

New Zealand Social Infrastructure Fund



ASM Presentation 2017

August 2017

Agenda

- **Welcome**
- **Apologies**
- **Introduction of directors & guests**
- **Confirm quorum**
- **Presentation – Chairman**
- **Formal business**
- **Presentation Investment Manager**
- **General business**

Investment & Portfolio Highlights

Operating Assets

- All performing well and distributions flowing to the PIP Fund
 - Melbourne Convention and Exhibition Centre
 - Hobsonville Schools (NZ Schools 1)
 - Bendigo Healthcare Group Accommodation
 - NZ Schools 2 – Ormiston Junior College, Haeata Community Campus and Rolleston Secondary School – cash flows used to fund Wakatipu construction

Operating with no distributions until completion of Stage 2

- University of Wollongong Student Accommodation (Stage 1)

Investment & Portfolio Highlights

Investment Commitments

- NZ Schools 2
 - Financial close achieved May 2015
 - PIP Fund equity investment \$22m, NZSIF equity share \$5m
 - Wakatipu under construction - delivery January 2018
- Auckland Prison
 - Reached financial close in September 2015
 - Construction started December 2015 with completion expected 1Q18
 - PIP Fund equity investment \$30m, NZSIF equity share \$7m
 - No custodial element

Investment & Portfolio Highlights

Investment Commitments

- Melbourne Convention and Exhibition Centre
 - Follow-on investment confirmed June 2016
 - Exhibition Centre expansion A\$15m. NZSIF equity share NZ\$3.7m
 - Under construction - delivery expected January 2018
- Wollongong Stage 2
 - Planned completion December 2017, likely completion October
 - Stage 1 - NZSIF \$4m investment complete
 - Stage 2 - NZSIF \$4m investment

Investment & Portfolio Highlights

Investment Commitments

- Fund is now 99% committed

Distributions

- 2017 Distributions 1.0 cps. 3 cps paid during 2017 with 1 cps relating to 2017 cash flows
- Total gross distributions since inception 16.05 cps (including a capital return of 2.8 cps in 2012)

Net asset value

- Value of the NZSIF investment in the PIP Fund was \$35.3m (2016: \$28.5m).
- NAV at 31 March 2017 \$1.01 per share (2016: 71.7 cps)

Financials-Summary

- Profit for period \$2.3m (2016: \$9.3m)
- Fair Value adjustments +\$1.3m
- Total assets increased to \$41.7m from \$29.4m
- Distributions of \$1.3m (2016: \$2.6m) received from PIP Fund (reported as distribution income but also reduces the fair value of the PIP Fund)
- NZSIF expenses higher at \$322k (2016:\$278k) – (management fees* and audit fees)
**due to an increase in asset value*

