

Entitlement offer and Institutional placement

Investor Presentation
17 May 2019



Infratil



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Investment risk

An investment in Infratil shares is subject to known and unknown risks, some of which are beyond the control of Infratil. Infratil does not guarantee any particular rate of return or the performance of Infratil.

Financial data

All currency amounts are in New Zealand dollars unless stated otherwise. Infratil has a 31 March financial year end.

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This presentation contains pro forma historical financial information. In particular, a pro forma balance sheet as at 31 March 2019 has been prepared by Infratil based on the unaudited VNZ balance sheet as at that date. Infratil has also prepared a pro forma Net Debt and gearing position of Infratil as 31 March 2019 as if the Acquisition had taken place on that date. The pro forma historical financial information provided in this presentation is for illustrative purposes only and should not be relied upon as, and is not represented as, being indicative of Infratil's future financial condition. In addition, the pro forma historical financial information included in this presentation does not purport to be in compliance with Article 11 of Regulation S-X of the rules and regulations of the U.S. Securities and Exchange Commission.

Past performance

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Transaction Summary

Infratil and Brookfield to acquire Vodafone NZ for an enterprise value of NZ\$3.4 billion

Transaction summary

- On 14 May 2019, a consortium owned by Infratil and Brookfield announced it had executed a conditional agreement to acquire Vodafone NZ from Vodafone Group for an enterprise value of NZ\$3.4 billion
- Implied EV/EBITDA multiple of 6.9x–7.4x¹
- Infratil and Brookfield, an experienced global infrastructure investment partner, will each own ~49.9% of the Company, with the balance reserved for the Vodafone NZ executive team
- The acquisition is strategically and financially compelling for Infratil shareholders:
 - ✓ Transformative investment in a high-quality infrastructure asset in the critical data and communications sector of the New Zealand economy
 - ✓ Strong, stable New Zealand cash flows to strengthen portfolio and support Infratil dividend profile in the medium-term
 - ✓ Data growth, cost transformation, 5G investment, and potential for future network sharing create opportunities to generate 'Core+' return profile
 - ✓ Infratil is experienced in establishing and supporting a standalone New Zealand entity, formerly held within a multinational, and creating significant value for Infratil shareholders

Funding

- NZ\$3.4 billion purchase price funded via NZ\$1,029² million consideration from each of Infratil and Brookfield, with the balance funded from Vodafone NZ level debt and Vodafone NZ executive team equity
- Infratil's consideration will be funded via:
 - NZ\$100 million fully underwritten Institutional Placement
 - NZ\$300 million fully underwritten, pro-rata accelerated renounceable entitlement offer ("Entitlement Offer")
 - balance to be funded through a combination of NZ\$400 million of debt from a committed acquisition debt facility³ and the use of existing debt facility headroom
- Infratil has appointed UBS New Zealand Limited as Sole Lead Manager and Underwriter
- The debt and equity components have been sized to ensure Infratil maintains flexibility to support existing development platforms and future investment opportunities

Timing and conditions

- Acquisition expected to complete in August 2019 and is subject to New Zealand Overseas Investment Office regulatory approval and Commerce Commission clearance as well as other customary conditions

Notes:

1. EV/EBITDA multiple is based on full year 2020 forecast Underlying EBITDA guidance of NZ\$460-490 million for Vodafone NZ
2. The purchase price is subject to post completion adjustments for working capital, net debt and capital expenditure as at completion of the acquisition
3. Acquisition debt facilities of up to NZ\$800 million available (only NZ\$400 million expected to be drawn)

Regulatory Approval

8 month period to obtain but anticipated to be obtained by August, with completion expected by 31 August 2019

New Zealand Overseas Investment Office (OIO)

