

Wellington Tenth's Trust

Forty Years on, the years 1977 – 2018





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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 works cooperatively with other iwi organisations in the Wellington Region.

SECTION ONE / GENERAL

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Notice of AGM 2018

Date	Saturday 1 September 2018
Time	10.00 am
Venue	Te Raukura (The Wharewaka) Taranaki Street Wharf Wellington

AGENDA INCLUDING

- Mihi Whakatau / Karakia
- Apologies
- Minutes of 2017 Annual General Meeting
- Election of Managing Trustees
- Report from the Chairman and Trustees
- Financial Report
- Appointment of Auditor
- Annual Distribution
- Trustee Remuneration
- General Business
- Karakia Whakamutunga

NOTICE REGARDING ELECTION OF MANAGING TRUSTEES*

The three year terms of Managing Trustees of Hannah Buchanan, Jeanie Hughes, Peter Jackson, Morris Te Whiti Love, Mark Te One, and Richard Te One expire at the Annual General Meeting and these Trustees are eligible for re-election. All nominations for Trustee positions must be lodged with the Executive Office in writing by Friday 17 August 2018 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.

TRANSPORTATION

If you require transportation to the Annual General Meeting from Taranaki you should contact Weir Bros on 06 278 5858 to reserve your seat. The bus will depart on Saturday 1 September from Puke Ariki Bus Stop in Taranaki at 4 am and will then stop at Hawera Weir Bros Depot at 5.15 am before continuing through to Wellington. It will return to Taranaki after the Annual General Meeting.

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 8.30am.

Please ensure you arrive at least 15 minutes prior to departure for all bus departures.

AGM REGISTRATIONS

Registrations open at 8.30 am.

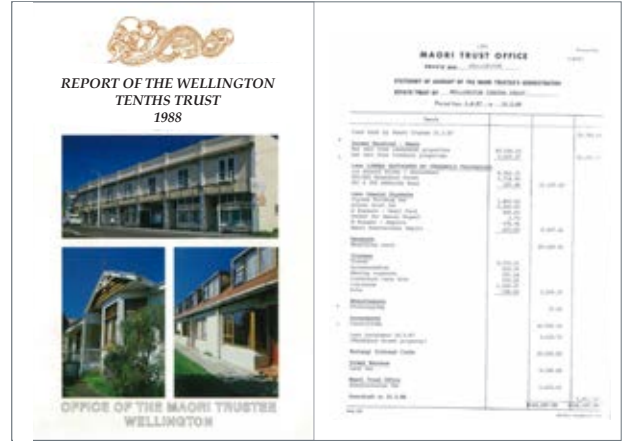
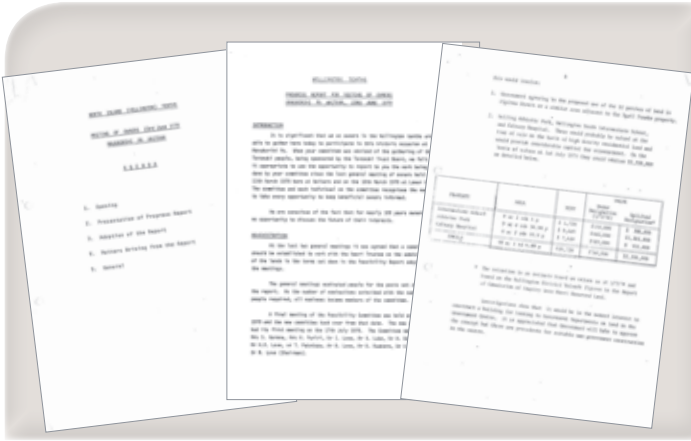
*** The nominee must be a beneficial owner or a descendant of a beneficial owner.**

Trustees



*Trustees, pictured from left to right:
Mark Te One, Jeanie Hughes, Peter Jackson, Richard Te One, Anaru Smiler, Morris Te Whiti Love (Chairman), Hannah Buchanan,
Venessa Ede, Hon Mahara Okeroa, Lennox Love, Matthew Love-Parata*

Report – from the Chairman and Trustees



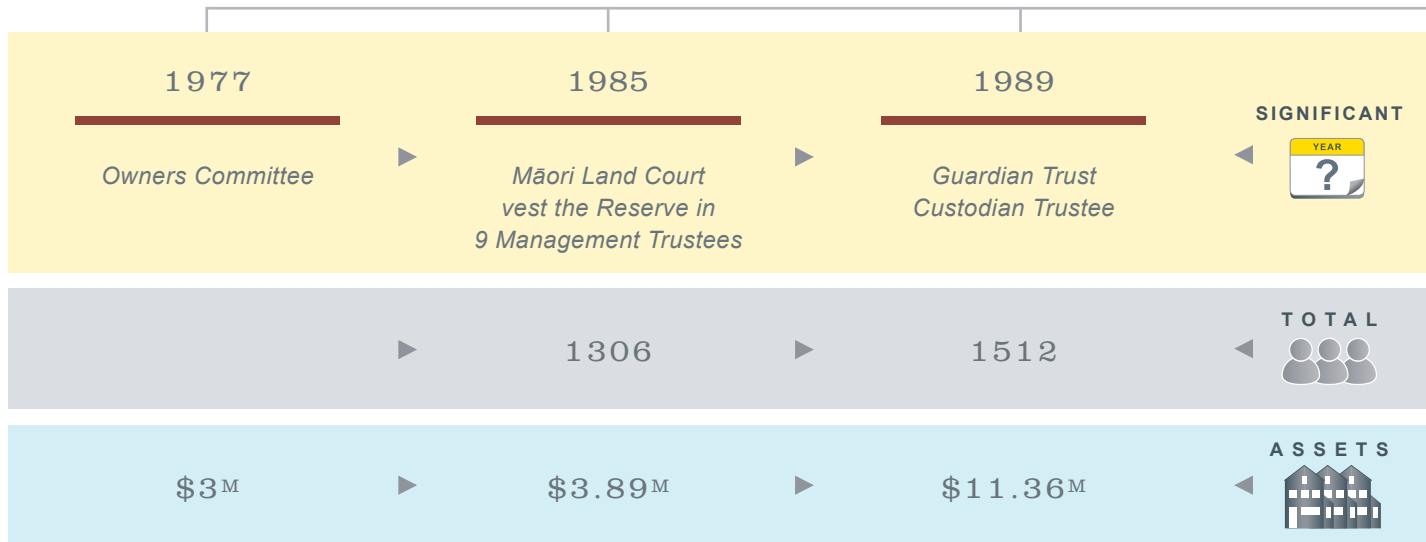
Forty Years on, the years 1977 – 2018



The Wellington Tenths Trust



MĀORI TRUSTEE



THE YEARS 1977 > TO 2018

WTT – from strength to strength

From 1977 The Wellington Tenths Trust beneficial owners meet under the auspice of the Māori Trustee. In 1978 a general meeting of owners at Te Tatau o Te Po and Waitara met to hear from the feasibility committee established to create a committee to assist the Māori Trustee.

In June 1979 a meeting of owners was held at Manukorihi Pa, Waitara. The committee members were:

- Mrs S Karena
- Mrs M Puriri
- Mr I Love
- Mr R Luke
- Mr N Baker
- Mr M R Love
- Mr T Puketapu
- Mr G Love
- Mr B Ruakere
- Mr K Smiler
- Dr N Love (Chairman)

The committee agreed that the Māori Trustee would continue to service the routine administration of the Tenths, but where he had real discretion he would do nothing without consulting the owners' representative.

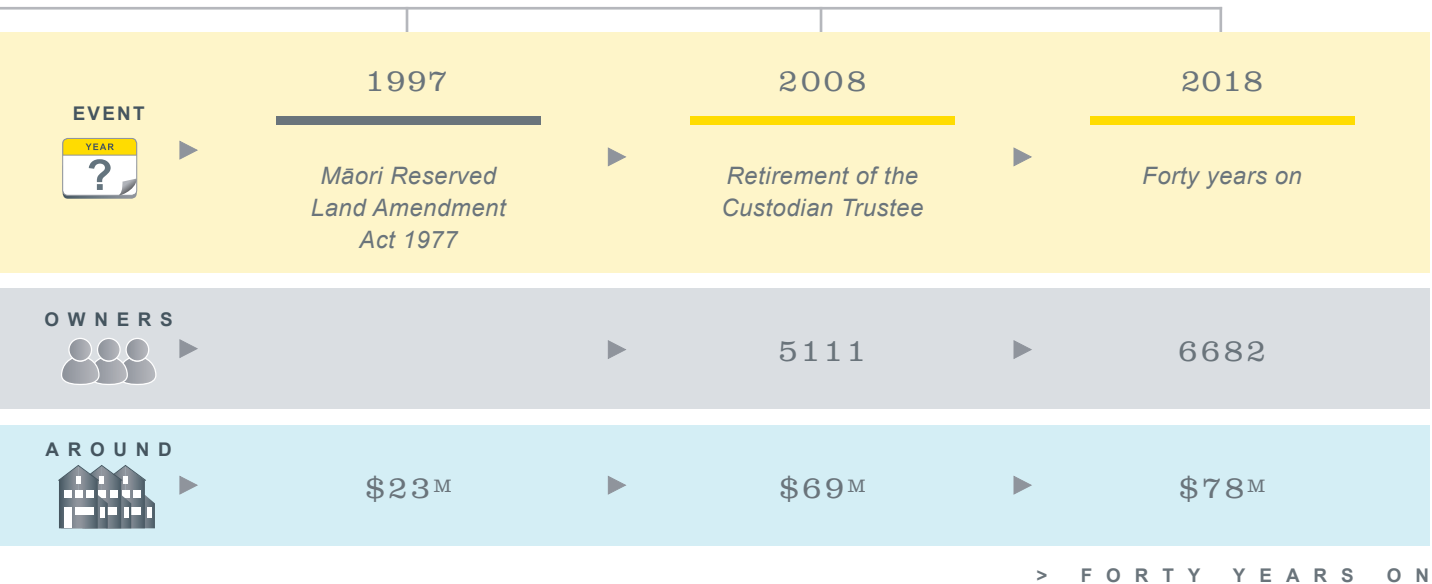
The committee established a number of sub-committees. One of the most pressing issues was getting a fair and equitable return on the owners' interests.

Capital assets were estimated well over three million dollars with gross rents of \$29,184.40 in 1977 and \$33,614.67 in 1978 (a return on assets of around 1%).

The committee identified two significant issues contributing to this return:

- The unreasonable provisions within the Māori Reserves Act
- The properties within the Tenths which suffer under special designation provisions

forty year timeline evolution



For instance at that time the Māori Reserved Land Act 1955 set the rent at 4% (urban) and 5% (rural) of the Government valuation for a period of 21 years. It is of note that this did not change until the enactment of the Māori Reserved Land Amendment Act 1997.

The issue of lands 'designated for specific purposes' include land that has been designated as such – including Wellington City Council, Calvary Hospital (now Wakefield Hospital), Wellington Rugby Union (Athletic Park) and the Education Department (South Wellington Intermediate School) and the Government Centre (Pipitea Street). At this time the selling of Athletic Park was proposed. The beneficial owners committee continued to work on a range of issues on behalf of the owners.

In 1984 at another meeting of owners of the "North Island Tenth's" at Manukorihi Marae it was decided, among other things, to set up a Trust Board with land vested in responsible trustees appointed from amongst

the owners and that the Māori Trustee be appointed Custodian Trustee to carry out the directions of the responsible trustees. The Māori Land Court in a lengthy decision on 11 April 1985 vested the North Island Tenth's (Wellington Tenth's) in 9 Management Trustees.

The Trust has come a long way from those times. Its property portfolio has changed markedly, with the Trust in 1988 having 100 leasehold properties and 15 freehold properties over an area of 88 hectares compared with just 4 leasehold properties and 12 freehold properties today. In 1988 the properties were valued at \$9,339,000 for the leasehold properties and \$2,383,000 for the freehold properties being a total of \$11,357,500.