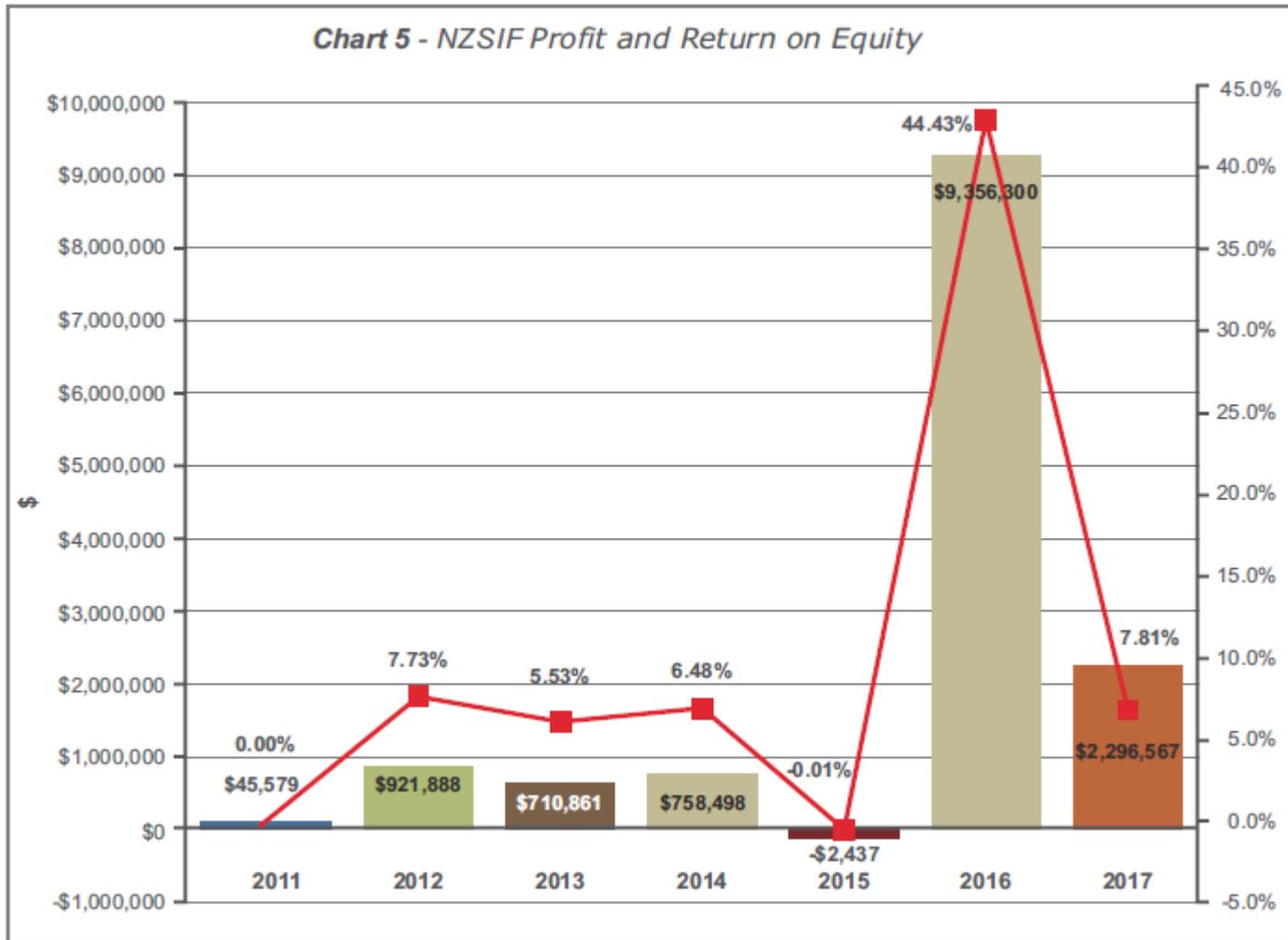
Financials-Profit Detail

	12 months to 31 March 2017 NZ\$000s	12 months to 31 March 2016 NZ\$000s
Distribution income	\$1,297	\$2,584
Interest income	\$12	\$15
Movement in fair value of PIP Fund	<u>\$1,315</u> \$2,624	<u>\$7,035</u> \$9,634
Administrative Expenses	(\$322)	(\$278)
Interest Expense	(\$5)	-
Profit before Tax	<u>\$2,297</u>	<u>\$9,356</u>
Income Tax/(credit)	<u>-</u>	<u>-</u>
Profit/(loss) for the Period	\$2,297	\$9,356

