2023 Annual Report

PUKEROA ORUAWHATA TRUST

Te Manako nui

Our Vision 1880

Looking to the past to forge the future

To be an organisation that returns Ngāti Whakaue to its full and rightful land ownership position in particular, 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 and integrity

Kia tika – professionalism, expertise and acumen

Kia aroha – respect and empathy

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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

Bankers: Bank of New Zealand, ANZ and MBIE (PLHL)

Entities

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
PLLP	Pukeroa Lakefront Limited Partnership
PPL	Pukeroa Properties Ltd
PPL2	Pukeroa Properties (No.2) Ltd
PPML	Pukeroa Property Management Ltd
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
WAHSS	Wai Ariki Hot Springs & Spa Limited Partnership
POCT	Pukeroa Oruawhata Charitable Trust

Directory

Trustees/Directors

Malcolm Short
Chair

David Tapsell
Deputy Chair

Rawiri Waru

Monty Morrison

Tina Ngatai

Sindu Morrison

Jeanna Love
Director PLHL only

Executive Team

Mark Gibb
Chief Executive Officer

Kim Mowbray
Chief Financial Officer

Gary Herbert
Senior Property Manager

Operational Team

Lee Emery
Property Administrator

Lee Allen
Property & Facilities Manager

Helen Crawford
Personal & Executive Assistant

Governance Structure

PUKEROA ORUAWHATA TRUST

Trustees:

Malcolm Short (Chairman)

David Tapsell

Monty Morrison

Tina Ngatai

Sindu Morrison

Rawiri Waru

Property & Development Sub-Committee

Malcolm Short (Chairman)

Tina Ngatai

Rawiri Waru

Sindu Morrison

Audit & Risk Sub-Committee

Tina Ngatai (Chair)

Monty Morrison

Jeanna Love

Sindu 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

Monty Morrison

Tina Ngatai

Rawiri Waru

Sindu Morrison

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

Tina Ngatai

Rawiri Waru

Jeanna Love

Sindu Morrison

CHARITABLE

Pukeroa Oruawhata Trustee Services

Pukeroa Oruawhata Charitable Trust

Trustees:

Malcolm Short (Chairman)

David Tapsell

Monty Morrison

Tina Ngatai

Rawiri Waru

Sindu Morrison

2022 Minutes

Minutes of the 2022 Annual General Meeting of owners held at Tamatekapua on Saturday, 5 November 2022.

CHAIRMAN: Malcolm Short

MINUTE TAKER: Helen Crawford

MIHI & KARAKIA: Monty Morrison

ATTENDANCE:
80 in person with 50 viewing via the website portal livestream.

APOLOGIES:

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

MINUTES:
The previous AGM minutes of the 2021 AGM (held 22 March 2022) be taken as read.

RESOLVED: "That the 2021 minutes (held 22 March 2022) be confirmed as a true and accurate record."
(Malcolm Short / Rawiri Waru) Carried

A powerpoint presentation showing key highlights for each speaker was provided during the course of the meeting alongside the 2022 Annual Report booklet.

CHAIRMAN'S REPORT:

Malcolm read his report and stated the 2020 and 2021 Covid-19 lockdowns continued to have an impact on our business operations.

Key points:

- We now have a new set of challenges – high inflation and ongoing increases in the OCR rate
- Pukeroa is still in a strong position as a result of our operating performance across the group supported by 94% tenancy occupancy.
- Our 25% of Te Puia business assessed at $12m
- We are maintaining our Strategic Plan & Purpose
- We are collaborating more with our NW entities

RESOLVED: "That the Chairman's report be received."
(Malcolm Short/Alec Wilson) Carried

Voting Poll opened. Rawiri Waru confirmed all were in favour.

OWNERS GRANT IN LIEU OF DIVIDEND:

The trustees recommended that $900,000 be set aside for distribution as an Owner's Grant (in lieu of a Dividend) according to the 2022 distribution table provided.

RESOLVED: "That the 2022 Owners' Grant in lieu of a dividend to the value of $900,000 be supported and approved"
(Malcolm Short/Alec Wilson) Carried

Voting Poll opened. Rawiri Waru confirmed the vote was in favour of the resolution.

CHIEF EXECUTIVE'S REPORT:

Mark Gibb spoke to his report.

Key points:

- It has been a challenging 12 months for the business however assets increased by $25m and the equity position is strong at $205m
- Treasury Management Policy manages our debt and risk
- Pukeroa is well placed to meet the resurgence phase of the NZ economy, noting the high inflationary environment will provide short to medium term impacts as increases in interest rates flow through

RESOLVED: "That the Chief Executive's report be received."
(Mark Gibb/Bryce Morrison) Carried

COMPANY PRESENTATIONS:

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

Rawiri Waru – Residential

Key points:

- We have 25 homes which are fully tenanted
- Rent levels are below the median for the area but do need to be reviewed
- Plan Change 9 – provides further opportunities for intensification across the Trust's existing land holdings

RESOLVED: "That the Residential report be received." (Rawiri Waru/Bryce Morrison) Carried

Monty Morrison – Pukeroa Oruawhata Charitable Trust

Key points:

- Our focus is on support for eyes, ears, oral and other health related matters
- Covid impacted the number of applications during this financial period
- Treatment must be undertaken in NZ
- Applicants can apply for reimbursement or provide a quote from the supplier
- There is no age restriction or restriction on the number of whānau trust members who can apply

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

Tina Ngatai – Large Format Retail

Key points:

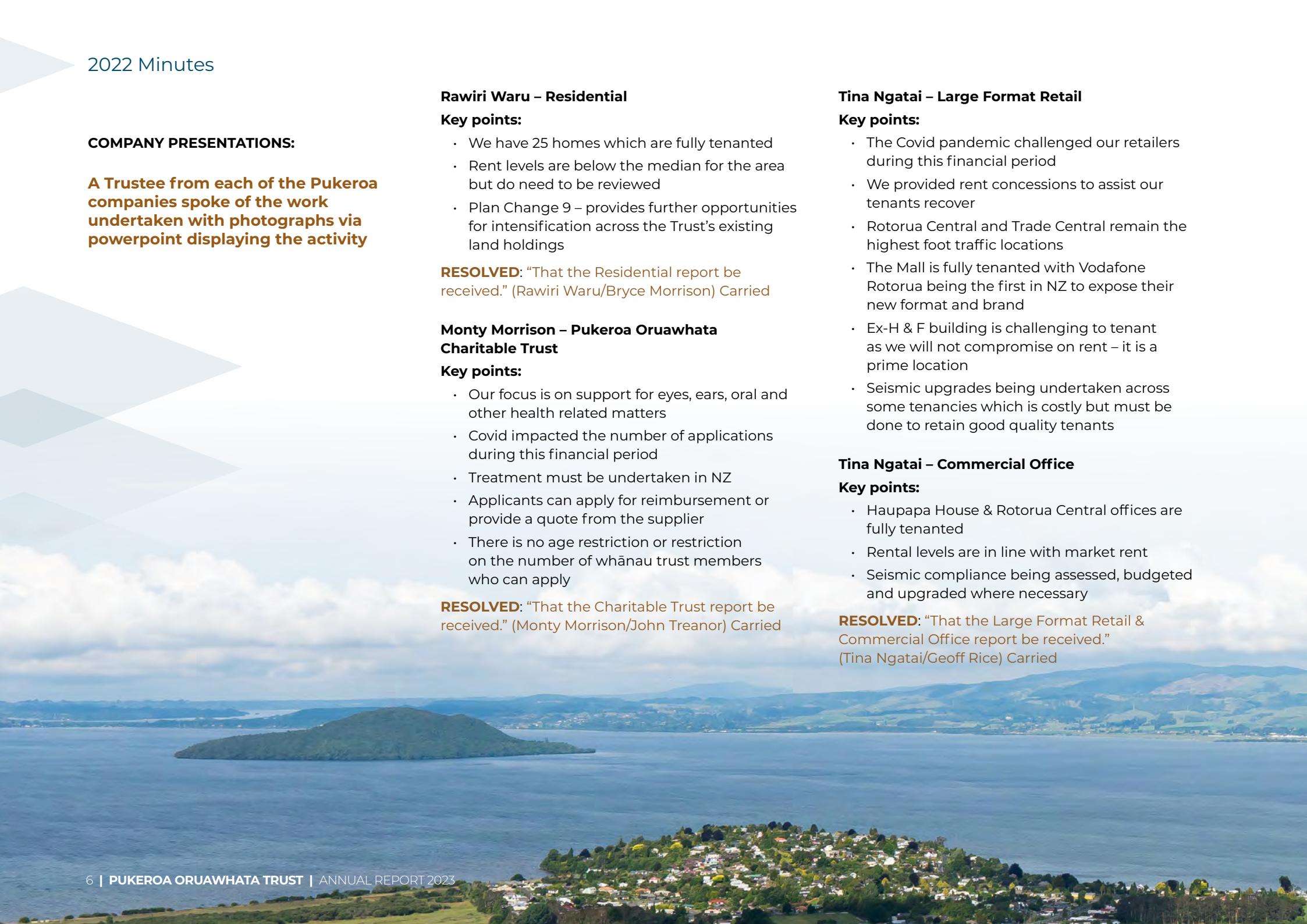
- The Covid pandemic challenged our retailers during this financial period
- We provided rent concessions to assist our tenants recover
- Rotorua Central and Trade Central remain the highest foot traffic locations
- The Mall is fully tenanted with Vodafone Rotorua being the first in NZ to expose their new format and brand
- Ex-H & F building is challenging to tenant as we will not compromise on rent – it is a prime location
- Seismic upgrades being undertaken across some tenancies which is costly but must be done to retain good quality tenants

Tina Ngatai – Commercial Office

Key points:

- Haupapa House & Rotorua Central offices are fully tenanted
- Rental levels are in line with market rent
- Seismic compliance being assessed, budgeted and upgraded where necessary

RESOLVED: "That the Large Format Retail & Commercial Office report be received." (Tina Ngatai/Geoff Rice) Carried



David Tapsell – Tourism

Key points:

- Tourism is recovering in NZ with Te Puia the indicator for the level of tourism happening in Rotorua
- Objective is to own and/or manage a portfolio of tourism interests
- We are employing Ngāti Whakaue in the new Spa build and we continue to advertise positions with the hope our NW whanau are able to take up these opportunities.
- Discounts for NW are being worked on with an announcement to be made before opening
- More than 1 night in Rotorua – tourist attractions and accommodation. Objective is to capture the tourism pipeline

RESOLVED: "That the Tourism report be received." (David Tapsell/Miriama Searancke) Carried

Alexander Wilson (Accountant/Deloitte): Financial Report

- Alex provided commentary and graphs highlighting the financial position for the year ending 31 March 2022.
- Operating Profit $8.5m. Profit after Tax $10.1m. Total Assets $358m. Total Debt $141m. Equity $205m.
- Investment properties – valuations have increased the asset values
- Balance Sheet – assets have increased in value however, so too has liabilities due to increased borrowings
- Director fees were noted as understated in the AGM booklet. Alex provided the correct fee level for all trustees and directors as $454,186 not $397,297 as presented in the booklet.

