Infratil

Investor Day

13 April 2016

The Infratil plan for the next phase:
Execution of high conviction ideas with a focus on future platforms and optionality

- **Optimise value and performance while the portfolio is being repositioned**
  - Extract value from remaining internal options and position for end-games where appropriate
  - Hit targets and assess opportunities for consolidation or divestment
- **Back our high conviction views on decarbonisation and the retirement sector**
  - Accelerate deployment of high-return capital in our proprietary platforms
- **Leverage the flexibility of the Infratil mandate and the capabilities of the organisation**
  - Develop future emerging platforms capable of independent scale
  - Position Infratil as the operating partner of choice for strategic and other long term capital in our region
  - Address strategic opportunities across listed markets
- **Continue to invest in ideas that matter**
  - Continue to invest in early stage ideas that address national imperatives and societal needs

We are well placed to commit when we see value

Divestments of mature assets has created unprecedented financial flexibility

- **Our existing portfolio is forecast to deliver above-average total returns over the next five years**
  - Assuming no changes to the current portfolio and realistic returns on current proprietary development options
- **Infratil retains significant financial flexibility**
  - Currently holding ~$750m - $1,000m of investment capacity relative to targeted credit metrics prior to any potential divestments
- **Our capital position is appropriate given our future investment plans and origination pipeline**
  - Confidence in internal and external origination pipeline with near-term capital deployment opportunities in the retirement and renewable sectors
  - Access to committed capital leads to stronger bargaining positions, higher probability of proprietary transactions, and ability to act quickly in volatile markets
- **We have the assets and capabilities required to compete in the new environment**

Confidence enables “no-regrets” decisions to be executed

- Trustpower separation and demerger
- Building out consented high-merit order wind farms in Australia
- Acquiring multi-product retail customers across electricity, telecommunications and gas in NZ
- Next phase of Wellington airport commercial and aeronautical capex
- Accelerating greenfield and brownfield development opportunities in RetireAustralia

The low-rate environment dominates returns analysis

Market is redefining required rates of return for mid-risk and growth infrastructure

- **"Lower for longer" expectations continue to drive up valuations, reinforcing the importance of proprietary pipelines**
  - Institutional inflows into infrastructure asset class continue, with increasing international investor presence in our home markets
  - Traditional "core" investors are moving up the risk curve into more complex assets and greenfield exposures
  - The window of opportunity for Infratil to recycle mature assets is not expected to close in this planning horizon
- **The emphasis on "infrastructure" has lessened over the years as we identify opportunities consistent with powerful drivers of future growth**
  - The focus is on investments which will respond well to active management, generate significant future optionality, and where downside risks are mitigated via a reasonable entry price

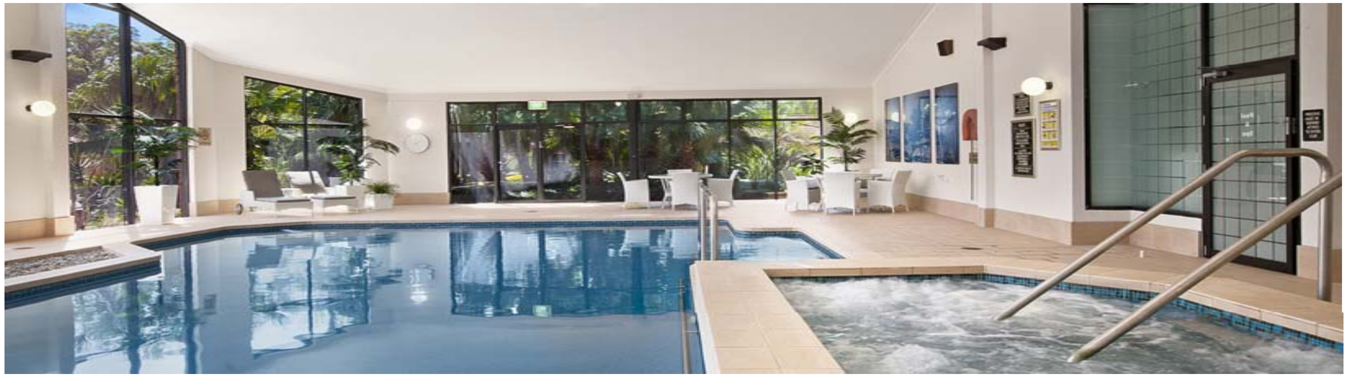
Declining core returns encourages the development of mid-risk alternatives

- Developing future emerging platforms
- Investigating options for an energy efficient public transport fleet
- Investing in a broader model of Eldercare and retirement services – including in-home services
- Identifying the key future market models to link variable load with decentralised energy generation
- Investing in "smart-city" initiatives
- Investing in the broader "Infratech" initiative

Significant value in our proprietary platforms

Clear path to deploy capital on an accelerated basis

- **IFT is in a very strong position to invest significant new capital into our key development platforms of renewables and retirement living**
  - A combination of proprietary development options and inorganic opportunities in these two sectors could absorb all available Infratil equity over the next 12-18 months
  - Trustpower separation gives Infratil a path to deploy significant capital to build out near-term wind farm developments. Step-out options include investments in Australian solar and international development vehicles
  - Our NZ & Australian retirement businesses have enhanced their internal development capability and pipelines over the last 12 months. Attractive industry consolidation options are emerging in Australia that could allow RetireAustralia to build a market leading position



Several emerging future platforms for Infratil

Portfolio will be enhanced by creating future platforms capable of independent scale

