

INFRATIL INVESTOR DAY 2024

MORRISON.

# Infratil Investor Day: Morrison Update

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MARCH 2024

# A global infrastructure investor, born in New Zealand

MORRISON.

35 YEARS OF INFRASTRUCTURE INVESTMENT EXPERIENCE



## ATTRACTIVE TRACK RECORD

- ✓ 18%+ annualised return over 29 years<sup>1</sup>
- ✓ AUM USD 24+ billion<sup>2</sup>



## EXPERIENCED GLOBAL MANAGER

- ✓ Established in 1988 in New Zealand
- ✓ 7 offices globally, 190+professionals



## STRONG ALIGNMENT

- ✓ NZ\$200m+ direct Morrison shareholding in IFT
- ✓ Material IFT holdings by Morrison Board & Execs

1. Infratil Limited's total shareholder return, with dividends presented gross of imputation credits, net of tax and net of the supplementary dividend, from inception on 28 March 1994 to 31 December 2023. Other relevant Infratil Limited returns: 1 year: 20.0%, 5 years: 26.2% p.a., 10 years: 21.4% p.a., SI: 18.7% p.a.

2. Morrison AUM as at 31 December 2023, converted to USD using exchange rates at 31 December 2023 (source: FactSet, mid rates). Excludes undrawn commitments.

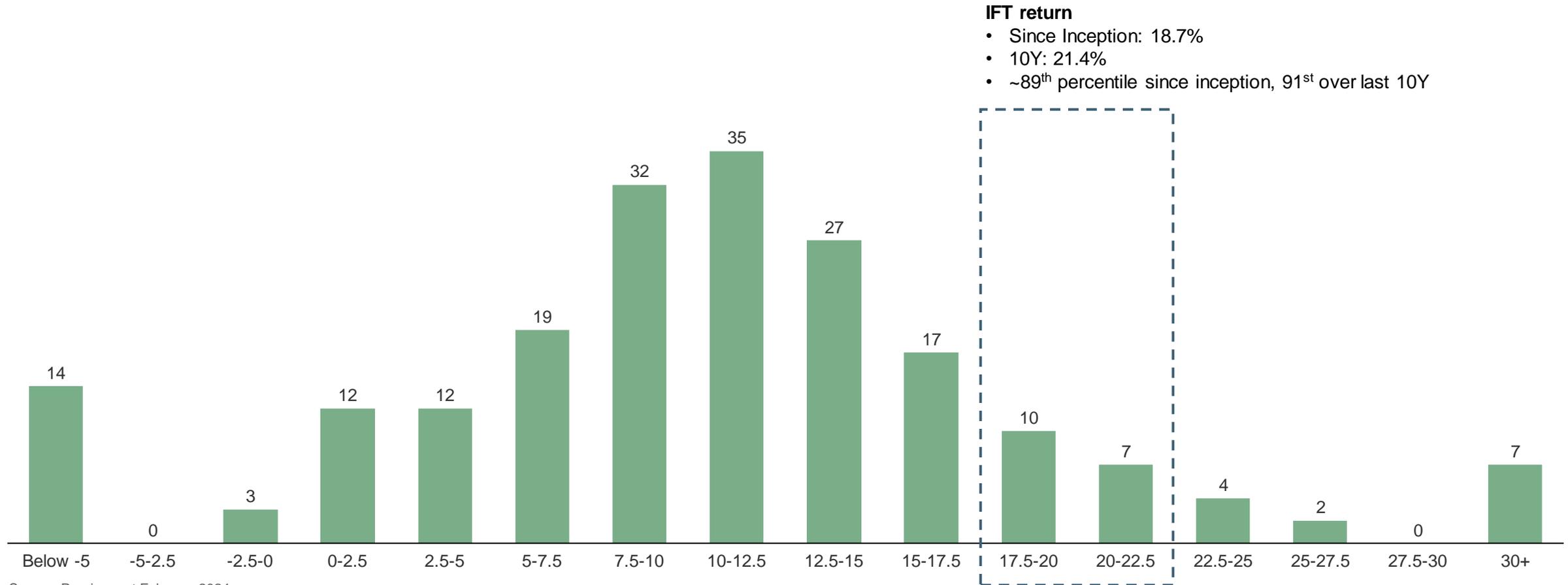
Please refer to the slide entitled "Important Information", in particular that past performance is not a guide to future performance.

# Investment performance: Infratil vs the World

WE ARE COMMITTED TO KEEP DELIVERING THE EXTRAORDINARY

PEER PERFORMANCE DISTRIBUTION, BY NET IRR RANGE, VINTAGE YEAR 1999-2023, FUND #

*N = 201. Core, Core+ and Value-added. NA, EU and ANZ only. Fund size > US\$300m*



Source: Preqin as at February 2024.

