



PALMERSTON NORTH MĀORI RESERVE TRUST

ANNUAL REPORT 2019







Mihi

Te Whenua, Te Tāngata, Te Ao Āmua

Tēnā nō tātou e ngā whānau whānui.

*Nei rā ngā mihi ki a koutou. Kua tae mai
anō te wā ki te huihui tātou, kia kōrero tātou
kanohi ki te kanohi. He rangi pai te rangi, kei
runga te rangi, mā tātou rangi.*

*Moe mai rā e ngā tini me ngā mano.
Haere atu rā E te hūnga ora noho ora mai nā*

Mouriora

Objective

*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 nine
Trustees, with Liz Mellish being the current
Chairman.*

*Current Trustees are Takiri Cotterill,
Jeanie Hughes, Paula King,
Matthew Love-Parata, Wiki Michalanney,
Ann Reweti, Aisha Ross, and Mark Te One.*

The background of the entire page is a photograph of a Māori statue, likely the Hōiahi Māui, silhouetted against a dramatic sunset sky. The statue is positioned on the left side of the frame, holding a long staff or spear vertically in its right hand and a shorter object, possibly a paddle or a smaller staff, in its left hand. The sky transitions from a deep blue at the top to a bright orange and yellow near the horizon, with scattered clouds catching the low light. Two horizontal dotted lines are placed above and below the text to frame it.

The Land, The People, The Future

Te Whenua, Te Tāngata, Te Ao Āmua



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Section One / General

Notice of Annual General Meeting

Saturday 31 August 2019, 10am
Palmerston North Convention Centre
354 Main Street West
Palmerston North

Agenda

Mihi Whakatau / Karakia

Apologies

Minutes of 2018 Annual General Meeting

Minutes of the 9 February 2019 Special General Meeting

Report from the Chairman and Trustees

Financial Report

Appointment of Auditor

Election of Managing Trustees

Trustee Remuneration

Annual Distribution

General Business

Karakia Whakamutunga



Transportation

From Waitara – If you require transportation from Taranaki to the Annual General Meeting in Palmerston North on Saturday 31 August, there is a Weir Bros Bus and Charter Services bus departing from the New Plymouth Ariki Bus Depot promptly at 5.45am, then travelling on to Waitara (Challenge Petrol Station, McLean Street) at 6.15am. Please contact Wiki Michalanney on 027 4900 837 or 06 7544459 to reserve a seat.

From Hawera – If you require transportation from Hawera, the bus will depart from the Hawera Information Centre at 7.15am. Please contact Paula King on 027 278 5954 to reserve a seat.

From Petone – If you require transportation from Wellington, a Newlands Coach Services bus departs from Hīkoikoi, 24d Marine Parade, Petone at 7am on Saturday 31 August. Please contact the Executive Office on tollfree number 0508 445 645 to reserve a seat.

All bus bookings must be received by 5pm Wednesday 28 August 2019. For all pickups **please arrive 15 minutes prior to departure.**

Both buses will return to Taranaki and Hīkoikoi respectively after the Annual General Meeting.

Report from the Chairman and Trustees



Liz Mellish, Chairman

It is with great pleasure the Trustees of Palmerston North Māori Reserve Trust bring to you our annual report for 31 March 2019.

Trustees have been actively progressing the development strategy we presented to you at our 2017 Annual General Meeting.

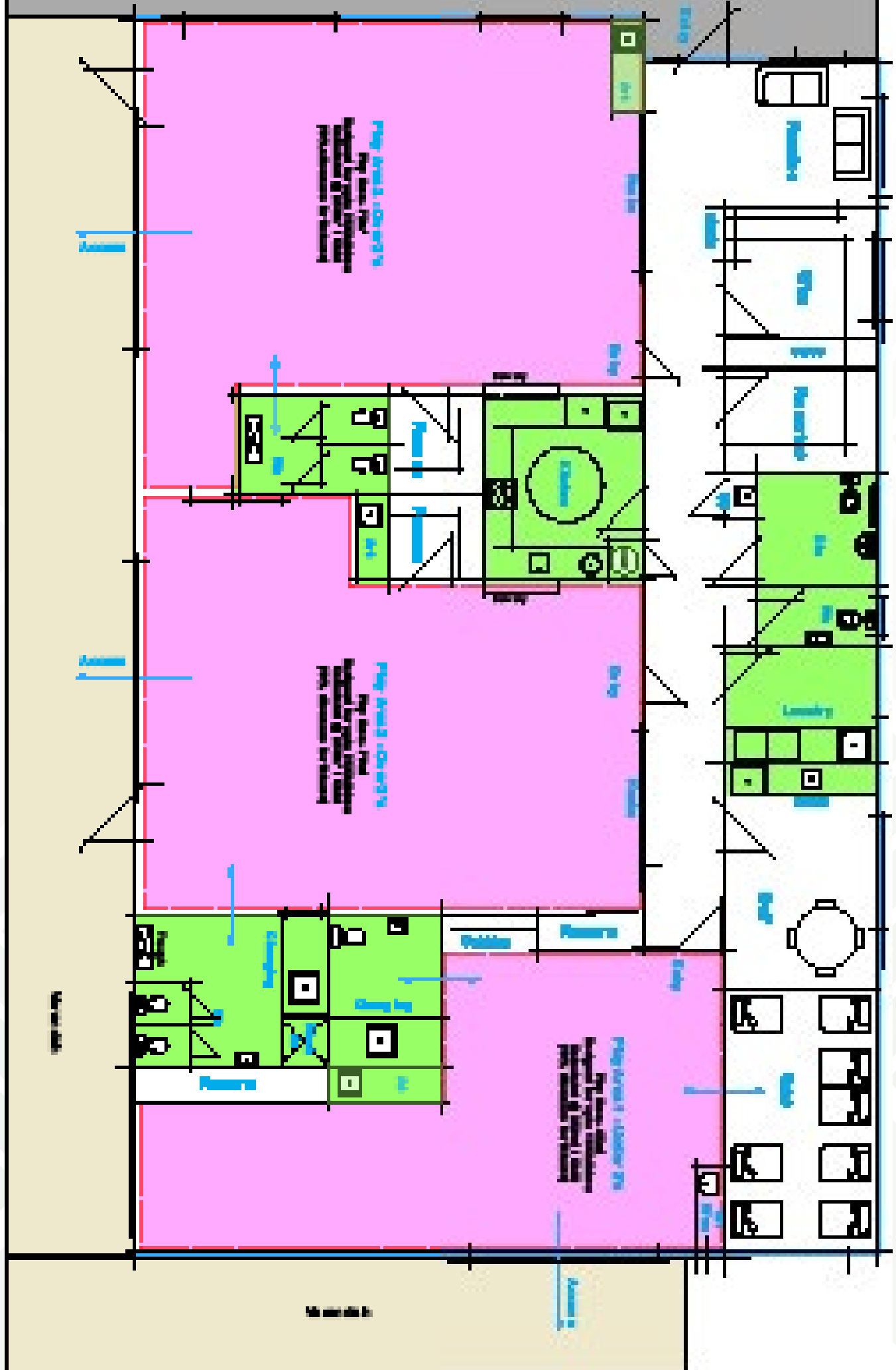
Since then we have made some clear decisions that have enabled us to progress those developments.

Early Childcare Centre

The major project has been the building of a new Early Childcare Centre for our existing tenant at Nash Street.

The progress has been very slow and much of this has been due to the consenting process through the Palmerston North City Council. After much angst we have worked with the Council and with the support of the Mayor Grant Smith we now have a specialist team in Council who will assist us in getting through the consenting process for future projects much faster.

A sketch of the site is included in this report which provides a good play area at the back of the centre for the children, and the building that is being designed will meet all of the necessary Ministry of Education standards.



Draft architect plans for the Early Childcare Centre

Metlifecare

The second project we are undertaking is the Joint Venture development with Metlifecare.

We had a very successful meeting with owners in February this year held at Metlifecare in Palmerston North, ensuring that we could invest the properties at Carroll and Ngata Streets into this new aspect of the current retirement village.

The Directors from this Trust are the Chairman, Keith Hindle and Jeanie Hughes. We visited Metlifecare sites in Auckland and that was a very useful exercise. We are very encouraged by the treatment of care model Metlifecare have advocated and this made us very positive in establishing more housing adjacent to the current village.

A committee which includes the Chairman and Keith Hindle have agreed to take the project quickly to the building stage.

Right: Proposed Metlifecare Development Site marked in red. The current retirement village has terracotta roofs
Below: Impression of village design





PIRIE ST

CAROW ST

ELIZABETH ST

NORTH ST

CARROLL ST

NGATA ST

NGATA ST

NASH ST

FEATHERSTON ST

Residential Development Block
(12,338sqm)

Suzuki

Farm & Vege Shop

Palmerston North Boys High School

Mitre 10 Mega

75 100

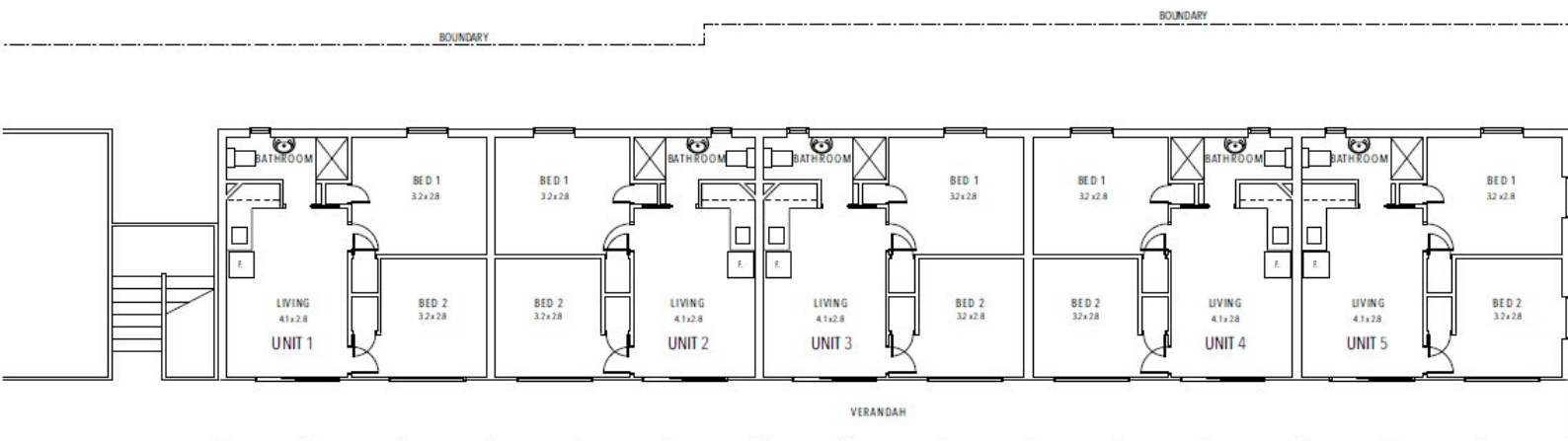
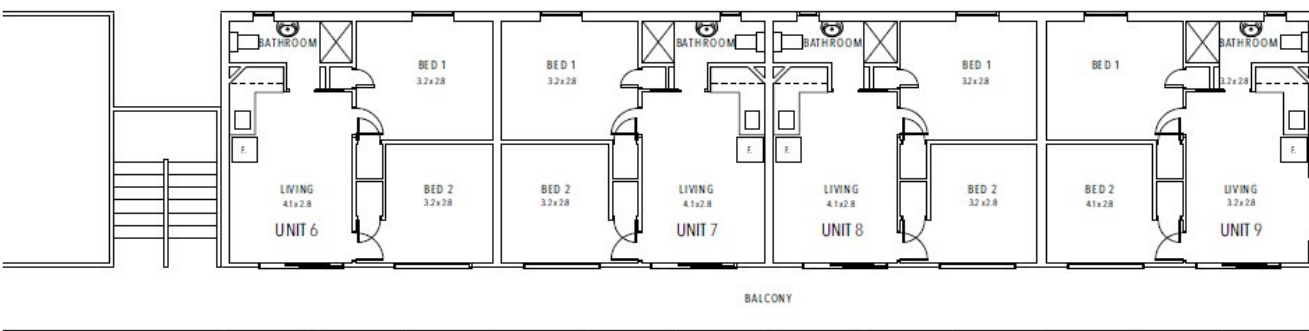
Baxters

The third project we are working on to start in 2020 is to build two bedroomed apartments at Baxters on Ranfurly Street. The accommodation built would be for whānau who are studying at higher education levels at Massey University. These units would be built at the back of Baxters which is currently underutilised.

