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DATE:	1 March 2005
PAGES:	42

AUSTRALIAN INFRASTRUCTURE FUND (ASX CODE AIX)

ANNOUNCEMENT HEADING:

AIF'S ACQUISITION OF HOCHTIEF AIRPORT INTERNATIONAL ASSETS

Please see attached a presentation in relation to AIF's acquisition of HOCHTIEF AirPort International Assets.

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Kim Rowe

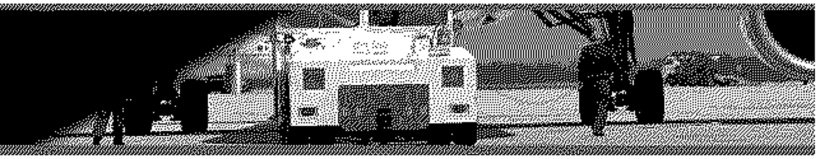
Kim Rowe
Company Secretary
Australian Infrastructure Fund

Acquisition of HOCHTIEF AirPort International Assets

Australian **Infrastructure** Fund

MARCH 2005

Disclaimer



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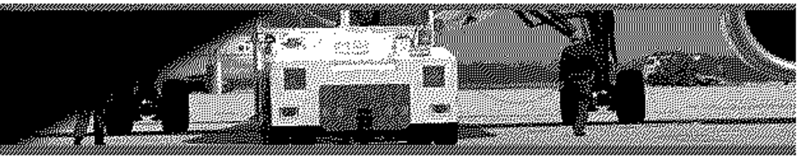
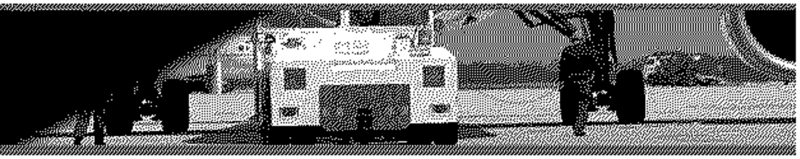
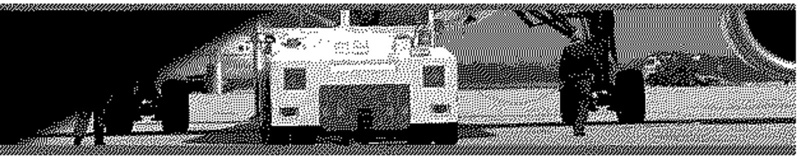
Agenda





1. Overview

Investment Overview



AIF has established AIFI to invest A$200 million (€119m) in Sydney, Athens, Düsseldorf and Hamburg Airports via HTAC

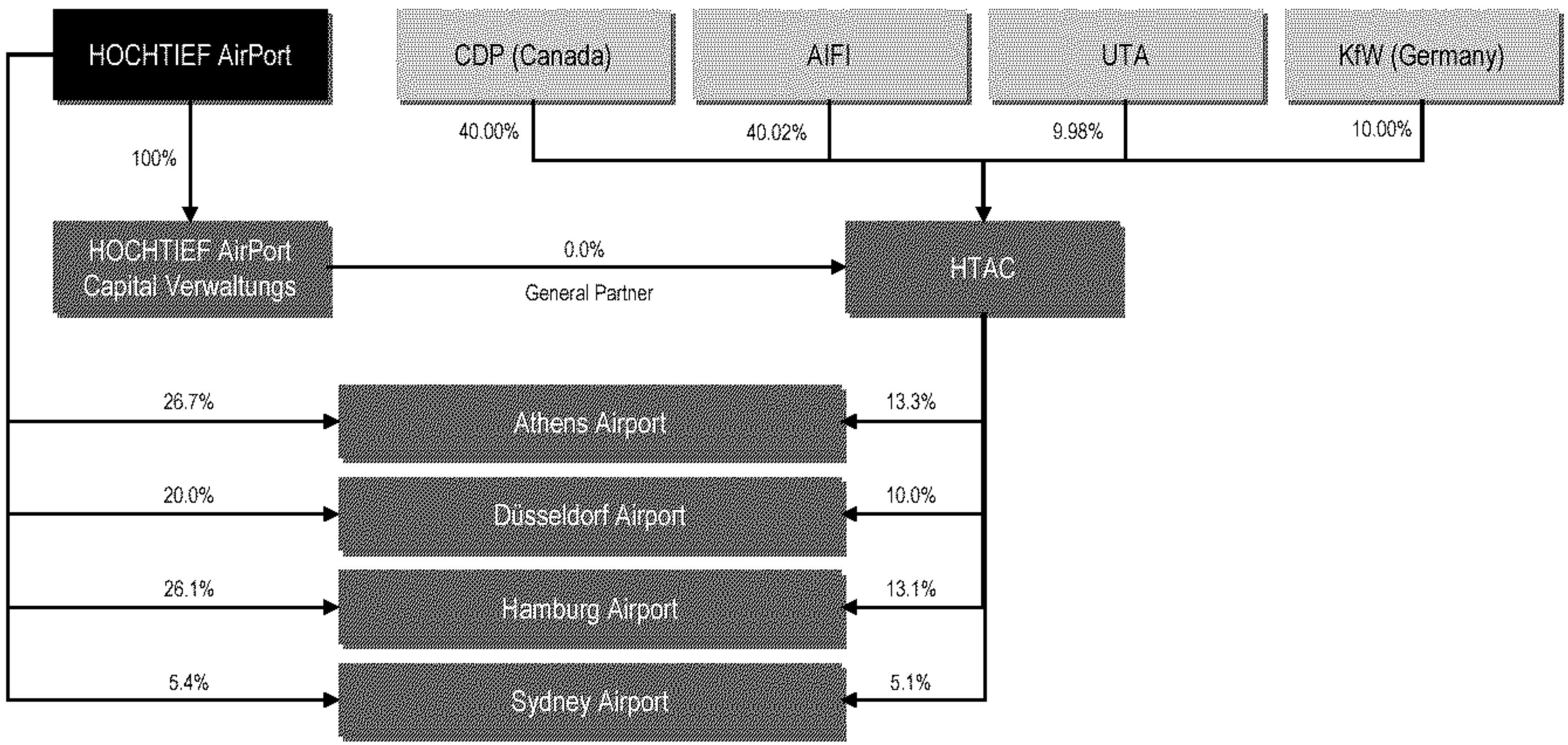
- Logical extension of AIF business internationally
  - Providing additional diversification and scale
- Sydney complements existing Australian Airport portfolio
- Partnership model with HOCHTIEF AirPort
  - Investors in HOCHTIEF AirPort Capital (HTAC) include: AIF (40%), UTA (10%), Caisse de dépôt et placement du Québec (CDP) (40%) and KfW Bankengruppe (KfW) (10%)
- Attractive entry price
  - Combined EV / EBITDA for 2004 of 11.2x post costs
    - Europe 9.7x 2004, 9.4x 2005
    - Sydney 15.9x 2004

