

## Infratil Limited

## Statement of Comprehensive Income

For the year ended 31 March 2022

	Notes	2022 \$000	2021 \$000
Dividends received from subsidiary companies		85,000	115,000
Subvention income		-	-
Operating revenue		289,901	274,267
<b>Total revenue</b>		<b>374,901</b>	<b>389,267</b>
Directors' fees	4	1,057	1,012
Management and other fees	13	279,572	269,786
Other operating expenses	4	9,567	3,957
<b>Total operating expenditure</b>		<b>290,196</b>	<b>274,755</b>
Operating surplus/(loss) before financing, derivatives, realisations and impairments		84,705	114,512
Net gain/(loss) on foreign exchange and derivatives		2,160	2,633
Net realisations, revaluations and (impairments)		-	-
Financial income		137,094	124,257
Financial expenses		(62,729)	(61,520)
Net financing income		74,365	62,737
<b>Net surplus before taxation</b>		<b>161,230</b>	<b>179,882</b>
Taxation expense	6	(7,917)	(5,484)
<b>Net surplus for the year</b>		<b>153,313</b>	<b>174,398</b>
<b>Other comprehensive income, after tax</b>			
Fair value movements in relation to executive share scheme		-	-
<b>Total other comprehensive income after tax</b>		<b>-</b>	<b>-</b>
<b>Total comprehensive income for the year</b>		<b>153,313</b>	<b>174,398</b>

The accompanying notes form part of these financial statements.

## Infratil Limited

## Statement of Changes in Equity

For the year ended 31 March 2022

	Notes	Capital \$000	Other reserves \$000	Retained earnings \$000	Total \$000
Balance as at 1 April 2021		1,041,742	-	99,185	1,140,927
<b>Total comprehensive income for the year</b>					
Net surplus for the year		-	-	153,313	153,313
<b>Other comprehensive income after tax</b>					
Fair value movements in relation to executive share scheme		-	-	-	-
Total other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	<b>153,313</b>	<b>153,313</b>
<b>Contributions by and distributions to owners</b>					
Share buyback		-	-	-	-
Shares issued		-	-	-	-
Shares issued under dividend reinvestment plan		8,260	-	-	8,260
Conversion of executive redeemable shares		-	-	-	-
Dividends to equity holders	3	-	-	(130,090)	(130,090)
Total contributions by and distributions to owners		8,260	-	(130,090)	(121,830)
<b>Balance as at 31 March 2022</b>		<b>1,050,002</b>	<b>-</b>	<b>122,408</b>	<b>1,172,410</b>

## Statement of Changes in Equity

For the year ended 31 March 2021

Balance as at 1 April 2020		747,615	-	42,481	790,096
<b>Total comprehensive income for the year</b>					
Net surplus for the year		-	-	174,398	174,398
<b>Other comprehensive income after tax</b>					
Fair value movements in relation to executive share scheme		-	-	-	-
Total other comprehensive income		-	-	-	-
<b>Total comprehensive income for the year</b>		-	-	<b>174,398</b>	<b>174,398</b>
<b>Contributions by and distributions to owners</b>					
Share buyback		-	-	-	-
Shares issued		294,127	-	-	294,127
Shares issued under dividend reinvestment plan		-	-	-	-
Conversion of executive redeemable shares		-	-	-	-
Dividends to equity holders	3	-	-	(117,694)	(117,694)
Total contributions by and distributions to owners		294,127	-	(117,694)	176,433
<b>Balance at 31 March 2021</b>		<b>1,041,742</b>	<b>-</b>	<b>99,185</b>	<b>1,140,927</b>

The accompanying notes form part of these financial statements.