- Brookfield is an "overseas" person as defined in the Overseas Investment Act 2005
- The consortium therefore requires OIO approval to acquire sensitive New Zealand assets
- The OIO application was submitted in March 2019
- The consortium has assessed the likelihood of receiving OIO approval as high. The consortium is confident of meeting the relevant criteria and notes that Brookfield has previously been granted consent to acquire sensitive New Zealand assets
- Brookfield's New Zealand investment credentials include Powerco (New Zealand's second largest electricity and gas distribution company – sold in 2013) and C3 (New Zealand's leading provider of forestry aligned logistics). Brookfield has entered into a conditional agreement to purchase a ~62% stake in Oaktree Capital Group LLC, which currently owns MediaWorks

New Zealand Commerce Commission (NZCC)

- Infratil owns 51% of Trustpower. Trustpower has a 5% fixed broadband market share by connection. Vodafone NZ has a 26% fixed broadband market share by connection. In comparison, Spark is the largest player in the market with 43%, with Vocus and 2degrees 3rd and 4th with 13% and 5% respectively
- Given the competitive nature of the fixed broadband market, the consortium believes there is a very strong basis for Commerce Commission clearance to be granted
- Structural separation of the market, open access fixed networks and equivalent wholesale access level the playing field for smaller players and new entrants
- If Infratil cannot obtain NZCC clearance, the acquisition agreement would require Infratil to divest its interest in the Vodafone transaction, or failing that divest its stake in Trustpower by the 8 month deadline. The NZCC clearance condition could also be satisfied if Trustpower had sold its retail business in the required time
- Trustpower will remain free to pursue its successful multi-utility retail strategy

Investment Rationale

The acquisition is strategically and financially compelling for Infratil shareholders

- Leading mobile operator and 2nd largest broadband provider
- Mobile market position supported by leading infrastructure position
- Fixed broadband market is relatively commoditised due to Ultra-Fast Broadband

Premier NZ Mobile Operator

New Zealand's Leading Data Infrastructure Network

- Nationwide wireless and fibre network:
 - 1,575 cell sites
 - >10,000km of fibre optic cable
 - HFC network – 120k homes connected
 - International subsea cables
- Opportunity to improve utilisation of existing network

- New Zealand is a stable mobile market with 3 network operators
- Multiproduct offering reduces churn rates
- Overall market underpinned by strong economic fundamentals

Sensible Industry Structure



New Zealand

Experienced Management Team with Strong Track Record

- Highly credentialed management team with strong track record
- Previously distracted by Sky Merger and IPO processes

- Opportunity to grow earnings through improved utilisation of current and future networks to significantly enhance network capability and future services to customers
- Cost transformation programme to generate significant annual cost savings

Operational Enhancements and Cost Rationalisation

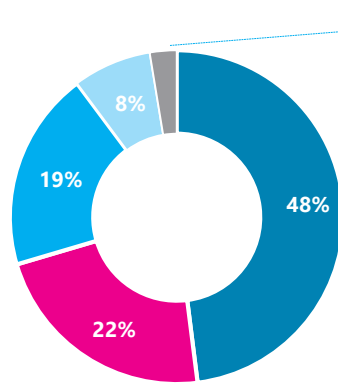
Experienced, Operations Focussed Sponsors

- Consortium comprised of two experienced, operations focussed shareholders
- Extensive experience in the New Zealand market and global telecommunications sectors
- History of successful carve out transactions including separation, rebranding and transformation

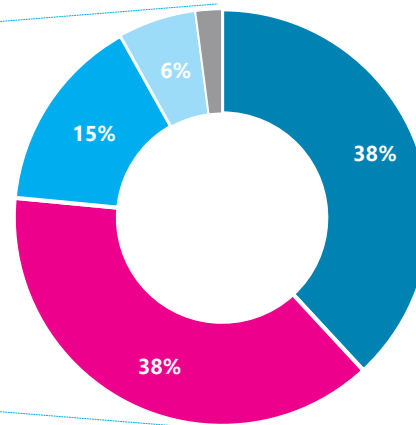
Transformative Acquisition

Vodafone NZ is a cornerstone platform investment that strengthens the cash generative core while significantly increasing the portfolio weighting to connectivity and long-term data growth

