

BRIGHTLIGHT

Te Puna Hapori Infrastructure Fund Discussion Pack

OCTOBER 2020

BRIGHTLIGHT

Brightlight is a “for profit with purpose” organisation which provides institutional grade impact investment services. We are intentional in achieving impact and profitability. Brightlight values its partnership culture and high quality execution.

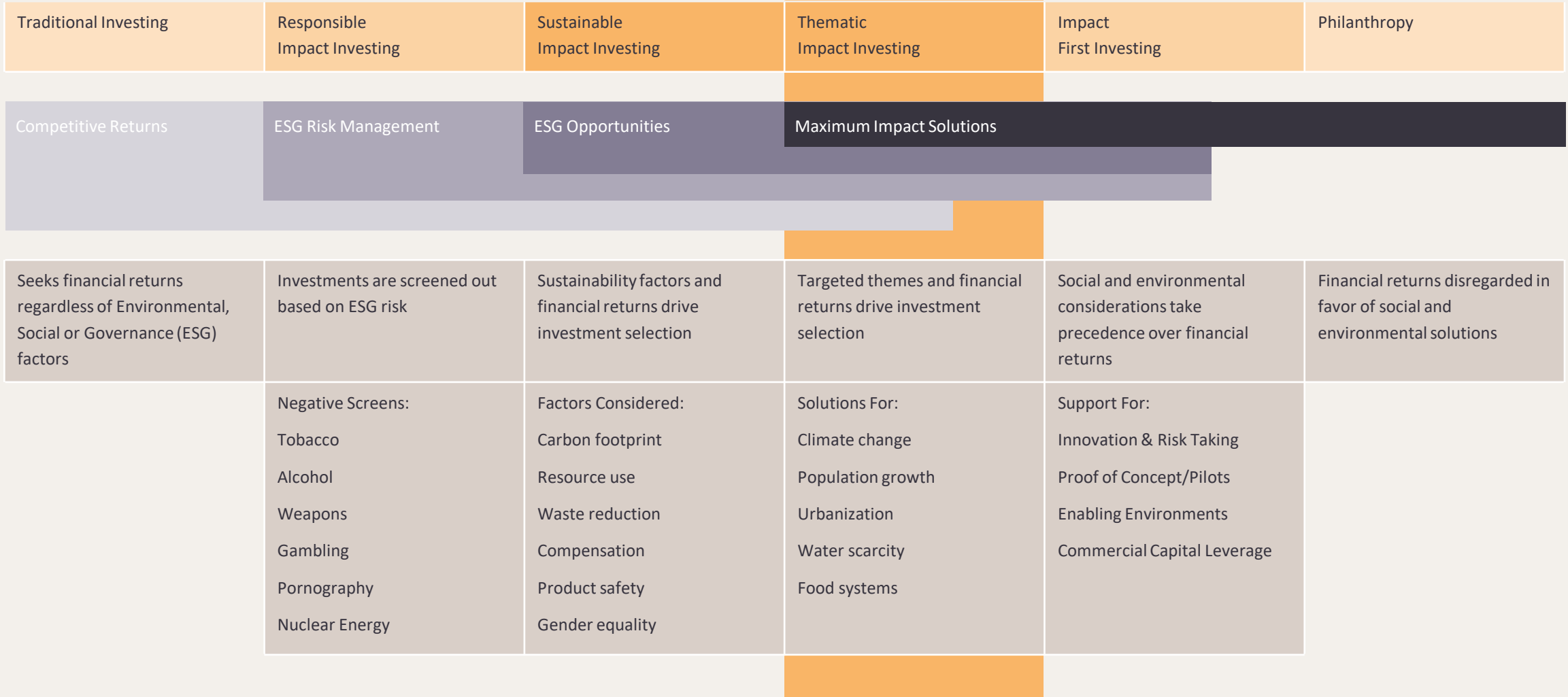
This means we see ourselves as a partner to clients, rather than a service provider. Placing a high value on the quality of the service provided, with the mindset of a partner on a mutual journey. We believe this will translate to stronger outcomes, while fulfilling the Brightlight mission of catalysing impact investing for the long term while maintaining a strictly commercial approach.

These attributes of alignment, excellence in delivery and partnership permeate all aspects of our services, products and people.

Our mission is to serve our clients and partners by offering scalable investment solutions, to achieve our shared goal of transforming lives.



THE SPECTRUM OF IMPACT INVESTING



Investment opportunities

Te Puna Hapori aims to leverage the increasing demand for key community infrastructure especially in regions outside of the big metropolitan centres. The target regions have experienced underinvestment in essential infrastructure despite the fact that they are experiencing faster population growth.

