



18 July 2014

Dear Shareholder

New Zealand Social Infrastructure Fund Annual Report to Shareholders

We are pleased to advise the New Zealand Social Infrastructure Fund Limited's (NZSIF) annual report for the year ended 31 March 2014 is now available on the Company's website at www.nzsif.co.nz/Investor-Information/Shareholder-Reports/.

Highlights of our year included:

- NZSIF produced a profit for the period of \$758,498 (2013 \$710,861), a return on shareholder funds of 6.48% (2013 5.53%).
- Net asset backing at 31 March 2014 was 41.1 cents per share (cps).
- *Distributions*
NZIF made two distributions during the financial period. Gross dividends of 0.79 cps on 19 July 2013 and 0.48 cps on 6 December 2013.
The Board has approved a final dividend relating to 2014 cash flows of 0.62 cps –see dividend announcement on page 2.
- *Hobsonville Schools*
The primary school was completed and opened January 2013. The secondary school was completed and opened mid-February 2014.
- *Bendigo Healthcare Group Accommodation Facility (Bendigo Australia)*
Stage 1 was successfully delivered to hospital in October 2013, with Stage 2 completed in February 2014 (3 months early).
- *Melbourne Convention & Exhibition Centre (MCEC)*
The MCEC investment has continued to perform well producing solid cash flows, and showed an increase in valuation at 31 March 2014, despite the strong NZ dollar impacting on the valuation.
- *Investment prospects-Auckland Prison*
In April 2014 the Corrections Department announced that Next Step Partners (NSP) a PIP Fund consortium was shortlisted to develop a proposal for designing, building, financing and maintaining a new maximum security facility at Auckland Prison. We anticipate Corrections will decide whether to proceed with this project as a PPP in the last quarter of 2014.

Annual Report

Even though the report is available electronically, you may request a print copy of the report free of charge.

If you wish to receive a print copy of the report, please email your request, including your shareholder details, to enquiries@nzsif.co.nz. If you wish to mail your request, please tick the box below and return this form to NZSIF's postal address. Email or postal requests should be sent within 15 working days of receiving this letter. If you have previously requested a print copy one will be automatically posted to you.

I would like to receive a print copy of NZSIF shareholder reports.

Dividend

In June NZSIF received a \$255,393.51 distribution from the PIP Fund which is to be passed through to our shareholders. The Board has subsequently approved a final dividend of 0.62 cps gross which is to be paid to shareholders on or about 25 July 2014. The record date is 18 July 2014.

This brings total gross distributions relating to income generated in the 2014 financial period to 1.10 cps.

The distribution from the PIP Fund relates to cash flows from the Melbourne Convention & Exhibition Centre investment.

There are no imputation credits attached to the distribution so tax has been deducted at prescribed Inland Revenue Department rates.

Payment will be made to your nominated bank account. The Registry will issue a dividend statement.

Annual Shareholder Meeting

Date: Monday, 18 August 2014
Time: 11.30 am.
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 11 August 2014.

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

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