Pre-acquisition¹



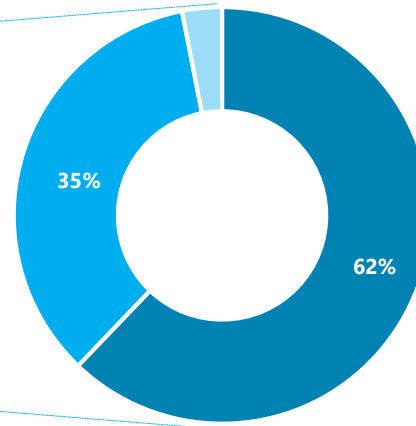
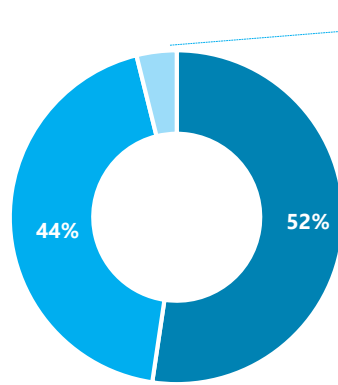
Post-acquisition¹



■ Renewable Energy ■ Data & Connectivity ■ Airports ■ Retirement ■ Other

The acquisition continues Infratil's recent capital deployment focus on data and connectivity...

... and strengthens the cash generative core of the portfolio...



■ New Zealand ■ Australia ■ USA

... as well as its New Zealand exposure

Notes:
1. Based on internal investment valuations as at 31 March 2019

Funding Details

Infratil's consideration of NZ\$1,029 million will be funded via a fully underwritten equity raising, a committed acquisition debt facility and existing debt facilities

Acquisition funding sources and uses

Sources	(\$Millions)
Infratil consideration (~49.9%)	1,029 ¹
Brookfield consideration (~49.9%)	1,029 ¹
Asset level debt and Vodafone NZ executive equity	1,342
Total sources of funds	3,400

Uses	(\$Millions)
Vodafone NZ purchase price (incl. transaction costs) ¹	3,400
Total uses of funds	3,400

Infratil consideration funding

Sources	(\$Millions)
Fully underwritten Institutional Placement	100
Fully underwritten Entitlement Offer	300
Acquisition debt facility ²	400
Use of existing debt facilities (total headroom of ~NZ\$175m post acquisition) ³	229
Total Infratil consideration funding	1,029

Notes:

1. The purchase price is subject to post completion adjustments for working capital, net debt and capital expenditure as at completion of the acquisition
2. Acquisition debt facility of up to NZ\$800 million available (only NZ\$400 million expected to be drawn)
3. Estimated

Debt Funding Details

The funding package will leave Infratil's balance sheet in a position to support growth and future development platforms

- Transaction is expected to be credit enhancing for Infratil in the medium-term:
 - ✓ Balance sheet in a position to support growth and future development
 - ✓ Improves Infratil's earnings diversification and resilience
 - ✓ Increases cash flow generation from highly defensive assets
- Debt funding comprises:
 - ✓ Committed acquisition debt facility of NZ\$800 million, of which only NZ\$400 million is expected to be drawn
 - ✓ Drawdown of NZ\$229 million of existing debt facilities
- Infratil's capital position will continue to be managed through:
 - ✓ Debt facility repayments through proceeds from recently announced asset sales and ongoing strategic reviews
 - ✓ Bank debt refinancing
 - ✓ Accessing domestic bond market

Total net debt and gearing impact of acquisition and equity raise

(\$Millions)	31 March 2019	31 March 2019 ¹
Net bank debt (cash on hand)	44	673
Infratil Infrastructure bonds	905	905
Infratil Perpetual bonds	232	232
Total net debt²	1,181	1,810
Market value of equity	2,332	2,732
Total capital	3,513	4,542
Gearing (net debt/total capital)	34%	40%
Infratil undrawn bank facilities	404	~175
100% subsidiaries cash	55	
Funds available	459	

Notes:

