Pukeroa Oruawhata Trust

Annual Report 2021

TE MANAKO NUI
Our Vision 1880

Looking to the past to forge the future

To be the organisation that returns Ngati Whakaue to its full and rightful land ownership position, including titles to our reserves and recognition of mana over the Rotorua township.

TE WHĀINGA
Our Mission

To manage and enhance our land and assets into sustainable wealth and benefits for our owners, tribe and community.

NGĀ WHAKAPONO
Our Values

- ***Kia pono*** *– honesty & integrity*
- ***Kia tika*** *– professionalism, expertise and acumen*
- ***Kia aroha*** *– respect and empathy*

CONTENTS

Contents 1
Directory 2
Minutes – AGM – 7th November 2020 3
Chairman's Report 13
2021 Owner's Grant Policy 15
Operations Report 18
Financial Report 27
Governance Structure 32
Ngati Whakaue Education Endowment Trust Board Chairman's Report 33
Maori Land Court Successions 35
Consolidated Financial Statements 36

COMPANIES:

LHRDL	–	Lake House Resort Developments Ltd
LRTL	–	Lake Road Tavern Ltd
LTL	–	Lake Tavern Ltd
POT	–	Pukeroa Oruawhata Trust
POHL	–	Pukeroa Oruawhata Holdings Ltd
PLHL	–	Pukeroa Lakefront Holdings Ltd
PPL	–	Pukeroa Properties Ltd
PPL2	–	Pukeroa Properties (No.2) Ltd
PPML	–	Pukeroa Property Management Limited
POLIL	–	Pukeroa Oruawhata Lakefront Investments Ltd
POTSL	–	Pukeroa Oruawhata Trustee Services Ltd (as Trustee of Pukeroa Oruawhata Charitable Trust)
WASML	–	Wai Ariki Spa Management Ltd
WHL	–	Waihunuhunukuri Holdings Ltd
WAAML	–	Wai Ariki Apartments Management Ltd

Office: Pukeroa Oruawhata House
1/1176 Amohau Street, PO Box 12031 ROTORUA
Phone (07) 348-8990 • Website: pukeroa.co.nz
Accountants: Deloitte (Rotorua)
Auditors: BDO Rotorua Limited
Solicitors: Holland Beckett and Graeme Dennett
Bankers: Bank of New Zealand and ANZ

PUKEROA ORUAWHATA
TRUST

TRUSTEES/DIRECTORS

Malcolm Short (Chairman)

David Tapsell

Rawiri Waru

Monty Morrison

Tina Ngatai

Tanira Kingi

OPERATIONAL TEAM

Chief Executive

Mark Gibb

Consultant

Peter Faulkner

Accountant

Alexander Wilson

Personal Assistant

Helen Crawford

PROPERTY TEAM

Property Manager

Steve O'Sullivan

Facilities Manager

Gary Herbert

Property Administrator

Lee Emery

PUKEROA ORUAWHATA TRUST

MINUTES OF THE ANNUAL GENERAL MEETING OF OWNERS HELD AT TAMATEKAPUA ON SATURDAY 7TH NOVEMBER 2020 AT 10.10AM

CHAIRMAN: Malcolm Short

MINUTE TAKER: Helen Crawford

MIHI & KARAKIA: Monty Morrison

ATTENDANCE: 214

APOLOGIES: 53

RESOLVED: "That the apologies as recorded on the registers be received"
(Alec Wilson/Bryce Morrison) Carried

MINUTES: The previous AGM minutes held on 02 November 2019 were taken as read.

RESOLVED: "That the minutes of the meeting held 02 November 2019 be confirmed."
(Malcolm Short/Bryce Morrison) Carried

MATTERS ARISING: Kirsty Bennett sought clarification on eligibility to Charitable Trust grants for beneficiaries of Whanau Trusts with Peter Faulkner responding that Pukeroa's grants are available to all beneficiaries who whakapapa to Ngāti Whakaue. Ngāti Whakaue Tribal Lands' Policy differs in that it provides for one beneficiary per annum in a whanau trust.

A powerpoint presentation showing key highlights for each speaker was provided during the course of the meeting.

CHAIRMAN'S REPORT:

Malcolm spoke to his report and stated the last 12 months have been the most challenging he has ever experienced due to the Global Pandemic.

Key points:

- When the doors shut due to level 1 lockdown income went into freefall.
- Supporting our tenants was critical to the viability of our business.
- Rent relief arrangements completed with all our commerical tenants.
- Direct cost of Covid in the first quarter was over $1.5m.
- Charitable Trust grants had to be suspended but were reinstated September 2020.
- Our focus is now on the recovery process.
- We are the Contract Lead for a Marae Funding Grant (PGF) on behalf of the Whakaue Marae Cluster with Waikuta Marae successful. Unfortunately, applications were not successful for Tunohopu & Te Papaiouru - but still actively pursuing.
- Successfully secured funding under the Crown's "Shovel Ready" iniative for the Wai Ariki Hot Springs & Spa.
- PGF funding for infratructural work has enabled QE Health to build on land leased from us on the Hinemaru Street site.

MINUTES OF THE ANNUAL GENERAL MEETING OF OWNERS HELD AT TAMATEKAPUA ON SATURDAY 7TH NOVEMBER 2020 AT 10.10AM

- Creation of job opportunities for Ngāti Whakaue from these projects a focus.
- Governance reviewed with a reduction in cost by $100,000.
- The value of our assets written down by $23m as at 31 March - NOTE - this is a "paper loss" and the amount written down is consistent with others in the industry.
- First time in the Trust's history there has been a reduction in the value of our assets.
- Te Puia has now been officially given back and we are now 25% owners of the business.

OWNERS GRANT IN LIEU OF DIVIDEND:

Malcolm stated there has been a significant increase in the number of small shareholdings over the last few years which has meant the minimum grant structure is not sustainable.

When the Minimum grant was first introduced, the owners grant was the only return being provided as we did not have the Charitable Trust Operating.

We will continue to pay a minimum grant with this adjusted to $25 for owners of less than 0.02 shares. Under a dividend scheme, the dividend range for this group of owners would range from 1 cent to $17.

For owners with more than 0.02 shares, payments will be made in line with the share range they fall within as we do for all other owners.

The trustees recommended that $850,000 be set aside for distribution as an Owner's Grant (in lieu of a Dividend) according to the 2020 distribution table provided.

RESOLVED: "That the 2020 Owners' Grant in lieu of a dividend to the value of $850,000 be supported and approved"
(John Fenwick/Geoff Rice) Carried
RESOLVED: "That the Chairman's report be received"
(Malcolm Short/Alec Wilson) Carried

Questions & comments from the floor:

1. Josie Scott reiterated reference should always be made to Ngāti Hurungaterangi, Ngāti Taeotu and Ngāti Kahu o Ngāti Whakaue.

GENERAL MANAGER'S REPORT:

Peter Faulkner spoke to highlights in his report.

Key points:

- Whilst the report focuses mainly on the impact of Covid-19 on our business it is important to acknowledge the human, social and economic cost of the pandemic.

MINUTES OF THE ANNUAL GENERAL MEETING OF OWNERS HELD AT TAMATEKAPUA ON SATURDAY 7TH NOVEMBER 2020 AT 10.10AM

- The economic consequences of the virus will continue to have an impact on us for months, if not years to come.
- By the time Covid hit we had received all our income for the 2020 year.
- The immediate impact of Covid was the "non-cash" reduction in the value of our investment properties as reflected in our financial statements for 2020.
- The second hit was on our cashflow. With businesses directed to close during lockdown, the majority chose not to make their 1 April rent payment and our cash income dropped by 75%.
- With no support from Crown for landlords, we were left to negotiate rent relief packages with our tenants and took a 'we together' approach recognizing that for us to survive so must our tenants.
- In dollar terms, the direct cost to us was $1.5m over the first 3 months of the year with the full year budget projecting a total cost over the year at close to $2.5m. This will be reflected more in next year's financials.
- Of our 150 leases post Covid, we have only had 2 receiverships (both restructured and continue to trade) and 2 who have made the call to cease trading. Three of the 4 vacancies have since been re-tenanted.
- On the positive side, over the last 12 months interest rates have fallen, and are projected to fall further, with it possible that the wholesale interest rates move into negative territory.
- With half our borrowing on fixed rates we have not yet received the full benefit of the lower rates.
- Our average weighted interest cost has reduced by 0.35% so far this year and through the combination of fixed loans coming off term and the lower interest rate environment we expect that over the next 6 months our interest cost will reduce a further 0.7%pa.
- As every .25% equates to $315,000 cash benefit, we should this benefit flow through over the next 12 months.
- After a bumpy first quarter of this financial year, we expect that our gross revenue will be down on the 2020 year however because of the lower cost of borrowing our cash operating surplus should increase.
- Whilst we have got this far in good shape, it is important that we maintain our vigilance and focus on building capacity to insulate us from future events.

Questions & comments from the floor:

RESOLVED: "That the General Manager's report be received."
(Maxine Rennie/Alec Wilson) Carried

COMPANY PRESENTATIONS:

A Director from each of the Pukeroa companies spoke of the work undertaken with photographs via powerpoint displaying the activity.

Monty Morrison – Residential

- 25 houses fully tenanted.

MINUTES OF THE ANNUAL GENERAL MEETING OF OWNERS HELD AT TAMATEKAPUA ON SATURDAY 7TH NOVEMBER 2020 AT 10.10AM

- Each house meets the requirements under the Residential Tenancies Act.
- Housing does not meet our targeted returns however we are providing social benefit by supporting our whanau.
- All homes are occupied by Ngāti Whakaue whānau
- Applications are assessed on need with priority given to families.
- Rental is set at 85% of the median rental for the area which amounts to over $200,000 per annum across our residential portfolio.
- 3 residential sections remain available, however, development is on hold while we work through the impact of Covid.
- The Care Village at Ngongotaha has been in operation for 3 years with occupancy levels now over 95% consistently (currently 100%) and delivering on the Care outcomes it was targeting.

Questions & comments from the floor:

1. Bryce Morrison asked how much did the Care Village cost us with Peter Faulkner responding @$9m, with a return now on our equity of @10%. Rotorua Continuing Care Trust leases the land and buildings and operates the business This is the same as all our other commercial tenants.
2. Runa Morrison asked if the residential tenancies are fixed term or long term with Peter Faulkner responding that so long as the rent is paid, the tenants respect the property and the community in which they are located there is no reason for them to leave.
3. Wena Kopae asked when are we going to have houses built for kaumatua with Monty Morrison responding that is something we will be addressing once we have worked through the impact of Covid. The Lake House site for kaumatua housing was suggested with Malcolm responding this is a commercial site not residential.
4. Kirsty Bennett asked how does an owner get into a home with Malcolm Short responding that an application form is available at the office. Currently @ 38 currently on the waiting list. Tenants are selected according to the best fit of whanau size to the home and are Ngāti Whakaue.

RESOLVED: "That the Residential report be received."
(Monty Morrison/Josie Scott) Carried

Tina Ngatai – Large Format Retail.

Key points:

- We supported our tenants rather than see empty shops.
- Leasing activity strong with a number of projects currently on the go.
- Van Dyks relocating to the southwestern corner of the Countdown / Smiths City block leaving the opportunity to backfill the current Van Dyks space with smaller format retail.
- Fit-out underway for Te Arawa Communications and Te Tatau o Te Arawa in Haupapa House with strong enquiry for the remaining area.
- Debtor position tidy with the only concern being Te Taumata o NW.

MINUTES OF THE ANNUAL GENERAL MEETING OF OWNERS HELD AT TAMATEKAPUA ON SATURDAY 7TH NOVEMBER 2020 AT 10.10AM

- Gary Herbert was acknowledged for his 24/7 commitment to Pukeroa.
- Overall, our occupancy levels have been maintained over the last 12 months with significant new leasing enquiry.
- Conversion of the ex-CTTU building beside Kmart for two new retailers.
- Of the new leasings, 6 are new to town businesses and 11 are growing businesses.
- All on commercial terms except for our Ngāti Whakaue tenants, e.g. Te Taumata o Ngāti Whakaue Iho Ake Trust.
- Setting aside the construction related employment associated with these fit-out works, we expect that this activity will generate over 45 new jobs for Ngāti Whakaue.
- Overall, our core commercial asset base is strong with the occupancy projected to increase to over 97% and our operating cash flows will continue to strengthen.

Questions & comments from the floor:

1. Kirsty Bennett asked what is the position with Hunting & Fishing with Peter Faulkner responding that their tenancy expires August 2021 and they have chosen not to renew their lease. We have agreed to cease litigation and let costs lie where they fall. We have strong interest without going to market for the space.
2. Bryce Morrison asked if we have ever had to negotiate rentals below our bottom line to secure tenants in the past with Peter Faulkner responding he is not aware of having to negotiate below the current market rate. Tina Ngatai explained that we seek independent valuation advice on rentals and we generally achieve rents up to the recommended levels. This year has been unprecedented, and our approach was to support tenants for their survival and ours.

RESOLVED: "That the Large Format Retail report be received."
(Geoff Rice/Tina Johnson) Carried

David Tapsell – Tourism.

- Good opportunities arise in times of crisis.
- At the beginning of the year we had funding for Wai Ariki Hot Springs & Spa confirmed with BNZ on a syndicated funding arrangement – the final piece of this approval fell into place on Friday 20th March.
- In early April application was made under the Crown Infrastructure Partnership scheme as a "Shovel Ready" project on the basis that the Spa is positioned to commence this year, will support up to 250 construction jobs at peak times, support the creation of a significant number of new jobs when opened, (with over 50% targeted for our people) and will assist in re-establishing Rotorua's tourism and hospitality sector in the post-Covid world.
- This project is now fully funded by the Crown.
- We are addressing with Crown the return of the contaminated site and the costs involved to remediate.
- Planning/budgeting for the Spa has always been on the domestic and Australian market. In making the decision to accept CIP funding we have based our forecasts on there being a trans-Tasman "bubble" in 2021.

MINUTES OF THE ANNUAL GENERAL MEETING OF OWNERS HELD AT TAMATEKAPUA ON SATURDAY 7TH NOVEMBER 2020 AT 10.10AM

- With the Spa scheduled to open in early 2022, we will be well positioned to enter the market as a fresh, new, innovative offering.
- We are working with Hawkins, their sub-contractors, and Toi Ohomai on an open day for our people who are seeking careers in the building industry. This will be held 27 January (1-3pm).
- We are also working with Toi Ohomai on training pathways for careers in the wellness industry through their level-5 certificate program in Spa Therapy.
- In July, the 3rd and final reading of the Te Puia Vesting Bill was passed and we are now a 25% owner of Te Puia. In addition, the Crown has also provided significant funding for the operation of the Schools for the next 2 years.
- We have been working on repositioning the business away from the package tour market, which in the long term will provide for an improved offering for our manuhiri.
- In July / August, Pukeroa, Ngāti Whakaue Tribal Lands and Ngāti Whakaue Assets Trust completed due diligence on the purchase of Rainbow Springs from Ngāi Tahu. Whilst strategically and culturally the acquisition had merits, we could not make the numbers work.
- We are confident that after prolonged engagement with the Crown that the Northern Arikikapakapa Reserve/Arikikapakapa Golf Course will be returned to us by the end of this year.
- The land will remain as a recreation reserve with a lease to the RGC.
- We see exciting opportunities to improve the offering at the golf course which in turn will support higher yielding tourism activities which will be beneficial across our entire portfolio.

Questions & comments from the floor:

1. Tarewa Rota would like to see the Te Puia whenua vested back to the original uri rather than the Whakaue entities.
2. Geoff Rice asked are we investigating other tourism and/or JV opportunities with David responding we are, with high end apartments being considered alongside the Spa.
3. Bryce Morrison asked how much has the project cost so far with David responding @ $15m including ground preparation, infrastructure and contamination remediation.
4. Tony Wihapi noted he was pleased we made the right decision regarding Rainbow Springs and that we remain open to further negotiation. Tony also requested that Pukeroa's stance regarding underlying ownership of the land of Te Puia be reviewed to support Ngāti Hurungaterangi, Ngāti Taeotu and Ngāti Kahu rather than sit on the fence and abide by the arbitration panel decision.
5. Haehaetu Barrett Jnr tautoko'd Vicki-Mae saying it is good to see our people being engaged in various roles with Monty responding we are currently identifying who our young people are and encouraging them to train in areas that will benefit us all.
6. Bryce Morrison asked the trustees to investigate JV's with Arikikapakapa and/or golf scholarships for our rangatahi with David Tapsell responding that the RGC is amenable to working in partnership.

RESOLVED: "That the Tourism report be received."
(Bryce Morrison/Iris Hayward) Carried

MINUTES OF THE ANNUAL GENERAL MEETING OF OWNERS HELD AT TAMATEKAPUA ON SATURDAY 7TH NOVEMBER 2020 AT 10.10AM

Rawiri Waru– Pukeroa Oruawhata Charitable Trust.

- The total value of grants paid during the 2020 financial year has dropped slightly on that paid the previous year due to the hold being placed on Charitable Trust Grants in March 2020 due to Covid.
- With the resumption of funding of the Charitable Trust in September this year, the grants carried over have since been paid out.
- During the last 4 years the number of grants, particularly the number of health grants has increased significantly having more than doubled over that time frame.
- To ensure that we remain within our funding allocation, the maximum health grant has been reduced to $400. Tangihana Grants remain at $500.
- The Trustees propose to undertake a review of the way in which the Charitable Trust delivers value to Ngāti Whakaue, however until this review is completed the Charitable Trust will continue with the existing grant framework.
- We maintain a strong Whakaue oriented focus for discretionary grants supporting activities that foster the well-being of our people.

