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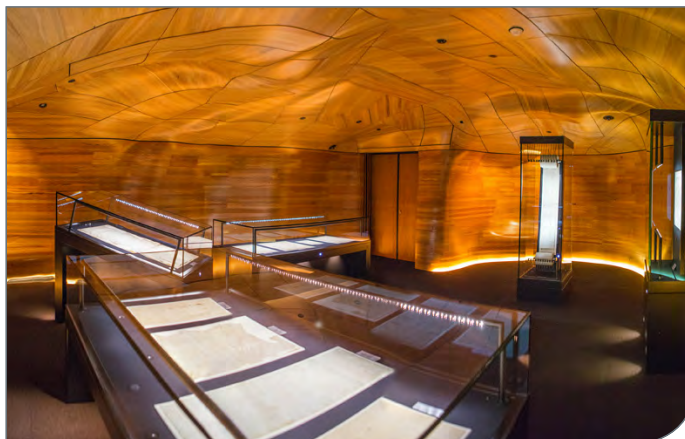
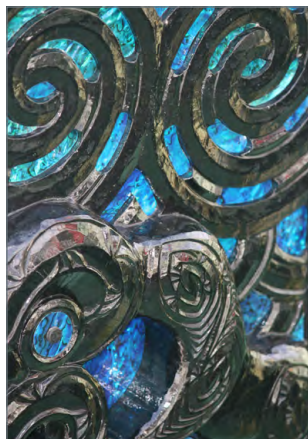
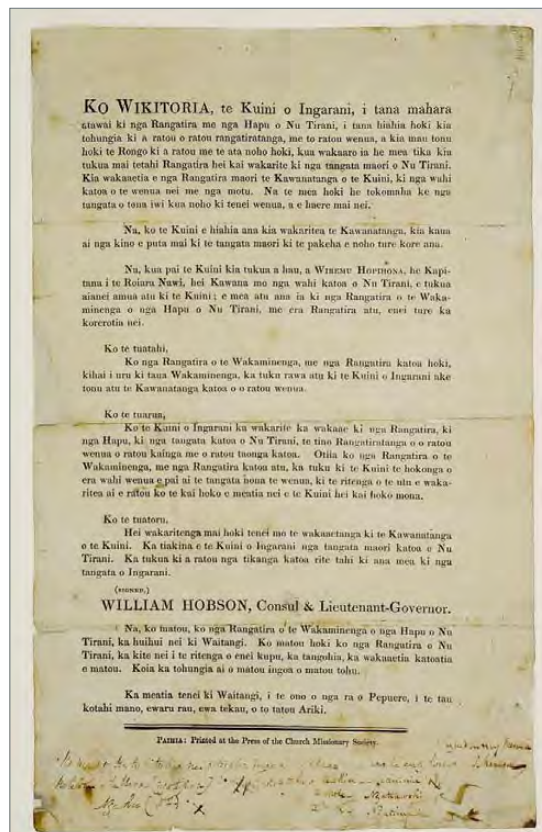
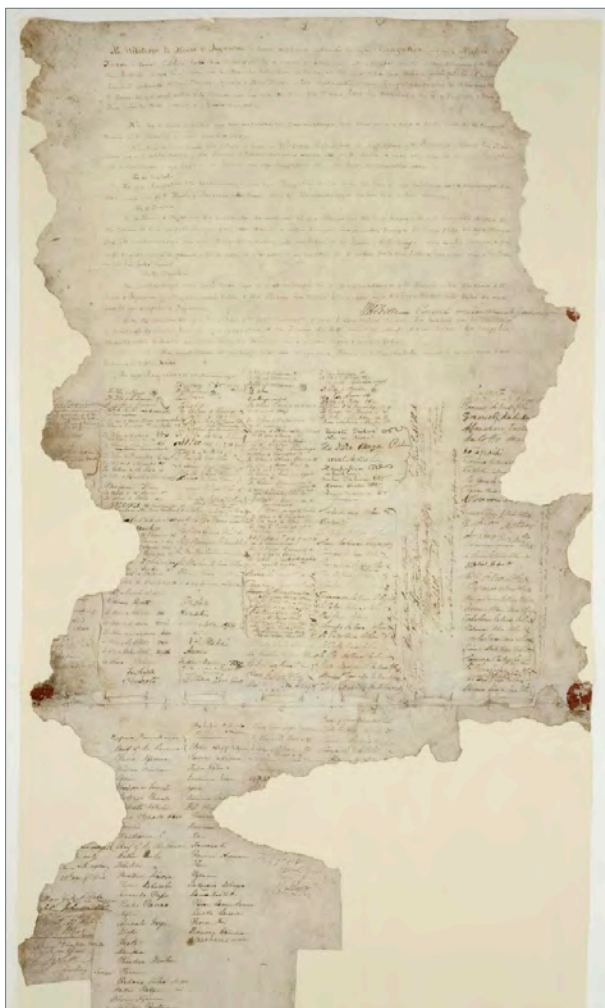
# Wellington Tenth's Trust



## Annual Report | 2017







Te Tiriti o Waitangi, The Treaty of Waitangi, [Archives Reference: IA9/9], Archives New Zealand The Department of Internal Affairs Te Tari Taiwhenua





## Mihi



*He Tohu – Te Tiriti o Waitangi. National Library of New Zealand*

Papaki mai te ngaru o te tai haruru ana te ao.

E te iti me te rahi tēnā koutou, tēnā koutou katoa.

Piki mai, kake mai.

Anei nā tā koutou repoata o te Poari Whakahaere  
o Ngā Tekau o Pōneke. Nō reira ngā mihi whānui.

E ngā tini me te mano, e ngā mate o te rā, te wiki,  
me te tau, haere, haere, haere. Kāti rā koutou ki  
a koutou.

E te hunga ora kia tau Te rangimārie.

Haumi e Hui e Taiki ē!

## Objective

*The objective of the Wellington Tenth's Trust is to maintain and develop the lands of the Trust for the financial and social benefit of the owners and their descendants. In turn the Trust will work with owners and others on cultural and spiritual matters. The Trust is a mana whenua organisation as well as an iwi authority in the Wellington Region.*

*Although the core business of the Wellington Tenth's Trust is the management of the Trust's land holdings it is also involved in a large number of other activities in Wellington. The Trust will work cooperatively with other iwi organisations in the Wellington Region.*

# SECTION ONE / GENERAL

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# Agenda – Notice of Annual General Meeting 2017

<b>Date</b>	Saturday 2 September 2017
<b>Time</b>	10.00 am
<b>Venue</b>	Te Raukura (The Wharewaka) Taranaki Street Wharf Wellington

## AGENDA INCLUDING

- Mihi Whakatau / Karakia
- Apologies
- Minutes of 2016 Annual General Meeting
- Report from the Chairman and Trustees
- Village at the Park Developments update
- Financial Report
- Appointment of Auditor
- Election of Managing Trustees
- General Business
- Karakia Whakamutunga

## NOTICE REGARDING ELECTION OF MANAGING TRUSTEES\*

The three year terms of Managing Trustees Lennox Love, Venessa Ede, and Hon Mahara Okeroa expire at the Annual General Meeting. These Trustees are eligible for re-election. Other nominations for Trustee positions must be lodged with the Executive Office in writing by Friday 18 August 2017 at 12 noon.

Nominations must include the name, address and shareholder number of the proposer and seconder (each of whom shall be a beneficial owner or a descendant of a beneficial owner) and be signed by the nominee as willing to stand.

**\* The nominee must be a beneficial owner or a descendant of a beneficial owner.**

## TRANSPORTATION

If you require transportation to the annual general meeting from Taranaki you should contact Weir Bros on 06 278 5858.

The bus will depart from New Plymouth at the Merrilands Shopping Mall at 12 noon and travel to Wellington on Friday 1 September 2017, staying overnight at Hikoikoi, and will then go to the Annual General Meeting at Te Raukura (Te Wharewaka) the next morning at 8.30 am. It will return to Taranaki after the Annual General Meeting. Please contact Amy or Donnell at Weir Bros to reserve your seat.

*Please ensure you arrive at least 15 minutes prior to departure.*

If you are based in Wellington and would like to get on a bus from Hikoikoi to the Annual General Meeting then please contact the Executive Office to reserve your seat on 0508 445 645. The bus departs Hikoikoi at 8.30 am.

*Please ensure you arrive at least 15 minutes prior to departure.*

## AGM Registrations

Registrations open at 8.30 am.

# I Report from the Chairman and Trustees

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*This year the Trust has focused on the theme of housing. The Mayor of Wellington City constituted a taskforce on housing looking at issues from house building and planning to housing needs in terms of affordability for both rental and owned houses. Social housing needs were also a major topic for discussion for the taskforce. Iwi and Māori organisations are seen as one of the possible contributors to a solution to the need for more houses of all types in Wellington.*

*Wellington Tenth Trust has been in the housing business for some time. By and large that started with Wellington Tenth Reserve land that was leased in perpetuity to large numbers of home owners around Wellington. The Trust eventually bought the freehold of a number of those houses. These were nearly all 100 year old wooden homes in marginal condition. It still owns some of these but the Trust is gradually converting those to modern homes for the future. The Trust contributes to housing supply in many ways through Village at the Park (Eldercare), Taranaki 217 (student accommodation), rental houses and with the likes of townhouse developments. The Trust partners with Wellington City Council who own Granville Apartments (Social Housing) through our land ownership. The housing challenges for Wellington City will need to be met and the Trust will be a part of the solution.*

*For the Trust this year has been a mix of highs and lows. The Trust however has focused on getting its major projects through planning and into building development. The Trust has kept doing what it does well – its core business of providing a sustainable income for owners and good returns on its land assets.*

*The Trust has also had to deal with the effects of events in the High Court and the SFO case of fraud involving a previous chairman. These matters went to the Court of Appeal which dismissed the appeals both on conviction, and on sentencing.*

*The need to investigate further any possible fraud within the Trust was dealt with by an independent review panel and the results of their review are appended to this report. The Trust through its lawyers have been involved with actions to recover some assets obtained as a result of that fraud in particular from Lorraine Skiffington. These matters are before the Court. They have occupied a lot of time and resources from the Trust and its advisors.*

*On the brighter side financially the Trust has had a very good year and the future looks very promising. You will see in the financials that there has been a significant uplift in the value of Village at the Park and indeed in all of the assets of the Trust.*

*This was also the year of the earthquakes which have so adversely affected a large number of buildings in Wellington, however thankfully, by and large, not those of the Trust. The exception was Pipitea House, home to the GCSB and the SIS. The damage to Pipitea House could be described as non-structural, but it was substantial with respect to glass inside the building and parts of the external glass curtain wall on the fifth floor. These have all now been repaired and it is business as usual.*

*Also on the positive side relationships with Port Nicholson Block Settlement Trust have improved markedly and we can again more effectively work across the iwi through all of the organisations for the benefit of all members of the tribe.*

*The Trust is sound and in very good heart. Progress is steady if not spectacular with very good long term prospects. The impacts of the proposed changes to Te Ture Whenua Māori have yet to come into play however, hopefully they will not adversely affect the functioning of the Trust.*



# Trustees 2017



*Trustees 2017, pictured from left to right:*

*Mark Te One, Jeanie Hughes, Peter Jackson, Richard Te One, Anaru Smiler, Morris Te Whiti Love (Chairman), Venessa Ede, Hon Mahara Okeroa, Lennox Love, Matthew Love-Parata*

## TRUSTEE MEMBER ABSENT FROM PHOTO



*Hannah Buchanan*

## Proposed Developments – an update

### I 383 – 387 ADELAIDE ROAD

It has taken some time to get this development up and running in Adelaide Road, however that now seems fairly assured when building consents are obtained and a builder is appointed to the project. Last year you agreed to the sale of the freehold of 381 Adelaide Road and the funds from that sale are to be applied to this development. The property at 383–387 Adelaide Road is one of the few remaining town acres from the New Zealand Company plan for Wellington dating back to 1840. It adjoins Village at the Park to the south and has the large apartment block, Macalister Heights to the north. It had four houses in various states of repair at the front and rear of the section which date from 1900 to 1930 along with a collection of sheds throughout the site. The site has since been cleared ready for development later this year. The development is for 16 2 & 3 bedroom townhouses which the Trust would own and would be rented to families. The aim is to have high quality houses for long-term tenants. There is a strong demand for this type of accommodation in the area with five hospitals in the vicinity. The development along with the neighbouring parts of Village at the Park will provide a well landscaped part of the city extending along

Adelaide Road. The Trust has appointed architects, planners and the various professionals needed to manage such a project. The timing of this project will see it underway this year and the eyesore of Adelaide Road will finally be made into a very welcoming and profitable development with a long future.

### I 2–8 LAMBTON QUAY

#### 9 –19A Kate Sheppard Place

On the 18th of October 2016 the Lambton Joint Venture launched its proposed Apartment/Boutique Hotel development onto the market. On the 14th of November 2016 a major earthquake struck Kaikoura with significant impact on Wellington and in particular Thorndon with some buildings including Defence House, less than a block away, needing to be demolished. The earthquake provided an opportunity to rethink the design of the proposed development and the mix of the various elements within the building.

An Apartment Hotel group are interested in around 33 rooms in the lower floors of the building along with the joint ventures own boutique hotel rooms. The upper three floors would then be apartment and penthouse apartments to be sold off the plans.



*Proposed development for 383-387 Adelaide Road*



*Proposed apartment/hotel development at 2 Lambton Quay*



At the time of writing preparation were well in hand to re-start the sales process and then when a sufficient level of sales is reached construction would begin. There had been a possible glitch in the process with the Wellington City's decision to grant resource consent being judicially reviewed by the High Court. However, when this matter has been resolved the project can move on.

## VILLAGE AT THE PARK

Village at the Park has again enjoyed strong growth particularly with the Apartment sales of licenses to occupy. With the completion of the "D" Block (yet to be named) with some 28 Apartments in November 2017. Building consent has been granted for the last apartment block to complete (E Block) and construction could start once D Block is opened. The building of a further 14–16 villas will complete the whole development of Village at the Park in or around 2020 or before.

The present state of the Village includes for Village at the Park Care a 42 bed Hospital, a 33 bed Dementia wing and 10 bed Rest home and for Village at the Park Lifecare with 38 villas and 78 Apartments. This year this will increase to 106 Apartments with the addition of D Block.

This year will see a major change to the joint venture with the long term partnership with Hurst Holdings, McPhail Investments and Pratley Group through Hurst Lifecare possibly coming to an end after over 15 years at Village at the Park. Hurst Lifecare came into Village at the Park in 2003 after the development had started at Village at the Park with various partners. The synergy between a family based partnership of the Hurst-Pratley Group and Wellington Tenth's Trust became obvious early on and continued throughout the whole long term relationship. This was a family business and the relationship with Wellington Tenth's Trust was of that nature. Change is one thing that is constant. The relationship with a new Joint Venture partner will no doubt be a different one from what has existed to date. That new partner is likely to be a company with a number of Villages already in their portfolio. Village at the Park is one of the larger villages in New Zealand. Wellington Tenth's Trust would look to retain its pre-emptive rights of ownership with a new joint-venture partner. The effects on the operations of the Village should not change markedly with the change in partners however that will always take some time to bed in.

Dr Leo Buchanan has been a long standing Director of Village at the Park having started in 2003 when the current joint venture was formed. Leo has had



*Terry Pratley, Doug Hurst, Geoff McPhail, and Ian Hurst*



*Little Wonders Early Childhood centre in action*

a long standing relationship with this site going back to the time of his mother Rawinia Buchanan. Rawinia was the Secretary of the Wellington Rugby Union. She is recognised in the Rawinia Buchanan Wing in Village at the Park. Leo was a well-known paediatrician in the Hutt Valley and elsewhere. Leo has offered his resignation as a director of Village at the Park and its subsidiaries due to ill health.

## **LITTLE WONDERS EARLY CHILDHOOD CENTRE**

***(subsidiary of Village at the Park)***

Little Wonders Early Childhood Centre had a capacity of 100 pre-school children has been an outstanding success with children ranging from under two years to 5 years and a professional staff of 21 teachers, team leaders and a manager along with a cook and an administrator.

The centre is about to expand to take the total number of children on site to 140 with the new building that was completed in September 2016. The 4–5 year olds have moved into the new building and the playground has been expanded.

In the change in joint venture partners Little Wonders is likely to separate from Village at the Park, however Wellington Tenth Trust will retain its current interest in Little Wonders.



*Hangi at Te Wharewaka!*

## **TE WHAREWAKA O PONEKE – TE RAUKURA**

The Wharewaka is owned by Te Wharewaka o Poneke Charitable Trust. Wellington Tenth Trust and Palmerston North Māori Reserve Trust have significant loans to the Charitable Trust. The Wharewaka is now over 6 years old and with that maturity has been a steady lift in patronage and with that a lift in the income of the Charitable Trust through Wharewaka o Poneke Enterprises Limited (WOPEL) – the commercial company. The Charitable Trust pays interest to the Land Trusts.

The Trust is upgrading its climate systems with the installation of heat exchangers so the building can have more rapid heating in winter and cooling in the summer. This has meant the removal of the seawater heat exchangers which regularly became clogged with mussel spat.

WOPEL runs the walking and waka tours as a small tourism business which has been going for a couple of years. That business will need to become profitable in its own right. Otherwise the Wharewaka is profitable with a growing income from the functions side and continued income from the lease of the café.