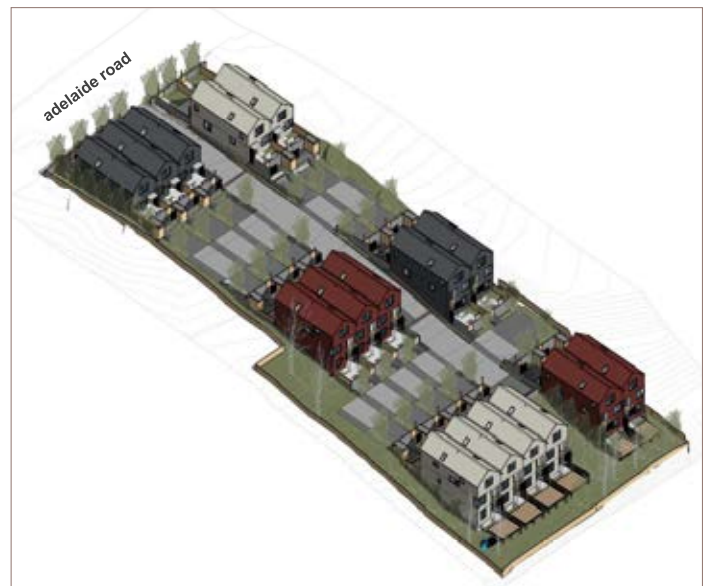
Today the properties are valued at some \$38,225,000 as well as investments in Village at the Park at \$19,836,995 and Pipitea Street at \$12,114,107 being a total of \$70,176,102.

I 383 – 387 ADELAIDE ROAD

This Adelaide Road development is now under way with the site having been cleared earlier in the year to enable this development to start once all consents were granted and the project plan approved by Trustees. The builder provided a fixed price contract for the job and is currently making steady progress on starting the build programme. The completion date for the project is estimated to be around early 2020. This is corpus land of the Trust being land that is part of the original Wellington Tenth Reserve.

This property is one of the few remaining town acres from the New Zealand Company plan for Wellington dating back to 1840 known as section 974. There still remains a small number of Wellington Tenth Reserve sections south of Village at the Park still to be re-developed and that is the Trust's next focus to complete the re-development of all of the Trust's corpus lands.

When completed the Trust will hold the property long term as superior rental properties. The high standard of accommodation will be assured by quality construction on a site that is well located for Hospitals (for senior staff accommodation) and possibly University staff accommodation.



16 Townhouses for 383 – 387 Adelaide Road

For the project the team is as follows:

- Architecture+ – Architecture and Landscaping
- Holmes Construction – builder
- Clendon Burns and Park – structural engineering
- Cuttriss – Civil works
- Robertson Surveying – Quantity Surveyor
- Westpac Bank – Banker
- Abuild – Geotechnical Engineering



Athletic Park with the houses in the near background being on 383 – 387 Adelaide Road – circa 1923

VILLAGE AT THE PARK



Village at the Park 2018

The transition to the new joint venture partner, the Arvida Group has been very smooth and effective with the new management transitioning staff and residents to the new arrangements. The new Board quickly got down to work bedding in the revised management of the Village generally. The existing Village Managers have remained to give a high degree of consistency, however some revised approaches have come with Arvida. The managers have worked pro-actively with Immigration New Zealand to ensure that the Village can continue to employ overseas staff to fill vacancies that cannot be filled by New Zealand residents.

Village at the Park has again enjoyed strong growth particularly with the Apartment sales of licenses to occupy. The completion of the Grant Adamson Block (D Block) with some 28 Apartments in November 2017 saw strong sales and the block is fully occupied. The latest Apartment Block, at present known as E block, is currently under construction and is due for completion in April 2019. At this time the Arvida team is developing a new master plan for the remaining space in the development. That master plan may also look at the Wellington Tenth's properties of 429 – 437 Adelaide Road and also some properties in Waripori Street.



Athletic Park – 1971

Village at the Park now provides a steady income for the Trust along with repayments of loans which reflect the land ownership that was brought into the project. This has helped provide a lift in the overall profitability of the Trust. The present state of the Village includes for Village at the Park Care a 42 bed Coleman Wing (Hospital), a 33 bed Buchanan wing (dementia) and 17 Rest Home/Service Apartments with an average occupancy of 97%. Village at the Park Lifecare with 38 Villas and 79 Apartments. This year this has increased to 106 Apartments.

Arvida are a large publicly listed company with many shareholders. They currently own 29 Villages around New Zealand with their administrative base in Auckland.

I 2 – 8 LAMBTON QUAY – 9–19A KATE SHEPPARD PLACE



Kate Sheppard Place

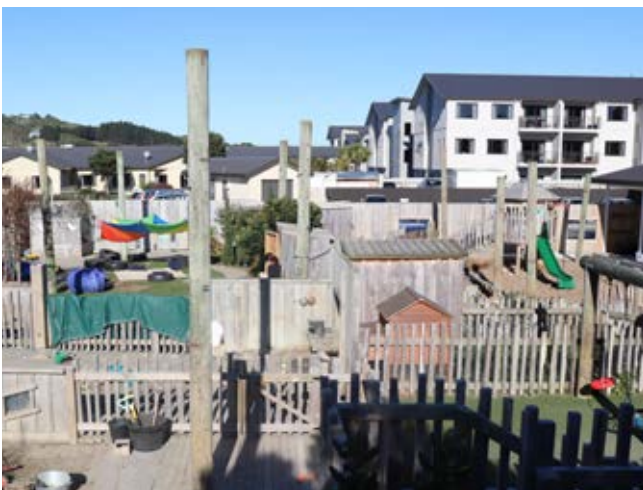
This project suffered a series of setbacks from the Kaikoura Earthquake in November 2016 which devastated a number of large buildings close by in Thorndon including Defence House in Aitken Street which has been demolished and Revera House in Mulgrave Street which has also been demolished (which is adjacent to Pipitea House co-owned by the

Trust). The project to build a 9 storey apartment and hotel development was granted resource consent in 14 October, 2016. That consent was taken on Judicial Review in the High Court with the Wellington City Council's decision being reviewed by a neighbour. It came as a surprise to many that the Court found in favour of the appeal. The effect of that was for the Council to revoke the Resource Consent and for the project to be completely revised for the third time.

The joint venture partners are Wellington Tenths Trust through a subsidiary company and Equinox Group. The revised proposal is being developed through the Joint Venture and Equinox Group with Foster and Melville Architects.

The latest proposal will step the whole development away from the neighbouring property and to take up the air space over the bus turnaround area to allow an efficient development.

I THE PARK EARLY LEARNING CENTRE



The shared playground of The Park Early Learning Centre with Village at the Park in the background

With the change in joint venture partners in Village at the Park there was a concurrent change for what was Little Wonders Early Childhood Centre to "The Park Early Learning Centre". The Village at the Park joint venture continues to own the land and buildings

which are leased to the Centre. The Trust continues to hold a share in the Early Childhood Centre as it had previously. The management of the Centre remained through the transition and continues to be one of the leading Early Childhood Centres in New Zealand.

The Park Early Childhood Centre with a capacity of 150 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. Those 3-4 year olds are now located in the newer building, however the Centre is run as a whole.

The Park Early Learning Centre has good prospects going into the future being well located in an area with high demand for such a facility. The Centre staff work with Village at the Park to assist residents to come to the Centre to read to the children.

I WHAREWAKA O PONEKE – TE RAUKURA

The Wharewaka is owned by the Wharewaka o Poneke Charitable Trust, Wellington Tenth Trust and Palmerston North Māori Reserve Trust have significant loans to the Charitable Trust and four Trustees on the Wharewaka Charitable Trust. The Wharewaka is now over 7 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 Wharewaka for some time has had issues particularly with summer cooling. The Trust installed heat pump units (which also do cooling) throughout the meeting rooms and offices with some issues in bedding in, but now keep the function rooms and offices warm in winter and cool in summer.

Both the function's business – for which the Trust gets commissions – and the café, which is leased, have steadily grown in patronage. This remains a highly desirable venue for a great many Wellington functions.



Te Wharewaka o Poneke – Te Raukura

WOPEL operates the walking and waka tours as a small tourism business which is growing steadily with visitors coming from around the world particularly from North America with the Grand Circle Tours and the Renaissance Tours groups being regulars in the Waka and at the Wharewaka.

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. There has been a major repair job done to a section of the rear block's northern wall. This has been accompanied by a revamp

of the bathrooms in each of the units adjacent to the repaired wall. A second tranche of repairs were completed in late 2017 to enable Taranaki 217 to be leased for three years to Massey University. Massey have branded the building as Massey's with the name Kāinga Rua.

I BURRELL FARM, SOUTH WELLINGTON INTERMEDIATE SCHOOL, GRANVILLE FLATS

The leasehold property known as Burrell farm has been leased for many years by the Burrell family in Kaitoke as a working dairy farm supplying Fonterra. This provides a useful return for the Trust provided it remains well managed.

South Wellington Intermediate School (SWIS) located opposite to Village at the Park is leased by Ministry of Education on a 21 year basis with rent reviews every five years. The lease comes up for renewal in 2020.

The indications from the Ministry is that the school will continue on this site and in recent times the school hall/gymnasium has seen significant developments along with some upgrades to classrooms.

Granville Flats at 559 Adelaide Road is on land leased by Wellington City Council (WCC) for social housing purposes. It provides a useful rental for the Trust. The Trust will work with WCC to help them maintain these as a very useful part of the Social Housing portfolio in Wellington.

I 81-87 THORNDON QUAY

(Haukawakawa Limited Partnership with Palmerston North Māori Reserve Trust)

The Limited Partnership has looked at a variety of options for the development of this site the possibility of the purchase of an adjacent site at 89 – 95 Thorndon Quay. 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. Trustees agreed to on-sell its shares in the property to Palmerston North Māori Reserve Trust. This would improve the Wellington Tenth's ability to fund projects by focussing on the development in Adelaide Road.

I TE TURE WHENUA MĀORI BILL

The proposed amendments to Te Ture Whenua Māori 1993 through the Te Ture Whenua Māori Bill was finally withdrawn at the end of 2017 and there

is no indication it would be re-introduced in the near future. The Māori Land Service which was to be a consequence of the Bill is also on hold at present.

I MASSEY UNIVERSITY – OLD DOMINION MUSEUM BUILDING (TOKOMARU)

The Trust has been in discussion with the Vice Chancellor of Massey University, Jan Thomas and the Chancellor, Michael Ahie who were keen to resolve matters such as the Head Lease to Massey University, the historical rent reviews and the associated valuation of the WTT interest to determine this rental. Good progress has been made on those after many years and we expect those matters to be resolved this year.

As the WW1 period 2014 – 2018 comes to an end so would the Great War exhibition and the sub-lease of the space in the Tokomaru Building by the Ministry for Culture and Heritage (MCH). However MCH had sought to extend the lease for a further 2 years as a result of the late completion of the WW1 Trench warfare experience base on Quinn's Post a hillside base on the Gallipoli Peninsula. Massey University which holds the sub-lease is unlikely to extend that sub-lease.

The Government has a long term interest in this building as a Peace and Conflict or Military Museum, however as yet it has not completed a business case for that project and to enter into a negotiation on the possible purchase of the building. The National Military Heritage Charitable Trust Board would manage such a facility.

In the meantime Massey University itself has renewed interest in the Building as part of its long term assets and the Trust would continue its discussions with Massey on their possible purchasing the Trust's interests (and liabilities). The Trust has noted that in the revised lease Wellington Tenth's is liable for half of the repairs to the building including significant roof repairs, window repairs, stone cladding repairs and potentially significant earthquake strengthening which could cost many millions of dollars in the next few years.

I MATATINI KI TE AO – WELLINGTON, FEBRUARY 2019 – WESTPAC STADIUM

We look forward to Matatini, the premier National Kapahaka competition to be held at the Westpac Stadium in late February 2019. That will feature a

mass powhiri at Waitangi Park hosted by Te Atiawa/Taranaki whanui, Ngati Toarangatira and Wellington Māori Cultural Society on 20 February 2019.

I A WAKA ODYSSEY – WELLINGTON WATERFRONT – FEBRUARY 2018



The New Zealand Festival of the Arts opened on 28 February with the audacious Waka Odyssey featuring four waka houra (ocean voyaging twin-hull canoes) from around the Pacific and four traditional waka taua from Te Whanganui a Tara. They were joined on the water by waka ama (outrigger canoes) and a barge. On shore were a number of kaikaranga

with Kupe and his wife Kuramarotini to speak and sing to the crowd of over 25,000. They were joined by 1000 haka exponents from the various schools performing a haka written for the event and Wellington. This was a highly successful event in front of the Wharewaka celebrating Māori culture and one of the great traditional stories from Te Whanganui a Tara.

I CONCLUDING REMARKS

Since 1977 the Trust and its iwi owners have grown from being passive observers of a valuable estate managed by the Māori Trustee and controlled by the Māori Reserved Land Act and prescribed leases, to being an active and successful manager of the Wellington Tenth Reserve and other investment properties.

