

# Ngāti Paoa

Minutes - Special General Meeting  
Saturday 29 November 2015 at Wharekawa marae, Whakatiwai



## Reasons for Special Resolution

Ngāti Pāoa Iwi Trust (NPIT) has entered into a sale and purchase agreement with the Crown to purchase 16 properties for a total purchase price of \$12,711,230. Because the purchase price represents more than 50% of the current total assets of NPIT, and the bank funding required also represents more than 50% of the current total assets of NPIT, a special resolution of the members of NPIT is required.

## The Properties

All 16 properties are located in the Auckland urban area and are a mix of bare land sections, dwellings and commercial properties. Ngāti Pāoa Group Holdings Ltd (NPGHL), the commercial arm of NPIT, has carefully considered each property and has determined an ownership strategy for each property and the properties as a group, taking into account the current market situation in Auckland and the opportunities for NPIT for the foreseeable future.

## Background to the Purchase

The opportunity to purchase these properties is the result of the Ngāti Pāoa's Iwi Negotiators securing a new form of redress from the Crown in response to continuing delays in the settlement of Ngāti Pāoa's claim. The Iwi Negotiators asked the Crown to consider giving NPIT the ability to make a bulk purchase from the Tāmaki Land-bank. This was innovative and received a favourable response from the Crown. It will have no impact upon the total Settlement quantum or overall redress package that will be offered to Ngāti Paoa. It is commercial redress that has to be paid for, but it is available now at a considerable discount to market value. The purchase price discount for NPIT from Crown values as at 30 June 2014 on these properties is over 20 percent, or approximately \$2.3 million.

The purchase of the 16 properties is being fully funded by bank debt; being provided by Westpac. As part of the agreement with Westpac, NPIT has agreed to pre-sell five properties prior to settlement with the Crown in order to secure the bank debt. The on sale of these properties has generated an uplift in value to NPIT of 45% of the purchase price.

## The Opportunity for NPIT

Since June 2014, when the valuations with the Crown were agreed, the median dwelling price in Auckland has increased by 28.5%. Coupled with the discount agreed with the Crown, the increase in the value of the portfolio as a whole is likely to have increased by over 40%.

NPIT believes that the purchase of the portfolio of 16 properties will deliver to members a return at least equal to that – that is, a profit of at least \$5 million.

NPIT's strategy is to sell most of the properties in the current market. Most of the properties are bare land and do not generate a cash income. Rental income from the remaining properties is minimal and will not cover the costs of interest on the bank loan from Westpac.

Sale of the majority of the portfolio will enable the bank loan to be repaid and the cash to be retained by NPIT to be available for other investment opportunities that are likely to arise prior to the formal settlement of Ngāti Pāoa's Treaty claim with the Crown.

NPIT believes that there are two properties that are suitable for development . Returns from a suitable development are expected to be higher than a simple on sale of these properties.

Approval of the purchase of these properties will enable:

- The generation of at least \$5 million in value and an uplift in net assets for NPIT;
- Repayment of all debt funding;
- Creation of a cash pool for further investment;
- Development of a successful working relationship with an experienced iwi based property investor and developer.

NPIT will be able to take advantage of current low interest rates and the strength of the Auckland property market to create real value for members.

Noted in minutes F Rawiri –Iwi Trust to consider the loan arrangements with Westpac Bank be removed as soon as the loan has been repaid. Response by Chair – Noted. Board will take the suggestion into consideration

## List of landbank early release properties to Ngāti Paoa

- 1) 71 Grafton Road, Auckland
- 2) 115 Waipuna East Road, Panmure Auckland
- 3) 117 Waipuna East Road, Panmure Auckland
- 4) 10 Baltimore Place, Forest Hill, Auckland
- 5) 1 Ashby Place, Greenhithe, Auckland
- 6) 21 Chester Avenue, Greenhithe, Auckland
- 7) 31 Chester Avenue, Greenhithe, Auckland
- 8) 156 Albany Highway, Greenhithe, Auckland
- 9) 148 Albany Highway, Greenhithe, Auckland
- 10) 42 Upper Harbour Drive, Greenhithe, Auckland
- 11) 51 Isobel Road, Greenhithe, Auckland
- 12) 105 Kowhai Road, Orewa, Auckland
- 13) 115 Kowhai Road, Orewa, Auckland
- 14) 253 Hibiscus Coast Road, Auckland.
- 15) 15 McManus Place, Otahuhu, Auckland
- 16) 136 Dominion Road, Eden Terrace, Auckland

## Special Resolutions:

The proposed special resolution is that the following Major Transactions be approved:

That NPIT and/or its subsidiaries:

1. Acquire 16 properties from the Crown for purchase price of \$12,711,230.00;

2. Entering into banking facility:

(a) to effect acquisition in (1) above;

(b) to discharge existing banking facility;

involving the giving of security namely first registered mortgage over properties in (1) above and general security agreement over all assets of Ngāti Paoa Group Holdings Ltd with floating interest rate.

The Special Resolution is required pursuant to Clause 2.5 of the NPIT Trust Deed in order to proceed with the above transactions. It is the Trustees' view, and the view of the Mandated Iwi Negotiators, that the transactions should proceed because they are favourable to NPIT and form part of the Treaty settlement redress. Passing the resolution will allow the transaction to proceed, which will increase the net assets of NPIT. Voting will be in person at the meeting by Adult Registered Members of Ngāti Paoa. There will be no postal voting or voting by electronic means.

## Voting Results

(Voting Facilitated by TPK).

Results - 96% voted yes approving the major transaction.

Total Votes cast – 75

Total Votes 'for' – 73

Total Votes 'against' – 2

Invalid Votes – 0

Results announced by the Chair.