| Tutorial #: | 2 | Student Name: | James La fontaine | Student ID: | 1079860 |

Only answers to **Part B questions** are to be submitted by 10:00 am on Monday of the tutorial week. Please note the following:

1. Only **handwritten** work on this hand-in sheet will be marked for reasonable effort. You can either write your answers on this hand-in sheet or write your answers on a piece of paper with your name and student ID written on the top of the page.
2. Only **one** submission per student will be marked. Please make sure that you upload only one file either as a scanned **PDF file** or as a **JPG/PNG picture file**. Other formats will not be accepted by the system.
3. Please fill out all the information before submission.

a) 90 million shares were being offered to the market via IPO. This would represent 45% of the company's ownership post - IPO

b) $2.27 - $2.60. It would be unwise for Napier to simply provide a single subscription price as if their price was too low then they would sell their shares too cheaply and leave money on the table. If their price was too high then investors would not want to purchase their shares.

c) The primary purpose of the IPO was to raise capital for Napier Port to reduce existing debt and fund the 6 Wharf expansion project. The IPO also enabled HBRIC to realise a portion of its investment in Napier Port.

d) Local residents or non-resident ratepayers, eligible employees and eligible Iwi were able to purchase shares under the priority offer.

e) The final subscription price for NPH was $2.60. The closing share price on the 20th of August, 2019 was $2.95, indicating that the IPO was underpriced.

f) return = $\frac{3.52 - 2.95}{2.95}$ = 19.3%   I believe this is an overperformance
on NPH

g) return on
S&P/NZx 50 = $\frac{11451.05 - 10803.84}{10803.84}$ = 6%. This confirms that NPH outperformed the market.

h) The approach in part (g) assumes that NPH has a similar risk profile to the S&P/NZx 50. The S&P/NZx All Industrials may be a more suitable benchmark index, or The S&P/NZx Small Cap Index.