NZSIF

New Zealand Social Infrastructure Fund Limited

Annual Report

For the year ended 31 March 2012

Contents

Report to shareholders

10 July 2012

Dear Shareholder

I am pleased to present to you the New Zealand Social Infrastructure Fund's (NZSIF) annual report for the year ended 31 March 2012. The report includes audited financial statements for that period.

Highlights include:

- NZSIF produced a profit for the period of $921,888 (2011 $45,579), a return on shareholder funds of 7.7% gross (2011 not meaningful).
- On 14 March 2012 it was announced that a Public Infrastructure Partners LP (PIP Fund) consortium, Learning Infrastructure Partners (LIP) had been appointed as the preferred bidder to build and maintain two new schools at Hobsonville Point, West Auckland.
- In April 2012 we announced that an initial operating dividend for the 12 months to 31 March 2012 and residual capital return would be paid in July 2012, which we now expect to be approximately 1.04 cents per share (cps) gross.
- In May 2012 NZSIF made an initial capital return of 2.768 cps.

The NZSIF Board is encouraged by the progress of NZSIF to date.

Background

Limited Partnership and Capital

NZSIF invests as a Limited Partner in the Public Infrastructure Partners LP (PIP Fund). The PIP Fund is an institutional fund established by Morrison & Co, structured as a limited liability partnership, to invest in public-private partnerships (PPPs) that deliver social infrastructure assets such as schools, hospitals and local government facilities to the community.

The final close for the PIP Fund was 31 December 2010. The PIP Fund has nine limited partners with capital commitments of $176.5 million. This level of capital could support infrastructure investments of more than $1.5 billion. NZSIF has a 23% interest in the PIP Fund and is the second largest investor, behind the New Zealand Superannuation Fund.

Investment Progress

Hobsonville Schools

On 14 March 2012 it was announced that a PIP Fund consortium, Learning Infrastructure Partners (LIP) had been appointed as the preferred bidder to build and maintain New Zealand's first public private partnership (PPP) schools.

The Hobsonville Schools PPP comprises two new schools at Hobsonville Point, West Auckland. These schools are a full primary school (year 1-8) to open in the first term of 2013, and a secondary school (year 9 - 13) to open in the first term of 2014.

On 5 April 2012 the Government and the LIP consortium reached financial close for the Hobsonville Schools PPP project. LIP will design, build and finance the schools and will be responsible for maintaining them throughout the 25 year contract (the concession term). The Board of Trustees and staff will be responsible for providing education in the school.

The LIP consortium is made up of firms with significant experience in designing, building and maintaining New Zealand schools including Hawkins - lead construction (equity interest 2.5%); ASC Architects - lead designer; and facilities management, and Programmed Facility

Hobsonville Point Schools, construction work in progress June 2012

Management. The PIP Fund will provide 97.5% of project equity funding and financial management. Westpac Bank will provide the senior debt.

The PIP Fund has committed $10 million in equity to the project, (including NZSIF's capital commitment of $2.3 million). The project costs are primarily debt funded during the course of construction with the equity introduced in October 2013.

Hawkins has been in the news lately in regard to difficulties encountered in the construction of the Ararat Prison in Victoria, Australia. The project is reportedly 18 months behind schedule and has issues relating to cost over-runs and project scope disputes. The PIP Fund has received assurances from Hawkins and their parent, McConnell Limited that the Hobsonville schools project will not be affected by the poorly performing Australian project.

The Benefits of a School PPP

Some of the benefits of building a school through a PPP include:

- The school buildings are provided by the private sector partner who works with the Ministry and the Establishment Board of Trustees (EBOT) to ensure the education vision for the school is captured in the design of the building.
- The private sector partner builds and maintains the school buildings to an agreed standard for 25 years.
- School principals and Boards of Trustees are able to devote more time to school education matters. In Victoria, Australia, where a number of new schools have been delivered through a PPP contract, principals have estimated that a significant amount of their time that was spent on dealing with property maintenance is now freed up to spend on improving education outcomes.

Results from the Progress in International Reading Literacy Study (PIRLS) survey conducted in November 2010 indicate that New Zealand primary school principals spend on average 15% of their time on property-related issues, most of which could be freed up under a PPP arrangement.

All education matters within the school will remain the responsibility of the Board of Trustees including appointment of staff, decisions on the curriculum, the vision for the school etc.

The Melbourne Convention and Exhibition Centre

The Melbourne Convention and Exhibition Centre (MCEC) was the first PIP Fund investment, completed in 2010. The PIP Fund investment in MCEC makes up 22% of PIP Fund committed capital. The MCEC investment is significant with property, plant and equipment assets of A$841m (2011 MCEC Annual Report) and long-term funding in place. The MCEC investment is an established operational PPP asset, which mitigates the usual development risks associated with PPP greenfield projects. The NZSIF Board considers the PIP Fund's investment in MCEC to be an excellent first investment, as the underlying revenue streams are secure, being based on availability of the facility, not demand or patronage driven.

In February 2012 Caisse de dépôt et placement du Québec (Caisse - a leading Canadian fund manager) and Plenary Group reached an agreement for Caisse to invest in five public-private partnership (PPP) projects in Australia, including the MCEC. This resulted in a return of capital by the PIP Fund to the limited partners, including NZSIF.

Site for Hobsonville Point Schools, West Auckland March 2012

Hobsonville Point Schools, build progress June 2012

The Melbourne Convention & Exhibition Centre

During the financial period to 31 March 2012 the MCEC investment performed well with no revenue deductions for equity investors, which is an excellent outcome.

Key information on the MCEC:

- Melbourne Convention Centre, a 5,000 seat hall, meeting and banquet rooms, six-star Green Star rated building.
- Melbourne Exhibition Centre, a pre-existing 30,000m^2 facility adjacent to the Melbourne Convention Centre.
- The concession runs for 25 years from Jan 2009 to 2034, with the State of Victoria as counter-party.

Investment opportunities

New Zealand
The New Zealand market now has two PPP projects underway, being Hobsonville Schools and Wiri prison. The latter is a project the PIP Fund did not participate in due to the requirement for the private sector investor to provide custodial services (eg. prison guards). The PIP Fund will steer away from prison PPP's that include custodial services, and toll road PPP's that have demand driven revenues, as these types of projects carry greater investment risk.

With two PPP's now in play, the PIP Fund expects Government infrastructure momentum to increase with the PPP model now being considered as a viable funding option for the Government. Other sectors actively considering PPPs include: communications, defence, health, social housing and transport.

