



New Zealand Social Infrastructure Fund Limited

Interim Report

For the six months ended 30 September 2022



Melbourne Convention & Exhibition Centre



Bendigo Key Worker Accommodation



Hobsonville Primary School



Auckland Prison



New Zealand Schools 2 – Rolleston College



Wakatipu High School

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Report to shareholders

December 2022

Dear Shareholder

I am pleased to present the New Zealand Social Infrastructure Fund Limited's (NZSIF) report for the six months to 30 September 2022, including the financial statements for the period.

Highlights for the period included:

- **NZ Schools Expansion - Follow-on Investments**
Three school expansions are underway: Hobsonville Primary, Wakatipu High School and Rolleston College. NZSIF committed to a \$7.5 million follow-on investment in these school expansions through the Public Infrastructure Partners SE LP.
- **Net Asset Value**
At 30 September 2022 NZSIF's Net Asset Value was \$1.60 per share.
- **Distributions**
NZSIF paid a gross distribution of 2.0 cps to shareholders on 16 September 2022. This brings total gross distributions paid to 53.6 cps as at 30 September 2022.
- **All assets are operating to the satisfaction of the Manager.**

Background

Limited Partnership and Capital

NZSIF is a Limited Partner (LP) in the Public Infrastructure Partners LP Fund (PIP Fund 1). PIP Fund 1 is an institutional fund established by Morrison & Co (the Manager) to invest in public private partnerships (PPPs) that deliver social infrastructure assets such as schools, hospitals, accommodation facilities, and local government facilities to the community.

The final close for PIP Fund 1 was 31 December 2010. PIP Fund 1 has nine limited partners with capital commitments of \$176.5 million. NZSIF has a 23%

interest in PIP Fund 1 and is the second largest investor, behind the New Zealand Superannuation Fund.

PIP SE LP (PIP SE)

The Manager of PIP Fund 1 established a dedicated fund, PIP SE, to fund the school expansions, with all PIP Fund's LPs offered a pro-rata share of the \$35 million fund. Entitlements to invest that were not taken up by existing Fund 1 LPs were taken-up by PIP Fund 3.

NZSIF committed \$7.5 million to PIP SE for the NZ Schools expansion project. NZSIF has a 60% interest in PIP SE total commitments from existing Fund 1 LPs. Of this amount \$4.1 million has been contributed, with a further \$3.4 million available as the school projects progress and capital is called by PIP SE.

Investment Portfolio

Melbourne Convention and Exhibition Centre

The first investment for PIP Fund 1 was MCEC, with NZ\$40 million invested in 2010 for an ownership interest of 49.9%. NZSIF's net investment was NZ\$9 million. The contract counterparty is the State of Victoria with the concession due to expire in January 2034.

MCEC is a substantial development with net assets of A\$785 million (MCE Trust Annual Report June 2021). PIP Fund 1's revenue streams are based on availability of the facility and are not demand driven.

MCEC continues to perform to expectations producing strong cash flows, with no revenue deductions for equity investors.

Melbourne Convention and Exhibition Centre Expansion Project

This is a 20,000m² expansion, including a 9,000m² extension of the exhibition centre. The expansion opened 9 July 2018. It was a A\$15 million follow-on investment with NZSIF's share being NZ\$3.7 million.

The State of Victoria is the contract counter party and the expiration of the concession in January 2034 aligns with the original Melbourne Convention and Exhibition Centre PPP contract.



Melbourne Convention & Exhibition Centre

Hobsonville Schools

In January 2013 Learning Infrastructure Partners (LIP, a PIP Fund 1 consortium) delivered New Zealand's first public private partnership (PPP) being the design, construction, financing and maintenance of Auckland's Hobsonville Point primary and secondary schools.

The 25-year concession is with the Ministry of Education and expires in 2039.

PIP Fund 1 invested equity of \$10 million, of which NZSIF's share was \$2.25 million.

Hobsonville Point Primary School with a 690 student capacity opened in January 2013 and the Hobsonville Point Secondary School (1,500 students) in mid-February 2014.

The schools are designed as open learning environments and continue to operate well with all planned and reactive maintenance tasks being completed within the required timeframes.

School Expansion

Due to the roll growth at the primary school, the Ministry of Education is looking to proceed with an expansion of this facility to 1,200 students. The new expansion will

include a building with capacity for 510 students, and a performance hall.

Preliminary design completion has been delayed due to the Ministry revisiting the building footprint. With supply chain shortages and labour market constraints leading to price escalation, procurement options are currently being reviewed by the Ministry.