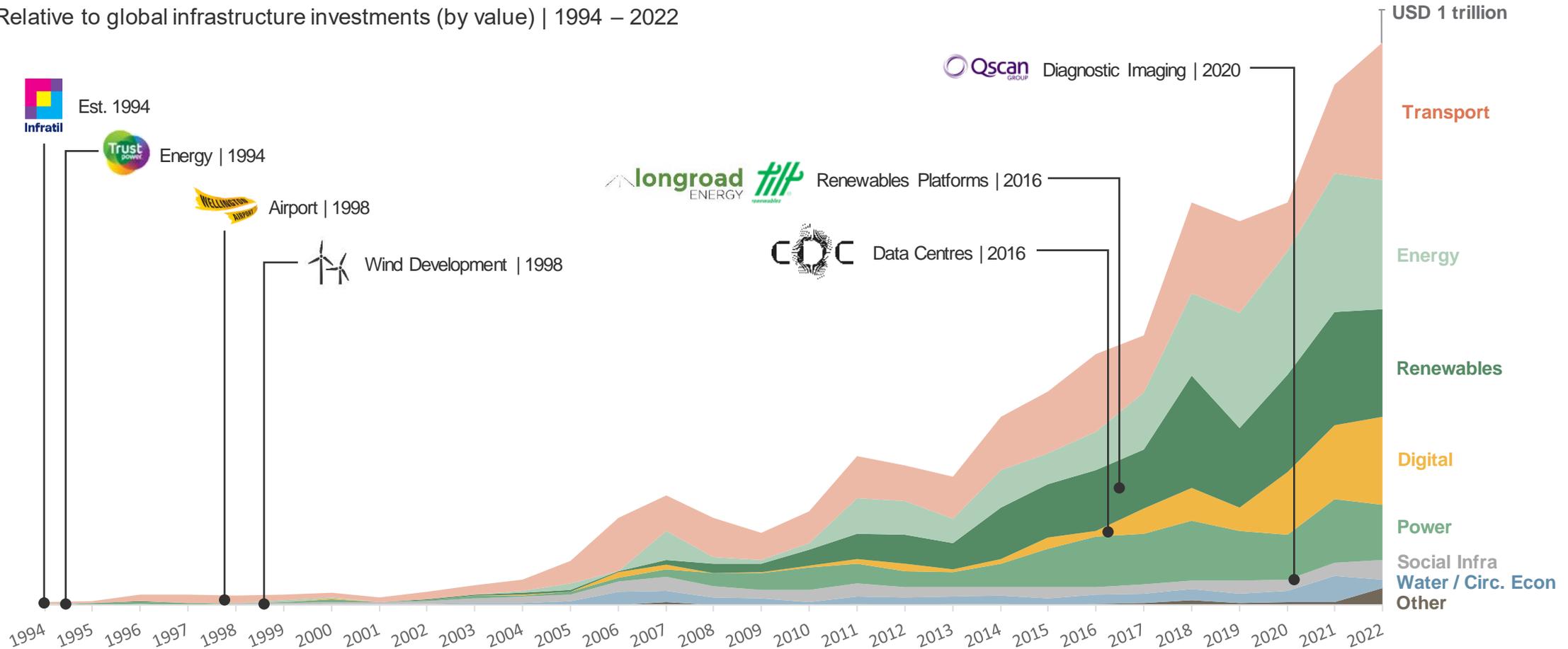
Note: IFT return is total shareholder return, with dividends presented gross of imputation credits, net of tax and net of the supplementary dividend, from inception on 28 March 1994 to 31 December 2023. Past performance is not a guide to future performance

