

AUSTRALIAN INFRASTRUCTURE FUND LIMITED

BOARD CHARTER

1. The Relationship Between AIFL And Hastings Funds Management Limited

Australian Infrastructure Fund (AIF) comprises Australian Infrastructure Fund Limited (AIFL or the Company) and Australian Infrastructure Fund Trust (AIFT or the Trust) whereby one share in the Company and one unit in the Trust are bound together by the stapling process. Hastings Funds Management Limited (Hastings) is the Responsible Entity of the Trust and the Manager of the Company.

The Board of Directors of AIFL is responsible for the corporate governance of the Company and the Board of Directors of Hastings is responsible for the corporate governance of the Trust. The Boards jointly guide and monitor the business and affairs of AIF on behalf of the stapled security holders of AIF.

To ensure the Boards are well-equipped to discharge their responsibilities, they have established guidelines for the nomination and selection of Directors and for the operation of the Boards. They are governed by the terms of a Protocol entered into between AIFL and Hastings, dated 23rd December 2005, the Management Agreement dated 12th July 2004, and the Stapling Agreement dated 13th August 1999, to ensure that they work co-operatively and in the best interests of AIF.

In summary, the delineation of responsibilities between the Company and Hastings is as follows:

AIFL

- The Board of AIFL is responsible for the conduct of the Company.
- The Company has contractually engaged Hastings to perform certain management and administrative functions for the Company. Hastings has the responsibility of the day-to-day operation and administration of both the Company and the Trust.
- Hastings' engagement as manager of the Company requires it to report to the Company and to obtain the Company's approval before undertaking certain actions, including investment activities.

- The Board of the Company can take certain actions on its own initiative (such as disposing of assets) if it has reasonable grounds for believing the Company is insolvent for the purposes of section 588G(1) of the Corporations Act. In other circumstances the management agreement between the Company and Hastings requires such actions to be taken only based on investment proposals submitted by Hastings, although the Company can request Hastings to make specific submissions.
- For the duration of the AIF stapling, the Stapling Agreement requires AIFL to review infrastructure investments and to advise Hastings whether it approves each proposal. In the absence of approval, Hastings must not enter into the investment, unless it would breach the Trust Deed or its duty to unit-holders by not undertaking the proposal.
- The Company is entitled to decline to approve a proposal only if the Board considers it to be contrary to the Trust Deed, or if it is not satisfied that there are sufficient funds available, or if there is good reason to reject the proposal.

Hastings

- Hastings has ultimate responsibility for the conduct of the Trust and is also the Manager of the Company pursuant to a Management Agreement.

2. Role of the Board

The Board of AIFL has the overall responsibility for:

- (a) the governance of AIFL;
- (b) planning the business and affairs of AIF;
- (c) the strategic direction and control of AIF, whilst delegating certain responsibilities for the operation and administration of AIFL to the Manager;
- (d) monitoring the performance of the Manager in discharging its responsibilities and reviewing the method and appropriateness of the remuneration paid to the Manager;
- (e) reviewing the Board structure and membership, including:
 - (i) establishing processes for the review of the performance of individual directors and the Board as a whole;

- (ii) from time to time assessing the extent to which the required skills are represented on the Board and the necessary and desirable competencies of Board members; and
 - (iii) formulating succession plans for the Board; and
- (f) has the following specific responsibilities and functions:
- (i) reviewing and approving corporate strategies, budgets, plans and policies;
 - (ii) evaluating performance of AIF against strategies and business plans in order to:
 - (A) monitor the performance of the Manager; and
 - (B) assess the suitability of the overall strategies, business plans and resource allocation of AIF;
 - (iii) monitoring the financial position and business results (including the audit process) of AIFL;
 - (iv) considering the Manager's recommendations on investments and strategic commitments;
 - (v) ensuring regulatory compliance and appropriate risk management processes;
 - (vi) reviewing and approving policies in relation to the management of business risks, legal risks, corporate governance, privacy, community, environmental risks and other issues; and
 - (vii) ensuring a high level of transparency in reporting to security holders and compliance with the highest ethical standards and business practices.

3. Ethics

The Directors of Australian Infrastructure Fund Limited ("AIFL") consider that there are fundamental ethical values that underpin their role as Directors and as members of its Board and Committees. At all times Directors will:

- (a) act with integrity;
- (b) be honest and open with each other;

- (c) ensure whenever and wherever possible that they do not engage in any activities that may result in a conflict of interest with their duties to AIF and that cannot be appropriately managed;
- (d) subject to the Protocol, the Management Agreement and the Stapling Agreement, work co-operatively among themselves and with the Manager, in the best interests of AIF;
- (e) recognise the separate roles and responsibilities of the Board and the Manager;
- (f) be diligent and continuously strive to improve operations and performance of AIF and the Board;
- (g) observe the letter and the spirit of the laws and regulations under which AIFL operates;
- (h) have an active interest in and concern for the communities in which AIF operates;
- (i) avoid any behaviour that is likely to reflect badly on the Board or AIF as a whole.

