Infratil
Market Update

8 April 2020

Infratil

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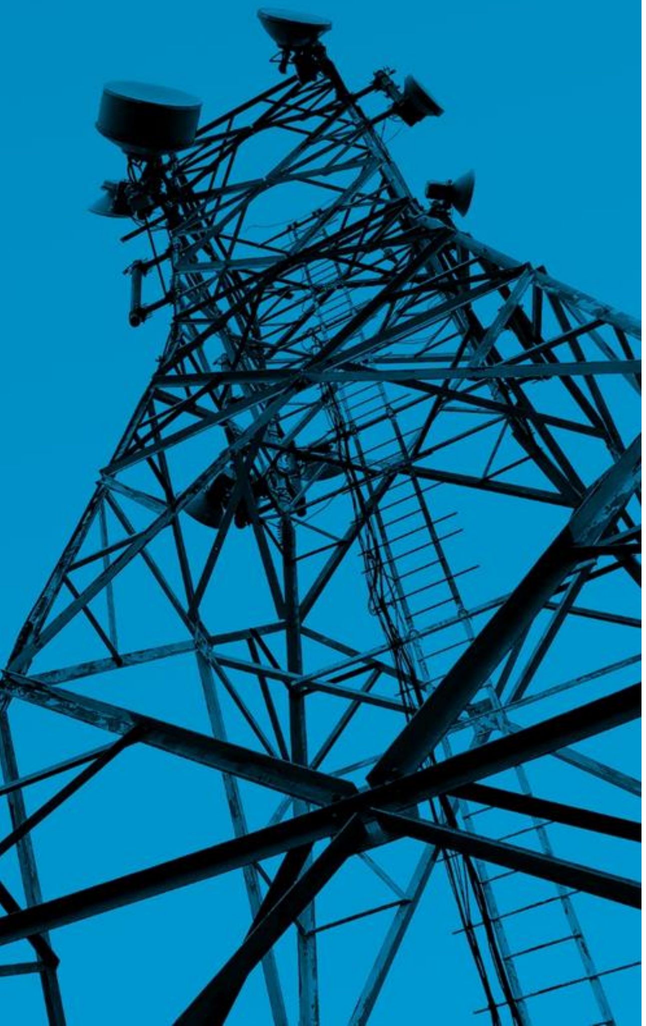

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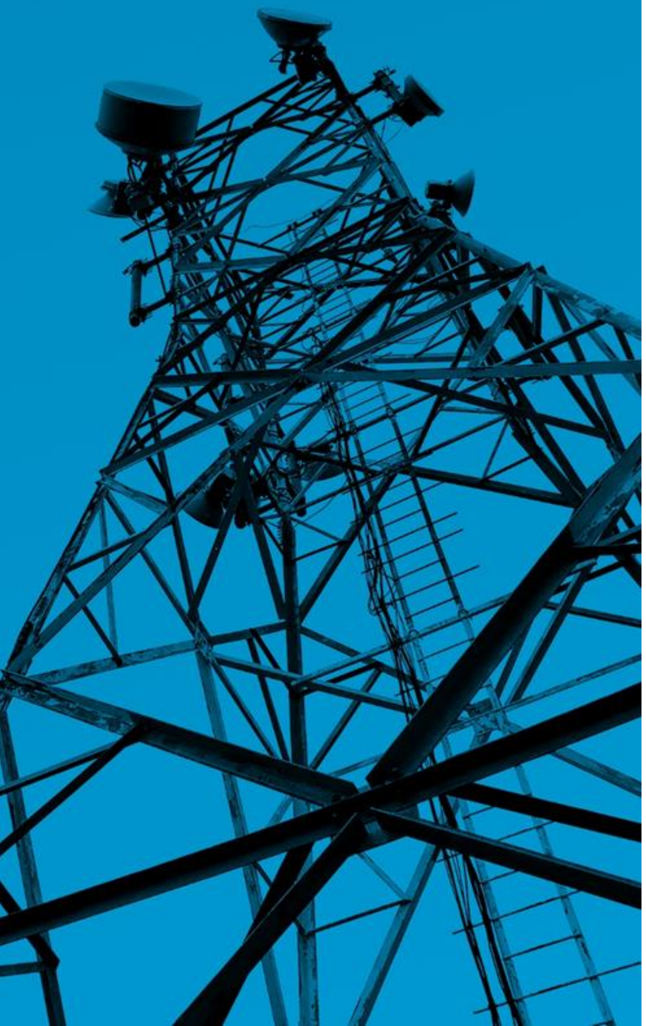

