

Media Release

Questions & Answers

What is "Social Infrastructure"?

The PIP Fund is focused on investing in social infrastructure. Social infrastructure generally refers to assets in which the public sector delivers social services, such as:

- Education – school and school hall accommodation as well as tertiary facilities such as student accommodation
- Health – public healthcare facilities such as hospitals and community medical centres as well as ancillary facilities such as District Health Board offices and training centres
- Justice and Corrections – prison accommodation and ancillary facilities such as court houses and community policing facilities
- Housing – both central and local government housing provision including defence force housing and other key public sector housing supply
- Community facilities – local government assets such as event centres, conference centres and sports facilities

Under a typical social infrastructure PPP, the private partner will contract to design, build, finance and maintain an asset for 25-35 years in return for an annual fee, which repays the construction and financing costs along with asset maintenance and operational expenses.

The PIP Fund does not intend to invest in commercial infrastructure assets such as toll roads, ports or electricity generation.

Does the PIP Fund intend to provide social services within its social infrastructure assets?

The PIP Fund does not intend to deliver social services, such as health, education or prison custodial services. It will provide ongoing facility operations management to ensure the asset continues to be maintained to acceptable standards over the investment term. The expectation is that Government agencies will continue to provide the actual social services within these assets.

What is the relationship between the PIP Fund and the New Zealand Social Infrastructure Fund (NZSIF)?

NZSIF is a Limited Partner in the PIP Fund. NZSIF was established to enable smaller investors to invest in the PIP Fund alongside major institutions such as the New Zealand Superannuation Fund. NZSIF's shareholders include approximately 750 investors including New Zealand retail investors, community groups, charitable trusts and Maori trust organisations. It is not stock exchange listed.

Where can I learn more about the Melbourne Convention & Exhibition Centre?

The Melbourne Convention & Exhibition Centre website (www.mcec.com.au) provides a significant amount of further detail on the facilities, along with a gallery of images.

Is the Fund investing in the broader MCEC Precinct Development?

No. A Hilton hotel, retail centre and other public amenities have been built alongside the MCEC as part of a broader precinct development plan. These are separate from the MCEC PPP and our Fund's investment is solely in the PPP, in keeping with our investment strategy.

Who are the Fund's partners in this investment?

Plenary Group (www.plenarygroup.com.au) will be the Fund's joint venture partner in this investment. Plenary Group was established in 2004 as an independent PPP business and is an investor, developer and operator of PPP assets in Australia and North America. The key service contractor to the PPP in the operational phase is Brookfield Multiplex Services, a subsidiary of the Brookfield Multiplex Group (www.brookfieldmultiplex.com). Brookfield Multiplex also constructed the Melbourne Convention Centre.

Will the investment in the MCEC PPP be subject to demand risk?

Under the MCEC PPP arrangement, the private partner's payments from the State are not dependent on utilisation of the Convention Centre or Exhibition Centre. The State retains responsibility for the Conventions and Exhibitions businesses, while the private partner is focused on managing the facilities and ensuring they remain available for use to pre-agreed standards.

Why has the PIP Fund chosen to make an investment in Australia?

The PIP Fund's primary focus is investing in social infrastructure PPPs in New Zealand, but it can make investments in Australia with the approval of the investors' Advisory Committee. The Investment Manager and Advisory Committee concluded that the risk-return profile offered by this investment opportunity was sufficiently attractive to justify an investment in Australia.

Are investment opportunities emerging in NZ?

On 11th August this year Bill English announced that PPP procurement options would be considered for all government infrastructure projects with a cost greater than \$25 million. Although this will take time to translate into a pipeline of investment opportunities this statement of firm intent is encouraging. On the practical side, central government has commenced procurement processes for a PPP prison and a PPP schools project. Both of these projects have a target date for contractual close of late 2011.