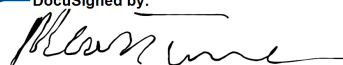
## Infratil Limited


## Statement of Financial Position

As at 31 March 2022

	Notes	2022 \$000	2021 \$000
Cash and cash equivalents		-	-
Prepayments and sundry receivables	13	274,983	121,030
Income tax receivable		-	-
Advances to subsidiary companies	13	2,123,241	2,081,057
<b>Current assets</b>		<b>2,398,224</b>	<b>2,202,087</b>
International Portfolio Incentive fees receivable from subsidiaries		140,832	190,395
Deferred tax	6	12,657	16,537
Investments	13	585,529	585,529
<b>Non-current assets</b>		<b>739,018</b>	<b>792,461</b>
<b>Total assets</b>		<b>3,137,242</b>	<b>2,994,548</b>
Bond interest payable		4,467	4,043
Accounts payable		6,149	5,050
Accruals and other liabilities	14	270,999	119,129
Infrastructure bonds	7	193,467	93,842
Derivative financial instruments	8	-	2,158
Loans from group companies	13	153,897	153,897
<b>Total current liabilities</b>		<b>628,979</b>	<b>378,119</b>
International Portfolio Incentive fees payable		140,832	190,395
Infrastructure bonds	7	963,104	1,053,190
Perpetual Infratil Infrastructure bonds	7	231,917	231,917
Derivative financial instruments	8	-	-
<b>Non-current liabilities</b>		<b>1,335,853</b>	<b>1,475,502</b>
Attributable to shareholders of the Company		1,172,410	1,140,927
<b>Total equity</b>		<b>1,172,410</b>	<b>1,140,927</b>
<b>Total equity and liabilities</b>		<b>3,137,242</b>	<b>2,994,548</b>

Approved on behalf of the Board on 18 May 2022

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 Director

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 Director

The accompanying notes form part of these financial statements.

## Infratil Limited

## Statement of Cash Flows

For the year ended 31 March 2022

	Notes	2022 \$000	2021 \$000
<b>Cash flows from operating activities</b>			
<i>Cash was provided from:</i>			
Dividends received from subsidiary companies		85,000	115,000
Subvention income		-	-
Interest received		137,094	124,257
Operating revenue receipts		184,729	92,828
		406,823	332,085
<i>Cash was dispersed to:</i>			
Interest paid		(60,070)	(59,918)
Payments to suppliers		(186,007)	(93,317)
Taxation (paid) / refunded		(4,036)	(2,974)
		(250,113)	(156,209)
<b>Net cash flows from operating activities</b>	10	<b>156,710</b>	<b>175,876</b>
<b>Cash flows from investing activities</b>			
<i>Cash was provided from:</i>			
Net movement in subsidiary company loan		-	-
		-	-
<i>Cash was dispersed to:</i>			
Net movement in subsidiary company loan		(42,183)	(435,956)
		(42,183)	(435,956)
<b>Net cash flows from investing activities</b>		<b>(42,183)</b>	<b>(435,956)</b>
<b>Cash flows from financing activities</b>			
<i>Cash was provided from:</i>			
Proceeds from issue of shares		-	294,127
Issue of bonds		102,403	84,678
		102,403	378,805
<i>Cash was dispersed to:</i>			
Repayment of bonds		(93,883)	-
Infrastructure bond issue expenses		(1,216)	(1,031)
Repurchase of shares		-	-
Dividends paid	3	(121,831)	(117,694)
		(216,930)	(118,725)
<b>Net cash flows from financing activities</b>		<b>(114,527)</b>	<b>260,080</b>
Net cash movement		-	-
Cash balances at beginning of year		-	-
<b>Cash balances at year end</b>		<b>-</b>	<b>-</b>

Note some cash flows above are directed through an intercompany account. The cash flow statement above has been prepared on the assumption that these transactions are equivalent to cash in order to present the total cash flows of the entity.

The accompanying notes form part of these financial statements.

**Infratil Limited****Notes to the Financial Statements**

For the year ended 31 March 2022

**(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 presentation currency used in the preparation of these financial statements is New Zealand dollars, which is also the Company's functional currency, and is presented in \$ thousands 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. To aid comparability certain balance sheet items have been represented from those reported in prior years to conform to the current year's presentation. Total equity remains unchanged.

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 financial derivatives valued in accordance with accounting policy (D).

*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.

*(a) Valuation of investments*

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 fair value, the status or context of capital markets, its own view of investment value, and its long term 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 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 financial markets. The assessment also requires judgements about the expected future performance and cash flows of the investment.

*(b) Accounting for income taxes*

Preparation of the financial statements requires management to make estimates as to, amongst other things, the amount of tax that will ultimately be payable, the availability of losses to be carried forward and the amount of foreign tax credits that it will receive. Actual results may differ from these estimates as a result of reassessment by management and/or taxation authorities.

*(C) 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 or deferred tax liabilities will be available within the Company against which the asset can be utilised.

*(D) Derivative financial instruments*

When appropriate, the Company enters into agreements to manage its interest rate, foreign exchange, operating and investment risks. In accordance with the Company's risk management policies, the Company 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.

