

2012

STAKEHOLDER REPORT

CARGO



CRUISE



REAL ESTATE





MESSAGE FROM THE CEO

Connections are an important part of any supply chain. Through the Port of Halifax, we connect shippers to over 150 countries worldwide. We work with local businesses to help them grow beyond Nova Scotia and reach new markets. The velocity and efficiency of Halifax works for customers around the world.

It is the strength of the collective supply chain that makes a port competitive. We want to thank everyone involved in the local Port community for their commitment to developing our Port and delivering quality service. From CN to terminal operators and trucking companies to stevedores, we are fortunate to have many partners driving our Port forward.

This past year was a record year for infrastructure investment. We, together with the Government of Canada and the private sector, have invested heavily in infrastructure at the Port of Halifax. We completed the pier extension at the South End Container Terminal which allows for two super-post-Panamax vessels to be serviced simultaneously, and the terminal also has a

brand new state-of-the-art truck gate. These enhancements are key to the Port's long-term competitiveness for containerized cargo.

In 2012, Richmond Terminals underwent major enhancements with a pier extension, shed and roadway improvements. Work continues on this project and breakbulk shows great promise well into the future. We will continue to reinvest to support the Port's diverse cargo, cruise and real estate lines of business.

Port partners have invested capital and time into infrastructure, business development and competitiveness. This joint effort has positioned Halifax well and we look forward to continuing to work together to develop the Port of Halifax.

KAREN OLDFIELD, QC
President & Chief Executive Officer
Halifax Port Authority



MESSAGE FROM THE CHAIR

On behalf of the Board of Directors of the Halifax Port Authority (HPA) I want to extend my sincere thanks to everyone in the Port community who is working hard every day to ensure the success of the Port of Halifax.

Business in Halifax is diverse which has helped to insulate the Port during the last few challenging years. From containerized cargo to bulk and breakbulk, we have invested in infrastructure and innovation to handle cargo more efficiently. We have redeveloped waterfront lands to support cruise business and to create a place local residents can enjoy. All of this work continues and the HPA is committed to making the best use of each asset under our care.

We are also committed to generating the maximum economic benefit from our Port, recognizing it is one of our region's economic engines, generating over \$1.5 billion in economic spinoffs each year.

The HPA continues to be in a solid financial position which allows us to continue reinvesting earnings from operations back into the Port. The support of the Government of Canada on the Gateway projects and ongoing investments made by the private sector over the years are creating jobs and spinoffs in our local economy.

The Halifax Port Authority continues to navigate through both local and global economic volatility and we are focused on achieving the goals of our business strategy. We will continue to work together with the Port community to develop and grow the Port as Canada's east coast gateway in a fiscally responsible manner to benefit our city, province and country.

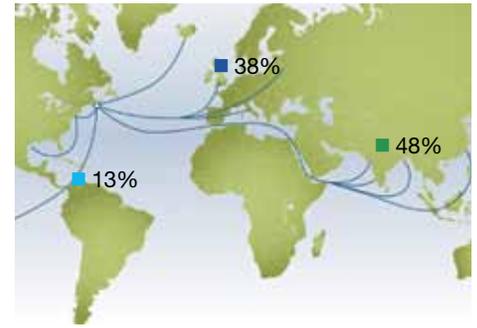
D. GEOFFREY MACHUM, QC
Chair, Board of Directors
Halifax Port Authority

DIVERSE AND GLOBAL CARGO OPPORTUNITIES

In 2012, cargo over the Port of Halifax continued to grow and diversify. Halifax now connects shippers to 150 countries and handles a wide range of cargoes ranging from containers to breakbulk, bulk, and roll-on/roll-off cargo of all dimensions.

Total cargo tonnage increased in 2012 with growth in containerized cargo and significant growth in the general cargo area, such as oversized breakbulk project cargo. Investments made in the Halifax Grain Elevator now allow for containerization of products such as soybeans grown on Atlantic Canadian farms and destined for Asian markets.