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Further information on how Infratil calculates Underlying EBITDAF can be found at Appendix I of Infratil’s Interim Results Presentation for the period to 30 September 2019.

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Renewable energy and data infrastructure assets should drive relative outperformance

Diversified portfolio with good access to capital and discretionary levers

Overview

- Diversified portfolio with overweight position in renewable energy generation and data infrastructure is well positioned to outperform during a sustained slowdown in economic activity.
- All portfolio entities are preparing for extended restrictions and actively managing cashflows and discretionary operating expenses and capital expenditure:
  - CDC Data Centres, Tilt Renewables and Longroad Energy are on track to continue strong growth.
  - Trustpower and Vodafone NZ have a strong defensive core with exposure to retail customer bases that will be affected by an economic downturn.
  - Retirement assets such as RetireAustralia are particularly exposed to the effects of an ongoing pandemic.
  - Wellington Airport is expecting limited revenue for FY2021 financial year and adjusting cost base accordingly.
- Strong capital position and flexibility across the group with ability to defer discretionary capital investment or re-prioritise cashflows if required:
  - Capital return of approximately A$169 million (Infratil's share) from Tilt Renewables scheduled to be received in the first half of FY2021.
  - Liquidity at the Infratil parent company level available to support assets with more direct exposure to the consequences of COVID-19.
- Significant capital investment already undertaken in CDC Data Centres, Tilt Renewables and Longroad Energy is on track to be income generating in FY2021.
- Reported FY2020 EBITDAF will be slightly below the guidance range, driven by the structure and accounting treatment of Longroad Energy project sales.

Portfolio resilience and composition

Investment over the last 24 months has focused on high conviction platforms with defensive characteristics and ongoing demand growth

- Infratil is well positioned in scalable high growth sectors with good jurisdictional diversification.
- Investment over the last 24 months has been focused on Infratil's Renewable Energy and Data & Connectivity platforms:

Tilt Renewables
- 336MW (A$560 million) Dundonnell wind farm under construction
- 133MW (NZ$277 million) Waipipi wind farm under construction

Longroad Energy
- 594MW of utility scale solar under construction in (Texas & Minnesota)
- 551MW of utility scale wind under construction (California & Texas)

