



14 May 2019

Infratil announces NZ\$3.4 billion acquisition of Vodafone New Zealand

A consortium comprising Infratil Limited ("Infratil") and Brookfield Asset Management Inc. ("Brookfield") today announced it had executed a conditional agreement to acquire Vodafone New Zealand Limited ("Vodafone NZ") from Vodafone Group Plc for an enterprise value of NZ\$3.4 billion (the "Acquisition")¹.

Acquisition overview

The Acquisition of New Zealand's leading mobile telecommunications company² is transformational for Infratil and significantly strengthens the cash generative core of the portfolio. Vodafone NZ increases Infratil's exposure to long-term data and connectivity growth and complements the acquisition of Canberra Data Centres. Following the recently announced divestments³, the simplified Infratil portfolio will now hold substantial positions across renewable energy, data, retirement and aged care, and airports.

Vodafone NZ generated revenue of NZ\$2.0 billion and Underlying EBITDA of NZ\$463 million for the 12 months to 31 March 2019. The Acquisition value implies an enterprise value to FY2020F Underlying EBITDA multiple of 6.9x – 7.4x and is expected to deliver strong cash flow to support current and future growth opportunities.

"Telecommunications is critical infrastructure for New Zealand and Vodafone NZ is an integral part of everyday Kiwi life. The quality and availability of its networks have a direct bearing on New Zealand's competitiveness and future growth prospects. We are very excited to be a part of Vodafone NZ's next stage of development," said Infratil Chairman Mark Tume. "The Acquisition is strategically compelling for Infratil and validates our ability to generate proprietary investment opportunities for our shareholders. Infratil has already successfully demonstrated its ability to reinvigorate a standalone New Zealand entity that was formerly owned by a multinational corporation and create value for our shareholders in the process. Our 2010 acquisition of Shell's New Zealand downstream assets (now Z Energy) is an example of our ability to enhance a significant New Zealand infrastructure business."

"This is a unique opportunity for Brookfield to invest in a large-scale, high-quality data infrastructure business with one of New Zealand's most experienced infrastructure managers," said Stewart Upson, Managing Partner, Brookfield and CEO Asia Pacific. "Data has been one of the fastest growing commodities in the world. We expect this rapid growth to persist for the foreseeable future, driven by greater smartphone penetration, increasing video consumption, the advent of 5G networks and new and evolving uses."

Vodafone NZ CEO, Jason Paris, welcomed Infratil and Brookfield's investment and involvement in the business, saying: "We have a lot of respect for both Infratil and Brookfield and we are very pleased to have these two experienced global infrastructure investment partners on board. Infratil

¹ The purchase price is subject to post completion adjustment for working capital, net debt and capital expenditure as at completion of the Acquisition

² By mobile subscriber market share. New Zealand Commerce Commission Annual Telecommunications Monitoring Report – 18 December 2018

³ Announced sale of ANU student accommodation concession and NZ Bus. Announced strategic review of Perth Energy

brings extensive knowledge and experience of the sector. I believe Marko Bogoevski's professional background in the sector will be valuable and I look forward to working closely with him and the Infratil team moving forward."

"Similarly, Infratil's investments in Trustpower, RetireAustralia and Wellington Airport mean it is acutely aware of the customer focus of our business. The closer proximity of capital providers and operators will result in a more pragmatic and responsive approach to investing in the business. We look forward to their support in continuing our customer experience enhancement initiatives and extending our strong track record of growth through innovation and strategic acquisition."

Completion is conditional on Overseas Investment Office approvals and Commerce Commission clearance. Infratil anticipates that these conditions will be satisfied by August, and completion will occur by 31 August 2019. The conditions must be satisfied within eight months of signing. Given the competitive nature of the fixed broadband market, Infratil believes there is a very strong basis for Commerce Commission clearance to be granted. If Infratil cannot obtain Commerce Commission clearance, the Acquisition agreement would require Infratil to divest its interest in the Vodafone transaction, or failing that divest its stake in Trustpower by the eight-month deadline. The Commerce Commission clearance condition could also be satisfied if Trustpower had sold its retail business in the required time. Trustpower will remain free to pursue its successful multi-utility retail strategy.

The acquisition is supported by a strong investment rationale

"The Vodafone NZ Acquisition is consistent with our plan to reshape our portfolio and maintain a balanced growth profile. It also significantly increases our exposure to high conviction trends surrounding data and the infrastructure required to deliver future communication models," said Marko Bogoevski, CEO of Infratil.

"Vodafone NZ has been rigorously assessed over the past several months. We have done an extensive amount of work to ensure we understand the opportunities available to the business, in particular, the ability to use next generation 5G technology to significantly enhance network capability and future services to Vodafone NZ customers. We expect that this Acquisition will create strong, long-term value for Infratil shareholders."

Key investment considerations include:

- Attractive market dynamics driven by growth in mobile usage and data consumption;
- Established market position (#1 in mobile and #2 in fixed broadband) in the New Zealand telecommunications sector;
- Extensive national infrastructure, including over 1,500 mobile cell sites, spectrum rights and a rural satellite network, over 10,000km of cabling, local fibre in major city centres, Hybrid Fibre Coaxial gigabit network in Wellington and Christchurch as well as access to the Tasman Global Access cable;
- Executive team with a wealth of telecommunications industry experience and a proven track record of delivering growth and improving customer experience through innovation;
- A sensible regulatory environment, with the Government sponsored fibre roll-out initiative and enhancement of rural coverage, provides additional opportunities;
- A cornerstone investment within a simplified Infratil portfolio, that provides stable earnings and strong New Zealand cash flow generation to support current and future growth opportunities;
- Infratil's demonstrated track record of establishing and supporting a standalone New Zealand entity formerly held within a multinational and creating significant value for Infratil shareholders;
- Vodafone NZ will continue to benefit from being a Vodafone Partner Market under long-term service agreements, ensuring the best of "Global and Local" for New Zealanders; and
- Investing alongside an experienced global infrastructure investment partner in Brookfield.

