

New Zealand Social Infrastructure Fund



Investor Presentation - 2016 Interim Period

December 2015

NZSIF Investment & Portfolio Highlights

Operating Assets

- All performing well and distributions flowing to the PIP Fund
 - Melbourne Convention and Exhibition Centre
 - Hobsonville Schools
 - Bendigo Healthcare Group Accommodation
 - University of Wollongong Student Accommodation

New Investment Commitments

- NZ Schools 2 reached financial close in May 2015
 - Financial close achieved May 2015
 - PIP Fund equity investment \$22m, NZSIF share \$5m
- Auckland Prison reached financial close in September 2015
 - Early stage works completed
 - PIP Fund equity investment \$30m, NZSIF share \$7m
 - Does not include custodial element
- Potential follow-on investment 1Q16
- Fund will be 100% committed assuming follow-on investment and stage 2 UoW proceeds

Distributions

- Distributions for 2016 interim period of 1.75 cps
- Forecast distributions for FY2016 3.5 cps
- Total gross distributions since inception 13.05 cps (including a capital return of 2.8 cps)
- NAV at 30 September 2015 56 cps
- Valuations for investments at 30 September 2015, generally up in local currency terms, helped by positive FX movement

NZSIF Financial Performance

Financial Result

- Profit for period \$2.5m
- Distributions of \$0.9m received from PIP Fund (reported as dividend income but also reduces the fair value of the PIP Fund)
- Positive movement in the valuation of PIP investments \$0.6m
- FX gain \$1.1m
- Stable NZSIF costs