The estimated construction cost was \$32 million.



Hobsonville Point Secondary School

New Zealand Schools 2

Financial close was reached in April 2015, and in May 2015 PIP Fund 1 consortium 'Future Schools Partners' signed a contract with the Ministry of Education for the design, construction, financing and maintenance of four schools throughout New Zealand. The 25-year concession expires in 2043. PIP Fund 1 has a 90% interest in the project, with PIP Fund 2 holding the balance.

The schools are Ormiston Junior College in Auckland, Haeata Community Campus and Rolleston College in Canterbury, and Wakatipu High School in Queenstown.

PIP Fund 1's equity investment was \$22 million, with NZSIF's share being \$5 million.



Rolleston College



Ormiston Junior College



Haeata Community Campus



Wakatipu High School

Schools 2 Expansions

The Ministry and PIP SE continue the expansions of Wakatipu High School (an additional 600 students) and Rolleston College (an extra 700 students).

Wakatipu High School - Progress on the construction of the Wakatipu High School expansion has been progressing well with the new southern wing delivered on schedule for operation at the commencement of term 3. The double gym and the last of the external landscaping are scheduled for completion in January 2023. Supply and resource constraints have been well managed so as not to impact on completion dates.

Rolleston College - Watts and Hughes were engaged to i) continue the design of the 700-student space expansion, ii) confirm a lump sum price following trade tendering, and iii) complete project documentation to reach financial close in December this year. The SPV and the builder engaged specialised lawyers to work through risk allocation and specific PPP requirements. Progress remains on track. A resource consent has been granted and a preferred supplier has been engaged. The expansion works are scheduled for completion in December 2023.

Bendigo Key Worker Accommodation

(Bendigo, Victoria, Australia)



The Bendigo investment was completed in March 2014. This is a doctors and nurses residential facility based in Bendigo, Victoria, Australia, consisting of 120 accommodation units.

Investment factors:

- Bendigo Healthcare Group (BHCG), the tenant, is a public health provider for the State of Victoria under the Health Services Act 1988.
- PIP entered into a 30-year property lease, with inflation linked cash flows.
- There is no occupancy risk carried by PIP.
- A PIP Fund 1 entity owns the land and retains ownership of the land and buildings at the end of the lease.



Bendigo Key Worker Village

BHCG employs 3,000 staff and has a A\$300 million annual budget. The Bendigo Hospital Project commissioned the development of a new A\$630 million hospital, which was completed in 2017.

The total equity investment in the accommodation facility was A\$8.7 million, equivalent to NZ\$10.8 million. NZSIF's share of this investment was NZ\$2.3 million.

A defects report regarding water leak issues has estimated rectification costs at A\$1.8m. A claim is to be made on the builder, H Troon, for rectification of defects identified in the report.

Auckland Prison

Financial close was reached in 2015 with Next Step Partners (NSP), a PIP Fund 1 consortium, to design, build, finance and maintain both the new Auckland prison facility, and the existing prison facility. The contract counter party is the Department of Corrections (Corrections) with the concession expiring in 2042.

The NSP consortium comprised PIP Fund 1, Fletcher Construction (Building and Interiors), Cushman and Wakefield and Westpac. Fletcher Construction was

responsible for the design and construction of the new facility, Cushman and Wakefield is responsible for the Asset Management and Facilities Maintenance (AM/FM), and Westpac provided the debt.

PIP Fund 1's equity investment was \$30 million, with NZSIF's share \$7 million.

Custodial responsibilities are excluded from the contract and both facilities are operated by Corrections.

The Facility

Auckland Prison is located near Albany, northwest of Auckland City and is designed for 681 male prisoners, ranging from minimum to maximum security classification.

The new facility has been functioning as an operational prison since October 2018.

The provision of asset and facilities management services has been running smoothly and has generated positive feedback from Corrections.



Auckland Prison

Investment Portfolio Mix

The portfolio investment composition is shown below.