Below: Architect Plans of South Elevation view at Baxters



SOUTH ELEVATION

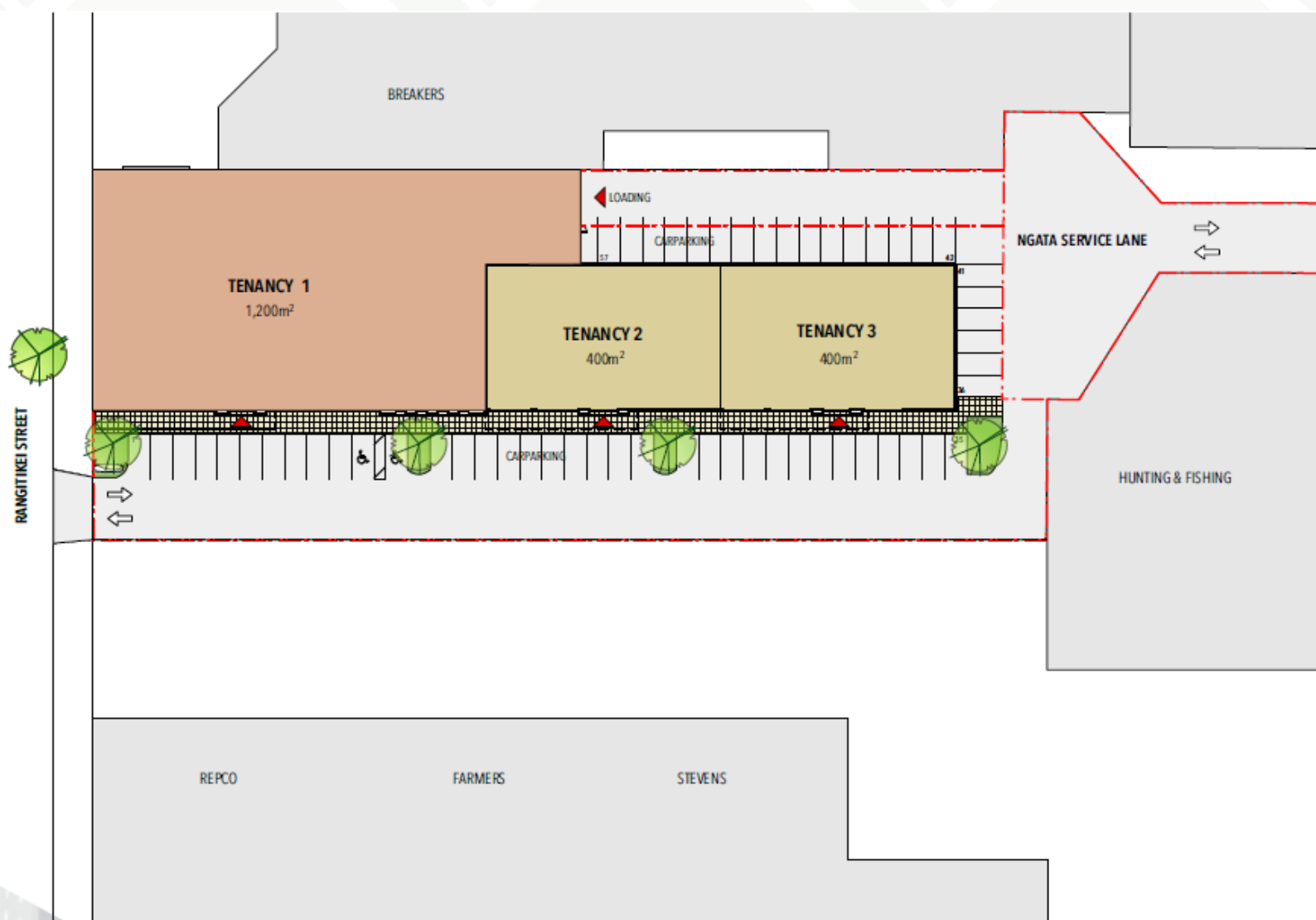


Above: Proposed Floor Plans for Ground Floor and First Floor



Rangitikei Street

The fourth project is the building of some retail shops on Rangitikei Street next to the Breakers restaurant. The Rangitikei Street site is now cleared in preparation for a retail development. We have live prospects and we are working towards signing the tenancies. Hopefully I will have "breaking news" to report at the Annual General Meeting.



Draft architect plans of the Rangitikei Street Development

These projects will mean our asset base will grow quickly and we can certainly fund the projects through our existing business base.

This takes me to our strong Balance Sheet and that our asset base has improved substantially so we are now valued at more than \$100,000,000.00. This is cause for celebration as Trustees have prudently and carefully made the decision to grow our assets over this two-year period.

These are projects and developments that we have outlined previously as part of our five year plan of expansion. We have consolidated our assets in Palmerston North in strong commercial buildings that return us good cashflow and asset growth.

We have also secured our property in Wellington at Thorndon Quay in our company Haukawakawa General Partner Ltd as a future development and we are quietly determining our prospecting strategy on this traditional land.

We have also supported fully our investment into Te Raukura, the Wharewaka and it is pleasing to note its importance in the landscape of our Capital City, Wellington. Whilst Te Raukura is our glamour place, Hikoikoi is the engine room which is used so often by our whānau and of course it is the base for the majority of our staff that make everything work.

Hikoikoi Management Ltd is the company jointly owned by the Palmerston North Māori Reserve Trust and Wellington Tenths Trust, with Keith Hindle at its head. The strong focus has been on good management and accountability and we have secured a strong administration to manage the day-to-day operation of our business.

I look forward to meeting you all at our Annual General Meeting in Palmerston North on 31 August 2019 at 10am at the Palmerston North Convention Centre. I am hoping to see more of your whānau at the hui, especially our younger generation. We need to consider their gaining knowledge of our business and place in the many entities that make up the Te Atiawa/Taranaki Whānui suite of assets in this 21st century.

Ngā Mihi



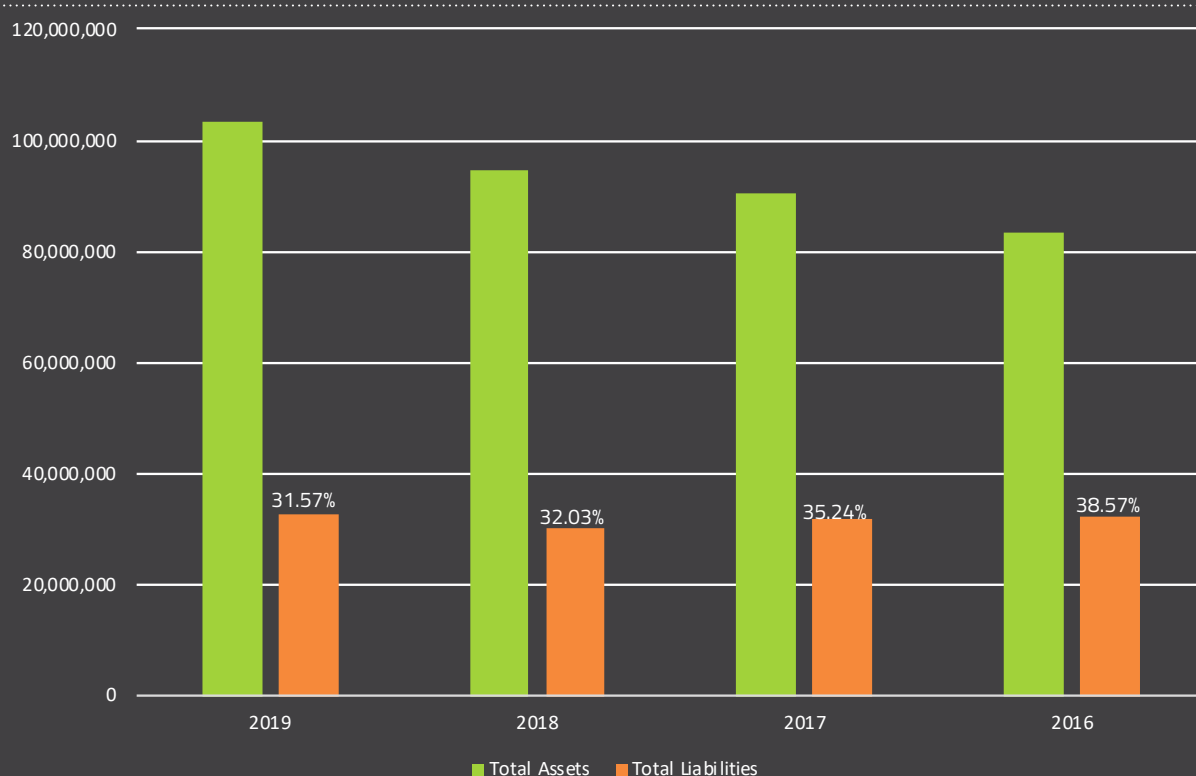
Liz Mellish MNZM
Chairman

Statistical Information

	2019	2018	2017	2016
Number of Owners	1,062	1,023	999	982
Number of Shares	190,831.866	190,831.866	190,831.866	190,831.866
Total Assets	\$103,551,766	\$94,595,230	\$90,496,889	\$83,311,340
Total Liabilities	\$32,693,479	\$30,301,892	\$31,890,354	\$32,136,594
Total Equity	\$70,858,287	\$64,293,338	\$58,606,535	\$51,174,746
Value per share	\$371.31	\$336.91	\$307.11	\$268.17
Revenue	\$6,685,786	\$6,326,330	\$6,452,207	\$6,367,851
Operating Profit After Net Financing Costs	\$2,494,796	\$2,624,138	\$2,764,963	\$2,398,643
Profit for the year	\$7,512,696	\$6,670,778	\$8,385,948	\$2,622,494
Distribution to Owners	\$954,159	\$1,049,575	\$954,159	\$954,159
Distribution per Share	\$5.00	\$5.50	\$5.00	\$5.00

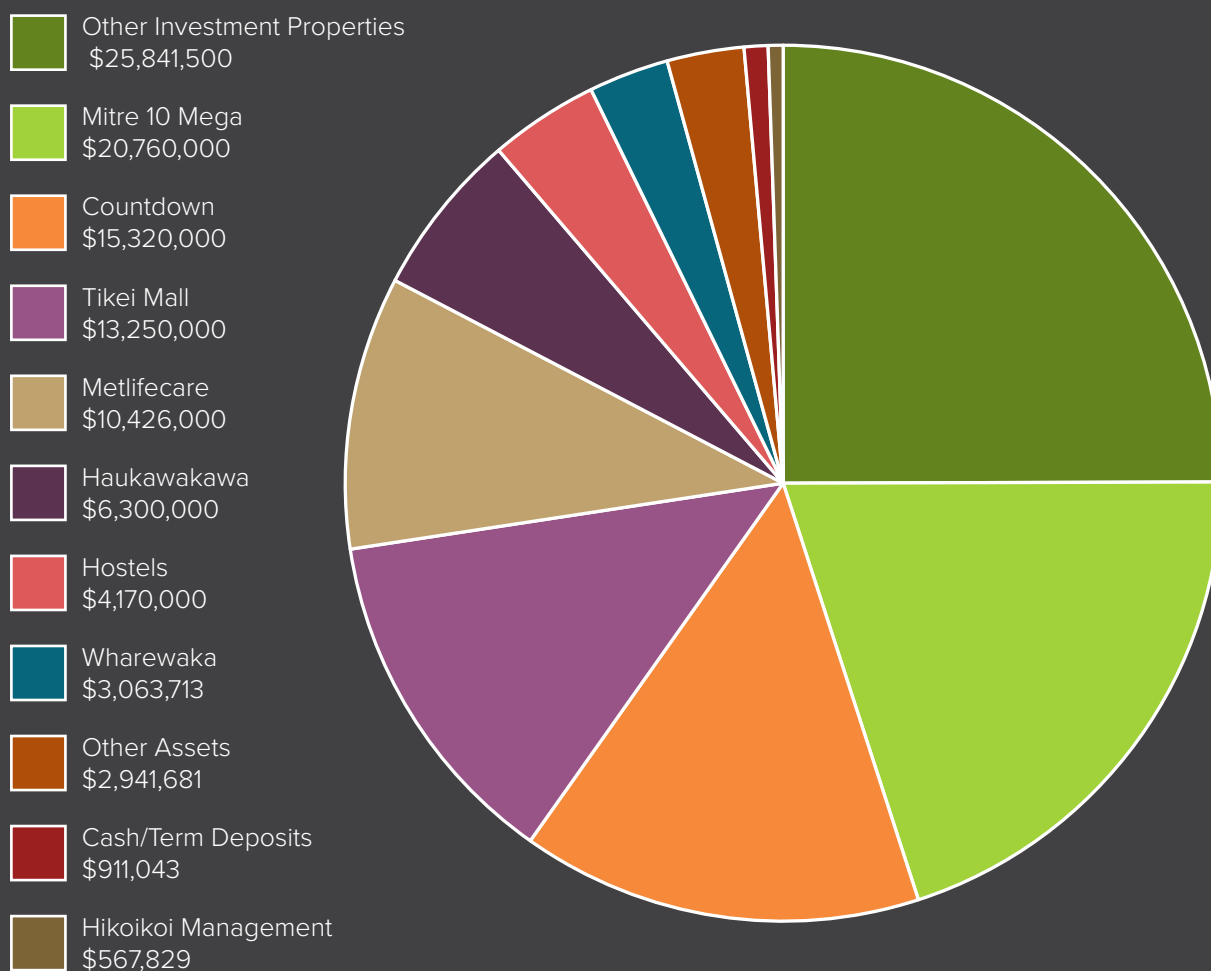
Debt to Equity Ratio

The illustration below shows the movement in the debt to total assets ratio over the past four years. As at 31 March 2019 the debt total assets ratio is 31.57%, that is, the total liabilities of the Trust is 31.57% of the Trust's total assets. This is a strengthening of 0.46% from 31 March 2018.



