



PALMERSTON NORTH MĀORI RESERVE TRUST ANNUAL REPORT

YEAR ENDED 31 MARCH 2016







The Palmerston North Māori Reserve Trust is an Ahu Whenua Trust constituted under Section 244 of Te Ture Whenua Māori Act 1993.

The Trust is governed by a board of 10 Trustees, with Liz Mellish being the current Chairman. Current Trustees are Mark Te One, Sir Ngatata Love, Jeanie Hughes, Paula King, Wiki Michalanney, Ann Reweti, Aisha Ross, Catherine Love and Matthew Love-Parata. Trustees are elected by the beneficial owners.

CONTENTS

Agenda _____	2
Report from the Chairman & Trustees ____	5
Statistical Information _____ and Debt to Equity Ratio	10
Total Assets _____	11
Consolidated Financial Statements ____	13
Independent Auditor's Report _____	36
Appendix 1 – Minutes of 2015 AGM ____	39
Appendix 2 – Register of Interests ____	48
Appendix 3 – Proxy Form 2016 _____	51
Contact Details _____	53

AGENDA

ANNUAL GENERAL MEETING AGENDA

Saturday 27 August 2016

Time: 10.00am

Palmerston North Convention Centre

354 Main Street West

Palmerston North

Mihi Whakatau / Karakia

Apologies

Minutes of 2015 Annual General Meeting

Trustees' Report

Financial Report

Appointment of Auditor

Election of Managing Trustees

General Business

Karakia Whakamutunga



NOTICE REGARDING ELECTION OF MANAGING TRUSTEES

The three year terms of Palmerston North Māori Reserve Trustees Matthew Love-Parata, Wiki Michalanney, and Mark Te One expire at the Annual General Meeting. Trustees are eligible to offer themselves for re-election.



Matthew Love-Parata



Wiki Michalanney



Mark Te One

Other nominations for Trustee positions must be lodged with the Executive Office in writing by Friday 12 August 2016 at 12 noon. Nominations must include the name, address and shareholder number of the proposer and seconder (each of whom shall be a beneficial owner or a descendant of a beneficial owner) and be signed by the nominee as willing to stand. **The nominee must be a beneficial owner or a descendant of a beneficial owner.**

TRANSPORTATION

If you require transportation from Taranaki you should contact Wiki Michalanney - Taranaki on 0274 900 837. The bus will travel from Hawera to Palmerston North on Saturday 27 August. It will return to Taranaki after the Annual General Meeting. Please contact Wiki to reserve your seat.

If you are based in Wellington and would like to get on a bus departing from Hikoikoi at 7.15am on Saturday 27 August to the meeting in Palmerston North then please contact the Executive Office to reserve your seat on 0508 445 645.

MAP OF VENUE



Venue: Palmerston North Convention Centre

The venue for the Palmerston North Māori Reserve Trust Annual General Meeting is again being held at the Palmerston North Convention Centre, 345 Main Street, Palmerston North. The meeting will be held on Level 1 in the Conference Room.

There is a drop-off zone and bus parking only at the entrance on Main Street at the front of the building. Vehicle parking is available at the rear of the Convention Centre



REPORT FROM THE CHAIRMAN AND TRUSTEES



Back Row: Sir Ngatata Love, Jeanie Hughes, Aisha Ross,
Matthew Love-Parata, Mark Te One

Middle: Wiki Michalanney and Liz Mellish (Chairman)

Front: Ann Reweti, Catherine Love, Paula King

MIHI

Kia Hiwa ra Kia Hiwa ra

He mihi whanui ki a koutou katoa huri noa i te Motu me te Waipounamu ara whiti atu ki te Wharekauri.

Ka huri nga whakaaro Ki Te humga mate kua, mene Ki te Po haere atu ra. Aa kati.

Anei nga mihi mahana o te Poari Ki a koutou i mau tonu ki te whenua i piri ponoi ki nga whakaaro o Kui me Koro ma.

Tena koutou katoa

Mouri ora

THE YEAR

Tena koutou, tena koutou, tena koutou katoa
Welcome to our annual report for 2016

I wish to acknowledge all whānau who have passed in the last year and extend our warmest aroha to whānau who have suffered loss.

Tena koutou i o tatou tini mate
Haere, haere, haere

Again Trustees are delighted with the consistent performance of the Trust assets over the last financial year. We have had ups and downs with our student accommodation but constant vigilance and change of personnel through our property managers have seen an upswing this year that will come through in next years' balance sheet.

Trustees have focused on two major items this year the first being the proposed Te Ture Whenua Māori Bill and its consequences for us as a commercial entity. We have just held our Special General Meeting in Palmerston North on 2 July 2016 which was well attended and supported by many proxies. We received overwhelming support and Trustees are thrilled with the support owners gave us in taking a radical decision to take our concerns to the Māori Land Court. Owners have agreed with Trustees that we will seek in the Māori Land Court a land re-classification from Māori Freehold Land title to General Land. Owners present at the meeting raised concerns that this would facilitate land sales. Trustees gave assurance this was not the case. The uncertainty the new Bill creates for established and successful Trusts is of most concern for Trustees. Changing the land classification means we can continue to develop our land assets commercially. As the Bill does not clearly outline the structure of the still to be established Māori Land Service we have no guarantee in the future. This is why we have moved this way. The following resolutions were passed at the Special General Meeting:

It is hereby resolved that beneficial owners accept the resolution to apply to the Māori Land Court under Sections 135 & 137 of Te Ture Whenua Māori Act 1993 to reclassify Palmerston North Māori Reserve Land holdings from Māori Freehold Land to General Land

Moved – Grace Luke

Seconded – Mana Jenkins



Liz Mellish, Chairman

It is hereby resolved that beneficial owners approve the application to the Māori Land Court to include a variation process in the Palmerston North Māori Reserve Trust Deed allowing the Trust and beneficial owners to vary the Trust Deed as necessary.

Moved – Richard Te One

Seconded – Ria Erskine

Owners completed the ballot vote, which indicated an overwhelmingly majority of Owners agreed with both resolutions.

Our court hearing is 16 August at 10.50am, at the Māori Land Court in Whanganui. We will have a strong turnout of Trustees and owners to support this application.

The second focus of Trustees has been the plan moving forward on those areas we highlighted to you at the previous annual general meeting for future development. We will have discussed some of these at our special general meeting so this will be no surprise to you as owners to see that we are pursuing these opportunities with vigor. Trustees are clear that we never make rushed decisions and undertake due diligence to eliminate risk with the proposals we will bring to you for your consideration. After we have exhausted all avenues we will come back to you for confirmation before proceeding.

We had have had some excitement this year with a collaboration with the New Zealand Fire Service and TV3. We agreed to use a house that was up for demolition on Ngata Street to be a controlled fire not only as a training exercise for fire personnel but as a good way of recording the dangers in the home that can cause fire and the speed in which such an event can occur. The other clear message was the need for smoke alarms especially smoke alarms that work. What was good was that we had already as responsible landlords fitted all our residential properties with smoke alarms that have 10 year batteries ensuring good health and safety practice.

Alongside the commercial work of the Trust is the investment we have made to Te Raukura (Te Wharewaka). The amount of commitment is shown in our financials and is in the region of \$2.8 million. This asset is important to owners as it is the cultural hub in Wellington City and performs well above its weight. As you know we have our Office of Chairs and the Waka and Walking Tours Office located within the complex. There is always an Iwi presence in the building. Without doubt there is more that can be achieved in that space and staff and Directors continue to explore the opportunities. The business does provide us with a return on our investment albeit a modest one. We expect that to continue steadily improving over time. I strongly recommend whānau pop in for a coffee and a chat when in town.

We now have Ngahuru Charitable Trust firmly in place with Mark Te One as Chairman. There are five trustees including Mark. Trustees of both Palmerston North Māori Reserve Trust and of Wellington Tenth Trust are represented. Both Trusts have invested into this Charitable arm so that we can fulfil those other goals set out in our Trust Deed. Key functions are the support of Kaumatua, Weaving, Waka Ama Sports Club, Gardening, Te Reo and whānau hui. Having this Charitable arm allows us to apply for funding as required and is a good vehicle for such support.

This year has been a busy year as Trustees have set new goals for our property development, established the Ngahuru Charitable Trust, and worked through the changes Government has wrought with the new Te Ture Whenua Māori Bill. This has required many hours of work to understand the implications and the best direction we can take to manage our lands for our owners and their whānau. August will be a busy month – we have the Māori Land Court hearing and the Select Committee hearings for the Te Ture Whenua Māori Bill. I am pleased with the effort Trustees have given to this important task which they have done so willingly. In doing this they have been well supported by our staff and I wish to congratulate the team that Keith Hindle has welded into a very competent and professional group. Both offices at Hikoikoi and Te Raukura work closely together and keep us all on our toes!

I look forward to catching up at our annual general meeting to report kanohi ki te kanohi on our last financial years activities and share our kai together.