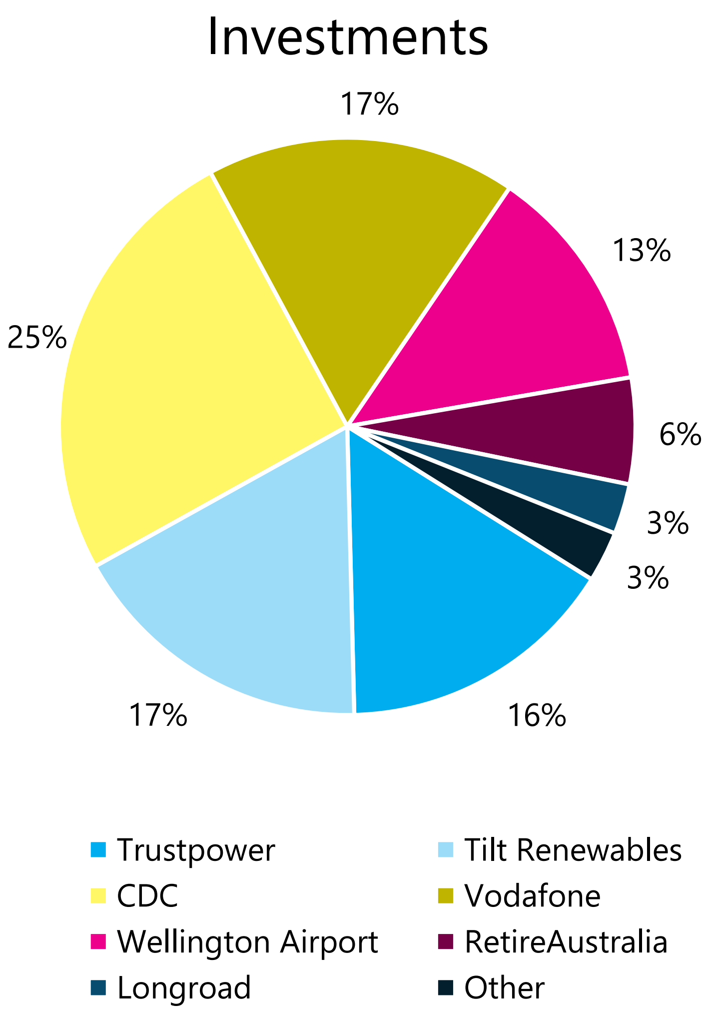
Galileo Green Energy
- Newly established development vehicle based in Europe
- Pace of development will reflect COVID-19 realities

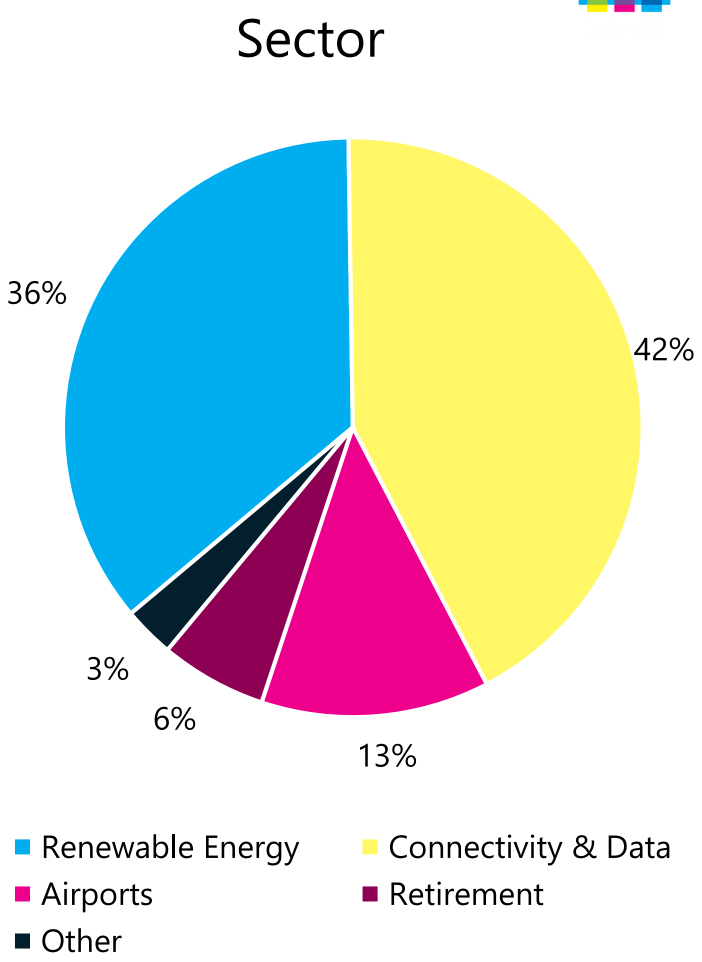
CDC Data Centres
- 105MW of installed Data Centre Capacity with a further 25MW under construction
- Roadmap to over 230MW of Data Centre capacity

Vodafone
- $3.4 billion acquisition of Vodafone NZ
- Launch of 5G network in December 2019 and business transformation program underway

Portfolio resilience and composition

Infratil's portfolio is well positioned to weather the COVID-19 crisis and cushioned from extended economic downturns