Investment Overview (continued)

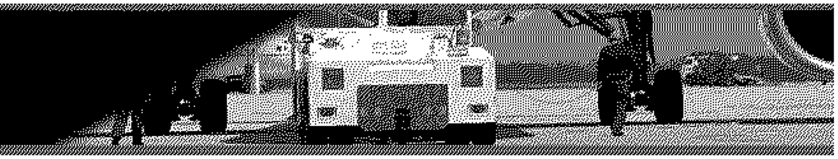
- Board representation
  - AIF together with UTA have the right to nominate one board member on each of Athens, Düsseldorf and Hamburg
  - HOCHTIEF AirPort have a director on the board of Sydney Airport
- Conservative capital structures
  - Opportunities for refinancing over time
- Platform for Growth
  - Acquisition of additional stakes in seed assets through the use of pre-emptive rights
  - Acquisition of new airport assets with partners
- AIFI will provide cash flow of $15.6 million (partially pre-funded) for the period ending 31 December 2005
- Forecast distribution of 6.5c per security for 30 June 2005

Ownership Structure

- The ownership structure of these assets following the acquisition is shown in the table below:

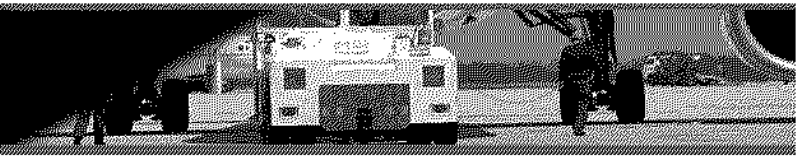


Investment Partners



The other investors in HTAC are UTA (10%), CDP (40%) and KfW (10%)

- HOCHTIEF - leading international provider of construction related services. Has a track record of over 40 years in airport construction and since the early 1990's expertise in the development, investment in and management of airports. Will continue to be a significant investor in each of the seed assets
- CDP - the largest institutional investor in Canada with over C$102.4 billion in funds under management. Its Private Equity group, the investor in HTAC, is managed by a team of over 70 professionals. An original investor in Toronto's Highway 407
- KfW – is one of Germany's largest banks with total assets of €329 billion and is owned by the Federal Republic of Germany (80%) and the German federal States (20%). Within KfW, KfW IPEX-Bank, provides equity and mezzanine financing to domestic and international infrastructure assets



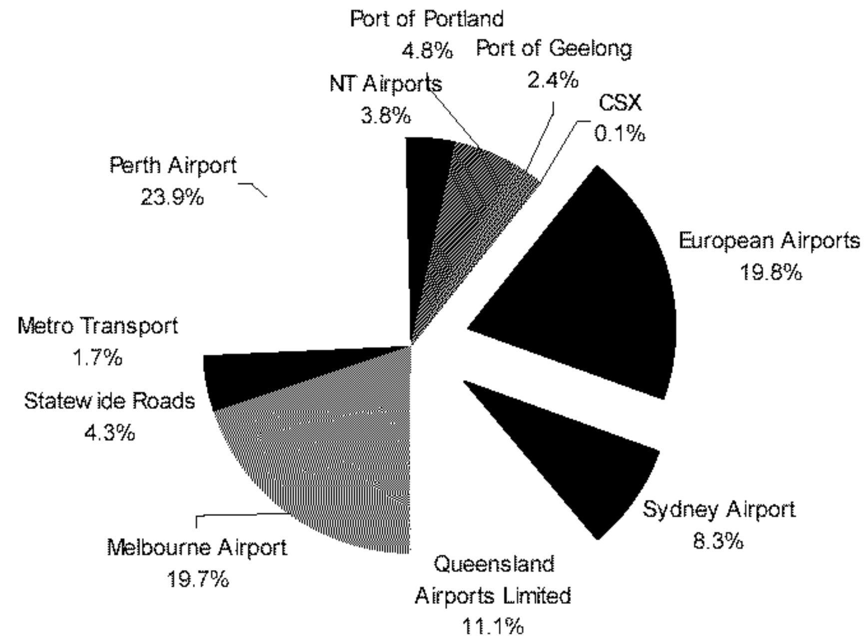
2. Impact on AIF

Impact on AIF

- A$15.6 million cashflow (partially pre-funded) for AIF for December 2005
- Cash yield of 7% to December 2005
- Forecast June 2005 distribution of 6.5c per security
- New securities entitled to June 2005 distribution
- December 2005 distribution level to be at least equal to June 2005 distribution
- Mixture of franked and tax deferred
- Accretive to EPS, Cash Flow per share
- Balance Sheet – NTA increase to A$2.08 per security

