

The Hone Tuwhare Trust

Feasibility Study for the Redevelopment of the Hone Tuwhare Crib
(Kaka Point)

11 December 2014

Confidential

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2 Executive Summary

2.1 Our Findings

This feasibility study has been conducted to support the trustees of The Hone Tuwhare Trust to assess the viability of the proposed development of Hone Tuwhare's crib and grounds situated at Kaka Point. In addition to the financial viability, we have also examined the 'need' for the development amongst the target groups and assessed the sustainability and capacity needs of the Trust to undertake this commitment. This study seeks to demonstrate that the Trust has thoroughly examined the project risks and provide trustees with a clear understanding and platform to proceed with the project.

In summary:

- We are able to conclude that there is a distinctive need for the project, with overwhelming support from various stakeholders to undertake the project.
- We have modelled the feasibility of the project based on forecast costings and potential revenues. We believe this project should lie in a range from \$1.45M to \$1.5M, with initial construction costs between \$775,000 and \$800,000 to complete both the crib and residency construction.
- As an initial target, we estimate the Trust will need to secure an estimated endowment fund of approximately \$678,000 by January 2016 returning an annual income of approximately \$51,000 (at 7.5% ROI) in order to provide a degree of financial certainty and sustainability.
- In mitigating potential risks, we believe the Trust is best advised to confirm legal arrangements regarding the intended usage of the land from the Takutai Trust. We believe a lease agreement would provide the Trust certainty of tenure and clarify any future land uses.
- Given the sensitivities surrounding revenue and cashflow projections, we believe debt funding is not the best option for the Trust to pursue. In addition, we believe the Trust should begin to identify strategic partners that can assist with promotion, attracting funders and sponsors.

2.2 Key Areas to Support this Business Case

2.2.1 Strong Governance & Leadership Capability

It is our view that the Trust has the necessary mix of governance and leadership capability to provide guidance for the project and ongoing management. Within the context of this business case, we are satisfied that;

- Te Hone Tuwhare Trust provides a robust governance structure that allows for appropriate appointments of experienced, capable representatives to undertake Trust business.
- Roles and responsibilities are understood and supported.
- Trust membership is representative of key stakeholder groups with a stakeholder engagement process to solicit feedback and inform strategy development.

2.2.2 Support & Value Add Opportunities

Due to existing synergies between the Trust and support institutions for the arts, we believe there are some natural value add opportunities that can be leveraged to achieve immediate and wider benefits to the Trusts kaupapa.

- We believe there are potential supplementary revenue opportunities afforded to the Trust by hosting writers workshops at the crib and the proposed residency building.
- Following on from the above, it is foreseeable that the Trust will host fundraising events and activities to promote the crib and celebrate the works of Hone Tuwhare. We believe this will add value to the project and provide an opportunity to access potential individual funders and organisations.
- Existing relationships – We understand the Trust is engaged in discussions with potential national and international partners regarding residency opportunities and possible sponsorship.

From the initial work performed we are satisfied that the Trust has performed adequate due diligence to fully understand the project risks and financial requirements to ensure successful execution.