The cultural side of the Wharewaka continues to grow as an icon on Wellington's waterfront.





*Repaired wall at Taranaki 217*

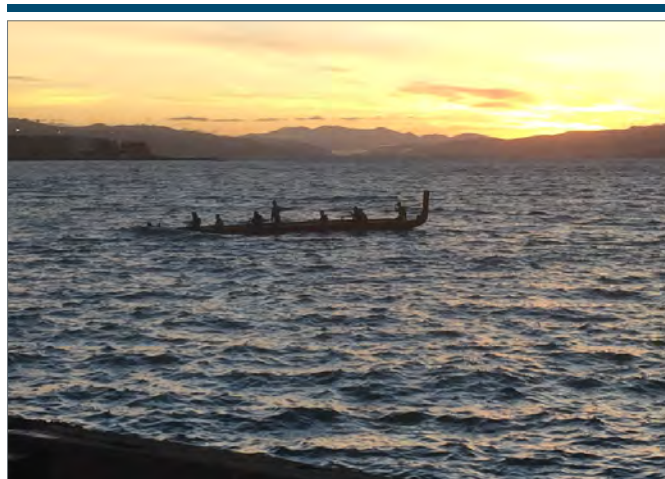
## **I TARANAKI 217 – ACCOMMODATION**

The hostel in Taranaki Street has some 148 studio units in two blocks. The buildings are now some 12 years old and have had leaky building issues. These required significant repair work to replace a large part of an external wall on one block. This also required considerable refurbishment of the adjacent rooms, however the net result is a marked improvement in that part of the complex. Occupancy is still very good but while repairs were being done some rooms were not able to be used. This will affect the profitability for this current year. There is an on-going high demand for this type of accommodation which is expected to remain for coming years.

## **I 81–87 THORNDON QUAY (Haukawakawa Joint Venture with Palmerston North Māori Reserve Trust)**

The Joint Venture has looked at a variety of options for the development of this site and indeed even the possibility of the purchase of an adjacent site if a developer required a much larger footprint.

Options being looked at have included a possible retirement village, an early childhood centre, townhouse development and an apartment development.



*Matariki – Puanga on Te Whanganui a Tara*

As yet none has fully met the criteria whereby the Trusts would have an on-going interest in the property.

It may be time to look seriously at that criteria to assist in getting a development over the line.

The property in Thorndon Quay was purchased from Port Nicholson Block Settlement Trust in 2012. The property at present is leased to Wilson's Parking. The revenue covers some of the costs to maintain including rates and insurance however for Wellington Tenth Trust it does not cover the cost of borrowing its half share of the \$2 m purchase price.

## **I OLD DOMINION MUSEUM BUILDING (TOKOMARU)**

### ***Massey University***

Wellington Tenth Trust has continued to work through its relationship with Massey University which for the old Dominion Museum Building and lands is a joint venture owner. Massey is also the tenant in the building, however for the period of the 100 year anniversary of the Great War (2014–2018) there is a significant sub-tenant being the Ministry for Culture and Heritage, with the Great War Exhibition. As that time starts to draw to a close thoughts turn again to the long-term future of the land and buildings.

This indicated that the Government does have a long term interest in this building as a Museum for the various parts of the Military as well as for a possible Land Wars exhibition. At the moment Ministry for Culture and Heritage have slowed down any negotiation with Massey University and Capital Hill Limited (WTT) about any potential sale. These are matters of national interest with the Government and Wellington City Council taking the lead on this negotiation. The National Military Heritage Charitable Trust Board would manage such a facility, however there is much work to be done on establishing a new Museum on the site.

In the meantime the Trust through Capital Hill Limited and Massey are working through the rent review process and the finalisation of the lease. There are still issues around the valuation of each parties interests and the details of the lease to be resolved.

## TE TURE WHENUA MAORI BILL

The Government through Te Puni Kōkiri embarked on a large project to do a complete revision of Te Ture Whenua Māori Land Act 1993. As Minister Flavell put it: "While it [Māori land] is a resource to be used to benefit owners, the interests of current and future generations should also be safeguarded. Furthermore, Māori owned land should be free from obstacles or constraints created by legislation."

30th March 2017

The following letter expresses concerns that are widely held by those who use Te Ture Whenua Māori.

### An Open Letter to the New Zealand Prime Minister

We, the undersigned as New Zealand lawyers and academics who specialise in Māori land law, call on the New Zealand Government to not proceed with the Te Ture Whenua Māori Bill 2016.

We endorse the position of the Wakatū Incorporation as articulated in its letter of advice to the Māori Party dated 10th March 2017.

We are opposed to the Bill for the following same reasons:

- Undue commercial and cultural risk and uncertainty associated with key aspects of the Bill;
- Lack of clarity around how key aspects of the Bill will work in practice (that is, the practical aspects of Māori land management have not been properly thought through);
- Lack of certainty about the costs associated with the transition and no guarantee from Government that it will meet the costs of transition and compliance for Māori land owners;
- Unacceptable changes to the succession regime that undermines the individual property rights of Māori land owners;
- No clarity or certainty yet on how the overall framework will work to support the law reform (the Māori Land Service and the Enablers).

Overall, the reform process has been too rushed and has created confusion. There is no need to rush such an important area of law and policy.

**Signed: Professor Jacinta Ruru, Tavake Barron Afeaki, Kerensa Johnston, Leo Watson, Dr Robert Joseph, Dr Valmaine Toki, Aidan Warren, Dr Paerau Warbrick, Neuton Lambert, Rebekah Jordan, Dr Carwyn Jones, Annette Sykes, Angeline Greensill.**

Nonetheless the Government and the Māori Party are determined to push the Bill through Parliament and then to establish the new Māori Land Service. This service will replace many of the functions previously done by the Māori Land Court. The service will need to be up and running 18 months after the Bill becomes law.

### The Māori Land Service

More than 1000 Māori land owners attended wānanga in 2016 and 2017 and the views shared at these wānanga have shaped the core functions of the Māori Land Service and the proposed design.



Te Ture Whenua Māori Bill confirms that the core services of the proposed Māori Land Service will be: Māori Land Information and Registry Services – maintaining and updating a register of Māori land owner decisions, ownership and governance information; Owner Decision Making Services – service to support owners in relation to their interests and effective governance and management arrangements for their land; Dispute Resolution Services – service to resolve disputes relating to land based on tikanga Māori.

Land owners signalled the need for the fourth service, Advisory and Development Services (advice relating to the productive use of land) to support land owners to effectively utilise their land if they so choose.

Important functions such as succession will be dealt with by the Service. It will be crucial that the service gets up and running quickly and efficiently with the complex matters before it. If it performs only at the same level as the functions of the Māori Land Court it replaces, then the exercise would be costly and wasteful.

## Concluding comments

*This has been a difficult but rewarding year for the Trust whose asset value continues to grow as does the Trust's income. The developments in both Adelaide Road and Kate Sheppard Place will take the Trust into the future with assets that will provide a long-term income stream. The Trust still has further land that it is able to develop in a similar way along Adelaide Road, in Waripori Street and in Thorndon Quay.*

*It is time to look at what else the Trust can do particularly to provide benefits to the beneficial owners and their descendants. We need to have discussions about education and training, social housing, employment and succession. The Trust is now in a good position to advance matters in these fields through its charitable entities and at times directly from the Trust.*

*It is time to look across the myriad of iwi entities including: Port Nicholson Block Settlement Trust, Te Ātiawa ki te Upoko o Te Ika a Maui Pōtiki Trust, Te Runanganui o Te Ātiawa, Palmerston North Māori Reserve Trust and Wellington Tenth Trust all for Te Ātiawa/Taranaki Whanui ki Ponēke.*

*We should ask the questions as to whether there is not a large duplication of people in governance roles along with duplications in the various administration structure for all these organisations.*

*No reira, e te iwi, e te whanau whanui, tena koutou, tena koutou, tena koutou katoa!*

**MORRIS TE WHITI LOVE, CHAIRMAN**



*Image courtesy of Maarten Holl/Fairfax NZ*

# Statistical Information

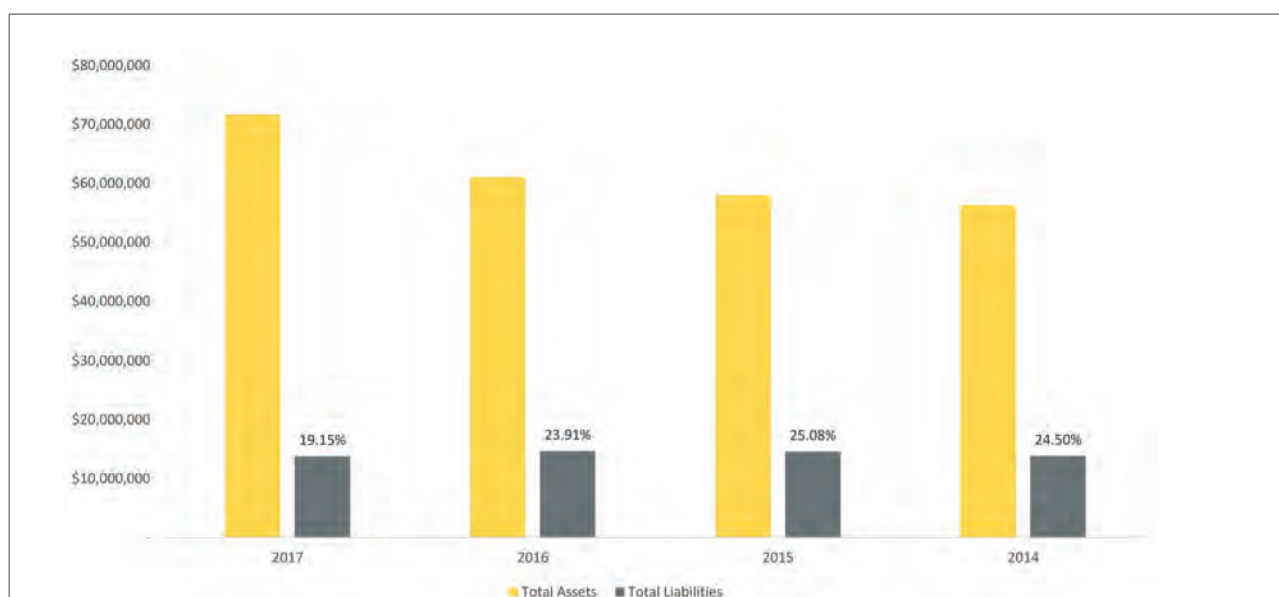
## WELLINGTON TENTHS TRUST STATISTICAL INFORMATION

	2017	2016	2015	2014
Number of Owners	6,548	6,442	6,273	6,133
Number of Shares	182,919.681	182,919.681	182,919.681	182,919.681
Total Assets	\$71,629,687	\$61,069,836	\$57,967,589	\$56,253,455
Total Liabilities	\$13,714,395	\$14,598,762	\$14,539,407	\$13,780,110
Trust Capital	\$57,915,292	\$46,471,074	\$43,428,182	\$42,473,345
Value per share	\$316.62	\$254.05	\$237.42	\$232.20
Revenue	\$2,764,318	\$2,849,808	\$2,896,815	\$2,882,740
Operating Profit After Net Financing Costs	\$450,107	\$330,570	\$447,168	\$640,383
Profit for the year	\$12,084,435	\$3,591,651	\$1,485,304	\$1,516,654
Distribution to Owners	\$640,217	\$548,759	\$530,467	\$475,591
Distribution per Share	\$3.50	\$3.00	\$2.90	\$2.60



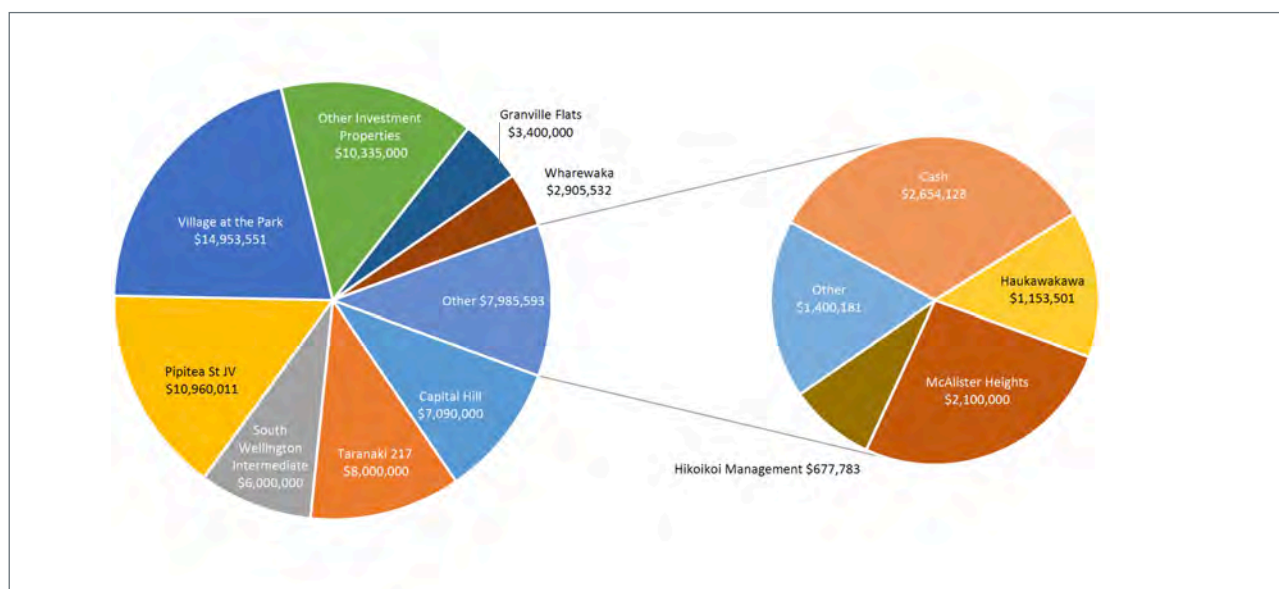
## I WELLINGTON TENTHS TRUST DEBT TO EQUITY RATIO

The illustration below shows the movement in the debt to total assets ratio over the past four years. As at 31 March 2017 the debt to total assets ratio is 19.15%, that is, the total liabilities of the Trust is 19.15% of the Trust's total assets. This is a decrease of 4.76% from the 31 March 2016 figures.



## I TOTAL ASSETS

The illustration below shows the breakdown of the total assets of the Trust in graphical form. The graph shows in dollar terms the holdings of the Trust as at 31 March 2017. The diversified nature of the portfolio means that any risk is spread across a range of holdings and returns are generated from a range of sources reducing any potential losses in one particular area.



# SECTION TWO / CONSOLIDATED FINANCIAL STATEMENTS

## Consolidated Financial Statements

### WELLINGTON TENTHS TRUST

#### CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Note	2017 \$	2016 \$
<b>Revenue</b>			
Gross Rental Income	4	2,712,458	2,789,211
Other Income	5	51,860	60,597
<b>Total Revenue</b>		<b>2,764,318</b>	<b>2,849,808</b>
<b>Expenses</b>			
Direct Property Expenses	4	(763,726)	(1,058,110)
Administration Expenses	6	(1,234,450)	(993,058)
Depreciation	10	(13,939)	(14,192)
Amortisation	11	(2,925)	(9,232)
<b>Total Expenses</b>		<b>(2,015,040)</b>	<b>(2,074,592)</b>
<b>Operating Profit Before Net Financing Costs</b>		<b>749,278</b>	<b>775,216</b>
<b>Finance Costs</b>			
Finance Income	8	157,935	162,755
Finance Expenses	8	(457,106)	(607,401)
<b>Net Finance Costs</b>		<b>(299,171)</b>	<b>(444,646)</b>
<b>Operating Profit After Net Financing Costs</b>		<b>450,107</b>	<b>330,570</b>
<b>Other Movements</b>			
Share of Equity Accounted Investees Profit for the Year	13	7,753,007	3,316,636
Impairment of KS Exchange Loan	24	–	(472,089)
Loss on Sale of Property, Plant and Equipment		–	(20,194)
Investment Property Revaluation	12	4,148,968	715,000
Impairment of Prior Year Adelaide Road Development Costs		–	(136,854)
Demolition Costs		(123,994)	–
<b>Profit Before Income Tax</b>		<b>12,228,088</b>	<b>3,733,069</b>
Income Tax Expense	9	(143,653)	(141,418)
<b>Profit for the Year</b>		<b>12,084,435</b>	<b>3,591,651</b>
<b>Total Comprehensive Income for the Year</b>		<b>\$12,084,435</b>	<b>\$3,591,651</b>

The above statements should be read in conjunction with the notes to and forming part of the financial statements.





