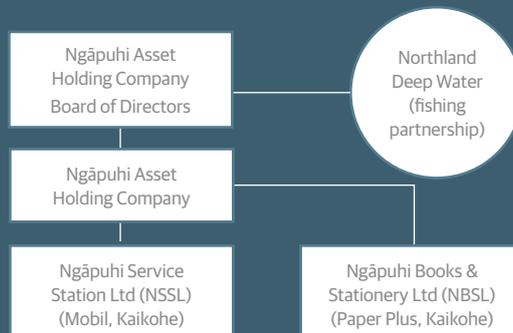




TĀ TE HEAMANA O NGĀPUHI ASSET HOLDING COMPANY LTD

Chair's Report



**NGĀPUHI ASSET HOLDING COMPANY LTD
BOARD OF DIRECTORS**

Jason Witehira	Chair
Wane Wharerau	Director
John Rae	Director
Mike Simm	Director
Elena Trout	Director
Helene Leaf	Alternate Director

Jason Paki Witehira

Heamana – Chair

Tēna rā tātou katoa,

Korōria ki te Atua i runga rawa, he maungarongo ki te mata o te whenua, he whakaaro pai ki ngā tāngata katoa. Tēna tātou katoa.

Tēnā koutou e kuia mā, e kaumatua mā e noho ake nei hei whakaruruhau mō mātou. Ka mihi atu ki te hunga pakeke e whakarangatira ake i tō tātou hui.

Ka nui te aroha ki a koutou.

Therefore, on behalf of the Board of Directors I am honoured to be able to report and build upon the recent favourable financial results for Ngāpuhi Asset Holding Company Limited (“NAHC”), and its wholly owned subsidiary entities (collectively “the NAHC Group”).

NAHC is the commercial arm of the Rūnanga, and holds its assets in trust aligned to the same charitable purposes. The NAHC management and governance teams are fully committed to grow and develop this asset base as a stable financial platform for the advancement of all Ngāpuhi.





The year ended 30 June 2018 is the sixth-successive year of improved financial performance within the NAHC Group.



**HE MAHI AHUMONI
FINANCIAL PERFORMANCE**

The year ended 30 June 2018 is the sixth-successive year of improved financial performance within the NAHC Group. With a net contribution of \$4.1m provided by the NAHC Group we were able to exceed last year’s record performance within core operations, and without the benefit of the one-off commercial receipts negotiated in the prior year.

By investing in long term trusted supply arrangements and partnering with entities that share our values and core beliefs, the NAHC Group is aspiring to best mitigate any negative volatility within our trading results. The pursuit of economic resilience is being continually developed to enable the NAHC Group to honour its commitments to the Rūnanga, with confidence, and to provision for the future.

The total assets held within the NAHC Group has also increased during the year by \$1.6m to \$60.6m (2017: \$59.0m). This is despite taking a conservative position in recognising the fisheries quota held and shares within Moana NZ. Within the comparative six years of improved financial results the equity within the NAHC Group has almost doubled, providing a platform for the future aspirations of Ngāpuhi and demonstrating the benefits of investing within internal capabilities and best practice governance. The genesis of this kaupapa can be attributed to the highly regarded Chairs of the NAHC Group, that have served Ngāpuhi before me.

We are all now benefiting from their vision, and we will continue to uphold those standards.

I genuinely hold the belief that the NAHC Group is now capable and positioned to develop upon more aspirational endeavours of Ngāpuhi with the Rūnanga. We would like to develop our people in sustainable and meaningful roles that will add to, and advance the next journey that Ngāpuhi is about to undertake.

**HE RINGA TOHU
DIRECTORSHIPS**

As previously advised, the NAHC Board has welcomed Mike Simm and Elena Trout, both highly respected governance practitioners, onto the Board during the year. The Board has benefited greatly for their contributions and specialised expertise; as we have from all the participants within the Governance Group.

The Board of Directors has continued with five appointed Directors; four of whom are independent including myself (as Chair), Mike Simm (deputy Chair), John Rae, and Elena Trout; and with Wane Wharerau as our Rūnanga representative. In addition, during the year the Board has benefited from the contributions of Raniera Tau and Helene Leaf (Alternate Director – Rūnanga).

The NAHC Board continues to have an inclusive governance structure, and we are actively perusing how a Board of this calibre, can further contribute and potentially be leveraged for the benefit of the wider TRAION Group.

In April on Parliament grounds, it was a privilege to be able to showcase the strength of the NAHC Board and management, alongside TRAION, to demonstrate our capabilities as the best positioned settlement entity(s).

**TOTAL
NAHC GROUP ASSETS**

INCREASED TO



(2017: \$59.0M)



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During the year NAHC was actively involved in a number of fisheries initiatives including the Iwi deepwater collective, Northland aquaculture settlement negotiations, and hoki and tarakihi catch rate responses.

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HE MAHI HĪ IKA FISHERIES

With more than 80% of our assets held by class vested within fisheries, the fisheries industry and the sustainability of the resource for everyone, continues to be paramount.

During the year NAHC was actively involved in a number of fisheries initiatives including the Iwi deepwater collective, Northland aquaculture settlement negotiations, and hoki and tarakihi catch rate responses. It is important to acknowledge that Ngāpuhi takes a collaborative and active role within these discussions, whereby the continued sustainability and abundance will outweigh any short sighted financial motivations. NAHC continues to partner ourselves with operators that reflect these values, and we will hold anyone to account that does not preserve the current and future generations ability to enjoy this precious resource.