Acquisition funding

The NZ\$3.4 billion purchase price is to be funded via a NZ\$1,029 million equity contribution from each of Infratil and Brookfield, with the balance funded from Vodafone NZ level debt and a portion of equity reserved for the Vodafone NZ executive team.

Infratil's equity contribution is expected to be funded via a fully underwritten equity raising of up to NZ\$400 million, with the remainder to be funded through a combination of NZ\$400 million of debt from a committed acquisition debt facility and the use of existing debt facility headroom.

A significant proportion of any equity raising is expected to be directed towards existing shareholders.

Infratil will continue to evaluate the optimal timing to undertake an equity raising. The timing and structure will be subject to market conditions.

Infratil governance

Infratil notes that Alison Gerry (an independent director of Infratil) was also a director of Spark Limited ("Spark") but resigned as a director of Spark on 13 May 2019. Ms Gerry has not participated in discussions relating to, and has not been provided with access to any information on the Acquisition. Conflicts management protocols were agreed with Ms Gerry following her appointment as a director of Spark to ensure she would not be provided with confidential information concerning developments in the telecommunications sector. These protocols will continue to apply in respect of Vodafone NZ for an appropriate further period after completion of the Acquisition (and these protocols also apply to relevant Trustpower information).

Further information

Further details of the Acquisition are set out in the Investor Presentation also provided to the NZX and ASX today.

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About Brookfield

Brookfield Asset Management Inc. is a leading global alternative asset manager with over US\$365 billion in assets under management. The company has a 120-year history of owning and operating assets with a focus on real estate, renewable power, infrastructure and private equity. Brookfield is co-listed on the New York, Toronto and Euronext stock exchanges under the symbol BAM, BAM.A and BAMA, respectively.

Brookfield's New Zealand investment credentials include Powerco (New Zealand's second largest electricity and gas distribution company – sold in 2013) and C3 (New Zealand's leading provider of forestry aligned logistics). Brookfield also owns the largest tower operator in France with 7,000 towers and active rooftop sites, 5,500km of fibre backbone in France, and 41 data centres globally.

Further information is available at www.brookfield.com

About Vodafone NZ

Vodafone NZ is an integrated telecommunications company and an integral part of everyday New Zealander's lives. It offers a full suite of products (mobile, fixed line broadband & telephone and TV) to service consumer, enterprise and wholesale customers. It also has the #1 market position in mobile⁴, with a focus on retaining and attracting higher revenue customers, and the #2 market position in fixed broadband⁵. Vodafone NZ has an extensive mobile network, providing 98% population coverage, alongside its extensive national infrastructure of mobile towers, spectrum and fibre assets.

Vodafone NZ's management team has a wealth of telecommunications industry experience and a proven track record of delivering growth and improving customer experience through innovation. The management team will continue to execute on strategic initiatives, with customer focus at its core. Vodafone NZ will continue to benefit from being a Vodafone Partner Market and have entered into a suite of agreements governing the provision of services and products from Vodafone Group Plc to Vodafone NZ. This will allow Vodafone NZ to focus on providing the best of "Global and Local" for New Zealanders.

⁴ By mobile subscriber market share. New Zealand Commerce Commission Annual Telecommunications Monitoring Report – 18 December 2018

⁵ By fixed broadband connection market share. New Zealand Commerce Commission Annual Telecommunications Monitoring Report – 18 December 2018

Acquisition of Vodafone NZ

Investor Briefing Pack
14 May 2019



Infratil



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Disclaimer

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Disclaimer

Financial data

This presentation contains certain financial information relating to Vodafone New Zealand Limited (VNZ), which has been derived from unaudited financial statements of VNZ. Such financial information does not purport to be in compliance with Rule 3-05 of Regulation S-X under the U.S. Securities Act.

This presentation contains pro forma historical financial information. In particular, a pro forma balance sheet as at 31 March 2019 has been prepared by Infratil based on the unaudited VNZ balance sheet as at that date. Infratil has also prepared a pro forma Net Debt and gearing position of Infratil as 31 March 2019 as if the Acquisition had taken place on that date. The pro forma historical financial information provided in this presentation is for illustrative purposes only and should not be relied upon as, and is not represented as, being indicative of Infratil's future financial condition. In addition, the pro forma historical financial information included in this presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

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Infratil has a 31 March financial year end.

Currency

All currency amounts in this presentation are in NZ dollars unless stated otherwise.

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Transaction Summary

Infratil and Brookfield to acquire Vodafone NZ for an enterprise value of NZ\$3.4 billion

Transaction summary

- A consortium owned by Infratil and Brookfield has executed a conditional agreement to acquire Vodafone NZ from Vodafone Group for an enterprise value of NZ\$3.4 billion
- Implied EV/EBITDA multiple of 6.9x – 7.4x¹
- Infratil and Brookfield, an experienced global infrastructure investment partner, will each own ~49.9% of the Company, with the balance reserved for the Vodafone NZ executive team
- The acquisition is strategically and financially compelling for Infratil shareholders:
 - ✓ Transformative investment in a high-quality infrastructure asset in the critical data and communications sector of the New Zealand economy
 - ✓ Strong, stable New Zealand cash flows to strengthen portfolio and support Infratil dividend profile in the medium-term
 - ✓ Data growth, cost transformation, 5G investment, and potential for future network sharing create opportunities to generate 'Core+' return profile
 - ✓ Infratil is experienced in establishing and supporting a standalone New Zealand entity, formerly held within a multinational, and creating significant value for Infratil shareholders

Funding

- NZ\$3.4 billion purchase price funded via NZ\$1,029² million consideration from each of Infratil and Brookfield, with the balance funded from Vodafone NZ level debt and Vodafone NZ executive team equity
- Infratil's consideration is expected to be funded via:
 - fully underwritten equity raising of up to NZ\$400 million to be undertaken by UBS New Zealand Limited
 - balance to be funded through a combination of NZ\$400 million of debt from a committed acquisition debt facility³ and the use of existing debt facility headroom
- A significant proportion of any equity raising is expected to be directed towards existing shareholders
- Infratil will continue to evaluate the optimal timing to undertake an equity raising. Timing and structure will be subject to market conditions
- The debt and equity components will be sized to ensure Infratil maintains flexibility to support existing development platforms and future investment opportunities

