



ASX/MEDIA RELEASE

19 April, 2005

Detail of offer from Industry Funds Management

Please find following an announcement made today by Industry Funds Management, detailing the offer for shares in Pacific Hydro Limited.

(Ends)

For more information:

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About Pacific Hydro Limited

Pacific Hydro Limited is Australia's leading renewable energy company, generating electricity produced from non-polluting, wind and water. The Company's business decision-making is guided by economic, social and environmental considerations that have delivered sustained profit growth, the avoidance of greenhouse gas emissions, and significant benefits to the communities in which it operates.

Pacific Hydro is listed on the Australian Stock Exchange (ASX Code: PHY) and is an S&P/ASX200 company with approximately 14,000 predominantly Australian shareholders. Pacific Hydro has approximately 230 MW of operating assets, which includes Australian hydro operations (41.9 MW); international hydro operations (114.7 MW); and Australian wind energy projects (70.7 MW).

Further information available at www.pacifichydro.com.au



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MEDIA RELEASE

19 April, 2005

Industry Funds Management announces \$4.60 cash per share takeover offer for Pacific Hydro

Industry Funds Management ("IFM") today announced that IFM intends to make an off-market takeover offer ("IFM Offer") for all ordinary shares ("Shares") in Pacific Hydro Limited ("Pacific Hydro") at \$4.60 cash per Share, which values Pacific Hydro's Shares at \$725 million on a fully diluted basis. This is 10 cents per Share more than the cash offer from the Spanish company Acciona, S.A. ("Acciona") as announced on 29 March 2005 at \$4.50 per Share ("Acciona Offer").

Additionally, IFM as holder of 31.6% of Pacific Hydro Shares, has announced that it will not accept the current Acciona Offer. This means that the Acciona Offer is not capable of success in its current form as it is conditional on 90% acceptance.

As a result of these significant developments, the Independent Directors of Pacific Hydro have unanimously recommended that shareholders accept the IFM Offer, in the absence of a superior proposal, and will accept the IFM Offer for their personal shareholdings, in the absence of a superior proposal. Further, the full Board withdraws its previous recommendation of the Acciona Offer. Mr Graeme Bevans and Mr Ian Court, who are directors of Pacific Hydro nominated to the Board by IFM, abstained from considering the IFM Offer but intend to withdraw their recommendation for the Acciona Offer.

The Chairman of IFM, Garry Weaven, said "I have previously stated our position that IFM did not want to sell its 32 per cent stake into the Acciona takeover, and that we see special value for IFM's investors in Pacific Hydro through providing access to current and future investment opportunities. This bid confirms IFM's commitment to Pacific Hydro and to worldwide sustainable green energy project developments.

"IFM's offer ensures that this first-class Australian company remains Australian owned and controlled. Pacific Hydro's excellence, both in Australia and offshore, provides numerous long-term investment opportunities for the industry superannuation funds that invest with us, which currently have over 4 million members Australia-wide and manage over \$50 billion in superannuation assets on behalf of those members."

The IFM Offer is conditional on IFM receiving acceptances entitling it to more than 50% of Pacific Hydro shares as at the close of the Offer and other conditions, including regulatory approvals and no material adverse change. The offer conditions are set out in Attachment 1.

Pacific Hydro and IFM have entered into a Deed of Undertaking ("Deed") to govern the conduct of the parties and to facilitate the making of the IFM Offer. This Deed restrains Pacific Hydro from soliciting further proposals and provides for a compensating amount of \$2 million to be payable if there is a successful competing proposal where a party secures more than 50% of Pacific Hydro, any independent director withdraws his or her recommendation, or the company does anything which results in a breach of an offer condition. Pacific Hydro has agreed to advise IFM if it becomes aware of any competing and superior proposal. A summary of the Deed of Undertaking is set out in Attachment 2.

Background to the IFM Offer

Following the initiation by Pacific Hydro of its strategic review process in October 2004, IFM has undertaken a careful and detailed analysis into its shareholding in Pacific Hydro and has assessed the current and future value, both direct and indirect, of this investment to IFM and its investors. This work included IFM seeking and being granted access to the due diligence material provided by Pacific Hydro to other potential bidders.

IFM has identified that Pacific Hydro has special value to it through providing access to current and future investment opportunities in renewable energy projects.

