

October 5, 2020

## CUSTOMER NOTICE

### NEW CONTAINER CHARGES FROM JANUARY 1, 2021

Over the past five years LPC has continued to invest in infrastructure and assets at the Port, which has allowed us to increase capacity, improve resilience and support the region's economic growth.

Using a combination of insurance money and debt, LPC has delivered nearly \$650 million of infrastructure investment. A significant proportion of this investment is within the Container business, including:

- A new 230 metre container berth built to the highest global earthquake design standards.
- 16 hectares of new reclaimed land, giving us the capacity to handle the continued growth in Canterbury's export and import market.
- Four new reefer towers, with the world's most advanced reefer monitoring system, providing real time data.
- A new Rail Siding, doubling our terminal rail capacity.
- Capacity enhancements and a rail upgrade at LPC CityDepot
- New Tug *Piaka*, supporting the larger vessels that now call at Lyttelton
- A continued investment in our straddle carrier fleet.
- Two new ship to shore cranes

We've also future-proofed the logistics network and ensured Canterbury can cater for the forecasted growth and the continued trend to larger container vessels, by:

- A deepened and widened shipping channel, which will allow our customers to continue to connect directly with a comprehensive range of international and domestic shipping services.
- At MidlandPort we are focusing on optimising the supply chain by aggregating more cargo off port and more efficiently using our on port facilities.

Our focus is around building a sustainable and resilient Port that can partner with you to meet your future capacity demands – to do this we need to make an adequate return on our investments. We will therefore be introducing new pricing for various users of the port from January 1, 2021.

By creating separated, targeted charges, we are ensuring that the customer that benefits from each service or piece of infrastructure is the one being charged for it.

The charges are as follows:

<i>Ancilliary Charge</i>	<i>Charge</i>	<i>Description</i>
Port Infrastructure Levy	<b>\$34.50 per TEU</b>	Charged direct to the Shipping Lines for all full containers stevedored through the Port, excluding transhipments.
Road R&D Levy	<b>\$12.50 per Container</b>	Charged per container to Trucking Companies for all Road R&D movements via VBS (replaces the existing \$5.50 charge). Applies to LCT, ECY and City Depot.
Rail R&D Levy	<b>\$12.50 per Container</b>	Charged per container to KiwiRail for all containers through the LCT or City Depot Rail Siding.

We appreciate that any price increase is difficult and by providing three months' notice we hope we have allowed time for you to plan for these changes.

These charges will enable us to justify future investments, and ensure we are able to meet future needs. LPC's investments to date have meant that we are able to offer the importers and exporters of the region direct access to a wide range of shipping lines and high-quality landside assets. Future decisions to invest to grow capacity and capability will be driven by our ability to demonstrate we can pay for the new infrastructure.

If you have any further questions, please do not hesitate to contact me.

Kind regards

**Simon Munt**

GM Container Operations