**WELLINGTON TENTHS TRUST**  
**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY**  
**FOR THE YEAR ENDED 31 MARCH 2017**

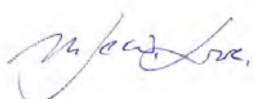
	Note	Retained Earnings and Total Equity \$
<b>Balance at 1 April 2015</b>		43,428,182
Profit for the Year		3,591,651
Total Comprehensive Income for the Year		3,591,651
<i>Transactions With Owners of the Trust in their Capacity as Owners</i>		
Distributions Paid	17	(548,759)
<b>Balance at 31 March 2016</b>		46,471,074
Profit for the Year		12,084,435
Total Comprehensive Income for the Year		12,084,435
<i>Transactions With Owners of the Trust in their Capacity as Owners</i>		
Distributions Paid	17	(640,217)
<b>Balance as at 31 March 2017</b>		<b>\$57,915,292</b>

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

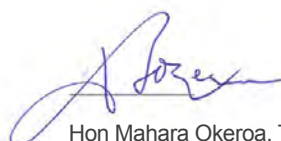
**WELLINGTON TENTHS TRUST**  
**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 MARCH 2017**

	Note	2017 \$	2016 \$
<b>EQUITY</b>			
Retained Earnings		57,915,292	46,471,074
<b>Total Equity</b>		<b>\$57,915,292</b>	<b>\$46,471,074</b>
<b>ASSETS</b>			
<b>Current Assets</b>			
Trade and Other Receivables	14	25,162	14,184
Prepayments		78,862	84,227
Cash and Cash Equivalents	15	2,154,128	359,426
Other Financial Assets	16	500,000	–
Income Tax Receivable	9	62,262	41,000
Related Party Receivables	24	4,689	–
<b>Total Current Assets</b>		<b>2,825,103</b>	<b>498,837</b>
<b>Non-Current Assets</b>			
Property, Plant and Equipment	10	152,331	144,372
Investment Properties	12	36,925,000	32,776,032
Intangible Assets	11	106	3,031
Investment in Equity Accounted Investees	13	27,080,882	23,993,875
Adelaide Road Development Costs		148,897	–
Related Party Receivables	24	4,497,368	3,653,689
<b>Total Non-Current Assets</b>		<b>68,804,584</b>	<b>60,570,999</b>
<b>TOTAL ASSETS</b>		<b>71,629,687</b>	<b>61,069,836</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Trade and Other Payables	20	397,101	321,848
Other Current Liabilities	21	541,988	683,040
Employee Benefits	19	–	7,825
Unclaimed Distributions	17	2,546,615	2,288,946
Related Party Payables	24	13,819	596,301
Interest-Bearing Loans and Borrowings	18	447,708	447,708
<b>Total Current Liabilities</b>		<b>3,947,231</b>	<b>4,345,668</b>
<b>Non-Current Liabilities</b>			
Interest-Bearing Loans and Borrowings	18	9,578,003	10,025,711
Deferred Tax Liability	9	189,161	227,383
<b>Total Non-Current Liabilities</b>		<b>9,767,164</b>	<b>10,253,094</b>
<b>TOTAL LIABILITIES</b>		<b>13,714,395</b>	<b>14,598,762</b>
<b>NET ASSETS</b>		<b>\$57,915,292</b>	<b>\$46,471,074</b>

Approved for and on behalf of the Trustees on 7 July 2017:



Morris Te Whiti Love, Chairman



Hon Mahara Okeroa, Trustee

The above statements should be read in conjunction with the notes to and forming part of the financial statements.



**WELLINGTON TENTHS TRUST**  
**CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

	Note	2017 \$	2016 \$
<b>Cash Flows From Operating Activities</b>			
Cash Receipts From Customers		2,748,992	2,864,652
Cash paid to Suppliers and Employees		(2,180,645)	(1,690,761)
Interest Received		157,935	162,755
Interest Paid		(457,106)	(607,401)
Income Taxes Paid		(203,137)	(331,980)
Net GST		(5,436)	47,944
<b>Net Cash Inflow From Operating Activities</b>	25	60,603	445,209
<b>Cash Flows From Investing Activities</b>			
Purchase of Property, Plant and Equipment	10	(21,898)	(10,999)
Development of Adelaide Road		(148,897)	—
Investment in Term Deposit	16	(500,000)	—
Distributions Received From Equity Accounted Investee	13	4,666,000	530,290
<b>Net Cash Inflow From Investing Activities</b>		3,995,205	519,291
<b>Cash Flows From Financing Activities</b>			
(Repayment of) Borrowings		(447,708)	(447,708)
Related Party Advances		(1,430,850)	305,039
Distributions Paid	17	(382,548)	(373,018)
<b>Net Cash Outflow From Financing Activities</b>		(2,261,106)	(515,687)
<b>Net Increase/(Decrease) in Cash and Cash Equivalents</b>		<b>1,794,702</b>	<b>448,813</b>
<b>Cash and Cash Equivalents at Beginning of Year</b>		359,426	(89,387)
<b>Cash and Cash Equivalents at End of Year</b>	15	<b>\$2,154,128</b>	<b>\$359,426</b>
<b>Cash and Cash Equivalents Comprises:</b>			
Cash and Cash Equivalents	15	2,154,128	359,426
		<b>\$2,154,128</b>	<b>\$359,426</b>

The above statements should be read in conjunction with the notes to and forming part of the financial statements.

## WELLINGTON TENTHS TRUST

### NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 1. REPORTING ENTITY

The consolidated financial statements of Wellington Tenth Trust as at and for the year ended 31 March 2017 comprise the Trust and its subsidiaries (together referred to as the "Group") and individually as "Group entities" and the Group's equity accounted interests in associates.

Wellington Tenth Trust is an Ahu Whenua Trust constituted by the Māori Land Court Order of December 16, 2003 pursuant to Sec 244 of the Te Ture Whenua Māori Act 1993 which varied the original Trust Deed of 1977, and the subsequent variation of Deed made on July 17, 1996. These financial statements have been prepared in accordance with the Financial Reporting Act 2013. The Trust is eligible for, and has elected to, report in accordance with Tier 2 New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime ("NZ IFRS (RDR)"). The Trust has taken advantage of a number of disclosure concessions.

#### 2. BASIS OF PREPARATION

##### (a) Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with NZ IFRS (RDR) and other applicable Financial Reporting Standards, as appropriate for profit orientated entities.

These financial statements were authorised for issue by the Trustees on 7 July 2017.

##### (b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for assets and liabilities as disclosed below that have been measured at fair value. The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

##### (c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$) which is the Group's functional and presentation currency.

##### (d) Use of Estimates and Judgements

The preparation of the financial statements in conformity with NZ IFRS (RDR) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Key significant estimates and judgements used have been disclosed in note 3.



## WELLINGTON TENTHS TRUST

### NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by Group entities.

##### (a) Basis of Consolidation

###### Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

###### Investments in Associates

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

###### Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

##### (b) Revenue

Rental income from investment property is recognised in profit or loss on a straight-line basis over the term of the lease. Other income is recognised as revenue is received.

##### (c) Finance Income and Finance Costs

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognised on financial assets (other than trade receivables).

## WELLINGTON TENTHS TRUST

### NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

##### (d) Tax

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income.

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Any deferred tax assets or liabilities are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

##### (e) Property, Plant and Equipment

###### Recognition and Measurement

Items of plant and equipment, furniture and fittings, and office equipment are measured at cost less accumulated depreciation and accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

###### Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Group. Ongoing repairs and maintenance is expensed as incurred.

**WELLINGTON TENTHS TRUST**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

**Depreciation**

For plant and equipment, furniture and fittings, and office equipment, depreciation is based on the cost of an asset less its residual value. Where significant components of individual assets have different useful lives from the remainder of those assets, those components are depreciated separately.

Depreciation is recognised in profit or loss on a diminishing value basis over the estimated useful lives of each component of an item of plant and equipment, furniture and fittings, and office equipment.

The estimated useful lives for the current and comparative years of significant items of furniture and fittings, and office equipment are as follows:

Furniture and Fittings	5–20 Years
Office Equipment	3–15.5 Years

The residual value and useful life of property, plant and equipment is reassessed annually.

**(f) Investment Properties**

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value (current market value) with any change therein recognised in profit or loss.

Cost includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and any other costs directly attributable to bringing the investment property to a working condition for their intended use.

When the use of investment property changes such that it is reclassified as property, plant and equipment, its fair value at the date of reclassification becomes its cost for subsequent accounting.

Beneficial owner approval is needed prior to the disposal of investment property classified as Māori Land. Any gain or loss on disposal of an investment property (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in profit or loss.

**(g) Financial Instruments**

**Non derivative financial assets**

The Group initially recognises loans and receivables on the date that they are originated.

The Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all the risks and rewards of ownership of the financial asset are transferred. Any interest in transferred financial assets that is created or retained by the Group is recognised as a separate asset or liability.

Financial assets and liabilities are offset and the net amount presented in the statement of financial position when, and only when, the Group has a legal right to offset the amounts and intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

The Group classifies non-derivative financial assets into the following category: loans and receivables.



## **WELLINGTON TENTHS TRUST** **NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 MARCH 2017**

### **3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

#### **Loans and receivables**

Loans and receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition loans and receivables are measured at amortised cost using the effective interest method, less any impairment losses.

Loans and receivables comprise cash and cash equivalents, term deposits, trade and other receivables and loans to related parties.

#### **Cash and cash equivalents**

Cash and cash equivalents include cash on hand, deposits on call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

#### **Trade and other receivables**

Trade and other receivables, including related party receivables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

#### **Non-derivative financial liabilities**

The Group initially recognises bank debt issued on the date that it originated.

The Group derecognises a financial liability when its contractual obligations are discharged, cancelled or expire.

The Group classifies non-derivative financial liabilities into the other financial liabilities category. Such financial liabilities are recognised initially at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortised cost using the effective interest method.

Other financial liabilities comprise loans and borrowings, bank overdrafts, and trade and other payables.

#### **Trade and other payables**

Trade and other payables are financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are recognised initially at fair value plus any directly attributable transaction costs.

#### **(h) Impairment**

##### **Financial assets measured at cost**

The Group considers evidence of impairment for financial assets measured at cost (loans and receivables) at both a specific asset and collective level. All individually significant assets are assessed for specific impairment. Those found not to be specifically impaired are then collectively assessed for any impairment that has been incurred but not yet identified. Assets that are not individually significant are collectively assessed for impairment by grouping together assets with similar risk characteristics.

**WELLINGTON TENTHS TRUST**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)**

An impairment loss in respect of a financial asset measured at cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the asset's original effective interest rate. Losses are recognised in profit or loss and reflected in an allowance account against loans and receivables. Interest on the impaired asset continues to be recognised. When an event occurring after the impairment was recognised causes the amount of impairment loss to decrease, the decrease in impairment loss is reversed through profit or loss.

**Non-financial assets**

The carrying amounts of the Group's non-financial assets, other than investment property, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset is the greater of its value in use and its fair value. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

**(i) Goods and Services Tax**

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax ("GST") except for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the Statement of Financial Position.

**(j) Intangible Assets**

Intangible assets with finite useful lives that are acquired separately are carried at cost less accumulated amortisation and accumulated impairment losses. Amortisation is recognised on a straight line basis over their estimated useful lives. The estimated useful life and amortisation method are reviewed at the end of each reporting period.

The estimated useful lives for the current and comparative years of significant items of intangible assets are as follows:

Database	5–20 Years
Website	3–15.5 Years

**(k) Unclaimed Distributions**

Unclaimed distributions are distributions to beneficial owners that have yet to be claimed. These amounts are carried at cost until claimed by the beneficial owner.

## WELLINGTON TENTHS TRUST

### NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

##### (l) Employee Entitlements

Provision is made for benefits accruing to employees in respect of wages and salaries, annual leave and long service leave when it is probable that settlement will be required. Provisions made in respect of employee benefits expected to be settled within 12 months, are measured at their nominal values using the remuneration rate expected to apply at the time of settlement. Provisions made in respect of employee benefits which are not expected to be settled within 12 months are measured as the present value of the estimated future cash outflows to be made by the Group in respect of services provided by employees up to reporting date.

The Group contributes to a defined contribution plan which is a post-employment benefit plan under which an entity pays fixed contributions into a separate entity and will have no legal or constructive obligation to pay further amounts. Obligations for contributions to defined contribution pension plans are recognised as an employee benefit expense in the profit or loss in the period during which services are rendered to employees.

##### (m) Determination of fair values

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

Highest and best use has been determined as each of the non-financial asset's current use and therefore fair value has been determined as follows:

##### Investment Properties

An external, independent valuation company (Colliers International (Wellington Valuation) Limited), having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Investment property under construction is valued by estimating the fair value of the completed investment property and then deducting from that amount the estimated costs to complete construction, financing costs and a reasonable profit margin.

##### (n) Comparatives

Comparative information included in the financial statements is consistent with prior years.



**WELLINGTON TENTHS TRUST**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**4. RENTAL INCOME**

	Gross Rental Income \$	Direct Property Expenses \$	Net Rental Income \$
	<b>2017</b>		
Taranaki 217	1,129,410	(641,878)	487,532
Capital Hill (Dominion Museum)	620,673	(3,065)	617,608
South Wellington Intermediate School	415,000	—	415,000
Macalister Heights	122,000	—	122,000
Granville Flats	229,500	—	229,500
Other	195,875	(118,783)	77,092
	<b>\$2,712,458</b>	<b>\$(763,726)</b>	<b>\$1,948,732</b>
	<b>2016</b>		
Taranaki 217	1,220,257	(935,279)	284,978
Capital Hill (Dominion Museum)	620,673	(3,290)	617,383
South Wellington Intermediate School	415,000	—	415,000
Macalister Heights	122,718	—	122,718
Granville Flats	229,500	—	229,500
Other	181,063	(119,541)	61,522
	<b>\$2,789,211</b>	<b>\$(1,058,110)</b>	<b>\$1,731,101</b>

**5. OTHER INCOME**

	2017 \$	2016 \$
Ancillary Hireage at Hostel Accommodation	50,086	52,618
Sundry Income	1,774	7,979
	<b>\$51,860</b>	<b>\$60,597</b>

**6. ADMINISTRATION EXPENSES**

	2017 \$	2016 \$
Accident Insurance/Levies	1,091	1,045
Accountancy Fees	105,726	88,327
Audit Fees	48,171	46,023
Bad Debts	4,348	—
Bank Charges	13,258	12,490
Cleaning & Laundry	—	3,937
Computer Expenses	3,801	—
Consultancy Fees	25,129	—
Donation to Ngahuru Charitable Trust (refer to note 24)	25,000	—
Executive Office (refer to note 24)	482,837	415,861
General Expenses	14,003	5,012
Insurance	26,506	24,103
Legal Fees	184,588	98,737
Owners' Meetings	54,279	33,759
Postage, Printing & Stationery	3,763	810
Memberships & Subscriptions	4,868	8,493
Sponsorship	5,729	10,184
Tangi Contributions	600	17,391
Telephone & Internet	1,377	2,037
Travel & Accommodation	22,026	25,421
Trustees' Fees (refer note 24)	195,000	187,500
Trustees' Expenses	12,350	11,928
	<b>\$1,234,450</b>	<b>\$993,058</b>

**WELLINGTON TENTHS TRUST**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

<b>7. EMPLOYEE BENEFIT EXPENSES</b>	2017	2016
	\$	\$
Salaries and Wages (included in direct property expenses – note 4)	82,887	187,349
Kiwisaver (included in direct property expenses – note 4)	2,019	4,224
	<b>\$84,906</b>	<b>\$191,573</b>

During the 2017 year all hostel employees were transferred to Westerman Property Management who act as property managers to the group.