The private leaseholds on Trust land were largely owned by non-Māori with prescribed leases in perpetuity. The return to owners was minimal. Gradually the owners representative gained more say in the management of the land and the Māori Trustee was replaced by the Guardian Trust and finally by our own Wellington Tenth Corporate Trustee. In line with the Trust's Land Management Plan and investment strategies, properties were rationalised and leases were purchased by the Trust. Developments such as Village at the Park (a \$40M asset in which the Trust has a 50% interest.), Taranaki 217, and Pipitea House. Now the Trust is developing the 1840s town acre 974 at 383-387 Adelaide Road with its own 16 townhouses to create a long standing asset for the Trust.

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

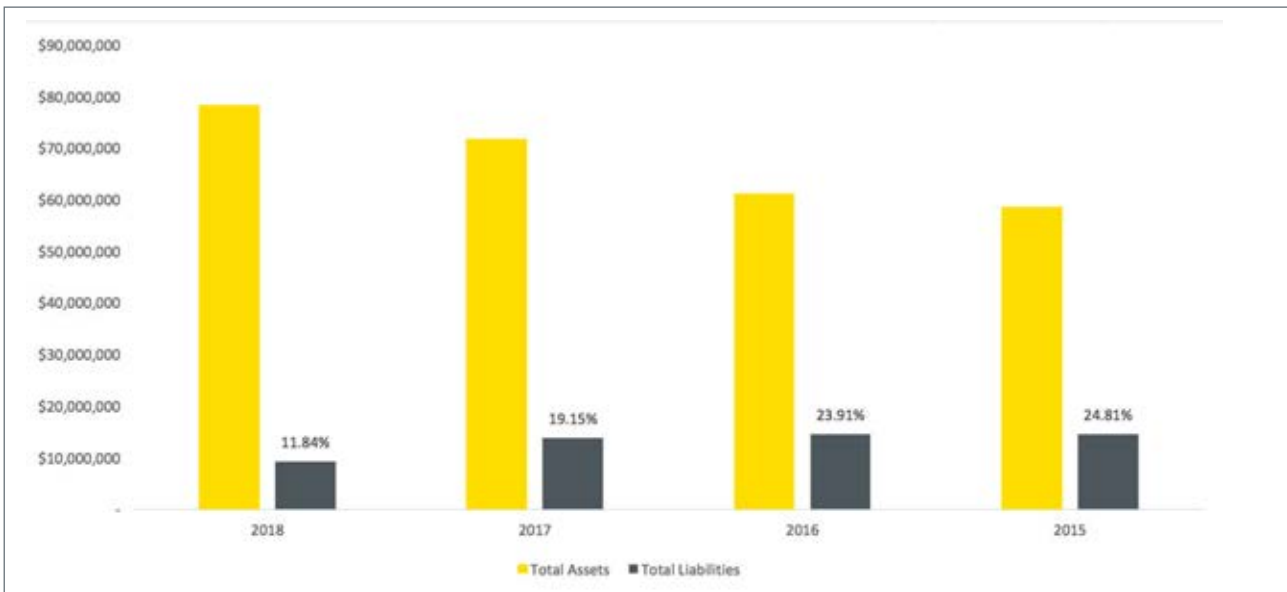
Statistical Information

I WELLINGTON TENTHS TRUST STATISTICAL INFORMATION

	2018	2017	2016	2015
Number of Owners	6,682	6,548	6,442	6,273
Number of Shares	182,919.681	182,919.681	182,919.681	182,919.681
Total Assets	\$78,265,916	\$71,629,687	\$61,069,836	\$58,602,431
Total Liabilities	\$9,263,453	\$13,714,395	\$14,598,762	\$14,539,407
Trust Capital	\$69,002,463	\$57,915,292	\$46,471,074	\$44,063,024
Value per share	\$377.23	\$316.62	\$254.05	\$240.89
Revenue	\$2,676,110	\$2,764,318	\$2,849,808	\$2,896,815
Operating Profit After Net Financing Costs	\$240,902	\$450,107	\$330,570	\$447,168
Profit After Income Tax	\$11,910,307	\$12,084,435	\$3,591,651	\$1,485,304
Distribution to Owners	\$823,136	\$640,217	\$548,759	\$530,467
Distribution per Share	\$4.50	\$3.50	\$3.00	\$2.90

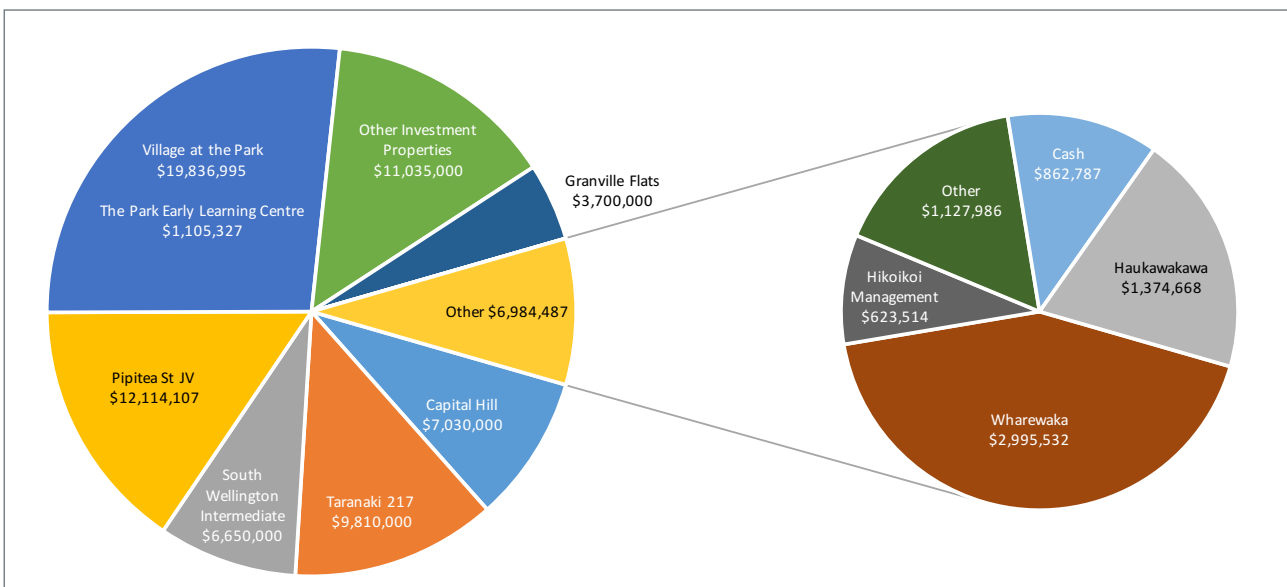
WELLINGTON TENTHS TRUST DEBT TO EQUITY RATIO

The illustration below shows the movement in the debt to total assets ratio over the past four years. As at 31 March 2018 the debt to total assets ratio is 11.84%, that is, the total liabilities of the Trust is 11.84% of the Trust's total assets. This is a decrease of 7.31% from the 31 March 2017 figures.



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 2018. 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 2018

	Note	2018 \$	2017 \$
Revenue			
Gross Rental Income	4	2,629,711	2,712,458
Other Income	5	46,399	51,860
Total Revenue		2,676,110	2,764,318
Expenses			
Direct Property Expenses	4	(1,010,163)	(763,726)
Administration Expenses	6	(1,189,147)	(1,234,450)
Depreciation	11	(17,292)	(13,939)
Amortisation	12	(72)	(2,925)
Total Expenses		(2,216,674)	(2,015,040)
Operating Profit Before Net Financing Costs		459,436	749,278
Finance Costs			
Finance Income	8	154,405	157,935
Finance Expenses	8	(372,939)	(457,106)
Net Finance Costs		(218,534)	(299,171)
Operating Profit After Net Financing Costs		240,902	450,107
Other Movements			
Share of Equity Accounted Investees Profit for the Year	14	9,530,576	7,753,007
Impairment of KS Exchange Loan	24	(866,670)	–
Loss on Sale of Investment Property	13	(105,400)	–
Investment Property Revaluation	13	3,400,000	4,148,968
Demolition Costs		(64,370)	(123,994)
Profit Before Income Tax		12,135,038	12,228,088
Income Tax Expense	9	(224,731)	(143,653)
Profit for the Year		11,910,307	12,084,435
Total Comprehensive Income for the Year		\$11,910,307	\$12,084,435

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



**I WELLINGTON TENTHS TRUST
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2018**

	Note	Retained Earnings and Total Equity \$
Balance at 1 April 2016		46,471,074
Profit for the Year		12,084,435
Total Comprehensive Income for the Year		<u>12,084,435</u>
<i>Transactions With Owners of the Trust in their Capacity as Owners</i>		
Distributions Paid	18	(640,217)
Balance at 31 March 2017		<u>57,915,292</u>
Profit for the Year		11,910,307
Total Comprehensive Income for the Year		<u>11,910,307</u>
<i>Transactions With Owners of the Trust in their Capacity as Owners</i>		
Distributions Paid	18	(823,136)
Balance as at 31 March 2018		\$69,002,463

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 2018

	Note	2018 \$	2017 \$
EQUITY			
Retained Earnings		69,002,463	57,915,292
Total Equity		\$69,002,463	\$57,915,292
ASSETS			
Current Assets			
Trade and Other Receivables	15	24,373	25,162
Prepayments		87,787	78,862
Cash and Cash Equivalents	16	862,787	2,154,128
Other Financial Assets	17	–	500,000
Income Tax Receivable	9	43,486	62,262
Related Party Receivables	24	17,520	4,689
Total Current Assets		1,035,953	2,825,103
Non-Current Assets			
Property, Plant and Equipment	11	198,079	152,331
Intangible Assets	12	34	106
Investment Properties	13	38,225,000	36,925,000
Investment in Equity Accounted Investees	14	34,431,097	27,080,882
Adelaide Road Development Costs		629,324	148,897
Related Party Receivables	24	3,746,429	4,497,368
Total Non-Current Assets		77,229,963	68,804,584
TOTAL ASSETS		78,265,916	71,629,687
LIABILITIES			
Current Liabilities			
Trade and Other Payables	20	338,089	397,101
Other Current Liabilities	21	338,749	541,988
Unclaimed Distributions	18	2,651,767	2,546,615
Related Party Payables	24	9,620	13,819
Interest-Bearing Loans and Borrowings	19	456,600	447,708
Total Current Liabilities		3,794,825	3,947,231
Non-Current Liabilities			
Deferred Tax Liability	9	231,078	189,161
Interest-Bearing Loans and Borrowings	19	5,237,550	9,578,003
Total Non-Current Liabilities		5,468,628	9,767,164
TOTAL LIABILITIES		9,263,453	13,714,395
NET ASSETS		\$69,002,463	\$57,915,292

Approved for and on behalf of the Trustees on 12 July 2018:



Morris Te Whiti Love, Chairman



Mark Te One, 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 2018**

	Note	2018 \$	2017 \$
Cash Flows From Operating Activities			
Cash Receipts From Customers		2,676,448	2,748,992
Cash paid to Suppliers and Employees		(2,579,183)	(2,180,645)
Interest Received		154,405	157,935
Interest Paid		(376,905)	(457,106)
Income Taxes Paid		(164,038)	(203,137)
Net GST		44,520	(5,436)
Net Cash Inflow From Operating Activities		(244,753)	60,603
Cash Flows From Investing Activities			
Purchase of Property, Plant and Equipment	11	(64,216)	(21,898)
Development of Adelaide Road		(480,427)	(148,897)
Investment in Term Deposit	17	500,000	(500,000)
Investment in The Park Early Learning Centre Limited	14	(1,048,300)	–
Receipt from Sale of Macalister Heights		2,000,000	–
Related Party Advances	24	(132,761)	(1,430,850)
Distributions Received From Equity Accounted Investee	14	3,228,661	4,666,000
Net Cash Inflow From Investing Activities		4,002,957	2,564,355
Cash Flows From Financing Activities			
(Repayment of) Borrowings	19	(4,331,561)	(447,708)
Distributions Paid	18	(717,984)	(382,548)
Net Cash Outflow From Financing Activities		(5,049,545)	(830,256)
Net Increase/(Decrease) in Cash and Cash Equivalents		(1,291,341)	1,794,702
Cash and Cash Equivalents at Beginning of Year		2,154,128	359,426
Cash and Cash Equivalents at End of Year	16	\$862,787	\$2,154,128
Cash and Cash Equivalents Comprises:			
Cash and Cash Equivalents	16	862,787	2,154,128
		\$862,787	\$2,154,128

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

I WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

1. REPORTING ENTITY

The consolidated financial statements of Wellington Tenth Trust as at and for the year ended 31 March 2018 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”) and comply with NZ IFRS (RDR). The Group is eligible to report in accordance with NZ IFRS RDR on the basis that it does not have public accountability and is not a large for-profit public sector entity.

These financial statements were authorised for issue by the Trustees on 12 July 2018.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for investment properties which are carried 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 Trust’s functional and Group’s 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.

I WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

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 arises mainly from other hireage income at the hostels the Group operates. Since this is not considered to be part of the main revenue generating activity, the group presents this income separately from revenue, this is recognised as revenue is received.

I WELLINGTON TENTHS TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(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).

(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 not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss.
- Temporary differences related to investments in entities to the extent it is probable that they will not reverse in the foreseeable future.

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.

I WELLINGTON TENTHS TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

(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.

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, depreciation method 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.

I WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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

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.

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.

I WELLINGTON TENTHS TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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.

(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.

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 other current liabilities 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.

I WELLINGTON TENTHS TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Cont.)

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) Determination of fair values

The Group's accounting policies and disclosures for investment properties require the determination of fair value. Fair values have been determined for measurement and/or disclosure purposes based on the following method. When applicable, further information about the assumptions made in determining fair values is disclosed in the specific notes.

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.

(l) Comparatives

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

I WELLINGTON TENTHS TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

4. RENTAL INCOME

	Gross Rental Income \$	Direct Property Expenses \$	Net Rental Income \$
	2018		
Taranaki 217	1,094,636	(856,776)	237,860
Capital Hill (Dominion Museum)	620,673	(6,020)	614,653
South Wellington Intermediate School	415,000	–	415,000
Macalister Heights	61,000	–	61,000
Granville Flats	229,500	–	229,500
Other	208,902	(147,367)	61,535
	\$2,629,711	\$(1,010,163)	\$1,619,548
	2017		
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
	\$2,712,458	\$(763,726)	\$1,948,732

5. OTHER INCOME

	2018 \$	2017 \$
Ancillary Hireage at Hostel Accommodation	44,147	50,086
Sundry Income	2,252	1,774
	\$46,399	\$51,860

6. ADMINISTRATION EXPENSES

	2018 \$	2017 \$
Accident Insurance/Levies	–	1,091
Accountancy Fees	72,652	105,726
Audit Fees	47,961	48,171
Bad Debts	–	4,348
Bank Charges	14,709	13,258
Computer Expenses	–	3,801
Consultancy Fees	22,460	25,129
Donation to Ngahuru Charitable Trust (refer to note 24)	–	25,000
Executive Office (refer to note 24)	458,166	482,837
General Expenses	1,330	14,003
Insurance	24,935	26,506
Legal Fees	229,179	184,588
Owners' Meetings	54,077	54,279
Postage, Printing & Stationery	3,092	3,763
Memberships & Subscriptions	2,850	4,868
Sponsorship	–	5,729
Tangi Contributions	800	600
Telephone & Internet	4,696	1,377
Travel & Accommodation	19,207	22,026
Trustees' Fees (refer note 24)	221,250	195,000
Trustees' Expenses	11,783	12,350
	\$1,189,147	\$1,234,450

I WELLINGTON TENTHS TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

7. EMPLOYEE BENEFIT EXPENSES	2018	2017
	\$	\$
Salaries and Wages (included in direct property expenses – note 4)	–	82,887
Kiwisaver (included in direct property expenses – note 4)	–	2,019
	\$–	\$84,906

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

8. NET FINANCE COSTS	2018	2017
	\$	\$
Finance Income – Loans and Receivables		
Interest Income – Wharewaka o Poneke Charitable Trust (refer note 24)	111,250	108,000
Interest Income – Hikoikoi Management Limited (refer note 24)	39,457	41,303
Interest Income – Palmerston North Māori Reserve (refer note 24)	719	–
Interest Income – Westpac	1,631	7,380
Interest Income – Other	1,348	1,252
	154,405	157,935
Finance Expense – Liabilities at Amortised Cost		
Interest Expense – Westpac	(219,115)	(299,822)
Interest Expense – BNZ	(148,097)	(154,599)
Interest Expense – Palmerston North Māori Reserve Trust (refer note 24)	–	(1,659)
Interest Expense – Other	(5,727)	(1,026)
	(372,939)	(457,106)
Net Finance Income/(Expense)	\$(218,534)	\$(299,171)

9. INCOME TAX	2018	2017
	\$	\$
a) Income tax recognised in profit or loss		
Current tax	182,814	181,875
Deferred tax expense	41,917	(38,222)
Total income tax expense	\$224,731	\$143,653
b) Reconciliation of income tax expense		
Profit/(loss) before income tax expense	12,135,038	12,228,088
Tax expense at 17.5%	2,123,632	2,139,915
Adjustment for Entities Taxed at Rates Different to Māori Authority Rate	68,555	68,202
Non-Assessable Equity Accounted Earnings	(1,667,852)	(1,356,776)
Non-Deductible Expenses	7,932	10,811
Non-Deductible Investment Property Revaluation	(595,000)	(726,069)
Non-Deductible Impairment of Kate Sheppard Exchange Development Costs	151,667	–
Imputation Credits Attached to Dividends Received	54,548	–
Dividend Received from Equity Accounted Investee	140,268	–
Change in Income Tax Rate for Subsidiary Entity	–	(59,607)
Tax losses not recognised	135,557	67,178
Prior Year Losses Utilised	(194,576)	–
Total income tax expense	\$224,731	\$143,653
c) Current tax		
Liability at 1 April	(62,262)	(41,000)
Current Year Tax Expense	182,814	181,875
(Payments)/Refunds	(164,038)	(203,137)
(Asset)/Liability at 31 March	\$(43,486)	\$(62,262)

WELLINGTON TENTHS TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

9. INCOME TAX (cont.)	2018	2017
	\$	\$
d) Deferred tax		
Balance at the beginning of the year	(189,161)	(227,383)
Current year movement	(41,917)	38,222
Deferred tax asset/(liability)	\$(231,078)	\$(189,161)
Deferred tax assets/(liabilities) are attributable to the following:		
Accrued expenses	6,335	48,252
Investment Properties	(237,413)	(237,413)
	\$(231,078)	\$(189,161)
e) Unrecognised deferred tax assets		
Deferred tax assets have not been recognised in respect of the following items:		
Tax losses	1,461,586	1,601,480
	\$1,461,586	\$1,601,480
e) Māori Authority Tax Credit Account		
Closing Balance of Māori Authority Tax Credit Account	663,031	738,429
	\$663,031	\$738,429

10. LEASES

The Group has a number of operating leases for both commercial and residential property related to its investment properties. Where possible the Group always endeavours to sublease vacant spaces on short-term lets. Rental income recognised under non-cancellable operating leases during the year was \$2,629,711 (2017: \$2,712,458).

11. PROPERTY, PLANT AND EQUIPMENT

Cost	Office Equipment	Furniture, Fittings and Chattels	Total
	\$	\$	\$
Balance at 1 April 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
Additions	–	64,216	64,216
Disposals	–	(1,444)	(1,444)
Balance at 31 March 2018	115,752	352,837	468,589
Accumulated Depreciation			
Balance at 1 April 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
Depreciation	2,014	15,278	17,292
Disposals	–	(268)	(268)
Balance at 31 March 2018	112,148	158,362	270,510
Net book value			
At 31 March 2017	5,618	146,713	152,331
At 31 March 2018	\$3,604	\$194,475	\$198,079

I WELLINGTON TENTHS TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

12. INTANGIBLE ASSETS

Cost	Database	Website	Total
	\$	\$	\$
Balance at 1 April 2016	206,571	15,456	222,027
Balance at 31 March 2017	206,571	15,456	222,027
Balance at 31 March 2018	206,571	15,456	222,027
Accumulated Amortisation			
Balance at 1 April 2016	203,562	15,434	218,996
Amortisation	2,912	13	2,925
Balance at 31 March 2017	206,474	15,447	221,921
Amortisation	67	5	72
Balance at 31 March 2018	206,541	15,452	221,993
Net book value			
At 31 March 2017	97	9	106
At 31 March 2018	\$30	\$4	\$34

13. INVESTMENT PROPERTY

	2018	2017
	\$	\$
Balance at 1 April	36,925,000	32,776,032
Change in fair value	3,400,000	4,148,968
Net Proceeds from the Sale of Macalister Heights	(1,994,600)	–
Loss on Sale of Macalister Heights	(105,400)	–
Balance at 31 March	\$38,225,000	\$36,925,000
Carrying Value of Individual Properties:		
Taranaki 217 – 213-217 Taranaki Street, Wellington	9,810,000	8,000,000
Capital Hill (Dominion Museum) – 38 Buckle Street, Wellington	7,030,000	7,090,000
South Wellington Intermediate School – 28-32 Russell Terrace, Wellington	6,650,000	6,000,000
Macalister Heights – 381 Adelaide Road, Wellington	–	2,100,000
Granville Flats – 557-567 Adelaide Road, Wellington	3,700,000	3,400,000
	\$27,190,000	\$26,590,000
<i>Other</i>		
429 Adelaide Road, Wellington	1,400,000	1,400,000
433 Adelaide Road, Wellington	650,000	600,000
435 Adelaide Road, Wellington	850,000	840,000
437 Adelaide Road, Wellington	700,000	700,000
40 Waripori Street, Wellington	490,000	400,000
42 Waripori Street, Wellington	690,000	600,000
64 Waripori Street, Wellington	625,000	550,000
64A Waripori Street, Wellington	625,000	550,000
383-387 Adelaide Road, Wellington	3,000,000	2,800,000
44 Waripori Street, Wellington	350,000	300,000
Gilbert Road, Upper Hutt	1,655,000	1,595,000
	11,035,000	10,335,000
	\$38,225,000	\$36,925,000

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.

I WELLINGTON TENTHS TRUST NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

13. INVESTMENT PROPERTY (cont.)

Colliers International (Wellington Valuation) Limited have valued all properties for financial reporting purposes at 31 March 2018 and 31 March 2017, with the exception of Gilbert Road. Gilbert Road was valued by Truebridge Partners Limited at 31 March 2018 (2017: Lockwood & Associates Limited).

14. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES

Wellington Tenth 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	
			2018	2017
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 Limited.

The Trust has a 25% interest in the Kate Sheppard Exchange Joint Venture. This equity investment has a carrying value of nil (2017: 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 disclosed within note 24.

The Group has no commitments and no contingencies in relation to its investments in associates (2017: nil).

Non-current investment in Associate	Hikoikoi Management Limited	Haukawakawa LP	The Park Early Learning Centre Limited	Village at the Park Group	Pipitea Street Joint Venture	Total
	\$	\$	\$	\$	\$	\$
Balance at 1 April 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
Re-allocation of shares during restructure	–	–	1,048,300	–	–	1,048,300
Share of profit/(loss)	–	207,348	57,027	6,732,105	2,534,096	9,530,576
Distributions received	–	–	–	(1,848,661)	(1,380,000)	(3,228,661)
Balance at 31 March 2018	\$–	\$1,374,668	\$1,105,327	\$19,836,995	\$12,114,107	\$34,431,097

Restructure of The Park Early Learning Centre Limited Ownership

During the 2018 year the ownership of The Park Early Learning Centre Limited (previously Little Wonders (Childcare) At The Park Limited) was restructured from a part of the Village at the Park Group to direct ownership by a subsidiary of the Trust. As a part of the restructure the Village at the Park Group paid a distribution of \$1,155,661 and that distribution was used to fund the acquisition of shares in The Park Early Learning Centre Limited.

Change in Estimate for Pipitea Street Joint Venture

During the 2018 year the prior year estimate of share of profit from the Pipitea Street Joint Venture had a change in estimate. The reported profit of the Pipitea Street Joint Venture was \$868,558 higher than what was reported in the 2017 financial statements for the Group.

This has been treated as a change in estimate in the 2018 financial statements and as a result the 2018 share of profit from the joint venture was increased to reflect the prior year under-estimate.

The 2018 share of profit of the joint venture was \$1,665,538 before the adjustment for the change in estimate.

I WELLINGTON TENTHS TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

14. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES (cont.)

