

Marsden Point Energy Precinct Concept

Helping fuel New Zealand's
future to 2050 and beyond

24 October 2024





Agenda

Welcome and Introduction

Rob Buchanan, Chief Executive Officer

World-class Operator – providing resilient infrastructure and unlocking growth opportunities

Jack Stewart, GM Operations

Fuel demand outlook

Peter van Cingel, Business Development Manager

Marsden Point – a unique and highly strategic site

Peter van Cingel, Business Development Manager

Strategic Energy Precinct Concept

Rob Buchanan, Chief Executive Officer

Wrap up and Q&A



ROB BUCHANAN, CHIEF EXECUTIVE OFFICER

Welcome and Introduction





An energy precinct for New Zealand

- ✓ Long-term pathway to unlocking significant value over time as high-quality tenants are attracted to the 120 hectares of unutilised land and ancillary services Channel can provide
 - ✓ Energy Precinct could help underpin New Zealand's energy and fuel security and resilience as well as create significant economic value, both for Northland and New Zealand
 - ✓ This strategy will position Channel Infrastructure well to support the energy transition
 - ✓ Energy Precinct Concept focused on building additional long-term, diversified, contracted revenue that is not dependent on fuel volume, with ~50% of Channel's current revenue fixed and not dependent on fuel volume throughput
 - ✓ Long-term fuel outlook update continues to support Channel's business, underpinned by jet fuel demand and a liquid fuel decarbonisation pathway for aviation, albeit the near-term may be impacted by economic conditions and aircraft availability
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Experienced and Proven Leadership Team



Rob Buchanan
Chief Executive Officer



Alexa Preston
Chief Financial Officer



Jack Stewart
GM Operations



Chris Bougen
General Counsel and
Company Secretary



Peter van Cingel
Business Development Manager



Steve Levell
GM Independent Petroleum
Laboratory (IPL)



Helping fuel New Zealand's future to 2050 and beyond

OUR VISION

World-class energy infrastructure company

OUR PURPOSE

Delivering resilient infrastructure solutions to meet changing fuel and energy needs

OUR STRATEGIC PRIORITIES

World-Class Operator	High Performance Culture	Grow from the Core	Support Energy Transition	Disciplined Capital Management	Good Neighbour, Good Citizen
- Strong safety systems and culture - Resilient infrastructure - Long-term asset management - Customer focused	- People and capability development - Future focused - Continuous Improvement - Adaptive	- Brownfield opportunities at Marsden Point - Consolidator of fuels infrastructure - Supply chain optimisation for our customers	- Repurposing Marsden Point - Support transition of aviation to lower carbon fuels - Marsden Point Energy Precinct Concept	- Target credit metrics consistent with a BBB+ shadow credit rating - Deliver above WACC returns - Cost management - Stable dividends	- Reducing environmental impacts - Community engagement and iwi relations - Just transition - Transparency and disclosure
NZ's Infrastructure Partner of Choice		Grow Through Supporting the Energy Transition		More Sustainable Future	



Our role in the Marsden Point Energy Precinct

Building diversified, fixed revenue that is independent of fuel volume throughput

- Above WACC returns
- Contracted revenue
- Precinct landlord
- Yield on appropriately valued land
- Tolling on utilisation of jetty, pipeline and any new infrastructure
- Construction and contracting of associated infrastructure/storage
- Ancillary services (blending, fuel quality testing)
- Operating and maintenance services



- Input/offtake risk associated with fuels manufacture
- Fuel ownership
- Commodity/market risk
- Development and construction risk associated with new fuel manufacturing facilities



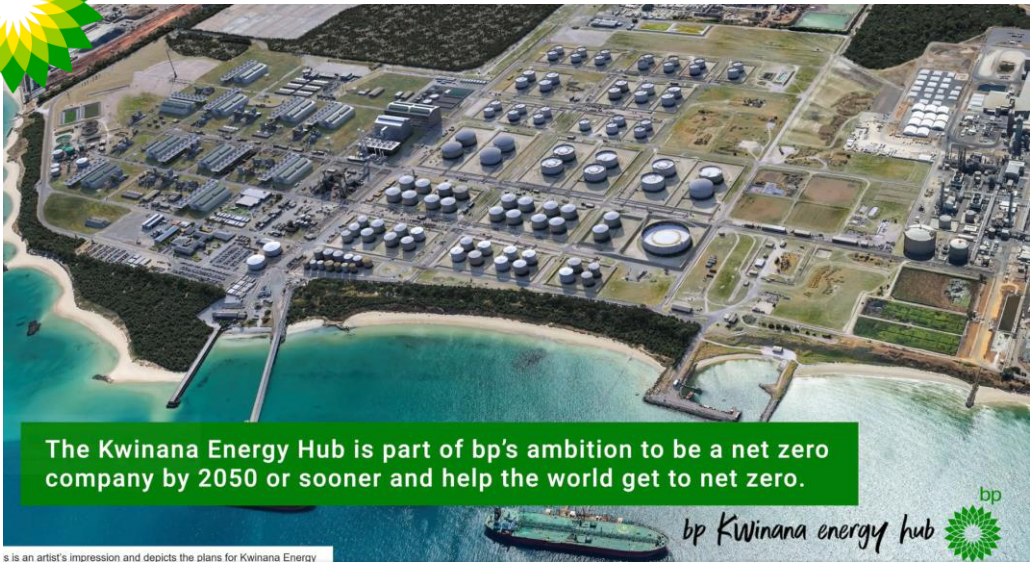


Australian refinery sites are being repurposed as Energy Hubs

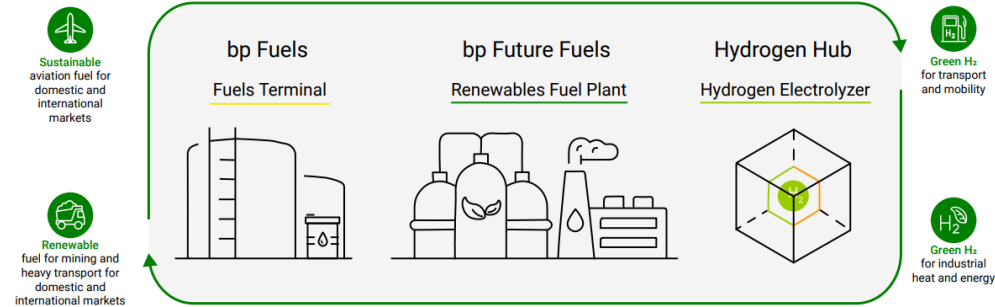
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Kwinana Energy Hub