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 2019. 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.





*Waka Hourua landing on Hīkoikoi Beach as part of the NZ Festival of the Arts Waka Odyssey 2018
Photo Credit Rawhitiroa Photography*

Section Two / Consolidated Financial Statements



PALMERSTON NORTH MĀORI RESERVE TRUST
CONSOLIDATED STATEMENT OF PROFIT OR LOSS
AND OTHER COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 MARCH 2019

REVENUE	Note	2019 (\$)	2018 (\$)
Gross Rental Income	4	6,646,661	6,288,212
Other Income	5	39,125	38,118
Total Revenue		6,685,786	6,326,330
EXPENSES			
Direct Property Expenses	4	(2,176,214)	(1,762,022)
Administration Expenses	6	(1,008,171)	(947,577)
Depreciation	10	(45,551)	(25,184)
Amortisation	11	(4)	(5)
Loss on Disposal of Property, Plant and Equipment		(8,349)	(10)
TOTAL EXPENSES		(3,238,289)	(2,734,798)
OPERATING PROFIT BEFORE NET FINANCING COSTS		3,447,497	3,591,532
FINANCE COSTS			
Finance Income	7	187,409	168,424
Finance Expenses	7	(1,140,111)	(1,135,818)
NET FINANCE COSTS		(952,702)	(967,394)
OPERATING PROFIT AFTER NET FINANCING COSTS		2,494,796	2,624,138
NON-OPERATING REVENUE AND EXPENSES			
Share of Equity Accounted Investees Profit for the Year	13	727,710	2,081,348
Loss on Sale of Investment Property	12	(595,000)	-
Investment Property Revaluation	12	5,423,062	2,604,104
Demolition Costs		(141,202)	(52,068)
PROFIT BEFORE INCOME TAX		7,909,366	7,257,522
Income Tax Expense	8	(396,670)	(586,744)
PROFIT FOR THE YEAR		7,512,696	6,670,778
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		\$7,512,696	\$6,670,778

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

PALMERSTON NORTH MĀORI RESERVE TRUST
 CONSOLIDATED STATEMENT of CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2019

	Note	Retained Earnings (\$)	Discretionary Reserve (\$)	Total Equity (\$)
BALANCE AT 1 APRIL 2017		58,606,535	-	58,606,535
Profit for the Year		6,670,778	-	6,670,778
Total Comprehensive Income for the Year		6,670,778	-	6,670,778
OTHER MOVEMENTS				
Transfer to Discretionary Reserve from Distributions and Unclaimed Distributions	18	-	69,900	69,900
Transfer from Discretionary Reserve (Allocation to Rangatahi Leadership Wānanga)	18	-	(4,300)	(4,300)
Total Other Movements		-	65,600	65,600
Distributions Paid	17	(1,049,575)	-	(1,049,575)
BALANCE AT 31 MARCH 2018		64,227,738	65,600	64,293,338
Profit for the Year		7,512,696	-	7,512,696
Total Comprehensive Income for the Year		7,512,696	-	7,512,696
OTHER MOVEMENTS				
Transfer to Discretionary Reserve from Distributions and Unclaimed Distributions	18	-	8,252	8,252
Transfer from Discretionary Reserve (Allocation to Rangatahi Leadership Wānanga)	18	-	(1,838)	(1,838)
Total other movements		-	6,414	6,414
Distributions Paid	17	(954,160)	-	(954,160)
BALANCE AS AT 31 MARCH 2019		\$70,786,273	\$72,014	\$70,858,287

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

PALMERSTON NORTH MĀORI RESERVE TRUST

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 MARCH 2019

EQUITY	Note	2019 (\$)	2018 (\$)
Discretionary Reserve	18	72,014	65,600
Retained Earnings		70,786,273	64,227,738
TOTAL EQUITY		\$70,858,287	\$64,293,338

ASSETS

CURRENT ASSETS

Trade and Other Receivables	14	103,050	73,105
Sundry Receivable (25-41 Ward Street)		2,400,000	-
Prepayments		87,176	68,662
Cash and Cash Equivalents	15	911,043	829,573
Term Deposit	16	-	1,400,000
Work in Progress		61,661	28,744
TOTAL CURRENT ASSETS		3,562,930	2,400,084

NON-CURRENT ASSETS

Property, Plant and Equipment	10	276,194	192,617
Investment Properties	12	85,641,500	76,981,500
Intangible Assets	11	-	4
Investment in Equity Accounted Investees	13	10,426,000	11,399,167
Related Party Receivables	24	3,645,142	3,621,858
TOTAL NON-CURRENT ASSETS		99,988,836	92,195,146
TOTAL ASSETS		103,551,766	94,595,230

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

PALMERSTON NORTH MĀORI RESERVE TRUST
 CONSOLIDATED STATEMENT OF FINANCIAL POSITION CONTINUED
AS AT 31 MARCH 2019

LIABILITIES	Note	2019 (\$)	2018 (\$)
CURRENT LIABILITIES			
Trade and Other Payables	20	367,787	266,737
Other Current Liabilities	21	262,314	247,060
Income Tax Payable	8	56,894	40,418
Related Party Payables	24	2,203	17,520
Unclaimed Distributions	17	1,695,517	1,405,741
Interest-Bearing Loans and Borrowings	19	960,000	960,000
TOTAL CURRENT LIABILITIES		3,344,715	2,937,476
NON-CURRENT LIABILITIES			
Interest-Bearing Loans and Borrowings	19	28,498,323	26,420,823
Deferred Tax Liability	8	850,441	943,593
TOTAL NON-CURRENT LIABILITIES		29,348,764	27,364,416
TOTAL LIABILITIES		32,693,479	30,301,892
NET ASSETS		\$70,858,287	\$64,293,338

Approved for and on behalf of the Trustees on 26 June 2019



Rebecca Elizabeth Mellish (MZNM)
 Chairman



Mark Te One
 Trustee

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

PALMERSTON NORTH MĀORI RESERVE TRUST

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 MARCH 2019

CASH FLOWS FROM OPERATING ACTIVITIES	Note	2019 (\$)	2018 (\$)
Cash Receipts From Customers		6,701,823	6,372,862
Cash Paid to Suppliers and Employees		(3,245,821)	(2,722,349)
Interest Received		172,020	165,194
Interest Paid		(1,140,044)	(1,144,304)
Income Taxes Paid	8	(473,346)	(644,466)
Net GST		(8,251)	(17,889)
NET CASH INFLOW FROM OPERATING ACTIVITIES		2,006,381	2,009,048
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of Property, Plant and Equipment	10	(137,476)	(117,814)
Purchase of Investment Property		(3,839,857)	(1,265,252)
Proceeds From Sale of Investment Property		275,000	45,000
Distribution Received From Equity Accounted Entity	13	325,000	796,500
Maturity of Term Deposit	16	1,400,000	-
Investment in Term Deposit		-	(200,000)
Related Party Advances	24	(33,563)	(99,449)
Purchase of 50% share in Haukawakawa General Partner Limited	13	(1,375,878)	-
Cash and Cash Equivalents of Subsidiary Acquired	28	40,495	-
NET CASH INFLOW/(OUTFLOW) FROM INVESTING ACTIVITIES		(3,346,279)	(841,015)
CASH FLOWS FROM FINANCING ACTIVITIES			
Drawdown of Borrowings	19	3,037,500	-
Repayment of Borrowings	19	(960,000)	(960,000)
Distributions Paid	17	(656,132)	(1,055,100)
NET CASH OUTFLOW FROM FINANCING ACTIVITIES		1,421,368	(2,015,100)
NET INCREASE IN CASH AND CASH EQUIVALENTS		81,470	(847,067)
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR		829,573	1,676,640
CASH AND CASH EQUIVALENTS AT END OF YEAR	15	\$911,043	\$829,573

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

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

1. REPORTING ENTITY

The consolidated financial statements of Palmerston North Māori Reserve Trust as at and for the year ended 31 March 2019 comprise the Trust and its subsidiaries (together referred to as the “Group”) and individually as “Group entities” and the Group’s equity accounted interests in associates.

Palmerston North Māori Reserve Trust is an Ahu Whenua Trust constituted by the Māori Land Court Order of December 16, 2003 pursuant to Sec 244 of the Te Ture Whenua Māori Act 1993 which varied the original Trust Deed of 1977, and the subsequent variations of Deed made on November 5, 1999 and May 1993. For the purposes of complying with generally accepted accounting practice in New Zealand (“NZ GAAP”) the Group consists of for-profit entities. The Trust is eligible for, and has elected to, report in accordance with Tier 2 New Zealand equivalents to International Financial Reporting Standards – Reduced Disclosure Regime (“NZ IFRS (RDR)”). The Trust has taken advantage of a number of disclosure concessions.

2. BASIS OF PREPARATION

(a) Statement of Compliance

The financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”) and comply with NZ IFRS (RDR). The Group is eligible to report in accordance with NZ IFRS RDR on the basis that it does not have public accountability and is not a large for-profit public sector entity.

These financial statements were authorised for issue by the Trustees on 26 June 2019.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for investment properties which are carried at fair value. The accrual basis of accounting has been used unless otherwise stated and the financial statements have been prepared on a going concern basis.

(c) Functional and Presentation Currency

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

(d) Use of Estimates and Judgements

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

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

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

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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, with the exception of financial instruments as the exemption to not restate prior periods has been used.

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

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

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

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). Interest expense is recognised using the effective interest method.

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

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

Deferred tax is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss,
- Temporary differences related to investments in subsidiaries and associates, except where the reversal of the difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

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

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

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously. Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(e) Property, Plant and Equipment

Property, Plant and Equipment consists of:	Estimated Useful Life
Office Equipment	3 - 15.5 Years
Furniture, Fittings and Chattels	5 - 20 Years
Plant and Equipment	4 - 33.3 Years

Recognition and Measurement

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

Subsequent expenditure

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

Depreciation

For items of property, plant and 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 property, plant and equipment.

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

(f) Investment Properties

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

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

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

(g) Financial Instruments

Financial assets

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

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

Cash and cash equivalents

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

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

Financial liabilities

The Group classifies its financial liabilities as amortised cost, the Group's accounting policy is as follows: The Group's financial liabilities comprise of borrowings, trade and other payables, unclaimed distributions and related party payables.

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

Unclaimed Distributions

Unclaimed distributions are distributions to beneficial owners that have yet to be claimed. These amounts are carried at amortised cost until claimed by the beneficial owner and are considered to be on-demand.

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(h) Impairment

Financial assets measured at amortised cost

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

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

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 less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

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

(i) Goods and Services Tax

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

(j) Intangible Assets

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

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

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont.)

(k) Determination of Fair Values

The Group's accounting policies and disclosures for investment properties require the determination of fair value. Fair values have been determined for measurement and/or disclosure purposes based on the following method. When applicable, further information about the assumptions made in determining fair values is disclosed in the specific notes. Highest and best use has been determined as each of the non-financial asset's current use and therefore fair value has been determined as follows:

Investment Properties

An external, independent valuation company (Colliers International (Wellington Valuation) Limited), having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably. In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation. When actual rents differ materially from the estimated rental value, adjustments are made to reflect actual rents. Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

(l) Changes in Accounting Policies

The accounting policies set out above have been applied consistently to all periods presented in these financial statements, with the exception of NZ IFRS 9 as the exemption to not restate prior periods has been used. NZ IFRS 9 Financial Instruments and NZ IFRS 15 Revenue from Contracts with Customers have come into effect during the 2019 financial year.

NZ IFRS 9 replaces NZ IAS 39 with the key changes relating to the classification and measurement of financial instruments and impairment. The adoption of this Standard does not have a material impact on the balances in the financial statements. The recognition and measurement of financial instruments are unaffected given the nature of the balances.

Financial instruments that are measured as amortised cost include trade and other receivables, related party loans and cash and cash equivalents. These instruments meet the solely payments of principal and interest criterion and are held in a held-to-collect business model. Borrowings, trade and other payables, related party payables and unclaimed distributions are initially measured at fair value and subsequently measured at amortised cost using the effective interest method. Accordingly these financial instruments are still measured as amortised cost under NZ IFRS 9. Previously the provision for impairment of financial assets was based on an incurred loss model. Under NZ IFRS 9 a provision for impairment is established using a forward-looking expected credit loss model which requires expected credit losses to be returned on a 12 month or life time basis. Changes to the impairment model do not have a material impact on the Group's financial assets.

