

New Zealand Social Infrastructure Fund

Investor Presentation

30 November 2012

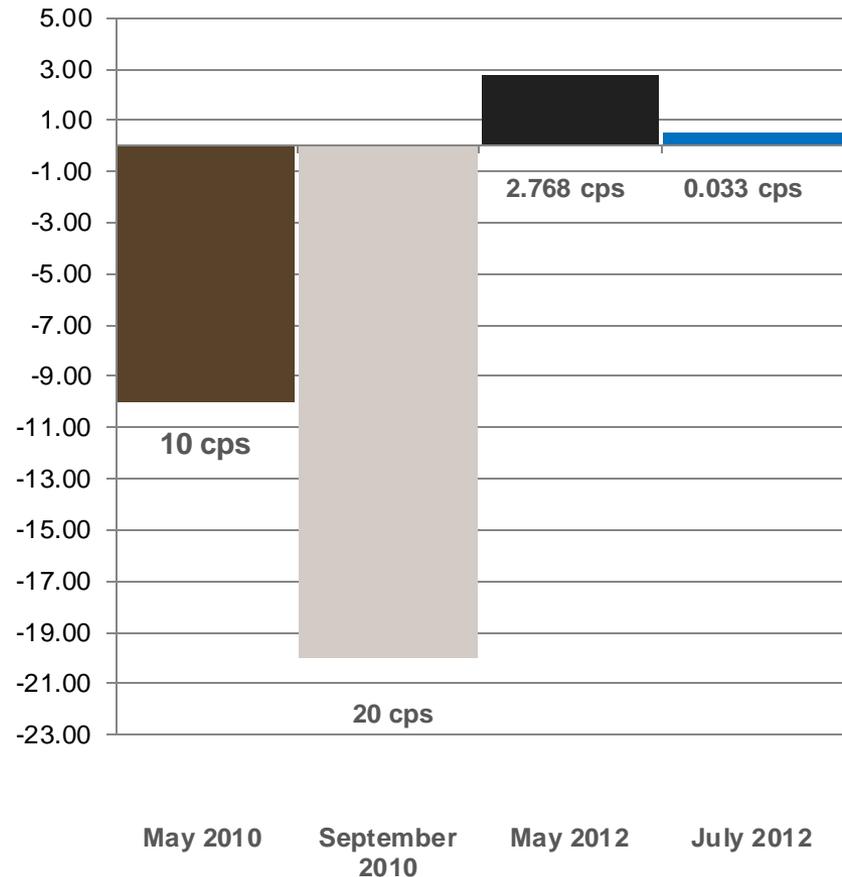


30 November 2012

1H13 Highlights

- NZSIF an investor in PIP, PIP managed by Morrison & Co
- PIP investments
 - Melbourne Convention and Exhibition Centre performed well during period
 - Hobsonville Schools financial close reached April 2012
 - Exclusive due diligence on a potential new Australian investment
- Post tax loss for the six months to 30 September 2012 (\$37,085)
- 2013 Interim Distribution for the six months to 30 September 2012 of 0.73cps.
- Net capital invested of 27.2cps
- NTA (30 September 2012) 27.4cps

