



Ngāti Whakaue
Tribal Lands

Annual Report
2018 - 2019

OUR VALUES

**Kaitiaki
Aroha
Whakapono
Kotahitanga**

OUR WHAKATAUKI

**Mana Whenua,
Mana Tāngata.**

We are committed to upholding
the honour of both the land
and the people.



CONTENTS

| | |
|--|----|
| Agenda | 4 |
| 2018 AGM Minutes | 5 |
| Chairman's Report | 10 |
| Whakaue Farming Report | 12 |
| General Manager's Report | 14 |
| Grants Report | 18 |
| Financial Report | 20 |
| Consolidated Financial Statements | 23 |

AGENDA

2019 ANNUAL GENERAL MEETING

Time: 12:30pm for registration;
1:00pm start of meeting
Date: Saturday 19th of October 2019
Venue: Tamatekapua, Te Papaiouru Marae,
Ōhinemutu, Rotorua

- 1. Apologies**

- 2. Call for General Business**

- 3. Minutes of the 2018 Annual General Meeting**

- 4. Receive NWTL Annual Reports and presentations by respective Chairs and GM**
 - a. Chairman's Report
 - b. Whakaue Farming Report
 - c. General Manager's Report
 - d. Grants Report

- 5. Financial Reports**

- 6. Appointment of Auditor**

- 7. Approve Annual Grant & Dividend**

- 8. General Business**

2018 AGM MINUTES



MINUTES OF THE ANNUAL GENERAL MEETING

AT TE PAPAIOURU MARAE, ŌHINEMUTU, ROTORUA

ON SATURDAY 10th NOVEMBER 2018

AT 10:00 AM.

The meeting was opened by Monty Morrison with mihi and karakia at 10:00 am. David Thomas welcomed all in attendance and chaired the meeting of 177 Shareholders (Refer Appendix A).

APOLOGIES:

Apologies received. (Refer to Appendix B)

RESOLUTION: That the apologies be received.

(David Thomas/Josie Scott) **Carried**

ELECTION OF MEMBERS:

Chair thanked Kiriwaitangi for her contribution to the Incorporation and advised that she has retired by rotation and is unavailable for re-election. Matthew Heke retired by rotation and made himself available for re-election. Nominations were received for Brad Tatere and Merehira Savage. All candidates presented to the meeting.

RESOLUTION: That the 2018 election be carried out by Poll Vote with Rawiri Bhana and Lorraine Inia appointed as scrutineers.

(Anaru Te Amo/Kahira McRae/Wiremu Keepa/Miriama Searancke/Kathleen Mason) **Carried**

MINUTES:

Due to the Annual Reports being made available 10 days in advance of the meeting, the Minutes of the Annual General Meeting held on 11 November 2017 were taken as read.

RESOLUTION: That the minutes of the meeting held on Saturday 11 November 2017 are confirmed as being a true and correct record. (David Thomas/Josie Scott) **Carried**

CHAIRMAN'S REPORT

David Thomas presented his report:

- ▲ The Incorporation has made good progress on several fronts this year in terms of operational performance, development opportunities and shareholder engagement.
- ▲ The farming operation has had another successful year with solid improvements in its practices resulting in the farms best financial results for several years.
- ▲ A nitrate reduction agreement has been completed with the Bay of Plenty Regional Council.
- ▲ Engagement with shareholders and being able to provide returns outside of grants and dividends has been a focus this year.

▲ The Committee recommended limiting a dividend to shareholders in line with last year's to allow for funding the growth NWTL intends to embark upon.

▲ David thanked the NWTL office staff, WFL farming team, PerrinAg Consultants, Prime Forestry Management, GHA Accountants, Rabobank, BDO Auditors and fellow Committee members for their work and support throughout the year.

RESOLUTION: That the Chairman's report is accepted.

(David Thomas/Iris Thomas) **Carried**

WHAKAUE FARMING LIMITED REPORT

Tanira Kingi (WFL Chairman) presented the farming report:

- ▲ A historical overview of the farming business was provided, with forestry, sheep and cattle farming being the main source of income for the Incorporation in the present day. There are several diversification plans before the Board and nitrate laws in place which means that the farms will become smaller and management will need to adapt to accommodate the required changes.
- ▲ Tanira acknowledged the farm management team including Clive Carrington, Ben Parsons and Steve Hewson, commending their performance and positive attitudes amidst the changes that have been occurring across the farms.
- ▲ This year WFL has achieved a profit before tax of \$1.1m, providing the best financial result since restructuring in 2012. The economic farm surplus per hectare has increased from around -\$200 in 2012 to \$500 this financial year.
- ▲ Farm expenses have been decreasing with operating expenses as a percentage of income dropping from approximately 120% in 2012 to 59% this year.
- ▲ Looking to the future, there are a number of factors that may impact the farming business including the Zero Carbon Bill, Plan Change 10 and changes to the Emissions Trading Scheme.
- ▲ Whakaue Farming Limited is currently well-placed to manage future changes and has a skilled and experienced management team who are committed to providing sustainable returns.

Mary Kusabs queried the amount received under the nitrate reduction agreement. Tanira advised that \$2.7m has been received which is 80% of the full payment, with the balance to be paid in 2022. Tony Wihapi asked if the payment is reflected in this year's result. Tanira confirmed that it has been included in the financial report.

Tina Ngatai queried the planning for tourism and residential development opportunities mentioned in the farming report. Tanira advised that these opportunities will be covered in the General Manager's report and have been identified here to describe the changes that may occur across the farms.

Tony Wihapi commented that the farms are performing well and queried which is the most productive. Tanira advised that the farms work as a team under the guidance of Lee Matheson. Tony Wihapi asked for Tanira to elaborate on what has caused the significant improvements. Tanira advised that cost control, stock policy changes and fundamentals of good farm management have been the key drivers behind improvements.

Selwyn Bennett asked how the truffles were doing. Tanira advised that they are still there and so far there has been no sign of truffles.

George Racoczky asked if there was any native bush on the farms and what the chances are of getting firewood. Tanira said that this will be covered in the General Manager's Report.

