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**FROM:** Claire Filson, Company Secretary

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**AUSTRALIAN INFRASTRUCTURE FUND (CODE AIX)**

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**BUDAPEST AIRPORT**

The Hungarian Privatisation and State Holding Company (ÁPV Rt) announced that HOCHTIEF AirPort GmbH and HOCHTIEF Airport Capital (HTAC) have been shortlisted to bid for Budapest Ferihegy International Airport in Hungary. See attached release from ÁPV Rt which calls for bids on 2 November 2005.

Australian Infrastructure Fund has a 40 percent investment in HTAC.

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A handwritten signature in black ink, appearing to read 'Claire Filson'.

**Claire Filson**  
**Company Secretary**  
**Australian Infrastructure Fund**

<http://www.apvrt.hu/english/m3.html>

## CURRENT PRESS RELEASES

Five bidders in competition for Budapest Airport

26th August 2005

ÁPV Rt announced a two round public tender starting with a prequalification phase on the sale of the 75%-1 vote of the share package of Budapest Airport Rt. on 6 of June 2005. In the first round of the tender 9 bidders submitted indicative bids on the 9th of August 2005.

ÁPV Rt. finished the evaluation of the indicative bids and the Board made its decision on the selection of the investors for the second round of the tender. ÁPV Rt. is very satisfied with the high professional quality of the bids submitted as well as with the indicative financial bids of the bidders. The privatization organization trusts that the transaction will be closed with excellent result and is convinced that the goals of the government will be fulfilled completely.

In this round the evaluation of the bids occurred on the basis of long term strategic- and development plans, sector experiences, indicative financial offer and its well-foundedness. As a result ÁPV Rt invited the following 5 bidders to participate in the second round of the tender:

- the BAA (among others, the operator of the Heathrow Gatwick Stansted London airports);
- the consortium of Hochtief AirPort GmbH. and HTAC (among others, the operator of Düsseldorf, Hamburg and Athen airports);
- the consortium of Fraport and Deutsche Bank (among others, the operator of Frankfurt and Frankfurt-Hahn airports);
- Macquarie Airports (among others, the operator of the Rome, Brussels and Sydney airports);
- Copenhagen Airports (among others the operator of Copenhagen Airport)

Each bidder having remained in the competition expressed their obligation in their professional bids to implement the long term professionally based investments that are justified by the dynamic increase of the Airport traffic.

All five bidders will have a chance to monitor thoroughly the operation and assets of BA Rt. in the coming months. As part of their bids they will have to undertake an obligation to develop Ferihegy airport as well as the company operating it in the future.

The financial bids of the bidders were between HUF 202 bn and HUF 390 bn and the indicative price offers of the bidders invited into the next round are without exception in the upper half of the price range.

The state revenue from privatization will consist of 3 items:

1. The price paid for the purchase of 75%-1 shares
2. The asset management fee to be paid to the Treasury Asset Management Organization (TAMO) in one lumpsum for modifying the present freehold asset management contract for a definite asset management contract in effect for 75 years.
3. The price paid for purchasing real estate used by BA Rt. for the time being for TAMO.

The counter value for the transaction offered in the first round cannot be modified downward in the second round.

Pursuant to the contract for property management concluded with the TAMO, it is a contractual right and obligation of Budapest Airport Rt. to operate and develop the airport as an international airport. The asset management contract is modified its termination date has been changed from freehold to a definite period of 75 years. The state would like to encourage the commitment of the new owner for the continuous long term development of the airport.

The State of Hungary will retain exclusive ownership of the airport and its real estate holdings. Following the privatization the air rates defined by BA Rt will be regulated by the state, defined within the framework of the air law. The air rates are expected to decrease from 2006.

ÁPV Rt. is convinced that it can be ensured through privatization and with the involvement of private capital that the company implements the investments, developments being in line with the increase of the passenger traffic and ensures a high level of service and security for the airline companies and passengers as well.

The Board of ÁPV made its decision on selecting the investors for the second round of the tender for the sale of the share package of 75 % - 1 vote of Budapest Airport on its meeting on the 26th of August 2005.

The bidders selected for participation in the second round of the tender procedure on the basis of the indicative bids may submit their legally binding bids on the 2<sup>nd</sup> of November 2005, during the evaluation of which the most important criteria will be the financial offer, in addition to the guarantees of development and operation. ÁPV Rt. intends to close the transaction in the course of 2005. ÁPV Rt will inform the public in detail continuously on the decisions made.