Timing and conditions

- Acquisition expected to complete in August 2019 and is subject to New Zealand Overseas Investment Office regulatory approval and Commerce Commission clearance as well as other customary conditions

Notes:

1. EV/EBITDA multiple is based on full year 2020 forecast Underlying EBITDA guidance of NZ\$460-490 million for Vodafone NZ
2. The purchase price is subject to post completion adjustments for working capital, net debt and capital expenditure as at completion of the acquisition
3. Acquisition debt facilities of up to NZ\$800 million available (only NZ\$400 million expected to be drawn)

Portfolio Strategy

Cash generating 'Core' assets supporting reinvestment in high returning growth platforms



Infratil's portfolio strategy remains consistent

- Cash generating 'Core' assets support establishment of new options and reinvestment in higher-returning growth platforms
- Balance of 'Core', 'Core+' and 'Development' investments optimises equity returns while balancing credit metrics and liquidity risk
- Growth platforms in high-conviction sectors create proprietary reinvestment opportunities and valuation gains

Infratil continues to deliver on its strategic imperatives

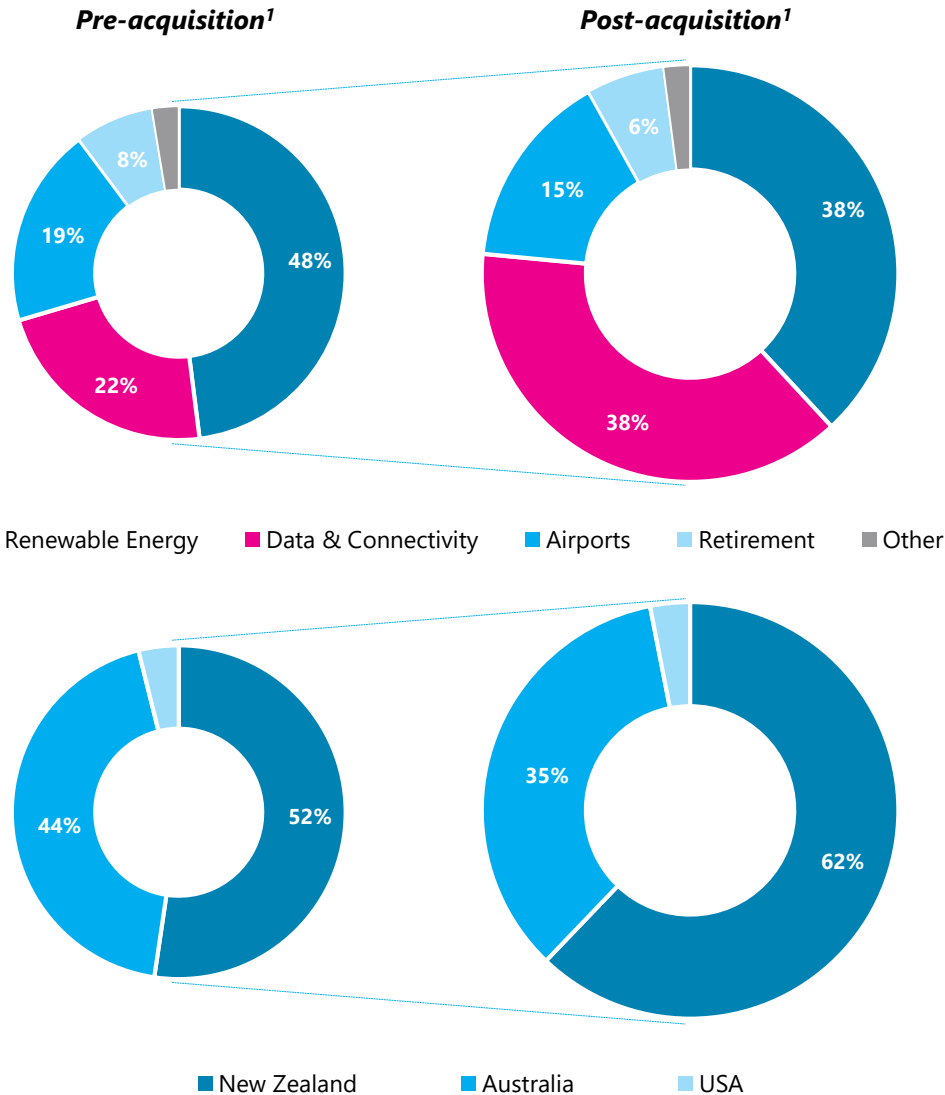
- "Portfolio tightening" is nearing completion
- Capital deployment remains focussed on data & connectivity and renewable energy platforms
- Strategy continues to generate strong shareholder returns

The future direction of the portfolio is now well set

- The Infratil portfolio is in balance to deliver its target returns
- Existing growth platforms will continue to drive earnings growth and capital deployment
- Vodafone NZ provides a strong New Zealand asset to strengthen the core and maintain balance as growth platforms expand

Transformative Acquisition

Vodafone NZ is a cornerstone platform investment that strengthens the cash generative core while significantly increasing the portfolio weighting to connectivity and long-term data growth



The acquisition continues Infratil's recent capital deployment focus on data and connectivity...

... and strengthens the cash generative core of the portfolio...