By September 2017 changes to the ownership of our two contracted fishing vessels resulted in the logical conclusion to our 22-year deep-water partnership within Northland Deepwater. We continue to maintain close contact with Pete Dawson and Phil Smith whom have contributed so much to our success, and who have willingly shared their vast knowledge and fishing experience within Ngāpuhi. NAHC extends our gratitude to Pete and Phil, and the success and longevity of our joint venture is an exemplar to the benefit of trusted partnerships, within sound commercial structures and practices.

The conclusion of Northland Deepwater provided an opportunity for Ngāpuhi to experience and participate within the values and operations of Sanford, and to engage in parallel discussions with Sealord. As signalled, NAHC is intending to realign its significant deep-water portfolio within a new partner, and from our experience the option of partnering with either can only be beneficial for Ngāpuhi in the long term.

HE MAHI HAUMI INVESTMENTS

NAHC continued to receive favourable returns from our funds invested within MINT Asset's diversified wholesale fund, and we are making better utilisation of our current account balances held with the BNZ, to maximise returns. As a Board we are currently reviewing the relevant level of this exposure, and will look to adjust risk profile to reflect our operational and shareholder requirements.

Our holdings of commercial property within Te Tai Tokerau also provides a significant diversification within our asset portfolio. These assets continue to be fully occupied and leased on long-term stable agreements with reputable tenants. We have recently granted lease extension to Top Energy within the John Butler Centre, Kerikeri, into 2025. And, the properties located in Kaikohe are all occupied by our own operations, or leased to associated parties on commercial terms.



HE TŌPU MAHI
RETAIL BUSINESS UNITS

The retail precinct of Kowhai Court at the entrance of Kaikohe has again contributed a respectable financial return, and has assisted employment opportunities within the region. Ngāpuhi Service Station Ltd (NSSL) operating as Mobil Kaikohe, and Ngāpuhi Books and Stationery Ltd (NBSL) trading as Paper-Plus Kaikohe, have employed 27 people during the year and have contributed in excess of \$500k of wages into the community. When you include Café Malaahi that is also located within Kowhai Court the contribution that these popular businesses provide within our community far exceeds the values represented on our books.

Your support of these businesses, whether you live in Kaikohe or are travelling through, directly contributes to the employment and advancement of Ngāpuhi. As wholly owned enterprises with the NAHC Group, NSSL and NBSL directly contribute to the operations and the positive work undertaken by the Rūnanga within the community.

It is particularly pleasing to see the market share of NSSL increasing during the year, despite disruptions to the business with the full installation of new replacement fuel pumps. We have also made significant investments to the health and safety of our employees on site; and NSSL is trialling night shift (24/7 operations) which was a preference for employment over pay at pump installations / unattended trading.

HE WHAKARATO PŪTEA
DISTRIBUTIONS

NAHC has distributed \$2.23m to the Rūnanga during the year to provide the Rūnanga surety of income, and NAHC has still retained sufficient earnings to increase the shareholders interest within the NAHC Group to \$59m.

During the year NAHC was also principal sponsor of the highly successful Ngāpuhi Festival held in Whangarei, and has continued to support local Iwi commercial fishermen.

MOBIL
KAIKOHE
AND
PAPER PLUS
KAIKOHE

EMPLOYED
27 **PEOPLE**
OVER THE YEAR



TE ARA WHAKAMUA

THE FUTURE

With the strengthening of our commercial operations we are developing a platform to provide us with the confidence to extend our contribution within the Rūnanga Group.

NAHC is currently leading a transformational opportunity with the proposed Te Pū o Te Wheke development (Kaikohe Hub) in partnership with Far North District Council and the Rūnanga. With a submission currently lodged with the provincial growth fund (PGF) to leverage this opportunity for Kaikohe and all of Te Tai Tokerau, I hope to be able to provide more tangible details of this opportunity shortly, and as to how you can contribute and participate in this development.

NAHC is also contributing resources and expertise into the positioning of a Rūnanga endorsed structure as preferred post governance settlement entity for any potential settlement with the Crown. We have within our management and governance team a level of expertise and resources that can contribute towards a more advantageous outcome for all. We are sharing this specialist knowledge and extending these resources in support of the Rūnanga, and for the betterment of Ngāpuhi going forwards.

HE MIHI

ACKNOWLEDGEMENTS

It has been a year of learning and challenges for me as incoming Chair into NAHC at such a critical juncture between the history and future of Ngāpuhi. I have seen challenges and incredible support from within the Rūnanga, and as Ngāpuhi I do not necessarily see challenges as a negative when they are handled respectfully and we can learn from them. I would like to thank the Rūnanga trustees, the Chair and Lorraine Toki and Erena Kara as Te Tumuhere (both having held office at the Rūnanga during the year). It has been a privilege to work with you all.

Also a special acknowledgement for the heart felt loss we experienced with the recent passing of former Rūnanga CEO, Tony Dowling, who had committed so much to us and Ngāpuhi in his recent term.

To my exemplary Board, our dedicated CEO, and most importantly all our valued staff members thank you for all your commitment and contributions to another exceptional year.

Ngā mihi nui ki a koutou i tēnei wā,

Jason Paki Witehira

Chair
Ngāpuhi Asset Holding Company Ltd