

WELLINGTON TENTHS TRUST

Annual Report 2020





Objective

The objective of Wellington Tenth Trust is to maintain and develop the lands to the best financial and social benefit of the descendants of the original owners. Therefore the Managing Trustees must look at investments and projects in a holistic way – incorporating cultural, social, spiritual and financial considerations in their decision making.

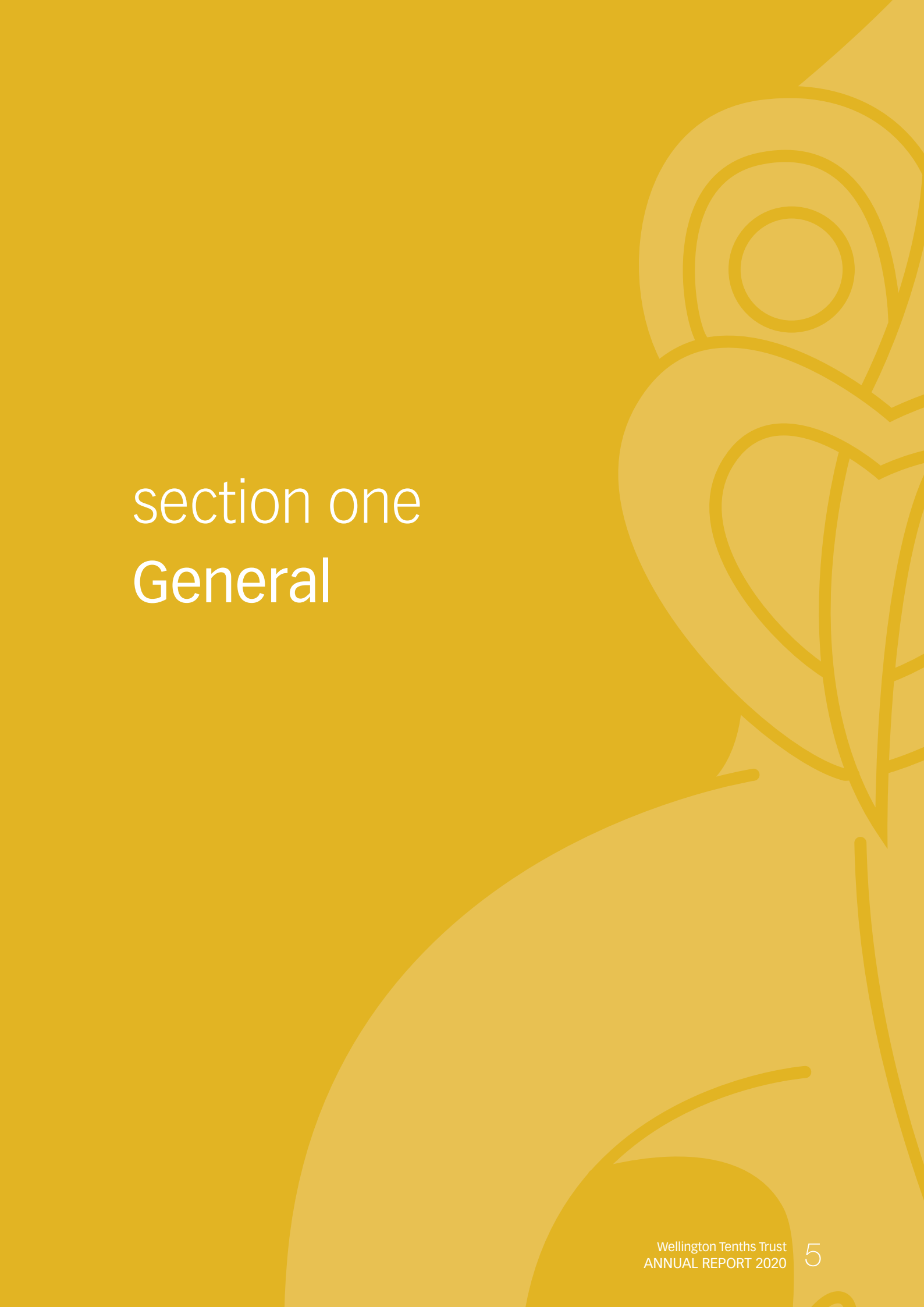
Another responsibility of the Trust is to uphold the Mana Whenua status in the region. This means that the Wellington Tenth Trust are involved in many different projects and activities in the Wellington region.



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section one

General



Notice of

Annual General Meeting

WELLINGTON TENTHS TRUST ANNUAL GENERAL MEETING

Saturday 5 September 2020 — 10.00am

Pipitea Marae, Thorndon Quay, Wellington

Agenda

Mihi Whakatau/Karakia

Apologies

Minutes of 2019 Annual General Meeting

Report from the Chairman and Trustees

Election of Managing Trustees

Financial Report

Appointment of Auditor

Trustee Remuneration

Annual Distribution

Karakia Whakamutunga



Report from the **Chairman and Trustees**

**Papaki mai te ngaru o te tai me hāruru anā te ao
E ngā kārangaranga maha hūri noa, tata mai, tāwhiti atu
Tēnā koutou katoa.**

Kia kaha ra, Kia a māia, Kia manawanui

**Nei rā ka mihi ki te pou o neherā moe mai, moe mai rā.
E ngā tini me ngā mano
Haere atu rā.
Kaati.**

It has been a busy year for the Trust, my first as Chairman, and one that finished under extraordinary and unprecedented times with the COVID-19 pandemic and lockdown of our nation for several months.

As I write this report, the restrictions imposed by government have just been removed, due in a large part to how we as a nation responded so well to the challenges. We must however acknowledge that the economic environment will take some time to fully recover and once again thrive.

The business during this period was managed from the homes of Trustees and

Staff, which was made easier because of the investment that had been made to upgrade our software and computer capability, meaning that communications and business processes were not disrupted.

During the lockdown we conducted meetings by the use of Zoom, which allowed us to maintain our connection and decision-making processes throughout this period.

Trustees were also able to continue with our strategic review, which we look forward to sharing with you at this year's Annual General Meeting. We are also really pleased that through the use of technology we were



still able to collect the views of our whānau regarding what is important for us moving into the future.

Notwithstanding the unprecedented challenges we faced this year, I am pleased to report that the value of the Trust's assets have increased to \$108,425,902. Passing the \$100 million mark is quite a milestone for the Trust with our total equity now \$93,173,149.

The main development undertaken by the Trust during the year was the completion of our 16 townhouse development at 383-387 *Adelaide Road*. This development has been valued at \$11,000,539. As discussed at last year's Annual General Meeting, the apartments were marketed for rent over the last Christmas period, with the rent for this short period recorded in this year's accounts. Borrowings were raised to supplement the Trust's investment, which has meant the interest costs for the development have increased.

Also included in this year's result is the recovery of \$1,199,622 from the sale of the property acquired by Ngatata Love and Lorraine Skiffington on Moana Road, Plimmerton, and other properties from Skiffington's estate.

The most significant movement for the Trust this year was in our 50% interest of the *Pipitea Plaza* property. The building now being valued at \$108,900,000. This property was revalued for the first time since the building was completed, which resulted in an uplift of the value by \$20,450,000 of which \$10,225,000 belongs to the Trust. The balance of the increased profit is the share of the net rental \$2,050,907. The rental arrangement for the property is currently being reviewed, and will result in a substantial increase in income from this investment.

Village at the Park is the Trust's second largest investment with a value of \$23,967,356. Our joint venture partner Arvida, managed the facility throughout



the COVID-19 crisis without incident, and so we pass on our sincere congratulations to the team. Also during the year a 24 apartment block was finished and all the apartments were sold. Construction on one further block continues on the site. This year's share in profits from this investment totalled \$2,652,794, with cash resources allowing for distributions of \$1,200,000 to ourselves and Arvida.

Our *Kate Sheppard Exchange* joint venture on 1 Lambton Quay, Wellington, required loans to be repaid with the Trust called on to contribute \$1,523,000, which is secured on the property and not considered partnership funds. Previous investment in *Kate Sheppard Exchange* has been written off by the Trust as it has not yet been possible to develop the site. The Trust has a 25% holding in the joint-venture, which is managed by our partner who owns the remaining 75% holding.

Our 40% interest in *The Park Early Learning Centre*, on the boundary of Village at the

Park, at 130 Rintoul Street, Newtown, returned a profit this year of \$176,244.

Our student accommodation, *Taranaki 217 (Kainga Rua)* is leased to Massey University, and the lease has recently been renewed for a further three years. A condition of renewing the lease was that upgrades that would normally be spread over three years, would now be undertaken earlier, which is the reason for the expenses being higher in this financial year as compared to 2019. However, overall the arrangement is more efficient for the Trust as it is no longer responsible for costs and risks incurred from the daily management of the facility.

Our *Capital Hill Ltd* investment in *Tokomaru (Old Dominion Building)* is also tenanted by Massey University. The site was sub-let for the Great War Exhibition until 2018, after which extensive refurbishment was required. Massey have now committed to extending their lease, the terms of which we are in the process of agreeing.



Both our *South Wellington Intermediate School* and *Granville Flats* properties continue on their current lease of our lands, with the school requesting a lease extension. It was reported last year that *Granville Flats* need significant refurbishment, which is the responsibility of the Wellington City Council. The Council have yet to reveal their plans for undertaking this refurbishment work.

The residential properties at *Adelaide Road* and *Te Wharepouri Street* have potential for future development, which will be looked into as part of our future investment strategy. In 2019 the Trust made key representations to the Wellington City Council to rename Waripori Street to its correct name – *Te Wharepouri Street*. It was explained that Te Wharepouri also named Te Kakapi was a Rangatira of high standing who helped lead our people from Taranaki to Wellington. A full council meeting heard submissions from Trustees and Trust members highlighting the importance of using correct place names particularly names important to Iwi Mana

Whenua. The Council voted unanimously to support the change and acknowledged the importance of the partnership between the Wellington Tenth Trust and the Council.