Summary of AIF portfolio

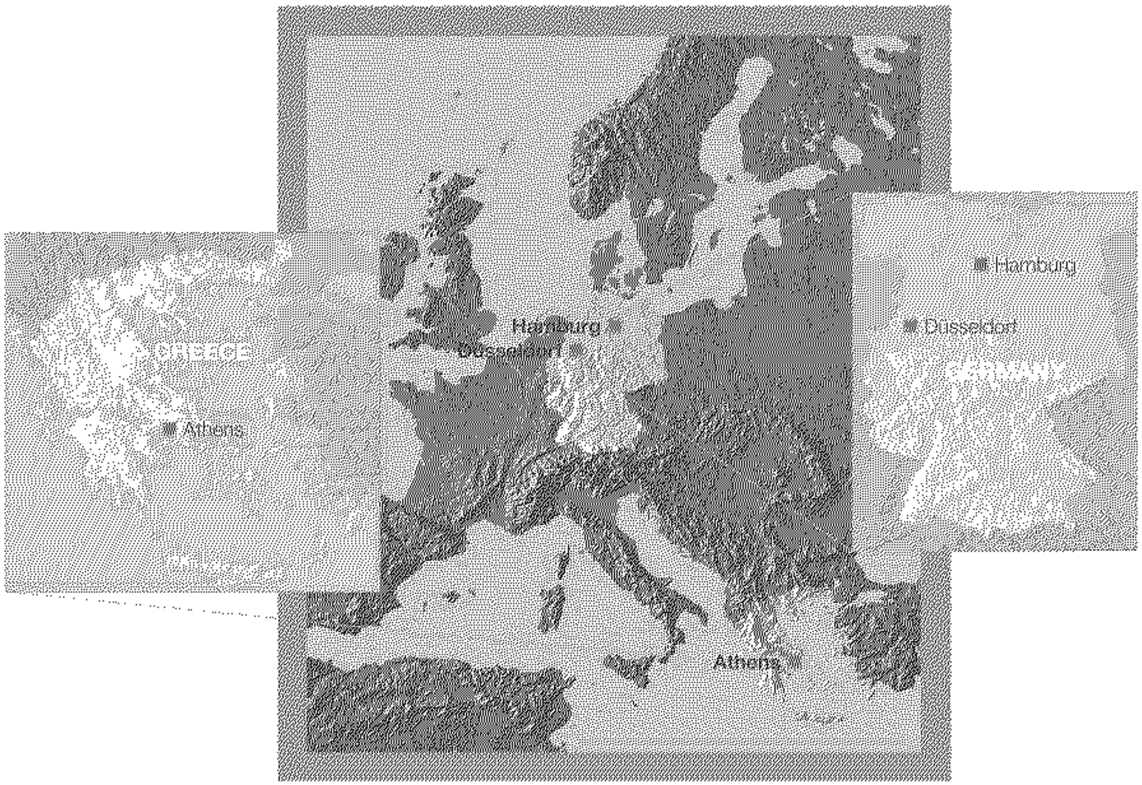
Transport Assets		Proforma Value[2] ($m)
Airports	Perth Airport	171
	Melbourne & Launceston Airports	141
	Gold Coast, Townsville & Mount Isa Airports[1]	79
	Sydney Airport	59
	Athens Airport Düsseldorf Airport Hamburg Airport	141
	Darwin, Alice Springs & Tennant Creek Airports	27
	Airports Total	**618**
Seaports	Port of Portland; CSX	35
	Port of Geelong	17
	Seaports Total	**52**
Toll roads	Statewide Roads	31
Light Rail	Metro Light rail & Monorail	12
Total		**713**

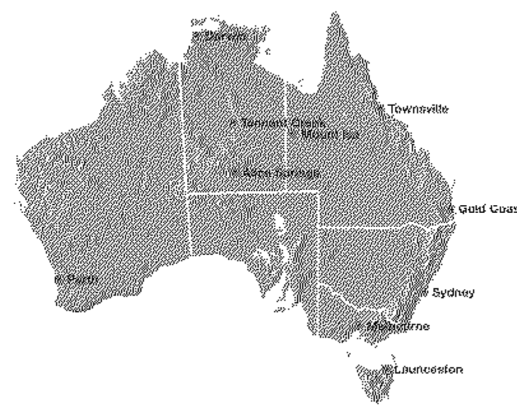


1. Townsville and Mount Isa Airports were acquired by QAL on 14 February 2005. AIF's investment was A$24M
2. Proforma value includes assets as at 31 Dec 04 plus acquisition of new assets at cost

AIF Airport Portfolio - Geographic Diversification

Investment in 13 Airports – 10 Australian, 3 European





3. Asset summary

Seed Asset Ownership Summary

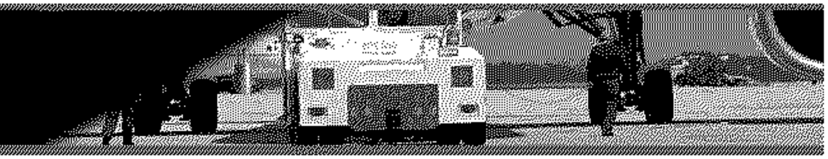
	AIF effective ownership (%)	HTAC ownership (%)	Combined ownership, HOCHTIEF AirPort HTAC (%)
Sydney	2.1%	5.1%	10.5%
Athens	5.3%	13.3%	40.0%
Düsseldorf	4.0%	10.0%	30.0%
Hamburg	5.3%	13.1%	39.2%