... as well as its New Zealand exposure

Notes:

1. Based on internal investment valuations as at 31 March 2019

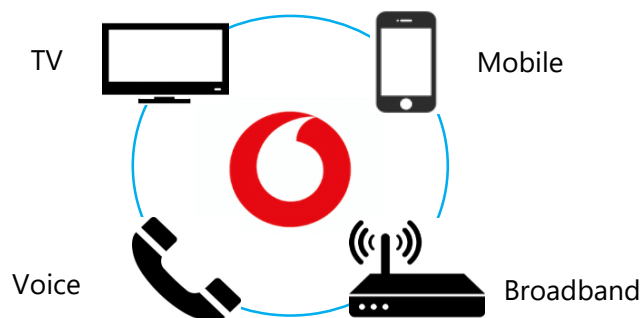
Vodafone NZ Snapshot

Vodafone NZ is an integrated communications network. It has the #1 market position in mobile and the #2 market position in fixed broadband

Market leader in mobile with a full-service telecommunications offering

- #1 player in mobile with 41% subscriber market share¹
- #2 player in fixed broadband with 26% connection market share¹
- TV offering, including wholesale arrangement with Sky Network Television Limited
- Leading Internet of Things ("IoT") platform with 1.6m local connections
- FY2019 revenue of NZ\$2.0 billion and Underlying EBITDA² of NZ\$463 million for the 12 months to 31 March 2019³

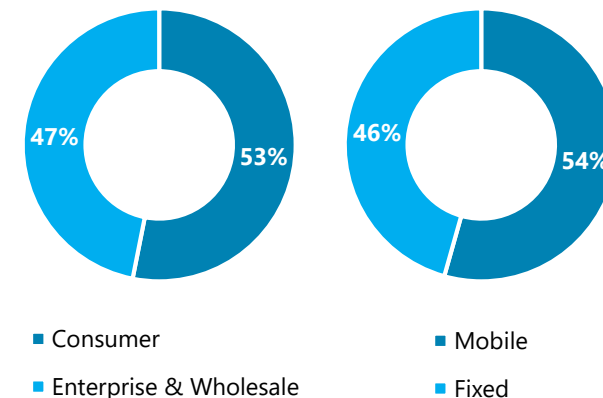
Full suite of product offerings



Leading integrated services provider to consumer, SME and enterprise customers

- The quality and availability of telco infrastructure is critical for the future competitiveness of the New Zealand economy
- Mobile network with 98% population coverage (over 95% via 4G), alongside a strong spectrum position
- Nationwide fibre backbone, local CBD fibre, residential Hybrid Fibre Coaxial network in two major cities and regulated access to copper and fibre-to-the-premises networks

Service revenue by segment and product¹



Notes:

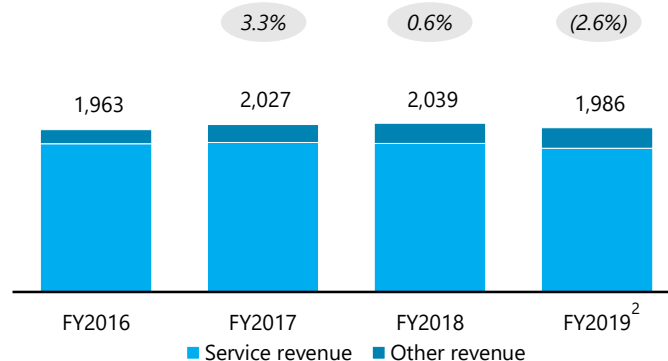
1. New Zealand Commerce Commission Annual Telecommunications Monitoring Report – December 2018
2. Underlying EBITDA includes adjustments primarily relating to separation and transition costs
3. Unaudited results as at 31 March 2019

Historical Financial Profile

Vodafone NZ provides stable earnings and strong New Zealand cash flow generation

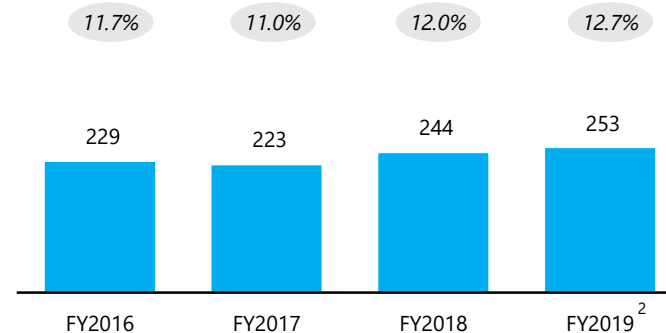
Revenue (\$Millions)

% yoy growth



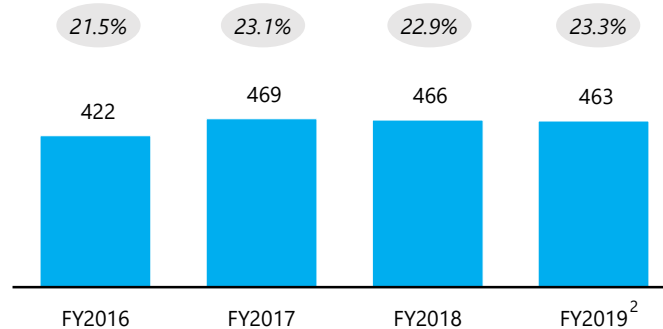
Capex (\$Millions)

% of revenue

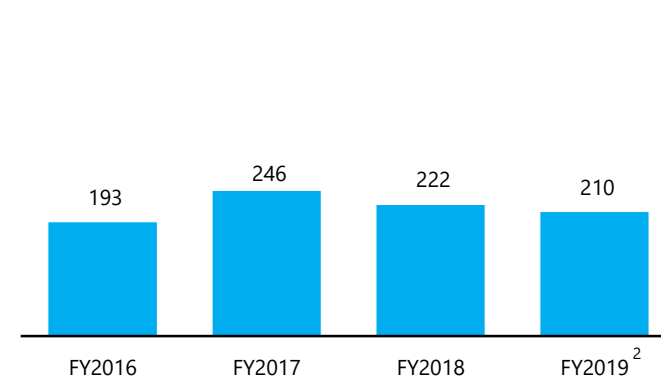


Underlying EBITDA¹ (\$Millions)

% margin



Underlying EBITDA less capex (\$Millions)



Notes:

1. Underlying EBITDA includes adjustments primarily relating to separation and transition costs
2. FY2019 results are unaudited results for the year ended 31 March 2019

Investment Rationale

The acquisition is strategically and financially compelling for Infratil shareholders

