

2020 ANNUAL REPORT



LEADING WITH HUMAN INNOVATION

Prince Rupert Port Authority
2020 Key Facts & Figures

VIGOROUS TRADE. THRIVING COMMUNITIES. SUSTAINABLE DEVELOPMENT.

2020 will be remembered as a year of unprecedented uncertainty and challenge to the Prince Rupert Port Authority (PRPA), its staff and stakeholders, the transportation sector and supply chains, and the world at large. Despite the impacts of COVID-19, year-end results illustrate the Port of Prince Rupert's resiliency, reliability, and competitiveness as a global trade gateway. The Port set another record for annual cargo volumes with 32.4 million tonnes of cargo moved through the Port of Prince Rupert in 2020, nine percent more than in 2019.

Essential port operations also provided important economic stability for the region through the year while ensuring essential goods made it to market and supply chains through the gateway continued, unimpeded.

The obstacles presented by the pandemic have not hindered progress on several key projects aimed at sustainably growing and diversifying the Port complex. Construction crews are nearing completion of the Fairview-Ridley Connector Corridor, a 5-kilometre private haul road that will reroute container trucks away from city streets and significantly reduce truck emissions; DP World gained regulatory approval for the southern expansion of Fairview Container Terminal that will support a future capacity of 1.8 million TEUs; Vopak Canada significantly advanced its proposed new liquid bulk storage and export facility on Ridley Island, setting expectations for a final investment decision in late 2021; and the environmental assessment process began for the proposed Ridley Island Export Logistics Platform, a project that will support large-scale transloading, maximizing value to Canadian exporters.

Despite the impacts of COVID-19, year-end results illustrate the Port of Prince Rupert's resiliency, reliability, and competitiveness as a global trade gateway.

PRPA continues to advance the development of critical infrastructure and expansion projects that support the resilience of gateway operations, and the growth and diversification of cargo handling capabilities and capacities at the Port of Prince Rupert. By expanding trade enabling infrastructure, we will not only support our regional economy, but will be poised to

offer Canadian industries a competitive edge as the global economy rebounds from the effects of the pandemic.

Our partners, employees, and stakeholders all want to know we can deliver critical services and economic benefits, while maintaining environmental and social balance. Striking

that balance is a critical priority for the board and management. We are confident that PRPA, and its successful track record of building a better Canada by growing global trade, will continue to be Canada's leading edge.

As always, we would also like to thank PRPA's team of dedicated staff, the people behind our thoughtful innovation and track record of success.

We encourage you to visit our full Annual Report online at 2020.rupertport.com for a more detailed review of our 2020 activities.

Sincerely,



Shaun Stevenson
President & CEO



Frans Tjallingii
Board Chair

2020 TRADE HIGHLIGHTS

9%



GROWTH IN PORT-WIDE VOLUME TO A RECORD 32.45 MILLION TONNES

1,159,207 +

TONNES IN NEW LPG PROPANE VOLUMES AT RIPET

26%



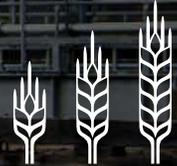
GROWTH IN TOTAL VOLUME HANDLED AT RIDLEY TERMINALS INC.

33%



GROWTH IN WOOD PELLETS EXPORT VOLUME

3%



GROWTH IN BULK GRAIN EXPORT VOLUME

6%



DECLINE IN CONTAINER VOLUME HANDLED AT FAIRVIEW TERMINAL

2020 BOARD OF DIRECTORS:

Frans Tjallingii

John Farrell

Kenneth Clayton

Jennifer Clarke

Peter Lantin

Rita Andreone

Beverley Clifton Percival

2020 SIGNIFICANT ACHIEVEMENTS

PERFORMANCE AND GROWTH

Despite headwinds caused by COVID-19, the Port of Prince Rupert set another record for annual cargo volumes with 32.4 million tonnes of cargo in 2020, nine percent more than the previous year. The Port facilitated increased trade in support of Canada's economic health through the pandemic, providing important economic stability for the region while ensuring essential goods made it to market. The Port's highest annual total volume to date was led by a rise in exports of coal, propane, and wood pellets. Thanks to the diversification of our cargoes, and the commitment and determination to maintain a safe working environment through the pandemic by our Port partners and the men and women working in the gateway, the Port of Prince Rupert's operations have remained resilient.

