

**Transfield Services Infrastructure Fund
Annual General Meeting
Museum of Sydney, Wednesday, 14 October 2009 at 10.00am
Speeches**

CHAIRMAN'S ADDRESS

Good morning ladies and gentlemen.

I'm Peter Young, Chairman of the Transfield Services Infrastructure Fund.

Welcome to the third Annual General Meeting of Transfield Services Infrastructure Limited, and concurrent Annual General Meeting of TSI International Limited and general meeting of the unitholders of Transfield Services Infrastructure Trust – collectively known as the Transfield Services Infrastructure Fund.

On behalf of the Board, I'd like to thank you for taking the time today to come to our Annual General Meeting to hear more about the performance of your Fund.

We will take the Notice of Meeting as read.

A few words about safety and housekeeping before we commence the formal part of the meeting.

There are three emergency exits; two at the front of the theatre, and one at the rear. Museum of Sydney staff will direct you in the event of an emergency. Visitors will be asked to convene at Farrer Place on Bent Street, which is the first street on your left when you take the Bridge Street exit from the Museum of Sydney.

As a courtesy to others, I'd ask that you please switch off – or switch to silent mode – your phones and electronic devices.

I would like to introduce you to my fellow Directors and officers. From my immediate right they are:

- Independent Non-Executive Directors, Kate Spargo and David Mathlin
- Non-Executive Directors, Tony Shepherd and Peter Goode
- TSI Fund's Chief Executive Officer, Steve MacDonald
- TSI Fund Chief Financial Officer, Steve Loxton, and
- Our Company Secretary, Marianne Suchanek.

As you would be aware, Peter Goode joined Transfield Services as Managing Director and Chief Executive Officer in April 2009. He is Transfield Services' nominee on TSI Fund's Board, and his election as a Director to the TSI Fund Board is being voted on today as part of the formal items of the meeting. Welcome Peter.

Welcome also to our new CFO, Steve Loxton, who joined us in May this year and brings with him more than 18 years financial services experience. Welcome Steve.

I would also like to acknowledge one of our Responsible Officers, Matthew Irwin, who is also here with us today.

Over the last twelve months, it has been challenging for the Australian economy, the infrastructure sector and TSI Fund.

However, our business has withstood the challenges and remains strong as a result of a number of factors.

- We have a high quality portfolio of renewable energy, thermal energy and water assets that generate stable cash flow.
- We are a leading provider of wind energy in Australia.
- We have rights of first refusal to a wind farm development portfolio with a potential capacity of more than 1,000 megawatts. The value of investing in wind farms has been affirmed by the Australian Federal Government's passing of the Renewable Energy Target legislation.
- And, our unique relationship with engineering services company Transfield Services has added significant value to us during the year with asset upgrades and enhancements that have added to the earnings potential of our assets.

All of this has contributed to another solid financial performance for 2009.

We delivered underlying earnings before interest, tax, depreciation and amortisation of \$116.7 million, an increase of 25 per cent on the prior year.

Before impairment, we had a net profit after tax of \$22.1 million. After allowing for impairment, our net profit after tax was a loss of \$38 million.

The impairment charge resulted from a \$60 million post-tax write-down in the value of Collinsville Power Station. The write-down represented less than six per cent in the value of TSI Fund's total assets.

The impairment charge is a non-cash adjustment that did not affect TSI Fund's core earnings.

Importantly, our distributions in the 2009 financial year were fully funded from operating cash flow, after funding interest, maintenance capital expenditure and a \$23 million debt repayment in June this year.

The final distribution of 7 cents per stapled security for the six months ended 30 June 2009 was paid to securityholders on 30 September 2009.

This brings the full-year distribution for the 2009 financial year to 12 cents per stapled security, of which 49 per cent was tax-deferred.

Securityholders were offered an opportunity to participate in our Distribution Reinvestment Plan for both the half-year and full-year distributions in the 2009 financial year, with a five per cent discount offered both times.

