Pūrongo Ā-Tau | 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

P: (07) 348 8990
W: pukeroa.co.nz

Accountants: Deloitte (Rotorua)

Auditors: BDO Rotorua Limited

Solicitors: Holland Beckett

Bankers: BNZ, ANZ and Crown Regional Holdings Ltd

Directory

Trustees/Directors

David Tapsell
Chair
(From 15 February '24)

Tina Ngatai
Deputy Chair
(From 15 February '24)

Malcolm Short

Sindu Morrison

Jeanna Love

Monty Morrison
(Resigned June 2024)

Executive Team

Mark Gibb
Chief Executive Officer

Kim Mowbray
Chief Financial Officer

Gary Herbert
Senior Property Manager

Operational Team

Lee Emery
Property Administrator & Accounts Receivable

Lee Allen
Property & Facilities Manager

Elito Tuballa
Accounts Payable

Helen Crawford
Personal & Executive Assistant

Governance Structure

Pukeroa Oruawhata Trust

Trustees:

David Tapsell (Chair)
Tina Ngatai (Deputy Chair)
Jeanna Love
Malcolm Short
Monty Morrison
Sindu Morrison

Property & Development Committee

Malcolm Short (Chair)
Tina Ngatai
Sindu Morrison

Audit & Risk Committee

Tina Ngatai (Chair)
Sindu Morrison
Jeanna Love

Retail / Commercial

Pukeroa Oruawhata Holdings
Pukeroa Properties No2
Pukeroa Properties Ltd
Pukeroa Lakefront LP

Directors:

David Tapsell (Chair)
Tina Ngatai (Deputy Chair)
Jeanna Love
Malcolm Short
Sindu Morrison

Tourism

Pukeroa Lakefront Holdings
Waihunuhunukuri Holdings
Wai Ariki Hot Springs & Spa LP
Wai Ariki Apartments Management Ltd

Directors:

David Tapsell (Chair)
Tina Ngatai (Deputy Chair)
Jeanna Love
Malcolm Short
Sindu Morrison

Charitable

Pukeroa Oruawhata Trustee Services
Pukeroa Oruawhata Charitable Trust

Directors:

David Tapsell (Chair)
Tina Ngatai (Deputy Chair)
Jeanna Love
Malcolm Short
Sindu Morrison

** The above table reflects operating entities*

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

Partial Interests

TKLP	Te Kohea Limited Partnership
NZMACI	NZ Māori Arts & Crafts Institute

2023 Minutes

Minutes of the Annual General Meeting of owners held at Tamatekapua on Saturday 4th November 2023 at 10.00am.

Chairman: Malcolm Short

Minute Taker: Helen Crawford

Mihi & Karakia: Monty Morrison

Attendance: 136 (including staff) in person with 29 viewing via the website portal livestream.

Apologies:

RESOLVED: "That the apologies as recorded on the registers and received by the Pukeroa Oruawhata office be received, including Rawiri Waru Trustee, who is attending to his child in Starship hospital" *(Malcolm Short/Josie Scott) Carried*

Minutes:

The Chairman read the minutes of the 2022 AGM.

RESOLVED: "That the 2022 minutes (held 5th November 2022) be received as a true and accurate record." *(Iris Hayward/John Treanor) Carried*

A powerpoint presentation showing key highlights for each speaker was provided during the course of the meeting alongside the 2023 Annual Report booklet.

Chairman's Report:

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

KEY POINTS:

- New set of challenges – high inflation and revaluations
- Pukeroa is still in a strong position
- 94% tenant occupancy across the group
- Whakarewarewa lands arbitration – decision soon
- Return of ancestral lands a key focus
- We continue to work closer with our NW entities
- New goal – political standing & influence

RESOLVED: "That the Chairman's Report be received" *(Malcolm Short/Rukingi Haupapa) Carried*

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 2023 distribution table provided.

RESOLVED: "That the 2023 Owners' Grant in lieu of a dividend to the value of $900,000 be supported and approved" *(Tony Wihapi/Josie Scott) Carried*

Chief Executive's Report:

Mark Gibb spoke to his report.

KEY POINTS:

- Challenging 12 months
- High interest rates and inflationary pressures have impacted operating results and will continue to do so in the next few years
- Maintained strong fiscal and operational management
- Operating revenue up by 1.65% to $21.54M
- Operating expenses down by 4.67% to $8.508M
- Softening capitalisation rates have negatively impacted on the value of the portfolio
- Total asset value at YE $376M

CAPITAL MANAGEMENT

- Interest expense increased to 48% of operating expenditure in FY23, up from 35% in FY22
- Adopted a Treasury Management Policy to derive lowest possible interest costs from our debt markets
- Strong focus on cashflow and debtor management
- Short term - likely to see continued interest rate and inflationary pressures

RISK MANAGEMENT

- Key focus of the groups Audit and Risk Committee
- Plan Change 9 and Future Development Strategy representations
- Wai Ariki Spa – Performance Management
- Old QEH Buildings - demolition

CONTINUING TO IDENTIFY THE OPPORTUNITIES

- Optimization of performance – existing portfolio
- Future development opportunities

FY24 OUTLOOK

- Continuation of elevated levels of inflation
- Interest rates forecast to peak in 2023
- The group will continue to adopt a position of strict capital management across all operations

RESOLVED: "That the Chief Executive's report be received."
(Iris Hayward/John Treanor) Carried

Company Presentations:

A Trustee from each of the Pukeroa companies spoke of the work undertaken with photographs via powerpoint displaying the activity and noting key highlights.

Monty Morrison – Pukeroa Oruawhata Charitable Trust

KEY POINTS:

- Support for eyes, ears, oral and other health related matters, continues
- Treatment must be undertaken in NZ
- Apply for reimbursement or provide a quote
- No age restriction
- No restriction on the number of whānau trust members who can apply so long as they provide whakapapa to NW
- Maximum Health grant remains at $400 & Tangihanga $500

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

Sindu Morrison – Residential

KEY POINTS:

- 25 homes fully tenanted
- Rentals will need to increase effective 31 March 2024
- Discounted rental for Ngāti Whakaue tenants
- Kainga Ora – we are reviewing options
- Plan Change 9 – provides further opportunities for residential development and intensification
- Currently no homes available

RESOLVED: "That the Residential report be received."
(Sindu Morrison/Tony Wihapi) Carried

Tina Ngatai – Retail

KEY POINTS:

- Rotorua Central and Trade Central remain desirable retail locations – high foot traffic
- Large tenants showing interest such as Skechers & Platypus
- Mall foodcourt sales increased 24.3%
- Quality assets and management approach
- Ex-H & F building - new lessee
- Future Development Strategy – opportunity to explore mixed-use development & future growth

Tina Ngatai – Commercial Office

KEY POINTS:

- 100 % occupancy in Haupapa House & Rotorua Central
- Rental levels in line with market
- Seismic compliance across the portfolio assessed & budgeted
- Westpac recently upgraded with aim to meet all buildings >67% of NBS
- New leasings and renewals indicate our buildings and their location are the best place to do business

RESOLVED: "That the Retail & Commercial Office report be received." *(Tina Ngatai/Kahira McRae) Carried*

David Tapsell – Tourism

KEY POINTS:

WHY TOURISM?

- Diversification of our Asset Base / Spread Risk
- Now 18% of our asset base. In year 2020 it was 13%
- Employment opportunities for our people @ 40 currently employed within tourism portfolio
- 1880 Aspirations - fulfilling delayed aspirations of our tipuna

THE BIG PICTURE GOAL

- Capture tourist spend for two days and one night

TOURISM ASSETS

Te Puia/NZMACI (Geothermal & Cultural Activity)

- POT share worth $13.7m
- 12 Ngāti Whakaue employed
- Arikikapakapa Whenua (Sport Activity)
- Working with RGC to improve offering
- NW Rangatahi Golf Scholarships and lessons 2024

Tasman Holiday Park (Accommodation)

- Lease income
- Promotes our other activities
- 4 Ngāti Whakaue employed

Wai Ariki Hot Springs & Spa (Cultural & Wellness Activity)

- Opened June 2023
- Belgravia Leisure the Spa Manager
- Initial employee issues now resolved – Debbie Guptil new GM

FUTURE PARTS OF THE BIG PICTURE

- Te Kohea (Rainbow Springs)
- Future Hotel
- Future Apartments

ROTORUA OUTLOOK

- Tourism building back but shape is different
- Domestic slower than other areas
- Overnight stays are down
- Perception & quality issues
- Future parts of Big Picture will be assessed carefully – collaboration & JV partnerships will likely make sense

URU WHAKAUE MEMBERSHIP

- Total members to date 466
- 192 have visited
- NW Marae kai mahi koha – Wai Whakaora – 5 / 11 marae have taken up the offer

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

COMMENTS FROM THE FLOOR:

Norma Sturley expressed her disappointment at the treatment of her daughter Rania Sears by Belgravia Leisure her employer in relation to her resignation. David Tapsell responded that we are unable to get involved in matters in relation to employment disputes that are managed by Belgravia Leisure without putting the Trust and owner value at risk. Tony Wihapi and Cathy Dewes proposed that the matter be settled outside this hui.

Financial Report
- Alexander Wilson (Accountant/Deloitte)

Alex provided commentary and graphs highlighting the financial position for the year ending 31 March 2023.

- Operating Profit $5.1m. Loss after Tax $4.4m. Total Assets $376m. Total Debt $165m. Equity $199m
- Investment properties – valuations decreased the asset values by $11.2m
- Balance Sheet – assets have increased in value, however, so too has liabilities due to increased borrowings
- NZSE Companies used as a benchmark for performance comparison with Pukeroa performing well with % of Fair Value Change in Investment Property at -3.65%
- Auditor provided an un-qualified opinion with an emphasis of matter (difficult to value the spa so taken at cost to build)
- Interest rate on loan on spa build provided by MBIE against market interest rate recognised by accounting standards as a grant. Not a cash grant. A book value

RESOLVED: "That the Financial Report for the period ending 31 March 2023 be received."
(Alex Wilson/Tony Wihapi) Carried

Appointment Of Auditor:

RESOLVED: "That BDO Rotorua be reappointed auditors for the next financial year."
(John Treanor/David Stephens) Carried

2023 Election Result:

Glenn Hawkins (GHA) was appointed the Returning Officer for the 2023 Election which was conducted by Postal Vote and counted according to shareholding (Poll Vote).

Glenn noted the trustee due for rotation under Section 7(e) was Rawiri Waru who was available for re-election. One formal nomination was received for Jeanna Love.

Results were provided via a powerpoint presentation. Glenn declared Jeanna Love as the highest polling candidate having received 153.17374012 shares and Rawiri Waru having received 89.06753246 shares.

Application will be made to the Maori Land Court for the appointment of Jeanna Love for a term of 5 years.

Message congratulating Jeanna Love from Rawiri Waru delivered verbally by Mark Gibb.

General Business:

As there was no further general business the meeting closed in karakia by Monty Morrison at 12.45 pm.

Chairman's Report

Kia ora tātou Ngāti Whakaue.

