



New Zealand
Social Infrastructure
Fund Limited

Interim Report

For the six months ended 30 September 2021



Melbourne Convention & Exhibition Centre



Bendigo Key Worker Accommodation



Wakatipu High School

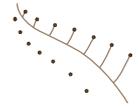


Auckland Prison



New Zealand Schools 2 – Rolleston College

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Report to shareholders

December 2021

Dear Shareholder

I am pleased to present New Zealand Social Infrastructure Fund Limited's (NZSIF) report for the six months to 30 September 2021 including the financial statements for the period.

Highlights for the period included:

- NZ Schools Expansion Follow-on Investments**
Three school expansions are underway: Hobsonville Point 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. The projects are expected to be value accretive for NZSIF shareholders.
- Covid-19 Impact**
The Covid-19 risk has continued to be well contained across the assets, with no significant developments that impacted the cash flows or valuations of the investments.
- Net Asset Value**
At 30 September 2021 NZSIF's Net Asset Value was \$1.43 per share.
- Distributions**
From the end of the financial year 31 March 2021 to 3 December 2021 NZSIF has paid gross distributions of 19.0 cps to shareholders. This included a 15.0 cps capital return from the realisation of the University of Wollongong Student Accommodation investment and PIP Fund 1 dividends. NZSIF has now paid 49.6 cps gross to shareholders. 18.6 cps was by way of capital returns.

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

The Manager of PIP Fund 1 established a dedicated fund, PIP SE, to fund the school expansions, with all of 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 LPs were taken-up by PIP III LP.

NZSIF committed \$7.5 million (21.4%) to PIP SE for the NZ Schools expansion project. \$4.1 million has been contributed, with a further \$3.4 million to pay as the school projects progress and capital is called by PIP SE.

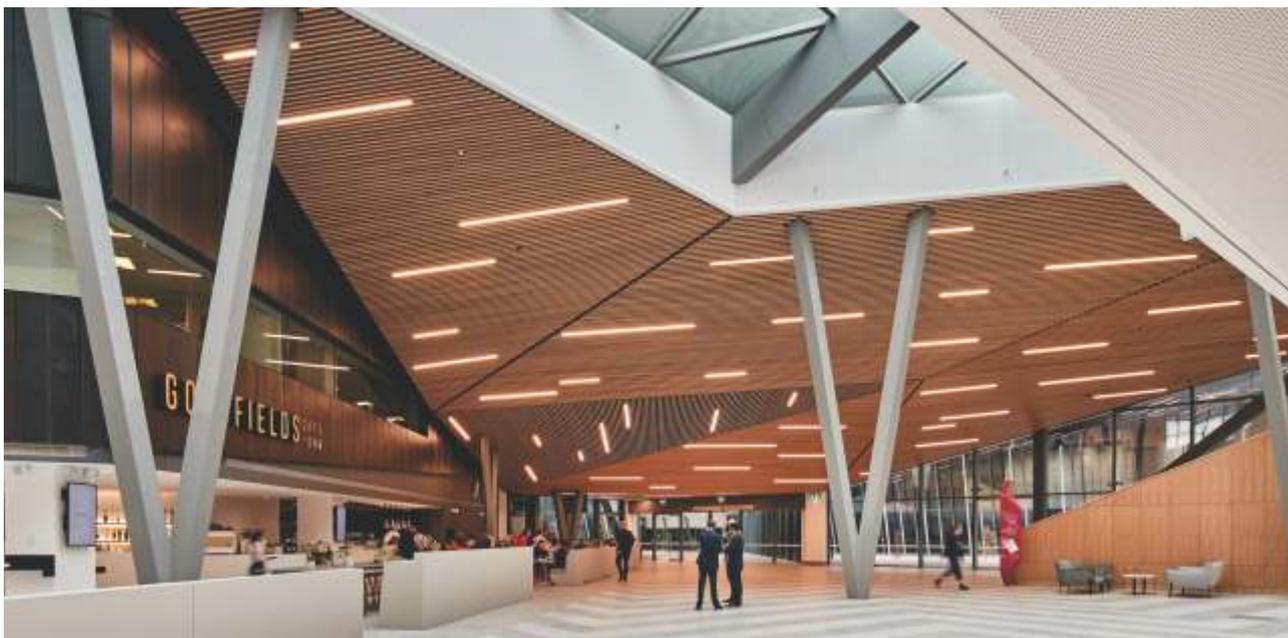
Investment Portfolio

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. The MCEC investment represents 22% of PIP Fund 1's committed capital.