Manufacturing and trade continues to shift to different areas of the globe, specifically to Asia. This region now represents 48 per cent of our containerized cargo business. Europe continues to be an important market but is still facing economic uncertainty. Recently, we have found more opportunities for bulk and breakbulk commodities in this region.

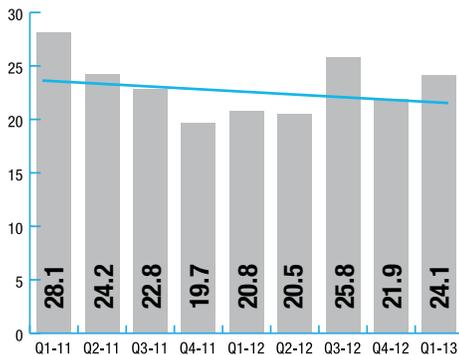


WORLD ORIGIN & DESTINATION IMPORTS & EXPORTS (CONTAINERIZED CARGO)

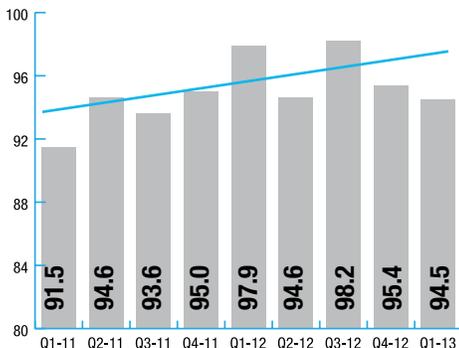
EUROPE	38%
ASIA	48%
LATIN AMERICA & CARIBBEAN	13%
OTHER	1%

Cargo Key Performance Indicators

KPIs-Import Dwell Hours-23 Hrs



KPIs Intermodal Export on Dock 95%



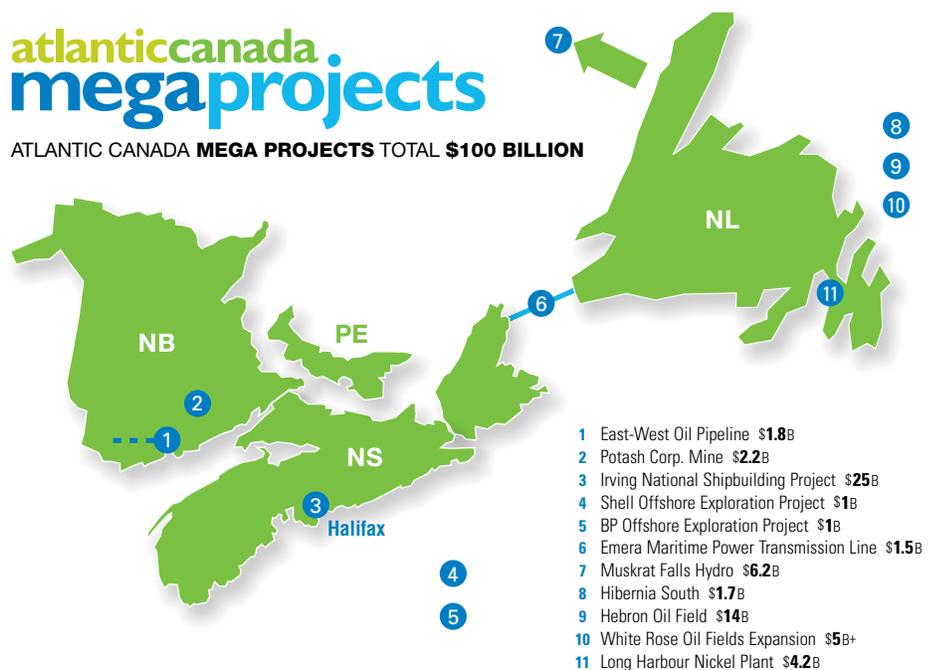
As the cascading effects of larger container vessels entering the world's fleet begin, Halifax is ready to handle more post-Panamax and super-post-Panamax ships. Our Port is a big ship port with the right infrastructure in place to service these vessels when they call Halifax.

