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CentrePort Wellington

CENTREPORT LIMITED AND SUBSIDIARIES

STATEMENT OF INTENT

FOR FINANCIAL YEARS ENDED 30 JUNE 2018 TO 2020

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INTRODUCTION & DISCLAIMER

This Statement of Intent has been prepared in accordance with the requirements of Schedule 8 of the Local Government Act 2002 and section 9 of the Port Companies Act 1988.

The contents are based on the limited financial data available at time of publication, which is a consequence of the impact of the 7.8 magnitude earthquake of 14th November 2016.

The Kaikoura earthquake highlighted CentrePort's importance as a key strategic asset for the central New Zealand economy, which contributes 26.3% of New Zealand's GDP[1].

Within 48 hours of the earthquake, the company resumed key operations including ferries, fuel, logs, and break bulk trade. It has limited container shipping services because of damage to the container berth and work is underway to resume operation of the Port's two gantry cranes on a limited part of the container wharf by mid-2017.

The Port is continuing to work with structural engineers and insurers to assess the damage and costs of the earthquake and impact on revenues for the short, medium and long-term. The Port is also working with its insurers and shareholders on plans to restore damaged property and assets while ensuring resilience is built into the business.

Prior to the Kaikoura earthquake, CentrePort's business was growing strongly and contributing $2.5 billion of GDP to the central region and supporting 21,350 full-time equivalent (FTE) jobs[2].

Businesses and consumers in the region depend heavily on CentrePort as an efficient, cost-effective path to market, resulting in $3 billion of cargo and 1,000,000 passengers moving through the Port each year. A Ministry of Transport Future Freight Scenarios Study[3] shows that without container trade through the Port, freight costs could increase by up to 100% for Wellington shippers.

Post the earthquake, CentrePort has begun implementing several strategic initiatives to ensure the Port can support the future freight task of the central region, which is set to grow by 49% over the next 30 years.

CentrePort Limited is 76.4% owned by Greater Wellington Regional Council (via its subsidiaries WRC Holdings Ltd and Port Investments Ltd) and 23.6% by Horizons Regional Council (via MWRC Holdings Limited).

CentrePort is legal entity under the Port Companies Act 1988. The structure of CentrePort Group is as follows:

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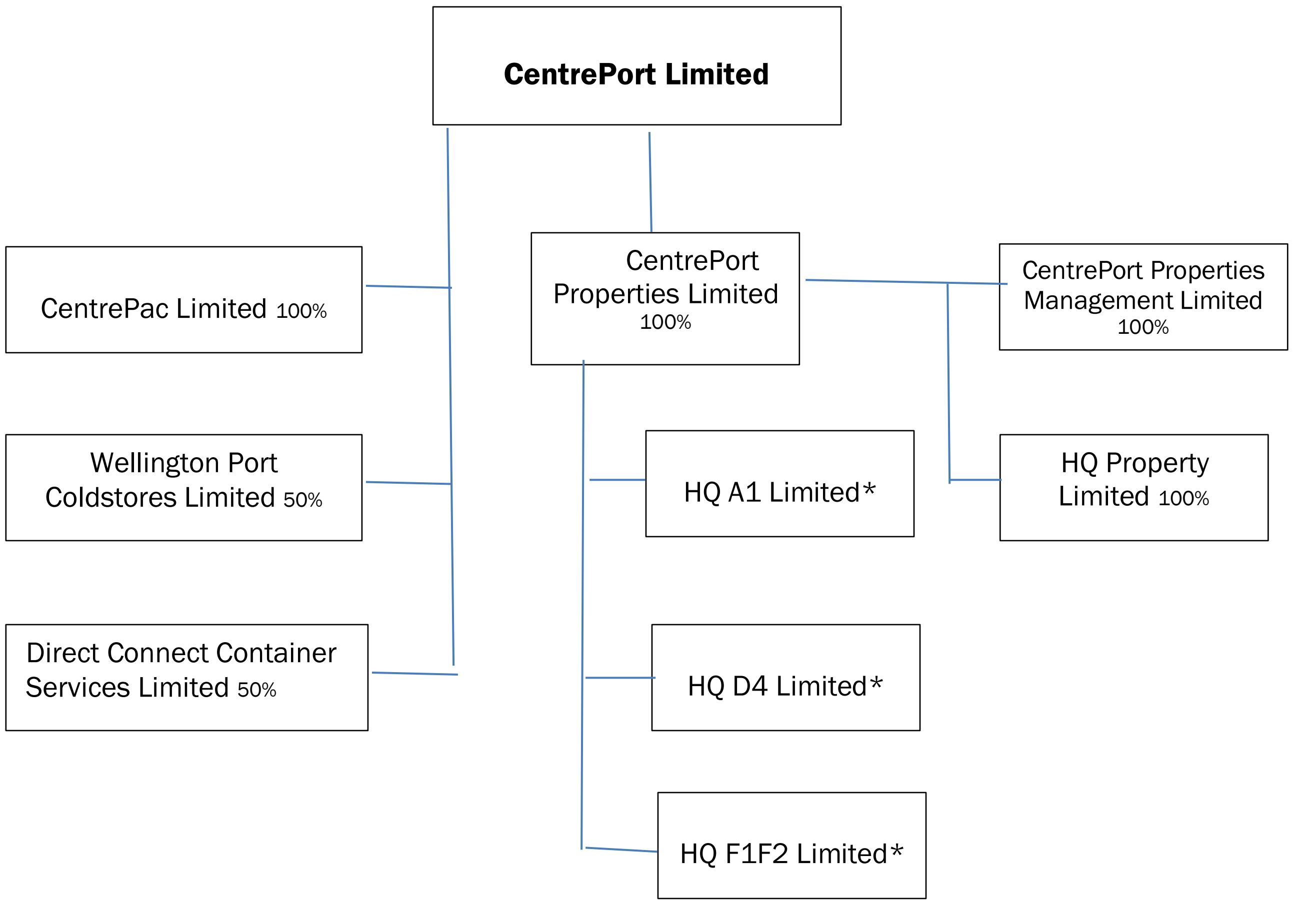
[1] Economic Impact of CentrePort on Central New Zealand 2015, www.berl.co.nz
[2] Economic Impact of CentrePort on Central New Zealand 2015, www.berl.co.nz
[3] Future Freight Scenarios Study, Ministry of Transport, November 2014 www.transport.govt.nz/assets/Uploads/Research/Documents/Future-Freight-Scenarios-Study.pdf



*These entities have Mandatory Convertible Notes (MCNs issued to the Accident Compensation Corporation (ACC) and provide the MCN Holder with 50% joint control over the entity.

DISCLAIMER:

The restoration of port infrastructure and investment property assets to their condition prior to the 14 November 2016 Kaikoura earthquake (EQ) and receipt of the related insurance claim proceeds is uncertain at the time of preparation of this Statement of Intent (SOI). In particular we highlight the following areas of significant judgement used in preparing estimates for the Statement of Intent Financial Projections.