MCEC is a substantial development with net assets of A\$930 million (MCE Trust Annual Report June 2020). 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. Generally, when faced with revenue deductions (for disruption in any of the facilities' services) these deductions are passed through to the operations management company, Brookfield Multiplex.



Melbourne Convention & Exhibition Centre

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. This 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.

Covid-19

MCEC was ordered to close following a resurgence of Covid-19 cases in July 2021. Facilities Management services continue to be delivered (though some demand-based services such as event cleaning are not required) and there has been no impact from the shut-down on the availability-based payment stream.

Parts of the centre are currently being used as a Covid-19 vaccination hub. MCEC has now reopened and is taking bookings for new events.

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



Hobsonville Point Primary School

The Ministry and PIP Fund 1 continue to execute Change Notices to advance the expansion. A Preliminary Design has been completed but due to higher than expected costs the Ministry of Education commenced a new concept and preliminary design process. The Design and Construct contractor procurement strategy is currently with the Ministry for review.

The estimated construction cost is \$32 million.

Covid-19

Changes in Covid-19 alert levels have affected services, however procedures are well established with the Ministry and schools to minimise the impact. The new Health Order for mandatory vaccination of workers accessing educational facilities is being worked through.

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, and all are now operational.

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

Expansion

The Ministry and PIP Fund 1 continue to execute Change Notices to advance the expansions of Wakatipu High School (an additional 600 students) and Rolleston College (an extra 700 students).

Rolleston - preliminary design has been completed and tender process to select a design and construction contractor is underway. Securing fixed lump sum contracts is more difficult than in the past, with risk margins increasing. Expansion works are scheduled for completion December 2023.

Wakatipu High School - expansion construction was progressing well and ahead of its build programme, but the project has recently been impacted by some delays getting building materials out of Auckland during Covid lockdown.

Covid-19

Changes in Covid-19 alert levels have affected services, however procedures are well established with the Ministry and schools to minimise the impact. The new Health Order for mandatory vaccination of workers accessing educational facilities is being worked through.



Rolleston College



Ormiston Junior College



Haeata Community Campus



Wakatipu High School

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:

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

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.

The building recently developed some cracks that have led to leaking. The manager's work indicates this is not a health and safety risk and the cost to remediate will be minor. The facility continues to operate well for the tenant and PIP Fund 1.



Bendigo Key Worker Village

Auckland Prison

Financial close was reached in 2015 with Next Step Partners (NSP), a PIP 1 Fund consortium, to design, build, finance and maintain both the new Auckland prison facility, and the existing 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 has a designated capacity 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.

The refurbishment of the West Facility recommenced in September 2018. Despite a six week delay due to Covid-19, works progressed well with the refurbishment of the final unit completing on 20 October 2020.

Covid-19

Covid-19 has had a minimal impact on Auckland Prison, being an essential service.



Auckland Prison

Investment Portfolio Mix

The portfolio investment composition is shown below.

