MORRISON & CO

CRAIGS INVESTMENT PARTNERS

Media Release

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Morrison & Co and Craigs Investment Partners launch fund to invest in Social Infrastructure PPPs

Morrison & Co PIP Limited and Craigs Investment Partners Limited ("Craigs Investment Partners") today announced an initial public offering of shares by New Zealand Social Infrastructure Fund Limited ("NZSIF") to raise up to $125 million. NZSIF will enable New Zealand private investors to participate in the development of social infrastructure assets through Public-Private Partnerships ("PPPs").

NZSIF has been established to invest as a Limited Partner in the Public Infrastructure Partners LP ("the PIP Fund"), an investment fund managed by Morrison & Co PIP Limited, a subsidiary of H.R.L. Morrison & Co Group Limited ("Morrison & Co"). NZSIF will invest in the PIP Fund on substantially the same terms as the Guardians of New Zealand Superannuation (the "NZ Superannuation Fund") and other institutional investors, providing a dedicated pool of capital to fund the delivery of social infrastructure assets through PPPs, with a focus on New Zealand opportunities. The NZ Superannuation Fund has committed to invest $100 million in the PIP Fund.

Peter Coman, Managing Director of the PIP Fund says "We are delighted to be working with Craigs Investment Partners in developing NZSIF for the investing public. NZSIF will invest in the PIP Fund which will be a catalyst to accelerate the development of crucial social infrastructure, stimulate high value economic activity and kick-start a new investment sector in this country. Social infrastructure PPPs are a proven model internationally. Having high-quality private investors focused on providing excellent facilities means that Government agencies can focus on delivering excellent social services."

Neil Craig, Executive Chairman of Craigs Investment Partners says "The time is right for New Zealand to introduce PPPs as a means of delivering public infrastructure and to offer the New Zealand investing public the opportunity to gain some exposure to this sector."

"The NZ Superannuation Fund's commitment to invest $100 million in the PIP Fund is a strong endorsement of Morrison & Co's specialist expertise in infrastructure investment, and of the investment characteristics of social infrastructure PPPs. Long term contracts with Government counterparties, and revenues that are based on asset availability and linked with inflation are characteristics of social infrastructure PPPs that appeal for investors and can benefit portfolios. NZSIF gives retail investors with a longer term investment horizon exposure to a new asset class in their portfolios, on substantially similar terms to institutional investors in the PIP Fund", said Mr Craig.

The Board of NZSIF is chaired by Kim Ellis, former Chief Executive of Waste Management NZ, as Independent Chairman. Mr Ellis will represent NZSIF on the PIP Fund Advisory Committee. Kim is joined by Ian Fraser, Independent Director, a former Executive Director of Beca Group for more than 20 years. Also on the Board are Neil Craig, Executive Chairman of Craigs Investment Partners and Mike

Caird, a director of Craigs Investment Partners and Head of Debt Capital Markets with experience in New Zealand PPP projects in wastewater and hospital carparking.

NZSIF is offering 50 million Shares at an issue price of $1.00 per share with provision to issue up to a further 75 million shares as oversubscriptions. Of the $1.00 per Share issue price, $0.10 per Share is payable at the time of application, with the remaining $0.90 per Share payable in tranches when called by the Board of NZSIF. Shares in NZSIF will not be listed, however Craigs Investment Partners will operate an order matching facility to provide liquidity for shareholders.

Public road shows for NZSIF will be held throughout New Zealand from mid-March through to mid-April 2010. Details of the roadshow schedule will be made available on the Craigs Investment Partners website – www.craigsip.com

Copies of the Prospectus and Investment Statement can be obtained by contacting any branch of Craigs Investment Partners on 0800 226 226 (www.craigsip.com), by visiting NZSIF website www.nzsif.co.nz, or by contacting any NZX Participant.

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For further information contact:
Peter Coman, Managing Director, PIP Fund
Peter.Coman@hrlmorrison.com, (09) 304 0302, 021 366 040

Neil Craig, Executive Chairman, Craigs Investment Partners
neil.craig @craigsip.com, (07) 577 4732

For media information or photographs contact:
Kim Martin, Craigs Investment Partners, 07 5774 780 or email: kim.martin@craigsip.com

Notes for the editor

WHAT ARE SOCIAL INFRASTRUCTURE ASSETS?

Social Infrastructure is a subset of the infrastructure sector and typically includes assets that accommodate social services. Examples of Social Infrastructure Assets include schools, universities, hospitals, prisons and community housing. Social Infrastructure does not typically extend to the provision of social services, such as the provision of teachers at a school or custodial services at a prison.

In contrast, economic infrastructure supports economic activity and is often characterised by 'user-pays' or demand-based revenue streams (such as tolls on toll roads or landing fees for an airport). In New Zealand, Social Infrastructure is almost exclusively provided by a central or local government (or related entities such as district health boards and universities). The development and provision of Social Infrastructure is well suited to PPPs, which have been used successfully to deliver public infrastructure since the early 1990s in the United Kingdom, and more recently in Australia.

