
RETAIL BOND INVESTOR PRESENTATION

September 2022



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PRESENTING TODAY



TODD DAWSON
CHIEF EXECUTIVE



KRISTEN LIE
CHIEF FINANCIAL OFFICER

RETAIL BOND OFFER

KEY TERMS

Issuer	Napier Port Holdings Limited (Napier Port)
Description	Unsecured, unsubordinated, fixed rate bonds (Bonds)
Issue Amount	Up to \$75,000,000 (inclusive of the Shareholder Priority Offer and with the ability to accept oversubscriptions of up to an additional \$25,000,000 at Napier Port's discretion)
Purpose	The net proceeds of the offer will be used to repay a portion of Napier Port's existing debt and for general corporate purposes The Bonds will provide Napier Port with additional diversity of funding and tenor
Term	The Bonds will be issued on 23 September 2022 for a term of 5.5 years, maturing on 23 March 2028
Interest Rate	The Bonds will pay a fixed rate of interest until the Maturity Date The Interest Rate will be determined by Napier Port in conjunction with the Joint Lead Managers following the Bookbuild and will be set at the sum of the Swap Rate and the Issue Margin or, if greater, any applicable minimum Interest Rate announced via NZX Any such minimum Interest Rate and the range of the indicative Issue Margin will be determined by Napier Port in conjunction with the Joint Lead Managers and announced via NZX on Monday, 12 September 2022 The Interest Rate will be announced by Napier Port via NZX on the Rate Set Date
Credit rating	Both the Bonds and Napier Port are unrated
Quotation	NZX Debt Market under the ticker NPH010
Arranger and Joint Lead Managers	Craigs Investment Partners Limited (Craigs) is acting as arranger (Arranger). Craigs, Forsyth Barr Limited, Jarden Securities Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch) are acting as Joint Lead Managers

OVERVIEW OF NAPIER PORT



OVERVIEW OF NAPIER PORT

OPERATIONAL HIGHLIGHTS

- New Zealand's fourth largest port by container volume¹
- Situated on the main transit route for international shipping services, and connected to core national road and rail networks
- Provides a number of different revenue streams across container services, bulk cargo and cruise
- Majority of cargo owners are located within 100 km of Napier Port

\$109.5M

FY21 REVENUE

4TH

NEW ZEALAND'S
FOURTH LARGEST
CONTAINER PORT



50 HECTARES OF ON
SITE PORT LAND



INLAND FREIGHT HUB IN
MANAWATU
with a 1.9ha container
yard, a warehousing
facility, road and rail
connections

Revenue Composition (FY21)

Trade Composition (FY21)



~5.9 MILLION TONNES OF
CARGO HANDLED



ONE MOBILE LOG
DEBARKER

6

SIX WHARVES
PROVIDING 7
COMMERCIAL BERTHS



SIX MOBILE HARBOUR
CRANES



THREE TUGS



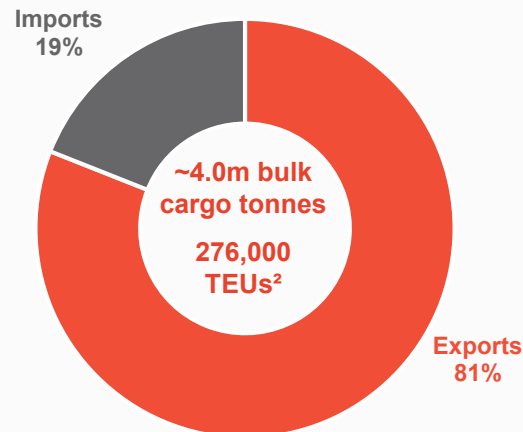
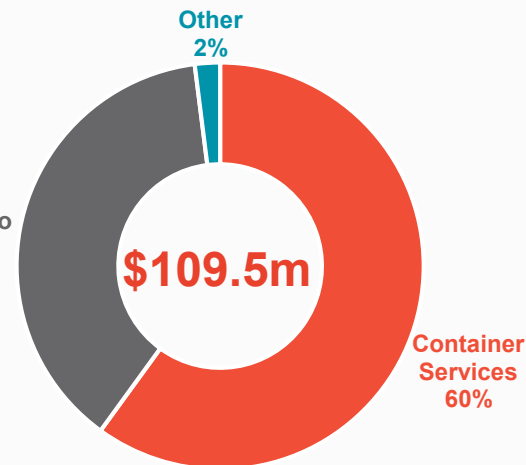
10 HECTARES OF
DEDICATED LOG
STORAGE



36,600 SQUARE METRES
OF WAREHOUSING



12.3HA OF LAND IN
WHAKATU FOR FUTURE
DEVELOPMENT



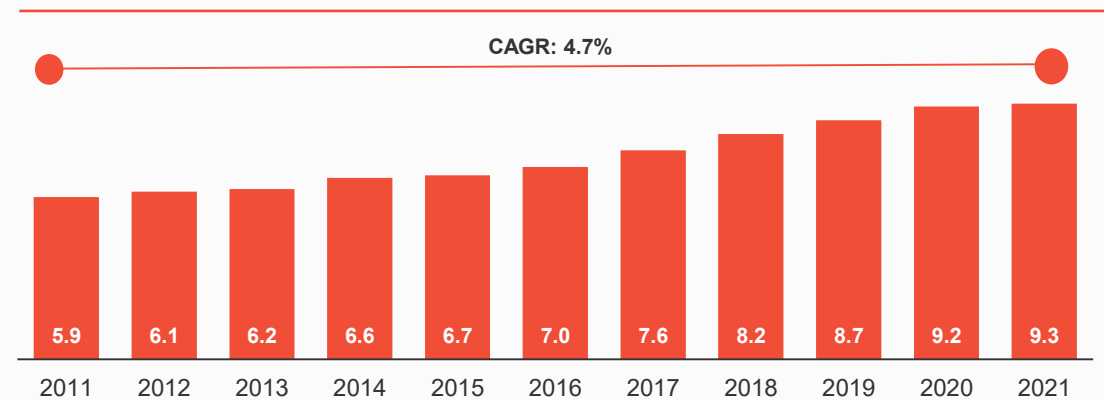
1) Deloitte New Zealand Ports and Freight Yearbook 2022
2) TEU = Twenty-foot Equivalent Unit

OVERVIEW OF NAPIER PORT

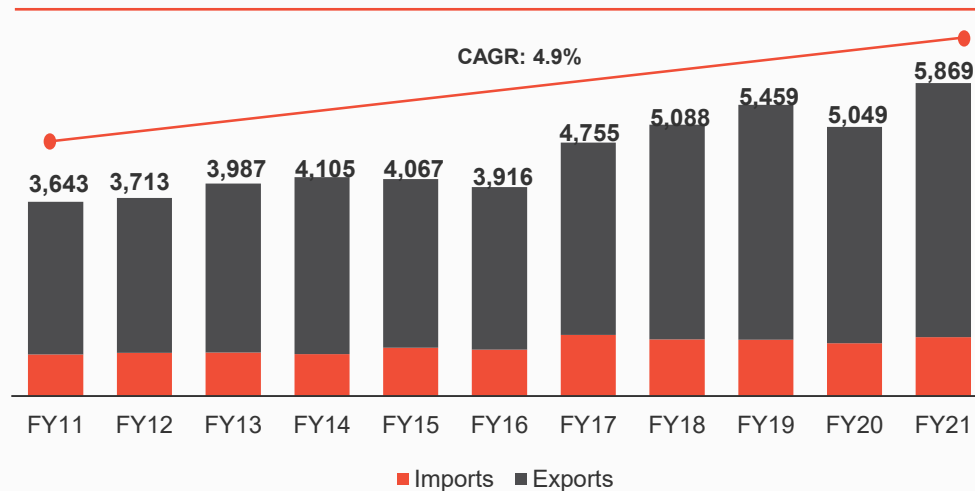
STRONG REGIONAL ECONOMIC FUNDAMENTALS

- A \$9.3 billion regional economy with 4.7% compound annual growth rate (CAGR) gross regional product over the last 10 years
- Primarily an export focused region, growing international demand for primary sector goods supports Napier Port throughput
- ~8% of New Zealand's total planted forest area and ~60% of New Zealand's total planted area of pipfruit is in the region
- Continued strong pipfruit planting in Hawke's Bay and increasing industry yields

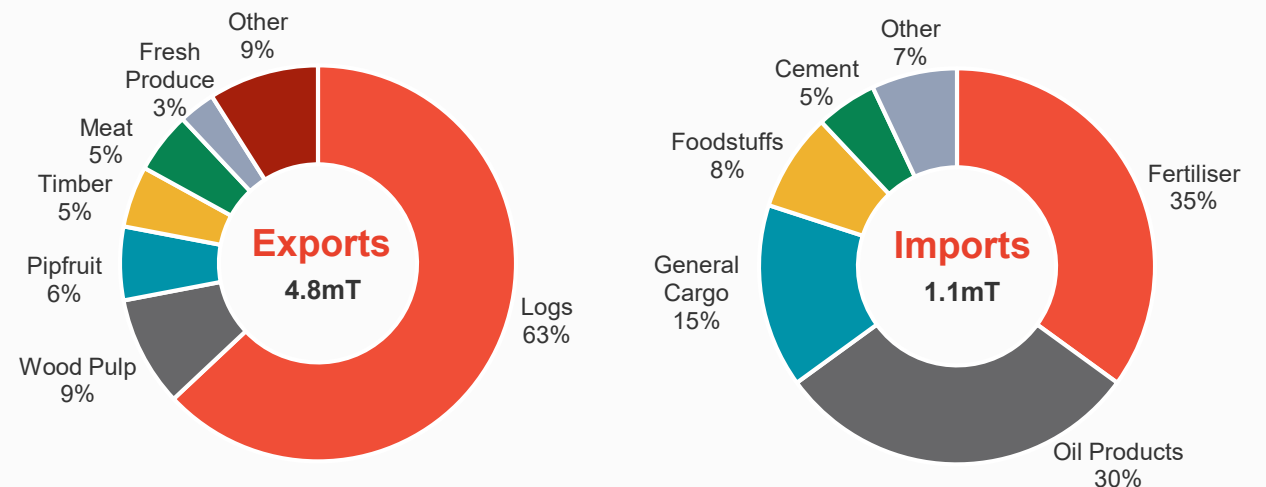
Hawke's Bay Regional GDP¹ (\$bn)



Napier Port Throughput (000 tonnes)



Napier Port FY21 Export and Import Product Mix (by weight)



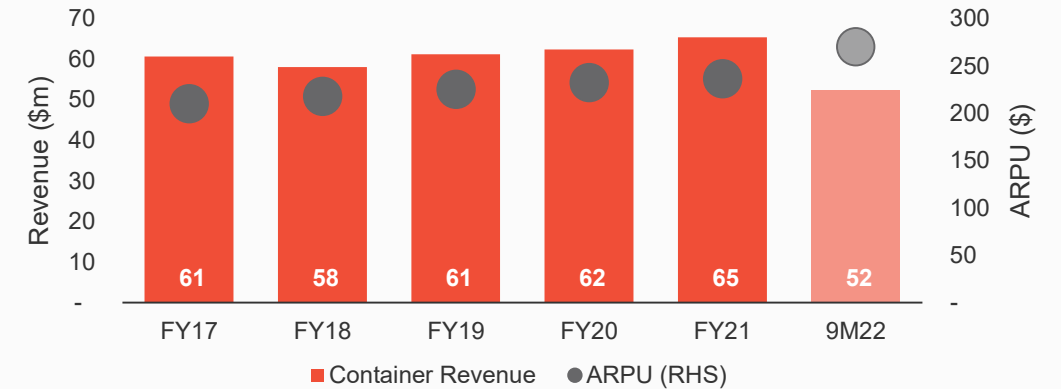
1) StatsNZ, gross domestic product by region for the year ended March 2021

OVERVIEW OF NAPIER PORT

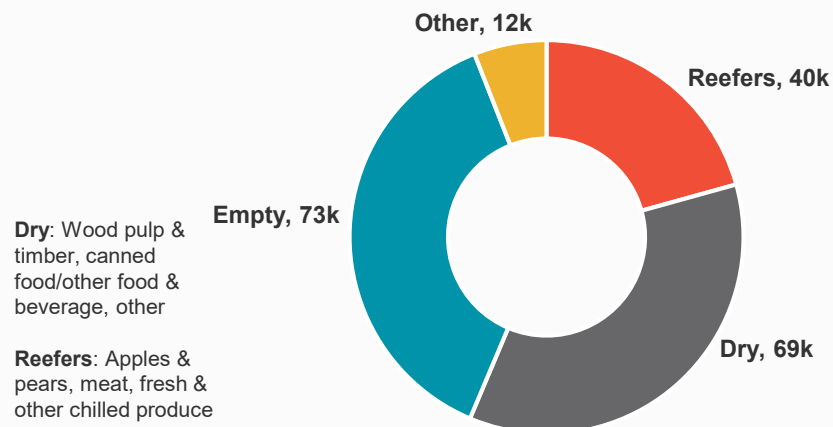
CONTAINER TRADE

- Largest trade by revenue having generated \$65.3 million (60% of total) in FY21. In recent years, TEUs and revenues have been relatively constant despite shipping challenges and other COVID-19 related disruptions
- Container trade is predominantly export driven and dominated by primary sector commodities including forest products, pipfruit and meat
- ~40% of exported containers are refrigerated containers and encourage shipping lines to call at Napier Port as they generate higher revenue
- Te Whiti (also known as 6 Wharf) has extended Napier Port's container vessel operating capability and total port capacity

