Infratil
Annual Report
2019

25 years of successfully balancing growth and resilience.

What's next?

Infratil's first quarter of a century delivered exceptional returns for shareholders.

The rewards came from finding opportunities to invest in infrastructure businesses experiencing demand growing faster than the economy as a whole, where the businesses could sensibly and productively invest to meet the needs of their communities, and where there was financial resilience.

Delivering returns over the long-term requires survival over the long-term. For that reason Infratil maintains diverse exposures; recognising that the future is uncertain and the pursuit of returns should always be balanced by the management of risk.

Diversity also creates options as the next windfall might come from a surprising place.

The last ten years have been kind to investors. The NZX50 returned 14.3% per annum. The ASX200 10.4% per annum. Infratil 16.7% per annum.

Over the full twenty five years to 31 March 2019 Infratil's shareholder returns were a compound 17.5% per annum, through capital growth and a reliable growing dividend.

To achieve this, Infratil's investment approach has evolved since 1994 to entail:

- **Finding infrastructure opportunities where demand is growing and invest where there is the prospect of fair returns that compensate for risks and endeavour, and sufficient scale to warrant intensive management.**
- **Growing capacity and services to meet customer and community needs.**
- **Ensuring funding and investment diversity so that changes in circumstances can be withstood and opportunities taken.**
- **Building long-term partnerships with co-investors that have aligned interests and values.**

The infrastructure investment market is competitive and has changed over the last decade as ultra-low interest rates have obliged institutional investors to shift part of their capital from bonds into "bond-like" investments. This has impacted the returns available on some low-risk infrastructure assets. As described in this Report, this has enabled Infratil to create value by developing and building infrastructure assets which can be de-risked to provide investments for institutional investors.

Kevin O'Connor
Chair
1994–2003

Lloyd Morrison
CEO
1994–2011

David Newman
Chair
2003–2013

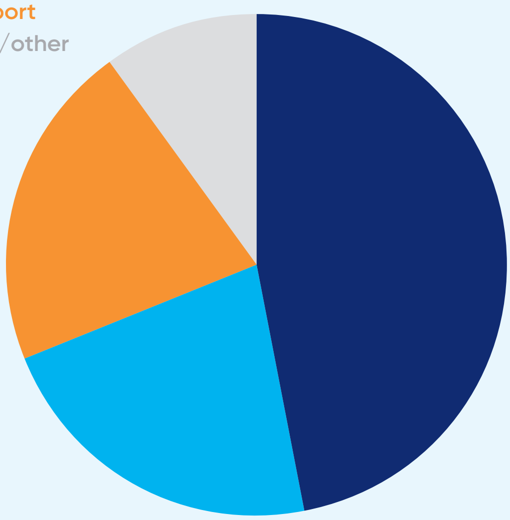
Marko Bogoievski
CEO
2011–Present

Mark Tume
Chair
2013– Present

Balancing growth and resilience: Infratil's allocation of its capital

Sectors

Renewable energy
Data
Transport
Social/other

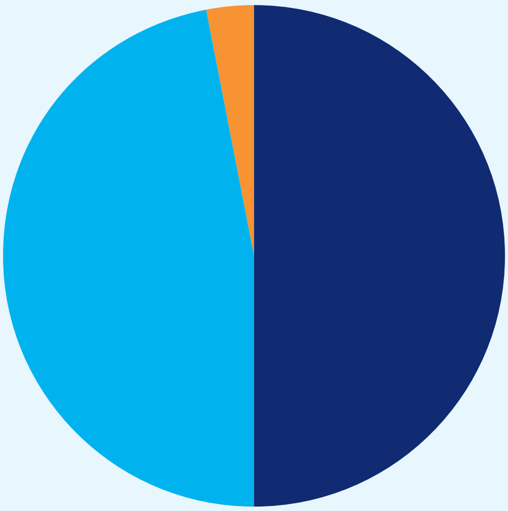


Balancing opportunities and risk means maintaining a core of robust cash-generating assets.

They may be proprietary and part of an existing business, such as Tilt's wind farms which have income contracted several years into the future. Or they may be the bulk of a company's activities, such as at Trustpower and Wellington Airport. From that base Infratil is able to invest in opportunities which offer the prospect of greater rewards albeit with greater measurable risk.

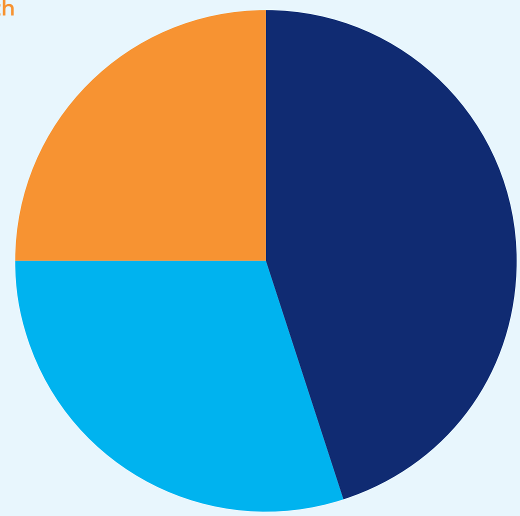
Locations

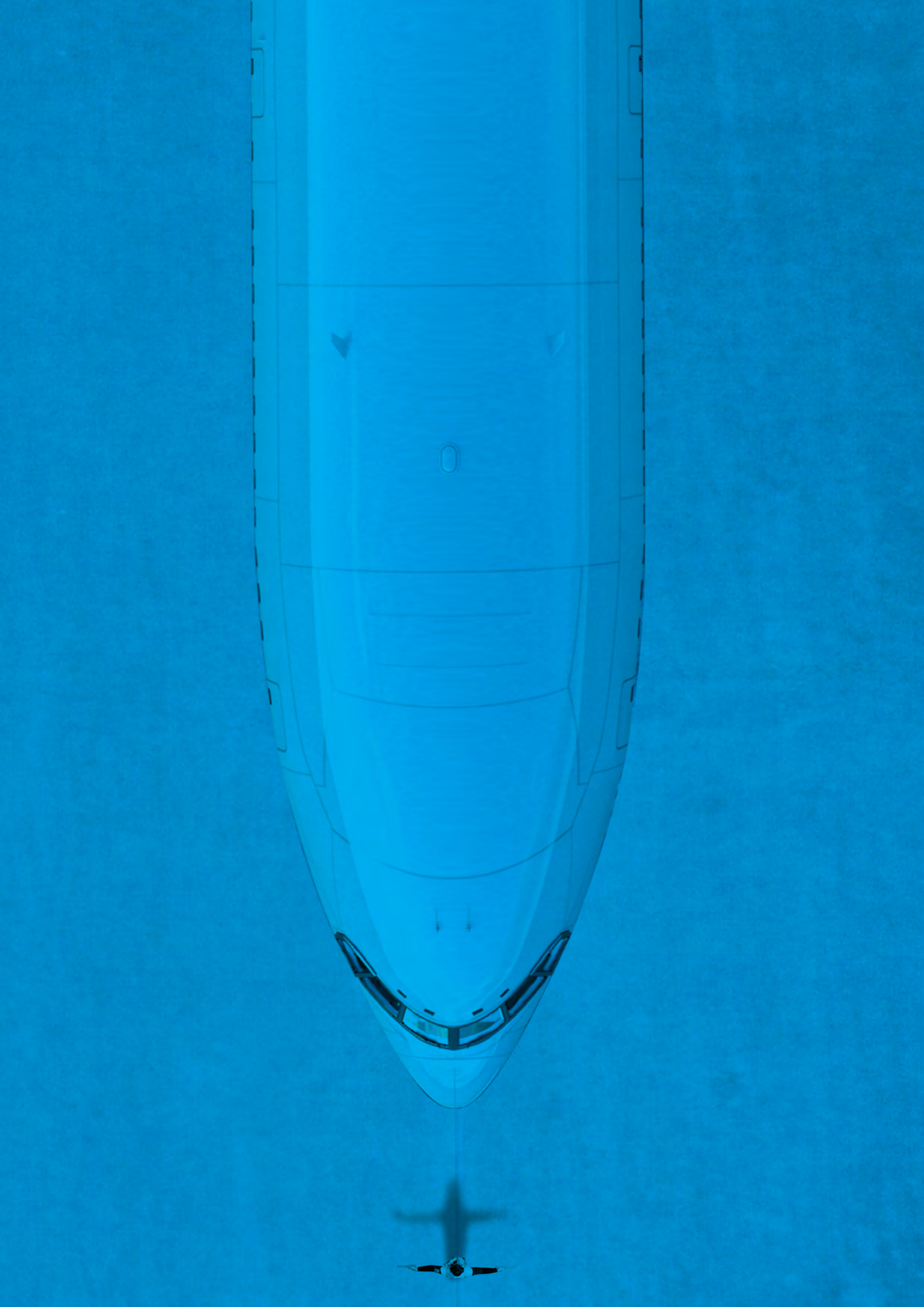
New Zealand
Australia
USA



Growth/Resilience

Core
Core+
Growth





Infratil's value add.
Its reason for existing

Investors have ample opportunities to buy shares in energy companies, airports, social and data infrastructure; why invest through Infratil?

"The two most powerful warriors are patience and time." Tolstoy. For most investors; buying, holding and reaping the benefits of low transaction costs and compound returns is a winning formula. But Infratil can claim additional advantages. Its extensive research capability has made the company good at assessing growth opportunities. Its track record and scale means that it gets to see a lot of opportunities and it can commit considerable capital. It is recognised as a good partner by the individuals and communities its businesses service, and by co-investors.

Infratil's returns have been driven by investing in areas of strong demand growth. While the economy as a whole is expanding at about 2% per annum some segments are growing much more rapidly; air travel, retirement living, renewable energy, electronic data and its transmission. Each offers growth and returns above the average, for the foreseeable future.

The current investment environment is dominated by ultra-low interest rates. This has created an opportunity to develop infrastructure assets which suit the needs of institutional investors seeking bond-like returns. As illustrated by Infratil's experience with Australian student accommodation and US renewable generation, a development approach to infrastructure can deliver significant gains and is another way in which Infratil can add value for its shareholders.

Contents

Governance & Direction

Infratil's shareholders elect directors for three year terms to represent them and to look after their interests.

Directors:

- Maintain a dialogue with shareholders.
- Proactively participate in the formulation and evolution of the Company's strategy.
- Monitor strategy implementation, financial performance, risks and legal compliance.
- Ensure effective articulation to external stakeholders of strategy, goals, risks and performance.
- Maintain awareness of relevant societal and market developments.
- Offer diversity of perspective and knowledge relevant to the Company.

Infratil has seven directors of whom six are independent of management. They have been on the board for between two months and 13 years.

Infratil's directors are responsible for monitoring the performance of Infratil's manager H.R.L. Morrison & Co ("Morrison & Co"). Morrison & Co is a specialist manager of infrastructure investments and performs this role for Infratil under an investment management agreement. Infratil benefits from having a management team with great breadth and depth of skills, however the board must be vigilant about potential conflicts of interest and satisfied that the cost is reasonable relative to alternatives.

As recorded in last year's Annual Report, from time to time the board commissions external reviews of the management contract to ensure that the arrangement is fair to Infratil shareholders. The board is always open to dialogue with shareholders about Infratil's management and other matters. However, there can be as many different opinions as shareholders and more complex issues need time and expertise for proper consideration.

We would like to note the roles of the investment team at the ACC and the NZ Shareholders Association as advocates of good governance who have constructively engaged with the board and management. Their positive suggestions have been appreciated and have resulted in the board making changes to the way it governs the Company.

Further commentary on the role of the board, the credentials of directors and their remuneration are set out on pages 113–120 of this annual report.

Left to Right:

Peter Springford, Director. Independent. Appointed 2016. Last elected 2017

I have been the leader of a major industrial company based in New Zealand and Australia and of industrial businesses in Asia, as well as the chair or director of companies which operate in New Zealand and in international markets.

People are important; their safety; the need to act with integrity in offshore markets just as we would in New Zealand; and that top operational performance and strong customer relationships are key to long-term returns for shareholders.

Paul Gough, Director. Independent. Appointed 2012. Last elected 2018

As a Kiwi who works in London I'm very aware of how global events impact in New Zealand and Australia.

In London I manage investments in similar fields to Infratil's, but often with more development risk.

Achieving the best outcome requires the best from people. The focus on performance and people is consistent with what I see at Infratil.

Alison Gerry, Director, Chair of the Audit & Risk Committee. Independent. Appointed 2014. Due for re-election in 2019

My experience in finance and risk management helps me appreciate Infratil's strategic opportunities and threats; from financial markets, technology, regulation and the natural environment.

Executing strategy is in part about allocating capital and in part about developing a culture which reflects the value we place on our own people, our customers, and our communities.

Mark Tume, Chairman. Independent. Appointed 2007. Last elected 2018

My obligation is to maintain ties with Infratil's diverse range of stakeholders and to ensure that the board is delivering on its responsibilities.

My experience in finance and on the boards of infrastructure companies (Transpower, Kiwi Rail, NZ Refining) has given me an appreciation of the sectors in which Infratil operates and the operational, regulatory and financial risks it faces.

Marko Bogoievski, Director.
Chief Executive. Appointed 2009.
Last elected 2017

As CEO of Morrison & Co I have the responsibility of ensuring our team is focused and active on the Infratil mandate.

Our job is to identify proprietary opportunities and to deliver strong long-term returns for an acceptable level of risk. Our sectors are attractive and competitive – we are fortunate to have significant experience supporting our investment and asset management programmes.

Kirsty Mactaggart, Director.
Independent. Appointed in 2019
and due for election in 2019

I have 25 years of financial market experience across multiple countries and sectors including those in which Infratil is invested. My transactional experience as a banker; and governance focus as an investor will be applied to Morrison & Co as manager of Infratil's portfolio of assets. My objective will be to ensure the manager delivers transparency and performance to all Infratil stakeholders.

Humphry Rolleston, Director.
Independent. Appointed 2006.
Retiring in 2019

Since my appointment as an Infratil director I have applied my hands-on business experience to my responsibilities. In that time Infratil has changed quite materially and I hope I've contributed positively to that. The period included extraordinary developments in the investment and financial markets which have produced risks and opportunities. I congratulate the board and management for working together to avoid the former and benefit from the latter.

Management

Infratil's management comprises people employed by Infratil's manager, H.R.L. Morrison & Co (Morrison & Co), and those employed by Infratil's subsidiaries and investee companies.

Morrison & Co is an investment manager with a specialist focus on the infrastructure sector. In addition to managing Infratil it also manages investments on behalf of superannuation funds; including the New Zealand Superannuation Fund and the Commonwealth Superannuation Corporation who have both made investments in partnership with Infratil.

Infratil benefits from its management having the expertise of a larger and more expert group of individuals than a company of Infratil's scale could normally hope to retain and from the manager's contacts and relationships.

Left to Right:

Marko Bogoievski, Chief Executive. Director of Infratil. Chair of Longroad Energy.

Phillippa Harford, Chief Financial Officer. Director of Perth Energy and Snapper.

Kevin Baker, Chair of NZ Bus and director of Canberra Data Centres, Trustpower and Infratil Infrastructure Property.

Greg Boorer, CEO Canberra Data Centres.

Jason Boyes, Chief Operating Officer. Director of Wellington Airport and NZ Bus.

Ralph Brayham, Technology. Director of Snapper.

Tim Brown, Capital markets, and economic regulation. Chair of Wellington Airport.

Fiona Cameron, Group Treasurer.

Deion Campbell, CEO Tilt Renewables.

Kellee Clark, Head of Legal. Compliance, transaction structuring and execution.

Peter Coman, Property and social infrastructure. Director of Infratil Infrastructure Property and RetireAustralia.

Harry Cominos, Investment strategy.

Roger Crawford, Australian energy sector activities. Chairman of Perth Energy.

Steven Fitzgerald, Asset Management.

Mark Flesher, Capital markets and investor relations.

Paul Gaynor, CEO Longroad Energy.

Bruce Harker, Energy team. Chair of Tilt Renewables.

Vince Hawksworth, CEO Trustpower.

Andrew Lamb, Development Director Infratil Infrastructure Property.

Nick Lough, Company Secretary and Legal. Compliance, transaction structuring and execution.

Will McIndoe, Energy team.

Mark Mudie, Social infrastructure.

Paul Newfield, Chief Investment Officer. Strategy, sector analysis and transaction execution. Director of Tilt Renewables.

Paul Ridley-Smith, Chair of Trustpower.

Matthew Ross, Infratil Financial Controller and Risk Manager.

Steve Sanderson, CEO Wellington Airport.

William Smales, Private Markets investment activity. Director of RetireAustralia and Canberra Data Centres.

Vimal Vallabh, Energy team. Director of Tilt Renewables and Longroad Energy.




























For both the airport and the airlines, the customers are the people seeking to visit and travel from the Wellington region.

A business is not an end in itself.

A business is not an end in itself. It represents a coming together of people and resources with the intention of delivering benefits to all stakeholders.

Each of Infratil's businesses provides services that are critical to its community and customers. In addition to these responsibilities, each business has obligations to its own people and to the physical environment.

As an investment holding company Infratil seeks to establish standards for its operational businesses and work is underway to find ways to clearly and usefully report on these non-financial activities to Infratil's shareholders and other interested parties. Although, as the New Zealand Government shows with its intention to report on government's impact on the four capitals (natural, physical/financial, social and human), early attempts can be confusing. The recent book "Factfulness" by Hans Rosling provides a wake-up call as to how misinformed most people are about the world around them, notwithstanding the vast amount of information now accessible.

For the most part Infratil leaves marketing and sponsorship to its operational businesses. The New Zealand Youth Choir and the New Zealand Secondary Students Choir are exceptions to the rule. Infratil is now in its tenth year as their principal sponsor.

Left: Wellington Airport CEO Steve Sanderson, Air New Zealand Wellington Airport Manager Tessa Auelua

The New Zealand Youth Choir

One way Infratil benefits from links with the Choirs is from what our people learn from an organisation with similar values but with a very different mission and raison d'etre.

What stands out with the Choirs is their ambition. All the people involved strive for excellence as well as to create music which is a unique expression of New Zealand.

The Choirs' membership is the face of a diverse New Zealand and they touch and connect communities; culturally, geographically and socially. The young members are offered a life changing experience in exchange for commitment and discipline. Values that accompany past singers into their professional and personal lives; excellence, confidence, discipline and teamwork serve the singers well on their journeys to become opera stars, music teachers, lawyers, engineers or TV presenters.

New Zealand participation in choirs is reputedly amongst the highest in the world. While this reflects the diverse musical cultures of New Zealanders it also reflects a core of well-trained singers, teachers, composers and directors. A legacy largely created by the Youth and Secondary Students Choirs and their artistic staff.

This is a rewarding investment for Infratil; generating social and cultural benefits and inspiring our people.

Financial Highlights

The reported results summarised below were impacted by the one-offs of Infratil's performance fee and disposals. But for those, Infratil would have delivered an increased parent surplus and EBITDAF.

The key events of the year were the $679.0 million of capital invested to drive future returns, the combined $132.1 million earnings increase delivered by Longroad Energy, Tilt Renewables, Canberra Data Centres and Wellington Airport, and the marked increase in the value of Infratil's investments which was reflected in the returns Infratil delivered for its shareholders.

	FY 2019	FY 2018
Net surplus	($19.5m)	$71.4m
Underlying EBITDAF [1,2]	$477.5m	$482.0m
Net operating cash flow	$ 276.9m	$295.8m
Capital expenditure	$679.0m	$325.9m
Net debt [3]	$1,180.7m	$779.7m
Dividends declared	17.25cps	16.75cps

The $90.9 million reduction in net surplus reflects the $102.6 million management performance fee accrual. The fee is reflected in Infratil's earnings, while the corresponding performance (for which the fee is being paid) is captured in the value of Infratil's assets (and the share price).

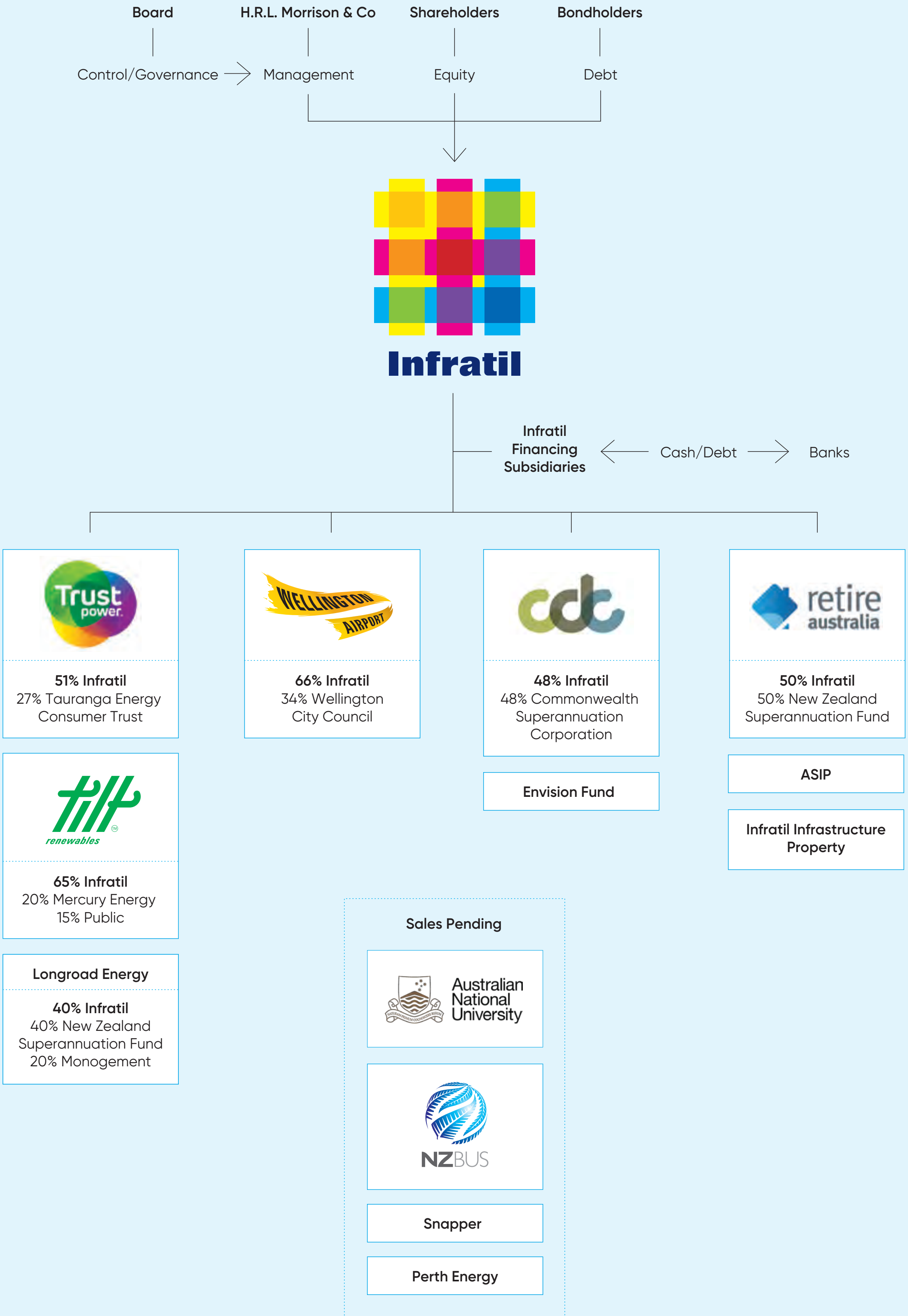
Infratil's EBITDAF was reduced by the performance fee. Retained businesses increased their contribution by $102.1 million while businesses held for disposal increased their contribution by an aggregate $24.2 million.

Infratil invested $42.7 million more into Canberra Data Centres, $288.2 million into Tilt Renewables and $87.2 million into Longroad Energy and they, along with Infratil's other businesses, undertook a total of $473.4 million of investment into facilities and services.

Net debt of the 100% group at the end of the period amounted to 33.6% of Infratil's capitalisation, up from 31.0%.

1. Underlying EBITDAF is a non-GAAP measure of financial performance, presented to show management's view of business performance. Underlying EBITDAF is the consolidated net earnings before interest, tax, depreciation, amortisation, financial derivative movements, revaluations, and non-operating gains or losses on the sales of investments of Infratil's subsidiaries plus Infratil's share of the underlying after tax profits of its associates (Canberra Data Centres, Longroad Energy, and ANU student accommodation). For RetireAustralia, Infratil's Underlying EBITDAF accounts for the underlying profit as this is a common performance measure used by retirement companies to remove the impact of unrealised fair value movements on investment properties, impairment of property, plant and equipment, one-off gains and deferred taxation, while adding back realised resale gains and realised development margins.
2. Excludes Discontinued Operations which are NZ Bus, Snapper, ANU student accommodation, and Perth Energy. Each of which is subject to a sales process.
3. 100% group.

Corporate Structure



Chief Executive Report

Infratil has provided its shareholders with a 20.0% per annum compound return over the five years to 31 March 2019 (the NZX50 index returned 13.9% per annum and the ASX200 7.0% per annum).

I've chosen to highlight five years rather than one (+41.3% per annum) because last year's sharemarket recognition reflects work which has been underway over a longer period.

Over the last five years Infratil has realised $1,795 million from its divestment from Lumo, Z Energy and Metlifecare. Over the same period, Infratil has invested a similar sum and established interests in RetireAustralia, Canberra Data Centres, Longroad Energy and Tilt Renewables.

A range of factors were behind the changes in the portfolio, but the overarching theme was to position Infratil in businesses facing strong and growing demand where meeting that demand should present opportunities to make ongoing investment into facilities and services. Another factor is scale and complexity.

We believe that to warrant intensive management, an investment needs to have scale potential. Also, having many smaller holdings creates complexity which we have found impedes value recognition by the market. We prefer that Infratil doesn't put its eggs in too few baskets, for reasons of diversity and optionality, but it is apparent that too much complexity results in shareholders being penalised with a discount in the share price.

Infratil's divestments and investments are also influenced by the financial market in which we now operate. The defining feature of which is extraordinarily low interest rates. The 2% per annum yield on the government debt of New Zealand, Australia and Singapore is a generous offering to savers relative to the negative rates provided by Japanese, German or Swiss bonds. This has caused long-term saving institutions to seek out "bond-like" investments. Buying a low risk income stream in the form of student accommodation fees or contracted wind farm revenue to earn 6-8% per annum is perceived to be better than government bonds that yield 2% per annum.

In the last year we sold some lower risk assets to investors seeking bond-like returns; utility scale solar and wind electricity generation in Texas and the right to the income from student accommodation in Canberra. Going forward at least a part of how we expect to generate returns seems likely to involve building assets which can be de-risked to either generate value gains internally or via transactions with long-term savings institutions.

How long will this situation pertain? As others have noted, five years ago few forecast where we are now, and nothing about today makes forecasts more likely to be more accurate. But while the market may change, we are confident about the benefits of combining operational expertise and financial capability and discipline as this is part of Infratil's DNA.

Risk, Uncertainty & Paying The Bills

Infratil's record of achievement for its shareholders over the last twenty five years has been based on defining and sticking to a business plan, good delivery, and taking opportunities. It has also been based on resilience and financial flexibility.

We characterise Infratil's assets as Core, Core-plus, and Growth. Roughly three quarters of the assets are Core or Core+. They provide a solid reliable income stream which enables Infratil to meet its financial obligations and to provide its shareholders with a healthy and rising dividend.

From time to time we are asked whether we would consider selling core assets such as our stakes in Trustpower or Tilt's contracted wind farms but even if we were to receive excellent value, such sales would change the risk profile of Infratil and make it harder to pursue growth investments and their higher returns.

That doesn't mean that we only hold Trustpower or Tilt's wind farms for the income they provide. Our aim is to generate value growth for Infratil's shareholders and over the long-term 60-65% of returns have come from share price appreciation, so while the dividend is important we are looking for our core cash-generative assets to also have a GDP+ profile to their outlook.

FY2019 Milestones

The last financial year was broadly consistent with our expectations, but there were positive surprises.

Canberra Data Centres telescoped several years of growth and acquired a major footprint in Sydney. CDC has shifted up many gears and is benefitting from extraordinary growth in cloud, technology, and outsourcing trends.

Longroad Energy was active in developing utility scale wind and solar power generation in the United States. Two assets were sold during the year and significant gains were made with the development pipeline and the services business. As at 31 March 2019 Infratil's net investment in Longroad amounted to $2.7 million and the independent value of Infratil's shareholding was $122.7 million.

Tilt Renewables de-risked a sufficient part of the electricity price risk of the 336MW Victorian Dundonnell wind farm to enable construction to start on this A$560 million project. When Dundonnell is operational it will lift Tilt's total capacity by 67% to 972MW. Tilt's development pipeline of over 3,000MW is why Infratil launched a take-over for the company which resulted in Infratil's shareholding rising from 51% to 65%.

Divestments were another area of activity as Infratil contracted to sell its interests in ANU student accommodation, NZ Bus, and Snapper, and is advanced in price discovery at Perth Energy and with some of the Australian social infrastructure assets. As much as $400 million will be received in FY2020 if these transactions progress.

Trustpower delivered strongly for Infratil returning 29% for its shareholders over the year and providing Infratil with cash income of $94.3 million. **Wellington Airport** had a solid year providing Infratil with cash income of $40.5 million as it completed its $300 million five year capital investment programme. **RetireAustralia** is nearing the end of the growth-pause which resulted from the decision to prioritise the provision of integrated care facilities for its residents.

Financial

Over FY2019 $679.0 million was invested and continuing activities generated consolidated EBITDAF of $477.5 million.

With these earnings we are seeing an increasing contribution from the Growth businesses.

EBITDAF Contribution	FY2019	FY2018
CDC, Longroad, Tilt, RetireAustralia	**$284.0m**	$167.0m
Proportion of Infratil's consolidated earnings[1]	**42%**	29%

1. Before management costs.

The parent company net outcome was a loss of $19.5 million. The $90.9 million turnaround from FY2018's $71.4 million surplus was due to a $102.6 million management performance fee. The fee is recorded against income while the corresponding investment value gains are reflected in the value of assets. The net impact was a significant rise in the value of Infratil's assets which was reflected in the share price.

Along with good outcomes with its businesses, Infratil also had a good period with its capital management. $111.4 million of 6.85% per annum bonds matured in November 2018 and Infratil issued 4.75% per annum 2025 bonds and 4.85% per annum 2028 bonds, raising $100.0 million and $146.3 million respectively. Investor support for the bond offers is appreciated and indicative of the regard in which Infratil is held in the debt capital markets.

Shareholders

Over the year to 31 March 2019 the Infratil share price rose from $3.10 to $4.17 and dividends of 17cps cash and 5.68cps imputation credits were paid.

The final dividend for FY2019 of 11.0cps will be paid on 27 June 2019. It will carry 2.0cps imputation credits.

Infratil's goal is to deliver total returns to its shareholders by investing in businesses which grow in value and provide good cash earnings as they mature. Over the last decade the second part of this objective has been realised resulting in a steady lift to the dividend.

However, the increasing share of Infratil's earnings coming from outside of New Zealand has constrained the availability of imputation credits. Following consultation with shareholders we decided that Infratil should continue to pay a dividend which reflects free cash flow, even if not imputed to 28%.

This situation is expected to be alleviated by Infratil undertaking further investment in New Zealand.

> **Infratil's forecasts indicate that the cash dividends for FY2020 are likely to be consistent with those paid in respect of FY2019 and that imputation credits are likely to be in the range of 3-4cps.**

Actual dividends will continue to reflect Infratil's cash earnings and financial position as well as the preferences of shareholders.

Management Costs

Infratil's management is provided on a contractual basis by Morrison & Co.

For providing management and administration services Infratil makes three types of payments to Morrison & Co. Two reflect terms in the contract while the third is for services which the board decides to source from Morrison & Co because it has determined they will provide better value or efficiency relative to using a third party.

The two contracted payment obligations are a base fee and a performance fee. The base fee is approximately 0.8% of the market value of Infratil's equity and wholly-owned group net debt. For the year this was $24.9 million. The performance fee is offered on Infratil's non-New Zealand assets if they provide a return that is in excess of an agreed benchmark. For the period this was $102.6 million. The performance fee is explained in the Board Chair Report.

Markets, Regulation, Change

Over the year Infratil actively participated in several policy debates:

- The most material as regards to eventual impact relates to New Zealand's CO_2 emissions.

  Given the widespread support for reducing CO_2 emissions it may be perplexing that policies are so slow to appear. This reflects the need for the policies to be effective, efficient and durable. For example, closing New Zealand's aluminium smelter would reduce New Zealand's CO_2 emissions significantly. But it would increase global emissions (the New Zealand smelter uses hydro electricity, elsewhere most use energy from coal or gas) and impose huge economic and social costs on New Zealand which could cause policy U-turns.

  Infratil supports a gradual increase in emission costs augmented by government assistance with the take up of electric vehicles and electrification of industry, and the provision of better public transport (so people have choice) and social welfare for vulnerable people who cannot avoid the higher costs.

- Government initiatives to improve urban water, transport and housing infrastructure are recognition that many regions in New Zealand have fallen well behind acceptable standards.

  The shortcomings reflect complex and difficult to remedy problems and unfortunately the policy focus is often on government imposed solutions as opposed to market remedies. It is ironic that New Zealand has only two privately controlled international airports and a massive regulatory apparatus to ensure they are safe, efficient and fair in their pricing. But sans any private water businesses there is much lighter regulation on that sector.

- We submitted in opposition to changes to the Commerce Act that granted more power to the Commerce Commission. Whether the Commission makes good use of the powers was not the issue, it was whether Parliament should delegate yet more power to unelected officials who have only a tenuous accountability to elected representatives.
- We applauded the aspirations behind the Provincial Growth Fund (PGF.) It makes good sense for government to seek to generate economic stimulation in regions which are struggling. In our view it has the potential to be more beneficial than investing the enormous sums required by Auckland commuter rail to accommodate that city's population growth. But whether the folksy approach to distributing PGF funds results in the desired outcomes remains to be seen. It is to be hoped that transparency and accountability are enforced.
- Infratil has also submitted on the Reserve Bank's plan to increase the proportion of trading bank funding provided by their shareholders as equity. As noted in our submission, the trading banks are extremely important and our concern is that the Reserve Bank's steps to improve their resilience could impose significant costs on everyone else.

These are of course not the only law and policy areas where Infratil and its subsidiaries are active, but it is a reminder of the many regulatory currents running below the surface which can have profound consequences over time.

FY2020

As recorded in this report, we expect to see a number of divestments occur in FY2020, and as summarised on pages 32 and 33 we are also anticipating a major investment with the purchase of almost half of Vodafone New Zealand (Vodafone NZ). We believe this investment is a good fit with Infratil's strategy and shareholder return goals. It is a sector where we have expertise, there is robust demand growth, and there are potential benefits from localising ownership and direction.

The Vodafone NZ investment is scheduled to occur in August, and is subject to regulatory approval of the Overseas Investment Office and the Commerce Commission, but we have assumed that it, and the divestments progress, and have accounted for this in the following guidance for the FY2020 year. We have also shown the guidance if the Vodafone NZ transaction does not occur.

We anticipate that over the medium term the Vodafone NZ transaction will support our goal of lifting shareholder returns and improve the availability of imputation credits. We do not expect any impact on the per-share FY2020 dividends.

Prospects

While I have noted how difficult it is today to be confident about forecasts, Infratil's prospects of being able to continue to deliver in both the near and long-term are positive.

> **Infratil's capital is positioned to benefit from decarbonisation, and the growth of retirement living, data and air travel.**

Each of these sectors has a long way yet to run and is benefitting from strong demand and societal support from individuals and governments.

This does not mean a certain translation into economic gains for Infratil, but with strong support from the capital markets, excellent people, and the respect of capable partners, we are as well placed as we have ever been to maintain our long-term track record.

Marko Bogoievski
Chief Executive

Infratil Guidance	FY2020 including Vodafone NZ	FY2020 excluding Vodafone NZ	FY2019
Underlying EBITDAF	$635m-$675m	$510m-$540m	$477.5m
Net interest	$165m-$175m	$150m-$160m	$148.5m
Capital expenditure	$1,730m-$1,830m	$700m-$800m	$679.0m

Report of the Board Chair

Directors are appointed by shareholders to represent their interests.

That means maintaining a dialogue with shareholders to understand what those interests are and then ensuring that those interests are recognised in the way the Company is managed and the information it provides. The role includes making sure that management are undertaking their tasks effectively and at fair cost.

While directors' responsibilities overlap with those of management they are distinct and the Annual Report provides separate Chief Executive and Chair reports.

Measuring management

Following requests from shareholders the board decided to publish a return target which reflects Infratil's existing businesses and the expected return the Company should provide for shareholders after taking into account Infratil's use and cost of debt and administration and management costs.

> **This gave us a target of 11%-15% per annum over the period to September 2028 (ten years).**

The ten year period was chosen because it aligns with Infratil's planning horizons, approximates how long most shareholders hold their Infratil shares, and because over that period financial market fluctuations should have less impact.

As a reference, over the last decade Infratil's total shareholder return was a compound 16.7% per annum.

We undertook this exercise in September 2018 at which point the return target was built up as depicted in the table copied at the bottom of the page.

It is intended that this provides shareholders with better understanding of Infratil's risk appetite and return expectations, and that it assists shareholders in holding the board accountable for financial performance.

Reporting on the target, performance relative to the target, and on management

> **Nothing has happened since September 2018 to cause the board to consider that the ten year shareholder return target doesn't remain credible.**

In the short period since we set the target (six months), Infratil's businesses have provided positive surprises, most notably from Canberra Data Centres and Longroad. All the other business and investment activities roughly fell within expectations.

Shareholder returns were above the long-term target range, but six months is a very short period over which to judge performance.

Over time we intend to provide a brief commentary on:

- The long-term return target.
- Performance relative to the return target.
- The board's assessment of management's contribution relative to the benchmark target.

We remain open to shareholder views around any of this. Our goal is to improve the accountability of Infratil's governance and management and the Company's transparency.

Management remuneration

(NB. Details are set out on page 121 of this Annual Report.)

Infratil's management remuneration comprises base and performance components.

The base is calculated as approximately 0.8% of the market value of Infratil's equity and the value of the net debt of Infratil and its wholly owned subsidiaries. Last year this amounted to $24.9 million indicating that the average value of equity and debt was approximately $3.1 billion. The comparable figures for FY2018 were $22.1 million and $2.7 billion respectively. This remuneration formula was agreed between Infratil and its Manager in 1994.

In 2002 Infratil made changes to its management contract which expanded management's remit to include international assets and introduced the potential for performance payments on those assets. Management can receive performance pay if returns on certain offshore investments are above 12% per annum.

Including FY2019, Infratil has made four such payments over the seventeen years the arrangement has existed; indicating the challenge of beating a 12% per annum benchmark. Prior to FY2019, $64.1 million was paid to reflect value created by Infratil's Australian energy investments (Lumo, Infratil Energy Australia, Perth Energy) with $0.3 million related to a venture investment.

This year's performance fee of $102.6 million applies to four investments, one of which is being sold. The table on page 18 shows Infratil's net investment amounts, the 31 March 2019 values, the rate of return, and the performance fee components. The fee reflects performance over the period since those investments were made in FY2017.

Subsequent sections of the Annual Report provide details of the valuations relevant to the incentive fee.

The board continues to monitor and review the effectiveness and fairness of management's remuneration terms. As noted in last year's annual report, that year the independent directors commissioned an external review of the Management Agreement which considered all fees, including the performance fee arrangements. The review concluded that the fee structure, taken as a whole, is fair to Infratil shareholders.

We appreciate hearing the views of shareholders and make every effort to respond. Given the complexity of management contracts such as Infratil's, we have particularly appreciated the thoughtful and considered input from the ACC investment team and the New Zealand Shareholders Association.

Infratil Portfolio		Expected Returns		Leverage Assumption		Management Cost		Return to Shareholders
Core Lower risk		8–10% Per annum						
Core Plus	+	10–15% Per annum	+	Average debt funding of 30% at 6% per annum interest rate	-	1% of assets Per annum	=	11%-15% Per annum
Growth Higher risk		15–25% Per annum						

Performance fee apportionment

$ Millions	Net Investment	Valuation	Return[3]	Fee
Canberra Data Centres	$455.1	$889.2	30.7% p.a.	$65.3
Longroad Energy	$2.6[1]	$122.7	63.7% p.a.	$21.2
Tilt Renewables	$608.7[2]	$713.4	13.1% p.a.	$2.5
ANU Student Accommodation	$93.9	$174.8	29.9% p.a.	$13.6

1. The net of what Infratil has advanced to Longroad and received back from Longroad.
2. Tilt was demerged from Trustpower in October 2016 and at that time the market value of Infratil's then 51% stake was assessed to be $326.8 million. A further $281.9 million has subsequently been invested by Infratil.
3. Internal rate of return after deducting performance fees.

Board & governance evolution and change

Recent years has seen increasing shareholder interest in business ethics, values and quality of governance; the directors' credentials, responsibilities, and appointment process.

Since inception Infratil has benefitted from a stable and high calibre cadre of directors. This year we are experiencing one retirement and two appointments. Humphry Rolleston is retiring after 13 years of service and will be missed. Humphry brought great hands-on managerial and investment experience to his directorship, he constantly challenged management in a way that was strenuous but cordial, and he has worked very hard for the Company over the time he has been on the board. We thank him and wish him well.

Infratil has appointed Kirsty Mactaggart to its board and has announced that Catherine Savage will also be joining later in the year. We are very fortunate as they both bring a passion for the Company and a wealth of investment management experience.

A quarter of a century & FY2020

As illustrated on pages 20-21 of this Report, over the last 25 years Infratil has performed for its shareholders by owning companies which have delivered for their customers, communities and shareholders.

I believe Infratil is well positioned to maintain this record, and we now expect Vodafone NZ to be an exciting part of that. Telecommunications is critical infrastructure and our experience with the 2010 acquisition of Shell's New Zealand fuel distribution activities (now Z Energy) has shown how local ownership can deliver significant enhancements.

The Board welcomes contact from shareholders. This doesn't always mean we will agree, but the more views we hear, the more balanced our understanding

Mark Tume
Chair

The Last Twenty Five Years
1994–2019

In March 1994 Infratil was listed on the New Zealand Stock Exchange having raised $25 million to invest in the shares of the energy and transport businesses then being sold by local government.

Infratil's first investment was a 14% stake in the then vertically integrated (generation-distribution-retailing) Trustpower (it had previously been owned by an electric power board).

The also newly listed Trustpower sought a long-term shareholder with expertise and capital. Gradually over time as others sold their shares Infratil increased its holding to 51%. Along the way Infratil made major contributions to Trustpower's evolution and critical strategic decisions. In particular, the sale from distribution (the lines activities) and use of the proceeds to buy more generation; and the expansion into wind farm development in Australia, which was later separated out into Tilt Renewables.

