

TRANSFIELD SERVICES INFRASTRUCTURE FUND FULL YEAR REVIEW

For the year ended 30 June 2008



This report should be read in conjunction with the Product Disclosure Statement (PDS) and the 2008 Annual Report (once available).

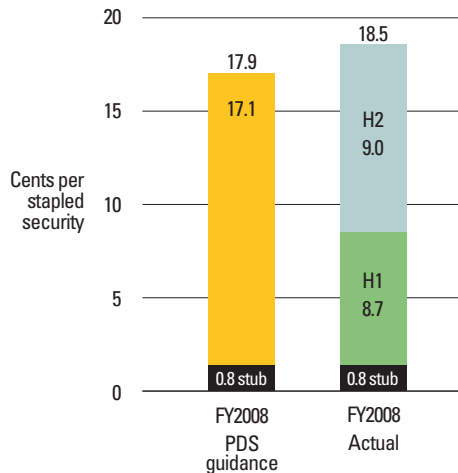
Highlights for the year included

- ▶ Strong financial results for the full year, ahead of PDS guidance.
- ▶ FY2008 distribution of 17.7 cents per stapled security – 0.6 cents above PDS.
- ▶ Operating cash flow fully funded net interest, operating capex and the FY2008 distribution.
- ▶ TSI Fund confirmed medium term growth targets for distributions of three per cent per annum.
- ▶ The portfolio of assets outperformed against expectations.
- ▶ An innovative, environmentally friendly capacity upgrade to Kemerton Power Station was completed early and on budget, demonstrating the value of the relationship with Transfield Services.
- ▶ The acquisition of four wind farms in Australia delivers growth potential in the renewable energy sector.
- ▶ Work on jointly developing a portfolio of new wind energy projects with Transfield Services.



Distributions

The tax deferred component for the full year distribution is approximately in line with PDS guidance of 63 per cent.



Financial performance

The financial performance of Transfield Services Infrastructure Fund for the year ended 30 June 2008 (as detailed in the Preliminary Final Report) has been compared to the guidance in the Product Disclosure Statement (PDS).

\$ 000	FY2008	PDS	Change on PDS
Operating revenue	166,647	125,950	+32.3%
EBITDA (after investments)	92,978	79,189	+17.4%
Profit before income tax	32,481	24,463	+32.8%
Net profit after tax	25,700	20,516	+25.3%

Message from the Chairman

Dear Securityholder,

TSI Fund has had a successful first full year of operations, delivering returns above the guidance in our Product Disclosure Statement (PDS). TSI Fund is unlike other infrastructure funds because of the benefits of its relationship with expert asset management and engineering company, Transfield Services.

TSI Fund has delivered earnings before interest, tax, depreciation and amortisation of \$92.9 million, 17 per cent above PDS guidance.

Net profit after tax was \$25.7 million, 25 per cent above PDS guidance. TSI Fund has fully funded distributions, net interest and operating capex from operating cash flow.

The final distribution for the year ended 30 June 2008 was nine cents per stapled security. This payment is enclosed or has been deposited in your nominated account.

The full year distribution for FY2008 is 17.7 cents, which is 0.6 cents above PDS. The tax deferred component is in line with the PDS guidance of 63 per cent. Your tax statement is enclosed.

TSI Fund confirms growth targets for distributions of three per cent per annum for the medium term.

The four new wind farms add renewable energy to TSI Fund's portfolio of essential infrastructure assets. TSI Fund is Australia's second largest provider of wind energy, and we are well positioned for growth in this sector with access to a significant wind farm development portfolio.

The wind farm portfolio comprises 13 development projects located in high wind areas across mainland Australia. Wind monitoring is ongoing at all sites, with options in place with landholders to subsequently develop wind farms on all sites.

With the increasing importance of renewable energy, your Fund is in an excellent position to contribute to growth in renewable energy generation.

I would like to thank our staff and the Manager, Transfield Services, for the successes during our first year of operation.

The Board thanks you for your support of TSI Fund.

Yours faithfully,



Peter Young Chairman

Message from the Chief Executive Officer

TSI Fund has a low risk, high quality portfolio of essential energy and water infrastructure assets with substantially contracted revenue streams. The overall portfolio of assets outperformed against expectations for the year ended 30 June 2008, allowing TSI Fund to exceed distribution expectations in a volatile market.

In late 2007, TSI Fund purchased four wind farms in Australia, giving it a leading position in the growing renewable energy sector with exposure to increasing income as demand for renewable energy increases. TSI Fund is also jointly developing a wind farm portfolio with Transfield Services. Wind energy is the most commercial source of renewable energy.

The value of TSI Fund's relationship with Transfield Services was demonstrated this year in a number of projects. In June, Transfield Services completed an innovative and environmentally-friendly capacity upgrade to Kemerton Power Station. The upgrade increased its high temperature operating capacity

by 40 megawatts without increasing greenhouse gas emissions and was completed on budget and ahead of schedule.

Transfield Services will also upgrade Townsville Power Station's turbine blades this year to increase its capacity by 10 megawatts. During a one in 30 year flood in February 2008, Manager Transfield Services kept Collinsville Power Station running despite the impact on coal supply for power generation.

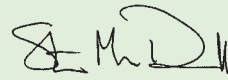
Transfield Services' wind farm development portfolio creates an attractive deal pipeline of high quality sites for TSI Fund. It comprises up to 1,150 megawatts of new wind energy projects in Australia. The Barn Hill project in South Australia is under development, with financial close expected in 2009.

All but one of TSI Fund's power assets are substantially protected from impacts of the Australian Government's proposed Carbon Pollution Reduction Scheme (CPRS) by their contractual arrangements.

While Loy Yang A Power Station would be impacted should the proposed changes be implemented, the direction of the Government's Green Paper supports the long-term viability of the power station and TSI Fund's investment. Loy Yang A is essential infrastructure that supplies one-third of Victoria's power needs and has the lowest carbon footprint of the brown coal generators.

TSI Fund has performed strongly in its first full year of operation and is well positioned to take advantage of future opportunities in the Australian energy market.

Yours faithfully,



Steve MacDonald Chief Executive Officer

Annual General Meeting

The Annual General Meeting of Transfield Services Infrastructure Fund will be held at 2pm on Friday 14 November 2008 at the AGL Theatre, Museum of Sydney, 37 Phillip Street (corner Bridge Street), Sydney.

A formal Notice of Meeting will be sent to securityholders prior to the meeting.



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Infrastructure Fund Management Limited (ABN 70 118 203 731; AFS Licence No. 310497)

As the Responsible Entity of Transfield Services Infrastructure Trust (ARSN 125 010 531)