Port infrastructure and Port land

- *The amount and timing of insurance proceeds is unknown. An allowance for $400m insurance proceeds has been made for the periods FY17-20 of which $100m has been received so far (FY17). The final proceeds to be received are based on preliminary assessments of loss and will be dependent on the final detailed engineering assessments which have not been completed at the time of preparing this SOI.*
- *The associated estimated costs and timing of the restoration of the damaged Port infrastructure assets to their pre EQ condition is dependent on completion of detailed assessments on the repair and replacement methodologies as determined by engineers. These have not been completed at the time of preparation of the SOI.*
- *In order to build resilience into the Port infrastructure an upgrade to the condition of Port Land will be required. The cost of this is unknown. Port Land is not insured and the costs to improve the land will need to come from debt and/or equity. An allowance has been made in the SOI years FY18-20, however, these costs are likely to continue beyond the SOI period.*

Investment Properties

- *There is uncertainty concerning the level of EQ damage and repairs required to the investment properties. A decision on whether repairs to EQ damaged investment properties will need to include improvements and upgrades above the cost of restoration to their pre EQ position has not yet been determined. Cost of any improvements and upgrades are not covered by insurance.*
- *There is also uncertainty regarding the retention of some tenants. If tenants do not renew their tenancies, this could have a material adverse impact on property values over and above the fair value adjustments made at 31 December 2016.*

Dividends

Due to the uncertainties as mentioned above and the requirement for capital to build resilience into the Port, no allowance has been made for the payment of dividends during the SOI periods FY17-20. This will be reviewed annually by the Directors.

CentrePort Limited's Board of Directors is highlighting these areas of significant judgement and associated estimates arising from the 14 November 2016 Kaikoura EQ and used in preparing the attached SOI financial projections. These estimates are to be treated as preliminary and subject to material change.

1 OBJECTIVES OF THE GROUP

1.1 Primary Objectives

CentrePort Limited's ("the Company") primary objective is to facilitate the safe and efficient movement of cargo and people by providing the necessary infrastructure and assets and expertise to achieve this goal.
Following the impact of the 14th November 2016 earthquake, CentrePort is also focused on:

a. Restoring earthquake damaged property and assets and ensure resilience is built into the business.
b. Ensuring the business reaches its full potential as a regional infrastructure asset for central New Zealand.
c. Operating as a safe, sustainable and responsible business with due regard to community and environmental interests.
d. Becoming the Port of choice for central New Zealand.

1.2 Providing a Safe, Healthy and Secure Workplace

The Company's safety objective is to create a zero-harm workplace.

The company also maintains compliance with the International Ship and Port Security (Code which promotes security against terrorism within the port environment.

1.3 Financial Objectives

The financial objectives of the Company shall be to:

a. Deliver financial returns comparable with industry benchmarks for the port and investment property sectors.
b. Adopt policies that prudently manage risk and protect the investment of shareholders.

1.4 Environmental and Sustainability Objectives

The environmental and sustainability objectives of the Company shall be to:

a. Minimise our impact on the environment.
b. Operate in a sustainable manner.
c. Engage with stakeholders on environmental matters.
d. Develop a culture of awareness and responsibility
e. Ensure Regulatory Compliance

1.5 Social Objectives

The Company objective is to be socially responsible and to have a positive and sustainable impact on the regional economy and community with due regard for key stakeholders by:

a. Be a respected and responsible employer.
b. Build awareness of the value and contribution of CentrePort's activities to the regional economy.
c. Participate in and encourage selected community activities.
d. Consult employees, stakeholders and the community as appropriate.

2 NATURE AND SCOPE OF ACTIVITIES TO BE UNDERTAKEN

2.1 Overview

CentrePort's catchment area includes the lower North Island and Upper South Island – an area that's home to 600,000 workers and their families who contribute 26.3% of New Zealand's GDP[4].

Businesses across the region rely heavily on access to a nearby international port, without which transport costs would increase and impact competitiveness.

Serving the hinterland
To help make it easier to get cargo to and from international markets, CentrePort has effectively moved its port gate into the hinterland, to connect producers, distributors and consumers to Wellington.

CentrePort has developed inland freight hubs from New Plymouth in the west to Masterton in the east and down to Blenheim in the south. This network of hubs has allowed an efficient movement of freight by rationalising flow, utilising rail and alleviating pressure on roads.

CentrePort's regional log hub at Waingawa, near Masterton provides a reliable and cost effective transport connection, ensuring exporters remain internationally competitive.

In New Plymouth, CentrePort will be working with KiwiRail to provide container terminal facilities at Smart Road. We are investing in the latest handling equipment and land stability onsite. The site will be operated by Direct Connect Container Services.

In Whanganui, Direct Connect has been operating successfully to allow local producers seamless integration to the global supply chain.

CentrePort is helping to better utilise rail services that connect the Palmerston North Rail Head to the port to serve the growing logs trade.

Earthquake recovery
Post the Kaikoura earthquake, the company is working with insurers on plans to restore damaged property and assets while ensuring resilience is built into the business.

These plans include the restoration and resilience of services such as Port infrastructure, including land, wharves, buildings and equipment and utility services.

Long-term investment
Like the Government, CentrePort has taken a long-term view to investing in infrastructure to unlock the potential of the central region by investing in equipment, technology and inland container terminals and rail services that will contribute to transforming our regional economies.

CentrePort looks forward to supporting the central region's growth and prosperity by providing a world class freight handling operation at the heart of our transport network.

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[4] Economic Impact of CentrePort on Central New Zealand 2015, www.berl.co.nz

2.2 Strategic initiatives

To achieve its primary objectives, CentrePort has embarked on the following key strategic initiatives:

1. Restore and grow freight capacity at the Port:
   (i) CentrePort has worked closely with shipping lines to provide a regular container shipping service, using geared ships, while plans are advanced to resume the use of the Port's two gantry cranes by mid-2017.
   (ii) Expansion and growth of CentrePort's network of freight hubs to enable efficient movement of goods.
   (iii) Expansion of the existing log yard to meet forecast growth in harvesting of logs for export and increase the shipment of logs from the Port.
2. Build resilience into the Port to create a long-term sustainable business
   (i) Apply lessons from the 14th November 2016 earthquake to build appropriate, fit-for-purpose assets to achieve our strategic objectives.
   (ii) Work with interisland ferry operators (Bluebridge and Interislander) along with the New Zealand Transport Agency, and Wellington City Council, on potential multi-modal, integrated tourism and transport and ferry terminal at Aotea Quay, Kaiwharawhara.
   (iii) Consider the infrastructure needed for the Port to fulfil its role as container hub for the central region, which will require deepening of parts of the shipping channel in Wellington Harbour to accommodate bigger ships.
3. Review of CentrePort's property portfolio and assets following the impact of the 14th November 2016 earthquake
   (i) Demolition of vacant earthquake-prone buildings to open up space for modified Port operations.
   (ii) Review land and property holdings, including Harbour Quays, to ensure portfolio aligns with the Port's strategic objectives.

These strategic initiatives are designed to restore damaged property and assets, ensure resilience is built into the business and return the business to growth and reach its full potential as a regional asset for the central New Zealand economy.

3 GOVERNANCE

The board currently comprises six directors appointed by the Shareholders. No more than two directors can be members or employees of the Shareholding Local Authorities. Two directors retire at each annual general meeting by rotation.

