

Taranaki Whānui ki Te Upoko o Te Ika

Port Nicholson Block Settlement Trust

Annual Report 2019/20





Photo credit Bildagentur Zoonar

Te Maunga o Taranaki

I ngā tupuna i te mana o ō rātou hapū,
o rātou iwi o te hau kāinga ki

Te Whanganui-a-Tara.

Kei te rere tonu te toto i roto i a tātou.
E pāorooro ana te mita o Taranaki i ngā riu me
ngā pae maunga o Pōneke nei.
E mau tonu ai te mana i a

Taranaki Whānui ki te Upoko o te Ika.

Hau pai mārire.

The Port Nicholson Block Settlement Trust was established in August 2008. The purpose for which the Trust was established was to **receive, manage and administer the Trust Fund** on behalf of, and for the benefit of, the present and future Members of Taranaki Whānui ki Te Upoko o Te Ika in accordance with its' Trust Deed (Clause 2.3).

Its membership are all those who **whakapapa** to the iwi groups that make up Taranaki Whānui as they migrated to the Wellington area in the 1830s and have maintained ahi kā.

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Directory

Port Nicholson Block Settlement Trust Chair Report	7
Taranaki Whānui Limited Chair Report	9
Tai Hekenga	11
Achievements 2019/20	17
Auditors Letter	19
Financial Statements and Notes	22
2019 Annual General Meeting Minutes	49

Board of Trustees

- John Coffey, Chair
- Mahina Puketapu
- Huia Puketapu
- Wayne Mulligan
- Paora Mepham, Chair Finance, Audit, Assurance and Risk Committee
- Toa Pomare
- Holden Hohaia

Board of Directors

- Toa Pomare, Chair
- Jamie Tuuta
- Bryan Jackson
- Peter Allport

Management

- Lisle McErlane, Commercial Advisor
- Kirsty Tamanui, General Manager Business & Operations
- Willy Makea, Finance Manager
- Marama Puketapu, Kaiwhakarite

Auditors

- Crowe

Accountants

- KPMG

John Coffey | Chair's Report

On behalf of the Port Nicholson Block Settlement Trust Board of Trustees, we present this year's 2019/20 Annual Report.



**He honore he kororia ki te Atua
He maungārongo ki te whenua
He whakaaro pai ki ngā tāngata katoa**

On behalf of the Board, we wish to thank and acknowledge Taranaki Whānui whānau for supporting our kaupapa and enabling us to continue to carry the intent of the Settlement for the people of Taranaki Whānui.

To our Trustees, TWL Directors and TWL management team, thank you for the mahi and time you have each put in as individuals, as well as a collective and your commitment to the kaupapa.

This past year has seen the Trust experience yet another year of challenge, not too dissimilar to previous years in fact. It is something we have come to realise as a feature of the different tensions that arise from operating a Māori organisation communally owned, where tikanga Māori is not easily reconciled to a contemporary legal and corporate framework, both as equally important to creating a sustainable platform for us in to the future.

The Trust has been in existence since 2008, and although with almost 12 years now under our belt, we are still an incredibly young organisation. This is more evident when considering the responsibility of being required to serve not only today's generations, but those also yet to come for millennia.

Like any youngster, we have been busy finding our feet during these early years, with more than the odd stumble along the way. It would be fair to say we have struggled to manage the different tensions that exist as mentioned earlier, but we are continuing to learn and adjust, to improve. Unfortunately, mistakes made along this very early stage of our journey, are not easily forgiven. They continue to give cause to what is now a significant grievance felt by some members, and to an extent appears irreconcilable.

And yet, there is so much more that is positive to reflect upon within this report, that we trust you will find and agree also. We hope that you will be as excited as we are, by the positive future now unfolding before us. We are on a new and different pathway from before, and no doubt will need both some room, and your generous patience to learn from new mistakes made through doing. Together through love and a willingness to forgive, by listening and learning, with respectful kōrero, we can work through and overcome the different obstacles on our long journey, as Taranaki Whānui ki Te Upoko o Te Ika, toward achieving the vision we have set for ourselves and our mokopuna.

Paimārire



John Coffey
Chair, Taranaki Whānui

Trustees



Toa Pomare



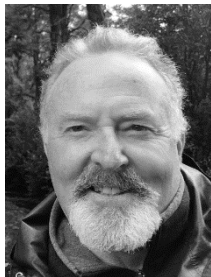
Holden Hohaia



Wayne Mulligan



Mahina Puketapu



Paora Mephram
Chair – Finance,
Audit, Assurance and
Risk Committee



Huia Puketapu

Toa Pomare | Chair's Report

On behalf of Taranaki Whānui Limited Board of Directors,
we present this year's 2019/20 Commercial Report.



Tēnā tātou i roto i ngā tini ahuatanga o te wā. This report covers commercial activities during the financial year 1 April 2019 to 31 March 2020.

Taranaki Whānui Limited's (TWL) role, formally established in 2012, is to identify commercial opportunities that build long term revenue streams and ensure the financial health of the Trust as a whole.

Chaired by Toa Pomare, Taranaki Whānui Limited Directors, Jamie, Peter and Bryan along with commercial advice from Lisle McErlane, have been primarily focussed on executing commercial opportunities and investments such as Tai Hekenga.

In these historical global changing times with many unknown economic outcomes, the Board of Directors are very much focused on the present and obtaining short term objectives. We take great satisfaction in delivering to the membership a record profit and a major uplift in net tangible assets for the Year End 31 March 2020.

The core activities for the year, in partnership with The Wellington Company, comprised of the completion of Paetutu (Jackson Street, Petone), the consenting of 94 apartments at Monark (King Street, Newtown) and the completion of Te Puna Wai Papakāinga (Wainuiomata), which offers 19 homes and 11 Kaumātua units. Te Puna Wai provided not only housing options for uri, but employment and financial capability learnings. We especially wish to thank Te Puni Kōkiri who provided funding to enable opportunities within this space.

Without question, the highlight of the year has been the completion of negotiations with the Crown on deferred settlement properties and the flow of distributions from the Tai Hekenga Consortium.

The outlook for the 2020-21 financial period is for a modest cash profit before any property revaluations. The outcome will be dependent on the costs of litigation around the Mau Whenua legal case and the beneficial outcome at Te Puna Wai.

The Board have always maintained that collaboration and partnership are a key to the growth of the Trusts' asset base. Tai Hekenga is an example of this enabling TWL to fulfil PNBST's deferred settlement property rights. The partners of Tai Hekenga are currently exploring other Right of First Refusal opportunities with the TWL Board.

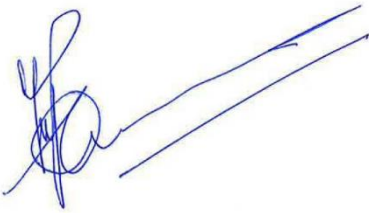
Partnerships - The Wellington Company has played a critical role with the increasing success of TWL. They have not only contributed development expertise but have collaboratively provided capital flows to enable TWL to exercise other opportunities. The Board takes this opportunity to thank Ian Cassels and The Wellington Company once again for their continued support.

A special acknowledgement and thanks need to go to our DSP negotiators with the Crown - Lisle McErlane, Andrew Harrison and Jamie Tuuta. Our success is in no small part due to their skill and tenacity.

The Board also extends their sincere thanks to the small management team - Lisle who provides commercial and strategic advice, Kirsty who manages the operations and business and Willy, who oversees our finances. This small team have continuously provided TWL and PNBST Trustees with sensible and prudent advice and unwaveringly support in an ever challenging environment.

Finally, I wish to thank my fellow Directors - Peter Allport, Bryan Jackson and Jamie Tuuta who continue to provide collective wisdom and business acumen that is enabling TWL to navigate turbulent economic times.

Ngā mihi ki a koutou katoa, nā



Toarangātira Pomare
Chair, Taranaki Whānui Limited

Directors



Peter Allport



Bryan Jackson



Jamie Tuuta

Tai Hekenga

At the time of the signing of the Treaty of Waitangi (6 February 1840), the iwi (tribes) living in the Te Whanganui a Tara (Wellington Harbour) area originated from the Taranaki region of the North Island. The collective name given to these iwi is **Taranaki Whānui ki Te Upoko o Te Ika** (Taranaki Whānui).

Taranaki Whānui are mana whenua of the Te Whanganui a Tara area. The iwi that make up Taranaki Whānui travelled to the Wellington area in various heke or migrations during the 1820s through to the 1830s. The Taranaki iwi include:

- Te Āti Awa
- Taranaki
- Ngāti Ruanui
- Ngāti Tama
- Ngāti Mutunga and
- Other iwi from the Taranaki area

Since the 1820s Taranaki Whānui have maintained ahi kā (permanent occupation). Our occupation and continued residence attributes Taranaki Whānui the rights and duties of mana whenua – traditional guardians of Te Whanganui a Tara and associated lands.

Since the early migrations and to this present day, connections and relationships have been maintained between those who remained in Taranaki and those who migrated south to Te Upoko o te Ika. In 2009 Taranaki Whānui settled its Treaty of Waitangi Claims, acquiring as a form of settlement with the Crown various property rights, sale and lease back arrangements of Crown properties and monetary compensation.

Taranaki Whānui, along with Taranaki whanaunga based in Taranaki, with the intent of building a kinship-based partnership to enable the purchase of Crown properties through a sale and lease back arrangement, formalised the **Tai Hekenga Consortium** in 2019.

Called Tai Hekenga as it relates to the migration to the sea - the sea being Te Whanganui a Tara, and the Hekenga, or migration, coming from our whanaunga in Taranaki.

In a more symbolic sense Tai Hekenga is represented in the Taranaki Whānui logo, where on the left-hand side we have whenua and tohu symbolising Maunga Taranaki, and on the right we have Te Whanganui a Tara. The tohu together symbolise the spiritual journey from Taranaki to Te Upoko o Te Ika and the continued link between these two homeland of the Taranaki people.



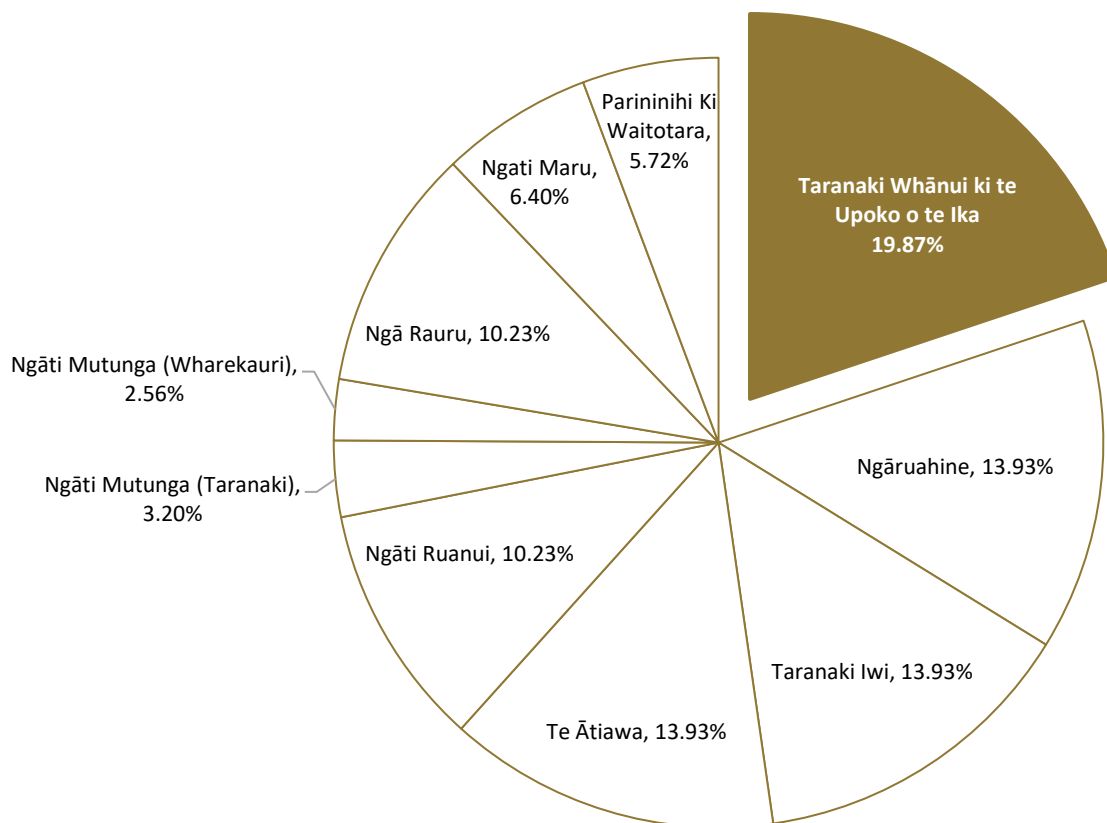


Photo credit Mark Beatty

Tai Hekenga Consortium Sept 2020

Tai Hekenga has been years in the making, and with the recent acquisition of nine Crown properties, Taranaki iwi co-investors will begin to see their investment provide a return. The properties will deliver annuity rental income from tenants (Crown) who are low-risk and long-term. Land values within Wellington continue to rise, so the benefits of this investment scheme contributes to iwi-investors aspirations and enables each to achieve their strategic goals.