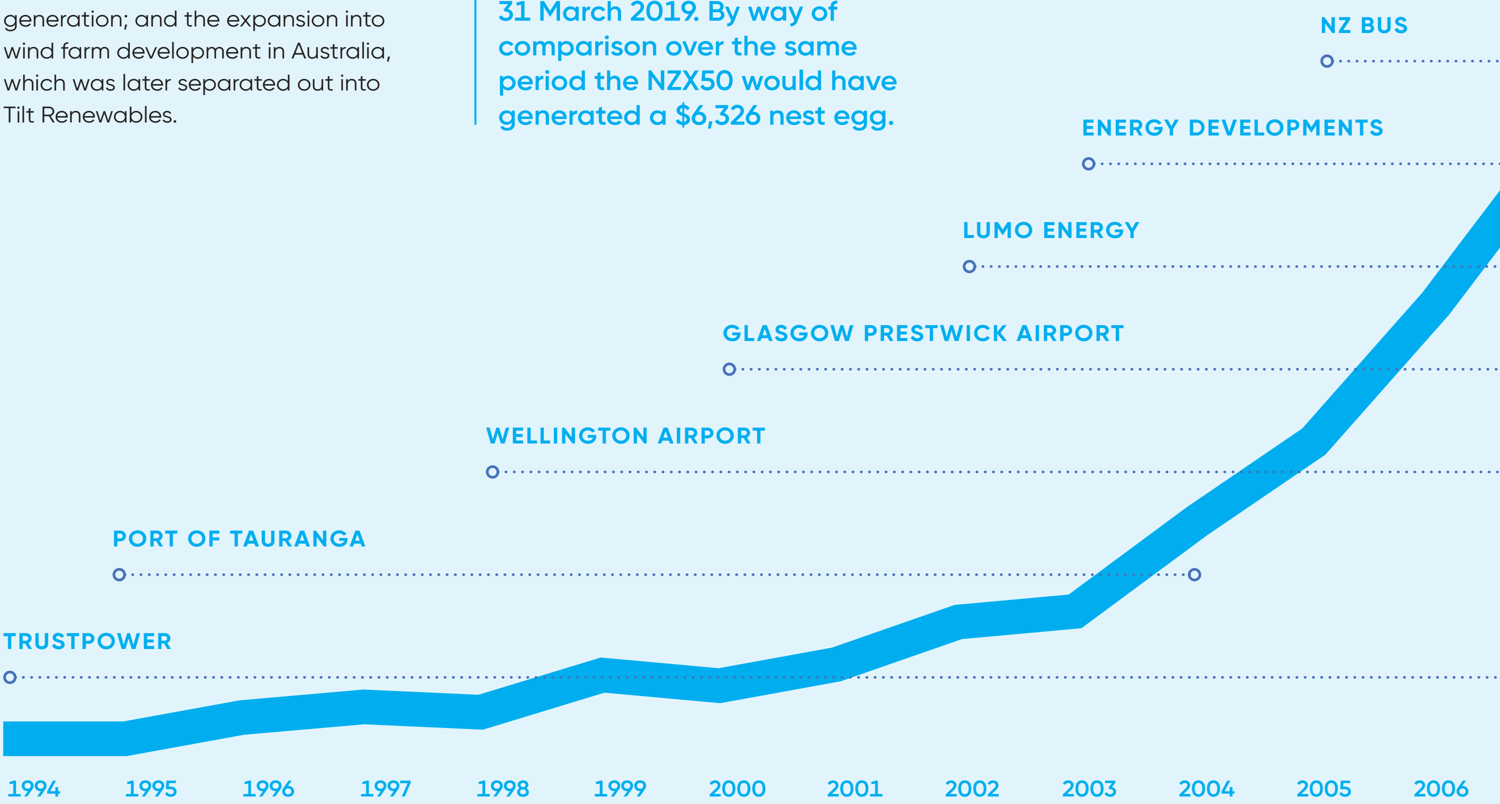
Infratil's relationship with Trustpower is illustrative of Infratil's approach. Initially Infratil was invited onto the register by the Company to provide expansion capital, expertise, and to balance community shareholders. Gradually other shareholders sold and Infratil increased its stake and influence. It has been a very successful long-term, patient, investment for Infratil and one which has added great value to Trustpower.

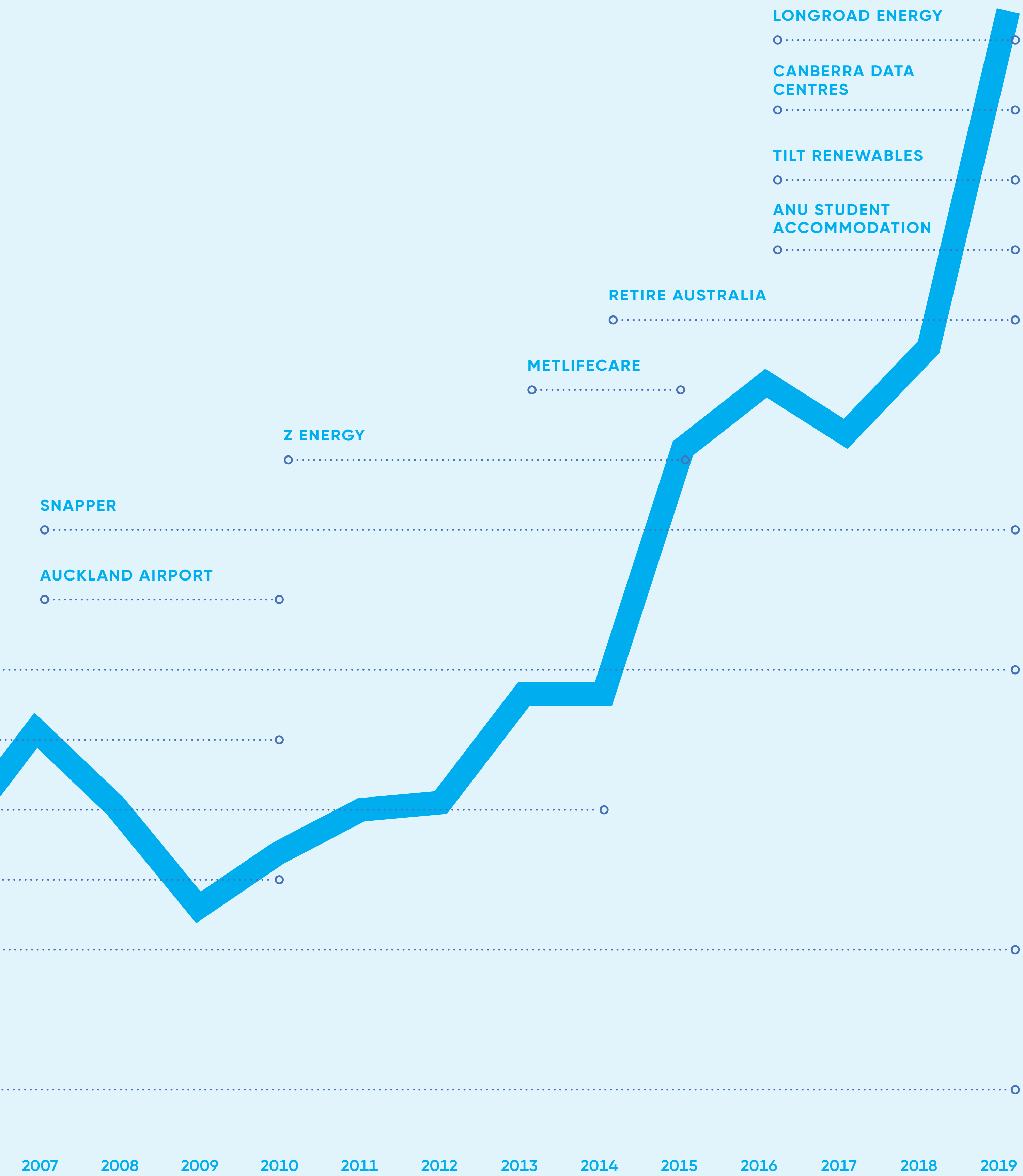
Along with the patient, influential investment approach illustrated by Trustpower, Infratil's other hallmark is a relentless prioritisation of shareholder value.

The graph of the 25 year accumulation index shows that $1,000 invested in the original float would have accumulated to $55,795 by 31 March 2019. By way of comparison over the same period the NZX50 would have generated a $6,326 nest egg.

Even Berkshire Hathaway only grew US$1,000 to US$18,705 over the 25 years to 31 December 2018 (and the US$ depreciated against the NZ$ over that period).

The graph also shows Infratil's main investments over the 25 years, which indicates an average of about one major new transaction every couple of years. Returns have been generated by selecting good businesses which absorb capital to deliver compound growth and returns. Wellington Airport is the ideal case study of the model. In 1998 Infratil's 66% shareholding was valued at $96 million, EBITDAF was $14 million and 3.5 million passengers used the Airport. Over the subsequent twenty years $648 million has been invested by the Airport in its facilities, passenger numbers have risen to 6.4 million per year and earnings to $101 million.




LONGROAD ENERGY
CANBERRA DATA CENTRES
TILT RENEWABLES
ANU STUDENT ACCOMMODATION
RETIRE AUSTRALIA
METLIFECARE
Z ENERGY
SNAPPER
AUCKLAND AIRPORT
2007
2008
2009
2010
2011
2012
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2014
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2017
2018
2019

Financial Trends

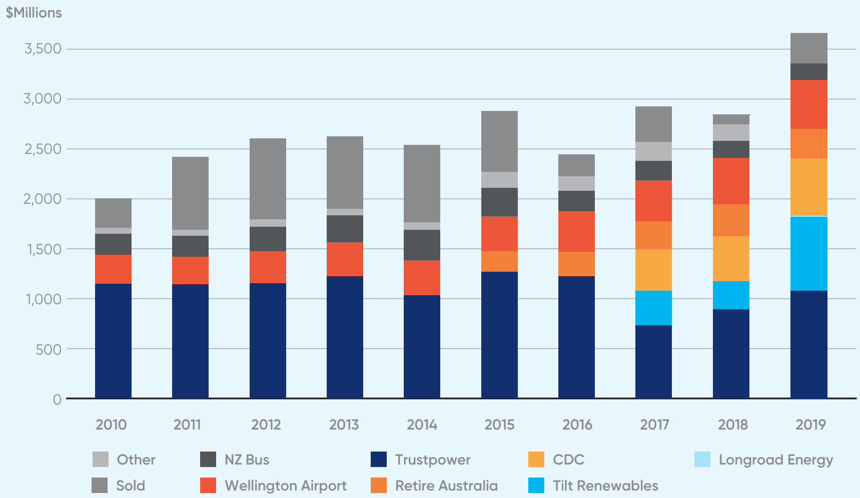
The five graphs show the evolution of Infratil's assets, capital investment, funding, earnings and cashflow/dividends over the last decade; with a brief explanation of what happened and why.

Infratil Assets

The goal of asset allocation is to achieve a balance between core and growth assets; ones that provide robust income and those that will generate value growth. This objective is reflected in the evolving portfolio of businesses.

However, "core" can mean both Wellington Airport and a fully contracted CDC data centre or a Tilt wind farm. And of the $4,397 million invested over the decade, $2,057 million was undertaken by Trustpower, Tilt, Wellington Airport and NZ Bus, reflecting that even the core businesses undertake growth investment.

A further $1,092 million was internally invested by other businesses and $1,248 million was allocated to acquisitions. Funding for the investment was largely provided by divestments and operating cash flows.

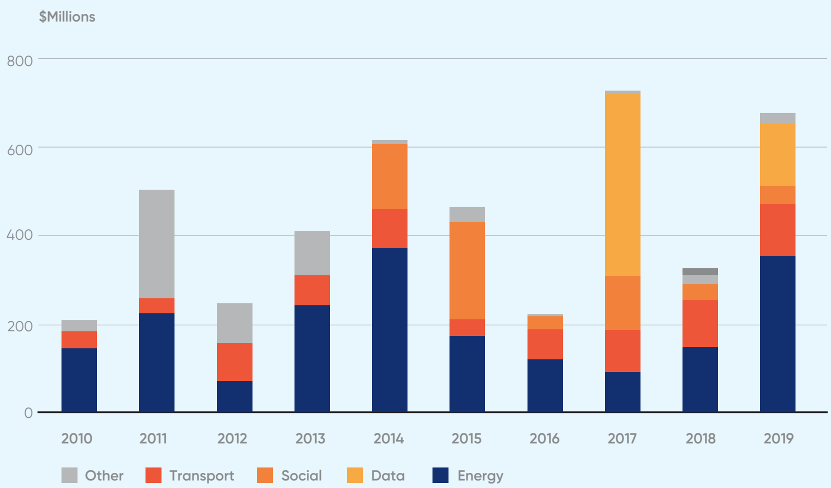


* on page 24 the valuations used in the graph are explained.

Capital Investment

Infratil's total capital investment over the decade amounted to $4,397 million (divestments were $2,147 million).

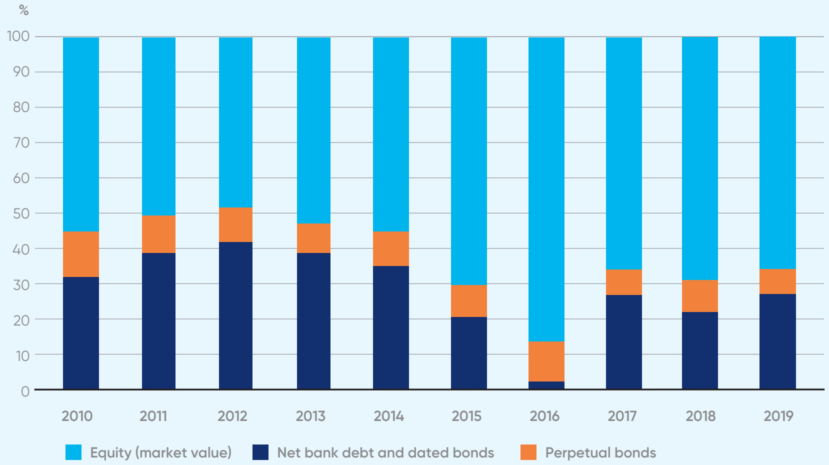
Infrastructure is intrinsically capital intensive. It is only by deploying capital that it is possible to generate compound growth.



Infratil Funding

Changes to Infratil's capital structure (the relative use of debt and equity funding) has occurred as businesses have been sold and funds have been only gradually redeployed.

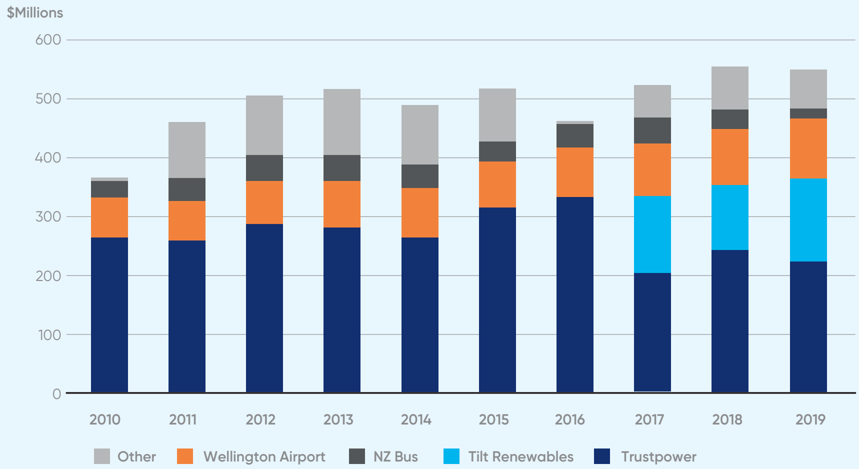
The use of debt is bounded by Infratil's policy of maintaining credit metrics that are broadly consistent with an Investment Grade credit rating (Infratil is not credit rated) and with maintaining availability of funds for investment opportunities.



Underlying EBITDAF (for 2018 and 2019 the graphed amounts are before disposals)

Over the decade the combined earnings of the core businesses Trustpower/Tilt/Wellington Airport have risen 37% and the contribution of the rest rose 455% (excluding management costs).

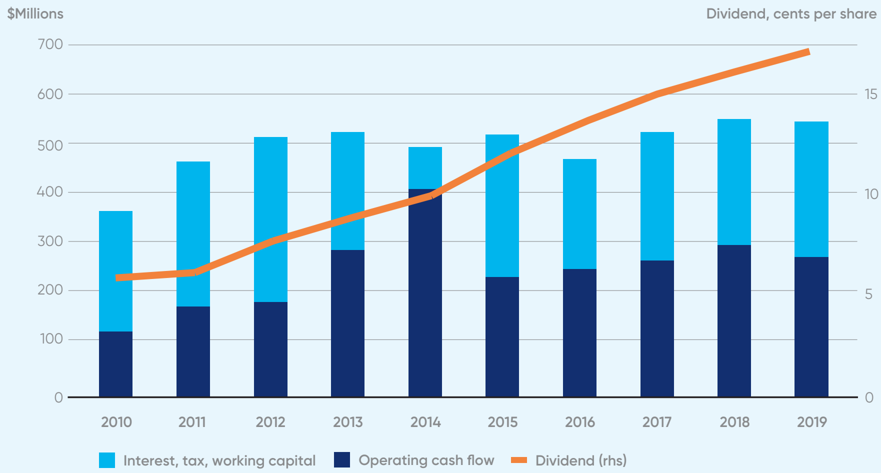
The level of earnings of recent years reflects recycling capital (selling from mature higher earnings companies and reinvesting into businesses at an earlier stage of their commercial lives) and because Infratil only accounts for its share of the after tax profits of RetireAustralia, CDC and Longroad Energy as these investments not consolidated.



Operating Cash Flows & Dividends

Robust cash earnings have supported the increase in the dividend to Infratil's shareholders.

Operating cash flows comprise EBITDAF less payments of interest and tax adjustments for changes in working capital (which can be up or down).



Infratil's Financial Performance & Position

Infratil Assets

The Trustpower and Tilt Renewables values reflect the price of their shares on the NZX on the relevant dates.

The other values show Infratil's share of the relevant company's net book value with changes arising from movements in shareholders' funds resulting from retaining earnings, losses or revaluations, and with those domiciled offshore the effect of changes in the value of the New Zealand dollar.

If Infratil increases or reduces its investment that will also show up in changes. Over the last year Infratil paid $109.3 million to lift its holding in Tilt from 51% to 65% and then $178.9 million to subscribe for additional Tilt shares. A further $42.7 million was also invested in CDC.

$Millions	31 March 2019	31 March 2018
Trustpower	$1,055.9	$893.0
Tilt Renewables	$720.9	$285.9
Perth Energy	$89.3	$68.7
Longroad Energy	$10.8	$10.1
Wellington Airport	$481.5	$471.9
NZ Bus	$166.7	$167.1
Canberra Data Centres	$555.3	$453.2
RetireAustralia	$290.4	$319.0
ANU Student Accommodation	$108.2	$96.1
Parent/other	$105.8	$90.0
	$3,584.7	**$2,861.0**

For 31 March 2019, exchange rates of NZ$/A$ 0.9574 and NZ$/US$ 0.6785 were used (0.9409 and 0.7203 for 2018). Values exclude 100% subsidiaries' cash balances and deferred tax where CGT does not apply

Infratil Funding

As at 31 March 2019 Infratil and 100% subsidiaries had $502.4 million of committed bank funding facilities of which $403.0 million was undrawn ($311.1 million and $269.0 million the prior year).

Infratil guaranteed borrowing facilities of Perth Energy which as at 31 March 2019 amounted to $67.6 million and were drawn to $36.8 million. ($76.5 million and $42.4 million respectively the prior year).

Infratil guaranteed letters of credit issued by Longroad Energy which as at 31 March 2019 amounted to $85.0 million. ($67.3 million the prior year.)

$Millions	31 March 2019	31 March 2018
Net debt/(cash) of 100% subsidiaries	$44.3	($221.8)
Dated Infrastructure Bonds	$904.5	$769.6
Perpetual Infrastructure Bonds	$231.9	$231.9
Market value Infratil equity	$2,332.2	$1,733.8
Total capital	**$3,512.9**	**$2,513.5**
Net dated debt/total capital	27.0%	21.8%
Net debt/total capital	33.6%	31.0%

Infratil Assets (Fair Value)

The asset value figures in the table on the facing page were derived in a way consistent with the approach of prior years.

This means that a reader can observe the evolution of Infratil's changing portfolio and its component value without having to adjust for any change in valuation approach or assumptions.

The figures were used in the asset graph shown on page 22 which shows how Infratil's asset mix has changed over the last decade.

However, the values are not necessarily reflective of the fair value of each investment. For instance, the $6.61 price at which 30,000 Trustpower shares changed hands on the last business day of March gives a value for Infratil's shareholding that was $71.9 million less than that implied by the closing Trustpower share price a week later (it had risen to $7.06). Market values for a small shareholding are likely to provide only an indication of what a large controlling stake in the same company is worth.

More materially, Infratil had its interest in Canberra Data Centres, Longroad Energy and Tilt Renewables independently valued, while its stakes in NZ Bus and ANU student accommodation are subject to sale agreements. The following table gives values derived from those processes.

The aggregate $4,265.4 million value for Infratil's assets translates into $5.52 per Infratil share after deducting the value of Infratil's net debt (as shown on the facing page).

$Millions	31 March 2019	
Trustpower	$1,055.9	$6.61 share price
Tilt Renewables	$718.4	$2.35 share price net of the performance fee
Perth Energy	$89.3	Book
Longroad Energy	$101.5	Independent valuation reflecting Infratil's share of operational assets ($36.7m) and development initiatives ($86.0m), net of the performance fee
Wellington Airport	$750.0	The book value of WIA translates into 12x EBITDAF earnings. A more plausible but still conservative multiple is 16x (Auckland's share price usually reflects about 20x)
NZ Bus	$166.7	Book which is consistent with a conservative estimate of potential net sale proceeds
Canberra Data Centres (mid point valuation)	$826.2	Independent valuation reflecting CDC's actual cost of debt, 12% per annum cost of equity and contracted and highly probable developments. It translates into 16-18x a forecast of next year's CDC EBITDAF run rate, net of the performance fee
RetireAustralia	$290.4	Book
ANU Student Accommodation	$161.2	This value is the net sale receipt after deducting performance fees
Parent/other	$105.8	Book
	$4,265.4	

That is $1.23 per share more than the comparable "conventional" value.

As will be apparent, a range of different approaches were taken to determine the values.

The CDC value reflects forecast earnings and debt cost, a target rate of return on the shareholders' equity, the actual NZ$/A$ exchange rate, and the costs Infratil would be expected to incur were it to sell its interest, including tax. It is the valuer's estimate of the net sum Infratil would anticipate receiving were it to sell its interest in CDC, notwithstanding that Infratil has absolutely no interest in selling.

Wellington Airport on the other hand is shown at a value which is a simple multiple of earnings which reflects how Auckland and Sydney airports' listed values are usually expressed by analysts.

Infratil's Financial Performance & Position

Consolidated Results

The revenue increase was largely contributed by Trustpower and Tilt Renewables, while higher costs reflected Trustpower's high cost of purchased electricity and Infratil's management performance fee.

Increased depreciation and amortisation reflects the higher asset base. Most of the tax increase relates to US tax payable in relation to Infratil's investment in Longroad. Revaluations in FY2018 were due to changes in the treatment of Tilt's electricity sales agreements.

Discontinued operations were NZ Bus, Perth Energy, ANU and Snapper. In FY2018 they also included Green State Power.

Year Ended 31 March ($Millions)	2019	2018
Operating revenue	$1,442.2	$1,233.9
Operating expenses	($997.8)	($774.7)
Depreciation & amortisation	($160.4)	($151.5)
Net interest	($148.5)	($150.5)
Tax expense	($72.0)	($52.7)
Revaluations[1]	$0.9	$48.7
Discontinued operations	($12.0)	$7.3
Net profit after tax	**$52.4**	**$160.5**
Minority earnings	($71.9)	($89.1)
Net parent surplus	**($19.5)**	**$71.4**

For FY2019 the average NZ$/A$ exchange rate was 0.9334 and the NZ$/US$ was 0.6810 (0.9238 and 0.7149 in FY2018).

1. Revaluations does not include the RetireAustralia normalisation adjustment of $33.1 million and $22.8 million the previous year.

Underlying EBITDAF

Several businesses provided marked increases over the year; Longroad Energy +$66.2 million, Perth Energy +$41.7 million, Tilt +$32.1 million, and CDC +$27.8 million, while Trustpower's earnings were -$20.9 million, NZ Bus -$16.0 million and RetireAustralia -$9.1 million.

Management costs rose $106.4 million largely due to the $102.6 million performance payment.

Year Ended 31 March ($Millions)	2019	2018
Trustpower	$222.2	$243.1
Tilt Renewables	$144.4	$112.3
Longroad Energy	$46.5	($19.7)
Wellington Airport	$101.4	$95.4
Canberra Data Centres	$83.9	$56.1
RetireAustralia	$9.2	$18.3
Parent/Other	($130.1)	($23.5)
Continuing operations	**$477.5**	**$482.0**
Perth Energy	$35.9	($5.8)
NZ Bus	$17.4	$33.4
ANU Student Accommodation	$12.8	$14.4
Other	($4.1)	$22.4
Total	**$539.5**	**$546.4**

Breakdown of Consolidated Results

The following tables give the breakdown of Infratil's consolidated results by business, for the last two financial years.

Year Ended 31 March 2019

$Millions	Infratil's share	Underlying EBITDAF	D&A	Interest	Tax	Revaluations adjustments	Net surplus	Minorities	Infratil share of earnings
Trustpower	51%	$222.2	($47.2)	($28.2)	($37.5)	($16.7)	$92.6	($46.6)	$46.0
Tilt Renewables	65%	$144.4	($89.5)	($32.2)	($7.4)	($2.1)	$13.2	($5.7)	$7.5
Longroad Energy[1,2]	40%	$46.5	–	–	–	–	$46.5	–	$46.5
Wellington Airport	66%	$101.4	($23.7)	($19.4)	($0.2)	$6.0	$64.1	($17.9)	$46.2
Canberra Data Centres[1]	48%	$83.9	–	–	–	–	$83.9	–	$83.9
RetireAustralia[1]	50%	$9.2	–	–	–	($33.1)	($23.9)	–	($23.9)
Parent/Other		($130.1)	–	($68.7)	($26.9)[2]	$13.7	($212.0)	$0.4	($211.6)
Total		**$477.5**	**($160.4)**	**($148.5)**	**($72.0)**	**($32.2)**	**$64.4**	**($69.8)**	**($5.4)**
Perth Energy	80%	$35.9	($6.0)	($2.1)	($13.6)	–	$14.2	($2.1)	$12.1
NZ Bus	100%	$17.4	($21.1)	($0.2)	$2.3	($29.2)	($30.8)	–	($30.8)
ANU Student Accommodation[1]	50%	$12.8	–	–	–	–	$12.8	–	$12.8
Other discontinued		($4.1)	($0.7)	($0.1)	–	($3.3)	($8.2)	–	($8.2)
Total		**$539.5**	**($188.2)**	**($150.9)**	**($83.3)**	**($64.7)**	**$52.4**	**($71.9)**	**($19.5)**

1. These companies are not consolidated. Infratil only accounts for its share of the net surplus of RetireAustralia, CDC, ANU, and Longroad.
2. $13.2 million of tax was incurred in the US on Longroad's gains.

Year Ended 31 March 2018

$Millions	Infratil's share	Underlying EBITDAF	D&A	Interest	Tax	Revaluations adjustments	Net surplus	Minorities	Infratil share of earnings
Trustpower	51%	$243.1	($44.3)	($32.1)	($44.9)	($7.8)	$114.0	($56.5)	$57.5
Tilt Renewables	51%	$112.3	($83.6)	($31.8)	($7.1)	$28.4	$18.2	($8.9)	$9.3
Longroad Energy[1]	45%	($19.7)	–	–	–	–	($19.7)	–	($19.7)
Wellington Airport	66%	$95.4	($23.6)	($18.4)	($4.2)	$13.4	$62.6	($17.7)	$44.9
Canberra Data Centres[1]	48%	$56.1	–	–	–	–	$56.1	–	$56.1
RetireAustralia[1]	50%	$18.3	–	–	–	($22.8)	($4.5)	–	($4.5)
Parent/Other		($23.5)	–	($68.2)	$3.5	$14.7	($73.5)	($2.8)	($76.3)
Total		**$482.0**	**($151.5)**	**($150.5)**	**($52.7)**	**$25.9**	**$153.2**	**($85.9)**	**$67.3**
Perth Energy	80%	($5.8)	($5.7)	($2.9)	($4.3)	–	($18.7)	$4.4	($14.3)
NZ Bus	100%	$33.4	($32.9)	($0.2)	$1.6	($1.2)	$0.7	–	$0.7
ANU Student Accommodation[1]	50%	$14.4	–	–	–	–	$14.4	–	$14.4
Other discontinued		$22.4	($2.8)	($2.0)	($6.5)	($0.2)	$10.9	($7.6)	$3.3
Total		**$546.4**	**($192.9)**	**($155.6)**	**($61.9)**	**$24.5**	**$160.5**	**($89.1)**	**$71.4**

1. These companies are not consolidated. Infratil only accounts for its share of the net surplus of RetireAustralia, CDC, ANU, and Longroad.

Consolidated Operating Cash Flow

Year Ended 31 March ($Millions)	2019	2018
Underlying EBITDAF	**$477.5**	**$482.0**
Net interest	($142.2)	($147.1)
Tax	($71.8)	($77.9)
Working capital	($4.5)	$0.6
Discontinued operations	$17.9	$38.3
Operating cash flow	**$276.9**	**$295.8**

Capital Investment

Year Ended 31 March ($Millions)	2019	2018
Trustpower	$27.7	$27.9
Tilt Renewables [1]	$236.4	$90.5
Perth Energy	$0.4	$5.0
Longroad Energy[2]	$87.2	$30.6
Wellington Airport	$72.1	$85.1
NZ Bus	$45.9	$19.1
Canberra Data Centres[3]	$140.6	$22.0
RetireAustralia[3]	$31.8	$35.9
ANU Student Accommodation	$9.1	-
Parent/other	$27.7	$9.8
	$679.0	**$325.9**

1. In FY2019 Infratil invested $109.3 million increasing its shareholding in Tilt while Tilt invested $127.1 million in new generation capacity. The FY2018 figure is what Tilt invested in generation.
2. These are the amounts Infratil invested into Longroad.
3. These companies are not consolidated. The values shown are 50% of RetireAustralia's capex and 48% of CDC's. In FY2019 Infratil also invested $42.7 million into CDC and in FY2018 it invested $53.9 million into RetireAustralia.

Shareholder Returns & Ownership

Infratil's share price rose from $3.10 on 31 March 2018 to $4.17 on 31 March 2019. Dividends of 10.75 cents and 6.25 cents per share cash and 4.18 cents and 1.50 cents imputation credits were paid in June and December 2018 respectively.

Had the cash dividends been reinvested in Infratil shares at the time they were paid they would have provided a return of 5.5% per annum on the 31 March 2018 share price. Added together, the dividend and share price movement resulted in shareholders receiving a return of 41.3% per annum.

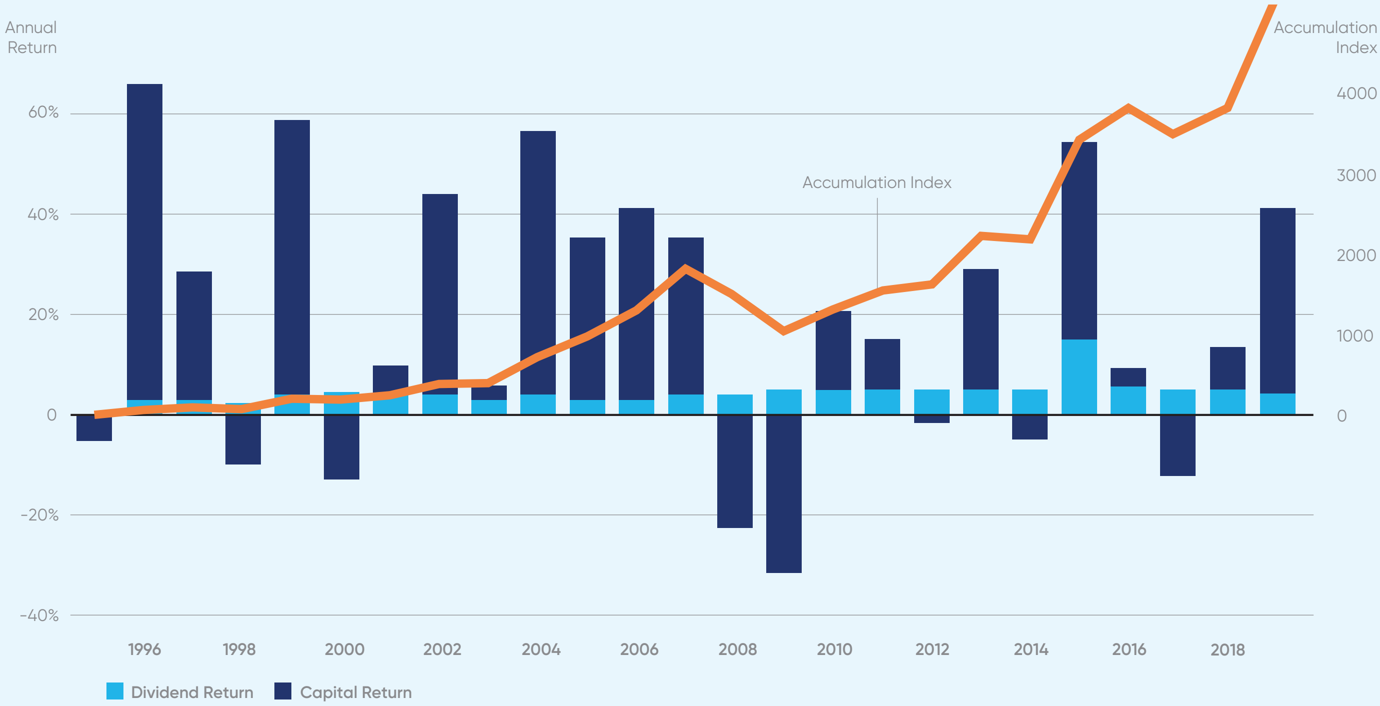
The table shows Infratil's compound return after tax to shareholders broken into five year periods.

	Infratil	NZX50 gross	5 Year NZ Government bond [1]
1994-1999	24.7% p.a.	5.7% p.a.	6.5% p.a.
1999-2004	22.1% p.a.	6.5% p.a.	5.5% p.a.
2004-2009	7.9% p.a.	(0.6% p.a.)	5.6% p.a.
2009-2014	13.3% p.a.	14.7% p.a.	4.5% p.a.
2014-2019	20.0% p.a.	13.9% p.a.	4.2% p.a.
Cumulative	**17.5% p.a.**	**7.9% p.a.**	**5.3% p.a.**

1. The five year bond rate at the start of the five year period. Note that the returns are not strictly comparable as Infratil's returns are after tax and the bond yield is pre tax.

Someone who invested $1,000 in Infratil shares on 31 March 1994 and subsequently reinvested all dividends and the value of rights issues, etc. (i.e. who neither took money out nor put money in) would, as at 31 March 2019, own 13,380 shares with an NZX value of $55,795.

25 Year Track Record



Ownership

It is estimated that approximately 12% of Infratil's shares changed hands over the year.

Infratil neither repurchased nor issued any shares during the period.

New Zealand domiciled ownership was stable at 75%. The ten largest New Zealand institutional holdings amounted to 112 million shares as at 31 March 2019, 3 million less than a year prior. The ten largest offshore institutional holdings fell to 89 million shares from 94 million a year prior.

	31 March 2019		31 March 2018	
	Million shares	%	Million shares	%
NZ retail investors	300	54%	300	54%
NZ institutions	119	21%	123	22%
Offshore owners	140	25%	136	24%
	559		**559**	

Infratil has approximately 27,000 individual shareholders and 19,000 bondholders.

Bondholders

Information that is likely to be of interest to holders of Infratil's Infrastructure Bonds, which is not included elsewhere in the annual report, is set out below.

During October and November Infratil repaid one maturing bond and issued two new bonds:

- Repayment of $111.4 million of 6.85% per annum coupon bonds originally issued in November 2012.
- Issuing $100.0 million of 4.75% per annum coupon bonds maturing December 2025.
- Issuing $146.2 million of 4.85% per annum coupon bonds maturing December 2028. The coupon on these bonds will be reset in December 2023 at 2.50% per annum over the then five year inter-bank swap base rate.

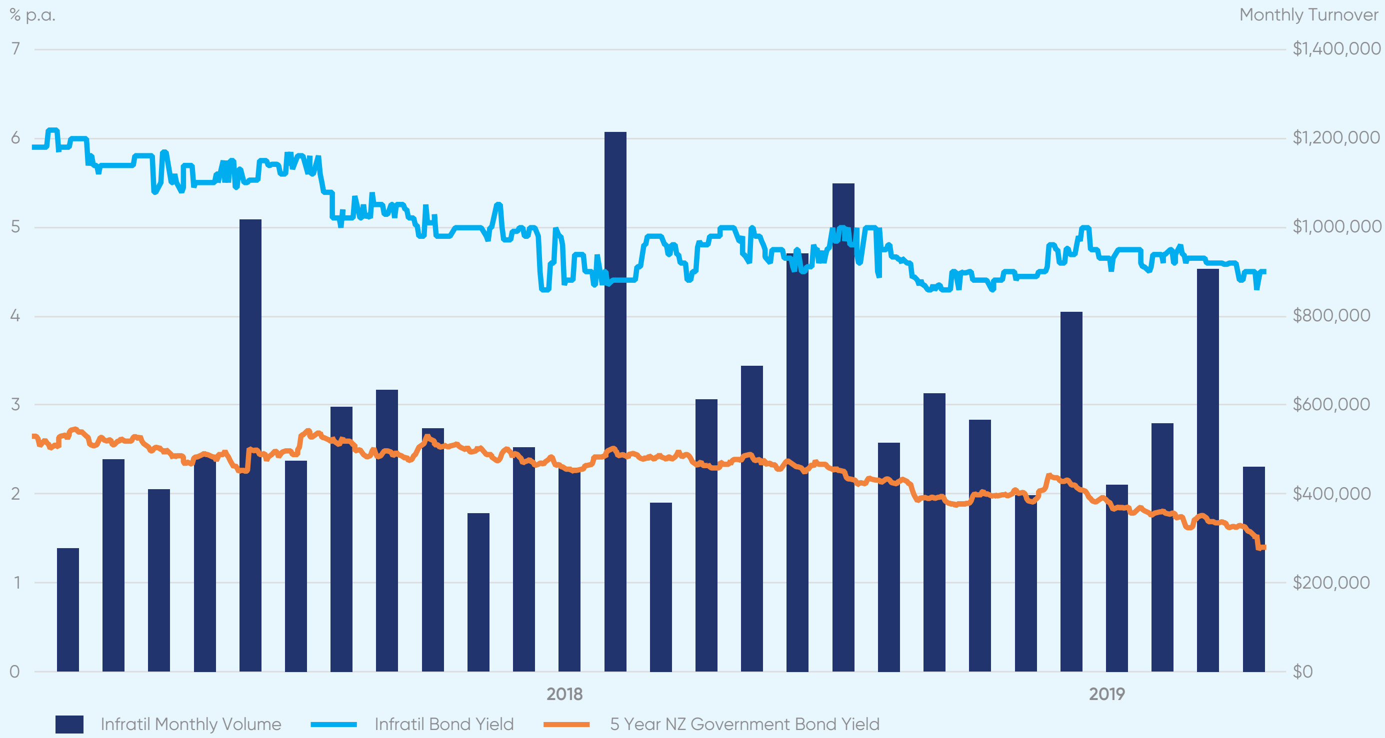
Maturity	Yield 31 March 2019	Relative to Govt Bonds	Yield 31 March 2018	Relative to Govt Bonds
February 2020	4.15% p.a.	+2.65% p.a.	3.90% p.a.	+2.00% p.a.
June 2022	4.30% p.a.	+2.90% p.a.	4.10% p.a.	+1.95% p.a.
September 2023	4.40% p.a.	+3.00% p.a.	4.90% p.a.	+2.60% p.a.

Infratil has a $30 million bond buyback capability, but the market operated effectively so no bond repurchases occurred over the year.
The main purpose of buying back bonds would be to remedy market illiquidity and unfair prices.

The start and end of year yields of three Infratil bonds is set out in the above table, along with their yield-spread relative to government bonds.

It is likely that the inconsistent movements in the yields (and relative yields) of the Infratil bonds reflected normal supply and demand factors in the New Zealand corporate bond market. The fall in the government bond yields which occurred over the year resulted in interest rates never seen before (including in the 19th century) or even anticipated.

The yield and monthly turn-over of Infratil September 2023 bonds



As illustrated by the graph, the market yield on Infratil's 2023 bonds has not exactly followed that of the 5 year Government bond. The greater volatility of the Infratil bond yields reflects the relatively small volumes that trade on the NZDX, which is consistent with all corporate bonds. Nevertheless, even though the turnover of the Infratil bonds has averaged only slightly over $500,000 per month, they have stayed within a reasonable fair-value range.

The yield on corporate bonds tends to reflect supply and demand, which in turn reflects the cost on alternative sources of corporate borrowing, mainly being internationally and from banks.

Infratil's perpetual bonds started the year at a price of $79 for $100 face value, they traded between $80.50 and $68.20 and ended the year at $70.50. At that price the 3.55% coupon provides a yield of 5.0% per annum.

Infratil's Capital Structure & Bondholder Rights

Infratil's capital structure means that rights of those who lend to the group are tiered and segregated. A lender to, say, Infratil subsidiary Trustpower will have direct recourse to the assets of Trustpower and no recourse to the assets of Infratil. A lender to Infratil will have recourse to Infratil's assets including its shareholding in Trustpower, but no direct recourse to the assets of Trustpower.

There is also a distinction between the rights of the banks that lend to the Infratil wholly-owned group and the rights of Infratil's bondholders. The banks have preferred recourse to Infratil's shareholdings (in companies such as Trustpower) and the assets of members of the Infratil wholly-owned group that provide guarantees to the banks.

The upshot is that Infratil's bondholders have rights to all of Infratil's assets and are not limited to the assets of just one subsidiary, but their recourse to assets of Infratil's subsidiaries is only after the direct recourse of other lenders and creditors.

As at 31 March 2019, the Infratil group debt comprised:

- $1,371.7 million of net debt of subsidiaries in which Infratil had less than a 100% interest. This included $37 million of Perth Energy's borrowing which was guaranteed by Infratil. None of the other debt was guaranteed by Infratil.
- The wholly-owned group had $44 million of net bank debt.
- $1,136 million of Infratil Infrastructure Bonds were on issue.

These amounts do not include the borrowings of the companies in which Infratil owns less than 50%.

As at 31 March 2019 Infratil provided $85 million of credit support to Longroad, but it does not otherwise provide guarantees of any of the debt or other liabilities of these companies which include CDC, RetireAustralia, ANU and Longroad.

Vodafone New Zealand

(From August 2019)

Infratil 49.9%
Brookfield Infrastructure Partners 49.9%
Management balance%

Cell tower. Haywards Hill, Upper Hutt

Infratil has announced the acquisition of Vodafone NZ with a target settlement in August 2019.

Key features of this transaction are summarised on this page. The transaction is subject to regulatory approval, in particular from the New Zealand Overseas Investment Office which must approve Brookfield's purchase and the New Zealand Commerce Commission which must approve Infratil's.