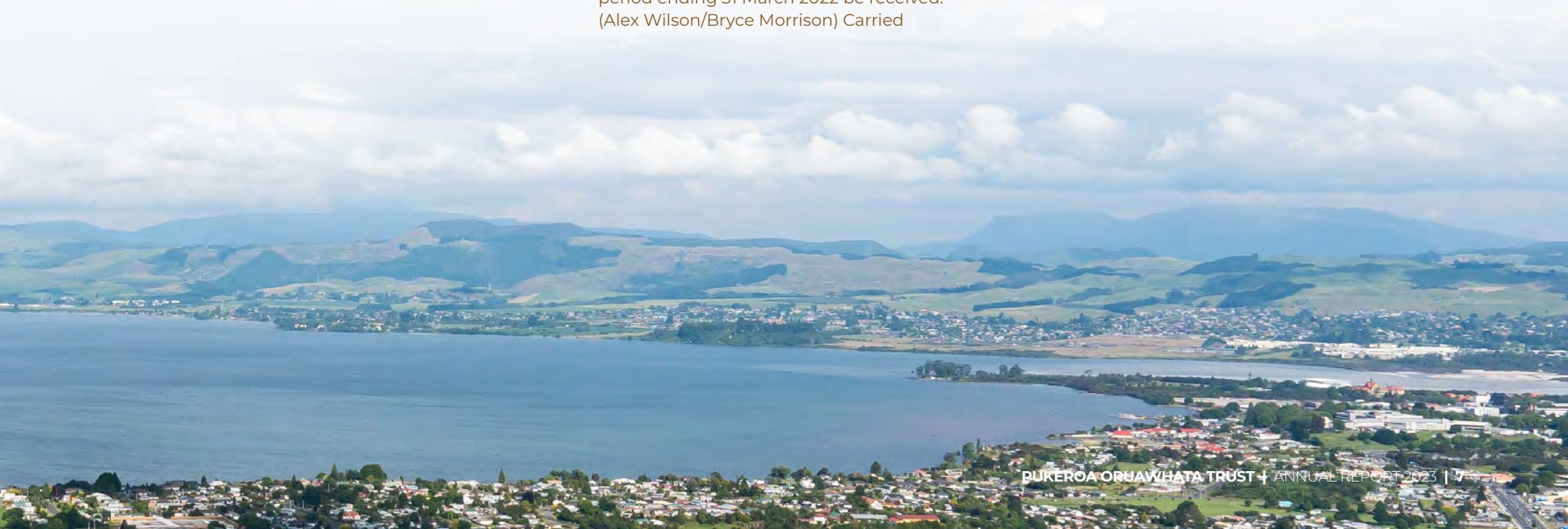
RESOLVED: "That the Financial Report for the period ending 31 March 2022 be received." (Alex Wilson/Bryce Morrison) Carried

Tanira Kingi – Audit & Risk

Key points:

- Key role is to identify, assess and manage risk, establish and review Policies and review our financial position monthly
- The Auditor confirmed the financial statements present fairly in all material respects
- The Auditor has provided an Un-Qualified Opinion as a result of the valuation of Te Puia being incorporated into our balance sheet

RESOLVED: "That the Audit & Risk report be received." (Tanira King/Geoff Rice) Carried



APPOINTMENT OF AUDITOR:

RESOLVED: "That BDO Rotorua be reappointed auditors for the next financial year." (Tanira Kingi/ Josie Scott) Carried

2022 ELECTION RESULT:

Glenn Hawkins (GHA) was appointed the Returning Officer for the 2022 Election which was conducted by Postal Vote and counted according to shareholding (Poll Vote).

Glenn noted the trustees due for rotation under Section 7(e) were Malcolm Short and David Tapsell who were available for re-election. Tanira Kingi tendered his resignation, and a replacement trustee was sought to complete Tanira's remaining term of four years. Three further formal nominations were received for Sindu Morrison, Jeanna Love and Guy Mokonuiarangi Kingi.

Results were provided via a powerpoint presentation. Glenn declared Sindu Morrison as the highest polling candidate having received 153.841083 shares with Malcolm Short having received 135.938499 shares and David Tapsell 130.511641 shares.

Application will be made to the Maori Land Court for the appointment of Malcolm Short and Sindu Morrison for a term of 5 years with David Tapsell to complete Tanira Kingi's remaining 4 year term.

GENERAL BUSINESS:

Tony Wihapi commented he would like to see the return to owners increase. The Trustee fee also needs to be reviewed.

Tanira Kingi responded that the trustee fee reduced some years ago, however, the trustees do a huge amount of work as the staff resource is very small for the size of the organisation.

Margaret Courtney asked what the plans for 67 Tarewa Road are, as emergency housing is currently being provided on this road. Rawiri Waru stated that we have plans for this road but only NW will be housed, not those determined by Kainga Ora.

Leo Rika asked if Pukeroa has any plans to buy buildings in the centre of town so that we have full mana whenua as out of town developers are currently buying them. The Chairman responded we continue to progress the reserves to come back to Pukeroa and have no plans at this stage to buy buildings.

As there was no further general business the meeting closed in karakia by Monty Morrison at 12.35 pm.

Chairman's Report

Malcolm Short

Kia ora tātou Ngāti Whakaue,

It is my pleasure to present my 38th report as Chairman of Pukeroa Oruawhata Trust.

Performing in the face of challenges

The last 3 years have been challenging, not just for the Pukeroa Oruawhata Group but for all businesses, as we have continued to navigate the impacts of COVID-19 and the economic challenges that have followed. The next 12 months could be similarly challenging as we continue to see the volatility created by a high inflationary environment. We believe though, that the Group's strategy will continue to enable us to continue to navigate these challenges and continue to drive earnings across the Group's portfolio.

The strength of our balance sheet, quality and diversity of our portfolio, continue to underpin the consistency of our income streams. Whilst we have seen revenue growth and cost reductions across the group's activities, some erosion in the value of key assets has occurred. This was not unexpected given where we are in the property cycle and in the context of current economic challenges.

The labour force and procurement constraints imposed by COVID-19 on the construction industry stayed with us up until the completion of Wai Ariki Spa. The Spa though, successfully opened in June 2023 with the project being delivered in line with the Trust's expectations. The deputy Chair, David Tapsell will speak to this further under the Tourism Portfolio report.

The group continues to have a strong tenant portfolio. We currently have a 94% occupancy level across the portfolio, once the ex-Hunting and Fishing building is re-leased the position will move to 98.8%, a great result for the Group.

Through a continuation of prudent financial management over the period, we reduced non-essential operating expenditure and suspended or deferred capital expenditure or lower priority investment projects where required. Prudent cost control will continue to be a focus into 2024.

As a result of further arbitration held in August 2022, the Whakarewarewa Lands dispute decision is expected by the end of this year. The release of the decision is taking far longer than anticipated and when it arrives will be welcomed.

The return of our ancestral lands has continued to be a key focus. We have continued to progress the return of Arikikapakapa South and the Sala Street Cemetery lands.

The Charitable Trust has continued to make a number of grants, and this will continue, focusing on improving the wellbeing of our owners, whanau and iwi.

Dividend and Outlook

The group produced a strong operating performance in the 2023 financial year (FY23), with increases in key metrics including revenue, and asset values. In light of this, the Trustees have recommended that the 2023 Owners Grant be set at $900,000, consistent with the 2022 grant. More

details of the Groups financial results can be found in the Chief Executive Officer's report.

Looking ahead the Trust will continue to play a pivotal role in shaping the future of our city. The construction and opening of the Wai Ariki Spa and the recently opened Tasman Holiday Park has provided many whanau with employment opportunities.

Closer collaboration with other Ngāti Whakaue entities continues to be progressed following the signing of a He Whakaaetanga Whaitake (Memorandum of Understanding) between Pukeroa Oruawhata Trust (POT), Ngāti Whakaue Tribal Lands Incorporation (NWTL), Te Kotahitanga o Ngāti Whakaue Assets Trust (TKONWAT) and Ngāti Whakaue Education Endowment Trust Board (NWEET). This has already resulted in active investment collaboration with Te Kohea (Rainbow Springs). We are also working on another collaboration goal relating to "Political Standing and Influence" with local and central government, for the benefit of all Ngāti Whakaue.

In July 2023, I stood down as Chair of Pukeroa Lakefront Holdings Limited. David Tapsell has been appointed to replace me as Chair of this entity.

I wish to express my gratitude and appreciation to all Trustees, Subcommittees, and the Management team for their efforts in continuing to hold us to our purpose and to navigating us through these challenging times, knowing that we are well positioned to see our ongoing success into the future.

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 2023 Owners Grant) to registered owners.

2023 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 2023 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

Share Range			Grant to be paid
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

Chief Executive's Report

Mark Gibb

Kia ora tātou

Pukeroa Oruawhata Group has continued to build on its favourable operating performance from FY22 with an increase in Operating Revenues of 1.65% and reduction in operating expenses of 4.67%. Although the impacts of Covid-19 on the New Zealand economy have eased in the wake of the pandemic we have seen the short-term impacts of sharp increases in inflation and interest rates, underpinned with an economic slowdown.

Unfortunately, despite this strong operational performance, rising capitalisation rates have negatively impacted on the value of our property portfolio. This though was counteracted to a degree with an increase in the value of the Pukeroa Lakefront Holdings Land by $9.3m. As a result of the valuation movements, the group's overall equity position declined by 2.34% or from $204,681,651 in FY22 to $199,609,424 in FY23.

Whilst revaluation losses were incurred the continued capitalisation of costs from the development of Wai Ariki Spa lifted the group's total asset holdings by $18.8m as at year end to $376m.

Capital management

Strict capital management is a key cornerstone of the Group's business activities. This focus has been particularly important given the sharp rise we have seen in interest rates from mid-2021. As was indicated in FY22, for the Group to optimise its debt structure and sources of funding we commissioned Deloitte to produce a Treasury Management Policy which was adopted earlier this year.

In FY22 the Interest expense comprised 35% of our Operating Expenditure. In FY23 this increased to 48% of Operating Expenditure. The Policy will assist the Group to continue to derive the lowest possible interest costs from our lenders or debt markets.

Managing our gearing levels over the short term will be an ongoing focus as we continue to navigate the challenges of a high interest rate environment and the impacts of these on commercial property values.

Risk management

Risk Management is an integral part of the Group's business approach. The groups enterprise risk management approach has enabled the Audit and Risk Committee and entity Board to clearly identify and respond to risks that are or may impact our business into the future.

The statutory operating environment for the group remains in a constant phase of change. Recent final representations have been made against Rotorua Lakes Council's Plan Change 9 and Future Development Strategies to protect the future operating environment of the Group.

The opening of Wai Ariki Spa on the 16th of June 2023 has seen the appointed manager – Belgravia (operating as B-Leisure NZ Limited) taking control of the facility. This relationship will see us moving to monitoring their performance through a pre-agreed framework of key performance indicators to ensure that Pukeroa Lakefront Holdings Limited's investment in this development is fully realised.

Removal of the existing QEH building is targeted for completion in early 2024. The contamination impacts of this on our whenua were discussed with the Crown who have contributed $1.2M towards removal of the buildings and reinstatement of the site.

Continuing to identify the opportunities

Optimisation of the portfolio tenancy mix, extension of the weighted average lease term (WALT) and the delivery of strong rental return is a key focus of the operational team. Leasing interest in the groups retail assets remains strong as does the opportunity to constantly review, realign and optimise our tenancy mix to meet prevailing customer demands.

Migration of the group's property portfolio to the software platform ReLeased is nearing completion, this will assist in enhancing reporting and decision-making capabilities.

The identification of future development opportunities across the group's land holdings will continue to be pursued, activation of these future developments is though, contingent on the group being satisfied it can deliver these projects in a risk-free manner, within the constraints of the group's capital structures.

FY24 Outlook

Whilst it is not possible to predict the trajectory of the economy it is likely we will continue to see elevated levels of inflation in FY24 when interest rates are predicted to peak. The transition back down to the levels seen in mid-2021 may be some years off. During this period of economic volatility, we will continue to adopt a position of strict capital management, with a disciplined approach towards operations across the group.

I would finally like to thank the staff for their tireless commitment over what has again been a challenging but exciting 12 months for the group.

