Growing on a strong foundation

Infratil
Interim Report
2019

Infratil invests in infrastructure businesses that provide essential services to communities, and individuals. Shareholders receive good risk-adjusted returns if the businesses deliver high-quality service, are efficient, and risks are well managed.

Infratil's investment approach entails:

- Finding infrastructure opportunities where demand is growing and it is possible to invest with a realistic prospect of fair returns that compensate for risks and endeavour, and with sufficient scale to warrant active management.
- Ensuring funding and investment diversity so that changes in circumstances can be withstood and opportunities taken.
- Building long-term relationships with co-investors that have aligned interests and values.

The infrastructure investment market is competitive and evolving. In particular, ultra-low interest rates are causing institutional investors to shift capital from bonds into "bond-like" investments.

This market dynamic is impacting the returns available on low-risk infrastructure assets and increasing the attractiveness of existing assets and proprietary development opportunities.

For the six months to 30 September 2019

Financial Highlights

Infratil reconfirms its full year EBITDAF[1] guidance range of $655 million to $695 million. This was the range provided in May, later adjusted to incorporate the 31 July 2019 Vodafone NZ acquisition.

A highlight of the period was the $1,029 million acquisition of 49.9% of Vodafone NZ.

Funding for this and other investments was provided by a mixture of debt, a $400 million equity raise and cash asset sale proceeds of $317 million.

Infratil's portfolio of businesses provide resilience and growth-potential and a sound base for good shareholder returns.

In addition to contributions from Vodafone NZ, Infratil anticipates earnings and value growth from the almost $3,000 million of announced investment plans and activities of Tilt Renewables, Longroad Energy, CDC Data Centres and Wellington Airport.

Variable	30 September 2019	Comment
Net parent surplus	$56.4 million	$2.1 million reduction on last year.
Underlying EBITDAF[1] from continuing operations[2]	$289.4 million	$4.8 million uplift.
Operating cash flow	$68.0 million	$74.7 million reduction due to a $107.0 million working capital increase.
Capital expenditure	$1,362.2 million	$1,060.6 million uplift.
Net debt	$1,711.1 million	Net debt comprised 34.5% of Infratil's capital[3].
Declared dividend	6.25 cents cash and 1.50 cents imputation credits	Unchanged from last year.

1. Underlying EBITDAF is an unaudited non-GAAP ('Generally Accepted Accounting Principles') measure. Underlying 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. A definition of Underlying EBITDAF and reconciliation of Underlying EBITDAF to Net profit after tax is provided in the Infratil Interim Results Presentation 2020.
2. Continuing operations excludes NZ Bus, Perth Energy, Snapper and ANU Student Accommodation. All of which have been sold.
3. Infratil parent and 100% subsidiaries.

Report of the Chief Executive

In May Infratil participated in the largest corporate transaction in New Zealand for over a decade when it acquired a 49.9% stake in Vodafone NZ alongside global infrastructure investor Brookfield Asset Management.

The sale by Vodafone's UK parent to focus on opportunities closer to home created a significant opportunity for Infratil and Brookfield to invest in the New Zealand telecommunications sector.

There is no doubt that for Infratil the success of this investment matters and there is also no doubt that to be successful Vodafone NZ must deliver for its customers and NZ-Inc, as well as providing a good workplace for the skilled people it needs.

To deliver for customers, country, employees and owners Vodafone NZ must address both challenges and opportunities. It needs to significantly improve its customer service experience and show leadership in the next generation of mobile network technology. It also needs to cope with a market which is highly competitive where customers expect to get more for less.

We believe that the expertise available to Infratil and Brookfield and within Vodafone NZ will be able to navigate the risks and opportunities. The simple metrics of the acquisition are summarised below:

- $3,400 million was paid to Vodafone Plc for its New Zealand operations. $1,349 million was raised by Vodafone NZ as bank debt. $1,029 million came from Infratil and the same sum was provided by Brookfield.
- Infratil anticipates a mid-teen equity return on its $1,029 million investment. This is based on Vodafone NZ maintaining revenues while delivering on new products, customer service, platform rationalisation, and ongoing cost savings.
- There are downside risks. The business case is reliant on a rational industry structure and behaviour and sensible regulation. And improving Vodafone NZ's operations could take longer than anticipated.
- There is upside potential too. The valuation base-case assumes that Vodafone's investment in the next generation mobile network technology ("5G") is value neutral. That outcome will be better if the additional capacity results in higher revenues or more profitable services.

Vodafone NZ's shareholders and management are committed to improving efficiency, to lifting customer service and to meeting demand growth through network investment. Nothing we have seen since closing the acquisition on 31 July 2019 has changed those goals or materially changed our view on the market potential or our ability to deliver.

While the period under review may have been dominated by the $1,029 million investment into Vodafone NZ, several other transactions were important for Infratil, financially and in the context of our goals and strategies:

- Infratil sold its interests in ANU Student Accommodation, Snapper, Perth Energy, and NZ Bus.
- Longroad Energy announced the commencement of work on two generation facilities in the USA with a combined cost of approximately $1,170 million. Tilt Renewables announced that it will be building a $277 million wind farm in Taranaki. Wellington Airport published its Master Plan intention to invest over $600 million in facilities over the next five years, and CDC laid out plans for the construction and fit out of additional data centre capacity at its three campuses at a total cost of over $600 million.

In addition to releasing capital, the asset sales reflect our desire to simplify Infratil's portfolio and recognise that those activities were unlikely to have opportunities to grow to a material scale. The new investments reflect Infratil's focus on growth infrastructure.

Infratil has been transitioning for an extended period as we sought to allocate capital to growth infrastructure businesses which provide the right balance of strong cash flows, resilience and returns. Now the priority is more about making the best of Infratil's existing businesses than about repositioning capital.

Capital & Funding

Over the six months, the net debt of Infratil and 100% subsidiaries as a percentage of total capital (measured by market value) increased to 34.5% from 33.6%. This is consistent with Infratil maintaining shadow "Investment Grade" credit metrics.

However, a snapshot of the capital structure only conveys that moment in time. Of greater relevance is the support of capital providers, which was illustrated by the provision of $400 million of new equity and $268 million of long-term bond funding. This support is greatly appreciated and reflects a long history of delivering strong returns.

As important as the backing of the debt and equity capital markets was the support Infratil received from its banks. They provided funding while more permanent sources of capital were arranged. The acquisition funding was well led by ANZ Bank.

We received some criticism for not undertaking the whole $400 million equity raising on a pro-rata basis (75 million shares were offered pro-rata to existing shareholders, and 25 million were sold by tender). We believe that the best outcome for shareholders meant taking a balanced approach to both maximising value (i.e. selling the shares at the highest price) and maximising the right to participate. The success of the equity raise is evident and the Infratil shares have performed well since the offer closed.

Earnings, Guidance & Dividends

Infratil's Net Parent Surplus was $56.4 million down from $58.5 million due to an adverse $29.8 million swing in revaluations and realisations.

For the six month period the EBITDAF[1] of Infratil's continuing operations were $289.4 million from $284.6 million last year. Excluding the contribution from Vodafone NZ the main changes were lower contributions from Trustpower and Longroad arising from low hydro generation in New Zealand and the timing and terms of Longroad's development activity and asset sales.

1. Underlying EBITDAF is an unaudited non-GAAP measure and is defined in the Infratil Interim Results Presentation 2020.

The guidance for FY2020 given back in May (later adjusted to reflect the Vodafone NZ transaction) is reaffirmed.

31 March ($Millions)	FY2020
Underlying EBITDAF[1]	$655m – $695m
Net interest	$165m – $175m
Depreciation & amortisation	$160m – $170m

Over the period the Infratil share price rose from $4.17 to $4.92 and a dividend of 11.0 cents per share ("cps") cash and 2.0 cps imputation credits was paid. In addition, shareholders had the opportunity to buy one share at $4.00 for each 7.46 shares they owned. Shareholders who did not take up this offer received a payment equivalent to 4.69 cps.

All told, a shareholder with 1,000 shares with a market value of $4,170 as at 31 March 2019 who reinvested the after-tax value of the dividend and the rights pay-out, would have had 1,032 shares as at 30 September with a market value of $5,077.

Over the twenty five and a half years since listing, Infratil has returned 18.0% per annum compound after tax for a shareholder who reinvested all dividends and the value of rights.

Report of the Chief Executive

The interim dividend will be 6.25 cps to be paid on 13 December 2019 to shareholders of record as at 29 November 2019. This will carry 1.5 cps of imputation credits. For this dividend, Infratil is re-instituting its Dividend Reinvestment Plan (DRP) in response to requests from shareholders. Details of how to take advantage of this are set out in a separate letter sent to shareholders.

