

# New Zealand Social Infrastructure Fund

## Investor Presentation - 2013 Full Year

19 June 2013



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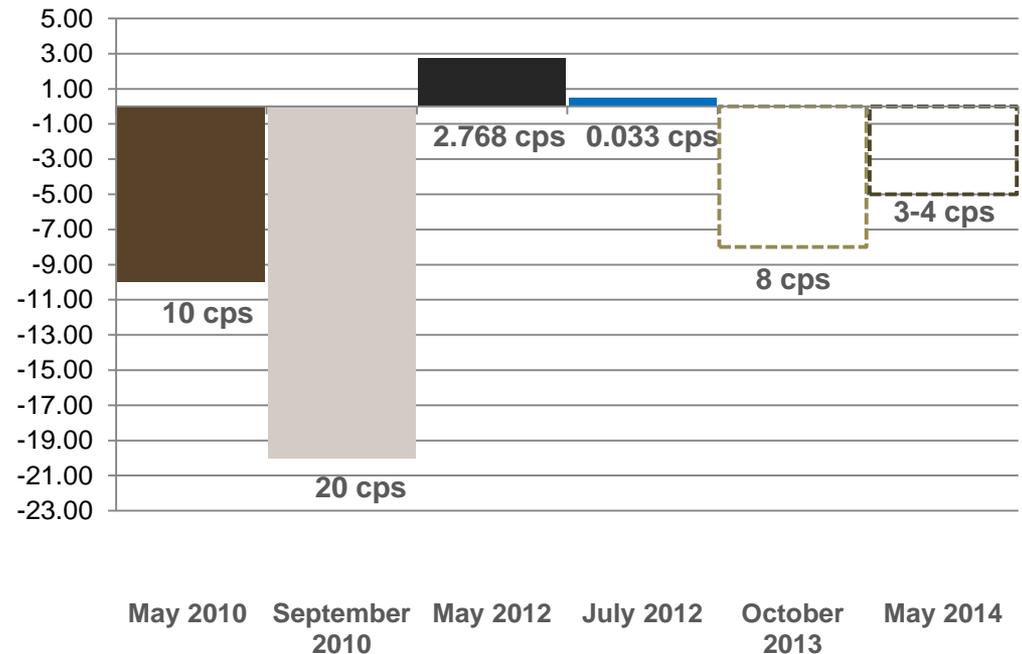
# PIP Investment & Operational Highlights

- Melbourne Convention and Exhibition Centre continued to perform well during period
- Hobsonville Schools primary school opened on time in February 2013
- Bendigo Hospital accommodation investment made April 2013
- PIP consortium “Positive Connections” one of two shortlisted consortiums for Transmission Gully
- PIP consortium selected as preferred bidder for Queenstown Convention Centre
- Significant Christchurch rebuild activity likely to generate opportunities
- NZ National Infrastructure Unit progressing a number of PPP projects
- PIP Fund lodged 3 Expressions of Interest for NZ PPP projects during 2H13