This Plan is part of a capital management program and supports re-investment initiatives such as the upgrade of Townsville Power Station, which was successfully completed last year.

Ninety per cent of our current year's forecast revenue is already contracted, ensuring a high level of predictability in our 2010 cash flows.

Consequently, we expect 2010 distributions to be in the order of 12 cents per stapled security assuming TSI Fund's assets continue to perform in line with expectations.

All of this reinforces our point of difference and value in this market – and that is, we own a high quality portfolio of essential infrastructure assets that have substantially contracted revenue streams that deliver a stable cash flow.

Our portfolio includes renewable energy, thermal energy and water assets that provide financial strength and stability.

Our investment in renewable energy has generated good returns for us, and we have an attractive opportunity to expand our portfolio.

The contribution from our existing 4 wind farms increased from 7 per cent in 2008 to 18 per cent in 2009.

Via our rights of first refusal over Transfield Services' wind farm development portfolio, we have the potential to increase our wind farm ownership and boost Australia's renewable energy capacity by more than 1,000 megawatts. The Federal Government's passing of the Renewable Energy Targets is expected to facilitate and fast-track development sites.

Continuing strong operational performance plus capacity upgrades led to a strong performance from our thermal energy assets.

The majority of our asset portfolio benefits from long-term Power Purchase Agreements with high quality counterparties. Our contracted revenue is equivalent to 10 times our 2009 financial year revenue, giving us confidence in our outlook.

Our Chief Executive Officer, Steve MacDonald will discuss our high quality portfolio of assets in more detail during his presentation.

As you are aware, in June, we announced a capital structure review. This review has given us the opportunity to consider a broad range of options available to us to ensure we have access to cost-effective funding for future growth, while enhancing the value of securityholder's interests.

We have formed an Independent Board Committee to consider any indicative proposals received and determine the preferred outcome for TSI Fund. This committee comprises three independent non-executive Directors; Kate Spargo, David Mathlin and myself.

While the review is progressing well, it is too early to make any definitive statements regarding the potential outcome.

We will keep securityholders and the market informed of all material developments.

As your Board, we continue to act in the best interests of you, our securityholders.

We have an independent Board structure underpinned by a robust corporate governance framework.

Our corporate governance statement and the supporting policies are all available on our website and summarised in our Annual Report.

I will now ask our CEO, Steve MacDonald, to give you a more detailed report on TSI Fund's operations.

CEO'S ADDRESS

Thank you Peter, and welcome to TSI Fund's 2009 Annual General Meeting.

In the 2009 financial year, we focused on enhancing the operating performance of our assets to improve their output and maximise their availability.

Looking forward, the efforts of 2009 have positioned the Fund well to extract the best possible performance from its assets.

As a result of these efforts and favourable weather conditions, we have delivered a strong first-quarter performance for the 2010 financial year.

Our wind generation assets have seen a material improvement in availability, which has enabled them to take advantage of strong winds in the 2010 first quarter.

Our thermal assets have also performed well due to their enhanced capacity and availability.

Overall, we are in good shape to meet our financial objectives in 2010.

For the 2009 financial year, our wind farm asset portfolio's revenue contribution has increased almost three-fold compared to the previous financial year.

At acquisition, the overall availability of the wind farms was at 89.9 per cent, and Mt Millar was only operating at 16 megawatts.

Since we acquired the wind farms, we have added significant value by increasing their overall availability to 97.5 per cent, and ramping up Mt Millar to its full capacity of 70 megawatts.

These enhancements position us to benefit from the Federal Government's Renewable Energy Targets legislation and the increasing demand for renewable energy and the revenue upside this creates.

We have already increased the contract price received for the green energy generated by our Starfish Hill Wind Farm by 35 per cent over the last 12 months.