Questions & comments from the floor:

1. Tony Wihapi asked what was the total discretionary distribution with Peter Faulkner responding @ $108k for the 11 month period.
2. John Fenwick thanked the trustees on behalf of the Waikite Rugby & Sports Club for the support provided as without it the Club would not be able to provide the facility.
3. Kahira McRae thanked the trustees on behalf of Ta Taipakeke who use the Waikite Club regularly for exercise and social gathering stating their group range from 65 – 85 years of age with about 70 in the group.
4. Merehira Savage asked if there was an opportunity for Ngāti Whakaue to participate in the review of the Charitable Trust with Rawiri responding that the trustees always consider the well-being of Ngāti Whakaue first and foremost.

RESOLVED: "That the Charitable Trust report be received."
(Bryce Morrison/John Fenwick) Carried

Tanira Kingi – Audit & Risk

- The Audit & Risk sub-committee provides oversight for the board on all areas of Risk, including but not limited to Financial Risk.
- Part of the Audit and Risk role is to establish and review Policy so that clear direction is provided for our operations.
- We complete a strategic planning / review process annually and meet regularly to review our performance.
- The in-sourcing of our property management function was an outcome of this strategic focus and we are continuing to review how we do our business.
- During Covid we implemented a Crisis Management Policy which provided us with the framework for our operations and decision making during the Lockdown.

MINUTES OF THE ANNUAL GENERAL MEETING OF OWNERS HELD AT TAMATEKAPUA ON SATURDAY 7TH NOVEMBER 2020 AT 10.10AM

- Whilst we are a large organization, at the governance and operational level we operate with a small well-coordinated team that has clarity of focus and direction.
- Overall, as Chair of the Audit & Risk, I confirm to you:
    - That the Group's financial position has been comprehensively reviewed.
    - That our position with our Bankers is strong with all lending covenants met – we have maintained and retain the full support of our bankers.
    - That not–with-standing the impact of the Covid-19 Crisis on our operations, the Group remains in a satisfactory position.
- Covid has been the biggest risk that the Group has faced to date. It has challenged and it has tested us. We have come through with our share of bumps and bruises, but our management structures and processes have stood the test.
- We are well placed to take the business forward and continue to deliver positive outcomes for our shareholders.

Questions & comments from the floor:

1. Merehira Savage thanked the trustees for their update and asked if this was a new sub-committee with Tanira responding that the committee used to be called the Finance & Expenditure and has since been reviewed with a change in its terms of reference to include a focus on both internal and external factors with the same investment decisions as before being applied.

2. Tony Wihapi stated he was not entirely satisfied with Tanira's report as his understanding of an audit and risk committee is different to what Tanira has explained. Tony would like reporting that identifies the principal risks in relation to governance, management and service provision followed with what we are doing to address these risks.

   Tony has concerns around governance risk whereas management and service risk appears to be satisfactory. Concerned whether governance has the skill set, qualifications and respect and support of the owners.

   Tanira responded that governance and management risks are covered in strategy sessions and we are currently going through an evaluation of the management structure and succession plan. We acknowledge that where expertise and skill sets are lacking we engage consultants and experts who have the required expertise. The director programme is designed to complement and support the board.

   Tanira stated this is the first year we have reported on Audit & Risk and as this has been an extraordinary few months we are informing owners how we have managed this crisis.

   Our business profile and the investments are regularly reviewed at subsidiary meetings and board. We acknowledge we are exposed to a particular sector however, we also acknowledge that we need to stick to our knitting and do it well.

3. Kirsty Bennett asked what are the financial projections for the next 12 months with Tanira responding that not even the Governor of the Reserve Bank knows what the future holds in this uncertain post Covid environment, however, we are budgeting for another Covid wave and note the changing face of retail and are preparing and planning for changes in the commercial space.

MINUTES OF THE ANNUAL GENERAL MEETING OF OWNERS HELD AT TAMATEKAPUA ON SATURDAY 7TH NOVEMBER 2020 AT 10.10AM

4. Merehira Savage asked if the Audit & Risk Committee could report each year with Tony Wihapi suggesting that such a report need only be when there are issues of significance. Tanira Kingi responded that in this Covid environment reporting on these matters was important.

   RESOLVED: "That the Large Format Retail report be received."
   (Tanira Kingi/George Rakoczy) Carried

FINANCIAL REPORT:

Alex Wilson presented his report in summary using info graphics via powerpoint with references to detail in the booklet. Alex explained the reporting standards and what needs to be disclosed. Full audited accounts were included in the 2020 AGM Report.

Key Points

- Covid-19 has had a significant impact with our income which will be reflected in the 2021 financial report.
- Net profit after tax showing a paper loss of $18.992m due to revaluations.
- Groups assets dropped to $289.796m as a result of valuations reflecting the uncertainty caused by the impact of Covid.
- With reduced interest costs our cash flows will strengthen.
- Net operating profit increased to $5.013m enabling payment of debt, owners grant in lieu of dividend and charitable trust grants.
- Balance sheet – New Accounting Standard accounting for leases. Right of Use Asset (Lease & future lease obligations) recorded as an asset and a corresponding Liability called Lease Liabilities.
- Forecasting an operating surplus for 2021 as a result of the lower cost of borrowing and management of our own cost structures.
- Bank compliance requirements presented showing the group's performance as at 31 March 2020.
- POT benchmarked against 6 other listed entities with similar property mix but larger asset base. Average of the entities ROA (3.91%), POT (3.86%).
- Trustee and director remuneration disclosed.

Questions from the floor:

1. Tarewa Rota sought clarification on whether Note 18 in the account referring to the funds received from the Whakarewarewa Joint Trust should be an asset or liability. Alex Wilson explained they could be both and are therefore contingent until the arbitration process is completed and it is clear how this is to be treated. It may remain an asset or it may be a liability due for repayment.
2. Geoff Rice supported the impairment decision and is interested in where we are headed and is looking forward to the result in 2022 or 2023.
3. Tony Wihapi stated he was pleased with what is being disclosed, the bench marking and the report overall.

   RESOLVED: "That the finance report for the year ended 31 March 2020 be received."
   (Bryce Morrison/Tony Wihapi) Carried

PUKEROA ORUAWHATA TRUST

MINUTES OF THE ANNUAL GENERAL MEETING OF OWNERS HELD AT TAMATEKAPUA ON SATURDAY 7TH NOVEMBER 2020 AT 10.10AM

APPOINTMENT OF AUDITOR:

RESOLVED: "That BDO Rotorua be reappointed auditors for the next financial year."
(Alec Wilson/Tony Wihapi) Carried

NGĀTI WHAKAUE EDUCATION ENDOWMENT TRUST REPORT:

Malcolm Short, Chairman of the NWEET requested the Ngāti Whakaue Education Endowment Report be taken as read and noted that the Education Endowment Board have been working on reviewing the mandated legislation with discussions with Crown progressing well.

RESOLVED: "That the Ngāti Whakaue Education Endowment Trust Board Report be received."
(Malcolm Short/Alec Wilson) Carried

2020 ELECTION RESULT:

Glenn Hawkins (GHA Chartered Accountants & Managament Consultants) was appointed the Returning Officer for the 2020 Election.

The 2020 Pukeroa Oruawhata Trust election was conducted by Postal Vote and votes counted according to shareholding (Poll Vote). Voting closed 4pm 30th October 2020, with Postal Votes receivable up to 12 noon, 4th November 2020.

Glenn noted the trustee due for rotation under Section 7(e) is Tina Ngatai, who was available for re-election. One other nomination was received for Sindu Morrison.

Glenn provided the results via a powerpoint presentation and advised the outcome of the postal vote by shareholding. Glenn declared Tina Ngatai as the highest polling candidate having received 122.6315 shares with Sindu Morrison having received 80.0346 shares.

Application will be made to the Maori Land Court for the re-appointment of Tina Ngatai in due course.

2,554 voting papers were sent to shareholders where addresses were known. 332 votes received. 7 declared invalid as they were either unsigned, incomplete or illegible. 20.32% of shares were voted with in this election.

GENERAL BUSINESS:

As there was no general business the meeting closed in karakia by Monty Morrison at 12:50 pm.

Signed as a correct record

_____ CHAIRMAN

Chairman's Report 2021

Kia ora tatou Ngāti Whakaue,

It is my pleasure and privilege to present my 36th annual report as Chairman of Pukeroa Oruawhata Trust.

As reported on last year, Covid-19 and the 2020 lockdown had a significant impact on our business operations, and we continue to be faced with the ongoing implications of the pandemic

The outbreak of the Delta variant in August this year has only served to reinforce the fact that Covid-19 is not going to go away quickly.

In March last year we were faced with lockdowns and Alert levels which saw most of our commercial tenants closed for a period of 7 weeks.

Since that initial lockdown period, we have enjoyed an increase in activity levels for 18 months before the Delta Variant hit in August 2021.

To say that the last couple of years has been a roller coaster ride is a fair reflection of our journey over that time.

In terms of our Balance Sheet, after a $20m drop in asset value last year, I am pleased to advise that this year we have seen our asset value increase by $30m.

The direct finanical cost last year of Covid through rental support for our tenants, vacancies, and re-leasing costs was over $1.5m. This is a siginificant sum, however, supporting our tenants through the lockdown was essential to ensure their on-going viability which proved to be the right strategy in the long term.

The cost of Covid-19 last year was managed through lower interest rates, a significant degree of "belt tightening", and a lot of hard work on the leasing front. This has set us up to see us finish the year out in a strong position.

The arrival of the Delta Variant in August this year resulted in another lockdown for 3 weeks. Like last year, we have proactively worked with our tenants and provided rent relief to help support them through these tough times which remains essential for the long-term well-being of our business.

We expect that the cost of our support for our tenants this year will be more than $450,000.

Operational Activity:

We have established a reputation for being a supportive landlord coupled with good quality, well presented premises. These attributes have meant we are able to be selective with the tenancy mix of both Rotorua Central and Trade Central. Our premises are in demand.

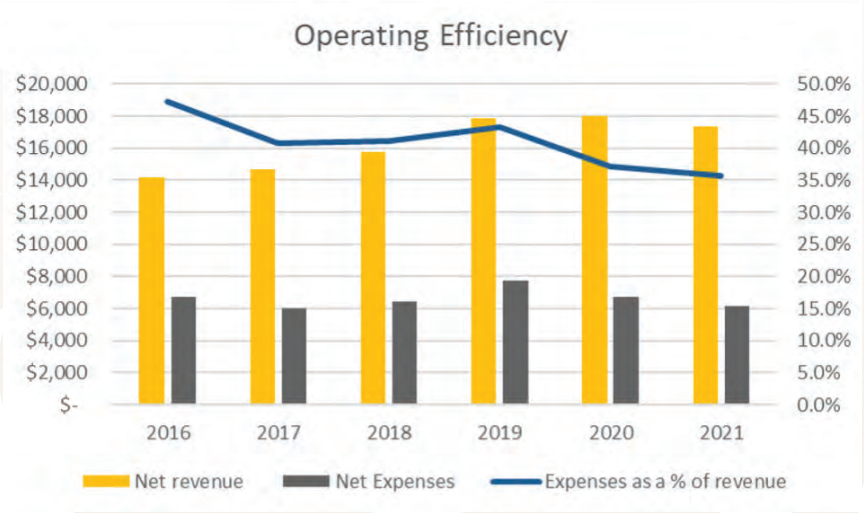
Whilst Covid resulted in 5 lessees not renewing and/or reducing their footprints, over the last 12 months we have actually added 24 with a further 5 under negotiation or subject to resource consent.

The increased occupancy will further strengthen our cash flows going forward.

The focus of the Group over the last 5 years has been on improving the quality of our earnings with this reflected by:

- An increase in revenue from $14.1m to $17.3m in 2021 (after $1.3m of Covid rent relief)
- A reduction in net expenses of $0.5m

In percentage terms, our net operating cost has reduced from 47% to 35%. This improved operating efficiency is significant, and we expect that this will continue to improve as our core business continues to strengthen from the increased leasing activity.



MANAGEMENT:

In March this year our General Manager Peter Faulkner advised that he would not seek to extend his contract. Peter leaves us after 11 years in the role and I extend our thanks to him for his efforts over the years he has been engaged with us.

Following an extensive recruitment process, Mark Gibb has joined us as Chief Executive from the beginning of October. Mark has a commercial background most recently in Fonterra and as the Chief Executive of the Rotorua Airport.

FINANCIAL:

I am pleased to announce that our 2021 financial result is $5.75m which is an uplift of $1m on 2020. This is an extremely pleasing result after what has been a very challenging year.

Our Accountant Alexander Wilson will cover our financial results in more detail in his Financial Report.

In light of this, the Trustees have recommended that the 2021 Owners Grant in Lieu of Dividend be set at $900,000, an increase of $50,000 from last year.

PROPERTY MANAGEMENT:

Our property management team of Steve O'Sullivan, Gary Herbert, Lee Emery and Jess Talbot need to be commended for their efforts and contributions to our success over the last 12 months.

They are a small team who consistently do the hard mahi required to make the business the success that it is – thank you, your efforts are very much appreciated.

OTHER INITIATIVES

This year we have also been involved with and advanced a number of other significant matters such as the Ngāti Whakaue Collaboration Project, return of the Arikikapakapa Lands, golf initiatives for Ngāti Whakaue with Rotorua Golf Club and real collaboration projects with the Ngāti Whakaue Education Endowment Trust and Ngāti Whakaue Tribal Lands.

These will be discussed later in this report.

CONCLUSION:

The last 18 months have definitely been a test for all of us and as we have seen we are not yet done with Covid , I however am pleased with what has been achieved by the Group. Whilst there remains a heightened sense of uncertainty, we are well placed to weather what the future holds for us.

Once again, I thank all of those who have worked so hard to place us in the position that we are in.

Ngā mihi nui

Malcolm T Short ONZM

OWNERS GRANT

POLICY BACKGROUND:

Prior to 2007, the Trust paid a dividend to owners based on their shareholding which meant many owners with small shareholding were paid a grant that was less than the cost of making the payment.

To address this situation, it was first resolved at the 2007 AGM that the Trust would change to an owner grant in lieu of a dividend, with a minimum grant amount established.

The minimum Grant is $25 for shareholdings of less than 0.02 shares.

It is recommended that an Owners Grant in lieu of a dividend be payable (referred to as the 2021 Owners Grant) to registered owners.

2021 OWNERS GRANT POLICY

1. An owner is identified as an individual or a Whanau Trust registered on the Pukeroa Oruawhata Trust Share Register and has been allocated a Share Register Identification number.
2. Payments will only be made by direct credit to owners whose address, and bank account is held.
3. Payments have been calculated according to shareholding bands.
4. Any Owners who update their contact and financial details after the payment date and up until the next AGM will be entitled to the payment they would have received had their address and bank account details been known at distribution date.
5. Any owners who succeed to shares after the payment date will be entitled to the current payment up until the next AGM on the deceased's shareholding (or succeeded proportion) where it has not been paid to the deceased shareholder. Where the Trust is notified of a shareholder's death the Trustees may at their discretion release up to 3 years unpaid grants to the successors.
6. The Trustees reserve the right to make only one payment to a shareholder whose name may appear more than once on the share register where it is evident that those multiple names refer to one person.
7. Entitlement to the payment will expire at the next Annual General Meeting date.
8. Payments to overseas owners will be the $NZ amount less any bank charges.
9. The Trustees reserve the right to amend this policy or draft new policy to cover any circumstance not covered or anticipated by this policy.
10. The Trustees' decision in these matters is final.

RECOMMENDATION & RESOLUTION:

"that the 2021 Owner's Grant in lieu of a dividend to the value of $900,000 be supported and approved".

Indicative grant structure for owners in lieu of dividend.
Payment is made on the basis of addresses and bank accounts being held.
Minimum Grant $25

Share Range			Grant to be paid
0.00000	to	0.01999	$25
0.02000	to	0.02999	$27
0.03000	to	0.04999	$45
0.05000	to	0.07999	$72
0.08000	to	0.09999	$90
0.10000	to	0.14999	$135
0.15000	to	0.19999	$180
0.20000	to	0.29999	$271
0.30000	to	0.39999	$361
0.40000	to	0.49999	$451
0.50000	to	0.59999	$541
0.60000	to	0.69999	$632
0.70000	to	0.79999	$722
0.80000	to	0.89999	$812
0.90000	to	0.99999	$902
1.00000	to	1.49999	$1,354
1.50000	to	1.99999	$1,805
2.00000	to	2.49999	$2,256
2.50000	to	2.99999	$2,707
3.00000	to	3.49999	$3,158
3.50000	to	3.99999	$3,609
4.00000	to	4.49999	$4,061
4.50000	to	4.99999	$4,512
5.00000	to	5.49999	$4,963
5.50000	to	5.99999	$5,414
6.00000	to	6.49999	$5,865
6.50000	to	6.99999	$6,316
7.00000	to	7.49999	$6,768
7.50000	to	7.99999	$7,219
8.00000	to	8.49999	$7,670
8.50000	to	8.99999	$8,121
9.00000	to	9.49999	$8,572
9.50000	to	9.99999	$9,024
10.00000	to	11.99999	$10,828
12.00000	to	13.99999	$12,633

FY21
FINANCIAL
RESULTS
-20%
Distributions & Grants
$0.757m
+4%
Gross Revenue
$20.656m
+10.7%
Assets
$320.811m
+10%
Gross Operating Expenses
$9.502m
+19.7%
Equity
$183.418m
+18.1%
Net Profit After Interest
$5.919m

OPERATIONS REPORT

Kia ora tatou,

Last year we referred to the fact that we felt that Covid had not necessarily finished with us and unfortunately, we were correct on that front with the August Delta variant outbreak causing us to enter lockdown again this year.