Iwi-investor Participation



Progress This Year

The 2019/20 year saw a significant amount of progress made by Tai Hekenga as a total of 12.03 hectares of land within Wellington was purchased. This land is worth \$116,640,000, of which Taranaki Whānui has a 19.87% share.

The land beneath the following properties was purchased:

	Market Value (\$m)
Hutt Valley High School (7.23 ha)	32.3
Wellington Girls' College (1.57 ha)	21.1
Te Aro School (1.93 ha)	16.0
Northland School (0.56 ha)	5.2
Wellington High Court (0.33 ha)	19.5
Wellington District Court (0.16 ha)	12.2
63-81 Waterloo Quay (0.24 ha)	10.4

At the time of producing this report, Tai Hekenga had also purchased the land underneath the following properties:

	Market Value (\$m)
Archives New Zealand (0.55 ha)	17.2
National Library (0.56 ha)	19.9

Negotiations continue regarding the acquisition of the remaining properties in the schedule - NZ Police properties and Thorndon School.

Wellington (CBD) Property Portfolio



Thorndon School



Wellington High Court



Wellington Girls' College



The National Library



Wellington District Court



63-81 Waterloo Quay

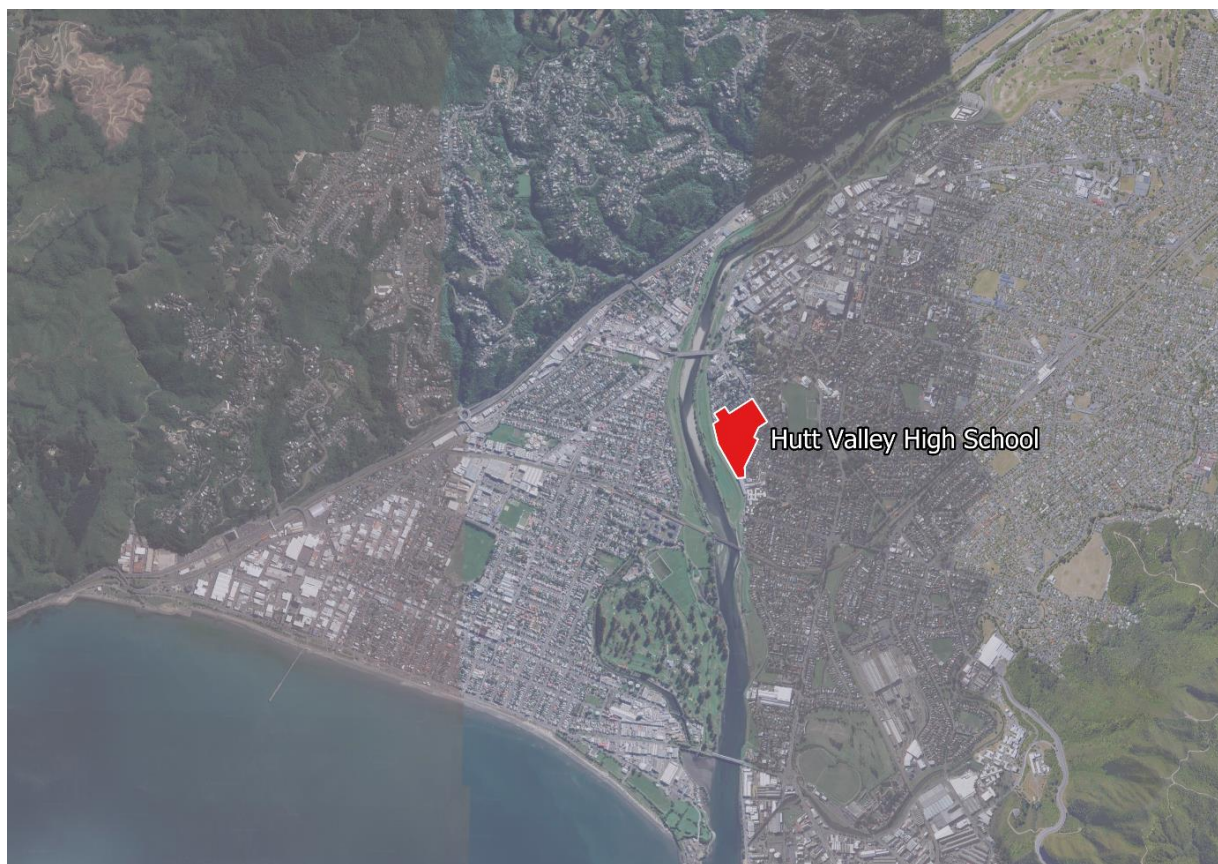


Te Aro School



Archives NZ

Hutt Valley Property Portfolio



Hutt Valley High School

Achievements 2019/20

\$27,589,429 (182%)

Asset Growth since 2017

\$19,712,359 operating profit

2019/20 Performance

\$42,711,395

Net Asset Group Position

Tai Hekenga

Acquisition of Crown properties



Achievements 2019/20

Te Puna Wai

Completion of 19 homes and 11 social kaumātua rentals – enabling home ownership for uri in Wainuiomata

Paetutu

Enabling affordable home ownership for uri in Petone, Lower Hutt

COVID-19 Response

Supporting our marae enabling the provision of food parcels and supermarket vouchers to uri

Increasing Financial Literacy

Provision of free financial literacy courses to uri



INDEPENDENT AUDITOR'S REPORT**To the Beneficial Owners of Port Nicholson Block Settlement Trust****Opinion**

We have audited the consolidated and separate financial statements of Port Nicholson Block Settlement Trust and its controlled entities (the "Trust and Group") on pages 1 to 26, which comprise the consolidated and separate statement of financial position as at 31 March 2020, and the consolidated and separate statement of comprehensive revenue and expenses, consolidated and separate statement of changes in net assets and consolidated and separate statement of cash flows for the year then ended, and notes to the consolidated and separate financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated and separate financial statements present fairly, in all material respects, the financial position of the Trust and Group as at 31 March 2020, their financial performance and their cash flows for the year then ended in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements* section of our report. We are independent of the Trust and Group in accordance with Professional and Ethical Standard 1 (Revised) *Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor, we have no relationship with, or interests in, Port Nicholson Block Settlement Trust or any of its controlled entities.

Emphasis of Matter – COVID-19

We draw attention to Note 5 of the financial statements, which describes the effects of the World Health Organisation's declaration of a global pandemic in March 2020 relating to the spread of COVID-19. Our opinion is not modified in respect of this matter.

Emphasis of Matter – Material Uncertainty Related to Investment Property Valuation

We draw attention to Note 15 of the consolidated and separate financial statements which describes the registered independent valuers have included a material uncertainty clause in their 31 March 2020 valuation reports as a result of the COVID-19 pandemic. These clauses state that market conditions are changing at present and as at the date of the valuations there is significant market uncertainty. The valuations are

current at 31 March 2020 only and the values may change significantly and unexpectedly over a relatively short period of time. Our opinion is not modified in respect to this matter.

Information Other Than the Consolidated and Separate Financial Statements and Auditor's Report

The Trustees are responsible for the other information. Our opinion on the consolidated and separate financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

In connection with our audit of the consolidated and separate financial statements, if other information is included in the annual report, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated and separate financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of our auditors' report, we concluded that there is a material misstatement of this other information, we are required to report that fact.

Responsibilities of the Trustees for the Consolidated and Separate Financial Statements

The Trustees are responsible on behalf of the entity for the preparation and fair presentation of the consolidated and separate financial statements in accordance with Public Benefit Entity Standards Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board, and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated and separate financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated and separate financial statements, the Trustees are responsible for assessing the Trust's and Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Trust and Group or to cease operations, or have no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Consolidated and Separate Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated and separate financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated and separate financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated and separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Trust's and Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's and Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated and separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust and Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated and separate financial statements, including the disclosures, and whether the consolidated and separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Trust and Group to express an opinion on the consolidated and separate financial statements. We are responsible for the direction, supervision and performance of the Trust and Group audit. We remain solely responsible for the audit opinion.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The engagement partner on the audit resulting in this independent auditor's report is Les Foy.

For and on behalf of:



Crowe New Zealand Audit Partnership
CHARTERED ACCOUNTANTS
31 August 2020

Consolidated Statement of Comprehensive Revenue and Expenses

Port Nicholson Block Settlement Trust

For the year ended 31 March 2020

	Note	Group 31 March 2020 \$	Group 31 March 2019 \$	Parent 31 March 2020 \$	Parent 31 March 2019 \$
Revenue from exchange transactions					
Rent received from properties owned		271,392	470,313	-	-
Lease revenue Rymans agreement		100,000	100,000	-	-
Other revenue	9	695,770	623,668	618,550	266,315
Fair value adjustment - investment properties	15	6,192,484	652,516	153,660	146,340
Interest received from funds on call	8	4,110	37,649	4,077	35,610
Gain on investment properties sold		-	2,414,259	-	-
Sale of development property	16	763,539	1,885,583	-	-
Total revenue from exchange transactions		8,027,295	6,183,988	776,287	448,265
Revenue from non-exchange transactions					
Capital grant		2,183,608	691,093	-	691,093
Koha received		200	-	200	-
Total revenue from non-exchange transactions		2,183,808	691,093	200	691,093
Expenses					
Costs of running the office	10	1,811,254	783,819	38,306	390,848
Depreciation	14	13,375	10,724	5,936	4,197
Loss on disposal of fixed assets	14	1,615	121,736	-	-
Maintenance cost for the properties owned	7	189,037	215,182	-	5,117
Interest expense		98,282	73,990	-	-
Cost of development property sold	16	836,814	1,820,399	-	-
Total expenses		2,950,377	3,025,850	44,242	400,162
Total surplus/(deficit) for the year before share of surplus in investment in associate		7,260,726	3,849,231	732,245	739,196
Share of surplus in investment in associate	21	12,386,288	-	-	-
Total surplus/(deficit) for the year before taxation		19,647,014	3,849,231	732,245	739,196
Taxation expense	11,12	(65,345)	(453,490)	78,338	(186,260)
Total after taxation		19,712,359	4,302,721	653,907	925,456
Other comprehensive revenue and expenses		-	-	-	-
Total comprehensive revenue and expenses		-	-	-	-
Total comprehensive revenue and expenses for the year		19,712,359	4,302,721	653,907	925,456

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Statement of Changes in Net Assets

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

Group	Note	Accumulated comprehensive revenue and expense	Total equity
		\$	\$
Opening balance 1 April 2019		22,999,036	22,999,036
Surplus for the year		19,712,359	19,712,359
Other comprehensive revenue		-	-
Closing equity 31 March 2020		<u>42,711,395</u>	<u>42,711,395</u>
Opening balance 1 April 2018		18,696,315	18,696,315
Surplus for the year		4,302,721	4,302,721
Other comprehensive revenue		-	-
Closing equity 31 March 2019		<u>22,999,036</u>	<u>22,999,036</u>

Parent		Accumulated comprehensive revenue and expense	Total equity
		\$	\$
Opening balance 1 April 2019		15,385,968	15,385,968
Surplus for the year		653,907	653,907
Other comprehensive revenue		-	-
Closing equity 31 March 2020		<u>16,039,875</u>	<u>16,039,875</u>
Opening balance 1 April 2018		14,460,512	14,460,512
Surplus for the year		925,456	925,456
Other comprehensive revenue		-	-
Closing equity 31 March 2019		<u>15,385,968</u>	<u>15,385,968</u>

This financial statement should be read in conjunction with the notes to the financial statements.