As a result of its value conclusions, IFM endeavoured, both prior to the announcement of the Acciona Offer and subsequently, to engage with Acciona to develop a mutually acceptable framework by which IFM would meet its objectives of retaining exposure to the renewable energy sector through a continuing investment in Pacific Hydro or its portfolio of assets and deal pipeline. IFM pursued these discussions recognising that it was essential that other Pacific Hydro shareholders not be disadvantaged and that shareholder approval may be required for any arrangements between Acciona and IFM. Further, IFM did not seek to retard the delivery of the Acciona Offer to all Pacific Hydro shareholders.

Acciona has recently advised IFM that it was unwilling to enter into any type of formal arrangement with IFM prior to the completion of its offer. Acciona's position effectively required that IFM accept the Acciona Offer without knowing whether any satisfactory arrangement could be established between the two companies to protect the special value of Pacific Hydro to IFM.

Whilst IFM recognises that there is always a price at which it is appropriate to consider selling an investment, even one as critical and strategic as its shareholding in Pacific Hydro, IFM does not consider the Acciona Offer is sufficient to recognise the special value of Pacific Hydro to it. Further, IFM believes that Acciona is not contemplating any price in the range which IFM might consider acceptable.

Against this background and after considering all of its options, IFM has now determined that it is not in the interests of its investors to seek a contractual resolution with Acciona, nor for control of Pacific Hydro to pass to Acciona. Accordingly, IFM has determined to act to secure control of Pacific Hydro to ensure the delivery of the long term benefits to its own investors and to protect and enhance the value of its investment in Pacific Hydro. The support of key IFM investors has been obtained for the IFM Offer, including appropriate funding commitments.

IFM's future strategic plans for Pacific Hydro

If IFM receives sufficient acceptances it intends to move to compulsory acquisition and delist Pacific Hydro from the Australian Stock Exchange ("ASX"). In this event, it is intended that the company would be IFM's primary global vehicle for its investments in renewable energy. Pacific Hydro's skills, processes and competence would be focussed on maximising the value of its current investments and pursuing new investment opportunities.

Should IFM secure control, but not reach compulsory acquisition, the current intention is for Pacific Hydro to remain listed on the ASX with corporate governance consistent with Australian best practices. As majority shareholder, IFM would encourage Pacific Hydro to proactively pursue renewable energy investment initiatives. In IFM's view, this strategy will add significant longer-term value to Pacific Hydro but notes that under IFM's control and an accelerated development program:

- § it is unlikely that future developments could be funded solely from Pacific Hydro's internal resources and may require significant future calls for equity funding;
- § it is unlikely that Pacific Hydro's level of reported earnings per share would be maintained due to the likely increased level of assets under construction; and
- § it is unlikely that the existing level of dividends would be sustained.

Under either scenario, and other than this re-orientation of strategic focus, IFM does not currently anticipate any significant change to the day-to-day operation of Pacific Hydro. Pacific Hydro would have a stable and exciting future under IFM control and the IFM Offer is expected to be well received by Pacific Hydro's key stakeholders; including employees, contractors and customers.

Further details about IFM's intentions with respect to Pacific Hydro will be included in its Bidder's Statement.

Funding

IFM has received binding and irrevocable commitments from investors in the IFM Infrastructure Funds sufficient to fund the Offer in respect of all Pacific Hydro shares which IFM does not currently control.

Bidder

The bidder will be Industry Funds Management (Nominees) Ltd as trustee of the IFM Infrastructure Funds. IFM Infrastructure Funds is a pooled superannuation trust, which is managed by Industry Funds Management Pty Ltd.

Background information on IFM and its associated entities is set out in Attachment 3 and additional background can be found at http://www.industryfundservices.com.au/ifs_funds.htm.

Timetable

IFM's Bidder's Statement is expected to be lodged with ASIC within two weeks and to be sent to Pacific Hydro shareholders as soon as practicable after that time.

IFM is being advised by Gresham Advisory Partners Limited and Blake Dawson Waldron.