Mr L Johnstone was elected Chair of the Board with effect from 1 October 2016 to replace the retiring Chair, Mr W Larsen.

Directors' remuneration is reviewed annually and confirmed at the annual general meeting.

The board generally meets monthly and at other times as required.

The Board has delegated some of its powers to Board Committees and other powers to the Chief Executive and senior executives. The terms of delegation are clearly documented. The Chief Executive Officer has in some cases formally delegated certain authorities to his direct reports and has established a formal process for the direct reports to sub-delegate certain authorities.

The Board has implemented a system of measuring and evaluating Board and Director Performance using specific Institute of Directors and other survey material to facilitate the process. The Company anticipates conducting the reviews on an annual basis.

There are three formally constituted committees: the Health, Safety and Environment committee; Audit & Risk Committee; and the Remuneration committee. Commercial Property matters are considered through the subsidiary CentrePort Properties Limited Board. These formally constituted committees can only make recommendations to the Board for the Board to confirm.

Health, Safety and Environment Committee

Purpose: to assist the Board in discharging its responsibilities with respect to Health, Safety and Environment practices of CentrePort Limited.

Outcomes:

- Governance and Compliance with Health, Safety and Environmental Legislation, Regional Council plans and internal policies and procedures
- Critically enquiring about, challenging, evaluating and assessing HSE related risks and exposures
- Alignment of action plans with officer and director responsibilities, legislative requirements and company goals
- Director exposure and input to the action plans and implementation
- Encouraging the adoption of new systems and procedures as part of continuous improvement.

Audit & Risk Committee

Purpose: to provide oversight on company financial and legislative compliance practices, agree and monitor the action plans for the management of financial and non-financial risks.

Outcomes:

- Alignment of action plans with officer and director responsibilities, legislative requirements and company goals
- Director exposure and input to the action plans and implementation
- Governance of all company risks
- Obtain assurance from external auditors on the integrity of the annual financial report.

Remuneration Committee

Purpose: to assist the Board in the establishment of remuneration policies and practices for the Company and in discharging the Board's responsibilities relative to remuneration setting and/or review of Directors, CEO and his/her direct reports.

The Directors Remuneration review follows a collective performance review of director performance and uses data obtained from the annual Institute of Directors survey on Directors Remuneration. Following consideration of this, a recommendation is made to shareholders for approval at the company's Annual General Meeting.

Outcomes:

- Reviewing and ratifying the remuneration policies and practices of the Company Overseeing the establishment of annual performance objectives and monitoring the completion of the performance and talent management process
- Setting and reviewing, as appropriate, the terms and conditions of the employment agreement, remuneration and performance for the Chief Executive Officer and his/her direct reports

4 FINANCIAL HEALTH TARGETS

1. The Directors monitor the financial health of the Group by adopting a range of financial targets that fall within the bank covenants.
2. Definition of Terms:

a. Shareholders' Funds (or equity) is defined as the total issued capital plus the balance of undistributed profits and all revenue and capital reserves less any minority interests of the parent company, CentrePort Limited, and its subsidiaries ("the Group").

b. Total Assets are defined as all the recorded tangible and intangible assets of the Group at their current value as determined by the Group's Accounting Policies.

c. Equity Ratio is Shareholders' Funds divided by Total Assets

d. Debt is the sum of Interest Bearing Debt (Borrowings) and Financial Liabilities arising from financial instruments

e. Gearing is the ratio of Debt to Debt plus Equity (Shareholders Funds)

f. Interest cover is the ratio of free funds from operations to interest expense. It is measured as Earnings before interest, tax depreciation and amortisation ('EBITDA') plus dividends received from investments in associates and joint ventures divided by the Interest Expense.

g. The Solvency Ratio is Current Assets divided by Current Liabilities.

3. The targets and forecasts for the financial health ratios are:

Financial Health	Target	Outlook FY17	Forecast FY18	Forecast FY19	Forecast FY20
Current Assets ($m)	n/a	18.3	59.0	67.3	25.0
Current Liabilities ($m)	n/a	7.5	8.7	6.7	6.0
Total Assets ($m)	n/a	213.7	309.0	414.1	469.4
Shareholders Funds - Equity ($m)	n/a	152.3	244.4	351.5	455.6
Term Borrowings ($m)	n/a	40.5	42.0	45.0	0.0
Debt ($m)	n/a	49.1	47.7	47.9	0.0
Equity Ratio	> 45%	71.3%	79.1%	84.9%	97.1%
Gearing	< 50%	24.4%	16.3%	12.0%	0.0%
Interest cover	> 2.5 times	4.2 times	11.1 times	9.7 times	19.8 times
Solvency Ratio	> 0.6	2.45	6.79	10.01	4.18

4. CentrePort currently has $150m bank borrowing facilities with 3 banks. These are maintained in accordance with the Treasury Policy.

5 ACCOUNTING POLICIES & MEASURES

The detailed Accounting Policies of the Group will be consistent with the legal requirements of the Companies Act 1993, the Financial Reporting Act 1993 and International Financial Reporting Standards (IFRS). The Group's accounting policies are detailed in the most recent annual financial statements.

The Group's performance is measured against the following ratios:

h. Return on Assets for each business segment

   i. Port

      Earnings before interest and tax (EBIT) plus share of associate earnings divided by the average of total fixed assets and investments in Associates.

   ii. Property

      EBIT plus share of associate earnings divided by the value of investment properties plus investment in associates. This calculation is performed separately on the value of developed investment properties and the total portfolio.

i. Return on Equity

   Underlying net profit after tax* divided by average equity.

j. Dividend

   Dividend as a percentage of underlying net profit after tax*

k. Underlying earnings per share

   Underlying net profit after tax* divided by number of shares issued.

l. Dividend per share

   Dividend divided by number of shares.

m. Net Asset backing per share

   Shareholders' Funds or Net Assets divided by number of shares.

The financial forecasts for FY17-20 as per the attached Appendices include significant assumptions arising out of the 14 November 2016 Kaikoura earthquake. The financial forecasts should be treated as preliminary as information from engineering assessments of damage and insurance proceeds have not been determined at the time of preparation for these forecasts. The material assumptions are listed in Appendix 1.

* 'Underlying NPAT (net profit after tax)' excludes the fair value movements from cash flow hedges and investment property valuations reported through the income statement.

Throughout this document references to FY are to Financial Years ended 30 June. For example, FY17 means financial year ended 30 June 2017.

6 PERFORMANCE TARGETS

6.1 Financial

The Group's financial performance targets for FY18-20 are detailed in Appendix 1.

The target returns on assets for port operations and commercial property activities are to be benchmarked against comparable New Zealand ports and listed property companies.

Financial Forecasts for the Group for FY17-19 are included in Appendix 2-4. These are the company's best estimates of the forecast results for the SOI period. These estimates could change subject to the economic circumstances that arise over this period.

