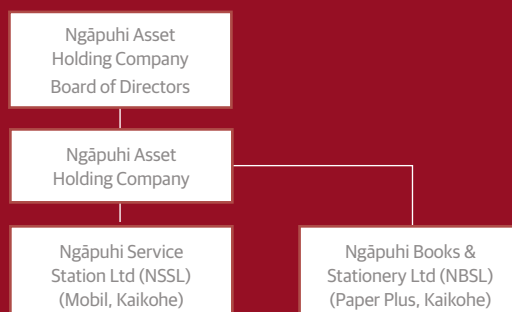




TĀ TE HEAMANA O NGĀPUHI ASSET HOLDING COMPANY LTD

Chair's Report



NGĀPUHI ASSET HOLDING COMPANY LTD
BOARD OF DIRECTORS

Jason Witehira	Chair
Mike Simm	Deputy Chair
Wane Wharerau	Director
John Rae	Director
Elena Trout	Director
Helene Leaf	Alternate Director (Resigned 5 April 2019)

Jason

Paki Witehira

Chairman

Tēna rā tatou katoa,

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

Tēnā koutou kuia mā, kaumatua mā e noho ake
nei hei hakaruruhau mō mātou. Ka mihi atu ki ā
koutou e hakarangatira ake ana i tō tātou hui.

Ka nui te aroha ki ā koutou.

Ngā mihi nui ki ā koutou i tēnei wā,



HE MAHI AHUMONI

PERFORMANCE AND HIGHLIGHTS

On behalf of the NAHC Board of Directors, I am pleased to report that the year-end 30 June 2019 has been another highly successful year for Ngāpuhi Asset Holding Company Limited ("NAHC") and its wholly owned subsidiary entities.

Within the year NAHC invested a significant amount of its intellectual capital and resources into projects for the wider benefit of the TRAION Group, and all Ngāpuhi. Therefore, it is with a sense of pride that I can report that the NAHC Group now has \$62.1m of total assets [2018: \$60.6m] after having provided \$2.27m of dividends to the Rūnanga during the year. And, the NAHC Board have undertaken to meet the same dividend commitment to the Rūnanga, in the upcoming year.

However, the importance of achieving Settlement and the maintaining of a resilient financial platform has never been so apparent.

Whilst Ngāpuhi is performing admirably with its current asset base, we are fiscally constrained from achieving our broader aspirations by the weighting of our assets within a single primary sector (fisheries), and with our commitment to support the positive mahi of the Rūnanga. I am reminded of a statement within last year's report where I said that:

"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."

And, we have been true to that kaupapa.

Voluntary shelving and the blunt tool of Total Allowable Commercial Catch (TACC) reductions impact our bottom line. There is a tension between our responsibilities as kaitiaki and our fiscal responsibilities to Ngāpuhi.

Highlights for the year include: (i) successfully negotiating Ngā Tapuwae o Māui between Sealord and a committed and focused Iwi deep water collective, (ii) the continuing improvements and contribution from Ngāpuhi Service Station Limited (Mobil Kaikohe), (iii) achieving co-funding from the Provincial Growth Fund to investigate developing 'Te Pu o te Wheke'; and (iv) the excellent returns from our investment portfolio.



NAHC has been the recipient of a Provincial Growth Fund contract to investigate the establishment of a cultural and economic hub at the old hotel site, on the main street of Kaikohe. This development has been named Te Pu o Te Wheke ("TPOTW") in respect to the importance of the location, and to capture the reach that this activation can have for Ngāpuhi, Kaikohe and Te Tai Tokerau. TPOTW has already undergone significant consultation and concept designs, and by sharing part of this journey with the Far North District Council there is the potential for a much larger and more significant development for all.

Although TPOTW is only in the feasibility phase, NAHC and the Rūnanga are doing everything they can to bring this project to fruition for the artists, the youth and the community.

HE RINGA TOHU

DIRECTORSHIPS

The NAHC 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. Wane Wharerau is the Rūnanga Trustee appointed to the NAHC Board, and Wane provides us with an alignment to the Group's governance structure, and contributes his considerable knowledge of fisheries and Ngāpuhi tikanga.

During the year the Board also benefited from the contributions of Raniera Tau, and Helene Leaf who served us well as Alternate Director for the Rūnanga until her resignation from the Rūnanga in April.

It is becoming increasingly apparent that NAHC's developed governance, management capabilities and networks are being leveraged, and are starting to open up some exciting new opportunities.



HE MAHI HĪ IKA FISHERIES

This year included: NAHC aligning our inshore fisheries portfolio with Moana NZ, achieving Directorship and advisory positions within fisheries entities, being an inaugural signatory to the Ngā Tapuwae o Māui deep-water fisheries agreement, collaborating on a joint Iwi bid for Leigh Fisheries, and having an increasing involvement within informing fisheries policy.

Securing an influential stake within Leigh Fisheries has been an active strategic goal for NAHC. Along with Iwi and our wholly Māori-owned fisheries entity Moana NZ we prepared a credible joint bid for Leigh Fisheries. Although ultimately unsuccessful, this joint bid was a testament to our belief that our values as a Māori organisation are best placed to preserve and manage our fisheries. NAHC will continue to work alongside Leigh Fisheries, with an eye for any future opportunities.

Being 'pre-settlement' Ngāpuhi is heavily reliant upon deriving an economic return from within the fisheries sector, through our interests received under the Fisheries Settlement.

