

Disclosure of movement of 1% or more in substantial holding or change in nature of relevant interest or both
Sections 23 and 24, Securities Markets Act 1988

Relevant event being disclosed: Change in nature of relevant interest

Date of relevant event: 1 August 2014

To: NZX Limited

And: Lyttelton Port Company Limited

Date this disclosure made: 1 August 2014

Date last disclosure made: 12 April 2006

Substantial security holder(s) giving disclosure

Name(s): Port Otago Limited

Contact details:

Nathanael Starrenburg, Tel: 09 921 4300, Email: nathanael.starrenburg@hhl.co.nz

Summary of substantial holding to which disclosure relates

Class of listed voting securities: Ordinary Shares

Summary for: Port Otago Limited

For **this** disclosure,—

- (a) total number held in class: 15,825,477
- (b) total in class: 102,261,279
- (c) total percentage held in class: 15.476%

For **last** disclosure,—

- (a) total number held in class: 15,691,167
- (b) total in class: 102,261,279
- (c) total percentage held in class: 15.344%

Details of transactions and events giving rise to relevant event

Details of the transactions or other events requiring disclosure under the instructions to this form:

Port Otago Limited (“**POL**”) has entered into a lock up agreement (“**Lock Up Agreement**”) with Christchurch City Holdings Limited (“**CCHL**”) dated 1 August 2014 for POL to sell 15,825,477 ordinary shares in Lyttelton Port Company Limited (“**LPC**”) to CCHL pursuant to a full takeover

offer to be made by CCHL in accordance with the Takeovers Code. The consideration for the sale of the shares will be cash of \$3.95 per LPC share.

The offer will be subject to the condition (among others) that CCHL receives acceptances which will result in CCHL becoming the holder or controller of more than 90% of the voting rights in LPC.

Details of relevant interests in substantial holding after relevant event

Details for Port Otago Limited

Nature of relevant interest(s): Registered holder and beneficial owner, subject to the Lock up Agreement. The Lock Up Agreement is attached.

For that relevant interest,—

- (a) number held in class: 15,825,477
- (b) percentage held in class: 15.476%
- (c) current registered holder(s) of securities: Port Otago Limited
- (d) registered holder(s) of securities once transfers registered: Christchurch City Holdings Limited

Additional information

Nature of connection between substantial security holders: None

Address(es) of substantial security holder(s): Port Otago Limited, C/- Harnos Horton Lusk Limited, Level 37, Vero Centre, 48 Shortland Street, Auckland

Name of any other person believed to have given, or believed to be required to give, a disclosure under the Act in relation to the securities to which this disclosure relates: Christchurch City Holdings Limited

Declaration

I, Geoff Plunket, declare that, to the best of my knowledge and belief, the information contained in this disclosure is correct and that I am duly authorised to make this disclosure by all persons for whom it is made.

Lock-Up Agreement

Port Otago Limited

Christchurch City Holdings Limited



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LOCK-UP AGREEMENT

Date: 2014

PARTIES

PORT OTAGO LIMITED (*Port Otago*)

CHRISTCHURCH CITY HOLDINGS LIMITED (*CCHL*)

BACKGROUND

- A CCHL has agreed that, subject to the provisions of this agreement, it will make an offer for all of the ordinary shares in Lyttelton Port Company Limited (the *Company*) that it does not already own.
- B Port Otago owns 15,825,477 ordinary shares in the Company (the *Shares*), representing 15.48% of the 102,261,279 ordinary shares in the Company on issue as at the date of this agreement.
- C Port Otago has agreed that it will accept the Offer in respect of its Shares in accordance with the Offer Terms and the Takeovers Code.

AGREED TERMS

1 DEFINITIONS AND CONSTRUCTION

Definitions

- 1.1 In this agreement, unless the context otherwise requires:

Business Day means a day (other than a Saturday or Sunday) on which registered banks are open for general banking business in Auckland, New Zealand.

Company has the meaning given to that term in paragraph A of the Background.

Dividend Condition has the meaning given to that term in the Schedule.

Offer means a full cash takeover offer under Rule 8 of the Takeovers Code, on the Offer Terms, to be made by CCHL to purchase all of the ordinary shares in the Company.

Offer Terms means, subject to clause 2.3 and to any variation made by CCHL which is permitted by this agreement and the Takeovers Code, the essential offer terms set out in the Schedule.

Shares has the meaning given to that term in paragraph B of the Background.

Takeovers Code means the Takeovers Code approved by Takeovers Code Approval Order 2000 as consolidated, amended, re-enacted or replaced from time to time and as varied by any applicable exemption granted by the Takeovers Panel.

Takeover Notice means a takeover notice to be sent by CCHL to the Company in compliance with Rule 41 of the Takeovers Code and clause 2.1(a) below, and having



attached thereto an offer in accordance with the Offer Terms and the other information required by the Takeovers Code.