6.2 Safety and Security

Specific areas of focus for Safety and Security within the Port over FY18-20 are:

Objective	Performance measure	Performance target		
		FY18	*FY19*	*FY20*
Year on year improvement towards zero harm	Implementation of five year action plan	Year one action items completed	Year two action items completed	Year three action items completed
	Lost Time Injury Frequency (per 200,000 hours worked)	≤ 3.6	≤ 3.2	≤ 3.2
	Lost Time Injury Severity (per 200,000 hours worked)	≤ 50	≤ 40	≤ 40
	bSafe Reports (incident and near miss reports)	> 800	> 900	> 900
Comply with the AS/NZS 4801: Occupational Health and Safety Management Systems	AS/NZS 4801 audit completed in alternate years to WSMP	Compliance with AS/NZS 4801	Compliance with AS/NZS 4801	Compliance with AS/NZS 4801
Maintain a Health and Safety Policy that leads our zero harm aspiration and actions	Policy reviewed annually against CentrePort's objectives and external benchmarks	Compliance with Policy	Compliance with Policy	Compliance with Policy
Maintain and promote excellence in Marine Operations consistent with the Port & Harbour Safety Code (PHSC)	The requirements of the PHSC continue to be met	No breaches of the PHSC	No breaches of the PHSC	No breaches of the PHSC
	Risk assessments of new tasks or reviews post incident completed	All new task risk assessments and post incident reviews complete	All new task risk assessments and post incident reviews complete	All new task risk assessments and post incident reviews complete

Maintain compliance with the International Ship & Port Security (ISPS) Code	Compliance is maintained, all incidents are reported to MNZ and NZ Customs Service, and learning reviews are undertaken and recommendations implemented	Compliance Maintained	Compliance Maintained	Compliance Maintained

6.3 Environmental

Specific areas of focus for Environmental management of the Port over FY18-20 are:

The performance targets for our environmental objectives are:

Objective	Performance measure	Performance target		
		FY18	*FY19*	*FY20*
Ensure regulatory compliance	Compliance breaches	Zero	Zero	Zero
Minimise risk to the environment	System: consistency with ISO14001	Audit and first stage certification[1] complete	Audit and second stage certification complete	Audit and third stage certification complete (full ISO14001 compliance)
	Incidents: number of registered environmental incidents (FY2015 baseline – 32)	Minimum 10% decrease from baseline [Note: new incident reporting system introduced]	Minimum 15% decrease from baseline	Minimum 20% decrease from baseline
	Complaints: number of complaints from external stakeholders about environmental performance	Zero	Zero	Zero
Realise opportunities to be more sustainable	Greenhouse gas emissions (quantity CO_2equivalent) emissions measured in accordance with ISO 14064 –1:2006 and the Greenhouse Gas Protocol.	Emissions intensity reduction plan complete (reduction targets for FY19-20 to be set) Verified annual emissions inventory complete	Meet intensity reduction target	Meet intensity reduction target Verified annual emissions inventory complete

	Ozone depleting substances used (quantity methyl bromide released to atmosphere)	100% use of recapture technology for container fumigation	100% use of recapture technology for container fumigation	100% use of recapture technology for container fumigation
	Solid waste to landfill (quantity)	Waste minimization plan developed. Waste minimization integrated into EQ recovery projects	Waste minimization integrated into EQ recovery projects	Waste minimization integrated into EQ recovery projects
Improve stakeholder relations	Environmental Consultative Committee meeting frequency	At least 3 per annum	At least 3 per annum	At least 3 per annum
	Iwi engagement	Pre lodgment consultation undertaken for 100% of resource consent applications	Pre lodgment consultation undertaken for 100% of resource consent applications	Pre lodgment consultation undertaken for 100% of resource consent applications
	Transparency	Performance against targets reported in Annual Report	Performance against targets reported in Annual Report	Performance against targets reported in Annual Report
Develop a culture of awareness and responsibility	Board sub-committee (Health Safety and Environment) meeting frequency	At least 4 per annum	At least 4 per annum	At least 4 per annum
	Internal 'sustainability subcommittee' meeting frequency	At least 3 per annum	At least 3 per annum	At least 3 per annum

6.4 Social

Specific areas of focus for our Social activities over FY18-20 are:

a. Contribute to the desired outcome of the Wellington Regional Strategy through:

   i. The provision of workplace opportunities and skills enhancements of our employees.

   ii. Ensuring the regional economy is connected by the provision of high quality port services to support international and coastal trade.

   iii. Collaborating with key partners of CentrePort's business to improve service outcomes.

b. Supporting the regional community by investing in community sponsorship and engaging in community activities

c. To meet regularly with representative community groups.

6.5 General

Other specific areas of focus over FY18-20 are:

a. The company will, in consultation with the shareholders, continue to develop performance targets in the financial, environmental and social areas.

b. CentrePort will report achievement against the above targets in the quarterly reports to shareholders and the annual report. The report will include specific initiatives to enhance the environment in which we operate.

c. CentrePort will also report in its quarterly report to shareholders the company's strategy when it is completed with quarterly updates of any amendments to the strategy.

d. When developing 'property held for development' the Board is to adhere to the following principles:

   i. Properties may be developed without the building being fully pre-let so long as tenancy risk is managed prudently.

   ii. Property developments must not compromise port operations.

   iii. Developments are to be undertaken only if they are able to be funded without additional capital from shareholders.

   iv. Development construction contracts are to be negotiated on a guaranteed maximum price or lump sum basis.

Definition of terms (paragraph 6.5 c(i). above refers):

'Management of tenancy risk' means that each single property investment has committed rental income (via development and executed lease contracts) that is sufficient to meet forecast interest costs on (i) the cost of the site development related to the development and (ii) the cost of the construction of the development AND the vacant net lettable area of the proposed development of commercial buildings is no greater than 25%.

7 DISTRIBUTION OF PROFITS TO SHAREHOLDERS

7.1 Dividend Policy

Currently projections for FY17-20 have not provided for a dividend to be provided as the Port is in a recovery position following the 14 November 2016 Kaikoura earthquake.

The dividend policy formally adopted by directors provides for dividends to be between 40% and 60% of underlying net profit after tax ('NPAT'). Underlying NPAT is the reported NPAT adjusted for the after tax effect of fair value movements in cash flow hedges and investment properties. In addition the target dividend pay-out ratio reflects free cash-flow after providing for capital expenditure plans and the Board's gearing targets.

The Company policy on the provision of the profits to be distributed to shareholders (after deductions for taxes and interest) is reviewed annually by the Directors after considering the circumstances as they may exist, the cash flows generated by the Company and the successful achievements of the commercial objectives of the Company.

Dividend will be the maximum practicable amount payable consistent with the needs of the business.

In determining an appropriate capital structure for CentrePort, the Board and management ensure all banking covenants are met AND there is sufficient forecast capital headroom for business growth.

The company will impute dividends to the extent that imputation credits are available.

Dividends will continue to be reviewed annually and the projections may differ depending on the circumstances at the time given the earthquake recovery position.

