Infratil

Annual Meeting

24 August 2016

Infratil Annual Meeting
Agenda

- Chairman's Introduction
- Chief Executive's Review
- Presentation of the Annual Report for the year ended 31 March 2016 and the report of the auditor
- Questions from Shareholders
- Resolutions
- Close and Afternoon Tea

Amora Hotel, 170 Wakefield Street, Wellington on Wednesday 24 August 2016, commencing at 2:30 pm

Mark Tume
Chairman

- Independent Director since 2007, Chair since 2013 and Chair of Nomination Committee
- Chair of RetireAustralia
- Retiring by rotation and up for re-election

Humphry Rolleston
Director

- Independent Director since 2006
- Not up for re-election

Marko Bogoievski
CEO and Director

- Joined Morrison & Co in 2008, Chief Executive of Infratil and on the Infratil Board since 2009
- Director of Trustpower Limited
- Not up for re-election

Paul Gough
Director

- Independent Director since 2012
- Not up for re-election

Alison Gerry
Director

- Independent Director since 2014 and Chair of Audit & Risk Committee
- Retiring by rotation and up for re-election

Duncan Saville
Director

- Foundation Director
- Director of Infratil's Manager, Morrison & Co and Director of the manager of Utilico (2.5% Infratil shareholder)
- Retiring following today's Annual Meeting

Anthony Muh
Alternate Director

- Director since 2007, Alternate Director for Duncan Saville since 2010
- Joined Morrison & Co in 2010 – Hong Kong based
- Stepping down following the retirement of Duncan Saville

Infratil

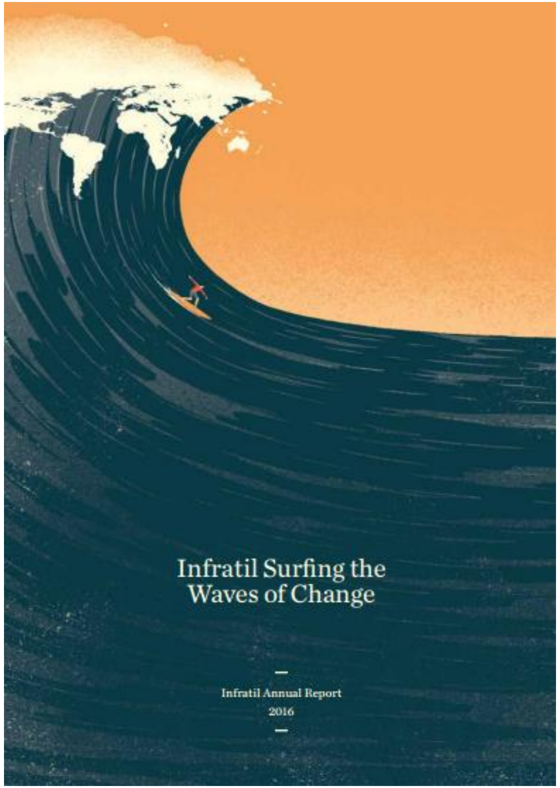
Annual Meeting

Chief Executive’s Review

2015/16 Financial Overview

Steady growth in earnings as we reposition for the future

- Underlying EBITDAF from continuing operations of $462 million, an increase of 2.5%
- Record net parent surplus of $438 million boosted by sale of remaining Z Energy stake and iSite
- Internal investment opportunities continue to drive future growth:
  - Acquisition of King Country Energy by Trustpower and material capital developments at Wellington Airport and RetireAustralia
- Business development efforts bearing fruit in the first half of 2016/17:
  - Investment in Canberra Data Centres (pending FIRB approval) and Australian National University student accommodation
  - Strong near-term opportunities in renewable energy and retirement sector
- Total ordinary dividend of 14.25 cps, was up 14% on prior year
- Significant capacity in the capital structure for supporting future investment opportunities



