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.

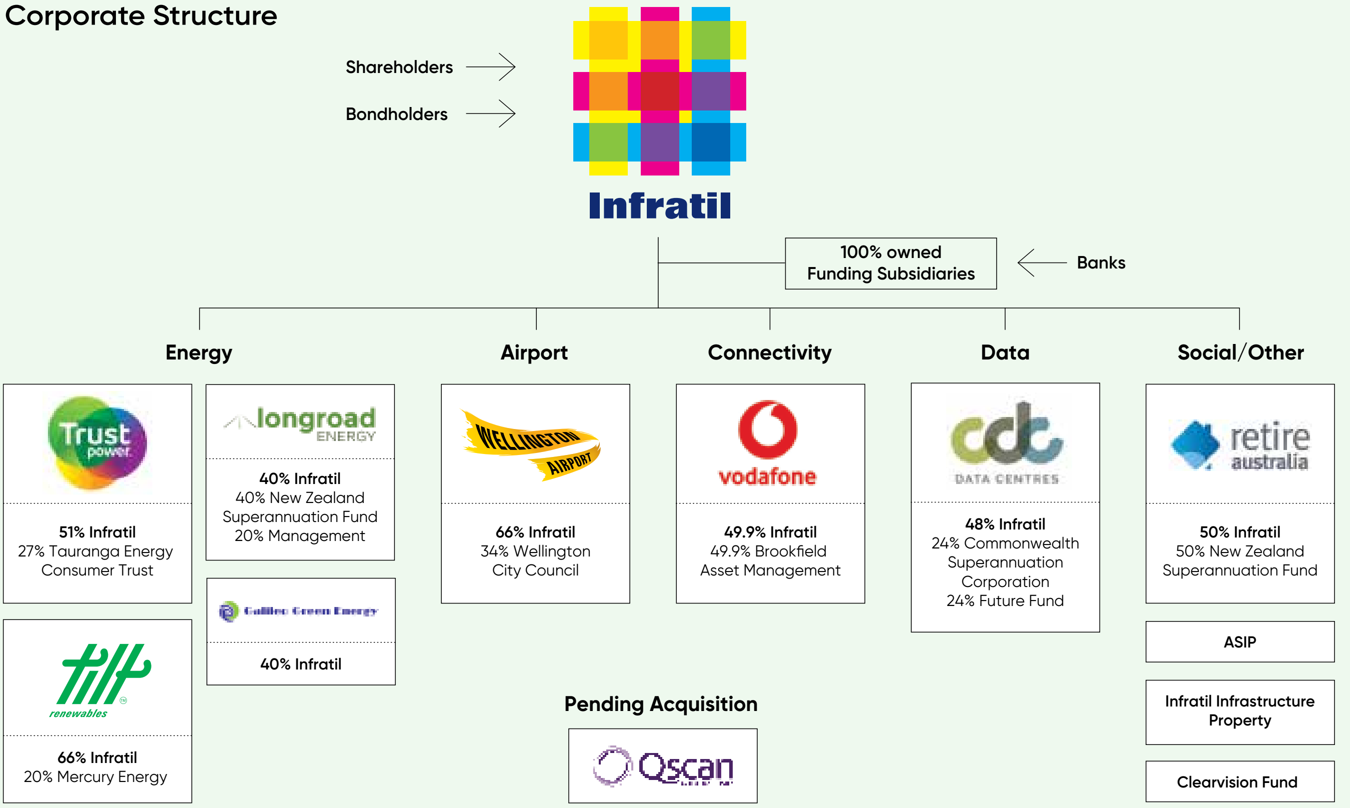
RetireAustralia opens The Rise retirement accommodation.

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

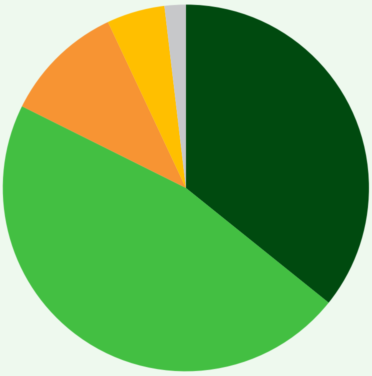
Having added 18 sites over the period, Vodafone NZ now has over 150 rural 4G cell sites providing mobile and broadband coverage. Upgrading subsea optical links means that Vodafone NZ is the only New Zealand operator providing connectivity through all three international networks.

