

Dear Shareholder

Annual Report

South Port New Zealand Limited's Annual Report for the year ended 30 June 2018 is now available on our website. You can view the Report at:

http://www.southport.co.nz/assets/reports/2018_Annual_Report.pdf

South Port achieved a tax-paid profit of \$9.66 million (2017 \$8.45 million), an increase of 14% which is an excellent result for the Port, underpinned by a 13% increase in cargo flows. Bulk forestry cargoes exceeded 1 million tonnes for the first time in the port's history.

The Company continually strives to ensure appropriate health and safety systems are in place to safeguard employees, contractors, suppliers, port users and customers upon entering the port environment. One such system that has recently been adopted is the Common User Safety Protocol (CUSP). The document outlines the collective responsibility and duty of care for all parties on the health, safety and environmental rules and requirements that apply when working in shared South Port operational areas.

In the near future South Port will establish benchmarks for our annual environmental emissions performance (baseline carbon foot printing) and voluntarily report our greenhouse gas emissions. Ultimately this will lead on to a South Port specific Carbon Reduction Plan being produced.

South Port has begun the process of integrating Corporate Social Responsibility (CSR) into our business model. CSR is a business approach that contributes to sustainable development by delivering economic, social and environmental benefits for all stakeholders. Implementation of more CSR measures will occur in the coming 12 months and be reported on in our June 2019 Annual Report.

As has been signalled in previous Annual Reports, there are a number of assets that are now at or near the end of their physical useful life. South Port has an Asset Management Plan that details programmed maintenance spend on the Island Harbour infrastructure for a 20 year period. To extend the life of a number of these assets, maintenance expenditure has been lifted and will continue to increase over the next five years.

In addition to the increased maintenance spend, insurance companies are now raising the issue of whether ports need to carry out additional strengthening work on critical assets in coming years to maintain insurance cover. This could have significant cost implications for the Port and the Leadership team has started to investigate these requirements.

South Port estimates that earnings in the next financial year will likely be approximately 10% lower. Notwithstanding this lower earnings profile and in the absence of any unforeseen circumstances, the Directors will be endeavouring to maintain the current level of dividend payment.

Performance Highlights

Dividends per share	26 cents	No change
Record Cargo	3,440,000 tonnes	▲ 13%
Operating Revenue	\$41.0 million	▲ 11%
Reduced NPAT	\$9.66 million	▲ 14%
Earnings per share	36.8 cents	▲ 14%

Annual NPAT to 30 June 2018

\$9.66M

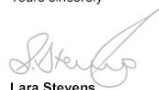
FY18 Dividend consistent at

26 cents
per share

Final Dividend

The final dividend declared of 18.5 cents per share takes the full year dividend for FY18 to 26.0 cents per share which leaves the dividend at the same level that was paid for FY17. The final dividend will be paid on 6 November 2018.

Yours sincerely



Lara Stevens
Finance Manager
South Port New Zealand Limited