Mark Gibb
Chief Executive

Operations Report

CHARITABLE TRUST

The Charitable Trust continues to be able to support a wide range of activities beneficial to the community, including our owners, their descendants and those that clearly whakapapa to one of the 6 Hapū koromatua. The number of applications for FY23 period was in line with previous years. We continue to focus on Health, Tangihanga and Discretionary Grants.

With the government announcing an increase in support for essential dental treatment in December 2022 we have seen a slight reduction in applications in this area, however, as a result, our administration and scrutiny of applications has increased to ensure that dental treatment costs have not already been paid for by the Government scheme or by other Trusts and/or Incorporations.

With respect to the question of how many in a whanau can apply for a grant from within a Whanau Trust, there are no restrictions on the number of whanau trust members that can apply from a Whanau Trust, so long as the applicant ensures that a trustee/s of the whanau trust has also signed the application confirming they are a descendent of one of the 6 hapū koromatua of Ngāti Whakaue. Where a Whanau Trust may have members that are not Ngāti Whakaue, these members are not eligible for a grant.

We again note that only one Health Grant application within any 12-month period is permitted, i.e., if application is made November 2023 eligibility for another Health Grant is not until November 2024. The Trustees meet monthly to consider applications with application closure dates available on our website.

In relation to grant limits for FY24 the maximum Health grant payable remains at $400 with Tangihanga grants $500.

Monty Morrison
Trustee / Director

	2023	2022	2021
Health	287	299	276
Cultural (Tangi only)	20	12	25
Discretionary	18	3	9
Total	**325**	**314**	**310**

Approved Discretionary Grant Applications for FY23:

Note $1000 and over.

Te Kapa Haka o NW	$15,000
Rotorua Primary School - Aqua BOT World Champs	$ 1,000
Hei Matau Paddlers - Waka Ama	$4,188
Paratehoata Marae – Dame Ruia Morrison Award Celebration	$2,000
Waikite Rugby & Sports Club – Operational	$15,000
Perpetua Mary McMahon / Anderson – 90th Birthday Celebration	$5,000
RLC – Indigenous All Stars VS Māori All Stars – Kotahi Programme Decile 1 & 2 Schools	$2,000
Te Papaiouru Marae – High Tea – Stevie Chadwick Mayor farewell	$1,000
St Faiths Church Rotorua – Tom Poata Collection of Epistles	$2,047
NZ National Kaumatua Service Provider Conference 14 - 16 November 2022	$1,000
Lakeside Concert Charitable Trust	$ 20,000
Waitangi Day - 'For the Love of the People' 6th Feb 2023	$10,000
Rotorua Hospital Chaplaincy Trust	$4,370
Te Kapa Haka o NW	$ 12,000
Oranga Tinana o Ue Inc Society – 2023 Te Arawa Kaumatua Olympics	$3,000
Total	**$97,605**

RESIDENTIAL PORTFOLIO

Our housing portfolio remains at 25 dwellings with all homes fully tenanted.

As expressed in previous years our kaupapa relating to our residential portfolio is based on providing affordable accommodation for whanau. We have incurred significantly higher costs to own and maintain this portfolio over the last twelve (12) months, we will therefore need to progressively increase rentals. In this respect the Group proposes to review rental levels for all dwellings to market effective as at 31 March 2024, a discount of 25% though will be offered to those that whakapapa to Ngāti Whakaue, on the basis they are the registered tenant under the tenancy agreement.

We continue to review options for 67 Tarewa Road with Kainga Ora. Progress has been slow; however, we remain keen to progress this opportunity. As was noted by the Chief Executive Plan Change 9 will also provide the opportunity for further residential development or intensification across the Group's existing land holdings. This will be further investigated into 2024 as the Plan Change moves towards adoption.

The Care Village (formerly Whare Aroha) continues to trade well with almost 100% occupancy levels, despite softening in capitalisation rates the assets value has been maintained at $11.35M, this was $11.5M in FY22.

As you may have seen the process to return the northern part of the Sala St Cemetery Reserve has started. We are currently considering future uses for this site. This may include residential but we are some way away from making any decision on the future of this site.

Sindu Morrison
Trustee / Director

RETAIL PORTFOLIO

Operating performance across our retail portfolio featured strongly in the improved overall revenue result across the group. However, sales revenue across a number of our key tenants and food court operations were stand out results, the Rotorua Central Mall in particular showing an increase of 24.3% from the previous period.

These trading results indicate the resilience of our retail assets, particularly noting the pressure on rising living costs on our customers.

We have continued to focus on remixing or attracting new tenants to our key assets. In this respect the following new leasing or renewals were completed:

New Leasings

- Tesla – EV Charging Station - opened September 2023
- Skechers – lifestyle footwear - opened 26th May 2023
- Platypus – performance footwear - opened 20 May 2023
- NellyBoo – opened 14th May 2022

Lease Renewals

- Bottle-O
- Uncle Bills
- MT Mobile
- Bakers Delight
- OneNZ
- Café Central

The above transactions continue to underpin the quality of our assets and management approach.

Where the opportunity permits, we encourage and support refurbishment and modernisation of existing tenancies. Rotorua Central was selected by Vodafone to be their new national flagship store showcasing their new format. This was formally opened to the public on the 9th November 2022. In addition, a refurbishment of Ma Higgins was also completed, reopening as Café Central.

The leasing of the ex-Hunting & Fishing Building has proved challenging over the period of the pandemic, albeit short term leases to Torpedo 7 and the Lakes DHB as a Vaccination Centre have helped. We are pleased though to report we are working with a new tenant and on the basis, negotiations are concluded successfully they will commence trading early in 2024.

The progress of Rotorua lakes Councils Future Development Strategy (FDS) presents the opportunity for the Group to reassess further mixed-use development opportunities for Trade Central and Rotorua Central Mall. Our representations through the Plan Change process are designed to create opportunities for future growth.

Tina Ngatai
Trustee / Director

COMMERCIAL PORTFOLIO

The Groups commercial assets have continued to perform strongly over the last twelve (12) months. We have maintained a 100% occupancy level across our buildings at Haupapa House and Rotorua Central Mall. Rental levels are consistently in line with market, showing the strength of this portfolio.

We have maintained a strong focus on cost management across the portfolio, this has proved challenging in a high inflationary environment. As was noted by the Chief Executive overall operating expenditure has been reduced by 4.67% across our operations.

Seismic compliance work has continued to be undertaken across the portfolio, the Westpac building being the most recent to be upgraded. Our objective is to ensure that all our buildings are >67% of the New Building Standard (NBS) which is considered to be an acceptable seismic risk by the New Zealand Society for Earthquake Engineering.

Our portfolio mix has remained relatively static over the last twelve months though the following renewals and new leasing's have been completed:

New Leasings

- Ag First
- Colour Concepts

Lease Renewals

- BNZ Retail
- Mitsubishi Motors
- Pipeline Industries
- Te Taumata

We continue to strive to maintain quality buildings and places to do business, with this being a core focus.

Rawiri Waru
Trustee / Director

TOURISM PORTFOLIO

Our overall tourism strategy is to own and/or manage a portfolio of tourism interests which captures tourist spend over two days and one night. This is consistent with our diversified approach to manage concentration risk across our full asset base, and also investing in areas that promote employment opportunities for our people.

We are well underway with our tourism strategy and expect to fully complete our day and night approach in around 4 – 6 years from now. Full profitability of the tourism portfolio will take time as new product is treated as a "start up" which takes a number of years to establish itself in the market. Approximately 40 Ngāti Whakaue people are already employed in our tourism interests which is very satisfying.

Aotearoa's borders have now been open for some time and tourists are returning, however, Rotorua's regrowth (International and domestic) has lagged behind other areas. Rotorua suffers from ongoing post Covid perception issues that industry, Iwi, and central and local Government are working on. It is important those issues are resolved as soon as possible because this is impacting tourism re-growth in Rotorua, including overnight stays. In terms of high quality accommodation there remains a gap in the market and our lakefront sites away from Fenton St remain attractive prospects.

Wai Ariki Hot Springs and Spa

Wai Ariki officially opening its doors to the public on the 16th of June 2023. Whilst that is outside the reporting period for this Annual Report it is worthy of mention as an iconic Ngāti Whakaue Māori tourist attraction that we can all be proud of.

As noted in our earlier reports, Wai Ariki is managed by Belgravia Leisure, a specialist management company. Pukeroa does not manage the Spa nor employ any of the employees. Notwithstanding that we have been clear to Belgravia that our expectation is they will employ as many Ngāti Whakaue as possible. We are pleased to report that 24 people working at Wai Ariki are Ngāti Whakaue.

By now we hope that all of you have applied for your Uru Whakaue membership at Wai Ariki. This allows you to access certain discounts of various products and services and follows up on our promise to you to put in place a discount scheme for Ngāti Whakaue. Visit our website or the office for the forms or more information on how to become a member.

In recognition of the work our marae kaimahi do for Ngāti Whakaue we have also provided the opportunity for up to 10 kaimahi from each marae to enjoy Wai Whakaora, (Restorative Journey), free of charge.

Te Puia NZMACI

International tourists are now returning to Te Puia. The goal of less visitors but higher yield is paying off and we consider this is important to maintain a quality offering rather than engaging in a "race to the bottom.'

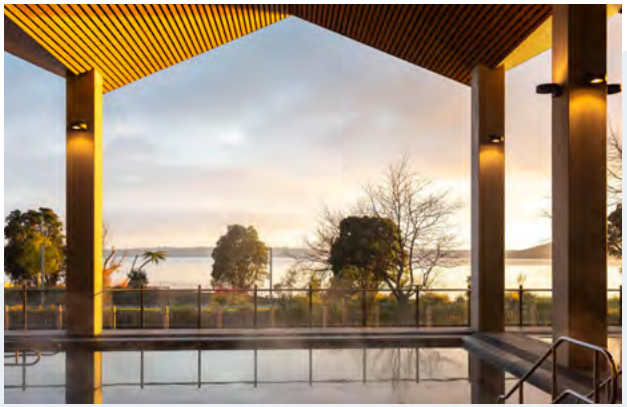
As of today, 12 Ngāti Whakaue are employed at Te Puia NZMACI.

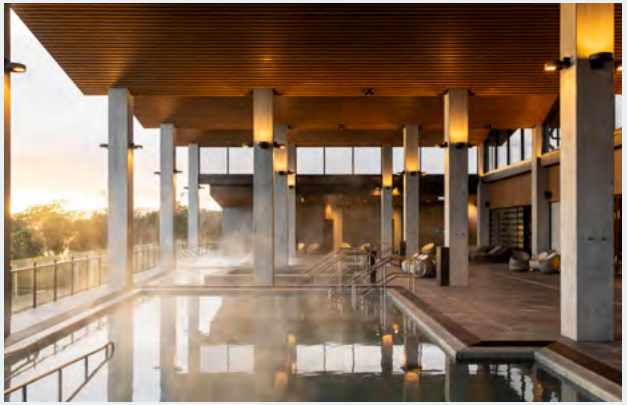
In our accounts today you will see that our 25% share in Te Puia NZMACI is $13.7M

Tasman Holiday Park

As you may have seen in the media, we have appointed Tasman Holiday Parks as the operator of the previous park known as Top 10 on Pukuatua St. Tasman Holiday Parks provides top quality family and pet friendly accommodation whether it be a caravan site, cabin or Motel style room or apartment – at very reasonable family rates.

4 Ngāti Whakaue are currently employed at this site.





Rainbow Springs - Te Kohea

Along with Ngāti Whakaue Education Endowment Trust and Ngāti Whakaue Assets Trust we have purchased from Ngāi Tahu, the whenua on which Rainbow Springs used to operate. This is the first example of what we hope are many more opportunities where Ngāti Whakaue entities can collaborate, for the betterment of us all.