Access to liquidity and credit

Duration extended over last 6 months through new retail bond issues and renewed bank facilities

Access to liquidity and credit

- The Wholly Owned Group's liquidity position is strong with a number of bank re-financings executed in the last 3 months. The net impact of these changes is that total Wholly Owned Group bank facilities have increased by $75 million to $748 million.
- As at 31 March 2020 Wholly Owned Group drawn bank debt is $480 million with $268 million of undrawn bank facilities.
- Tilt Renewables has today announced a capital return of approximately A$260 million (Infratil's share A$169 million) by way of a Court approved scheme of arrangement which is expected to be completed in the first half of FY2021.
- Infratil's next bank maturity is $53 million in July 2020 and given recent facility extensions, Infratil is assessing whether a refinancing is required.
- Infratil's next two bond maturities are:
    - $93.9 million of IFT220 bonds which mature in June 2021.
    - $93.7 million of IFT190 bonds which mature in June 2022.

Maturities to 31 March ($Millions)	Total	FY21	FY22	FY23	FY24	FY25-31	>FY31
Bonds	1,303.8	-	93.9	193.7	122.1	662.2	231.9
Wholly-owned bank facilities	748.0	85.0	115.0	350.0	148.0	50.0	-

Assessing and responding to the impact of COVID-19

Strong platforms that can sustain growth in challenging economic conditions

CDC Data Centres

- Minimal forecast volume or profitability impact with core rental revenues underpinned by long term lease agreements with high creditworthy counterparties (government and enterprise).
- Potential slowdown in medium term sales as Government and Commercial clients are impacted by a broader economic slowdown and budget constraints, offset by favourable short-term outlook with these customers likely to recalibrate and increase deployments.
- Current capital projects remain on track (principally Eastern Creek 3), with development projects not currently significantly impacted by COVID-19 work restrictions.
- Significant refinancing completed in November 2019 with no maturities until November 2022.

Tilt Renewables

- Production from operating assets is largely covered by long term offtake agreements with strong well capitalised counterparties, producing predictable cashflows that are resilient to short term market fluctuations.
- Following the completion of the capital return announced today, Tilt will retain a significant cash position and has a strong balance sheet to support its medium term development pipeline.
- Tilt has been working closely with its project partners, Vestas for the Dundonnell Wind Farm in Victoria, Australia and Siemens Gamesa for the Waipipi Wind Farm in Taranaki, New Zealand, to proactively manage the impacts of COVID-19 across the international supply chain, construction activities and movements of key personnel.
- For more information:

  https://www.nzx.com/companies/TLT/announcements

Assessing and responding to the impact of COVID-19

Operations with a strong defensive core but exposure to retail in an extended economic downturn

Trustpower

- National demand for electricity is down about ~15% on pre-COVID-19 levels, with higher Mass Market demand (Retail) more than offset by lower Commercial and Industrial demand.
- Data demand is setting new records, but Trustpower networks are coping well.
- Wholesale electricity prices are softer, but the impact on Trustpower is not expected to be material.
- Currently $135 million of bank facility head room. Upcoming maturities are in July 2020 ($25 million) and October 2020 ($55 million), with work underway to proactively extend these lines.
- Trustpower has not yet observed any material impacts on cash collection and credit, but notes this risk factor in a prolonged shutdown and consequent economic downturn.

Vodafone

- Announcement of consumer and business support programs (disconnection and late fee policy, unlimited fixed data, mobile data certainty).
- Significant impact on roaming and service revenues through extended travel restrictions, prolonged lockdown, and wind down of retail activity.
- All uncommitted and discretionary operating and capital expenditure currently under review and focus is on FY2021 cash flow and review of ongoing cost structures.
- Potential for impact on cash collection and credit issues in a prolonged economic downturn.
- No long-term debt refinancing required until July 2022 and significant facility headroom.

