

A graphic consisting of several curved lines in shades of yellow, orange, and red, ending in small white circles, resembling a stylized crown or a signal. It is positioned above the company name.

Crown Fibre Holdings

Ultra-fast broadband for New Zealanders

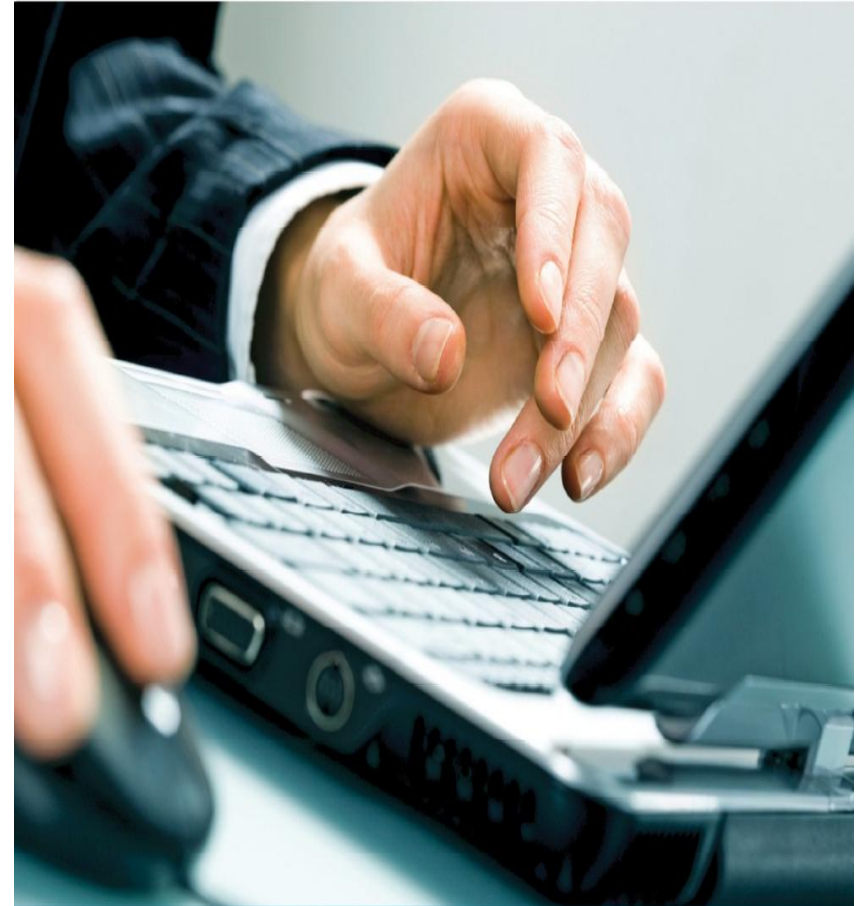
Ultra Fast Broadband:
Building Business Partnerships that Prosper

Graham Mitchell, Chief Executive Officer

28 Sept 2011

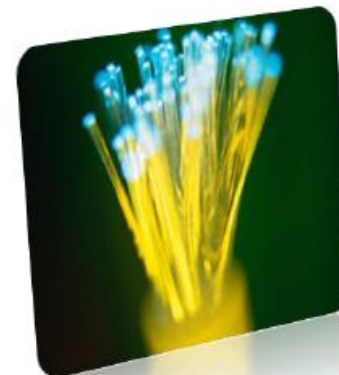
Topics for today:

- UFB PPP Approach
- Productivity & Bandwidth
- Deployment update
- UFB for Business



UFB – PPP Issues

- Key infrastructure – future productivity
- Private sector not investing
- Accelerate private sector participation
- Investment risk reduction
- Capital return once investment stable
- Not to “line” pockets of Private Partners
- Limited public funds – need to attract Private Funds