Nga mihi



Liz Mellish
Chairman



Reclassification process moving Maori Freehold Land (in red) to General Land

STATISTICAL INFORMATION AND DEBT TO EQUITY RATIO

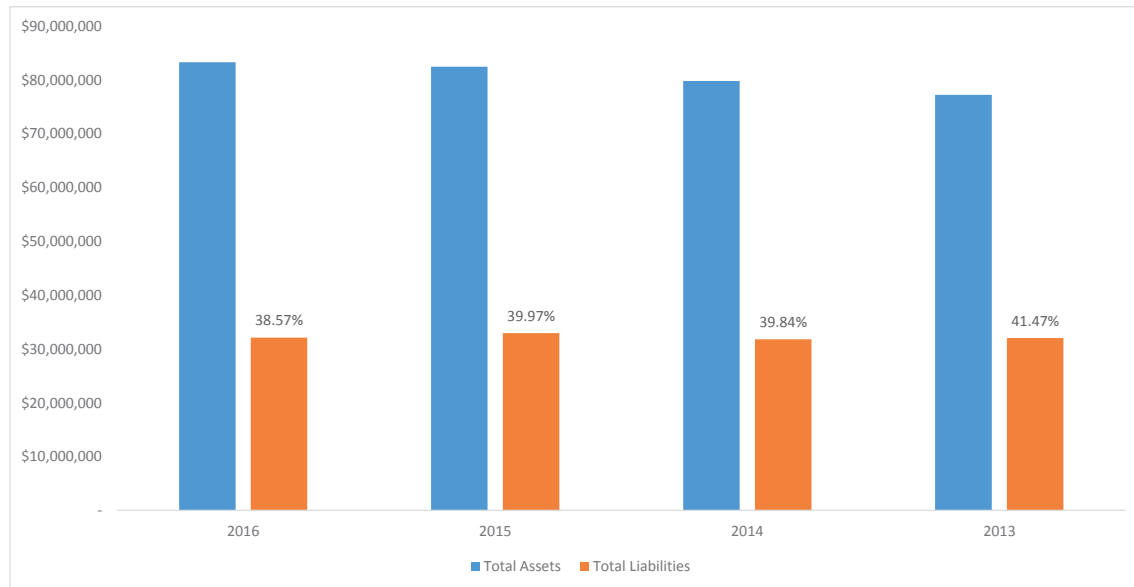
PALMERSTON NORTH MAORI RESERVE TRUST

STATISTICAL INFORMATION

	2016 NZ IFRS (RDR)	2015 NZ IFRS (RDR)	2014 NZ IFRS (RDR)	2013 Old GAAP
Number of Owners	982	938	912	911
Number of Shares	190,831.866	190,831.866	190,831.866	190,831.866
Total Assets	\$83,311,340	\$82,466,629	\$79,812,942	\$77,246,275
Total Liabilities	\$32,136,594	\$32,960,218	\$31,795,934	\$32,036,925
Trust Capital	\$51,174,746	\$49,506,411	\$48,017,008	\$45,209,350
Value per share	\$268.17	\$259.42	\$251.62	\$236.91
Revenue	\$6,367,851	\$6,471,972	\$6,522,362	\$6,348,842
Operating Profit After Net Financing Costs	\$2,398,643	\$2,302,818	\$2,630,538	\$2,314,412
Profit for the period	\$2,622,494	\$2,443,562	\$3,007,306	\$1,467,145
Distribution to Owners	\$954,159	\$954,159	\$763,327	\$610,662
Distribution per Share	\$5.00	\$5.00	\$4.00	\$3.20

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 2016 the debt to total assets ratio is 38.57%, that is, the total liabilities of the Trust is 38.57% of the Trust's total assets. This is a strengthening of 1.40% from 31 March 2015.

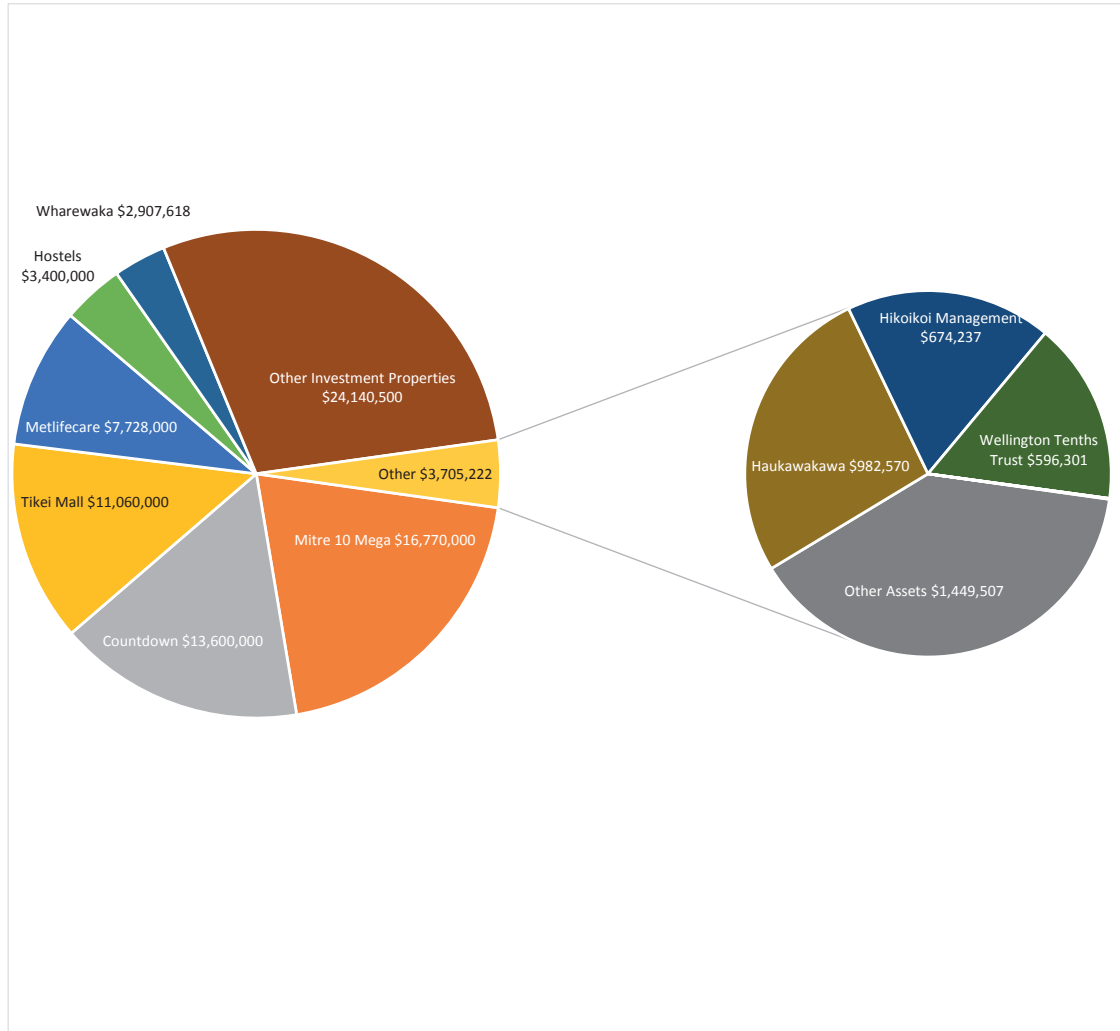


TOTAL ASSETS

PALMERSTON NORTH MAORI RESERVE TRUST

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 2016. 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.





Palmerston North Maori Reserve Trust property map

CONSOLIDATED FINANCIAL STATEMENTS

PALMERSTON NORTH MAORI RESERVE TRUST
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

PALMERSTON NORTH MAORI RESERVE TRUST
CONSOLIDATED STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2016

	Note	2016 \$	2015 \$
Revenue			
Gross Rental Income	4	6,335,840	6,438,116
Other Income	5	32,011	33,856
Total Revenue		<u>6,367,851</u>	<u>6,471,972</u>
Expenses			
Direct Property Expenses	4	(1,749,590)	(1,681,510)
Administration Expenses	6	(877,615)	(902,645)
Depreciation	10	(12,661)	(13,717)
Amortisation	11	(8,841)	(19,906)
Total Expenses		<u>(2,648,707)</u>	<u>(2,617,778)</u>
Operating Profit Before Net Financing Costs		<u>3,719,144</u>	<u>3,854,194</u>
Finance Costs			
Finance Income	8	213,491	128,077
Finance Expenses	8	(1,533,992)	(1,679,453)
Net Finance Costs		<u>(1,320,501)</u>	<u>(1,551,376)</u>
Operating Profit After Net Financing Costs		<u>2,398,643</u>	<u>2,302,818</u>
Other Movements			
Share of Equity Accounted Investees Profit for the Year	13	415,890	996,142
Investment Property Revaluation	12	307,500	(344,016)
Profit Before Income Tax		<u>3,122,033</u>	<u>2,954,944</u>
Income Tax Expense	9	(499,539)	(511,382)
Profit for the Period		<u>2,622,494</u>	<u>2,443,562</u>
Total Comprehensive Income for the Period		<u>\$2,622,494</u>	<u>\$2,443,562</u>

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

**PALMERSTON NORTH MAORI RESERVE TRUST
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2016**

	Retained Earnings and Total Equity \$
Balance at 1 April 2014	48,017,008
Profit for the Year	2,443,562
Total Comprehensive Income for the Year	<u>2,443,562</u>
<i>Transactions With Owners of the Trust in Their Capacity as Owners</i>	
Distributions Paid	16 (954,159)
Total Transactions with Owners of the Trust	<u>(954,159)</u>
Balance at 31 March 2015	<u>49,506,411</u>
Profit for the Year	2,622,494
Total Comprehensive Income for the Year	<u>2,622,494</u>
<i>Transactions With Owners of the Trust in Their Capacity as Owners</i>	
Distributions Paid	16 (954,159)
Total Transactions with Owners of the Trust	<u>(954,159)</u>
Balance as at 31 March 2016	<u><u>\$51,174,746</u></u>

