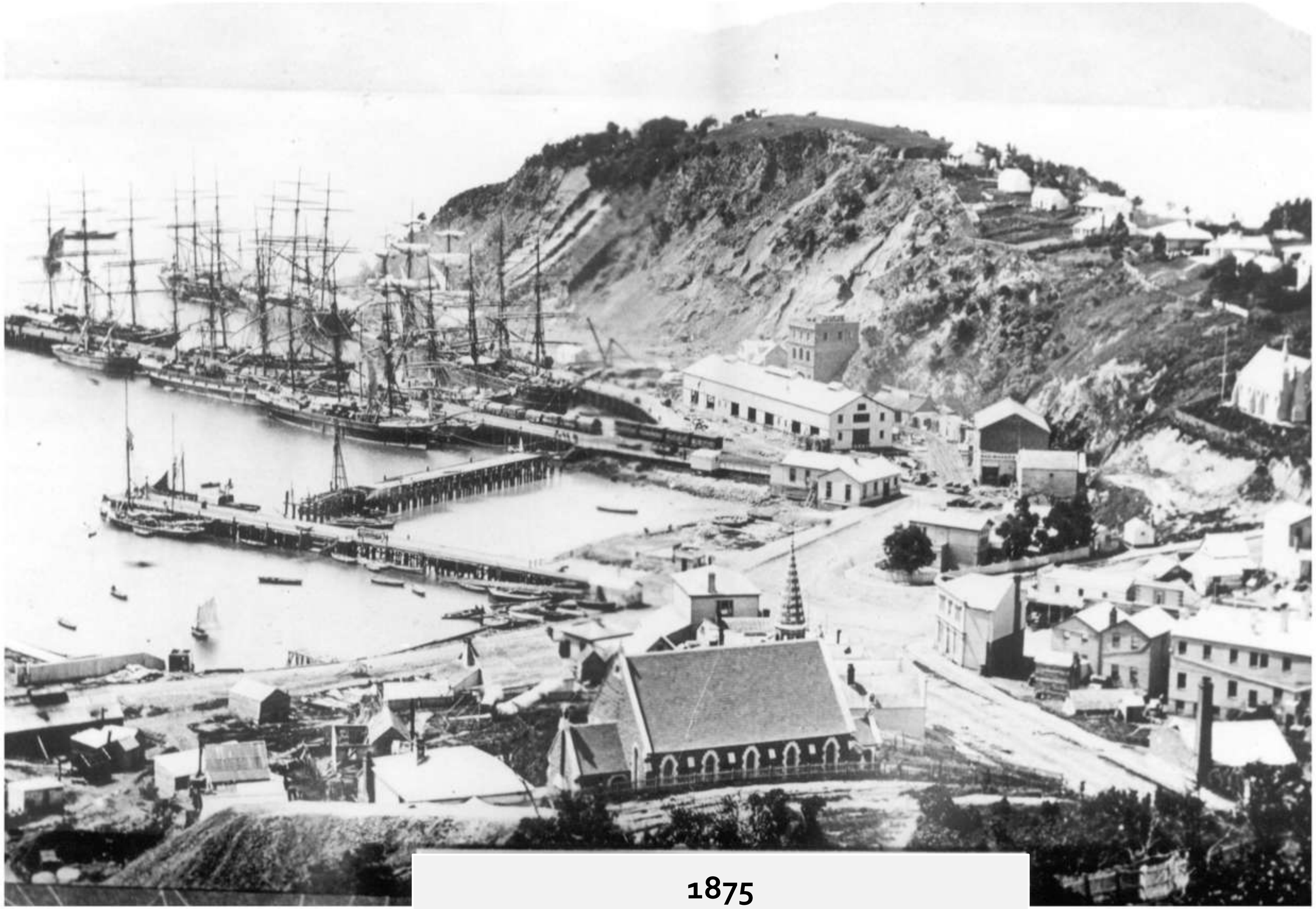
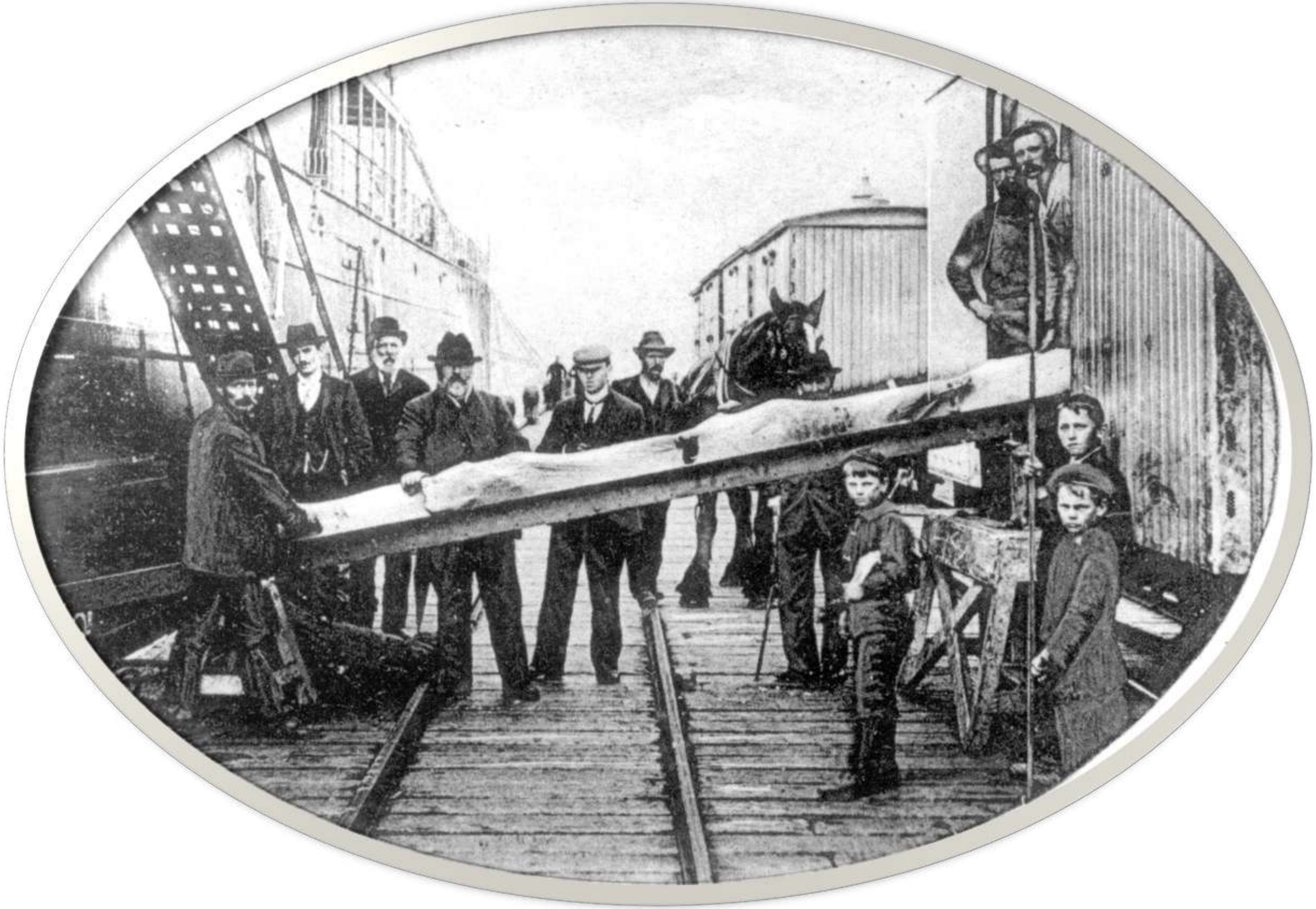
Adapting to change