- Leading mobile operator and 2nd largest broadband provider
- Mobile market position supported by leading infrastructure position
- Fixed broadband market is relatively commoditised due to Ultra-Fast Broadband

Premier NZ Mobile Operator

New Zealand's Leading Data Infrastructure Network

- Nationwide wireless and fibre network:
 - 1,575 cell sites
 - >10,000km of fibre optic cable
 - HFC network – 120k homes connected
 - International subsea cables
- Opportunity to improve utilisation of existing network

- New Zealand is a stable mobile market with 3 network operators
- Multiproduct offering reduces churn rates
- Overall market underpinned by strong economic fundamentals

Sensible Industry Structure



New Zealand

Experienced Management Team with Strong Track Record

- Highly credentialed management team with strong track record
- Previously distracted by Sky Merger and IPO processes

- Opportunity to grow earnings through improved utilisation of current and future networks to significantly enhance network capability and future services to customers
- Cost transformation programme to generate significant annual cost savings

Operational Enhancements and Cost Rationalisation

Experienced, Operations Focussed Sponsors

- Consortium comprised of two experienced, operations focussed shareholders
- Extensive experience in the New Zealand market and global telecommunications sectors
- History of successful carve out transactions including separation, rebranding and transformation

Corporate Carve out Credentials

Z ENERGY CASE STUDY

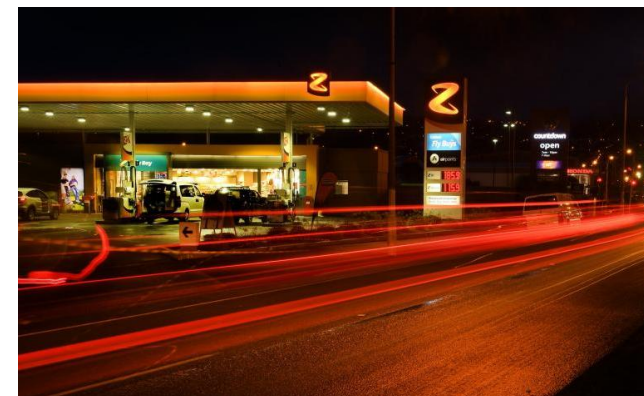
Infratil is
experienced in
establishing and
supporting a
standalone
New Zealand entity
formerly held
within a
multinational and
creating significant
value for Infratil
shareholders

Z Energy investment thesis (2010):

- Leading market position in a structurally attractive industry (Infratil familiar with the energy and transport sectors)
- Difficult to replicate assets and infrastructure – quality portfolio of commercial customers and retail sites
- Strong cash flows with long-term business improvement initiatives and reinvestment potential
- Ability to introduce an experienced local management team that could seek to leverage the benefits of a New Zealand owned and managed downstream business during a period of potentially significant industry restructure

Achievements under Infratil ownership:

- ✓ New executive team, supported by Infratil specialists, put in place to manage the transition and implement the post-acquisition strategy
- ✓ Undertook a rebranding exercise from Shell to Z Energy and established new treasury, procurement and risk corporate functions
- ✓ Installed more efficient product procurement and refining arrangements
- ✓ Developed a business strategy of seeking investment and growth opportunities to take advantage of the retrenchment model of competition



Overview of Vodafone NZ



Vodafone NZ Business Highlights

The quality and availability of the Vodafone NZ networks have a direct bearing on New Zealand's competitiveness and future growth prospects



- An **integrated telecommunications company** and an **integral part of everyday Kiwi life**
- **#1** market position in mobile and exposure to broadband, fixed line and content growth



- **Sensible regulatory environment** and supportive market backdrop with strong fundamentals driven by the **explosion in data consumption and connectivity**



- **Extensive national infrastructure** of mobile towers, spectrum and fibre assets
- Significant and **hard to replicate asset base**



- Proven track record of delivering growth and **improving customer experience through innovation**
- Ability to use 5G technology to **significantly enhance network capability** and future services to customers



- Attractive financial profile with **stable margins and strong cash conversion**



- Executive team with a **wealth of telecommunications industry experience** supported by **experienced new owners**
- Will continue to execute on the Company's **strategic initiatives**, with customer focus at its core



- Vodafone NZ will continue to **benefit from being a Vodafone Partner Market**
- Provides the best of "**Global and Local**" for New Zealanders

Market Dynamics

The market is competitive, but growth opportunities are emerging for Vodafone NZ



- New Zealand is an **attractive market with three mobile network operators**



- **Market is competitive, but not irrational**, with key drivers being convergence, unlimited offers, value added services, budget brands and competing priorities by each market player



- **Industry dynamics will create opportunities** as many players confront the task of creating returns in a saturated and capital intensive industry and are therefore considering ways to grow industry revenues and profitability



- **Vodafone NZ has high-quality assets** with scale advantages across a number of areas that can be better utilised to improve core business performance and enable Vodafone NZ to launch into new digital adjacencies over time



- Management has faced significant historical challenges for a variety of reasons, but all are being addressed. **Vodafone NZ is confident it has the right combination of skills in the leadership team to plan, prioritise and execute value-based initiatives**



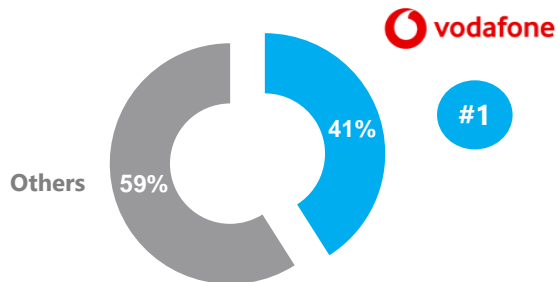
- Action has been quickly taken and **a business reset is underway** with Phase 1 focussed on a cost reset, product and plan simplification/migration and revenue optimisation