ENDS

Contacts:

IFM

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Gresham Advisory Partners

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Executive Director
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ATTACHMENT 1 – OFFER CONDITIONS

(a) Minimum acceptance

At the end of the Offer Period, IFM has a relevant interest in more than 50% (by number) of the number of Pacific Hydro Shares that is the sum of the number of Pacific Hydro Shares on issue at that time and the number of Pacific Hydro Shares required to be issued on exercise of rights attached to all Pacific Hydro Options and all other options or convertible securities of Pacific Hydro in existence at that time.

(b) ACCC and ESC

Before the end of the Offer Period, IFM receives a notice from the ACCC to the effect that it does not intend to take action in relation to the acquisition of the Pacific Hydro Shares under the Offer or the implementation of any transaction contemplated by the Offer (such notice being unconditional) and the ESC determines that it is satisfied that the ACCC has issued such a notice, pursuant to section 68(8)(b) of the Electricity Industry Act 2000 (Vic).

(c) Approvals by Public Authorities

Before the end of the Offer Period:

- (i) IFM receives all Approvals (other than those referred to in paragraph (b)) which are required by law or by any Public Authority to permit the Offer to be made to and accepted by Pacific Hydro shareholders in all applicable jurisdictions; and
- (ii) IFM receives all Approvals which are required by law or by any Public Authority as a result of the Offer or the successful acquisition of the Pacific Hydro Shares and which are necessary for the continued operation of the business of Pacific Hydro and its subsidiaries or of IFM,

and, in each case, those Approvals are granted, given, made or obtained on an unconditional basis and remain in full force and effect in all respects and do not become subject to any notice, intimation or indication to revoke, suspend, restrict, modify or not renew the same, and all appropriate waiting and other time periods (including any extensions of such waiting and other time periods) under applicable laws or regulations of any relevant jurisdiction have expired, lapsed or been terminated (as appropriate)..

(d) No action by Public Authority adversely affecting the Offer

During the period from and including the Announcement Date to the end of the Offer Period:

- (i) there is not in effect any preliminary or final decision, order or decree issued by a Public Authority;
- (ii) no action or investigation is instituted or commenced by any Public Authority; and
- (iii) no application is made to any Public Authority (other than by IFM),

in consequence of, or in connection with, the Offer, which restrains, prohibits or impedes, or threatens to restrain, prohibit or impede, or otherwise materially adversely impacts upon, the making of the Offer or the acquisition of the Pacific Hydro Shares under the Offer or the rights of IFM in respect of its capacity as a shareholder in respect of Pacific Hydro and the Pacific Hydro Shares to be acquired under the Offer or otherwise, or seeks to require the divestiture by IFM of any Pacific Hydro Shares, or the divestiture of any assets of Pacific Hydro or by any subsidiary of Pacific Hydro.

(e) No prescribed occurrences

None of the following events happens during the period beginning on the date the Bidder's Statement is given to Pacific Hydro and ending at the end of the Offer Period:

- (i) Pacific Hydro converts all or any of its shares into a larger or smaller number of shares;
- (ii) Pacific Hydro or a subsidiary of Pacific Hydro resolves to reduce its share capital in any way;
- (iii) Pacific Hydro or a subsidiary of Pacific Hydro:
 - (A) enters into a buy-back agreement; or
 - (B) resolves to approve the terms of a buy-back agreement under section 257C(1) or 257D(1) of the Corporations Act;
- (iv) Pacific Hydro or a subsidiary of Pacific Hydro issues shares (other than Pacific Hydro Shares issued as the result of the exercise of Pacific Hydro Options) or grants an option over its shares, or agrees to make such an issue or grant such an option;
- (v) Pacific Hydro or a subsidiary of Pacific Hydro issues, or agrees to issue, convertible notes;
- (vi) Pacific Hydro or a subsidiary of Pacific Hydro disposes, or agrees to dispose, of the whole, or a substantial part, of its business or property;
- (vii) Pacific Hydro or a subsidiary of Pacific Hydro charges, or agrees to charge, the whole, or a substantial part, of its business or property;
- (viii) Pacific Hydro or a subsidiary of Pacific Hydro resolves to be wound up;
- (ix) a liquidator or provisional liquidator of Pacific Hydro or a subsidiary of Pacific Hydro is appointed;
- (x) a court makes an order for the winding up of Pacific Hydro or a subsidiary of Pacific Hydro;
- (xi) an administrator of Pacific Hydro, or a subsidiary of Pacific Hydro, is appointed under section 436A, 436B or 436C of the Corporations Act;
- (xii) Pacific Hydro or a subsidiary of Pacific Hydro executes a deed of company arrangement; or

(xiii) a receiver, or a receiver and manager, is appointed in relation to the whole or a substantial part, of the property of Pacific Hydro or a subsidiary of Pacific Hydro.

