

LAVENDER HILL





What Are We?

- 7 acres, 30 min NW of Auckland
- Circa 2500 Lavender plants
- 400 Olive Trees
- Large steam still
- 4 brdm self contained B&B
- 5 Alpacas and 7 Sheep
- Farm Shop
 - Lavender Oil
 - Olive Oil
 - Lavender associated products
 - Gin
 - Limoncello

Which begs the question: What business are we in??

- We are called “Lavender Hill”
- Lavender is why we get day visitors who pay to see the farm
- We sell lavender products (other than oil, hydrosol & alcohol we buy it in)...but it is not the main source of revenue

We are actually in the tourism and experience business

Why??

- We sell an experience
- If you come for the day it is about the lavender, the location, the working farm.
- If you come to the B&B it is the location, the quality and the environment
- If you buy the products it is about local produce, provenance, hand crafted

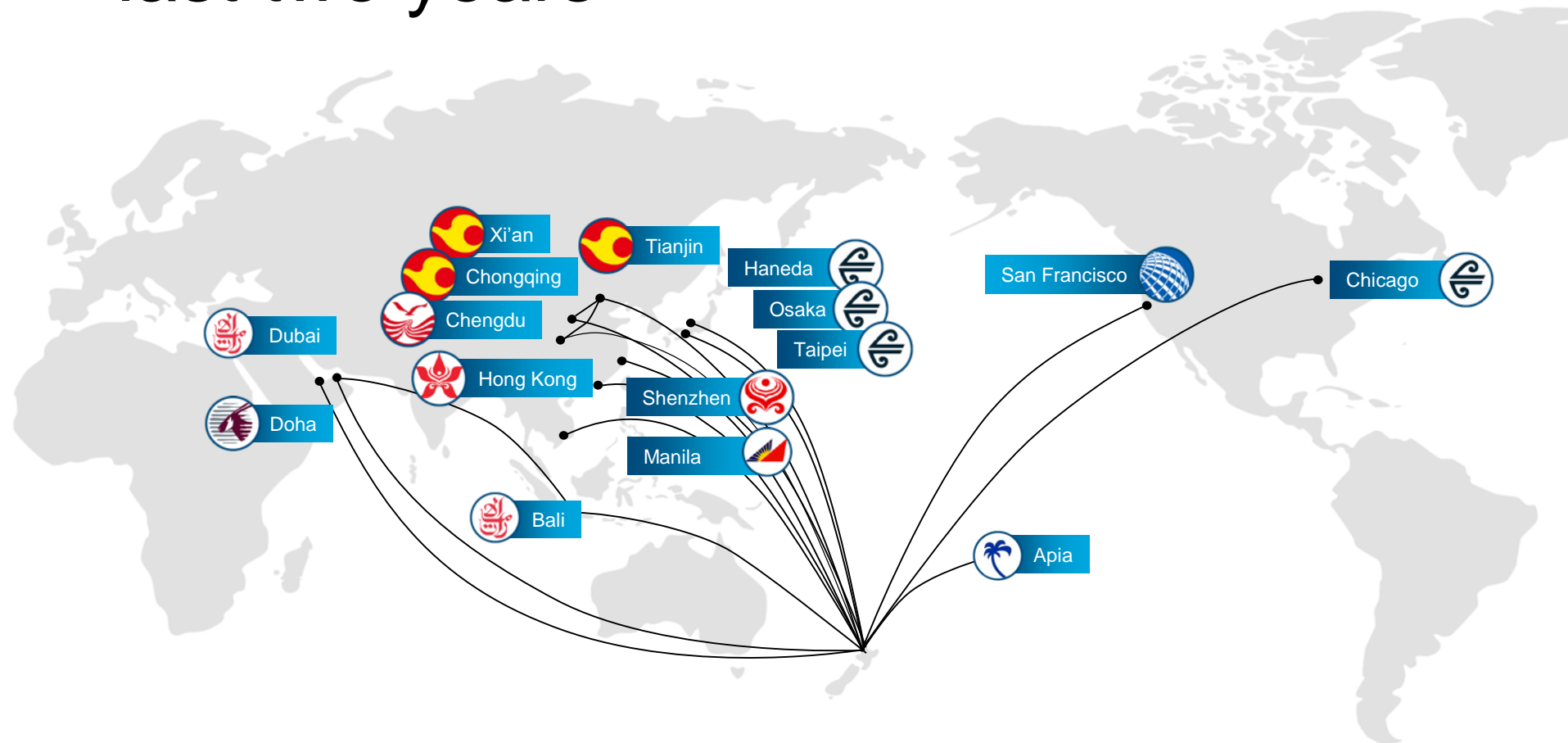


Why tourism first Vs “Growing/ harvesting”?