March 23



1875




PA1
M1


Z P M C

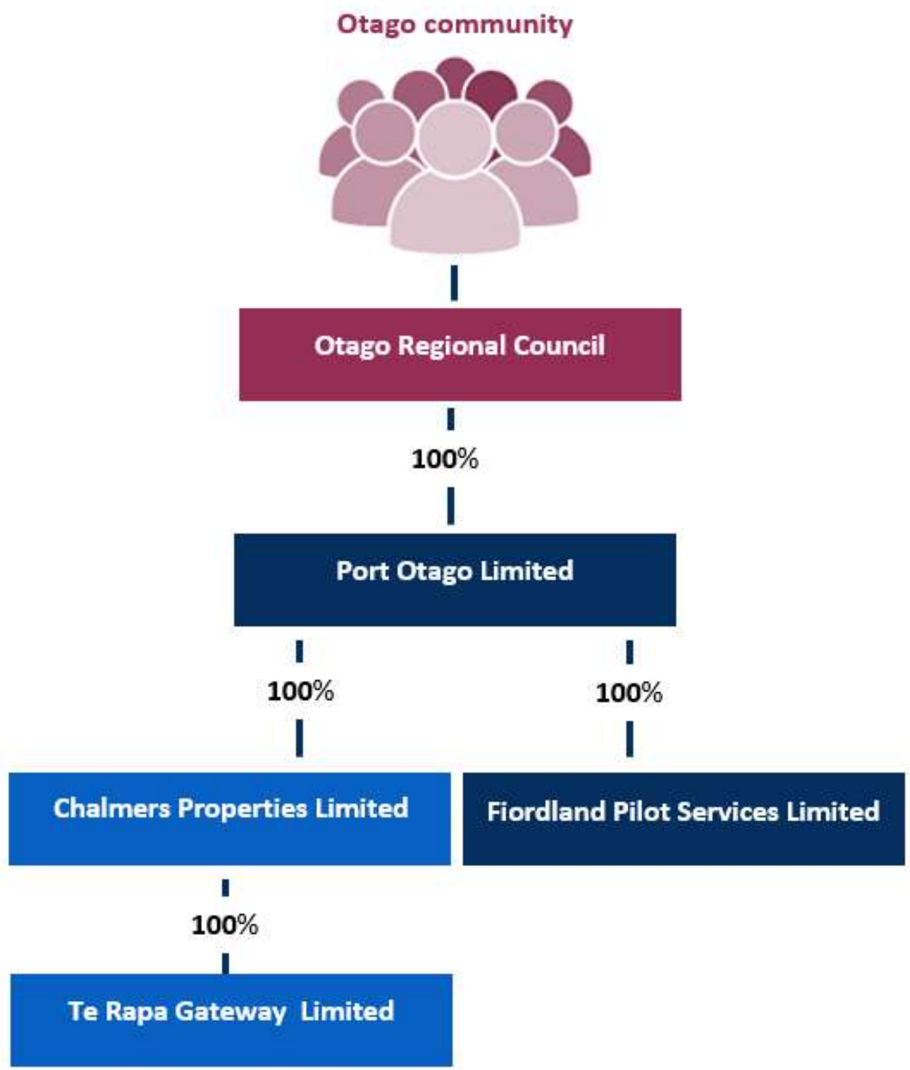

MAERSK

Who are we?

