



Public Infrastructure Partners LP Presentation to NZ SIF Investor Annual General Meeting

16th August 2017



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Fund Activities Year End 31 March 2017

- Operational commencement on Rolleston, Haeta and Ormiston Secondary Schools
- Assets in construction:
 - Melbourne Exhibition Centre Expansion progress good
 - Wakatipu school progress good
 - Auckland Prison progress has been slow
 - University of Wollongong progress good
- Fund is fully committed (99.7%)
- Total Fund distributions (cash) NZ\$5.8 million representing a yield of 5.0%
- Portfolio value increased 3.7%
- Explored the possibility of an early fund exit IPO
- Sale of SkyPath



Auckland Prison PPP Project (Non Custodial)

Investment summary

- Financial Close: 15th September 2015
- Commitment: \$10.5 m, September 2015
\$21.5 m Q3 & Q4 2017
- Operational Commencement: 1 February 2016 (West Facility)

New Build PPP on existing Crown land

- Planned Works Completion Date of 8 December 2017
- Quality assurance is being closely monitored with no matters of concern 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 Works Completion)

Consortium

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



Bendigo Health Village Investment Review

Investment summary

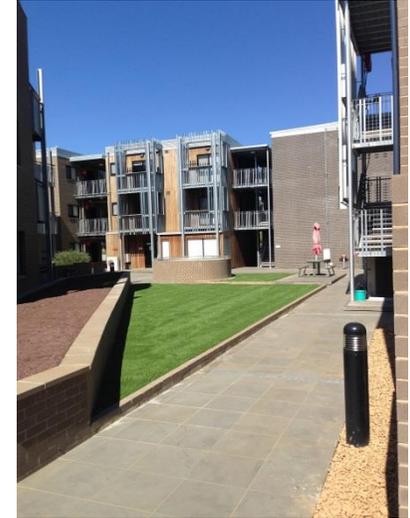
- Financial Close: 12th April 2013
- Commitment: \$12 million
- Operational Commencement: March 2014

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



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 (e.g. 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
- a link / hub space and concourse (including alterations to the existing MCCD facilities) to link to and integrate with existing MCCD 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 (e.g., reporting, interface obligations) are retained by Project Co



Hobsonville Schools Investment Review

Investment summary

- Financial Close: 5th April 2012
- Commitment: \$9.8m initial investment – Oct 2013
- Follow-on purchase: \$0.3m purchase, 2.5% - Jun 2016

New build PPP on 2 sites

- Completed the construction of 2 schools and commenced all facility management of the schools under contract with Programmed Facility Management (PFM)
- Hobsonville Point Primary School opened in 2013 and the Hobsonville Point Secondary School on 14th February 2014

Ministry of Education as counterparty

- 25 year operating period
- Revenue streams based upon asset availability
- Ministry 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
- Some general services (e.g. reporting, interface obligations) are carried out by Morrison & Co
- Concession ends in 2039



NZ PPP Schools 2 Investment Review

Investment summary

- Financial Close: 30th April 2015
- Commitment:
 - \$22.3m initial investment – Jun 2017 to Dec 2017

New build PPP on 4 sites

- Completed the construction of three schools
 - Haeata Community Campus (formerly Aranui) – Christchurch
 - Ormiston Junior College – Auckland
 - Rolleston Secondary School – Christchurch
- All schools were delivered a few days late but before commencement of Term 1 2017
- Construction of the Haeata sports fields is ongoing with scheduled completion of Feb 2018
- Wakatipu High School, Queenstown, under construction with a scheduled completion date Dec 2017

Ministry of Education as counterparty

- 25 year operating period
- Revenue streams based upon asset availability
- Ministry 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
- AM/FM service provider is Programmed Facility Management
- Some general services (e.g., reporting, interface obligations) are carried out by Morrison & Co
- Concession ends in 2039



