Infratil

**12 November 2020**

## Interim results announcement for the period ended 30 September 2020

Infratil Limited today announced its half-year results for the six months ended 30 September 2020, confirming a Net Parent Surplus from Continuing Operations of $27.8 million compared with $56.4 million for the prior year.

Proportionate EBITDAF was up $25.4 million (+12.4%) to $229.5 million reflecting strong performance from CDC Data Centres and significant contributions from Vodafone New Zealand and Trustpower. Proportionate EBITDAF for the year to 31 March 2021 is forecast to be between $430 million and $470 million, including an estimated $80 million reduction caused by Covid-19 related restrictions. Proportionate EBITDAF was $446.0 million the previous year.

The results for the period were impacted by portfolio changes including the acquisition of Vodafone New Zealand in 2019, and the sale of Perth Energy, NZ Bus, and the ANU Student Accommodation business in 2019. The results also reflect Tilt Renewables' December 2019 sale of the Snowtown 2 wind farm.

The period illustrated the benefits of Infratil's diversification, where the progress at CDC Data Centres and the renewable generation projects of Tilt Renewables and Longroad Energy more than balanced the impact of the Covid-19 crisis on businesses such as Wellington Airport and Vodafone New Zealand.

Reflecting the overall good financial outcome and Infratil's solid funding position the dividend for the period will be 6.25 cps cash and 1.75 cps imputation credits. Between 31 March 2020 and 11 November 2020 the share price has risen from $3.91 to $5.40.

The $300 million equity raise undertaken in June, and receipts from businesses, saw net debt decline $385.0 million and gearing reduce to 28% of Infratil's total capital as at 30 September.

Infratil's strong record of shareholder returns is based on owning infrastructure businesses with opportunities to invest to take advantage of long-term demand growth. On that basis it was positive to see $488.9 million of proportionate investment over the period; including $322 million into renewable generation and $122 million into digital infrastructure.

Reflecting its remarkable progress, the value of Infratil's holding in CDC Data Centres rose $324 million over the six months. Tilt Renewables provided cash returns of $180 million while continuing to advance renewable generation developments in both Australia and New Zealand. Longroad Energy continued work on $1.3 billion of generation projects in the USA and provided Infratil with $19.1 million of capital return. Vodafone New Zealand materially advanced its plans to simplify its business and improve its customers' experience, but also saw earnings reduce by $29 million due to Covid-19.

At the height of travel restrictions in April, 6,000 travellers used Wellington Airport, which had recovered to 350,000 for the month of October. RetireAustralia delivered the excellent result of keeping all its residents and staff safe and well protected.

In October, Infratil announced a conditional agreement to acquire up to 60% of Australian diagnostic imaging business Qscan. This important new initiative for Infratil is awaiting Foreign Investment Review Board approval in Australia.

In conjunction with the interim report, Infratil has also published a Climate Change Position Statement committing to the goal of reducing greenhouse gases and providing transparency about policies, goals, costs and risks.

Notable achievements during the period:

- Longroad Energy commenced construction on three solar generation projects amounting to 840MW;
- Tilt Renewables completed construction of the 336MW Dundonnell wind farm in Victoria, Australia and made significant progress on the 133MW Waipipi wind farm in Taranaki. 865,000 hours of work was undertaken at the two construction sites without a single lost time injury;
- RetireAustralia kept its residents and staff safe and protected from Covid-19;
- CDC Data Centres commissioned 28MW of data centre capacity at Eastern Creek in Sydney;
- CDC Data Centres also started construction of two 10MW data centres in Auckland, and progressed further expansion plans in Australia;
- Vodafone New Zealand progressed its investment in 5th generation mobile network infrastructure and upgraded its international fibre links;
- Vodafone New Zealand's simplification programme saw 1,500 products retired or improved. In the most recent period 34% more customer requests were dealt with first time, while complaints were down 53%;
- Wellington Airport plunged to 1% of normal activity in April. By October domestic traffic had recovered to over 70% of normal levels reflecting the relaxation of travel restrictions. International traffic awaits new border rules;
- Infratil Infrastructure Property opened its $70 million hotel, retail, and car park project in Auckland's Wynyard Quarter, and agreed to the sale of the Kilbirnie bus depot for $35 million;
- Infratil increased its commitment to Clearvision Ventures. One of its investments, Chargepoint, owner of the world's largest electric vehicle charging network, has indicated it plans to list on the NYSE;
- Infratil raised $300 million via an equity issue;
- Infratil maintained its dividend, with an interim dividend of 6.25 cps to be paid on 15 December;
- In October Infratil announced the acquisition of up to 60% of Australian diagnostic imaging company Qscan. A new sector with strong growth potential; and
- Infratil released its Climate Change Position Statement.

Over the decade to 30 September 2020 Infratil has:

- Provided an after-tax compound return to shareholders of 17.8% p.a.;
- Invested over $6 billion in key growth sectors and next generation infrastructure; and
- Grown proportionate EBITDAF from $300 million to the FY2021 forecast range of $430 million to $470 million.

**Investor briefing**

There will be a briefing for institutional investors, analysts and media commencing at 10.00am at the InterContinental Hotel, Featherston Room, 2 Grey Street, Wellington. The briefing and Q&A session will also be available by webcast and teleconference.

A webcast of the presentation will be available live at: https://edge.media-server.com/mmc/p/c5imos3g

Any enquiries should be directed to:

Mark Flesher, Investor Relations
mark.flesher@infratil.com

# Results Announcement

**For the six months ended 30 September 2020**

**12 November 2020**

Infratil

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Further information on how the Company calculates Underlying EBITDAF can be found at Appendix I.

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# Half Year Overview

**Increased exposure to our preferred sectors of digital infrastructure and renewable energy is driving growth**

## Half Year Overview

- Net parent surplus from continuing operations of $27.8 million, compared to $56.4 million in the prior year
- Proportionate EBITDAF of $229.5 million, up from $204.2 million in the comparative period, reflecting the growing contribution from data & connectivity, partially offset by the direct impact of Covid-19 on some revenue streams
- Proportionate capital expenditure and investment of $488.9 million, including $322.1 million in renewable energy and $122.3 million in data & connectivity
- $300 million equity raise in June 2020 to provide capital flexibility and to fund growth opportunities
- Conditional acquisition of up to 60% of Qscan for up to A$330 million announced in October
- Partially imputed interim dividend of 6.25 cents per share to be paid in December

# Financial Highlights

## Reported results reflect significant changes in portfolio composition

| 30 September ($Millions) | 2020 | 2019 | Variance | % Change |
|---|---|---|---|---|
| Net Surplus from Continuing Operations | 57.0 | 79.8 | (22.8) | (28.6%) |
| Net Parent Surplus | 27.8 | 56.4 | (28.6) | (50.7%) |
| Proportionate EBITDAF[1] | 229.5 | 204.2 | 25.3 | 12.3% |
| International Portfolio Incentive Fee accrual | 57.7 | 12.8 | 44.9 | 350.8% |
| Proportionate Capital Expenditure & Investment | 488.9 | 1,432.3 | (943.4) | (65.9%) |
| Earnings per share (cps) from continuing activities | 4.0 | 8.1 | (4.1) | (50.6%) |

Notes:
1. Proportionate EBITDAF is an unaudited non-GAAP measure. Proportionate EBITDAF does not have a standardised meaning and should not be viewed in isolation, nor considered as a substitute for measures reported in accordance with NZ IFRS, as it may not be comparable to similar financial information presented by other entities. A reconciliation of Proportionate EBITDAF to Net profit after tax is provided in Appendix I

# Results Summary

## Reported results reflect significant changes in portfolio composition

| 30 September ($Millions) | 2020 | 2019 |
|---|---|---|
| Operating revenue | 662.0 | 802.4 |
| Operating expenses | (442.1) | (485.7) |
| Operating earnings | 219.9 | 316.7 |
| International Portfolio Incentive fee | (57.7) | (12.8) |
| Depreciation & amortisation | (57.2) | (75.2) |
| Net interest | (72.1) | (85.6) |
| Tax expense | (4.9) | (46.1) |
| Realisations and revaluations | 29.0 | (17.2) |
| Net surplus (continuing) | 57.0 | 79.8 |
| Discontinued operations[1] | - | 8.3 |
| Net surplus | 57.0 | 88.1 |
| Minority earnings | (29.2) | (31.7) |
| Net parent surplus | 27.8 | 56.4 |

- Operating revenue reflects the impact of Covid-19 air travel restrictions on passenger numbers at Wellington Airport and Tilt Renewables' sale of Snowtown 2 in December 2019
- Operating expenses reflect strong cost control during the period in response to Covid-19
- The FY2021 annual incentive fee accrual is driven by Infratil's investments in CDC Data Centres and Tilt Renewables
- Net reduction in depreciation and amortisation primarily reflects Tilt Renewables' sale of Snowtown 2
- Net interest decreased as funds received from the sale of Snowtown 2 and Infratil's recent equity raise reduced net debt
- Discontinued operations in the prior period include ANU Student Accommodation, NZ Bus, Perth Energy and Snapper

Notes:
1. Discontinued operations represent businesses that have been divested, or businesses which will be recovered principally through a sale transaction rather than through continuing use

# Proportionate EBITDAF

## Full period contribution from Vodafone NZ and CDC Data Centres growth offset Covid-19 impacts

| 30 September ($Millions) | 2020 | 2019 |
|---|---|---|
| Trustpower | 56.3 | 54.6 |
| Tilt Renewables | 22.3 | 49.2 |
| Wellington Airport | 7.2 | 33.3 |
| CDC Data Centres | 38.0 | 26.3 |
| Vodafone NZ | 112.1 | 39.0 |
| RetireAustralia | 5.1 | 2.6 |
| Longroad Energy | 9.4 | 15.9 |
| Corporate and other | (20.9) | (16.8) |
| Proportionate EBITDAF | 229.5 | 204.2 |
| Discontinued operations | - | 14.1 |
| Total Proportionate EBITDAF | 229.5 | 218.3 |

- Slightly higher contribution from **Trustpower**, with an increase in higher margin telco customers offset by lower generation volumes
- Reduction in **Tilt Renewables**' contribution largely resulting from the sale of the Snowtown 2 wind farm in December 2019
- Contribution from **Wellington Airport** has significantly reduced due to Covid-19 impacts
- **CDC Data Centres** year-on-year earnings growth as new facilities come online
- Prior period includes a 2-month contribution from **Vodafone NZ** following completion of the acquisition on 31 July 2019
- Reduced contribution from **Longroad** as a result of increased project development expenses in the current period. EBITDAF excludes Longroad's gains on the sale of development projects
- **Corporate** and other excludes incentive fees

Notes:
1. Proportionate EBITDAF represents Infratil's share of the consolidated net earnings before interest, tax, depreciation, amortisation, financial derivative movements, revaluations, gains or losses on the sales of investments, and excludes the impact of International Portfolio Incentive Fees. Proportionate EBITDAF replaces Underlying EBITDAF as management's preferred measure for measuring the underlying performance of Infratil's portfolio companies.

# Proportionate Capital Expenditure & Investment

## Continued strong investment in growth infrastructure

| 30 September ($Millions) | 2020 | 2019 |
|---|---|---|
| Trustpower | 7.9 | 8.4 |
| Tilt Renewables | 200.3 | 80.9 |
| Wellington Airport | 7.6 | 21.1 |
| CDC Data Centres | 77.4 | 126.5 |
| Vodafone NZ | 44.9 | - |
| RetireAustralia | 15.4 | 13.5 |
| Longroad Energy | 113.9 | 131.3 |
| Other | 13.9 | 21.0 |
| Capital Expenditure | 481.3 | 402.7 |
| Vodafone NZ | - | 1,029.6 |
| Other | 7.6 | 0.4 |
| Investment | 7.6 | 1,030.0 |
| Total Capex & Investment | 488.9 | 1,432.3 |

- **Tilt Renewables**' construction of the Dundonnell Wind Farm (336MW) and the Waipipi Wind Farm (133MW)
- **Wellington Airport** suspended most of its growth capital projects due to Covid-19
- **CDC Data Centres**' ongoing development including completion of Eastern Creek 3 in Sydney (28MW) and commencement of construction of two data centres in Auckland, New Zealand (20MW)
- **Longroad** currently has 840MW of utility scale solar (Alabama, California & Texas) and 70MW of utility scale wind (Minnesota) under construction
- **RetireAustralia** capital expenditure includes construction at The Verge, Burleigh and The Rise at Wood Glen
- Other capital expenditure includes the construction of **Infratil Infrastructure Property**'s 154 room Travelodge hotel and carpark in the Wynyard Quarter which opened in October 2020

Notes:

1. The table shows Infratil's share of the investment spending of investee companies. In a period where Infratil acquires a new investment, the consideration paid is shown as the investment for that period. In July 2019, Infratil acquired a 49.9% share of Vodafone NZ for $1,029.6 million, and therefore this is show as the investment spending in relation to Vodafone NZ in the comparative period. The current period includes Infratil's 49.9% share of Vodafone NZ's capital expenditure.

# Debt Capacity & Facilities

## Strong capital position and liquidity across the Group to support near to medium term capital commitments

| As at period ended ($Millions) | September 2020 | March 2020 |
|---|---|---|
| Net bank debt[1] | 85.8 | 470.9 |
| Infratil Infrastructure bonds | 1,071.9 | 1,071.9 |
| Infratil Perpetual bonds | 231.9 | 231.9 |
| Market value of equity | 3,607.5 | 2,579.3 |
| Total capital | 4,997.1 | 4,354.0 |
| Gearing (net debt/total capital) | 27.8% | 40.8% |
| Infratil undrawn bank facilities[1] | 593.0 | 268.0 |
| 100% subsidiaries cash | 16.2 | 9.1 |
| Funds available | 609.2 | 277.1 |
| | | |
| Forecast Qscan acquisition[2] | 350.0 | |

- Tilt Renewables' capital return completed in July 2020 (Infratil's share ~NZ$180 million)
- Infratil did not issue any infrastructure bonds in the six months to 30 September 2020
- The market value of equity increased by $1.028 billion since 31 March 2020, reflecting:
  - $300 million placement and share purchase plan issue in June and July
  - the change in the IFT share price from $3.91 (March 2020) to $4.99 (September 2020)
- Infratil's next bank maturity is NZ$32 million in February 2021
- Infratil's next two bond maturities are NZ$93.9 million of IFT220 bonds in June 2021 and NZ$93.7 million of IFT190 bonds in June 2022

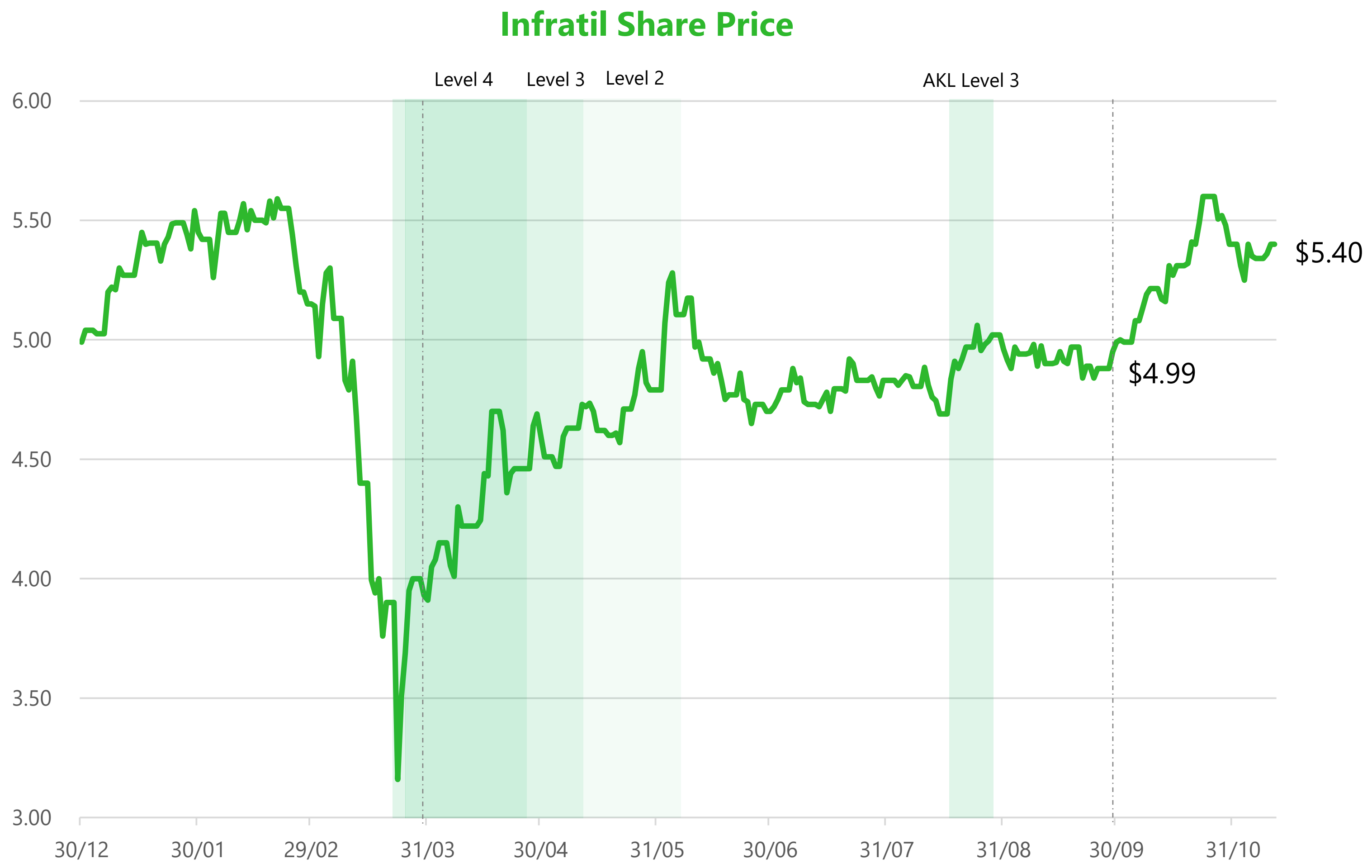
Notes:
1. Infratil and wholly-owned subsidiaries excludes Trustpower, Tilt Renewables, Wellington Airport, CDC Data Centres, Vodafone NZ, RetireAustralia, Longroad Energy, and Galileo Green Energy.
2. Completion of the acquisition is conditional on obtaining Foreign Investment Review Board of Australia approval by 31 December 2020, which can be extended to 26 February 2021.

# Strong Shareholder Returns Delivered over 6 Months

## Partially imputed interim dividend of 6.25 cents per share maintained

**Total Shareholder Return[1]**

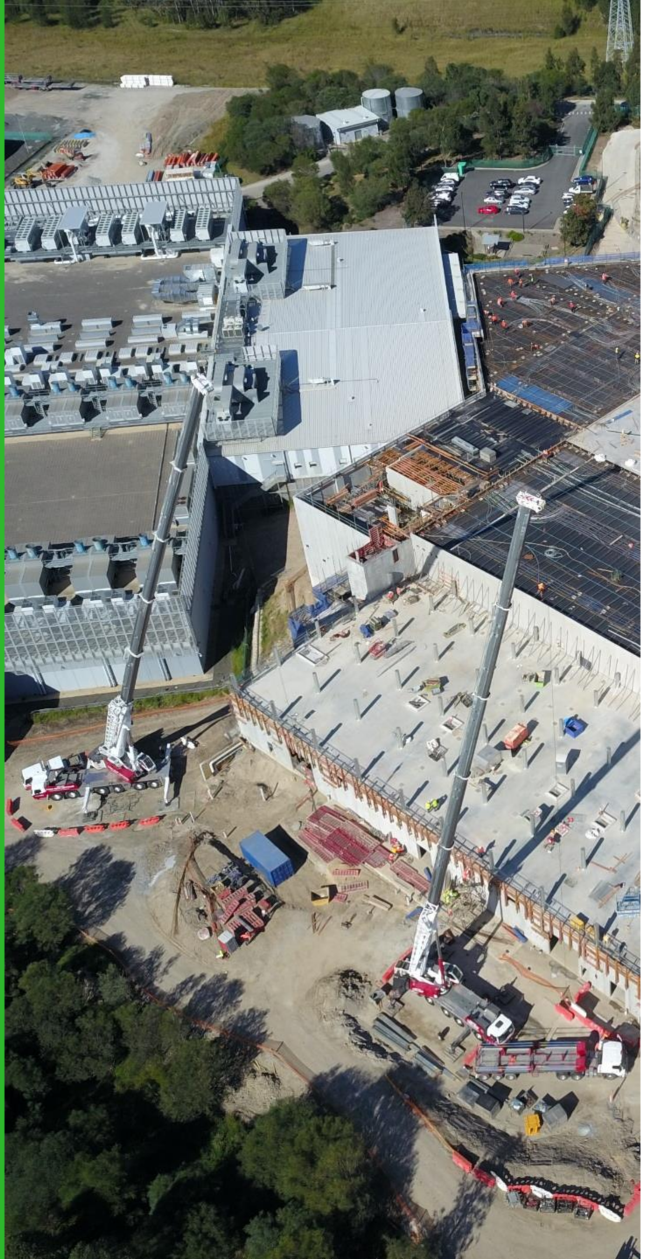
| Period | TSR |
|---|---|
| 6 months | 32.1% |
| 5 Year | 16.9% |
| 10 Year | 17.9% |
| Inception – 26.5 years | 17.5% |




[1]Total shareholder returns are to 30 September 2020 based on a closing share price of $4.99

# International Portfolio Annual Incentive fee

## Accrual reflects the ongoing outperformance of the material international assets



| 30 September ($Millions) | 2020 |
|---|---|
| CDC Data Centres | 43.5 |
| Tilt Renewables | 16.7 |
| RetireAustralia | (2.5) |
| Longroad Energy | - |
| ASIP | - |
| **FY2021 annual incentive fee accrual** | 57.7 |

- CDC Data Centres' accrual is based on an independent valuation as of 30 September 2020, which values Infratil's investment at A$1,597 million - A$1,807 million
- The current CDC valuation reflects total capacity of 278MW
- The Tilt Renewables accrual has been determined with reference to Tilt's 30 September 2020 share price of $3.70
- The RetireAustralia accrual is based on an independent valuation as of 30 June 2020, which values Infratil's investment at A$255 million - A$335 million
- A valuation of Longroad Energy has not been undertaken and no accrual has been made as at 30 September 2020
- The accrual also reflects the impact of cash distributions received from investments during the period, including the $179.6 million Tilt Renewables' capital return

# Qscan Acquisition

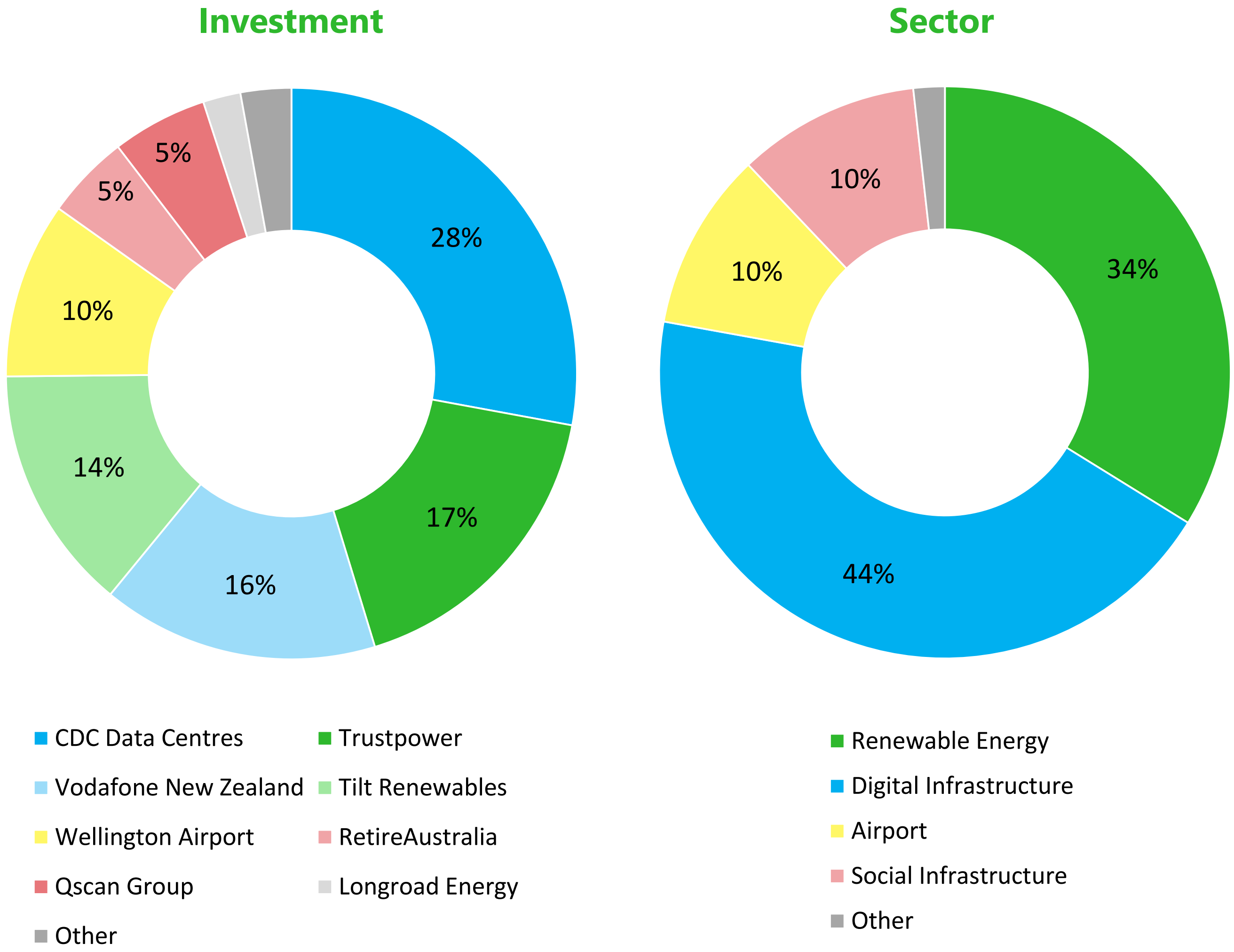
## High quality entry point to a future scale healthcare infrastructure platform

## Transaction Details

- On 26 October 2020, Infratil executed a conditional offer to acquire up to 60% of Qscan Group Holdings, a comprehensive diagnostic imaging practice throughout Australia for equity consideration of up to A$330 million
- The acquisition is strategically and financially compelling for Infratil shareholders:
  - ✓ The diagnostic imaging sector is an essential services industry, offering a combination of defensive characteristics and structural long-term growth
  - ✓ Qscan is a market leader with a secure revenue base backed by established referral networks and a track record of strong, profitable growth with significant organic and inorganic growth options
  - ✓ Qscan's partnership model establishes it as the infrastructure and services provider, with radiologists the providers of patient care
  - ✓ Qscan is a highly cash generative business, that also offers reinvestment options which give Infratil a clear path to build a scale healthcare infrastructure platform
- Infratil's investment will be funded from existing bank facilities and available capital
- Completion of the acquisition is conditional on obtaining Foreign Investment Review Board of Australia approval by 31 December 2020, which can be extended to 26 February 2021

# Portfolio Composition

## Well balanced portfolio with defensive characteristics and strong capital growth




**Portfolio composition assumes the forecast completion of the Qscan acquisition**

# Operating Businesses

# CDC Data Centres

## Impressive organic growth amidst substantial adoption of cloud-based services

### Performance

- Current period reported EBITDAF A$73.8 million, up A$22.1 million (+42.7%) from the comparative period
- Continued strong performance with revenue growth from new data centres and additional stages in existing facilities
- FY21 forecast reported EBITDAF of A$145-A$155 million

### Growth Trajectory

- Multiple drivers are underpinning future growth, aided by increased demand for resilient digital infrastructure
- Significant growth as Covid-19 accelerates the transition to remote working and adoption of cloud-based services
- Existing operating capacity of 133MW, with 70MW under construction and 200MW+ capacity for future development
- Eastern Creek 3 (28MW) and Hume 4 (25MW) are now operational
- Expansion into New Zealand underway with the construction of two 10MW+ DCs in Auckland (NZ$300 million+)
- The Auckland expansion enables CDC to deliver geographic diversity and expand its ecosystem which is highly attractive to existing clients with data storage needs in New Zealand
- Whole of portfolio weighted average lease expiry (WALE) of 8.6 years, and 15.4 years with options (31 March: 8.6 years, and 15.9 years with options)

# Vodafone New Zealand

## Major investment in digital infrastructure supporting future service, product and operational platforms


### Performance

- Reported EBITDAF of $224.7 million[1], including the negative impact of ~$30 million relating to Covid-19
- Good consumer and enterprise mobile and fixed performance; consumer broadband remains challenging
- Fixed Wireless Access rollout is on track; customer experience is improving; IT and Network stability best in 3 years
- FY2021 EBITDAF impact of Covid-19 on roaming, pre-paid and retail is forecast to be $60 million to $75 million
- FY2021 reported EBITDAF is forecast to be in the range of $425 million to $455 million[2]

### Growth Trajectory

- New leadership capability adding strength to existing management team
- Strong cost disciplines are enabling reinvestment in customer experience, IT and network capability
- Digital transformation has begun and is at the core of the future operating model
- 5G leadership will underpin the next phase of margin growth; fixed wireless access opportunity will drive next phase of network investment

Notes:
1. Reported EBITDAF includes $27.3 million of adjustments relating to IFRS16
2. Forecast reported EBITDAF for FY2021 includes $55.4 million of adjustments relating to IFRS16

# Longroad Energy

## Significant US renewable energy development platform poised to accelerate growth


### Performance

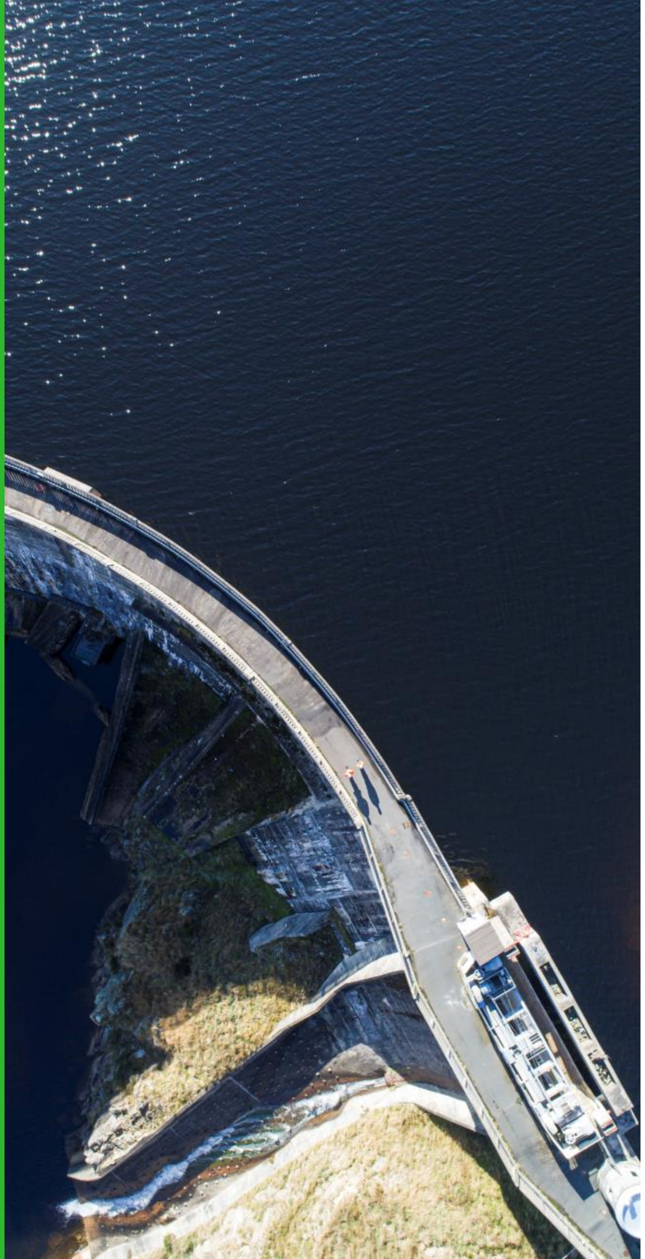
- Longroad Energy's contribution to Infratil's Proportionate EBITDAF was $9.4 million, compared to $15.9 million in the prior period
- Cash distributions to Infratil in the period were $19.1 million
- Longroad is currently constructing 910MW of renewable generation across 4 projects; equivalent to 8% of New Zealand's total generation capacity
- During the 6 months to 30 September, Longroad:
  - completed construction of the 379MW Prospero Solar project in Texas and sold 50% of the equity
  - achieved financial close and the sale of the 294MW Muscle Shoals Solar project
  - achieved financial close and commenced construction of the 331MW Prospero 2 Solar Project (US$320 million)

### Growth Trajectory

- Total operating portfolio is currently 1,465MW, while also managing construction of a further 910MW
- Longroad Energy Services currently provides operating and maintenance services to 2,941MW including 1,478MW for third parties
- Selected by Hawaiian Electric Company to begin developing two utility-scale solar and battery storage projects for completion in 2023 (120MW and 40MW)

# Trustpower

## Demonstrating ongoing resilience and capability in Covid-19 pandemic and dry conditions



### Performance

- EBITDAF of $110.4 million was $3.3 million (3.1%) above the comparative period of $107.1 million
- Stronger wholesale prices drove generation earnings, despite lower volumes
- Acquisition costs lower than the comparative period due to materially reduced activity during Covid-19 lockdown
- Total retail utility accounts of 411,000 remained steady, with 50% of total customers now having more than one product (over 80% of new customers continue to take 2 or more products)

### Growth Trajectory

- Asset management investment programme underway to maximise the lifecycle value of generation assets, with average annual generation forecast to increase by 67GWh from FY2021 to FY2025
- The ultimate closure of Tiwai Point will create slight increases in both peaking capability and the value of North Island generation, while South Island generation will become slightly less valuable
- Bundled retail business continuing to grow, taking advantage of the ongoing growth in data demand, supported by additional wireless broadband and mobile capability
- Strong focus on automation as a way of improving the customer experience with total digital contacts now 80% of customer interactions

# Tilt Renewables

## Strengthened position as the Australasian renewable energy leader, with several accretive near-term options well progressed



### Performance

- EBITDAF of A$31.8 million was A$2.9 million below the comparative period of A$34.7[1] million
- Operating revenue was 6% down on the comparative period[2] despite the uplift from Dundonnell ('DDWF') commencing production, reflecting the long-anticipated oversupply in the Large-scale Generation Certificate market
- 813GWh of emissions-free energy produced, up from 609GWh[2] in the prior period reflecting the energisation of the DDWF

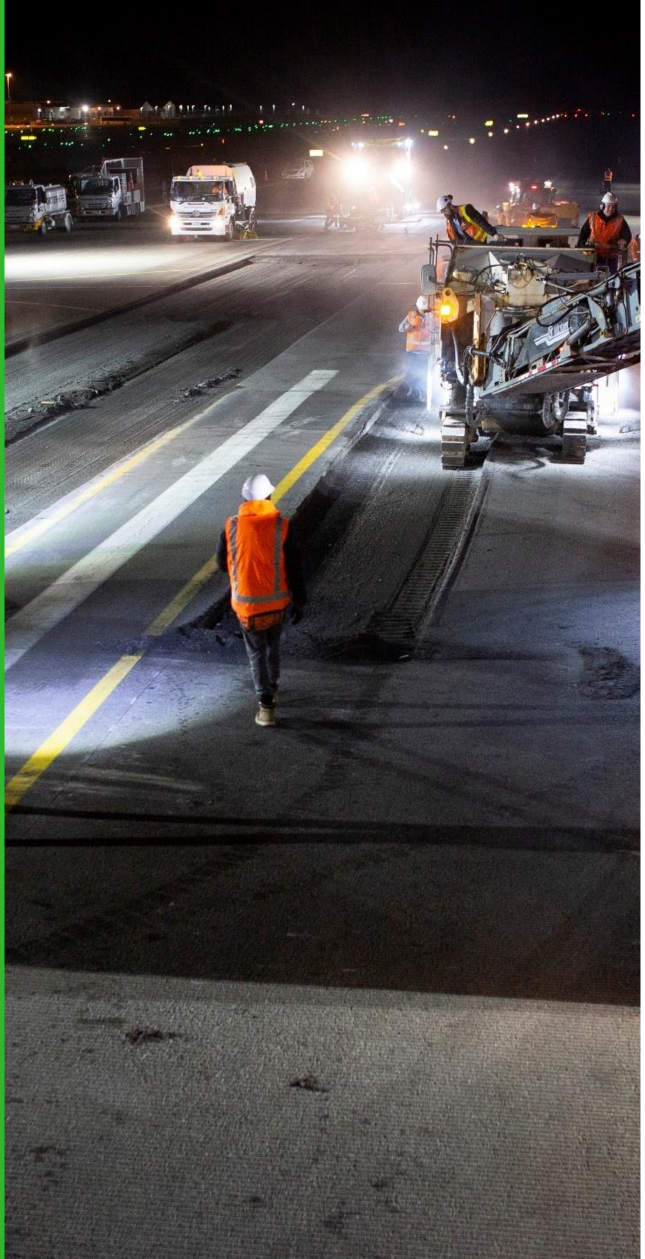
### Growth Trajectory

- Civil works are largely complete on the 133MW Waipipi Wind Farm, with 17 turbines fully erected and the transmission line also completed
- Energisation of the project is expected in the near-term, with the project on track for Q1 CY2021 completion
- Australian Energy Market Operator-related commissioning delays for DDWF have continued over the period, with output now increased to 226MW and all 80 turbines able to operate and export energy. It is expected that this can be lifted again to 300MW by the end of CY2020
- Progress has continued towards potential investment decisions for the near-term options, with Rye Park Wind Farm and the Snowtown Battery project progressing largely to plan