We take possession of this site in late December 2023. Currently, we are undertaking external feasibility on future uses for this site.

Arikikapakapa

As we move forward, we intend to work more closely with the Club to ensure Arikikapakapa is contributing fully towards our portfolio of tourism assets. It is also our intention to offer 4 new Rangatahi Golf Scholarships early next year.

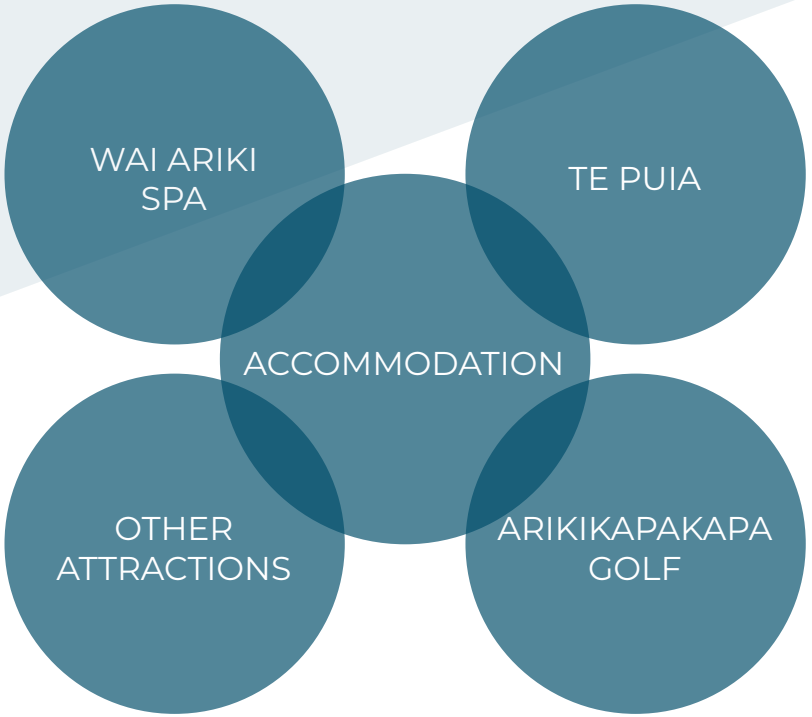
Wai Ariki Apartments, Future Hotel, Lakefront Hub

Now that the Wai Ariki Hot Springs and Spa is open, we have turned our attention to initial feasibility for the Wai Ariki Apartments and Future Hotel. There is also a new potential project namely a Lakefront tourism hub down at the lakefront next to the new wharewaka site.

As with all new projects we need to carefully weigh up our current exposure and ability to invest further time, effort and of course funding. For the Hotel at least, we know that co-investors will be required.

David Tapsell
Trustee / Director

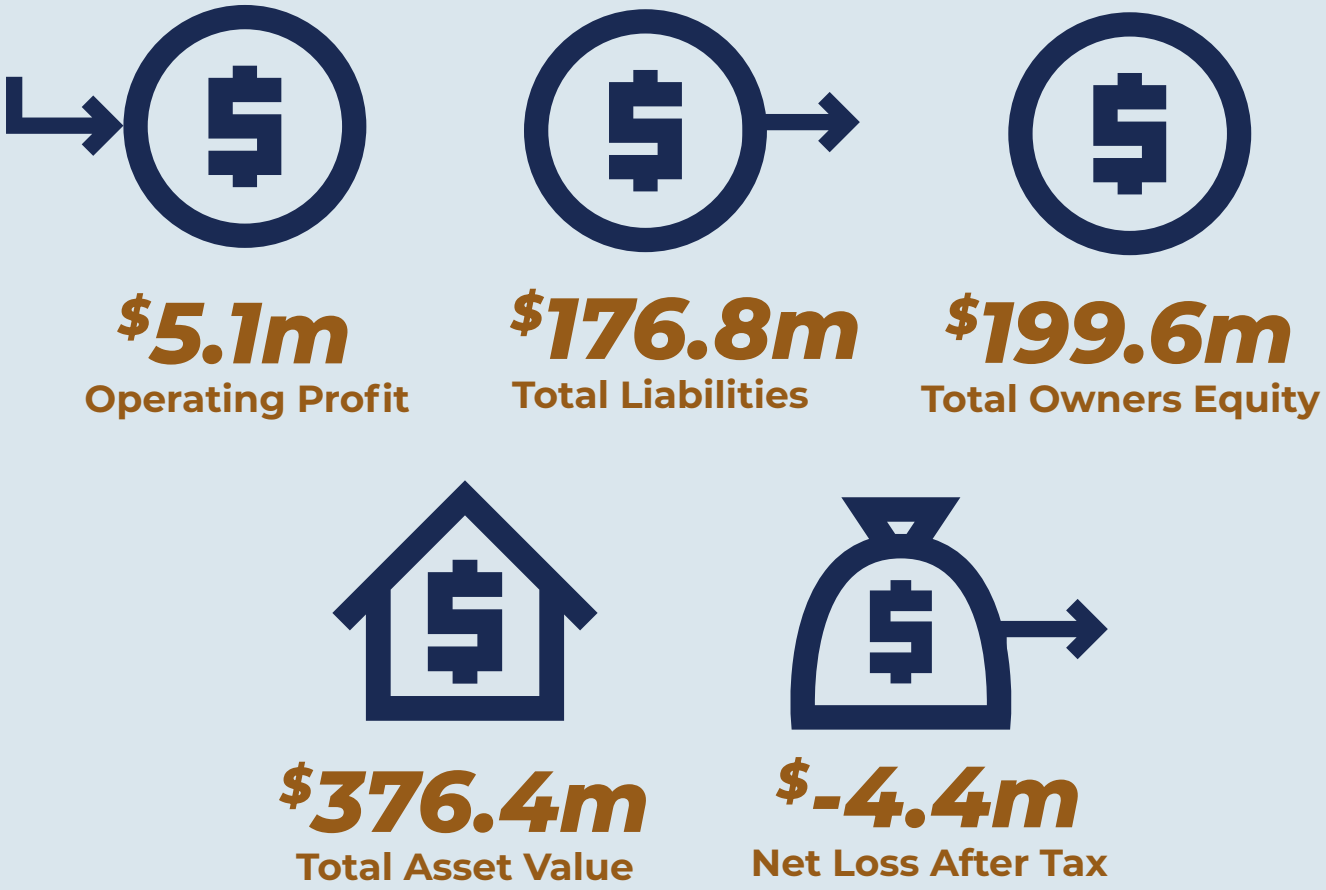
MORE THAN ONE NIGHT IN ROTORUA



FINANCIAL REPORTS

At a Glance

This Financial Report provides a summary of the group's financial performance and position for the year ending 31 March 2023.
Full audited financial statements are provided on pages 21 – 62.



Financial Performance

The group continues to drive revenue growth through new leases and rental reviews which has seen an increase in revenue of 1.6%. Aware of the volatile markets with OCR increases as a result of inflation and driving up costs, management of operational expenses has been a core focus. The group managed costs well and had a reduction in operational expenses of $417K compared to the prior year.

The lift in interest rates significantly impacted the group with interest costs increasing by $3m compared to the prior year.

Property values were impacted by the volatile market which resulted in a decrease in property values of $11.2m at year end.

Application of Revenue

An operating profit of $5.1m was achieved from revenue of $21.5m. 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 loss of $4.4m.

The variance between the two years is due to the increase in interest costs and the market value impacts on the investment portfolio.

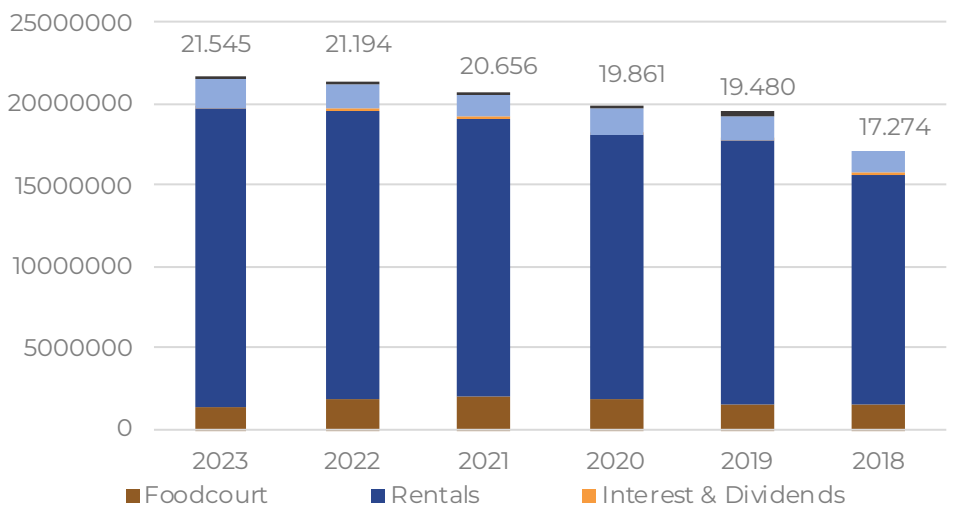
	2023 ($m)	2022 ($m)	Change
Operating Revenue	21.545	21.194	1.65%
Operating Expenses	8.508	8.925	-4.67%
Interest	7.932	4.932	60.83%
Operating Profit	**5.104**	**7.337**	**-30.44%**
Charitable Trust Grants	-0.219	-0.113	-94%
Sale of Asset	0.137	0.000	100%
Government Grants	2.690	4.160	-35%
Share of Profit/(Loss) from Associate	0.761	0.254	200%
Other Gains / (Losses)	-11.343	-0.747	-1419%
Taxation	-1.555	-1.500	-4%
Net Profit after Tax	**-4.424**	**9.391**	**-147%**

3.3%

Total rental growth on new leases and rent reviews

Rental income has seen a 3.3% growth of $592k compared to last year. The increase generally relates to rental reviews completed, some new and departing commercial tenancies.

Operating Revenue



Operating Revenue continues to trend upwards with the big driver of this being the increase in rental revenue of $592K compared to 2022 year.

4.6%

Operating Expenses monitored and cost savings achieved

61%

Interest Cost Increase from prior year

Operating Expenses

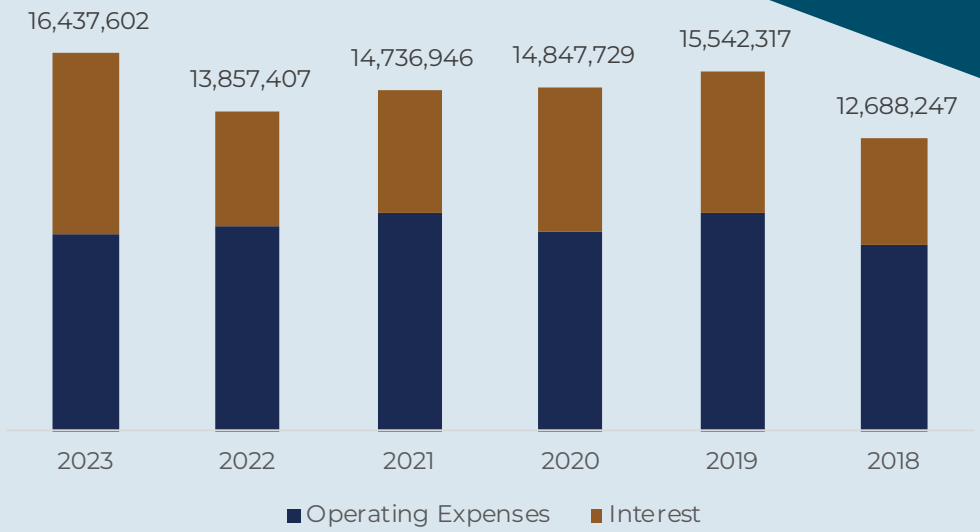
Operating Expenses (excluding interest) have seen a decrease of 4.6% or $417k compared to the 2022 year.