7.2 Payment of Dividends

Dividends are normally paid to shareholders on or prior to:

- 1st Interim Dividend *following consideration of the half-year interim results* - 28 February
- 2nd Interim Dividend *after considering the financial year outlook* – 30 June
- Final Dividend *following consideration of the final annual results* - 30 September

8 INFORMATION TO BE REPORTED

1. The Company will maintain regular reporting on the implementation of policies to the shareholders in accordance with statutory requirements and in particular will:
   a. provide to the shareholders an audited set of annual financial statements applying accounting polices consistent with IFRS within 3 months of balance date. The Directors will also report on:
      i. a review of operations
      ii. a summary of achievements measured against appropriate performance targets; and
      iii. the maximum dividend (if any) recommended.
   b. provide to the shareholders a half yearly report within 70 calendar days of the half year balance date comprising:
      i. An abridged, un-audited set of financial statements applying accounting polices consistent with IFRS.
      ii. A brief report from the directors on the Company's operations for the half year and the outlook for the second half year.
   c. Provide further financial information that meets shareholder expectations (format and timetable to be agreed) on a regular basis.
2. The Company will provide board approved financial statements to the shareholders finance teams within two months of the half year and annual balance dates for the purposes of meeting their statutory reporting deadlines. These are to be prepared applying accounting policies consistent with IFRS. The annual financial statements provided are required to be accompanied with a report from the auditor.
3. The Company consult with the shareholders when developing strategy and will provide the shareholders with strategic updates. The Company will meet shareholders at least once a year for a strategic overview.

9 PROCEDURES FOR ACQUISITION OF SHARES

1. The Company will only invest in the shares of another business when the shares acquired are considered by the Directors to bring added value to the business of the Company providing an acceptable return on the cost of capital employed, or will further the objectives set out herein of the business of the Company.
2. The Company will consult with shareholders prior to any material departure from the objectives outlined in the Company's Strategic Plan or the Statement of Corporate Intent.

10 COMPENSATORY ACTIVITIES

The Company will seek compensation by agreement from the Greater Wellington Regional Council and/or Horizons Regional Council or the appropriate local authority for:

a. Marine pollution control services;

b. Any other statutory function, duty or power which they may wish the port company to carry out on their behalf and which involves the supply of goods or services.

11 VALUE OF SHAREHOLDER INVESTMENT

The value of shareholders' equity in the Company as at 31 December 2016 is $127 million and is an assessment of the net tangible assets based on the most recent valuation of the Company's investment property and land, and the historic cost (less depreciation) of the Company's other assets and an allowance for impairment following the 14 November 2016 Kaikoura earthquake.

The directors expect the value of the shareholder's equity to increase with the receipt of insurance proceeds following completion of assessments of damage to the CentrePort group.

12 OTHER AREAS

12.1 Communication with Shareholders

1. CentrePort recognises the need to operate a "no surprises policy" with its shareholder.
2. Quarterly Meetings between the shareholders and the Company to discuss:
   a. The overall and segmented performance of the Company, including progress measured against the then current Budget and the outlook for the current year;
   b. The performance of the Company in meeting its financial, environmental and social performance targets;
   c. The performance of the Company in optimising the operational effectiveness and value of its property portfolio;
   d. Update on strategic direction, capital expenditure plans, debt position and dividend expectations;
   e. Annually, providing comparative analysis measures with other Ports including return on equity and gearing.

   In addition:

   f. The Company will promptly advise the Shareholder on sensitive issues affecting the Company.
3. Strategy. The Company shall review its Strategy and Business Plan annually and present the key components of these documents to shareholders.
4. Review of Statement of Intent. The Company shall provide to the shareholders by 15 February each year a Draft Statement of Intent for the consideration of shareholders to be finalised by 31 May each year.

APPENDIX 1 FY17-20 FINANCIAL TARGETS

Measure		Outlook FY17	Forecast FY18	Forecast FY19	Forecast FY20
Group EBIT plus JV & Associate Earnings ('Group EBIT')	$m	16.9	24.0	22.3	12.1
Port EBIT plus JV & Associate Earnings ('Port EBIT')	$m	14.7	20.6	19.7	13.8
Property EBIT plus JV & Associate Earnings ('Property EBIT')	$m	2.2	3.4	2.6	(1.7)
Underlying Net Profit Before Tax	$m	12.1	20.1	19.4	10.8
Underlying Net Profit After Tax ('Underlying NPAT')	$m	10.0	15.9	15.2	7.8
Dividend	$m	0.7	-	-	-
Shareholders' Funds ('Equity) or Net Assets	$m	152.3	244.4	351.5	455.6
Number of issued shares	000	23,425	23,425	23,425	23,425
Group EBIT Return on Assets	%	6.5%	10.8%	7.5%	3.1%
Port EBIT Return on Port Assets	%	8.7%	13.2%	8.5%	4.2%
Property EBIT Return on Property Assets	%	2.4%	5.0%	3.8%	-2.5%
Underlying NPAT Return on Group Equity	%	5.4%	8.0%	5.1%	1.9%
Dividend Distribution as a %ge of Underlying NPAT	%	7.0%	0.0%	0.0%	0.0%
Underlying earnings (NPAT) per share	$	0.42	0.68	0.65	0.33
Dividend per share	$	0.03	-	-	-
Net Asset backing per share	$	6.50	10.43	15.01	19.45

Material Assumptions used in the preparation of the attached financial forecasts for FY17-20:

- **Port forecasts**
  - Estimated business interruption income has been included throughout period of indemnity (36 months to 13 November 2019) covering loss of gross profit in the container sector, $30m in total.
  - Insurance recovery monies for material damage received over the course of the forecast period, $340m estimate in total (note this is subject to the completion of detailed engineering assessments and insurance claims assessments which have not yet been completed).
  - Estimated impairment of assets and land included in FY17, $55m and $50m respectively based on preliminary discussions with Port engineers.
  - Earthquake repair costs of $170m spread over the 3 years to 30 June 2020 with further earthquake repair expenditure of $170m extending beyond the SOI period.

- **Property forecasts**
  - Estimated loss of rents income for the estimated period of tenant vacancy of the investment property. Loss of rents cover is for a 3 year indemnity period).
  - Insurance recovery monies for material damages received in FY17 and FY18 estimated to be $8.9m for CPPL.
  - Estimated impairment of assets included in FY17 matching estimated repair costs.
  - Estimated changes in fair values related to investments properties are $2.5m for CPPL and $35.8m for the SPV properties respectively based on a preliminary indication. This will be reviewed at 30 June 2017.
  - Insurance recoveries are estimated to match cost of earthquake repairs for the SPV properties. The timing of the completion of the repairs is uncertain for some properties and allowance has been made for this to extend beyond the indemnity period.

