



TE WHAITI NUI A TOI TRUST

**REPORT TO
GENERAL MEETING OF OWNERS
6 OCTOBER 2018**

TE WHAITI NUI A TOI TRUST

DIRECTORY

Trustees: **Andrew Te Amo (Chairman)**
Whare Akuhata
Doug Rewi
Renee Rewi

Trainee Trustees: **Henare Johnson**
(Term completed July 2018) **Jules Henry**

Secretary/Accountant: **Murray Patchell**

Solicitors: **Graeme Dennett**

Auditors: **BDO, Rotorua**

Bankers: **Westpac**

Registered Office: **Deloitte**
Chartered Accountants
2/1176 Amohau Street

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Rotorua 3045
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TE WHAITI NUI A TOI TRUST

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TE WHAITI NUI A TOI TRUST

GENERAL MEETING OF OWNERS

at Murumurunga Marae, Te Whaiti
on Saturday 6th October 2018 at 10:00 am.

AGENDA

1. Minutes.
2. Chairman's report.
3. Financial Reports.
4. Distribution.
5. Forestry Report.
6. Adoption of Investment Charter and SIPO.
7. Variation of Trust Order.

TE WHAITI NUI A TOI TRUST

MINUTES OF THE GENERAL MEETING OF OWNERS HELD AT MURUMURUNGA MARAE ON SATURDAY 11TH NOVEMBER 2017 AT 10.00AM.

CHAIRMAN: Andrew Te Amo.

SECRETARY: Murray Patchell.

MIHI: Kohiti Kohiti.

ATTENDANCE: 44.

APOLOGIES: 31.

Chairman introduced trustees and secretary and welcomed everyone to the meeting.

MINUTES: Of the previous meeting held on 8th November 2014 were taken as read and confirmed.

(Renee Rewi/Jeanette Healand) Carried

CHAIRMAN'S REPORT:

The Chairman tabled and read his report.

RESOLVED: "That the Chairman's report be received."

(Andrew Te Amo/David Iraia) Carried

MATTERS ARISING:

Rangi Anderson queried if the Trust should look at selling half the carbon credits now. Chairman advised the price is capped at \$25 per unit. It is difficult to predict market prices. The trustees will need to make a call on when to cash up and invest. Whare Akuhata added that all options are being looked at. Discussions are being held with emitters regarding possible relationships that might involve growing trees or tourism ventures. He quoted the Ngati Awa joint venture with Jet Star. Renee Rewi added that the trustees had been looking at options for the last 3-4 months and confirm that employment options were being considered. Rangi Anderson queried how the Reserve area would be used. He felt there would be a benefit in preserving the Reserve. The Chairman advised this could involve more planting and potential ring fencing or covenanting the area. Kohiti Kohiti queried if 1080 poison had been considered to protect the forest bird life and he suggested the trustees look at that. Chairman advised that 1080 had not been used in the Trust blocks, although DOC had used this in adjacent blocks. Renee Rewi said it was an issue for all Trusts in the area to consider. Kataraina Mason expressed her concern with the Chairman's comments about people not getting up to go to work.

She said that local people are doing this and working in other areas. The Trust should support work for Ngati Whare and she also expressed her concern at the use of 1080 which posed risks to dogs and hunters. Chairman advised her points were noted. Rangi Anderson said that hourly rates were often not good enough for jobs with long hours. He suggested an organisation focused on promoting work with the Ngati Whare Runanga could be established. He felt there should be more collaboration between organisations to look at forestry contracting. Chairman advised that the Trust's forest has one more harvest rotation and then it will be returned to the trustees. The Trust will then need to decide what to do with the land. Rangi Anderson reiterated his comment that there should be more collaboration and a broader approach to establishing contracts as there are large forest areas in the CNI. Chairman advised there may be opportunities with the new government. He suggested smaller blocks could join together to develop lands and establish regular income. This may involve a joint venture. 30,000 hectares would be needed to make it viable and perhaps a hui can be held. Pene Olsen advised that DOC had met with Ngati Whare Runanga and signed an agreement over poisoning. She felt Te Whaiti Nui a Toi Trust should be at the table as well to discuss the options. Chairman advised that the Trust had not been invited and they need to be informed to be involved. Their agreement did not apply to private land. Renee Rewi added that the Crown had determined the Runanga as the mandated body for Ngati Whare. The Trust is not involved and does not know what the Runanga is doing. She felt that the Runanga trustees should contact all Trusts in the area and keep them up to date. She advised that the Trust's settlement claim went to the Runanga and they are still holding the money. She felt the Runanga should be taking the lead. Pene Olsen said that Ngati Whare had formed a Kaumatua Council and they will advise the Trust what is happening. The new government may bring changes. She said Ngati Whare should be autonomous. Chairman said that the Runanga did not own any land. Te Whaiti Nui a Toi Trust and Ngati Whare Trust were not involved in their settlements. It is disappointing that the Minister will only talk with Runanga and not the landowners. Kataraina Mason advised the Kaumatua Council was formed to inform others on the korero to make sure people aren't left out.

FINANCIAL REPORT:

Murray Patchell tabled a summary of the financial reports for the 3 years ended 31 March 2017 and also provided a copy of the audited financial statements.

He backgrounded the Trust's long term strategy to build its funds for the time the forest is returned to the Trust, so the Trust will be in a position to manage its own lands. He said the trustees were looking to establish a proper framework for managing the Trust's investments and allowing for new direct investments if funds are realised from the carbon credits.

Matters arising:

1. Trustees' fees were confirmed at \$300 gross per meeting plus travel.
2. Trustees attended the Federation of Maori Authorities National Conference for building networks.
3. Unclaimed dividends from historical dividends do not transfer to the Crown. The liability is held for owners to claim. The interest on these funds is held for the general benefit of all owners. Owners are encouraged to do successions and make contact with other owners who have not provided their details to the Trust so the level of engagement can be improved.

RESOLVED: "That the financial reports for the 3 years ended 31 March 2017 be received."

(Renee Rewi/John White) Carried

AUDITOR:

RESOLVED: "That BDO, Chartered Accountants of Rotorua be reappointed auditors until the next AGM."

(Kohiti Kohiti/John White) Carried

DISTRIBUTION:

The Secretary explained the owners grant system which had been operating since 2006.

RESOLVED: "That the sum of \$60,000 be approved for owners grants as outlined by the Secretary."

(Cynthia Russell/Tommy Lennon) Carried

FORESTRY REPORT:

Chairman referred to the forestry report provided by Crown Forestry for owners' information.

EDUCATION GRANTS:

Details of education grants paid in 2017 and the education policy were provided. Renee Rewi stressed that applications must be completed correctly to avoid being declined.