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

**PALMERSTON NORTH MAORI RESERVE TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2016**

	Note	2016 \$	2015 \$
EQUITY			
Retained Earnings		51,174,746	49,506,411
Total Equity		\$51,174,746	\$49,506,411
ASSETS			
Current Assets			
Trade and Other Receivables	14	107,329	119,562
Prepayments		86,761	65,814
Cash and Cash Equivalents	15	1,115,557	1,061,998
Income Tax Receivable	9	69,773	-
Related Party Receivables	23	596,301	369,214
Total Current Assets		1,975,721	1,616,588
Non - Current Assets			
Property, Plant and Equipment	10	70,087	56,632
Investment Property	12	68,970,500	68,663,000
Intangible Assets	11	2,607	11,448
Investment in Equity Accounted Investees	13	8,705,532	8,717,142
Related Party Receivables	23	3,586,893	3,401,819
Total Non - Current Assets		81,335,619	80,850,041
TOTAL ASSETS		83,311,340	82,466,629
LIABILITIES			
Current Liabilities			
Trade and Other Payables	19	280,284	281,380
Other Current Liabilities	20	166,073	145,772
Income Tax Payable	9	-	14,131
Bank Overdraft	15	-	15,701
Employee Benefits	18	8,407	4,697
Unclaimed Distributions	16	1,273,572	1,128,766
Interest-Bearing Loans and Borrowings	17	960,000	960,000
Total Current Liabilities		2,688,336	2,550,447
Non - Current Liabilities			
Interest-Bearing Loans and Borrowings	17	28,340,823	29,300,823
Deferred Tax Liability	9	1,107,435	1,108,948
Total Non - Current Liabilities		29,448,258	30,409,771
TOTAL LIABILITIES		32,136,594	32,960,218
NET ASSETS		\$51,174,746	\$49,506,411

Approved for and on behalf of the Trustees on 28 July 2016:



Chairman



Trustee

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

**PALMERSTON NORTH MAORI RESERVE TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2016**

	Note	2016 \$	2015 \$
Cash Flows From Operating Activities			
Cash Receipts From Customers		6,382,075	6,452,875
Cash paid to Suppliers and Employees		(2,645,538)	(2,724,893)
Interest Received		213,491	128,077
Interest Paid		(1,533,992)	(1,679,453)
Income Taxes Paid		(584,956)	(527,164)
Net GST		18,310	830
Net Cash Inflow From Operating Activities	24	<u>1,849,390</u>	<u>1,650,272</u>
Cash Flows From Investing Activities			
Purchase of Property, Plant and Equipment	10	(26,116)	(1,732)
Purchase of Investment Property	12	-	(388,016)
Purchase of Equity Accounted Investee	13	-	(1,024,000)
Proceeds From Sale of Property, Plant and Equipment		-	2,561
Proceeds From Sale of Investment Property	12	-	1,024,000
Distribution Received From Equity Accounted Entity	13	427,500	525,000
Net Cash Inflow From Investing Activities		<u>401,384</u>	<u>137,813</u>
Cash Flows From Financing Activities			
Proceeds From/(Repayment of) Borrowings		(960,000)	1,104,998
Related Party Advances		(412,161)	(1,581,185)
Distributions Paid	16	(809,353)	(741,994)
Net Cash Outflow From Financing Activities		<u>(2,181,514)</u>	<u>(1,218,181)</u>
Net Increase in Cash and Cash Equivalents		<u>69,260</u>	<u>569,904</u>
Cash and Cash Equivalents at Beginning of Year		1,046,297	476,393
Cash and Cash Equivalents at End of Year	15	<u>\$1,115,557</u>	<u>\$1,046,297</u>
Cash and Cash Equivalents Comprises:			
Cash and Cash Equivalents	15	1,115,557	1,061,998
Bank Overdraft	15	-	(15,701)
		<u>\$1,115,557</u>	<u>\$1,046,297</u>

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

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

1. REPORTING ENTITY

The consolidated financial statements of Palmerston North Maori Reserve Trust as at and for the year ended 31 March 2016 comprise the Trust and its subsidiary (together referred to as the “Group”) and individually as “Group entities” and the Group’s equity accounted interests in associates.

Palmerston North Maori Reserve Trust is an Ahu Whenua Trust constituted by the Maori Land Court Order of December 16, 2003 pursuant to Sec 244 of the Te Ture Whenua Maori Act 1993 which varied the original Trust Deed of 1977, and the subsequent variations of Deed made on November 5, 1999 and May 1993. These financial statements have been prepared in accordance with the Financial Reporting Act 2013. The Trust is eligible for, and has elected to, report in accordance with Tier 2 New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime (“NZ IFRS (RDR)”). The Trust has taken advantage of a number of disclosure concessions.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

These financial statements were authorised for issue by the Trustees on 28 July 2016.

(b) Basis of Measurement

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

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

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

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

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

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary 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.

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

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

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

Transactions Eliminated on Consolidation

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

(b) Revenue

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

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(c) Finance Income and Finance Costs

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

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

(d) Tax

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

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

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

Deferred tax is 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.

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(e) Property, Plant and Equipment

Recognition and Measurement

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

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

Subsequent expenditure

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

Depreciation

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

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

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

Office Equipment	3 - 15.5 Years
Furniture, Fittings and Chattels	5 - 20 Years
Plant and Equipment	4 - 33.3 Years

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

(f) Investment property

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

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

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

Beneficial owner approval is needed prior to the disposal of investment property that is classified as Maori land. Subsequent to balance date at a special general meeting of beneficiaries on 2 July 2016, it was passed that all Maori land be reclassified as general land. A submission will now be made to the Maori Land Court to complete the reclassification. Please refer to note 27 for more information. 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.

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(g) Financial Instruments

Non derivative financial assets

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

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

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

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

Loans and receivables

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

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

Trade and other receivables

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

Trade and other payables

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

Non-derivative financial liabilities

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

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

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

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

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.

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(h) Impairment

Financial assets measured at cost

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

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

Non-financial assets

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

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

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

(i) Goods and Services Tax

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

(j) Intangible Assets

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

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

Database	5 - 20 Years
Website	3 - 15.5 Years

(k) Unclaimed Distributions

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

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(l) Employee Entitlements

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

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

(m) Determination of Fair Values

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

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

Investment Property

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.

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

4. RENTAL INCOME

	2016		
	Gross Rental Income	Direct Property Expenses	Net Rental Income
	\$	\$	\$
Tikei Mall	1,228,006	(225,801)	1,002,205
Nash Street Development	1,646,684	(205,986)	1,440,698
Countdown Supermarket	1,345,189	(101,963)	1,243,226
Hostel Accommodation	612,554	(362,296)	250,258
Other	1,503,407	(853,544)	649,863
	\$6,335,840	\$(1,749,590)	\$4,586,250

	2015		
	Gross Rental Income	Direct Property Expenses	Net Rental Income
	\$	\$	\$
Tikei Mall	1,239,343	(225,994)	1,013,349
Nash Street Development	1,659,919	(193,235)	1,466,684
Countdown Supermarket	1,342,893	(104,355)	1,238,538
Hostel Accommodation	740,278	(391,377)	348,901
Other	1,455,683	(766,549)	689,134
	\$6,438,116	\$(1,681,510)	\$4,756,606

5. OTHER INCOME

	2016	2015
	\$	\$
Ancillary Hireage at Hostel Accommodation	15,886	24,336
Sundry Income	16,125	9,520
	\$32,011	\$33,856

6. ADMINISTRATION EXPENSES

	2016	2015
	\$	\$
Accident Insurance/Levies	926	1,174
Accountancy Fees	66,787	92,626
Audit Fees	37,800	33,988
Bank Charges	6,173	4,888
Cleaning & Laundry	1,829	3,683
Computer Expenses	81	1,095
Consultancy Fees	1,137	13,650
Executive Office (refer to note 23)	405,207	474,597
General Expenses	10,125	10,355
Insurance	23,936	24,463
Legal Fees	65,562	45,980
Owners' Meetings	22,016	10,004
Postage, Printing & Stationery	545	3,005
Memberships & Subscriptions	7,660	2,846
Tangi Contributions	17,537	-
Telephone & Internet	3,889	4,895
Travel & Accommodation	42,226	48,366
Trustees' Fees (refer to note 23)	152,917	119,700
Trustees' Expenses	11,262	7,330
	\$877,615	\$902,645

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

7. EMPLOYEE BENEFIT EXPENSES

	2016	2015
	\$	\$
Salaries and Wages (included in direct property expenses - note 4)	112,268	115,204
Kiwisaver (included in direct property expenses - note 4)	2,622	3,684
	<u>\$114,890</u>	<u>\$118,888</u>

8. NET FINANCE COSTS

	2016	2015
	\$	\$
Finance Income - Loans and Receivables		
Interest Income - Wharewaka o Poneke Charitable Trust (refer to note 23)	117,000	54,000
Interest Income - Hikoikoi Management Limited (refer to note 23)	40,902	42,923
Interest Income - Wellington Tenths Trust (refer to note 23)	28,951	5,055
Interest Income - Westpac	24,659	25,938
Interest Income - Other	1,979	161
	<u>213,491</u>	<u>128,077</u>
Finance Expense - Liabilities at Amortised Cost		
Interest Expense - Westpac	(1,530,838)	(1,677,393)
Interest Expense - Other	(3,154)	(2,060)
	<u>(1,533,992)</u>	<u>(1,679,453)</u>
Net Finance Expense	<u>\$(1,320,501)</u>	<u>\$(1,551,376)</u>