# NZSIF 2013 Highlights

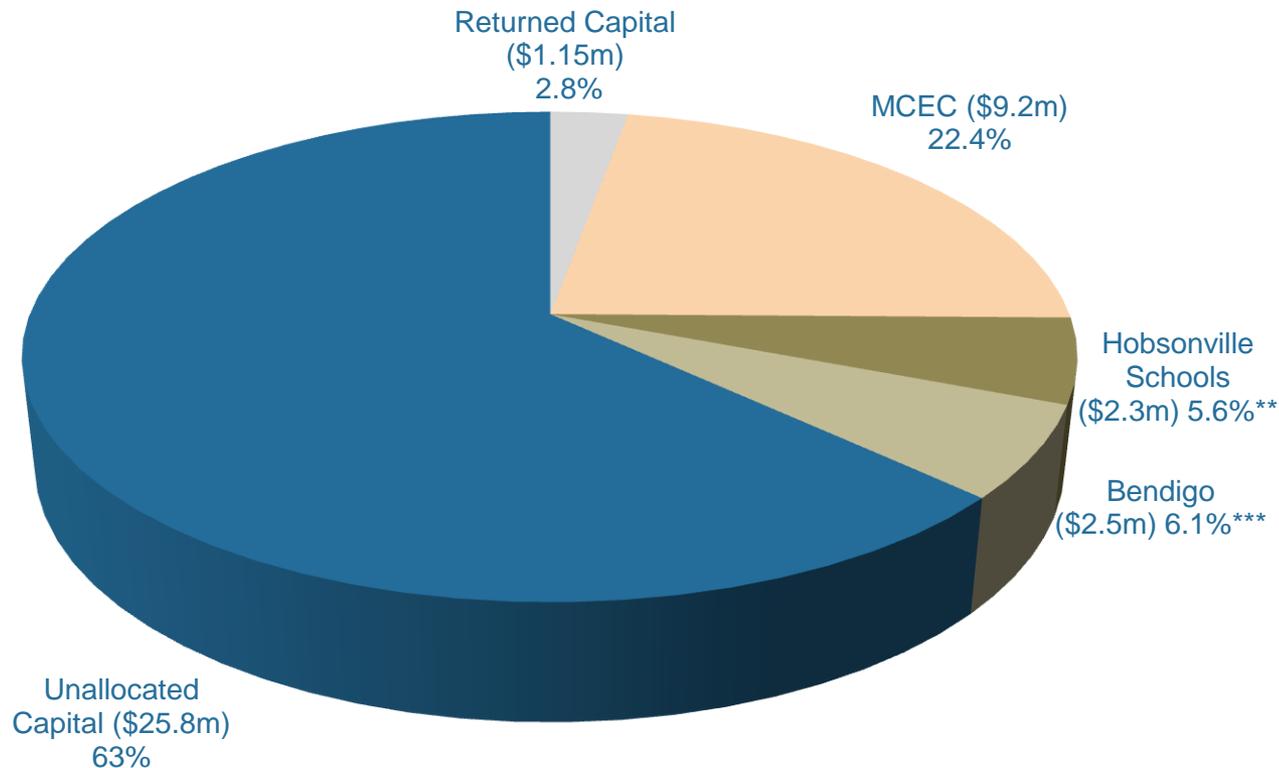
- Profit for period \$710,681 (2012 \$921,888)
- 2013 profit impacted by:
  - MCEC revaluation in line with expectations
  - Higher distributions from MCEC
  - Costs stable
- 2013 Final Distribution for the six months to 31 March 2013 of 0.789cps, making 1.517cps for the full year.
- Distributions based on cash not profit.
- Net capital invested of 27.2cps
- NTA of 28.5cps (28.5cps 31 March 2012 net of capital distribution, 27.4cps September 2012)

## NZSIF Calls and Capital Returns



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

# NZSIF Investment Mix



NZSIF now approximately 40% committed, and if successful on Transmission Gully or two smaller opportunities, is likely to be close to fully committed by the end of the 2014 financial year

*\*NZSIF investments are via PIP Fund, \*\* Not yet called, \*\*\* Bendigo partly called at 31 March 2013*

# 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 30,000m<sup>2</sup> facility adjacent to the Melbourne Convention Centre
- PIP owns 49.9% of MCEC equity
- No property management or performance issues affecting MCEC equity or PIP returns during the period. Three deductions in 2013 passed through to the Operator (Brookfield Multiplex).
- Expansion opportunities under consideration

# Hobsonville Schools PPP

- Primary school (years 1-8) for up to 690 pupils opened for initial pupils Term 1, 2013
- Secondary school (years 9-13) for 1,500 pupils targetted to open Term 1, 2014
- Significant tornado event in December 2012 led to the loss of 3 lives and several injuries on site. Our thoughts are with all affected by this tragedy. PIP has contributed to a fund for the victims. Investigations are on-going and all contractors and PIP are committed to a safe working environment.
- Learning Infrastructure Partners Consortium
  - PIP Fund – 97.5% of the equity
  - Hawkins (lead construction) – 2.5% of the equity
  - ASC Architects (lead designer)
  - Programmed Facility Management (facilities management)
- Construction of primary school completed on time and budget despite challenging timetable
- Construction of secondary school continuing with targeted Term 1 2014 opening