This slide shows a spectacular aerial view of Starfish Hill Wind Farm. It is situated across two hills on the tip of the Fleurieu Peninsula near Kangaroo Island, and was the first wind farm in South Australia. It is a popular tourist attraction, and also recently featured on a children's television show called Scope on Channel Ten, with our General Manager Assets, Geoff Dutton presenting. It's great viewing, and can be seen on our website.

We expect to re-contract Starfish Hill Wind Farm in the next few months. We will also look to offer the entire wind farm portfolio to the market via a long-term Power Purchase Agreement within the next 12 months. Based on recent contracting pricing, we would expect to re-contract the portfolio at prices above our current averaged portfolio price of \$90 per megawatt hour.

We're committed to growing our renewable energy portfolio.

As the Chairman said, we have the advantage of a right of first refusal over Transfield Services' wind farm development portfolio. This portfolio has 12 development sites with a potential capacity of 1,000 megawatts.

We've improved the efficiency of our wholly-owned thermal assets, which contributed more than 80 per cent of our total revenue in the 2009 financial year.

Townsville Power Station is benefiting from a world-first turbine blade and vane upgrade. The new blades and vanes are aerodynamic, which captures the kinetic energy of gas more efficiently to produce more energy using less gas. This slide shows the new blades being inspected prior to installation last October.

This upgrade was both innovative and environmentally-friendly. It increased the station's capacity by 12.7 megawatts to 234 megawatts, while reducing greenhouse gas emissions by up to 30 tonnes of carbon dioxide per day.

A major maintenance overhaul was also completed, on time and on budget.

Kemerton Power Station has already benefited from its environmentally-friendly upgrade in June 2008 delivering revenue upside to TSI Fund in the 2009 financial year.

Kemerton Power Station has also doubled its allowable operating hours following approval from the Environmental Protection Agency. This provides the opportunity to increase potential revenue in line with increased operation.

Both of these upgrades have provided further revenue upside to TSI Fund as we expanded the associated Power Purchase Agreements to reflect the extra capacity.

At Collinsville Power Station, we reduced costs by increasing coal combustion efficiency and reducing coal wastage.

Loy Yang A did not pay a distribution in the 2009 financial year due to low pool prices paid for electricity and operational issues. In August, improved performance in the first half of this calendar year resulted in Loy Yang A making a \$2.4 million distribution payment to TSI Fund.

BP Kwinana Cogeneration Plant continues to meet its operational performance expectations.

There remains uncertainty regarding the implementation of the Government's proposed Carbon Pollution Reduction Scheme legislation, or CPRS.

Under the current draft of CPRS, TSI Fund's wholly-owned assets are substantially protected from the potential financial impact through their contractual arrangements.

Loy Yang A Power Station is also expected to continue to provide attractive returns to equity investors beyond the targeted implementation of CPRS due to its position as an essential low-cost power provider. It provides power to

more than one-third of Victoria and has the lowest carbon emissions of the major brown coal generators in Australia.

Our water assets are fully contracted and have performed in line with contract requirements.

Our 50 per cent interest in Macarthur and Yan Yean Water Filtration Plants continue to provide reliable, low risk cash flows to TSI Fund.

We continue to benefit from our relationship with expert engineering services company Transfield Services.

We are focused on maximising the benefit of the three key relationships between TSI Fund and Transfield Services, namely, as operator and maintainer of our assets, Manager and developer.

As our provider of operations and maintenance services to our infrastructure assets, Transfield Services has added value to the assets, which has in turn provided opportunity for revenue upside. Transfield Services was instrumental in the removal of the constraints on Mt Millar Wind Farm as well as enhancing the availability of the wind farm portfolio overall.

This slide shows the Transfield Services team working to improve the availability of Toora Wind Farm in Victoria, which improved from 75 per cent availability in the 2008 financial year to 92 per cent at the end of the 2009 financial year .

Transfield Services also successfully delivered the Townsville Power Station upgrade.