The National Infrastructure Unit advises *"the Government continues to embrace greater use of private sector expertise in asset procurement and management, such as public private partnerships (PPPs), where they deliver better value for taxpayers through enhanced services and/or lower overall costs."*

"All Government department projects at or above a $25 million whole-of-life cost need to be considered for alternative procurement models. The value-for-money proposition of PPPs is most compelling where they:

- *Act as a catalyst for public sector change*
- *Offer significant opportunities to innovate in asset design and improve whole-of-life asset management*
- *Offer significant opportunities to innovate in terms of the services delivered from the assets, and*
- *Offer real opportunities for risk transfer." (See www.infrastructure.govt.nz)*

Christchurch
The Christchurch infrastructure rebuild continues on core infrastructure services such as roading, sewerage and water systems. Social infrastructure projects such as hospitals and schools plus a new conference centre are expected to progress through planning during 2012.

The Government has given Canterbury District Health Board the go ahead to develop a business case for rebuilding the city's hospitals, with a cost in the vicinity of $600 million. Health Minister Tony Ryall has stated, *"We have requested that Canterbury DHB and the National Health Board sound out what opportunities exist for a public private partnership (PPP) to build the new facilities. This could include design, build and management of buildings, and some non-clinical support* *services - while the DHB maintains full responsibility for delivering public health services. The process will explore whether or not a PPP may suit the Canterbury redevelopment. In the current economic situation, the Government expects DHBs to look outside the square when it comes to achieving value for money in capital projects."*

Australia
The PIP Fund continues to review Australian PPP opportunities. Many of these opportunities are large scale and as such are out of the reach of the PIP Fund on a standalone investor basis. As a result coinvestment with other investors with a larger capital base may eventuate.

Overall
There are some interesting PPP investment opportunities in New Zealand and Australia of which the Australian investment opportunities look to be closest in time. No other New Zealand PPP is expected to reach financial close before the end of December 2012.

Distributions
On 11 May 2012 NZSIF made a capital return of 2.768 cents per share.

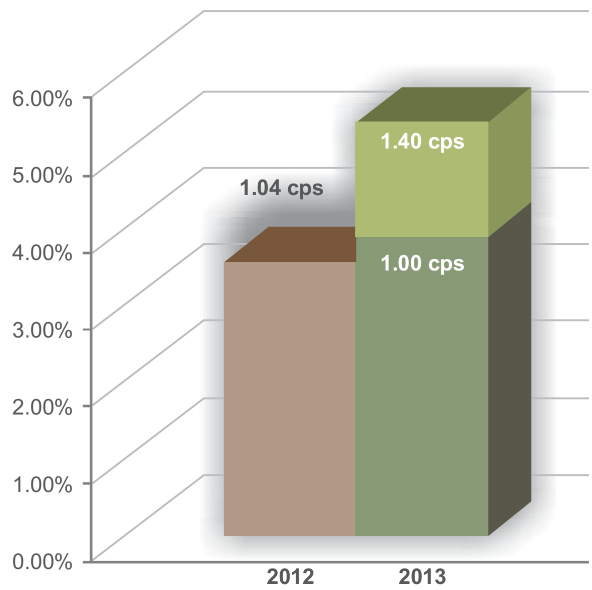
The capital return resulted from the repayment of a loan originally made by the PIP Fund relating to the investment in the MCEC. The loan was repaid from the successful refinancing of the MCEC subordinated debt as a result of Caisse de dépôt et placement du Québec investing in the MCEC.

In addition the PIP Fund has confirmed a distribution of $427,778 comprising capital and PIP distribution (income and profit). This will mean an approximate 1.04 cps gross distribution to NZSIF shareholders in July 2012. *See Chart 1*. This distribution reflects NZSIF's share of the MCEC distribution to the PIP Fund for the 12 month period to 31 March 2012 and represents a gross return of 3.5% on original invested capital of 30 cps; or a 3.8% gross return against current invested capital of 27.2 cps (after the capital return).

We expect to pay a dividend at least six monthly in line with the PIP Fund's intention to now make semi-annual distributions to the partners from MCEC cash flows initially, and then increasing as the Hobsonville Schools PPP cash flows come on stream from July 2014.

With the repayment of the MCEC subordinated debt, MCEC yields are expected to increase. This means that our gross yield projection for the year end March 2013 (paid in February 2013 and July 2013) will be in the range of 1.0 to 1.4cps, which equates to a 3.7% - 5.1% per annum return on the reduced 27.2 cps capital base. *See Chart 1*

***Chart 1** - Operating Distributions*



Note: 2012 gross yield on 30 cps capital base; 2013 gross yield on 27.2 cps capital base

NZSIF Capital Position and Calls
The Fund has 41 million $1 shares* on issue (*stapled securities comprising 1 ordinary voting share and 100 non-voting redeemable preference shares), paid to 30 cps (less 2.768 cps repaid to shareholders). There is $28.7 million still to call. *See Chart 2, page 6.*

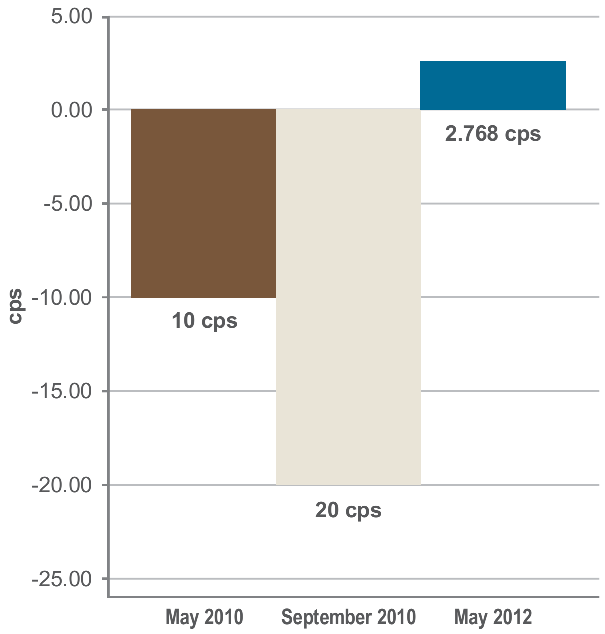
NZSIF current cash position is $2.57 million (as at 10 July 2012). We do not expect to make a further call in 2012, unless a further new investment is made.

With the PIP Fund now making regular distributions from cash flow it will need to make calls on the partners to top-up its working capital position from time to time. NZSIF expects to be able to meet PIP Fund calls during 2012 from existing cash resources.

Investment Valuation
The PIP Fund employs a third party expert to value the Fund's investments annually. The valuation is calculated at each 31 March balance date and was completed for the MCEC investment this year. The other net assets were valued at current market value. As the Hobsonville Schools PPP investment was made after the financial year end it had no impact on investment valuations at 31 March 2012.