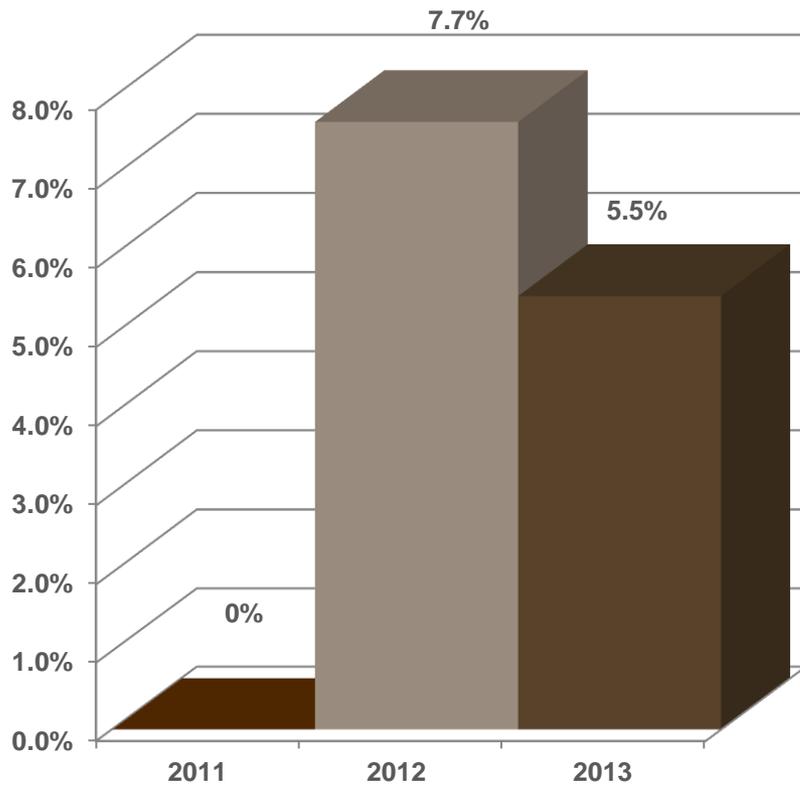
# Bendigo Hospital Accommodation

- NZ\$10.9M committed in February 2013. First tranche of A\$6.3M paid in April 2013. Second tranche due April/May 2014 upon construction completion.
- 96 one bedroom and 24 two bedroom residential apartment units for nurses and doctors working in the Bendigo Hospital.
- 30 year property lease with inflation linked cash flows
- No occupancy risk
- Project entity owns the land, and retains ownership at end of lease
- Bendigo Healthcare Group (BHCG) (the tenant) is a public health provider for the State of Victoria under the Health Services Act 1988. BHCG employs 3,000 staff, has a A\$300M budget and is currently building a new A\$600M PPP hospital