SECTION 220A RESOLUTION:

Secretary explained the proposal to register the Trust lands in the name of Te Whaiti Nui a Toi Trust for administration purposes with future changes of trustees.

RESOLVED: "That in terms of Section 220A (iv) (c) of Te Ture Whenua Act 1993 the trustees are authorised to direct the Registrar General of Land that land registered or registerable under the Land Transfer Act 1952 be registered in the name of Te Whaiti Nui a Toi Trust."

(Rangi Anderson/John White) Carried

VARIATION OF TRUST ORDER:

Renee Rewi explained the background to the variation, covering the Trust strategic plan, future return of the forest, utilisation of carbon credits, the opportunity to diversify and potential partnerships with other iwi. She said this will provide a better framework for direct investments by the Trust. She stressed that trustees will come back to the owners with proposals but the variation will provide some flexibility to progress. She said the trustees were still accountable to the owners for their actions. Jane Nicholas queried trustees' accountability under Te Ture Whenua Act and sought an explanation of the Indemnity insurance and contingencies in place to protect the owners. Secretary explained the indemnity insurance cover that was in place to protect the owners against any fraudulent or illegal actions by the trustees. He explained that the variation would ensure that any new direct investments that carried a greater level of risk are quarantined so that the land is not at risk, and the change to the investment powers provides a responsibility of the trustees to comply with the Trustee Act 1956 which is not currently in the Trust Order. Pene Olsen suggested the trustees set out an investment charter for the owners. After discussion it was:

RESOLVED: "That the trustees are to prepare a long term investment charter for consultation and approval of the owners."
(Kataraina Mason/Rangi Anderson) *Carried*

Trustees to look at making available the draft charter for comment and consideration at a meeting of owners. Comments noted that owners can't wait for 3 years for this, or the Trust will fall behind with its investment strategy.

Chairman noted from the discussion that the proposed variations are on hold pending consideration of the investment charter.

AMALGAMATION OF TE WHAITI D BLOCK:

Chairman backgrounded the situation with Te Whaiti D block which was originally intended to be part of Te Whaiti Nui a Toi Trust and it had been assumed this was the case. Rangi Anderson confirmed that it was his understanding when Te Whaiti D block was originally acquired. After discussion it was:

RESOLVED: "That the Trust should apply to the Maori Land Court to amalgamate Te Whaiti D Block into Te Whaiti Nui a Toi Trust."
(Renee Rewi/Rangi Anderson) *Carried*

Meeting closed at 12.45pm with karakia from Kohiti Kohiti.

Signed as a correct record

CHAIRMAN

TE WHAITI NUI A TOI TRUST

2018 CHAIRMANS REPORT

Kia ora ano tatou katoa

I am delighted to present this annual report. As requested at last year's general meeting we have bought back a draft investment charter and statement of investment policy and objectives for consideration by our owners. These documents have been circulated and will be discussed later in the meeting.

We held over the proposed amendments to the Trust order tabled last year to allow for owners consultation and we will be asking for approval of the amendments at this hui.

In August we invited nominations for candidates for the annual Trustee rotation election. Whare Akuhata stood for re-election and as a further nomination has been received a postal vote was conducted closing on 28th September. I can now report that Peter White was the highest polling candidate in the election and will be a Trustee for the next 5 years upon confirmation by the Maori Land Court.

The Trainee Trustees Henare Johnson and Jules Rewi completed their two years in June. We believe they have both gained valuable insight and experience in the workings of Te Whaiti Nui a Toi Trust and we thank them both for their commitment to their roles. We are reviewing our Trainee Trustee policy and we will notify owners when nominations will be invited for the next round of Trainee Trustees.

As proposed at last year's meeting we have sold our NZ Carbon Credits at \$21.15 per unit and the money received, \$1.5m is in the bank awaiting finalisation of our investment policies before we look for new investments. Along with our investment fund we have built up healthy reserves of \$3m which will give us options in the future and enable our income to increase.

The investment returns from our portfolio have been very good. 14% in the last 12 months and an average annual return of 9.57% since we invested this money in 2008. Our investment adviser Brent Sheather has done an excellent job.

The forestry rental is adjusted annually by changes in the consumer price index with 5 yearly market rent reviews. The current annual rent is \$155,432 and the next market review is in 2021. Our lessee Crown Forestry have provided a detailed annual report on operations which is included in this report.

As we do every year the sum of \$60,000 has been approved for owner's grants and this will be paid to owners for whom we have bank accounts and addresses. If you haven't supplied your details to the secretary then please do so and encourage others to do the same and also to complete successions with the Maori Land Court where they haven't done them.

We also provide education grants for our tertiary students in their 2nd and subsequent years of study. Applications can only be made online through the website <http://rotorua.deloitte.co.nz> opening in January and closing at the end of April.

I take this opportunity of thanking our Trustees and advisers for their contributions towards growing the Trust and thank you all for joining us today and supporting our kaupapa.

Tena koutou katoa



ANDREW TE AMO
CHAIRMAN
6th October 2018

TE WHAITI NUI A TOI TRUST

FINANCIAL SUMMARY FOR THE YEAR ENDED 31 MARCH 2018

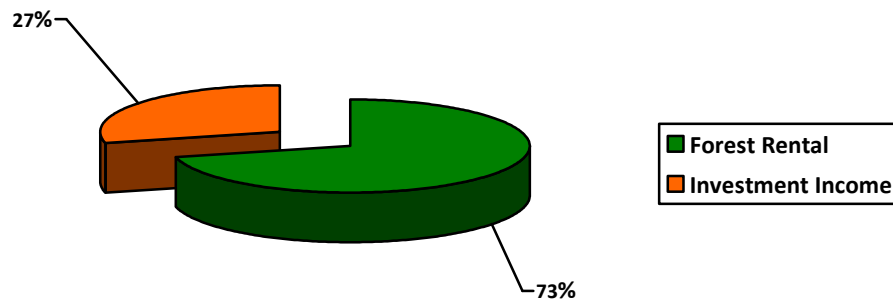
1. Audit

The Trust financial records are audited by BDO, Chartered Accountants of Rotorua. Full audited financial statements are available to owners who require these. This report is an extract of key parts of the audited financial statements.

