

STATEMENT OF CORPORATE INTENT

The TGH Board has developed and signed a Statement of Corporate Intent (SCI) with its shareholder – Waikato-Tainui Te Kauhanganui Incorporated.

The SCI is forward-looking, provides greater longer-term clarity to all parties, and documents the necessary understandings that must exist between TGH, as an operating business, and its shareholder.

Although some of its provisions apply for several years, the SCI itself will also be reviewed annually.

Among its key features are:

KEY OBJECTIVE

Agreement that TGH's principal objective is to maximise shareholder wealth by implementing a sustainable asset portfolio, supported by appropriate financing and dividend policies.

In order to meet the Company's objectives, TGH's core business focus is on:

primarily, the acquisition, development, investment and management of property;
securing returns from investments in fishing, managed funds and equities; and
the provision of administrative, financial and human resources services to TGH and its shareholder.

GUIDING PRINCIPLE

'Leading Maaori Economic Development'

VALUES

TGH's key values, enshrined in the SCI, are:

seeking to reflect Tainuitanga in the business wherever appropriate;
valuing trusting relationships;
delivering consistently high quality service to the Company's customers;
being accountable and taking personal ownership for results;
having fun and a balanced life.

And on a daily basis, putting these values into action by:

taking a proactive approach to meeting customer and 'member' expectations;
providing a timely, responsive service;
having a sense of urgency and a bias for action;
focusing on results and demonstrating a willingness and readiness to take accountability;

seeking a collaborative and co-operative approach.

COMPANY BRAND AND REPUTATION

The SCI makes it clear that the Company's brand and reputation are very important.

It notes that TGH is a long-term investor with bold aspirations to grow and return a consistent dividend to its shareholder. It is agreed that it will therefore place a high value on fresh, innovative and sustainable development projects that enrich the lives of its customers and the communities within which it operates.

There is also a strong focus on people. The SCI says that TGH will strive to be a good employer, culturally supportive and socially and environmentally responsible. It is also intended that the Company continuously improve its reputation as being economically astute and financially prudent.

Within the traditional area of Waikato-Tainui, the Company undertakes to reflect its heritage in its development work.

FINANCIAL PERFORMANCE TARGETS

TGH's key financial performance targets are set out in the SCI for the period up to and ending 31 March 2011. They include return on shareholders funds, total asset growth, return on assets, debt/equity ratio and dividend.

ACCOUNTING POLICIES

The SCI agrees that TGH will maintain accounting policies in accordance with the Financial Reporting Act 1993 and NZ IFRS promulgated by the Institute of Chartered Accountants of New Zealand.



Hopuhopu in foreground with Taupiri maunga

DIVIDEND POLICY

In determining dividends payable to the shareholder, the SCI states that TGH will comply with the solvency rules of the Companies Act 1993 and will follow the processes and procedures generally adopted by directors of publicly listed companies.

In order to provide certainty and consistency for the shareholder, TGH has committed in the SCI to an agreed dividend stream to its shareholder for the period up to and ending 31 March 2011.

The SCI also states that any further distribution in any year will be the subject of discussion with the shareholder and key issues needing to be taken into account include:

- operating requirements;*
- capital structure;*
- short and medium-term capital requirements;*
- risk management.*

CAPITAL EXPENDITURE, ACQUISITION, DIVESTMENT AND SHAREHOLDER CONSULTATION

The SCI says that TGH will consult with its shareholder if any capital expenditure item, share or asset acquisition, new participation in a joint venture, sale or disposal of the whole or part of its business or undertaking, exceeds 30% of the total assets of the parent entity (TGH).

INFORMATION TO BE PROVIDED TO THE SHAREHOLDER

To enable the shareholder to assess the value of their investment in TGH and to have a 'no surprises' policy, it is agreed in the SCI that the following information will be provided:

- an Annual Report including audited financial statements;*
- a quarterly report, including a summary and commentary on the previous quarter's financial performance and commentary on the Company's outlook to year end;*
- any proposals likely to represent a major change in TGH's balance sheet ratios or to involve capital expenditure significantly above that foreshadowed in the SCI;*
- other information relating to the affairs of the Company as requested by the shareholder.*

It is, however, agreed there will be exceptions to the 'no surprises' policy from time to time, for example where TGH is bound by confidentiality agreements, or where regulatory restrictions apply, such as the New Zealand Stock Exchange rules.