

Infratil Notice of Meeting 2020



The shareholders of Infratil Limited

22 July 2020

Shareholders have already received Infratil's 2020 Annual Report in which I, and Marko Bogoievski on behalf of the manager, Morrison & Co, comment on the activities of Infratil over the past year and on the future prospects for Infratil.

The Annual Meeting this year will be in Wellington but, given the ongoing impact of COVID-19, shareholders will have the option to join the meeting in person or online. A number of matters are to come before shareholders for voting at the Annual Meeting. These include:

- The re-election of Marko Bogoievski and Peter Springford as Directors.
- Authorisation to give the Board the option to exercise Infratil's rights under the Management Agreement to issue shares to Morrison & Co to pay the second instalment of the FY2020 international portfolio annual incentive fee in 2021.
- Authorisation for the Directors to fix the auditor's remuneration.

As noted in Infratil's 2020 Annual Report, Morrison & Co earned a FY2020 international portfolio annual incentive fee of \$125 million. As a protection against the possibility of the portfolio of investments subsequently falling in value, the FY2020 incentive fee is payable over three years (in three instalments of ~\$41.7 million each) and, if the total value of the portfolio of investments at either of the subsequent two balance dates is lower than the 31 March 2020 valuation, that year's instalment is cancelled. The Management Agreement gives the Board the option to pay an instalment of the FY2020 international portfolio incentive fee in cash or by issuing Infratil ordinary shares to Morrison & Co (the "scrip option"), or a mixture of both. However, under the NZX Listing Rules, the Board needs shareholder approval if it wishes to use the scrip option. The Board has not made a decision whether to use the scrip option for the second instalment of the FY2020 incentive fee (if that is payable), but the Board would like to have this option available if the Board considers that issuing shares (rather than paying cash) would be in the best interests of Infratil. If the Board also wishes to have this option available for the third instalment of the FY2020 incentive fee (if that is payable in 2022), the Board will seek shareholder approval for this at the 2021 Annual Meeting.

Notice of Annual Meeting

There is no resolution this year in relation to directors' fees, as shareholders approved an increased directors' fee pool at the 2019 Annual Meeting to enable directors' fees to be set consistent with the 75th percentile of comparator group 2 in the PwC benchmarking report, but with the increases to directors' fees expected to be implemented over a three-year period across the 2020, 2021 and 2022 financial years. The Board has approved the implementation of the expected increase for the 2021 financial year (so that fees are at the mid-point between the median and the 75th percentile of that comparator group), and details of the proposed directors' fees are set out in Annexure A. As the increases for both the 2021 and 2022 financial years can be paid from the directors' fee pool approved by shareholders at the 2019 Annual Meeting, the Board does not expect to seek shareholder approval for any further increases to the directors' fee pool prior to the 2022 Annual Meeting.

The Notice of Meeting also includes a Disclosure Document (Annexure B) describing the Share Buyback Programme which Infratil has decided to continue. The Board considers that, from time to time, buying back shares may be the best use of Infratil's funds. Accordingly, Infratil wishes to keep open that investment opportunity for the next 12 months, as it has done for a number of years.

The Infratil Board looks forward to seeing you at the Annual Meeting, where we will be presenting our results and answering any questions you may have.

Yours sincerely



Mark Tume
Chairperson

Notice is hereby given pursuant to section 120 of the Companies Act 1993 that the 2020 annual meeting of shareholders (**Annual Meeting**) of Infratil Limited (**Infratil**) will be a hybrid meeting held in the Rangimarie Room 1 and 2, Level 3, Te Huinga Centre, Te Papa, 55 Cable Street, Wellington on Thursday, 20 August 2020, and online at www.virtualmeeting.co.nz/ift20, commencing at 2:30 pm (NZST).

Online participation details are set out on page 5.

Business

A. Chairperson's Introduction

B. Chief Executive's Review

C. Presentation of the Annual Report for the year ended 31 March 2020 and the report of the auditor

To receive and consider the Annual Report of Infratil for the year ended 31 March 2020. Shareholders will have an opportunity to raise questions on the Report and on the performance and management of Infratil generally.

D. Resolutions

To consider and, if thought fit, pass the following resolutions:

- 1. Re-election of Marko Bogoevski:** That Marko Bogoevski be re-elected as a director of Infratil.
- 2. Re-election of Peter Springford:** That Peter Springford be re-elected as a director of Infratil.
- 3. Payment of Incentive Fee by Share Issue (Scrip Option):** That Infratil be authorised to issue to Morrison & Co Infrastructure Management Limited (**Morrison & Co**), within the time, in the manner, and at the price, prescribed in the Management Agreement, such number of fully paid ordinary shares in Infratil (**Shares**) as is required to pay all or such portion of the second instalment of the FY2020 Incentive Fee (if payable) as the Board elects to pay by the issue of Shares (**Scrip Option**), and the Board be authorised to take all actions and enter into any agreements and other documents on Infratil's behalf that the Board considers necessary to complete the Scrip Option.
- 4. Auditor's remuneration:** That the Board be authorised to fix the auditor's remuneration.