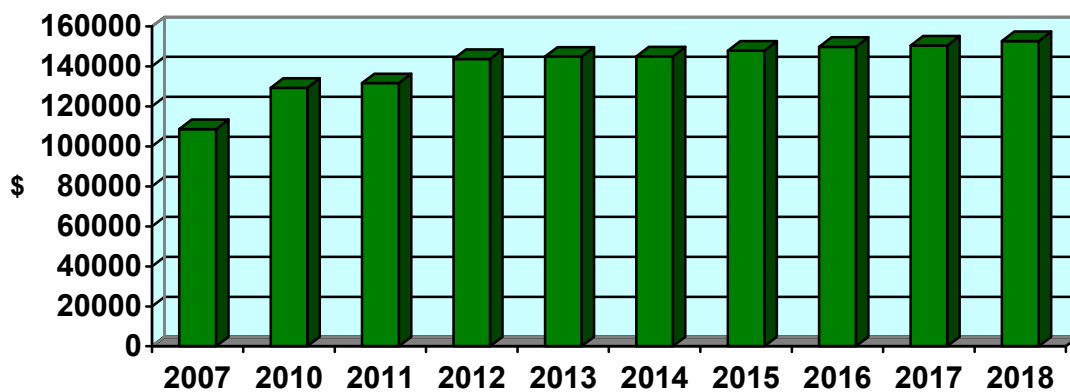
2. Income and Expenditure:

	2017	2018
<i>Income Received</i>		
Forest Rental(adjusted by CPI annually)	150,447	152,709
Investment Income received	60,941	59,901
Other Income		15,901
	211,388	228,511
<i>Less Expenses</i>		
Advertising	485	728
General meetings	0	1,000
Audit	2,500	2,300
Chairman's Honorarium	3,500	3,500
Consultancy	1,920	3,641
General Expenses	165	231
Insurance (Trustee liability)	5,400	5,400
Legal Costs	890	3,773
Management Fee	5,922	6,953
Printing stationery & postage	5,979	5,746
Rates	1,304	1,136
Rental – Twist Family (6%)	9,035	7,645
Secretarial & Accounting	34,607	37,429
Share Register	10,420	15,797
Subscriptions	1,000	1,200
Trustees fees & Expenses	17,617	20,104
Valuation Fee	1,650	0
<i>Total expenses</i>	100,896	116,583
<i>NET OPERATING SURPLUS</i>	110,492	111,928
<i>Increase in Investment Values</i>	72,816	71,314
<i>TOTAL NET SURPLUS</i>	\$183,308	\$183,242

In 2018 financial year the increase in NZ units of \$270,684 was credited direct to the asset revaluation reserve to a new value of \$1,553,652 at 31 March 2018. The NZ Units were sold in April 2018 for \$1,568,484 (\$21.15 per unit).



FOREST RENTAL TREND



The Crown Forest lease provides for rental's to be increased by the Consumer Price Index each year and every 5 years reviewed to current market levels. Last review was 1 June 2016. The next market review is on 1 June 2021.

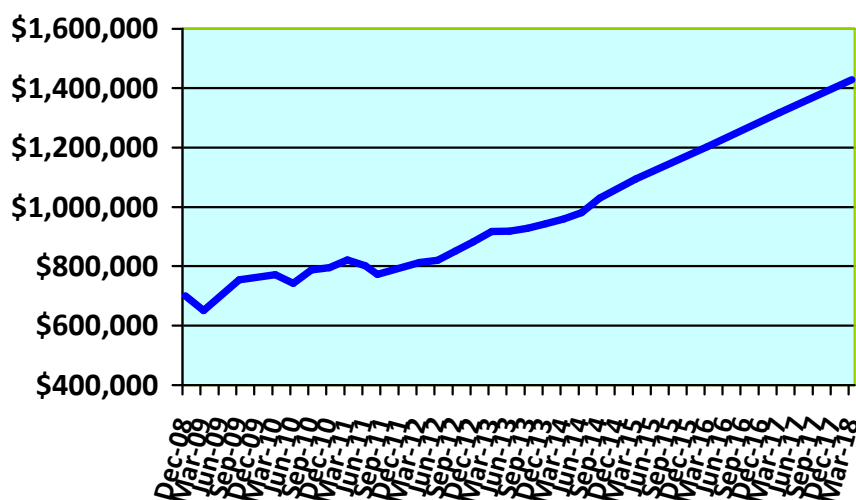
3. Taxation and Distributions:

	2016	2017	2018
<i>Taxation Paid (refund)</i>	\$15,896	\$15,580	\$17,370
<i>Education Grants</i>	\$5,000	\$3,000	\$6,000
<i>Owners Grants</i>	\$35,333	\$34,125	\$32,613

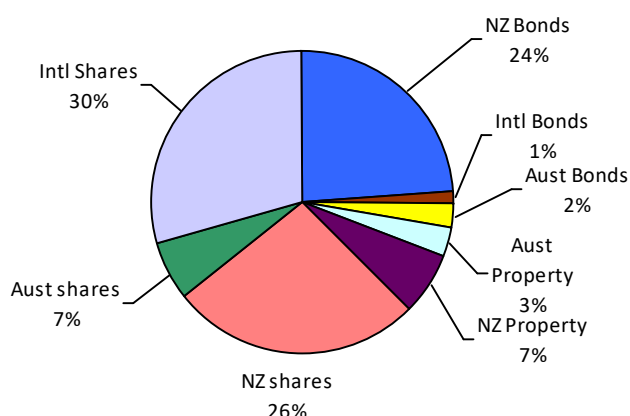
The Trust tax rate is 17.5% on taxable surplus. Distributions to owners are taxable with Maori Authority tax credits attached.

4. Investment Performance

\$700,000 was invested in December 2008 in a mixed investment portfolio of bonds, property and shares locally and internationally through Private Asset Management Ltd (Brent Sheather).



The annualized return from the portfolio since 2008 9.57% (income and capital). In the 12 months to 30 June 2018 the return was 13.99%. The asset allocation of the portfolio is:



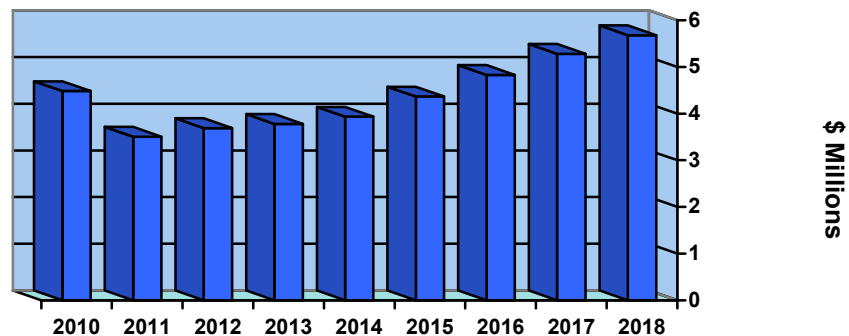
5. Assets and Liabilities:

	2017	2018
<u>ASSETS</u>		
Bank Deposits and receivables	326,953	344,748
NZ Units	1,282,968	1,553,652
Investment Portfolio	1,317,029	1,428,009
Land	2,450,426	2,449,890
Total Assets	5,377,376	5,776,299
<u>LESS LIABILITIES</u>		
Accounts Payable and rent in advance	40,081	42,936
Unclaimed Dividends	54,815	54,676
Total Liabilities	94,896	97,612
NET ASSETS	\$5,282,480	\$5,678,687

The \$396,207 increase in net assets represents a 7.5% overall increase for the year.