Introduction

At our trustee strategy day on 15 February 2024 our longstanding Chairman Malcolm Short, advised us that he would not be re-standing as a trustee at this year's election. That day, I was unanimously appointed by my fellow trustees as Chairman of the Pukeroa Oruawhata Trust to enable a smooth transition of leadership before Malcolm's retirement as a trustee today. Tina Ngatai has also been unanimously appointed as Deputy Chair. We both thank the trustees for appointing us and look forward to working together with our fellow trustees and management team advancing the interests of the Trust on your behalf.

Balance Sheet and Asset Value

Notwithstanding the very difficult economic environment, our balance sheet is strong. Although we have seen revenue growth, we have also seen erosion in the value of some key assets. This was not unexpected given the cumulative economic pressures since Covid 19 and the fact that 82% of our assets (Retail and Tourism) were particularly impacted over this period. Our CEO Mark Gibb will talk more about this in his report. I would also note, that the investment valuation of Wai Ariki (and the broader PLHL site) justified a significant valuation reset (write down) given the longer lead in time for Wai Ariki to reach its full trading potential and the fact we invested in infrastructural development of the entire PLHL site, and much of that is not yet commercially developed.

Given the stabilising economy and new projects we have planned we are confident that both Retail and Tourism performance will improve over the short to medium term.

Maintaining our Strategic Focus

Our capital management strategy continues to focus on maximising the performance and returns generated from our portfolio of assets. New opportunities will present themselves over the next 12 months, and we will continue to assess the viability of these. Where the Group owns non-core assets, we will look to recycle capital to ensure this is invested where we can obtain the greatest strategic benefit. We will continue to focus on debt reduction in the short to medium term. Where we consider it appropriate on any new project, we may share risk and benefit with others as we are doing now with Te Kohea consistant with our collaboration approach.

Our Core Business and ongoing Economic Challenges

In our last Annual Report, we commented on the ongoing difficult economic environment in Aotearoa, the impact of that on us, and how these challenging conditions (which had been in place for the prior 3 years post Covid 19) could continue for the next 12 months. That prediction has proved to be true, with the last 12 months being very challenging for all of Aotearoa, with a lingering cost of living crisis, high inflation and interest costs with business closures and staff layoffs occurring frequently.

In the context of these challenges, it is important to reflect on the core nature of our business to more accurately understand impact and act quickly to mitigate that impact and improve outcomes. There are signs that the economy is stabilising, and we have all been working extremely hard to capitalise on this potential upswing for 2025 and beyond.

59% of our business is retail. You will all be aware that retail has struggled nationwide, and it is no different here in Rotorua. Trustees and management have worked extremely hard to fill vacant tenancies in a very tight retail market. Our CEO Mark Gibb will talk about this more in his report which will see us at or near tenant capacity next year.

Tourism accounts for 23% of our business and here we saw mixed results with Te Puia doing well while the Wai Ariki Hot Springs and Spa, as a new offering, was always going to take a number of years to reach full market penetration. As noted in prior reports, we have also commented on the effect of the emergency housing crisis on Rotorua night stays which has impacted night patronage at Wai Ariki – something we will look to address ourselves.

The remainder of our assets (Industrial 11%, Residential 4% and Retirement 3%) are stable and performing as expected.

Despite significant increases in interest rates across the year, we have low vacancies, manageable gearing and growing rentals have worked to ensure strong revenue growth. Whilst we have continued to see some pressure in asset values the quality of the Trust's assets will ensure we remain in a strong position going into the future. This position will be enhanced by continuing to invest wisely in our assets to ensure we continue to attract and retain the top retailers and businesses.

Outlook, New Projects, Employment Opportunities

The economic environment in Aotearoa is showing signs of stability. This stability will encourage consumer confidence and consumer spending which is critical to support the businesses that occupy tenancies across our portfolio. Tourism is forecast to see a greater number of international travellers come to our shores this summer, which will drive additional demand through our key Tourism investments such as Wai Arki Hot Springs and Spa, Tasman Holiday Park and Te Puia NZMACI.

Development of the balance of the PLHL whenua is a priority for us. We are well advanced in considering the feasibility of a new Hotel with a key focus on maximising our returns and reducing risk. This will likely see a partnership of us, a Hotel investor and Hotel (brand) manager. There are strong synergies to be achieved in operating this with the Wai Ariki Spa.

Te Kohea is a manifestation of our collaborative approach as we continue to work with the Ngāti Whakaue Education Endowment Trust and Ngāti Whakaue Assets Trust to deliver a new business on this site.

A new Lakefront Hub providing ticketing offices, and a fresh new food and beverage offering is also well advanced.

The new Hotel, Te Kohea and Lakefront Hub provide significant further employment opportunities for our people both in terms of development and construction jobs and also once complete, as employees in these new businesses. For example, the new Hotel itself is likely to require in excess of 200 employees.

The return of the Sala Street Cemetery site is underway. At this stage we have no immediate plans, but we are talking with Ngāti Whakaue Tribal Lands about their Manawa Gardens development to more fully understand if a similar project may work on this site.

Closer collaboration with other Ngāti Whakaue entities continues to be progressed. There are many opportunities that will be of benefit to Ngāti Whakaue if we work more closely together. At this stage we are well advanced in the establishment of a jointly governed Tikanga Fund and also a centralized Board Observer programme. We hope to announce details of these exciting initiatives shortly to apply in 2025.

Whakarewarewa Lands Arbitration

Following the arbitration held in August 2022, the Whakarewarewa Lands dispute decision is now expected by 31 October 2024. The release of the decision has taken far longer than anticipated and will be welcomed by all participants in the process.

Owners' Grant and Charitable Trust Grants

The Group has again produced a strong operating performance in the 2024 financial year (FY24), despite a significant increase in interest costs. In light of this, the Trustees have recommended that the 2024 Owners' Grant be set at $900,000, consistent with the 2023 grant. In addition, the Pukeroa Oruawhata Charitable Trust continues to make a number of charitable grants available to Ngāti Whakaue and we would encourage our owners, whanau and iwi to make use of these grants.

Conclusion

I would like to thank my fellow trustees for their hard work and support in this most challenging year. You all go above and beyond and are very well prepared for and are active contributors in all our Board and sub-committee meetings. Thank you also to Mark Gibb and the management team for your commitment and hard work on our behalf which is appreciated. This has been a difficult year for us all and it is testament to our combined team that we have overcome the challenges and are now focussed on the future for the benefit of our owners.

In October this year we recognised and celebrated the significant contribution that Malcolm Short has made to the Pukeroa Oruawhata Trust. After 40 years as Chairman, Malcolm retires as a trustee leaving a legacy to be proud of. We will miss having you around the table Malcolm and wish you all the best in your well-deserved retirement. Monty Morrison retired earlier this year after 10 years of invaluable service and we take this opportunity to thank him also for his contribution.

Ngā mihi nui

David Tapsell
Chair

Chief Executive's Report

Kia ora tātou

2024 was again another significant year for the Pukeroa Oruawhata Trust and group of companies. The economic volatility following the COVID 19 pandemic continued this year resulting in an ongoing high inflationary and interest rate environment, and prolonged (and deeper) economic slowdown. The Group is part of this economic environment and not immune from its effects. While many other businesses have struggled to survive in this very difficult environment, Pukeroa's ability to generate strong revenue across its operations has enabled us to absorb these short-term economic impacts and remain aligned with our overall strategic direction.

Despite our strong operational performance, softening capitalisation rates have again negatively impacted on the value of our property portfolio. This is no surprise and is a consequence of the Covid 19 economic slowdown long tail that has impacted the value of all businesses including ours, hence the inevitable value reset this year. Notwithstanding that, the Groups strong balance sheet places us in a position in which we can continue to navigate the challenging economic headwinds and reemerge strongly as property values stabilise.

Capital Management

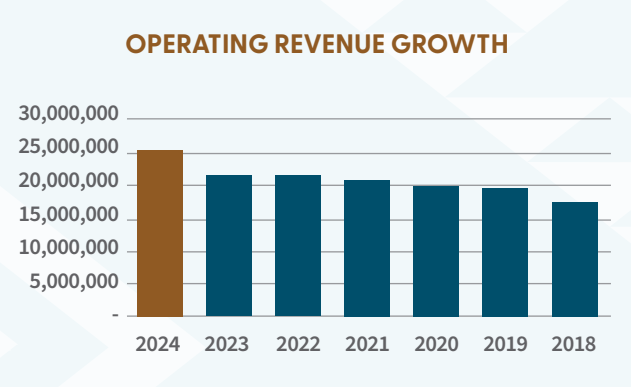
Strict capital management remains a cornerstone of the Group's business activities. This includes a transition of debt facilities as we start to see a decline in and take advantage of more competitive commercial lending rates. Managing our gearing levels and lending covenants remains a key focus over the short term, and our discipline around cashflow management has seen us being in a position to continue to amortise our loans across the group, despite the challenging economic environment.

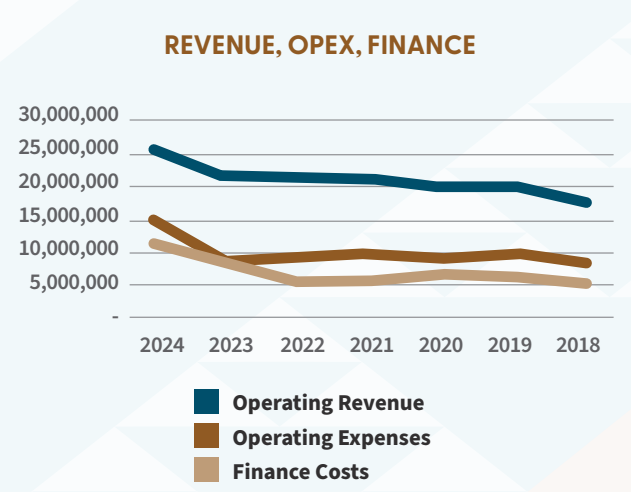
Cost Control

Stringent cost control has been a priority over the past 24 months. This will continue as we seek to continue to drive efficiencies across the Group. Prioritisation of key projects, capital and operating expenditure, will remain a key focus as we seek to obtain procurement and cost efficiencies.

