

15 July 2019

The Directors
Napier Port Holdings Limited
Breakwater Road
Napier 4140
New Zealand

INVESTIGATING ACCOUNTANT'S INDEPENDENT LIMITED ASSURANCE REPORT ON HISTORICAL, PRO FORMA HISTORICAL, PROSPECTIVE AND PRO FORMA PROSPECTIVE FINANCIAL INFORMATION

1. Introduction

We have prepared this Independent Limited Assurance Report (the "Report") in accordance with our engagement letter dated 16 May 2019, to report on the historical, pro forma historical, prospective and pro forma prospective financial Information of Napier Port Holdings Limited (the "Company" or the "Group") for inclusion in the offer register to be dated on or about 15 July 2019 ("Offer Register"). The Independent Limited Assurance Report is to be issued in respect of the initial public offering of ordinary shares in the Company (the "Offer").

Expressions defined in the Product Disclosure Statement ("PDS", together with the Offer Register, the "Offer Materials") and Napier Port Holdings Limited Prospective Financial Information, reconciliation of non-NZ GAAP information and supplementary financial information ("Supplementary Financial Information") have the same meaning in this Report. This report is an Independent Limited Assurance Report and the scope is set out below.

2. Scope

Ernst & Young Transaction Advisory Services Limited ("EYTAS") has been requested to report on the following historical and prospective financial information:

Historical Financial Information

- ▶ Revenue and net profit after tax (NPAT) for the years ended 30 September 2016, 30 September 2017, 30 September 2018, and for the six months ended 31 March 2018 and six months ended 31 March 2019;
- ▶ The total assets, cash and cash equivalents, total liabilities, and total debt as at 30 September 2016, 30 September 2017, 30 September 2018 and 31 March 2019;
The net cash flows from operating activities for the years ended 30 September 2016, 30 September 2017, 30 September 2018, and for the six months ended 31 March 2018 and six months ended 31 March 2019; and
- ▶ Notes to this historical financial information.

(Hereafter, the "Historical Financial Information")

Pro Forma Historical Financial Information

- ▶ Historical pro forma earnings before interest, tax depreciation, amortisation and impairment (EBITDA) for the years ended 30 September 2016, 30 September 2017, 30 September 2018, and for the six months ended 31 March 2018 and six months ended 31 March 2019;
- ▶ Historical pro forma NPAT for the years ended 30 September 2016, 30 September 2017, 30 September 2018, and six months ended 31 March 2019;
- ▶ Historical pro forma net cash flows from operating activities for the six months ended 31 March 2019;
- ▶ The reconciliation to the Historical Financial Information; and
- ▶ Notes and assumptions to this pro forma historical financial information.

(Hereafter, the “Pro Forma Historical Financial Information”)

Prospective Financial Information (PFI)

- ▶ Prospective consolidated statements of comprehensive income for the years ending 30 September 2019 and 30 September 2020;
- ▶ Prospective consolidated statements of financial position as at 30 September 2019 and 30 September 2020;
- ▶ Prospective consolidated statements of changes in equity for the years ending 30 September 2019 and 30 September 2020;
- ▶ Prospective consolidated statements of cash flows for the years ending 30 September 2019 and 30 September 2020; and
- ▶ Notes and assumptions to these prospective consolidated statements of comprehensive income, changes in equity, financial position and cash flows.

(Hereafter, the “PFI”).

Pro Forma Prospective Financial Information (Pro Forma PFI)

- ▶ Prospective pro forma earnings before interest, tax depreciation, amortisation and impairment (EBITDA) and pro forma NPAT for the years ending 30 September 2019 and 30 September 2020;
- ▶ Prospective pro forma net cash flows from operating activities for the years ending 30 September 2019 and 30 September 2020;
- ▶ The reconciliation to the PFI; and
- ▶ Notes and assumptions to this pro forma prospective financial information.

(Hereafter, the “Pro Forma PFI”).

The Historical Financial Information, Pro Forma Historical Financial Information, PFI and Pro Forma PFI is set out in Section 7.2 Selected financial information table on page 59 and Section 7.9 Reconciliation of pro forma EBITDA table on page 64 of the PDS, and Part B: Reconciliation of non-NZ GAAP financial information on page 36 of the Supplementary Financial Information.

The Historical Financial Information, Pro Forma Historical Financial Information, PFI and Pro Forma PFI is presented in the PDS in an abbreviated form, insofar as it does not include all of the presentation and disclosure required by New Zealand Accounting Standards and other mandatory professional reporting requirements applicable to general purpose financial reports prepared in accordance with the Financial Reporting Act 2013. Full financial statements are included on the Offer Register.