(f) No prescribed occurrences between the Announcement Date and service

None of the events listed in sub-paragraphs (i) to (xiii) of paragraph (e) happens during the period beginning on the Announcement Date and ending at the end of the day before the Bidder's Statement is given to Pacific Hydro.

(g) No material acquisitions, disposals or changes in the conduct of Pacific Hydro's business

During the period from and including the Announcement Date to the end of the Offer Period, except:

(i) as previously disclosed to IFM in writing by or on behalf of Pacific Hydro before the date of this announcement; or

(ii) with the prior written consent of IFM upon the request of Pacific Hydro (such consent not to be unreasonably withheld),

neither Pacific Hydro nor any subsidiary of Pacific Hydro:

(iii) acquires, offers to acquire or agrees to acquire one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than A\$10million;

(iv) disposes, offers to dispose or agrees to dispose of one or more companies or assets (or an interest in one or more companies or assets) for an amount in aggregate greater than A\$10million;

(v) enters into, offers to enter into or announces that it proposes to enter into any joint venture or partnership, merger of businesses (including through a dual listed company structure) or of corporate entities, involving a commitment of greater than A\$10million;

(vi) incurs, commits to or brings forward the time for incurring or grants to another person a right the exercise of which would involve a member of the Pacific Hydro Group incurring or committing to any capital expenditure or liability in respect of one or more related items of greater than A\$10million; or

(vii) discloses (without having disclosed to ASX or to IFM prior to the Announcement Date) the existence of any matter described in sub-paragraphs (iii) to (vi) above, or announces an intention or proposal to do anything described in sub-paragraphs (iii) to (vi) above.

(h) Non-existence of certain rights

Except:

(i) as previously disclosed to IFM in writing by or on behalf of Pacific Hydro before the date of this announcement; or

(ii) with the prior written consent of IFM upon the request of Pacific Hydro (such consent not to be unreasonably withheld),

no person (other than IFM) has or will have any right (whether subject to conditions or not) as a result of IFM acquiring the Pacific Hydro Shares to:

- (iii) acquire, or require the disposal of, or require Pacific Hydro or a subsidiary of Pacific Hydro to offer to dispose of, any material assets of Pacific Hydro or the group of entities comprising Pacific Hydro and its related bodies corporate; or
- (iv) terminate, or vary the terms or performance of, any material agreement with Pacific Hydro or the group of entities comprising Pacific Hydro and its related bodies corporate.

(i) Change in control

Before the end of the Offer Period, every person who has or will have any right under a Relevant Contract (whether subject to conditions or not) as a result of IFM acquiring Pacific Hydro Shares:

- (i) to acquire, or to require the disposal of, or to require Pacific Hydro or a subsidiary of Pacific Hydro to offer to dispose of, any material asset of Pacific Hydro or a subsidiary of Pacific Hydro; or
- (ii) to terminate, or to vary the terms or performance of, any Relevant Contract,

provides in writing an enforceable, irrevocable and unconditional waiver or release of that right to Pacific Hydro and Pacific Hydro provides a copy of that waiver or release to IFM.

For the purpose of this paragraph (i), Relevant Contract means the Power Supply Contract dated 19 April 2004 between Pacific Hydro Chile S.A. and Corporacion Nacional del Cobre de Chile, El Teniente Division.