Corporate Structure Capital Allocation & Sources

Corporate Structure

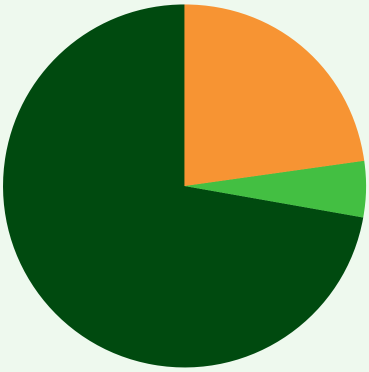


Sector



- Renewable Energy
- Digital Infrastructure
- Airport
- Social Infrastructure
- Other

Capital Structure



- Net bank debt and dated bonds
- Perpetual bonds
- Equity (Market value)

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.

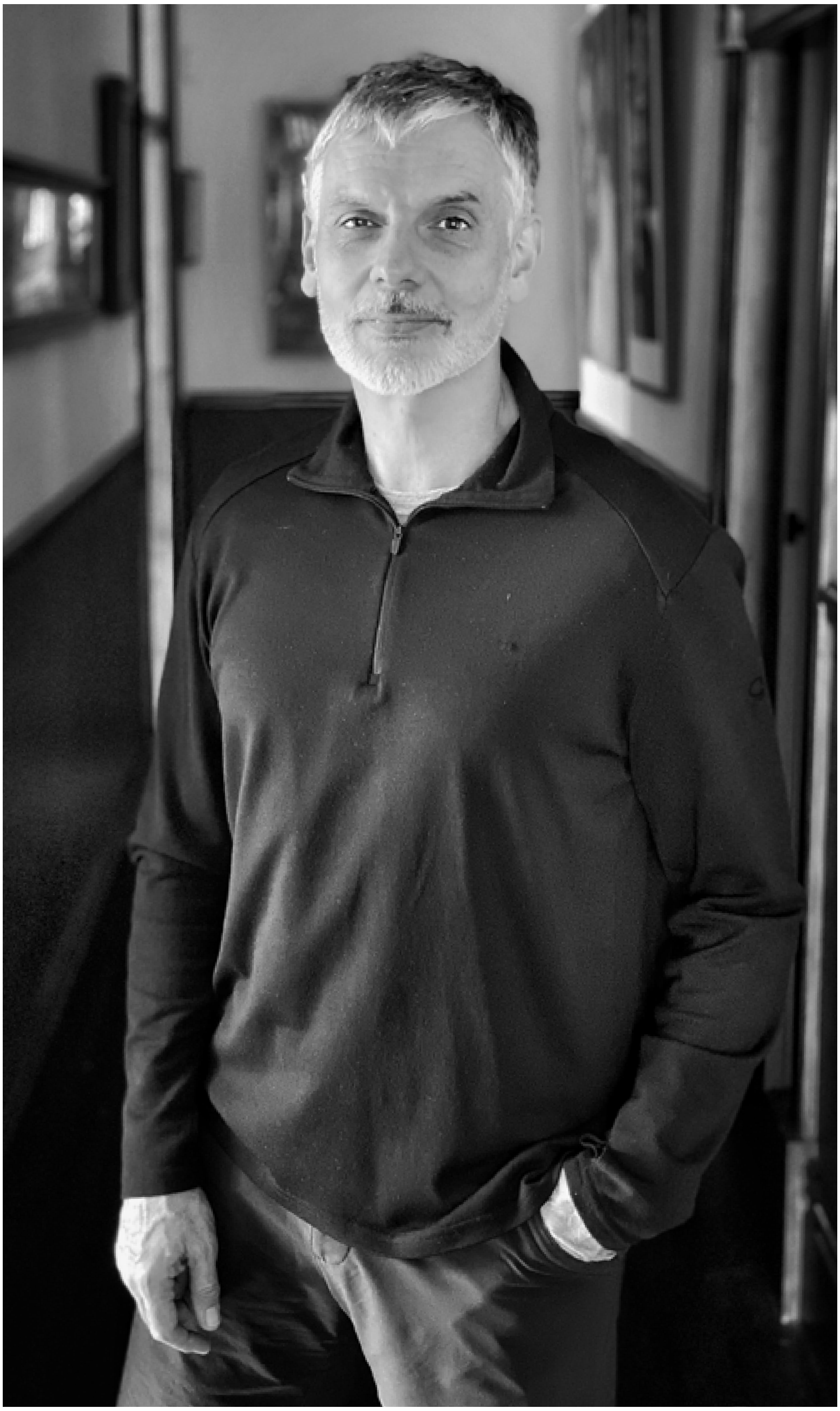
In 2019 we had the $1 billion acquisition of Vodafone NZ and this year we had Covid-19 uncertainties.