Ordinary Resolutions

Each resolution above is to be considered as a separate ordinary resolution. To be passed, each resolution requires a simple majority of votes of holders of ordinary shares of Infratil, entitled to vote and voting.

Voting Restrictions

Under Listing Rules 6.3.1 and 6.3.3, any person to whom it is proposed to issue new Shares referred to in a resolution under Listing Rule 4.2.1, and any associated person of that person, are disqualified from voting in favour of the resolution, but may act as a proxy or voting representative for another person who is qualified to vote on the resolution, and in accordance with that person's express instructions.

The related companies, shareholders (direct and indirect), directors and some senior management of Morrison & Co are associated persons of Morrison & Co. Accordingly, none of Morrison & Co, its directors, related companies, the direct or indirect shareholders or any staff of Morrison & Co, will vote their Shares in respect of Resolution 3, but may act as a proxy or voting representative for a person who is qualified to vote on resolution 3, in accordance with that person's express instructions.

Voting and Proxies

As the 2020 Annual Meeting will be a hybrid meeting with physical and online participants, voting on all resolutions put before the meeting will be by poll. Results of the voting will be available after the conclusion of the meeting, and will be notified on the NZX and ASX. Your right to vote may be exercised by:

- (a) Attending and voting in person at the meeting at the Rangimarie Room 1 and 2, Level 3, Te Huinga Centre, Te Papa, 55 Cable Street, Wellington.
- (b) Attending the meeting, and voting, online.
- (c) Appointing a proxy (or representative) to attend and vote in your place.

Online participation in meeting

To participate in the meeting online, please go to www.virtualmeeting.co.nz/ift20.

Shareholders present at the Annual Meeting (either in person or via the Virtual Annual Meeting) will have the opportunity to ask questions during the Meeting. If you attend the Annual Meeting via the Virtual Annual Meeting, you can submit a question online by going to vote.linkmarketservices.com/IFT and completing the online validation process. Questions can be submitted via the online chat function either in advance of, or during, the Annual Meeting. Shareholders can also submit written questions in advance of the Annual Meeting by completing the question section on the Proxy Form – refer to the Proxies section below.

More information about participating in the meeting online (including how to vote and ask questions virtually during the meeting) can be found in the Virtual Annual Meeting Online Portal Guide, which is available at <https://bcast.linkinvestorservices.co.nz/generic/docs/OnlinePortalGuide.pdf>. If you wish to participate in the meeting online, we recommend that you join the queue ~15 minutes prior to the start of the meeting in order for your details to be verified.

Proxies

Any shareholder of Infratil who is entitled to attend and vote at the Annual Meeting may appoint a proxy to attend and vote instead of him or her. A proxy does not need to be a shareholder of Infratil. The Chairperson of the Meeting is prepared to act as proxy. Any un-directed votes in respect of a resolution, where the Chairperson of the Meeting is appointed as a proxy, will be voted in favour of the relevant resolution, other than when he or she is prohibited from voting on that resolution. A shareholder entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise. If the shareholder does not specify the proportion of the shareholder's voting rights each proxy is to represent, each proxy will be entitled to exercise half the shareholder's votes.

To appoint a proxy (and/or to submit a written question in advance of the Annual Meeting) you can complete and sign the enclosed Proxy Form and return it by delivery, mail, facsimile or scan and email to the share registrar of Infratil or lodge online:

Delivery by hand:

Infratil Limited
C/- Link Market Services Limited
Level 11, Deloitte Centre, 80 Queen Street
Auckland 1010, New Zealand

Mail:

Infratil Limited
C/- Link Market Services Limited
PO Box 91976
Victoria Street West
Auckland 1142, New Zealand

Facsimile: +64 9 375 5990

Scan and email: meetings@linkmarketservices.co.nz
Please put the words "Infratil Proxy Form" in the subject line for ease of identification

Online: You may lodge your proxy online, go to:
vote.linkmarketservices.com/IFT. A shareholder will be taken to have signed the Proxy Form by lodging it in accordance with the instructions on the website. You will require your holder number and FIN (New Zealand register) or your holder number and postcode (Australian register) to complete your vote.

The completed Proxy Form must be received by the share registrar or online appointment must be completed by no later than 48 hours before the start of the Annual Meeting, being 2:30 pm NZST on 18 August 2020. Voting entitlements of the Annual Meeting will also be determined as at this time. Registered shareholders at that time will be the only persons entitled to vote at the Annual Meeting and only the shares registered in those holders' names at that time may be voted at the Annual Meeting.