Partners

Following settlement, Infratil and a subsidiary of Brookfield Infrastructure Partners "Brookfield" will each own approximately 49.9%. Management of Vodafone NZ have the right to purchase the balance of the shares.

Brookfield is listed on the Toronto and New York stock exchanges and is the flagship vehicle of Brookfield Asset Management; manager of over US$365 billion of assets.

Brookfield owns telecommunication and data infrastructure in a number of countries and has New Zealand experience, at one time owning Powerco (New Zealand's second largest electricity and gas distributor).

Vodafone NZ will continue to benefit from being a Vodafone Partner Market under long-term arrangements which ensure access to technology and features such as global roaming for customers.

Transaction Summary

The transaction gives a $3,400 million enterprise value to Vodafone NZ; comprising $2,058 million for the value of the company's equity provided by Infratil and Brookfield and $1,342 million of company debt and the value of management's shareholding.

Infratil's share of the consideration is $1,029 million. At present it is anticipated that this will be sourced via a $400 million equity raise with the remainder being a mixture of acquisition debt, corporate facilities, and the proceeds of assets now subject to sales processes.

Vodafone NZ: Assets, Plans & Outlook

Vodafone NZ has 10,000 kilometres of cabling connecting customers and over 1,550 mobile cell sites providing coverage to 98% of the population; 95% with 4G. 80% of rural New Zealand has access to Vodafone NZ broadband.

The company has 41% of New Zealand's mobile subscribers, 26% of broadband connections, and 16% of pay TV connections.

Vodafone NZ is set to grow its revenues after a period of management changes and ownership uncertainty. Management's goal now is to create value by providing customers with the best of "Global and Local" through the Vodafone Partner Market arrangement and investment in network capability. In addition, efficiency is being improved by increasing network utilisation and sharing, simplifying the retail offerings, and standardising and automating back office functions.

For FY2020 Vodafone NZ's projected underlying EBITDAF is $460-$490 million with capital spending in the range of $300-$350 million. Revenue, earnings, and capital spending for the last four years are shown in the table at the bottom of the page.

Investment Rationale

The transaction has excellent credentials for delivering value to Infratil's shareholders. Vodafone NZ and the transaction offers:

- New Zealand's largest mobile operator and second largest provider of broadband.
- New Zealand's largest data infrastructure network.
- A strong and experienced management team.
- A sound economic backdrop, sensible market structure, and stable regulation.
- Opportunities to grow earnings through improved network utilisation, enhanced services, and lower operating costs.
- Infratil and Brookfield are operationally focussed shareholders with considerable New Zealand and international sector experience, and a track record of successfully localising ownership, branding and operations.

Year Ended 31 March	2019	2018	2017	2016
Revenue	$1,986m	$2,039m	$2,027m	$1,963m
Underlying EBITDAF	**$463m**	**$466m**	**$469m**	**$422m**
Capex	$253m	$244m	$223m	$229m
EBITDAF - Capex	$210m	$222m	$246m	$193m

Trustpower

Infratil 51%
Tauranga Energy Consumer Trust 27%
Public 22%

Twinkle-Jane Moody and fellow students, Matipo Community Development Charitable Trust.
Supreme Winner at the Trustpower National Community Awards 2019

Core Growth

Over the last decade New Zealand's excess generation capacity depressed electricity prices and meant there were few investment opportunities.

The electricity supply/demand balance is now changing and while demand continues to be flat, expectations are that electricity consumption will rise with de-carbonisation of transport and industry. The economics of generation will also change as the cost of using gas and coal to fuel generation rises and the use of those fuels declines.

In addition to its generation facilities, Trustpower is a leader in providing customers with multiple utility services. This is evolving as services increase in complexity and more sophisticated analytical tools enable providers to better fit services to the requirements of individual customers.

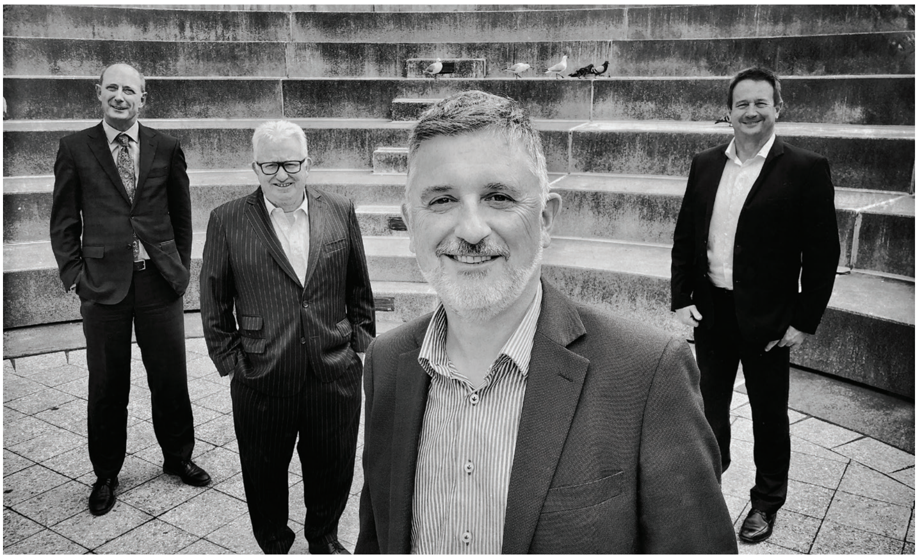
For Trustpower, FY2019 was a year of relative normalcy after the prior year's hydrology windfall. However, the market as a whole experienced an unusual period characterised by the highest wholesale prices experienced in New Zealand since the 2002 drought.

What is especially notable about the period is that the electricity wholesale market events had little impact on most residential consumers.

As the table at the bottom of the page shows, it was a year of two halves for wholesale electricity prices.

The electricity market events of the last year are interesting in themselves and as a signal for the future.

- Historically, high wholesale market electricity prices in New Zealand reflected water shortages in the main hydro storage lakes. During the second half of FY2019 for the first time it was the supply of gas which drove up wholesale electricity prices.
- Maintenance of the pipeline from the offshore Pohokura field restricted gas availability and saw gas-fired generation for the December quarter down 583GWh on the same period the prior year (Pohokura usually provides about a third of New Zealand's gas). While only 5% of total generation this had a dramatic impact on wholesale electricity prices. Although some additional hydro generation was available, coal-fired generation was the key source of back-up, and is very expensive.
- Remarkably, residential customers will have hardly noticed. There wasn't a campaign to save power and prices haven't risen for those on term plans.



Trustpower Director Paul Ridley-Smith, Infratil Director Peter Springford, Trustpower CEO Vince Hawksworth and CFO Kevin Palmer.

The messages from this period are that New Zealand relies on gas-fired generation to fill the gaps in demand that are not met from wind, geothermal and hydro; and that supply and demand is finely balanced. A second message is that wholesale electricity prices are determined by the whole portfolio of generation that is required to meet demand.

A third point is that the large generator-retailers are good at managing electricity price risk on behalf of consumers. The only complaints voiced over the period came from smaller electricity retailers that had not managed risk efficiently and consumers who preferred to be exposed to "spot" prices.

The relevance for the market and consumers of these lessons depends on how demand for electricity grows and whether there are constraints on gas-fired generation. The Government's policies favour both increasing use of electricity for transport and industry and less use of gas.

Ironically, given the very high electricity prices, Trustpower revalued its generation down by a net $163 million as at 31 March 2019. This reflected a matrix of pros and cons and the reduction in value would have depended on the judgement of the valuers as to the weightings of the variables.

Would raise the value of generation	Would reduce the value of generation
• Increasing demand	• Falling cost of wind generation
• Lower required rates of return and greater use of cheaper debt	• Falling per household consumption
• Gas shortage	• Closure of industry, especially the Tiwai Point aluminium smelter
• Higher prices on carbon emissions	
• Weaker NZ$	

National	Jun Quarter	Sep Quarter	Dec Quarter	Mar Quarter (est)	Total
NZ Generation FY2019	11,040GWh	11,555GWh	10,439GWh	10,050GWh	43,084GWh
NZ Generation FY2018	10,879GWh	11,439GWh	10,501GWh	9,964GWh	42,783GWh
% Renewable FY2019	85.1%	84.7%	84.5%	84.0%	84.3%
% Renewable FY2018	79.3%	80.5%	81.9%	81.2%	80.7%
Av. wholesale price FY2019	7.5c/kwh	8.2c/kwh	**19.3c/kwh**	**15.5/kwh**	12.4c/kwh
Av. wholesale price FY2018	7.7c/kwh	9.5c/kwh	9.1c/kwh	8.3c/kwh	8.6c/kwh

Trustpower's utility retailing business continues to evolve as a provider of both energy and telecommunication services. The only step change event last year was Trustpower's decision to replace its 140,000 electricity meters with a "smart" version. As the last major energy retailer to make this change it is believed that Trustpower will gain a considerable benefit from having waited until the technology improved to the point where the meters provide real benefits rather than mainly just additional cost.

With its utility retailing activities, Trustpower's key goals are to reduce the cost of churn by retaining customers and to reduce back-office costs. Progress was delivered on both fronts. Increasing the proportion of customers with both telecommunication and energy services reduces turnover because multi-utility customers are more satisfied and less likely to shop around. Improvements to customer-communication technology is enabling a significant shift from telephone conversations to more automated ways of accommodating customer inquiries.

Trustpower is interested in a raft of Government policy initiatives, with several directly relevant; for instance the Water Review, the Electricity Price Review, how the goal of reducing CO_2 emissions is implemented, and the specific policy targeting lower electricity sector CO_2 emissions by 2035. Each initiative has the potential to produce a major increase in generation costs or to distort the market. Fortunately, to date no tangible disruptive plans have emerged and the general tone of government pronouncements has shifted from aspirational to pragmatic.

Year Ended 31 March	2019	2018	2017
NZ retail electricity sales	1,823GWh	1,784GWh	1,895GWh
NZ generation	1,994GWh	2,235GWh	2,017GWh
Australian generation	-	284GWh	359GWh
Electricity accounts	267,000	273,000	276,000
Gas accounts	39,000	37,000	33,000
Telecommunication accounts	96,000	87,000	76,000
Av. NZ market spot price[1]	12.5c/kwh	8.8c/kwh	5.2c/kwh
NZ EBITDAF [2]	**$222.2m**	**$243.1m**	**$203.0m**
Green State EBITDAF	-	$26.7m	$31.5m
Investment spend	$27.7m	$27.9m	$26.7m
Net debt	$562.1m	$469.8m	$660.8m
Infratil's holding value [3]	$1,055.9m	$893.0m	$734.8m

1. 12.5c/kwh is the same as $125,000/GWh (ie. 1GWh = 1,000,000kwh)
2. Excludes $16.7 million of demerger costs in FY2017
3. NZX market value at period end

Fiona Smith - General Manager Customer Operations

Utility companies can no longer deliver services that are one size fits all or set and forget. Customers expect service providers to understand and know them. But delivering a personalised service; whether to help reduce energy use, better manage cost, or to adjust data capacity to deliver excellent broadband, takes data and analytics. Trustpower is building this capability.

Artificial intelligence is also helping our staff identify new customers that are likely to be receptive to a combination of Trustpower's energy and telecommunication plans.

In addition to helping us identify the services that will best meet the needs of existing and prospective customers, technology is enabling us to do this at a lower cost while also improving the efficiency of other back-office functions. For instance, only three years ago 80% of customers got in touch with Trustpower by phone, it's now 40% because customers have shown they prefer chat-bots, web-chat and other lower-cost and higher-value means of communication.

Fiona Smith - General Manager Customer Operations

Trustpower's aspirations run much deeper. Learning algorithms that can predict a customer's future needs by mimicking human logic will enable Trustpower to personalise service offerings, to stay one step ahead. It is also expected that customers will increasingly use digital assistants to interact with businesses, for which Trustpower's people and systems are preparing.

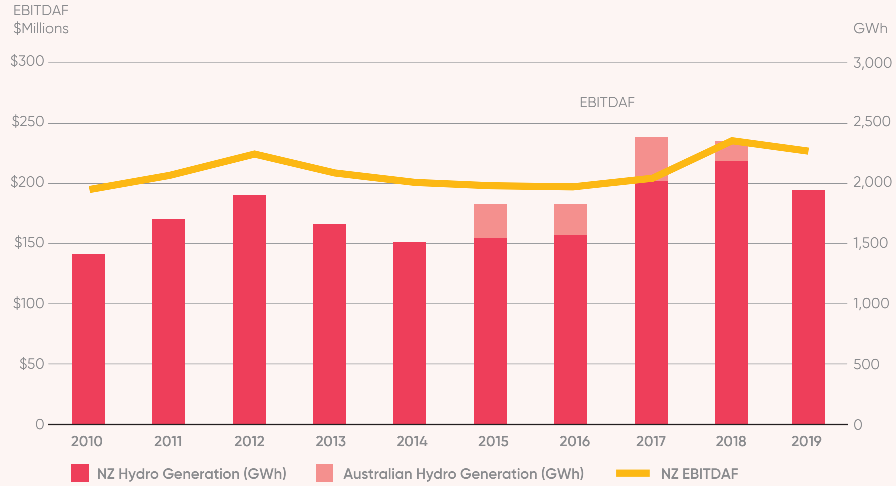
It has been apparent in the past that technology has promised more than it has delivered. "You can see the computer age everywhere but in the productivity statistics", as US economist Robert Solow said. But the balance is shifting. Analytical capability is enabling Trustpower to draw a line between an understanding of the energy and telecommunication markets and an understanding of customer needs, and to do so cost efficiently.

EBITDAF & Generation

Year ended 31 March

Over the last ten years Trustpower's New Zealand hydro generation has risen via acquisition and small-scale development projects. With fluctuations coming from rainfall changing from one year to the next.

New Zealand EBITDAF has shown some volatility reflecting hydrology conditions, but the trend has been flat as increased generation has been offset by lower wholesale prices and increasing retail market competition.



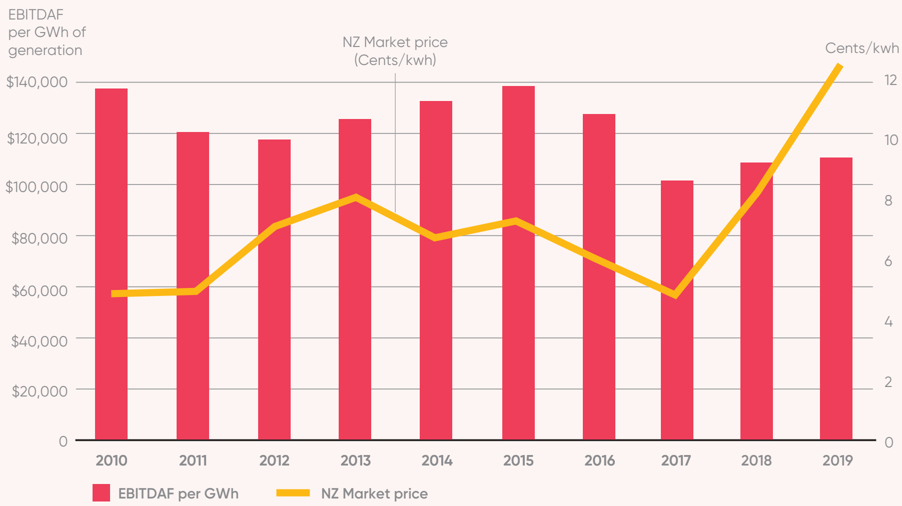
NZ EBITDAF per unit of NZ generation and the average NZ market price of electricity

Year ended 31 March

Usually Trustpower's success as a utilities retailer, and with its irrigation activities, has ensured that earnings per unit of generation have remained comfortably above the wholesale market value of the generation.

This year's spike in prices wasn't passed on to customers which breaks the run.

While tightening supply conditions make it likely that wholesale prices will tend to remain more in the 7 to 9 cent range rather than 5 to 7 cents, it is unlikely that Trustpower's margins over wholesale prices will return to former levels.

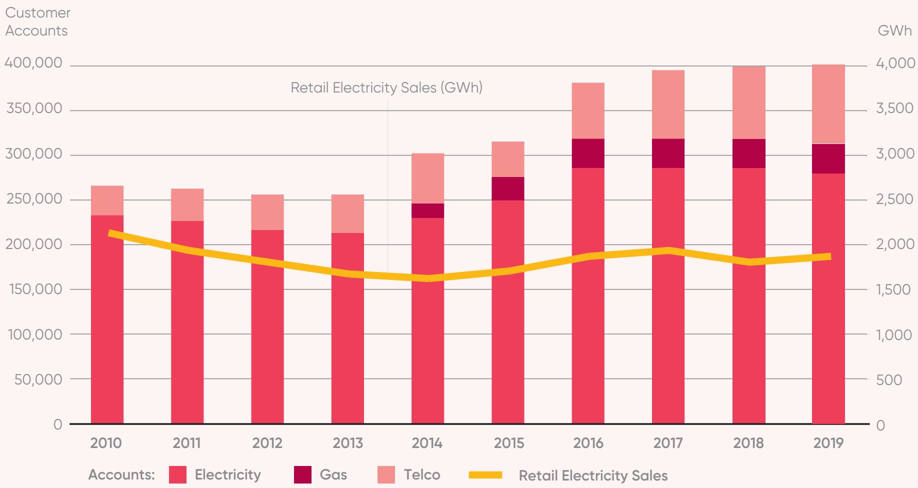


Customers and retail electricity sales

Year ended 31 March

The attraction of Trustpower's utility retailing offer is apparent from the graph.

However, electricity sales per customer have fallen by 25% over the period, while costs per customer have been stable.



Tilt Renewables

Infratil 65%
Mercury Energy 20%
Public 15%

Salt Creek property manager Tom Wilson.

Core Growth

Both New Zealand and Australia require more wind and solar generation capacity, to meet decarbonisation goals and to satisfy rising demand for electricity.

Massive investment in technology, manufacture and operation has resulted in wind and solar generation rapidly evolving to the lowest cost new-build options for the energy market. The resulting cost reduction has also spawned challenges as these sources of generation are intermittent, which can mean extremely low-cost electricity for part of a day, but none at another.

Through its existing generation facilities and its extensive development pipeline Tilt has gained deep insights into the nuances of solar and wind generation, how to deliver low-cost renewable electricity and the choices available to manage supply and price risk, including through physical energy storage.

During FY2019 Infratil sought to takeover Tilt but settled for increasing its holding from 51% to 65%.

$109 million was invested in the acquisition of the additional 14%, and Infratil also subscribed for $179 million of equity issued by Tilt to enable it to progress its development initiatives.

The takeover bid and the provision of additional capital to Tilt were interlinked. Tilt has an extensive development pipeline which is attractive to Infratil. However, Infratil's failure to reach 100% reflects a cautious approach to value. Development activities should generate good returns as compensation for their risk and the higher the share price the lower the future returns.

Operationally, Tilt experienced satisfactory wind conditions on both sides of the Tasman (after last year's calm) and saw the first generation from its new A$105 million 54MW Salt Creek wind farm in Victoria. This translated into a A$31.0 million increase in EBITDAF (+A$23.4 million from higher Australian volume, +A$5.7 million from New Zealand, +A$6.3 million from higher Australian prices, and -A$4.4 million from higher operating and development costs). The higher prices in Australia related to the generation that was not sold on fixed price contracts due to Salt Creek commencing generation earlier than anticipated and the Snowtown 1 wind farm coming off contract in January 2019.

Tilt continued to expand its development pipeline of prospective projects, which now amounts to 3,400MW of capacity spanning Australia and New Zealand; including 660MW of consented solar and more than 2,100MW of consented wind. In addition to the generation projects, Tilt is also working on energy storage so that "excess" wind or solar electricity can be stored for use during higher value periods. For instance, because wind generation can make up a very high proportion of South Australia's total load, the State energy regulator occasionally curtails such generation (to avoid the risk of a system outage being caused by a large natural fluctuation in wind generation). Last year this reduced Tilt's production by 47GWh (worth A$5.1 million at Tilt's average Australian price). Options to allow this "spilled" energy to be stored are being investigated, albeit not a simple process under the Australian generation connection regulations.

Climate Council member Ellyce Crabb with a Cities Power Partnership staff member.

While a large portfolio of development options is necessary for growth, what matters is that these can be executed. For this to occur requires Tilt to find buyers for the electricity, and for that to happen requires that Tilt's sites, technology, costs and funding are all best in class. Consequently, progress at Dundonnell and Waverley was welcome vindication that Tilt is indeed in that category.

Before Tilt committed to build the A$560 million 336MW Dundonnell wind farm it was successful in gaining an agreement with the Victorian State government which effectively removed the price risk on about a third of the forecast output to 2035. The State government had undertaken a comprehensive tender process before it selected Tilt as its counterparty. Subsequently Tilt has also contracted with Snowy Hydro and as at 31 March 2019 only 13% of Dundonnell's output wasn't under long-term contract.

In New Zealand Tilt is advanced in its negotiations with Genesis Energy for the latter to take the electricity price risk on the 130MW Waverley wind farm in south Taranaki. If the parties agree it is likely that construction will start in FY2020. This project would underline Tilt's capability as an independent wind farm developer, even in New Zealand where most of such development is undertaken in-house by generator-retailers (where project specific costs can be obscure).

Tilt's summary of key features of the New Zealand and Australian markets is set out in the table on page 40.

Year Ended 31 March	2019	2018	2017
Australian generation	1,395GWh	1,225GWh	1,305GWh
NZ generation	659GWh	571GWh	744GWh
Australian revenue	A$151.3m	A$121.7m	A$127.7m
Average price	10.8c/kwh	9.9c/kwh	9.8c/kwh
Australian contracted sales	75%	95%	96%
New Zealand revenue	A$42.0m	A$36.2m	A$46.8m
Average price	6.4c/kwh	6.3c/kwh	6.3c/kwh
New Zealand contracted sales	100%	100%	100%
EBITDAF	**A$134.8m**	**A$103.8m**	**A$124.0m**
Investment spend	A$127.1m	A$83.6m	A$6.0m
Net debt	A$347m	A$593m	A$544m
Infratil's holding value[2]	$720.9m	$285.9m	$341.8m

1. 10.8c/kwh is the same as A$108,000/GWh (ie. 1GWh = 1,000,000kwh). All prices are in A$.

2. NZX market value at period end

The rate at which the variables summarised in the table translate into Tilt converting more of its 3,400MW project pipeline into physical generation will depend on the rate at which each market provides off-take contracting opportunities and the level of uncontracted generation that can be accepted in the portfolio.

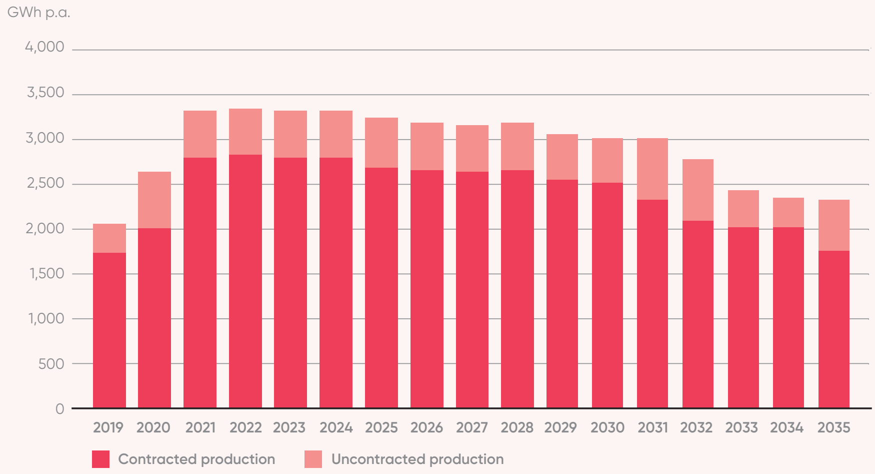
With Salt Creek and Dundonnell, Tilt has shown that it has the ability to develop generation which delivers competitively priced electricity and creates shareholder value.

For its shareholders Tilt represents an unusual situation in that they will be hoping the Company continues to ask them for capital rather than increases its dividends.

Australia	New Zealand
Strong Federal government support for decarbonisation pending Election outcome. QLD, VIC, ACT have renewable targets.	Additional supply required to accommodate demand growth and plant retirement.
Federal and State support for energy storage initiatives which are compatible with intermittent renewables.	Electricity policy stability.
Potential for transmission investment, compatible with distributed renewable generation.	Committed e-carbonisation politics.
But, a tendency to regulatory complexity and change.	Tilt relationships, market/site knowledge.

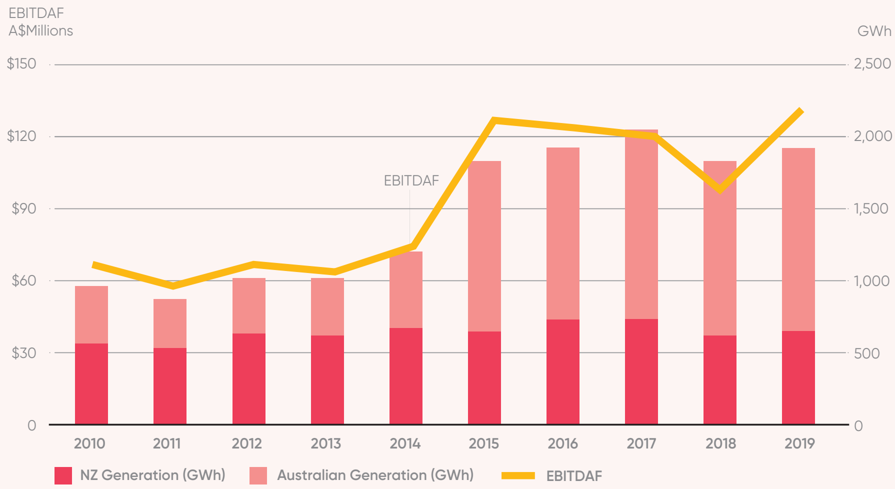
Projected generation & electricity price risk

A forecast of the generation from Tilt's existing capacity (including Dundonnell from FY2021, but not Waverley) and the part of the output where the price risk has been transferred to counterparties is shown in the graph.



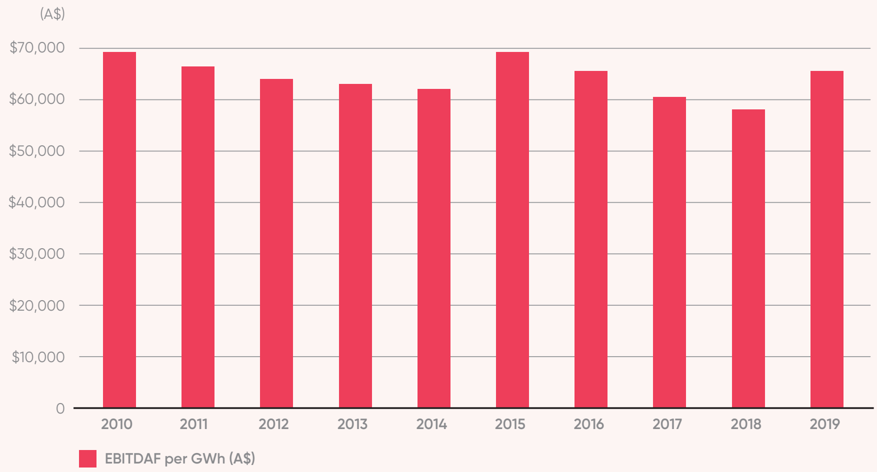
EBITDAF & Generation

Year ended 31 March



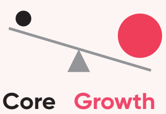
EBITDAF per unit of generation

Year ended 31 March



Longroad Energy

Infratil 40%
New Zealand Superannuation Fund 40%
Management 20%



Longroad was established to develop renewable generation in the US using experienced local management, and the capital and investment discipline of the two New Zealand shareholders.

The goal is to build a business that owns and manages renewable generation and creates value by undertaking development projects, which may be realised if opportunities are propitious.

It is also expected to provide insights into the economics and trends at the cutting edge of renewable generation which Infratil will be able to apply in New Zealand, Australia and possibly elsewhere.

In less than three years of operation Longroad has executed a remarkable series of projects and started to deliver what is likely to be a robust source of income and value.

When Infratil and the New Zealand Superannuation Fund backed the establishment of Longroad in 2016 the motive was the calibre of the executive team and the opportunity afforded by the dynamic US electricity market.

The speed at which events have subsequently unfolded is dumbfounding when compared to Australasia. In the familiar markets it is expected that regulation will slow projects; that electricity price risk will be difficult to manage; and generally that independents will struggle to compete with large integrated generator-retailers to develop, build or own generation plant.

In the US the individual components of electricity generation; development – contracting output - building – ownership - management; are often performed individually. A company may specialise in identifying and scoping good sites for wind or solar generation. A totally different party may own the facilities once they are built with management outsourced and price-risk contracted away. In this environment Longroad has been able to pick a diverse range of opportunities based on their specific risk/reward features.

Longroad's overarching goals are to buy or create development options, to develop those options into generation which optimises site, technology, financing, and market features, and to build a portfolio of low-risk assets which may be retained or on-sold. In each of these areas Longroad delivered in FY2019.

The Phoebe 315MWdc solar facility developed by Longroad in north Texas saw construction start in July 2018 after funding had been arranged and 89% of the projected 738GWh of annual output had been sold to Shell Energy. However, even before the US$307 million construction started, Longroad sold the project to Canadian renewable investment vehicle Innergex for US$397 million. Phoebe will be commissioned later in 2019 and will then be the largest solar power station in Texas.

Director Vimal Vallabh and CEO Paul Gaynor

The 238MW Rio Bravo wind farm developed by Longroad, also in Texas, had its US$301 million construction start in late 2018 once power purchase terms had been agreed with Citigroup and debt funding secured. Its sale was later agreed with privately owned investment company Sammons Enterprises with settlement early in FY2020; when gains will be recognised.

Longroad management have indicated that the existing portfolio of development projects which are nearing execution are expected to give rise to a further US$130 million to US$180 million of gains.

In addition to its development projects, Longroad owns 685MW of generation which provides a stable source of income as well as providing development options and an operational capability (which can then be offered to third parties on a contract basis).

As shown in the table below, Longroad has an eclectic range of involvements with 2,520MW of generation. In addition, the Longroad team are evaluating a further 7,000MW of wind and solar generation projects:

- 553MW developed and on-sold.
- 685MW of capacity owned for both earnings and development potential.
- 730MW of projects under development.
- 552MW managed for 3rd parties.

Phoebe solar Texas. Commissioned 2019	315MW	Initiated and sold FY2019.
Rio Bravo wind Texas 2020	238MW	Initiated FY2019, sold FY2020. Facilities management retained.
Federal Street solar. Distributed solar with electricity sold to several counterparties	299MW	Acquired by Longroad in 2017 and managed to provide stable earnings with upside from refinancing.
Minnesota wind 2003-8. Electricity sold to Xcel Energy Inc.	80MW	Acquired by Longroad in July 2017 from NRG. Potential to replace and increase turbines.
Milford wind Utah 2009. Electricity sold to the Southern California Public Power Authority	306MW	Owned and managed by Longroad as a source of stable earnings, with optimisation potential.
El Campo wind Texas	243MW	Development project.
Prospero solar Texas	379MW	Development project.
Foxhound solar Virginia	108MW	Development project.
Other (no financial interest in ownership)	552MW	Managed by Longroad as a long-run source of stable earnings.

An important source of demand for renewable electricity and hence long-term purchase agreement are corporate buyers seeking to reduce their carbon footprint. Standard & Poor's reported that in 2018 over 6,500MW of corporate renewable capacity was secured from over 40 generators; more than doubling the previous annual peak.

The largest US corporate buyers include Microsoft which has 1,260MW of contracted generation, Amazon 1,400MW, Apple 1,200MW, Walmart 800MW, and Ikea 900MW. In 2018 buyers also included Shell and Exxon Mobil.

Illustrating the trend, the Brookings Institution reported that May 2019 was the first month ever when US renewable electricity generation was greater than generation from coal-fired capacity. They put this down to state environmental standards and emission policies and rising corporate investment in cleaner technology and electricity purchases.

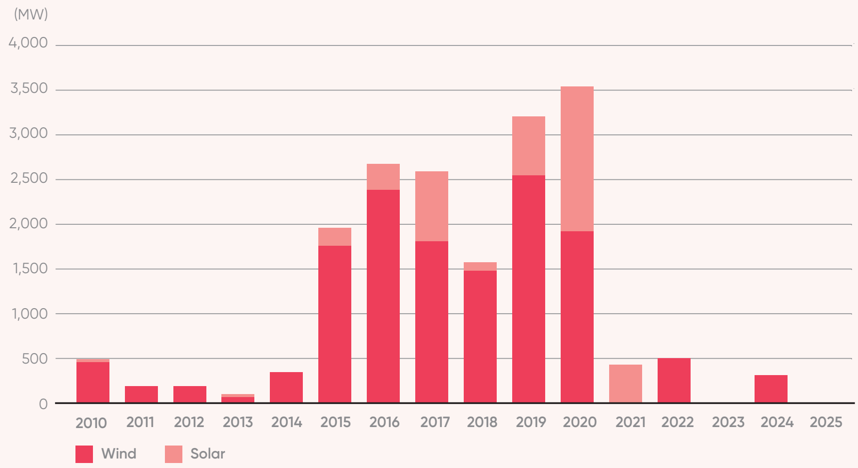
Augmenting its development goals, Longroad employs a 65 strong team to manage generation assets for its own projects and on behalf of third parties. This capability ensures that Longroad has comprehensive understanding of its own facilities, to inform development decisions, and it means that the 238MW Rio Bravo wind farm can be sold to a financial buyer which doesn't have operating capability.

Financial Flexibility & Value Creation

As with any early-stage business undertaking development, the financial arrangements and value creation are complex and contingent.

- Initially Longroad's three shareholders committed US$100 million. Infratil and New Zealand Superannuation Fund each owned 45% with management holding the balance. In addition, Infratil indicated a willingness, on a case by case basis, to provide temporary funding and credit support to enable Longroad to execute projects.
- Subsequently, Longroad's management exercised the right to increase their shareholding to 20% which reduced the New Zealand shareholders to 40% each.
- In addition to its equity funding, Longroad had (by 31 March 2019) raised US$1,702 million of project debt funding from 16 different lenders.

US corporate renewable power purchases



The graph shows when projects came online or are planned to come online, not when the power purchase agreements were signed. Source S&P Global Market Intelligence.

For Infratil, the arrangement has meant a high turnover of financial investment and commitment. Funds have been invested and returned in short order. As at 31 March 2019 this meant that Infratil's net investment at that point (the difference between what had been invested and what had been returned, either as profits or repayment) was only $2.7 million. ($154.0 million invested and $151.3 million received back).

Infratil arranged for an independent valuation of its 40% interest in Longroad as at 31 March 2019. This derived a value of $122.7 million allocated:

- 59% near-term development projects.
- 24% operating assets.
- 9% undeployed plant and equipment.
- 8% other development projects.

The book value of Infratil's 40% interest in Longroad reflects both capital flows and Longroad's net profit (US$60.2 million for the twelve months to 31 December 2018 after a US$22.6 million loss the prior year). Reported profits/losses includes depreciation, amortisations, and interest expenses related to generation ownership vehicles, and Longroad's generation management fees and costs, and development costs and gains.

NZ$ figures are as at 31 March US$ figures as at 31 December	2019	2018
Infratil investment amount	$154.0 million	$66.8 million
Infratil capital received back	$151.3 million	$28.9 million
Infratil book value	$10.8 million	$10.1 million
Infratil's share of Longroad's net income	$46.4 million	($19.7 million)
EBITDAF[1]	US$37.0 million	(US$5.6 million)
Depreciation/Amortisation[1]	(US$31.2 million)	(US$8.4 million)
Interest[1]	(US$34.0 million)	(US$8.6 million)
Net surplus before tax[1]	US$60.2 million	(US$22.6 million)
Operating cash flow including development costs and gains[1]	US$92.9 million	(US$5.3 million)
Owned generation	684MW	684MW
Managed generation	1,236MW	1,236MW
Employees	105 people	74 people

1. Longroad has a 31 December financial year. These figures are for the years ended 31 December 2017 and 2018.

Operational assets
Projects
* Under construction
Milford Wind
306MW
Minnesota Wind
80MW
Repower
70MW
Foxhound Solar
108MWdc
Federal Street
Solar
299MW
Phoebe Solar*
315MW
Prospero I Solar
379MWdc
El Campo Wind
243MW
Rio Wind*
238MW

Wellington Airport

Infratil 66%
Wellington City Council 34%

Trad Stompers performing at Wellington Airport

Core Growth

Wellington Airport delivers growing earnings from investing in its own activities.

The Airport's goal is good air services between central New Zealand and the world and a safe, welcoming environment for the people who use it. Delivering requires capable well directed people and supportive capital providers.

Airport under-investment results in poor air connectivity, queues and inconvenience for individuals and airlines. Over-investment creates a mausoleum ambiance, unnecessary cost and redundancy.

Over the last five years the Airport has invested $315 million in its facilities and paid $254 million to shareholders. Annual passenger throughput rose from 5.5 million to 6.4 million and earnings from $82 million to $101 million.

Wellington Airport's priorities are to facilitate the provision of convenient, competitive air services between central New Zealand and the world, and to provide a safe, efficient, welcoming environment for the people who use its facilities. The Airport team can be proud about what they are now delivering.

Last year domestic passenger growth was a solid 4.6% per annum and international a satisfactory 3.8% per annum. On a daily basis that's approximately 90 more international and 660 more domestic passengers than at the same point a year ago. Regularly, over 30,000 people visit Wellington Airport each day (including meeters, greeters, staff.)

Recent growth was mainly due to increased aircraft loadings and almost all services now have more than 80% of their seats sold. Capacity was added with Napier, Queenstown, Rotorua and Tauranga, and on the domestic trunk Air New Zealand has started replacing its 171 seat A320 aircraft with the 214 seat A321.

While credit for increased throughput reflects many factors, the Airport's contributions are not minor:

- The Airport provides support for all airlines developing new services especially those reliant on recreational and social traffic as their utilisation is more discretionary than those targeting business travellers.
- The constantly improving Singapore service, now carrying approximately 900 people per week into the region, was initiated with the combined support of the Airport, City and Regional Development Agency.
- Last August the Airport contracted for Airbus to bring its new generation A350 from France to undertake Wellington trials. It is hoped that following regulatory approval that this model of aircraft (and its A330 sister) will be used to further improve the region's international connectivity.
- FY2019 saw myriad operational improvements to lower airline costs; of particular note was the Airport's work with Air New Zealand on the push-back of its ATR aircraft (resulting in a significant cost saving on the part of the Airport) and the automation of airbridges (Singapore Airlines reported an average time saving of three minutes). Wellington has the first automated airbridges in the world and has hosted many visits from airports interested in emulation.

Airport Operations Coordinator Vinnie Sharp and Integrated Operations Controller Hana Lee.

Passenger surveys are indicating the highest-ever levels of approval, reflecting the Airport's wide range of land-transport options, improved carparking facilities, excellent main terminal ambiance, best-of-Wellington food, beverage and retail offerings, cleanliness, and the speed with which it is possible to move through if you are in a rush. Every airport user has specific criteria;
"On Friday before I flew home I had a craft beer and listened to a jazz band." "I flew in from Blenheim and within five minutes I was out of the carpark and on my way home." "The toilets' baby facilities are excellent."

The Airport's 134 room hotel and expanded conference capacity opened in January. The objective with this investment is to make Wellington convenient as a place for people to meet and as a place to start/finish an international trip. Many of the Airport's international services leave before 7am and arrive after 11pm. This timing is discouraging for someone from say Napier or even Kapiti. Now they can overnight at the Airport in pleasant surrounds with a 100 metre walk to or from their plane.

For the Airport team, moments of self-congratulation are brief because maintaining standards is a constant challenge. The list of current initiatives is daunting:

- **Airfield.** Wellington operates on an extremely constrained site (the aeronautical area is about a quarter of Auckland or Christchurch). Because there is now finite ability to accommodate growth within the existing envelope the Airport intends acquiring vacant Crown land, part of the Miramar golf course, and converting carparks into airfield. It is also to relocate its fuel and fire services to free up space for aircraft movements. Alongside the expansion plans, planning has started on replacing the seawall that faces Cook Strait to ensure it is future-proofed against sea level rises and storms.
- **Terminal.** Improvements to the main terminal are ongoing and major new initiatives are also starting. Increasing security requirements will require new facilities for screening airport visitors and the construction of a new baggage hall. Passenger congestion and major challenges with the location of larger international aircraft is necessitating the construction of an entirely new international terminal.
- **Technology, community, people, environment.** In addition to ensuring its physical ability to accommodate demand growth, the Airport has initiatives to minimise waste, achieve zero-carbon, and to ensure it maintains community trust, positive staff, and stays ahead of issues such as data integrity and privacy.

Left to right; City Council appointed director Wayne Eagleson and local Member of Parliament Paul Eagle, Infratil appointed director Tim Brown and CEO Steve Sanderson.

The Airport's 134 room hotel and expanded conference capacity opened in January. The objective with this investment is to make Wellington convenient as a place for people to meet and as a place to start/finish an international trip.

Even with a long list of future-proofing projects, the largest challenge to efficient delivery of Airport capacity and services comes from the myriad regulatory agencies which undertake monitoring or provide approvals. Most mean well and no one doubts the need for expert independent monitoring, accountability, and forum to facilitate participation in issues such as whether Wellington should be able to reclaim 10 hectares to enable a runway extension. But there is little onus on efficiency or proportionality. The Airport's joint project with Wellington City Council to extend its runway is now in its seventh year and after millions of dollars and immense frustration is still at least a year away from consents. And the main reasons for the delay and expense are procedural and have added little new insight nor changed the initial understanding of costs and benefits.

Another area of regulation to which Wellington is subject comes from the Commerce Commission's monitoring and strictures on Airport charging of airlines. As a counterpoint to the New Zealand approach, the Australian Productivity Commission recently released its five-yearly review of the performance of that country's main airport's charges and services. The holistic and less prescriptive approach taken there is considerably more efficient and effective than what happens in New Zealand.

Year Ended 31 March	2019	2018
Passengers Domestic	5,488,013	5,249,081
Passengers International	929,457	895,369
Aeronautical income	$81.5m	$76.1m
Passenger services income	$43.5m	$40.3m
Property/other	$12.9m	$12.2m
Operating costs	($36.5m)	($33.2m)
EBITDAF	**$101.4m**	**$95.4m**
Investment spending	$72.1m	$85.6m
Net debt	$459.8m	$400.1m
Infratil cash income	$40.5m	$37.9m
Infratil's holding value[1]	$481.5m	$471.9m

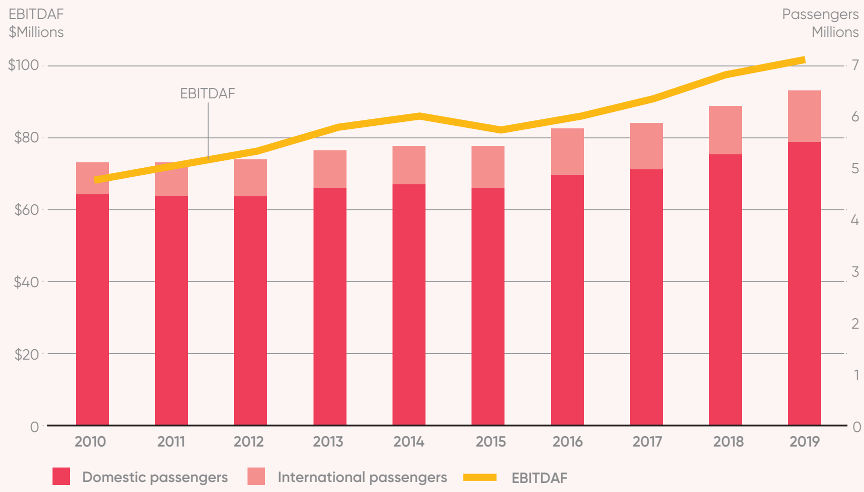
1. Infratil's share of net assets excluding deferred tax at period end

EBITDAF & Passengers

Year ended 31 March

Over the ten years EBITDAF rose from $68 million to $101 million.