<b>8. NET FINANCE COSTS</b>	2017	2016
	\$	\$
<b>Finance Income – Loans and Receivables</b>		
Interest Income – Wharewaka o Poneke Charitable Trust (refer to note 24)	108,000	117,000
Interest Income – Hikoikoi Management Limited (refer to note 24)	41,303	45,230
Interest Income – Westpac	7,380	453
Interest Income – Other	1,252	72
	<b>157,935</b>	<b>162,755</b>
<b>Finance Expense – Liabilities at Amortised Cost</b>		
Interest Expense – Westpac	(299,822)	(387,034)
Interest Expense – BNZ	(154,599)	(189,348)
Interest Expense – Palmerston North Māori Reserve Trust (refer to note 24)	(1,659)	(28,951)
Interest Expense – Other	(1,026)	(2,068)
	<b>(457,106)</b>	<b>(607,401)</b>
<b>Net Finance Income/(Expense)</b>	<b>\$(299,171)</b>	<b>\$(444,646)</b>

<b>9. INCOME TAX</b>	2017	2016
	\$	\$
<b>a) Income tax recognised in profit or loss</b>		
Current tax	181,875	239,717
Deferred tax expense	(38,222)	(98,299)
Total income tax expense	<b>\$143,653</b>	<b>\$141,418</b>
<b>b) Reconciliation of income tax expense</b>		
Profit before income tax expense	12,228,088	3,733,069
Tax expense at 17.5%	2,139,915	653,287
Adjustment for Entities Taxed at Rates Different to Māori Authority Rate	68,202	64,141
Non-Taxable Income	–	(125,125)
Non-Assessable Equity Accounted Earnings	(1,356,776)	(497,795)
Non-Deductible Expenses	10,811	151,105
Non-Deductible Investment Property Revaluation	(726,069)	(125,125)
Over/Under Provision in Prior Periods	–	(524,625)
Change in Income Tax Rate for Subsidiary Entity	(59,607)	–
Tax losses not recognised	67,178	566,471
Joint Venture Income/Loss	–	(20,916)
Total income tax expense	<b>\$143,653</b>	<b>\$141,418</b>
<b>c) Current tax</b>		
Liability at 1 April	(41,000)	51,263
Current Year Tax Expense	181,875	239,717
(Payments)/Refunds	(203,137)	(331,980)
(Asset)/Liability at 31 March	<b>\$(62,262)</b>	<b>\$(41,000)</b>

**WELLINGTON TENTHS TRUST**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

<b>9. INCOME TAX (cont.)</b>	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>d) Deferred tax</b>		
Balance at the beginning of the year	(227,383)	(325,682)
Current year movement	38,222	98,299
Deferred tax asset/(liability)	<b>\$(189,161)</b>	<b>\$(227,383)</b>
Deferred tax assets/(liabilities) are attributable to the following:		
Employee benefits	—	2,191
Accrued expenses	48,252	105,018
Investment Properties	(237,413)	(334,592)
	<b>\$(189,161)</b>	<b>\$(227,383)</b>
<b>e) Unrecognised deferred tax assets</b>		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	1,601,480	1,129,743
	<b>\$1,601,480</b>	<b>\$1,129,743</b>
<b>f) Māori Authority Tax Credit Account</b>		
Closing Balance of Māori Authority Tax Credit Account	738,429	738,429
	<b>\$738,429</b>	<b>\$738,429</b>

**10. PROPERTY, PLANT AND EQUIPMENT**

	<b>Office Equipment</b>	<b>Furniture, Fittings and Chattels</b>	<b>Total</b>
<b>Cost</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at 1 April 2015	131,691	261,423	393,114
Additions	1,542	9,457	10,999
Disposals	(20,194)	—	(20,194)
Balance at 31 March 2016	113,039	270,880	383,919
Additions	2,713	19,185	21,898
Balance at 31 March 2017	115,752	290,065	405,817
<b>Accumulated Depreciation</b>			
Balance at 1 April 2015	105,548	119,807	225,355
Depreciation	2,251	11,941	14,192
Balance at 31 March 2016	107,799	131,748	239,547
Depreciation	2,335	11,604	13,939
Balance at 31 March 2017	110,134	143,352	253,486
<b>Net book value</b>			
At 31 March 2016	5,240	139,132	144,372
At 31 March 2017	<b>\$5,618</b>	<b>\$146,713</b>	<b>\$152,331</b>



# **WELLINGTON TENTHS TRUST** **NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 MARCH 2017**

## **11. INTANGIBLE ASSETS**

	Database	Website	Total
Cost	\$	\$	\$
Balance at 1 April 2015	206,571	15,456	222,027
Balance at 31 March 2016	206,571	15,456	222,027
Balance at 31 March 2017	206,571	15,456	222,027
<b>Accumulated Amortisation</b>			
Balance at 1 April 2015	194,362	15,402	209,764
Amortisation	9,200	32	9,232
Balance at 31 March 2016	203,562	15,434	218,996
Amortisation	2,912	13	2,925
Balance at 31 March 2017	206,474	15,447	221,921
<b>Net book value</b>			
At 31 March 2016	3,009	22	3,031
At 31 March 2017	<b>\$97</b>	<b>\$9</b>	<b>\$106</b>

## **12. INVESTMENT PROPERTY**

	2017	2016
	\$	\$
Balance at 1 April	32,776,032	32,061,032
Change in fair value	4,148,968	715,000
Balance at 31 March	<b>\$36,925,000</b>	<b>\$32,776,032</b>
<b>Carrying Value of Individual Properties:</b>		
	2017	2016
	\$	\$
Taranaki 217 – 213-217 Taranaki Street, Wellington	8,000,000	7,560,000
Capital Hill (Dominion Museum) – 38 Buckle Street, Wellington	7,090,000	7,330,000
South Wellington Intermediate School – 28-32 Russell Terrace, Wellington	6,000,000	5,075,000
Macalister Heights – 381 Adelaide Road, Wellington	2,100,000	1,850,000
Granville Flats – 557-567 Adelaide Road, Wellington	3,400,000	2,850,000
	26,590,000	24,665,000
<b>Other</b>		
429 Adelaide Road, Wellington	1,400,000	930,000
433 Adelaide Road, Wellington	600,000	490,000
435 Adelaide Road, Wellington	840,000	680,000
437 Adelaide Road, Wellington	700,000	530,000
40 Waripori Street, Wellington	400,000	280,000
42 Waripori Street, Wellington	600,000	490,000
64 Waripori Street, Wellington	550,000	470,000
64A Waripori Street, Wellington	550,000	475,000
383-387 Adelaide Road, Wellington	2,800,000	2,110,000
44 Waripori Street, Wellington	300,000	275,000
Gilbert Road, Upper Hutt	1,595,000	1,381,032
	10,335,000	8,111,032
	<b>\$36,925,000</b>	<b>\$32,776,032</b>

## WELLINGTON TENTHS TRUST

### NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 12. INVESTMENT PROPERTY (cont.)

Investment property comprises a number of commercial and residential properties that are leased to third parties, and a number of bare development properties. For residential properties the lease terms range from six months to 12 months. For leasehold commercial properties the leases are perpetual ground leases with seven year rent reviews.

Colliers International (Wellington Valuation) Limited have valued all properties for financial reporting purposes at 31 March 2017 and 31 March 2016, with the exception of Gilbert Road. Gilbert Road was valued by Lockwood & Associates Limited at 31 March 2017.

#### 13. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES

Wellington Tenths Trust holds the following voting interests in the following entities and as such has significant influence but not control of the entities. The Group has classified the investments listed as associates and it is accounting for them using the equity method.

Investee	Balance Date	Place of Business/ Country of Incorporation	Ownership Percentage	
			2017	2016
Hikoikoi Management Limited	31-Mar	NZ	50%	50%
Haukawakawa Limited Partnership	31-Mar	NZ	50%	50%
Pipitea Street Joint Venture	31-Mar	NZ	50%	50%
Village at the Park Group	31-Mar	NZ	50%	50%
Kate Sheppard Exchange Joint Venture	31-Mar	NZ	25%	25%

Village at the Park Group is made of the Group's 50% ownership in Village at the Park Lifecare Limited and Village at the Park Care Limited.

The Trust has a 25% interest in the Kate Sheppard Exchange Joint Venture. This equity investment has a carrying value of nil (2016: nil). The Joint Venture is in a negative equity position, so the Trust's equity position is nil. The Trust has lent money to the joint venture and this is recognised within note 24.

The Group has no commitments and no contingencies in relation to its investments in associates (2016: nil).

Non-current investment in Associate	Hikoikoi Management Limited	Haukawakawa LP	Village at the Park Group	Pipitea Street Joint Venture	Total
	\$	\$	\$	\$	\$
Balance at 1 April 2015	—	973,643	9,887,463	10,346,423	21,207,529
Share of profit/(loss)	—	3,890	2,347,011	965,735	3,316,636
Distributions received	—	—	—	(530,290)	(530,290)
Balance at 31 March 2016	—	977,533	12,234,474	10,781,868	23,993,875
Share of profit/(loss)	—	189,787	5,975,077	1,588,143	7,753,007
Distributions received	—	—	(3,256,000)	(1,410,000)	(4,666,000)
Balance at 31 March 2017	\$—	\$1,167,320	\$14,953,551	\$10,960,011	\$27,080,882

# **WELLINGTON TENTHS TRUST** **NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS** **FOR THE YEAR ENDED 31 MARCH 2017**

## **13. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES (cont.)**

<b>Assets and Liabilities of Associates</b>	<b>Hikoikoi Management Limited</b>	<b>Haukawakawa LP</b>	<b>Village at the Park Group</b>	<b>KS Exchange Joint Venture</b>	<b>Pipitea Street Joint Venture</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$
	<b>2017</b>					
<b>Assets:</b>						
Current	116,543	16,906	6,650,888	251,366	624,694	7,660,397
Non-current	1,255,662	2,323,819	84,340,956	7,114,148	86,400,000	181,434,585
<b>Total Assets</b>	<b>1,372,205</b>	<b>2,340,725</b>	<b>90,991,844</b>	<b>7,365,514</b>	<b>87,024,694</b>	<b>189,094,982</b>
<b>Liabilities:</b>						
Current	97,008	1,047	48,157,135	604,847	620,666	49,480,703
Non-current	1,275,197	5,038	16,173,659	14,478,195	64,394,250	96,326,339
<b>Total Liabilities</b>	<b>1,372,205</b>	<b>6,085</b>	<b>64,330,794</b>	<b>15,083,042</b>	<b>65,014,916</b>	<b>145,807,042</b>
<b>Net Assets</b>	<b>\$—</b>	<b>\$2,334,640</b>	<b>\$26,661,050</b>	<b>\$(7,717,528)</b>	<b>\$22,009,778</b>	<b>\$43,287,940</b>
	<b>2016</b>					
<b>Assets:</b>						
Current	114,667	7,927	785,075	4,000	404,524	1,316,193
Non-current	1,295,555	1,960,000	71,114,451	8,153,048	86,400,000	168,923,054
<b>Total Assets</b>	<b>1,410,222</b>	<b>1,967,927</b>	<b>71,899,526</b>	<b>8,157,048</b>	<b>86,804,524</b>	<b>170,239,247</b>
<b>Liabilities:</b>						
Current	1,410,222	12,861	48,827,005	11,592,213	582,960	62,425,261
Non-current	—	—	8,361,625	2,100,000	64,925,250	75,386,875
<b>Total Liabilities</b>	<b>1,410,222</b>	<b>12,861</b>	<b>57,188,630</b>	<b>13,692,213</b>	<b>65,508,210</b>	<b>137,812,136</b>
<b>Net Assets</b>	<b>\$—</b>	<b>\$1,955,066</b>	<b>\$14,710,896</b>	<b>\$(5,535,165)</b>	<b>\$21,296,314</b>	<b>\$32,427,111</b>

Liabilities of Associates displayed above include loans from owners.

## **14. TRADE AND OTHER RECEIVABLES**

	<b>2017</b>	<b>2016</b>
	\$	\$
Trade Receivables	17,481	11,871
Accrued Income	7,681	2,313
<b>Total Trade and Other Receivables</b>	<b>\$25,162</b>	<b>\$14,184</b>

Trade receivables generally have terms of 30 days and are interest free. Trade receivables of a short-term duration are not discounted.

## **15. CASH AND CASH EQUIVALENTS**

	<b>2017</b>	<b>2016</b>
Bank balances	2,154,128	359,426
<b>Total cash and cash equivalents</b>	<b>\$2,154,128</b>	<b>\$359,426</b>

Interest rate charged on overdrawn bank balances and interest received on call deposits were 10.1% and 0.1% respectively (2016: 10.2% and 1.0%). Bank balances are on call. Total overdraft available at balance date is \$450,000 (2016: \$450,000).

## **16. OTHER FINANCIAL ASSETS**

	<b>2017</b>	<b>2016</b>
Term Deposit	500,000	—
<b>Total other financial assets</b>	<b>\$500,000</b>	<b>\$—</b>

The term deposit has a maturity date of 4 April 2017 and interest rate of 3.4% pa.



## WELLINGTON TENTHS TRUST

### NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

17. UNCLAIMED DISTRIBUTIONS	2017	2016
	\$	\$
Balance at Beginning of Year	2,288,946	2,113,205
Distribution Declared	640,217	548,759
Net Distributions Claimed	(382,548)	(373,018)
Balance at End of the Year	<b>\$2,546,615</b>	<b>\$2,288,946</b>

Unclaimed distributions represent distributions declared by Wellington Tenth Trust but that have not been claimed by the respective beneficial owner. Unclaimed distributions are held on demand for the rightful beneficial owner. Wellington Tenth Trust has sufficient access to capital to pay all unclaimed distributions if they were called.

18. INTEREST-BEARING LOANS AND BORROWINGS				
Description	Maturity Date	Interest Rate		
Bank of New Zealand (04)	3/08/17	4.90%	2,094,711	2,350,419
Bank of New Zealand (05)	3/08/17	4.89%	1,000,000	1,000,000
Westpac Banking Corporation (95)	31/12/18	4.10%	6,931,000	7,123,000
			<b>\$10,025,711</b>	<b>\$10,473,419</b>
Current			447,708	447,708
Non-current			9,578,003	10,025,711
			<b>\$10,025,711</b>	<b>\$10,473,419</b>

The bank loans are secured over certain land and buildings with a carrying amount of \$23,740,000 (2016: \$20,615,000).

19. EMPLOYEE BENEFITS		
Liability for annual leave	—	7,825
	<b>\$—</b>	<b>\$7,825</b>

During the 2017 year all hostel employees were transferred to Westernmans Property Management who act as property managers to the group, as a result there is no liability for employee benefits at 31 March 2017.

20. TRADE AND OTHER PAYABLES		
Trade Payables	357,744	272,573
Bonds Payable	19,144	26,508
Accrued Expenses	20,213	22,767
	<b>\$397,101</b>	<b>\$321,848</b>

Trade payables generally have terms of 30 days and are interest free. Trade payable of a short-term duration are not discounted.

21. OTHER CURRENT LIABILITIES		
GST Payable	31,272	36,708
Income Received in Advance	276,193	296,332
Provision for Taranaki 217 Water Damage Repairs	234,523	350,000
	<b>\$541,988</b>	<b>\$683,040</b>

The water damage repairs at Taranaki 217 have been completed prior to the date of signing.

Reconciliation of Provision for Taranaki 217 Water Damage Repairs		
Opening Balance	350,000	—
Charged to Profit and Loss	100,000	350,000
Payments to Suppliers	(215,477)	—
Closing Balance	<b>\$234,523</b>	<b>\$350,000</b>

## WELLINGTON TENTHS TRUST

### NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 22. EQUITY MANAGEMENT

The Group's equity (net assets) relates to retained earnings.

The Group manages its equity through the use of budgets and business cases to determine future capital requirements. There are no externally imposed capital requirements at the end of the year or during each reporting period.

The Group's policies in respect of equity management and allocation are reviewed regularly by the Trustees.

There have been no material changes in the Group's management of equity during the year.

#### 23. FINANCIAL INSTRUMENTS

The carrying amount of financial assets and liabilities as shown in the Statement of Financial Position, are as follows. All financial assets are classified as loans and receivables. All financial liabilities are classified as Financial Liabilities at Amortised Cost.

	2017	2016
	\$	\$
<b>Financial Assets</b>		
Trade and Other Receivables	25,162	14,184
Cash and Cash Equivalents	2,154,128	359,426
Other Financial Assets	500,000	—
Related Party Receivables	4,502,057	3,653,689
	<b>\$7,181,347</b>	<b>\$4,027,299</b>
<b>Financial Liabilities</b>		
Trade and Other Payables	397,101	321,848
Related Party Payables	13,819	596,301
Interest bearing loans and borrowings	10,025,711	10,473,419
	<b>\$10,436,631</b>	<b>\$11,391,568</b>

#### 24. RELATED PARTIES

The ultimate Parent of the Group is Wellington Tenth Trust.

##### Subsidiaries

Set out below is a list of the significant subsidiaries of the Group:

	Principal Activity	Place of Business/ Country of Incorporation	Ownership Percentage	
			2017	2016
Taranaki 217 Limited	Hostel Accommodation	NZ	100%	100%
Capital Hill Limited	Commercial Rental	NZ	100%	100%
Village at the Park Limited	Investment Company	NZ	100%	100%

##### Other Related Parties

In addition to the above, and the associates listed in note 13, Wellington Tenth Trust is related to the following entities:

Entity	Relationship
Wharewaka o Poneke Charitable Trust	Wellington Tenth Trust has the right to appoint two of five trustees
Wharewaka o Poneke Enterprises Limited	Common Trusteeship/Directorship
Palmerston North Māori Reserve Trust	Common Trusteeships
Te Aro Pa Limited	Common Trusteeship/Directorship
Ngahuru Charitable Trust	Common Trusteeships
R Te One & Associates Limited	Related Director/Trustee

## WELLINGTON TENTHS TRUST

### NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

#### 24. RELATED PARTIES (cont.)

##### Transactions with related parties

Transactions with related parties are to be settled in cash. Security over balances ranges from no security to first ranking mortgages.

During the year the loan to the KS Exchange JV was impaired by \$nil (2016: \$472,089). The carrying value is \$826,670 (2016: \$nil).

There have been no other impairments of related party balances during the year (2016: nil) and there have been no write-offs of related party balances during the year (2016: nil).

##### Related Party Transactions included:

	2017	2016
	\$	\$
Interest received from Wharewaka o Poneke Charitable Trust (refer to note 8)	108,000	117,000
Interest paid to Palmerston North Māori Reserve Trust (refer to note 8)	(1,659)	(28,951)
Interest received from Hikoikoi Management Limited (refer to note 8)	41,303	45,230
Executive office fees charged by Hikoikoi Management Limited (refer to note 6)	(482,837)	(415,861)
Donation to Ngahuru Charitable Trust (refer to note 6)	(25,000)	—
Impairment of KS Exchange JV Loan	—	(472,089)
Consulting fees paid to R. Te One & Associates Limited	(33,582)	—
	<b>\$(393,775)</b>	<b>\$(754,671)</b>

##### Related Party Balances at year end included:

Receivable/(Payable) from/(to) Palmerston North Māori Reserve Trust	4,689	(596,301)
Receivable from Wharewaka o Poneke Charitable Trust	2,905,532	2,905,532
Receivable from Hikoikoi Management Limited	677,783	662,533
Receivable/(Payable) from/(to) Haukawa Limited Partnership	(13,819)	3,366
Receivable from Ngahuru Charitable Trust	87,383	82,258
Receivable from KS Exchange JV	826,670	—
	<b>\$4,488,238</b>	<b>\$3,057,388</b>

Current Related Party Receivables	4,689	—
Non-Current Related Party Receivables	4,497,368	3,653,689
Current Related Party Payables	(13,819)	(596,301)
	<b>\$4,488,238</b>	<b>\$3,057,388</b>

##### Trustee Remuneration

Trustee fees are determined by way of resolution at the Trust's annual general meeting.