Interpretation

- 1.2 In this agreement, unless the context otherwise requires or specifically states otherwise:
- (a) headings are to be ignored;
 - (b) references to a party or a person includes any form of entity and their respective successors;
 - (c) singular includes plural and vice versa;
 - (d) any word or expression cognate with a definition in this agreement has a meaning corresponding to the definition;
 - (e) references to any form of law are to New Zealand law, including as amended, re-enacted or replaced;
 - (f) references to any document are to that document as amended in accordance with its terms;
 - (g) references to sections, clauses, schedules, annexes or other identifiers are to those in this agreement; and
 - (h) references to time and to money are to New Zealand time and New Zealand currency respectively.

2 TAKEOVER OFFER

Making of Offer

- 2.1 Subject to clauses 2.2 and 2.3, CCHL agrees that it will:
- (a) send the Takeover Notice to the Company in accordance with Rule 41 of the Takeovers Code within 3 Business Days of this agreement; and
 - (b) make the Offer (by sending the Offer to the Company's shareholders) in accordance with the Takeovers Code as soon as practicable after the first date on which the Offer may lawfully be made, unless the parties otherwise agree.

Material Adverse Change

- 2.2 CCHL's obligations under clauses 2.1(a) and 2.1(b) are each subject to the condition that:
- (a) no material adverse change; or
 - (b) event which would be reasonably likely to give rise to a material adverse change,

in, or materially adversely affecting, the condition, financial or otherwise, or the assets, liabilities, earnings, performance, results of operations or business affairs, of the Company, whether or not arising in the ordinary course of business, occurs in the period commencing on the date of this agreement and



ending on the later of the date the Takeover Notice is sent or by which the Offer is required by clause 2.1(b) to be made, as the case may be. The condition contained in this clause 2.2 may be waived by CCHL in respect of the Takeover Notice, the Offer or both.

Offer Terms

2.3 CCHL agrees that the Offer shall be made on the Offer Terms (except as otherwise agreed by CCHL and Port Otago in writing (acting reasonably) before the date of the Offer). Without limitation to the foregoing, CCHL shall not include in the Offer any terms which:

- (a) are unusual or are not customary for takeover offers in New Zealand; or
- (b) are onerous or impose obligations on shareholders which accept the Offer (other than the obligations contemplated by the Offer Terms or obligations which are customary for takeover offers in New Zealand).

Termination

2.4 If CCHL does not send:

- (a) the Takeover Notice to the Company by the time period contemplated in clause 2.1(a); or
- (b) the Offer to the Company's shareholders (in compliance with the Takeovers Code) within the time period required by clause 2.1(b),

then Port Otago may elect to terminate this agreement by written notice delivered to CCHL.

2.5 This agreement will terminate automatically if the Offer lapses in accordance with its terms or is withdrawn by CCHL in accordance with the Takeovers Code.

2.6 On termination of this agreement the parties shall have no further rights or obligations hereunder, except that termination shall not affect, limit or prejudice any rights or obligations that accrued prior to termination.

3 PORT OTAGO'S OBLIGATIONS

Acceptance of Offer

3.1 Subject to the Offer being made by CCHL in accordance with this agreement, Port Otago irrevocably agrees to accept the Offer in accordance with its terms and the Takeovers Code in respect of all of its Shares (by duly signing the acceptance form accompanying the offer document for the Offer and returning it to CCHL in accordance with the terms of the Offer) no later than the date which is two Business Days after the later of:

- (a) the date of despatch of the Offer to the Company's shareholders, as notified by CCHL under Rule 45 of the Takeovers Code; and
- (b) the date on which the Dividend Condition is satisfied.

Dealings with Shares

3.2 Port Otago agrees that, unless this agreement is terminated in accordance with its terms or the Offer lapses in accordance with its terms or is withdrawn in accordance



with the Takeovers Code, it will not dispose of, encumber or deal in any way with any of its Shares (except, for the avoidance of doubt, by accepting the Offer).

4 **WARRANTIES**

General warranties

4.1 Each of the parties represents and warrants to the other that:

- (a) this agreement creates obligations which are legally binding on it and are enforceable against it in accordance with the terms of this agreement;
- (b) neither the execution nor delivery of this agreement, nor the exercise of any right or the performance or observance of any obligation under this agreement, will:
 - (i) violate or contravene any law, regulation, order or decree to which it is bound or subject;
 - (ii) conflict with, or result in the breach of, any agreement, document, arrangement, obligation or duty to which it is a party or by which it or any of its assets may be bound or subject;
 - (iii) violate any of the documents constituting it or cause any limitation on any of its powers, or on the right or ability of its directors to exercise those powers, to be exceeded; or
 - (iv) result in the creation or imposition of, or any obligation to create or impose, any encumbrance on any of its property, assets or revenues.