Explanatory Notes

Resolutions 1 & 2: Re-Election of Directors

The Board of Infratil considers that Marko Bogoevski will not be an Independent Director, and that Peter Springford will be an Independent Director, for the purposes of the Listing Rules if re-elected to the Board.

- **Marko Bogoevski (BCA, MBA, FCA) – Non-Independent Director**

Marko Bogoevski is Chief Executive of Infratil and its Manager, Morrison & Co. He joined the Infratil board in 2009. He is Chairperson of Vodafone NZ and a director of Morrison & Co. He was previously Chief Financial Officer of Telecom New Zealand and has previously held board roles with Trustpower, Auckland Airport, Z Energy, Infratil Energy Australia and Longroad Energy. Mr Bogoevski has an interest in Morrison & Co, which has the Management Agreement with Infratil.

- **Peter Springford (MBA) – Independent Director**

Peter Springford joined the Infratil board in 2016. He is a director of Zespri and has extensive experience in managing companies in Australia, New Zealand and Asia, including five years based in Hong Kong as President of International Paper (Asia) Limited and four years as Chief Executive Officer and Managing Director of Carter Holt Harvey Limited. Mr Springford is a chartered member of the New Zealand Institute of Directors.

The Board supports the re-election of both Mr Bogoevski and Mr Springford.

Resolution 3: Share Issue – FY2020 Incentive Fee

The Board is seeking shareholder approval in accordance with Listing Rules 4.1.1 and 4.2.1 to provide the Board with the option (the “**Scrip Option**”) to issue to Morrison & Co such number of ordinary shares in Infratil (**Shares**) as is required to pay the second instalment (or any portion of it) of the FY2020 international portfolio annual incentive fee (the “**FY2020 Incentive Fee**”).

The Management Agreement between Infratil and Morrison & Co Infrastructure Management Limited (“**Morrison & Co**”) dated 11 February 1994, as amended (**Management Agreement**) gives the Board the option to pay incentive fees in cash or by issuing Shares to Morrison & Co, or a mixture of both. The Board has not made a decision whether to use the Scrip Option for the second instalment of the FY2020 Incentive Fee (if that is payable), but the Board would like to

have the Scrip Option available if the Board considers that to be in the best interests of Infratil.

More information on the Scrip Option and the FY2020 Incentive Fee is set out below.

Incentive Fees under the Management Agreement

The Management Agreement provides for the payment of incentive fees relating to Non-New Zealand Portfolio Securities (including Australian Portfolio Securities).

Incentive fees (“**International Portfolio Incentive Fees**”) are payable to Morrison & Co on realised or sustained increases in the value of the portfolio of Non-New Zealand Portfolio Securities (including Australian Portfolio Securities). The Management Agreement provides for three different incentive fees to be payable for performance in excess of a minimum hurdle of 12% per annum:

- International Portfolio Initial Incentive Fees;
- International Portfolio Annual Incentive Fees; and
- International Portfolio Realised Incentive Fees.

The provisions for the International Portfolio Incentive Fees are set out in full in the Management Agreement, a copy of which is available on the Infratil website at www.infratil.com/about-us/corporate-governance/. These provisions were approved by Infratil shareholders at the 2002 annual meeting, and a copy of the Notice of Meeting for the 2002 annual meeting together with the accompanying appraisal report prepared by Ernst & Young, is also available on the Infratil website at www.infratil.com/for-investors/.

FY2020 Incentive Fee

In FY2020, Morrison & Co earned an International Portfolio Annual Incentive Fee of \$125 million pursuant to clause 9.4.3 of the Management Agreement (the “**FY2020 Incentive Fee**”). The process under the Management Agreement (with relevant modifications as agreed between the Board and Morrison & Co) for determining the FY2020 Incentive Fee was payable, and for calculating the amount of the FY2020 Incentive Fee, is summarised below:

- Infratil's Non-New Zealand Portfolio Securities which have been owned for more than three years (the “**FY2020 International Portfolio Assets**”) were valued as at 31 March 2020 by specialist independent valuers. The independent valuations are undertaken to assess the proceeds Infratil would receive were it to sell the FY2020 International

Portfolio Assets, net of all transaction costs and applicable taxes.

