

CEO UPDATE



Colleen Neville

Tena koutou katoa

2016 has begun well for TAGH, with several opportunities being investigated and existing assets continuing to meet or exceed expectations. As reported at the Annual General Meeting in January 2016, TAGH has undertaken a process of reviewing our asset allocations in order to determine our strategic path for the next 5 – 10 years. Once TAGH's asset allocation and investment strategy has been given final approval

by the TAGH Board and Class A Shareholder, the CEO will be pleased to present informally to all of TAGH's Class B shareholder boards.

Markets in TAGH's priority investment sectors continue to perform strongly, particularly across the agribusiness and tourism sectors. Kiwifruit markets are showing significant growth, with thousands of new jobs expected to be created throughout the Bay of Plenty over the coming



Tony Moffat

years, and a strong focus from Zespri on Gold3 (TAGH's major cultivar). Visitor numbers into New Zealand continue to boost the tourism market, with visitor expenditure in Rotorua up by \$120M and visitor numbers up by 500,000 in 2015.

An Operations Manager was appointed in May 2016 in order to ensure that all of TAGH's existing investments have clear oversight from TAGH and provide additional support to the CEO. The successful candidate was Tony Moffat, who has significant experience in primary sectors and has held management / business development roles with prominent organisations throughout New Zealand, including Seales Ltd.

Ka kite ano
Colleen Neville

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INVESTMENT UPDATE

Wylie Court Motor Lodge

In May 2016, TAGH completed settlement on the Wylie Court Motor Lodge, located on Fenton Street in the heart of Rotorua's accommodation district. This is TAGH's second commercial property purchase, following the purchase of Te Arawa House in 2012. However, the purchase of a motel also has strong links with tourism, a market which is currently booming throughout Rotorua and New Zealand. The Rotorua Daily Post reported in May 2016 that accommodation occupancy rates throughout Rotorua are approaching 80% year-round, a strong indication of the high tourist demand in Rotorua. TAGH will be able to utilise co-marketing strategies between Wylie Court and Waioatapu Thermal Wonderland, in order to maximise exposure to visitors.

The motel is thermally heated and contains 36 units in addition to a conference center. TAGH looks forward to refreshing the motel and its grounds in order to create a high-end boutique accommodation facility.



OPERATIONAL UPDATE

Kiwifruit

TAGH's orchards at Mark Rd and Brown Rd in Te Puke continue to be managed by DMS, who have successfully undertaken winter and summer operations. Due to the unusually warm and wet summer / spring, more



pruning than usual has been required due to high levels of canopy growth. These orchards were harvested during May / June 2016, with excellent results across both orchards.

The TAGH Board visited Kaikoura Gold Kiwifruit Development in March 2016 alongside the other partners and the current Eastpack orchard manager. The visit enabled the Board to see the site prior to harvest and understand the issues still facing the orchard. Eastpack have reported a successful harvest for 2016 with 101,000 trays of G3 packed (compared with 15,000 in 2015). The condition of the orchard has showed significant improvement under their management and the continued monitoring by the partners.

In May 2016, TAGH also purchased shares in another high-quality Te Puke gold orchard, which will be managed by Kiwifruit Equities Limited. The orchard is 8.24 hectares of gold kiwifruit, and over 130,000 trays were harvested during the 2016 season.

Waiotapu Thermal Wonderland

Waiotapu Thermal Wonderland has continued to perform strongly throughout the high season. WTW exhibited again at TRENZ in May

2016; this is New Zealand's largest tourism expo and WTW had a strong presence, hosting a field trip out to the park for over 40 attendees.

A new senior management team has been recruited for the park. Peter Quax commenced as Operations Manager in March 2016, and Marketing Manager (Geri Fallon) and Finance Manager (Carolyn Colbert) began in their roles in May 2016. TAGH is confident that WTW will continue to run smoothly as one of Rotorua's top attractions under their leadership.

Other Opportunities

TAGH continues to investigate a number of potential new opportunities for investment throughout Rotorua and New Zealand. These opportunities are commercially sensitive, and must meet all of TAGH's stringent investment criteria before they proceed any further.

Health & Safety

Health & Safety remains a paramount concern throughout the TAGH Group, and TAGH have ensured that a culture of Health & Safety extends to all levels of the group through the following initiatives:

1. Training for H&S Representatives in order to ensure that they fully understand changing legislative requirements and can assist in engaging other employees, contractors and visitors.
2. H&S reporting from all levels of the group to the relevant PCBUs in order to ensure that all persons in a position of responsibility are engaged and fully aware of activity.
3. A regime of Board visits to all subsidiaries was undertaken throughout late 2015 and early 2016, which gave the TAGH Board a current first-hand understanding of H&S matters onsite at TAGH's investments.

SHAREHOLDER ENGAGEMENT

Dividend Distributions

As reported at the 2015FY AGM, TAGH's dividend policy was updated following the change in the group's balance date, and TAGH was pleased to distribute the first dividends to shareholders under this policy based on the 2015FY results passed at the AGM in April / May 2016.

2016FY Annual General Meeting

TAGH would like to advise our shareholders that our 2016FY AGM has been tentatively scheduled for 26 January 2016. More details will be provided as the AGM approaches.

RANGATAHI ENGAGEMENT

Over the 2015 – 16 summer period, TAGH once again placed Te Arawa rangatahi into internships within TAGH's operations and throughout our network of stakeholders. Both the rangatahi and the organisations where they were placed had excellent feedback on the programme.

Kahleigh Ahomiro (Comvita):

"I really enjoyed my opportunity to intern at Comvita. It provided me with great experience and insight into what it takes to be a Marketer for an international company, especially within a period of great change."

Maaria Hingston (Comvita):

"The time I spent at Comvita helped me to see how many business principles are applied in real life. This gives me even more motivation to complete my studies and continue towards a

career in accounting and finance."

Marc Schwartzfeger (Scion):

"I enjoyed my Scion experience very much. It allowed me to gain valuable insight into how a science-based workplace functions. I enjoyed working with the people there, learned a lot of valuable skills, and had a lot of fun."

Roimata Kautai (Scion):

"I thoroughly enjoyed my experience at Scion. I worked with a great team led by Dr Russell Burton, who generously shared his time and knowledge. The experience showed me the opportunities out there for Maori."

TAGH is currently planning our rangatahi Business Day for 2016; details will be provided to all shareholders later in the year.

Nā reira kia tau ai ngā manaakitanga o te wāhi ngaro ki a tātou katoa.

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