Dividends reflect financial circumstances, prospects and cash earnings. As previously signalled, dividends on a per share basis were expected to be flat for the FY2020 financial year, recognising that the number of shares has increased 18%. As Infratil starts to receive higher cash earnings from its more recent investments, we expect this to feed through to allow Infratil to raise its per share dividend.

People

During the period we welcomed Catherine Savage to Infratil's board and said farewell to Humphry Rolleston after thirteen years. Our CEO team was boosted with Jason Paris at Vodafone NZ and Dr Brett Robinson at RetireAustralia. With the sale of Snapper and NZ Bus we lose Miki Szikszai and Zane Fulljames who we thank for their contributions over the years.

Markets, Regulation, Change

Progress continues in New Zealand towards a comprehensive policy framework to reduce greenhouse gas emissions. Policies to reduce emissions are intrinsically debatable. Some people believe in immediate unilateral action, others prefer a multilateral approach to ensure that all countries do their share and incur similar net costs.

For investors in long-life infrastructure assets long-term price signals are critical. For this, the legislation and associated institutions must be widely supported and based on sound principles. Otherwise, investors will be discouraged by the risk of change.

The score-card of the Zero Carbon Act as it has evolved is positive, but not perfect. Government's response to expert advice to avoid a massive intervention into the electricity sector (already one of the greenest in the world and getting greener) and to give farmers five years to develop their own emission reduction plan shows common sense. But there is still no clarity about how the pricing of emissions in New Zealand will be linked to credible offshore jurisdictions. While everyone should want New Zealand's emissions to be reduced, the global reduction of emissions will happen faster and at much lower cost if capital is attracted to where it can achieve the greatest reduction for the least cost.

If, for instance, reducing emissions in New Zealand were to cost $100 per tonne while the same reduction could be achieved for $5 elsewhere, it's not helping New Zealand or the other country or the planet to misallocate the investment to the higher cost project. It also undermines the credibility of the regime.

It has to be noted that while New Zealand's emerging emission reduction plan isn't perfect, it is far better than the ad hoc approach occurring in many other countries.

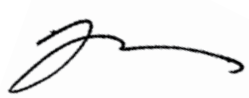
In addition to making submissions on New Zealand's emission reduction policies, Infratil also submitted to the Reserve Bank on its plans to raise the level and hence cost of bank capital. Unlike the formation of decarbonisation policies, parliament and its elected representatives are largely absent from decisions affecting the financial sector because the regulatory power has been delegated to the Reserve Bank.

Prospects

> **Infratil's goal is to provide attractive cash and value returns for its shareholders and a safe investment for its bondholders.**

The strategy to deliver on those goals is based on owning a portfolio of businesses where some provide strong resilient cash income and value protection, and others provide growth. We feel that the portfolio is well balanced and reflects our longer-term perspective on sectors that will drive New Zealand and other economies.

Infratil is supported by its shareholders and their backing of the $400 million capital raise is greatly appreciated. By way of context, after this equity raise, Infratil had (over the period since March 1994) received a net $745 million from its shareholders as subscribed capital, paid out cash dividends of $1,365 million, and as at 30 September 2019 had a market value of $3,245 million.



Marko Bogoievski
Chief Executive


SINGAPORE AIRLINES

Report of the Board Chair

Over the six month period the Board oversaw Infratil's largest ever transaction, being the acquisition of 49.9% of Vodafone NZ for $1,029 million.

The role of the directors in a transaction of this significance is material. While management undertakes the relevant analysis, negotiates transaction terms and prepares documents, the Board performs an overall review and must ultimately decide if the transaction will add value for Infratil's shareholders.

Considerations of the Board included:

- What are the standalone merits of the investment and how do they compare with other opportunities?
- How does this large investment fit with Infratil's portfolio; is it complementary and how does it change the risk/return balance?
- Is the investment partner compatible?
- How will asset sales, new equity and debt change Infratil's risk profile?
- What are the reputational consequences?
- How will the equity raising impact shareholders?

It will take several years before we know if Vodafone NZ will provide the returns we expect, but it is reasonable to infer from the market response and specific feedback that this was a transaction worth undertaking.

Another question for directors relates to the equity raising. As reported elsewhere in this report, we had several priorities:

- When we announced that we had agreed to acquire the interest in Vodafone NZ we had to have certainty of raising $400 million of equity. This meant that the issue had to be underwritten.
- The ideal outcome of any equity issue is that it is taken up proportionately by all shareholders.

Balancing the objectives of certainty, equitable participation, and a fair price; resulted in the Board supporting the issue structure employed.

I would also note that for the Board this transaction entailed the management of a number of conflicts due to director's other interests. I am confident these were dealt with in an appropriate and professional manner.

I am satisfied that your Board did a good job in a compressed timeframe overseeing this transaction. The feedback from shareholders and in correspondence with key stakeholders such as the NZ Shareholders Association, has generally been positive.

We appreciate when shareholders show serious interest in what we are doing. By way of example I note below a summary of a question I received at this year's, well attended, annual meeting. It was asked by Tony Mitchell who is chair of the NZ Shareholders Association.

Q: A key role for boards is to manage risk. What does the Infratil Board consider to be the three key risks, how do you manage them and what do you do to check on their management?

A: The critical risk is underperformance by the companies Infratil has invested in. The Board spends a lot of time getting to understand what is going on in those companies, their circumstances, operations and capex programmes. The Infratil Board does not manage the companies, but it needs to understand the key metrics that will deliver success and what risks they face.

A second key risk comes from the structure of the balance sheet. The big learning from the Global Financial Crisis (GFC) was the need to focus not so much on interest rate risk as liquidity risk, especially the ability to refinance debt when times get hard. A lot of Board time focuses on liquidity risk, the liquidity profile, and the ability to withstand a GFC-type event.

The third risk relates to having the best people available to manage Infratil and the investee companies. We are very focused on human resources and depth.

It's good for the Board to hear from shareholders. While it is sometimes not possible to satisfy all requests, we do listen, and I encourage both our shareholders and bondholders to get in touch.

The interim dividend being paid in December reflects feedback we have received from shareholders. We are maintaining the cash dividend and restarting the dividend reinvestment plan.

Over the year, the Board has undergone changes. We have increased the number of directors to seven, appointing Kirsty Mactaggart and Catherine Savage. Humphry Rolleston retired after thirteen years as an Infratil director.

As I said at the Annual Meeting, I thank Humphry for his service to Infratil. He often provided a unique perspective on issues based on his extensive experience in business. He challenged proposals and the views of others, but always played the ball and not the man, and was unfailingly cordial. Infratil has benefited from his perspective and rigour and we enjoyed working with him.

New directors are recommended to the Board by our Nominations Committee comprising Alison Gerry, Paul Gough and myself. We use a formal search and appointment process. New directors are put to a vote of shareholders at the following Annual Meeting. Director terms are for three years when they need to stand for re-election if they wish to continue in the role. At this year's Meeting Alison Gerry, Kirsty Mactaggart and Catherine Savage were subject to shareholder vote and each received over 99% support.

Infratil is fortunate in that it has quite stable ownership. Our issue of nearly 100 million new shares went mostly to existing shareholders but about a third have gone to new parties. We intend to justify your support in Infratil; and on behalf of the board and management thank all those who participated in providing this capital.

Mark Tume
Chair

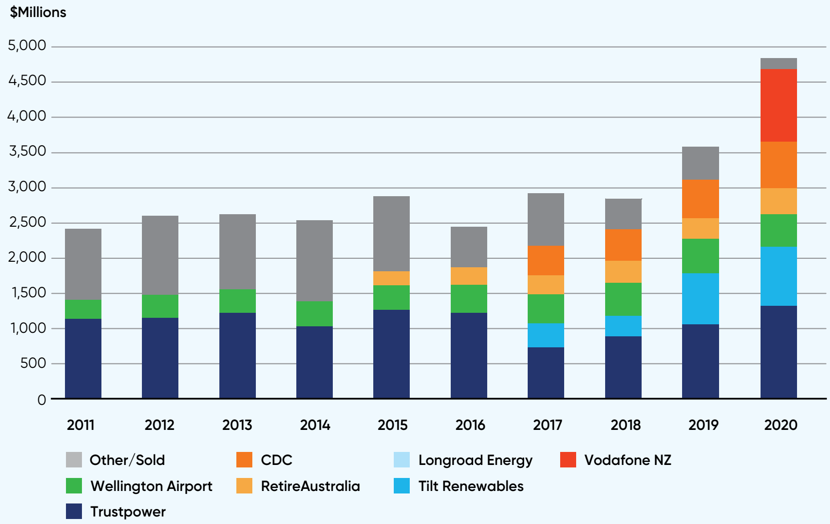
Infratil's Financial Trends

On these two pages are graphs of Infratil's assets, capital investment, funding, earnings, cash flow, and dividends over the decade; along with brief explanations. For the Financial Year 2020 the figures are either as at 30 September 2019 or a mid-point estimate of the full year outcome.