- The independent valuations determined that the FY2020 International Portfolio Assets have delivered a return (in NZ\$) of over 12% per annum, and the \$125 million FY2020 Incentive Fee payable to Morrison & Co is equivalent to 20% of the value determined above the 12% return.
- As a protection against the possibility of the FY2020 International Portfolio Assets falling in value, clause 9.4.4 of the Management Agreement requires the FY2020 Incentive Fee to be divided into three equal annual instalments of ~\$41.7 million each, with payment spread over three years and the second and third instalments contingent on the FY2020 International Portfolio Assets not falling in value:
 - The first instalment was paid in cash in May 2020 (following finalisation of the 31 March 2020 independent valuations).
 - The FY2020 International Portfolio Assets will be valued again as at 31 March 2021, using the same independent valuation process as in FY2020. The second instalment is only paid if the independent valuations of the FY2020 International Portfolio Assets determine that the total value of those assets as at 31 March 2021 is not less than the total value of those assets as at 31 March 2020. If the total value of the FY2020 International Portfolio Assets is less (by any amount), then the second instalment is cancelled (and will never be payable).
 - The FY2020 International Portfolio Assets will be valued again as at 31 March 2022, using the same independent valuation process as in 2020 and 2021. The third instalment is only paid if the independent valuations of the FY2020 International Portfolio Assets determine that the total value of those assets as at 31 March 2022 is not less than the total value of those assets as at 31 March 2020. If the total value of the FY2020 International Portfolio Assets is less (by any amount), then the third instalment is cancelled (and will never be payable).

Scrip Option

Clause 9.6 of the Management Agreement gives the Board the option to pay an instalment of the FY2020 Incentive Fee either in cash or by issuing Shares to Morrison & Co (i.e. the

Scrip Option), or a mixture of both. If the Board uses the Scrip Option:

- The number of Shares to be issued will be calculated by dividing the instalment (or the portion of the instalment fee to be paid by the issue of Shares) by 98% of the volume weighted average price ("**VWAP**") of the Shares as traded on NZX over the 5 business days prior to the issue of the Shares ("**Issue Price**").
- The Shares issued to Morrison & Co will be fully paid ordinary shares which will rank *pari passu* with the ordinary shares then on issue.
- Infratil must elect whether to pay cash or issue Shares within 7 days of receiving confirmation (by reference to the valuations of the FY2020 International Portfolio Assets as at 31 March in the relevant year) that the FY2020 Incentive Fee instalment is payable. Where Infratil elects to issue Shares, it must allot the Shares within 12 business days after receiving confirmation that the FY2020 Incentive Fee instalment is payable.

As noted above, the Board has not made a decision whether to use the Scrip Option for any or all of the second instalment of the FY2020 Incentive Fee (if that is payable). If shareholders approve the use of the Scrip Option, the Board will make a decision in 2021 whether to use Scrip Option for any or all of the second instalment of the FY2020 Incentive Fee when (and if) the Board is satisfied that the second instalment will be payable and that, based on the circumstances applying at the time, the Board considers that using the Scrip Option is in the best interests of Infratil. There are a range of factors that will be relevant to this decision (including market conditions, Infratil's then current share price, Infratil's available liquidity and available growth investments or new opportunities), but the Board will not provide reasons if the Board does not elect to use the Scrip Option.

Consequences if the Scrip Option is not approved

If Resolution 3 is not passed, Infratil will be required to pay the second (2021) instalment of the FY2020 Incentive Fee of ~\$41.7 million in cash, if the independent valuations of the FY2020 International Portfolio Assets determine that the total value of those assets as at 31 March 2021 is not less than the total value of those assets as at 31 March 2020.

It is important for shareholders to note that payment of the second instalment of the FY2020 Incentive Fee does not

require shareholder approval – shareholder approval is only required to allow the Board to use the Scrip Option. The consequences for payment of the second instalment of the FY2020 Incentive Fee if the Scrip Option is or is not approved are summarised below:

- **Scrip Option approved by Shareholders:** The Board has three options to pay the second instalment of the FY2020 Incentive Fee (if payable):
 - Option A: The second instalment is paid in cash.
 - Option B: The second instalment is paid using the Scrip Option.
 - Option C: The second instalment is paid using a mixture of cash and the Scrip Option.
- **Scrip Option not approved by Shareholders:** The Board will pay the second instalment of the FY2020 Incentive Fee (if payable) in cash.

If the Scrip Option is approved, the effect on the Company and Shareholders if the Board does or does not elect to use the Scrip Option to pay some or all of the second instalment of the FY2020 Incentive Fee (if payable) are also summarised below:

- **Scrip Option used:** Infratil will issue new ordinary shares to Morrison & Co at the Issue Price, with the number of ordinary shares issued equal to the second instalment of the FY2020 Incentive Fee (or the portion of that for which the Board elects to use the Scrip Option) divided by the Issue Price. This issue of ordinary shares to Morrison & Co will increase the total number of ordinary shares on issue and therefore will dilute other Infratil shareholders, although the dilution will not be material. However, the issue of ordinary shares will also mean that Infratil is not required to pay cash to Morrison & Co for that amount, so Infratil's available liquidity will be higher than if the Scrip Option had not been used.

As an example, using the closing price of Infratil ordinary shares on NZX on 10 July 2020 and assuming (a) the total ordinary shares on issue (excluding treasury stock) is the same as at 10 July 2020 and (b) the Scrip Option is used for the full second instalment of the FY2020 Incentive Fee, then:

- Infratil would issue 8,988,796 ordinary shares to Morrison & Co.