*(E) Impairment of assets*

At each reporting date, the Company reviews the carrying amounts of its tangible and intangible 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 Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

*(F) 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 and loss over the period of the borrowing using the effective interest rate. Fees and other costs incurred in arranging debt finance are capitalised and amortised over the term of the relevant debt facility.

*(G) Foreign currency transactions*

Transactions in foreign currencies are translated to the functional currency of the Company 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.

*(H) Adoption status of relevant new financial reporting standards and interpretations*

In April 2021, the IFRS Interpretations Committee ('IFRIC') issued an agenda decision clarifying its interpretation on how current accounting standards apply to configuration and customisation costs incurred in implementing Software-as-a-Service ('SaaS') cloud computing arrangements. The decision discusses whether configuration and customisation costs relating to cloud computing arrangements are able to be recognised as intangible assets, and if not, over what period the expenditure is expensed.

The Company's previous accounting policy was to record these configuration and customisation costs as part of the cost of an intangible asset and amortise these costs over the useful life of the software assets. The adoption of IFRIC's agenda decision has not had an impact on the financial statements.

*(I) New standards, amendments and pronouncements not yet adopted by the Company*

There are no new standards that are not yet effective that would be expected to have a material impact on the Company, in the current or future reporting periods, and foreseeable future transactions.

**(2) Nature of business**

The Company is the ultimate parent company of the Infratil Group, owning infrastructure businesses and investments in New Zealand, Australia, the United States, Asia and Europe. 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.

**(3) Infratil shares and dividends****Ordinary shares (fully paid)**

	2022 Shares	2021 Shares
Total authorised and issued capital at the beginning of the year	722,952,533	659,678,837
<i>Movements during the year:</i>		
New shares issued	-	63,273,696
New shares issued under dividend reinvestment plan	1,031,049	-
Conversion of executive redeemable shares	-	-
Share buyback	-	-
<b>Total authorised and issued capital at the end of the year</b>	<b>723,983,582</b>	<b>722,952,533</b>

During the comparative period the Company issued 63.3 million new shares. In total, net proceeds after issue costs of \$294.1 million were raised via an institutional placement and share purchase plan for existing shareholders.

All fully paid ordinary shares have equal voting rights and share equally in dividends and equity. At 31 March 2022 the Company held 1,662,617 shares as Treasury Stock (31 March 2021: 1,662,617).

**Dividends paid on ordinary shares**

	2022 cents per share	2021 cents per share	2022 \$000	2021 \$000
Final dividend prior year ( <i>paid 22 June 2021</i> )	11.50	11.00	83,140	72,565
Interim dividend current year ( <i>paid 23 December 2021</i> )	6.50	6.25	46,992	45,185
<b>Dividends paid on ordinary shares</b>	<b>18.00</b>	<b>17.25</b>	<b>130,132</b>	<b>117,750</b>

**(4) Other operating expenses**

	2022 \$000	2021 \$000
Fees paid to the Company auditor	287	256
Directors' fees	1,057	1,012
Administration and other corporate costs	9,280	3,701
<b>Total other operating expenses</b>	<b>10,624</b>	<b>4,969</b>

**Fees paid to the Company auditor**

	2022 \$000	2021 \$000
Audit and review of financial statements	267	237
Other assurance services	20	19
Taxation services	-	-
Other services	-	-
<b>Total fees paid to the Company auditor</b>	<b>287</b>	<b>256</b>

The audit fee includes the fees for both the annual audit of the Group and Company financial statements and the review of the interim financial statements. Other assurance services relate to agreed upon procedures.

**(5) Net realisations and (impairments)**

At 31 March 2022 the Company reviewed the carrying amounts of loans to Infratil Group companies to determine whether there is any indication that those assets have suffered an impairment loss. The recoverable amount of the asset was estimated by reference to the counterparties' net asset position and ability to repay loans out of operating cash flows in order to determine the extent of any impairment loss. Management also considered the impact of the COVID-19 pandemic. As a result, the Company did not impair any loans to Infratil Group companies in 2022 (2021: nil). These balances are within the Infratil Wholly Owned Group to entities also controlled either directly or indirectly by Infratil Limited.

**(6) Taxation**

	2022 \$000	2021 \$000
Surplus before taxation	161,230	179,882
Taxation on the surplus for the period @ 28%	45,144	50,367
<i>Plus/(less) taxation adjustments:</i>		
Exempt dividends	(23,800)	(32,200)
Losses offset within Group	(18,673)	(17,540)
Timing differences not recognised	-	-
Over provision in prior years	3,544	4,741
Other permanent differences	1,702	116
<b>Taxation expense</b>	<b>7,917</b>	<b>5,484</b>
Current taxation	4,037	2,973
Deferred taxation	3,880	2,511
	<b>7,917</b>	<b>5,484</b>

There was no income tax recognised in other comprehensive income during the period (2021: nil).