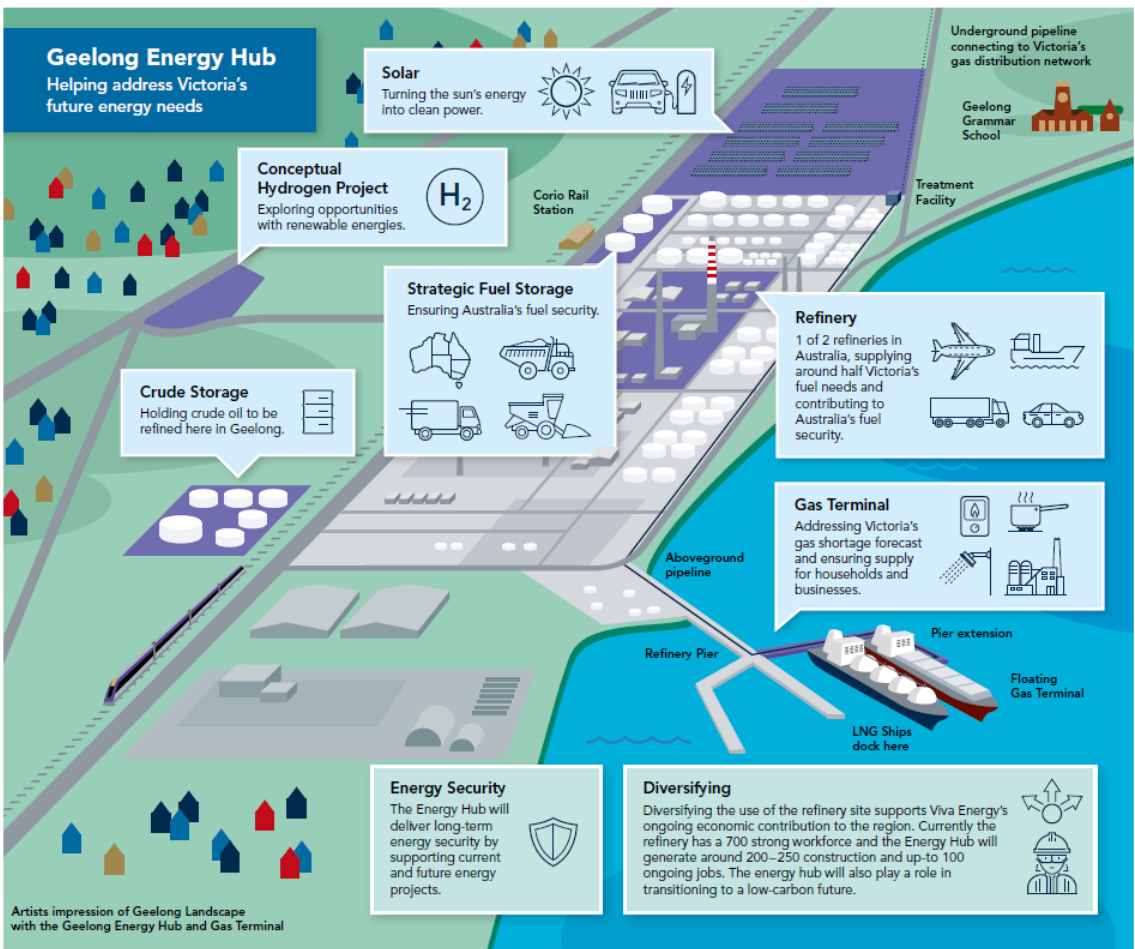
Kwinana Energy Hub



Source: BP website



Geelong Energy Hub

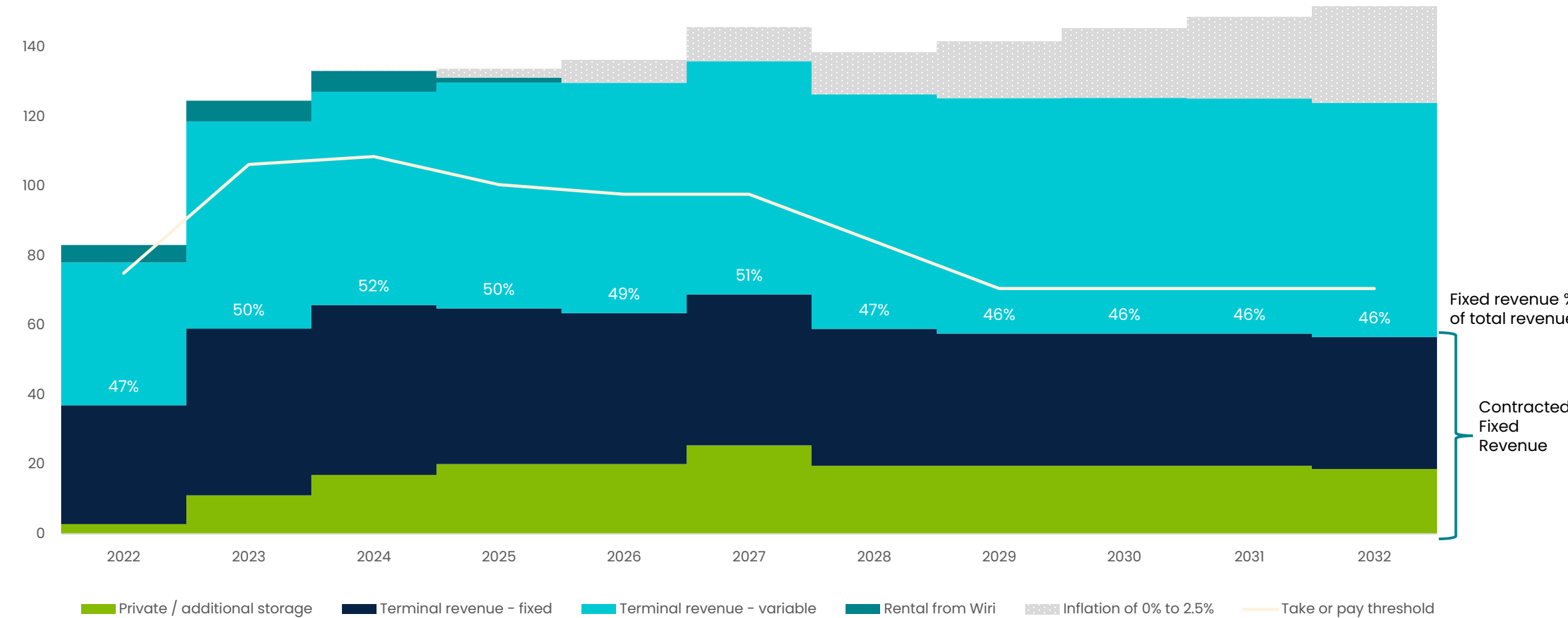


Source: Viva November 2021 Community Meeting



Contracted Revenue Outlook \$M¹

~50% of Channel’s current revenue is fixed and independent of fuel volume throughput. Energy Precinct Concept focused on building additional long-term revenue generation that is independent of fuel volume



1. Revenue is in 2024 terms. Outlook uses Envisory base case (September 2024) assumptions and is subject to change based on actual fuels throughput volume



JACK STEWART, GM OPERATIONS

World-Class Operator

To provide resilient infrastructure and unlock growth opportunities





Pathway to world-class operator

Pathway to world-class underpinned by a comprehensive programme of work



Infrastructure and performance

Ongoing investment driving operational performance

Significant investment in assets and capabilities for long-term infrastructure reliability and resilience:

- Investment in world-class fire fighting equipment and bund upgrades ~\$90 million²
- Rigorous product quality controls for 3.5 billion litres of fuel annually with ongoing investment in product quality improvements such as floating suction hoses

100%¹

Tank and Jetty
availability

99.6%¹

Pipeline availability

1. For the six months ended 30 June 2024

2. Total estimate for program of work



Continued focus on operational discipline

Refreshed safety engagement program

Focus on reporting and continuous improvement

Strong lead-indicator performance

Supply chain efficiencies for customers, such as reducing ship alongside time, are a key focus

Customer satisfaction survey showing improvement in overall satisfaction

Nil¹

Process safety incidents

Zero¹

Loss Time Injury Frequency

1. For the six months ended 30 June 2024





People and capabilities

Significant lift in employee engagement since import terminal conversion

Employee engagement is a measure of the investment of our people in the company's strategy and direction

Specific skills and knowledge have been recruited into the business in line with strategy announced last year

Apprenticeship program has been implemented to improve depth and resilience for key roles

+26

Percentage point lift
in employee
engagement since
conversion to import
terminal in April 2022



Conversion project 85% complete with bunding upgrade program remaining through to 2027