Strong growth in Revenue

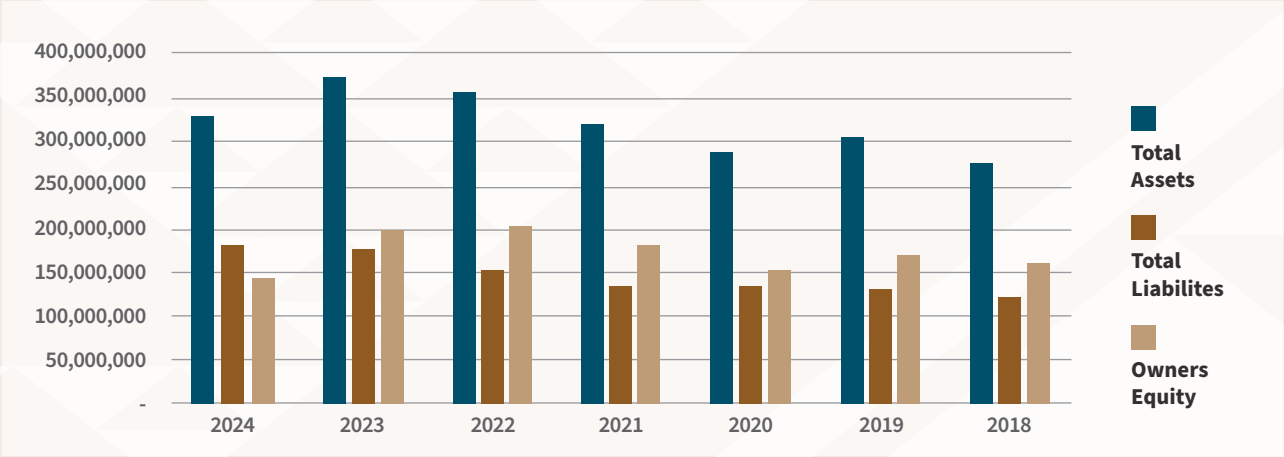
Despite very challenging market conditions Operating Revenue grew by $3.96M from $21.25M in FY23 to $25.21M in FY24. Offsetting this though was the continuation of cost pressures across the Group's operating expenses and higher interest costs.





Portfolio revaluations reflect market conditions

As noted above, asset values across the Group were impacted by negative movements in capitalisation rates and the inevitable value reset. A rapid rise in interest rates in recent years has caused an increase in capitalisation rates for all property types, and corresponding decline in value. The quality of assets owned by the Group though places us well to take advantage of more favourable economic conditions which will see a recovery in our total assets position.



Retail

Despite challenging retail trading conditions in 2023 into 2024, Rotorua Central Mall has continued to see sustained demand for tenancies. With the departure of Smiths City and Countdown in mid 2024 we have secured an exciting mix of new tenants including JBHiFi and Bargain Chemist. We hope to also shortly announce the opening of a new gym, entertainment operator and grocery retailer.

After completing extensive negotiations on the 19th April 2024 we saw the opening of a new regional flagship store for Mountain Warehouse at Trade Central. In addition, Reform Fitness will shortly open in the Centre. These leasing's take our occupancy up to 98% with positive interest being fielded for the remaining two smaller tenancies.

Tourism

Pukeroa Lakefront Holdings Limited (PLHL) continues to invest in our strategic lakefront land holding. Removal of the QEH buildings were completed in early 2024. Given the extent of contamination across the site this was a complex and costly process. The contamination impacts of this on our whenua were conveyed to the Crown who as reported in FY23 contributed $1.2M towards removal of the buildings and reinstatement of the site. Final works are underway to topsoil the site, this will be completed in late 2024.

Wai Ariki Spa opened on the 16th of June 2023. The development has received global recognition for both its architecture and business performance and is showing strong revenue growth in a recovering tourism market. Wai Whakaora (Restorative Journey) is the cornerstone of the product offering that combines our region's geothermal mineral waters with the centuries-old legacy of Ngāti Whakaue culture, traditional practices and manaakitanga.

Āhuru Mōwai (Spa Sanctuary) offers a menu of treatment options founded on te ao Māori and the centuries-old healing practices of Ngāti Whakaue.

The uniqueness of Wai Ariki and its strong cultural foundation place it well to become a cornerstone of the Groups tourism activities going forward.

Te Kohea

In collaboration with Uekaha (Ngāti Whakaue Education Endowment Trust) and Ngāti Whakaue Assets Trust, Pukeroa Oruawhata is progressing a feasibility assessment for the ex-Rainbow Springs site. We anticipate completing this in late 2024, thereafter seeking to actively progress redevelopment of this whenua from 2025.

FY25 Outlook

Whilst FY24 was a very challenging year, it has been productive. Strategically, as we enter an economic cycle in which our debt management will be easier, we will move to reposition the Groups debt arrangements with the markets in line with our treasury strategy. Greater economic stability will also provide the opportunity to grow cashflows and values across the Groups existing business interests. Wai Ariki Spa will enter its second years trading cycle and we will look to take advantage of its establishment in the market through growing its revenue base and seeking to broaden this as international tourism markets continue to return to Aotearoa, New Zealand. I again look forward to working with the Trustees, Directors and the rest of our team to deliver positive outcomes across our business operations.

Ngā manaakitanga

Mark Gibb
Chief Executive

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.

2024 Owners' Grant Policy

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.

Payments will only be made by direct credit to owners whose address, and bank account is held.

Payments have been calculated according to shareholding bands.

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.

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.

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.

Entitlement to the payment will expire at the next Annual General Meeting date.

Payments to overseas owners will be the $NZ amount less any bank charges.

The Trustees reserve the right to amend this policy or draft new policy to cover any circumstance not covered or anticipated by this policy.

The Trustees' decision in these matters is final.

Recommendation & Resolution

"That the 2024 Owners' Grant in lieu of 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. Miniumum 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
10.0000	to	11.99999	$10,828
12.0000	to	13.99999	$12,633

Pukeroa Oruawhata Charitable Trust Report

Charitable Trust

The Charitable Trust continues to support a wide range of activities and health benefits 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 the FY24 period shows an increase in applications from 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 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 beneficiaries that can apply, 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.

All application payments/costs must be made in NZ (an IRD requirement).

We again note that only one Health Grant application within any 12-month period is permitted, i.e., if application is made November 2024 eligibility for another Health Grant is not until November 2025. The Trustees meet monthly to consider applications with application closure dates available on our website.

Charitable Trust Grants

Approved Applications:

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

	2024	2023	2022
Health	317	287	299
Cultural (Tangi only)	28	20	12
Discretionary	12	15	3
TOTAL	**357**	**322**	**314**

Approved discretionary grant applications for FY24:

Note - $ 1,000 and over only

Howard Morrison Jnr – Tribute Concert (Free Matinee for kōeke)	$ 8,000
Ta Bom Gillies – He Rau Aroha Italy Tour	$ 7,500
Kingi Biddle – 'Speak Easy' Public Speaking Course Provider	$ 3,000
Ivan Douglas Snr – Memorial for Flight Crew of the Stirling EE872 WW2 – Germany	$ 10,000
Te Kura o Te Koutu – Kapa Haka Piupiu	$ 14,000
Alexander Wilson – 90th Birthday Celebration	$ 5,000
Te Koutu E141 Marae Trust – Capital Works – Retaining wall	$ 15,000
Rotorua Lakeside Charitable Trust – Free Lakeside Concert to the community	$ 20,000
Rangatahi Golf Scholarship 2024 & 2025 – Arikikapakapa – 4 x Rangatahi	$ 7,355
King Tuheitia Hui – Support for kōeke to travel to hui February 2024	$ 1,814
TOTAL	**$ 91,669**

Financial Report

At a glance

This Financial Report provides a summary of the group's financial performance and position for the year ending 31 March 2024.
Full audited financial statements are provided on pages 27 - 59.

-$1.6m
Operating Profit/ (Loss)

$183.7m
Total Liabilities

$144.8m
Total Equity

$328.5m
Total Assets

-$55.3m
Fair Value of Investments

$199k
Charitable Grants Paid

$25.2m
Total Revenue

Financial Performance

	2024 $m	2023 $m	Change $m	Change %
Operating Revenue	25.210	21.545	3.666	17%
Operating Expenses	16.028	8.508	7.520	88%
EBIT and other operating costs	**9.183**	**13.036**	**-3.854**	**-30%**
Finance Costs	10.875	7.932	2.942	37%
Charitable Trust Grants	0.199	0.219	-0.019	-9%
Low Interest Rate Loan	0.229	-2.690	2.919	-109%
Share of Profit from Associate	-2.802	-0.761	-2.040	268%
Government Grant	-1.200	-	-	
Sale of asset	-	-0.137	-	
Operating Profit before other gains	**1.881**	**8.474**	**-6.593**	**-78%**
Derivatives	-0.825	-0.093	-0.732	792%
Fair Value of Investments	-55.313	-11.250	-44.063	392%
Profit before Tax	-54.257	-2.868	-51.388	1792%
Income Tax	0.107	-1.555	1.662	-107%
Profit / (loss) after tax	**-54.150**	**-4.424**	**-49.726**	**1124%**

Revenue for FY24 increased by 17% compared to the previous year. This growth was driven by consistent management of recoveries across the group, alongside the opening of Wai Ariki Spa in mid-June 2023. Wai Ariki contributed $2.2m in revenue for the year ending 31 March 2024.

Despite this revenue growth, economic conditions remained challenging throughout FY24, with a strong focus on ongoing cost management. The higher interest rate environment, coupled with government loans beginning to incur interest, led to an increase of $2.9m in finance costs compared to FY23. Managing the current debt facilities and implementing our Treasury management policy will be key priorities for FY25 as we anticipate a reduction in interest rates.

The current economic climate has also led to decreased interest in leasing vacant spaces, an area of focus for our property management team moving forward.

19% **Increase in Recoveries from Tenants**

$3.66m **Increase in Total income**

Property valuations continued to be significantly affected by the current economic environment, leading to a softening in capitalisation rates and a subsequent decrease in the overall investment property valuation for the group. The most significant impact was seen in the PLHL precinct, with a reduction of approximately $43.2m, accounting for 78% of the group's total write-down. Two key factors contributed to the significant decrease in the PLHL valuation:

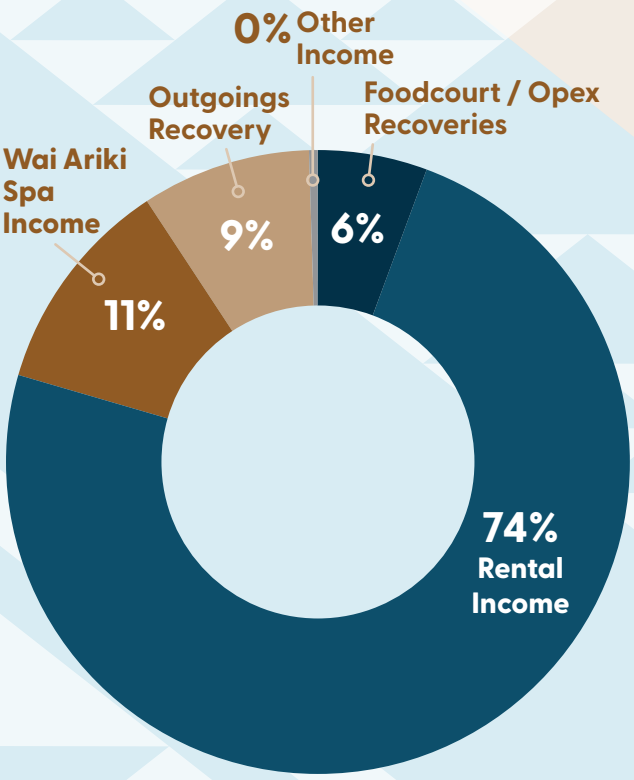
- The initial trading year of Wai Ariki Spa, which is a specialised asset with no direct market comparables. This meant that the valuation was cautiously based on the nine months of trading data available at the time. However, with current trading performance and future projections, we are confident that the value of this asset will increase in the coming years.
- Significant additional work has been completed within the precinct, including the apartment and Hotel site development, land and earthworks, and geotechnical assessments. These investments are expected to be fully recognised as future developments progress.