RESOLUTION: That the Whakaue Farming Limited report is accepted. *(Tanira Kingi/Lorraine Inia)* **Carried**

GENERAL MANAGER'S REPORT

Ray Morrison (GM) presented key highlights from his report:

- ▲ NWTL has experienced a good financial year, with farming underpinning positive results for the fifth consecutive year.
- ▲ Key land-use changes have been at the forefront of the GM role this year, which include looking at social, economic and tribal development opportunities. A key challenge has been that the returns being achieved are well below land-asset values.
- ▲ The Incorporation investigated a mānuka oil business opportunity that was intended to provide job opportunities and solid income.
- ▲ A sustainable forestry regime has been put in place to increase the forestry estate from 250 hectares to 1000 hectares. By 2035, this will result in 20-30 hectares for harvest every year which is approximately \$1.2m in today's value.
- ▲ Although this has reduced the effective farming area for WFL, it has had a minimal impact on the farms in terms of profitability and productivity, which underlines the excellent work being done by the farming team.
- ▲ In February 2018 NWTL gained a grant from Te Puni Kokiri to develop a tourism masterplan at Ngongotahā. NWTL is developing a plan based on accommodation, food and beverage and activities underpinned by Ngāti Whakaue's unique culture, place and stories.
- ▲ OGO and spa tickets were made available for the owners at the meeting.
- ▲ Wingspan has started construction on their new site at Paradise Valley.
- ▲ The Kiwirider lease has been terminated and the site has been cleared.

▲ Significant income has been received from harvesting shelterbelts which arose from neighbouring landowners complaining about damaged fences. NWTL have also employed firewood contractors to prepare waste and are working on a plan to make this available for NWTL owners and koeke as a priority.

▲ Aged-care and Retirement Village opportunities are being investigated.

▲ NWTL have been working on shareholder engagement and have been successful in finding missing owners through a facebook and website initiative. The farm tour and koeke day were enjoyed by all in attendance.

Tania Butcher asked how much land was being leased to Crankworx. Ray responded that a small parcel of land for the start gate and parking is leased for \$5,000 across 3 days.

Tony Wihapi identified the historical difficulty for NWTL surrounding tourism and queried why an overseas company was selected to do the work. Ray advised that the approach is different from what NWTL has done before and the company selected were the best and have completed major works such as the Istanbul Airport. Tony Wihapi said that a retirement development option was seriously investigated by NWTL for the property at Brent's Road. Ray advised that NWTL had been approached by NZ Super Fund who identified land owned by the Incorporation as being suitable for a retirement village. A feasibility study is being done on this. Tony Wihapi also noted for the Committee's attention that Te Roroooterangi may be seeking land at Wharenui for an urupā due to space being limited beside the church at Owkata.

Tina Ngatai congratulated Ray on his report and the forestry strategy which will be valuable to future generations. She asked if more information could be provided on the residential development mentioned in the farming report and what the koeke age is. Ray responded that a residential development option is being looked at alongside the other opportunities currently on the table, and confirmed that the koeke age is 65 years.

RESOLUTION: That the General Manager's report be accepted. *(Terrence Morrison/Miriama Searancke)* **Carried**

GRANTS REPORT

Matthew Heke presented the Grants Report:

As approved by the owners at last years AGM, funding was increased from \$60,000 to \$120,000. This year the Committee approved grants to the value of \$118,163.10 however due to timing issues or further information being required, NWTL were only able to pay \$44,573.60 within this financial year.

Matthew explained that Te Papaouru, Owkata, Hurungaterangi, Whakaue ki Maketū and Paratehoata-Te Koheha receive \$2,000 each as an annual grant, and the remaining funds were distributed for Discretionary Grants (\$17,717), Tangihanga (\$4,200), Iwi Representative Meeting Fees (\$1,200.00) and Health Grants (\$11,456.60).

Some key highlights for the Committee this year have included supporting Rongomaipapa Kokiris 100th Birthday, assistance for two Whakaue Kapahaka Roopu and the reinstatement of the Queen Victoria Bust Shelter.

\$26,000 has been awarded to 13 Scholarship recipients under the Ngāti Whakaue Educational Trust. This fund was set aside 15 years ago specifically for educational purposes and all funds have now been dispersed.

Matthew Heke advised that he is keeping the urupā at Wharenuī for Te Roroaterangi on the agenda and had mentioned it to the Committee at a farm visit last month.

Dean James thanked the Committee for their contribution toward the rebuild of the Tumahaurangi Wharekai.

Rawiri Bhana asked what the five marae are which receive annual grants. Matthew advised that these are Te Papaīouru, Owata, Hurungaterangi, Whakaue ki Maketū and Paratehoata-Te Kohea.

The Kuia of two scholarship recipients thanked the Committee for supporting their studies and advised that it was very much appreciated by their whānau.

Tony Wihapi queried why Te Kuirau was not included. Matthew advised that the marae were taken from the original list that was supported historically by Pukeroa Oruawhata Trust and that Hurungaterangi was added. He mentioned that Te Kuirau is supported by Te Roroaterangi Trust at this time. Norma Sturley asked for an explanation as to why Waikuta and Tumahaurangi were not added. Matthew reiterated that the list was set up in line with the original list that was in place by the Ngāti Whakaue Trust and that this could be revisited. Matthew added that the other marae can apply for discretionary funding.

Kiri Potaka-Dewes queried why the discretionary grants outweighed health grants. Matthew advised that this could be revisited and that the figures were allocated based on the projected need.

Peter Staite asked whether NWTL holds a map of the Incorporation lands and the associated hapū and mana whenua over those lands. Matthew advised that NWTL does not presently have a map of that nature and welcomed Peter to have a look.

Sonia Cooper asked that the report be amended to reflect that she did not receive a grant but that an application was made for a discretionary grant application toward an event in respect of the reserve bank. Matthew noted for amendment.

Tina Brennan asked what happens with funds not used and if an education grant could be submitted. Matthew advised that the funds do not roll over to the next financial year and that the educational funding had been exhausted.

Matthew thanked Josie Scott for her support as the Iwi Representative on the Grants Sub-Committee.

