

New Zealand Fruitgrowers Charitable Trust



HISTORY

The New Zealand Fruitgrowers Charitable Trust was set up in 1985. Originally 95% of Trust assets were held in shares and notes in Fruitfed Limited to the value of \$7 million. Income from the investment was received in the form of interest and dividends. In the late 1980's Fruitfed ran into difficult trading times and Trust income declined. In 1992 the trading business was floated on the NZ Stock Exchange as Fruitfed Supplies Ltd. At that time the Trust reduced its shareholding from 50% to 30%. In 2000 the Trust sold its remaining shareholding in Fruitfed Supplies Ltd.

In 1992 the Trust purchased a 15% shareholding in the Huddart Parker Building Limited from Fruitfed Limited. Between 2002 and 2005 the Trust bought out the other shareholders of the Huddart Parker Building Limited. This gave the Trust total control and influence from an investment point of view.

To ensure future tenancy of the building earthquake strengthening was carried out in 2013. Funding of the \$9million cost required liquidation of many of the financial assets the Trust had built up since its 1985 founding. The building is now 100% of the current new building standard and is fully tenanted. Annual gross rents exceed \$1.6 million. Excluding capital gains, this gives a gross return on investment of 11.3% per annum.

To reduce the risk of having such a large percentage of the Trust's assets in the one asset, the Huddart Parker Building, the Trustees are in the process of diversifying the portfolio. To achieve this, and while continuing to make grants, a portion of the net profit each year will be retained to be reinvested thus reducing the exposure to this one asset.

Since 2003 the Trust has made grants to the fruit growing and horticulture industry of almost \$6.0 million. This includes a period when the Huddart Parker building was being strengthened and funds available for grants were limited.