APPENDIX 2 GROUP FINANCIAL FORECASTS FOR FY17-20

CentrePort Group
STATEMENT OF FINANCIAL PERFORMANCE

$000	Outlook FY17	Forecast FY18	Forecast FY19	Forecast FY20
REVENUE				
Port Revenue	49,966	56,340	63,645	68,288
Property Revenue	1,905	1,776	2,793	2,793
Business Interruption/Loss of Rents Insurance Income	8,645	10,428	9,056	2,838
TOTAL REVENUE	60,515	68,544	75,494	73,919
Cost Of Sales	(28,038)	(25,757)	(31,148)	(32,563)
Depreciation	(4,900)	(4,942)	(6,973)	(9,601)
(Profit) / Loss on Sale of Assets	(5)	-	-	-
Overheads	(13,557)	(17,677)	(17,997)	(18,322)
Operating Profit	14,016	20,168	19,377	13,432
Operating Profit Margin	23.2%	29.4%	25.7%	18.2%
Equity earnings (Coldstore & SPVs) *	2,887	3,786	2,897	(1,363)
Group EBIT	**16,903**	**23,954**	**22,274**	**12,069**
Net Interest	(4,790)	(3,874)	(2,853)	(1,225)
Underlying Net Profit Before Tax	**12,113**	**20,080**	**19,421**	**10,844**
Tax Benefit/(Expense)	(2,163)	(4,142)	(4,207)	(2,998)
Underlying Net Profit after Tax ('NPAT') before EQ Related Items & Fair Value Adj.	**9,950**	**15,938**	**15,214**	**7,846**
Earthquake Related Items:				
Impairment of assets (excl land)	(63,000)	-	-	-
Temporary works spend	(26,675)	(18,220)	(1,085)	-
Insurance recovery (Temporary Works)	7,500	18,220	1,085	-
Insurance recovery (Material Damage)	92,300	72,180	89,859	94,161
Tax on EQ provisions	(420)	-	-	-
Net insurance recovery (Associates)	4,750	-	-	-
Underlying Net Profit after Tax ('NPAT') before Fair Value Adj.	**24,405**	**88,118**	**105,073**	**102,007**
Indicative Dividend	700	-	-	-

* Equity earnings includes CentrePort's share of post-tax earnings of associate companies. The largest contribution to performance comes from Harbour Quays joint venture companies.

CentrePort Group
STATEMENT OF COMPREHENSIVE INCOME

$000	Outlook FY17	Forecast FY18	Forecast FY19	Forecast FY20
Underlying Net Profit after Tax ('NPAT') before Fair Value Adj.	24,405	88,118	105,073	102,007
Fair value adjustments:				
Change in fair value of financial instruments	3,779	2,058	2,058	2,058
Change in fair values of investment properties	(2,500)	-	-	-
Change in fair values HQ SPV companies	(35,800)	1,949	-	-
Sub-total FV items	(34,521)	4,007	2,058	2,058
Impairment of port land	(50,000)	-	-	-
Comprehensive Income	**(60,116)**	**92,125**	**107,131**	**104,065**

CentrePort Group
STATEMENT OF FINANCIAL POSITION

$000	Outlook 30 June 17	Forecast 30 June 18	Forecast 30 June 19	Forecast 30 June 20
Ordinary Equity	152,277	244,402	351,533	455,598
Preference Capital	-	-	-	-
EQUITY	**152,277**	**244,402**	**351,533**	**455,598**
ASSETS				
Current Assets				
Cash	1,244	2,485	1,724	14,051
Insurance Recoverable	6,658	45,000	55,000	(0)
Other Current Assets	10,437	11,545	10,618	10,967
	18,340	59,030	67,343	25,017
Non-Current Assets				
Port Land	32,087	35,337	60,337	70,337
Unimproved Land Held for Investment	17,601	25,701	25,701	25,701
Wharves	22,378	48,168	102,793	167,904
Other Fixed Assets	42,014	74,486	90,003	115,095
Investment Property	7,000	7,000	7,000	7,000
Investments in JV Companies	58,689	35,726	37,373	34,760
Other Non-Current Assets	15,597	23,597	23,597	23,597
	195,367	250,015	346,804	444,394
TOTAL ASSETS	**213,707**	**309,045**	**414,147**	**469,411**
LIABILITIES				
Current Liabilities				
Other Current Liabilities	7,496	8,696	6,725	5,982
	7,496	8,696	6,725	5,982
Non-Current Liabilities				
Term Borrowings	40,500	42,000	45,000	-
Financial Instruments (Interest Swaps)	8,576	5,717	2,859	-
Deferred Tax Liability	4,539	7,910	7,711	7,511
Other Non-Current Liabilities	320	320	320	320
	53,934	55,947	55,889	7,831
TOTAL LIABILITIES	**61,430**	**64,643**	**62,614**	**13,813**
NET ASSETS	**152,277**	**244,402**	**351,533**	**455,598**

CentrePort Group
STATEMENT OF CHANGES IN EQUITY

$000	Outlook 30 June 17	Forecast 30 June 18	Forecast 30 June 19	Forecast 30 June 20
Opening Balance	213,093	152,277	244,402	351,533
Comprehensive Income	(60,116)	92,125	107,131	104,065
Dividends	(700)	-	-	-
CLOSING BALANCE	**152,277**	**244,402**	**351,533**	**455,598**

CentrePort Group
CASH FLOW STATEMENT

$000	Outlook FY17	Forecast FY18	Forecast FY19	Forecast FY20
Cash Flows from Operating Activities				
Cash was provided from:				
Receipts from Customers	60,035	66,756	74,929	81,639
Business Interruption/Loss of rents insurance proceeds	8,645	10,428	9,056	2,838
BI - Temporary Works	7,500	3,000	16,305	-
Interest Received	20	2,040	1,018	1,126
Dividends Received HQ SPVs	1,200	17,798	1,250	1,250
Cash was disbursed to:				
Payments to Suppliers and Employees	(55,292)	(52,110)	(58,687)	(62,541)
Temporary Works Spend	(21,000)	(18,220)	(1,085)	-
Tax and Subvention Payments	0	(3,475)	(6,209)	(5,020)
Interest Paid Operating	(4,567)	(3,883)	(2,863)	(1,324)
Net Cash Flow from Operating Activities	**(3,458)**	**22,335**	**33,715**	**17,969**
Cash Flows from Investing Activities				
Cash was provided from:				
Distributions from JVs	-	6,750	-	-
Proceeds from Sale of PP&E	6,749	-	-	-
Material Damage Insurance Proceeds	86,492	49,058	64,639	149,162
Cash was applied to:				
Port Capex - Earthquake Repairs	(7,623)	(42,135)	(53,150)	(66,865)
Port Capex - Maintenance	(5,905)	(9,668)	(14,015)	(6,490)
Port Capex - Growth	(1,443)	(11,400)	(24,950)	(26,450)
Port Capex - Land Resilience	-	(3,250)	(10,000)	(10,000)
Property Development Costs	(1,207)	(4,800)	-	-
Earthquake Rebuild - Property	(1,699)	(7,150)	-	-
Net Cash used in Investing Activities	**75,363**	**(22,595)**	**(37,476)**	**39,357**
Cash Flows from Financing Activities				
Cash was provided from:				
Bank Borrowings	-	1,500	3,000	-
Cash was applied to:				
Bank Borrowings	(61,500)	-	-	(45,000)
Intercompany Trading Account	0	0	0	-
Dividend Paid	(700)	-	-	-
Straddle Lease Buy Back	(5,500)	-	-	-
Termination of Financial Instruments	(4,347)	-	-	-
Advance (to) / from SPV's	400	-	-	-
Net Cash used in Financing Activities	**(71,647)**	**1,500**	**3,001**	**(45,000)**
Net increase/(decrease) in cash flow	258	1,241	(761)	12,326
Opening cash b/fwd	987	1,244	2,485	1,724
Closing Utilised at Year End	**1,244**	**2,485**	**1,724**	**14,051**

Opening Term Borrowings	102,000	40,500	42,000	45,000
Movement during the period	(61,500)	1,500	3,000	(45,000)
Closing Term Borrowings	40,500	42,000	45,000	(0)