RESOLUTION: That the Grants Report be received and that the Committee of Management is approved to spend up to \$120k for grants in the 2018/2019 year at the discretion of the Committee. (Dean James/Miriama Searancke) **Carried**

David Thomas responded to Tony Wihapi's earlier comment regarding the retirement proposal at Brent's Farm and advised that a Masterplan was historically completed for Wharenuī as opposed to a commitment toward any venture of that nature. Part of that Masterplan involved converting a fair portion of Brent's Block into residential accommodation. In response to Tina Ngatai's earlier query, David said that an area of land had been identified near the intersection of Porikapa and Wharenuī

Road and that consultants have been engaged to assist NWTL in the development of that area. At this stage, due diligence is still being completed to determine what is the best course of action and funding is another aspect that NWTL needs to investigate to progress any development opportunities. The intention at Wharenuī is to do a staged development, with the first stage being approximately 170 lots. Assuming that all of the economics weigh up. NWTL will apply for consent and may be able to come back next year to provide an update on what will be occurring, NWTL will be looking to sell Lots as has been identified in the past. Brent's farm was purchased in the 1970s as General Title land with the intent to sell at some stage.

Tina Ngatai thanked David for providing further information and added that despite the land being General Title, it is still part of the Whakaue estate and she is personally against the sale of land.

Tony Wihapi asked if the Superfund would be looking at funding this development. David advised that they are looking at the retirement village project, not the residential property development for sale of sections.

Tania Butcher advised that she supports Tina Ngatai's position and that she was under the impression that the sections would be leased, not sold. She said that leases would be a better option for Whakaue people as it will always remain in NWTL ownership.

Mary Kusab's asked if the sections would be sold on the open market or to Whakaue only. David advised that at this stage a sales plan has not been finalised but one of the principles are, that a certain number of sections will be made available to Whakaue people only. It will not be all of them but NWTL will be looking at options around making these affordable for whānau. Joseanne Gage said that the reality is that young people need a place to build. They are coming back to the homestead and we can hardly fit them, so NWTL should be thinking about the children and grandchildren who need homes now.

She does not want to see prices on land that her descendants cannot afford and if there is a way of keeping the land under the Incorporation, that would be good. David acknowledged these points and advised that the Committee has proceeded on the basis that they have the mandate to sell the land as General Title property.

Tony Pecotic discussed a number of papakainga developments underway and asked that the Committee consider looking at these from an environmental sustainability standpoint. David agreed that these types of models are good for whānau and noted that the Incorporation does need to be innovative in this regard.

Peter Staite agreed with the comments made by Tina Ngatai and raised the issue of mana whenua across the lands owned by the Incorporation. He asked that the Committee consider Te Ture Whenua which is in place to protect the land from alienation. Tanira Kingi advised that Te Ture Whenua does not apply to this land but the point is taken that even though this is general land the Incorporation needs to think creatively around its use and acknowledge that it is considered whenua tuku iho. Tanira advised that lease options have been discussed but the plan at present is for the sale of land.

Tony Wihapi asked for confirmation of his view that Brent's farm was purchased as an investment property and the Committee was given the discretion as to how it could be used for the best economic advantage, with corpus lands to remain intact.

Tanira Kingi confirmed that this is correct and that elders involved in the purchase of this land including Pihopa Kingi and Alec Wilson, had raised that the land is for investment at several meetings.

Tina Ngatai responded that previous decisions made do not mean that future owners cannot challenge the decisions. Pikiao and Haumingi 1A2 are examples of long-term leases and they have retained their underlying ownership. She said that future generations do not want to see sales but this would be different if it was for whānau. Tanira noted Tina Ngatai's points and said that no decisions have been made at this stage and the Committee will come back to the owners in due course.

FINANCIAL REPORT

Glenn Hawkins presented the financial statements for the year ended 30 June 2018:

- ▲ The Group accounts were presented which included Ngāti Whakaue Tribal Lands, Whakaue Holdings Limited, Whakaue Farming Limited and Whakaue Property Trust.
- ▲ A clear audit opinion was signed off by BDO Auditors on the 11th of October.
- ▲ The consolidated statement of profit and loss and other comprehensive income showed revenue from a range of sources including livestock trading of \$3.9m, payment of \$2,697,600.
- ▲ Total expenses are up for the year mostly due to livestock trading which has increased from \$3.3m to \$4.6m. Expenses were also higher due to forestry harvesting costs, valuations and farm expenses related to a significant increase in repairs and maintenance.
- ▲ The Group has achieved a surplus of \$3.4m for the year which has increased from \$664,000 last year.
- ▲ Land valuations increased by \$6m in 2018 and revaluations were not completed this year. However, there has been an increase in biological assets of \$803,000 associated with the value of trees planted.
- ▲ The total profit for the year including revaluations is \$4.2m.
- ▲ The statement of financial position identified assets of \$51.7m, liabilities have decreased to \$5.4m, resulting in equity of \$46.3m.
- ▲ NWTL's loan has come down from \$6m over the past few years to \$3.4m which is a 14% decrease.

The Educational Trust has dispersed all of the available funds. This year there was interest of \$21 and \$26,000 was paid in education grants to 13 individuals.

Tony Wihapi queried the unclaimed dividend figures and what steps are being taken to reduce this. Glenn confirmed the Incorporation have been working on locating shareholders to reduce the amount. Tony also asked how much of the profit declared will go against reducing the loan of \$3.4m. Glenn advised that the Incorporation is going to consider whether funds should be reinvested or utilised to pay down the debt. Tony queried the gross profit, revaluations and comprehensive income which impact the financial reports and asked if the actual profit

figures could be provided outside of one-off payments and essentially paper entries. Glenn advised that the reports are provided as per required standards and he has endeavoured to explain the figures through the slides and presentation. Tony Wihapi commended the Committee on its performance and direction.