The *Burrell Farm* at Gilbert Road, Kaitoke, is a 75 hectare property that is currently under perpetual lease, which commenced on 1 October 2011. This land is currently valued at \$1,590,000.

Our loans to the *Te Wharewaka (Te Raukura)* total \$3,061,607, with Palmerston North Māori Reserve Trust also advancing a similar amount. *Te Wharewaka* is a significant cultural and social hub for the two Trusts' housing a café and large spaces for hosting functions.

Te Wharewaka is also the home of our tourism business, focused on teaching the community our culture and history through waka and walking tours. Unfortunately the COVID-19 lockdown forced us to close these activities, which grew significantly through tourists from the cruise ship industry. It will



take time to rebuild these businesses, but the team are well-supported and working in earnest to grow new opportunities, as they once did when *Te Wharewaka* originally opened.

The Trust is continuously called upon, as Mana Whenua, to undertake or support numerous cultural activities within our rohe. We are also frequently called upon to provide advice to local government and industry on a range of matters we consider important to our rights and interests. This requires considerable commitment in both time and resources, which we often rely on just a few of our whānau with the skills and experience to provide. The Trust is therefore exploring ways to better support and carry out this significant role.

We have reached a significant milestone this year in terms of our asset growth and this provides us with a strong base to build on for the future.

Trustees are continually looking to that future to ensure that we remain a strong and effective organisation and as such, we are currently in the process of reviewing our strategic plan and considering the opportunities and challenges that lie ahead.

Finally, I wish to thank Trustees and Staff for their support during what has been a challenging year and one that has significantly impacted the operational processes of the organisation and some of our investments. I'm very proud that even through some difficult times, and with the support of a great team, we've managed to produce a sound result.

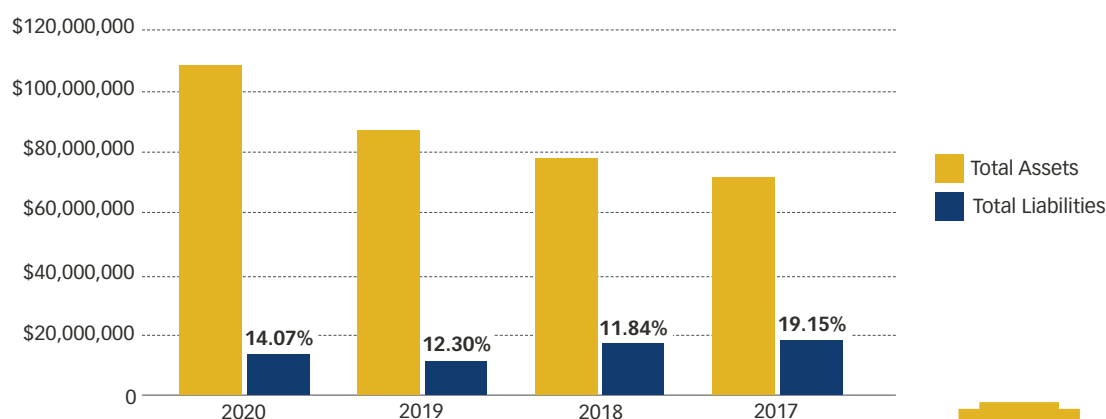
Anaru Smiler
Chairman
Wellington Tenth Trust

Statistical Information

	2020	2019	2018	2017
Number of Owners	6,967	6,850	6,682	6,548
Number of Shares	182,919.681	182,919.681	182,919.681	182,919.681
Total Assets	\$108,425,902	\$86,840,524	\$78,265,916	\$71,629,687
Total Liabilities	\$15,252,753	\$10,685,517	\$9,263,453	\$13,714,395
Trust Capital	\$93,173,149	\$76,155,007	\$69,002,463	\$57,915,292
Indicative Value per share	\$509.37	\$416.33	\$377.23	\$316.62
Revenue	\$3,902,672	\$2,537,838	\$2,676,110	\$2,764,318
Operating Profit After Net Financing Costs	\$2,019,764	\$864,483	\$240,902	\$450,107
Profit After Income Tax	\$17,749,818	\$7,792,762	\$11,910,307	\$12,084,435
Distribution to Owners	\$731,676	\$640,218	\$823,136	\$640,217
Distribution per Share	\$4.00	\$3.50	\$4.50	\$3.50

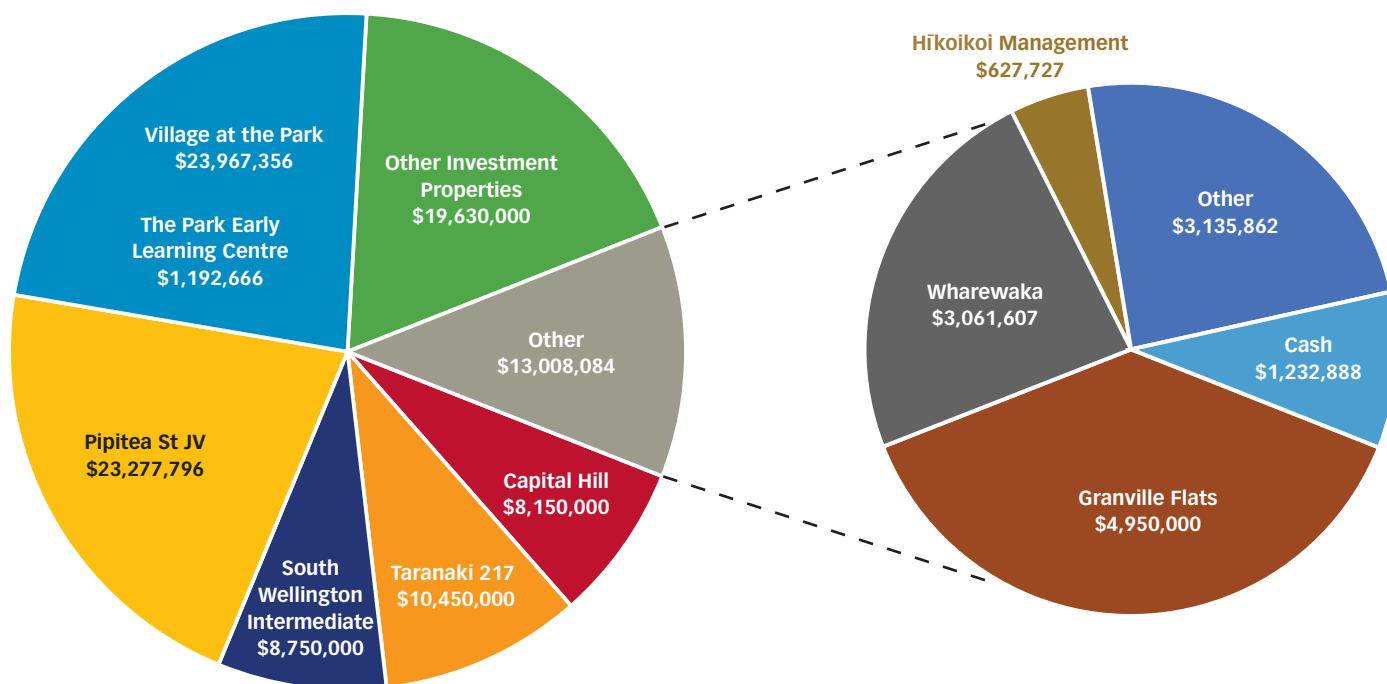
Debt to Equity Ratio

The illustration below shows the movement in the debt to total assets ratio over the past four years. As at 31 March 2020 the debt to total assets ratio is 14.07%, that is, the total liabilities of the Trust is 14.07% of the Trust's total assets. This is an increase of 1.77% from the 31 March 2019 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 2020. 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

WELLINGTON TENTHS TRUST

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2020

	NOTE	2020 \$	2019 \$
Revenue			
Gross Rental Income	12	2,693,186	2,508,695
Settlement with Skiffington Estate	7	1,199,622	–
Other Income		9,864	29,143
Total Income		3,902,672	2,537,838
Expenses			
Direct Property Expenses	12	(594,860)	(397,944)
Administration Expenses	14	(1,121,989)	(1,188,044)
Depreciation		(28,501)	(24,911)
Amortisation		(1)	(34)
Total Expenses		(1,745,351)	(1,610,933)
Operating Profit Before Net Financing Costs		2,157,321	926,905
Finance Costs			
Finance Income	13	181,065	187,703
Finance Expenses	13	(318,622)	(250,125)
Net Finance Costs		(137,557)	(62,422)
Operating Profit After Net Financing Costs		2,019,764	864,483
Other Movements			
Share of Equity Accounted Investees Profit for the Year	4	15,104,945	5,377,037
Impairment of KS Exchange Loan	18	(65,500)	(67,483)
Investment Property Revaluation	3	894,461	1,810,000
Profit Before Income Tax		17,953,670	7,984,037
Income Tax Expense	15	(203,852)	(191,275)
Profit for the Year		17,749,818	7,792,762
Total Comprehensive Income for the Year		\$17,749,818	\$7,792,762

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

WELLINGTON TENTHS TRUST

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 MARCH 2020

	NOTE	Retained Earnings and Total Equity \$
Balance at 1 April 2018		69,002,463
Profit for the Year		7,792,762
Total Comprehensive Income for the Year		7,792,762
<i>Transactions with Owners of the Trust in their capacity as Owners</i>		
Distributions Paid	10	(640,218)
Balance at 31 March 2019		76,155,007
Profit for the Year		17,749,818
Total Comprehensive Income for the Year		17,749,818
<i>Transactions with Owners of the Trust in their capacity as Owners</i>		
Distributions Paid	10	(731,676)
Balance as at 31 March 2020		\$93,173,149