Passenger numbers lifted by 1,299,564. An average annual increase of 99,675 domestic and 30,281 international travellers.



Aeronautical & Services income

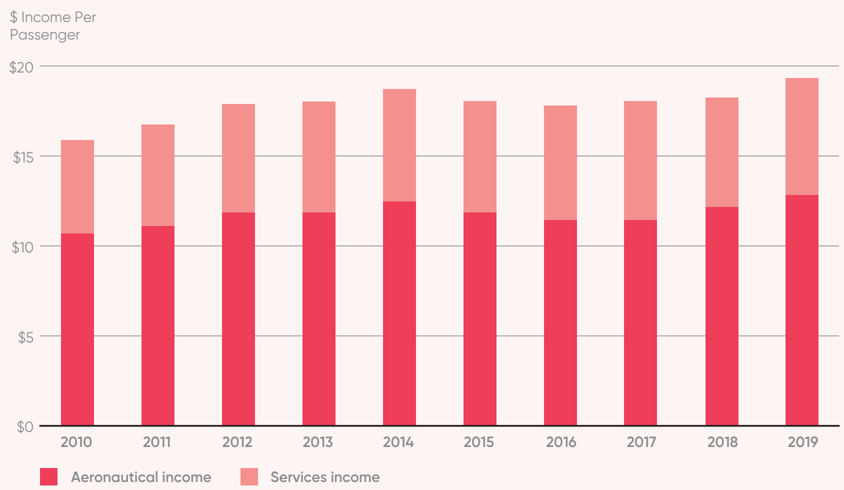
Year ended 31 March

Wellington Airport's 18% increase in EBITDAF/passenger over the period (to $15.73) reflects better passenger services, an increase in property income, and good cost control.

Wellington has the lowest per passenger costs and aeronautical charges of New Zealand's international airports.

Aeronautical	Rev/Pax	Cost/Pax
Auckland	$16.48	$5.68
Wellington	$13.03	$3.67
Christchurch	$13.76	$5.90
Queenstown	$13.35	$4.74

From Airport Disclosures



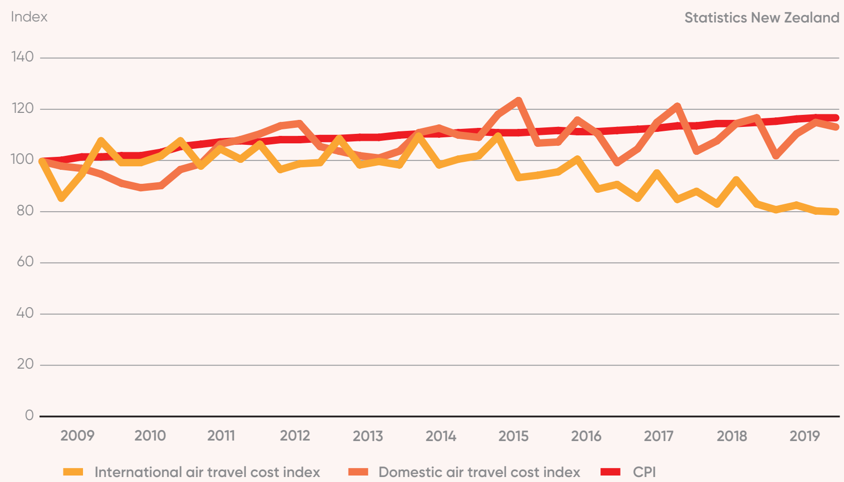
The cost of travel

Year ended 31 March

Over the ten years, consumer prices rose 17.0%. The cost of domestic New Zealand air travel increased 13.5%.

The cost of international air travel for New Zealanders fell 19.7%.

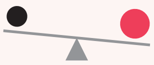
Over the decade, the international air travel market has delivered 41% more value for New Zealand users relative to the less competitive domestic market.



Canberra Data Centres

Infratil 48%
Commonwealth Superannuation Corporation 48%
Management 4%

Technical Project Manager Matt Arganese.



Core Growth

The increase in electronic data now being stored for constant accessibility has spawned specialist computing and storage requirements.

CDC's remarkable growth trajectory reflects a confluence of factors; huge increases in data creation and demand for storage and computing on the one hand, and the secure and hard to replicate facilities CDC offers on the other hand.

What is unusual about CDC is that it faces both high growth and low risk on its core activities once a centre is built and utilisation is contracted. In FY2019 CDC has been able to contract utilisation of data centre capacity prior to construction so that once construction is complete tenants will take up the capacity on a long-term basis.

The last year was transformative for CDC with several developments telescoped.

From last year's 39MW of capacity at two campuses, CDC is now on track to own over 200MW of capacity at three locations. From last year's run-rate EBITDAF of A$69 million, a run-rate of A$135 million is now anticipated by the end of FY2020.

The data storage environment is difficult to encapsulate as many interconnected developments are unfolding simultaneously.

- **Data sovereignty** is a developing issue. The New Zealand Government has interdicted the use of Chinese equipment for critical pieces of communication infrastructure. The Australian Government has adopted data storage and transmission protocols to guarantee its data security and privacy. Incidents such as the hacking by Saudi agents of the private emails of the owner of the Washington Post newspaper illustrate the personal impact and the flaws in the system that are now being addressed.
- **Hyperscale** isn't just about scale reducing costs, data owners need extremely fast processing/ transmission and co-location of their data with those who need to use it to provide services either for data owners or third parties.
- **Cloud providers** are creating global standards and demanding data storage with best-in-class features. In the US the number and capacity of single client and in-house data centres are rapidly reducing (within five years an 80% reduction of some categories is expected). Increasingly, individual enterprises are shifting from managing their own data to using services. In Australia a number of cloud providers are clients of CDC.
- **Data makes data. 5G will make data. Devices make data. Self-drive cars make data. AI makes data.** The upgrade of the cellular networks to its 5th Generation will massively increase capacity over 4G and result in the growth of data-dependent technologies and applications not currently practicable.

Engineering draftsman Will Thomson (left) and Engineering specialist Andrew Rodda (right).

Fyshwick 2

Hume 1&2	**12MW**	Commissioned from 2008
Fyshwick 1	**18MW**	Commissioned 2015
Hume 3	**9MW**	Commissioned 2016
Fyshwick 2	**21MW**	Commissioned 2018
Eastern Creek 1	**7MW**	Purchased 2018
Eastern Creek 2	**13MW**	Utilisation from mid 2019
Hume 4	**23MW**	Partially contracted to be commissioned 2019
Eastern Creek 3	**25MW**	Partially contracted. Construction starting 2020
Total	**128MW**	

Technology & Data

DynaTAC 8000X,
1983

Nokia 1011,
1992

Blackberry
1999

iPhone
2007

?

Speed & Data

1G
Analog voice

2G
Digital voice
Text

3G
Mobile internet

4G
Mobile broadband

5G
Enhanced mobile broadband
Ultra-low latency
Massive connectivity

Speed

1G	2G	3G	4G	5G
NA	50kbps	7Mbps	25Mbps	>1Gbps+

One field where the evolution of technology and the resulting growth in data will be familiar to many people is cell phones.

Over about 20 years the phones have evolved from only offering analogue voice (1st Generation) to now providing complete broadband connectivity (4th Generation).

Delivering additional functionality has seen phones increase the rate at which data is transmitted by roughly 25,000 times.

In addition, when phones were used just for talking, average daily use was less than 60 minutes and few people owned a portable phone. Average use of a smart phone today is approaching 5 hours and they are ubiquitous.

Resulting in average per capita daily data transmission increasing roughly 2 million times since the 1st Generation.

The next stage of this evolution will start with the construction of 5th Generation cellular networks. This will increase the rate at which data is transmitted by >100x and volumes of data by far more than that.

The impact will be far wider than just what happens to smart phones. Today at a music concert if even 20% of the audience attempt to transmit a picture the network slows dramatically or even stops functioning. With 5G the impediment will vanish.

A boon for concert goers, but transformative for other applications. A self-driving car can't rely on a 4G network but it will be able to rely on a 5G one. And that is just one small example of how, as with cell phones, network capacity will drive technology and applications which will result in massive increases in data.

The average term of CDC's leases with users is now over 9 years.

Director Kevin Baker and CEO Greg Boorer.

Over FY2019 a number of milestone events encapsulated CDC's transformative year:

The 21MW Fyshwick 2 data centre opened in December 2018. The construction cost was approximately A$80 million with a similar sum to be invested as the centre is occupied. CDC manages its construction projects in-house and by developing expertise and close relationships with contractors achieves constant improvement in its facilities and low build costs.

Acquisition of the 14.5 hectare Sydney site at Eastern Creek, including a 7MW operational data centre and a partially completed centre with 13MW of capacity; which CDC was immediately able to contract. The site has the scale and infrastructural connections (energy and fibre) to enable construction of four further 25MW data centres.

Demand for capacity in CDC's centres has resulted in both a high level of forward contracting by users and a material extension of lease terms. The average term of CDC's new leases with its customers, excluding options, are now over 9 years.

CDC's acquisition of the Sydney site and its accelerated construction plans were funded with a A$100 million equity commitment (Infratil has provided NZ$42.7 million to date) and a A$300 million increase of debt facilities (to A$915 million).

As is required under its management contract, Infratil had its 48% shareholding in CDC independently valued as at 31 March 2019. This identified a valuation range of NZ$841-$942 million, based on:

- CDC's 31 March 2019 EBITDAF run rate of A$90 million rising to A$135 million by the end of FY2020.
- Net debt as at 31 March 2019 of A$518 million, rising as capex projects are undertaken before being repaid from increasing operating earnings.
- Projections of CDC's income tax.
- A return to equity of 11.5-12.5% per annum after tax.
- Estimates of the notional transaction costs Infratil would incur if its stake was sold, including taxes.
- The cash flows included in the valuation were limited to CDC's existing data centres and those under construction or where construction is imminent.

Infratil's 48% stake cost NZ$411.5 million in November 2016 with a further NZ$42.7 million invested two years later. The rate of return on the investment is over 35% per annum which has consequently given rise to a management performance payment of NZ$65.3 million. This sum is calculated as 20% of Infratil's gains over 12% per annum.

CDC's increasing earnings are best illustrated by its EBITDAF run-rate due to the company's rate of growth and the long-term contracted nature of new business. This is a measure of earnings that is based on the EBITDAF inherent in existing income producing contracts; which approximates to twelve times the last month's actual EBITDAF.

As at 31 March 2017 it was A$50 million, 2018 A$69 million, 2019 A$90 million and is projected to be A$135 million at 31 March 2020.

The FY2019 return to Infratil of NZ$83.9 million is 48% of the Company's net surplus, which includes A$217 million of gains from the increased value of CDC's investment properties.

Year Ended 31 March	2019	2018
Available capacity	80MW	39MW
EBITDAF	A$72.3m	A$55.8m
Contribution to Infratil	NZ$83.9m	NZ$56.1m
Capex	A$291.6m	A$45.8m
Net debt	A$517.8m	A$330.5m
Infratil holding value [1]	NZ$555.3m	NZ$453.2m

1. This sum is 48% of CDC's shareholders funds. The difference between this value and the independent value of $841-942 million is explained on page 25 of this Report.

RetireAustralia

Infratil 50%
New Zealand Superannuation Fund 50%

Shari Harte and friends, Wellington Manor Retirement Village Brisbane.

Core Growth

Over the last 20 years the number of Australians over 85 has risen 125% (the total population has increased 34%). More than 500,000 Australians are now over 85 years old. When the youngest of these people was 50 years old, only 100,000 Australians was older than 85.

Not only is the number of elderly people increasing, so too is the understanding of their needs and the desire to deliver to those needs.

RetireAustralia is seeking to provide accommodation, care, and for the other requirements of elderly Australians and is investing accordingly. Once these capabilities are in place it is anticipated that RetireAustralia will provide its shareholders with solid income and value growth from its existing facilities and good opportunities to invest in expansion.

RetireAustralia is transitioning so that it can offer the residents of its villages accommodation which meets their diverse and changing needs, and care so that residents who need assistance can receive this in their own homes or nearby.

This is requiring the development and construction of care apartments that cater for people with higher needs or less mobility as well as hospital facilities and care capabilities.

Over the last two years almost A$120 million has been invested in these initiatives as well as additional standard accommodation at existing villages and at two new villages.

The strategic decision to transition RetireAustralia's facilities and services while also building new villages caused a significant short-term reduction in the usual rate at which units became available. Historically RetireAustralia has commissioned about 100 units a year, but last year there were only 15 new units.

However, from FY2020 it is expected that over 200 new units will enter RetireAustralia's portfolio each year which will approximately double the growth rate from what has been delivered in the past. Construction is currently underway on a total of 822 units at two new villages and several existing ones.

This investment and development has increased costs at a time when the aged care industry in Australia has been facing headwinds. Residential property values have been under pressure and media coverage has highlighted poor treatment of residents by some operators. Both factors have discouraged people from taking the step into retirement accommodation, which has increased RetireAustralia's vacancy rate and increased sales costs.

Positively, all the parties contesting the federal elections have policies that will continue the reform of the aged care sector. Along with initiatives to improve standards and transparency are plans to increase government funding for in-home assistance; whether home is in a retirement village or a family residence.

In-home care is more efficient for government than having people enter hospital, and providing for the elderly who live in a village is more efficient and effective than helping people who are more dispersed around the community.

Chair Mark Tume and Chief Operating Officer Simon Fawssett.

Prospects for RetireAustralia are excellent. It employs caring staff and provides charming accommodation suitable for a diverse range of people and budgets and is offering an increasing range of in-home services as well as specialist medical assistance and facilities.

From FY2020 it will have available a significant number of new accommodation units in villages in Brisbane and the Central Coast and, while the market faces challenges, government policy initiatives are positive and there are the underlying demographics of Australia's increasing elderly population.

RetireAustralia's underlying profit of A$17.1 million was down on last year's A$33.7 million. Development margins of A$1.4 million were down A$6.9 million because of the lower number of new units delivered. Realised gains on resales of A$9.9 million were up slightly, but the contribution from the value of the deferred occupancy receivable was down A$12.2 million from the prior year while management costs were up A$4.7 million.

Year Ended 31 March	2019	2018	2017
Residents	4,943	4,968	5,267
Serviced apartments	465	465	486
Independent Living Units	3,507	3,509	3,442
Unit resales	244	238	319
Resale cash gains per unit	A$133,666	A$131,513	A$113,000
New unit sales	15	51	105
New unit average price	A$721,600	A$621,588	A$571,467
Occupancy receivable /unit [1]	A$89,319	A$104,306	A$94,550
Embedded resale gain/unit [1]	A$39,381	A$43,112	A$39,300
Underlying profit	A$17.1m	A$33.7m	A$59.1m
Capex	A$59.4m	A$66.4m	A$71.1m
Net external debt	A$198.2m	A$153.3m	A$219.8m
Infratil's holding value	NZ$290.4m	NZ$319.0m	NZ$278.2m

1. The values are estimates of average per unit value at that point in time. What RetireAustralia would have received in cash for deferred occupancy fees and capital gains if all residents left and the occupancy rights were resold on that particular date. The resale values were estimated by independent valuers based on market and actual transactions.
2. The decline in RetireAustralia's shareholders funds; reflected in the fall in Infratil's holding value; was due to a decline in the value of RetireAustralia's investment properties resulting from lower achieved sale prices and a change in valuation methodology.

Other Investments

Infratil Infrastructure Properties (IIP) (Infratil 100%)

Development of its Auckland Wynyard Quarter property was IIP's FY2019 priority, although in addition, $5.2 million was realised from the sale of land in Orewa and there was progress with releasing Wellington's Kilbirnie bus depot site for sale or development.

The Wynyard Quarter is Auckland's most dynamic area of commercial and mixed use development and in 2021 will also host the America's Cup Regatta. Well before then IIP will have commissioned its 154 room Travelodge hotel, 385 car parks and retail/hospitality facilities. Construction on the $66 million project is now at the third of seven floors and is running to timetable and budget for a June 2020 completion. Further stages remain under review subject to tenant commitments.

In Kilbirnie, IIP has arranged an alternative site for NZ Bus' depot which is now awaiting regulatory approvals. Once these are granted construction of the new depot will follow, clearing the way for a sale or development of the existing 2.4 hectare depot site. Kilbirnie is one of the best large residential sites available in Wellington with excellent access to public transport, infrastructure, shops, schools, parks and beach. IIP achieved a zoning plan change previously to allow medium density apartments.

Australian Social Infrastructure Partners

Last year the debt funding of the Queensland schools was extended to match the remaining 21 years of the life of the concession. This is now a low-risk bond-like investment.

Normalisation of the investment into the Royal Adelaide Hospital is still dependent on settlement of disputes between the State government, sub-contractors and capital providers. The parties are working on a resolution and normalisation of the investment is expected for later in 2019.

It is likely that Infratil will seek to exit these investments.

Clearvision Ventures Fund

Over the year Infratil increased its investment in the fund by US$9.8 million to US$19.5 million. The book value of the investment as at 31 March 2019 was NZ$26.8 million.

Infratil's objective with undertaking this investment is to gain hands on experience with early stage businesses in fields relevant to Infratil's core activities, early warnings about technology and other potentially disruptive developments, and to generate a positive return.

An example of Clearvision's investments which fits this description is ChargePoint, the owner of the world's largest network of vehicle recharging stations with clients that include Apple, General Motors, and the cities of San Francisco and New York. In addition to its vehicle recharging facilities, ChargePoint also manages the data collection, electricity purchases and sales, and provides ancillary services.

Businesses Held For Sale

Over the last year Infratil progressed the sale of a number of its businesses. For the main part sale decisions reflected a desire to recycle capital into areas where better outcomes are expected for Infratil's shareholders, but they also recognise that owning many businesses can create an impression of complexity which isn't helpful for transparency and value recognition.

NZ Bus (Infratil 100%)

Infratil has agreed the sale of NZ Bus with Next Capital, subject to regulatory approvals and the approval of NZ Bus' key contract counterparties. This remains on track to close on about 30 June 2019.

On completion of the transaction Infratil expects to receive proceeds of approximately $160–$170 million, after adjustments for working capital, capital expenditure, and an earnout mechanism.

At year end Infratil has impaired the carrying value of the asset by $27.9 million to reflect downside uncertainty.

As with any divestment, there are feelings of both disappointment and pride. In its fourteen years of ownership Infratil oversaw a major upgrade of the NZ Bus fleet and systems. All the people concerned worked very hard to deliver the best possible public transport service within the financial constraints imposed by the regulatory model.

Snapper
(Infratil 100%)

Infratil has agreed the sale of its interest in Snapper for nominal consideration subject to regulatory and key counterpart agreement. Settlement is expected to be in June 2019.

Snapper was established in 2006 to provide electronic public transport ticketing services and a small-value payments tool. Despite working well on NZ Bus services and winning international accolades Snapper struggled for viability because of its scale. When it was established it was estimated that there were about 100 million public transport boardings each year in New Zealand and it was recognised that Snapper would have to be used to pay for a large part of them if it was to become viable. Unfortunately when Auckland transport authorities chose to use tax and rate payer funding to build a competitor it shrank the accessible market to a sub-economic scale.

The new owner of Snapper also operates in the ticketing field and will be able to benefit from Snapper's technology while Snapper will benefit from its owner's scale.

Australian National University Student Accommodation

Infratil has agreed the sale of its economic interest in the ANU student facilities with AMP Capital, subject to the approval of key contract counterparties, with settlement expected to close in May 2019. Net proceeds are expected to be A$162 million.

This investment dates from August 2016 when Infratil acquired a 50% interest in 3,250 student units from ANU. Further construction lifted this to 4,184 units by 31 March 2019, with a further 450 units now under construction. The initial investment was $84.8 million with a further $9.1 million provided as construction funding.

The sale crystallises the value management has created through the relationship built up with the University and from their involvement with the expansion initiatives. It also captures the value of the low risk/return requirements of the incoming investor.

However, the sale also reflects recognition that Infratil's goal of owning a much larger portfolio of student facilities is now unlikely.

Perth Energy Holdings (PEH)
(Infratil 80%)

Infratil is in negotiation with prospective buyers of its interest in PEH with settlement anticipated in FY2020.

The turnaround in PEH profitability is almost complete with the business posting an EBITDAF of $35.9 million for FY2019 driven by the successful execution of a Large Scale Renewable Certificate transaction and material growth in retail margins and volumes. The book value of Infratil's interest in PEH as at 31 March 2019 was $89.3 million with a further exposure through the credit support of $36.8 million of PEH borrowing.

The trajectory of PEH's earnings over the last five years has been quite remarkable. A combination of negative market developments and out-of-the-money contracts saw earnings collapse over 2015-2016 with a subsequent turn around delivered by successful management interventions.

PEH is now well positioned, but the investment is no longer a fit with Infratil's strategic investment parameters.

PEH Earnings Evolution

Year Ended 31 March	2019	2018	2017	2016	2015
EBITDAF	$35.9m	($5.8m)	($14.1m)	($6.4m)	$14.1m
Net pre tax profit	$27.6m	($14.4m)	($24.7m)	($7.7m)	$3.8m

Financial Statements

For the year ended
31 March 2019

Consolidated Statement of Comprehensive Income

	Notes	2019 $Millions	2018 $Millions*
Operating revenue	10	1,333.2	1,200.8
Dividends		2.6	1.2
Total revenue		**1,335.8**	**1,202.0**
Share of earnings of associate companies	6	106.4	31.9
Total income		**1,442.2**	**1,233.9**
Depreciation	13	145.1	135.6
Amortisation of intangibles	14	15.3	15.9
Employee benefits		90.8	87.7
Other operating expenses	11	907.0	687.0
Total operating expenditure		**1,158.2**	**926.2**
Operating surplus before financing, derivatives, realisations and impairments		284.0	307.7
Net gain/(loss) on foreign exchange and derivatives		0.3	34.9
Net realisations, revaluations and (impairments)		0.6	13.8
Interest income		6.8	11.1
Interest expense		155.3	161.6
Net financing expense		148.5	150.5
Net surplus before taxation		**136.4**	**205.9**
Taxation expense	12	72.0	52.7
Net surplus for the year from continuing operations		**64.4**	**153.2**
Net surplus/(loss) from discontinued operations after tax	9	(12.0)	7.3
Net surplus for the year		**52.4**	**160.5**
Net surplus/(loss) attributable to owners of the Company		(19.5)	71.4
Net surplus attributable to non-controlling interest		71.9	89.1
Other comprehensive income, after tax			
Items that will not be reclassified to profit and loss:			
Net change in fair value of property, plant & equipment recognised in equity		(283.6)	36.8
Share of associates other comprehensive income		(11.6)	(3.6)
Fair value movements in relation to the executive share scheme		(0.1)	(0.2)
Income tax effect of the above items		69.8	21.9
Items that may subsequently be reclassified to profit and loss:			
Differences arising on translation of foreign operations		(18.9)	(40.6)
Realisations on disposal of subsidiary, reclassified to profit and loss		-	-
Net change in fair value of equity investments at FVOCI		2.6	3.6
Ineffective portion of hedges taken to profit and loss		-	-
Effective portion of changes in fair value of cash flow hedges		5.9	3.2
Income tax effect of the above items		(3.6)	(2.8)
Total other comprehensive income/(loss) after tax		**(239.5)**	**18.3**
Total comprehensive income/(loss) for the year		**(187.1)**	**178.8**
Total comprehensive income for the year attributable to owners of the Company		(164.3)	67.7
Total comprehensive income for the year attributable to non-controlling interests		(22.8)	108.7
Earnings per share			
Basic and diluted (cents per share)	4	(3.5)	12.7

* Certain amounts have been restated to reflect adjustments relating to notes 9 and 23
The accompanying notes form part of these financial statements.

For the year ended 31 March 2019

Consolidated Statement of Financial Position

	Notes	2019 $Millions	2018 $Millions*
Cash and cash equivalents	20.1	414.3	380.5
Trade and other accounts receivable and prepayments	20.1	248.9	228.3
Derivative financial instruments	20.4	17.8	2.9
Inventories		-	4.2
Income tax receivable		1.2	2.1
Assets held for sale	9	521.8	-
Current assets		**1,204.0**	**618.0**
Trade and other accounts receivable and prepayments		-	2.5
Property, plant and equipment	13	4,201.5	4,722.9
Investment properties		86.5	81.9
Derivative financial instruments	20.4	156.7	107.2
Intangible assets	14	33.5	43.4
Goodwill	15	113.2	117.4
Investments in associates	6	856.5	878.7
Other investments	7	81.2	61.9
Non-current assets		**5,529.1**	**6,015.9**
Total assets		**6,733.1**	**6,633.9**
Accounts payable, accruals and other liabilities		274.5	231.3
Interest bearing loans and borrowings	16	295.3	73.1
Derivative financial instruments	20.4	32.2	27.6
Income tax payable		9.3	23.6
Infrastructure bonds	17	148.9	111.2
Trustpower bonds	18	114.0	-
Wellington International Airport bonds	19	25.0	-
Liabilities directly associated with the assets held for sale	9	146.2	-
Total current liabilities		**1,045.4**	**466.8**
Interest bearing loans and borrowings	16	696.8	855.6
Other liabilities		25.9	5.3
Deferred tax liability	12.3	442.5	505.1
Derivative financial instruments	20.4	85.3	39.0
Infrastructure bonds	17	747.2	652.0
Perpetual Infratil Infrastructure bonds	17	231.5	231.2
Trustpower bonds	18	307.8	322.3
Wellington International Airport bonds and senior notes	19	405.1	421.6
Non-current liabilities		**2,942.1**	**3,032.1**
Attributable to owners of the Company		1,647.1	1,935.6
Non-controlling interest in subsidiaries		1,098.5	1,199.4
Total equity		**2,745.6**	**3,135.0**
Total equity and liabilities		**6,733.1**	**6,633.9**
Net tangible assets per share ($ per share)		2.68	3.17

Approved on behalf of the Board on 16 May 2019

Alison Gerry
Director

Mark Tume
Director

* Certain amounts have been restated to reflect adjustments relating to notes 9 and 23

The accompanying notes form part of these financial statements.

Consolidated Statement of Cash Flows

	Notes	2019 $Millions	2018 $Millions
Cash flows from operating activities			
Cash was provided from:			
Receipts from customers		1,825.6	1,764.4
Distributions received from associates		52.2	38.6
Other dividends		1.8	1.1
Interest received		7.1	11.6
		1,886.7	1,815.7
Cash was disbursed to:			
Payments to suppliers and employees		(1,388.7)	(1,283.3)
Interest paid		(149.3)	(158.7)
Taxation paid		(71.8)	(77.9)
		(1,609.8)	(1,519.9)
Net cash inflow from operating activities	**24**	**276.9**	**295.8**
Cash flows from investing activities			
Cash was provided from:			
Proceeds from sale of associates		-	176.7
Proceeds from sale of subsidiaries (net of cash sold)		-	10.4
Proceeds from sale of property, plant and equipment		12.9	7.5
Proceeds from investment properties		-	-
Proceeds from sale of investments		5.9	237.9
Return of security deposits		-	13.2
		18.8	445.7
Cash was disbursed to:			
Purchase of investments		(69.9)	(76.7)
Lodgement of security deposits		(2.7)	(3.5)
Purchase of intangible assets		(8.3)	(10.0)
Interest capitalised on construction of fixed assets		-	-
Purchase of shares in subsidiaries		(109.3)	-
Purchase of property, plant and equipment		(258.2)	(233.6)
		(448.4)	(323.8)
Net cash inflow/(outflow) from investing activities		**(429.6)**	**121.9**
Cash flows from financing activities			
Cash was provided from:			
Sale of shares in non-wholly owned subsidiary		6.3	-
Proceeds from issue of shares to non-controlling interests		92.6	-
Bank borrowings		346.7	240.7
Issue of bonds		346.2	243.2
		791.8	483.9
Cash was disbursed to:			
Repayment of bank debt		(229.8)	(318.7)
Loan establishment costs		(10.8)	(2.2)
Repayment of bonds/Perpetual Infratil Infrastructure bonds buyback		(111.4)	(289.4)
Infrastructure bond issue expenses		(6.9)	(3.0)
Share buyback		-	(0.8)
Share buyback of non-wholly owned subsidiary		-	(19.4)
Dividends paid to non-controlling shareholders in subsidiary companies		(117.7)	(73.6)
Dividends paid to owners of the Company	3	(95.1)	(89.6)
		(571.7)	(796.7)
Net cash inflow/(outflow) from financing activities		**220.1**	**(312.8)**
Net increase/(decrease) in cash and cash equivalents		67.4	104.9
Foreign exchange gains/(losses) on cash and cash equivalents		(4.0)	6.8
Cash and cash equivalents at beginning of the year		380.5	268.8
Adjustment for cash classified as assets held for sale	9	(29.6)	-
Cash and cash equivalents at end of the year		**414.3**	**380.5**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

	Capital $Millions	Revaluation reserve $Millions	Foreign currency translation reserve $Millions	Other reserves $Millions	Retained earnings $Millions	Total $Millions	Non-controlling $Millions	Total equity $Millions
Balance as at 1 April 2018	361.8	798.2	(42.4)	(0.5)	818.5	1,935.6	1,199.4	3,135.0
Adjustment on initial application of IFRS 15 (net of tax)	-	-	-	-	10.6	10.6	10.2	20.8
Adjusted balance as at 1 April 2018	**361.8**	**798.2**	**(42.4)**	**(0.5)**	**829.1**	**1,946.2**	**1,209.6**	**3,155.8**
Total comprehensive income for the year								
Net surplus for the year	-	-	-	-	(19.5)	(19.5)	71.9	52.4
Disposal of revalued assets	-	0.2	-	-	(0.2)	-	-	-
Other comprehensive income, after tax								
Differences arising on translation of foreign operations	-	-	(21.9)	-	-	(21.9)	0.2	(21.7)
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-	-	-	-	-	-
Net change in fair value of equity investments at FVOCI	-	-	-	2.6	-	2.6	-	2.6
Ineffective portion of hedges taken to profit and loss	-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges	-	-	-	(1.1)	-	(1.1)	6.2	5.1
Fair value movements in relation to the executive share scheme	-	-	-	0.6	-	0.6	-	0.6
Fair value change of property, plant & equipment recognised in equity	-	(113.4)	-	-	-	(113.4)	(101.1)	(214.5)
Share of associates other comprehensive income	-	-	-	-	(11.6)	(11.6)	-	(11.6)
Total other comprehensive income	-	(113.4)	(21.9)	2.1	(11.6)	(144.8)	(94.7)	(239.5)
Total comprehensive income for the year	**-**	**(113.2)**	**(21.9)**	**2.1**	**(31.3)**	**(164.3)**	**(22.8)**	**(187.1)**
Contributions by and distributions to non-controlling interest								
Non-controlling interest arising on acquisition of subsidiary	-	-	-	-	-	-	-	-
Issue of shares to non-controlling interests	-	-	-	-	-	-	92.6	92.6
Issue/(acquisition) of shares held by outside equity interest	-	-	-	(39.7)	-	(39.7)	(63.2)	(102.9)
Total contributions by and distributions to non-controlling interest	-	-	-	(39.7)	-	(39.7)	29.4	(10.3)
Contributions by and distributions to owners								
Share buyback	-	-	-	-	-	-	-	-
Dividends to equity holders	-	-	-	-	(95.1)	(95.1)	(117.7)	(212.8)
Total contributions by and distributions to owners	-	-	-	-	(95.1)	(95.1)	(117.7)	(212.8)
Balance at 31 March 2019	**361.8**	**685.0**	**(64.3)**	**(38.1)**	**702.7**	**1,647.1**	**1,098.5**	**2,745.6**

The accompanying notes form part of these financial statements.

Consolidated Statement of Changes in Equity

	Note	Capital $Millions	Revaluation reserve $Millions	Foreign currency translation reserve $Millions	Other reserves $Millions	Retained earnings $Millions	Total $Millions	Non-controlling $Millions	Total equity $Millions
Balance as at 1 April 2017		364.2	810.1	(0.2)	(4.9)	789.1	1,958.3	1,182.6	3,140.9
Power purchase arrangements restatement	23	-	(23.0)	-	-	23.0	-	-	-
Adjusted balance as at 1 April 2017		**364.2**	**787.1**	**(0.2)**	**(4.9)**	**812.1**	**1,958.3**	**1,182.6**	**3,140.9**
Total comprehensive income for the year									
Net surplus for the year		-	-	-	-	71.4	71.4	89.1	160.5
Other comprehensive income, after tax									
Differences arising on translation of foreign operations		-	(0.8)	(42.2)	-	-	(43.0)	0.4	(42.6)
Realisations on disposal of subsidiary, reclassified to profit and loss		-	-	-	-	-	-	-	-
Net change in fair value of equity investments at FVOCI		-	-	-	3.6	-	3.6	-	3.6
Ineffective portion of hedges taken to profit and loss		-	-	-	-	-	-	-	-
Effective portion of changes in fair value of cash flow hedges		-	-	-	1.0	-	1.0	1.1	2.1
Fair value movements in relation to the executive share scheme		-	-	-	(0.2)	-	(0.2)	-	(0.2)
Fair value change of property, plant & equipment recognised in equity		-	11.9	-	-	27.8	39.7	19.2	58.9
Share of associates other comprehensive income		-	-	-	-	(3.6)	(3.6)	-	(3.6)
Total other comprehensive income		-	11.1	(42.2)	4.4	24.2	(2.5)	20.7	18.2
Total comprehensive income for the year		**-**	**11.1**	**(42.2)**	**4.4**	**95.6**	**68.9**	**109.8**	**178.7**
Contributions by and distributions to non-controlling interest									
Non-controlling interest arising on acquisition of subsidiary		-	-	-	-	-	-	-	-
Issue of shares to non-controlling interests		-	-	-	-	-	-	-	-
Issue/(acquisition) of shares held by outside equity interest		-	-	-	-	0.4	0.4	(19.4)	(19.0)
Total contributions by and distributions to non-controlling interest		-	-	-	-	0.4	0.4	(19.4)	(19.0)
Contributions by and distributions to owners									
Share buyback		(2.4)	-	-	-	-	(2.4)	-	(2.4)
Dividends to equity holders		-	-	-	-	(89.6)	(89.6)	(73.6)	(163.2)
Total contributions by and distributions to owners		(2.4)	-	-	-	(89.6)	(92.0)	(73.6)	(165.6)
Balance at 31 March 2018		**361.8**	**798.2**	**(42.4)**	**(0.5)**	**818.5**	**1,935.6**	**1,199.4**	**3,135.0**

The accompanying notes form part of these financial statements.

Notes to the Financial Statements

1 Accounting policies

A Reporting entity

Infratil Limited ('the Company') is a company domiciled in New Zealand and registered under the Companies Act 1993. The Company is listed on the NZX Main Board ('NZX') and Australian Securities Exchange ('ASX'), and is an FMC Reporting Entity in terms of Part 7 of the Financial Markets Conduct Act 2013.

B Basis of preparation

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ('NZ GAAP') and comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable financial reporting standards as appropriate for profit-oriented entities. The consolidated financial statements comprise the Company, its subsidiaries and associates ('the Group'). The presentation currency used in the preparation of these financial statements is New Zealand dollars, which is also the Group's functional currency, and is presented in $Millions unless otherwise stated. The principal accounting policies adopted in the preparation of these financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated. Comparative figures have been restated where appropriate to ensure consistency with the current period.

The financial statements comprise statements of the following: comprehensive income; financial position; changes in equity; cash flows; significant accounting policies; and the notes to those statements. The financial statements are prepared on the basis of historical cost, except certain property, plant and equipment which is valued in accordance with accounting policy (D), investment property valued in accordance with accounting policy (E), investments valued in accordance with accounting policy (G), and financial derivatives valued in accordance with accounting policy (K).

Accounting estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Future outcomes could differ from those estimates. The principal areas of judgement in preparing these financial statements are set out below.

Valuation of property, plant and equipment and investment properties

The basis of valuation for the Group's property, plant and equipment and investment properties is fair value by independent valuers, or cost. The basis of the valuations include assessment of the net present value of the future earnings of the assets, the depreciated replacement cost, and other market based information, in accordance with asset valuation standards. The major inputs and assumptions that are used in the valuations that require judgement include projections of future revenues, sales volumes, operational and capital expenditure profiles, capacity, life assumptions, terminal values for each asset, the application of discount rates and replacement values. The key inputs and assumptions are reassessed at each balance date between valuations to ensure there has been no significant change that may impact the valuation.

With respect to assets held at cost, judgements must be made about whether costs incurred relate to bringing an asset to its working condition for its intended use, and therefore are appropriate for capitalisation as part of the cost of the asset. The determination of the appropriate life for a particular asset requires judgements about, among other factors, the expected future economic benefits of the asset and the likelihood of obsolescence. Assessing whether an asset is impaired involves estimating the future cash flows that the asset is expected to generate. This will, in turn, involve a number of assumptions, including rates of expected revenue growth or decline, expected future margins, terminal values and the selection of an appropriate discount rate for valuing future cash flows.

Valuation of investments including Associates

Infratil completes an assessment of the carrying value of investments at least annually and considers objective evidence for impairment on each investment, taking into account observable data on the investment, the status or context of markets, its own view of fair value, and its long-term investment intentions. Infratil notes the following matters which are specifically considered in terms of objective evidence of impairment of its investments, and whether there is a significant or prolonged decline from cost, which should be recorded as an impairment, and taken to profit and loss: any known loss events that have occurred since the initial recognition date of the investments, including its investment performance, its long-term investment horizon, specific initiatives which reflect the strategic or influential nature of its existing investment position and internal valuations; and the state of markets. The assessment also requires judgements about the expected future performance and cash flows of the investment.

Accounting for income taxes

Preparation of the financial statements requires estimates of the amount of tax that will ultimately be payable, the availability and recognition of losses to be carried forward and the amount of foreign tax credits that will be received.

Non-current assets and disposal groups held for sale

Classification of non-current assets and disposal groups held for sale requires an assessment as to whether the carrying amount of an asset will be recovered principally through a sale transaction rather than through continuing use, and amongst other assessments whether a sale is considered highly probable. This classification also requires an assessment of the anticipated fair value less costs to sell.

Goodwill

The carrying value of goodwill is subject to an annual impairment test to ensure the carrying value does not exceed the recoverable amount at balance date. For the purpose of impairment testing, goodwill is allocated to the individual cash-generating units to which it relates. Any impairment losses are recognised in the statement of comprehensive income. In determining the recoverable amount of goodwill, fair value is assessed, including the use of valuation models to calculate the present value of expected future cash flows of the cash-generating units, and where available with reference to Listed prices. The major inputs and assumptions requiring judgement that are used in the models, include forecasts of sales volumes and revenues, future prices and costs, terminal values and discount rates.

Derivatives

Certain derivatives are classified as financial assets or financial liabilities at fair value through profit or loss. The key assumptions and risk factors for these derivatives relate to energy price hedges and their valuation. Energy price hedges are valued with reference to financial models of future energy prices or market values for the relevant derivative. Accounting judgements have been made in determining hedge designation for the different types of derivatives employed by the Group to hedge risk exposures. Other derivatives including interest rate instruments and foreign exchange contracts are valued based on market information and prices.

Revenue

Judgement is required to be exercised when determining estimated sales for unbilled revenues at balance date. Specifically, this involves estimates of consumption or sales to customers, turnover for turnover based rents and customer/ passenger volumes.

Provision for doubtful debts

Provisions are maintained for estimated losses incurred from customers being unable to make required payments. These provisions take into account known commercial factors impacting specific customer accounts, as well as the overall profile of the debtor portfolio. In assessing the provision, factors such as past collection history, the age of receivable balances, the level of activity in customer accounts, as well as general macro-economic trends, are also taken into account.

C Basis of preparing consolidated financial statements

Principles of consolidation

The consolidated financial statements are prepared by combining the financial statements of all the entities that comprise the consolidated entity. A list of significant subsidiaries and associates is shown in Note 8. Consistent accounting policies are employed in the preparation and presentation of the Group financial statements.

D Property, plant and equipment

Property, plant and equipment ('PPE') is recorded at cost less accumulated depreciation and accumulated impairment losses (or fair value on acquisition), or at valuation, with valuations undertaken on a systematic basis. No individual asset is included at a valuation undertaken more than five years previously. PPE that is revalued, is revalued to its fair value determined by an independent valuer or by the Directors with reference to independent experts, in accordance with NZ IAS 16 Property, Plant and Equipment. Where the assets are of a specialised nature and do not have observable market values in their existing use, depreciated replacement cost is used as the basis of the valuation. Depreciated replacement cost measures net current value as the most efficient, lowest cost which would replace existing assets and offer the same amount of utility in their present use. For non-specialised assets where there is no observable market an income based approach is used.

Land, buildings, leasehold improvements and civil works are measured at fair value or cost.

Renewable and non-renewable generation assets are shown at fair value, based on periodic valuations by independent external valuers or by Directors with reference to independent experts, less subsequent depreciation.

Depreciation is provided on a straight line basis and the major depreciation periods (in years) are:

Buildings and civil works	5-80
Vehicles, plant and equipment	3-20
Renewable generation	12-200
Non-renewable generation assets	30-40
Metering equipment	6-20
Land	not depreciated
Capital work in progress	not depreciated until asset in use

E Investment property

Investment property is property held to earn rental income. Investment property is measured at fair value with any change therein recognised in profit or loss. Property that is being constructed for future use as investment property is measured at fair value and classified as investment property.

F Receivables

Receivables, classified as loans and receivables, are initially recognised at fair value and subsequently measured at amortised cost, less any provision for impairment. A provision for impairment is established when there is objective evidence that the Group will not be able to collect the amount due.

G Investments

Equity investments designated at Fair Value Through Other Comprehensive Income, are stated at fair value, with any resulting gain or loss recognised in other comprehensive income, except for dividends. Unlike NZ IAS 39, the accumulated fair value reserve related to these investments will never be reclassified to profit or loss. The fair value of shares are quoted bid price where there is a quoted market bid price, or cost if fair value cannot be reliably measured. Equity instruments are deemed to be impaired when there is a significant or prolonged decline in fair value below the original purchase price or there is other objective evidence that the investment is impaired. Investments classified as Financial Assets at Fair Value Through Profit or Loss, are stated at fair value, with any resulting gain or loss recognised in profit or loss.

H Other intangible assets

Intangible customer base assets

Costs incurred in acquiring customers are recorded based on the directly attributable costs of obtaining the customer contract and are amortised on a straight line basis over the period of the expected benefit. This period has been assessed as between 12 years and 20 years depending on the nature of the customer and term of the contract. The carrying value is reviewed for any indication of impairment on an annual basis and adjusted where it is considered necessary.