Chart 1 – NZSIF Investment Mix 30 September 2022

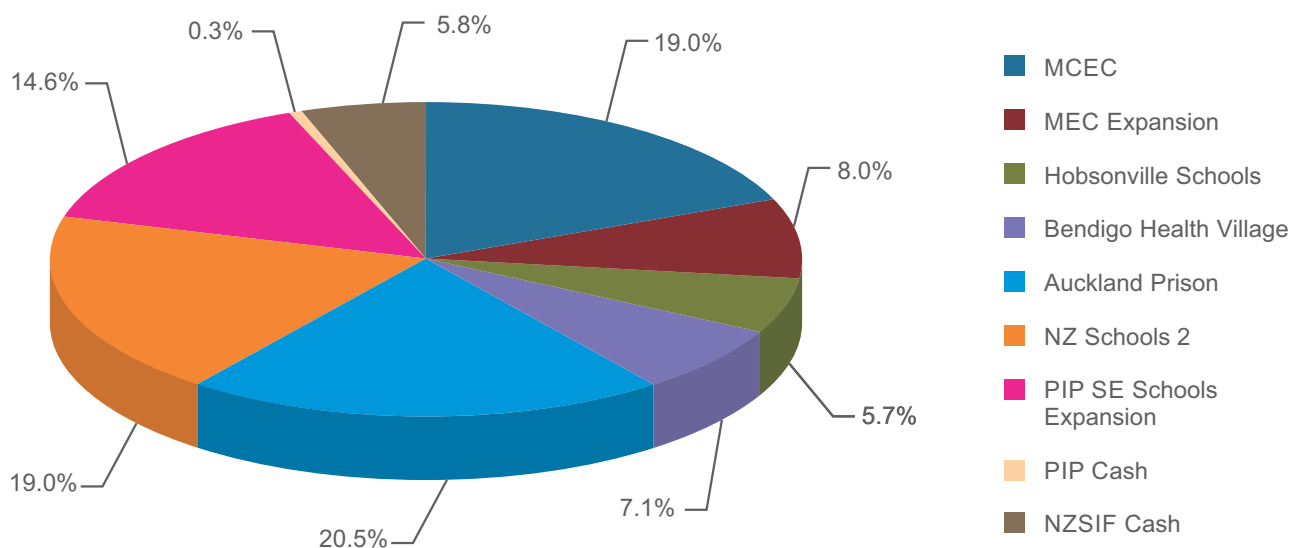
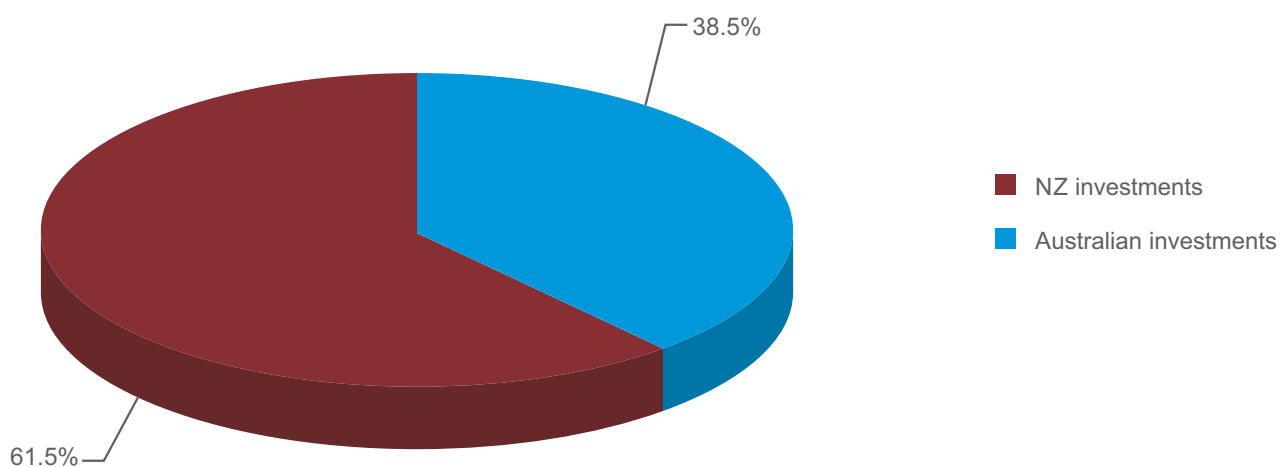


Chart 2 – Investment Concentration by Country 30 September 2022



Investment Commitment

PIP Fund 1 is fully drawn. NZSIF has committed \$7.5 million to PIP SE. \$4.1 million has been contributed, with a further \$3.4 million to pay (currently held in cash) as the school projects progress and capital is called by PIP SE.

NZSIF Capital Position and Net Asset Value

Shareholders have contributed capital of \$41 million (\$1.00 per share) and received capital returns of \$7.6 million (18.6 cps), for a net capital contribution of 81.4 cps.

NZSIF's net asset value (NAV) based on the financial statements at 30 September 2022 was \$1.60 per share.

