

Infratil

Notice of Meeting
2014



21 July 2014

The Shareholders

Infratil Limited

Shareholders have already received Infratil's 2014 Annual Report in which I, and Marko Bogoevski on behalf of the manager, H.R.L. Morrison & Co, comment on the activities of Infratil over the past year and on the future prospects for Infratil.

The Annual Meeting is in Auckland this year. A number of matters are to come before shareholders for voting at the Annual Meeting. These include:

- The re-election of Mr Marko Bogoevski and Mr Duncan Saville as directors; and
- The election of Ms Alison Gerry as a director.
- Setting the aggregate fees payable to directors of Infratil by Infratil and any of its subsidiary companies.
- Approval of the continuation of Infratil Executive Redeemable Share Scheme.

Marko and Duncan are highly valued directors and the Board supports their re-election.

Alison brings valuable experience from a global career in finance, treasury and other directorships. The Board supports her election and continuing as chair of the Board's Audit & Risk Committee.

Infratil increased the fees paid to its directors in 2013. The Board considers it is appropriate to review fees annually and that a small increase per director is appropriate given the time commitments required of directors and to ensure your directors' remuneration is maintained in line with the market. This will enable Infratil to continue to attract high calibre directors. That said, aggregate fees payable to directors of Infratil by Infratil and its subsidiaries will decrease, because fewer Company directors sit on subsidiary boards. Details of the directors' fees for which shareholder approval is sought are set out in the Notice of Meeting.

In 2008, shareholders approved the establishment of the Infratil Executive Redeemable Share Scheme, to incentivise the performance of selected executive officers and senior managers of participating subsidiaries of Infratil in a way which aligns with the creation of shareholder value. Due to a recent change in the ASX Listing Rules, this approval must be renewed.

The Notice of Meeting that follows also includes a Disclosure Document (Annexure A) describing the Share Buyback Programme which Infratil has decided to continue. As has been the case for many years, your directors consider that, from time to time, buying back shares may be the best use of Infratil's funds. Accordingly, Infratil wishes to keep open that investment opportunity for the next 12 months, as it has done for the last several years.

I look forward to seeing you at the Annual Meeting, presenting our results and answering any questions you may have.

Yours sincerely,



Mark Tume
Chairman

Notice of Annual Meeting

Notice is hereby given pursuant to Section 120 of the Companies Act 1993 that the Annual Meeting of shareholders of Infratil Limited (the “**Company**”) will be held at the Level 4 Lounge, South Stand, Eden Park, Gate P5, Reimers Ave, Kingsland, Auckland, on Tuesday 12 August 2014, commencing at 2:30 pm.

Business

A. Chairman’s Introduction

B. Chief Executive’s Review

C. Presentation of the Annual Report for the year ended 31 March 2014 and the report of the auditor

To receive and consider the Annual Report of the Company for the year ended 31 March 2014. It is intended to provide an opportunity for shareholders to raise questions on the Report and on the performance and management of the Company generally.

D. Resolutions

To consider and, if thought fit, pass the following ordinary resolutions:

1. **Re-election of Mr Marko Bogoevski:** That Marko Bogoevski who retires by rotation in accordance with the Company’s constitution, NZX Main Board Listing Rule 3.3.11, and ASX Listing Rule 14.4, and is eligible for re-election, be re-elected as a director of the Company.
2. **Re-election of Mr Duncan Saville:** That Duncan Saville who retires by rotation in accordance with the Company’s constitution, NZX Main Board Listing Rule 3.3.11, and ASX Listing Rule 14.4, and is eligible for re-election, be re-elected as a director of the Company.
3. **Election of Ms Alison Gerry:** That Alison Gerry who was appointed as a director of the Company, by the Directors, on 11 July 2014 and retires in accordance with NZX Main Board Listing Rule 3.3.6 and ASX Listing Rule 14.4, and is eligible for election, be elected as a director of the Company.
4. **Directors’ remuneration:** That the aggregate maximum remuneration payable to directors of the Company by the Company and any of its subsidiaries be authorised, in accordance with NZX Main Board Listing Rule 3.5.1 as \$896,855 (a reduction of \$150,836 from 2013). Such aggregate amounts may be divided amongst the relevant

directors and the Company and its subsidiaries as the directors deem appropriate. This aggregate maximum remuneration excludes directors’ fees payable to directors of the Company by Trustpower Limited, (which is a subsidiary of the Company and is separately listed on the NZX Main Board) in accordance with the NZX Main Board Listing Rule 3.5.1 and the ASX Listing Rules.

5. **Auditor’s remuneration:** That the Directors be authorised to fix the auditor’s remuneration.
6. **Infratil Executive Redeemable Share Scheme:** That the shareholders authorise the Board to proceed with the issue and allotment of up to 2 million redeemable ordinary shares pursuant to the Infratil Executive Redeemable Share Scheme within 36 months of the approval of this resolution. The Infratil Executive Redeemable Share Scheme is defined in more detail in the Explanatory Notes relevant to this Resolution 6.

Ordinary Resolutions

Each resolution set out above is to be considered as a separate ordinary resolution. To be passed, each resolution requires a simple majority of votes of holders of ordinary shares of the Company, entitled to vote and voting.