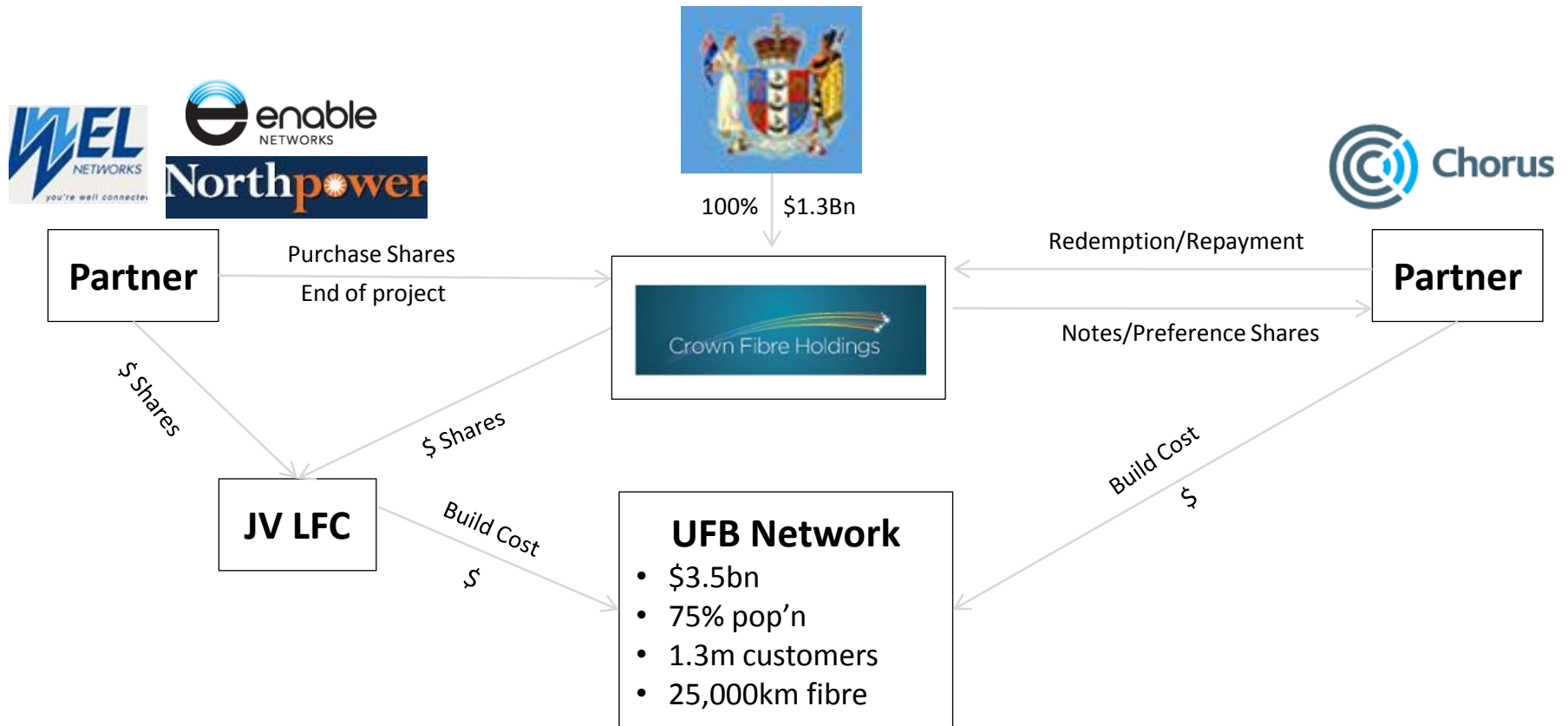
UFB – PPP Approach

- **Public investment in “market failure”**
 - Reduced risk of stranded capital
 - Private capital matches revenue
- **Competitive approach to attract Private Capital**
 - Ensures market set terms
 - Stretches public funding
- **Private sector management expertise key**
 - Ensures negotiations balanced
 - Need links to public policy
- **Establish output and input targets**
 - Focuses bidders
 - Criteria for advancing
- **Align Public & Private Goal**

UFB – PPP Outcomes

- Four partners selected
- Government policy objectives achieved
- Within fiscal envelope
- Consumer outcomes for products achieved
- Price & Bandwidth
- Net public cost \$600m : ~\$3.5bn infrastructure asset
- Return of public funds, share in upside

