

Status & Email PDF - C.A.F.E.S Members

Status 1: Fletcher Building's new deal to import bitumen through a terminal at Marsden Point highlights a significant shift from the previous high-quality bitumen produced at the now-closed refinery.

While the terminal aims to enhance supply for construction projects, it underscores reliance on imported bitumen, which has been criticised for being lower quality and more expensive.

This transition raises concerns about maintaining road quality and the implications of sourcing bitumen from abroad instead of utilising local refining capabilities, which historically provided a reliable and superior product for New Zealand's infrastructure needs.

Reinstate Marsden Point as an Oil Refinery or we'll ALWAYS be reliant on foreign production!

And this. Just out of curiosity: <https://www.rnz.co.nz/.../fletcher-building-s-revenue...>

[1] <https://www.nzherald.co.nz/.../VKMCM6XITJHYPAM3PGBQY6KTMY/>

[2] <https://businessdesk.co.nz/.../channel-infrastructure...>

[3] <https://channelnz.com/channel-infrastructure-to-build.../>

Status 2: URGENT UPDATE FROM CHI:

"Dear Shareholder,

Channel Infrastructure NZ Limited (Channel Infrastructure) is pleased to announce today its intention to raise approximately NZ\$50 million of new equity, through a 1 for 12.12 underwritten pro rata accelerated renounceable entitlement offer of new shares in Channel Infrastructure (New Shares) at an Offer Price of NZ\$1.60 per New Share (the Offer Price) (the Offer).

The proceeds of the Offer will provide funding for the three new growth contracts secured in 2024 and help position Channel Infrastructure to participate in additional on-strategy growth opportunities should they eventuate. Information in relation to the Offer can be accessed from NZX under the ticker "CHI".

All eligible shareholders are entitled to participate in this Offer. If an eligible shareholder does not take up their entitlement in full, its percentage shareholding will be reduced following completion of the Offer.

Under the Offer, Eligible Retail Shareholders (as defined in the Offer Document) may apply for up to their pro rata allocation of New Shares at the Offer Price and in accordance with

the terms set out in the Offer Document, without incurring brokerage or other transaction costs. Eligible Retail Shareholders can apply for 1 New Share in Channel Infrastructure for every 12.12 shares held in Channel Infrastructure at 5.00pm (NZ time) on the Record Date Tuesday, 26 November 2024.

In addition, Eligible Retail Shareholders who have taken up their entitlement in full, can apply for Additional New Shares (i.e. shares in excess of their pro rata entitlement) that will be offered for sale through the Retail Bookbuild (defined below). The price for any such Additional New Shares will be the clearing price of the Retail Bookbuild (which will be equal to or more than the Offer Price).

New Shares representing entitlements not taken up by Eligible Retail Shareholders under the Retail Entitlement Offer or entitlements attributable to Ineligible Retail Shareholders (As defined in the Offer Document) will be offered for sale through a bookbuild conducted by Forsyth Barr Limited on Wednesday, 11 December 2024 (the Retail Bookbuild). Any applications from Eligible Retail Shareholders who have taken up their entitlements in full and applied for additional New Shares (i.e. shares in excess of their pro rata entitlement) will be included in the Retail Bookbuild. In addition, institutional investors and brokers will be invited to participate in the Retail Bookbuild.

Any premium realised for New Shares in the Retail Bookbuild will be paid (net of any applicable withholding tax) on a pro rata basis to those retail shareholders who do not take up all of their entitlements or who are not eligible to do so. There is no guarantee that there will be any premium realised for the entitlements offered for sale in the Retail Bookbuild.

Shareholders recorded on Channel Infrastructure's share register at 5.00pm (NZ time) on Tuesday, 26 November 2024 that:

1. have a registered address in New Zealand or Australia; 2. are not in the United States and are not acting for the account or benefit of a person in the United States; and 3. are not Institutional Shareholders (as defined in the Offer Document), will be eligible to participate in the Retail Entitlement Offer (Eligible Retail Shareholders).

Please note that the entitlements under the Offer are not transferrable and will not be quoted on the NZX Main Board.

How to apply

If you decide to participate in the Retail Entitlement Offer, you must do so by completing an online application at www.shareoffer.co.nz/channel when applications open at 10.00am (NZ time) on Thursday, 28 November 2024.

To complete your application (and view your entitlement), you will need your CSN/Holder Number. You should submit your application by 5.00pm (NZ time) on Monday, 9 December 2024.

Further information about how to apply for New Shares in the Retail Entitlement Offer is set out in the Offer Document which is available at www.shareoffer.co.nz/channel. No Offer Document (or Entitlement and Acceptance Form) will be sent to you.