Rolleston Secondary



Ormiston Junior College



Haeata Community Campus



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

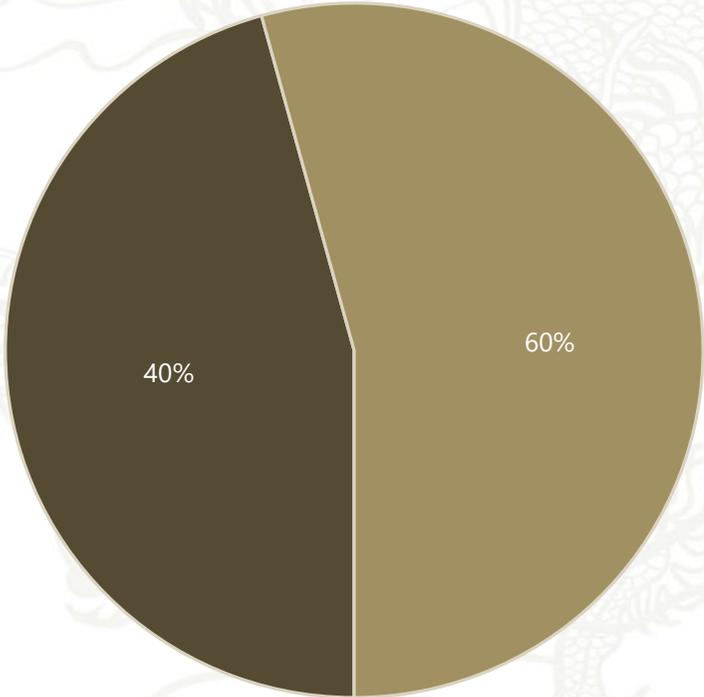
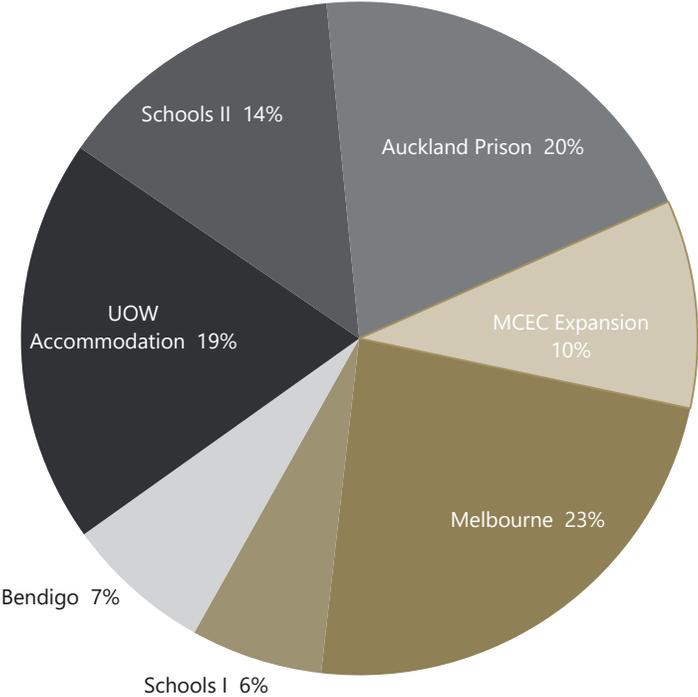
- 39 year operating period, ending in 2053
- Revenue streams based on room occupancy rate, with an 85% base case occupancy underwrite from UOW
- UOW to provide student marketing and 'pastoral care'

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



Investment Concentration

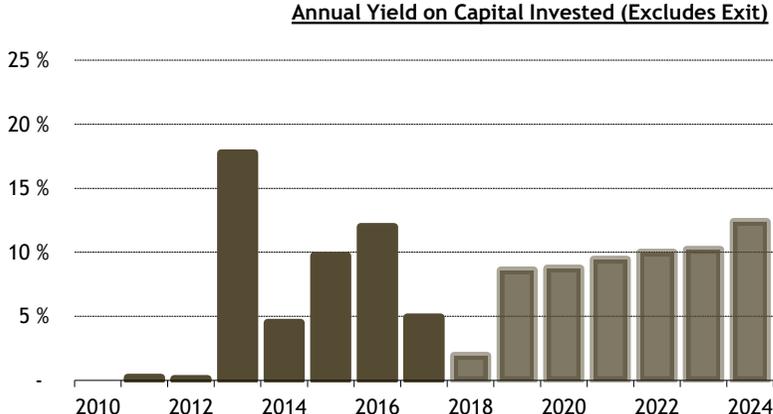
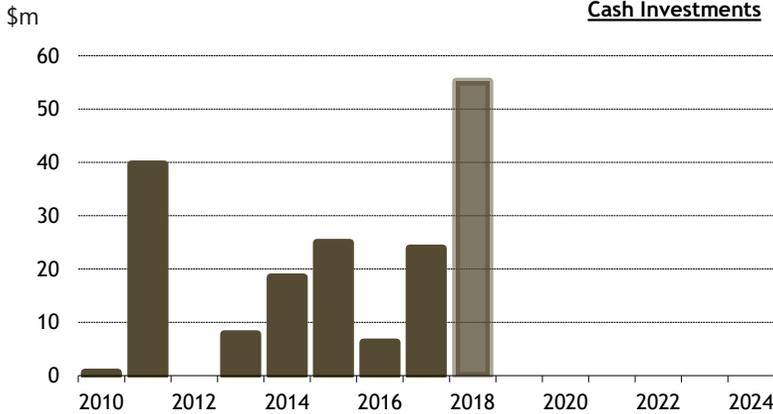