Voting Exclusions

Resolution 4: Pursuant to the NZX Main Board Listing Rules and the ASX Listing Rules, the directors and their associated persons are prohibited from voting in respect of Resolution 4.

Resolution 6: Pursuant to the ASX Listing Rules, the directors (other than those ineligible to participate in the Executive Redeemable Share Scheme) are prohibited from voting in respect of Resolution 6. The Company notes that no directors are eligible to participate in the Executive Redeemable Share Scheme.

The restrictions described above apply where the relevant person has been appointed as a discretionary proxy. The Company will disregard any votes cast by any such person on the relevant resolution. However, the Company need not disregard a vote if it is cast by any such person as proxy for a person who is entitled to vote, in accordance with the express directions of that person on the proxy form as to how to vote.

Proxies

Any shareholder of the Company who is entitled to attend and vote at the Annual Meeting may appoint a proxy to attend and vote instead of him or her. A proxy does not need to be a shareholder of the Company. The Chairman of the Meeting is prepared to act as proxy. Any un-directed votes in respect of a resolution, where the Chairman of the Meeting is appointed as a proxy, will be voted in favour of the relevant resolution, other than when he or she is prohibited from voting on that resolution. A shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the shareholder does not specify the proportion of the shareholder's voting rights each proxy is to represent, each proxy will be entitled to exercise half the shareholder's votes.

To appoint a proxy you can complete and sign the enclosed Proxy Form and return it by delivery, mail, facsimile or scan and email to the share registrar of the Company or lodge online:

Delivery by hand:

Infratil Limited, C/- Link Market Services Limited,
Level 7, Zurich House, 21 Queen Street, Auckland 1010,
New Zealand

Mail:

Infratil Limited, C/- Link Market Services Limited,
PO Box 91976, Victoria Street West, Auckland 1142,
New Zealand

Facsimile: +64 9 375 5990

Scan and email: meetings@linkmarketservices.co.nz

Please put the words "Infratil Proxy Form" in the subject line for ease of identification.

Online: You may lodge your proxy online.

For holders on the New Zealand Register, go to:

<https://investorcentre.linkmarketservices.co.nz/voting/IFT>

You will need to enter your holder number and FIN and follow the prompts.

For holders on the Australian Register, go to:

<https://investorcentre.linkmarketservices.com.au/voting/IFZ>

You will need to enter your holder number and postcode and follow the prompts.

A shareholder will be taken to have signed the Proxy Form by lodging it in accordance with the instructions on the website.

The completed Proxy Form must be received by the share registrar or online appointment must be completed by no later than 48 hours before the Annual Meeting, being 2.30 pm on 10 August 2014. Voting entitlements of the Annual Meeting will also be determined as at this time. Registered shareholders at that time will be the only persons entitled to vote at the Annual Meeting and only the shares registered in those holders' names at that time may be voted at the Annual Meeting.

NZX and ASX Approval

This Notice of Meeting is in compliance with the NZX Main Board Listing Rules and has been approved by ASX.

Explanatory Notes

Resolutions 1 and 2: Re-Election of Directors

The Board of the Company considers that Messrs Bogoevski and Saville will not be Independent Directors (for the purposes of the NZX Main Board Listing Rules and the ASX Corporate Governance Council's Principles of Good Corporate Governance and Best Practice (the "ASX Principles")) if re-elected to the Board.

Mr Bogoevski is Chief Executive of the Company and its Manager, H.R.L. Morrison & Co. He joined the Company's board in 2009 and is a director of Trustpower, Z Energy and H.R.L. Morrison & Co. He was previously Chief Financial Officer of Telecom New Zealand and has held board roles with Auckland International Airport and SKY Network Television. He is a Fellow of the New Zealand Institute of Chartered Accountants.

Mr Saville has been a director of the Company since its establishment in 1994. He is also a director of the Company's manager, H.R.L. Morrison & Co, and of ICM Limited, the investment manager to Utilico Investments Limited, which holds 8.8% of the Company's shares. He is a chartered accountant and an experienced non-executive director in the utility sector having been on the boards 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.

Resolution 3: Election of Director

The Board of the Company considers that Ms Gerry is an Independent Director.

Ms Gerry has had a career in finance and treasury, working in Sydney, Hong Kong, Tokyo and London. Ms Gerry has been a professional company director since 2007 and is currently Deputy Chair of Kiwibank and a director of NZX Ltd, TVNZ, Queenstown Airport and Pioneer Generation.

Ms Gerry has a Masters of Applied Finance from Macquarie University and a Bachelor of Management Studies from Waikato University.

Resolution 4: Directors' Remuneration

The Board's policy is to regularly review the level of directors' remuneration. The Board having considered the experience and responsibility of the directors, the size and scope of the Company, the level of governance, and the consequent time commitment, recommends to shareholders an increase in the

quantum of fees paid to directors of the Company by \$20,915 to \$742,130 (plus GST).

However, the aggregate maximum remuneration payable to directors of the Company by the Company and any of its subsidiaries will reduce by \$150,836 to \$896,855 (plus GST). This is because fewer Company directors sit on subsidiary boards, reducing the aggregate maximum amount payable by subsidiaries to Company directors by \$171,751.