- This would increase the total ordinary shares on issue (excluding treasury stock) from 722,952,533 to 731,941,329.
- This would dilute other Infratil shareholders by 1.24%.
- **Scrip Option not used:** Infratil will pay cash to Morrison & Co for the second instalment of the FY2020 Incentive Fee. This will mean that other Infratil shareholders are not diluted (because there is no issue of ordinary shares to Morrison & Co) but Infratil's available liquidity will be reduced by the amount of the second instalment.

Waiver of Listing Rule 4.8.5(b) – Requirement for Appraisal Report

Because Marko Bogoevski is a director of Infratil and Morrison & Co, Morrison & Co is an "Associated Person" of Infratil. Listing Rule 4.8.5(b) requires that a notice of meeting to consider a resolution to approve the issue of shares where more than 50% of the Shares are to be issued are likely to be acquired by Directors or Associated Persons of Directors must be accompanied by an Appraisal Report.

NZX Regulation ('NZXR') has granted Infratil a waiver from Listing Rule 7.8.5(b) which would otherwise require Infratil to prepare an Appraisal Report to accompany any Notice of Meeting at which Shareholders will consider and vote on, an Ordinary Resolution in accordance with Listing Rule 4.1.1 and Listing Rule 4.2.1, to approve a proposal for the issue of Infratil ordinary shares to Morrison & Co by way of satisfaction of Infratil's contractual obligation to pay incentive fees to Morrison & Co in accordance with the prescribed payment mechanisms set out in the Management Agreement. This waiver applies to Resolution 3, and a copy of the waiver decision is available on the Infratil website at <https://infratil.com/for-investors/announcements/>.

The waiver has been granted on the conditions that:

- The relevant Notice of Meeting must otherwise comply with Listing Rules 7.8.2 and 7.8.4.
- The relevant issue of Shares, if approved by Shareholders by Ordinary Resolution, and if the Board approves the issue of Shares, must be made within the date that is 12 months following the date of the relevant Ordinary Resolution approving the issue of Shares.
- The waiver, its conditions and its implications are disclosed in the Notice of Meeting.

- The 2002 Notice of Meeting and appraisal report is available for Infratil shareholders to review on the first occasion that Infratil relies on this waiver.

The reasons for the waiver are set out in the waiver decision and are repeated below:

- The policy behind Listing Rule 7.8.5(b) is to ensure that security holders have the benefit of an independent assessment of the benefits and risks of a proposed transaction, to enable security holders to make a fully informed decision about whether to approve the transaction.
- Infratil has submitted, and NZXR has no reason not to accept, that an Appraisal Report in relation to a proposed issue of shares to Morrison & Co in payment of an Incentive Fee payable under the terms of the Management Agreement between Infratil and Morrison & Co would not provide Infratil shareholders with any significant benefit or additional information on which to make an informed decision on whether to approve the issue of shares to Morrison & Co in payment of the Incentive Fee because shareholders have already approved the contractual arrangements under the Management Agreement that give rise to the obligation for Infratil to pay Morrison & Co incentive fees either in cash, or in shares, when certain prescribed performance hurdles have been met.
- An Appraisal Report was provided to Shareholders in 2002 at the time the contractual arrangements under the Management Agreement giving rise to the obligation for Infratil to pay incentive fees were considered and approved by shareholders.
- The calculation of the price payable for Shares to be issued by Infratil to Morrison & Co in payment of any incentive fee is fixed in the Management Agreement between Infratil and Morrison & Co which has been approved by Infratil shareholders.
- Infratil has submitted, and NZXR has no reason not to accept, that a further Appraisal Report in respect of a proposal to issue Shares to Morrison & Co in payment of an incentive fee or an instalment of an incentive fee would not provide Shareholders with any additional meaningful information in relation to the proposal to issue Shares to Morrison & Co as permitted under the terms of the Management Agreement between them, beyond the

information that they have already been provided, and the further information that will be set out in, or accompany, the Notice of Meeting in compliance with Listing Rules 7.8.2 and 7.8.4.