APPENDIX 3 CPL - PORT FINANCIAL FORECASTS FOR FY17-20

CentrePort Limited - Port
STATEMENT OF FINANCIAL PERFORMANCE

$000	Outlook FY17	Forecast FY18	Forecast FY19	Forecast FY20
REVENUE				
Port Revenue	49,966	56,340	63,645	68,288
Business Interruption Insurance Income	8,200	9,600	9,056	2,838
TOTAL REVENUE	58,166	65,940	72,702	71,126
Cost Of Sales	(26,350)	(24,461)	(29,731)	(31,146)
Depreciation	(4,838)	(4,942)	(6,973)	(9,601)
(Profit) / Loss on Sale of Assets	(5)	-	-	-
Overheads	(12,143)	(15,971)	(16,290)	(16,616)
Operating Profit	14,829	20,566	19,708	13,763
Operating Profit Margin	25.5%	31.2%	27.1%	19.3%
Equity earnings (Associates)	(129)	-	-	-
Port EBIT	**14,701**	**20,566**	**19,708**	**13,763**
Net Interest	(2,708)	(1,809)	(1,103)	595
CPPL preference share interest	1,500	1,500	1,500	1,500
Underlying Net Profit Before Tax	**13,493**	**20,257**	**20,104**	**15,857**
Tax Benefit/(Expense)	(3,394)	(5,252)	(5,209)	(4,020)
Underlying Net Profit after Tax ('NPAT') before EQ Related Items & Fair Value Adj.	**10,099**	**15,005**	**14,895**	**11,837**
Earthquake Related Items:				
Impairment of assets (excl land)	(55,000)	-	-	-
Temporary works spend	(21,000)	(18,220)	(1,085)	-
Insurance recovery (Temporary Works)	7,500	18,220	1,085	-
Insurance recovery (Material Damage)	84,300	72,180	89,859	94,161
Tax on EQ provisions	(420)	-	-	-
Net insurance recovery (Associates)	4,750	-	-	-
Underlying Net Profit after Tax ('NPAT') before Fair Value Adj.	**30,229**	**87,185**	**104,754**	**105,998**

CentrePort Limited - Port
STATEMENT OF COMPREHENSIVE INCOME

$000	Outlook FY17	Forecast FY18	Forecast FY19	Forecast FY20
Underlying Net Profit after Tax ('NPAT') before Fair Value Adj.	30,229	87,185	104,754	105,998
Fair value adjustments:				
Change in fair value of financial instruments	3,236	2,058	2,058	2,058
Other comprehensive equity earnings CPPL	(43,581)	2,882	319	(3,992)
	(40,345)	4,940	2,377	(1,933)
Impairment of port land	(50,000)	-	-	-
Comprehensive Income	**(60,116)**	**92,125**	**107,131**	**104,065**

CentrePort Limited - Port
STATEMENT OF FINANCIAL POSITION

$000	Outlook 30 June 17	Forecast 30 June 18	Forecast 30 June 19	Forecast 30 June 20
EQUITY	**152,277**	**244,402**	**351,533**	**455,598**
ASSETS				
Current Assets				
Cash	(433)	920	881	12,580
Insurance Recoverable	-	45,000	55,000	-
Other Current Assets	10,437	11,545	10,618	10,967
	10,004	57,465	66,500	23,547
Non-Current Assets				
Land	32,087	35,337	60,337	70,337
Wharves	22,378	48,168	102,793	167,904
Other Fixed Assets	42,014	74,486	90,003	115,095
Investments in JV Companies	8,098	1,348	1,348	1,348
Investment in CPPL (incl. debt reallocation)	75,668	67,549	68,868	66,876
Other Non-Current Assets	24,293	24,293	24,293	24,293
	204,538	251,181	347,642	445,853
TOTAL ASSETS	**214,543**	**308,646**	**414,142**	**469,400**
LIABILITIES				
Current Liabilities				
Other Current Liabilities	8,332	8,297	6,719	5,971
	8,332	8,297	6,719	5,971
Non-Current Liabilities				
Term Borrowings (CPL)	40,500	42,000	45,000	-
Financial Instruments (Interest Swaps)	8,576	5,717	2,859	-
Deferred Tax Liability	4,539	7,910	7,711	7,511
Other Non-Current Liabilities	320	320	320	320
	53,934	55,947	55,889	7,831
TOTAL LIABILITIES	**62,266**	**64,244**	**62,609**	**13,802**
NET ASSETS	**152,277**	**244,402**	**351,533**	**455,598**

CentrePort Limited - Port
STATEMENT OF CHANGES IN EQUITY

$000	Outlook 30 June 17	Forecast 30 June 18	Forecast 30 June 19	Forecast 30 June 20
Opening Balance	213,093	152,277	244,402	351,533
Comprehensive Income	(60,116)	92,125	107,131	104,065
Dividends	(700)	-	-	-
CLOSING BALANCE	**152,277**	**244,402**	**351,533**	**455,598**

CentrePort Limited - Port
CASH FLOW STATEMENT

$000	Outlook FY17	Forecast FY18	Forecast FY19	Forecast FY20
Cash Flows from Operating Activities				
Cash was provided from:				
Receipts from Customers	57,827	64,980	72,137	78,847
Business Interruption receipts	8,200	9,600	9,056	2,838
BI - Temporary Works	7,500	3,000	16,305	-
Interest Received	20	9	10	98
Dividends Received - Port JVs	-	-	-	-
Preference Dividend from CPPL	1,500	1,500	1,500	1,500
Cash was disbursed to:				
Payments to Suppliers and Employees	(51,922)	(49,106)	(55,563)	(59,418)
Temporary Works Spend	(21,000)	(18,220)	(1,085)	-
Tax and Subvention Payments	-	(2,555)	(6,209)	(5,020)
Interest Paid Operating	(3,442)	(1,818)	(1,113)	496
Net Cash Flow from Operating Activities	**(1,317)**	**7,390**	**35,037**	**19,342**
Cash Flows from Investing Activities				
Cash was provided from:				
Distributions from JVs	-	6,750	-	-
Proceeds from Sale of PP&E	6,749	-	-	-
Material Damage Insurance Proceeds	84,300	42,400	64,639	149,162
Cash was applied to:				
Port Capex - Earthquake Repairs	(7,623)	(42,135)	(53,150)	(66,865)
Port Capex - Maintenance	(5,905)	(9,668)	(14,015)	(6,490)
Port Capex - Growth	(1,443)	(11,400)	(24,950)	(26,450)
Port Capex - Land Resilience	-	(3,250)	(10,000)	(10,000)
Net Cash used in Investing Activities	**76,078**	**(17,303)**	**(37,476)**	**39,357**
Cash Flows from Financing Activities				
Cash was provided from:				
Bank Borrowings	-	1,500	3,000	-
CPPL Term Borrowings	-	11,000	-	-
Cash was applied to:				
Bank Borrowings	(61,500)	-	-	(45,000)
CPPL Term Borrowings	(2,000)	-	(1,000)	(2,000)
Intercompany Trading Account	(1,161)	(1,234)	400	-
Dividend Paid	(700)	-	-	-
Straddle Lease Buy Back	(5,500)	-	-	-
Termination of Financial Instruments	(4,347)	-	-	-
Net Cash used in Financing Activities	**(75,209)**	**11,266**	**2,400**	**(47,000)**
Net increase/(decrease) in cash flow	(447)	1,353	(39)	11,699
Opening cash b/fwd	14	(433)	920	881
Closing Utilised at Year End	**(433)**	**920**	**881**	**12,580**