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).



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

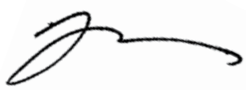
The current disruptions make it difficult to be certain about the future. The 2007-08 Global Financial Crisis resulted in major changes to financial sector regulation and monetary policy. The health and economic crisis we are now experiencing is likely to have more far-reaching consequences.

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.

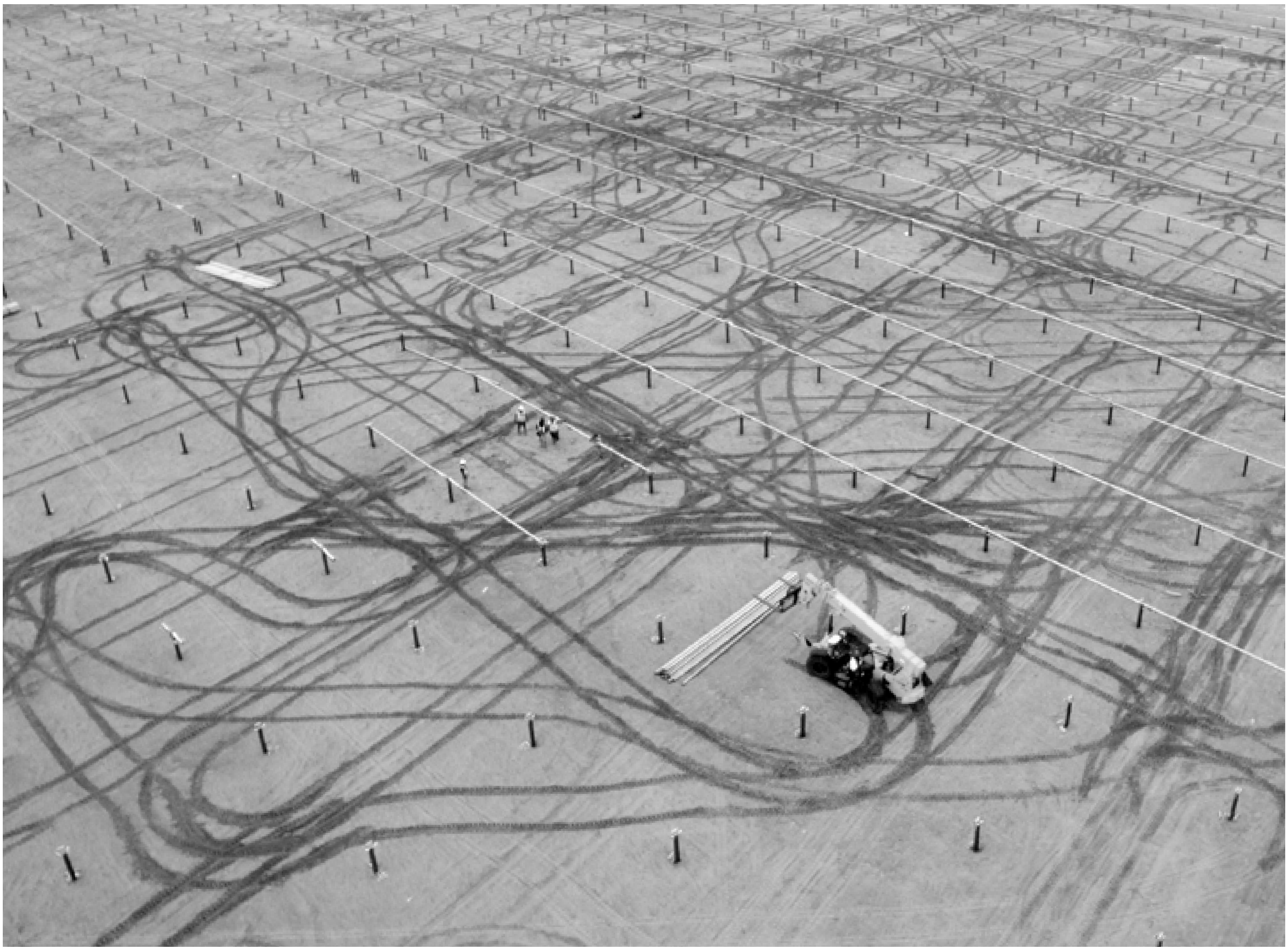
Ultimately, capital is mobile and Infratil is now investing in New Zealand, Australia, USA, and Europe. Infratil's capital will be deployed where returns are the most prospective.