Assets and Liabilities of Associates	The Park Early Learning Centre Limited	Village at the Park Group	Hikoikoi Management Limited	Haukawakawa LP	KS Exchange Joint Venture	Pipitea Street Joint Venture	Total
	\$						\$
	2018						
Assets:							
Current	565,861	5,275,261	86,186	48,343	5,085	484,984	6,465,720
Non-current	130,250	107,054,235	1,225,879	2,709,620	7,148,962	88,000,000	206,268,946
Total Assets	696,111	112,329,496	1,312,065	2,757,963	7,154,047	88,484,984	212,734,666
Liabilities:							
Current	574,196	59,594,486	82,949	3,589	844,754	868,678	61,968,652
Non-current	–	12,116,199	1,229,116	5,038	14,553,822	63,392,250	91,296,425
Total Liabilities	574,196	71,710,685	1,312,065	8,627	15,398,576	64,260,928	153,265,077
Net Assets	\$121,915	\$40,618,811	\$–	\$2,749,336	\$(8,244,529)	\$24,224,056	\$59,469,589
	2017						
Assets:							
Current		6,650,888	116,543	16,906	251,366	624,694	7,660,397
Non-current		84,340,956	1,255,662	2,323,819	7,114,148	86,400,000	181,434,585
Total Assets		90,991,844	1,372,205	2,340,725	7,365,514	87,024,694	189,094,982
Liabilities:							
Current		48,157,135	97,008	1,047	604,847	620,666	49,480,703
Non-current		16,173,659	1,275,197	5,038	14,478,195	64,394,250	96,326,339
Total Liabilities		64,330,794	1,372,205	6,085	15,083,042	65,014,916	145,807,042
Net Assets		\$26,661,050	\$–	\$2,334,640	\$(7,717,528)	\$22,009,778	\$43,287,940

Liabilities of Associates displayed above include loans from owners.

15. TRADE AND OTHER RECEIVABLES

	2018	2017
	\$	\$
Trade Receivables	20,811	17,481
Accrued Income	3,562	7,681
Total Trade and Other Receivables	\$24,373	\$25,162

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

16. CASH AND CASH EQUIVALENTS

	2018	2017
	\$	\$
Bank balances	862,787	2,154,128
Total cash and cash equivalents	\$862,787	\$2,154,128

Interest rate charged on overdrawn bank balances and interest received on call deposits were 10.35% and 0.1% respectively (2017: 10.1% and 0.1%). Bank balances are on call. Total overdraft available at balance date is \$450,000 (2017: \$450,000)

17. OTHER FINANCIAL ASSETS

	2018	2017
	\$	\$
Westpac Term Deposit - 81	–	500,000
Total Term Deposits	\$–	\$500,000

I WELLINGTON TENTHS TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

18. UNCLAIMED DISTRIBUTIONS	2018	2017
	\$	\$
Balance at Beginning of Year	2,546,615	2,288,946
Distribution Declared	823,136	640,217
Net Distributions Claimed	(717,984)	(382,548)
Balance at End of the Year	\$2,651,767	\$2,546,615

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.

19. INTEREST-BEARING LOANS AND BORROWINGS

	Bank of New Zealand 04 Loan	Bank of New Zealand 05 Loan	Westpac Banking Corporation 95 Loan	Total
Cost	\$	\$	\$	\$
Balance at 1 April 2016	2,350,419	1,000,000	7,123,000	10,473,419
Payments	(255,708)	–	(192,000)	(447,708)
Balance at 31 March 2017	2,094,711	1,000,000	6,931,000	10,025,711
Payments	(239,561)	–	(4,092,000)	(4,331,561)
Balance at 31 March 2018	1,855,150	1,000,000	2,839,000	5,694,150

	2018	2017
	\$	\$
Current	456,600	447,708
Non-current	5,237,550	9,578,003
	\$5,694,150	\$10,025,711

Description	Maturity Date	Interest Rate
Bank of New Zealand (04)	3/08/22	4.90%
Bank of New Zealand (05)	3/08/22	4.89%
Westpac Banking Corporation (95)	31/12/18	4.10%

The bank loans are secured over certain land and buildings with a carrying amount of \$24,660,000 (2017: \$23,740,000).

20. TRADE AND OTHER PAYABLES	2018	2017
	\$	\$
Trade Payables	321,558	357,744
Bonds Payable	–	19,144
Accrued Expenses	16,531	20,213
	\$338,089	\$397,101

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

21. OTHER CURRENT LIABILITIES	2018	2017
	\$	\$
GST Payable	75,689	31,272
Income Received in Advance	263,060	276,193
Provision for Taranaki 217 Water Damage Repairs	–	234,523
	\$338,749	\$541,988

The water damage repairs at Taranaki 217 were completed during the 2018 year.

Reconciliation of Provision for Taranaki 217 Water Damage Repairs

Opening Balance	234,523	350,000
Charged to Profit and Loss	–	100,000
Payments to Suppliers	(234,523)	(215,477)
Closing Balance	\$ –	\$234,523

WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2018

22. CAPITAL MANAGEMENT

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

The Group manages its capital 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 capital management and allocation are reviewed regularly by the Trustees.

There have been no material changes in the Group's management of capital 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 liabilities are classified as Financial Liabilities at Amortised Cost.

	2018	2017
	\$	\$
Financial Assets		
Loans and Receivables		
Trade and Other Receivables	24,373	25,162
Cash and Cash Equivalents	862,787	2,154,128
Related Party Receivables	3,763,949	4,502,057
Held to Maturity		
Term Deposit	—	500,000
	\$4,651,109	\$7,181,347
Financial Liabilities		
Trade and Other Payables	338,089	397,101
Related Party Payables	9,620	13,819
Interest bearing loans and borrowings	5,694,150	10,025,711
	\$6,041,859	\$10,436,631

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	
			2018	2017
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 14, 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 2018

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 \$866,670 (2017: \$nil). The carrying value is \$nil (2017: \$826,670).

There have been no other impairments of related party balances during the year (2017: \$nil) and there have been no write-offs of related party balances during the year (2017: \$nil).

Related Party Transactions included:

	2018	2017
	\$	\$
Interest received from Wharewaka o Poneke Charitable Trust (refer to note 8)	111,250	108,000
Interest received from/(paid to) Palmerston North Māori Reserve Trust (refer to note 8)	719	(1,659)
Interest received from Hikoikoi Management Limited (refer to note 8)	39,457	41,303
Executive office fees charged by Hikoikoi Management Limited (refer to note 6)	(458,166)	(482,837)
Donation to Ngahuru Charitable Trust (refer to note 6)	–	(25,000)
Impairment of KS Exchange JV Loan	(866,670)	–
Consulting fees paid to R Te One & Associates Limited	(2,077)	(33,582)
	\$(1,175,487)	\$(393,775)

Related Party Balances at year end included:

Receivable from Palmerston North Māori Reserve Trust	17,520	4,689
Receivable from Wharewaka o Poneke Charitable Trust	2,995,532	2,905,532
Receivable from Hikoikoi Management Limited	623,514	677,783
(Payable) to Haukawkawa Limited Partnership	(9,620)	(13,819)
Receivable from Ngahuru Charitable Trust	87,383	87,383
Receivable from KS Exchange JV	–	826,670
Receivable from The Park Early Learning Centre	40,000	–
	\$3,754,329	\$4,488,238

Current Related Party Receivables	17,520	4,689
Non-Current Related Party Receivables	3,746,429	4,497,368
Current Related Party Payables	(9,620)	(13,819)
	\$3,754,329	\$4,488,238

Reconciliation to Cash Flow

Balance at Beginning of Year	4,488,238	3,057,388
Payments	132,761	1,430,850
Impairment of KS Exchange Advance	(866,670)	–
Balance at End of the Year	\$3,754,329	\$4,488,238

I WELLINGTON TENTHS TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2018

24. RELATED PARTIES (cont.)

Trustee Remuneration

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

	2018	2017
	\$	\$
Trustee remuneration by trustee is as follows:		
Morris Te Whiti Love (Chairman)	53,750	45,000
Venessa Ede	16,750	15,000
Jeanie Hughes	16,750	15,000
Dr Catherine Love (trusteeship ended 3 September 2016)	–	7,500
Lennox Love	16,750	15,000
Matthew Love-Parata	16,750	15,000
Mark Te One	16,750	15,000
Richard Te One	16,750	15,000
Hon Mahara Okeroa	16,750	15,000
Hannah Buchanan	16,750	15,000
Anaru Smiler (appointed 3 September 2016)	16,750	7,500
Peter Jackson	16,750	15,000
	\$221,250	\$195,000

25. COMMITMENTS

There are no commitments as at 31 March 2018 (2017: nil)

26. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 2018 (2017: nil).

27. EVENTS OCCURRING AFTER THE REPORTING DATE

There were no events subsequent to reporting date that would affect the financial statements (2017: nil).

Independent Auditor's Report



Crowe Horwath
New Zealand Audit Partnership
 Member Crowe Horwath International

Level 1, Crowe Horwath House
 57 Willis St, Wellington 6011
 PO Box 11976
 Manners St, Wellington 6142 New Zealand

Tel +64 4 471 0006
 Fax +64 4 566 6077

www.crowehorwath.co.nz

INDEPENDENT AUDITOR'S REPORT

To the Beneficial Owners of Wellington Tenth Trust

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Wellington Tenth Trust and its controlled entities (the Group) on pages 14 to 34, which comprise the consolidated statement of financial position as at 31 March 2018, 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2018, 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.

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, Wellington Tenth Trust or any of its controlled entities.

Information other than the financial statements and auditor's report

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.

Crowe Horwath New Zealand Audit Partnership is a member of Crowe Horwath International, a Swiss Verein. Each member of Crowe Horwath is a separate and independent legal entity.



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 for the Consolidated Financial Statements

The Trustees are responsible on behalf of the entity for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards with Reduced Disclosure Regime, 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 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. 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 economic decisions of users taken on the basis of these consolidated financial statements.

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern.



concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate 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.
- Obtain 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. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

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

Report on Other Legal and Regulatory Requirements

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

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

For and on behalf of:

Crowe Horwath New Zealand Audit Partnership
 CHARTERED ACCOUNTANTS
 12 July 2018

SECTION THREE / APPENDICES

I Appendix One – Minutes

I MINUTES OF THE WELLINGTON TENTHS TRUST ANNUAL GENERAL MEETING HELD ON SATURDAY 2 SEPTEMBER 2017 AT TE RAUKURA, WELLINGTON

I TRUSTEES PRESENT

Anaru Smiler, 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 (BDO), Callum Reid and Nigel Moody (Gibson Sheat), Ben Westerman and Yvonne Westerman (Westerman Property Solutions), and Euan Playle

I EXECUTIVE OFFICE AND WELLINGTON OFFICE

Cherie Douglas, Erini Shepherd, Kathleen Thompson, Keith Hindle, Matiu Julian, Tracey Betham, Tracey Heffernan, and Vicki Hollywell

I ATTENDANCE

Adam Daley, Alexander Watson, Allan Brown, Ani Parata, Ann Reweti, Betty Anderson, Brendon Baker, Charmaine Puru, Cherry Davey, Colin Waller, Colleen Mako, Debbie Shirelle Papera, Dione King, Edwina Love-Hanson, Eileen Conroy, Eldon Paki, Esther Teasdale, Frances Tikitiki, Geoff Clark, Gina Rangiwhetu, Gloria Rei, Holden Hohaia, Honiana Love, Ina Rangiwhetu, Jack Rikihana, James Wheeler, Janica Herlihy, Jean Ruakere, Jenna-Rose Astwood, Jo Takarangi, John Rei, Jordon Wansbrough, Joseph George Boylan, Josephine Coffey, Josephine Love,

Judith A Evans, June Jackson, Kamiria Mullen, Karena Efaraimo, Kataraina Millin, Kaurangi Anderson, Koha Mako, Laryhs Makowharemahihi, Leigh-Ann Volwerk, Leo Buchanan, Lisa Isherwood, Liz Mellish, Mana Huntley, Mana Jenkins, Marama Cock, Marama Mako, Mary Nicholson, Mataaria Priest, Melvena Wereta, Melvyn Cock, Mike Ede, Miriama Te One, Monty Manu, Ngawai King, Nikita Papera, Ohomairangi Love, Paul Retimanu, Peter Love, Piki Carroll, Piri Te Paki, Poiria Love Erskine, Queenie Gripp, Rachael Leafe, Raewini Broughton, Raitatukia Tomlinson, Reena Huntley, Richard Manu, Ropata Hemi Rangikauwhata, Roy Clark, Russ Cook, Shona Coffey, Takiri Cotterill, Taylor Kieran, Te Rangihiroa Kevin Herlihy, Terri Manu, Thelma Parker, Tina Thomas, Tom Teasdale, Tracey Evans, Tuhi McGregor, Turei Thompson, Turoa King, Turuhira Bailey Mohi, Wayne Mulligan, Wendy Mohi, Wiki Gear, Wikitoria Ward Homes-Murcott, Yvonne Mason

I APOLOGIES

Ambrose Marino, Anne Somerville, Annie Te One, Anthony John Bishop, Atonia Te Paki, Christinea Wanoa, Damien Bishop, Diane Tryer, Dinah King, Edith WW Tonga, Frances Beatrice Thompson, Frances Kingi-Katene, Heather McPhee, Hemi Tahurangi, Hera Hailwood, Hera Hemara, Hine Werenia Love Thompson, Huia Maeke, Jean Cameron, Jean Sylvia Soffe, Joan Margaret Wells, Johnny McGregor, Julia Marino, June Gloria



Fredricson, June Hagan, Karen Ramsbottom, Karin Tucker, Kereana Gooch, Kevan Gooch, Lance Makowharemahihi, Marama Butler-Monu, Margaret P McCartie, Maria Tangiora, Marianne Hinemoa Hacche, Mark Butler, Mark Town-Treweek, Marlene Dawson-Love, Mereana Smith Te Paki, Miria Mako, Mohi Te One, Monty Ahie, Ngaire Jenkins, Nui Biss, Olivia Aitken, Paula King, Pauline Henson, Peter Walden, Phillipa Fairclough, Phoebe Sydney, Piki Hunia, Rangimaimaiao Cora Ross, Sandra Edwards, Stella Malcolm, Steven Manuera, Tere McBride, Tui Love, Vaughan Gooch, Virginia Love, Wayne Kingi, Wikitoria Michalanney, William Arthur Peacock, Wi-tako Love

MIHI WHAKATAU AND KARAKIA

The meeting opened with a karakia and mihi and acknowledgement by Mark Te One followed by the waiata E Nga Iwi O Te Motu Nei.

