1.2	4.2
Alinda Infrastructure Fund			3.0	
Atherstone India Invest & India Invest				1.0
Babcock & Brown		2.2		3.4
Blackstone	Europe and US amount TBC			
BNP Paribas	1.3			
Brisa Autoestradas de Portugal	0.7			
Carlyle Group	+2.0			
Citigroup and Blackstone				5.0
Citigroup Developed Market	3.0			
Credit Suisse/GE (GIC)	5.3			
Deutsche Bank and Strabag				
Dubai International Capital				0.5
Finopi Spa & Fondaco Sgr		0.2		
Fondo Italiano per le Infrastrutture (F2i)		3.4		
Global Via	0.3+35 concessions			
Goldman Sachs Infrastructure Group	6.0			
Goldman Sachs Infrastructure Group II	7.5			
Henderson/Laing		1.7		
HSBC	0.5			
IDB Infrastructure Fund				0.7
IFDC				0.7
Infracapital		1.4		
ING	1.3	1.5		
Instrata Capital				1.0
JP Morgan	1.0-2.0			2.0
Macquarie		6.3	4.0	
Macquarie/State Bank of India				2.0
Morgan Stanley	1.0-3.0			
Nordbank, Shinsei Bank and Unit Trust of India				2.0
NIBC European Infrastructure Fund		0.7		
REEF Infrastructure	1.7	2.7		1.0
Sacyr	2.4			
Transfield				0.2
Transurban			2.0	
UBL Asset Management				0.5
UBS	1.5			
Total Low End	**34.8**	**22.8**	**10.2**	**24.7**
Total High End	**38.5.+**	**26.8**	**10.2**	**24.7**
Total Low End	**92.6**			
Total High End	**100.2**			

Sector Trends

Renewable energy

- New Zealand and Australia are to price greenhouse gas emissions from 2010. NZ has a target of 90% renewable electricity generation by 2025 (it is now 70%). TrustPower has 4 major NZ renewable projects in consenting.

Australian energy

- Privatisation and deregulation of the energy market continues, albeit unevenly
- Infratil Energy Australia grew customer numbers from 286,000 to 372,000. The third peaker power station was commission and the 120MW Perth dual-fuel facility is due to start construction in 2009

Airports

- Integration of Australian, Tasman and New Zealand markets is underway and will create growth which will offset at least some of the general economy problems. Long haul growth will occur once aircraft are available
- European aviation is contracting, but post-recession growth will occur. In the meantime low cost passenger services are relatively outperforming the market and they and freight airlines will be major beneficiaries of lower fuel costs

Public Transport

- Social and political interest remain focused on having public transport develop as a real alternative to the car
- NZ Bus is enhancing its services to ensure it can meet the needs of growing demand

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