1. Impact of the acquisition on Infratil's 31 March 2019 balance sheet
2. Prior to the receipt of proceeds from the strategic reviews Infratil currently has underway, and excluding the payment of the International Portfolio Incentive fee

Equity Funding Details

A significant proportion of the equity raising has been directed towards existing shareholders

Equity raising details

Offer structure and size

- Equity raising of NZ\$400 million:
 - NZ\$100 million fully underwritten Institutional Placement
 - NZ\$300 million fully underwritten, 1 for 7.46 pro-rata accelerated renounceable entitlement offer ("Entitlement Offer")
- Approximately 100 million new fully paid ordinary shares ("New Shares") (equivalent to 17.9% of current issued capital)

Offer price

- NZ\$4.00¹ per new share representing:
 - 10.1% discount to last close price of NZ\$4.45 on Thursday, 16 May 2019
 - 9.0% discount to TERP of NZ\$4.40²

Director commitments

- All Infratil Directors intend to take up their full entitlements under the Entitlement Offer

Record date

- Record date is 7.00pm (NZ time) / 5.00pm (Sydney time) on Tuesday, 21 May 2019

Ranking of New Shares

- Each New Share will rank equally with existing shares on issue and are entitled to receive Infratil's FY2019 final dividend of 11 cents per share

Underwriting

- The Institutional Placement and Entitlement Offer are both fully underwritten
- UBS New Zealand Limited is acting as Sole Lead Manager and Underwriter

Notes:

1. The A\$ offer price will be set using the RBNZ AUD/NZD exchange rate as at 3.00pm on Tuesday, 21 May 2019
2. The theoretical ex-rights price ("TERP") is the theoretical price at which Infratil shares should trade at immediately after the ex-date of the Entitlement Offer. The TERP is a theoretical calculation only and the actual price at which Infratil shares trade immediately after the ex-date for the Entitlement Offer will depend on many factors and may not equal the TERP. TERP is calculated by reference to Infratil's closing price of NZ\$4.45 on Thursday, 16 May 2019

Equity Raising Timetable

Key dates

Dates and times are subject to change without notice	
	Date
Record date – Institutional and Retail Entitlement Offer	7.00pm (NZ time). Tuesday, 21 May 2019
Record date - Dividend	Friday, 21 June 2019
Institutional Placement, Institutional Entitlement Offer and Institutional Bookbuild	
Trading halt and announcement	Friday, 17 May 2019
Institutional Entitlement Offer opens	Friday, 17 May 2019
Institutional Placement Bookbuild commences	Friday, 17 May 2019
Institutional Entitlement Offer closes	Saturday, 18 May 2019
Institutional Placement Bookbuild completes	Saturday, 18 May 2019
Institutional Shortfall Bookbuild	Monday, 20 May 2019 – Tuesday, 21 May 2019
Trading halt lifted on NZX / ASX (pre-market open)	Wednesday, 22 May 2019
ASX settlement	Monday, 27 May 2019
NZX settlement	Tuesday, 28 May 2019
Allotment and trading of new shares	Tuesday, 28 May 2019
Retail Entitlement Offer and Retail Bookbuild	
Retail Entitlement Offer opens	Thursday, 23 May 2019
Retail Entitlement Offer closes	Tuesday, 11 June 2019
Retail Shortfall Bookbuild	Thursday, 13 June 2019
ASX settlement	Monday, 17 June 2019
NZX settlement	Tuesday, 18 June 2019
Allotment of new shares	Tuesday, 18 June 2019
Trading of new shares on the NZX	Tuesday, 18 June 2019
Trading of new shares on the ASX	Wednesday, 19 June 2019

Supplementary Information



Infratil



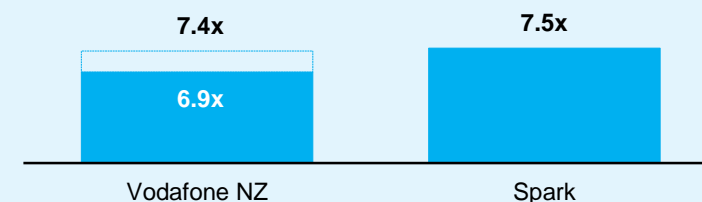
Asset Values

The value of Infratil's subsidiaries and associates is recorded in Infratil's financial statements in accordance with NZ IFRS. This slide presents an alternative method for valuing those assets