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 2020

	NOTE	2020 \$	2019 \$
EQUITY			
Retained Earnings		93,173,149	76,155,007
Total Equity		\$93,173,149	\$76,155,007
ASSETS			
Current Assets			
Trade and Other Receivables		43,247	36,974
Receivable from Skiffington Estate	7	916,440	–
Prepayments		126,500	93,945
Income Tax Receivable	15	20,404	–
Cash and Cash Equivalents	5	1,232,888	1,354,545
Related Party Receivables		–	2,203
Total Current Assets		2,339,479	1,487,667
Non-Current Assets			
Property, Plant and Equipment		433,645	318,299
Investment Properties	3	51,930,000	40,035,000
Investment in Equity Accounted Investees	4	48,437,818	36,068,873
Adelaide Road Development Costs	8	–	5,164,369
Related Party Receivables	6	5,284,960	3,766,316
Total Non-Current Assets		106,086,423	85,352,857
Total Assets		108,425,902	86,840,524
LIABILITIES			
Current Liabilities			
Trade Payables and Other Current Liabilities	11	458,774	1,297,212
Income Tax Payable	15	–	51,953
Unclaimed Distributions	10	3,077,011	2,840,164
Interest-Bearing Loans and Borrowings	9	481,220	471,840
Total Current Liabilities		4,017,005	4,661,169
Non-Current Liabilities			
Deferred Tax Liability	15	233,528	230,028
Interest-Bearing Loans and Borrowings	9	11,002,220	5,794,320
Total Non-Current Liabilities		11,235,748	6,024,348
Total Liabilities		15,252,753	10,685,517
NET ASSETS		\$93,173,149	\$76,155,007

Approved for and on behalf of the Trustees on 30 June 2020:

Anaru Smiler
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 2020

	NOTE	2020 \$	2019 \$
Cash Flows From Operating Activities			
Cash Receipts from Tenants		3,010,168	2,526,881
Cash Paid to Suppliers and Employees		(1,766,254)	(1,001,784)
Interest Received		156,482	187,703
Interest Paid		(316,705)	(249,946)
Income Taxes Paid		(272,709)	(96,886)
Net GST		(19,759)	28,189
Net Cash Inflow From Operating Activities		791,223	1,394,157
Cash Flows From Investing Activities			
Purchase of Property, Plant and Equipment		(143,847)	(145,131)
Development of Adelaide Road		(6,645,543)	(4,535,045)
Receipt from Sale of Investee	4	–	1,375,878
Related Party Advances	6	(1,581,941)	(81,673)
Distributions Received From Equity Accounted Investee	4	2,736,000	2,363,383
Net Cash Outflow From Investing Activities		(5,635,331)	(1,022,588)
Cash Flows From Financing Activities			
Repayment of Borrowings	9	(481,220)	(465,490)
Drawdown of Borrowings	9	5,698,500	1,037,500
Net Cash Inflow From Financing Activities		5,217,280	572,010
Cash Distributions to Owners			
Distributions Paid	10	(494,829)	(451,821)
Net (Decrease)/Increase in Cash and Cash Equivalents		(121,657)	491,758
Cash and Cash Equivalents at Beginning of Year		1,354,545	862,787
Cash and Cash Equivalents at End of Year	5	\$1,232,888	\$1,354,545

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

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

1. REPORTING ENTITY

The consolidated financial statements of Wellington Tenth Trust, which is domiciled in New Zealand, as at and for the year ended 31 March 2020 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 New Zealand 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.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Group is a for-profit entity.

2. BASIS OF PREPARATION

(a) *Statement of Compliance*

These financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("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 30 June 2020.

(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.

(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.

The determination of the fair value of investment properties requires the use of key estimates. Information on those estimates is provided in Note 3.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

2. BASIS OF PREPARATION *(continued)*

(e) 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 Equity Accounted Investees

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.

Joint ventures are those entities in which the Group has joint control over the financial and operating policies. Joint control is the contractually agreed sharing of control over an economic activity.

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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

2. BASIS OF PREPARATION *(continued)*

(f) Impairment for 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.

Impairment losses are the difference between carrying amount and recoverable amount and are recognised in profit and loss. 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.

(g) Good and Services Tax (GST)

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 assets or other current liabilities respectively in the Statement of Financial Position.

(h) New Standards and Interpretations

NZ IFRS 16 Leases and NZ IFRIC 23 Uncertainty over Income Tax Treatments have come into effect during the 2020 financial year.

NZ IFRS 16 impacts entities who are lessees therefore as the entity is a lessor, there is no impact on the financial statements. There has also been no impact of the adoption of NZ IFRIC 23.

(i) Comparatives

Comparative figures have been reclassified to conform to the current years presentation.

3. 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 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.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

3. INVESTMENT PROPERTIES *(continued)*

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.

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:

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. If the investment property under constructions fair value cannot be reliably measured, the investment property under construction will be carried at cost until the fair value becomes reliably measurable.

WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

3. INVESTMENT PROPERTIES (continued)

	2020 \$	2019 \$
Balance at 1 April	40,035,000	38,225,000
Change in fair value	894,461	1,810,000
Adelaide Road development costs transferred to Investment Property on completion	11,000,539	–
Balance at 31 March	\$51,930,000	\$40,035,000
Carrying Value of Individual Properties:		
Taranaki 217 – 213-217 Taranaki Street, Wellington	10,450,000	10,200,000
Capital Hill (Dominion Museum) – 38 Buckle Street, Wellington	8,150,000	7,400,000
South Wellington Intermediate School – 28-32 Russell Terrace, Wellington	8,750,000	7,000,000
Granville Flats – 557-567 Adelaide Road, Wellington	4,950,000	3,900,000
	32,300,000	28,500,000
Other		
383-387 Adelaide Road, Wellington	10,750,000	3,400,000
429-437 Adelaide Road, Wellington	4,100,000	3,600,000
40 Te Wharepouri Street, Wellington	590,000	540,000
42 Te Wharepouri Street, Wellington	770,000	760,000
64 Te Wharepouri Street, Wellington	690,000	660,000
64A Te Wharepouri Street, Wellington	690,000	660,000
44 Te Wharepouri Street, Wellington	450,000	350,000
Gilbert Road, Upper Hutt	1,590,000	1,565,000
	19,630,000	11,535,000
	\$51,930,000	\$40,035,000

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.

Colliers International (Wellington Valuation) Limited have valued all properties for financial reporting purposes at 31 March 2020 and 31 March 2019, except for Gilbert Road. Gilbert Road was valued by Truebridge Partners Limited at 31 March 2020 and 31 March 2019.

WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

3. INVESTMENT PROPERTIES *(continued)*

COVID-19 was declared a 'Global Pandemic' by the World Health Organisation on 11 March 2020. Restrictions imposed across New Zealand meant market activity was impacted as at 31 March 2020 and the real estate market was effectively frozen until restrictions were eased from 14 May 2020. The valuation performed by Colliers is under a 'Material Valuation Uncertainty' which indicated that less weight can be given to previous market evidence for comparison purposes and highlighted the difficulties in valuing property under these circumstances. Colliers provided a valuation which reflected the market prior to COVID-19 of \$53,555,000. Colliers adjusted key assumptions given changes in the property market and the economy due to COVID-19 and arrived at a valuation of \$51,930,000. This 'post COVID-19' value has been adopted as at 31 March 2020 for financial reporting purposes.

4. 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	
			2020	2019
Hikoikoi Management Limited	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 Shepherd Exchange Joint Venture	31-Mar	NZ	25%	25%
The Park Early Learning Centre Limited	31-Mar	NZ	40%	40%

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

The Trust has a 25% interest in the Kate Shepherd Exchange Joint Venture. The Trust has impaired funds lent to the joint venture and this is disclosed within note 18. During the year the Trust advanced \$1.523M to Kate Shepherd Exchange Joint Venture which is secured over the land and buildings owned by the joint venture, more details of this loan are included in note 6.

The Group has no commitments and no contingencies in relation to its investments in associates (2019: nil).

WELLINGTON TENTHS TRUST

**NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2020

4. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES *(continued)*

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 2018	–	1,374,668	1,105,327	19,836,995	12,114,107	34,431,097
Share of profit/(loss)	–	1,210	174,558	3,553,487	1,647,782	5,377,037
Distributions received	–	–	(107,463)	(875,920)	(1,380,000)	(2,363,383)
Proceeds from sale of investee	–	(1,375,878)	–	–	–	(1,375,878)
Balance at 31 March 2019	–	–	1,172,422	22,514,562	12,381,889	36,068,873
Share of profit/(loss)	–	–	176,244	2,652,794	12,275,907	15,104,945
Distributions received	–	–	(156,000)	(1,200,000)	(1,380,000)	(2,736,000)
Balance at 31 March 2020	\$–	\$–	\$1,192,666	\$23,967,356	\$23,277,796	\$48,437,818

During the year ended 31 March 2019 Palmerston North Māori Reserve acquired Wellington Tenth Trust's 50% share in Haukawakawa Limited Partnership for \$1,375,878.

2020

Assets and Liabilities of Associates	Hikoikoi Management Limited \$	The Park Early Learning Centre Limited \$	Village at the Park Group \$	KS Exchange Joint Venture \$	Pipitea Street Joint Venture \$	Total \$
Assets						
Current	119,146	643,314	2,852,483	12,548	934,329	4,561,820
Non-current	1,166,931	185,547	131,744,016	7,161,544	109,033,500	249,291,538
Total Assets	1,286,077	828,861	134,596,499	7,174,092	109,967,829	253,853,358
Liabilities						
Current	100,546	558,839	77,094,185	1,268,515	525,144	79,547,229
Non-current	1,185,531	–	7,471,000	15,091,269	62,891,250	86,639,050
Total Liabilities	1,286,077	558,839	84,565,185	16,359,784	63,416,394	166,186,279
Net Assets	\$–	\$270,022	\$50,031,314	\$(9,185,692)	\$46,551,435	\$87,667,079

WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

4. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES *(continued)*

	2019					
Assets and Liabilities of Associates	Hikoikoi Management Limited \$	The Park Early Learning Centre Limited \$	Village at the Park Group \$	KS Exchange Joint Venture \$	Pipitea Street Joint Venture \$	Total \$
Assets						
Current	95,117	708,036	12,639,784	2,078	724,516	14,169,531
Non-current	1,180,293	123,036	113,281,014	7,161,544	88,000,000	209,745,887
Total Assets	1,275,410	831,072	125,920,798	7,163,622	88,724,516	223,915,418
Liabilities						
Current	91,749	580,936	60,835,854	1,099,277	572,646	63,180,462
Non-current	1,183,661	–	17,959,218	14,818,929	63,392,250	97,354,058
Total Liabilities	1,275,410	580,936	78,795,072	15,918,206	63,964,896	160,534,520
Net Assets	\$–	\$250,136	\$47,125,726	\$(8,754,584)	\$24,759,620	\$63,380,898

Liabilities of Associates displayed above include loans from owners.