MAJOR PROJECTS

Construction crews are nearing completion of the Fairview-Ridley Connector Corridor, a 5-kilometre private haul road that will reroute container trucks away from city streets and significantly reduce truck emissions. Throughout the COVID-19 pandemic, crews from the Coast Tsimshian Northern Contractors Alliance, a local First Nations joint venture, have safely worked to build this critical piece of infrastructure. The construction project is expected to be largely finished in Q3 2021, paved in Q2 2022, and activated upon completion of the Fairview Terminal southern expansion.

DP World gained regulatory approval to move forward with the southern expansion of Fairview Container Terminal that will support a future capacity of 1.8 million TEUs by Q4 2023. In addition, the environmental assessment process began for the proposed Ridley Island Export Logistics Platform, a project that will support large-scale export transloading, maximizing value to Canadian exporters and supporting the growth of the intermodal business in the Port of Prince Rupert. The infrastructure is designed to host integrated large-scale bulk transload and breakbulk facilities, and an off-dock container yard.

Construction of Pembina's new propane marine export facility on Watson Island neared completion by the end of 2020. Although not located within PRPA's jurisdictional boundaries, the new LPG terminal will generate additional rail and marine traffic and PRPA has

undertaken steps to ensure that the highest levels of navigational safety are in place to support operations.

In 2020, the Vopak Pacific Canada project continued its federal and provincial environmental assessment processes. The proposed project would develop bulk liquid storage and marine export facilities on Ridley Island to move Canadian-made LPGs, methanol, and refined fuels in global demand as alternatives to current high-carbon energy sources.

PORT SAFETY AND SECURITY

PRPA completed a comprehensive Navigational Risk Assessment and implemented several of its recommendations in 2020. These include sterner requirements of shackle deployment and heavy ballast conditions for vessels at anchor, as well as lower wind thresholds for anchorage advisories issued by the Coast Guard when inclement weather is predicted.

2020 saw the addition of range markers (for laden outbound traffic) and port-side marker buoys (for inbound vessels) to ensure navigational safety near Watson Island to facilitate the expected increase in LPG export traffic created by the new Pembina Prince Rupert LPG Terminal. PRPA also facilitated the installation of three new current sensors – one at the terminal on Watson Island, one in Porpoise Channel, and one at Fairview Terminal; two new tide sensors at Pembina and Fairview Terminals; and three new wind and wave sensors installed in the Inner Harbour, Flora Bank, and Triple Island. This network of data collection infrastructure far exceeds navigational requirements and contributes to a vigorous live data reporting system for the Port of Prince Rupert that is available publicly online.

To lay groundwork for Port growth and expansion also means investing in safety and security infrastructure and human capital to meet the demands of our future Port. In 2020, PRPA added six new Gateway Operator positions to its Port Security team. These individuals have been trained to fully manage the Emergency Operations Centre and now their presence improves 24/7 Emergency Operation Centre preparedness should the need arise, paving the way for robust and strategic gateway security management.

SUSTAINABLE GROWTH AND DEVELOPMENT

While the Port is already one of the top performers in this area, PRPA has set a goal to reduce the carbon intensity of the gateway by a further 30% by the year 2030, and a longer-term goal of achieving carbon neutrality by 2050. For us, this starts with smart gateway planning.

Examples include the Fairview-Ridley Connector Road that will reduce container truck GHG intensity by approximately 60% from the current route, and our new investments in shorepower for container vessels at berth are forecast to result in a reduction of 75% of emissions from that source.

In 2020, Green Marine not only re-certified PRPA, but also determined that the organization is once again one of the highest environmental performers in North America. This year marks ten years of PRPA participation in the program. With support from Transport Canada's Transportation Asset Risk Assessment (TARA) initiative, PRPA was also the first port authority to develop a detailed digital model to forecast climate change scenarios and undertake a detailed audit of their risks to trade infrastructure and operations.