PORT OTAGO

Our history

- Otago Harbour Board formed in 1874
- Port Reforms in the late 1980's under the Labour Government with drivers being:
  - Strip surplus assets out of local port authorities
  - Focus the Ports on being competitive and market driven
- Otago Harbour Board (OHB) argued that Port Otago wouldn't be able to survive solely as a port because:
  - OHB had 2 ports
  - the length of the channel/harbour had a higher cost to maintain
  - Dredging was expensive and without an additional revenue stream the port was not sustainable
- OHB proposed to retain Industrial land to generate rental revenue to allow Port Otago to have confidence to operate and invest in the port for the benefit of the region
- Treasury eventually agreed allowed $39m of OHB industrial land to be retained, the only exception in NZ
- Port Otago was formed via Port Companies Act enacted in 1988
- Chalmers Properties set up to hold the land assets


Otago community
Otago Regional Council
100%
Port Otago Limited
100%
100%
Chalmers Properties Limited
Fiordland Pilot Services Limited
100%
Te Rapa Gateway Limited

Our Governance team

SKILLS MATRIX							
	 Tim Gibson	 Pat Heslin	 Tom Campbell	 Bob Fulton	 Becky Lloyd	 Chris Hopkins	 Kate Faulks
Technical skills / experience							Intern
General management	✓	✓	✓	✓	✓	✓	✓
CEO / senior executive / partner	✓	✓	✓	✓	✓	✓	
Strategy development & implementation	✓	✓	✓	✓	✓	✓	✓
Port operations / logistics / supply chain			✓			✓	✓
Infrastructure / construction / project mgt			✓	✓	✓		✓
Property		✓	✓	✓	✓		
International trade / marketing	✓		✓		✓	✓	
Agriculture / forestry	✓					✓	✓
Accounting / finance / treasury		✓				✓	
Law	✓						
H&S / risk management			✓	✓	✓	✓	✓
Sustainability					✓		✓

Our business

Container
- Exports
- Imports
- Tranships
- Depot activity
- Warehousing

Bulk
- Logs
- Oil
- Fish
- Cement
- LPG
- Fertiliser

Cruise
- Port Chalmers
- Dunedin
- Fiordland

Property
- Leasehold land
- Commercial property rentals
- Property development

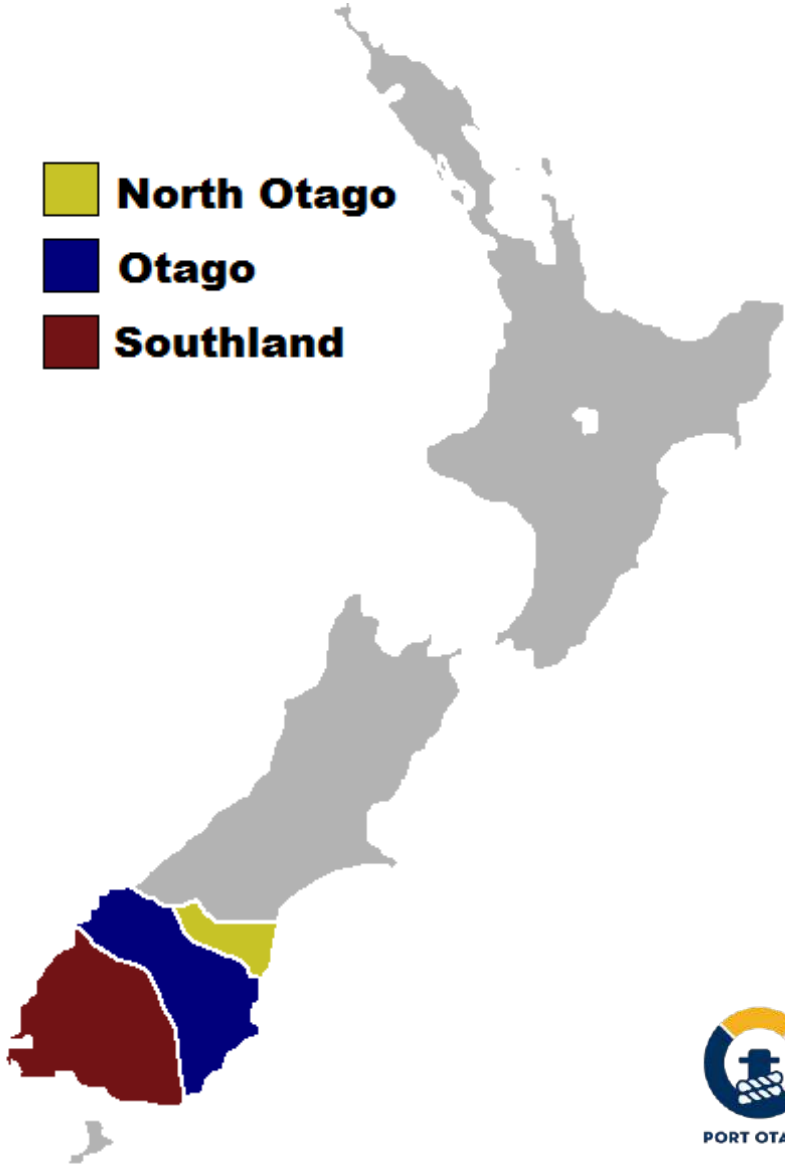
Why are we still here?