Notes:
1. Reported EBITDAF in HY20A was A$71.4 million, which included a A$36.7 million contribution from the Snowtown 2 Wind Farm which was sold in December 2019
2. Excluding Snowtown 2

# Wellington Airport

## Unprecedented impact of Covid-19, however domestic passenger recovery has exceeded expectations during unrestricted travel periods



### Performance

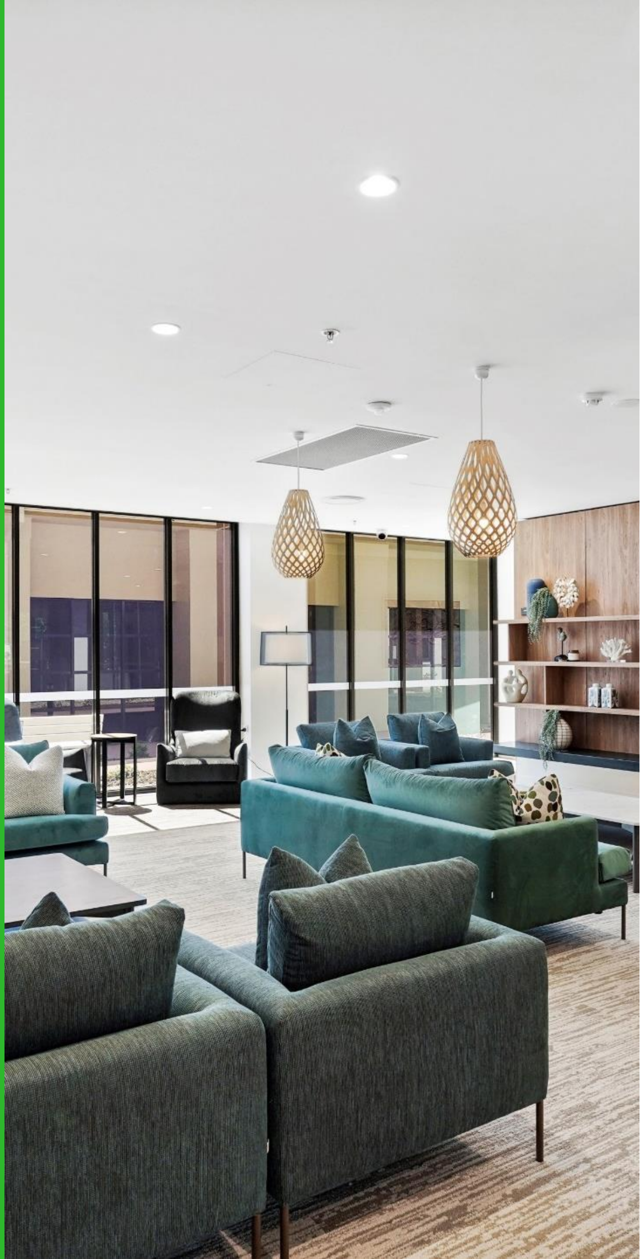
- EBITDAF of $10.9 million was down from $50.4 million for the same period last year
- Net cashflow from operations down $34.2 million, reflecting a $45.3 million reduction in revenue, partially offset by strong cost control measures
- Domestic traffic recovery well underway; passenger numbers of 6,630 in April, moving to 300,000 in October, including a peak day of 17,000 passengers compared to a FY20 average of 15,000

### Capital Support and Investment

- Safety and resilience projects progressing, including earthquake strengthening, seawall remediation and commencement of the bringing forward of the runway overlay
- Good support from lenders reflected in the $100 million 6-year bond issue
- Shareholder commitment of $75 million remains on foot but has not been required to date
- New Zealand's aviation industry is working with health officials to develop a plan to enable more people to travel without increasing the risk of community infection
- Operating uncertainty remains difficult for staff, retail tenants and airlines, but conditions have been improving

# Retire Australia

## Strong performance for the period, however cautious view maintained for the short to medium-term



### Performance

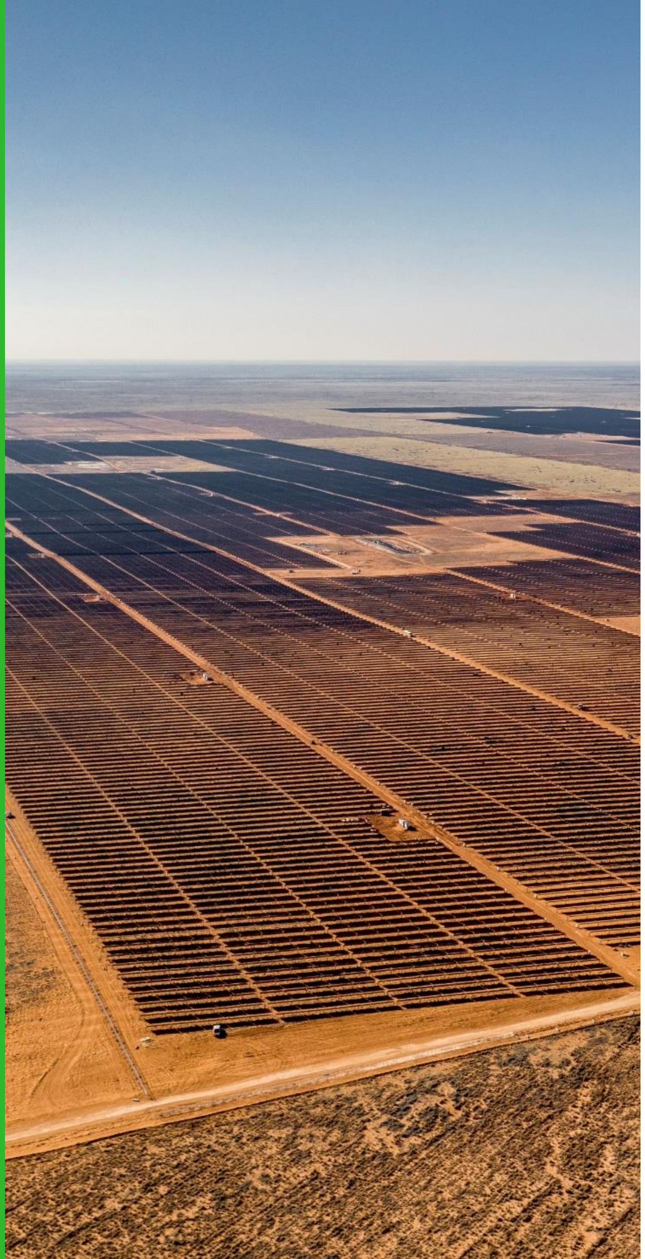
- Underlying profit of A$13.3 million was A$7.8 million above the comparative period of A$5.5 million
- 138 resale settlements up from 130 in the comparative period and a total collect of A$19.5 million vs A$16.6 million, representing a strong performance against the backdrop of Covid-19 restrictions
- Occupancy is marginally lower than 12 months prior but remains within the industry average

### Growth Trajectory

- Deposits are currently held against a number of vacant units, with 82 additional settlements scheduled to occur in Q3 FY2021
- Practical completion of 24 apartments at The Rise at Wood Glen on the Central Coast was achieved in September
- Stage one (40 units) of The Verge, Burleigh, a 177-unit development co-located with Burleigh Golf Club, is forecast to welcome its first residents in the first half of FY22
- Liquidity strengthened at the onset of Covid-19 through an extension of bank facilities and committed shareholder support, however neither have been required during the current period
- Strong demographic and social drivers continue to underpin growing demand in the sector and RetireAustralia's response to Covid-19 has favourably impacted resident satisfaction

# FY2021 Outlook

## Diversified portfolio provides a defensive earnings outlook despite short-term Covid-19 exposure



## Performance

- Infratil is currently forecasting FY21 Proportionate EBITDAF from continuing operations of $430-$470 million[1]
- Proportionate EBITDAF includes the proportion of the EBITDAF of each portfolio company based on Infratil's level of beneficial ownership interest and excludes incentive fees
- There remains inherent uncertainty in the current guidance range as a result of the ongoing economic and travel impacts of Covid-19

## Component Guidance (100%)

- Trustpower forecast FY2021 EBITDAF in the range of $185 million - $205 million
- Tilt Renewables forecast FY2021 EBITDAF in the range of A$65 million - A$80 million
- CDC Data Centres forecast FY2021 EBITDAF in the range of A$145 million - A$155 million
- Vodafone NZ forecast FY2021 EBITDAF in the range of $425 million - $455 million
- Wellington Airport forecast FY2021 EBITDAF in the range of $25 million - $30 million

Notes:

1. 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

# Summary

## A balanced portfolio with exposure to higher growth essential services supported by a secure capital base

- Infratil's businesses have done an exceptional job managing the prolonged impacts of the Covid-19 crisis; servicing our people and customers safely, while safeguarding the capital of our shareholders
- Infratil's diversified portfolio with overweight positions in renewable energy and digital infrastructure should drive relative outperformance under multiple future economic scenarios
- Infratil continues to be willing to invest ahead of the mainstream infrastructure market and take on more complex operating businesses to position our shareholders in next generation infrastructure
- The acquisition of Qscan provides a high-quality entry point into a sector with a structural long-term growth outlook and potential to scale into a leading healthcare infrastructure platform
- Infratil is continuing to evaluate opportunities in key growth sectors and new geographies, however the default position is to prioritise capital to support existing platform opportunities

# For further information:

# www.infratil.com

Infratil

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# Appendix I
## Reconciliation of NPAT to Proportionate EBITDAF

**Proportionate EBITDAF** is an unaudited non-GAAP ('Generally Accepted Accounting Principles') measure of financial performance, presented to provide additional insight into management's view of the underlying business performance.

Specifically, in the context of operating businesses, Proportionate EBITDAF provides a metric that can be used to report on the operations of the business (as distinct from investing and other valuation movements).

| **30 September** ($Millions) | **2020** | **2019** |
|---|---|---|
| Net profit after tax ('NPAT') | 57.0 | 88.1 |
| *Less:* Associates[1] equity accounted earnings | (83.8) | (100.6) |
| *Plus:* Associates[1] proportionate EBITDAF | 162.9 | 83.8 |
| *Less:* minority share of Subsidiary[2] EBITDAF | (69.5) | (95.8) |
| Net loss/(gain) on foreign exchange and derivatives | (15.3) | 16.4 |
| Net realisations, revaluations and impairments | (13.7) | 0.8 |
| Discontinued operations | - | (8.3) |
| Underlying earnings | 37.6 | (15.4) |
| Depreciation & amortisation | 57.2 | 75.2 |
| Net interest | 72.1 | 85.6 |
| Tax | 4.9 | 46.1 |
| Proportionate EBITDAF (continuing operations) | 171.8 | 191.5 |
| International Portfolio Incentive fee | 57.7 | 12.8 |
| Proportionate EBITDAF (excluding Incentive fees) | 229.5 | 204.2 |

Notes:
1. Associates include Infratil's investments in CDC Data Centres, Vodafone NZ, RetireAustralia, Longroad and Galileo Green Energy
2. Subsidiaries include Infratil's investments in Trustpower, Tilt Renewables and Wellington Airport

# Appendix II
# Comparison of 31 March 2020 Underlying EBITDAF to Proportionate EBITDAF

**Proportionate EBITDAF** is an unaudited non-GAAP ('Generally Accepted Accounting Principles') measure of financial performance, presented to provide additional insight into management's view of the underlying business performance.

Specifically, in the context of operating businesses, Proportionate EBITDAF provides a metric that can be used to report on the operations of the business (as distinct from investing and other valuation movements).

| **31 March 2020** ($Millions) | **Ownership** | **Underlying** | **Proportionate** | |
|---|---|---|---|---|
| Trustpower | 51.0% | 186.5 | 95.1 | |
| Tilt Renewables | 65.5% | 123.7 | 81.1 | 1 |
| Wellington Airport | 66.0% | 103.2 | 68.1 | |
| CDC Data Centres | 48.1% | 59.6 | 59.6 | |
| Vodafone New Zealand | 49.9% | 154.9 | 154.9 | |
| RetireAustralia | 50.0% | 8.9 | 3.6 | 2 |
| Longroad Energy | 40.0% | 4.7 | 19.3 | 3 |
| Corporate and other | | (35.6) | (35.6) | |
| Proportionate EBITDAF | | 605.9 | 446.1 | |

- **EBITDAF** is a non-GAAP measure of financial performance showing net earnings before interest, tax, depreciation, amortisation, foreign exchange and financial derivative movements, revaluations, impairment and non-operating gains or losses on the sales of investments and assets
- **Proportionate EBITDAF** shows Infratil's share of the EBITDAF of the companies it has invested in, less Infratil's operating costs, excluding discontinued operations, and before incentive fees

1 The primary difference between Underlying EBITDAF to Proportionate EBITDAF is a reduction in the level of reported EBITDAF from the 'consolidated entities' (Trustpower, Tilt Renewables and Wellington Airport) from 100%, to Infratil's proportionate share of their respective EBITDAF

2 Underlying EBITDAF also previously incorporated Infratil's 50% share of the Underlying Profit of RetireAustralia. Similar to the above change RetireAustralia is now also shown as a proportionate share of its EBITDAF

3 The other main difference reflects a change from the use of Infratil's share of 'net surplus before tax' to a proportionate share of EBITDAF for Longroad Energy and Galileo Green Energy. EBITDAF does not include any development gains from project sales by Longroad Energy

- The underlying principle of taking a Proportionate EBITDAF approach is to better reflect the level of beneficial interest that Infratil has in the results of its portfolio companies

# Appendix III
# Movements in Wholly Owned Group Net Bank Debt

The **Wholly Owned Group** comprises Infratil and its wholly-owned subsidiaries and excludes Trustpower, Tilt Renewables, Wellington Airport, CDC Data Centres, Vodafone NZ, RetireAustralia, Longroad Energy, and Galileo Green Energy.

**Wholly Owned Net Bank Debt** comprises the drawn bank facilities (net of cash on hand) of Infratil's wholly owned subsidiaries

| **30 September** ($Millions) | | |
|---|---|---|
| Wholly Owned Group Net Bank Debt – 31 March 2020 | | **470.9** |
| Trustpower dividend | | (24.8) |
| Wellington Airport subvention payment | | (37.5) |
| Vodafone NZ distributions and capital return | | (42.2) |
| Tilt Renewables capital return | | (179.6) |
| Longroad Energy distributions and capital return | | (19.1) |
| Equity raise (net of issue costs) | | (294.2) |
| International Portfolio Annual Incentive Fee (FY2020 First Instalment) | | 41.7 |
| Net interest | | 34.2 |
| Net other operating cashflows | | 30.5 |
| Final dividend prior year | | 72.5 |
| Net other investment & financing cashflows | 1 | 33.4 |
| Wholly Owned Group Net Bank Debt – 30 September 2020 | | **85.8** |

| | | |
|---|---|---|
| Infratil Infrastructure Property | | 13.9 |
| Clearvision Ventures | | 5.0 |
| Longroad Energy | | 3.3 |
| Galileo Green Energy | | 5.0 |
| Other | | 6.2 |
| Net other investment & financing cashflows | 1 | 33.4 |

# Infratil
# Interim Report
2020

# Introducing Infratil

Infratil was established in 1994 at a time when dissatisfaction with public stewardship of energy, transport and communications infrastructure resulted in the introduction of commercial disciplines and private ownership. From its initial $25 million equity base, Infratil has grown to $7.9 billion of consolidated assets.

Infratil's success is based on investing in growth infrastructure and ensuring that its facilities and services efficiently meet the needs of their users and communities.

# Infratil's Climate Change Position Statement

There is now undeniable scientific evidence that atmospheric greenhouse gases have risen to levels which are impacting the climate. Unless net emissions are rapidly curtailed material adverse consequences are highly likely. Infratil acknowledges that:

- Climate change is happening.
- Emissions must be reduced.
- Society's goal should be to address climate change and emission reduction, fairly and efficiently.
- Companies must understand what climate change and the transition to lower emissions means for their business and performance, and they must be transparent about goals, plans and actions.

There are uncertainties; the rate of emission reduction, the physical effects of climate change, government policies, changes in consumer behaviour, the evolution of low-emission technologies; all of which are interconnected and which give rise to multiple scenarios which need to be assessed.

From inception Infratil has sought to invest its capital and to manage its activities to accord with societal concerns and priorities. In the context of climate change that now means:

- Recognition of climate change and the transition to lower emissions in the analysis of portfolio activities and investment opportunities.
- Proactively seeking investments which are likely to benefit from the transition to a low-carbon economy and avoiding those likely to be disadvantaged.
- Seeking to have companies Infratil invests in recognise the consequences of climate change and the transition to lower emissions, and ensure they measure their emissions and have plans for their reduction.
- Providing public information about climate change related costs and risks, and emission goals and commitments which are accessible, reliable, useful and aligned as appropriate with external standards such as those recommended by the Task Force on Climate-related Financial Disclosures (TCFD).

Front cover: Wellington Airport managers John Howarth and Nick Petkov oversee resurfacing of the runway

# Six Month Score Card

## April

Covid-19 restrictions apply. The priority is the health and safety of customers and employees, followed by managing the impact on the businesses.

Vodafone NZ voluntarily commits to keep customers connected during Level 4 Lockdown. Calls rise 70% and data 50%.

Longroad Energy starts building 215MW of solar generation in California.

Wellington Airport has 6,630 passengers for the month (April 2019: 552,746).

## May

CDC Data Centres announces it will build two 10MW data centres in Auckland.

Longroad Energy announces it will build 160MW of solar generation and a 640MWh battery in Hawaii.

Infratil and Wellington City Council underwrite $75.8 million of Wellington Airport equity in case it is required.

New Zealand emerges from 49 day Level 4-3 lockdown. Infratil's businesses have maintained critical infrastructure services. Lights stayed on, telephone and internet services worked, the airport was open, people were safe.

## June

Infratil pays 11cps final dividend for FY20, the same as the prior year and in line with guidance.

Infratil issues 63 million shares raising $300 million of equity to ensure it has the capital to support growth initiatives.

Vodafone NZ upgrades 150 mobile cell sites in preparation for 5G and to improve 4G.

## July

Tilt Renewables erects the 80th (and final) Dundonnell wind turbine and the first (of 31) at Waipipi. Budgeted spend on the two projects is $984 million.

Infratil receives $180 million capital return from Tilt Renewables. Over the six months a further $124 million of distributions and capital was received from other subsidiaries and investments.

Longroad Energy starts building 294MW of solar generation in Alabama.

Wellington Airport has 304,695 passengers for the month (July 2019: 536,004).

## August

Wellington Airport issues $100 million of 6 year 2.5% per annum bonds.

Longroad Energy starts building 331MW of solar generation in Texas.

Infratil Property's $70 million stage one Wynyard Quarter development in Auckland is on track for completion this year, and the sale of the Kilbirnie bus depot for $35 million is agreed.

During Auckland Level 3 Lockdown, Vodafone NZ's mobile data volumes rose 24%, calls 45%, and texts 31%.

## September

Wellington Airport starts runway resurfacing and work on its sea protection barrier.

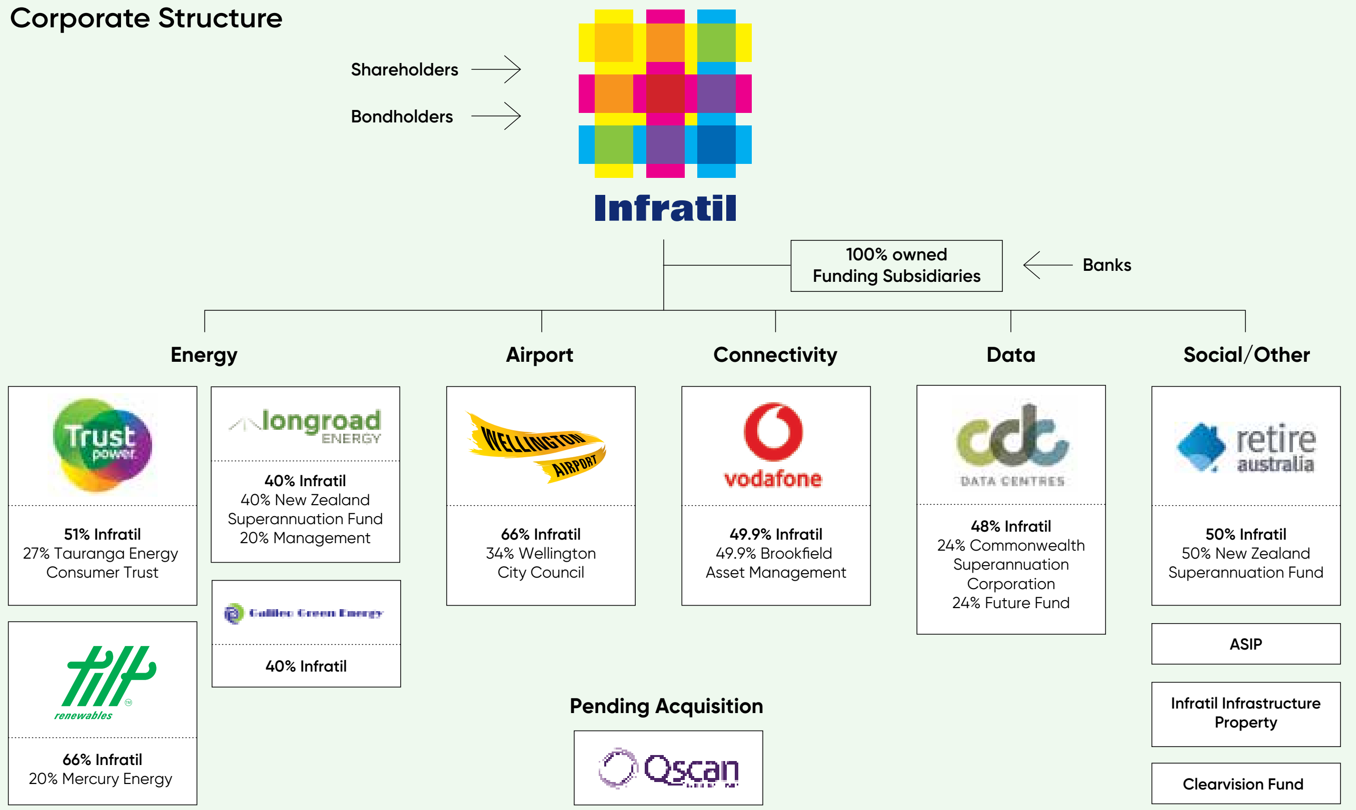
RetireAustralia opens The Rise retirement accommodation.

CDC Data Centres commissions the 28MW Eastern Creek 3 data centre in Sydney.

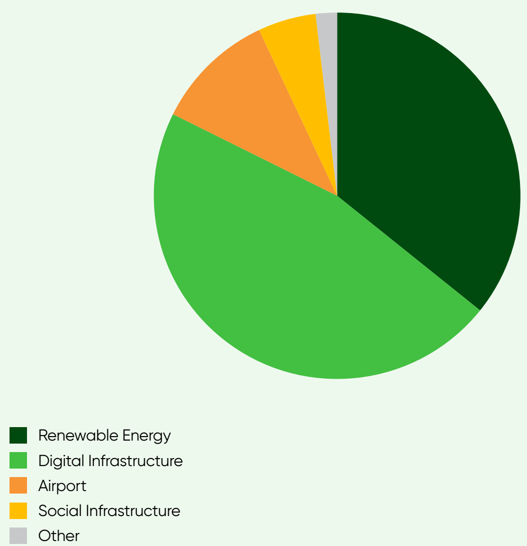
Having added 18 sites over the period, Vodafone NZ now has over 150 rural 4G cell sites providing mobile and broadband coverage. Upgrading subsea optical links means that Vodafone NZ is the only New Zealand operator providing connectivity through all three international networks.

# Corporate Structure
# Capital Allocation
# & Sources

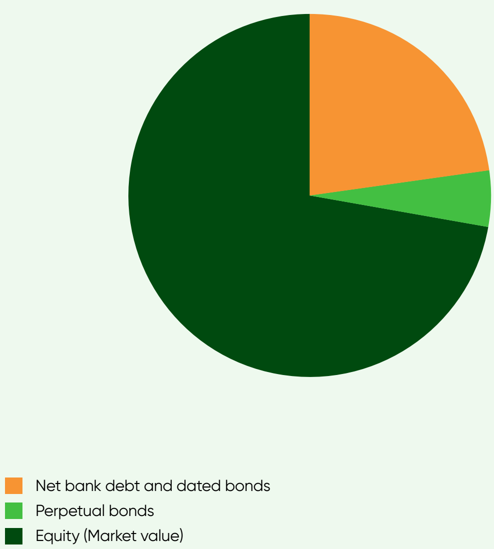
## Corporate Structure




## Sector




## Capital Structure



# Financial Highlights

**The period illustrated the benefits of Infratil's diversification. The impact of the pandemic and recession on businesses such as Wellington Airport and Vodafone New Zealand were offset by progress at CDC Data Centres and the renewable generation projects of Tilt Renewables and Longroad Energy.**

Net Parent Surplus was down $28.6 million relative to last year reflecting changes in the portfolio. Infratil's Proportionate EBITDAF was up $25.3 million. The independent valuation of Infratil's holding in CDC rose $309 million over the six months.

On a proportionate basis, investment by Infratil's businesses rose $86.2 million to $488.9 million. This will provide future value and income growth for Infratil's shareholders.

The $300 million equity raise undertaken in June, and receipts from businesses, saw net debt decline $385.1 million to comprise 28% of Infratil's total capital as at 30 September.

For the period the declared dividend is 6.25cps cash and 1.75cps imputation credits.

| | 30 September 2020 | Comment |
|---|---|---|
| **Net parent surplus** | $27.8 million | Significant portfolio changes. |
| **Proportionate EBITDAF**[1] | $229.5 million | Significant portfolio changes. |
| **Proportionate capital expenditure**[2] | $488.9 million | Including $322 million renewable generation, $122 million data and connectivity. |
| **Net debt**[3] | $1,389.6 million | Net debt comprised 28% of Infratil's capital and was $385 million lower than 31 March 2020. |
| **Dividends declared** | 6.25 cents cash and 1.75 cents imputation credits | The cash dividend is unchanged from last year. The total payout is 3% higher care of additional imputation credits. |

1. EBITDAF is a non-GAAP measure of financial performance showing net earnings before interest, tax, depreciation, amortisation, financial derivative movements, revaluations, and non-operating gains or losses on the sales of investments and assets. EBITDAF does not have a standardised meaning and should not be viewed in isolation, nor considered a substitute for measures reported in accordance with NZ IFRS, as it may not be comparable to similar financial information presented by other entities.

   Proportionate EBITDAF shows Infratil's share of the EBITDAF of the companies it has invested in less Infratil's operating costs, excluding discontinued operations, and before incentive fees. A reconciliation of net profit after tax to Proportionate EBITDAF is provided in the 30 September 2020 Infratil Interim Results Presentation.
2. Investment and capital spending by Infratil and its 100% subsidiaries and Infratil's share of the investment of investee companies.
3. Infratil parent and 100% subsidiaries.

# Report of the Chief Executive

**During the six months to 30 September, we encountered challenges which few individuals or organisations have experienced in living memory. Yet, as with most adversities, the outcomes reflect more on the preparation, resilience and capability of our people than on the challenge itself.**

I feel we can be proud of how we dealt with the difficulties and where we now find ourselves. It is important to give credit for this. Many of our people had to go beyond, with long hours working on difficult tasks with considerable inconvenience and concern.

The Infratil management team had a moment of fun when we had our photographs taken for the annual report. Partners or children took the pictures in each family's bubble. It was a reminder that our gratitude to our employees should extend to their families as well.

Our priorities through this crisis were to keep our people safe, to keep those who rely on our businesses safe and to meet their needs, and to safeguard the capital of our shareholders.

For shareholders there was no doubt considerable uncertainty arising from volatile share market values, confusing economic commentary, grim anecdotes, novel policies, and the sometimes disconcerting behaviour of political leaders.

Against that backdrop, most of our businesses have experienced "business as usual". Electricity and telecommunications are still basic requirements. When people are able to travel they want to fly. Data continues to accumulate and require storage. Older people want safe and pleasant accommodation and facilities.

In addition to this stable demand, our businesses continue to invest in their activities. Infratil's record of shareholder returns is based on owning infrastructure businesses with attractive opportunities to invest to take advantage of long-term demand growth.

**CDC Data Centres** commissioned its largest data centre, committed to the construction of two data centres in Auckland, and is undertaking preparatory work for further capacity in Canberra and Sydney.

**Tilt Renewables** erected the 80th and last wind turbine at its Dundonnell wind farm in Victoria and the first of 31 turbines at its Waipipi wind farm in Taranaki. The budgeted cost of these two wind farms is almost $1 billion.

**Longroad Energy** is building six solar and wind power-stations in the US at a total cost of over $2.6 billion. Galileo Green Energy is working on the development of 370MW of wind generation in Ireland.

**RetireAustralia** is progressing construction of additional apartments at two villages, one of which is new.

**Wellington Airport's** $30 million of resilience projects will ensure it is prepared as air traffic returns to normal; including runway resurfacing, earthquake strengthening, and seawall protection.

**Vodafone New Zealand** invested $90 million in customer service, IT and network upgrades and resilience. Almost 10% of cell-sites were upgraded in preparation for expansion of the 5th generation of mobile technology and improvements to sub-sea fibre links ensures its customers have the best international access of any New Zealand telecommunications company.

These investments will pay off for shareholders in future years. More immediately we are experiencing solid operational and value gains across our businesses. Of course, in some areas, "better than expected", is hardly great. However, even at our most badly impacted business, Wellington Airport, the recovery is encouraging as travel restrictions are lifted.

Infratil's largest investment commitment is to renewable electricity generation and the Covid-reset appears likely to be positive for demand for capital and returns on capital invested in that sector.

Vodafone NZ is transitioning to a simpler, more efficient business, with excellent customer services. We are aware of shortcomings which are challenging to remedy, but we understand what is required and we are doing the work and making the investment.

CDC continues to experience explosive demand growth for data centre capacity which is justifying capital outlay of over $1 million a day. We are especially delighted that operations are being established in Auckland with over $300 million being invested in the construction of two data centres. Data sovereignty is a growing issue and CDC's ultra-secure facilities and 100% Australia-New Zealand ownership provide it with a huge advantage.

## Dividend / Guidance

In recent years Infratil has sought to provide reasonable clarity about the medium-term dividend outlook but there have been obstacles to this over the last two years.

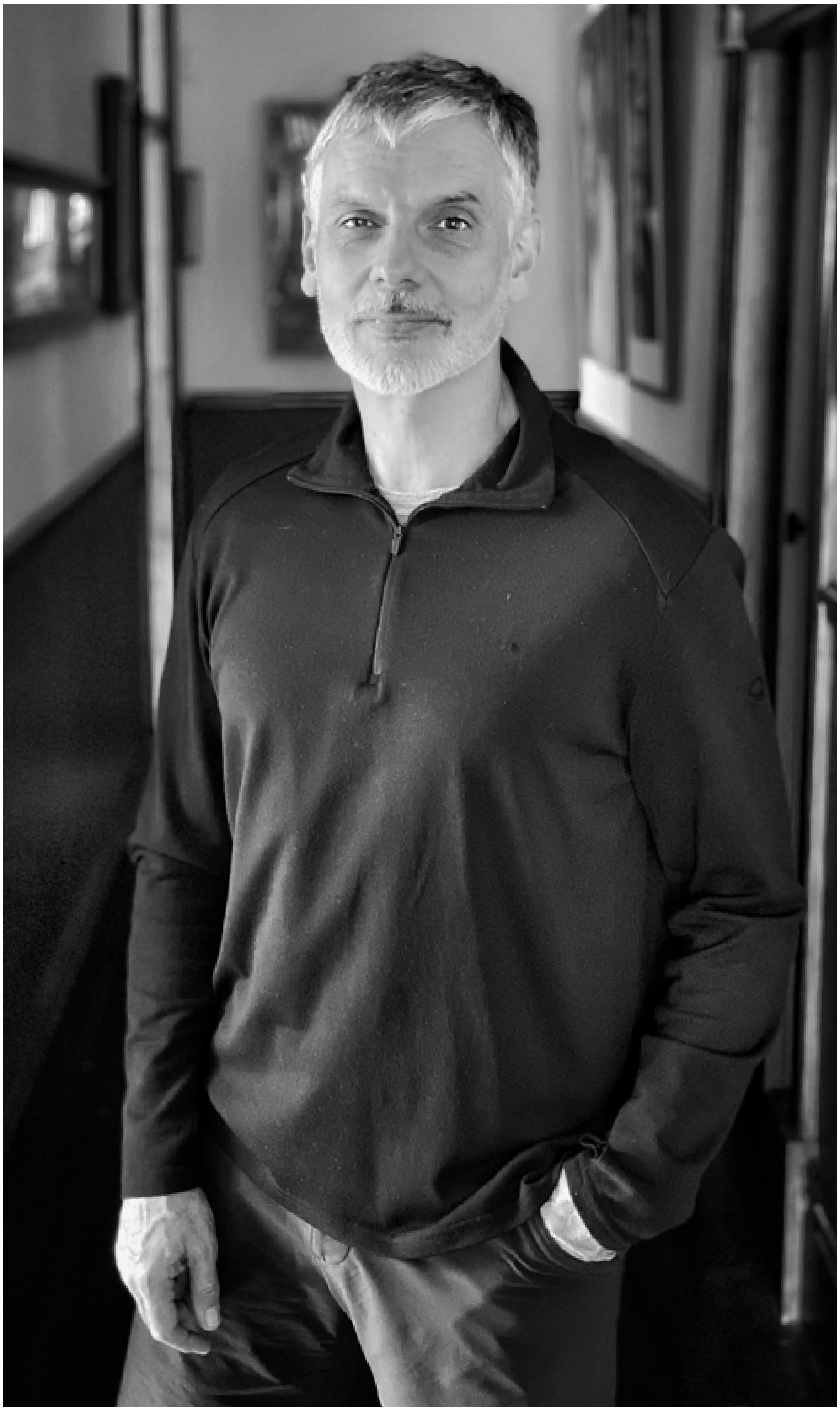
In 2019 we had the $1 billion acquisition of Vodafone NZ and this year we had Covid-19 uncertainties.

While these events hampered our ability to provide forecasts and guidance, the actual earnings, cash flows and financial circumstances of Infratil enabled us to pay a final dividend for FY2020 which was unchanged on last year's final dividend. With this report we can now declare an interim dividend for FY2021 of 6.25 cents cash and 1.75 cents of imputation credits.

The dividend will be paid on 15 December 2020 to shareholders of record on 1 December 2020. The dividend reinvestment plan will not operate for shareholders on this occasion.

In the short-term, dividends are a function of cash earnings and our funding position. Medium-term, it reflects how we have positioned Infratil's portfolio and capital. Our goal is to have a balance between growth infrastructure which is absorbing capital and creating value growth; and investments which generate solid cash returns. Our big recent investments in CDC and Vodafone NZ will in future provide cash earnings which will boost Infratil's dividends, but in the short-term the priority is that they reinvest their funds in their own activities.

Infratil is forecasting Proportionate EBITDAF for the year to 31 March 2021 of between $430 million and $470 million. Proportionate EBITDAF incorporates Infratil's percentage share of investee companies' EBITDAF compared with the reported results which consolidate 100% of earnings in companies in which Infratil has effective control. Had Covid-19 not occurred it is estimated that the full year EBITDAF to 31 March 2021 would have been approximately $80 million higher (compared to Proportionate EBITDAF of $446.0 million for the previous year).