**Recognised deferred tax assets and liabilities**

	Assets	
	2022 \$000	2021 \$000
Derivatives	-	604
Provisions	-	-
Tax losses carried forward	12,657	15,933
<b>Deferred tax assets</b>	<b>12,657</b>	<b>16,537</b>
	Liabilities	
	2022 \$000	2021 \$000
Other items	-	-
<b>Deferred tax liabilities</b>	<b>-</b>	<b>-</b>
	Net Assets/(Liabilities)	
	2022 \$000	2021 \$000
Derivatives	-	604
Provisions	-	-
Tax losses carried forward	12,657	15,933
<b>Net deferred tax assets/(liabilities)</b>	<b>12,657</b>	<b>16,537</b>

**Changes in temporary differences affecting tax expense**

	Tax Expense		Other Comprehensive Income	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
Derivatives	(604)	(737)	-	-
Provisions	-	-	-	-
Tax losses carried forward	(3,276)	(1,774)	-	-
Other items	-	-	-	-
	<b>(3,880)</b>	<b>(2,511)</b>	<b>-</b>	<b>-</b>



**(7) Infrastructure Bonds**

	2022 \$000	2021 \$000
Balance at the beginning of the year	1,378,949	1,293,188
Issued during the year	102,403	84,678
Exchanged during the year	(54,799)	-
Matured during the year	(39,084)	-
Purchased by Infratil during the year	-	-
Bond issue costs capitalised during the year	(1,216)	(1,031)
Bond issue costs amortised during the year	2,488	2,163
Issue premium amortised during the year	(253)	(49)
<b>Balance at the end of the year</b>	<b>1,388,488</b>	<b>1,378,949</b>
<b>Current</b>	<b>193,467</b>	<b>93,842</b>
Non-current fixed coupon	841,148	931,395
Non-current variable coupon	121,956	121,795
Non-current perpetual variable coupon	231,917	231,917
<b>Balance at the end of the year</b>	<b>1,388,488</b>	<b>1,378,949</b>
<i>Repayment terms and interest rates:</i>		
IFT220 Maturing in June 2021, 4.90% p.a. fixed coupon rate	-	93,883
IFT190 Maturing in June 2022, 6.85% p.a. fixed coupon rate	93,696	93,696
IFT240 Maturing in December 2022, 5.65% p.a. fixed coupon rate	100,000	100,000
IFT210 Maturing in September 2023, 5.25% p.a. fixed coupon rate	122,104	122,104
IFT230 Maturing in June 2024, 5.50% p.a. fixed coupon rate	56,117	56,117
IFT260 Maturing in December 2024, 4.75% p.a. fixed coupon rate	100,000	100,000
IFT250 Maturing in June 2025, 6.15% p.a. fixed coupon rate	43,413	43,413
IFT300 Maturing in March 2026, 3.35% p.a. fixed coupon rate	120,269	120,269
IFT280 Maturing in December 2026, 3.35% p.a. fixed coupon rate	156,279	156,279
IFT310 Maturing in December 2027, 3.60% p.a. fixed coupon rate	102,403	-
IFT270 Maturing in December 2028, 4.85% p.a. fixed coupon rate until 15 December 2023	146,249	146,249
IFTHC Maturing in December 2029, 2.75% p.a. variable coupon rate reset annually from 15 December 2021	123,186	123,186
IFTHA Perpetual Infratil infrastructure bonds	231,917	231,917
<i>less: issue costs capitalised and amortised over term</i>	<i>(8,227)</i>	<i>(9,500)</i>
<i>add: issue premium capitalised and amortised over term</i>	<i>1,082</i>	<i>1,336</i>
<b>Balance at the end of the year</b>	<b>1,388,488</b>	<b>1,378,949</b>

**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.

**Perpetual Infratil infrastructure bonds ('PIIBs')**

The Company has 231,916,600 (31 March 2021: 231,916,600) PIIBs on issue at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds. For the period to 15 November 2022 the coupon will be fixed at 3.14% per annum (2021: 1.71%). Thereafter the rate will be reset annually at 1.50% per annum over the then one year swap 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 (2021: nil) were repurchased by Infratil Limited during the period.

