



2 August 2016

Infratil acquires equity interest in ANU student accommodation concession contract

Infratil advises that the Australian National University (**ANU**) has today awarded Infratil and Commonwealth Superannuation Corporation a 30 year concession for the net rental revenue from nine on-campus Purpose Built Student Accommodation (**PBSA**) residences, comprising approximately 3,760 beds. Infratil's 50% equity investment will be made for a total cash equity consideration of approximately A\$82.5 million. The transaction is expected to settle in August 2016.

The long term concession includes responsibility for the provision of "hard" facilities management services such as building maintenance and lifecycle replacement. The investors have sub-contracted the provision of these services to Spotless for the term of the concession. The ANU retains responsibility for the delivery of "soft" facilities maintenance services, such as marketing and managing applications for the accommodation, processing rental agreements, cleaning internal areas of the residences and providing day-to-day pastoral care to residents.

Infratil Chief Executive, Marko Bogoievski, commented that "the ANU portfolio is the standout portfolio in the on-campus PBSA sector in Australia in terms of both scale and quality. PBSA is an emerging asset class supported by strong domestic and international demand growth for quality tertiary education. The concession agreement provides the consortium with a stable, long-term inflation-linked cashflow and rights and protections regarding the development of additional on campus PBSA residences."

The ANU investment will be managed by investment management firm H.R.L Morrison & Co on behalf of Infratil and Commonwealth Superannuation Corporation.

Marko Bogoievski
Chief Executive Officer

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Infratil

**Acquisition of ANU Student Accommodation
concession**

Investor Briefing Pack – 2 August 2016

Summary of the ANU investment

Exposure to an emerging sector with attractive yield



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- 50% interest in the revenue stream from nine on-campus residences under a 30 year concession with the Australian National University (“ANU”) in Canberra
- Provides Infratil with exposure to a new growth sector with an attractive yield profile
- Best in class asset with significant expansion opportunities
 - Establishes a new development platform within a broad social infrastructure asset class
- The investment will play an important role within the Infratil portfolio, providing an attractive cash yield with significant future development options



Outline of the ANU investment

Revenue from on-campus student residences under a 30 year concession



- Revenue stream from nine on-campus Purpose Built Student Accommodation (“PBSA”) residences under a 30 year concession with the Australian National University (“ANU”) in Canberra;
 - ANU will retain ownership of the residences and Infratil will be entitled to a 50% share of Net Rental Revenue stream of the Residences under a concession agreement for a period of 30 years (“PBSA Agreement”)
- The transaction includes 3,760 beds across 9 residences, all are located on campus
 - A new 500 bed residence currently under construction will be included in the package on completion
- Equity consortium will be responsible for hard facilities management (FM) services and bear risk on PBSA assets including all maintenance and lifecycle replacement, and associated systems, plant, equipment and utility infrastructure
 - Hard FM risks have been sub-contracted to Spotless Group
 - Soft FM services will continue to be the responsibility of ANU, including: entering into Student Occupancy Agreements, student enrolments, marketing and advertising; general cleaning and asset risks relating to IT and security system equipment
- Largest portfolio in Australia, with significant follow-on PBSA expansion opportunities on campus in order to meet existing unmet demand and providing housing for increasing enrolments of interstate and international students

Positive sector/platform fundamentals

Best in class asset with significant expansion opportunities



| Reason | Description |
|---|---|
| Macro view | <ul style="list-style-type: none"> PBSA is an emerging asset class supported by strong domestic and international demand growth for quality tertiary education On-campus PBSA is characterised by unique service offering (historical halls, pastoral care, safety considerations), supply constraints and preferred access to students Provides organic growth options through modernisation of stock and proprietary on-campus development pipelines Opportunity for sector consolidation as universities seek to recycle capital tied up in non-core on-campus PBSA assets |
| Exhibits a strong demand profile | <ul style="list-style-type: none"> Typical average occupancy rates for best in class assets are >95% <ul style="list-style-type: none"> Average occupancy rates for all ANU PBSA Residences have been >98% over the last 5 years Existing ANU portfolio is in a shortfall position, with demand significantly exceeding supply (ANU estimates 1,500 beds) |
| PBSA exhibits attractive fundamentals for platform development | <ul style="list-style-type: none"> Strong demand outlook for purpose built student accommodation <ul style="list-style-type: none"> Australian universities continue to grow and attract international students – particularly as Asia’s middle class grows On-campus accommodation delivers a superior student experience – with mandated pricing that ensures its relative attractiveness Universities use their student accommodation as marketing tools – good alignment with on-campus operators around promotion and quality More PBSA deals likely to come to market <ul style="list-style-type: none"> Proven way for university to release capital for other priority areas and refresh dated accommodation stock Known pipeline of other projects on the horizon Attractive long term investor prospects <ul style="list-style-type: none"> Asset class well understood in other jurisdictions – established & growing interest from sovereign and pension funds De-risked cashflows of a scale portfolio highly attractive to both retail and institutional investors |
| ANU is a best in class asset | <ul style="list-style-type: none"> Member of Group of Eight universities and the highest ranked Australian university (19th) in the QS World University Rankings (#3 in Asia (incl. China and Japan)) ANU is rated AA+ by S&P, and is the only federally backed University in Australia with specific mandate to support research and innovation |

Attractive yield with platform potential

Twofold contribution to the Infratil portfolio



PORTFOLIO ROLE

Core portfolio generates cash to support IFT-level debt and dividends

CORE CASH-GENERATING PORTFOLIO

- Trustpower Core
- Wellington Airport
- NZ Bus
- CDC (subject to FIRB approval)
- ANU student accommodation
- Future retirement DMF assets and operational renewable assets

Retirement Platform

- RetireAustralia
- Metlifecare
- Development pipeline
- Care strategy

Renewables Platform

- Trustpower/ NewCo
- Development pipeline
- Australian solar
- International platforms

Emerging Platforms

- PPPs
- Student / Social Housing
- Healthcare
- Data Infra
- Agriculture Infra

Deliver development returns and build scale to create portfolio composition options as platforms mature

ANU STRATEGIC FIT

On a standalone basis, ANU provides:

- High single digit cash yield on initial investment with capital upside on potential future development opportunities
- Defensive characteristics

ANU also offers options:

- Extension of social infrastructure/PPP strategy
- Early move into a large emerging Australian student accommodation opportunity
- Potential value creation from these options is readily demonstrable in mature UK and USA markets

Investment in ANU

Transaction overview



- 50% equity stake in ANU's student accommodation for a cash equity consideration of approximately A\$82.5m
- Commonwealth Superannuation Corporation will own the remaining 50% (governance split 50/50)
- Following the Canberra Data Centres' settlement (awaiting FIRB approval) and ANU purchase, Infratil will have flexibility for ongoing reinvestment and new initiatives
 - Approximately NZ\$209m cash on hand with NZ\$246m undrawn bank facilities post settlement (in the 100% owned group of companies)

