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Taxation Information: Relative Cost Bases of Stapled Security

As a Securityholder in Prime Infrastructure, you own shares in an Australian company, Prime Infrastructure Holdings Limited (PIHL), and units in two Australian trusts, Prime Infrastructure Trust (PIT) and Prime Infrastructure Trust 2 (PIT2). The share in PIHL and the units in PIT and PIT2 form a 'Stapled Security' and cannot be separately dealt with or traded. Each share in PIHL and each unit in PIT and PIT2 remain separate assets for Australian capital gains tax purposes.

Note: Prime Infrastructure was known as Babcock & Brown Infrastructure (BBI) prior to a Recapitalisation in November 2009. Prime Infrastructure shares were formally shares in Babcock & Brown Infrastructure Limited (BBIL), and units in Prime Infrastructure Trust were formally units in Babcock & Brown Infrastructure Trust (BBIT).

If you acquired your Prime Infrastructure Stapled Securities subsequent to the Recapitalisation, your cost base for capital gains tax purposes will be based on the split of the acquisition cost of each Prime Infrastructure Stapled Security. This split needs to be done on a reasonable basis. While it is for you to decide how to split the acquisition cost of your Stapled Securities, you might decide to use the **relative net assets of PIHL, PIT and PIT2 at the date of acquisition** of your Stapled Securities to do this. The relative net assets of PIHL, PIT and PIT2 are set out below.

Proportion of Net Assets of PIHL, PIT and PIT2

Date	PIHL Net Assets %	PIT Net Assets %	PIT2 Net Assets %
30 Jun 10	0.10	94.90	5.00
31 Dec 09	7.00	75.36	17.64

The taxation consequences of any investment in Prime Infrastructure Stapled Securities will depend on your particular circumstances. Potential investors and Prime Infrastructure Securityholders should obtain their own tax advice in relation to the taxation implications associated with their investment in Prime Infrastructure.

If you held BBI Stapled Securities prior to the Recapitalisation, your cost base for capital gains tax purposes will be based on the split of the acquisition cost of each BBI Stapled Security. This split needs to be done on a reasonable basis. While it is for you to decide how to split the acquisition cost of your Stapled Securities, you might decide to use the **relative net assets of BBIL and BBIT at the date of acquisition** of your Stapled Securities to do this. The relative net assets of BBIL and BBIT at various dates are set out below. Please note that you will have no cost base in the PIT2 securities.

Proportion of Net Assets of BBIL and BBIT

Date	BBIL Net Assets %	BBIT Net Assets %
30 Jun 09	7.00	93.00
31 Dec 08	10.58	89.42
30 Jun 08	4.98	95.02
31 Dec 07	5.00	95.00
30 Jun 07	4.60	95.40
31 Dec 06	1.10	98.90
30 Jun 06	1.22	98.78
31 Dec 05	0.00	100.00
30 Jun 05	0.00	100.00
31 Dec 04	0.00	100.00
30 Jun 04	0.00	100.00
31 Dec 03	0.00	100.00
30 Jun 03	0.00	100.00
31 Oct 02	0.00	100.00
24 Jun 02	1.00	99.00

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