Land is recorded at the Whakatane District Council Ratings Valuation. The last valuation was dated 1 September 2016. This does not necessarily reflect the true market value of the land.

NET ASSETS COMPARISON



The Trust has no borrowings.

6. Owners Details

The Trust has 91407 shares held by 2584 owners. Shareholdings range from less than 1 to 1796. Current addresses are held 547 or 21% and bank accounts for 363 owners.

Owners are encouraged to complete successions and contact the Trust office to register their address and bank account details to receive their grant entitlement and to refer this to other whanau who have not connected with the Trust.

7. AML/CFT

As from 1 October 2018 the Trust is subject to the Anti - Money Laundering and Countering Financing of Terrorism Act 2009. This requires a high level of compliance, due diligence and reporting of suspicious activity.

Murray Patchell

Secretary

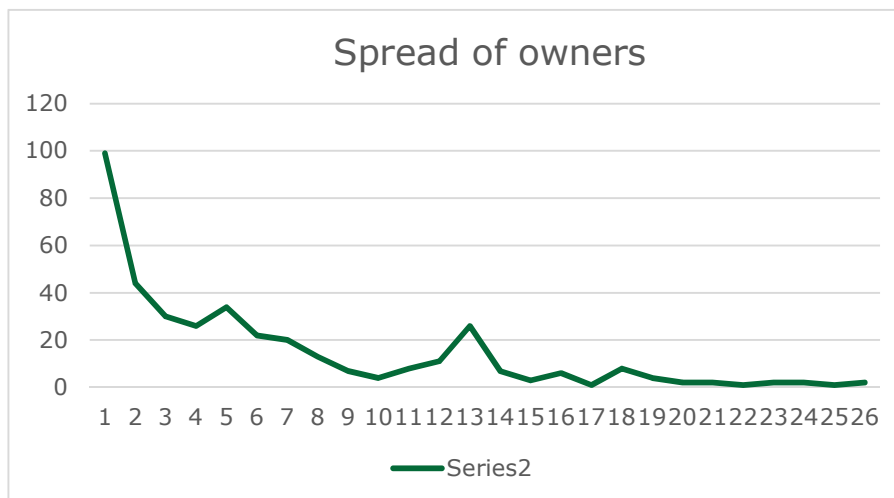
6th October 2018

TE WHAITI NUI A TOI TRUST

OWNERS GRANT

Grant structure for distribution in lieu of dividend (\$60,000).

Group	Share Range		Grant Payment	Owners with address and bank a/c	Total grants payable (before tax)
1	0 to	4.9	\$ 50	99	\$ 4,950
2	5 to	9.9	\$ 50	44	\$ 2,200
3	10 to	14.9	\$ 50	30	\$ 1,500
4	15 to	19.9	\$ 50	26	\$ 1,300
5	20 to	29.9	\$ 50	34	\$ 1,700
6	30 to	39.9	\$ 50	22	\$ 1,100
7	40 to	49.9	\$ 50	20	\$ 1,000
8	50 to	59.9	\$ 50	13	\$ 650
9	60 to	69.9	\$ 50	7	\$ 350
10	70 to	79.9	\$ 50	4	\$ 200
11	80 to	89.9	\$ 75	8	\$ 600
12	90 to	99.9	\$ 75	11	\$ 825
13	100 to	149.9	\$ 125	26	\$ 3,250
14	150 to	199.9	\$ 150	7	\$ 1,050
15	200 to	249.9	\$ 175	3	\$ 525
16	250 to	299.9	\$ 225	6	\$ 1,350
17	300 to	349.9	\$ 250	1	\$ 250
18	350 to	399.9	\$ 275	8	\$ 2,200
19	400 to	449.9	\$ 300	4	\$ 1,200
20	450 to	499.9	\$ 325	2	\$ 650
21	500 to	599.9	\$ 350	2	\$ 700
22	600 to	699.9	\$ 425	1	\$ 425
23	700 to	799.9	\$ 500	2	\$ 1,000
24	800 to	999.9	\$ 575	2	\$ 1,150
25	1000 to	1499.9	\$ 750	1	\$ 750
26	1500 to	2000	\$ 1,200	2	\$ 2,400
TOTALS				385	\$ 33,275



TE WHAITI NUI A TOI TRUST

2018 OWNERS GRANT POLICY

An Owners grant in lieu of a dividend has been approved by the Trustees. This grant is payable to the Owners registered at 1 December 2018 who have supplied their bank account numbers and addresses. The grant is also available to Owners, subject to the terms of the grants policy, for a period of 12 months expiring on 30 November 2019. The current policy in respect of the 2018 Owners Grant is as follows:-

1. For identification purposes the grant will be called the "2018 Owners Grant".
2. The sum of \$60,000 has been set aside for 2018 Owners Grants.
3. Payments to be made only to bank accounts and Owners addresses must be held.
4. Payments will be calculated according to shareholding bands as per the attached schedule.
5. These grants are taxable and will have Maori Authority Credits (MAC) attached at 19.5%. Grants exceeding \$200 including MACs will be subject to RWT at 39%. Where an IRD number is not held for an owner and the gross grant exceeds \$200 the withholding tax rate is 39% reduced by any MAC attached, up to a maximum of 19.5%.
6. All Owners with addresses are to be advised of the Owners Grant and those who have not provided bank accounts details will be asked to do so. Those Owners exposed to RWT at 39% will be advised to supply their IRD numbers to avoid this cost.
7. Non Resident Owners will have their distributions subject to Non Resident Withholding Tax of 15%.
8. Sufficient funds will be retained to cover any Owners who are located after the payment date.
9. The Trustees reserve the right to make only one payment to a shareholder whose name may appear more than once on the share register where it is evident that those multiple names refer to one person.
10. Any Owners who are located after the payment date will be entitled to the payment they would have received had their address and bank account details been known at the distribution date.
11. Any owners who succeed to shares after the payment date will be entitled to payment of the current shareholder's grant based on their shareholding where it has not been paid to the deceased shareholder.
12. Entitlement to the payment will expire on 30 November 2018.
13. Payments to overseas Owners will be subject to deduction of bank charges.
14. The Trustees reserve the right to amend this policy or draft new policy to cover any circumstance not covered or anticipated by this policy, in respect of payments to all beneficiaries or to any one or more beneficiaries and the Trustees decision in these matters will be final.