- **7**
New airlines
- **14**
New airline routes
- **30**
International airlines
- **47**
International destinations
- **19.9**
Million passengers
- **16%**
Capacity added

Significant increase in capacity over the last two years



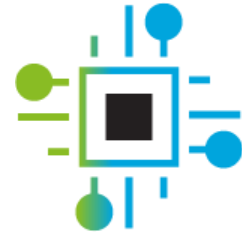
Source: AIAL data, New routes and capacity announced from 1 Jul 2016 to Mar 2018. Total passengers for 12 months to 28 Feb 2018



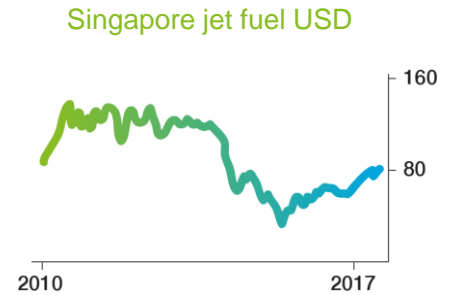
Growth driven by a supportive macro environment



New Zealand is
underserved



Aircraft technology is
making more long haul
routes to New Zealand
viable and more
profitable



Fuel prices rose in
2017 but remain well
below 2011/12 levels¹



118.4 million

Active Considerers
(Tourism New Zealand)

New Zealand is a highly
attractive
destination to markets



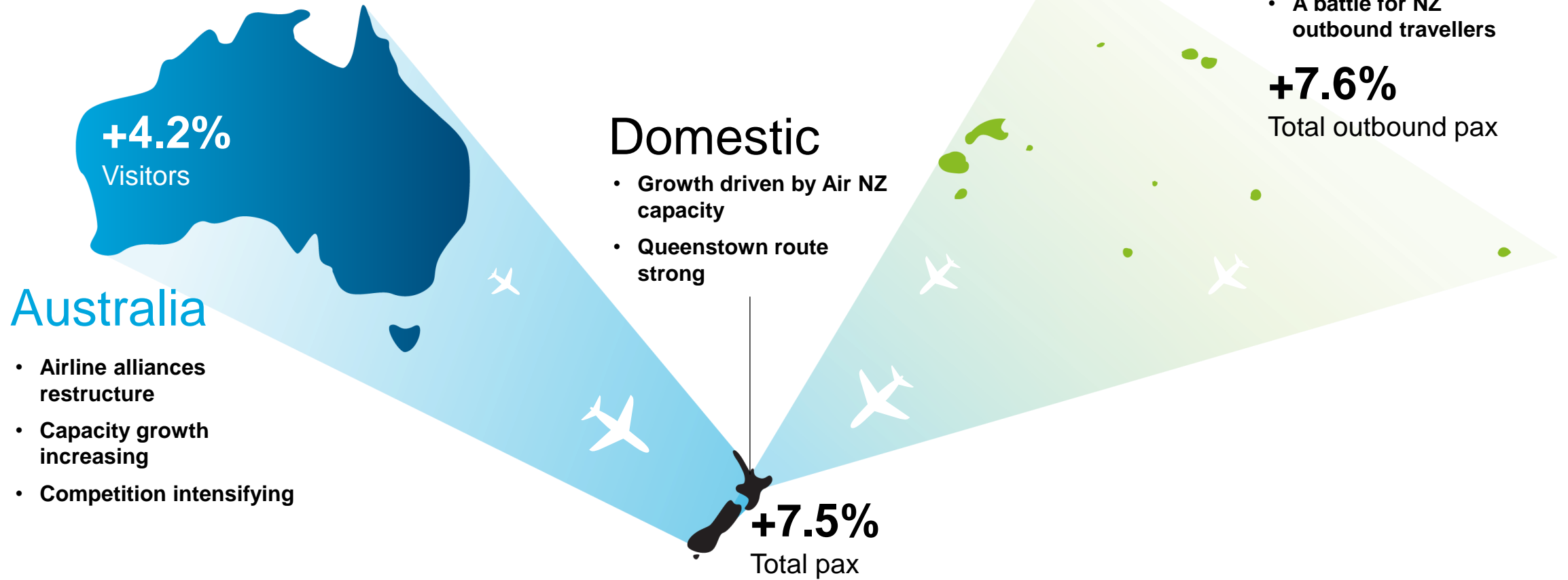
New aircraft deliveries are
forecast to remain strong in
the Asia Pacific region²