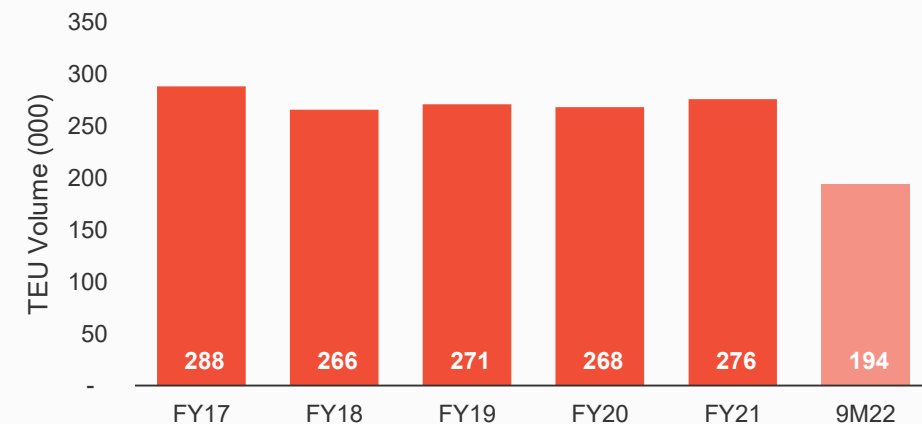
Historical Container Services Revenue and ARPU¹



TEUs (9M22 volume)



Historical Container Services TEUs



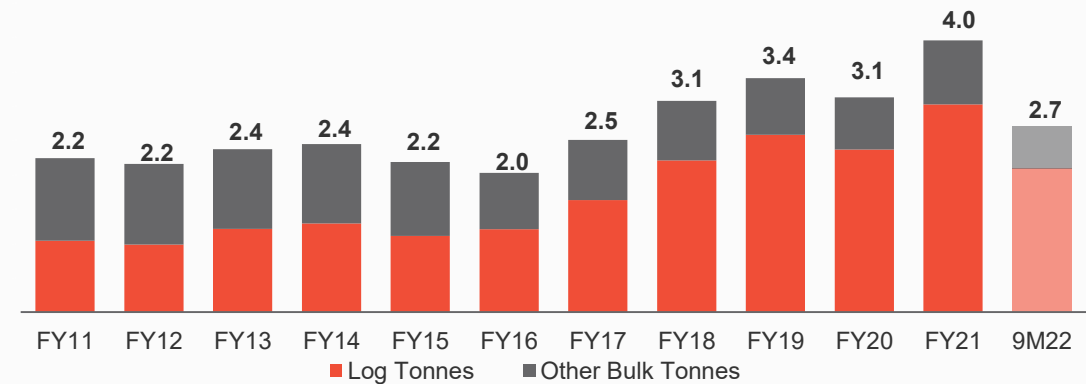
1) Average Revenue per Unit

OVERVIEW OF NAPIER PORT

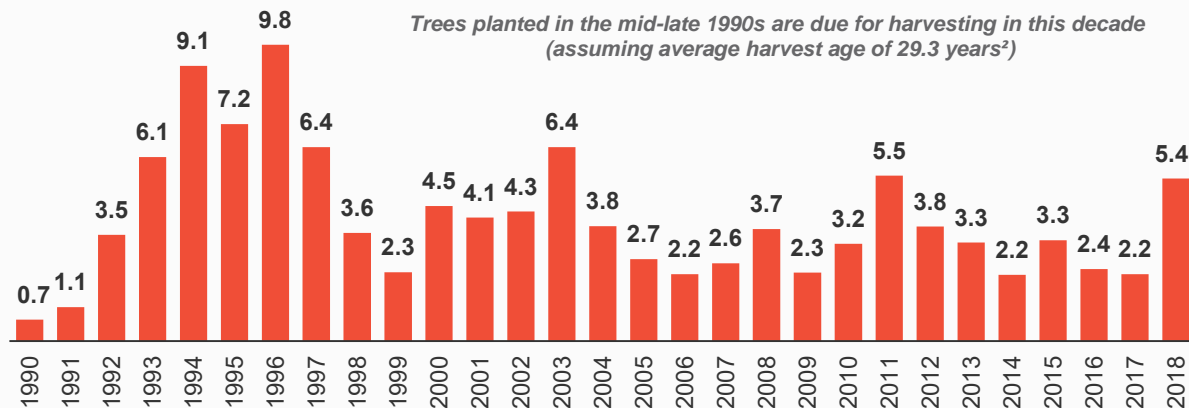
BULK CARGO

- Bulk cargo generated \$41.5 million (38% of total) revenue in FY21
- Log and forestry products comprise the majority of bulk cargo throughput (~80% by weight in FY21)
- Bulk cargo imports include fertiliser, oil products, cement and general cargo
- Bulk cargo volume growth has been underpinned by higher commodity prices and increased log harvesting. High levels of log harvesting activity are expected to continue over the coming years and will support throughput
- Key export destination markets include China (~93% by weight in FY21), India, Japan and South Korea

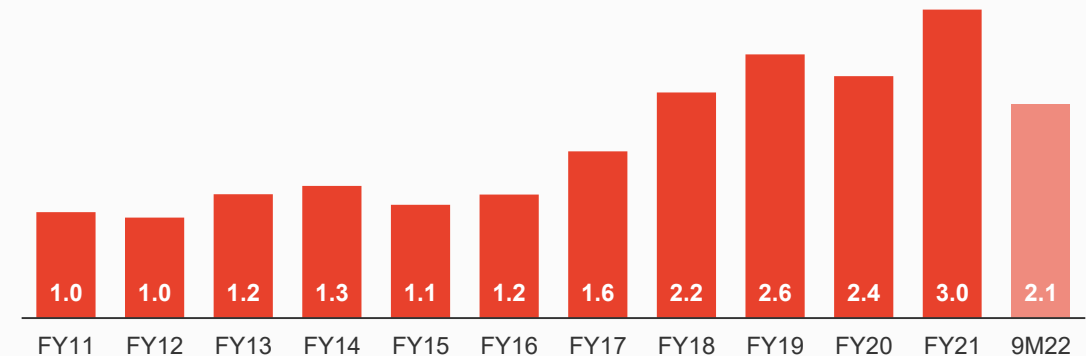
Bulk Cargo Volumes (FY11 to 9M22, million tonnes)



Log Planting (000 hectares)¹



Log Export Volumes (FY11 to 9M22, million tonnes)



1) Forme Forest Industry Consultants
2) Forest Owners Association Facts & Figures 2020/21

STRATEGY AND ESG



STRONG BUSINESS FOUNDATION

OVERVIEW

A Long-Term Asset Essential To The Health Of The Hawke's Bay Economy



An infrastructure asset essential to the health of the Hawke's Bay economy



Strong regional economic growth drivers and strong key customer relationships



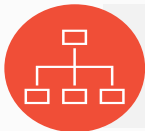
Diversified trade portfolio mitigates sector and country-specific risks



Well-positioned given future cargo visibility



Strong historical financial performance and a record of execution on growth opportunities



Experienced management team that is well connected with cargo owners and other stakeholders



STRATEGY

PURPOSE AND FOCUS

Purpose and Focus

Our Purpose

Together we build a thriving region by connecting you to the world

Our Focus Areas

Customer connection: Better understanding what our customers want and how we can help them achieve their goals

Harnessing data and technology: Collecting and harnessing data and using technology to optimise our operations

Networked infrastructure: Using connected network infrastructure to ensure seamless supply chains across our region and beyond

Collaborative partnerships: Working with all stakeholders to help drive growth in the region, to drive growth for the Port

Underpinned by our Culture of Care and Sustainability



TE WHITI (6 WHARF)

OVERVIEW OF TE WHITI

- Official opening of Te Whiti - 6 Wharf in July 2022 represented a significant milestone in Napier Port's history
- Despite COVID-19 lockdowns and supply chain constraints, development was completed on time and within budget
- Designed to future proof Napier Port and accommodate the larger container, bulk, and cruise vessels calling New Zealand
- Reduces vessel congestion and improves availability and operational performance across all wharves
- State-of-the-art mooring system, MoorMaster, berthing vessels more efficiently and safely
- Earthquake resilient having been built to Importance Level 4, providing a higher level of seismic resilience
- Connected to the rail and state highway networks of the North Island and strategically-located inland hubs, enabling a more efficient flow of cargo across the North Island



\$173m¹

Approximate construction cost

350m

Accommodates up to 360m length vessels

10

MoorMaster mooring units installed

SUSTAINABILITY

ESG FRAMEWORK AND STRATEGY

- Sustainability strategy launched in August 2021
- Aligned to and incorporates 14 of the 17 United Nations Sustainable Development Goals
- Thinking globally and acting locally to make a meaningful, measurable contribution
- Encompasses social, economic and environmental initiatives
- Identifies over 100 time-framed, actionable workstreams
- As at September 2022, 54 sustainability actions were underway, with a further 28 in planning
- Inaugural FY2021 Climate Change Related Disclosure Report, prepared in accordance with the recommendations of the Taskforce on Climate-related Financial Disclosures (TCFD)
- Commitment to Net Zero by 2050, first emissions audit underway
- De-carbonisation initiatives underway
- Protection of marine environment, creation of two artificial reefs, Kororā (little blue penguin) sanctuary
- Marine Cultural Health Programme in partnership with local marae, hapū and iwi



FINANCIALS



FINANCIALS

HIGHLIGHTS 9 MONTHS TO 30 JUNE 2022

- June quarter result from operations and underlying NPAT up on prior year comparative period, but down YTD, following a challenging first half of FY22
- Revenue growth reflects higher ARPU offsetting lower cargo volumes in year to date
- Container volumes impacted by shipping disruption, labour shortages and weather events in the year
- Operating expense higher due to additional staff and higher cost inflation across all expense categories
- Invested \$61.5 million in capital assets YTD, bringing the 6 Wharf development project near to completion on time and at bottom of cost forecast range
- Affirmed earnings guidance for underlying result from operating activities for the year of \$38 million to \$42 million

\$85.1
MILLION
REVENUE
-
▲2.6%

\$29.8
MILLION
RESULTS FROM
OPERATIONS
-
▼12.8%

\$14.2
MILLION
UNDERLYING NPAT
-
▼17.7%

\$30.6
MILLION
BULK CARGO REVENUE
-
▼0.7%

\$52.5
MILLION
CONTAINER REVENUE
-
▲4.5%

393
VESSEL
CALLS
-
▼12%

2.7
MILLION
TONNES
BULK CARGO HANDLED
-
▼6.3%

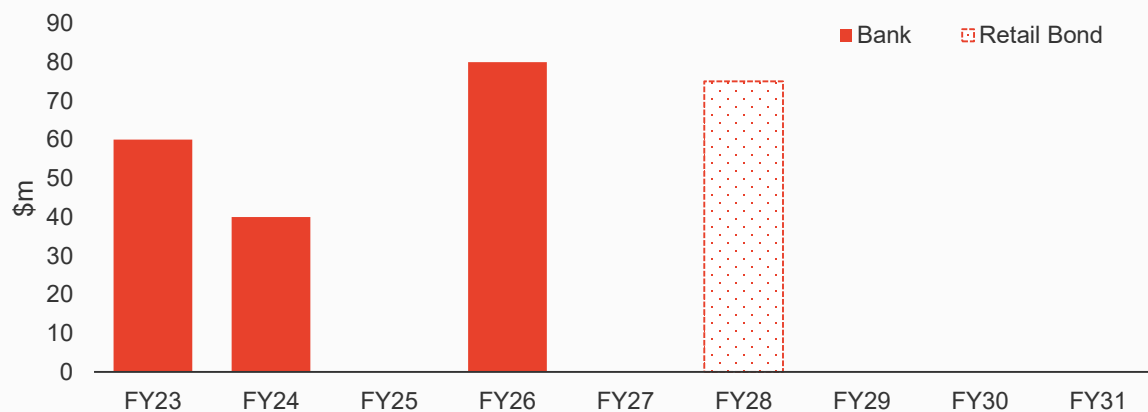
194
THOUSAND
TEU CONTAINERS
HANDLED
-
▼9.8%