RESOLUTION: That the annual accounts for the year ended 30th June 2018 are accepted. *(Tony Wihapi/Norma Sturley)*
Carried

RESOLUTION: That a dividend of 10 cents per share, being \$152,327.00 is declared from capital reserves to 30 June 2018. *(David Thomas/Anaru Te Amo)* **Carried**

David Thomas explained that the Committee considers it prudent to keep the dividend at this level. Vicki Mae Bhana explained that her whanaunga have calculated that they would receive \$13 from the dividend and would prefer Wagyu. Helen Crawford asked whether the Committee has researched or calculated how many shareholders would receive a low dividend such as the \$13 and at what point the Committee considers that paying a dividend is not providing a meaningful benefit. She expressed that she is not in favour of paying a dividend. David advised that approximately 4000 people received over \$50.00 and the Committee are considering how they will provide future benefits to the shareholders. NWTL also set a minimum shareholding which was not upheld through the Māori Land Court system so fragmentation of shares continues to occur. Tony Wihapi queried the minimum amount that is paid to owners. David Thomas confirmed that the minimum payment is \$10. Tony Wihapi recommended adopting the grant system which is in place by Pukeroa Oruawhata Trust and said that at a recent meeting an organisation gave gift vouchers to those in attendance. David noted these recommendations.

APPOINTMENT OF AUDITOR & SHARE VALUER

RESOLUTION: That BDO Rotorua is appointed auditors for the ensuing year. *(Monty Morrison/Maxine Rennie)* **Carried**

GENERAL BUSINESS:

- ▲ Kiri Potaka-Dewes raised the need for having a clear understanding of the roles and responsibilities of koeke and that consequences should be imposed when these are contravened.
- ▲ Leo Rika requested access to the whenua to source kai for tangihanga and as part of growing rangatahi capability. Ray Morrison said that the Incorporation has an access policy in place and that he is welcome to discuss.
- ▲ Vicki Mae Bhana commended the Committee on having the AGM Reports available early for owners review and for only receiving one fee per year for each Committee Member.
- ▲ Tony Wihapi acknowledged Kiriwaitangi Rei for her contribution to the Committee of Management.

MOKOIA ISLAND TRUST ELECTION

Rawiri Bhana advised that due to the passing of Wiremu Kingi (original trustee), there is now a vacancy on the Mokoia Island Trust. The trust has three representatives from each hapū (Ngāti Rangiwewehi, Uenukukopako, Rangiteaorere and Ngāti Whakaue) with the current Ngāti Whakaue representatives being Rawiri Bhana and Josie Scott.

Rawiri advised that Tamarapa Lloyd was initially selected for replacement trustee after the passing of Wiremu Kingi, however, the nomination and election of a trustee must occur at a meeting of Ngāti Whakaue members. Due to having limited funds, the election was advertised to occur following the Ngāti Whakaue Tribal Lands General Business.

Rawiri called for nominations: Norma Sturley and Josie Scott nominated Tamarapa Lloyd – Tamarapa accepted the nomination, Tina Ngatai nominated Bryce Murray – Bryce accepted the nomination, Leo Rika nominated himself which was seconded from the floor.

Each nominee presented to the meeting and voting was conducted by a show of hands. Two Iwi members counted the votes for each nominee and as a result, Rawiri Bhana declared that Tamarapa Lloyd is appointed as a Trustee of Mokoia Island Trust.

With no further business, the Chairman declared the meeting closed at 12:15 pm

APPENDIX A 2018 AGM Attendance List

Kayla Christiansen, Audrey Herewini, Shirley Pahl, Ray Morrison, Marion Te Kaawa, Tamarapa Lloyd, Glenn Hawkins, Lee Matheson, Shane Perrett, Del Rei, Alex Wilson, Tony Pecotic, Darcy Tapsell, Kataraina Tapsell, Douglas Hayward, Leo Rika, Bryce Murray, Tania Butcher – Anzac T Butcher WT, Zian Williams - Rameka Pihema WT, Paraone Pirika – Henare Est, Rawinia Mitai-Ngatai, Jackie Aratema, Pare Aratema, Wiremu Keepa, Rawiri Bhana, Te Raina Anderson, Maureen Jehly, John Murray, Pauline Retemyer, Tina Ngatai, Jane Porter, Greg Steele, Polly Herewini, Hamuera Mitchell, Mei Rakuraku-Foster, George Racockzy, Elaine Tapsell, Lucy Tapsell, Jillian Naera, Reg Naera, Dione haronga, Te Amohau Haronga WT, Trevor Maxwell, Mary Kusabs, Wikitoria Kake-Flavell, L Racockzy, M Temple, Turanga Reina, John Treanor, Catherine Faulkner, R Jeannette Healand, Maria Te Kiri, David Manuariki Tapsell, Edie Atarau Wilton, Merehira Savage - Wirihana, Te Rangi Snr & Otonga WT, Merania Pakinga Hoffman, Tuhi N Morrison, Matt Heke, Judy Tapsell, Tere Tapsell, Mavis Tua, Kahira McRae, Robert Corbett, Putiputi Tapiri Tonihi, Taitimu Hudson, David Thomas, John Pullar, Geoff Rolleston, Roana Bennett, T R Morrison, Sally West, Jakki Nahu, Maxine Rennie – Rennie WT, Violet Waiariki, Miriama Searacke, Josephine Scott, John Richards, Vicki Mae Bhana, Jean Ryder, Monty Morrison, Tania Macdonald, Richard Harrington, Margaret Herbert, Anthony Whareiti, Ilene Jack Kino, Rui Corbett, Patricia Kisserian, Iris Thomas, Yvonne Tapsell, Raewyn Manley, Muri Manley-Rata, Kerry Bird, Karena Bird, Hoete Mitai – Ngatai, Liz Rangitohiriri, Julie Day, Te Ao Marama Kameta, Jennifer E Kepa, Sheree James, Eva Morehu, Joy Flood, T Brennan, Norm Flemming, Pita Anaru, John Grant, Eileen Jones, Sonia Cooper, Maata Tua, Terry Tapsell, Terita Roberts, Lorraine Inia, Inia Whānau Trust, Brad Tatere, Ray Flood, L Oakes, H Barrett, William Vercoe, Tanira Kingi, Barry Flood, M R M Flavell, Te Whetu Rogers Whānau Trust, Andrew Te Amo, Henry Foster, Linda taepa Robert Trotman, Korotau Tait, Selwyn Bennett, Manuia Heke, Maryann Kuria, Kathy Buchanan-Yates, Dean James, Tracy Te Kowhai, Rangi Biddle, John Anderson, Henare Mason, Ratu Keepa Taepa, John Waaka, Joseanne Gage, Miriama Morehu, Katherine Mason, Heather Hickling, Rangituatini Sinnott, Faith Smith - George Arihia Bennett WT, Rhoda Mason, Calvin Crawford, Reihana Nuri, Te Toko Kingi - Vercoe WT, John Vercoe, Patangata TA W A WT, Aleisha Mitchell, Warren Taepa, Kristin Post, Rukingi Haupapa, Kiri Potaka-Dewes, Peter Staite, Norma Sturley, Tony Wihapi, Duncan Naera, Pohe Pita, Alan Burke, D Crosbie – Crosbie WT, R Rameka, Tina Taepa, Helen Crawford, P.C.J Fenwick WT, Marama Panapa, Lesly Douglas, Barnett Vercoe, Dana Smith – Evelyn and Kima Smith, Ngarangimihi Maika, Ray Henderson – M Henare-Henderson WT, Jacki Carol Butcher, Natalie Fenwick, Ranea Nuri – Taranaki Nuri WT, Kimi Matthews, Clive Carrington, Lawrence Ehou – PT LT Ehou WT, Matthew Heke.