The total pool of \$896,855 (plus GST) may be divided among directors and subsidiaries as directors deem appropriate, but initially as set out below:

	2013 Approval	2014 Recom- mended	Increase/ (Decrease)
Chairman (inclusive of committee fees)	163,680	168,427	4,747
Other directors' base fee	81,840	84,213	2,373
Overseas independent directors' base fee	102,300	105,267	2,967
Chairman of Audit and Risk Committee	17,903	18,422	519
Member of Audit and Risk Committee	9,719	10,000	281
Fees paid to directors of the Company by the Company	721,215	742,130	20,915
Fees paid to directors of the Company in their capacity as directors of subsidiary companies	326,476	154,725	(171,751)
TOTAL POOL	1,047,691	896,855	(150,836)

Totals above exclude GST or VAT where appropriate.

The above amounts exclude directors' fees payable by Trustpower Limited (which is a subsidiary of Infratil Limited and is separately listed on the NZX Main Board) in accordance with NZX Main Board Listing Rule 3.5.1 and the ASX Listing Rules.

Resolution 5: Auditor's Remuneration

KPMG is automatically reappointed as auditor under section 207T of the Companies Act 1993. This resolution authorises the Board to fix the fees and expenses of the auditor.

Resolution 6: Infratil Executive Redeemable Share Scheme

This resolution authorises the issue of up to 2 million non-voting redeemable ordinary shares in the Company pursuant to the Infratil Executive Redeemable Share Scheme within 36 months of the approval of the resolution. This would represent approximately 0.35% of the ordinary shares currently on issue of the Company. This Explanatory Note explains why the resolution is being put before shareholders and describes the key terms of the Infratil Executive Redeemable Share Scheme. The terms of the Scheme have not changed since it was originally approved by shareholders in 2008.

Summary

In 2008, the Company established the Infratil Executive Redeemable Share Scheme for the purpose of enabling selected executive officers and senior managers of the Company and participating subsidiaries of the Company, to participate in the future success of the Company and to incentivise their performance in a way which aligns with the creation of shareholder value by issuing them with non-voting redeemable ordinary shares in the Company. The Executive Redeemable Shares will convert to ordinary shares after three years (other than in certain defined circumstances detailed below) provided that the issue price has been fully paid. Accordingly, the Infratil Executive Redeemable Share Scheme provides a long term incentive and key executive retention arrangement which is intended to be offered to senior executives who are able to influence the generation of shareholder value and thus have a direct impact on the Company's performance. Generally executives will pay the unpaid issue price from bonuses that are only payable in the event that the Share Performance Hurdles are met. The Share Performance Hurdles include minimum future share price targets which need to be achieved over the issue period in order for the executives issued with the shares to benefit under the Infratil Executive Redeemable Share Scheme.

Why is Shareholder Approval Needed Now?

In April 2014, ASX released Guidance Note 19 regarding the issue of performance shares by ASX listed companies. Guidance Note 19 applies to the Executive Redeemable Shares proposed to be issued under the Infratil Executive Redeemable Share Scheme. In Guidance Note 19, ASX has indicated a strong preference for listed companies to obtain shareholder approval in connection with any allotment of performance shares every 36 months.

Description of the Share Allotment pursuant to the Infratil Executive Redeemable Share Scheme

The key terms of the share allotment pursuant to the Infratil Executive Redeemable Share Scheme are set out below. Neither the Eligible Executives nor the precise allotment date has, at the date of this Notice of Meeting, been finalised. However, the key parameters, terms and conditions of the share allotment are set out below. The terms of the Scheme are set out in the Scheme Documents. The Investment Statement for the Scheme has been lodged with the Companies Office and is available to shareholders.

The Infratil Executive Redeemable Share Scheme

The Company is offering Eligible Executives the opportunity to acquire Executive Redeemable Shares which will convert to Ordinary Shares on the terms set out in the Scheme Documents to enable them to participate in the success of the Company. Upon the Issue Price for the Executive Redeemable Shares being paid in full by the relevant Eligible Executive, the Executive Redeemable Shares will convert into Ordinary Shares and will be listed on the NZX Market and the ASX Market.

Offers of Executive Redeemable Shares will be made to Eligible Executives by the Board sending to an Eligible Executive the Executive Offer Document.

Share Performance Hurdles

The maximum level of the LTI Bonus applicable to any particular Executive Redeemable Shares shall be set out by the Eligible Executive's Employer Company in consultation with the Company, and shall be specified in the Executive Offer Document.

The actual LTI Bonus payable on any LTI Bonus Determination Date in respect of any particular Executive Shares shall be calculated as set out below by reference to the extent to which the Share Performance Hurdles are achieved.