FINANCIALS

CAPITAL MANAGEMENT

- Napier Port has strong access to committed liquidity of \$180 million (as at 1 September 2022)
- Following Napier Port's 2019 IPO, net cash plus borrowings have funded development of Te Whiti - 6 Wharf
- Over the long term, Debt to EBITDA is targeted to remain within the capital structure target of between 2x and 3x
- In the short term, Debt to EBITDA is expected to temporarily peak above 3.5x following completion of Te Whiti - 6 Wharf
- The bond issue will diversify Napier Port's financing arrangements and extend the term of its borrowings
- Following the bond issue, the weighted average maturity of Napier Port's borrowing facilities including the bond is expected to be a minimum of 4.5 years

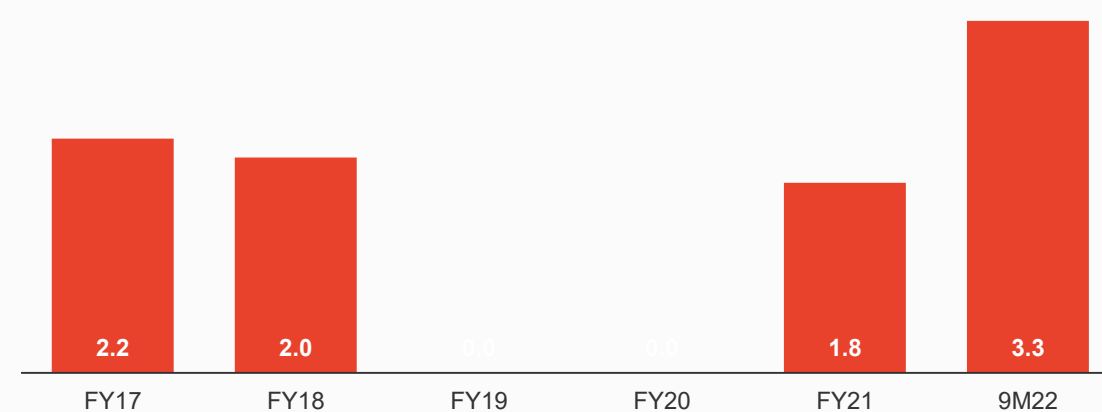
Committed Facilities Plus Bond Debt Maturity Profile (\$m)



Historical Debt (\$m)



Debt / EBITDA (times)



FINANCIALS

CAPITAL MANAGEMENT (CONT'D)

- Napier Port's Treasury Policy sets out fixed and floating upper and lower parameters over future time bands. These generally require higher fixed rate profiles in nearer time bands
- After the bond issue, Napier Port expects to have approximately \$120 million of debt at fixed interest rates (including interest rate hedging), declining to approximately \$95 million from mid-2024



RETAIL BOND OFFER



RETAIL BOND OFFER

FURTHER TERMS OF THE OFFER

Issuer	Napier Port Holdings Limited (Napier Port)
Description	Unsecured, unsubordinated, fixed rate bonds (Bonds)
Issue Amount	Up to \$75,000,000 (inclusive of the Shareholder Priority Offer and with the ability to accept oversubscriptions of up to an additional \$25,000,000 at Napier Port's discretion)
Credit rating	Both the Bonds and Napier Port are unrated
Term	The Bonds will be issued on 23 September 2022 for a term of 5.5 years, maturing on 23 March 2028
Interest Rate	The Bonds will pay a fixed rate of interest until the Maturity Date. The Interest Rate will be set on the Rate Set Date as being equal to the Swap Rate plus the Issue Margin, or if greater, any applicable minimum Interest Rate. The Interest Rate will be announced by Napier Port through NZX on or shortly after the Rate Set Date
Indicative Issue Margin	The indicative Issue Margin and minimum Interest Rate (if any) will be determined by Napier Port in conjunction with the Joint Lead Managers and announced through NZX on 12 September 2022
Interest Payments	Quarterly in arrear in equal amounts
Minimum Application Amount and Minimum Holding	\$5,000 and multiples of \$1,000 thereafter
Brokerage	Napier Port will pay brokerage of 0.50% on Bonds allotted to retail investors only and a firm fee of 0.25% on firm allotments No brokerage or firm fees will be paid on allotments made in the Shareholder Priority Offer
Quotation	Napier Port will take any necessary steps to ensure the Bonds are, immediately after issue, quoted on the NZX Debt Market. Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this investor presentation have been complied with. However, NZX accepts no responsibility for any statement in this presentation. NZX is a licensed market operator, and the NZX Debt Market is a licensed market under the Financial Markets Conduct Act 2013
NZX Debt Market Ticker Code	NPH010

RETAIL BOND OFFER

FURTHER TERMS OF THE OFFER (CONT'D)

<p>Financial covenant</p>	<p>Total Debt to EBITDA of the Napier Port Group shall not exceed 4.50 times on each semi-annual test date. An Event of Default occurs if on two successive semi-annual test dates this covenant is breached, subject to a grace period of 20 Business Days</p> <p>The first financial covenant test date is 30 September 2022</p>
<p>Guarantee</p>	<p>The Bonds will be guaranteed by the guarantors under the negative pledge deed dated 11 July 2019 (as amended from time to time) (Negative Pledge Deed). Pursuant to the terms of the Supplemental Trust Deed, Napier Port and the Guarantors must comprise not less than 90% of the consolidated Total Tangible Assets of the Napier Port Group and 90% of the consolidated EBITDA of the Napier Port Group</p> <p>As at the Issue Date, Port of Napier Limited (a wholly owned subsidiary of Napier Port) is the only Guarantor</p>
<p>Negative Pledge</p>	<p>Under the Negative Pledge Deed, each Guarantor will not create or permit to subsist any security over their assets other than certain permitted security interests which are described in the Negative Pledge Deed</p> <p>Napier Port and each Guarantor may, in addition, from time to time create or permit to subsist other security interests over their assets provided that the aggregate principal amount secured by all such other security interests does not exceed 10% of the Total Tangible Assets of the consolidated Napier Port Group</p>
<p>Product Disclosure Statement</p>	<p>The Product Disclosure Statement was lodged on 1 September 2022 and is available at napierport.bondoffer.co.nz</p>

RETAIL BOND OFFER

SHAREHOLDER PRIORITY OFFER

<p>Description</p>	<p>On 24 August 2022, Napier Port announced its intention to make an offer of Bonds. Existing eligible shareholders were invited to express interest for an allocation of Bonds at that time (Shareholder Pre-Registration Process) at napierport.bondoffer.co.nz. The Shareholder Pre-Registration Process will close at 12.00pm on Friday, 9 September 2022</p>
<p>Eligible Shareholders</p>	<p>A person who is recorded in the share register of Napier Port as being a registered holder of a fully paid ordinary share in Napier Port as at 5.00pm on Friday, 9 September 2022, and whose address is either:</p> <ul style="list-style-type: none"> recorded in the share register as being in New Zealand; or recorded in the share register as being in Australia and the shareholder is an institutional shareholder
<p>Shareholder Priority Offer</p>	<p>There is no public pool for the Bonds. However, Eligible Shareholders can apply for Bonds through the Shareholder Priority Offer. Eligible Shareholders may apply for an allocation of Bonds in the Shareholder Priority Offer from Monday, 12 September 2022 (Opening Date) until 12.00pm on Thursday, 15 September 2022 (Shareholder Priority Offer Closing Date) at napierport.bondoffer.co.nz</p>
<p>Allocation amount</p>	<p>The amount of Bonds allocated to shareholders will be determined during the Bookbuild process by Napier Port in consultation with the Joint Lead Managers. Napier Port may scale any application (including any application under the Shareholder Priority Offer) at its discretion, but will not scale any application to below \$5,000 or any amount that is not a multiple of \$1,000. Napier Port reserves the right to refuse all or any part of any application for Bonds (including any application under the Shareholder Priority Offer) without giving any reason</p>

RETAIL BOND OFFER

KEY DATES

Shareholder Pre-Registration Process closes	12.00pm, Friday, 9 September 2022
Indicative pricing released	Monday, 12 September 2022
Shareholder Priority Offer Closing Date	12.00pm, Thursday, 15 September 2022
Closing Date	12.00pm, Friday, 16 September 2022
Rate Set Date	Friday, 16 September 2022
Issue Date and Allotment Date	Friday, 23 September 2022
Expected date of initial quotation and trading of the Bonds on the NZX Debt Market	Monday, 26 September 2022
Interest Payment Dates	23 March, 23 June, 23 September and 23 December each year, with the first payment on 23 December 2022
Maturity Date	23 March 2028

QUESTIONS?





NAPIER^o PORT

Te Herenga Waka o Ahuriri

PRODUCT DISCLOSURE STATEMENT

**FOR AN OFFER OF UNSECURED,
UNSUBORDINATED, FIXED RATE
5.5 YEAR BONDS BY NAPIER PORT
HOLDINGS LIMITED**

1 SEPTEMBER 2022

This document gives you important information about this investment to help you decide whether you want to invest. There is other useful information about this offer at www.disclose-register.companiesoffice.govt.nz, offer number 13364.

Napier Port Holdings Limited has prepared this document in accordance with the Financial Markets Conduct Act 2013. You can also seek advice from a financial advice provider to help you to make an investment decision.

**ARRANGER
AND JOINT LEAD
MANAGER**

**JOINT LEAD
MANAGERS**



1. KEY INFORMATION SUMMARY

1.1 WHAT IS THIS?

This is an offer (**Offer**) of unsecured, unsubordinated, fixed rate 5.5 year bonds (**Bonds**). The Bonds are debt securities issued by Napier Port Holdings Limited (**Napier Port**). You give Napier Port money, and in return Napier Port promises to pay you interest and repay the money at the end of the term. If Napier Port runs into financial trouble, you might lose some or all of the money you invested.

1.2 ABOUT NAPIER PORT AND ITS SUBSIDIARIES

Napier Port is the NZX listed parent company of Port of Napier Limited that owns and operates the Port which services Hawke's Bay and its surrounding regions. It is New Zealand's fourth largest port by container volume and offers a range of container, bulk cargo and cruise vessel services.

The ordinary shares in Napier Port are listed and quoted on the NZX Main Board under the company code NPH. As at 31 August 2022, its market capitalisation was approximately NZ\$592 million.

1.3 PURPOSE OF THIS OFFER

The net proceeds of the Offer will be used to repay a portion of Napier Port's existing debt and will be used for general corporate purposes. The Bonds will provide Napier Port with additional diversity of funding and tenor. See section 4 of this PDS (*Purpose of the Offer*) for more information.

1.4 KEY TERMS OF THE OFFER

Issuer	Napier Port Holdings Limited.
Description of the Bonds	Unsecured, unsubordinated, fixed rate bonds. See section 5 of this PDS (<i>Key features of the Bonds</i>) for more information.
Term	5.5 years, maturing on Thursday, 23 March 2028.
Offer amount	Up to NZ\$75,000,000 (inclusive of the Shareholder Priority Offer and with the ability to accept oversubscriptions of up to an additional NZ\$25,000,000 at Napier Port's discretion). The Offer is not underwritten.
Shareholder Priority Offer	Eligible Shareholders can apply for Bonds through the Shareholder Priority Offer. The amount of Bonds allocated in the Shareholder Priority Offer will be determined during the Bookbuild by Napier Port in consultation with the Joint Lead Managers. Eligible Shareholders may apply for an allocation of Bonds in the Shareholder Priority Offer from the Opening Date up until the Shareholder Priority Offer Closing Date. See "Shareholder Priority Offer" in section 3 of this PDS (<i>Terms of the Offer</i>) for more information.
Interest Rate	The Bonds will pay a fixed rate of interest until the Maturity Date. The Interest Rate will be determined by Napier Port in conjunction with the Joint Lead Managers following the Bookbuild and will be set at the sum of the Swap Rate and the Issue Margin or, if greater, any applicable minimum Interest Rate announced via NZX. Any such minimum Interest Rate and the range of the indicative Issue Margin will be determined by Napier Port in conjunction with the Joint Lead Managers and announced through NZX on Monday, 12 September 2022. The Interest Rate will be announced by Napier Port through NZX on the Rate Set Date.

Interest payment dates	Subject to “ <i>Interest payments and entitlement</i> ” in section 3 of this PDS (<i>Terms of the Offer</i>), interest payments will be quarterly in arrear on 23 March, 23 June, 23 September and 23 December each year (or if that scheduled date is a not a Business Day, the next Business Day without adjustment, interest or further payment as a result thereof) until and including the Maturity Date, with the First Interest Payment Date being Friday, 23 December 2022.
Eligible Shareholder record date	5:00pm, Friday, 9 September 2022.
Opening Date	Monday, 12 September 2022.
Shareholder Priority Offer Closing Date	12:00pm, Thursday, 15 September 2022.
Closing Date	12:00pm, Friday, 16 September 2022.
Rate Set Date	Friday, 16 September 2022.
Issue Date and Allotment Date	Friday, 23 September 2022.
Minimum application amount and minimum holdings of Bonds	NZ\$5,000 and multiples of NZ\$1,000 thereafter.
Further payments, fees or charges	<p>Taxes may be deducted from interest payments on the Bonds. See section 7 of this PDS (<i>Tax</i>) for more information.</p> <p>You are not required to pay brokerage or any other fees or charges to Napier Port to purchase the Bonds. However, you may have to pay brokerage to the firm from whom you receive an allocation of Bonds. Please contact your broker for further information on any brokerage fees.</p>

1.5 WHO IS RESPONSIBLE FOR REPAYING YOU?

Napier Port is responsible for paying interest on the Bonds and for repayment of the Bonds on the Maturity Date.