##### Trustee remuneration by trustee is as follows:

Morris Te Whiti Love (Chairman)	45,000	45,000
Venessa Ede	15,000	15,000
Jeanie Hughes	15,000	15,000
Dr Catherine Love (trusteeship ended 3 September 2016)	7,500	15,000
Lennox Love	15,000	15,000
Matthew Love-Parata	15,000	15,000
Mark Te One	15,000	15,000
Richard Te One	15,000	15,000
Maurice Walden (trusteeship ended 5 September 2015)	—	7,500
Hon Mahara Okeroa	15,000	15,000
Hannah Buchanan (appointed 19 January 2016)	15,000	7,500
Anaru Smiler (appointed 3 September 2016)	7,500	—
Peter Jackson (appointed 19 January 2016)	15,000	7,500
	<b>\$195,000</b>	<b>\$187,500</b>

**WELLINGTON TENTHS TRUST**  
**NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2017**

**25. RECONCILIATION OF NET SURPLUS TO CASH FLOW FROM OPERATING ACTIVITIES**

	2017	2016
	\$	\$
<b>Net Surplus After Tax</b>	12,084,435	3,591,651
<i>Add/(Deduct) Non-cash Items:</i>		
Amortisation	2,925	9,232
Depreciation	13,939	14,192
Write-off Old Adelaide Road Development Costs	—	136,854
Loss on Disposal of Property, Plant & Equipment	—	20,194
Investment Property Revaluations	(4,148,968)	(715,000)
Net Surplus from Associates	(7,753,007)	(3,316,636)
Movement in Deferred Tax	(38,222)	(98,299)
Impairment of KS Exchange JV Loan	—	472,089
<i>Movement in Working Capital Items</i>		
Receivables	(10,978)	73,148
Income Tax	(21,262)	(92,263)
Payables	(73,624)	353,534
Prepayments	5,365	(3,487)
<b>Net Cash Flow from Operating Activities</b>	<b>\$60,603</b>	<b>\$445,209</b>

**26. COMMITMENTS**

There are no commitments as at 31 March 2017 (2016: nil).

**27. CONTINGENT LIABILITIES**

There are no contingent liabilities as at 31 March 2017 (2016: nil).

**28. EVENTS OCCURRING AFTER THE REPORTING DATE**

There were no events subsequent to reporting date that would affect the financial statements (2016: nil).



# Independent Auditor's Report



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New Zealand Audit Partnership  
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## Wellington Tenth Trust

**Independent Auditor's Report to the Beneficial Owners of Wellington Tenth Trust**

### Report on Audit of the Consolidated Financial Statements

#### Opinion

We have audited the financial statements of Wellington Tenth Trust and its controlled entities (the Group) on pages 12 to 32, which comprise the consolidated statement of financial position as at 31 March 2017, and the consolidated statement of profit and loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the consolidated financial statements on pages 12 to 32 present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2017, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with *New Zealand equivalents to International Financial Reporting Standards with Reduced Disclosure Regime* (NZ IFRS RDR).

#### 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 Financial Statements* section of our report. We are independent of the 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, the Wellington Tenth Trust or any of its controlled entities.

#### Other Information

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report, but does not include the consolidated financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the



consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

#### **Trustees' Responsibilities of for the Consolidated Financial Statements**

The Trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS RDR, for maintaining the Owner's Register and for such internal control as the Trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Trustees are responsible on behalf of the Group for assessing the 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 the trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.

#### **Auditor's Responsibilities for the Audit of the Consolidated Financial Statements**

Our objectives are to obtain reasonable assurance about whether the consolidated 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. Furthermore, we are required to express an opinion on whether the Owner's Register conforms with the requirement of the Trust Deed and has been properly kept. 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 financial statements.

As part of an audit in accordance with ISAs (NZ), the auditor exercises professional judgement and maintains professional scepticism throughout the audit. The auditor also:

- Identifies and assesses the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, designs and performs audit procedures responsive to those risks, and obtains audit evidence that is sufficient and appropriate to provide a basis for the auditor's 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.
- Obtains 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 Group's internal control.
- Evaluates the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Concludes 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 Group's ability to continue as a going concern. If the auditor concludes that a material uncertainty exists, the auditor is required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify the auditor's opinion. The auditor's conclusions are based on the audit evidence obtained up to the date of the auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluates the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtains sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. The auditor is responsible for the direction, supervision and performance of the group audit. The auditor remains solely responsible for the audit opinion.

The auditor communicates 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 the auditor identifies during the audit.

#### **Report on Other Legal and Regulatory Requirements**

The Owner's Register conforms and has been properly kept in accordance with the requirements of the Trust Deed.

A handwritten signature in blue ink that reads "Crowe Horwath".

**Crowe Horwath New Zealand Audit Partnership**

CHARTERED ACCOUNTANTS

7 July 2017

# SECTION THREE / APPENDICES

## Appendix One – Minutes

Minutes of the Wellington Tenth Trust  
Annual General Meeting held on Saturday 3 September 2016  
at Te Raukura, Wellington

### ADDENDUM TO PRINTED ANNUAL REPORT

#### *Attendee inclusion*

Kamiria Mullens attended the 2016 AGM.

#### **I TRUSTEES PRESENT**

Hannah Buchanan, Jeanie Hughes, Lennox Love,  
Hon Mahara Okeroa, Mark Te One, Matthew Love-Parata,  
Morrie Love (Chairman), Peter Jackson, Richard Te One,  
Venessa Ede

#### **I ADVISERS PRESENT**

Aaron Titter, Danielle Thomson, Michael Nes, and  
Theodore Tocker (BDO), Callum Reid (Gibson Sheat),  
Ben Westerman and Yvonne Westerman (Westermans  
Property Solutions)

#### **I EXECUTIVE OFFICE AND WELLINGTON OFFICE**

Ben Ngaia, Cherie Douglas, Gilbert Douglas, Keith  
Hindle, Lena Leatherby, Neavin Broughton, Tracey  
Betham, Tracey Heffernan, Vicki Hollywell

#### **I ATTENDANCE LIST**

Adrian Tangaroa Wagner, Alamaine McGregor, Alexander  
Watson, Allan Brown, Allan Hapakuku, Anaru Smiler,  
Ane Parald, Ani Isabel Morunga, Ani Parata, Anihaka  
Wagner, Ann Reweti, Apihaka Maek, Bernard King,  
Betty Anderson Patea, Bill Tito, Brendon Baker, Carrisha  
Broughton, Charmaine Bailey Puru, Cherie Douglas,

Cherry Davey, Christina Thomas, Cynthia Kaurangi  
Anderson, Deanlee Horua, Doreen Blain, Eddie  
Edmonds, Edwina Love-Hanson, Eldon Paki, Frances  
Tiki Tiki, Gina Rangiwhetu, Giovanna Sturme, Gloria  
Rei, Grace Luke, Helen Johnson, Hemi Tahurangi, Hera  
Hemara, Holden Hohaia, Honiana Love, Ina Rangiwhetu,  
Ira Ngaia-Wall, Jacqui Brown (Tiaki), Jamie Tuuta, John  
McLeod-Ruakere, John Pakia Rangiwhetu Enoke, John  
Rei, Josephine Coffey, Judith A. Evans, Judy Erb, Kaira  
Ranginui-Love, June Jackson, Kaitiaki Manawa Love-  
Edmonds, Karen Love, Karena Efaraimo, Kataraina Millin,  
Lance Makowharemahih, Laryhs Makowharemahih,  
Lee Hunter, Leo Buchanan, Leslie Brown, Linda Te Puni,  
Liz Mellish, Lois McNaught, Lois Oneroa, Maara Peters,  
Mana Huntley, Mana Jenkins, Marama Cock, Margaret  
Riwaka-Love, Maria Enoke, Maria Love, Marina Mason,  
Marina Paki, Martha Gilbert, Mataria Priest, Maurice R.  
Walden, Melvena Wereta, Mere Wakefield, Michelle Love,  
Minnie H. Broughton, Miria Mako, Monty Manu, Muriwai  
Goodman, Myra Hunter, Ngarie Jenkins, Nikita Dunnage,  
Parane Morgan, Pari Rikihana, Pauline Owen, Peter  
Luke, Peter Love, Piki Carroll, Pirihi Joyce Te Paki,  
Poiria Love-Erskine, Queenie Rikihana, R Healey, R. M.  
Love, Reena Huntley, Richard Manu, Rose Tahuparae,  
Ruhia Love, Sam Kahui, Sarah Hunter-Love, Shamia  
Makarini, Shona Coffey, Stephen Ariki Ropata, Sydney  
Reweti, Takiri Cotterill, Tane Edwards, Terangi Hiroa Kerin  
Herlihy, Terence Huntley, Terri Manu, Tiare Donelan,  
Tohia Love, Tony Nuku, Tracey Wairau, Tuhi McGregor,  
Tui Mc Gregor, Turuhira Bailey Mohi, Wai Turoa-Morgan,  
Wayne Mulligan, Wayne Peters, Wendy Mohi, Wiki Gear,  
Wikitoria Michalanney, William Eruera Owen, Winsome  
Priest, Wira Ruakere



## I APOLOGIES

Aaron Te One, Ainokura Pauoho, Andrea Horua, Anne Somerville, Annie Te One, Aria Hohaia, Catherine Love, Eddie Churton, Cherry Davey, Chris Wanoa, Daniel Love, David Love, Debbie Hohaia, Eddie Churton, Erini Shepherd, Francis KaPene, Gaylene Hopkins, Hine Love-Thompson, Jaek Rikihawa, James Taumanu, Jean Cameron, June Hagan, Karen Papuui, Karene Eketone, Karin Apihaka Tucker, Karina Love, Kauri Boy Horua, Koriki Love, Louise Harrison, Mahere Tuuta, Mandy Hohaia, Maria Tangiora, Marie Nui Biss, Marlene Dawson-Love, Matene Love, Matthew Reweti, Mere Tahuparae-Luinstra, Michael Jenkins, Michelle McNaught, Miriama Te One, Mohi Te One, Ngaire Robinson, Nigel Moody, Nikau Tukotahi Hohaia, Petal McNaught, Peter Reweti, Peter Walden, Piata Hohaia, Ralph H. N. Love, Rawiri David Horua, Stephen Ariki Ropata, Teremoana McBride, Thomas Taumanu, Tui Valerie Love, Tyron Love, Urutahua Gilbert, Vaughan Kingi Gooch, Wayne Kingi

## I OPENING AND WELCOME

The meeting opened with a karanga by Aunty June Jackson followed by a karakia and mihi by Mark Te One.

## I INTRODUCTION

The Chairman welcomed owners to the meeting and went through the agenda and housekeeping. He noted that the meeting is a private meeting for beneficial owners and descendants of beneficial owners and if any media were present that they would need to leave. He explained that there were three votes to take place at the meeting. Voting is for owners, shareholders, or proxy holders only, on the forms provided. To move or second a motion the person needed to be an owner or a proxy holder and he asked that names are given clearly so that they could be checked.

The Chairman introduced Callum Reid from Gibson Sheat who has been advising the Trust on matters from the High Court. An apology from Nigel Moody was received. The

Chairman advised that Callum would set out the legal matters around the case and answer questions in an orderly manner.

Callum Reid explained that he would take owners through the verdict of the High Court for the case of Sir Ngatata Love and talk about what the legal advisors think, about what it means for the future, and to touch on some of the past as well.

Callum Reid continued to say that the starting point is the verdict that was received on Thursday and the facts that have been found by the High Court. There are two important caveats that he raised. The first caveat being that the judgment on Thursday is what lawyers like to call a first instance judgment. This is the first occasion that the Court has heard the charges and the evidence and made a decision. The decision is made by High Court Judge Hon G Lang. Although a decision has been received, and the sentencing date is 6 October, what we don't know is whether or not there will be any appeals. The most obvious appeal could come from Sir Ngatata Love and he is under no obligation to lodge an appeal straight away. There is a timeframe for a convicted person to lodge an appeal. In this case, on 6 October, the parties, the Crown and Sir Ngatata Love, return to the Court and a conviction is likely to be entered at that point. On Thursday when the verdict was given, the Judge did not automatically enter a conviction, and he did that because Sir Ngatata's lawyer, Mr Carruthers QC asked him not to do that. It is not uncommon, and it is requested so that there is an opportunity for the defence to put through any submissions considered appropriate. One submission that might be put is that there should be a discharge with no conviction.

Callum Reid cautioned owners to stick to the facts and he cautioned owners about straying into other matters that could be derogatory or defamatory towards Sir Ngatata Love, his whanau or those that have supported

him, and to be cautious about what might be said about the Trustees at this meeting. The law protects reputations and the protection is contained within the law of defamation. Owners should feel free to speak and ask what they want to know, however he cautioned about language, choice of words, and if a person were to start saying things which are defamatory and isn't able to avail themselves of defences then that person may find themselves on the receiving end of Court action by those who feel their reputations may have been damaged. This should be a safe place for everyone to try and understand what has happened and what it means.

Callum Reid then went on to speak about what has happened and what the judgment says. The judgment is available freely to anyone that has an interest in this matter. If owners need copies there is no difficulty in providing that. If owners want to, they can go online to <https://www.courtsofnz.govt.nz/from/decisions/judgments> to find the judgment *Ngatata Love v R* [2017] NZCA 265.

Two charges were laid by the Serious Fraud Office against Sir Ngatata Love and only one of those charges resulted in a verdict of guilty. That is because the Crown chose to put the charges in the alternative. The first charge related to a charge under the Crimes Act of obtaining property by deception. If you are found guilty there is a maximum penalty of 7 years' imprisonment. There was an alternative charge laid relating to the obtaining a secret commission, and if guilty of that charge there is a maximum term of 7 years' imprisonment.

The Judge's first job was to determine according to the evidence produced during the trial whether the first charge (obtaining property by deception), was proven. The burden of proof for a criminal charge is that it must be proved beyond reasonable doubt. This is different to civil cases where the burden is much lower i.e. you only have to prove that a matter is more likely than not. This is not one of those cases, this is a criminal case that had to be proven to the highest standard. The Judge heard the evidence and found that it was proven beyond reasonable doubt. When you look at the elements, obtaining property by deception, the property that we are talking about is property that would have otherwise been available to the Trust. The value of it is approximately \$3m, of which approximately \$1.4m found its way into Sir Ngatata

Love's and Lorraine Skiffington's joint bank account and their Trusts. The detail is there in the judgment. It is a very well written judgment. It is very clear, and Callum Reid encouraged owners to read it for themselves and to make their own assessment of what is in the judgment.

The appeal process will start to run from 6 October. It is likely that a conviction will be entered unless the defence puts a submission to the Court that Sir Ngatata Love should be discharged without a conviction. There will be a sentence imposed on 6 October and then a time period of 20 working days. Both parties, the Crown and Sir Ngatata Love, have the right to lodge an appeal during this period. If they take a view that in reaching the decision, there has been an error, and the mistake is sufficiently serious to lodge an appeal, then either party has the right to lodge an appeal.

On Thursday the Judge required the Crown to prepare a pre-sentencing report. The report puts before the Court all of those things that are relevant to someone's sentencing on a criminal conviction. There are many important matters that need to be considered by the Court, i.e. the charge, what the person has been found guilty of, the circumstances relating to that, and other important factors, and one of those is the impact on the victim of the crime – through the Victims' Rights Act. It requires the Crown to obtain from the victim of a crime an impact statement and in that statement there is to be information that helps the Court to understand the effect of the offending. The Court takes the impact statement very seriously. The Court is balancing a lot of rights and interests and at the time of sentencing, trying to do justice, trying to impose an appropriate penalty for what has been done, to acknowledge the impact it has had on the victim, and trying to be fair to the defendant. Sir Ngatata Love has an excellent lawyer and Colin Carruthers QC will put forward the best case for his client, the Crown is there to represent owners and put forward the case on their behalf.

So far the Crown has obtained from the Court restraining orders, effectively a freezing order. A freezing order has been applied to the property at 12 Moana Road, Plimmerton. This is the property owned jointly by the Trust of Sir Ngatata Love and the Trust of Lorraine Skiffington. Under the relevant legislation, the Criminal Proceeds (Recovery) Act, if the Crown can show there

has been significant criminal activity, it can ask the Court for orders, and it got them in 2014 and as part of that there is an order registered against the title of the property which means the property can't be in any way dealt with except through orders of the Court. What happens with the property is important, the Crown has the right to apply for forfeiture or confiscation, and ask for an order to confiscate it away from the owners who have been involved in a significant criminal activity. This is significant under the law because the offence is punishable by a term of imprisonment greater than five years and because the amount of property misappropriated is greater than \$30,000. It is pretty clear that the law does apply in these circumstances so there is the issue at the time of the sentencing hearing whether the Crown will be applying for forfeiture in relation to the Moana Road property.

From the owner's perspective you have the right to be heard on a hearing that deals with forfeiture/confiscation to the Crown. The Trust has the right to be heard at the hearing, as do the registered owners such as Sir Ngatata Love's Trust and Lorraine Skiffington's Trust. There is also a mortgage that has been obtained from Westpac Bank and there is an uncertainty as to what might be owed. Basically the mortgage is in the name of the two Trusts, and they borrowed \$1.8m in order to purchase the Moana Road property.

