

Ports Meeting 5 September 2002

Talking Points

1. Introduction

2. Background

- **Horizons.mw** has resolved to divest its Port of Napier shares
- **Horizons.mw** is a small shareholder with little influence
- We wish to rationalize our long term investments
- We have some doubts about the long term situation
- Our latest assessment is neutral in terms of the port investment returns
- We have previously approached HBRC re divestment – preemptive rights
- We are in a unique position as a shareholder in both Ports – hence today’s meeting
- We remain open to discussion on options regarding our shareholdings

3. Our View of Present Conditions/Situation

- Currently there is competition between the Ports, which is of little benefit to us.
- Big ships remains an uncertainty for both Ports
- Both Ports are looking at new capital investment with potential duplication
- Port of Auckland threat
- Cargo Hub in the Manawatu may offer some new opportunities for both Ports
- Heads of Agreement has been prepared for the potential sale of our PON shares. The buyer is also interested in CentrePort shares.

4. Opportunities for Synergies

- Improved returns from cooperative relationship between the Ports
- Efficiencies for all
- Risk mitigation (big ships, earthquakes, transportation problems)
- Opportunities to avoid duplication of services and capital expenditure
- Cooperation could extend beyond the two ports (ex. top of South Island)
- Development and growth opportunity (ex. cargo hub at Taupo).
- Two ports to manage a new cargo hub in the Manawatu

5. Barriers

- Parochialism
- Agreeing valuations
- Preemptive conditions
- Our Councils
- Our ratepayers
- Statutory – new Local Gov Act provisions re disposal of assets

6. Options

- Do nothing (we are not happy with this)
- **Horizons.mw** to sell its shares to present interested party or to others or CentrePort
- Several RC's to jointly sell shares to improve package (and value) on offer
- Form a Holding Company and transfer RC's shareholdings to the new company
- Could also consider public listing and sale of minority shareholding to realize some of our respective investments for other uses.

7 . Where to from Here

- Do nothing
- Discussions required within each Council?
- **Horizons.mw** to prepare a brief issues paper for these discussions?
- If there is interest in the Holding Company option then an approach could be to form a joint working group (Chairs and CEO's or nominee) and engage a consultant to undertake further investigation.