The Bonds are guaranteed by the Guarantors under the Negative Pledge Deed. Pursuant to the terms of the Supplemental Trust Deed, Napier Port and the Guarantors must comprise not less than 90% of the Total Tangible Assets of the Napier Port Group and 90% of the EBITDA of the Napier Port Group. The Bonds are not guaranteed by any members of the Napier Port Group who are not Guarantors under the Negative Pledge Deed.

At the Issue Date the sole Guarantor will be Port of Napier Limited. No other member of the Napier Port Group will guarantee the Bonds as at the Issue Date.

More information about the Guarantee and the Guarantors can be found in section 5 of this PDS (*Key features of the Bonds*).

1.6 HOW YOU CAN GET YOUR MONEY OUT EARLY

Neither you nor Napier Port are able to redeem the Bonds prior to the Maturity Date. However, Napier Port may be required to repay the Bonds early if there is an Event of Default. See section 5 of this PDS (*Key features of the Bonds*) for more information.

Napier Port intends to quote these Bonds on the NZX Debt Market. This means you may be able to sell them on the NZX Debt Market before the end of their term if there are interested buyers. If you sell your Bonds, the price you get will vary depending on factors such as the financial condition of the Napier Port Group and movements in the market interest rates. You may receive less than the full amount that you paid for them.

1.7 HOW THE BONDS RANK FOR REPAYMENT

On a liquidation of Napier Port, each Bond will rank equally as an unsecured, unsubordinated obligation of Napier Port.

This means in a liquidation of Napier Port:

- you will only be repaid **after** all secured creditors (if any) and creditors preferred by law (e.g. employees up to a specified amount each and Inland Revenue in respect of unpaid taxes);
- you will be repaid at the same time and to the same extent as all other unsecured and unsubordinated creditors of Napier Port (including banks that lend money to Napier Port on an unsecured basis, hedge counterparties that contract on an unsecured basis and all other unsecured trade and general creditors); and
- you will be paid ahead of Napier Port's subordinated liabilities and claims of Napier Port's shareholders.

Further information on the ranking of the Bonds in a liquidation can be found in section 5 of this PDS (*Key features of the Bonds*).

1.8 NO SECURITY

The Bonds are not secured against any assets of Napier Port nor any other member of the Napier Port Group.

1.9 KEY RISKS AFFECTING THIS INVESTMENT

Investments in debt securities have risks. A key risk is that Napier Port does not meet its commitments to repay you or pay you interest (credit risk). Section 6 of this PDS (*Risks of investing*) discusses the main factors that give rise to the risk. You should consider if the credit risk of these debt securities is suitable for you.

The interest rate for these Bonds should also reflect the degree of credit risk. In general, higher returns are demanded by investors from businesses with higher risk of defaulting on their commitments. You need to decide whether the Offer is fair.

Napier Port considers that the most significant risk factors are:

- **Significant asset damage and interruption risk:** A major natural event, such as a tsunami or significant earthquake, could destroy or damage Napier Port's assets (including the Port), which could result in a major interruption to Napier Port's business. This is a specific risk to Napier Port because:
 - Napier Port operates a physical (and geographically specific) port facility in Napier which is susceptible to damage from natural events;
 - Napier Port relies on the uninterrupted access to the Port and the continued operation of the Port in order for ships to load and unload cargo; and
 - It is unlikely that Napier Port's insurance would cover Napier Port for all of the potential damage covered by a major natural event.
- **Forestry sector risk:** Napier Port's business is heavily dependent on the forestry sector, particularly logs, woodpulp and timber. Any decrease in the supply or demand for New Zealand or Hawke's Bay and surrounding areas' forestry products could have an adverse impact on Napier Port's financial position and performance.
- **Biosecurity risk:** The products exported through Napier Port are mainly made up of primary produce, including forestry products, pipfruit and meat. Any significant biosecurity event that affects such products could result in the supply or demand for primary produce exported through the Port being materially reduced.

This summary does not cover all of the risks of investing in the Bonds. You should also read section 5 of this PDS (*Key features of the Bonds*) and section 6 of PDS (*Risks of Investing*).

1.10 NO CREDIT RATING

Napier Port's creditworthiness has not been assessed by an approved rating agency. This means that Napier Port has not received an independent opinion of its capability and willingness to repay its debts from an approved source.

1.11 WHERE YOU CAN FIND OTHER MARKET INFORMATION ABOUT NAPIER PORT

This is a short form disclosure that Napier Port is permitted to use because these Bonds rank in priority to Napier Port's existing quoted financial products. The existing quoted financial products are ordinary shares in Napier Port, which are traded on the NZX Main Board. Napier Port is subject to a disclosure obligation that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. Napier Port's page on the NZX website, which includes information made available under the disclosure obligation referred to above, can be found at www.nzx.com/companies/NPH.

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LETTER FROM THE CHAIR

Tēnā koutou e ngā kaiwhakarato moni – greetings investors

On behalf of the Board, it is with great pleasure that I invite new and existing investors to participate in an offer of unsecured, unsubordinated fixed rate bonds (**Bonds**) to be issued by Napier Port.

For nearly 150 years, our people and infrastructure have connected Hawke's Bay and its surrounding regions with the world, helping to create a thriving regional economy. This remains our key purpose today and we are committed to working closely with our customers and the community to ensure this is achieved.

Napier Port is New Zealand's fourth largest port by container volumes and provides a range of container and bulk cargo services for importers and exporters alike. The Port also serves as an important gateway to the Hawke's Bay region through its ability to accommodate cruise ships.

At the time Napier Port listed in 2019, we articulated our commitment to continually invest in our infrastructure to help underpin regional growth. The centrepiece of that investment programme and an important use of IPO funds was the development of our new wharf asset, Te Whiti (also known as 6 Wharf). The objective of this investment was to reduce on-Port congestion, increase shipping capacity and operating efficiencies, and to provide an ability to handle larger vessels visiting New Zealand and Hawke's Bay and growth in cruise ship demand.

With Te Whiti now operational (ahead of schedule), it is an appropriate time to revisit our funding arrangements. We believe that using the debt capital markets to increase the diversity and term of our debt funding will be beneficial to our business.

Napier Port is seeking to raise up to NZ\$75 million (inclusive of the Shareholder Priority Offer and with an ability to accept oversubscriptions of up to an additional NZ\$25 million at Napier Port's discretion) through the issuance of the Bonds.

The net proceeds will be used to repay a portion of existing bank debt and for general corporate purposes.

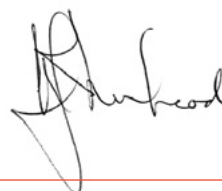
In recognition of the support from our shareholders we are pleased to offer Eligible Shareholders access to the Bonds via a shareholder application process. Further details regarding the Shareholder Priority Offer are set out in section 12 (*How to apply*) of this PDS.

This PDS contains important information about Napier Port and the Offer. We encourage you to read it carefully and consider, in particular, section 6 (*Risks of investing*) before making an investment decision.

I encourage you to seek financial, investment or other advice from a qualified professional adviser as you take time to consider this Offer.

On behalf of the Napier Port Board, we welcome your participation in this Offer and your continued support of Napier Port.

Nakū noa, Na



ALASDAIR MACLEOD

Chair

2. KEY DATES AND OFFER PROCESS

KEY DATES

Eligible Shareholder record date	5:00pm, Friday, 9 September 2022.
Opening Date	Monday, 12 September 2022. The minimum Interest Rate (if any) and indicative Issue Margin will be determined and announced on this date.
Shareholder Priority Offer Closing Date	12:00pm, Thursday, 15 September 2022.
Closing Date	12:00pm, Friday, 16 September 2022.
Rate Set Date	Friday, 16 September 2022.
Issue Date and Allotment Date	Friday, 23 September 2022.
Expected date of initial quotation and trading of the Bonds on the NZX Debt Market	Monday, 26 September 2022.
Interest Payment Dates	23 March, 23 June, 23 September, 23 December in each year.
First Interest Payment Date	Friday, 23 December 2022.
Maturity Date	Thursday, 23 March 2028.

The timetable is indicative only and subject to change. Napier Port may, in its absolute discretion and without notice, vary the timetable (including by opening or closing the Offer early, accepting late applications and extending the Closing Date).

If Napier Port changes the Opening Date and/or the Closing Date, the changes will be announced through NZX as soon as reasonably practicable (and in any event within the times prescribed by the NZX Listing Rules).

If the Closing Date is extended, the Rate Set Date, the Issue Date, the expected date of initial quotation and trading of the Bonds on the NZX Debt Market, the Interest Payment Dates and the Maturity Date may also be extended. Any such changes will not affect the validity of any applications received.

Napier Port reserves the right to cancel the Offer and the issue of the Bonds, in which case any application monies received will be refunded (without interest) as soon as practicable.

3. TERMS OF THE OFFER

Issuer	Napier Port Holdings Limited.
Description of the Bonds	Unsecured, unsubordinated, fixed rate bonds.
Term and Maturity Date	5.5 years, maturing on Thursday, 23 March 2028.
Offer amount	Up to NZ\$75,000,000 (inclusive of the Shareholder Priority Offer and with the ability to accept oversubscriptions of up to an additional NZ\$25,000,000 at Napier Port's discretion).
Shareholder Priority Offer	<p>Eligible Shareholders can apply for Bonds through the Shareholder Priority Offer. The amount of the Bonds allocated in the Shareholder Priority Offer will be determined during the Bookbuild by Napier Port in consultation with the Joint Lead Managers.</p> <p>Eligible Shareholders may apply for an allocation of Bonds in the Shareholder Priority Offer from the Opening Date up until the Shareholder Priority Offer Closing Date.</p> <p>There is no guarantee that a shareholder will receive all of the Bonds for which it has applied. Napier Port may, in its absolute discretion, determine whether to accept or scale all or part of any application without giving any reason.</p>
Eligible Shareholder	<p>A person who is recorded in the share register of Napier Port as being a registered holder of a fully paid ordinary share in Napier Port as at 5:00pm on Friday, 9 September 2022, and whose address is either:</p> <ul style="list-style-type: none"> ▪ recorded in the share register as being in New Zealand; or ▪ recorded in the share register as being in Australia and the shareholder is an institutional shareholder.
Issue price and Principal Amount	NZ\$1.00 per Bond, being the Principal Amount of each Bond.
Interest Rate	<p>The Bonds will pay a fixed rate of interest until the Maturity Date.</p> <p>The Interest Rate will be determined by Napier Port in conjunction with the Joint Lead Managers following the Bookbuild and will be set at the sum of the Swap Rate and the Issue Margin or, if greater, any applicable minimum Interest Rate announced via NZX.</p> <p>Any such minimum Interest Rate and the range of the indicative Issue Margin will be determined by Napier Port in conjunction with the Joint Lead Managers and announced through NZX on Monday, 12 September 2022.</p> <p>The Interest Rate will be announced by Napier Port through NZX on the Rate Set Date.</p>
Interest Payment Dates	Subject to the below, quarterly in arrear on 23 March, 23 June, 23 September and 23 December each year (or if that scheduled date is not a Business Day, the next Business Day without adjustment, interest or further payment as a result) until and including the Maturity Date, with the First Interest Payment Date being Friday, 23 December 2022.
Interest payments and entitlement	<p>Payments of interest on Interest Payment Dates will be of equal quarterly amounts. Any interest on the Bonds payable on a date which is not an Interest Payment Date, will be calculated based on the number of days in the relevant period and a 365-day year.</p> <p>On Interest Payment Dates interest will be paid to the person registered as the Bondholder as at the record date immediately preceding the relevant Interest Payment Date.</p> <p>The record date for interest payments is 5.00pm on the date that is 10 days before the relevant scheduled Interest Payment Date (prior to any adjustment to the Interest Payment Date to fall on a Business Day). If the record date falls on a day which is not a Business Day, the record date will be the immediately preceding Business Day.</p>