# Early mover in the infrastructure asset class

## SUCCESSFULLY RECOGNISING AND CAPITALISING ON MARKET EVOLUTION

### MORRISON AND INFRATIL FIRST INVESTMENTS BY SECTOR

Relative to global infrastructure investments (by value) | 1994 – 2022

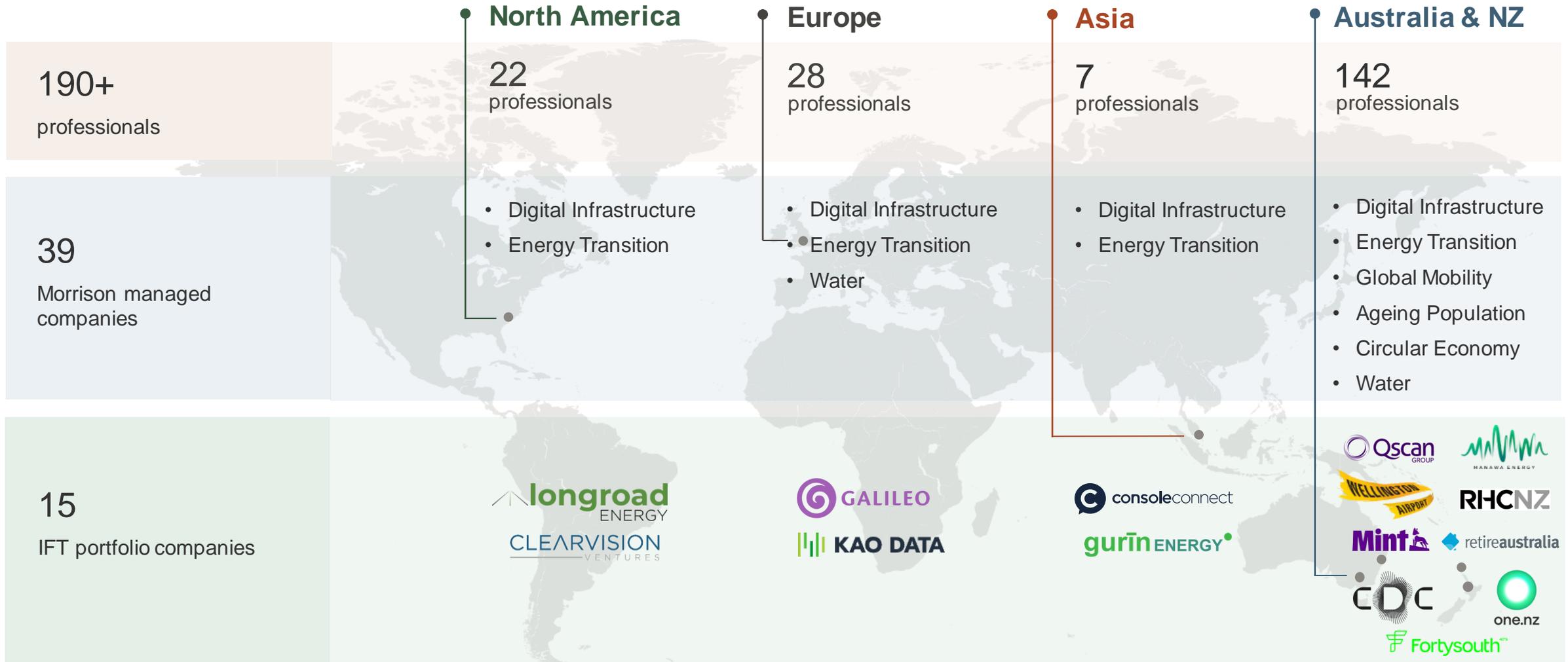


Source Infralogic. Closed transactions (M&A, Privatization, Take Private, Greenfield – Excluding Commodities sector) globally from 1994 – 2022. Digital sector data displayed corresponds to Infralogic Telecommunications sector data. Water/Circular Econ corresponds to Infralogic Environment sector data. Named assets represent first investments by Morrison in respective sector (exclude assets that are managed but were not originated by Morrison).