Despite challenges around physical distancing, PRPA's Environmental team continued to collaborate with Fisheries and Oceans Canada, Coast Mountain College's Applied Coastal Ecology program, as well as local First Nations fisheries on the Aquatic Invasive Species Program. In 2020, extensive monitoring took place in marinas around Prince Rupert, Port Edward, Metlakatla, and Lax Kw'alaams.



COMMUNITY INVESTMENT & ENGAGEMENT

With in-person events on hold due to COVID-19 restrictions, PRPA pivoted to online platforms to engage with stakeholders and community members for much of 2020. However, this change in social behaviour did not limit the success of stakeholder partnerships and community participation. In some cases, the challenges of the pandemic provided opportunity to help our local and isolated coastal communities with enhanced food security, accessibility support, and educational investments.

PRPA updated its Land Use Plan in 2020 to capture a dynamic decade of new investments, terminals, and infrastructure that have developed at the Port of Prince Rupert. This high-level strategic document reflects PRPA's current vision of the growth potential for Canadian trade, and the progressive and innovative planning required to achieve it.

2020 marked the tenth anniversary of completed projects through PRPA's Community Investment Fund. Ranging from the Rushbrook Trail revitalization to specialized diagnostic equipment at Prince Rupert Regional Hospital, the legacy of the projects themselves

illustrates the many ways the Fund has improved life for people across Northwest BC. Through the Skeena River Salmon Enhancement Program, PRPA partnered with SkeenaWild Conservation Trust to invest in research that will play an important role in the future recovery of wild salmon stocks in BC.

2020 FINANCIAL STATEMENTS

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

December 31 (expressed in \$000's)

YEARS	2020	2019
ASSETS		
Current:		
Cash and cash equivalents	\$ 12,740	\$ 14,522
Term deposits	55,225	83,998
Accounts receivable	42,507	15,118
Prepaid expenses	747	653
<i>Total current assets</i>	<i>111,219</i>	<i>114,291</i>
Non-current:		
Employee benefits	101	-
Long-term receivables	-	248
Term deposits	2,001	-
Property and equipment	271,539	203,925
Intangible assets	293	287
<i>Total non-current assets</i>	<i>273,934</i>	<i>204,460</i>
TOTAL ASSETS	\$ 385,153	\$ 318,751

LIABILITIES AND EQUITY OF CANADA

Current:

Accounts payable and accrued liabilities	\$ 42,662	\$ 25,485
Current portion of deferred revenue	443	265
<i>Total current liabilities</i>	<i>43,105</i>	<i>25,750</i>

Non-current:

Employee benefits	-	85
Deferred revenue	1,401	1,435
Deferred contributions	52,412	32,965
<i>Total non-current liabilities</i>	<i>53,813</i>	<i>34,485</i>

TOTAL LIABILITIES \$ 96,918 \$ 60,235

EQUITY OF CANADA

Contributed capital	36,213	36,213
Surplus	252,022	222,303
<i>Total equity of Canada</i>	<i>288,235</i>	<i>258,516</i>

TOTAL LIABILITIES AND EQUITY \$ 385,153 \$ 318,751

CONSOLIDATED STATEMENT OF NET INCOME

Year Ended December 31 (expressed in \$000's)