AGENDA AND HOUSEKEEPING

The Chairman welcomed owners to the meeting and explained the agenda and housekeeping. The Chairman acknowledged the Westpac bank staff onsite and advised owners that the Wellington Tenth Trust Platinum Pac is now available through the bank which includes advantageous rates and discounts on transaction accounts, insurance, mortgages, personal loans and credit cards.

ELECTION OF MANAGING TRUSTEES

There were three nominations received for the three vacant positions on the board. The nominations received were from the three Trustees (Hon Mahara Okeroa, Lennox Love and Venessa Ede) who were retiring by rotation at the meeting. These three Trustees were therefore successful in being reappointed to the role of Managing Trustee for another 3 year term.

MINUTES OF 2016 ANNUAL GENERAL MEETING

The Chair advised that Trustees had reviewed the Minutes of the last Annual General Meeting held on 3 September 2016 and recommended that they be accepted as a correct record of proceedings.

Kamiria Mullen advised that she was quoted twice within the minutes but was not listed as being in attendance and this was noted.

The Chairman advised owners that only beneficial owners are able to move or second a motion.

IT IS HEREBY RESOLVED

That beneficial owners accept the Minutes of the 2016 Annual General Meeting as a correct record of proceedings

<i>Moved</i>	Edwina Love-Hanson
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<i>Seconded</i>	Piri Te Paki
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<i>Carried unanimously</i>	
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I MATTERS ARISING

Trustees have considered the previous Minutes and believe that any matters arising for discussion should be covered during the meeting.

I INDEPENDENT REVIEW

The Chairman advised that at the last annual general meeting a resolution was passed requesting an independent review be undertaken 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 was involved.

The independent review was completed by Deloitte and a copy of their report was printed in the annual report on pages 50 and 51. The team at Deloitte that conducted the independent review was a team of forensic accountants: Barry Jordon, Melissa Brown and David Vance and to be independent they had to have no business with the Trust. The Serious Fraud Office did contribute to the review, however the Trust was not able to access all of the information from their investigation.

The second resolution that was passed at the meeting last year requested that the Trust takes legal advice as to the avenues and processes available for recovery.

The Chairman advised that this matter will be addressed later in the meeting by Callum Reid and Nigel Moody from Gibson Sheat.

I TANGIHANGA GRANT

Trustees were asked to review the policy and this will be done later this year and published on the website, in the newsletter, after the November Trustee Meeting. \$200 is the standard grant and this can be approved quickly by the Chair of the Trust and a Trustee. Even though the policy has not been fully revised, owners can call the executive office and we will still be able to process a tangihanga grant.

Report from the Chairman and Trustees

I 383-387 ADELAIDE ROAD – A DEVELOPMENT PROPOSAL

This 16 townhouse development will provide high quality rental 2 and 3 bedroom townhouse accommodation which the Trust will own. The total build cost will be around \$10m on a site valued at \$2m in Newtown/Berhampore next to Village at the Park. The buildings will be let out as part of the assets of the Trust. The sections are now clear and it is anticipated that the issues of building consent will be completed this year and once a builder is appointed the expectation is to start construction early next year taking around 18 months to complete. The Trust currently receives no income from the site.

I 2-8 LAMBTON QUAY / KATE SHEPPARD PLACE – A DEVELOPMENT PROPOSAL

Proposal for the KS Exchange Joint Venture (Equinox Group and Wellington Tenths Trust) to develop the land at Lambton Quay and Kate Sheppard Place. The joint venture partner Equinox have worked with us for a long time and is the partner in Pipitea House.

This will be two tower blocks with the first tower building at the Northern end of the section containing approximately 63 apartments and a boutique hotel with 39 rooms on 10 floors. A parking building for 50 plus cars will form the foundation for the second tower block on the neighbouring site. Apartments will be pre-sold prior to construction starting. Resource consents have already been granted and construction will take around 18 months for the first tower and the carparking building.

The November Kaikoura earthquake affected a number of buildings in the area and the joint venture agreed to pause and review after the earthquake.

Since then a redesign of some of the apartment and penthouse spaces has taken place. Once the design has been settled the pricing for the apartments will be established.

Ngawai King asked if the Chairman could explain if the court case around resource consent is successful what would that mean to the development of the site? The Chairman advised that the case is against Wellington City Council and if the resource consent was rescinded then the Trust and Joint Venture partner will amend the design to suit.

I VILLAGE AT THE PARK – CHANGES IN A LONGSTANDING PARTNERSHIP

The Chairman advised that there are some changes ahead for the joint venture partnership with the Hurst-Pratley Group at Village at the Park. After 15 years the partnership is to change and a new partnership formed. In the new arrangement, the Trust will maintain its 50% shareholding. The Trust has looked at whether it could initiate its preemptive rights and buy out its partner. Peter Love asked for an explanation as to why the Trust isn't buying out the owners. The Chairman advised that the value of the Trust's share in Village at the Park is \$14m and if the Trust were to buy out that interest out it would mean borrowing up to \$20m.

The existing and potential new partner operate a number of villages which allow specialist skills to be used by each village. The Trust would have to replace that tier of management and engage staff. Presently the Trust has no experience in managing retirement villages. The Trust has reviewed carefully whether it could take on that business and it was not confident that it could be done in the timeframe. The Chairman noted that there are a significant amount of top quality staff running the Village at the Park and the Trust would like to maintain those arrangements with the new joint venture partner.

If the Trust waives its pre-emptive right the pre-emptive rights will remain with the new partner.

The PowerPoint presentation gave an overview of the Village at the Park property. The Chairman advised that the 28 apartments in Block D will be completed and opened this year, many of the apartments have been sold. The last of the three storey apartment blocks (E Block) will soon be underway. Carparking within the facility is well provided for. Gardens forming part of the new entranceway will be ready when the Apartment Blocks are completed. The overall performance of the Village remains excellent and is now providing a good return on shareholder capital.

Monty Manu asked the Chairman if the Adelaide project was going to be short of builders, could the Trust not retain the builders from Village at the Park to then go on to the Adelaide Road project? The Chairman explained that the Village at the Park arrangements are a joint venture, and the Adelaide Road project is purely Wellington Tenth Trust.

The Chairman advised that by next year he hopes to have a concept plan for the section next to 433-437A Adelaide Road. Nikita Papera provided some historical background to the section of land that the Chairman was referring to, advising that his whanau had occupied that land for many years through leasehold. He asked why the previous Chair, Sir Ngatata Love had requested an eviction notice of the whanau on that particular property? The Chairman advised that this Trust owned the land but it did not own the house on top of it. There was a fair price paid for the house and he did not think that this needed to be revisited at this meeting as most of the current Trustees were not involved in the decision. Debbie Shirelle Papera wanted to tautoko what had been said. She could see that the Trust is moving on with developments and wanted to convey that her whanau felt it appropriate to come to this meeting to speak so that fellow whanau would know the history.

An owner asked if the Trust has considered building tiny houses on our land that would be within the reach of purchase for our whanau and the Chairman advised that there is a raft of design in Wellington and this is one of them that could be reviewed.

Leo Buchanan was thanked for his work on the Village at the Park board and it was acknowledged that due to ill-health Leo has decided to step aside from this role. The Chairman also acknowledged Terry Pratley, Doug Hurst, Geoff McPhail, and Ian Hurst as well as Keith Hindle, Euan Playle, Nigel Moody and Aaron Titter for their work on the change of ownership.

Peter Love asked if the Trust was going to make a contribution to the issue of ordinary housing development to assist with the homeless situation. The Chairman advised that the Trust has contributed to the Mayor's Taskforce into Housing and the Trust has also put its backing behind Whare Okioki as well as the Housing First solution.

I LITTLE WONDERS EARLY CHILDHOOD CENTRE – PARTNERSHIP CHANGES

The completion of the next extension provides accommodation for 140 pre-schoolers in two buildings with 50 older pre-schoolers in the newer building. With the change in the Joint Venture partner at Village at the Park, there will also be a change in the arrangements for Little Wonders Early Childhood Centre. Like Village at the Park, Wellington Tenth Trust will retain its 40% ownership in Little Wonders – with 50% representation on the board.

Brendon Baker asked the Chairman if there was a dispute resolution in place and the Chairman advised that this is included in the new management contract.

I TARANAKI 217

Richard Te One advised that at the last annual general meeting owners will recall that the Trust advised that there was major repair work required at Taranaki 217. Richard reported that repairs have now been made

to replace walls, floors, and bathrooms. Carpeting, painting, and exterior cladding, have also be done all as a result of the leaky building problems.

An owner asked if investigation had been made in regards to a claim to the government or an insurance claim for the leaky building. Richard Te One advised that due diligence had been done on this matter, however as the build is 17 years old it is beyond the timeframe to make a claim in relation to leaky buildings.

There are 148 units mostly occupied by university students at Taranaki 217. Taranaki whanau retain a priority to rent the units. The facilities continue to retain a high occupancy rate and to perform well both financially, however income has been reduced while repairs were undertaken.

Arrangements are being negotiated with Massey University to lease the entire complex for the next three years at an income that is better than its current operation. This would significantly reduce the workload of both Westerman Property Solutions and the Trust. Peter Love asked if the Trust would be detached from the maintenance of the building and was advised that the Trust maintains the right to do 3-6 monthly inspections. James Wheeler asked for an explanation of how the Trust will make more income through the new arrangement and Richard Te One advised that because the occupation of the facility dwindles over the Summer period where nearly all of the rooms are underutilised, Massey University will fill up all of those rooms with 100% occupancy.

I 81-87 THORNDON QUAY – A DEVELOPMENT OPPORTUNITY

Haukawakawa Joint Partnership is the partnership between the Trust and Palmerston North Māori Reserve Trust. The site is currently operating as a carpark. Development opportunities are being considered jointly by both Trusts including: Little Wonders Early Childhood Centre, a townhouse development, and an apartment block development; the options are still under consideration.

I TOKOMARU BUILDING – MASSEY UNIVERSITY

Capital Hill is a wholly-owned subsidiary company of the Trust. It has a 50/50 Joint venture partnership with Massey University. Massey University is the tenant of the building named Tokomaru, with the Ministry for Culture and Heritage subleasing part of the building for the Great War Exhibition due to end in 2019.

The Government and Wellington City Council have long term aspirations for the building for a National Museum of Peace and Conflict to complement the adjacent Pukeahu War Memorial Park. The Trust is currently renegotiating the lease with Massey.

IT IS HEREBY RESOLVED

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

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

I FINANCIAL REPORT

Aaron Titter introduced himself and thanked Trustees for the opportunity to present the financial report for the Wellington Tenth Trust for the year ended 31 March 2017.

The key highlights for the 2017 financial year were:

- The Trust generated a \$12.08m surplus after tax compared to \$3.59m in 2016
- Trust equity increased from \$46.5m last year to \$57.9m this year
- The Trust's property portfolio increased by \$4.15m from the carrying values in 2016
- The owners have been the recipients of a \$3.50 per share dividend in November 2016 and \$3.00 per share dividend in November 2015
- And the Trust received an unqualified audit opinion from the auditors

The Trust's Assets were shown in a pie chart, which was also printed on page 11 of the annual report. The largest individual asset continues to be the investment in Village at the Park which includes the village, the hospital and Little Wonders Childcare Centre. This is now carried at \$14.9 million. This is followed by the equity investment in the Pipitea Joint Venture which is carried at \$11 million. Taranaki 217 is valued at \$8 million, and the Tokomaru building owned by your wholly owned subsidiary company, Capital Hill, is valued at \$7.09 million.