9. INCOME TAX

	2016	2015
	\$	\$
a) Income tax recognised in profit or loss		
Current tax	501,052	509,962
Deferred tax expense	(1,513)	1,420
Total income tax expense	<u>\$499,539</u>	<u>\$511,382</u>

b) Reconciliation of income tax expense

Profit before income tax expense	3,122,033	2,954,944
Tax expense at 17.5%	546,356	517,115
Non-Deductible Expenses	3,270	2,842
Non-Deductible Investment Property Revaluation	(53,813)	60,203
Dividend Received From Equity Accounted Investee	74,813	91,875
Non Assessable Equity Accounted Earnings	(72,781)	(174,325)
Prior Period Adjustment	-	11,397
Income Taxed at Different Rates	1,694	2,275
Total income tax expense	<u>\$499,539</u>	<u>\$511,382</u>

c) Current tax

Asset/(liability) at 1 April	(14,131)	(31,333)
Current year tax expense	(501,052)	(509,962)
Payments	584,956	527,164
Asset/(liability) at 31 March	<u>\$69,773</u>	<u>\$(14,131)</u>

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

9. INCOME TAX (cont.)

	2016 \$	2015 \$
d) Deferred tax		
Balance at the beginning of the year	(1,108,948)	(1,107,528)
Current year movement	1,513	(1,420)
Deferred tax asset/(liability)	<u>\$(1,107,435)</u>	<u>\$(1,108,948)</u>

Deferred tax assets/(liabilities) are attributable to the following:

Accrued Expenses	6,300	5,880
Employee benefits	2,274	1,181
Investment Properties	(1,116,009)	(1,116,009)
	<u>\$(1,107,435)</u>	<u>\$(1,108,948)</u>

e) Maori Authority Tax Credit Account

Closing Balance of Maori Authority Tax Credit Account	3,194,674	2,621,705
	<u>\$3,194,674</u>	<u>\$2,621,705</u>

10. PROPERTY, PLANT AND EQUIPMENT

	Office Equipment	Furniture, Fittings and Chattels	Plant and Equipment	Total
Cost	\$	\$	\$	\$
Balance at 1 Apr 2014	53,664	129,387	36,915	219,966
Additions	1,732	-	-	1,732
Disposals	-	(8,019)	-	(8,019)
Balance at 31 Mar 2015	<u>55,396</u>	<u>121,368</u>	<u>36,915</u>	<u>213,679</u>
Additions	2,250	22,746	1,120	26,116
Balance at 31 Mar 2016	<u>57,646</u>	<u>144,114</u>	<u>38,035</u>	<u>239,795</u>
Accumulated Depreciation				
Balance at 1 Apr 2014	49,477	85,056	14,255	148,788
Depreciation	2,236	6,806	4,675	13,717
Disposals	-	(5,458)	-	(5,458)
Balance at 31 Mar 2015	<u>51,713</u>	<u>86,404</u>	<u>18,930</u>	<u>157,047</u>
Depreciation	2,109	7,019	3,533	12,661
Balance at 31 Mar 2016	<u>53,822</u>	<u>93,423</u>	<u>22,463</u>	<u>169,708</u>
Net book value				
At 31 March 2015	3,683	34,964	17,985	56,632
At 31 March 2016	<u>\$3,824</u>	<u>\$50,691</u>	<u>\$15,572</u>	<u>\$70,087</u>

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

11. INTANGIBLE ASSETS

	Database	Website	Total
Cost	\$	\$	\$
Balance at 1 Apr 2014	198,284	17,456	215,740
Balance at 31 Mar 2015	198,284	17,456	215,740
Balance at 31 Mar 2016	198,284	17,456	215,740
Accumulated Amortisation			
Balance at 1 Apr 2014	167,062	17,324	184,386
Amortisation	19,828	78	19,906
Balance at 31 Mar 2015	186,890	17,402	204,292
Amortisation	8,809	32	8,841
Balance at 31 Mar 2016	195,699	17,434	213,133
Net book value			
At 31 March 2015	11,394	54	11,448
At 31 March 2016	\$2,585	\$22	\$2,607

12. INVESTMENT PROPERTY

	2016	2015
	\$	\$
Balance at 1 April	68,663,000	69,643,000
Acquisitions	-	388,016
Transfer to Haukawakawa LP	-	(1,024,000)
Change in fair value	307,500	(344,016)
Balance at 31 March	\$68,970,500	\$68,663,000

Carrying Value of Individual Properties:

	2016	2015
	\$	\$
Countdown Supermarket - 247-271 Rangitikei Street, Palmerston North	13,600,000	13,180,000
Tikei Mall - 168-208 Rangitikei Street, Palmerston North	11,060,000	11,060,000
Nash Street Development (Mitre 10 Mega) - 250-270 Featherston Street, Palmerston North	16,770,000	16,700,000
	41,430,000	40,940,000

Hostels

Palmy 31 - 29 & 31 Ngata Street, 40 & 42 Carroll Street, Palmerston North	2,050,000	2,200,000
Baxters - 9-17 Ranfurly Street, Palmerston North	1,350,000	1,400,000
	3,400,000	3,600,000

Other

272-276 Featherston Street, Palmerston North	1,040,000	1,010,000
61-65 Grey Street, Palmerston North	820,000	820,000
67-71 Grey Street, Palmerston North	440,000	450,000
77-83 Grey Street, Palmerston North	680,000	660,000
152-154 Rangitikei Street, Palmerston North	625,000	630,000
156-160 & 162-166 Rangitikei Street, Palmerston North	955,000	965,000
17 Ngata Street, Palmerston North	320,000	310,000
38 Carroll Street, Palmerston North	220,000	210,000
46 Carroll Street & 33 Ngata Street, Palmerston North	1,900,000	2,000,000
35 Grey Street, Palmerston North	295,000	300,000
33-41 Grey Street, Palmerston North	1,860,000	1,890,000

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

12. INVESTMENT PROPERTY (cont.)

	2016	2015
	\$	\$
51-59 Grey Street, Palmerston North	2,000,000	2,150,000
121 Grey Street, Palmerston North	360,000	380,000
19 Ngata Street, Palmerston North	210,000	210,000
21 Ngata Street, Palmerston North	210,000	210,000
27 Ngata Street, Palmerston North	210,000	210,000
32 Ngata Street, Palmerston North	290,000	295,000
34 Ngata Street, Palmerston North	295,000	300,000
8 Carroll Street, Palmerston North	260,000	250,000
10 Carroll Street, Palmerston North	247,500	225,000
12 Carroll Street, Palmerston North	410,000	390,000
16 Carroll Street, Palmerston North	310,000	300,000
18 Carroll Street, Palmerston North	247,500	225,000
20 Carroll Street, Palmerston North	247,500	225,000
22 Carroll Street, Palmerston North	378,000	360,000
28 Carroll Street, Palmerston North	260,000	250,000
26 Fitchett Street, Palmerston North	310,000	295,000
30 Fitchett Street, Palmerston North	330,000	310,000
34 Fitchett Street, Palmerston North	370,000	360,000
40 Fitchett Street, Palmerston North	260,000	255,000
42 Fitchett Street, Palmerston North	290,000	280,000
46/46a Fitchett Street, Palmerston North	340,000	310,000
48/48a Fitchett Street, Palmerston North	350,000	340,000
3 Nash Street, Palmerston North	250,000	260,000
9-15 Nash Street, Palmerston North	600,000	620,000
3 Ngata Street, Palmerston North	242,000	220,000
5 Ngata Street, Palmerston North	242,000	220,000
7 Ngata Street, Palmerston North	242,000	220,000
9a/9b/9c Ngata Street, Palmerston North	337,000	325,000
11 Ngata Street, Palmerston North	230,000	230,000
15 Ngata Street, Palmerston North	242,000	220,000
16 Ngata Street, Palmerston North	270,000	275,000
22 Ngata Street, Palmerston North	270,000	280,000
24a/24b/24c Ngata Street, Palmerston North	440,000	440,000
28a/b/c/d 30/30b Ngata Street, Palmerston North	760,000	735,000
25/25a Ward Street, Palmerston North	400,000	400,000
27/27a Ward Street, Palmerston North	360,000	340,000
29 Ward Street, Palmerston North	260,000	260,000
31 Ward Street, Palmerston North	390,000	370,000
33 Ward Street, Palmerston North	320,000	338,000
35/35a Ward Street, Palmerston North	320,000	360,000
39/39a Ward Street, Palmerston North	355,000	355,000
41 Ward Street, Palmerston North	270,000	280,000
	24,140,500	24,123,000
	\$68,970,500	\$68,663,000

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

12. INVESTMENT PROPERTY (cont.)

Investment property comprises a number of commercial and residential properties that are leased to third parties, for residential properties the lease terms range from 6 months to 12 months and commercial properties have leases negotiated with periods ranging from three years to 15 years with various rights of renewals.

Colliers International (Wellington Valuation) Limited have valued all properties for financial reporting purposes at 31 March 2016 and 31 March 2015.

13. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES

Palmerston North Maori Reserve 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	
			2016	2015
Hikoikoi Management Limited	31-Mar	NZ	50%	50%
Haukawakawa Limited Partnership	31-Mar	NZ	50%	50%
Metlifecare Palmerston North Limited	30-Jun	NZ	50%	50%

The Group has no commitments and no contingencies in relation to its investments in associates.