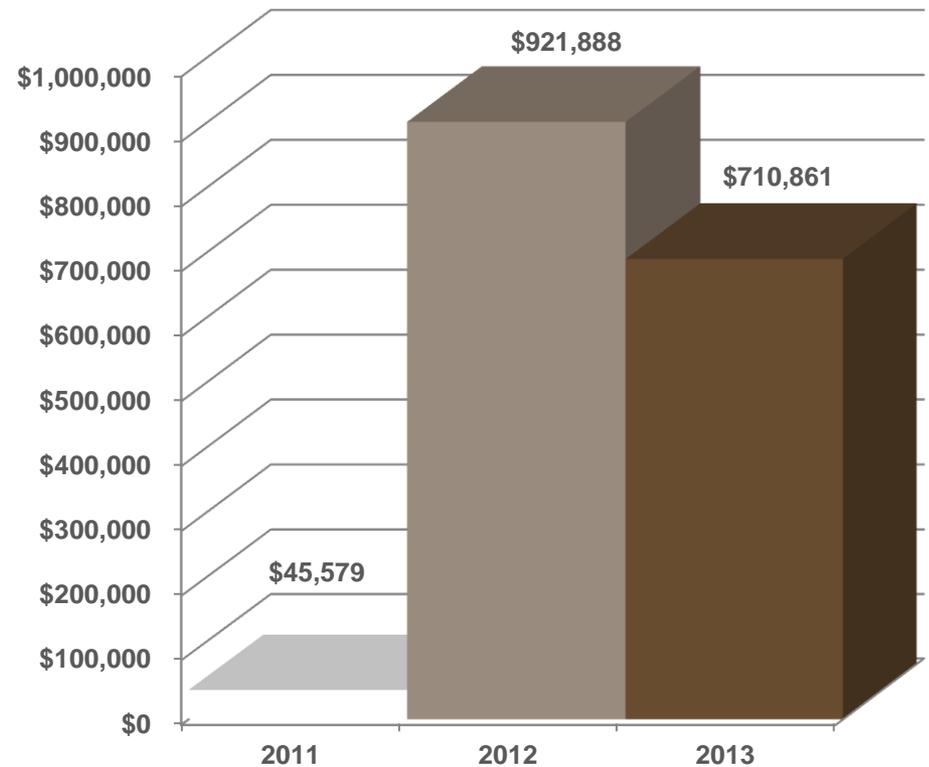


# NZSIF Financial Performance

## Return on Shareholder Funds



## Net Income



# NZSIF Financial Performance

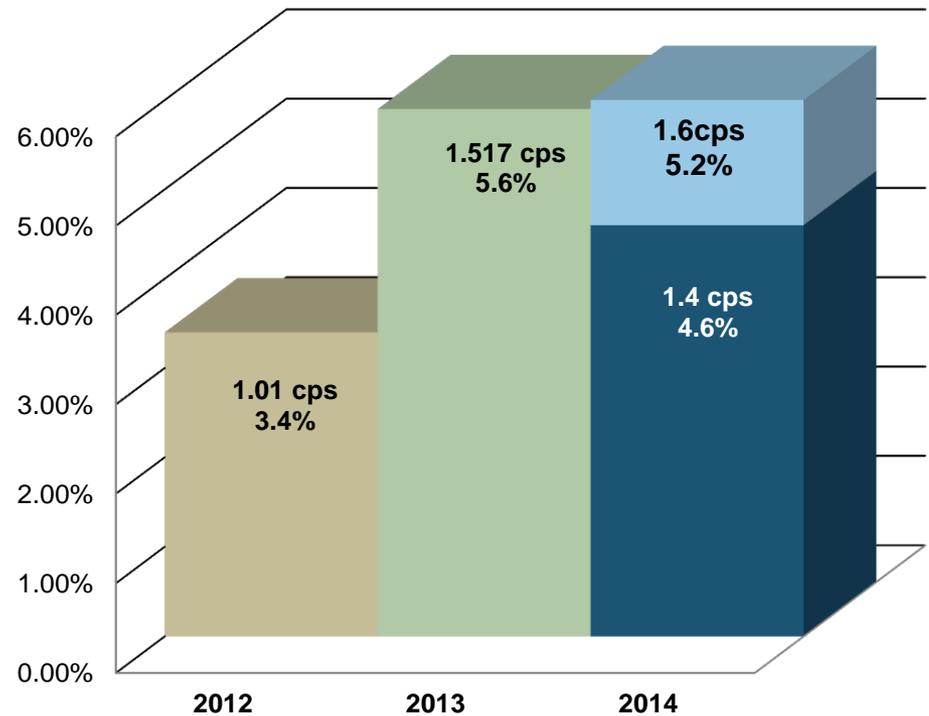
	12 months to 31 March 2013 NZ\$000s	12 months to 31 March 2012 NZ\$000s	<i>Change Mar 12 to Mar 13</i>
Dividend income	\$712	-	<i>nm</i>
Interest income	\$74	\$87	15% ↓
Movement in fair value of PIP Fund	\$188	\$1,083	83% ↓
	<u>\$974</u>	<u>\$1,170</u>	17% ↓
Administrative Expenses	(\$263)	(\$267)	1% ↓
Interest Expense	-	-	
Profit before Tax	<u>\$711</u>	<u>\$903</u>	21% ↓
Income Tax/(credit)	-	(\$19)	<i>nm</i>
<b>Profit/(loss) for the Period</b>	<u><b>\$711</b></u>	<u><b>\$922</b></u>	<b>21% ↓</b>