NZSIF's investment value in the PIP Fund was valued at $10.5m. This is an increase of $1.08m on 2011, representing an 11.5% increase. Together with distributions received from the PIP Fund and after

***Chart 2** - Calls and Capital Returns*

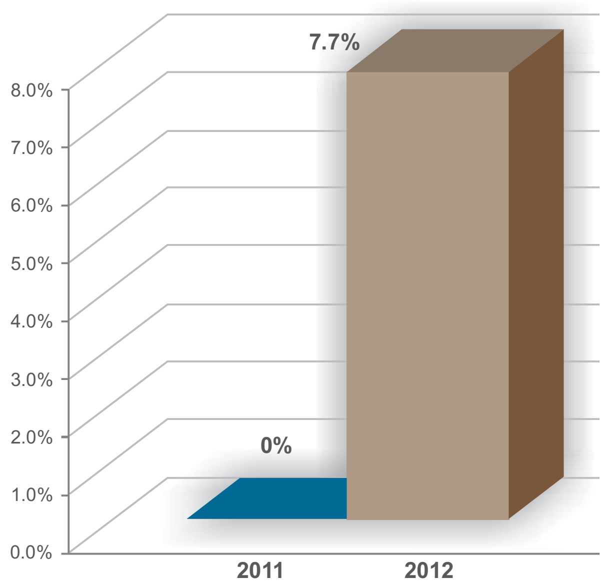


Note: NZSIF shares are $1 shares paid to 30 cps with 70 cps remaining uncalled

NZSIF's costs, this represents a return to NZSIF investors for the year of approximately 7.7% gross. *See Chart 3*

It is expected over time that NZSIF shareholder returns will improve as NZSIF's costs are spread across a greater investment base.

***Chart 3** - Return on Shareholder Funds*



The third party valuation indicates a rise in the value of the PIP Fund investment, driven by an increase in value of the MCEC investment over 2011. Note that any exchange rate valuation gains included in the valuation are unrelated to the operational performance of MCEC and may reverse.

NZSIF Investment Valuation

NZSIF policy is to carry investments at fair value with subsequent movements in fair value recognised through profit or loss. As there is no quoted market price for the PIP Fund, valuation techniques must be utilised to determine the fair value of the PIP Fund itself, which may require an aggregation of valuations of the PIP Fund's investments. The valuation techniques utilised can include 'the price of recent acquisitions', 'market based earnings multiples' or 'discounted cash flows'. As at 31 March 2012 the technique used for the PIP Fund valuation (for the MCEC investment) was “discounted cash flows” adjusted for foreign exchange movements. Other net assets were valued at current market value with adjustments made for any extraordinary items.

Table 1 shows the year end comparison for NZSIF's net asset position to 31 March 2012.

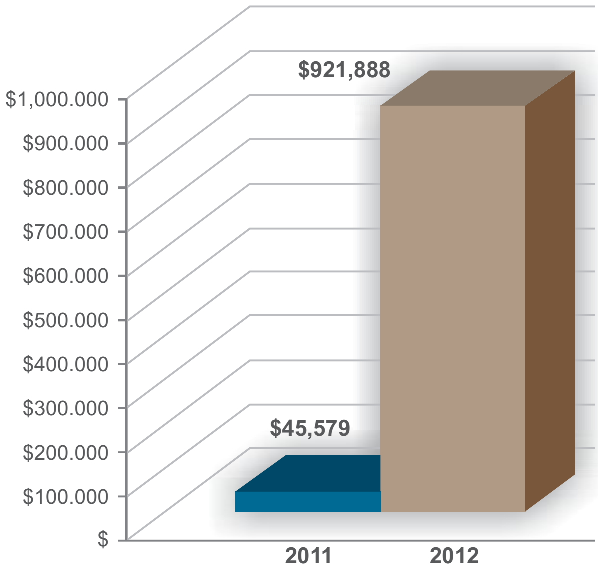
Table 1 - Investment Value and NTA Comparison 2011-2012

NZSIF Asset/Position	**31 March 2012**	**31 March 2011**	**Movement**
PIP Fund	10,515,286	9,432,631	1,082,655
Cash	2,280,318	2,508,284	(227,966)
Net Working Capital	50,559	(16,640)	67,199
Total	12,846,163	11,924,275	921,888
NZSIF NTA cps	31.30	29.10	

Annual Financial Statements
The audited annual financial statements covering the 12-month period to 31 March 2012 are provided in this annual report for your information.

There was a small amount of interest income, $87,131 plus a positive movement in fair value of NZSIF's investment in the PIP Fund of $1,082,655. After expenses and a tax credit adjustment there was a net profit for the period of $921,888. *See Chart 4.* All expenses were in line with budget.

Chart 4 *- Net income comparison for 31 March 2011-2012 periods*



The current value of the NZSIF investment in the PIP Fund is $10,515,286. Liabilities represent just 0.3% of the NZSIF net equity.

Issued capital, after deducting initial capital raising expenses, is $11,878,696. Combined with retained earnings of $967,467 this records a net asset backing of 31.3 cps as at 31 March 2012.

Note that following the May 2012 distribution of $1,134,906, and allowing for the proposed July distribution of $427,778, the net asset backing has reduced from 31.3 cps to an estimated 28.5 cps.

NZSIF Annual Shareholders Meeting
The details for our Annual Shareholders Meeting are:
Date: Monday, 20 August 2012
Time: 11.30 a.m.
Place: Craigs Investment Partners Limited, Level 32, Vero Centre, 48 Shortland Street, Auckland.
RSVP: Contact Peter Lalor on 07 577 4727 or email enquiries@nzsif.co.nz by 15 August 2012.

We extend an invitation to you to attend this meeting and look forward to seeing you there.

In summary the Manager of the PIP Fund and NZSIF Directors continue to be encouraged with the performance of the MCEC investment. Following the repayment of the subordinated debt the yield from MCEC is expected to increase, so the investment will generate strong ongoing cash flows.

Winning the tender for the Hobsonville Schools PPP is also viewed as a very positive development in terms of the PIP Fund's profile and credibility for future Government PPP projects that come to market.

Thank you for your ongoing support of NZSIF and I trust that you are satisfied with the PIP Fund's investment progress and performance to this point in time.

We will keep you informed as investments are made by the PIP Fund through media releases, via the NZSIF website *www.nzsif.co.nz* or by writing directly to you. Any new investments made by the PIP Fund will entail a call being made on NZSIF to fund the investment. Depending on our cash position we may in turn issue a call notice plus information on the new investment to you. All shareholder reports plus news updates are available to view on our website *www.nzsif.co.nz*.

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

Kim Ellis
Chairman

Directors’ report

For the 12 month period ended 31 March 2012

Directors holding office during the year and their remuneration.

	Director Fees $	Date of appointment
*K Ellis	40,000	26-Jan-10
*I Fraser	30,000	26-Jan-10
**N Craig	nil	26-Jan-10
**M Caird	nil	26-Jan-10

*GST exclusive
**Craigs Investment Partners Limited directors waived their NZSIF directors' fees for the entire financial period.

Entries recorded in the interests register

The entries shown in the table below were recorded in the interest register of the Company during the year.

Directors' shareholdings (including relevant interests) and dealings in NZSIF for the period to 31 March 2012.