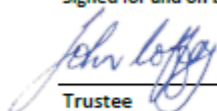
Consolidated Statement of Comprehensive Financial Position

Port Nicholson Block Settlement Trust

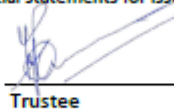
For the year ended 31 March 2020

	Note	Group 31 March 2020 \$	Group 31 March 2019 \$	Parent 31 March 2020 \$	Parent 31 March 2019 \$
Current assets					
Cash and cash equivalents	13	1,018,208	4,868,709	90,445	1,163,073
Receivables from exchange transactions	19	117,790	4,134,092	110,512	129,918
Deposits from sales held on Trust account	19	-	87,000	-	-
Prepayments		34,745	-	-	-
Inter-entity advances	19	-	-	15,727,625	14,405,345
Development property	16	5,906,863	807,330	-	-
Goods and services tax receivable		49,578	35,197	-	9,393
Income tax refund due	11	20,731	19,999	13,034	12,321
Non-trade receivables	19	1,850,000	-	-	-
		<u>8,997,915</u>	<u>9,952,327</u>	<u>15,941,616</u>	<u>15,720,050</u>
Non-current assets					
Investment properties	15	12,915,000	6,722,516	840,000	686,340
Investment in joint venture	20	950,000	950,000	-	-
Investments in associates	21	20,587,679	-	-	-
Property, plant and equipment	14	50,228	59,409	4,707	10,643
Development property	16	-	3,281,286	-	-
Non-trade receivables	19	1,850,000	3,700,000	-	-
Deferred tax asset	12	518,835	453,490	107,922	186,260
		<u>36,871,742</u>	<u>15,166,701</u>	<u>952,629</u>	<u>883,243</u>
Total assets		<u>45,869,657</u>	<u>25,119,028</u>	<u>16,894,245</u>	<u>16,603,293</u>
Current liabilities					
Goods and services tax payable		-	-	5,018	-
Trade and other creditors	19	293,066	590,290	-	57,326
Advances from related entities	19	-	-	849,352	849,352
Advance from Ryman Healthcare	19	567,157	632,038	-	-
Advance from Raukawa	19	1,000,000	-	-	-
Loan due to ASB	19	-	500,000	-	-
Deposits held on Trust account	19	-	87,000	-	-
Conditional grant money received	19	1,298,039	310,664	-	310,648
		<u>3,158,262</u>	<u>2,119,992</u>	<u>854,370</u>	<u>1,217,326</u>
Total liabilities		<u>3,158,262</u>	<u>2,119,992</u>	<u>854,370</u>	<u>1,217,325</u>
Net assets		<u>42,711,395</u>	<u>22,999,036</u>	<u>16,039,875</u>	<u>15,385,968</u>
Equity					
Accumulated comprehensive revenue and expense		42,711,395	22,999,036	16,039,875	15,385,968
Total equity		<u>42,711,395</u>	<u>22,999,036</u>	<u>16,039,875</u>	<u>15,385,968</u>

Signed for and on behalf of the Board of Trustees who authorised these financial statements for issue on 28 August 2020:



Trustee
John Coffey - Chair (Port Nicholson Block Settlement Trust)



Trustee
Toarangatira Pomare - Chair (Taranaki Whānui Limited)

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Statement of Comprehensive Revenue and Expenses

Port Nicholson Block Settlement Trust

For the year ended 31 March 2020

	Note	Group 31 March 2020 \$	Group 31 March 2019 \$	Parent 31 March 2020 \$	Parent 31 March 2019 \$
Cash flows from operating activities					
<i>Receipts</i>					
Receipts from non-exchange transactions		3,170,983	892,484	-	892,484
Receipts from exchange transactions		4,903,022	3,953,730	652,648	244,287
Interest received		3,378	30,144	3,364	29,495
		8,077,383	4,876,358	656,012	1,166,266
<i>Payments</i>					
Payments to suppliers		4,195,509	2,657,541	95,712	385,675
Interest paid		63,162	35,455	-	-
		4,258,671	2,692,996	95,712	385,675
Net cash flows from operating activities		3,818,712	2,183,362	560,300	780,591
Cash flows from investing activities					
<i>Receipts</i>					
Distributions from associates		396,722	-	-	-
Sale of investment property		-	1,900,671	-	-
Net funds received from / (paid to) related parties		-	-	(1,632,928)	(778,961)
		396,722	1,900,671	(1,632,928)	(778,961)
<i>Payments</i>					
Purchases of property, plant and equipment		5,809	20,091	-	14,841
Investment in joint venture		-	950,000	-	-
Investment in associates		8,560,126	-	-	-
		8,565,935	970,091	-	14,841
Net cash flows from investing activities		(8,169,213)	930,580	(1,632,928)	(793,802)
Cash flows from financing activities					
<i>Receipts</i>					
Proceeds from borrowings		1,000,000	-	-	-
		1,000,000	-	-	-
<i>Payments</i>					
Repayment of borrowings		500,000	600,000	-	-
		500,000	600,000	-	-
Net cash flows from financing activities		500,000	(600,000)	-	-
Net increase/(decrease) in cash and cash equivalents		(3,850,501)	2,513,942	(1,072,628)	(13,212)
Cash and cash equivalents at 1 April		4,868,709	2,354,767	1,163,073	1,176,285
Cash and cash equivalents at 31 March	13	1,018,208	4,868,709	90,445	1,163,073

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

1) Reporting entity

The reporting entity is Port Nicholson Block Settlement Trust (the "Trust"). The Trust is domiciled in New Zealand and was established as the Post Settlement Governance Entity (PSGE) to receive the settlement redress from the Crown as part of the historical claim made under the Treaty of Waitangi. The financial statements comprising of the Trust and its controlled entities (together the "Group") are outlined in note 6.

These Group financial statements and the accompanying notes summarise the financial results of activities carried out by the Group. The Group represents the descendants of Taranaki, Te Atiawa, Ngati Ruanui and Ngati Tama whose Tupuna were residents in Wellington in 1840, collectively known as Taranaki Whanui ki Te Ika. The Trust, established by the Port Nicholson Block Settlement Trust Deed dated 11 August 2008, receives the settlement package relating to historical Treaty of Waitangi Claims. The Crown and Port Nicholson Block Settlement Trust signed a Deed of Settlement in Wellington on 19th August 2008. The Trust and several entities within the Group have elected to be Maori authorities under the Income Tax Act 2007 on the basis they received and manage the settlement package received from the Crown.

These consolidated financial statements have been approved and were authorised for issue by the Board of Trustees on 28 August 2020.

2) Statement of compliance

The Group financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ("NZ GAAP"). They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for Not-For-Profit entities. For the purposes of complying with NZ GAAP, the Group is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability and it is not defined as large.

The Board of Trustees has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions.

3) Statement of accounting policies

The significant accounting policies used in the preparation of these financial statements as set out below have been applied consistently to both years presented in these financial statements except where explicitly noted.

3.1 Basis of measurement

These consolidated financial statements have been prepared on the basis of historical cost with the exception of investment properties which have been measured at fair value.

3.2 Functional and presentational currency

The consolidated financial statements are presented in New Zealand dollars (\$), which is the Group's functional currency. All financial information presented in New Zealand dollars has been rounded to the nearest dollar.

3.3 Basis of consolidation

Controlled entities are all those entities over which the controlling entity has the power to govern the financial and operating policies so as to benefit from its activities. The controlled entities are consolidated from the date on which control is transferred and are de-consolidated from the date that control ceases. In preparing the consolidated financial statements, all inter entity balances and transactions, and unrealised gains and losses arising within the consolidated entity are eliminated in full. The accounting policies of the controlled entity are consistent with the policies adopted by the Group and have a 31 March reporting date.

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2020

3.4 Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Group and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Revenue from exchange transactions

Rendering of Services

Revenue from a contract to provide services is recognised by reference to the stage of completion of the contract at the reporting date. The Group considers revenue from project management, grants for services, memorandum of understanding and other similar revenue streams as rendering of services as they are considered exchange transactions by the Group and represent services provided by the Group to external parties.

Interest

Interest revenue is recognised as the interest accrues (using the effective interest method).

Rental income

Income from the rental of property is recognised within surplus and deficit in the Statement of Comprehensive Revenue and Expense on a straight line basis over the term of the lease.

Sale of Property

Revenue from the sale of property is recognised within surplus and deficit in the Statement of Comprehensive Revenue and Expense when the sale takes place.

Other Revenue

Other revenue is recognised on an accruals basis.

Revenue from non-exchange transactions

Koha

Koha is recognised within surplus and deficit in the Statement of Comprehensive Revenue and Expense when receipted.

Maori Housing Network and Te Ara Mauwhare

The Group receives grant funding from Maori Housing Network and Te Ara Mauwhare to assist the development at Wainuiomata Intermediate. The Group also receives grant funding from Te Ara Mauwhare to assist in the "Sorted Kainga Ora" programme. Grant funding is recognised within surplus and deficit in the statement of Comprehensive Revenue and Expenses when outputs in the funding agreement are satisfied.

Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

3.5 Financial instruments

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument.

The Group derecognises a financial asset or, where applicable, a part of a financial asset or part of a group of similar financial assets when the rights to receive cash flows from the asset have expired or are waived, or the Group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party; and either:

- (a) the Group has transferred substantially all the risks and rewards of the asset; or
- (b) the Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Assets

Financial assets within the scope of NFP PBE IPSAS 29 Financial Instruments: Recognition and Measurement are classified as financial assets at fair value through surplus or deficit, loans and receivables, held-to-maturity investments or available-for-sale financial assets. The classifications of the financial assets are determined at initial recognition.

The categorisation determines subsequent measurement and whether any resulting revenue and expense is recognised in surplus or deficit or in other comprehensive revenue and expenses. The Group's financial assets are classified as loans and receivables. The Group's financial assets include: cash and cash equivalents, deposits from sales, investments, receivables from non-exchange transactions and receivables from exchange transactions.

All financial assets are subject to review for impairment at least at each reporting date. Financial assets are impaired when there is any objective evidence that a financial asset or group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for impairment. The Group's cash and cash equivalents, receivables from non-exchange transactions and receivables from exchange transactions fall into this category of financial instruments.

Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2020

3.5 Financial instruments (continued)

Impairment of financial assets

The Group assesses at the end of reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial assets is impaired and impairment losses are incurred if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated.

For financial assets carried at amortised cost, if there is objective evidence that an impairment loss on loans and receivables carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of the estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the surplus or deficit for the reporting period.

In determining whether there is any objective evidence of impairment, the Group first assesses whether there is objective evidence of impairment of financial assets that are individually significant, and individually or collectively significant for financial assets that are not individually significant. If the Group determines that there is no objective evidence of impairment for an individually assessed financial asset, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognised are not included in a collective assessment for impairment.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed by adjusting the allowance account. If the reversal results in the carrying amount exceeding its amortised cost, the amount of the reversal is recognised in surplus or deficit.

Financial liabilities

The Group's financial liabilities include trade and other creditors (excluding GST and PAYE), employee entitlements, loans and borrowings and deferred revenue (in respect to grants whose conditions are yet to be complied with).

All financial liabilities are initially recognised at fair value (plus transaction cost for financial liabilities not at fair value through surplus or deficit) and are measured subsequently at amortised cost using the effective interest method except for financial liabilities at fair value through surplus or deficit.

3.6 Cash and cash equivalents

Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash which are subject to an insignificant risk of changes in value.

3.7 Property, plant and equipment

Depreciation is charged on a straight line basis over the useful life of the asset. Depreciation is charged at rates calculated to allocate the cost or valuation of the asset less any estimated residual value over its remaining useful life:

Land	0% SL
Office equipment	8% - 50% SL
Leasehold improvements	7%-13.5% SL
Furniture and fittings	6% - 21% SL

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2020

3.7 Property, plant and equipment (continued)

Depreciation methods, useful lives and residual values are reviewed at each reporting date and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

Heritage assets with no future economic benefit or service potential other than heritage value are not recognised in the Statement of Financial Position.

