



Ngati Apa
Developments Ltd.

Statement of Corporate Intent

1 July 2011 – 30 June 2012

General Statement of Purpose

Ngāti Apa Developments Ltd (NADL) is the commercial arm of the Te Rūnanga o Ngāti Apa group, responsible for all commercial investments based on the Statement of Investment Policy and Procedures (SIPO). The general purpose of NADL is the protection and growth of the pūtea on an intergenerational basis while at the same time providing a sustainable dividend stream consistent with and sufficient for requirements of the Rūnanga (which includes the distribution that the Rūnanga will make to hapū collectives).

Scope of Activities

Ngāti Apa Developments Ltd is contracted to Te Rūnanga o Ngāti Apa under a management agreement that empowers NADL to manage Ngāti Apa Group cash and assets that have been assigned investment and commercial purposes. This definition is extended upon by Te Rūnanga o Ngāti Apa in the letter of expectations signed 25 July 2011.

Core Focus

From the outset, the core focus of NADL is the:

- prudent acquisition of commercial assets to grow the Ngāti Apa Group's asset base; and,
- the implementation of best practice policies and procedures to ensure that NADL engenders confidence in the hapū collectives and individuals that make up Ngāti Apa.

NADL is precluded from running other businesses and undertaking any activities which are inconsistent with the Charter of Te Rūnanga, the constitution of NADL or any policy which Te Rūnanga may have in place. Where Te Rūnanga requests, or agrees that NADL should undertake activities outside its core activities, these must be noted as specific exceptions and, where appropriate accounted for separately.

Strategic Objectives

The key objective of NADL is to generate sustainable wealth for its shareholder Te Rūnanga, within acceptable levels of risk and volatility. This is to be achieved by:

a) expertly and prudently managing Te Rūnanga Group's investment assets so that:

- investments by NADL within the agreed risk and return levels meet the agreed targets and relevant benchmarks.

- investments weighted for risk and return match agreed benchmarks for the New Zealand market;

b) successfully growing the economic strength and identity of Te Rūnanga Group so that it:

- re-establishes a significant territorial footprint;

- has investment strategies that reflect Ngāti Apa values.

In meeting these objectives NADL will:

- preserve and grow the value of the assets under its control;

- maintain an appropriate portfolio of investment assets in line with Te Rūnanga's investment policy;

- grow the economic strength of Te Rūnanga Group through the pursuit of investment opportunities in areas where Te Rūnanga Group has a competitive advantage(s); and

- provide the level of cash flow required to meet the distribution requirements and needs of the of Te Rūnanga Group.

NADL will also be responsible for managing:

- certain fisheries assets as the asset holding company (AHC) for Ngāti Apa; and
- has delegated authority to decide which deferred settlement properties Ngāti Apa Group should acquire through the settlement process. The exception to this is the Wanganui (Kaitoke) Prison where the decision will be made by the Rūnanga, considering advice from NADL.

Priorities for 2011 - 2012

NADL acknowledges and accepts the priorities that have been set out by the Rūnanga in its letter of expectations, in particular:

- a) Development of recommendations for the Wanganui Forest and Wanganui (Kaitoke) Prison deferred settlement properties.
- b) Implement the negotiation and likely purchase of the Marton District Court House land.
- c) Development and agreement on the comprehensive investment policy, called the SIPO.
- d) Development and implementation of a distinct forestry strategy that focuses on the 6,500 hectares of forestry land that has been returned to Ngāti Apa.
- e) Development and implementation of a fisheries strategy that focuses on the fisheries settlement assets already held within the Ngāti Apa Group.
- f) Establishment of systems for the effective management of forestry rights requiring the acquisition and implementation of a system appropriate for this purpose.

- g) Development of a plan for resourcing the needs of NADL to ensure that it is able to deliver on its objectives, particularly during start up and in the medium term.
- h) Development and implementation of cost effective policies and procedures to facilitate good governance and management of NADL including the management of its relationships with Te Rūnanga and the Audit and Risk Committee.