Eligible Shareholder record date	5:00pm, Friday, 9 September 2022.
Opening Date	Monday, 12 September 2022.
Shareholder Priority Offer Closing Date	12:00pm, Thursday, 15 September 2022.
Closing Date	12:00pm, Friday, 16 September 2022.
Scaling	Napier Port may scale any application (including any application under the Shareholder Priority Offer) at its discretion, but will not scale any application to below NZ\$5,000 or to an amount that is not a multiple of NZ\$1,000.
Accept / reject applications	Napier Port reserves the right to refuse all or any part of any application for Bonds (including any application under the Shareholder Priority Offer) without giving any reason.
Refunds	If Napier Port does not accept your application (whether because of late receipt or otherwise) or accepts it in part, all or the relevant balance of your application money received will be repaid to you as soon as practicable. No interest will be paid on refunds or on funds received prior to the Issue Date.
Minimum application amount and minimum holding of Bonds	NZ\$5,000 and multiples of NZ\$1,000 thereafter.
Who may apply?	There is no public pool for the Bonds. The Shareholder Priority Offer is open to all Eligible Shareholders. Outside of the Shareholder Priority Offer, all of the Bonds (including any oversubscriptions) have been reserved for clients of the Joint Lead Managers, Primary Market Participants and other approved financial intermediaries and institutional investors invited to participate in Bookbuild conducted by the Joint Lead Managers.
How to apply	Application instructions are set out in section 12 of this PDS (<i>How to apply</i>). Napier Port reserves the right to refuse all or any part of any application for Bonds under the Offer without giving a reason.
No underwriting	The Offer is not underwritten.
Brokerage	You are not required to pay brokerage or any other fees or charges to Napier Port to purchase the Bonds. However, you may be required to pay brokerage to the firm from whom you receive an allocation of Bonds, or for the transfer of Bonds. Please contact your broker for further information on any brokerage fees. Napier Port will pay brokerage of 0.50% on Bonds allotted to retail investors only and a firm fee of 0.25% on firm allotments. No brokerage or firm fees will be paid on allotments made in the Shareholder Priority Offer.
No security	The Bonds are not secured over the assets of Napier Port or any other member of the Napier Port Group.
Guarantee	The Bonds will be guaranteed by the Guarantors under the Negative Pledge Deed. At the Issue Date the sole Guarantor will be Port of Napier Limited, a wholly owned subsidiary of Napier Port. More information about the terms of the Guarantee under the Negative Pledge Deed can be found in section 5 of this PDS (<i>Key features of the Bonds</i>).

Ranking of Bonds	<p>On a liquidation of Napier Port, the Bonds will rank equally with Napier Port's other unsecured and unsubordinated obligations and will:</p> <ul style="list-style-type: none"> ▪ rank after liabilities secured over assets of Napier Port and liabilities preferred by law; ▪ rank equally with all other unsecured and unsubordinated liabilities of Napier Port; and ▪ rank ahead of any subordinated liabilities and claims of Napier Port's shareholders. <p>On a liquidation of a Guarantor, the obligations of the Guarantor under the Negative Pledge Deed will rank as unsecured and unsubordinated obligations of that Guarantor.</p> <p>More detail on the ranking of the Bonds can be found in section 5 of this PDS (<i>Key features of the Bonds</i>).</p>
Financial covenant	<p>Napier Port gives a financial covenant to the Bond Supervisor that the Napier Port Group's total debt expressed as a ratio of the Napier Port Group's EBITDA shall not exceed 4.50 times on each Test Date. An Event of Default occurs if on two consecutive Test Dates this covenant is breached, subject to a grace period of 20 Business Days. The first test date for this financial covenant will be on Friday, 30 September 2022.</p> <p>See clause 5.2 of the Supplemental Trust Deed for the detailed wording of this financial covenant.</p>
Events of Default	<p>If an Event of Default occurs, and is continuing, the Bond Supervisor may in its discretion, and must in certain circumstances including upon being directed to do so by an Extraordinary Resolution of Bondholders, by written notice to Napier Port, declare the Bonds together with accrued interest to be immediately due and payable.</p> <p>The Events of Default are set out in Schedule 1, condition 17 of the Trust Deed and section 19 of the Schedule to the Supplemental Trust Deed, a copy of which is on the Disclose Register and are summarised in section 5 of this PDS (<i>Key features of the Bonds</i>).</p>
Early redemption	<p>Neither you nor Napier Port are able to redeem the Bonds prior to the Maturity Date. However, Napier Port may be required to repay the Bonds early if there is an Event of Default (as described below in section 5 of this PDS (<i>Key features of the Bonds</i>)).</p>
Further bonds	<p>Napier Port may issue further bonds without the consent of the Bondholders which may rank ahead of, equally with or behind the Bonds.</p>
Taxes	<p>Taxes may be deducted from interest payments on the Bonds. See section 7 of this PDS (<i>Tax</i>) for more information.</p>
Quotation	<p>Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this PDS have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this PDS. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMCA.</p> <p>NZX ticker code NPH010 has been reserved for the Bonds.</p>
Transfer Restrictions	<p>Napier Port may decline to accept or register a transfer of the Bonds if the transfer would result in the transferor or transferee holding or continuing to hold Bonds with a Principal Amount of less than NZ\$5,000 (if not zero) or if the transfer is not in multiples of NZ\$1,000.</p>
Selling restrictions	<p>The Offer and subsequent transfer of Bonds are subject to certain selling restrictions contained in section 8 of this PDS (<i>Selling restrictions</i>).</p> <p>By subscribing for or otherwise acquiring any Bonds, you agree to indemnify, among others, Napier Port, the Bond Supervisor, the Arranger and the Joint Lead Managers for any loss, cost, damages, liability or expense sustained or incurred as a result of any breach by you of the selling restrictions contained in section 8 of this PDS (<i>Selling restrictions</i>).</p>
Governing law	<p>New Zealand.</p>

Bond Supervisor Public Trust.

Securities Registrar Link Market Services Limited.

Other documents

The terms of the Bonds, and other terms key to the Offer, are set out in the Trust Deed, as supplemented by the Supplemental Trust Deed.

The Bond Supervisor will also have the benefit of the Negative Pledge Deed (along with certain other creditors of Napier Port that have had the benefit of it extended to them such as banks who lend to Napier Port).

You should read these documents. Copies may be obtained from the Disclose Register at **www.disclose-register.companiesoffice.govt.nz**, offer number 13364.

4. PURPOSE OF THE OFFER

- 4.1 The net proceeds of the Offer will be used to repay a portion of Napier Port's existing debt and for general corporate purposes. The Bonds will provide Napier Port with additional diversity of funding and tenor. This purpose will not change, irrespective of the total amount that is raised. The Offer is not underwritten and is not conditional on raising a minimum amount.

5. KEY FEATURES OF THE BONDS

- 5.1 A number of key features of the Bonds are described in section 3 (*Terms of the Offer*) of this PDS. Other key features of the Bonds are described below.

5.2 THE BOND SUPERVISOR

The Bond Supervisor is appointed to act as supervisor and trustee for the Bondholders on the terms contained in the Trust Deed. Copies of the Trust Deed, the Supplemental Trust Deed and the Negative Pledge Deed are included on the Disclose Register.

You can only enforce your rights under the Bonds, and under the Guarantee, and other arrangements described below, through the Bond Supervisor. However, you can enforce your rights under the Bonds only (but not the Guarantee, or other arrangements) against Napier Port directly if the Bond Supervisor is obliged to enforce, but has failed to do so within a reasonable period.

5.3 RANKING

The Bonds constitute unsecured, unsubordinated debt obligations of Napier Port. On a liquidation of Napier Port amounts owing to Bondholders rank equally with all other unsecured and unsubordinated obligations of Napier Port.

Amounts owing under the Negative Pledge Deed constitute unsecured and unsubordinated obligations of each Guarantor and on a liquidation of a Guarantor, amounts owing to Bondholders under the Negative Pledge Deed rank equally with all other unsecured and unsubordinated obligations of the relevant Guarantor.

The ranking of the Bonds on a liquidation of Napier Port is summarised in the diagram below.

The actual amount of liabilities and equity of Napier Port at the point of its liquidation will be different to the indicative amount set out in the diagram on the following page.

DIAGRAM SHOWING RANKING OF BONDS

	Ranking on the liquidation of Napier Port	Liability/Equity	Indicative amount of existing liabilities and equity of the Napier Port Group¹ as at 30 June 2022 adjusted for expected proceeds of the Offer
Higher ranking/ Earlier priority	Liabilities that rank in priority to the Bonds ²	Liabilities secured over assets of Napier Port and liabilities preferred by law (including employee entitlements and Inland Revenue for certain unpaid taxes)	NZ\$6.3 million
	Liabilities that rank equally with the Bonds (including the Bonds) ³	These liabilities comprise: Bonds Bank debt Other unsecured and unsubordinated liabilities (such as general and trade creditors ⁴)	NZ\$141.5 million NZ\$75.0 million NZ\$55.0 million NZ\$11.5 million
	Liabilities that rank below the Bonds		NZ\$0 million
Lower ranking/ Later priority	Equity	Ordinary shares, reserves and retained earnings	NZ\$387.5 million⁵

5.4 GUARANTEES

The Bonds will be guaranteed by the Guarantors under the Negative Pledge Deed.

Under the Negative Pledge Deed, each Guarantor will jointly and severally guarantee to the Bond Supervisor the payment of all amounts owed to Bondholders in respect of the Bonds.

There are no limits on the amount for which any Guarantor may be liable under the Guarantee and there are no conditions to the Guarantee. The obligations of the Guarantors under the Negative Pledge Deed will be unsecured.

Each Guarantor is a member of the Napier Port Group. However, not all members of the Napier Port Group are required to be a Guarantor. Under the Supplemental Trust Deed, Napier Port must ensure that at all times the Guaranteeing Group (being Napier Port and the Guarantors) will be not less than 90% of the Total Tangible Assets of the Napier Port Group and 90% of the EBITDA of the Napier Port Group.

For full details of these provisions, see clause 5.1 of the Supplemental Trust Deed.

As at the Issue Date for the Bonds, the sole Guarantor will be Port of Napier Limited. Port of Napier Limited is a wholly owned subsidiary of Napier Port.

¹ Amounts shown in this table are indicative based on the financial position of Napier Port and its subsidiaries as at 30 June 2022, adjusted for the issue of Bonds. They are subject to rounding adjustments.

² Liabilities that rank in priority to the Bonds as at 30 June 2022 include:

- employee entitlements for unpaid salaries and wages, holiday pay and bonuses and pay-as-you-earn (PAYE) of NZ\$6.1 million, and
- amounts owing to Inland Revenue for unpaid goods and services tax of NZ\$0.2 million.

There are typically other preferred or secured claims which arise when a company is liquidated which are not possible to foresee and cannot therefore be quantified.

³ Amounts shown in the diagram assumes NZ\$75 million of Bonds are issued under the Offer. The final size of the Offer will not materially impact this amount, as the proceeds of the Offer are expected to be applied towards repaying a portion of bank debt which ranks equally with the Bonds.

⁴ Deferred tax liabilities of indicatively NZ\$21.0 million as at 30 June 2022 are not included in the above table as this amount would not crystallise and be payable on Napier Port's liquidation.

⁵ The total amount of Napier Port's equity referred to in this diagram includes an amount in relation to Napier Port's existing quoted equity securities.

The Negative Pledge Deed contains provisions that allow Napier Port to have a Guarantor released from the Guarantee under the Negative Pledge Deed if:

- two directors certify in writing that all guarantee coverage requirements under any facility that has the benefit of the Negative Pledge Deed (which will include these Bonds and the Supplemental Trust Deed) will be complied with immediately after the release of that Guarantor; or
- all beneficiaries of the Negative Pledge Deed (which will include the Bond Supervisor on behalf of Bondholders) have consented in writing to that release.

In addition, for any Guarantor to be released:

- there must be no indebtedness owed by the Guarantor to any beneficiary of the Negative Pledge Deed (including the Bondholders) other than indebtedness solely as a guarantor or the relevant beneficiary has consented to the release; and
- there must be no subsisting breach of the Negative Pledge Deed that remains unremedied or will occur as a result of the release.

5.5 FINANCIAL COVENANT

Napier Port gives the following financial covenant to the Bond Supervisor:

- the ratio of Total Debt of the Napier Port Group to EBITDA of the Napier Port Group shall not exceed 4.50 times of each Test Date.

For the purpose of calculating this financial covenant, the following definitions apply:

- Total Debt is calculated as the aggregate of all principal amounts outstanding under a loan or facility agreement, the aggregate principal amount of all outstanding notes (which will include the Principal Amount owing under the Bonds) and indebtedness arising from the termination or close-out amount of any derivative transactions.
- EBITDA is the amount of net profit for the Napier Port Group for the previous 12 month period before taking into account finance costs, income tax, depreciation, amortisation, exceptional items and impairment charges.
- Test Dates are 31 March and 30 September in each calendar year, with the first Test Date being Friday, 30 September 2022.

A breach of this financial covenant occurs if the covenant is not complied with on two consecutive Test Dates and that breach is not remedied within 20 Business Days of Napier Port becoming aware of it.

The description set out above is only a summary of the financial covenant and the terms used in calculating the ratio described in that covenant. The full details of this covenant are set out in clause 5.2 of the Supplemental Trust Deed.