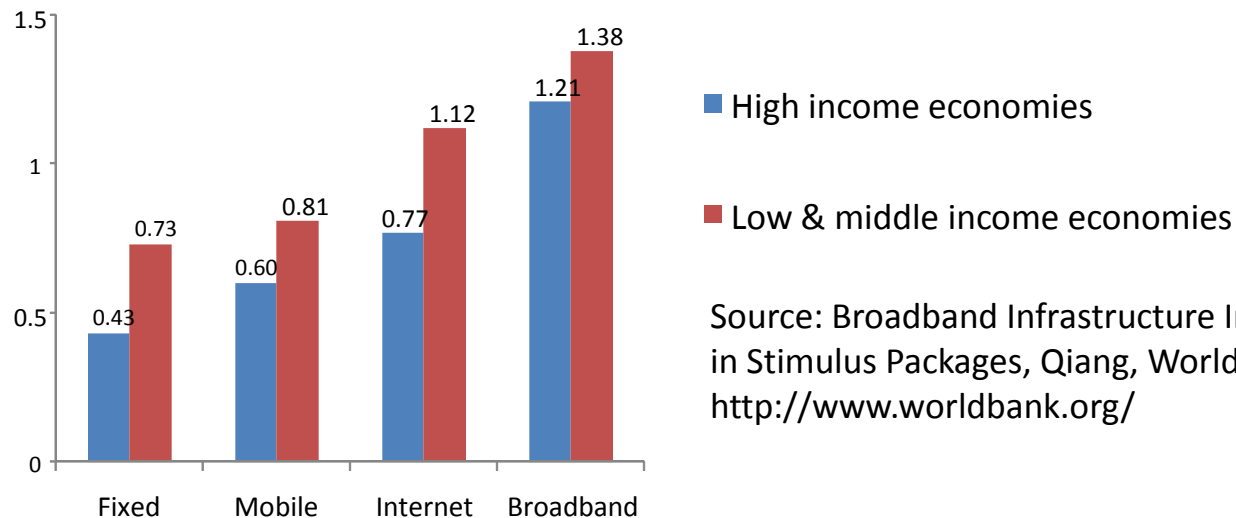
Funding UFB through PPP: 2 models



UFB tender process allowed for variant funding models.
Crown funding per premise similar in each deal.

