

AUSTRALIAN INFRASTRUCTURE FUND LIMITED

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AIX announces equal access buy-back and new business direction as Listed Investment Company with a charitable purpose

As foreshadowed in the Half Yearly Report issued on 25 February 2014, the Directors of Australian Infrastructure Fund Limited (the “Company”) are pleased to announce a new business direction for the Company.

New Business Direction - Wilson Foundation Proposal

The Board has received a proposal from the Wilson Foundation, an entity associated with Mr Geoff Wilson, to transform the Company into a Listed Investment Company with a charitable purpose (the “Wilson Foundation Proposal”).

There are three broad components to the Wilson Foundation Proposal:

- **An Equal Access Buy Back (“EABB”) of shares in the Company at the projected NTA backing per share less any transaction expenses.**
The EABB will provide those shareholders seeking to exit their investment a cash consideration of \$0.005 cents per share which greater than the proposed final capital return previously mooted by the Company under a liquidation scenario. Importantly, unlike the liquidation scenario, the EABB will allow those wanting to continue as shareholders the opportunity to do so.
- **\$1 million commitment from the Wilson Foundation**
In order to allow up to 100% of shareholders to exit their investment by means of the EABB, the Wilson Foundation will invest \$1 million in the Company by way of subscription for new shares at an issue price equal to the buy back price under the EABB, subject to shareholders approving each of the resolutions being put forward as part of the Wilson Foundation Proposal.
- **Capital Raising**
The Company will then seek to raise new capital by way of a Prospectus for the purposes of establishing and funding the Listed Investment Company with a charitable purpose (“Charitable Listed Investment Company”).

The Company has entered into an agreement with the Wilson Foundation to pursue the Wilson Foundation Proposal. This agreement is conditional on the Company obtaining all necessary shareholder and regulatory approvals, waivers and consents to implement it.

In the absence of any superior competing proposal, the Company intends to propose a number of resolutions to shareholders for their approval at a General Meeting to be convened during June 2014.

Charitable Listed Investment Company purpose

The new capital raised will be allocated to a small select group of leading fund managers. The investment objectives of the Company will be to preserve shareholder capital, provide a growing stream of fully franked dividends and to provide capital growth.

The fund managers will forgo their fees (management & performance) and will manage their allocation on a “gross return” basis. Accordingly, the Company’s investment return will be enhanced by virtue of the forgone investment management fees of the selected managers.

Each year the Company will allocate a pre-determined amount of the Net Asset Value of the investment portfolio to designated charities. The amount allocated to the charities will approximate the management fees foregone by the fund managers. The intention is to create for the charities a consistent and reliable source of funds to support their charitable activities. It is intended that the charities will be Australian registered charities for tax purposes.

Shareholders of the new Charitable Listed Investment Company will own the capital of the Company and be entitled to the returns on that capital.

Further details of the Charitable Listed Investment Company will be provided in the near future.

Equal Access Buy-Back

The EABB will provide an opportunity for all shareholders to sell up to all of their shares in the Company at a price of \$0.005 per share. This price represents the forecast Net Tangible Asset backing per share of the Company as at 30 June 2014 less any Prepayments, less Deferred Tax Assets and less the estimated Transaction Expenses of the transaction. The EABB price is superior to the final return of capital (approx.) proposed by the previous Board under its liquidation proposal.

The Company has entered into an agreement with the Wilson Foundation, a charitable institution, under which the Wilson Foundation has agreed, subject to certain terms and conditions, to subscribe for \$1 million of new shares in the Company at the same price as the EABB price.

In the absence of the Wilson Foundation proposal, the Company would not be able to provide an equal access buy back allowing all shareholders the opportunity to sell up to 100% of their shares at the proposed EABB price.

AIX Board Commitment

The EABB is consistent with the previously stated intention of the Board that it intended to provide shareholders with a further capital return option.

It is noted that the Buy Back price of \$0.005 is higher than the proposed final capital return (approx.) of \$0.003931 (in aggregate \$ 2,439,796) as announced by the previous Board on 2 October 2013. An additional amount of up to \$663,874 is therefore available to be returned to shareholders should they so elect.

Implementation timing

The Company’s intention is that, the shareholders will be asked to approve the Equal Access Buy Back, conversion of the Company into a Charitable Listed Investment Company, further proposed capital raising and other ancillary matters at a General Meeting to be held in June 2014.

Assuming the resolutions are approved by shareholders at the June 2014 meeting, the Board intends that the Equal Access Buy Back and the capital raising associated with transformation to a Charitable Listed Investment Company take place as soon as reasonable practicable thereafter.

The Board expects to make a further announcement in the near term on the above matters.

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