Calls and Capital Returns

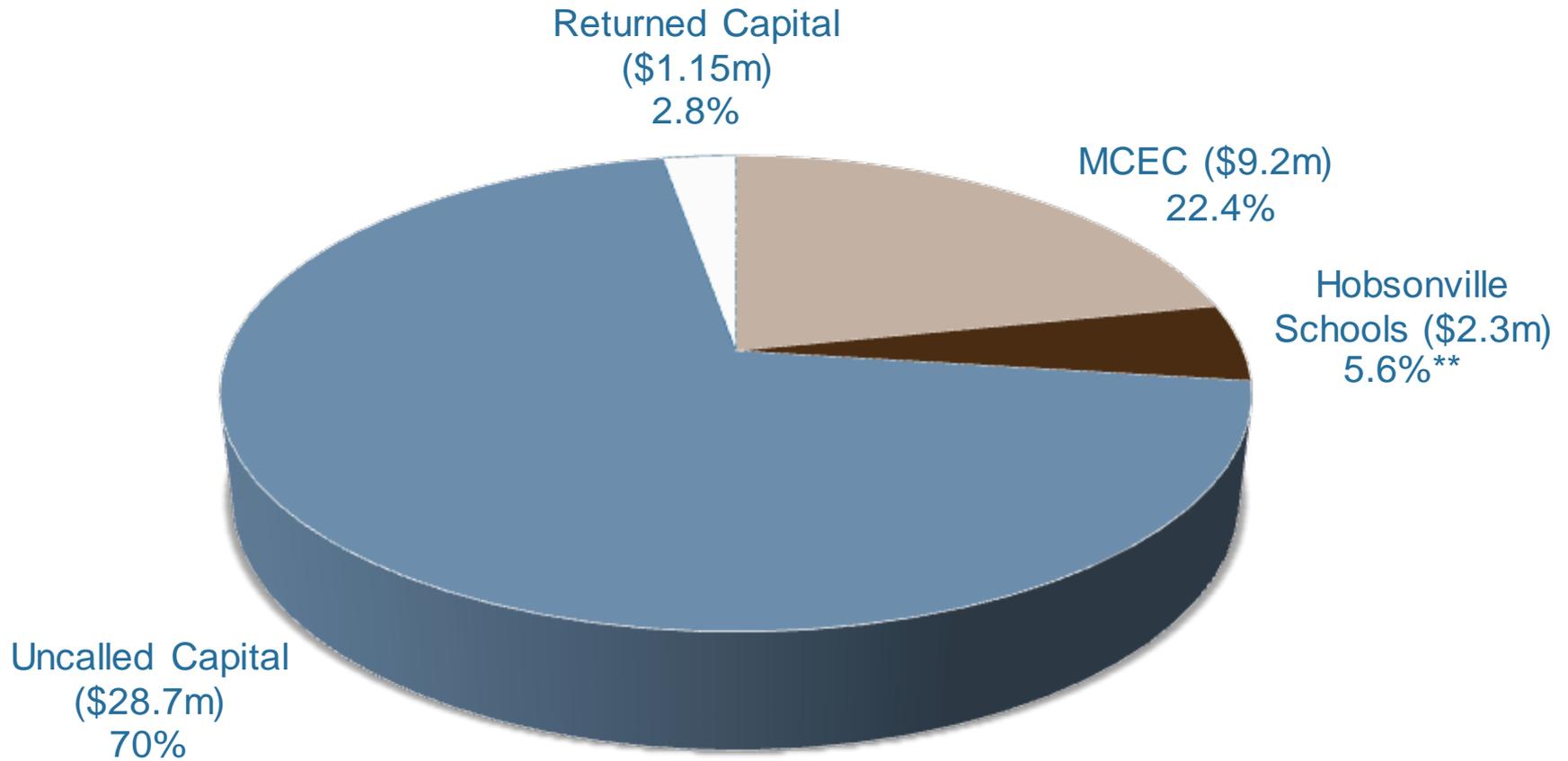


Note: NZSIF shares are \$1 shares paid to 30 cps with 70 cps remaining uncalled

1H13 Results

- Post tax loss of \$37,085
- Loss due to costs within PIP and NZSIF exceeding income from MCEC results from the negative movement in fair value of PIP Fund of \$275,377, of which \$82,328 related to the NZ/AU exchange rate movement and \$193,049 was the reduction in the value of PIP Fund net assets due to distributions to the limited partners and costs of PIP and NZSIF
- NTA declined to 27.4cps (28.5cps 31 March 2012 net of capital distribution) for the reasons outlined above
- No revaluation of assets at interim
- 1H13 distribution of 0.73cps based on passing through the MCEC cash distribution received. Operating distributions based on cash not profit.
- MCEC operated well within the period
- Hobsonville on time and costs (despite tight timetable) for opening of both schools on time
- Pipeline and opportunities remain positive with growing NZ PPP opportunities

