

**CHAIRMAN'S ADDRESS ANNUAL SHAREHOLDERS' MEETING
16 OCTOBER 2018**

Ladies and gentlemen, I welcome you all and thank you for your attendance here today.

INTRODUCTION

After several occasions of presenting year-on-year improvements in the Company's financial performance, it is of course with chagrin to record a slight decrease in our Net Surplus and underlying earnings.

The details of the financial results will be presented shortly by our Financial Controller, Gavin Carroll, who acted as our Chief Executive for the final quarter of the financial year.

On behalf of your board, I would like to offer some observations about the past year and provide you with an assessment of emerging trends and opportunities lying ahead, which we have high a confidence of being to the Company's benefit.

NORTHPORT

As in previous years, your company's financial performance is founded in solid results delivered by our joint venture, Northport Ltd.

While log volumes are potentially trending down, it is very pleasing to note the increasing diversification of cargo and the introduction of a fortnightly coastal container shipping service. I would note however that securing this service long-term is reliant on local support.

I'll provide more comment on the topic of Northport's potential in a moment, as it relates to government planning for Upper North Island Transport Infrastructure.

MARSDEN COVE MARINA

You may recall when we met last year, I highlighted the completion of a boat haul-out and maintenance facility on the Company's land near Marsden Cove Marina. Full operations commenced after extensive staff training in November, somewhat later than originally anticipated. This had a dampening effect on anticipated earnings, coinciding as it did with a key period for boat maintenance prior to the summer season.

However, since then we have been attracting steady custom and a corresponding increase in the availability of marine services at the boatyard now includes boat building, painting, rigging, upholstery and canvas-making, as well as chandlery, marine mechanics and electricians.

The original plan for the facilities included the purchase of a smaller hydraulic trailer to complement the larger, 80-tonne Roodberg unit. Construction delays and training requirements precluded this acquisition last year.

The Company has now decided to go ahead with the purchase of this smaller unit, to enable the marina to attract a greater share of the significant local market for smaller pleasure vessels. Its arrival is expected towards the end of the calendar year.

The recent announcement that Marsden Point will be the home base for Larry Ellison and Russell Coutts' new international sailing series has naturally generated a great deal of excitement. The yacht experts, Core Builders Composites, have established a significant workshop area at the marina's boatyard and the vessels are being launched off Northport's wharves. Aside from the significant attention this will bring to Northland generally, we expect that securing this tenancy will have a very positive effect on the marina's reputation as an ideal base for other marine service providers.

Other developments completed near the marina during the year include an all-weather outdoor dining area at the cafe and fishing club and a self-storage container facility. In addition, we are nearing completion of premises for Multi-Hull Solutions Limited, Asia Pacific's premier offshore and cruising multihull specialist, which will offer sales and services near the boatyard. Included in this development is our new trailer boat park, a safe and permanent 'home away from home' for up to 60 trailer boats.

Berth occupancy continues to perform very well and the commercial complex remains fully tenanted, with the inclusion of a new bakery that has increased customer traffic in the area.

PORT- AND INDUSTRIAL LANDHOLDINGS

Turning now to our commercial land-holdings:

Last year we reported the consolidation of our landholdings into a contiguous parcel. While ostensibly a simple change, the transaction has had a highly beneficial impact in respect of our strategic planning and marketing.

One example of this is a strategic land use development exercise undertaken by management. This planning has enabled your company to conduct more targeted marketing to industries of interest and articulating our vision and value propositions to prospective tenants.

I am very pleased to report that the Company is currently fielding its highest level of enquiry to date, with a number of promising negotiations currently underway.

Just prior to year's end, a decision was taken to construct a four-unit commercial complex alongside the Company offices on Marsden Bay Drive. Work is now well underway. With two units already spoken for, and high local demand for quality premises, we are very confident of achieving full occupancy by expected completion in March 2019. Indeed, additional units may be warranted in the coming year.

Another benefit of the Land Use Development Plan I referred to earlier has been an increased understanding of infrastructure and future construction needs.

At this point, for reasons which will become clear, I would like to introduce to you Mr Felix Richter, your company's newly appointed Chief Executive Officer. Felix was previously with the international engineering consultancy WSP-Opus, as its Whangarei Manager: Civil and Structural, and has more than 17 years of experience in management, leadership and civil engineering in New Zealand and internationally.

After former CEO Graham Wallace stepped aside at the end of March this year, the Board conducted a rigorous recruitment process. We are delighted to welcome Felix aboard. His skills and experience are a fine complement to those of existing staff, which collectively position the Company well for the opportunities that lie ahead.

We did however incur extra costs associated with this particular change which in turn impacted our year-end result.

I would also like to acknowledge Mr Tony Gibson, who joined the Board of Directors following Mr Peter Griffiths' resignation in March. As Chief Executive of Ports of Auckland Ltd and with a strong background in the shipping industry, Tony brings valuable industry insights to the board table.

I would also like to acknowledge former director Susan Huria, who, having served nine years on your board, has decided to not seek re-election for another term. Susan has been a highly valuable member of our team and we wish her well in her future endeavours.

In Susan's place, we welcome the nomination of Mr Hamish Stevens, whose extensive experience in financial management and governance will complement the broad range of skills already provided by your board.

POLITICAL CONSIDERATIONS

A number of external developments are worthy of note. Last year, I noted that the new government's coalition agreement, and the high number of MPs resident in Northland, boded well for the region's development. Political endeavours can take much longer in gestation than in the business world, but indications are that this confidence was not misplaced.

As shareholders, you are of course aware of the potential of Northport and the importance of this company's landholdings directly behind it. However, in the past this key message has failed to resonate quite so loudly in previous port studies. It is therefore gratifying to note that the new government's Upper North Island Supply Chain Strategy provides opportunities for the development of Northport. With this strategy and the Northland rail study having got underway just weeks ago, we look forward to a more balanced view of these assets in the political and national consciousness, with benefits potentially arising in the form of improved roading, rail, and other infrastructure.

In keeping with my habit at previous shareholder meetings to characterise the year, I would sum up the preceding twelve months as a period of change – some intended and some unanticipated. Nonetheless I assure you that the Company has weathered these reasonably well, and that the Board and staff alike share an enthusiastic view of the future.

We are naturally aware of the current ambivalence in business confidence nationally. Nonetheless we perceive that other factors, including Auckland congestion, the America's Cup, and the Government's Regional Development Programme – will all continue to operate in the Company's favour.

In closing, I would reiterate your board and management are committed and we remain positive that opportunities ahead will maximise shareholder value in this regard. Your board will continue to apply the highest standards of governance and consistently safeguard your interests.

Thank you, and I will now hand over to Gavin Carroll, our Financial Controller, who acted as our Chief Executive during the final quarter. At the end of Gavin's address, we would be pleased to take any questions.