The law provides for reparation. It is not something that can be compelled it has to be offered. The Crown would likely be saying at a minimum would Sir Ngatata Love be willing to repay \$1.4m that was paid to him and Lorraine Skiffington. In the event of reparations that could be offered to the Court, it is relevant to the type of sentence that would be imposed and it is possible that the person could have their sentence reduced. The maximum penalty in this case is 7 years' imprisonment, and query whether the Court would be open to that sentence given the age and health and history of the defendant. The Court will have to work out, as an alternative, what is a suitable period of home detention. So it will hear submissions and from the Crown and Colin Carruthers QC, and then the Court makes the decision. The sentence itself can be subject to an appeal and the Court will impose a sentence on 6 October. Both the Crown and the defence have rights of appeal relating to the conviction, the sentence, or both.

There is quite a deal of uncertainty. The good news is that you have a decision. You have waited a long time and that in itself creates injustice, the Court understands that. The case has dragged on from 2013, it was resolved on Thursday, but it is not over yet. In the meantime, the Trust is being asked to tell the Crown the impact this offending has had on the Trust, on owners. It is not just financial, that is part of it but it is wider than that. Sir Ngatata Love has been found guilty of breach of trust and the effects of that need to be put before the Court. That is the responsibility of Trustees. On the day that the verdict was delivered, the SFO indicated that a victim impact statement would be requested so that is the next order of business.

Callum Reid then spoke a bit about the past and advised that the case began because of what happened in another Court case in 2012 involving two accountants Skinner and Rowley. They were found guilty of tax fraud using GST invoicing to gain improper benefits – tax refunds that people weren't eligible to. What happened was between Lorraine Skiffington, Shaan Stevens and Sir Ngatata Love. In 2012 in a separate High Court, it was found that there was evidence of an unusual transaction between the Skinner and Rowley Trust account (which was used to effectively launder money) and an account belonging to Pipitea Street Developments Ltd, which is the entity that was established by Shaan Stevens and Lorraine Skiffington – purportedly for the Trust. It is clear in the judgment that no one knew much about Pipitea Street Developments Ltd and what it did. When Justice Kos discovered this, he found that the money trail led to Skinner and Rowley and ultimately into a joint account held by Lorraine Skiffington and Sir Ngatata Love. When that came to light the Serious Fraud Office undertook an investigation. The Serious Fraud Office acknowledges the full cooperation that it had from the Wellington Tenth Trust. It was made very clear when the verdict was given in a press statement from the Serious Fraud Office Director that at all stages of the investigation the Trustees had fully cooperated with the Serious Fraud Office. The Serious Fraud Office have effectively done the work which Trustees would otherwise have had to do. If the Serious Fraud Office had not started the investigation, the Trustees would have had to find out about the money trail and why it ended up in the bank account of Lorraine

Skiffington and Sir Ngatata Love. It was fortunate that the Trust was not put to the time and expense of an investigation. In fact, it was the Serious Fraud Office that did that, and then laid charges in 2013.

It took until August 2016 for the trial. When all the documentary evidence of the transaction that occurred at the end of 2006 to 2007 was compiled, the Judge in his verdict was very influenced by the documentation in front of him, and it meant that he didn't need to rely to the same extent on the evidence of witnesses. Many witnesses found it hard to remember what occurred, that is a reflection of the reality of the lapse of ten years.

Grace Luke asked Callum Reid if this case has been going on for so long why was Sir Ngatata Love sitting on the board and why was he not kicked off? Callum advised that when the Serious Fraud Office investigation started in 2012 his understanding was that Sir Ngatata Love immediately stood aside as the Chairman, and there was an interim Chair and then his term continued. There was a period of time where he was not attending meetings. Owners would have known at the time that he had stood aside as Chair. This matter was under investigation by the Serious Fraud Office. It was subject to the Serious Fraud Office Act. The SFO have wide ranging powers and no one should be seen to be getting in the way, or interfering, or making comments, or else you are at risk of disrupting of the investigation.

Grace Luke asked if the Trust has put anything in place to ensure that this doesn't happen again? The Chairman advised that the answer to that is complex as in this case the monies didn't come through the Wellington Tenth Trust balance sheet. It is possible in any organisation for people to deceive and hide things however owners can be assured that the Trust is very prudent and very careful in terms of its own accounts and he agreed that the Trust could do more.

Kamiria Mullen was appalled at how long this matter had taken to get to Court noting that if she had been found guilty that she would not have received name suppression and would be facing imprisonment and whilst she was not against home detention she noted that many people go into prison with a terminal illness. Kamiria believed that Trustees must have known what Sir Ngatata

Love had done, that some of the Trustees should have been alongside him in Court, however she did not state names but indicated that Trustees would know which of them that may have known. Callum Reid responded to the comment that Trustees or some Trustees may have been aware that this happened and pointed out that the Judge's findings are clear, that those actions occurred without any Trustee being aware, it is very clear in the judgment.

Kamiria Mullen asked how she could put in an interview with the Crown prosecutors for a victim statement? The Chairman advised that Trustees are collectively preparing a victim impact statement and are happy to talk to owners on that and drafting of the statement will start on Monday. The Trust will provide the statement to the Crown and they will put it to the Court.

Martha Gilbert said that she sat in the Courtroom and that there are three sides to every story, mine, yours, and the truth. She encouraged Sir Ngatata Love to appeal the judgment. She knows what Sir Ngatata Love has done for the Trusts, and that Sir Ngatata Love has been against the Crown in the way that we have been dealt with the land. The reality is that the three Trusts, the Port Nicholson Block Settlement Trust, the Wellington Tenth Trust and Palmerston North Māori Reserve Trust, would not be the same without him. There are three sides to every story and Martha Gilbert advised that Sir Ngatata Love is yet to tell his story.

Adrian Tangaroa Wagner asked about the Trusts belonging to Sir Ngatata Love and Lorraine Skiffington over the property and whether there is a possibility that the Trust could get nothing back. Callum Reid suggested that owners go to the last page of the judgment to understand the detail as it shows you what the financial transactions were. The comment about borrowing is about Moana Road as being potentially an asset which the Crown will want to recover, but generally speaking the Crown's right under the Criminal Proceeds (Recovery) Act can't trump a secured creditor's rights under the mortgage. So if a bank without any knowledge of the fraud and the illegal activities lent money to someone, you usually find that the Court accepts that prior rights have priority over a subsequent claim by the Crown.



The Chairman advised owners that there is an understanding that information is being placed on Facebook about the meeting today and noted that that is inappropriate, that this is a private meeting and people have the right to that privacy.

Johnny McGregor commented that this is a difficult time and our organisation needs to heal. To heal we need to understand where we are going to next. There is this investigation that has occurred under the Serious Fraud Office. A valid point is that we want to assure ourselves that this will not happen again because Trustees have a fiduciary duty to ensure that this doesn't happen in the background. He said he thought it is important that we have an assurance that an independent review has happened around this matter and that you as Trustees can be assured that you have done as much as you can to ensure that this will never happen again.

Laryhs Makowharemahihhi had asked previously for a special meeting of owners to be held that would give full discovery of the actions and outcomes from the Trustees and is wondering whether that request is still apt. She asked whether Trustees would hold a special meeting following the sentencing on 6 October or when Trustees have had time to seek independent review so that owners have clarity. The Chairman responded by saying that in terms of the special meeting the judgment is the judgment, and to understand that properly owners need to read it. Thursday is the first time that he, and the Trustees, and owners have seen that information, prior to the verdict there was information that was not revealed to all Trustees, so to an extent the judgment is new to the Trustees. As Chairman he had not seen the material held by the Serious Fraud Office. Trustees have acted responsibly but this has been an investigation by the Serious Fraud Office, they made some material available to Trustees but not to all. The core to the charge relates to the deception of the Trust. If there is sufficient power in one person's hands that can be hidden, then deception is possible, and this is something the Trust would look to prevent.

Johnny McGregor also asked if Trustees are seeking independent legal advice on the Judge's verdict particularly around looking at the recovery of any of the funds from the estate of Sir Ngatata Love and Lorraine

Skiffington. Johnny also asked if the board is going to take its own independent review. Callum Reid advised that the Trust has had the judgment since Thursday and it is still early on. Trustees have asked lawyers to assist with preliminary views about what needs to happen, and civil claims are part of that, but it would be premature to push too far ahead with those when the Trust is faced with the verdict possibly coming under attack. Has the board taken advice around implications of the verdict to recover the funds, in a preliminary way, yes it has. The Chairman advised that the Trust has to respond, get a victim impact statement, and see further advice on the legal steps to take.

Pari Rikihana was disappointed and embarrassed at reading this in the newspaper. He felt that the Trustees should be liable for what had happened. He questioned if there was a paper trail going back. He asked Trustees to stand up and be counted and not sit on their hands. Jeanie Hughes stood up and warned Pari to be very careful with what he said as he could be up for defamation. She advised that she was a Trustee at the time and that she would not have him throw stones. Mahara Okeroa also stood up commenting that Trustees can only be responsible for what they know, if owners read the judgment they will see that the Judge was very clear that the responsibility rests with the defendant on the basis that all Trustees were unaware. The Judge makes frequent reference to the Trustees not being aware of the transactions, these transactions were never shared with Trustees on the Trustee table. That is the distinction. The question Mahara has is how can a Trustee be responsible for that for which they do not know actually happened? The Chairman reiterated that Trustees carried out matters placed before them, on the table, they did not know that money was being syphoned-off. It is important to read the judgment as it relates to the Trust in 2006 and not many of these Trustees were Trustees at that time. In the judgment there is no criticism whatsoever of Trustees, Trustees were deceived. The Trust needs to go through the process to represent owners through the Court, the Trust will follow proper Court action, and yes the Trust has taken advice as recently as yesterday afternoon. The Trustees were briefed, and the Trust will continue to take more advice on the matter. Later in the meeting, we can talk about how we upgrade the structure of the Trust to ensure that these things don't happen again.

Venessa Ede asked owners to remember that name suppression had been in place during the Serious Fraud case investigation and right up to the Court hearings, and it was not possible to be discussed in any public arena.

Peter Love posed the question “how on earth did the Trustees not know what was going on?” He had stood alongside Sir Ngatata Love for many years and was not surprised that Trustees did not know the mind or thoughts, or what was happening behind the closed doors of a university professor. Peter wanted to defend the Trustees in front of him and previous Trustees that were on the Trust with him that there should not be an expectation to know what was going on in the mind of Sir Ngatata Love at that time. The Chairman noted that as owners you were and are entitled to know the business of the Trust right down to the last dollar.

The meeting adjourned for five minutes.

## **ELECTION OF TRUSTEES**

Aaron Titter was invited to conduct the Trustee election process. The three year terms of two Managing Trustees (Catherine Love and Matthew Love-Parata) expire at the end of this meeting. As noted Catherine Love has not put her name forward for re-election. Edwina Hanson-Love, Matthew Love-Parata, Anaru Smiler, Mere Tahuparae-Luinstra, and Maurice Walden have put their names forward for election. There are five candidates for two positions.

Aaron Titter advised that each candidate will be given two minutes to address those present. Each candidate took the opportunity to address the meeting, and Morrie Love spoke on behalf of Mere Tahuparae-Luinstra who was not at the meeting.

Morrie Love advised the meeting that the vote count would be undertaken by Aaron Titter and his team from BDO Wellington. Two staff held election boxes and at the end of the statements of candidates they collected the votes. Owners were asked to put the blue voting papers into the boxes.

It is anticipated that a result will be declared towards the end of lunch.

## **MINUTES OF THE 2015 ANNUAL GENERAL MEETING**

The Chair advised that Trustees had reviewed the Minutes of the last Annual General Meeting held on 5 September 2015 and recommend that they be accepted as a correct record of proceedings. If there are any names that were missed off the list, then owners can advise staff.

### **IT IS HEREBY RESOLVED**

That the Minutes of the 2015 Annual General Meeting be accepted as a correct record of proceedings

<i>Moved</i>	Martha Gilbert
<i>Seconded</i>	Marina Paki
<i>Carried unanimously</i>	

## **MATTERS ARISING**

The Chairman advised that he believes all matters arising from the previous meeting will be addressed through reports to the meeting. There were no matters arising from the floor.

## **Report from the Chairman and Trustees**

### **PIPITEA HOUSE**

Pipitea House is now providing a much better income to the Trust which will be reflected fully in the 2017 financial accounts. It is owned by Pipitea joint Venture – 50% Pipitea Street Trust (Equinox) and 50% Wellington Tenth Trust. Wellington Tenth Trust receives 50% of the income from the rental of the building. The tenant is Government Communications Security Bureau (GCSB) and the Security Intelligence Service (SIS).

### **383–387 ADELAIDE ROAD**

Morrie Love advised that the Trust will build 16 townhouses of high quality for rental accommodation with 2, 3, 4 bedrooomed houses in the development. The total build cost will be around \$10m on a site valued at \$2m in Newtown/Berhampore next to Village at the Park. It is expected to start construction early next year taking around 18 months to complete ready for letting.

In the proposal there are no developers, there is no way to syphon development profits, there are no other outside agreements, it is our Trustees and staff who are supporting this. It is anticipated that the Trust will be well underway by the next annual general meeting. The Trust currently receives no income from the site.

### **I 381 ADELAIDE ROAD – MACALISTER HEIGHTS**

The Trust owns the land under this large Apartment Block managed by a body corporate with around 28 apartments. The building was built in the 1960s. The building is owned by the body corporate and for a long time the body corporate has wanted to purchase the land under the block to enable them to strengthen the building and rationalise their ownership situation. In an earthquake there is a risk to us as landowners. The building and its retaining structures are currently a risk to the Trust as landowners with a building that needs strengthening. There is a presumption to not sell land and it is a hard consideration however Trustees believe it is time to sell this land and to use the funds to invest in the development next door, to invest it in land that will provide a return to the Trust. Macalister Heights body corporate have accepted a price of \$2m for the land.

This matter has to go through the Māori Land Court and the Māori Land Court will look at our Land Management plan and the question is whether we are able to do this under Te Ture Whenua. This land and the land next door is General Land. In our Land Management Plan, we require a simple majority of owners to approve that in terms of the sale. Next door is a \$10m development on a \$2m piece of land that currently has no income and the Trust would apply the funds from the sale of this land to the development next door. The resolutions will be put forward at the end of the presentation.

The Chairman called for questions. He expected that the income will replace the income that the Trust received from the lease but not much more than that.

Hemi Tahurangi did not think that the issue to earthquake strengthen the property was the Trust's worry however the Chairman disagreed, that the Trust has to look at its risks and it has to manage those risks. The problems after an earthquake could include loss of rent, and the need to

clear the site. At the moment with our leasehold there is a physical risk which is substantial. We get out of that risk by selling and investing next door, that will provide us with much more income. An owner advised that she owned one of the apartments in that particular building, every time there was an earthquake the windows would crack, because there is steel on steel, you could not insulate, it was very cold and they moved out for that reason. Martha Gilbert noted that in principle this makes sense and she was sorry that this discussion wasn't held before she had signed her form. Ina Rangiwhetu could also see the logic and thought it was a good positive direction.

An owner asked why the land sold could not be used to purchase another piece of land, land for land. The Chairman advised that this was because the Trust currently has a \$2m block of land that doesn't earn any income at all, and by buying more land it doesn't get any income, however by utilising the land that the Trust has we can improve income. Peter Jackson agreed stating that convention tells you that you never buy vacant land. Once you build on this section, the Trust will look at other sections to build on those, and then the Trust will come to a time when the income stream will mean the purchase of other land. At this time, it will allay the risk however the Trust will be going in that direction in due course.

### **I 2-8 LAMBTON QUAY – KATE SHEPPARD PLACE**

Proposal for the KS Exchange Joint Venture (Equinox Group and Wellington Tenth Trust) to develop the land at Lambton Quay and Kate Sheppard Place. It is positioned at the far end of Lambton Quay by the bus turnaround area, it is very close to town and Parliament. The Trust has been part owner in this block for many years, there was a failed consenting process for this block previously and as a development it fell over. The Trust had a 25% interest in that land, the other 75% was with Equinox. Equinox had a very large mortgage with Westpac bank around \$9m which the bank wanted to foreclose on. The Trust had a third ranking mortgage of around \$2.1m. The bank had the right to sell the property and the likely sale value was \$3m and we were facing a loss of \$2m. Equinox came to the Trust and asked if there was a way to develop out of that proposal. This will be a two building venture with the first tower building to contain

63 apartments and a boutique hotel with approximately 39 rooms on 9 floors. The first 3 floors would contain the hotel. The idea is to presell the apartments to do the development and the development would not take place until there were sufficient apartments pre-sold. Another apartment building got over the line in a weekend. Wellington is a buoyant market. There is a resource consent with the City Council. An apartment show home will be placed on the site shortly. Equinox would run the boutique hotel. There will also be a parking building for 50 plus cars which will form the foundation for the second tower block on the neighbouring site. Apartments will be pre-sold prior to construction starting. We expect with this development the Trust will get back the \$2m that has been quietly written off previously with this development. When we move to a restructure agreement we will move to 50%. This is an exciting development.