Total = 177 Illegible = 0

APPENDIX B 2018 AGM Apologies

Massey Dixon, Nathan Hobrough, Grayson Robert Hobroug, Balus Taim, Mary Anderson, Fay Sykes, Joan Ratana, Anna Paul, Marg McMahon, Ataraita Heretaunga 1470, John Fenwick, Moana Tapsell, Malcolm Tapsell, Andre Tapsell, William Mason, William Manahi, Beryl Harris, Rawiri Waru, Gladys Rangitohiriri, Kelly Rangitohiriri, Pirihira Fenwick, Althea Vercoe, Richard Vercoe, Edie Vercoe, Tilly Hirst, Lyn Brown, Henare Mason, Te Haumihiata Mason, Ngāhiraka Mason, Bryce Morrison, Andy Heke, Margie Locke, April Rangikahiwa Muller Nee Corbett, Joe Locke, Jenny Locke, Chrissie Locke-Weir, Marie Lyme nee Corbett, Tapeka Katipa, Te Amohau Haronga WT, Aroha Hicks, Hera Anderson, Tihema Galvin WT, Susan Davie, Parani Wiwarena, Petera Kingi, Rawiri Kingi, Maree Waaka, Tā Matiu Rei, Ana Morrison, Greg Allen, Zara Morrison, Teresa Harrington, Kay Manley, Leina Porter, Delme Porter, Moea Wiringi Porter, David Herewini, Paratene Haupapa, Michelle Roberts, Tipene Christiansen, Darleen Roberts, Opere Roberts, Michael Te Kaawa Snr, Stephanie Te Kaawa, Michael Te Kaawa Jnr, Shontell Te Kaawa, Joanne Kapua, Ross Fraser, Bub Hohepa, David Rodney Tapsell.

Total = 69 Illegible = 0



CHAIRMAN'S REPORT



E ngā karangamaha o Ngāti Whakaue, tēnā tātou katoa. I would like to warmly welcome you to the 58th Annual General Meeting of Ngāti Whakaue Tribal Lands Incorporation.

We have had another good year with significant progress on several fronts. A very strong Group financial performance was underpinned by record returns from the farming operations and enhanced by significant increases in the carrying value of our land and forestry assets. We also made good gains in the returns we make from the many leases we operate. The non-cash nature of the significant lift in earnings, along with the funding challenges noted below, mean that in all likelihood we will be recommending a dividend slightly ahead of the past two years.

As advised at the last AGM, we have committed to changing our land use to comply with the terms of our arrangement with the Bay of Plenty Regional Council. The first step in this process included changing the area of land devoted to forestry, commencing in 2018 at Wharenuui, and continuing this year at Ngongotahā. We have also advanced our thinking on the development of a tourism footprint for Ngongotahā and the overall development for Wharenuui. The funding required for these ventures will drive the pace at which we can execute these opportunities.

We continued to expand our engagement with our shareholder base with the supply of cut firewood to Whakaue kaumātua, the support of the Te Arawa Kaumātua Olympics, TALT Koeke Ball and the National Kaumātua Service Providers Hui. This year we updated the shareholder details for over 250 people and encourage you help us to accelerate this process and hence facilitate a reduction in the level of unclaimed dividends.

In reflecting on the success in the farming area this year we extend a well done and warm thanks to our farm managers and their teams. Kayla Christiansen and Audrey Herewini ensure that the administration of the Incorporation and the interface with shareholders continues to function extremely well. And, of course, our thanks and congratulations to Ray Morrison as he continues to lead the Group with much belief, drive and commitment.

Our external providers continue to provide great support. PerrinAg has had a key role to play in our farming outcomes, GHA have provided a very good commercial service and Prime Forestry Managers are playing an important role in shaping our overall forestry strategy.

The Committee of Management have had a very busy year and I thank them most sincerely for their commitment to diligently address the opportunities in front of us. This year, Terry Tapsell and I retire by rotation and offer ourselves for re-election. No other nominations were received.

Finally I would like to extend our warmest thanks to you our shareholders for your support, noting that while the road ahead does look promising it is one that still has many challenges.

I look forward to seeing you at the AGM.

Kia ora mai anō
David Thomas







WHAKAUE FARMING REPORT



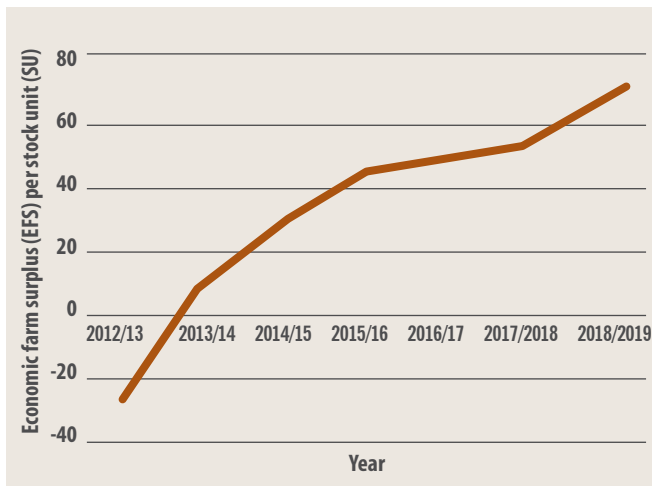
Kia ora tātou Ngāti Whakaue.