Unlike last year, this time around we had precedents to work with which allowed us to quickly step-in and offer our commercial tenants rent relief for the period that they were unable to access their premises. The financial implications of Lockdown for businesses are significant, with many of our tenants unable to trade during Alert Levels 3 & 4. With no money coming in, our proactive commitment to work with them once again on a "we together" approach was gratefully appreciated by most of our tenants.

As already mentioned by the Chairman, the direct cost to the Group of our support for our tenants this year to date is more than $450,000. Whilst this is a significant cost, it is actually an investment in the long-term future of our business ensuring we maintain a strong and financially viable tenant base going forward.

OPERATING ENVIRONMENT:

Setting aside the impact of the Delta outbreak, the period June 2020 through to August 2021 has been characterised by strong growth in the retail and commercial tenancy sectors. Many of our large format retail tenants have reported strong sales growth and good levels of profitability.

For us, this has translated into continued leasing demand across both the retail and light commercial markets with 24 new leasings completed with a further 5 subject to either resource consent or final stages of negotiation. This new leasing activity has resulted in 9 "new to town" operations and a further 8 leasings that are accommodating growing businesses.

The level and nature of activity reflects well not only on us as a "good landlord" but it also is a positive reflection on how Rotorua is being viewed as a place to do business.

With the full cost of the rent relief being reflected in September, the impact on our cash flow has been short and sharp. In light of our increased leasing activity we are budgeting for our operating surplus for the current year to be at least maintained at the 2021 level.

Unlike last year, where we were in a record low interest rate environment, we are now looking at interest rates increasing over the next 12 -18 months. To this end, we have acted to increase the amount of our debt that is subject to fixed interest rates to insulate ourselves from the full impact of rising interest rates.

Pukeroa Property Management Limited:

This year was our second year of having our property management service handled in-house and once again we are seeing the benefits of having these services under our direct control.

This provided significant cost efficiencies for us and allowed us to respond to both the Delta outbreak and the on-going high leasing volumes. Having the resources in house has been central to our ability to successfully navigate through the Covid pandemic.

Our team of Steve O'Sullivan, Gary Herbert, Lee Emery and Helen Crawford was joined by Jess Talbot who is managing our accounts payable function.

As testing and demanding as the last 12 months have been, the team have shown true professionalism in all their dealings, and I thank them for their support, engagement, and commitment.

Peter Faulkner

RESIDENTIAL

Our housing portfolio remains at 25 dwellings with plans for adding to these placed on hold whilst we worked through the implications of the Government's proposed removal of the ability to deduct the cost of interest on borrowings used for funding rental properties for taxation purposes. As we have funded all our residential property using borrowed money, the impact of this change on our cash flow is significant and reduces our ability to continue to expand our portfolio.

The fact that this was introduced at a time when demand for residential housing was at an all-time high indicates that the outcome was in fact an unintended consequence. Accordingly, we have made a submission on the proposed Act recommending that all Maori Authorities be exempt from the provisions of the Act as proposed.

We are pleased to advise that the draft legislation has been amended from that initially proposed to accommodate the points on which we submitted on. The fact that the interests of Maori have been recognised in the amended legislation is of significance to us but also to all Maori entities that provide residential accommodation for their people.

At the same time as the Crown announced the proposed changes to the interest deductibility on residential housing, we commenced engagement with Kainga Ora in relation to options for transitional housing.

Our discussions were focused on three sites – 67 Tarewa Road, Neil Road, and Froude Street – with Tarewa Road identified as the first option for development of 8 residential dwellings. Whilst we have been active in pursuing an outcome for use of these properties, the discussions have been somewhat slower than we would have liked.

The Care Village (formerly Whare Aroha) continues to trade well with almost 100% occupancy levels.

As part of the Ngāti Whakaue Collaboration project we are looking at an "all of Ngāti Whakaue" strategy and hope to be able to move on that next year.

CHARITABLE TRUST

The number of grants made by the Charitable Trust this year is down on previous years due to the suspension of grants whilst we worked through the impact of the first lockdown on our cash flows last year. We resumed receiving Grants in September last year.

With the Delta outbreak August this year, we again suspended the processing of grants until September.

We acknowledge that the stop - start nature of grant processing is an issue, however we are reliant on the cash flows from our core business to fund the Charitable Trust.

We financially supported the Whakaue Ora's efforts over Lockdown and would like to acknowledge the efforts of all who were involved in this project.

Monty Morrison

Trustee / Director

LARGE FORMAT RETAIL

Our commercial leasing operations have come through the last 18 months in good shape with leasing activity at all-time highs.

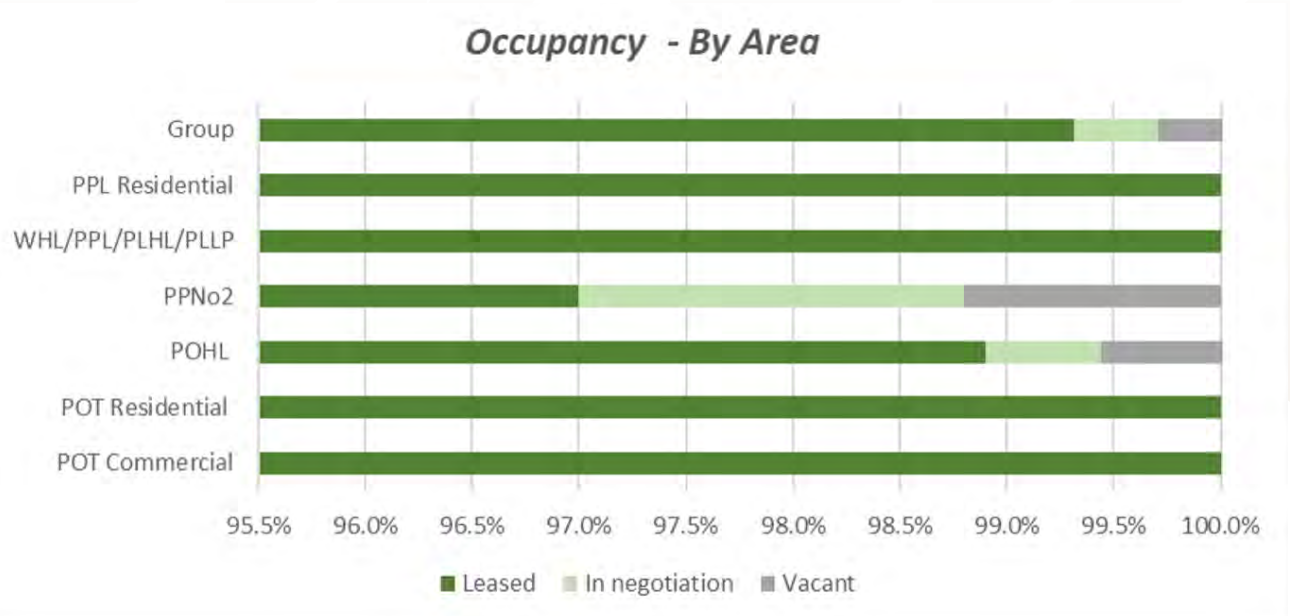
Since the first Covid lockdown we have seen several changes that are the direct result of the economic impact of Covid-19, namely:

- Four who have ceased operations and vacated their tenancies
- Two have consolidated their operations and relinquished space

Not only have we replaced 5 of the 6 vacated tenancies, but we have also completed a further 18 additional leasing's with a further 5 at various stages of negotiation. As a result, our occupancy rate across the group is nearing 99% with this being achieved without compromising rental expectations.

- **Pagani**
  Rotorua Central Mall
- The Laser Clinic Rotorua Central Mall
- **Cotton-on**
  Rotorua Central Mall
- **Lakes DHB**
  Rotorua Central Mall
- Lakeland Mowers & Chainsaws Trade Central
- **Pet Stock**
  Trade Central
- Mancraft Barbers Trade Central
- **The Little Big Tiny House Company**
  Ti Street
- **NHS Roofing**
  Ti Street
- **Tamati Coffey**
  POHL
- **Bold Flavours**
  POHL
- **Radio Te Arawa**
  Haupapa House
- **Rotorua Trust**
  Haupapa House
- **Te Tatau o Te Arawa**
  Haupapa House
- **Te Komiti Nui o Ngāti Whakaue**
  Haupapa House
- **Poutama Trust**
  Haupapa House
- **CMW Geosciences**
  Haupapa House
- **Veros Property Partners**
  Haupapa House
- **Maori Multi Media Limited**
  Haupapa House

Rotorua Hunting & Fishing have chosen not to renew their lease at Trade Central and we are in advanced negotiations with two new to town businesses on this site.



OPERATIONS REPORT

In addition to the new leasing's, we have also had several of our existing tenants renew their leases over the last 12 months.

The overall occupancy level plus the re-commitment of our existing tenants provides us with a strong platform going forward.

This level of activity would not be possible without a huge contribution from our management team, and I would like to thank them all for their efforts over the last 12 months.

Tina Ngatai

Trustee / Director

TOURISM

A number of years ago we made the decision to actively move into tourism given its significance to Rotorua and as an industry and our need to diversify our asset base.

The tourism sector has clearly been one of the most impacted by the Covid-19 pandemic. We are confident that tourism will rise again and that in the mid to long term the focus on yield rather than volume will work better for us economically and environmentally.

On current timeframes our new tourism projects will be open for guests around the time that international tourism is forecast to bounce back, end 2022/early 2023 and we are working collaboratively with others including Council to ensure we maximise those opportunities.

TE PUIA

In recognition of the impact of Covid-19 and the closure of our borders to international visitors, the Crown provided financial support for funding the operations of NZMACI for 2 years. This allowed us to continue the wananga whilst we work on repositioning the tourism business to reflect the changed environment that we are operating in.

WAI ARIKI HOT SPRINGS & SPA

Work commenced on the construction of the Spa in March this year and we are now well into the construction programme. The August Delta outbreak and associated supply chain issues have had an impact on the project but those impacts have been significantly reduced by some smart reprogramming work and changes in methodology.

We remain confident that we will see the Spa open in the 4th quarter of next year.

We have also been busy building the foundation for the business itself. We have kept a low profile in the media to ensure that the exact nature of our offering is kept away from the eyes of our competitors. This will change as we start initiating our pre-launch marketing campaign which will increasingly raise the profile of the Spa over the coming 12 months.

The recruitment process for the Spa is due start early – mid next year. Our goal is to have as many Ngāti Whakaue as possible working at the Spa so keep an eye out for our notices around this process.

QE HEALTH

QE Health commenced construction of their new facility in August this year. Their build is scheduled to be completed in October 2022. QE Health have a land lease with us.

We have been working closely with QE on the positioning of the wider site as a Health & Wellness destination for domestic and international visitors.

The combination of the clinically focused services provided by QE and the wellness services provided by the Spa are a true unique competitive advantage for us.

ARIKIKAPAKAPA – ROTORUA GOLF COURSE

The return of this whenua earlier this year was a significant achievement for us and the culmination of many years of perseverance and hard work.

The transfer is a further step towards us satisfying one of our key strategic goals, namely the return of our traditional whenua. We would like to thank everyone who has contributed to the return of Arikikapakapa.

At the last annual meeting we discussed a proposal to enter a memorandum of understanding with our new tenant, the Rotorua Golf Club. That has now happened.

Among other things the MOU provides for us as the landowner to participate in the Clubs course redevelopment project which will include representing our cultural foundation over the whenua. That will include a full cultural audit of the whenua both now and in respect of their future redevelopment plans.

In addition, we also agreed three exciting opportunities for Ngāti Whakaue in respect of Arikikapakapa.

- Ngāti Whakaue Golf Lessons

As part of the Rotorua Golf Club community golf programme Ngāti Whakaue members who wished to learn to play golf were able to apply to join this free coaching programme. This was on a first come first serve basis and was well supported by up to 50 enthusiastic learners between the age of 4 - 75.

- Ngāti Whakaue Rangatahi Golf Scholarships

Four scholarships were available for a period of 2 years for talented Ngāti Whakaue Rangatahi golfers who wished to progress their game to a more competitive level. The successful recipients were Teina Taare, Milan Stephens, Casey Magatogia and Moehewa Raumati-Mikaere.

- Ngāti Whakaue Golf Course Management Apprenticeships

Working on site at the Rotorua Golf Club, two new positions are available for Ngāti Whakaue to train and work in golf course management. These will be hands on roles with training provided on the job and also additional skills being obtained with offsite NZQA based training.

David Tapsell

Trustee / Director

L – R : David Tapsell (left) (Pukeroa Oruawhata Trust Deputy Chair), Teina Taare, Milan Stephens, Casey Magatogia (front), Moehewa Raumati-Mikaere, Wai Morrison (Ngāti Whakaue Education Endowment Trust Trustee)

CHARITABLE TRUST

Due to Covid 19 hitting our shores and the country going into lockdown during this financial period, Charitable Trust grants were suspended. The number of applications that were received were fewer than previous years and many activities that were normally held cancelled. This resulted in a lower number of grant applications as shown in the table.

	2021	2020	2019
Health	276	368	279
Cultural (Tangi only)	25	20	26
Discretionary	9	19	44
Total	**310**	**407**	**349**

The maximum Health grant payable remains at $400 with Tangihanga grants $500.

Discretionary grants paid last year as follows:

Whakaue Ora – Covid Response	$20,000
NW Assets Trust - Whakanuia Dinner & Whanau day	$10,000
Waitangi Day 'For the Love of the People'	$10,000
Auraki Te Hokinga Mai Com. 75th Anniv. B Company Return to Rotorua	$5,000
Oranga Tinana o Ue Inc – Kaumatua Olympics	$622
Paratehoata te kohea (Tunohopu) Marae – Part Insurance	$7,035
Te Kaihanga o Nga Whetu Matariki Festival	$5,000
Te Papaiouru Marae – Part Insurance	$6,833
Howard Morrison "Hoki Mai" – Koeke appreciation	$1,850
Total	$66,340

Application forms are accessible from our website (www.pukeroa.co.nz), from our office or by emailing grants@pukeroa.co.nz.

Rawiri Waru

Trustee / Director

PUKEROA ORUAWHATA GROUP 2021
FINANCIAL REPORT

This Financial Report provides a summary of the group's financial performance and position for the year ending 31 March 2021. Full audited financial statements are provided from page 36.

BDO Rotorua have audited the financial statements and have issued a qualified audit opinion on the basis that the Trust has not recognised its investment in Te Puia NZMACI Limited Partnership in accordance with the Financial Reporting Standards.

This is the first year the Trust would recognise its investment in Te Puia and due to the Covid Pandemic, Te Puia Management are having to take additional time to ensure the valuation of the business is undertaken accurately. Unfortunately such information was not available to be included in the Group's audited statements at the time of the audit completion.

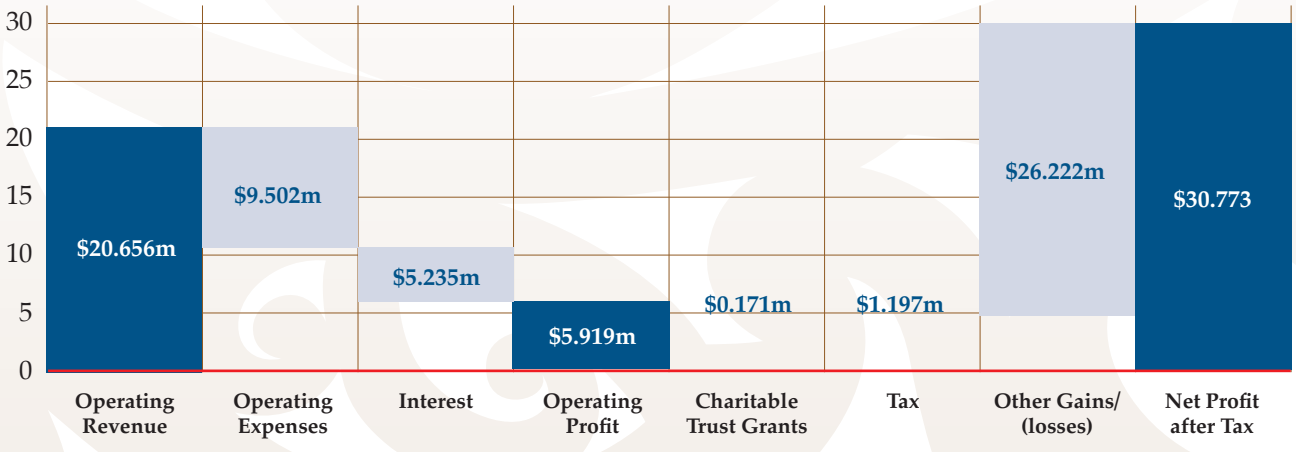
FINANCIAL PERFORMANCE

Despite the Covid-19 situation in NZ, the overall financial results for the Group still show another strong operating year, with growth in revenue, a reduction in interest due to favourable interest rates and a significant gain on our investment property revaluation as valuers adapt to the Covid-19 market uncertainty.

	THIS YEAR ($m)	LAST YEAR ($m)	CHANGE	
Operating Revenue	20.656	19.861	▲	4.0%
Operating Expenses	9.502	8.639	▲	10.0%
Interest	5.235	6.208	▼	1.8%
Operating Profit	**5.919**	**5.013**	▲	18.1%
Charitable Trust Grants	.171	.265	▼	13.5%
Other Gains/Losses	26.222	(22.845)	▲	214.8%
Net Profit after Tax	**30.773**	**(18.992)**	▲	262.0%

APPLICATION OF REVENUE

An operating profit of $5.919m was achieved from revenue of $20.656m. It is key to note that this is a close reflection of the cash profit for the Group. After taking into account the revaluations of investment properties, interest swap revaluations and taxation the group has an overall net profit of $30.773m, compared to a loss of $18.992m, in 2020.