NZSIF Investment Mix



*NZSIF investments are via PIP Fund

** Not yet called

Melbourne Convention & Exhibition Centre

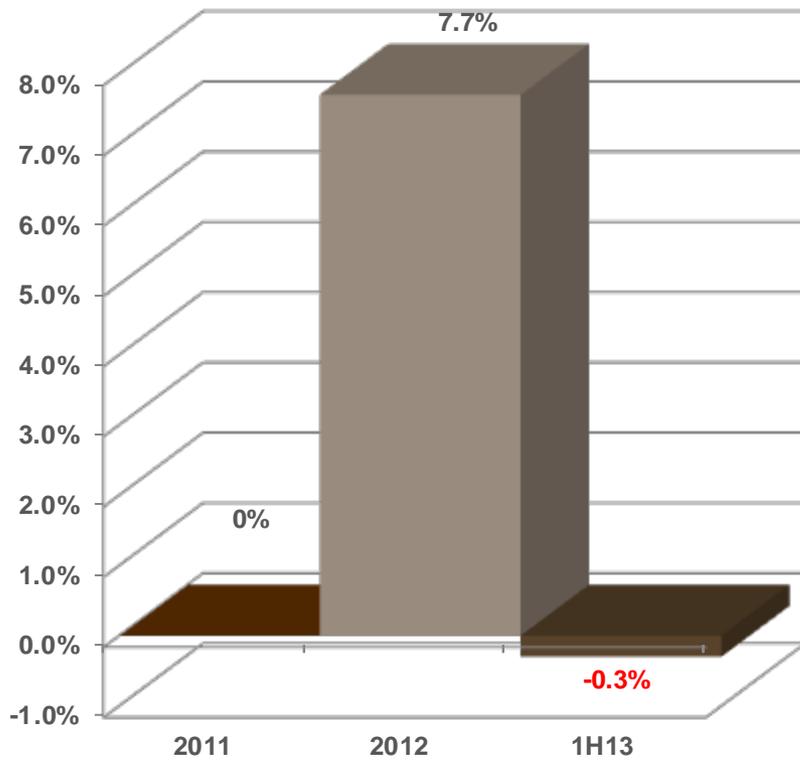
- Melbourne Convention Centre, a 5,000 seat hall, meeting and banquet rooms, six star Green Star rated building
- Melbourne Exhibition Centre, a pre-existing 30,000m² facility adjacent to the Melbourne Convention Centre
- PIP owns 49.9% of MCEC equity
- No property management or performance issues affecting MCEC or PIP returns during the period