The Group's revenue sources are outside the scope of NZ IFRS 15 changes and therefore there is no material impact to the financial statements of the Group.

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

4. RENTAL INCOME

	Gross Rental Income (\$)		Direct Property Expenses (\$)		Net Rental Income (\$)	
	2019	2018	2019	2018	2019	2018
Tikei Mall	1,259,981	1,239,512	(339,947)	(249,813)	920,034	989,699
Nash Street Development	1,422,559	1,507,088	(352,580)	(254,934)	1,069,979	1,252,154
Countdown Supermarket	1,245,500	1,245,500	(96,608)	(92,438)	1,148,892	1,153,062
Hostel Accommodation	981,604	725,460	(613,371)	(511,271)	368,233	214,189
Thorndon Quay Haukawa kawa General Partner Limited	145,004	-	(60,941)	-	84,063	-
Other	1,592,013	1,570,652	(712,767)	(653,566)	879,246	917,086
TOTAL	\$6,646,661	\$6,288,212	\$(2,176,214)	\$(1,762,022)	\$4,470,447	\$4,526,190

5. OTHER INCOME

	2019 (\$)	2018 (\$)
Ancillary Hireage at Hostel Accommodation	22,252	14,172
Sundry Income	16,873	23,946
TOTAL OTHER INCOME	\$39,125	\$38,118

PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED
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FOR THE YEAR ENDED 31 MARCH 2019

6. ADMINISTRATION EXPENSES	2019 (\$)	2018 (\$)
Accident Insurance/Levies	-	(119)
Accountancy Fees	42,799	43,180
Audit Fees	40,760	39,165
Bank Charges	10,029	9,310
Cleaning & Laundry	2,790	1,907
Computer Expenses	-	535
Consultancy Fees	9,637	15,211
Executive Office (refer to note 24)	473,615	484,681
General Expenses	11,112	3,308
Insurance	25,323	23,495
Koha	750	-
Legal Fees	75,683	45,006
Owners' Meetings	50,655	28,646
Postage, Printing & Stationery	975	1,534
Memberships & Subscriptions	-	3,571
Tangi Contributions	1,400	800
Telephone and Internet	2,971	3,521
Travel and Accommodation	53,037	53,979
Trustees' Fees (refer to note 24)	188,000	178,416
Trustees' Expenses	18,635	11,431
TOTAL ADMINISTRATION EXPENSES	\$1,008,171	\$947,577
7. FINANCE INCOME – LOANS AND RECEIVABLES	2019 (\$)	2018 (\$)
Interest Income – Wharewaka o Pōneke Charitable Trust (refer to note 24)	141,613	111,250
Interest Income – Hikoikoi Management Limited (refer to note 24)	38,394	33,574
Interest Income – Westpac	6,588	16,965
Interest Income – Other	814	6,635
Finance Income Total	187,409	168,424
FINANCE EXPENSE – LIABILITIES AT AMORTISED COST		
Interest Expense – Westpac	(1,138,973)	(1,135,099)
Interest Expense – Wellington Tenth's Trust (refer to note 24)	(1,138)	(719)
Finance Expense Total	(1,140,111)	(1,135,818)
NET FINANCE EXPENSE	\$(952,702)	\$(967,394)

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2019

8. INCOME TAX	2019 (\$)	2018 (\$)
a) INCOME TAX RECOGNISED IN PROFIT OR LOSS		
Current tax	489,822	595,445
Deferred tax expense	(93,152)	(8,701)
Total income tax expense	\$396,670	\$586,744
b) RECONCILIATION OF INCOME TAX EXPENSE		
Profit before income tax expense	7,909,366	7,257,522
Tax expense at 17.5%	1,384,139	1,270,066
Non-deductible expenses	19,459	404
Non-deductible loss on sale of investment property	104,125	-
Non-assessable income	(62,002)	-
Non-assessable investment property revaluation	(949,036)	(455,718)
Non-assessable equity accounted earnings	(65,135)	(362,076)
Distribution received from equity accounted investee	56,875	139,388
Income taxed at different rates	-	1,222
Reduction in deferred tax liability from Investment Property disposal	(92,189)	(9,401)
Prior period adjustments	280	2,859
Income tax losses not utilised	154	-
Total income tax expense	\$396,670	\$586,744
c) CURRENT TAX	2019 (\$)	2019 (\$)
Liability at 1 April	(40,418)	(89,439)
Current year tax expense	(489,822)	(595,445)
Payments	473,346	644,466
Liability at 31 March	\$(56,894)	\$(40,418)
d) DEFERRED TAX		
Balance at the beginning of the year	(943,593)	(952,294)
Current year movement	93,152	8,701
Deferred tax liability	\$(850,441)	\$(943,593)

PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED
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FOR THE YEAR ENDED 31 MARCH 2019

8. INCOME TAX (cont.)

DEFERRED TAX ASSETS/(LIABILITIES) ARE ATTRIBUTABLE TO THE FOLLOWING:	2019 (\$)	2018 (\$)
Accrued Expenses	6,738	5,775
Investment Properties	(857,179)	(949,368)
	\$(850,441)	\$(943,593)
e) MĀORI AUTHORITY TAX CREDIT ACCOUNT		
Closing Balance of Māori Authority Tax Credit Account	4,698,602	4,234,220
	\$4,698,602	\$4,234,220

9. LEASES

The Group has a number of operating leases for both commercial and residential property related to its investment properties. Where possible the Group always endeavours to sublease vacant spaces on short-term lets. Rental income recognised under non-cancellable operating leases during the year was \$6,646,661 (2018: \$6,288,212).

10. PROPERTY, PLANT AND EQUIPMENT

COST	Office Equipment (\$)	Furniture, Fittings and Chattels (\$)	Plant and Equipment (\$)	Total (\$)
Balance at 1 Apr 2017	59,002	158,175	68,424	285,602
Additions	3,448	31,155	83,211	117,814
Disposals	-	(5,912)	-	(5,912)
Balance at 31 Mar 2018	62,450	183,418	151,635	397,504
Additions	943	98,579	37,954	137,476
Disposals	(2,092)	(35,010)	(4,993)	(42,095)
Balance at 31 Mar 2019	61,301	246,987	184,596	492,886
ACCUMULATED DEPRECIATION				
Balance at 1 Apr 2017	55,608	104,172	25,824	185,605
Depreciation	2,088	12,707	10,389	25,184
Disposals	-	(5,902)	-	(5,902)
Balance at 31 Mar 2018	57,696	110,977	36,213	204,887
Depreciation	2,224	22,131	21,196	45,551
Disposals	(2,092)	(28,000)	(3,654)	(33,746)
Balance at 31 Mar 2019	57,828	105,108	53,755	216,692
NET BOOK VALUE				
At 31 March 2018	4,754	72,441	115,422	192,617
At 31 March 2019	\$3,473	\$141,879	\$130,841	\$276,194

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

11. INTANGIBLE ASSETS

COST	Database (\$)	Website (\$)	Total (\$)
Balance at 1 Apr 2017	198,284	17,456	215,740
Balance at 31 Mar 2018	198,284	17,456	215,740
Balance at 31 Mar 2019	198,284	17,456	215,740
ACCUMULATED AMORTISATION			
Balance at 1 Apr 2017	198,284	17,447	215,731
Amortisation	-	5	5
Balance at 31 Mar 2018	198,284	17,452	215,736
Amortisation	-	4	4
Balance at 31 Mar 2019	198,284	17,456	215,740
NET BOOK VALUE			
At 31 March 2018	-	4	4
At 31 March 2019	\$-	\$-	\$-

12. INVESTMENT PROPERTIES

	2019 (\$)	2018 (\$)
Balance at 1 April	76,981,500	73,688,000
Acquisition on Consolidation of Haukawakawa General Partner Limited	2,700,000	-
ACQUISITIONS		
26 Carroll and 32/34 Ngata Street, Palmerston North	-	734,396
89-95 Thordon Quay, Wellington	3,500,000	-
Countdown Seismic Strengthening	306,938	-
	3,806,938	734,396
DISPOSALS		
Building only at 9 Ngata Street, Palmerston North	-	(45,000)
Buildings only at 24 Ngata Street, Palmerston North	(75,000)	-
21-45 Ward Street, Palmerston North (settlement 29 April 2019)	(2,600,000)	-
	(2,675,000)	(45,000)
Loss on Sale	(595,000)	-
Change in fair value	5,423,062	2,604,104
Balance at 31 March	\$85,641,500	\$76,981,500

PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED
FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

12. INVESTMENT PROPERTIES (cont.)	2019 (\$)	2018 (\$)
CARRYING VALUE OF INDIVIDUAL PROPERTIES		
Countdown Supermarket – 247-271 Rangitikei Street, Palmerston North	15,320,000	15,020,000
Tikei Mall – 168-208 Rangitikei Street, Palmerston North	13,250,000	12,030,000
Nash Street Development (Mitre 10 Mega) – 250-270 Featherston Street, Palmerston North	20,760,000	19,010,000
Subtotal	49,330,000	46,060,000
Hostels		
Palmy 31 – 29 & 31 Ngata Street, 40 & 42 Carroll Street, Palmerston North	2,450,000	2,100,000
Baxters – 9-17 Ranfurly Street, Palmerston North	1,720,000	1,600,000
Subtotal	4,170,000	3,700,000
Other		
272-276 Featherston Street, Palmerston North	1,190,000	1,180,000
61-65 Grey Street, Palmerston North	900,000	880,000
67-71 Grey Street, Palmerston North	468,000	445,000
77-83 Grey Street, Palmerston North	640,000	680,000
152-166 Rangitikei Street, Palmerston North	1,680,000	1,597,000
17 Ngata Street, Palmerston North	380,000	330,000
38 Carroll Street, Palmerston North	261,000	265,000
46 Carroll Street & 33 Ngata Street, Palmerston North	2,040,000	2,000,000
35 Grey Street, Palmerston North	340,000	342,000
33-41 Grey Street, Palmerston North	2,035,000	1,800,000
51-59 Grey Street, Palmerston North	2,100,000	1,925,000
121 Grey Street, Palmerston North	400,000	378,000
19 Ngata Street, Palmerston North	295,000	249,000
21 Ngata Street, Palmerston North	295,000	250,000
27 Ngata Street, Palmerston North	295,000	248,000
32 Ngata Street, Palmerston North	562,500	520,000
34 Ngata Street, Palmerston North	490,000	510,000
8 Carroll Street, Palmerston North	330,000	280,000
10 Carroll Street, Palmerston North	330,000	280,000
12 Carroll Street, Palmerston North	490,000	490,000
16 Carroll Street, Palmerston North	340,000	300,000

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

18 Carroll Street, Palmerston North	330,000	280,000
20 Carroll Street, Palmerston North	330,000	280,000
22 Carroll Street, Palmerston North	450,000	430,000
26 Carroll Street, Palmerston North	380,000	370,000
28 Carroll Street, Palmerston North	350,000	310,000
26 Fitchett Street, Palmerston North	415,000	360,000
30 Fitchett Street, Palmerston North	445,000	390,000
34 Fitchett Street, Palmerston North	470,000	440,000
40 Fitchett Street, Palmerston North	350,000	300,000
42 Fitchett Street, Palmerston North	380,000	330,000
46/46a Fitchett Street, Palmerston North	520,000	450,000
48/48a Fitchett Street, Palmerston North	440,000	390,000
3 Nash Street, Palmerston North	315,000	257,500
9-15 Nash Street, 22-26 Ngata Street Palmerston North	1,670,000	1,585,000
3 Ngata Street, Palmerston North	325,000	275,000
5 Ngata Street, Palmerston North	325,000	275,000
7 Ngata Street, Palmerston North	325,000	275,000
9a/9b/9c Ngata Street, Palmerston North	330,000	400,000
11 Ngata Street, Palmerston North	325,000	275,000
15 Ngata Street, Palmerston North	325,000	275,000
16 Ngata Street, Palmerston North	330,000	280,000
28a/b/c/d 30/30b Ngata Street, Palmerston North	850,000	850,000
81-87 Thorndon Quay, Wellington (owned by Haukawakawa General Partner Limited, 50% ownership in 2018)	2,800,000	-
89-95 Thorndon Quay, Wellington (acquired by Haukawakawa General Partner Limited during the year)	3,500,000	-
25-41 Ward Street, Palmerston North	-	3,195,000
Subtotal	32,141,500	27,221,500
Total	\$85,641,500	\$76,981,500

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

Colliers International (Wellington Valuation) Limited have valued all properties for financial reporting purposes at 31 March 2019 and 31 March 2018.

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

13. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES

Palmerston North Māori Reserve Trust holds the following voting interests in the following entities and as such has significant influence but not control of the entities, with the exception of Haukawakawa General Partner Limited which Palmerston North Māori Reserve Trust now has full control (refer to note 28). The Group has classified the investments listed as associates and it is accounting for them using the equity method.