If the share price on the LTI Bonus Determination Date:

- a) has not increased at a rate of at least 12% per annum from the share price on the issue date, then the Eligible Executive will not be eligible to receive the LTI Bonus linked to those Executive Redeemable Shares;
- b) has increased at a rate of 12% per annum from the share price on the issue date, then the Eligible Executive will be eligible to receive 50% of the LTI Bonus linked to those Executive Redeemable Shares;
- c) has increased at a rate of 20% per annum or more from the share price on the issue date, then the Eligible Executive will be eligible to receive 100% of the LTI Bonus linked to those Executive Redeemable Shares; or
- d) has increased at a rate within the range of 12% per annum to 20% per annum from the share price on the issue date, then the LTI Bonus linked to those Executive Redeemable Shares will be scaled on a pro rata basis (e.g. if the share price increase is 16% per annum of the share price on the issue date, then the Eligible Executive will receive 75% of the LTI Bonus);

where **'share price on the LTI Bonus Determination Date'** means the volume weighted average price of the Company's ordinary fully paid shares on the NZX Market during the 20 Business Days immediately preceding the LTI Bonus Determination Date plus the cash amount of any dividends paid by the Company on an ordinary share in the period from the issue date of the relevant parcel of Executive Redeemable Shares to the LTI Bonus Determination Date, provided however, where the calculation is required because the LTI Bonus Determination Date has been accelerated because of a takeover of the Company being successful, the share price on the LTI Bonus Determination Date will be deemed to be the price offered for an ordinary fully paid share under the takeover offer plus the cash amount of any dividends paid by the Company on an ordinary share in the period from the issue date of the relevant parcel of Executive Redeemable Shares to the LTI Bonus Determination Date; and

'share price on the issue date' means (in paragraphs (a) to (d) inclusive above) the volume weighted average price of the Company's ordinary fully paid shares on the NZX Market during the 20 Business Days immediately preceding the issue date.

These share prices and issue price per share of Executive Redeemable Shares shall be subject to such adjustments as the Board and the Trustee consider may be necessary to take into account rights and bonus issues or other capital reconstructions by the Company. Where any such adjustment means that, for a particular Eligible Executive, there is an excess of the Net LTI Bonus that is not required to be used to pay the further call on the issue price of the Executive Redeemable Shares, such excess shall, at the option of the Board, be paid out to the Eligible Executive in cash or by way of the issue of additional fully paid up ordinary shares to the Eligible Executive.

The percentage levels specified in paragraphs (a) to (d) above may be amended by resolution of the Board. The amended percentage levels may not apply retrospectively.

Issue Price

Prior to offering any Executive Redeemable Shares to an Eligible Executive, the Board will determine the Issue Price for those shares.

The Issue Price per share for each allocation of Executive Redeemable Shares shall be equal to A minus B plus C where:

- A. is the volume weighted average price of the Company's ordinary shares on the NZX Market during the 20 business days immediately preceding the proposed issue date, as determined from time to time; and
- B. is a discount of up to 20% in recognition of the restrictions on the Executive Redeemable Shares, the lack of distribution and voting rights attached to the Executive Redeemable Shares and trading restrictions on Eligible Executives; and
- C. is a premium of up to 20% determined by the Board to be appropriate to the issue of the Executive Redeemable Shares.

In determining the premium referred to in 'C' the Board will have regard to all factors it considers relevant at the time, which factors may include the amount of the discount under

'B', the market price of the Company's ordinary shares and the costs and benefits of the Infratil Executive Redeemable Share Scheme given the current remuneration strategy of the Company.

Acceptance of Offer

Upon an Eligible Executive accepting an Offer, the Company will issue the relevant number of Executive Redeemable Shares to be held by the Trustee on Trust for that Eligible Executive until the conversion of those Executive Redeemable Shares into Ordinary Shares or the redemption of those Executive Redeemable Shares by the Company or purchase of those Executive Redeemable Shares by the Trustee in accordance with the Scheme Documents.

Payment of Issue Price

Subject to the Scheme Documents the issue price of Executive Redeemable Shares shall be payable as follows:

- an initial call of such amount as may be determined by the Board may be made upon issue if specified in the Executive Offer Document and, if made, such call will be payable by the Executive within 10 Business Days of the date of issue of the Executive Redeemable Shares; and
- a further call of an amount equal to the Net LTI Bonus shall be made on the date on which the Eligible Executive becomes eligible to receive the LTI Bonus and will be paid upon that date on behalf of the Eligible Executive by the Eligible Executive's Employer Company.

A call can only be made in relation to an Executive Redeemable Share if there is sufficient money available from the Net LTI Bonus to meet the unpaid issue price of the particular Executive Redeemable Shares.

If the Share Performance Hurdle does not meet the level specified in paragraph (c) under the heading 'Share Performance Hurdles' and accordingly, the Net LTI Bonus is insufficient to meet the unpaid issue price of all the Executive Redeemable Shares (held for an Eligible Executive) to which the LTI Bonus relates, the Net LTI Bonus shall be applied toward payment in full of the unpaid issue price of as many Executive Redeemable Shares as practicable and either:

- the remaining unpaid Executive Redeemable Shares shall be redeemed by the Company or purchased by the Trustee; or

- if the Board and the Eligible Executive's Employer Company in their discretion determine, the next offer of Executive Redeemable Shares to that Eligible Executive ('Subsequent Offer') shall be reduced by an amount such that the Net LTI Bonus linked to that Subsequent Offer will be sufficient (if fully achieved) to satisfy the unpaid issue price of the remaining unpaid Executive Redeemable Shares as well as the unpaid issue price of the Executive Redeemable Shares for the Subsequent Offer.