The PFI is based on the assumptions as outlined on pages 10 to 33 of the Supplementary Financial Information.

The Pro Forma Historical Financial Information and Pro Forma PFI is based on the assumptions as outlined on pages 37 to 39 of the Supplementary Financial Information.

We disclaim any assumption of responsibility for any reliance on this Report or on the Historical Financial Information, Pro Forma Historical Financial Information, PFI or Pro Forma PFI to which this Report relates for any purposes other than the purpose for which it was prepared. This Report should be read in conjunction with the PDS and the Supplementary Financial Information.

3. Directors' Responsibility

The Directors of the Company have prepared and are responsible for the preparation and presentation of the Historical Financial Information, Pro Forma Historical Financial Information, PFI and the Pro Forma PFI.

The Directors are also responsible for:

- ▶ the selection and determination of the pro forma adjustments and the preparation and presentation of Pro Forma Historical Financial Information and Pro Forma PFI on the basis of the accompanying assumptions and related notes;
- ▶ the determination of the assumptions relating to the PFI that have a reasonable and supportable basis (as required in FRS-42 Prospective Financial Information issued in New Zealand) as set out on pages 2 to 5 of the Supplementary Financial Information.

4. Our Responsibility

You have engaged EYTAS to prepare a report which covers Historical Financial Information and Pro forma Historical Financial Information for the years ended 30 September 2016, 30 September 2017 and 30 September 2018, for the six months ended 31 March 2018 and 31 March 2019, and PFI and Pro Forma PFI for the years ending 30 September 2019 and 30 September 2020, including notes and assumptions, a reconciliation of GAAP and non GAAP information, and supplementary financial information included in the Offer Register for the Offer which can be found at www.business.govt.nz/disclose, offer number OFR12679.

Our responsibility is to express a conclusion as a result of our limited assurance engagement on the Historical Financial Information, Pro Forma Historical Financial Information, PFI and Pro Forma PFI in accordance with International Standard on Assurance Engagements (New Zealand) 3000 (Revised), issued by the New Zealand Auditing and Assurance Standards Board of the External Reporting Board, applicable to assurance engagements other than audits or reviews of historical financial information.

We have conducted an independent review of the Historical Financial Information and Pro Forma Historical Financial Information in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that in all material respects the Historical Financial Information and Pro Forma Historical Financial Information is

not presented fairly in accordance with the stated basis of preparation, including the recognition and measurement principles prescribed in New Zealand Financial Reporting Standards and other mandatory professional reporting requirements in New Zealand and the accounting policies adopted by the Company applied to the historical financial information and the events to which the pro forma adjustments relate, as if those events had occurred as at the date of the historical financial information.

The events or transactions presented in the Pro Forma Historical Financial Information have not yet occurred. Our conclusion is based on the procedures performed on the impact on the historical financial information as presented in the audited financial statements of Port of Napier Limited. The Pro Forma Historical Financial Information has been prepared to reflect the changes that would have resulted if the events of transactions to which the pro forma adjustments relate (as described above), had occurred as at the date of the historical financial information. The information has been prepared for that purpose and as a result, the financial information may not be suitable use for another purpose.

We have conducted an independent review of the PFI and Pro Forma PFI in order to state whether on the basis of the procedures described, anything has come to our attention that would cause us to believe that in all material respects:

- a. The Directors' best-estimate assumptions do not provide a reasonable and supportable basis (as defined in FRS 42) for the preparation of the PFI and Pro Forma PFI;
- b. The PFI and Pro Forma PFI was not prepared on the basis of the best-estimate assumptions;
- c. The PFI and Pro Forma PFI is not presented fairly in accordance with the recognition and measurement principles prescribed in New Zealand Financial Reporting Standards and other mandatory professional reporting requirements in New Zealand, and the accounting policies adopted by the Company disclosed in the PFI as at and for the years ending 30 September 2019 and 30 September 2020 on pages 6 to 9 of the Supplementary Financial Information, and the events to which the pro forma adjustments relate, as if those events had occurred as at the date of the prospective financial information; and
- d. The PFI and Pro Forma PFI is unreasonable.

The PFI and Pro Forma PFI has been prepared by the Directors to provide investors with a guide to the Group's potential future financial performance, financial position and cash flows based upon the achievement of certain economic, operating, developmental and trading assumptions about future events and actions that have not yet occurred and may not necessarily occur.

There is a considerable degree of subjective judgement involved in the preparation of the PFI and Pro Forma PFI. Actual results may vary materially from this PFI and Pro Forma PFI and the variation may be materially positive or negative. Accordingly, investors should have regard to the risks set out in Section 8 (Risks) of the PDS.