Liberal air service rights

¹ Source: Bloomberg; ² Source: Boeing

Aviation market structure changes short haul



Aviation market structure changes Asia

China

- Market consolidates
- Chinese FIT growth
- Capacity growth slows

+8.3%
Visitors

South East Asia

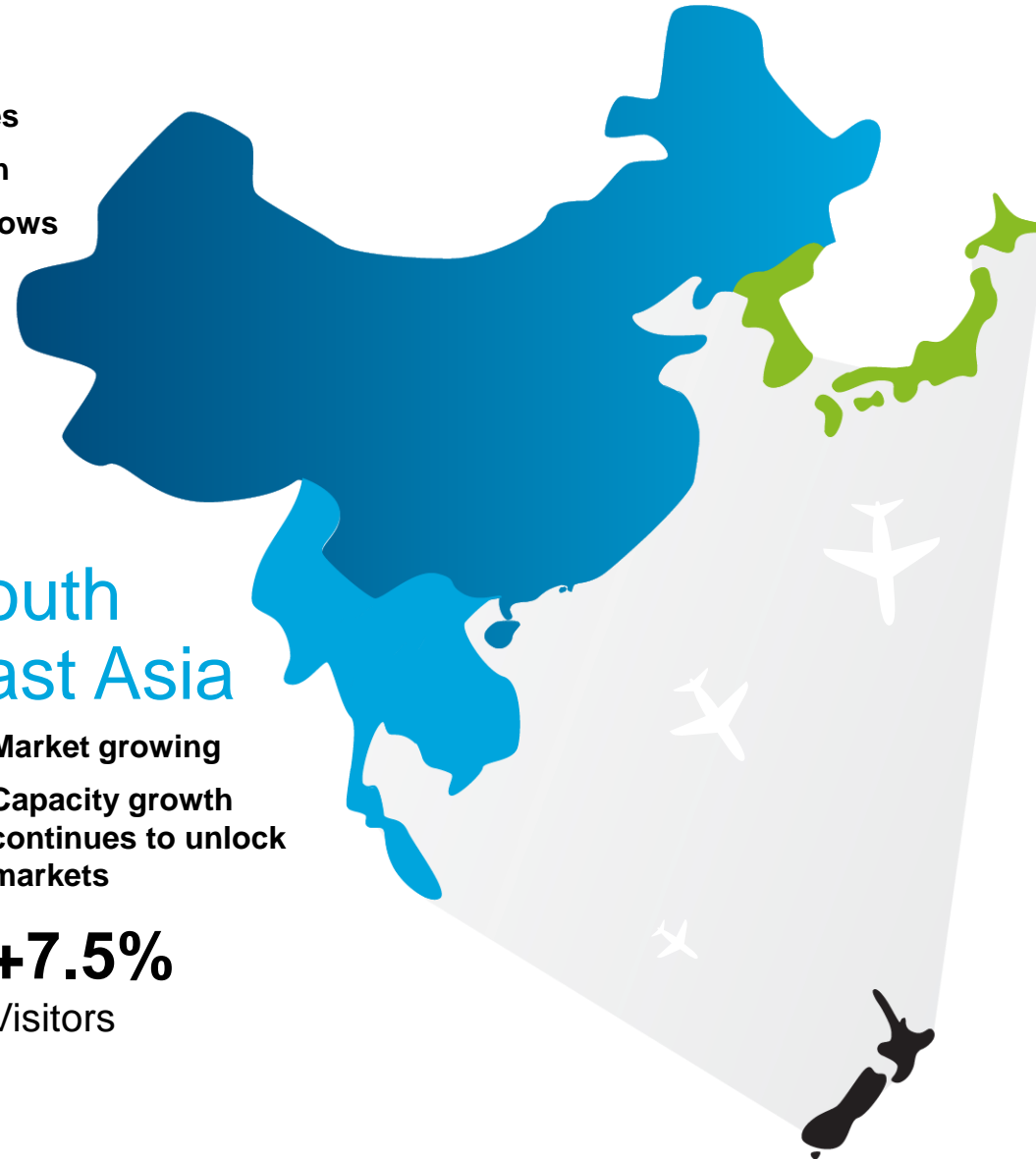
- Market growing
- Capacity growth continues to unlock markets