Infratil Assets

The goal of asset allocation is to achieve a balance between core and growth assets; ones that provide robust income and those that will generate value growth. This objective is reflected in the evolving portfolio of businesses.

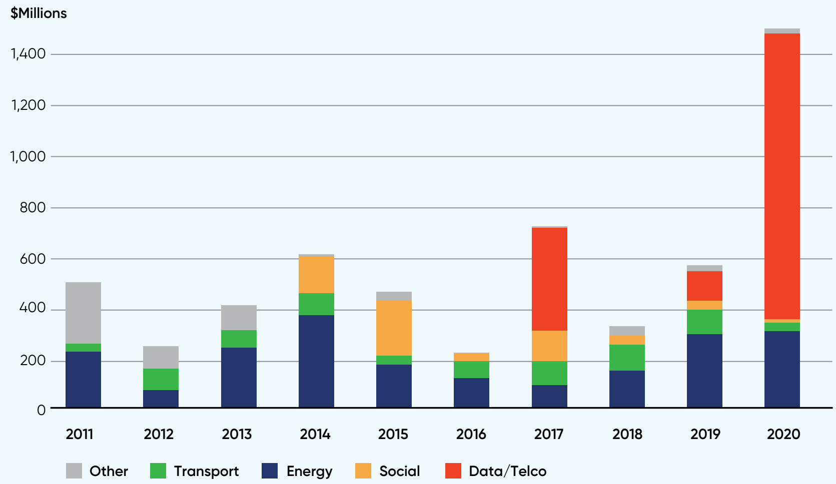
The values used in this graph were extracted from annual reports.



Capital Investment

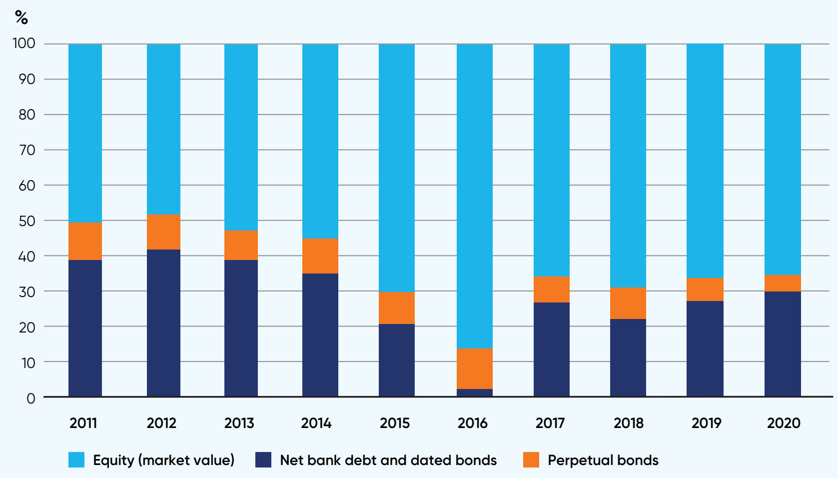
Infrastructure is intrinsically capital intensive. Only by deploying capital is it possible to generate compound growth.

Over the last ten years, $5,455 million was invested. $3,388 million was undertaken by Infratil owned businesses growing their own activities and $2,067 million was allocated to acquisitions.



Infratil Funding

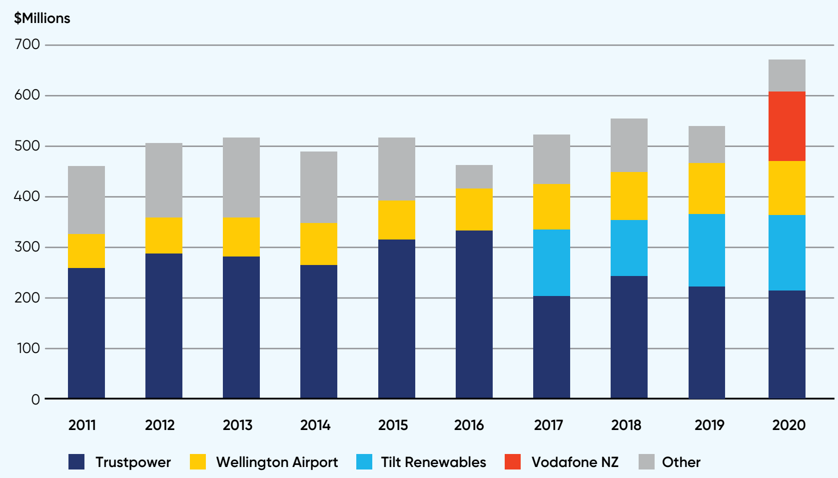
The use of debt is constrained by Infratil's policy of maintaining credit metrics that are broadly consistent with an Investment Grade credit rating (Infratil is not credit rated) and with maintaining availability of funds for investment opportunities.



Underlying EBITDAF[1]

Over the decade the combined earnings of the core businesses Trustpower/Tilt/Wellington Airport rose 38% (3.2% per annum) while the contribution of the rest increased 707% (23.2% per annum).

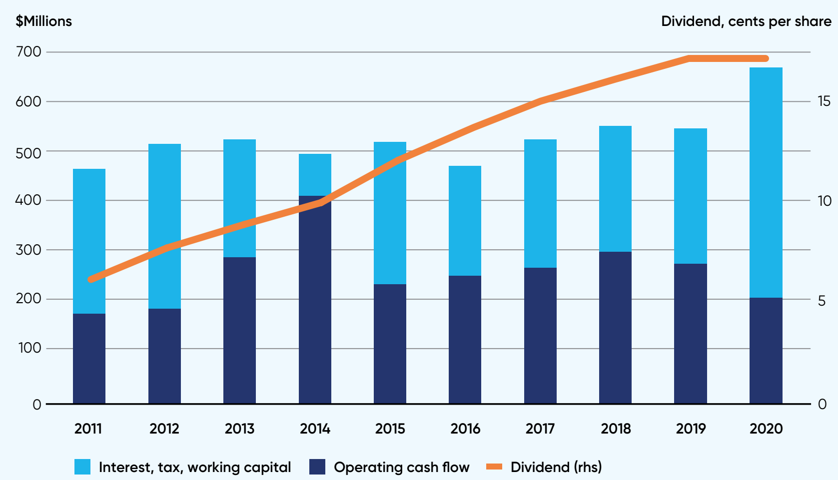
The level of earnings of recent years reflects recycling capital (selling from mature higher earnings companies and reinvesting into businesses at an earlier stage of their commercial lives) and because Infratil only accounts for its share of the after tax profits of RetireAustralia, CDC and Longroad, as they are not consolidated.



Operating Cash Flows & Dividends

Robust cash earnings have supported the increase in the dividend to Infratil's shareholders. Recent investments resulted in guidance that dividends would be flat for two years with growth expected to resume as Vodafone NZ provides cash income and imputation credits.

Operating cash flows comprise EBITDAF[1] less payments of interest and tax and any adjustment required for changes in working capital (which can be up or down).



1. Underlying EBITDAF and EBITDAF are unaudited non-GAAP measures and are defined in the Infratil Interim Results Presentation 2020.

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.

Consolidated Results

Net operating earnings rose $22.1 million, but interest, depreciation, amortisation, and tax increased $4.9 million and there was an adverse movement in revaluations of $29.8 million.

Six months ended 30 September ($Millions)	2019	2018
Operating revenue	$802.4	$736.2
Operating expenses	($498.5)	($454.4)
Net operating earnings	**$303.9**	**$281.8**
Depreciation & amortisation	($75.2)	($83.7)
Net interest	($85.6)	($72.1)
Tax expense	($46.1)	($46.2)
Revaluations & realisations	($17.2)	$12.6
Discontinued operations	$8.3	$13.7
Net profit after tax	**$88.1**	**$106.1**
Minority earnings	($31.7)	($47.6)
Net parent surplus	**$56.4**	**$58.5**

For 2019 the average exchange rates were NZ$/A$0.9468 and NZ$/US$0.6557 (0.9222 and 0.6861 in 2018).