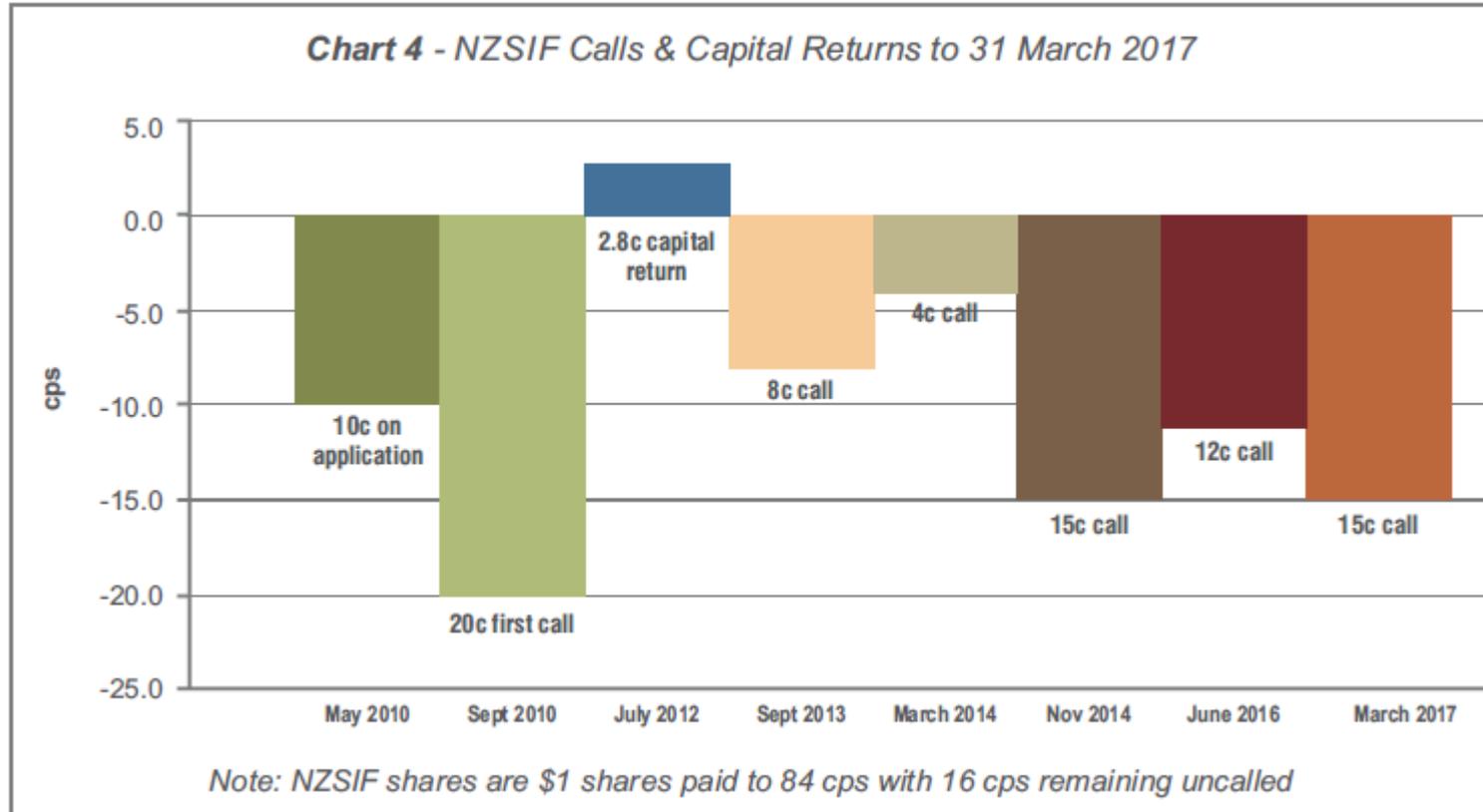
Financials-Balance Sheet Detail

	31 March 2017 NZ\$000s	31 March 2016 NZ\$000s	<i>Change for period</i>
Investment in PIP Fund	\$35,305	\$28,530	23.7%
Property, plant, equipment	\$1	\$1	-
Cash and Cash Equivalents	\$6,137	\$853	619%
Other Current Assets	\$281	\$42	569%
Total Assets	\$41,724	\$29,426	41.8%
Creditors	\$38	\$37	2.7%
Overdraft	\$161	-	c.160%
Total Equity	\$41,525	\$29,389	41.3%
Total Equity and Liabilities	\$41,724	\$29,426	41.8%
<i>NTA per share (41,000,000)</i>	<i>101cps</i>	<i>71.7 cps</i>	40.9%
<i>NZD/AUD</i>	<i>.9142</i>	<i>.9027</i>	1.3%
<i>Called Capital per Share</i>	<i>84cps</i>	<i>57cps*</i>	<i>na</i>
<i>Uncalled Capital per Share</i>	<i>16cps</i>	<i>43cps</i>	<i>na</i>
<i>Returned Capital per Share</i>	<i>2.8cps</i>	<i>2.8cps</i>	<i>na</i>