**IFTHC bonds**

The Company has 123,186,000 (31 March 2021: 123,186,000) IFTHCs on issue at a face value of \$1.00 per bond. Interest is payable quarterly on the bonds. For the period to 15 December 2022 the coupon is fixed at 4.19% per annum (2021: 2.75%). Thereafter the rate will be reset annually at 2.50% per annum over the then one year swap rate for quarterly payments.

**IFT270 bonds**

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 for 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.

Throughout the period the Company complied with all debt covenant requirements as imposed by the bond supervisor.

At 31 March 2022 the Infratil Infrastructure bonds (including PIIBs) had a fair value of \$1,322.8 million (31 March 2021: \$1,336.5 million).

**(8) Financial instruments**

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

- Credit risk
- Liquidity risk
- Market risk (interest rates and foreign exchange)

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board also has a function of reviewing management practices in relation to identification and management of significant business risk areas and regulatory compliance. The Company has developed a comprehensive, enterprise wide risk management framework. Management and Board participate in the identification, assessment and monitoring of new and existing risks. Particular attention is given to strategic risks that could affect the Company.

**Credit risk**

Credit risk refers to the risk that a counterparty will default on its contractual obligations, resulting in financial loss to the Company. The Company is exposed to credit risk in the normal course of business including those arising from financial derivatives and transactions (including cash balances) with financial institutions. The Company has adopted a policy of only dealing with credit-worthy counterparties, as a means of mitigating the risk of financial loss from defaults. Derivative counterparties and cash transactions are limited to high-credit-quality financial institutions and other organisations in the relevant industry. The Company's exposure and the credit ratings of counterparties are monitored. The carrying amounts of financial assets recognised in the Statement of Financial Position best represent the Company's maximum exposure to credit risk at the reporting date. No security is held on these amounts.

**Liquidity risk**

Liquidity risk is the risk that assets held by the Company cannot readily be converted to cash to meet the Company'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 Company's approach to managing liquidity is to ensure, as far as possible, 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 Company's reputation.

The tables below analyse the financial liabilities by relevant maturity groupings based on the earliest possible contractual maturity date at the year end date. The amounts in the tables below are contractual undiscounted cash flows, which include interest through to maturity. Perpetual Infratil Infrastructure Bond cash flows have been determined by reference to the longest dated Infratil Bond maturity in the year 2029.

	Accounts payable, accruals and other liabilities \$000	Infrastructure bonds \$000	Perpetual Infratil Infrastructure bonds \$000	Derivative financial instruments \$000	Total \$000
<b>2022</b>					
Balance sheet	431,045	1,161,038	231,917	-	1,824,000
Contractual cash flows	431,045	1,357,533	288,050	-	2,076,628
6 months or less	290,213	120,791	3,641	-	414,645
6 to 12 months	-	122,238	3,641	-	125,879
1 to 2 years	107,984	160,754	7,282	-	276,020
2 to 5 years	32,848	553,204	21,847	-	607,899
5 years +	-	400,546	251,639	-	652,185
<b>2021</b>					
Balance sheet	278,076	1,151,075	231,917	2,158	1,663,226
Contractual cash flows	278,076	1,362,111	266,452	2,158	1,908,797
6 months or less	87,407	119,206	1,983	1,442	210,038
6 to 12 months	-	24,365	1,983	716	27,064
1 to 2 years	116,162	235,697	3,966	-	355,825
2 to 5 years	74,507	521,648	11,897	-	608,052
5 years +	-	461,195	246,623	-	707,818

**Market risk****Interest rates**

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

At balance date the face value of interest rate contracts outstanding were:

Interest rate swaps in place at year end

Fair value of interest rate swaps

The termination dates for the interest rate swaps are as follows:

Between 0 to 1 year

2022 \$000	2021 \$000
-	45,000
-	(2,158)
-	45,000

**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.

**Profit or loss**

100 bp increase

100 bp decrease

2022 \$000	2021 \$000
(2,557)	(2,322)
2,557	2,320

There would be no material effect on equity.

**Foreign currency**

The Company has exposure to currency risk on the value of its assets and liabilities denominated in foreign currencies, 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 Company's expectation of the fair value of the relevant exchange rate.

**Foreign exchange sensitivity analysis**

At 31 March 2022, if the New Zealand dollar had weakened/strengthened by 10 percent against foreign currencies, with all other variables held consistent, post-tax profit would not have been materially different. There would have been no material impact on balance sheet components.