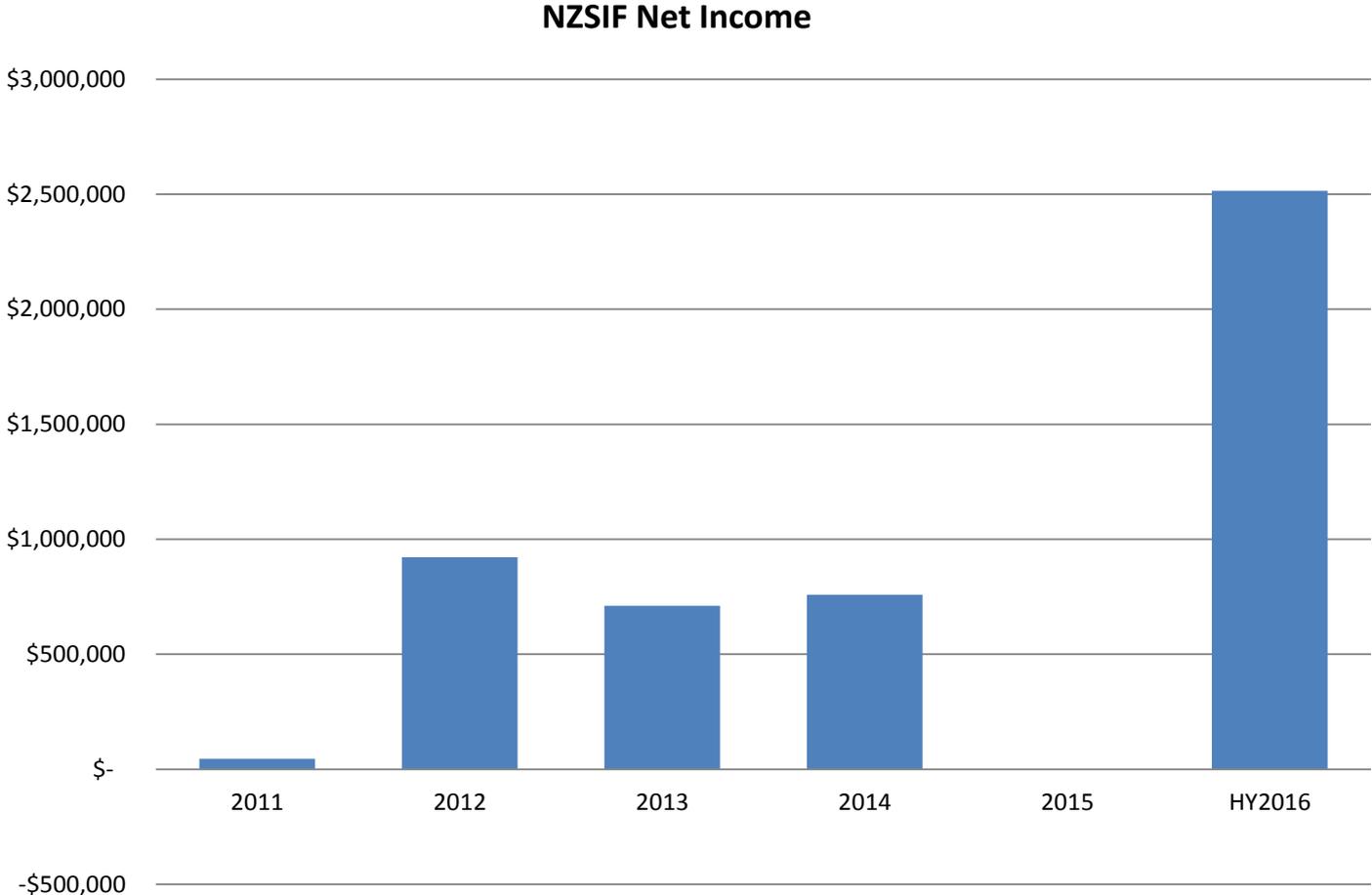
NZSIF Financial Performance

	6 months to 30 September 2015 NZ\$000s	6 months to 30 September 2014 NZ\$000s	12 months to 31 March 2015 NZ\$000s
Dividend income	\$922	\$255	\$1,944
Interest income	\$9	\$23	\$31
Movement in fair value of PIP Fund	<u>\$1,719</u> \$2,650	<u>\$298</u> \$566	<u>(\$1,706)</u> \$268
Administrative Expenses	(\$136)	(\$132)	(\$271)
Interest Expense	-	-	-
Profit before Tax	<u>\$2,514</u>	<u>\$434</u>	<u>(\$2)</u>
Income Tax/(credit)	<u>-</u>	<u>-</u>	<u>-</u>
Profit/(loss) for the Period	\$2,514	\$434	(\$2)

NZSIF Balance Sheet

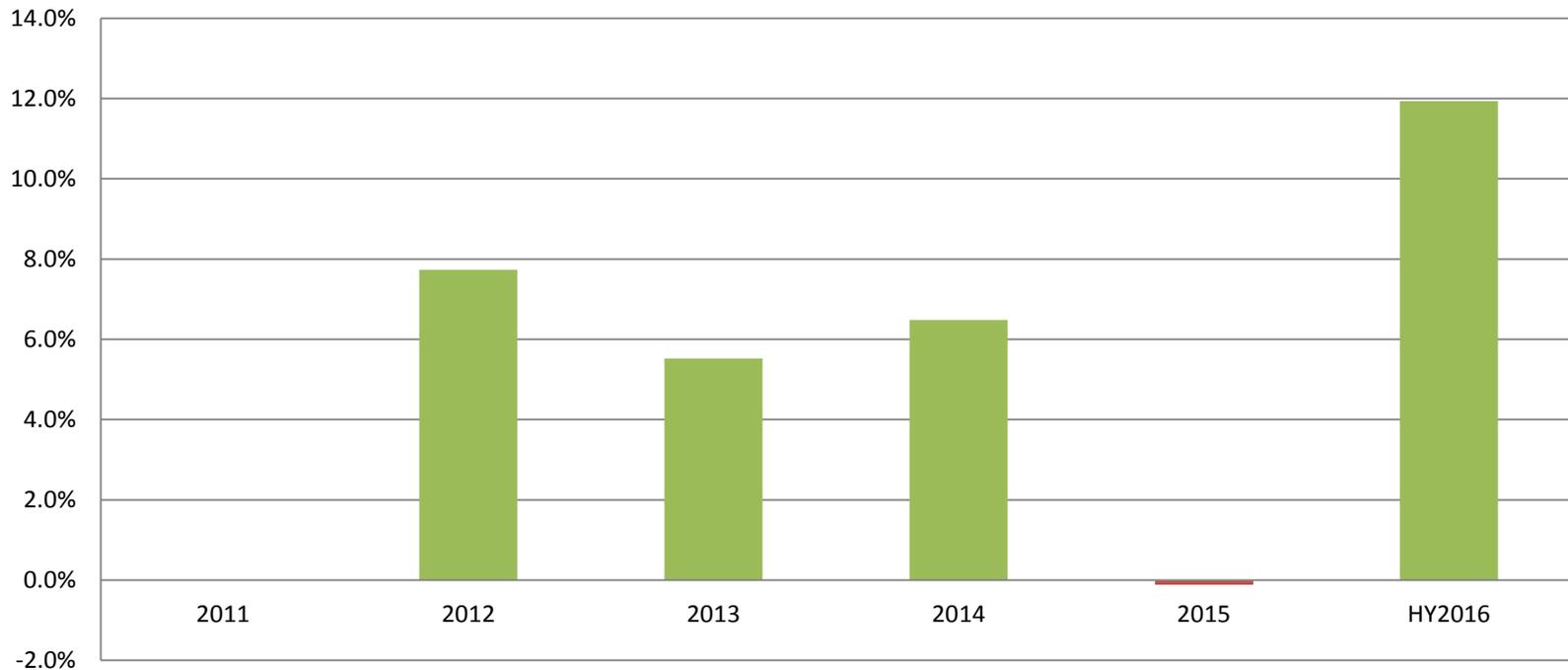
	30 September 2015 NZ\$000s	30 September 2014 NZ\$000s	31 March 2015 NZ\$000s	<i>Change for period Mar 15 to Sep 15</i>
Investment in PIP Fund	\$22,621	\$16,644	\$20,067	12.7%
Cash and Cash Equivalents	\$348	\$394	\$1,662	-79%
Other Current Assets	\$23	\$22	\$35	-34%
Total Assets	\$22,992	\$17,060	\$21,764	5.6%
Creditors	\$35	\$27	\$706*	-95%
Total Equity	\$22,957	\$17,033	\$21,058	9%
Total Equity and Liabilities	\$22,992	\$17,033	\$21,764	5.6%
			<i>*Includes dividend payable \$670k</i>	
<i>NTA per share (41,000,000)</i>	<i>56.0 cps</i>	<i>41.5 cps</i>	<i>51.4 cps</i>	8.9%
<i>NZD/AUD</i>	<i>0.9094</i>	<i>0.8910</i>	<i>0.9785</i>	-7%
<i>Called Capital per Share</i>	<i>57 cps</i>	<i>42cps</i>	<i>57 cps</i>	na
<i>Uncalled Capital per Share</i>	<i>43 cps</i>	<i>58cps</i>	<i>43 cps</i>	na
<i>Returned Capital per Share</i>	<i>2.8 cps</i>	<i>2.8cps</i>	<i>2.8 cps</i>	na

