



Public Infrastructure Partners LP:

Presentation To The NZ SIF Annual General Meeting – August 2016



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Fund Activities Year End 31 March 2016

- Fund Manager assessed 5 investment opportunities during period
- Achieved financial close on Auckland Prison PPP and NZ Schools PPP 2
- Melbourne Exhibition Centre Expansion completed after year end
- Fund is fully committed to investments (99.4%)
- Australian investment values rose by 35.2%, NZ\$ investment values rose by 36.4%
- Outperformance vs benchmark of ~31%



PIP Team Members

Some growth in the team



Steven Proctor



Peter Coman



Steve Penney



Jeff Hoffmann

Commercial Financial



Nicole Patterson



Priya Grewal



Nick Lough

Commercial Legal



Rose Anderson

Administrative Support



Andrew Lamb



Campbell Twist



Martin Pugh



Venuri Weber

Commercial Technical



Fiona Cameron



Sarah Porter

Finance Team



Phillip Grayson



Greg Laws



Scott McCutcheon

Tax Team



Alicia Quirke



Paul Newfield

Australian Team Involvement



David McKinnon



Potential Fund Return Scenarios

Manager is investigating whether an early listing/exit will maximise returns

Scenario	Sale at end of Fund Life
Total Capital Drawn	\$175m
Fund Return (before fees)	14.5%
Fund Return (after base management fees)	13.0%
Investment Return (after all fees)	12.1%
Money Multiple (after all fees)	2.5x

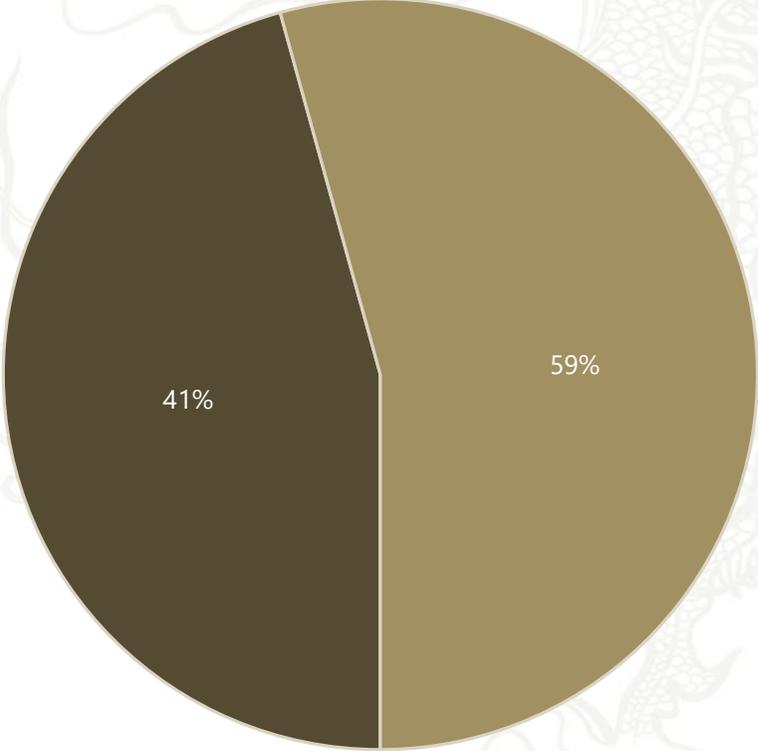
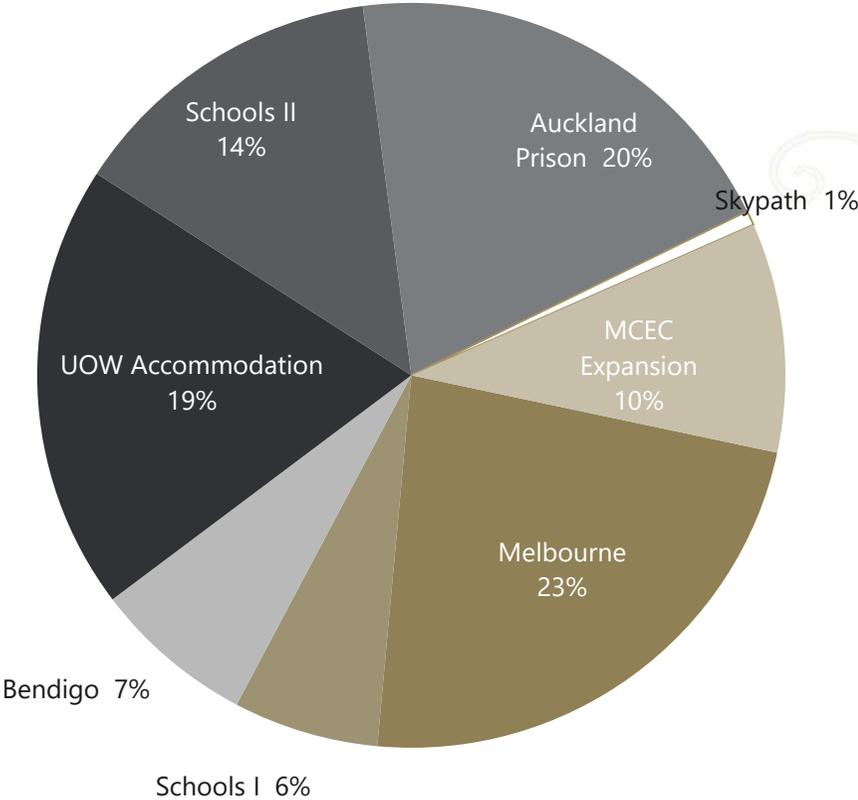
Investment Assumptions:

