

CEO UPDATE

Tena koutou katoa

A lot has happened since our last update, so it's a good time to catch up again.

TAGH has made a number of strategic acquisitions in the property sector – both residential and commercial, which you can read about below. These acquisitions mean that property is now a significant portion of TAGH's portfolio and we're excited about developing these properties into places that TAGH shareholders can be proud of.

In addition to these acquisitions, the TAGH team also investigated a number of other acquisitions, but these did not meet our stringent investment criteria. We have also kept our existing direct investments running efficiently and smoothly with Waiotapu Thermal Wonderland,



Colleen

Wylie Court Motor Lodge and our kiwifruit investments in good order for their respective upcoming busy periods.

TAGH's commitment to health & safety continues to be a focus for all members of the TAGH team – directors, management and staff alike. I personally have dedicated a lot of my time to focusing on health and safety. For me, it's about making sure our visitors and staff get home safely, always. TAGH has sought the assistance of a specialist health and safety advisor to help TAGH not only meet its legal requirements, but foster a culture in which health and safety, and manaakitanga more broadly, are at the centre of everything we do.

I would also like to confirm that our 2017FY AGM has been confirmed for 25 January 2018 at the same location as last year. Invites will be sent out closer to the time and we look forward to seeing many of you there.

Ka kite ano

Colleen Neville

INVESTMENT UPDATES

Tourism

For the month of July, 246,900 visitors arrived in New Zealand from overseas, setting a new record for the month – and four percent more than the same month the year before. Locally, tourists have spent \$1.8 billion in the Bay of Plenty in the last year. Latest figures by Monthly Regional Tourism Estimates released by MBIE show that visitor spending in the Bay of Plenty went up six per cent for the year to July 2017.

Like most regions, Bay of Plenty saw a bump in United Kingdom visitor spending during the DHL NZ Lions Series.

Waiotapu Thermal Wonderland

The team at Waiotapu Thermal Wonderland (WTW) have been working tirelessly over the winter months to get the park looking and operating its best for the upcoming 2017/2018 tourist season. Re-treading of boardwalks and additional fencing throughout the park will increase safety and an improvement in visitor flow in the retail area will make it easier both to buy tickets and spend time browsing our retail offering.

WTW also launched a new website on 1 September, check it out at www.waiotapu.co.nz. We have received great feedback on the new website and seen a surge in visitors booking online.

Health and safety has been another focus at WTW, with the implementation of regular H&S meetings and most full-time, permanent staff having attended specific H&S training which has resulted in a



Waiotapu staff

noticeable increase in awareness and appreciation of the risks inherent in the park.

In September, we welcomed our new Café Manager Jonathan Frederick. Jonathan has worked in a variety of chef positions in Rotorua and the central North Island, most recently as Head Chef at Waiouru Military Camp. Since Jonathan started he has been busy updating the café menu and we have received many compliments on our food since. Why not drop in for a bite to eat when you're visiting the park or on your way past?

TAGH would like to acknowledge all our staff at WTW for their continued dedication and professionalism during the year. We are looking forward to welcoming back some familiar faces from last year, as well as adding new members to our seasonal team.

INVESTMENT UPDATES

Forestry

Local demand traditionally cools over the winter months, but mills are seeing an increase on structural lumber sales compared with the same time last year. However domestic demand for pruned logs has flattened slightly.

European demand has been slightly depressed as a couple of the large mills that purchase NZ clear wood boards to remanufacture for the local markets are undergoing significant up-grades causing a temporary slow down. However, demand in the Australian and American markets remains strong.

Kaingaroa Timberlands

Kaingaroa Timberlands (KT) (in which TAGH holds a 0.5% stake through its shareholding in Kakano Investment Limited Partnership) has performed well this year, coming in on budget despite poor weather impacting production volumes. KT's reputation as a world leading plantation forest stems from two main influences: its inherent characteristics (the large contiguous area of mainly flat land which grows radiata pine very well) and its management, where efficiency, innovation and safety are key drivers. As such, TAGH is always open to opportunities to increase our shareholding in this premium forestry asset.

Agribusiness

Zespri held their annual meeting on 24th August where they reported on a record 2016-17 (31 March) season for the company. The high yields and late start to the NZ season meant lower per-tray returns but continued strong per-hectare returns for the Green business. Sungold was a high performer and was evidenced by the sharp increase in both volume and per-tray returns – up 39% to \$98,838 per hectare and 5% per tray to \$8.64.

The company is forecasting strong grower returns for the 2017-18 season.

A green kiwifruit orchard in Te Puke has recently fetched what is believed to be a record price of \$500K per canopy hectare. A gold kiwifruit orchard, also in Te Puke fetched \$1M per hectare in June up \$200K from the average of \$800K. The high orchard sale prices reflected the high value and strong future growth the industry is experiencing.

TAGH's two 100% owned kiwifruit orchards (Brown Road and

Mark Road) are performing well and have a new orchard manager who has been brought on board to take our orchards to the next level. This orchard manager has over 30 years experience and an excellent reputation across the industry.

The CEO continues to visit all our Kiwifruit orchards (Brown Road, Mark Road, Raukokore, Rangiora) monthly to ensure that operations are on target.



Wylie Court Motor Lodge

Property

The property space has kept the TAGH team very busy over the last couple of months. In June TAGH acquired 19+ hectares of prime real estate behind Matipo Avenue, one of Rotorua's most sought-after residential streets. TAGH is now working with the Rotorua Lakes Council and the adjoining land owners on what will eventually be Rotorua's newest suburb.

Then in August TAGH completed the purchase of 1.6 hectares of prime commercial real estate on Fenton Street. Together with our existing investment, Wylie Court Motor Lodge, this purchase gives TAGH approximately 2.5 contiguous hectares of prime real estate on Rotorua's most famous street, making us one of the largest landholders on Fenton Street. The TAGH board and management are presently working on the master plan for this flagship landholding in the heart of the Te Arawa rohe.

ANNUAL GENERAL MEETING

TAGH's Annual General Meeting for the 2017 financial year has been scheduled for 5.30pm, Thursday 25 January 2018. More details will be provided to Shareholders closer to this date, and all affiliate Trustees will receive a formal invitation to attend the AGM. The AGM will be for shareholders only per previous years.

SHAREHOLDER ENGAGEMENT

TAGH presented the FY18 Business Plan to the TPT board on 28 July and have offered our Affiliate Boards the opportunity to be presented with the same.

As always, we are pleased to operate an open door policy. We encourage Affiliate boards to contact the TAGH office if you would like to arrange a time.

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

We invite you all to visit our website at www.tagh.co.nz

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