5. CASH AND CASH EQUIVALENTS

	2020 \$	2019 \$
Bank Balances	1,232,888	1,354,545
Total Cash and Cash Equivalents	\$1,232,888	\$1,354,545

Interest rate charged on overdrawn bank balances and interest received on call deposits were 10.00% and 0.05% respectively (2019: 10.35% and 0.1%). Bank balances are on call. Total overdraft available at balance date is \$450,000 (2019: \$450,000).

WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

6. RELATED PARTY RECEIVABLES

Related party relationships are detailed in note 18. The balances below have arisen from a combination of trading activities and loans, the details of these transactions are included in note 18.

Transactions with related parties are to be settled in cash. The KS Exchange loan is secured over the KS Exchange property, none of the other balances are secured.

During the year the loan to the KS Exchange JV was impaired by \$65,500 (2019: \$67,483) due to the entity having a negative equity position and the Group's carrying value being nil. The balance of the related party advance of \$1.523M is secured by way of a second mortgage against the land and buildings owned by the joint venture. The Trustees are of the view that the \$1.523M will be recoverable from any future sale of the joint venture assets.

Related Party (refer to note 18) Balances at year end included:

	2020 \$	2019 \$
Receivable from Palmerston North Māori Reserve Trust	–	2,203
Receivable from Wharewaka o Poneke Charitable Trust	3,061,607	3,061,607
Receivable from Hikoikoi Management Limited	627,727	615,833
Receivable from Ngahuru Charitable Trust	71,132	87,383
Receivable from The Park Early Learning Centre	1,494	1,493
Receivable from Kate Shepherd Exchange	1,523,000	–
	\$5,284,960	\$3,768,519
Related Party Balances		
Current Related Party Receivables	–	2,203
Non-Current Related Party Receivables	5,284,960	3,766,316
	\$5,284,960	\$3,768,519
Reconciliation		
Balance at Beginning of Year	3,768,519	3,754,329
Net Payments/(Receipts)	1,581,941	81,673
Impairment of KS Exchange Advance	(65,500)	(67,483)
Balance at End of the Year	\$5,284,960	\$3,768,519

7. SETTLEMENT INCOME FROM SKIFFINGTON ESTATE

Wellington Tenth Trust entered into a deed of settlement with Skiffington Estate in April 2019. Settlement Income is \$1,199,622 of which \$916,440 was receivable at 31 March 2020. \$289,622 was received on 24 April 2020, the remainder is secured over estate property. Interest will accrue until the final settlement is received.

WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

8. ADELAIDE ROAD DEVELOPMENT COSTS

	2020 \$	2019 \$
Balance at Beginning of Year	5,164,369	629,324
Development Costs incurred during the Year	5,836,170	4,535,045
Capitalise as Investment Property (note 3) on completion of development	(11,000,539)	–
Balance at End of the Year	\$–	\$5,164,369

The Trust undertook a development at 383-387 Adelaide Road to build sixteen high quality town houses on land that is part of the original Wellington Tenth Reserve. The project was completed during the 2020 financial year and the development is now deriving rental revenue for the Trust.

9. INTEREST-BEARING LOANS AND BORROWINGS

	Bank of New Zealand 06 Loan \$	Westpac Banking Corporation 94 Loan \$	Westpac Banking Corporation 91 Loan \$	Westpac Banking Corporation 92 Loan \$	Westpac Banking Corporation 95 Loan \$	Total \$
Balance at 1 April 2018	2,855,150	–	–	–	2,839,000	5,694,150
Drawdown	–	–	1,000,000	37,500	–	1,037,500
Payments	(273,490)	–	–	–	(192,000)	(465,490)
Balance at 31 March 2019	2,581,660	–	1,000,000	37,500	2,647,000	6,266,160
Drawdown	–	4,698,326	–	–	1,000,174	5,698,500
Payments	(289,220)	–	–	–	(192,000)	(481,220)
Transfers	–	(4,698,326)	(1,000,000)	(37,500)	5,735,826	–
Balance at 31 March 2020	2,292,440	–	–	–	9,191,000	11,483,440

	2020 \$	2019 \$
Current	481,220	471,840
Non-current	11,002,220	5,794,320
	\$11,483,440	\$6,266,160

Description	Maturity Date	Interest Rate
Bank of New Zealand (06)	3/08/2022	4.50%
Westpac Banking Corporation (95)	31/12/2021	2.50%

The bank loans are secured over certain land and buildings with a carrying amount of \$39,000,000 (2019: \$26,000,000).

WELLINGTON TENTHS TRUST**NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31 MARCH 2020****10. UNCLAIMED DISTRIBUTIONS**

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.

	2020 \$	2019 \$
Balance at Beginning of Year	2,840,164	2,651,767
Distribution Declared	731,676	640,218
Net Distributions Claimed	(494,829)	(451,821)
Balance at End of the Year	\$3,077,011	\$2,840,164

11. TRADE AND OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	2020 \$	2019 \$
Trade Payables	125,901	959,923
Bonds Payable	9,063	–
Accrued Expenses	17,486	16,832
GST Payable	41,346	61,105
Income Received in Advance	264,978	259,352
	\$458,774	\$1,297,212

Trade payables are initially recognised at fair value and subsequently carried at amortised cost. Trade payables generally have terms of 30 days and are interest free. Trade payables of a short-term duration are not discounted.

WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

12. RENTAL INCOME

Leases are operating leases and are classified as an operating lease when the Group substantially maintains all the risks and rewards incidental to ownership of the investment property.

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

	2020		
	Gross Rental Income	Direct Property Expenses	Net Rental Income
	\$	\$	\$
Taranaki 217	1,069,103	(431,021)	638,082
Capital Hill (Dominion Museum)	620,673	(4,704)	615,969
South Wellington Intermediate School	415,000	–	415,000
Granville Flats	229,500	–	229,500
Adelaide Road	148,291	(12,497)	135,794
Other	210,619	(146,638)	63,981
	\$2,693,186	\$(594,860)	\$2,098,326

	2019		
	Gross Rental Income	Direct Property Expenses	Net Rental Income
	\$	\$	\$
Taranaki 217	1,049,199	(260,930)	788,269
Capital Hill (Dominion Museum)	620,673	(16,027)	604,646
South Wellington Intermediate School	415,000	–	415,000
Granville Flats	229,500	–	229,500
Other	194,323	(120,987)	73,336
	\$2,508,695	\$(397,944)	\$2,110,751

WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

13. NET 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 which is recognised using the effective interest method and impairment losses recognised on financial assets (other than trade receivables).

	2020 \$	2019 \$
Finance Income		
Interest Income – Wharewaka o Poneke Charitable Trust (<i>refer note 18</i>)	114,375	141,594
Interest Income – Hikoikoi Management Limited (<i>refer note 18</i>)	39,754	42,615
Interest Income – Palmerston North Māori Reserve (<i>refer note 18</i>)	125	1,137
Interest Income – Skiffington Settlement (<i>refer note 7</i>)	24,583	–
Interest Income – Westpac	32	930
Interest Income – Other	2,196	1,427
	181,065	187,703
Finance Expense		
Interest Expense – Palmerston North Māori Reserve (<i>refer note 18</i>)	(4,241)	–
Interest Expense – Westpac	(195,325)	(113,596)
Interest Expense – BNZ	(117,453)	(136,406)
Interest Expense – Other	(1,603)	(123)
	(318,622)	(250,125)
Net Finance Income/(Expense)	\$(137,557)	\$(62,422)

WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

14. ADMINISTRATION EXPENSES

	2020 \$	2019 \$
Accountancy Fees	52,959	63,470
Audit Fees	41,158	48,067
Bad Debts	–	116
Bank Charges	10,090	6,525
Consultancy Fees	21,458	4,520
Executive Office (<i>refer to note 18</i>)	505,686	500,621
General Expenses	8,385	1,413
Insurance	43,507	27,981
Legal Fees	111,201	189,426
Loan Fees	–	2,500
Owners' Meetings	43,105	49,152
Postage, Printing & Stationery	1,368	1,542
Memberships & Subscriptions	5,677	10,125
Tangi Contributions	2,050	2,800
Telephone & Internet	84	5,541
Travel & Accommodation	25,247	16,377
Trustees' Fees (<i>refer note 18</i>)	226,500	240,000
Trustees' Expenses	23,514	17,868
	\$1,121,989	\$1,188,044

15. INCOME 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, when it will be recognised in equity or other comprehensive income respectively.

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 subsidiaries and associates, where the reversal of the difference is controlled by the Group and it is probable the temporary difference will not reverse in the near future.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

15. INCOME TAX (continued)

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 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.