Profit & ROE Comparison



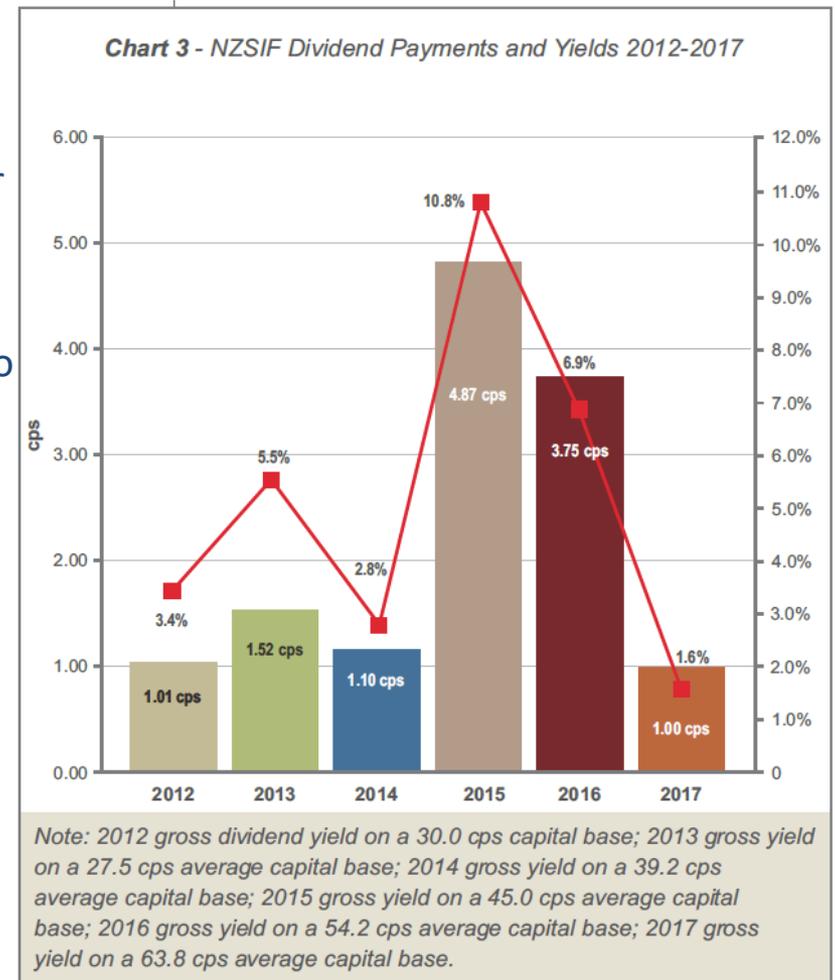
Calls & Capital Return



- 84.0 cps called to date, less 2.8 cps returned, for net capital invested of 81.2 cps
- The remaining 16 cents is expected to be called this month for payment in September

Operating Distributions

- 2017 distributions 1.0 cps
- No distributions in the 2018 financial year until a payment of 1-1.5 cps in the March 2018 quarter
- Distributions impacted by cash flows being used to meet construction costs and to pay performance fees to the manager, Morrison & Co
- Distributions in FY 2019 are expected to increase as all remaining construction is completed