**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 held at amortised cost which have a fair value at 31 March 2022 of \$1,322.8 million (31 March 2021: \$1,336.5 million) compared to a carrying value of \$1,388.5 million (31 March 2021: \$1,378.9 million).

**Assets**

Derivative financial instruments - foreign exchange

Derivative financial instruments - interest rate

**Split as follows:**

Current

Non-current

**Liabilities**

Derivative financial instruments - foreign exchange

Derivative financial instruments - interest rate

**Split as follows:**

Current

Non-current

2022 \$000	2021 \$000
-	-
-	-
-	-
-	-
-	-
-	-
-	2,158
-	2,158
-	2,158
-	-
-	2,158
-	-
-	2,158

### Estimation of fair values

The fair values and net 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.

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.

All financial instruments measured at fair value in the statement of financial position are valued either directly (that is, using externally available inputs) or indirectly (that is, derived from externally available inputs) and are classified as level 2 under NZ IFRS 7.

### Valuation input

### Source

Interest rate forward price curve

Published market swap rates

Discount rate for valuing interest rate derivatives

Published market interest rates as applicable to the remaining life of the instrument.

### Fair value hierarchy

The analysis of financial instruments carried at fair value, by valuation method is below. 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 Company has no interest rate swap derivatives at any level at 31 March 2022 (31 March 2021: fair value of \$2.2 million at level 2).

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 2022 (2021: nil).

### Capital management

The key factors in determining the Company's optimal capital structure are:

- Nature of its activities
- Quality and dependability of earnings/cash flows
- Capital needs over the forecast period
- Available sources of capital and relative cost

There were no changes to the Company's approach to capital management during the year.

The Company's capital includes share capital, reserves, and retained earnings. From time to time the Company 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, no shares were bought back by the Company (2021: nil).

The Company seeks to ensure that no more than 20% of its Infrastructure bonds mature in any one year period, and to spread the maturities of its facilities. The Company manages its interest rate profile so as to minimise net value volatility. This means having interest costs fixed for extended terms. At times when long rates appear to be unsustainably high, the profile may be shortened, and when rates are low the profile may be lengthened.

**(9) Investment in subsidiaries and associates**

The significant investments of the Company and their activities are summarised below:

<b>Subsidiaries</b>	<b>Holding 2022</b>	<b>Holding 2021</b>	<b>Principal activity</b>	<b>Country of incorporation</b>
<b><i>New Zealand</i></b>				
Infratil 1998 Limited	100%	100%	Investment	New Zealand
Infratil 2016 Limited	100%	100%	Investment	New Zealand
Infratil 2018 Limited	100%	100%	Investment	New Zealand
Infratil 2019 Limited	100%	100%	Investment	New Zealand
Infratil AR Limited	100%	-	Investment	New Zealand
Infratil Energy Limited	100%	100%	Investment	New Zealand
Infratil Finance Limited	100%	100%	Finance	New Zealand
Infratil Gas Limited	100%	100%	Investment	New Zealand
Infratil HC Limited	100%	100%	Investment	New Zealand
Infratil HPC Limited	100%	-	Investment	New Zealand
Infratil Infrastructure Property Limited	100%	100%	Investment	New Zealand
Infratil Investments Limited	100%	100%	Investment	New Zealand
Infratil No 1 Limited	100%	100%	Investment	New Zealand
Infratil No 5 Limited	100%	100%	Investment	New Zealand
Infratil Outdoor Media Limited	100%	100%	Investment	New Zealand
Infratil PPP Limited	100%	100%	Investment	New Zealand
Infratil Renewables Limited	100%	100%	Investment	New Zealand
Infratil RHC Limited	100%	-	Investment	New Zealand
Infratil RV Limited	100%	100%	Investment	New Zealand
Infratil Europe Limited	100%	100%	Investment	New Zealand
Infratil Ventures II Limited	100%	100%	Investment	New Zealand
Infratil Ventures Limited	100%	100%	Investment	New Zealand
NZ Airports Limited	100%	100%	Investment	New Zealand
Swift Transport Limited	100%	100%	Investment	New Zealand
Infratil Australia Limited	100%	100%	Investment	New Zealand

The financial year-end of all the significant subsidiaries is 31 March.