The restriction on the Guaranteeing Group creating security described below under the heading “Restrictions on granting security” could also indirectly affect the ability of that group to borrow money.

5.6 RESTRICTIONS ON CREATING FURTHER LIABILITIES

The Napier Port Group could, at any time after the Issue Date, without the consent of Bondholders or the Bond Supervisor borrow money or otherwise create further liabilities that rank equally with or in priority to the Bonds on a liquidation of Napier Port, provided that it complies with the restrictions described below. These further liabilities could, for example, be a new series of bonds issued under the Trust Deed (including under a further supplemental trust deed), or a new borrowing facility with a bank.

Napier Port gives the financial covenant to the Bond Supervisor set out above which will restrict the ability of the Guaranteeing Group to borrow.

5.7 RESTRICTIONS ON GRANTING SECURITY

Napier Port has agreed with the beneficiaries of the Negative Pledge Deed (including, while any Bonds under the Supplemental Trust Deed remain outstanding, the Bond Supervisor) that none of its assets will be secured. Notwithstanding this restriction, Napier Port or another Guarantor is permitted to create security or permit security to exist over its assets:

- if the aggregate value of the assets secured does not exceed 10.0% of the Total Tangible Assets of the Napier Port Group; or
- if beneficiaries of the Negative Pledge Deed (which will include the Bond Supervisor on behalf of Bondholders) agree in writing to amend the terms of the Negative Pledge Deed consenting to, or to permit that security; or
- in certain other limited circumstances set out in the Negative Pledge Deed, (for example: if the security arises by operation of law, rights of netting, set-off, certain retention of title arrangements, a security interest arising from a disposal, or that relates to an encumbrance over certain land owned by Port of Napier Limited that only secures NZ\$100 per annum).

This is not a complete list of the circumstances where Napier Port or another Guarantor is permitted to create security. For full details of these provisions see clause 2 and the definition of “Permitted Security Interest” in the Negative Pledge Deed.

5.8 OTHER RESTRICTIONS ON BORROWING

Certain terms contained in Napier Port’s borrowing facilities also indirectly limit its ability to borrow. Napier Port’s current bank documents contain the following financial covenants:

- the ratio of Total Debt (as defined in those bank documents) to EBITDA (as defined in those bank documents) shall not exceed 4.50 times;
- the ratio of EBITDA (as defined in those bank documents) to Interest Expense (as defined in those bank documents) must not be less than 3.0 times; and
- the ratio of Total Equity (as defined in those bank documents) to Total Assets (as defined in those bank documents) must not be less than 50%.

Neither Bondholders nor the Bond Supervisor have the benefit of covenants (including, without limitation, the above covenants) given in favour of Napier Port’s bank lenders and they may therefore be amended or waived by the relevant lender. Napier Port does not have to consult or notify Bondholders or the Bond Supervisor of any actual or potential amendments or waivers under such documents. If a member of the Napier Port Group failed to comply with these provisions then the relevant lender may decide to accelerate repayment which may (subject to meeting certain thresholds) cause an Event of Default.

5.9 EVENTS OF DEFAULT

The Events of Default are contained in the Trust Deed and the Supplemental Trust Deed. They include:

- a failure by Napier Port to make a payment due in respect of the Bonds, subject to certain grace periods;
- a breach by Napier Port or a Guarantor of an obligation under the Trust Deed, or any material obligation under the Negative Pledge Deed, subject to certain grace periods;
- a representation by Napier Port or a Guarantor under the Trust Deed, is incorrect in any material respect when made, subject to certain grace periods;
- any indebtedness (other than for any bonds) in total of more than NZ\$5 million (or its equivalent in any other currency) of Napier Port or any Guarantor is not paid when due or within any applicable grace period in any document relating to such indebtedness, or becomes due and payable prior to its stated maturity by reason of an event of default, cancellation event, prepayment event or similar event (whatever called);
- insolvency events that affect Napier Port or a Guarantor; and
- breach of the financial covenant on two consecutive Test Dates by Napier Port and such default is not remedied (if capable of remedy) within 20 Business Days of Napier Port becoming aware of that breach.

This summary does not cover all of the Events of Default. For full details of the Events of Default see Schedule 1, condition 17 of the Trust Deed and section 19 of the Schedule to the Supplemental Trust Deed.

At any time while an Event of Default continues the Bond Supervisor may at its discretion and shall if directed to do so by an Extraordinary Resolution of Bondholders of any series of bonds (including the Bonds), by written notice to Napier Port, declare the outstanding Principal Amount of the Bonds of that series together with accrued interest to be immediately due and payable. Accrued interest is the interest earned on your Bonds since the last payment date and which has not been paid to you.

5.10 OTHER RELEVANT INFORMATION ABOUT THE TRUST DEED

The Trust Deed also contains a number of standard terms, including relating to:

- the role of the Bond Supervisor, and the powers and duties of the Bond Supervisor. The Bond Supervisor will not be responsible for monitoring the application by Napier Port of the money paid by the subscribers of the Bonds;
- the process for replacement of the Bond Supervisor;
- the right of the Bond Supervisor to be indemnified;
- the payment of fees, expenses and other amounts owing to the Bond Supervisor (including that amounts owing to the Bond Supervisor are, on a default, paid from the proceeds of enforcement before payments to Bondholders);
- the holding of meetings of Bondholders;
- the process for Bondholders to sell or transfer their Bonds (including that such sales and transfers are subject to the terms of the Trust Deed and applicable laws, in particular that transfers that would result in the transferee or transferor holding Bonds with a total Principal Amount of less than NZ\$5,000, or in an amount that is not a multiple of NZ\$1,000, will not be allowed); and
- the process for amending the Trust Deed or the Supplemental Trust Deed. To summarise, the Trust Deed or the Supplemental Trust Deed can be amended:
 - with the consent of the Bond Supervisor; or
 - under section 109 of the FMCA; or
 - under section 22(7) or 37(6) of the Financial Markets Supervisors Act 2011 or any other enactment.

The Bond Supervisor must only consent to an amendment if:

- the amendment is approved by an Extraordinary Resolution of the Bondholders (or each class of Bondholders that is or may be adversely affected by the amendment); or
- the Bond Supervisor is satisfied that the amendment does not have a material adverse effect on the Bondholders (and the Bond Supervisor certifies to that effect and certifies, or obtains a certificate from a lawyer, that the Trust Deed or the Supplemental Trust Deed, as amended or replaced, will comply with sections 104 to 106 of the FMCA on the basis set out in the certificate).

You should read the Trust Deed and the Supplemental Trust Deed for further information.

6. RISKS OF INVESTING

6.1 INTRODUCTION

This section 6 describes the following potential key risk factors:

- (a) general risks associated with an investment in the Bonds; and
- (b) specific risks relating to Napier Port's creditworthiness.

The selection of risks outlined in this section are based on an assessment of a combination of the probability of a risk occurring and the potential impact of that risk if it did occur. This assessment is based on the knowledge of the directors of Napier Port as at the date of this PDS. There is no guarantee or assurance that the importance of different risks will not change, alter in their significance or that other risks will not emerge over time.

Where practicable, Napier Port will seek to implement risk mitigation strategies to minimise the exposure to some of the risks outlined below, although there can be no assurance that such arrangements will fully protect Napier Port from such risks.

You should carefully consider these risks (together with the other information in this PDS and available on the Disclose Register) before deciding to invest in the Bonds. This summary does not cover all of the risks of investing in the Bonds.

The statement of risks in this section does not take account of the personal circumstances, financial position or investment requirements of any particular person. It is important, therefore, that before making any investment decision you give consideration to the suitability of an investment in the Bonds in light of your individual risk profile for investments, investment objectives and personal circumstances (including financial and taxation issues). You can seek the advice of a financial adviser to help you make an investment decision.

6.2 GENERAL RISKS

An investment in the Bonds is subject to the following general risks.

- (a) **Solvency:** If Napier Port becomes insolvent, there may be a shortfall of funds to pay all amounts ranking ahead of and equally with the Bonds (including to pay the Bonds themselves). There is also a risk that any Guarantor is unable to meet its obligations under the Guarantee in the Negative Pledge Deed when required to do so. If this occurs, this would result in you not receiving a full return of the Principal Amount and/or any interest due and unpaid at that time.
 - (b) **Market price:** The price at which Bondholders are able to sell their Bonds before the Maturity Date may be less than the amount they paid for the Bonds. The price of the Bonds may be affected by a number of factors, both dependent on, or independent of, Napier Port's creditworthiness. Independent factors may include the time remaining to the Maturity Date, the outstanding aggregate Principal Amount of the Bonds, the level of demand for the Bonds offered for sale in the secondary market from time to time, any legal restrictions limiting demand for Bonds, the availability of comparable securities, the level, direction and volatility of market interest rates and market conditions generally.
 - (c) **Liquidity:** Bondholders may be unable to sell their Bonds at all due to lack of demand or because the Bonds cease to be listed on the NZX Debt Market. There can be no assurance that a secondary market for the Bonds will develop or of the liquidity of such a market. In the absence of a liquid secondary market for the Bonds, Bondholders may not be able to sell their Bonds readily or at prices that will enable them to realise a yield comparable to that of similar instruments, if any, within a developed secondary market. Even following the development of a secondary market, and depending on market conditions and other factors, Bondholders seeking to sell relatively small or relatively large amounts of Bonds may not be able to do so at prices comparable to those that may be available to other Bondholders.
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6.3 SPECIFIC RISKS RELATING TO NAPIER PORT'S CREDITWORTHINESS

Napier Port considers that the circumstances set out below are those which could affect, either individually or in combination, the future financial position and financial performance of Napier Port and its subsidiaries, and therefore significantly increase the risk that Napier Port may default on its obligations under the Bonds. These circumstances, either individually or in combination, may affect Napier Port's ability to pay interest on, or repay, the Bonds.

(a) Significant asset damage and interruption risk

Damage and interruptions

Napier Port's business could be impacted by a major natural event, such as a tsunami or a significant earthquake that results in damage or destruction of Napier Port's assets (including the Port) or major interruptions to its business.

This risk is increased due to the Port's assets being predominantly concentrated at the main Port site in Ahuriri. Napier Port's assets that are built on reclaimed land are at additional risk due to liquefaction. The Port is also located in an area at risk of earthquakes and tsunami.

A natural event that did not result in material damage to assets could still result in the shipping channel or the dredged inner harbour becoming unusable until cleared through dredging. The shipping channel or inner harbour could also be blocked or obstructed through, for example, a ship grounding. It could take a number of weeks, or months, to re-open shipping access depending on the extent of the blockage and the availability of resources from third parties. During that period, Napier Port would be restricted in its ability to operate its business and would have no recourse to business interruption insurance if only the channel or other dredged areas, rather than any insured assets, had been affected. In addition, weather events or patterns may adversely impact primary sector production, reducing Napier Port's export volumes. Losses not covered by insurance could have a material adverse effect on Napier Port's financial condition, results of operations and prospects.

Underinsurance

Under Napier Port's existing insurance policy it is liable in all cases for the first NZ\$25 million of loss suffered in respect of any claims for 'Natural Catastrophe' events. The terms of this insurance limit the maximum claim for 'Material Damage' events, together with any associated 'Business Interruption' coverage to NZ\$500 million in aggregate. Napier Port shares the benefit, cost and risk of the first NZ\$250 million of coverage under its 'Material Damage' and 'Business Interruption' insurances with Port Nelson and South Port. In the scenario that an event causes 'Material Damage' or any 'Business Interruption' at Napier Port as well as either or both of these co-insured ports, Napier Port will share in this aggregate NZ\$250 million layer of insurance with Port of Nelson and/or South Port first, meaning that all of Napier Port's loss may not be recoverable. Napier Port does not share the layer of insurance between NZ\$250 million and NZ\$500 million with any other person.

The declared value for Napier Port's assets (including Te Whiti/6 Wharf) has been assessed at an estimated value of NZ\$1,317 million. Insurance coverage does not provide complete protection against all potential hazards incidental to Napier Port's operations due to uninsurable risks (for example, damage to port land, damage to dredged shipping channels, political risk and regulatory risk), policy exclusions, excesses and other limitations. Napier Port may also decide not to insure certain assets, or against certain risks.

In the case of a natural event in which Napier Port's insurance coverage (after any deductible) is inadequate, Napier Port could lose the capital invested in, and anticipated future revenues relating to, any assets that are damaged or destroyed. Napier Port may also have insufficient proceeds of insurance to make good the loss and could be significantly underinsured in a total loss event. If Napier Port was unable to fund the remediation costs of its assets, Napier Port's viability would be significantly impacted.