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.



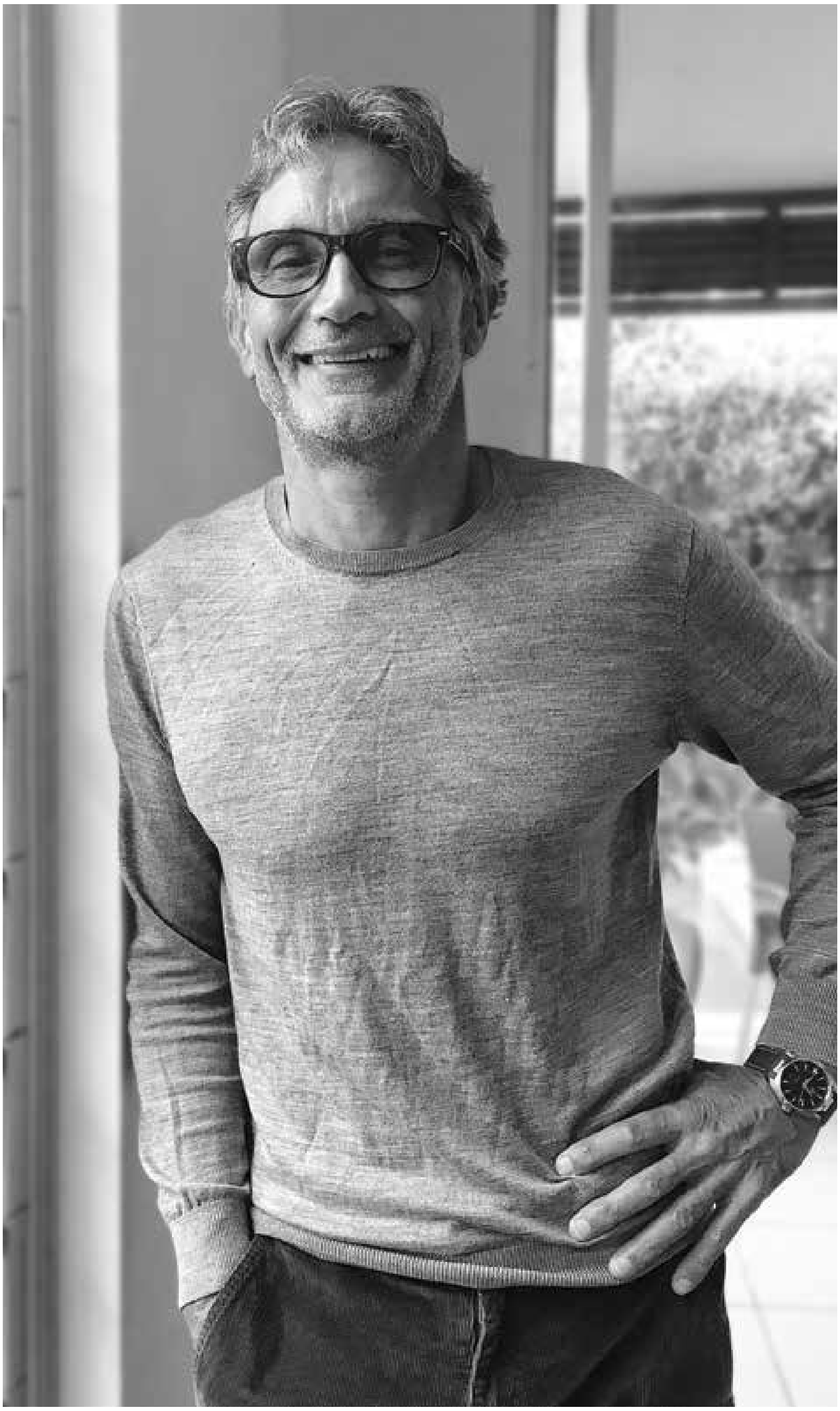
Marko Bogoievski
Chief Executive



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

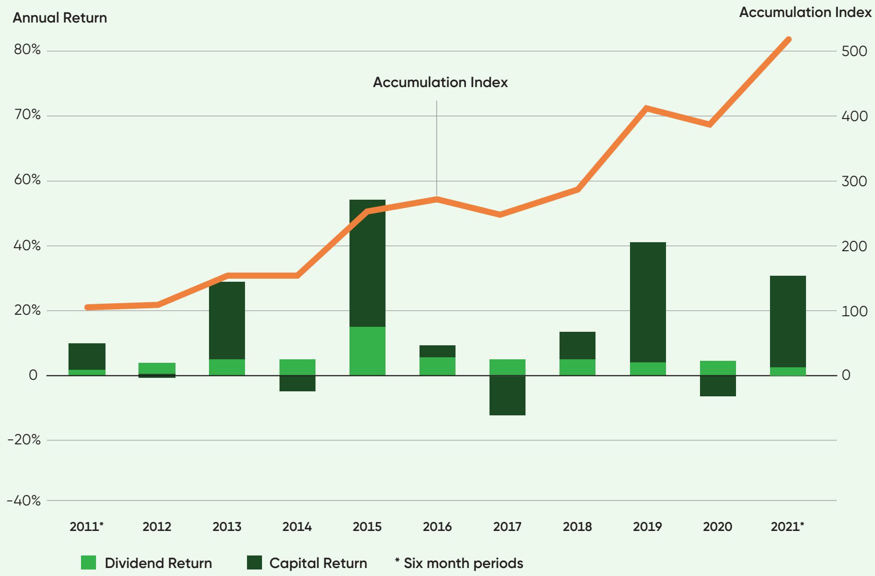
The graphs seek to illustrate key aspects of Infratil's decade. For FY2021 shareholder returns, assets and funding are as at 30 September 