Port Otago warranties

4.2 Port Otago represents and warrants to CCHL that:

- (a) at the date of this agreement and on the date of the Offer, it holds legal and beneficial title to the Shares and has full power, capacity and authority to sell, and transfer, both legal and beneficial ownership of, in and to the Shares in accordance with the Offer Terms; and
- (b) on payment of the purchase price in accordance with the Offer Terms, legal and beneficial title to the Shares will pass to CCHL free of all charges, liens, mortgages, encumbrances and other adverse interests and claims of any kind in accordance with the Offer Terms.

CCHL warranties

4.3 CCHL represents and warrants to Port Otago that, as at the date of this agreement:

- (a) it has taken all corporate action, and has obtained all approvals, consents and authorities of any nature, necessary to perform its obligations under this agreement, to make the Offer and to perform its obligations under the Offer; and
- (b) without limiting sub-clause (a), no approvals, consents or authorities of any central or local governmental or regulatory authority are necessary to perform its obligations under this agreement, to make the Offer and to perform its obligations under the Offer.



CCHL's own judgement

- 4.4 CCHL acknowledges that it has relied, and will rely, on its own judgement in entering into this agreement and making the Offer and that, except as set out in clauses 4.1 and 4.2 of this agreement and the warranties contemplated by the Offer Terms, Port Otago makes no, and will not make any, representations or warranties, express or implied, relating to the Offer, the Shares, the Company or its business.

5 EXERCISE OF VOTING RIGHTS

Holding and controlling of voting rights

- 5.1 Port Otago may exercise and/or control the exercise of all voting rights (as defined in the Takeovers Code) attached to its Shares in whatever manner it sees fit until such time as payment to Port Otago of the purchase price is made under the Offer. For the avoidance of doubt, nothing in this agreement will confer on CCHL or any other party the ability, or right, to hold or control (as defined in the Takeovers Code) the voting rights attaching to the Shares and no party will become the holder or controller of such voting rights except following payment of the purchase price to Port Otago under the Offer in relation to its Shares acquired by CCHL under the Offer.

No increase in voting control

- 5.2 The parties acknowledge that by executing this agreement they become associates (as defined in the Takeovers Code) of each other and accordingly each of them agrees not to acquire any further legal or beneficial interests in any Shares in the Company, increase their respective holding of control of voting rights in the Company, or otherwise take any action that would be in breach of the Takeovers Code. For the avoidance of doubt, this clause does not prevent CCHL from entering into agreements with other shareholders in the Company under which those shareholders agree to accept the Offer or from acquiring shares in the Company under the Offer. If this agreement is terminated the parties acknowledge that they will immediately cease to be associates as defined in the Takeovers Code.

6 NOTICES

Form of notice

- 6.1 If any party wishes to give to another party any notice, claim, demand or other communication (the *Notice*) under or in connection with this agreement, the Notice is to be in writing, made by facsimile, personal delivery, post or email to the addressee at the facsimile number or address set out below, and marked for the attention of the person or office holder (if any), from time to time designated for the purpose by the addressee to the other party. The initial facsimile number, address and relevant person or office holder of each party is:

To:	Port Otago Limited
Full address:	15 Beach Street Port Chalmers Otago
Attention:	Geoff Plunkett
Email address:	gplunket@portotago.co.nz



With a copy (which will not constitute notice):

To: Harmos Horton Lusk Limited

Full address: Level 37, Vero Centre
48 Shortland Street
Auckland 1010

Attention: Andrew Harmos / Nathanael Starrenburg
Email address: andrew.harmos@hhl.co.nz / nathanael.starrenburg@hhl.co.nz

To: Christchurch City Holdings Limited

Full address: Christchurch City Holdings Limited
53 Hereford Street
Christchurch 8140

Attention: Bob Lineham
Email address: bob.lineham@cchl.co.nz

With a copy (which will not constitute notice):

To: Chapman Tripp

Full address: Unit 1, 245 Blenheim Road
Upper Riccarton
Christchurch 8041

Attention: John Holland
Email address: john.holland@chapmantripp.com

When notice effective

6.2 No communication is to be effective until received. A communication will, however, be deemed to be received by the addressee:

- (a) in the case of a facsimile, on the Business Day on which it was despatched or, if despatched after 5.00pm (in the place of receipt) on a Business Day or, if despatched on a non-Business Day, on the next Business Day (in the place of receipt) after the date of despatch provided in each case that there is produced a transmission report by the machine from which the facsimile was sent which indicates that the facsimile was sent in its entirety to the facsimile number of the recipient;
- (b) in the case of personal delivery, when delivered;
- (c) in the case of a letter, on the third Business Day after posting if posted in New Zealand, or on the fifth Business Day if posted to or from a place outside New Zealand; and
- (d) in the case of a communication sent by email, on the Business Day on which it was despatched or, if despatched after 5.00p.m. (in the place of receipt) on a Business Day, or if despatched on a non-Business Day, on the next Business Day (in the place of receipt) after the date of despatch provided in each case the computer system used to transmit the communication:



- (i) has received an acknowledgement of receipt to the email address of the person transmitting the communication; or
- (ii) has not generated a record that the communication has failed to be transmitted.