INVESTEES	Balance Date	Place of Business/ Country of Incorporation	Ownership Percentage 2019	Ownership Percentage 2018
Hīkoikoi Management Limited	31-Mar	New Zealand	50%	50%
Haukawakawa General Partner Limited	31-Mar	New Zealand	100%	50%
Metlifecare Palmerston North Limited	30-Jun	New Zealand	50%	50%

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

	Hīkoikoi Management Limited (\$)	Haukawakawa General Partner Limited (\$)	Metlifecare Palmerston North Limited (\$)	Total (\$)
NON-CURRENT INVESTMENT IN ASSOCIATE				
Balance at 1 April 2017	-	1,167,319	8,947,000	10,114,319
Share of profit/(loss)	-	207,348	1,874,000	2,081,348
Distributions received	-	-	(796,500)	(796,500)
Balance at 31 March 2018	-	1,374,667	10,024,500	11,399,167
Share of profit/(loss)	-	1,210	726,500	727,710
Distributions received	-	-	(325,000)	(325,000)
Consolidation into Subsidiary following Acquisition	-	(1,375,878)	-	(1,375,878)
Balance at 31 March 2019	\$-	\$-	\$10,426,000	\$10,426,000

During the year ended 31 March 2019 Palmerston North Māori Reserve Trust acquired Wellington Tenth's Trust's 50% share in Haukawakawa General Partner Limited held by Wellington Tenth's Trust for \$1,375,878. Following this acquisition Haukawakawa General Partner Limited is now recognised as a subsidiary of Palmerston North Māori Reserve Trust (refer to note 28).

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FOR THE YEAR ENDED 31 MARCH 2019

13. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES (cont.)

ASSETS AND LIABILITIES OF ASSOCIATES	Hīkoikoi Management Limited 2019 (\$)	Metlifecare Palmerston North Limited 2019 (\$)	Total 2019 (\$)
Current Assets	95,117	1,207,000	1,302,117
Non-current Assets	1,180,293	46,630,000	47,810,293
Total Assets	1,275,410	47,837,000	49,112,410
Current Liabilities	91,749	1,557,000	1,648,749
Non-current Liabilities	1,183,661	25,429,000	26,612,661
Total Liabilities	1,275,410	26,986,000	28,261,410
Net Assets	\$-	\$20,851,000	\$20,851,000

ASSETS AND LIABILITIES OF ASSOCIATES	Haukakawakawa General Partner Limited 2018 (\$)	Hīkoikoi Management Limited 2018 (\$)	Metlifecare Palmerston North Limited 2018 (\$)	Total 2018 (\$)
Current Assets	48,343	86,187	437,000	571,530
Non-current Assets	2,709,620	1,225,879	44,541,000	48,476,499
Total Assets	2,757,963	1,312,066	44,978,000	49,048,029
Current Liabilities	3,589	82,949	842,000	928,538
Non-current Liabilities	5,038	1,229,116	24,088,000	25,322,154
Total Liabilities	8,627	1,312,066	24,930,000	26,250,692
Net Assets	\$2,749,336	\$-	\$20,048,000	\$22,797,337

14. TRADE AND OTHER RECEIVABLES

	2019 (\$)	2018 (\$)
Trade Receivables	35,480	25,172
Rent Arrears	67,570	47,933
Total Trade and Other Receivables	\$103,050	\$73,105

Trade receivables generally have terms of 30 days and are interest free. Trade receivables of a short-term duration are not discounted. There has been no impairment allowance during the year (2018: nil).

15. CASH AND CASH EQUIVALENTS

Bank Balances	911,043	829,573
Total cash and cash equivalents	\$911,043	\$829,573

Interest rate charged on overdrawn bank balances and interest received on call deposits were 10.35% and 0.1% respectively (2018: 10.35% and 0.1%). Bank balances are on call. Total overdraft available at balance date is \$250,000 (2018: \$250,000)

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

16. TERM DEPOSIT	2019 (\$)	2018 (\$)
Term Deposit	-	1,400,000
Total Term Deposits	\$-	\$1,400,000
The term deposit matured on 22 May 2018.		
17. UNCLAIMED DISTRIBUTIONS		
Balance at Beginning of Year	1,405,741	1,481,166
Distribution Declared	954,159	1,049,575
Transfer Historical Balance to Discretionary Reserve (refer to note 18)	-	(60,824)
Net Distribution Claimed	(664,384)	(1,064,176)
Balance at End of the Year	\$1,695,517	\$1,405,741
RECONCILIATION TO CASHFLOW		
Net Distribution Claimed	(664,384)	(1,064,176)
Distribution relating to shares held by the Trust (refer to note 18)	8,252	9,076
	\$(656,132)	\$(1,055,100)

Unclaimed distributions represent distributions declared by Palmerston North Māori 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 Māori Reserve Trust has sufficient access to capital to pay all unclaimed distributions if they were called.

18. DISCRETIONARY RESERVE	2019 (\$)	2018 (\$)
Balance at the Beginning of the Year	65,600	-
Transfer Historical Balance from Unclaimed Distributions	-	60,824
Distribution Paid	8,252	9,076
Allocation to Rangitahi Leadership Wānanga	(1,838)	(4,300)
Balance at End of the Year	\$72,014	\$65,600

A parcel of 1,650 shares were originally transferred to the Trust from the Māori Trustee (on the basis that the owners could no longer be identified), these shares have been accumulating distributions since the transfer took place. During the 2018 year the Trustees resolved that these unclaimed distributions could be applied to specific activities as resolved by the Trustees. The Trustees resolved that \$1,838 during the 2019 year (2018: \$4,300) be applied to the Rangatahi Leadership Wānanga.

19. INTEREST-BEARING LOANS AND BORROWINGS	Maturity Date	Interest Rate
Westpac Banking Corporation 91 Loan	31/03/2020	4.00%
Westpac Banking Corporation 92 Loan	31/03/2020	4.00%
	2019 (\$)	2018 (\$)
Balance at Beginning of Year	27,380,823	28,340,823
Drawdown	3,037,500	-
Repayments	(960,000)	(960,000)
Balance at End of the Year	\$29,458,323	\$27,380,823
Current	960,000	960,000
Non-current	28,498,323	26,420,823
	\$29,458,323	\$27,380,823

The bank loans are secured over certain investment properties with a carrying amount of \$69,195,000 (2018: \$58,012,000).

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

20. TRADE AND OTHER PAYABLES	2019 (\$)	2018 (\$)
Trade Payables	238,428	142,913
Bonds Payable	3,773	3,805
Accrued Expenses	125,586	120,019
	\$367,787	\$266,737

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

21. OTHER CURRENT LIABILITIES	2019 (\$)	2018 (\$)
GST Payable	91,158	95,304
Income Received in Advance	171,156	151,756
	\$262,314	\$247,060

22. EQUITY MANAGEMENT

The Group's equity (net assets) relates to retained earnings and the Discretionary Reserve (refer note 18).

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

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

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

23. FINANCIAL INSTRUMENTS

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

FINANCIAL ASSETS AT AMORTISED COST	2019 (\$)	2018 (\$)
Trade and Other Receivables	103,050	73,105
Cash and Cash Equivalents	911,043	829,573
Term Deposit	-	1,400,000
	\$1,014,093	\$2,302,678

FINANCIAL LIABILITIES AT AMORTISED COST		
Trade and Other Payables	367,787	266,737
Interest bearing loans and borrowings	29,458,323	27,380,823
	\$29,826,110	\$27,647,560

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

24. RELATED PARTIES

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

Subsidiary

Set out below is the significant subsidiaries of the Group:

	Principal Activity	Balance Date	Place of Business/ Country of Incorporation	Ownership Percentage 2019	2018
Baxters Limited	Hostel Accommodation	March	New Zealand	100%	100%
Haukawakawa General Partner Limited	Investment Property	March	New Zealand	100%	50%

Other Related Parties

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

Entity	Relationship
Wharewaka o Pōneke Charitable Trust	Palmerston North Māori Reserve Trust has the right to appoint 2 trustees
Wharewaka o Pōneke Enterprises Limited	Common Trusteeship/Directorship
Wellington Tenths Trust	Common Trusteeships
Ngahuru Charitable 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 (2018: nil) and there have been no write-offs of related party balances during the year (2018: nil)

RELATED PARTY TRANSACTIONS INCLUDED:	2019 (\$)	2018(\$)
Interest received from Wharewaka o Pōneke Charitable Trust (refer to note 7)	141,613	111,250
Interest received/(paid) from/(to) Wellington Tenths Trust (refer to note 7)	(1,138)	(719)
Interest received from Hikoikoi Management Limited (refer to note 7)	38,394	33,574
Executive office fees charged by Hikoikoi Management Limited (refer to note 6)	(473,615)	(484,681)
	\$(294,746)	\$(340,576)
RELATED PARTY BALANCES AT YEAR END INCLUDED:		
Payable to Wellington Tenths Trust	(2,203)	(17,520)
Receivable from Wharewaka o Pōneke Charitable Trust	3,063,713	2,997,618
Receivable from Hikoikoi Management Limited	567,829	605,602
Receivable from Haukawakawa General Partner Limited	-	5,038
Receivable from Ngahuru Charitable Trust	13,600	13,600
	\$3,642,939	\$3,604,338

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

24. RELATED PARTIES (cont.)

RELATED PARTY BALANCES	2019 (\$)	2018 (\$)
Non-Current Related Party Receivables	3,645,142	3,621,858
Current Related Party Payables	(2,203)	(17,520)
	\$3,642,939	\$3,604,338
RECONCILIATION		
Balance at Beginning of Year	3,604,338	3,504,889
Net Payments/(Receipts)	33,563	99,449
Haukawakawa General Partner Limited Elimination Adjustment	5,038	-
Balance at End of the Year	\$3,642,939	3,604,338

TRUSTEE REMUNERATION

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

Liz Mellish (Chairman)	60,000	53,750
Jeanie Hughes	16,000	15,583
Paula King	16,000	15,583
Dr Catherine Love (trusteeship ended 24 November 2017)	-	8,917
Matthew Love-Parata	16,000	15,583
Wiki Michalanney	16,000	15,583
Ann Reweti	16,000	15,583
Aisha Ross	16,000	15,583
Mark Te One	16,000	15,583
Takiri Cotterill (appointed 24 November 2017)	16,000	6,667
	\$188,000	\$178,416

25. COMMITMENTS

Other than those disclosed within these financial statements there are no further commitments at 31 March 2019 (2018: nil).

26. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 2019 (2018: nil)

27. EVENTS OCCURRING AFTER THE REPORTING DATE

There are no other events subsequent to the reporting date that would affect the financial statements (2018: nil)

PALMERSTON NORTH MĀORI RESERVE TRUST

NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS CONTINUED

FOR THE YEAR ENDED 31 MARCH 2019

28. ACQUISITION OF HAUKAWAKAWA GENERAL PARTNER LIMITED

On 18 July 2018 Palmerston North Māori Reserve acquired the remaining 50% of Haukawakawa General Partner Limited it did not own.

The following table summarises the consideration paid for Haukawakawa General Partner Limited, the fair value of assets acquired, and liabilities assumed at acquisition date.

CONSIDERATION TRANSFERRED	18 July 2018 (\$)
Cash	1,375,878
Fair value of equity interest in Haukawakawa General Partner Limited before the business combination	1,375,878
	\$2,751,756
RECOGNISED AMOUNTS OF IDENTIFIABLE ASSETS ACQUIRED AND LIABILITIES ASSUMED	
Cash and Cash Equivalents	40,495
Accounts Receivable	7,286
Investment Property	2,700,000
Legal fee in relation to Acquisition of 89-95 Thorndon Quay	739
Related Party Balances	4,284
Accounts Payable	(849)
GST	(199)
Total identifiable net assets	\$2,751,756

The rental revenue included in the consolidated statement of comprehensive income since 18 July 2018 contributed by Haukawakawa General Partner Limited \$145,004, along with a revaluation gain on investment property of \$100,000. Haukawakawa General Partner Limited contributed profit of \$160,032.



Waka Hourua landing on Hikoikoi Beach as part of the NZ Festival of the Arts Waka Odyssey 2018

Photo Credit Rawhitiroa Photography

INDEPENDENT AUDITOR'S REPORT

To the Beneficial Owners of Palmerston North Māori Reserve Trust

Opinion

We have audited the consolidated financial statements of Palmerston North Māori Reserve Trust and its controlled entities (the Group) on pages 18 to 43, which comprise the consolidated statement of financial position as at 31 March 2019, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2019, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with *New Zealand equivalents to International Financial Reporting Standards with Reduced Disclosure Regime* (NZ IFRS RDR).

Basis for Opinion

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

Other than in our capacity as auditor we have no relationship with, or interests in, Palmerston North Māori Reserve Trust or any of its controlled entities.