Chart 1 – NZSIF Investment Mix 30 September 2021

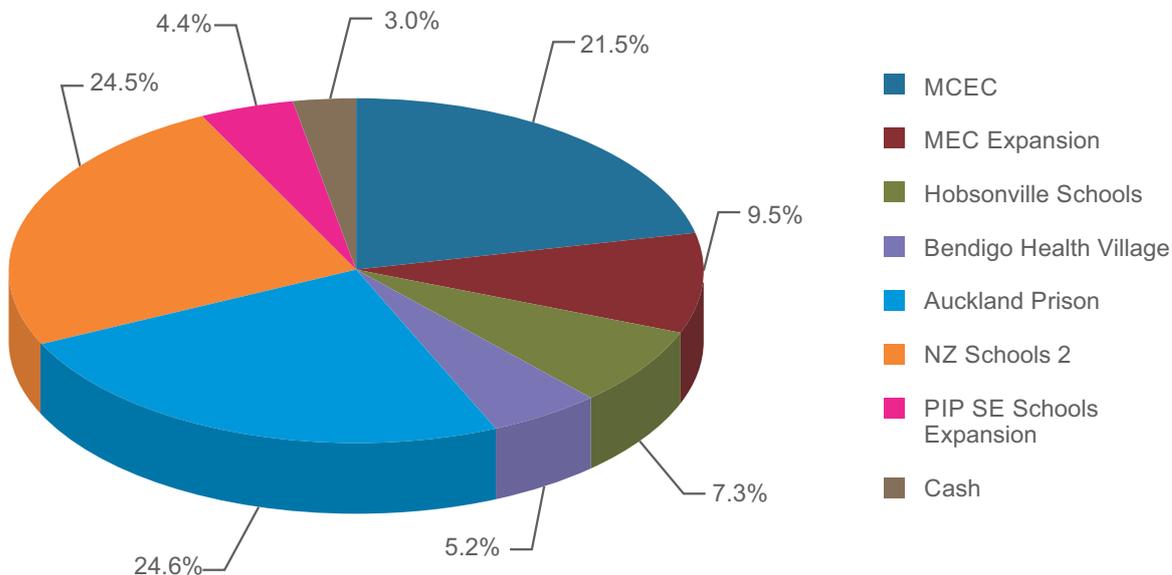
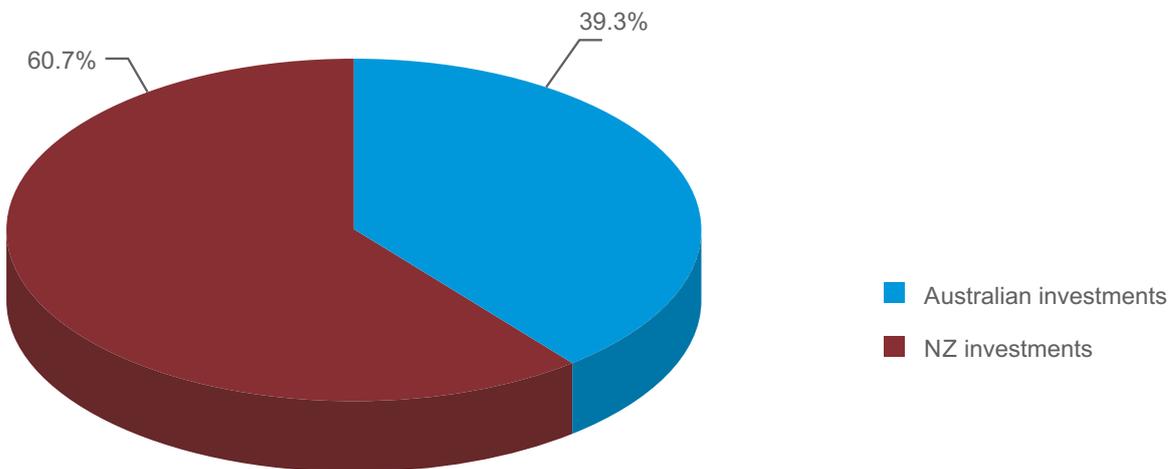


Chart 2 – Investment Concentration by Country 30 September 2021



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 (currently held as deposits or cash) to pay 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 2021 was \$1.43 per share. The estimated NAV allowing for the 1.5 cps dividend paid 3 December 2021 is \$1.42 per share.

PIP Fund 1 Investment Valuation

The valuation method used by PIP Fund 1 to value its project investments is the discounted cash flow method, which is appropriate for valuing PPP projects. PIP Fund 1 engages a third-party expert to value the Fund's 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 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 investment in PIP Fund 1 at 30 September 2021 was valued at \$54.5 million (September 2020: \$66.9 million) a \$12.4 million decrease in the fair value of its investment over the 12 month period. The main contributing factor was the full realisation of the University of Wollongong Student Accommodation investment.

Distributions

NZSIF has paid total distributions of 49.6 cps (including capital returns of 18.6 cps) to 3 December 2021. The most recent distribution of 1.5 cps was paid 3 December 2021.

Financial Statements

The unaudited interim financial statements covering the six-month period to 30 September 2021 are provided in this report for your information.

NZSIF's reported profit was \$1,258,045 (September 2020: \$3,999,238). The movement in fair value of investment in PIP Fund 1 and PIP SE is shown in the statement of comprehensive income.

Expenses were \$165,722 (Sept 2020: \$171,083).

The value of the NZSIF investment in the two PIP Funds was \$54,465,703 (September 2020: \$66,860,780). Liabilities totalled \$438,660 including an accrual of \$410,000 for the distribution paid out 8 October 2021.