**(10) Reconciliation of net surplus with cash flow from operating activities**

	<b>2022 \$000</b>	<b>2021 \$000</b>
Net surplus for the year	153,313	174,398
<i>Less items classified as investing activity:</i>		
Loss/(profit) on investment realisations and impairments	-	-
<i>Add items not involving cash flows:</i>		
Movement in financial derivatives taken to the profit or loss	(2,158)	(2,633)
Amortisation of deferred bond issue costs & issue premium	2,235	2,114
<i>Movements in working capital</i>		
Change in receivables	(104,390)	(185,183)
Change in trade payables	1,099	1,001
Change in accruals and other liabilities	102,731	183,668
Change in deferred tax and tax receivable	3,880	2,511
<b>Net cash inflow from operating activities</b>	<b>156,710</b>	<b>175,876</b>

**(11) Commitments**

There are no outstanding commitments (2021: nil).

**(12) Contingent liabilities**

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 Company has a contingent liability under the international fund management agreement with Morrison & Co International Limited in the event that the Group sells its international assets, or valuation of the assets exceeds the performance thresholds set out in the international fund management agreement.

The Company has agreed to guarantee certain obligations of Infratil Trustee Limited, a related party, that is the Trustee to the Infratil Staff Share Scheme. The amount of the guarantee is limited to the loans provided to the employees.

**(13) 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 Bogoevski was a director of Infratil until 31 March 2021 and was a director and Chief Executive Officer of MCO until 31 December 2021. Mr Boyes assumed the role of Infratil Chief Executive Officer from 1 April 2021. Entities associated with Mr Bogoevski and Mr Boyes also have a beneficial interest in MCO.

*Note 9 identifies significant entities in which the Company has an interest. All of these are related parties of the Company. The Company has the following significant loans, investments to/from/in its subsidiaries and receivables:*

Related Party	Interest income/(expense)		Intercompany	
	2022 \$000	2021 \$000	2022 \$000	2021 \$000
<i>Advances</i>				
Infratil Finance Limited	137,092	124,256	2,123,241	2,081,057
Aotea Energy Holdings Limited	-	-	(153,897)	(153,897)
<i>Investments in</i>				
Infratil Investments Limited			87,665	87,665
Infratil 1998 Limited			12,000	12,000
Infratil Finance Limited			153,897	153,897
Infratil No. 1 Limited			78,024	78,024
Infratil PPP Limited			5,942	5,942
Infratil No. 5 Limited			248,001	248,001
<i>Receivables</i>				
Infratil Australia Limited			2,942	3,056
Infratil PPP Limited			1,019	1,528
Infratil No. 5 Limited			205,495	196,406
Infratil 2018 Limited			186,315	101,925
Infratil Renewables Limited			15,825	3,523

At 31 March 2022 prepayments and sundry receivables includes amounts receivable from subsidiaries for International Portfolio Incentive fees of \$270.8m (2021: \$116.1m).

*Management and other fees paid by the Company to MCIM, MCO or its related parties during the year were:*

	2022 \$000	2021 \$000
Management fees	14	56,760
Executive secondment and consulting	-	-
International Portfolio Incentive fee	14	221,200
Directors fees	-	-
Financial management, accounting, treasury, compliance and administrative services	-	1,612
Investment banking services	-	-
<b>Total management and other fees</b>	<b>279,572</b>	<b>269,786</b>

At 31 March 2022 amounts owing to MCIM of \$5,019k (excluding GST) are included in accounts payable (2021: \$4,483k).

**(14) Management fees paid under the Management Agreement with Morrison & Co Infrastructure Management Limited ('MCIM')**

The day-to-day management responsibilities of the Company have been delegated to Morrison & Co Infrastructure Management Limited ('MCIM') under a Management Agreement. The Management Agreement specifies the duties and powers of MCIM, and the management fees payable to MCIM for delivering those services. These include a New Zealand Portfolio Management Fee, International Portfolio Management Fee and International Portfolio Incentive Fees.

*Management fees paid under the Management Agreement during the year were:*

	2022 \$000	2021 \$000
New Zealand & International Portfolio Management Fees	56,760	45,074
International Portfolio Incentive Fees	221,200	223,100
	<b>277,960</b>	<b>268,174</b>

***New Zealand Portfolio Management Fee***

The New Zealand base management fee is paid on the 'New Zealand Company Value' at 0.80% p.a. on the New Zealand Company Value above \$150 million, 1.00% p.a. on the New Zealand Company Value between \$50 million and \$150 million and 1.125% p.a. on New Zealand Company value up to \$50 million. The New Zealand Company Value is defined as:

- the Company's market capitalisation as defined in the Management Agreement (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,
- an adjustment for foreign exchange gains or losses related to non-New Zealand investments.