Computer software

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over three years on a straight line basis except for major pieces of billing system software which are amortised over no more than seven years on a straight line basis.

I Non-current assets and disposal groups held for sale

Non-current assets and disposal groups classified as held for sale are measured at the lower of carrying amount or fair value less costs to sell. Non-current assets and disposal groups are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition and the sale of the asset (or disposal group) is expected to be completed within one year from the date of classification.

J Taxation

Income tax comprises both current and deferred tax. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the balance date, and any adjustment to tax payable in respect of previous years. Deferred tax is recognised in respect of the differences between the carrying amounts of assets and liabilities for financial reporting purposes and the carrying amounts used for taxation purposes.

The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the balance sheet date. A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised, or there are deferred tax liabilities to offset it.

K Derivative financial instruments

When appropriate, the Group enters into agreements to manage its interest rate, foreign exchange, operating and investment risks.

In accordance with the Group's risk management policies, the Group does not hold or issue derivative financial instruments for speculative purposes. However, certain derivatives do not qualify for hedge accounting and are required to be accounted for at fair value through profit or loss. Derivative financial instruments are recognised initially at fair value at the date they are entered into. Subsequent to initial recognition, derivative financial instruments are stated at fair value at each balance sheet date. The resulting gain or loss is recognised in the profit or loss immediately unless the derivative is designated effective as a hedging instrument, in which event, recognition of any resultant gain or loss depends on the nature of the hedging relationship. The Group identifies certain derivatives as hedges of highly probable forecast transactions to the extent the hedge meets the hedge designation tests.

Hedge accounting

The Group designates certain hedging instruments as either cash flow hedges or hedges of net investments in equity. At the inception of the hedge relationship the Group documents the relationship between the hedging instrument and hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an on-going basis, the Group documents whether the hedging instrument that is used in the hedging relationship is highly effective in offsetting changes in fair values or cash flows of the hedged item.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges are recognised in other comprehensive income and presented in equity. The gain or loss relating to the ineffective portion is recognised in profit or loss. Amounts presented in equity are recognised in profit or loss in the periods when the hedged item is recognised in profit or loss.

Hedge accounting is discontinued when the Group revokes the hedging relationship, the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. Any cumulative gain or loss recognised in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the cumulative gain or loss that was recognised in equity is recognised in profit or loss.

Foreign currency differences arising on the retranslation of a financial liability designated as a hedge of a net investment in a foreign operation are recognised directly in equity, in the foreign currency translation reserve, to the extent that the hedge is effective. To the extent that the hedge is ineffective, such differences are recognised in profit or loss. When the hedged net investment is disposed of, the cumulative amount in equity is transferred to profit or loss as an adjustment to the profit or loss on disposal.

L Foreign currency transactions

Transactions in foreign currencies are translated to the respective functional currencies of Group entities at exchange rates at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate at that date. The foreign currency gain or loss on monetary items is the difference between amortised cost in the functional currency at the beginning of the period, adjusted for interest and payments during the period, and the amortised cost in foreign currency translated at the exchange rate at the end of the period. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on translation are recognised in profit or loss, except for differences arising on the translation of the net investment in a foreign operation.

Foreign operations

The assets and liabilities of foreign operations including goodwill and fair value adjustments arising on acquisition, are translated to New Zealand dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to New Zealand dollars at the average rate for the reporting period.

M Impairment of assets

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where the asset does not generate cash flows that are independent from other assets, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Goodwill, intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment annually and whenever there is an indication that the asset may be impaired.

N Revenue recognition

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over a good or service to a customer.

Interest revenues are recognised as accrued, taking into account the effective yield of the financial asset. Revenue from services is recognised in the profit or loss over the period of service. Dividend income is recognised when the right to receive the payment is established.

O Borrowings

Borrowings are recorded initially at fair value, net of transaction costs. Subsequent to initial recognition, borrowings are measured at amortised cost with any difference between the initial recognised amount and the redemption value being recognised in profit or loss over the period of the borrowing using the effective interest rate. Bond and bank debt issue expenses, fees and other costs incurred in arranging finance are capitalised and amortised over the term of the relevant debt instrument or debt facility.

P Discontinued operations

Classification as a discontinued operation occurs on disposal, or when the operation meets the criteria to be classified as a non-current asset or disposal group held for sale (see note (I)), if earlier. When an operation is classified as a discontinued operation, the comparative statement of comprehensive income is re-presented as if the operation had been discontinued from the start of the comparative year.

Q Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the Group's Board of Directors to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

The Group is organised into seven main business segments, Trustpower, Tilt Renewables, Wellington International Airport, NZ Bus, Perth Energy, Associate Companies and Other. Other comprises investment activity not included in the specific categories.

R Changes in accounting policies

The Group has adopted NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers from 1 April 2018.

NZ IFRS 9 Financial Instruments

NZ IFRS 9 includes revised guidance on the classification and measurement of financial instruments, a new expected credit loss model for calculating impairment on financial assets, and new general hedge accounting requirements. It also carries forward the guidance on recognition and derecognition of financial instruments from NZ IAS 39 Financial Instruments: Recognition and Measurement, which NZ IFRS 9 replaces. The adoption of this accounting standard has not had a material impact on the financial statements.

NZ IFRS 15 Revenue from Contracts with Customers

NZ IFRS 15 establishes a comprehensive framework for determining whether, how much and when revenue is recognised. It replaces existing revenue recognition guidance, including NZ IAS 18 Revenue, NZ IAS 11 Construction Contracts and IFRIC 13 Customer Loyalty Programmes.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with the effect of initially applying this standard recognised at the date of initial application (1 April 2018). Accordingly, the information presented for the comparative period has not been restated – i.e. it is presented, as previously reported, under NZ IAS 18, NZ IAS 11 and related interpretations.

The main effect of adopting this standard is a change to Trustpower's accounting policy relating to the treatment of incremental costs directly incurred acquiring new customers and retaining existing customers. Trustpower's previous policy was to expense these costs immediately in the period in which they occurred. The new policy will see costs that directly benefit the customer amortised over the period of the fixed term contract (which averages approximately two years). All other costs are amortised on a straight line basis over the expected average customer tenure of four years.

The following table summarises the impact of adopting NZ IFRS 15 on the Group's statement of financial position as at 1 April 2018. There was no material impact on the statement of comprehensive income and the statement of cash flows for the year ended 31 March 2019.

Consolidated statement of financial position effect

	As reported at 31 March 2018 $Millions	Adjustment $Millions	Amounts with adoption of NZ IFRS 15 $Millions
Retained Earnings	818.5	10.6	829.1
Non-controlling interest	1,199.4	10.2	1,209.6
Trade and other accounts receivable and prepayments	228.3	28.9	257.2
Deferred tax liability	505.1	8.1	513.2

S Adoption status of relevant new financial reporting standards and interpretations

The following new standards, amendments to standards and interpretations are issued but not yet effective and have not been applied in preparation of these consolidated financial statements.

NZ IFRS 16 Leases

NZ IFRS 16 Leases, removes the classification of leases as either operating leases or finance leases – for the lessee – effectively treating all leases as finance leases. Lessor accounting remains similar to current practice – i.e. lessors continue to classify leases as finance and operating. The standard is effective for annual reporting periods beginning on or after 1 January 2019.

The impact of the standard has the effect of taking the current leases that the Group is committed to and recognising leased assets and liabilities in the balance sheet. As disclosed in Note 21, as at 31 March 2019 the Group has commitments of $103.2 million classified as operating leases relating to the lease of premises and the hire of plant and equipment. The actual impact of adopting the standard will differ to this commitment. The Group has not yet finalised its assessment of NZ IFRS 16.

2 Nature of business

The Group owns and operates infrastructure and utility businesses and investments in New Zealand, Australia and the United States. The Company is a limited liability company incorporated and domiciled in New Zealand. The address of its registered office is 5 Market Lane, Wellington, New Zealand.

More information on the individual businesses is contained in Note 5 (Operating segments) and Note 6 (Investments in associates) including the relative contributions to total revenue and expenses of the Group.

3 Infratil shares and dividends

Ordinary shares (fully paid)

	2019	2018
Total issued capital at the beginning of the year	559,278,166	560,053,166
Movements in issued and fully paid ordinary shares during the year:		
Share buyback	-	(775,000)
Total issued capital at the end of the year	**559,278,166**	**559,278,166**

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. At 31 March 2019 the Group held 775,000 shares as Treasury Stock (31 March 2018: 775,000).

Dividends paid on ordinary shares

	2019 Cents per share	2018 Cents per share	2019 $Millions	2018 $Millions
Final dividend prior year	10.75	10.00	60.1	56.0
Interim dividend current year	6.25	6.00	35.0	33.6
Dividends paid on ordinary shares	17.00	16.00	95.1	89.6

4 Earnings per share

	2019 $Millions	2018 $Millions
Net surplus attributable to ordinary shareholders	(19.5)	71.4
Basic earnings per share (cps)	(3.5)	12.7
Weighted average number of ordinary shares		
Issued ordinary shares at 1 April	559.3	560.1
Effect of new shares issued under Executive Share Scheme	-	-
Effect of shares issued through dividend reinvestment plan	-	-
Effect of shares bought back	-	-
Weighted average number of ordinary shares at end of year	**559.3**	**560.1**

5 Operating segments

Reportable segments of the Group are analysed by significant businesses. The Group has seven reportable segments, as described below:

Trustpower and Tilt Renewables are renewable generation investments, Wellington International Airport is an airport investment, NZ Bus is a transportation investment and Perth Energy is a non-renewable generation investment in Western Australia. Associates comprises Infratil's investments that aren't consolidated for financial reporting purposes including Canberra Data Centres, RetireAustralia, ANU Student Accommodation and Longroad Energy. Further information on these investments is outlined in Note 6. The Group's investments in NZ Bus, Perth Energy, ANU Student Accommodation and Snapper were classified as Held for Sale and treated as Discontinued Operations as at 31 March 2019. Further information on these investments is outlined in Note 9. All other segments and corporate includes predominately the activities of the Parent Company. The group has no significant reliance on any one customer.

	Trustpower New Zealand $Millions	Tilt Renewables Australasia $Millions	Wellington International Airport New Zealand $Millions	NZ Bus New Zealand $Millions	Perth Energy Australia $Millions	Associates $Millions	All other segments and corporate New Zealand $Millions	Eliminations and discontinued operations $Millions	Total from continuing operations $Millions
For the year ended 31 March 2019									
Segment revenue	1,030.1	207.1	137.9	184.2	269.9	-	158.6	(461.3)	1,526.5
Share of earnings of associate companies	-	-	-	-	-	119.2	-	(12.8)	106.4
Inter-segment revenue	-	-	-	-	-	-	(147.8)	(42.9)	(190.7)
Segment revenue - external	1,030.1	207.1	137.9	184.2	269.9	119.2	10.8	(517.0)	1,442.2
Operating expenses (excluding depreciation and amortisation)	(807.9)	(62.7)	(36.5)	(166.8)	(234.0)	-	(142.4)	452.5	(997.8)
Interest income	1.4	1.4	0.3	-	0.2	-	13.3	(9.8)	6.8
Interest expense	(29.6)	(33.6)	(19.7)	(7.1)	(7.6)	-	(73.3)	15.6	(155.3)
Depreciation and amortisation	(47.2)	(89.5)	(23.7)	(21.1)	(6.0)	-	(0.6)	27.7	(160.4)
Net gain/(loss) on foreign exchange and derivatives	(5.8)	(2.1)	1.2	-	-	-	7.0	-	0.3
Net realisations, revaluations and (impairments)	(10.9)	-	4.8	(29.2)	-	-	3.5	32.4	0.6
Taxation expense	(37.5)	(7.4)	(0.2)	4.2	(12.1)	-	(30.3)	11.3	(72.0)
Segment profit/(loss)	92.6	13.2	64.1	(35.8)	10.4	119.2	(212.0)	12.7	64.4
Investments in associates	-	-	-	-	-	964.7	-	(108.2)	856.5
Total non-current assets (excluding derivatives and deferred tax)	2,070.7	1,114.7	1,213.6	174.8	107.7	964.7	117.1	(390.9)	5,372.4
Total assets	2,314.5	1,601.0	1,260.5	200.0	211.3	964.7	181.1	-	6,733.1
Total liabilities	965.5	915.8	656.9	29.7	110.5	-	1,309.1	-	3,987.5
Capital expenditure and investments	27.7	127.1	72.1	45.9	0.4	139.0	27.8	(55.6)	384.4

	Trustpower New Zealand $Millions	Tilt Renewables Australasia $Millions	Wellington International Airport New Zealand $Millions	NZ Bus New Zealand $Millions	Perth Energy Australia $Millions	Associates $Millions	All other segments and corporate New Zealand $Millions	Eliminations and discontinued operations $Millions	Total from continuing operations $Millions
For the year ended 31 March 2018									
Segment revenue	979.4	171.0	128.6	218.7	306.7	-	112.9	(565.3)	1,352.0
Share of earnings of associate companies	-	-	-	-	-	46.3	-	(14.4)	31.9
Inter-segment revenue	-	-	-	-	-	-	(104.7)	(45.3)	(150.0)
Segment revenue - external	979.4	171.0	128.6	218.7	306.7	46.3	8.2	(625.0)	1,233.9
Operating expenses (excluding depreciation and amortisation)	(709.6)	(58.7)	(33.2)	(185.3)	(312.5)	-	(32.3)	556.9	(774.7)
Interest income	1.6	1.2	0.9	0.1	0.3	-	14.1	(7.1)	11.1
Interest expense	(35.8)	(33.0)	(19.3)	(5.7)	(7.5)	-	(75.7)	15.4	(161.6)
Depreciation and amortisation	(46.7)	(83.6)	(23.6)	(32.9)	(5.7)	-	(0.4)	41.4	(151.5)
Net gain/(loss) on foreign exchange and derivatives	(3.1)	28.4	1.9	-	-	-	7.3	0.4	34.9
Net realisations, revaluations and (impairments)	(5.1)	-	11.5	(1.2)	-	-	7.3	1.3	13.8
Taxation expense	(51.4)	(7.1)	(4.2)	3.1	(3.1)	-	0.8	9.2	(52.7)
Segment profit/(loss)	129.3	18.2	62.6	(3.2)	(21.8)	46.3	(70.7)	(7.5)	153.2
Investments in associates (including those held for sale)	-	-	-	-	-	878.7	-	-	878.7
Total non-current assets (excluding derivatives and deferred tax)	2,255.2	1,244.8	1,146.1	182.2	107.7	878.7	94.0	-	5,908.7
Total assets	2,401.2	1,436.4	1,187.0	196.2	157.9	878.7	376.5	-	6,633.9
Total liabilities	887.1	894.8	601.7	41.6	80.8	-	992.9	-	3,498.9
Capital expenditure and investments	27.9	90.5	85.1	19.1	1.1	85.4	9.7	(23.7)	295.1

Entity wide disclosure – geographical

The Group operates in two principal areas, New Zealand and Australia, as well as having certain investments in the United States. The Group's geographical segments are based on the location of both customers and assets.

	New Zealand $Millions	Australia $Millions	United States $Millions	Eliminations and discontinued operations $Millions	Total from continuing operations $Millions
For the year ended 31 March 2019					
Segment revenue	1,555.8	432.0	-	(461.3)	1,526.5
Share of earnings of associate companies	-	72.7	46.5	(12.8)	106.4
Inter-segment revenue	(147.8)	-	-	(42.9)	(190.7)
Segment revenue – external	1,408.0	504.7	46.5	(517.0)	1,442.2
Operating expenses (excluding depreciation and amortisation)	(1,214.4)	(235.9)	-	452.5	(997.8)
Interest income	15.1	1.5	-	(9.8)	6.8
Interest expense	(135.2)	(35.7)	-	15.6	(155.3)
Depreciation and amortisation	(116.0)	(72.1)	-	27.7	(160.4)
Net gain/(loss) on foreign exchange and derivatives	0.8	(0.5)	-	-	0.3
Net realisations, revaluations and (impairments)	(31.8)	-	-	32.4	0.6
Taxation expense	(62.8)	(20.5)	-	11.3	(72.0)
Segment profit/(loss)	(136.3)	141.5	46.5	12.7	64.4
Investments in associates	-	953.9	10.8	(108.2)	856.5
Total non-current assets (excluding derivatives and deferred tax)	3,763.1	1,962.6	37.6	(390.9)	5,372.4
Total assets	4,173.2	2,522.3	37.6	-	6,733.1
Total liabilities	3,115.2	872.2	-	-	3,987.4
Capital expenditure and investments	161.9	176.6	101.5	(55.6)	384.4
For the year ended 31 March 2018					
Segment revenue	1,446.3	471.0	-	(565.3)	1,352.0
Share of earnings of associate companies	-	66.0	(19.7)	(14.4)	31.9
Inter-segment revenue	(104.7)	-	-	(45.3)	(150.0)
Segment revenue – external	1,341.6	537.0	(19.7)	(625.0)	1,233.9
Operating expenses (excluding depreciation and amortisation)	(1,015.6)	(316.0)	-	556.9	(774.7)
Interest income	16.5	1.7	-	(7.1)	11.1
Interest expense	(139.2)	(37.8)	-	15.4	(161.6)
Depreciation and amortisation	(125.6)	(67.3)	-	41.4	(151.5)
Net gain/(loss) on foreign exchange and derivatives	5.1	29.4	-	0.4	34.9
Net realisations, revaluations and (impairments)	12.2	0.3	-	1.3	13.8
Taxation expense	(42.0)	(19.9)	-	9.2	(52.7)
Segment profit/(loss)	53.0	127.4	(19.7)	(7.5)	153.2
Investments in associates (including those held for sale)	0.3	868.3	10.1	-	878.7
Total non-current assets (excluding derivatives and deferred tax)	3,721.2	2,165.0	22.5	-	5,908.7
Total assets	4,267.8	2,343.6	22.5	-	6,633.9
Total liabilities	2,648.6	850.3	-	-	3,498.9
Capital expenditure and investments	143.8	144.4	30.6	(23.7)	295.1

6 Investments in associates

	Note	2019 $Millions	2018 $Millions
Investments in associates are as follows:			
Canberra Data Centres	6.1	555.3	453.2
RetireAustralia	6.2	290.4	319.0
ANU Student Accommodation	9.1	-	96.1
Longroad Energy	6.3	10.8	10.1
Mana Coach Holdings		-	0.3
Investments in associates		**856.5**	**878.7**

	Note	2019 $Millions	2018 $Millions
Equity accounted earnings of associates are as follows:			
Canberra Data Centres	6.1	83.9	56.1
RetireAustralia	6.2	(23.9)	(4.5)
Longroad Energy	6.3	46.4	(19.7)
Share of earnings of associate companies		**106.4**	**31.9**

6.1 Canberra Data Centres

On 14 September 2016 the Group completed the acquisition of 48.13% of Canberra Data Centres ('CDC'), with consortium partner the Commonwealth Superannuation Corporation acquiring 48.13% and CDC Executives 3.74%. CDC operates 67MW (2018: 39MW) of installed capacity across 3 accredited and connected Data Centre campuses in Canberra & Sydney. These facilities provide highly secure outsourced co-location Data Centre services to Australian Government entities and third party service providers. Infratil's current shareholding is 48.22% (2018: 48.22%).

Movement in the carrying amount of the Group's investment in Canberra Data Centres:	2019 $Millions	2018 $Millions
Carrying value at 1 April	453.2	426.3
Acquisition of shares	31.7	0.9
Capitalised transaction costs	-	-
Shareholder loan	11.0	-
Total capital contributions during the year	42.7	0.9
Interest on shareholder loan (including accruals)	14.5	14.0
Share of associate's surplus/(loss) before income tax	108.6	52.7
Share of associate's income tax (expense)	(39.2)	(10.6)
Total share of associate's earnings during the year	83.9	56.1
Share of associate's other comprehensive income	-	-
less: shareholder loan repayments including interest	(12.6)	(17.8)
Foreign exchange movements recognised in other comprehensive income	(11.9)	(12.3)
Carrying value of investment in associate	555.3	453.2

Summary financial information:	2019 A$Millions	2018 A$Millions
Summary information for CDC is not adjusted for the percentage ownership held by the Group:		
Current assets	35.0	39.0
Non-current assets	1,799.4	1,248.0
Total assets	1,834.4	1,287.0
Current liabilities	20.5	21.2
Non-current liabilities	1,039.9	688.4
Total liabilities	1,060.4	709.6
Revenues	115.5	88.9
Net surplus/(loss) after tax	137.5	60.6

CDC's functional currency is Australian Dollars (A$) and the summary financial information shown is presented in this currency.

6.2 RetireAustralia

On 31 December 2014, the Group acquired a 50% shareholding of RetireAustralia, with consortium partner the New Zealand Superannuation Fund acquiring the other 50%. RetireAustralia operates 27 retirement villages across three states in Australia – New South Wales, Queensland and South Australia. Infratil's current shareholding is 50% (2018: 50%).

Movement in the carrying amount of the Group's investment in RetireAustralia:	2019 $Millions	2018 $Millions
Carrying value at 1 April	319.0	278.2
Acquisition of shares	-	53.9
Total capital contributions during the year	-	53.9
Share of associate's surplus/(loss) before income tax	(23.9)	5.2
Share of associate's income tax (expense)	-	(9.7)
Total share of associate's earnings during the year	(23.9)	(4.5)
Share of associate's other comprehensive income	-	-
less: distributions received	-	-
Foreign exchange movements recognised in other comprehensive income	(4.7)	(8.6)
Carrying value of investment in associate	290.4	319.0

Summary financial information:	2019 A$Millions	2018 A$Millions
Summary information for RetireAustralia is not adjusted for the percentage ownership held by the Group		
Current assets	191.1	180.8
Non-current assets	2,319.6	2,310.6
Total assets	2,510.7	2,491.4
Current liabilities	1,746.0	1,727.9
Non-current liabilities	210.8	164.9
Total liabilities	1,956.8	1,892.8
Revenues	74.6	82.0
Net surplus/(loss) after tax	(44.5)	(8.3)
Total other comprehensive income	-	-

RetireAustralia's functional currency is Australian Dollars (A$) and the summary financial information shown is presented in this currency.

RetireAustralia's net current asset deficiency has primarily arisen due to the requirement under Accounting Standards to classify resident obligations as current liabilities as there is no unconditional contractual right to defer settlement for at least twelve months of balance date (residents may give notice of their intention to vacate their unit with immediate effect). In contrast, the corresponding assets are classified as non-current under Accounting Standards.

6.3 Longroad Energy

On 5 October 2016 Infratil announced an initial (45%) investment in Longroad Energy Holdings, LLC ('Longroad Energy'), a recently formed renewable energy development and operating vehicle headquartered in Boston, Massachusetts. Longroad's focus is primarily in the development of utility-scale wind and solar generation throughout North America. The other establishment partners were the New Zealand Superannuation Fund (45%) and the Longroad management team (10%). Infratil's current shareholding is 40% (2018: 45%).

Movement in the carrying amount of investment in Longroad Energy:	2019 $Millions	2018 $Millions
Carrying value at 1 April	10.1	33.2
Capital contributions	19.8	27.5
Shareholder loan	0.4	3.1
Mezzanine debt drawdowns	67.0	-
Total capital contributions during the year	87.2	30.6
Interest on shareholder loan (including accruals)	-	0.3
Interest on mezzanine debt (including accruals)	4.6	-
Share of associate's surplus/(loss) before income tax	41.8	(20.0)
Share of associate's income tax (expense)	-	-
Total share of associate's earnings during the year	46.4	(19.7)
Share of associate's other comprehensive income	(12.0)	(3.6)
less: distributions received	(32.7)	(13.7)
less: capital returned	(16.5)	(11.7)
less: shareholder loan repayments including interest	(1.6)	(3.5)
less: mezzanine debt repayments including interest	(71.6)	-
Foreign exchange movements recognised in other comprehensive income	1.5	(1.5)
Carrying value of investment in associate	10.8	10.1

Summary financial information:	31 December 2018 US$Millions	31 December 2017 US$Millions
Summary information for Longroad Energy is not adjusted for the percentage ownership held by the Group		
Current assets	282.2	91.4
Non-current assets	572.7	549.0
Total assets	854.9	640.4
Current liabilities	290.1	35.0
Non-current liabilities	533.8	531.7
Total liabilities	823.9	566.7
Revenues	93.4	18.1
Net surplus/(loss) after tax	59.5	(22.6)
Total other comprehensive income	58.4	-

The summary information provided is taken from the most recent audited annual financial statements of Longroad Energy Holdings, LLC which have a balance date of 31 December and are reported as at that date. Longroad's functional currency is United States Dollars (US$) and the summary financial information shown is presented in this currency.

Letter of credit facility

Longroad has obtained an uncommitted secured letter of credit facility of up to US$150 million from HSBC Bank. Letters of credit under the Facility have been issued to beneficiaries to support the development and continued operations of Longroad. Infratil has provided shareholder backing of the Longroad Letter of Credit facility, specifically, Infratil (and the New Zealand Superannuation Fund) have collectively agreed to meet up to US$150m of capital calls (i.e. subscribe for additional units) equal to Longroad's reimbursement obligation in the event that a Letter of Credit is called and Longroad cannot fund the call, taking into account immediately available working capital. As at 31 March 2019, USD $115.3 million (31 March 2018: USD $97.0 million) in Letters of Credit have been issued under the Longroad Letter of Credit facility.

7 Other investments

	2019 $Millions	2018 $Millions
Australian Social Infrastructure Partners	45.4	40.7
Clearvision Ventures (previously named Envision Ventures)	26.8	12.4
Other	9.0	8.8
Other investments	**81.2**	**61.9**

Australian Social Infrastructure Partners

Infratil has made a commitment of A$100 million to pursue greenfield availability based public-private partnership ('PPP') opportunities in Australia via Australian Social Infrastructure Partners ('ASIP'). ASIP has currently invested in 9.95% and 49.0% respectively of the equity in the New Royal Adelaide Hospital PPP and the South East Queensland Schools PPP. As at 31 March 2019 Infratil has made total contributions of A$30.5 million (31 March 2018: A$30.2 million), with the remaining A$69.5 million commitment uncalled at that date.

Clearvision Ventures (previously named Envision Ventures)

In February 2016 Infratil made a commitment of US$25 million to the California based Envision Ventures Fund 2. The strategic objective is to help Infratil's businesses identify and engage with technology changes that will impact their activities. As at 31 March 2019 Infratil has made total contributions of US$19.5 million (31 March 2018: US$9.8 million), with the remaining US$5.5 million commitment uncalled at that date. During the year the name of the investing entity, Envision Ventures Fund 2 LP was renamed Clearvision Ventures Ecosystem Fund LP.

8 Investment in subsidiaries and associates

The significant companies of the Infratil Group and their activities are shown below. The financial year end of all the significant subsidiaries and associates is 31 March with exceptions noted.

	2019 Holding	2018 Holding	Principal Activity
Subsidiaries			
New Zealand			
Infratil Finance Limited	100%	100%	Finance
Infratil Infrastructure Property Limited	100%	100%	Property
New Lynn Central Limited Partnership *(30 June year end)*	-	58.0%	Property
New Zealand Bus Limited	100%	100%	Public transport
Snapper Services Limited	100%	100%	Technology
Swift Transport Limited	100%	100%	Investment
Tilt Renewables Limited	65.3%	51.0%	Electricity generation
Trustpower Limited	51.0%	51.0%	Electricity generation and utility retailer
Wellington International Airport Limited	66.0%	66.0%	Airport
Australia			
Perth Energy Pty Limited	80.0%	80.0%	Electricity retailer
Western Energy Pty Limited	80.0%	80.0%	Electricity generation
Associates			
New Zealand			
Mana Coach Holdings Limited	-	26.0%	Public transport
Australia			
CDC Group Holdings Pty Ltd	48.2%	48.2%	Data Centre
Cullinan Holding Trust	50.0%	50.0%	Purpose Built Student Accommodation
RA (Holdings) 2014 Pty Limited	50.0%	50.0%	Retirement Living
United States			
Longroad Energy Holdings, LLC *(31 December year end)*	40.0%	45.0%	Renewable Energy Development
Montgomery Street Holdings, LLC *(31 December year end)*	28.0%	-	Renewable Energy Generation

9 Discontinued operations

Summary of results of discontinued operations	Note	2019 $Millions	2018 $Millions
ANU Student Accommodation	9.1	12.7	14.4
NZ Bus	9.2	(30.8)	0.7
Perth Energy	9.3	14.2	(18.7)
Snapper		(8.1)	(4.5)
GSP Energy Pty Ltd	9.4	-	15.4
Net surplus from discontinued operations after tax		**(12.0)**	**7.3**

9.1 ANU Student Accommodation

On 1 April 2019 Infratil announced a conditional sale of its 50% interest in the Australian National University's PBSA concession to funds controlled by AMP Capital. On completion of the transaction Infratil expects to receive cash proceeds of approximately A$162 million, with final proceeds adjusted for normal working capital. Entities are required to measure non-current assets that are held for sale at the lower of their carrying amount and fair value less costs to sell. As at 31 March 2019 the forecast cash proceeds from the sale are higher than the carrying value and therefore no adjustment has been made to the carrying value of Infratil's investment.

	2019 $Millions	2018 $Millions
Carrying value at 1 April	96.1	91.2
Acquisition of shares	4.1	-
Capitalised transaction costs	-	-
Shareholder loan	5.0	-
Total capital contributions during the year	9.1	-
Interest on shareholder loan (including accruals)	3.8	3.5
Share of associate's surplus/(loss) before income tax	8.9	10.9
Share of associate's income tax (expense)	-	-
Total share of associate's earnings during the year	12.7	14.4
less: distributions received	(5.2)	(4.3)
less: shareholder loan repayments including interest	(1.7)	(2.5)
Foreign exchange movements recognised in other comprehensive income	(2.8)	(2.7)
Carrying value of investment in associate	108.2	96.1
Net surplus from discontinued operation after tax	12.7	14.4
Basic and diluted earnings per share (cents per share)	2.3	2.6
The profit from the discontinued operation is attributable entirely to the owners of the Company.		
Cash flows from/(used in) discontinued operation		
Net cash from operating activities	6.9	6.8
Net cash used in investing activities	(9.1)	-
Net cash used in financing activities	-	-
Net cash flows for the year	(2.2)	6.8

The effect of the reclassification of the disposal group on the financial position of the Group is to transfer the carrying value of the investment in associate to assets held for sale.

There was $2.4 million of cumulative losses recognised in other comprehensive income relating to the Group's investment in ANU Student Accommodation at 31 March 2019 (31 March 2018: $2.7 million of cumulative losses).

9.2 NZ Bus

On 27 December 2018 Infratil announced a conditional sale of its 100% interest in NZ Bus to funds controlled by Next Capital. On completion of the transaction Infratil expects to receive proceeds of approximately $160 - 170 million, after adjustments for normal working capital, capital expenditure, net debt, and an earnout mechanism. Proceeds will also include the provision of a vendor loan of between $20 and $30 million repayable within 5.5 years of completion. Entities are required to measure non-current assets that are held for sale at the lower of their carrying amount and fair value less costs to sell. As at 31 March 2019 the forecast cash proceeds from the sale are expected to be lower than the carrying value and therefore an adjustment has been made to the carrying value of Infratil's investment.

	2019 $Millions	2018 $Millions
Results of discontinued operation		
Revenue	184.2	218.7
Operating expenses	166.8	185.3
Results from operating activities	17.4	33.4
Depreciation & amortisation of intangibles	(21.1)	(32.9)
Net realisations, revaluations, (impairments)	(29.2)	(1.2)
Net financing expense	(0.2)	(0.2)
Net surplus/(loss) before tax	(33.1)	(0.9)
Taxation (expense)/credit	2.3	1.6
Net surplus/(loss) after tax	(30.8)	0.7
Net surplus/(loss) from discontinued operation after tax	(30.8)	0.7
Basic and diluted earnings per share (cents per share)	(5.5)	0.1
The loss from the discontinued operation is attributable entirely to the owners of the Company.		
Cash flows from/(used in) discontinued operation		
Net cash from/(used in) operating activities	2.6	33.2
Net cash from/(used in) investing activities	2.8	4.4
Net cash from/(used in) financing activities	-	-
Net cash flows for the year	5.4	37.6
Effect of reclassification of the disposal group on the financial position of the Group		
Cash and cash equivalents	(3.7)	
Trade, accounts receivable and prepayments	(16.2)	
Inventories	(1.2)	
Property, plant and equipment	(174.4)	
Intangible assets	(0.5)	
Accounts payable, accruals and other liabilities	18.2	
Deferred tax	11.1	
Net reclassification of (assets) and liabilities	(166.7)	

There is no cumulative income recognised in other comprehensive income relating to NZ Bus at 31 March 2019 (31 March 2018: ($0.1) million).

9.3 Perth Energy

On 23 October 2018 Infratil announced a strategic review of its investment in Perth Energy. It is expected that the carrying value of Perth Energy will be recovered principally through a sale transaction, with a sale outcome considered highly probable.

	2019 $Millions	2018 $Millions
Results of discontinued operation		
Revenue	269.9	306.7
Operating expenses	234.0	312.5
Results from operating activities	35.9	(5.8)
Depreciation & amortisation of intangibles	(6.0)	(5.7)
Net realisations, revaluations, (impairments)	-	-
Net financing expense	(2.1)	(2.9)
Net surplus/(loss) before tax	27.8	(14.4)
Taxation (expense)/credit	(13.6)	(4.3)
Net surplus/(loss) after tax	14.2	(18.7)
Net surplus/(loss) from discontinued operation after tax	14.2	(18.7)
Basic and diluted earnings per share (cents per share)	2.5	(3.3)
The profit from the discontinued operation is 80% attributable to the owners of the Company in line with Infratil's ownership percentage of Perth Energy.		
Cash flows from/(used in) discontinued operation		
Net cash from/(used in) operating activities	11.9	(9.9)
Net cash from/(used in) investing activities	(0.4)	11.7
Net cash from/(used in) financing activities	(4.5)	(3.6)
Net cash flows for the year	7.0	(1.8)
Effect of reclassification of the disposal group on the financial position of the Group		
Cash and cash equivalents	(25.7)	
Trade, accounts receivable and prepayments	(75.5)	
Inventories	(2.4)	
Property, plant and equipment	(102.9)	
Intangible assets & goodwill	(4.7)	
Derivative financial instruments	0.2	
Accounts payable, accruals and other liabilities	57.9	
Interest bearing loans and borrowings	36.7	
Deferred tax	15.7	
Net reclassification of (assets) and liabilities	(100.7)	

There was $5.1 million of cumulative income recognised in other comprehensive income relating to Perth Energy at 31 March 2019 (31 March 2018: $1.3 million).

9.4 GSP Energy Pty Ltd

On 21 December 2017, Trustpower announced its intention to sell the shares in its only Australian subsidiary, GSP Energy Pty Ltd. The associated assets and liabilities were consequently reclassified as held for sale. Upon classification as held for sale, the assets were revalued to the sale price. The revaluation gain of $19.4 million, less deferred tax of $5.8 million was taken to the revaluation reserve. Once disposed, the revaluation reserve was transferred directly to retained earnings. The sale was completed on 29 March 2018 and is reported in the comparative year as a discontinued operation.

10 Revenue

	2019 $Millions	2018 $Millions
Operating revenue – contracted	1,307.2	1,028.3
Operating revenue – uncontracted	26.0	172.5
Total operating revenue	**1,333.2**	**1,200.8**
Operating revenue – contracted		
Electricity*	1,026.1	809.6
Gas	29.2	29.3
Telecommunications	87.7	80.7
Aircraft movement and terminal charges	81.5	76.2
Transport, hotel and other trading activities	30.5	27.5
Other	52.2	5.0
Total operating revenue – contracted	**1,307.2**	**1,028.3**

* Electricity comprises revenue from Trustpower and Tilt Renewables

11 Other operating expenses

	Note	2019 $Millions	2018 $Millions
Trading operations			
Energy and wholesale costs		234.6	178.2
Line, distribution and network costs		284.5	291.0
Generation production & development costs		46.5	34.6
Other energy business costs		123.1	75.9
Telecommunications cost of sales		54.4	54.9
Transportation business costs		(0.7)	(5.3)
Airport business costs		24.0	21.9
Bad debts written off		2.0	2.7
Increase in provision for doubtful debts	20.1	-	0.6
Directors' fees	25	3.2	2.9
Administration and other corporate costs		7.8	7.5
Management fee (to related party Morrison & Co Infrastructure Management)	27	24.1	21.4
International Portfolio incentive fee	29	102.6	-
Donations		0.9	0.7
Total other operating expenses		**907.0**	**687.0**

Fees paid to auditors (including fees paid by associates)

	2019 Fees paid to the Group auditor $000's	2019 Audit fees paid to other auditors $000's	2019 Total $000's	2018 Fees paid to the Group auditor $000's	2018 Audit fees paid to other auditors $000's	2018 Total $000's
Audit and review of financial statements	317.4	882.9	1,200.3	260.1	731.7	991.8
Regulatory audit work	32.0	-	32.0	33.0	-	33.0
Other assurance services	-	-	-	-	-	-
Taxation services	99.6	-	99.6	234.8	-	234.8
Other services	103.0	-	103.0	489.3	-	489.3
	552.0	882.9	1,434.9	1,017.2	731.7	1,748.9
Fees paid to the Group auditor by associates (recognised through share of Associate Earnings)	472.5	-	472.5	434.4	-	434.4
Total fees paid to the Group auditor	**1,024.5**	**882.9**	**1,907.4**	**1,451.6**	**731.7**	**2,183.3**

The audit fee includes the fees for both the annual audit of the financial statements and the review of the interim financial statements. Regulatory audit work consists of the audit of regulatory disclosures. Other assurance services comprise of agreed upon procedures, audit of compliance reports and verification in relation to gas trading licence. Tax services relate to tax compliance work and tax advisory services provided to a subsidiary of the group. Other services primarily relate to due diligence work undertaken.

12 Taxation

12.1 Tax reconciliation

	2019 $Millions	2018 $Millions
Net surplus before taxation from continuing operations	136.4	205.9
Taxation on the surplus for the year @ 28%	38.2	57.7
Plus/(less) taxation adjustments:		
Effect of tax rates in foreign jurisdictions	(0.1)	(0.1)
Net benefit of imputation credits	-	-
Timing differences not recognised	(1.0)	1.2
Tax losses not recognised/(utilised)	30.1	(1.0)
Effect of equity accounted earnings of associates	0.6	(6.9)
Recognition of previously unrecognised deferred tax	(1.2)	-
(Over)/Under provision in prior periods	0.9	(1.8)
Net investment realisations	(0.4)	2.1
Other permanent differences	4.9	1.5
Taxation expense	**72.0**	**52.7**
Current taxation	52.4	61.3
Deferred taxation	19.6	(8.5)
Tax on discontinued operations	11.4	9.3

12.2 Income tax recognised in other comprehensive income

	2019		
	Before tax $Millions	Tax (expense) $Millions	Net of tax $Millions
Differences arising on translation of foreign operations	(18.9)	(2.8)	(21.7)
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-
Net change in fair value of available for sale financial assets	2.6	-	2.6
Ineffective portion of hedges taken to profit and loss	-	-	-
Effective portion of changes in fair value of cash flow hedges	5.9	(0.8)	5.1
Fair value movements in relation to executive share scheme	(0.1)	0.7	0.6
Net change in fair value of property, plant & equipment recognised in equity	(283.6)	69.1	(214.5)
Share of associates other comprehensive income	(11.6)	-	(11.6)
Balance at the end of the year	**(305.7)**	**66.2**	**(239.5)**

	2018		
	Before tax $Millions	Tax (expense) $Millions	Net of tax $Millions
Differences arising on translation of foreign operations	(40.6)	(1.7)	(42.3)
Realisations on disposal of subsidiary, reclassified to profit and loss	-	-	-
Net change in fair value of available for sale financial assets	3.6	-	3.6
Ineffective portion of hedges taken to profit and loss	-	-	-
Effective portion of changes in fair value of cash flow hedges	3.2	(1.1)	2.1
Fair value movements in relation to executive share scheme	(0.2)	-	(0.2)
Net change in fair value of property, plant & equipment recognised in equity	36.8	21.9	58.6
Share of associates other comprehensive income	(3.6)	-	(3.6)
Balance at the end of the year	**(0.8)**	**19.1**	**18.3**

12.3 Deferred tax

Deferred tax assets and liabilities are offset on the Statement of Financial Position where they relate to entities with a legally enforceable right to offset tax.

	2019 $Millions	2018 $Millions
Balance at the beginning of the year	(505.1)	(536.7)
Charge for the year	(19.6)	8.5
Charge relating to discontinued operations	(14.7)	34.4
Deferred tax recognised in equity	66.2	(19.8)
Adjustment on initial application of IFRS 15	(8.1)	-
Effect of movements in foreign exchange rates	1.7	5.1
Tax losses recognised	9.9	3.4
Transfers to liabilities classified as held for sale	27.2	-
Balance at the end of the year	**(442.5)**	**(505.1)**

The Infratil New Zealand Group is forecasting to derive taxable profits in future periods, sufficient to utilise the tax losses carried forward and deductible temporary differences. As a result deferred tax assets and liabilities have been recognised where they arise, including deferred tax on tax losses carried forward.