# Report of the Chief Executive

## Funding

In June Infratil raised $300 million with the issue of 63.3 million shares at an average price of $4.74. The equity was raised to ensure Infratil is well placed to support its investment activities.

As at 30 September 2020 Infratil's leverage was 28% (net borrowing of the 100% group as a percentage of total debt and the market value of equity). $593 million of bank facilities were unutilised.

## Qscan

After 30 September Infratil announced a commitment to acquire up to 60% of Australian diagnostic imaging business Qscan for $350 million; giving an enterprise value for the company of $782 million (A$735 million). The transaction is conditional on regulatory approval.

Diagnostics involves highly trained doctors and medical staff using extremely sophisticated equipment to identify and screen health problems and to assist with treatment. A critical attraction for Infratil in making this investment was the support shown by Qscan's doctors and radiologists who operate throughout its 73 clinics.

While it is an excellent business in a sector that matters, the appeal for Infratil is the potential for growth. Demand for diagnostic imaging is increasing. It reduces total healthcare costs, improves outcomes, and there are significant scale benefits, including from increased use of advanced technology.

## Markets, Regulation, Prospects

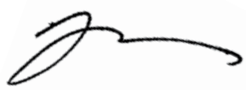
The current disruptions make it difficult to be certain about the future. The 2007-08 Global Financial Crisis resulted in major changes to financial sector regulation and monetary policy. The health and economic crisis we are now experiencing is likely to have more far-reaching consequences.

In particular, governments everywhere are now taking larger roles in peoples' lives and the regulation of the economy. It is unlikely there will be a return to previous boundaries after the pandemic recedes.

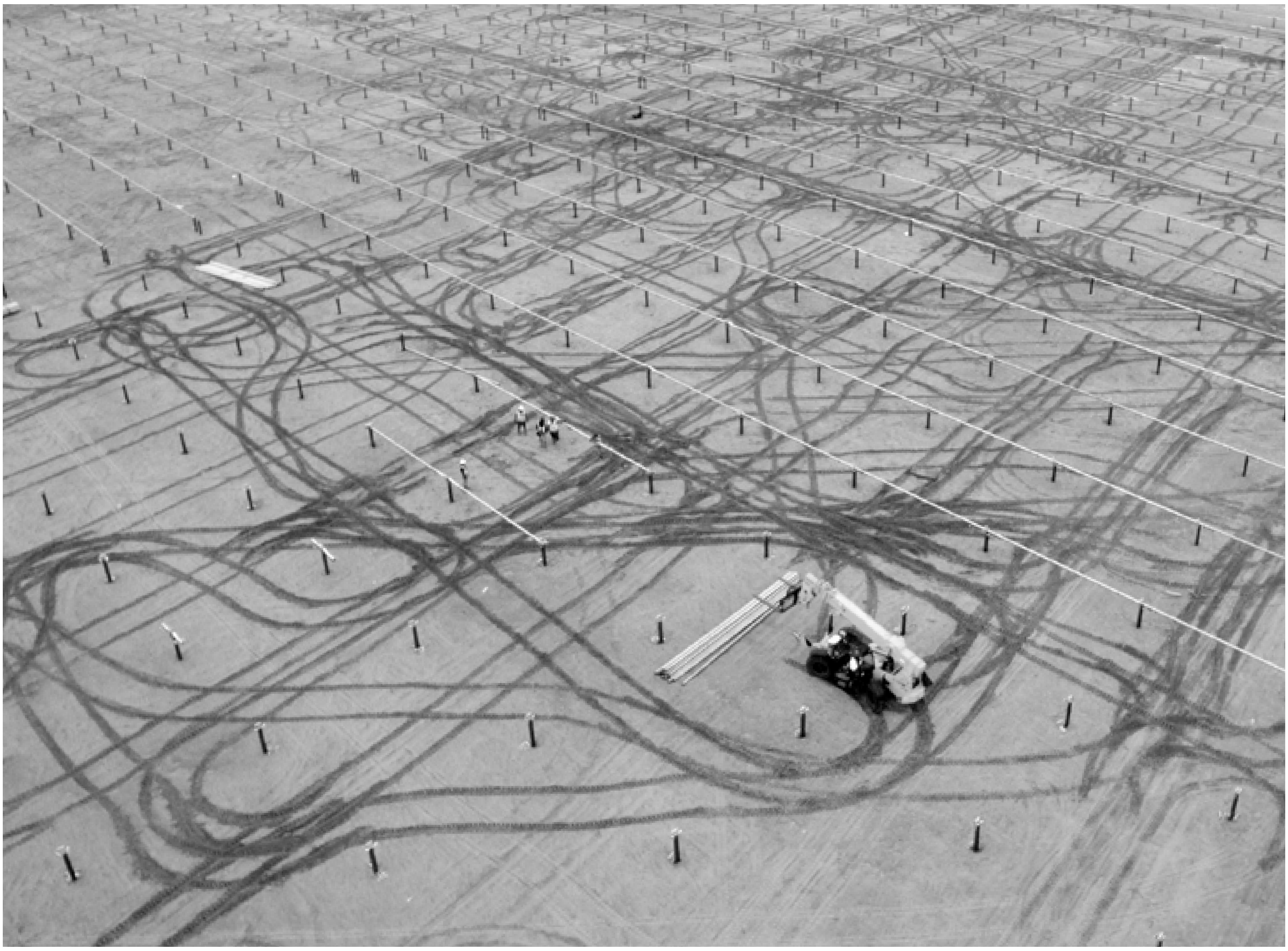
We have long advocated for government and business to work cooperatively and we hope that is an outcome of the new environment we find ourselves in. When governments set goals and policies to incentivise businesses, more is achieved. Whether the desired outcomes are producing economic wealth and jobs or improving environmental and social outcomes such as reducing emissions or providing better health care.

Ultimately, capital is mobile and Infratil is now investing in New Zealand, Australia, USA, and Europe. Infratil's capital will be deployed where returns are the most prospective.

Infratil's goal is to provide good risk-adjusted returns for its shareholders by investing in infrastructure sectors facing demand growth. We remain confident about the thematics which are driving our capital allocation; communications and digital infrastructure, decarbonisation, aging populations, and expanding consumption of the Asian middle classes.

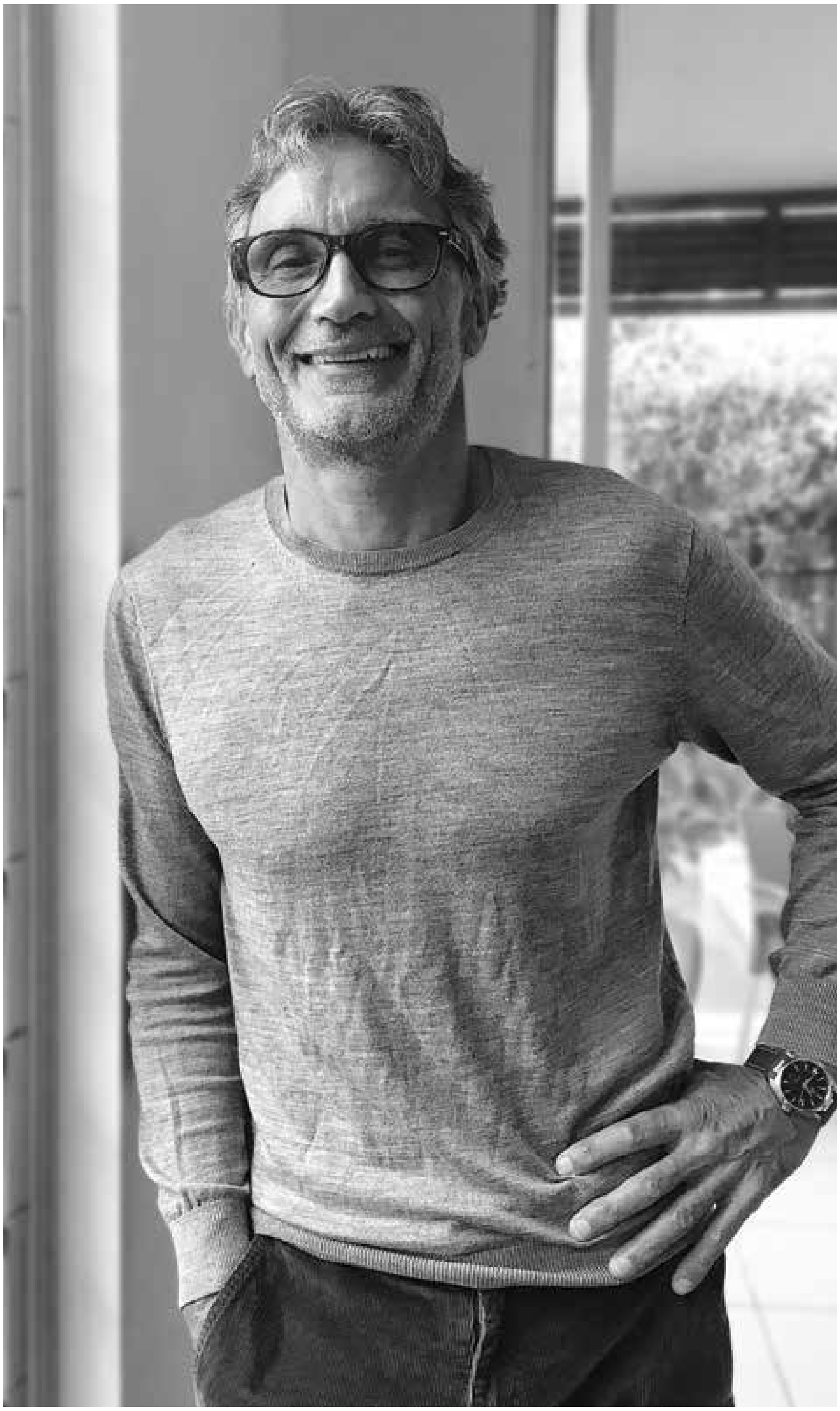


**Marko Bogoievski**
Chief Executive



Photos from left to right: RetireAustralia's The Verge village in Queensland. Vodafone 5G installation Auckland.
CDC Data Centres' foundations Auckland. Longroad Energy's utility scale solar installation Texas

# Report of the Board Chair



## Governance in periods of crisis inevitably requires that a board is more actively monitoring and addressing risks and, sometimes, opportunities.

In the main we were reassured by the generally solid performance of our businesses, our strong balance sheet, and the resilience of the group's investment plans.

To ensure that Infratil could progress its investment opportunities the board supported raising $300 million of additional equity. This was undertaken in two stages with an overriding goal of maximising the benefit to all shareholders (whether they participated in the issue or not) by:

- maximising the price at which shares were issued; and
- maximising the opportunity for eligible shareholders to participate pro rata.

There can be conflicts between these objectives, but we believe Infratil's issue delivered both high shareholder participation and negligible value dilution.

Needless-to-say, we are also confident the proceeds are being applied to good purposes and will generate value.

The structure and chronology of the issue is summarised below, including answers we gave to questions we received from shareholders.

1. In June Infratil issued 63,273,696 shares and raised $300 million. This was an increase of 9.6% in the number of shares on issue (a shareholder with 10,000 shares before the issue would need to own 10,960 shares afterwards to avoid dilution).

2. The issue was undertaken in two stages. On the 9th of June institutional shareholders were invited to provide bids which resulted in Infratil issuing 52,521,008 shares at $4.76 raising $250 million. Infratil's retail shareholders were then offered $50 million of shares with two protections, they would receive at least enough shares to maintain their proportionate ownership and the share price would be a 2% discount to the market price but no more than $4.76. This resulted in Infratil issuing 10,752,688 shares on 25th June at $4.65 raising $50 million.

   Infratil had the flexibility to issue more shares in the retail issue if that had been necessary to achieve the pro rata outcome. This wasn't required and approximately 60% of eligible shareholders participated.

3. A pro rata issue to eligible shareholders is the benchmark, and we believe that the structure used reduced uncertainty, resulted in a better price, and provided full rights for participation.

   There is the question of negotiable rights, where a shareholder that does not wish to participate can sell the right to buy a new share. But for that to be of benefit to the shareholder, the value of the right must be compensation for the lower issue price. We are confident that the combination of high issue price and no rights delivered a better outcome for shareholders who did not participate.

4. Details of the issue:
   - The equity raise was announced 9th of June. The fully underwritten placement was at a price of $4.76, 8% below the prior day close and almost exactly the average price over the previous 25 business days.
   - Over the 25 days after the issue the average share price was $4.75 with a price range of $4.65 to $4.92. The average market price was within 1% of the average issue price.
   - This indicates the issue price was very fairly set. To the extent a shareholder did or did not participate in the issue, they incurred neither a material gain nor cost.
   - Infratil and UBS (the brokers of the issue) were diligent in ensuring that all shareholders were contacted and able to participate pro rata. Infratil had received a full register report as at 2nd June and brokers were contacted to ensure clients were correctly allocated between the institutional and retail placements.

5. We believe that management took all reasonable steps to ensure that no shareholder was disadvantaged by the issue structure or terms. During the issue we were in active communication with the NZ Shareholders Association in case of concerns about the issue structure; we received no adverse feedback.

   Under the listing rules; " If seeking additional equity capital, issuers of quoted equity securities should offer further equity securities to existing equity security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.". As noted above the issue structure delivered this. All eligible shareholders were offered pro rata participation. The two stage process gave retail shareholders an advantage (which amounted to 11 cents per new share) because of the "lower of" price offer.

6. The issue resulted in a small shift in Infratil's proportionate ownership as shown in the following table with New Zealand institutional ownership rising and international ownership falling.

I hope that explanation of the mechanics and outcome of the equity issue is of interest and useful for anyone with concerns about how it was done.

| | 30 September 2020 | | 31 March 2020 | |
|---|---|---|---|---|
| | Million shares | | Million shares | |
| International | 169 | 23.3% | 159 | 24.2% |
| NZ institutions | 209 | 28.9% | 185 | 27.9% |
| NZ retail | 345 | 47.8% | 316 | 47.9% |
| Total | 723 | | 660 | |

Another area where the board represents the interests of shareholders is in managing the manager (Morrison & Co). While we have few reservations about the quality of Infratil's management the large incentive fee obligations incurred by Infratil over the last two years have raised natural questions about value for money.

Your board has a great deal of experience with management contracts and remuneration, and we also regularly seek expert advice. In 2017 we commissioned Fidato Advisory to review the fee structure to ensure it was in the best interests of shareholders.

The outcome of that review has previously been reported and concluded that a comparison of Infratil's management agreement and the terms of comparable funds indicated that Infratil's fee terms were fair to Infratil shareholders.

In late 2019, your Board again commissioned Fidato to update its review of the fees. This entailed a comparison of the terms of Infratil's management agreement related to remuneration, ancillary services and the reimbursement of expenses with those of comparable funds and separate account mandates. It also entailed an evaluation of the incentive fees Infratil has actually paid since inception in March 1994 against the fees that would have been paid under a hypothetical contemporary incentive fee structure over the same period.

While contemporary fee structures for infrastructure mandates vary, consistent features include; a) performance fees being payable across the entire portfolio, b) hurdle rates substantially lower than the 12% per annum absolute hurdle applied across the Infratil international portfolio, c) a high-water mark mechanism to ensure that a performance fee is payable only once on a particular increase in value, and d) some deferral of payment of unrealised performance fees across more than one fiscal period.

Analysis by Fidato indicated that simulated incentive fees under a contemporary fee structure would have been materially larger than the incentive fees actually accrued under Infratil's management agreement. On that assessment, the current remuneration structure has, in totality, been demonstrably beneficial to Infratil shareholders over the 26 years.

Further details on the Fidato review can be found on Infratil's website at https://infratil.com/for-investors/.

A shareholder raised a question about the three categories of the international incentive fee and asked that Infratil provide a breakdown of the annual outcome in each category. We will do so in future and for completeness we have set out the outcome of each category for the last two years. There are three categories of the incentive fee and each is assessed independently, which means that if one is negative that amount will not reduce the fee calculated in another. In FY2019 the initial period fee was $102.6 million, the annual fee was ($7.6 million), and there were no realisation fees. In FY2020 the three figures were $0, $125.0 million, and ($5.7 million) respectively.

This feature of the current arrangement was considered as part of Fidato's review.

In the September 2018 Interim Report and 2019 Annual Report we published our ten year shareholder return targets. This involved estimating the returns we would achieve from our portfolio of businesses and adjusting the shareholder returns to include management costs and the use of debt. This gave a target ten year return range of 11% per annum to 15% per annum after tax.

When we published this analysis we indicated that we intended to avoid frequent adjustments, but would provide periodic updates if anything major occurred to modify our expectations.

I can report that we are not aware of factors which would dramatically change the target range for the ten year shareholder returns from those signalled in 2018. However, it must be recognised that while we have weathered stage one of the Covid crisis we all face many uncertainties about the recovery phase.

A significant equity issue, management costs, and economic uncertainty have not caused us to lose focus on shareholder interest in the dividend. This, and Infratil's financial performance and circumstances, saw the board support declaring a dividend of 6.25 cents cash and 1.75 cents imputation credits as the interim payment for FY2021. The cash dividend is the same as last year and the imputation credits are up slightly.

It is expected that dividends will increase in future as Infratil's cash returns from its investments rise.

Thank you for your continued support.

**Mark Tume**
Chair

Waipipi Wind Farm's first turbine

# Communication with Shareholders & Bondholders

In addition to Infratil's reports, releases and normal one-on-one interactions, a number of meetings are also hosted each year which provide for two-way communication and give share and bond holders an opportunity to provide feedback and raise questions and concerns.

- The Annual Meeting on 20th August. It includes formal aspects, such as shareholder resolutions, a speech by the Chair on issues relevant to governance and strategy, a presentation by management on activities and prospects, and considerable opportunity for questions and observations.
- Results presentations; final (29th May) and interim (12th November).
- The annual cycle of presentations to shareholders around New Zealand (3rd September to 1st October).

## Annual Meeting 20th August

Due to Covid-19 restrictions the Annual Meeting was undertaken remotely this year. Director Alison Gerry chaired the meeting. Director Marko Bogoievski was also present as were several members of the management team and representatives of the auditors. The remaining directors called in from remote locations.

Over 500 people, presumably mostly shareholders, remotely joined the meeting and observed proceedings and, in some cases, submitted questions. The meeting is available at https://edge.media-server.com/mmc/p/uckjzp66.

- Shareholder's raised questions about Infratil's perpetual bonds, CDC Data Centres, Wellington Airport, Vodafone NZ, and the viability of renewable electricity generation.
- At a more structural level, there were questions about the respective roles of board and management, and features of the management agreement (see page 10).

**Shareholder Presentations: September 3rd Kapiti and Wellington, 4th Palmerston North, 7th Nelson and Christchurch, 8th Invercargill and Dunedin, 9th Napier, 15th Hamilton, 16th Rotorua, Tauranga, 18th New Plymouth, October 1st Auckland.**

19 presentations in 13 centres to approximately 1,500 share and bond holders.

These meetings are more informal and interactive than the Annual Meeting or Results Presentations. They were held later in the year than usual to enable in-person attendance as regions returned to Level 1-2 restrictions.

Often similar questions were asked at many of the meetings. The most common ones are summarised below:

"What is happening with Wellington Airport's runway extension?" Work is underway to get the necessary consents and it will then be a matter of arranging the financing. Since this process got started the extension has become more necessary because of the need to replace the Cook Strait seawall and the increasing size of the short-haul aircraft serving the Capital.

"Is Infratil looking at Hydrogen?" Hydrogen at present is not economic and its use as a fuel (either replacing natural gas for domestic use or to replace petrol or batteries for vehicles) will depend on government policies and incentives.

What is the plan to improve Vodafone NZ's service quality?" Work is underway now with investment into both the network and the systems supporting customer experience.

"Why doesn't CDC build a data centre in Invercargill to take advantage of the abundant electricity which will be available after the smelter closes?" The centres owned by CDC benefit from close proximity to the users, which is why they are being built in Auckland rather than elsewhere in New Zealand. Also, it's the data centre users who pay for electricity so the location of a centre due to power prices would need to be driven by the users.

"Management received a significant incentive payment yet Infratil's operating profitability isn't spectacular?" Infratil's returns have always encapsulated a mixture of cash earnings and revaluation gains. The incentives were calculated on total returns not just the cash or reported earnings.

Attendees to these presentations were surveyed after the events. Some of the results were:

Was the presentation comprehensive and the right length? 84% and 87% said yes.

Did you have good access to management? 97% yes.

Did it help you understand Infratil? 80% said a lot or very clearly. 20% said somewhat.

Infratil's Annual Meeting. Preparing to record and broadcast in Morrison & Co's boardroom

# Infratil's Financial Trends

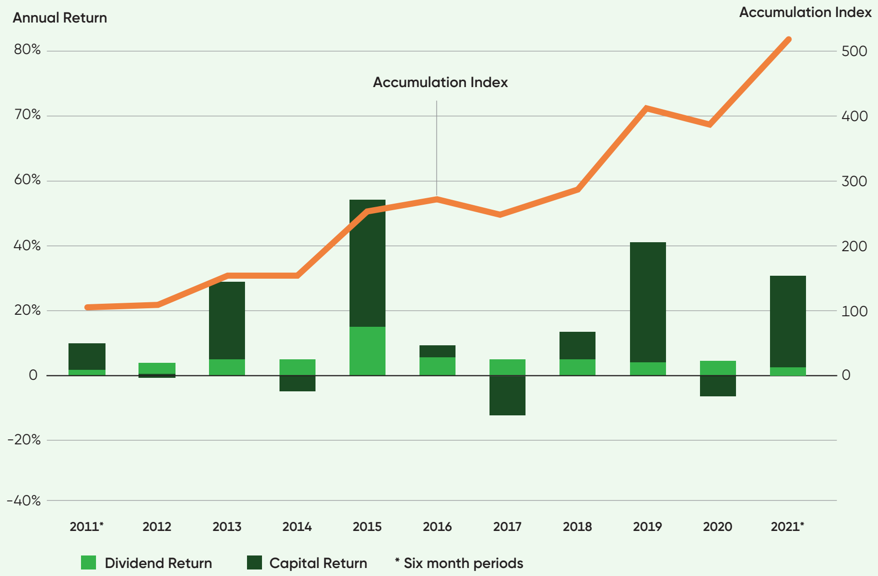
The graphs seek to illustrate key aspects of Infratil's decade. For FY2021 shareholder returns, assets and funding are as at 30 September 2020. Proportionate EBITDAF and investment are annualised based on guidance.

## Shareholder Returns

**Between 1 October 2010 and 30 September 2020 Infratil provided its shareholders with an after tax return of 17.8% per annum.**

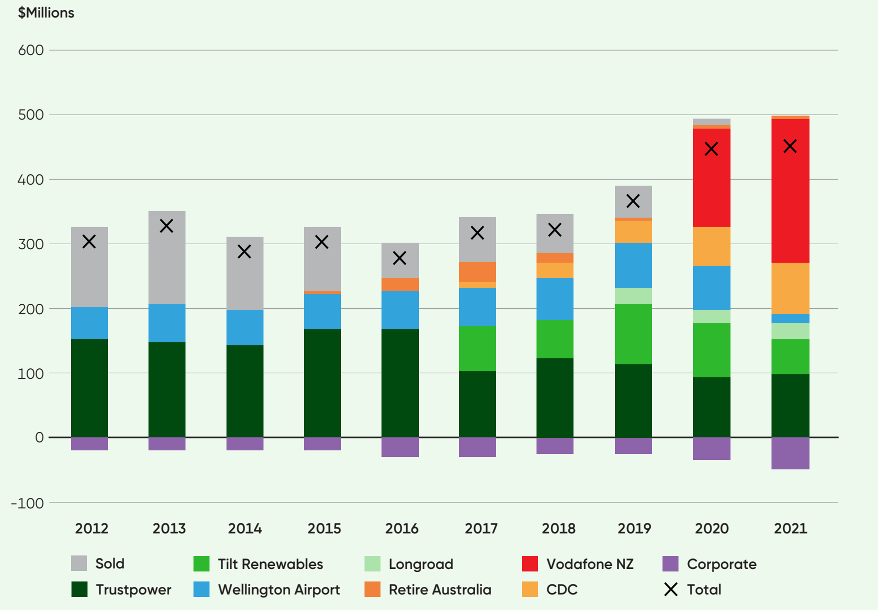
$100 invested at the start of the period would have compounded to $515 by the end if all distributions were reinvested.

The graphs show six month returns for 2011 and 2021 and full years in between.




## Proportionate EBITDAF[1]

**Over the decade earnings have risen over 50%. The composition has changed. The long-term core of Trustpower, Tilt Renewables and Wellington Airport has gone from two thirds of the total to about half as the contribution of other businesses has risen.**

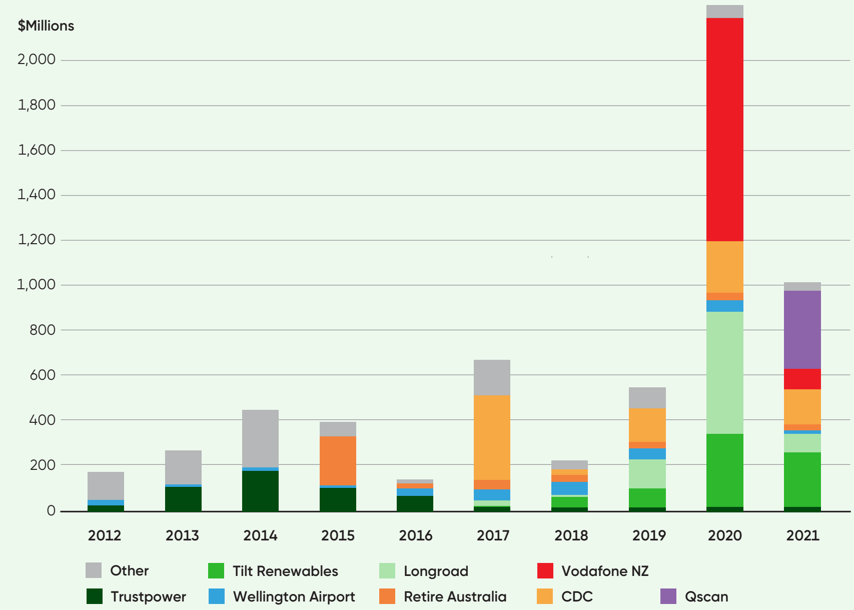



1. Proportionate EBITDAF is an unaudited non-GAAP measure and is defined on page 3.

## Proportionate Capital Investment

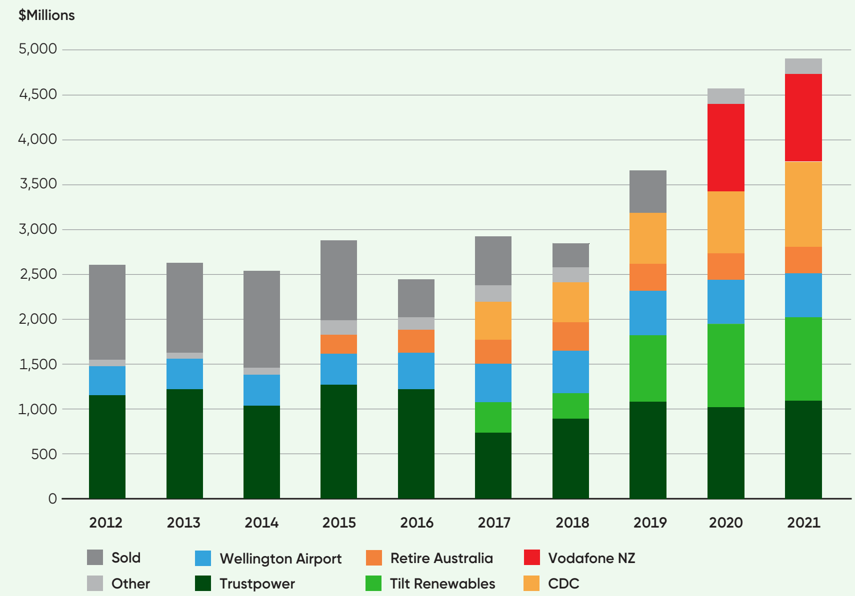
**Over the decade Infratil invested $6 billion, split evenly between investment undertaken by Infratil and Infratil's share of investee company investment.**

Annual fluctuations indicate the intermittent availability of good opportunities.



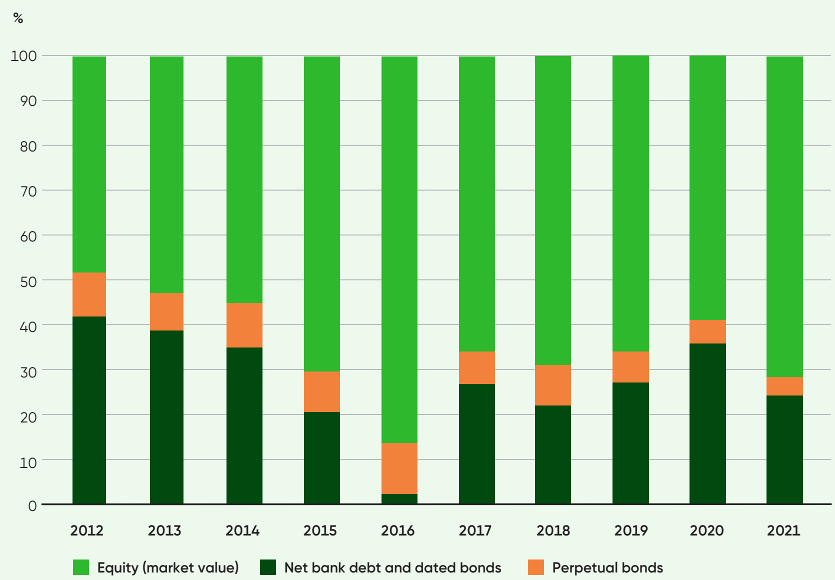

## Infratil Assets

**The graph shows the NZ IFRS values of Infratil's unlisted assets and the NZX values of the listed ones. Over the decade Infratil's holdings in Trustpower, Tilt (which separated from Trustpower in FY2017), and Wellington Airport have risen in value by about $1 billion. The other assets have both changed in composition and increased from a value of about $1 billion to a current value of about $2.3 billion.**




## Infratil Funding

**While debt entails a materially lower cost/yield than equity, Infratil's use of debt funding is demarcated by the policy of targeting credit metrics broadly consistent with an Investment Grade credit rating.**



# Infratil's Financial Performance & Position

Infratil provides audited financial statements annually for years to 31 March. The six month interim accounts to 30 September are reviewed by Infratil's auditors but not audited. A summary of the interim accounts is provided in this report. The full financial statements are available by contacting Infratil or on its website.

## Breakdown of the Consolidated Results: Six Months Ended 30 September 2020

Infratil consolidates companies when it owns more than 50%, including Trustpower, Tilt and Wellington Airport. Associates such as CDC, Vodafone NZ, Longroad and RetireAustralia are not consolidated. For those investments the EBITDAF column shows 100% of their EBITDAF and the 'Adjustments for associates' column reflects the adjustment required to reconcile to Infratil's share of their Net Profit After Tax.

### Six months ended 30 September 2020

| $Millions | Infratil's share | EBITDAF[1] 100% | D&A | Interest | Tax | Revaluations adjustments | Adjustments for associates | Minorities | Infratil's share of net profit after tax |
|---|---|---|---|---|---|---|---|---|---|
| Trustpower | 51.0% | $110.4 | ($21.9) | ($15.1) | ($13.3) | ($26.5) | – | ($16.7) | $16.9 |
| Tilt Renewables | 65.5% | $34.1 | ($21.8) | ($5.5) | ($12.5) | $34.4 | – | ($9.9) | $18.8 |
| Longroad Energy | 40.0% | $23.4 | – | – | – | – | ($37.2) | – | ($13.8) |
| Wellington Airport | 66.0% | $10.9 | ($13.5) | ($12.9) | $8.2 | $4.5 | – | ($2.6) | ($5.4) |
| CDC Data Centres | 48.1% | $79.1 | – | – | – | – | $29.4 | – | $108.5 |
| Vodafone NZ | 49.9% | $224.7 | – | – | – | – | ($240.3) | – | ($15.6) |
| RetireAustralia | 50.0% | $10.2 | – | – | – | – | ($3.8) | – | $6.4 |
| Other/Parent | | ($81.2) | – | ($38.6) | $12.7 | $16.6 | $2.5 | – | ($88.0) |
| **Total** | | | **($57.2)** | **($72.1)** | **($4.9)** | **$29.0** | **($249.4)** | **$29.2** | **$27.8** |

### Six months ended 30 September 2019

| $Millions | Infratil's share | EBITDAF[1] 100% | D&A | Interest | Tax | Revaluations adjustments | Adjustments for associates | Minorities | Infratil's share of net profit after tax |
|---|---|---|---|---|---|---|---|---|---|
| Trustpower | 51.0% | $107.1 | ($19.8) | ($17.0) | ($17.1) | ($14.6) | – | ($19.2) | $19.4 |
| Tilt Renewables | 65.3% | $75.4 | ($41.8) | ($13.6) | ($4.2) | ($3.2) | – | ($4.3) | $8.3 |
| Longroad Energy | 40.0% | $39.7 | – | – | – | – | ($21.9) | – | $17.8 |
| Wellington Airport | 66.0% | $50.4 | ($13.4) | ($12.5) | ($7.2) | $0.3 | – | ($7.8) | $9.8 |
| CDC Data Centres | 48.2% | $54.6 | – | – | – | – | $24.9 | – | $79.5 |
| Vodafone NZ | 49.9% | $78.2 | – | – | – | – | ($81.4) | – | ($3.2) |
| RetireAustralia | 50.0% | $5.2 | – | – | – | – | $1.3 | – | $6.5 |
| Parent/Other | | ($29.6) | ($0.2) | ($42.5) | ($17.6) | $0.3 | – | – | ($89.6) |
| | | | **($75.2)** | **($85.6)** | **($46.1)** | **($17.2)** | **($77.1)** | **($31.3)** | **$48.5** |
| Discontinued | | $16.5 | ($9.8) | ($1.1) | ($4.3) | $7.0 | – | ($0.4) | $7.9 |
| **Total** | | | **($85.0)** | **($86.7)** | **($50.4)** | **($10.2)** | **($77.1)** | **($31.7)** | **$56.4** |

1. EBITDAF is an unaudited non-GAAP measure and is defined on page 3.

## Consolidated Results

**The net parent surplus was $27.8 million down from $56.4 million in the prior period. The breakdown of both periods' numbers are provided on the facing page. Notable changes include; Tilt up $10.5 million largely due to fair value and foreign exchange movements. Longroad down $31.6 million due to timing of accounting of development gains. CDC up $29.0 million. Vodafone NZ down $12.3 million due to a longer ownership period and amortisation of intangible customer contracts. Discontinued operations had contributed $7.9 million to the prior period result.**

The accrual of incentive fees that Infratil pays its manager on international investments increased $44.9 million. The fee reflects 20% of the gains returned above the 12% hurdle on Infratil's investment in CDC, Tilt, Longroad, RetireAustralia, and the ASIP Fund.

| Six months ended 30 September ($Millions) | 2020 | 2019 |
|---|---|---|
| Operating revenue | $662.0 | $802.4 |
| Operating expenses | ($442.1) | ($485.7) |
| Depreciation & amortisation | ($57.2) | ($75.2) |
| Net interest | ($72.1) | ($85.6) |
| Tax expense | ($4.9) | ($46.1) |
| Revaluations & realisations | $29.0 | ($17.2) |
| Discontinued operations | – | $8.3 |
| Management incentive fees | ($57.7) | ($12.8) |
| **Net profit after tax** | **$57.0** | **$88.1** |
| Minority earnings | ($29.2) | ($31.7) |
| **Net parent surplus** | **$27.8** | **$56.4** |

For 2020 the average exchange rates were NZ$/A$0.9329 and NZ$/US$0.6408 (0.9468 and 0.6557 in 2019).

Over the period CDC contributed a gain of $309 million and Tilt $167 million (including the capital return). For the half year a full valuation exercise was not undertaken for all investments and the fee accrual is an estimate. The full year actual incentive fee will be based on 31 March 2021 year end independent valuations and audited.