Redemption of Executive Redeemable Shares

Executive Redeemable Shares shall be redeemed by the Company or, at the election of the Trustee and the Company, purchased by the Trustee following the occurrence of any of the following events:

- if any Executive Redeemable Shares remain unpaid following the payment of the LTI Bonus linked to those Executive Redeemable Shares, without any determination being made by the Board to reduce the Eligible Executive's entitlement under a Subsequent Offer (as described in the preceding section);
- the events described below under the heading 'Termination of Employment/Default';
- the Eligible Executive disposing of or granting a security interest over any Executive Redeemable Shares in contravention of the restrictions referred to below under the heading 'Other Terms of Executive Redeemable Shares';
- the Board, the Eligible Executive and the Eligible Executive's Employer Company agreeing that some or all of the Eligible Executive's Executive Redeemable Shares shall be redeemed or purchased by the Trustee; or
- if for any reason the Trustee holds any Executive Redeemable Shares which are not for the time being held on trust for any Eligible Executive, and the Board in its discretion determines that such Executive Redeemable Shares shall be redeemed or purchased by the Trustee.

If at the time of redemption, any of the issue price of the Executive Redeemable Shares has been paid up, the Company will pay to the Trustee, who will account to the Eligible Executive a redemption amount equal to the amount so paid up. Otherwise no amount will be payable to the Eligible Executive in connection with the redemption or purchase of the Executive Redeemable Shares.

If Executive Redeemable Shares are redeemed, such Executive Redeemable Shares shall be cancelled. Where the Executive Redeemable Shares are redeemed or purchased by the Trustee the Eligible Executive will have no further obligation in respect of those Executive Redeemable Shares.

Termination of Employment/Default

If an Eligible Executive:

- dies;
- is incapacitated while still employed in the service of a member of the Group;
- is made redundant; or
- retires

then, if the Company, the Trustee and the relevant Group member agree, the Company may accelerate the call and the relevant Group member may agree to accelerate the LTI Bonus Determination Date to the date of death, incapacitation, redundancy or retirement so as to allow the Eligible Executive or the trustees of the deceased Eligible Executives' estate the benefit of the Infratil Executive Redeemable Share Scheme.

Upon the happening of any of the following events:

- the termination (otherwise than by reason of the death of the Eligible Executive, the Eligible Executive being declared redundant, the Eligible Executive's ill-health or the retirement of the Eligible Executive) of an Eligible Executive's employment prior to payment in full of the issue price for the Executive Redeemable Shares; or
- default being made in payment of any part of the issue price for the Executive Redeemable Shares and such default continuing for more than thirty (30) days after the Company shall have given written notice to the Eligible Executive or his personal representatives specifying the default and requiring the same to be remedied; or
- if an Eligible Executive remains in the employ of an Employer Company, but the Employer Company is no longer a member of the Group and the Company, the Trustee, the Executive and the Employer Company fail to reach agreement in accordance with the section 'Changes in Employer Company',

the Eligible Executive's Employer Company or the Board may direct the Trustee in writing to purchase, or require the Company to redeem, all or any part of the Executive Redeemable Shares held by the Trustee on trust for such Eligible Executive.

Other Terms and Conditions of Executive Redeemable Shares

The Executive Redeemable Shares will carry no voting rights and no rights to dividends or other distributions declared by the Company.

The holders of Executive Redeemable Shares shall be entitled to be sent all communications which the Company may from time to time send to holders of ordinary shares in the Company, at the same time as they are sent to the holders of ordinary shares in the Company.

The Executive Redeemable Shares will not be listed on the NZX Market, ASX Market or any other securities exchange.

The Executive Redeemable Shares will carry no right to participate in any rights issues or bonus issues of securities which may be undertaken by the Company from time to time. However, the Board may in its discretion elect to include holders of Executive Redeemable Shares in any such issue upon such terms and conditions as the Board may in its discretion determine.

If bonus shares are issued in respect of Executive Redeemable Shares, the bonus shares shall have the same Restrictive Period as that of the Executive Redeemable Shares the holding of which gave entitlement to the bonus shares.

If rights to take up further securities (other than bonus shares or a sub-division or consolidation of shares) are given by the Company in respect of Executive Redeemable Shares, the Trustee shall sell enough of these rights to pay the amount required to allow the take up of the remainder of those rights.

Any such further securities shall be deemed to be Executive Redeemable Shares and will have the same Restrictive Period as the Executive Redeemable Shares the holding of which gave the entitlement to the bonus shares or to take up the rights.

If as a result of any proposed subdivision or consolidation of shares, rights to take up new shares shall be given by the Company in respect of Executive Redeemable Shares held by the Trustee on trust for any Eligible Executive the Trustee shall forthwith notify the Eligible Executive of any resultant alteration to the terms of issue or his/her Executive Redeemable Shares.

End of the Restrictive Period and Conversion of Executive Redeemable Shares

When the Restrictive Period has ended in relation to any Executive Redeemable Shares and the Eligible Executive beneficially entitled to those Executive Redeemable Shares has paid the issue price for such Executive Redeemable Shares in full (or the issue price has been paid on his or her behalf):

- the relevant Executive Redeemable Shares shall be transferred to the Eligible Executive by the Trustee; and
- the Trustee shall take all such steps as shall be necessary to vest the relevant Eligible Executive Redeemable Shares in the Eligible Executive's name or in the event of his/her death, in the name of his/her legal personal representative; and
- upon such vesting or transfer the Executive Redeemable Shares shall automatically become Ordinary Shares and the Company and the Trustee shall take such steps as may be necessary to list such Ordinary Shares on the NZX Market and ASX Market as soon as practicable thereafter.