7 GENERAL

Compliance with law

- 7.1 Nothing in this agreement shall require any party to do any act or thing in contravention of the Takeovers Code, the Securities Markets Act 1988, the Financial Markets Conduct Act 2013 or the Companies Act 1993.

Time of the essence

- 7.2 Any time, date or period in this agreement may be extended by agreement between the parties but, as regards any time, date or period, fixed or extended, time shall be of the essence.

Amendments

- 7.3 No amendment to this agreement will be effective unless it is in writing and signed by all parties.

Further assurances

- 7.4 Port Otago and CCHL shall promptly do everything reasonably required to give effect to this agreement according to its spirit and intent.

Counterparts

- 7.5 This agreement may be signed in two or more counterparts (including facsimile copies and scanned PDF copies), each of which when taken together shall constitute one and the same instrument and a binding and enforceable agreement between the parties.

No waiver

- 7.6 No waiver of any breach, or failure to enforce any provision, of this agreement at any time by a party in any way affects, limits or waives the right of such party thereafter to enforce and compel strict compliance with the provisions of this agreement.

Costs

- 7.7 Except as otherwise expressly provided in this agreement, each party shall bear its own costs and expenses incurred in connection with the negotiation, preparation and implementation of this agreement.

Entire agreement

- 7.8 This agreement records the entire agreement and understanding (express or implied) between the parties relating to the subject matter of this agreement as of the date hereof, and prevails over any earlier agreement, whether written or oral, relating to the transaction recorded in this agreement.

Governing law

- 7.9 This agreement is governed by New Zealand law. The parties submit to the non-exclusive jurisdiction of the courts of New Zealand in respect of all matters arising out of this agreement and waives any right that party may have to object to an



action being brought in those courts, to claim that the action has been brought in an inconvenient forum, or to claim that those courts do not have jurisdiction.

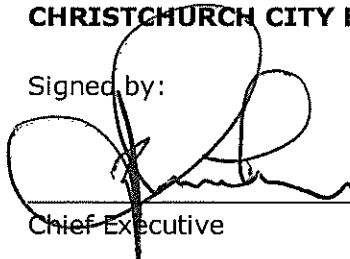
EXECUTION

PORT OTAGO LIMITED by:

Director

CHRISTCHURCH CITY HOLDINGS LIMITED

Signed by:



Chief Executive



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EXECUTION

PORT OTAGO LIMITED by:



Director

CHRISTCHURCH CITY HOLDINGS LIMITED

Signed by:

Chief Executive



SCHEDULE: OFFER TERMS

Full Offer

The Offer will be an offer for 100% of the Company's equity securities not already held by CCHL, whether voting or non-voting.

Takeover Consideration

The offer price shall be \$3.95 per ordinary share (excluding any dividend paid by the Company prior to closing of the Offer), payable by way of cash.

If for any reason CCHL receives all or any part of any dividend paid by the Company in respect of shares in the Company held by shareholders who accept the Offer, CCHL must hold that amount on trust for the relevant shareholder and promptly pay that amount to the relevant shareholder without deduction, set-off or withholding.

Offer Timetable

The Offer will be open for 30 days and will not be extended.

Offer Conditions

The Offer will be subject to a condition that acceptances must be received, which on registration of the transfer of those Shares (when taken together with other Shares already held or controlled by CCHL) will result in CCHL holding or controlling 90% or more of the voting rights in the Shares in LPC. This condition will not be capable of waiver.

The Offer will be conditional on the Company declaring and paying a special dividend of \$0.20 per Share, with imputation credits fully attached, to the extent they are available, prior to the closing of the Offer. In the event full imputation credits are not available, the dividend shall be imputed to the extent available imputation credits allow. This condition is not waivable by CCHL. This condition is the *Dividend Condition*.

In addition, the Offer will be subject to conditions customary for takeover offers in New Zealand, including material adverse change.

Unconditionality and payment

CCHL must declare the offer unconditional in all respects prior to 10.00am on the day after the later of the day on which Port Otago accepts the Offer for all of its shares and the day on which the Dividend Condition is satisfied assuming no other conditions referred to above have not been met.

CCHL must pay the offer price within seven days after the later of the day on which the Offer is declared unconditional and the day on which a shareholder accepts the Offer.

Warranties

Customary warranty that title to accepting shareholder's shares will transfer to CCHL on payment of the offer price free of encumbrances and other adverse interests.