PUKEROA ORUAWHATA GROUP 2021
FINANCIAL REPORT

OPERATING REVENUE

Rental income has seen a 5.3% growth of $857k compared to last year. The increase generally relates to rental reviews completed, some new and departing commercial tenancies and full year of rental income on the residential properties.

Operating Expense recoveries have decreased by $57k or 1.7% due to lower operating expenses incurred during the first Covid-19 lockdown.

Other Revenue has remained consistent with the prior year.

OPERATING EXPENSES

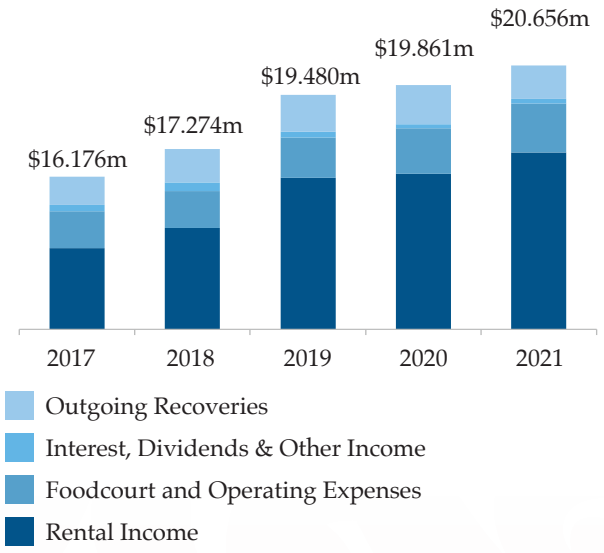
Operating Expenses have seen a 10% increase of $863k. However the key movements in operating expenses compared to last year include:

- Covid-19 Abatements – $1.313m
- Repairs & Maintenance – Decrease of $251k
- Leasing Fees – Increase of $145k

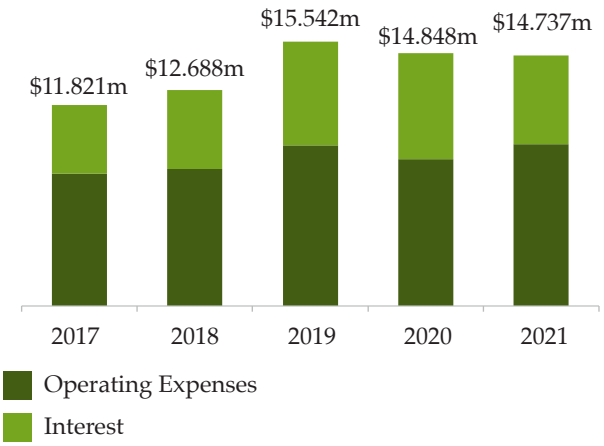
Abatements offered to tenants were during the period the government declared a lockdown in alert Levels 3 and 4. The Trustee's also cut back on "non essential" budget items with the largest savings seen in repairs and maintenance.

Interest has decreased by $973k with the main driver of this decrease being favourable interest rates available as a result of the Covid-19 pandemic.

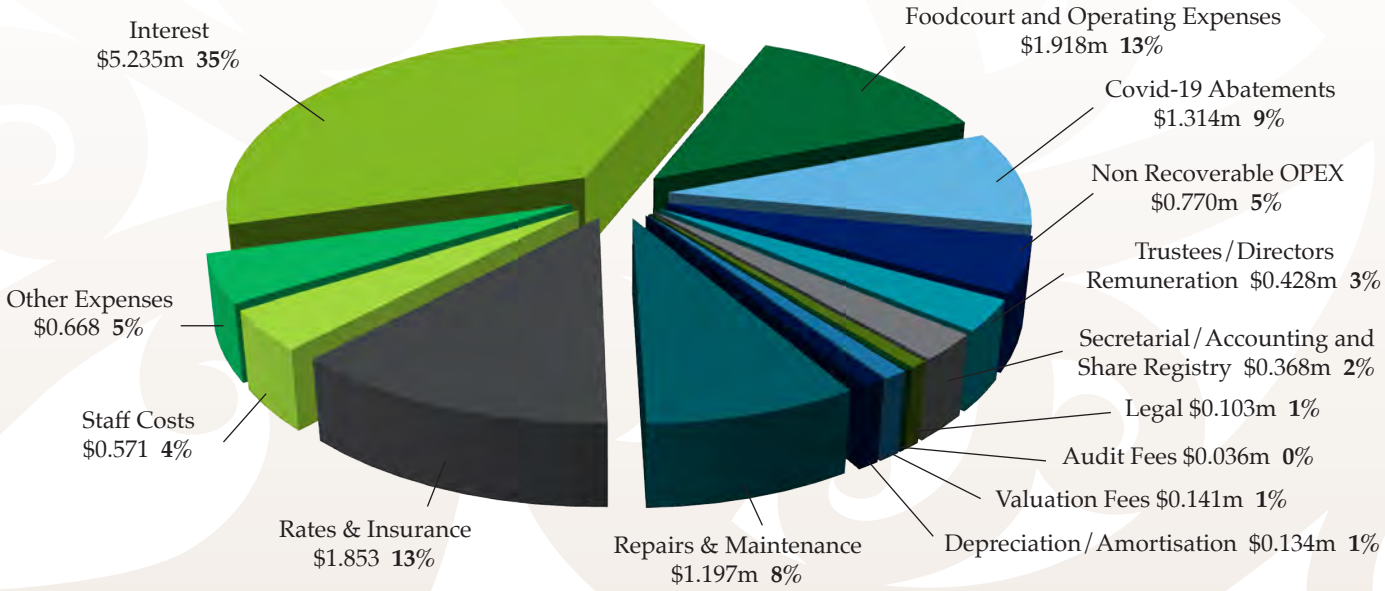
Operating Revenue



Operating Expenses



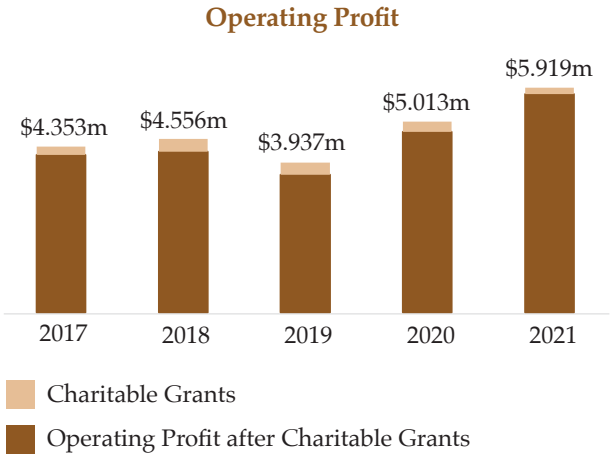
COMPOSITION OF 2021 OPERATING EXPENDITURE ($M)



PUKEROA ORUAWHATA GROUP 2021
FINANCIAL REPORT

OPERATING PROFIT

The Net Operating Profit after interest costs has increased from $5.013m to $5.919m ($906k increase). This is representative of the cash profit for the group and is what is available for repayment of debt, owners grants and charitable trust grants.



OTHER GAINS/LOSSES

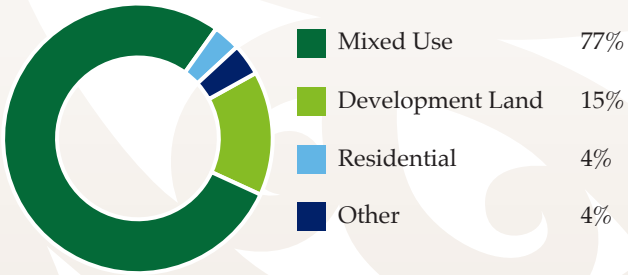
Other Gains/Losses comprise of "Changes in the Fair value of derivative financial instruments, and "Changes in Fair Value of Investment Properties"

Changes in Fair value of Derivate Financial Instruments – This is a non cash accounting transaction which recognises the change in value of interest rate swaps year to year. This year the fair value of the interest rate swaps improved by $1.067m and this movement is recognised as Income in Statement of Comprehensive Income.

Changes in the Fair value of Investment Properties – Details of the changes for each entity in the group are contained in note 8 of the financial statements.

In the prior year the valuations were impacted significantly by COVID19 however we have seen in the current year these bounce back to more favourable values with an increase in valuation of $25.154m.

The Groups investment properties are comprised of the following classes: (By Value)

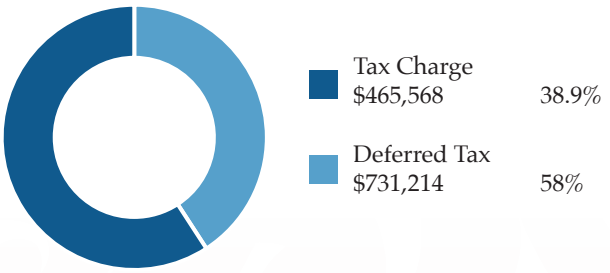


TAXATION

Pukeroa Oruawhata Holdings Ltd is the main tax paying entity in the group. The tax charge this year totals $1.19m which is compromised of:

- $465,568 is the tax charge on the operating profits

- $731,214 arising from movements in the deferred tax liability and is a paper tax charge.



The group typically holds sufficient amounts of tax deposits to cover its taxation obligations, however due to Covid-19 and the uncertainty, the decision was made to have tax deposits available as cash on hand. As a result an amount of $397,947 tax is Payable at balance date.

NET PROFIT AFTER TAXATION

After allowing for the Other Gains/Losses and deducting of tax the Total Net Profit after tax for the year is $30.773m.

PUKEROA ORUAWHATA GROUP 2021
FINANCIAL REPORT

BALANCE SHEET REVIEW

	THIS YEAR ($m)	LAST YEAR ($m)	Change
Total Assets	**320.811**	**289.796**	▲ 10.7%
Total Liabilities	**137.392**	**136.564**	▲ 0.6%
Total Equity	**183.418**	**153.232**	▲ 19.7%

The Group's total asset holding has increased by $31.014m at year end 2021, which is mainly attributable to the increase in investment property and higher than usual cash and cash equivalents.

When the initial COVID19 Pandemic hit, NZ we saw significant impacts on our property values which were reflected in the prior year as valuers recognised market uncertainty as part of their valuation techniques.

In the current year we can see our investment properties bouncing back to a more realistic value as we continue to operate with COVID19 in the community, and the weighting of market uncertainty being reduced in valuations.

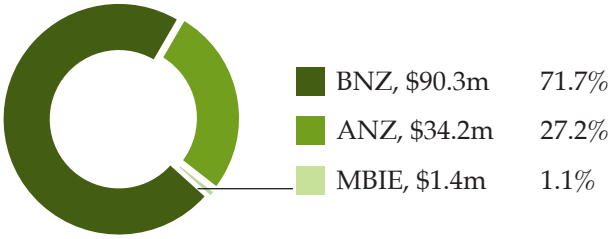
Traditionally the valuers have undertaken the assessment of the Pukeroa Lakefront Holdings site exclusive of any development costs incurred, however this year they have noted that their valuation should incorporate any civil and earthworks. As a result the group has capitalised $6.2m in civil and earthworks historically shown separately in the balance sheet.

Total Liabilities have increased by $827k with external debt remaining relatively steady. This increase is attributable to:

- Increase in Trade Payables due to the Wai Ariki Spa Development
- Increase in Taxation Payable due to holding the funds on hand
- Increase in Deferred tax

To manage the risk of interest rate exposure the group uses both interest rate swaps and fixed interest rate products to provide certainty of its interest costs. Locking in the interest rate with the swap reduced our liability from $1.64m to $580k.

Overall the Equity position of the group is strong at 57% of Assets (54% - 2020).



EXTERNAL DEBT & BANK COMPLIANCE

During the year Pukeroa Lakefront Holdings Limited received $1.42m from the Ministry of Business and Innovation and Employment (MBIE) for the Wai Ariki Hot Springs and Spa Project.

This loan is part of a wider facility whereby Pukeroa Lakefront Holdings has the ability to drawn down $44.5m over the course of the Wai Ariki Hot Springs and Spa Project. The facilities are secured through a second ranking mortgage over Property held for security by BNZ and ANZ

The banking relationships contain certain performance covenants that the group must achieve. The performance against these covenants is measured quarterly and with the Group's performance as at 31 March 2021 summarised as follows:

bnz

Bank Financial Measure	Required	Compliant
Loan / Assets	Less than 60%	✓
Interest Cover	1.75 Times	✓

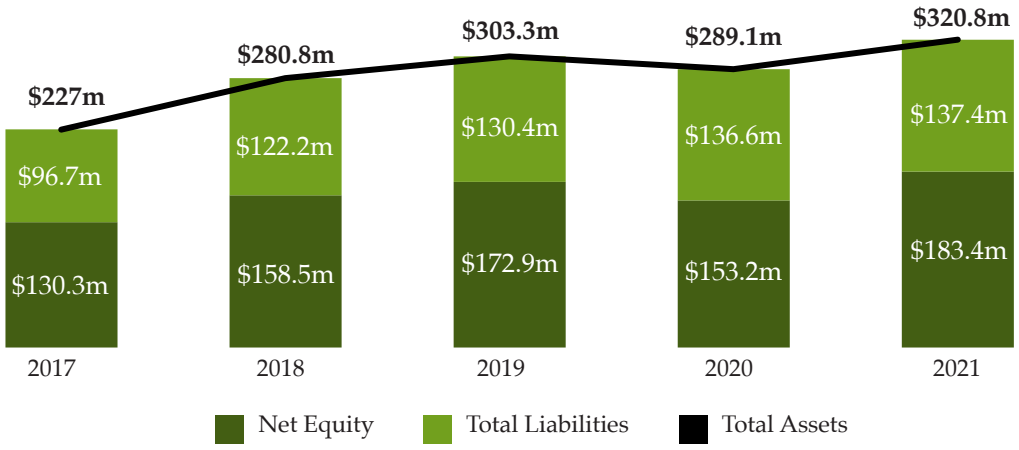
ANZ

Bank Financial Measure	Required	Compliant
Loan / Assets	Less than 55%	✓
Interest Cover	1.75 Times	✓

As interest on our borrowings represent our single largest cost, the Group has an interest rate risk management strategy in place that uses a mix of fixed and floating interest rates. The current weighted average effective interest on our loans is 3.1% (2020 – 3.8%).

PUKEROA ORUAWHATA GROUP 2021
FINANCIAL REPORT

PUKEROA ORUAWHATA GROUP - 5 YEAR ASSET AND EQUITY GROWTH WITH GEARING COMPOSITION



TRUSTEES/DIRECTORS REMUNERATION

In February 2019, the Trustees reviewed the current Trustee/Director remuneration levels and agreed on a number of changes including reducing the PLHL and POHL Director Fees from $30,600 to $18,000 per year.

The driver is partly due to many developments now reaching maturity and a desire from the Trust to have all trustees participate across the group whilst not increasing the overall governing costs.

In addition to this, the Trust recognised the financial pressures of Covid-19 and in April 2020 the decision was made to only have the core six Pukeroa Oruawhata Trust Trustees governing the subsidiary entities and conclude the three year Trustee training program early.

The Overall effect of these changes has seen group governance costs reduce from $572,802 in 2019 to $427,765 this year.

	POT	POHL	PLHL	TOTAL
Malcom Short (Chairman)	$21,413	$61,240	$61,240	$143,893
David Tapsell	$17,987	$25,920	$25,920	$69,827
Rawiri Waru	$16,352	$18,000	$18,000	$52,352
Monty Morrison	$16,352	$18,000	$18,000	$52,352
Tanira Kingi	$16,352	$18,000	$18,000	$52,352
Tina Ngatai	$14,989	$18,000	$18,000	$50,989
Jenna Love (*1)	-	$3,000	-	$3,000
Kiriwaitingi Rei (*1)	-	-	$1,500	$1,500
Alec Wilson (*1)	-	-	$1,500	$1,500
Total	**$103,445**	**$162,160**	**$162,160**	**427,765**

*1 – Ceased as a Director of PLHL from April 2020.

PUKEROA ORUAWHATA GROUP 2021
FINANCIAL REPORT

DISTRIBUTIONS AND SHARE REGISTER

Distributions to owners in 2020 is made by way of "Owners Grants" and was at a rate equivalent to $852 per share with a minimum Grant of $125.

Maori Land Online records the Trust share register comprising of 997.3874 shares by 7,157 owners. The net equity backing of one share is $183,899.

SHARE REGISTRY INFORMATION

Address Provided and No Bank A/c	917	**15%**
No Address and Bank A/c	4	**0%**
No Details	2,936	**55%**
Address and Bank A/c Provided	1,610	**31%**

Locating owners is an ongoing issue and we continue to encourage owners to complete their successions and provide address, bank and IRD numbers with the Trust. The more information we have will enable the Trust to further develop its owner's policies. The Trust still has a historical unclaimed dividend balance totalling $193,001 available for owners that complete their successions and register with the Trust.

ACCOUNTING TEAM

My appreciation to our dedicated accounting support Kim Mowbray, Daniel Johns and Sheyenne Ioane all of who have worked so diligently and frequently above and beyond to meet deadlines on Pukeroa Oruawhata Group's monthly, annual accounting and tax work.