## Proportionate EBITDAF

**This table shows Infratil's proportionate EBITDAF contributions from its continuing operations and management costs excluding international performance fees. For instance, Infratil owns 51% of Trustpower. Trustpower's EBITDAF for the period was $110.4 million and 51% of that is $56.3 million. With CDC, Infratil owns 48.1% and CDC's EBITDAF was $79.1 million so Infratil's share was $38.0 million.**

| Six months ended 30 September ($Millions) | Share | 2020 | 2019 |
|---|---|---|---|
| Trustpower | 51% | $56.3 | $54.6 |
| Tilt Renewables | 66% | $22.3 | $49.2 |
| Longroad Energy | 40% | $9.4 | $15.9 |
| Galileo Green Energy | 40% | ($1.7) | - |
| Wellington Airport | 66% | $7.2 | $33.3 |
| CDC Data Centres | 48% | $38.0 | $26.3 |
| Vodafone NZ | 50% | $112.1 | $39.0 |
| RetireAustralia | 50% | $5.1 | $2.6 |
| Parent/Other | – | ($19.2) | ($16.8) |
| **Proportionate EBITDAF[1]** | | **$229.5** | **$204.2** |

1. Proportionate EBITDAF and EBITDAF are unaudited non-GAAP measure and are defined on page 3.

## Infratil and Wholly Owned Subsidiaries Operating Cash Flows

**This table shows the operating cash flows of Infratil and its 100% subsidiaries. Receipts are from dividends, interest, subventions and capital returns. Outgoings are from operating costs and interest.**

Previous reports have shown the operating cash flow for the consolidated group. It is hoped that the "100% group" measure will be more informative and useful.

The lack of cash income from CDC reflects that company's current appetite for capital as it rapidly expands. "Other" includes $19.6 million of management expenses.

The incentive fee is the first instalment of the FY2020 international portfolio annual incentive fee.

| $Millions | 30 September 2020 | Comment |
|---|---|---|
| Trustpower | $24.8 | Dividends (15.5cps) |
| Tilt Renewables | $179.6 | Capital return ($2.91 per 5 shares held) |
| Longroad Energy | $19.1 | $8.0 million distributions.<br>$11.1 million capital return |
| Wellington Airport | $37.5 | Subvention |
| Vodafone NZ | $42.2 | $8.7 million distributions.<br>$33.5 million capital return |
| Net interest | ($34.2) | |
| Other | ($30.5) | |
| | **$238.5** | |
| International incentive fee | **($41.7)** | |
| | **$196.8** | |

## Proportionate Capital Expenditure and Investment

**The table shows Infratil's share of the investment spending of investee companies. For instance, Infratil owns 49.9% of Vodafone NZ which invested $90 million, so Infratil's share amounts to $44.9 million.**

| Six months ended 30 September ($Millions) | Share | 2020 | 2019 |
|---|---|---|---|
| Trustpower | 51% | $7.9 | $8.4 |
| Tilt Renewables | 65% | $200.3 | $80.9 |
| Longroad Energy | 40% | $113.9 | $131.3 |
| Wellington Airport | 66% | $7.6 | $21.1 |
| CDC Data Centres | 48% | $77.4 | $126.5 |
| Vodafone NZ | 50% | $44.9 | - |
| RetireAustralia | 50% | $15.4 | $13.5 |
| Other | - | $21.5 | $21.0 |
| Infratil investment into Vodafone NZ | 100% | - | $1,029.6 |
| **Proportionate Investment** | | **$488.9** | **$1,432.3** |

For 2020 average exchange rates were NZ$/A$0.9329 and NZ$/US$0.6408 (0.9468 and 0.6557 in 2019).

## Infratil's Assets

**The asset values in the table are consistent with NZ IFRS and in accord with Infratil's financial statements; with the exception of Trustpower and Tilt which are shown at their NZX values.**

The Annual Report will include the independent valuations required for the purpose of calculating the management performance fee on Infratil's international assets.

| $Millions | 30 September 2020 | 31 March 2020 |
|---|---|---|
| Trustpower | $1,142.2 | $1,022.4 |
| Tilt Renewables | $913.7 | $926.0 |
| Longroad Energy | - | - |
| Wellington Airport | $456.7 | $487.6 |
| CDC Data Centres | $845.8 | $693.4 |
| Vodafone NZ | $917.5 | $974.0 |
| RetireAustralia | $313.3 | $291.5 |
| Other | $211.3 | $169.1 |
| **Total** | **$4,800.5** | **$4,564.0** |

For 30 September 2020 exchange rates of NZ$/A$ 0.9253 and NZ$/US$ 0.6603 were used (0. 9740 and 0. 5997 for March 2020).

## Capital of Infratil and 100% Subsidiaries

**As at 30 September 2020 Infratil and 100% subsidiaries had $695.0 million of bank facilities drawn to $102.0 million. $16.2 million was on deposit.**

Infratil guaranteed letters of credit issued by Longroad Energy which as at 30 September 2020 amounted to $69.5 million (31 March: $94.6 million). Infratil also had commitments to provide up to $50.0 million of equity funding to Wellington Airport and up to A$10.0 million to RetireAustralia. Those were the only credit supports provided by Infratil for any less than 100% owned business.

Over the six months no bonds matured or were repaid. $93.9 million of bonds are due in June 2021. $32.0 million of bank facilities are due in February 2021. During the period Infratil issued 63,273,696 shares at an average price of $4.74 raising $300 million before issue costs. Excluding treasury stock, over the six month period Infratil's shares on issue rose from 659,678,837 to 722,952,533. The share price rose from $3.91 to $4.99.

| $Millions | 30 September 2020 | 31 March 2020 |
|---|---|---|
| Net bank debt of 100% subsidiaries | $85.8 | $470.9 |
| Dated Infrastructure Bonds | $1,071.9 | $1,071.9 |
| Perpetual Infrastructure Bonds | $231.9 | $231.9 |
| Market value Infratil equity | $3,607.5 | $2,579.3 |
| **Total Capital** | **$4,997.1** | **$4,354.0** |
| Dated debt/total capital | 23.2% | 35.4% |
| Total debt/Total capital | 27.8% | 40.8% |

# Qscan

**Infratil has a conditional agreement to acquire up to 60% of Australian diagnostic imaging business Qscan. Settlement is expected to occur this year following regulatory approval and satisfaction of final conditions.**

The price for 60% is $350 million (A$330 million) which gives Qscan an enterprise value of A$735 million. In the year to 30 June 2021, Qscan is forecasting EBITDAF of between A$52 million and A$58 million.

Approximately 50% of Qscan is being acquired from a corporate investor. Doctors and staff who now own the other half are selling some shares and will retain between 25% and 32%. The Morrison & Co Growth Infrastructure Fund is to acquire up to 15% alongside Infratil.

Infratil will initially fund the investment from bank facilities and deposits. In due course it is anticipated that longer term funding will be introduced, including from issuing bonds.

Infratil's goal is an investment which over time grows to a material scale within the portfolio and Qscan is positioned to deliver this. It is in a high growth sector and is benefitting from significant recent investment into equipment.

## Qscan Profile

Diagnostic imaging involves highly trained doctors and medical staff using extremely sophisticated equipment to identify and map health problems and to assist with monitoring and treatment.

Qscan operates through 73 clinics, mostly located in New South Wales and Queensland, and owns over 300 scanning machines: X-ray, magnetic resonance imaging (MRI, as shown in the picture), positron emission tomography (PET), and computerised tomography (CT).

For Infratil, a critical attraction of Qscan is the support the company has from its over 100 radiologists, who are assisted by 730 medical and administration staff. Being an "employer of choice" has real benefits in a sector where expertise is critical and in limited supply.

## Qscan Services & Income

Australian government regulation and payment arrangements for scanning services has the following key features:

- The Australian government funds the Medicare insurance scheme to meet all or part of the cost of specified medical procedures undertaken by licensed private care givers.
- Qscan clinics hold Medicare licenses to provide specified services.
- Approximately 85% of Qscan's revenue is provided by Medicare.

Theoretically Medicare can change fees at will. In practice they understand the benefits of diagnostic imaging as a means to encourage early identification and intervention, which is vastly more cost efficient and better for people than limiting this service and only discovering problems when they are well advanced.

## Expertise & Scale

Qscan's doctors have specialist imaging and diagnostic skills in musculoskeletal, cardiac, oncology, abdominal, breast, neuroradiology, paediatric radiology, and oral medicine.

This means that a patient can be scanned in one of Qscan's 73 clinics and have the diagnosis undertaken by a specialist, whether in that clinic or located elsewhere.

Scale and expertise means that Qscan can continue to invest in the latest equipment, can allocate diagnosis to where doctors are available, and can progress employing advanced artificial intelligence technology. It is a recipe for being able to promptly and efficiently interpret the images with a high degree of accuracy.

## Growth

Over the three years to 30 June 2020 Qscan's number of clinics rose 6% (to 73), revenue increased 27% (to A$237 million) and EBITDAF 45% to A$48 million (on a pro forma basis, excluding Job Seeker receipts).

Over that period the company's capital investment was A$54 million.

Growth is projected to continue, due to expanding demand for imaging and the associated diagnostics, ongoing technological improvements and further improvements to the cost/benefit of scanning.

On top of this organic growth, Qscan is likely to have opportunities to expand via acquisition. The sector remains fragmented. Five larger companies (including Qscan) make up about half of the market and larger enterprises have distinct cost and service advantages as well as being more attractive places for doctors and specialist staff to work.

Qscan magnetic resonance imaging machine

# Trustpower

**The six month period contained more than a normal level of challenges for Trustpower and the electricity sector. The performance and outcomes are testament to good industry structure, corporate systems and resilience.**

Trustpower's utility retailing activities continued to expand in a highly competitive market. Operational and frontline staff and systems performed to a high standard, generating and dispatching electricity, and engaging with customers. To date, the recession and economic dislocation caused by the pandemic has not resulted in a material increase in non-payments.

Generation experienced several material shocks. The existential one was the very dry period in Trustpower's North Island catchment which also impacted other hydro generators and caused high wholesale prices. It is important to note that few consumers will have noticed because most are on fixed-price contracts and the lights stayed on because there is ample back up generation.

The other challenges faced by electricity generators are manmade. One relates to the announced closure of the Tiwai Point Smelter, and the imminent withdrawal of 12% of New Zealand's electricity demand, the other reflects potential government policy initiatives.

The Smelter is a relic of a bygone era of central panning. In many ways it, and the Manapouri and Clyde power stations, were such ecological and economic disasters that they caused the shift away from central panning towards the market-based industry we have today in New Zealand.

If the Smelter is allowed to close there will be a period of disruption as high cost thermal power stations close and investment is made into transmission and lower cost generation, but the industry will cope.

The manmade challenges are more problematic. They could be very good for the owners of renewable power stations, but several years of uncertainty are likely. Government has indicated that it intends taking steps to accelerate the closure of all coal and gas fired generation. This will require a multi-billion dollar investment in alternatives, some of which will be higher-cost than the plant being replaced. Government has also indicated that it will encourage production and use of Green hydrogen as a fuel for vehicles and industry. Production of Green hydrogen requires electricity.

More immediately the sale of electric vehicles has fallen behind targets while the price of emissions (on the Emissions Trading Scheme) has hit the $35/tonne cap. Both have problematic consequences for electricity demand and prices and government policy initiatives.

Electricity systems are judged on the trifecta of reliability, price and sustainability. Today New Zealand's scores well on each criteria and investors' confidence in market structures ensures there is ample capital for investment into long-life fixed assets. It remains to be seen how furtherance of Government's renewable energy goals will play out.

Financial performance for the period was slightly ahead of the year prior which is particularly positive as the prior period included a $7 million contribution from the metering activities which were subsequently sold. The fall in reported Net Profit was due to a fall in the value of energy hedges which was $14.3 million more than last year.

| Year ended 31 March<br>Six months ended 30 September | 30 September 2020 | 30 September 2019 | 31 March 2020 |
|---|---|---|---|
| Retail electricity sales | 1,051 GWh | 1,025 GWh | 1,817GWh |
| Generation | 945 GWh | 989 GWh | 1,759GWh |
| Av. market electricity price | 13.5c/kwh | 11.7c/kwh | 10.7c/kwh |
| Electricity accounts | 262,923 | 266,234 | 266,102 |
| Gas accounts | 42,221 | 39,754 | 41,298 |
| Telecommunication accounts | 106,208 | 99,837 | 103,642 |
| Customers with multiple services | 117,000 | 111,000 | 116,000 |
| **EBITDAF [1]** | **$110.4m** | **$107.1m** | **$186.5m** |
| Net profit after tax | $33.6m | $38.7m | $97.7m |
| Investment spend | $15.6m | $16.4m | $34.8m |
| Net debt | $662.0m | $636.0m | $617.2m |
| Infratil cash income [2] | $24.8m | $51.1m | $78.3m |
| Infratil's holding value [3] | $1,142.2m | $1,321.1m | $1,022.4m |

1. EBITDAF is an unaudited non-GAAP measure and is defined on page 3.
2. Last year Trustpower paid a special dividend.
3. NZX market value.

## Society & Environment

945GWh of emission free generation.

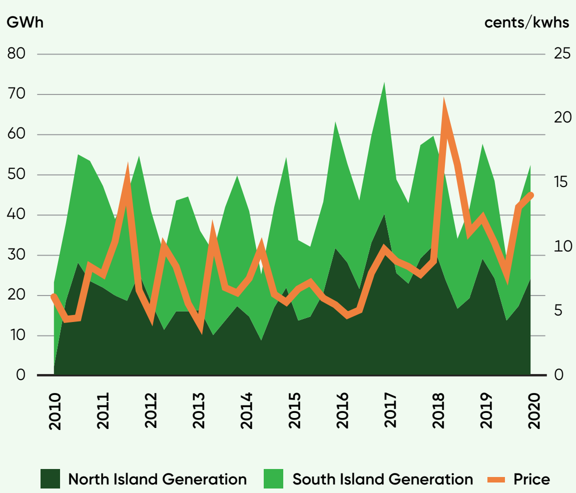
11,000 phone calls to customers during Lockdown to check wellbeing.

$450,000 staff contribution to community groups impacted by Covid-19.

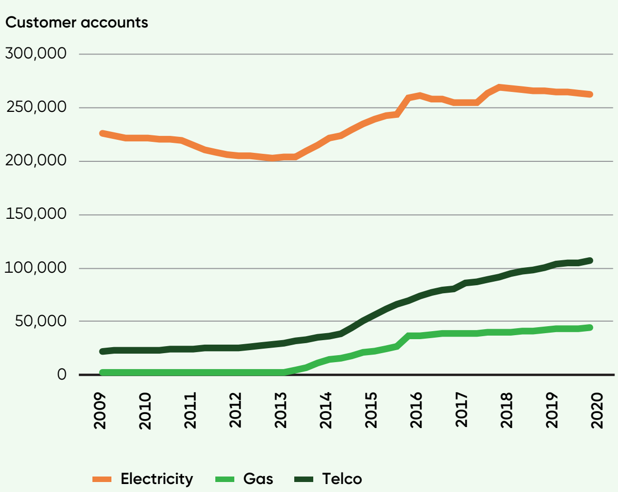
2020 participant in GRESB benchmarking.

Cobb Reservoir feeds into Cobb Power Station. Commissioned in 1956 in the hills 100 kilometres northwest of Nelson


### Trustpower Generation and Wholesale Electricity Price




### Electricity, Gas and Telco Customers



# Tilt Renewables

## Society & Environment

813GWh of emission-free generation. 469MW of emission-free generation under construction.

Winner of the Australian Clean Energy Council's 2020 Community Engagement Award for the Dundonnell benefit sharing plan.

2020 participant in GRESB benchmarking.

**Tilt's goal is a steady stream of generation development projects to create value for shareholders through solid cash earnings or realisation.**

Over the half year Tilt progressed its $1 billion investment programme at Dundonnell (Victoria) and Waipipi (Taranaki), and returned A$258 million to shareholders.

**Dundonnell. 336MW. 80 turbines. 93% of output sold through long-term contracts**

Tilt finished construction of this A$650 million project in south west Victoria and 233GWh of electricity was dispatched. Generation would have been higher, but the Australian Energy Market Regulator decided to limit the system offtake while undertaking testing.

This is understandable as the regulator needs to know the network can cope with the output fluctuations intrinsic to wind generation. It is however unfortunate that it should occur so late in the programme.

Building this wind farm over its 20 months of construction required 665,000 hours of work (with no loss time injuries), 150,000 tonnes of concrete and 5,300 tonnes of steel, 55 kilometres of roadways, 67 kilometres of underground cabling, 80 towers and turbines, and two substations.

**Waipipi. 133MW. 31 turbines. 100% of output sold through long-term contracts**

Construction progressed on this $277 million project in south Taranaki. Almost 200,000 hours (no loss time injuries) have seen 28 foundations poured, 22 towers erected, and 8 turbines installed. Generation is on track for 2020.

## Plans and Prospects

The opportunity to develop renewable generation in Australia is immense. In 2019 renewables only provided 21% of total electricity. To get to 50% requires investment of A$42 billion (using the cost of Dundonnell as a benchmark). To put Dundonnell in context, its projected full year output will be only about 20% of the total 6,000GWh increase in renewable generation which occurred between 2018 and 2019.

While New Zealand already has roughly 85% renewable generation, Government's policy goal is 100% by 2030. In addition, it is expected that increasing electrification of transport and industry will lift demand by 60% over the next three decades (net of Tiwai's closure). This would require investment of $15 billion using Waipipi as a benchmark.

## Financial Performance

The performance of Tilt's New Zealand operations were slightly ahead of last year. Australia was down, reflecting the sale of Snowtown 2 and a small contribution from Dundonnell in its first period of operation. Dundonnell's 233GWh of generation (about 40% of full output), was not sold under contract and realised only low market prices pertaining at the time.

## Development Pipeline

| | Wind | Solar | Battery |
|---|---|---|---|
| Western Australia | 105MW | 40MW | |
| South Australia | 320MW | | 40MWh |
| Victoria | 250MW | | 300MWh |
| New South Wales | 1,500MW | | |
| Queensland | 250MW | 160MW | |
| North Island | 142MW | | |
| South Island | 400MW | | |

Tilt is positioned to meet growing demand for renewable generation with its pipeline of projects.

| Year ended 31 March<br>Six months ended 30 September<br>All Australian $ unless noted | 30 September 2020 | 30 September 2019 | 31 March 2020 |
|---|---|---|---|
| NZ generation | 324GWh | 328GWh | 665GWh |
| Av. NZ electricity price | 7.5c/kwh | 7.0c/kwh | 6.6c/kwh |
| NZ revenue | NZ$24.3m | NZ$22.9m | NZ$43.8m |
| Australian generation | 489GWh | 734GWh | 1,170GWh |
| Av. Aust electricity price | 6.7c/kwh | 11.1c/kwh | 11.0c/kwh |
| Australian revenue | $33.3m | $81.7m | $128.6m |
| **EBITDAF [1]** | **$31.8m** | **$71.4m** | **$117.5m** |
| Net profit after tax | $26.8m | $11.9m | $478.4m |
| Investment spend | $285.2m | $117.3m | $481.1m |
| Net debt | $146.6m | $355.9m | ($418m) |
| Infratil income | NZ$179.6m | - | - |
| Infratil's holding value [2] | NZ$913.7m | NZ$834.4m | NZ$926.0m |

1. EBITDAF is an unaudited non-GAAP measure and is defined on page 3.
2. NZX market value.

Erecting one of Waipipi Wind Farm's 31 turbines 7 kilometres southeast of Patea. The blade tip reaches 160 metres from the ground

# Longroad Energy

## The vibrancy of the US energy market and the capability of the Longroad team were further illustrated by activities over the half year.

In its four years since establishment Longroad has instigated construction of 2,082MW of generation at a total cost of approximately US$2,450 million. It has also acquired existing plant and is managing facilities for third parties. During the six months, construction started on three major projects, one was fully sold down and 50% of another was on-sold. Longroad also contracted to develop a solar and battery facility on two Hawaii islands.

As explained below, the positive operational and development performance was not reflected in Longroad's contribution to Infratil's income over the period.

Infratil's objective with this investment is twofold, to participate in the profitable development of new generation and to participate in the ownership of a portfolio of generation. On the simple metrics of projects initiated, generation owned, and Infratil's net cash position it is apparent that Longroad is meeting Infratil's goals.

During the period, Infratil advanced $3.3 million to Longroad and received back $19.1 million.

Infratil's share of Longroad's net surplus and fees was a loss of $13.8 million versus the profit of $17.8 million recorded the prior year. This reflects the accounting treatment of development gains, as they only arise on the sale of 100% of a project. No gains are accounted with a 50% sale or when 100% ownership is retained.

As at 30 September 2020, Infratil guaranteed $65.9 million of letters of credit issued by Longroad ($94.6 million as at 31 March 2020).

## The project score sheet

| | | |
|---|---|---|
| Phoebe. 312MW solar Texas | Construction initiated and the project sold in FY2019. Output sold to Shell Energy | 100% sold |
| Rio Bravo. 238MW wind Texas | US$300 million project initiated FY2019 and sold in FY2020. Output sold to Citigroup Energy | 100% sold |
| Prospero I. 379MW solar Texas | US$416 million project commissioned in 2020. Output sold to Shell Energy | 50% sold |
| El Campo. 243MW wind Texas | US$335 million project. Commissioned 2020. Output sold to two healthcare companies | 50% sold |
| Federal Street. 220MW solar various | Acquisition of a portfolio of generation assets | – |
| Minnesota. 70MW wind | Wind farm acquired in 2017 and now undergoing a US$77 million repowering | 100% sold |
| Milford. 306MW wind Utah | Acquisition of generation for income and possible upgrade | – |
| Little Bear. 215MW solar California | Construction underway with output sold to an electricity retailer | 50% sold |
| Montgomery St. 108MW wind/solar various | Acquisition of generation for income and possible upgrade | |
| Hawaii 160MW solar and 640MWh battery | Selected by the Hawaiian Electric Company to build generation and storage | – |
| Muscle Shoals. 294MW solar Alabama | Construction underway. Electricity sold to Tennessee Valley Authority | 100% sold |
| Prospero II. 331MW solar Texas | US$320 million project under construction. Output sold to healthcare companies | – |

| Year ended 31 March<br>Six months ended 30 September | 30 September 2020 | 30 September 2019 | 31 March 2020 |
|---|---|---|---|
| Owned generation | 1,385MW | 684MW | 1,054MW |
| Managed generation | 1,473MW | 1,608MW | 1,473MW |
| Employees | 118 people | 101 people | 111 people |
| EBITDAF [1] | US$17.8m | US$27.7m | US$33.6m |
| Net surplus before tax | (US$32.9m) | US$28.9m | US$6.7m |
| Infratil aggregate investment amount | $189.1m | $159.9m | $185.8m |
| Infratil capital received back | $203.8m | $172.6m | $184.7m |
| Infratil share of accounting earnings | ($13.8m) | $17.8m | $4.7m |
| Infratil holding book value | – | $3.5m | – |
| Infratil holding market value [2] | $147.5m | $122.7m | $162.4m |

1. EBITDAF is an unaudited non-GAAP measure and is defined on page 3.
2. Based on independent valuations as at 31 March in the relevant years adjusted for changes to the NZ$/US$ exchange rate.

## Society & Environment

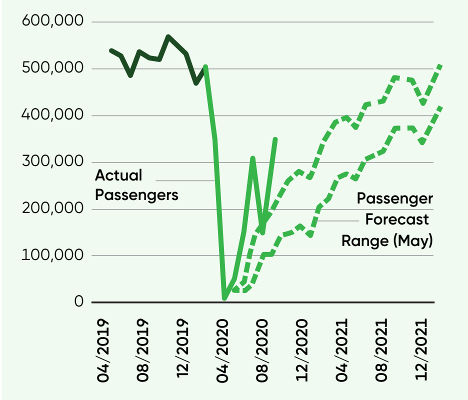
2,082MW of emission-free generation built or under construction.

US$100,000 donation to Covid-19 relief measures.

10 year financial support commitment to environmental education.

Prospero I – 379GWh solar generation, Andrew County Texas. 18.5 hectares, 3,150,000 panels. 875GW of output a year, sufficient for 64,000 average Texan homes (or 125,000 New Zealand ones)

# Wellington Airport




**Over recent years Wellington Airport's challenge has been to accommodate growth. That abruptly changed with the imposition of Covid-19 travel restrictions. Fortunately, the Airport was able to pivot and manage the effects of the collapse of traffic and the operational requirements of the pandemic.**

Stage one entailed introducing protocols to keep Airport workers and travellers safe, followed by reducing costs to reflect the expectation that previous levels of activity were unlikely for at least two years. Over the half year, the Airport's net cash flows from operations and capital works were down $19.1 million relative to the same period the prior year. Given that receipts declined $45.3 million the offsetting reduction in costs and outlays was impressive.

Coping also meant arranging funding to ensure the Airport has sufficient financial resources. This included shareholders committing to provide $75.8 million of additional equity should that become necessary. This commitment was shared pro rata by Infratil and Wellington City Council.

Council's support, along with Infratil's, and the Airport's lenders and staff underlined how quickly and efficiently resilience measures can be put in place when all parties are aligned and work together. It illustrates the Airport's high-trust relationships.

Wellington Airport also worked closely with tenants and airlines to ensure they get through this period with the least possible damage. A lot of people are making sacrifices and it is hoped that travel restrictions can be unwound quickly to minimise ongoing harm. Covid-19 is unlikely to vanish and the goal now must be to minimise both infections and the social damage and economic cost.

New Zealand's aviation industry is working with health experts and officials to develop a plan to enable more people to come and go without increasing the risk of community spread of the infection. It is hoped that this initiative is given appropriate priority.

While travel cannot return to previous levels until restrictions are lifted, the other criteria are that people will want to travel and that airlines will be there to provide affordable services. On both fronts indications are positive. When people have been able to travel within New Zealand, they have. On its busiest day since domestic restrictions were relaxed, 17,000 travelers used Wellington Airport (last year's average was 15,000). Wellington's three main domestic airlines, Air New Zealand, JetStar, and Soundsair lost no time resuming services.

International airlines have also indicated they too will be back once it's possible to travel without onerous border restrictions.

The Airport's hotel and conference facilities also experienced an almost total recovery in demand by September.

Wellington Airport agreed with its main airline customers to hold charges at their 2019 levels. Recovery of foregone income will be managed in future to minimise disruption consistent with the Airport's economic regulation.

While health concerns have dominated the period, the Airport remains totally committed to its primary safety responsibilities. Work is progressing to earthquake strengthen buildings and resurfacing the runway has been brought forward. Strengthening the Cook Strait seawall is also underway, as a stop gap until consents, and funding, enables the construction of new sea protection.

| Year ended 31 March<br>Six months ended 30 September | 30 September 2020 | 30 September 2019 | 31 March 2020 |
|---|---|---|---|
| Passengers Domestic | 961,116 | 2,717,900 | 5,225,999 |
| Passengers International | 137 | 454,426 | 919,741 |
| Aeronautical income | $11.3m | $40.3m | $80.8m |
| Passenger services income | $6.7m | $22.5m | $45.2m |
| Property/other | $6.5m | $6.6m | $13.5m |
| Operating costs | ($13.6m) | ($19.0m) | ($36.3m) |
| **EBITDAF [1]** | **$10.9m** | **$50.4m** | **$103.2m** |
| Investment spend | $11.5m | $32.2m | $80.6m |
| Net debt | $585.4m | $512.8m | $516.9m |
| Infratil's cash value | $37.5m | $44.3m | $44.3m |
| Infratil's holding value [2] | $456.7m | $467.4m | $487.6m |

1. EBITDAF is an unaudited non-GAAP measure and is defined on page 3.
2. Infratil's share of net assets excluding deferred tax at period end.

## Society & Environment

2030 goal of 30% reduction of operational carbon emissions, waste to landfill and electricity use.

Partner with Trees That Count and Te Motu Kairangi on regenerative planting.

2020 participant in GRESB benchmarking.

Resurfacing the runway requires intense periods of work while the Airport is closed

# CDC
# Data Centres

**CDC maintained its exceptional rate of growth, development, and value increase.**

Activities in Auckland are illustrative. Last year CDC purchased 1.1 hectares in Silverdale and 0.7 hectares in Hobsonville. At both locations construction is now underway on 10MW data centers (with room for further expansion at Silverdale).

Both centres are already 80% pre-contracted with commissioning due to occur in 2022. Each centre will cost about $150 million to build and will be amongst the largest in New Zealand.

The rationale for these developments include:

- New Zealand is experiencing rapid growth in digitalisation, cloud adoption, and information technology. Technology exports are increasing by over $1 billion a year and are now New Zealand's third largest export sector (Ministry of Business, Innovation & Employment).
- Data centres such as CDC's are world class in terms of efficiency, security and reliability and users are requiring closer proximity so as to have faster data retrieval speeds.
- New Zealand is following the global trend to localise data storage and to require higher standards of privacy, including though legislation such as the Privacy Act 2020 which comes into effect on 1 December 2020.

In Australia, CDC commissioned the 28MW Eastern Creek 3 data centre in Sydney and progressed further development in both Sydney and Canberra. Additional land was also acquired to enable further expansion beyond the immediate plan for 278MW of capacity.

The financial and operational results for the period show capacity increasing 66% relative to last year while EBITDAF was ahead 43%.

As at 30 September 2020, the independent valuation of Infratil's holding in CDC gave a range of $1,726 million to $1,953 million. Relative to six months prior, the mid-point valuation was up 21% or $309 million, although $92 million of that was due to a rise in the value of the A$ relative to the NZ$.

In A$ terms, the low end of the valuation rose A$270 million and the high end A$132 million (to A$1,597-1,807 million from A$1,327-1,675 million). The discrepancy between the top and bottom of the range reflects what occurred over the period and how that affected the valuation.

The 31 March 2020 valuation anticipated CDC expanding its capacity and contracts to 278MW over a period of approximately five years. The 30 September valuation was still for 278MW, but it was increased because CDC commissioned Eastern Creek 3, delivered six months of earnings, and its future earnings are that much closer. More materially, CDC gained new contracts for future utilisation which reduced its income risk, which had more impact on the low-end of the valuation range than the high-end.

| Year ended 31 March<br>Six months ended 30 September<br>All Australian $ unless noted | 30 September 2020 | 30 September 2019 | 31 March 2020 |
|---|---|---|---|
| Available capacity | 133MW | 80MW | 105MW |
| **EBITDAF [1]** | **$73.8m** | **$51.7m** | **$117.5m** |
| Net profit after tax | $191.7m | $142.0m | $289.1m |
| Investment spend | $150.3m | $248.4m | $446.6m |
| Net debt | $1,031.8m | $731.2m | $912.4m |
| Contribution to Infratil | NZ$108.5m | NZ$79.5m | NZ$161.0m |
| Infratil's holding value | NZ$845.8m | NZ$660.8m | NZ$693.4m |
| Infratil's holding market value [2] | NZ$1,726m-NZ$1,953m | | NZ$1,355m-NZ$1,711m |

1. EBITDAF is an unaudited non-GAAP measure and is defined on page 3.
2. The valuations were undertaken independently as at the relevant dates.

## Society & Environment

Sustainability is included in CDC's operating charter resulting in targets to reduce water consumption and carbon footprint, and the provision of green reporting for clients.

Andrew Kirker CDC New Zealand manager and Andrew Lamb Infratil Infrastructure Property manager at one of CDC's construction sites in Auckland

# Vodafone New Zealand

**When Infratil acquired a 49.9% shareholding in Vodafone NZ for $1,029.6 million on 31 July 2019, it did so with a medium-term plan to provide good returns on the investment by simplifying the business and providing users with world-class infrastructure and products, and excellent service.**

The simple assumptions behind this strategy reflect expectations about what customers want and how to deliver efficiently.

It is believed that customers will choose their telco provider if charges are fair, the service experience is good, and the network reliably accommodates increasing demand for data.

Profitably delivering these customer requirements will occur by reducing product and back-office complexity to lower cost, by improving the ability of customers to self-service on-line, and by increasing network capacity, efficiency, and coverage.

Another aspect of lifting the performance of Vodafone NZ will come from attracting and retaining talented people who will be able to drive performance as the business improvement programme progresses and the company moves towards a modern digital operating model.

In all areas Vodafone NZ is making good progress.

Notably, in the most recent period 34% more customer requests were dealt with first time, complaints were down 53%, and 86% of all transactions were digital. 1,500 products were retired or improved and Vodafone NZ is continuing to lead the market with its installation of the 5th Generation mobile network. Customers' international connectivity is also being enhanced though upgrades to sub-sea links.

5G investment builds on Vodafone NZ's existing fibre, coaxial and mobile network capability. In addition to improving customer experience, it will accelerate the take up of fixed wireless access to the internet and provide the platform to bring the Internet of Things (IoT) to life as new uses emerge.

While Vodafone NZ is progressing the medium-term plan, over the half year it was also obliged to deal with the consequences of Covid-19 restrictions. The adverse net financial impact was $29 million; travel restrictions reduced shop sales and prepaid and roaming revenue, and there was a need to provide support to some customers. A similar impact is anticipated over the second half of the year. Unfortunately this has more than offset the gains being delivered by the business improvement programme.

On the flip-side, Covid-19 has reinforced the essential nature of connectivity and it is expected to accelerate digital adoption, increasing demand for data connectivity and security and cloud services.

| Year ended 31 March<br>Six months ended 30 September | 30 September 2020 | 31 March 2020 |
|---|---|---|
| Mobile revenue | $401.1m | $890.2m |
| Fixed revenue | $372.6m | $726.1m |
| Other revenue | $167.7m | $433.0m |
| Operating costs | ($716.8m) | ($1,574.1m) |
| **EBITDAF [1, 2]** | **$224.7m** | **$475.2m** |
| Capex | $90.0m | $284.8m |
| EBITDAF – Capex | $134.7m | $190.4m |
| Net debt [3] | $1,232.7m | $1,265.2m |
| Infratil cash income [3] | $42.2m | $25.0m |

1. EBITDAF is an unaudited non-GAAP measure and is defined on page 3.
2. The numbers shown as at 31 March 2020 are for the Vodafone NZ operating company, while the numbers as at 30 September 2020 incorporate the full Vodafone NZ holding structure which only existed from acquisition on 31 July 2019. There are no material differences between EBITDAF at the holding structure level to the operating company level as at 30 September 2020.
3. The debt is Vodafone NZ's net borrowings from its banks. It does not include shareholder loans, which were reduced by $67 million over the period. Infratil's cash receipts comprised $8.7 million interest and $33.5 million capital return.

## Society & Environment

Voluntarily committed to keep customers connected during Level 4 Lockdown.

Over the last year $2.3 million provided to charitable works through the Vodafone New Zealand Foundation.

Three year electricity use reduction plan.

2020 participant in GRESB benchmarking.

Vodafone NZ installs 5th generation mobile technology in Mangere, Auckland

# RetireAustralia

**Throughout the Covid-19 crisis RetireAustralia's retirement villages have been havens for almost 5,000 older Australians.**

There has not been a case of Covid-19 among any of RetireAustralia's residents or employees. This reflects stringent infection protective measures and management's communication and engagement which has kept residents and employees connected and informed throughout.

Alongside health and safety practices, RetireAustralia also put in place measures to support residents' social and emotional wellbeing during extended periods, separation from friends and family and disruption to daily life. This has included creative activities to keep residents socially connected while being physically apart, regular communications, grocery and meal deliveries, daily wellness check-in phone calls, support fulfilling prescriptions, and conducting medical appointments via telehealth.

The pandemic and associated restrictions have reinforced the attractions of living in a retirement village. Residents enjoy all the perks of independent living, with the safety and security of a community and care and support when they need it.

In February 2020 RetireAustralia opened Glengara Care within its established Glengara Retirement Village on the New South Wales Central Coast. With 70 apartments and a nurse led model of care, Glengara Care offers families certainty and personalised care with respect and dignity.

This initiative reflects RetireAustralia's strategy of providing specialised facilities and higher levels of assistance to meet residents' changing needs.

Uptake is progressing steadily despite Covid-19 related impediments to the sale and occupation of apartments.

Construction also continued at RetireAustralia's two new developments.

The Rise; 24 well-appointed two and three bedroom apartments within the established Wood Glen Retirement Village on the New South Wales Central Coast opened for residents in September 2020.

The Verge; stage one of this new village is 40 apartments and penthouses overlooking Burleigh Golf Course on Queensland's Gold Coast. It is on track to begin accepting residents in early 2021.

RetireAustralia management is continuing to work on long-term growth plans including securing additional land so that greenfield expansion can be undertaken alongside infill growth within established retirement communities.

Over the half year resales activity outperformed expectations, despite ongoing uncertainty in areas of the Australian property market and restrictions and health concerns which reduced walk-in enquiries and appointments. Positive performance was assisted by a focus on local area marketing and investment in digital channels.