Jamie Tuuta asked for some context in relation to this development and referred to note 13 page 28. The net assets were –\$5m and he queried about the \$2m. Aaron Titter advised that \$8.1m includes the land by valuer, and the plans that they did initially for the first development in 2008 and then the liabilities, this is not our share, this is the gross amount as it belongs to the entire entity which also includes \$2.1m for the Trust.

By the next AGM this will be well underway and we will have more details for the financials for both of these developments. Sarah Hunter-Love asked about the income that the Trust would gain from this apartment building if we were to presell the apartments and was advised that the Trust would be a 50% joint venture partner in the hotel and the parking. The development of the building would repay our debts.

Construction would take around 18 months.

## **I VILLAGE AT THE PARK**

Village at the Park is our single most important asset. For a long time, it provided very little to owners as we were doing the development. The 34 apartment block named the Sam Jackson Apartments was completed this year and all but five apartments have been sold. The long awaited swimming pool complex opened this year. The next 3 storey block has been started. The overall financial performance of the Village has been excellent

and is now providing a return on shareholder capital. The whole project is 5 years from completion.

Village at the Park is very well run and probably leads the pack right across the board and is something that owners should be proud of. If owners have a chance to go and have a look at Village at the Park as it is a fantastic facility.

## **I LITTLE WONDERS CHILDCARE**

The extension at Little Wonders Childcare will accommodate 140 pre-schoolers in two buildings with 50 older children moved into the new building. Parking and landscaping will be included. The Chairman acknowledged Richard Te One, Dr Leo Buchanan and the joint venture partners of the Hurst Group. On the 16th of this month there is a blessing for Little Wonders. Little Wonders is probably top in its field as a facility in New Zealand.

## **I CAPITAL HILL – MASSEY UNIVERSITY**

Capital Hill is a joint venture with Massey University. Massey University sublets part of the building to the Ministry of Culture and Heritage for the Great War Exhibition.

The government and Wellington City Council are interested in that as a long term exhibition to Pukeahu War Memorial Park and those negotiations will continue. In the meantime, it pays a good rent and if you haven't been up there go and take a look at the exhibition.

## **I TARANAKI 217**

There are 152 units at Taranaki 217 with a high occupancy rate. The facility continues to perform well both financially and with regard to the residents. It is a property that the Trust purchased as Māori Land. There is a need for maintenance repair work along with a scheduled project to upgrade areas such as stairs, kitchens and common rooms. Managed by Westerman Property Solutions. Demand for student beds in Wellington remains high but the competition is increasing. Available for use by beneficial owner families.

## **I 81–87 THORNDON QUAY**

The Haukawakawa Joint Partnership Limited is a joint venture partnership with Palmerston North Māori Reserve Trust. Currently the site is operating as a carpark.



There are development opportunities being considered jointly by both Trusts including, Little Wonders Early Childhood Centre, Townhouse Development, Apartment Block Development with no particular option agreed on as yet.

#### IT IS HEREBY RESOLVED

That the beneficial owners receive the Chairman and Trustees Report as presented.

*Moved* Wayne Mulligan

*Seconded* Leo Buchanan

*Carried unanimously*

### I RESOLUTIONS

Owners were asked to complete the green resolution form for the first resolution agreeing to the recommendation by Managing Trustees for the Wellington Tenth Trust to have the ability to sell the Trust land at 381 Adelaide Road (known as Macalister Heights), Wellington on the terms described in the Explanatory Note relating to the proposed sale included in the Notice of Meeting.

#### IT IS HEREBY RESOLVED

That beneficial owners agree to the recommendation by Managing Trustees for the Wellington Tenth Trust to have the ability to sell the Trust land at 381 Adelaide Road (known as Macalister Heights), Wellington on the terms described in the Explanatory Note relating to the proposed sale included in The Notice of Meeting.

*Moved* Holden Hohaia

*Seconded* Peter Love

*Carried unanimously*

Owners were asked to complete the purple resolution form for the resolution for the Trust to apply to the Māori Land Court under Sections 135 and 137 of Te Ture Whenua Māori Act 1993 to reclassify the land at 217 Taranaki Street from Māori Freehold Land to General Land.

The Chairman advised that this land came across as Māori Freehold Land. The Trust has no intention of selling this land. Trustees thought it would be prudent to go to the Māori Land Court to turn this land from Māori Freehold Land into General Land. Those who were in Palmerston North Māori Reserve Trust will know that they

had a much more pressing operation to seek a change in status and that matter is currently being considered by Judge Savage.

Martha Gilbert was concerned that once the land is changed into General Land then anything can happen and noted the debacle that is happening over Shelly Bay. The Chairman advised that it is not like Shelly Bay, this land is subject to our Land Management Plan, if we are looking to dispose we would have to go through the Court to do it, even if we were going to do that it would come back to owners. We are not going to do anything there, it is a very large investment, we are just going to look at our options.

#### IT IS HEREBY RESOLVED

That the Wellington Tenth Trust apply to the Māori Land Court under Sections 135 and 137 of Te Ture Whenua Māori Act 1993 to reclassify the land at 217 Taranaki Street from Māori Freehold Land to General Land.

**Owners voted on both resolutions.**

### I FINANCIAL REPORTS

Aaron Titter went through some key headlines which included:

- The Trust equity – \$46.47m at 31 March 2016 versus \$43.3m in 2015
- Net Surplus After Tax – \$3.59m for 2016 versus \$1.49m for 2015
- An increase in the value of properties of \$715k
- Distributions of \$3.00 and \$2.90 per share respectively in November 2015 and 2014
- Trust received an unqualified audit opinion from the auditors.

Aaron Titter explained the Total Assets graph which portioned out the values for the assets, as well as the Debt to Total Assets. The largest investment is Village at the Park (the Village, Hospital and Little Wonders Childcare Centre) worth \$12.2m, Pipitea \$10.8m, Taranaki 217 \$7.5m, Capital Hill \$7.3m. South Wellington Intermediate \$5.8m, loan to Wharewaka is \$2.9m, Macalister Heights is \$1.85m. As at end of March Trust's debt to total assets ratio was 23.91%. We would

expect that at the moment for that to decrease year on year but this could change if we were to borrow money.

Aaron Titter went through the Summary Statement for Financial Performance. Total revenue represents the rent from properties, decreasing \$50k year on year. Direct property expenses – we have provided for \$350k of repair work for Taranaki 217 over the next 12 months. Administration expenses have declined year on year, the detail is on note 6 of page 23 of the annual report. There is a line item of tangi contribution and at the end of that the Chair will speak to that amount. The net financing costs is detailed in note 8 of page 24. The interest received from Wharewaka has increased and interest paid has decreased year on year as a result of reduction in debt and in interest rates. Operating profit of \$330,570 compared to \$447,168 but is due to the one off cost for Taranaki 217.

The Pipitea joint venture and Village at the Park has significantly increased. The impairment of KS Exchange is the final write-off of the loan (the third ranking mortgage to the old development). Property Revaluations is \$715k and the line above it is the costs that were occurred from previous years of \$157k. The net surplus is \$3.59m compared to \$1.49m from last year.

The next slide was the Summary Statement of Financial Position. The balance sheet showed the assets and liabilities. Current assets are nearly \$500k which has increased due to an increase in cash flows. Trust has invested \$978k into Haukawakawa, the loans to Wharewaka, Ngahuru are \$3.65m. The Trust has equity investment into Pipitea Village at the Park, there have been no sales or purchases of property and the year on year movement is simply the revaluation gain. The unclaimed distributions have increased, but it should be noted that the team at Hikoikoi have slowed this increase but have managed to find owners to pay out. Overall, the liabilities have decreased. Net Assets is now \$46.47m.

The Summary Statement of Cash flow showed the cash that was generated in the financial year and how it was spent. The Trust generated \$445K from its operations. A net \$519k was received mostly from distributions from Pipitea – this is now substantially higher which will show in next year's annual report. The distribution to owners went up \$50k year on year.

## **TANGIHANGA CONTRIBUTION**

The Chairman advised that he would speak on the tangihanga contribution relating to Sam Jackson held at Pipitea Marae. A decision was made by a group in Port Nicholson Block Settlement Trust to cater that with our catering partner Manaaki Management. There were significant bills and he spoke about one that arrived late in the piece and it was addressed to Te Wharewaka o Poneke Charitable Trust and was around \$40k. Why that debt came to Wharewaka o Poneke Charitable Trust we have no idea. As we understand there was an arrangement with Port Nicholson Block Settlement Trust and Pipitea Marae that these matters would be covered, they were not. The Wharewaka o Poneke Charitable Trust which doesn't have a huge capacity to deal with these things was stuck with this conundrum. Manaaki Management is our tenant, is our partner, so the Wharewaka o Poneke Charitable Trust had to find a solution to the payment of these monies. Those were not the only costs for the tangi. The Wharewaka o Poneke Charitable Trust went to the two landed Trusts and sought help. It was with the two Trusts that hadn't been a part of the decision-making to this point. It was a request from Wharewaka o Poneke Charitable Trust to the landed Trusts to settle this longstanding account which had been bounced around from organisation to organisation.

As a matter of mana, as a matter of responsibility the two Trusts separately considered this matter. When Trustees considered this matter the Trustees who were also Trustees of Wharewaka o Poneke Charitable Trust abstained from voting, the net result was that both Trusts agreed to pay \$17k each to settle this matter. Trustees want to be clear and transparent, we were not the initiator of this, but we were the bottom line to deal with it. We want your support in this matter.

Wharewaka o Poneke Charitable Trust provides a return on the investment that Wellington Tenth Trust has, I don't believe it was the responsibility of the Trust, you will see the amount on the expenses line, the Trust has not tried to hide it.

Peter Jackson asked to speak about the whole fiasco as it relates to his family. He spoke about when his father

had passed, after the korero, he went to Aroha Thorpe who was the Executive Officer of Port Nicholson Block Settlement Trust and he said that he needed to be across every decision and he was told emphatically that the decision had been made and none of the decisions of tangihanga were his responsibility. Aroha Thorpe was not alone there was another Trustee but the answer he was given was don't worry about it this will all be sorted. The tangi \$25k koha paid to the family was paid as instructed to Aroha Thorpe in order to pay expenses, 8 months later a bill of \$13k was presented to his mother June Jackson for hireage and we were shocked and paid that bill. A month later another bill appeared from AV Media \$5k and his mother paid that bill. And then another bill of \$34K came out and at that stage when the figures are added up the tangi totalled around \$77k. For him it has been a fiasco to get sorted. The people behind the scene saw this as an opportunity to promote this as iwi as Te Atiawa but this has been a stain for his family.

Martha Gilbert noted that it was beautiful recognition that was put on Sam Jackson, but he would not appreciate what came out of it. She spoke of the invoices that she had seen, and she had heard this scenario before. The person who was in charge of emails, of cheque books, for Port Nicholson Block Settlement Trust, and of establishing Trusts has gone. One of the witnesses that was called by the Crown was a decision-making for creating the structures for the Tenth Trust and Palmerston North Māori Reserve Trust. She had learnt that there was a CEO and when that position disappeared that a Consultant was brought in that doesn't have a contract and we don't have the ability to ask what the salary is. How on earth could anyone approve and allow a person to create a debt like that of hireage to put on this whole thing? Who was managing the people at Hikoikoi? We don't have the right to ask what he is paid. The point she asked to make is how did we get into this situation, what are we doing for the future?

She agreed that our two Trusts should pay that debt and she thought that we need a CEO to manage it.

The Chairman reiterated that the origins of this was with Port Nicholson Block Settlement Trust, and it was not the

management of this Trust, but we are putting up the tab. Yes, there were some crossovers and we will learn the lesson.

## I TARANAKI 217

An owner asked if the provisioning set aside of \$350k for the leaky building for Taranaki 217 might extend beyond that amount and Richard Te One advised that these are the estimates from the engineers and consultants. There isn't expected to be any carryover into 2017.

## I GOLD AWARDS

Eldon Paki asked about the sponsorship of the Wellington Gold Awards and the Chairman advised that the Wellington Tenth Trust and the Palmerston North Māori Reserve Trust sponsor the Wellington Gold Awards which celebrates business excellence in wellington. The sponsorship is at a low level. It is a little part of our branding and generally we resist sponsorships however as a corporate citizen it is the only thing we do and we do it each year.

### IT IS HEREBY RESOLVED

That the audited Financial Statements for the Wellington Tenth Trust as at 31 March 2016 be accepted as a true reflection of the Trust's financial position.

<i>Moved</i>	Peter Love
<i>Seconded</i>	Mana Jenkins
<i>Carried unanimously</i>	

## I APPOINTMENT OF AUDITORS

It is a requirement annually to appoint the independent auditor of the Trust.

### IT IS HEREBY RESOLVED

That Crowe Horwath New Zealand Audit Partnership be appointed the independent auditors for the Wellington Tenth Trust for the year ended 31 March 2017.

<i>Moved</i>	Poiria Love-Erskine
<i>Seconded</i>	Wayne Mulligan
<i>Carried unanimously</i>	

## SHARE VALUE

Aaron Titter advised that the share value is simply the net assets of the Trust divided by the shares issue, and that the value as at 31 March 2016 was \$254.05.

## DISTRIBUTION

The Chairman spoke to the slide that had been prepared which recommended a capital distribution payment (non-taxable) of \$3.50 share. This is a significant lift on last year's distribution of \$3.00 per share. There are 183,000 shares in the Trust. It is a total commitment of \$640,219. This is a capital distribution so it doesn't pay tax.

### IT IS HEREBY RESOLVED

That a capital distribution of \$3.50 per share be made, being a total commitment of \$640,219.

<i>Moved</i>	Edwina Hanson-Love
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<i>Seconded</i>	Pakia Rangiwhetu Enoke
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<i>Carried unanimously</i>	
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If staff have your bank account details it will make it much easier for us to get the dividend payment to owners. It will save us a bit of money versus sending a cheque. It will also be helpful for your IRD number.

## TRUSTEE REMUNERATION

Each year Trustee remuneration is reviewed. Trustees have looked at this and have agreed that the level of remuneration remain the same as it was last year. Chair \$45,000 gross per annum, Trustee (each) \$15,000 gross per annum.

### IT IS HEREBY RESOLVED

That beneficial owners approve Trustee remuneration to remain at the same level as 2015:

Chair:	\$45,000 gross per annum
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Trustee (each):	\$15,000 gross per annum
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<i>Moved</i>	Jamie Tuuta
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<i>Seconded</i>	Mana Jenkins
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<i>Carried unanimously</i>	
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## TE WHAREWAKA O PONEKE ENTERPRISE LIMITED

Te Wharewaka o Poneke Charitable Trust is a separate entity in which there are four set law entities which includes Wellington Tenth Trust, Palmerston North Māori Reserve Trust, Port Nicholson Block Settlement Trust and Wellington City Council. The \$2.9m that the two landed Trusts put in there is substantial, it gets a return from the operation of the venue and other matters including waka and walking tours.

It is not reported in detail here but to note that and acknowledge those that have contributed to that. And you will see the income coming through in terms of interest payments.

## GENERAL BUSINESS

Wayne Mulligan wanted to table two resolutions on what Johnny McGregor had spoken about.

### IT IS HEREBY RESOLVED

That the Trust undertake an independent review of all processes and decisions on the Pipitea Development, Taranaki 217, Capital Hill, Village at the Park, Kate Sheppard and any other significant developments where Sir Ngatata Love led, or was part of the decision.

<i>Moved</i>	Wayne Mulligan
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<i>Seconded</i>	Holden Hohaia
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<i>Carried unanimously</i>	
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### IT IS HEREBY RESOLVED

That the Trust takes legal advice as to the avenues and processes available for recovery.

<i>Moved</i>	Wayne Mulligan
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<i>Seconded</i>	Holden Hohaia
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<i>Carried unanimously</i>	
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Ina Rangiwhetu objected to the actions of the Chairman when he closed down the discussion about the tangihanga and didn't allow anyone to have discussion about it.

## I TANGIHANGA GRANT

Ina Rangiwhetu asked Trustees if in the next twelve months they could come back with a policy on tangihanga payments. I thought it was \$100 but it is \$200 just to safeguard this from not coming up again. I am talking about the principle of the payments and maybe look at the policy relating to lump sum payments.

### IT IS HEREBY RESOLVED

That the Trust review the tangihanga policy.

<i>Moved</i>	Ina Rangiwhetu
<i>Seconded</i>	Martha Gilbert
<i>Carried unanimously</i>	

Pirihira Joyce Te Paki asked if the Trust has a policy to pay out tangihanga and was advised that it has \$200, approved by the Chair. An owner asked whether the amount could be increased as \$200 doesn't really cover much. The Chairman advised that the Trust will look at all of those matters.

Huna McNaught asked whether the Board had considered investing into Shelley Bay. The Chairman responded by saying that the Trust has a tradition in not wanting to invest in negative returns. That venture provides very little return to date, and to go anywhere it will need a very large investment and that is something for Port Nicholson Block Settlement Trust. This Trust has things to develop to provide good returns, it would be unusual for us to want to invest in something that provides negative returns. Venessa Ede noted that that is something for Port Nicholson Block Settlement Trust to manage, and seek help or contributions or join relationships with other entities and we would welcome those discussions going forward.

The Chairman noted that the administration needed to be more robust than it is. In a traditional structure Trustees appoint a CEO, and then we have an administration.