# NZSIF Balance Sheet

	31 March 2013 NZ\$000s	31 March 2012 NZ\$000s	<i>Change Mar 12 to Mar 13</i>
Investment in PIP Fund	\$11,343	\$10,515	8% ↑
Cash and Cash Equivalents	\$368	\$2,280	84% ↓
Other Current Assets	\$47	\$87	46% ↓
Total Assets	\$11,758	\$12,882	9% ↓
Creditors	\$62	\$36	72% ↑
Total Equity	\$11,696	\$12,846	9% ↓
Total Equity and Liabilities	\$11,758	\$12,882	9% ↓
<i>NTA per share (41,000,000)</i>	<i>28.5cps</i>	<i>31.3cps</i>	<i>9% ↓</i>
<i>AUD/NZD</i>	<i>0.8014</i>	<i>0.7874</i>	<i>2% ↓</i>
<i>Called Capital per Share</i>	<i>30.0cps</i>	<i>30.0cps</i>	<i>-</i>
<i>Uncalled Capital per Share</i>	<i>70.0cps</i>	<i>70.0cps</i>	<i>-</i>
<i>Returned Capital per Share</i>	<i>2.8cps</i>	<i>-</i>	<i>nm</i>
<i>NTA including returned Capital</i>	<i>28.5cps</i>	<i>31.3cps</i>	<i>-</i>

# Operating Distributions

- 2013 distribution of 1.517cps above forecast of 1.00cps – 1.40cps
- 1H13 distribution of 0.728cps paid 30 November 2012 (5.4% equivalent pa yield) at top end of guidance
- 2H13 distribution of 0.789cps to be paid on 19 July 2013
- 2014 forecast distribution of 1.5 – 1.6cps
- 2014 - no distributions from Bendigo and Hobsonville until 6 months after completion – i.e. June 2014



*Note: 2012 gross yield on 30 cps capital base;  
2013 gross yield on 27.2 cps capital base;  
2014 gross yield on 30.5 cps average capital base*