Further Information

We also encourage you to read through all of Channel Infrastructure's recent announcements, particularly the Investor Presentation and other materials released on 25 November 2024 at www.nzx.com under the ticker code "CHI". You can also access information, including the Investor Presentation and announcements regarding the Offer at www.shareoffer.co.nz/channel. For more information on Channel Infrastructure, please visit: www.channelnz.com.

If you have any questions about participating in the Offer, please email channel@computershare.co.nz or call the Computershare Investor Information Line on 0800 650 034 (toll free within New Zealand) or +64 9 488 8793, otherwise for Australian shareholders 1800 501 366 (toll free within Australia) or +61 3 9415 4083 in each case from 8.30am to 5.00pm Monday to Friday (NZT) (excluding public holidays), or contact your broker or your financial, investment or other professional adviser.

On behalf of the Board, thank you for your continued support, and we welcome your consideration of, and participation in, the Offer.

Yours sincerely,



James Miller

Chair

Channel Infrastructure NZ Limited"

Concerns for Shareholders:

Dilution Risk - If shareholders choose not to participate in this offer, or can't participate in this offer, their ownership percentage will be diluted, meaning their stake in the company will decrease. This dilution could lead to a decline in the value of their existing shares, as fewer shares will represent the same underlying value of the company.

This is all happening at a time that the General Public Shareholding sits at nearly 58 percent!

Status 3: Urgent Notice to CHI Shareholders

Although the recent equity raise and new share offer by Channel Infrastructure NZ Limited (NZX: CHI) comply with regulatory requirements, my concerns are as follows.

Lack of Notification:

It appears that not all shareholders have been informed that their shares will be automatically diluted as a result of this equity raise. There is evidence that many shareholders, including those with ASB and Sharesies accounts, have not received the necessary notifications.

Ethical and Necessity Concerns:

The necessity of this equity raise is questionable, as it seems to be an attempt to dilute the general shareholding percentage, currently around 58%. This move could undermine the value and control of existing shareholders.

Legal Consultation:

I have consulted with 1 lawyer & a qualified accountant to explore possible actions based on the grounds of inadequate notification and potential unfair treatment of shareholders. While no promises can be made at this stage, we will continue to investigate and advocate for the rights of all shareholders.

P.s Were all institutional investors advised personally by CHI?

Decision and Next Steps:

It is crucial for each of you to make an informed decision regarding your investment. Here are some key dates and actions to consider:

- Retail Entitlement Offer: Opens on November 28, 2024, and closes on December 9, 2024.
- Retail Bookbuild: Opens on December 11, 2024, and closes on the same day.
- Settlement and Trading: New shares under the Retail Offer will be allotted and commence trading on December 16, 2024.

Recommendations

- Contact Channel Infrastructure: If you have questions, visit the Offer website at www.shareoffer.co.nz/channel or call the Channel Infrastructure Investor Information Line on 0800 650 034.

We will continue to fight for the reinstatement of the Marsden Point as an Oil Refinery and ensure that the rights of all shareholders are protected.

Best regards,

Gabrielle

Status 4: I received a response from a Sharesies admin this morning at 8am due to Sharesies Shareholders not being informed re: Equity Raise via Channel Infrastructure NZ Ltd.

Sharesies were aware of the Equity Raise yet chose not to or were advised not to, inform their investors of this occurring.

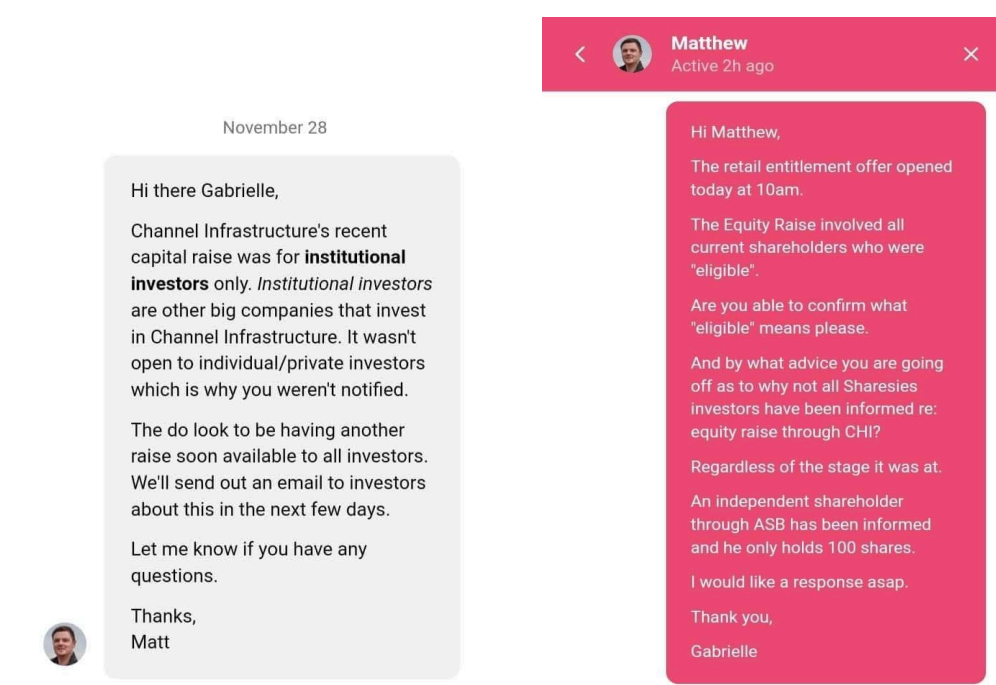
After the below correspondence, an alert was sent out re: Retail Entitlement offer open to Sharesies Shareholders who invested in CHI.