PIP Fund 1 and PIP SE Investment Valuation

The valuation method used by PIP Fund 1 and PIP SE to value their project investments is the discounted cash flow method, which is appropriate for valuing PPP projects. Both funds engage a third-party expert to value their assets (excluding Bendigo), at the end of each financial year (31 March). In the case of Bendigo a property valuer determines fair value. At interim accounting periods PIP Fund 1 and PIP SE's assets are valued at fair value based on the valuation at the end of the previous 31 March financial year end, with adjustments for any income earned less any distributions received in the period, and any exchange rate movement on Australian investment assets.

NZSIF Investment Valuation & Returns

NZSIF's policy is to carry investments at fair value with subsequent movements in fair value recognised through profit or loss.

NZSIF's investments in PIP Fund 1 and PIP SE at 30 September 2022 were collectively valued at \$61.8 million (September 2021: \$54.5 million) a \$7.3 million increase in the fair value of the investments over the 12 month period.

Distributions

NZSIF has paid total gross distributions of 53.6 cps (including capital returns of 18.6 cps) to 30 September 2022. The most recent distribution of 2 cps was paid 16 September 2022.

Financial Statements

The unaudited interim financial statements covering the six-month period to 30 September 2022 are provided in this report for your information.

NZSIF's reported profit was \$3,015,091 (September 2021: \$1,258,045). The movement in fair value of investment in PIP Fund 1 and PIP SE is shown in the statement of comprehensive income.

Expenses were \$164,136 (Sept 2021: \$165,721).

The value of NZSIF's investment in the two PIP Funds was \$61,762,677 (September 2021: \$54,465,703). Liabilities totalled \$29,126.

Capital and Net Asset Value

Issued capital was \$32,953,795. Combined with retained earnings of \$32,608,443, total capital was \$65,562,238. This represented a net asset value of \$1.60 per share at 30 September 2022.

Outlook

PIP Sales Process

PIP revisited the sales process in September 2022. If a binding bid is received there are some complexities to work through before a successful bid can be announced. We will provide updates to you as we are able.

Distributions

We have been receiving distributions from PIP Fund on a more regular basis and paying these through to investors as cash flows permit. We expect distributions to continue on a quarterly basis, with the actual payments being subject to cash flow timings. PIP Fund SE is also expected to contribute to distributions at some stage in 2023.

We will keep you up to date through media releases, via the NZSIF website www.nzsif.co.nz or by writing directly to you. All shareholder reports plus news updates are available to view on the website.

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.

Thank you for your continuing support of NZSIF.

Yours sincerely

**NEW ZEALAND SOCIAL INFRASTRUCTURE
FUND LIMITED**



Kim Ellis
Chair

Interim Financial Statements

Statement of comprehensive income

For the six months ended 30 September 2022

		Unaudited 6 months Sep 2022 \$	Audited 12 months Mar 2022 \$	Unaudited 6 months Sep 2021 \$
	<i>Note</i>			
Distribution income		1,623,282	3,080,869	1,422,635
Interest income		39,517	38,420	10,071
Movement in fair value of investment in PIP Fund	3	1,346,707	3,569,042	(187,656)
Movement in fair value of investment in PIP SE Fund	3	169,721	1,178,965	178,721
Total investment income		3,179,227	7,867,296	1,423,771
Administrative expenses		(164,136)	(345,301)	(165,721)
Interest expense		-	(9)	(4)
Profit before tax		3,015,091	7,521,986	1,258,046
Income tax credit/(expense)	4	-	-	-
Profit for the period		3,015,091	7,521,986	1,258,046
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		3,015,091	7,521,986	1,258,046

Statement of changes in equity

For the six months ended 30 September 2022

	Share capital	Retained earnings/ (losses)	Total equity
Balance at 1 April 2022	32,953,795	30,413,352	63,367,147
Total comprehensive income for the period	-	3,015,091	3,015,091
Redemption of capital	-	-	-
Dividends paid/payable	-	(820,000)	(820,000)
Balance at 30 September 2022	32,953,795	32,608,443	65,562,238

For the year ended 31 March 2022

	Share capital	Retained earnings/ (losses)	Total equity
Balance at 1 April 2021	35,003,795	25,351,366	60,355,161
Total comprehensive income for the period	-	7,521,986	7,521,986
Redemption of capital	(2,050,000)	-	(2,050,000)
Dividends paid/payable	-	(2,460,000)	(2,460,000)
Balance at 31 March 2022	32,953,795	30,413,352	63,367,147