	2020 \$	2019 \$
a) Income tax recognised in profit or loss		
Current tax	200,352	192,325
Deferred tax expense	3,500	(1,050)
Total income tax expense	\$203,852	\$191,275
b) Reconciliation of income tax expense		
Profit before income tax expense	17,953,670	7,984,037
Tax expense at 17.5%	3,141,894	1,397,206
Adjustment for Entities Taxed at Rates Different to Māori Authority Rate	75,131	72,122
Non-Taxable Income	–	18,600
Non-Assessable Equity Accounted Earnings	(276,645)	(940,769)
Non-Deductible Expenses	(937)	860
Non-Deductible Investment Property Revaluation	(1,985,281)	(316,750)
Non-Deductible Impairment of Kate Shepherd Exchange Development Costs	11,463	11,808
Prior Year Losses Utilised	(761,773)	(51,802)
Total income tax expense	\$203,852	\$191,275

WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

15. INCOME TAX (continued)

	2020 \$	2019 \$
c) Current tax		
Liability at 1 April	51,953	(43,486)
Current Year Tax Expense	200,352	192,325
(Payments)/Refunds	(272,709)	(96,886)
(Asset)/Liability at 31 March	\$(20,404)	\$51,953
d) Deferred tax		
Balance at the beginning of the year	(230,028)	(231,078)
Current year movement	(3,500)	1,050
Deferred Tax (Liability)	\$(233,528)	\$(230,028)
<i>Deferred Tax (Liabilities)/Assets are attributable to the following:</i>		
Accrued expenses	3,885	7,385
Investment Properties	(237,413)	(237,413)
	\$(233,528)	\$(230,028)
e) Unrecognised deferred tax assets		
<i>Deferred tax assets have not been recognised in respect of the following items:</i>		
Tax losses	515,204	1,800,980
	\$515,204	\$1,800,980
f) Māori Authority Tax Credit Account		
Balance at the beginning of the year	663,031	663,031
Current year movement	(95)	–
	\$662,936	\$663,031

16. COVID-19

On 25 March 2020 New Zealand entered a government enforced Level 4 lockdown period in response to the COVID-19 global pandemic. The Trust neither received any requests for, nor granted any 'rent relief' during the lockdown period. The financial impact of Level 4 lockdown is not expected to have a material effect on total rental income reported for the financial year ending 31 March 2021.

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

17. FINANCIAL INSTRUMENTS

Financial Assets

The Group classifies its financial assets as amortised cost, the Group's accounting policy is as follows:

These assets arise principally from the provision of services to customers (e.g. trade receivables), but also incorporates other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

The Group's financial assets measured as amortised cost comprise trade and other receivables, related party loans, cash and cash equivalents and the receivable from Skiffington Estate in the consolidated statement of financial position.

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.

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.

Financial Liabilities

The Group classifies its financial liabilities as amortised cost, the Group's accounting policy is as follows:

The Group's financial liabilities comprise of borrowings and trade and other payables.

Financial liabilities are initially recognised at fair value net of transaction costs and subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

17. FINANCIAL INSTRUMENTS *(continued)*

Impairment for financial assets measured at amortised cost

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit and loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

	2020 \$	2019 \$
Financial Assets		
Trade and Other Receivables	43,247	36,974
Cash and Cash Equivalents	1,232,888	1,354,545
Related Party Receivables	5,284,960	3,768,519
Receivable from Skiffington Estate	916,440	–
	\$7,477,535	\$5,160,038
Financial Liabilities		
Trade and Other Payables	152,450	976,755
Interest bearing loans and borrowings	11,483,440	6,266,160
	\$11,635,890	\$7,242,915

WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

18. RELATED PARTIES

The ultimate Parent of the Group is Wellington Tenth Trust. All Related Party loans are shown in note 6.

Subsidiaries

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

	Principal Activity	Balance Date	Business/ Country of Incorporation	Ownership Percentage 2020	2019
Taranaki 217 Limited	Hostel Accommodation	March	NZ	100%	100%
Capital Hill Limited	Commercial Rental	March	NZ	100%	100%
Village at the Park Limited	Investment Company	March	NZ	100%	100%

Other Related Parties

In addition to the above, and the associates listed in note 4, 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

WELLINGTON TENTHS TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2020

18. RELATED PARTIES *(continued)*

Transactions with related parties

Related Party Transactions included:

	2020 \$	2019 \$
Interest received from Wharewaka o Poneke Charitable Trust <i>(refer to note 13)</i>	114,375	141,594
Interest received from Palmerston North Māori Reserve Trust <i>(refer to note 13)</i>	125	1,137
Interest paid to Palmerston North Māori Reserve Trust <i>(refer to note 13)</i>	(4,241)	–
Interest received from Hikoikoi Management Limited <i>(refer to note 13)</i>	39,754	42,615
Executive office fees charged by Hikoikoi Management Limited <i>(refer to note 14)</i>	(505,686)	(500,621)
Impairment of KS Exchange JV Loan	(65,500)	(67,483)
	\$(421,173)	\$(382,758)

Balances of Related Party Loans are shown in note 6 and are required to be settled in cash.

Executive office fees are charged by Hikoikoi Management Limited covering expenses incurred in the management and administration of the Palmerston North Māori Reserve Trust and Wellington Tenth Trust.

Trustee Remuneration

Trustee fees are determined by way of resolution at the Trust's annual general meeting. Trustee remuneration by trustee is as follows:

	2020 \$	2019 \$
Anaru Smiler (Chairman – Appointed 1 July)	49,500	18,000
Morris Te Whiti Love (Chairman – Resigned 30 June)	15,000	60,000
Venessa Ede	18,000	18,000
Jeanie Hughes	18,000	18,000
Lennox Love	18,000	18,000
Matthew Love-Parata	18,000	18,000
Mark Te One	18,000	18,000
Richard Te One	18,000	18,000
Hon Mahara Okeroa	18,000	18,000
Hannah Buchanan	18,000	18,000
Peter Jackson	18,000	18,000
	\$226,500	\$240,000

WELLINGTON TENTHS TRUST

**NOTES TO AND FORMING PART OF THE
CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE YEAR ENDED 31 MARCH 2020

19. COMMITMENTS

There are no commitments as at 31 March 2020 (2019: nil).

20. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 2020 (2019: nil).

21. EVENTS OCCURRING AFTER THE REPORTING DATE

Other than those detailed in note 16, there are no other events subsequent to the reporting date that would affect the financial statements.

INDEPENDENT AUDITOR'S REPORT

To the Beneficial Owners of Wellington Tenths Trust

Opinion

We have audited the consolidated financial statements of Wellington Tenths Trust and its controlled entities (the "Group") on pages 16 to 40, which comprise the consolidated statement of financial position as at 31 March 2020, and the consolidated statement of 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 2020, 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 Tenths Trust or any of its controlled entities.

Information Other Than the Consolidated 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.

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.



Emphasis of Matter for COVID-19

We draw attention to Note 16 of the financial statements, which describes the effects of the World Health Organisation's declaration of a global health emergency on 11 March 2020 relating to the spread of COVID-19. Our opinion is not modified in respect to this matter.

Responsibilities of the Trustees 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 NZ IFRS RDR, 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 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. 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.

A handwritten signature in purple ink that reads "Crowe".

Crowe New Zealand Audit Partnership

CHARTERED ACCOUNTANTS

30 June 2020

The title 'Partner' conveys that the person is a senior member within their respective division, and is among the group of persons who hold an equity interest (shareholder) in its parent entity, Findex Group Limited. The only professional service offering which is conducted by a partnership is the Crowe Australasia external audit division. All other professional services offered by Findex Group Limited are conducted by a privately owned organisation and/or its subsidiaries.

Findex (Aust) Pty Ltd, trading as Crowe Australasia is a member of Crowe Global, a Swiss verein. Each member firm of Crowe Global is a separate and independent legal entity. Findex (Aust) Pty Ltd and its affiliates are not responsible or liable for any acts or omissions of Crowe Global or any other member of Crowe Global. Crowe Global does not render any professional services and does not have an ownership or partnership interest in Findex (Aust) Pty Ltd.

Services are provided by Crowe New Zealand Audit Partnership an affiliate of Findex (Aust) Pty Ltd.

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A large, stylized Maori koru design in a lighter shade of red, positioned on the right side of the page. It features concentric, flowing lines that resemble a fern frond unfurling.

section three

Appendices

Appendix One

Minutes

Wellington Tenths Trust AGM held on Saturday 7 September 2019 at 10am, at Te Raukura, Wellington

TRUSTEES PRESENT

Anaru Smiler, Hannah Buchanan,
Jeanie Hughes, Lennox Love, Mark Te One,
Matthew Love-Parata, Mahara Okeroa,
Peter Jackson, Richard Te One, and
Venessa Ede.

ADVISERS PRESENT

Aaron Titter (BDO), and Nigel Moody
(Gibson Sheat).

EXECUTIVE OFFICE AND WELLINGTON OFFICE

Kathleen Thompson, Keith Hindle,
Tracey Betham, Tracey Heffernan, and
Vicki Hollywell.

ATTENDANCE

Alexander Watson, Alice Rongamarie
Riwaka, Alison Robins, Allan Brown,
Andrew Hayman, Ann Reweti, Anne
Somerville, Aurora Hori, Ben Westerman, C
Thomas, Catherine Love, Catherine Owen,
Charmaine Puru, Chris Hanson, Christine
Sullivan, D Divine, Darlene Mahoney
(Mason Waru Whānau Trust), Debbie
Hirini, Demme Hartley-Tilley, Dolly Horo,

Don Nukutarawhiti, Doug Workman, Eddie
Crozier, Edwina Love Hanson, Fred Tui,
Gaye Te One, Geoff Clark, Grace Luke, H
Takarangi, Helana Mataki, Hera Hailwood,
Honiana Love, Irene Godkia, Ivan Conroy,
James Makowharemahihi, Jeff Clark, John
Studel, Jonathan Biss, Josephine Coffey,
Josephine Love, Judith Evans, Kamiria
Mullen, K Taylor, Kathleen Patricia Rio
Maaka, Kay-Leigh Coffey, Kelly Harrison,
Leighann Volwerk, Lesley Chase, Liz
Mellish, Lois McNaught, Mahia Black, Mana
Huntley, Marama Cock, Marie Mclean,
Marie-Nui Biss, Mataaria Priest, Matiu
Jennings, Melvyn Cock, Miriama Te One,
Monty Manu, Moreana Taylor, N Jenkins,
Ngare Makowharemahihi, Pam Workman,
Pauline Owen, Peggy Horo, Peter Love,
Poiria Erskine Love, Raita Tomlinson, Rata
Cannon, Reena Huntley, Remedy Hartley
Parahi, Renata-Nikora, Rhan Nuku, Richard
Manu, Rochelle Nuku-Rio, Roera Thomas,
Roger Poropiti Rangitauwa, Ropata Hemi
Rangikauwhata, Rosemary Love, Russell
Cook, Sam Kahui, Sarah Hemana, Seenie
Kahukura, Sharon Wright, Shona Coffey,
Takiri Cotterill, Tawera Hori, Te iwi Kahu &

Frances Wairama Rukuwai Trust, Tehuriwai Hori, Terri Luke, Tony Nuku, Tracey Evans, Tracey Wairau, Turuhira Mohi, Venus Hori, Vicki Monk (Campbell), Wikitoria Love, William Owen, and Yvonne Westerman.