Hobsonville Schools PPP

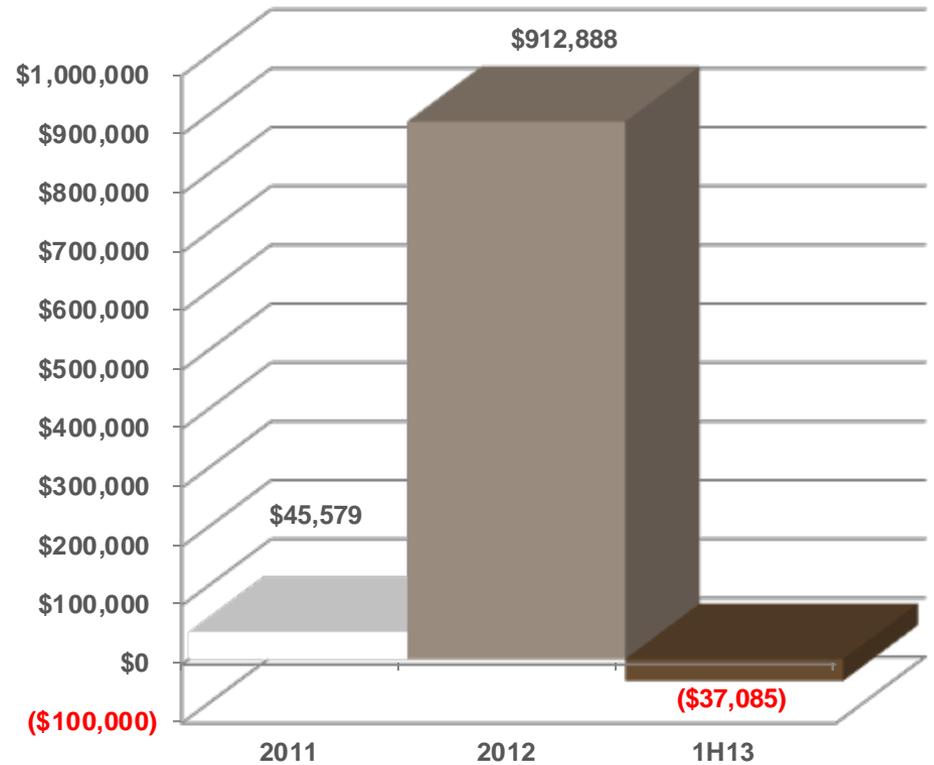
- Primary school (years 1-8) for 690 pupils to open Term 1, 2013
- Secondary school (years 9-13) for 1,500 pupils to open Term 1, 2014
- Learning Infrastructure Partners Consortium
 - PIP Fund – owns 97.5% of the equity
 - Hawkins (lead construction)
 - ASC Architects (lead designer)
 - Programmed Facility Management (facilities management)
- Construction of primary school on time and budget despite challenging timetable
- Construction of secondary school underway
- Hawkins performance being closely monitored given their other issues in Australia and New Zealand

NZSIF Financial Performance

Return on Shareholder Funds



Net Income



NZSIF Financial Performance

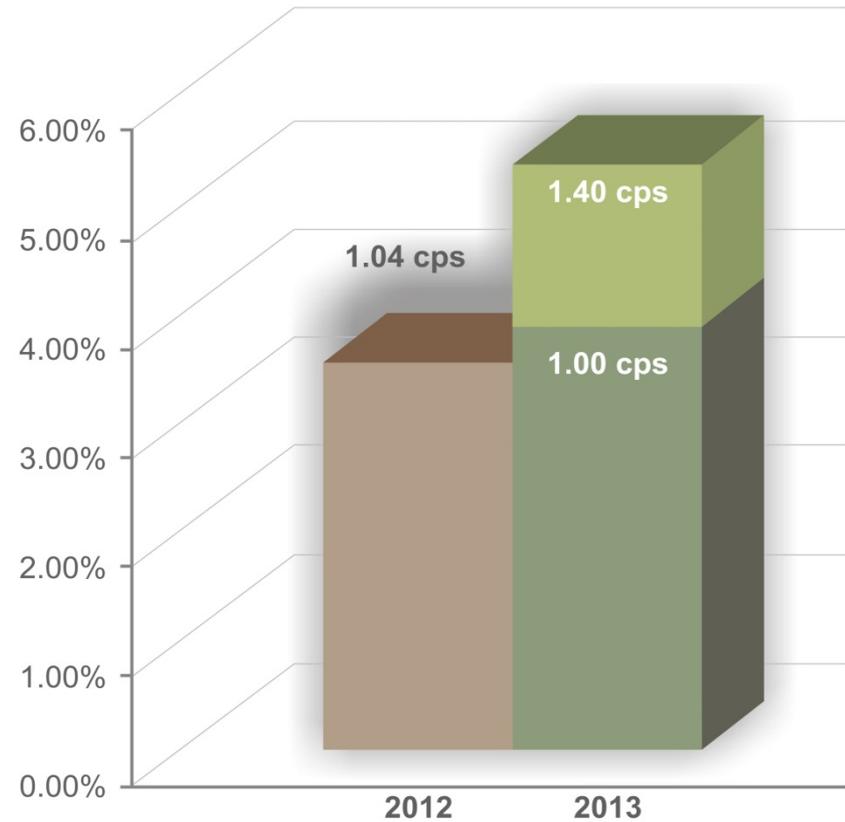
	6 months to 30 Sept 2012 NZ\$000s	12 months to 31 March 2012 NZ\$000s	6 months to 30 Sept 2011 NZ\$000s
Dividend income	\$413		
Interest income	\$40	\$87	\$43
Movement in fair value of PIP Fund	(\$275)	\$1,083	(\$184)
	<u>\$178</u>	<u>\$1,170</u>	<u>(\$140)</u>
Administrative Expenses	(\$122)	(\$267)	(\$136)
Interest Expense	-	-	-
Profit before Tax	<u>\$56</u>	<u>\$903</u>	<u>(\$276)</u>
Income Tax/(credit)	\$93	(\$19)	-
Profit/(loss) for the Period	<u>(\$37)</u>	<u>\$922</u>	<u>(\$276)</u>