For the six months ended 30 September 2021

	Share capital	Retained earnings/ (losses)	Total equity
Balance at 1 April 2021	35,003,795	25,351,366	60,355,161
Total comprehensive income for the period	-	1,258,046	1,258,046
Redemption of capital	(2,050,000)	-	(2,050,000)
Dividends paid/payable	-	(1,025,000)	(1,025,000)
Balance at 30 September 2021	32,953,795	25,584,412	58,538,207

Statement of financial position

As at 30 September 2022

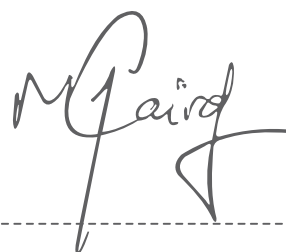
	Note	Unaudited 6 months Sep 2022 \$	Audited 12 months Mar 2022 \$	Unaudited 6 months Sep 2021 \$
Assets				
Property, plant and equipment		12	16	24
Investment in PIP Fund	3	52,418,239	51,071,532	47,314,834
Investment in PIP SE Fund	3	9,344,438	9,174,716	7,150,869
Total non-current assets		61,762,689	60,246,264	54,465,727
Cash and cash equivalents	7	3,792,368	3,121,320	4,470,825
Receivables and prepayments	6	14,485	30,748	35,846
Taxation receivable		21,822	10,758	4,469
Total current assets		3,828,675	3,162,825	4,511,140
Total assets		65,591,364	63,409,090	58,976,867
Equity				
Share capital		32,953,795	32,953,795	32,953,795
Retained earnings		32,608,443	30,413,352	25,584,412
Total equity attributable to equity holders		65,562,238	63,367,147	58,538,207
Liabilities				
Trade and other payables		29,126	41,943	438,660
Total current liabilities		29,126	41,943	438,660
Total liabilities		29,126	41,943	438,660
Total equity and liabilities		65,591,364	63,409,090	58,976,867

For and on behalf of the Board



Director

24 November 2022



Director

24 November 2022

Statement of cash flows

For the six months ended 30 September 2022

	Note	Unaudited 6 months Sep 2022 \$	Audited 12 months Mar 2022 \$	Unaudited 6 months Sep 2021 \$
Cash flows from operating activities				
Distributions received		1,623,282	3,080,869	1,422,635
Interest received		39,517	38,420	10,071
Interest paid		-	(9)	(4)
Income taxes refunded		-	1,649	-
Income taxes paid		(11,065)	(10,758)	(2,820)
Cash paid to suppliers		(160,686)	(376,444)	194,747
Net cash from operating activities	8	<u>1,491,048</u>	<u>2,733,727</u>	<u>1,624,629</u>
Cash flows from financing activities				
Capital Distributions paid		-	-	(6,150,000)
Dividends paid		(820,000)	(8,610,000)	(1,025,000)
Term Deposit	7	-	-	(3,000,000)
Net cash from financing activities		<u>(820,000)</u>	<u>(8,610,000)</u>	<u>(10,175,000)</u>
Cash flows from investing activities				
Proceeds from PIP Fund		-	-	-
Investment in PIP Fund		-	-	-
Investment in PIP SE Fund		-	(1,697,977)	(674,374)
Net cash from investing activities		<u>-</u>	<u>(1,697,977)</u>	<u>(674,374)</u>
Net movement in cash and cash equivalents		671,048	(7,574,250)	(9,224,745)
Cash and cash equivalents at beginning of period		3,121,320	10,695,570	10,695,570
Cash and cash equivalents at end of period	7	<u>3,792,368</u>	<u>3,121,320</u>	<u>1,470,825</u>



Notes to the financial statements

1. General information

(a) Reporting entity

New Zealand Social Infrastructure Fund Limited (the “Company”, or “NZSIF”) is a company incorporated and domiciled in New Zealand. NZSIF is registered under the Companies Act 1993 and is an FMC Reporting Entity in terms of the Financial Markets Conduct Act 2013.

The interim financial statements of the Company have been prepared for the six months ended 30 September 2022, in accordance with the Financial Reporting Act 2013 and the Financial Markets Conduct Act 2013.

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”) and the Public Infrastructure Partners Limited SE Partnership (the “PIP SE Fund”) (together “the Funds”).

The interim financial statements were approved by the Directors on 24 November 2022.

(b) Statement of compliance

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (NZ GAAP). They comply with NZ IAS 34 Interim Financial Reporting and New Zealand Equivalents to International Financial Reporting Standards (NZ IFRS). They do not include all the information required for full annual financial statements and should be read in conjunction with the financial statements of the Company as at and for the year ended 31 March 2022.