12.4 Recognised deferred tax assets and liabilities

	Assets $Millions	Liabilities $Millions	Net $Millions
31 March 2019			
Property, plant and equipment	-	(442.4)	(442.4)
Investment property	-	(14.9)	(14.9)
Derivative financial instruments	8.2	(6.7)	1.5
Employee benefits	5.8	-	5.8
Customer base assets	-	(2.9)	(2.9)
Provisions	0.8	-	0.8
Tax losses carried forward	42.2	-	42.2
Other items	-	(32.6)	(32.6)
Total	**57.0**	**(499.5)**	**(442.5)**
31 March 2018			
Property, plant and equipment	-	(551.7)	(551.7)
Investment property	-	(13.4)	(13.4)
Derivative financial instruments	3.3	-	3.3
Employee benefits	6.5	-	6.5
Customer base assets	-	(3.8)	(3.8)
Provisions	4.3	-	4.3
Tax losses carried forward	57.5	-	57.5
Other items	7.4	(15.2)	(7.8)
Total	**79.0**	**(584.1)**	**(505.1)**

12.5 Changes in temporary differences affecting tax expense

	Tax expense		Other comprehensive income	
	2019 $Millions	2018 $Millions	2019 $Millions	2018 $Millions
Property, plant and equipment	9.9	12.1	69.1	21.9
Investment property	(1.5)	(3.4)	-	-
Derivative financial instruments	0.6	(2.8)	(0.8)	(1.1)
Employee benefits	1.3	1.3	0.7	-
Customer base assets	0.9	1.3	-	-
Provisions	0.1	0.2	-	-
Tax losses carried forward	(24.9)	13.1	-	-
Other items	(6.0)	(13.3)	(2.8)	(1.7)
	(19.6)	**8.5**	**66.2**	**19.1**

12.6 Imputation credits available to be used by Infratil Limited

	2019 $Millions	2018 $Millions
Balance at the end of the year	1.7	9.6
Imputation credits that will arise on the payment/(refund) of tax provided for	-	-
Imputation credits that will arise on the (payment)/receipt of dividends accrued at year end	-	-
Imputation credits available for use	**1.7**	**9.6**

13 Property, plant and equipment

	Land and civil works $Millions	Buildings $Millions	Vehicles, plant and equipment $Millions	Capital work in progress $Millions	Metering $Millions	Generation plant (renewable) $Millions	Generation plant (non-renewable) $Millions	Total $Millions
2019								
Cost or valuation								
Balance at beginning of year	543.1	449.4	533.2	255.1	69.4	3,301.5	99.9	5,251.6
Additions	–	0.1	43.6	207.2	–	48.2	0.3	299.4
Capitalised interest and financing costs	–	–	–	–	–	–	–	–
Disposals	(5.3)	(1.5)	(27.7)	–	(0.7)	(4.0)	(0.3)	(39.5)
Impairment	–	–	(30.4)	(1.6)	–	–	–	(32.0)
Revaluation	14.0	–	–	–	–	(460.9)	4.8	(442.1)
Transfers between categories	33.8	112.6	27.9	(284.0)	(1.1)	110.8	–	–
Transfers to assets classified as held for sale	–	(8.9)	(413.9)	(6.0)	–	–	(105.6)	(534.4)
Transfers to intangible assets	–	–	–	–	–	–	–	–
Transfers from/(to) investment properties	–	–	–	–	–	–	–	–
Effect of movements in foreign exchange rates	–	–	(0.3)	(1.5)	–	(34.5)	0.9	(35.4)
Balance at end of year	**585.6**	**551.7**	**132.4**	**169.2**	**67.6**	**2,961.1**	**-**	**4,467.6**
Accumulated depreciation								
Balance at beginning of year	15.3	2.9	329.5	–	63.4	117.6	–	528.7
Depreciation for the year	7.5	12.4	35.3	–	4.3	105.2	5.3	170.0
Transfer to investment properties	–	–	–	–	–	–	–	–
Revaluation	–	–	(0.1)	–	–	(145.1)	(5.3)	(150.5)
Disposals	–	(0.3)	(25.7)	–	(0.7)	(1.3)	–	(28.0)
Transfers to assets classified as held for sale	–	(1.3)	(252.4)	–	–	–	–	(253.7)
Effect of movements in foreign exchange rates	–	–	(0.1)	–	–	(0.3)	–	(0.4)
Balance at end of year	**22.8**	**13.7**	**86.5**	**-**	**67.0**	**76.1**	**-**	**266.1**
Carrying value at 31 March 2019	562.8	538.0	45.8	169.2	0.6	2,885.0	–	4,201.5

	Land and civil works $Millions	Buildings $Millions	Vehicles, plant and equipment $Millions	Capital work in progress $Millions	Metering $Millions	Generation plant (renewable) $Millions	Generation plant (non-renewable) $Millions	Total $Millions
2018								
Cost or valuation								
Balance at beginning of year	510.8	425.4	536.2	90.2	68.1	3,570.8	104.5	5,306.0
Additions	–	0.1	21.3	188.1	1.3	19.2	0.3	230.3
Capitalised interest and financing costs	–	–	–	–	–	–	–	–
Disposals	(0.2)	(0.1)	(27.3)	–	–	(182.5)	–	(210.1)
Impairment	–	–	(0.2)	–	–	–	–	(0.2)
Revaluation	30.0	20.2	–	–	–	19.4	(2.0)	67.6
Transfers between categories	2.5	4.3	3.4	(21.5)	–	11.3	–	–
Transfers to assets classified as held for sale	–	–	–	–	–	–	–	–
Transfers to intangible assets	–	–	–	–	–	–	–	–
Transfers from/(to) investment properties	–	(0.5)	–	–	–	–	–	(0.5)
Effect of movements in foreign exchange rates	–	–	(0.2)	(1.7)	–	(47.4)	(2.9)	(52.2)
Power purchase arrangements restatement	–	–	–	–	–	(89.3)	–	(89.3)
Balance at end of year	**543.1**	**449.4**	**533.2**	**255.1**	**69.4**	**3,301.5**	**99.9**	**5,251.6**
Accumulated depreciation								
Balance at beginning of year	7.8	12.7	303.9	–	59.2	21.9	–	405.5
Depreciation for the year	7.5	12.4	43.0	–	4.2	106.8	5.3	179.2
Transfer to investment properties	–	–	–	–	–	–	–	–
Revaluation	–	(22.2)	–	–	–	–	(5.3)	(27.5)
Disposals	–	–	(17.5)	–	–	(5.8)	–	(23.3)
Transfers to assets classified as held for sale	–	–	–	–	–	–	–	–
Effect of movements in foreign exchange rates	–	–	0.1	–	–	(2.0)	–	(1.9)
Power purchase arrangements restatement	–	–	–	–	–	(3.3)	–	(3.3)
Balance at end of year	**15.3**	**2.9**	**329.5**	**–**	**63.4**	**117.6**	**–**	**528.7**
Carrying value at 31 March 2018	527.8	446.5	203.7	255.1	6.0	3,183.9	99.9	4,722.9

Trustpower generation property, plant and equipment

Trustpower's generation assets include land and buildings which are not separately identifiable from other generation assets. Generation assets were independently revalued, using a discounted cash flow methodology, as at 31 March 2019, to their estimated market value as assessed by Deloitte Corporate Finance.

The valuation of Trustpower's generation assets is sensitive to the inputs used in the discounted cash flow valuation model. A sensitivity analysis around some key inputs is given in the table below. The valuation is based on a combination of values that are generally at the midpoint of the range. The valuation impact is calculated as the movement in the fair value as a result of the change in the assumption and keeping all other valuation inputs constant.

Generation Renewable	Low	High	Valuation impact vs midpoint
New Zealand Assets			
Forward electricity price path	Decreasing in real terms from $110/MWh to $76/MWh by 2023. Thereafter held constant	Decreasing in real terms from $110/MWh to $93/MWh by 2022. Thereafter held constant	-/+ $208.0 m
Generation volume	1,725 GWh	2,109 GWh	-/+ $246.0m
Avoided Cost of Transmission	100% reduction in revenue from 2025	Current regulatory structure is unchanged	- $164.0m / no change
Operating costs	$64.0 million p.a.	$53.0 million p.a.	-/+ $80.0m
Weighted average cost of capital	7.95%	6.95%	- $151.0m / + $181.4m

Tilt Renewables generation property, plant and equipment

The valuation of Tilt Renewables generation assets is sensitive to the inputs used in the discounted cash flow valuation model. A sensitivity analysis around some key inputs is given in the table below. The valuation is based on a combination of values that are generally at the midpoint of the range. The valuation impact is calculated as the movement in the fair value as a result of the change in the assumption and keeping all other valuation inputs constant. In addition to the tests below, a separate sensitivity analysis has been conducted to assess the impact of varying future cash flows for increases or decreases of up to 10% in market prices (including New Zealand market prices beyond the fixed price period to March 2022). None of these tests resulted in an impairment of the fair value of generation, property, plant and equipment.

Generation Renewable	Low	High	Valuation impact vs midpoint
New Zealand Assets			
Generation volume	10% reduction in future production	10% increase in future production	-/+ $24.1m
Operating costs	10% increase in future operating expenditure	10% decrease in future operating expenditure	-/+ $9.1m
Weighted average cost of capital	8.40%	7.40%	- $6.6m / + $6.3m
Australian Assets			
Forward electricity price path (including renewable energy credits)	10% reduction in future electricity pricing	10% increase in future electricity pricing	-/+ A$83.6m
Generation volume	10% reduction in future production	10% increase in future production	-/+ A$87.1m
Operating costs	10% increase in future operating expenditure	10% decrease in future operating expenditure	-/+ $29.7m
Weighted average cost of capital	7.75%	6.75%	- A$28.2m / + A$30.2m

Wellington International Airport property, plant and equipment

The following tables summarise the significant valuation techniques and inputs used by valuers to arrive at the fair value for Wellington International Airport's property, plant and equipment.

Asset classification and description	Valuation approach	Key valuation assumptions		+/- 5% Valuation impact
Land				
Aeronautical land - used for airport activities and specialised aeronautical assets.	MVEU	Rate per hectare	$1.86 million per hectare	+/- $10.0m
Non-aeronautical land - used for non-aeronautical purposes e.g. industrial, service, retail, residential and land associated with the vehicle business.		Developer's WACC rate	10.4%	+/- $7.4m
		Holding period	6 years	+/- $11.1m
Valued at 31 March 2018 by Savills (NZ) Limited, registered valuers, at $333.1 million.				
Civil				
Civil works includes sea protection and site services, excluding such site services to the extent that they would otherwise create duplication of value.	ODRC	Average cost rates including concrete, asphalt, base course and foundations	Concrete $800 Asphalt $892 Basecourse $96 Foundations $19	+/- $7.2m
		Estimated remaining useful life	Average remaining useful life 30 years	+/- $7.2m
Last valued at 31 March 2016 by Opus International Consultants Limited at $144.7 million.				
Buildings				
Specialised buildings used for identified airport activities.	ODRC	Modern equivalent asset rate (per square metre)	$5,567	+/- $13.0m
Non-specialised buildings used for purposes other than for identified airport activities, including space allocated within the main terminal building for retail activities, offices and storage.			$1,711	+/- $0.4m
Vehicle business assets associated with car parking and taxi, shuttle and bus services (excluding land and civil).	DCF	Revenue growth	3.00%	+/- $0.8m
		Cost growth	3.00%	+/- $0.1m
		Discount rate	12.00%	+/- $6.6m
		Capitalisation rate	9.00%	+/- $9.0m
Valued at 31 March 2018 by Savills (NZ) Limited, registered valuers, at $423.4 million.				

Effect of level 3 fair value measurements on profit or loss and other comprehensive income

The following table summarises for property, plant and equipment measured at fair value, classified as level 3 in the fair value hierarchy, the effect of the fair value movements on profit or loss and other comprehensive income for the year.

2019 Level 3 fair value movements	Recognised in profit or loss $Millions	Recognised in OCI $Millions	Total $Millions
Generation Plant (renewable)	(10.6)	(231.6)	(242.2)
Generation Plant (non-renewable)	-	6.2	6.2
Land and civil works	-	14.0	14.0
Buildings	-	-	-
Vehicle business assets	-	-	-
	(10.6)	**(211.4)**	**(222.0)**

2018 Level 3 fair value movements	Recognised in profit or loss $Millions	Recognised in OCI $Millions	Total $Millions
Generation Plant (renewable)	-	(60.0)	(60.0)
Generation Plant (non-renewable)	-	2.3	2.3
Land and civil works	-	30.0	30.0
Buildings	-	20.2	20.2
Vehicle business assets	-	-	-
	-	**(7.5)**	**(7.5)**

There were no transfers between property, plant and equipment assets classified as level 1 or level 2, and level 3 of the fair value hierarchy during the year ended 31 March 2019 (2018: none).

Revalued assets at deemed cost

For each revalued class the carrying amount that would have been recognised had the assets been carried on a historical cost basis are as follows:

2019	Cost $Millions	Assets under construction $Millions	Accumulated depreciation $Millions	Net book value $Millions
Generation Plant (renewable)	1,231.2	-	(469.7)	761.5
Generation Plant (non-renewable)	123.6	-	(47.9)	75.7
Land and civil works	252.4	33.8	(50.8)	235.4
Buildings	296.8	112.5	(92.2)	317.1
	1,904.0	**146.3**	**(660.6)**	**1,389.7**

2018	Cost $Millions	Assets under construction $Millions	Accumulated depreciation $Millions	Net book value $Millions
Generation Plant (renewable)	2,109.8	14.8	(651.1)	1,473.5
Generation Plant (non-renewable)	127.3	-	(42.8)	84.5
Land and civil works	249.9	2.5	(46.7)	205.7
Buildings	292.4	4.3	(84.7)	212.0
	2,779.4	**21.6**	**(825.3)**	**1,975.7**

14 Intangibles

2019	Lease agreements and software $Millions	Customer acquisition costs $Millions	Total $Millions
Cost or valuation			
Balance at beginning of the year	119.0	83.0	202.0
Foreign exchange adjustment on opening balance	–	–	–
Additions at cost	8.0	0.6	8.6
Disposals	–	–	–
Impairment	(1.0)	–	(1.0)
Transfers from property, plant and equipment	–	–	–
Transfers to assets classified as held for sale	(28.6)	–	(28.6)
Balance at end of year	**97.4**	**83.6**	**181.0**
Amortisation and impairment losses			
Balance at beginning of the year	(89.3)	(69.3)	(158.6)
Foreign exchange adjustment on opening balance	–	–	–
Amortisation for the year	(13.1)	(3.4)	(16.5)
Disposals	–	–	–
Impairment	–	–	–
Transfers to assets classified as held for sale	27.6	–	27.6
Balance at end of year	**(74.8)**	**(72.7)**	**(147.5)**
Carrying value 31 March 2019	**22.6**	**10.9**	**33.5**

2018	Lease agreements and software $Millions	Customer acquisition costs $Millions	Total $Millions
Cost or valuation			
Balance at beginning of the year	115.3	83.0	198.3
Foreign exchange adjustment on opening balance	(0.1)	–	(0.1)
Additions at cost	10.1	–	10.1
Disposals	(1.2)	–	(1.2)
Impairment	(5.1)	–	(5.1)
Transfers from property, plant and equipment	–	–	–
Transfers to assets classified as held for sale	–	–	–
Balance at end of year	**119.0**	**83.0**	**202.0**
Amortisation and impairment losses			
Balance at beginning of the year	(78.2)	(64.5)	(142.7)
Foreign exchange adjustment on opening balance	–	–	–
Amortisation for the year	(12.2)	(4.8)	(17.0)
Disposals	1.1	–	1.1
Impairment	–	–	–
Transfers to assets classified as held for sale	–	–	–
Balance at end of year	**(89.3)**	**(69.3)**	**(158.6)**
Carrying value 31 March 2018	**29.7**	**13.7**	**43.4**

15 Goodwill

	2019 $Millions	2018 $Millions
Balance at beginning of the year	117.4	117.4
Goodwill arising on acquisitions	-	-
Goodwill disposed of during the year	-	-
Goodwill impaired during the year	-	-
Transfers to disposal group assets classified as held for sale	(4.2)	-
Balance at the end of the year	**113.2**	**117.4**
The aggregate carrying amounts of goodwill allocated to each cash generating unit are as follows:		
Trustpower	79.4	79.4
Tilt Renewables	33.8	33.8
Other	-	4.2
	113.2	117.4

16 Loans and borrowings

This note provides information about the contractual terms of the Group's interest bearing loans and borrowings.

	2019 $Millions	2018 $Millions
Current liabilities		
Unsecured bank loans	97.7	29.9
Secured bank facilities	201.9	44.0
less: Loan establishment costs capitalised and amortised over term	(4.3)	(0.8)
	295.3	73.1
Non-current liabilities		
Unsecured bank loans	200.2	179.4
Secured bank facilities	505.3	682.2
less: Loan establishment costs capitalised and amortised over term	(8.7)	(6.0)
	696.8	855.6
Facilities utilised at reporting date		
Unsecured bank loans	298.0	209.3
Unsecured guarantees	-	-
Secured bank loans	707.0	726.2
Secured guarantees	129.5	32.3
Facilities not utilised at reporting date		
Unsecured bank loans	516.0	566.8
Unsecured guarantees	-	-
Secured bank loans	255.8	48.3
Secured guarantees	85.7	0.3
Interest bearing loans and borrowings - *current*	295.3	73.1
Interest bearing loans and borrowings - *non-current*	696.8	855.6
Total interest bearing loans and borrowings	**992.1**	**928.7**

Financing arrangements

The Group's debt includes bank facilities with negative pledge arrangements, which, with limited exceptions, do not permit the borrower to grant any security over its assets. The bank facilities require the borrower to maintain certain levels of shareholder funds and operate within defined performance and gearing ratios. The banking arrangements also include restrictions over the sale or disposal of certain assets without bank agreement. Throughout the year the Group has complied with all debt covenant requirements as imposed by lenders.

Interest rates are determined by reference to prevailing money market rates at the time of draw-down plus a margin. Interest rates paid during the year ranged from 2.2% to 4.5% (31 March 2018: 2.4% to 5.7%).

17 Infrastructure bonds

	2019 $Millions	2018 $Millions
Balance at the beginning of the year	994.4	998.3
Issued during the year	246.2	143.4
Exchanged during the year	(51.1)	(32.7)
Matured during the year	(60.4)	(114.7)
Purchased by Infratil during the year	-	-
Bond issue costs capitalised during the year	(3.6)	(2.1)
Bond issue costs amortised during the year	2.1	2.2
Balance at the end of the year	**1,127.6**	**994.4**
Current	148.9	111.2
Non-current fixed coupon	747.2	652.0
Non-current perpetual variable coupon	231.5	231.2
Balance at the end of the year	**1,127.6**	**994.4**
Repayment terms and interest rates:		
IFT160 maturing in June 2017, 8.50% p.a. fixed coupon rate	-	-
IFT170 maturing in November 2017, 8.00% p.a. fixed coupon rate	-	-
IFT180 maturing in November 2018, 6.85% p.a. fixed coupon rate	-	111.4
IFT200 maturing in November 2019, 6.75% p.a. fixed coupon rate	68.5	68.5
IFT090 maturing in February 2020, 8.50% p.a. fixed coupon rate	80.5	80.5
IFT220 maturing in June 2021, 4.90% p.a. fixed coupon rate	93.9	93.9
IFT190 maturing in June 2022, 6.85% p.a. fixed coupon rate	93.7	93.7
IFT240 maturing in December 2022, 5.65% p.a. fixed coupon rate	100.0	100.0
IFT210 maturing in September 2023, 5.25% p.a. fixed coupon rate	122.1	122.1
IFT230 maturing in June 2024, 5.50% p.a. fixed coupon rate	56.1	56.1
IFT250 maturing in June 2025, 6.15% p.a. fixed coupon rate	43.4	43.4
IFT260 Maturing in December 2024, 4.75% p.a. fixed coupon rate	100.0	-
IFT270 Maturing in December 2028, 4.85% p.a. fixed coupon rate	146.2	-
IFTHA Perpetual Infratil infrastructure bonds	231.9	231.9
less: Bond issue costs capitalised and amortised over term	(8.7)	(7.1)
Balance at the end of the year	**1,127.6**	**994.4**

Fixed coupon

The fixed coupon bonds the Company has on issue are at a face value of $1.00 per bond. Interest is payable quarterly on the bonds. 25 days prior to the maturity date of the IFT090 series, Infratil can elect to convert all of the bonds in that series to equity by issuing the number of shares calculated by dividing the $1.00 face value by 98% of the market price of an Infratil share. The market price is the average price weighted by volume of all trades of ordinary shares over the 10 business days up to the fifth business day before the maturity date.

The interest rate of the IFT270 bonds is fixed for the first five years and then reset on 15 December 2023 for a further five years. The interest rate of the IFT270 bonds for the period from (but excluding) 15 December 2023 until the maturity date will be the sum of the five year swap rate on 15 December 2023 plus a margin of 2.50% per annum.

Perpetual Infratil infrastructure bonds ('PIIBs')

The Company has 231,916,600 (31 March 2018: 231,916,600) PIIBs on issue at a face value of $1.00 per bond. Interest is payable quarterly on the bonds. For the year to 15 November 2018 the coupon was fixed at 3.55% per annum (2018: 3.50%). Thereafter the rate will be reset annually at 1.5% per annum over the then one year bank rate for quarterly payments, unless Infratil's gearing ratio exceeds certain thresholds, in which case the margin increases. These infrastructure bonds have no fixed maturity date. No PIIBs (2018: nil) were repurchased by Infratil Limited during the year.

Throughout the year the Company complied with all debt covenant requirements as imposed by the bond trustee.

At 31 March 2019 Infratil Infrastructure bonds (including PIIBs) had a fair value of $1,104.4 million (31 March 2018: $989.6 million).

18 Trustpower bonds

Unsecured subordinated bonds	2019 $Millions	2018 $Millions
Repayment terms and interest rates:		
TPW160 maturing in September 2019, 6.75% p.a. fixed coupon rate	114.2	114.2
less: Bond issue costs capitalised and amortised over term	(0.2)	(0.6)
Balance at the end of the year	**114.0**	**113.6**
Current	114.0	-
Non-current	-	113.6
Balance at the end of the year	**114.0**	**113.6**

The bonds are fully subordinated behind all of Trustpower's other creditors. At 31 March 2019 Trustpower's unsecured subordinated bonds had a fair value of $115.7 million (31 March 2018: $119.1 million).

Unsecured senior bonds	2019 $Millions	2018 $Millions
Repayment terms and interest rates:		
TPW140 maturing in December 2021, 5.63% p.a. fixed coupon rate	83.0	83.0
TPW150 maturing in December 2022, 4.01% p.a. fixed coupon rate	127.7	127.7
TPW170 maturing in February 2029, 3.97% p.a. fixed coupon rate	100.0	-
less: Bond issue costs capitalised and amortised over term	(2.9)	(2.0)
Balance at the end of the year	**307.8**	**208.7**
Current	-	-
Non-current	307.8	208.7
Balance at the end of the year	**307.8**	**208.7**

Trustpower's Senior bonds rank equally with their bank loans. Trustpower borrows under a negative pledge arrangement, which with limited exceptions does not permit Trustpower to grant any security interest over its assets. The Trust Deed requires Trustpower to operate within defined performance and debt gearing ratios. The arrangements under the Trust Deed may also create restrictions over the sale or disposal of certain assets unless the senior bonds are repaid or renegotiated. Throughout the year Trustpower complied with all debt covenant requirements as imposed by the bond trustee.

At 31 March 2019 Trustpower's unsecured senior bonds had a fair value of $321.8 million (31 March 2018: $216.4 million).

19 Wellington International Airport bonds and USPP notes

	2019 $Millions	2018 $Millions
Repayment terms and interest rates:		
WIA0619 Wholesale bonds maturing June 2019, repriced quarterly at BKBM plus 130bp	25.0	25.0
WIA0620 Wholesale bonds maturing June 2020, 5.27% p.a. fixed coupon rate	25.0	25.0
WIA020 Retail bonds maturing May 2021, 6.25% p.a. fixed coupon rate	75.0	75.0
WIA030 Retail bonds maturing May 2023, 4.25% p.a. fixed coupon rate	75.0	75.0
WIA040 Retail bonds maturing August 2024, 4.00% p.a. fixed coupon rate	60.0	60.0
WIA050 Retail bonds maturing June 2025, 5.00% p.a. fixed coupon rate	70.0	70.0
USPP Notes – Series A	52.0	47.2
USPP Notes – Series B	52.0	47.2
less: Issue costs capitalised and amortised over term	(3.9)	(2.9)
Balance at the end of the year	**430.1**	**421.6**
Current	25.0	-
Non-current	405.1	421.6
Balance at the end of the year	**430.1**	**421.6**

The Trust Deeds for these bonds require Wellington International Airport ('WIAL') to operate within defined performance and debt gearing ratios. The arrangements under the Trust Deeds create restrictions over the sale or disposal of certain assets. Throughout the year Wellington International Airport complied with all debt covenant requirements as imposed by the bond trustee.

On 27 July 2017 WIAL completed a United States Private Placement ('USPP') Note issuance, securing US$72 million of long-term debt. The USPP comprised two equal tranches, a US$36 million 10 year Note with a coupon of 3.47% and a US$36 million 12 year Note with a coupon of 3.59%. In conjunction with the USPP issuance, WIAL entered into cross currency interest rate swaps to formally hedge the exposure to foreign currency risk over the term of the notes.

At 31 March 2019 WIAL's bonds had a fair value of $353.8 million (2018: $346.5 million), and WIAL's USPP Notes had a fair value of $102.2 million (2018: $93.3 million).

20 Financial instruments

The Group has exposure to the following risks due to its business activities and financial policies:

- Credit risk
- Liquidity risk
- Market risk

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital.

20.1 Credit risk

Credit risk is the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Group. The Group is exposed to credit risk in the normal course of business including those arising from trade receivables with its customers, financial derivatives and transactions (including cash balances) with financial institutions. The Group minimises its exposure to credit risk of trade receivables through the adoption of counterparty credit limits and standard payment terms. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions and organisations in the relevant industry. The Group's exposure and the credit ratings of significant counterparties are monitored, and the aggregate value of transactions concluded are spread amongst approved counterparties. The carrying amounts of financial assets recognised in the Statement of Financial Position best represent the Group's maximum exposure to credit risk at the reporting date. Generally no security is held on these amounts.

Exposure to credit risk

	2019 $Millions	2018 $Millions
The Group had exposure to credit risk with financial institutions at balance date from cash deposits held as follows:		
Financial institutions with 'AA' credit ratings	173.2	-
Financial institutions with 'AA-' credit ratings	70.6	-
Financial institutions with 'A+' credit ratings	-	380.4
Financial institutions with 'A' credit ratings	153.3	-
Unrated financial institutions	17.2	-
Total cash deposits with financial institutions	414.3	380.4
Cash on hand	-	0.1
Total cash and cash equivalents	**414.3**	**380.5**

At 31 March 2019 $19.9 million of cash deposits are "restricted" and not immediately available for use by the Group (31 March 2018: $2.4 million). Credit ratings are from Standard & Poor's or equivalent rating agencies.

Trade and other receivables

The Group has exposure to various counterparties. Concentration of credit risk with respect to trade receivables is limited due to the Group's large customer base in a diverse range of industries throughout New Zealand and Australia.

Ageing of trade receivables

	2019 $Millions	2018 $Millions
The ageing analysis of trade receivables is as follows:		
Not past due	56.9	77.7
Past due 0-30 days	9.2	6.3
Past due 31-90 days	3.7	1.9
Greater than 90 days	3.8	2.1
Total	73.6	88.0
The ageing analysis of impaired trade receivables is as follows:		
Not past due	-	0.1
Past due 0-30 days	-	-
Past due 31-90 days	-	(0.1)
Greater than 90 days	(2.8)	(2.8)
Total	(2.8)	(2.8)

	2019 $Millions	2018 $Millions
Movement in the provision for impairment of trade receivables for the year was as follows:		
Balance as at 1 April	3.1	2.2
Impairment loss recognised	0.4	0.9
Transfers to assets classified as held for sale	(0.4)	-
Balance as at 31 March	3.1	3.1
Other current prepayments and receivables	178.1	143.1
Total trade, accounts receivable and current prepayments	248.9	228.3

20.2 Liquidity risk

Liquidity risk is the risk that assets held by the Group cannot readily be converted to cash to meet the Group's contracted cash flow obligations. Liquidity risk is monitored by continuously forecasting cash flows and matching the maturity profiles of financial assets and liabilities. The Group's approach to managing liquidity is to ensure that it will always have sufficient liquidity to meet its liabilities when due and make value investments, under both normal and stress conditions, without incurring unacceptable losses or risking damage to the Group's reputation. The Group manages liquidity risk by maintaining sufficient cash and marketable securities, the availability of funding through an adequate amount of committed credit facilities, the spreading of debt maturities, and its credit standing in capital markets.

The tables below analyse the Group's financial liabilities, excluding gross settled derivative financial liabilities, into relevant maturity groupings based on the earliest possible contractual maturity date at year end. The amounts in the tables below are contractual undiscounted cash flows, which include interest through to maturity. Perpetual Infratil Infrastructure bonds cash flows have been determined by reference to the longest dated Infratil bond maturity in the year 2029.

	Balance sheet $Millions	Contractual cash flows $Millions	6 months or less $Millions	6-12 months $Millions	1-2 years $Millions	2-5 years $Millions	5 + years $Millions
31 March 2019							
Accounts payable, accruals and other liabilities	446.6	469.2	334.0	13.4	43.2	13.4	65.2
Unsecured & secured bank facilities	992.1	1,254.4	94.7	254.5	204.4	386.7	314.1
Unsecured & secured bank guarantees	-	-	-	-	-	-	-
Infratil Infrastructure bonds	896.1	1,122.3	26.1	172.5	40.7	496.6	386.4
Perpetual Infratil Infrastructure bonds	231.5	311.8	4.1	4.1	8.2	24.7	270.7
Wellington International Airport bonds	430.1	535.2	34.6	9.4	43.2	189.2	258.8
Trustpower bonds	421.8	460.9	122.9	4.9	9.8	223.3	100.0
Derivative financial instruments	117.5	129.0	23.3	16.1	22.6	40.6	26.4
	3,535.7	4,282.8	639.7	474.9	372.1	1,374.5	1,421.6
31 March 2018							
Accounts payable, accruals and other liabilities	236.6	190.8	172.3	12.4	4.4	1.7	-
Unsecured & secured bank facilities	928.7	964.9	32.2	49.7	311.9	447.3	123.8
Unsecured & secured bank guarantees	-	0.2	0.1	0.1	-	-	-
Infratil Infrastructure bonds	763.2	936.5	24.0	132.5	186.7	359.1	234.2
Perpetual Infratil Infrastructure bonds	231.2	290.5	4.1	4.1	8.1	24.4	249.8
Wellington International Airport bonds	421.6	546.5	9.7	9.7	43.8	145.5	337.8
Trustpower bonds	322.3	378.4	8.8	8.8	127.8	233.0	-
Derivative financial instruments	51.7	58.8	15.1	8.2	19.5	7.2	8.8
	2,955.3	3,366.6	266.3	225.5	702.2	1,218.2	954.4

20.3 Market risk

Market risk is the risk that changes in market prices, such as interest rates, foreign exchange rates and energy prices will affect the Group's income or the value of its holdings of financial assets and liabilities. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

20.3.1 Interest rate risk (cash flow and fair value)

Interest rate risk is the risk of interest rate volatility negatively affecting the Group's interest expense cash flow and earnings. Infratil mitigates this risk by issuing term borrowings at fixed interest rates and entering into Interest Rate Swaps to convert floating rate exposures to fixed rate exposures. Borrowings issued at fixed rates expose the Group to fair value interest rate risk which is managed by the interest rate profile and hedging.

	2019 $Millions	2018 $Millions
At balance date the face value of interest rate contracts outstanding were:		
Interest rate swaps	1,760.8	1,086.4
Fair value of interest rate swaps	(81.6)	(30.5)
Cross-currency interest rate swaps	99.8	99.5
Fair value of cross-currency interest rate swaps	2.9	(6.2)
The termination dates for the interest rate swaps are as follows:		
Between 0 to 1 year	179.8	201.2
Between 1 to 2 years	158.7	237.4
Between 2 to 5 years	893.5	550.1
Over 5 years	528.8	97.7
The termination dates for the cross-currency interest rate swaps are as follows:		
Between 0 to 1 year	-	-
Between 1 to 2 years	-	-
Between 2 to 5 years	-	-
Over 5 years	99.8	99.5

Interest rate sensitivity analysis

The following table shows the impact on post-tax profit and equity of a movement in bank interest rates of 100 basis points higher/lower with all other variables held constant.

	2019 $Millions	2018 $Millions
Profit or loss		
100 bp increase	19.5	23.1
100 bp decrease	(20.1)	(24.5)
Other comprehensive income		
100 bp increase	43.7	19.3
100 bp decrease	(48.6)	(20.6)

20.3.2 Foreign currency risk

The Group has exposure to foreign currency risk on the value of its net investment in foreign investments, assets and liabilities, future investment obligations and future income. Foreign currency obligations and income are recognised as soon as the flow of funds is likely to occur. Decisions on buying forward cover for likely foreign currency investments is subject to the Group's expectation of the fair value of the relevant exchange rate.

The Group enters into forward exchange contracts to reduce the risk from price fluctuations of foreign currency commitments associated with the construction of generation assets and to hedge the risk of its net investment in foreign operations. Any resulting differential to be paid or received as a result of the currency hedging of the asset is reflected in the final cost of the asset. The Group has elected to apply cash flow hedge accounting to these instruments.

Foreign exchange sensitivity analysis

The following table shows the impact on post-tax profit and equity if the New Zealand dollar had weakened or strengthened by 10 per cent against the currencies with which the Group has foreign currency risk with, all other variables held constant.

	2019 $Millions	2018 $Millions
Profit or loss		
Strengthened by 10 per cent	0.7	(1.5)
Weakened by 10 per cent	(0.7)	1.5
Other comprehensive income		
Strengthened by 10 per cent	(100.8)	(92.1)
Weakened by 10 per cent	103.2	92.1

Significant assumptions used in the foreign currency exposure sensitivity analysis include:

Reasonably possible movements in foreign exchange rates were determined based on a review of the last two years' historical movements. A movement of plus or minus 10% has therefore been applied to the AUD/NZD and USD/NZD exchange rates to demonstrate the sensitivity of foreign currency risk of the company's investment in foreign operations and associated derivative financial instruments. The sensitivity was calculated by taking the AUD and USD spot rate as at balance date, moving this spot rate by plus and minus 10% and then reconverting the AUD and USD balances with the 'new spot rate'.

Unhedged foreign currency exposures

At balance date the Group has the following unhedged exposure to foreign currency risk arising on foreign currency monetary assets and liabilities that fall due within the next twelve months:

	2019 $Millions	2018 $Millions
Cash, short-term deposits and trade receivables		
United States Dollars (USD)	-	29.4
Australian Dollars (AUD)	7.3	0.4
Bank overdraft, bank debt and accounts payable		
Australian Dollars (AUD)	-	-

20.3.3 Energy price risk

Energy price risk is the risk that results will be impacted by fluctuations in spot energy prices. The Group meets its energy sales demand by purchasing energy on spot markets, physical deliveries and financial derivative contracts. This exposes the Group to fluctuations in the spot and forward price of energy. The Group has entered into a number of energy hedge contracts to reduce the energy price risk from price fluctuations. These hedge contracts establish the price at which future specified quantities of energy are purchased and settled. Any resulting differential to be paid or received is recognised as a component of energy costs through the term of the contract. The Group has elected to apply cash flow hedge accounting to those instruments it deems material and which qualify as cash flow hedges.

	2019	2018
At balance date the aggregate notional volume of outstanding energy derivatives were:		
Electricity (GWh)	19,753.0	17,188.0
Fair value of energy derivatives ($millions)	135.7	80.2

As at 31 March 2019, the Group had energy contracts outstanding with various maturities expected to occur continuously throughout the next five years. The hedged anticipated energy purchase transactions are expected to occur continuously throughout the contract period from balance sheet date consistent with the Group's forecast energy generation and retail energy sales. Gains and losses recognised in the cash flow hedge reserve on energy derivatives as of 31 March 2019 will be continuously released to the income statement in each period in which the underlying purchase transactions are recognised in the profit or loss.

	2019 $Millions	2018 $Millions
The termination dates for the energy derivatives are as follows:		
Between 0 to 1 year	43.3	86.7
Between 1 to 2 years	78.8	26.6
Between 2 to 5 years	117.0	13.3
Over 5 years	15.0	–
	254.1	126.6

Energy price sensitivity analysis

The following table shows the impact on post-tax profit and equity of an increase/decrease in the relevant forward electricity prices with all other variables held constant:

	2019 $Millions	2018 $Millions
Profit and loss		
10% increase in energy forward prices	(2.2)	(0.8)
10% decrease in energy forward prices	2.2	0.8
Other comprehensive income		
10% increase in energy forward prices	(33.2)	(35.8)
10% decrease in energy forward prices	33.2	35.8

20.4 Fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements is their fair value, with the exception of bond debt and senior notes held at amortised cost which have a fair value at 31 March 2019 of $1,997.8 million (31 March 2018: $1,764.9 million) compared to a carrying value of $1,979.5 million (31 March 2018: $1,738.3 million).

The carrying value of derivative financial assets and liabilities recorded in the statement of financial position are as follows:

	2019 $Millions	2018 $Millions
Assets		
Derivative financial instruments – energy	170.9	107.5
Derivative financial instruments – cross currency interest rate swaps	2.9	–
Derivative financial instruments – foreign exchange	–	–
Derivative financial instruments – interest rate	0.7	2.6
	174.5	110.1
Split as follows:		
Current	17.8	2.9
Non-current	156.7	107.2
	174.5	110.1
Liabilities		
Derivative financial instruments – energy	35.2	27.3
Derivative financial instruments – cross currency interest rate swaps	–	6.2
Derivative financial instruments – foreign exchange	–	–
Derivative financial instruments – interest rate	82.3	33.1
	117.5	66.6
Split as follows:		
Current	32.2	27.6
Non-current	85.3	39.0
	117.5	66.6

Estimation of fair values

The fair values of financial assets and financial liabilities are determined as follows:

- The fair value of financial assets and liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.
- The fair value of other financial assets and liabilities are calculated using market-quoted rates based on discounted cash flow analysis.
- The fair value of derivative financial instruments are calculated using quoted prices. Where such prices are not available, use is made of discounted cash flow analysis using the applicable yield curve or available forward price data for the duration of the instruments.

Where the fair value of a derivative is calculated as the present value of the estimated future cash flows of the instrument, the two key types of variables used by the valuation techniques are:

- forward price curve (for the relevant underlying interest rates, foreign exchange rates or commodity prices); and
- discount rates.

Valuation input	Source
Interest rate forward price curve	Published market swap rates
Foreign exchange forward prices	Published spot foreign exchange rates
Electricity forward price curve	Market quoted prices where available and management's best estimate based on its view of the long run marginal cost of new generation where no market quoted prices are available
Discount rate for valuing interest rate derivatives	Published market interest rates as applicable to the remaining life of the instrument
Discount rate for valuing forward foreign exchange contracts	Published market rates as applicable to the remaining life of the instrument
Discount rate for valuing electricity price derivatives	Assumed counterparty cost of funds ranging from 3.1% to 4.1% (31 March 2018: 3.1% to 3.5%)

The selection of variables requires significant judgement and therefore there is a range of reasonably possible assumptions in respect of these variables that could be used in estimating the fair value of these derivatives. Maximum use is made of observable market data when selecting variables and developing assumptions for the valuation techniques.

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Quoted prices (unadjusted) in active markets for identical assets or liabilities (level 1)
- Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (that is, as prices) or indirectly (that is, derived from prices) (level 2)
- Inputs for the asset or liability that are not based on observable market data (that is, unobservable inputs) (level 3)

The following tables present the Group's financial assets and liabilities that are measured at fair value.

31 March 2019	Level 1 $Millions	Level 2 $Millions	Level 3 $Millions	Total $Millions
Assets per the statement of financial position				
Derivative financial instruments – energy	-	0.3	170.6	170.9
Derivative financial instruments – cross currency interest rate swaps	-	2.9	-	2.9
Derivative financial instruments – foreign exchange	-	-	-	-
Derivative financial instruments – interest rate	-	0.7	-	0.7
Total	**-**	**3.9**	**170.6**	**174.5**
Liabilities per the statement of financial position				
Derivative financial instruments – energy	-	8.1	27.1	35.2
Derivative financial instruments – cross currency interest rate swaps	-	-	-	-
Derivative financial instruments – foreign exchange	-	-	-	-
Derivative financial instruments – interest rate	-	82.3	-	82.3
Total	**-**	**90.4**	**27.1**	**117.5**

31 March 2018	Level 1 $Millions	Level 2 $Millions	Level 3 $Millions	Total $Millions
Assets per the statement of financial position				
Derivative financial instruments – energy	–	–	107.5	107.5
Derivative financial instruments – cross currency interest rate swaps	–	–	–	–
Derivative financial instruments – foreign exchange	–	–	–	–
Derivative financial instruments – interest rate	–	2.6	–	2.6
Total	**–**	**2.6**	**107.5**	**110.1**
Liabilities per the statement of financial position				
Derivative financial instruments – energy	–	–	27.3	27.3
Derivative financial instruments – cross currency interest rate swaps	–	6.2	–	6.2
Derivative financial instruments – foreign exchange	–	–	–	–
Derivative financial instruments – interest rate	–	33.1	–	33.1
Total	**–**	**39.3**	**27.3**	**66.6**

There were no transfers between derivative financial instrument assets or liabilities classified as level 1 or level 2, and level 3 of the fair value hierarchy during the year ended 31 March 2019 (31 March 2018: none).

The following table reconciles the movements in level 3 Electricity price derivatives that are classified within level 3 of the fair value hierarchy because the assumed location factors which are used to adjust the forward price path are unobservable.

	2019 $Millions	2018 $Millions
Assets per the statement of financial position		
Opening balance	107.5	101.8
Foreign exchange movement on opening balance	(2.3)	(2.7)
Acquired as part of business combination	–	–
Gains and (losses) recognised in profit or loss	11.7	8.1
Gains and (losses) recognised in other comprehensive income	53.7	0.3
Closing balance	170.6	107.5
Total gains or (losses) for the year included in profit or loss for assets held at the end of the reporting year	53.4	10.2
Liabilities per the statement of financial position		
Opening balance	27.3	48.2
Foreign exchange movement on opening balance	(0.2)	–
Acquired as part of business combination	–	–
(Gains) and losses recognised in profit or loss	(4.1)	(17.8)
(Gains) and losses recognised in other comprehensive income	4.1	(3.1)
Sold as part of the disposal of a subsidiary	–	–
Closing balance	27.1	27.3
Total gains or (losses) for the year included in profit or loss for liabilities held at the end of the reporting year	(3.9)	(15.2)
Settlements during the year	24.9	4.4

20.5 Risk Management Framework

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group has established an Audit and Risk Committee for Infratil and each of its significant subsidiaries and associates with responsibilities which include reviewing management practices in relation to identification and management of significant business risk areas and regulatory compliance. The Group has developed a comprehensive, enterprise wide risk management framework. Management and Boards throughout the Group participate in the identification, assessment and monitoring of new and existing risks. Particular attention is given to strategic risks that could affect the Group. Management report to the Audit and Risk Committee and the Board on the relevant risks and the controls and treatments for those risks.

20.6 Capital Management

The Group's capital includes share capital, reserves, retained earnings and non-controlling interests of the Group. From time to time the Group purchases its own shares on the market with the timing of these purchases dependent on market prices, an assessment of value for shareholders and an available window to trade on the NZX. Primarily the shares are intended to be held as treasury stock and may be reissued under the Dividend Reinvestment Plan or cancelled. During the year the Group bought back no shares (2018: 775,000). The Company and the Group's borrowings are subject to certain compliance ratios in accordance with the facility agreements or the trust deed applicable to the borrowings.

The Group seeks to ensure that no more than 25% of its non-bank debt is maturing in any one year period, and to spread the maturities of its bank debt facilities between one and five years. Discussions on refinancing of facilities will normally commence at least six months before maturity. Facilities are maintained with AA- (2018: AA-) or above rated financial institutions, and with a minimum number of bank counterparties to ensure diversification. The Group manages its interest rate profile so as to minimise value volatility. This means having interest costs fixed for extended terms. At times when long rates appear to be sustainably high, the profile may be shortened, and when rates are low the profile may be lengthened.

21 Leases

The Group has receivables from operating leases relating to the lease of premises. These receivables expire as follows:

	2019 $Millions	2018 $Millions
Operating lease receivables as lessor		
Between 0 to 1 year	19.3	20.5
Between 1 to 2 years	17.1	16.4
Between 2 to 5 years	32.3	38.9
More than 5 years	5.5	8.1
	74.2	83.9

The Group has commitments under operating leases relating to the lease of premises and the hire of plant and equipment. These commitments expire as follows:

	2019 $Millions	2018 $Millions
Operating lease commitments as lessee		
Between 0 to 1 year	8.8	13.4
Between 1 to 2 years	8.2	13.6
Between 2 to 5 years	19.6	33.9
More than 5 years	66.6	65.1
	103.2	126.0

22 Capital commitments

	2019 $Millions	2018 $Millions
Committed but not contracted for	37.2	35.1
Contracted but not provided for	544.1	79.3
Capital commitments	581.3	114.4

Capital commitments associated with the Dundonnell Wind Farm total A$470.1 million as at 31 March 2019. See note 7 for Infratil's commitments to ASIP and Clearvision Ventures.

