

**FORMER ACTING CHIEF EXECUTIVE'S ADDRESS ANNUAL SHAREHOLDERS' MEETING
16 OCTOBER 2018**

INTRO

Good Morning Everyone and thank you for the opportunity to present further insights into the financial performance of the Company for the year. As the Chairman mentioned in his address, 2017/18 could be described as a year of change in which the Company positioned itself for future growth.

NET SURPLUS

As indicated in this graph [*Graph 1: Trading Surplus vs Net Surplus*], the Company's net surplus decreased by \$600k from \$10m to \$9.4m. However, the Company's trading surplus - which excludes any effect of revaluations - was in line with the previous year.

BUSINESS UNITS

To provide a fuller picture of the factors behind this year's performance, let's look at each of our business units.

This graph [*Graph 2: Revenue by Operating Segment*] indicates the revenue by operating segments. Northport revenue is shown in dark blue, our industrial landholding revenue in red, and revenue from our marina related activities in light blue. As you can see consistent growth has been achieved in all areas of the business over the last 5 years.

NORTHPORT

Looking at Northport, earnings increased slightly which is a fair result considering bulk cargo volumes came within 2% of last year's record and reflects the anticipated plateau in log export volumes [*Graph 3: Northport Ltd – Cargo Volumes*].

On a positive note, container trade through Northport received a boost this year with the commencement of new container service. This is an area of business that has an important place in Northland's development as Northport works to secure enough diversified cargoes to support and secure the service.

BOATYARD

The Company's boatyard facility commenced operation in November 2017. This was a few months later than envisaged due to construction delays and the need to take the time to establish operating procedures and train staff.

Since start up, the level of activity has increased steadily, although it is fair to say the pace has been slower than we anticipated. However, after nearly a year of operation the indicators are positive for future growth. The Company has worked hard to generate awareness of its new facility and it is beginning to bear fruit.

The addition of a 20-tonne trailer will complete the Company's offering and attract a wider range of vessels to use the facility.

PROPERTY

In respect of the Company's property holdings, revenue from our industrial subdivision increased by 7.85% or \$136,000 over last year.

In November 2017 the Company concluded the sale of a 43-hectare block of farmland situated at the North Western corner of its land holdings.

This sale, along with our purchase of a 55ha block of land in the previous financial year, leaves the Company with a contiguous landholding of 185 hectares adjacent to Northport.

SHAREHOLDER EARNINGS

Turning now to shareholder earnings, dividend distributions in respect of the 2018 financial year totaled 15.75 cents per share representing a 5% increase on the previous year.

As can be seen in this graph [*Graph 4: Financial Performance Relative to Dividend Distributions*], the steady improvement in underlying earnings per share over the past five years (represented by the red line) has underpinned a consistent increase in dividend distributions (green line).

OUTLOOK

The anticipated plateau in export log volumes through Northport is expected to be compensated for by an increasing diversification in other cargoes. This is expected to create additional demand on our industrial landholdings to support the handling and distribution of these cargoes.

The recent announcement of a super-fast sailing series created by Larry Ellison and Russell Coutts, with its technical and development hub based at Marsden Cove Marina, has generated a lot of interest. This is a high-tech, annual international event with races to be held in Sydney, San Francisco, the UK and France this year. The facilities and services at Marsden Cove are key to pulling off the event and we therefore expect sustained interest from both marine service providers and yachting enthusiasts.

You will appreciate that your Company is staffed by a small but dedicated team. The appointment of Felix Richter, with his extensive engineering and leadership background, along with the existing staff, means the Company is well-placed to anticipate and respond to future opportunities.

Accordingly, we look forward to another busy year of investment and growth. I will now hand you back to Sir John to take any questions.