Revenue

In FY24, we maintained a solid rental income base of $18.5m, reflecting a 1.7% increase over FY23. This growth was primarily driven by rental reviews, which helped offset a few vacancies.

Cost recoveries from operational expenses and tenant reimbursements saw a notable increase compared to the previous year. This was largely due to the inflationary environment, where rising core expenses were, where applicable, passed on to tenants.

The Wai Ariki Spa, which opened in June 2023, completed its first 9.5 months of trading by 31 March 2024, generating $2.2m in sales. Post year-end, we are seeing continued revenue growth.

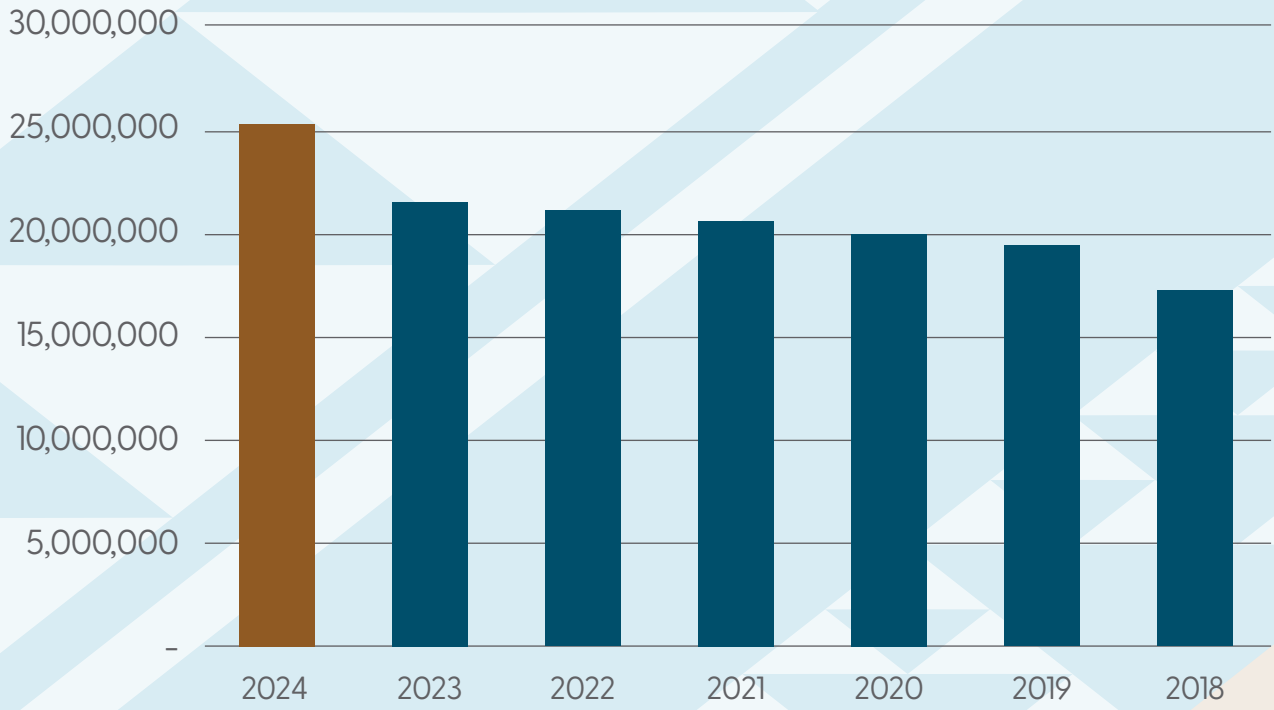


1.70% Increase in Rental income

19% Increase in Recoveries from Tenants

$2.8m Wai Ariki Spa Revenue (9.5 months)

Operating Revenue Growth



Operating Expenses

Operating expenses increased by $7.5m, reaching $16m in FY24. Included in these costs are the expenses related to the Wai Ariki Spa, which comprise both initial establishment costs prior to its opening and ongoing operational expenses. The total costs for this entity amounted to $4.5m for FY24.

Additionally, the expenses for the demolition of the former QE building have been accounted for, following the standard accounting treatment for demolition costs. This one off cost was $1.5m.

Across the group, inflationary pressures on core operational contracts continued to be evident, though a strong focus on cost management was maintained.

Interest Expense

The group, like many others, was significantly impacted by the high inflationary environment, with interest rates averaging between 8.3% and 8.5% throughout the financial year.

Our interest-free period on government lending facilities ended in August 2023, resulting in $451k in interest expenses for these facilities.

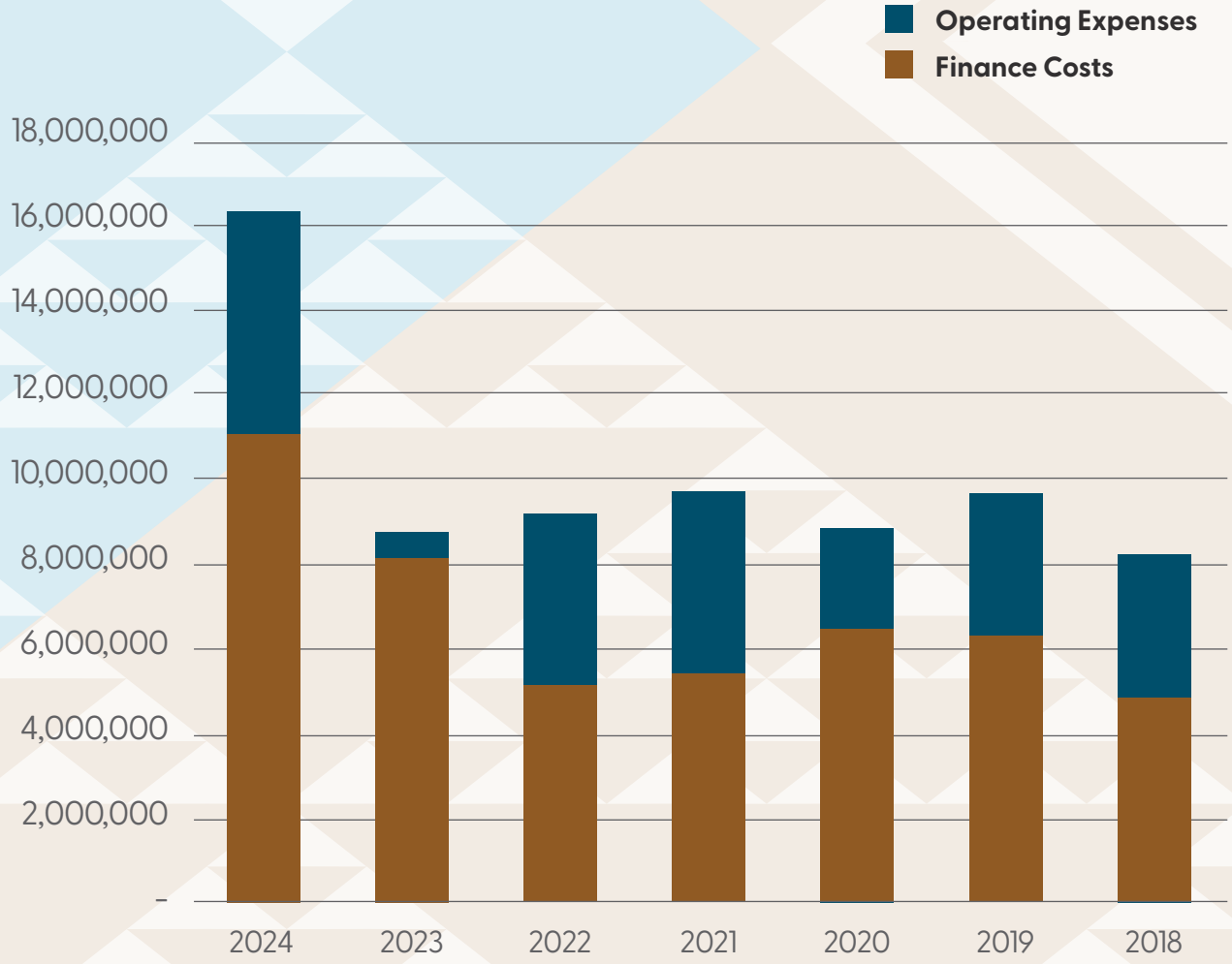
37% **Increase in finance costs compared to FY23**

88% **Increase in operating expenses compared to FY23**

Includes first year Wai Ariki & one-off demolition of Ex QEH

16.6% **Increase in operating expenses compared to FY23 on a 'like for like' comparison**

Removing Wai Ariki Spa & QEH demolition



Change in Fair Value of Low-Interest Rate Loan

In compliance with Financial Reporting Standards, we are required to account for the benefit of the favourable 'Low Interest Rate Loans' provided by the Provincial Growth Fund (PGF). These funds have been used to support the development of Wai Ariki Spa. In our profit and loss statement, we report a $229k movement. This amount represents the net present value of the benefit derived from the PGF loans, which is calculated as the difference between the market interest rates at the time the loan was drawn and the lower interest rates on the PGF loan facilities. It is important to note that this is not a cash transaction but an accounting adjustment.

Government Grants

During the current year the group received $1.2m compensation to support the demolition of the Ex QEH-site.

Changes in Fair Value of Investment Properties

The group recorded a revaluation loss of $55.3M on investment property values as of 31 March 2024. This loss is primarily attributable to the PLHL precinct, where historical costs were capitalised with the opening of the Wai Ariki Spa.

Given that the spa is a unique and specialised asset, a cautious valuation approach was taken, incorporating only nine months of trading data. While future forecasts were considered, a conservative stance was adopted. As this is the spa's first year, we anticipated an initial write-down of the asset. However, we expect this asset to drive value growth in the coming years.

Additionally, there were significant works completed at the site, including earthworks and extensions to the boundaries. These will be fully recognised as future site developments unfold, presenting a timing issue in the current valuation.

Share of Profit / (Loss) from Associate

Following the vesting of 25% of the Te Puia business into the Pukeroa Oruawhata Trust, we have recognised the value of this shareholding in our consolidated accounts. As of 31 March 2024, this stake is valued at $18.5M. Our share of Te Puia's profit or loss is recorded separately in our consolidated financial statements, amounting to $2.8M. This represents a 267% increase from FY23, reflecting Te Puia's strong trading performance.

Other Gains/Losses

Other Gains/Losses include "Changes in the Fair Value of Derivative Financial Instruments" and "Changes in the Fair Value of Investment Properties."