Please note: if you do not participate, your share value will dilute (not 100 percent on how it works)

Please also note that an email will be sent out soon to all [C.A.F.E.S - Collective Action For Energy Stability](#) members, including the encouragement of not only contacting CHI direct but another avenue of possible solution, we can take as part of the 58 percent General Public Shareholding Collective.

Thank you all!

Gabrielle



Email to the Financial Markets Authority:

Dear Financial Markets Authority,

I am writing to formally express significant concerns regarding the recent equity raise announced by Channel Infrastructure, particularly in relation to shareholder rights, transparency, and the decision-making process behind the tender for the new bitumen import terminal.

On November 25, 2024, Channel Infrastructure announced (through NZX & via their website) a capital raise of approximately \$50 million through an accelerated renounceable entitlement offer. However, the announcement made via mainstream media was not to adequately inform

shareholders that those who do not participate in the equity raise would face automatic dilution of their shares.

The lack of transparency, including of the information below, raises serious questions about compliance with disclosure obligations under the Fair-Trading Act, specifically Section 8, which addresses unconscionable conduct.

Contesting the Rationale Behind the Equity Raise

We contest the rationale behind this equity raise for several reasons:

- Lack of Competitive Tender Process: The decision to award the contract for the import terminal to Fletcher Building's subsidiary, Higgins Contractors, is concerning. This tender was not opened to a competitive bidding process involving multiple parties, which would ensure that the best-suited option is chosen based on merit rather than potentially favoring a single contractor &/or a pre-existing relationship via Chris Bougen, General Counsel and Company Secretary at Channel Infrastructure NZ.

Given Fletcher Building's history of financial difficulties during Chris Bougen's tenure as Senior Legal Counsel -where the company reported substantial losses - this raises serious concerns about the wisdom of partnering with them overall.

- Quality and Cost Concerns: The transition from locally refined high-quality bitumen to 100 percent reliance on imported products sourced through this terminal at Marsden Point highlights a significant strategic shift. While the terminal aims to enhance supply for construction projects, it underscores a troubling reliance on imported materials that have been criticised for being lower quality and more expensive.

- Inadequate Communication with Shareholders

Moreover, we have been informed (though not confirmed) that Channel Infrastructure held a meeting with Investors at the Marsden Point site weeks prior to the equity share scheme becoming active on November 25, 2024. The timing of this equity buy in - opening mere hours after an NZX official notice - is indicative that the institutional investors received a substantial amount of time to prepare for the Equity Raise.

This has left many retail shareholders inadequately informed & there is a genuine worry that many shareholders may not even be aware that their shares will be automatically diluted as a result of this equity raise.

For example, I have confirmation from an ASB customer, who holds 100 shares in Channel Infrastructure as a General Public Shareholder, that he received an email notification about the equity raise the day the Institutional Investor buy-in commenced.

In contrast, Sharesies notified its shareholders only on November 28, 2024 - after the retail portion had already opened. This lack of timely communication does not provide adequate opportunity for shareholders to make informed decisions regarding their participation in the equity raise.

Furthermore, Sharesies is currently experiencing technical difficulties with their system; this rushed format has evidently not allowed them sufficient time to prepare adequately for such a significant transaction.

- Potential Control Shift

Given that general shareholders own 58% of Channel Infrastructure, there is a concern that this transaction may have been designed to divert control back to institutional investors at the expense of retail shareholders.

In light of these issues, we urge the FMA to investigate whether Channel Infrastructure has complied with its disclosure obligations and whether any unconscionable conduct has occurred that may disadvantage minority shareholders.

Thank you for your attention to this urgent matter.

We look forward to your response.

Sincerely,

Collective Action For Energy Stability Members

Citations:

[1]

<https://www.rnz.co.nz/news/business/534738/channel-infrastructure-aims-to-raise-50m-in-share-offer>

[2] <https://www.nbr.co.nz/investment/channal-infrastructure-announces-50m-capital-raise/>

[3] <https://channelnz.com/who-we-are/leadership-team/>

Thank you all for reading,

Gabrielle

C.A.F.E.S Admin