Approved.....

Chairman.....

TE WHAITI NUI A TOI TRUST

EDUCATION GRANTS REPORT 2018 (to 31/3/19)

24 applications were received for tertiary grants. Of those, 3 applicants were declined because they could not whakapapa to an owner or descendant of an owner in Te Whaiti Nui a Toi, and 5 who did not supply the required supporting documents.

Education grants are available to students in their **second or subsequent year of full time study**. Please note that all applicants must fully complete their online application form, supply all supporting documents as listed in the checklist on the form and ensure their whakapapa has been verified (signed by shareholder or trustee of whanau trust).

Applications open in January and close 30 April each year. The online form once open, is available through the website <http://rotorua.deloitte.co.nz>.

The following 16 students received grants this year of \$500 each.

First Name	Last Name	Institution	Programme of Study
Wharepakau	Akuhata	Te Wananga O Raukawa	Bachelor of Te Reo Maori
Marley	Akurangi	Toi Ohomai Institute of Technology (Waiariki Institute of Tech)	Bachelor of Early Childhood
Melany	Dowey	Toi Ohomai Institute of Technology (Waiariki Institute of Tech)	Bachelor of Social Work
Anahera	Hare	Auckland University of Technology	Masters of Maori Studies
Kararainna	Hare	Unitec New Zealand	Bachelor of Sport & Leisure
Maia	Lingman	University of Otago	Bachelor of Science
Valerie	Nahu	Victoria University of Wellington	Bachelor of Commerce
Josephine	Raukawa	Victoria University of Wellington	Bachelor of Arts
Te Rima	Walker	University of Waikato	Bachelor of Management Studies
Taitimuroa	Akuhata	University of Otago	Bachelor of Science
Mereana	Graham	University of Otago	Bachelor of Science
Jaedyn	Hahipene	Victoria University of Wellington	Bachelor of Commerce
Turuhira	Hotene	University of Auckland	Bachelor of Commerce
Renee	Akurangi	Te Wananga O Aotearoa	Post Graduate Diploma in Bi-Cultural Supervision
Kauri	Walker	University of Waikato	Bachelor of Computer Graphic Desgin
Harriet	Wade	Toi Ohomai Institute of Technology (Waiariki Institute of Tech)	Post Graduate Certificate in Applied Professional Studies

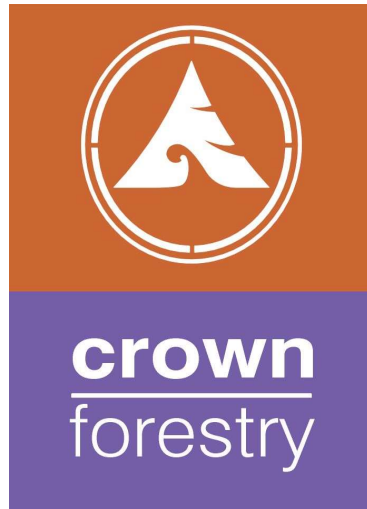
TE WHAITI NUI A TOI TRUST

2018 EDUCATION GRANTS POLICY

1. Persons who qualify for an education grant:
 - (a) Registered Owners or descendants of Registered Owners.
 - (b) Beneficiaries and descendants of beneficiaries in a Whanau Trust constituted in terms of Te Ture Whenua Maori Act 1993.

Applicants must supply a clear whakapapa endorsed by a Kaumatua who is a beneficial owner of Te Whaiti Nui A Toi Trust or Trustee of Te Whaiti Nui A Toi Trust.

Applicants claiming whakapapa through a Whanau Trust must provide a schedule of the beneficiaries of the whanau Trust issued by the Maori Land Court.
2. Students must be currently attending a NZQA (or overseas equivalent) tertiary institution on a **fulltime** basis or an institution or training scheme approved by the Trustees. Part-time courses are not supported.
3. All students who qualify for a grant will receive an amount approved by the Trustees which varies each year depending on total sum available divided by number of approved applicants.
4. Applications will only be considered for **2nd and subsequent years** of study.
5. Application must be made online in the prescribed form and be submitted to the Secretary by the advertised closing date.
6. Applicants must provide a receipt for course fees paid. The Trustees may at their discretion accept a student loan drawn certificate as evidence of fees paid.
7. Applicants must supply their IRD number.
8. Education Grants are taxable and will have Maori Authority Credits (MAC) attached at 19.5%.
9. Students attending free courses are ineligible for a grant.
10. Incomplete or late applications will be rejected.
11. Applications can only be made online.
12. Students (from 2015) are required to provide a 150 word profile with their application for future reference by the Trust and are encouraged to attend an AGM or special hui.
13. Any policy interpretation is entirely at the discretion of the Trustees.



**Annual Report for the
Te Whaiti Nui-A-Toi Lease Forest
1 July 2017 - 30 June 2018**

TE WHAITI NUI-A-TOI LEASE FOREST – ANNUAL REPORT 2017/18

Introduction

The Te Whaiti lease covers a gross area of 2,008 hectares with 1,235 hectares of productive area. The lease was initially agreed for a 90 year term from 1976 with rent indexed annually by the Consumer Price Index but with no provision for general rent review. The lease was varied in June 2007 to shorten the term from three to two rotations (it now terminates on 31 May 2038) and to bring the rent into line with market rentals for comparable forest land. A five-yearly rent review mechanism was also introduced in the 2007 variation.

In 2012 an unstocked area known as Te Tutiri block was surrendered from the lease.

Lease payments from the Crown

For the period 1 July 2017 to 30 June 2018 the Te Whaiti Nui-A-Toi Trust received rental payments of \$153,135 plus GST. An additional payment was paid of \$639 plus GST, an adjustment for the 2016/17 financial year. From 1 July 2018 this rent will be adjusted by the CPI movement reported for the year ending June 2018 by Statistics New Zealand in accordance with Clause B1 (a) of the lease. Inflation for the year ending June 2018 was reported as 1.5%; and thus the new annual rent will be \$155,430 plus GST.

Forest Management and Management Contractors

The Te Whaiti Nui-A-Toi forest lease is administered by the Ministry for Primary Industries (MPI), through Crown Forestry, on behalf of the Crown.

Fortus Forestry Ltd (Fortus) is contracted to manage the day to day activities undertaken within the Te Whaiti Nui-A-Toi forest lease.

Management Plan

The forest lease is managed under a management plan that is reviewed and updated annually.

