

3 December 2008



The Manager
Company Announcement Office
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Dear Sir/Madam

**RE: TRANSFIELD SERVICES INFRASTRUCTURE FUND (TSI)
DISTRIBUTION REINVESTMENT PLAN (DRP)**

At TSI's AGM on 14 November 2008, the Chairman advised that the Board had approved the introduction of a DRP effective from the interim distribution for the year ending 30 June 2009.

The DRP will be offered on the following terms:

1. The DRP will be offered to securityholders with a registered address in Australia or New Zealand and who are registered holders of TSI securities on TSI's Record Date as at 31 December 2008; and
2. The DRP securities will be issued at a 5% discount to the daily volume weighted average market price per security of securities sold on the ASX during the 10 day trading period that commences on 13 March 2009 (Average Market Price). TSI has the discretion to adjust the issue price if it considers that the Average Market Price does not represent the fair market value of TSI securities.

Attached are the following documents dispatched to TSI securityholders today in relation to the implementation of the DRP:

- Chairman's letter
- DRP Plan Guide
- DRP Election/Variation Form
- DRP Rules, which are also available on TSI's website www.tsinfrastructurefund.com.

Yours sincerely


Marianne Suchanek
Company Secretary

Transfield Services Infrastructure Fund is the triple stapled structure comprised of Infrastructure Fund Management Limited (ABN 70 118 203 731) as Responsible Entity for Transfield Services Infrastructure Trust (ARSN 125 010 531), Transfield Services Infrastructure Limited (ABN 31 106 617 332) and TSI International Limited (ABN 68 124 582 547)

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Dear Securityholder,

I am pleased to offer Eligible Holders the opportunity to participate in the Transfield Services Infrastructure Fund* (TSI Fund) Distribution Reinvestment Plan (Plan).

The Plan gives Eligible Holders the opportunity to reinvest some or all of their TSI Fund distributions in additional TSI Fund securities, free of brokerage and transaction costs and at a five per cent discount to market price, as described more fully in the enclosed Distribution Reinvestment Plan Guide (Plan Guide).

Eligible Holders are securityholders with a registered address in Australia or New Zealand. To participate in the Plan for the interim distribution for the year ending 30 June 2009, you must be a registered holder of securities on TSI Fund's record date as at 31 December 2008.

The Plan increases funds available to TSI Fund to continue to develop and manage its portfolio of assets. A key strength of TSI Fund is its capacity to significantly enhance the value of its existing assets by implementing innovative, low-cost solutions. Examples include the wet compression expansion of Kemerton Power Station (additional 40MW) and blade upgrade of Townsville Power Station (additional 10MW). These investments also illustrate the value to TSI Fund of its association with expert operations and maintenance company Transfield Services, which identifies and implements such opportunities.

Participation in the Plan is voluntary, and you may vary or cancel your participation in the future in accordance with the Distribution Reinvestment Plan Rules (Plan Rules).

To participate in the Plan, you must complete the enclosed Election Form and return it to our security registry, Computershare. To participate in the Plan for the interim distribution for the year ending 30 June 2009, you must return your Election Form to Computershare by no later than **30 January 2009**. Election Forms received after this date will participate from the next distribution.

You can also complete your election online at www.investorcentre.com/drp by entering your SRN or HIN and entering the relevant information. Joint holders of TSI Fund securities cannot apply online.

The enclosed Plan Guide summarises key aspects of the Plan. The Plan Rules can be obtained at www.tsinfrastructurefund.com. If you have any further questions, you should consult your stockbroker or licensed financial adviser.

Included in this mailing is an election form for eTree. Register your email address to receive all your TSI Fund communications electronically and a \$1 donation will be made to Landcare Australia to support reforestation projects across Australia and New Zealand.

On behalf of the Board, I invite you to consider this opportunity to increase your investment in TSI Fund.

Yours faithfully,

A handwritten signature in black ink, appearing to read "Peter Young".

Peter Young
Chairman

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Transfield Services Infrastructure Fund (TSI Fund)

is the triple stapled structure comprised of Infrastructure Fund Management Limited ACN 118 203 731 as trustee and Responsible Entity for Transfield Services Infrastructure Trust (ARSN 125 010 531), Transfield Services Infrastructure Limited ACN 106 617 332 and TSI International Limited ACN 124 582 547.