3.8 Investment properties

Investment properties are properties held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, for supply of goods or services or for administrative purposes. Investment properties are measured initially at cost, including transaction costs.

Subsequent to initial recognition, investment properties are measured at fair value with any change recognised in the reported surplus or deficit in accordance with PBE IPSAS 16.

Investment Property comprises a number of commercial properties that are leased to third parties. Each of the leases contain individual non-cancellable periods of which subsequent renewals are negotiated with the lessee. No contingent rents are charged.

3.9 Leases

Payments on operating lease agreements, where the lessor retains substantially the risk and rewards of ownership of an asset, are recognised as an expense on a straight-line basis over the lease term.

3.10 Employee benefits

Wages, salaries and annual leave

Liabilities for wages and salaries and annual leave are recognised in surplus or deficit during the period in which the employee provided the related services. Liabilities for the associated benefits are measured at the amounts expected to be paid when the liabilities are settled.

3.11 Income Tax

Current Income Tax

Current income tax assets and liabilities for the current period are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date in the countries where the Group operates and generates taxable income.

Current income tax relating to items recognised directly in equity is recognised in equity and not in the statement of profit or loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Income Tax

Deferred tax is provided for using the liability method on temporary tax differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

Deferred income tax liabilities are recognised for all taxable temporary differences except:

- When the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and that, at the time of the transaction, affects neither the accounting surplus or deficit nor taxable surplus or deficit.
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. Deferred tax assets are recognised to the extent that it is probable that taxable surplus will be available against which the deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilised, except:

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

3.11 Income Tax (continued)

- When the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting surplus or deficit nor taxable surplus or deficit.
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable surplus will be available against which the temporary differences can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable surplus will be available to allow all or part of the deferred income tax asset to be utilised.

Unrecognised deferred income tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

3.12 Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except for receivables and payables, which are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department is included as part of receivables or payables in the statement of financial position.

Cash flows are included in the statement of cash flows on a net basis and the GST component of cash flows arising from investing and financing activities, which is recoverable from, or payable to, the Inland Revenue Department is classified as part of operating cash flows.

3.13 Equity

Equity is the net assets of the Group, measured as the difference between total assets and total liabilities. Equity is made up of the following components:

Accumulated comprehensive revenue and expense

Accumulated comprehensive revenue and expense is the Group's accumulated surplus or deficit since its formation, adjusted for transfers to/from specific reserves.

3.14 Development properties

Development property is specifically held to be developed and subsequently sold as part of the ordinary course of business for the Group. It is measured at cost and recorded on the Statement of Financial Position until such time that development is completed, after which it will be recorded through the Statement of Comprehensive Revenue and Expenses. The development properties that are expected to be sold within one year are classified as current assets. The development properties that are under construction are classified as non-current assets.

3.15 Joint ventures

An investment in a joint venture is recorded where two or more parties have entered into a binding arrangement to undertake an activity that is subject to joint control. The investment in a joint venture is initially recorded at cost and adjusted thereafter for the share of the venturer's share of the net assets of the jointly controlled entity. The surplus or deficit of the venturer includes the venturer's share of the surplus or deficit of the jointly controlled entity.

3.16 Investments in associates

Associates are those entities within which the Group has significant influence, but not control or joint control, over the financial and operating policies. Interest in associates are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Group's share of the surplus or deficit and other comprehensive revenue and expense of equity-accounted investees, until the date on which significant influence ceases.

4) Changes in accounting policy

All accounting policies are consistently applied to all periods presented in these financial statements.

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

5) Significant accounting judgements, estimates and assumptions

The preparation of the Group's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures, and the disclosure of contingent liabilities. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods.

Judgements

In the process of applying the Group's accounting policies, management have made the following significant judgements.

Management have used judgement in classifying investment and development property within the Group. This has been based on current use, and intention in relation to the future use of property. This assessment could be subject to change depending on market conditions or other changes that may or may not be within the Group's control.

The impact of COVID-19 on the Group's financial statements

In March 2020, the World Health Organisation designated COVID-19 to be a global pandemic, threatening the health and well-being of large numbers of people across multiple countries. The global outbreak has caused escalating levels of societal uncertainty. During the period of 25 March 2020 to 13 May 2020 the New Zealand Government shut down most businesses except for essential service providers. The Group's staff were able to work from home without major disruption, however the construction at Te Puna Wai development ceased during the lockdown period. Rental relief was provided though this did not have a material impact on the Group's operations.

In preparing the financial statements under a going concern basis, the Trustees have given consideration to the cash flows generated from its investments and investment property and the Group's operations. The Trustees' assessment, particularly when considering that slightly in excess of seventy percent of its annuity cash comes from Crown backed leases, demonstrates there is sufficient operating and investing cash flow to meet the financing cash flow requirements and obligations of the Group.

The Group records a number of property assets at their fair values. The assessment of fair value required applying significant judgement as detailed in note 15.

Estimates and Assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Group based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to determine potential future use and value from disposal:

- (a) The condition of the asset
- (b) The nature of the asset, its susceptibility and adaptability to changes in technology and processes
- (c) The nature of the processes in which the asset is deployed
- (d) Availability of funding to replace the asset
- (e) Changes in the market in relation to the asset

The estimated useful lives of the asset classes held by the Group are listed in Note 3.7.

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

6) Group information Subsidiaries

The consolidated financial statements of the Group include the following wholly-owned subsidiaries.

Name of subsidiary	Principal activities	Country incorporated
Shelly Bay Limited	Commercial Rental	NZ
The Lodge at Shelly Bay Limited	Shelf Company	NZ
Taranaki Whanui Limited	Operations Management	NZ
TWL Management Limited	Operations Management	NZ
TWL Trust Limited	Operations Management	NZ
Muritai Project Limited Partnership	Project Management	NZ
RFR Projects Limited Partnership	Project Management	NZ
RFR General Partner Limited	Project Management	NZ
LBS General Partner Limited	Project Management	NZ
Lowry Bay Limited Partnership	Project Management	NZ
Lowry Bay Section One Limited	Commercial Rental	NZ
Port Nicholson Block Properties Limited	Commercial Rental	NZ
Education PNBST Limited	Project Management	NZ
Tramways Limited	Commercial Rental	NZ
Whites Line East Limited	Shelf Company	NZ
PNBST Investments Limited Partnership	Commercial Rental	NZ
SBL Management Limited	Shelf Company	NZ
Tai-Kuru Limited Partnership	Shelf Company	NZ
Tai-Kuru Trust Limited	Shelf Company	NZ

The reporting date of the Trust and all subsidiaries is 31 March.

There are no significant restrictions on the ability of the subsidiaries to transfer funds to the Parent Trust in the form of cash distributions or to repay loans or advances.

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

	Group 31 March 2020 \$	Group 31 March 2019 \$	Parent 31 March 2020 \$	Parent 31 March 2019 \$
7) Maintenance costs for properties owned				
Building WOF	824	421	-	-
Cleaning	9,527	-	-	-
Electricity	14,905	19,092	-	1,328
Fire Monitoring	2,722	4,918	-	-
Insurance	49,321	72,244	-	-
Rates	54,673	45,871	-	2,028
Real Estate Fees	6,333	-	-	-
Repairs & Maintenance	30,761	44,732	-	1,761
Security	4,412	7,423	-	-
Telephone	605	-	-	-
Water Rates	8,704	6,876	-	-
Valuation Fees	6,250	13,605	-	-
Total Rental Costs	189,037	215,182	-	5,117
8) Interest received from funds on call				
KiwiBank Interest	4,077	35,610	4,077	35,610
Interest on Property Transactions	-	2,039	-	-
Total interest received from funds on call	4,077	37,649	4,077	35,610
9) Other revenue				
Other Income (Incl. Project Management Fees)	81,770	44,103	4,550	41,228
Grant income	-	11,087	-	11,087
Memorandum of Understanding	214,000	214,000	214,000	214,000
Nomination Fees	-	354,478	-	-
Recovery of Redwood receivable	400,000	-	400,000	-
Total other revenue	695,770	623,668	618,550	266,315

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

10) Costs of running the office

	Group 31 March 2020 \$	Group 31 March 2019 \$	Parent 31 March 2020 \$	Parent 31 March 2019 \$
Compliance				
Accounting	75,655	53,715	-	25,500
Annual General Meeting	9,236	21,618	-	21,618
Annual Report	1,112	-	-	-
Audit	34,570	46,000	-	43,000
	<u>120,573</u>	<u>121,333</u>	<u>-</u>	<u>90,118</u>
Consultancy				
Commercial Advisor	96,000	96,000	-	-
Consultancy	256,930	40,239	-	5,000
Legal Fees	559,523	70,015	-	668
Underwriting fees	45,000	-	-	-
	<u>957,453</u>	<u>206,253</u>	<u>-</u>	<u>5,668</u>
Cultural services				
Cultural Services	42,100	28,237	1,600	28,237
Koha given	100	-	-	-
	<u>42,200</u>	<u>28,237</u>	<u>1,600</u>	<u>28,237</u>
Governance				
Director Expenses	30	-	-	-
Director Fees	45,000	45,000	-	-
Director Fees - Tai Hekenga	7,000	-	-	-
Trustee Elections	60,878	21,004	-	21,004
Trustee Fees	22,750	16,000	-	16,000
Trustee Travel Expenses	12,854	4,222	-	2,678
	<u>148,511</u>	<u>86,226</u>	<u>-</u>	<u>39,682</u>
Member engagement				
Database	57,795	1,000	-	1,000
Events	13,415	7,719	87	7,719
	<u>71,210</u>	<u>8,719</u>	<u>87</u>	<u>8,719</u>

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

10) Costs of running the office (continued)

	Group 31 March 2020 \$	Group 31 March 2019 \$	Parent 31 March 2020 \$	Parent 31 March 2019 \$
Office Expenses				
Bank Fees	5,451	1,156	70	136
Bad debt	7,555	10,000	4,035	10,000
Catering	1,149	2,300	-	1,838
Cleaning	-	9,740	-	3,345
Computer Expenses	9,613	13,387	-	13,387
Copying & Printing	9,282	5,689	589	4,962
File storage & destruction	354	2,359	-	2,359
General Expenses	-	560	-	560
IRD penalties	93	250	-	-
Low value assets	-	2,559	-	2,559
Office expenses	2,056	2,186	-	2,186
Postage	170	352	-	352
Publications	3,380	-	-	-
Sale and leaseback administration	26,586	-	-	-
Stationery	61	204	-	204
Subscriptions	1,510	178	83	178
Te Puna Wai Administration	5,477	-	-	-
Telephone	3,682	5,395	1,194	3,941
Travel Expenses	37,871	15,342	-	4,315
Website	445	360	30	360
	114,737	72,016	6,001	50,682
Personnel				
Kiwisaver - employer contributions	6,496	1,848	594	1,155
Sub-contractor	123,340	70,610	-	1,088
Wages/salaries	226,735	188,577	30,023	165,500
	356,570	261,035	30,617	167,742
Total costs of running the office	1,811,254	783,819	38,306	390,848

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

Net surplus (deficit) as per financial statements	19,047,014	3,049,231	132,243	139,190
<i>Timing differences</i>				
Add Back - Closing Balance Audit Accrual as at 31 March	40,000	40,000	-	40,000
Less: Opening balance Audit Accrual as at 1 April	(40,000)	(40,000)	(40,000)	(40,000)
Movement in provision for doubtful debts	(2,445)	10,000	(5,965)	10,000
Total Timing Differences	(2,445)	10,000	(45,965)	10,000
<i>Permanent differences</i>				
Fair value adjustment - investment properties	(6,192,484)	(652,515)	(153,660)	(146,340)
Adjustment for tax cost base of Shelly Bay	-	895,188	-	-
Assessable gain on intra group property sale	3,030,000	-	-	-
Non Assessable Grant income	(2,147,608)	-	-	-
Non Assessable Koha received and Koha provided	(100)	-	(200)	-
Non Assessable Share of surplus in investment in associate	(11,909,797)	-	-	-
Non Assessable Redwood receivable recovery	(400,000)	-	(400,000)	-
Non Assessable Accounting profit from PNBST Investmt Pship	(64,881)	(61,466)	(64,881)	(61,466)
Non Deductible Sale & Leaseback costs	26,586	-	-	-
Non Deductible Entertainment	-	-	-	-
Non Deductible Legal	392,871	-	-	-
Prior year over/under provision	(18,461)	-	471,238	-
Income allocated from Group LP's to Parent	-	-	29,439	3,367,426
Total Permanent Differences	(17,283,874)	181,207	(118,064)	3,159,620
Net Surplus (Deficit) as per Tax Return	2,360,695	4,040,437	568,216	3,908,816
Tax Losses Brought Forward	(5,592,909)	(9,633,346)	(1,180,876)	(5,089,692)
Net Tax Losses to carry forward	(3,232,214)	(5,592,909)	(612,660)	(1,180,876)
Current Taxation Expense	-	-	-	-
Opening Tax Balance	19,999	12,493	12,321	6,206
Tax Refunds Received	(2)	(1,264)	(2)	(117)
RWT Paid	732	8,769	713	6,231
Use of money interest received	2	1	2	-
Taxation Refund Due	20,731	19,999	13,034	12,321

Tax losses amounting to \$612,660 (2019: \$1,180,876) are to be carried forward to be offset against future taxable income by the Parent. The Group has \$3,232,214 (2019: \$5,592,909) of tax losses to be carried forward.

