

IMPORTANT NOTICE

This Information Memorandum relates to the business and assets of Paraparaumu Aerodrome (the "Aerodrome") owned by Her Majesty the Queen in right of New Zealand (the "Crown"). The Crown, through the Ministry of Transport (the "Ministry") is undertaking the sale of the Aerodrome described in this Information Memorandum and in the manner described herein. The Ministry is acting as agent for the Crown in the sale. Ernst & Young, Chartered Accountants of Wellington, are acting as advisers to the Ministry.

This Information Memorandum is confidential and is being supplied only to parties who comply with pre-published eligibility criteria and who have entered into a Confidentiality Agreement with the Crown and the Ministry

This Information Memorandum is for use by selected parties solely in considering their interest in acquiring the Aerodrome which is offered for sale by the Crown. The Information Memorandum has been prepared solely for information purposes in order to assist interested parties in making their own evaluation of the Aerodrome and does not purport to be comprehensive or to contain all of the information that potential purchasers may require. In all cases, interested parties should conduct their own investigation and analysis of the Aerodrome and of all other data set forth in this Information Memorandum.

Neither Ernst & Young nor any other person has verified any of the information contained in this Information Memorandum. The Crown, Ernst & Young and the Ministry make no representation or warranty as to the accuracy or completeness of information contained in this Information Memorandum and shall have no liability for any statements, opinions, information or matters (expressed or implied) arising out of, contained in or derived from, or any omissions from, this Information Memorandum or any other written or oral communications transmitted to the recipient in relation to the Aerodrome.

The information contained in this Information Memorandum is believed to be correct as at the date of publication, however neither the Crown nor any other person will be responsible for the effect of any amendments or other variations to the statutory or regulatory framework on the future ownership and operation of aerodromes in New Zealand or on any other aspect of the operation of the assets and business referred to herein.

In accepting delivery of this Information Memorandum, the recipient confirms its acknowledgment and agreement that this Information Memorandum and all of the other information in it is information supplied under the Confidentiality Agreement previously executed by the recipient, and that the recipient shall observe and perform all the covenants and agreements required of the recipient under the Confidentiality Agreement.

This Information Memorandum is not an offer to any recipient or any other person but is intended to provide information to those recipients to assist in the process of

formulating tenders for the purchase of shares in an Airport Company constituted for the purpose of acquiring the Aerodrome. The Crown and Ministry may at any time negotiate with one or more potential purchasers and enter into an agreement for the sale of the Aerodrome in any manner whatsoever without prior notice to any or all interested parties. Furthermore, the Crown and the Ministry also reserve the right to terminate, at any time, further participation in the investigation and proposal process by any party and to modify procedures without assigning any reason therefore.

The Crown will not be bound to accept the highest or any tender that may be made.

1. FRAMEWORK OF SALE

1.1 Policy Objectives

The Government in 1991 directed the Ministry of Transport (Ministry) to devolve its operation of six aerodromes, consistent with the intended restructuring of the Ministry to a policy department without operational responsibilities. While continued Government ownership is not considered necessary, the importance of Paraparaumu Aerodrome to the aviation industry and the local community is recognised.

It is the Government's intention that Paraparaumu Aerodrome should be sold to parties who will continue operating the facility for as long as it remains commercially viable. For this reason, the Government has restricted the sales process to only those parties expected to have the objective of continuing the aerodrome business.

For the above reason, and to enable the new owners of Paraparaumu Aerodrome to make their own decisions about the future operational requirements, the aerodrome is being sold as a "going concern" business with all aerodrome land and Ministry assets in one "parcel".

However, recognising that an amount of land at Paraparaumu aerodrome may be considered to be surplus to future requirements, tenders for the operational areas and any lesser area of land than the total amount described in this Memorandum, will be considered without prejudice.

The Ministry reserves the right to select any tender, not necessarily the highest. The likelihood of a tenderer successfully continuing the aerodrome business after sale will be considered as part of the evaluation of tenders.

1.2 Sale of Shares in an Airport Company

The business of Paraparaumu Aerodrome and the assets comprised in that business will be transferred to a company wholly owned by the Crown. The Crown will then sell all its shareholding in that company to the successful tenderer. The transfer of the assets to the company and the on-sale of the shares will take place concurrently.

The company, *Paraparaumu Airport Ltd*, has been constituted with a nominal capital as a private company under the Companies Act 1955. *Paraparaumu Airport Limited* will be designated an "Airport Company" by Order-in-Council pursuant to section 3 of the Airport Authorities Act 1966 prior to the Crown transferring the business and assets of the Aerodrome to that company. The obligations of an Airport Company are described in section 1.6 of this Information Memorandum.

The capital structure and balance sheet of *Paraparaumu Airport Limited* at the time of settlement of the sale of shares to the successful tenderer will reflect the successful tenderer's requirements, including if necessary re-registration under the Companies Act

1993. Tenderers will need to specify their preferred capital structure for *Paraparaumu Airport Limited*. The Crown reserves the absolute right to reject any structure proposed.

The sale of the business and the assets of the Aerodrome to an Airport Company and the on-sale of shares in that company is required to enable the Crown to dispose of the Aerodrome business without being obliged to comply with the offer-back provisions of sections 40 and 41 of the Public Works Act 1981 in relation to the land. The implications of the Public Works Act 1981 are further discussed in section 9.3 of this Information Memorandum.