Piki Carroll asked whether the farm was shown on the graph. Aaron Titter advised that the farm was included in the Other Investment Properties which is on the pie graph on page 11 and further details are also on page 26 as well.

The Trust's Debt to Total Asset Ratio continues to decrease and this graph can be seen on page 11 of the annual report.

As at 31 March 2017 the amount owing by the Trust totalled 19.15% of total assets, this is down from 23.91% in 2016. This is a result of total assets increasing and liabilities decreasing year on year. Eldon Paki asked if there was a target debt to proportion level in place and Aaron Titter advised that the Trust does not have a targeted debt to equity but are quite prudent keeping it down to 19.15%.

A summary of the statement of profit and loss was shown on page 12 of the annual report. The total revenue from properties decreased by approximately \$77,000. This is attributable to Taranaki 217 remedial work conducted during the year. This detail can be seen on page 23 of the annual report.

Direct property expenses decreased by approximately \$295,000. After removing the amounts provided for in relation to fixing the water tightness issues at Taranaki 217 in both years, this year's total property expenses would have decreased by \$45,000 from 2016.

Administration expenses have increased year on year. The detail for what comprises the administration expenses is in note 6 on page 23 of the annual report. In the administration section it was noted that there is \$25k contribution to Ngahuru Charitable Trust. The Chairman advised that Ngahuru Charitable Trust is the cultural and social arm of the Trust. The Waka Ama Club, Te Roopu Raranga o Manaia, the Kaumatua Roopu and the Te Ataarangi Te Reo Classes, and each of the Trusts has resolved to make a contribution to Ngahuru Charitable Trust in order to support these groups that also support the Trust.

The net financing costs of the Trust which comprises of interest income earned less the interest paid is detailed in note 8 on page 24 of the annual report. The interest paid to Westpac on the mortgages has decreased as a result of the repayment of debt and decrease in interest rates.

This leaves the Trust with an operating profit of nearly \$450,000 for 2017 versus \$330,000 for 2016.

The next line is the share of the after tax profit of Village at the Park and Pipitea Street Joint Venture, this has increased significantly due to revaluations of the Village at the Park buildings.

After deducting income tax on the profits generated we end up at a net surplus after tax of \$12.08m versus \$3.59m for 2016.

Focusing on the net surplus after tax it is interesting to split this between what is trading earnings, and non-cash earnings. This has been prepared at a very high level, and of the \$12.08m net surplus after tax, approximately \$2.03m is a result of trading earnings, and approximately \$10.05m from revaluations of properties and deferred income tax.

- Village at the Park generated significant revaluation gains this year of which 50% is recorded in our financial statements

- Pipitea Street was not revalued during the year, so all of their earnings, of which we recorded 50%, were from trading.

On page 26 of the annual report the property valuations have increased dramatically over the past year. The largest individual movements this year were the increases for 383-387 Adelaide Road and South Wellington Intermediate School, up by \$690,000 and \$925,000 respectively.

The only property to decline this year was the Dominion Museum, or Capital Hill, which reflect the risks that property faces. A question was raised to ask whether the valuation for Capital Hill (in 2014 it was \$6.9m, in 2015 \$7.4m, and now it is just north of \$7m) whether that valuation might drop back down to 2014 levels. Aaron Titter advised that if a new lease agreement was in place within the next year then the Valuers might change the value of the property as they consider a variety of matters including lease arrangements in their valuation.

Aaron Titter then moved on to the statement of financial position – what you own less what you owe. This was depicted in the numerical form of the pie charts shown earlier and showed that the total current assets are nearly \$2.3m higher for 2017. This has increased due to stronger cash flows from investments. The Trust has approximately \$1.17m invested in the property in Thorndon Quay, known as Haukawakawa.

The loans to Hikoikoi, the Wharewaka, KS Exchange, and Ngahuru Charitable Trust are approximately \$4.50m.

The Trust has equity investments in Pipitea Joint Venture and Village at the Park, and combined they are carried at a book value of \$25.91m.

As there have been no sales or purchases of property during the year, the movement in investment properties was simply the revaluation increase.

Current liabilities have decreased as a result of using the provision in respect of the repairs required to Taranaki 217, and repaying Palmerston North Māori Reserve.

And finally the Term Liabilities of the Trust have decreased by approximately \$500,000.

Deducting total liabilities from the total assets shows a net asset value for the Trust of \$57.9m for 2017 versus \$46.5m for 2016.

In the Statement of Cash Flows on page 15 of the annual report, the Trust generated \$60,000 from its operations, which includes rents less expenses, including interest. This has decreased due to the repairs at Taranaki 217. A net \$4m was received from investing activities, which includes distributions from Pipitea Joint Venture and Village at the Park, less the purchase of assets and funds invested on term deposit.

The \$1.879m line represents \$448,000 repaid to Westpac and monies repaid to Palmerston North Māori Reserve and lent to KS Exchange.

And \$383,000 was distributed to owners either for last year's dividend, or for historic unclaimed amounts where owners have been identified and funds distributed.

Aaron Titter asked for any questions and then congratulated everyone on a great year.

IT IS HEREBY RESOLVED

That the audited Financial Statements for the Wellington Tenth Trust as at 31 March 2017 be accepted as a true reflection of the Trust's financial position.

<i>Moved</i>	Jack Rikihana
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<i>Seconded</i>	Monte Maru
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<i>Carried unanimously</i>	
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I APPOINTMENT OF AUDITORS

Aaron Titter advised that the Auditor for the 2017 was Crowe Horwath, who have been the Trust's Auditors for a number of years and are a reputable audit firm who our firm have worked very well with over the years.

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 2018.

<i>Moved</i>	Edwina Love-Hanson
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<i>Seconded</i>	Te Rangihiroa Kevin Herlihy
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<i>Carried unanimously</i>	
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James Wheeler asked if it is the tikanga of the Trust to have the Financial Advisor, Aaron Titter, proposing the resolutions. He did not understand why the Chairman did not do these. The Chairman advised that both of the resolutions had come from the Trustees.

I SHARE VALUE

The Chairman advised that the share value is simply the net assets of the Trust divided by the shares issued, and that the value as at 31 March 2017 was \$316.62.

I DIVIDEND POLICY

The Chairman advised that at the Palmerston North Māori Reserve Trust annual general meeting a similar resolution was put to the meeting. The costs to send a dividend distribution overseas to a bank account is excessive and the Trust has proposed that we wait until the dividend has accumulated for overseas bank accounts to \$100 before that is transferred, and to accumulate to \$50 for New Zealand bank accounts. The Trust will continue to pay by cheque where requested this year, however there will come a time in the not too distant future where the Trust will only pay into bank accounts.

An owner asked if the Chairman could explain uneconomic shares, and the Chairman advised that this Trust does not have uneconomic shares. Next year Trustees will review this and come back to owners.

IT IS HEREBY RESOLVED

That the minimum accumulated distribution for owners that have overseas bank accounts to be \$100 and that the minimum accumulated distribution amount for owners that have New Zealand bank accounts to be \$50 – reviewed annually by Trustees

<i>Moved</i>	Kamiria Mullen
<i>Seconded</i>	James Wheeler
<i>Carried unanimously</i>	

I DISTRIBUTION

The Chairman spoke to the slide that had been prepared which recommended a capital distribution payment (non-taxable) of \$3.50 share as an ordinary distribution with a further \$1.00 per share extraordinary distribution being an effective dividend of \$4.50 per share. It is a total commitment of \$823,000.

Piki Carroll asked if the extraordinary distribution of \$1.00 per share is a one off commitment for this year only. The Chairman advised that the Trust is being prudent with a number of developments afoot.

Mana Jenkins acknowledged the work that the Trustees are doing and she agreed with the dividend amount. Peter Love asked for an introduction to Aaron Titter, Financial Advisor from BDO and this was done.

IT IS HEREBY RESOLVED

That a capital distribution of \$3.50 per share as an ordinary distribution be made, and an extraordinary dividend of \$1.00 being an effective dividend of \$4.50, being a total commitment of \$823,000.

<i>Moved</i>	Jack Rikihana
<i>Seconded</i>	Yvonne Mason
<i>Carried unanimously</i>	

I TRUSTEE REMUNERATION

Aaron Titter put forward the resolution to the meeting advising that currently the Chairman is paid \$45,000 per annum and \$15,000 per annum is paid to trustees. Consideration has been given to the level of Trustee remuneration and the information provided by the Institute of Directors review of Trustee remuneration for board members in New Zealand has taken place. Trustees last increase in remuneration was at the 2015 annual general meeting. Beneficial owners are required to approve the level of Trustee remuneration. It is recommended by the Board's financial advisors that the remuneration for Trustees be increased as follows:

- Chairman from \$45,000 to \$60,000 gross per annum
- Trustees from \$15,000 to \$18,000 gross per annum

James Wheeler commented that when he sees the revaluations of the properties increasing and puts that alongside the miserable dollar dividend payout that Trustees have agreed to for owners, he did not agree to the request put forward for a huge increase in Trustee Fees.

Edwina Love-Hanson asked if the request for an increase was relative to an increase in the workload and Aaron Titter advised that there has been a number of activities occurring in the Trust that warrant an increase in remuneration and supporting this is the research from the Institute of Directors on what likeminded businesses are paying. Even with the proposed increases, Trustees are paid significantly less – less than half – of other similar sized businesses.

Piki Carroll asked for a breakdown of Trustee expenses and was advised that the expenses amounted to \$12k and is predominantly for flights and accommodation to attend meetings. Ngawai King noted that with the expenses covers all of the Trustees and averages out at \$1k each.

Ngawai King suggested that owners look at it in percentage of increase with Trustees due to receive 6% spread over 2 years for this increase, and the additional \$1 extraordinary dividend added to the \$3.50 dividend (\$4.50) would see a 26% increase from last years \$3.50 dividend. She noted that the Chairman's role is like a fulltime job, and that there had been a lot of work that the Trustees were involved in and that there were significant developments ahead and that what the Trustees are asking for isn't really that much.

James Wheeler added that in terms of the mahi that Trustees do and agreed that what they are asking for is not a lot in comparison to Directors on Wakatu who get twice that amount if not more. However he thought relative to the dividend payment this year it looked like a huge amount.

IT IS HEREBY RESOLVED

That beneficial owners approve Trustee remuneration for the Chairman be increased to \$60,000 and that the remuneration for Trustees be increased to \$18,000.

<i>Moved</i>	James Wheeler
<i>Seconded</i>	Te Rangihiroa Kevin Herlihy
<i>Carried unanimously</i>	

I LEGAL REPORT

The Chairman urged some caution on taping or recording the matters being discussed today as there are some matters still before the court.

Callum Reid introduced himself and gave a brief recap of the SFO case in the High Court and the Court of Appeal. In the judgement from the Rowley and Skinner case, the accountants used by Lorraine Skiffington generated false GST invoices which enabled her company to claim GST credits to which she was not entitled. As part of the case the Judge discovered that some of these transactions involved her and Sir Ngatata Love.

A timeline of the events was presented in the slides by Callum Reid.

At the time of Sir Ngatata Love's sentencing, Trustees asked for an apology from Sir Ngatata Love for the offending and an apology was not forthcoming. When an apology was not given the Judge imposed a term of imprisonment on Sir Ngatata Love.

On 23 March the Trust filed a claim against Skiffington as there had been no response from Skiffington to previous communication. The first part of the claim is for the payments of \$1.687M made to Pipitea Street Developments, the other is for her other entity Strategic Directionz – it totals \$3M lease premium which the Trust should have received from the developers plus GST. The Trust were advised to begin with a summary judgement for \$1.687M. The application was heard on 19 July by Associate Judge Smith and the decision was reserved.

The Court of Appeal judgement on 26 June dealt in a fair and comprehensive way for the arguments put forward for Sir Ngatata Love in regards to his conviction and the sentence imposed. In the judgment the three judges share the same view that it lacked merit, the criticisms made for the trial were not justified, and the appeal was dismissed.

On 18 July Justice Clark made freezing orders against Skiffington's properties and shares. In her judgment, she concluded that the defendant's failure to make arrangement to pay the mortgage to Westpac or even part of the payment contributed to the Court's discretion to apply freezing orders. The orders remain in place until the summary judgment application is finally determined. Skiffington continues to fight against this.

Then on 20 July Justice Clark ordered the sale of 12 Moana Road. The judge saw that Skiffington had the property rented and collected rent but did not pay the mortgage. That order was made, and now it is with

the Official Assignee to sell the property. The value of the property is known generally and indications suggest it is worth between \$1.6 and \$2.1M. Her Trust and Sir Ngatata Love's Trust owe Westpac around \$1M. We are all hoping for a good sale price as the greater the net proceeds will be available for the Court to deal with. The Trust has registered its claim in relation to this matter. It is a separate proceeding in the High Court and it was acknowledged when sentencing Sir Ngatata Love that the Trust had the right to claim that property at 12 Moana Road as essentially that is where the diverted money went.

