



GREYTOWN
TRUST LANDS
Growing the Community since 1871

Annual Report September 2021

Chairperson & Trust Manager Report & Update

2020/2021 - Year in Review

The dominating aspect of the 2020/2021 financial year for Greytown Trust Lands Trust (GTLT) was the impact of the first outbreak of the Covid pandemic on the country and our operations. The pandemic dominated everything and saw the country head into unprecedented territory with a six-week lock down initiated over the late March/ April period.

Every community across the country was touched in some way through the pandemic and we did not escape. Operationally, the Trust had to navigate new territory in the form of considering and providing rent relief to support our tenant clients, as they struggled through that period, unable to operate their businesses and facing the uncertainty of the future at the other end. It was a tiring and challenging period for all, and we wish to acknowledge the work and input from all Trustees and management to ensure the Trust did its best to support our tenants and mitigate as much as possible the overall pandemic impact on our operation.

Given that situation, rental income for the year end of \$798,111 and overall income of \$948,848, whilst behind last year, has to be seen as a positive result given the impact of Covid. It has been both pleasing and reassuring to see how the majority of our tenants' businesses have bounced back over the balance of this year, which reflects not only their resilience, but the strength in our economy because as we know, Covid has not left us.

The latter part of the last financial year was one of change and transition for GTLT with a change in both the chair and deputy roles and the departure of long serving General Manager, Kevin Murphy. We would like to acknowledge and thank Kevin for his commitment and service to the Trust and the wider community. Kevin's contribution was significant, and the Trust has benefited because of it.

With Kevin's departure, we took the time to clarify what skills we felt were needed to assist the Trust as we looked to the future. Paul Broughton joined GTLT in late November in a contract position as General Manager. Paul has an extensive commercial property background, and his expertise and guidance had an immediate and positive impact.

Despite the income line impacts due to Covid, the Trust delivered a solid surplus of \$524,573 before grants which again is extremely positive. Expenditure at \$424,276 was slightly ahead of last year (\$10k) with the major driver being one of transitional timing with the recruitment of Paul Broughton and his arrival overlapping Kevin Murphy's departure.

Grants and rental remissions distributions at \$181,198 were down on last year mainly in the education space and mainly driven through the reduced flow of funds at the income line.

Trustees made the decision to provide full rental concessionary grants to the four legacy, community lands groups being the Rugby Club, Bowling Club, Cobblestones Museum and Plunket. This approach has provided the time and space needed for the Trust and those community groups to work together to identify and secure a long-term outcome that benefits the wider community and all stakeholders, consistent with the survey and submission feedback from the SWDC annual planning process. This work is being led by Paul Broughton. A draft framework outlining potential terms and scope for a possible joint Heads of Agreement between SWDC, GTLT and the respective individual community groups is currently under consideration and whilst not formally adopted, the concept and discussions are progressing positively and constructively.

The overall financial result for the year sees the Trust deliver a net operating surplus of \$343,375 which is less than last year, but still a positive position given the overall context of the year.

It is also worth noting the impact of the annual revaluation of our property portfolio. As at 31 March 2021 the value increase was \$2.36m, compared to a value increase of \$898,518 in 2020. The commercial property market has become very competitive. This could be due to the move of investors out of the overheated residential property market and into the commercial property sector and the subsequent driving up in value of commercial properties. This is graphically illustrated in the recent sale of one of our properties - 68 Niven St in Napier - which was valued at \$650,000 in 2020 and was sold for \$1.2m in 2021.

Our cash reserve position at year end is just over \$3m. Given the heated commercial property sector, we are now actively exploring what asset class diversification options are open to us outside of commercial property and how that fits within the context of our overall strategy.

The Future

2021 marks the 150th anniversary of GTLT. This is a significant milestone for any entity and has provided the perfect opportunity for us to take stock of what has been achieved and importantly, look forward to ensure we have the appropriate tools in place to provide solid direction for the Trust for the next 150 years.

With that in mind, the last six to nine months has seen the Trust enter a period of deep, internal focus as we looked to understand our business better and put the plans and fundamentals in place to provide guidance and structure for the Trusts focus and efforts in the future. The result of this work and focus has seen the Trust:

- Develop a Strategic Plan for 2021 – 2024, that clarifies our vision, values, and strategic priorities.
- Clarify our commercial investment philosophy and expectations through the development of a Statement of Investment Policy & Objectives (SIPO).
- Develop an Asset Management Plan that outlines and takes a 10-year CAPEX, maintenance, and support plan for our commercial property portfolio.
- Clarify an operating model for our business that is reflective of our scale and size.
- Clarify the balance between retained earnings and community dividend that will ensure we both sustain the business and support our community.

Clarity in strategy and approach will provide the fundamental base from which the Trust can move forward from. We now have a clear sense of direction, and a better understanding of what our requirements are from an asset, investment portfolio perspective. This sees us now actively exploring how we might grow our commercial performance, reduce the cost and complexity of our operation, and maintain a suitable level of community dividend. These are the key questions and focus areas that the Trust is currently considering and addressing.

As part of that review process, the Trust examined its operational and management structure to find a balance between what is sensible for a property business of our scale and the ongoing servicing needs from a management perspective. On that basis, the Trust was delighted to appoint Helga Perry into the role of Trust Manager with support from Paul Broughton, who has been retained as a Technical Property and Investment Advisor on a contract, as needed basis. This move ensures continuity of business as usual with the ability to scale up as needed around specific investment opportunities or projects.

The impact of this change sees a reduction in Trust Management costs from this reporting period of 30.08% for the 21/22 budget year with the full impact being realised in the 22/23 year when those costs further reduce by another 21.97% in that budget year.

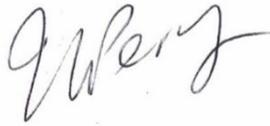
Thanks

Lastly, we would like to take this opportunity to express our thanks to all Trustees for your efforts and support, it is appreciated. We wish to acknowledge our key tenant stakeholders whose rental income provides such an important influence on the overall wellbeing of our community and lastly to you, the Greytown community for your continued interest, support, and encouragement. We value it.

Ngā mihi mahana,

A handwritten signature in black ink, appearing to read 'P. Holden', written in a cursive style.

Phil Holden
Chairperson

A handwritten signature in black ink, appearing to read 'Helga Perry', written in a cursive style.

Helga Perry
Trust Manager