



GREYTOWN
TRUST LANDS
Growing the Community since 1871

2021-2024 **STRATEGIC PLAN**



OUR HISTORY

2021 marks 150 years of Greytown Trust Lands Trust (GTLT) existence.

150 years is a significant milestone for any entity, providing the perfect opportunity for us to take stock of what has been achieved.

Importantly, we also take this opportunity to ensure we have the appropriate tools in place to provide solid direction for Greytown Trust Lands Trust (GTLT) for the next 150 years.

The goal of this plan is to outline our position on:

Our Purpose

Our Values

Our Vision

Our Strategic Priorities



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**Our Purpose, Vision and Values shape
our actions and define the culture of
Greytown Trust Lands Trust**

PURPOSE

Our Why

VISION

Our Goal

VALUES

Our Core Beliefs



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Our Purpose

Our reason for being is investing in assets that provide a return for our community. We do this in the manner set out in our own Act of Parliament.

The Greytown District Trust Lands Act 1979 section 13 states:

13 Trusts on which lands to be held

Subject to the express provisions of this Act, the Trust Board shall hold, and shall be deemed always to have held, the trust lands for the following purposes:

- (a) establishing, assisting in the establishment of, or generally assisting, educational facilities (including libraries) in the district:*
- (b) promoting and fostering in the district, or among persons who are, or who at some time have been, resident in the district, education generally, including*

(but not by way of limitation)—

- (i) the cultivation of; and*
- (ii) the imparting of knowledge, proficiency, and skill in—*
arts, science, technical subjects, literature, physical welfare, and other cultural purposes:
- (c) for the purposes of public utility and for the purpose of maintaining and promoting in the district the general well-being of the public*

We hold income generating assets in order to provide financial assistance to the community in the manner contemplated by our Act. Our Act also recognises the holding of land for public utility and well-being s13(c).



Our Vision

To be an integral member of the Greytown community

We want to build on our 150 years of legacy through focused stewardship of the assets of the Trust, for the benefit of the current and future generations of the Greytown community.

To do this we seek to be recognised as a key and respected partner, supporting the growth and vibrancy of our community.



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Our Values

Our values are at the core of the Trust's aspirations. They shape our actions, inform our behaviours, provide guidance in our decision making and keep us accountable.

- **Transparency.** We are mindful that we act on behalf of others while building on the legacy of the past. Transparency and openness in what we do is paramount.
- **Integrity.** We act honestly and ethically, with our customers and our community. We strive for professionalism and excellence in all we do. We hold each other to account.
- **Respect.** We give and earn respect to each other and those we interact with. We do what we say we will.
- **Legacy.** We are mindful of the Trust's past, and leverage it to shape our future. We take a long-term view in all we do.
- **Inclusive.** We recognise the impact on our community through our distribution mandate. We take ownership for our decisions. We work as a team.



Our Position as at 31.3.2021

The numbers

The Greytown District Trust Lands Act 1979 section 13 states:

- Our commercial property assets are valued at \$11,460,000
- Our community use focused assets are valued at \$3,400,000
- Our net operating profit was \$524,573
- Our community distribution was \$181,198
- Our retained earnings for the year were \$343,375

We acknowledge that we need to grow our asset base in order to enable a sustainable level of financial assistance to our growing community.

To achieve this we have reduced the level of grants made in the short term, with the aim of re-investing our retained earnings in appropriate assets that will enable future growth in our granting capacity while ensuring our existing portfolio remains well maintained and fit for purpose.

As at 31 March 2021, we have \$3,009,905 on deposit and a debt capacity of \$3,438,000 (based on 30% of commercial property portfolio asset valuation). We have a total of \$6,447,905 available to grow our asset base if we elect to debt fund.



Our Strategic Priorities

To deliver our vision we will focus our energy and efforts into three core strategic pillars:

- **Financial sustainability**

- ✓ *Maintain a prudent level of distribution that is aligned with our growth aspirations*
- ✓ *Investing in a broader range of asset classes with appropriate risk/return profiles*
- ✓ *Acknowledging investment market dynamics as part of our investment decision process*
- ✓ *Ensure operational and management expenses are appropriate to size/complexity of our portfolio and are scalable alongside investment activity*

- **Improved stakeholder/community engagement**

- ✓ *Keeping our community informed and engaged*
- ✓ *Strengthened customer (tenant) relationships*
- ✓ *Enhanced Local Government relationships and engagement*

- **Growing our asset base**

- ✓ *Active asset management*
- ✓ *Focused acquisition and divestment*
- ✓ *Value add/redevelop existing assets*
- ✓ *Explore partnership and strategic alliances*
- ✓ *Diversification of investment asset classes*



Financial sustainability

Maintain a Prudent distribution (grants) ratio:

Over the short term (five years with a review at the end of year three) we will hold our community distribution at \$107,700 per annum.

This means for the year ending 31.3.22 our forecast net profit is \$463,331 our distribution forecast \$107,700 or 23% of net profit and budgeted retained earnings of \$355,630.

Investing in asset classes with an appropriate risk/return profile

As a long term/intergenerational investor with a mandated distribution of income to its beneficiaries, we seek to operate at a low risk, medium return level.