A deferred tax asset may be recognised by the Group and Parent for the carry forward of unused tax losses to the extent that it is probable that future taxable profits will be available against which the unused tax losses will be utilised. Due to the Group utilising significant tax losses in the current year and future profits anticipated, management expect all tax losses will be used and have chosen to recognise deferred tax for the year ended 31 March 2020.

The prior year over/under provision relates to aligning the accounting taxable income with what was filed with Inland Revenue when the tax returns have been prepared subsequent to the preparation of the financial statements.

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

11) Taxation (continued)	Group 31 March 2020 \$	Group 31 March 2019 \$	Parent 31 March 2020 \$	Parent 31 March 2019 \$
11b) Reconciliation of net surplus (deficit) to taxation expense				
Net surplus (deficit) per financial statements	19,647,014	3,849,231	732,245	739,196
Tax expense using the Group's tax rate 17.5%	3,438,227	673,615	128,143	129,359
- Adjustment for temporary differences	(428)	1,750	(8,044)	1,750
- Adjustment for permanent differences	(3,024,678)	31,711	(20,661)	552,933
- Utilisation of tax losses	(413,122)	(707,077)	(99,438)	(684,043)
Current tax expense	-	-	-	-
Deferred tax adjustments				
- Change in recognised Temporary differences	(65,345)	(453,490)	78,338	(186,260)
Total tax expense	(65,345)	(453,490)	78,338	(186,260)

12) Deferred tax

	Net balance 1-Apr-18	Recognised in P&L 31 March 2019	Deferred tax asset / (liability) 31 March 2019	Recognised in P&L 31 March 2020	Deferred tax asset / (liability) 31 March 2020
Parent					
Provisions and other liabilities	-	1,750	1,750	(1,044)	706
Accumulated tax losses	-	184,510	184,510	(77,294)	107,216
Total deferred tax	-	186,260	186,260	(78,338)	107,922
Group					
Provisions and other liabilities	-	1,750	1,750	(428)	1,322
Investment property	-	(322,000)	(322,000)	273,875	(48,125)
Development property	-	(208,250)	(208,250)	208,250	-
Accumulated tax losses	-	981,990	981,990	(416,352)	565,638
Total deferred tax	-	453,490	453,490	65,345	518,835

	Group 31 March 2020 \$	Group 31 March 2019 \$	Parent 31 March 2020 \$	Parent 31 March 2019 \$
13) Cash and cash equivalents				
Cash and cash equivalents include the following components:				
Kiwibank Bank Accounts	89,818	54,220	89,818	54,220
Kiwibank Investment Accounts	627	1,108,853	627	1,108,853
ASB Bank Accounts	22,021	20,269	-	-
BNZ Bank Accounts	810,078	2,862,285	-	-
Brookfield Trust Account	95,664	823,082	-	-
Total cash and cash equivalents	1,018,208	4,868,709	90,445	1,163,073

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2020

14) Property, Plant and Equipment

Group							
31 March 2020	Office Equipment	Furniture and Fittings	Leasehold Imp.	Corporals Club	Commander Residence	Seminar Facility	Total
	\$	\$	\$	\$	\$	\$	\$
Cost/Valuation	88,239	27,759	47,989	-	-	-	163,987
Accum. Depn	(79,870)	(16,893)	(16,996)	-	-	-	(113,759)
Net book value	8,369	10,866	30,993	-	-	-	50,228

31 March 2019							
Cost	99,143	31,814	44,818	-	-	-	175,774
Accum. Depn	(86,410)	(17,067)	(12,889)	-	-	-	(116,366)
Net book value	12,733	14,747	31,929	-	-	-	59,409

Reconciliation of the carrying amount at the beginning and end of the period:

31 March 2020	Office Equipment	Furniture and Fittings	Leasehold Imp.	Corporals Club	Commander Residence	Seminar Facility	Total
	\$	\$	\$	\$	\$	\$	\$
Opening balance	12,733	14,747	31,929	-	-	-	59,409
Additions	2,638	-	3,171	-	-	-	5,809
Disposals	-	(1,615)	-	-	-	-	(1,615)
Depreciation	(7,002)	(2,266)	(4,108)	-	-	-	(13,375)
Closing	8,369	10,866	30,993	-	-	-	50,228

31 March 2019							
Opening balance	2,681	20,891	113,309	20,525	1,587	12,784	171,778
Additions	14,841	-	5,250	-	-	-	20,091
Disposals	-	(3,611)	(83,228)	(20,525)	(1,587)	(12,784)	(121,736)
Depreciation	(4,789)	(2,533)	(3,402)	-	-	-	(10,724)
Closing	12,733	14,747	31,929	-	-	-	59,409

Parent		
31 March 2020	Office Equipment	Total
	\$	\$
Cost/Valuation	14,841	14,841
Accum. Depn	(10,134)	(10,134)
Net book value	4,707	4,707
31 March 2019	Office Equipment	Total
	\$	\$
Cost/Valuation	14,841	14,841
Accum. Depn	(4,197)	(4,197)
Net book value	10,643	10,643

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

14) Property, Plant and Equipment (Continued)

Reconciliation of the carrying amount at the end of the period:

31 March 2020

	Office Equipment	Total
	\$	\$
Opening balance	10,643	10,643
Additions	-	-
Disposals	-	-
Depreciation	(5,936)	(5,936)
Closing	<u>4,707</u>	<u>4,707</u>

31 March 2019

	Office Equipment	Total
	\$	\$
Opening balance	14,841	14,841
Additions	-	-
Disposals	-	-
Depreciation	(4,197)	(4,197)
Closing	<u>10,643</u>	<u>10,643</u>

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

15) Investment properties

	Group 31 March 2020	Group 31 March 2019	Parent 31 March 2020	Parent 31 March 2019
	\$	\$	\$	\$
1 - 3 Thorndon Quay, Wellington	2,150,000	1,906,176	-	-
Whites Line East, Waiwhetu	840,000	686,340	840,000	686,340
Wainuiomata College	3,300,000	3,000,000	-	-
Wainuiomata Intermediate (Kohanga Reo Building)	625,000	650,000	-	-
Petone College	6,000,000	480,000	-	-
	12,915,000	6,722,516	840,000	686,340

Group	1 - 3 Thorndon Quay	Whites Line East Waiwhetu	Shelly Bay	Wainui. College	Wainui. Intermediate (Kohanga Reo Building)	Petone College	Total
31 March 2020	\$	\$	\$	\$	\$	\$	\$
Cost/Valuation	2,150,000	840,000	-	3,300,000	625,000	6,000,000	12,915,000
Accum. Depn	-	-	-	-	-	-	-
Net book value	2,150,000	840,000	-	3,300,000	625,000	6,000,000	12,915,000
31 March 2019							
Cost/Valuation	1,906,176	686,340	-	3,000,000	650,000	480,000	6,722,516
Accum. Depn	-	-	-	-	-	-	-
Net book value	1,906,176	686,340	-	3,000,000	650,000	480,000	6,722,516

Reconciliation of the carrying amount at the beginning and end of the period:

31 March 2020	1 - 3 Thorndon Quay	Whites Line East Waiwhetu	Shelly Bay Road	Wainui. College	Wainui. Intermediate (Kohanga Reo Building)	Petone College	Total
	\$	\$	\$	\$	\$	\$	\$
Opening balance	1,906,176	686,340	-	3,000,000	650,000	480,000	6,722,516
Fair value adjustment	243,824	153,660	-	300,000	(25,000)	5,520,000	6,192,484
Purchase	-	-	-	-	-	-	-
Disposal	-	-	-	-	-	-	-
Transfer to development property	-	-	-	-	-	-	-
Closing	2,150,000	840,000	-	3,300,000	625,000	6,000,000	12,915,000
31 March 2019							
Opening balance	2,000,000	540,000	6,033,756	2,400,000	2,460,000	480,000	13,913,756
Fair value adjustment	(93,825)	146,340	-	600,000	-	-	652,516
Disposal	-	-	(6,033,756)	-	-	-	(6,033,756)
Transfer to development property	-	-	-	-	(1,810,000)	-	(1,810,000)
Closing	1,906,176	686,340	-	3,000,000	650,000	480,000	6,722,516

The investment properties are currently being held for either rental or capital appreciation. The methods applied in determining fair values include reviewing relevant lease documentation, rates information, recent market evidence and valuations prepared by registered valuers.

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

15) Investment properties (Continued)

Material Valuation Uncertainty Reported by Colliers

As at 31 March 2020 the real estate markets to which the Group's investment properties belong were impacted by significant market uncertainty caused by the COVID-19 pandemic. Market activity is being impacted in almost every sector and there is a major reduction in liquidity across all investment markets. The absence of sufficient post-virus transactions, and wider market trends, required Colliers to report their valuation on the basis of 'material valuation uncertainty'. The fair value assessments performed are current as at the date of the valuation of 31 March 2020 and the value may change significantly and unexpectedly over a relatively short period of time.

1 - 3 Thorndon Quay

1-3 Thorndon Quay has been valued using capitalisation of rental income and discounted cash flow approaches as at 31 March 2020 by Gwendoline Callaghan (FNZIV) of Colliers International. The significant assumptions in the valuation are (1) a capitalisation rate of 7.40%; (2) a discount rate in the discounted cash flow approach of 8.25%; and (3) a terminal yield in the discounted cash flow approach of 7.50%.

Wainuiomata Intermediate and College

Wainuiomata College has been valued using hypothetical subdivision as at 31 March 2020 by Reuben Blackwell (ANZIV) of Colliers International. Residential subdivision work has begun on the Wainuiomata Intermediate site in the prior year and therefore the land cost has been transferred to development property per note 16. The Kohanga Reo component of Wainuiomata Intermediate is separately identifiable and therefore has remained as investment property.

The Kohanga Reo component has been valued using capitalisation of rental income at a rate of 10% as at 31 March 2020 by Reuben Blackwell (ANZIV) of Colliers International. The significant assumptions in the valuation are (1) The seismic strength in relation to the NBS is not less than 67%; (2) The property was unable to be inspected at the date of valuation due to the impact of the COVID-19 pandemic and is reliant on file records and data provided by The Group together with onsite observations of the exterior of the building only on 17 June 2020; (3) There will be no major economic downturn during the projection period, beyond that envisaged at the date of valuation.

Whites Line East

A desktop review valuation has been undertaken on Whites Line East as at 31 March 2020 by Reuben Blackwell (ANZIV) of Colliers International. The value adopted has been based on a hypothetical subdivision approach for the highest and best use of the land.

Petone College

The valuation of the former Petone College land was performed by Melville Jessup Weaver utilising an actuarial model to measure the fair value of pre-tax cash flows generated from the lease agreement with Ryman Healthcare. The following significant judgements were made for the key inputs of the valuation:

- Average growth rate in the resale value of units of 5% per annum. An increase in this input results in a higher fair value
- Average turnover of units being seven years for Independent Living Apartments and three years for Serviced Apartments. An increase in this input results in a lower fair value.
- Pre-tax discount rate of 10%. An increase in this input results in a lower fair value.