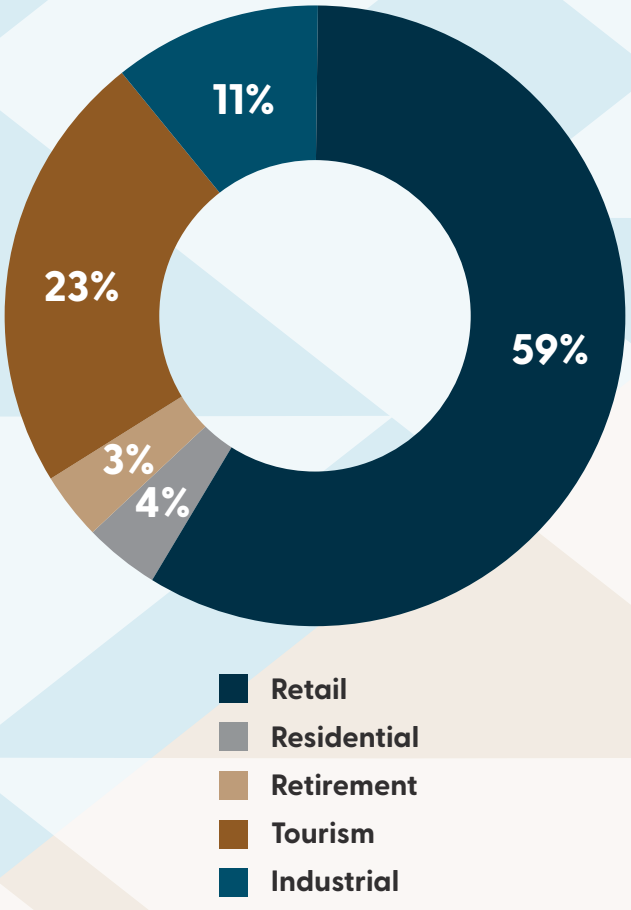
Changes in Fair Value of Derivative Financial Instruments

This is a non-cash accounting adjustment that recognises the year-to-year change in the value of interest rate swaps. This year, the fair value of these swaps decreased by $824K, and this movement is recorded as an expense in the Statement of Comprehensive Income.

Balance Sheet

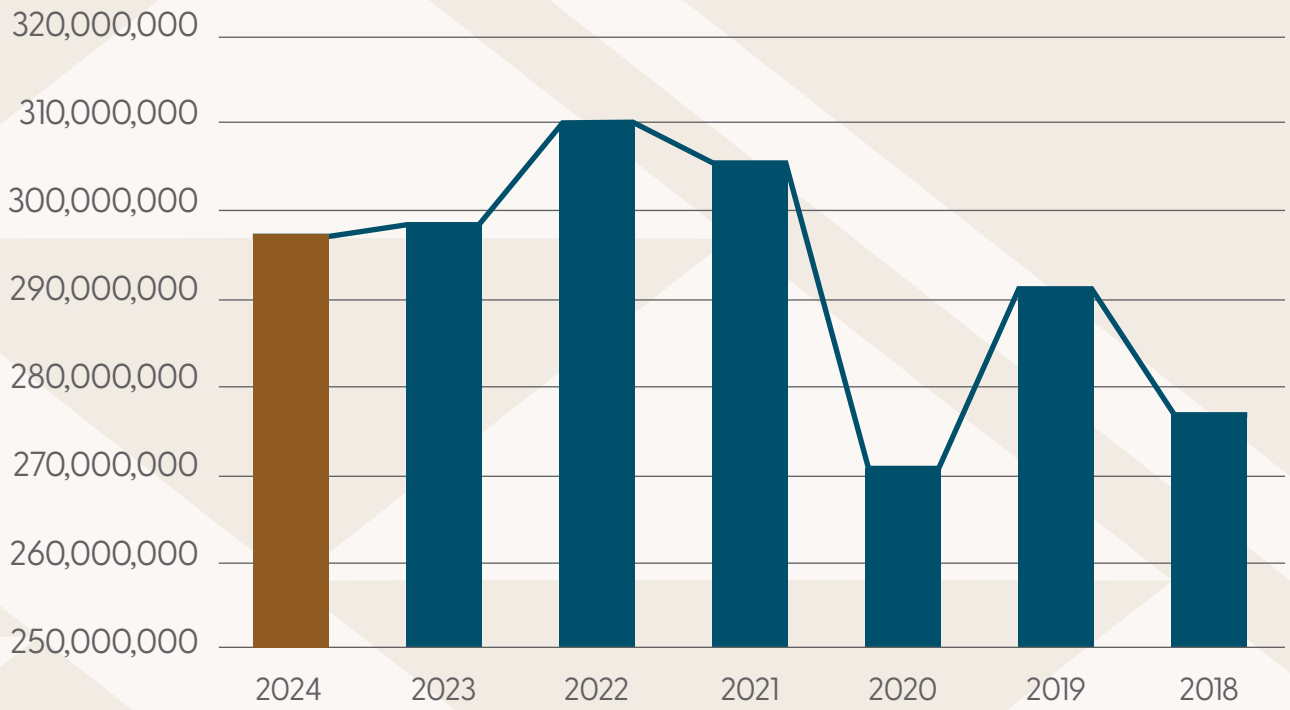
	2024 $	2023 $	Change $	Change %
Total Assets	328,548,900	376,483,473	-47,934,573	-13%
Total Liabilities	183,703,796	176,874,050	6,829,746	4%
Owners Equity	144,845,104	199,609,423	-54,764,319	-27%

Group Investment Property Mix



Investment Property

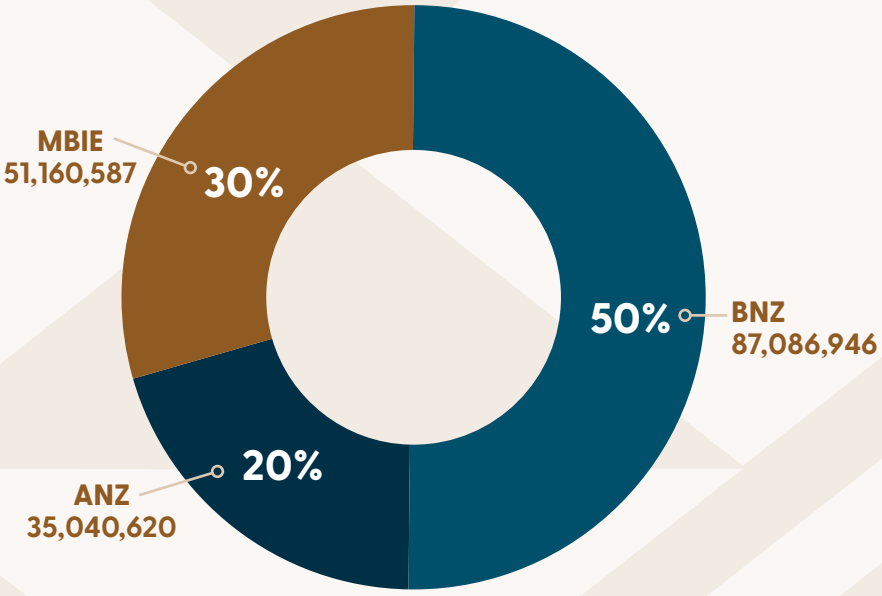
It is important to note that 12 Taui St valued at $10.8m is classified out of investment property at year end due to the intention to sell this asset, whereas historically this has been classified as investment property.



Debt Structure

Pukeroa Lakefront Holdings Limited has drawn down $51.6m from MBIE for 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 2024 summarised as follows:



Bank Financial Measure	bnz Required	bnz Compliant	ANZ Required	ANZ Compliant
Loan / Assets	Less than 60%	✓	Less than 55%	✓
Interest Cover	1.5 Times	✓	1.3 Times	Relief provided due to economic environment

Director/Trustee Remuneration

	POT	POHL	PLHL	Total
Malcolm Short	23,070	57,862	29,434	110,366
David Tapsell	19,680	28,197	43,942	91,819
Rawiri Waru*	10,901	12,000	12,000	34,901
Monty Morrison	16,352	18,000	18,000	52,352
Tina Ngatai	16,624	18,860	19,661	55,145
Sindu Morrison	16,352	18,000	18,000	52,352
Jeanna Love**	11,868	6,000	18,000	35,868
Expenses & Other	7,354	6,034	1,388	14,775
Total	**122,201**	**164,953**	**160,425**	**447,579**

* *Rawiri Waru ceased as a Director / Trustee November 2023*

***Jeanna Love appointed as a Director / Trustee November 2023*

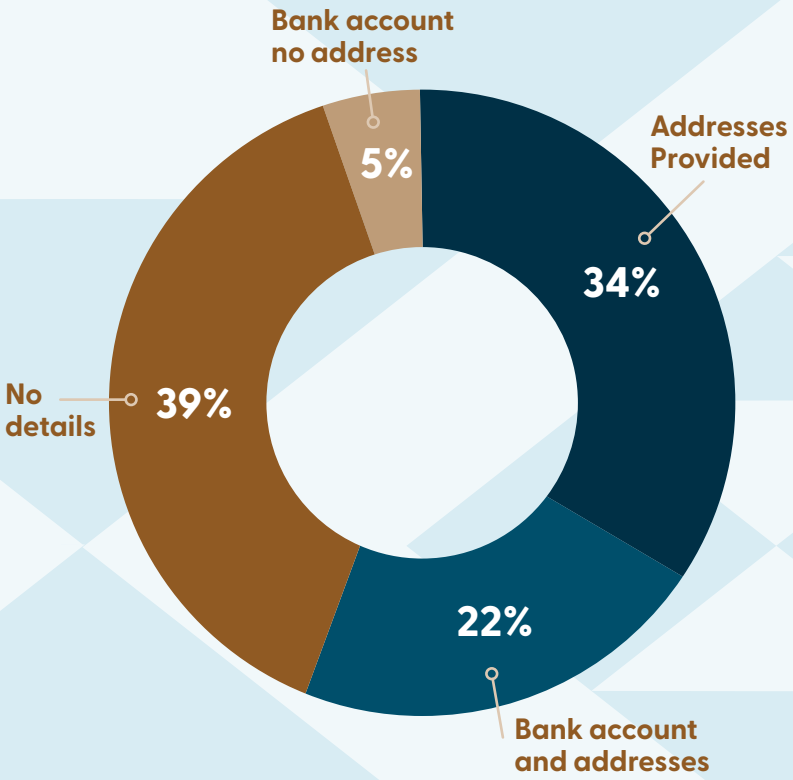
Share registry owner details

Distributions to owners in 2024 is made by way of an "Owners Grant" 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 7,310 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 $185,774 available for owners that complete their successions and register with the Trust.



Pukeroa Oruawhata Trust and Subsidiaries

Consolidated Financial Statements

For the year ended
31 March 2024

Independent Auditor's Report

To the owners of Pukeroa Oruawhata Trust and Subsidiaries

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 2024, 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 2024, 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.

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.