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Transfield Services Infrastructure Fund Distribution Reinvestment Plan Guide



Participation in the Distribution Reinvestment Plan (**Plan**) is subject to the Distribution Reinvestment Plan Rules (**Plan Rules**) which are available at www.tsinfrastructurefund.com. These questions and answers are intended only as a summary and guide to the Plan Rules.

This guide has been prepared without taking account of your investment objectives, financial situation or needs. TSI Fund recommends that you review the Plan Rules in full and seek professional tax and financial advice before making your decision to participate in the Plan.

How does the Plan work?

Under the Plan, Eligible Holders can choose to reinvest distributions for all or a specified number or percentage of their securities, to acquire further fully paid ordinary securities in TSI Fund instead of receiving distributions in cash.

Each securityholder's holding of securities comprises an equal number of units in Transfield Services Infrastructure Trust ('TSIT'), shares in Transfield Services Infrastructure Limited ('TSIL') and shares in TSI International Limited ('TSIIL'). Therefore, for each securityholder who elects to participate in the Plan, each unit in TSIT and share in TSIL and TSIIL for which a securityholder participates will be subject to the Plan.

Do I have to participate?

No, participation is optional. If you decide not to participate, there is no need to do anything. You will continue to receive cash distributions in the usual way.

What will it cost me to participate?

There are no fees to participate in the Plan. You will not be charged brokerage, commission, transaction or stamp duty costs for any issue or transfer of securities under the Plan. However, you will still be liable for income tax in the same way as if you had received a cash distribution.

Who can participate?

All securityholders who are residents of Australia and New Zealand can participate in the Plan. Securityholders with a registered address outside those countries are not currently eligible to participate in the Plan. In addition, securityholders must have been on TSI Fund's security registry at 31 December 2008, the record date for the 2009 interim distribution, to participate in the Plan for that distribution.

Why is it only available to Australian and New Zealand residents?

TSI Fund does not currently intend to extend the Plan to securityholders outside of Australia and New Zealand at this time, given the potential complexity and additional costs involved.

Can I participate in the Plan for only a portion of my securities?

Yes, you can indicate on the Election Form the specified number or percentage of your securities you nominate to participate in the Plan. Your entitlement to cash distribution payments in respect of securities not participating in the Plan will be paid in the normal way. If you return an Election Form and do not specify partial participation then you will be deemed to have elected full participation.

At what price will securities be issued under the Plan?

Securities will be issued at the Average Market Price, which is the arithmetic average of the daily volume weighted average sale price per security of securities sold on the ASX during the 10 trading day period that commences on 13 March 2009, minus a discount of five per cent, and rounded to the nearest cent. TSI Fund has the discretion to adjust the issue price if it considers that the Average Market Price does not represent the fair market value of securities.

Is there a discount?

Yes, securities will be issued at a five per cent discount to the Average Market Price (referred to above) in relation to the interim distribution for the year ending 30 June 2009. The Board of TSI Fund has the discretion to change or remove the discount for future distributions, and if this occurs an announcement will be made to the ASX.

When will my securities be issued?

Securities will be issued within 10 business days after the payment date for a distribution.

How many securities will I receive?

The number of securities allotted will be the amount of the cash distribution payable on your participating Plan securities, divided by the issue price per security, and rounded down to the nearest whole number if a fractional security would be issued.

Example: Say you elect for 1,000 securities to participate, and the distribution is 15 cents per security. The Average Market Price is \$1.10 per security

The distribution you would have received on these securities is: $1,000 \times 15 \text{ cents} = \150.00

The issue price is: $\$1.10 \text{ minus } 5.0\% = \$1.04 \text{ per security}$

The number of new securities to be issued is: $\$150.00 / \$1.04 = \mathbf{144 \text{ securities}}$ (rounded down)

Because of rounding, only \$149.76 of the \$150.00 distribution was used to acquire new securities. The residual balance of \$0.24 will be carried forward to the next distribution period.

(Note: these figures are hypothetical and do not represent actual distributions and prices).

If any withholding tax is payable in respect of the distribution or if there is any other amount TSI Fund must retain or withhold (e.g. if you have not provided a Tax File Number), these amounts will be deducted from the distribution before making the calculation.

What happens if the number of securities to be issued is rounded down?

Where there is a residual balance following the calculation of the number of securities to be issued under the Plan, the residual balance will be carried forward and added to your next distribution for reinvestment in further securities under the Plan (no interest will be payable on the residual balance). This is illustrated in the above example.