2020. Proportionate EBITDAF and investment are annualised based on guidance.

Shareholder Returns

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

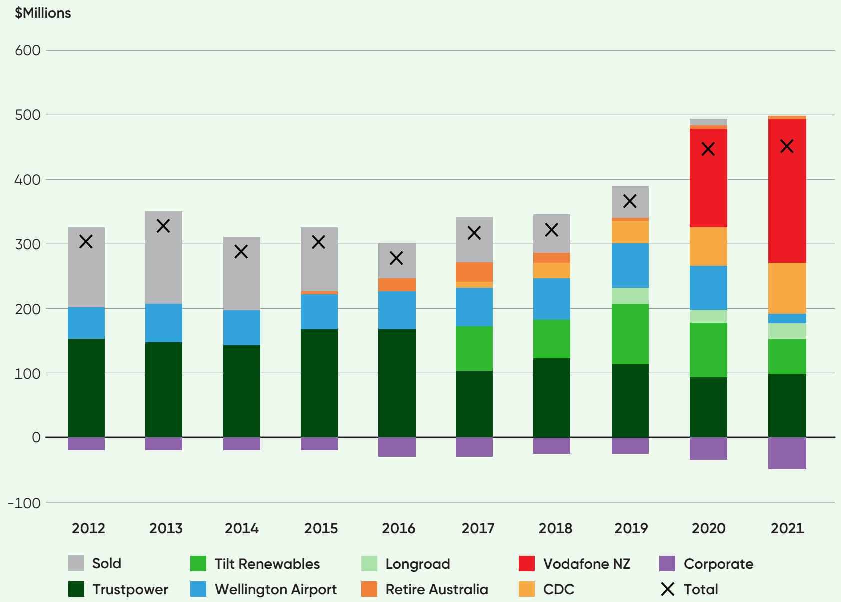
$100 invested at the start of the period would have compounded to $515 by the end if all distributions were reinvested.

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.