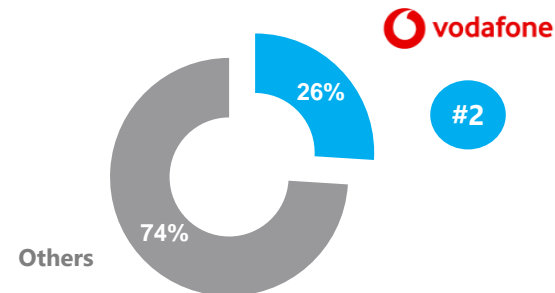
- These programmes are showing good early signs and Vodafone NZ is confident it will return to **single digit revenue and Underlying EBITDA growth this financial year**

Well Positioned Across All Segments
Vodafone NZ is an integrated communications network with scale. It has the #1 market position in mobile, the #2 market position in fixed broadband and a balanced portfolio mix across Consumer and Enterprise

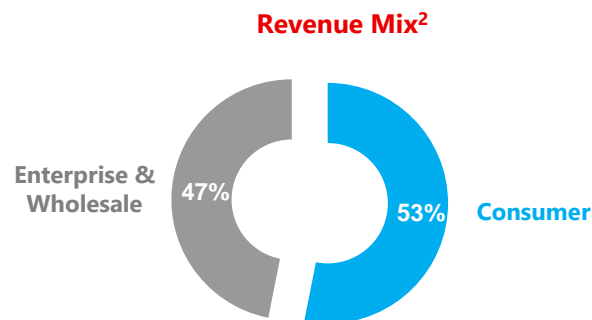
Mobile subscriber share¹



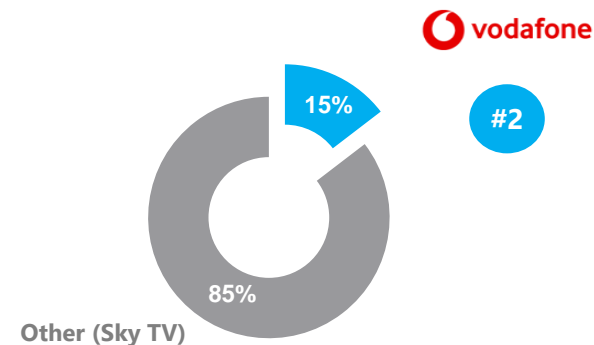
Fixed broadband connection share¹



Balanced portfolio mix



Traditional Pay TV connection share



Notes:

1. New Zealand Commerce Commission Annual Telecommunications Monitoring Report – December 2018
2. Unaudited results as at 31 March 2019

Strong Infrastructure Assets

Extensive national network and platform infrastructure of mobile towers, spectrum, IoT networks and fibre assets

Extensive network and strong spectrum position

- Over 1,500 mobile cell sites delivering a mix of 2G, 3G and 4G services – 80% of sites are connected by Vodafone NZ's fibre backhaul network
- 98% population coverage, with over 95% 4G coverage
- 80% broadband coverage of rural New Zealand
- Extensive spectrum holdings available for mass market use
- Awarded Ookla top mobile network speed
- Roaming network in 200+ destinations (4G in 100+ destinations). Vodafone NZ will continue to benefit from being a Vodafone Partner Market

Nationwide fixed network infrastructure

- Over 10,000km of cabling connecting consumer and enterprise customers
- National high capacity backhaul network and access to the Tasman Global Access cable
- Local fibre in Wellington, Kapiti and Christchurch
- Hybrid Fibre Coaxial (HFC) gigabit network passing c.240k premises in Wellington and Christchurch
- Capability to deliver services over all technologies – Fibre, Cable, VDSL and ADSL

Vodafone NZ fixed network coverage

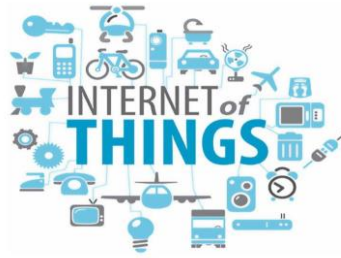


Nationwide Internet of Things ("IoT") networks

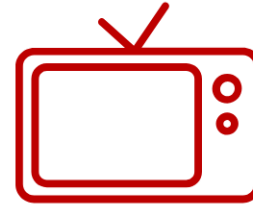
- Two nationwide IoT networks (NB-IoT and LTE-M) supporting over 1.6m cellular IoT connections

Platforms for Further Growth

New Zealanders will get access to the best digital services from New Zealand and the world, faster than ever before



IoT



Vodafone TV



Automation and Chat Bot



Fixed Wireless Access



Cloud



Procurement Services



Roaming



Security



Big Data

Vodafone NZ Provides a Platform for Further Growth

Business plan set to
tighten the focus
of Vodafone NZ
and prepare for
major investments
in network
capability and
refreshing the
connection to New
Zealanders

Business Plan

- Create a standalone New Zealand business **focussed on New Zealand customers and be prepared to make the necessary investments** to enhance the long-term market position of the business
- Ensure **New Zealanders receive the best of "Global and Local"** through benefits of being a Vodafone Partner Market
- Invest in next generation **technology to significantly enhance network capability and future services to customers**
- **Improve utilisation of existing networks**, including HFC infrastructure and migration of customers to fixed wireless products to increase "on-net" revenue and reduce third party charges
- Introduce **new service offerings, simplified product plans and new digital solutions to enhance customer experience**
- Continue **cost transformation programme** supported by **investment across digital platforms** to generate significant annual cost savings, product development and service gains
- **Enhance wholesale and mobile virtual network operator offering and product development**
- **Provide industry leadership** around network sharing and rationalisation for future generations of mobile technology

Positive Early Signs

A clear plan is underway to reset Vodafone NZ's cost base, improve customer experience and return the business to growth



- **Cost transformation** programme delivering results



- 15% year-on-year call volume reduction into call centres, **supported by investment** in online 24/7 service channels and chat-bot technologies



- **Organisation change completed** and new operating model underway



- **IT simplification** and **automation progressing** – e.g. customers can now be set-up, served and billed from a single platform



- Transactional **Net Promoter Score on the rise**



- Strong improvements in level of churn, with **strong focus on existing customers**