However, if you sell your securities that are participating in the Plan or terminate your participation in the Plan, or the Plan is suspended or terminated by the Board of TSI Fund, then the amount of any residual balance held on your behalf will become the property of TSI Fund, and TSI Fund will pay it to a charity of its choice.

Can I sell my securities when I choose?

Securities participating in the Plan or acquired under the Plan may be sold at any time.

If you elect partial participation in the Plan with a fixed number of securities participating, the securities sold will be deducted first from your holding of securities which are not securities participating in the Plan and then from securities that are participating in the Plan.

What happens if I acquire more securities?

If you acquire more securities (including under the Plan) and you have elected full participation, those securities will also become participating securities in the Plan.

If you have elected partial participation in the Plan with a specified percentage of securities participating, then that same percentage of any additional securities you acquire (including under the Plan) will also become participating securities in the Plan.

What do I have to do to participate?

Complete the enclosed Election Form and return it by mail to:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne VIC 3001
Australia

A reply-paid envelope to Computershare has been provided.

Or fax the completed election form to +61 3 9473 2500.

You can also complete your election online via www.investorcentre.com/drp by entering your SRN or HIN and entering the relevant information.

Joint holders: If your securities are held in joint names, all joint holders have to sign the Election Form.

Multiple holdings: If you hold securities in multiple holdings or accounts, you will need to complete an Election Form, or complete an online election, for each holding.

When will my participation begin?

Subject to your eligibility, your participation will begin with the first distribution payment after receipt of your Election Form, provided the form is received by the security registry before the relevant record date for that distribution (except in the case of the interim distribution for the year ending 30 June 2009 – see below). Regardless of when your Election Form is received, you can only participate in the Plan for a particular distribution if securities are registered in your name on the record date for the distribution.

If you want to participate in the Plan for your interim distribution in respect of the year ending 30 June 2009 and you were a registered holder of securities on TSI Fund's record date of 31 December 2008 for that distribution, your form must be received by Computershare no later than **30 January 2009**.

Can I terminate or change my participation?

Yes you can terminate or change your participation at any time. Simply complete and return a new Election Form which is available from Computershare. The change will be effective from the next distribution after it is received, provided the form is received by the security registry before the relevant record date for that distribution.

How does the Plan affect my tax position?

Under current Australian income tax legislation, it is TSI Fund's understanding that distributions reinvested under the Plan will be treated in the same manner as if the investor had received those distributions in cash.

Please note that neither TSI Fund nor Computershare is in a position to answer enquiries concerning the financial or taxation implications for securityholders. We recommend that you seek independent professional advice concerning your taxation position.

TSI Fund does not accept any responsibility for any interpretation of, or application by, securityholders of the general information set out in this document. In particular, this information is relevant only for residents of Australia and cannot be relied upon by non residents of Australia.

Can the Plan be amended?

The Plan may be amended, suspended, recommenced or terminated by the Board of TSI Fund at any time after giving notice to the ASX.

How can I get more information?

The Plan Rules are available at www.tsinfrastructurefund.com, or if you have any questions please contact:

- Computershare - Ph: 1300 855 080 (Within Australia) or +61 3 9415 4000 (Outside Australia), Fax: to +61 3 9473 2500, Web: www.computershare.com.au
- TSI Fund - Charles Mott, Investor Relations, Ph: +61 2 9464 1000

How to complete this form

A Distribution Reinvestment Plan (DRP)

Complete this section if you wish to have your cash distributions reinvested in the form of more securities.

If you wish to reinvest part of your securities in the public entity's DRP, please show the amount in figures OR the percentage of your securityholding that you wish to participate.

Please note that an election to participate fully in the DRP will override any instruction on the registry record regarding direct payment of cash distributions into a nominated account.

This instruction only applies to the specific holding identified by the SRN/HIN and the name appearing on the front of this form.

B Signature(s)

If you have chosen to have your cash distributions fully or partially reinvested into securities and you have completed Section A, you must sign this form as follows in the spaces provided:-

Joint Holding: where the holding is in more than one name, all of the securityholders must sign.

Power of Attorney: to sign under Power of Attorney, you must have already lodged this document with the registry. If you have not previously lodged this document for notation, please attach a certified photocopy of the Power of Attorney to this form when you return it.

Companies: where the Company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the Company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please indicate the office held by signing in the appropriate place.

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Please return the completed form in the envelope provided or to the address opposite:

Computershare Investor Services Pty Limited
GPO Box 2975
Melbourne Victoria 3001
Australia