



New Zealand Social Infrastructure Fund ASM Investment Manager's Report

August 2011

STRICTLY CONFIDENTIAL

PIP FUND ACTIVITIES YEAR END 31 MARCH 2011

- As at final close 31 December 2010 PIP Fund commitments reached NZD \$176.5m
- Fund Manager assessed 26 investment opportunities during period
- Successfully completed acquisition of Melbourne Convention & Exhibition Centre (“MCEC”) for NZD \$39m in November 2010
- MCEC met forecast distributions – offsetting PIP Fund operating costs
- National Infrastructure Unit (“NIU”) commenced two formal PPP processes and second stage business case review of third
- PIP Fund valuation uplift over fund commitments during period



MCEC INVESTMENT REVIEW

OPERATIONAL PPP IN 2 PARTS

- Melbourne Convention Centre (constructed as part of PPP)
 - 5,000 seat hall, meeting and banquet rooms, six-star Green Star rated building
- Melbourne Exhibition Centre (pre-existing facility taken over)
 - 30,000m² facility adjacent to MCC

STATE OF VICTORIA AS COUNTERPARTY

- Revenue streams based upon asset availability
- No revenue is derived from use of the facility

CONCESSION ENDS IN 2034

SERVICES INCLUDED IN THE CONTRACT

- General Services, Helpdesk, Building Management, Utilities Management, Cleaning, Security, Car parking, Grounds and Garden Maintenance, and Pest Control
- The primary service provider for both facilities is Brookfield Multiplex Services
- Some General Services (eg, reporting, interface obligations) are retained by Project Co

PROJECT MAY BE EXTENDED IN THE NEXT 3 YEARS

- Any associated value increment is not in the price
- The extension is an option not an obligation



2011 NIU INFRASTRUCTURE PLAN UPDATE

GOVERNMENT'S SOCIAL INFRASTRUCTURE STRATEGIC OPPORTUNITIES

- Alternative approaches to funding, delivery and management of assets
- Greater use of shared services by local government
- Increased contestability in social housing
- Clearer performance expectations and levels of service
- Delivery of services in a more affordable manner through better management assets
- Avoiding costs associated with poor community facilities and services
- Facilitating spatial mapping of social infrastructure assets



GOVERNMENT INFRASTRUCTURE POLICY HIGHLY SUPPORTIVE OF PPP APPROACH:

“Problems with existing schools (e.g. leaky buildings, aging assets) demonstrate that social infrastructure assets require investment models that consider whole-of-life cycle costs and procurement processes alongside demographic change”

HOBSONVILLE SCHOOLS PPP UPDATE



What is being procured?

- 690 pupil primary school, to open term 1, 2013
- 1,500 pupil secondary school, to open term 1, 2014
- Separate stand alone sites, but integrated procurement and ongoing management
- Project build cost ~\$50-100m

What is the process?

- Requests for Proposal (RfP) is due in September 2011
- Preferred bidder likely pre 2012
- Financial close likely Q1, 2012

Who is bidding?

- Three parties invited to submit RfP, following EOI stage:
 - Learning Infrastructure Partners: Hawkins Construction; Programmed FM, ASC Architects
 - Future Education: Arrow International; Spotless FM; Jasmax
 - Building Futures Group: Mainzeal Construction; PAE FM; Warren & Mahoney

CURRENT INVESTMENT PORTFOLIO OUTLOOK

ESTIMATED INVESTMENT BY COUNTRY BY YEAR