	Original Shares subscribed for	Change in holdings for the period
K Ellis	50,000	nil
N Craig	100,000	nil
M Caird	100,000	nil

Director
18 June 2012

M Caird

Director
18 June 2012

Statement of comprehensive income

For the year ended 31 March 2012

	Note	12 months Mar 2012 $	15 months Mar 2011 $
Interest income	*3*	87,131	125,279
Movement in fair value of PIP Fund	*7*	1,082,655	210,632
Total investment income		1,169,786	335,911
Administrative expenses	*4*	(266,945)	(267,386)
Operating profit/(loss)		902,841	68,525
Finance expenses - interest	*5*	-	(22,946)
Profit before tax		902,841	45,579
Income tax credit/(expense)	*6*	19,047	-
Profit/(loss) for the period		921,888	45,579
Other comprehensive income for the period		-	-
Total comprehensive income for the period		921,888	45,579

Statement of changes in equity

For the year ended 31 March 2012

	Share capital	Retained earnings	Total equity
Balance at 31 March 2011	11,878,696	45,579	11,924,275
Total comprehensive income for the period	-	921,888	921,888
Issue of share capital	-	-	-
Share transaction costs	-	-	-
Balance at 31 March 2012	11,878,696	967,467	12,846,163

	Share capital	Retained earnings	Total equity
Balance at 26 January 2010	-	-	-
Total comprehensive income for the period	-	45,579	45,579
Issue of share capital	12,300,000	-	12,300,000
Share transaction costs	(421,304)	-	(421,304)
Balance at 31 March 2011	11,878,696	45,579	11,924,275

Statement of financial position

As at 31 March 2012

	Note	2012 $	2011 $
Assets			
Investment in PIP fund	7	10,515,286	9,432,631
Total non current assets		10,515,286	9,432,631
Cash and cash equivalents	11	2,280,318	2,508,284
Receivables and prepayments	9	29,554	30,284
Taxation receivable		57,025	14,727
Total current assets		2,366,897	2,553,295
Total assets		12,882,183	11,985,926
Equity			
Issued capital	12	11,878,696	11,878,696
Retained earnings		967,467	45,579
Total equity attributable to equity holders		12,846,163	11,924,275
Liabilities			
Trade and other payables	10	36,020	61,651
Total current liabilities		36,020	61,651
Total liabilities		36,020	61,651
Total equity and liabilities		12,882,183	11,985,926

For and on behalf of the Board

Director
18 June 2012

Director
18 June 2012

Statement of cash flows

For the year ended 31 March 2012

	Note	12 months March 2012 $	15 months March 2011 $
Cash flows from operating activities			
Interest received		83,041	124,344
Interest paid		-	(22,946)
Income taxes paid		(23,251)	(14,727)
Cash paid to suppliers		(287,756)	(235,084)
Net cash from operating activities	*13*	(227,966)	(148,413)
Cash flows from financing activities			
Proceeds from share calls		-	12,300,000
Lead manager fee		-	(410,000)
Transaction costs		-	(11,304)
Net cash from financing activities		-	11,878,696
Cash flows from investing activities			
Investment in PIP fund	7	-	(9,221,999)
Net cash from investing activities		-	(9,221,999)
Net movement in cash and cash equivalents		(227,966)	2,508,284
Cash and cash equivalents at 31 March 2011		2,508,284	-
Cash and cash equivalents at 31 March 2012	*11*	2,280,318	2,508,284

Notes to the financial statements

1. General Information

(a) Reporting entity

New Zealand Social Infrastructure Fund Limited (the "Company") is a company incorporated and domiciled in New Zealand. New Zealand Social Infrastructure Fund Limited is registered under the Companies Act 1993 and is an issuer and a reporting entity for the purposes of the Financial Reporting Act 1993. The financial statements of the Company are for the year ended 31 March 2012. The previous period comparatives are for the fifteen months ended 31 March 2011.

The Company is primarily involved in investing into public-private partnerships as a limited partner of the Public Infrastructure Partners Limited Partnership (the "PIP Fund").

The financial statements were approved by the Directors on 18 June 2012.

(b) Statement of compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand Equivalents to International Financial Reporting Standards ("NZ IFRS"), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. They also comply with International Financial Reporting Standards ("IFRS") and the requirements of the Financial Reporting Act 1993 and the Companies Act 1993.

(c) Basis of measurement

The financial statements are prepared on the historical cost basis except that the investment in the PIP Fund is stated at fair value. (See Note 2(a))

(d) Functional and presentation currency

The financial statements are presented in New Zealand dollars, which is the Company's functional currency, and rounded to the nearest dollar.

(e) Use of estimates and judgements

The preparation of financial statements in conformity with NZ IFRS requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgements about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. There are currently no significant estimates and judgements because the valuation currently involves taking New Zealand Social Infrastructure Fund Limited's ownership share of the PIP Fund audited financial statements.

Notes to the financial statements

2. Significant accounting policies

The accounting policies set out below have been applied consistently through all periods presented in these financial statements.

(a) Investment in the PIP Fund

The PIP Fund is a limited liability partnership, established under the Limited Partnerships Act 2008. The primary purpose of the PIP Fund is to make investments in social infrastructure assets through public private partnerships (PPP's).

New Zealand Social Infrastructure Fund Limited invests in the PIP Fund as a limited partner.

The Company's investment in the PIP Fund is classified at fair value through profit or loss and presented as a non-current asset in the statement of financial position. The investment is stated at fair value, with any resultant change in fair value recognised in profit or loss.

(b) Finance income and expense

Interest income is recognised as it accrues, using the effective interest rate method.

All finance expenses are recognised in the profit or loss using the effective interest method.

(c) Cash and cash equivalents

Cash and cash equivalents comprise cash balances and call deposits and short term deposits with an original maturity of 3 months or less.

(d) Impairment

The carrying amounts of the Company's assets, other than investments in the PIP Fund (see accounting policy (a)), and deferred tax assets (see accounting policy (g)), are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, the asset's recoverable amount is estimated based on the present value of estimated future cash flows, discounted at the original effective interest rate.

Impairment losses are recognised in profit or loss. An impairment loss is reversed in profit or loss if there has been a change in the estimates used to determine the recoverable amount.

(e) Share capital

Share capital is classified as equity if it is non-redeemable and any dividends are discretionary, or is redeemable but only at the Company's option.

(f) Other financial assets and liabilities

Other financial assets and liabilities, including receivables and payables are carried at their amortised cost using the effective interest rate method. Their carrying value closely approximates their fair value.

Notes to the financial statements

2. Significant accounting policies *(continued)*

(g) Income tax

Income tax on the profit or loss for the year comprises current and deferred tax. Income tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantially enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is provided in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: the initial recognition of assets or liabilities that affect neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realisation or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the reporting date.

A deferred tax asset is recognised only to the extent that it is probable that future taxable profits will be available against which the asset can be utilised.

(h) Goods and services tax (GST)

All amounts are shown inclusive of GST, as the Company is not registered for GST.

(i) New standards and pronouncements relevant to the Company

New standard not yet adopted

The following new standards, amendments to standards and interpretations have been issued, but are not effective for the current period and have not been early adopted. The extent of any impact has not yet been determined.