Forest Operations 2017/18

- 22 hectares of second lift pruning, postponed from 2016/17 as a consequence of storm damage, was completed during the year.
- 206 hectares of waste thinning was completed.
- A small area of 2015 establishment (inside the Te Whaiti gate and adjacent to the Whirinaki River) required blanking as a consequence of earlier successive flood events.
- The area planned for 3rd lift pruning (206 hectares) was not completed as a result of the delay in repairing the main access into the Matera block. This programme will be completed in 2018/19.

Road Maintenance Programme 2017/8

Forest infrastructure as well as state and regional highways were damaged by Cyclone Debbie in March 2017. Planning for repairs has been underway during the year with Regional Council consenting requirements and contractor availability hampering progress towards completing the works.

Matera Block culvert repairs (x2)

Pinaua Stream:

A resource consent application was lodged in November 2017 and physical works commenced February 2018. A new culvert (approximately 35m in length) as well as extensive earthworks was necessary to achieve the final road alignment. Additional fill and metal aggregate is required to complete the job and this work is scheduled for October 2018.

Matera Stream:

Subsequent to surveying and assessing the site it was determined the works will require a resource consent. The design has been completed and a consent application is soon to be submitted. The physical works will be completed during the summer of 2018/19.

Matera Block

Remedial work opening and repairing the remaining roads in the Matera block has been completed.

Okahu Stream crossing

The approaches to this crossing have been severely undermined due to the structure being outflanked by flood flows. Work has commenced to remediate the damage but the contractor has been called away to other urgent work. The planned remedial work involves using a combination of rock, metal and concrete to reinstate the foundation below the approaches as well as improve the headwall protection.

Old Te Whaiti Road Native Log crossing (Ruatahi Stream)

An engineering design and resource consent application was submitted to EBOP on the basis of constructing a single-span bridge. Tenders for the physical works were called and the quotations were considerably higher than anticipated. Alternative options (specifically a box culvert) are now being investigated.

Forest Security 2017/18

The occurrence of hunters and other agricultural activities in the forest reportedly spiked over the Christmas period. This spike coincided with dry conditions increasing the risk of forest fire. To mitigate this risk, as well as the safety risk to silviculture workers and property, Fortus engaged a security contractor to complete random patrols twice per week. This approach was successful in reducing the occurrence of unauthorised access.

Health and Safety

One near miss incident was reported during the year.

Fire

No fires occurred within the Te Whaiti Nui-A-Toi Lease Forest during 2017/18.

On 1 July 2017 the Fire and Emergency New Zealand Act 2017 (FENZ Act) repealed the Forest and Rural Fires Act 1977. Fire and Emergency New Zealand (FENZ) is a new unified fire organisation that brings New Zealand's urban and rural fire services together. FENZ is responsible for all fire suppression activities – the standing instruction remains dial 111 and notify Fire and Emergency New Zealand at the first sign of any fire.

Te Whaiti Nui A Toi Trust

INVESTMENT COMMITTEE CHARTER

Dated

1. CONSTITUTION

The Investment committee shall be a committee established by the Trustees of Te Whaiti Nui A Toi Trust.

2. OBJECTIVES

The objective of the Investment committee is to oversee the investment management strategies and key investment policies used by the Trust in managing its assets and investments on behalf of the owners of Te Whaiti Nui A Toi Trust.

This may involve Direct Investments or Passive Managed Investment Portfolios.

The desired outcome is to ensure that the Trust's assets and investments are well managed within appropriate risk boundaries and the results meet the long-term objectives of the Trust.

3. MEMBERSHIP

Members of the committee shall be appointed by the Trustees and may include non – Trustee members. The committee shall comprise at least 3 members, one of whom shall be appointed Chairperson. The Trustees will determine appointment criteria.

4. ADMINISTRATION

The committee may appoint a Secretary.

A quorum shall be two members. Independent Investment advisers may be present at meetings. Reasonable notice of meetings is and the business to be conducted shall be provided to members. Meetings may be in person, by phone link, by email or any combination thereof.

Minutes of all meetings shall be kept.

5. RESPONSIBILITIES

The responsibilities of the committee are:

- Understand the Trust investment philosophy, approach and strategic plan.
- Ensure that the Trusts investment approach is appropriate to meet the desired investment outcomes.
 - Comply with the Trust Order and all legislative obligations.
- Prepare a Statement of Investment Performance and Objectives including an analysis of Risk factors.

- Assess strategic and tactical asset allocation decisions and ranges in the context of the long term investment outcomes.
- Monitor the performance of direct and indirect investments and report regularly to the Trustees.
- Examine any other matters relating to investments that it considers appropriate or that are referred to it by the Trustees.

6. AUTHORITY

The Committee is authorised to investigate any activity within its charter and to obtain any information it requires including the engagement of external professional advisers as it considers necessary.

7. REVIEW

The committee shall undertake an annual self review of its objectives, responsibilities, performance and of its charter.

STATEMENT OF INVESTMENT POLICY AND OBJECTIVES (SIPO)

TE WHAITI NUI A TOI TRUST

PURPOSE

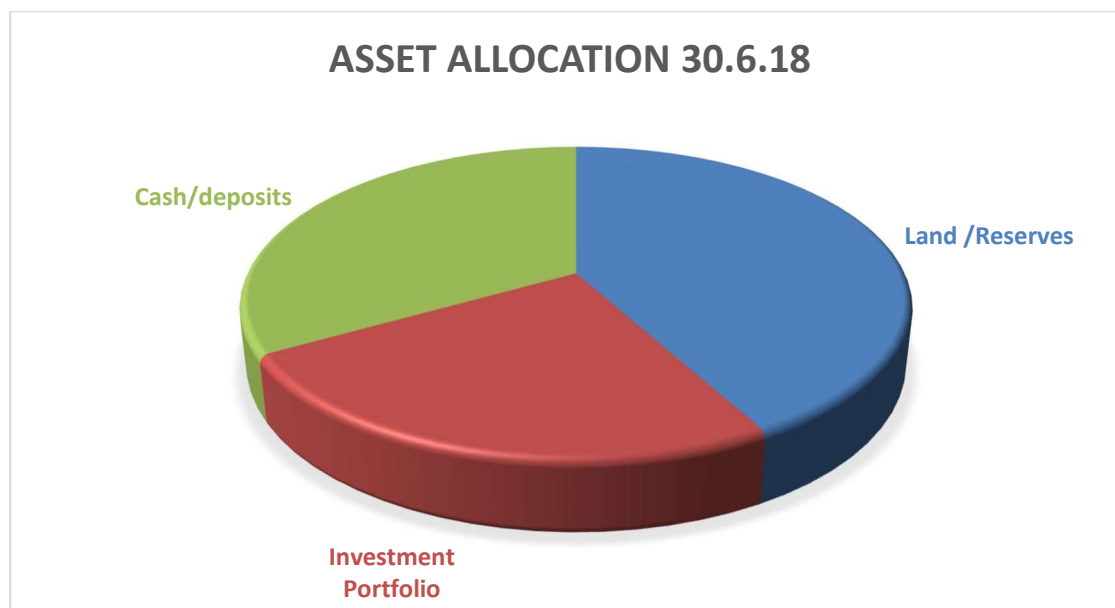
To review existing assets held by the trust and set a framework for management of existing assets and investments and consideration of new investment opportunities.