The implications for Shareholders of the waiver are that no independent appraisal report is provided in respect of the Scrip Option. Shareholders must consider the information set out or referred to in this Notice of Meeting and Explanatory Notes to reach an informed opinion as to whether to approve the Scrip Option. In particular, Shareholders should consider the following:

- The International Investment Portfolio incentive fee structure, including the formula for calculating the Issue Price of Shares to be issued in payment of any incentive fees, were approved by Shareholders at the annual meeting in 2002.
- The Appraisal Report provided with the 2002 Notice of Meeting included a detailed analysis of the incentive fee structure, and concluded that the fee arrangement for the International Investment Portfolio is reflective of an arms-length negotiation having regard to a number of matters, and the Management Agreement changes, including the incentive fees, are fair to the non-associated Infratil shareholders.
- Infratil is contractually bound to pay the FY2020 Incentive Fee instalments to Morrison & Co either by cash or by the issue of Shares if the total value of the FY2020 International Portfolio Assets is sustained over the relevant period.
- If the independent valuations of the FY2020 International Portfolio Assets determine that the total value of those assets as at 31 March 2021 is not less than the total value of those assets as at 31 March 2020, Infratil will be required to pay the second (2021) instalment of the FY2020 Incentive Fee of ~\$41.7 million.
- If the Scrip Option is approved by Shareholders, the Board has three options to pay the second instalment of the FY2020 Incentive Fee (if payable):
 - Option A: The second instalment is paid in cash.
 - Option B: The second instalment is paid using the Scrip Option.
 - Option C: The second instalment is paid using a mixture of cash and the Scrip Option.

- If the Scrip Option is not approved by Shareholders, the Board will pay the second instalment of the FY2020 Incentive Fee (if payable) in cash.
- If the Directors resolve to use the Scrip Option (if approved by an Ordinary Resolution of Shareholders) the Directors must be satisfied that the issue of Shares is fair and reasonable to Infratil and to all existing Shareholders.

Resolution 4: Auditor's Remuneration

KPMG is automatically reappointed as auditor under section 207T of the Companies Act 1993. This resolution authorises the Board to fix the fees and expenses of the auditor.

Particulars of the Share Buyback Programme

For many years, Infratil has maintained a Share Buyback Programme. This programme has been successful in creating shareholder value and it is proposed that Infratil continue it. The Share Buyback Programme needs to comply with the Listing Rules. The Share Buyback Programme will be undertaken in accordance with Listing Rule 4.14, and the primary intent is that shares be bought back as permitted by Listing Rules 4.14.1(a) and 4.14.1(b)(ii) and the applicable provisions of the Companies Act 1993. This allows Infratil to make any offer pursuant to the procedures detailed in Section 60(1)(b)(ii) of the Companies Act 1993, or through NZX's order matching market, or through the order matching market of a 'Recognised Stock Exchange' (as defined in the Listing Rules) and in compliance with Section 63 of the Companies Act 1993.

Infratil notifies shareholders that, in accordance with Sections 60(1)(b)(ii) or 63 of the Companies Act 1993, Infratil may acquire up to a further 20,000,000 ordinary shares (approximately 2.8% of the outstanding ordinary shares, excluding treasury stock). These shares may be bought on-market or off-market, but the combined total of further on-market and off-market purchases will not exceed 20,000,000 ordinary shares. Off-market purchases will not be made from employees or directors of Infratil or associated persons of directors.

Infratil is not committing to buy shares and a decision as to any purchases will be made from time to time having regard to market conditions. No maximum price is specified for shares bought on-market, but Infratil will always disclose the number of shares, and the price at which it bought them, whether on-market or off-market, before 9:30 am on the business day following the purchase being made.

Whether the purchases are on-market or off-market, the directors will regularly reassess the situation and seek to purchase shares at prices that in their view represent the best value for shareholders.

The directors believe that, depending on market conditions and Infratil's then current share price, having the Share Buyback Programme in place is a positive way of improving shareholder value and is fair to Infratil and all shareholders.

The disclosure document required under the Companies Act 1993 is attached as Annexure B.

Annexure A: Directors' Remuneration

The Board reviews directors' fees annually to ensure that fees do not fall out of step with the market, reflect the commitment required of an Infratil director, and ensure that Infratil continues to attract high quality director candidates. In 2019, the Board engaged PwC to undertake a benchmarking exercise in order to assess the appropriateness of directors' fees paid to Infratil directors. Infratil operates in several significant sectors and has investments across four geographies, which sets the framework for seeking to attain shareholder returns targeted by Infratil but also increases the complexity of matters for consideration by the Infratil board. As a result of that exercise undertaken by PwC, the Board in 2019 considered that in recognition of the complexity of Infratil's activities together with the time commitment required of an Infratil director, it should be targeting director remuneration at the 75th percentile of comparator group 2 in the PwC benchmarking report.

At the 2019 annual meeting, shareholders approved an increase in the quantum of fees paid to all Directors (in their capacity as a director of Infratil and certain of its subsidiaries) to \$1,329,375 per annum (plus GST or VAT, as appropriate). This increase to the directors' fee pool was to enable directors' fees to be set consistent with the 75th percentile of comparator group 2 in the PwC benchmarking report, but with the increases to directors' fees expected to be implemented over a three-year period across the 2020, 2021 and 2022 financial years (and the Board does not expect to seek shareholder approval for any further increases to the Directors' Fee Pool prior to the 2022 annual meeting):

- For the year to 31 March 2020, Directors' fees were set so that they were consistent with the median of fees payable in that comparator group.