Our procedures consisted primarily of enquiry and comparison and other such analytical review procedures we considered necessary so as to form the conclusion set out below.

These procedures do not provide all the evidence that would be required in an audit, thus the level of assurance provided is less than that given in an audit. We have not performed an audit and, accordingly, we do not express an audit opinion on the PFI and Pro Forma PFI.

5. Review conclusions

Historical Financial Information

Based on our review of the Historical Financial Information, which is not an audit, nothing has come to our attention that would cause us to believe that in all material respects the Historical Financial Information is not presented fairly in accordance with the stated basis of preparation, including the recognition and measurement principles prescribed in New Zealand Financial Reporting Standards and other mandatory professional reporting requirements in New Zealand and the accounting policies adopted by the Company.

Pro Forma Historical Financial Information

Based on our review of the Pro Forma Historical Financial Information, which is not an audit, nothing has come to our attention that would cause us to believe that in all material respects the Pro Forma Historical Financial Information is not presented fairly in accordance with the stated basis of preparation, including the recognition and measurement principles prescribed in New Zealand Financial Reporting Standards and other mandatory professional reporting requirements in New Zealand and the accounting policies adopted by the Company applied to the historical financial information and the events to which the pro forma adjustments relate, as if those events had occurred as at the date of the historical financial information.

Prospective Financial Information (PFI)

Based on our review of the PFI, which is not an audit, and based on an investigation of the reasonableness of the Directors' best-estimate assumptions giving rise to the PFI, nothing has come to our attention which causes us to believe that:

- ▶ The Directors' best-estimate assumptions do not provide a supportable and reasonable basis (as defined in FRS 42) for the preparation of the PFI;
- ▶ The PFI was not prepared on the basis of the best-estimate assumptions;
- ▶ The PFI is not presented fairly in accordance with the recognition and measurement principles prescribed in New Zealand Financial Reporting Standards and other mandatory professional reporting requirements in New Zealand, and the accounting policies adopted by the Company disclosed in the PFI as at and for the years ending 30 September 2019 and 30 September 2020 on pages 6 to 9 of the Supplementary Financial Information; and
- ▶ The PFI is unreasonable.

The best-estimate assumptions, set out on pages 10 to 29 of the Supplementary Financial Information are subject to significant uncertainties and contingencies often outside the control of the Company and the Directors. If events do not occur as assumed, actual results achieved and distributions provided by the Company may vary significantly from the PFI. Accordingly, we do not confirm or guarantee the achievement of the PFI, as future events, by their very nature, are not capable of independent substantiation.

Pro Forma Prospective Financial Information (Pro Forma PFI)

Based on our review of the Pro Forma PFI, which is not an audit, and based on an investigation of the reasonableness of the Directors' best-estimate assumptions giving rise to the Pro Forma PFI, nothing has come to our attention which causes us to believe that:

- ▶ The Directors' best-estimate assumptions do not provide a supportable and reasonable basis (as defined in FRS 42) for the preparation of the Pro Forma PFI;
- ▶ The Pro Forma PFI was not prepared on the basis of the best-estimate assumptions;
- ▶ The Pro Forma PFI is not presented fairly in accordance with the recognition and measurement principles prescribed in New Zealand Financial Reporting Standards and other mandatory professional reporting requirements in New Zealand, and the accounting policies adopted by the Company applied to the PFI and the events to which the pro forma adjustments relate, as if those events had occurred as at the date of the PFI; and
- ▶ The Pro Forma PFI is unreasonable.

6. Independence or Disclosure of Interest

EYTAS does not have any pecuniary interests that could reasonably be regarded as being capable of affecting its ability to give an unbiased conclusion in this matter.

EYTAS does not have any interest in the outcome of the Offer other than the preparation of this Report and participation in the Due Diligence in connection with the Offer, for which normal professional fees are being received. We have no relationship or interest in the Company other than in the capacities described above.

7. Restrictions on the Use of our Report

The report is made solely to the Directors of Napier Port Holdings Limited for inclusion in the Offer Register. To the fullest extent permitted by law we do not accept or assume responsibility to anyone other than the Directors for the conclusions we have formed.

We disclaim any assumption of responsibility for any reliance on this Report or the amounts included in the Historical Financial Information, Pro Forma Historical Financial Information, PFI and Pro Forma PFI to which this Report relates for any purpose other than the purpose for which it was prepared. In addition, we take no responsibility for, nor do we report on, any part of the PDS or information in the Offer Register not specifically mentioned in this report.

Yours faithfully



Andrew Taylor
Ernst & Young Transaction Advisory Services Limited