To manage investments pursuant to the Trust's Investment Charter as adopted at an owners meeting on

BACKGROUND

The trusts existing assets are as follows:

		Value 30.6.18 \$	Allocation 30.6.18 %	Allocation Range %	Benchmark Return
Land	Leased	2,205,000	37.82%	30-50%	6%
	Reserves	245,425	4.20%	5-10%	
Managed Investment Portfolio	Private Asset Management	1,443,471	24.75%	20-40%	8%
Direct Investments				10-30%	12%
Term Deposits	ANZ	182,259	3.15%		3.5%
Cash at Bank	Westpac/ANZ	1,753,977	30.08%	5-10%	3%
		\$5,830,132	100.00%		6.5% AVGE



The only external liability is for historical unclaimed dividends to owners of \$54,675.

The Objects and Powers of the Trust Order dated 4th June 2015 include:

Clause 2 –.....to provide for the use management and alienation of the land to best advantage of the beneficial owners or the better habitation or use of the beneficial owners.....

There are no specific investment restrictions and as confirmed by legal advice the Trustees have very wide powers to invest as they see fit.

However the trustees are also guided by the provisions of the Trustee Act 1956:-

S 13A - A trustee may invest any trust funds, whether at the time in a state of investment or not, in any property, where property is defined as including real and personal property, and any estate, share, and interest in any property, real or personal, and any debt, and any thing in action, and any other right or interest, whether in possession or not.

S13B – A trustee exercising any power of investment shall exercise the care, diligence, and skill that a prudent person of business would exercise in managing the affairs of others.

S 13E - A Trustee may have regard to a range of factors {Appendix B }

S13M – The Court may, in considering a Trustees liability as regards investment powers have regard to diversification of the Trust Fund and any investment strategy.

The Trustees are obliged to consider these provisions for any investment.

INVESTMENT OBJECTIVES

The Trustees have determined the following objectives:

To protect the Trust assets for the owners and their descendants.

To maintain and grow the asset base and income over time.

To work with other entities to achieve mutually beneficial outcomes.

To ensure diversification of investments to mitigate risk between direct asset ownership and passive investments.

Ensure all investment meet benchmark returns.

Consider new investments that are land based and preferably local. The Trust lands are located at Te Whaiti and Minginui amidst a range of land based Maori Land Trusts and marae and the beneficiaries generally support operations that are land based and local that will lead to employment, social and economic benefits for the owners and descendants.

Provide sufficient income to maintain the trust's distribution policy and provide further funds for investment. There needs to be a balance between the level of distributions while building a portfolio of assets that contribute to growth in real income over the longer term.

New investments will be required to provide steady income streams to the trust at a rate of return higher than available on short term deposit and in line with specific industry benchmarks.

To maintain adequate cash reserves for contingencies.

The Trust lands are predominantly leased long term for forestry and investment strategies will take into account that the Trust will have full control of its lands from 2038 or earlier if by agreement.

FACTORS AFFECTING FUTURE INVESTMENT PERFORMANCE

General economic conditions will affect any investment portfolio performance. These are factors not in the control of any investor or investment strategy.

Interest rates and risk premiums are the investment factors that most affect future contributions.

Lower than projected interest rates or lower than expected risk premiums could lower future returns.

Commodity price changes and the costs related to trust's business activities.

Direct investments will take into account business risk generally reflected in higher returns.

ETHICAL INVESTMENTS

Where Practical the Trust will invest in an ethical manner and in particular will not invest in entities that are involved with:

- a) Armaments or nuclear power
- b) Tobacco, Alcohol, Gambling, Adult Entertainment
- c) Mining, exploration or extraction of fossil fuels
- d) Activities that have a demonstrable negative environment impact including genetically modified products.

FURTHER INVESTMENT

In considering new direct investments the trustees will give priority to the following areas :-

Tourism

Education

Forestry

Agriculture

Commercial property

Any new direct investment will be reviewed by an independently qualified adviser. New investments may be on a joint venture basis with other compatible entities through an appropriate vehicle. No new investment will be greater than 50% of the Trust assets.

For passive investments the Trustees will appoint an independent qualified investment adviser. Passive investments will not be greater than 50% of the Trust assets.

The trustees with assistance from the Trust Secretary, Accountant and other advisers as required will have the task of researching new opportunities and the analysis of such investments. Board papers with full information for the Trustees to make decisions will be required for any investment decisions. A template for such papers is attached in Appendix A.

RISK MITIGATION

- Risk mitigation is through knowledge of investment opportunities, a conservative attitude to new opportunities and diversification of investments.
- Maintain an appropriate asset allocation model that reflects the Trust mix of commercial and non commercial assets, direct and passive investments.
- Trustee involvement in management of active assets.
- Engage independent advice on investments and business ventures.
- Income from investments will need to be distributed to the trust as profits to enable the trustees to have sufficient cashflow to run the trust and provide for the distribution policy.
- The purchase of addition land based assets or business ventures as well as any borrowings may be through a separate legal entity ensuring that there is no potential land alienation and liability is limited.
- Investment performance will be reviewed at regular intervals of not less than 3 years.

Approved by the trustees on 2018

Chairman.....

APPENDIX A

TE WHAITI NUI A TOI TRUST

Investment Decisions Template

Purpose

State the purpose of the report in terms of what is being sought from the Board of Trustees :

- *a decision*
- *discussion*
- *information only*

Introduction

State the asset and related service/activity.

Background

Provide the background to the asset detailing cash generated and spent from service/activity, funding pathway and history in more detail. This may include some added detail on previous decisions if relevant

Outline the options available for the purchase of the asset

Pros and cons to be outlined for each option

Financial and Risk Considerations

Comment on risk and return of the asset investment. Highlight any capital expenditure and non-financial risk (ie risks not built into risk premium)

Comment on any emerging risks.

Conclusion

Concluding or summarising statements.

Recommendation

State the approval being sought.