Assessing and responding to the impact of COVID-19

Airport and retirement assets more directly affected by a prolonged crisis

Wellington Airport

- Government measures to control COVID-19 are having a direct and dramatic impact on the operations of Wellington Airport. All international and approximately 95% of domestic services have been curtailed.
- Operational staff are reduced to the minimum required for the airport to operate safely. Capital investment plans have been frozen with only critical work now expected to occur during FY2021.
- Current expectations are that both international and domestic traffic will be running at ~66% of pre-crisis levels by April 2021, rising to ~85% a year later. The ongoing reduction in traffic and the curtailment of investment initiatives, will reduce the operational and development resources required by the Airport.
- Discussions progressing well with WIAL's lenders and shareholders about the funding required to enable the Airport to maintain operations, undertake necessary investment, and repay upcoming financing maturities.

RetireAustralia

- RetireAustralia's response to COVID-19 is focussed on resident wellbeing and prevention of cases within villages.
- Management is closely monitoring and responding to the evolving situation in line with advice from the Australian Government.
- While RetireAustralia's emphasis is on resident safety, Infratil has also been working with management to model base-case and downside scenarios in light of COVID-19, particularly a slowdown in resales.
- RetireAustralia is reassessing its FY2021 development commitments and discretionary capex has been suspended.
- Refinancing was completed in Q2 2019, however RetireAustralia is working with its banking group to re-purpose existing facilities for working capital requirements.
- Infratil will continue to assess whether shareholder support is required.

Longroad Energy Continued momentum and execution with an extensive development pipeline

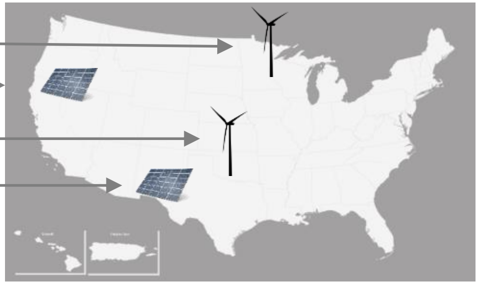
longroad ENERGY

Longroad Energy

- Longroad Energy has announced the financial close and start of construction of Little Bear Solar (215MW of Solar in California).
- Separately, Longroad Energy announced the sale of 50 percent equity interests in both Little Bear Solar and Prospero I Solar, (379MW of Solar Texas). Closure in the current environment is testament to the quality of the projects and defensive characteristics of contracted renewables in the current environment.
- Construction of El Campo, Minnesota Wind and Prospero I currently remain on schedule and on budget. All construction contractors continue to perform in the field consistent with public health guidelines and all have contracted revenue or Power Purchase Agreements in place for the projects' power offtake.
- Electricity infrastructure (including equipment manufacturing) currently considered an 'essential service' in the U.S.
- The Impact of COVID-19 on future development activity is unclear. It is reasonable to expect a slowdown and pipeline development will in part depend the rate of recovery in corporates and utilities signing new Power Purchase Agreements, as well as liquidity in the bank and tax equity markets.
- Conversely, COVID-19 recovery legislation is being discussed in the US Congress which may include provisions for the renewable energy industry.

Longroad's Construction Portfolio

MN Wind (70MW, Minnesota)
Little Bear solar (215MW in California)
El Campo wind (243MW in Texas)
Prospero I solar (379MW in Texas),



Longroad Energy

Development gains and project outcomes have exceeded expectations, however the nature of retained interests precludes some development gains from being recognised

FY2020 Development Summary

Project	Capacity	Status
Project Rio Bravo Texas Wind US$300 million	238MW	• 100% of the equity sold December 2018 • **Development gain recognised** on completion of construction in June 2019
El Campo Texas Wind US$335 million	243MW	• 50% of the equity sold June 2019, remaining 50% consolidated by LEH, therefore **no development gain recognised for accounting**
Prospero I Texas Solar US$416 million	379MW	• 50% of equity sold 1 April 2020, remaining 50% consolidated by LEH, therefore **no development gain recognised for accounting**
Little Bear California Solar US$346 million	215MW	• 50% of equity sold 31 March 2020 • Remaining 50% consolidated by LEH, therefore **no development gain recognised for accounting**
Minnesota Wind (Wind repowering) US$ 77 million	70MW	• Binding agreement to sell 100% of the equity at Commercial Operation Date ('COD'), expected ~ late 2020 calendar year • **Development gain will be recognised for accounting purposes at COD**