- Sale in September 2024 assuming a purchaser's required return of 7.0%
- Returns are estimates only and are based on a number of assumptions that will change over time



Investment Portfolio

Total Fund Commitments

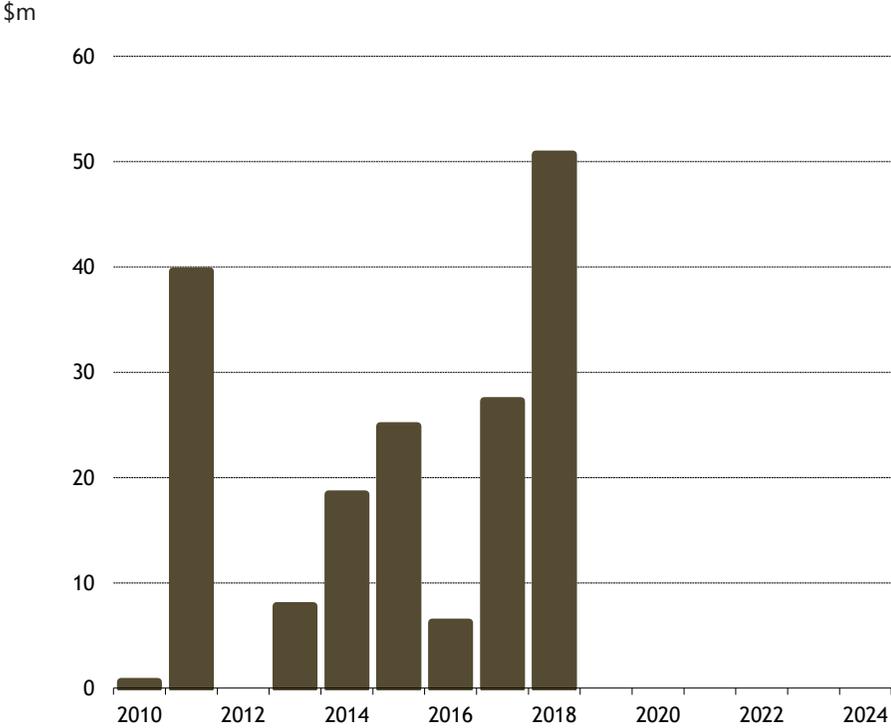


■ New Zealand ■ Australia

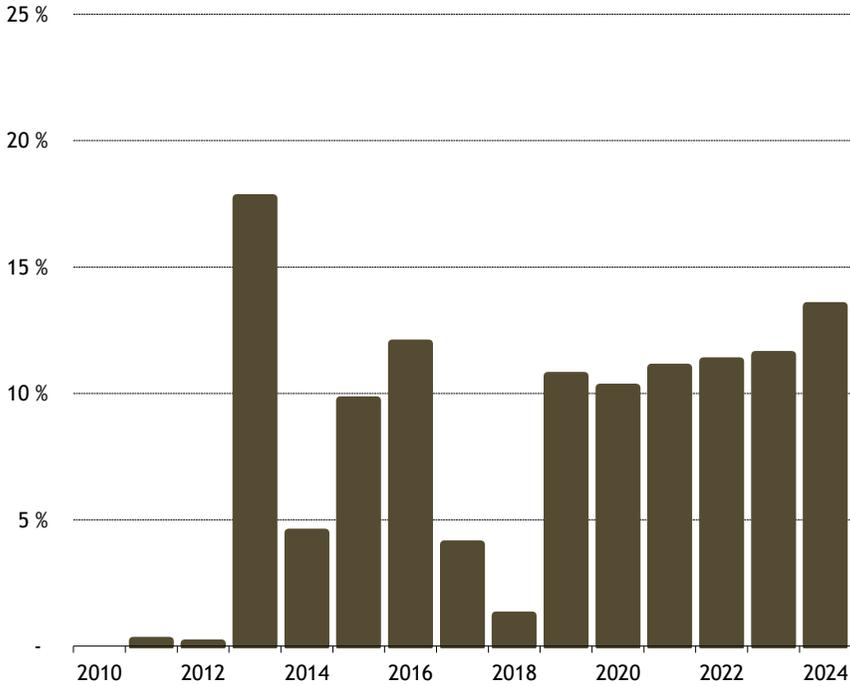
Fund Level Investment Return Forecasts

Based on current investment assumptions (financial years run to March 31st)

Cash Investments



Annual Yield on Capital Invested (Excludes Exit)



Note: Assumes future NZD/AUD of 0.93

Value Enhancement Work Is Ongoing

Aim to review and understand each project's value drivers

Value Enhancement

- Refinancing opportunities
- Grouped insurance
- Follow on investments and changes
 - Blackwater treatment arrangements – MCEC
 - Variations to contract – UoW, Schools II

Value Protection

- Project governance changes
- Construction management
- Maintenance & lifecycle discussions
- Defect management
- Crown relationship management



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 on adjacent site

State of Victoria as counterparty

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

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



MCEC Expansion Investment Review

Investment summary

- Financial Close: 31st May 2016
- Commitment: A\$14.9 million
- Investment date: 28th June 2016

New build 9,000 m² of new exhibition space

- 7,500 square metres of flexible exhibition space;
- 1,500 square metres of multi-purpose space (with retractable seating for at least 900 people);