13E. Matters to which a trustee may have regard in exercising power of investment—

Without limiting the matters that a trustee may take into account, a trustee exercising any power of investment may have regard to the following matters so far as they are appropriate to the circumstances of the trust:

- (a) The desirability of diversifying trust investments:
- (b) The nature of existing trust investments and other trust property:
- (c) The need to maintain the real value of the capital or income of the trust:
- (d) The risk of capital loss or depreciation:
- (e) The potential for capital appreciation:
- (f) The likely income return:
- (g) The length of the term of the proposed investment:
- (h) The probable duration of the trust:
- (i) The marketability of the proposed investment during, and on the determination of, the term of the proposed investment:
- (j) The aggregate value of the trust estate:
- (k) The effect of the proposed investment in relation to the tax liability of the trust:
- (l) The likelihood of inflation affecting the value of the proposed investment or other trust property.

16 August 2017

Report to:
The Trustees
Te Whaiti Nui A Toi Trust

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Phone: (07) 348 4401
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On Investment of the Trust's Funds

The Trustees of the Te Whaiti Nui A Toi Trust have an opportunity in cashing up the NZ Carbon credits and reconsidering the investment portfolio to look for direct investment/business opportunities.

1. Trustee Powers

1.1 Under the terms of the Trust Order, except by limitations imposed by the Trust Order, the Trustees are entitled to exercise the same powers as if they were the absolute owners of the lands of the Trust. There is no such limitation on the trustees investing funds derived from the lands held by the trustees.

1.2 The Trustees are therefore entitled to invest by purchase of shares, by making advances on mortgage security over land and purchase any land or other assets.

2. Trustee Act

2.1 In accordance with the terms of the Trustee Act the Trustees are under a duty in considering investments to exercise diligence and prudence and to consider diversity of the Trust's investments. A prudent trustee considers investments after consulting advisors and obtaining such reports as are applicable to the particular proposed investment, including on shares to be purchased.

3. Joint Ventures

3.1 In the event that a sound business opportunity arises for the Trustees to take over and conduct a business including with a partner as a joint venture the trustees are entitled to apply to the Maori Land Court for the Court to approve an extension of the activities of the Trust by a joint venture, or alone, subject to the owners having had sufficient opportunity to consider the proposal and to there being a sufficient degree of support among the owners.

4. Venture through Company

- 4.1 In the event that the Trustees do wish to proceed with a venture or a joint venture it would be appropriate for the trustees to form a company or companies which would limit the personal liability of the trustees but enable the trustees to carry on business, arrange finance, act in a business-like manner. In such ventures it is appropriate that the trustees be properly reimbursed as the directors of the company/companies.
- 4.2 If the Trustees successfully seek out a proposal for a venture the trustees are able to then obtain the support of the owners at a meeting of the owners to justify obtaining approval of the Court under Section 229. If the proposal is not in final form but can be described generally as an investment in a particular area or type of business support from the meeting of owners may be sufficient to obtain the approval of the Court under Section 229.
- 4.3 An application to the Maori Land Court for approval of the Court to a venture or joint venture would include the further variations required,
- (i) To form Companies and to subscribe for and acquire shares in companies under the Companies Act and to adopt and change the constitutions to further the interests of the Trust to enable the company to be managed to facilitate the overall objects of the Trust provided that any Trustee may be paid directors fees, including those based on fees expected to be paid to directors in commercial enterprises of a similar business which the directors are involved and the trustees are entitled to retain the same provided that the trustees shall ensure that the details of such fees are included in the annual accounts of the company or companies.
 - (ii) To invest all or any of the money coming into their hands in such manner and upon any securities as the Trustees shall think fit in accordance with the powers of investment given to the trustees by the Trustee Act 1956 provided also the trustees shall have the right to retain the initial assets of the Trust and any assets transferred to the Trust and without the obligation to diversify investments.

RESOLUTIONS

Investment Charter

As requested at the 2017 AGM a draft investment charter has been prepared as well as a Statement of Investment Policy and objectives (SIPO) as attached.

The proposed Resolution is:

RESOLVED: "That the Trust adopt the proposed Investment Charter and Statement of Investment Policy and Objectives (SIPO).

Moved.....

Seconded.....

Variation of Trust Order

As per the recommendations of Mr Dennett solicitor (attached) it is:

RESOLVED "That the Maori Land Court be requested to vary the Te Whaiti Nui A Toi Trust Order to include the following provisions:

(i) To form Companies and to subscribe for and acquire shares in companies under the Companies Act and to adopt and change the constitutions to further the interests of the Trust to enable the company to be managed to facilitate the overall objects of the Trust provided that any Trustee may be paid directors fees, including those based on fees expected to be paid to directors in commercial enterprises of a similar business which the directors are involved and the trustees are entitled to retain the same provided that the Trustees shall ensure that the details of such fees are included in the annual accounts of the company or companies.

(ii) To invest all or any of the money coming into their hands in such manner and upon any securities as the Trustees shall think fit in accordance with the powers of investment given to the Trustees by the Trustee Act 1956 provided also that the Trustees shall have the right to retain the initial assets of the Trust and any assets transferred to the Trust and without the obligation to diversify investments.

Moved.....

Seconded.....

MAORI LAND COURT SUCCESSIONS

Q. How do I apply for succession?

A. You need to file an application for succession at the Maori Land Court. You will need to provide the following:

- Original death certificate or a certified copy
- Original will (or grant of administration) if there is one
- Fully completed application papers
- Application fee of \$60.00
- Details of the deceased's whanau, that is parents, brothers, sisters and children.

When obtaining Court land records you must tell them if the deceased person is in an Incorporation as the Court does not maintain registers for Incorporations. They will then ask the Incorporation Secretary for details of that shareholding.

Q. How much does it cost?

A. The application fee is \$60.00. That is the only cost payable to the Maori Land Court. You may incur other costs obtaining copies of death certificates and if you have to consult a lawyer. You should discuss this with Court staff.

Q. What happens when I lodge my application?

A. The application is searched by Maori Land Court staff to obtain full details of the deceased's land interests. You will receive a copy of that search and will be advised by letter when you have to go to court. A court hearing will be arranged at the court venue closest to where the land is located or, if you prefer, closest to where you live. When you arrive at court, you will firstly speak to a Court officer who will confirm the details of your application. The Judge of the Court will then re-confirm those details in court. Following the court sitting, you will receive a copy of the court minutes, which is a record of the hearing. This is confirmation of what happened at the hearing.

Q. Do I have to get a lawyer?

A. In most cases, you can complete succession yourself. You should discuss whether or not you need a lawyer with Court staff.

Q. What is probate?

A. When the High Court confirms the appointment of an executor to look after the affairs of a deceased person, the court's authority for that person to act is given in a grant of probate.

***If you would like assistance with this process you are welcome to contact Mrs Tai Taitoko in the Rotorua Deloitte office for guidance.
(07 343 1050)***