The proposed 30% reduction in hoki annual catch entitlement for the current season will impact our June 2020 results, and will continue into future years whilst the reductions are still in place. As Ngāpuhi has a significant holding of hoki quota, we need to plan for the financial implications and acknowledge the positive change that we are making for the future. It is worth noting that the significant preservation that Ngāpuhi has committed to within hoki and terakihi fisheries, originated as voluntary concessions to enable the resource to replenish.

Fisheries will continue to bring challenges with environmental changes, competing interests, behaviours, and in providing access to space for all - including recreational, customary and commercial interests. With an increased likelihood of further restrictions and ethically imposed sanctions (e.g. voluntary shelving) being the short-term response, we can anticipate revenue from our fisheries portfolio to flatten or decline in the near future.

However, science, social awareness and fisheries practises are also improving; and I am confident that we will find a balance that provides an abundant fishery that will be exemplar of a well-managed resource for all. As Māori we are kaitiaki, and we have a primary leadership role, which is why as Ngāpuhi (especially as one of the largest benefactors of the Fisheries Settlement) we will continue to exert our influence to best preserve this taonga for everyone, including all future generations.



As a recently appointed Director onto Moana NZ, I am pleased to see that the performance of Moana is benefiting Ngāpuhi through the dividend received and its wider advocacy role and improved practices. In addition, Te Ohu Kaimoana (TOKM) have recently proposed a modest capital distribution to account for the legislative impediments to their structure, that must be applied to fisheries related charities purposes amongst its 50+ Iwi shareholders, adding much need resources for Iwi into this space.

HE MAHI HAUMI INVESTMENTS

Over successive years the commercial asset base of Ngāpuhi that is entrusted to NAHC has broadened from fisheries into retail, commercial leasing, and a developing investment portfolio.

During the year NAHC also diversified and expanded its investment portfolio with MINT Asset Management (MINT). NAHC is now invested within the MINT Diversified Income Fund (Income Fund) and MINT Australasian Property Fund (Property Fund) with an initial transition of \$2m from the Income Fund into the Property Fund, plus an additional \$1m was invested into the Property Fund, in April.

At year end (30 June 2019) MINT managed a combined \$10.4m [2017: \$8.5m] of investments on behalf of NAHC.

NGĀ PĀHEKOTANGA KAIHOKO NGĀ ĀHUATANGA PAKIHI

RETAIL OPERATIONS & COMMERCIAL PROPERTIES

Our retail businesses with Kowhai Court, at the entrance to Kaikohe, continue to increase their financial contributions whilst providing significant employment and training opportunities.

Ngāpuhi Service Station Limited (Mobil Kaikohe) had an exceptional year, rising from the recent change in fuel suppliers and brand. Together with Ngāpuhi Book and Stationery Limited (Paper Plus Kaikohe) these businesses are providing economic and societal returns to Ngāpuhi. Your support of these businesses directly contributes to employment within Kaikohe and supports all the positive outcomes that the Rūnanga delivers.

NAHC also owns and manages commercial properties within Kaikohe and Kerikeri that have remained fully leased throughout the year. Our core tenants include our own retail operations at Kowhai Court, Top Energy, Café Malaahi and Ngāpuhi Iwi Social Services. In addition, in February NAHC acquired the old Kaikohe Hotel site from the Rūnanga for \$400k (an independently appraised value) in preparation for the proposed Te Pu o Te Wheke development.

With concepts from the local Akau Design Foundation and our taitamariki, Ngāpuhi Service Station will undergo a complete store refit and design change that will more transparently demonstrate that the business is owned and operated by, and for, Ngāpuhi. We look forward to providing more details of the design as the works being this year.

TE ARA WHAKAMUA THE FUTURE

In March, the signing of the Nga Tapuwae o Māui Agreement ('following in the footsteps of Māui') was a historic collaboration between 36 Iwi and our 50% Iwi-owned deep-water entity, Sealord. That not only provides the signatories with direct access to 80% of the profits from our core deep-water stocks, but it also provides Sealord stability within their operations, and opens up to the Iwi members new training and employment opportunities, and advanced knowledge and involvement within the fishery. Therefore, it is unsurprising, and encouraging, to see a further eight Iwi expressing an interest in joining this collaborative partnership.

The dedication of Sealord and the few core Iwi that negotiated this Agreement, of which Ngāpuhi was a key participant, has developed a unity and commitment that treats all Iwi equally, despite any disparity in fisheries assets or size, and enables all Iwi to benefit from the strength of our combined interests. Nga Tapuwae o Māui will hopefully be a precedent for future Iwi collaboration across all sectors, not just within fisheries.



HE MIHI

ACKNOWLEDGMENTS

As the entity that holds the commercial assets of the Rūnanga in trust, and is aligned to the same charitable purpose, NAHC appreciates and respects the support and direction that the Rūnanga Trustees provide. The annual dividend contributed by NAHC provides the Rūnanga with surety of income, to enable them to provide the social and governance outcomes for all of Ngāpuhi.

It pleasing to be part of an ongoing track record of success that NAHC has developed. Our strengths and accomplishments can be attributed to the hard mahi of the NAHC Board, our highly valued employees, the CEO and Governance team, and the support of our shareholder. Thank you all, for your dedication and commitment in continuing the success of NAHC, for the prosperity of all Ngāpuhi.

Ngā mihi nui ki a koutou i tēnei wā,

Jason Paki Witehira

Chair
Ngāpuhi Asset Holding Company Ltd