Financial Overview

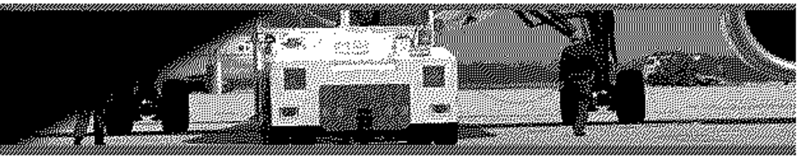
	Revenue 2005F (€M)	EBITDA 2005F (€M)	EBITDA Margin 2005F	PAX 2005F (M)	Catchment (m)
Sydney	A$548.4[(1)]	A$434.4[(1)]	79%[(1)]	26.4[(1)]	4
Athens	318.7	206.0	65%	13.2	6.1
Düsseldorf	269.6[(2)]	109.6	41%	15.3	18
Hamburg	205.3	54.8	27%	10.5	4

(1) Sydney actual for year ended 30 June 2004
(2) Operating revenue, total revenue €292.2m

Shareholder Agreements for HTAC



- Strategy focuses on investment grade airports with more than 5 million passengers in OECD Countries (or as agreed)
- Mutual exclusivity between partners entitles HTAC to at least one-third of any new airport asset acquisitions (whilst respecting APAC arrangements)
- Comprehensive pre-emptive rights regime between shareholders of HTAC also covering disposal by HOCHTIEF AirPort's remaining seed assets
- Tag along rights with HOCHTIEF AirPort
- Fixed Airport Services Fee of €3M pa (indexed at CPI, beginning in 2008) plus success fee for performance exceeding 13% IRR and cash yield over 6% pa (after fees) for first three years
- Quarterly distribution policy seeks to maximise cash returns to investors
- Vote pooling agreement
- Investor committee representation and veto rights

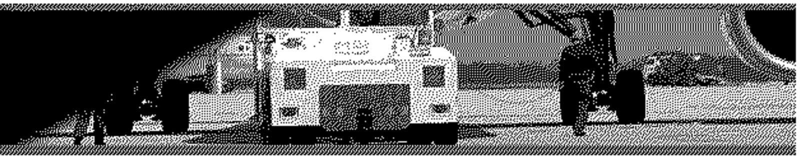


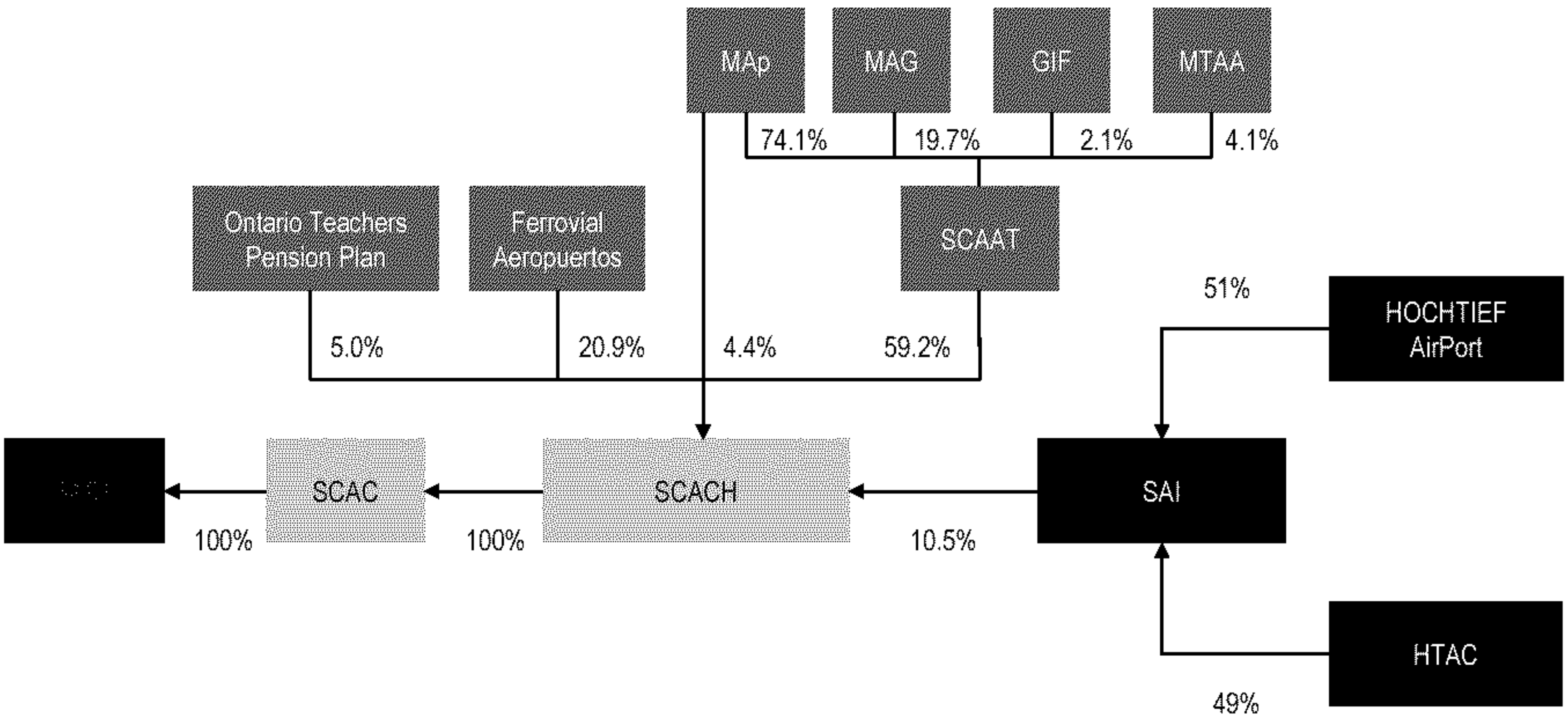
4. Investment highlights

Investment Highlights for Sydney Airport

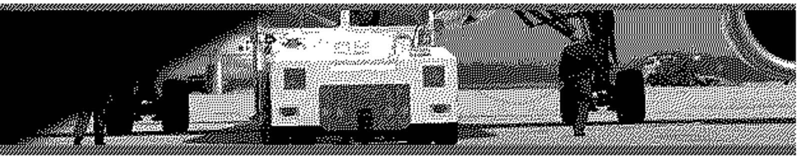
- The primary gateway into Australia and catchment of 4 million
- 26.4 million passengers, 8.9 million international and 17.5 million domestic (2004)
- 34 international and 7 domestic airlines
- Only minor capex required following upgrade in 2000
- Concession until 2096
- Dual till regulatory regime
- Pre-emptive rights
- Board representation – HOCHTIEF AirPort have 1 seat and are technical partner