Highlanders region

- South Canterbury to Bluff
- Natural catchment of Otago and Southland

Competitors

- Bluff -*240km away*
- PrimePort Timaru – *190km away*
- LPC – *360km away*



PORT OTAGO

Key cargo owning customers

1. Fonterra (Dairy)
2. Alliance (Meat)
3. Silver Fern Farms (Meat)
4. Daiken (Timber)
5. Danone (Dairy)
6. Pan Pac (Timber)
7. T&G (Apples)
8. Oceania Dairy (Dairy)

1. Wenita
2. City Forests
3. Port Blakely
4. Ernslaw One

1. Z Energy
2. BP
3. Ravensdown
4. Sealord
5. Talley's
6. Jaico
7. Holcim
8. Liquigas

Views on growth in our region

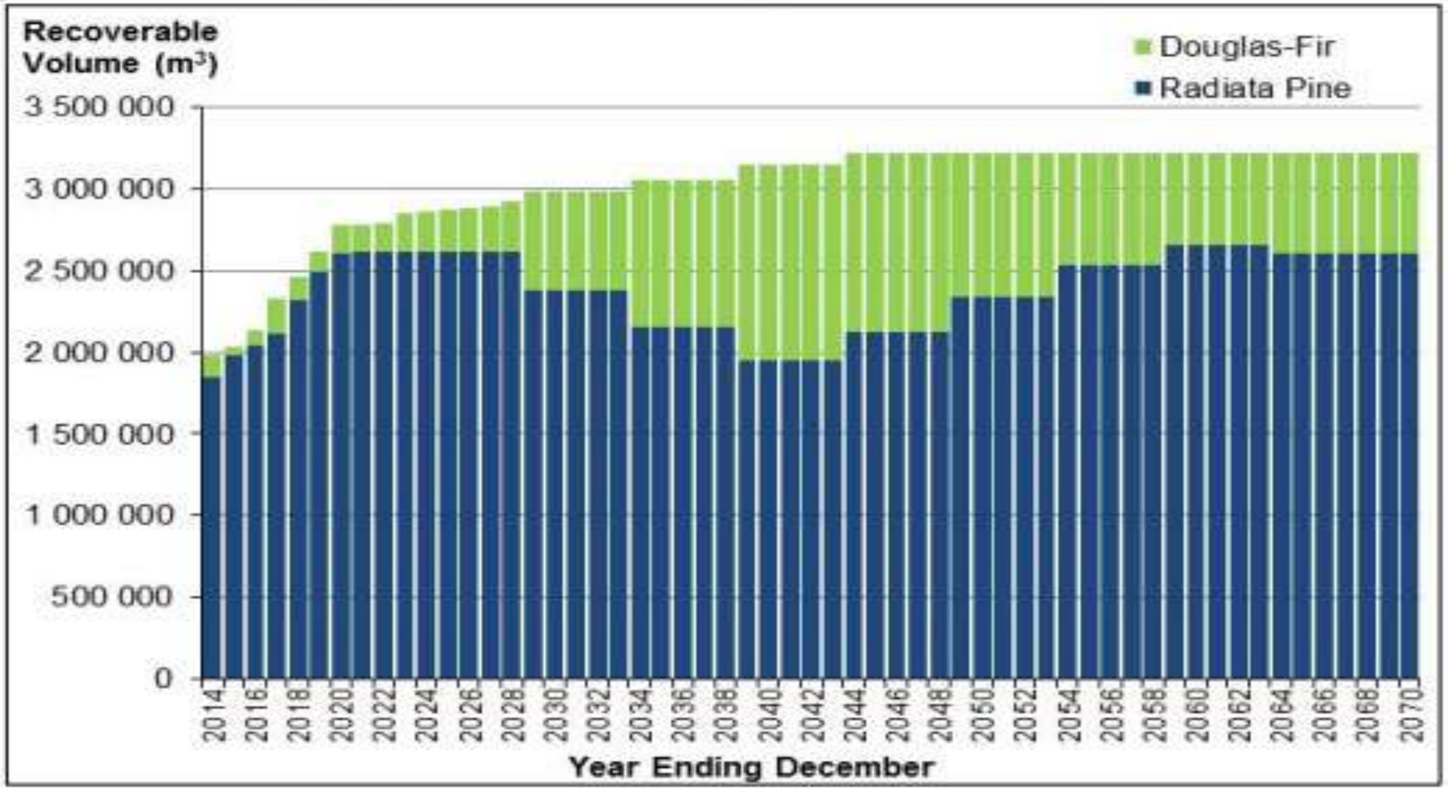
PORT OTAGO

Sector	1 -3 year view	3-7 year view	7 years plus view
Dairy	• 1% growth	• Flat • Conversions have stopped • Flat due to environmental constraints	• Declining
Meat	• Flat • Largely dependent on China • Carbon farming capturing sheep/beef farms	• Declining • Flat or declining due to consumer preference and environmental challenges	• Stabilising
Apples	• 10% • Trees planted coming online	• Based on current returns will drive further land use change • Climate change positive for our region	• Stable growth • Limited to micro climates
Processed timber	• Flat or negative	• Input cost pressure • Automation and scale needed	• High cost model will become uncompetitive internationally