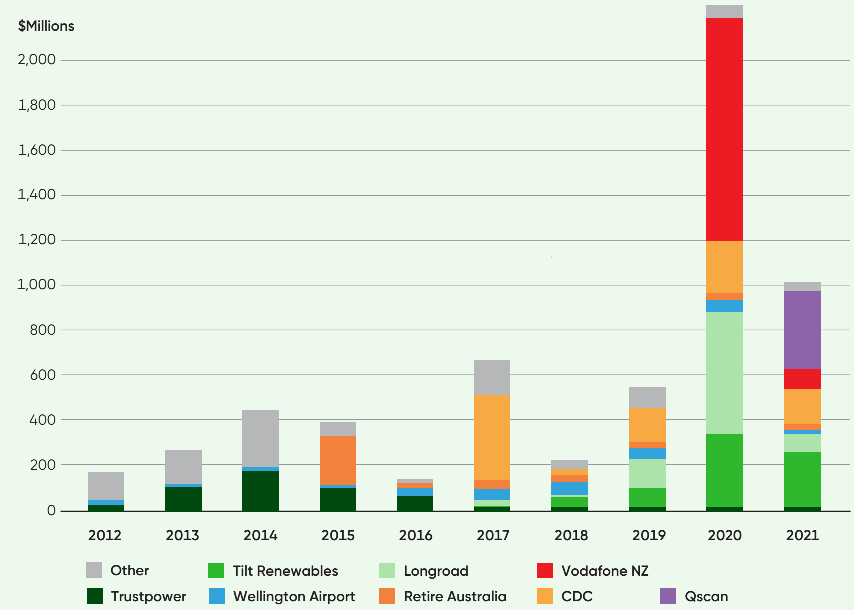


1. Proportionate EBITDAF is an unaudited non-GAAP measure and is defined on page 3.

Proportionate Capital Investment

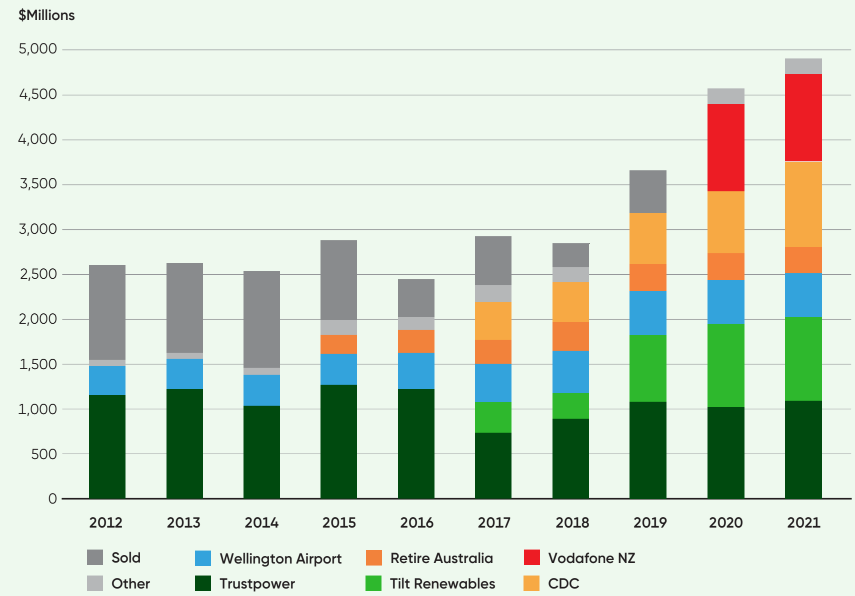
Over the decade Infratil invested $6 billion, split evenly between investment undertaken by Infratil and Infratil's share of investee company investment.

Annual fluctuations indicate the intermittent availability of good opportunities.