Non-current investment in Associate	Hikoikoi Management Limited	Haukawakawa LP	Metlifecare Palmerston North Limited	Total
	\$	\$	\$	\$
Balance at 1 April 2014	-	-	7,222,000	7,222,000
Acquisition	-	1,024,000	-	1,024,000
Share of profit/(loss)	-	(50,358)	1,046,500	996,142
Dividends received	-	-	(525,000)	(525,000)
Balance at 31 March 2015	-	973,642	7,743,500	8,717,142
Share of profit/(loss)	-	3,890	412,000	415,890
Dividends received	-	-	(427,500)	(427,500)
Balance at 31 March 2016	\$ -	\$977,532	\$7,728,000	\$8,705,532

Amount of goodwill in equity accounted associate:

Balance at 31 March 2015	-	-	-	-
Balance at 31 March 2016	-	-	-	-

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

13. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES (cont.)

Assets and Liabilities of Associates	2016			
	Hikoikoi Management Limited	Haukawakawa LP	Metlifecare Palmerston North Limited	Total
	\$	\$	\$	\$
Current Assets	114,667	7,927	949,000	1,071,594
Non-current Assets	1,295,555	1,960,000	37,330,000	40,585,555
Total Assets	1,410,222	1,967,927	38,279,000	41,657,149
Current Liabilities	1,410,222	12,861	662,000	2,085,083
Non-current Liabilities	-	-	22,162,000	22,162,000
Total Liabilities	1,410,222	12,861	22,824,000	24,247,083
Net Assets	\$ -	\$1,955,066	\$15,455,000	\$17,410,066

Assets and Liabilities of Associates	2015			
	Hikoikoi Management Limited	Haukawakawa LP	Metlifecare Palmerston North Limited	Total
	\$	\$	\$	\$
Current Assets	98,375	1,907	683,000	783,282
Non-current Assets	1,338,688	1,960,000	36,477,000	39,775,688
Total Assets	1,437,063	1,961,907	37,160,000	40,558,970
Current Liabilities	1,437,063	14,622	692,000	2,143,685
Non-current Liabilities	-	-	20,982,000	20,982,000
Total Liabilities	1,437,063	14,622	21,674,000	23,125,685
Net Assets	\$ -	\$1,947,285	\$15,486,000	\$17,433,285

14. TRADE AND OTHER RECEIVABLES

	2016	2015
	\$	\$
Trade Receivables	3,817	41,255
Rent Arrears	103,512	78,307
Total Trade and Other Receivables	\$107,329	\$119,562

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

15. CASH AND CASH EQUIVALENTS

	2016	2015
	\$	\$
Bank Balances	1,115,557	1,061,998
Bank Overdraft	-	(15,701)
Total cash and cash equivalents	\$1,115,557	\$1,046,297

Interest rate charged on overdrawn bank balances and interest received on call deposits were 10.2% and 1% respectively (2015: 10.95% and 3.15%). Bank balances are on call. Total overdraft available at balance date is \$250,000 (2015: \$250,000).

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

16. UNCLAIMED DISTRIBUTIONS

	2016	2015
	\$	\$
Balance at Beginning of Year	1,128,766	916,601
Distribution Declared	954,159	954,159
Net Distributions Claimed	(809,353)	(741,994)
Balance at End of the Year	<u>\$1,273,572</u>	<u>\$1,128,766</u>

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

17. INTEREST-BEARING LOANS AND BORROWINGS

Description	Maturity Date	Interest Rate	2016	2015
			\$	\$
Westpac Banking Corporation (91)	01/04/2017	4.40%	29,300,823	30,260,823
			<u>\$29,300,823</u>	<u>\$30,260,823</u>
Current			960,000	960,000
Non-current			28,340,823	29,300,823
			<u>\$29,300,823</u>	<u>\$30,260,823</u>

The bank loans are secured over certain investment properties with a carrying amount of \$52,080,000 (2015: \$52,055,000).

18. EMPLOYEE BENEFITS

	2016	2015
	\$	\$
Liability for annual leave	8,407	4,697
	<u>\$8,407</u>	<u>\$4,697</u>

19. TRADE AND OTHER PAYABLES

	2016	2015
	\$	\$
Trade Payables	163,685	123,527
Bonds Payable	5,929	18,401
Accrued Expenses	110,670	139,452
	<u>\$280,284</u>	<u>\$281,380</u>

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

20. OTHER CURRENT LIABILITIES

	2016	2015
	\$	\$
GST Payable	106,269	89,555
Income Received in Advance	59,804	56,217
	<u>\$166,073</u>	<u>\$145,772</u>

21. CAPITAL MANAGEMENT

The Group's capital relates to retained earnings.

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

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

There have been no material changes in the Group's management of capital during the period.

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

22. FINANCIAL INSTRUMENTS

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

	2016	2015
	\$	\$
Trade and Other Receivables	107,329	119,562
Cash and Cash Equivalents	1,115,557	1,046,297
	\$1,222,886	\$1,165,859
Trade and Other Payables	280,284	281,380
Interest bearing loans and borrowings	29,300,823	30,260,823
	\$29,581,107	\$30,542,203

23. RELATED PARTIES

The ultimate Parent of the Group is Palmerston North Maori Reserve Trust.

Subsidiary

Set out below is the significant subsidiary of the Group:

	Principal Activity	Place of Business/Country of Incorporation	Ownership Percentage	
			2016	2015
Baxters Limited	Hostel Accommodation	NZ	100%	100%

Other Related Parties

In addition to the above, and the associates listed in note 13, Palmerston North Maori Reserve Trust is related to the following entities:

Entity	Relationship
Wharewaka o Poneke Charitable Trust	Palmerston North Maori Reserve Trust has the right to appoint two trustees
Wharewaka o Poneke Enterprises Limited	Common Trusteeship/Directorship
Wellington Tenth Trust	Common Trusteeships

Transactions with related parties

Transactions with related parties are to be settled in cash. None of these balances are secured. There have been no impairments of related party balances during the year (2015: nil) and there have been no write-offs of related party balances during the year (2015: nil).

Related Party Transactions included:

	2016	2015
	\$	\$
Interest received from Wharewaka o Poneke Charitable Trust (refer to note 8)	117,000	54,000
Interest received from Wellington Tenth Trust (refer to note 8)	28,951	5,055
Interest received from Hikoikoi Management Limited (refer to note 8)	40,902	42,923
Executive office fees charged by Hikoikoi Management Limited (refer to note 6)	(405,207)	(474,597)
	\$(218,354)	\$(372,619)

PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016

23. RELATED PARTIES (cont.)

Related Party Balances at year end included:

	2016	2015
	\$	\$
Receivable from Wellington Tenth Trust	596,301	369,214
Receivable from Wharewaka o Poneke Charitable Trust	2,907,618	2,826,992
Receivable from Hikoikoi Management Limited	674,237	520,001
Receivable from Haukawakawa Limited Partnership	5,038	5,038
Receivable from Te Aro Pa Limited	-	49,788
	\$4,183,194	\$3,771,033
Current Related Party Receivables	596,301	369,214
Non-Current Related Party Receivables	3,586,893	3,401,819
	\$4,183,194	\$3,771,033

Trustee Remuneration

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

	2016	2015
	\$	\$
Liz Mellish (Chairman)	42,917	30,948
Jeanie Hughes	13,750	11,094
Paula King	13,750	11,094
Dr Catherine Love	13,750	11,094
Sir Ngatata Love	-	-
Matthew Love-Parata	13,750	11,094
Wiki Michalanney	13,750	11,094
Ann Rewiti	13,750	11,094
Aisha Ross	13,750	11,094
Mark Te One	13,750	11,094
	\$152,917	\$119,700

24. RECONCILIATION OF NET SURPLUS TO CASH FLOW FROM OPERATING ACTIVITIES

	2016	2015
	\$	\$
Net Surplus After Tax	2,622,494	2,443,562
<i>Add/(Deduct) Non-cash Items:</i>		
Amortisation	8,841	19,906
Depreciation	12,661	13,717
Movement in Deferred Tax	(1,513)	1,420
Investment Property Revaluations	(307,500)	344,016
Net Surplus/(Deficit) from Associates	(415,890)	(996,142)
<i>Movement in Working Capital Items</i>		
Receivables	12,233	2,924
Income Tax	(83,904)	(17,202)
Payables	22,915	(152,798)
Prepayments	(20,947)	(9,131)
Net Cash Flow from Operating Activities	\$1,849,390	\$1,650,272

**PALMERSTON NORTH MAORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2016**

25. COMMITMENTS

There are no commitments as at 31 March 2016 (2015: Nil).

26. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 2016 (2015: Nil).

27. EVENTS OCCURRING AFTER THE REPORTING DATE

Subsequent to balance date a special general meeting was held on 2 July 2016 in Palmerston North to pass the following resolutions:

RESOLUTION 1 - To apply to the Maori Land Court under Sections 135 & 137 of Te Ture Whenua Maori Act 1993 to reclassify Palmerston North Maori Reserve Trust Land holdings from Maori Freehold Land to General Land.

RESOLUTION 2 - To approve the application to the Maori Land Court to include a variation process in the Palmerston North Maori Reserve Trust Deed allowing the Trust and beneficial owners to vary the Trust Deed as necessary.

Both resolutions were resolved by the owners at the special general meeting.

There were no other events subsequent to reporting date that would affect the financial statements. (2015: Nil)

INDEPENDENT AUDITOR'S REPORT



Crowe Horwath
New Zealand Audit Partnership
Member Crowe Horwath International
Level 1, Crowe Horwath House
57 Willis Street
Wellington 6011 New Zealand

PO Box 11976 Manners Street
Wellington 6142 New Zealand

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

www.crowehorwath.co.nz

INDEPENDENT AUDITOR'S REPORT

To the Beneficial Owners of Palmerston North Maori Reserve Trust

Report on the Financial Statements

We have audited the group financial statements of Palmerston North Maori Reserve Trust and its subsidiaries ("the Group") on pages 14 to 35, which comprise the statement of financial position as at 31 March 2016, the statement of profit and loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the Group, and a summary of significant accounting policies and other explanatory information.