Terms and Conditions of Ordinary Shares

Upon conversion of the Executive Redeemable Shares into Ordinary Shares in accordance with the terms applicable to the Executive Redeemable Shares, the Ordinary Shares will carry the same rights and privileges as Existing Shares.

Sale and Transfer of Executive Redeemable Shares

The Executive Redeemable Shares are personal to the Eligible Executive and may not be disposed, encumbered, or otherwise dealt with by the Eligible Executive or the Trustee.

Takeovers Code

If at any time an offer is made to all of the holders of ordinary shares to acquire such shares or part thereof for a consideration consisting of cash and/or of shares and/or other securities:

- if the offer is extended to the holders of Executive Redeemable Shares then the Trustee shall have a discretion either to accept or refuse to accept the offer in respect of all Executive Redeemable Shares and in the exercise of such discretion the Trustee need not have any prior reference to, or direction from, the Eligible Executives for whom it holds the Executive Redeemable Shares; and
- the offeror under such offer receives acceptances in respect of 75% or more of the voting securities in the Company and the takeover offer is declared unconditional, the Company may in respect of the Executive Redeemable Shares held on trust for any Eligible Executive, if the Eligible Executive agrees, accelerate the LTI Bonus Determination Date to the Business Day on which the takeover offer is declared unconditional, calculate the LTI Bonus payable and make a call in relation to that number of Executive Redeemable Shares that will be paid up with the LTI Bonus which will have become payable. Any Executive Redeemable Shares not fully paid up will be redeemed or purchased. When the Executive Redeemable Shares have been converted in accordance with the section above headed 'End of Restrictive Period and Conversion of Executive Redeemable Shares' the relevant Eligible Executive may deal with the shares as they wish.

If the Trustee accepts such an offer and that offer becomes unconditional, or if any Executive Redeemable Shares shall be compulsorily acquired under the Takeovers Code, the Trustee shall pay or transfer any consideration received (after deducting from such sum all amounts owing by the Executive to the Company or the Trustee) to each Executive or his/her legal personal representative. However if the offer is only for the purposes of reconstruction and reorganisation of the Company and does not involve the acquisition by any one person directly or indirectly of fifty percent or more of issued shares in the Company so far as the consideration consists of shares or other securities the same shall be held by the Trustee subject to the provisions of the Trust Deed.

Changes in Employer Company

If an Eligible Executive remains in the employ of an Employer Company, but the Employer Company is no longer a member of the Group then, if the Company, the Trustee, the Eligible Executive and the Employer Company agree, the Company may, in respect of the Executive Redeemable Shares held on trust for the Eligible Executive:

- accelerate the LTI Bonus Determination Date, calculate the LTI Bonus payable and make a call in relation to that number of Executive Redeemable Shares that will be paid up with the LTI Bonus which will have become payable; or
- allow the Eligible Executive to continue to have Executive Redeemable Shares held by the Trustee for their benefit, if the Eligible Executive agrees to pay the balance of the unpaid issue price on the Executive Redeemable Shares within an agreed time period.

Definitions

The following definitions are used in Resolution 6 and this Explanatory Note and, unless the context otherwise requires, they have the following meanings:

‘ASX’ means ASX Limited;

‘ASX Market’ means the main equity securities market operated by ASX;

‘Board’ means the Board of Directors of the Company;

‘Business Day’ means a day on which registered banks are open for normal banking business in Wellington;

‘Company’ means Infratil Limited;

‘Eligible Executive’ means any executive officer, senior manager or other person holding a similar role, employed in the service of any member of the Group, and includes any director of any member of the Group;

‘Employ’ includes engage as an independent contractor or consultant and references to ‘employed’, ‘employer’, ‘employee’ and ‘employment’ shall be construed accordingly;

‘Employer Company’ means, in relation to an Eligible Executive, the Group member that employs that Eligible Executive;

‘Executive Offer Document’ means the document sent to an Eligible Executive by the Company, which specifies the number of Executive Redeemable Shares offered to the Eligible Executive, the Issue Price, and the date by which the offer of Executive Redeemable Shares may be accepted;

‘Executive Redeemable Shares’ means the non-voting redeemable ordinary shares in the Company that are redeemable at the option of the Company that are offered for subscription to Eligible Executives pursuant to an Executive Offer Document;

‘Existing Shares’ means the existing ordinary shares in the Company of the class on issue at the date of this Prospectus;

‘Group’ means the Company and its subsidiaries;

‘Infratil Executive Redeemable Share Scheme’ means the share scheme referred to in these Explanatory Notes and the Scheme Documents;

‘Investment Statement’ means the combined investment statement and prospectus required by the Securities Act 1978 in respect of the Offer;

‘Issue Price’ means the issue price of the Executive Redeemable Shares as determined in accordance with, and set out in, the Scheme Documents;

‘LTI Bonus’ means the long term incentive bonus (or portion thereof) to which an Eligible Executive is entitled upon achievement of certain defined performance criteria, and linked to a particular offer of Executive Redeemable Shares, as more particularly described in the Executive Offer Document for those Executive Redeemable Shares.