Underlying EBITDAF[1]

An explanation of the sources of these figures is provided under the next table.

Trustpower's earnings last year benefitted from a period of extraordinary hydrology and wholesale market electricity prices. This year generation was below average due to a plant outage and higher costs which were not passed on.

Longroad's relatively volatile earnings largely reflect the different accounting treatment and timing of project development gains which depend on the circumstances of each sale.

CDC's higher earnings reflected demand growth and past investment in capacity.

Six months ended 30 September ($Millions)	2019	2018
Trustpower	$107.1	$129.6
Tilt Renewables	$75.4	$72.5
Longroad Energy	$17.8	$51.1
Wellington Airport	$50.4	$49.6
CDC Data Centres	$26.3	$17.7
Vodafone NZ	$39.1	-
RetireAustralia	$2.9	$5.0
Parent/Other	($29.6)	($40.9)
Total	**$289.4**	**$284.6**
Discontinued operations	**$17.0**	**$41.6**

$39.1 million was Infratil's share of Vodafone NZ's EBITDAF[1] for the two month period following acquisition.

In 2018, Parent costs included a $29.4 million accrual against anticipated management performance fees. This year the accrual is $12.8 million.

1. Underlying EBITDAF and EBITDAF are unaudited non-GAAP measures and are defined in the Infratil Interim Results Presentation 2020.

Breakdown of Consolidated Results

Six months ended 30 September 2019

$Millions	Infratil's share	Underlying EBITDAF[1]	D&A	Interest	Tax	Revaluations adjustments	Minorities	Infratil share of earnings
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%	$17.8	–	–	–	–	–	$17.8
Wellington Airport	66.0%	$50.4	($13.4)	($12.5)	($7.2)	$0.3	($7.8)	$9.8
CDC	48.2%	$26.3	–	–	–	$53.2	–	$79.5
Vodafone NZ	49.9%	$39.1	–	–	–	($42.3)	–	($3.2)
RetireAustralia	50.0%	$2.9	–	–	–	$3.6	–	$6.5
Parent/Other		($29.6)	($0.2)	($42.5)	($17.6)	$0.3	–	($89.6)
		$289.4	**($75.2)**	**($85.6)**	**($46.1)**	**($2.7)**	**($31.3)**	**$48.5**
Perth Energy	80.0%	$12.1	($2.6)	($1.1)	($4.9)	($26.6)	($0.4)	($23.5)
NZ Bus	100.0%	$5.9	($7.1)	–	$0.6	($32.0)	–	($32.6)
ANU Student Accommodation	50.0%	$0.5	–	–	–	$66.1	–	$66.6
Snapper	100.0%	($1.5)	($0.1)	–	–	($1.0)	–	($2.6)
Total		**$306.4**	**($85.0)**	**($86.7)**	**($50.4)**	**$3.8**	**($31.7)**	**$56.4**

Infratil consolidates companies when it owns more than 50%. At CDC, Vodafone NZ, and RetireAustralia the EBITDAF[1] column shows Infratil's share of the relevant EBITDAF[1] and the Revaluations/Adjustments column adds Infratil's share of costs and revaluations. For Longroad Energy only Infratil's share of net surplus after tax is shown.

Commentary on each businesses' earnings and financial circumstances are provided later in this report.

Six months ended 30 September 2018

$Millions	Infratil's share	Underlying EBITDAF[1]	D&A	Interest	Tax	Revaluations adjustments	Minorities	Infratil share of earnings
Trustpower	51.0%	$129.6	($24.9)	($13.4)	($25.2)	($1.3)	($32.3)	$32.5
Tilt Renewables	58.4%	$72.5	($47.8)	($16.2)	($6.6)	$7.3	($4.3)	$4.9
Longroad Energy	40.0%	$51.1	–	–	–	–	–	$51.1
Wellington Airport	66.0%	$49.6	($10.9)	($8.7)	($8.8)	$1.3	($9.2)	$13.3
CDC	48.2%	$17.7	–	–	–	$12.5	–	$30.2
RetireAustralia	50.0%	$5.0	–	–	–	($15.3)	–	($10.3)
Parent/Other		($40.9)	($0.1)	($33.8)	($5.6)	$5.3	$0.3	($74.7)
		$284.6	**($83.7)**	**($72.1)**	**($46.2)**	**$9.8**	**($45.5)**	**$47.0**
Perth Energy	80.0%	$25.2	($3.0)	($1.1)	($9.0)	–	($2.1)	$10.0
NZ Bus	100.0%	$13.2	($12.8)	($0.1)	($0.1)	($1.7)	–	($1.5)
ANU Student Accommodation	50.0%	$5.5	–	–	–	–	–	$5.5
Snapper	100.0%	($2.3)	($0.2)	–	–	–	–	($2.5)
Total		**$326.2**	**($99.7)**	**($73.3)**	**($55.3)**	**$8.1**	**($47.6)**	**$58.5**

1. Underlying EBITDAF and EBITDAF are unaudited non-GAAP measures and are defined in the Infratil Interim Results Presentation 2020.

Capital Expenditure & Investment

For consolidated subsidiaries the table shows the total capital investment. For Longroad the figure is the amount of cash Infratil provided during the period. For CDC and RetireAustralia it shows 48% and 50% respectively of their capital investment. The Vodafone NZ sum is Infratil's investment amount.

The "Other/Parent" investment includes $0.4 million advanced to Clearvision and $17.6 million advanced to Infratil Infrastructure Property (IIP).

Not shown in the table are Infratil's incremental $61.3 million investment into RetireAustralia, and $8.1 million investment into CDC.

Six months ended 30 September $Millions	2019	2018
Trustpower	$16.4	$11.4
Tilt Renewables	$117.3	$105.6
Longroad Energy	$5.9	$71.1
Wellington Airport	$32.0	$44.8
CDC Data Centres	$126.5	$20.7
Vodafone NZ	$1,029.6	-
RetireAustralia	$13.5	$15.9
Other/Parent	$18.1	$10.0
Discontinued operations	$2.9	$22.1
Total	**$1,362.2**	**$301.6**

Infratil's Assets

The values of Trustpower and Tilt Renewables reflect their NZX share prices on the relevant dates.

The other values are book values excluding deferred tax when capital gains tax is not anticipated.

It should be noted that accounting book values are not necessarily the same as market values. For instance, Wellington Airport's book value represents approximately 11 times that company's EBITDAF[1] and a market value would almost certainly be higher. As at 31 March 2019, the independent market values of Infratil's investment in Longroad and CDC were respectively $123 million and $889 million.

Over the period Infratil received consideration of $359 million from asset sales including $135 million which is the provisional NZ Bus proceeds. $93 million of this was received as cash with the balance being a $42 million loan (this asset is included in "Other"). The final NZ Bus proceeds are subject to an earnout mechanism.

$Millions	30 September 2019	31 March 2019
Trustpower	$1,321.1	$1,055.9
Tilt Renewables	$834.4	$720.9
Perth Energy	-	$89.3
Longroad Energy	$3.5	$10.8
Wellington Airport	$457.2	$481.5
NZ Bus	-	$166.2
CDC Data Centres	$660.8	$555.3
Vodafone NZ	$1,026.4	-
RetireAustralia	$368.5	$290.4
ANU Student Accommodation	-	$108.2
Other	$189.5	$105.8
Total	**$4,861.4**	**$3,584.2**

For 30 September exchange rates of NZ$/A$ 0.9287 and NZ$/US$ 0.6277 were used (0.9574 and 0.6785 for 31 March).

$1,029.6 million was invested in Vodafone NZ, $8.1 million in CDC, $61.3 million in RetireAustralia, and $17.6 million in Infratil Infrastructure Property. Infratil advanced $5.9 million to Longroad and received back $21.3 million as capital returns and distributions.

Over the period, an independent valuation of IIP's properties resulted in a $25.2 million uplift. This, and the additional funding, resulted in Infratil's book value of this investment being $73.3 million as at 30 September 2019.

1. EBITDAF is an unaudited non-GAAP measure and is defined in the Infratil Interim Results Presentation 2020.

Capital of Infratil and 100% subsidiaries

As at 30 September 2019 Infratil and 100% subsidiaries had $873.0 million of bank facilities drawn to $337.0 million.

Infratil guaranteed letters of credit issued by Longroad Energy which as at 30 September 2019 amounted to $83.2 million (31 March 2019 $85.0 million). That is the only credit support provided by Infratil to any less than 100% owned business.