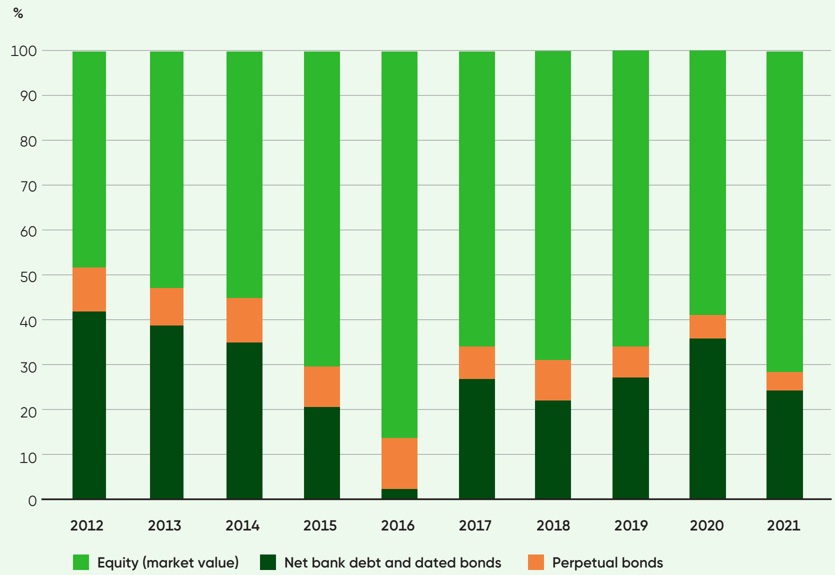
Infratil Assets

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. $11.1 million capital return
Wellington Airport	$37.5	Subvention
Vodafone NZ	$42.2	$8.7 million distributions. $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.

$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%

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.

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 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.

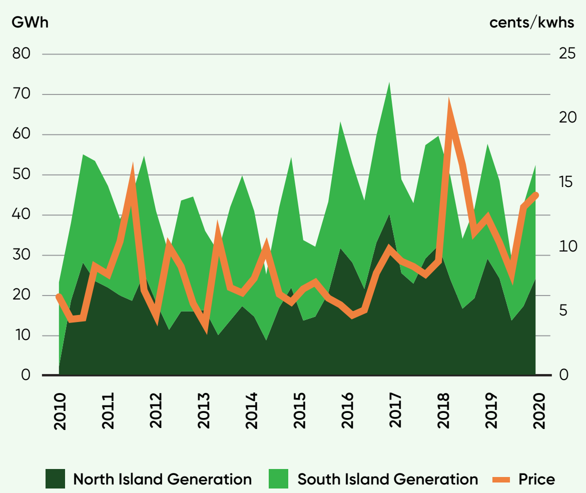
11,000 phone calls to customers during Lockdown to check wellbeing.

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

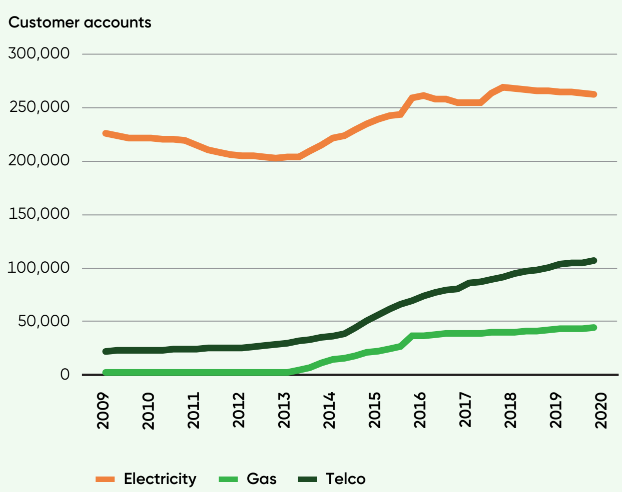
2020 participant in GRESB benchmarking.

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 Six months ended 30 September 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 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

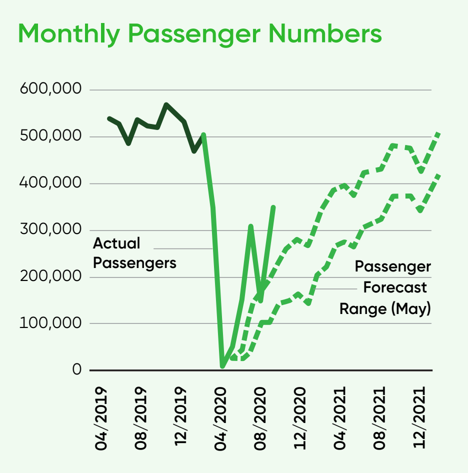
2,082MW of emission-free generation built or under construction.

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 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 Six months ended 30 September 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 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 Six months ended 30 September 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

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N Lough

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