# Building our global capability to support Infratil's growth

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ONE OF THE WORLD'S LARGEST SPECIALIST INFRASTRUCTURE MANAGERS

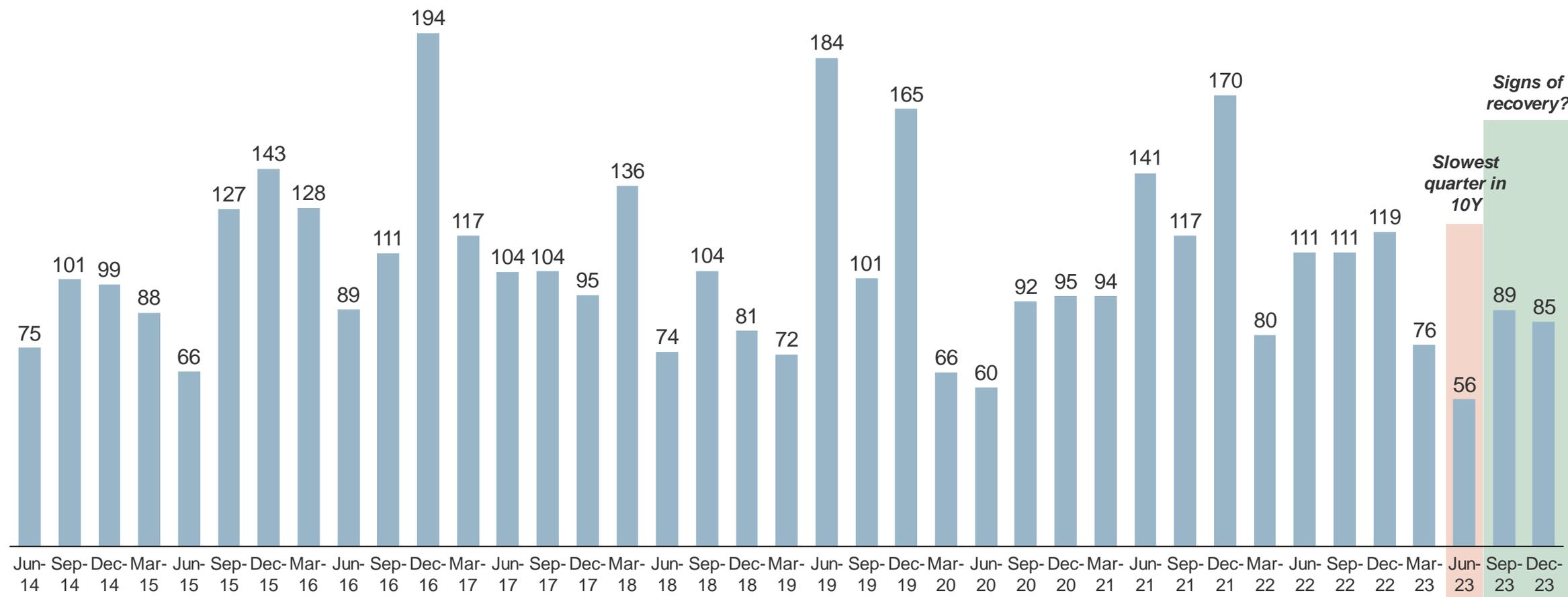


Data as at 28 February 2023. Grey dots represent Morrison office locations.

# Global infrastructure deal activity slowed significantly in 2023

INFRASTRUCTURE DEAL FLOW REACHED A 10 YEAR LOW IN JUNE 2023

GLOBAL INFRASTRUCTURE AGGREGATE DEAL VALUE, BY QUARTER, USD BN



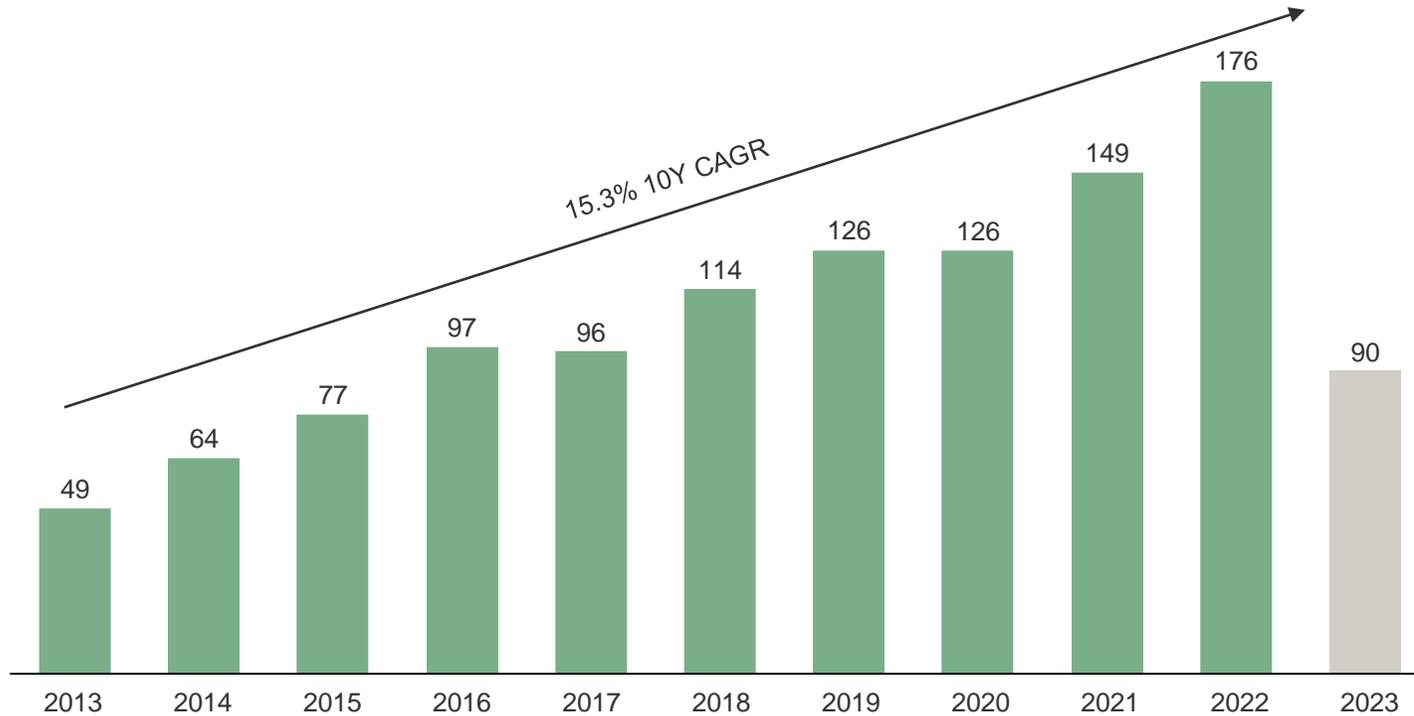
Source: Preqin

Note: Q1 2024 actual is up to 22<sup>nd</sup> February 2024 and gross up to the full quarter. Q1 is usually a slow quarter in deal activities due to holiday period