APOLOGIES

Aaron Te One, Addy Love, Adrian Broughton, Annie Te One, Ashley Ede, Brent Lindsay, Cherie Douglas, David Love, Dan Love, Emily Maru, Heni O'Hare, Hine Love-Thompson, Jacqueline Ede, James Taumanu, Jason Lindsay, Jean Cameron, Jenni Dittmer, Julia Marino, June Hagan, Karen Ramsbottom, Karene Eketone, Laurayne Mariu Peck, Leslie Brown, Mana Jenkins, Maria Tangiora, Mariu and Larry Skipper Whānau Trust, Marlene Love, Matene Love, Mere Combs, Mereana Caroline Riwaka, Mere Coombes, Michael Jenkins, Michelle McNaught, Mohi Te One, Muriwai Barbara Mullen, Petal McNaught, Philippa Fairclough, Piri Te Paki, Richard Owen, Richard Te One Jnr, Rosemarie McNaught, Ruhia Marama Love, Stephen Murray, Tahurangi Ruru, Tania Lindsay, Teremoana McBride, Teri Manu, Thomas Taumanu, Tony Manu, Tui Love, Warrick McNaught, Wikitoria Michalanney, and William Campbell.

MIHI WHAKATAU AND KARAKIA TIMATANGA

Mark Te One opened the meeting with a karakia and mihi and acknowledgement of those that had passed. This was followed by the waiata *E Nga Iwi O Te Motu Nei*.

AGENDA AND HOUSEKEEPING

Anaru Smiler introduced himself as the Chairman and warmly welcomed everyone to the meeting. The agenda was noted, and housekeeping information was conveyed. The Chairman introduced Amiria Joseph-Wiari from the Māori Land Court who was available at the meeting to assist owners with succession queries.

ACKNOWLEDGEMENT OF MORRIS TE WHITI LOVE

Peter Jackson acknowledged the retirement of Morrie Love on behalf of Trustees. Morrie was elected to the Trust in 2012 and appointed as Chairman from that time until his retirement on 30 June 2019. Peter recognised that it was Morrie's right to retire. In his time as Chairman he had been passionate about obtaining an equal 50% shareholding in Pipitea Plaza, and in the development of the Adelaide Road Apartments which are being opened in November this year. Morrie has advised that he intends to write a book about our Tupuna and their settlement of this area. Peter thanked Morrie for his dedication and commitment to the Trust over the past seven years.

APPOINTMENT OF MANAGING TRUSTEES

The Chairman asked that Nigel Moody come forward to manage the Trustee appointment process. The three-year terms of Managing Trustees, Matthew Love-Parata and Anaru Smiler retired by rotation at this annual general meeting and they offered themselves for re-election. There were no other candidates that put forward their names for the Managing Trustees positions and therefore an election was not required. Nigel confirmed the appointment of Matthew and Anaru as Managing Trustees.

MINUTES OF 2018 ANNUAL GENERAL MEETING

The Chairman advised that Trustees had reviewed the Minutes of the last Annual General Meeting and recommended that they be accepted as a correct record of proceedings.

Resolution

It is hereby resolved that beneficial owners accept the Minutes of the 2018 Annual General Meeting as a correct record of proceedings.

Moved: Anaru Smiler
Seconded: Kamiria Mullen

CARRIED UNANIMOUSLY

MATTERS ARISING

As requested at the last annual general meeting, the bus route from Taranaki now collects whānau from Waitara to this hui.

Distribution has been reviewed and Trustees have resolved that all payments will be made by direct credit.

Trustees believed that matters arising were covered by the reports which follow.

REPORT FROM THE CHAIRMAN AND TRUSTEES

383-387 ADELAIDE ROAD

The Chairman advised that the site is next to Village at the Park. There are 16 townhouses of quality standard that are being built which will be let by the Trust. It is a big project and Trustees are pleased to advise that everything is on track to be completed early November. Budget is on target with a total build cost of \$8,666,703 (refer to note 23 in last year's annual report).

2-8 LAMBTON QUAY – 9-19A KATE SHEPPARD PLACE (KATE SHEPPARD EXCHANGE)

This is the property by Rutherford House, near the Railway Station. This is a joint venture with the Equinox Group. Wellington Tenth Trust share of the joint venture is 25%. At previous annual general meeting's we went through a presentation with various options however the original consent issued by the Wellington City Council was overturned and alternative options for the site are being considered and will be brought back to owners for consideration. The Directors are Lennox Love, Anaru Smiler, Peter Jackson, and Venessa Ede.

VILLAGE AT THE PARK

The Chairman advised that Village at the Park is our most significant asset worth \$22,514,422. The new joint venture partner with Arvida has proved to be very successful. The latest development is a block of 24 apartments which opened in August, named The Northern Bank. It is named in honour of its previous life as Athletic Park. The construction of a further 25 villas is being considered. Directors of Village at the Park are Anaru Smiler, Richard Te One and Euan Playle.

PIPITEA PLAZA

Pipitea Plaza has an asset value of \$12.3m. The Trust is a 50% shareholder with Equinox and have a long-term lease with the GCSB. It is a steady investment that nets \$1.4m return each year.

THE PARK EARLY LEARNING CENTRE

This is a diversification for the Trust which has proved to be most successful. The Centre has the capacity for 150 pre-school children – 4-5 years old tamariki are in the newest building. Directors are Richard Te One and Euan Playle.

TARANAKI 217 ACCOMMODATION

A head lease has been granted to Massey University for another three years. Massey has rebranded the building Kainga Rua. The Trust remains responsible for the upgrade and maintenance of the buildings. Directors are Mark Te One and Richard Te One.

MASSEY UNIVERSITY – CAPITAL HILL

The Great War Exhibition occupied the building from 2014 to 2018. The head lease remains with Massey University. Massey have expressed a willingness to extend the lease. The Trust and our joint venture partner Massey University are continuing to discuss future options for this site. The Directors are Mahara Okeroa, Hannah Buchanan, Lennox Love and Mark Te One.

TE RAUKURA

(TE WHAREWAKA O PŌNEKE)

This facility has become the foundation of the Māori cultural precinct in Wellington and we are proud to be involved with it. The Waka Odyssey that was held here showcased how important we are to Wellington. The investment is worth \$3,061,607. Interest is paid to the Trust.

Conferencing and café facilities operate from the venue and the Chairman acknowledged Paul and Keri Retimanu who manage those facilities.

The Wharewaka Tours tourism business is established in the property and continues to grow well operating waka and walking tours. Mark Te One advised that for the second year in a row the Wharewaka has been nominated for a NZ Tourism Award. Patronage continues to grow.

OTHER INVESTMENTS

Wellington South Intermediate School has an asset value of \$7,000,000. Granville Flats asset value is \$3,900,000. The Wellington City Council owns the buildings. We have spoken to Council to acknowledge that they need urgent attention.

The Trust also has properties which require some urgent attention 429-437 Adelaide Road, 64 and 64A Waripori Street and 40-44 Waripori Street. The Trust also owns a farm, a lease arrangement, for a property in Kaitoke.

Catherine Love commented that it is a pleasing report. Catherine asked who applied for the judicial review for Kate Sheppard Exchange, and what was the basis for that challenge. The Chairman advised that it was the neighbour that challenged Council on the decision and the Trust weren't involved in that.

Catherine Love acknowledged the success of the old Athletic Park, noting that it had been a battle fought hard by our parents and grandparents to hold on to that land. The Māori Trustee at the time said it was a dud, and now it is an amazing success for us all.

NGAHURU CHARITABLE TRUST

The Chairman acknowledged Te Puni Ihi Manaaki (the reo classes), Te Roopu Kaumātua Hikoikoi, Te Roopu Raranga o Manaia, and Hikoikoi Waka Ama Club that contribute to the main activities that are occurring at Hikoikoi. Mark Te One is the Chairman. A video which showed some of the activities occurring was played at the meeting.

HĪKOIKOI MANAGEMENT LIMITED

The Chairman thanked the administrative team at Hikoikoi, acknowledging his and his Trustees appreciation for the hard work that they do on behalf of owners. Hikoikoi Directors for Wellington Tenth Trust are Venessa Ede and Anaru Smiler, for Palmerston North Māori Reserve Trust it is Liz Mellish and Mark Te One.

LOOKING FORWARD

The Chairman acknowledged that there has been a change of leadership with the Trust. He advised that the Trust is in the process of undertaking a strategic review and looks forward to reporting on that at our next meeting.

Resolution

It is hereby resolved that the beneficial owners receive the Chairman and Trustees Report as presented.

Moved: Anaru Smiler

Seconded: Sam Kahui

CARRIED UNANIMOUSLY

FINANCIAL REPORT

Aaron Titter introduced himself and thanked Trustees for providing him with the privilege of presenting the financial report the year ended 31 March 2019 on behalf of the Wellington Tenths Trust.