Trustees' Responsibility for the Financial Statements

The Trustees are responsible on behalf of the entity for the preparation and fair presentation of the financial statements in accordance with New Zealand Equivalents to International Financial Reporting Standards with Reduced Disclosure Regime, for maintaining the Owners' Register and for such internal control as the Trustees determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on the financial statements based on our audit.

Furthermore, we are required to express an opinion on whether the Owners' Register conforms with the requirements of the Trust Deed and has been properly kept.

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial

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



Crowe Horwath
New Zealand Audit Partnership
Member Crowe Horwath International
Level 1, Crowe Horwath House
57 Willis Street
Wellington 6011 New Zealand

PO Box 11976 Manners Street
Wellington 6142 New Zealand

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

www.crowehorwath.co.nz

statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Opinion

In our opinion the financial statements on pages 14 to 35 present fairly, in all material respects, the financial position of the Group as at 31 March 2016 and the financial performance and cash flows of the Group for the year then ended in accordance with New Zealand Equivalents to International Financial Reporting Standards with Reduced Disclosure Regime.

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.

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

Crowe Horwath New Zealand Audit Partnership
CHARTERED ACCOUNTANTS
28 July 2016



Turuhira Ngaronoa at the Harakeke Fashion Parade, Waitangi Day 2016

APPENDIX 1 - MINUTES OF THE PALMERSTON NORTH MĀORI RESERVE TRUST ANNUAL GENERAL MEETING HELD ON 29 AUGUST 2015 AT THE PALMERSTON NORTH CONVENTION CENTRE, 354 MAIN STREET WEST, PALMERSTON NORTH

TRUSTEES PRESENT

Aisha Ross, Ann Reweti, Jeanie Hughes, Liz Mellish (Chairman), Mark Te One, Matthew Love-Parata, Paula King, Wikitoria Michalanney

ADVISERS PRESENT

Aaron Titter, Andrew Pllu, Ben Westerman, Bruce Farquhar, Kathleen Thompson, Maz Williams, Nigel Moody, Prad Bhagavathula

EXECUTIVE AND WELLINGTON OFFICE

Cherie Douglas, Chris Fox, Erini Shepherd, Keith Hindle, Mere Tahuparae-Luinstra, Tracey Betham, Vicki Hollywell

ATTENDEES

Aaron Te One, Alamaine McGregor, Allan Erskine, Anne Somerville, Bernard King, Billie Owen, Brian Jones, Brian Love, Bruce Wilson, Colleen Makowharemahihi, David Jones, Dianne Jones, Frances Kingi-Katene, Gay Te One, Grace Luke, Holden Hohaia, Ina Rangiwetu, James Makowharemahihi, Jenny Jurgess, Jewel Makowharemahihi, Jocelyn Love, Joseph Jones, June Jackson, Kahlton Manaia, Karen Tucker, Kathleen Patricia Maaka, L Makowharemahihi, Larys Makowharemahihi, Mana Huntley, Mana Jenkins, Maraea Tanerau, Marama Cock, Maria Makowharemahihi, Marina Paki, Martha Gilbert, Morrie Love, W Enoke, Pam Workman, Paul Jenkins, Piri Te Paki, Peter Jackson, Peter Luke, Piripi Manaia, Reena Huntly, Ria Poiria-Erskine, Richard Te One Jnr, Richard Te One Snr, Ruhia Marama Love, Sarah Luke, Shirley Jones, Sydney Reweti, Takiri Cotterill, Te Amorangi Ross, Tuhi McGregor, Uria Jenkins, Whetumarama Ross, and Wiki Gear

APOLOGIES

Annie Te One, Catherine Love, David Love, Diane Tryer, Dinah King, Dione King, George Love, Heather McPhee, Henry John Graham, Hine Love-Thompson, Honiana Love, Huia Maeke, Jim Taumanu, Joan Margaret Wells, John Te Paki, Judy Evans, June Hagan, Linda Pegg, Maria Tangiora, Mereana Smith Te Paki, Miriama Te One, Mohi Te One, Monica King, Ngatata Love, Nora McAuley, Nui Biss, Pauline Hewson, Teremoana McBride, Tom Taumanu, Tracey Wairau, Tui Love, Urutahua Gilbert, Wayne Kingi

OPENING AND WELCOME

Mark Te One opened the meeting with mihi at 10.07am. Waiata: E ngā iwi

MINUTES OF THE 2014 ANNUAL GENERAL MEETING

The minutes of the last Annual General Meeting are produced on pages 49 to 59 of the Annual Report. Trustees have reviewed them and recommend they be accepted as a correct record of proceedings. Some spelling checks have been made and corrected.

Resolution

It is hereby resolved that the beneficial owners accept the Minutes of the 2014 Annual General Meeting held on 13 September 2014 as a correct record of proceedings

Moved – Richard Te One

Seconded – Billie Owen

Carried unanimously

MATTERS ARISING FROM THE PREVIOUS MINUTES

Liz Mellish advised those present that reports to today's meeting will cover any matters arising from the last annual general meeting.

An acknowledgement was made of the passing of Aroha Thorpe.

REPORT FROM THE CHAIRMAN AND TRUSTEES

The Chairman continued with the PowerPoint presentation. A slide with the structure of the organisation was presented at the meeting alongside a slide showing the Executive Office at Hikoikoi and the Wellington Office at Te Wharewaka.

The property map was on screen (a copy was also included in the Annual Report). The Chairman went through slides for Mega Mitre 10, Baxters and Palmy 31 mentioning that Baxters and Palmy 31 have recently gone through a refresh of their brand. The slides for Metlifecare, Countdown, Tikei Mall, and the Red Cross Shop followed. The Chairman announced that in the past two weeks the Trust signed a contract with PK Furniture the new tenants who have taken over the FCO store. The Chairman mentioned the hard work undertaken by Westerman Property Solutions and introduced Maz Williams who will be working for them from a Palmerston North office.

Looking out at 2016, the Trust is putting through a resolution relating to Ward Street.

Trustees continue to watch the legislation on housing and the implications that that will have on the Trust in matters like double glazing, insulation, re-roofing of the old houses owned by the Trust along with the impact of Te Ture Whenua Māori Bill. Bruce Farquhar was invited to address the matter later in the meeting.

As shown on the Nash Street/Ngata Street property slide, the Trust owns everything except three parcels of land. Two of the parcels are owned by one owner and the other is a Palmerston North City Council carpark. The Council have invited the Trust to put in an offer for the carpark and we have been invited to put in an offer for the other two parcels as well. If the Trust is able to secure the land there is retail interest in a development on the land.

81-87 Thorndon Quay, Wellington is the cultural site of Pipitea Pa and currently houses a car park. The Trust is considering options such as building townhouses, or a Quest type complex, or an early childhood centre with its joint venture partner, Wellington Tenth Trust. The Directors from the Trust are Jeanie Hughes, Mark Te One and Liz Mellish.

The Trust owns freehold land designated residential that currently has empty sections and rundown houses on the block between Ngata and Carroll Street. The Trust has had some initial discussions with Metlifecare our joint venture partner in the retirement village about the potential to build gated community housing on this land. If the Trust is to pursue this idea it would be funded out of the Metlifecare balance sheet as the Trust already owns the land.

PROPOSED RESOLUTION – 25-41 WARD STREET

Photos of the housing stock on Ward Street, an aerial view map, and the property map were put on screen, along with a proposed resolution for 25-41 Ward Street, which had been pre-circulated in the Annual Report. The proposed resolution was asking owners for the ability for the Trust to sell the residential properties from 25-41 Ward Street, with the notation that if the Trust were to sell the properties that they would be replaced by another land development purchase.

The proposed resolution is as a result of the Trust thinking ahead of proposed legislative changes under Te Ture Whenua Māori Land Bill. If the changes to the Act come into being as outlined in the last copy of the proposed amendments to the Bill the Trust would not have been able to develop Mega Mitre 10 and Tikei Mall. The Chairman explained that the Trust may come back to owners to ask that the same ability be given for all of the Trust properties if the amended Act takes away property rights that disable the Trust from looking after its own land.

Ina Rangiwhetu understood in principle the resolution however raised that it may be limiting options to one single thing. Nigel Moody confirmed that it was important to have the last sentence in the proposed resolution because of the land management plan. Ina was also concerned about giving the right to Trustees to determine the outcome for those properties without coming back to owners and had reservations that there might already be a plan in place that has not been disclosed. The Chairman advised that the intention is not to sell the properties outside the Trust, but to a company owned by the Trust, to keep it, and to ensure that whatever goes around the corner from the retirement village enhances it. Kahl Manaia asked if it is decided that the properties will be sold back to the Trust how does it work with regards to the equity left within the properties? The Chairman advised that if the Trust sold it to a company then it would sell it on valuation and would hold 100% equity. The Chairman reassured owners that the discussion and concerns noted by owners on this matter have been recorded in the minutes and that when the board reports to owners next year the Trustees remain accountable. Owners will also be informed in the newsletters if these opportunities start to move along.