Petrol tank farm firefighting manifold



Crude oil to jet fuel tank conversion – new geodesic roof

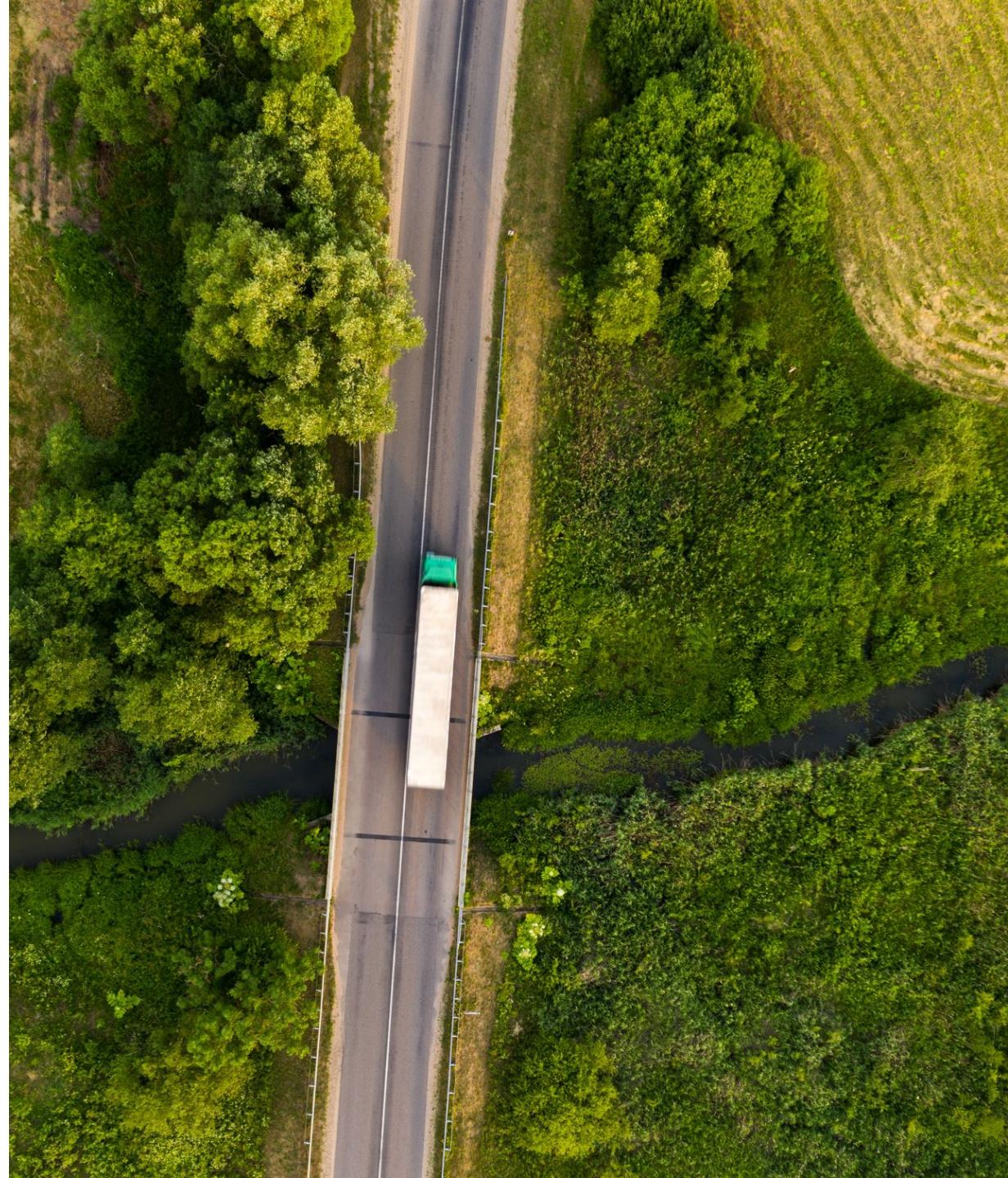


World-class bund upgrade



PETER VAN CINGEL, BUSINESS DEVELOPMENT MANAGER

Fuel Demand Outlook

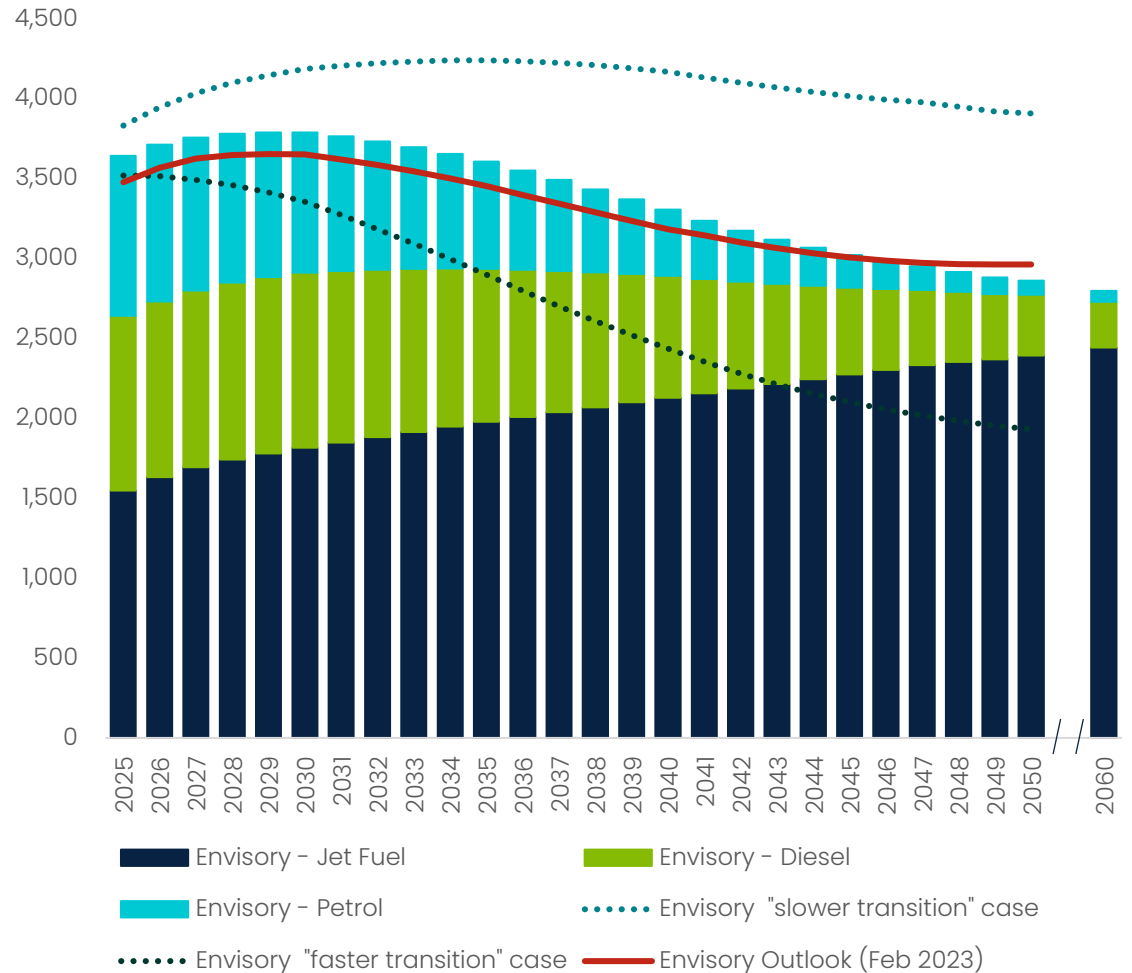




Updated Envisory long-term fuel outlook

- Envisory long-term fuel outlook has been updated (prior outlook February 2023):
 - forecast stronger Marsden Point throughput to 2047
 - forecasted volumes have increased by ~2.5 billion litres over 2024 – 2050 forecast period
 - equates to an additional 140 million litres per year over the next 10 years¹
- Channel's deep draught fuel jetties and large onshore fuel storage capacity allow customers to optimise their supply chain via large import parcels
- Marsden Point is delivering a greater share of New Zealand's land transport fuel demand (0.4 – 1%) as customers optimise their supply chains and bring in larger vessels
- Aviation fuel growth forecast to continue out to 2060 with continued demand for diesel and petrol expected to 2060 and beyond for some use cases
- Current expectation is that in the long-term a substantial portion of delivered Jet fuel will be Sustainable Aviation Fuel (SAF)
- Envisory's near term forecast (FY25/26) may be impacted by the current economic environment and jet aircraft availability issues

Marsden Point Throughput (Million Litres) Outlook²



1. For the period 2025 – 2034

2. Source: Envisory



Updated Envisory petrol and diesel outlook

Petrol

Envisory forecast higher overall with slower transition anticipated

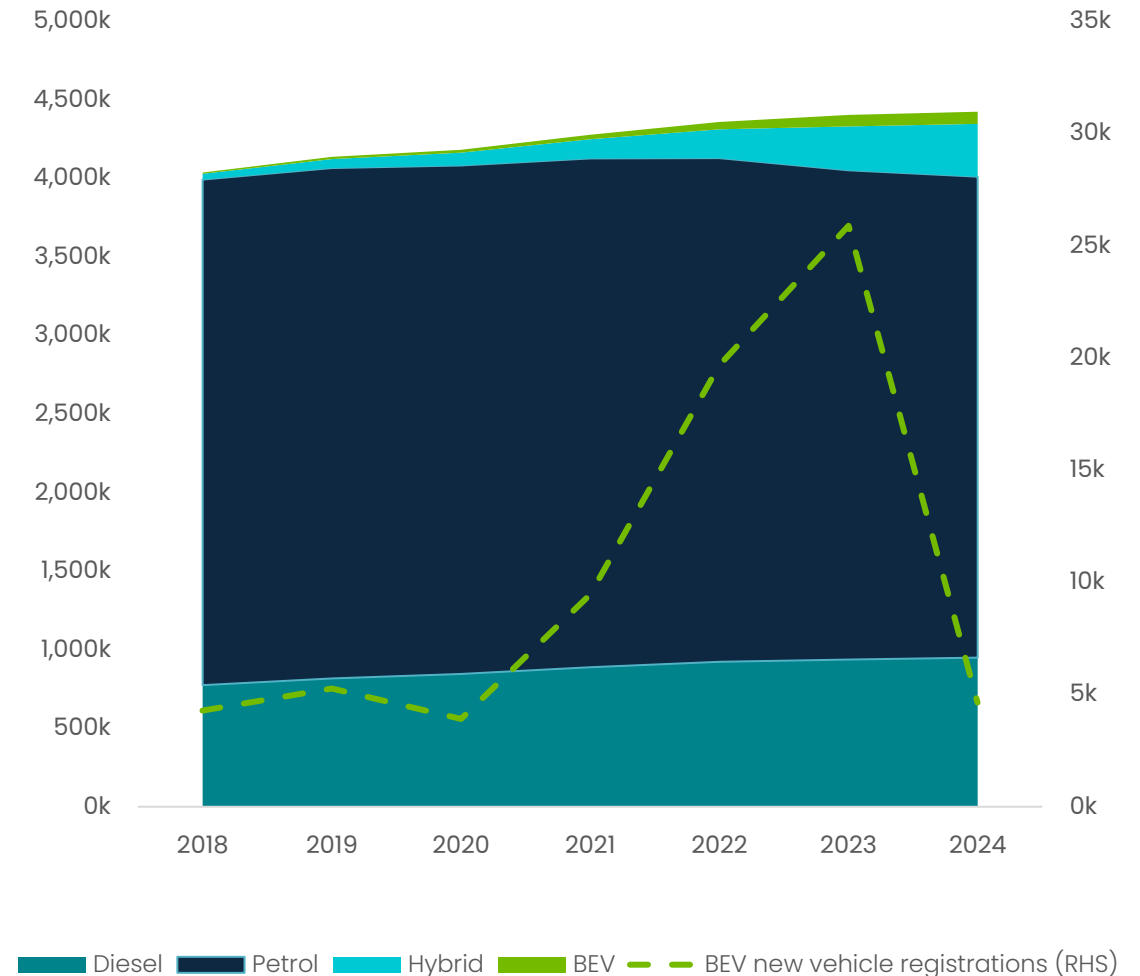
- Permanent loss of vehicle kilometres travelled post-Covid
- Current economic downturn has slowed acquisition of new vehicles slowing the expected rate of fleet fuel efficiency improvement
- Battery electric vehicle (BEV) uptake has slowed dramatically with the removal of incentives and impost of road user charges. Envisory continues to assume BEVs are cost competitive with internal combustion engine vehicles across 2025-2030
- Envisory do not expect a material impact from biofuels (ethanol)

Diesel

Envisory forecast higher overall with slower transition anticipated

- Lower economic activity has seen weaker diesel demand nationally
- Longer-term GDP assumed to be lower (1.5% per annum compared with 2.0% previously)
- Lower vehicle kilometres travelled mitigated by slower fleet turnover and consequent slowing of fuel efficiency improvements
- Availability and affordability of electric commercial vehicles proceeding more slowly than anticipated
- Uptake of hydrogen/electric propulsion for heavy vehicles remains uncertain. Envisory assume minimal impact until 2030s
- Envisory do not expect a material impact from biofuels

New Zealand Light Vehicle Fleet¹



1. Source: [EV Market Stats 2024 \(evdb.nz\)](#) 'Electric' refers to battery electric vehicles (BEV) only. 'Hybrid' includes plug-in hybrids