Valuation and NAV

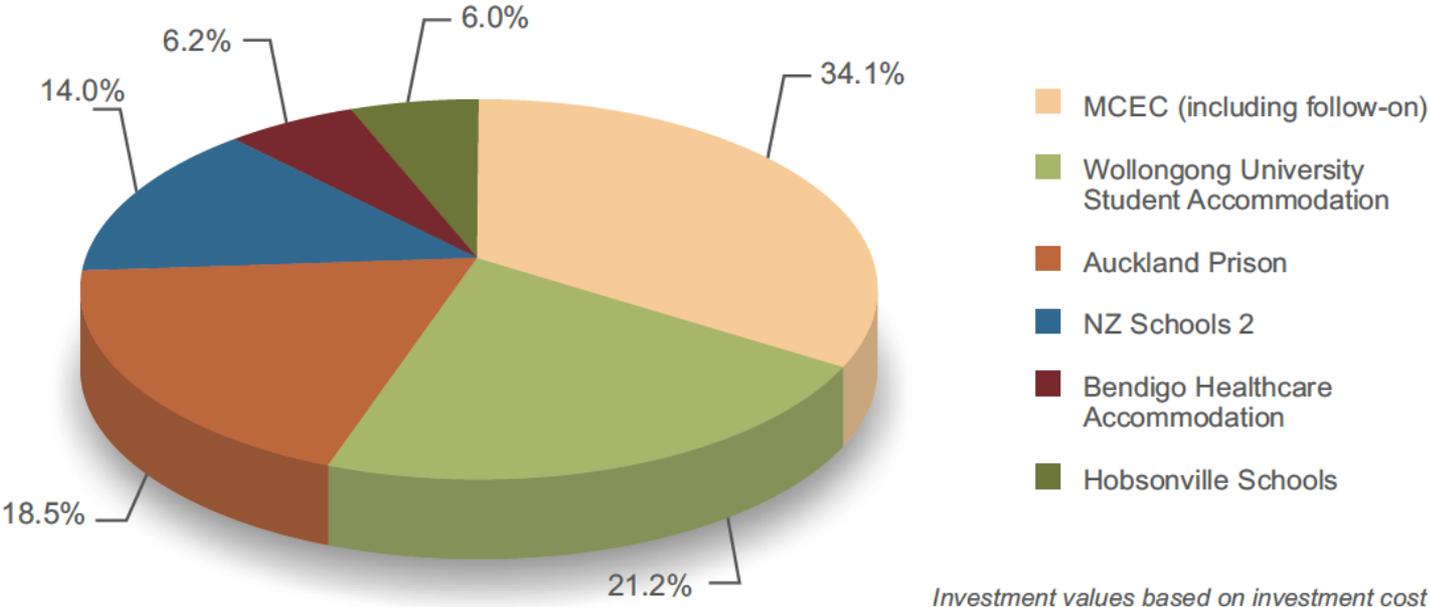
- NAV at financial year end 31 March 2017

PIP Fund Investment	35.3m
NZSIF Cash, Receivables	6.4m
Net working capital	<u>(0.2m)</u>
	<u>41.5m</u>

Per Share (41m) **101 cps**

Forecast Investment Mix

Chart 2 - NZSIF Future Investment Mix 31 March 2018



NZSIF Outlook

- NZSIF continues to operate “true to brand”
- Final equity will be invested in 2017-2018 – Wollongong (Stage 2); Auckland Prison and NZ Schools 2
- Expecting to deliver relatively stable returns over the long term, in excess of fixed interest and to be consistent with the original NZSIF prospectus
- Expect NZSIF distributions of approximately 6-7 cps per annum pre-tax, once all projects are fully operational.

PIP Outlook

- PIP Fund investment is 99% committed
- Projects under construction expect to be fully completed by 1Q 2018, and operational by mid 2018
- Full distributions from all investments from 2Q 2018
- 2018 may see material upwards fair value adjustments as the remaining projects reach construction completion and commence operations

Business

- **Financial Reports**
to receive and consider the Annual Report, the Financial Statements and the Auditor's Report for the financial year ended 31 March 2017
- **Resolution - Auditors Appointment and Remuneration**
to resolve that KPMG be reappointed as auditors of the company and that the Directors be authorised to fix the auditor's remuneration for the ensuing year

Questions & Answers



Hobsonville Point Secondary School



New Zealand Schools 2 – Rolleston College



University of Wollongong Student Accommodation



Auckland Prison



Melbourne Convention & Exhibition Centre



Bendigo Healthcare Group Accommodation

For Further Information

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