

2 July 2018

**IMPORTANT BILLING CHANGE EFFECTIVE 1 AUGUST 2018**

I am writing to notify you of a change to TAL & Allied Liquor's (TAL) billing process which has arisen due to unsustainable cost increases, changing supplier pack formats and customer order profiles which have been experienced over the past 24 months.

As you would expect, TAL makes every effort to manage its costs and operate as efficiently as possible, however, as with every business there are some cost increases that are unavoidable and need to be recovered. TAL has experienced significant Logistics and Freight cost pressures, including:

- minimum wage increases, low unemployment and immigration constraints driving wage pressure throughout the logistics operations;
- rent and OPEX increases; and
- ongoing freight and fuel cost pressures.

TAL partners with its aligned suppliers to offer its customers and suppliers a Pricing Model that is transparent and simple allowing straight forward loading of deals by suppliers for customers from consistent TAL price points. This ensures that our customers and supplier partners can easily manage margins when discussing any pricing and deals offered through TAL.

This consistent and aligned Pricing Model approach has left TAL in a difficult position in relation to managing the recovery of its increasing Logistics and Freight costs. If TAL were to unilaterally increase its pricing to recover the cost increases, this would prove very disruptive to the aligned Pricing Model. In order to continue to offer the consistent and aligned Pricing Model, TAL has been forced to add an additional charge line to all invoices, which is geared to assist with the simple and transparent recovery of its unsustainable Logistics and Freight cost increases. This will take the form of a Logistics and Freight Recovery Levy of \$4.50 per invoice (excl. GST), which will be effective from 1 August 2018.

Please note that we do not take the above action lightly and have considered all options before making the change. We commit to continue reviewing our operations in order to service your businesses as efficiently and cost effectively as possible.

I would like to take this opportunity to thank you for your support and hope that you appreciate that the changes above are made to ensure that we can continue to service your business into the future.

Yours sincerely,



Grant Simpson  
**GENERAL MANGER**