BENEFITS OF USING PPPs TO PROCURE SOCIAL INFRASTRUCTURE

Traditionally, New Zealand Social Infrastructure projects have been funded, operated and maintained by the public sector. However, there is international evidence to suggest that procurement through a PPP can deliver several benefits to the public sector, including:

Value for money

- in contrast to traditional procurement methods, the private sector has a financial incentive to optimise construction and on-going management such as building repairs and maintenance. This can result in the selection of more durable materials, which increases initial construction costs but reduces the whole-of-life costs of the project; and

- PPPs bring private sector expertise and innovation to the infrastructure associated with the provision of public services, which can deliver greater value for money relative to traditional procurement methods. Recent Australian experience shows that, on average, cost overruns in PPP projects are 1% of the total project cost compared to 15% of the total project cost for non-PPP projects.

Risk management

- in a PPP, the private sector partner has an incentive to complete construction on, or ahead of, time and provide high-quality services, as payments do not typically commence until the asset has been built and an agreed level of service is being provided. Recent Australian experience shows that, on a value-weighted average basis, PPP projects are delivered 3% ahead of schedule compared to 24% behind schedule for non-PPP projects; and
- private partners in PPPs that receive availability-based payment streams have a commercial incentive to manage the ongoing quality, cost and availability of the infrastructure.

Delivery on government priorities

- PPPs allow the public sector to spread the payment for infrastructure assets over a number of years and may allow projects to be brought forward compared with traditional procurement approaches; and
- PPPs allow the public sector to focus on the provision of frontline services rather than managing capital works and maintenance. For example, United Kingdom studies suggest that educational performance rises in PPP schools.

USE OF PPPs GLOBALLY

The PPP model has been used in the United Kingdom since the early 1990s, through the use of Private Finance Initiatives for the procurement of public infrastructure. Since 1992, over 630 PFI projects delivering infrastructure investment of over £63 billion have been signed in the United Kingdom. In Australia, PPPs have increasingly been used to deliver Social Infrastructure Assets. Between 1980 and 2006, over 120 PPP projects delivering infrastructure investment of over A$35 billion have been undertaken in Australia, including road, rail, water, energy, defence, health, education and prison developments.

MARKET POTENTIAL FOR PPPs IN NEW ZEALAND

Recent developments in New Zealand indicate a greater willingness and need for Social Infrastructure PPPs:

- In June 2008, the Waterview Connection Procurement Steering Group concluded that PPPs can offer value for money through disciplines around costing, defining objectives and risk allocation together with the performance incentives that arise from having private finance at stake.
- In March 2009, the Treasury established a National Infrastructure Unit (NIU) to formulate a long-term infrastructure plan for New Zealand.
- In August 2009, in a speech to the New Zealand Council of Infrastructure Development conference, Hon. Bill English confirmed that the Government will consider a PPP as a mechanism to procure the next prison.
- In October 2009, Local Government Minister Rodney Hide announced intended reforms of the Local Government Act. A part of the reform is aimed at providing greater flexibility for the use of PPPs for the provision of water services thereby allowing the private sector to design, build, finance and operate water treatment facilities for councils up to a 35-year period.
- In October 2009, Transport Minister Steven Joyce requested a review of the Land Transport Management Act. As part of the review, measures for reducing the barriers to PPPs to fund transport projects are to be examined.
- In December 2009, Education Minister Anne Tolley announced that the Ministry of Education and Treasury are assessing the suitability of PPP models for building and maintaining school properties.

In March 2010, the NIU released the National Infrastructure Plan, which confirms that the Government intends to use PPPs where they represent value for money for tax-payers. PPPs allow Government to meet the cost of infrastructure development from future incomes, rather than current taxation and direct borrowing. Given other pressures on the Government's operating account, it is focused on delivering services more cost-effectively and with less capital. It has acknowledged that PPPs can provide stronger incentives to minimise whole-of-life costs and improve service quality than is possible within the public sector. This conclusion is supported by international studies which have shown that PPPs can lead to cost efficiencies versus traditional procurement models. (www.infrastructure.govt.nz/plan)

About Craigs Investment Partners

Craigs Investment Partners is one of New Zealand's largest, full-service investment advisory firms with 17 branches and 110 Investment Advisors throughout New Zealand. Craigs Investment Partners is an accredited NZX Participant Firm, with $11 billion funds under advice, servicing over 50,000 clients.

www.craigsip.com

About Morrison & Co

Morrison & Co is a New Zealand-based specialist infrastructure investment manager, established in 1988. In 1994 it launched Infratil, one of the world's first listed infrastructure funds. In addition to the Public Infrastructure Partnership Fund, Morrison & Co has a global mandate to invest in listed and private market infrastructure assets on behalf of the Guardians of New Zealand Superannuation. Morrison & Co is set apart by a management style that integrates deep industry specialisation with financial and transactional expertise.

http://www.hrlmorrison.com/

About the PIP Fund

The PIP Fund is a limited liability partnership formed in October 2009, which has been established by Morrison & Co to invest in Social Infrastructure Assets through PPPs. Morrison & Co PIP Limited, a wholly-owned subsidiary of Morrison & Co, is the PIP Fund's investment manager. The NZ Superannuation Fund has committed to invest $100 million in the PIP Fund as the cornerstone investor.