- service pods;
- meeting rooms and informal meeting spaces;
- a loading dock; and
- a link / hub space and concourse (including alterations to the existing MCCC facilities) to link to and integrate with existing MCCC facilities

State Of Victoria is the counterparty

- 17 year operating period
- Revenue streams based upon asset availability
- Expansion project is co-terminus with the main project

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



Hobsonville Schools Investment Review

Investment summary

- Financial Close: 5th April 2012
- Commitment: \$9.8 million now \$10.1 million
- Investment date: October 2013
- Purchase Hawkins' stake: 28th June 2016

New build PPP on 2 sites

- Completed the construction of 2 schools and commenced all facility management of the schools under contract with PFM
- Hobsonville Point Primary School opened in 2013 and the Hobsonville Point Secondary School on 14th February 2014
- All Facilities Management services are provided by PFM

Ministry of Education as counterparty

- 25 year operating period
- Revenue streams based upon asset availability
- MoE provides teaching services and staff

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 Programmed Facilities Management
- Some general services (e.g., reporting, interface obligations) are carried out by Morrison & Co
- Concession ends in 2039



Bendigo Health Village Investment Review

Investment summary

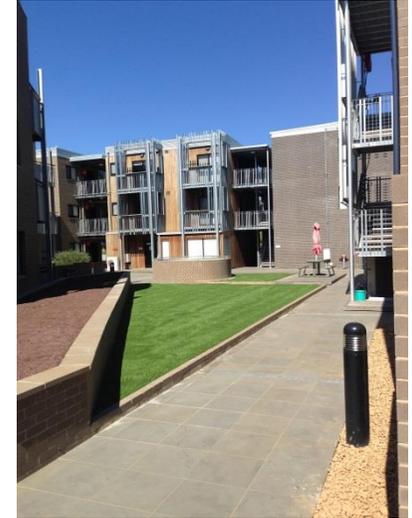
- Financial Close: 12th April 2013
- Commitment: \$12 million
- Operational Commencement: March 2014