Sydney Airport Ownership Structure



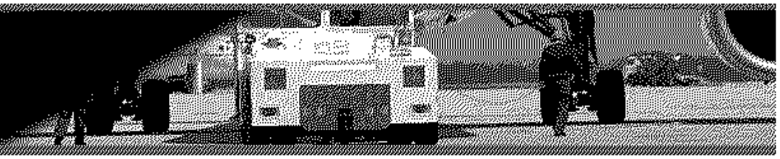


Sydney Airport Opportunities



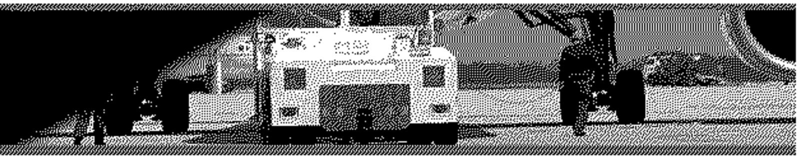
- A380 Aircraft
- Spreading runway demand outside peak periods
- Attractive growth outlook - Australian GDP projected to grow at 3.5% per annum 2005-2010 (SDG)
- Property development
- Car park expansion
- Refinance took place in 2004, further refinancing expected in the near future

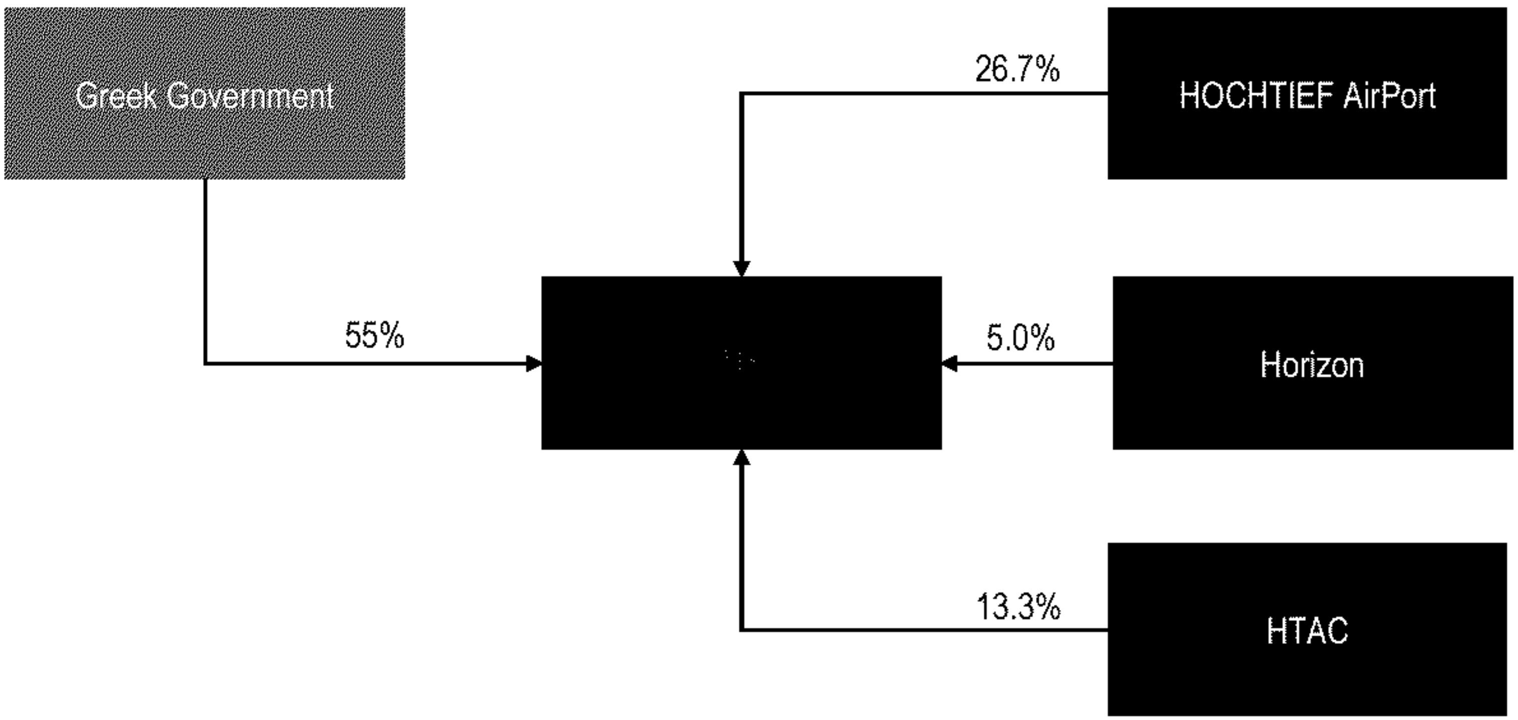
Investment Highlights – Athens Airport



- Gateway to Southeast Europe and voted "Best Airport in Europe" - IATA survey 2003
- Greek population 10.6 million people, Athens catchment area of 6.1 million
- Exclusivity zone within 100km of Athens until 2016
- Only minor capex required following completion of airport development in 2001
- 13.2 million passengers forecast in 2005 - 8.3 million international and 4.9 million domestic
- Forecast passenger growth of 4% (2004-2010)
- Sufficient runway capacity - some terminal expansion possible later in the decade
- Concession until 2026
- Dual till regulatory regime
- Pre-emptive rights
- Board representation – Hastings will have 1 seat and HOCHTIEF AirPort 3 seats