Ngā Mihi

Alex Wilson
Accountant

Pukeroa Oruawhata Group - Governance Structure

PUKEROA ORUAWHATA TRUST

Trustees:

- Malcolm Short (Chairman)
- David Tapsell
- Monty Morrison
- Tina Ngatai
- Tanira Kingi
- Rawiri Waru

PROPERTY & DEVELOPMENT SUB-COMMITTEE

- Malcolm Short (Chairman)
- Tina Ngatai
- Rawiri Waru

AUDIT & RISK SUB-COMMITTEE

- Tanira Kingi (Chairman)
- Tina Ngatai
- Monty Morrison

COMMUNICATION & STRATEGY SUB-COMMITTEE

- David Tapsell (Chairman)
- Monty Morrison
- Rawiri Waru

RETAIL/ COMMERCIAL

- Pukeroa Oruawhata Holdings
- Pukeroa Properties No2
- Pukeroa Properties Ltd

Directors:

- Malcolm Short (Chairman)
- David Tapsell
- Tanira Kingi
- Monty Morrison
- Tina Ngatai
- Rawiri Waru

TOURISM

- Pukeroa Lakefront Holdings
- Waihunuhunukuri Holdings
- Pukeroa Lakefront LP
- Pukeroa Oruawhata Investments
- Wai Ariki Spa Management Ltd
- Wai Ariki Apartments Management Ltd

Directors:

- Malcolm Short (Chairman)
- David Tapsell
- Monty Morrison
- Tanira Kingi
- Tina Ngatai
- Rawiri Waru

CHARITABLE

- Pukeroa Oruawhata Trustee Services
- Pukeroa Oruawhata Charitable Trust

Trustees:

- Malcolm Short (Chairman)
- David Tapsell
- Monty Morrison
- Tina Ngatai
- Tanira Kingi
- Rawiri Waru

Operational Structure

OPERATIONS MANAGEMENT

- Mark Gibb (CEO)
- Peter Faulkner (Consultant)
- Alex Wilson (Accountant - Deloitte)
- Helen Crawford (Administration/P.A)

PROPERTY MANAGEMENT

- Steve O'Sullivan (Property Manager)
- Gary Herbert (Facilities Manager)
- Lee Emery (Property Accounts & Administration)

NGATI WHAKAUE EDUCATION ENDOWMENT TRUST BOARD

Te Toroihi Matauranga

2021 CHAIRMAN'S REPORT

The Minister of Education
NZ Government
Wellington

Tena koe Minister

OPERATIONS REPORT

I am delighted to submit my 25th annual report on the Ngāti Whakaue Education Endowment Trust Board.

Although this report is in respect of the financial year end 31 December 2020 its late timing has again been caused by Audit NZ delay in completing their work. This appears to be due to resourcing issues attributed to the Covid 19 Pandemic. On that note the pandemic did not materially impact on the Endowment operations in 2020. Income was maintained but grant distributions were less given that many supported projects did not take place during lockdowns. However, the impact of ongoing pandemic response policies on lessees will eventually show and the full effect on the Rotorua district is yet to be fully realised.

We are currently in the 21 year rent review cycle for most of the Board leases. 30 lease reviews have been resolved and 3 are still to be completed. Timing of these 21 year reviews for some businesses is not ideal given the trading difficulties encountered with reduced visitors to Rotorua. Many lessees are also concerned with the Government driven relocation of homeless into the Rotorua CBD that has changed the dynamics and perception of Rotorua retail. The Board has identified that the area is in need of revitalisation but many lessees do not have the capability or motivation to upgrade their properties. The Board has approved the establishment of a subsidiary property-owning company Uekaha Developments Ltd that is empowered to invest directly into property. In some instances, Uekaha has purchased lessees interests that meet return expectations and will look to upgrade these properties over time. This diversification into direct property ownership will provide some risk mitigation against potentially stagnant ground rental income and volatility in investment market returns.

I am very pleased to report that the ongoing dispute with the Rotorua Lakes Council over rating valuations has been concluded in our favour. This matter started in 2014 when the Council declined to acknowledge that the alienation restriction in the underlying legislation should result in a discount on the rating valuation. After a series of court processes the Land Valuation Tribunal has ruled that a 15% discount applies to the Capital Value rating valuations for the Endowment properties. The Council are now processing rating refunds to lessees and this expensive and unfortunate saga that did not need to happen is now at an end.

Over the last few months, the Board's independent negotiator has been working with Crown officials to review the Board's empowering legislation. We are pleased that agreement in principle has now been achieved and amending legislation can now be progressed. This will be implemented in 2022 subject to the capability of the parliamentary process to action within its programme.

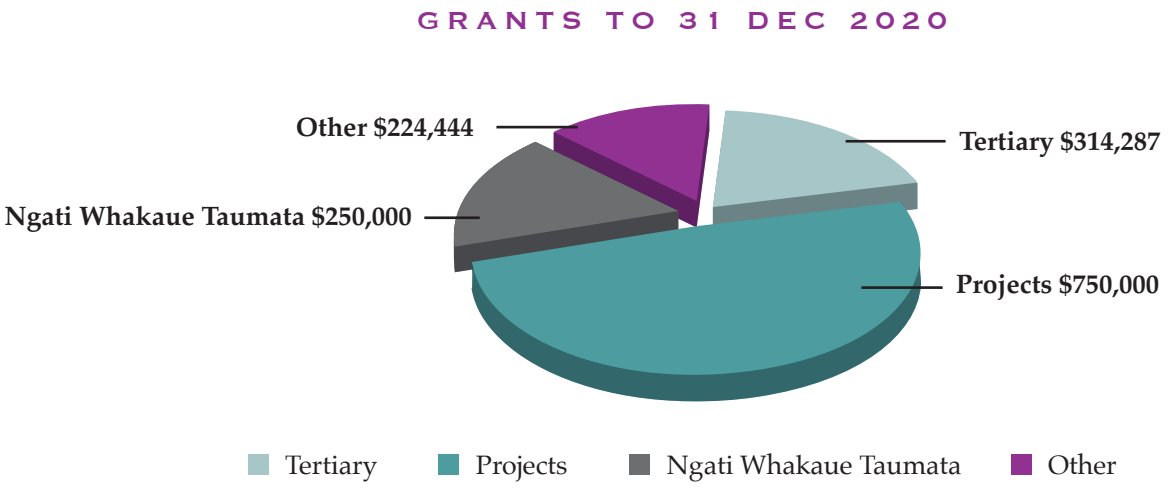
Despite the uncertainty and difficulties of the global Pandemic, investment markets have remained overall strong. At 31 December 2020 the value of the Board's investment portfolio was $30,072,157 having grown 13.5% during the year. As at 31 October 2021 the value was $33,337,199 (a 10.28% increase). The long-term portfolio return since inception in 2003 is 8.96%.

In the financial year end 31 December 2020 year Total Revenue decreased from $3,333,775 to $3,164,953. This was mostly attributable to a decrease of investment income of $238,978 offset by an increase in rental income of $90,433. The net operating surplus before grants decreased from $2,690,820 to $2,241,820. This was due to increases in Administration costs including Legal (rating valuation case), Property Management (Covid 19 response, rent reviews and acquisitions), Website and Secretarial (software and online systems upgrade) and Trustees Fees (reviewed).

Investment gains added a further $1,931,954 and revaluation of investment property added $3,624,000 for the year to give a total surplus from all sources before distributions of $7,886,112 ($6,235,926 in 2019).

The Board made grants totalling $1,538,731 ($1,897,586 in 2019) including the $250,000 joint venture contribution with Rotorua Energy Trust to project grants. Grants for literacy and Numeracy projects in schools is our largest funding area ($750,000). We have been very well served in monitoring these projects since 2012 by Jackie Woodland who retired in April 2021. We thank you Jackie for your excellent work and wish you well in retirement. Jackie's successor is Kahira Morris and we welcome Kahira to our team.

We were delighted the Maori Education Trust joined with us this year in a Tripartite funding arrangement with Victoria University to financially support Ngāti Whakaue tertiary students studying at the University. We are looking to expand joint funding with other universities. Detailed grants payments are included in the full Board report but here is a summary:



At 31 December 2020 the Total Equity of the Board was $74,959,351 ($68,611,970 in 2019) comprising Cash (less liabilities) of $3,192,817, Investments of $30,072,157 and land recorded at $41,694,376.

Full audited financial statements are included in this report. The audit qualification remains due to the Board policy of not undertaking market valuation of the land due to the nature of the perpetually renewable leases.

The Endowment Board remains committed, united and fully engaged to the Board operations and objectives. There were no changes in Trustees during the year. The Board does not directly employ staff with all support services contracted. I congratulate all our advisers and contractors and Trustees for their excellent work to ensure the ongoing success of the Endowment.

Ngā mihi

Malcolm Tukino Short, ONZM

CHAIRMAN

MAORI LAND COURT SUCCESSIONS

Q. How do I apply for succession?

A. You need to file an application for succession at the Maori Land Court. You will need to provide the following:

- Original death certificate or a certified copy
- Original will (or grant of administration) if there is one
- Fully completed application papers
- Application fee of $60.00
- Details of the deceased's whanau. That is parents, brothers, sisters and children.

Q. How much does it cost?

A. The application fee is $60.00. That is the only cost payable to the Maori Land Court. You may incur other costs obtaining copies of death certificates and if you have to consult a lawyer. You should discuss this with Court staff.

Q. What happens when I lodge my application?

A. The application is searched by Maori Land Court staff to obtain full details of the deceased's land interests. You will receive a copy of that search and will be advised by letter when you have to go to Court. A Court hearing will be arranged at the Court venue closest to where the land is located or, if you prefer, closest to where you live. Following the Court sitting, you will receive a copy of the Court minutes. This is confirmation of what happened at the hearing.

You will receive a Vesting Order sometime after the hearing. This is the legal document that states who has succeeded to the land interests of the deceased and in what proportion. Please provide a copy of the Vesting Order to the Share Registry team at the address below who will contact you regarding the information required to update the Share Register record.

Deloitte,

Pukeroa Oruawhata House
2nd Floor, 1176 Amohau St
PO Box 12003
Rotorua 3045

Phone +64 7 343 1050

Q. Do I have to get a lawyer?

A. In most cases, you can complete succession yourself. You should discuss whether or not you need a lawyer with Court staff.

Deloitte.

PUKEROA ORUAWHATA TRUST
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST MARCH 2021

INDEPENDENT AUDITOR'S REPORT TO THE OWNERS OF PUKEROA ORUAWHATA TRUST AND SUBSIDIARIES

Qualified Opinion

We have audited the consolidated financial statements of Pukeroa Oruawhata Trust ("the Trust") and its subsidiaries (together, "the Group"), which comprise the consolidated statement of financial position as at 31 March 2021, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2021, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR") issued by the New Zealand Accounting Standards Board.

Basis for Qualified Opinion

The Group's investment in Te Puia NZMACI Limited Partnership, which is managed by Te Puia NZMACI Management Company Limited, has not been accounted for in the consolidated statement of financial position. At the date of signing the consolidated financial statements of the Group the Te Puia NZMACI Management Company Limited was unable to quantify the value of the assets, therefore the Group did not have reliable information to be able to recognise the value of the investment.

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Trust or any of its subsidiaries.

Emphasis of Matter

We draw attention to Note 8, 19 and 25 in the financial statements which states that the Board has considered the impacts of COVID-19 and that Pukeroa Oruawhata Trust and Subsidiaries could operate with reduced income and meet its obligations for a period longer than 12 months from the date of approval of the financial statements. As a result, the Trustees concluded that no material uncertainty exists that may cast doubt on the Group's ability to continue as a going concern. Our opinion is not modified with respect to this matter.

Other Information

The trustees are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the consolidated financial statements and our auditor's report thereon. Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PUKEROA ORUAWHATA TRUST AND SUBSIDIARIES

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Trustees' Responsibilities for the Consolidated Financial Statements

The trustees are responsible on behalf of the Group for the preparation and fair presentation of the consolidated financial statements in accordance with NZ IFRS RDR, and for such internal control as the trustees determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the trustees are responsible on behalf of the Group for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the trustees either intend to liquidate the Group or to cease operations, or have no realistic alternative but to do so.Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (NZ) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs (NZ), we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

INDEPENDENT AUDITOR'S REPORT TO THE SHAREHOLDERS OF PUKEROA ORUAWHATA TRUST AND SUBSIDIARIES

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Who we report to

This report is made solely to the Trust's owners, as a body. Our audit work has been undertaken so that we might state those matters which we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Trust and the Trust's owners, as a body, for our audit work, for this report or for the opinions we have formed.

BDO Rotorua Limited

BDO Rotorua Limited
Rotorua
New Zealand
8 November 2021

Deloitte

PUKEROA ORUAWHATA TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31ST MARCH 2021

	NOTE	GROUP 2021 ($)	GROUP 2020 ($)
Operating Revenue	2	20,656,029	19,860,762
Operating Expenses	3	(9,502,096)	(8,638,896)
Net Operating Profit for the Year		**11,153,933**	**11,221,866**
Finance Costs			
Interest paid on Lease Liabilities		(14,784)	(15,101)
Interest paid on Secure Loans		(5,220,066)	(6,193,732)
Net Operating Profit after finance costs		**5,919,084**	**5,013,033**
Charitable Trust Grants Paid		(170,624)	(265,233)
Net Operating Profit before Other Gains / (Losses)		**5,748,460**	**4,747,800**
Other Gains/(Losses)			
Changes in Derivative Financial Instruments	21	1,067,428	80,617
Changes in Fair Value of Investment Properties	8	25,154,383	(22,926,144)
Profit before income tax		**31,970,271**	**(18,097,727)**
Income Tax Expense	4	(1,196,782)	(893,776)
Net profit after tax		**$30,773,489**	**($18,991,502)**
Other Comprehensive Income		-	-
Total Comprehensive Income		**$30,773,489**	**($18,991,502)**

The attached Notes form part of these consolidated financial statements

PUKEROA ORUAWHATA TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31ST MARCH 2021

Group	Original Capital	Capital Reserve	Ariki-kapakapa Retained Earnings (Note 12)	Retained earnings tax free (Note 13)	Retained earnings (Note 11)	Total Equity
Balance at 1 April 2019	2,098,500	5,779,659	63,012	251,749	164,712,060	172,904,979
Net profit and total comprehensive income	-	-	-	-	(18,991,502)	(18,991,502)
Transfer from Retained Earnings Taxable	-	-	(8,436)	-	8,436	-
Distributions - (Owners Grants)	-	-	-	-	(681,805)	(681,805)
Balance at 31 March 2020	**2,098,500**	**5,779,659**	**54,576**	**251,749**	**145,047,193**	**153,231,676**
Balance at 1 April 2020	2,098,500	5,779,659	54,576	251,749	145,047,193	153,231,676
Net profit and total comprehensive income	-	-	-	-	30,773,489	30,773,489
Transfer from Retained Earnings Taxable	-	-	5,760	-	(5,760)	-
Distributions - (Owners Grants)	-	-	-	-	(586,699)	(586,699)
Balance at 31 March 2021	**2,098,500**	**5,779,659**	**60,335**	**251,749**	**175,228,219**	**183,418,458**

The attached Notes form part of these consolidated financial statements

Deloitte

PUKEROA ORUAWHATA TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31ST MARCH 2021

	Note	Group 2021 ($)	Group 2020 ($)
Current Assets			
Cash & Cash equivalents	6	1,479,339	478,025
Short Term Investments		50,000	
Trade Receivables		333,506	93,092
Loans Advanced	15	63,000	63,000
Prepayments		23,308	23,303
Inventories		-	6,384
Taxation Refund Due		-	43,396
		1,949,154	**707,200**
Non Current Assets			
Development Costs	7	11,735,950	15,516,526
Investment Properties	8	303,952,179	270,221,181
Loans Advanced	15	223,866	359,978
Right-of-use Asset	23	2,780,414	2,791,289
Property, Plant and Equipment	9	165,363	196,832
Intangible Assets		3,909	3,397
		318,861,683	**289,089,204**
TOTAL ASSETS		**$ 320,810,837**	**$ 289,796,406**
Current Liabilities			
Trade and other payables		2,328,467	1,593,164
GST Payable		11,445	103,775
Taxation Payable		397,947	-
Rents in Advance		265,903	256,626
Bonds		3,000	3,000
Lease Liabilities	23	58,760	58,443
Unsecured Loans	24	156,215	-
Secured Bank Loans	10	4,513,600	4,834,288
Derivative Financial Instruments	21	580,284	1,647,712
		8,315,622	**8,497,009**
Non Current Liabilities			
Deferred Tax Liability	4	4,900,644	4,169,431
Lease Liabilities	23	2,626,835	2,685,595
Secured Bank Loans	10	121,356,283	121,016,069
Unclaimed Dividends		193,001	196,628
		129,076,764	**128,067,722**
Total Liabilities		**137,392,385**	**136,564,731**
Equity			
Capital		2,098,500	2,098,500
Capital Reserve	14	5,779,659	5,779,659
Arikikapakapa Retained Earnings	12	60,335	54,576
Retained Earnings Tax Free	13	251,749	251,749
Retained Earnings	11	175,228,215	145,047,193
Total Owners Equity		**183,418,458**	**153,231,676**
TOTAL LIABILITIES AND OWNERS EQUITY		**$ 320,810,837**	**$ 289,796,405**

Deloitte

Authorised for Release on 3rd November 2021 by:

.....Chairman

..... Trustee

The attached notes form part of these consolidated financial statements

PUKEROA ORUAWHATA TRUST AND SUBSIDIARIES
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31ST MARCH 2021

	Note	Group 2021 ($)	Group 2020 ($)
Cash Flows from Operating Activities			
Cash received from operations		20,255,778	19,998,726
Cash paid to suppliers and employees		(7,817,295)	(7,968,803)
Interest / Dividends received		83,779	28,202
Interest paid		(5,281,656)	(6,240,538)
Income tax paid		(24,225)	(505,030)
Dividends/Distributions paid		(590,325)	(683,011)
Charitable Trust Grants Paid		(170,624)	(266,471)
GST received		(92,330)	186,040
Net Cash Provided by Operating Activities		**6,363,103**	**4,549,115**
Cash Flows from Investing Activities:			
Purchase of Property, Plant and Equipment		-	(16,312)
Term Investments		(50,000)	-
Development Costs on Investment Properties		(5,623,641)	(7,648,692)
Loans Advanced		292,326	-
Net Cash Used in Investing Activities		**(5,381,314)**	**(7,665,004)**
Cash Flows from Financing Activities:			
Secured Bank Loan funding received		1,975,932	82,068,999
Secured Loan funding received		1,419,002	-
Secured Bank Loan funding repaid		(3,375,408)	(78,940,003)
Net Cash Used in Financing Activities		**19,526**	**3,128,996**
Net increase in Cash & Cash Equivalents		1,001,315	13,107
Closing balance Cash & Cash Equivalents	6	**478,025**	**464,918**
Closing balance Cash & Cash Equivalents	6	**1,479,339**	**478,025**

The attached Notes form part of these consolidated financial statements

PUKEROA ORUAWHATA TRUST AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

NOTE 1. STATEMENT OF ACCOUNTING POLICIES

Reporting Entity

These consolidated financial statements presented are those of Pukeroa Oruawhata Trust (the Trust or Parent) and its controlled entities (the Group). The Trust is originally vested in New Zealand under section 438 of the Maori Affairs Act 1955, and continues under section 251 of Te Ture Whenua Maori Act 1993 as an Ahu Whenua Trust. The controlled companies and limited partnerships are registered under the Companies Act 1993 and Limited Partnerships Act 2008 and are reporting entities under the Financial Reporting Act 2013. The Pukeroa Oruawhata Charitable Trust is a controlled entity, established under a Trust Deed dated 17 December 2013.