Net working capital and taxation liability (if any) will be retained by the Ministry. However the Ministry will not accept any liabilities (if any) of any type whatsoever associated with the ownership or operation of the assets and business being transferred to Paraparaumu Airport Limited. That policy is reflected in the form of agreement for sale and purchase of the aerodrome assets between the Crown and Paraparaumu Airport Limited which is attached as Appendix 1

Apart from the normal arrangements for the provision of water, electricity and telephone services the only other contract for supply of services is for mowing which is on a month by month basis. The leases will of course be transferred with the sale of the land.

1.3 Eligibility to Tender

Those eligible to tender are Wellington International Airport Ltd, the Kapiti Coast District Council and users of Paraparaumu Aerodrome

1.4 Sales Process and Timetable

The Crown is offering Paraparaumu Airport Limited for sale by negotiated tender. The procedure for undertaking the sale is set out below.

Eligible tenderers who have indicated interest have been provided with copies of this confidential Information Memorandum. Parties who wish to proceed to due diligence must notify Ernst & Young in writing of their intention to do so before 5pm on 1 March 1995. Parties should not attempt to have any direct dealings with the Ministry of Transport or any employees of the Ministry. Those parties who choose not to proceed to due diligence are required to return promptly this Information Memorandum and any other confidential information to Ernst & Young. Those parties wishing to undertake a further detailed review of the assets and business of Paraparaumu Aerodrome will have the opportunity to visit the aerodrome site, interview Ministry of Transport senior management and have access to confidential information so as to satisfy themselves as to the value of Paraparaumu Aerodrome

Following the completion of due diligence, prospective purchasers will be given a period of time to complete their analysis. At the end of this period, they will be required to submit formal, final and binding bids. The bids will form the basis of

selecting the party or parties, if any, with whom to negotiate a final sale and purchase agreement. The form of agreement for sale and purchase of shares in Paraparaumu Airport Limited is attached to this Information Memorandum as Appendix 2. It is envisaged that the form of agreement will be further negotiated to reflect the successful tenderer's requirements as to capital and structure of Paraparaumu Airport Limited (see Section 1.2 of the Information memorandum for further explanation). It is the Crown's policy to provide no representations or warranties other than clear title to the shares and the assets to be acquired by Paraparaumu Airport Limited and the ability to transact.

Prospective purchasers should note that they are required to have all necessary approvals before submitting final bids.

To ensure comparability and evaluation against the Crown's policy objectives (see Section 1.1 of this Information memorandum) all final, binding bids should not only state an offer price but also demonstrate the tenderer's management, financial and technical ability and commitment to maintain Paraparaumu Aerodrome as a going concern. Formal bids should, without limitation, specify:

- The price in New Zealand dollars;
- Financial and legal structure of the tenderer (including where a consortium is bidding, clear identification of all members, or major shareholders);
- Sufficient financial information to enable an assessment of the tenderer's financial capacity to complete the transaction and operate the aerodrome;
- The tenderer's aerodrome or related aviation industry experience;
- Major assumptions on which the bid is based (to ensure comparability); and
- Any material conditions affecting the offer.

Final bids are to be in writing and delivered by 5pm on 21 April 1995 as follows:

By post: Ernst & Young
P O Box 490
Wellington

By hand: Ernst & Young
24th Floor
Majestic Centre
100 Willis Street
Wellington

Marked for the attention of Mr Roger Taylor

The current timetable for the sale process is as follows:

Key dates for prospective purchasers

Information Memorandum available from	17 February 1995
Notice of request for due diligence	1 March 1995
Due diligence commences	20 March 1995
Final bid submitted	21 April 1995
Preferred tenderer selected	26 April 1995
Negotiation of sale documentation by	5 May 1995
Settlement	31 May 1995

The above dates may change depending on the level of interest shown in the sale process. Any changes will be notified to all parties who have requested an Information Memorandum.

1.5 Treaty of Waitangi claims

In 1993, the Ministry of Transport was directed to sell Paraparaumu Aerodrome, subject to fulfilling any duties on the Crown in terms of the *Treaty of Waitangi*.

The Crown believes that it has properly discharged its *Treaty of Waitangi* duties concerning disposal of the land by extensively consulting with interested Maori. A protection mechanism will not be invoked to protect the as yet unproven claims after alienation of the land from the Crown.

Accordingly, once the Aerodrome land has been transferred to Paraparaumu Airport Limited, it will not be available to satisfy existing or future Maori claims.

1.6 Obligations of an Airport Company

Prospective tenderers should, of course, seek their own legal advice as to the requirements of an airport company. In addition to the normal Companies Act requirements, special features of an airport company include:

- it must operate a commercial undertaking;
- annual reports and accounts must be supplied to the Minister of Transport for tabling in Parliament;
- accounts must be audited by the Audit Office;

- charges can only be set after consultation with airlines using the airport and must be disclosed publicly;
- it is defined as a network utility operator under the Resource Management Act 1991,
- it has limited powers to set bylaws for the operation of the airport subject to consent through Order-in-Council;
- any land that becomes surplus to aerodrome purposes must be sold subject to sections 40 & 41 of the Public Works Act 1981. This will usually involve offering the land back to its former owners, at current market value. If the former owners opt not to take up their offer back rights, the land will then become free for open market disposal;
- it is subject to the provisions of the Official Information Act 1982; and
- it and any subsidiaries are subject to the provisions of the Ombudsman Act 1975.