Availability of Insurance

Insurance policies are renewed and reviewed annually and new terms, limits and premiums can apply. In recent years, following a series of global and national natural events (including the Christchurch and Kaikoura earthquakes), obtaining sufficient levels of coverage has become harder. As a result, Napier Port has experienced an increase in premiums that has added material cost to the business, and an inability to increase levels of cover in some situations. When insurance policies are renewed Napier Port may, again, face higher than expected costs of insurance, and it may not be possible or economic to effect insurance at current levels or insurance capacity may not be available at any price. If Napier Port is unable or unwilling to obtain or maintain insurance coverage at current levels, this could have a material impact on Napier Port's financial position and performance in the event of a natural disaster or other significant event.

The financial impact from a natural event will depend on the nature and scale of the event. Napier Port believes that the likelihood of a total loss event is low and there is limited ability to design or engineer its assets to account for such events.

(b) Forestry sector risk

Napier Port is heavily dependent on the forestry sector, particularly logs, woodpulp and timber. This means that market conditions for these products could have a material impact on Napier Port's financial position and performance. For example, this could occur because an export market (such as China) reduces its orders or reliance on New Zealand sourced wood products thereby reducing the demand for forestry products exported through Napier Port.

These events could include:

- a reduction in export log prices, such as has been observed historically;
- forestry industry participants deciding not to harvest plantations, due to a fall in prices or other reasons;
- international demand for logs falling, such that there are no, or reduced, markets for New Zealand and Hawke's Bay and surrounding areas' logs and wood products;
- forestry industry participants choosing to use other New Zealand ports to ship their logs and wood products;
- a change in the phytosanitary regulatory requirements for exporters or an increase in the cost of fumigation or alternative treatments; and
- major weather events, fire, disease or pest issues affecting log supply.

It is not possible to determine the likelihood of a reduction in supply or demand for New Zealand and Hawke's Bay and surrounding areas' logs and wood products. However, a material or prolonged downturn in supply or demand could have a material adverse impact on Napier Port's financial performance. Albeit, Napier Port expects that, were a downturn in demand in the current key markets to occur, log owners would seek other markets to send cargo to, which could limit the impact of such a downturn on its financial performance.

(c) Biosecurity risk

A significant biosecurity event could affect one or more primary industries in Hawke's Bay who export their produce through Napier Port, including forestry, pipfruit or meat producers. Napier Port relies on export volume from these primary industry producers because its business is primarily focused on moving through the Port significant volumes of export cargo.

This is a particular risk to Napier Port because its business is primarily export focused, with exports accounting for 81% of all cargo by weight transiting the Port in the 9 months to 30 June 2022⁶. In the 9 months to 30 June 2022⁷, the export product mix included logs, woodpulp and timber (79% of export tonnes), apples and pears (5% of export tonnes) and meat (4% of export tonnes). A significant biosecurity event could result in the supply or demand for primary products that are exported through Napier Port being materially reduced, which could have a material impact on our financial position and performance.

The occurrence of a biosecurity event could also increase the production costs for the growers and producers associated with ongoing quarantine and monitoring processes, which may further impact the demand for these products that are exported through Napier Port.

Napier Port works with the Ministry for Primary Industries to implement biosecurity controls and inspections related to imported containers, packaging and cargo that aim to reduce the likelihood of disease or pests entering the Hawke's Bay region via the Port.

To date, there have not been any significant biosecurity events that Napier Port believes have materially affected export volumes, although other areas of New Zealand have been affected by such events (such as the Queensland fruit fly or the PSA bacterial disease that affects kiwifruit plants).

⁶ In FY 2021 exports accounted for 81% of all cargo by weight.

⁷ In FY 2021 the export product mix was: logs, woodpulp and timber 78% of export tonnes, apples and pears 6% of export tonnes, and meat 5% of export tonnes.

(d) **Access to, or demand, from China and other key Asian markets**

Exports to Asian markets made up 91% of Napier Port's total exported cargo volume by weight in the 9 months to 30 June 2022⁸ (70% to China). Further, 92% of the log exports by weight from the Port were sent to China in the 9 months to 30 June 2022⁹.

Given Napier Port's high dependency on China and other key Asian markets for exports, the ongoing risks associated with Covid-19 (or any other pandemic) and restrictions imposed by governments could significantly impact the demand for cargo emanating from Napier Port and/or the volume of shipping through the Port.

If access to one or more key markets was to close, or another event occurred that adversely affected the key markets for the cargo shipped from Napier Port, it is expected it would be possible to locate other markets over time. However, there could be a significant delay before similar export levels to alternative destinations are reached.

(e) **Cargo customer concentration risk**

Napier Port is subject to the potential loss of, or reduction in demand from, key cargo owner customers, which make up a significant proportion of its revenue.

A significant proportion of Napier Port's revenue is received from a small number of cargo owner customers, with Napier Port's largest two such customers estimated to account for approximately 16% of its total revenue in the 9 months to 30 June 2022¹⁰ (including revenue estimated to have been derived from shipping lines in connection with those cargo owner customers). If these customers were to reduce operations, or to close or move their cargo volumes elsewhere, then this would have a significant impact on Napier Port's financial position.

Napier Port seeks to mitigate this risk by negotiating long term contracts.

(f) **Pandemic risk**

The Covid-19 responses put in place by governments to combat the pandemic have materially disrupted the global and domestic supply chain, including affecting the supply of labour for both Napier Port and its cargo customers, which has reduced the frequency, regularity, and availability of cargo volume and/or capacity of cargo vessels to the Port. These effects have reduced the cargo flows through the Port. Should further responses (or another pandemic) negatively impact these matters then this may significantly impact Napier Port's financial position.

(g) **Council's influence as majority shareholder**

Hawke's Bay Regional Council (through Hawke's Bay Regional Investment Company Limited (**HBRIC**)) has material influence over Napier Port because HBRIC is the majority shareholder in Napier Port. HBRIC has additional rights under Napier Port's constitution which protect HBRIC's shareholding from being diluted to a less than 51% shareholding.

If Napier Port requires shareholder approval from HBRIC to raise new equity or to borrow money¹¹ and HBRIC did not agree to Napier Port issuing new equity or undertaking that borrowing, this could adversely impact Napier Port, particularly if the additional equity or borrowings were required to refinance the Bonds. It is considered that HBRIC would act appropriately to maintain its investment in Napier Port.

Napier Port manages this risk by continuing to review and manage its capital requirements.

⁸ In FY 2021 Asian markets made up 89% of Napier Port's total exported cargo volume with exports to China being 71%.

⁹ In FY 2021 89% of log exports by weight from Napier Port were to China.

¹⁰ In FY 2021 Napier Port's two largest customers comprised approximately 16% of its total revenue.

¹¹ A borrowing that is a major transaction (i.e. exceeds 50% of Napier Port's assets) requires approval by passing a special resolution supported by 75% or more of shareholders. To pass such a special resolution would require HBRIC to vote in favour of that resolution.

7. TAX

7.1 RESIDENT WITHHOLDING TAX

If you are tax resident in New Zealand for the purposes of the Income Tax Act or you are not tax resident in New Zealand but you hold your Bonds for the purposes of a business carried on through a fixed establishment in New Zealand, resident withholding tax (**RWT**) will be deducted from payments of interest to you, unless you notify the Securities Registrar that you have RWT-exempt status (as that term is defined in the Income Tax Act) and that status remains valid on the record date for the relevant payment date.

7.2 APPROVED ISSUER LEVY

If you are not tax resident of New Zealand for the purposes of the Income Tax Act, you do not hold your Bonds for the purposes of a business carried on through a fixed establishment in New Zealand and you receive payments of interest on the Bonds subject to the non-resident withholding tax (**NRWT**) rules, an amount equal to any approved issuer levy (**AIL**) payable will be deducted from payments of interest to you in lieu of deducting NRWT (except where you elect otherwise and Napier Port agrees, or it is not possible under any law, in which case NRWT will be deducted).

If the AIL regime applies, Napier Port will apply the zero rate of AIL if practicable and permitted by law, and otherwise pay AIL at the applicable rate. If the AIL regime changes, Napier Port reserves the right not to pay AIL and to instead deduct NRWT. See the Trust Deed for further details.

7.3 INDEMNITY

If, in respect of any of your Bonds, Napier Port becomes liable to make any payment of, or on account of, tax payable by you, then you will be required to indemnify Napier Port in respect of such liability. Any amounts paid by Napier Port in relation to any such liability may be recovered from you by withholding the amount from further payments to you in respect of Bonds. See the Trust Deed for further details.

7.4 INFORMATION

You will be required to provide tax residence, tax identification, withholding rate election and other tax information to Napier Port or its representatives upon request. Failure to do so may result in withholding tax outcomes that differ from those outlined in 7.1 and 7.2, including the imposition of a punitive rate of withholding tax being applied to interest paid to you.

7.5 GENERALLY

There may be other tax consequences from acquiring or disposing of the Bonds. If you have any queries relating to the tax consequences of the investment, you should obtain professional advice on those consequences.

Taxes may affect your returns. The information set out above does not constitute tax advice to any Bondholder, is general in nature and limited to consideration of New Zealand taxation laws in force in New Zealand as at the date of this PDS. Future changes to these or other laws may affect the tax consequences of an investment in the Bonds.

8. SELLING RESTRICTIONS

8.1 GENERAL SELLING RESTRICTIONS

The Bonds may only be offered for sale or sold in compliance with all applicable laws and regulations in New Zealand and in any other jurisdiction in which they are offered, sold or delivered. Specific selling restrictions as of the date of this PDS are set out below for Australia.

No action has been or will be taken by Napier Port which would permit an offer of Bonds, or possession or distribution of any offering material, in any country or jurisdiction (including Australia) where action for that purpose is required (other than New Zealand).

No person may purchase, offer, sell, distribute or deliver Bonds, or have in their possession, publish, deliver or distribute to any person, any offering material or any documents in connection with the Bonds, in any jurisdiction other than in compliance with all applicable laws and regulations and the specific selling restriction set out below. Only the Joint Lead Managers may distribute this PDS outside New Zealand and only in compliance with the specific selling restriction set out below, and qualifying Australian institutional investors may access the PDS at napierport.bondoffer.co.nz.

By purchasing Bonds or otherwise acquiring any Bonds, you agree to indemnify Napier Port, the Arranger, the Joint Lead Managers, the Bond Supervisor, the Securities Registrar and their respective directors, officers, employees and agents in respect of any loss, cost, damages, liability or expense sustained or incurred as a result of any breach by you of the selling restrictions referred to in this section.

8.2 SPECIFIC SELLING RESTRICTIONS – AUSTRALIA

This PDS (a) does not constitute a prospectus, product disclosure statement or any other “disclosure document” for the purposes of the Corporations Act 2001 of the Commonwealth of Australia (“Corporations Act”); (b) does not purport to include the information required in a prospectus, product disclosure statement or other disclosure document prepared in accordance with the requirements of the Corporations Act; (c) has not been, nor will it be, lodged with the Australian Securities and Investments Commission (“ASIC”), the Australian Securities Exchange operated by ASX Limited or any other regulatory body or agency in Australia; and (d) may not be provided in Australia other than to select investors who are able to demonstrate that they (i) fall within one or more of the categories of investors under section 708 of the Corporations Act to whom an offer may be made without disclosure under Part 6D.2 of the Corporations Act and (ii) are “wholesale clients” for the purpose of section 761G of the Corporations Act, such that disclosure to them is not required under Part 6D.2 and Part 7.9 of the Corporations Act (collectively “Exempt Investors”).

The Bonds may not be directly or indirectly offered for subscription or purchased or sold, and no invitations to subscribe for, or buy, the Bonds may be issued, and no draft or definitive offering memorandum, advertisement or other offering material relating to any Bonds may be distributed, received or published in Australia, except to Exempt Investors or where disclosure to investors otherwise is not required under Part 6D.2 and Part 7.9 of the Corporations Act and otherwise in compliance with all applicable Australian laws and regulations. By submitting an application for the Bonds, each purchaser or subscriber of Bonds in Australia represents and warrants to Napier Port, the Arranger, the Joint Lead Managers and their affiliates that such purchaser or subscriber is an Exempt Investor.

Prospective investors should not construe anything in this PDS as legal, business or tax advice nor as financial product advice for the purposes of Chapter 7 of the Corporations Act. As any offer of Bonds under this PDS, any supplement accompanying this PDS or any other document will be made without disclosure in Australia under Part 6D.2 and Part 7.9 of the Corporations Act, the offer of those Bonds for resale in Australia within 12 months after their issue may, under the Corporations Act, require disclosure to investors if none of the exemptions in the Corporations Act applies to that resale. By applying for the Bonds each purchaser or subscriber of Bonds undertakes to Napier Port, the Arranger and the Joint Lead Managers that such purchaser or subscriber will not, for a period of 12 months from the date of issue or purchase of the Bonds, offer, transfer, assign or otherwise alienate those Bonds, or grant, issue or transfer interests in or options over them, to investors in Australia except in circumstances where disclosure to investors is not required under the

Corporations Act or where a compliant disclosure document is prepared and lodged with ASIC.