Athens Airport Ownership Structure





- ABB has sold its 5% stake to Horizon Air Investments, SA., a company incorporated under Greek law. HOCHTIEF AirPort has disputed the validity of this sale based on the existing agreement between the shareholders

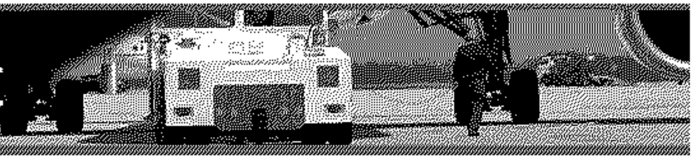
Athens Airport

- Airport Development Agreement regulates landing charges capping real returns on invested capital to 15% pa. (compounded cumulative)
- An Airport Development Fund levy established by Greek Government applies to all departing passengers throughout Greece - Athens Airport entitled to at least 65% of fees raised by the Athens levy
- Olympic Airlines represents over 40% of traffic - Greek Government seeking expressions of interest for purchase of Olympic Airlines
- Growing market share of Aegean and low cost carriers

Athens Airport Opportunities

- Property development
- Greek GDP projected to grow at 3.3% per annum 2005-2007
- Potential IPO of Government stake
- Continued focus on low cost airlines and cargo transport. In 2003, 7 new airlines commenced services out of Athens with 6 new destinations
- Refinancing potential

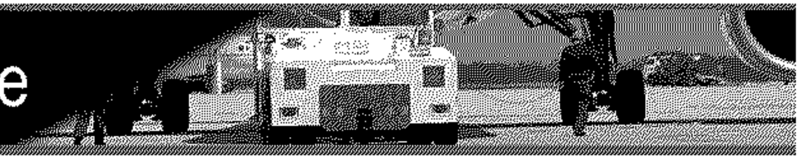
Investment Highlights – Düsseldorf Airport

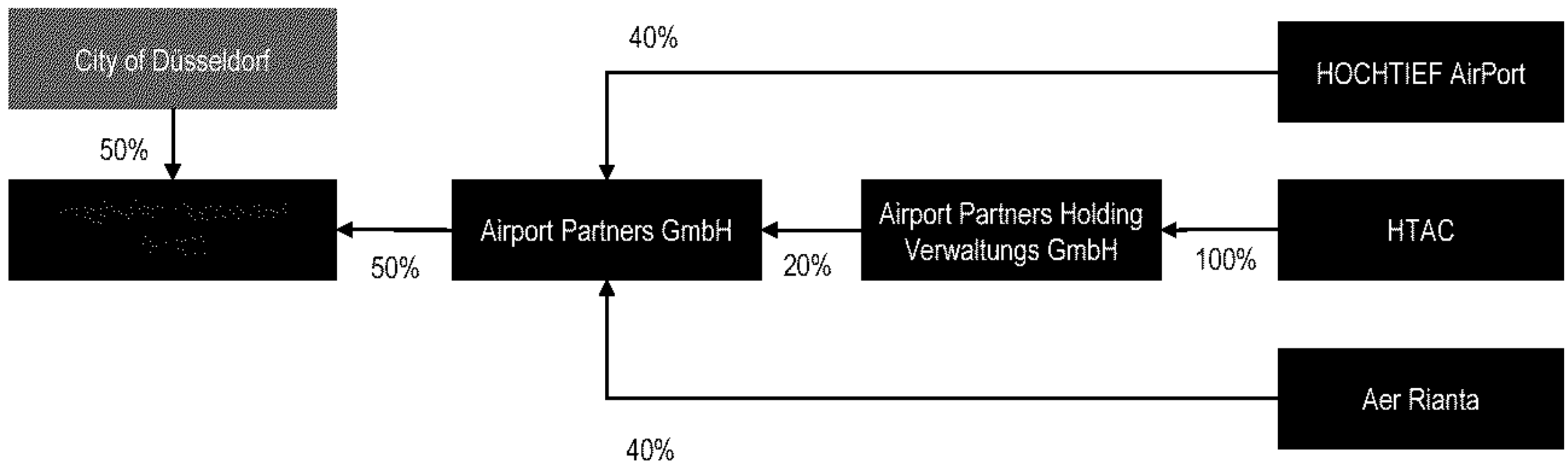


- Awarded "Germany's Best Airport -2004" by Capital magazine
- Düsseldorf catchment area of 18 million within 100km (total German population of 82.5 million)
- 15.3 million passengers forecast in 2005
- Forecast passenger growth of 4% (2004-2010) [(1)]
- New terminal
- Concession unlimited
- Price cap regulatory regime
- Pre emptive rights
- Board representation – Hastings will have 1 seat and HOCHTIEF AirPort 2 seats

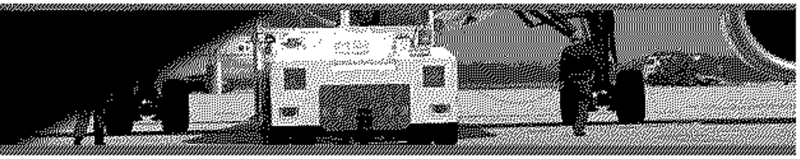
(1) Assuming flight cap is lifted

Düsseldorf Airport Ownership Structure





Düsseldorf Airport Opportunities



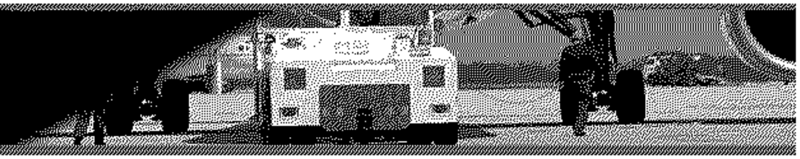
- Property development
- Currently negotiating to increase traffic movements above 38 per hour[1]
- Increasing number of new international services, now serving 167 destinations in 48 countries
- Refinancing potential