Sustainable Otago/Southland cut forecast

PORT OTAGO

Figure 6-7: Otago & Southland Douglas-fir & Radiata Pine Combined Availability – All Owners (includes volumes from production thinning)

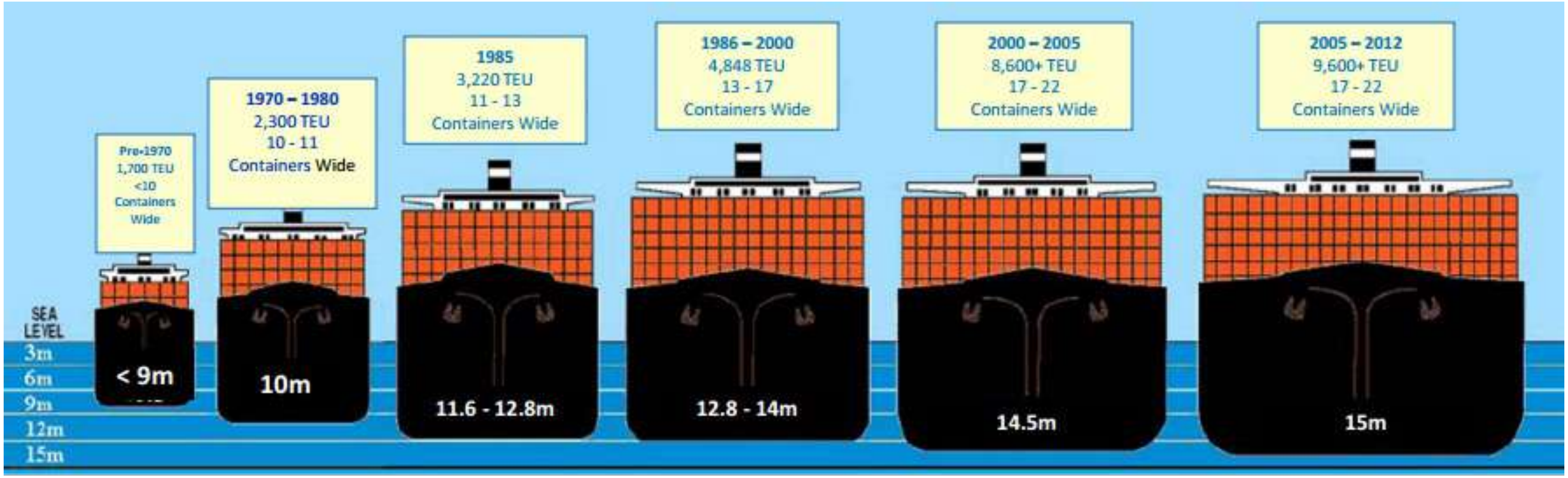


Container trade


A380
A380 AIRBUS
51


SINGAPORE AIRLINES
E64


AIR NEW ZEALAND
ZK-NZF


Pre-1970
1,700 TEU
<10
Containers
Wide
1970 – 1980
2,300 TEU
10 - 11
Containers Wide
1985
3,220 TEU
11 - 13
Containers Wide
1986 – 2000
4,848 TEU
13 - 17
Containers Wide
2000 – 2005
8,600+ TEU
17 - 22
Containers Wide
2005 – 2012
9,600+ TEU
17 - 22
Containers Wide
SEA
LEVEL
3m
6m
9m
12m
15m
< 9m
10m
11.6 - 12.8m
12.8 - 14m
14.5m
15m