- NZ IFRS 13 Fair Value Measurements effective for annual periods beginning on or after 1 January 2013.
- NZ IFRS 9 Financial Instruments effective for annual periods beginning on or after 1 January 2015
- FRS 44 New Zealand Additional Disclosures effective for annual periods beginning on or after 1 July 2011.

3. Interest Income

No interest was received from the PIP Fund during the year ended 31 March 2012. Interest of $61,357 was received from the PIP Fund in December 2010 on a further rebalancing of capital on the final close of the PIP Fund, and is included in Interest income of $125,279 for the 2011 year. This arose due to New Zealand Social Infrastructure Fund Limited investing in the PIP fund earlier than other investors.

Notes to the financial statements

4. Administrative expenses

	Note	12 months March 2012	15 months March 2011
Management fees	*15*	115,699	107,090
Directors' fees	*15*	76,000	90,375
Insurance		28,632	27,014
Auditor's remuneration (see below)		30,124	17,394
Legal fees		380	16,705
Other administrative expenses		16,110	8,808
		266,945	267,386

Auditor's remuneration to KPMG comprises:		
Review of interim financial statements	8,619	5,894
Audit of year end financial statements – current year	16,905	11,500
Audit of year end financial statements – previous year	4,600	-
	30,124	17,394

5. Interest Expense

No interest was paid during the year ended 31 March 2012. Interest of $22,946 was paid to the PIP Fund in June 2010, in accordance with the partnership agreement, on the rebalancing of capital on the initial closing of the PIP Fund of 30 October 2009.

6. Income tax (benefit)/expense

	12 months March 2012	15 months March 2011
Income tax (benefit)/expense in statement of comprehensive income	(19,047)	-

Reconciliation of effective tax rate

	Note	2012	2011
Profit before tax		902,841	45,579
Income tax expense at 28% tax rate (2011: 30%)		252,795	13,674
Non-deductible expenses		-	11,349
Tax exempt income		(303,143)	(63,190)
Prior period adjustment		(19,047)	-
Tax (loss) not recognised	*8*	50,348	38,167
Total income tax (benefit)/expense		(19,047)	-

Notes to the financial statements

7. Investment in PIP Fund

The Company currently has one investment, which is in the Public Infrastructure Partners LP (PIP Fund). The PIP Fund itself has made one investment as at 31 March 2012. Company policy is to carry investments at fair value with subsequent movements in fair value recognised through profit or loss. As there is no quoted market price for the PIP Fund, the Company has taken up its share of net assets of the PIP Fund as at 31 March 2012 from the PIP Funds audited financial statements.

Valuation techniques have been utilised by the PIP Fund in its audited financial statements to determine the fair value the PIP Fund investments. The valuation techniques utilised can include 'the price of recent acquisition', 'market based earnings multiples' or 'discounted cash flows'. The General Partner of the PIP Fund arranges valuations of investments as at the end of the reporting period by an independent valuation expert, using valuation methodologies approved by the Advisory Committee. (The Advisory Committee of the PIP Fund comprises limited partner representatives, up to a maximum of five members. New Zealand Social Infrastructure Fund Limited has one representative. The Advisory Committee meets quarterly with the General Partner and Investment Manager. The Advisory Committee manages conflicts of interest between the Investment Manager and the PIP Fund; the appointment of an independent valuer; considers and approves investment opportunities outside of the PIP Fund's core investment criteria; and is responsible for removal of the Investment Manager). A newly purchased asset or an asset in the construction phase may be held at cost (Limited Partnership Agreement for the Public Infrastructure Partners LP (LPA) clause 11.1). However, if the manager believes that an event has given rise to a change in the value of an asset the manager may appoint an expert to revalue that asset (LPA clause 11.4) at that time.

As at 31 March 2012 the valuation method used by the PIP Fund to value its investment was the discounted cash flow method which is appropriate for valuing a series of future cash flows to equity. The Company's share of the net audited assets of the PIP Fund is $10,515,286 which is recorded in the statement of financial position as at 31 March 2012. The movement against the previous valuation is shown as a fair value movement through profit or loss increase of $1,082,655. As at 31 March 2011 the PIP Fund had only newly purchased the investment, therefore the technique used by the PIP Fund was the price of recent acquisition adjusted for foreign exchange movements. The valuation of the Company's share in the PIP Fund was $9,432,631 and the movement against the original cost of $9,221,999 is shown as a fair value movement through profit or loss increase of $210,632.

8. Unrecognised deferred tax assets and liabilities

Deferred tax assets have not been recognised in respect of the following items:

	Note	2012	2011
Opening balance		38,167	-
Tax (loss) not recognised	*6*	50,348	38,167
Closing balance 31 March 2012		88,515	38,167

Tax losses do not expire, subject to shareholder continuity rules being met. Deferred tax assets have not been recognised in respect of these items because it is uncertain that future taxable profit will be available against which the Company can utilise the benefit.

Notes to the financial statements

9. Receivables and prepayments

	2012	2011
Receivables	5,026	935
Prepayments	24,528	29,349
	29,554	30,284

10. Trade and other payables

	2012	2011
Trade payables	102	31,151
Accruals	16,905	11,500
Related party payables	19,013	19,000
	36,020	61,651

11. Cash and cash equivalents

	Note	2012	2011
Call deposits:			
ANZ National Bank Limited		17,865	17,511
ANZ National Bank Limited via CIP Cash Management Nominees Limited	*15*	5,397	290,773
Short-term deposits		2,257,056	2,200,000
Cash and cash equivalents in the statement of cash flows		2,280,318	2,508,284

Call deposits are held with ANZ National Bank Limited via CIP Cash Management Nominees Limited (see Note 15), and also directly with ANZ National Bank Limited. The weighted average interest rate on call deposits is 2.71% (2011:2.94%).

Short-term deposits are held directly with ANZ National Bank Limited. The weighted average interest rate on short-term deposits is 3.76% (2011:3.68%).

12. Share capital

	Number of preference shares 31 March 2012	Number of ordinary shares 31 March 2012
On issue at 31 March 2011	4,100,000,000	41,000,000
Issued during year	-	-
On issue at 31 March 2012	4,100,000,000	41,000,000

	Number of preference shares 31 March 2011	Number of ordinary shares 31 March 2011
On issue at 26 January 2010	-	-
Issued during year	4,100,000,000	41,000,000
On issue at 31 March 2011	4,100,000,000	41,000,000

Each $1.00 share comprises one ordinary voting share with a nil issue price, and 100 non-voting redeemable preference shares in New Zealand Social Infrastructure Fund at $0.01 each (a stapled security). The ordinary shares were partly paid to $0.10 per share on subscription.

On 19 August 2010 a call of $0.20 per share was made which was paid on 16 September 2010.