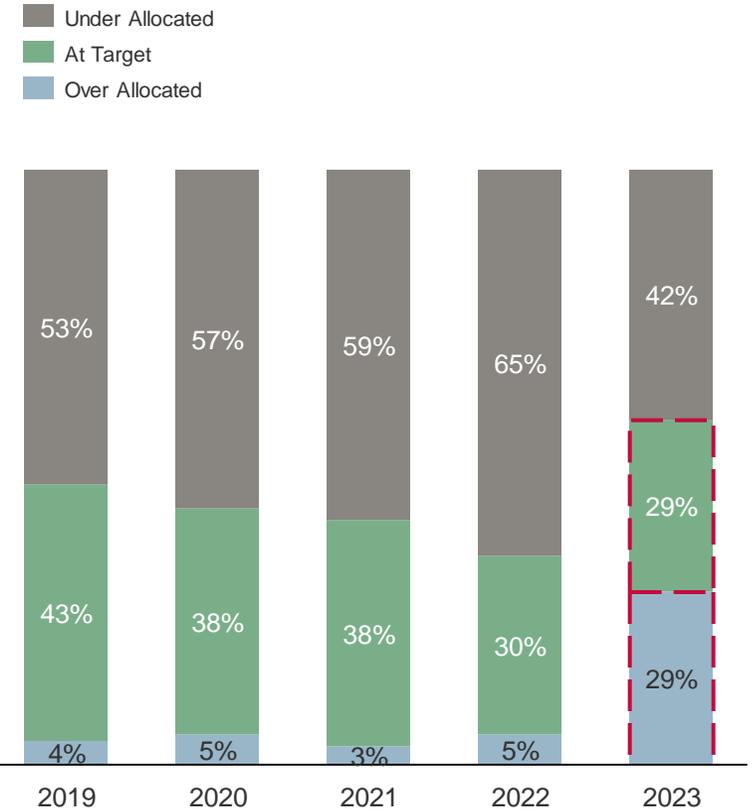
# Infrastructure sector capital raising dropped c.50% in 2023

## CONGESTION APPEARING IN THE TYPICAL PRIVATE FUND LIFE CYCLE

INFRASTRUCTURE CAPITAL RAISED  
US\$bn (funds closed in period)



LP ALLOCATION TO INFRASTRUCTURE  
As at December each year



Q4 23 showed green shoots  
with \$60bn raised

Source: Preqin, Infrastructure Investor.

1. Based on unlisted infrastructure annual capital distributed and raised between 2013-22.

# Infrastructure remains a strategic priority for major asset managers

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BLACKROCK'S USD12.5B ACQUISITION OF GIP IS LIKELY TO ACCELERATE THIS TREND

MAJOR ASSET MANAGERS EXPANDING IN INFRA (LTM)

**BlackRock**



**CVC**

**Bridgepoint**

**KKR**

ATTRACTED BY THEMES IFT HAS INVESTED IN FOR YEARS

*"A number of **long-term structural trends** support an acceleration in infrastructure investment. These include **increasing global demand for upgraded digital infrastructure**... renewed investment in **logistical hubs such as airports**...and a movement toward **decarbonisation and energy security**."*

**BlackRock**

*"Addressing the **global paradigm shift toward sustainability** requires an economic transformation and a capital investment on a massive scale."*



*Expanding into infrastructure is a logical next step for us, given the **long-term secular growth trends** in infrastructure.*

**CVC**

*"**Infrastructure is a key pillar** of KKR's global and [Asia Pacific] regional strategy"*