NZSIF Net Income Comparison



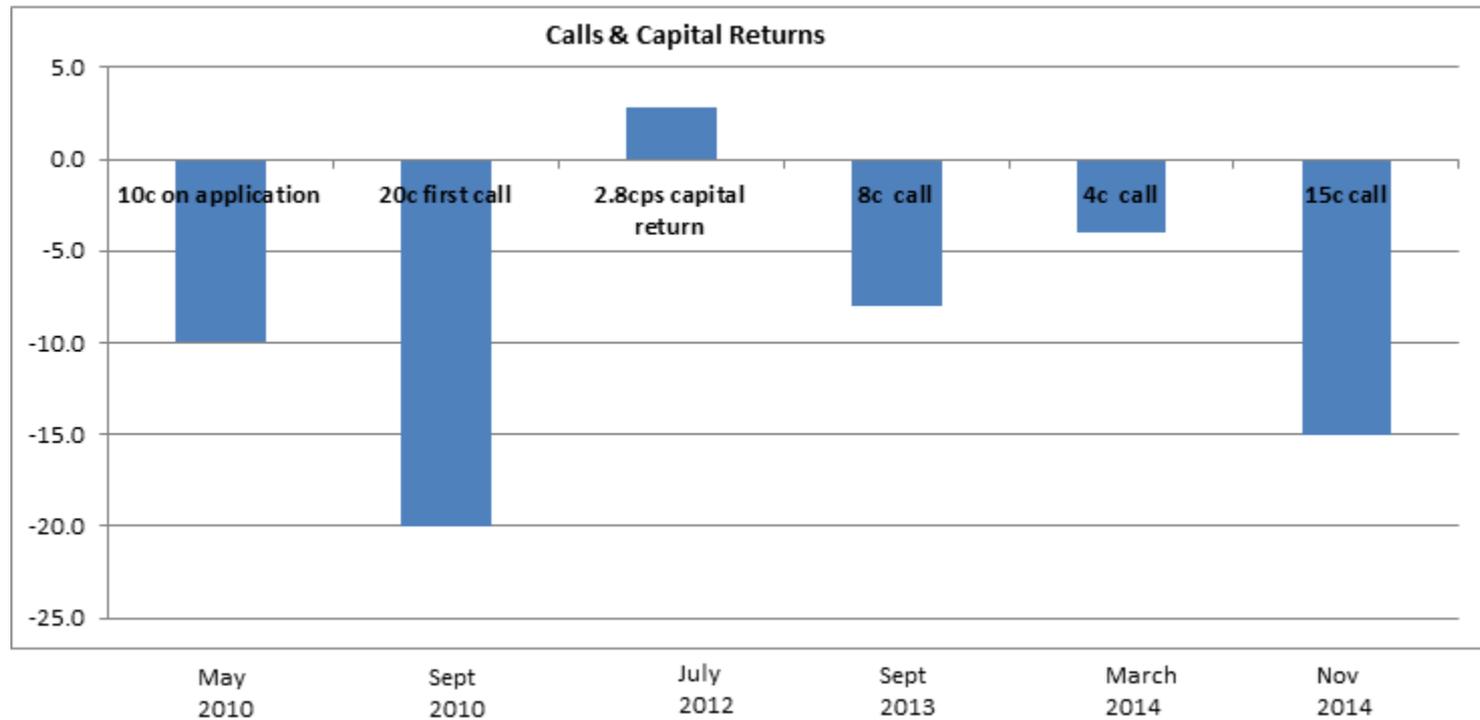
NZSIF Return on Shareholder Funds

Return on Shareholder Funds



Based on opening SHF

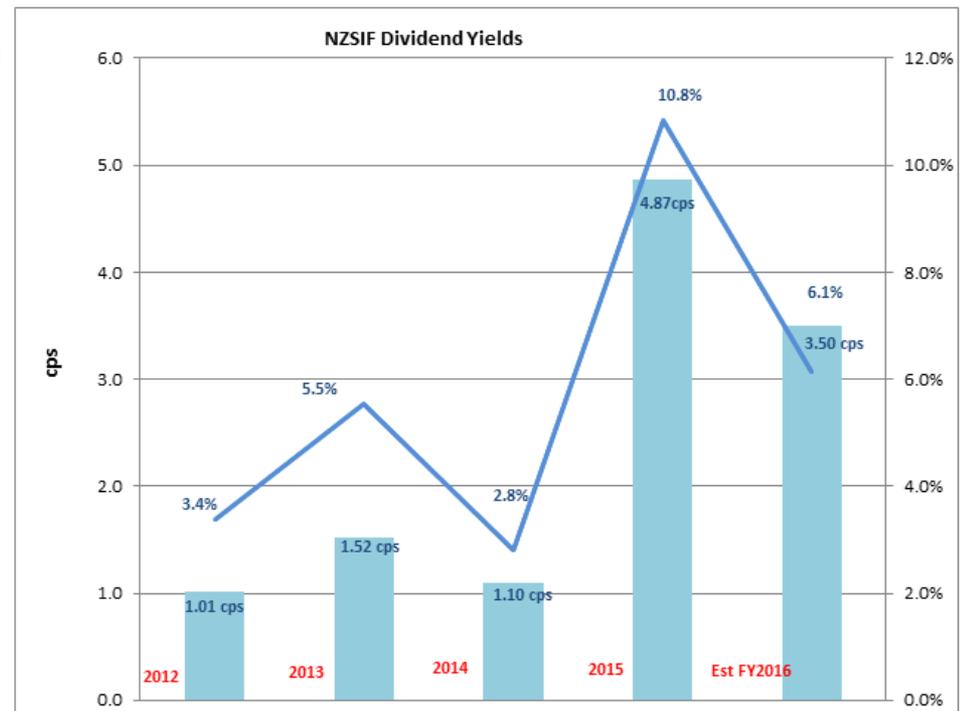
NZSIF Capital & Calls



- 57.0 cps called to date, less 2.8 cps returned, for net capital invested of **54.2cps**

Operating Distributions

- 2016 distributions for YTD total 1.75 cps
- Estimated annual yield for FY 2016 of 6.1%, based on average weighted capital base of 57 cps
- Quarterly distributions now in place
- Distributions expected to be less in 2016 than 2015, due to
 - PIP and NZSIF operating costs now taken into account as the investment period ends
 - 2015 included distributions from 2014 period due to project distribution timing
- Distributions for future years expected to increase as projects in construction reach completion (Auckland Prison, NZ Schools 2, Wollongong Stage 2)



NZSIF Valuation and NTA

- Current NTA (30 September 2015)

PIP Fund Investment	22.6m
NZSIF Cash	0.3m
Net working capital	<u>(0.0m)</u>
	<u>22.9m</u>