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/auditors-responsibilities/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

BDO Rotorua Limited
Rotorua
New Zealand
26 September 2024

Pukeroa Oruawhata Trust and Subsidiaries

Consolidated Statement of Comprehensive Income

For the year ended 31 March 2024

	Note	Group 2024 $	Group 2023 $
Operating Revenue	2	25,210,265	21,544,541
Operating Expenses	3	(16,027,730)	(8,508,110)
Net Operating Profit for the Year		**9,182,535**	**13,036,430**
Finance Costs			
Interest Paid on Secured Loans		(10,874,762)	(7,932,492)
Net Operating Profit after finance costs		**(1,682,227)**	**5,103,938**
Surplus on Sale of Lessees Interest		-	137,401
Charitable Trust Grants Paid		(199,270)	(218,542)
Change in Fair Value of Low Interest Rate Loan	10.1	(229,104)	2,690,065
Government Grant		1,200,000	-
Share of Profit/(Loss) from Associate	23	2,801,636	761,482
Net Operating Profit before Other Gains / (Losses)		**1,881,135**	**8,474,343**
Other Gains/(Losses)			
Changes in Derivative Financial Instruments	20	(824,748)	(92,511)
Changes in Fair Value of Investment Properties	8	(55,313,238)	(11,250,261)
Profit before income tax		**(54,256,851)**	**(2,868,428)**
Income Tax Expense	4	107,059	(1,555,308)
Net profit after tax		**(54,149,792)**	**(4,423,736)**
Other Comprehensive Income		-	-
Total Comprehensive Income		**(54,149,792)**	**(4,423,736)**

The attached Notes form part of these consolidated financial statements

Pukeroa Oruawhata Trust and Subsidiaries

Consolidated Statement of Changes in Equity

For the year ended 31 March 2024

Group	Original Capital	Capital Reserve (Note 14)	Arikikapakapa Retained Earnings (Note 12)	Retained earnings tax free (Note 13)	Retained earnings (Note 11)	Total Equity
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**
Restated balance at 1 April 2023	2,098,500	19,788,919	98,831	251,749	177,371,424	199,609,424
Net profit and total comprehensive income	-	-	-	-	(54,149,791)	(54,149,791)
Transfer from Retained Earnings Taxable	-	-	31,802	-	(31,802)	-
Distributions - (Owners Grants)	-	-	-	-	(614,527)	(614,527)
Balance at 31 March 2024	**2,098,500**	**19,788,919**	**130,633**	**251,749**	**122,575,302**	**144,845,104**

The attached Notes form part of these consolidated financial statements

Pukeroa Oruawhata Trust and Subsidiaries

Consolidated Statement of Financial Position

As at 31 March 2024

	Note	Group 2024 $	Group 2023 $
Current Assets			
Cash & Cash Equivalents	6	732,013	3,231,242
Short Term Investments		28,396	51,403
Trade Receivables		468,152	364,749
Prepayments		56,352	15,710
Inventories		61,299	-
GST Refund/Payable		-	644,212
Taxation Receivable		489,357	414,756
Derivative Financial Instruments	20	193,366	1,018,114
Assets Held for Sale	24	10,875,000	-
		12,903,935	**5,740,185**
Non Current Assets			
Development Costs	7	1,038,964	58,979,066
Investment Properties	8	295,905,177	297,870,187
Plant and Equipment	9	188,369	150,610
Intangible Assets		4,647	5,384
Investment in Associate	23	18,507,808	13,738,040
		315,644,965	**370,743,288**
Total Assets		**328,548,900**	**376,483,473**
Current Liabilities			
Trade and other payables		2,674,594	4,433,804
Income in Advance		410,368	-
GST Payable		184,585	-
Taxation Payable		-	-
Rents in Advance		153,053	224,760
Bonds		26,105	26,105
Unsecured Loans	22	2,370	91,161
Secured Loans	10	40,144,220	4,513,600
		43,595,294	**9,289,430**

Pukeroa Oruawhata Trust and Subsidiaries

Consolidated Statement of Financial Position *continued*

As at 31 March 2024

	Note	Group 2024 $	Group 2023 $
Non Current Liabilities			
Deferred Tax Liability	4	6,778,795	6,935,179
Secured Loans	10	133,143,933	160,460,337
Unclaimed Dividends		185,774	189,104
		140,108,502	167,584,620
Total Liabilities		**183,703,795**	**176,874,050**
Equity			
Capital		2,098,500	2,098,500
Capital Reserve	14	19,788,919	19,788,919
Arikikapakapa Retained Earnings	12	130,633	98,831
Retained Earnings Tax Free	13	251,749	251,749
Retained Earnings	11	122,575,303	177,371,423
Total Owners Equity		144,845,104	199,609,423
Total Liabilities and Owners Equity		**328,548,900**	**376,483,473**

Authorised for Release on 26 September 2024 by:

Chairman

Trustee

The attached Notes form part of these consolidated financial statements

Pukeroa Oruawhata Trust and Subsidiaries

Consolidated Statement of Cash Flows

For the year ended 31 March 2024

	Note	Group 2024 $	Group 2023 $
Cash Flows from Operating Activities:			
Cash received from operations		25,006,332	21,827,235
Cash paid to suppliers and employees		(16,158,336)	(8,298,326)
Interest / Dividends received		11,034	131,837
Interest paid		(9,718,842)	(7,159,127)
Income tax paid		(106,679)	(988,838)
Dividends/Distributions paid		(617,857)	(651,059)
Charitable Trust Grants Paid		(199,170)	(218,542)
GST received		828,797	193,164
Net Cash Provided by Operating Activities		**(954,721)**	**4,836,343**
Cash Flows from Investing Activities:			
Purchase of Property, Plant and Equipment		(1,005,313)	(22,311)
Term Investments		23,007	(811)
Development Costs on Investment Properties		(5,419,111)	(27,297,313)
Loans Advanced		(88,791)	91,161
Investment in Associate		(1,983,488)	(300,000)
Net Cash Used in Investing Activities		**(8,473,697)**	**(27,529,274)**
Cash Flows from Financing Activities:			
Secured Loan funding received		4,415,000	-
Secured PGF Loan funding received		7,000,000	29,066,581
Secured Loan funding repaid		(4,485,808)	(3,704,487)
Net Cash Used in Financing Activities		**6,929,192**	**25,362,094**
Net increase in Cash & Cash Equivalents		(2,499,226)	2,669,163
Opening balance Cash & Cash Equivalents	6	**3,231,242**	**562,078**
Closing balance Cash & Cash Equivalents	6	**732,016**	**3,231,242**

The attached Notes form part of these consolidated financial statements

Pukeroa Oruawhata Trust and Subsidiaries

Notes to the Consolidated Financial Statement

For the year ended 31 March 2024

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, spa operations 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 2024 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 26 September 2024.

Statement of Compliance

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

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

Specific Accounting Policies

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

Basis of Preparation

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

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

Basis of Consolidation

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

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

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

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

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

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

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, 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 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.

Spa Operations Income

The Group generates revenue from providing spa goods and services from Wai Ariki Hot Springs and Spa LP. Revenue from these services is recognised when the services are rendered. Revenue is measured based on the fair value of the consideration received or receivable. This is recognised when the performance obligation is satisfied, which is generally when the service has been provided and the customer has received the benefit of the service. Payment of the goods and services is payable when the customer receives the goods and/or service. A receivable is recognised when the goods and services have been provided and payment has not been received.

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 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 is 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	8% to 67%	Diminishing Value
Plant & Equipment	8% to 67%	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%

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 Assets

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

Amortised cost

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

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

Impairment provisions for receivables from related parties are recognised based on a 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 2023 AGM on 4 November 2023. This grant is payable to the Owners registered at that date who have supplied their bank account numbers and addresses. The grant is available to Owners, subject to the terms of the grants policy, up to the next AGM.

Critical Judgments, Estimates and Assumptions

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

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

a) **Current and Deferred Tax**
The critical estimates and assumptions underlying the measurement of current and deferred tax are set out in Note 4.

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

c) **Fair Value of interest rate derivatives**
The valuation of these instruments is influenced by several factors, including the time of day pricing decisions made, assessment of assumptions and the methodology adopted. A key assumption is the volatility of intra-day interest rates (Refer to note 20 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.

NOTE 2. OPERATING REVENUE

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

	Note	Group 2024 $	Group 2023 $
Food Court & Operating Expenses Income		1,447,093	1,381,349
Rentals Received		18,583,219	18,272,648
Spa Operations Income		2,855,639	-
Interest & Dividends Received		11,034	131,837
Outgoings Recovery		2,235,489	1,706,776
Other Income		77,792	51,930
		25,210,265	**21,544,541**

NOTE 3. OPERATING EXPENSES

	Note	Group 2024 $	Group 2023 $
Amortisation of Capital Lease Incentives	8	63,556	63,617
Audit Fees		55,892	49,000
Bad Debts and Doubtful Debts		17,788	16,592
Cost of Goods Sold		196,331	-
COVID19 Abatements		5,903	11,421
Depreciation		40,724	26,589
Directors/Trustees/Committee Fees & Expenses		447,579	456,236
Food Court & Operating Expenses		2,064,985	1,981,365
Lease Fees		54,919	75,475
Legal Fees		301,678	188,981
Other expenses		4,242,663	3,804,525
QE Demolition		1,521,096	-
Repairs & Maintenance		1,623,363	777,128
Salaries and Wages		3,079,392	745,502
Secretarial & Accounting		314,449	311,680
Spa Operational Expenses		1,997,413	-
		16,027,730	**8,508,110**

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 2024 $	Group 2023 $
Current Tax Expense	49,325	531,139
Movement in Deferred Tax	(156,384)	1,024,170
	(107,059)	**1,555,309**

	Group 2024 $	Group 2023 $
Profit before tax	(54,256,851)	(2,868,428)
Income tax expense calculated at 17.5%/28%	**(9,103,568)**	**(536,981)**
Accounting Capital Gain on Disposal	-	(19,017)
Arikikapakapa Reserve - Exempt Income	(14,460)	31,764
Changes in Fair Value of Investment Properties	9,593,331	2,018,671
Non-Deductible Expenses	90,654	2,434
Residential rental property ring fencing of deductions	127,769	69,833
Other adjustments	(706,495)	89,643
Prior period adjustments	(94,290)	(101,039)
	(107,059)	**1,555,309**

The tax rate used for the 2024 and 2023 reconciliations above is a combination of the Maori Authority Tax Rate of 17.5% payable by Maori Authority Entities and the Company Tax Rate of 28% as per individual entity requirements.