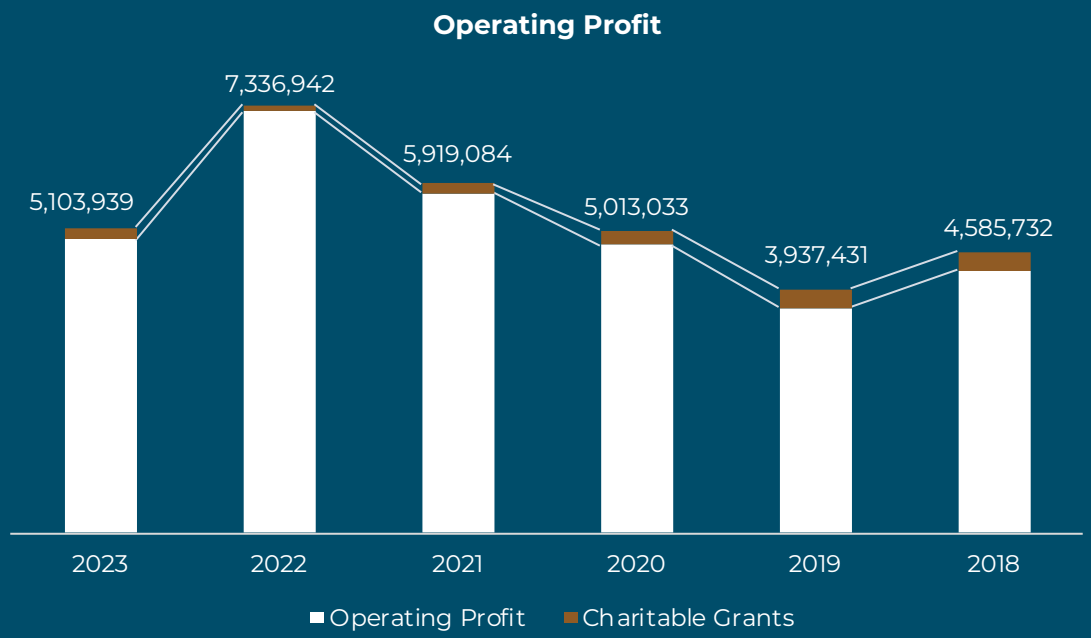
However the key movements in operating expenses compared to last year include:

- Lease Fees - Decrease of $201K
- COVID19 Abatements – Decrease of $345k

Interest has increased by $3m due to the significant increase in interest rates as the OCR increased and inflationary pressure continued to drive this to more than double the rates we were subject to in the 2022 year.

The increased interest costs will continue to flow into the 2024 financial year.





The Net Operating Profit after interest costs has decreased from $7.3m to $5.1m. This is representative of the cash profit for the group and is what is avaliable for repayment of debt, owners grants and Charitable Trust grants.

The main driver of the reduction between years is the rising interest rate impacts on the group.

Government Grants

Under the Financial Reporting Standards there is a requirement to account for the benefit of the favourable 'Low Interest Rate Loans' provided by the Provincial Growth Fund (PGF). These funds have been used for the development of the Wai Ariki Spa.

In the profit and loss we are showing a $2.69m Government Grant. This is the net present value of the benefit of those favourable PGF loans which is the difference between the Market Rates at the time the loan was drawn and the interest rates on the PGF Loan Facilities.

This is not a physical cash transaction but simply an accounting adjustment.

Share of Profit / (Loss) from Associate

With the vesting of 25% of the Te Puia business in the Pukeroa Oruawhata Trust we have now taken up the value of this shareholding within our consolidated accounts. This is assessed at $13.7M as of 31 March 2023. Our share of the profit or loss is recorded as a separate line item in our consolidated financial statements of $761K.

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 decreased by $92K and this movement is recognised as an expense in Statement of Comprehensive Income.

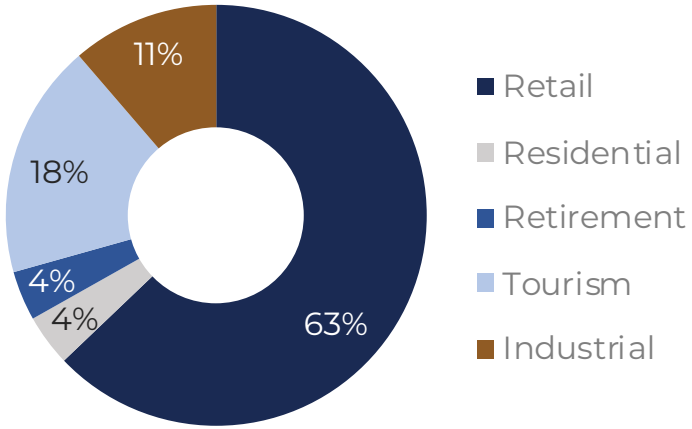
Changes in the Fair value of Investment Properties

Details of the changes for each entity in the group are contained in note 8 of the financial statements.

With the increased OCR and inflationary pressures we saw property values decrease throughout New Zealand.

As a result we had a reduction in total investment properties of $11.2m which equates to a 3% reduction overall.

Group Investment Property Mix



Taxation

Pukeroa Oruawhata Holdings Ltd is the main tax paying entity in the group.

The tax charge this year totals $1.55m which is compromised of:

- $531,139 is the tax charge on the operating profits
- $1,024,170 arising from movements in the deferred tax liability and is a paper tax charge

Balance Sheet Review

	This Year ($M)	Last Year ($M)	Change
Total Assets	376,483,473	357,694,553	5.25%
Total Liabilities	176,874,050	153,012,902	15.59%
Total Equity	199,609,423	204,681,651	-2.48%

The Group's total asset holding has increased by $18.8m at year end 2023.

This is attributable to the increase in development costs for the Wai Ariki Spa (increasing by $26.9m compared to 2022) and the increase in cash reserves held at year end.

In June the spa opened to the public and has began operating. A market valuation will be completed and applied to this development in the 2024 year Financial Statements.

The increase in development costs offset the reduction in investment property valuations of $11.2m.

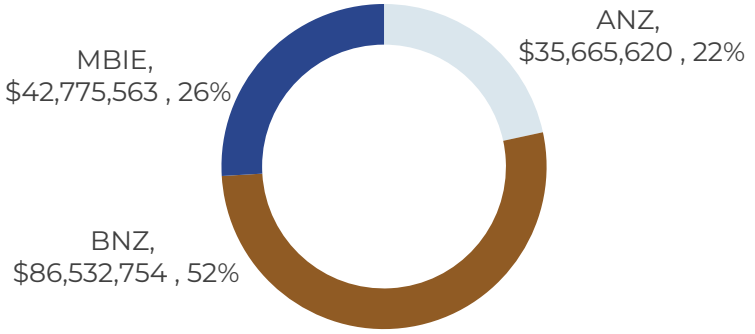
Total Liabilities have increased by $23.8m with external debt being a large driver of this. As the development progressed on Wai Ariki Spa the corresponding debt requirements were drawn down from the PGF loan facilities.

The total debt facilities for the group have increased by $23.8m compared to the 2022 year.

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, these provided some interest rate relief to the group throughout the year as rates continued to rise.

The Equity position of the group remains strong at 53% of Assets (57% - 2022).

Debt Structure



Pukeroa Lakefront Holdings Limited has drawn down $42.7m from 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 2023 summarised as follows:

Bank Financial Measure	bnz		ANZ	
	Required	Compliant	Required	Compliant
Loan / Assets	Less than 60%	✓	Less than 55%	✓
Interest Cover	1.5 Times	✓	1.3 Times	✓

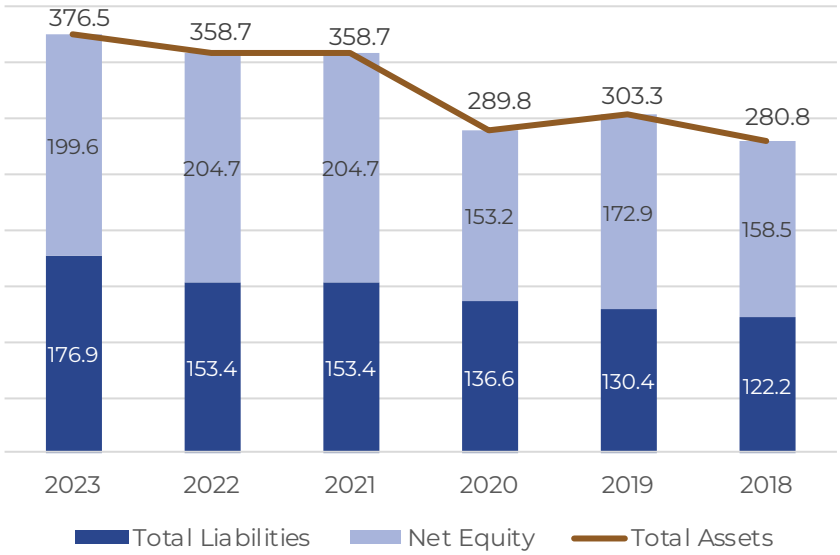
As interest on our borrowings represent our single largest cost, the Group has an interest rate risk management strategy in place that uses a mix of fixed and floating interest rates.

A core focus for the FY23 was to implement and adopt a Treasury Management Framework Policy which provides comfort around how our debt is managed going forward.

This has now been adopted and will be implemented in the next 12 – 18 months as interest rates begin to stabilise.

The current weighted average effective interest on our loans is 7.9% (2022 – 4.1%).

Asset and Equity Growth



Director / Trustee Remuneration

	POT	POHL	PLHL	Total
Malcolm Short (Chairman)	23,360	61,240	61,240	145,840
David Tapsell	19,622	25,920	25,920	71,462
Rawiri Waru	16,352	18,000	18,000	52,352
Monty Morrison	16,352	18,000	18,000	52,352
Tanira Kingi (1)	12,264	13,500	13,500	39,264
Jeanna Love	-	-	18,000	18,000
Tina Ngatai	16,352	18,000	18,000	52,352
Sindu Morrison (2)	4,088	5,175	6,900	16,163
Total	**108,390**	**159,835**	**179,560**	**447,785**

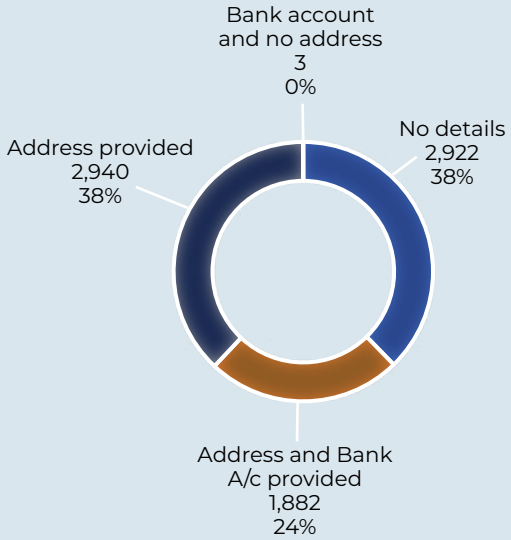
Notes: (1) Ceased Director/Trustee duties on 5.11.22
(2) Commenced Director/Trustee duties on 5.11.22

Distributions to owners in 2023 is made by way of "Owners Grants" and was at a rate equivalent to $902 per share with a minimum Grant of $25.