(c) Basis of measurement

The interim financial statements are prepared on the historical cost basis except that certain financial instruments are stated at their fair value (see note 2(a)).

(d) Functional and presentation currency

The interim 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 interim 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.



Notes to the financial statements

2. Significant accounting policies

The accounting policies applied by the Company in these interim financial statements are the same as those applied by the Company in its annual financial statements as at and for the year ended 31 March 2022. No valuations by an independent valuation expert are used for interim reporting periods (see Note 3: Key estimates and judgements).

(a) Investment in the PIP Fund and PIP SE Fund

NZSIF invests in the PIP Fund and the PIP SE Fund as a limited partner.

The Company's investment in the Funds are classified at fair value through profit or loss and presented as non-current assets 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.

3. Investment in PIP Funds

The Company currently has two investments, which are the PIP Fund and the PIP SE Fund.

The Company's fair valuation of its share of the PIP Fund as at 30 September 2022 is \$52,418,239 (31 March 2022: \$51,071,532) and the PIP SE Fund as at 30 September 2022 is \$9,344,438 (31 March 2022: \$9,174,716). These are recorded in the statement of financial position. The movement against the previous valuation is shown as a fair value movement through profit or loss. For the PIP Fund as at 30 September 2022 there was an increase of \$1,346,707 (31 March 2022: increase of \$3,569,042) and for the PIP SE Fund as at 30 September 2022 there was an increase of \$169,721 (31 March 2022: increase of \$1,178,965).

(a) Investment in the PIP Fund

The following table is a reconciliation of the opening balance to the closing balance for fair value measurement of the Investment in the PIP Fund:

	Unaudited Sep 2022	Audited Mar 2022	Unaudited Sep 2021
Opening balance			
Total gains/(losses) recognised in profit or loss:	51,071,532	47,502,490	47,502,490
- Fair value adjustments	195,425	4,317,287	560,589
- Foreign exchange movement	1,151,282	(748,245)	(748,245)
	1,346,707	3,569,042	(187,656)
Capital distributions received	-	-	-
Closing balance	52,418,239	51,071,532	47,314,834



Notes to the financial statements

3. Investment in PIP Funds (continued)

(b) Investment in the PIP SE Fund

The following table is a reconciliation of the opening balance to the closing balance for fair value measurement of the Investment in the PIP SE Fund:

	Unaudited Sep 2022	Audited Mar 2022	Unaudited Sep 2021
Opening balance			
Total gains/(losses) recognised in profit or loss:	9,174,716	-	6,297,774
- Fair value adjustments	169,721	1,178,965	178,721
	169,721	1,178,965	178,721
Capital distributions received	-	-	-
Purchase of investment	-	1,697,976	674,374
Closing balance	9,344,438	9,174,716	7,150,869

Key estimates and judgements

Company policy is to carry investments at fair value with subsequent movements in fair value recognised through profit or loss. The General Partner of the Funds arranges annual valuations of the operating project investments at each 31 March balance date, by an independent valuation expert, using valuation methodologies approved by the Advisory Committee of the Funds. As there is no quoted market price for the Funds, the Company, for the purposes of its 30 September 2022 half year financial statements, estimated the fair value of its investments in the Funds after considering its proportional share of the net assets attributable to partners of the Funds from the Funds unaudited financial information as at 30 September 2022 and whether there have been any significant changes to forecast future cash flows and any foreign exchange movements that would impact on the valuations of operating project investments.

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).

30 September 2022	Level 1	Level 2	Level 3	Total
Investment in PIP Fund	-	-	52,418,239	52,418,239
Investment in PIP SE Fund	-	-	9,344,438	9,344,438
31 March 2022	Level 1	Level 2	Level 3	Total
Investment in PIP Fund	-	-	51,071,532	51,071,532
Investment in PIP SE Fund	-	-	9,174,716	9,174,716
30 September 2021	Level 1	Level 2	Level 3	Total
Investment in PIP Fund	-	-	47,314,834	47,314,834
Investment in PIP SE Fund	-	-	7,150,869	7,150,869



Notes to the financial statements

4. Income tax

No income tax expense has been included in the interim financial statements due to the Company having surplus unrecognised tax losses. The estimated gross amount of tax losses not recognised at 30 September 2022 is \$11,082,165 (31 March 2022: \$10,957,546, 30 September 2021: \$9,806,090).