NZSIF Balance Sheet

	30 Sept 2012 NZ\$000s	31 March 2012 NZ\$000s	30 Sept 2011 NZ\$000s	Change Mar 12 to Sept 12
Investment in PIP Fund	\$9,194	\$10,515	\$9,248	(12.6%)
Cash and Cash Equivalents	\$2,117	\$2,280	\$2,384	(7.1%)
Other Current Assets	\$11	\$87	\$43	nm
Total Assets	\$11,322	\$12,882	\$11,675	(12.1%)
Creditors	\$76	\$36	\$27	nm
Total Equity	\$11,246	\$12,846	\$11,648	(12.5%)
Total Equity and Liabilities	\$11,322	\$12,882	\$11,675	(12.1%)
<i>NTA per share (41,000,000)</i>	<i>27.4cps</i>	<i>31.3cps</i>	<i>28.4cps</i>	
<i>AUD/NZD</i>	<i>0.7953</i>	<i>0.7874</i>	<i>0.7879</i>	
<i>Called Capital per Share</i>	<i>30.0cps</i>	<i>30.0cps</i>	<i>30.0cps</i>	
<i>Uncalled Capital per Share</i>	<i>70.0cps</i>	<i>70.0cps</i>	<i>70.0cps</i>	
<i>Returned Capital per Share</i>	<i>2.8cps</i>	<i>-</i>	<i>-</i>	
<i>NTA including returned Capital</i>	<i>30.2cps</i>	<i>31.3cps</i>	<i>28.4cps</i>	

Operating Distributions

- 2013 forecast distribution of 1.00cps – 1.40cps
- 1H13 distribution paid 30 November 2012 of 0.73cps (5.4% equivalent pa yield) at top end of guidance
- 2H13 distribution dependent on MCEC performance in 2H13



Note: 2012 gross yield on 30 cps capital base; 2013 gross yield on 27.2 cps capital base

NZSIF Valuation and Returns

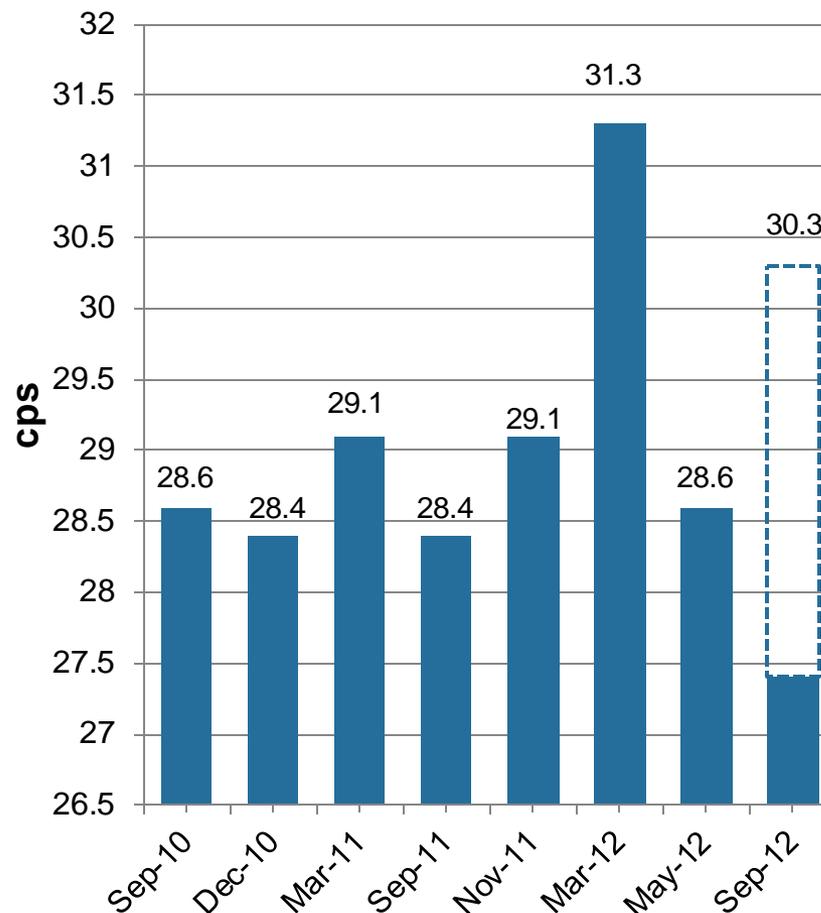
- Current NTA (30 Sept 12)

