



12 December 2022

Dear Shareholder

Sale of New Zealand PPP Assets

We are pleased to announce the sale of the New Zealand based PPP assets of NZSIF.

Morrison & Co, as manager of the PIP Fund, has agreed binding terms to sell five New Zealand infrastructure assets (three of which NZSIF is invested in) to the Amber Infrastructure Group advised, London-listed investment company, International Public Partnerships Limited (INPP) for approximately NZ\$200 million.

The three assets that affect NZSIF are NZ Schools 1, NZ Schools 2 and Auckland Prison. NZ Schools 1 includes the Hobsonville Primary and Secondary Schools located in Auckland; NZ Schools 2 includes Ormiston Junior College in Auckland, Haeata Community Campus and Rolleston College in Canterbury, and Wakatipu High School in Queenstown. The transaction remains subject to regulatory approvals, including from New Zealand's Overseas Investment Office (OIO), counterparty consents and other standard conditions.

The outcome for NZSIF investors is likely to be approximately 10% less than the most recent valuation, reflecting recent capital market conditions, rising interest rates, and an announcement from the NZ Ministry of Education that it is reviewing its funding model for the future school expansions.

As a result we expect to make a capital return of approximately 80-90 cps in the second quarter of 2023. The remaining assets are likely to have a value of 40-60 cps, the wide range reflecting a number of uncertainties including an announcement by the Australian Government in respect of new thin capitalisation rules, affecting the tax position of the MCEC asset in Australia, and the potential for some earn out consideration from the NZ asset sale over time.

While the outcome of the sales process is below initial expectations, and valuation, it is expected to result in an overall return to investors over the life of the investment consistent with the original expectations some 12 years ago.

If you have any questions about this communication, please contact Peter Lalor on (07) 927 7927 or email enquiries@nzsif.co.nz.

Yours sincerely

NEW ZEALAND SOCIAL INFRASTRUCTURE FUND LIMITED

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

Kim Ellis
Chair