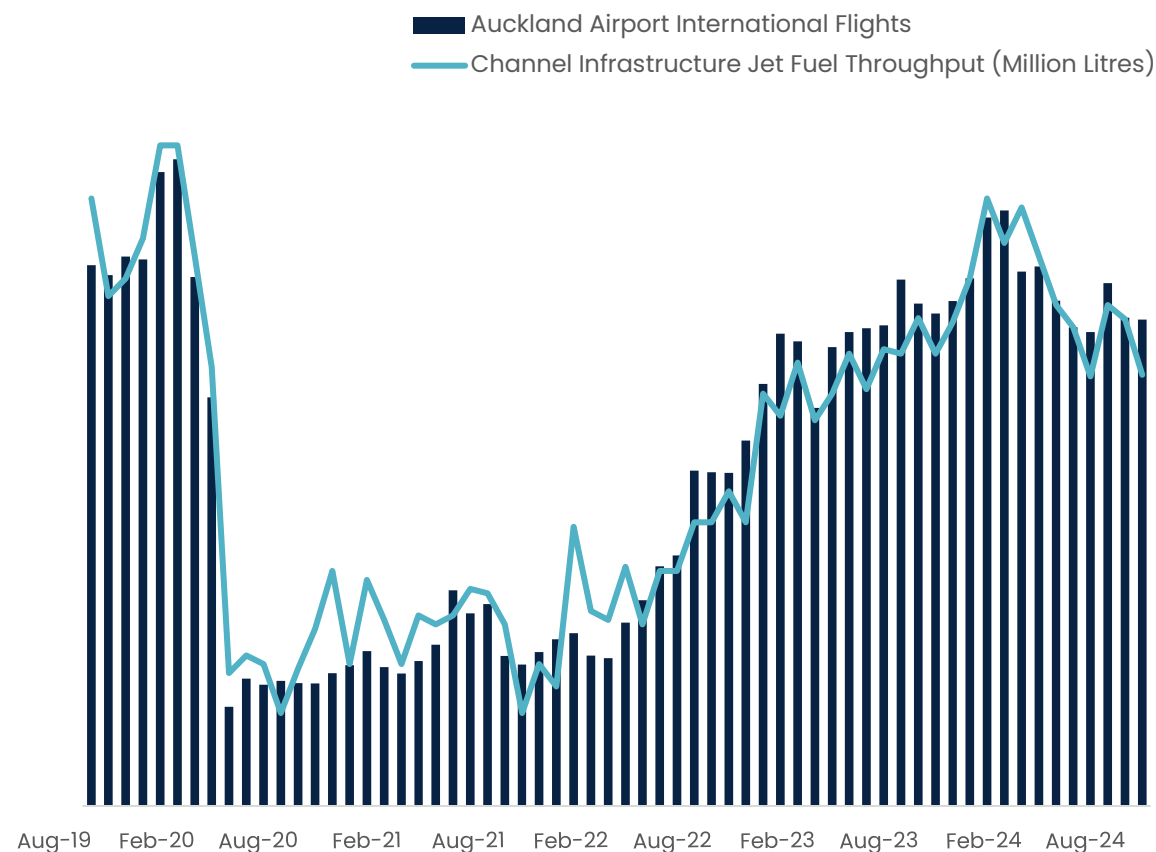


Updated Envisory jet outlook

Jet

- Envisory's updated jet outlook continues to rely on passenger and destination DKMA¹ projections for Auckland Airport
- Recently announced Auckland Airport growth plan and \$1.4 billion equity raise underline the airport's confidence in the future of air travel
- More rapid jet demand recovery seen post-Covid from global excess capacity (spare planes) leading to seasonal long-haul New Zealand routes (e.g. North America to New Zealand), albeit with reduced passenger load-factors
- Domestic aviation remains below pre-Covid levels, affected by economic environment and reduced business and government travel (video-conferencing)
- No change in Envisory assumptions on electric/hydrogen substitution of jet fuel with only limited impacts on volumes from 2040s. No change in assumptions on SAF demand particularly at Auckland Airport with strong long-haul bias and SAF being the only decarbonisation route for long-haul aviation
- Envisory does not quantify SAF volumes separately, as SAF is a drop-in fuel utilising the same infrastructure – no impact on the fuel volume through Channel's facilities
- Improved data on jet fuel consumption by aircraft type for short-long- and ultra-long-haul flights results in a slightly weaker long-term growth rate assumption

Auckland Airport International Flight Movements²



1. International consulting group, forecast developed in 2022

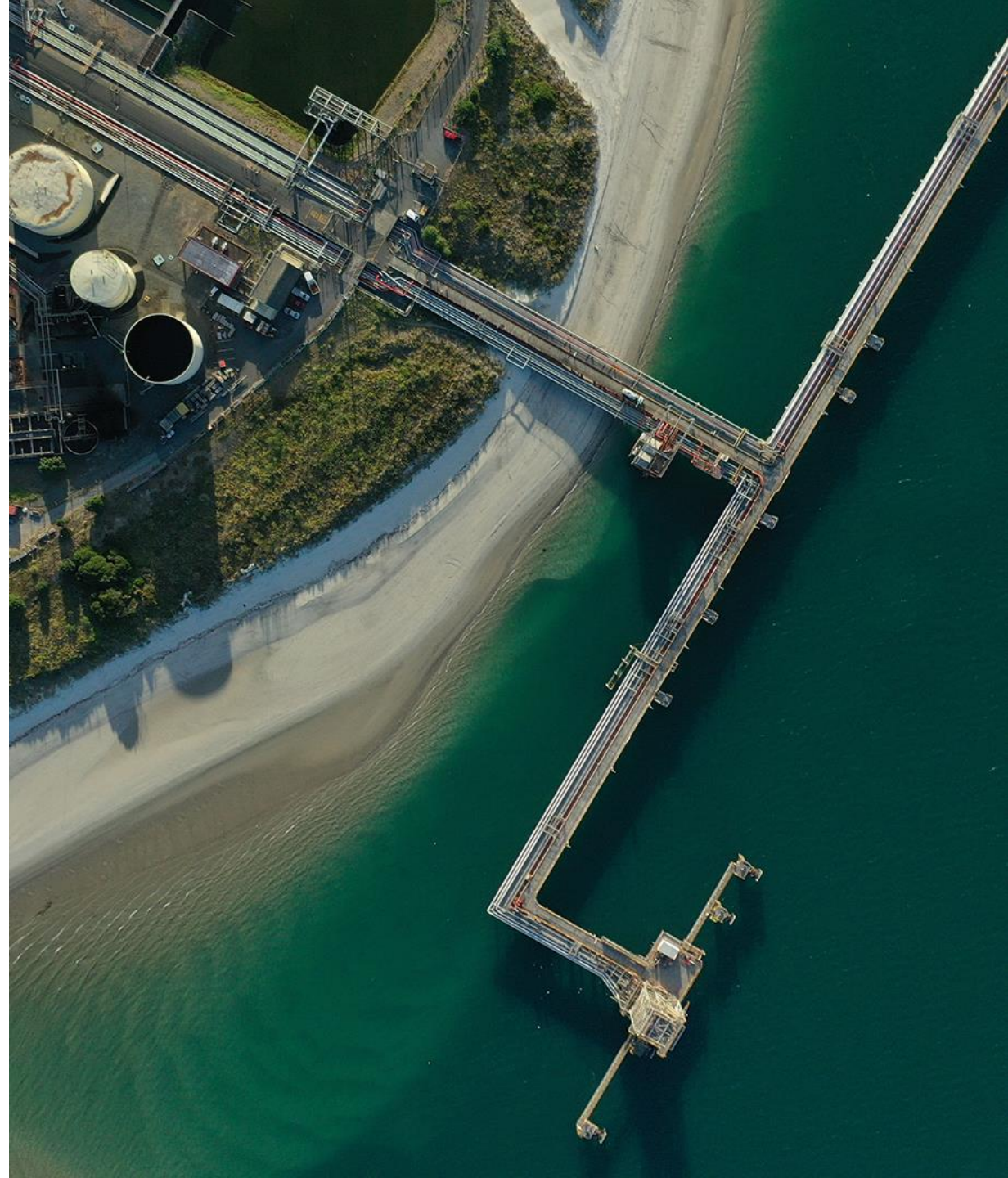
2. Source: Auckland Airport Monthly Traffic Update, Channel Infrastructure



PETER VAN CINGEL, BUSINESS DEVELOPMENT MANAGER

Marsden Point

A unique and highly strategic site





Geographic Location

Marsden Point has direct access to the Auckland market via Channel's 170km pipeline. The next nearest alternate Auckland fuel supply import terminal is located at Port of Tauranga, 195km from Auckland by road.

The fuels pipeline from Marsden Point is the lowest-emission supply route for transport to Auckland, and does not contribute to traffic congestion. There is no pipeline between Port of Tauranga and Auckland.



Key Site Attributes

Channel Infrastructure's unique site is well positioned to support New Zealand's energy transition

- ✓ 180 hectares of highly strategic land
- ✓ Heavy industrial zoning
- ✓ Marsden Point Energy Precinct zoning overlay
- ✓ Long-term industrial resource consents
- ✓ 220kV electricity grid connection at site boundary
- ✓ Industrial scale water supply
- ✓ Connection to natural gas network
- ✓ Critical part of Auckland's fuel supply chain
- ✓ Sheltered, deep water harbour
- ✓ Located close to proposed motorway extension and rail spur