The Group comprises of Pukeroa Oruawhata Trust, Pukeroa Oruawhata Trustees Services Limited, Pukeroa Oruawhata Holdings Limited, Pukeroa Properties Limited, Pukeroa Properties (No.2) Limited, Pukeroa Lakefront Holdings Limited, Pukeroa Properties Management Limited, Waihunuhunukuri Holdings Limited, Lake Road Tavern Limited, Pukeroa Lakefront Limited Partnership, Pukeroa Oruawhata Charitable Trust, Pukeroa Lakefront Limited, Wai Ariki Spa Management Limited, and Wai Ariki Hot Springs and Spa Limited Partnership. Dormant entities include, Lake House Resort Developments Ltd, Rotorua Casino Limited, Casino Rotorua Limited, and Lake Tavern Limited.

The principal activity of the Group is property development, property leasing and charitable activities as outlined in the Pukeroa Oruawhata Charitable Trust Deed.

These consolidated financial statements of the Group are presented in New Zealand dollars for the year ended 31 March 2021 and have been rounded to the nearest dollar. For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), the Group is a for-profit entity.

These consolidated financial statements are authorised for issue by the Trustees on 19 October 2021.

Statement of Compliance

These financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR"). The Group is eligible to apply NZ IFRS RDR because it does not have public accountability and is not a large for-profit public sector entity.

The Trust is an Ahu Whenua Trust under section 251 of the Te Ture Whenua Maori Act 1993 and the financial statements have been prepared in accordance with that Act.

Specific Accounting Policies

The significant accounting policies adopted by the Group are set out below and except for the changes noted below have been consistently applied to all periods presented in these consolidated financial statements.

Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for investment properties and financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Basis of Consolidation

The consolidated financial statements incorporate the financial statements of the Trust and entities controlled by the Trust. Control is achieved when the Trust:

- has power over the investee;
- is exposed, or has rights, to variable returns from its involvement with the investee; and
- has the ability to use its power to affect its returns.

The Trust reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Trust obtains control over the subsidiary and ceases when the Trust loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of comprehensive income from the date the Trust gains control until the date when the Trust ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Trust's accounting policies.

All intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and call deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. For the purposes of the consolidated statement of cash flows, overdrafts are included in cash and cash equivalents. Overdrafts are classified as current liabilities in the consolidated statement of financial position.

Rental Income

The Group enters into retail, office and residential property leases with tenants on its investment property. The Group determined that it retains all significant risks and rewards of ownership and has therefore classified the leases as operating leases. Rental income from investment properties is recognised in the consolidated statement of comprehensive income on a straight line basis over the term of the lease. Contingent rentals are recognised as income in the reporting period in which they are earned.

Capitalised Lease Incentives

Lease incentives which are offered to tenants as an inducement to enter into non-cancellable operating lease are capitalised and included within investment properties and are subsequently amortised over the term of the lease as a reduction of rental income.

Finance Income

Finance income comprises interest income on funds invested and dividend income. Interest is recognised using the effective interest method. Dividend income is recognised on the date that the right to receive payment is established.

Investment Properties

Investment properties are held for long term capital appreciation and to earn rentals. Investment properties are initially measured at cost, plus related costs of acquisition. Subsequent expenditure is charged to the asset's carrying amount only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Properties that are being constructed or developed for future use are classified as investment properties. All costs directly associated with the purchase and construction of a property, and all subsequent capital expenditures for the development qualifying as acquisition costs, are capitalised.

Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in the consolidated statement of comprehensive income in the period in which they arise.

An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal.

Project Development Costs

Development costs are expenses incurred in project investigation. Upon commencement of the project, these expenses will be capitalised to the cost of the project. Alternatively, if the project does not proceed or is impaired, these expenses will be written off.

Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets, which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

Property, Plant and Equipment

Property, Plant and Equipment (PPE) is recorded at cost less accumulated depreciation and impairment losses.

Depreciation

Depreciation is recognised so as to write off the cost or valuation of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the diminishing value method, on the following bases:

Office Equipment	11.4%	to 67%	Diminishing Value
Plant & Equipment	8%	to 50%	Diminishing Value

Intangibles

Intangibles are stated at cost less accumulated amortisation.

The group holds the following Intangibles:

Website Design	50%

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost has been assigned to inventory items on hand at balance date using the first-in first-out basis. Net realisable value represents the estimated selling price for inventories less all estimated costs necessary to make the sale.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

Current Tax

The tax currently payable is based on taxable profit for the year. Taxable profit differs from 'profit before tax' as reported in the consolidated statement of comprehensive income because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. The Group's current tax is calculated using tax rates that have been enacted or substantively enacted by the end of the reporting period.

Deferred Tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. For deferred tax liabilities or assets arising on investment properties measured at fair value, it is assumed that the carrying amounts of investment properties will be recovered through sale. As a result, the Group has not recognised any deferred taxes on changes in fair value of the investment properties as the Group is not subject to any income taxes on the fair value changes of the investment properties on disposal.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences, carrying forward of unused tax losses to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Goods and services Tax

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax (GST) except:

- where the amount of GST incurred is not recovered from the taxation authority, it is recognised as part of the cost of acquisition of an asset or as part of an item of expense; or
- for receivables and payables which are recognised inclusive of GST (the net amount of GST recoverable from or payable to the taxation authority is included as part of receivables or payables).

Secured Bank Loans

All secured bank loans are initially recognised at the fair value of the consideration received, less direct attributable transaction costs. After initial recognition, they are subsequently measured at amortised cost using the effective interest rate method whereby the transaction costs are spread over the expected life of the instrument.

Financial Instruments

Financial assets and financial liabilities are recognised in the statement of financial position when the Group becomes a party to the contractual provisions of the contract.

Financial assets

The Group classifies its financial assets into measurement categories, depending on the purpose for which the asset was acquired. At the reporting date, the Group's financial assets consist of cash and cash equivalents and trade receivables and other receivables, which are classified as financial assets measured at amortised cost.

Amortised cost

These assets incorporate financial assets where the objective is to hold the assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for trade receivables and contract assets are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of non-payment is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the asset.

Impairment provisions for receivables from related parties are recognised based on a forward looking expected credit loss model. The methodology used to determine the amount of the provision is based on whether there has been a significant increase in credit risk since initial recognition of the financial asset. For those where the credit risk has not increased significantly since initial recognition of the financial asset, twelve month expected credit losses along with gross interest income are recognised. For those for which credit risk has increased significantly, lifetime expected credit losses along with the gross interest income are recognised. For those that are determined to be credit impaired, lifetime expected credit losses along with interest income on a net basis are recognised.

Financial liabilities

The Group classifies its financial liabilities depending on the purpose for which the liability was acquired. The Incorporation's accounting policy for financial liabilities is as follows:

Trade payables

Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Original Capital

The original capital of the Parent was established using the Government Valuation of the Parent's land and buildings as at the date of vesting.

Unclaimed Dividends and Distributions

The Te Ture Whenua Act 1993 states that Unclaimed Dividends are dividends held by the Trust for at least 10 years without payment to the shareholder entitled. The Parent maintains a register that lists to whom dividends are payable and the amount of unclaimed dividends held for each shareholder. Where unclaimed dividends are held by the Parent this list is required to be submitted to the Maori Land Court. As claims in respect of unclaimed dividends are received the amount of the claim is payable by the Parent. Unclaimed dividends are classified as a current liability in the Group's consolidated statement of financial position. As claims for Unclaimed Dividends are received and payments made to shareholders the movement results in a reduction of the Unclaimed Dividend balance in the Statement of Financial Position.

Distributions by way of Owners Grants are recorded through the Group's consolidated Statement of Movements in Equity.

An Owners grant in lieu of a dividend was approved at the AGM on 7th November 2020. This grant is payable to the Owners registered at that date who have supplied their bank account numbers and addresses. The grant is available to Owners, subject to the terms of the grants policy, up to the next AGM.

Critical Judgments, Estimates and Assumptions

The preparation of consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of policies and reported amounts of assets and liabilities, income and expenses. Estimates and assumptions are based on historical experience and various other factors that are believed to be reasonable in the circumstances, the results of which form the basis of making judgements about varying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these judgements, estimates and assumptions.

The estimates and assumptions that are critical to the determination of the amounts reports in the financial statements relate to the following:

a) Current and Deferred Tax

The critical estimates and assumptions underlying the measurement of current and deferred tax are set out in Note 4.

b) Fair Value of Investment Properties

The valuation of investment property is dependent on a range of estimates, depending on the valuation methodology used. The critical estimates and assumptions underlying the measurement of investment property are set out in Note 8.

c) Fair Value of interest rate derivatives

The valuation of these instruments is influenced by several factors, including the time of day pricing decisions made, assessment of assumptions and the methodology adopted. A key assumption is the volatility of intra-day interest rates (Refer to note 21 for further details).

Leases - as Lessee

All leases are accounted for by recognising a right-of-use asset and a lease liability, expect for:

- Leases of low value assets: and
- Leases with a term of 12 months or less.

Lease liabilities are measured at the present value of the contractual payments due to the lessor over the lease term, with the discount rate determined by reference to the rate inherent in the lease unless (as is typically the case) this is not readily determinable, in which case the Group's incremental borrowing rate on commencement of the lease is used. Variable lease payments are only included in the measurement of the lease liability if they depend on an index or rate. In such cases, the initial measurement of the lease liability assumes the variable element will remain unchanged throughout the lease term. Other variable lease payments are expenses in the period to which they related.

On initial recognition, the carrying value of the lease liability also includes:

- Amounts expected to be payable under any residual value guarantee;
- The exercise price of any purchase option granted in favour of the group if it is reasonably certain to assess that option;
- Any penalties payable for terminating the lease, if term of the lease has been estimated on the basis of termination option being exercised.

Right of use assets are initially measured at the amount of the lease liability, reduced for any lease incentives received, and increased for:

- Lease payments made at or before commencement of the lease;
- Initial direct costs incurred; and
- The amount of any provision recognised where the group is contractually required to dismantle, remove or restore the leased asset (typically leasehold dilapidations – see note 23)

Subsequent to initial measurement, lease liabilities increase as a result of interest charged at a constant rate on the balance outstanding and are reduced for lease payments made. Right-of-use assets are amortised on a straight-line basis over the remaining term of the lease or over the remaining economic life of the asset if, rarely, this is judged to be shorter than the lease term.

When the Group revises its estimate of the term of any lease (because, for example, it reassesses the probability of a lessee extension or termination option being exercised), it adjustments the carrying amount of the lease liability to reflect the payments to make over the revised term, which are discounted at the same discounted rate that applied on lease commencement. The carrying value of lease liabilities is similarly revised when the variable element of future lease payments dependent on a rate or index is revised. In both cases an equivalent adjustment is made to the carrying value of the right-of-use assets, with the revised carrying amount being amortised over the remaining (revised) lease term.

When the Group renegotiates the contractual terms of a lease with the lessor, the accounting depends on the nature of the modifications:

- If the renegotiation results in one or more additional assets being leased for an amount commensurate with the standalone prove for the additional rights-of-use obtained, the modification is accounted for as a separate lease in accordance with the above policy.
- In all other cases where the renegotiated increases the scope of the lease (whether that is an extension of the lease term, or one or more additional assets being leased), the lease liability is remeasured using the discounted rate applicable on the medication date, with the right-of-use asset being adjusted by the same amount.
- If the renegotiation results in a decrease in the scope of the lease, both the carrying amount of the lease liability and right-of-use asset are reduced by the same proportion to reflect the partial of full termination of the lease with any difference recognised in profit and loss. The lease liability is then further adjusted to ensure its carrying amount reflects the amount of the renegotiated payments over the renegotiated term, with the modified lease payments discounted at the rate applicable on the modification date. The right-of-use asset is adjusted by the same amount.

Changes to accounting policies

There have been no changes in accounting policies. All policies have been applied consistently with the prior period.

NOTE 2. OPERATING REVENUE

The following is an analysis of the Group's revenue for the year.

	NOTE	GROUP 2021 ($)	GROUP 2020 ($)
Bar Sales		818	132,520
Food Court & Operating Expenses Income		1,989,881	1,825,871
Rentals Received		17,143,991	16,286,275
Interest & Dividends Received		83,779	28,202
Outgoings Recovery		1,352,220	1,573,474
Other Income		85,340	14,420
		20,656,029	**19,860,762**

NOTE 3. OPERATING EXPENSES

	NOTE	GROUP 2021 ($)	GROUP 2020 ($)
Trade Receivables Impairment		-	23,138
Lease Fees		174,321	28,640
Depreciation		30,949	34,189
Amoritsation of Lease Liability	23	10,876	10,879
Food Court & Operating Expenses		1,917,571	1,846,279
COVID19 Abatements	25	1,313,669	-
Legal Fees		103,449	160,711
Secretarial & Accounting		368,068	383,114
Audit Fees		36,495	26,000
Directors / Trustees / Committee Fees & Expenses		427,699	473,660
Amortisation of capital lease incentives	8	92,287	91,797
Repairs & Maintenance		1,197,482	1,448,553
Salaries and Wages		358,418	356,318
Other expenses		3,470,812	3,755,618
Other expenses		**$9,502,096**	$8,638,896

NOTE 4. INCOME TAXES

Income recognised in profit or loss

The income tax expense for the year can be reconciled to the accounting profit as follows:

	GROUP 2021 ($)	GROUP 2020 ($)
Current Tax Expense	1,927,997	1,258,761
Movement in Deferred Tax	(731,214)	(364,985)
	1,196,782	893,776

	GROUP 2021 ($)	GROUP 2020 ($)
Profit before tax	31,970,271	(18,097,726)
Income tax expense calculated at 17.5%/28% (2020:17.5%/28%)	5,850,008	(3,547,874)
Adjusted for:		
Arikikapakapa Reserve - Exempt Income	(1,008)	1,476
Changes in Fair Value of Investment Properties	(4,527,625)	4,392,550
Non-taxable dividends	(87,500)	-
Non-Deductible Entertainment	84	4,159
Residential rental property ring fencing of deductions	22,199	52,277
Other adjustments	(59,376)	(8,813)
	1,196,782	893,776
	1,196,782	**893,776**

The tax rate used for the 2021 and 2020 reconciliations above is a combination of the Maori Authority Tax Rate of 17.5% payable by Maori Authority Entities and the Company Tax Rate of 28% as per individual entity requirements.

4.1 Deferred Tax

	Opening balance 1 April 2019	Recognised in Profit or Loss	Closing Balance 31 March 2020	Opening balance 1 April 2020	Recognised in Profit or Loss	Closing Balance 31 March 2021
Assets						
Holiday Pay accrual	1,558	1,524	**3,082**	3,082	(3,082)	**-**
Provision for doubtful debts	7,907	(7,906)	**-**	-	-	**-**
Waikuta Development Costs	10,556	(2,145)	**8,411**	8,411	(930)	**7,481**
Investment Properties	(5,413,439)	(416,809)	**(5,830,247)**	(5,830,247)	(660,015)	**(6,490,263)**
	(5,393,418)	(425,337)	**(5,818,755)**	(5,818,755)	(664,028)	**(6,482,782)**
Other Non-Balance Sheet Items						
	1,588,974	60,353	**1,649,328**	1,649,329	(67,164)	**1,582,166**
Total Asset/ (Liability)	(3,804,445)	(364,985)	**(4,169,430)**	(4,169,430)	(731,214)	**(4,900,644)**

Deferred tax is provided for all taxable temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax assets are recognised to the extent that it is probable that future taxable profits will be available to utilise them. For deferred tax assets or liabilities arising on investment property, it is assumed that the carrying amounts of investment property would be recovered through sale. Deferred tax is disclosed on a net basis, as the deferred tax assets and deferred tax liabilities relate to the same taxation authority.