Notes to the financial statements

12. Share capital *(continued)*

In all, $0.30 per share is now paid-up with $0.70 per share still to be called. This represents $12,300,000 in paid up capital. There remains $28,700,000 of uncalled capital.

The holders of the ordinary shares are entitled to receive dividends as declared from time to time and are entitled to one vote per share at meetings of the Company. All ordinary shares rank equally with regard to the Company's residual assets.

13. Reconciliation of profit after taxation to the net cash flow from operating activities

	12 months March 2012	15 months March 2011
Profit for the period	921,888	45,579
Movement in fair value of PIP Fund Investment	(1,082,655)	(210,632)
	(160,767)	(165,053)
Movement in Working Capital		
Change in receivables and prepayments	730	(30,284)
Change in income tax receivable	(42,298)	(14,727)
Change in trade payables and accruals	(25,631)	61,651
Net cash flow from/(to) operating activities	(227,966)	(148,413)

14. Financial risk management

Introduction and overview

The Company has exposure to the following risks from its use of financial instruments:

- equity price risk
- credit risk
- interest rate risk
- liquidity risk

This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for measuring and managing risk, and the Company's management of capital.

The risk disclosures have been prepared on the basis of the Company's direct investment in the PIP Fund and not on a look through basis for investments held by the PIP Fund. Consequently the disclosure of risk in the notes does not fully represent the true risk profile of the Company.

Notes to the financial statements

14. Financial risk management *(continued)*

Equity price risk
Through the LPA, the Company has policies in place to mitigate equity price risk, particularly in the investments made by the PIP Fund. This includes detailed analysis by the PIP Fund of all prospective Public Private Partnership (PPP) investments. These types of minority investment holdings are, by their nature, less liquid and subject to greater price risk than listed securities.

The Company's exposure to price risk is affected by the PIP Funds exposure to foreign exchange and valuation of its underlying investment.

Credit risk
Exposure to credit risk arises in the normal course of the Company's business from its loans and receivables and bank balances. The Company does not require collateral in respect of financial assets. At reporting date there were significant concentrations of credit risk.

The Company invests its surplus funds in call and short-term deposits with ANZ National Bank Limited via CIP Cash Management Nominees Limited and also directly with ANZ National Bank Limited. The credit rating of ANZ National Bank Limited is AA-. The maximum exposure to credit risk is represented by the carrying amount of each financial asset, in the statement of financial position (see Note 11).

Interest rate risk
Exposure to interest rate risk arises in the normal course of the Company's business from bank accounts and short-term deposits. The Company earns interest on bank accounts and short-term deposits. Management invest excess funds in short-term deposits to maximise interest revenue whilst ensuring funds are available if required.

Effective interest rates and repricing
The only interest bearing financial assets in the Company are bank balances and short-term deposits (refer Note 11). At the end of the reporting period the effective interest rate for bank balances is 2.88% (2011:2.88%) and short-term deposits is 4.33% (2011:3.77%).

Bank balances reprice daily and short-term deposits reprice within 3 months.

Notes to the financial statements

14. Financial risk management *(continued)*

Interest rate risk – repricing analysis

	Note	Total	Non interest bearing	6 months or less
2012				
Cash and cash equivalents	*11*	2,280,318	-	2,280,318
Total		2,280,318	-	2,280,318

	Note	Total	Non interest bearing	6 months or less
2011				
Cash and cash equivalents	*11*	2,508,284	-	2,508,284
Total		2,508,284	-	2,508,284

Sensitivity analysis

In managing interest rate risk the Company aims to reduce the impact of short-term fluctuations on the Company's earnings. Changes in interest rates will have an impact on profit. At 31 March 2012 it is estimated that a general increase of 1.00% in interest rates on its cash and cash equivalents would increase the Company's profit before income tax by approximately $18,523 (2011:$25,083) over a one-year period.

Liquidity risk

Liquidity risk represents the Company's ability to meet its contractual obligations. The Company evaluates its liquidity requirements on an ongoing basis, and maintains sufficient cash to meet all obligations. Investments in unlisted equity securities are, by their nature, less liquid. The liquidity risk associated with future calls made by the PIP Fund will be mitigated by the ability of the entity to call the remaining $0.70 per share still to be called (See note 12).

Capital management

The Company's capital includes share capital and retained earnings.

The Company's policy is to maintain its capital structure in terms of the prospectus and repay capital as investments are realised. As disclosed in note 12, $0.30 per share has been paid on the $1.00 share capital. The remaining $0.70 will be called as required in accordance with the terms of the original prospectus.

The Company has the power to borrow, if a call has been approved by the Board, to the extent of the aggregate amount of that call and for a term not exceeding 90 days after the date on which the call is due.

The Company is not subject to any externally imposed capital requirements.

Notes to the financial statements

14. Financial risk management *(continued)*

The Company's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

There have been no material changes in the Company's management of capital during the period.

Classification and fair values

	Note	Designated at fair value through profit or loss	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
2012						
Assets						
Investment in PIP Fund	7	10,515,286	-	-	10,515,286	10,515,286
Cash and cash equivalents		-	2,280,318	-	2,280,318	2,280,318
Receivables		-	5,026	-	5,026	5,026
Total assets		10,515,286	2,285,344	-	12,800,630	12,800,630
Liabilities						
Trade and other payables		-	-	36,020	36,020	36,020
Total liabilities		-	-	36,020	36,020	36,020

	Note	Designated at fair value through profit or loss	Loans and receivables	Other amortised cost	Total carrying amount	Fair value
2011						
Assets						
Investment in PIP Fund	7	9,432,631	-	-	9,432,631	9,432,631
Cash and cash equivalents		-	2,508,284	-	2,508,284	2,508,284
Receivables		-	935	-	935	935
Total assets		9,432,631	2,509,219	-	11,941,850	11,941,850
Liabilities						
Trade and other payables		-	-	61,651	61,651	61,651
Total liabilities		-	-	61,651	61,651	61,651

Notes to the financial statements

14. Financial risk management *(continued)*

Fair value hierarchy

The table below analyses financial instruments carried at fair value, by valuation method. The different levels have been defined as follows:

- Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities
- Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices)
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

31 March 2012	Level 1	Level 2	Level 3	Total
Investment in PIP Fund	-	-	10,515,286	10,515,286

31 March 2011	Level 1	Level 2	Level 3	Total
Investment in PIP Fund	-	-	9,432,631	9,432,631

The following table shows reconciliation from the beginning balance to the ending balance for fair value measurements in Level 3 of the fair value hierarchy:

Investments	2012	2011
Opening balance	9,432,631	-
Total gains/(losses):		
Recognised in profit or loss	1,082,655	210,632
Purchase of investments	-	9,221,999
Closing balance	10,515,286	9,432,631

Total gains or losses included in profit or loss for the period in the above table are presented in profit or loss as follows:

Investments	2012	2011
Total gains/(losses) included in profit or loss for the period	1,082,655	210,632
Total gains/(losses) for the year included in profit or loss for assets held at the end of the reporting period	1,082,655	210,632

Notes to the financial statements

15. Related parties

Identity of related parties

The Company has a related party relationship with Craigs Investment Partners Limited, which owns 100% of NZSIF Management Limited, the Manager of New Zealand Social Infrastructure Fund Limited, and CIP Cash Management Nominees Limited.