It is my pleasure to present the 2019 Whakaue Farming Ltd report on behalf of the Board of Directors.

The past year has been the first year of the land use change programme since the nitrate sale to the Bay of Plenty Regional Council in 2018. This has resulted in a reduction to the farming area of 280 hectares for Wharenui; and a planned reduction of 93 hectares for Tihiotonga this coming season. The reduction to Ngongotahā is still to be confirmed and that will be reported on next year.

The June 2019 result marked the sixth consecutive year of profit increase for WFL and this occurred despite a very dry late-summer and autumn periods which impacted on farm productivity and the reduced farming area.

Figure 1: 6-yr WFL Profitability

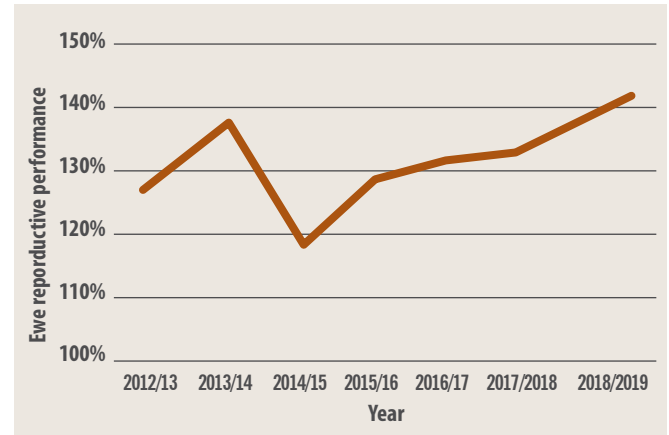


Lambing percentage at 141% is a new WFL record and excellent cost control is allowing the farms to take advantage of favourable market conditions for lamb and beef. Wool continues to be a poor performer, with costs of production exceeding revenue. This is a major concern for the sector and there doesn't seem to be any solution in the foreseeable future.

Wharenui: The reduced area has not impacted on the productivity of the Wharenui station with average lamb growth rates at 18kg, although slightly lower than 2018 due to the late drought. The 144% lambing percentage was an excellent result. The dairy bull sire policy continues to be a success with 480 18-month old bulls sold for an average of \$1,587/head.

Tihiotonga: Sheep reproductive performance at Tihi-o-tonga has again lifted, with lambing percentage up 7% from last season at 145% the highest in the group. Lamb carcass weights fell back 0.5kg to 16.4kg, because of the drought and the lower feed supply resulted in the sale of 1,500 lambs. Tihiotonga was the hardest hit in the group by drought, with the sale of 70 head of R2 Wagyu x heifers and the deferred purchase of 80 head.

Figure 2: WFL Lambing Performance



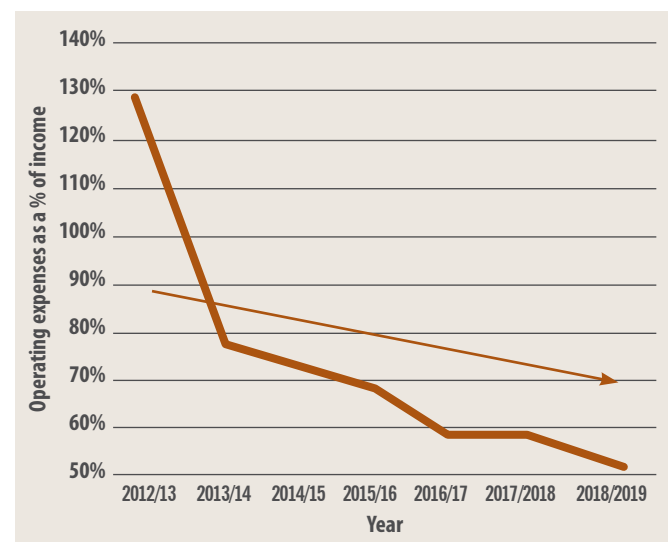
Ngongotahā: Sheep performance continues to be consistently high with lamb carcass weight yields of 54.2%, the highest in the group and an average carcass weight of 18kg. Farm system and management changes are in place now to adapt to the reduced grazing area of 93ha in the coming season.

FINANCIAL RESULT

The end of year profit before tax to June 30 2019 was \$1,044,892 after lease expense to NWTL of \$340,608. This compares to \$687,118 the year before with a 2018 lease expense of \$415,008 resulting from the reduced farming area.

Gross profit increased from \$3,411,013 compared to \$3,210,019 in 2018 and cost control which has been a consistent feature of WFL was \$2,370,696 (cf. \$2,525,459).

Figure 3: 6-yr WFL Cost Structure





Clive Carrington
Ngongotahā Farm Manager



Paul King and Ben Parsons
(Farm Manager)



Steve Hewson
Tihitonga Farm Manager

WFL OUTLOOK

There are a number of external factors that will impact on the WFL farming landscape and operating model going forward. The first is the land use change programme that is underway from the PC10 nitrate sale and agreements with BoPRC to reduce our nitrogen emissions profile. Other influences include the government’s legislation and policy changes on freshwater and climate change.

NATIONAL POLICY STATEMENT ON FRESHWATER (NPS FM)

The government released the Essential Freshwater National Policy Statement on September 5, 2019 that includes introduced measures to limit nitrate and phosphate leaching, restrictions on land intensification and mandated environmental plans to demonstrate how farmers intend to achieve the more stringent water quality requirements.

These proposed changes are long overdue given the poor state of New Zealand’s lakes and rivers and while some in the agricultural sector have responded defensively the changes will have limited impact on WFL as all of our farms have environmental plans in place that exceed those outlined in the national policy statement. WFL has already started a diversification programme into alternative land uses, like forestry, residential development and tourism that will reduce our environmental footprint and our reliance on revenue streams from animal production systems. WFL is well placed to provide leadership within the Rotorua district and the Te Arawa rohe on innovative changes needed to respond to the challenges ahead.