We will invest in:

- Real estate assets that hold strong medium/long term fundamentals (proven location/strong tenant covenant/high level of build quality and presentation)
- We may also invest in alternative asset classes e.g., securities, fixed interest, via managed funds or direct.
- All of our investment decisions will be governed by our SIPO (Statement of Investment Policy and Objectives).



Financial sustainability

Acknowledging investment market dynamics as part of our investment decision process

We understand that while we are focused on growth, investment market conditions will dictate how that growth might be achieved.

Our role is to ensure the best possible outcome while limiting our exposure to risk.

We will seek expert advice where required to assist with our risk management process and in keeping with our SIPO.

Management and operational expenses

We will ensure that our management structure reflects the portfolio demands while maintaining the ability to scale up as needed, in line with investment/project activity.

Any increased management and or specialist consultancy costs will be met by income growth.

On a business-as-usual basis:

- Ye 31.3.21 \$161,297 – staff (excluding external accountant)
- Ye 31.3.22 \$112,774 – staff, (excluding external accountant)
- Ye 31.3.23 \$88,000 – staff (excluding external accountant)

Our Statement of Investment Policy and Objectives (SIPO) provides the overarching guide for all our investment decisions.



Stakeholder/Community Engagement

Keeping our community informed & engaged with a reduced level of grants distributed in the short term, we will ensure that we keep our community engaged. On a twice-yearly basis, we will:

Provide our stakeholders and community with in person updates on our efforts to grow the asset base and any other informative/relevant news

Provide snapshots of GTLT activity over the last 150 years, as a point of interest, while demonstrating the heritage we share and what GTLT means for the community.

Customer/Tenant

Establish a six-monthly meeting schedule with all our tenants

Recognize and celebrate our tenant's success.

Profile our tenants in our Trust updates

Political

We will promote GTLT aspirations at all appropriate local government levels and support initiatives that align with our objectives.

We will broaden our engagement to include Greytown Community Board (GCB), local iwi and South Wairarapa District Council (SWDC) in our updates.



Asset Base Growth

Active Asset Management

Grow our existing portfolio by continuous assessment of our assets ensuring compliance with our investment policies and objectives.

Each asset will have its own comprehensive business plan that covers income and expenditure including capex, repairs, and maintenance, lease up assumptions and future opportunities.

As part of each business plan, we will:

- Actively manage our lease expiry risks.
- Monitor tenant profile, ensure covenant remains solid, risk analysis of industry/sector ongoing in context of wider economy.

- Ensure our tenant improvement capex spend generates our required return as a minimum.
- Annually re-assess capex and repairs and maintenance assumptions as part of the business plan for each asset.
- Benchmark each property's return against Smart Shares (NZX group) NZ Property ETF (exchange traded funds) annual return.



Asset Base Growth

Acquisition and Divestment (Real Estate)

We will grow our asset base through prudent acquisition, in line with our SIPO. We will:

- Invest in assets that can deliver on our stated investment policy over the medium to long term timeframe.
- Where market conditions are favourable, divest any asset considered non-core.
- Invest in soundly constructed property, situated in proven locations with strong tenant covenant.
- Identify and target growth industries/sectors.

Where assets are identified as not being capable of ongoing compliance with our SIPO, we will divest. The decision to divest will take into account the current property market conditions, ensuring the best outcome possible is achieved.

Value add/redevelop existing

In line with the lease profile & business plan, we will identify any future significant changes and undertake a feasibility study/ business case to support any proposed asset redevelopment.



Asset Base Growth

Partnership and strategic alliances

We will actively look for potential alliances that may result in joint ventures beneficial to our asset growth aspirations.

Aligning with partners who share our values and bring complimentary skill sets that may assist in unlocking additional value from our current portfolio or partnering to invest in new acquisitions will be key.

Diversification of asset class

Historically we have been 100% real estate focused and history shows that over the long term, property as an asset class will generally outperform others.

Where the property market fundamentals materially restrict our ability to source new assets that fit our criteria, we will look to identify alternative asset classes in which to invest. In doing so, we will:

- Obtain expert advice as to which asset class is best aligned to our investment policy and identify suitable fund managers with whom to invest with.
- Consider the liquidity aspect, along with all fees including entry and exit costs.
- Earn a net margin of 4% or greater over the NZ Government Official Cash Rate (OCR). As at 31.3.2021, $OCR = .25\% + 4\% = 4.75\%$.
- Look to capitalise on our non-tax paying status to the full extent possible.
- Ensure any investment and resulting asset allocation fully complies with our SIPO.



2024 Scorecard

- Maintain a prudent level of community distribution
- Ensure operational and management expenses are appropriate to the size/complexity of our portfolio
- Maintain ability for scalability to support and align with investment activity
- Established Good governance practices and processes
- GTLT, is a valued, respected, and influential partner and brand
- Active asset management plans and process in line with SIPO
- Focused and prudent acquisition and divestment plans aligned to SIPO
- Value add/redevelop existing assets
- Explore partnership and strategic alliances
- Diversification of investment asset classes
- Clear, transparent, and robust policies in place
- Enhanced community engagement and relationship



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