Economic Environmental Issues Affecting NADL

There are two significant issues that are currently making it difficult to accurately model and predict both the financial position and financial performance of NADL over the first 24 months following settlement. These issues are:

- 1) The emissions trading scheme (ETS) is affecting forestry, including valuations of land, questions around the allocation of carbon credits and the value of the carbon credits. New Zealand is nearing completion of the first commitment period to the scheme and questions still exist around the future of this scheme. These matters will affect both the financial position and performance of NADL. Exactly what the effects will be are still not apparent.
- 2) The current economic environment remains uncertain as globally, economies struggle to recover from the initial impact of the global credit crisis, and on-going and residual effects. The impact of the global slowdown has been compounded by earthquakes in 2010 and 2011 in Christchurch and Government intervention to slow the rise in interests rates. There are uncertain economic times making short term performance unpredictable.

Performance Targets

Not all of the identified objectives and priorities lend themselves to precise measurability, and for some, adherence to them can only be seen in the longer term success of the NADL business model. There are, however, some indicators that are measurable, and against which NADL will assess its performance. The particular targets below have been chosen because they are both key to the business of NADL and are measurable. These targets are to be achieved by 30 June 2012. There are two sets of performance targets that NADL performance can be measure against. The first set of targets is for NADL as a limited liability company. The second set of targets is for the commercial asset portfolio, which includes assets that are managed by NADL under contract to Te Rūnanga o Ngāti Apa.

Performance Targets for NADL

Performance Targets	2011/12
Comply fully with the Te Rūnanga o Ngāti Apa Letter of Expectations	Fully Comply
Deferred Settlement Properties are considered, and if appropriate, acquired.	Fully Comply
Complete a forestry strategy that considers a range of options based on the forestry land that is being returned to Ngāti Apa	Fully Comply
Complete and implement a comprehensive statement of investment policy and procedures (SIPO)	Fully Comply
Complete and implement a fisheries strategy based around fisheries assets already held by Ngāti Apa.	Fully Comply
Establishment of systems and capacity to manage forestry licences.	Fully Comply
Operate within the annual budget to ensure that NADL breaks even at year end.	Fully Comply

Performance Targets for the Commercial Asset Portfolio Based on the SIPO

Performance Targets	2011/12
Income Target	\$1.15m

Information to be provided to Te Rūnanga o Ngāti Apa

A quarterly report will be provided to the Rūnanga which will include:

- a. Financial statements
- b. Performance (physical, financial and compliance related) against deliverables by quarter with variance reporting.
- c. Statements as to the outlook for the rest of the financial year, including commentary on:
 - i. Forecast year end achievement relative to targets/deliverables.
 - ii. Key opportunities, management plans and risks.
- d. Full time equivalent staff numbers (including the % who are Ngāti Apa)
- e. A schedule of contractors and a brief description of activities.

An annual report will be submitted to the Rūnanga that will compare actual performance with this statement of corporate intent.

Accounting Policies

The accounting policies that will be adopted for NADL will meet the requirements of the Companies Act and any other relevant legislation and accounting standards.

Risk Management

NADL considers a risk to be an event or identified issue that represents a potential obstruction or barrier to the achievement of the identified objectives and priorities set out in this statement of corporate intent. NADL is constantly mindful of risk, and will ensure that

risk is managed proactively in all facets of NADL business. It is acknowledged that effective risk management processes do add value to the practices and procedures of NADL toward delivering on the stated objectives and performance targets of the Company. Consistent and proactive risk management processes are a cornerstone for NADL.

A particular risk which needs to be emphasised in the short term is volatility. A good investment policy can still lead to negative returns due to volatility in both earnings and value of assets. NADL will operate within an acceptable level of risk, but emphasises the need for the Rūnanga and other stakeholders to consider performance over a number of years, because annual performance is inevitably negatively or positively influenced by volatility. It is only by comparing results over a number of years that a picture of performance and sustainability will emerge.

Another particular risk is the timing of settlement, the later the date, the less time that NADL will have between receipt of the assets and the end of the financial year to invest funds and commence income generation. NADL will need to continually review projected financial performance as the date of settlement continues to slide.

Financials for NADL 1 July 2011 – 30 June 2012

Projected Financial Performance

Income

Management Fees from Rūnanga	\$	317,803.00
Total Income	\$	317,803.00

Expenses

Consultancy	\$	30,000.00
Directors Fees	\$	65,000.00
General	\$	1,200.00
Hui & Conference	\$	2,500.00
Legal Advice	\$	10,000.00
Property System Development	\$	10,000.00
PSGE Service Level Management Fee	\$	194,103.00
Travel	\$	5,000.00
Total Expenses	\$	317,803.00

Operating Profit	\$	-
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