ZERO CARBON BILL (ZCB)

The government is currently mid-way through the consultation and submissions process on the Zero Carbon Bill. The purpose of the bill is to introduce changes to New Zealand’s economy to meet our international carbon emissions obligations. The impact on New Zealand’s agricultural sector will be significant because of our country’s unique carbon profile – almost half of our emissions are produced by our dairy and livestock farms.

While the industry is grappling with the combined impacts of the NPS FM and the ZCB, the impact on WFL will be limited given the changes that are already in place. Less than 2 percent of New Zealand’s farmers know what their carbon or greenhouse gas (GHG) emissions are. WFL in contrast has been tracking its carbon emissions for a number of years and the changes that we have put in place to reduce our nitrate leaching under the PC10 rules have also helped to reduce our GHGs. Our proposed land use changes will also further contribute to a reduction in our GHG profile.

While these two policy changes are still to be confirmed by the government there is a very high likelihood that they will be introduced leading to sweeping changes in the farming sector. WFL has been proactively improving its farming practices over several years and we are embarking on an ambitious land use change programme that will put our farms in a solid position to respond to these current and future challenges.

In closing I would like to thank the WFL farm management team – Clive Carrington, Ben Parsons, Steve Hewson and John Vercoe along with our permanent farm staff, Kane Fredrickson and Paul King. Farming in the changing political environment in New Zealand is challenging and WFL would not have been able to achieve this year’s result without the dedication and commitment of our farm management team and Lee Matheson and his team from PerrinAg Ltd for their technical leadership and support. Many thanks also to Shane Perret our forestry advisor, Glenn Hawkins and his team at GHA for their accountancy services, and our GM, Ray Morrison for his oversight and control of WFL.

Finally, my sincere thanks to NWTL team - Kayla Christiansen and Audrey Herewini for their support of the WFL board and finally, to my fellow directors for their commitment and dedication to WFL over the past year.

Tanira Kingi
Chair, WFL





GENERAL MANAGER'S REPORT



Tēnā tātou, i runga i ngā piki me ngā heke o te ao hurihuri nei.

It is with pleasure that I provide a report on the operations of Ngati Whakaue Tribal Lands for 2019.

GROUP PERFORMANCE

- ▲ Farming operations have recorded a 6th consecutive year of profitability despite challenging weather and on a reduced land area due to our new forestry plantings, which is a great outcome that all of our staff and advisors should be proud of.
- ▲ While this result has strengthened our overall group financial performance, increases in land and asset values have also had a positive impact, as has the improvement of terms by which we operate our long term commercial leases.
- ▲ In summary our asset base has shown a significant value increase but our cash position is generally unchanged which provides another challenge moving forward.

TOURISM UPDATE

(note that a power-point presentation will accompany this segment)

- ▲ Last year I indicated that we were undertaking a Tourism Masterplanning process for the Ngongotaha farm in order to provide us with a blueprint for tourism development which would be based on; (i) analysis of the current visitor market; (ii) site characteristics; and (iii) financial viability of what was being proposed.
- ▲ The resulting Tourism Masterplan includes a significant and bold program of staged development, which has the potential to create transformational change for the incorporation, our people and the wider community.
- ▲ This pathway will require substantial planning, a risk adjusted evaluation of options and a critical management process that will allow the development to take shape and be operationalised.
- ▲ A sense of what the NWTL Tourism Masterplan entails is described briefly below:

Attractions:

Additional 'Gravity-based' attractions to complement Ogo's current operation



Food and Beverages:

New facilities (including Cafes, Bars & Restaurants)



Accommodation:

A range of boutique accommodation options (including Glamping, Tree Houses and Mountain Chalets)





- ▲ Upon completion of the Masterplan phase in December, we immediately engaged an agency to undertake a Peer Review analysis of this work, in order to provide us with an independent assessment or ‘sense check’ of the activities and attractions that were proposed.
- ▲ This Peer Review has also been completed and highlighted both limitations and opportunities by way of an assessment of the financial viability of each component and through benchmarking them against similar activities or products across the tourism spectrum.
- ▲ While we can now make an informed assessment of how we wish to proceed, the additional benefit is that it has allowed us to pitch to the government’s Provincial Development Unit and make application to the PGF Fund which is currently being considered.
- ▲ Given that we have now identified a range of potential activities and attractions, our next key challenge is to determine funding pathways in terms of how this development may be financed and to identify potential investor partnership and viable operator options.
- ▲ Although we have made important progress, it still requires a significant amount of additional assessment, planning and due diligence around our preferred level of involvement, risk exposure and investment in this space and will also be informed by the outcome of the PGF funding process.
- ▲ In summary, we see tourism as an important, critical component of our future growth but one that needs considerable assessment and a long term approach to this type of development.

RETIREMENT VILLAGE UPDATE

- ▲ I indicated last year that we were undertaking due diligence for a Retirement Village Project which has now been completed.
- ▲ The initiative was led by NZ Superfund and included 5 other Maori land trusts across New Zealand with the aim of undertaking a collective staged development of multiple retirement villages including one on our own identified site at Wharenui.
- ▲ Unfortunately, the project (as a collective) did not proceed as it didn’t meet NZSF’s minimum investment threshold of \$500m however, the work and analysis has provided us with a solid understanding of the retirement village sector and various operating models.
- ▲ For our Wharenui site, this work provided positive financial, cost and market demand results, which indicated that a retirement village can be feasible under certain conditions and we will apply this information as a base case to consider future options.

FORESTRY UPDATE

- ▲ The next stage of new planting began at Ngongotaha this winter after the successful establishment of 280ha of radiata pine on Wharenui last year, which leaves us on track to achieve a 1,000ha sustainable forest over our entire estate by 2020.
- ▲ We have also entered into a new forestry related lease agreement for 3.2ha on Wharenui which provides land for a radiata pine seedling operation with Rotorua Forestry Nursery who are currently in the process of preparing the land for cultivation. This agreement provides an alternative revenue stream at twice the level of return per h/a compared to farming.