# NZSIF Valuation and NTA

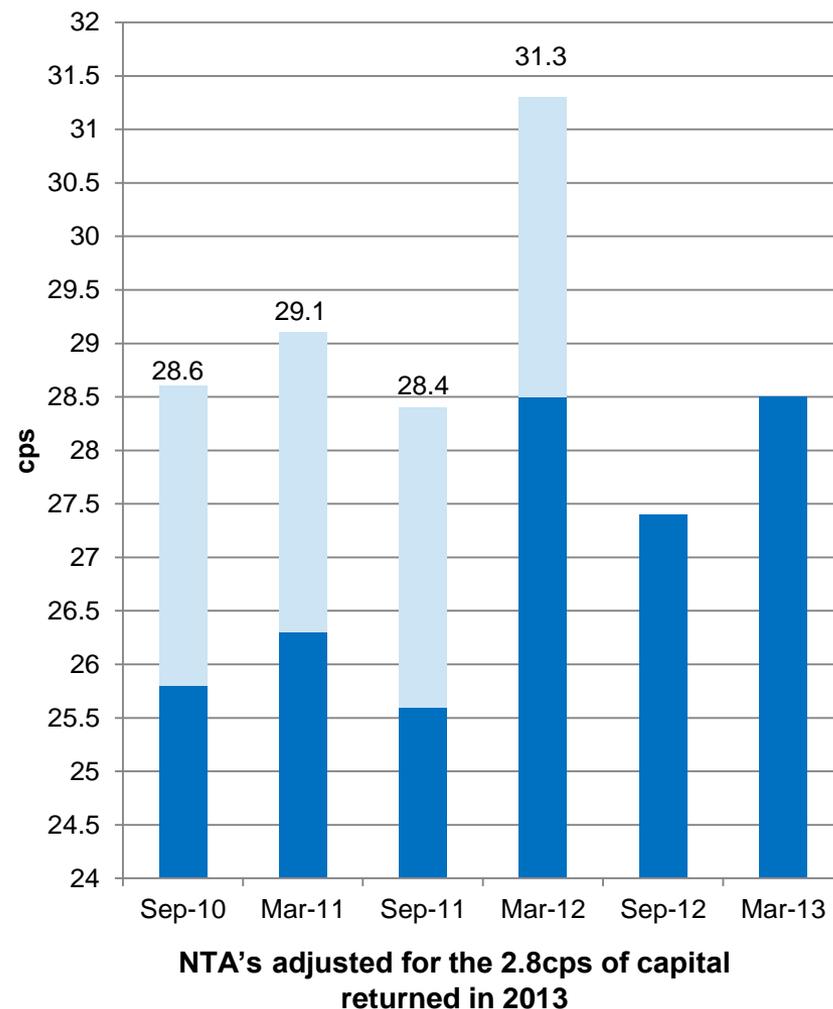
- Current NTA (31 Mar 13)

PIP Fund Investment	11.3m
NZSIF Cash	0.4m
Net working capital	-
	11.7m

Per Share (41m) 28.5cps

- 2013 distributions of 1.517cps exceeded 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.
- MCEC in accordance with LPA, re-valued at year end. Hobsonville held at cost until construction completion. Bendigo settled post balance date.
- Hobsonville (31 March 2014) and Bendigo (31 March 2015) expected to be re-valued post construction completion

## NZSIF NTA per Security



# NZ PPP Outlook

- PIP is a member of the “Positive Connection” consortium, which is one of two shortlisted parties for the Transmission Gully Roding PPP. The consortium includes Fletchers, Fulton Hogan, John Laing Investments, PIP and Macquarie (Advisor). An outcome is expected in early 2014.
- PIP, in a consortium including Ngai Tahu, Naylor Love, Faron Hay and Populus (Architects) and RCP group (Project Manager) was selected as the preferred consortium for the Queenstown Convention Centre.
- The NZ Government National Infrastructure Unit is progressing a number of PPP opportunities:
  - Transmission Gully
  - Christchurch Convention Centre
  - Auckland East Prison Project
  - New schools (Christchurch, Auckland, Queenstown/Wakatipu, Hamilton)
  - Social housing
  - Counties Manukau Health Park
  - Other Roads of National Significance (including Puhoi-Warkworth)
- A strong preference remains for suitable New Zealand projects. PIP continues to review Australian PPP opportunities that meet their investment criteria and this could see the PIP Fund invest earlier on favourable terms while the NZ opportunities are progressed.

# NZSIF Outlook

- NZSIF operating “true to brand”
- 37% of original capital committed (including 2.8% returned)
- Call for Hobsonville schools expected in September 2013 of 8cps
- Further investments will significantly reduce the cost and cash ‘drag’ from not being fully invested
- NZ National Infrastructure Unit now progressing a significant pipeline of PPP opportunities
- Initial returns consistent with the original NZSIF prospectus
- Pipeline is sufficiently active that further investments are likely in 2014
- 2014 Full Year Operating Distribution Forecast of 1.5cps – 1.6cps. 4.6% - 5.2% on expected average investment in 2014 of 31c (27cps + 8cps call Oct 13)
- Hobsonville and Bendigo will provide earnings and distribution uplift for 2015 financial year