No additional allowances have been made for the impact of COVID-19.

Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

Parent	Whites Line East Waivhetu \$	Total \$
31 March 2020		
Cost/Valuation	686,340	686,340
Fair value adjustment at 31 March 2020	153,660	153,660
Transferred to Group during the year	-	-
Accum. Depn	-	-
Net book value	840,000	840,000
31 March 2019		
Cost/Valuation	540,000	540,000
Fair value adjustment at 31 March 2019	146,340	146,340
Transferred to Group during the year	-	-
Accum. Depn	-	-
Net book value	686,340	686,340
Reconciliation of the carrying amount at the beginning and end of the period:		
	Whites Line East Waivhetu \$	Total \$
31 March 2020		
Opening balance	686,340	686,340
Net movements	153,660	153,660
Closing balance	840,000	840,000
31 March 2019		
Opening balance	540,000	540,000
Net movements	146,340	146,340
Closing balance	686,340	686,340

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

16) Development properties

31 March 2020	Wainuiomata Intermediate	Muritai Rd	Total
	\$	\$	\$
Opening balance	3,281,286	807,330	4,088,616
Development costs capitalised	2,625,578	29,484	2,655,062
Transfer from investment property	-	-	-
Cost of development property sold	-	(836,814)	(836,814)
Closing balance	5,906,863	-	5,906,864

31 March 2019			
Opening balance	-	2,152,942	2,152,942
Development costs capitalised	1,471,286	474,787	1,946,073
Transfer from investment property	1,810,000	-	1,810,000
Cost of development property sold	-	(1,820,399)	(1,820,399)
Closing balance	3,281,286	807,330	4,088,616

Development properties are classified as follows:

31 March 2020			
Current portion	5,906,863	-	5,906,863
Non current	-	-	-
	5,906,863	-	5,906,863

31 March 2019			
Current portion	-	807,330	807,330
Non current	3,281,286	-	3,281,286
	3,281,286	807,330	4,088,616

Development property is measured at cost and held for sale in the ordinary course of business. The final Muritai unit was sold during the year and the development costs capitalised in relation to this unit was transferred to the surplus and deficit. The development of the 23 sites located at Wainuiomata Intermediate is expected to be completed by 31 March 2021.

17) Heritage assets

The Group holds the following heritage assets:

Honiana Te Puni Reserve	Korokoro Gateway, local purpose reserve
Te Oruaiti	Recreational Reserve, formerly known as Point Dorset Recreation Reserve
Wi Tako Ngatata Scenic Reserve	Scenic Reserve located in Upper Hutt
Dendroglyph Site	Site of tree carvings located near freshwater lake Pencarrow
Bed of Lake Kohangapiripiri	Freshwater lake bed near Pencarrow
Esplanade Land of Kohangapiripiri	Area of land around freshwater lake near Pencarrow
Bed of Lake Kohangatera	Freshwater lake bed near Pencarrow
Esplanade Land of Kohangatera	Area of land around freshwater lake Pencarrow
Makaro Scientific Reserve	Scientific Island Reserve (formerly Ward Island)
Matiu Island	Scientific Island Reserve (formerly Somes Island)
Mokopuna Scientific Reserve	Scientific Island Reserve (formerly Leper Island)

Heritage assets have not been included with the Statement of Financial Position as they are difficult to value. Management have determined that due to their cultural significance the value is unlikely to be fully reflected in a valuation.

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2020

18) Related party transactions

a) Parent and Ultimate controlling party of the Group is Port Nicholson Block Settlement Trust

All members of the Port Nicholson Block Settlement Trust group are related parties of the Trust. During each reporting period, the Trust has advanced loans to support its subsidiaries as required, and received loan repayments from its subsidiaries.

A net balance of \$14,878,273 (2019: \$13,555,994) is owing from the wholly-owned subsidiaries of the Trust. The terms of these advances are current, unsecured, and interest free.

b) Key management personnel

The key management personnel, as defined by PBE IPSAS 20 Related Party Disclosures, are the members of the governing body which is comprised of the Board of Trustees of The Parent, and Directors of the Commercial Board of Taranaki Whanui Limited. Remuneration of key management personnel is as follows:

	Group 31 March 2020 \$	Group 31 March 2019 \$
Remuneration of Key Management Personnel (excluding trustees)		
Total Remuneration	312,519	222,961
Total Number of persons	3 FTE	2 FTE
Trustee Remuneration		
Huia Puketapu	500	-
Toarangatira Pomare	1,500	-
Wayne Mulligan	10,833	16,000
Paora Mepham	1,500	-
Holden Hohaia	1,500	-
John Coffey	1,500	-
Tanya Skelton	3,917	-
Mahina Puketapu	1,500	-
	<u>22,750</u>	<u>16,000</u>
Directors Remuneration (for Taranaki Whanui Limited)		
Toarangatira Pomare (Chairman)	15,000	15,000
Peter Allport	10,000	10,000
Jamie Tuuta	10,000	10,000
Bryan Jackson	10,000	10,000
	<u>45,000</u>	<u>45,000</u>

Other remuneration and compensation provided to key management personnel and/or close family

During the reporting period, remuneration was provided to Toarangatira Pomare as director of Tai Hekenga Limited Partnership. No other remuneration and compensation was provided by the Group to key management personnel or employees who are close family members of key management personnel.

Total other remuneration	<u>7,000</u>	<u>-</u>
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This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust
For the year ended 31 March 2020

19) Categories of financial assets and liabilities

The carrying amounts of financial instruments presented in the statement of financial position relate to the following categories of assets and liabilities:

	Group 31 March 2020 \$	Group 31 March 2019 \$	Parent 31 March 2020 \$	Parent 31 March 2019 \$
Financial assets				
<i>Loans and receivables</i>				
Cash and cash equivalents	1,018,208	4,868,709	90,445	1,163,073
Receivables from exchange transactions	117,790	4,134,092	110,512	129,918
Non-trade receivables	3,700,000	3,700,000	-	-
Deposits from sales held on Trust account	-	87,000	-	-
Inter-entity advances	-	-	15,727,625	14,405,345
	4,835,998	12,789,801	15,928,583	15,698,337
 <i>At amortised cost</i>				
Trade and other creditors	293,066	590,290	-	57,326
Advances from related entities	-	-	849,352	849,352
Advance from Rymans	567,157	632,038	-	-
ASB loan	-	500,000	-	-
Raukawa Loan	1,000,000	-	-	-
Deposits held on Trust account	-	87,000	-	-
Conditional Grant Funding - Lowry Bay Limited Partnership	1,298,039	310,664	-	310,648
	3,158,262	2,119,992	849,352	1,217,326

Lowry Bay Limited Partnership has received \$3.8m in grant funding from TPK at 31 March 2020. This funding is to assist the entity in developing infrastructure for 23 house sites, as well as construction of 8 rental units and 15 shared equity properties on the Wainuiomata Intermediate site. \$1,298,039 of funding has been held as a liability until satisfaction of the repayment terms being completion of the work, where the funding will be recognised as revenue.

Taranaki Whanui Limited has received a loan from Raukawa ki te Tonga AHC Limited totalling \$1,000,000 during the year ended 31 March 2020. The total amount available from this facility is \$2,000,000 with the remaining \$1,000,000 not drawn at balance date. The loan is due for payment prior to 26 July 2021. The Group has provided security for the loan being:

- A registered first mortgage over the land and buildings at 1-3 Thorndon Quay, Wellington;
- A registered first mortgage over the land at 86 Whites Line East, Lower Hutt;
- A first ranking general security agreement over all present and after acquired property of Tramways Limited (which is the controlled entity within the Group that owns 1-3 Thorndon Quay, Wellington).

A guarantee and indemnity is also provided by Tramways Limited and Port Nicholson Block Settlement Trust.

20) Joint venture

In March 2019, Taranaki Whanui Limited has entered into a partnership for ongoing property development. Taranaki Whanui Limited has joint control of the partnership and accordingly the partnership is classified as a joint venture for accounting purposes and accounted for using the equity method.

At 31 March 2020 the joint venture has had no activity and therefore the joint venture is held at the Groups equity investment of \$950,000.

This financial statement should be read in conjunction with the notes to the financial statements.



Consolidated Notes to the Financial Statements

Port Nicholson Block Settlement Trust

For the year ended 31 March 2020

21) Investment in associates

In June 2019, Taranaki Whānui Limited entered into partnership agreement with several other organisations to form the Tai Hekenga Limited Partnership. Taranaki Whānui Limited has significant influence over the financial and operating policies of the partnership and accordingly the investment in the partnership is classified as an investment in an associate for accounting purposes and accounted for under the equity method.

TWL committed \$8.5m for 10.87% of the partnership, and as a result of making the Sale and Leaseback properties available for the other organisations to invest into, it has received a 9% free carry portion to the investment bringing its total share of the investment to 19.87%. The free carry portion of the investment has been recognised as part of the Group's share of earnings of the associate for the year.

As at 31 March 2020 the value of the interest was \$20,587,679 which is reflected in the Group balance sheet. The revenue in the Consolidated Statement of Comprehensive Revenue and Expenses reflects the Group's share of the partnership rental income (\$476,491) and the uplift on the revaluation of the properties and derivatives held in the partnership (\$6,274,478).

22) Capital commitments

In 2019, The Group entered into a development agreement with a developer committing \$2,819,489 to complete stage one of the development on the Wainuiomata Intermediate site. As at 31 March 2020 \$1,759,500 has been paid.

23) Contingent assets and liabilities

There are no contingent assets or liabilities as at 31 March 2020.

24) Events after the reporting date

On 5 June 2020 TWL Holdings Limited was incorporated, with all of the current trustees as directors and was allocated 100% of the shares of Taranaki Whānui Limited.

On 5 June 2020, the group (via Tai Hekenga Limited Partnership) acquired the two Department of Internal Affairs properties from the group's Sale and Leaseback schedule.

On 11 June 2020 the Lowry Bay Number Two Limited Partnership was incorporated with LBS General Partner Limited as the General Partner.



Photo Royalty Free

Motu Kairangi

PORT NICHOLSON BLOCK SETTLEMENT TRUST

Annual General Meeting Minutes

Waiwhetū Marae
26 September 2019

Attendees

Aaron Te One	Josephine Gerretzen	Patricia Gerretzen
Ada Wright	Judith Kingi	Patrick Gallagher
Alanna Puketapu	Julia Robertson	Pauline Owen
Alexandrea Hollyman	Juliet Robertson	Peggy Luke-Ngaheke
Alice Riwaka	Kamiria Mullen	Peter Allport
Anania Randall	Kara Puketapu-Dentice	Peter Jackson
Andrew Mephram	Kararaina Luke	Peter Moeahu
Ani Parata	Karena Efaraimo	Poiria Love-Erskine
Anne Sidwell	Kelcie Flanagan	Quinessa Sullivan
Anne Somerville	Kenney-Jean Sidwell	Raima Moeahu
Apihaka Mack	Kiri Gerretzen	Rangipaea Dentice
Brendon Baker	Kirsty Tamanui	Rata McKendrick
Christine Puketapu	Kura Moeahu	Raymond Henry
Christine Sullivan	Lea (Etta) Hartley	Ronald Butler
Corina Wright	Lee Hunter	Ropata Rangikauwhata
Daniel Love	Lee Rauhina-August	Russell Cook
Danielle Love	Linda Aroha Olsen	Ruth Hammond
Demme Hartley-Tilley	Linda Love	Samuel Kahui
Dorothy Andrews	Linda Te Puni	Scott Bailey
Elizabeth Winitana	Lois McNaught	Shamia Shariff
Emai Owen	Louana Fruean	Sharon Wright
E'Mere Dahm	Lynda McGregor	Simon Wright
Fiona McHardy	Mahina Puketapu	Sydney Mephram
Florence Karaitiana	Maia Flanagan	Takiri Cotterill
Florence Trotter	Maraea Ropata	Tamati Edwin
Gaylene Puketapu-Andrews	Marama Puketapu	Tanya Skelton
Gemma Wright	Margaret Riwaka-Love	Te Herekieke Herewini
Georgina Beyer	Marie Leef	Te Rira (Teri) Puketapu
Grace Coffey	Marina Mason	Te Tana Wright
Grant Knuckey	Martha Gilbert	Te Waikaramu Takiwa