- New **leadership team in place**

New Leadership Team

Leadership team has a wealth of communications, infrastructure, media and digital experience and a proven track record of delivering growth



Jason Paris

- Chief Executive Officer
- Joined Vodafone NZ in 2018
- Former Chief Executive of Home, Mobile and Business at Spark



Kate Jorgensen

- Finance Director
- Joined Vodafone NZ in April 2019
- Former CFO of KiwiRail



Antony Welton

- Human Resources Director
- 15 years in the Vodafone Group
- Chair of Vodafone NZ Foundation



Helen van Orton

- Customer Operations Director
- 2 years at Vodafone NZ
- Former GM Corporate Direct & Contact Centres at Air New Zealand



Tony Baird

- Technology Director
- 9 years at Vodafone NZ, 5 years in current role
- Former CEO of Farmside



Carolyn Luey

- Consumer Director
- Joined Vodafone NZ in November 2018
- Former GM Enterprise Solutions & NZ at MYOB and COO at NZME



Ken Tunncliffe

- Enterprise Director
- 15 years in the Vodafone Group
- Leaving Vodafone NZ in July 2019



Juliet Jones

- Legal, Regulatory & Sustainability Director
- 12 years at Vodafone NZ
- Former roles include Rural Broadband Program Lead & GM Strategy

Board of Directors

A highly experienced Board of Directors will guide Vodafone NZ through its next stage of growth. Governance rights will be shared 50/50 with Brookfield



Marko Bogoevski (Chair)

- ✓ CEO of Infratil and H.R.L. Morrison & Co
- ✓ Chairman of Longroad Energy
- ✓ Previous Director of Z Energy, Trustpower and Auckland Airport
- ✓ Previous role as CFO of Telecom New Zealand
- ✓ BCA (Victoria), MBA (Harvard), FCA



Will Smales

- ✓ Head of Private Markets at H.R.L. Morrison & Co with extensive investment experience across telecommunications and data infrastructure
- ✓ Director of Canberra Data Centres and RetireAustralia
- ✓ Previous investment roles with The Carlyle Group
- ✓ LLB, BCom (Otago), MBA (INSEAD)

Additional Infratil Director to be appointed



Udhay Mathialagan

- ✓ Senior Vice President of Investments for Brookfield's Infrastructure Group in Asia Pacific
- ✓ Chairman of Brookfield Asia Pacific DC Management, a data centre business serving global clients
- ✓ Previous roles with Macquarie Capital's TMT group and Crown Castle Australia
- ✓ Founder and CEO of Insight Infrastructure
- ✓ MBA (Rotterdam School of Management)



Felix Chan

- ✓ Vice President of Investments for Brookfield's Infrastructure Group in Asia Pacific
- ✓ Previous roles as CFO of Tarantula Group, GM Commercial Development at NBN Co. and CFO of Insight Infrastructure
- ✓ Various other roles with Crown Castle Australia, Vertel and Vodafone Australia
- ✓ MCom and BEc (Macquarie University), CPA



Jonathon Sellar

- ✓ Managing Director and Chief Operating Officer in Brookfield's Australian Infrastructure Group, responsible for the asset management functions
- ✓ CFO of ASX-listed Prime Infrastructure from 2002 to 2010
- ✓ Previous roles with InterGen Australia and PwC
- ✓ BBus (Queensland University of Technology), CA

Equity Consortium and Vodafone Partner Market Commercial Relationship

Providing the best of "Global and Local"

Consortium Partner overview

- Brookfield Asset Management Inc. is a leading global alternative asset manager with over US\$365 billion in assets under management. The company has a 120-year history of owning and operating assets with a focus on real estate, renewable power, infrastructure and private equity
- Brookfield is co-listed on the New York, Toronto and Euronext stock exchanges
- Brookfield's New Zealand investment credentials include Powerco (New Zealand's second largest electricity and gas distribution company – sold in 2013) and C3 (New Zealand's leading provider of forestry aligned logistics)
- Brookfield owns the largest tower operator in France with 7,000 towers and active rooftop sites, 5,500km of fibre backbone in France, and 41 data centres globally
- Infratil and Brookfield have a strong working relationship and alignment of investment theses
- Infratil and Brookfield will each own ~49.9% of Vodafone NZ, with the balance reserved for the Vodafone NZ executive team
- A Shareholders Agreement has been entered into between Infratil and Brookfield

Vodafone Global Partnership arrangements

- Vodafone NZ will continue to benefit from being a Vodafone Partner Market under long-term service arrangements
- Vodafone NZ and Vodafone Group have also entered into a suite of agreements governing the provision of services and products from Vodafone Group to Vodafone NZ
- Several core services including global roaming will remain in place while other services are expected to be transitioned away from Vodafone Group over a period of 1-5 years
- New Zealand will become the largest of 41 Vodafone Partner Markets around the world – from Chile to Canada, Singapore to Taiwan – and will build new relationships with other Partner Markets

Financial Impact and Acquisition Funding



Vodafone NZ Outlook

Vodafone NZ is set to resume growth following several years of ownership uncertainty and management changes

31 March (\$Millions)	2016	2017	2018	2019 ¹	2020F
Mobile revenue	951	953	973	945	
Fixed revenue	841	854	824	793	
Other revenue	171	220	242	248	
Total revenue	1,963	2,027	2,039	1,986	2,000-2,100
Underlying EBITDA²	422	469	466	463	460-490
Underlying EBITDA %	22%	23%	23%	23%	23%
Capex	229	223	244	253	300-350
Underlying EBITDA less capex	193	246	222	210	110-190

Notes:

1. Unaudited results as at 31 March 2019
2. Underlying EBITDA includes adjustments primarily relating to separation and transition costs

Funding Details

Infratil's consideration of NZ\$1,029 million is expected to be funded via a fully underwritten equity raising, a committed acquisition debt facility and existing debt facilities

Acquisition funding sources and uses

Sources	(\$Millions)
Infratil consideration (~49.9%)	1,029 ¹
Brookfield consideration (~49.9%)	1,029 ¹
Asset level debt and Vodafone NZ executive equity	1,342
Total sources of funds	3,400