New build on a single site

- 120 new build units of nurses' and doctors' accommodation located 700m from Bendigo Hospital
- 30 year lease with minor maintenance obligations
- Effectively "triple net" lease
- Lease payment 100% linked to CPI
- Zero occupancy risk
- Investor takes residual value risk on the site and buildings

Bendigo Health Care Group as counterparty

- Provider of state sponsored healthcare for the region
- Incorporated under the Health Services Act 1988 (Vic.)
- Currently building a new \$600 million hospital at Bendigo
- Lease ends in 2044



University Of Wollongong (UOW)

Investment Review

Investment summary

- Financial Close: 4 December 2014
- Commitment: \$15.8m, with further \$15.6m in late 2016 and 2017
- Operational Commencement: 1 January 2015

Existing & new build student accommodation PPP

- Living & Learning Partners (LLP) has the concession to operate 1,906 existing student accommodation beds across 9 facilities at UOW
- LLP will design and build 1,063 new accommodation beds in two facilities, with Stage 1 (261 beds) to be completed by December 2016, and Stage 2 (802 beds) to be completed by December 2017
- 273 existing beds will be decommissioned as a result of the new build programme

University of Wollongong counterparty

- 39 year operating period, ending in 2053
- Revenue streams based on room occupancy rate, with an 85% base case occupancy underwrite from UOW
- UOW to provide student marketing and 'pastoral care'

Services included in the contract

- General services, helpdesk, building management, utilities management, exterior cleaning, exterior security, grounds and garden maintenance, pest control and life-cycle maintenance
- The primary service provider is Programmed Facilities Management



Stage 1 Progress



Stage 1 Progress



NZ PPP Schools 2 Investment Review

Investment summary

- Financial Close: 30th April 2015
- Commitment: \$22 million
- Investment date: March 17- Nov 17

New build PPP on 4 sites

- Commenced the construction of three schools
 - Aranui Community High – Christchurch
 - Ormiston Junior College – Auckland
 - Rolleston – Christchurch
- All to be completed December 2016
- School number 4 Wakatipu, Queenstown, commences April 2016 to be completed December 2017

Ministry of Education as counterparty

- 25 year operating period
- Revenue streams based upon asset availability
- MoE provides teaching services and staff

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 Programmed Facilities Management
- Some general services (e.g., reporting, interface obligations) are carried out by Morrison & Co
- Concession ends in 2039



Ormiston Secondary



Rolleston Secondary



Wakatipu Secondary



Aranui Secondary



Auckland Prison PPP Project (Non Custodial)

Investment summary

- Financial Close: 15 September 2015
- Commitment: \$10.5m with a further \$21.5m in the second half of 2017
- Operational Commencement: 1 February 2016

New Build PPP on existing Crown land

- Completion of the design review process with the Department of Corrections is imminent.
- Floor slabs are complete on the buildings with precast panels, blockwork and structural steel underway. Construction progress is slightly behind programme but still expected to meet planned works completion date of December 2017.
- Quality assurance is being closely monitored with no matters of concerns reported to date

Department of Corrections as counterparty

- 25 year operating period from works completion
- Revenue streams based upon asset availability
- Department of Corrections provides prison operational and custodial services

Services included in the contract

- Asset and Facilities Management of the existing 240 bed prison (Auckland West)
- Design and construction of a new 260 bed maximum security prison (Auckland East)
- Asset and Facilities Management of the new Auckland East (from Dec 2017)

Consortium

- Design and construction – Fletcher Construction Company
- AM/FM Services – Cushman & Wakefield (formerly DTZ)
- Debt – Westpac
- SPV services – Morrison & Co



Other Investment Investment Review

SkyPath

- Counterparty: Auckland Council
- Services / risks: Resource consent management
- Financial close programmed for 2016
- PIP II likely to "take out" PIP I development loan



Conclusion

Fund prospects good

- 2015/16 has been a busy year
 - 2016/17 will be busier, and have a different character
 - Construction delivery
 - Capital deployment
 - Some follow-on work
- Value enhancement/protection activity is underway
 - Exit investigation
 - Refinancing
 - Group Insurance
- PIP Fund prospects looking good overall
 - Investments performing at or above expectations
 - Return expectations from current assets remain attractive