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

The Trustees are responsible for the other information. The other information comprises the information included in the Annual Report but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

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

Trustees' Responsibilities for the Consolidated Financial Statements

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

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

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

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

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

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

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

Report on Other Legal and Regulatory Requirements

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

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

For and on behalf of:



Crowe Horwath New Zealand Audit Partnership

CHARTERED ACCOUNTANTS

28 June 2019



Section Three / Appendices



Appendix One / Minutes

Minutes of the Palmerston North Māori Reserve Trust Annual General Meeting held on Saturday 25 August 2018 at 10am 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, Takiri Cotterill and Wikitoria Michalanney

ADVISERS PRESENT

Aaron Titter (BDO), Maz Williams, Froyle Davis, and Helen Ludwick (Westerman Property Solutions), Pirihiara Cribb (Māori Land Court)

HĪKOIKOI MANAGEMENT LIMITED STAFF

Cherie Douglas, Christine Fox, Kathleen Thompson, Keith Hindle, Tracey Betham, Tuparahuia Pita, and Vicki Hollywell

ATTENDEES

Aaron Makowharemahihi, Adian Daly Ailsa Rzoska, Alamaine McGregor, Allan Brown, Anne Somerville, Annie Te One, Aroha King-Puru, August Betham, Christina Thomas, Colleen Makowharemahihi, Dianne Jones, Dinah King, Emily Maru, Erini Shepherd, Geraldine Gear, Gina Rangiwhetu, Gina Rata, Giovanna Sturmey, Grace Luke, Hera Hailwood, Hurhes Makowharemahihi, James Makowharemahihi, Jan Bowen, Jayden Barrie, Jean Cameron, Joseph Jones, Judith Evans, Lance Makowharemahihi, Leanne Snooks, Mana Huntley, Mana Jenkins, Marama Cock, Marie Broughton, Marka Kupe-King, Mere (Mary) Coombs, Michael Jenkins, Mihi Carlson, Mike Nunn, Miriama Te One, Mohi Te One, Ngaire Jenkins, Pamela Workman, Pauline Owen, Phenessa Cosgrove, Phillip Solomon, Piki Hunia, Pipiri Bill Manaia, Pirihiara Joyce Te Paki, Poiria Love Erskine, Rata Cannon, Reena Huntley, Sarah Hemara, Shona Coffey, Sierra Gear, Skye Hailwood, Sonia Rogers, Tamaari Kupe-King, Thomas Gear, Tracey Evans, Tracey Wairau, Trevor Neil Nunn, Tuhi McGregor, Virginia Eyles, Wanda Whana, Wiki Gear, and William Owen

APOLOGIES

Adele Anderson, Avril Koko, Ben Westerman, David Love, Euan Playle, Fiona Mako, Frances Thompson, Fraser Mako, George Love Whānau Trust, Grant Muriri, Heather McPhee, Hine Thompson, James Taumanu, Jean Sylvia Soffe, Jewel Malcolm, Johan

Mauriri, June Hayden, Karen Renata, Koha Mako, Kuhia Love, Lucy Ngaia, Marama Mako, Marina Paki, Miri Mako, Morris Te Whiti Love, Nigel Moody, Phillip Nuku, Tom Taumanu, Tui Love, and Yvonne Westerman

OPENING AND WELCOME

Mark Te One opened the meeting at 10am with mihi and karakia with an acknowledgement of those that have passed. Waiata: E ngā iwi. The Chairman welcomed everyone to the meeting and went through the agenda and housekeeping.

Pirihira Cribb from the Māori Land Court was welcomed to the meeting. The Māori Land Court have agreed to host a meeting at Hīkoikoi prior to Christmas on successions.

KETE

The Chairman introduced the three kete that were woven by Te Roopu Raranga o Manaia that symbolised the whakataukī Te Whenua, Te Tangata, Te Ao Āmua. Takiri Cotterill was thanked and acknowledged on behalf of the roopu. This year the roopu made kete badges which were handed out at the meeting to owners.

MINUTES OF THE 2017 ANNUAL GENERAL MEETING

The minutes of the last Annual General Meeting were produced on pages 37 to 44 of the Annual Report. There were no questions raised from the floor. Trustees reviewed these minutes and recommended that they be accepted as a correct record of proceedings.

Resolution

It is hereby resolved that beneficial owners accept the Minutes of the 2017 Annual General Meeting as a correct record.

Moved – Anne Sommerville

Seconded – Pipiri Bill Manaia

Carried Unanimously

MATTERS ARISING FROM THE PREVIOUS MINUTES

Trustees addressed two matters from the last Annual General Meeting. The first was the tangihanga/bereavement grant noting that information about that grant has been placed on the website and the koha amount per bereavement is \$200. \$800 was spent last year.

Trustees were pleased to advise that the policy to pay the distribution through bank accounts progressed smoothly.

The Chairman advised that Trustees believed that any other matters arising for discussion will be covered by the reports at the meeting.

REPORT FROM THE CHAIRMAN AND TRUSTEES

The Chairman presented a PowerPoint presentation on behalf of Trustees.

TE WHENUA

81-87 Thorndon Quay

The Chairman advised that the Trust were previously joint owners with Wellington Tenth Trust in 81-87 Thorndon Quay. The Trust has recently purchased the Wellington Tenth's interest in this property.

89-95 Thorndon Quay, Wellington

For the past two years the Trust has been under negotiation to purchase the building next door to 81-87 Thorndon Quay and have now purchased the property at 89-95 Thorndon Quay for \$3.5m. Possession of this property takes place on 31 October 2018. The Chairman and Trustees are thrilled at the work that was done to negotiate ownership and as a result the Trust now has a significant site in Wellington that will be developed in the future.

Te Raukura, Te Wharewaka o Pōneke, Wellington

The Chairman advised that Te Raukura is a property which is managed by Wharewaka o Pōneke Charitable Trust. Two Palmerston North Māori Reserve Trustees sit on that board, Ann Reweti along with the Chairman and there are two Wellington Tenth's Trust representatives, two Wellington City Council representatives, and one representative from Port Nicholson Block Settlement Trust. This Trust and the Wellington Tenth's Trusts are now the sole investors in Te Raukura and each Trust receives a monthly interest payment. The facility is developing and it is proving to be an absolute winner for the Trust.

New Tenancy – Torpedo 7

Trustees are pleased to announce that we now have a new tenant from The Warehouse Group, Torpedo 7. This is an NZ enterprise, and a long-term tenant.

New Tenancy – Pool and Spa 2

Another new tenancy in Grey St is Pool and Spa 2 which is also another long-term tenancy. Maz Williams from Westerman Property Solutions was introduced to the meeting.

Mitre10 Mega

This property is worth \$19 million and is noted as one of the top three earners for the Trust.

Countdown, Rangitikei Street

Another top earner is Countdown on Rangitikei Street which is worth \$15m. The Chairman advised that the Trust has had seismic work expenditure as well as repainting of the building. The rent from Countdown is \$1 million per year. The Palmerston North City Council have advised that they wish to take some of the land under the Public

Works Act. The Trust met with Council yesterday and have advised that if they wish to pursue this action the Trust will seek legal redress of \$100 million, because the Trust would lose the tenant.

Tikei Mall

Tikei Mall is another top earner with an asset value of \$12m.

Metlifecare Joint Venture

The Chairman advised that Metlifecare has a new Chief Executive, Glen Sowry. The Trust continues to earn good distributions from that business. It is currently worth \$10m.

TE TANGATA

The Chairman advised that this year we have paid \$1,059,400 in distributions to owners. For the first time in the Trusts history we have reduced our unclaimed distributions by \$75,425. Owners can ring the Executive Office at Hikoikoi tollfree on 0508 445 645 and ask for Kathleen Thompson, the Database Administrator for any enquiries concerning their shareholding.

Ngahuru Charitable Trust Award

The Ngahuru Charitable Trust was established by the Wellington Tenth Trust and the Palmerston North Māori Reserve Trust to address cultural, social, and environmental outcomes. The Chairman of the board is Mark Te One. This Trust recently won the Hutt City Council Wellington Regional Airport Award because various activities occurring at Hikoikoi through the Trust, such as Te Rōpu Raranga o Manaia, Kaumātua Rōpu, Hikoikoi Waka Ama Club, Te Ataarangi classes to name some.

The kaumātua rōpu meet weekly on a Monday and have a range of activities that they are involved in. Recently they completed a Healthy Eating Programme where they cooked meals with nutritionist expertise on hand.

The Hikoikoi Waka Ama Club elite men's team competed at the Tahiti World Sprints and are now ranked 18th in the world. Christine Fox was congratulated for her efforts in competing in a team that won a bronze medal at the Worlds.

Te Rōpu Raranga o Manaia had a workshop recently where participants learnt how to skin, bone, and take the raukura from the albatross. There were about 50 participants, with 13 toroa. The weavers meet once a week at Hikoikoi in the early evening and share kai.

Te Ataarangi classes have now grown to two classes each week during school term at Hikoikoi. The classes are using the mara kai as a methodology for teaching the reo.

The Hikoikoi facilities can be hired by whanau for celebratory events. The facilities are modern and can sleep 70 people. Owners can book the facilities through Kathleen Thompson at the Executive Office.

There was a wonderful celebration during the Waka Odyssey at Hīkoikoi with around 10,000 people attending the event on the beach. It was a memorable occasion welcoming the waka hourua and their whānau on to the beach with haka and waiata and karakia.

TE AO ĀMUA

The Trust continues to work on a number of new developments which include Grey and Ngata Streets, Rangitikei Street, Ward Street, Carroll and Ngata Streets, and the expansion of Baxters. These five projects will be a focus for the Trust over the next period.

26 Ngata Street Childcare Centre

The Trust is looking to build a Childcare Centre on Ngata Street and Ngata Lane. A Heads of Agreement has been signed with the tenant to move to the new premises once built.

Wharewaka o Pōneke Enterprises – Tours

The Chairman explained that aside from the business of the building is the business that operates out of Te Raukura. Manaaki Management run Karaka Café and manage the conferencing facilities. The Wharewaka o Pōneke Tours cultural engagement team conduct pōwhiri and mihi whakatau for hui as required.

Waka and walking tours also operate out of Te Raukura and the tours team have secured a contract with an American company signing up 155 waka tours over the Summer. These tours are for retired academics who want a real cultural experience. The story of Te Aro Pā is told in our walking tours.

A cultural education programme has been written for schools called Kura Ahurea and this is currently being piloted in 6 schools in Wellington and the Hutt Valley and we plan to increase participation.

A corporate cultural education programme provides cultural education for businesses in Wellington. The programme is called Ngā Tapuwae.

Over the Summer period there are 120 staff employed in the café, conferencing, and the tours, with 60% Māori and a number also reo speakers, 20% Pacific Islands peoples, and the remainder ngā iwi katoa. Owners that have rangatahi who are actively seeking casual work can contact Christine Fox, Tourism Manager.

The Wharewaka o Pōneke Tours are finalists in the 2018 NZ Tourism Awards - He Kai Kei Aku Ringa Māori Tourism Award. The tours have also received Qualmark Silver status.

Mere (Mary) Coombs asked if the Trust would be looking at conducting tours in Taranaki in the future. The Chairman advised that there were other Trusts and incorporations in Taranaki rohe that might cover that, noting that there has been interest from other iwi about the work that is being done at Te Raukura who are looking to emulate that.

Resolution

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

Moved – Pauline Owen

Seconded – Poiria Love Erskine

Carried Unanimously

Rangitikei Street

The Chairman also noted that a new development came about yesterday, and that is the negotiation with a potential tenant for the Rangitikei Street site. The site on Rangitikei Street has been cleared and Red Cross are vacating early December. The negotiations are with a tenant who is interested in a long-term tenancy. The Trust is working to build them premises and it is hoped that the build should be close to completion by the Annual General Meeting next year.

FINANCIAL REPORT

The Chairman went through the Key Headlines for the year ended 2018 which noted the following:

- Trust Equity \$64,293,338
- Net Surplus After Tax \$6,670,778
- The value of the properties increased by \$2,604,104
- Total Assets \$94,595,230

The Chairman estimated that by 31 October the Trust will own assets that will be worth more than \$100 million. In the past 30 years Trustees have grown this Trust and its asset base from \$30 million to the nearly \$100 million asset base.

Froyle Davis and Helen Ludwick were introduced to the meeting. The Chairman acknowledged their work in providing a warm environment at Palmy 31 and Baxters student accommodation.

Discretionary Reserve

A Discretionary Reserve has been created by transferring unclaimed distributions from the shares that were given back to the Trust by the Māori Trustee when they could not find the owners. These monies will be used to support various activities which Trustees consider are in the best interest of the Trust.

Aaron Titter introduced himself and thanked owners for the opportunity to present the Financial Statements for the Trust for the year ended 31 March 2018 on behalf of the Chairman and Trustees.

Aaron Titter explained that the first slide of the presentation summarised the statement of profit and loss shown on page 12 of the annual report. The total revenue from the properties decreased by approximately \$120,000 which is primarily attributable to a tenant in the Nash Street Development that went into liquidation. This detail can be seen on page 22 of your annual report.

At the same time the direct property expenses increased by approximately \$167,000 which is mainly the result of upgrading the hostels during the year. As a result the net income from properties decreased by approximately \$287,000.