Capital and Net Asset Value

Issued capital was \$32,953,795. Combined with retained earnings of \$25,584,412 total capital was \$58,538,207. This represented a net asset value of \$1.43 per share as at 30 September 2021.

Outlook

Distributions

We have been receiving distributions from PIP Fund 1 on a more regular basis and paying these through to investors. We expect regular 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 in the future.

PIP Sales Process

We are advised that PIP Fund may revisit a sales process later in 2022 or 2023.

School Expansions

In early 2022 we expect that the Ministry of Education will request the procurement of a construction contractor for the expansion of Hobsonville Point Primary School to commence mid-2022.

Rolleston expansion works are expected to be completed December 2023.

Wakatipu - construction completion will be progressive throughout 2022.

We will keep you up to date through media releases, via NZSIF's 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 2021

		Unaudited 6 months Sep 2021	Audited 12 months Mar 2021	Unaudited 6 months Sep 2020
	Note	\$	\$	\$
Distribution income		1,422,635	2,018,682	-
Interest income		10,071	5,888	103
Realised loss on investment in PIP Fund	3	-	(2,961,225)	-
Unrealised movement in fair value of Investment in PIP Fund	3	(187,656)	554,935	4,170,829
Unrealised movement in fair value of Investment in PIP SE Fund	3	178,721	2,859,672	-
Total investment income		1,423,771	2,477,952	4,170,932
Administrative expenses		(165,722)	(397,509)	(171,083)
Borrowing expenses		-	(75,000)	-
Interest expense		(4)	(31,464)	(616)
Profit before tax		1,258,045	1,973,979	3,999,233
Income tax credit/(expense)	4	-	5	5
Profit for the period		1,258,045	1,973,984	3,999,238
Other comprehensive income for the period		-	-	-
Total comprehensive income for the period		1,258,045	1,973,984	3,999,238

Statement of changes in equity

For the six months ended 30 September 2021

	Share capital	Retained earnings/ (losses)	Total equity
Balance at 1 April 2021	35,003,795	25,351,367	60,355,162
Total comprehensive income for the period	-	1,258,045	1,258,045
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

For the year ended 31 March 2021

	Share capital	Retained earnings/ (losses)	Total equity
Balance at 1 April 2020	39,103,795	23,684,883	62,788,678
Total comprehensive income for the period	-	1,973,984	1,973,984
Redemption of capital	(4,100,000)	-	(4,100,000)
Dividends paid/payable	-	(307,500)	(307,500)
Balance at 31 March 2021	35,003,795	25,351,367	60,355,162

For the six months ended 30 September 2020

	Share capital	Retained earnings/ (losses)	Total equity
Balance at 1 April 2020	39,103,795	23,684,880	62,788,675
Total comprehensive income for the period	-	3,999,238	3,999,238
Balance at 30 September 2020	39,103,795	27,684,118	66,787,913

Statement of financial position

As at 30 September 2021

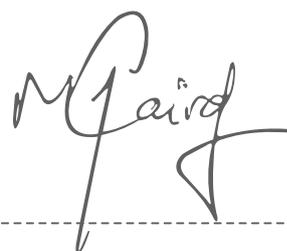
	Note	Unaudited 6 months Sep 2021 \$	Audited 12 months Mar 2021 \$	Unaudited 6 months Sep 2020 \$
Assets				
Property, plant and equipment	3	24	32	49
Investment in PIP Fund	3	47,314,834	47,502,490	66,860,780
Investment in PIP SE Fund		7,150,869	6,297,774	-
Total non current assets		54,465,727	53,800,296	66,860,829
Cash and cash equivalents	7	4,470,825	10,695,570	1,401
Receivables and prepayments	6	35,846	29,478	13,224
Taxation receivable		4,469	1,649	1,814
Total current assets		4,511,140	10,726,697	16,439
Total assets		58,976,867	64,526,993	66,877,268
Equity				
Share capital		32,953,795	35,003,795	39,103,795
Retained earnings/(losses)		25,584,412	25,351,367	27,684,118
Total equity attributable to equity holders		58,538,207	60,355,162	66,787,913
Liabilities				
Bank overdraft	7	-	-	61,087
Trade and other payables		438,660	71,831	28,268
Redemption payable		-	4,100,000	-
Total current liabilities		438,660	4,171,831	89,355
Total liabilities		438,660	4,171,831	89,355
Total equity and liabilities		58,976,867	64,526,993	66,877,268

