



20 July 2018

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 financial year ended 31 March 2018 is now available on the Company's website at www.nzsif.co.nz/Investor-Information/Shareholder-Reports/.

Progress Summary

- *Construction Projects*
All construction projects have reached completion, with Auckland Prison and the Melbourne Convention & Exhibition Centre expansion both completed in July 2018.
- *Auckland Prison PPP*
Financial close for Auckland Prison was reached in September 2015. Planned works completion was December 2017 but construction ran well behind schedule, finally reaching completion in July 2018.
- *Follow-on investment in the Melbourne Convention & Exhibition Centre*
The PIP Fund confirmed in June 2016 that it had reached financial close on a follow-on investment in the Melbourne Convention & Exhibition Centre, for an expansion of the exhibition centre. The building phase commenced in December 2016 with the expansion officially opening on 9 July 2018.
- *New Zealand Schools 2*
Ormiston Junior College, Haeata Community Campus, Rolleston Secondary School and Wakatipu High School are operational and performing to expectations. The schools are now generating cash flows to the PIP Fund. There is the possibility of follow-on investments in both Wakatipu High School and Rolleston Secondary School.
- *Wollongong Stage 2*
Construction of Stage 2 was completed in December 2017. Wollongong commences generating cash flow to the PIP Fund in the 2019 calendar year.
- *Portfolio Revaluation*
Following re-valuations of the PIP Fund investment portfolio, NZSIF's valuation of its share in the PIP Fund saw a \$4.66 million uplift.
- *Distributions & Net Asset Value*
There were no NZSIF distributions for the 2018 financial year with PIP cash flows directed towards construction costs, PIP operating costs and payment of a performance fee to the investment manager. The PIP portfolio revaluation saw NZSIF's net asset value increase to \$1.28 per share at 31 March 2018 (2017: \$1.01).
- *Final Call Paid*
Your NZSIF shares are now fully paid with the final call of 16cps paid in September 2017. The final call was applied to equity funding of construction costs for Auckland Prison, New Zealand Schools 2 and Stage 2 of the Wollongong University Student Accommodation.

Annual Report

The annual report is available electronically. If you wish to receive a print copy of the annual report free of charge, 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 report(s).

Annual Shareholder Meeting

Date: Friday, 31 August 2018

Time: 11.30 am

**Place: Craigs Investment Partners Limited
Level 36, Vero Centre
48 Shortland Street
Auckland**

RSVP: Contact Peter Lalor on 07 927 7927 or email enquiries@nzsif.co.nz by 23 August 2018.

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 07 927 7927.

Yours sincerely

NEW ZEALAND SOCIAL INFRASTRUCTURE FUND LIMITED



Kim Ellis
Chairman