Infratil, and co-shareholder NZ Superannuation Fund, each provided A$10 million equity underwrite to RetireAustralia should the company encounter financial requirements outside of its bank facilities. This standby has not been required.

| Year ended 31 March<br>Six months ended 30 September<br>All Australian $ (unless noted) | 30 September 2020 | 30 September 2019 | 31 March 2020 |
|---|---|---|---|
| Residents | 4,933 | 4,910 | 4,955 |
| Serviced apartments | 535 | 465 | 535 |
| Independent living units | 3,544 | 3,509 | 3,520 |
| Unit resales | 138 | 130 | 292 |
| Resale gain per unit | $141,945 | $126,879 | $137,374 |
| New unit sales | 7 | 2 | 16 |
| New unit average value | $502,143 | $397,500 | $512,625 |
| Occupancy receivable/unit [1] | $116,449 | $114,342 | $114,173 |
| Embedded resale gain/unit [2] | $35,004 | $37,805 | $35,948 |
| Underlying Profit [3] | $13.3m | $5.5m | $17.0m |
| Net profit after tax | $9.3m | $12.4m | ($99.5m) |
| Capex | $28.8m | $25.6m | $53.2m |
| Net external debt | $181.8m | $124.6m | $153.4m |
| Infratil's holding value [4] | NZ$313.3m | NZ$368.5m | NZ$291.5m |

1. The occupancy receivable per unit is the estimate at that point in time of the net sum RetireAustralia would receive in cash for deferred occupancy fees and capital gains if all residents left and the occupancy rights were resold on that particular date. The resale values were estimated by independent valuers based on market and actual transactions. The discrepancy with the actual average resale gain achieved over the period is to be expected as actual gains depend on the period of occupation of previous residents which is likely to be longer than the average of all residents.
2. The embedded resale gain per unit is the average value of the deferred management fee per unit.
3. Underlying profit is an unaudited non-GAAP measure used by RetireAustralia that removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment, one-off gains and deferred taxation, while adding back realised resale gains and realised development margins.
4. Infratil's holding was independently valued as at 31 March 2020. The 30 September 2020 value is the same A$ figure adjusted for changes to the NZ$/A$ exchange rate.

## Society & Environment

Prioritisation of the safety of residents and caregivers.

Member of the Green Building Council of Australia.

Stage One of RetireAustralia's The Verge village on Queensland's Gold Coast. 40 units co-located with the Burleigh Golf Club

# Other Investments

## Galileo Green Energy

Following its January 2020 establishment, Galileo has increased to 11 people and engaged with identifying and working on European renewable generation development and investment opportunities.

The first project, a joint venture with developer EMPower and wind turbine manufacturer Vestas, aims to build 370MW of wind generation in Ireland. The first stage is securing the necessary construction consents. Once they are in place contracts to sell the generation will be sought which would be followed by financing and construction.

Europe offers immense opportunity. Dependence on non-European imports of energy and aggressive carbon reduction goals require huge renewable generation investment to replace existing thermal plant and to accommodate demand growth as industry and transport shifts from using oil, gas and coal.

## Infratil Infrastructure Property

IIP was originally formed to develop and dispose of the land holdings of previous Infratil subsidiary NZ Bus.

Over the half year, IIP agreed the sale of its Kilbirnie bus depot for $35 million for settlement in March 2021, leaving only the 1.7 hectare Wynyard Quarter site remaining. There, the $70 million stage one development has been completed in October 2020 with the opening of the 154 room Travelodge hotel, carpark and retail precinct.

The book value of Infratil's investment in IIP as at 30 September 2020 was $129 million (including the expected proceeds from the Kilbirnie sale).

## Clearvision Ventures

In FY2016 Infratil committed to invest US$25 million through California based Clearvison to gain exposure to start-up ventures of relevance to Infratil's core sectors. In addition to a positive return, the objective with these investments is direct exposure to technology which could disrupt traditional infrastructure sectors, providing Infratil with early warning of risks and opportunities.

Over the half year a further US$4.7 million was invested giving a total of US$24.7 million advanced. The book value as at 30 September 2020 was $34.4 million. Having reached this milestone it was decided to double the commitment to US$50 million.

An interesting development is unfolding with one of Clearvision's investments; Chargepoint which owns 134,000 electric vehicle charging stations in North American and Europe. This is the world's largest network of vehicle charging stations and Chargepoint has announced that it is in discussions which could lead to a listing on the New York Stock Exchange.

At the indicated listing price, Infratil's $6 million investment would have a value of approximately $16 million.

## Australian Social Infrastructure Partners

ASIP's only asset is a 9.95% interest in the Royal Adelaide Hospital which has a value of approximately A$32.5 million. Work is progressing to sell this prior to the end of the financial year.

# NZX Corporate Governance Code

The NZX Corporate Governance Code ("NZX Code") provides guidance on corporate governance for NZX-listed companies, giving recommendations under eight corporate governance principles. If Infratil considers that a particular recommendation is not appropriate for it, Infratil must explain why it has chosen not to adopt the recommendation and the alternative measures it has in place. The NZX Code therefore seeks to balance a desire to promote strong corporate governance while remaining flexible so that boards and listed companies can determine the appropriate corporate governance practices for their businesses.

Infratil considers that it materially complies with the NZX Code, but from time to time there may be recommendations which Infratil does not consider appropriate for it, and where it has adopted alternative arrangements which the Board considers are more appropriate.

Set out below is commentary on equity raisings and board composition at Tilt Renewables and Trustpower.

## Equity Raisings

The NZX Corporate Governance Code recommends that, if seeking additional equity capital, NZX listed companies should offer further equity securities to existing security holders of the same class on a pro rata basis, and on no less favourable terms, before further equity securities are offered to other investors.

Infratil issued additional shares in 2019 and 2020 and considers that its chosen capital raising structures, though not fully pro rata offers, achieved a fair result for all Infratil shareholders.

- The Board was satisfied that additional equity could be issued at a good price.
- The Board was satisfied that the equity capital raising would maximise the opportunity for shareholders to access the equity raising and minimise any dilution.

## 2019 Equity Capital Raising

Infratil raised $400 million of additional equity over May to June 2019 to partially fund its $1,030 million purchase of 49.9% of Vodafone NZ. This equity was raised via a $300 million fully underwritten, pro rata accelerated renounceable entitlement offer ("AREO") and a $100 million fully underwritten institutional placement ("2019 Placement"):

- The Board concluded that undertaking the AREO and the 2019 Placement to raise new equity was the best option for Infratil and its shareholders, and balanced the desire of the Board to direct a significant proportion of the equity raising towards existing shareholders through the AREO whilst providing the opportunity to introduce new, supportive institutional and retail shareholders to the register through the Placement.
- The AREO was on a pro rata 1 for 7.46 basis and was offered to all Eligible Shareholders (which comprised New Zealand and Australian retail shareholders, and institutional shareholders in New Zealand, Australia and certain other jurisdictions). New Zealand and Australian retail shareholders comprised ~98% of Infratil's retail shareholders, and Infratil determined that it was unreasonable to extend the AREO to shareholders in other jurisdictions (because of the small number of such shareholders, the number and value of shares held by them and the cost of complying with the applicable regulations in such jurisdictions). However:
  - The shares attributable to those shareholders were offered for sale to eligible institutional investors under the retail and institutional bookbuilds.
  - The premium attributable to their shares through those bookbuilds (being the amount by which the clearing price in the bookbuild process exceeded the application price under the AREO) was paid to those shareholders.
- The 2019 Placement balanced between the equitable treatment of existing shareholders with the benefits of targeting new institutional investors and increasing retail broker holdings, having regard to the advice received by the Board on the expected capacity of Infratil's existing shareholders to commit the new equity capital required to fund the acquisition of Vodafone NZ.

## 2020 Equity Capital Raising

Infratil raised $300 million of additional equity capital in June 2020 to provide additional balance sheet flexibility. This equity was raised via a $50 million share purchase plan ("SPP") and a $250 million fully underwritten institutional placement ("2020 Placement"):

- The Board's key objective was to balance speed of execution with ensuring that all shareholders were treated fairly. The Board considered that the combination of the SPP and the 2020 Placement provided the tightest pricing, quickest execution and time to settlement, and was able to be structured to protect existing shareholders. To ensure fairness and an equitable allocation, Infratil controlled the process of allotment of shares in both the SPP and the 2020 Placement.
- Under the SPP, eligible shareholders in New Zealand and Australia were invited to apply for up to NZ$50,000 of additional shares:

- Based on the expected SPP offer price, the Board estimated that Infratil shareholders holding up to ~100,000 shares (or ~99% of New Zealand and Australian shareholders) would be able to maintain their pro rata shareholding under the $50,000 SPP cap.
- The SPP structure also provided a price protection mechanism for retail shareholders to protect them against market risk if the Infratil share price declined through the SPP offer period. This feature is not available under a pro rata entitlement offer.
- The SPP received strong shareholder support and Infratil received applications totaling approximately $130 million (for an offer of $50 million), so all applications under the SPP were scaled back. As set out in the SPP offer document and Infratil's NZX/ASX announcement following completion of the SPP, the scaling was based on each applicant's shareholding on the Record Date, not based on each application as a proportion of the total applications received.
- The Board required that all SPP applicants were allotted their pro rata entitlement under the equity raising before allotting any additional shares to any applicant who had applied for more than that. Infratil raised a total of $300 million in new equity, which increased the total number of Infratil shares by ~9.6%, so the pro rata allocation under the equity raising was approximately 1:10 (i.e. 1 new share for every 10 shares held).
- Although the total SPP application pool was scaled to approximately 38%, the scaling of each individual applicant varied depending on how many shares had been applied for. All applicants under the SPP applied for at least their pro rata entitlement and, as a result, all applications were scaled to ~11.37% of their pre-equity raising shareholding. However, this meant that a shareholder who applied for substantially more than 11.37% of their pre-equity raising shareholding under the SPP was scaled back more than a shareholder who applied for something closer to their pro rata entitlement.

  Using a shareholder who held $100,000 of Infratil shares prior to the equity raising as an example, what this meant in practice was:

  - That shareholder would have been allotted ~$11,400 worth of Infratil shares under the SPP.
  - If that shareholder had applied for the maximum $50,000 of Infratil shares under the SPP, that shareholder would have been allotted ~23% of the shares applied for (which is lower percentage than the overall 38% scaling of the total SPP applications).
  - Conversely, if that shareholder had applied for $12,500 worth of Infratil shares under the SPP, that shareholder would have been allotted ~91% of the shares applied for (which is much higher percentage than the overall 38% scaling of the total SPP applications).
  - The Board would have liked to have provided applicants the opportunity to acquire more shares under the SPP, but scaled the SPP this way to ensure all applicants were treated fairly and equitably by being able to purchase their pro rata entitlements before other applicants were able to increase their shareholding.
  - Any SPP applicant who held up to ~100,000 shares (which were ~99% of the shareholders who applied under the SPP) maintained their proportionate shareholding in Infratil as a result of the SPP.
- The 2020 Placement provided the ability to protect existing shareholder interests by ensuring participating institutional shareholders and retail broker networks received a minimum pro rata allocation in the bookbuild (including eligible existing shareholders holding more than ~100,000 shares who were not able to maintain their pro rata shareholding under the $50,000 SPP cap). ~13% of the shares under the 2020 Placement were allotted to new shareholders and ~87% were allotted to existing shareholders.

## Tilt Renewables and Trustpower Boards

The NZX Corporate Governance Code recommends that a majority of the board of an NZX listed company should be independent directors.

The Infratil Board satisfies this, with six of the seven Directors being independent. The Board Charter sets out the standards for determining whether a Director is independent, and these standards reflect the requirements of the NZX Listing Rules and the NZX Corporate Governance Code.

Infratil is also the majority shareholder in two NZX listed companies, Tilt Renewables and Trustpower. Infratil agrees that, as a general rule, a majority of the board of a listed issuer should be independent directors but also considers that, in certain limited circumstances, that may not be appropriate. Infratil considers that both Tilt Renewables and Trustpower are examples of those very limited circumstances:

- Infratil is the majority shareholder in each of Tilt Renewables and Trustpower, and each of those is a ~$1 billion investment in the Infratil portfolio (as at 30 September 2020).
- Given the value of Infratil's investment in those companies, and given an Infratil Director's legal duty to act in the best interests of Infratil, the Board needs to ensure that Infratil (and its shareholders) have appropriate representation on both boards. However, the directors of Tilt Renewables or Trustpower who are associated to Infratil – to provide that representation – will not be independent directors.
- Each of Tilt Renewables and Trustpower has another major shareholder (Mercury Energy and Tauranga Energy Consumer Trust, respectively), and a director associated with that major shareholder will also not be an independent director. Trustpower's Chief Executive is currently also a director and, as such, is not an independent director.
- In both companies, the recommendation for a majority of independent directors needs to be balanced against the above, which means it may not be possible for there to be a majority of independent directors. However:
    - Infratil does not have, and has not sought, to have persons associated with it to occupy a majority of the board seats at either Tilt Renewables or Trustpower. Currently, 3 of the 7 directors of each of Tilt Renewable and Trustpower are associated with Infratil. Infratil considers that this is an appropriate level of representation on each board to protect the interests of Infratil and its shareholders.
    - Although neither the Tilt Renewables nor Trustpower boards currently have a majority of independent directors, this is due to other directors on those boards, in addition to those associated with Infratil, being non-independent directors:
        - 1 of the 4 other directors of Tilt Renewables is not an independent director due to being associated with Mercury Energy. As a result, Tilt Renewables has 3 independent directors.
        - 2 of the 4 other directors of Trustpower are not independent directors (one being associated with Tauranga Energy Consumer Trust and the other being the Chief Executive). As a result, Trustpower has 2 independent directors.
- Infratil's objective is to ensure effective governance in both Tilt Renewables and Trustpower, which includes adequate representation of and protection for the rights of minority shareholders in those companies. Where this cannot be assumed by a majority independent board, robust structures and processes are appropriate to ensure conflicts of interest are identified and appropriately managed.

# Directory

## Directors

M Tume (Chairman)
M Bogoievski
A Gerry
P Gough
K Mactaggart
C M Savage
P M Springford

## Company Secretary

N Lough

## Registered Office

### New Zealand

5 Market Lane
PO Box 320
Wellington
Telephone: +64 4 473 3663
Internet address: www.infratil.com

## Registered Office

### Australia

C/- H.R.L. Morrison & Co Private Markets Pty Ltd
Level 31
60 Martin Place
Sydney NSW 2000
Telephone: +61 2 8098 7500

## Manager

Morrison & Co Infrastructure Management Limited
5 Market Lane
PO Box 1395
Wellington
Telephone: +64 4 473 2399
Facsimile: +64 4 473 2388
Internet address: www.hrlmorrison.com

## Share Registrar

### New Zealand

Link Market Services
Level 11, Deloitte House
80 Queen Street
PO Box 91976
Auckland
Telephone: +64 9 375 5998
Email: enquiries@linkmarketservices.co.nz
Internet address: www.linkmarketservices.co.nz

## Share Registrar

### Australia

Link Market Services
Level 12
680 George Street
Sydney NSW 2000
Telephone: +61 2 8280 7100
Email: registrars@linkmarketservices.com.au
Internet address: www.linkmarketservices.com.au

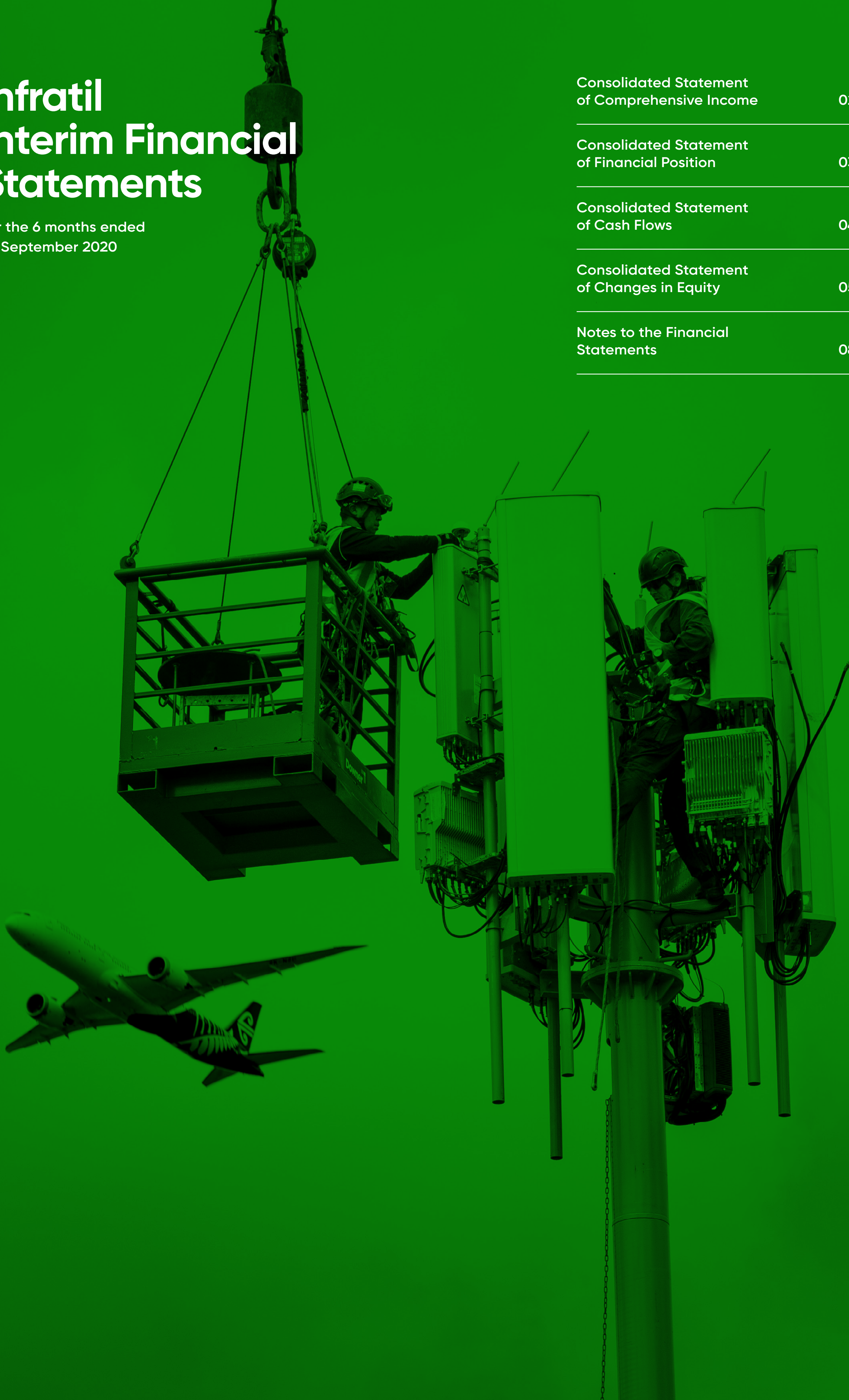
## Auditor

KPMG
10 Customhouse Quay
PO Box 996
Wellington

Infratil

# Infratil Interim Financial Statements

For the 6 months ended
30 September 2020



# Consolidated Statement of Comprehensive Income

| | Notes | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|---|
| Operating revenue | 7 | 578.2 | 701.3 | 1,281.3 |
| Dividends | | - | 0.5 | 0.6 |
| **Total revenue** | | **578.2** | **701.8** | **1,281.9** |
| Share of earnings of associate companies | 5 | 83.8 | 100.6 | 86.8 |
| **Total income** | | **662.0** | **802.4** | **1,368.7** |
| Depreciation | | 51.6 | 70.1 | 136.4 |
| Amortisation of intangibles | | 5.6 | 5.1 | 11.1 |
| Employee benefits | | 50.0 | 50.5 | 99.1 |
| Other operating expenses | 8 | 449.8 | 448.0 | 929.4 |
| **Total operating expenditure** | | **557.0** | **573.7** | **1,176.0** |
| Operating surplus before financing, derivatives, realisations and impairments | | 105.0 | 228.7 | 192.7 |
| Net gain/(loss) on foreign exchange and derivatives | | 15.3 | (16.4) | 6.2 |
| Net realisations, revaluations and impairments | | 13.7 | (0.8) | 510.7 |
| Interest income | | 3.1 | 6.2 | 10.7 |
| Interest expense | | 75.2 | 91.8 | 197.1 |
| Net financing expense | | 72.1 | 85.6 | 186.4 |
| **Net surplus before taxation** | | **61.9** | **125.9** | **523.2** |
| Taxation expense | 9 | 4.9 | 46.1 | 14.4 |
| **Net surplus for the period from continuing operations** | | **57.0** | **79.8** | **508.8** |
| Net surplus/(loss) from discontinued operations after tax | | - | 8.3 | (24.6) |
| **Net surplus for the period** | | **57.0** | **88.1** | **484.2** |
| Net surplus/(loss) attributable to owners of the Company | | 27.8 | 56.4 | 241.2 |
| Net surplus attributable to non-controlling interest | | 29.2 | 31.7 | 243.0 |
| **Other comprehensive income, after tax** | | | | |
| **Items that will not be reclassified to profit and loss:** | | | | |
| Net change in fair value of property, plant & equipment recognised in equity | | (1.7) | 89.2 | 63.3 |
| Share of associates other comprehensive income | | 28.9 | (9.8) | (21.3) |
| Net change in fair value of equity investments at fair value through other comprehensive income | | 0.7 | (1.3) | (0.5) |
| Ineffective portion of hedges taken to profit and loss | | - | - | - |
| Fair value movements in relation to the executive share scheme | | - | (0.9) | 5.1 |
| Income tax effect of the above items | | 0.2 | (18.4) | (22.8) |
| **Items that may subsequently be reclassified to profit and loss:** | | | | |
| Differences arising on translation of foreign operations | | 67.5 | 38.9 | (17.8) |
| Realisations on disposal of subsidiary, reclassified to profit and loss | | - | (22.5) | (22.5) |
| Effective portion of changes in fair value of cash flow hedges | | 43.2 | (58.3) | (75.0) |
| Income tax effect of the above items | | (5.5) | 20.5 | 20.8 |
| **Total other comprehensive income/(loss) after tax** | | **133.3** | **37.4** | **(70.7)** |
| **Total comprehensive income/(loss) for the period** | | **190.3** | **125.5** | **413.5** |
| Total comprehensive income for the period attributable to owners of the Company | | 159.1 | 112.7 | 207.9 |
| Total comprehensive income for the period attributable to non-controlling interests | | 31.2 | 12.8 | 205.6 |
| **Earnings per share** | | | | |
| Basic and diluted (cents per share) from continuing operations | | 4.0 | 8.1 | 41.5 |
| Basic and diluted (cents per share) | | 4.0 | 9.5 | 37.6 |

The accompanying notes form part of these financial statements.

As at 30 September 2020

# Consolidated Statement of Financial Position

| | Notes | 30 September 2020 $Millions Unaudited | 30 September 2019 $Millions Unaudited | 31 March 2020 $Millions Audited |
|---|---|---|---|---|
| Cash and cash equivalents | | 435.2 | 362.6 | 730.3 |
| Trade and other accounts receivable and prepayments | | 222.7 | 275.2 | 174.8 |
| Derivative financial instruments | | 31.9 | 17.5 | 18.9 |
| Income tax receivable | | 22.6 | 4.9 | 9.3 |
| Assets held for sale | | 34.8 | 0.5 | - |
| **Current assets** | | **747.2** | **660.7** | **933.3** |
| Trade and other accounts receivable and prepayments | | 14.4 | 26.8 | 18.7 |
| Property, plant and equipment | | 4,271.7 | 4,306.4 | 3,958.2 |
| Investment properties | | 260.1 | 248.9 | 266.7 |
| Right of use assets | | 171.8 | 83.7 | 161.2 |
| Derivative financial instruments | | 163.7 | 153.1 | 65.5 |
| Intangible assets | | 34.6 | 35.0 | 35.1 |
| Goodwill | | 113.1 | 113.1 | 113.1 |
| Investments in associates | 5 | 2,082.7 | 2,058.1 | 1,961.9 |
| Other investments | 6 | 78.2 | 83.1 | 71.4 |
| **Non-current assets** | | **7,190.3** | **7,108.2** | **6,651.8** |
| **Total assets** | | **7,937.5** | **7,768.9** | **7,585.1** |
| Accounts payable, accruals and other liabilities | | 200.7 | 227.4 | 227.3 |
| Interest bearing loans and borrowings | 10 | 86.3 | 430.2 | 134.7 |
| Lease liabilities | | 24.2 | 13.2 | 21.8 |
| Derivative financial instruments | | 22.8 | 30.7 | 8.0 |
| Income tax payable | | - | 0.2 | 4.6 |
| Infrastructure bonds | 11 | 93.7 | 149.0 | - |
| Trustpower bonds | | - | - | - |
| Wellington International Airport bonds | | 75.0 | 25.0 | 25.0 |
| **Current liabilities** | | **502.7** | **875.7** | **421.4** |
| Interest bearing loans and borrowings | 10 | 826.4 | 831.6 | 835.0 |
| Other liabilities | | 83.3 | 2.8 | 86.5 |
| Lease liabilities | | 235.3 | 152.0 | 225.1 |
| Deferred tax liability | | 307.7 | 463.4 | 314.6 |
| Derivative financial instruments | | 199.5 | 151.0 | 121.3 |
| Infrastructure bonds | 11 | 968.6 | 1,012.9 | 1,061.3 |
| Perpetual Infratil Infrastructure bonds | 11 | 231.9 | 231.7 | 231.9 |
| Trustpower bonds | | 432.5 | 431.8 | 432.2 |
| Wellington International Airport bonds and senior notes | | 526.7 | 489.1 | 515.9 |
| **Non-current liabilities** | | **3,811.9** | **3,766.3** | **3,823.8** |
| Attributable to owners of the Company | | 2,513.0 | 2,078.4 | 2,132.2 |
| Non-controlling interest in subsidiaries | | 1,109.9 | 1,048.5 | 1,207.7 |
| **Total equity** | | **3,622.9** | **3,126.9** | **3,339.9** |
| **Total equity and liabilities** | | **7,937.5** | **7,768.9** | **7,585.1** |
| Net tangible assets per share ($ per share) | | 3.27 | 2.93 | 3.01 |

Approved on behalf of the Board on 11 November 2020

**Alison Gerry**
Director

**Mark Tume**
Director

The accompanying notes form part of these financial statements.

# Consolidated Statement of Cash Flows

| | Notes | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|---|
| **Cash flows from operating activities** | | | | |
| *Cash was provided from:* | | | | |
| Receipts from customers | | 551.6 | 933.6 | 1,495.0 |
| Distributions received from associates | | 16.7 | 22.8 | 75.2 |
| Other dividends | | - | 0.5 | 0.6 |
| Interest received | | 4.3 | 6.3 | 10.8 |
| | | 572.6 | 963.2 | 1,581.6 |
| *Cash was disbursed to:* | | | | |
| Payments to suppliers and employees | | (495.5) | (767.0) | (1,253.3) |
| Interest paid | | (77.5) | (89.9) | (177.5) |
| Taxation paid | | (43.9) | (38.3) | (50.8) |
| | | **(616.9)** | **(895.2)** | **(1,481.6)** |
| **Net cash inflow/(outflow) from operating activities** | **13** | **(44.3)** | **68.0** | **100.0** |
| **Cash flows from investing activities** | | | | |
| *Cash was provided from:* | | | | |
| Proceeds from sale of associates | | - | 169.7 | 169.7 |
| Capital returned from associates | | 44.6 | 3.6 | 4.4 |
| Proceeds from sale of subsidiaries (net of cash sold) | | - | 138.3 | 593.3 |
| Proceeds from sale of property, plant and equipment | | - | - | 19.4 |
| Proceeds from sale of investments | | - | 4.5 | 19.7 |
| Return of security deposits | | 78.3 | 7.7 | 14.4 |
| | | 122.9 | 323.8 | 820.9 |
| *Cash was disbursed to:* | | | | |
| Purchase of investments | | (16.5) | (1,097.3) | (1,136.9) |
| Lodgement of security deposits | | (109.0) | - | (5.5) |
| Purchase of intangible assets | | (5.1) | (6.7) | (12.9) |
| Interest capitalised on construction of fixed assets | | 0.2 | - | (4.4) |
| Purchase of shares in subsidiaries | | - | - | (5.2) |
| Purchase of investment properties | | (13.9) | - | (22.9) |
| Purchase of property, plant and equipment | | (341.8) | (216.5) | (463.3) |
| | | (486.5) | (1,320.5) | (1,651.1) |
| **Net cash inflow/(outflow) from investing activities** | | **(363.6)** | **(996.7)** | **(830.2)** |
| **Cash flows from financing activities** | | | | |
| *Cash was provided from:* | | | | |
| Proceeds from issue of shares | | 294.2 | 393.4 | 396.8 |
| Bank borrowings | | 404.7 | 615.5 | 1,436.2 |
| Issue of bonds | | 100.0 | 493.4 | 544.5 |
| | | 798.9 | 1,502.3 | 2,377.5 |
| *Cash was disbursed to:* | | | | |
| Repayment of bank debt | | (476.8) | (365.5) | (824.4) |
| Repayment of lease liabilities | | (7.5) | 2.3 | (12.1) |
| Loan establishment costs | | (3.1) | (8.5) | (10.1) |
| Repayment of bonds | | (25.0) | (139.2) | (288.2) |
| Bond issue expenses | | (1.3) | (4.9) | (6.0) |
| Share buyback | | - | - | (3.7) |
| Capital return to non-controlling shareholders in subsidiary companies | | (94.0) | - | - |
| Dividends paid to non-controlling shareholders in subsidiary companies | | (37.4) | (64.0) | (92.3) |
| Dividends paid to owners of the Company | 3 | (72.5) | (72.5) | (113.7) |
| | | (717.6) | (652.3) | (1,350.5) |
| **Net cash inflow/(outflow) from financing activities** | | **81.3** | **850.0** | **1,027.0** |
| Net increase/(decrease) in cash and cash equivalents | | (326.6) | (78.7) | 296.8 |
| Foreign exchange gains/(losses) on cash and cash equivalents | | 31.5 | (2.6) | (10.4) |
| Cash and cash equivalents at beginning of the period | | 730.3 | 414.3 | 414.3 |
| Adjustment for cash classified as assets held for sale | | - | 29.6 | 29.6 |
| **Cash and cash equivalents at end of the period** | | **435.2** | **362.6** | **730.3** |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

Attributable to equity holders of the Company – Unaudited

| | Capital $Millions | Revaluation reserve $Millions | Foreign currency translation reserve $Millions | Other reserves $Millions | Retained earnings $Millions | Total $Millions | Non-controlling $Millions | Total equity $Millions |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 April 2020** | **754.9** | **655.1** | **(71.8)** | **(108.4)** | **902.4** | **2,132.2** | **1,207.7** | **3,339.9** |
| **Total comprehensive income for the period** | | | | | | | | |
| Net surplus for the period | – | – | – | – | 27.8 | 27.8 | 29.2 | 57.0 |
| **Other comprehensive income, after tax** | | | | | | | | |
| Differences arising on translation of foreign operations | – | – | 79.9 | – | – | 79.9 | (12.3) | 67.6 |
| Transfers to profit and loss on disposal of subsidiaries | – | – | – | – | – | – | – | – |
| Net change in fair value of equity investments at FVOCI | – | – | – | 0.7 | – | 0.7 | – | 0.7 |
| Realisations on disposal of equity investments at FVOCI | – | – | – | – | – | – | – | – |
| Ineffective portion of hedges taken to profit and loss | – | – | – | – | – | – | – | – |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | 22.8 | – | 22.8 | 14.8 | 37.6 |
| Fair value movements in relation to the executive share scheme | – | – | – | – | – | – | – | – |
| Fair value change of property, plant & equipment recognised in equity | – | (1.0) | – | – | – | (1.0) | (0.5) | (1.5) |
| Share of associates other comprehensive income | – | – | – | 28.9 | – | 28.9 | – | 28.9 |
| Total other comprehensive income | – | (1.0) | 79.9 | 52.4 | – | 131.3 | 2.0 | 133.3 |
| **Total comprehensive income for the period** | **–** | **(1.0)** | **79.9** | **52.4** | **27.8** | **159.1** | **31.2** | **190.3** |
| **Contributions by and distributions to non-controlling interest** | | | | | | | | |
| Issue/(acquisition) of shares held by outside equity interest | – | – | – | – | – | – | (91.6) | (91.6) |
| Total contributions by and distributions to non-controlling interest | – | – | – | – | – | – | (91.6) | (91.6) |
| **Contributions by and distributions to owners** | | | | | | | | |
| Shares issued | 294.2 | – | – | – | – | 294.2 | – | 294.2 |
| Share buyback | – | – | – | – | – | – | – | – |
| Shares issued under dividend reinvestment plan | – | – | – | – | – | – | – | – |
| Conversion of executive redeemable shares | – | – | – | – | – | – | – | – |
| Dividends to equity holders | – | – | – | – | (72.5) | (72.5) | (37.4) | (109.9) |
| Total contributions by and distributions to owners | 294.2 | – | – | – | (72.5) | 221.7 | (37.4) | 184.3 |
| **Balance as at 30 September 2020** | **1,049.1** | **654.1** | **8.1** | **(56.0)** | **857.7** | **2,513.0** | **1,109.9** | **3,622.9** |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

Attributable to equity holders of the Company – Unaudited

| | Capital $Millions | Revaluation reserve $Millions | Foreign currency translation reserve $Millions | Other reserves $Millions | Retained earnings $Millions | Total $Millions | Non-controlling $Millions | Total equity $Millions |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 April 2019** | **361.8** | **685.0** | **(65.4)** | **(50.4)** | **715.0** | **1,646.0** | **1,098.5** | **2,744.5** |
| **Total comprehensive income for the period** | | | | | | | | |
| Net surplus for the period | – | – | – | – | 56.4 | 56.4 | 31.7 | 88.1 |
| **Other comprehensive income, after tax** | | | | | | | | |
| Differences arising on translation of foreign operations | – | – | 47.1 | – | – | 47.1 | (3.9) | 43.2 |
| Transfers to profit and loss on disposal of subsidiaries | – | (21.5) | 16.3 | 0.4 | – | (4.8) | (17.7) | (22.5) |
| Net change in fair value of equity investments at FVOCI | – | – | – | (1.3) | – | (1.3) | – | (1.3) |
| Ineffective portion of hedges taken to profit and loss | – | – | – | – | – | – | – | – |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | (29.7) | – | (29.7) | (12.4) | (42.1) |
| Fair value movements in relation to the executive share scheme | – | – | – | (0.9) | – | (0.9) | – | (0.9) |
| Fair value change of property, plant & equipment recognised in equity | – | 28.5 | – | – | 27.2 | 55.7 | 15.1 | 70.8 |
| Share of associates other comprehensive income | – | – | – | (9.8) | – | (9.8) | – | (9.8) |
| Total other comprehensive income | – | 7.0 | 63.4 | (41.3) | 27.2 | 56.3 | (18.9) | 37.4 |
| **Total comprehensive income for the period** | **–** | **7.0** | **63.4** | **(41.3)** | **83.6** | **112.7** | **12.8** | **125.5** |
| **Contributions by and distributions to non-controlling interest** | | | | | | | | |
| Issue/(acquisition) of shares held by outside equity interest | – | – | – | – | – | – | 1.2 | 1.2 |
| Total contributions by and distributions to non-controlling interest | – | – | – | – | – | – | 1.2 | 1.2 |
| **Contributions by and distributions to owners** | | | | | | | | |
| Shares issued | 391.3 | – | – | – | – | 391.3 | – | 391.3 |
| Share buyback | – | – | – | – | – | – | – | – |
| Shares issued under dividend reinvestment plan | – | – | – | – | – | – | – | – |
| Conversion of executive redeemable shares | 0.9 | – | – | – | – | 0.9 | – | 0.9 |
| Dividends to equity holders | – | – | – | – | (72.5) | (72.5) | (64.0) | (136.5) |
| Total contributions by and distributions to owners | 392.2 | – | – | – | (72.5) | 319.7 | (64.0) | 255.7 |
| **Balance as at 30 September 2019** | **754.0** | **692.0** | **(2.0)** | **(91.7)** | **726.1** | **2,078.4** | **1,048.5** | **3,126.9** |

The accompanying notes form part of these financial statements.