Expect major changes to future business models and competitive environment

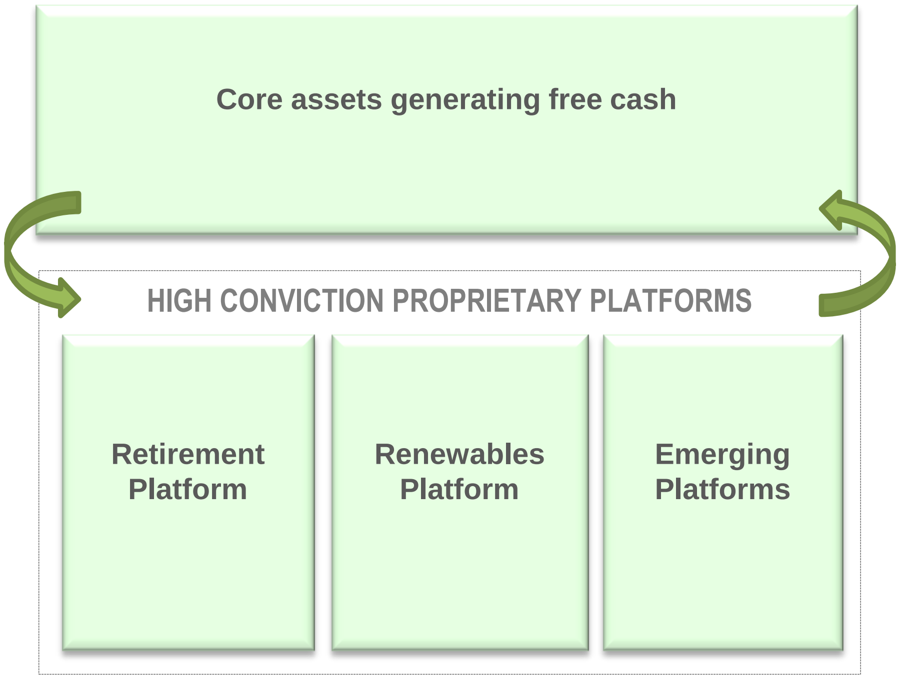
THEME	IMPLICATION
Low interest rates	• The dominant features of current financial markets are low interest rates and significant sources of capital competing for investment opportunities • We are disciplined in our approach and will deploy our capital into profitable growth opportunities
Societal changes	• Societal factors are influencing our investment decisions as business evolves to meet new demands • Urban mobility, decarbonisation of energy and transport, social and student accommodation, aged accommodation and care, and demand for data are providing new investment opportunities and challenges
Technology and new partnerships	• Corporates and the public sector are searching for operating partners willing to adopt a long term perspective. • The partnership approach has facilitated recent investment opportunities • Infratech investment is important to understand the impact of technology on future infrastructure business models

The Infratil plan for the next phase

Continue to invest in ideas that matter

- Optimise value and performance while the portfolio is being repositioned
  - Hit targets and assess opportunities for consolidation or divestment
- Back views on decarbonisation, retirement and data services
  - Accelerate deployment of high-return capital in our proprietary platforms
- Leverage the flexibility of the Infratil mandate and the capabilities of the organisation
  - Develop future emerging platforms capable of scale
  - Position Infratil as the operating partner of choice for strategic and other long term capital in our region
- Continue to invest in ideas that matter
  - Continue to invest in early stage ideas that address national imperatives and societal needs

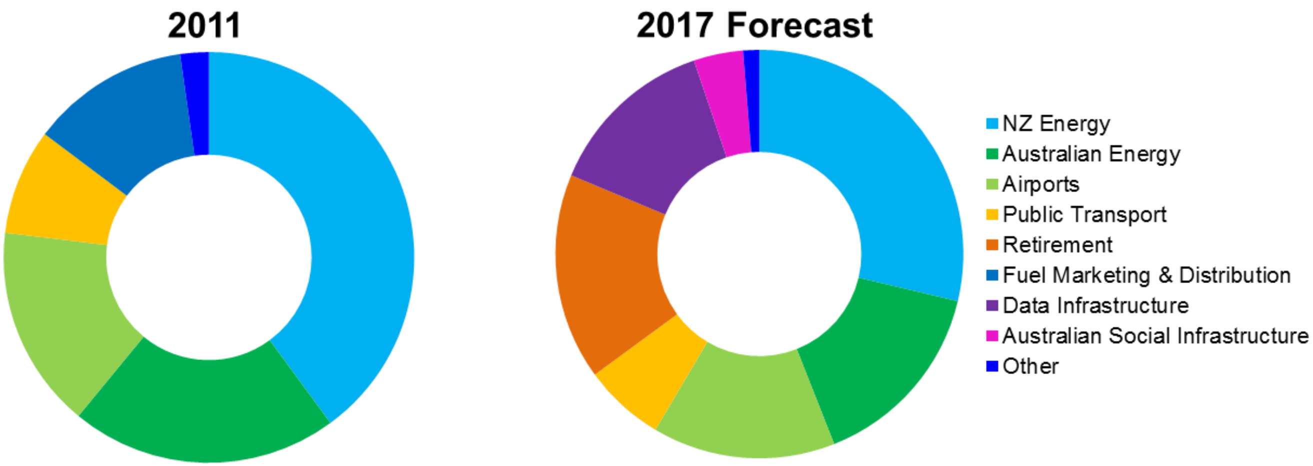
Higher return development ideas supported by core assets generating cash