- For the year to 31 March 2021, Directors' fees would be expected to be increased so that they are at the mid-point between the median and the 75th percentile of that comparator group.
- For the year to 31 March 2022, Directors' fees would be expected to be increased so that they are at the 75th percentile of that comparator group.

The Board continues to consider that Infratil should be targeting director remuneration at the 75th percentile of comparator group 2 in the PwC benchmarking report. The reasons for this, noted in the first paragraph of this Annexure, continue to apply.

The Board therefore considers it appropriate to implement the expected increase to Directors' fees for the 2021 financial year.

The directors' fee pool may be divided among Directors in their capacities as directors of Infratil and certain of its subsidiaries as the Board deems appropriate, and the fee structure for the 2021 financial year (together with the initial fee structure set for the 2020 financial year) is set out below. As noted in the 2020 Annual Report, Mr Bogoievski was paid fees in his capacity as a Director for the year ended 31 March 2020, but will not be paid fees in his capacity as a Director from 1 April 2020. Mr Bogoievski receives no remuneration from Infratil for his role as Chief Executive, his remuneration as Chief Executive is paid by Morrison & Co.

Annual fee structure ¹	FY2020 Fee Levels (Median) NZD	FY2021 Fee Levels (Mid Point) NZD	Increase (Decrease)
Base Fees:			
Chairperson of the Board (inclusive of Committee fees)	239,800	256,800	17,000
Director	112,000	121,750	9,750
Overseas Director (P Gough)	140,000	152,188	12,188
M Bogoievski	112,000	Nil	(112,000)
Audit and Risk Committee Fees:			
Chair	37,000	38,500	1,500
Member	18,800	19,700	900
Nominations and Remuneration Committee Fees:			
Chair	Nil	Nil	Nil
Member	Nil	Nil	Nil
Manager Engagement Committee Fees:			
Chair (<i>ex officio</i> Chairperson of the Board)	Nil	Nil	Nil
Member	7,500	7,500	Nil
Directors' Fee Pool Allocation: Fees paid to Directors in their capacity as Directors of Infratil (paid by Infratil)	1,051,900	1,011,388	(40,512)
Directors' Fee Pool Allocation: Fees paid to Directors in their capacity as directors of subsidiaries (paid by the subsidiary)	105,000	105,000	Nil
Aggregate Directors' Fees	1,156,900	1,116,388	(40,512)
DIRECTORS' FEE POOL	1,329,375	1,329,375	Nil
Unallocated Directors' Fees Pool	172,475	212,987	40,512

The above amounts exclude any directors' fees paid to any Director as a director of Trustpower Limited or Tilt Renewables Limited (although, as at the date of this Notice of Meeting, no Director is also serving as a director of either of those companies). Although both Trustpower and Tilt Renewables are subsidiaries of Infratil, both are also separately listed on the NZX Main Board. Accordingly, if in future any Director is also a director of Trustpower or Tilt Renewables, Listing Rule 2.11.1 requires any directors' fees paid to that Director in that capacity to be approved by the shareholders of Trustpower or Tilt Renewables (as applicable), but does not require those fees to be approved by shareholders in Infratil (and they do not get deducted from the fee pool above).

Annexure B: Companies Act Disclosure Document for Share Buyback Programme

In the 2019 Notice of Meeting Infratil advised shareholders of its intention to continue its Share Buyback Programme, reserving the right to acquire up to 20,000,000 of Infratil's ordinary shares on issue. The maximum price of shares that could be bought off-market was \$5.00 per share, and no maximum price was specified for shares bought on-market. Infratil has acquired 887,617 ordinary shares under the Share Buyback Programme since the 2019 Notice of Meeting.

It is considered appropriate for Infratil to continue the Share Buyback Programme and reserve the right to buy back up to 20,000,000 of Infratil's ordinary shares on issue. This would represent approximately 2.8% of the outstanding ordinary shares, excluding treasury stock. These shares may be bought on-market or off-market, but the combined total of further on-market and off-market purchases may not exceed 20,000,000 ordinary shares. Off-market purchases may also not be made from employees or directors of Infratil or associated persons of directors.

This Disclosure Document sets out the information that the Companies Act 1993 requires be provided to shareholders annually while a Share Buyback Programme continues.

Terms of the Offer

On-market Buyback – Section 63 of the Companies Act 1993

- Infratil may make one or more offers on the NZX Main Board market to all shareholders to acquire up to 20,000,000 ordinary shares in Infratil, pursuant to section 63 of the Companies Act 1993.

- Offers may be made between 20 August 2020 and 22 July 2021.
- Infratil will pay the prevailing market price for the shares at the time of purchase. Infratil is not obliged to make offers and reserves the right to cease doing so at any time.