Māori Land Online records the Trust share register comprising of 997.3874 shares by 7,157 owners.

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 $189,104 available for owners that complete their successions and register with the Trust.



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PUKEROA ORUAWHATA TRUST AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2023

INDEPENDENT AUDITOR'S REPORT

TO THE OWNERS OF PUKEROA ORUAWHATA TRUST AND SUBSIDIARIES

BDO ROTORUA LIMITED

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 2023, 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, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, 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 Opinion

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 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* 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 19 to the consolidated financial statements, which describes the subsequent events that have occurred in respect of the Wai Ariki Hot Springs and Spa development. Our opinion is not modified in respect of 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.

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.

BDO ROTORUA LIMITED

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 directors 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

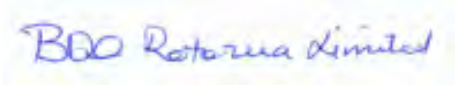
Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not 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.

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: https://www.xrb.govt.nz/assurance-standards/auditorsresponsibilities/audit-report-7/.

This description forms part of our auditor's report.

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
Rotorua
New Zealand
20 October 2023

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Pukeroa Oruawhata Trust and Subsidiaries

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2023

	Note	Group 2023 $	Group 2022 $ (Restated)
Operating Revenue	2	21,544,541	21,194,349
Operating Expenses	3	(8,508,110)	(8,925,160)
Net Operating Profit for the Year		**13,036,430**	**12,269,189**
Finance Costs			
Interest Paid on Lease Liabilities		-	(14,467)
Interest Paid on Secure Loans		(7,932,492)	(4,917,780)
Net Operating Profit after finance costs		**5,103,938**	**7,336,942**
Surplus on Sale of Lessees Interest		137,401	
Charitable Trust Grants Paid		(218,542)	(112,932)
Government Grants – Low Interest Loan	10.1	2,690,065	-
Government Grants	8.3	-	4,160,000
Share of Profit/(Loss) from Associate	24	761,482	253,732
Net Operating Profit before Other Gains / (Losses)		**8,474,344**	**11,637,742**
Other Gains/(Losses)			
Changes in Derivative Financial Instruments	21	(92,511)	1,690,910
Changes in Fair Value of Investment Properties	8	(11,250,261)	(2,437,849)
Profit before income tax		**(2,868,428)**	**10,890,803**
Income Tax Expense	4	(1,555,308)	(1,499,786)
Net profit after tax		**(4,423,736)**	**9,391,018**
Other Comprehensive Income			-
Total Comprehensive Income		**(4,423,736)**	**9,391,018**

The attached Notes form part of these consolidated financial statements

Deloitte.

Pukeroa Oruawhata Trust and Subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 31 March 2023

Group	Note	Original Capital	Capital Reserve	Arikikapakapa Retained Earnings (Note 12)	Retained earnings tax free (Note 13)	Retained earnings (Note 11)	Total Equity
Balance at 1 April 2021		2,098,500	19,788,919	60,335	251,749	173,680,390	195,879,893
Net profit and total comprehensive income		-	-	-	-	9,391,018	9,391,018
Transfer from Retained Earnings Taxable		-	-	4,324	-	(4,324)	-
Distributions - (Owners Grants)		-	-	-	-	(589,260)	(589,260)
Restated Balance at 31 March 2022 (restated)		**2,098,500**	**19,788,919**	**64,659**	**251,749**	**182,477,824**	**204,681,651**
Restated balance at 1 April 2022		**2,098,500**	**19,788,919**	**64,659**	**251,749**	**182,477,824**	**204,681,651**
Net profit and total comprehensive income		-	-	-	-	(4,423,736)	(4,423,736)
Transfer from Retained Earnings Taxable		-	-	34,172	-	(34,172)	-
Distributions - (Owners Grants)		-	-	-	-	(648,489)	(648,489)
Balance at 31 March 2023		**2,098,500**	**19,788,919**	**98,831**	**251,749**	**177,371,424**	**199,609,424**

The attached Notes form part of these consolidated financial statements

Deloitte.

Pukeroa Oruawhata Trust and Subsidiaries

Consolidated Statement of Financial Position

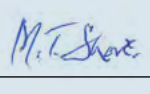
As at 31 March 2023

	Note	Group 2023 $	Group 2022 $ (Restated)
Current Assets			
Cash & Cash Equivalents	6	3,231,242	562,078
Short Term Investments		51,403	50,591
Trade Receivables		364,749	776,721
Loans Advanced	15	-	34,521
Prepayments		15,710	40,976
GST Refund/Payable		644,212	837,377
Taxation Receivable		414,756	-
Assets Held for Sale	25	-	1,812,500
Derivative Financial Instruments	21	1,018,114	1,110,626
		5,740,185	**5,225,390**
Non Current Assets			
Development Costs	7	58,979,066	31,482,753
Investment Properties	8	297,870,187	308,149,580
Plant and Equipment	9	150,610	153,413
Intangible Assets		5,384	6,860
Investment in Associate	24	13,738,040	12,676,558
		370,743,288	**352,469,164**
Total Assets		**376,483,473**	**357,694,553**

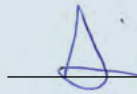
	Note	Group 2023 $	Group 2022 $ (Restated)
Current Liabilities			
Trade and other payables		4,433,804	5,137,234
Taxation Payable		-	42,943
Rents in Advance		224,760	235,955
Bonds		26,105	12,350
Unsecured Loans	23	91,161	-
Secured Loans	10	4,513,600	16,447,549
		9,289,430	**21,876,030**
Non Current Liabilities			
Deferred Tax Liability	4	6,935,179	5,911,010
Secured Loans	10	160,460,337	125,034,189
Unclaimed Dividends		189,104	191,673
		167,584,620	**131,136,872**
Total Liabilities		**176,874,050**	**153,012,902**
Equity			
Capital		2,098,500	2,098,500
Capital Reserve	14	19,788,919	19,788,919
Arikikapakapa Retained Earnings	12	98,831	64,659
Retained Earnings Tax Free	13	251,749	251,749
Retained Earnings	11	177,371,423	182,477,824
Total Owners Equity		**199,609,423**	**204,681,651**
Total Liabilities and Owners Equity		**376,483,473**	**357,694,553**

The attached Notes form part of these consolidated financial statements

Authorised for Release on 20 October 2023 by:



Chairman



Trustee

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Pukeroa Oruawhata Trust and Subsidiaries

Consolidated Statement of Cash Flows

For the year ended 31 March 2023

	Notes	Group 2023 $	Group 2022 $
Cash Flows from Operating Activities:			
Cash received from operations		21,827,235	20,980,560
Cash paid to suppliers and employees		(8,298,326)	(5,630,164)
Interest / Dividends received		131,837	132,667
Interest paid		(7,159,127)	(4,979,053)
Income tax paid		(988,838)	(844,316)
Dividends/Distributions paid		(651,059)	(590,588)
Charitable Trust Grants Paid		(218,542)	(112,932)
GST received		193,164	(850,272)
Net Cash Provided by Operating Activities		**4,836,343**	**8,105,902**
Cash Flows from Investing Activities:			
Purchase of Property, Plant and Equipment		(22,311)	(15,731)
Term Investments		(811)	-
Development Costs on Investment Properties		(27,297,313)	(24,702,981)
Loans Advanced		91,161	83,687
Investment in Associate		(300,000)	
Net Cash Used in Investing Activities		**(27,529,274)**	**(24,635,025)**
Cash Flows from Financing Activities:			
Secured Loan funding received		-	5,965,592
Secured PGF Loan funding received		29,066,581	14,159,875
Secured Loan funding repaid		(3,704,487)	(4,513,605)
Net Cash Used in Financing Activities		**25,362,094**	**15,611,862**
Net increase in Cash & Cash Equivalents		2,669,163	(917,261)
Opening Balance Cash & Cash Equivalents	**6**	**562,078**	**1,479,339**
Closing Balance Cash & Cash Equivalents	**6**	**3,231,242**	**562,078**

The attached Notes form part of these consolidated financial statements

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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 2023 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 20th October 2023.

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.

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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.

Government Grants

Grants from the government are recognised at their fair value where there is a reasonable assurance that the grant will be received and the Group will comply with all attached conditions.

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.

Investment in Associate

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate

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in the financial and operating policy decisions of the investee but is not control or joint control over those policies.

The results and assets and liabilities of associates are incorporated in these financial statements using the equity method of accounting. Under the equity method, an investment in an associate is recognised initially in the consolidated statement of financial position at cost and adjusted thereafter to recognise the Group's share of the profit or loss and other comprehensive income of the associate. When the Group's share of losses of an associate exceeds the Group's interest in that associate or joint venture (which includes any long-term interests that, in substance, form part of the Group's net investment in the associate), the Group discontinues recognising its share of further losses. Additional losses are recognised only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate.

An investment in an associate is accounted for using the equity method from the date on which the investee becomes an associate. On acquisition of the investment in an associate, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying amount of the investment. Any excess of the Group's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognised immediately in profit or loss in the period in which the investment is acquired. The Group discontinues the use of the equity method from the date when the investment ceases to be an associate.

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

Assets held for sale

Non-current assets classified as held for sale are measured at the lower of carrying amount and fair value less costs to sell.

Non-current assets are classified as held for sale if their carrying amount will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the asset (or disposal group) is available for immediate sale in its present condition.

Intangibles

Intangibles are stated at cost less accumulated amortisation.

The group holds the following intangibles:

Website Design	50%

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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 Loans

All secured 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 Asets

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

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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 Group'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.

Borrowings

Borrowings are recognised at fair value, net of any direct transaction costs and subsequently measured at amortised cost using the effective interest method. Interest expense is recognised in the statement of comprehensive income over the term of the borrowings

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 2022 AGM on 5 November 2022 . 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.

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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)

Changes in Accounting Policies

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

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NOTE 2. OPERATING REVENUE

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

	Note	Group 2023 $	Group 2022 (Restated) $
Food Court & Operating Expenses Income		1,381,349	1,856,796
Rentals Received		18,272,648	17,680,152
Interest & Dividends Received		131,837	133,384
Outgoings Recovery		1,706,776	1,487,159
Other Income		51,930	36,859
		21,544,541	**21,194,349**

NOTE 3. OPERATING EXPENSES

	Note	Group 2023 $	Group 2022 (Restated) $
Bad Debts and Doubtful Debts		16,592	-
Lease Fees		75,475	277,093
Depreciation		26,589	24,730
Amortisation of Lease Liability		-	10,872
Investment Property Impairments		-	11,974
Food Court & Operating Expenses		1,981,365	1,903,769
COVID19 Abatements		11,421	357,038
Legal Fees		188,981	124,096
Secretarial & Accounting		311,680	321,715
Audit Fees		49,000	41,100
Directors/Trustees/Committee Fees & Expenses		456,236	454,186
Amortisation of Capital Lease Incentives	8	63,617	81,345
Repairs & Maintenance		777,128	866,585
Salaries and Wages		745,502	477,888
Other expenses		3,804,525	3,972,765
		8,508,110	**8,925,160**

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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 2023 $	Group 2022 (Restated) $
Current Tax Expense	531,139	489,421
Movement in Deferred Tax	1,024,170	1,010,365
	1,555,309	**1,499,786**

	Group 2023 $	Group 2022 (Restated) $
Profit before tax	(2,868,428)	10,890,803
Income tax expense calculated at 17.5%/28% (2022:17.5%/28%)	**(536,981)**	**1,617,586**
Accounting Capital Gain on Disposal	(19,017)	-
Arikikapakapa Reserve - Exempt Income	31,764	(1,511)
Capitalised Interest	-	(26,155)
Changes in Fair Value of Investment Properties	2,018,671	(395,946)
Non-Deductible Expenses	2,434	1,328
Residential rental property ring fencing of deductions	69,833	9,061
Other adjustments	89,643	5,849
Prior period adjustments	(101,039)	289,574
	1,555,309	**1,499,786**

The tax rate used for the 2023 and 2022 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.