■ New Zealand ■ Australia



Fund Level Investment Return Forecasts

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

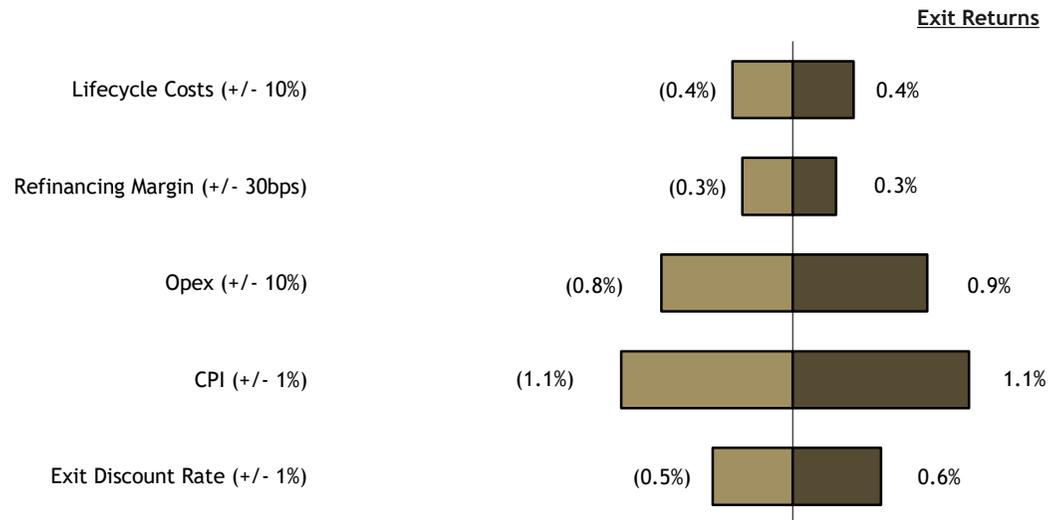


Potential Fund Returns

Scenario	Sale at end of Fund Life	Returns From March 2017
Base Value (\$m)	-	\$156m
Total Capital Drawn (\$m)	\$177m	\$177m
Investment Return (post-FX) (after all fees and costs)	12.1%	10.5%
Money Multiple (after all fees)	2.5x	1.9x

Investment Return Assumptions:

- Sale in September 2024 assuming a purchaser's required return of 8.5% (using Deloitte valuation methodology)
- Investment Return represents cash-on-cash return
- Assumes future AUD/NZD of 0.95 (see Appendix 1)
- Returns shown on this slide are estimates only, and are based on a number of assumptions. Actual results will vary from the information shown here



Value Enhancement And Protection Is Ongoing

Aim to review and understand each project's value drivers

Value Enhancement

- Grouped insurance – schools seeking to take-back this risk (may be prisons too)
- Follow on investments and changes
 - Blackwater treatment arrangements – MCEC
 - Variations to contract – UoW, Schools II
- Refinancing activity

Value Protection

- Construction management
- Defect management
- Planning acceptance testing
- Health & safety approach
- Project governance changes
- Crown relationship management
- Maintenance & lifecycle discussions
- Refinancing activity
 - USPP Market
 - Off shore banks
 - Potentially a fixed interest fund vehicle



Conclusion

Fund prospects good

- 2016/17 has been a busy year
 - Construction delivery is progressing well, despite industry challenges
 - Capital deployment is nearing completion
 - Operational asset management becoming the core focus for Manager
- Value enhancement/protection activity is underway
 - Focus on ongoing operational risks – refinancing risks, operating cost management
 - Exit investigations will be ongoing
 - Follow-on investment opportunities / yield enhancement initiatives
- PIP Fund prospects looking good overall
 - Investments performing at or above expectations
 - Return expectations from current assets remain attractive
 - Value maximising opportunities continue to be pursued



Appendix 1: Fund Model Assumptions

Macroeconomic assumptions underlying the fund model