- Total returns to shareholders are enhanced by building and maintaining a well balanced portfolio
  - Portfolio composition needs to also take account of credit metrics and liquidity
- Although the focus is on growth, it is also important to retain a proportion of cash generating investments
  - Lower growth core assets provide the cash flow to build development platforms
- Higher-risk development returns are delivered if we can position investments early in major trends
  - e.g. growth in renewables, data growth or the aging demographic

Portfolio evolution

Core portfolio changes becoming more evident



- Since 2011, divestments in Lumo, Z Energy and iSite have provided capital for redeployment
- Investments in Metlifecare, RetireAustralia, Canberra Data Centres (post FIRB) and ANU student accommodation are laying the foundations for Infratil's future lines of business
- Future investment will continue to focus on growth within development of existing platforms
- Stable NZ-based businesses with attractive cash yields still have an important role to play in our portfolio

Canberra Data Centres
Strong platform opportunity within the data infrastructure sector

- CDC is a market leader in secure, data centre services to leading government and commercial entities
- Attractive entry point into an emerging growth infrastructure sector
- A$392m investment by Infratil for a 48% stake, jointly with Commonwealth Superannuation Corporation (48%) and CDC executive (4%)
- CDC's modular approach to development ensures it can meet the evolving needs of its customers
- This flexibility is an increasingly attractive feature of CDC's facilities as the rate of technological advancement increases

On a standalone basis, CDC provides:

- Compelling industry fundamentals with strong anticipated medium term growth
- Organic growth and existing greenfield development opportunities
- 27MW greenfield development pipeline including a 9MW facility under construction and due to be completed by the end of August 2016

Australia National University student accommodation

Emerging standalone sector with attractive yield and development profile

- Student Accommodation is an emerging asset class in Australia, supported by strong domestic and international demand growth for quality tertiary education
- Investment is a 50% interest in a 30-year revenue stream from nine on-campus residences of Australian National University ("ANU") in Canberra
- Provides Infratil with exposure to a new growth sector with an attractive yield profile
- Establishes a new development platform within a broad social infrastructure asset class

On a standalone basis, ANU provides:

- High single digit cash yield on initial investment with capital upside on potential future development opportunities

ANU also offers options:

- Extension of social infrastructure/PPP strategy
- Early move into a large emerging Australian student accommodation opportunity

Group capital expenditure and investment

Providing a catalyst for future growth

Investment ($Millions)	2016	2017 *forecast*
Trustpower	119.3	50-60
Wellington Airport	56.7	70-80
NZ Bus	11.2	40-50
Metlifecare	0.6	-
RetireAustralia	27.8	60-70
ANU	-	90-95
CDC	-	430-440
Property	2.0	40-50
Other	3.2	5-15
Total	220.9	785-860

- **Trustpower's** current forecast represents its operational and maintenance capex programme
- **Wellington Airport** has several major capital expenditure projects underway including the terminal expansion, commencement of the land-transport hub and plans for an onsite hotel
- **NZ Bus** has completed the acquisition of 23 ADL double decker buses for use on key Auckland corridors to reduce congestion, while assembly of a prototype bus using Wrightspeed electric powertrain technology is currently underway
- **RetireAustralia** spend includes Infratil's 50% share of new units built
- Forecast investment spend includes the acquisitions of **ANU** and **CDC**
- **Property** spend includes the potential redevelopment of the Halsey Street site in Auckland