For and on behalf of the Board



Director

26 November 2021



Director

26 November 2021

Statement of cash flows

For the six months ended 30 September 2021

	Note	Unaudited 6 months Sep 2021 \$	Audited 12 months Mar 2021 \$	Unaudited 6 months Sep 2020 \$
Cash flows from operating activities				
Distributions received		1,422,635	2,018,682	-
Interest received		10,071	5,888	103
Interest paid		(4)	(31,464)	(616)
Income taxes refunded		-	1,785	-
Income taxes paid		(2,820)	(1,649)	(29)
Cash paid to suppliers		194,747	(470,588)	(196,491)
Net cash from operating activities	8	1,624,629	1,522,654	(197,033)
Cash flows from financing activities				
Capital Distributions paid		(6,150,000)	-	-
Dividends paid		(1,025,000)	(307,500)	-
Term Deposit	7	(3,000,000)	-	-
Net cash from financing activities		(10,175,000)	(307,500)	-
Cash flows from investing activities				
Proceeds from PIP Fund		-	12,781,171	-
Investment in PIP Fund		-	-	-
Investment in PIP SE Fund		(674,374)	(3,438,102)	-
Net cash from investing activities		(674,374)	9,343,069	-
Net movement in cash and cash equivalents		(9,224,745)	10,558,223	(197,033)
Cash and cash equivalents at beginning of period		10,695,570	137,347	137,347
Cash and cash equivalents at end of period	7	1,470,825	10,695,570	(59,686)



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 2021, 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 26 November 2021.

(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 2021.

(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 2021. 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

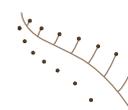
The Company currently has two investments (31 March 2021: two investments), which are in the Public Infrastructure Partners LP ("PIP Fund") and the Public Infrastructure Partners SE LP ("PIP SE Fund").

The Company's fair valuation of its share of the PIP Fund as at 30 September 2021 is \$47,314,834 (31 March 2021: \$47,502,490) and the PIP SE Fund as at 30 September 2021 is \$7,150,869 (31 March 2021: \$6,297,774). 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 this was a decrease of \$187,656 (2021: increase of \$554,935) and for the PIP SE Fund an increase of \$178,721 (2021: increase of \$2,859,672).

(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 2021	Audited Mar 2021	Unaudited Sep 2020
Opening balance	47,502,490	62,689,951	62,689,951
- Fair value adjustments	560,589	(1,390,235)	2,401,338
- Foreign exchange movement	(748,245)	1,945,170	1,769,491
- Unrealised movement in fair value of investment in PIP Fund	(187,656)	554,935	4,170,829
- Realised loss	-	(2,961,225)	-
- Total gains/(losses) recognised in profit or loss	(187,656)	(2,406,290)	4,170,829
Distributions received	-	(12,781,171)	-
Closing balance	<u>47,314,834</u>	<u>47,502,490</u>	<u>66,860,780</u>



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 2021	Audited Mar 2021	Unaudited Sep 2020
Opening balance	6,297,774	-	-
- Fair value adjustments	178,721	2,859,672	-
- Foreign exchange movement	-	-	-
- Unrealised movement in fair value of investment in PIP SE Fund	178,721	2,859,672	-
- Total gains/(losses) recognised in profit or loss	178,721	2,859,672	-
Distributions received	-	-	-
Purchase of investment	674,374	3,438,102	-
Closing balance	7,150,869	6,297,774	-

Key estimates and judgements

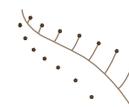
Company policy is to carry investments at fair value with subsequent movements in fair value recognised through profit or loss. The General Partner of the Funds arranges annual valuations of the operating project investments at each 31 March balance date, by an independent valuation expert, using valuation 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 2021 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 2021 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 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
31 March 2021	Level 1	Level 2	Level 3	Total
Investment in PIP Fund	-	-	47,502,490	47,502,490
Investment in PIP SE Fund	-	-	6,297,774	6,297,774
30 September 2020	Level 1	Level 2	Level 3	Total
Investment in PIP Fund	-	-	66,860,780	66,860,780



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 2021 is \$9,806,090 (31 March 2021: \$9,638,361, 30 September 2020: \$10,696,908).