(j) No material adverse change

During the period from and including the Announcement Date to the end of the Offer Period:

- (i) except:
 - (A) as previously disclosed to IFM in writing by or on behalf of Pacific Hydro before the date of this announcement; or
 - (B) with the prior written consent of IFM upon the request of Pacific Hydro (such consent not to be unreasonably withheld),there is no occurrence or matter, including (without limitation):
 - (C) any change in the status or terms of arrangements entered into with Pacific Hydro or any of its subsidiaries or the status or terms of any Approvals which are applicable to Pacific Hydro or any of its subsidiaries (whether or not wholly or partly attributable to the making of the Offer, and/or the acquisition of Pacific Hydro Shares under the Offer);
 - (D) any liability for duty or tax;

- (E) any liability resulting, or any rights of any person arising, from a change of control of the company;
- (F) any change in the law (whether retrospective or not); or
- (G) any actual or threatened dispute, litigation or arbitration (or other proceeding of any kind) involving Pacific Hydro or any of its subsidiaries or any judgement, decision, finding or other award of any kind, against Pacific Hydro or any of its subsidiaries,

that (individually or together with others) has or could reasonably be expected to have a materially adverse effect on the assets, liabilities, financial or trading position, profitability, production or prospects of Pacific Hydro or any of its subsidiaries taken as a whole; and

- (ii) no occurrence or matter, as described in sub-paragraph (j)(i) above, which occurred before the Announcement Date but was not previously disclosed to IFM in writing by or on behalf of Pacific Hydro before the date of this announcement or which did not have the prior written consent of IFM before the Announcement Date, becomes public.

(k) S&P/ASX 200 Index

During the period from and including the Announcement Date to the end of the Offer Period, the S&P/ASX 200 Index does not close below 3,350 on any trading day.

Interpretation:

In these conditions, a matter is taken to be disclosed in writing to IFM by or on behalf of Pacific Hydro before the date of this announcement only if:

- the matter was disclosed in the data room facilities made available to IFM by Pacific Hydro as at 28 March 2005, or the matter is consistent with and has a materially similar outcome to a matter which was so disclosed;
- the matter was announced by Pacific Hydro to ASX before the date of this deed; or
- the matter was specifically and expressly brought to the attention of IFM by Pacific Hydro in writing between 28 March 2005 and before the date of this announcement.

Definitions:

Announcement Date means the date of this announcement.

Approval means a licence, authority, consent, approval, order, exemption, waiver, relief, ruling or decision.

IFM means Industry Funds Management (Nominees) Limited in its capacity as trustee of the IFM Infrastructure Funds.

IFM Infrastructure Funds means the trust as constituted under a trust deed dated 21 December 1990 between Wojan Limited (as trustee) (now known as Industry Funds Management (Nominees) Limited) and Culdena Limited (now known as Development Australia Nominees Pty Ltd) (as amended).

Offer means the offer to acquire the Pacific Hydro Shares made in connection with IFM's takeover bid for Pacific Hydro.

Offer Period means the period that the Offer is open for acceptance.

Pacific Hydro Group means Pacific Hydro and its subsidiaries.

Public Authority means any government or any governmental, semi-governmental, administrative, statutory or judicial entity, authority or agency, whether in Australia or elsewhere, including the ACCC (but excluding the Takeovers Panel, ASIC and any court in respect of proceedings under section 657G or proceedings commenced by a person specified in section 659B(1) of the Corporations Act in relation to the Offer). It also includes any self-regulatory organisation established under statute or any stock exchange.

ATTACHMENT 2 – SUMMARY OF DEED OF UNDERTAKING

IFM has entered into a Deed of Undertaking with Pacific Hydro dated the date of this announcement.

IFM Bid

Under the Deed, IFM agreed to make a takeover bid to Pacific Hydro shareholders on certain agreed terms (the "Bid"). The consideration IFM is required to offer Pacific Hydro shareholders is A\$4.60 per Pacific Hydro Share in cash.

The Deed sets out the conditions of the Bid, being those summarised in Attachment 1 to this Announcement.

Break fee

Under the Deed, Pacific Hydro undertakes to pay IFM A\$2 million (exclusive of GST) if:

- (a) the following occur:
 - (i) before the end of the offer period under the Bid, a Competing Proposal (see below) is announced or open for acceptance; and
 - (ii) a person acquires an interest in all or a substantial part of the assets of Pacific Hydro or a relevant interest in more than 50% of the voting shares of Pacific Hydro under that Competing Proposal, or Pacific Hydro enters into an agreement to operate under a dual listed company, or similar, structure; and
 - (iii) in the case of a Competing Proposal that is a takeover bid made under Chapter 6 of the Corporations Act, the Competing Proposal becomes free from any defeating conditions either before or after the end of the offer period under the Competing Proposal; or
- (b) any Independent Director (see below) does not recommend the Bid or withdraws an earlier recommendation or recommends a Competing Proposal (or announces an intention to do any of the foregoing);
- (c) Pacific Hydro or any of its Independent Directors does (or omits to do) anything (whether or not it may be permitted by the terms of the Deed) which results in any of the conditions of the Bid being breached and IFM does not declare the Bid free of the breached condition (which IFM is under no obligation to do); or
- (d) Pacific Hydro breaches the no solicitation obligations under the Deed (see below).