Resolution

It is hereby resolved that beneficial owners agree to the recommendation by Managing Trustees for the Palmerston North Māori Reserve Trust to have the ability in the future to sell the residential properties from 25 to 41 Ward Street, Palmerston North. If these properties are sold they will be replaced by another land development purchase

Moved – Pauline Owen
Seconded – Holden Hohaia
Carried unanimously

Resolution

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

Moved – James Makowharemahihi
Seconded – Mana Jenkins
Carried unanimously

FINANCIAL REPORT

Aaron Titter introduced himself and presented the Financial Statements on behalf of the Chairman and Trustees. The key headlines were the conversion to NZ IFRS from the old NZ GAAP standards, the Trust Equity increasing by \$2m over the year, and the Trust generating \$2.44m after tax.

Aaron Titter explained the Total Assets graph which portioned out the values for the assets, as well as the Debt to Total Assets which last year was at 39.84% and this year it is 39.97% of debt to total assets – still under the levels of 2012 and 2013.

Due to the change to the Financial Reporting Act 2013 the Trust had to change its financial reporting and convert from old NZ GAAP standards to NZ IFRS. This required going back to 1 April 2013 and remeasuring the opening balances. There were two key changes, there was no longer a need to deduct disposal costs from the valuation of the land and buildings. As well the Trust previously accounted for deferred income tax - tax that may be paid in the future if an asset was sold, and this was no longer a requirement.

Aaron Titter went through the Statement for Financial Performance which showed the total revenue line as being the rent that is earned from the properties, the graph also showed an increase in total property expenses with a full detailed breakdown on note 7 page 34 of the Annual Report. Note 9 on page 34 also shows who the Trust earned the money from and who it was paid to in the Net Financing Costs. Metlifecare increased from \$649k to \$996k.

The next slide was the Summary Statement of Financial Position. The balance sheet showed the assets and liabilities. With net assets at \$49.5m an increase from last year's net assets of \$48m. The increase in investments from 2014 to 2015 is approximately \$1.3m.

The Summary Statement of Cash flow showed the cash that was generated in the financial year and how it was spent. \$1.65m from properties compared to \$1.97m last year. The purchase and sale of properties and repaid \$137k compared to \$1m the previous year.

Resolution

It is hereby resolved that beneficial owners accept the audited Financial Statements for the Palmerston North Māori Reserve Trust year ended 31 March 2015 as a correct reflection of the Trust's financial position.

Moved – Ina Rangiwhetu
Seconded – Ria Poiria-Erskine
Carried unanimously

APPOINTMENT OF AUDITOR

This appointment of an auditor is an annual requirement. Trustees recommend the appointment of Crowe Horwath New Zealand Audit Partnership as the Trust's independent auditors.

Resolution

It is hereby resolved that beneficial owners appoint Crowe Horwath New Zealand Audit Partnership as the independent auditors for the Palmerston North Māori Reserve Trust for the year ended

31 March 2016.

Moved – James Makowharemahihi

Seconded – Grace Luke

Carried unanimously

TRUSTEE REMUNERATION

At the annual general meeting last year there was considerable discussion that Trustee remuneration for the Chairman would increase to \$40k and that Trustees would each receive \$12K gross per annum. In a proposed resolution to the meeting the Trustees recommended the remuneration for the Chairman increase to \$45k gross per annum and that Trustees remuneration remain at \$12k gross per annum.

Ina Rangiwhetu asked whether the structure of payments could be amended so that the trustee fee was only payable dependent on the number of meetings that were attended. The Chairman advised that Trustees are not paid to be Directors or Trustees on subsidiary entities such as Te Wharewaka Charitable Trust, Te Wharewaka o Poneke, Ngahuru Charitable Trust, Haukawakawa, and Hikoikoi Management Ltd, and that there are many more meetings that Trustees attend that extend from the activities of those businesses. The level of participation for a Trustee has grown as the Trust has grown.

Travel and accommodation is covered by the Trust so Trustees are not out of pocket for costs incurred to attend meetings.

There were requests and support from the floor to increase the Trustee remuneration from \$12,000 gross per annum to \$15,000 gross per annum, and to increase the Chairman remuneration from \$40,000 gross per annum, to \$45,000 gross per annum.

Resolution

It is hereby resolved that the beneficial owners approve Trustee remuneration at the following levels:

Chairman: \$45,000 gross per annum

Trustee (each): \$15,000 gross per annum

Moved – Billie Owen

Seconded – Ina Rangiwhetu

Carried unanimously

The Chairman thanked owners for the support given.

DISTRIBUTION

The Chairman advised that Trustees are proposing a resolution to owners of a distribution of \$5 per share. This is a capital distribution.

Resolution

It is hereby resolved that beneficial owners agree to a distribution of \$5 per share being a total commitment of \$954k

Moved – Martha Gilbert

Seconded – Mana Jenkins

Carried unanimously

ELECTION OF MANAGING TRUSTEES

Nigel Moody managed the election process. He advised that the current terms of four Trustees, Liz Mellish, Aisha Ross, Ann Reweti and Jeanie Hughes have expired and those Trustees have put themselves forward for re-election. Two other Trustee nominations have been received, from Richard Te One, and James Makowharemahihi. Each of the candidates received two minutes each to address the audience. Voting closed at the end of the meeting and it was hoped that the results of the election would be made at the lunchbreak.

TE TURE WHENUA MĀORI BILL

Bruce Farquhar addressed the meeting regarding the review of the Te Ture Whenua Māori Bill. Trustees were given a draft exposure Bill and a consultation document to review and Bruce advised that he has been through the 300 page document and in his opinion it is the most major reformation that he has ever seen. He advised that over the last 20 years the Trust has worked really hard to prosper and the proposed changes to the Bill will negate those achievements. The Trust is working well in the current environment and there is no reason why it couldn't continue.

In the proposed Act the Trust would become a private trust which would incur a number of administrative difficulties like when transferring property or dealing with property transactions attaining signatures from every Trustee each time a transaction is processed as the Trust's land holdings are in the name of the Trust and not in the names of the Trustees. One of the main concerns is the removal of the Māori Land Court in most of the roles, and the replacement with a government department and a Chief Executive of that government department. There was comment from the floor that public servants will end up making decisions about the management of our land, and that this looked like a land grab, and protest action should be considered. Liz Mellish advised that it is proposed that unclaimed monies that the Trust currently manages may go to the Māori Trustee to administer, although this is not clear at this stage. Another concern was the requirement for 75% representation of owners to vote, which would be impossible to facilitate.

Liz Mellish advised that the Trust has met with Wakatu, Paraninihi ki Waitotara, and the Organisation of Māori Authorities (OMA). Morrie Love commented that the government failed to consult with those organisations – the businesses who are in the engine room of the Māori economy.

Ina Rangiwhetu asked whether we could nationally get together and fight this at that level.

Liz Mellish advised that collectively this has been done through OMA and the Federation of Māori Authorities.

Submissions closed on 9 August and a submission has been made on behalf of the Trust. We will have to analyse each of the aspects that will impact on us, and if it goes through there will be a three year transition period. Trustees are keeping a track on proceedings. Copies of the submission were available for owners at the registration desk.

Kahl Manaia asked if there was any correlation between the TPPA and the reformation of the Te Ture Whenua Māori Bill. It was unsure.

It was proposed that a workshop be held at Hikoikoi with Bruce Farquhar to go through the amendments to the Bill. Those interested in participating in a workshop should pass their emails on to Erini Shepherd at the Executive Office so that arrangements for a workshop can be made.

NGAHURU CHARITABLE TRUST

Mark Te One Chairman of the Ngahuru Charitable Trust spoke about the establishment of the Trust which came about after the disestablishment of the Wellington Tenth Development Trust. The Trust addresses the issues that are not the core issues of the two landed trusts and currently it supports the Hikoikoi Waka Ama Club, Te Roopu Manaia Weavers, and the Kaumatua Hui. Most of the activities are self-sufficient, the Waka Ama Club has its own fundraising activities and recently raised \$7k at an annual quiz night. The Waka Ama Club also contributes towards providing kaihoe for the waka. Te Roopu Manaia Weavers meet once a week or so at Hikoikoi and use the facilities there. The weavers also support the activities of the landed Trusts by contributing pake for kaihoe of the waka and regularly supporting events at Te Raukura such as the 150th commemoration of Wellington being a City, Waitangi Day and the like. The kaumatua group meet weekly at Hikoikoi on a Monday and activities such as an acupuncturist, mirimiri, exercise, and health nurses are onsite along with the opportunity for kaumatua to korero and catchup with each other. One of the staff at Te Raukura is a tutor in Te Ataarangi and has asked if we would be interested in establishing a te reo Māori language course run through the wananga with Hikoikoi being the venue, this is under discussion.

Trustees from this Trust on Ngahuru Charitable Trust are Mark Te One, Liz Mellish and Jeanie Hughes. To date the committee has only met a couple of times. Mark Te One advised that a strategic planning meeting is being proposed and he is open to who might want to contribute to that.

WHAREWAKA O PONEKE CHARITABLE TRUST

Last year with owner permission a big investment was made in Te Wharewaka and since the investment has been put in, along with the establishment of the Wellington Office, the financial return has improved and we are now receiving a monthly return on that investment of \$9K a month. We are now monitoring the transactions on the building and we have turned what wasn't so good to something that is now seeing financial returns.

Liz Mellish advised that along with the events that are run from Te Wharewaka such as Waitangi Day, and the 150 Capital City commemoration, is the development of the tourism arm. The Walking and Waka Tours work with our own and work with Wellingtonians, schools

and corporates to understand our history in this city which is mainly invisible. Two staff have been employed already and we are working with the Ministry of Social Development to bring on more staff. The walking tours of Te Aro Pa run 3 days a week at \$35 a tour. Liz also introduced Paul and Keri Retimanu who rent Karaka Café space, and manage the conference venue.

