



**Media information, 28 August 2018**

## **Masterton Trust Lands Trust 2017/18 annual result**

Community-owned Masterton Trust Lands Trust (MTLT) yesterday announced positive financial results and a small increase in overall property portfolio value for the 12 months ended 31 March 2018.

However, grants to the community were down 23.8 percent on the previous year due to the ongoing costs involved with addressing structural issues with a number of MTLT-owned buildings.

The value of the trust's portfolio increased marginally to \$71 million, due to a strong local economy, positive rent reviews and new leases. Rental income increased by 2.9 percent from 2017 to \$5 million, reflecting occupancy of almost 100 percent.

An operating surplus of \$1.5 million resulted in a 3.7 percent increase in equity to \$41.7 million. The trust's debt ratio reduced slightly to 40.2 percent.

New investment in the redevelopment of two previously-vacant properties transformed them into modern community assets for new tenants Whaiora and ConArt Gallery and Studios.

Total grants for the year were more than \$678,000, comprising education grants of \$292,000 and concessional rental grants to community groups, including Aratoi, of \$360,000. Civic grants were \$26,000 while cash grants to community groups were not made during the year.

MTLT chairwoman, Leanne Southey, said the trust had to strike a balance between meeting the costs of building remediation, legal action to recover those costs, and distributions to the Masterton community through grants.

"A great deal of work has gone into navigating the practical and financial implications of resolving the structural issues discovered two years ago. Our priority is to protect our tenants, assets and long-term returns to the community by ensuring the buildings are remediated to suitable standards."

One of the affected buildings, Waiata House, was sold to Masterton District Council, ensuring the building remains in community ownership. MTLT is managing and completing remediation work on the building before it is handed over to Council.

Leanne Southey said the litigation process to recover the costs of remediation now included most of the buildings with structural issues. "Regardless of the outcome, we are committed to looking after our tenants and have taken a proactive approach to remediating the affected buildings."

Leanne Southey said debt consolidation would be prioritised over the medium-term, following strong development growth over the past 10 years.

“With significant building remediation work still ahead and an unknown litigation outcome, we will be taking a conservative approach to borrowing, property development and grant distributions.

“This approach aims to ultimately put the trust in a stronger financial position with less debt, a lower risk profile, and the ability to consistently distribute more grants to the community in the future.”

Ends