Over the six months no bonds matured. Infratil issued two new bonds raising $268.3 million:

- $112,053,000 to December 2029. 3.50% per annum initial coupon with the coupon reset annually from 15 December 2020 to yield 2.50% over the one year bank swap rate.
- $156,279,000 to December 2026. 3.35% per annum fixed coupon.

During the period Infratil issued new shares. 100 million were issued as a part of the Vodafone NZ transaction raising $391.3 million (net of brokerage). The issue was structured to provide Infratil with certainty of proceeds (via underwriting), an opportunity for all shareholders to participate, a high issue price (to minimise dilution), and a strong after-market.

$Millions	30 September 2019	31 March 2019
Net bank debt*	$306.4	$44.3
Dated Infrastructure Bonds	$1,172.8	$904.5
Perpetual bonds	$231.9	$231.9
Equity at market value	$3,244.9	$2,332.2
	$4,956.0	**$3,512.9**
Dated debt/Capital	**29.8%**	**27.0%**
Total debt/Capital	**34.5%**	**33.6%**

For 30 September exchange rates of NZ$/A$ 0.9287 and NZ$/US$ 0.6277 were used (0.9574 and 0.6785 for 31 March).

* Infratil parent and 100% subsidiaries.

- 25,000,000 shares were sold by tender.
- 29,505,098 shares were offered pro rata to institutional shareholders. 27,805,098 were taken up and 1,700,000 sold by tender.
- 45,487,130 shares were offered pro rata to retail shareholders. 30,400,000 were taken up and 15,087,130 sold by tender.

Shares not taken up in the pro rata issue were all tendered at $4.35, with the 35 cents paid to the shareholder which had not taken up the entitlement.

In addition to the above, 265,267 shares were issued to management of subsidiaries as a part of incentive plans.

Excluding treasury stock, over the six month period Infratil's shares on issue rose from 558,503,166 to 659,535,661. The share price rose from $4.17 to $4.92.

Consolidated Operating Cash Flow

The increase in working capital reflects the payment of $102.5 million in management fees which were outstanding as at 31 March 2019.

$Millions	6 months to 30 September 2019	6 months to 30 September 2018
Underlying EBITDAF[1]	$289.4	$284.6
Net interest	($83.6)	($69.2)
Tax paid	($38.3)	($43.4)
Working capital	($107.0)	($39.9)
Discontinued operations	$7.5	$10.6
Operating cash flow	**$68.0**	**$142.7**

1. Underlying EBITDAF is an unaudited non-GAAP measure and is defined in the Infratil Interim Results Presentation 2020.

Trustpower

Trustpower had a disappointing period reflecting low generation, high wholesale electricity prices, and higher operating costs which were not passed on to fixed tariff retail customers.

Customers on fixed tariff terms tend to be insulated against wholesale market price volatility if it just reflects hydrology or some other short-term supply constraint. But it now appears that the period of national generation over-capacity is ending and this may mean that higher and more volatile wholesale prices are not a brief phenomenon and will raise end user prices.

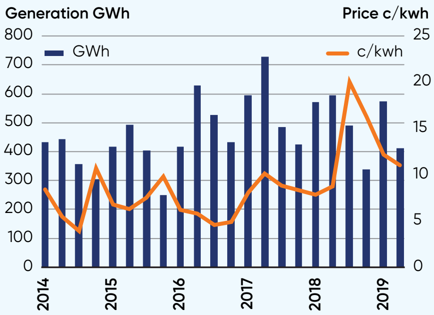
Over the last five years, low electricity prices resulted in approximately 5% of national capacity being decommissioned (largely high cost gas-fired generation) while less than 1% of new capacity was added. Almost the mirror image of what happened 2009-2014. Now higher prices are incentivising construction of wind and geothermal generation capacity. Trustpower is undertaking feasibility analysis of a number of geothermal and smaller-scale hydro projects.

While the recent low level of investment in new generation capacity was mainly due to low electricity prices, construction would also have been held back pending release of two government reports which could have been negative for the sector.

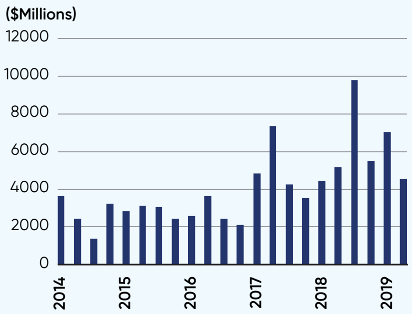
One was the Electricity Price Review undertaken by a Minister appointed panel and the other was the Interim Climate Change Committee report on decarbonising New Zealand's electricity generation.

In the event, both endorsed the structure of the industry and provided recommendations which sensibly balanced costs and benefits. While few industries enjoy such reviews, it's a shame they are not used more widely as many industries' "locked and loaded" regulatory structures would benefit from re-evaluation. For no obvious reason the electricity industry regularly gets a regulatory spring clean and seems the better for it.

Quarterly Generation and NZ market price[1]



Quarterly generation value[2]



Year ended 31 March Six months ended 30 September	30 September 2019	30 September 2018	31 March 2019
Retail electricity sales	1,025GWh	1,067GWh	1,845GWh
Generation	989GWh	1,166GWh	1,994GWh
Av. market electricity price	11.7c/kwh	8.3c/kwh	12.5c/kwh
Electricity accounts	266,000	270,000	267,000
Gas accounts	40,000	38,000	39,000
Telecommunication accounts	100,000	91,000	96,000
Customers with multiple services	111,000	102,000	107,000
EBITDAF[3]	**$107.1m**	**$129.6m**	**$222.2m**
Net profit after tax	$38.7m	$64.9m	$92.7m
Investment spend	$16.4m	$11.4m	$27.7m
Net debt	$636.0m	$487.3m	$562.1m
Infratil's holding value[4]	$1,321.1m	$995.2m	$1,055.9m

1. The graph shows Trustpower's quarterly generation over the last five years and the wholesale market price of that generation.
2. This graph shows the value of Trustpower's generation (volume times price). Which shows the recent heightened volatility and higher value, reflecting the emerging tighter supply-demand situation. Of course, whether Trustpower actually benefits from higher prices depends on whether they are passed on to end users.
3. EBITDAF is an unaudited non-GAAP measure and is defined in the Infratil Interim Results Presentation 2020.
4. Share market value.

CEO Vince Hawksworth in Trustpower's energy control centre in Tauranga.

Coleridge Power Station links Lake Coleridge with the Rakaia River.

Tilt Renewables

EBITDAF[1] was up due to higher Australian generation with Salt Creek operating for a full period and less South Australian system constraints (approximately 20GWh of generation was curtailed, half the level of last year) and higher prices on output not sold on contract.

Tilt's proportionately smaller New Zealand generation capacity saw 8% less output due to lighter winds.

While full year earnings guidance increased slightly, the story of the period was largely about progress at Tilt's generation projects (Tilt has 636MW of operational capacity, 469MW under construction, and a further 3,400MW in its development pipeline).

Dundonnell, Victoria. 336MW, 124 turbines, A$560 million cost. On track and on budget for commissioning later in calendar 2020. The construction project is being managed by Vestas (turbines and towers) and AusNet (transmission connection), with Tilt participating through overall management. Tilt's development and construction expertise is reflected in its track record of bringing its development projects in on time and on budget.

Waipipi, Taranaki. 133MW, 31 turbines, NZ$277 million cost. Construction is now underway following arrangement of $241 million of debt funding, with the NZ$36 million balance provided by Tilt. All of the wind farm's 455GWh of annual generation has been sold to Genesis Energy to 2041.

Waipipi is forecast to provide annual EBITDAF[1] of $22 million a year and free cash flow after paying debt interest and principal of $9 million per annum. The advantageous economics of this project reflect both the low financing costs and the technological steps taken by turbine manufacturer Siemens Gamesa, which is illustrated by a comparison of Tilt's oldest and newest wind farms.

3,400MW of other wind, solar, and storage projects are at various stages of development across Australia and New Zealand.

Snowtown II, South Australia. 270MW, 90 turbines, A$400 million construction cost. This wind farm was commissioned in 2014 and with a proven generation record and long-term off-take and maintenance agreements is a very low risk asset and source of revenue.

Reflecting this, Tilt is reviewing its ownership of this facility to ascertain if the capital should be redeployed into growth opportunities. The first stage of the review involved arranging a A$616 million five-year loan which is secured against the wind farm's income and value. This enabled the repayment of A$483 million of Tilt's original demerger debt and provided A$86 million of funds for other uses.