Hemi Tahurangi
Hera Hailwood
Hinehau Moeahu
Hiraani Pomare
Holden Hohaia
Josephine Coffey
Ihakara(Kara) Puketapu
James Scandlyn
James Wheeler
Janis Awatere
Jason Fisk
John (Johnny) Jenkins
John Coffey
John Coffey
Joseph Wright
Melissa Mepham
Mereana Riwaka

Mary Coombs
Mathew Jennings
Megan Somerville
Mei Winitana
Ngaire Robinson
Ohomairangi Love
Mereana Storey
Merehinepua Wakefield
Michael Hinton
Myra Hunter
Nancy Ruwhiu
Nardine Gourlay
Narida Hooper
Neville Baker
Ngahaka Puketapu-Deys
Venus Hori
Vincent Robertson

Tiaki (Jacqui) Brown
Titihuia (Huia) Puketapu
Tom Ngaheke
Tony Short
Honiana Love
Huhana Maddock
Watson Pita
Wayne Mulligan
Whareahuru Gilbert
Wikitoria Love
Wikitoria Randall
William Flanagan
William Nathan

Support Team (TWL Director, Management, Registration and Elections Desk)

Kirsty Tamanui
Isiah Roberts (electionz.com)
Kaleb Rongokea

Lisle McErlane
Louise Mulligan
Bryan Jackson

Willy Makea
Erin Roxburgh-Makea

Apologies

Adrienne Love
Aja Le Pou
Alice Te Punga-Somerville
Amiria Sinnott
Amokura Panoho
Anahera Taripo
Anthony Nathan
Aperahama Mason
Brendon Andrews-Warmuth
Chantay Keefe
Christopher Baker
Crystal Randall
David (Tuffy) Churton
Dylan Le Pou
Evan Eketone
Faith McKendrick
Gabriel Antipas
Hamiora Love
Harlow McKendrick

Karina Eketone
Kihareka Rigby
Logan Love
Lois Beverley Macdonald
Maarire Barnett
Mahina-a-rangi Baker
Maina Kerehoma
Mani Rangihuna
Mareikura Te Ahuru
Margaret Timoko
Marie Winitana
Matariki Puketapu
Matene Love
Mathew Rangihuna
Maysen Keefe
Michael Rigby
Moia Love
Monique McNaught
Murray Takarangi

Patrick McKendrick
Paul (Paora) Mepham
Petal McNaught
Pokau Te Ahuru
Puketapu Winitana
Rata Sidwell
Ria Tomoana
Rosemary McNaught
Ruben Love
Sandra Edwards
Sharon McKendrick
Sian Andrews-Warmuth
Takarangi Love
Te Hau Winitana
Te Rangi Winitana
Tia Eketone
Tiaana Randall
Tira Edmonds-Puketapu
Tui Nathan

Hina Luke	MutuTeHapi Puketapu	Vernon Winitana
Hinemoa Priest	Nehemia Winitana	Waiana Mulligan
Ihaia Puketapu	Ngahaia Puketapu	Waimarie Puketapu
Isaac Love	Ngapera Moeahu	Warrick McNaught
Jackie Pamata	Ngatau Puketapu	Warrick McNaught
Jordana Le Pou	Ninawhenua Winitana	Weni Winitana
Joshua Love	Owen Boynton Sidwell	Whiripare Clay
Joshua Rangihuna	Owen McKendrick	Wirangi Luke
Kane Sidwell	Pania Tan	Wiriwaka Love
Karene Eketone	Paritia Winitana	

Kura Moeahu opened proceedings.

Agenda, housekeeping and tikanga for the day were agreed. Members were invited to register their attendance, note apologies, update their contact information and for those who had yet to vote, invited to vote at the Elections Desk with Isiah Roberts (Electionz.com).

Trustees, Taranaki Whānui Limited and Trust Office Management introduced themselves.

Apologies were noted and received.

Annual Report 2018/19

Due to the late presentation of the Annual Report, attendees agreed to defer the motion to adopt the 2018 AGM Minutes to later in the proceedings.

Trustees acknowledged members' dissatisfaction with the process and timing of the Annual Report and Audited Accounts (provided 10 days earlier). The Chair, Wayne Mulligan, noted that it was not due to lack of effort, but that management resource had to be re-directed to manage litigation matters.

Wayne, on behalf of Trustees, Directors and Management, tendered apologies and provided a commitment to ensuring future Annual Reports are distributed in a timely manner.

Trustee Remuneration

Resolution Sought: to reinstate Trustee and Finance, Audit, Assurance & Remuneration Committee (FAAR) Chair remuneration (totalling \$65,000 per annum), commencing October 2019 (or first Trust Board Meeting).

Wayne reported that currently, only the Trust Chair received remuneration (\$32,000 per annum), as Trustee remuneration ceased in 2017, a time when the Trust found itself in financial difficulty.

Prior to this decision, Trustee remuneration cost the Trust \$130,000 per annum across 11 Trustee roles, not including the role of FAAR Chair.

The Trust was recommending the re-instatement of Trustee fees for Trust Chair (1), Trustees (7) and FAAR Chair (1) at a total annual cost to the Trust of \$65,000. The Trust Board will continue to meet bi-monthly.

Peter Moeahu noted he was pleased to see improvement to the finances and acknowledged that this came during the period where Trustees did not receive remuneration. Based on the progress of the Trust, and that the Trustees had assisted in moving the Trust (financially) forward, he supported the motion.

Anaru Mepham noted his opposition to the motion as whilst the Trust had improved its financial position, he could not see where the Trustees had met its social obligations to its' stakeholders.

Motion : uri resolve that Trustees and FAAR Chair remuneration be reinstate at the recommended rates, effective October 2019

Peter Moeahu – moved / James Wheelan – seconded
Abstention – 21
Motion is moved

Chair Report

The Chair provided his thanks to current Trustees, TWL Directors and Management for the work they had undertaken during very trying times and delivery of outcomes to the Trusts' members.

In the last two years the Trust made a small profit and again this year of \$4.3m – enabling the Trust to provide more opportunities for its member.

“Financial Viability is important, but more importantly, is what we do with the finances” – Wayne Mullilgan

With respect to the Wainuiomata Papakāinga, Wayne reflected on the robust kōrero of the 2018 AGM and that by listening and having meaningful engagement with uri, the Trust had re-set its direction and approach and together, had progressed its Te Puna Wai.

On 10 September, a significant day for uri, the Te Puna Wai show home was opened and the first two homes purchased were celebrated.

Te Puna Wai was an example of how the Trust was able to provide direct benefits and opportunity to its members – this included financial literacy, home ownership, provision of warm and dry social rental housing, apprenticeships and employment.

Wayne listed the work programme the Trust currently has in front of it:

- Tai Hekenga – Sale & Leaseback
- Te Puna Wai
- \$orted Kāinga Ora – Financial Literacy & Education
- Trade Training/Apprenticeships
- First Right Mechanisms
- Engagement with uri

Working As A Collective – the Chair acknowledged those who, tirelessly, represent Taranaki Whānui ki Te Upoko o Te Ika and ensure that our identity and presence within our rohe is retained.

Motion : uri receive and adopt the Chair Report

Martha Gilbert – moved / Sam Kahui – seconded
Abstention – 4
Motion is moved

Financial Report (Lisle McErlane and Willy Makea)

Lisle McErlane presented the Audited Accounts and referenced work that Management had completed with KPMG in regards to the 2018/19 Financials.

Key Points:

- achieved a \$4.3m profit this financial year
- an uplift in the balance sheet, just shy of \$25m
- a 52% increase under the current Trustees over a 2-year period
- decreased operational expenditure to under \$800k per annum

Clarifications sought from uri:

Memorandum of Understanding

This is a Memorandum of Understanding. In respects of this financial report, it refers to the agreements we hold with Local Councils (Hutt City Council and Wellington City Council), where we are paid quarterly for providing services and advice to Councils.

Right of First Refusal (RFR)

The RFR provide the Trust with the right to buy back land from the Crown (as market value), when it becomes available and is offered back to the Trust. If the Trust does not take up the offer, then our rights lapse and we lose the opportunity to purchase that particular whenua forever.

Our other right is to nominate a third party to purchase, and in turn, the Trust receives a nomination fee.

Nomination Fees

This is income from Right of First Refusal (RFR) nominations. The Crown offers the Trust properties that it no longer requires. The Trust has 20-30 working days to purchase or 'nominate another party'. Due to lack of resources (pūtea), the Trust tends to nominate another party, and for that nomination, the Trust receives a fee (a certain percentage of the purchase price).

Lisle explains that the RFR process can be prohibitive in that properties offered generally require the Trust to undertake a due diligence process (which includes an independent valuation) – in that the Crown does not provide this as part of their offer. This process takes time, which in some circumstances, does not allow the Trust time to consider offers appropriately.

Management has raised the issue surrounding the RFR process, with the Crown in writing stating that the process needs to be reviewed, and will work with Crown on this and report back to members as it progresses.

Murphy Street

There is some confusion and misinformation around the nomination of Murphy Street, Thorndon. Lisle provided members with a detailed explanation of the process that surrounded the nomination of this RFR and confirmed that the Trust was prejudiced in this as time was not provided to the Trust to consider the purchase, but was provided to the nominated party.

In summary

- Trust offered Murphy Street as an RFR, for \$2m;
- Trust considered this and proposed to the Crown, design of apartment and requested an extension of 4 weeks;
- The Crown grants the Trust a 2 week extension;
- The Trust meets with the US Embassy and discloses the proposal. The intent here is that the US Embassy may prefer to purchase the land from the Trust;
- US Embassy advises they will consider this over time (of which the Trust did not have);
- The Trust decides to nominate the RFR to a developer;
- The Crown provides the nominated developer 6 months in which it is able to propose the development of apartments also;
- The Trust was prejudiced in this process
 - Firstly by the fact that we did not have the money;
 - Secondly that we didn't have the equality of process the nominated developer received
 - Thirdly, and most importantly, the transparency of process around why the nominated developer received more time over that of the Crown's Treaty Partner.
- The transactions are noted as occurring on one day – this is Land Online process and that is outside of what anyone can influence. The financial transactions are complete on one day – even if the Trust nominated the property weeks prior. The settlement of the property does not occur until you settle with the purchaser.

Martha Gilbert states that this process is a breach of the Treaty, of which the attendees, including the Trust, agree with.

Lisle reiterates that Management have raised the issue with the Crown and will report back to members as it progresses.

Muritai

Muritai was the purchase of the old Police property in Eastbourne, Lower Hutt. The Trust at the time sought to develop 4 units on this land which, only recently were settled. \$1.8m noted within the financial report includes the proceeds from the sale of 3 out of 4 units. The fourth is held for investment.

Tai Hekenga (Sale & Leaseback)

The Trust has entered into a Consortium with other Taranaki Iwi which will see the acquisition of whenua in the Wellington CBD. This includes prime land that sits beneath Crown properties (Wellington District Court, National Library, Archives NZ and a number of schools). This arrangement provides financial stability and a consistent annual income stream, as well as strengthening our relationship with the iwi groups, who along with Taranaki Whānui, make up the Consortium:

- Ngāti Mutunga (Taranaki)
- Ngāti Mutunga (Wharekauri)
- Ngāti Maru
- Ngāti Ruanui
- Ngā Rauru
- Ngaruahine
- Parininihi ki Waitotara Incorporated
- Te Atiawa; and
- Taranaki iwi

Taranaki Whānui has a 20% stake in the \$118m arrangement, with Wellington Girls College, Hutt Valley High School, Northland School and Te Aro School being part of the Consortium's first acquisitions, and providing with annual income for the next 21 years.

Valuations

Trustees were asked to confirm if they had a preferred valuer. Lisle confirmed that the Trust is not wedded to any one valuer and have used Telfer Young, Colliers, CBR and Richard Ellis.

Lisle also explained why the Trust had chosen not to revalue their assets (e.g. Whites Line East and Tramways). Essentially it comes down to the Auditor's comfort. If the auditor had asked for revaluation of properties, then the Trust would look to revalue. However, Crowe Horwath did not require re-valuations at this time.