Administration expenses decreased year on year. Two key decreases to note is that there was no donation to Ngahuru Charitable Trust, and the executive office costs have decreased. The rest of the detail of what comprises the administration expenses is in note 6 on page 23 of your annual report.

The net financing costs of the Trust continues to decrease as total debt decreases. This leaves the Trust with an operating profit of nearly \$2.62 million for 2018 versus \$2.77 million for 2017.

The share of the after tax profit of Metlifecare and Haukawakawa General Partner Limited is lower this year, however it is noted that last year it included a large revaluation of Metlifecare.

The Trust had property revaluations of \$2.6 million. Key highlights include:

- Mitre 10 Mega increased by \$570,000
- Tikei Mall increased by \$520,000
- The residential property portfolio increased by \$659,000

After deducting income tax on the profits generated we end up at a net surplus after tax of \$6.67 million versus \$8.39 million for 2017. Overall, Aaron Titter noted that this is another excellent result.

Focusing on the net surplus after tax it is interesting to split this between what is cash earnings, or earnings from operating businesses and rentals, and non-cash earnings, i.e. earnings from revaluations. Of the \$6.67 million net surplus after tax, approximately \$2.1 million is a result from operating businesses and rentals which is down from \$2.35 million last year. Approximately \$4.55 million of the income comes from revaluations of properties and other non-cash amounts.

Aaron Titter then went through the statement of financial position slide which is what the Trust owns less what the Trust owes which is the numerical form of the pie charts shown earlier in the meeting. Total current assets are \$2.40 million which includes approximately \$2.2 million of cash reserves. The loans to Hikoikoi, the Wharewaka, and Ngahuru Charitable Trust are approximately \$3.62 million. The Trust has equity investments in Metlifecare and Haukawakawa General Partner Limited, have a combined book value of \$11.4 million. There were some property purchases during the year. These purchases plus the revaluation increase has lifted the value of properties owned directly by the Trust to \$76.9 million. Movements in this property value are outlined in note 13 on page 26 of the annual report.

Current liabilities have decreased from 2017 primarily as a result of the purchase of the Palmerston North City Council car park on Ngata Street being settled during the year. The term liabilities of the Trust have decreased by approximately \$1 million. Deducting total liabilities from the total assets shows a net asset value for your Trust of \$64.3 million for 2018 compared to \$58.6 million for 2017.

Aaron Makowharemahihi asked about the role of consultants as noted on page 23 of the annual report which had consultancy fees of \$15k. Keith Hindle advised that the main area where a consultant is used is for property consultants such as Colliers and Doug Buchanan.

A slide depicted the split of the Trusts assets between residential and commercial. Over 79% of the Trusts assets are commercial properties that the Trusts own, and approximately 20% are residential which the Trust owns. The Chairman commented that there has been discussion about moving out of residential and into commercial, with some of the residential properties requiring large investment to bring them up to standard. Several have been burnt down by the Fire Service.

The assets were broken down by location and as at 31 March 2018 nearly 95% of the assets are in Palmerston North, and less than 5% in Wellington. Aaron Titter noted that this will change in the next year with the further Wellington purchases which reflects the strategic decisions to diversify the portfolio.

The last statement presented was the Statement of Cash Flows which was included on page 15 of the annual report. The Trust generated \$2 million from its operations, which includes rents less expenses, including interest. A net \$841,000 was invested, which includes distributions from Metlifecare, purchases of property, and loans to related entities. \$960,000 was repaid to Westpac in respect of the trust mortgages and finally nearly \$1.06 million was distributed to owners either for last year's distribution, or for historic amounts where owners have been identified and funds distributed. This results in net cash on hand of \$829,000 in the trust bank accounts.

Before moving to the resolution Aaron Titter asked if there were any questions, and there were none.

Resolution

It is hereby resolved that beneficial owners accept the audited Financial Statements for the year ended 31 March 2018 as a true record reflection of the Trust's financial position.

Moved – Grace Luke

Seconded – Mana Jenkins

Carried Unanimously

APPOINTMENT OF AUDITOR

Aaron Titter explained the need to appoint an Auditor for the next financial year. Aaron pointed out the approach that the auditors took to reviewing the annual financial statements. Before the audit report is received they go through planning meetings with Hikoikoi management team, Colliers and the Audit and Risk Committee. After the financials are prepared they carry out audit work on property income and expenses, they visit Hikoikoi to carry out audit work on general expenses, they receive copy of property valuation and test in detail, receive all other year end information from BDO and Hikoikoi to complete the audit, they meet with the Audit and Risk Committee to discuss the findings before they finally sign the audit report.

The auditor for the previous year was Crowe Horwath New Zealand, who have been the Trust's Auditors for a number of years. They are a reputable audit firm who the Trust management and BDO have worked very well with over the years.

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 2019.

Moved – Pauline Owen

Seconded – William Owen

Carried Unanimously

The Chairman thanked Aaron Titter for presenting the financial report on behalf of herself and Trustees. She advised that the Audit and Risk Committee Chairman is Aisha Ross and also noted that the Committee has an Independent member, Euan Playle, with herself as a ex-officio, supported by the management team.

APPOINTMENT OF TRUSTEES

The three year terms of Managing Trustees, Liz Mellish, Jeanie Hughes, Ann Reweti and Aisha Ross retired by rotation at this Annual General Meeting and they offered themselves for re-election. There were no other candidates put forward for the Managing Trustees positions and therefore an election was not required. The Chairman noted that the team of Trustees that she works with are fabulous, and rigorous, and she is very proud to work alongside them. Mana Jenkins congratulated the Trustees on their work.

TRUSTEE REMUNERATION

The Chairman advised that this year Trustees agreed that it would be prudent and wise to hold Trustee remuneration at the same level as 2017 and review this again next year.

Trustees recommended that the Trustee Remuneration for each Trustee remain the same as in 2017.

- Liz Mellish as Chairman currently receives \$60,000 gross per annum
- All other Trustees receive \$16,000 gross per annum

*Resolution**It is hereby resolved that the Trustee Remuneration for each Trustee remain the same as in 2017.**Moved – Rata Cannon**Seconded – Mere (Mary) Coombs**Carried Unanimously*

The Chairman was asked to comment on an award she had received in the Queens Birthday Honours, and she advised owners that she was awarded the MNZM and receives the award in September.

DISTRIBUTION

The Chairman advised that last year the Trust had an \$8 million lift in the asset value of the organisation, and a distribution of \$5.50 per share was paid. This year Trustees and Advisors recommend a distribution payment of \$5.00 per share.

*Resolution**It is hereby resolved that beneficial owners agree to a distribution of \$5.00 per share being a total commitment of \$954,159.33.**Moved – Mana Jenkins**Seconded – Grace Luke**Carried Unanimously***GENERAL BUSINESS****Palmerston North Māori Reserve Trust Rangatahi Leadership Wānanga**

Temaari Kupe-King introduced himself to the meeting and presented a powerpoint covering what participants at the PNMRT Rangatahi Leadership Wānanga did last year. He noted that from the ten rangatahi that attended the wānanga each took something different from it. Tiare Donelan also spoke on the memories, connection and learnings that she gained from the wānanga and encouraged others to attend. Tiare is travelling to Chile in October, and Maia Douglas is now a prefect at Wellington Girls and has also experienced being on a waka hourua. The Chairman commented that out of the wānanga our young people get a good sense and belonging.

Tuparahuia Pita introduced himself and encouraged whānau with rangatahi to apply to attend the upcoming Rangatahi Wānanga from 8-12 October 2018 at Hikoikoi. Participants need to be aged between 13-18 years of age. Connecting to our tipuna, connecting to places of significance, connecting to our business today.

Strategic Plan

Laryhs Makowharemahihi thanked whanau for the mahi that has been done within the Trust. Laryhs asked if she could look at the strategic plan or land management plan for the Trust. Because of the size and nature of the Trust she would like to see what the Trust has planned in the next five years and ten years, what developments the Trust will be moving to. The Chairman advised that this will be a matter considered for the next Annual General Meeting.

ACKNOWLEDGEMENTS

The Chairman thanked the owners for attending today. She thanked Froyle Davis, Nana Helen Ludwick and Maz Williams from Westerman Property Solutions for their constant attention to detail in moving Palmy31. Aaron Titter from BDO was thanked for his work and for providing good advice. The legal team from Gibson Sheat headed by Nigel Moody were also thanked. Thanks were also passed on to Pirihira Cribb from the Māori Land Court.

Acknowledgement and thanks were passed on to Keith Hindle for all the hard work that he has done and continues to do for the Trust, the senior management team of Vicki Hollywell, Christine Fox, and Tracey Betham, as well as the team, Tracey Heffernan, Lena Leatherby and Gilbert Douglas (Nga Tekau Alcohol and Drug Counselling), Kathleen Thompson, and Cherie Douglas. The Chairman also thanked the tours staff for all their hard work including Tuparahuia Pita and Ariki Brightwell.

Lastly, the Chairman thanked the Trustees, Takiri Cotterill, Matthew Love-Parata, Wiki Michalanney, Mark Te One, Ann Reweti, Jeanie Hughes, Paula King, and Aisha Ross for all of their hard work. And thanks to Tracey Betham as Trust Secretary who is based at the Wellington Office of the Chairs at Te Wharewaka.

MEETING CLOSE

There being no further business the Annual General Meeting was closed by Mark Te One at 12.05pm. Waiata: Whākaria Mai



Minutes of the Palmerston North Māori Reserve Trust Special General Meeting held on Saturday 9 February 2019 at 10am at Metlifecare Palmerston North, 7 Fitchett Street, Palmerston North

TRUSTEES PRESENT

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

ADVISOR PRESENT

Theodore Tocker (BDO)

HĪKOIKOI MANAGEMENT LIMITED STAFF

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

ATTENDEES

Alamaine McGregor, Allan Brown, Anne Somerville, Bill Manaia, Bowlen Tui, Christina Mokio Thomas, D Allen, Debbie Thrim, Dwayne Allen, Gina Rangiwhehu, Giovanna Sturmey, Hine Love-Thompson, James Rio Turahui, Johan (Meka) Kahui-Mauriri,



Josephine Love, Karena Efaraimo, Mana Huntley, Mana Jenkins, Marama Cock, Martha Gilbert, Melvyn Cock, Ngarie Jenkins, Pam Workman, Pauline Owen, Philip Nuku, Pirihira Te Paki, Puhi Nuku, Rata (Pat) Cannon, Reena Huntley, Ruhia Marama Love, Stephen Murray, Tiwha Pikirapu Hinga, Tracey Wairau, Trevor Nunn, Tuhi McGregor, Tui Love, Urutaahua Gilbert, Venessa Tui, Wanda Whana, Wiki Gear, William Owen

APOLOGIES

Adam Daly, Annie Te One, David Love, Frances Kingi-Katene, Heni O'Hare, Jack Tui, James Taumanu, Jean Cameron, John Puddle, Joseph Jones, Judy Evans, Julia Marino, Kareanea Leith, Karen Tucker, Karen Gooch, Karen Ramsbottom, Karen Tucker, Lester Rogers, Maria Tangiora, Matthew Reweti, Michael Horo Jenkins, Miriama Te One, Mohi Te One, Morrie Love, Peter Reweti, Poiria Love Erskine, Richard Owen, Sandra Bishop, Sonia Cameron, Tahurangi Ruru, Takiri Cotterill, Telesia Te Paki, Teremoana McBride, Thomas Taumanu, Tom Bishop, Vaughan Gooch

MIHI WHAKATAU AND KARAKIA

Mark Te One opened the meeting at 10am with mihi and karakia, acknowledging those that have passed. Waiata: E ngā iwi. The Chairman welcomed everyone to Metlifecare Retirement Village - this is the first time the Trust has held a meeting at the village.

AGENDA AND HOUSEKEEPING

The Chairman outlined the agenda and housekeeping for the meeting and advised that the intent of the meeting was to discuss the resolutions and visit the proposed site across the road. Trustees were asked to stand and the Chairman introduced them. The Chairman conveyed her thoughts to Poiria Love Erskin who was unable to attend the meeting as she was in hospital.

TE WHENUA PROPOSAL

The Chairman outlined that the retirement village is at maximum population capacity and has a waitlist of 50 people. The Chairman advised that the Directors of Metlifecare Palmerston North (Jeanie Hughes, Keith Hindle, and herself, from the Trust; plus Metlifecare Directors John Callandar, Glen Sowry, and Richard Thomson) have resolved to consider the proposal to build a new complex, an independent gated community for those in early retirement as a joint venture with Metlifecare on the land across the road. This will mean that the land from 3-15 Ngata and 8-28 Carroll Street would need to be alienated from Trust ownership to go into a joint venture (as this land for the retirement village). The strategy is to provide the land as the contribution. The joint venture partner Metlifecare would like to make a public announcement on 20 February 2019. Trustees were called in to discuss the matter in early January as the matter would need to come to owners to attain signoff. The properties are valued at \$4.795m. Initially the intent is to build 33 independent living units which is estimated to cost \$15.5m and the initial contribution from the Trust will be the land. Metlifecare would contribute the money to initiate the physical build.