The following directors of the Company are also directors of Craigs Investment Partners Limited:

- Neil John Craig
- Michael John Caird

The following director of the Company is also a director of CIP Cash Management Nominees Limited:

- Neil John Craig

Transactions with related parties

During the period, New Zealand Social Infrastructure Fund Limited entered into the following transactions with related parties:

- Management fees paid to NZSIF Management Limited totalled $115,699 (2011:$107,090).
- Craigs Investment Partners Limited paid certain expenses of New Zealand Social Infrastructure Fund Limited. As at 31 March 2012, no balance remained owing to Craigs Investment Partners Limited (2011: Nil).
- An on-call bank account is held with ANZ National Bank Limited via CIP Cash Management Nominees Limited, which is a 100% subsidiary of Craigs Investment Partners Limited. At 31 March 2012 the balance held was $5,397 (2011:$290,773) (see Note 11).

The terms and conditions of the transactions with key management personnel and their related parties were no more favourable than those available, or which might reasonably be expected to be available, on similar transactions to non-key management personnel related entities on an arm's length basis.

Transactions with key management personnel

	12 months March 2012	15 months March 2011
Directors fees (total remuneration)	76,000	90,375

The balance of directors' fees owing at 31 March 2012 was $19,013 (2011: $19,000).

Director's interests

The following directors or their associated entities held shares in New Zealand Social Infrastructure Fund Limited at 31 March 2012:

- Kimmitt Rowland Ellis 50,000 shares
- Neil John Craig 100,000 shares
- Michael John Caird 100,000 shares

Notes to the financial statements

16. Commitments

The Company has further commitments of $31,278,001 to the PIP fund for further investments as at 31 March 2012 (2011: $31,278,001), which will be met from cash reserves and further calls of capital.

17. Subsequent events

On 5 April 2012 the Hobsonville Schools PPP project reached financial close. The PIP Fund which New Zealand Social Infrastructure Fund Limited invests in, will invest $9.8 million in the project at the end of the construction period, expected to be October 2013 for a 97.5% share of the investment vehicle, Learning Infrastructure Partners. The project is to design, build, manage, maintain facilities, and finance a new primary school for 690 pupils and a new secondary school for 1,500 students at Hobsonville Point, Auckland. New Zealand Social Infrastructure Fund expects to meet its expected commitment of $2.25 million to the PIP Fund for its share of the Hobsonville Schools PPP by use of its cash and a call on its shareholders.

On 11 May 2012 New Zealand Social Infrastructure returned capital of $1,134,907 (2.768 cps) by redeeming preference shares. This was a result of the PIP Fund returning capital on 30 April of the same amount to New Zealand Social Infrastructure Fund, as a result of the refinancing of the Melbourne Convention and Exhibition Centre investment.

Independent Auditor's Report

To the shareholders of New Zealand Social Infrastructure Fund Limited

Report on the financial statements

We have audited the accompanying financial statements of New Zealand Social Infrastructure Fund Limited ("the company") on pages 9 to 24. The financial statements comprise the statement of financial position as at 31 March 2012, the statements of comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Directors' responsibility for the financial statements

The directors are responsible for the preparation of financial statements in accordance with generally accepted accounting practice in New Zealand and International Financial Reporting Standards that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the company's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Partners and employees of our firm may also deal with the company on normal terms within the ordinary course of trading activities of the business of the company. These matters have not impaired our independence as auditor of the company. The firm has no other relationship with, or interest in, the company.

Opinion

In our opinion the financial statements on pages 9 to 24:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards;
- give a true and fair view of the financial position of the company as at 31 March 2012 and of its financial performance and cash flows for the year then ended.

Report on other legal and regulatory requirements

In accordance with the requirements of sections 16(1)(d) and 16(1)(e) of the Financial Reporting Act 1993, we report that:

- we have obtained all the information and explanations that we have required; and
- in our opinion, proper accounting records have been kept by New Zealand Social Infrastructure Fund Limited as far as appears from our examination of those records.

KPMG

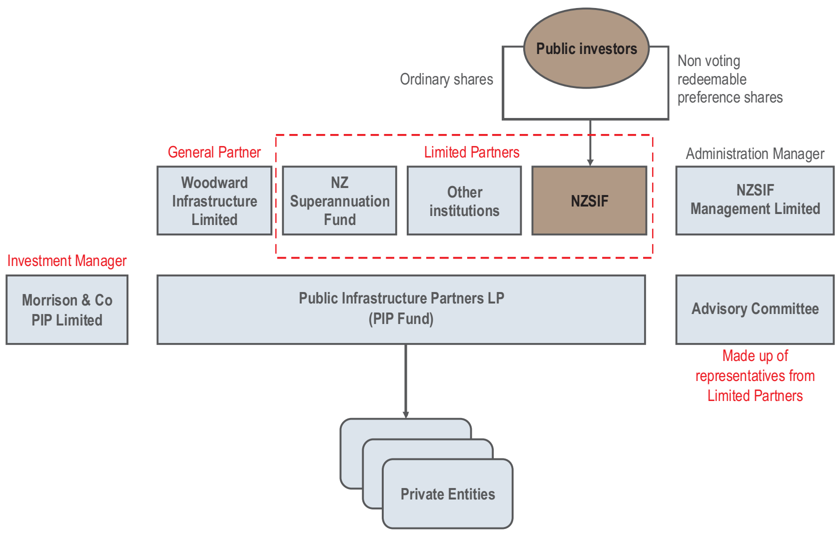
18 June 2012
Tauranga

Corporate Governance & Structure

Structure

NZSIF was established to provide the New Zealand public with an opportunity to invest in the PIP Fund, to gain an exposure to New Zealand and Australian social infrastructure PPP assets.

NZSIF is a limited partner in the PIP Fund, as shown below:



Each share held by investors of NZSIF is a stapled security and consists of 1 ordinary voting share (nil issue price) and 100 non-voting redeemable preference shares of one cent each. NZSIF has 41 million shares on issue at an issue price of $1.00 per share. Ordinary shares held by investors in NZSIF confer normal voting rights. The redeemable preference shares confer no voting rights. As a Limited Partner, NZSIF is required to make capital contributions to the PIP Fund, as called by the General Partner. When such capital calls are made on NZSIF, NZSIF then makes capital calls on NZSIF shareholders up to the fully paid value of the shares.

NZSIF will receive a pro-rata share of the income and capital returns from investments made by the PIP Fund.