23 Power purchase arrangements adjustment

Australian Power Purchase Arrangements ('PPAs') are entered into with third parties (electricity retailers) by Tilt Renewables ('Tilt') in order to ensure it can continue to sell electricity at predetermined prices. Historically, Tilt had determined that PPA agreements were operating leases and recognised the fixed price income as it was generated. Tilt had historically concluded that all PPAs were supply contracts for the delivery of electricity as the contracts required physical delivery of the products and the view that the Australian Electricity Market Operator ('AEMO') was a market clearing house that is used to settle such arrangements.

Whilst the accounting standards that outline the measurement and presentation requirements to be applied to PPAs have not changed with the implementation of NZ IFRS 9, there has been a review of the accounting treatment for these contracts since the year ended 31 March 2018. The Australian electricity PPA's require net settlement due to the structure of the electricity market, and it has been concluded that the net payment made to, or received from the third party should be accounted for as a derivative financial instrument. As a result, Tilt has determined the fair value of these arrangements and recognised a derivative asset or liability at each reporting date. This change in accounting treatment has been reflected in both the current and comparative periods. This change is not applicable to the Group's New Zealand PPAs as these are not net settled and the energy market is structured differently.

Tilt has also identified that the relationship between the PPAs and the entity's exposure to fluctuating energy prices meets the criteria as a qualifying hedge relationship. On a prospective basis, the Group will apply hedge accounting to the PPAs entered into with third parties.

The Group has restated each of the affected financial statement line items for the prior year, as detailed below.

Impact on equity (increase/(decrease))

	31 March 2018		
	As reported $Millions	Adjustment $Millions	Restated balance $Millions
Derivative assets – non-current	3.0	104.2	107.2
Property, plant and equipment	4,808.9	(86.0)	4,722.9
Total assets	**6,621.6**	**18.2**	**6,639.8**
Derivative liabilities – current	12.7	14.9	27.6
Derivative liabilities – non-current	39.0	-	39.0
Deferred tax liabilities	510.0	1.0	511.0
Total liabilities	**3,488.9**	**15.9**	**3,504.8**
Revaluation reserve	830.9	(32.7)	798.2
Retained earnings	784.6	33.9	818.5
Non-controlling interest	1,198.3	1.1	1,199.4
Net impact on equity	**3,132.7**	**2.3**	**3,135.0**

Impact on income statement (increase/(decrease))

	31 March 2018		
	As reported $Millions	Adjustment $Millions	Restated balance $Millions
Depreciation	176.8	(3.3)	173.5
Net gain/(loss) on foreign exchange and derivatives	7.8	27.1	34.9
Income tax expense	52.2	9.1	61.3

Impact on opening balances (increase/(decrease))

	31 March 2017		
	As reported $Millions	Adjustment $Millions	Restated balance $Millions
Derivative assets – non-current	8.3	95.9	104.2
Property, plant and equipment	4,900.5	(64.5)	4,836.0
Total assets	**6,796.7**	**31.5**	**6,828.2**
Derivative liabilities – current	9.5	27.4	36.9
Derivative liabilities – non-current	53.2	4.0	57.2
Deferred tax liabilities	536.7	-	536.7
Total liabilities	**3,655.8**	**31.5**	**3,687.3**
Revaluation reserve	810.1	(23.0)	787.1
Retained earnings	789.1	23.0	812.1
Non-controlling interest	1,182.6	-	1,182.6
Net impact on equity	**3,140.9**	**-**	**3,140.9**

The change did not have an impact on OCI for the year or the Group's operating, investing and financing cash flows.

As the Group has not historically hedge accounted for the Australian PPAs, the initial recognition of the derivative value as at 31 March 2017 is required to be amortised through profit and loss over the life of the PPA. Any movements in the PPA derivative value after 1 April 2018 will be assessed for effectiveness and the effective portion taken through Other Comprehensive Income to the cash flow hedge reserve removing the ongoing volatility within the profit and loss.

24 Reconciliation of net surplus with cash flow from operating activities

	2019 $Millions	2018 $Millions
Net surplus for the year	52.4	160.5
(Add)/Less items classified as investing activity:		
(Gain)/Loss on investment realisations and impairments	36.7	5.3
Add items not involving cash flows:		
Movement in financial derivatives taken to the profit or loss	(0.3)	(26.5)
Decrease in deferred tax liability excluding transfers to reserves	34.3	(4.9)
Changes in fair value of investment properties	(4.8)	(18.0)
Equity accounted earnings of associate net of distributions received	(67.0)	(13.7)
Depreciation	171.7	173.5
Movement in provision for bad debts	2.2	3.7
Amortisation of intangibles	16.5	17.0
Other	5.6	9.7
Movements in working capital:		
Change in receivables	(83.4)	(25.8)
Change in inventories	0.2	(1.5)
Change in trade payables	5.7	21.9
Change in accruals and other liabilities	129.8	7.7
Change in current and deferred taxation	(22.7)	(13.1)
Net cash flow from operating activities	**276.9**	**295.8**

25 Key management personnel disclosures

Key management personnel have been defined as the Chief Executives and direct reports for the Group's operating subsidiaries (excluding non-executive Directors).

	2019 $Millions	2018 $Millions
Key management personnel remuneration comprised:		
Short-term employee benefits	14.3	11.6
Post employment benefits	-	-
Termination benefits	-	-
Other long-term benefits	0.7	0.3
Share based payments	3.2	4.5
	18.2	16.4

Directors fees paid to directors of Infratil Limited and its subsidiaries during the year were $3.7 million (2018: $3.4 million).

26 Employee share schemes

Infratil Staff Share Purchase Scheme

In 2008 Infratil commenced a staff share purchase scheme ('the Staff Share Scheme'). Under the Staff Share Scheme participating employees have a beneficial title to the ordinary shares, which are held by a trustee company. Staff are provided a loan in respect of the shares which is repayable over a period of three years. Upon repayment of the loan and three years' service by the participating employee, the ordinary shares will transfer from the trustee company to the participating employee, and the shares become unrestricted. Other than in exceptional circumstances, the length of the retention period before the shares vest is three years during which time the ordinary shares cannot be sold or disposed of.

During the year 47,770 shares were transferred to employees under the scheme (2018: 42,091 shares).

Infratil Executive Redeemable Share Scheme

From time to time selected key eligible executives and senior managers of Infratil and certain of its subsidiaries are invited to participate in the Infratil Executive Redeemable Share Scheme ('Executive Scheme') to acquire Executive Redeemable Shares ('Executive Shares'). The Executive Shares have certain rights and conditions and cannot be traded and do not convert to ordinary shares until those conditions have been met. The Executive Shares confer no rights to receive dividends or other distributions or to vote. Executive Shares may be issued which will convert to ordinary shares after three years (other than in defined circumstances) provided that the issue price has been fully paid and vesting conditions have been met. The vesting conditions include share performance hurdles with minimum future share price targets which need to be achieved over the specified period. The number of shares that "vest" (or LTI bonus paid) is based on the share price performance over the relevant period of the Infratil ordinary shares. If the executive is still employed by the Group at the end of the specified period, provided the share performance hurdles are met the executive receives a long-term incentive bonus ('LTI') which must be used to repay the outstanding issue price of the Executive Shares and the Executive Shares are then converted to fully paid ordinary shares of Infratil.

No new Infratil Executive Redeemable Shares were granted during the current or prior year. On 17 June 2016, 528,000 Infratil Executive Redeemable Shares were granted at a price of $3.3107, the volume weighted average market price over the 20 business days immediately preceding the date on which the shares were issued to each executive. One cent per Executive Share was paid up in cash by the executive with the balance of the issue price payable when the executive becomes eligible to receive the long-term incentive bonus. The Determination Date for the 2016 Scheme is 17 June 2019.

Executive redeemable shares

	2019	2018
Balance at the beginning of the year	433,000	990,500
Shares issued	-	-
Shares converted to ordinary shares	-	-
Shares cancelled	-	(557,500)
Balance at end of year	**433,000**	**433,000**

27 Related parties

Certain Infratil Directors have relevant interests in a number of companies with which Infratil has transactions in the normal course of business. A number of key management personnel are also Directors of Group subsidiary companies and associates.

Morrison & Co Infrastructure Management Limited ('MCIM') is the management company for the Company and receives management fees in accordance with the applicable management agreement. MCIM is owned by H.R.L. Morrison & Co Group Limited Partnership ('MCO'). Mr Bogoievski is a director of Infratil and is a director and Chief Executive Officer of MCO. Entities associated with Mr Bogoievski also have beneficial interests in MCO.

Management and other fees paid by the Group (including associates) to MCIM, MCO or its related parties during the year were:

	Note	2019 $Millions	2018 $Millions
Management fees	28	24.9	22.1
International Portfolio Incentive fee	29	102.6	-
Executive secondment and consulting		-	-
Directors fees		2.2	2.1
Financial management, accounting, treasury, compliance and administrative services		1.4	1.4
Risk management reporting		-	-
Investment banking services		1.2	1.2
Total management and other fees		**132.3**	**26.8**

The above table includes $1.5 million paid by discontinued operations in the year ended 31 March 2019 (2018: $1.3 million).

At 31 March 2019 amounts owing to MCIM of $3.6 million (excluding GST) are included in trade creditors (2018: $2.5 million).

On 8 May 2017 the Company obtained a standing waiver from NZSX Listing Rule 9.2.1. The effect of the waiver is to waive the requirement for Infratil to obtain an Ordinary Resolution from shareholders to enter into a Material Transaction with a Related Party to the extent required to allow Infratil to enter into transactions with co-investors that have also engaged an entity related to H.R.L. Morrison & Co Group LP for investment management or advisory services. The waiver is provided on the conditions specified in paragraph 2 of the waiver decision, which is available on Infratil's website: www.infratil.com/for-investors/announcements. As yet, no transaction has been entered into in reliance on this waiver.

MCO, or Employees of MCO received directors fees from the Company's subsidiaries or associated companies as follows:

	2019 $000's	2018 $000's
CDC Group Holdings Pty Ltd	160.7	234.9
Cullinan Holding Trust (ANU Student Accommodation)	53.6	89.6
Infratil Infrastructure Property Limited	60.0	60.0
New Lynn Central Limited Partnership	-	-
New Zealand Bus Limited	175.5	175.5
Longroad Energy Holdings, LLC	168.9	74.6
Perth Energy Pty Limited	181.9	163.5
RA (Holdings) 2014 Pty Limited	235.7	238.1
Snapper Services Limited	49.2	37.8
Tilt Renewables Limited	407.1	400.5
Trustpower Limited	289.3	263.0
Wellington International Airport Limited	329.3	287.5
	2,111.2	2,025.0

28 Management fee to Morrison & Co Infrastructure Management Limited

The management fee to MCIM comprises a number of different components:

A New Zealand base management fee is paid on the 'New Zealand Company Value' at the rates of 1.125% per annum on New Zealand Company value up to $50 million, 1.0% per annum on the New Zealand Company Value between $50 million and $150 million, and 0.80% per annum on the New Zealand Company Value above $150 million. The New Zealand Company Value is:

- the Company's market capitalisation as defined in the management agreement (i.e. the aggregated market value of the Company's listed securities, being ordinary shares, partly paid shares and, Infratil Infrastructure bonds);
- plus the Company and its wholly owned subsidiaries' net debt (excluding listed debt securities and the book value of the debt in any non-Australasian investments);
- minus the cost price of any non-Australasian investments; and,
- plus/minus an adjustment for foreign exchange gains or losses related to non-New Zealand investments.

An international fund management fee is paid at the rate of 1.50% per annum on:

- the cost price of any non-Australasian investments; and,
- the book value of the debt in any wholly owned non-Australasian investments.

29 International Portfolio Incentive fee

International Investments are eligible for International Portfolio Incentive fees ('Incentive fees') under the Management Agreement between MCIM and Infratil. The Agreement allows for incentives to be payable for performance in excess of a minimum hurdle of 12% per annum in three separate areas:

- Initial Incentive fees;
- Annual Incentive fees; and,
- Realised Incentive fees.

All investments that are acquired in any one financial year are grouped together for the purposes of the Initial Incentive fee, and an Initial Incentive fee is payable at 20% of the outperformance of these assets against a benchmark of 12% p.a. after tax, compounding. The investments in ANU Purpose Built Student Accommodation, Canberra Data Centres and Longroad Energy, and the demerger of Tilt Renewables (from Trustpower) all occurred in the 2017 financial year and were therefore eligible for the International Portfolio Initial Incentive fee assessment as at 31 March 2019.

Based on independent valuations obtained as at 31 March 2019 for these International Investments, an Initial Incentive Fee of $102.6 million is payable to MCIM, allocated as follows:

	2019 $Millions
Tilt Renewables	2.5
Canberra Data Centres	65.3
Longroad Energy	21.2
ANU Student Accommodation	13.6
	102.6

None of the Group's other International Investments met the performance hurdles for either the Annual Incentive fee or the Realised Incentive fee.

30 Contingent liabilities and legal matters

The Company and certain wholly owned subsidiaries are guarantors of the bank debt facilities of Infratil Finance Limited under a Deed of Negative Pledge, Guarantee and Subordination and the Company is a guarantor to certain obligations of subsidiary companies.

The Perth Energy group has issued bank guarantees of A$23.1 million to satisfy the prudential requirements from suppliers and the Australian Energy Market Operator.

Perth Energy's A$41.6 million secured bank facility and certain other indebtedness between the Perth Energy Holdings Group and financiers has been guaranteed by Infratil Finance Limited.

31 Events after balance date

Acquisition of Vodafone New Zealand

On 14 May 2019, Infratil announced the 49.9% acquisition of Vodafone New Zealand Limited ('Vodafone NZ'). A consortium comprising Infratil and Brookfield Asset Management Inc. ('Brookfield') have executed a conditional agreement to acquire Vodafone NZ from Vodafone Group Plc for an enterprise value of $3.4 billion. The $3.4 billion purchase price is to be funded via a $1,029 million equity contribution from each of Infratil and Brookfield, with the balance funded from Vodafone NZ level debt and a portion of equity reserved for the Vodafone NZ executive team.

Infratil's equity contribution is expected to be funded via a fully underwritten equity raising of up to NZ$400 million, with the remainder to be funded through a combination of NZ$400 million of debt from a committed acquisition debt facility and the use of existing debt facility headroom.

Completion is conditional on Overseas Investment Office approvals and Commerce Commission clearance. Infratil anticipates that these conditions will be satisfied by August, and completion will occur by 31 August 2019.

ANU Student Accommodation concession sale

On 14 May 2019, Infratil announced that the conditions to sale of the ANU Student Accommodation concession ('ANU') have been satisfied. Infratil advised that it has received all counterparty consents for the sale of its 50% interest in ANU to funds controlled by AMP Capital, originally announced on 1 April 2019. Completion of the transaction is expected to occur on 20 May 2019 and Infratil expects to receive cash proceeds of approximately A$162 million.

Dividend

On 16 May 2019, the Directors approved a partially imputed final dividend of 11.0 cents per share to holders of fully paid ordinary shares to be paid on 27June 2019.

Independent Auditor's Report

To the shareholders of Infratil Limited

Report on the consolidated financial statements

Opinion

In our opinion, the accompanying consolidated financial statements of Infratil Limited (the company) and its subsidiaries (the group) on pages 60 to 107:

i. present fairly in all material respects the group's financial position as at 31 March 2019 and its financial performance and cash flows for the year ended on that date; and

ii. comply with New Zealand Equivalents to International Financial Reporting Standards.

We have audited the accompanying consolidated financial statements which comprise:

— the consolidated statement of financial position as at 31 March 2019;

— the consolidated statements of comprehensive income, changes in equity and cash flows for the year then ended; and

— notes, including a summary of significant accounting policies and other explanatory information.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

We are independent of the group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the consolidated financial statements section of our report.

Our firm has also provided other services to the group in relation to taxation services, audit of regulatory disclosures, other assurance engagements and due diligence services. Subject to certain restrictions, partners and employees of our firm may also deal with the group on normal terms within the ordinary course of trading activities of the business of the group. These matters have not impaired our independence as auditor of the group. The firm has no other relationship with, or interest in, the group.

Scoping

The scope of our audit is designed to ensure that we perform adequate work to be able to give an opinion on the consolidated financial statements as a whole, taking into account the structure of the group, the significance and risk profile of each investment it owns, the group's accounting processes and controls, and the industry in which the investments operate.

In establishing the overall approach to the group audit, we determined the type of work that needed to be performed at the component level by us, as the group engagement team, or component auditors operating under our instruction. A full scope audit was performed on the most significant investments for the group using component materialities which were lower than group materiality. The component materiality took into account the size and the risk profile of each component.

Where the work was performed by component auditors, we determined the level of involvement we needed to have in the audit work at those investments to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the group financial statements as a whole. We kept in regular communication with component audit teams throughout the year with phone calls, discussions and written instructions and ensured that the component audit teams had the appropriate skills and competencies which are needed for the audit. We reviewed the work undertaken by component auditors in order to ensure the quality and adequacy of their work.

Materiality

The scope of our audit was influenced by our application of materiality. Materiality helped us to determine the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, both individually and on the consolidated financial statements as a whole. The materiality for the consolidated financial statements as a whole was set at $16 million, determined with reference to a benchmark of group total assets. We chose total assets given the asset intensive nature of the group's underlying investments and that this is a more stable and relevant measure than a profit measure. Materiality represents 0.25% of the selected benchmark.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements in the current period. We summarise below those matters and our key audit procedures to address those matters in order that the shareholders as a body may better understand the process by which we arrived at our audit opinion. Our procedures were undertaken in the context of and solely for the purpose of our statutory audit opinion on the consolidated financial statements as a whole and we do not express discrete opinions on separate elements of the consolidated financial statements

The key audit matter	How the matter was addressed in our audit
Valuation of Property, Plant and Equipment	
As disclosed in note 13 of the financial statements, the group has property, plant and equipment of $4,202 million (2018: $4,468 million), with renewable generation assets, land and civil works and buildings making up the majority of this balance. The group has a policy of recording classes of property, plant and equipment at cost less accumulated depreciation, or at valuation, with valuations undertaken at least every 5 years.	
Renewable generation assets ($2,885 million)	
Valuation of renewable generation assets is considered to be a key audit matter due to both its magnitude and the judgement involved in the assessment of the fair value of these assets by the group's Directors. The judgement relates to the valuation methodology used and the assumptions included within that methodology. Renewable generation assets include both hydro and wind generation assets.	Our procedures over the renewable generation asset valuations included: — Comparing the forward electricity price path used in the independent valuation to current externally derived market data; — Using valuation specialists to assess the appropriateness of the discount rate applied to the

The key audit matter	How the matter was addressed in our audit
The Group's hydro generation assets carrying value is $1,862 million as at 31 March 2019 and an independent valuation was carried out as at 31 March 2019. The wind generation assets carrying value as at 31 March 2019 is $1,023 million. An out of cycle revaluation assessment was carried out during the year due to a decrease in the long term forecast Australian Large Generation Credits and electricity prices. The assumptions included in the valuations that have the largest impact on fair value are: — New Zealand and Australian electricity forward price path forecasts; — Future generation volumes in New Zealand and Australia; — Discount rates applied to the estimated future cash flows to determine a present day value; and — Forecast costs of operating the generation schemes.	estimated future cash flows by comparing this to rates used by other market participants; — Comparing forecast generation volumes and operating costs assumed in the independent valuation against actual realised volumes and operating costs incurred in the year to 31 March 2019; and — Giving specific consideration to the Electricity Authority proposal on Avoided Cost of Transmission and its impact on the fair value of hydro generation assets.

Land and civil works ($562.8 million) and Buildings ($538 million).
 	
Valuation of land and civil works and buildings, specifically in relation to airport assets, is considered to be a key audit matter due to the magnitude and judgement involved in the assessment of the fair value of these assets by the group's Directors. The judgement relates to the valuation methodologies used and the assumptions included in each of those methodologies.
 	
The last independent valuation of land and buildings was carried out as at 31 March 2018 and the last independent valuation of civil works was carried out as at 31 March 2016. The assumptions that have the largest impact on the valuations are:
 	
— The potential value of the airport land if there was no airport on the site, primarily driven by weighted average cost of capital;
— The replacement cost of buildings including the main terminal building;
— The replacement cost of civil assets including the runway, taxiways and roads; and
— The estimated future cash flows and expected rate of return from the vehicle assets.
	Our procedures to assess the land and civil works and buildings valuations included, amongst others:
	
	— Utilising valuation specialists to assess the changes in key judgemental assumptions which have the largest impact on the valuation. This included assessing:
	  — changes to the weighted average cost of capital against observable market data;
	  — changes in the value of underlying land prices with reference to observable market transactions and relevant indices;
	  — changes in the cost of buildings and civil assets; and
	  — the future cash flows against approved budgets and historical financial performance;
	— Comparing the valuation methodologies used by the valuer for the group, to the valuation methodologies used by other airports within New Zealand for comparability.

The key audit matter	How the matter was addressed in our audit
Management have applied judgement in determining that there were no significant changes to those assumptions which would warrant performing a full revaluation at 31 March 2019.	
Carrying value of investment in associates The carrying value of the group's investment in associates as at 31 March 2019 was $857 million. Investments in associates contribute a significant portion of the group's net surplus and total assets. Given the significance of these investments to the group, we consider this to be a key audit matter. A key focus of our attention was on the Canberra Data Centres (CDC) investment due to its size ($555 million), comprising over 60% of the group's total investment in associates.	Our procedures performed to assess the carrying value of associates included, amongst others: — Recalculating the share of profit from equity accounted investments using investee financial information; — Testing a sample acquisitions made and distributions received from associates during the year; — Consideration of associate's performance to date with reference to the most recent audited financial statements and assessment of relevant indicators of impairment; and — Where valuation models have been used to support carrying value, we have utilised our valuation specialists to consider the discount rates and cash flow projections used within the models.

Other information

The Directors, on behalf of the group, are responsible for the other information included in the entity's Annual Report. Other information includes the reports of the Chief Executive and the Chair, Infratil's Financial Performance and Position, Infratil's businesses, disclosures relating to strategy, corporate governance and statutory information. Our opinion on the consolidated financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Use of this independent auditor's report

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

KPMG

Responsibilities of the Directors for the consolidated financial statements

The Directors, on behalf of the company, are responsible for:

- the preparation and fair presentation of the consolidated financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards);
- implementing necessary internal control to enable the preparation of a consolidated set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the consolidated financial statements

Our objective is:

- to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- to issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of these consolidated financial statements is located at the External Reporting Board (XRB) website at:

http://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-1/

This description forms part of our independent auditor's report.

The engagement partner on the audit resulting in this independent auditor's report is Ross Buckley.

For and on behalf of

KPMG

Wellington

16 May 2019

Corporate Governance

The Board is committed to undertaking its role in accordance with internationally accepted best practice, within the context of Infratil's business. Infratil's corporate governance practices have been prepared with reference to the Financial Markets Authority's Corporate Governance Handbook, the requirements of the NZX Listing Rules and the recommendations in the NZX Corporate Governance Code ("NZX Code").

Copies of Infratil's key corporate governance documents, are available on the corporate governance section of Infratil's website: www.infratil.com/about-us/corporate-governance/. These include Infratil's Constitution, the Management Agreement, the Board and Committee Charters, the Corporate Governance Statement (which discloses Infratil's compliance with the NZX Code) and key corporate governance policies.

Corporate governance structure

The Board is elected by the shareholders with overall responsibility for the governance of Infratil, while the day to day management of Infratil has been delegated to Morrison & Co. The respective roles of the Board and Morrison & Co within this corporate governance structure are summarised below.

The Board

Role of the Board

The primary role of the Board is to approve and monitor the strategic direction of Infratil recommended by Morrison & Co and add long-term value to Infratil's shares, having appropriate regard to the interests of all material stakeholders. In addition:

- The Board establishes Infratil's objectives, overall policy framework within which the business is conducted and confirms strategies for achieving these objectives.
- The Board also monitors performance and ensures that procedures are in place to provide effective internal financial control.
- Although the day to day management of Infratil has been delegated to Morrison & Co, Board approval is required for:
  - all investments and divestments;
  - Infratil's capital management, capital structure and risk management/appetite;
  - Infratil's portfolio management.

The Board's role and responsibilities are set out in the Board Charter.

Board Committees

The Board has established four standing committees, and other committees may be formed when it is efficient or necessary to facilitate efficient decision-making or when required by law:

- **Audit and Risk Committee**

  The Board has established this Committee to oversee financial reporting, accounting policies, financial management, internal control systems, risk management systems, systems for protecting assets and compliance. The Committee also:
  - keeps under review the scope and results of audit work, its cost effectiveness and performance and the independence and objectivity of the auditors;
  - reviews the financial statements and the announcement to the NZX and ASX of financial results; and
  - receives regular reports from Morrison & Co, including reports on financial and business performance, risk management, financial derivative exposures and accounting and internal control matters.

  During Financial Year 2019, the Committee comprised three independent Directors (A Gerry (Chair), M Tume and P Springford). Manager representatives will attend meetings to the Committee as appropriate, at the invitation of the Committee Chair.

  The Committee will meet at least quarterly to fulfil its obligations. The Committee Chair may convene a meeting if he or she considers one is required, and will also convene a meeting upon request of any Committee member who considers it necessary.

  The Committee's role and responsibilities, and membership requirements, are set out in the Audit and Risk Committee Charter.

- **Nomination and Remuneration Committee**

  The Board has established this Committee to manage the identification, consideration and recommendation of director appointments to the Board, succession planning for Directors, ensuring written agreements are in place for all Directors, the induction programme for new Directors and recommending remuneration for directors for consideration by shareholders.

  Nominations will be put to the annual meeting in accordance with Infratil's constitution and the relevant legislation and listing rules. The filling of casual vacancies must be approved by the Board, and then approved by shareholders at the next general meeting.

  The Committee comprises three independent Directors (M Tume (Chair), A Gerry and P Gough), with attendances by appropriate Manager representatives.

  The Committee will meet at least annually to fulfil its obligations. The Committee Chair may convene a meeting if he or she considers one is required, and will also convene a meeting upon request of any Committee member who considers it necessary.

  The Committee's role and responsibilities, and membership requirements, are set out in the Nomination and Remuneration Committee Charter.

- **Manager Engagement Committee**

  The Board has established the Manager Engagement Committee to monitor Morrison & Co's performance and compliance with the Management Agreement.

  The Board recognises that the interests of Infratil shareholders and Morrison & Co have the potential to conflict, and that an important role of the Board is to be aware of and assess potential conflicts in relation to Infratil's capital structure and strategies adopted, and the resulting potential Morrison & Co revenues. This Committee is also responsible for managing any potential conflicts between the interests of Infratil shareholders and Morrison & Co (for instance, in agreeing the terms of governance arrangements for investment joint ventures with other Morrison & Co clients).

  The Committee must comprise solely of independent Directors (with a minimum of three members). The Committee currently comprises all independent Directors (M Tume (Chair), A Gerry, P Gough, K Mactaggart, H Rolleston and P Springford).

  Manager representatives do not attend meetings of the Committee.

The Committee will meet at least quarterly to fulfil its obligations. The Committee Chair may convene a meeting if he or she considers one is required, and will also convene a meeting upon request of any Committee member who considers it necessary.

The Committee's role and responsibilities, and membership requirements, are set out in the Manager Engagement Committee Charter.

Board membership

The number of Directors is determined by the Board, in accordance with Infratil's constitution, to ensure it is large enough to provide a range of knowledge, views and experience relevant to Infratil's business. The composition of the Board will reflect the duties and responsibilities it is to discharge and perform in setting Infratil's strategy and seeing that it is implemented. The Board Charter requires both a majority of the Board, and the Chairman, to be independent Directors.

The Board currently comprises seven Directors (six independent Directors and one non-independent Director). The Board will increase to eight Directors on 1 August 2019 (when the appointment of an additional independent Director, Catherine Savage, becomes effective) but will reduce to seven Directors following the 2019 annual meeting (at which Humphry Rolleston is retiring). The composition of the Board, experience and Board tenure are set out below.

Mark Tume (BBS, Dip Bkg Stud)

Chairman and Independent Director

Mark Tume has been Chairman since 2013 and a director since 2007. He is Chair of RetireAustralia, Ngai Tahu Holdings Corporation and Te Atiawa Iwi Holdings. His professional experience has been in banking and funds management.

Marko Bogoievski (BCA, MBA, FCA)

Non-Independent Director

Marko Bogoievski is Chief Executive of Infratil and its Manager, Morrison & Co. He joined the Infratil board in 2009. He is Chairman of Longroad Energy 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 and Infratil Energy Australia. Mr Bogoievski has an interest in Morrison & Co, which has the Management Agreement with Infratil.

Alison Gerry (BMS(Hons), MAppFin)

Independent Director

Alison Gerry joined the Infratil board in 2014 and is Chair of the Audit and Risk Committee. She is a director of Wellington International Airport, Vero Insurance New Zealand and Chair of Sharesies. Ms Gerry is a former director of Spark New Zealand and has been a professional director since 2007. Previously she worked for both corporates and for financial institutions in Australia, Asia and London in trading, finance and risk roles.

Paul Gough (BCom(Hons))

Independent Director

Paul Gough joined the Infratil board in 2012. He is managing partner of the UK private equity fund STAR Capital. He is a director of several international companies in the transport, logistics, healthcare, infrastructure and financial services sectors. Mr Gough previously worked for Credit Suisse First Boston in New Zealand and London.

Kirsty Mactaggart (BAcc, CA)

Independent Director

Kirsty Mactaggart joined the Infratil board in 2019. She was most recently the Head of Equity Capital Markets, Corporate Finance and Governance Asia for Fidelity International, and was previously a Managing Director at Citigroup across Hong Kong and London. She has 25 years global financial market experience with a unique investor perspective and a focus on governance. She is a member of Institute of Chartered Accountants of Scotland I.C.A.S. Ms Mactaggart is originally from Scotland but is now a New Zealand resident.

Humphry Rolleston

Independent Director

Humphry Rolleston joined the Infratil board in 2006, and will retire from the Board at the 2019 annual meeting. He is a director of NZX listed Property for Industry and owns private companies involved in tourism, security, disruptive technology, manufacturing and finance. Mr Rolleston is Chair of The Christchurch Foundation and a Fellow of the New Zealand Institute of Directors and the Institute of Management.

Catherine Savage (BCA, FCA)

Independent Director

Catherine Savage will join the Infratil board on 1 August 2019. She is a highly experienced investor and director with substantial governance experience in the investment management sector. She is currently the Chair of the Guardians of New Zealand Superannuation, and has previously served as the Chairperson of the National Provident Fund, an independent director of the Todd Family Office, Kiwibank and Pathfinder Asset Management, and earlier led AMP Capital in New Zealand. She is Co-Chair of the New Zealand Chapter for Women Corporate Directors, a Fellow of Chartered Accountants Australia & New Zealand, a Fellow of The Institute of Directors and a Fellow of INFINZ.

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. He is a chartered member of the New Zealand Institute of Directors.

Independence

The Board Charter sets out the standards for determining whether a Director is independent for the purposes of service on the Board and committees. These standards reflect the requirements of the NZX Listing Rules.

A Director is independent if the Board affirmatively determines that the Director satisfies these standards. The Board has determined that:

- All the non-executive Directors (namely, M Tume, A Gerry, P Gough, P Springford, K Mactaggart and H Rolleston) are independent Directors.
- C Savage will be an independent Director.
- The Chief Executive (M Bogoievski), as an employee of Morrison & Co (and occupying a position analogous to an executive Director), is not an independent Director.

Tenure

Directors are not appointed for fixed terms. However, the Constitution and the NZX Listing Rules require that Directors stand for re-election at regular intervals:

- The Constitution and the NZX Listing Rules currently require one third (or the number nearest to one third) of the Directors (excluding any Director appointed since the previous annual meeting) must retire by rotation at each annual meeting. The Directors to retire are those who have been longest in office since their last election. Directors retiring by rotation may, if eligible, stand for re-election). M Bogoievski, the Chief Executive, is subject to the same rotation requirements as the other Directors (as he is not an employee of Infratil).
- Following Infratil's adoption of the updated NZX Listing Rules (which will occur by 30 June 2019), all Directors will be required to stand for re-election at the 3rd annual meeting after appointment or after three years (whichever is longer).

A Director appointed by the Board to fill a casual vacancy must also stand for election at the following annual meeting.

Board and committee meetings

The Board will normally hold at least six meetings in each year, and additional Board meetings are held where necessary in order to prioritise and respond to issues as they arise.

The Board and Committee meetings and attendance in Financial Year 2019 are set out below:

	Full agenda board meetings	Limited agenda board meetings	Audit and risk committee	Nomination and remuneration committee	Manager engagement committee
M Tume	7/7	5/5	4/4	2/2	3/3
M Bogoievski	7/7	5/5	1/4	-	-
A Gerry	7/7	4/5	4/4	2/2	3/3
P Gough	7/7	5/5	-	2/2	3/3
K Mactaggart†					
P M Springford	7/7	5/5	3/4	-	3/3
HJD Rolleston	7/7	5/5	-	-	3/3

† Appointed 25 March 2019

Independent professional advice and training

With the approval of the Chairman, Directors are entitled to seek independent professional advice on any aspect of the Directors' duties, at Infratil's expense. Directors are also encouraged to identify and undertake training and development opportunities.

Board performance and skills

The Board, the Audit and Risk Committee and individual Directors are subject to a performance appraisal from time to time (the Chairman initiates a review of Board performance annually, and an external review of the Board was conducted in Financial Year 2018). Appropriate strategies for improvement are agreed and actioned.

The skills and capabilities of the Board are continually assessed through the Chairman and the Board, including potential gaps in skills and experience. Infratil has developed a Board skills matrix of the skills and experience currently regarded as being important to Infratil (and which is set out in the table below). The Board considers that this mix of skills and experience is currently represented on the Board (and this conclusion was supported by the external review of the Board conducted in Financial Year 2018).

Skill/experience
Governance and stakeholder management
Infrastructure asset management and private markets
Financial/accounting
Capital markets and funds management
People and performance
Technology and innovation
Regulation
Marketing and consumer intelligence

Directors' and Officers' insurance

Infratil has arranged Directors' and Officers' liability insurance covering Directors acting on behalf of Infratil. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for Infratil. The types of acts that are not covered are dishonest, fraudulent, malicious acts or omissions, wilful breach of statute or regulations or duty to Infratil, improper use of information to the detriment of Infratil, or breach of professional duty.

Takeover protocols

The Board has approved protocols that set out the procedure to be followed if there is a takeover for Infratil, which reflect the requirements of the Takeovers Code, market practice and recommendations by the Takeovers Panel.

Morrison & Co

Role of Morrison & Co

The day to day management responsibilities have been delegated to Morrison & Co under the Management Agreement. The Management Agreement specifies the duties and powers of Morrison & Co, and the management fee payable to Morrison & Co (which is summarised in note 28 to the Financial Statements on page 106 of this annual report).

The Board determines and agrees with Morrison & Co specific goals and objectives, with a view to achieving the strategic goals of Infratil. Between Board meetings, the Chairman maintains an informal link between the Board and Morrison & Co, and is kept informed by Morrison & Co on all important matters. The Chairman is available to Morrison & Co to provide counsel and advice where appropriate. Decisions of the Board are binding on Morrison & Co. Morrison & Co is accountable to the Board for the achievement of the strategic goals of Infratil. At each of its Board meetings, the Board receives reports from or through Morrison & Co including financial, operational and other reports and proposals.

Infratil's management comprises people employed by Morrison & Co (including the Chief Executive and Chief Financial Officer), and people employed by Infratil's subsidiaries and investee companies.

Manager performance

A key responsibility of the Board is monitoring Morrison & Co's performance and compliance with the Management Agreement (including potential conflicts between the interests of Morrison & Co and the interests of Infratil shareholders):

- This responsibility is set out expressly in the Board Charter, and was previously dealt with by meetings of the independent Directors (without representatives of Morrison & Co present). However, given the importance of this responsibility in the context of Infratil's business, the Board has established the Management Engagement Committee to deal with these matters to allow the Board to continue to discharge this responsibility through a dedicated Board committee.
- The Board also recognises the potential for conflicts to arise in the allocation of investment opportunities among clients of Morrison & Co (including Infratil). Infratil has used investment joint ventures for many years and expects to continue to do so, and the Board encourages Morrison & Co to identify aligned parties with which Infratil can co-invest. Accordingly, the Board and Morrison & Co have agreed a deal allocation process so Infratil has visibility of all investment opportunities that fit with Infratil's investment strategy and clear investment rights in respect of those opportunities.

The Board initiates a review of the Management Agreement from time to time. An external review of the management fee payable to Morrison & Co under the Management Agreement was conducted in Financial Year 2018 (and the key conclusions of that were noted in the 2018 Annual Report).

Health and safety

Health and safety is managed by Infratil's operational businesses and Morrison & Co (rather than in aggregate at a group level), and the Board is provided with regular health and safety reports for those operating businesses and Morrison & Co.

Diversity

Infratil has a Diversity Policy, which applies to Infratil and its wholly-owned subsidiaries (currently, NZ Bus and Snapper). This policy does not apply to portfolio businesses which are not wholly-owned subsidiaries of Infratil:

- Trustpower and Tilt Renewables (which, in aggregate, comprise approximately 58% of Infratil's assets and employ approximately 30% of the people employed in Infratil's operational businesses) have their own diversity policies for their business, which are available on their websites: https://www.trustpower.co.nz/investor-centre/governance-documents and https://www.tiltrenewables.com/investors-landowners/governance-documents/.
- Infratil encourages its other portfolio businesses to adopt diversity policies which are appropriate for their businesses.

The Infratil Diversity Policy recognises the value of diversity of thought at all levels of the business, in an inclusive environment, is recognised as beneficial to decision making, improving and increasing corporate and shareholder value, enhancing talent recruitment and retention, increasing employee satisfaction and enhancing the probability of achieving Infratil's objectives ("Principle"). Infratil ensures that it has (and encourages other wholly-owned subsidiaries to have) strategies, initiatives and practices to promote behaviours and processes that are consistent with the Principle. Infratil recognises that these strategies, initiatives and practices will be different for each wholly-owned subsidiary depending on its specific business requirements and accordingly it believes that it is better to engage with each wholly-owned subsidiary on diversity rather than impose specific objectives on each company. For the same reason, the Infratil Diversity Policy does not include measurable objectives, as the appropriate measurable objectives will be different for each portfolio business (and Trustpower and Tilt Renewables have set, and report in their Annual Reports on, gender diversity objectives as part of their diversity policies).

Management monitors, reviews and reports to the Board on Infratil's progress under this Policy.

At 31 March 2019, the Infratil Board consisted of five male Directors and two female Directors (31 March 2018: five male Directors and one female Director) and, following the 2019 annual meeting, the Infratil Board will consist of four male Directors and three female Directors.

The following tables provide the proportion of women employees in the organisation, women in senior executive positions and women on the Board (senior executives are defined as a CEO or CEO direct report, or a position that effectively carries executive responsibilities):

2019 Position	Number		Proportion	
	Female	Male	Female	Male
Board[1]	2	5	29%	71%
Senior Executive Positions[2, 3]	16	65	20%	80%
Organisation	1,168	2,282	34%	66%

2018 Position	Number		Proportion	
	Female	Male	Female	Male
Board[1]	1	5	17%	83%
Senior Executive Positions[2, 3]	19	61	24%	76%
Organisation	1,091	2,391	31%	69%

1. Following the 2019 annual meeting, this will change to 3 female Directors (43%) and four male Directors (57%).
2. Senior Executive Positions include Morrison & Co.
3. The gender proportions of Senior Executive Positions (Infratil Group excluding associates) was 10 female executives (25%) and 30 male executives (75%) in 2019 and 10 female executives (24%) and 31 male executives (76%) in 2018.

Risk management

Risk management and compliance

The Audit and Risk Committee is responsible for ensuring that Infratil has an effective risk management framework to identify, treat and monitor key business risks and regulatory compliance, and also reviews management practices in these areas. Formal systems have been introduced for regular reporting to the Board on business risk, including impacts and mitigation strategies and compliance matters.

Morrison & Co (via the Chief Executive and Chief Financial Officer) is required to, and has confirmed to the Audit and Risk Committee and the Board in writing that, in their opinion:

- Financial records have been properly maintained and Infratil's financial statements present a true and fair view, in all material respects, of Infratil's financial condition, and operating results are in accordance with relevant accounting standards;
- The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice and comply with International Financial Reporting Standards and other applicable financial reporting standards for profit-oriented entities;
- This opinion has been formed on the basis of a sound system of risk management and internal control which is operating effectively; and
- That system of risk management and internal control is appropriate and effective internal controls and risk management practices are in place to safeguard and protect Infratil's assets, to identify, assess, monitor and manage risk, and identify material changes to Infratil's risk profile.

Internal financial control

The Board has overall responsibility for Infratil's system of internal financial control. Infratil does not have a separate internal audit function, however the Board has established procedures and policies that are designed to provide effective internal financial control:

- Annual budgets, forecasts and reports on the strategic direction of Infratil are prepared regularly and reviewed and agreed by the Board.
- Financial and business performance reports are prepared monthly and reviewed by the Board throughout the year to monitor performance against financial and non-financial targets and strategic objectives.

External auditor

The Audit and Risk Committee is also responsible for the selection and appointment of the external auditor (which is included within the External Audit Relationship section of the Audit and Risk Committee Charter), and ensuring that the external auditor or lead audit partner is changed at least every five years.

Going concern

After reviewing the current results and detailed forecasts, taking into account available credit facilities and making further enquiries as considered appropriate, the Directors are satisfied that Infratil has adequate resources to enable it to continue in business for the foreseeable future. For this reason, the Directors believe it is appropriate to adopt the going concern basis in preparing the financial statements.

Reporting and disclosure

Disclosure

Infratil is committed to promoting investor confidence by providing forthright, timely, accurate, complete and equal access to information, and to providing comprehensive continuous disclosure to shareholders and other stakeholders, in compliance with the NZX Listing Rules. This commitment is reflected in Infratil's Disclosure and Communications Policy. Under this policy:

- All shareholder communications and market releases are subject to review by Morrison & Co (including Chief Executive, Chief Financial Officer and legal counsel), and information is only released after proper review and reasonable inquiry.
- Full year and half year results releases are approved by the Audit and Risk Committee and by the Board.

Shareholder and other stakeholder communications

Infratil aims to communicate effectively, give ready access to balanced and understandable information about the Infratil group and corporate proposals and make it easy to participate in general meetings. Infratil seeks to ensure its shareholders are appropriately informed on its operations and results, with the delivery of timely and focused communication, and the holding of shareholder meetings in a manner conducive to achieving shareholder participation. To ensure shareholders and other stakeholders have access to relevant information Infratil:

- holds regular investor road shows and an annual investor day, and sends interested parties the dates and invitations to attend;
- sends security holders its annual and half year review, which is a summary of Infratil's operating and financial performance for the relevant period, and periodic operational updates;
- ensures its website contains media releases, full year and half year financial information and presentations, current and past annual reports, Infratil bond documents, dividend histories, notices of meeting, details of Directors and Morrison & Co, a list of shareholders' frequently asked questions and other information about Infratil;
- makes available printed half year and annual reports and encourages shareholders to access these documents on the website and to receive advice of their availability by email;
- publishes press releases on issues/events that may have material information content that could impact on the price of its traded securities and sends email updates to interested stakeholders;
- webcasts its half year and full year results so that a wide group of interested parties can review and participate in discussions on performance, and advises interested parties of the dates and how to participate in the webcast; and
- provides additional explanatory information where circumstances require.