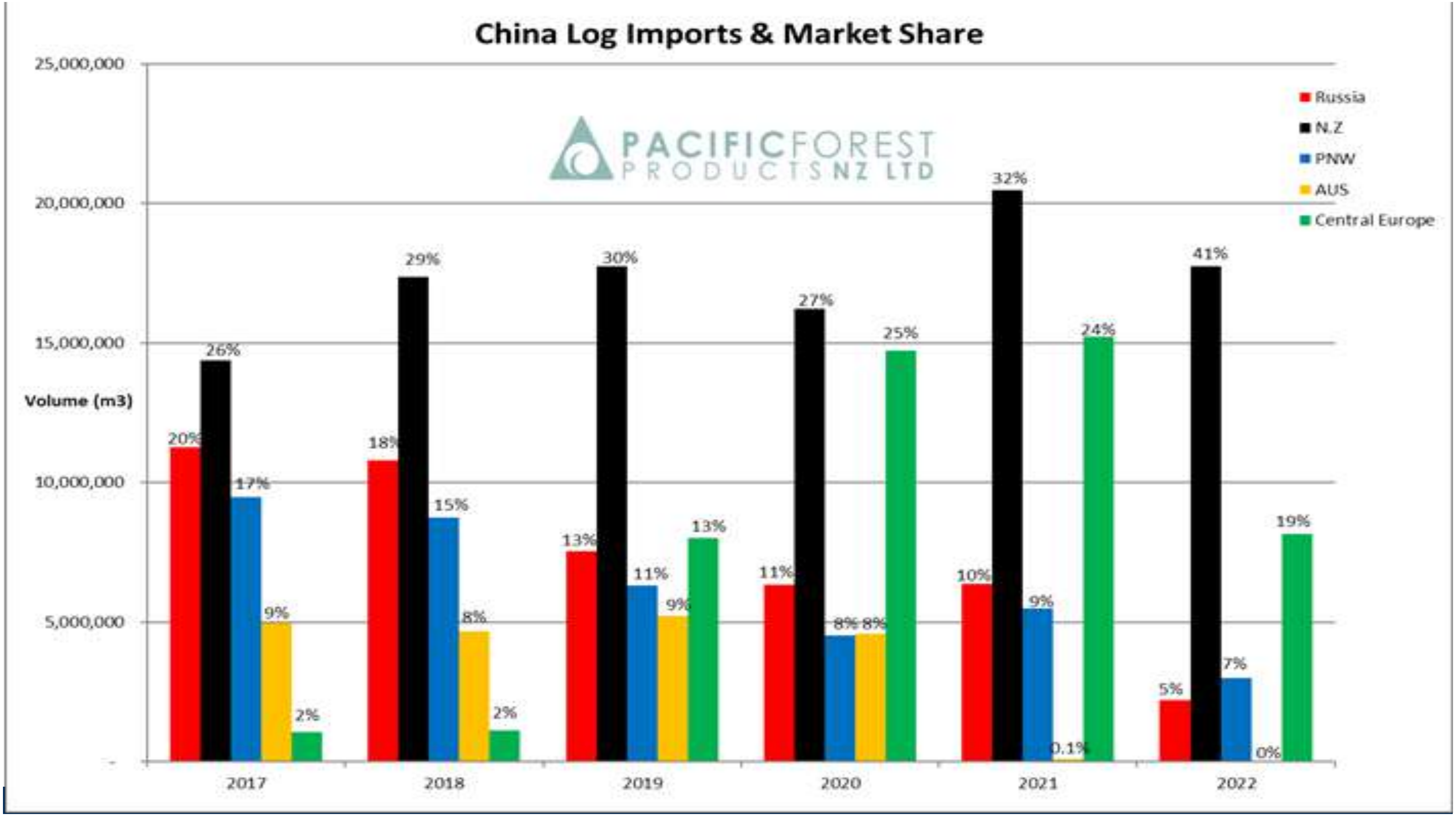

2012 – 2020
14,000+ TEU
22 - 23
Containers Wide
> 16m


MAERSK LINE

PORT OTAGO

Bulk trade


LIEBHERR


China Log Imports & Market Share
25,000,000
20,000,000
15,000,000
10,000,000
5,000,000
-
Volume (m3)
PACIFIC FOREST PRODUCTS NZ LTD
Russia
N.Z
PNW
AUS
Central Europe
20%
26%
17%
9%
2%
18%
29%
15%
8%
2%
13%
30%
11%
9%
13%
11%
27%
8%
8%
25%
10%
32%
9%
0.1%
24%
5%
41%
7%
0%
19%
2017
2018
2019
2020
2021
2022