Capital structure

We are well placed to commit when we see value

- **Infratil's existing portfolio is forecast to deliver above-average total returns over the next five years**
  - Assuming no changes to the current portfolio and realistic returns on current proprietary development options
- **Infratil retains significant financial flexibility**
  - Following the Canberra Data Centres' settlement (awaiting FIRB approval) and the ANU investment, Infratil retains approximately $240m in cash and $246m in undrawn bank facilities
  - $150m in Infrastructure Bonds was raised in June, replacing $100m of maturing bonds
- **Infratil's capital position is appropriate given its future investment plans and origination pipeline**
  - Capital flexibility will continue to be balanced by dividend growth
  - Access to committed capital leads to stronger bargaining positions, higher probability of proprietary transactions, and ability to act quickly in volatile markets

Demerger of Trustpower Limited
The power of two

- Trustpower is a diverse company, including electricity, gas and telecommunications retailing in New Zealand, and Australasian wind and hydro development and generation
- The Demerger will create two independent entities:
  - Tilt Renewables
  - New Trustpower (which will retain the Trustpower name and brand)
- Separation will enable the pursuit of targeted, independent business strategies, supported by dedicated boards and management teams, and optimised capital structures
- Infratil will hold a 51% share in each of Trustpower and Tilt Renewables
- Shareholders are expected to vote on the demerger at a Shareholder meeting, scheduled for 9 September 2016
- Infratil is supportive of the proposed demerger

“New” Trustpower
Big enough to deliver and small enough to care

- Utility company involved in the development, ownership and operation of hydro generation facilities in New Zealand and Australia, and the sale of energy and telecommunications services to retail customers in New Zealand
- Approximately 8% of market share by installed hydro capacity in New Zealand
- New Zealand’s fourth largest energy retailer with an estimated market share of 13% of total New Zealand electricity customers

The key features of New Trustpower’s business strategy will be:

- Executing on the current multi-product retail strategy
- Taking advantage of opportunities created by new technology to improve customer experience and develop new products and services
- Optimising the value of Trustpower’s existing hydro generation assets in Australia and New Zealand and the water rights they control
- Acquisitions which are aligned with Trustpower’s existing business and where Trustpower can add value

Tilt Renewables

Well placed to capitalise on the Australian RET opportunity

- Tilt Renewables will be an owner, operator and developer of a number of Australasian wind farms and an extensive wind and solar development pipeline
- Portfolio includes seven wind farms in Australia and New Zealand, with installed operating capacity of 582MW
- The current development pipeline consists of a number of potential projects which could produce more than 2,000MW of renewable generation capacity

Key features of the Tilt business strategy will be:

- Tilt Renewables' primary strategic objective is to build on its existing Australian and New Zealand wind development experience in order to successfully implement its development pipeline
- Acquisition of other existing operational wind assets and development sites for wind and solar generation in Australia

Overview of key development projects

Wellington Airport International Airport
$300m capital expenditure programme is currently underway

- A $300 million capital expenditure programme is currently underway including upgrades of the domestic and international terminals, construction of a land transport hub and plans for an onsite hotel
- Wellington Airport currently has the lowest per-passenger cost of any international airport in Australasia as well as the lowest per-passenger charges of any international airport in Australasia

Wellington Airport International Airport
About to become more connected

The new Singapore Airlines service will link Wellington (via Canberra) to its Global Hub from next month

- Over 1,500 passengers fly long haul to and from the Wellington region every day
- Currently, Wellington travellers spend nearly 40% longer travelling to Asia compared to their counter-parts from Auckland, and airfares to long-haul destinations are generally more expensive
- Extending the runway would produce a Benefit-Cost Ratio of 2.3 and net economic benefit for the country of $2.3 billion in today's dollars

RetireAustralia

Implementing plans to provide residents with more of what they want

- The first full financial year in the portfolio saw strong sales momentum with 102 new sales and 376 resales
- Well underway in establishing a platform for future growth.
- Several key new hires, including New CEO, Alison Quinn (January 2016) and a New General Manager Care (April 2016)
- Development team in place and multiple sites under review
- Care strategy is being developed so that residents can stay in their homes longer
- Work underway to improve and standardise contract terms offered to residents