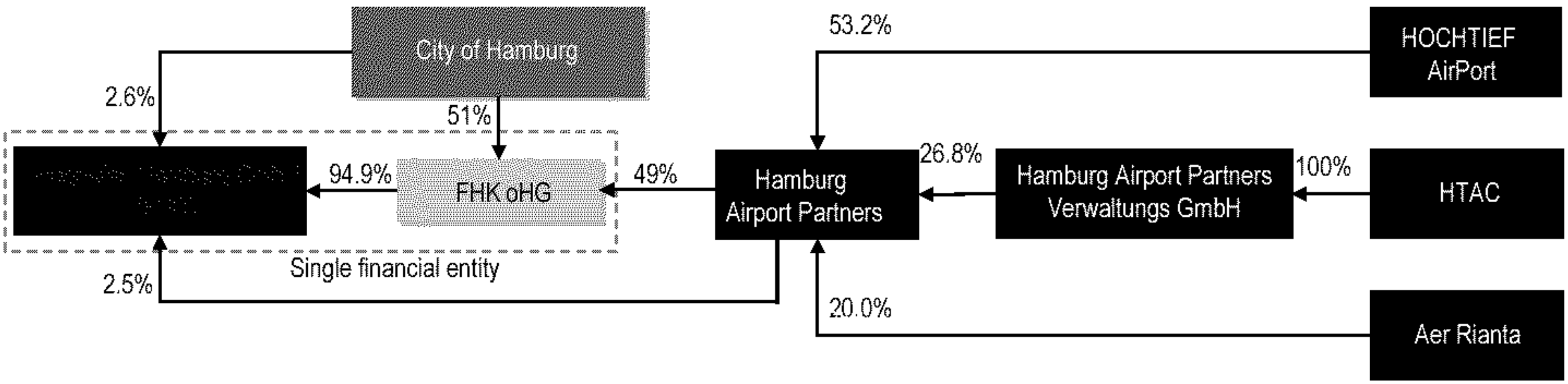
(1) A contingent payment of up to A$11.4 million is payable by AIF if the flight cap is lifted above 38 movements per hour

Investment highlights – Hamburg Airport

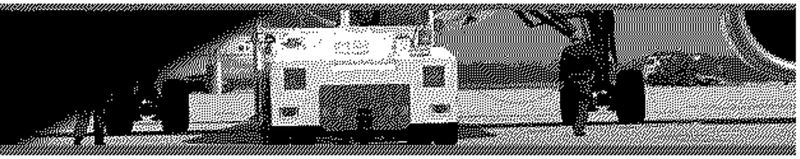
- Hamburg catchment area of 4 million
- HAM21 expansion project (total capex €350M) – new terminal under construction and accompanying development
- 10.5 million passengers forecast in 2005
- Forecast passenger growth of 5% (2004 – 2010)
- Sufficient runway and terminal capacity
- Significant base for Lufthansa – 42% of total traffic
- Price Cap regulatory regime
- Concession unlimited
- Pre-emptive rights
- Board representation – Hastings will have 1 and HOCHTIEF AirPort 2 seats

Hamburg Airport Ownership Structure

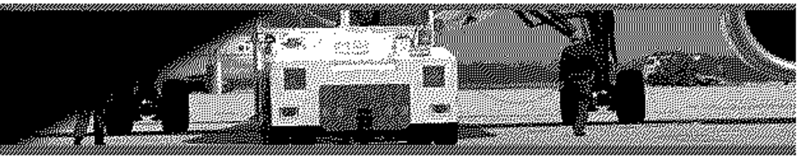




Hamburg Airport Opportunities

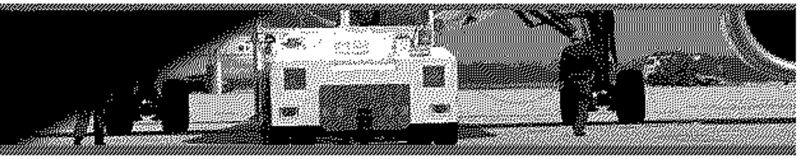


- Property development (2,100 hectares)
- Completion of 'Ham21' development by 2010
- Continued focus on low cost and long haul carriers
- German GDP projected to grow at 1.6% per annum 2005-2010
- Refinancing possibility – once expansion is completed in 2007

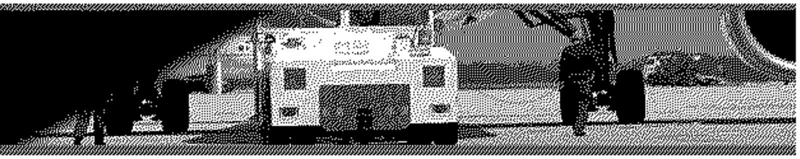


5. Key messages

Key messages

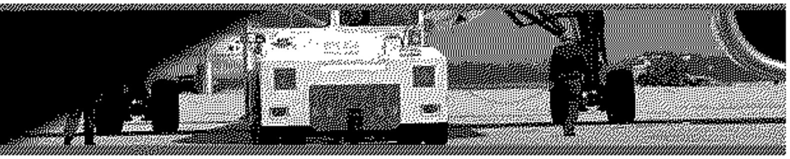


- Logical international expansion
- Partnership model with HOCHTIEF AirPort
- Joined by CDP and KfW, both prominent international infrastructure investors
- Acquisition of Sydney interest complements existing Australian airport portfolio
- Board representation on Athens, Düsseldorf and Hamburg Airports
- An attractive entry price
- Forecast June 2005 distribution to increase to 6.5c per security
- Growth through pre-emptives and new airport opportunities with partners
- Refinancing potential