Contractor Fees and Salaries

The reported contracting fees relate to Mat Morrell and Rod Maxwell who manage (the site and its tenants) and maintain the property formerly known as Wainui College and Intermediate; and salaries relate to Kirsty Tamanui and Willy Makea who, along with Lisle McErlane, manage the Trust office operations, business and finance.

Requests to Management

- Timely release of financial accounts in order for members to review and consider;
- visual representation of the financial report to be provided at all future AGM's;
- Auditors attend future AGM's.

Motion : uri receive and adopt the Financial Audited Accounts and Annual Report 2018/19

Peter Moeahu – moved / James Wheelan – seconded
Against – 4
Motion is moved

Appointment of Auditor 2019/20

It is recommended to the membership that Crowe Horwath be re-appointed as Auditor as management are comfortable with their work, and they provide thorough work under competitive fees.

Further to an earlier point on the non-attendance of the Auditor, Lisle confirms that they were invited to attend, but unfortunately were out of the country on this date.

Motion : re-appoint Crowe Horwath as Auditor 2019/20

Peggy Luke – moved / Narida Hooper – seconded
Motion is carried unanimously

2018 Annual General Meeting Minutes

Members were provided time to read the minutes, and were invited to provide corrections and comments prior to moving a motion to accept as an accurate record of the proceedings:

Corrections

- Kamiria Mullen is noted as in attendance, but she notes she had tendered her apology;
- Hawea Tomoana was noted as absent, but was in attendance;
- Huia Puketapu asks that page 47 of the Annual Report be updated to correctly represent proceedings.

The minutes should reflect that there was a motion and a vote put to the floor. A show of hands/votes was called. A vote was not carried out because the Chair close the meeting.

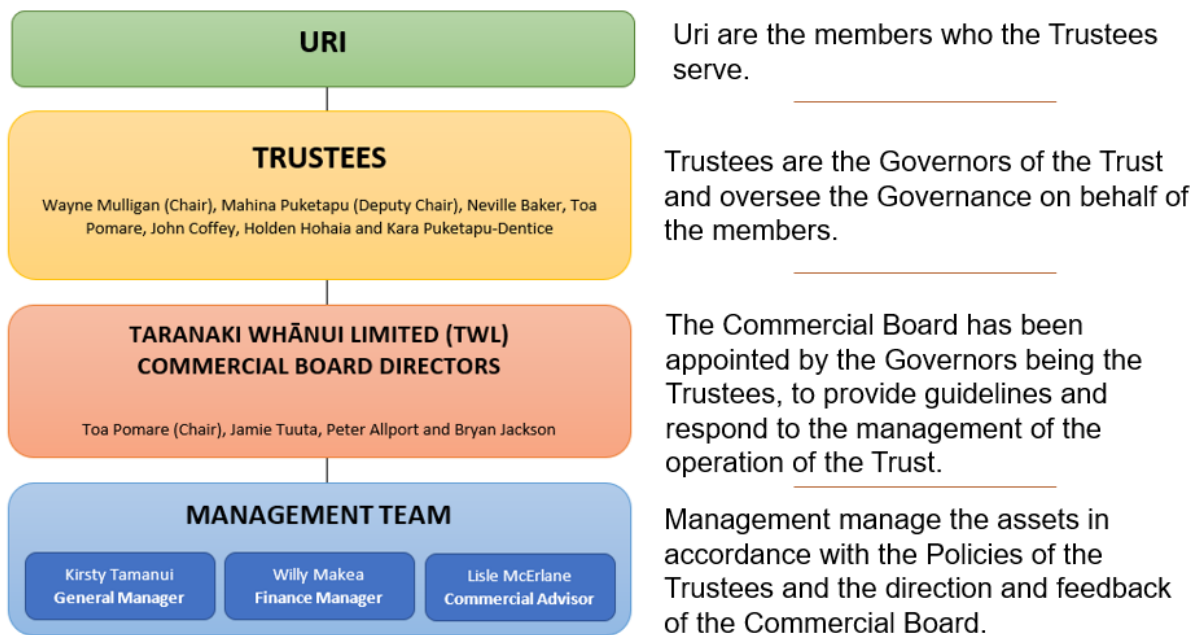
Management will confirm with individuals the above corrections prior to updating the online Annual Report.

Motion : receive and adopt the 2018 AGM Minutes

Peggy Luke – moved / Narida Hooper – seconded
Motion is moved

Governance Structure (Mahina Puketapu)

Mahina provided an overview of the Governance structure (as re-presented in the below image):



Peter Alport explains the role and responsibility of Taranaki Whānui Limited (TWL). Appointed by Trustees in May 2015 the core responsibility of TWL is to provide guidelines and respond to the management of the operation of the Trust in respects of its commercial activities.

Te Puna Wai (Kara Puketapu-Dentice)

Kara re-capped the positive kaupapa that is Te Puna Wai which was announced in April 2019 with the show home opening recently in September. The Trust realises the current Wellington housing market and therefore, after consideration and in partnership with Crown, offers Kaumātua units, iwi social rental, iwi affordable (shared equity) and iwi market.

Currently, uri are able to purchase on the front of the site (Moohan St), significantly below-market. The project will release the next phase of whare to members with only those seeking the shared-equity option potentially requiring entering into a balloting process (dependent on demand).

The Trust retains full ownership of the site until the homes that are for sale (as there will be a number of social rentals available), are sold to whanau.

Kara expanded on the process surrounding selling the land, and explained that the Trust worked hard to ensure the land was protected as much as possible whilst also ensuring that uri who were interested in purchasing, were able to obtain a mortgage. The Trust developed a Sales & Purchase agreement which stipulates sellers are required to sell to a preference list. That is, to uri where possible, at an agreed (valuation) amount.

Te Puna Wai has a multi-faceted approach and process. The Trust saw benefit in ensuring contracted services were provided, for Stage 1, by experienced and skilled uri:

- Peter Jackson – Financial Literacy & Education (contracted by Te Puna Kōkiri)
- Anania Randall – sales & information (contracted by The Wellington Company)
- Marama Puketapu – Kaiwhakahaere (contracted by the Trust)
- Te Puna Wai Advisory Group – Lee Hunter, Kara Puketapu-Dentice, Kuini Puketapu,

Peter Jackson, Anania Randall and Huia Puketapu (voluntary membership). Supported by Earl Hope-Pearson (Egmont Dixon), Lisle McErlane (TWL Commercial Advisor), Kirsty Tamanui (GM, Business & Operations).

The Trust did not see any benefit of engaging a real estate agent as this approach would not allow the Trust to provide housing at affordable prices.

The Trust, through Stage 2, will invite uri to discuss this further, and the social elements that should be provided within the papakāinga, are part of that discussion.

\$orted Kainga Ora - Financial Literacy and Education Course (Peter Jackson)

Through the papakāinga project, the Trust is also providing uri with education around financial literacy and budgeting practices. These courses have been jointly designed by Te Puni Kōkiri and open to all members who are interested in purchasing a house on the papakāinga, or in general, along with those whanau who are interested in learning budgeting techniques.

The Trust was able to secure funding from Te Puni Kōkiri to assist 15 whanau to purchase a house (shared equity) as well as \$orted Kainga Ora.

There is set criteria for eligibility to access the shared equity houses:

- Verified Taranaki Whānui member;
- Approved finance; and
- Completion of the \$orted Kainga Ora.

Whanau who graduate from the course and meet the above criteria, will receive funding to assist with securing property at Te Puna Wai and can also look to combine this with HomeStart and their KiwiSaver. The Trust would have a 25% interest in the property and would work with whanau to enable them to re-mortgage and buy the Trust out – aspirationally, this would be achievable within 5-7 years, enabling financial stability and independence.

Database Update (Willy Makea)

At the 2018 AGM uri directed the Trust to look at the integrity of the information held in the members database and report back on those findings. Led by Willy, the Trust commenced with a project that would look at

- an independent review on the database
- update members details
- update the database software (or consider a new database)
- update the policies and procedures

‘Ens synergy’ were engaged to provide the independent review and confirmed that the database, in its current form, is stable and there was no evidence as to the removal of members files.

The project is on-going and as a result of the work undertaken since the last AGM, the Trust can report that it has

- 19,046 members;
- 189 verified new members;
- 6,443 transitioned from dependents to adult member status;
- 323 updated member files with new contact information;
- Created a members only Facebook page; and
- is re-connecting with Tuhono

Updates on the project will be provided to uri via Te Kawekawea.

Opportunities (Anania Randall)

Acknowledges the Trustees, TWL and Management for working with uri in response to the concerns raised by them at the last AGM. The Trust is now in a position, through its partnerships, to provide opportunities for engagement, education, employment and housing.

Part of the development at Te Puna Wai has resulted in trade training/apprenticeships for members. These were offered through Friday Homes who confirmed Te Kauru Kepa, Terrell Monu, Maika Cowan and Patrick as successful applicants now being employed by Friday Homes.

Anania, who is located at the Te Puna Wai office in Waiwhetu, is currently the Sales Agent for Stage 1 and is supported by Marama Puketapu who runs the administration for their office.

Currently the Trust has the first row available for uri to purchase. These sales enable the next phase of build and where offerings (purchase out-right, purchase via shared equity or available to members as social rentals).

General Business | Kaitiaki Ranger | Matiu Island (Gemma Wright)

Matiu Somes Island is owned by Taranaki Whānui and is governed by a Kaitiaki Board and managed by Department of Corrections. Gemma explained her role as the Department of Conservation appointed Kaitiaki Ranger for Matiu Somes Island, assisting with re-connecting the iwi to the motu, as well as welcoming manuhiri to the island, and ensuring that iwi are part of and kaitiaki for the islands future.

Shelly Bay

Uri are invited to the floor with their pātai and kōrero.

Mau Whenua representatives address the history of the 2015 Special General Meeting and subsequent vote where their understanding was that a majority vote to sell was not achieved; the lack of consultation over the land and its future and advised that Mau Whenua had further legal action underway against the Trust.

Andrew Mephram seeks confirmation from Trustees that the final block of land at Shelly Bay had been sold to Ian Cassels, to which the Trustees confirmed that it had been sold for \$10m.

Honiana Love speaks for the silent majority (51% that voted yes on Shelly Bay). Corrected the name – Omarukaikuru is at Point Jenningham, not on Motu Kairangi. It was an error made by Percy Smith. Hard to talk about that area as traditional land as most of it is reclamation built in 1842. It wasn't considered an area important to our Tupuna – these areas were Worser Bay, Karaka Bay, Maraenui and in the city. These are the places we, uri, should be caring about and looking after alongside our three marae. Thanked those who were at the tangihanga of our Pou Kuia, June Jackson, held the pae and supported the whanau.

James Wheelan asks members to consider moving on from Shelly Bay. The land is now sold and the Trust can invest its time and money into real benefits for uri. Notwithstanding, the Trust needed to acknowledge the motion moved by uri 3 years ago where a resolution that in his mind still stands, was that the Trust would not deal with The Wellington Company – however, it continues to do so, and with benefits (housing opportunities), but the Trustees need to apologise and be a bit more transparent in its commercial dealings.

Peter Moeahu reminds uri that the land was purchased as commercial land from the Crown with the funds received from the Settlement – the Trust did not receive it back as redress. It was unwanted by the Crown, and we purchased it without the funds or vision to improve it.

Huia Puketapu extends her congratulations to the Trustees for the sale and notes that she, in 2015, voted no to selling Shelly Bay. However, in hindsight, it's worked out well for uri as it is now Ian Cassels problem – not ours!

Lois McNaught states that uri land marched, to retain our whenua, not one more acre of land to be sold and that she will fight to get it back and states that Whakatu Inc tried to awhi the Trust with financial assistance and PNBST did not acknowledge this tono.

Maraea recalls that Whakatu Inc didn't listen when their uri when they said no to land sales. They didn't listen, and now they own a great deal of land. So sometimes, it is for the better. Maraea asks the Chair if PNBST sold Shelly Bay for less than what it was valued. Wayne confirms that the Trust did not sell less than the valuation. The land at Shelly Bay (the title recently sold), was valued at \$9.8m and sold to The Wellington Company \$10m.

With no further kōrero or pātai the AGM was closed by Kura.

Notes



Photo credit Alan Bengt

Te Awa Kairangi / Hutt River



TARANAKI WHĀNUI
KI TE UPOKO O TE IKA