(\$Millions)	Asset Value ¹
Trustpower	1,110
Vodafone NZ	1,029
Canberra Data Centres	841 – 942
Wellington Airport	770 – 850
Tilt Renewables	650 – 785
RetireAustralia	265 – 325
Longroad Energy	123
Other	110
ANU Student Accommodation concession	169 ²
NZ Bus	167 ²
Perth Energy	90 ²
Total	5,324 – 5,700
Net wholly owned debt	(1,181)
Vodafone NZ acquisition cost	(1,029)
Equity raise	400 ³
International Portfolio Incentive Fees	(103)
Corporate costs	(185)
Net Equity Value	3,226 – 3,602

- **Trustpower** based on market price as at 16 May 2019
- **Vodafone NZ** based on NZ\$1,029 million acquisition price
- **Canberra Data Centres, Tilt Renewables and Longroad Energy** based on Independent Valuations as at 31 March 2019
- **Wellington Airport** based on a 16x multiple of forecast FY2020 EBITDA less net debt as at 31 March 2019
- **RetireAustralia** based on 1x multiple of net tangible assets as at 31 March 2019
- Proceeds of A\$162 million from the sale of **ANU PBSA** expected on 20 May 2019, A\$4.8 million of distributions received since 31 March 2019
- **Other** includes 31 March 2019 book values for Australian Social Infrastructure Partners, Infratil Infrastructure Property and Clearvision Ventures
- **NZ Bus and Perth Energy** based on book values as at 31 March 2019, reflecting that the assets are under strategic review
- **Net wholly owned debt** includes Infratil's net bank debt of NZ\$44.3 million, and infrastructure bonds of NZ\$1,136.4 million, both as at 31 March 2019
- **International Portfolio incentive fees** accrued as at 31 March 2019
- **Corporate costs** are calculated as 5 times FY2020 management fees and corporate costs

Vodafone NZ value supported by peer valuations⁴



Notes:

1. The above table shows the impact of the Vodafone NZ acquisition had it occurred on 31 March 2019 with all other balances remaining unchanged. It assumes the purchase prices is funded through NZ\$400 million of new equity, NZ\$400 million of drawdowns on the committed acquisition debt facility, and drawdowns of NZ\$229 million on existing debt facility
2. Assets under strategic review
3. Assumes a NZ\$400 million equity raise is undertaken
4. EV/EBITDA multiple is based on full year 2020 forecast Underlying EBITDA guidance of NZ\$460-490 million for Vodafone NZ. Spark EV/EBITDA calendarised to Vodafone NZ financial year and based on the closing share price on 16 May 2019, broker consensus forecasts and net debt as at 31 December 2018

Pro-forma Balance Sheet

Infratil will equity account for the investment in Vodafone NZ



(\$Millions)	31 March 2019	Vodafone NZ acquisition	31 March 2019 ¹
Current assets	1,204	-	1,204
Investments in associates	857	1,029	1,886
Non-current assets	4,672	-	4,672
Total assets	6,733	1,029	7,762
Current liabilities	1,045	400	1,445
Non-current liabilities	2,942	229	3,171
Total liabilities	3,987	629	4,616
Net assets	2,746	400	3,146
Non-controlling interests	1,099	-	1,099
Equity	1,647	400	2,047
Total equity	2,746	400	3,146

Notes:

1. The above table shows the impact of the Vodafone NZ acquisition had it occurred on 31 March 2019 with all other balances remaining unchanged. It assumes the purchase price is funded through NZ\$400 million of new equity, NZ\$400 million of drawdowns on the committed acquisition debt facility, and drawdowns of NZ\$229 million on existing debt facility