**KKR**

# What does it all mean for Infratil?

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## OBSERVATIONS



We are investing in **IFT equity** and **Morrison capability**



**IFT is well set** in attractive global growth sectors



Major **global asset managers** are entering our sector



**Congestion in private funds** = window of opportunity?

## IMPLICATIONS



We are **aligned** and **committed to outperformance**



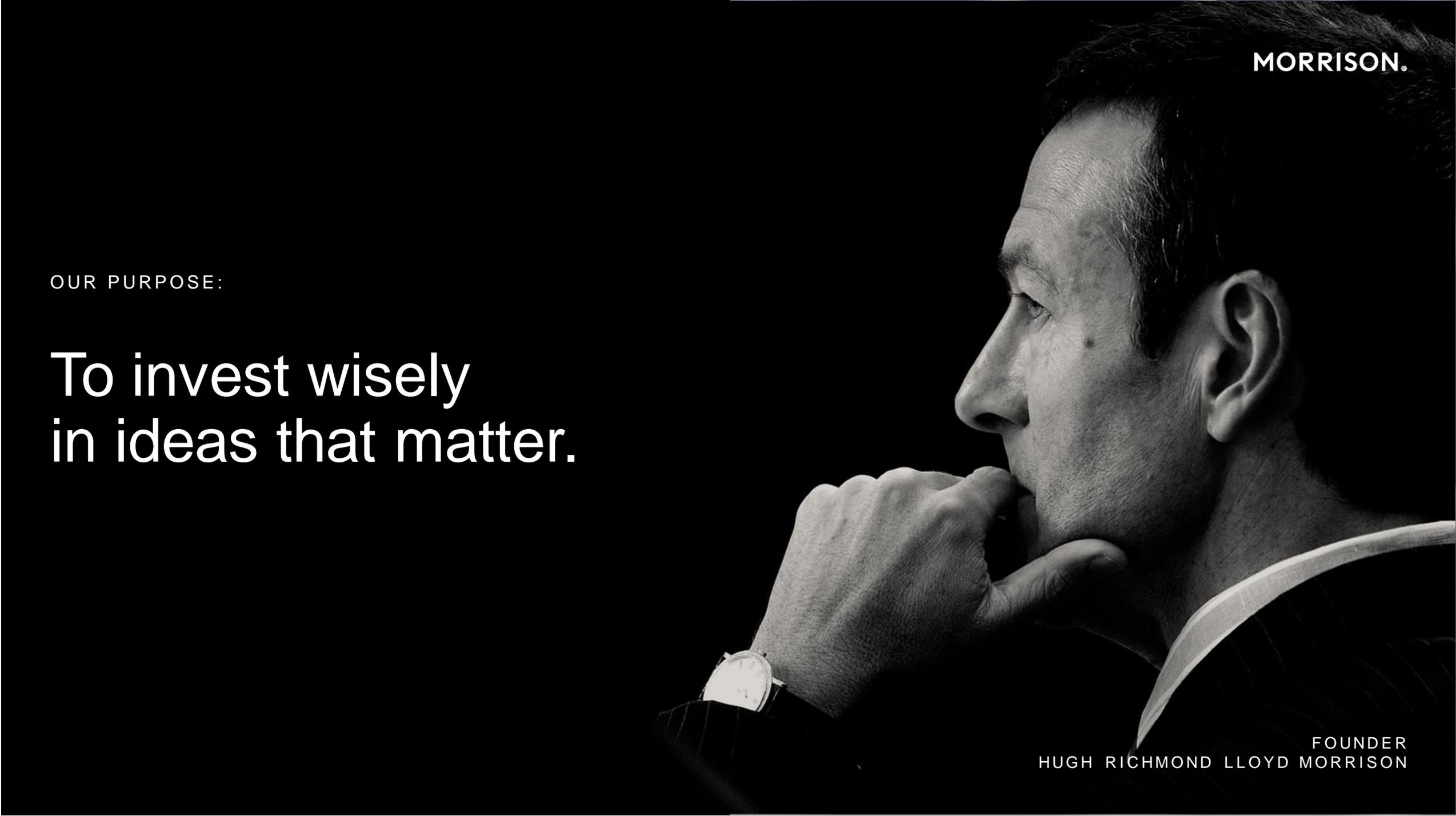
Great options to **grow our existing businesses**



Long run **tailwind for asset valuations**



Infratil's **perpetual structure** is a competitive advantage



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OUR PURPOSE:

To invest wisely  
in ideas that matter.

FOUNDER  
HUGH RICHMOND LLOYD MORRISON

# To invest wisely in ideas that matter

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WE ADOPT A TARGETED ORIGINATION APPROACH

## GLOBAL THEMATICS

Energy transition

Digitisation & connectivity

Global mobility

Ageing population

Circular economy & resource constraints

## MORRISON FOCUS

Ideas that matter

## INFRASTRUCTURE FIT

Essential to the economic prosperity  
and wellbeing of its community

Enduring social license to operate

Resilient to macroeconomic cycles

Long term defensible profitability

## MAJOR GLOBAL THEMES THAT WE BELIEVE WILL SHAPE ECONOMIES, INDUSTRIES AND SOCIETIES OVER THE LONG-TERM

### 01

#### ENERGY TRANSITION

The methods by which we produce, transport, store and use energy are undergoing a dramatic, systemic change



### 02

#### DIGITISATION AND CONNECTIVITY

Ubiquitous, high-speed, reliable connectivity underpins almost every aspect of society



### 03

#### GLOBAL MOBILITY

Powerful and enduring economic logic drives interconnectedness in economies, companies, societies, and labour forces



### 04

#### AGEING POPULATION

Rising life expectancies and declining fertility rates have caused an ageing population in virtually all developed and most developing societies