‘LTI Bonus Determination Date’ means the third anniversary of the date the relevant tranche of Executive Redeemable Shares are issued to an Eligible Executive (unless accelerated in accordance with this Deed);

‘Net LTI Bonus’ are references to the LTI Bonus after deduction of PAYE and all other applicable payroll taxes;

‘NZX’ means NZX Limited;

‘NZX Market’ means the main board equity securities market operated by NZX;

‘Offer’ means the Company’s offer of Executive Redeemable Shares as contained in the Executive Offer Document;

'Ordinary Shares' means the ordinary shares in the Company acquired by Eligible Executives upon the conversion of the Executive Redeemable Shares following payment in full of the Issue Price;

'Prospectus' means the prospectus covering the issue of redeemable ordinary shares which will be registered with the Registrar of Companies following shareholder approval;

'Restrictive Period' means in relation to any Executive Redeemable Shares, the period commencing from the date upon which those Executive Shares are issued to the Trustee to hold on trust for an Eligible Executive in accordance with the Trust Deed and ending on the later of: the third anniversary of the date of issue of the Executive Redeemable Shares; and the date upon which, in accordance with the provisions of the Trust Deed, the balance of the issue price of those Executive Shares is paid in full; provided that in the event of an acceleration pursuant to the Trust Deed then the Restrictive Period shall accordingly be truncated;

'Scheme Documents' means the Trust Deed, the Investment Statement, and any relevant Executive Offer Document;

'Share Performance Hurdles' means the share performance hurdles determined in accordance with the section 'Share Performance Hurdles';

'Trust Deed' means the deed of trust entered into by the Company and the Trustee in respect of the Scheme; and

'Trustee' means the trustee for the time being of the Scheme, initially being Infratil Trustee Company Limited.

Particulars of the Share Buyback Programme

For many years the Company has maintained a Share Buyback Programme. This programme has been successful in creating shareholder value and it is proposed that the Company continue a Share Buyback Programme. The Share Buyback Programme needs to comply with the NZX Main Board and ASX Listing Rules. In accordance with the NZX Main Board Listing Rules the Share Buyback Programme will be undertaken as permitted by NZX Main Board Listing Rule 7.6. The primary intent is that shares be bought back as permitted by NZX Main Board Listing Rules 7.6.1(a) and (f). These rules allow the Company to make any offer pursuant to the procedures detailed in Sections 60(1)(b)(ii) or 63 of the Companies Act 1993, or through NZX's order matching market, or through the order matching market of a 'Recognised Stock Exchange' (as defined in the NZX Main Board Listing Rules).

The Company notifies the shareholder that in accordance with Sections 60(1)(b)(ii) or 63 of the Companies Act 1993 the Company may acquire up to a further 50 million ordinary shares (approximately 8.9% of the outstanding ordinary shares). These shares may be bought on-market or off-market, but the combined total of further on-market and off-market purchases will not exceed 50 million ordinary shares. Off-market purchases will not be made from employees or directors of the Company or associated persons of directors.

The maximum price at which shares will be bought off-market is \$3.25 per share. The Company is required to state this maximum price per share for off-market purchases, but it is not committing to buy shares at this or any other price and a decision as to any purchases will be made from time to time having regard to market conditions. No maximum price is specified for shares bought on-market, but the Company will always disclose the number of shares, and the price at which it bought them, whether on-market or off-market, before 9:30am on the business day following the purchase being made.

Whether the purchases are on-market or off-market, the directors will regularly reassess the situation and seek to purchase shares at prices that in their view represent the best value for shareholders.

The directors believe that, depending on market conditions and the Company's then current share price, having the Share Buyback Programme in place is a positive way of improving shareholder value and is fair to the Company and all shareholders.

The disclosure document required under the Companies Act 1993 is attached as Annexure A.

Annexure A: Companies Act Disclosure Document for Share Buyback Programme

Prior to the 2013 Annual Meeting, the Company advised shareholders of the intention to continue the Company's Share Buyback Programme of acquisition by the Company of up to 24,831,590 of the Company's ordinary shares on issue. The maximum price of shares that could be bought off-market was \$3.25 per share, and no maximum price was specified for shares bought on-market.

Under the previously notified Share Buyback Programme, the Company may acquire up to 23,647,975 ordinary shares (as 1,183,615 ordinary shares have been repurchased by the Company in this manner since the 2013 Annual Meeting).

In lieu of continuing the previously notified Share Buyback Programme, it is considered appropriate for the Company to reserve the right to buy back up to 50 million of the Company's ordinary shares on issue. This would represent approximately 8.9% of the outstanding ordinary shares, excluding treasury stock. These shares may be bought on-market or off-market, but the combined total of further on-market and off-market purchases may not exceed 50 million ordinary shares. Off-market purchases may also not be made from employees or directors of the Company or associated persons of directors.

This Disclosure Document sets out the information that the Companies Act 1993 requires be provided to shareholders annually while a Share Buyback Programme continues.