PIP Fund Investment	9.2m
NZSIF Cash	2.1m
Net working capital	(0.1m)
	<u>11.3m</u>

Per Share (41m) 27.4cps

- 2013 distributions on track with 0.73cps paid for 1H13 and full year forecast of 1.0-1.4cps.
- NZSIF returns less than PIP's returns due to NZSIF annual costs, setup costs and cash drag from NZSIF cash held (returns on cash less than PIP Fund). The impact of all of these will reduce as the invested base increases.
- No revaluation of assets at interim – which probably slightly undervalues assets given distribution yields are less than equity IRRs

NZSIF NTA per Security



NZ PPP Outlook

- The NZ Government National Infrastructure Unit is progressing a number of PPP opportunities:
 - Transmission Gully
 - Whole of Government Radio Network
 - Christchurch Convention Centre
 - Clifford Bay
- While PIP may or may not be a successful consortium partner for these projects, they represent a significant list of opportunities expected to provide investment opportunities over 2013 and 2014
- In addition, PIP continues to review Australian PPP opportunities that meet their investment criteria and which could see the PIP Fund invest earlier on favourable terms while the NZ opportunities are progressed. PIP is in exclusive due diligence on one smaller Australian project.

NZSIF Outlook

- NZSIF operating “true to brand”
- 28% invested to date
- Further investments will significantly reduce the cost and cash ‘drag’
- NZ Government National Infrastructure Unit now progressing a significant pipeline of PPP opportunities
- Initial investments are consistent with the returns targeted at the time of the original NZSIF prospectus
- Pipeline is sufficiently active that a further investment is likely in 2012 or early 2013
- 2013 Full Year Operating Distribution Forecast of 1.0cps – 1.4cps
- High element of partial or full CPI protection within projects a positive