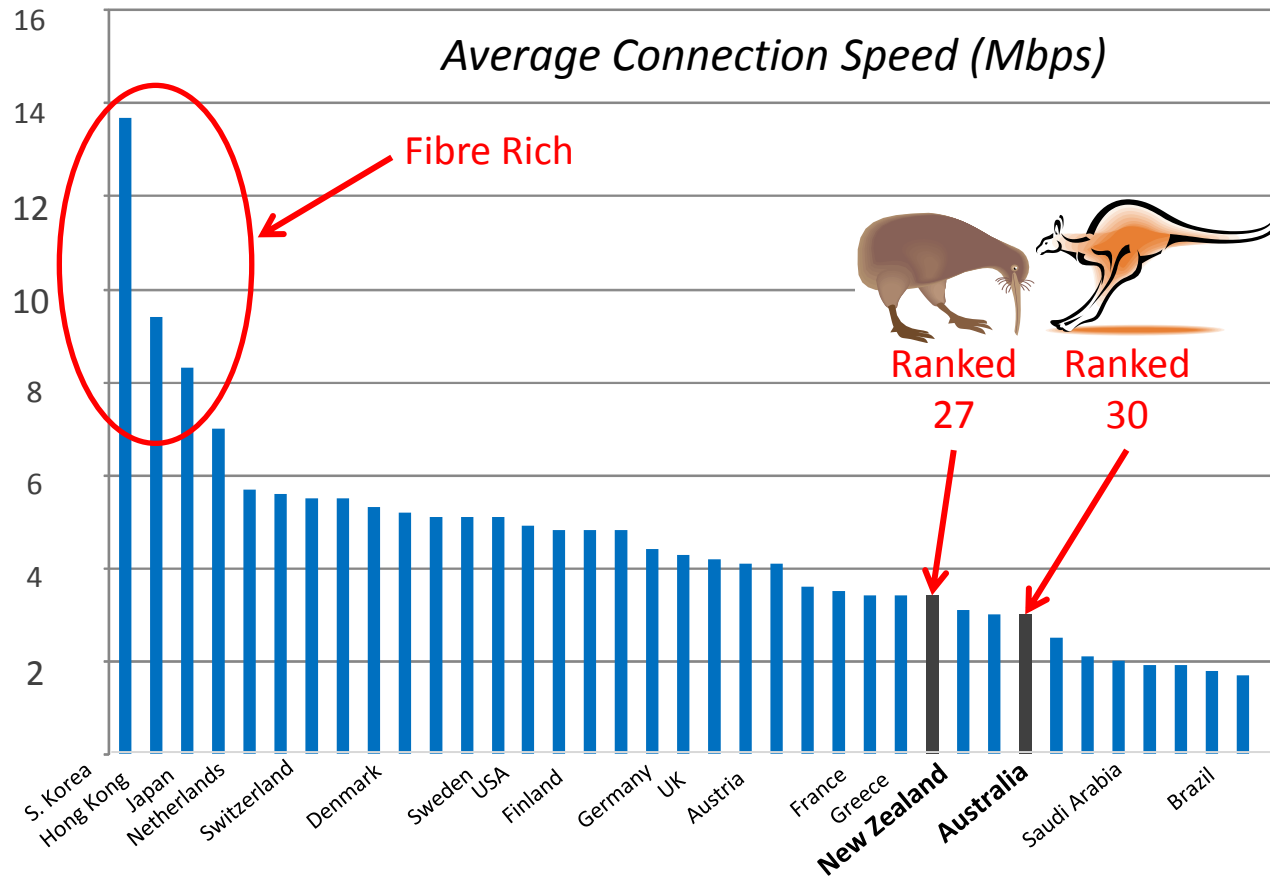
UFB: Driving Productivity

- World Bank suggests investment in Broadband has high flow-through to nationwide productivity:
 - 10% increase in telecommunications penetration via Broadband :
 - Expected to increase economic growth by 1.2% to 1.4%.



- Indirect / induced benefits: 1.71x capex boost into GDP
Source: Studies of US, Germany and UK, Raul Katz, Professor at Columbia Business School

NZ Broadband vs peers: Akamai



NZ well behind leaders on Internet speeds, but also slightly ahead of Australia

Source: Akamai "State of the Internet", Q4 2010.

Status of deployment and partners



- **Whangarei:**

- 50km+ already deployed
- Beta trial customers connected
- ~10 schools targeted this year
- Q4 2011 launch



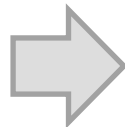
- **Central North Island:**

- Hamilton, Tauranga, Wanganui underway 55km +
- Service activation: 2012



- **Christchurch:**

- Deployment expected to commence late Q4 2011



- **Auckland, Wellington & other locations:**

- Auckland & Wellington underway
- Commencing Q4 2011 in additional locations
- UFB on existing fibre Q4

Deployment on track to reach over 50,000 premises by 30 June 2012.

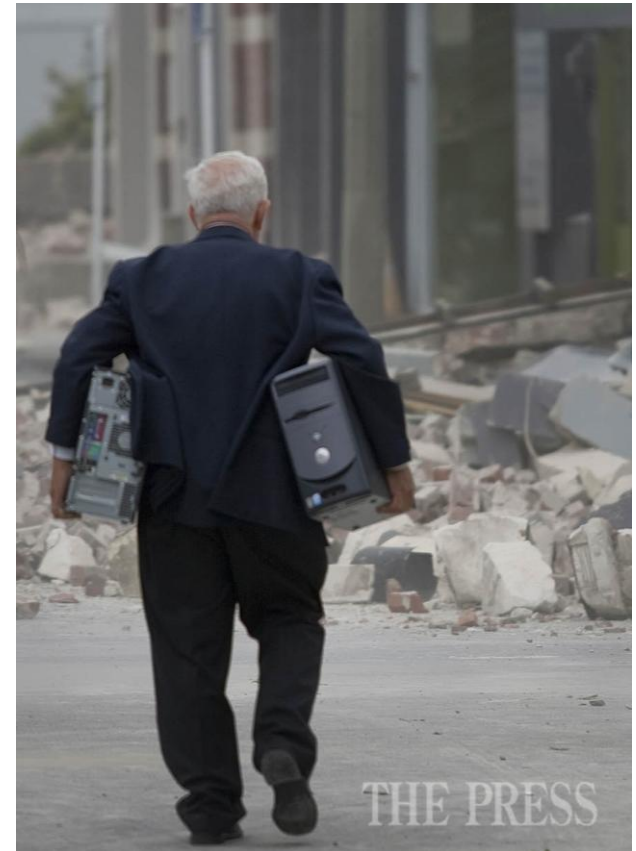
UFB productivity benefits:

Enabling new applications, improved processes:

- Cloud computing
- Higher speed WAN tails
- IP Video Conferencing
- Centralising IT, reduced cost

Symmetric UFB products:

- Business continuity / disaster recovery
- Extending Remote Working
- Coordination across multiple sites



Survey: 80%+ of surveyed businesses intend to take up UFB within 1 year of availability *

Source: * CFH / TUANZ, Dec 2010

Summary:



- Unique successful PPP model
- UFB focus to drive productivity
- UFB deployment underway
- Tracking well so far
- Demand building for UFB services