The carrying amount of deferred tax is reviewed at each balance date.

NOTE 5. MAORI AUTHORITY CREDIT ACCOUNT (MACA)

	Group 2021 ($)	Group 2020 ($)
Opening Balance	5,913,749	5,384,346
Tax paid	586,873	529,379
RWT on Investments	744	25
Credits attached to Distributions from Dividends Received	10,606	-
	6,511,972	**5,913,749**

The closing balance is available to be attached to taxable distributions paid.

Imputation Credit Account

The imputation credits available to shareholders at balance date are $624 (Last Year $624).

NOTE 6. CASH AND CASH EQUIVALENTS

	GROUP 2021 ($)	GROUP 2020 ($)
Cash on Hand	-	1,000
BNZ - Current Account	605,821	253,763
BNZ - Waikuta Project Account	212,824	-
ANZ - Current Account	570,957	105,686
ANZ - Call Account	74	74
BNZ - Investment Accounts	80,429	99,005
Deloitte Distribution Account	9,235	18,496
	1,479,339	**478,025**

NOTE 7. PROJECT DEVELOPMENT COSTS

Project Development Costs comprise of the following Projects:

	GROUP 2021 ($)	GROUP 2020 ($)
Waihunuhunukuri Holdings Ltd		
Lake house development feasibility	91,294	91,294
Pukeroa Lakefront Holdings Ltd		
Lakefront development feasibility	370,501	370,501
Wai Ariki Lakefront Spa Development	10,501,394	14,724,804
Pukeroa Properties No.2 Ltd		
Waikuta development	144,847	136,712
Pererika St Reserve Development	15,520	15,520
Hospice Development	5,572	5,572
CCTU Building	517,657	53,545
Pukeroa Oruawhata Trust		
Residential & commercial development costs	89,166	118,576
	11,735,951	**15,516,526**

	GROUP 2021 ($)	GROUP 2020 ($)
Lake house development feasibility		
Balance at the beginning of the year	91,294	91,294
Costs incurred during the year	-	-
Costs Capitalised during the year	-	-
Balance at the end of the year	**91,294**	**91,294**
Lakefront development feasibility		
Balance at the beginning of the year	370,501	370,501
Costs incurred during the year	-	-
Costs Capitalised during the year	-	-
Balance at the end of the year	**370,501**	**370,501**
Wai Ariki Lakefront Spa Development		
Balance at the beginning of the year	14,724,804	10,184,403
Costs incurred during the year	1,985,326	4,540,401
Costs Capitalised during the year	(6,208,736)	-
Balance at the end of the year	**10,501,394**	**14,724,804**
Waikuta development		
Balance at the beginning of the year	136,712	42,253
Costs incurred during the year	8,135	94,459
Costs Capitalised during the year	-	-
Balance at the end of the year	**144,847**	**136,712**

	GROUP 2021 ($)	GROUP 2020 ($)
Pererika St Reserve Development		
Balance at the beginning of the year	15,520	15,520
Costs incurred during the year	-	-
Costs Capitalised during the year	-	-
Balance at the end of the year	**15,520**	**15,520**
Hospice Building		
Balance at the beginning of the year	5,572	5,572
Costs incurred during the year	-	-
Costs Capitalised during the year	-	-
Balance at the end of the year	**5,572**	**5,572**
CCTU Building		
Balance at the beginning of the year	53,545	4,825
Costs incurred during the year	464,112	48,720
Costs Capitalised during the year	-	-
Balance at the end of the year	**517,657**	**53,545**
Residential & commerical development costs		
Balance at the beginning of the year	118,576	906,645
Costs incurred during the year	89,535	88,829
Costs Capitalised during the year	(118,945)	(876,897)
Balance at the end of the year	**89,166**	**118,576**

NOTE 8. INVESTMENT PROPERTIES

Movements in investment Properties are tabled below:

	Group 2021 ($)	Group 2020 ($)
Balance at the beginning of the year	270,221,181	290,174,179
Purchases/Subsequent capitalised expenditure	8,668,903	3,064,937
Amortisation of capital lease incentives	(92,287)	(91,794)
Fair Value change to investment properties	25,154,383	(22,926,143)
Balance at the end of the year	**303,952,179**	**270,221,181**

Details of the Group's investment properties are as follows:

	Valuer	Fair Value 31 March 2020	Capital Movements	2021 Amortisation of Capital Lease Incentives	Fair value gain/(loss) 2021	Fair Value 31 March 2021
Pukeroa Oruawhata Trust	CGJ	33,772,180	318,214	-	7,940,085	42,030,479
Pukeroa Oruawhata Holdings Ltd	CGJ/JLL	144,161,000	1,935,379	(72,908)	11,051,529	157,075,000
Pukeroa Properties Ltd	CGJ	1,645,000	34,735	-	431,265	2,111,000
Pukeroa Properties No 2 Ltd	CGJ/JLL	47,095,000	171,838	(19,379)	5,473,241	52,720,700
Pukeroa Lakefront Holdings Ltd	CGJ	30,758,000	6,208,737	-	(506,736)	36,460,000
Pukeroa Lakefront Limited Partnership	JLL	9,720,000	-	-	760,000	10,480,000
Waihunuhunukuri Holdings Ltd	CGJ	3,070,000	-	-	5,000	3,075,000
		270,221,181	**8,668,903**	**(92,287)**	**25,154,384**	**303,952,179**

	Valuer	Fair Value 31 March 2019	Capital Movements	2020 Amortisation of Capital Lease Incentives	Fair value gain/(loss) 2020	Fair Value 31 March 2020
Pukeroa Oruawhata Trust	CGJ	32,883,180	1,598,063	-	(709,063)	33,772,180
Pukeroa Oruawhata Holdings Ltd	CGJ / JLL	158,825,000	533,850	(79,568)	(15,118,282)	144,161,000
Pukeroa Properties Ltd	CGJ	1,288,000	656,600	-	(299,600)	1,645,000
Pukeroa Properties No 2 Ltd	CGJ / JLL	51,255,000	276,425	(12,226)	(4,424,199)	47,095,000
Pukeroa Lakefront Holdings Ltd	CGJ	33,033,000	-	-	(2,275,000)	30,758,000
Pukeroa Lakefront Limited Partnership	JLL	9,620,000	-	-	100,000	9,720,000
Waihunuhunukuri Holdings Ltd	CGJ	3,270,000	-	-	(200,000)	3,070,000
		290,174,179	**3,064,937**	**(91,794)**	**(22,926,144)**	**270,221,181**

Valuer	**Abbreviation**
Cleghorn, Gillespie, Jensen Ltd	CGJ
Jones, Lang, Lasalle Limited	JLL

8.1. Fair value measurement of the Group's investment properties

The fair value of the Group's investment property as at 31 March 2021 and 31 March 2020 has been arrived at on the basis of an independent valuation carried out on the respective dates by Jones, Lang, Lasalle Limited and Cleghorn, Gillespie, Jensen Ltd registered valuers. Both valuers have appropriate qualifications and experience in the valuation of properties in the relevant locations. Valuations were carried out for financial reporting purposes. The fair value was determined based on the following techniques and inputs:

Class of property	Valuation techniques	Inputs used
Investment Properties	- Income capitalisation approach	- Gross market rent - Other income capitalisation rate - Core capitalisation rate
	- Discounted Cash flow approach	- Rental growth rate (per annum) - Discount rate - Terminal capitalisation rate - Expense growth rate (per annum) - Vacancy factor
	- Direct Sales Comparison	- Sales market comparisons

Income capitalisation approach

A Valuation technique that looks at the relationship between the income of a property and its expected returns. Capitalisations rates and yields are assessed by comparing the subject property to similar properties that have recently sold with adjustments for factors taking into consideration matters such as tenure, quality of construction, condition, size, and lease term, quality of tenant, security of income and the highest and best use scenario. The highest and best use scenario attempts to reflect what a prudent investor would pay for an asset given its expected ability to achieve a financial return commensurate with the risks involved in that asset.

Unobservable inputs within the income capitalisation approach	
Gross market rent	The annual amount for which a tenancy within a property is expected to achieve under a new arm's length leasing transaction, including a fair share of property operating expenses.
Core capitalisation rate	The rate of return, determined through analysis of comparable, market-related sales transactions, which is applied to a property's sustainable net income to derive value.
Other income capitalisation rate	The rate vv return which is applied to other, typically short-term of uncontracted, sources of property income to derive value and which is assessed with consideration to the risks in achieving each income source.

Discounted cash flow analysis

A valuation technique which requires explicit assumptions to be made regarding the prospective income and expenses of a property over an assumed holding period. The assessed cash flows are discounted to derive a net present value for the investment property.

Unobservable inputs within the discounted cash flow analysis approach	
Rental growth rate	The annual growth rate applied to market rents over an assumed holding period.
Discount rate	The rate which is applied to a property's future net cash flows to convert those cash flows into a present value determined through analysis of recent comparable sales, current level of the 10 year Government Bond Rate, dialogue with active institutional investors and property trust investors and property's lease covenants and quality of improvements
Terminal capitalisation rate	The rate which is applied to the market net income at the end of an assumed holding period to derive and estimated future market value. Determined with regard to perceived market conditions at the end of the period, leasing profile and condition of the property at that time.
Expenses growth rate	The annual growth rate applied to property operating expenses over an assumed holding period.
Vacancy rate	Probability based assumptions regarding letting up and fit out incentives for all tenants upon expiry of their leases.

Direct sales comparison approach

A valuation technique that is an estimate of value based on a comparison of the asset to similar assets that have recently sold. Adjustments are made to allow for factors such as the date of sale, size of property, location, quality, condition, marketability, general condition plus access, contour and tenure.

8.2. Leasing arrangements

Investment property comprises a number of commercial and residential properties that are leased to third parties. Each of the leases contains an initial non-cancellable period. Subsequent renewals are negotiated with the lessee. Minimum lease payments receivable on leases of investment properties not recognised in the financial statements are as follows:

	GROUP 2021 $	GROUP 2020 $
Less than one year	14,505,650	15,238,020
One to two years	11,585,360	12,288,679
Two to three years	10,474,583	9,987,870
Three to four years	8,694,950	9,354,353
More than five years	24,221,541	27,226,318
Total	**69,482,083**	**74,095,240**

Future minimum lease payments receivable exclude contingent rents. Contingent rents are receivable from various tenants and are subject to tenants exceeding a base turnover. Turnover that is over and above the base turnover stipulated in the lease agreements are then subject to further payments of between 3% - 8% of the tenant's turnover.

8.3 Impact of the COVID-19 global pandemic on Investment Property Valuations

Valuation Technique 31 March 2020

As at 31 March 2020, the independent valuations of the group's portfolio were reported on the basis of 'material valuation uncertainty' on recommended by the New Zealand Institute of Valuers to highlights the difficulties in undertaking valuations in the market prevailing at the time. This implies the valuations the valuations were current at the date of the valuation only and that less certainty and a higher degree of caution should be applied to the valuations.

As at 31 March 2021 the valuers have adopted a fair value approach. The introduction of restrictions on people and businesses, alongside significant economic stimulus packages have resulted in fluctuations in asset values. The reported valuer has concluded on the basis of 'material valuation uncertainty' as defined by the Property Institute of New Zealand, and consequently less certainty and a higher degree of caution should be applied to the valuations.

PUKEROA ORUAWHATA TRUST AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST MARCH 2021

NOTE 9. PROPERTY, PLANT & EQUIPMENT

	Group		
	Office Equipment	Plant and equipment	Total
(i) Cost			
As at 1 April 2019	90,304	285,370	375,673
Additions	12,812	3,499	16,312
As at 31 March 2020	**103,116**	**288,869**	**391,985**
As at 1 April 2020	103,116	288,869	391,985
Additions	-	-	-
Disposals	(12,244)	(16,496)	(28,739)
As at 31 March 2021	**90,873**	**272,373**	**363,246**
(ii) Accumulated Depreciation			
As at 1 April 2019	(65,277)	(96,199)	(161,476)
Depreciation	(9,715)	(23,962)	(33,677)
Disposals			-
As at 31 March 2020	**(74,992)**	**(120,160)**	**(195,152)**
As at 1 April 2020	(74,992)	(120,160)	(195,152)
Depreciation	(11,304)	(19,645)	(30,949)
Disposals	11,726	16,496	28,221
As at 31 March 2021	**(74,571)**	**(123,309)**	**(197,880)**
(iii) Net book value			
At 31 March 2019	25,027	189,171	214,197
At 31 March 2020	28,124	168,709	196,832
At 31 March 2021	**16,301**	**149,063**	**165,364**

NOTE 10. SECURED LOANS

Secured loans are provided by Bank of New Zealand and ANZ bank. At balance date the following facilities were drawn down. There were no unused facilities at balance date.

	GROUP 2021 ($)	GROUP 2020 ($)
BNZ Facility drawn down - Current	3,763,600	4,084,288
ANZ Facility drawn down - Current	750,000	750,000
BNZ Facility drawn down	86,501,333	87,142,621
ANZ Facility drawn down	33,435,948	33,873,448
Ministry of Business, Innovation and Employment	1,419,002	-
	$125,869,883	**$125,850,357**

The current weighted average effective interest rate on the BNZ bank loans is 3.2% (2020:4.6%) per annum, and 2.8% (2020:4%) per annum on the ANZ bank loans.

At balance date there are no known breaches for the bank covenants.

10.1 Security

BNZ Facilities

The Bank of New Zealand ("BNZ") holds security for loan facilities provided to Pukeroa Oruawhata Trust by first mortgage over properties at 7 Sala Street, Rotorua, properties at 3 Ti Street, Rotorua, 254 Fenton St, Rotorua and 2B Ranolf Street, Rotorua. There is also security by way of a guarantee from Pukeroa Oruawhata Holdings Limited for the amount of $9,000,000 plus interest and costs in terms of the Bank's standard guarantee form.

The BNZ holds security for loan facilities provided to Pukeroa Oruawhata Holdings Limited by first mortgages bounded by Fenton, Amohau, Haupapa Streets and a debenture over the assets and undertakings of the Company. Pukeroa Oruawhata Holdings Limited also holds a company guarantee of $2,185,000 over Waihunuhunukuri Holdings Limited. There is an unlimited interlocking company guarantee between Pukeroa Oruawhata Holdings Limited and Pukeroa Properties Limited.

The BNZ holds security for loan facilities provided to Pukeroa Properties Limited by first mortgage over properties at, 9 Froude Street, 10 Meade Street, and 96 and 96A Taharangi Street Rotorua. There is also security by way of a perfected security interest in all present and after acquired property of Pukeroa Properties Limited and an unlimited interlocking company guarantee between Pukeroa Oruawhata Holdings Limited and Pukeroa Properties Limited.

The BNZ holds security for loan facilities provided to Waihunuhunukuri Holdings Limited by first mortgage over properties at Corner Lake Road and Houkotuku, and 41-45 Lake Road Rotorua. There is also security by way of a perfected security interest in all present and after acquired property of Waihunuhunukuri Holdings Limited and an interlocking company guarantee between Pukeroa Oruawhata Holdings Limited and Waihunuhunukuri Holdings Limited of $1,575,000 and $850,000.

The BNZ holds security for loan facilities provided to Pukeroa Lakefront Limited Partnership by first mortgage over 34 Taui Street Rotorua and Lot 4, The Care Village 32 Taui street. There is also security by way of a perfected security interest in all present and after acquired property of Pukeroa Lakefront Limited Partnership and an interlocking company guarantee between Pukeroa Oruawhata Holdings Limited, Waihunuhunukuri Holdings Limited, Pukeroa Oruawhata Investments Limited and Pukeroa Lakefront Limited Partnership for the amount of $8,300,000 plus interest and costs in terms of the Banks standard guarantee form.

ANZ Facilities

The ANZ Bank holds security for loan facilities provided to Pukeroa Properties Limited No2 by first mortgage over Trade Central, Rotorua and an unlimited cross guarantee between Pukeroa Oruawhata Holdings Ltd, Pukeroa Lakefront Holdings Ltd and Pukeroa Properties No2 Ltd.

The ANZ Bank holds security for the interest only loan facility provided to Pukeroa Lakefront Holdings Limited by first mortgage over the properties held at Hinemaru, Whakaue and Houkotuku Street, Rotorua.

Facility	Maturity Term	Covenants
BNZ	29/04/2022 - 19/09/2023	Loan to Valuation Ratio - Less than 60% EBIT to be greater than 1.75 times more than interest cost
ANZ	30/06/2023	Loan to Valuation Ratio - Less than 55% Net Rental Cover to be greater than 1.75 times more than interest cost

Ministry of Business, Innovation and Employment (MBIE)

During the year Pukeroa Lakefront Holdings Limited received $1,419,001 from Ministry of Business, Innovation and Employment (MBIE) for the Wai Ariki Hot Springs and Spa project. The funding was through the provincial development unit. There is a facility limit of $38 million and $6.5 million. The facilities are secured through a second ranking mortgage over property held for security by BNZ and ANZ.