- **“Swim with the tide” and focus on new models to deliver essential services in the future**
  - Growth in data and related telecommunications infrastructure
  - Affordable housing for students, retirees, and state tenants
  - Specialist healthcare outcomes and accessibility
  - Improving agricultural productivity and maximising food and protein yields without damaging the environment
- **Research and relationships required to develop emerging future platforms**
  - Corporates and public sector searching for operating partners willing to adopt a long term perspective
  - Infratech investment is important to understand the impact of technology on future infrastructure business models
    - e.g. USD $25m commitment to Envision Ventures and comprehensive market scan of NZ and Australia technology ideas related to our target sectors

We are also seeing value in listed markets

A pragmatic approach towards listed market opportunities

- **Public markets are increasingly relevant under current conditions**
  - Distortions are evident between private and listed markets relative valuations
  - Large corporates focused on capital intensity are looking to off-load assets and pass more commercial risk to long-term capital providers
  - The flexibility of the Infratil mandate opens up certain listed market opportunities – e.g. special situations (i.e. distressed sellers) or minority positions where there is a clear value gap, and/or a path to control with governance rights
  - Our top-down research is agnostic to private or public market access points and highlights areas where Infratil can be competitive relative to other, less flexible capital

A clear set of criteria to manage capital allocation decisions

Each asset has a role in the overall optimisation of the portfolio

- **The total portfolio needs to be able to operate within targeted return, credit and liquidity parameters under realistic potential downside scenarios**
  - These parameters are assessed and managed at the portfolio level – allowing for individual assets to have more or less cash flow yield or liquidity
- **Total returns to shareholders are enhanced by building and maintaining a well balanced portfolio**
  - Lower growth core assets provide the cash flow to build development platforms and deliver higher blended absolute returns
  - Low maintenance capex levels and a stack of reinvestment options creates significant flexibility over capital management and discretion over the timing of major cash flows
- **Divestments of Z Energy and Lumo have created temporary distortions in the portfolio and short-term exposure to large cash balances**
  - While confidence levels are high, origination outcomes can be binary and we need to maintain discipline through a number of scenarios while accelerating development pipelines under our control
  - Acknowledge that capital management alternatives will be considered if origination is slower than anticipated or divestments continue

A balanced approach remains important, although liquidity, yield and DPS parameters are constantly reviewed as we build out growth platforms in Australia and NZ. Although the focus is on growth, it will be always be important to retain a proportion of core infra in the portfolio to facilitate the model.

IFT Portfolio strategy on a page

High return development platforms supported by a cash-generating core

Core portfolio generates cash to support IFT-level debt and dividends

CORE CASH-GENERATING PORTFOLIO

- **TPW Core**
- **WIAL**
- **NZ Bus, Perth Energy**
- Future retirement DMF assets and operational renewable assets

Rotate out of businesses with declining outlooks

Remain opportunistic for cash-generative businesses at attractive valuations

Retirement Platform

- **Retire Australia**
- **MET**
- Development pipeline
- Care strategy

Renewables Platform

- **TPW NewCo**
- Development pipeline
- Australian solar
- International platforms

Emerging Platforms

- Healthcare
- Student / Social Housing
- Data Infra
- PPPs
- Agriculture Infra
- Waste

Deliver development returns and build scale to create options as platforms mature

Incubate future development platforms that are supported by long-term growth drivers

Existing asset
Under Development

Infratil FY17 guidance and near term outlook

Steady growth in earnings and dividends as we reposition the portfolio for the future

- **EBITDAF trends reflect current momentum and changes in the portfolio**
  - – 2016 EBITDAF guidance at bottom end of our guidance range with the sale of iSite
  - – 2017 EBITDAF guidance moving to an underlying basis
  - – Underlying EBITDAF includes the contribution from Metlifecare and RetireAustralia as Infratil's share of their underlying profit. Underlying profit excludes fair value gains and deferred tax but includes realised capital gains and realised development margins
  - – Outlook for 2016/17 includes growth in Trustpower and Wellington airport
- **DPS profile remains in-tact**
  - – Capital structure and confidence in outlook are positive for continued growth in dividends per share

NZ $M	2017 Guidance*	2016 Outlook*
EBITDAF (continuing ops)	$485-$525	$495-$505
less: underlying earnings adjustment	($10)	($40)
Underlying EBITDAF** (continuing ops)	$475-$515	$455-$465
Operating cashflow	$225-$255	$255-$265
Net interest (continuing ops)	$180-$190	$165-$175
Depreciation & amort (continuing ops)	$170-$180	$170-$180

* The 2016 and 2017 guidance is based on management's current expectations and assumptions about the trading performance of Infratil's investments and is subject to risks and uncertainties, is dependent on prevailing market conditions continuing throughout the outlook period and assumes no other major changes in the composition of the Infratil investment portfolio. Trading performance and market conditions can and will change, which may materially affect the guidance set out above.

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

Infratil investment programme is clear

Targeting a balance of incremental high confidence moves and option development

- **Infratil is set to perform well under a number of scenarios**
  - Performance of existing assets
  - Quality of people and capability
  - Strength of origination pipeline
  - Access to capital and capital structure
- **We are prepared to make larger commitments when uncertainty is low and the price is right**
  - Confidence around deployment of high-return capital in our proprietary renewables and retirement platforms
  - Will remain opportunistic and vigilant in home markets
- **We intend to ramp up the manufacture of future emerging platforms capable of independent scale**
  - Continue to invest in long-term development pipelines and future strategic options
  - Continue to invest in "ideas that matter"
- **We have a very flexible mandate which is well positioned in the current competitive environment for high quality assets**
  - Experience across multiple sectors and both late stage and early stage opportunities
  - Strong asset management capability to drive performance and returns
  - Ability to consider listed opportunities when appropriate