



New Zealand Social Infrastructure Fund Limited
158 Cameron Road
P O Box 13155
Tauranga 3141
Phone 07 5774 727 Fax 07 928 6443
Email enquiries@nzsif.co.nz
Website www.nzsif.co.nz

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Dear Shareholder

Further to our NZSIF interim report issued 1 December we can advise two recent positive developments.

Melbourne Convention & Exhibition Centre (MCEC) – mezzanine debt & new shareholder

We have previously mentioned the possibility of the refinancing of the mezzanine debt on the MCEC and that this was likely to happen by June 2013. The refinancing process has been completed faster than originally anticipated, and we are pleased to advise one of Canada's leading fund managers (Caisse de Dépôt et Placement du Québec – "Caisse") has now invested in MCEC by acquiring 20% of MCEC from Plenary (the original 100% shareholder of MCEC). This means the MCEC ownership structure is now 50% PIP; 30% Plenary and 20% Caisse. This refinancing exercise will result in a return of capital by MCEC to the PIP Fund, which will then be passed through to the PIP partners (including NZSIF). We expect to make a capital return to NZSIF shareholders of approximately 3cps when those proceeds are received. This is likely to be before the end of April 2012. The cash yield on the MCEC investment will also rise from this point, as a result of the mezzanine debt being repaid.

Distributions

From July 2012 distributions to NZSIF will commence.

While any distribution will depend on results during the period, future prospects and capital requirements, we expect the initial distribution in July 2012 to be in the range of 0.5 to 0.7 cents per share (cps). Subsequently we expect the distributions to increase and be paid in February and July each year. Gross yield projection for the year end March 2013 is between 3.7% and 5.2% on a 27cps capital base.

Imputation credits are expected to be immaterial in the initial years as PIP sources almost all its earnings from MCEC through an Australian based entity.

Other Opportunities

The Manager is actively reviewing other opportunities in New Zealand and Australia. The Manager hopes to finalise up to three further investments during 2012, two in New Zealand and one in Australia.

We will continue to keep you informed as further investments are made by the PIP Fund through media releases, via the NZSIF website www.nzsif.co.nz or by writing directly to you.

If you have any queries regarding your investment in NZSIF, please discuss with your Investment Adviser or you may call Peter Lalor at NZSIF Management on 07 577 4727.

Yours sincerely

NEW ZEALAND SOCIAL INFRASTRUCTURE FUND LIMITED

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

Kim Ellis
Chairman