A Competing Proposal is any proposal or offer (not including the Acciona Offer, but including any increase by Acciona of the consideration offered under the Acciona Offer) that would if completed substantially in accordance with its terms, result in:

- (a) any person other than IFM acquiring:
 - (i) an interest in all or a substantial part of the assets of Pacific Hydro; or
 - (ii) a relevant interest in more than 50% of the voting shares of Pacific Hydro; or

- (b) Pacific Hydro and another person operating under a dual listed company, or similar, structure.

Independent Director means a director of Pacific Hydro other than Mr Graeme Bevans and Mr Ian Court.

Bid conditions

Under the Deed, Pacific Hydro has agreed not to do (or omit to do) anything which will, or is likely to, result in any of the conditions of the Bid being breached. Nothing in this obligation prevents Pacific Hydro or the Pacific Hydro Board from taking, or failing to take, action where to do otherwise would, in the reasonable opinion of the Pacific Hydro Board, constitute a breach of the duties of the directors of Pacific Hydro.

IFM has agreed to use its best endeavours to ensure satisfaction of the condition of the Bid set out in paragraph (b) (*ACCC and ESC*) of Attachment 1 to this Announcement.

IFM will, expeditiously after the date of the Deed, apply for the Approvals referred to in the condition of the Bid set out in paragraph (c)(i) and (ii) (*Approvals by Public Authorities*) of Attachment 1 to this Announcement, and Pacific Hydro shall provide IFM with reasonable assistance in applying for such Approvals.

Pacific Hydro has agreed to use its best endeavours to ensure satisfaction of the condition of the Bid set out in paragraph (i) (*Change in Control*) of Attachment 1 to this Announcement.

No solicitation

Under the Deed, for 90 days after the date of this agreement Pacific Hydro must not and must ensure that each of its related bodies corporate, officers, employees, agents, consultants, investment bankers, lawyers or other advisers (each a Relevant Person) does not, directly or indirectly:

- (a) solicit, initiate or encourage any inquiries, expression of interest, proposal, offer or discussions by any person to make a Competing Proposal (whether from a person with whom Pacific Hydro has previously been in discussions or not);
- (b) participate in any discussions or negotiations or provide any information to any person with respect to any inquiry, expression of interest, offer or proposal by any person to make a Competing Proposal;
- (c) accept or enter into, or offer to accept or enter into, any agreement, arrangement or understanding regarding a Competing Proposal; or
- (d) disclose any information about the businesses or affairs of Pacific Hydro to a third party (other than a government agency or auditors) other than in the ordinary course of business or as required by law or under Pacific Hydro's existing contractual obligations to the extent that those obligations have been disclosed by Pacific Hydro to IFM and cannot be terminated by Pacific Hydro.

Nothing in sub-paragraphs (b) – (d) above prohibits any action or inaction by Pacific Hydro or any Relevant Person if compliance with the relevant provision would, in the opinion of the directors of Pacific Hydro reasonably formed in good faith in reliance on specific legal advice, constitute a breach of the duties of the directors of Pacific Hydro.

Under the Deed, Pacific Hydro has agreed to cease any existing discussions or negotiations relating to any Competing Proposal or any transaction that may reduce the likelihood of the success of the Bid. Nothing in this obligation prohibits any action or inaction by Pacific Hydro or any Relevant Person if compliance with the relevant provision would, in the opinion of the

directors of Pacific Hydro reasonably formed in good faith in reliance on specific legal advice, constitute a breach of the duties of the directors of Pacific Hydro.

For 90 days after the date of the Deed Pacific Hydro has also agreed to immediately notify IFM of any approach or attempt to initiate discussions or negotiations regarding a Competing Proposal.

Pacific Hydro has further agreed to immediately require the return of all confidential information provided to third parties (other than IFM) as part of its past solicitation of Competing Proposals.