We have recently re-negotiated the Management Services Agreement fee structure from a base fee and expense amount to a cost reimbursement model plus a performance-based margin. The Manager's scope and obligations remain unchanged.

The revised fee structure aligns the Manager's rewards with the best outcomes for TSI Fund, and the performance-based margin is capped at a fixed percentage of cost.

It rewards the Manager for delivering the service to mutually agreed performance outcomes.

We expect the Manager's fee in the 2010 financial year to be broadly in line with last year's fee.

We are also able to take advantage of Transfield Services' skills as a developer through our right of first refusal to invest in their wind farm development portfolio.

As you heard from our Chairman, we have announced a capital structure review, which is focused on ensuring we have access to cost-effective funding for future growth.

We have an existing portfolio of thermal, water and wind farm assets. Our growth opportunities include our access to Transfield Services' wind farm development portfolio.

We expect the next development sites in northern Queensland to be offered to us for investment in late 2010. The northern Queensland region benefits from good grid connection, strong community and government support and favourable wind speeds.

With the backing of the Renewable Energy Target legislation and with wind farms being the most commercial source of renewable energy, we are in a good position to benefit through our right of first refusal to invest in Transfield Services' wind farm development portfolio.

Through the development portfolio, we have the potential to deliver up to 10 per cent of the renewable energy generation capacity required to meet the Australian Government's target of 20 per cent renewable generation by 2020.

Other developments being contemplated include the upgrade of the Windy Hill Wind Farm with larger turbines. This project would be considered in tandem with the potential construction work on the development sites nearby.

We are also investigating the upgrade and expansion of Kemerton Power Station to a combined-cycle plant, in a similar expansion to what was successfully implemented at Townsville Power Station in 2005.

While we're only three months into the 2010 financial year, our assets are already benefiting from the work carried out in the previous 12 months. They're performing well and have contributed to a strong first quarter financial performance.

This strong performance continues to demonstrate the value of our high quality portfolio of renewable energy, thermal energy and water assets.

We are confident in delivering distributions in the order of 12 cents per stapled security for the 2010 financial year.

Our cash flows are supported by revenue that is over 90 per cent contracted for the 2010 financial year, and we are not exposed to variations in input costs such as fuel, due to the nature of our contractual arrangements.

We have confidence in our future earnings as we have long-term contracts with credit-worthy counterparties and our forward order book is equivalent to ten times our 2009 financial year revenue.

I would like to thank the Board for their guidance, and the TSI Fund team who have worked hard to deliver a strong result in 2009. I am encouraged that we are well on the way to improve on this outcome in 2010.

Thank you for your support of TSI Fund.

CHAIRMAN'S CLOSING STATEMENT

On closing, I would like to take the opportunity to highlight TSI Fund's value proposition.

- We own a high quality portfolio of essential infrastructure assets that generate stable cash flow. This has given us confidence in forecasting a distribution in the order of 12 cents per stapled security for the 2010 financial year.
- Our financial strength is also underpinned by our diverse portfolio of renewable energy, thermal energy and water assets.
- We are a leading provider of wind energy in Australia with opportunities to expand our existing assets by exercising our rights of first refusal over Transfield Services' wind farm development portfolio, which has a potential capacity of more than 1,000 megawatts. Our existing wind farm assets and the development pipeline are both expected to benefit from the Australian Federal Government's passing of the Renewable Energy Target legislation.
- And, our unique relationship with engineering services company Transfield Services will continue to add value with access to their expert infrastructure asset management, maintenance and development services.

I would like to thank my fellow Board Members, CEO Steve MacDonald, CFO Steve Loxton, General Manager Assets, Geoff Dutton and the Transfield Services team who have governed and led us to another successful financial year.

And, I also thank you for your continuing support of TSI Fund. We are committed to maximising the value of your investment in TSI Fund.

I now declare the meeting closed. Please join the TSI Fund Board, executive managers and members of the Transfield Services' team for refreshments outside in the foyer.