4. Matters Requiring Board Action

Subject to the Protocol, the Stapling Agreement and the Management Agreement, a number of matters require Board action and consultation with the Manager as responsible entity of the Australian Infrastructure Fund Trust. These matters include:

- (a) the delegation of authority to the Manager;
- (b) appointment and removal of the auditor;
- (c) the acquisition and divestment of the assets of AIF;
- (d) all matters relating to the issue of securities of AIF and the capital structure of AIF;
- (e) adoption of business plans and budgets and approval of longer term strategic plans for AIF;
- (f) dividend declarations;
- (g) approval of the financial statements of AIFL and in conjunction with the Manager as Responsible Entity of Australian Infrastructure Fund Trust, the AIF combined accounts, the AIF Annual Report including the AIFL Corporate Governance Statement, and any

other significant report or release to the Australian Stock Exchange and the security-holders of AIF; and

- (j) approval of debt, debt refinancing, and repayments.

5. Delegation

The Board may delegate to its Committees, a director or directors, the Manager or any other person, authority to exercise any specific powers other than the powers reserved to it.

6. General Principles Concerning the Management of AIFL

- (a) In accordance with the Protocol, the Management Agreement, and Stapling Agreement, the day-to-day management of AIFL is the responsibility of the Manager.
- (b) The Board is responsible for adopting policies and procedures to discharge its role.
- (c) As well as having the ultimate responsibility for the operations of AIFL, the Board is aware of and has due respect for the obligations of AIFL as a matter of general law or as a result of particular obligations imposed under relevant legislation.
- (d) Subject to the Protocol and the Management Agreement, the Manager is the prime source of information to the Board.
- (f) The Board must:
 - (i) be satisfied with the Manager's plans for AIF;
 - (ii) ensure that the Manager seeks authority to undertake material changes to the agreed plans;
 - (iii) determine the extent to which the Manager can commit resources or dispose of assets or raise funds without specific approval;
 - (iv) ensure that it is kept well informed of progress and events which might significantly affect AIF; and
 - (v) monitor the performance of HFML on whom it relies for the management of AIFL.

7. Independence

- (a) The Board should comprise a majority of independent non-executive directors.
- (b) In determining whether a director is independent, the definition of independence recommended by the ASX Corporate Governance Council is to be used.

8. Conflicts of Interest

- (a) The Directors are required to disclose any actual or potential conflicts of interest and to abstain from participating in any discussion or voting on any matter in which they have a material personal interest, except with the prior approval of the Board.
- (b) Directors are to inform the Chairman of any proposed directorships, committee memberships, or executive or consulting appointments that may conflict with the Director's duties to AIF.

9. Role of Directors

- (a) Directors will keep confidential Board discussions, deliberations and decisions that are not publicly known.
- (b) Confidential information received by a Director in the course of the exercise of a Director's duties remains the property of AIFL and it is improper to disclose it, or allow it to be disclosed, unless disclosure has been authorised by the Chairman or is required by law.

10. Chairman of the Board

The Directors will appoint the Chairman by secret vote or such other method as agreed with the Board.

11. Board Committees

The Board may from time to time establish Committees to assist it in carrying out its responsibilities and shall adopt Charters setting out matters relevant to the composition, responsibilities and administration of such Committees and other matters that the Board may consider appropriate.

12. Independent Professional Advice

After consultation with the Chairman, Directors may seek independent professional advice at the Company's expense. Following its receipt, such advice would normally be made available to all Directors.

13. Board Performance

The Board will agree a process to review its own performance annually, including the individual performance of each Director and the Chairman. The general management and oversight of this process of review, together with development of appropriate Board member performance assessment measures, will be the responsibility of the Chairman.

14. Meetings

The Board shall meet at least eight times each year. In any given year there will be both scheduled and unscheduled meetings. While unscheduled meetings will frequently be called at short notice, directors are nonetheless expected to attend all meetings.

The Directors should also meet regularly and at least twice each year for private discussion in the absence of the Manager and at least once per year to consider the strategic direction of AIF.

15. Induction & Training

The Board shall maintain an induction process for new directors.

Directors are encouraged to update and enhance their skills and knowledge by attending appropriate training programmes on director responsibilities.

16. Secretary

The Board is responsible for the appointment and removal of the Company Secretary. The Directors shall have unfettered access to the Company Secretary who shall be accountable to the Board on all governance matters.

The Company Secretary will be responsible for minuting all meetings of the Board.