On 11 August Skiffington filed an appeal against the sale order and this will have some affect on the case as she may also apply for a stay of the order. The Court of Appeal is trying to set down a hearing quite quickly in relation to the sale order but it is hard to know when it will occur. We take the view that the appeal has no merit, it is essentially a tactic to delay. The view from the legal advisors is that the Trust has a good case. We have to wait for the outcome of the Court. The Trust has a strong claim to the net sale proceeds of 12 Moana Road. From those actions we hope that there are significant monies repaid to the Trust.

On 15 August Sir Ngatata Love had his hearing before the Parole Board. He was granted parole once he has served his first 12 months of imprisonment and that expires on 7 October and he will be able to leave prison on conditions. We are aware from media reports that there are two important conditions, that he has no direct or indirect contact with this Trust or the Port Nicholson Block Settlement Trust (PNBST). The decision of the Parole Board will be publicly released so eventually everyone will find out what was decided.

Edwina Love-Hanson asked if we have any other form of reparation from any of Skiffington's other properties and Callum Reid advised that if it goes to plan it is

hoped that it will be partially satisfied from 12 Moana Road and then the balance will be recovered from her properties. Edwina supported the Trustees to continue this legal process.

A question was raised asking why Skiffington wasn't given a jail sentence and Callum Reid advised that in 2015 Skiffington put forward to the Court that she had a terminal illness and she wasn't fit to stand trial and the medical evidence was found sufficient to justify a stay.

A question was asked whether Sir Ngatata Love would be subject to similar reparations. Callum Reid explained that in the 7 October 2016 judgment the judge considered the statement of financial means submitted by his counsel to the court and concluded that Sir Ngatata Love didn't have the financial means to make reparation. The Trust who were the victim of the offending had the right to register the claim against the 12 Moana Road property and that is what they instructed Gibson Sheat to do.

Callum Reid also advised that if Skiffington were to pass from her terminal illness then the estate still has a liability and those responsible for the administration of the estate will have to deal with the claims.

Peter Love asked the Chairman whether owners should reinforce the previous resolution passed at the last annual general meeting which requested that the Trust takes legal advice as to the avenues and processes available for recovery.

IT IS HEREBY RESOLVED

That the Wellington Tenths Trust continue to pursue the legal options available for recovery.

<i>Moved</i>	Peter Love
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<i>Seconded</i>	Kamiria Mullen
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<i>Carried unanimously</i>	
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The Chairman and Trustees are appreciative of the work done by Gibson Sheat and the Crown has done significant work on this through the Serious Fraud Office, and Crown Law. However this case hasn't finished and hopefully by our next annual general meeting we can report a conclusion on these matters. Callum Reid and Nigel Moody were thanked.

I TE WHAREWAKA O PONEKE

The Chairman gave a brief update regarding Te Wharewaka. Loans are provided by the Wellington Tenth Trust and the Palmerston North Māori Reserve Trust of approximately \$2.9m. Income is received from the rental of the café, venue hire of function rooms, commission on food and beverages, and through the waka tours, cultural walking tours and cultural engagement.

I GENERAL BUSINESS

Laryhs Makowharemahihi advised that in the annual report it talks to the objective of the Trust. She was looking for more information about the Trust and sought a strategic plan and found that it was under review. She asked the Chairman whether the Trust has an engagement plan with the owners? The Chairman advised that there is not an engagement plan specific, however it was contained in the Corporate Trust Deed. It is vitally important that the relationship with

owners is worked through carefully and one of the areas of concern is the Te Ture Whenua Māori Bill which is an unknown quantity and that will affect those relationships. He advised that the Trust is happy to develop a relationship document.

A resolution to move that the Trust develop a plan of engagement of owners and implement it, did not get seconded.

The Chairman advised that there are some vital relationships here that need to happen and the Trust are very helpful to assist with this. One is succession, and the role of the Māori Land Court and what will happen in the future. We don't know yet what the government and Te Puni Kokiri will do. Secondly one of the very important things is Wills. Having a Will will help succession and Will Templates were available at the registration desk, and are also available on the website. The Trust will continue to put information out into newsletters and provide owners with more information.

An owner raised that Sir Ngatata Love has been a backbone of the Trust since the beginning and asked why none of the Trustees knew what he was doing. The Chairman advised that there is an enormous amount of information available online and suggested starting with reading the judgement from Justice Lang.

I MEETING CLOSE

There being no further business, the Hon Mahara Okeroa closed the meeting at 1.30pm and asked Alexander Watson to do the karakia for the kai.

Appendix Two – Register of Interests

I TRUSTEE REGISTER OF INTERESTS

Morris Love (Chairman)

- Ātiawa Nui Tonu Fisheries Limited, Director
- Capital Hill Limited, Director
- Haukawakawa General Partner Limited, Director
- Hīkoikoi Management Limited, Director
- Hīkoikoi Sports and Culture Club, Chair
- Ngahuru Charitable Trust, Trustee
- Nicholson Fisheries Holdings Limited, Director
- Parkville Limited, Director
- Pipitea JV Limited, Director
- Port Nicholson Block Settlement Trust, Trustee
- Poutū, Te Hononga, Te Rerenga Kōtare at Te Wharewaka, Kaitiaki
- Raukura Consultants, 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
- Tenth Hospital Limited, Director
- The Park Early Learning Centre Limited, Director
- Village At The Park Limited, 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

Hannah Buchanan

- Capital Hill, Director
- Te Ara Poutama Aotearoa/Corrections NZ, Employee

Venessa Ede

- Hīkoikoi 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

- Haukawakawa General Partner Limited, Director
- Hīkoikoi 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
- Deloitte New Zealand, Employee
- 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 Tents Lambton Quay Limited, Director
- Wellington Tents Trust Assurance and Risk Committee, Member
- Wellington Tents Trust Corporate Trustee Limited, Director

Matthew Love-Parata

- Ati 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 Whanau A Te Ngarara Incorporated (Paraparaumu Airport)
- Whirinaki Rainforest Experiences, Development Advisor

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

- CCDHB Māori Partnership Board (interim)
- 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 Tents Trust Assurance and Risk Committee, Member

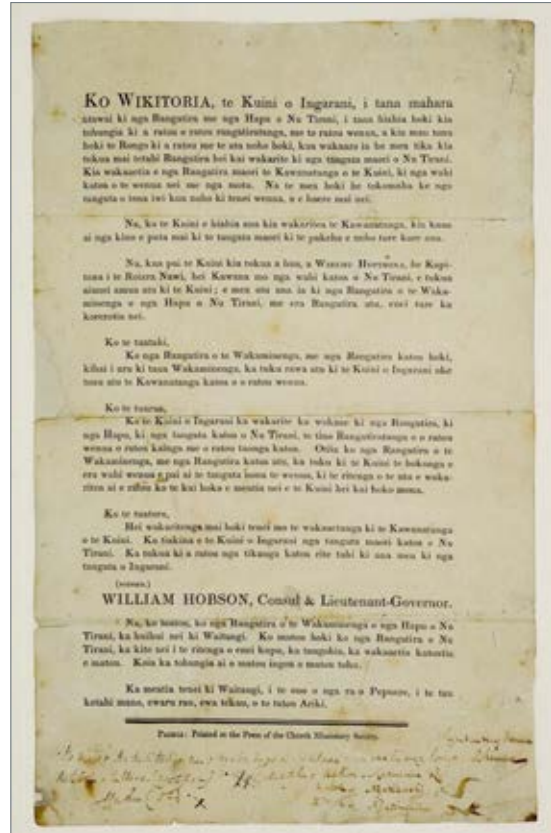
Mark Te One

- Greater Wellington Aratahi Inter-Iwi Committee, Member
- Haukawa General Partner Limited, Director
- Hikoiki 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)
- Ministry of Business Innovation and Employment, Design License Assessor
- NZ Institute of Building, Fellow (FNZIOB)
- Parkville Limited, Director
- R Te One & Associates Limited, Director
- Taranaki 10 Limited, Director
- Taranaki 217 Limited, Director
- Tents Village Limited, Director
- Tents Hospital 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



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

Appendix Three – Proxy Form 2018



PO Box 39294

Wellington Mail Centre, Lower Hutt 5045

24d Marine Parade, Hikoikoi 5012

Telephone: 04 473 2502

or Fax: 04 589 8810

PLEASE COMPLETE THE DETAILS BELOW (proxy rules shown on reverse)

I

OF

BEING AN OWNER IN THE WELLINGTON TENTHS TRUST (SHAREHOLDER NUMBER)

DO HEREBY APPOINT

OR FAILING HIM/HER

TO ACT AS MY PROXY TO ATTEND AND VOTE ON ALL MATTERS AT THE ANNUAL GENERAL MEETING OF BENEFICIAL OWNERS TO BE HELD ON SATURDAY 1 SEPTEMBER 2018, AND AT ANY ADJOURNMENT THEREOF.

DATED THIS

DAY OF

2018.

SIGNATURE OF OWNER

IN THE PRESENCE OF WITNESS (SEE 11.25 OF THE ATTACHED PROXY VOTING RULES)

OCCUPATION

ADDRESS

NOTES:

The proxy form when completed must either be handed in at the meeting or lodged with the secretary or the executive office of the Trust before 10.00am on the working day before the meeting (SEE 11.26 OF THE ATTACHED PROXY VOTING RULES)

A proxy must be an owner or a descendant of an owner (SEE 11.23 OF THE ATTACHED PROXY VOTING RULES)

I PROXY VOTING RULES

The rules are contained at clause 11 of the Trust Deed and are set out as follows:

Proxy

- 11.23 A proxy must be an owner or a descendant of an owner.
- 11.24 If an owner giving the proxy is opposed to:
- a any exchange;
 - b any lease;
 - c any other proposed resolution;
- he or she is entitled to direct his or her proxy to vote against any of these. For that purpose he or she must write in the space provided on the proxy such directions as he or she requires, namely:
- d I direct my proxy to vote against any exchange; or
 - e I direct my proxy to vote against any lease of the land; or
 - f I direct my proxy to vote against the proposed resolution.
- 11.25 The persons following are qualified to act as witness to a signature on a proxy form:
- Kaumātua
 - Solicitor of the High Court
 - Justice of the Peace
 - Officer of the Māori Land Court
 - Licensed Interpreter of the Māori language
 - Registered Medical Practitioner
 - Officiating Minister
 - Registered Nurse
 - Registered School Teacher
 - Officer of the Department of Justice
 - Chartered Accountant.
- 11.26 The proxy form when completed must either be handed in at the meeting or lodged with the secretary or the executive office of the Trust before 10.00am on the working day before the meeting.

Instrument of Appointment

- 11.27 No person shall be entitled to vote as proxy at a meeting unless the chairperson of the meeting is satisfied that the instrument containing his or her appointment is prima facie in order.
- 11.28 If any instrument of appointment is ruled by the chairperson to be out of order, the reason for the ruling shall be certified on the instrument.
- 11.29 The chairperson of the meeting shall, on request, give to any person entitled to vote at the meeting an opportunity to inspect any instrument of appointment which has been lodged and to raise any objection to the instrument.

Cancellation and Lapse of Appointment

- 11.30 An appointment as proxy may be cancelled by the person who has given the proxy by writing by him or her and either lodged at the notified office of the Trust before 10.00 am on the last working day before the day of the meeting or lodged with the chairperson of the meeting.
- 11.31 An appointment as proxy shall lapse on the death of the person giving the proxy or on the cancellation of the appointment as provided in the immediately preceding subclause.
- 11.32 If a person who has appointed a proxy attends the meeting personally and notifies the chairperson that he or she is present and the chairperson notifies the meeting accordingly the proxy shall not vote for him or her after the chairperson's notification, but the validity of voting which has already been completed prior to that notification to the meeting shall not be affected thereby.



Contact Details

TRUSTEES

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

EXECUTIVE OFFICE

24d Marine Parade

Hīkoikoi, Petone

PO Box 39294, Lower Hutt 5045

☎ 04 473 2502 / FREEPHONE 0508 445 645

✉ info@tekau.maori.nz

WELLINGTON OFFICE

Level 1, Te Raukura

Te Wharewaka o Pōneke

Taranaki Street Wharf

2 Taranaki Street, Wellington

PO Box 24599, Wellington 6146

☎ 04 901 3332

🌐 www.tekau.maori.nz  Find us on facebook