Breakbulk has shown promise and growth over the last number of years. The \$73-million investment made by HPA and

the Government of Canada at Richmond Terminals is a timely project which positions Halifax well for breakbulk. With the 2012 addition of the Port of Sheet Harbour, the HPA can now market additional deep water terminals to customers locally and abroad. Mega projects upcoming in the Atlantic region, including the national ship building contract, also provide great opportunities for the Port of Halifax and the Port of Sheet Harbour.

atlanticcanada megaprojects

ATLANTIC CANADA MEGA PROJECTS TOTAL \$100 BILLION



RECORD YEAR FOR INFRASTRUCTURE INVESTMENT

\$47 million in capital spending on infrastructure in 2012.



The South End Container Terminal project is now complete with an extended pier as well as a new state-of-the-art truck gate. Two new cranes will be installed mid-2013 by the terminal operator.



Work at Richmond Terminals continues with 14 concrete cribs now in place for the pier extension and more work to come in 2013 on shed space.

ENVIRONMENT

The Port of Halifax was the first port in Canada to achieve ISO 14001 certification.

The Halifax Port Authority is committed to the environment, as well as the sustainability of Halifax Harbour and the local community in which we operate.

As part of our commitment, the HPA has implemented an Environmental Management System (EMS). We apply our EMS to all of our operations and it has been certified ISO 14001. The Port of Halifax was the first port in Canada to achieve ISO 14001 certification.

The HPA encourages environmental stewardship throughout the Port of Halifax by setting positive environmental performance examples for other Port users to follow.

The Port was recognized for its environmental leadership through its voluntary participation in the Green Marine initiative, a North American environmental improvement program.

The Port achieved a level five rating in the environmental leadership category for maintaining an ISO 14001 certification for environmental stewardship since 2005 and

applying it more broadly to Port tenants over the past four years. Green Marine considers a level five rating achieved when participants have shown excellence by accomplishing defined reduction targets or systemic use of technologies. The Port will continue to build on what has already been achieved and is working to accomplish top ratings in additional categories over the coming years.



COMMUNITY INVESTMENT

Each year, the Port of Halifax supports a variety of community events and causes, particularly in the areas of direct Port-related activities, arts and culture, and the environment.

In 2012, the Port supported a number of community organizations and events, including: the Mission to Seafarers, Clean Nova Scotia, Alderney Landing Children's Fine Art and Theatre Camp, Hope Cottage through the Halifax Employers Association, Atlantic Film Festival, Neptune Theatre, the Multicultural Festival, and Nocturne at Night.

JOINT BUSINESS DEVELOPMENT EFFORTS FOR LONG-TERM SUCCESS



The Halifax Port Authority, in collaboration with our partners, strives to diversify and drive growth across all lines of business through a focused approach to implementing our business strategy.

With cargo, the HPA pursues growth opportunities within the containerized, breakbulk and bulk sectors. Breakbulk projects across Atlantic Canada provide both the Ports of Halifax and Sheet Harbour with opportunities to source additional project cargo.

Containerized cargo remains a major priority as we identify and pursue target markets,

customers and commodities that play to Halifax's strengths as a container port. To achieve this, we will find and develop new opportunities with shippers and freight forwarders through an in-market targeted approach in regions such as Quebec, Ontario, and the Mid-Western United States. We will also build on the current momentum we have achieved in the agri-product sector.

In addition to targeted growth objectives, the Halifax Port Authority will continue to build regional support for Port activities in international markets, particularly in Southeast Asia.

The Halifax Seaport is a strong contributor to the cruise business and the broader community.



Business development efforts continue in other areas of our business as well, particularly in cruise and at the Halifax Seaport. Modern era cruise ships began calling the Port of Halifax more than 30 years ago, and contribute more than \$50 million to the local economy each season.

The HPA works with tourism and cruise partners to maintain and grow both port-of-call and turnaround cruise activity.