Off-market Buyback – Section 60(1)(b)(ii) of the Companies Act 1993

- Infratil may make offers to one or more shareholders to acquire up to 20,000,000 ordinary shares in Infratil, pursuant to Section 60(1)(b)(ii) of the Companies Act 1993.
- Offers may be made between 20 August 2020 and 22 July 2021.
- Infratil will pay the prevailing market price for the shares at the time of purchase. Infratil is not obliged to make offers and reserves the right to cease doing so at any time.
- Buybacks made in compliance with Section 60(1)(b)(ii) of the Companies Act 1993 will not be made from any person who is a Director, Associated Person of a Director or an Employee (as those terms are defined in the Listing Rules) of Infratil and will not exceed 15% of the shares on issue at 20 August 2020.

Other Information Applicable to Both On-market and Off-market Buybacks

- Infratil will not purchase any shares while it possesses any information that is materially price-sensitive but not publicly available. If Infratil has price sensitive information, it will cease acquiring shares until the information is publicly disclosed or ceases to be materially price sensitive.
- Infratil may hold up to 5% of its shares as Treasury Stock. Treasury Stock comprises shares acquired and held by Infratil in itself and which would otherwise be cancelled on acquisition. Subject to certain restrictions, Treasury Stock can be transferred, re-issued or cancelled by Infratil.
- All on-market offers will be designed so that the proceeds of sales will not be taxable as dividends whilst off-market offers may be taxable as dividends, and imputation credits will not be attached to the proceeds. Shareholders who have special tax status, as a result, for example, of trading securities professionally, should consult their tax advisers.

Resolutions

To initiate the proposed offer the Board unanimously resolved on 1 July 2020, amongst other things:

- (i) To continue the previously notified Share Buyback Programme, and reserve the right to make one or more offers on the NZX market to all shareholders to acquire up to 20,000,000 ordinary shares in Infratil pursuant to Section 60(1)(b)(ii) (off-market buyback) and Section 63 (on-market buyback) of the Companies Act 1993 (the **Act**) in the period between 20 August 2020 and 22 July 2021.
- (ii) To pay the prevailing market price for the shares at the time of purchase.
- (iii) That in respect of any offer made pursuant to Section 60(1)(b)(ii):
 - The acquisition is in the best interests of Infratil;
 - The acquisition is of benefit to the remaining shareholders;
 - The terms of the offer and the consideration offered for the shares are fair and reasonable to Infratil; and
 - The terms of the offer and the consideration offered for the shares are fair and reasonable to the remaining shareholders.
- (iv) That in respect of an offer made pursuant to Section 63:
 - The acquisition is in the best interests of Infratil and its shareholders; and
 - The terms of the offer and the consideration offered for the shares are fair and reasonable to Infratil and its shareholders.
- (v) That, for the purposes of buybacks effected under Resolution (iii) or (iv), the Directors are not aware of any information that will not be disclosed to Infratil's shareholders:
 - that is material to an assessment of the value of the shares; and
 - as a result of which the terms of the offer and consideration offered for the shares are unfair to the shareholders accepting the offer.
- (vi) That the reasons for the Directors' conclusions in the Resolutions (iii), (iv) and (v) are:

- to maximise shareholder value, and acquiring shares may be considered by the Board (taking into account prevailing circumstances) to be an efficient use of capital; and
- shareholders have total discretion to choose whether to participate in the buyback. There is no pressure to sell to Infratil; and
- Infratil has in place reviews and procedures to ensure that it does not acquire shares during the period when material price sensitive information is known to Infratil but is not available to shareholders.

(vii) That the Board is satisfied that Infratil will, immediately after acquiring the shares, satisfy the solvency test applied under Section 52 of the Companies Act 1993.

(viii) That Marko Bogoevski, Mark Flesher, Phillippa Harford and Jason Boyes of Morrison & Co Infrastructure Management Limited (each acting alone) are hereby authorised to sign such documents and do such other things as may be necessary or appropriate to complete the buyback.

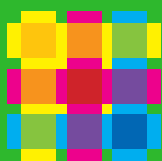
(ix) That until Infratil holds shares in itself equating to 5% of the total number of shares on issue, such shares need not be cancelled but may be held as Treasury Stock by Infratil itself.

Directors' Interests

Ordinary Shares (as at 21 July 2020)

Infratil (IFT) ordinary shares	Beneficial interests	Non-beneficial interests
M Tume	49,132	7,389
M Bogoevski	2,021,245	Nil
A Gerry	27,267	Nil
P Gough	197,533	Nil
K Mactaggart	44,840	Nil
P M Springford	34,406	Nil

This Disclosure Document is provided pursuant to Sections 61(5) and 63(6) of the Companies Act 1993 and complies with Sections 62 and 64 of the Companies Act 1993.



Infratil