# Consolidated Statement of Changes in Equity

Attributable to equity holders of the Company – Audited

| | Capital $Millions | Revaluation reserve $Millions | Foreign currency translation reserve $Millions | Other reserves $Millions | Retained earnings $Millions | Total $Millions | Non-controlling $Millions | Total equity $Millions |
|---|---|---|---|---|---|---|---|---|
| **Balance as at 1 April 2019** | **361.8** | **685.0** | **(65.4)** | **(50.4)** | **715.0** | **1,646.0** | **1,098.5** | **2,744.5** |
| **Total comprehensive income for the year** | | | | | | | | |
| Net surplus for the year | – | – | – | – | 241.2 | 241.2 | 243.0 | 484.2 |
| **Other comprehensive income, after tax** | | | | | | | | |
| Differences arising on translation of foreign operations | – | – | (22.7) | – | – | (22.7) | 5.2 | (17.5) |
| Transfers to profit and loss on disposal of subsidiaries | – | (21.5) | 16.3 | 0.4 | – | (4.8) | (17.7) | (22.5) |
| Net change in fair value of equity investments at FVOCI | – | – | – | (1.0) | – | (1.0) | – | (1.0) |
| Realisations on disposal of equity investments at FVOCI | – | – | – | (2.5) | 2.5 | – | – | – |
| Ineffective portion of hedges taken to profit and loss | – | – | – | – | – | – | – | – |
| Effective portion of changes in fair value of cash flow hedges | – | – | – | (32.7) | – | (32.7) | (21.3) | (54.0) |
| Fair value movements in relation to the executive share scheme | – | – | – | (0.9) | – | (0.9) | – | (0.9) |
| Fair value change of property, plant & equipment recognised in equity | – | 22.9 | – | – | 27.2 | 50.1 | (3.6) | 46.5 |
| Share of associates other comprehensive income | – | – | – | (21.3) | – | (21.3) | – | (21.3) |
| Total other comprehensive income | – | 1.4 | (6.4) | (58.0) | 29.7 | (33.3) | (37.4) | (70.7) |
| **Total comprehensive income for the year** | **–** | **1.4** | **(6.4)** | **(58.0)** | **270.9** | **207.9** | **205.6** | **413.5** |
| **Contributions by and distributions to non-controlling interest** | | | | | | | | |
| Non-controlling interest arising on acquisition of subsidiary | – | – | – | – | – | – | – | – |
| Issue of shares to non-controlling interests | – | – | – | – | – | – | 1.7 | 1.7 |
| Issue/(acquisition) of shares held by outside equity interest | – | – | – | – | – | – | (5.2) | (5.2) |
| Total contributions by and distributions to non-controlling interest | – | – | – | – | – | – | (3.5) | (3.5) |
| Disposal of Snowtown 2 | – | (31.3) | – | – | 30.2 | (1.1) | (0.6) | (1.7) |
| **Contributions by and distributions to owners** | | | | | | | | |
| Shares issued | 390.9 | – | – | – | – | 390.9 | – | 390.9 |
| Share buyback | (3.7) | – | – | – | – | (3.7) | – | (3.7) |
| Shares issued under dividend reinvestment plan | 5.0 | – | – | – | – | 5.0 | – | 5.0 |
| Conversion of executive redeemable shares | 0.9 | – | – | – | – | 0.9 | – | 0.9 |
| Dividends to equity holders | – | – | – | – | (113.7) | (113.7) | (92.3) | (206.0) |
| Total contributions by and distributions to | 393.1 | – | – | – | (113.7) | 279.4 | (92.3) | 187.1 |
| **Balance at 31 March 2020** | **754.9** | **655.1** | **(71.8)** | **(108.4)** | **902.4** | **2,132.2** | **1,207.7** | **3,339.9** |

The accompanying notes form part of these financial statements.

# Notes to the Financial Statements

## 1 Accounting policies

### Reporting Entity

Infratil Limited ('the Company') is a company domiciled in New Zealand and registered under the Companies Act 1993. The Company is listed on the NZX Main Board ('NZX') and Australian Securities Exchange ('ASX'), and is an FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013.

### Basis of preparation

These unaudited condensed consolidated half year financial statements ('half year statements') of Infratil Limited together with its subsidiaries and associates ('the Group') have been prepared in accordance with NZ IAS 34 Interim Financial Reporting and comply with IAS 34 Interim Financial Reporting. These half year statements have been prepared in accordance with the accounting policies stated in the published financial statements for the year ended 31 March 2020 and should be read in conjunction with the previous annual report. No changes have been made from the accounting policies used in the 31 March 2020 annual report which can be obtained from Infratil's registered office or www.infratil.com. The presentation currency used in the preparation of these financial statements is New Zealand dollars, which is also the Company's functional currency. Comparative figures have been restated where appropriate to ensure consistency with the current period.

### COVID-19 pandemic

The Group's financial statements for the year ended 31 March 2020 included a summary of the primary impacts of COVID-19 on the Group's consolidated balance sheet at 31 March 2020. An updated assessment as at 30 September 2020 is outlined below.

#### Investments (including associates)

The potential impact of COVID-19 was considered by RetireAustralia as part of the estimation of the fair value of their investment properties and resident obligations at 31 March 2020. RetireAustralia have reviewed the key valuation assumptions at 30 September 2020 and did not identify any circumstances that suggest a material change to any of these assumptions is warranted. The valuation of RetireAustralia's investment properties and resident obligations increased in the six months ended 30 September 2020, primarily reflecting capital expenditure during the period and the roll forward of the valuation. RetireAustralia did not call upon the A$20 million in shareholder support arrangements during the period ended 30 September 2020 (Infratil share: A$10 million).

Vodafone New Zealand recorded an increase in its expected credit loss allowance for trade receivables at 31 March 2020 due to an expectation of a deteriorating economic outlook in New Zealand as a result of COVID-19. Vodafone has not observed any material adverse impact on cash collections to date at 30 September 2020 and the expected credit loss provision remains broadly in line with 31 March 2020.

#### Property, Plant and Equipment & Investment properties

COVID-19 has had a significant impact on the aviation industry and on Wellington International Airport's ('WIAL') business. The longer-term effects of COVID-19 on WIAL's business remain uncertain and the impacts of the pandemic continue to evolve.

As at 30 September 2020, WIAL has made an assessment of whether the carrying amounts of property, plant and equipment and investment properties differed materially from fair value. This assessment is based on the latest available information at the time of preparation of these financial statements and includes passenger and cashflow forecasts.

WIAL has forecast a significant reduction in passengers for the year ending 31 March 2021 and a slow recovery back to pre-COVID-19 levels occurring in financial year ending 31 March 2023. These forecasts are arrived at by reference to various data sources including airlines, the International Air Transport Association and travel and tourism bodies.

WIAL's estimates of passengers, recovery and growth rates remain uncertain and are dependent on a number of factors. This includes any potential future restrictions on travel, for example as a result of further COVID-19 outbreak or changing of alert levels, border controls for international travel, public demand and behaviour with respect to travel and airline scheduling. Material changes in any of these factors might have a material impact on the WIAL's estimates of income and cashflows used in fair value assessments as at 30 September 2020. In addition, the longer-term effects of COVID-19 on WIAL's business remain uncertain and the potential impacts of the pandemic continue to evolve.

WIAL did not draw upon its $75.8 million shareholder support arrangement during the period ended 30 September 2020 (Infratil share: $50.5 million). An update on WIAL's financing arrangements during the period is also provided in Note 10.

#### Trade and other accounts receivable and prepayments

Trustpower and Wellington International Airport increased their expected credit loss allowance for trade receivables at 31 March 2020, in part due to the expectation of a deteriorating economic outlook in New Zealand as a result of COVID-19. Neither Trustpower nor Wellington International Airport have materially altered their expected credit loss allowance at 30 September 2020.

### Generation Asset Valuation

Since the previous valuation of generation assets by Trustpower and Tilt Renewables at 31 March 2020, New Zealand Aluminium Smelters ('NZAS') has announced its intention to close its aluminium smelter at Tiwai Point. Electricity future pricing reflects an expectation this will be a staged exit. The Electricity Authority has also announced its final Transmission Pricing Guidelines which would end Trustpower's avoided cost of transmission ('ACOT') revenue from 1 April 2024. Trustpower and Tilt Renewables have assessed the carrying value of their respective New Zealand generation assets in light of these developments and concluded that the valuation remains within a reasonable fair value range.

## 2 Nature of business

The Group owns and operates infrastructure businesses and investments in New Zealand, Australia, the United States and Europe. The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 5 Market Lane, Wellington, New Zealand.

More information on the individual businesses is contained in Note 4 (Operating segments) and Note 5 (Investments in associates) including the relative contributions to total revenue and expenses of the Group.

The Group's business is not highly seasonal, but individual businesses are subject to seasonality due to differences in demand for certain services. The seasonality does not result in material differences in the interim and full year reporting.

## 3 Infratil shares and dividends

| Ordinary shares (fully paid) | 6 months ended 30 September 2020 Unaudited | 6 months ended 30 September 2019 Unaudited | Year ended 31 March 2020 Audited |
|---|---|---|---|
| Total authorised and issued capital shares at the beginning of the period | 659,678,837 | 559,278,166 | 559,278,166 |
| *Movements during the period:* | | | |
| New shares issued | 63,273,696 | 99,992,228 | 99,992,228 |
| New shares issued under dividend reinvestment plan | - | - | 1,030,793 |
| Conversion of executive redeemable shares | - | 265,267 | 265,267 |
| Share buyback | - | - | (887,617) |
| **Total authorised and issued capital shares at the end of the period** | **722,952,533** | **659,535,661** | **659,678,837** |

During the period the Company issued new shares to provide additional balance sheet flexibility and to fund growth investments across Infratil's existing portfolio companies as well as providing the opportunity to take advantage of any new investment opportunities that may arise. In total net proceeds after issue costs of $294.2 million were raised via an institutional placement and share purchase plan for existing shareholders. During the comparative period the Company issued new shares to support the acquisition of a 49.9% share of Vodafone New Zealand Limited, raising net proceeds after issue costs of $390.9 million via an institutional placement and an entitlement offer to existing shareholders. All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. At 30 September 2020 the Group held 1,662,617 shares as Treasury Stock (30 September 2019: 775,000, 31 March 2020: 1,662,617).

| Dividends paid on ordinary shares | 6 months ended 30 September 2020 cps Unaudited | 6 months ended 30 September 2019 cps Unaudited | Year ended 31 March 2020 cps Audited | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|---|---|---|
| Final dividend prior year | 11.00 | 11.00 | 11.00 | 72.5 | 72.5 | 72.5 |
| Interim dividend paid current year | - | - | 6.25 | - | - | 41.2 |
| Dividends paid on ordinary shares | 11.00 | 11.00 | 17.25 | 72.5 | 72.5 | 113.7 |

## 4 Operating segments

Reportable segments of the Group are analysed by significant businesses for reporting to the Infratil Chief Executive Officer. The Group has five reportable segments, as described below (30 September 2019: seven reportable segments, 31 March 2020: seven reportable segments): Trustpower and Tilt Renewables are renewable generation investments and Wellington International Airport is an airport investment. Associates comprises Infratil's investments that are not consolidated for financial reporting purposes including CDC Data Centres, Vodafone New Zealand, RetireAustralia, Longroad Energy and Galileo Green Energy. Further information on these investments is outlined in Note 5. The Group's investments in NZ Bus, Perth Energy, ANU Student Accommodation and Snapper were treated as Discontinued Operations as at 30 September 2019 and 31 March 2020. All other segments and corporate predominately includes the activities of the Parent Company. The group has no significant reliance on any one customer. Inter-segment revenue primarily comprises dividends from Trustpower, subvention income from Wellington International Airport and intercompany transactions between Trustpower and Tilt Renewables.

| | Trustpower New Zealand $Millions Unaudited | Tilt Renewables Australasia $Millions Unaudited | Wellington International Airport New Zealand $Millions Unaudited | Associates $Millions Unaudited | All other segments & corporate New Zealand $Millions Unaudited | Eliminations & discontinued operations $Millions Unaudited | Total from continuing operations $Millions Unaudited |
|---|---|---|---|---|---|---|---|
| **For the period ended 30 September 2020** | | | | | | | |
| Total revenue | 506.3 | 60.0 | 25.8 | - | 66.2 | - | 658.3 |
| Share of earnings of associate companies | - | - | - | 83.8 | - | - | 83.8 |
| Inter-segment revenue | - | - | - | - | (62.3) | (17.8) | (80.1) |
| Total income | 506.3 | 60.0 | 25.8 | 83.8 | 3.9 | (17.8) | 662.0 |
| Operating expenses (excluding depreciation and amortisation) | (395.9) | (25.9) | (14.9) | - | (80.9) | 17.8 | (499.8) |
| Interest income | 0.3 | 2.3 | 0.2 | - | 0.3 | - | 3.1 |
| Interest expense | (15.4) | (7.8) | (13.1) | - | (38.9) | - | (75.2) |
| Depreciation and amortisation | (21.9) | (21.8) | (13.5) | - | - | - | (57.2) |
| Net gain/(loss) on foreign exchange and derivatives | (26.5) | 34.4 | 0.6 | - | 6.8 | - | 15.3 |
| Net realisations, revaluations and impairments | - | - | 3.9 | - | 9.8 | - | 13.7 |
| Taxation expense | (13.3) | (12.5) | 8.2 | - | 12.7 | - | (4.9) |
| Net surplus/(loss) for the year | 33.6 | 28.7 | (2.8) | 83.8 | (86.3) | - | 57.0 |
| Net surplus/(loss) attributable to owners of the company | 16.9 | 18.8 | (5.4) | 83.8 | (86.3) | - | 27.8 |
| Net surplus/(loss) attributable to non-controlling interests | 16.7 | 9.9 | 2.6 | - | - | - | 29.2 |
| Current assets | 210.9 | 377.3 | 100.5 | - | 58.5 | - | 747.2 |
| Non-current assets | 1,959.8 | 1,479.1 | 1,325.4 | 2,082.7 | 343.3 | - | 7,190.3 |
| Current liabilities | 128.4 | 72.7 | 127.3 | - | 174.3 | - | 502.7 |
| Non-current liabilities | 946.3 | 760.8 | 713.4 | - | 1,391.5 | - | 3,811.9 |
| Net assets | 1,096.0 | 1,022.9 | 585.2 | 2,082.7 | (1,163.9) | - | 3,622.9 |
| Non-controlling interest percentage | 49.0% | 34.4% | 34.0% | - | - | - | |
| Capital expenditure and investments | 15.6 | 305.7 | 11.5 | 15.8 | 16.4 | - | 365.0 |

## 4 Operating segments (continued)

| | Trustpower New Zealand $Millions Unaudited | Tilt Renewables Australasia $Millions Unaudited | Wellington International Airport New Zealand $Millions Unaudited | NZ Bus New Zealand $Millions Unaudited | Perth Energy Australia $Millions Unaudited | Associates $Millions Unaudited | All other segments & corporate New Zealand $Millions Unaudited | Eliminations & discontinued operations $Millions Unaudited | Total from continuing operations $Millions Unaudited |
|---|---|---|---|---|---|---|---|---|---|
| **For the period ended 30 September 2019** | | | | | | | | | |
| Total revenue | 539.4 | 109.2 | 72.6 | 76.1 | 114.2 | - | 102.6 | (191.9) | 822.2 |
| Share of earnings of associate companies | - | - | - | - | - | 101.1 | - | (0.5) | 100.6 |
| Inter-segment revenue | - | - | - | - | - | - | (98.1) | (22.3) | (120.4) |
| Total income | 539.4 | 109.2 | 72.6 | 76.1 | 114.2 | 101.1 | 4.5 | (214.7) | 802.4 |
| Operating expenses (excluding depreciation and amortisation) | (432.3) | (33.8) | (22.2) | (70.2) | (102.1) | - | (34.8) | 196.9 | (498.5) |
| Interest income | 0.3 | 3.6 | 0.5 | - | 0.1 | - | 7.2 | (5.5) | 6.2 |
| Interest expense | (17.3) | (17.2) | (13.0) | (3.9) | (3.6) | - | (44.3) | 7.5 | (91.8) |
| Depreciation and amortisation | (19.8) | (41.8) | (13.4) | (7.1) | (2.6) | - | (0.1) | 9.6 | (75.2) |
| Net gain/(loss) on foreign exchange and derivatives | (12.2) | (3.2) | (1.6) | - | - | - | 0.8 | (0.2) | (16.4) |
| Net realisations, revaluations and impairments | (2.4) | - | 1.9 | (32.0) | (26.5) | - | 65.5 | (7.3) | (0.8) |
| Taxation expense | (17.1) | (4.2) | (7.2) | 1.7 | (4.2) | - | (19.4) | 4.3 | (46.1) |
| Net surplus/(loss) for the year | 38.6 | 12.6 | 17.6 | (35.4) | (24.7) | 101.1 | (20.6) | (9.4) | 79.8 |
| Net surplus/(loss) attributable to owners of the company | 19.4 | 8.3 | 9.8 | (35.4) | (25.0) | 101.1 | (20.6) | (9.1) | 48.5 |
| Net surplus/(loss) attributable to non-controlling interests | 19.2 | 4.3 | 7.8 | - | 0.3 | - | - | (0.3) | 31.3 |
| Current assets | 188.4 | 358.9 | 37.7 | (5.9) | - | - | 81.6 | - | 660.7 |
| Non-current assets | 2,079.3 | 1,367.3 | 1,262.8 | 5.9 | - | 2,058.1 | 334.8 | - | 7,108.2 |
| Current liabilities | 121.2 | 292.7 | 95.1 | - | - | - | 366.7 | - | 875.7 |
| Non-current liabilities | 944.7 | 742.0 | 638.9 | - | - | - | 1,440.7 | - | 3,766.3 |
| Net assets | 1,201.8 | 691.5 | 566.5 | - | - | 2,058.1 | (1,391.0) | - | 3,126.9 |
| Non-controlling interest percentage | 49.0% | 34.7% | 34.0% | - | 20.0% | - | - | - | - |
| Capital expenditure and investments | 16.4 | 123.9 | 32.0 | 2.7 | 0.2 | 1,104.9 | 18.2 | (3.0) | 1,295.3 |

## 4 Operating segments (continued)

| | Trustpower New Zealand $Millions Audited | Tilt Renewables Australasia $Millions Audited | Wellington International Airport New Zealand $Millions Audited | NZ Bus New Zealand $Millions Audited | Perth Energy Australia $Millions Audited | Associates $Millions Audited | All other segments & corporate New Zealand $Millions Audited | Eliminations & discontinued operations $Millions Audited | Total from continuing operations $Millions Audited |
|---|---|---|---|---|---|---|---|---|---|
| **For the year ended 31 March 2020** | | | | | | | | | |
| Total revenue | 990.0 | 179.2 | 146.4 | 76.1 | 114.2 | - | 135.1 | (191.9) | 1,449.1 |
| Share of earnings of associate companies | - | - | - | - | - | 87.3 | - | (0.5) | 86.8 |
| Inter-segment revenue | - | - | - | - | - | - | (125.3) | (41.9) | (167.2) |
| Total income | 990.0 | 179.2 | 146.4 | 76.1 | 114.2 | 87.3 | 9.8 | (234.3) | 1,368.7 |
| Operating expenses (excluding depreciation and amortisation) | (803.5) | (55.5) | (43.2) | (70.2) | (102.1) | - | (170.5) | 216.5 | (1,028.5) |
| Interest income | 0.6 | 7.6 | 0.7 | - | 0.1 | - | 7.3 | (5.6) | 10.7 |
| Interest expense | (32.4) | (49.0) | (25.5) | (3.9) | (3.6) | - | (90.2) | 7.5 | (197.1) |
| Depreciation and amortisation | (42.5) | (76.3) | (28.4) | (7.1) | (2.6) | - | (0.1) | 9.5 | (147.5) |
| Net gain/(loss) on foreign exchange and derivatives | 16.2 | (9.0) | 0.1 | - | - | - | (1.1) | - | 6.2 |
| Net realisations, revaluations and impairments | 8.9 | 511.5 | (11.4) | (68.6) | (22.9) | - | 67.7 | 25.5 | 510.7 |
| Taxation expense | (39.6) | (4.9) | 34.5 | 1.7 | (4.2) | - | (6.1) | 4.2 | (14.4) |
| Net surplus/(loss) for the year | 97.7 | 503.6 | 73.2 | (72.0) | (21.1) | 87.3 | (183.2) | 23.3 | 508.8 |
| Net surplus/(loss) attributable to owners of the company | 48.6 | 330.7 | 52.6 | (72.0) | (21.4) | 87.3 | (183.2) | 23.6 | 266.2 |
| Net surplus/(loss) attributable to non-controlling interests | 49.1 | 172.9 | 20.6 | - | 0.3 | - | - | (0.3) | 242.6 |
| Current assets | 150.8 | 730.5 | 35.0 | - | - | - | 17.0 | - | 933.3 |
| Non-current assets | 1,960.0 | 1,046.0 | 1,336.9 | - | - | 1,961.9 | 347.0 | - | 6,651.8 |
| Current liabilities | 143.6 | 92.6 | 89.5 | - | - | - | 95.7 | - | 421.4 |
| Non-current liabilities | 867.1 | 469.0 | 641.6 | - | - | - | 1,846.1 | - | 3,823.8 |
| Net assets | 1,100.1 | 1,214.9 | 640.8 | - | - | 1,961.9 | (1,577.8) | - | 3,339.9 |
| Non-controlling interest percentage | 49.0% | 34.4% | 34.0% | - | 20.0% | - | - | - | - |
| Capital expenditure and investments | 34.3 | 506.4 | 80.6 | 2.7 | 0.2 | 1,134.5 | 41.0 | (3.0) | 1,796.7 |

## Entity wide disclosure – geographical

The Group operates in two principal areas, New Zealand and Australia, as well as having certain investments in the United States and Europe. The Group's geographical segments are based on the location of both customers and assets.

| | New Zealand $Millions Unaudited | Australia $Millions Unaudited | United States $Millions Unaudited | Europe $Millions Unaudited | Eliminations & discontinued operations $Millions Unaudited | Total from continuing operations $Millions Unaudited |
|---|---|---|---|---|---|---|
| **For the period ended 30 September 2020** | | | | | | |
| Total revenue | 622.6 | 35.7 | - | - | - | 658.3 |
| Share of earnings of associate companies | (15.6) | 114.9 | (13.8) | (1.7) | - | 83.8 |
| Inter-segment revenue | (62.3) | - | - | - | (17.8) | (80.1) |
| Total income | 544.7 | 150.6 | (13.8) | (1.7) | (17.8) | 662.0 |
| Operating expenses (excluding depreciation and amortisation) | (500.9) | (16.7) | - | - | 17.8 | (499.8) |
| Interest income | 1.3 | 1.8 | - | - | - | 3.1 |
| Interest expense | (68.5) | (6.7) | - | - | - | (75.2) |
| Depreciation and amortisation | (42.4) | (14.8) | - | - | - | (57.2) |
| Net gain/(loss) on foreign exchange and derivatives | 5.8 | 9.5 | - | - | - | 15.3 |
| Net realisations, revaluations and impairments | 13.7 | - | - | - | - | 13.7 |
| Taxation expense | (2.3) | (2.6) | - | - | - | (4.9) |
| Net surplus/(loss) for the year | (48.6) | 121.1 | (13.8) | (1.7) | - | 57.0 |
| Current assets | 603.2 | 144.0 | - | - | - | 747.2 |
| Non-current assets | 4,931.9 | 2,217.9 | 34.4 | 6.1 | - | 7,190.3 |
| Current liabilities | 466.5 | 36.2 | - | - | - | 502.7 |
| Non-current liabilities | 3,281.6 | 530.3 | - | - | - | 3,811.9 |
| Net assets | 1,787.0 | 1,795.4 | 34.4 | 6.1 | - | 3,622.9 |
| Capital expenditure and investments | 195.8 | 158.6 | 5.6 | 5.0 | - | 365.0 |
| **For the period ended 30 September 2019** | | | | | | |
| Total revenue | 813.6 | 200.5 | - | - | (191.9) | 822.2 |
| Share of earnings of associate companies | (3.3) | 86.5 | 17.9 | - | (0.5) | 100.6 |
| Inter-segment revenue | (98.1) | - | - | - | (22.3) | (120.4) |
| Total income | 712.2 | 287.0 | 17.9 | - | (214.7) | 802.4 |
| Operating expenses (excluding depreciation and amortisation) | (589.8) | (105.6) | - | - | 196.9 | (498.5) |
| Interest income | 8.2 | 3.5 | - | - | (5.5) | 6.2 |
| Interest expense | (80.8) | (18.5) | - | - | 7.5 | (91.8) |
| Depreciation and amortisation | (51.7) | (33.1) | - | - | 9.6 | (75.2) |
| Net gain/(loss) on foreign exchange and derivatives | (6.5) | (9.7) | - | - | (0.2) | (16.4) |
| Net realisations, revaluations and impairments | 33.0 | (26.5) | - | - | (7.3) | (0.8) |
| Taxation expense | (42.2) | (8.2) | - | - | 4.3 | (46.1) |
| Net surplus/(loss) for the year | (17.6) | 88.9 | 17.9 | - | (9.4) | 79.8 |
| Current assets | 562.8 | 97.9 | - | - | - | 660.7 |
| Non-current assets | 4,911.6 | 2,164.8 | 31.8 | - | - | 7,108.2 |
| Current liabilities | 606.8 | 268.9 | - | - | - | 875.7 |
| Non-current liabilities | 3,125.5 | 614.8 | - | - | 26.0 | 3,766.3 |
| Net assets | 1,742.1 | 1,379.0 | 31.8 | - | (26.0) | 3,126.9 |
| Capital expenditure and investments | 1,195.3 | 96.7 | 6.3 | - | (3.0) | 1,295.3 |

## Entity wide disclosure – geographical (continued)

| | New Zealand $Millions Audited | Australia $Millions Audited | United States $Millions Audited | Europe $Millions Audited | Eliminations & discontinued operations $Millions Audited | Total from continuing operations $Millions Audited |
|---|---|---|---|---|---|---|
| **For the period ended 31 March 2020** | | | | | | |
| Total revenue | 1,391.4 | 249.6 | – | – | (191.9) | 1,449.1 |
| Share of earnings of associate companies | (24.6) | 107.8 | 4.7 | (0.6) | (0.5) | 86.8 |
| Inter-segment revenue | (125.3) | – | – | – | (41.9) | (167.2) |
| Total income | 1,241.5 | 357.4 | 4.7 | (0.6) | (234.3) | 1,368.7 |
| Operating expenses (excluding depreciation and amortisation) | (1,147.5) | (97.5) | – | – | 216.5 | (1,028.5) |
| Interest income | 9.1 | 7.2 | – | – | (5.6) | 10.7 |
| Interest expense | (170.0) | (34.6) | – | – | 7.5 | (197.1) |
| Depreciation and amortisation | (100.2) | (56.8) | – | – | 9.5 | (147.5) |
| Net gain/(loss) on foreign exchange and derivatives | 15.7 | (9.5) | – | – | – | 6.2 |
| Net realisations, revaluations and impairments | (3.4) | 488.6 | – | – | 25.5 | 510.7 |
| Taxation expense | (11.2) | (7.4) | – | – | 4.2 | (14.4) |
| Net surplus/(loss) for the year | (166.0) | 647.4 | 4.7 | (0.6) | 23.3 | 508.8 |
| Current assets | 268.1 | 665.2 | – | – | – | 933.3 |
| Non-current assets | 4,845.6 | 1,773.1 | 30.1 | 3.0 | – | 6,651.8 |
| Current liabilities | 357.1 | 64.3 | – | – | – | 421.4 |
| Non-current liabilities | 3,434.0 | 389.8 | – | – | – | 3,823.8 |
| Net assets | 1,322.6 | 1,984.2 | 30.1 | 3.0 | – | 3,339.9 |
| Capital expenditure and investments | 1,249.8 | 512.5 | 34.0 | 3.4 | (3.0) | 1,796.7 |

## 5 Investments in associates

| | Note | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|---|
| *Investments in associates are as follows:* | | | | |
| Vodafone New Zealand | 5.1 | 917.5 | 1,026.4 | 974.0 |
| CDC Data Centres | 5.2 | 845.8 | 660.8 | 693.4 |
| RetireAustralia | 5.3 | 313.3 | 367.4 | 291.5 |
| Longroad Energy | 5.4 | – | 3.5 | – |
| Galileo Green Energy | | 6.1 | – | 3.0 |
| **Investments in associates** | | **2,082.7** | **2,058.1** | **1,961.9** |
| *Equity accounted earnings of associates are as follows:* | | | | |
| Vodafone New Zealand | 5.1 | (15.6) | (3.2) | (24.7) |
| CDC Data Centres | 5.2 | 108.5 | 79.5 | 161.0 |
| RetireAustralia | 5.3 | 6.4 | 6.5 | (53.7) |
| Longroad Energy | 5.4 | (13.8) | 17.8 | 4.7 |
| Galileo Green Energy | | (1.7) | – | (0.5) |
| **Share of earnings of associate companies** | | **83.8** | **100.6** | **86.8** |

## 5.1 Vodafone New Zealand

On 31 July 2019, the Group acquired a 49.9% ownership interest in Vodafone New Zealand Limited ('Vodafone'). The Group and consortium partner Brookfield Asset Management Inc. ('Brookfield') each acquired 49.9% of the share capital, with the remaining shares held by management of Vodafone. Vodafone is a full-service telecommunications company in New Zealand and the acquisition increases Infratil's exposure to long-term data and connectivity growth. Infratil's current shareholding is 49.9% (30 September 2019: 49.9%, 31 March 2020: 49.9%).

| **Movement in the carrying amount of the Group's investment in Vodafone:** | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|
| Carrying value at 1 April | 974.0 | - | - |
| Acquisition of shares | - | 690.3 | 690.3 |
| Capitalised transaction costs | - | - | 0.2 |
| Shareholder loan | - | 339.3 | 339.4 |
| Total capital contributions during the period | - | 1,029.6 | 1,029.9 |
| Interest on shareholder loan | 5.2 | 2.5 | 9.3 |
| Share of associate's surplus/(loss) before income tax | (27.6) | (4.1) | (45.1) |
| Share of associate's income tax (expense) | 6.8 | (1.6) | 11.1 |
| Total share of associate's earnings during the period | (15.6) | (3.2) | (24.7) |
| Share of associate's other comprehensive income | 1.3 | - | (6.2) |
| *less:* Distributions received | - | - | (19.1) |
| *less:* Shareholder loan repayments including interest | (42.2) | - | (5.9) |
| Carrying value of investment in associate | 917.5 | 1,026.4 | 974.0 |

| **Summary financial information** | 30 September 2020 $Millions Unaudited | 30 September 2019 $Millions Unaudited | 31 March 2020 $Millions Audited |
|---|---|---|---|
| *Summary information for Vodafone is not adjusted for the percentage ownership held by the Group (unless stated)* | | | |
| Current assets | 540.6 | 540.2 | 598.7 |
| Non-current assets | 3,679.0 | 3,989.2 | 3,811.7 |
| Total assets | 4,219.6 | 4,529.4 | 4,410.4 |
| Current liabilities | 552.0 | 564.9 | 580.9 |
| Non-current liabilities | 2,442.2 | 2,593.0 | 2,565.0 |
| Total liabilities | 2,994.2 | 3,157.9 | 3,145.9 |
| Net assets (100%) | 1,225.4 | 1,371.5 | 1,264.5 |
| Group's share of net assets | 611.4 | 684.4 | 631.0 |
| | | | |
| Revenues | 939.6 | 297.2 | 1,382.6 |
| Net surplus/(loss) after tax | (37.1) | (11.4) | (68.1) |
| Total other comprehensive income | 1.2 | - | 2.2 |

### 5.1 Vodafone New Zealand (continued)

The summary financial information presented on the previous page is reflective of Infratil's period of ownership from 31 July 2019. This is relevant for the profit and loss numbers presented in the comparative periods which are for 2 months and 8 months respectively.

| | 30 September 2020 $Millions Unaudited | 30 September 2019 $Millions Unaudited | 31 March 2020 $Millions Audited |
|---|---|---|---|
| *Reconciliation of the carrying amount of the Group's investment in Vodafone:* | | | |
| Group's share of net assets | 611.4 | 684.4 | 631.0 |
| *add*: Shareholder loan | 305.9 | 341.8 | 342.8 |
| *add*: Capitalised transaction costs | 0.2 | 0.2 | 0.2 |
| Carrying value of investment in associate | 917.5 | 1,026.4 | 974.0 |

### 5.2 CDC Data Centres

On 14 September 2016 the Group completed the acquisition of 48.13% of CDC Data Centres ('CDC'). CDC operates across 3 accredited and connected Data Centre campuses in Canberra and Sydney, with construction of additional facilities in Auckland, New Zealand underway. These facilities provide highly secure outsourced co-location Data Centre services to Australian Government entities and third party service providers. Infratil's current shareholding is 48.08% (30 September 2019: 48.22%, 31 March 2020: 48.22%).

| **Movement in the carrying amount of the Group's investment in CDC:** | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|
| Carrying value at 1 April | 693.4 | 555.3 | 555.3 |
| Acquisition of shares | 7.5 | - | - |
| Shareholder loan | - | 8.1 | 8.1 |
| Total capital contributions during the period | 7.5 | 8.1 | 8.1 |
| Interest on shareholder loan | 6.3 | 7.2 | 14.2 |
| Share of associate's surplus/(loss) before income tax | 147.7 | 107.9 | 216.6 |
| Share of associate's income tax (expense) | (48.6) | (35.6) | (69.8) |
| *add*: share of associate's share capital issued, net of dilution | 3.1 | - | - |
| Total share of associate's earnings during the period | 108.5 | 79.5 | 161.0 |
| Share of associate's other comprehensive income | (0.4) | - | - |
| *less:* Shareholder loan repayments including interest | - | (0.6) | (16.1) |
| Foreign exchange movements | 36.8 | 18.5 | (14.9) |
| Carrying value of investment in associate | 845.8 | 660.8 | 693.4 |

## 5.2 CDC Data Centres (continued)

| Summary financial information | 30 September 2020 A$Millions Unaudited | 30 September 2019 A$Millions Unaudited | 31 March 2020 A$Millions Audited |
|---|---|---|---|
| *Summary information for CDC is not adjusted for the percentage ownership held by the Group (unless stated)* | | | |
| Current assets | 148.3 | 78.9 | 87.2 |
| Non-current assets | 3,118.6 | 2,299.4 | 2,703.3 |
| Total assets | 3,266.9 | 2,378.3 | 2,790.5 |
| Current liabilities | 79.4 | 69.7 | 73.3 |
| Non-current liabilities | 1,910.0 | 1,396.8 | 1,654.1 |
| Total liabilities | 1,989.4 | 1,466.5 | 1,727.4 |
| Net assets (100%) | 1,277.5 | 911.7 | 1,063.1 |
| Group's share of net assets | 614.2 | 441.7 | 512.6 |
| Revenues | 92.7 | 67.2 | 173.6 |
| Net surplus/(loss) after tax | 191.7 | 137.8 | 289.1 |
| Total other comprehensive income | (0.8) | - | - |

| | 30 September 2020 $Millions Unaudited | 30 September 2019 $Millions Unaudited | 31 March 2020 $Millions Audited |
|---|---|---|---|
| *Reconciliation of the carrying amount of the Group's investment in CDC:* | | | |
| Group's share of net assets in NZD | 663.8 | 475.6 | 526.3 |
| *add*: Shareholder loan | 182.0 | 185.2 | 167.1 |
| Carrying value of investment in associate | 845.8 | 660.8 | 693.4 |

CDC's functional currency is Australian Dollars (A$) and the summary financial information shown is presented in this currency. The NZD/AUD exchange rates used to convert the summary financial information to the Group's functional currency ($NZD) were 0.9253 (Spot rate) and 0.9329 (Average rate) (30 September 2019: Spot rate 0.9287, Average rate 0.9468, 31 March 2020: Spot rate 0.9740, Average rate 0.9501).