4.1 Deferred Tax

	Opening balance 1 April 2022	Recognised in Profit or Loss	**Closing Balance 31 March 2023**
Assets			
Waikuta Development Costs	6,994	(290)	**6,704**
Investment Properties	(7,158,744)	(576,983)	**(7,735,727)**
Employment Provisions	-	-	**-**
Low Interest Loan	-	(327,242)	**(327,242)**
	(7,151,750)	(904,515)	**(8,056,265)**
Other Non-Balance Sheet Items			
Tax losses	1,240,741	(119,655)	**1,121,086**
Total Asset/(Liability)	(5,911,009)	(1,024,170)	**(6,935,179)**

4.1 Deferred Tax cont.

	Opening balance 1 April 2023	Recognised in Profit or Loss	**Closing Balance 31 March 2024**
Assets			
Waikuta Development Costs	6,704	(34)	**6,670**
Investment Properties	(7,735,727)	(1,178,349)	**(8,914,076)**
Employment Provisions	-	4,347	**4,347**
Low Interest Loan	(327,242)	224,803	**(102,439)**
	(8,056,265)	(949,233)	**(9,005,498)**
Other Non-Balance Sheet Items			
Tax losses	1,121,086	1,105,616	**2,226,702**
Total Asset/(Liability)	(6,935,179)	156,384	**(6,778,795)**

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

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

NOTE 5. MĀORI AUTHORITY CREDIT ACCOUNT (MACA)

	Group 2024 $	**Group 2023 $**
Opening Balance	7,784,578	6,842,065
Tax paid	240,000	812,934
RWT on Investments	19,815	185
Credits attached to Distributions from Dividends Received	-	120,909
	8,044,393	**7,784,578**

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 2024 $	Group 2023 $
BNZ – Reserves Account	101,252	130,443
BNZ - Current Account	590,778	1,320,502
BNZ - Savings Account	94	91
ANZ - Current Account	16,168	1,755,337
ANZ - Call Account	9	9
BNZ - Investment Accounts	640	2,829
Deloitte Distribution Account	23,072	22,040
	732,013	**3,231,242**

NOTE 7. PROJECT DEVELOPMENT COSTS

	Group 2024 $	Group 2023 $
Waihunuhunukuri Holdings Ltd		
Lake House Development Feasibility	91,294	91,294
Pukeroa Lakefront Holdings Ltd		
Apartments (Project Management)	445,129	-
Hotel Feasibility	30,569	-
i-Site Lakefront JV	8,447	-
Lakefront Development Feasibility	-	370,501
Wai Ariki Lakefront Spa Development	-	57,790,278
Pukeroa Properties No.2 Ltd		
Waikuta Development	183,355	145,673
Pererika St Reserve Development	230,538	230,538
Opening Doors Charitable Trust	-	190,248
Pukeroa Oruawhata Trust		
Residential & Commercial Development Costs	49,631	35,793
Pukeroa Oruawhata Holdings Limited		
Commercial development costs in Rotorua Mall	-	124,742
	1,038,964	**58,979,066**

Refer breakdown of costs:

	Group 2024 $	Group 2023 $
Lake house development feasibility		
Balance at the beginning of the year	91,294	91,294
Balance at the end of the year	**91,294**	**91,294**
Apartments (Project Management)		
Balance at the beginning of the year	-	-
Costs reclassified from Wai Ariki Spa	703,491	-
Costs reclassified to Wai Ariki Spa	(226,405)	-
Costs incurred during the year	11,534	-
Less: amount received from other JV party	(43,491)	-
Balance at the end of the year	**445,129**	**-**
Hotel Feasibility		
Balance at the beginning of the year	-	-
Costs incurred during the year	30,569	-
Balance at the end of the year	**30,569**	**-**
i-Site Lakefront JV		
Balance at the beginning of the year	-	-
Costs reclassified from Wai Ariki Spa	8,447	-
Balance at the end of the year	**8,447**	**-**
Lakefront development feasibility		
Balance at the beginning of the year	370,501	370,501
Costs Capitalised during the year	(370,501)	-
Balance at the end of the year	**-**	**370,501**
Wai Ariki Lakefront Spa Development		
Balance at the beginning of the year	57,790,278	30,802,289
Costs incurred during the year	5,455,400	26,987,989
Costs reallocated to other projects	(447,086)	-
Costs Capitalised during the year	(62,798,592)	-
Balance at the end of the year	**-**	**57,790,278**

Refer breakdown of costs:

	Group 2024 $	Group 2023 $
Waikuta development		
Balance at the beginning of the year	145,673	145,303
Costs incurred during the year	37,682	370
Balance at the end of the year	**183,355**	**145,673**
Pererika St Reserve Development		
Balance at the beginning of the year	230,538	15,520
Costs Capitalised during the year	-	215,588
Balance at the end of the year	**230,538**	**230,538**
Hospice Development		
Balance at the beginning of the year	-	5,572
Costs Capitalised during the year	-	(5,572)
Balance at the end of the year	**-**	**-**
CCTU Building		
Balance at the beginning of the year	-	13,765
Costs Capitalised during the year	-	(13,765)
Balance at the end of the year	**-**	**-**
Opening Doors Charitable Trust		
Balance at the beginning of the year	190,248	2,715
Costs incurred during the year	39,973	187,533
Costs Capitalised during the year	(230,221)	-
Balance at the end of the year	**-**	**190,248**
Residential & Commercial Development Costs		
Balance at the beginning of the year	35,793	35,793
Costs incurred during the year	14,797	-
Costs Capitalised during the year	(959)	-
Balance at the end of the year	**49,631**	**35,793**
Commercial Development Costs		
Balance at the beginning of the year	124,742	-
Costs incurred during the year	-	124,742
Costs Capitalised during the year	(124,742)	-
Balance at the end of the year	**-**	**124,742**

NOTE 8. INVESTMENT PROPERTIES

Movements in investment Properties are tabled below:

	Group 2024 $	Group 2023 $
Balance at the beginning of the year	297,870,187	308,149,579
Development Costs Capitalised from Prior Years	57,790,278	897,085
Purchases/Subsequent capitalised expenditure	6,496,508	-
Amortisation of capital lease incentives	(63,556)	(63,617)
Fair Value change to investment properties	(55,313,238)	(11,250,261)
Gain on sale	-	137,401
Transfer to assets held for sale (note 24)	(10,875,000)	-
Balance at the end of the year	**295,905,177**	**297,870,187**

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

2024	Valuer	Fair Value 31 March 2023	Development Costs Capitalised from Prior Year	Capital Movements (Purchases/ Acquisitions/ Transfers	Assets Held for Sale	Amortisation of Capital Lease Incentives	Fair value gain/(loss) 2024	Fair Value 31 March 2024
Pukeroa Oruawhata Trust	CGJ	47,174,779	-	794,605	-	-	(2,771,383)	45,198,001
Pukeroa Oruawhata Holdings Ltd	CGJ/Colliers	138,274,708	-	164,162	-	(46,049)	(9,022,821)	129,369,999
Pukeroa Properties Ltd	CGJ	1,890,000	-	-	-	-	45,000	1,935,000
Pukeroa Properties No 2 Ltd	CGJ/ Colliers	49,000,700	-	383,783	-	-	120,517	49,505,000
Pukeroa Lakefront Holdings Ltd	CGJ/ Colliers	47,720,000	57,790,278	5,153,956	-	(17,507)	(43,209,551)	67,437,177
Pukeroa Lakefront Limited Partnership	Colliers	11,350,000	-	-	(10,875,000)	-	(475,000)	-
Waihunuhunukuri Holdings Ltd	CGJ	2,460,000	-	-	-	-	-	2,460,000
		297,870,187	**57,790,278**	**6,496,506**	**(10,875,000)**	**(63,556)**	**(55,313,238)**	**295,905,177**

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**

Independent Valuers/Valuer
Cleghorn, Gillespie, Jensen Ltd
Jones, Lang, Lasalle Limited
Colliers

Abbreviation
CGJ
JLL

8.1 Fair value measurement of the Group's investment properties

The group uses valuers to determine the fair value of the group's investment properties at the end of every financial year. The fair value of the Group's investment property as at 31 March 2024 and 31 March 2023 has been arrived at on the basis of an independent valuation carried out by Colliers, Jones Lang Laselle Limited and Cleghorn registered valuers. All three 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:

Income capitalisation approach

This valuation technique values a property based on the income it generates and the expected returns. Capitalisation rates and yields are assessed by comparing the subject property with similar properties that have recently been sold, adjusting for factors such as tenure, construction quality, condition, size, lease term, tenant quality, income security and highest and best use scenario. The highest and best use scenario reflects what a prudent investor would pay for the asset, considering its expected financial return and associated risks.

Unobservable inputs within the income capitalisation approach	
Gross market rent	The expected annual rent achievable for a tenancy under a new arm's length lease, including a fair share of property operating expenses.
Core capitalisation rate	The rate of return derived from comparable market sales transactions, applied to the property's sustainable net income.
Other income capitalisation rate	The rate of return applied to other, typically short-term or uncontracted, sources of property income, reflecting associated risks.

Discounted cash flow analysis

This valuation technique involves forecasting the property's future income and expenses over an assumed holding property and discounting these cash flows to present value. This approach requires explicit assumptions to be made.

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 used to discount future net cash flows, determined through analysis of recent comparable sales, current level of the 10-year government bond rates, dialogue with active institutional investors, property trust investors, lease covenants and quality of improvements.
Terminal capitalisation rate	The rate applied to the market net income at the end of an assumed holding period to derive and estimated future market value. This rate considers market conditions, leasing profile and property condition 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

This valuation technique estimates value by comparing the subject property to similar properties that have been recently sold, making adjustments for factors such as sale date, property size, location, quality, condition, marketability, general condition plus access, contour and tenure.

Restrictions on Investment Properties

As of 31 March 2024, the group's investment properties are subject to the following restrictions:

Realisability	Some of the investment properties held by the group are subject to covenants and restrictions under Te Ture Whenua Maori Act 1993 and Reserves Act 1977 that limit the ability to sell or transfer the properties. The market value of these properties at 31 March 2024 is $45,153,000.

	2024	2023
Pukeroa Oruawhata Trust		
Valuer	CGJ	CGJ
Valuation Techniques	Income Capitalisation Approach Term and Reversion Approach	Income Capitalisation Approach
Capitalisation Rates	Market Approach – No capitalisation rate	Market Approach – No capitalisation rate
Pukeroa Oruawhata Holdings Ltd		
Valuer	CGJ/Colliers	CGJ/Colliers
Valuation Techniques	Income Capitalisation Approach Discounted Cashflow Approach Direct Sales Approach	Income Capitalisation Approach Discounted Cashflow Approach Direct Sales Approach
Capitalisation Rates CGJ Colliers	 7% - 7.25% 8.63%	 7% - 7.25% 8.25%
Pukeroa Properties Limited		
Valuer	CGJ	CGJ
Valuation Techniques	Income Capitalisation Approach Direct Sales Approach	Income Capitalisation Approach Direct Sales Approach
Capitalisation Rates	Market Approach – No capitalisation rate	Market Approach – No capitalisation rate
Pukeroa Properties (No 2) Limited		
Valuer	CGJ/Colliers	CGJ/Colliers
Valuation Techniques	Income Capitalisation Approach Discounted Cashflow Approach Direct Sales Approach	Income Capitalisation Approach Discounted Cashflow Approach Direct Sales Approach
Capitalisation Rates CGJ Colliers	 10.5% - 11% 7.25%	 10% - 11% 7.25%

	2024	2023
Pukeroa Lakefront Limited Partnership		
Valuer	Colliers	Colliers
Valuation Techniques	Income Capitalisation Approach Discounted Cashflow Approach	Income Capitalisation Approach Discounted Cashflow Approach
Capitalisation Rates	6.75%	6.35%
Waihunuhunukuri Holdings Limited		
Valuer	Colliers	Colliers
Valuation Techniques	Income Capitalisation Approach	Income Capitalisation Approach Direct Sales Approach
Capitalisation Rates	7.25% - 7.75%	6.88%
Pukeroa Lakefront Holdings Limited		
Valuer	CGJ/Colliers	CGJ/Colliers
Valuation Techniques	Income Capitalisation Approach Discounted Cashflow Approach Direct Comparison Approach – As If Complete	Direct Comparison Approach – As If Complete Term and Reversion
Capitalisation Rates Wai Ariki Spa	12.50%	Development at 31 March 2023 Therefore, no valuation complete
Remaining Development Site	Direct Comparison Approach – As If Complete. No capitalisation rate applied	Direct Comparison Approach – As If Complete No capitalisation rate applied
Houkotuku Street	Market Approach – No capitalisation rate	Market Approach – No capitalisation rate

Wai Ariki Hot Springs and Spa

In June 2023, the Wai Ariki Hot Springs and Spa development was opened with completion and code of compliance achieved in December 2023.