### 05

#### CIRCULAR ECONOMY AND RESOURCE CONSTRAINTS

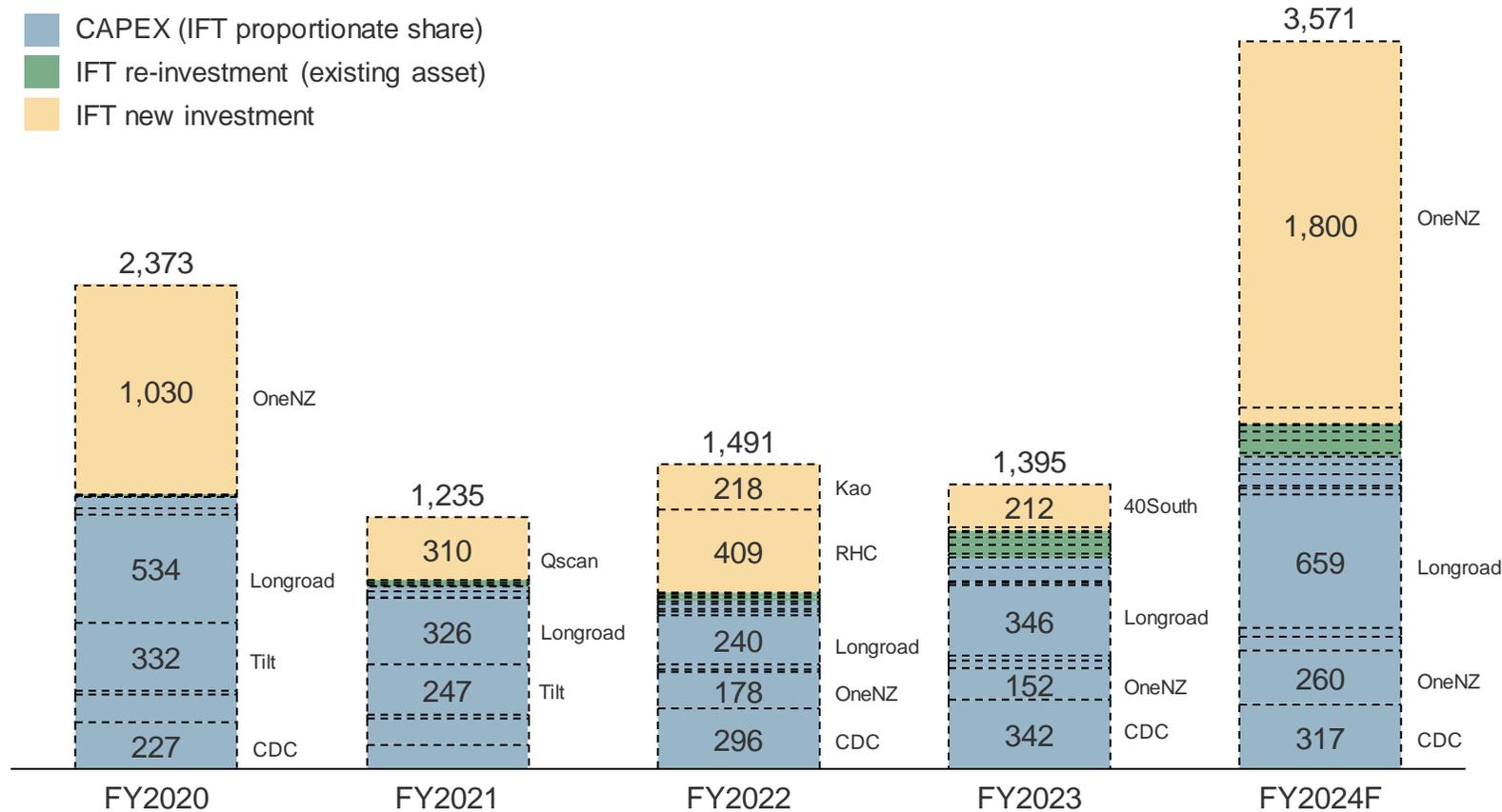
New technology, regulatory interventions, increased consumer awareness and resource constraints have removed the historical contradiction of "profit vs sustainability"

# How Morrison assesses opportunities for Infratil

## INTERNAL OPTIONS CAN OFFER EXCEPTIONAL RISK ADJUSTED RETURNS

THE VALUE OF PLATFORMS: CAPITAL DEPLOYED BY IFT  
NZ \$M

- CAPEX (IFT proportionate share)
- IFT re-investment (existing asset)
- IFT new investment

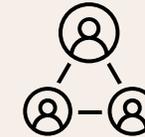


Note: "Re-investment" numbers exclude IFT capital injections into Kao (~\$50m over 2 years) and Longroad (~\$480m over 5 years) platforms to avoid double count in "proportionate CAPEX"



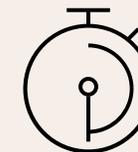
### THE 'PLATFORM ADVANTAGE'