The Halifax Seaport is a strong contributor to the cruise business and the broader community. The HPA is actively engaging tenants to ensure the success of the district and work will continue over the next few years to enhance the Halifax Seaport Farmers' Market.

We will continue to produce **excellent financial results** as measured by both our operating results and completion of capital projects on time and on budget. We will continue to build our brand and **leverage existing strengths** to work across all levels of government, business communities, and stakeholders.

CRUISE

134 cruise ships called the Port of Halifax, carrying over a quarter million passengers.



In 2012, 134 cruise ships called the Port of Halifax carrying over a quarter million passengers. Cruise marked a significant milestone in September, having welcomed more than three million passengers to Halifax since cruise ships began calling here over 30 years ago.

The cruise season started early in 2012 when the Port welcomed the Azamara Journey, a ship that sailed the same route as the Titanic to commemorate 100 years since the sinking. In June, Disney Magic made its inaugural call to Halifax – the first of nine stops over the course of the season.

Shore power remains a priority for the Port of Halifax. Considerable ground work was completed in 2012 to bring shore power to the Port in 2014.



REAL ESTATE

Demand is high, which has led to extremely low vacancy rates.

The HPA manages 260 acres of federally-owned land located within Halifax Regional Municipality, most of which is marine industrial waterfront land. The variety of business activities taking place on the property we manage includes diverse container terminals, breakbulk terminals, cruise passenger handling facilities, event venues, a Farmers' Market, and a national museum to name a few.

There are six categories of real estate property managed by the Halifax Port Authority, including: container terminals, the grain elevator, cargo handling facilities, non-cargo facilities, Halifax Harbour and the Halifax Seaport. Demand at these properties is high, which has led to extremely low vacancy rates.



SEAPORT

The transformation of the Halifax Seaport into a destination for locals and tourists is ongoing. The Halifax Seaport continues to support our cruise business and the broader community. The Halifax Port Authority is actively engaging tenants, customers and stakeholders to ensure the success of this district.



CORPORATE GOVERNANCE & BOARD OF DIRECTORS



D. Geoffrey Machum, QC



David Henderson



Trevor Johnson



L. Anne Galbraith, CA



Ted Larsen



Hector Jacques, OC



Lantz Siteman

The Halifax Port Authority is governed by a board of seven directors who are appointed for three-year terms, chosen as follows:

- One member nominated by the Minister of Transport and appointed by the Governor in Council (Federal Director)
- One member chosen and appointed by the Province of Nova Scotia (Provincial Director)
- One member chosen and appointed by the Halifax Regional Municipality (Municipal Director)
- Four members nominated by the Minister of Transport in consultation with Port users and appointed by the Governor in Council (Port User Directors)

BOARD OF DIRECTORS AND COMMITTEES

March 1, 2013

CHAIR

D. Geoffrey Machum, QC
Port User Director ^{1, 3, 5, 6}

VICE-CHAIR

David Henderson
Port User Director ^{1, 4, 6*}

DIRECTORS

Trevor Johnson
Provincial Director ^{1, 2, 3*}

L. Anne Galbraith, CA
Federal Director ^{2, 3, 5}

Hector Jacques, OC
Municipal Director ^{1, 4*, 5}

Ted Larsen
Port User Director ^{2, 6}

Lantz Siteman
Port User Director ^{2, 4}

OFFICERS

March 1, 2013

CHAIR

D. Geoffrey Machum, QC

VICE-CHAIR

David Henderson

PRESIDENT & CEO

Karen Oldfield, QC

CORPORATE SECRETARY

Lorraine Brenton

SENIOR VICE-PRESIDENT

Paul MacIsaac, CA

VICE-PRESIDENT, BUSINESS DEVELOPMENT & OPERATIONS

George Malec

VICE-PRESIDENT, REAL ESTATE

Krista Dempsey



BOARD COMMITTEES

- 1** Governance Committee
- 2** Audit Committee
- 3** Human Resources & Compensation Committee
- 4** Security, Environment & Safety Committee

- 5** Seaport Committee
- 6** Gateway Strategy Committee
- *** Committee Chair



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