



20 July 2018

Longroad Energy: Confirmation of major project milestones

Longroad Energy confirms that it has reached major project milestones on two significant greenfield renewable generation projects.

The sale of the equity in the Phoebe solar project and confirmation of full notice to proceed on the Rio Bravo wind development highlights the opportunity in the North American renewables market and the value of the Longroad development pipeline.

The two initiatives significantly progress the goals of Infratil, and its partner the New Zealand Superannuation Fund and the management team of Longroad, to build a top-tier renewable development and generation business in the U.S.

Phoebe solar project in Winkler County, west Texas

Longroad has confirmed the sale of the 250MWac Phoebe solar generation project in Winkler county Texas to Canadian investor Innergex Renewable Energy.

When completed in mid-2019, the Phoebe development will be the largest solar facility in Texas and is projected to generate 738GWh of electricity per annum, of which 89% has been sold on long term contracts to Shell Energy. Phoebe is also eligible for federal tax credits and will benefit from the sale of renewable energy certificates.

To finance the construction, Longroad arranged US\$292 million of construction and term project financing from a consortium of banks alongside the US\$105 million equity investment by Innergex Renewable Energy.

Longroad was responsible for the complete development and will oversee construction.

Rio Bravo wind project in Starr County, south Texas

Longroad also confirms that full notice to proceed has been reached on the 238MW Rio Bravo wind project in Texas. Approximately 80% of the electricity has been sold on long-term contract to Citigroup Energy. Construction has commenced and commercial operations date is anticipated in June 2019.

Funding of the US\$300 million construction cost has been committed, including US\$200 million by a consortium of lenders and US\$100 million by Longroad as equity. The project is eligible for U.S. federal tax credits and will create renewable energy certificates.

Infratil and the New Zealand Superannuation Fund have each provided US\$45 million to enable Longroad to provide its equity commitment for the construction. Longroad is currently evaluating long-term options for the project given the demand for high-quality contracted renewable assets.

The Texas projects' generation and development margins

Together, the two Texas projects are forecast to generate over 1,500GWh of electricity a year, equivalent to the electricity requirements of 110,000 average Texas homes (average residential electricity consumption in Texas is about twice the level of New Zealand).

Relative to coal-fired generation they will reduce annual CO2 emissions by approximately 1.3 million tonnes. It is notable that the renewable generation capacity Longroad has developed in Texas is more than twice the amount of new generation capacity commissioned in New Zealand over the last five years.

These projects represent strong outcomes for shareholders, underlining the industry and financial expertise of the Longroad team in a dynamic and complex market.

The average realised and unrealised net development margin for shareholders from the two projects is expected to be approximately US\$140,000 per MWac, consistent with the ranges indicated at Infratil's Investor Day in March.

Shareholder perspective

Longroad was established in 2016 by Infratil, the New Zealand Superannuation Fund, and an experienced local management team.

As at 31 March 2018, Longroad owned 684MW of operating assets and managed a further 552 MW of generation assets for third parties.

Infratil's net funding contribution at 31 March amounted to NZ\$37.9 million. With commencement of construction of the 238MW Rio Bravo windfarm, Infratil has provided a further NZ\$71.1 million in shareholder funding in the current financial year.

The sale of the Phoebe solar project and other earnings will enable Longroad to distribute approximately US\$30 million to each of Infratil and the New Zealand Superannuation Fund this financial quarter.

Infratil's full year underlying EBITDAF guidance of NZ\$500-\$540 million, which included the successful completion of one Longroad project remains unchanged.

Any enquiries should be directed to:

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