# Questions & Answers



# For Further Information

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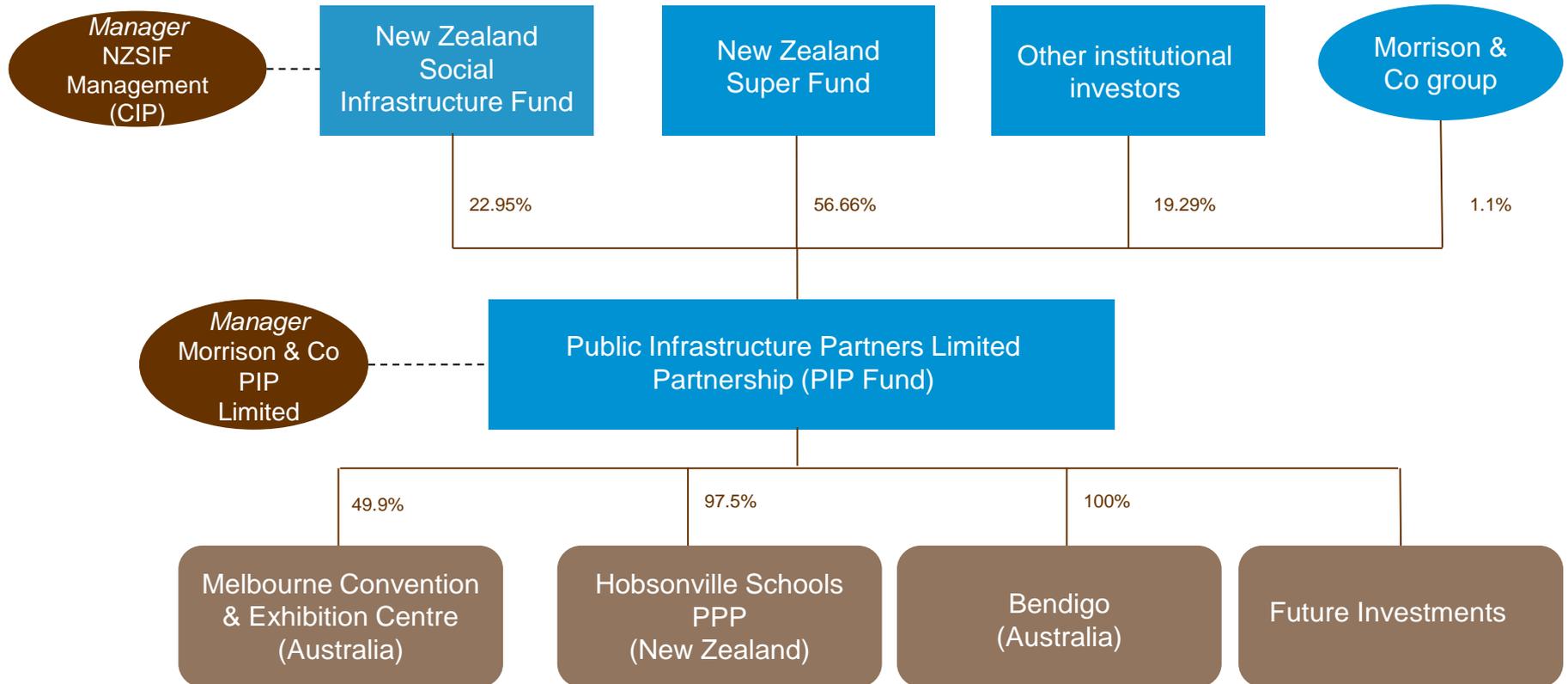
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# Appendix

# NZSIF Investment Structure



# 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 (can be waived by PIP Advisory Committee)
  - Maximum 25% in a single asset
  - Maximum 40% single counterparty risk
  - Maximum 25% sector with demand risk

# Original NZSIF Prospectus

- \$41m raised in April 2010<sup>1</sup>
- 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%). Currently <1%.

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

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