Uses	(\$Millions)
Vodafone NZ purchase price (incl. transaction costs) ¹	3,400
Total uses of funds	3,400

Infratil consideration funding

Sources	(\$Millions)
Underwritten equity raising ²	400
Acquisition debt facility ³	400
Use of existing debt facilities (total headroom of ~NZ\$174m post acquisition) ²	229
Total Infratil consideration funding	1,029

- A significant proportion of the equity raising is expected to be directed towards existing shareholders
- Infratil will continue to evaluate the optimal timing to undertake an equity raising
- Infratil has appointed UBS New Zealand Limited to manage and underwrite any equity raising

Notes:

1. The purchase price is subject to post completion adjustments for working capital, net debt and capital expenditure as at completion of the acquisition
2. Estimated
3. Acquisition debt facilities of up to NZ\$800 million available (only NZ\$400 million expected to be drawn)

Debt Funding Details

The funding package will leave Infratil's balance sheet in a position to support growth and future development platforms

- Transaction is expected to be credit enhancing for Infratil in the medium-term
 - ✓ Balance sheet in a position to support growth and future development
 - ✓ Improves Infratil's earnings diversification and resilience
 - ✓ Increases cash flow generation from highly defensive assets
- Debt funding comprises:
 - Committed acquisition debt facility of NZ\$800 million, of which approximately NZ\$400 million is expected to be drawn
 - Drawdown of NZ\$229 million of existing debt facilities
- Infratil's capital position will continue to be managed through:
 - ✓ Debt facility repayments through proceeds from recently announced asset sales and ongoing strategic reviews
 - ✓ Bank debt refinancing
 - ✓ Accessing domestic bond market

Total net debt and gearing impact of acquisition and equity raise

(\$Millions)	31 March 2019 ¹	31 March 2019 ²
Net bank debt (cash on hand)	45	674
Infratil Infrastructure bonds	905	905
Infratil Perpetual bonds	232	232
Total net debt	1,182	1,811
Market value of equity	2,332	2,732
Total capital	3,514	4,543
Gearing (net debt/total capital)	34%	40%³
Infratil undrawn bank facilities	403	~174
100% subsidiaries cash	55	
Funds available	458	

Notes:

1. 2019 Infratil Investor Day forecast
2. Impact of the acquisition on Infratil's 31 March balance sheet
3. Prior to the receipt of proceeds from strategic reviews currently underway

Financial Impact

The acquisition is expected to deliver strong cash flow to support Infratil's dividend and targeted equity returns in the long-term

- Infratil will treat its investment in Vodafone NZ as an investment in associate and equity account its share of Vodafone NZ's net profit after tax within its consolidated P&L (the same as Canberra Data Centres and RetireAustralia)
- Consistent with the treatment for Canberra Data Centres, Vodafone NZ's contribution to the Infratil group EBITDAF guidance will be based on Infratil's proportionate share of the operating company Underlying EBITDA
- Vodafone NZ full year FY2020 Underlying EBITDA is forecast to be between NZ\$460-\$490 million
- Included in Infratil's FY2020 guidance¹ is a 7 month contribution from Vodafone NZ, based on a 49.9% share of Underlying EBITDA
- Post equity raise, the acquisition is expected to be reported EPS accretive for Infratil shareholders from FY2022
- Forecast cash flows to Infratil for the transition period are impacted by separation costs, and implementation of the cost transformation programme and investment for future growth

Infratil FY2020 earnings guidance¹ and dividends

Guidance ¹ (\$Millions)	2020	2020 ²
Underlying EBITDAF	510-540	635-675
Net interest	150-160	165-175
Depreciation & amortisation	160-170	160-170
Capital expenditure	700-800	700-800

- Infratil expects its FY2020 dividend to be maintained at the current level on a dividend per share basis
- Underlying EBITDAF guidance is presented on a continuing operations basis and therefore excludes any contributions from NZ Bus, ANU and Perth Energy
- Capital expenditure excludes the acquisition of Vodafone NZ, and includes a proportionate share of capital expenditure spent by other associates

Notes:

1. 2020 guidance is based on Infratil management's current expectations and assumptions about the trading performance of Infratil's continuing operations and is subject to risks and uncertainties, is dependent on prevailing market conditions continuing throughout the outlook period and assumes no major changes in the composition of the Infratil investment portfolio. Trading performance and market conditions can and will change, which may materially affect the guidance set out above
2. Post acquisition of Vodafone NZ

Regulatory Approval

8 month period to obtain but anticipated to be obtained by August, with completion expected by 31 August 2019

New Zealand Overseas Investment Office (OIO)

- Brookfield is an "overseas" person as defined in the Overseas Investment Act 2005
- The consortium therefore requires OIO approval to acquire sensitive New Zealand assets
- The OIO application was submitted in March 2019
- The consortium has assessed the likelihood of receiving OIO approval as high. The consortium is confident of meeting the relevant criteria and notes that Brookfield has previously been granted consent to acquire sensitive New Zealand assets

New Zealand Commerce Commission (NZCC)

- Infratil owns 51% of Trustpower. Trustpower has a 5% fixed broadband market share by connection. Vodafone NZ has a 26% fixed broadband market share by connection. In comparison, Spark is the largest player in the market with 43%, with Vocus and 2degrees 3rd and 4th with 13% and 5% respectively
- Given the competitive nature of the fixed broadband market, the consortium believes there is a very strong basis for Commerce Commission clearance to be granted
- Structural separation of the market, open access fixed networks and equivalent wholesale access level the playing field for smaller players and new entrants
- If Infratil cannot obtain NZCC clearance, the acquisition agreement would require Infratil to divest its interest in the Vodafone transaction, or failing that divest its stake in Trustpower by the 8 month deadline. The NZCC clearance condition could also be satisfied if Trustpower had sold its retail business in the required time
- Trustpower will remain free to pursue its successful multi-utility retail strategy