Questions & Answers



For Further Information

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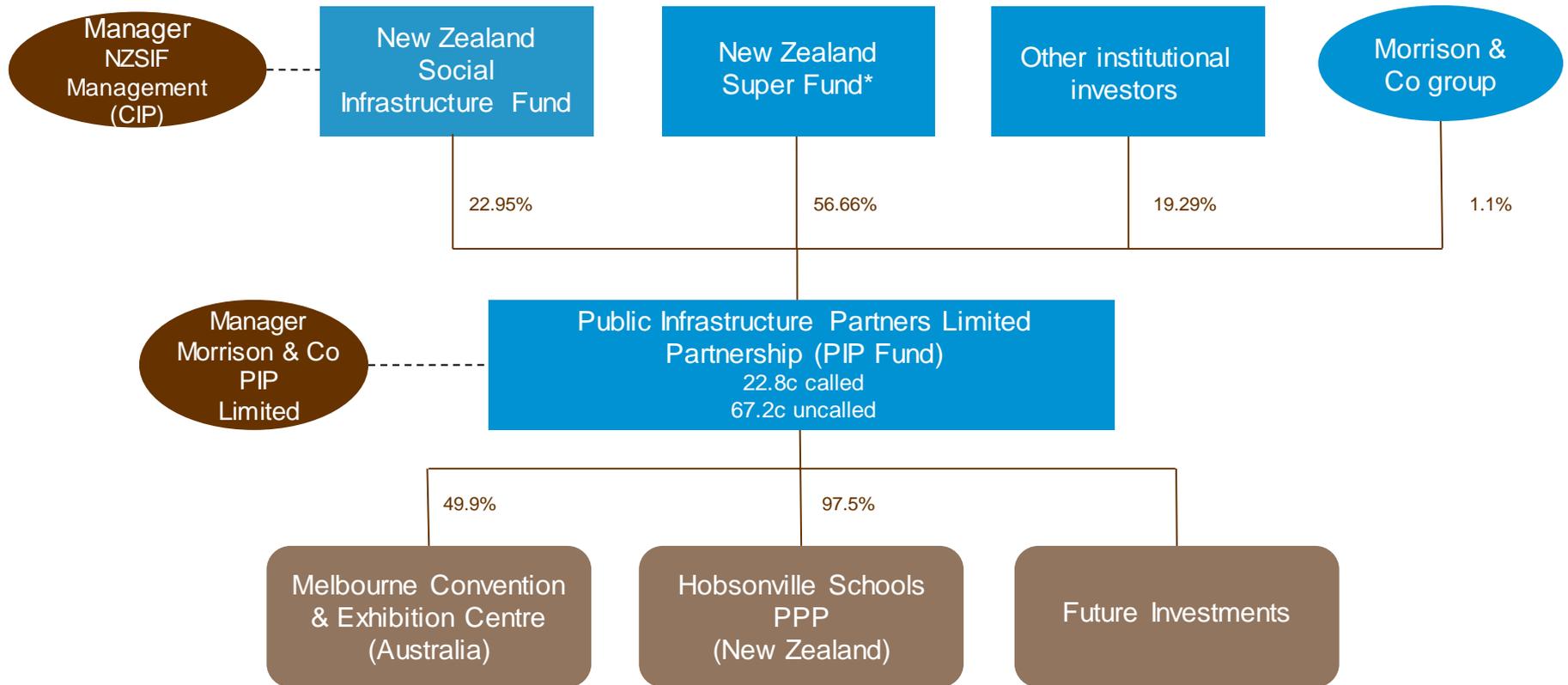
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Appendix

NZSIF Investment Structure



*Option to increase commitment by \$100m by 29 October 2012 which if exercised would dilute NZSIF and other investors in future investments from that point

PIP Fund

- Committed capital \$176.5m
- Investment capacity \$1.5 billion +
- PIP Fund term of 18 years to 29 October 2027 unless terminated earlier or extended by an ordinary resolution
- Investment period of six years (30 October 2009 to 29 October 2015) unless varied
- Investment Parameters (controlled by PIP Advisory Committee)
 - Maximum 25% in a single asset
 - Maximum 40% single counterparty risk
 - Maximum 25% sector with demand risk
- New Zealand PPP environment developing slowly, while Australian PPP environment is vibrant, which may lead to a greater proportion invested in Australia than New Zealand

Original NZSIF Prospectus

- \$41m raised in April 2010¹
- Targeting an IRR of 11% per annum before tax, but after all costs, investment management and administration fees and expenses
- Fees
 - NZSIF Administration fee (NZSIF Management Ltd) of 0.25% pa
 - PIP Fund Manager (Morrison & Co) fees of:
 - Greater of:
 - 0.8%pa of committed capital; or
 - 1.5% pa of invested capital in investments not fully operational plus 0.8% pa of invested capital in investments that are fully operational
 - 20% of returns in excess of CPI + 5.5% to 7.5% (depending on leverage) subject to highwater and clawbacks
- Restricted level of overseas ownership (max 10%)

¹ One share = one ordinary share and 100 non-voting redeemable preference shares in NZSIF.

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