If you (or any person for whom you are acquiring the Bonds) are in Australia, you (and any such person) represent that you (and any such person) are:

- (a) one of the following:
 - (i) a “sophisticated investor” within the meaning of section 708(8) of the Corporations Act; or
 - (ii) a “professional investor” within the meaning of section 708(11) of the Corporations Act; and
- (b) a “wholesale client” within the meaning of section 761G of the Corporations Act.

9. WHO IS INVOLVED?

	Name	Role
Issuer	Napier Port Holdings Limited	Issuer of the Bonds.
Supervisor	Public Trust	The Bond Supervisor holds certain covenants on trust for the benefit of the Bondholders, including the right to enforce Napier Port's obligations under the Bonds.
Arranger	Craigs Investment Partners Limited	Provides advice and assistance to Napier Port in arranging the Offer.
Joint Lead Managers	Craigs Investment Partners Limited Forsyth Barr Limited Jarden Securities Limited Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch)	<p>Assist with the Bookbuild for the Offer, and marketing and distribution of the Bonds.</p> <p>This PDS does not constitute financial advice from the Arranger, any Joint Lead Manager or any of their respective directors, officers, employees, agents or advisers to purchase any Bonds.</p> <p>The Joint Lead Managers will assist with the Bookbuild for the Offer and with the marketing and distribution of the Offer. Except as described above, the Joint Lead Managers are not otherwise involved in the Offer.</p> <p>None of the Arranger, the Joint Lead Managers and their respective directors, employees, agents and advisers have independently verified the content of this PDS.</p>
Securities Registrar	Link Market Services Limited	Maintains the register of Bondholders.
Solicitors to Issuer	Simpson Grierson	Provides legal advice to Napier Port in respect of the Offer.
Solicitors to Bond Supervisor	Lane Neave	Provides legal advice to the Bond Supervisor in respect of the Offer.

10. HOW TO COMPLAIN

Complaints about the Bonds can be directed to Napier Port at:

Napier Port Holdings Limited at:
Breakwater Road
Napier 4140

Telephone: +64 (6) 833 4400
Email: info@napierport.co.nz

or to the Bond Supervisor at:

Public Trust
Manager Client Services
Corporate Trustee Services
Level 16, SAP Tower
151 Queen Street
Auckland 1010

Telephone number: 0800 371 471
Email: cts.enquiry@publictrust.co.nz

The Bond Supervisor is a member of an external, independent dispute resolution scheme operated by Financial Services Complaints Limited (**FSCL**) and approved by the Ministry of Consumer Affairs.

If Napier Port and the Bond Supervisor have not been able to resolve your issue, you can refer the matter to FSCL by emailing complaints@fscl.org.nz, or calling FSCL on 0800 347 257, or by completing the complaints form online at www.fscl.org.nz/about-us/complaints/complaint-form/, or by writing to FSCL at PO Box, 5967, Wellington 6145.

The scheme will not charge a fee to any complainant to investigate or resolve a complaint.

Complaints may also be made to the Financial Markets Authority through their website www.fma.govt.nz.

11. WHERE YOU CAN FIND MORE INFORMATION

11.1 DISCLOSE REGISTER

More information relating to Napier Port and the Bonds is available free of charge on the Disclose Register (for example, financial statements). The Disclose Register can be accessed at www.disclose-register.companiesoffice.govt.nz, offer number 13364.

The information contained on the Disclose Register includes a copy of the Trust Deed (including the Supplemental Trust Deed and the conditions of the Bonds) and the Negative Pledge Deed.

A copy of the information on the Disclose Register is available on request to the Registrar of Financial Service Providers at email: registrar@fspr.govt.nz.

11.2 COMPANIES OFFICE

More information relating to Napier Port is also available on the public register at the Companies Office of the Ministry of Business, Innovation and Employment. This information can be accessed free of charge on the Companies Office website (www.companiesoffice.govt.nz/companies).

11.3 NZX DISCLOSURES

Napier Port is subject to a disclosure obligation in relation to its shares that requires it to notify certain material information to the NZX for the purpose of that information being made available to participants in the market. Napier Port's page on the NZX website, which includes information made available under the disclosure obligations referred to above, can be found free of charge at www.nzx.com/companies/NPH.

11.4 INVESTOR CENTRE

Napier Port's investor centre website (www.napierport.co.nz/investor-centre) also contains useful information.

12. HOW TO APPLY

12.1 SHAREHOLDER PRIORITY OFFER

If you are an Eligible Shareholder you may apply for Bonds in the Shareholder Priority Offer. Should you wish to apply for Bonds and you are an Eligible Shareholder, you must apply online at napierport.bondoffer.co.nz. You will be required to download a copy of this PDS as part of that online process. To complete your application in the Shareholder Priority Offer you will need your common shareholder number (**CSN**) and your shareholder priority offer number (you will have received your shareholder priority offer number via email from the Securities Registrar) to establish that you are an Eligible Shareholder.

12.2 OTHER APPLICATIONS

Outside of the Shareholder Priority Offer, all of the Bonds offered under the Offer (including any oversubscriptions) have been reserved for clients of the Joint Lead Managers, Primary Market Participants and other approved financial intermediaries and institutional investors invited to participate in a bookbuild conducted by the Joint Lead Managers and will be allocated to those person by Napier Port in conjunction with the Joint Lead Managers. There is no public pool for the Bonds. This means you can only apply for Bonds through a Primary Market Participant or approved financial intermediary who has obtained an allocation. You can find a Primary Market Participant by visiting www.nzx.com/services/market-participants/find-a-participant.

The Primary Market Participant or approved financial intermediary will:

- (a) provide you with a copy of this PDS (if you have not already received a copy);
- (b) explain what you need to do to apply for the Bonds; and
- (c) explain what payments need to be made by you (and by when).

Your financial adviser will be able to advise you as to what arrangements will need to be put in place for you to trade the Bonds (including obtaining a CSN), an authorisation code (**FIN**) and opening an account with a Primary Market Participant) as well as the costs and timeframes for putting such arrangements in place.

13. CONTACT INFORMATION

ISSUER

Napier Port Holdings Limited
Breakwater Road
Napier 4140
Telephone: +64 (6) 833 4400

BOND SUPERVISOR

Public Trust
Level 16, SAP Tower
151 Queen Street
Auckland 1010
Telephone: 0800 371 471

ARRANGER AND JOINT LEAD MANAGER

Craigs Investment Partners Limited
Level 32, Vero Centre
48 Shortland Street
Auckland 1010
Telephone: 0800 226 263

JOINT LEAD MANAGERS

Forsyth Barr Limited
Level 23, Shortland & Fort
88 Shortland Street
Auckland 1010

Telephone: 0800 367 227

Jarden Securities Limited
Level 32, PwC Tower
15 Customs Street West
Commercial Bay
Auckland 1010

Telephone: 0800 005 678

Westpac Banking Corporation
(ABN 33 007 457 141) (acting through its New Zealand branch)
Level 8
16 Takutai Square
Auckland 1010

Telephone: 0800 772 142

SECURITIES REGISTRAR

Link Market Services Limited
Level 30, PwC Tower
15 Customs Street West
Commercial Bay
Auckland 1010

Telephone: +64 (9) 375 5998

GLOSSARY

NZ\$	New Zealand dollars.
Allotment Date	Friday, 23 September 2022.
Arranger	Craigs Investment Partners Limited.
Bond Supervisor	Public Trust or such other supervisor as may hold office as supervisor under the Trust Deed from time to time.
Bondholder or you	A person whose name is entered in the Register as a holder of a Bond.
Bonds	The bonds constituted and issued pursuant to the Trust Deed and offered pursuant to this PDS.
Bookbuild	A bookbuild is a process whereby a margin is determined by reference to bids from market participants for an allocation of Bonds at different margins.
Business Day	A day (other than a Saturday or Sunday) on which registered banks are generally open for business in Auckland and Wellington.
Closing Date	12:00pm, Friday, 16 September 2022.
Disclose Register	The online offer register maintained by the Companies Office and the Registrar of Financial Service Providers known as 'Disclose', which can be accessed at www.disclose-register.companiesoffice.govt.nz , offer number 13364.
EBITDA	The net profit of the Napier Port Group for the previous 12 month period before taking account of finance costs, income tax, depreciation, amortisation and exceptional items and impairment charges.
Eligible Shareholder	A person who is recorded in the share register of Napier Port as being a registered holder of a fully paid ordinary share in Napier Port as at 5:00pm on Friday, 9 September 2022, and whose address is either: <ul style="list-style-type: none"> ▪ recorded in the share register as being in New Zealand; or ▪ recorded in the share register as being in Australia and the shareholder is an institutional shareholder.
Event of Default	Each event set out in Schedule 1, condition 17 of the Trust Deed and in section 19 of the Schedule of the Supplemental Trust Deed, some of which are summarised in section 5 of this PDS (<i>Key features of the Bonds</i>).
Extraordinary Resolution	A resolution passed with the support of Bondholders holding not less than 75% of the aggregate Principal Amount of Bonds held by those persons voting.
First Interest Payment Date	Friday, 23 December 2022.
FMCA	Financial Markets Conduct Act 2013.
FY	A financial year ending in the year specified (e.g. FY 2021).
Guarantee	The guarantee and indemnity contained in the Negative Pledge Deed.
Guaranteeing Group	Napier Port and each Guarantor.
Guarantors	Any guarantors of the Bonds from time to time under the Negative Pledge Deed, being, as at the Issue Date, Port of Napier Limited. Guarantors may change from time to time as described in section 5 of this PDS (<i>Key Features of the Bonds</i>).
Income Tax Act	Income Tax Act 2007.
Inland Revenue	The New Zealand Inland Revenue Department.
Interest Payment Dates	Quarterly in arrear on 23 March, 23 June, 23 September and 23 December in each year (or if that scheduled day is not a Business Day, the next Business Day) until and including the Maturity Date, with the First Interest Payment Date being Friday, 23 December 2022.

Interest Period	Each period beginning on, and including, an Interest Payment Date (or the Issue Date) and ending on, but excluding, the next Interest Payment Date (or the Maturity Date).
Interest Rate	The interest rate per annum payable on the Principal Amount of the Bonds, as announced by Napier Port through NZX on the Rate Set Date.
Issue Date	Friday, 23 September 2022.
Issue Margin	The issue margin determined by Napier Port in conjunction with the Joint Lead Managers following the Bookbuild for the Offer as announced by Napier Port through NZX on the Rate Set Date.
Joint Lead Managers	Craigs Investment Partners Limited, Forsyth Barr Limited, Jarden Securities Limited and Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand branch).
Maturity Date	Thursday, 23 March 2028.
Napier Port Group	Napier Port and each of its subsidiaries.
Negative Pledge Deed	The Negative Pledge Deed dated 11 July 2019 entered into between the Guaranteeing Group for the benefit of certain beneficiaries (as amended from time to time).
NZX	NZX Limited.
NZX Debt Market	The debt security market operated by NZX.
NZX Listing Rules	The listing rules of NZX, as amended from time to time.
NZX Main Board	The main registered market for trading equity securities operated by NZX.
NZX Participant Rules	The NZX Participant Rules made by the NZX from time to time.
Offer	The offer of Bonds made by Napier Port under this PDS.
Opening Date	Monday, 12 September 2022.
PDS	This product disclosure statement.
Port	The main physical site of Napier Port's operations located at Ahuriri.
Primary Market Participant	Has the meaning given to that term in the NZX Participant Rules as amended from time to time.
Principal Amount	NZ\$1.00 per Bond.
Rate Set Date	Friday, 16 September 2022.
Register	The register in respect of the Bonds maintained by the Securities Registrar.
Securities Registrar	Link Market Services Limited.
Supplemental Trust Deed	The supplemental deed dated 31 August 2022 between Napier Port and the Bond Supervisor setting out the terms and conditions of the Bonds (as amended or supplemented from time to time), a copy of which is available on the Disclose Register.
Swap Rate	The mid-market swap rate of a term matching the period from the Issue Date to the Maturity Date, as calculated by Napier Port in conjunction with the Joint Lead Managers on the Rate Set Date in accordance with market convention, by reference to Bloomberg page ICNZ4 (or any successor page) (rounded to 2 decimal places if necessary, with 0.005 rounded up).
Test Dates	31 March and 30 September in each calendar year, with the first Test Date being Friday, 30 September 2022.
Total Tangible Assets	At any date, the aggregate amount of all assets (excluding intangibles assets classified as such under generally accepted accounting practice as defined in section 8 of the Financial Reporting Act 2013) of the Napier Port Group which would be disclosed in the annual financial statements for the Napier Port Group if they were prepared for the Napier Port Group as at that date.
Trust Deed	The Master Trust Deed dated 30 August 2022 between Napier Port and the Bond Supervisor pursuant to which certain bonds, including the Bonds, may be issued (as amended or supplemented from time to time), a copy of which is available on the Disclose Register, and where the context requires, includes the Supplemental Trust Deed.