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4.1 Deferred Tax

	Opening balance 1 April 2021	Recognised in Profit or Loss (Restated)	**Closing Balance 31 March 2022 (Restated)**	Opening balance 1 April 2022	Recognised in Profit or Loss	**Closing Balance 31 March 2023**
Assets						
Waikuta Development Costs	7,481	(487)	**6,994**	6,994	(290)	**6,704**
Investment Properties	(6,490,290)	(668,454)	**(7,158,744)**	(7,158,744)	(576,983)	**(7,735,727)**
Low Interest Loan	-	-	**-**	-	(327,242)	**(327,242)**
	(6,482,809)	(668,941)	**(7,151,750)**	(7,151,750)	(904,515)	**(8,056,265)**
Other Non-Balance Sheet Items						
Tax losses	1,582,165	(341,424)	**1,240,741**	1,240,741	(119,655)	**1,121,086**
Total Asset/(Liability)	(4,900,644)	(1,010,365)	**(5,911,009)**	(5,911,009)	(1,024,170)	**(6,935,179)**

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.

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NOTE 5. MAORI AUTHORITY CREDIT ACCOUNT (MACA)

	Group 2023 $	Group 2022 (Restated) $
Opening Balance	6,842,065	6,511,972
Tax paid	812,934	209,181
RWT on Investments	185	3
Credits attached to Distributions from Dividends Received	129,394	120,909
	7,784,578	**6,842,065**

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 2023 $	Group 2022 (Restated) $
BNZ – Reserves Account	130,443	87,667
BNZ - Current Account	1,320,502	343,870
BNZ - Savings Account	91	91
ANZ - Current Account	1,755,337	93,660
ANZ - Call Account	9	9
BNZ - Investment Accounts	2,829	2,809
Deloitte Distribution Account	22,040	33,973
	3,231,242	**562,078**

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NOTE 7. PROJECT DEVELOPMENT COSTS

Project Development Costs comprise of the following Projects:

	Group 2023 $	Group 2022 (Restated) $
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	57,790,278	30,802,289
Pukeroa Properties No.2 Ltd		
Waikuta development	145,673	145,303
Pererika St Reserve Development	230,538	15,520
Hospice Development	-	5,572
CCTU Building	-	13,765
Open Door Charitable Trust	190,248	2,715
Pukeroa Oruawhata Trust		
Residential & commercial development costs	35,793	35,793
Pukeroa Oruawhata Holdings Limited		
Commercial development costs in Rotorua Mall	124,742	-
	58,979,066	**31,482,753**

Refer breakdown of costs:

	Group 2023 $	Group 2022 $
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	30,802,289	10,501,394
Costs incurred during the year	26,987,989	20,300,895
Costs Capitalised during the year	-	-
Balance at the end of the year	**57,790,278**	**30,802,289**
Waikuta Development		
Balance at the beginning of the year	145,303	145,303
Costs incurred during the year	370	-
Costs Capitalised during the year	-	-
Balance at the end of the year	**145,673**	**145,303**

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	Group 2023 $	Group 2022 $
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	215,588	-
Balance at the end of the year	**230,538**	**15,520**
Hospice Development		
Balance at the beginning of the year	5,572	5,572
Costs incurred during the year	-	-
Costs Capitalised during the year	(5,572)	-
Balance at the end of the year	**-**	**5,572**
CCTU Building		
Balance at the beginning of the year	13,765	13,765
Costs incurred during the year	-	-
Costs Capitalised during the year	(13,765)	
Balance at the end of the year	**-**	**13,765**
Open Door Charitable Trust		
Balance at the beginning of the year	2,715	-
Costs incurred during the year	187,533	2,715
Costs Capitalised during the year	-	-
Balance at the end of the year	**190,248**	**2,715**

	Group 2023 $	Group 2022 $
Residential & Commercial Development Costs		
Balance at the beginning of the year	35,793	89,166
Costs incurred during the year	-	35,793
Costs Capitalised during the year	-	(89,166)
Balance at the end of the year	**35,793**	**35,793**
Commercial Development Costs		
Balance at the beginning of the year	-	-
Costs incurred during the year	124,742	-
Costs Capitalised during the year	-	-
Balance at the end of the year	**124,742**	**-**

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NOTE 8. INVESTMENT PROPERTIES

Movements in investment Properties are tabled below:

	Group 2023 $	Group 2022 $
Balance at the beginning of the year	308,149,579	303,952,179
Purchases/Subsequent capitalised expenditure	897,085	4,369,094
Acquisition through government grant (note 8.3)	-	4,160,000
Amortisation of capital lease incentives	(63,617)	(81,345)
Fair Value change to investment properties	(11,250,261)	(2,437,849)
Gain on sale	137,401	-
Transfer to assets held for sale (note 25)	-	(1,812,500)
Balance at the end of the year	**297,870,187**	**308,149,579**

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

		2023					
	Valuer	Fair Value 31 March 2022	Capital Movements (Purchases/ Acquisitions/ Transfers)	Gain on Sale	Amortisation of Capital Lease Incentives	Fair Value Gain/ (Loss) 2023	Fair Value 31 March 2023
Pukeroa Oruawhata Trust	CGJ	46,937,479	668,101		-	(430,801)	47,174,779
Pukeroa Oruawhata Holdings Ltd	CGJ/ Colliers	151,466,400	345,664	137,401	(63,617)	(13,611,140)	138,274,708
Pukeroa Properties Ltd	CGJ	2,195,000	-	-	-	(305,000)	1,890,000
Pukeroa Properties No 2 Ltd	CGJ/ Colliers	54,750,700	(116,680)	-	-	(5,633,320)	49,000,700
Pukeroa Lakefront Holdings Ltd	CGJ	38,420,000	-	-	-	9,300,000	47,720,000
Pukeroa Lakefront Limited Partnership	JLL	11,500,000	-	-	-	(150,000)	11,350,000
Waihunuhunukuri Holdings Ltd	CGJ	2,880,000	-	-	-	(420,000)	2,460,000
		308,149,579	**897,085**	**137,401**	**(63,617)**	**(11,250,261)**	**297,870,187**

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		2022				
	Valuer	Fair Value 31 March 2021	Capital Movements	Amortisation of Capital Lease Incentives	Fair Value Gain/ (Loss) 2022	Fair Value 31 March 2022
Pukeroa Oruawhata Trust	CGJ	42,030,479	4,824,746	-	82,254	46,937,479
Pukeroa Oruawhata Holdings Ltd	CGJ/JLL	157,075,000	(710,586)	(60,991)	(4,837,023)	151,466,400
Pukeroa Properties Ltd	CGJ	2,111,000	8,337	-	75,663	2,195,000
Pukeroa Properties No 2 Ltd	CGJ/JLL	52,720,700	2,594,097	(20,353)	(543,743)	54,750,700
Pukeroa Lakefront Holdings Ltd	CGJ	36,460,000	-	-	1,960,000	38,420,000
Pukeroa Lakefront Limited Partnership	JLL	10,480,000	-	-	1,020,000	11,500,000
Waihunuhunukuri Holdings Ltd	CGJ	3,075,000	-	-	(195,000)	2,880,000
		303,952,179	**6,716,594**	**(81,344)**	**(2,437,849)**	**308,149,579**

Independent Valuers Valuer	Abbreviation
Cleghorn, Gillespie, Jensen Ltd	CGJ
Jones, Lang, Lasalle Limited	JLL
Colliers	

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8.1 Fair value measurement of the Group's investment properties

The fair value of the Group's investment property as at 31 March 2023 and 31 March 2022 has been arrived at on the basis of an independent valuation carried out on the respective dates by Colliers, Jones, Lang, Lasalle Limited and Cleghorn, Gillespie, Jensen Ltd registered valuers. All the 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 of 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.

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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 2023	Group 2022
Less than one year	17,443,149	16,381,444
One to two years	12,647,403	14,498,441
Two to three years	9,852,983	10,567,388
Three to four years	8,280,531	7,305,255
More than five years	38,270,731	20,010,042
Total	**86,494,797**	**68,762,570**

Future minimum lease payments receivable excludes 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 ACQUISITION THROUGH GOVERNMENT GRANT

During the 2021 financial year, the Group acquired the property 399 Fenton Street (Arikikapakapa Golf Course). The property is leased and is therefore recognised by the Group as an investment property. The property was handed back to Pukeroa Oruawhata Trust by the Department of Conservation and was recognised at fair value as at 31 March 2022 of $4,160,000 included in the Government Grants line item in the Statement of Comprehensive Income. There are no unfulfilled conditions or other contingencies attached to the acquisition.

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NOTE 9. PLANT & EQUIPMENT

	Group		
	Office Equipment	Plant and Equipment	Total
(i) Cost			
As at 1 April 2021	90,873	272,373	363,246
Additions	9,550	3,229	12,778
Disposals	-	-	-
As at 31 March 2022	**100,422**	**275,602**	**376,024**
As at 1 April 2022	100,422	275,602	376,024
Additions	16,083	6,228	22,311
Disposals	-	-	-
As at 31 March 2023	**116,505**	**281,830**	**398,335**

	Group		
	Office Equipment	Plant and Equipment	Total
(ii) Accumulated Depreciation			
As at 1 April 2021	(74,571)	(123,309)	(197,880)
Depreciation	(6,987)	(17,743)	(24,730)
Disposals	-	-	-
As at 31 March 2022	**(81,558)**	**(141,051)**	**(222,609)**
As at 1 April 2022	(81,558)	(141,051)	(222,609)
Depreciation	(7,948)	(17,166)	(25,114)
Disposals	-	-	-
As at 31 March 2023	**(89,506)**	**(158,217)**	**(247,723)**
(iii) Net Book Value			
At 31 March 2021	16,301	149,063	165,364
At 31 March 2022	18,863	134,550	153,413
At 31 March 2023	**25,650**	**124,960**	**150,610**

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NOTE 10. SECURED LOANS

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

	Note	Group 2023 $	Group 2022 (Restated) $
BNZ Facility drawn down - Current		3,763,600	15,697,539
ANZ Facility drawn down - Current		750,000	750,000
Total current portion of loans		**4,513,600**	**16,447,549**
BNZ Facility drawn down		82,769,154	73,789,702
ANZ Facility drawn down		34,915,620	35,665,620
Ministry of Business, Innovation and Employment	10.1	42,775,563	15,578,877
Total non-current portion of loans		**160,460,337**	**125,034,199**
Total Loans		**164,973,937**	**141,481,738**

The current weighted average effective interest rate on the BNZ bank loans is 7.9% (2022: 4.1%) per annum, and 8.0% (2022 4.1%) per annum on the ANZ bank loans.

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

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

10.1 MBIE Loan

	Group 2023 $	Group 2022 $
Opening Balance	15,578,877	1,419,002
Drawdowns	28,921,123	14,159,875
Interest Expense	965,627	-
Change in Fair Value of Financial Liability	(2,690,064)	-
Total MBIE Loan	**42,775,563**	**15,578,877**

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10.2 Security and Maturity

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. There is an unlimited interlocking company guarantee between Pukeroa Oruawhata Holdings Limited, Pukeroa Properties Limited and Pukeroa Properties No 2 Limited. Pukeroa Oruawhata Holdings Limited also holds the following company guarantees plus interest and costs, in terms of the Banks standard guarantee form.