KEY HEADLINES

The key headlines for 2019 financial year were:

- The Trust generated a \$7.79 million surplus after tax compared to \$11.91 million in 2018
- The Trust equity increased from \$69 million last year to \$76 million this year
- The property portfolio increased by \$1.81 million compared to the carrying values from last year
- The Trust has total assets of \$86.8 million.

TOTAL ASSETS

The Total Assets slide was presented which showed that this year the largest individual asset continued to be the investment in Village at the Park. This includes the village, the hospital and The Park Early Learning Centre – the childcare business. This is now carried at \$23.68 million. This is followed by the equity investment in the Pipitea Plaza which is carried at \$12.38 million. Taranaki 217 is valued at \$10.2 million, and Capital Hill, is worth \$7.4 million.

DEBT TO TOTAL ASSETS RATIO

The next slide was the Debt to Total Assets Ratio. In terms of the Trust's debt to total asset ratio, it had increased very slightly

this year. As at 31 March 2019 the amount owing by the Trust totalled 12.3% of total assets, which is up from 11.84% in 2018.

STATEMENT OF FINANCIAL PERFORMANCE SUMMARY

The Statement of Profit and Loss shows that the total revenue from the properties which the Trust owns 100% decreased by approximately \$140,000. At the same time the direct property expenses decreased by approximately \$600,000 which is directly attributed to Massey running the property at Taranaki 217 and that the Trust completed the remediation works.

Administration expenses stayed relatively consistent year on year with a slight decrease. The detail for what comprises the administration expenses is in note 6 on page 32 of the annual report.

The net financing costs of the Trust which comprised of the interest income earned less the interest paid is detailed in note 7 on page 33 of the annual report. This leaves the Trust with an operating profit of nearly \$865,000 for 2019 versus \$241,000 for 2018.

The share of the cash received, the share of the after-tax profit of Village at the Park, The Park Early Learning Centre, and Pipitea Plaza. Of \$5.3m compared to \$9.5m last year.

The Property Revaluations last year were \$3.4m, and this year were \$1.8m.

After deducting income tax on the profits generated, the Trust ended up at a net surplus.

CASH VERSUS NON-CASH EARNINGS

Aaron Titter advised that the next slide was about the cash that the Trust receives and the non-cash earnings, i.e. earnings from revaluations. Of the \$7.79 million net surplus after tax, approximately \$3 million is a result of trading earnings, and approximately \$4.7 million from revaluations of properties and earnings held on to underlying investments.

After tax of \$7.79 million versus \$11.91 million for 2018.

PROPERTY VALUATIONS

As previously mentioned, the Property Revaluations last year were \$3.4m, and this year were \$1.8m. Jeff Clark questioned why the property revaluations were down. Aaron Titter advised that independent valuers are employed every year and it is their view on what the market is when they compare the properties with others in the neighbourhood.

Kamiria Mullens asked Aaron Titter when owners will get a dividend increase. Aaron Titter advised that the dividend will be addressed later in the meeting.

STATEMENT OF FINANCIAL POSITION

Village at the Park generated further significant revaluation gains this year, which the Trust accounted for 50% of in the financial statements.

The Statement of financial position (what you own, less what you owe) was the next slide. Aaron Titter explained that the total current assets are approximately \$450,000 higher than last year, directly attributed to the Trust holding higher cash balances.

The loans to Hikoikoi, the Wharewaka, KS Exchange, and Ngahuru Charitable Trust are approximately \$3.76 million.

During the year the Trust sold its investment in Haukawakawa.

The Trust has equity investments in Pipitea Plaza and Village at the Park, and combined they are carried at a book value of \$36 million.

The movements in the investment properties directly owned by the Trust which have already been discussed are outlined in note 12 on page 36 of the annual report.

Other current assets include the construction work in progress on Adelaide Road.

Current liabilities have increased as a result of payables from trading and Adelaide Road construction as at 31 March.

The term liabilities of the Trust have increased by approximately \$500,000 following the drawdown of a new loan during the year, as well as the usual monthly repayments.

Deducting total liabilities from the total assets shows a net asset value for the Trust of \$76.15 million for 2019 versus \$69 million for 2018.

STATEMENT OF CASH FLOWS

The Trust had cash in-flows of \$1.39 million from its operations, which includes rents less expenses, including interest.

A net \$1 million was spent on investing activities, after realizing the value of

Haukawakawa, which includes distributions from Pipitea Plaza and Village at the Park, less the purchase of assets such as Adelaide Road and funds invested on term deposit.

\$572,010 was for net funds received from Westpac, which is the \$1,000,000 additional drawdown, less any repayments made during the year.

\$451,000 was distributed to owners either for last year's dividend, or for historic amounts where owners have been identified and funds distributed.

The cash increased by \$491,000 per year, which has left \$1,354,545 in the bank to 31 March.

Aaron Titter asked if there were any questions from the floor, there were none.

Resolution

It is hereby resolved that the beneficial owners accept the audited Financial Statements for the year ended 31 March 2019 as a true record of the Trust's financial position.

Moved: Pauline Owen

Seconded: Mana Jenkins

CARRIED UNANIMOUSLY

Aaron Titter thanked owners and congratulated them on another great year.

TRUSTEE REMUNERATION

It is recommended by the Board's financial advisors that the remuneration for Trustees remain the same.

Resolution

It is hereby resolved that the beneficial owners approve that Trustee remuneration for the Chairman remain at \$60,000 and that the remuneration for Trustees remain at \$18,000.

Moved: Pauline Owen

Seconded: Kamiria Mullen

CARRIED UNANIMOUSLY

DISTRIBUTION

The Chairman advised that there be a distribution of \$4 per share as an ordinary distribution.

Resolution

It is hereby resolved that a capital distribution of \$4 per share as an ordinary distribution be made, being a total commitment of 182,919,681 shares = \$731,679.

Moved: Pauline Owen

Seconded: Poiria Erskine Love

CARRIED UNANIMOUSLY

The distribution is paid into bank accounts in the last week of November.

APPOINTMENT OF AUDITOR

The Chairman advised that Trustees have asked him to undertake the annual requirement to appoint the auditor for the following financial year. The auditor for the 2019 was Crowe Horwath, who have been the Trust's auditors for a number of years. They are a reputable audit firm who management and BDO have worked very well with over the years.

Resolution

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 2020.

Moved: William Owen

Seconded: Catherine Owen

CARRIED UNANIMOUSLY

LEGAL MATTERS

Nigel Moody was invited to provide an update on the legal matters that have occurred in the past twelve months relating to the Skiffington Estate.

Nigel Moody noted that there was an extensive record on page 57 of the annual report that owners would have read as background. He reminded owners that at this time last year there were various court actions going on, and the key one was the claim by the Trust against the Skiffington Estate which had two claims attached to it both for approximately \$1.5m. The High Court had given a summary judgement in favour of the Trust in relation to Skiffington

Estate's liability for the first claim but not the quantum of that claim. The Skiffington Estate had sought leave to bring an appeal against that judgement even though their application was brought out of time. In response to the application the Court of Appeal granted the Estate leave to bring its appeal. Shortly after that the Trust received an offer from the Skiffington Estate to settle all litigation and after some negotiation between the Trust and the Estate a settlement arrangement was arrived at in principle. The Trust then took advice from Hugh Rennie QC as to whether they should accept the settlement offer made, and Hugh Rennie QC advised that it would be appropriate for the Trustees to enter into that settlement arrangement, provided that they felt that the amount was satisfactory. Trustees considered the advice and a number of factors including the possibility that the Court proceedings could drag on, the cost of that and the uncertainties which accompany all Court litigation. Taking those matters into account, along with the value of the net assets of the Estate which was disclosed in another matter, (which indicated that the net value of the assets was around \$1.5 million), the Trustees, agreed to a settlement offer of \$910,000. Given the assets of the estate are held in land the Trust is going to have to wait until the land is sold until it recovers the money. In the meantime, there are caveats over the land and the Trust's position is protected. There is a timetable agreed and if the Trust doesn't recover all the money by May 2020 the Trust is able to take steps sell the property itself to recover that money.

From the proceedings brought by the Commissioner of the Police, many of you would have read that the Court finally made a decision to award the net value or proceeds of sale of the Moana Road property to the Trust and those orders have been made. That matter dragged on for some time because the police were unable to show at the important moment that they had served all the relevant parties. That matter was finally addressed and the orders were made. The likely amount that is going to be recovered is about \$280,000 and that amount should be paid in February 2020. The Crown is required to hold on to that money until an exploration has been determined if there is anyone else that has claim to those monies.

Nigel Moody advised that this now draws all the matters to a conclusion. Kamiria Mullen thanked Trustees for following owners wishes and pursuing the matter.

Catherine Love did not believe it was necessary to pay for legal advisors to sit at the trial at owner's expense and asked if those costs could be recovered by the liability and indemnity insurance. Nigel Moody advised that legal advisors attended the criminal trial against Sir Ngatata Love to hear the evidence. Trustees had received advice that if a conviction had not been obtained then the evidence given in that proceeding would not have been able to be used in a civil claim later to recover monies, so it was necessary to have legal counsel at the trial to monitor the evidence which was given. Trustees had a duty to follow up what may or may not have been a breach of fiduciary duties.

Catherine Love asked if the legal fees incurred during this process could be recovered through liability insurance. Catherine raised that she believed there hadn't been Trustee liability insurance because the Financial Officer at that time had failed to pay the insurance premium for three years and the reason liability insurance had not been claimed was because Trustees were not covered. Nigel Moody stated that he did not know the status of the Trust's insurance policies, or whether the Trust had sort to make a claim under an insurance policy, costs claimed in relation to proceedings involving fraud would not usually be claimable under liability and indemnity insurance. The judgement on the case is publicly available.

Hannah Buchanan thanked Kamiria Mullen for her comments regarding the outcome. Hannah reiterated that Trustees had worked very carefully through the \$910,000 recovery of monies and are happy to say at this meeting that the matter is now closed.