Opening Term Borrowings	102,000	40,500	42,000	45,000
Movement during the period	(61,500)	1,500	3,000	(45,000)
Closing Term Borrowings	40,500	42,000	45,000	-

APPENDIX 4 CPPL - PROPERTY FINANCIAL FORECASTS FOR FY17-20

CentrePort Properties Limited - Property
STATEMENT OF FINANCIAL PERFORMANCE

$000	Outlook FY17	Forecast FY18	Forecast FY19	Forecast FY20
REVENUE				
Property Revenue	1,905	1,776	2,793	2,793
Loss of Rents Insurance Income	445	828	-	-
TOTAL REVENUE	2,350	2,605	2,793	2,793
Cost Of Sales	(1,688)	(1,297)	(1,417)	(1,417)
Depreciation	(62)	-	-	-
(Profit) / Loss on Sale of Assets	-	-	-	-
Overheads	(1,414)	(1,707)	(1,707)	(1,707)
Operating Profit	(814)	(399)	(331)	(331)
Operating Profit Margin	-34.6%	-15.3%	-11.8%	-11.8%
Equity earnings (SPV's)	3,016	3,786	2,897	(1,363)
Property EBIT	**2,202**	**3,388**	**2,566**	**(1,694)**
Net Interest	(2,082)	(2,065)	(1,750)	(1,820)
CPPL preference share interest	(1,500)	(1,500)	(1,500)	(1,500)
Underlying Net Profit Before Tax	**(1,380)**	**(177)**	**(684)**	**(5,014)**
Tax Benefit/(Expense)	1,231	1,110	1,003	1,022
Underlying Net Profit after Tax ('NPAT') before EQ Related Items & Fair Value Adj.	**(149)**	**933**	**319**	**(3,992)**
Earthquake Related Items:				
Impairment of assets (excl land)	(8,000)	-	-	-
Temporary works spend	(5,675)			
Insurance recovery (Material Damage)	8,000	-	-	-
Underlying Net Profit after Tax ('NPAT') before Fair Value Adj.	**(5,824)**	**933**	**319**	**(3,992)**

CentrePort Properties Limited - Property
STATEMENT OF COMPREHENSIVE INCOME

$000	Outlook FY17	Forecast FY18	Forecast FY19	Forecast FY20
Underlying Net Profit after Tax ('NPAT') before Fair Value Adj.	(5,824)	933	319	(3,992)
Fair value adjustments:				
Change in fair value of financial instruments	543	-	-	-
Change in fair values of investment properties	(2,500)	-	-	-
Change in fair values HQ SPV companies	(35,800)	1,949	-	-
	(37,757)	1,949	-	-
Comprehensive Income	**(43,581)**	**2,882**	**319**	**(3,992)**

CentrePort Properties Limited - Property
STATEMENT OF FINANCIAL POSITION

$000	Outlook 30 June 17	Forecast 30 June 18	Forecast 30 June 19	Forecast 30 June 20
Ordinary Equity	19,668	22,549	22,868	18,876
Preference Capital	20,000	20,000	20,000	20,000
EQUITY	**39,668**	**42,549**	**42,868**	**38,876**
ASSETS				
Current Assets				
Cash	1,678	1,565	843	1,471
Insurance Recoverable	6,658	(0)	(0)	(0)
	8,336	1,565	843	1,471
Non-Current Assets				
Investments in SPV's	50,592	34,379	36,025	33,412
Investment Property	7,000	7,000	7,000	7,000
Unimproved Land	17,601	25,701	25,701	25,701
Provision for Material Damage	(8,000)	-	-	-
	67,192	67,080	68,727	66,113
TOTAL ASSETS	**75,528**	**68,645**	**69,570**	**67,584**
LIABILITIES				
Current Liabilities				
Other Current Liabilities	(835)	399	6	11
	(835)	399	6	11
Non-Current Liabilities				
Term Borrowings owed to CPL	36,000	25,000	26,000	28,000
Deferred Tax Liability	696	696	696	696
	36,696	25,696	26,696	28,696
TOTAL LIABILITIES	**35,861**	**26,096**	**26,702**	**28,708**
NET ASSETS	**39,668**	**42,549**	**42,868**	**38,876**

CentrePort Properties Limited - Property
STATEMENT OF CHANGES IN EQUITY

$000	Outlook 30 June 17	Forecast 30 June 18	Forecast 30 June 19	Forecast 30 June 20
Opening Balance	63,249	19,668	22,549	22,868
Comprehensive Income	(43,581)	2,882	319	(3,992)
Dividends	-	-	-	-
CLOSING BALANCE	**19,668**	**22,549**	**22,868**	**18,876**

CentrePort Properties Limited - Property
CASH FLOW STATEMENT

$000	Outlook FY17	Forecast FY18	Forecast FY19	Forecast FY20
Cash Flows from Operating Activities				
Cash was provided from:				
Receipts from Customers	2,208	1,776	2,793	2,793
Business Interruption/Loss of rents insurance proceeds	445	828	-	-
Income tax transfers / subvention payments	-	2,031	1,008	1,028
Dividends Received - HQ SPVs	1,200	17,798	1,250	1,250
Cash was disbursed to:				
Payments to Suppliers and Employees	(3,370)	(3,003)	(3,123)	(3,123)
Preference Share Dividend Paid	(1,500)	(1,500)	(1,500)	(1,500)
Tax and Subvention Payments	0	(920)	-	-
Interest Paid Operating	(1,125)	(2,065)	(1,750)	(1,820)
Net Cash Flow from Operating Activities	**(2,142)**	**14,945**	**(1,322)**	**(1,373)**
Cash Flows from Investing Activities				
Cash was provided from:				
Proceeds from Sale of PP&E				
Material Damage Insurance Proceeds	2,192	6,658	-	-
Cash was applied to:				
Property Development Costs	(1,207)	(4,800)	-	-
Earthquake Rebuild - Property	(1,699)	(7,150)	-	-
Net Cash used in Investing Activities	**(715)**	**(5,292)**	**-**	**-**
Cash Flows from Financing Activities				
Cash was provided from:				
Bank Borrowings	2,000	-	1,000	2,000
Cash was applied to:				
Bank Borrowings	-	(11,000)	-	-
Intercompany Trading Account	1,162	1,234	(400)	-
Dividend Paid	-	-	-	-
Advance (to) / from SPV's	400	-	-	-
Net Cash used in Financing Activities	**3,562**	**(9,766)**	**600**	**2,000**
Net increase/(decrease) in cash flow	705	(112)	(722)	627
Opening cash b/fwd	973	1,678	1,565	843
Closing Utilised at Year End	**1,678**	**1,565**	**843**	**1,471**

Opening Term Borrowings	34,000	36,000	25,000	26,000
Movement during the period	2,000	(11,000)	1,000	2,000
Closing Term Borrowings	36,000	25,000	26,000	28,000