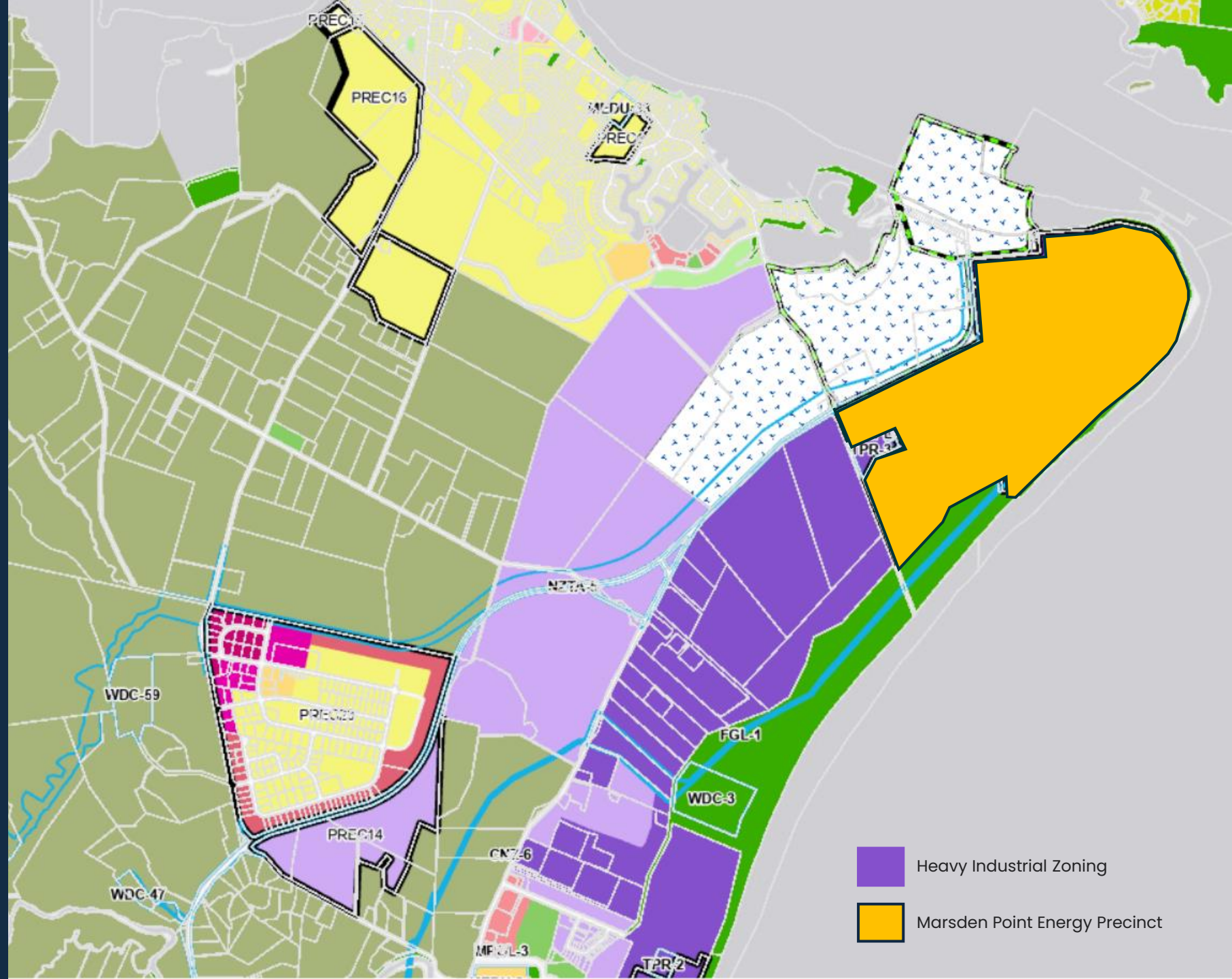


Land Zoning and operating consents

Large area of Heavy Industrial zoning from Marsden Point to Ruakaka town, much of which is geologically challenging with a peat substrate.

Channel's Marsden Point site does not have a peat substrate and has a permissive 'Marsden Point Energy Precinct' zoning overlay

Source: Whangarei District Council





Land Zoning and Operating Consents

The Marsden Point site has bespoke zoning and consenting enabling all activities associated with the import, production, refining and distribution of energy products at Marsden Point.

Marsden Point Energy Precinct overlay

Whangārei District Plan has a dedicated **Marsden Point Energy Precinct overlay**, which:

- enables the operation, maintenance and upgrading of the Marsden Point refinery
- provides for a range of activities including the operation of storage and fuel tanks, process plants, distribution of products, and electricity generation plants and associated transmission lines
- permits the construction and operation of structures related to fuel production and refining and the import and distribution of energy products
- applies to **all of Channel's land** at Marsden Point.

Zoning

- **Marsden Point Energy Precinct** permits tall processing plant, including structures, columns and a furnace stack
- **Marsden Point Port zoning** in the proposed Regional Plan, permitting maintenance/replacement and limited addition/alteration of existing jetty structures as a controlled activity

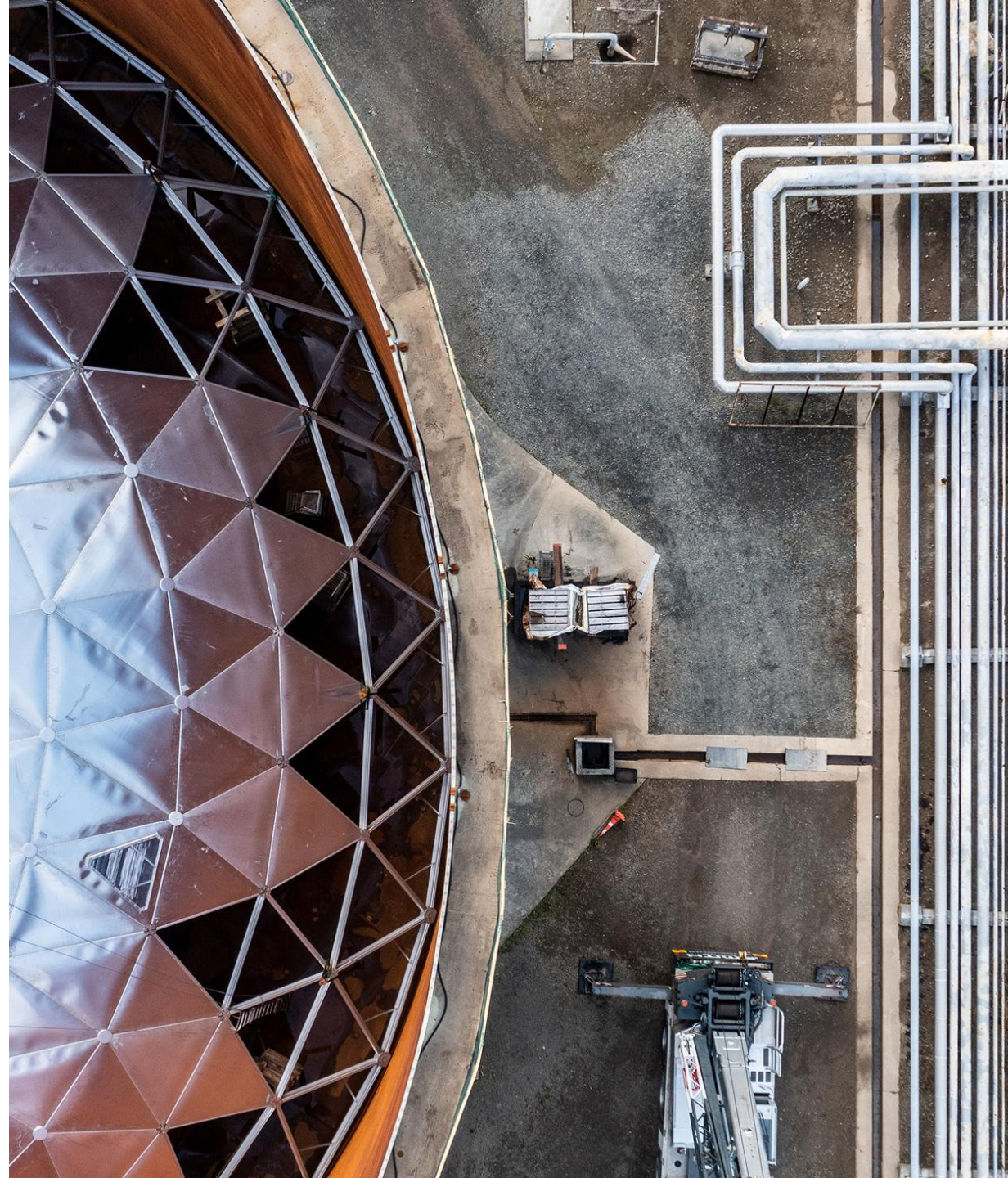
Resource Consents

- 35-year resource consents granted in March 2021 allowing for the controlled discharge of treated wastewater, controlled discharges into the air, discharge of water to the ground, and to occupy the coastal marine area with the jetty and structures.



ROB BUCHANAN, CHIEF EXECUTIVE OFFICER

Strategic Energy Precinct Concept





Highest and best use growth opportunities for unutilised land

Significant potential to support New Zealand's energy transition

Additional Storage Potential Opportunities

Incremental Jet storage

Incremental Diesel storage (Minimum Stockholding Obligation)

Low-carbon / bio / renewable fuel storage

Other product storage



Future Fuels Manufacturing Potential Opportunities

Sustainable Aviation Fuel manufacturing

Biofuels manufacturing

Other future fuels manufacturing



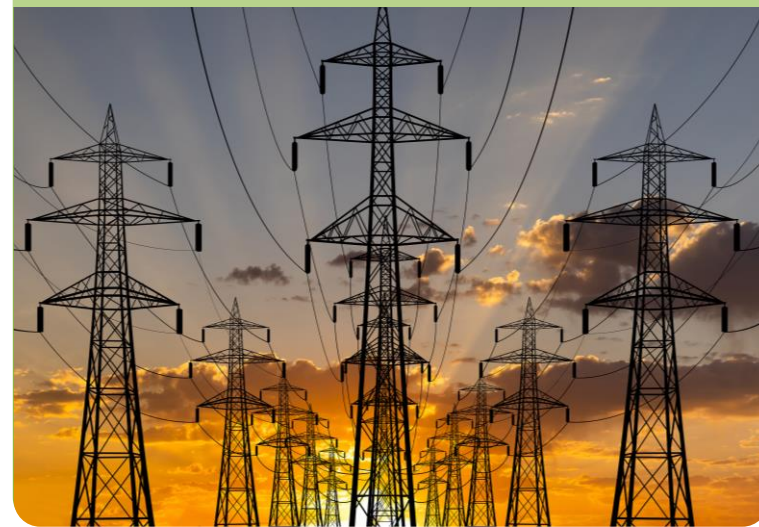
Energy Security Potential Opportunities

Peaking electricity generation

Flow Battery

LNG import receipts

Green hydrogen and other product import/export





Benefits to Northland & New Zealand

Development of the Marsden Point Energy Precinct will bring significant benefits to regional New Zealand, and improve New Zealand's energy resilience

- Projects will require significant investment in regional New Zealand, using local contractors and expertise where possible
- The creation of a large number of jobs for the project construction phase as well as permanent highly-skilled, and well-paid jobs to operate the various projects
- Retention of skilled contractor base in the regions
- Economic activity and growth in Northland
- New energy projects adjacent to Auckland will provide fuel and energy security for New Zealand
- Lower-carbon and future fuels projects will help facilitate the decarbonisation of New Zealand
- International inbound investment supporting New Zealand's economic growth
- Improved Balance of Payments through reduced imports and increased domestic spend on labour, feedstocks, water and CO₂