NZ Public Transport – NZ Bus
New contracting model has begun to roll out

Public Transport Operating Model

- The transition out of the South Auckland units is progressing well with all employees expected to remain with the NZ Bus business
- Bids for West Auckland units were submitted in June, while tenders for the balance of Auckland are expected in the near future, as well as negotiations for directly appointed units
- The Wellington trolley bus contract ceases in June 2017, and a transition plan to July 2018 is being discussed with GWRC. Tenders for Wellington have been released, and negotiations for directly appointed units will likely begin in 2017

NZ Public Transport – NZ Bus
Thinking ahead to new public transport business models

Investment in Fleet and Technology

- An agreement has been entered with Wrightspeed to purchase electric powertrain technology for adaptation of existing fleet and integration into new fleet. Assembly of a prototype bus using this technology is underway
- Options regarding electric vehicles and autonomous vehicle technology continue to be investigated, including opportunities to market Wrightspeed powertrains into the Australian market

2016/17 Outlook
Previous Guidance Maintained

- Underlying EBITDAF[1] trends reflect current momentum and changes in the portfolio including:
  - A full period contribution from King Country Energy
  - Continued growth from Wellington Airport
  - NZ Bus impacted by the loss of its South Auckland service contracts
  - The contribution to the IFT group underlying EBITDAF from ANU and CDC
- Capital structure and confidence in outlook are positive for continued growth in dividends per share

[1]The 2017 EBITDAF outlook excludes Trustpower demerger costs of approximately $20 million

Investment ($Millions)	2016 Actual	2017 Outlook
Underlying EBITDAF	462.1	485-525
Operating Cashflow	250.5	225-255
Net Interest	169.9	185-195
Depreciation & Amortisation	172.1	170-180

2017 guidance is based on management's current expectations and assumptions about the trading performance of Infratil's investments 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.

Underlying EBITDAF is a non-GAAP measure of financial performance, presented to show management's view of the underlying business performance. Underlying EBITDAF represents consolidated net earnings before interest, tax, depreciation, amortisation, financial derivative movements, revaluations, gains or losses on the sales of investments, and includes Infratil's share of its associates (Metlifecare and RetireAustralia) underlying profits. Underlying profit for Metlifecare and RetireAustralia removes the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment, excludes one-off gains and deferred taxation, and includes realised resale gains and realised development margins.

Summary
Infratil – getting set for above average returns for the next 10 years

Infratil is set to perform well under a number of scenarios

- Underlying performance of existing assets
- Quality of people and capability
- Strength of origination pipeline
- Access to capital and capital structure

Total returns to shareholders are enhanced by building and maintaining a well balanced portfolio

- Lower growth core assets provide the cash flow to build development platforms and earn higher blended absolute returns

We are prepared to make larger commitments when uncertainty is low and the price is right

- Continue to invest in key proprietary platforms in focus sectors
- Invest in ongoing research to identify the next long-term infrastructure trend
- Remain opportunistic and vigilant in home markets

Presentation of the Annual Report for the year ended 31 March 2016 and the report of the auditor

Questions from Shareholders

Resolution 1
Re-election of Mr Mark Tume

- **Re-election of Mr Mark Tume:** That Mark Tume who retires by rotation in accordance with the Company's constitution and NZX Main Board/Debt Market Listing Rule 3.3.11 and is eligible for re-election, be re-elected as a director of the Company

For	Against	Discretionary
240,841,953 (93.26%)	15,473,624 (5.99%)	1,937,151 (0.75%)

Resolution 2
Re-election of Ms Alison Gerry

- **Re-election of Ms Alison Gerry:** That Alison Gerry who retires by rotation in accordance with the Company's constitution and NZX Main Board/Debt Market Listing Rule 3.3.11 and is eligible for re-election, be re-elected as a director of the Company.

For	Against	Discretionary
256,128,499 (99.18%)	187,838 (0.07%)	1,939,551 (0.75%)

Resolution 3
Auditor's remuneration:

- **Auditor's remuneration:** That the directors be authorised to fix the auditor's remuneration.

For	Against	Discretionary
255,438,204 (98.92%)	750,089 (0.29%)	2,037,955 (0.79%)

Close and Afternoon Tea