GENERAL BUSINESS

Holden Hohaia advised that he is standing for the PNBST elections alongside Morrie Love, Peter Jackson and Mark Ormsby.

Sarah Luke asked whether as a shareholder the shares could be sold. Advice was that shares cannot be exchanged on the stock exchange as the Trust is a closed trust. There is a share value that is in the annual report of \$259 per share however in an open market there is an expectation that you would be paying a premium on top of that. Because this is a locked environment there isn't the same value. Keith Hindle, Nigel Moody and Bruce Farquhar will work on a paper that sets out the process currently, and the issues. The information will be included in the newsletter.

Frances Kingi-Katene thanked the board for organising the travel to the meeting.

For those that updated their contact information there was a prize draw of a \$100 Mitre 10 voucher. The prize went to Mana Jenkins.

Aaron Titter left the meeting with Andrew Pllu and Prad Bhagavathula to count the votes.

CLOSING

There being no further business the meeting was closed at 12.45pm by Mark Te One.
Waiata: Tama Ngakau Marie.

VOTING RESULTS

The results of the election were advised by Nigel Moody during the lunchbreak. He advised that Liz Mellish, Aisha Ross, Ann Reweti and Jeanie Hughes were successfully re-elected.



Special General Meeting of Palmerston North Maori Reserve Trust held on 2 July 2016 at the Palmerston North Convention Centre, Palmerston North



Great to see so many owners at the Special General Meeting on 2 July 2016, owners overwhelmingly supported the resolutions presented to them at the meeting

APPENDIX 2 – REGISTER OF INTERESTS

Trustee	Concern or Interest
Jeanie Hughes	Haukawakawa General Partner Limited, Director Hikoikoi Management Limited, Director Ngahuru Charitable Trust, Trustee Palmerston North Māori Reserve Trust, Trustee Wellington Tenths Trust Corporate Trustee Limited, Director Wellington Tenths Trust, Trustee
Catherine Love	Columbia University NYC Mailman School of Public Health, CPC Associate Metlifecare Palmerston North Limited, Director Palmerston North Māori Reserve Trust, Trustee Te Rau Matatini/Te Waka Hourua, Lead Researcher Te Wānanga o Aotearoa, Guest Lecturer Te Whare Wānanga o Awanuiārangi, Post Graduate Studies Supervisor and Course Writer UNICEF NYC, Contractor Waikato University, Māori and Psychology Research Unit and CORE Wellington Tenths Trust, Trustee
Paula King	Baxters Limited, Director Hawera High School, Teacher Palmerston North Māori Reserve Trust, Trustee Palmerston North Māori Reserve Trust Audit and Risk Committee, Member
Sir Ngatata Love	Massey University, Professor Emeritus Palmerston North Māori Reserve Trust, Trustee Te Tatau o Te Pō Marae, Trustee Victoria University of Wellington, Professor Emeritus
Matthew Love-Parata	Ati Awa Mai i Kukutauaki Ki Whareroa Charitable Trust, Trustee Haukawakawa General Partner Limited, Director Ngahina Trust (Paraparaumu) Palmerston North Maori Reserve Trust, Trustee Te Korokoro North Maori Reserve, Development Chair Te Whanau A Te Ngarara Incorporated (Paraparaumu Airport) Wellington Tenths Trust, Trustee Whirinaki Rainforest Experiences, Development Advisor
Liz Mellish	Federation of Māori Authorities (FoMA), Director Haukawakawa General Partner Limited, Director Hikoikoi Management Limited, Director Lion Foundation, Committee Member Metlifecare Palmerston North Limited, Director Ngahuru Charitable Trust, Trustee Palmerston North Māori Reserve Trust Audit and Risk Committee, Ex-Officio Palmerston North Māori Reserve Corporate Trustee Limited, Director Palmerston North Māori Reserve Trust, Chairman Te Wharewaka o Pōneke Charitable Trust, Trustee Te Wharewaka o Pōneke Enterprises Limited, Director

Trustee	Concern or Interest
Wikitoria Michalanney	Justice of the Peace, NZ Māori Women's Welfare League, Aotea Regional Council Treasurer Māori Women's Welfare League, Waitara Branch Treasurer Ngahuru Charitable Trust, Trustee Te Atiawa Kaumatua Housing Trust, Admin/Project Manager support Ngati Rahiri Hapu (Land), Trustee Ngati Rahiri Hapu o Te Atiawa (Taranaki) Society Incorporated, Trustee, Secretary/Treasurer Palmerston North Māori Reserve Trust, Trustee Palmerston North Māori Reserve Trust Audit and Risk Committee, Member
Ann Reweti	Palmerston North Māori Reserve Trust, Trustee Te Wharewaka o Pōneke Charitable Trust, Trustee Wellington City Council, Employee
Aisha Ross	23iKa Limited, Director Baxters Limited, Director Koura Inc Limited, Director Ngaruahine Fisheries Ltd, Director Palmerston North Māori Reserve Trust, Trustee Palmerston North Māori Reserve Trust Audit and Risk Committee, Chair Parininihi ki Waitōtara Incorporation, Director Parininihi ki Waitōtara Trust, Trustee Port Nicholson Fisheries Limited, Director Te Wānanga o Aotearoa, Employee Te Wharekura o Ngapurapura o te Aroha, Trustee
Mark Te One	Greater Wellington Aratahi Inter-Iwi Committee, Member Harbour Islands Kaitiaki Board, Trustee Haukawakawa General Partner Limited, Director Hikoikoi Management Limited, Director Minoh House Friendship Charitable Trust National Archives Te Pae Whakawairua Committee, Member Nga Tekau Holdings Limited, Director Ngahuru Charitable Trust, Trustee Nicholson Group Limited, Director Palmerston North Māori Reserve Corporate Trustee Limited, Director Palmerston North Māori Reserve Trust, Trustee Pipitea Marae Charitable Trust, Trustee Port Nicholson Block Settlement Trust, Trustee Roopu Tiaki, Board Member Taranaki 10 Limited, Director Taranaki 217 Limited, Director Te Puni Kōkiri, Employee Te Wharewaka o Pōneke Charitable Trust, Trustee Te Wharewaka o Pōneke Enterprises Limited, Director Wellington Tenths Trust, Trustee



Te Ahi a Tahurangi Kapa Haka performing at Waitangi Day 2016 at Te Raukura (Te Wharewaka)

APPENDIX 3 – PROXY FORM



PO Box 39294, Wellington Mail Centre, Lower Hutt 5045
24d Marine Parade, Hikoikoi 5012
Telephone: 04 473 2502 or Fax: 04 589 8810

I _____

of _____

being an owner in the Palmerston North Māori Reserve 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 27 August 2016, and at any adjournment thereof.

Dated this _____ day of _____ 2016.

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)

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:
- Kaumatua
 - Solicitor of the High Court
 - Justice of the Peace
 - Officer of the Māori Land Court
 - Licensed Interpreter of the Māori language
 - Registered Medical Practitioner
 - Officiating Minister
 - Registered Nurse
 - Registered School Teacher
 - Officer of the Department of Justice
 - Chartered Accountant.
- 11.26 The proxy form when completed must either be handed in at the meeting or lodged with the secretary or the executive office of the Trust before 10.00am on the working day before the meeting.

Instrument of Appointment

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

Cancellation and Lapse of Appointment

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

CONTACT DETAILS

TRUSTEES AND STAFF



Staff Back Row: Tracey Betham, Cherie Douglas, Erini Shepherd, Gilbert Douglas, Vicki Hollywell, Mere Tahuparae-Luinstra, Christine Fox

Trustees Second Row: Wiki Michalanney, Liz Mellish (Chairman), Mark Te One, Ann Reweti

Trustees Front Row: Matthew Love-Parata, Paula King, Jeanie Hughes, Aisha Ross

Absent: Sir Ngatata Love and Catherine Love

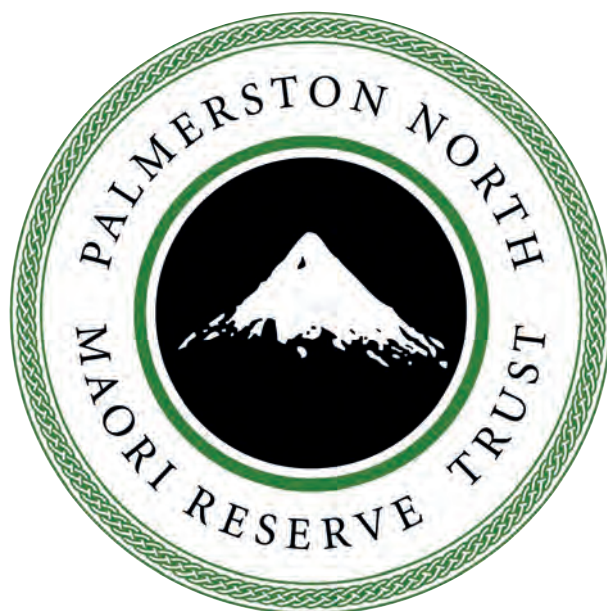
EXECUTIVE OFFICE

24d Marine Parade
Hīkoikoi
Petone
PO Box 39294
Lower Hutt 5045
☎ 04 473 2502
☎ Free 0508 445 645
✉ info@tekau.maori.nz

WELLINGTON OFFICE

Level 1
Te Raukura, Te Wharewaka o Pōneke
Taranaki Street Wharf
15 Jervois Quay
Wellington
PO Box 24599
Wellington 6146
☎ 04 901 3332

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



PALMY 31

ACCOMMODATION | PALMERSTON NORTH



BAXTER'S

ACCOMMODATION | PALMERSTON NORTH