Total Net Economic Development gains – FY2020[1]	**US$74 million to US$107 million**
Infratil's Share	US$30 million to US$43 million
FY2020 Cash Dividends to Infratil	US$18.5 million
FY2020 Capital returns to Infratil	US$2.8 million

[1] Excludes the value of Longroad's retained interest in projects that have been partially sold

Earnings Update

Gap to previous guidance reflects accounting treatment of partial Longroad sales. Realised development gains have exceeded previous expectations

FY2020 Underlying EBITDAF Guidance revised to $550 million - $560 million

- Infratil notes the following in relation to this updated FY2020 earnings guidance:
  - Infratil's previous earnings guidance was $575 million to $615 million.
  - Infratil had previously forecast a Longroad reported contribution to Underlying EBITDAF of NZ$38.5 million. As a result of the accounting treatment for the 50% partial sales of the El Campo, Prospero I and Little Bear projects, Infratil's share of the economic development gains (US$30 million to US$43 million) will not be recognised for accounting purposes in FY2020. Infratil now expects Longroad's reported contribution to Underlying EBITDAF to be NZ$5.0 million.
  - On 17 February 2020 Trustpower updated its FY2020 earnings guidance to $185 million to $195 million (previously $200 million to $215 million). Infratil's updated guidance also reflects the Trustpower update.
  - Vodafone New Zealand's (VFNZ) forecast full year EBITDA is expected to be towards the lower-end of its guidance range of $460-$490 million (excluding transaction and one-off costs and non-cash IFRS 15 and IFRS 16 adjustments). Infratil has included VFNZ in its earnings guidance on the basis of its 49.9% share of VFNZ, for its 8 months of ownership.
  - Infratil expects the contribution from Wellington Airport to be negatively impacted by up to $2 million, largely as a result of the COVID-19 impact on passenger numbers for the month of March 2020.

Incentive fees and valuations

- Infratil's FY2020 Underlying EBITDAF guidance excludes any Incentive fees that may become payable in relation to that period. The incentive fee accrual remains unchanged ($125 million, payable in three annual instalments of ~$41.7 million each) since the update provided on 6 January 2020.
- Investments included in the incentive fee calculation are CDC Data Centres, Tilt Renewables, Longroad and RetireAustralia. The actual FY2020 incentive fee calculation will be based on independent valuations as at 31 March 2020, which are ongoing.

Outlook

Fundamental uncertainty over the duration and impact of the COVID-19 crisis. Data and renewable energy platforms expected to drive portfolio returns

2021 Guidance

- Given fundamental uncertainty over the duration and scale of the COVID-19 outbreak Infratil will not be providing full year 2021 earnings or dividend guidance at this stage.
- Infratil expects to provide a further update as part of its FY2020 results announcement in May.

Reporting date

- Infratil will release its audited financial statements and Annual Report for the year ended 31 March 2020 on 29 May 2020.

Dividend Outlook

- Final FY2020 dividend will be announced on 29 May 2020.
- The current expectation is for the final dividend to be moderated from previous guidance (11cps) given the uncertainty surrounding the duration and impact of the COVID-19 crisis.

Outlook

Infratil is well positioned in scalable high growth sectors, supported by jurisdictional diversification

- Strong capital position and flexibility across the group with ability to defer discretionary capital investment or re-prioritise cashflows if required.
- Overweight positions in renewable energy generation and data infrastructure are well positioned to outperform during a sustained slowdown in economic activity.
- Infratil is committed to supporting the actions of various governments in all geographies to restrict the spread of COVID-19.
- The infrastructure sector will be essential to the pace and shape of the global economic recovery. Infratil is well placed to support and contribute to the eventual recovery in each key market.

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For further information:

www.infratil.com

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