Entity	Amount
Lake House Resort Developments Limited	$450,000
Pukeroa Oruawhata Holdings Limited	$8,300,000
Waihunuhunukuri Holdings Limited	$10,725,000
Pukeroa Oruawhata Lakefront Investments Limited	$8,300,000
Pukeroa Oruawhata Trust	$9,000,000

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 a security by way of a perfected security interest in all present and after acquired property of Pukeroa Lakefront Limited Partnership and a company guarantee for the amount of $8,300,000 plus interest and costs, in terms of the Banks standard guarantee form, from Pukeroa Oruawhata Holdings Limited, Waihunuhunukuri Holdings Limited and Pukeroa Oruawhata Lakefront Investments Limited.

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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	04/06/2023 – 31/03/2026	Loan to Valuation Ratio - Less than 60%
		EBIT to be greater than 1.5 times more than interest cost
ANZ	30/06/2023 – 31/10/2024	Loan to Valuation Ratio - Less than 55%
		Net Rental Cover to be greater than 1.30 times more than interest cost

Ministry of Business, Innovation and Employment (MBIE)

During the year Pukeroa Lakefront Holdings Limited received $28,921,123 (2022: $14,159,875) 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. At 31 March 2023 there were two facilities through MBIE which are detailed below. The facilities are secured through a second ranking mortgage over property held for security by BNZ and ANZ.

The terms of these three facilities are as follows:

Facility Name	Facility Limit	Interest Rate	Details	Maturity
PGF Shovel Ready	$6,500,000	1.5% per annum	Interest free 12 months from the first drawdown (06/10/2020 – 05/20/2021)	29 Sep 2024
PGF Tranche One	$38,000,000	1.5% per annum	Advances are interest free for the period from first drawdown until 6 months following practical completion date. Each period after this interest is payable.	19 April 2025

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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 2021	22,133,240	151,551,460	173,684,700
Total comprehensive income for the year	11,828,86	(2,437,849)	9,391,018
Transfer from Retained Earnings Taxable	(8,634)	-	(8,634)
Distributions	(589,260)	-	(589,260)
Balance at 31 March 2022	**33,364,214**	**149,113,611**	**182,477,824**
Balance at 1 April 2022	33,364,214	149,113,611	182,477,825
Total comprehensive income for the year	6,826,524	(11,250,261)	(4,423,737)
Transfer from Retained Earnings Taxable	(34,172)	-	(34,172)
Distributions	(648,491)	-	(648,491)
Balance at 31 March 2023	**39,508,073**	**137,863,350**	**177,371,423**

11.1 Comparative Figures

Subsequent to the issuing of the Group Financial Statements for the year ended 31 March 2023 an error was identified over accruing the Operational Expenses Washup Calculation for Pukeroa Oruawhata Holdings Limited. These are operational expenses recoverable from the various tenants. The amount of the over accrual was $1,073,285. The table below shows the balances which have been restated.

	2022	Adjustment	2022 Restated
Operating Revenue	22,673,619	(1,479,270)	21,194,349
Operating Expenses	(9,272,003)	357,717	(8,914,286)
Income Tax Expense	(1,898,951)	399,166	(1,499,786)
Retained Earnings	183,168,170	(722,387)	182,477,825

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; other capital reserves of $154,659; and the vesting of Partners' equity in Te Puia NZMACI Limited Partnership under the New Zealand Māori Arts and Crafts Institute Vesting Act 2020 ('the Act') of $14,009,260.

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NOTE 15. LOANS ADVANCED

	Group 2023 $	Group 2022 $
Current Portion		
Rotorua Continuing Care Trust	-	34,521
Total Loans	**-**	**34,521**

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 21 September 2018 with interest and principal payments of $1,153 per week. From the 21 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.

The loan was fully paid off in June 2022.

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 22. 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.

No related party transactions have been forgiven or written off.

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

- David Tapsell is a director of the Pukeroa Oruawhata Holdings Limited and also a Trustee the Poutama Trust. During the year Pukeroa Oruawhata Holdings Limited received rental income from Poutama Trust for the premise at 1072 Haupapa Street to the amount of $15,800 (2022: $13,167). At balance date Poutama Trust had rent paid in advance of $1,514 (2022: $Nil).

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 2023 (2022: 10 key personnel). Compensation totals include Directors, Trustees, committee fees, expenses and contract services for the general manager for the group.

	Group 2023 $	Group 2022 $
Key Personnel	467,236	454,186
FTEs	10	10

NOTE 17. CAPITAL COMMITMENTS

At balance date the group had the following capital commitments:

	Group 2023 $	Group 2022 $
Haupapa House	-	36,855
Stihl Shop	-	922,000
Petstock	-	1,130,000
Te Kohea Limited Partnership (Note 24)	2,900,000	-
Wai Ariki Spa	6,808,857	39,961,000
	9,708,857	**42,049,855**

Other than the above there were no capital commitments to be noted on 31 March 2023 (2022: $Nil).

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NOTE 18. CONTINGENT ASSETS & 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 of 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 regard 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.

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.

Wai Ariki Spa Construction Contract

Pukeroa Lakefront Holdings Limited has a contract with Hawkins Limited for the Construction of the Wai Ariki Spa facility. A contingent asset exists under this contract for liquidated damages to Pukeroa Lakefront Holdings Limited of $1.209m. A corresponding contingent liability also exists that will be offset against this contingent asset for variations to the construction contract. The amounts of the variations are yet to be quantified.

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

NOTE 19. SUBSEQUENT EVENTS

Wai Ariki Hot Springs and Spa

Subsequent to balance date the Wai Ariki Hot springs and Spa gained Certificate for Public Use (CPU), this was issued on 25th May 2023. A CPU is a certificate providing assurance that the building (or part of a building) is safe for the public to use while construction is still taking place.

At the date of completing the audit the spa is still in the process of obtaining the Code of Compliance Certificate (CCC) from the Rotorua District Council, however given the unique and technical design it is taking time for the council to review all documentation and issue the Code of Compliance Certificate. The CCC is the final step in classifying the building as technically complete with consent.

Wai Ariki Hot springs and Spa opened to the general public on 16th June 2023 and began trading under the CPU and has been up until the date these accounts have been signed off.

The spa opened in the middle of winter when tourism was still recovering post COVID, and like any new venture or start up, the operational implementation and commissioning of Wai Ariki has been and will be the key focus for the first 6 months of trading since opening on the 16 June 2023.

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Following the first three months of trading, we are reviewing product types and pricing to reflect the feedback from our customer base [which has been provided during the CPU period]. We are currently engaged with an external provider to review the current market and product to provide expert advice in relation to how the spa is operating and the outcomes from this report may result in further changes within the facility which may include product, pricing and operations. The financial objective is to have a stable, profitable trading operation by 31 March 2024.

The spa has a rental agreement with another Pukeroa entity within the group and has been allowed rental relief for the first 12 months of trading while it establishes a strong customer base, it is then likely to enter a stepped rental arrangement effective 1 April 2024, the detail of this currently has not been determined but the base rental agreement is determined on a percentage of capital cost of the spa. Currently the $38 million MBIE facility, which is a loan provided for the development of the spa, is interest free, however interest will be coming online in the 2024 financial year, therefore there will be an expectation that the spa is able to pay adequate rental to cover these costs.

The management and directors have determined that based on the above events occurring, only then will it be appropriate that the spa be valued to market value on 31 March 2024. By this time, we will have CCC, and be able to demonstrate a stabilized trade pattern which will encompass the peak tourist period, noting though we fully expect the product to take at least 3 years before it reaches its full revenue generating potential.

QE Health

Subsequent to balance date, the Group entered into contracts of $1,709,303 for the demolition of the old QE Health building. The total projected forecast cost of these demolition costs is $2,349,503. Additionally, the Group received funding of $1,200,000 from MBIE towards this project after balance date.

PGF Loan

Subsequent to balance date, the Group received an additional $6,500,000 from MBIE for the Wai Ariki Hot Springs and Spa project. The funding was through the provincial development unit.

Facility Name	Facility Limit	Rate	Details	Maturity
PGF Tranche Two	$6,500,000	5% per annum	Interest will accrue in advance from the drawdown date of the relevant advance. For each interest period interest is payable on the principle amount advanced.	19 April 2025

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NOTE 20. FINANCIAL INSTRUMENTS

	Group 2023			
	At amortised cost	Fair value through profit or loss	At amortised cost	Total
	Financial Assets		Financial Liabilities	
Cash & cash equivalents	3,231,242	-	-	**3,231,242**
Trade & other receivables	364,749	-	-	**364,749**
Trade & other payables	-	-	4,471,036	**4,471,036**
Loans - secured	-	-	166,843,831	**166,843,831**
Interest rate derivatives	-	1,018,114	-	**1,018,114**

	Group 2022			
	At amortised cost	Fair value through profit or loss	At amortised cost	Total
	Financial Assets		Financial Liabilities	
Cash & cash equivalents	562,078	-	-	**562,078**
Trade & other receivables	776,721	-	-	**776,721**
Trade & other payables	-		5,137,234	**5,137,234**
Loans - secured	-	-	141,481,738	**141,481,738**
Interest rate derivatives	-	1,110,626	-	**1,110,626**

Deloitte.

NOTE 21. INTEREST RATE DERIVATIVES

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 2023 $	Group 2022 $
Balance at beginning of reporting period	(1,110,626)	580,284
Change in fair value	(92,511)	1,690,910
Liability/(asset) at end of the reporting period	**(1,018,115)**	**(1,110,626)**

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*	*2023*	*2022*
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%
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%
Wai Ariki Hot Springs & Spa Limited	Spa Resort	100%	100%

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

Deloitte.

NOTE 23. UNSECURED LOANS

During the 2023-year Pukeroa Property Management Limited received $111,038 from Ministry of Business, Innovation and Employment (MBIE) for the Waikuta Marae Refurbishment. They have previously received $185,064 during the 2021 year. The total agreement provides funding for an amount up to $370,127 plus GST. The balance of $91,161 is held in trust on behalf of the Waikuta Marae committee and is sitting as a current asset on the basis this will be utilised in the coming year. Pukeroa Property Management Limited is acting as an agent on behalf of Waikuta managing the project.

NOTE 24. INVESTMENT IN ASSOCIATE

	Group 2023 $	Group 2022 $
Opening Balance	12,676,558	12,422,826
Investments Made During the Year	300,000	-
Share of Profits	761,482	253,732
Closing carrying value in associate	**13,738,040**	**12,676,558**

The group accounts for two investments in associates being Te Puia Limited Partnership and Te Kohea Limited Partnership.

Te Puia Limited Partnership

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.

The Limited Partnership is incorporated in and its principal place of business is New Zealand.

The total amounted vested to the Group under the Act was $14,009,260 which has been recognised under capital reserves.

Te Kohea Limited Partnership

Te Kohea Limited Partnership has entered into an agreement with Ngāi Tahu Holdings Limited to purchase land and assets of Rainbow Springs at 192 Fairy Springs in partnership with Ngāti Whakaue Assets Trust and Ngāti Whakaue Education Endowment Trust. Funds have been paid to a trust account for the deposit and is anticipated that is due to settle on 19 December 2023.

Pukeroa Oruawhata Trust paid its share of the deposit being $300,000. Upon settlement Pukeroa Oruawhata Trust will be required to contribute a further $2,900,000.

Deloitte.

NOTE 25. ASSETS HELD FOR SALE

During the year Pukeroa Oruawhata Holdings Limited entered negotiations with Uekaha Developments Limited for the sale of its 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.

These assets were reclassified to held for sale at 31 March 2022 at a value of $1,812,500. During the 2023 year the assets were sold.

PUKEROA ORUAWHATA

TRUST