Terms of the Offer

On-market Buyback – Section 63 of the Companies Act 1993

- The Company may make one or more offers on the NZX market to all shareholders to acquire up to 50 million ordinary shares in the Company, pursuant to section 63 of the Companies Act 1993.
- Offers may be made between 12 August 2014 and 22 July 2015.
- The Company will pay the prevailing market price for the shares at the time of purchase. The Company is not obliged to make offers, and reserves the right to cease doing so at any time.

Off-market Buyback – Section 60(1)(b)(ii) of the Companies Act 1993

- The Company may make offers to one or more shareholders to acquire up to 50 million ordinary shares in the Company, pursuant to Section 60(1)(b)(ii) of the Companies Act 1993.
- Offers may be made between 12 August 2014 and 22 July 2015.
- The Company will pay the prevailing market price for the shares at the time of purchase. The price per share will not exceed \$3.25. The Company is not obliged to make offers, and reserves the right to cease doing so at any time.

- Buybacks made in compliance with Section 60(1)(b)(ii) of the Companies Act 1993 will not be made from any person who is a Director, Associated Person of a Director or an Employee (as those terms are defined in the NZX Main Board Listing Rules) of the Company and will not exceed 15% of the shares on issue at 12 August 2014.

Other Information Applicable to Both On-market and Off-market Buybacks

- The Company will not purchase any shares while it possesses any information that is materially price-sensitive but not publicly available. If the Company possesses price sensitive information, it will cease acquiring shares until the information is publicly disclosed or ceases to be materially price sensitive.
- The Company intends to hold up to 5% of its shares as Treasury Stock, from those shares first acquired. Treasury Stock comprises shares acquired and held by the Company in itself and which would otherwise be cancelled on acquisition. Subject to certain restrictions, Treasury Stock can be transferred, re-issued or cancelled by the Company.
- All on-market offers will be designed so that the proceeds of sales will not be taxable as dividends, whilst off-market offers may be taxable as dividends, and imputation credits will not be attached to the proceeds. Shareholders who have special tax status, as a result, for example, of trading securities professionally, should consult their tax advisers.

Resolutions

To initiate the proposed offer the Board unanimously resolved on 7 July 2014:

- In lieu of continuing the previously notified Share Buyback Programme beyond 20 July 2014, to reserve the right to make one or more offers on the NZX market to all shareholders to acquire up to 50 million ordinary shares in the Company pursuant to Sections 60(1)(b)(ii) (off-market buyback) and Section 63 (on-market buyback) of the Companies Act 1993 (the Act) in the period between 12 August 2014 and 22 July 2015.
- To pay the prevailing market price for the shares at the time of purchase, but for the purchases made pursuant to Section 60(1)(b)(ii) to pay not more than \$3.25 per share.

- In respect of an offer made pursuant to Section 60(1)(b)(ii):
 - That the acquisition is in the best interests of the Company;
 - That the acquisition is of benefit to the remaining shareholders;
 - That the terms of the offer and the consideration offered for the shares are fair and reasonable to the Company; and
 - That the terms of the offer and the consideration offered for the shares are fair and reasonable to the remaining shareholders.
- In respect of an offer made pursuant to Section 63:
 - That the acquisition is in the best interests of the Company and its shareholders; and
 - That the terms of the offer and the consideration offered for the shares are fair and reasonable to the Company and its shareholders.
- In each case, that it is not aware of any information that will not be disclosed to the shareholders:
 - which is material to an assessment of the value of the shares; and
 - as a result of which the terms of an offer and consideration offered for the shares are unfair to the shareholders accepting an offer.
- That the Company has in place reviews and procedures to ensure that it does not acquire shares during the period when such information, or any material price sensitive information, is known to the Company is not available to shareholders.
- That the reasons for the Directors' conclusions in the Resolutions above are:
 - to maximise shareholder value. Acquiring shares where the share price is below \$3.25 may be considered by the Board (taking into account prevailing circumstances) to be an efficient use of capital; and
 - shareholders have total discretion to choose whether to participate in this buyback. There is no pressure to sell to the Company.

- That the Board is satisfied that the Company will, immediately after acquiring the shares, satisfy the solvency test applied under Section 52 of the Companies Act 1993.
- That Messrs Marko Bogoievski, Kevin Baker, Mark Flesher and Jason Boyes of Morrison & Co Infrastructure Management Limited are authorised to sign such documents and do such other things as may be necessary or appropriate to complete the buyback.
- That until the Company holds shares in itself equating to 5% of the total number of shares on issue, such shares need not be cancelled but may be held as Treasury Stock by the Company itself.

Directors' Interests

Ordinary Shares (as at 10 July 2014)

	Ordinary Shares	Ordinary Shares
	Beneficially Held	Non-Beneficially Held
A Muh	1,384,556	-
H J D Rolleston	36,322	-
D P Saville	-	49,349,418
M Tume	35,839	-
M Bogoievski	1,618,299	-
P Gough	170,565	-
A Gerry	-	-

This Disclosure Document is provided pursuant to Sections 61(5) and 63(6) of the Companies Act 1993 and complies with Sections 62 and 64 of the Companies Act 1993.