	Turbines	Turbine capacity	Blade length	Tower height	Annual output
Tararua I 1998	103	0.66MW	23.5m	40m	245GWh
Waipipi 2021	31	4.3MW	65m	95m	455GWh

Year ended 31 March Six months ended 30 September All Australian $ unless noted	30 September 2019	30 September 2018	31 March 2019
NZ generation	328GWh	358GWh	659GWh
Av. NZ electricity price (NZ$)	7.0c/kWh	7.3c/kWh	6.8c/kwh
NZ revenue (NZ$)	$22.9m	$26.1m	$45.0m
Australian generation	734GWh	712GWh	1,395GWh
Av. Aust electricity price	11.1c/kwh	10.2c/kwh	10.8c/kwh
Australian revenue	$81.7m	$72.5m	$151.3m
EBITDAF[1]	**$71.4m**	**$66.9m**	**$134.8m**
Net profit after tax	$11.9m	$8.5m	$12.2m
Investment spend	$117.3m	$46.7m	$127.1m
Net debt	$355.9m	$568.5m	$346.3m
Infratil's holding value (NZ$)[2]	$834.4m	$427.8m	$720.9m

1. EBITDAF is an unaudited non-GAAP measure and is defined in the Infratil Interim Results Presentation 2020.
2. Share market value. Since 30 September 2018 Infratil has invested $54.3 million increasing its shareholding from 58.4% to 65.3%.

Waverley iwi turning soil for the Waipipi wind farm.

Dundonnell wind farm construction.

Longroad Energy

During the six months Longroad started construction on two new renewable generation projects, Prospero I and El Campo, and completed the sale of its interest in the Rio Bravo wind project and sold a 50% interest in El Campo. An outline of each of Longroad's projects is set out on the right.

As at 30 September 2019, Longroad had provided Infratil with a net $12.7 million of cash (i.e. Longroad has paid out more than Infratil has put in) and it owned 684MW of solar and wind generation, has two projects under construction with Longroad owning 100% of one (Prospero I) and 50% of the other (El Campo), and was the contracted manager of 2,292MW of generation plant, about half for third parties.

The two new projects mean that since 31 March 2019, Longroad has started construction on 622MW of generation against a full year goal of 800MW, and approximately 700MW targeted in FY2021.

The USA remains favourable for the development of renewable generation. US corporates are active buyers of "green" electricity on long-term contracts. Low cost debt and tax-efficient funding is available to credible counterparties. Many states are supportive of initiatives to increase renewable electricity generation which, together with falling plant cost, is balancing lower Federal support.

These features make for a very active and progressive market, and Longroad's credentials as a reliable successful developer ensures it has wide access to transactions and counterparties. The development and operational experience also helps with understanding opportunities in other developed markets.

Over the period, Infratil advanced $5.9 million to Longroad, received back $21.3 million, and accounted for a net contribution of $17.8 million being Infratil's share of Longroad's net surplus and fees. As at 30 September 2019, Infratil guaranteed $83.2 million of letters of credit issued by Longroad ($85.0 million as at 31 March 2019).

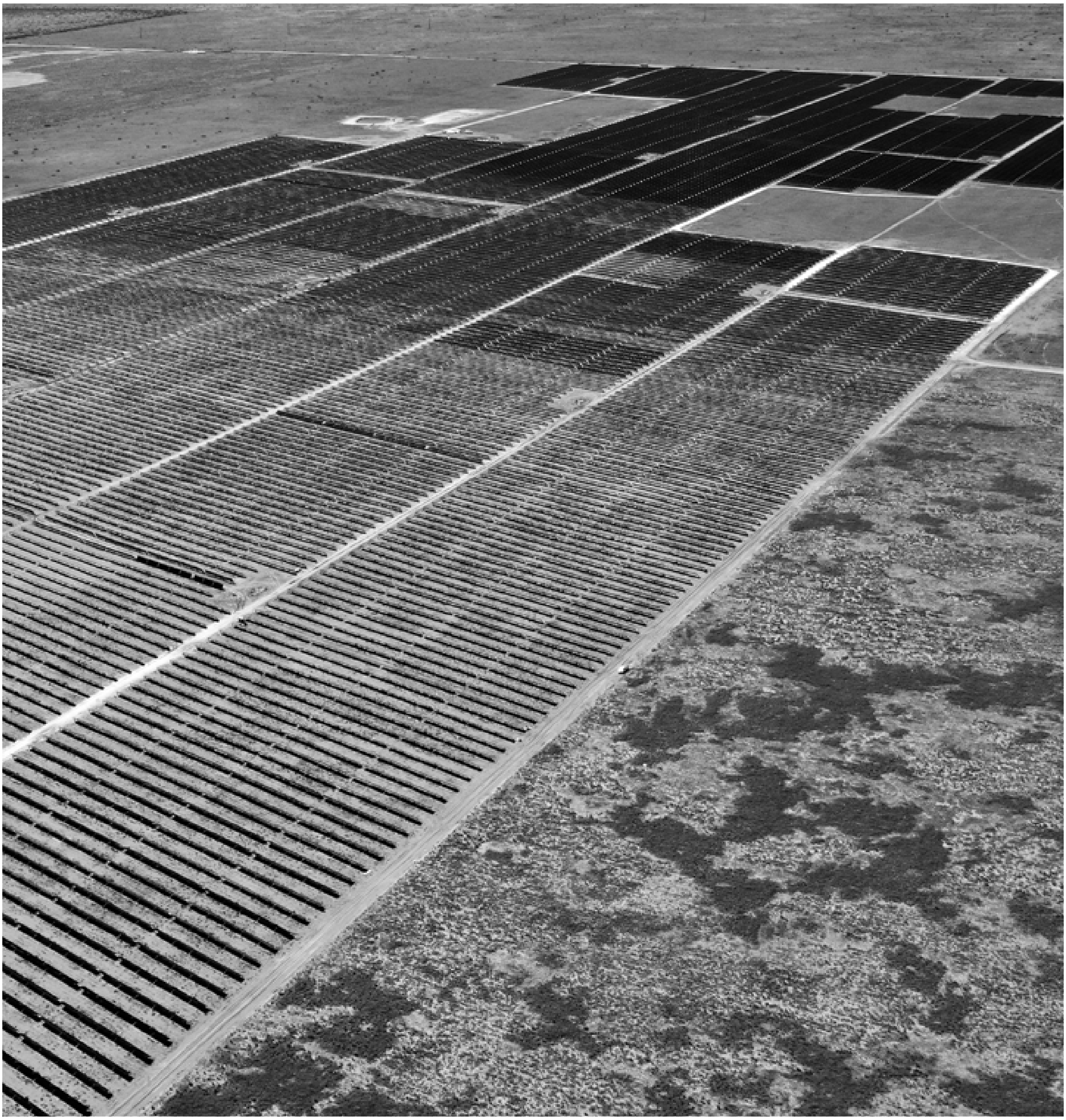
Project	Capacity	Status
Phoebe solar. Texas	315MW	This project was sold in FY2019.
Rio Bravo wind. Texas	238MW	The project was sold with settlement in FY2019 and FY2020. Longroad has an ongoing asset management role.
Prospero I solar. Texas	379MW	Construction has started on this US$419 million project with output sold to Shell.
El Campo wind. Texas	243MW	Construction of this US$335 million project is underway. 194MW of the output has been sold to Crown Holdings and DaVita Industries. 50% of the equity has been sold to two Danish pension funds. Longroad has an ongoing asset management role.
Federal Street solar. Various locations	245MW	100% ownership. Longroad manages this generation which provides stable earnings.
Minnesota. Wind	80MW	100% ownership. Longroad manages this generation which provides stable earnings and the potential for repowering and sale.
Milford wind. Utah	309MW	100% ownership. Longroad manages this generation which provides stable earnings.

NZ$ values are for the relevant six and twelve month period. The US$ periods are as noted below.	30 September 2019	31 March 2019
Infratil aggregate investment amount	$159.9m	$154.0m
Infratil capital received back	$172.6m	$151.3m
Infratil share of accounting gains	$17.8m	$46.4m
The book value of Infratil's holding	$3.5m	$10.8m
Period EBITDAF [1]	US$32.9m	US$36.3m
Period net surplus before tax [2]	US$17.4m	US$59.5m
Period operating cash flow [2]		US$92.9m
Owned generation	684MW	684MW
Managed generation	2,292MW	1,236MW
Employees	101 people	90 people

1. EBITDAF is an unaudited non-GAAP measure and is defined in the Infratil Interim Results Presentation 2020.
2. Longroad has a 31 December financial year. The US$ figures in the 31 March column are for the year ended 31 December 2018 while those for 30 September 2019 are for the nine months period to that date.