- Where investments by the PIP Fund are structured through a limited partnership, NZSIF will receive distributions comprising gross income and also returns of capital from the underlying investments. Tax will be paid by NZSIF and income distributed to investors through imputed dividends (where imputation credits are available) and capital will be returned via redemption of redeemable preference shares.
- Where investments by the PIP Fund are structured through a company, NZSIF will receive distributions in the form of dividends and returns of capital from the underlying social infrastructure assets. Dividends will be paid to holders of shares (with imputation credits, where available) and capital will be returned via redemption of redeemable preference shares.

Governance

NZSIF has a separate Board to ensure best practice corporate governance and that the interests of shareholders are represented. NZSIF directors can be appointed or removed by ordinary shareholder resolution.

The Board reports on the performance of NZSIF's PIP Fund investment to shareholders semi-annually. In addition, the Board reviews the capital adequacy of NZSIF, is responsible for shareholder reporting and sets annual shareholder meetings for NZSIF.

Investment Management

The investment management services for the PIP Fund are undertaken by the Investment Manager, Morrison & Co PIP Limited. Accordingly, other than rights provided to Limited Partners through representation on the Advisory Committee, neither NZSIF nor NZSIF Management have control over the investment management decisions associated with the PIP Fund.

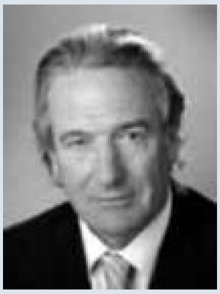
Administration

NZSIF has engaged NZSIF Management Limited as the Administration Manager, to provide day-to-day administrative management services, such as investment of unallocated or surplus cash, investor relations, the preparation of interim and annual reports and other shareholder services that may be required from time to time.

The Administration Manager is a wholly owned subsidiary of Craigs Investment Partners Limited.

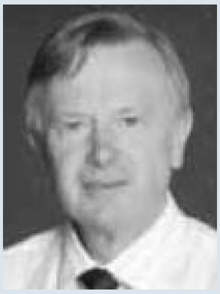
NZSIF Board

The Board comprises four directors, including two independent directors, one of whom is Chairman, and two from Craigs Investment Partners. The Board is responsible for monitoring NZSIF investments, the reporting obligations of NZSIF, and monitoring the Administration Manager's performance. In addition, NZSIF has one director on the Advisory Committee to the PIP Fund. The Advisory Committee manages conflicts of interest between the Investment Manager and the PIP Fund; considers and approves investment opportunities outside of the PIP Fund's core investment criteria (such as investments in Australia); and can remove the Investment Manager. Kim Ellis was NZSIF's representative on the PIP Fund Advisory Committee during the reporting period.



Kimmitt Rowland Ellis (Chairman)
BCA (Hons), BE (Hons)

Kim is a widely experienced Chief Executive best known for his 13 years at the helm of one of New Zealand's most successful listed companies, Waste Management NZ Ltd, culminating in the company's sale in 2006. His earlier CEO appointments, dating back to 1978, covered a number of market sectors including health, manufacturing, distribution, transport, property, agriculture and fashion. Kim is currently Chair of Envirowaste Services Ltd; Seeka Kiwifruit Ltd; and Macaulay Metals Ltd; Director of Freightways Ltd; Tasman Tanning Ltd; and Jucy Group Ltd; and Advisor to the Board of Ballance Agri-nutrients Ltd. He is also a member of the Trust Board of Wanganui Collegiate School.



Ian Alexander Nicholson Fraser
BE (Hons), Dist FIPENZ.

Ian is a Distinguished Fellow of the Institution of Professional Engineers. He was an Executive Director of Beca Group Ltd, or the company in its previous forms, for over 20 years, and Managing Director of Beca Carter Hollings and Ferner Limited for three years. He has a broad engineering background across the industrial, electricity, civil infrastructure and institutional and commercial building sectors. Ian is currently a Director and Deputy Chair of Transpower NZ Ltd, a Director of Stevenson Group Ltd and a former Director and Deputy Chair of Mighty River Power Ltd. He is also a former Trustee Board member of Wellington and Wellesley Colleges and a former Board member and President of the Association of Consulting Engineers of New Zealand.

Neil John Craig
BAgCom

Neil is the founding principal and Chair of Craigs Investment Partners, a company he has been instrumental in building from a small regionally-based share broking business in Whakatane to its current position as a leading full service NZX Participant Firm. Neil has broad experience in stock exchange listings, capital raisings and corporate activity for a wide range of companies.

Neil is a Director of Pohutukawa Private Equity Limited and Pohutukawa Private Equity II Limited, the New Zealand Social Infrastructure Fund Limited, as well as being Chair of NZX Listed Comvita Limited, Chair of Enterprise Angels Inc. and a Director of a number of privately held companies.

Michael John Caird
BCom, LLB

Mike joined Craigs Investment Partners in March 2009 as Head of Debt Capital Markets, and has been a Director of Craigs Investment Partners since 2001. Mike's career in financial markets includes 11 years with ABN AMRO, during which he was Head of Acquisition and Leveraged Finance for Australia and New Zealand and Head of Global Markets New Zealand, Brierley Investments Limited for 10 years and Ernst & Young for four years. Mike has previously been a Director of Hospital Car Parking Limited, McConnell Property Limited, Mangawhai Development Holdings Limited, AsiaPower Limited and Aetna Health (New Zealand) Limited. During his time at ABN AMRO, Mike was involved in acquiring the Auckland District Health Board car-parking concession and the Mangawhai township wastewater design, build, finance, and operating concession, two early PPP style projects in New Zealand. Mike is a Director of the AMN Limited private group of companies involved in glass services.

Committee

The Board has one committee, an Audit Committee, comprising all board members. The Audit Committee meets as required. The Audit Committee has full powers to require the Manager to provide any information or documents relating to the Fund, which it requires to enable it to meet the obligations of an Audit Committee. The Directors of New Zealand Social Infrastructure Fund Limited and NZSIF Management Limited must respond to any recommendations made to their Boards from the Audit Committee.

There is no remuneration committee because NZSIF and the Manager have no employees. The Chairman and Directors of NZSIF receive directors' fees from NZSIF. The Manager is entitled to remuneration in respect of management of the funds. Information about the remuneration received by the Manager for this reporting period can be found in the financial statements set out in this report. The Manager does not pay directors' fees.

To the extent applicable and possible, the Board endeavours to adopt the governance, structures and principles of a listed company.

Corporate Directory

BOARD OF DIRECTORS OF NZSIF
Kimmitt Rowland Ellis (Chair)
Ian Alexander Nicholson Fraser
Neil John Craig
Michael John Caird

The Board can be contacted at NZSIF's registered office address set out below.

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Email: enquiries@nzsif.co.nz
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AUDITORS
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Phone: (07) 578 5179
Fax: (07) 578 2555

INVESTMENT MANAGER
Morrison & Co PIP Limited
97 The Terrace
PO Box 1395
Wellington 6140

ADMINISTRATION MANAGER
NZSIF Management Limited
Craigs Investment Partners House
158 Cameron Road
PO Box 13155
Tauranga 3141

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