



19 June 2013

Dear Shareholder

2013 Results Announcement

Our last update to you was on 18 April 2013 when we announced the PIP Fund investment in the Bendigo Healthcare Group Accommodation Facility (Bendigo).

We have completed our audited financial results for the year ended 31 March 2013 and provide a summary of the financial performance below, plus further commentary on our activities, key milestones achieved during the year, and prospects.

Financial summary

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| <p>New Zealand Social Infrastructure Fund Limited Preliminary Annual Results (audited) for the year ended 31 March 2013</p> |
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| | This period 31 March 2013 | Prior period 31 March 2012 |
|--|--|----------------------------|
| | Amount (\$000s) | Amount (\$000s) |
| Revenue from ordinary activities | \$786 | \$87 |
| Movement in fair value | \$188 | \$1,083 |
| Total investment income | \$974 | \$1,170 |
| All expenses | (\$263) | (\$267) |
| Income tax benefit/(expense) | - | \$19 |
| Total comprehensive income for the period | \$711 | \$922 |
| Net Equity | \$11,696 | \$12,846 |
| Shares on issue, (\$1 shares partly paid to 30c) | 41,000,000 | 41,000,000 |
| Net tangible assets per share | 28.5 cps | 31.3 cps |
| Capital paid-cps | 30 cps | 30 cps |
| Gross Operating Distributions | Gross dividends 1.51 cps* (* 0.78 cps payable in July 2013) | 1.01 cps |
| Capital Distributions | Capital distributions of 2.80 cps were paid during the period. | - |

A copy of the audited accounts are on www.nzsif.co.nz

Investment activity during the period

NZSIF holds a 22.95% interest in the Public Infrastructure Partners LP, the PIP Fund. All NZSIF investments are made through the PIP Fund.

Hobsonville Schools

In April 2012 Learning Infrastructure Partners (a PIP Fund consortium) entered into a contract with the Government to provide New Zealand's first public private partnership (PPP) for the design, construction, finance and maintenance of Auckland's Hobsonville Point primary and secondary schools, for the next 25 years.

The primary school was completed and opened in January 2013. The secondary school is targeted to be completed and open for term 1 2014, despite the setback caused by a devastating tornado which struck the site last December. Our thoughts are with all affected by this tragedy.

The PIP Fund is investing equity of \$10 million, of which NZSIF's share is \$2.3 million. We anticipate paying our share of this investment in October 2013. The PIP Fund consortium (Learning Infrastructure Partners) has debt funded the schools project through to October 2013.

Bendigo Healthcare Group Accommodation Facility

We announced this investment on 18 April 2013. The accommodation facility is based in Bendigo, Victoria Australia. The total equity investment is AU\$8.7 million, equivalent to approximately NZ\$10.5 million.

The Bendigo investment is in two tranches. The initial tranche (of approximately 3.5 cents per NZSIF share) was paid from NZSIF's existing cash resources. The second tranche is payable in April/May 2014, and a call will be made then.

Existing investment – Melbourne Convention & Exhibition Centre (MCEC)

Our first and largest investment to date was into the MCEC. NZSIF committed NZ\$9.2m to this investment. Unlike Hobsonville Schools and the Bendigo Healthcare accommodation the MCEC investment was an operational asset with an immediate and secure revenue stream. The MCEC investment has continued to perform well.

Investment prospects

The PIP Fund has joined a Fletcher Building and Fulton Hogan led consortium, "Positive Connection", for the Transmission Gully Roading PPP bid. Fletchers (supported by Fulton Hogan) will provide Design & Construction services and Fulton Hogan (supported by Fletchers) will provide Operations and Maintenance services. Other consortium members include John Laing Investments providing 50% of the equity and bid office co-ordination and Macquarie Group Holdings NZ providing financial advisory services. The PIP Fund will provide up to 50% of the equity for this transaction and is actively involved in the bidding and commercial negotiations.

The PIP Fund consortium was one of two consortia shortlisted for the bidding phase. Bidding concludes in late 2013, and a preferred bidder is expected to be announced in early 2014. Construction is expected to commence in 2014 and run through until completion in 2020.

Distributions

The board has approved that a dividend of 0.78 cps be paid to shareholders in July 2013.

In May and July 2012 NZSIF made two returns of capital of 2.80 cps in total, following the repayment of mezzanine debt relating to the Melbourne Convention & Exhibition Centre to the PIP Fund.

In July 2012 we paid a net cash dividend of 1.01 cps that related to cash flows generated by the PIP Fund in the financial period to 31 March 2012. For the 2013 year we paid an interim cash dividend of 0.73 cps in November 2012, and a further dividend of 0.78 cps is to be paid in July 2013 making a total of 1.51 cps.

The gross dividend yield on net investor capital for the financial year ended 31 March 2013 will therefore be 5.58%.

Projected dividend payments for 2014 are estimated in the range 1.50 cps to 1.60 cps based on current investments and known cash flows.

Cash flows from Hobsonville Schools and Bendigo begin in the second half of 2014 and are expected to increase distributions at that time.

Paid-up capital and calls

Your \$1 shares are currently paid to 30 cps or 27.2 cps net of capital returned. Shareholders have to date contributed \$12.3 million (30 cps) in capital to NZSIF.

When we pay for our share of the Hobsonville Schools investment in October 2013 we expect to make a call on shareholders of 8 cps in August or September 2013.

A further call is likely to be made in March or April 2014 of between 3 - 4cps for the Bendigo investment. The combination of these calls is expected to see paid up share capital of approximately 41 cps by April 2014.

We are aiming to issue the NZSIF annual report in July. Our Annual Shareholders Meeting will be held on 19 August 2013 in Auckland.

Yours sincerely

NEW ZEALAND SOCIAL INFRASTRUCTURE FUND LIMITED

A handwritten signature in black ink, appearing to read 'Kim Ellis', written over a vertical line.

Kim Ellis
Chairman