6. Funding structure and timetable

Offer Overview



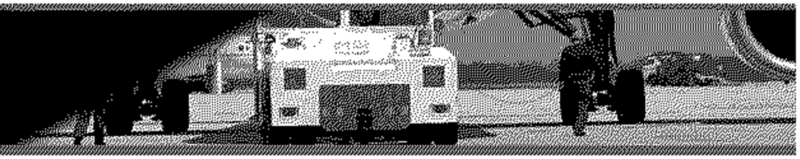
- A$225 million renounceable entitlements issue at $2.25 per security (approximately 5 for 13)
- Offer open to all eligible security holders as of the record date
- Capital raising fully underwritten by Deutsche Bank and UBS
- The investment has been initially funded by a bridge facility from Westpac

Sources and Uses of Funds

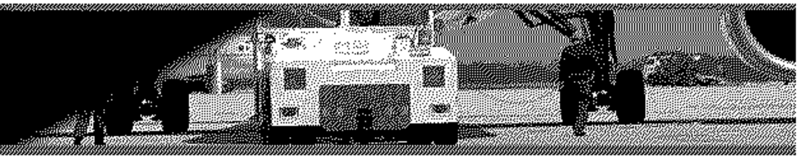
	A($m)
Sources of funds	
Entitlement Offer	225.0
Total sources	225.0
Use of funds	
AIFI acquisition of stake in HTAC	200.4
Costs and expenses in relation to the investment and capital raising	12.8
Additional capitalisation of AIFI[1]	11.8
Funds required for the investment	225.0
Total uses	225.0

(1) These funds are to support the initial yield from HTAC to 31 December 2006

Expected Timetable

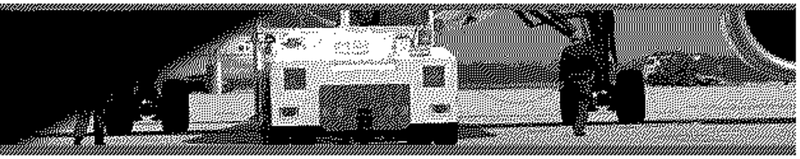


Lodgement of prospectus with ASIC	1 March
Securities quoted ex-rights on ASX and rights trading commences on ASX	4 March
Record date for entitlements	10 March
Rights trading on ASX ends	24 March
Closing time and date for renunciations, acceptances and payment in full	4 April (5.00 pm AEST)
Allotment of new securities	13 April
Dispatch of security holder statements for new securities	15 April
Normal trading commences for new securities on ASX	18 April



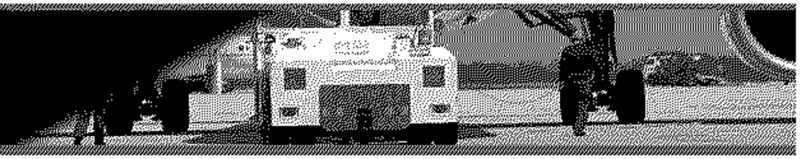
Appendix: Additional materials

Sydney Airport



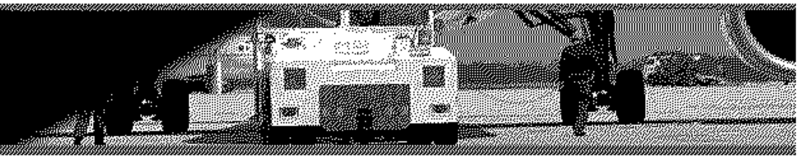
Operator	Sydney Airports Corporation (SACL)
Concession period	Until 2096
AIF effective stake	2.1%
Catchment	4 million
Carriers	34 international and 7 domestic
Runways	▪ North – South runways of 3.9km and 2.4km ▪ One East – West runway at 2.5km
Terminals	▪ Three passenger (SACL operates the international terminal and one domestic terminal) ▪ Five freight terminals (three international, two domestic)
Car Parks	9,200 car spaces
Intermodal	▪ 8 Kilometres from city centre by road ▪ Motorway links have been upgraded with the completion of the Eastern Distributor and the M5 east Motorway ▪ The Airport Rail links connects the airport to the centre of Sydney

Athens Airport



Operator	Athens International Airports SA (AIA)
Concession period	Until 2026
AIF Stake	5.3%
Carriers	60
Runways	▪ Two runways of 4.0km and 3.8km ▪ Runway capacity of 65 movements per hour
Terminals	▪ One main terminal with one satellite ▪ 4 cargo terminals
Car Parks	4,700 car spaces
Excess Land	Adjacent to main aircraft land
Intermodal	▪ Located 33km by road from Central Athens ▪ The new rail link was completed in June prior to the 2004 Olympics

Düsseldorf Airport



Operators	Flughafen Düsseldorf GmbH (FDG)
Concession period	Unlimited
AIF stake	4.0%
Catchment	18 million within 100km
Runways	Two parallel runways of 2.7km and 3.0km (500m apart)
Terminals	▪ Main terminal containing 3 piers ▪ 120,000 tonne cargo terminal
Car Parks	10,500 car spaces
Excess Land	230,000 sqm adjacent to the airport
Intermodal	Direct access to major motorways and high speed rail

Hamburg Airport

Operator Flughafen Hamburg GmbH

Concession period Unlimited

AIF Stake 5.3%

Catchment 4 million

Runways
- Two runways of 3.7km and 3.3km
- Capacity of 54 movements per hour

Terminals
- Three Terminals with terminal 2 currently being rebuilt
- 110,000 tonne cargo terminal
- Key Lufthansa maintenance base located adjacent to airport

Car Parks 9,700 car spaces

Excess Land
- Adjacent to main aircraft land
- Lease over 2,100 hectares available 15km from airport

Intermodal
- 8.5km by road from city centre
- City Rail connection under construction and due for completion in 2008