+7.5%
Visitors

North Asia

- Korea strong, Japan weak, capacity will unlock Taiwan

+8.4%
Visitors



We remain confident in future Chinese passenger growth

203_m

Forecast Chinese overseas trips in 2020, up from 130m in 2017²

+350_m

Additional middle class Chinese by 2022¹

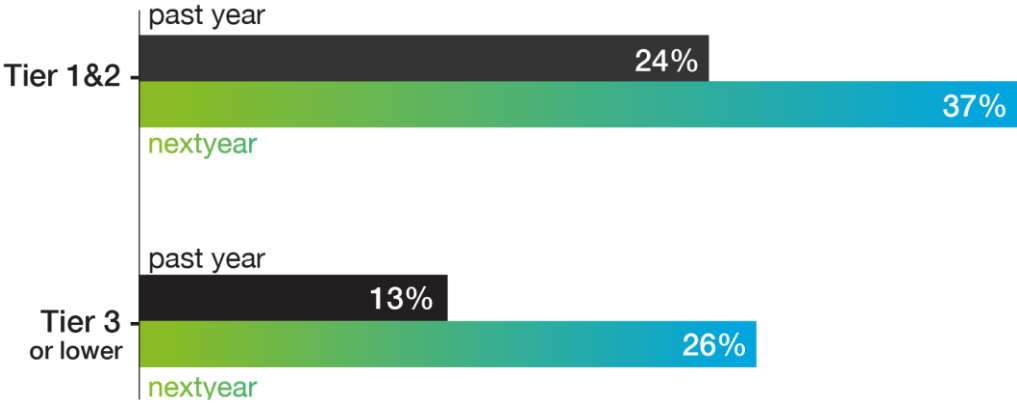


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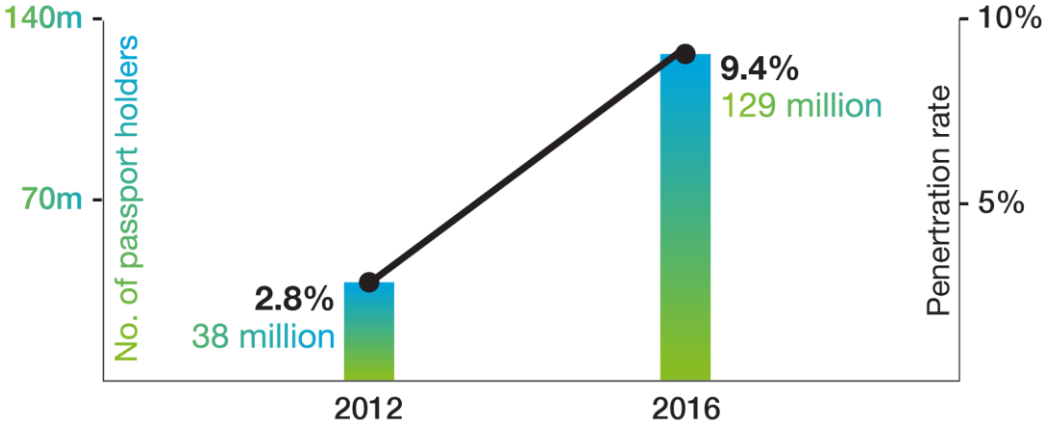
Aircraft deliveries forecast by 2036, taking China's share of world aircraft fleet to 17% (14% in 2016)³



Chinese travelling abroad: Past year vs Next year⁴



Penetration rate of Chinese ordinary passport holders more than tripled in 2016 vs 2012⁵



