



18 December 2014

Dear Shareholder

Wollongong University Student Accommodation Investment Completed

The New Zealand Social Infrastructure Fund (NZSIF) is pleased to announce that the Public Infrastructure Partners Fund (PIP Fund), in which NZSIF has a 23% interest, has confirmed its fourth social infrastructure investment being the Wollongong University Student Accommodation project.

The PIP Fund has reached agreement with the University for a 39 year concession to operate and maintain existing student accommodation facilities (1,900 beds across nine sites, with 273 existing beds being decommissioned over three years) and to design and build, manage and maintain two new facilities (totalling 1060 beds) to be built over the next three years.

The PIP Fund is a 50/50 equity investor alongside Balfour Beatty Investors. Programmed Facility Management will maintain the facility, Hutchinson Builders will provide development and construction services, and ANZ and NAB are providing the senior debt.

NZSIF has paid its 50% share of the initial equity investment for Wollongong from the recent shareholder 15c call. The three year construction phase will be debt funded and at the end of the period we will pay the remaining equity, entailing an approximate 10 cps call.

Including the second tranche of the Wollongong commitment NZSIF has now reached 71% of its investment commitment to the PIP Fund. If Auckland Prison reaches a successful financial close we anticipate investment commitments reaching mid 80% in the first half of 2015. Our advice from the PIP Fund is that it expects to be fully committed by 29 October 2015 – the end of the PIP Fund investment period.

NZSIF Distribution Update

A gross dividend of 2.485 cps for the first 6 months was paid on 5 December 2014. We anticipate dividend payments now being made on a regular quarterly basis as cash flows permit. We estimate the dividend payment for each of the next two quarters will be 0.5-0.6 cps gross.

At the time of the 2014 annual report the guidance range for 2015 distributions was 1.95 cps - 2.25 cps, which we now expect to be 3.485 cps – 3.685 cps.

NTA Post Capital Call

The NTA at 30 September 2014 was 41.5 cps, which together with the 15c call paid in November 2014 and adjustments for subsequent cash flows makes the current estimated NTA 54 cps. To date you have paid capital contributions of 57 cps and received back 2.8 cps in 2012 for a net 54.2 cps invested.

We will continue to keep you informed as further investments are made by the PIP Fund through media releases, via the NZSIF website www.nzsif.co.nz or by writing directly to you.

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

A handwritten signature in black ink, appearing to read 'Kim Ellis', with a stylized, elongated vertical stroke on the left side.

Kim Ellis
Chairman