Cruise trade


ORIANA
P&O CRUISES


HAMBURG SÜD

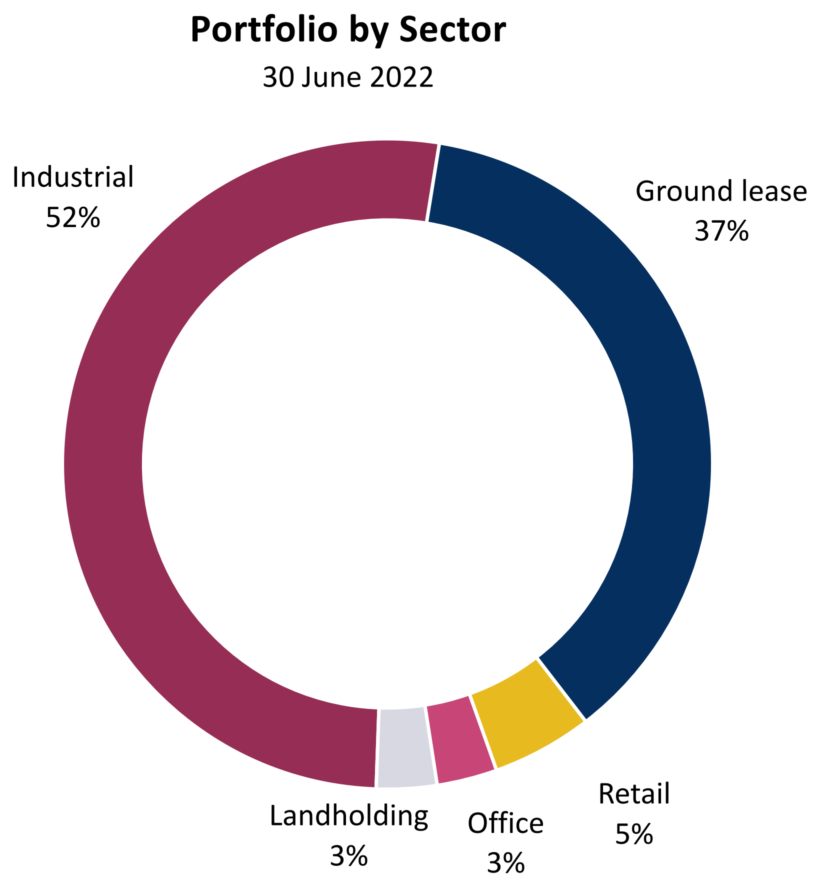
Property trade

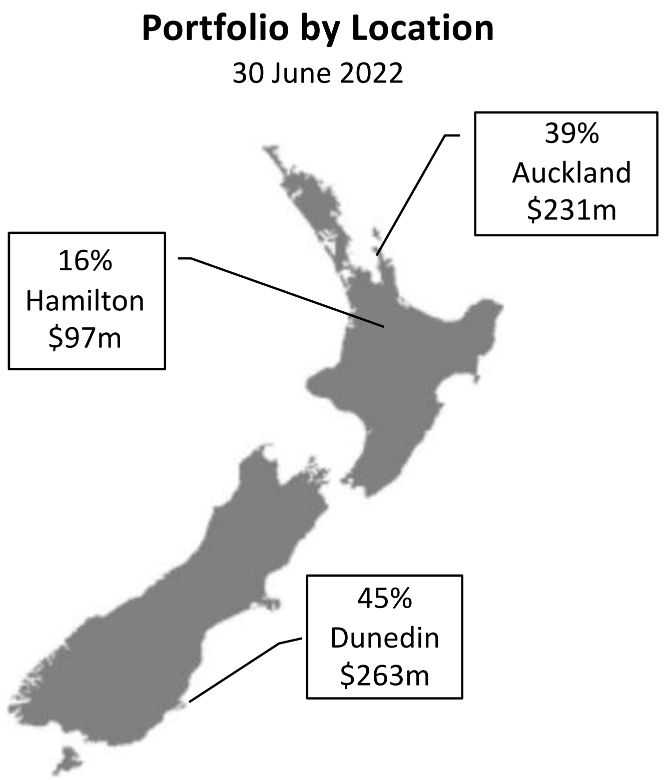
PORT OTAGO

Design Build Lease in Te Rapa

- IAG
- Steel and Tube
- NZ Windows

Portfolio Analytics

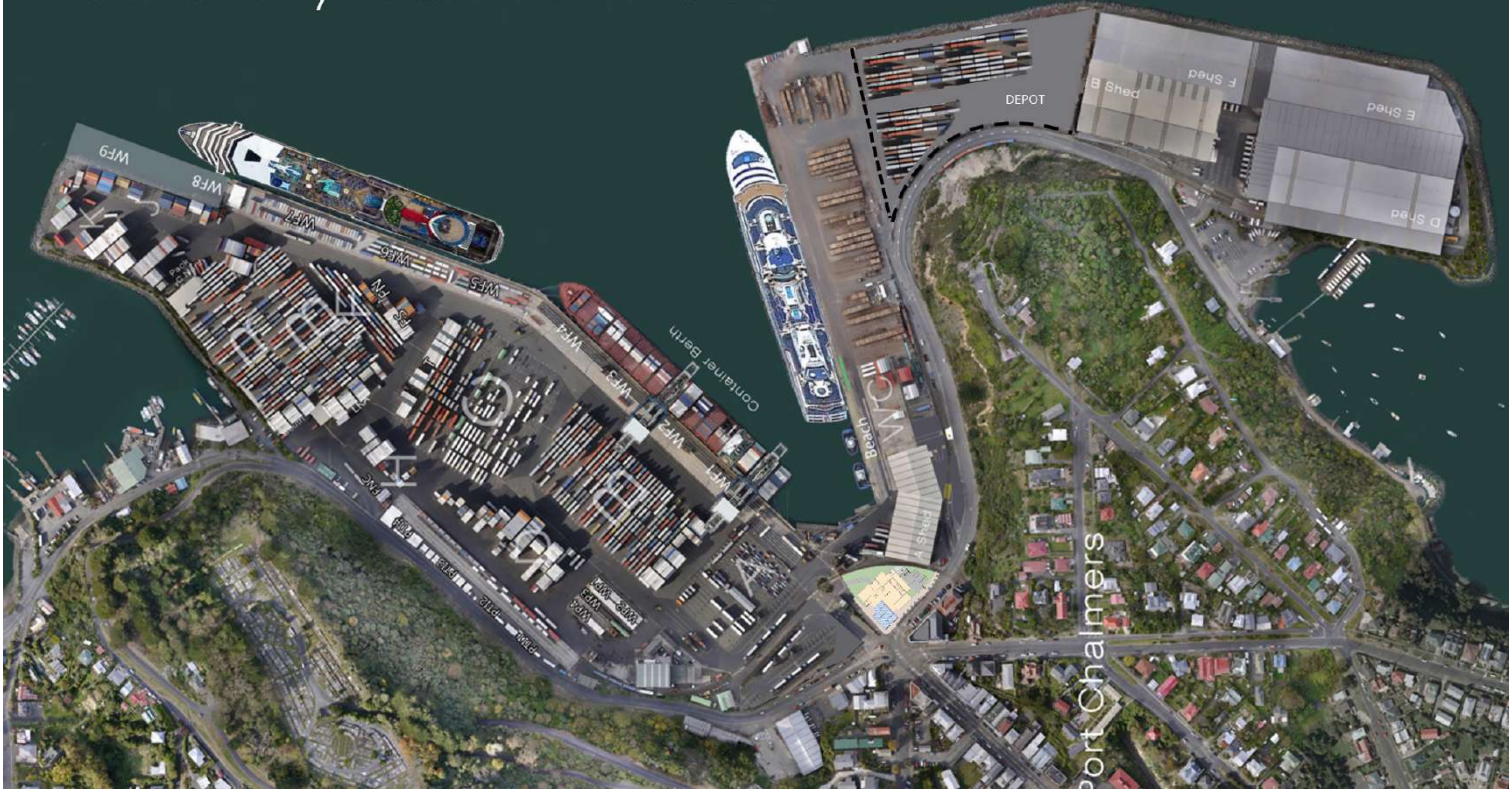




What’s our vision for the next decade?

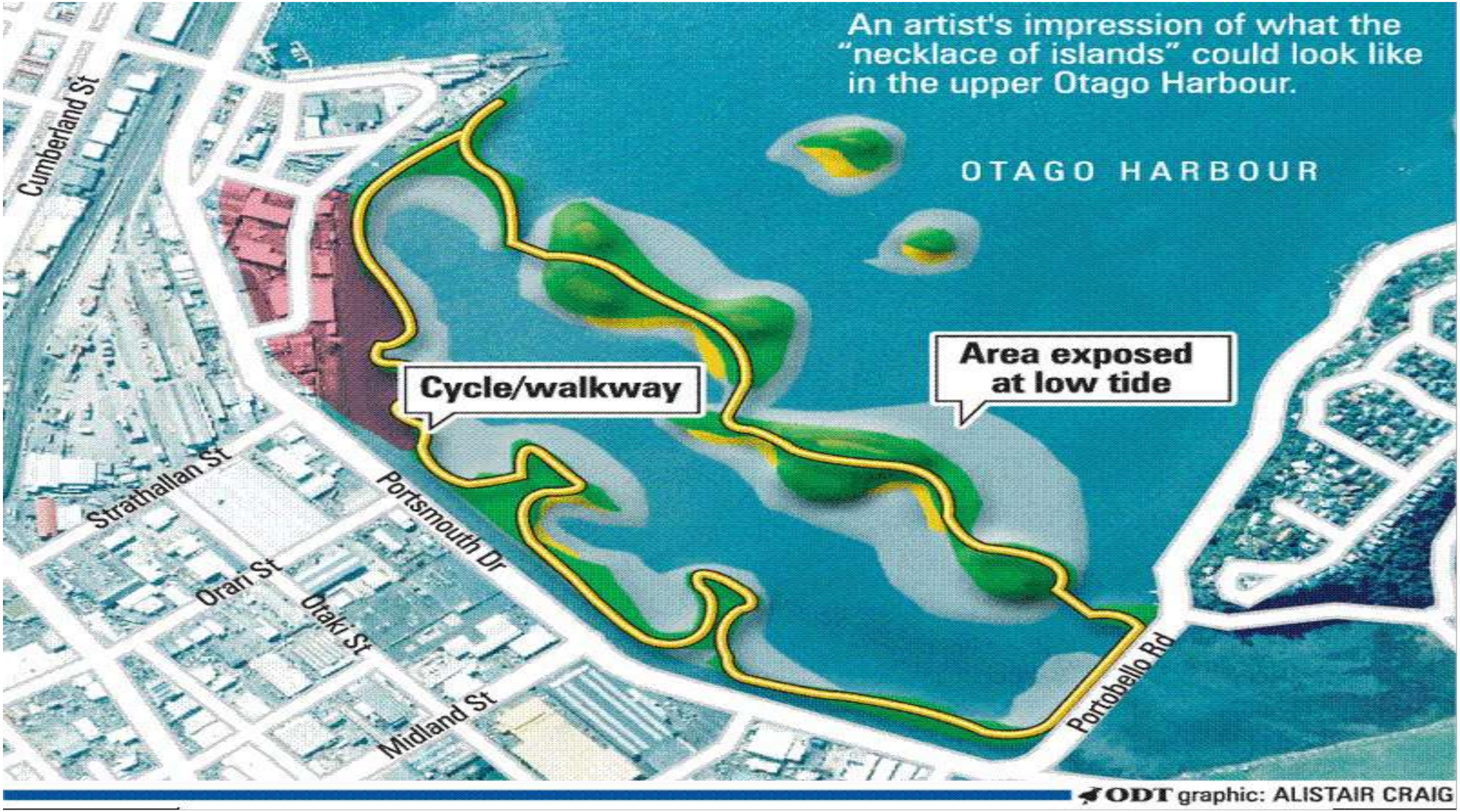
PORT OTAGO

Container / Cruise Port - future




babycity


Dunedin Bulk Port - Future


An artist's impression of what the "necklace of islands" could look like in the upper Otago Harbour.
OTAGO HARBOUR
Cumberland St
Area exposed at low tide
Cycle/walkway
Strathallan St
Portsmouth Dr
Oran St
Otaki St
Midland St
Portobello Rd
ODT graphic: ALISTAIR CRAIG


Questions...