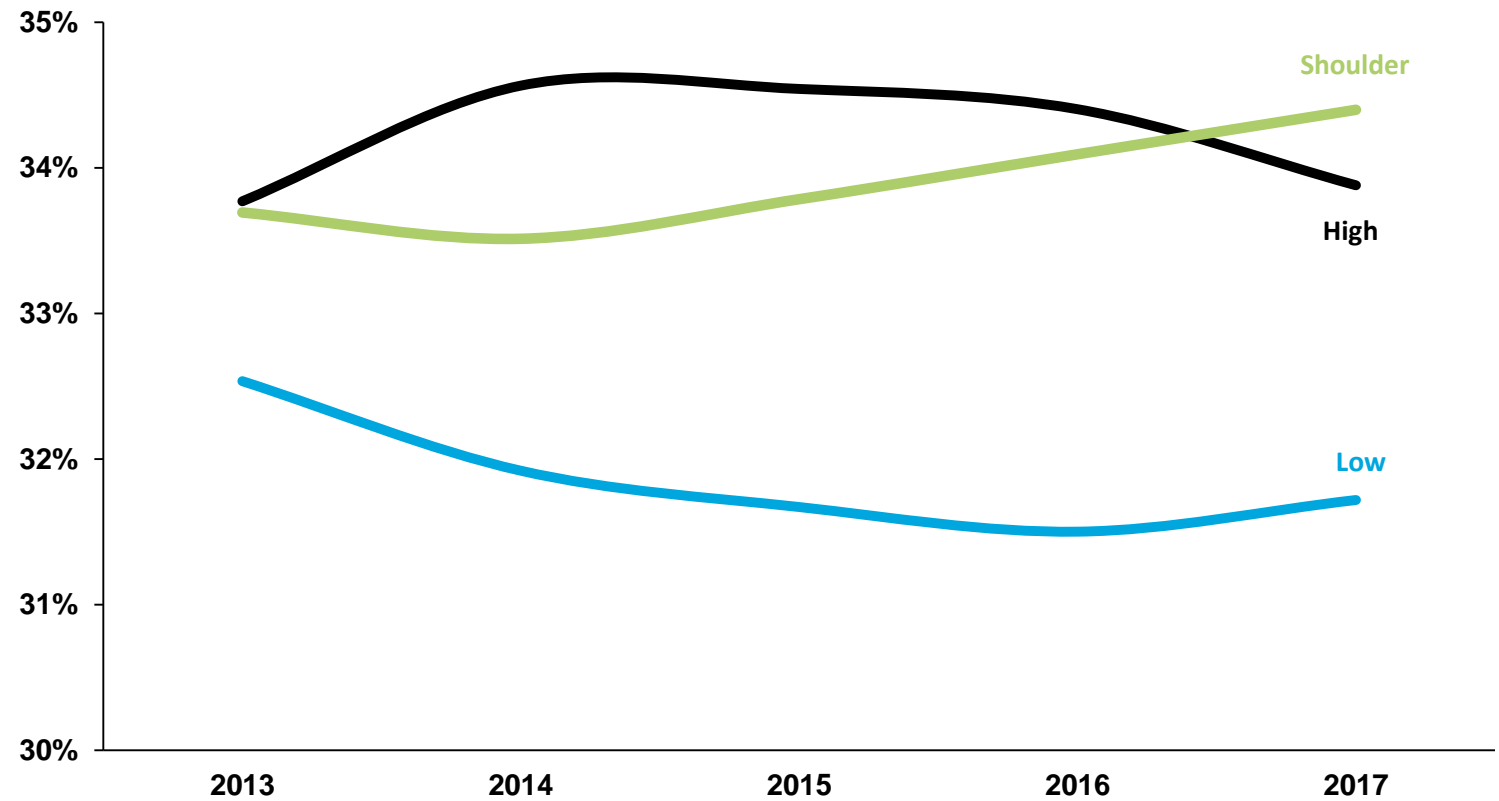
Source: ¹Development at Brookings, Feb 2017; ² Morgan Stanley Estimates; ³ Boeing, Feb 2017; ⁴UBS evidence lab ⁵ People.cn, Xinhua.net, World Bank, Morgan Stanley



Aviation market structure changes North America and Europe



Reducing seasonality of visitation to improve industry productivity



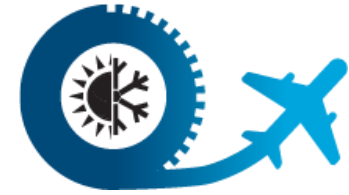
Market
development is
focused on
driving off peak
passenger
demand



Australian market
Auckland as a short
break destination
Incremental VFR
visitation



**Australian winter
market**
North Island as a
winter holiday
destination



United States
Driving demand across
the year



China
Winter visitation, digital
channel focus
Tier 1 & Tier 2 markets focus



**SE & North Asia, UK/EU,
Argentina**
Shoulder & winter season,
partnership focussed

Driving aeronautical and market growth summary



New Zealand is underserved



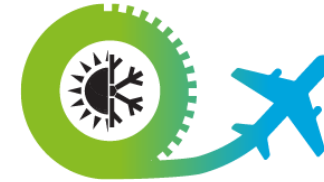
Macro environment is supportive of continued growth



Strategy to grow, sustain, diversify capacity and market mix



Market development work is focused on driving off-peak demand and future growth markets



Continue pursuing multiple route development opportunities

What have we learnt?





What worked
and
didn't work?

Where are we headed?

- In season
 - More formal lavender gardens (more to see and do)
 - Raise profile amongst tourism market
- Off/ Shoulder season
 - Larger distribution of Gin/ Limoncello
 - Partnering for more events