***International Portfolio Management Fee***

The 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.

**International Portfolio Incentive Fees**

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.

To the extent that there are assets that meet these criterion, independent valuations are performed on the respective International Investments to determine whether any Incentive Fees are payable.

**International Portfolio Initial Incentive Fee**

International Investments become eligible for the Initial Incentive Fee assessment on the third balance date (31 March) that they have been held continuously by the Company. All International 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 those assets against a benchmark of 12% p.a. after tax, compounding.

The Company's investment in Galileo Green Energy was eligible for the International Portfolio Initial Incentive Fee as at 31 March 2022. (31 March 2021: None). Based on an independent valuation obtained as at that date, no International Portfolio Initial Incentive Fee has been accrued as at 31 March 2022.

**International Portfolio Annual Incentive Fee**

Thereafter International Investments are grouped together, and an Annual Incentive Fee is payable at 20% of the outperformance of those assets against the higher of, a benchmark of 12% p.a. after tax, relative to the most recent 31 March valuation, or cost.

The Company's investments in CDC Data Centres, Longroad Energy and RetireAustralia are eligible for the International Portfolio Annual Incentive fee assessment as at 31 March 2022 (31 March 2021: ASIP, RetireAustralia, CDC Data Centres, Longroad Energy and Tilt Renewables).

Based on independent valuations obtained as at 31 March 2022, an Annual Incentive Fee of \$99.7 million has been accrued as at that date (31 March 2021: \$223.1million).

**International Portfolio Annual Incentive Fees**

	2022 \$000	2021 \$000
ASIP	-	1,600
CDC Data Centres	84,751	140,200
Longroad Energy	14,064	(8,000)
RetireAustralia	904	3,200
Tilt Renewables	-	86,100
	<b>99,719</b>	<b>223,100</b>

At 31 March 2022 accruals and other liabilities includes International Portfolio Annual Incentive fees of \$149.3m (2021: \$116.1m).

**International Portfolio Realised Incentive Fee**

Realised Incentive Fees are payable on the realised gains from the sale, or other realisation of International Investments at 20% of the outperformance (since the last valuation date) against the higher of, a benchmark of 12% p.a. after tax, relative to the most recent 31 March valuation, or cost.

Following the divestments of the Company's investments in Tilt Renewables and ASIP during the year a realised Incentive Fee of \$121.5 million has been accrued as at 31 March 2022 (31 March 2021: none).

**International Portfolio Realised Incentive Fees**

	2022 \$000	2021 \$000
Tilt Renewables	122,076	-
ASIP	(595)	-
	<b>121,481</b>	<b>-</b>

**Payment of Annual Incentive Fees**

Any Annual Incentive Fee calculated in respect of a Financial Year is earned and paid in three annual instalments, with the second and third instalments only being earned and payable if, at each relevant assessment date, the fair value of the relevant asset (including distributions, if any) exceeds the greater of fair value or cost as at the 31 March for which the Incentive Fee was first calculated.

Realised Incentive Fees are payable within 7 Business Days of receipt by the Company of a certificate from the International Portfolio Independent Valuer.

At 31 March 2022 accruals and other liabilities includes International Portfolio Realised Incentive fees of \$121.5m (2021: nil).



### **(15) Segment analysis**

During the year, the Company operated in predominantly one business segment, that of investments.

#### *Geographical segments*

The Company operated in one geographical area, that of New Zealand. Certain subsidiaries of the Company invest in Australia, the United States, Asia and Europe.

### **(16) Events after balance date**

#### *Dividend*

On 18 May 2022, the Directors approved a fully imputed final dividend of 12.0 cents per share to holders of fully paid ordinary shares to be paid on 15 June 2022.

#### *Trustpower sale of retail business*

On 2 May 2022, Trustpower announced that all conditions of the sale of Trustpower's gas, telecommunications, and retail electricity supply business (excluding the supply of electricity to commercial and industrial customers) to Mercury NZ Limited have been met and as a result the sale was completed effective 1 May 2022.

## Directory

### *Directors*

Mark Tume (Chairman)  
Jason Boyes  
Alison Gerry  
Paul Gough  
Kirsty Mactaggart  
Peter Springford

### *Company Secretary*

Nick Lough

### *Registered Office - New Zealand*

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### *Manager*

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