Additional storage

Minimum Stockholding Obligation

- Government consulting on increasing Minimum Stockholding Obligation from 21 to 28 days for diesel
- Additional 7 days equates to 70 million litres
- Channel well placed with 400 million litres of unutilised tank capacity available for conversion
- Channel's proximity and access to Auckland, New Zealand's largest fuel demand market, facilitates efficient turnover of fuel stocks to uphold product quality
- Flexibility to reload onto vessel for coastal distribution

Supply chain efficiency

- More fuels storage capacity enables utilisation of larger vessels

Other product storage

- Channel well placed to support decarbonisation of the marine fleet by providing low-carbon bunker fuel storage options
- Other product storage possible (e.g. bitumen, chemicals, etc)





Public Access (Mair Road)

Transpower, Northpower

Lease (to Long-term Tenant)

Truck Loading Facility (Leased to WOSL¹)

IPL

Diesel/Biofuels Compound
(120 Million Litres Capacity)

Jet/SAF Compound
(120 Million Litres Capacity -
45 Million Litres in Service)

- Additional Storage Opportunities
- Current Facility
- Leased to Third Parties
- Owned by Others

Stormwater Retention Basin

Jetties

Additional Storage Potential Opportunities

1. WOSL: Wiri Oil Service Limited

Potential high-quality tenant with the opportunity to provide ancillary services

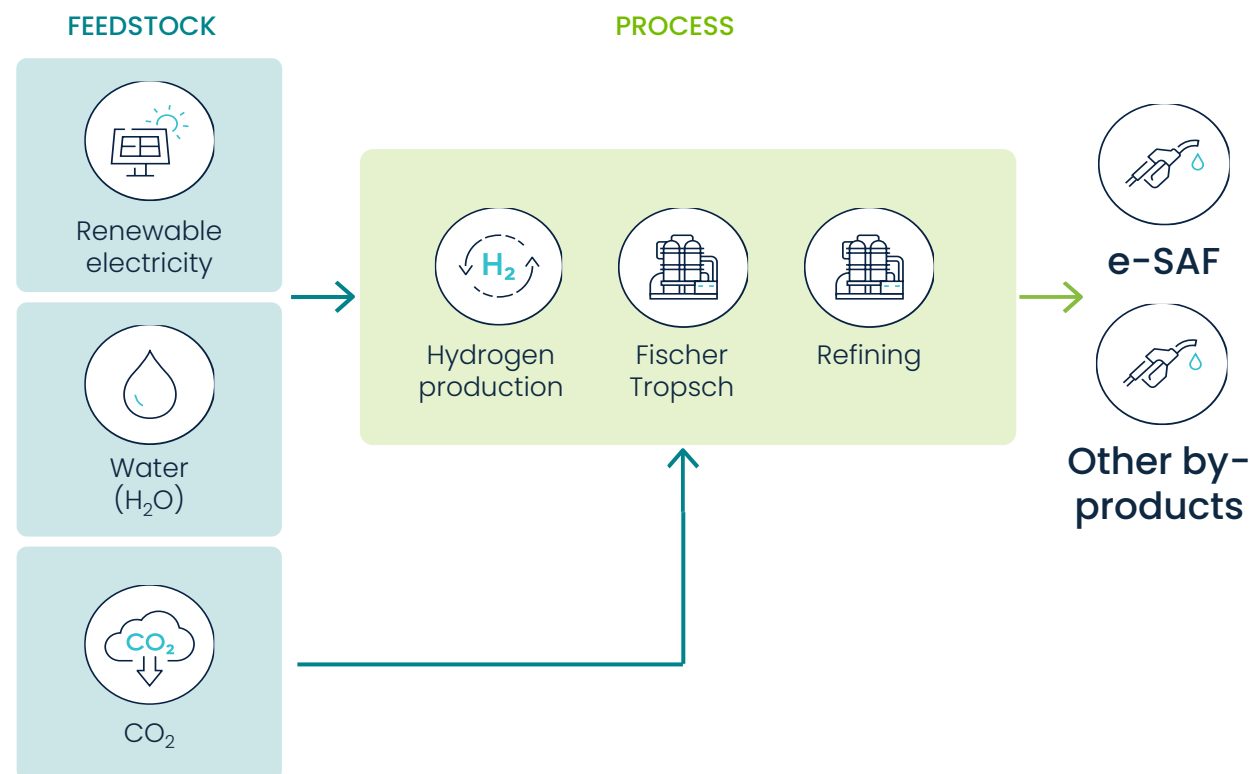
On-going study by Fortescue

- Project contemplates a 300MW ~60 million litre e-Sustainable Aviation Fuel (e-SAF) production facility
- Utilises renewable electricity to produce green hydrogen, which is combined with CO₂ to produce e-Sustainable Aviation Fuel, a drop-in fuel for existing aircraft and infrastructure
- Potential to expand the project in future
- Project currently in pre-feasibility phase

Channel's potential roles

- ✓ Landlord
- ✓ Jetty
- ✓ Fuels Storage
- ✓ Ancillary services (blending, fuel quality testing)
- ✓ Operations and Maintenance

e-Sustainable Aviation Fuel Production Process



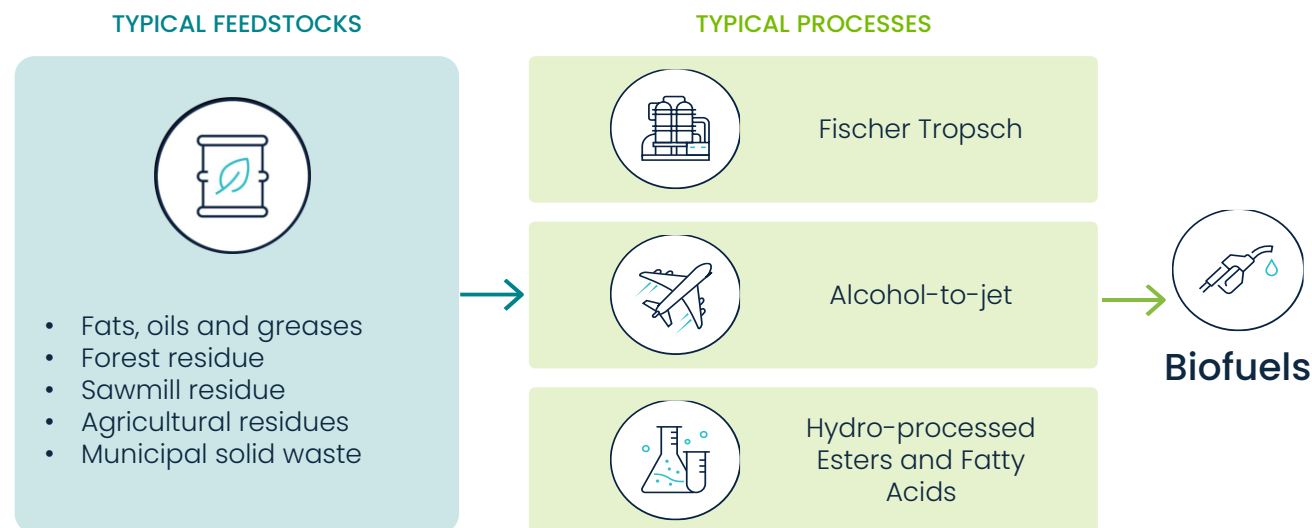


Potential Marsden Point Biorefinery project

Repurposing of some ex-refinery equipment to support lower-carbon fuel manufacturing

- Seadra Consortium (Seadra, Qantas, Renova Inc, Kent Plc and ANZ) considering the development of a biorefinery on Channel's site
- Biofuels production has potential synergies with e-fuel production
- Project contemplates the acquisition and repurposing of some of Channel's decommissioned refinery equipment, and addition of new equipment, a lease of 18 – 20 ha site generating c.\$6-7m per annum, and fees from provision of additional infrastructure
- Seadra Consortium would be responsible for the build-own-operation of the biorefinery plant, with Channel as landlord and provider of agreed infrastructure and services
- Project remains subject to further engineering studies, agreement on commercial terms and final form agreements, completion of funding and final investment decision by the Seadra Consortium and Channel (expected by 2H 2025)

Typical biofuel Production Process



Channel's potential roles

- ✓ Landlord
- ✓ Jetty
- ✓ Fuels Storage
- ✓ Ancillary services (blending, fuel quality testing)
- ✓ Operations and Maintenance



