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**NEW ZEALAND SOCIAL INFRASTRUCTURE FUND  
ANNUAL SHAREHOLDERS MEETING  
FRIDAY, 27 AUGUST 2021 10.30 a.m.  
HELD via Teams video conference**

**PRESENT:** Kim Ellis (KE) (Chair), Mike Caird (MC), Ian Fraser (IF), and David McCallum (DM)

**IN ATTENDANCE:** Peter Lalor (PL), Steven Proctor (SP), (KP), Jeff Hoffman (JC)

Shareholders per attendance register

**APOLOGIES:** noted below

## **MINUTES**

Meeting commenced at 10.30am

### **1. WELCOME & APOLOGIES**

Chairman for the meeting, Kim Ellis, welcomed shareholders to the 11<sup>th</sup> Annual Shareholders Meeting for New Zealand Social Infrastructure Fund Limited. Fellow Directors Ian Fraser, David McCallum and Mike Caird were introduced to the meeting, and Peter Lalor from the Management team. Steven Proctor and Jeff Hoffman from the PIP Fund, and Trevor Newland from KPMG were also introduced.

Apologies received from Ken Phillip, Peter Coman, Tim Tubman (Chapman Tripp) and Mark Tappenden (Registry)

Peter confirmed a quorum.

### **2. CHAIRMAN'S PRESENTATION TO SHAREHOLDERS**

The Chairman provided an update to the shareholders on NZSIF's performance for the 2021 financial period, and the Fund's outlook.

Operating Assets:

- Melbourne Convention and Exhibition Centre and expansion
- Hobsonville Schools (NZ Schools 1)
- Bendigo Key Worker Accommodation
- NZ Schools 2 – Ormiston Junior College, Haeta Community Campus, Rolleston College and Wakatipu High School
- Auckland Prison

- University of Wollongong Student Accommodation PPP was terminated in Q1 2021.

#### Follow-on investments

PIP SE Fund established to fund follow-on investments in NZ School expansions including: Rolleston College, Wakatipu High School and Hobsonville Primary

#### Distributions

- Total gross distributions since inception now total 47.1cps (including capital returns of 18.6 cps)
- Dividends paid 202-2021. 2.25 cps gross dividends paid during the financial period
- 10.0 cps capital return accrued at financial year end (UoW) and paid in early April
- Subsequent to the end of the financial period NZSIF paid:
  - a further 5.0 cps capital return (UoW) in June
  - A dividend of 1.5 cps in July

#### Financial Key Highlights:

2021 profit \$1.97m (2020: \$9.36m)

#### Main contributions

- Increase in value of PIP SE Fund investment \$2.86m
- Distribution income \$2.0m (2020: \$3.79m)
- UoW loss on sale \$2.96m
- Net gain \$0.55m

2021 impacted by loss on sale of UoW (Covid-19) and PIP sale process costs.

#### Financial Position

- SHF \$64.5m (2020: SHF \$62.8m)
- Shares on issue 41m
- NAV per share \$1.47 (2020:\$1.53), noting an accrual of 10 cps for a capital distribution at financial year end (UoW), which was paid in April 2021.

#### University of Wollongong Student Accommodation PPP Termination

Public Infrastructure Partners LP and the UoW reached agreement on the termination of the UoW Student Accommodation PPP in Q1 2021.

NZSIF received settlement proceeds of \$12.5 million paid in two tranches over Q1 and Q2 2021.

Estimated Return – Net IRR 15% with a money multiple of 2.1x

#### Follow-on Investments – PIP SE LP

PIP SE Fund was established to fund three school expansions within Schools 1 and Schools 2. The three school expansions underway are at Hobsonville Primary, Wakatipu High School and Rolleston College.

All of PIP Fund's LPs offered a pro-rata share of the \$35 million fund NZSIF committed its full share of \$7.5 million to PIP SE Fund and \$3.4 million has been contributed to date. Entitlements to invest that were not taken up by existing PIP Fund LPs were taken-up by PIP III LP

PIP SE is expected to provide returns to investors consistent with the original schools' investments.

#### PIP Fund Sale

The process to sell the PIP Fund was formally called off in Q1 2021. The sales process was significantly interrupted by Covid-19. The Investment Manager will talk to a possible renewed sales process in 2022.

#### NZSIF Outlook:

- All PIP Fund investments are contributing cash flows
- NZSIF expects to make quarterly distributions as cash flows permit
- PIP SE LP continues to make progress with the three school expansion projects

### 3. **FORMAL BUSINESS**

#### - **Financial Report**

to receive and consider the Annual Report, the Financial Statements and the Auditor's Report for the financial year ended 31 March 2021 – noted.

#### **Reappointment of Auditor**

Chair and director David McCallum held proxy votes, in favour and discretionary. Proxy's were also held by the NZSA., discretionary

#### **It was Resolved:**

That KPMG be reappointed as Auditors of the Company and that the Directors be authorised to fix the auditor's remuneration for the ensuing year.

Called for verbal confirmation – all in favour.

#### **Resolution Passed**

### 4. **GENERAL BUSINESS**

There was no general business.

### 5. **PRESENTATION BY THE INVESTMENT MANAGER (Public Infrastructure Partners LP (PIP) Fund Presentation)**

The Chair passed the meeting over to the PIP Fund for the Investment Manager's presentation on investment performance and outlook.

Summary of Fund Activities Year End 31 March 2021:

- Fund is fully invested and the assets are in the lower risk operational phase
- Follow-On Investments were executed in 2021 but are now being progressed using PIP Fund SE
- Refinancing work executed in 2021 (*NZ Schools 1 PPP (post Covid precautionary), NZ Schools 2 PPP*)
- Early termination of the University Of Wollongong
- Total distributions (cash) paid to investors NZ\$64.6 million
  - Follow on investments of NZ\$4.2 million
  - Distributions have resumed following PIP SE funding of School expansions
- Minor portfolio revaluation loss of (2.5)% (excluding UoW)
- Sales process cancelled after 12 months work

SP spoke on the portfolio performance, providing detail on each PPP. Also confirmed no issue for any portfolio company through Covid as these are availability based contracts.

#### *Fund Returns*

JH spoke to the UoW Student Accommodation exit transaction and the return profile. The PIP Fund return metrics were IRR 22% (gross before fees, tax, fx) and 2.5x mm, exceeding original investment return expectations. Also covered Investment Concentration, Investment Returns, Forecast Distributions to LPs and Asset performance.

#### *Sale Process & Other Initiatives*

SP advised that the sales process was terminated in Q3 2020 in the main due to Covid-19 impact, but the process may be revisited in 2022.

Q&A followed.

Meeting closed at 12:15pm.



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**Chair**