

Chairman's Report September 2020

General

This is my third annual report as Chairman. The main focus of the 2019/20 financial year, which ended on 31 March 2020 was for the Trust to continue on its path towards achieving financial sustainability for the long term. This direction was outlined to the community at the Special General Meeting of the Trust held in April 2019 and at the time received broad support from the large audience that attended.

This year's financial results in summary

The 2019/20 financial year was a successful one. The Trust's major rent contributor renewed their lease for a further three years and despite overall income being down slightly from budget, the Trust produced a surplus of \$599,000, 2% up on budget. Grant funding, totalling \$240,735 was down in some areas, particularly tertiary education, community education, the apprenticeship grants and community bulk funding due either to a lack of applications or applications not meeting the desired strategic outcomes set by the Trust for use of the funds. A large number of our approved community grant applications ended up being withdrawn due to the impacts of Covid-19 on public gatherings. This, together with our operating expenses being 10% down on budget, resulted in Trustees being able to transfer more funds to the Trust's capital reserves for renewing and increasing our income generating assets than was originally budgeted.

This increased contribution means the Trust is just that little bit further along the path towards providing for growth in the business in order not only to maintain but to be able to increase its support for the community at a time when the community and the resulting demands being placed on the Trust's dividend are continuing to experience unprecedented growth. Our cash reserves have now grown to just under \$2.3 million and these will be invested to generate additional income for the Trust.

Property

During the year we continued to rationalise our commercial property holdings and were able to negotiate the sale of our last residential ground lease. Major transactions included selling land in our Arbor Place subdivision to local businesses for development, the most notable being that sold to the Five Rivers Consortium for the construction of a brand new medical facility which will deliver massive benefit to the Greytown community. It's a pleasure to see construction of this facility is under way and progressing well.

Late in the financial year, the Covid-19 pandemic hit New Zealand's shores. The announcement that the country would move to alert level 4 on 26th March and the flow on effects to our tenants businesses has been substantial. Like most commercial property landlords, the Trust was asked by a number of our tenants for rent relief of varying degrees, depending on their individual situations. As commercial property tenants pay rent in advance, the full financial effects will be felt in the 2020/21 financial year. So far the Trust has provided approximately \$60,000 in rent relief to our tenants.

Future Direction

Trustees have sought a lot of independent expert advice over the last 18 months and now that we have gained further clarity, it is time to bed that advice down and finalise our Investment, Risk & Management strategies. Trustees elect a Chairperson and Deputy Chairperson annually and myself and Deputy Wayne Regnault will not be seeking re-election for these positions, but will remain as Trustees.

Thanks

I would like to extend my thanks to all Trustees and the management team for all of the assistance and expertise they have brought to the table. I would also like to thank the entire Greytown community for listening to the facts and providing us with your opinions over the last 18 months. Trustees look forward to working with everyone over the next year.