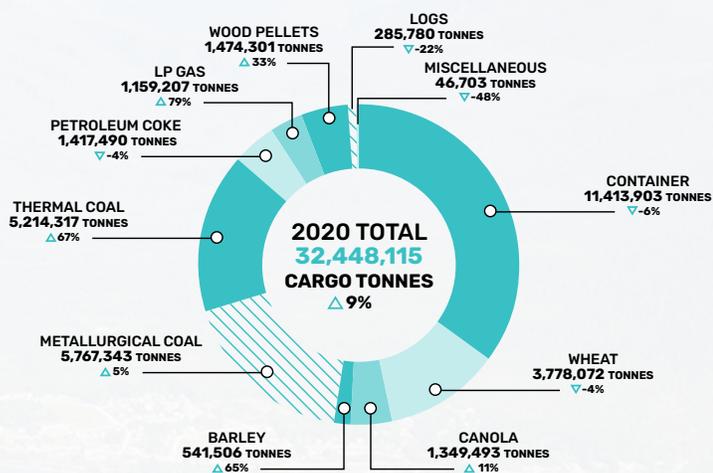
YEARS	2020	2019
REVENUE	\$ 67,169	\$ 66,568
EXPENSES		
Amortization	4,967	4,812
Operating and administrative	8,137	9,620
Federal stipend	3,343	3,337
Payments in lieu of municipal taxes	2,157	2,474
Professional and consulting fees	3,857	6,056
Repairs and maintenance	1,591	1,112
Salaries and benefits	13,623	12,470
<i>Total expenses</i>	<i>37,675</i>	<i>39,881</i>
INCOME FROM OPERATIONS	29,494	26,687
OTHER INCOME AND EXPENSES		
Interest income	1,393	1,867
(Loss) gain on sale of assets	(8)	10
Loss on foreign exchange	(5)	(4)
OTHER INCOME	1,380	1,873
NET INCOME	\$ 30,874	\$ 28,560

STATEMENT OF COMPREHENSIVE INCOME

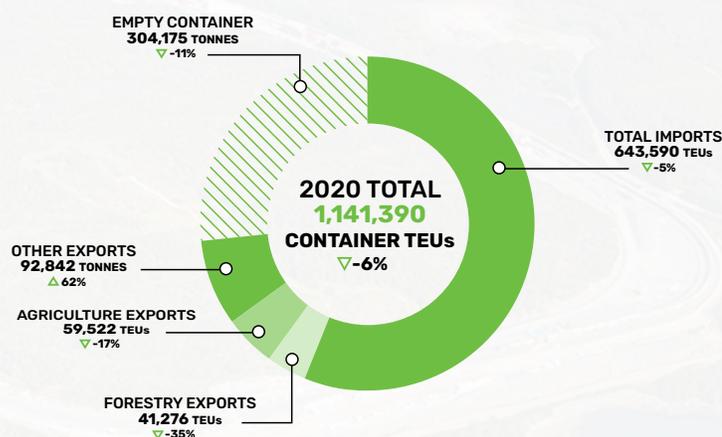
Year Ended December 31 (expressed in \$000's)

YEARS	2020	2019
NET INCOME	\$ 30,874	\$ 28,560
OTHER COMPREHENSIVE INCOME		
Defined benefit plan actuarial losses	(1,155)	(1,406)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	\$ 29,719	\$ 27,154

TOTAL: 32,448,115 TONNES Δ 9%



TOTAL: 1,141,390 TEUs ∇ -6%



CONSOLIDATED STATEMENT OF CASH FLOWS

Year Ended December 31 (expressed in \$000's)

YEARS	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Net income for the year	\$ 30,874	\$ 28,560
Adjustments for:		
Amortization of deferred contributions	(2)	(1)
Amortization expense	4,969	4,812
Loss (Gain) on disposal of property and equipment	8	(10)
Net finance income	(1,388)	(1,867)
	34,461	31,494
Change in working capital items:		
Accounts receivable	(27,470)	(1,268)
Prepaid expenses	(94)	(70)
Employee benefits	(1,341)	(1,262)
Accounts payable and accrued liabilities	17,177	7,251
Deferred revenue	144	(57)
Deferred contributions	19,147	2,880
<i>Total change in working capital</i>	<i>7,563</i>	<i>7,474</i>
NET CASH FROM OPERATING ACTIVITIES	42,024	38,968
CASH FLOWS FROM INVESTING ACTIVITIES		
Interest received	1,798	1,625
Proceeds from sale of property and equipment	12	15
Acquisition of property and equipment	(85,317)	(13,572)
Industry contributions	12,988	85
Sale of term deposits	222,003	79,800
Purchase of term deposits	(195,620)	(116,000)
Promissory note repayments	330	330
<i>Net cash used in investing activities</i>	<i>(43,806)</i>	<i>(47,717)</i>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,782)	(8,749)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	14,522	23,271
CASH AND CASH EQUIVALENTS, END OF YEAR	\$ 12,740	\$ 14,522

To see our full audited financial statements please visit:
www.rupertport.com/port-authority/financial-statements