These obligations cease where:

- IFM fails to make the Bid,
- IFM withdraws the Bid after the Bid is made,
- the Bid closes, or
- the obligations would otherwise affect Pacific Hydro's ability to develop or discuss any revised proposal with Acciona.

Options

Under the Deed, IFM agrees that it will extend its offer under the Bid to all Pacific Hydro Shares issued during the period from the date set by IFM under subsection 633(2) of the Corporations Act to the end of the offer period under the Bid as a result of the exercise of options on issue as at the date of this announcement ("Options").

If the 50% minimum acceptance condition in paragraph (a) of Attachment 1 to the Announcement is satisfied, IFM has agreed, under the Deed, to offer to acquire each Option issued under Pacific Hydro's executive and employee share option plans. The terms of the offer must provide that IFM offers a cash only consideration which equates to at least the intrinsic value of each Option (being the difference between the highest price paid for Pacific Hydro Shares under the Bid and the exercise price of the Option).

ATTACHMENT 3 – IFM GROUP COMPANY INFORMATION

About Industry Funds Management Pty Ltd (the “IFM Manager”)

The IFM Manager is an investment management company specialising in the management of both private investment products across infrastructure, private equity, and private debt, and listed equity portfolios.

Industry Funds Management (Nominees) Limited (“IFM”) is the trustee of the IFM Infrastructure Funds, a pooled superannuation trust designed for superannuation funds looking for a targeted, diversified and cost effective investment in the private equity and infrastructure equity sector.

The IFM Manager and IFM are both wholly owned subsidiaries of Industry Fund Services Pty Ltd, a description of which is provided later.

The IFM Manager is a recognised leader in the alternative investments field and currently manages a total of \$6.9 billion in its related products and services. With dedicated resources and extensive experience, the IFM Manager offers superannuation funds the opportunity to diversify their investments in both the Australian and international private markets area.

The IFM Manager product and services:

Infrastructure

- § Australian Infrastructure
- § International Infrastructure
- § Australian Social Infrastructure
- § Regional Infrastructure Fund

Private Equity

- § Australian Private Equity
- § International Private Equity
- § Direct Advisory

Debt

- § Alternative Fixed Income Fund
- § Super Loans Trusts

Listed Equity

- § Indexed Portfolios
- § Enhanced Indexed Portfolios

About Industry Fund Services Pty Ltd (“IFS”)

IFS was established in 1994 to provide a range of services and products to industry superannuation funds and their members. Its objective is to provide cost effective, market leading services that the funds are not able to provide directly themselves due to regulatory and/or cost considerations.

IFS is owned and controlled by nine major industry superannuation funds; ARF, CARE Super, Cbus, HESTA, HOSTPLUS, MTAA Super, STA, TISS and TWUSUPER. IFS also has a client network of funds in addition to its shareholders, which increases the number of members who can access its services. Industry superannuation funds that invest in IFM product and services currently have over 4 million members Australia wide and manage over \$50 billion in superannuation assets on behalf of those members.

Since inception, IFS has worked closely with industry funds in the creation and ongoing management of a number of important superannuation industry initiatives for the benefit of industry superannuation funds and their members. Examples are:

Financial Planning

Provision of a high quality, competitively priced financial planning service through its division, Industry Fund Financial Planning (IFFP). IFFP avoids the cost of sales commissions charged by other planners. Such commissions erode the savings of investors.

Retail Products

IFS also offers the Super Members Investments range of unit trust and pension investment products. These products offer competitive returns, lower fees, no sales commissions and greater flexibility than competitor retail funds.

Banking

IFS is a key driving force behind the creation and management of the Members Equity bank. Members Equity has a lending book of \$12 billion and 43 superannuation funds as its owners.

Administration

IFS was instrumental in the creation of the administrator, Superpartners, which is wholly owned by industry funds under the governance of IFS and is Australia’s second largest superannuation administrator.

Industry Funds Management Pty Ltd

As discussed above.

Superannuation Arrears Collection

Industry Funds Credit Control is the dominant arrears collection agency for the industry superannuation fund network.

Legal Services

IFS Legal is a provider of legal services in respect to superannuation and related commercial matters.

Insurance

IFS Insurance Broking is a specialist practice firm providing products and services to industry superannuation funds and their members.