Remote management of wind and solar generation across the entire United States is undertaken from Longroad's control operation in Portland Maine.

Prospero I Solar Farm.



Wellington Airport

Traffic at Wellington Airport was flat over the six months as airlines paired capacity and increased loadings. As has happened in the past, consolidation is following a period of substantial growth.

Wellington's traffic is a mixture of domestic-trunk, regional, short-haul international, and a sliver of long-haul which is noted below. The flat overall result included solid regional performance, a mixture on international, and weak trunk traffic. The changed mix of passengers resulted in a lower average aeronautical charge.

While relatively positive regional traffic mainly reflects airline decisions, the new airport hotel also contributed. Four out of five journeys between the regions around Wellington (Nelson, Napier, New Plymouth, etc.) and international destinations go through Auckland or Christchurch. Offering travellers a pleasant overnight stay at the Rydges Hotel at the start and end of their journeys will encourage some to change their itineraries.

Wellington's only wide-bodied long-haul service received a fillip during the period with Singapore Airlines announcing the upgrade of its four times a week Wellington-Melbourne-Singapore B777 service to five times a week with a new A350. Illustrating the benefits of the latest generation aircraft, its carbon footprint per passenger is estimated to be 20% lower than that of the older aircraft.

For Wellington Airport, the main event of this period was publication of the draft 2040 Master Plan. This measures the Airport's physical infrastructure against forecast demand growth and formulates what is required to ensure compatibility. The exercise identified the need for over $1,000 million to be invested over the next decade; buying land, expanding the terminal and airfield, and resilience measures such as replacing the seawall which protects the runway.

Preparation is underway with serious work expected to start later in 2020 after further analysis and consultation. The Plan has attracted some interest from those concerned about aviation related carbon emissions. An efficient capable airport doesn't create demand for air travel any more than hospitals make people sick. As illustrated by the Singapore Airlines' A350, better equipment and more efficient operations significantly reduces waste and emissions.

Wellington Airport is working to reduce its own emissions and hopes to contribute to improving the public transport links with the city. It has also undertaken its first GRESB social and environmental report to improve the quality and objectivity of that information.

Year ended 31 March Six months ended 30 September	30 September 2019	30 September 2018	31 March 2019
Passengers Domestic	2,717,900	2,716,264	5,488,013
Passengers International	454,426	448,316	929,457
Aeronautical income	$40.3m	$40.6m	$81.5m
Passenger services income[3]	$22.5m	$20.5m	$43.5m
Property/other	$6.6m	$6.3m	$12.9m
Operating costs[3]	($19.0m)	($17.8m)	($36.5m)
EBITDAF[1]	**$50.4m**	**$49.6m**	**$101.4m**
Investment spend	$32.2m	$44.8m	$72.1m
Net debt	$524.4m	$464.0m	$459.8m
Infratil's holding value[2]	$457.2m	$449.1m	$481.5m

1. EBITDAF is an unaudited non-GAAP measure and is defined in the Infratil Interim Results Presentation 2020.
2. Infratil's share of net assets excluding deferred tax at period end.
3. To enable like for like comparisons, in the latest period $3.2 million of hotel operating costs have been excluded from both passenger services income and operating costs.

Wellington Airport received the NZ Airport of the Year award for passenger facilities and positive collaboration with airlines.

The first flight to Wellington of the Singapore Airlines' A350.

CDC Data Centres

Over the six months, CDC Data Centres continued to expand capacity to accommodate burgeoning demand.

A$248.4 million was invested constructing and fitting out data centres at the campuses at Fyshwick and Hume in Canberra and Eastern Creek in Sydney. CDC is on track to have a further 50MW of capacity available in FY2021.

If its full 120MW of capacity is built out, Eastern Creek could become Australia's largest data centre campus by capacity (20MW is now available with 25MW under construction).

CDC is forecasting FY2020 reported EBITDAF[1] of between A$110 million and A$120 million (double the level of FY2018) and an end of year EBITDAF[1] run-rate of between $135 million and A$145 million (up from A$65 million two years prior).

Funding for the construction is coming from a mixture of retained earnings, debt and shareholder contribution.

In a presentation given to fund managers and analysts in October, CDC management explained CDC's unique features and why they are attracting customers willing to write long-term contracts. It is a combination of factors which includes:

- CDC data centres offer the highest level of accredited reliability and security. Notwithstanding this, construction costs are amongst the lowest in the world on a per MW basis.
- Specifically with regards to the Eastern Creek campus, it has immediate proximity to Sydney's high voltage grid which has a 100% availability record, as well as sufficient onsite generation should a network outage ever occur. Eastern Creek also has comprehensive communication links with connections via 17 telecommunication companies.
- CDC's strong customer relationships and scale means it can tailor its offering to suit different user needs.

A government agency may want to only pay for what is used while still having likely room to grow if storage needs expand. A hyperscale user may be willing to pre-contract a large capacity footprint for an extended period so as to have certainty of availability.

CDC's customer mix, by revenue is:

- 40% Government, growing at 12-15% per annum. With very specific, non-negotiable requirements for data storage and availability.
- 45% Hyperscale, growing 20-28% per annum. Highly sophisticated clients which require certainty of available capacity to meet their rapidly expanding needs.
- 15% National Critical infrastructure providers and other commercial clients, growing 12-15% per annum. Growth is coming both from expanding needs and as companies reassess the costs/benefits of in-house data storage.

Year ended 31 March Six months ended 30 September All Australian $ unless noted	30 September 2019	30 September 2018	31 March 2019
Available capacity	80MW	39MW	80MW
EBITDAF[1]	**$51.7m**	**$33.9m**	**$72.3m**
Net profit after tax	$142.0m	$47.4m	$137.5m
Investment spend	$248.4m	$43.0m	$291.6m
Net debt	$731.2m	$364.6m	$517.8m
Infratil share of EBITDAF[1]	NZ$26.3m	NZ$17.7m	NZ$37.4m
Contribution to Infratil NPAT	NZ$79.5m	NZ$30.2m	NZ$83.9m
Infratil's holding value	NZ$660.8m	NZ$487.8m	NZ$555.3m

1. EBITDAF is an unaudited non-GAAP measure and is defined in the Infratil Interim Results Presentation 2020.

Eastern Creek
data centre.

CDC data centre,
Canberra.

Vodafone New Zealand

Infratil closed its purchase of 49.9% of Vodafone NZ on 31 July. Over the subsequent two months to 30 September 2019 its contribution to Infratil's result was $39.1 million EBITDAF[1] and a net loss of $3.2 million after deducting interest, tax, depreciation, adjustments and transaction costs (both figures reflect Infratil's 49.9% ownership).

For its full year to 31 March 2020, Vodafone NZ is forecasting EBITDAF[1] about the same as recent years.

However, while FY2020 is forecast to produce a financial outcome similar to prior years, a great deal of work is underway to revitalise the business and ensure Vodafone NZ maintains leadership in an attractive market in the future.

- The initial roll-out of the 5G mobile network using Nokia technology is underway with 108 enabled cell-sites soon to provide coverage for parts of Queenstown, Christchurch, Wellington, and Auckland. This will be New Zealand's first commercial 5G deployment delivering increased mobile broadband speeds and paving the way for additional mobile applications.

  The challenge for mobile telco operators is to capture value from the 5G network investment. The learning from the upgrade to 4G a decade ago was that consumers got more for less while telecommunication companies failed to grow returns on their capital. Positively, New Zealand market data shows that fixed wireless broadband connections are increasing about 20% per annum while fibre broadband and mobile connections are also rising slightly; while all other means of connection are shrinking.

- Like most integrated telecommunication businesses, Vodafone NZ has legacy customer service systems which are expensive to operate and can cause customers, staff and management frustration. This situation reflects the company's history of acquisitions and relatively slow progress on digitisation and process simplification. The focus now is to rationalise the multiple systems to provide customer, product development, and cost benefits.

  Notwithstanding the relatively slow progress in the past, Vodafone NZ has the opportunity to dramatically improve its capability and performance utilising cloud-based integrated, lower-cost IT systems that have the potential to differentiate its market position.

In the short-term, while the investment in systems is underway, Vodafone NZ has increased its local customer service team so as to improve its customers' experience and reduce fault resolution times.