5. Issued capital

Each \$1.00 share originally comprised one ordinary voting share with a nil issue price, and 100 non-voting redeemable preference shares in NZSIF at \$0.01 each (a stapled security). The total \$1.00 per share is now called. With the capital returns to date NZSIF shares now comprise one ordinary voting share with a nil issue price and 81 non-voting redeemable preference shares.

6. Receivables and prepayments

	Note	Unaudited Sep 2022	Audited Mar 2022	Unaudited Sep 2021
Receivables	10	-	-	21,959
Prepayments		14,485	30,748	13,887
		<u>14,485</u>	<u>30,748</u>	<u>35,846</u>

7. Cash and cash equivalents

	Note	Unaudited Sep 2022	Audited Mar 2022	Unaudited Sep 2021
Call deposits:				
ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited	10	3,516,375	2,893,977	1,068,647
Westpac New Zealand Limited Deposit (Overdraft)		275,993	227,343	402,178
Cash and cash equivalents in the statement of cash flows		<u>3,792,368</u>	<u>3,121,320</u>	<u>1,470,825</u>
Westpac Short Term Deposit		-	-	3,000,000
Cash and cash equivalents		<u>3,792,368</u>	<u>3,121,320</u>	<u>4,470,825</u>

The weighted average interest rate on call deposits at ANZ Bank during the period to 30 September 2022 was 2.59% (31 March 2022: 0.67%, 30 September 2021: 0.47%). No interest is receivable when the Westpac account is in credit.

The Westpac account has a short-term overdraft facility available of \$500,000. The account was overdrawn twice during the period to 30 September 2022. The interest rate on the bank overdraft as at 30 September 2022 was 9.50% (31 March 2022: 7.50%, 30 September 2021: 6.75%). The bank overdraft is secured with a negative pledge and has a general security agreement dated 2 November 2020 over all present and after acquired property.

The Company had a short-term deposit held with Westpac (30 September 2021). The short-term deposit matured 16 February 2022. The interest rate payable at maturity was 1.3%. The Company has no short-term deposit at 30 September 2022.



Notes to the financial statements

8. Reconciliation of profit/(loss) after taxation to the net cash flow from operating activities

	Unaudited Sep 2022	Audited Mar 2022	Unaudited Sep 2021
Profit/(loss) for the period	3,015,091	7,521,986	1,258,046
Depreciation	4	16	8
Movement in fair value of PIP Fund Investment	(1,346,707)	(3,569,042)	187,656
Movement in fair value of PIP SE Fund Investment	(169,721)	(1,178,965)	(178,721)
	<u>1,498,667</u>	<u>2,773,995</u>	<u>1,266,989</u>
Movement in Working Capital			
Change in receivables and prepayments	16,262	(1,270)	(6,368)
Change in income tax receivable/payable	(11,065)	(9,109)	(2,821)
Change in trade and other payables	(12,816)	(29,889)	366,829
	<u>(7,619)</u>	<u>(40,268)</u>	<u>357,640</u>
Net cash flow from/(to) operating activities	<u>1,491,048</u>	<u>2,733,727</u>	<u>1,624,629</u>

9. Commitments

As at 30 September 2022, the Company has further commitments to the PIP SE Fund of \$2,363,921 (31 March 2022: \$2,363,921, 30 September 2021: \$3,387,525), which will be met from cash reserves when further capital calls are issued by PIP SE pursuant to clause 3.2 of the PIP SE Limited Partnership Agreement dated 16 October 2020.

10. 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 NZSIF.

The following director of the Company is also an employee of Craigs Investment Partners Limited:

- David Ross McCallum

Transactions with related parties

During the period, the Company entered into the following transactions with related parties:

- Management fees paid to NZSIF Management Limited totalled \$83,814 (31 March 2022: \$170,850, 30 September 2021: \$83,790).
- Craigs Investment Partners Limited paid certain expenses and received certain receipts on behalf of the Company. As at 30 September 2022, the Company owed Craigs Investment Partners Limited \$57 (31 March 2022: Nil, 30 September 2021: Craigs Investment Partners Limited owed the Company \$21,959).
- An on-call bank account is held with ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited, which is a 100% subsidiary of Craigs Investment Partners Limited. At 30 September 2022 the balance held was \$3,516,375 (31 March 2022: \$2,893,977, 30 September 2021: \$1,068,647) (see Note 7). For deposits placed via CIP Cash Management Nominees Limited, the Company receives interest rates higher than it would otherwise obtain by going direct to banks. These rates are consistent with those offered to all customers of CIP Cash Management Nominees Limited. CIP Cash Management Nominees Limited receives a commission of up to 30 basis points on such deposits.