Future Fuels Manufacturing Potential Opportunities

1. WOSL: Wiri Oil Service Limited



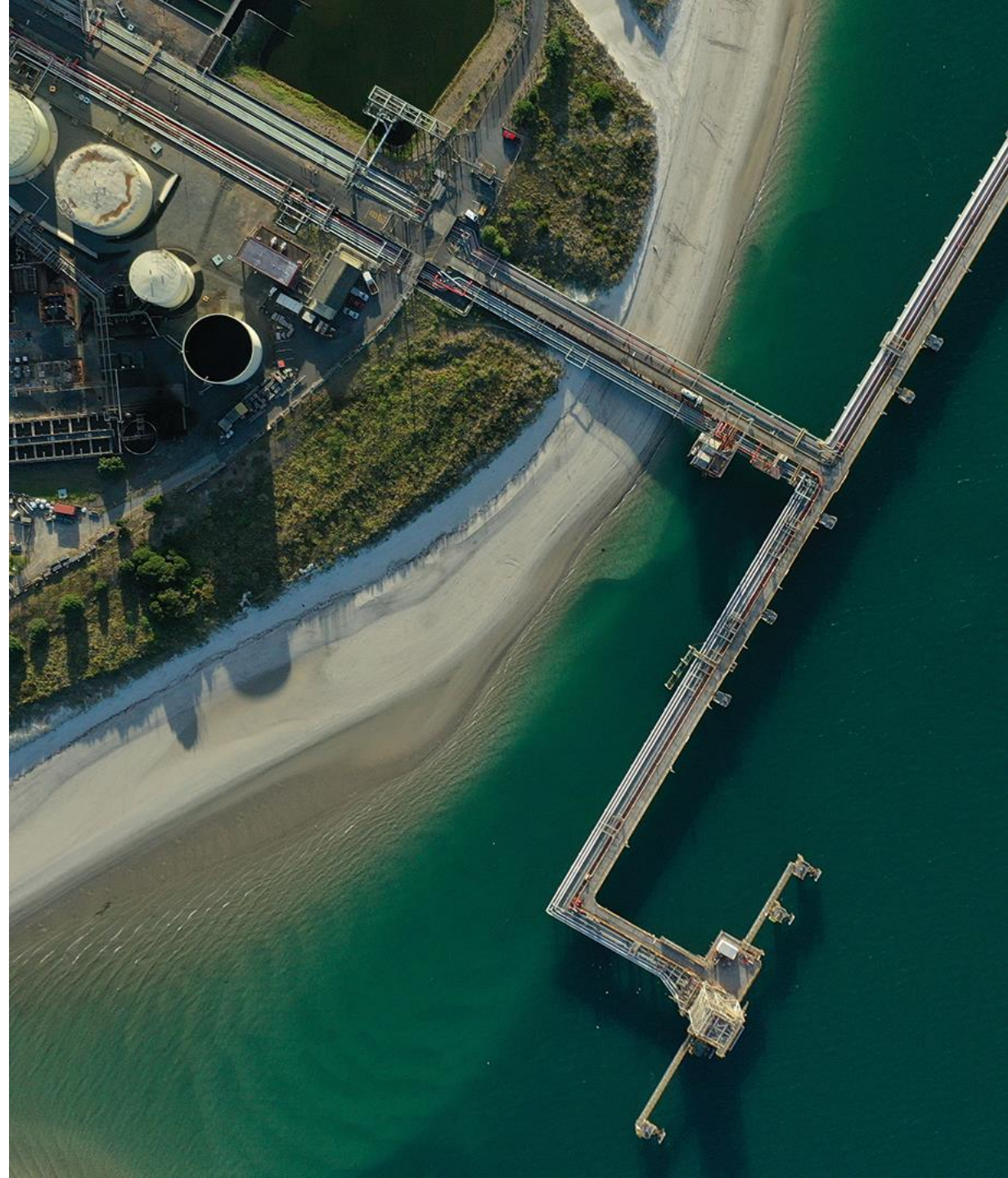
Potential for Energy Firming

Liquified Natural Gas (LNG)

- Domestic natural gas supply shortfall creates opportunity for LNG import facility
- Marsden Point site well-suited, with sheltered deep-water harbour, permissive zoning, and existing connection to natural gas network
- The gas pipeline from Henderson-Marsden Point has a narrower gauge than the Taranaki pipeline, constraining throughput. This could be mitigated by locating a gas peaker at Marsden Point
- Imported natural gas could supplement domestic production and provide energy resilience for New Zealand.
- Channel's role would be limited to the provision of infrastructure, rather than any commodity / trading exposure. Accordingly, any LNG facility at Marsden Point would require a long-term offtake to be viable

Other Alternatives

- Diesel generation possibly a faster to build, lower capital cost alternative to LNG-import for firming inter-seasonal capacity while the electricity system builds further capacity to enable transition to 100% renewables





Potential for Energy Storage

Flow battery

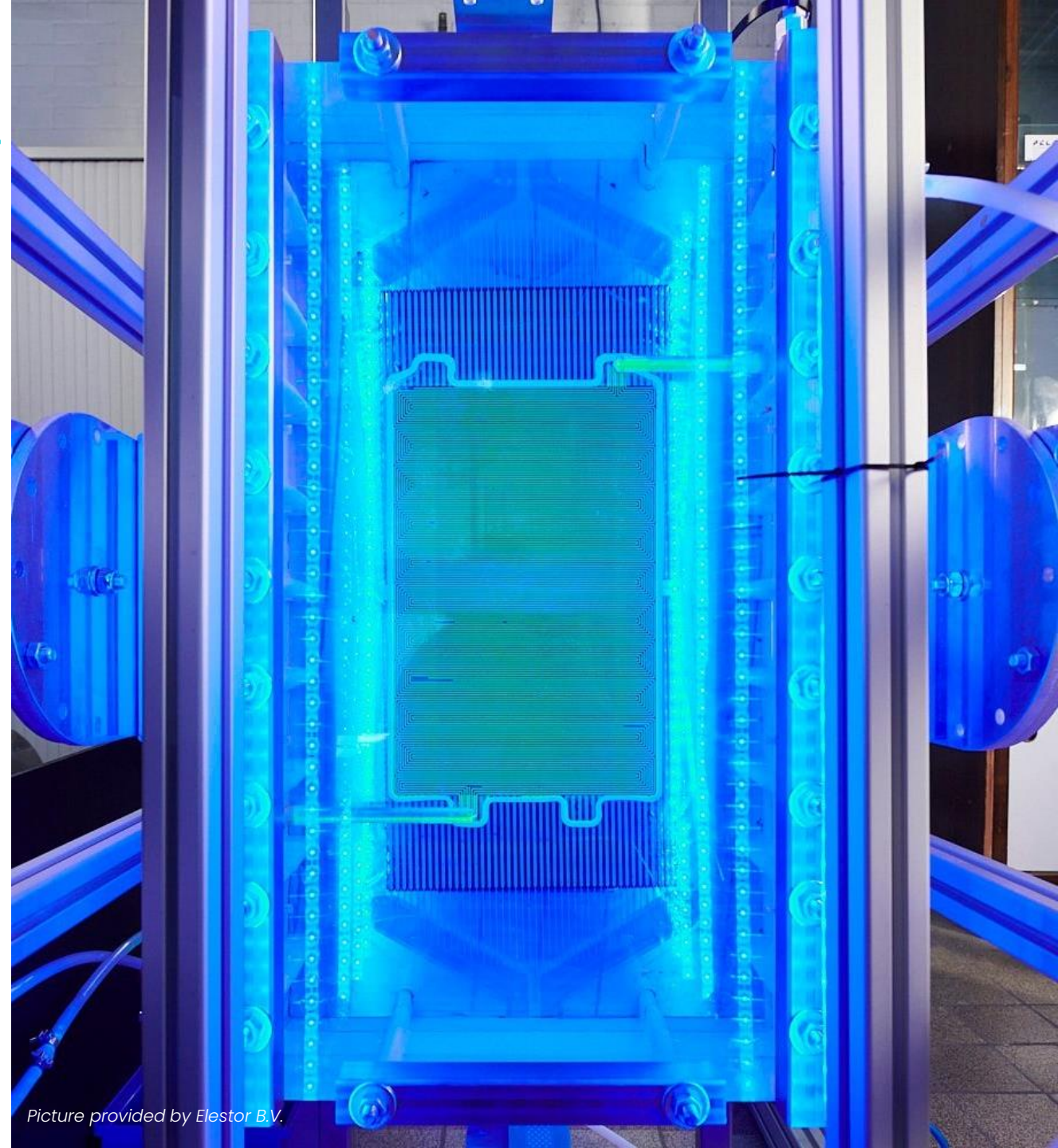
Long-term grid-scale electricity storage utilising liquid electrolyte

Leverages Channel's competitive advantages:

- Existing 75 million litre tank
- 220kV electricity grid connection at site boundary
- Potential green hydrogen source from e-SAF facility
- Potential 300MW demand from e-SAF facility

Other

- Import and export of other products such as hydrogen carrier products including Methylcyclohexane (MCH) and ammonia



Picture provided by Elestor B.V.



- Energy Security Opportunities
- Future Fuels Manufacturing Opportunities
- Additional Storage Opportunities
- Current Facility
- Leased to Third Parties
- Owned by Others