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 81 non-voting redeemable preference shares.

6. Receivables and prepayments

	<i>Note</i>	Unaudited Sep 2021	Audited Mar 2021	Unaudited Sep 2020
Receivables	10	21,959	-	-
Prepayments		13,887	29,478	13,224
		<u>35,846</u>	<u>29,478</u>	<u>13,224</u>

7. Cash and cash equivalents

	<i>Note</i>	Unaudited Sep 2021	Audited Mar 2021	Unaudited Sep 2020
Call deposits:				
ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited	10	1,068,647	8,356,709	1,401
Westpac New Zealand Limited Deposit (Overdraft)		402,178	2,338,861	(61,087)
Cash and cash equivalents in the statement of cash flows		<u>1,470,825</u>	<u>10,695,570</u>	<u>(59,686)</u>
Westpac Short Term Deposit		3,000,000	-	-
Cash and cash equivalents		<u>4,470,825</u>	<u>10,695,570</u>	<u>(59,686)</u>

Call deposits are held with ANZ Bank New Zealand Limited via CIP Cash Management Nominees Limited (see Note 10), and also directly with Westpac New Zealand Limited. The average interest rate on call deposits was 0.47% (March 2021: 0.45%, September 2020: 0.54%).

The Company has a \$500,000 overdraft facility with Westpac New Zealand Limited. The interest rate payable on any drawn balance is 6.75% at 30 September 2021.

The Company has a short-term deposit held with Westpac. The interest rate payable at maturity is 1.3%.



Notes to the financial statements

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

	Unaudited Sep 2021	Audited Mar 2021	Unaudited Sep 2020
Profit/(loss) for the period	1,258,045	1,973,984	3,999,238
Depreciation	8	32	16
Movement in fair value of PIP Fund Investment	187,656	(554,935)	(4,170,829)
Movement in fair value of PIP SE Fund Investment	(178,721)	(2,859,672)	-
Realised loss on PIP Fund Investment	-	2,961,225	-
	<u>1,266,988</u>	<u>1,520,634</u>	<u>(171,575)</u>
Movement in Working Capital			
Change in receivables and prepayments	(6,368)	(1,406)	14,847
Change in income tax receivable/payable	(2,820)	131	(34)
Change in trade and other payables	366,829	3,295	(40,271)
	<u>357,641</u>	<u>2,020</u>	<u>(25,458)</u>
Net cash flow from/(to) operating activities	<u>1,624,629</u>	<u>1,522,654</u>	<u>(197,033)</u>

9. Commitments

As at 30 September 2021, the Company has further commitments to the PIP SE Fund of \$3,387,525 (31 March 2021: \$4,061,898, 30 September 2020: N/A), which will be met from cash reserves and further calls of capital.

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 \$83,790 (31 March 2021: \$180,517; 30 September 2020: \$90,259).
- Craigs Investment Partners Limited paid certain expenses and received certain receipts on behalf of the Company. As at 30 September 2021, Craigs Investment Partners owed the Company \$21,959 (31 March 2021: Nil, 30 September 2020: Nil)
- 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 2021 the balance held was \$1,068,647 (31 March 2021: \$8,356,709, 30 September 2020: \$1,401) (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. 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 2021	Audited 12 months Mar 2021	Unaudited 6 months Sep 2020
Directors' fees (total remuneration)	38,000	76,000	38,000

The balance of directors' fees owing to key management personnel at 30 September 2021 was \$19,000 (31 March 2021: \$19,000, 30 September 2020: \$19,000).

Directors' interests

The following directors or their associated entities held shares in the Company at 30 September 2021:

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

11. Subsequent events

On 26 November 2021 the Company declared a dividend to be paid 3 December 2021 of 1.5 cents per ordinary share, or \$615,000. As the dividend was approved after balance date the financial effect of this transaction has not been recognised in these 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 9 to 17 do not:

- i. Present fairly in all material respects the Company's financial position as at 30 September 2021 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 2021;
- 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.

Other than in our capacity as auditor we have no 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

26 November 2021



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

AUDITOR

KPMG

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Tauranga 3140

Phone: (07) 578 5179

INVESTMENT MANAGER

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PO Box 1395
Wellington 6140

ADMINISTRATION MANAGER

NZSIF Management Limited

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