The land has been vacant for over 10 years. Currently the Trust collects net \$76k which is a return of 1.6% for that large piece of land. In entering a joint venture with Metlifecare there is a level of relationship and Trust that has been built over that time and the Trust is very comfortable in working with them on this new venture.

Trustees have been privy to due diligence and Metlifecare have done a lot of research into the area, this retirement village is by far the most popular retirement village in Palmerston North. The business case has not been finalised.

A map outlining the area was displayed on the powerpoint. Some of the houses on the map have already gone, there is one house to sell off, some of the houses would be burnt down. An initial concept of the gated community was also displayed on the powerpoint which showed a mixture of two and three bedroomed attached houses. The residents would have a licence to occupy not to own the land. This allows a transition from very independent living, to graduate across the road to the hospital and full care units.

Key to the decision making is how we structure this proposal and there are a couple of options. One is to continue with the existing structure and the other is to establish a limited liability partnership (new entity). The Trust would always retain the first right of refusal. Keith Hindle advised that this is a long-term project and approvals and design would take most of this year, consents next year, and the completion of the project by April 2021.

VOTING PROCESS

The Chairman advised that there were a number of proxy voting forms that have been received. The Chairman asked that there be a show of hands in the first instance, and then for owners to place their votes into the voting box as physical evidence for the Māori Land Court.

RESOLUTIONS

Resolution

It is hereby resolved that beneficial owners resolve to authorise the Managing Trustees to establish and enter into a joint venture to develop the properties located within 3 to 15 Ngata Street, and 8 to 28 Carroll Street, Palmerston North.

Moved – Martha Gilbert

Seconded – Pauline Owen

Carried Unanimously

Resolution

It is hereby resolved that beneficial owners resolve to authorise the Managing Trustees to enter into an agreement to sell the properties located within 3 to 15 Ngata Street, and 8 to 28 Carroll Street, Palmerston North into the joint venture

Moved – Hine Love-Thompson

Seconded - Pirihiira Te Paki

Carried Unanimously

A show of hands by owners indicated an overwhelmingly positive response to both resolutions.

TE AO ĀMUA – UPDATE ON PROJECTS SINCE AGM

The Chairman outlined several strategic objectives of the Trust which included growing the trust assets, providing reasonable distributions, diversifying sources of income, moving from residential to commercial investments, and recognising that the Trust doesn't want to depend entirely on the Palmerston North economy.

An owner thanked Trustees and staff for moving forward. He appreciated that the think tank in the Trust is right and thanked the Trust for their work. Martha Gilbert also thanked Trustees for their work and commented that Sir Ngatata Love would be looking down happy with the way the board was moving with this proposal.

Childcare Centre

The Chairman advised that the Trust is currently in the consent process with the Council. The owner wants to develop a relationship with Metlifecare as well. The architectural drawings for the Childcare Centre on 26 Ngata Street were shown on the powerpoint.

Retail Shops on Rangitikei Street

The Chairman outlined the development of retail shops on Rangitikei Street next to Breakers. A Heads of Agreement is still being negotiated with a major tenant. Another tenant is lined up already for the second smaller tenancy there. The retail shops will provide the Trust with a very good return on a site which previously had very little rent.

Torpedo 7, Tikei Mall

Torpedo 7 is a division of the Warehouse group and are operating well out of the premises in Tikei Mall.

81-95 Thorndon Quay, Wellington

The management of the 81-95 Thorndon Quay is being managed inhouse. The Trust now owns the entire site after purchasing 81-87 Thorndon Quay from the Wellington Tenth Trust. The Trust has consent to build up 10 storeys and will continue to scope for opportunities to develop this piece of land.

New Developments

The Trust has a new tenant at 32 Ngata Street which is G&H Training, which provides automotive and construction training.

The Trust owns just about all of Fitchett Street on this side of the road, and on the other side the Trust owns everything except two of the houses. There is interest for an independent medical centre.

Baxters and Palmy 31 student accommodation are fully occupied. The Trust has received an approach to build accommodation attached to Baxters to house academic families.

TE TANGATA

PNMRT Rangatahi Leadership Wananga 2019

The Chairman welcomed the tamariki and rangatahi that were in attendance at the meeting. Paula King spoke about her nephew Te Maari Kupe-King who was a participant in the first rangatahi wananga held in 2017. There were a number of spin-offs from his attendance at the wananga, becoming a member of the waka kaihoe and participating in the Waka Odyssey as part of the Festival of the Arts which enriched him and as well as the whanau, he has achieved a lot academically, in sport, and in particular, culturally. During his final year at school he went through the Gateways project and was successful in attaining an apprenticeship in sports turf management with the New Plymouth District Council. He also went on the Hawaiiki Rising programme for waka horua sailing from Tauranga. She encouraged owners to read the newsletters, join the facebook page, and to look on the website about the activities available to rangatahi.

Kaumātua Social Housing

The Chairman asked Wiki Michalanney to talk about the initiative for kaumātua social housing that herself and Alice Doorbar have been working on in Waitara. Wiki advised that they currently have 8 kaumātua houses and they are increasing that by another 4. She welcomed the Wellington Tenths Trust and Palmerston North Māori Reserve Trust to the opening which would likely be held on Maui Pomare weekend.

Owai Development

Wiki Michalanney also spoke briefly about the Owai Development noting that they need governance approval to move forward.

Māori Women's Welfare League

Wiki Michalanney is the Chair of the Aotea branch of the Māori Women's Welfare League. She encouraged wahine to join their local league. The Aotea Regional meeting for the Māori Women's Welfare League was being held at the same time today as this Special General Meeting.

Kaumātua Care

Wiki Michalanney was going to bring her Mum who is now 94 years to the Special General Meeting but she is becoming frail. She noted that there are opportunities about to consider for hospital type facilities in Waitara to care for our elderly.

Wharewaka

Mark Te One also noted that amongst the Trustee facilities is the Wharewaka. There were a stream of different events happening at the Wharewaka on Waitangi Day – a group of American visitors joined local and central government at the opening. The Te Matatini Mauri came with Ngāti Pōneke and the organising committee for Te Matatini from Pipitea Marae. The Mauri stone remains at the Wharewaka until the start of Te Matatini on 20 February 2019. The Chairman also noted that at Hīkoikoi there is a group from Tainui staying for Te Matatini.

Hīkoikoi Community

The Chairman advised that there is a kaumātua group that gathers at Hīkoikoi each Monday and she welcomed kaumātua at the meeting that are based in Wellington to attend. Te Ataarangi hub now have activities and te reo classes every Tuesday at Hīkoikoi.

The Māori Land Court comes to Hīkoikoi every month to hold a Māori Land Court clinic. The date of the next clinic is 20 February.

Martha Gilbert asked that the discussion about keeping the hangi pit at Hīkoikoi be expanded.

Kathleen Thompson asked owners to get in touch with her with their bank account information so that distribution payments can be made. The Trust no longer makes distribution payments by cheque.

KARAKIA WHAKAMUTUNGA

There being no further business the Special General Meeting was closed by Mark Te One at 11.25am. Waiata: Whākaria Mai

SITE VISIT

Trustees and owners walked over to look at the site and then had lunch.

Appendix Two / Register of Interests

Liz Mellish, MNZM

Booktown Featherston, Trustee
 Card Reserve Artificial Surface Trust, Chairman
 Federation of Māori Authorities, Deputy Chairman
 Haukawakawa General Partner Limited, Director
 Hīkoikoi Management Limited, Director
 Lion Foundation, Committee Member
 Māori Heritage Council Te Kaunihera Māori o te Pouhere Taonga, Board Member
 Matiu/Somes Island Charitable Trust, Trustee
 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
 Victoria School of Business Advisory Board Member

Takiri Cotterill

Alpha Corporation Limited, Director
 Coastland Shoppingtown Limited, Director
 Ngahuru Charitable Trust, Trustee
 Rēnata Te Munu me Epiha Kararo Ahu Whenua Trust

Jeanie Hughes

Haukawakawa General Partner Limited, Director
 Hīkoikoi Management Limited, Director
 Metlifecare Palmerston North Limited, Director
 Ngahuru Charitable Trust, Trustee
 Wellington Tenths Trust Corporate Trustee Limited, Director
 Wellington Tenths Trust, Trustee

Paula King

Baxters Limited, Director
 Palmerston North Māori Reserve Trust Audit and Risk Committee, Member

Matthew Love-Parata

Ati Awa Mai i Kukutauaki Ki Whareroa Charitable Trust, Trustee
 Haukawakawa General Partner Limited, Director
 Ngahina Trust (Paraparaumu)
 Renata Te Munu me Epiha Karoro Ahu Whenua Trust, Trustee
 Te Whānau A Te Ngarara Incorporated (Paraparaumu Airport)
 Wellington Tenths Trust, Trustee
 Whirinaki Rainforest Experiences, Development Advisor

Wiki Michalanney

Justice of the Peace, NZ
 Māori Women's Welfare League, Aotea Regional Council, President
 Māniaroa Pa Trust, Trustee
 Ngati Rahiri Hapu (Land), Trustee
 Palmerston North Māori Reserve Trust Audit and Risk Committee, Member
 Te Atiawa Kaumātua Housing Trust, Admin/ Project Manager Support

Ann Reweti

Palmerston North Māori Reserve Corporate Trustee Limited, Director
 Te Wharewaka o Pōneke Charitable Trust, Trustee
 Wellington City Council, Employee

Aisha Ross

23iKa Limited, Director
 Baxters Limited, Director
 Palmerston North Māori Reserve Trust Audit and Risk Committee, Chairman
 Te Wānanga o Aotearoa, Employee

Mark Te One

Greater Wellington Aratahi Inter-lwi Committee, Member
 Haukawakawa General Partner Limited, Director
 Hīkoikoi Management Limited, Director
 Hutt Minoh House Friendship Charitable Trust
 Matiu/Somes Island Charitable Trust, Trustee
 National Archives Te Pae Whakawairua Committee, Member
 Ngahuru Charitable Trust, Chair
 New Zealand Geographic Board Ngā Pou Taunaha o Aotearoa, Ministerial Observer
 Palmerston North Māori Reserve Corporate Trustee Limited, Director
 Pipitea Marae Charitable Trust, Trustee
 Rōpu Tiaki, Board Member
 Taranaki 217 Limited, Director
 Te Puni Kōkiri, Employee
 Te Wharewaka o Pōneke Charitable Trust, Trustee
 Te Wharewaka o Pōneke Enterprises Limited, Director
 Wellington Tenths Trust, Deputy Chairman

Appendix Three / Proxy Form 2019



Te Whenua, Te Tāngata,
Te Ao Āmua
*The Land, The People,
The Future*

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

I _____

of (address) _____

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 31 August 2019, and at any adjournment thereof.

Dated this _____ day of _____ 2019.

Signature of Owner: _____

In the presence of Witness _____
(see 11.26 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:
- Kaumātua
 - Solicitor of the High Court
 - Justice of the Peace
 - Officer of the Māori Land Court
 - Licensed Interpreter of the Māori language
 - Registered Medical Practitioner
 - Officiating Minister
 - Registered Nurse
 - Registered School Teacher
 - Officer of the Department of Justice
 - Chartered Accountant.
- 11.26 The proxy form when completed must either be handed in at the meeting or lodged with the Trust 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.

Phone: 04 473 2502 | Freephone: 0508 445 645

Email: info@tekau.maori.nz

Contact Us

Hikoikoi Management Limited Executive Office

24d Marine Parade
Hikoikoi
Petone
PO Box 39294
Lower Hutt 5045
Phone: 04 473 2502
Freephone: 0508 445 645
Email: info@tekau.maori.nz

Executive Office Staff

Keith Hindle, Business Manager
Vicki Hollywell, Operations Manager
Kathleen Thompson, Database Administrator
Tracey Heffernan, Finance
Helen Lloyd, Administrator

Nga Tekau Alcohol & Drug Service

Gilbert Douglas, Senior Clinician
Lena Leatherby, Senior Clinician
Cherie Douglas, Administrator

Wellington Office

Level 1, Te Raukura (Te Wharewaka)
2 Taranaki Street
Wellington
PO Box 24599
Wellington 6146
Phone: 04 901 3332
Phone: 04 901 3333 (Wharewaka Tours)

Wellington Office Staff

Liz Mellish, Chairman
Tracey Betham, Trust Secretary

Wharewaka o Poneke Tours Staff

Christine Fox, Tourism Manager
Matt Ammunson-Fyall, Business Liaison
Ariki Brightwell, Tour Guide



*Some of Hikoikoi Management staff and Trustees at Hikoikoi beach from LtoR:
Mark Te One, Tracey Heffernan, Tracey Betham, Ann Reweti, Liz Mellish (Chairman),
Aisha Ross (back), Wiki Michalanney, Lena Leatherby, Keith Hindle, Jeanie Hughes,
Kathleen Thompson, Matthew Love-Parata, and Vicki Hollywell*



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