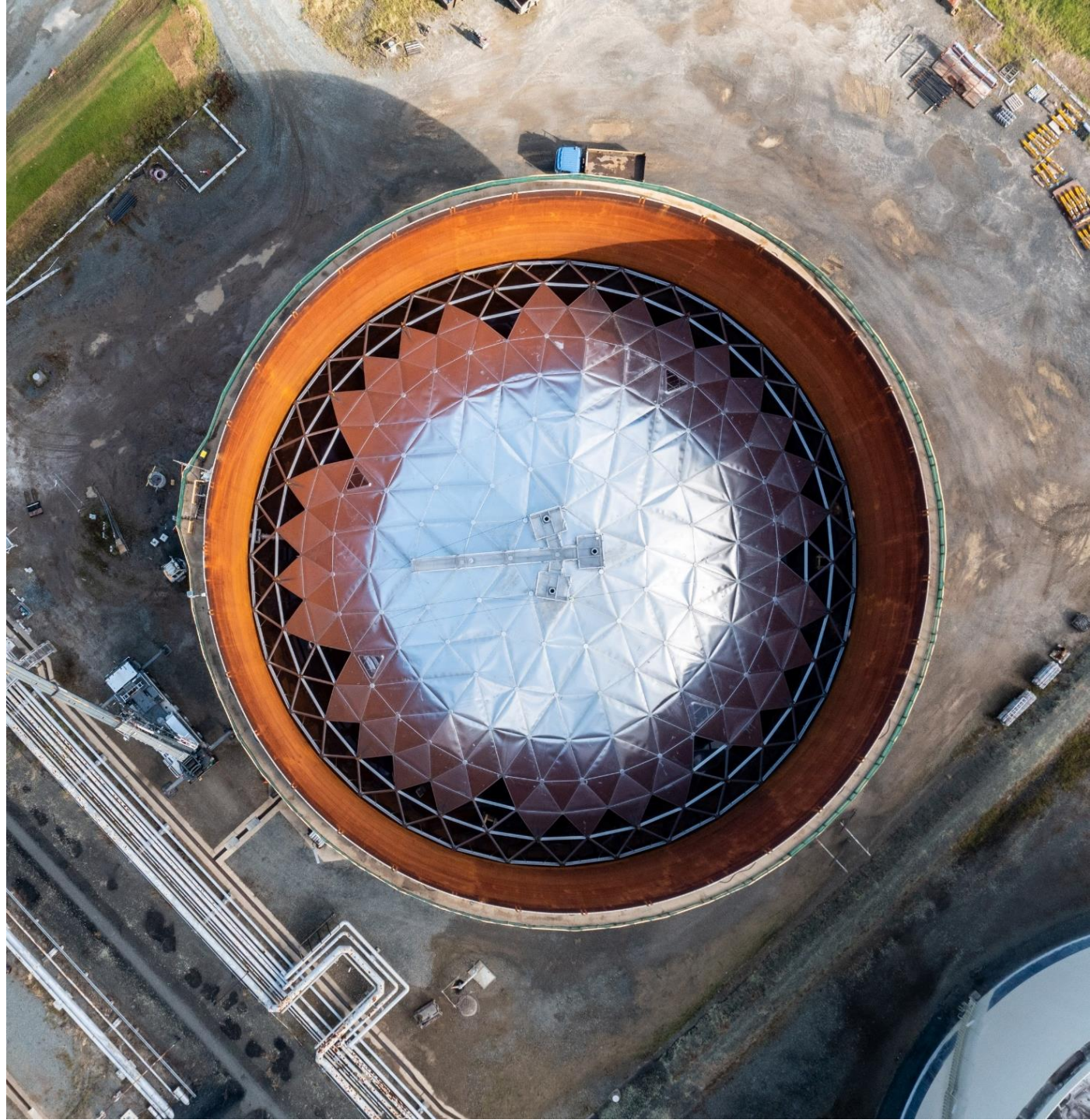
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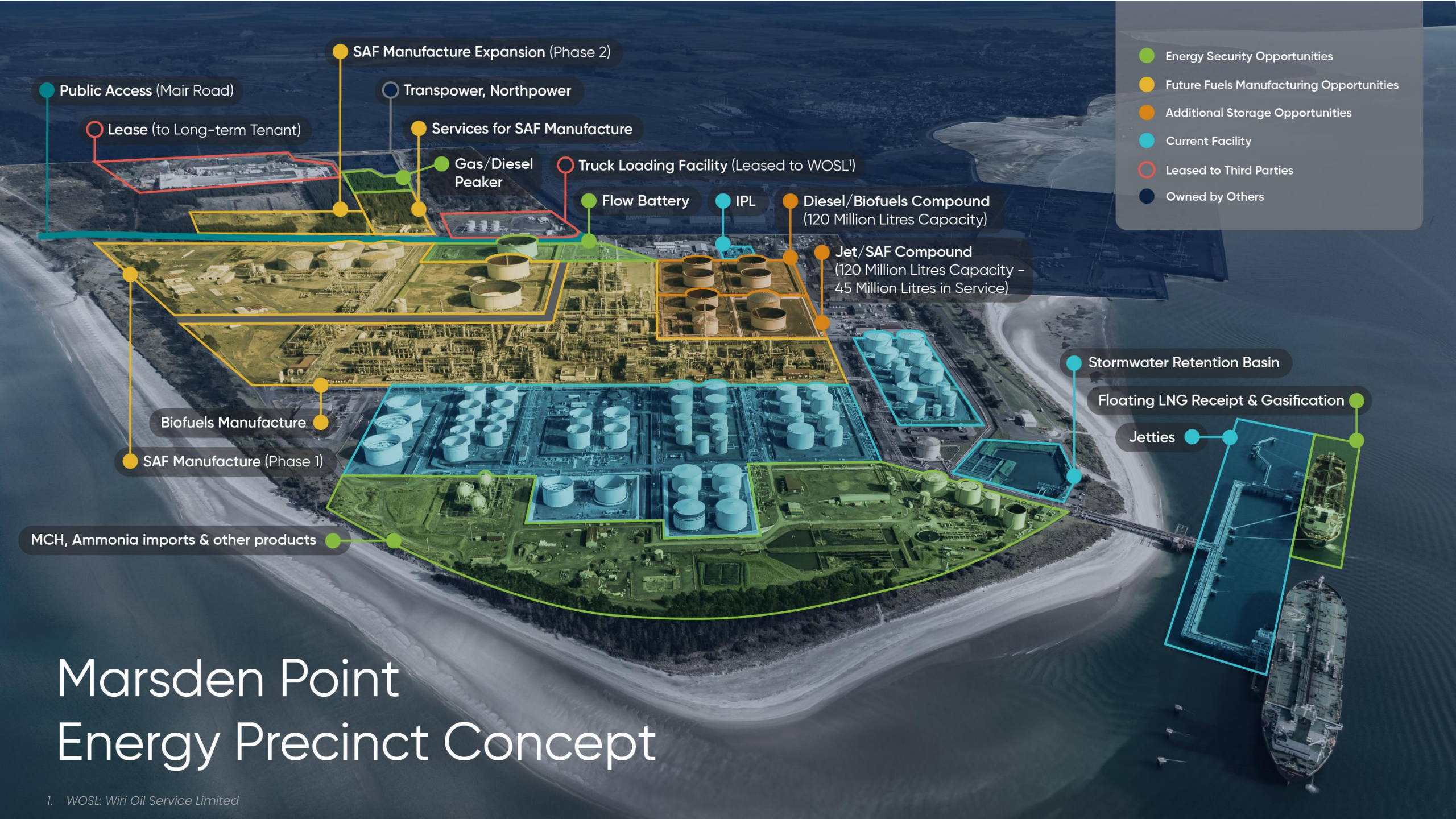
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ROB BUCHANAN, CHIEF EXECUTIVE OFFICER

Wrap up



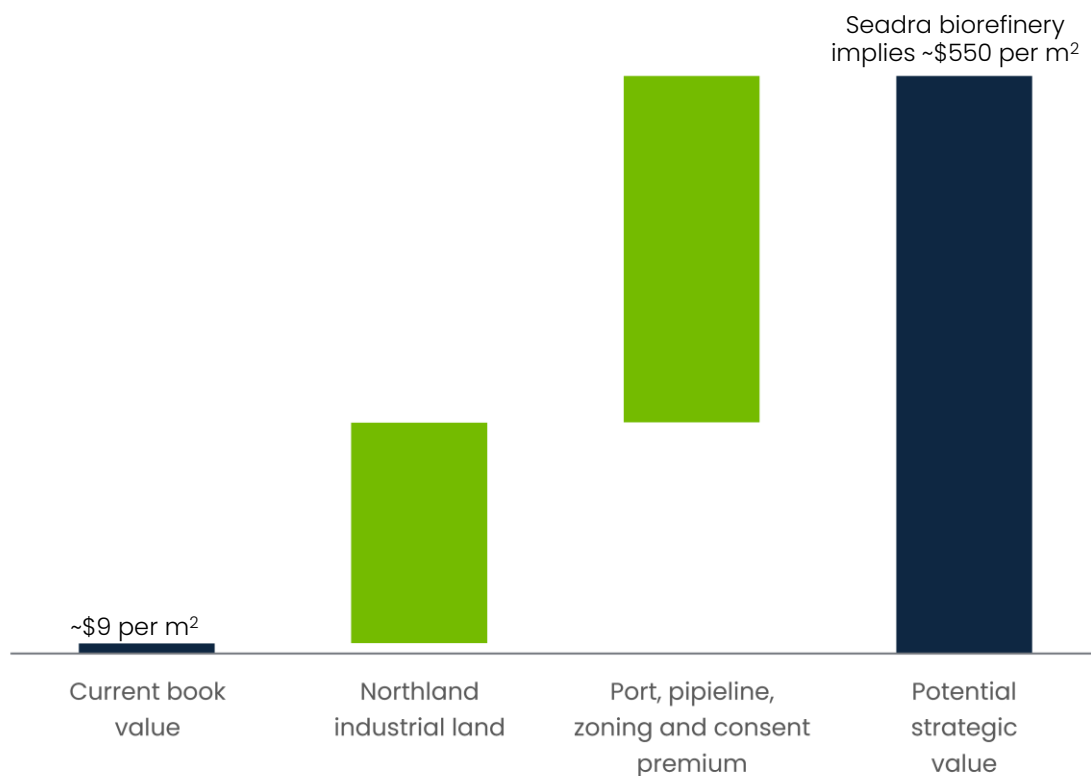


- Energy Security Opportunities
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Marsden Point Energy Precinct Concept

Significant value in the unutilised land provided the right tenants can be attracted

Potential strategic land value



- Current book value of the unutilised land is ~\$15m
- Value unlock achieved by earning a rental yield on a valuation that appropriately recognises the unique site characteristics
- Potential Seadra biorefinery implies a land valuation of ~\$550 per square metre at a 6.5% capitalisation rate
- Further returns available for utilisation of ancillary services, construction of related infrastructure and ancillary operations and maintenance services
- Full strategic value will be unlocked over the longer-term with nearer term projects including potential biofuel and e-SAF production currently being actively pursued

1. High level rate per square metre estimates for ready to build, fully serviced industrial sites provided by PwC Advisory Services



Long-term and considered approach

The Energy Precinct contemplates a pathway to unlocking the value of our land

- Channel intends to take a long-term and considered approach to the development of the Energy Precinct
- Our objective is to ultimately unlock the value of our land by putting it to its highest and best use
- Not all opportunities, including those currently being considered today, will eventuate
- Channel is confident in the uniqueness of our real estate proposition, and that if a patient, long-term and considered approach is taken, full value can be realised for shareholders over time
- The recently announced potential Seadra Consortium biorefinery project contemplates annual rental of c\$6 – 7 million¹, which implies a land value of ~\$550 per square metre at a 6.5% capitalisation rate for the 18-20 hectare parcel of land to be potentially occupied by the biorefinery
- Where Channel does not believe that a particular project or tenant reflects the premium that should be attributed to the unique combination of attributes of the Marsden Point Energy Precinct, Channel will be prepared to wait and/or consider other opportunities

1. Proposed rental before periodic adjustment



An energy precinct for New Zealand

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