### 5.3 RetireAustralia

On 31 December 2014, the Group acquired a 50% shareholding of RetireAustralia, with consortium partner the New Zealand Superannuation Fund acquiring the other 50%. RetireAustralia operates 27 retirement villages across three states in Australia – New South Wales, Queensland and South Australia. Infratil's current shareholding is 50% (30 September 2019: 50%, 31 March 2020: 50%).

| **Movement in the carrying amount of the Group's investment in RetireAustralia:** | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|
| Carrying value at 1 April | 291.5 | 289.3 | 289.3 |
| Acquisition of shares | - | 61.3 | 61.3 |
| Total capital contributions during the period | - | 61.3 | 61.3 |
| Share of associate's surplus/(loss) before income tax | 6.4 | 6.5 | (53.7) |
| Share of associate's income tax (expense) | - | - | - |
| Total share of associate's earnings during the period | 6.4 | 6.5 | (53.7) |
| Share of associate's other comprehensive income | - | - | - |
| *less*: Distributions received | - | - | - |
| Foreign exchange movements | 15.4 | 10.3 | (5.4) |
| Carrying value of investment in associate | 313.3 | 367.4 | 291.5 |

| **Summary financial information** | 30 September 2020 A$Millions Unaudited | 30 September 2019 A$Millions Unaudited | 31 March 2020 A$Millions Audited |
|---|---|---|---|
| *Summary information for RetireAustralia is not adjusted for the percentage ownership held by the Group (unless stated)* | | | |
| Current assets | 216.4 | 193.1 | 196.4 |
| Non-current assets | 2,300.9 | 2,355.6 | 2,266.4 |
| Total assets | 2,517.3 | 2,548.7 | 2,462.8 |
| Current liabilities | 1,753.6 | 1,733.1 | 1,738.0 |
| Non-current liabilities | 183.8 | 133.4 | 157.1 |
| Total liabilities | 1,937.4 | 1,866.5 | 1,895.1 |
| Net assets (100%) | 579.8 | 682.2 | 567.7 |
| Group's share of net assets | 290.0 | 341.1 | 283.9 |
| Group's share of net assets and carrying value of investment in associate ($NZD) | 313.3 | 367.4 | 291.5 |
| Revenues | 47.1 | 38.8 | 77.5 |
| Net surplus/(loss) after tax | 9.3 | 12.4 | (102.1) |
| Total other comprehensive income | - | - | - |

RetireAustralia's functional currency is Australian Dollars (A$) and the summary financial information shown is presented in this currency. The NZD/AUD exchange rates used to convert the summary financial information to the Group's functional currency ($NZD) were 0.9253 (Spot rate) and 0.9329 (Average rate) (30 September 2019: Spot rate 0.9287, Average rate 0.9468, 31 March 2020: Spot rate 0.9740, Average rate 0.9501).

RetireAustralia's net current asset deficiency has primarily arisen due to the requirement under Accounting Standards to classify resident obligations as current liabilities as there is no unconditional contractual right to defer settlement for at least twelve months of balance date (residents may give notice of their intention to vacate their unit with immediate effect). In contrast, the corresponding assets are classified as non-current under Accounting Standards.

### 5.4 Longroad Energy

On 5 October 2016 the Group announced an initial investment in Longroad Energy Holdings, LLC ('Longroad Energy'), a renewable energy development and operating vehicle headquartered in Boston, Massachusetts. Longroad Energy's focus is primarily in the development of utility-scale wind and solar generation throughout North America. Infratil's current shareholding is 40% (30 September 2019: 40%, 31 March 2020: 40%). The other establishment partners are the New Zealand Superannuation Fund (40%) and the Longroad management team (20%). In December 2018 Longroad Energy distributed its membership interest in Montgomery Street Holdings, LLC ('MSH') to the shareholders of Longroad Energy. The carrying value of MSH is included within the equity accounting for Longroad Energy presented below.

| **Movement in the carrying amount of the Group's investment in Longroad Energy:** | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|
| Carrying value at 1 April | - | 10.8 | 10.8 |
| Capital contributions | 3.3 | 5.9 | 31.8 |
| Total capital contributions during the period | 3.3 | 5.9 | 31.8 |
| Share of associate's surplus/(loss) before income tax | (13.8) | 17.8 | 4.7 |
| Share of associate's income tax (expense) | - | - | - |
| Total share of associate's earnings during the period | (13.8) | 17.8 | 4.7 |
| Share of associate's other comprehensive income | 28.0 | (9.7) | (15.0) |
| *less:* Distributions received | (8.0) | (17.7) | (29.0) |
| *less:* Capital returned | (11.1) | (3.6) | (4.4) |
| Foreign exchange movements | 1.6 | - | 1.1 |
| Carrying value of investment in associate | - | 3.5 | - |

An adjustment to the carrying value of the investment in Longroad Energy has been recorded as at 30 September 2020 and 31 March 2020 as under NZ IAS 28 the carrying amount of the investment is not permitted to reduce below zero. This adjustment is included in share of associate's other comprehensive income.

## 5.4 Longroad Energy (continued)

| Summary financial information | 31 December 2019 US$Millions Unaudited | 31 December 2018 US$Millions Unaudited |
|---|---|---|
| *Summary information for Longroad Energy is not adjusted for the percentage ownership held by the Group (unless stated)* | | |
| Current assets | 153.0 | 282.2 |
| Non-current assets | 1,247.3 | 572.7 |
| Total assets | 1,400.3 | 854.9 |
| Current liabilities | 270.0 | 290.1 |
| Non-current liabilities | 1,059.8 | 533.8 |
| Total liabilities | 1,329.8 | 823.9 |
| Net assets (100%) | 70.5 | 31.0 |
| Revenues | 94.3 | 93.4 |
| Net surplus/(loss) after tax | 6.8 | 59.5 |
| Total other comprehensive income | (10.2) | (1.1) |

Longroad's functional currency is United States Dollars ($US) and the summary financial information shown is presented in this currency. The NZD/USD exchange rates used to convert the summary financial information to the Group's functional currency ($NZD) were 0.6603 (Spot rate) and 0.6408 (Average rate) (30 September 2019: Spot rate 0.6277, Average rate 0.6557, 31 March 2020: Spot rate 0.5997, Average rate 0.6474).

The summary information provided is taken from the most recent audited annual financial statements of Longroad Energy Holdings, LLC which has a balance date of 31 December and are reported as at that date.

### Letter of credit facility

Longroad has obtained an uncommitted secured letter of credit facility of up to US$150 million from HSBC Bank. Letters of credit under the Facility are on issue to beneficiaries to support the development and continued operations of Longroad. Infratil has provided shareholder backing of the Longroad Letter of Credit facility, specifically, Infratil (and the New Zealand Superannuation Fund) have collectively agreed to meet up to US$150 million of capital calls (i.e. subscribe for additional units) equal to Longroad's reimbursement obligation to the extent that a Letter of Credit is called and Longroad cannot fund the call, taking into account immediately available working capital. As at 30 September 2020, US$91.8 million (30 September 2019: US$104.4 million, 31 March 2020: US$113.5 million) in Letters of Credit are on issue under the Longroad Letter of Credit facility.

## 6 Other investments

| | 30 September 2020 $Millions Unaudited | 30 September 2019 $Millions Unaudited | 31 March 2020 $Millions Audited |
|---|---|---|---|
| Australian Social Infrastructure Partners | 36.0 | 46.1 | 33.4 |
| Clearvision Ventures | 34.4 | 28.3 | 30.1 |
| Other | 7.8 | 8.7 | 7.9 |
| **Other investments** | **78.2** | **83.1** | **71.4** |

### Australian Social Infrastructure Partners

Australian Social Infrastructure Partners ('ASIP') holds a 9.95% share of the equity in the New Royal Adelaide Hospital public-private partnership ('PPP'). ASIP divested its 49.0% equity interest in the South East Queensland Schools PPP during the year ended 31 March 2020, from which Infratil's share of cash proceeds was A$12.9 million. In 2014, Infratil made a A$100 million commitment to pursue greenfield availability-based PPP opportunities in Australia via ASIP. As at 30 September 2020, A$69.0 million of the commitment remains uncalled (30 September 2019: A$69.5 million; 31 March 2020: A$69.5 million) however no further Capital Calls are forecast from ASIP.

### Clearvision Ventures

In February 2016 Infratil made an initial commitment of US$25 million to the California based Clearvision Ventures. An additional commitment of US$25 million was made in May 2020 bringing Infratil's total commitment to US$50 million. The strategic objective is to help Infratil's businesses identify and engage with technology changes that will impact their activities. As at 30 September 2020 Infratil has made total contributions of US$25.7 million (30 September 2019: US$19.8 million, 31 March 2020: US$21.0 million), with the remaining US$24.3 million commitment uncalled at that date.

## 7 Revenue

| | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|
| Electricity | 458.0 | 534.8 | 940.2 |
| Gas | 18.1 | 17.5 | 29.9 |
| Telecommunications | 50.7 | 46.8 | 98.1 |
| Aircraft movement and terminal charges | 11.3 | 40.3 | 80.8 |
| Hotel and other trading activities | 14.5 | 32.3 | 39.1 |
| Revenue allocated to customer incentives | 12.0 | 15.6 | 27.9 |
| Other | 13.6 | 13.9 | 65.3 |
| **Total operating revenue** | **578.2** | **701.3** | **1,281.3** |

The reduction in Electricity revenue primarily reflects the sale of Tilt Renewable's Snowtown 2 wind farm in December 2019.

The reduction in Aircraft movement and terminal charges and Hotel and other trading activities primarily reflects the significant reduction in passengers at WIAL as a result on restrictions on travel imposed as a resut of the COVID-19 pandemic.

## 8 Other operating expenses

| | Note | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|---|
| *Trading operations* | | | | |
| Energy and wholesale costs | | 105.0 | 123.2 | 207.1 |
| Line, distribution and network costs | | 133.2 | 151.6 | 280.7 |
| Generation production & development costs | | 22.4 | 26.0 | 45.5 |
| Other energy business costs | | 61.0 | 64.8 | 126.5 |
| Telecommunications cost of sales | | 32.8 | 32.8 | 63.3 |
| Airport business costs | | 10.0 | 14.2 | 27.5 |
| Bad debts written off | | 2.5 | 1.4 | 3.6 |
| Increase in provision for expected credit loss | | – | – | 3.2 |
| Directors' fees | | 1.4 | 1.7 | 3.3 |
| Administration and other corporate costs | | 3.4 | 1.9 | 5.4 |
| Management fee | 15 | 19.6 | 17.4 | 37.3 |
| International Portfolio Incentive fee | 15 | 57.7 | 12.8 | 125.0 |
| Donations | | 0.8 | 0.2 | 1.0 |
| **Total other operating expenses** | | **449.8** | **448.0** | **929.4** |

## 9 Taxation

| | 6 months ended 30 September 2020 $Millions Unaudited | 6 monthded ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|
| Net surplus before taxation from continuing operations | 61.9 | 125.9 | 523.2 |
| Taxation on the surplus for the period @ 28% | 17.3 | 35.3 | 146.5 |
| *Plus/(less) taxation adjustments:* | | | |
| Effect of tax rates in foreign jurisdictions | 1.7 | (0.6) | 9.6 |
| Net benefit of imputation credits | – | – | – |
| Timing differences not recognised | – | – | (3.1) |
| Tax losses not recognised/(utilised) | (11.0) | (3.2) | 6.2 |
| Effect of equity accounted earnings of associates | (24.7) | (20.5) | (2.1) |
| Recognition of previously unrecognised deferred tax | – | 9.0 | (20.8) |
| (Over)/under provision in prior periods | (6.5) | 7.5 | (6.1) |
| Net investment realisations | – | (0.1) | (148.8) |
| Other permanent differences | 28.1 | 18.7 | 33.0 |
| **Taxation expense** | **4.9** | **46.1** | **14.4** |
| Current taxation | 15.1 | 36.8 | 35.1 |
| Deferred taxation | (10.2) | 9.3 | (20.7) |
| Tax on discontinued operations | – | 4.3 | 4.3 |

## 10 Loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings.

| | 30 September 2020 $Millions Unaudited | 30 September 2019 $Millions Unaudited | 31 March 2020 $Millions Audited |
|---|---|---|---|
| **Current liabilities** | | | |
| Unsecured bank loans | 57.0 | 225.0 | 118.0 |
| Secured bank facilities | 32.4 | 210.3 | 19.8 |
| *less:* Loan establishment costs capitalised and amortised over term | (3.1) | (5.1) | (3.1) |
| | 86.3 | 430.2 | 134.7 |
| **Non-current liabilities** | | | |
| Unsecured bank loans | 328.9 | 338.8 | 460.7 |
| Secured bank facilities | 506.4 | 504.3 | 384.0 |
| *less:* Loan establishment costs capitalised and amortised over term | (8.9) | (11.5) | (9.7) |
| | 826.4 | 831.6 | 835.0 |
| **Facilities utilised at reporting date** | | | |
| Unsecured bank loans | 385.9 | 563.8 | 578.7 |
| Secured bank loans | 538.8 | 714.6 | 403.8 |
| Secured guarantees | 128.1 | 187.4 | 162.2 |
| **Facilities not utilised at reporting date** | | | |
| Unsecured bank loans | 759.1 | 679.3 | 514.5 |
| Secured bank loans | 174.9 | 348.2 | 303.6 |
| Secured guarantees | 58.3 | 74.3 | 57.6 |
| Interest bearing loans and borrowings – *current* | 86.3 | 430.2 | 134.7 |
| Interest bearing loans and borrowings – *non-current* | 826.4 | 831.6 | 835.0 |
| **Total interest bearing loans and borrowings** | **912.7** | **1,261.8** | **969.7** |

| | 30 September 2020 $Millions Unaudited | 30 September 2019 $Millions Unaudited | 31 March 2020 $Millions Audited |
|---|---|---|---|
| **Maturity profile for bank facilities (excluding secured guarantees):** | | | |
| Between 0 to 1 year | 179.9 | 635.2 | 220.0 |
| Between 1 to 2 years | 532.2 | 603.8 | 248.9 |
| Between 2 to 5 years | 926.3 | 786.7 | 1,118.4 |
| Over 5 years | 220.3 | 280.2 | 213.3 |
| **Total bank facilities** | **1,858.7** | **2,305.9** | **1,800.6** |

### Financing arrangements

Infratil Finance Limited, a wholly owned subsidiary of the Company, has entered into bank facility arrangements with a negative pledge agreement, which, with limited exceptions does not permit the Infratil Guaranteeing Group ('IGG') to grant any security over its assets. The IGG comprises entities subject to a cross guarantee and comprises Infratil Limited, Infratil Finance Limited and certain other wholly owned subsidiaries. The IGG does not incorporate the underlying assets of the Company's non-wholly owned subsidiaries and investments in associates. The IGG bank facilities also include restrictions over the sale or disposal of certain assets without bank agreement. Liability under the cross guarantee is limited to the amount of debt drawn under the IGG facilities, plus any unpaid interest and costs of recovery. At 30 September 2020 drawn debt and accrued interest under the IGG facilities was $52.0 million (30 September 2019: $327.7 million, 31 March 2020: $355.3 million).

Infratil Energy New Zealand Limited ('IENZ'), a wholly owned subsidiary of the Company, is not a member of the IGG and has granted a security interest over assets with a carrying amount of $346.6 million (30 September 2019: $400.9 million, 31 March 2020: $310.2 million) as part of its bank facility arrangements. IENZ has total facilities of $125.0 million, of which $50.0 million was drawn as at 30 September 2020 (30 September 2019: $10.0 million, 31 March 2020: $125.0 million).

The Group's non-wholly owned subsidiaries also enter into bank facility arrangements. Amounts outstanding under these facilities are included within loans and borrowings in the table above. Wellington International Airport and Trustpower facilities are both subject to negative pledge arrangements, which with limited exceptions does not permit those entities to grant security over their respective assets. Tilt Renewables borrows under syndicated bank debt facilities (both general and project specific) and has granted security over its assets. All non-wholly owned subsidiary facilities are subject to restrictions over the sale or disposal of certain assets without bank agreement. The various bank facilities across the Group require the relevant borrowing group to maintain certain levels of shareholder funds and operate within defined performance and gearing ratios. Throughout the period the Group has complied with all debt covenant requirements as imposed by the respective lenders.

The impacts of COVID-19 have resulted in Wellington International Airport ('WIAL') forecasting a significant reduction in passenger numbers and income. As a result, WIAL has modelled certain scenarios where a breach in certain covenants may occur at the measurement dates of 31 March 2021 and 30 September 2021, without corrective action being undertaken. In response, and during the six month period to 30 September 2020, WIAL has increased its bank facilities from $100.0 million to $170.0 million, extended its bank facility maturity dates and issued a $100.0 million retail bond (WIA070). WIAL has also obtained a temporary waiver of certain bank and USPP covenants for the test dates of September 2020, March 2021 and September 2021. Notwithstanding the temporary covenant waivers obtained, WIAL complied with its financial covenants during the period and as at the test date of 30 September 2020.

Interest rates payable on bank loan facilities are floating rate determined by reference to prevailing money market rates at the time of draw-down plus a margin. Interest rates paid during the period ranged from 0.62% to 2.93% (30 September 2019: 1.60% to 3.70%, 31 March 2020: 1.45% to 4.10%).

## 11 Infrastructure bonds

| | 30 September 2020 $Millions Unaudited | 30 September 2019 $Millions Unaudited | 31 March 2020 $Millions Audited |
|---|---|---|---|
| Balance at the beginning of the period | 1,293.2 | 1,127.6 | 1,127.6 |
| Issued during the period | - | 268.3 | 316.4 |
| Exchanged during the period | - | - | (29.3) |
| Matured during the period | - | - | (119.7) |
| Bond issue costs capitalised during the period | - | (3.4) | (4.2) |
| Bond issue costs amortised during the period | 1.0 | 1.1 | 2.4 |
| **Balance at the end of the period** | **1,294.2** | **1,393.6** | **1,293.2** |
| Current | 93.7 | 149.0 | - |
| Non-current fixed coupon | 846.9 | 902.3 | 939.7 |
| Non-current variable coupon | 121.7 | 110.6 | 121.6 |
| Non-current perpetual variable coupon | 231.9 | 231.7 | 231.9 |
| **Balance at the end of the period** | **1,294.2** | **1,393.6** | **1,293.2** |
| *Repayment terms and interest rates:* | | | |
| IFT200 maturing in November 2019, 6.75% p.a. fixed coupon rate | - | 68.5 | - |
| IFT090 maturing in February 2020, 8.50% p.a. fixed coupon rate | - | 80.5 | - |
| IFT220 maturing in June 2021, 4.90% p.a. fixed coupon rate | 93.9 | 93.9 | 93.9 |
| IFT190 maturing in June 2022, 6.85% p.a. fixed coupon rate | 93.7 | 93.7 | 93.7 |
| IFT240 maturing in December 2022, 5.65% p.a. fixed coupon rate | 100.0 | 100.0 | 100.0 |
| IFT210 maturing in September 2023, 5.25% p.a. fixed coupon rate | 122.1 | 122.1 | 122.1 |
| IFT230 maturing in June 2024, 5.50% p.a. fixed coupon rate | 56.1 | 56.1 | 56.1 |
| IFT260 maturing in December 2024, 4.75% p.a. fixed coupon rate | 100.0 | 100.0 | 100.0 |
| IFT250 maturing in June 2025, 6.15% p.a. fixed coupon rate | 43.4 | 43.4 | 43.4 |
| IFT300 maturing in March 2026, 3.35% p.a. fixed coupon rate | 37.0 | 156.3 | 37.0 |
| IFT280 maturing in December 2026, 3.35% p.a. fixed coupon rate | 156.3 | - | 156.3 |
| IFT270 maturing in December 2028, 4.85% p.a. fixed coupon rate until 15 December 2023 | 146.2 | 146.2 | 146.2 |
| IFTHC maturing in December 2029, 3.50% p.a. variable coupon rate | 123.2 | 112.1 | 123.2 |
| IFTHA Perpetual Infratil infrastructure bonds | 231.9 | 231.9 | 231.9 |
| less: Bond issue costs capitalised and amortised over term | (9.6) | (11.1) | (10.6) |
| **Balance at the end of the period** | **1,294.2** | **1,393.6** | **1,293.2** |

### Fixed coupon

The fixed coupon bonds the Company has on issue are at a face value of $1.00 per bond. Interest is payable quarterly on the bonds.

### IFTHC bonds

The IFTHC bonds the Company has on issue are at a face value of $1.00 per bond. Interest is payable quarterly on the bonds. For the period to 15 December 2020 the coupon is fixed at 3.50% per annum. Thereafter the rate will be reset annually at 2.50% per annum over the then one year swap rate for quarterly payments.

#### IFT270 bonds

The interest rate of the IFT270 bonds is fixed for the first five years and then reset on 15 December 2023 for a further five years. The interest rate for the IFT270 bonds for the period from (but excluding) 15 December 2023 until the maturity date will be the sum of the five year swap rate on 15 December 2023 plus a margin of 2.50% per annum.

#### Perpetual Infratil infrastructure bonds ('PIIBs')

The Company has 231,916,000 (30 September 2019: 231,916,000, 31 March 2020: 231,916,000) PIIBs on issue at a face value of $1.00 per bond. Interest is payable quarterly on the bonds. On 15 November 2019 the coupon was set at 2.67% per annum until the next reset date, being 15 November 2020 (September 2019: 3.55%, March 2020: 2.67%). Thereafter the rate will be reset annually at 1.50% per annum over the then one year swap rate for quarterly payments, unless Infratil's gearing ratio exceeds certain thresholds, in which case the margin increases. These infrastructure bonds have no fixed maturity date. No PIIBs (September 2019: nil, March 2020: nil) were repurchased by Infratil Limited during the period.

Throughout the period the Company complied with all debt covenant requirements as imposed by its bond Supervisor.

At 30 September 2020 Infratil Infrastructure bonds (including PIIBs) had a fair value of $1,250.2 million (30 September 2019: $1,393.6 million, 31 March 2020: $1,161.5 million).

## 12 Financial instruments

### 12.1 Fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements is their fair value, with the exception of bond debt and senior notes held at amortised cost which have a fair value at 30 September 2020 of $2,355.1 million (30 September 2019: $2,415.4 million, 31 March 2020: $2,142.5 million) compared to a carrying value of $2,328.4 million (30 September 2019: $2,339.5 million, 31 March 2020: $2,266.3 million).

### 12.2 Estimation of fair values

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities are calculated using market-quoted rates based on discounted cash flow analysis.
- The fair value of derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

- forward price curve (for the relevant underlying interest rates, foreign exchange rates or commodity prices); and
- discount rates.

| Valuation input | Source |
|---|---|
| Interest rate forward price curve | Published market swap rates |
| Foreign exchange forward prices | Published spot foreign exchange rates |
| Electricity forward price curve | Market quoted prices where available and management's best estimate based on its view of the long run marginal cost of new generation where no market quoted prices are available |
| Discount rate for valuing interest rate derivatives | Published market interest rates as applicable to the remaining life of the instrument |
| Discount rate for valuing forward foreign exchange contracts | Published market rates as applicable to the remaining life of the instrument |
| Discount rate for valuing electricity price derivatives | Assumed counterparty cost of funds ranging from 3.3% to 3.5% (30 September 2019: 3.3% to 3.5%, 31 March 2020: 3.1% to 4.1%) |

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques.

## 12.3 Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (**level 1**)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (**level 2**)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (**level 3**)

The following tables present the Group's financial assets and liabilities that are measured at fair value.

| 30 September 2020 | Level 1 $Millions Unaudited | Level 2 $Millions Unaudited | Level 3 $Millions Unaudited | Total $Millions Unaudited |
|---|---|---|---|---|
| **Assets per the statement of financial position** | | | | |
| Derivative financial instruments – energy | - | 2.0 | 155.3 | 157.3 |
| Derivative financial instruments – cross currency interest rate swaps | - | 21.2 | - | 21.2 |
| Derivative financial instruments – foreign exchange | - | 0.1 | - | 0.1 |
| Derivative financial instruments – interest rate | - | 17.0 | - | 17.0 |
| **Total** | **-** | **40.3** | **155.3** | **195.6** |
| **Liabilities per the statement of financial position** | | | | |
| Derivative financial instruments – energy | - | - | 91.1 | 91.1 |
| Derivative financial instruments – cross currency interest rate swaps | - | - | - | - |
| Derivative financial instruments – foreign exchange | - | - | - | - |
| Derivative financial instruments – interest rate | - | 130.1 | 1.1 | 131.2 |
| **Total** | **-** | **130.1** | **92.2** | **222.3** |
| **30 September 2019** | | | | |
| **Assets per the statement of financial position** | | | | |
| Derivative financial instruments – energy | - | 1.0 | 146.3 | 147.3 |
| Derivative financial instruments – cross currency interest rate swaps | - | 19.8 | - | 19.8 |
| Derivative financial instruments – foreign exchange | - | 1.0 | - | 1.0 |
| Derivative financial instruments – interest rate | - | 2.5 | - | 2.5 |
| **Total** | **-** | **24.3** | **146.3** | **170.6** |
| **Liabilities per the statement of financial position** | | | | |
| Derivative financial instruments – energy | - | 3.9 | 45.9 | 49.8 |
| Derivative financial instruments – cross currency interest rate swaps | - | - | - | - |
| Derivative financial instruments – foreign exchange | - | - | - | - |
| Derivative financial instruments – interest rate | - | 131.9 | - | 131.9 |
| **Total** | **-** | **135.8** | **45.9** | **181.7** |

| 31 March 2020 | Level 1 $Millions Audited | Level 2 $Millions Audited | Level 3 $Millions Audited | Total $Millions Audited |
|---|---|---|---|---|
| **Assets per the statement of financial position** | | | | |
| Derivative financial instruments – energy | - | 3.1 | 32.6 | 35.7 |
| Derivative financial instruments – cross currency interest rate swaps | - | 35.5 | - | 35.5 |
| Derivative financial instruments – foreign exchange | - | 1.6 | - | 1.6 |
| Derivative financial instruments – interest rate | - | 11.6 | - | 11.6 |
| **Total** | **-** | **51.8** | **32.6** | **84.4** |
| **Liabilities per the statement of financial position** | | | | |
| Derivative financial instruments – energy | - | 0.3 | 14.9 | 15.2 |
| Derivative financial instruments – cross currency interest rate swaps | - | - | - | - |
| Derivative financial instruments – foreign exchange | - | - | - | - |
| Derivative financial instruments – interest rate | - | 114.1 | - | 114.1 |
| **Total** | **-** | **114.4** | **14.9** | **129.3** |

There were no transfers between derivative financial instrument assets or liabilities classified as level 1 or level 2, and level 3 of the fair value hierarchy during the period ended 30 September 2020 (30 September 2019: none, 31 March 2020: none).

## 12.4 Energy derivatives

The Group meets its energy sales demand by purchasing energy on spot markets, physical deliveries and financial derivative contracts. This exposes the Group to fluctuations in the spot and forward price of energy. The Group has entered into a number of energy hedge contracts to reduce the energy price risk from price fluctuations. These hedge contracts establish the price at which future specified quantities of energy are purchased and settled. Any resulting differential to be paid or received is recognised as a component of energy costs through the term of the contract.

### Energy price sensitivity analysis

The following table shows the impact on post-tax profit and equity of an increase/decrease in the relevant forward electricity prices with all other variables held constant:

| | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|
| **Profit and loss** | | | |
| 10% increase in energy forward prices | (4.7) | (1.5) | (2.2) |
| 10% decrease in energy forward prices | 4.7 | 1.5 | 2.2 |
| **Other comprehensive income** | | | |
| 10% increase in energy forward prices | (59.4) | (34.4) | (57.7) |
| 10% decrease in energy forward prices | 56.1 | 34.4 | 57.7 |

The following table reconciles the movements in level 3 Electricity price derivatives that are classified within level 3 of the fair value hierarchy because the assumed location factors which are used to adjust the forward price path are unobservable.

| | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|
| **Assets per the statement of financial position** | | | |
| Opening balance | 32.6 | 170.6 | 170.6 |
| Foreign exchange movement on opening balance | 1.1 | 2.8 | 0.8 |
| Acquired as part of business combination | - | - | - |
| Gains and (losses) recognised in profit or loss | (21.9) | (3.9) | (106.0) |
| Gains and (losses) recognised in other comprehensive income | 143.5 | (23.2) | (32.8) |
| Closing balance | 155.3 | 146.3 | 32.6 |
| Total gains or (losses) for the period included in profit or loss for assets held at the end of the reporting period | 61.1 | (11.9) | (33.1) |
| **Liabilities per the statement of financial position** | | | |
| Opening balance | 14.9 | 27.1 | 27.1 |
| Foreign exchange movement on opening balance | 1.0 | 0.7 | (0.2) |
| Acquired as part of business combination | - | - | - |
| (Gains) and losses recognised in profit or loss | (13.8) | 1.3 | (11.2) |
| (Gains) and losses recognised in other comprehensive income | 89.0 | 16.8 | (0.8) |
| Sold as part of the disposal of a subsidiary | - | - | - |
| Closing balance | 91.1 | 45.9 | 14.9 |
| Total gains or (losses) for the period included in profit or loss for liabilities held at the end of the reporting period | (30.3) | 12.9 | 3.6 |
| Settlements during the period | (3.8) | 22.8 | 18.6 |

## 13 Reconciliation of net surplus with cash flow from operating activities

| | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|
| Net surplus for the period | 57.0 | 88.1 | 484.2 |
| *Items classified as investing activity:* | | | |
| Loss on investment realisations and impairments | 0.8 | 23.4 | (489.3) |
| *Items not involving cash flows:* | | | |
| Movement in financial derivatives taken to the profit or loss | 8.7 | 16.4 | (6.2) |
| Decrease in deferred tax liability excluding transfers to reserves | 10.1 | 13.8 | (16.2) |
| Changes in fair value of investment properties | (14.5) | (29.1) | 5.0 |
| Equity accounted earnings of associate net of distributions received | (67.1) | (78.3) | (12.1) |
| Depreciation | 51.6 | 79.7 | 146.0 |
| Movement in provision for bad debts | 0.1 | 1.4 | 6.0 |
| Amortisation of intangibles | 5.6 | 5.3 | 11.3 |
| Other | (6.1) | 9.0 | 19.0 |
| *Movements in working capital:* | | | |
| Change in receivables | (20.1) | (7.8) | 24.7 |
| Change in inventories | - | 1.3 | 1.2 |
| Change in trade payables | (0.8) | 122.8 | 51.2 |
| Change in accruals and other liabilities | (39.4) | (176.3) | (108.9) |
| Change in current and deferred taxation | (30.2) | (1.7) | (15.9) |
| **Net cash flow from operating activities** | **(44.3)** | **68.0** | **100.0** |

## 14 Capital commitments

| | 30 September 2020 $Millions Unaudited | 30 September 2019 $Millions Unaudited | 31 March 2020 $Millions Audited |
|---|---|---|---|
| Committed but not contracted for | 3.6 | 10.1 | 5.8 |
| Contracted but not provided for | 198.2 | 707.0 | 500.4 |
| **Capital commitments** | **201.8** | **717.1** | **506.2** |

Capital commitments are primarily associated with the Dundonnell and Waipipi Wind Farms which total A$159.7 million as at 30 September 2020 (30 September 2019: A$630.8 million, 31 March 2020: A$450.5 million). See Note 6 for Infratil's commitments to ASIP and Clearvision Ventures.

## 15 Related parties

Certain Infratil Directors have relevant interests in a number of companies with which Infratil has transactions in the normal course of business. A number of key management personnel are also Directors of Group subsidiary companies and associates.

Morrison & Co Infrastructure Management Limited ('MCIM') is the management company for the Company and receives management fees in accordance with the applicable management agreement. MCIM is owned by H.R.L. Morrison & Co Group Limited Partnership ('MCO'). Mr Bogoievski is a director of Infratil and is a director and Chief Executive Officer of MCO. Entities associated with Mr Bogoievski also have beneficial interests in MCO.

| *Management and other fees paid by the Group (including associates) to MCIM, MCO or its related parties during the period were:* | Note | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|---|
| Management fees | | 19.6 | 17.6 | 37.5 |
| International Portfolio incentive fee | 16 | 57.7 | 12.8 | 125.0 |
| Executive secondment and consulting | | 0.1 | 0.1 | - |
| Directors fees | | 1.0 | 0.9 | 2.0 |
| Financial management, accounting, treasury, compliance and administrative services | | 0.8 | 0.7 | 1.3 |
| Capitalised development fee | | 0.3 | 0.3 | 0.6 |
| Investment banking services | | - | 0.5 | 1.2 |
| **Total management and other fees** | | **79.5** | **32.9** | **167.6** |

The above table does not include any amounts paid by discontinued operations in the period ended 30 September 2020 (30 September 2019: $0.4 million, 31 March 2020: $0.4 million).

At 30 September 2020 amounts owing to MCIM of $3.3 million (excluding GST) are included in trade creditors (30 September 2019: $3.7 million, 31 March 2020: $3.0 million).

## 16 International Portfolio Incentive Fee

International Investments are eligible for International Portfolio Incentive Fees ('Incentive Fees') under the Management Agreement between MCIM and Infratil. The Agreement allows for incentives to be payable for performance in excess of a minimum hurdle of 12% per annum in three separate areas:

- Initial Incentive Fees;
- Annual Incentive Fees; and,
- Realised Incentive Fees.

To the extent that there are assets that meet these criterion, independent valuations are performed on the respective International Investments to determine whether any Incentive Fees are payable.

### International Portfolio Initial Incentive Fee

International Investments become eligible for the Initial Incentive Fee assessment on the third balance date (31 March) that they have been held continuously by the Company. All International Investments that are acquired in any one financial year are grouped together for the purposes of the Initial Incentive Fee, and an Initial Incentive Fee is payable at 20% of the outperformance of those assets against a benchmark of 12% p.a. after tax, compounding. No Initial Incentive Fees are payable as at 31 March 2021 (31 March 2020: nil).

### International Portfolio Annual Incentive Fee

Thereafter International Investments are grouped together, and an Annual Incentive Fee is payable at 20% of the outperformance of those assets against the higher of, a benchmark of 12% p.a. after tax, relative to the most recent 31 March valuation, or cost.

The Company's investments in CDC Data Centres, Longroad Energy, RetireAustralia, Tilt Renewables and ASIP are eligible for the International Portfolio Annual Incentive Fee assessment as at 31 March 2021 (31 March 2020: CDC Data Centres, Longroad Energy, RetireAustralia, Tilt Renewables and ASIP).

As at 30 September 2020, it is probable that Infratil will have an International Portfolio Annual Incentive Fee (for the year to 31 March 2021) due to MCO based on the performance of the above portfolio of assets, and as a result an amount of $57.7 million has been provided for as at 30 September.

### International Portfolio Realised Incentive Fee

Realised Incentive Fees are payable on the realised gains from the sale or other realisation of International Investments at 20% of the outperformance (since the last valuation date) against the higher of, a benchmark of 12% p.a. after tax, relative to the most recent 31 March valuation, or cost. No Realised Incentive Fees are expected to be payable as at 31 March 2021 (31 March 2020: nil).

| | 6 months ended 30 September 2020 $Millions Unaudited | 6 months ended 30 September 2019 $Millions Unaudited | Year ended 31 March 2020 $Millions Audited |
|---|---|---|---|
| *International Portfolio Incentive Fees* | | | |
| ASIP | – | (1.0) | (0.8) |
| CDC Data Centres | 43.5 | 6.4 | 105.5 |
| Longroad Energy | – | 1.8 | 6.1 |
| RetireAustralia | (2.5) | (5.8) | (18.0) |
| Tilt Renewables | 16.7 | 11.4 | 32.2 |
| | **57.7** | **12.8** | **125.0** |

All Incentive fees accrued relate to the Annual Incentive Fee assessment.

### Payment of Annual Incentive Fees

Any Annual Incentive Fee calculated in respect of a Financial Year is earned and paid in three annual instalments, with the second and third instalments only being earned and payable if, at each relevant assessment date, the fair value of the relevant asset (including distributions, if any) exceeds or is equal to the greater of fair value or cost as at the date for which the Incentive Fee was first calculated.

The second and third instalments of the March 2020 Annual Incentive Fee remain payable as at 31 March 2021 and 31 March 2022.

## 17 Contingent liabilities and legal matters

The Company and certain wholly owned subsidiaries are guarantors of the bank debt facilities of Infratil Finance Limited under a Deed of Negative Pledge, Guarantee and Subordination and the Company is a guarantor to certain obligations of subsidiary companies.

There were no other contingent liabilities as at 30 September 2020.

## 18 Events after balance date

### Acquisition of Qscan Group Holdings Pty Ltd

On 26 October 2020, Infratil announced that it had executed a conditional offer to acquire up to 60% of Qscan Group Holdings Pty Ltd ('Qscan') from Quadrant Private Equity ('QPE') and existing doctor and management shareholders for total cash equity consideration of up to A$330 million. Qscan is a comprehensive diagnostic imaging business operating predominantly on the eastern seaboard of Australia. Qscan is one of Australia's largest radiology providers, operating over 70 clinics across Australia. Infratil has made the offer in conjunction with the Morrison & Co Growth Infrastructure Fund ('MGIF'), which has conditionally offered to acquire up to 15% of Qscan. Infratil's investment will be funded from existing bank facilities and available capital.

Completion of the acquisition is conditional on obtaining Foreign Investment Review Board of Australia approval by 31 December 2020, which can be extended by either party to 26 February 2021.

### Dividend

On 11 November 2020, the Directors approved a partially imputed interim dividend of 6.25 cents per share to holders of fully paid ordinary shares to be paid on 15 December 2020.

# Independent Review Report

To the shareholders of Infratil Limited

**Report on the condensed consolidated half year financial statements**

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed consolidated half year financial statements on pages 2 to 34 do not:

i. present fairly in all material respects the group's financial position as at 30 September 2020 and its financial performance and cash flows for the six month period ended on that date; and

ii. comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying condensed consolidated half year financial statements which comprise:

- the consolidated statement of financial position as at 30 September 2020;
- the consolidated statements of comprehensive income, changes in equity and cash flows for the six month period then ended; and
- notes, including a summary of significant accounting policies and other explanatory information.