- Information advantage
- Timing of deployment
- ROIC > WACC



### DISCIPLINE

- Benchmarking broadly
- Management dialogue



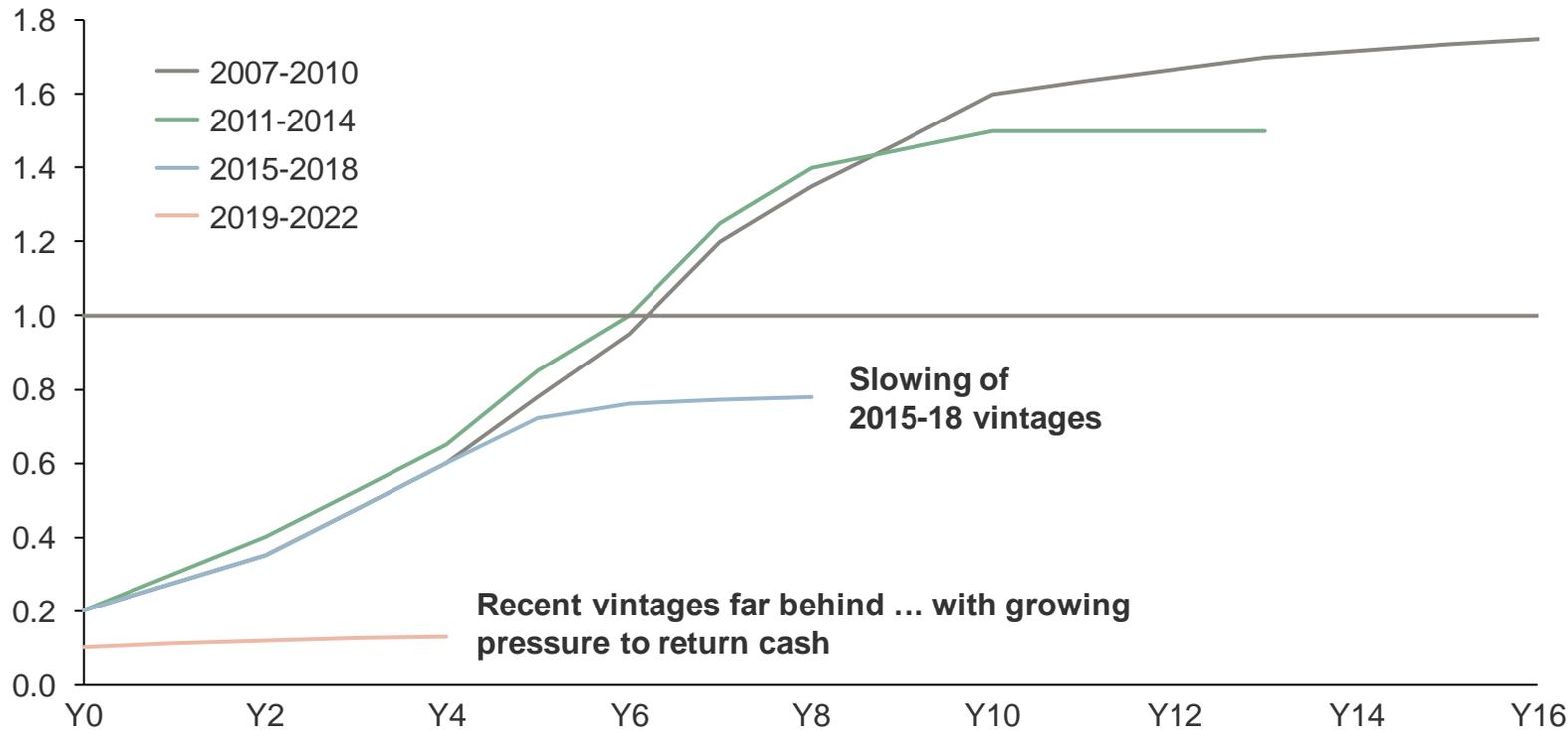
### PATIENCE

- The right access point
- The right team

# How Morrison assesses opportunities for Infratil

## MARKETS WILL REOPEN, PROVIDING INSIGHT AND POTENTIAL OPPORTUNITY

GLOBAL FINANCIAL SPONSORS:  
DISTRIBUTIONS TO PAID IN CAPITAL BY FUND VINTAGE



**Unlisted infrastructure funds have seen similar dynamics ... with an 73% fall in capital distributed between 2022 vs 2023**

Source: Goldman Sachs; Preqin

### SHORT-TERM: PRIVATE MARKETS HOLDING THEIR BREATH ... FOR NOW

Dealmaking (and distributions) slowed in 2023  
... but pressure building  
...and more benign macro conditions forecast

### LONGER-TERM: ONGOING VALUE OF PRIVATE OWNERSHIP

Value creation vs traditional owners  
Valuing and creating real options  
Demand for capital and social need

# Finding the right access point for Infratil

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TYPICALLY, MORRISON EVALUATES OPPORTUNITIES FOR YEARS BEFORE RECOMMENDING AN INVESTMENT TO INFRATIL

## MORRISON ESTABLISHED BUSINESSES



## BILATERAL DEALS



## DEMERGED BUSINESSES



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