NOTE 11. RETAINED EARNINGS

Retained earnings comprise of the following:

	Retained earnings taxable - operating	Retained earnings investment Property Revaluations	Total retained earnings (operating and property revaluations)
Balance at 1 April 2019	16,031,048	148,681,011	164,712,060
Total comprehensive income for the year	3,934,643	(22,926,144)	(18,991,502)
Transfer from Retained Earnings Taxable	8,436	-	8,436
Distributions	-	(681,805)	(681,805)
Balance at 31 March 2020	**19,974,127**	**125,073,062**	**145,047,189**
Balance at 1 April 2020	19,974,127	125,073,062	145,047,189
Total comprehensive income for the year	30,773,490	-	30,773,489
Transfer from Retained Earnings Taxable	(5,760)	-	(5,760)
Distributions	-	(586,699)	(586,699)
Balance at 31 March 2021	**50,741,857**	**124,486,363**	**175,228,219**

NOTE 12. ARIKIKAPAKAPA RETAINED EARNINGS (TAXABLE)

The Parent obtained the management rights for Arikikapakapa Reserve on 21 November 2014. The Arikikapakapa Reserve is established under the Reserves Act 1977 with rental income to be held by the administering body (Pukeroa Oruawhata Trust) and applied for the purposes of the Act. Surplus funds are retained by the parent in a separate reserves account.

NOTE 13. RETAINED EARNINGS (TAX FREE)

The Parent and Pukeroa Oruawhata Holdings Limited elected to join the Maori Authority regime for tax purposes from 1 April 2004. Pukeroa Lakefront Holdings Limited entered the regime from 1 April 2005. Distributions to members from income retained prior to the 2004-2005 income year will be treated as non-taxable distributions in the hands of the members.

NOTE 14. CAPITAL RESERVES

Capital Reserves hold the Original settlement funds from the settlement of the railway land to Pukeroa Oruawhata Holdings Limited of $5,625,000 and other capital reserves of $154,659.

NOTE 15. LOANS ADVANCED

	GROUP 2021 ($)	GROUP 2020 ($)
Current Portion		
Rotorua Continuing Care Trust	63,000	63,000
Non- Current Portion		
Waikite Rugby and Sports Club Incorporated	20,001	30,000
Rotorua Continuing Care Trust	103,108	229,221
Te Taumata O Ngati Whakaue Iho-Ake Trust	100,757	100,757
Total Non- Current Portion	**223,866**	**359,978**
Total Loans	**286,866**	**422,978**

Waikite Rugby and Sports Club Incorporated

During the 2019 year, Pukeroa Oruawhata Charitable Trust entered an agreement to loan $30,000 to Waikite Rugby and Sports Club Incorporated on the 13th September 2018. The term is interest free for 3 years and repayable on the maturity of the term. An interest rate of 12% after maturity then applies. This loan is unsecured.

Rotorua Continuing Care Trust

During the 2019 year, Pukeroa Lakefront Limited Partnership entered an agreement to loan the principal sum of $392,201 at an annual interest rate of 8%. The Loan arrangement commenced on the 21st September 2018 with interest and principal payments of $1,153 per week. From the 21st September 2019 Principal and interest payments increase to $2,307 per week until the expiry date of 24 September 2022. Pukeroa Lakefront Limited Partnership holds a First Ranking General Security over the Trust's present and after acquired property along with a first Ranking security over the registered lease on 32 Taui Street, Ngongotaha, Rotorua 3010.

Te Taumata O Ngati Whakaue Iho- Ake Trust

During the year Pukeroa Oruawhata Trust entered into an agreement to loan Te Taumata O Ngati Whakaue Iho- Ake Trust $100,757. The loan is interest free and repayable over an agreed term.

NOTE 16. RELATED PARTIES

Balances and transactions including inter-group lease arrangements between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of the Group's subsidiaries are disclosed in note 23. The balances owing at year end between the entities are instead disclosed by way of current and non-current liabilities or non-current assets and are unsecured, interest free and non-repayable in the next 12 months. Details of transactions between the Group and other related parties are disclosed below.

During the year, Group entities entered into the following trading transactions with related parties that are not members of the Group:

- Pukeroa Oruawhata Holdings hold ground leases for buildings on land owned by the Ngati Whakaue Education Endowment Trust Board at 1239-1241 Amohau Street, 1175-1315 Amohau / Tutanekai Street and 1209 -1211 Amohau Street Malcolm Short and Monty Morrison are Trustees of the Ngati Whakaue Education Endowment Trust and Directors within the Group. The value of ground lease payments made was $73,226 (2020: $73,226). At Balance date there are no amounts outstanding (2020: $Nil)

No related party transactions have been forgiven or written off.

Key Management Personnel

The Group has related party relationships with its key management personnel. Key management personnel include the Trust's Board of Trustees. In total there were 10 key personnel during 2021. Compensation totals include Directors, Trustees, committee fees, expenses and contract services for the general manager for the group.

	GROUP 2021 ($)	GROUP 2020 ($)
Key Personnel	427,699	473,660
FTE's	10	10

NOTE 17. CAPITAL COMMITMENTS

At balance date the group had the following capital commitments

	GROUP 2021 ($)	GROUP 2020 ($)
Haupapa House	36,855	-
Stihl Shop	922,000	-
Petstock	1,130,000	-
Wai Ariki Spa	39,961,000	-
	42,049,855	

Other than the above there were no capital commitments to be noted at 31 March 2021 (2020: $Nil).

NOTE 18. CONTINGENT ASSETS AND LIABILITIES

Southern Arikikapakapa Reserve

The Whakarewarewa Joint Trust, comprising of representatives from Pukeroa Oruawhata Trust, The three hapu of Ngāti Whakaue (Comprising of Ngāti Hurungaterangi, Ngāti Taeotu me Ngāti Te Kahu o Ngāti Whakaue), Tūhourangi and Ngāti Wahiao, holds the ownership and manages the leases in the land in the Whakarewarewa Valley and the Roto-a Tamaheke Reserve.

An arbitration panel, to determine the entitlement to the land and reserves concluded in 2013 ruling that interest in the land should be split 50/50 between Ngati Whakaue and Tūhourangi/Ngāti Wahiao. The three hapu of Ngāti Whakaue appealed the decision with the High Court and then with the Court of Appeal.

Further to that, a Court of Appeal judgement between the Three Hapu of Ngati Whakaue and Ngati Wahiao was issued on the 26th September 2017. This judgement declared that all proceedings revert back to a period known as the "interim period". During the "interim period" distributions made to the beneficiaries are now deemed to have been advances. On expiry of the interim period, any payments made during this period shall be deemed to be satisfied on account if the recipient is the final beneficiary, or may be due and owing to the Whakarewarewa Joint Trust on demand if the recipient is not the final beneficiary.

A contingent liability exists if the Pukeroa Oruawhata Trust is found not to be a final beneficiary. To date the Pukeroa Oruawhata Trust has received distributions/advances of $452,692 net of Maori Authority Credits from the Whakarewarewa Joint Trust which represents a 25% interest in the Whakarewarewa Joint Trust lands. These advances have been recorded through the Consolidated Statement of Comprehensive Income since 2016.

A contingent asset exists for the Pukeroa Oruawhata Trust if it is found that their interest in regards to the land interests and entitlements as outlined in the Whakarewarewa and Roto-a-Tamaheke Vesting Act 2009 is more than 25%. The quantum of this is unable to be verified until the outcome of new arbitration has been completed which is due to be held in April 2022 (This part is new)

Waikuta No2 Ahu Whenua

The group has entered into an arrangement with Waikuta No2 Ahu Whenua Trust to receive and store fill on their land. A contingent liability exists for the ongoing monitoring costs and any potential remediation to the site if required by the local environment council. These costs are unable to be quantified.

Subject to the above there are no other known material contingent liabilities or assets.

NOTE 19. SUBSEQUENT EVENTS

In mid-April 2021, quarantine-free travel commenced between New Zealand and Australia. However, that arrangement has since been amended or suspended on a number of occasions, and, at the time of signing these financial statements, is suspended.

In Wellington in late June 2021, size restrictions were placed on public gatherings and non-essential businesses were allowed to open their premises to customers only if they could maintain social distancing. These restrictions were fully removed after one week.

On 17 August 2021, following the detection of COVID-19 in the community, the New Zealand Government ordered an economy-wide lockdown, during which all non-essential businesses and organisations would not be permitted to operate. The lockdown, which commenced at 11:59pm on 17 August, was reduced to level 3, for regions south of Auckland, from 11:59pm on 31 August 2021, and then to level 2 from 11:59pm on

the 7 September 2021. The group offered rental abatements to tenants totalling approximately $410,000. The lockdown, at level 2, is expected to be in place at the signing of these financial statements.

On 17 August 2021, following the detection of COVID-19 in the community, the New Zealand Government ordered an economy-wide lockdown, during which all non-essential businesses and organisations would not be permitted to operate. The lockdown, which commenced at 11:59pm on 17 August, was reduced to level 3, for regions south of Auckland, from 11:59pm on 31 August 2021, and then to level 2 from 11:59pm on the 7 September 2021. The group offered rental abatements to tenants totalling approximately $410,000. The lockdown, at level 2, is expected to be in place at the signing of these financial statements.

Subsequent to Balance date, Te Taumata o Ngati Whakaue Charitable Trust repaid the amount of $100,757 in full on the 30th June 2021.

NOTE 20. FINANCIAL INSTRUMENTS

	Group 2021				
	At amortised cost	Fair value through profit or loss	At amortised cost	Fair value through profit or loss	
	Financial Assets		Financial Liabilities		Total
Cash & cash equivalents	1,529,339	-	-	-	**1,529,339**
Trade & other receivables	333,506	-	-	-	**333,506**
Trade & other payables	-	-	2,328,467	-	**2,328,467**
Secured Bank Loans	-	-	125,869,883	-	**125,869,883**
Interest rate derivatives	-	-	-	580,284	**580,284**

	Group 2020				
	At amortised cost	Fair value through profit or loss	At amortised cost	Fair value through profit or loss	
	Financial Assets		Financial Liabilities		Total
Cash & cash equivalents	478,025	-	-	-	**478,025**
Trade & other receivables	93,092	-	-	-	**93,092**
Trade & other payables	-	-	1,593,186	-	**1,593,186**
Secured Bank Loans	-	-	125,850,357	-	**125,850,357**
Interest rate derivatives	-	-	-	1,647,712	**1,647,712**

NOTE 21. INTEREST RATE DERIVATIVE

Under interest rate swap contracts, the Group agrees to exchange the difference between fixed and floating rate interest amounts calculated on agreed notional principal amounts. Such contracts enable the Group to mitigate the risk of changing interest rates on the fair value of issued fixed rate debt and the cash flow exposures on the issued variable rate debt. The fair value of interest rate swaps at the end of the reporting period is determined by discounting the future cash flows using the curves at the end of the reporting period and the credit risk inherent in the contract and is disclosed below. The average interest rate is based on the outstanding balances at the end of the reporting period..

The interest rate swaps settle on a quarterly basis. The floating rate on the interest rate swaps is the local interbank rate of New Zealand. The Group will settle the difference between the fixed and floating interest rate on a net basis.

The Group holds interest rate swap contracts exchanging fixed rate interest for floating rate interest. Movements are recognised at fair value in the consolidated statement of comprehensive income.

	Group 2021 ($)	Group 2020 ($)
Balance at beginning of reporting period	1,647,712	1,728,329
Change in fair value	1,067,428	(80,617)
Balance at end of the reporting period	**$580,284**	**$1,647,712**

NOTE 22. COMPOSITION OF THE GROUP

Details of the Group's Parent, Pukeroa Oruawhata Trust's material subsidiaries at the end of the reporting period are as follows:

		Proportion of ownership interest and voting power held by the Group	
Name of subsidiary	Principal activity	2020	2019
Pukeroa Oruawhata Holdings Limited	Property Development and Leasing	100%	100%
Pukeroa Properties Limited	Property Development and Leasing	100%	100%
Pukeroa Properties No.2 Limited	Property Development and Leasing	100%	100%
Pukeroa Lakefront Holdings Limited	Property Development and Leasing	100%	100%
Waihunuhunukuri Holdings Limited	Property Development and Leasing	100%	100%
Lake Road Tavern Limited	Bar Operations	100%	100%
Pukeroa Oruawhata Charitable Trust	Charitable entity	100%	100%
Pukeroa Lakefront Limited Partnership	Property Development and Leasing	100%	100%
Wai Ariki Lakefront Spa Limited	Spa Resort	100%	100%
Wai Ariki Spa Management Limited	Management Company	100%	100%
Pukeroa Properties Management Limited	Management Company	100%	100%

All entities are incorporated and domiciled in New Zealand with a 31 March balance date.

NOTE 23. LEASES

Details of the Group's Parent, Pukeroa Oruawhata Trust's material subsidiaries at the end of the reporting period are as follows:

	Group Land	Total
Right-of-Use Assets		
At 1 April 2019	2,802,165	2,802,165
Amortisation	(10,877)	(10,877)
At 31 March 2020	**2,791,288**	**2,791,288**
At 1 April 2020	2,791,288	2,791,288
Amortisation	(10,876)	(10,876)
At 31 March 2020	**2,780,412**	**2,780,412**

	Group Land	Total
Lease Liabilites		
At 1 April 2019	2,802,165	2,802,165
Interest Expense	15,099	15,099
Lease Payments	(73,228)	(73,228)
At 31 March 2020	**2,744,036**	**2,744,036**
At 1 April 2020	2,744,036	2,744,036
Interest Expense	14,785	14,785
Lease Payments	(73,228)	(73,228)
At 31 March 2021	**2,685,593**	**2,685,593**

	Group 2021	2020
Lease Liabilities Due		
Up to 12 months	73,227	73,227
Between 1 and 5 years	366,135	366,135
More than 5 Years	2,559,563	2,632,790
	2,998,925	**3,072,152**

Lease Commitments

At balance date the Group, as lessee, had lease commitments to:

Lessor	Description	Lease Commencement	Lease Expiry
Ngati Whakaue Education Endowment Trust	Land Lease - Amohau and Tutanekai Streets, Rotorua	1 January 2000	31 December 2062
Ngati Whakaue Education Endowment Trust	Land Lease - Amohau Street, Rotorua	1 January 2000	31 December 2062
Ngati Whakaue Education Endowment Trust	Land Lease - Amohau Street, Rotorua	1 January 2000	31 December 2062
Ngati Whakaue Education Endowment Trust	Land Lease - Amohia and Amohau Streets, Rotorua	1 January 2015	30 June 2057

NOTE 24. UNSECURED LOANS

During the year Pukeroa Property Management Limited received $185,064 from Ministry of Business, Innovation and Employment (MBIE) for the Waikuta Marae Refurbishment. The total agreement provides funding for an amount up to $370,127 plus GST. During the year costs for the project totalled $28,846. The balance of $156,215 is held in trust on behalf of the Waikuta Marae committee and is sitting as a current liability on the basis this will be incurred in the coming year. Pukeroa Property Management Limited is acting as an agent on behalf of Waikuta managing the project.

NOTE 25. COVID-19

A new virus, COVID-19, arose in China in December 2019 and became a global pandemic by March 2020. In response to the pandemic, in late March 2020 the New Zealand Government ordered a four-week lockdown, during which non-essential businesses and organisations were not allowed to operate and individuals (other than essential workers or those undertaking essential business) were required to stay at home. New Zealand was in this lockdown period at the reporting date. In late April 2020, the lockdown period ended and the New Zealand Government started gradually easing the restrictions that had been placed on businesses, organisations and individuals. During the four-week lockdown period the Group was still able to operate as its main revenue sources relate to rental income.

In response to the COVID 19 global pandemic the group has agreed a rent relief framework which is being implemented across the majority of the Group's tenants. This framework includes rental abatements across April, May and June 2020 rental income totalling abatements of $1,313,669. The Group has also amended a number of tenancies to Gross Lease and Base rent plus sales percentage rentals. These changes are accounted for as lease modifications under NZ IFRS, with the change in lease payments amortised over the remaining terms of the leases.

As a result of COVID-19 pandemic the New Zealand Government imposed various restrictions on trading at various times throughout the 2021 financial year. As a result of those restrictions, at reporting date,

COVID-19 was not present in the community and there were no restrictions on the activities of individuals or businesses within New Zealand, although substantial restrictions remain at the border.

In addition, the New Zealand Government has commenced a COVID-19 vaccination program that it intends to conclude by the end of the 2021 calendar year.h

After year end COVID-19 was present in the community resulting in a Level 4 lockdown (refer subsequent events note).

NOTE 26. COVID-19 WAGE SUBSIDY

The group determined the criteria for claiming the Covid-19 wage subsidy was met, based on Covid-19 effects on cashflows, and accordingly the group claimed $14,059 in March 2020 for Lake Road. This was not utilised until the 2021 Financial year. Pukeroa Oruawhata Trust and Pukeroa Properties Management Limited both also met the criteria and applied for the subsidy and received $21,089 in Pukeroa Property Management Limited and $7,030 in Pukeroa Oruawhata Trust in April 2020.

NOTE 27. TE PUIA VESTING

The New Zealand Māori Arts and Crafts Institute Vesting Act 2020 ('the Act') received royal assent on 24 July 2020 and vested the assets and liabilities of the New Zealand Māori Arts and Crafts Institute ('NZMACI') into the Te Puia NZMACI Limited Partnership (the 'Limited Partnership') which is managed by the Te Puia NZMACI Management Limited ("Management Company"). On vesting, Pukeroa Oruawhata Trust received a 25% share in the Limited Partnership and Management Company. For clarity this is only the business and not the underlying land. At the time of signing off the Financial Statements for Pukeroa Oruawhata Trust, the Te Puia Management Company was not in a position to quantify the value of the assets and therefore Pukeroa Oruawhata Trust has not been able to recognise the value of the investment in accordance with NZ IAS 28 Investments in Associates and Joint Ventures.

PUKEROA ORUAWHATA

TRUST