



June 2014

Tena Koutou Katoa,

*E ngā mana e ngā reo rau rangatira mā tēnā
anō ra tātou katoa. Kua tangihia a tātou tini
aitua nā reira haere atu koutou hoki atu ki te
kāinga tūturu mo tātou te tangata. Apiti hono
tātai hono rātou te hunga wairua ki a rātou
tātou te hunga ora ki a tātou tihewa mauriora!*

Share Amalgamation

The process agreed by shareholders at last year's AGM to amalgamate the A and B3 share register has been delayed by administrative issues at the Maori Land Court. A judicial conference between Parengarenga, Muriwhenua and Pohitiare was meant to take place in February. The court has asked for another conference call is set for July. We continue to push the MLC for this hearing, so we can finalise the amalgamation.

Maori Trustee Shares

Currently, around 26% of Parengarenga shares are held by the Maori Trustee Office (Te Tumu Paeroa). An agreement had been put in place almost 10 years ago to purchase these shares back by 2016, but had run into issues. We have worked successfully with the Maori Trustee Office over the past 6 months to reach a favourable agreement that allows us to acquire these shares this year. This is a significant milestone, removing any outside ownership from Parengarenga Incorporation. Those 26% shares will come back to current shareholders. We will manage this on the share register through either a pro-rata distribution to all or, more likely, through cancelling them (so the value of all existing shareholdings goes up accordingly).

Staff

The two stations have had a few staff changes this year.

Te Rangi Station: John Norman retired after 11 years and Hemi Herbert left for other interests. They have been replaced by Murray Larsen (Ngati Kuri) and Joshua Nathan (Te Aupouri)

Paua Station: Richard Smith has left for another job in farming and he has been replaced by Tristan Golley (Ngati Kuri).

Cape View Station

We have now been leasing Cape View since August last year and discovering the potential for improvement in production. We have had very good calving from the stock purchased, and also grazed stock from the other stations, which took pressure off them during the very dry summer. With the support of Te Runanga Nui o Te Aupouri, we have negotiated an extension of the lease to June 2015.

The Office of Treaty Settlements, who currently oversee the property, have also contributed to some long overdue repairs that we have undertaken to fences, buildings, houses and drains. This means the station will be in much better condition when the land is handed back to Te Aupouri on settlement.

Forestry Signage

Forestry harvesting in the Parengarenga A forest will end in March next year. At that point, the whole forest (the next crop that has been planted) will be 100% owned by Parengarenga – and we will benefit from 100% of the revenue rather than the 22% stumpage rate we've been receiving to date.

This also means we will have obligations for safety in the forest. In that regard, we will be shortly erecting signs warning of safety issues.

There is still the ongoing issue of people dumping rubbish in the forest. This is a hazard to people working or travelling in the forest and is a major fire hazard. We would ask shareholders to help us prevent rubbish being dumped in our forests.

Farm Business

This year has been very good on all farms with good production and good prices for all our products. We have a preferred supplier arrangement with AFFCO meats, which pays us a premium over prices paid to other farmers. It also gives us priority on bookings at the meat works.

We have a contract arrangement for our wool sales which pays a higher price than the general auction arrangement. Most of our wool is sold to carpet manufacturers in Europe. We are investigating a long term (3 years) contract to a Danish processor which will give improved returns.

Farm Safety

Parengarenga is very concerned about staff safety on the stations. Recent efforts to minimise risks include safety training for use of quads, tractors and other farm equipment.

We have purchased Lifeguard rollover equipment with flashing lights for all quad bikes, and all staff is wearing helmets. We continue to undertake random drug tests of all staff to ensure a safe work place.

Sponsorship

Parengarenga Incorporation continues to support local organisations.

This has included supply of mutton to Aupouri Rugby Sport Club and Ngati Kuri Rugby Club for all home games, as well as support for the local Coastguard unit in its fundraising efforts.

Fishfarm

An interested party is continuing to seek funding to invest, but we are not actively spending much time on this – particularly with our resources engaged in completing the

amalgamation and Maori Trustee share processes.

Other uses for the facility have been discussed, such as growing eels and whitebait. Both species are still at an investigation stage and would require significant funds to bring to a commercial viability. We remain open to other possible ventures.

Meanwhile, we have rented out the fishfarm office building as accommodation in the short term.

Motumapou (Mother Jimmies)

To those who are looking for accommodation in the North, we are currently renting Motumapou on a holiday accommodation basis. This proved successful, with over 50% occupancy over summer period. Bookings are essential as the bach is becoming more and more popular with repeat fishermen and families.

Web Site

We are currently looking into a web site for the Incorporation. Among other things, this aims to improve communication with shareholders to provide online reporting, documents and up to date information. It will also allow better contact for shareholder searches and inquiries. We will keep you advised.

Annual General Meeting

A reminder to shareholders that the Parengarenga Incorporation Annual General Meeting is scheduled for Saturday 29th November 2014 at Potahi Marae, Te Kao.

We look forward to seeing you there.

In the meantime if you have any inquiries, please feel free to contact the office at any time.

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