The centralisation of decision making in New Zealand means subnational governments carry out 33% of total public investment, significantly below the OECD average of 57%. This has led to gaps in education, social protection, and health infrastructure specifically designed for needs of the local community.

Impact opportunities

Te Puna Hapori focuses on community infrastructure assets that target both geographies and sectors that are lagging behind in health and wellbeing of community members as measured by the New Zealand Living Standards Framework's (LSF) 12 domains of current wellbeing and the UN Sustainable Development Goals (SDGs).

Areas outside of large metropolitan centres continue to lag behind in wellbeing as measured by LSF and SDGs. On average between 15-20% of the New Zealand population are rated "Low" by the LSF across well-being domains of LSF. More than 20% of the population is rated low in key impact areas targeted, including housing, health and social connections.



KEY FEATURES

- ▶ Fund
Te Puna Hapori Infrastructure Fund
- ▶ Investment Type
Community Infrastructure
- ▶ Asset Class
Defensive Alternatives / Private Debt
- ▶ Structure
New Zealand domiciled limited partnership
Class A (Senior): At least \$40 million
Class B (Subordinated): At least \$10 million already committed by Trust Waikato as anchor investor
- ▶ Fund Supervisor
Trustee Executors
- ▶ Manager
Brightlight Investment Management Pty Ltd
- ▶ Impact Manager
Huber Social
- ▶ Target Return
NZ Official Cash Rate+ 3-4% net IRR
- ▶ Distributions
Semi-annually
- ▶ Investment Strategy
Investments which endeavour to provide stable and predictable long term cashflows and modest capital growth through diversified exposure to multiple community infrastructure subsectors. The strategy includes engagement and leveraging of highly credentialed providers in each subsector with a track record of building and managing fit-for-purpose, highly impactful infrastructure solutions.
- ▶ Sub-sector Focus
Disability housing, affordable rental housing, inclusive retirement housing, healthcare property, education property and water infrastructure and other sectors.
- ▶ Target Asset Allocation
 - ▶ Financial Instruments: Senior Private Debt: 70-100%; Mezzanine Debt 0-15%; Asset-Backed Equity-like Debt: 0-15%
 - ▶ Revenue Type: Local Government Revenue: 40-60%; Central Government Backed Contracts: 40-60%; Patronage/Volume Based: 0-20%
 - ▶ Project Stage: Greenfield: 75-100%; Brownfield: 0-25%
 - ▶ Geographic Focus
New Zealand wide with focus on underserved areas
 - ▶ Minimum Investment
TBC
 - ▶ Co-Investments
Investors in the Fund may be eligible (subject to certain conditions) to make an additional investment in a parallel vehicle to invest alongside the Fund (“Co-Investment Vehicle”) The structure of the Co-Investment Vehicle will be subject to tax and foreign investment law advice, and dependent on the identity of the assets being acquired.



KEY FEATURES (CONTINUED)

- ▶ **Management Fees**
1.0% per annum
- ▶ **Expenses**
Estimated to be 0.7% per annum of the gross asset value of the Fund, including impact measurement and reporting
- ▶ **Unit Prices**
Quarterly
- ▶ **Minimum Investment Term**
Class A: Two years
B: Ten years
- ▶ **Recommended Holding Period**
Ten years
- ▶ **Withdrawals**
The investments held by the Fund will be illiquid therefore any withdrawal from the Fund will be allowed if the fund is deemed liquid by the Manager in its discretion and if the Manager has determined that the withdrawal will not result in adverse effect for the remaining investors.

Class

However, investors can apply to withdraw their investment under the following circumstances:

- ▶ **Withdrawal Requests:** After the two-year anniversary of the initial investment by each investor, investors can lodge a Withdrawal Request before the 15th of every calendar month. Withdrawals will be processed and paid before the 15th of the following month (Withdrawal Period). The General Partner reserves the right to extend the Withdrawal Period up to 18 months if it is in the best interest to all investors. Aggregate withdrawal requests in the Fund are limited to 5% of the Fund's NAV in any given 12 months (Withdrawal Request Limit). The General Partner, in its discretion, can increase Withdrawal Request Limit.
- ▶ **Withdrawal Offer:** The General Partner, in its sole discretion, can make Withdrawal Offers inviting investors to withdraw their investments on a pro rata basis. Investors will be entitled to withdraw more than their pro rata share if other investors do not take up the offer.

Additionally, the General Partner will carry out a review of the Fund on each tenth anniversary of the Fund and Investors can notify the General Partner if they require liquidity.

- ▶ **Transfer of Units:** Investors can transfer their units to any investor who is a Wholesale Investor



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Issuer

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