As of 31 March 2024, the first market valuation for the site was conducted by Colliers. This valuation encompasses both the Wai Ariki Spa and the geothermal plant ("Wai Ariki") that powers the site.

The valuation approach considers current economic conditions and their potential impact on both the investment and property markets. As Wai Ariki is a high-end leisure facility, it is essential that tourism market indicators are encompassed within the valuation methodology.

This capitalisation rate is applied on an equivalent basis, explicitly accounting for trade-up. The two valuation approaches and methods utilised are:

- Income Approach – Capitalisation Method
- Income Approach – Discounted Cash Flow Method

For the first year, the valuation includes an analysis of potential trading performance based on forecasts from the management organisation which are benchmarked against the wider market. As Wai Ariki represents a unique investment, a capitalisation rate has been applied that reflects the additional trading up projections which have attracted capitalisation and discount rates that reflect the startup risk margin including the uncertainty that is inherent with the trading up projections when determining the valuation of Wai Ariki at reporting date.

Adjustment	Cap Rate	Discount Rate	Term Cap Rate
Base Position (Good Quality Asset, Owner Occupied & Stable Trading)	13.00%	17.50%	13.00%
Asset Quality Adjustment	-1.00%	-1.00%	-0.75%
Less Management Structure Adjustment	-1.00%	-0.50%	-0.50%
Plus Start Up Risk	1.50%	1.00%	0.00%
Adjusted Rate	**12.50%**	**17.00%**	**12.25%**

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 2024 $	Group 2023 $
Less than one year	16,402,618	17,443,149
One to two years	12,792,829	12,647,403
Two to three years	10,648,846	9,852,983
Three to four years	8,336,860	8,280,531
More than five years	32,357,220	38,270,731
Total	**80,538,373**	**86,494,797**

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.

NOTE 9. PLANT & EQUIPMENT

	Group		
	Office Equipment	Plant and equipment	Total
(i) Cost			
As at 1 April 2022	79,177	276,949	356,127
Additions	16,083	6,228	22,311
Disposals	-	-	-
As at 31 March 2023	**95,261**	**283,177**	**378,437**
As at 1 April 2023	95,261	283,177	378,437
Additions	2,818	74,928	77,746
Disposals	-	-	-
As at 31 March 2023	**98,078**	**358,105**	**456,184**
(ii) Accumulated Depreciation			
As at 1 April 2022	(61,662)	(141,051)	(202,714)
Depreciation	(7,948)	(17,166)	(25,114)
Disposals	-	-	-
As at 31 March 2023	**(69,611)**	**(158,217)**	**(227,828)**
As at 1 April 2023	(69,611)	(158,217)	(227,828)
Additions	(9,643)	(30,344)	(39,987)
Disposals	-	-	-
As at 31 March 2023	**(79,253)**	**(188,561)**	**(267,815)**
(iii) Net book value			
At 31 March 2022	18,863	134,550	153,413
At 31 March 2023	25,650	124,960	150,610
At 31 March 2024	**18,825**	**169,544**	**188,369**

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 2024 $	Group 2023 $
BNZ Facility drawn down - Current		6,004,400	3,763,600
ANZ Facility drawn down - Current		35,040,620	750,000
Ministry of Business, Innovation and Employment - Current	10.1	6,445,674	-
Total current portion of loans		**47,490,694**	**4,513,600**
BNZ Facility drawn down		81,082,546	82,769,154
ANZ Facility drawn down		-	34,915,620
Ministry of Business, Innovation and Employment	10.1	44,714,913	42,775,563
Total non-current portion of loans		**125,797,459**	**160,460,337**
Total Loans		**173,288,153**	**164,973,937**

The current weighted average effective interest rate on the BNZ bank loans is 8.1% (2023: 7.9%) per annum, and 8.5% (2023: 8.0%) per annum on the ANZ bank loans.

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

10.1 MBIE Loan

	Group 2024 $	Group 2023 $
Opening Balance	42,775,563	15,578,877
Drawdowns	7,000,000	28,921,123
Interest Expense	1,155,920	965,627
Change in Fair Value of Financial Liability	229,104	(2,690,064)
Total MBIE Loan	**51,160,587**	**42,775,563**

Current portion of MBIE Loan	6,445,674	-
Non-portion of MBIE Loan	44,714,913	42,775,563
Total MBIE Loan	**51,160,587**	**42,775,563**

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 $11,133,000 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	$12,060,000
Pukeroa Oruawhata Lakefront Investments Limited	$8,300,000
Pukeroa Oruawhata Trust	$11,133,000

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 $12,060,000. There is also security by way of perfected security interest in all present and after acquired property of Waihunuhunukuri Holdings Limited and an interlocking company guarantee between Pukeroa Oruawhata Lakefront Investment Limited and Waihunuhunukuri Holdings Limited of $8,300,000.

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.

The following BNZ loans have been classified in the consolidated statement of financial position as current loans. These loans are due to expire in December 2024. The group is in discussions with the BNZ on extending the loans with the new terms and maturity to be negotiated after the sign off of the accounts.

Entity	Maturity	Amount of Loan
Pukeroa Properties Limited	20 December 2024	$934,400
Pukeroa Oruawhata Holdings Limited	20 December 2024	$2,540,000

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

The following ANZ loans have been classified in the consolidated statement of financial position as current loans. These loans are due to expire in October 2024. The group is in discussion with ANZ on extending the loans, with the new terms and maturity to be negotiated after the sign off of the accounts.

Entity	Maturity	Amount of Loan
Pukeroa Lakefront Holdings Limited	31 October 2024	$1,959,620
Pukeroa Properties (No 2) Limited	31 October 2024	$33,081,000

Ministry of Business, Innovation and Employment (MBIE)

During the year Pukeroa Lakefront Holdings Limited received $7,000,000 (2023: $28,921,123) 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 2024 there were three 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 (19 October 2021). Each period after this interest is payable	19 April 2025
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

The Shovel Ready portion of the above loans has been classified in the consolidated statement of financial position as a current loan. This loan is due to expire in September 2024. The group is in discussion with MBIE on extending this loan, with the new terms and maturity to be negotiated after the sign off of the accounts.

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 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**
Balance at 1 April 2023	39,508,073	137,863,350	177,371,423
Total comprehensive income for the year	1,163,434	(55,313,238)	(54,149,804)
Transfer from Retained Earnings Taxable	(31,802)	-	(31,802)
Distributions	(614,514)	-	(614,514)
Balance at 31 March 2024	**40,025,190**	**82,550,112**	**122,575,302**

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.

NOTE 15. 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 21. 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 of 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 $15,805 (2023: $15,800). At balance date Poutama Trust had rent paid in advance of $nil (2023: $1,514).

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 8 key personnel during 2024 (2023: 8 key personnel). Compensation totals include Directors, Trustees, committee fees, expenses and contract services for the general manager for the group.

	Group 2024 $	Group 2023 $
Key Personnel	834,896	814,178
FTEs	8	8

NOTE 16. CAPITAL COMMITMENTS

At 31 March 2024 the group had no capital commitments.

At 31 March 2023 the group has the following capital commitments:

	Group 2023 $	Group 2022 $
Haupapa House	-	63,855
Stihl Shop	-	922,000
Petstock	-	1,130,000
Te Kohea Limited Partnership	2,900,000	-
Wai Ariki Spa	6,808,857	39,961,000
	9,708,857	**42,049,855**

NOTE 17. CONTINGENT ASSETS & LIABILITIES

Southern Arikikapakapa Reserve

The Whakarewarewa Joint Trust, comprising of representatives from Pukeroa Oruawhata Trust, The three hapū 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 Ngāti Whakaue and Tūhourangi/Ngāti Wahiao. The three hapū 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 Hapū of Ngāti Whakaue and Ngāti 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 Māori 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 18. SUBSEQUENT EVENTS

Subsequent to the balance date, the group entered into a conditional sale agreement for 32 Taui Street.

At 31 March 2023 the group had the following subsequent events to balance date:

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.

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

NOTE 19. FINANCIAL INSTRUMENTS

2024	At amortised cost	Fair value through profit or loss	At amortised cost	Total
	Financial Assets		Financial Liabilities	
Cash & cash equivalents	732,013	-	-	**732,013**
Trade & other receivables	468,152	-	-	**468,152**
Trade & other payables	-	-	2,674,594	**2,674,594**
Loans - secured	-	-	173,288,153	**173,288,153**
Interest rate derivatives	-	193,366	-	**193,366**

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	-	-	4,433,804	**4,433,804**
Loans - secured	-	-	164,973,937	**164,973,937**
Interest rate derivatives	-	1,018,114	-	**1,018,114**

NOTE 20. 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 2024 $	Group 2023 $
Balance at beginning of reporting period	(1,018,115)	(1,110,626)
Change in fair value	824,748	92,511
Liability/(asset) at end of the reporting period	**(193,366)**	**(1,018,115)**

NOTE 21. 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**	**2024**	**2023**
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%
Wai Ariki Hot Springs and Spa LP	Spa Operations	100%	-
Pukeroa Properties Management Limited	Management Company	100%	100%

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

NOTE 22. UNSECURED LOANS

During the 2024 year Pukeroa Property Management Limited received $74,025 from Ministry of Business, Innovation and Employment (MBIE) for the Waikuta Marae Refurbishment. They have previously received $296,102 during the 2021 and 2023 years. The total agreement provides funding for an amount up to $370,127 plus GST. Of this amount, the balance to spend is $2,370. This is sitting as a current liability on the statement of financial performance. Pukeroa Property Management Limited is acting as an agent on behalf of Waikuta managing the project.

NOTE 23. INVESTMENT IN ASSOCIATE

	Group 2024 $	Group 2023 $
Opening Balance	13,738,040	12,676,558
Investments Made During the Year	2,701,374	300,000
Undistributed Charitable Amount under the Act	(811,500)	
Share of creditors paid for investment	95,506	
Share of Profits	2,801,635	761,482
Share of RWT	(17,247)	
Closing carrying value in associate	**18,507,808**	**13,738,040**

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

Pukeroa Oruawhata Trust has entered into a partnership with Ngāti Whakaue Assets Trust and Ngāti Whakaue Education Endowment Trust. The partnership named Te Kohea Limited Partnership purchased the land and assets of Rainbow Springs at 192 Fairy Springs from Ngāi Tahu Holdings Limited during the financial year. In addition to this Pukeroa Oruawhata Trust contributed $95,506 of creditors for the Te Kohea investment.

NOTE 24. ASSETS HELD FOR SALE

Prior to year-end, Pukeroa Lakefront Limited Partnership discussed at their board meeting their intention to sell the land and buildings at 12 Taui St. This asset was previously recognised under investment properties and have been reclassified to held for sale at 31 March 2024 at a value of $10,875,000.

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