## Basis for conclusion

A review of condensed consolidated half year financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of Infratil Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to the group in relation to taxation services, audit of regulatory disclosures and other assurance engagements. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as reviewer of the group. The firm has no other relationship with, or interest in, the group.

## Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our review work, this report, or any of the opinions we have formed.

## Responsibilities of the Directors for the condensed consolidated half year financial statements

The Directors, on behalf of the group, are responsible for:

- the preparation and fair presentation of the condensed consolidated half year financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- implementing necessary internal control to enable the preparation of condensed consolidated half year financial statements that are fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the review of the condensed consolidated half year financial statements

Our responsibility is to express a conclusion on the condensed consolidated half year financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed consolidated half year financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these condensed consolidated half year financial statements.

This description forms part of our Independent auditor's Report.

KPMG

KPMG
Wellington

11 November 2020

# Directory

## Directors
M Tume (Chairman)
M Bogoievski
A Gerry
P Gough
K Mactaggart
C M Savage
P M Springford

## Company Secretary
N Lough

## Registered Office
### New Zealand
5 Market Lane
PO Box 320
Wellington
Telephone: +64 4 473 3663
Internet address: www.infratil.com

## Registered Office
### Australia
C/- H.R.L. Morrison & Co Private Markets Pty Ltd
Level 31
60 Martin Place
Sydney NSW 2000
Telephone: +61 2 8098 7500

## Manager
Morrison & Co Infrastructure Management Limited
5 Market Lane
PO Box 1395
Wellington
Telephone: +64 4 473 2399
Facsimile: +64 4 473 2388
Internet address: www.hrlmorrison.com

## Share Registrar
### New Zealand
Link Market Services
Level 11, Deloitte House
80 Queen Street
PO Box 91976
Auckland
Telephone: +64 9 375 5998
Email: enquiries@linkmarketservices.co.nz
Internet address: www.linkmarketservices.co.nz

## Share Registrar
### Australia
Link Market Services
Level 12
680 George Street
Sydney NSW 2000
Telephone: +61 2 8280 7100
Email: registrars@linkmarketservices.com.au
Internet address: www.linkmarketservices.com.au

## Auditor
KPMG
10 Customhouse Quay
PO Box 996
Wellington

Infratil

# Infratil Limited

## Statement of Comprehensive Income

### For the 6 months ended 30 September 2020

| | Notes | 6 months ended 30 September 2020 $000 Unaudited | 6 months ended 30 September 2019 $000 Unaudited | Year ended 31 March 2020 $000 Audited |
|---|---|---|---|---|
| Dividends received from subsidiary companies | | - | - | - |
| Subvention income | | - | - | - |
| Operating revenue | | 22,204 | 19,893 | 42,468 |
| **Total revenue** | | **22,204** | **19,893** | **42,468** |
| | | | | |
| Directors' fees | | 492 | 524 | 1,053 |
| Other operating expenses | | 22,799 | 21,042 | 43,083 |
| **Total operating expenditure** | 4 | **23,291** | **21,566** | **44,136** |
| | | | | |
| Operating surplus before financing, derivatives, realisations and impairments | | (1,087) | (1,673) | (1,668) |
| | | | | |
| Net gain/(loss) on foreign exchange and derivatives | | 1,070 | 1,441 | 3,105 |
| Net realisations, revaluations and (impairments) | | - | - | - |
| | | | | |
| Interest income | | 60,398 | 59,261 | 122,722 |
| Interest expense | | (31,118) | (34,081) | (69,228) |
| Net financing expense | | 29,280 | 25,180 | 53,494 |
| | | | | |
| **Net surplus/(loss) before taxation** | | **29,263** | **24,948** | **54,931** |
| Taxation credit/(expense) | 6 | (1,631) | 2,917 | 2,375 |
| **Net surplus/(loss) for the period** | | **27,632** | **27,865** | **57,306** |
| | | | | |
| **Other comprehensive income, after tax** | | | | |
| | | | | |
| Fair value movements in relation to the executive share scheme | | - | (912) | (912) |
| **Total other comprehensive income after tax** | | - | (912) | **(912)** |
| | | | | |
| **Total comprehensive income for the period** | | **27,632** | **26,953** | **56,394** |

*The accompanying notes form part of these financial statements.*

# Infratil Limited
## Statement of Changes in Equity

| | Notes | Capital<br>$000 | Other reserves<br>$000 | Retained earnings<br>$000 | Total<br>$000 |
|---|---|---|---|---|---|
| **For the 6 months ended 30 September 2020** | | Unaudited | Unaudited | Unaudited | Unaudited |
| Balance as at 1 April 2020 | | 747,616 | - | 42,481 | 790,097 |
| ***Total comprehensive income for the period*** | | | | | |
| Net surplus for the period | | - | - | 27,632 | 27,632 |
| ***Other comprehensive income after tax*** | | | | | |
| Fair value movements in relation to executive share scheme | | - | - | - | - |
| Total other comprehensive income | | - | - | - | - |
| **Total comprehensive income for the period** | | **-** | **-** | **27,632** | **27,632** |
| ***Contributions by and distributions to owners*** | | | | | |
| Shares issued | | 294,212 | - | - | 294,212 |
| Conversion of executive redeemable shares | | - | - | - | - |
| Dividends to equity holders | 3 | - | - | (72,497) | **(72,497)** |
| Total contributions by and distributions to owners | | 294,212 | - | (72,497) | **221,715** |
| | | 1,041,828 | - | (2,384) | **1,039,444** |
| **Balance at 30 September 2020** | | 1,041,828 | - | (2,384) | **1,039,444** |
| **For the 6 months ended 30 September 2019** | | Unaudited | Unaudited | Unaudited | Unaudited |
| Balance as at 1 April 2019 | | 354,552 | 912 | 98,891 | 454,355 |
| ***Total comprehensive income for the period*** | | | | | |
| Net surplus for the period | | - | - | 27,865 | 27,865 |
| ***Other comprehensive income after tax*** | | | | | |
| Fair value movements in relation to executive share scheme | | - | (912) | - | (912) |
| Total other comprehensive income | | - | (912) | - | (912) |
| **Total comprehensive income for the period** | | **-** | **(912)** | **27,865** | **26,953** |
| ***Contributions by and distributions to owners*** | | | | | |
| Shares issued | | 391,305 | - | - | 391,305 |
| Conversion of executive redeemable shares | | 883 | - | - | 883 |
| Dividends to equity holders | 3 | - | - | (72,536) | **(72,536)** |
| Total contributions by and distributions to owners | | 392,188 | - | (72,536) | **319,652** |
| **Balance at 30 September 2019** | | 746,740 | - | 54,220 | **800,960** |
| **For the year ended 31 March 2020** | | Audited | Audited | Audited | Audited |
| Balance as at 1 April 2019 | | 354,552 | 912 | 98,891 | 454,355 |
| ***Total comprehensive income for the year*** | | | | | |
| Net surplus for the year | | - | - | 57,306 | 57,306 |
| ***Other comprehensive income after tax*** | | | | | |
| Fair value movements in relation to executive share scheme | | - | (912) | - | **(912)** |
| Total other comprehensive income | | - | (912) | - | **(912)** |
| **Total comprehensive income for the year** | | **-** | **(912)** | **57,306** | **56,394** |
| ***Contributions by and distributions to owners*** | | | | | |
| Share buyback | | (3,725) | - | - | (3,725) |
| Shares issued | | 390,874 | - | - | 390,874 |
| Shares issued under dividend reinvestment plan | | 5,032 | - | - | 5,032 |
| Conversion of executive redeemable shares | | 883 | - | - | 883 |
| Dividends to equity holders | 3 | - | - | (113,716) | **(113,716)** |
| Total contributions by and distributions to owners | | 393,064 | - | (113,716) | **279,348** |
| **Balance at 31 March 2020** | | 747,616 | - | 42,481 | **790,097** |

*The accompanying notes form part of these financial statements.*

# Infratil Limited
## Statement of Financial Position
### As at 30 September 2020

| | Notes | 30 September 2020 $000 Unaudited | 30 September 2019 $000 Unaudited | 31 March 2020 $000 Audited |
|---|---|---|---|---|
| Cash and cash equivalents | | - | - | - |
| Prepayments and sundry receivables | | 2,214 | 2,380 | 1,172 |
| Derivative financial instruments | 8 | - | - | - |
| Income tax receivable | | - | - | - |
| Advances to subsidiary companies | 12 | 1,893,644 | 1,762,704 | 1,645,101 |
| **Current assets** | | **1,895,858** | **1,765,084** | **1,646,273** |
| Deferred tax | | 19,095 | 18,571 | 19,048 |
| Investments | 12 | 585,529 | 585,529 | 585,529 |
| **Non-current assets** | | **604,624** | **604,100** | **604,577** |
| **Total assets** | | **2,500,482** | **2,369,184** | **2,250,850** |
| Bond interest payable | | 4,076 | 6,069 | 4,556 |
| Accounts payable | | 3,927 | 4,617 | 4,049 |
| Accruals and other liabilities | | 1,160 | 3,624 | 272 |
| Infrastructure bonds | 7 | 93,721 | 148,961 | - |
| Derivative financial instruments | 8 | - | 659 | - |
| Loans from Group companies | 12 | 153,897 | 153,897 | 153,897 |
| **Total current liabilities** | | **256,781** | **317,827** | **162,774** |
| Infrastructure bonds | 7 | 968,619 | 1,012,876 | 1,061,271 |
| Perpetual Infratil Infrastructure bonds | 7 | 231,917 | 231,725 | 231,917 |
| Derivative financial instruments | 8 | 3,721 | 5,796 | 4,791 |
| **Non-current liabilities** | | **1,204,257** | **1,250,397** | **1,297,979** |
| Attributable to shareholders of the Company | | 1,039,444 | 800,960 | 790,097 |
| **Total equity** | | **1,039,444** | **800,960** | **790,097** |
| **Total equity and liabilities** | | **2,500,482** | **2,369,184** | **2,250,850** |

Approved on behalf of the Board on 11 November 2020

A R Fery
Director

Director

*The accompanying notes form part of these financial statements.*

# Infratil Limited
## Statement of Cash Flows
### For the 6 months ended 30 September 2020

| | Notes | 6 months ended 30 September 2020 | 6 months ended 30 September 2019 | Year ended 31 March 2020 |
|---|---|---|---|---|
| | | $000 | $000 | $000 |
| | | Unaudited | Unaudited | Audited |
| **Cash flows from operating activities** | | | | |
| *Cash was provided from:* | | | | |
| Dividends received from subsidiary companies | | - | - | - |
| Subvention receipt | | - | - | - |
| Interest received | | 60,398 | 59,261 | 122,722 |
| Operating revenue receipts | | 22,205 | 20,974 | 43,535 |
| | | 82,603 | 80,235 | 166,257 |
| *Cash was dispersed to:* | | | | |
| Interest paid | | (30,529) | (33,526) | (67,766) |
| Payments to suppliers | | (23,568) | (20,677) | (44,493) |
| Taxation paid | | (1,678) | (2,066) | (2,462) |
| | | (55,775) | (56,269) | (114,721) |
| **Net cash flows from operating activities** | 9 | **26,828** | **23,966** | **51,536** |
| **Cash flows from investing activities** | | | | |
| *Cash was provided from:* | | | | |
| Net movement in subsidiary company loan | | - | - | - |
| | | - | - | - |
| *Cash was dispersed to:* | | | | |
| Acquisition of shares in subsidiary | | - | - | - |
| Net movement in subsidiary company loan | | (248,543) | (611,696) | (494,092) |
| | | (248,543) | (611,696) | (494,092) |
| **Net cash flows from investing activities** | | **(248,543)** | **(611,696)** | **(494,092)** |
| **Cash flows from financing activities** | | | | |
| *Cash was provided from:* | | | | |
| Proceeds from issue of shares | | 294,212 | 392,217 | 396,784 |
| Issue of bonds | | - | 268,332 | 316,441 |
| | | 294,212 | 660,549 | 713,225 |
| *Cash was dispersed to:* | | | | |
| Repayment of bonds | | - | - | (148,998) |
| Infrastructure bond issue expenses | | - | (283) | (4,230) |
| Repurchase of shares | | - | - | (3,725) |
| Dividends paid | 3 | (72,497) | (72,536) | (113,716) |
| | | (72,497) | (72,819) | (270,669) |
| **Net cash flows from financing activities** | | **221,715** | **587,730** | **442,556** |
| Net cash movement | | - | - | - |
| Cash balances at beginning of period | | - | - | - |
| **Cash balances at period end** | | **-** | **-** | **-** |

*Note some cash flows above are directed through an intercompany account. The cash flow statement above has been prepared on the assumption that these transactions are equivalent to cash in order to present the total cash flows of the entity.*

*The accompanying notes form part of these financial statements.*

## (1) Accounting policies

***Reporting entity***

Infratil Limited ('the Company') is a company domiciled in New Zealand and registered under the Companies Act 1993. The Company is listed on the NZX Main Board ('NZX') and Australian Securities Exchange ('ASX'), and is an FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013.

***Basis of preparation***

These unaudited condensed half year financial statements ('half year statements') of Infratil Limited have been prepared in accordance with *NZ IAS 34 Interim Financial Reporting* and comply with *IAS 34 Interim Financial Reporting* . The half year statements have been prepared in accordance with the accounting policies stated in the published financial statements for the year ended 31 March 2020 and should be read in conjunction with the previous annual report. No changes have been made from the accounting policies used in the 31 March 2020 annual report which can be obtained from Infratil's registered office or www.infratil.com. The presentation currency used in the preparation of these financial statements is New Zealand dollars, which is also the Company's functional currency. Comparative figures have been restated where appropriate to ensure consistency with the current period.

## (2) Nature of business

The Company is the ultimate parent company of the Infratil Group, owning infrastructure and utility businesses and investments in New Zealand, Australia, Europe and the United States. The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 5 Market Lane, Wellington, New Zealand.

## (3) Infratil shares and dividends

| | 6 months ended 30 September 2020 | 6 months ended 30 September 2019 | Year ended 31 March 2020 |
|---|---|---|---|
| | Unaudited | Unaudited | Audited |
| Total issued capital at the beginning of the period | 659,678,837 | 559,278,166 | 559,278,166 |
| *Movements in issued and fully paid ordinary shares during the period:* | | | |
| New shares issued | 63,273,696 | 99,992,228 | 99,992,228 |
| New shares issued under dividend reinvestment plan | - | - | 1,030,793 |
| Treasury Stock reissued under dividend reinvestment plan | - | - | - |
| Conversion of executive redeemable shares | - | 265,267 | 265,267 |
| Share buyback | - | - | (887,617) |
| Total issued capital at the end of the period | 722,952,533 | 659,535,661 | 659,678,837 |

During the period the Company issued new shares to provide additional balance sheet flexibility and to fund growth investments across Infratil's existing portfolio companies and take advantage of new opportunities that may arise, raising $294.2 million via an institutional placement and share purchase plan for existing shareholders. During the comparative period the Company issued new shares to support the acquisition of a 49.9% share of Vodafone New Zealand Limited, raising net proceeds after issue costs of $390.9 million via an institutional placement and an entitlement offer to existing shareholders. All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. At 30 September 2020 the Group held 1,662,617 shares as Treasury Stock (30 September 2019: 775,000, 31 March 2020: 1,662,617).

***Dividends paid on ordinary shares***

*Dividends declared and paid by the Company for the period were as follows:*

| | 6 months ended 30 September 2020 | 6 months ended 30 September 2019 | Year ended 31 March 2020 | 6 months ended 30 September 2020 | 6 months ended 30 September 2019 | Year ended 31 March 2020 |
|---|---|---|---|---|---|---|
| | Unaudited | Unaudited | Audited | Unaudited | Unaudited | Audited |
| | cps | cps | cps | $000 | $000 | $000 |
| Final dividend prior year | 11.00 | 11.00 | 11.00 | 72,497 | 72,536 | 72,526 |
| Interim dividend paid | - | - | 6.25 | - | - | 41,212 |
| | 11.00 | 11.00 | 17.25 | 72,497 | 72,536 | 113,738 |

## (4) Other operating expenses

| | Note | 6 months ended 30 September 2020 Unaudited $000 | 6 months ended 30 September 2019 Unaudited $000 | Year ended 31 March 2020 Audited $000 |
|---|---|---|---|---|
| Fees paid to the Company auditor | | 266 | 133 | 209 |
| Directors' fees | | 492 | 524 | 1,053 |
| Administration and other corporate costs | | 3,210 | 3,676 | 5,931 |
| Management fee (to related party Morrison & Co Infrastructure Management) | 12 | 19,323 | 17,233 | 36,943 |
| **Total other operating expenses** | | 23,291 | 21,566 | 44,136 |

## (5) Net investment realisations and (impairments)

At 30 September 2020 the Company reviewed the carrying amounts of loans to Infratil Group companies to determine whether there is any indication that those assets have suffered an impairment loss. The recoverable amount of the asset was estimated by reference to the counterparties' net asset position and ability to repay loans out of operating cash flows in order to determine the extent of any impairment loss. Management also considered the impact of the COVID-19 pandemic and forecasts for deteriorating global macroeconomic conditions as part of this assessment. As a result the Company did not impair any loans to Infratil Group companies in the period (30 September 2019: nil, 31 March 2020: nil). These balances are within the Infratil Wholly Owned Group to entities also controlled either directly or indirectly by Infratil Limited.

## (6) Taxation

| | 6 months ended 30 September 2020 Unaudited $000 | 6 months ended 30 September 2019 Unaudited $000 | Year ended 31 March 2020 Audited $000 |
|---|---|---|---|
| Surplus/(loss) before taxation | 29,263 | 24,948 | 54,931 |
| Taxation on the surplus/(loss) for the period @ 28% tax rate | 8,194 | 6,985 | 15,381 |
| *Plus/(less) taxation adjustments:* | | | |
| Exempt dividends | - | - | - |
| Tax losses not recognised/(utilised) | - | - | - |
| Subvention payment | - | - | - |
| Losses offset within Group | (8,166) | (6,771) | (14,662) |
| Timing differences not recognised | - | - | (3,085) |
| (Under)/over provision in prior periods | 1,590 | (3,172) | (92) |
| Other permanent differences | 13 | 41 | 83 |
| **Taxation expense/(credit)** | **1,631** | **(2,917)** | **(2,375)** |
| Current taxation | - | (58) | 2,470 |
| Deferred taxation | 1,631 | (2,859) | (4,845) |
| | **1,631** | **(2,917)** | **(2,375)** |

There was no income tax recognised in other comprehensive income during the period (30 September 2019: nil, 31 March 2020: nil)

### (7) Infrastructure bonds

| | 6 months ended 30 September 2020 Unaudited $000 | 6 months ended 30 September 2019 Unaudited $000 | Year ended 31 March 2020 Audited $000 |
|---|---|---|---|
| Balance at the beginning of the period | 1,293,188 | 1,127,560 | 1,127,560 |
| Issued during the period | - | 268,332 | 316,441 |
| Exchanged during the period | - | - | (29,326) |
| Matured during the period | - | - | (119,671) |
| Bond issue costs capitalised during the period | - | (3,468) | (4,230) |
| Bond issue costs amortised during the period | 1,069 | 1,138 | 2,414 |
| **Balance at the end of the period** | 1,294,257 | 1,393,562 | 1,293,188 |
| Current | 93,721 | 148,961 | - |
| Non-current fixed coupon | 846,904 | 902,259 | 939,636 |
| Non-current variable coupon | 121,715 | 110,617 | 121,635 |
| Non-current perpetual variable coupon | 231,917 | 231,725 | 231,917 |
| **Balance at the end of the period** | 1,294,257 | 1,393,562 | 1,293,188 |
| *Repayment terms and interest rates:* | | | |
| IFT200 maturing in November 2019, 6.75% p.a. fixed coupon rate | - | 68,500 | - |
| IFT090 maturing in February 2020, 8.50% p.a. fixed coupon rate | - | 80,498 | - |
| IFT220 maturing in June 2021, 4.90% p.a. fixed coupon rate | 93,883 | 93,883 | 93,883 |
| IFT190 maturing in June 2022, 6.85% p.a. fixed coupon rate | 93,696 | 93,696 | 93,696 |
| IFT240 maturing in December 2022, 5.65% p.a. fixed coupon rate | 100,000 | 100,000 | 100,000 |
| IFT210 maturing in September 2023, 5.25% p.a. fixed coupon rate | 122,104 | 122,104 | 122,104 |
| IFT230 maturing in June 2024, 5.50% p.a. fixed coupon rate | 56,117 | 56,117 | 56,117 |
| IFT260 maturing in December 2024, 4.75% p.a. fixed coupon rate | 100,000 | 100,000 | 100,000 |
| IFT250 maturing in June 2025, 6.15% p.a. fixed coupon rate | 43,413 | 43,413 | 43,413 |
| IFT300 maturing in March 2026, 3.35% p.a. fixed coupon rate | 36,976 | - | 36,976 |
| IFT280 maturing in December 2026, 3.35% p.a. fixed coupon rate | 156,279 | 156,279 | 156,279 |
| IFT270 maturing in December 2028, 4.85% p.a. fixed coupon rate until 15 December 2023 | 146,249 | 146,249 | 146,249 |
| IFTHC maturing in December 2029, 3.50% p.a. variable coupon rate reset annually from December 2020 | 123,186 | 112,053 | 123,186 |
| IFTHA Perpetual Infratil infrastructure bonds | 231,917 | 231,917 | 231,917 |
| less: Bond issue costs capitalised and amortised over term | (9,563) | (11,147) | (10,632) |
| **Balance at the end of the period** | 1,294,257 | 1,393,562 | 1,293,188 |

***Fixed coupon***

The fixed coupon bonds the Company has on issue are at a face value of $1.00 per bond. Interest is payable quarterly on the bonds.

***Perpetual Infratil infrastructure bonds ('PIIBs')***

The Company has 231,916,600 (30 September 2019: 231,916,600, 31 March 2020: 231,916,600) PIIBs on issue at a face value of $1.00 per bond. Interest is payable quarterly on the bonds. For the period to 15 November 2020 the coupon will be fixed at 2.67% per annum (September 2019: 3.55%, March 2020: 2.67%). Thereafter the rate will be reset annually at 1.5% per annum over the then one year bank rate for quarterly payments, unless Infratil's gearing ratio exceeds certain thresholds, in which case the margin increases. These infrastructure bonds have no fixed maturity date. No PIIBs (September 2019: nil, March 2020: nil) were repurchased by Infratil Limited during the period.

***IFTHC bonds***

The Company has 123,186,000 (30 September 2019: 112,053,000, 31 March 2020: 123,186,000) IFTHCs on issue at a face value of $1.00 per bond. Interest is payable quarterly on the bonds. For the period to 15 December 2020 the coupon is fixed at 3.50% per annum (September 2019: 3.50%, March 2020: 3.50%). Thereafter the rate will be reset annually at 2.5% per annum over the then one year bank rate for quarterly payments.

***IFT270 bonds***

The interest rate of the IFT270 bonds is fixed for the first five years and then reset on 15 December 2023 for a further five years. The interest rate for the IFT270 bonds for the period from (but excluding) 15 December 2023 until the maturity date will be the sum of the five year swap rate on 15 December 2023 plus a margin of 2.50% per annum.

Throughout the period the Company complied with all debt covenant requirements as imposed by the bond Supervisor.

At 30 September 2020 the infrastructure bonds (including PIIBs) had a fair value of $1,250.2 million (30 September 2019: $1,393.6 million, 31 March 2020: $1,161.5 million).

## (8) Financial instruments

***Interest rates***

Interest rate risk is the risk of interest rate volatility negatively affecting the Company's interest expense cash flow and earnings. The Company mitigates this risk by issuing borrowings at fixed interest rates or entering into Interest Rate Swaps to convert floating rate exposures to fixed rate exposure. Borrowings issued at fixed rates expose the Company to fair value interest rate risk which is managed by the interest rate profile and hedging.

***Fair value hierarchy***

The analyses of financial instruments carried at fair value, by valuation method is below. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (**level 1**)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (**level 2**)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (**level 3**).

The Company has interest rate swap derivatives that are classified as Level 2 and have a fair value liability of $3.7 million at 30 September 2020 (30 September 2019: $6.5 million, 31 March 2020: $4.8 million).

## (9) Reconciliation of net surplus with cash flow from operating activities

| | 6 months ended 30 September 2020<br>Unaudited<br>$000 | 6 months ended 30 September 2019<br>Unaudited<br>$000 | Year ended 31 March 2020<br>Audited<br>$000 |
|---|---|---|---|
| Net surplus/(loss) | 27,632 | 27,865 | 57,306 |
| *Add items not involving cash flows* | | | |
| Movement in financial derivatives taken to the profit or loss | (1,070) | (1,441) | (3,105) |
| Amortisation of deferred bond issue costs | 1,073 | 1,138 | 2,414 |
| *Movements in working capital* | | | |
| Change in receivables and prepayments | (1,046) | (315) | 893 |
| Change in trade payables | (122) | 549 | (20) |
| Change in accruals and other liabilities | 407 | 538 | (1,107) |
| Change in taxation and deferred tax | (46) | (4,368) | (4,845) |
| **Net cash inflow/(outflow) from operating activities** | **26,828** | **23,966** | **51,536** |

## (10) Commitments

There are no outstanding commitments (30 September 2019: nil, 31 March 2020: nil).

## (11) Contingent liabilities

The Company and certain wholly owned subsidiaries are guarantors of the bank debt facilities of Infratil Finance Limited under a Deed of Negative Pledge, Guarantee and Subordination and the Company is a guarantor to certain obligations of subsidiary companies.

The Company has a contingent liability under the international fund management agreement with Morrison & Co International Limited in the event that the Group sells its international assets, or valuation of the assets exceeds the performance thresholds set out in the international fund management agreement.

### (12) Related parties

Certain Infratil Directors have relevant interests in a number of companies with which Infratil has transactions in the normal course of business. A number of key management personnel are also Directors of Group subsidiary companies and associates.

Morrison & Co Infrastructure Management Limited ('MCIM') is the management company for the Company and receives management fees in accordance with the applicable management agreement. MCIM is owned by H.R.L. Morrison & Co Group Limited Partnership ('MCO'). Mr Bogoievski is a director of Infratil and is a director and Chief Executive Officer of MCO. Entities associated with Mr Bogoievski also have beneficial interests in MCO.

MCIM is owned by H.R.L. Morrison & Co Group Limited Partnership ('MCO'). Mr Bogoievski is a director of Infratil and is also a director and Chief Executive Officer of MCO. Entities associated with Mr Bogoievski also have beneficial interests in MCO.

*The Company has the following significant loans and investments to/(from)/in its subsidiaries:*

| | Interest income | | | Intercompany (loan)/advance/investment at carrying value | | |
|---|---|---|---|---|---|---|
| **Related party** | 6 months ended 30 September 2020 Unaudited $000 | 6 months ended 30 September 2019 Unaudited $000 | Year ended 31 March 2020 Audited $000 | 30 September 2020 Unaudited $000 | 30 September 2019 Unaudited $000 | 31 March 2020 Audited $000 |
| *Advances* | | | | | | |
| Infratil Finance | 60,397 | 59,257 | 122,714 | 1,893,644 | 1,762,704 | 1,645,101 |
| Aotea Energy Holdings Limited | - | - | - | (153,897) | (153,897) | (153,897) |
| *Investments in* | | | | | | |
| Infratil Investments Limited | | | | 87,665 | 87,665 | 87,665 |
| Infratil 1998 Limited | | | | 12,000 | 12,000 | 12,000 |
| Infratil Finance Limited | | | | 153,897 | 153,897 | 153,897 |
| Infratil No. 1 Limited | | | | 78,024 | 78,024 | 78,024 |
| Infratil PPP Limited | | | | 5,942 | 5,942 | 5,942 |
| Infratil No. 5 Limited | | | | 248,001 | 248,001 | 248,001 |

### (13) Events after balance date

***Acquisition of Qscan Group Holdings Pty Ltd***

On 26 October 2020, Infratil announced that it had executed a conditional offer to acquire up to 60% of Qscan Group Holdings Pty Ltd (‘Qscan’) from Quadrant Private Equity (‘QPE’) and existing doctor and management shareholders for total cash equity consideration of up to A$330 million. Qscan is a comprehensive diagnostic imaging business operating predominantly on the eastern seaboard of Australia. Qscan is one of Australia’s largest radiology providers, operating over 70 clinics across Australia. Infratil has made the offer in conjunction with the Morrison & Co Growth Infrastructure Fund (‘MGIF’), which has conditionally offered to acquire up to 15% of Qscan. Infratil’s investment will be funded from existing bank facilities and available capital.

Completion of the acquisition is conditional on obtaining Foreign Investment Review Board of Australia approval by 31 December 2020, which can be extended by either party to 26 February 2021.

***Dividend***

On 11 November 2020, the Directors approved a partially imputed interim dividend of 6.25 cents per share to holders of fully paid ordinary shares to be paid on 15 December 2020.

## Directory

***Directors***

Mark Tume (Chairman)
Marko Bogoievski
Alison Gerry
Paul Gough
Kirsty Mactaggart
Catherine Savage
Peter Springford

***Company Secretary***

Nick Lough

***Registered Office - New Zealand***

5 Market Lane
PO Box 320
Wellington
Telephone: +64 4 473 3663
Internet address: www.infratil.com

***Registered Office - Australia***

C/- H.R.L. Morrison & Co Private Markets Pty Ltd
Level 31
60 Martin Place
Sydney NSW 200
Telephone: +64 4 473 3663

***Manager***

Morrison & Co Infrastructure Management
5 Market Lane
PO Box 1395
Wellington
Telephone: +64 4 473 2399
Facsimile: +64 4 473 2388
Internet address: www.hrlmorrison.com

***Share Registrar - New Zealand***

Link Market Services
Level 11, Deloitte House
80 Queen Street
PO Box 91976
Auckland
Telephone: +64 9 375 5998
E-mail: enquiries@linkmarketservices.co.nz
Internet address: www.linkmarketservices.co.nz

***Share Registrar - Australia***

Link Market Services
Level 12
680 George Street
Sydney NSW 2000
Telephone: +61 2 8280 7100
E-mail: registrars@linkmarketservices.com.au
Internet address: www.linkmarketservices.com.au

***Auditor***

KPMG
10 Customhouse Quay
PO Box 996
Wellington

# Independent Review Report

To the shareholders of Infratil Limited

**Report on the condensed half year financial statements**

## Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed half year financial statements on pages 1 to 9 do not:

i. present fairly in all material respects the company's financial position as at 30 September 2020 and its financial performance and cash flows for the 6 month period ended on that date; and

ii. comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying condensed half year financial statements which comprise:

— the statement of financial position as at 30 September 2020;

— the statements of comprehensive income, changes in equity and cash flows for the 6 month period then ended; and

— notes, including a summary of significant accounting policies and other explanatory information.

## Basis for conclusion

A review of condensed half year financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of Infratil Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Other than in our capacity as auditor we have no relationship with, or interests in, the company.

## Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our review work, this report, or any of the opinions we have formed.

## Responsibilities of the Directors for the condensed half year financial statements

The Directors, on behalf of the company, are responsible for:

— the preparation and fair presentation of the condensed half year financial statements in accordance with NZ IAS 34 Interim Financial Reporting;

- implementing necessary internal control to enable the preparation of condensed half year financial statements that are fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

## Auditor's Responsibilities for the review of the condensed half year financial statements

Our responsibility is to express a conclusion on the condensed half year financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the condensed half year financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly we do not express an audit opinion on these condensed half year financial statements.

This description forms part of our Independent auditor's Report.

KPMG

KPMG
Wellington

11 November 2020

# Results announcement

## (for Equity Security issuer/Equity and Debt Security issuer)

| Results for announcement to the market | | |
|---|---|---|
| Name of issuer | Infratil Limited | |
| Reporting Period | 6 months to 30 September 2020 | |
| Previous Reporting Period | 6 months to 30 September 2019 | |
| Currency | NZD | |
| | **Amount (000s)** | **Percentage change** |
| Revenue from continuing operations | $662,000 | (17.5%) |
| Total Revenue | $662,000 | (33.4%) |
| Net profit/(loss) from continuing operations | $57,000 | (28.6%) |
| Total net profit/(loss) | $57,000 | (35.3%) |
| **Interim/Final Dividend** | | |
| Amount per Quoted Equity Security | $ 0.06250000 | |
| Imputed amount per Quoted Equity Security | $0.01750000 | |
| Record Date | 1 December 2020 | |
| Dividend Payment Date | 15 December 2020 | |
| | **Current period** | **Prior comparable period** |
| Net tangible assets per Quoted Equity Security | $3.27 | $3.01 |
| A brief explanation of any of the figures above necessary to enable the figures to be understood | This Results announcement should be read in conjunction with the attached unaudited condensed consolidated half year financial statements for the 6 months ended 30 September 2020 ("Interim Financial Statements"). More detailed commentary on the operations of the Group over the period has been provided in the form of the Infratil Interim Results Presentation 2021 and Interim Report 2021, which have been released alongside the Interim Financial Statements. | |
| **Authority for this announcement** | | |
| Name of person authorised to make this announcement | Phillippa Harford, Chief Financial Officer | |
| Contact person for this announcement | Phillippa Harford, Chief Financial Officer | |
| Contact phone number | 64 4 473 3663 | |
| Contact email address | Phillippa.Harford@hrlmorrison.com | |
| Date of release through MAP | 12 November 2020 | |

Unaudited financial statements accompany this announcement.

# Distribution Notice

.
**Please note: all cash amounts in this form should be provided to 8 decimal places**

| **Section 1: Issuer information** | | | | |
|---|---|---|---|---|
| Name of issuer | Infratil Limited | | | |
| Financial product name/description | Ordinary Shares | | | |
| NZX ticker code | IFT | | | |
| ISIN (If unknown, check on NZX website) | NZIFTE0003S3 / ASX IFT | | | |
| Type of distribution (Please mark with an X in the relevant box/es) | Full Year | | Quarterly | |
| | Half Year | X | Special | |
| | DRP applies | | | |
| Record date | 1 December 2020 | | | |
| Ex-Date (one business day before the Record Date) | 30 November 2020 | | | |
| Payment date (and allotment date for DRP) | 15 December 2020 | | | |
| Total monies associated with the distribution[1] | $45,184,533 | | | |
| Source of distribution (for example, retained earnings) | Retained earnings | | | |
| Currency | NZD | | | |
| **Section 2: Distribution amounts per financial product** | | | | |
| Gross distribution[2] | $0.08000000 | | | |
| Total cash distribution[3] | $0.06250000 | | | |
| Excluded amount (applicable to listed PIEs) | N/A | | | |
| Supplementary distribution amount | $0.00794118 | | | |
| **Section 3: Imputation credits and Resident Withholding Tax[4]** | | | | |
| Is the distribution imputed | Partially imputed | | | |
| If fully or partially imputed, please state imputation rate as % applied | 28.00000000% | | | |
| Imputation tax credits per financial product | $0.01750000 | | | |
| Resident Withholding Tax per financial product | $0.00890000 | | | |

[1] Continuous issuers should indicate that this is based on the number of units on issue at the date of the form

[2] "Gross distribution" is the total cash distribution plus the amount of imputation credits, per financial product, before the deduction of Resident Withholding Tax (**RWT**).

[3] "Total cash distribution" is the cash distribution excluding imputation credits, per financial product, before the deduction of RWT. This should *include* any excluded amounts, where applicable to listed PIEs.

[4] The imputation credits plus the RWT amount is 33% of the gross distribution for the purposes of this form. If the distribution is fully imputed the imputation credits will be 28% of the gross distribution with remaining 5% being RWT. This does not constitute advice as to whether or not RWT needs to be withheld.

| Section 4: Distribution re-investment plan (if applicable) | | |
|---|---|---|
| DRP % discount (if any) | | |
| Start date and end date for determining market price for DRP | | |
| Date strike price to be announced (if not available at this time) | | |
| Specify source of financial products to be issued under DRP programme (new issue or to be bought on market) | | |
| DRP strike price per financial product | | |
| Last date to submit a participation notice for this distribution in accordance with DRP participation terms | | |
| **Section 5: Authority for this announcement** | | |
| Name of person authorised to make this announcement | Phillippa Harford, Chief Financial Officer | |
| Contact person for this announcement | Phillippa Harford, Chief Financial Officer | |
| Contact phone number | 64 4 473 3663 | |
| Contact email address | Phillippa.Harford@hrlmorrison.com | |
| Date of release through MAP | 12 November 2020 | |