Year ended 31 March $Millions	2016	2017	2018	2019	Forecast 2020
Revenue	$1,963m	$2,027m	$2,039m	$1,986m	$2,000-2,100m
Operating costs	$1,541m	$1,558m	$1,570m	$1,523m	-
EBITDAF[1]	**$422m**	**$469m**	**$466m**	**$463m**	**$460-490m**
Net profit after tax	($18.3m)	$47.6m	$39.9m	$21.3m	-
Capex	$229m	$223m	$244m	$253m	$275-325m
Opex/Revenue	79%	77%	77%	77%	-
Capex/Revenue	12%	11%	12%	13%	14-15%

1. EBITDAF is an unaudited non-GAAP measure and is defined in the Infratil Interim Results Presentation 2020.

Installation of 5G equipment on cellphone towers.

Rural wireless broadband and cell phone network coverage is provided co-operatively by the three main operators. Abraham Shearing Gang enjoy a coffee break and connectivity, in Eketahuna.

RetireAustralia

The Australian retirement sector continues to experience difficult market conditions. The weak housing market is making it harder to sell the family home and is having a negative effect on the affordability of village apartments and units.

In addition, the Royal Commission into Aged Care Quality and Safety, while not specifically directed at retirement village operators, is creating negative sentiment towards the sector.

Over time both factors will ameliorate, and RetireAustralia is focussing on maintaining occupancy at its villages, improving its offer of care services, and progressing the development of units, especially care-units, within its existing villages. However, development of new villages has slowed to reflect the market. Development initiatives include:

- 70 new care apartments have been commissioned at the Glengara village on the Central Coast, NSW. The first residents will be entering the community later in 2019.
- Construction has started on the 40 unit stage one of the 177 unit, The Verge, village adjacent to the Burleigh Golf Club on the Gold Coast.
- Final planning approval has been received for The Green in Tarragindi Brisbane, but development of the nearby Fancutts at Lutwyche has been deferred.
- Planning and design of the Lane Cove village in Sydney is progressing.

Positively, resale rates are improving. Unit prices in some villages are above valuation, while in other regions the soft residential market has been reflected in targeted discounts.

In addition to keeping its villages occupied and progressing growth initiatives, RetireAustralia is also continuing to expand its offer of care services. This is a long-term initiative intended to improve the experience of residents so that RetireAustralia's villages are an attractive place for ageing people to live as their needs increase.

Two key senior management roles were filled over the period with the appointment of Dr Brett Robinson as CEO and Paulene Henderson as CFO. Dr Robinson's professional career started in surgery as an orthopedic registrar and researcher before he moved into health sector management. Ms Henderson has a 25 year career in finance including almost a decade as CFO of a residential property company.

"RetireAustralia's purpose is to provide supportive, caring and fulfilling communities for its residents. We have a vision to allow our residents to age in place through the provision of high quality care, both through home care services, and with dedicated care facilities. The opening of our care apartments at Glengara on the Central Coast is a significant milestone in our journey. RetireAustralia looks to offer our residents a complete continuum of care, so they can continue to enjoy life in our communities, even as their needs change." – CEO Dr Brett Robinson

All Australian $ (unless noted)	30 September 2019	30 September 2018	31 March 2019
Residents	4,910	4,953	4,943
Serviced apartments	465	465	465
Independent living units	3,509	3,507	3,507
Unit resales	130	128	244
Resale gain per unit	$126,879	$133,504	$133,666
New unit sales	2	9	15
New unit average value	$397,500	$778,778	$721,600
Occupancy receivable/unit[1]	$114,342	$107,770	$112,143
Embedded resale gain/unit[1]	$37,805	$41,874	$39,381
Underlying Profit[2]	$5.5m	$9.1m	$17.1m
Net profit after tax	$12.4m	($19.1m)	($44.5m)
Capex	$25.6m	$29.3m	$59.4m
Net external debt	$124.6m	$173.4m	$198.2m
Infratil's holding value[3]	NZ$368.5m	NZ$317.0m	NZ$290.4m

1. The values are estimates of point in time value. What 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.
2. Underlying Profit is an unaudited non-GAAP measure and is defined in the Infratil Interim Results Presentation 2020.
3. Since 31 March 2019 Infratil has increased its investment in RetireAustralia by $61.3 million.

CEO Dr Brett Robinson with residents of Wellington Manor Retirement Village.

Residents of Wellington Manor Retirement Village enjoying a game of croquet.

Other Investments

Infratil Infrastructure Property (IIP)

Construction of IIP's 154 room Travelodge Hotel in Auckland's Wynyard Quarter is progressing. The first stage of this development should be open for use well before the 2021 America's Cup regatta.

In Wellington, IIP has arranged a new location for the NZ Bus' main base of operations and construction will commence when the necessary consents have been received. Once this has occurred, and NZ Bus has vacated the existing 2.4 hectare Kilbirnie depot, IIP will initiate its redevelopment or sale.

During the half year, Infratil advanced a further $17.6 million to IIP to fund the Wynyard construction, and this, along with a $25.2 million increase in IIP's properties following Infratil's sale of NZ Bus, gave a 30 September 2019 value of $73.3 million.

Clearvision Ventures Funds

During the period, Infratil provided Clearvision with an additional US$0.25 million. US$19.75 million of the total US$25.0 million commitment has now been advanced. The book value of the investment as at 30 September 2019 was NZ$28.3 million.

Clearvision made one new investment over the period; the US ride sharing company Zum which is targeting the youth market by offering students a reliable safe alternative to using an aging yellow bus to get to and from school.

The Fund's main other investments; Orbital Insights, Autogrid, Climacell and Chargepoint; continue to grow and develop their businesses.

Australian Social Infrastructure Partners (ASIP)

The sale of ASIP's interest in Queensland schools is expected later in FY2020, while sale of the stake in the Royal Adelaide Hospital will be progressed following resolution of outstanding construction and commissioning disputes.

The 30 September 2019 value of Infratil's interest in ASIP was $46.1 million, slightly up on the 31 March figure.

Australian National University Student Accommodation

On 21 May Infratil received A$162.1 million proceeds from the sale of its 50% interest in ANU student accommodation. In addition, Infratil received a final distribution of A$4.8 million.

This was a very successful investment. Infratil provided an initial $85 million of funding in FY2017 and then additional funds as the ANU facilities were developed and expanded.

Value was created through the excellent relationship formed with the University leadership and the ability of the partnership to deliver additional student accommodation and facilities to budget and on time.

Snapper Services

Infratil's ten year development of the Snapper ticketing and payment system ended with its sale for nominal consideration on 31 May. This was not a successful investment.

When Infratil set up Snapper it was recognised that success required it to be widely used. At that time, there were about 100 million annual rides on all New Zealand public transport and a sophisticated payment tool such as Snapper was only going to be viable if it be used on most of them. In the event, local and central government transport agencies preferred to establish a government owned competitor; which doomed everyone to losses.

The Snapper team developed a number of novel mobile payment and charging tools which they were able to sell to offshore transport agencies, but it wasn't enough to offset the local diseconomies of scale.

Perth Energy

On 8 August Infratil sold its 80% shareholding in Perth Energy to AGL Energy for A$53.3 million. A further sum of up to A$18.6 million may also be received depending on the outcome at Perth Energy from a material contract and the tax treatment of penalty refunds which Perth Energy may become entitled to.

Completion of the sale has also released Infratil from its credit support of Perth Energy, which as at 31 March 2019 amounted to A$64.7 million.

Infratil became a shareholder in Perth Energy in 2007 through its Australian Energy business and the shareholding was retained when the rest of that enterprise was sold in 2014. It was an illustration of the problem of a small-scale business operating in a complex market.

NZ Bus

On 2 September Infratil completed the sale of NZ Bus for $93 million cash and a $42 million loan. The final proceeds are subject to an earnout mechanism and will be between $125 million and $145 million.

The sale of NZ Bus was a disappointment. When the company was acquired in 2005 it was hoped that regional transport agencies in Wellington and Auckland would recognise that by far the quickest and lowest cost way to improve mobility in those regions would involve a significant expansion in bus public transport.

Unfortunately, public transport turned out to be subject to a complex and conflict riven regulatory and funding regime. Ultimately the new contracting model that was implemented transferred absolute control and most of the risk to the regional councils while prioritising cost minimisation above everything else. There was an unfortunate irony as billions of dollars were allocated to "mass transit" while far lower cost options such as better bus services were relegated.

Directory

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Calendar

Final dividend paid	27 June 2019
Annual meeting	22 August 2019
Half year end	30 September 2019
Half year results released	13 November 2019
Interim Dividend paid	13 December 2019
Financial year end	31 March 2020

Updates/Information

Infratil produces an Annual Report and Interim Report each year. In addition, Infratil produces occasional reports on the operations

Infratil