Shareholder meetings are generally held in a location and at a time which is intended to maximise participation by shareholders. Meetings are typically alternated between Wellington, Auckland and Christchurch. Full participation of shareholders at the annual meeting is encouraged to ensure a high level of accountability and identification with Infratil's strategies and goals. Shareholders have the opportunity to submit questions prior to each meeting and Morrison & Co, senior management of subsidiary companies and auditors are present to assist in and provide answers to questions raised by shareholders. There is also an opportunity for informal discussion with Directors, Morrison & Co and senior management for a period after the meeting concludes.

Infratil supports the efforts of the New Zealand Shareholders' Association ("NZSA") to raise the quality of relations between public companies and their shareholders. Shareholders wishing to learn more about the NZSA can find information on its website (http://www.nzshareholders.co.nz). While Infratil supports the general aims and objectives of the NZSA, its specific actions and views are not necessarily endorsed by Infratil, or representative of Infratil's view.

Ethical behaviour

Code of Conduct and Ethics Policy

Infratil has always required the highest standards of honesty and integrity from its Directors, Manager and employees, and this commitment is reflected in Infratil's Ethics and Code of Conduct Policy. The policy recognises Infratil's commitment to maintaining the highest standards of integrity and its legal and other obligations to all legitimate stakeholders, and applies to Directors, Morrison & Co and all employees.

The policy sets the ethical and behavioural standards and professional conduct for which Directors, Morrison & Co and employees of Infratil and its subsidiaries are expected to conduct their work life. Infratil has communicated the policy to employees and provided training on it, and failure to follow the standards provided in this Code will result in the appropriate staff or other performance management practices being invoked and may lead to disciplinary action (including dismissal).

Financial Products Trading Policy

Infratil has a financial products trading policy applicable to Directors, Morrison & Co and all employees of Infratil and its subsidiaries who intend to trade in Infratil Financial Products (which includes quoted financial products issued by Trustpower, Tilt Renewables and WIAL, in addition to those issued by Infratil).

All trading in Infratil Financial Products by Directors, Morrison & Co and employees of Infratil and its subsidiaries must comply with this policy. The policy includes a fundamental prohibition on insider trading and obligations of confidentiality when dealing with material information. The policy also requires Directors, Morrison & Co and other employees who have, or may have, access to market sensitive information to obtain consent prior to trading (although these obligations do not apply to employees of Trustpower or Tilt Renewables, which as separate listed companies have their own procedures for dealing with insider trading).

Investment strategy

Infratil's investments are long-term, and its objective is to deliver above average returns to shareholders over the long-term. The first part of this goal is to position Infratil in sectors where there will be opportunities to invest capital to meet customer and community needs. The second part is to make sure that Infratil's businesses meet those needs with value-for-money services and facilities.

Infratil will invest where it has expertise, or can partner with expertise, and where it can influence the strategic and operational directions of the companies it invests in.

Further information is available on Infratil's website: www.infratil.com/about-us/strategy/.

Responsible investment

As an infrastructure investor, Infratil has a special opportunity to contribute to society's greatest long-term challenges. Infratil recognises that environmental, social and governance ("ESG") issues can be value accretive and, accordingly, ESG issues are central to Infratil's investment strategy and asset management processes.

The Board recognises that investors are increasingly interested to understand how these risks are viewed at the Infratil group level. Infratil's current approach to policies for, and reporting on, ESG issues is summarised below. However, the Board is considering ways to provide better visibility of ESG themes for Infratil, including:

- considering the appropriateness for Infratil of internationally recognised ESG reporting frameworks (e.g. the Sustainable Stock Exchange Initiative);
- how to provide appropriate visibility of ESG themes in aggregate at a group level, acknowledging that the ESG issues vary across Infratil's operating businesses and, therefore, those operating businesses will generally be primarily responsible for considering, managing and reporting on the ESG issues affecting their businesses (although Morrison & Co has ongoing responsibility, on Infratil's behalf as an owner of those businesses, for ensuring that these ESG issues are considered, managed and reported on by the operating businesses);
- considering how to reflect Infratil's varying level of influence as an owner of the operating businesses in relation to ESG issues, two of which (Trustpower and Tilt Renewables) are separately listed companies and others of which (e.g. RetireAustralia) are joint ventures.

Infratil will engage with the operating businesses on ESG issues and with key stakeholders on reporting of these issues, and expects to provide further reporting on this in the next annual report.

Responsible Investment Policy

Infratil believes that a long-term orientation is fundamental to the operational management of assets, and there is a strong sense of duty, awareness of responsibilities and stewardship (kaitiakitanga) that goes beyond the financial aspects of the investment process. Sustainable investment is a key part of Infratil's purpose, values and vision, and is embedded in the way Infratil and Morrison & Co operate. Morrison & Co has also been a signatory to the UN Principles for Responsible Investment since 2010, and Morrison & Co is committed to the implementation of these Principles in Infratil's operations.

Morrison & Co, in performing its duties and powers under the Management Agreement, operates in accordance with Morrison & Co's Responsible Investment Policy. Under this policy, ESG issues form part of the review of all investments and are revisited regularly. This is managed at all stages of the investment cycle, from due diligence through to on-going management and operation of the asset, by a four-stage process overleaf:

1. OPPORTUNITY SCREENING

- Sustainability opportunity "lens" must be applied at origination, in line with our Responsible Investing policy E.g.,
  - Renewable energy
  - Assets with material improvements in energy efficiency
  - "Best in class" assets which can be scaled
- ESG issues are actively discussed and considered by Morrison & Co and are included in investment papers
- Prohibited investments are eliminated during the screening process (e.g. coal generation, nuclear assets)

2. DETAILED DUE DILIGENCE

- NPV positive sustainability initiatives identified at asset level and quantified. E.g.,
  - Adoption of low emission technology
  - Energy efficiency savings
  - Carbon intensity reductions
- Morrison & Co's Sustainability Approach framework is used to guide due diligence
- Morrison & Co undertakes detailed environmental, health and safety reviews as part of its core due diligence processes

3. TRANSITION MANAGEMENT

- Sustainability due diligence confirmed
- During the transition stage, 100 day asset management plan includes detailed implementation plans for sustainability initiatives

4. ONGOING MANAGEMENT & GOVERNANCE

- Implementation of initiatives post 100 days
- Morrison & Co representatives on operating business boards have ongoing executive responsibility for ensuring ESG compliance is regularly discussed and reviewed
- Ongoing monitoring and assessment against targets, benchmarks and sustainability outcomes
- ESG initiatives and progress are reported as an integral part of client communications

Operating businesses

Infratil's operating businesses are responsible for developing policies for, and reporting on, ESG issues as they affect their businesses. ESG initiatives are actively implemented at this level, and examples of these include the following:

Trustpower

- Trustpower is New Zealand's fourth largest electricity retailer and fifth largest electricity generator, with electricity produced exclusively from renewable energy sources
- Some examples of Trustpower's sustainability targets include:
  - Zero significant resource consent breaches;
  - Year on year reduction in carbon emissions per customer;
  - Maintain a strong corporate profile in all areas in which it operates and build relationships with those communities;
  - No resource consents turned down due to lack of consultation;
  - 75% of roles filled by internal promotion;
  - Costs benchmarked at below industry average; and
  - New projects all economically viable
- Trustpower operates the Trustpower Community Awards, a partnership with local district and city councils which has been running for over 25 years

RetireAustralia

A number of ESG initiatives have been implemented at RetireAustralia villages including:

- Implementation of carbon footprint assessment on new villages
- Installation of solar panels at selected villages
- Retrofitting existing portfolio facilities with insulation, LED lighting and energy efficiency appliances, efficient HVAC, chiller & hot water and commercial refrigeration systems
- Applying energy efficiency guidelines to new development sites, with specific parameters relating to passive building design, natural ventilation and use of building materials to minimise energy use, heating and cooling (e.g. German Passive House system)
- Conversion of common use resident vehicle fleet to electric (or low emission gas) (i.e. resident buses)

Further information on ESG issues is also available on the websites and in the reports of Infratil's key operating businesses:

- Trustpower: https://www.trustpower.co.nz/our-assets-and-capability/power-generation/environmental-policy
- WIAL: https://www.wellingtonairport.co.nz/about/social-responsibility/

Remuneration and performance

Directors' remuneration

The Board determines the level of remuneration paid to Directors within the amounts approved from time to time by Shareholders (for the year ended 31 March 2019, this was $1,040,798 per annum, which was increased on K Mactaggart's appointment to the Board pursuant to NZX Listing Rule 3.5.1 from the $999,969 per annum fixed at the 2018 annual meeting). Directors are paid a base fee and may also be paid, as additional remuneration:

- an appropriate extra fee as Chairman or Member of a Board Committee;
- an appropriate extra fee as a director of an Infratil subsidiary (other than Trustpower and Tilt Renewables); and
- an appropriate extra fee for any special service as a Director as approved by the Board.

In addition, Directors are entitled to be reimbursed for costs directly associated with the performance of their role as Directors, including travel costs. The Chairman approves all Directors' expenses, and the Chair of the Audit and Risk Committee approves the Chairman's expenses.

Mr Bogoievski is paid fees in his capacity as a Director, but he receives no remuneration from Infratil for his role as Chief Executive (and his remuneration as Chief Executive is paid by Morrison & Co).

Remuneration is reviewed annually by the Board, and fees are reviewed against fee benchmarks in New Zealand and Australia and to take into account the size and complexity of Infratil's business. The fee structure approved by the Board for the year ended 31 March 2019 is set out below:

Annual fee structure	Financial year 2019 (NZD)
Base Fees:	
Chairman of the Board	210,000
Director	102,500
Overseas Director (P Gough)	127,998
Board Committee Fees:	
Audit and Risk Committee	
Chair	20,000
Member	10,000
Nomination and Remuneration Committee	
Chair	Nil
Member	Nil
Manager Engagement Committee	
Chair	Nil
Member	7,500

Remuneration paid to Directors (as a Director of Infratil and, where applicable, as a Director of an Infratil subsidiary) in respect of the year ended 31 March 2019 (and 31 March 2018) is set out below (note that all amounts exclude GST or VAT where appropriate):

Directors' remuneration paid by Infratil

Directors' remuneration (in their capacity as such) in respect of the year ended 31 March 2019 and 31 March 2018 paid by the Company was as follows (these amounts exclude GST, where appropriate):

Director	Financial year 2019 (NZD)	Financial year 2018 (NZD)
M Tume (Chairman)	210,000	200,000
M Bogoievski	103,733	110,000
A Gerry	130,000	120,000
P Gough	135,498	124,876
K Mactaggart†	2,110	-
P Springford	118,781	100,000
H Rolleston	110,000	100,000
Total	**810,122**	**750,376**

† Ms Mactaggart was appointed 25 March 2019.

Directors' Remuneration paid by Infratil Subsidiaries

Directors' remuneration (in their capacity as such) in respect of the year ended 31 March 2019 and 31 March 2018 paid by subsidiaries was as follows (these amounts exclude GST where appropriate):

Director	Financial year 2019 (NZD)	Financial year 2018 (NZD)
M Bogoievski (Trustpower Limited)†	Nil	45,710
A Gerry (Wellington International Airport Limited)	102,700	89,000

† Mr Bogoievski resigned as a director of Trustpower Limited on 11 October 2017.

No other benefits have been provided by Infratil or its subsidiaries to a Director for services as a Director or in any other capacity, other than as disclosed in the related party note to the financial statements, or in the ordinary course of business. No loans have been made by Infratil or its subsidiaries to a Director, nor has Infratil or its subsidiaries guaranteed any debts incurred by a Director.

Directors' shareholding

Under Infratil's Constitution, Directors are not required to hold shares in Infratil. However, in recognition of the benefits of aligning Directors' interests with those of shareholders, non-executive Directors have the option to take up a portion of their fees paid through the issue of shares to those Directors. All Directors who take up this option either hold those shares themselves or those shares are held by organisations to which they are associated parties. Directors will not normally make investments in listed infrastructure or utilities securities in areas targeted by Infratil.

Management fee

As noted earlier, Infratil is managed by Morrison & Co, under a Management Agreement. The Management Agreement sets out the terms of the services provided by Morrison & Co and the basis of fees, including base fees and incentive fees. Details of fees paid to Morrison & Co are disclosed in this annual report, including:

- Note 28 to the Financial Statements on page 106: components of the Management Fee.
- Note 29 to the Financial Statements on page 106: International Portfolio Incentive Fees.
- Note 27 to the Financial Statements on page 105: related party disclosures in respect of Morrison & Co and fees paid to Morrison & Co.
- In the statutory information section on pages 120 and 122 the interests of the Director associated with Morrison & Co, and Director's fees respectively.

Chief Executive remuneration

The Chief Executive is employed by Morrison & Co, not Infratil. The only cost to Infratil of the Chief Executive is the Management Fee payable to Morrison & Co (referred to above) and Infratil does not have (and therefore cannot disclose) any information on his remuneration.

Remuneration Model: New Zealand Group

The disclosures provided below relate to the remuneration of executives employed by unlisted New Zealand-incorporated subsidiaries of Infratil ("New Zealand Group"):

- These disclosures do not relate to employees of Morrison & Co, as these employees are remunerated by Morrison & Co. The only cost to Infratil of these employees is the Management Fee payable to Morrison & Co (referred to above) and Infratil does not have (and therefore cannot disclose) any information on their remuneration. Employees of Morrison & Co include most of the management team listed on pages 6 and 7 of this annual report (including the Chief Executive and Chief Financial Officer).
- These disclosures do not relate to employees of Trustpower or Tilt Renewables. Although both of these companies are subsidiaries of Infratil, both are listed on the NZX Main Board, and are responsible for determining the remuneration of their executives (and these remuneration structures are disclosed in those companies' reporting to shareholders).
- These disclosures do not relate to employees of investee companies which are not subsidiaries of Infratil (e.g. RetireAustralia and Canberra Data Centres). These investee companies are responsible for determining the remuneration of their executives.

Executives of the New Zealand Group are remunerated with a mix of:

Base salary and benefits

The determination of fixed remuneration is based on responsibilities, individual performance and experience, and market data. At-risk/variable remuneration comprises short-term incentives and, for senior and key employees, long-term incentives. Infratil's executives are employed by subsidiary companies, and executive remuneration policies are determined and approved by the subsidiary company boards within high level principles established by the Infratil Board. Incentives are directly related to the performance area controlled by the executive, while longer term incentives are intended to align with shareholder interests. Remuneration of executives of subsidiary companies is overseen by non-executive directors of those subsidiary companies.

Performance reviews of executives are carried out regularly and at least annually, and involve feedback by the Board on performance of Morrison & Co, and subsidiary Directors' review of subsidiary company's Chief Executive and executives' performance. Performance reviews include the setting of goals and objectives at the beginning of the year, and reviewing the achievement of those goals and objectives at the end of the year. Performance measures will normally include both qualitative and quantitative measures. Performance evaluations have taken place in accordance with this process during the reporting year.

Short-term incentives

In the New Zealand Group, variable remuneration recognises and rewards high-performing individuals whose contribution supports business goals and objectives, and who meet their individual goals agreed with the Board or their Chief Executive (as appropriate).

Short-term incentives (STIs) comprise cash payments based on performance measured against key performance indicators (KPIs). Different levels of incentives are determined reflecting the nature of the roles in Infratil. KPIs may comprise entity or individual business, team and individual targets. These targets are designed to create goals that will support an achievement and performance-oriented culture. The STI programme is designed to differentiate reward for exceptional, outstanding and good performance.

Long-term incentives

The principal objective of long-term incentives is to align executives' performance with shareholder interests and provide equity-based incentives that help retain valuable employees. Long-term incentive arrangements for the New Zealand Group are currently under review:

Infratil has previously operated an Infratil Executive Scheme (which is outlined in note 26 to the Financial Statements on page 104) for selected senior and key employees of the New Zealand Group. However, the only Executive Shares currently outstanding under this scheme are the 433,000 Executive Shares granted on 17 June 2016 in respect of the 2016 financial years (no allocation of shares was made in respect of the 2017, 2018 or 2019 financial years, and no allocation is proposed in respect of the 2020 financial year). If the vesting conditions for this tranche are met on 17 June 2019, the maximum number of fully paid ordinary shares into which these Executive Shares would convert is 433,000 ordinary shares.

Employee remuneration

During the year ended 31 March 2019, the following number of employees (and former employees) and Infratil and its subsidiaries received remuneration and other benefits in their capacity as employees of at least $100,000. This does not include employees of Morrison & Co (who include most of the management team listed on pages 8 and 9 of this annual report, including the Chief Executive and Chief Financial Officer), as these employees are remunerated by Morrison & Co and the only cost to Infratil of these employees is the Management Fee payable to Morrison & Co (referred to above).

Remuneration range	Number of employees
$100,000 to $110,000	47
$110,001 to $120,000	39
$120,001 to $130,000	36
$130,001 to $140,000	37
$140,001 to $150,000	27
$150,001 to $160,000	16
$160,001 to $170,000	14
$170,001 to $180,000	16
$180,001 to $190,000	8
$190,001 to $200,000	5
$200,001 to $210,000	7
$210,001 to $220,000	4
$220,001 to $230,000	4
$230,001 to $240,000	2
$240,001 to $250,000	3
$250,001 to $260,000	3
$260,001 to $270,000	1
$270,001 to $280,000	2
$280,001 to $290,000	2
$290,001 to $300,000	4
$320,001 to $330,000	2
$330,001 to $340,000	1
$350,001 to $360,000	1
$360,001 to $370,000	2
$380,001 to $390,000	2
$410,001 to $420,000	1
$420,001 to $430,000	2
$430,001 to $440,000	2
$450,001 to $460,000	1
$480,001 to $490,000	1
$500,001 to $510,000	1
$580,001 to $590,000	1
$610,001 to $620,000	1
$620,001 to $630,000	1
$650,001 to $660,000	1
$680,001 to $690,000	1
$700,001 to $710,000	1
$750,001 to $760,000	1
$780,001 to $790,000	1
$840,001 to $850,000	1
$950,001 to $960,000	1
$1,500,001 to $1,510,000	1
$1,890,001 to $1,900,000	1

Disclosures

Directors Holding Office

Infratil's Directors as at 31 March 2019 are:

- Mark Tume (Chairman)
- Marko Bogoievski
- Alison Gerry
- Paul Gough
- Kirsty Mactaggart
- Peter Springford
- Humphry Rolleston

Entries in the Interests Register

Statement of Directors' interests

As at 31 March 2019, Directors had relevant interests (as defined in the Financial Markets Conduct Act 2013) in quoted financial products of Infratil or any related body corporate of Infratil, as follows:

	Beneficial interests	Non-beneficial interests
Infratil (IFT) ordinary shares		
M Tume	39,977	5,792
M Bogoievski	1,618,299	
A Gerry	21,588	
P Gough	159,000	
K Mactaggart	35,500	
H Rolleston	42,460	
P Springford	25,000	
Trustpower (TPW) ordinary shares		
M Bogoievski	26,318	
K Mactaggart	8,300	
IFT210 Bonds		
P Springford	40,000	
WIA030 Bonds		
P Springford	30,000	

As at 31 March 2019, Directors and senior executives (employed by Morrison & Co) held, in aggregate, 5% of the Infratil ordinary shares.

Dealing in securities

The following table shows transactions by Directors recorded in respect of those securities during the period from 1 April 2018 to 31 March 2019:

Director	No of securities bought/(sold)	Cost/(proceeds)
NZD		
Tilt Renewables (TLT) ordinary shares		
M Bogoievski – beneficial		
Acceptance of takeover offer – 12/11/18	(26,318)	(60,531)

Use of Company information

During the period the Board has received no notices from any Director of the Company or its subsidiaries requesting to use Company information received in their capacity as a Director, which would not otherwise have been available to them.

Directors' relevant interests

The following are relevant interests of the Company's Directors as at 31 March 2019:

M Tume

Director of Yeo Family Trustee Limited

Director of Long Board Limited

Director of Welltest Limited

Director of Koau Capital Partners Ltd

Director of Rearden Capital Pty Limited

Director of various Infratil wholly owned companies

Chair of RetireAustralia Pty Limited

Chair of Te Atiawa Iwi Holdings Limited Partnership

Chair of Ngai Tahu Holdings Corporation Limited

M Bogoievski

Director of Zig Zag Farm Limited

Director of various Infratil wholly owned companies

Chief Executive of the H.R.L. Morrison & Co group, and Director of H.R.L. Morrison & Co Group GP Limited and companies wholly-owned by the H.R.L. Morrison & Co Group Limited Partnership

A Gerry

Director of Wellington International Airport Limited

Director of Spark New Zealand Limited

Director of Lindis Crossing Vineyard Limited

Director of Glendora Holdings Limited

Director of Glendora Avocados Limited

Director of Vero Insurance New Zealand Limited

Director of Vero Liability Insurance New Zealand Limited

Director of Asteron Life Limited

Director of On Being Bold Limited (formerly Biz4Girls Limited)

Chair of Sharesies Limited

Director of Sharesies Nominees Limited

Director of Avokaha Limited

P Gough

Partner of STAR Capital Partners

Director of various STAR Capital Group entities

Director of Star Asset Finance Limited

Director of First Capital Finance Limited

Director of Kennet Equipment Leasing Limited

Director of Ignition Credit PLC

Director of Gough Capital Limited

Director of OPM Investments Limited

Director of Tipu Capital Limited

Director of STAR Mayan Limited

Director of Urban Splash Residential Limited and various Urban Splash Residential Group entities

Director of STAR Errigal Topco Limited

Director of STAR Errigal Midco Limited

Director of STAR Errigal BidCo Limited

K Mactaggart

Director and shareholder of The Farm at Lake Hayes Limited

H J D Rolleston

Director of Property for Industry Limited

Chairman of ANZCRO Pty Limited

Director and shareholder of Matrix Security Group Ltd.

Director of Asset Management Limited

Director of Spaceships Limited

Director and shareholder of Stray Limited

Director and shareholder of Media Metro Limited

Director and shareholder of McRaes Global Engineering Limited

Director and shareholder of Save a Watt Holdings Limited

Board member of Regenerate Christchurch

P M Springford

Director and Shareholder of Springford and Newick Limited

Director of Loncel Technologies 2014 Limited

Director and Shareholder of NZ Frost Fans Limited

Director and Shareholder of New Zealand Wood Products Limited

Director and Shareholder of Aussie Frost Fans 2012 Limited

Director and Shareholder of Omahu Ventures Limited

Director of Mondiale Technologies Limited

Director of Zespri Group Limited

All Directors
(other than A Gerry, K Mactaggart and P M Springford)

Aotea Energy Limited effected, from 23 July 2013, public offering of securities insurance brokered by Marsh & McLennan Agency Limited for the benefit of Z Energy Limited, Aotea Energy Investments Limited, Aotea Energy Holdings Limited and its subsidiaries, NZSF Aotea Limited and its subsidiaries, Guardians of New Zealand Superannuation as manager and administrator of the New Zealand Superannuation Fund as shareholder of NZSF Aotea Limited, Infratil Limited and its subsidiaries, Morrison & Co and its subsidiaries (subject to a professional indemnity exclusion), and the directors and employees of the foregoing. Full details of the POSI policy are available from Morrison & Co.

All Directors

Infratil has arranged Directors' and Officers' liability insurance covering any past, present or future director, officer (e.g. company secretary), executive officer, non-executive director or employee acting in a managerial or supervisory capacity or named as a co-defendant with Infratil or a subsidiary of Infratil. Cover is for damages, judgements, fines, penalties, legal costs awarded and defence costs arising from wrongful acts committed while acting for Infratil or a subsidiary, but excluding dishonest, fraudulent, malicious acts or omissions, wilful breach of statute or regulations or duty to Infratil or a subsidiary, improper use of information to the detriment of Infratil or a subsidiary, or breach of professional duty. The period of insurance is currently 1 August 2018 to 1 August 2019. The limit of Indemnity is $120 million for any one claim and in aggregate, and separate defence costs cover of $20 million has been placed.

As permitted by its Constitution, Infratil Limited has entered into a deed of indemnity, access and insurance indemnifying certain directors and senior employees of Infratil, its wholly-owned subsidiaries and other approved subsidiaries and investment entities (Indemnified Persons) for potential liabilities, losses, costs and expenses they may incur for acts or omissions in their capacity as directors or senior employees, and agreeing to effect directors' and officers' liability insurance for the Indemnified Persons, in each case subject to the limitations set out in the Companies Act 1993. The deed was executed 31 July 2015.

Directors of Infratil Subsidiary Companies

Subsidiary company	Director of subsidiary
Aotea Energy Holdings Limited	M Bogoievski and M Tume
Aotea Energy Holdings No 2 Limited	M Bogoievski and M Tume
Aotea Energy Investments Limited	M Bogoievski and M Tume
Aotea Energy Limited	M Bogoievski and M Tume
Blayney and Crookwell WindFarm Pty Ltd	D Campbell and G Swier
Church Lane Wind Farm Pty Ltd	D Campbell and G Swier
Cityline (NZ) Limited	Z Fulljames, C Stratton and S Thorne
Dundonnell Wind Farm Pty Ltd	D Campbell and G Swier
Dysart 1 Pty Ltd	D Campbell and G Swier
Hopsta Limited	V Hawksworth
Infratil 1998 Limited	M Bogoievski and M Tume
Infratil 2016 Limited	M Bogoievski and M Tume
Infratil 2018 Limited	M Bogoievski and M Tume
Infratil Australia Limited	M Bogoievski and M Tume
Infratil Energy Limited	M Bogoievski and M Tume
Infratil Energy New Zealand Limited	K Baker and M Bogoievski
Infratil Europe Limited	M Bogoievski and M Tume
Infratil Finance Limited	M Bogoievski and M Tume
Infratil Gas Limited	M Bogoievski and M Tume
Infratil Infrastructure Property Limited	K Baker, M Bogoievski (ceased 10 March 2018) and P Coman
Infratil Investments Limited	M Bogoievski and M Tume
Infratil No. 1 Limited	M Bogoievski and M Tume
Infratil No. 5 Limited	M Bogoievski and M Tume
Infratil Outdoor Media Limited	M Bogoievski
Infratil PPP Limited	K Baker and M Bogoievski
Infratil Renewables Limited	M Bogoievski and M Tume
Infratil RV Limited	M Bogoievski and M Tume
Infratil Securities Limited	M Bogoievski and M Tume
Infratil Trustee Company Limited	M Bogoievski and M Tume
Infratil UK Limited	M Bogoievski and M Tume
Infratil US Renewables, Inc	M Bogoievski and V Vallabh
Infratil Ventures Limited	M Bogoievski and M Tume
Infratil Ventures 2 Limited	M Bogoievski and M Tume
King Country Energy Holdings Ltd	V Hawksworth
King Country Energy Ltd	P Calderwood, R Carter and K Palmer
Liverpool Range Wind Farm Pty Ltd	D Campbell and G Swier
Nebo 1 Pty Ltd	D Campbell and G Swier
New Lynn Central Limited	P Coman, A Lamb and A Young
New Zealand Bus Finance Company Limited	K Baker, J Boyes, S Proctor and K Tempest (ceased 30 November 2018)
New Zealand Bus Limited	K Baker, J Boyes, S Proctor and K Tempest (ceased 30 November 2018)
New Zealand Bus Tauranga Limited	Z Fulljames (ceased 4 December 2018), C Neville, C Stratton and S Thorne
North City Bus Limited	Z Fulljames, C Stratton and S Thorne

Subsidiary company	Director of subsidiary
North West Auckland Airport Limited	M Bogoievski and T Brown
NZ Airports Limited	M Bogoievski and M Tume
Perth Energy Holdings Pty Limited	J Biesse, R Crawford, M Faulkner, S Fitzgerald (ceased 29 October 2018) P Harford and S Jones
Perth Energy Pty Limited	J Biesse, R Crawford, M Faulkner, S Fitzgerald (ceased 29 October 2018) P Harford and S Jones
Renew Nominees Limited	K Baker and M Bogoievski
Rye Park Renewable Energy Pty Ltd	D Campbell and G Swier
Salt Creek Wind Farm Pty Ltd	D Campbell and G Swier
Snapper Services Limited	R Brougham, P Harford, R Phillippo (ceased 31 December 2018) and K Waddell (ceased 31 December 2018)
Snowtown North Solar Farm Pty Ltd	D Campbell and G Swier
Snowtown South Wind Farm Pty Ltd	D Campbell and G Swier
Snowtown Wind Farm Pty Ltd	D Campbell and G Swier
Snowtown Wind Farm Stage 2 Pty Ltd	D Campbell and G Swier
Swift Transport Limited	M Bogoievski and M Tume
Swift Transport No.1 Limited	K Baker, J Boyes and S Proctor
Tararua Wind Power Limited	B Harker, F Oliver and A Urlwin
Tilt Renewables Limited	B Harker, P Newfield, F Oliver, P Strachan, G Swier, A Urlwin, V Vallabh
Tilt Renewables Australia Pty Ltd	D Campbell and G Swier
Tilt Renewables Investments Pty Ltd	D Campbell and G Swier
Tilt Renewables Market Services Pty Ltd	D Campbell and G Swier
Transportation Auckland Corporation Limited	Z Fulljames, C Stratton and S Thorne
Trustpower Insurance Limited	A Bickers and V Hawksworth
Trustpower Limited	R Aitken, K Baker, A Bickers, S Fitzgerald (ceased 1 June 2018), I Knowles, S Peterson, P Ridley-Smith and G Swier
Trustpower Metering Limited	V Hawksworth
WA Power Exchange Pty Limited	J Biesse, R Crawford, M Faulkner, S Fitzgerald (ceased 29 October 2018) P Harford and S Jones
Waddi Wind Farm Pty Ltd	D Campbell and G Swier
Waverley Wind Farm Limited	B Harker and F Oliver
Wellington Airport Noise Treatment Limited	M Harrington and S Sanderson
Wellington City Transport Limited	Z Fulljames, C Stratton and S Thorne
Wellington International Airport Limited	J Boyes, T Brown, W Eagleson, A Foster, A Gerry, K Sutton (ceased 31 December 2018) and P Walker
Western Energy Holdings Pty Limited	J Biesse, R Crawford, M Faulkner, S Fitzgerald (ceased 29 October 2018) P Harford and S Jones
Western Energy Pty Limited	J Biesse, R Crawford, M Faulkner, S Fitzgerald (ceased 29 October 2018) P Harford and S Jones
Whare Manaakitanga Limited	M Clarke, M Harrington and S Sanderson
Wingeel Wind Farm Pty Ltd	D Campbell and G Swier

Directors' fees paid by Infratil subsidiary companies

(not otherwise disclosed in the Annual Report)

Subsidiary company	Director of subsidiary	Currency	Financial year 2019 (NZD)
New Zealand Bus Limited	Kevin Baker	NZD	89,103
	Jason Boyes	NZD	43,202
	Steven Proctor	NZD	43,202
	Keith Tempest (ceased 30 November 2018)	NZD	28,801
Perth Energy Pty Limited	Roger Crawford	AUD	66,963
	Michael Faulkner	AUD	16,746
	Steven Fitzgerald (ceased 29 October 2018)	AUD	66,962
	Phillippa Harford	AUD	19,081
	Shane Jones	AUD	50,223
Snapper Services Limited	Ralph Brayham	NZD	11,381
	Phillippa Harford	NZD	37,800
	Rhoda Phillippo (ceased 31 December 2018)	NZD	42,750
	Kerry Waddell (ceased 31 December 2018)	NZD	28,351
Tilt Renewables Limited	Bruce Harker	AUD	190,000
	Paul Newfield	AUD	100,000
	Fiona Oliver	AUD	122,833
	Phillip Strachan	AUD	120,000
	Geoffrey Swier	AUD	114,000
	Anne Urlwin	AUD	83,583
	Vimal Vallabh	AUD	90,000
Trustpower Limited	Richard Aitken	NZD	86,000
	Kevin Baker	NZD	67,333
	Alan Bickers	NZD	88,500
	Steven Fitzgerald (ceased 1 June 2018)	NZD	14,333
	Sam Knowles	NZD	123,500
	Susan Peterson	NZD	118,500
	Paul Ridley-Smith	NZD	176,500
	Geoffrey Swier	NZD	118,500
Wellington International Airport Limited	Jason Boyes	NZD	77,250
	Tim Brown	NZD	164,500
	Wayne Eagleson	NZD	25,700
	Andrew Foster	NZD	77,250
	Alison Gerry	NZD	102,700
	Keith Sutton (ceased 31 December 2018)	NZD	68,500
	Phillip Walker	NZD	87,550

Donations

Infratil made donations of $0.9 million during the year ended 31 March 2019 (2018: $0.7 million).

Auditors

It is proposed that KPMG be reappointed automatically at the annual meeting pursuant to section 200(1) of the Companies Act 1993.

NZX waivers

Infratil was granted a standing waiver from NZX Listing Rule 9.2.1 on 8 May 2017. The effect of the waiver is to waive the requirement for Infratil to obtain an Ordinary Resolution from shareholders to enter into a Material Transaction with a Related Party to the extent required to allow Infratil to enter into transactions with co-investors that have also engaged an entity related to H.R.L. Morrison & Co Group LP for investment management or advisory services. The waiver is provided on the conditions specified in paragraph 2 of the waiver decision, which is available on Infratil's website: www.infratil.com/for-investors/announcements. The only transaction entered into during Financial Year 2019 on reliance on this waiver was the conditional sale of Infratil's 50% interest in the Australian National University's Purpose Built Student Accommodation concession to funds controlled by AMP Capital (announced on 1 April 2019, and which is available on Infratil's website: https://infratil.com/for-investors/announcements/2019/agreement-sell-anu-student-accommodation-concession-to-amp/).

Credit rating

Infratil does not have a credit rating. As at 31 March 2019, Wellington International Airport Limited has a BBB+/Stable/A-2 credit rating from S&P Global Ratings.

Continuing share buyback programme

Infratil maintains an ongoing share buyback programme, as outlined in its 2018 Notice of Meeting. As at 31 March 2019, Infratil had not repurchased any shares pursuant to that programme (which allows up to 50,000,000 shares to be bought back).

Shareholder information programme

Infratil is incorporated in New Zealand and is not subject to Chapters 6, 6A, 6B and 6C of the Australian Corporations Act 2001. The acquisition of securities in Infratil may be limited under New Zealand law by the Takeovers Code (which restricts the acquisition of control rights of more than 20% of Infratil other than via a takeover offer under the Code) or the effect of the Overseas Investment Act 2005 (which restricts the acquisition of New Zealand assets by overseas persons).

Substantial product holders

The following information is pursuant to Section 293 of the Financial Markets Conduct Act 2013. According to notices received by Infratil under that Act, the following person was a substantial product holder in Infratil as at 31 March 2019:

Ordinary shares	Number held
Accident Compensation Corporation	39,191,273

The total number of voting securities of the Company on issue as at 31 March 2019 was 559,278,166 fully paid ordinary shares.

Twenty largest shareholders as at 31 March 2019

Accident Compensation Corporation	39,191,273
Citibank Nominees (NZ) Ltd	34,629,861
HSBC Nominees (New Zealand) Limited	32,000,087
JPMORGAN Chase Bank	31,308,068
Forsyth Barr Custodians Limited	24,969,243
FNZ Custodians Limited	24,678,227
HSBC Nominees (New Zealand) Limited	23,652,030
Tea Custodians Limited	21,918,359
New Zealand Permanent Trustees Limited	15,220,516
JBWERE (NZ) Nominees Limited	14,179,917
Cogent Nominees Limited	13,417,512
Robert William Bentley Morrison & Andrew Stewart & Anthony Howard	9,882,245
Premier Nominees Limited	7,135,137
Hettinger Nominees Limited	6,179,103
New Zealand Superannuation Fund Nominees Limited	5,736,970
New Zealand Depository Nominee Limited	5,693,506
Custodial Services Limited	5,611,734
Custodial Services Limited	4,714,701
National Nominees New Zealand Limited	3,501,110
FNZ Custodians Limited	2,986,778

Twenty largest infrastructure bondholders as at 31 March 2019

JBWERE (NZ) Nominees Limited	133,334,413
Forsyth Barr Custodians	103,568,400
FNZ Custodians Limited	95,387,853
Custodial Services Limited	36,693,826
New Zealand Central Securities	35,289,233
Lynette Therese Erceg & Darryl Edward Gregory & Catherine Agnes Quinn	27,164,500
Investment Custodial Services	25,404,105
Custodial Services Limited	25,238,334
Custodial Services Limited	24,972,900
Custodial Services Limited	13,168,990
Forsyth Barr Custodians	6,663,000
Rgtkmt Investments Limited	6,250,000
Custodial Services Limited	5,629,000
FNZ Custodians Limited	5,013,800
Custodial Services Limited	4,809,000
Sterling Holdings Limited	4,783,000
Tappenden Holdings Limited	4,770,000
NZ Methodist Trust Association	3,050,000
FNZ Custodians Limited	2,725,500
John Culyer Wigglesworth & Dennis James Munn & Sondra Wigglesworth	2,475,000

Spread of shareholders as at 31 March 2019

Number of shares*	Number of holders	Total shares held	%
1-1,000	2,530	1,461,646	0.3%
1,001-5,000	6,843	19,594,279	3.5%
5,001-10,000	3,596	26,951,151	4.8%
10,001-50,000	3,868	80,969,712	14.5%
50,001-100,000	376	26,382,633	4.7%
100,001 and Over	212	403,918,745	72.2%
Total	**17,425**	**559,278,166**	**100.0%**

Spread of infrastructure bondholders as at 31 March 2019

Number of Bonds	Number of holders	Total bonds held	%
1-1,000	6	5,340	0.1%
1,001-5,000	1,438	7,139,577	0.6%
5,001-10,000	3,607	34,588,680	3.0%
10,001-50,000	9,159	258,440,402	22.7%
50,001-100,000	1,376	112,375,740	9.9%
100,001 and Over	780	723,826,586	63.7%
Total	**16,366**	**1,136,376,325**	**100.0%**

* 196 shareholders hold less than a marketable parcel of Infratil shares

Comparative financial review

Financial performance	2019 $Millions	2018 $Millions	2017 $Millions	2016 $Millions	2015 $Millions	2014 $Millions	2013 $Millions	2012 $Millions	2011 $Millions	2010 $Millions
31 March year ended										
Operating revenue	1,333.2[4]	1,200.8[4]	1,786.5	1,706.4	1,624.7	1,514.9	2,368.7	2,166.4	1,984.8	1,835.9
Underlying EBITDAF	477.5[4]	482.0[4]	488.0	462.1	452.5	437.4[2]	527.6	520.2	470.9[1]	363.3
Operating earnings[3]	135.5	157.2	155.2	149.4	120.3	164.2	183.5	199.3	252.9	90.0
Net gain/(loss) on foreign exchange and derviatives	0.3	34.9	28.1	(13.6)	(36.3)	70.7	(14.4)	19.2	(3.9)	(67.5)
Investment realisations, revaluations and (impairments)	0.6	13.8	(55.2)	(51.8)	29.5	222.2	(5.9)	4.3	(0.5)	83.8
Net surplus after taxation, discontinued operations and minorities	(19.5)	71.4	66.1	438.3	383.5	198.9	3.4	51.6	64.5	29.0
Dividends paid	95.1	89.6	82.9	110.4	148.8	57.0	48.2	44.1	37.6	36.2
Financial position										
Represented by										
Investments	937.7	940.6	882.9	534.3	532.3	294.1	334.2	340.9	323.7	9.7
Non-currents assets	4,591.4	5,075.3	5,170.4	5,085.2	4,830.6	4,613.3	4,435.2	4,328.8	4,193.7	3,963.6
Current assets	1,204.0	618.0	743.4	1,007.5	584.8	542.4	670.0	623.7	515.7	535.1
Total assets	**6,733.1**	**6,633.9**	**6,796.7**	**6,627.0**	**5,947.7**	**5,449.8**	**5,439.4**	**5,293.4**	**5,033.1**	**4,508.4**
Current liabilities	896.5	355.6	672.7	559.0	344.0	623.6	679.6	547.5	415.7	647.6
Non-current liabilities	1,963.4	2,148.9	1,984.8	2,048.2	2,066.5	1,810.4	1,920.0	1,887.7	1,919.7	1,382.1
Infrastructure bonds	1,127.6	994.4	998.3	949.8	981.9	979.9	904.3	851.6	854.8	747.4
Total Liabilities	**3,987.5**	**3,498.9**	**3,655.8**	**3,557.0**	**3,392.4**	**3,413.9**	**3,503.9**	**3,286.8**	**3,190.2**	**2,777.1**
Net Assets	**2,745.6**	**3,135.0**	**3,140.9**	**3,070.0**	**2,555.3**	**2,035.9**	**1,935.5**	**2,006.6**	**1,842.9**	**1,731.3**
Outside equity interest in subsidiaries	1,098.5	1,198.3	1,182.6	1,145.3	1,061.4	916.6	931.1	932.0	843.5	850.6
Equity	1,647.1	1,934.4	1,959.3	1,924.7	1,493.9	1,119.3	1,004.4	1,074.6	999.4	880.7
Total Equity	**2,745.6**	**3,132.7**	**3,141.9**	**3,070.0**	**2,555.3**	**2,035.9**	**1,935.5**	**2,006.6**	**1,842.9**	**1,731.3**
Dividends per share	17.00	16.00	14.75	19.65	26.50	9.75	8.25	7.25	6.25	6.25
Shares on issue ('000)	559,278	559,278	560,053	562,326	561,875	561,618	583,321	586,931	602,806	567,655

1. Prior to fair value gains on acquisition recognised by associates of $60.7 million.
2. Prior to fair value gains on acquisition recognised by associates of $33.1 million.
3. Operating earnings is earnings after depreciation, amortisation and interest.
4. Operating revenue and Underlying EBITDAF relate to continuing operations.

Directory

Directors

M Tume (Chairman)

M Bogoievski

A Gerry

P Gough

K Mactaggart

P M Springford

H J D Rolleston

Company Secretary

N Lough

Registered Office

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Registered Office

Australia

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Telephone: +61 2 8098 7500

Manager

Morrison & Co Infrastructure Management Limited

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Share Registrar

Australia

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Email: registrars@linkmarketservices.com.au

Internet address: www.linkmarketservices.com.au

Auditor

KPMG

10 Customhouse Quay

PO Box 996

Wellington

Calendar

Final dividend paid	27 June 2019
Annual meeting	22 August 2019
Half year end	30 September 2019
Half year results released	13 November 2019
Financial year end	31 March 2020

Updates/Information

Infratil produces an Annual Report and Interim Report each year. In addition, Infratil produces occasional reports on the operations of its subsidiaries. These are available at www.infratil.com.

All Infratil's reports and releases are on the website, which also contains profiles of Infratil's businesses and links.


Infratil