SUCCESSION/DIVIDENDS

Trustees resolved at their meeting on 7 June 2019 that distributions are paid by direct debit into bank accounts. The minimum accumulated distribution policy amount for owners that have NZ bank accounts is \$50, and for owners that have overseas bank accounts it is \$100. Māori Land Court clinics are held monthly at Hikoikoi and around the rohe. Kathleen Thompson is the Database Administrator and can be contacted tollfree from anywhere in NZ.

RANGATAHI WĀNANGA

If whānau have tamariki or mokopuna that are aged between 13-18 years of age that would like to attend the Rangatahi Leadership Wānanga, please complete the application form which is available from the registration desk. The wānanga is being held from 7-11 October 2019. Rangatahi stay for the week at Hikoikoi spending the time learning and understanding about the business of the Trust, the history of our rohe and getting to know their whānaunga. The wānanga is open to rangatahi that whakapapa to Wellington Tenth Trust and Palmerston North Māori Reserve Trust. Applications close on Monday 9 September.

NEW WEBSITE

We have a new website www.wtt.maori.nz. The Chairman thanked the team at Hikoikoi.

GENERAL BUSINESS

HOUSING

James Makowharemahihi asked that Trustees look at the issues around housing affordability for our people. The Chairman advised that Trustees will consider that question as part of the strategic review process. He looked forward to presenting the strategic vision. Sam Kahui asked if there would be opportunities for the whānau to feed into that process. The Chairman advised that there would be opportunity to keep informed through the new website.

Jeff Clark thanked Trustees for the work that is being done on behalf of the Trust. He asked whether there was preference for those that whakapapa to the Trust, for accommodation that the Trust rents. The Chairman advised that Adelaide Road will

be rented at the best possible price, and that the Trust has made Massey aware that they should consider providing a space for any whānau that are seeking student accommodation through Massey University (Kainga Rua).

Peter Love asked that owners be advised ahead of anyone else when the accommodation at Adelaide Road is available. Peter did not expect that the rents would be higher than \$500 a week. Peter Jackson advised that for the development the Trust had to borrow \$5 million to complete an \$8.8 million development, and the Trust must pay for that. The Chairman noted that it is the Trusts responsibility to continue our investment along these lines so that there are more choices in the future. He advised that the Adelaide Road development should be completed in November and details will be placed on the new website and on facebook as soon as they become available. Any queries for renting can be directed to the office.

Kamiria Mullen asked Trustees to consider tiny housing as an affordable housing outcome for our people. A suggestion was made that the farmland at Kaitoke would make an ideal spot. This was also noted.



Trustees were acknowledged for their work and the way that they keeping the kaupapa going forward.




KARAKIA WHAKAMUTUNGA

There being no further business, Mahara Okeroa closed the meeting at 11.35am. In his closing he acknowledged Nui Biss who was present at the hui today. The hymn *Whaakaria Mai* was sung.


Appendix Two




Register of Interests

Trustee	Interests
 Anaru Smiler (Chairman)	<ul style="list-style-type: none">• CCDHB Māori Partnership Board (interim)• Hikoikoi Management Limited, Director• Pipitea Marae Charitable Trust, Co-Chairman• Te Aro Pa Limited, Director• Te Puni Kōkiri, Employee• Village At The Park Care Limited, Director• Village At The Park Lifecare Limited, Director• Village At The Park Limited, Director• Wairarapa Moana Trust, Deputy Chairman• Wellington Tenth Trust, Chairman• Wellington Tenth Trust Assurance and Risk Committee, Ex-Officio Wellington Tenth Trust Corporate Trustee Limited, Director• Wellington Tenth Lambton Quay Limited, Director
 Mark Te One (Deputy Chairman)	<ul style="list-style-type: none">• Capital and Coast District Health Māori Partnership Board, Board Member Capital Hill Limited, Director• Haukawa Limited Partnership, Director• Hutt Minoh House Friendship Charitable Trust• Matiu/Somes Island Charitable Trust, Trustee• Ngahuru Charitable Trust, Chairman• Palmerston North Māori Reserve Corporate Trustee Limited, Director• Palmerston North Māori Reserve Trust, Trustee• Pipitea Marae Charitable Trust, Trustee• Taranaki 217 Limited, Director• Te Puni Kōkiri, Contractor• Te Wharewaka o Pōneke Charitable Trust, Trustee• Te Wharewaka o Pōneke Enterprises Limited, Director• Wellington Tenth Trust, Deputy Chairman

Trustee	Interests
 <p>Hannah Buchanan</p>	<ul style="list-style-type: none"> • Capital Hill, Director • Te Aro Consulting, Consultant • Wellington Tenth Trust, Trustee
 <p>Venessa Ede</p>	<ul style="list-style-type: none"> • Arapawa Māori Rowing Club, Treasurer • Hikoikoi Management Limited, Director • Moutere Love Family Trust, Trustee • NZ Institute of Chartered Accountants, Associate Chartered Accountant • Te Ātiawa-o-Te-Waka-a-Māui Trust, Trustee • Te Ātiawa-o-Te-Waka-a-Māui Trust Audit and Risk Committee, Member • Te Ātiawa-o-Te-Waka-a-Māui Trust Commercial Advisory Board, Chairman • Te Ātiawa Manawhenua ki Te Tau Ihu Trust, Trustee • Wellington Tenth Trust Assurance and Risk Committee, Member • Wellington Tenth Trust, Trustee
 <p>Jeanie Hughes</p>	<ul style="list-style-type: none"> • Haukawakawa Limited Partnership, Director • Hikoikoi Management Limited, Director • Metlifecare Palmerston North Limited, Director • Ngahuru Charitable Trust, Trustee • Palmerston North Māori Reserve Trust, Trustee • Wellington Tenth Trust, Trustee • Wellington Tenth Trust Corporate Trustee Limited, Director



Trustee	Interests
 Peter Jackson	<ul style="list-style-type: none">• Adult Community Education Aotearoa• Capital and Coast District Health Māori Partnership Board, Board Member• Commission for Financial Capability, Facilitator• Early Childhood New Zealand, Council Member• Experience Wellington, Trustee• Hutt Valley District Health Board Iwi Relationship Board• Service IQ, Cultural Advisor• Tai-Kuru Trust Limited• Te Rito Maioha Early Childhood New Zealand• Wellington Tenth's Lambton Quay Limited, Director• Wellington Tenth's LQ GP Limited, Director• Wellington Tenth's Trust, Trustee• Wellington Tenth's Trust Corporate Trustee Limited, Director
 Lennox Love	<ul style="list-style-type: none">• A+ Accountancy Services Limited, Director• Capital Hill 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• Wellington Tenth's Trust, Trustee• Wellington Tenth's Trust Assurance and Risk Committee, Member• Wellington Tenth's Trust Corporate Trustee Limited, Director• Wellington Tenth's Lambton Quay Limited, Director

Trustee	Interests
 <p>Matthew Love-Parata</p>	<ul style="list-style-type: none"> • Ati Awa Mai i Kukutauaki Ki Whareroa Charitable Trust, Trustee • Haukawakawa Limited Partnership, Director • Ngahina Trust (Paraparaumu) • Palmerston North Māori Reserve Trust, Trustee • Renata Te Munu me Epiha Karoro Ahu Whenua Trust, Trustee • Te Whānau A Te Ngarara Incorporated (Paraparaumu Airport) • Wellington Tenth Trust, Trustee • Whirinaki Rainforest Experiences, Development Advisor
 <p>Mahara Okeroa</p>	<ul style="list-style-type: none"> • 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 • Wellington Tenth Trust, Trustee
 <p>Richard Te One</p>	<ul style="list-style-type: none"> • 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 • Pipitea JV Limited, Director • R. Te One & Associates Limited, Director • Taranaki 217 Limited, Director • Tenth Hospital Limited, Director • The Park Early Learning Centre, Director • Village At The Park Care Limited, Director • Village At The Park Lifecare Limited, Director • Village At The Park Limited, Director • Village Tenth Limited, Director • Wellington Tenth Trust, Trustee

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

INDEPENDENT ADVISORS – REGISTER OF INTERESTS

Euan Playle

- BDO Wellington Limited, Retired Partner
- Horowhenua Vintage Machinery Club, Treasurer
- Palmerston North Māori Reserve Trust Audit and Risk Committee, Member
- Parkville Limited, Director
- Tenth's 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, Director
- Village Tenth's Limited, Director
- Waikawa Property Limited, Director
- Wellington Racing Club, Steward and Committee Member and Chairman of Audit and Risk Committee
- Wellington Tenth's Trust Assurance and Risk Committee, Chairman





PO Box 39294, Wellington Mail Centre, Lower Hutt 5045
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Tel 04 473 2502 or **Freephone** 0508 445 645

Email info@tekau.maori.nz

WELLINGTON TENTHS TRUST

Proxy Form 2020

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 5 SEPTEMBER 2020, AND AT ANY ADJOURNMENT THEREOF.

DATED THIS

DAY OF

2020

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)*

WELLINGTON TENTHS TRUST

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 us ...

Hikoikoi Management Limited

Executive Office

24d Marine Parade, Hikoikoi, Petone
PO Box 39294, Lower Hutt 5045

Phone: 04 473 2502

Freephone: 0508 445 645

Email: info@tekau.maori.nz

Web: www.tekau.maori.nz

Executive Office Staff

Keith Hindle, Business Manager
Vicki Hollywell, Operations Manager
Kathleen Thompson, Database Administrator
Tracey Heffernan, Finance
Helen Lloyd, Kura Ahurea Programme Administrator
Mo Imrie, Administrator

Ngā Tekau Alcohol & Drug Service

Gilbert Douglas, Senior Clinician
Lena Leatherby, Senior Clinician

Wellington Office

Level 1, Te Raukura, (Te Wharewaka)
2 Taranaki Street, Wellington
PO Box 24599, Wellington 6146

Phone: 04 901 3332

Phone: 04 901 3333 (Wharewaka Tours)

Wharewaka o Pōneke Tours Staff

Christine Fox, Tourism Manager
Ariki Brightwell, Tour Guide