What we have is not sufficient for an organisation of this size. We need to look at our Trustees and we are working hard to increase the level of training for the Trustees and we constantly need to upskill and bring on younger people into the Trust. The Wellington Tenth Trust is in very good heart, it's on the move and next year you will see those buildings going up and we will see that coming back to owners. We are also going to look at our responsibility to you and the whanau. We have concentrated a lot on the commercial stuff but there is a lot more that we need to do in Wellington. We would like to work more cooperatively with our other entities including Port Nicholson Block Settlement Trust and at the moment they are being a coy dance partner they are saying it is to do with matters in front of the High Court, those matters are essentially over, so we have them back on our dance card and this time they might want to do a waltz for our mutual benefit.

There is a lot more that needs to happen and we want to have discussions about it and we are in a position to look at how we can grow things, we have the assets and they provide the yield, but you can't just sit on your laurels, you have to do more. We are looking for help from you your whanau, right down to the younger ones, and we will look to do hui, and we will look to restructure our whole organisation. Mahara Okeroa advised that he would reserve his comments for our next Trustee meeting which would be more appropriate. Jeanie Hughes thanked the Executive Office and Wellington Office staff for their hard work.

## I MEETING CLOSED

There being no further business, the meeting was closed at 2.15pm and the singing of Whakaaria Mai.

During the lunch break the election results were announced to advise that Matthew Love-Parata was re-elected as a Trustee along with Anaru Smiler.

## Independent review

### I RESPONSE TO RESOLUTION

In response to the Resolution to undertake an independent review, see Appendix two.



# Appendix two – Independent review by Deloitte



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## Private & Confidential

14 February 2017

Wellington Tenth Trust  
Te Raukura, Te Wharewaka o Poneke  
Taranaki Street Wharf  
2 Taranaki Street  
Wellington 6146

## Re: Deloitte's Independent Review of Wellington Tenth Trust Property Transactions

As a result of a motion moved by a shareholder, Mr. Wayne Mulligan on 3 September 2016 at the Wellington Tenth Trust ("WTT") Annual General Meeting, it was resolved that:

*"the Trust undertake an independent review of all processes and decisions on the Pipitea Development, Taranaki 217, Capital Hill, Village at the Park, Kate Shepherd [sic] and any other significant developments where Sir Ngatata Love led, or was part of the decision."*

On 27 October 2016 Deloitte was officially retained by Mr Morris Love on behalf of the WTT to provide forensic services. Specifically, Deloitte was retained to perform a review of the transactions in which Sir Ngatata Love was involved. The work was to be performed in progressive phases with discussions at the end of each phase relating to the results and how to proceed.

As a professional services firm, Deloitte undertook independence checks and can confirm that both Deloitte and the team are independent from the WTT.

Phase 1 included the review of historical WTT reports, media reports, court rulings and discussions with relevant parties. The objective of this phase was to determine the projects in which Sir Ngatata Love was involved and at what capacity. It was also to determine what level of information would be available and the potential parties who may have been involved.

We found that the projects noted in the motion to review were those that came up most often; however the years in which the projects transacted all occurred more than 10 years ago which limits any information that may be available. Companies are only required to retain records for 7 years, and discussions revealed that various parties may not be accessible and companies may be dissolved. We also noted that 'secret commissions' that were uncovered in the investigation by the Serious Fraud Office did not appear on the WTT financial records thus reviewing WTT records would likely not reveal any additional information.

Notwithstanding the above, in a general sense, the individuals that we consulted with were able to tell us that based on the structure of the deals, apart from the Kate Sheppard Joint Venture, Sir Ngatata Love would not have had a similar opportunity to create a situation where secret commissions could have been received. For Kate Sheppard however, because the transaction occurred greater than 7

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Wellington Tenth Trust  
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years ago the ability to obtain appropriate information and contact individuals would be very limited and more costly than if the events had occurred more recently.

In light of this, we raise our concern as to the benefit to WTT of further investigating this or other matters. As the Kate Sheppard involved similar parties then any possible claims will fall against parties who the WTT already have claims against and as a result are likely not to provide any additional benefit to the WTT. It may prove to be quite costly to the WTT. If more fault is found, additional WTT funds would be dispensed, with no hope of adding to the restitution.

As part of our assignment to perform this review we have not been asked to recommend how the WTT should amend its management style, however we were advised that the culture within the WTT has changed since Sir Ngatata Love has stepped down as the Chair. We understand that the Trustees are more aware and have created a culture that is inclusive and transparent. We recommend that the WTT focus on maintaining proper management practices going forward to prevent future incidents.

This letter is private to and for the benefit of the Trust's beneficial owners.

Yours sincerely

A handwritten signature in black ink, appearing to read "David Vance", written over the "Yours sincerely" text.

**David Vance**  
Partner  
for Deloitte Limited  
as trustee for the Deloitte Trading Trust

# Appendix three – Register of Interests

## Trustee register of interests

### **Hannah Buchanan**

- Capital Hill, Director
- CORE Education Ltd, Non-Executive Board Director
- Port Nicholson Block Settlement Trust, Deputy Chair
- Te Aro Consulting, Principal Management Consultant
- Zealandia Guardians Board, Wellington Tenth Trust Representative

### **Venessa Ede**

- Hikoikoi Management Limited, Director
- Moutere Love Family Trust, Trustee
- NZ Institute of Chartered Accountants, Associate Chartered Accountant
- Taranaki 217 Limited, Director
- Te Ātiawa-o-Te-Waka-a-Māui Trust, Trustee
- Te Ātiawa Manawhenua ki Te Tau Ihu Trust, Trustee
- Wakatu Incorporation, Employee
- Wellington Tenth Trust Assurance and Risk Committee, Member
- Whānau Services Trust, Trustee

### **Jeanie Hughes**

- Haukawa General Partner Limited, Director
- Hikoikoi Management Limited, Director
- Metlifecare Palmerston North Limited, Director
- Ngahuru Charitable Trust, Trustee
- Palmerston North Māori Reserve Trust, Trustee
- Wellington Tenth Trust Corporate Trustee Limited, Director

### **Peter Jackson**

- Capital and Coast District Health Māori Partnership Board, Board Member
- Early Childhood New Zealand, Council Member
- Pipitea Marae Charitable Trust, Trustee
- Port Nicholson Block Settlement Trust, Trustee
- Wellington Kennels and Cattery Ltd, Director
- Wellington Tenth Lambton Quay Limited, Director
- Wellington Tenth LQGP Limited, Director
- Wellington Tenth Trust Corporate Trustee Limited, Director

### **Lennox Love**

- A+ Accountancy Services Limited, Director
- Institute of Directors NZ, Member
- LHQ Homes Limited, Director
- NZ Institute of Chartered Accountants, CA
- Pipitea JV Limited, Director
- Port Nicholson Block Settlement Trust Finance, Audit and Risk Committee, Committee Member
- Taranaki 10 Limited, Director
- Wellington Tenth Lambton Quay Limited, Director
- Wellington Tenth Trust Assurance and Risk Committee, Member
- Wellington Tenth Trust Corporate Trustee Limited, Director

### **Matthew Love-Parata**

- Ahi Awa Mai i Kukutauaki Ki Whareroa Charitable Trust, Trustee
- Haukawa General Partner Limited, Director
- Ngahina Trust (Paraparaumu)
- Palmerston North Māori Reserve Trust, Trustee
- Renata Te Munu me Epiha Karoro Ahu Whenua Trust, Trustee
- Te Korokoro North Māori Reserve, Development Chair
- Te Whanau A Te Ngarara Incorporated (Paraparaumu Airport)
- Whirinaki Rainforest Experiences, Development Advisor

**Morris Te Whiti Love, Chairman**

- Ātiawa Nui Tonu Fisheries Limited, Director
- Capital Hill Limited, Director
- Haukawa General Partner Limited, Director
- Hikoikoi Management Limited, Director
- Hikoikoi Sports and Culture Club, Chair
- Little Wonders (Childcare) At The Park Limited, Director
- Ngahuru Charitable Trust, Trustee
- Nicholson Fisheries Holdings Limited, Director
- Pipitea JV Limited, Director
- Port Nicholson Block Settlement Trust, Trustee
- Poutū, Te Hononga, Te Rerenga Kōtare at Te Wharewaka, Kaitiaki
- Raukura Consultants Limited, Partner
- Te Ātiawa o Te Upoko o Te Ika Pōtiki Trust, Trustee
- Te Tatau o Te Pō Marae, Trustee
- Te Wharewaka o Pōneke Charitable Trust, Chair
- Tenth Village Limited, Director
- Village At The Park, Director
- Village At The Park Care Limited, Director
- Village At The Park Lifecare Limited, Director
- Wakme Holdings Limited, Director
- Wellington Tenth Lambton Quay Limited, Director
- Wellington Tenth LQGP Limited, Director
- Wellington Tenth Trust Corporate Trustee Limited, Director

**Hon Mahara Okeroa**

- Capital Hill, Director
- Crown Law Office Waitangi Tribunal Hearings, Consultant
- Mahara Okeroa and Associates, Director
- NZ Transport Agency, Consultant
- Taranaki Iwi claims, Negotiator
- Te Wharewaka o Pōneke Charitable Trust, Trustee

**Anaru Smiler**

- Federation of Māori Authorities (FOMA) – Chief Operating Officer
- Haukawa General Partner Limited, Director
- Pipitea Marae Charitable Trust, Co-Chairman
- Wairarapa Moana Trust, Deputy Chairman
- Wellington Tenth Trust Assurance and Risk Committee, Member

**Mark Te One**

- Haukawa General Partner Limited, Director
- Hikoikoi Management Limited, Director
- Hutt Minoh House Friendship Charitable Trust
- Matiu/Somes Island Charitable Trust, Trustee
- National Archives Te Pae Whakawairua Committee, Member
- Ngahuru Charitable Trust, Chair
- Palmerston North Māori Reserve Corporate Trustee Limited, Director
- Palmerston North Māori Reserve Trust, Trustee
- Pipitea Marae Charitable Trust, Trustee
- Roopu Tiaki, Board Member
- Taranaki 217 Limited, Director
- Te Puni Kōkiri, Employee
- Te Wharewaka o Pōneke Charitable Trust, Trustee
- Te Wharewaka o Pōneke Enterprises Limited, Director

**Richard Te One**

- Designers Institute of New Zealand, Professional Member (PMDINZ)
- Little Wonders (Childcare) At The Park Limited, Director
- Ministry of Business Innovation and Employment, Design License Assessor
- NZ Institute of Building, Fellow (FNZIOB)
- R. Te One & Associates Limited, Director
- Taranaki 217 Limited, Director
- Tenth Village Limited, Director
- Village At The Park Care Limited, Director
- Village At The Park Lifecare Limited, Director
- Village At The Park Limited, Director

*It is each Trustee's absolute responsibility to ensure that the register is kept up to date*

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## Other appointments

**Dr Leo Buchanan**

- Village At The Park, Director
- Village At The Park Care Limited, Director
- Village At The Park Lifecare Limited, Director

**Peter Love**

- Capital and Coast District Health Māori Partnership Board, Board Member
- Department of Internal Affairs, Te Atamira Taiwhenua Māori Advisory Group



No Wikitoria te Ruini o Ingarani i tana mahara atawai ki nga Rangatahi me nga Ngata o Na Torani, i tana hiahia koki kia hohungia ki aratau o ratou rangatiratanga me toratau wenua a hia mau tona koki te Rongo ki a ratou me te ata noho koki. Aua wakaaro ia ki mea koki kia tukua mai te koki Rangatahi kua kua wakariri ki nga rangatahi maori o Na Torani. Kia wakaaro o nga Rangatahi maori te kawaatanga o te Ruini, ki nga wahi katoa o te wenua nei me nga motu. Na te mea koki te kōwhiri a te nga rangatahi o tona iwi kua noho ki tenei wenua a c haere mai nei. Na te koki Ruini o hiahia ana kua wakariri te kawaatanga kua kua a i nga kimo c pata mai ki te rangatahi maori ki te pakeha o noho kore kore ana. Na Aua pai te Ruini kua tukua a

[illegible][illegible]

Ko te taarua. Ko te kiwiri o ngaruraru ka nazarite ka wakaac ki nga Rangatira ki nga Hapu  
ki nga tangata katao o Ma Tioru, ki nga Rangatiratanga o o ratou wenua o ratou kaainga me o  
ratou honga katao. Ahia ko nga Rangatira o te kaitiaki me nga Rangatira katao atu, ka  
taku ki te kaainga ki te kōwhiri o wa wahi wenua e pai ai te tangata nona te wenua, ki te kōwhiri o  
te atu e wakarua ai e ratou kōwhiri kōwhiri me te mōhi me te kiwiri ki te kōwhiri me te kōwhiri  
Ko te kōwhiri me te kōwhiri me te kōwhiri me te kōwhiri me te kōwhiri me te kōwhiri me te kōwhiri me te kōwhiri














Ko te tuatoru. He wakaruhinga mai hoki tenei me te wakaranga ki te Kawaranga o te Kuini  
ka kōhōra e te Kuini o Ngārangī nā tangata maori kōhōra o Ku Tūwini. He tūtua ki aratou nā  
hōanga kōhōra rite hoki ki ōna me te nā tangata o Ngārangī

(Ka. ka matou ke nga hangahia e te haka minenga o nga hapu o te Iharua, ka huihui nei ki  
 Waikau. Ke matou koki ke nga hangahia o Ka Iharua, ka koki nei e te whana o nei hapu,  
 ka tangohia, ka watawhia; ka teahia e matou. Heia ka tehungia ai o matou uanga o matou  
 tohu. Ka meahia tena ki Waikau, e te ono o nga ra o Pihune, e tohu tetahi maru, uaru  
 rau, wa teka, e te katoa koki.

Names of chiefs in Fort Nicholson  
and the neighborhood

Te Tokus.	シ	Tsuarau
Te Tokus.	ワ	Te Fikes te Langi
Te Tokus.	ル	Tungia
Te Tokus.	シ	Sake
Te Tokus.	ワ	Te Wae. Gusi
Te Tokus.	ワ	Malangai
Te Tokus.	シ	Te Tawang Kuli
Te Tokus.	シ	Te Wakakoko
Te Tokus.	ワ	Treutu
Te Tokus.	ワ	Ngatata
Te Tokus.	ワ	Te Takawe
Te Tokus.	シ	Kapana
Te Tokus.	ワ	Waiacapan
Te Tokus.	シ	Mohiroa
Te Tokus.	ワ	Te Tuli
Te Tokus.	ワ	Te Ingo
Te Tokus.	ワ	Taka
Te Tokus.	シ	Te Wakatawanga
Te Tokus.	シ	Hore
Te Tokus.	ワ	Fani
Te Tokus.	シ	Kaw
Te Tokus.	ワ	Sopici
Te Tokus.	ワ	Kanga
Te Tokus.	ワ	Ngabapa
<b>Reihana Reihana</b>		
Te Tokus.	ワ	Petihiki
Te Tokus.	ワ	Te Haka
Te Tokus.	ワ	Te Raku
Te Tokus.	シ	Ropika
Te Tokus.	ワ	Teewa
Te Tokus.	ワ	Te Fani
Te Tokus.	ワ	Takoto
Te Tokus.	ワ	Teewa
Te Tokus.	ワ	Teewa
























Names of Chiefs  
of Queen Charlotte Sound

Te Toka o 	Kuriwema
Te Toka o 	Taikina
Te Toka o 	Tawhara
Te Toka o 	Tunga
Te Toka o 	Ngagowaka
Te Toka o 	Ngakirikiri
Te Toka o 	Potiki
Te Toka o 	Ngataraheke
Te Toka o 	Amara
Te Toka o 	Pkan
Te Toka o 	Te Uapiki
Te Toka o 	Maru
Te Toka o 	Laraka












Names of Chiefs at Campsites	
Te Toku o	Te Whetu
Te Toku o	Pae
Te Toku o	Tarapiko
Te Toku o	Te Putahi
Te Toku o	Te Rangikahe
Te Toku o	Isakana
Te Toku o	Okakaka
Te Toku o	Toitoti
Te Toku o	Te Whetu
Te Toku o	Te Tukupohu
Te Toku o	Te Tahi
Te Toku o	Maia
Te Toku o	Makunani

Chief of Police 670 Lee Ma  
 Police = **CDM** To Hong Kong  
 Lucky  
 Te Waiwi  
 To John = **CD** To Josea  
 To John = **mm** To Kuan  
 To John = **CDM** To Maite

Names of Chiefs at  
Waikanae and Pihikopu

Te Tohu o		Te Tohu o
Te Tohu o		Te Tohu o
Te Tohu o		Te Tohu o
Te Tohu o		Te Tohu o
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Te Tohu o		Te Tohu o
Te Tohu o		Te Tohu o

. Honepa Melatani	
To Tokun.	Umu Kika
To Tokun.	Pinia Mangarua
To Tokun.	Wai Hucuma
To Tokun.	Wai To Uchi
To Tokun.	Wai Pahi
To Tokun.	Wai Notetakere

Chiefs of Wanganui		
To Totou o		To Anaua
To Totou o		Taurite
To Totou o		To Mawae
To Totou o		Reu
In Tauri		
To Totou o		Eore
To Totou o		Turoa
To Totou o		Taka
To Totou o		Kurawaitio
To Totou o		Te Tangiorua
To Totou o		Keke
To Totou o		Sakaterangi

*The Cook Strait (Henry Williams) sheet of the Treaty of Waitangi*





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