Notes to the financial statements

10. Related parties *(continued)*

Transactions with key management personnel

	Unaudited 6 months Sep 2022	Audited 12 months Mar 2022	Unaudited 6 months Sep 2021
Directors' fees (total remuneration)	38,000	76,000	38,000

The balance of directors' fees owing to key management personnel at 30 September 2022 was \$19,000 (31 March 2022: \$19,000, 30 September 2021: \$19,000).

Directors' interests

The following directors or their associated entities held shares in the Company at 30 September 2022:

- | | |
|----------------------------------|----------------|
| • Kimmitt Rowland Ellis | 150,000 shares |
| • Ian Alexander Nicholson Fraser | 100,000 shares |
| • Michael John Caird | 100,000 shares |
| • David Ross McCallum | 35,000 shares |

11. Subsequent events

There were no events occurring subsequent to balance date which require adjustment to or disclosure in the financial statements.



Independent Review Report

To the Shareholders of New Zealand Social Infrastructure Fund Limited

Report on the interim financial statements

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the interim financial statements on pages 8 to 17 do not:

- i. Present fairly in all material respects the Company's financial position as at 30 September 2022 and its financial performance and cash flows for the 6 month period ended on that date; and
- ii. Comply with NZ IAS 34 Interim Financial Reporting.

We have completed a review of the accompanying interim financial statements which comprise:

- The statement of financial position as at 30 September 2022;
- The statements of comprehensive income, changes in equity and cash flows for the 6-month period then ended; and
- Notes, including a summary of significant accounting policies and other explanatory information.



Basis for conclusion

A review of interim financial statements in accordance with NZ SRE 2410 *Review of Financial Statements Performed by the Independent Auditor of the Entity* ("NZ SRE 2410") is a limited assurance engagement. The auditor performs procedures, consisting of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures.

As the auditor of New Zealand Social Infrastructure Fund Limited, NZ SRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial statements.

Our firm has also provided other services to the Company in relation to taxation services, however we note that these are provided to and paid for by Craigs Investment Partners Limited. Subject to certain restrictions, Partners and employees of our firm may also deal with the Company on normal terms within the ordinary course of trading activities of the Company. These matters have not impaired our independence as Auditor of the Company. The firm has no other relationship with, or interests in, the Company.



Use of this Independent Review Report

This report is made solely to the shareholders as a body. Our review work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the Independent Review Report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the shareholders as a body for our review work, this report, or any of the opinions we have formed.



Responsibilities of the Directors for the interim financial statements

The Directors, on behalf of the Company, are responsible for:

- The preparation and fair presentation of the interim financial statements in accordance with NZ IAS 34 Interim Financial Reporting;
- Implementing necessary internal control to enable the preparation of an interim financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- Assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.



Auditor's Responsibilities for the review of the interim financial statements

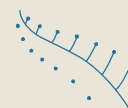
Our responsibility is to express a conclusion on the interim financial statements based on our review. We conducted our review in accordance with NZ SRE 2410. NZ SRE 2410 requires us to conclude whether anything has come to our attention that causes us to believe that the interim financial statements are not prepared, in all material respects, in accordance with NZ IAS 34 Interim Financial Reporting.

The procedures performed in a review are substantially less than those performed in an audit conducted in accordance with International Standards on Auditing (New Zealand). Accordingly, we do not express an audit opinion on these interim financial statements.

This description forms part of our Independent Review Report.

Tauranga

24 November 2022



Directory

BOARD OF DIRECTORS OF NZSIF

Kimmitt Rowland Ellis (Chair)
Ian Alexander Nicholson Fraser
Michael John Caird*
David Ross McCallum*

* Both Mike Caird and David McCallum are shareholders in CIP (via CIP Holdings Ltd). CIP wholly owns the manager of the New Zealand Social Infrastructure Fund Ltd, NZSIF Management Ltd.

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

OFFICES OF NZSIF

New Zealand Social Infrastructure Fund Limited
Craigs Investment Partners House
158 Cameron Road
PO Box 13155
Tauranga 3141

Phone: (07) 927 7927
Email: enquiries@nzsif.co.nz
Website: www.nzsif.co.nz

AUDITORS

KPMG
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Tauranga 3140

Phone: (07) 578 5179

INVESTMENT MANAGER

Morrison & Co PIP Limited
5 Market Lane
PO Box 1395
Wellington 6140

ADMINISTRATION MANAGER

NZSIF Management Limited
Craigs Investment Partners House
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Phone: (07) 927 7927
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SHARE REGISTRAR

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