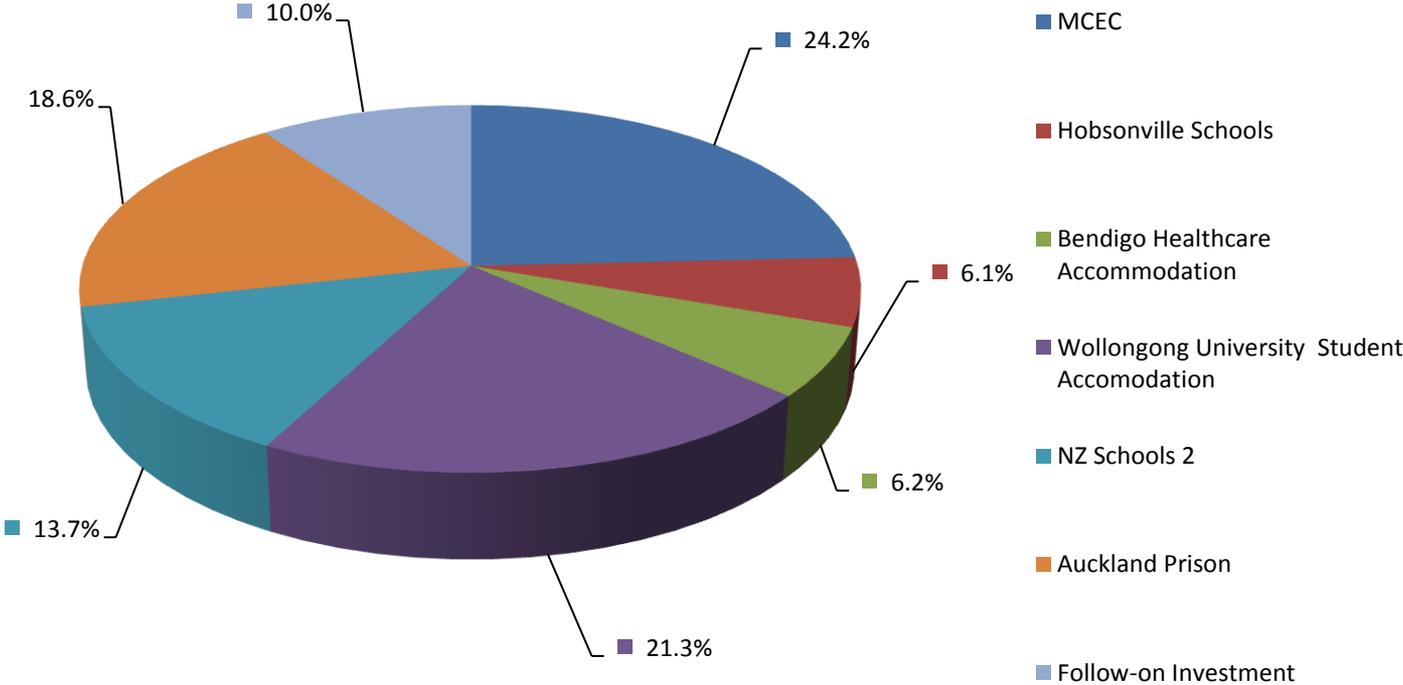
Per Share (41m) **56.0 cps**

- NZSIF returns less than PIP's returns due to NZSIF annual costs, set-up costs and cash drag from NZSIF cash held (returns on cash less than PIP Fund investments). The impact of all of these reduces as the invested base increases
- PIP distributions lower PIP valuation
- FX losses peaked around 31 March 2015 as the NZD/AUD rate closed at 0.9828, with the subsequent fall in NZD/AUD to around 0.91 currently (2 Dec), increasing NAV by c.2.8 cps

PIP PPP Outlook

- If successful with anticipated follow-on investment and Wollongong stage 2 expect to be fully committed early in 2016
- Call for follow-on investment likely in 1Q16 of between 10 cps and 12 cps
- Calls for projects under construction (Auckland Prison and Schools 2) expected towards the end of 2016 and through 2017.

NZSIF Expected Investment Mix



NZSIF Outlook

- NZSIF continues to operate “true to brand”
- Yields expected to grow on existing investments and on new investments made
- Expecting to deliver relatively stable returns over the long term, in excess of fixed interest
- Approximately 90% of original capital now committed (including 2.8% returned), with full commitment likely in 2016
- Further investments will significantly reduce the cost and cash ‘drag’ from not being fully invested
- Initial returns remain consistent with the original NZSIF prospectus
- 2016 Full Year Operating Distribution forecast of 3.5 cps, paid quarterly (dependent on PIP distributions timing) with 1.75 cps paid to date.

Questions & Answers



For Further Information

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