ALTERNATIVE AGRIBUSINESS

- ▲ We recently received a Dairy Sheep Analysis Report which was commissioned last year and has provided us with valuable insights for future consideration, once market factors and funding options are more favourable and potential tourism related opportunities are explored further.
- ▲ We have also signed up to an initiative which involves a 1ha trial for the cultivation of Hemp as part of a demonstration project led by Te Arawa Primary Sector (TAPS) in conjunction with the Bay of Plenty Regional Council, at no cost and with access to all of the resulting information and reports that are published from the project.

INITIATIVES WITH DIRECT BENEFITS TO OWNERS AND BENEFICIARIES

- ▲ 2019 has seen the continued backing of joint tribal activities such as the Whakanuia and other key Whakaue events as well as support for various cultural and marae based initiatives.
- ▲ We have maintained our funding support on an individual basis for education, health and of course we will continue to hold our biennial Whanau Day and annual Koeke outings.
- ▲ Logging activities in 2018 presented additional benefits in the form of a new firewood initiative, resulting in the delivery of over 25 loads of dry, split firewood to Koeke and whanau this winter.
- ▲ We have also committed to improving our communication with owners and beneficiaries by developing a Whakaue Communications Strategy which will include the launch of a new Quarterly Panui and a complete refresh of Website and Social Media platforms.

PARTNERSHIP DEVELOPMENT

- ▲ Our relationship with Manaaki Ora Trust will be further enhanced as we prepare to undertake a joint development of one of the existing buildings at our Kokreke site, from which extended Hauora Services will be delivered.

HOUSING DEVELOPMENT

- ▲ We indicated last year that we would also be undertaking due diligence around a Residential Housing Development on Wharenui which is a specific block of general land purchased over 40-years ago by the Incorporation, as a future housing development investment.
- ▲ In terms of progress with this initiative, we have reached the final stages of planning and consenting requirements, engineering design, cost estimations and market demand assessment in order to determine its commercial viability. We see this project as a critical part of a larger Whakaue Housing Strategy which we will cover in more detail at the AGM.

KEY CHALLENGES

- ▲ In the last financial year, the incorporation returned a surplus of \$660,000 from revenue of \$6.56 million and from assets valued at around \$50 million.
- ▲ In order to achieve our potential, we need cash to fund our development aspirations and ensure we also retain and re-invest returns from investment on our lands in the future.
- ▲ The committee of management (COM) have developed a strategy to diversify our operations to enhance the return on assets for owners and to help reduce the vulnerability that comes from cyclical fluctuations in commodities produced by farming and forestry.



- ▲ To ensure this occurs, we have engaged like-minded partners who are the best in field to help where we need expertise and/or financial support and we have considered an array of options, scrutinised a range of ideas, and we have also sought funding (in some cases worth hundreds of thousands of dollars) to help craft our plans in order to capture potential.
- ▲ We have done so and will continue to be guided by the very clear expectations of our people.

FUTURE FOCUS

- ▲ We will continue to diversify the incorporation's asset base and income streams to drive growth in key areas such as tourism, aged care, property and commercial development.
- ▲ We will also continue to improve our communications and engagement with owners and beneficiaries to ensure that we have support for the direction we are heading and we will provide timely updates through existing channels and improved website and social media platforms.
- ▲ This is the beginning of an exciting new phase of development and it is important that we take this journey together.
- ▲ Overall our aim is to continue to add value to the incorporation including asset growth and cashflow generation to ensure support for our tribal responsibilities and to provide sustainable owner benefits.

ACKNOWLEDGEMENTS

- ▲ I would like to acknowledge the Committee of Management for their leadership, support and direction which allows me to focus on the key actions and workload required.
- ▲ This year's group outcome is a direct result to the efforts produced from all of our farming staff and managers (Ben, Paul, John, Steve, Kane and Clive), our support team (including GHA, Prime Forest Management and Perin Ag Consultants), and of course our support staff (Kayla and Audrey) whose work in the background is always appreciated.
- ▲ In closing, I look forward to seeing all of our key stakeholders, partners, owners and beneficiaries at the AGM and anticipate an exciting 2020.

Nga mihi

**Ray Morrison,
General Manager**

GRANTS REPORT



Tēnā tātou katoa, On behalf of the Grants Committee, is my pleasure to provide you with this report for the 2018-2019 Financial Year. Our Grants Committee includes: Josie Scott (Iwi Representative), Matthew Heke (Chair), Terry Tapsell and Geoffrey Rolleston.

As approved by the owners at last year's AGM, we allocated \$120,000 for Health, Tangihanga, Marae and Discretionary Grants. Due to the number of applications received, we approved a slightly higher amount of \$137,458.27 across each category as below:



MARAE GRANTS

Each year we pay a grant of \$2,000 to Te Papaïouru, Paratehota-Te Kohea, Whakaue ki Maketū, Owhata and Hurungaterangi. This year we also gave \$50,000 toward the wharekai rebuild at Tūmahaurangi and \$4,985 towards emergency roofing repairs at Te Papaïouru.

DISCRETIONARY GRANTS

As set out below, we have been able to utilise the discretionary grants to contribute to important kaupapa that benefit the wider Ngāti Whakaue Iwi and NWTL Beneficiaries:

| | |
|---|----------|
| TALT Koeke Ball | \$2,000 |
| Taumata o Ngāti Whakaue Iho Ake Van | \$5,000 |
| Māori Youth Leadership Summit | \$2,875 |
| Röbert Gillies 28th Māori Battalion – 75th Anniversary in Cassino | \$5,000 |
| Waikite Junior Rugby Prizegiving | \$3,000 |
| Koeke Haerenga ki Matatini ki te Ao | \$3,500 |
| Whakaue Kapahaka Roopu Haerenga ki Matatini ki te Ao | \$10,000 |
| Öhinemutu Development Working Group Hui | \$550 |
| Te Arawa Māori Rugby League Tournament | \$250 |
| Aotearoa Māori Tennis | \$875 |
| Whakaue Whakanuia | \$10,000 |





GRANT RECIPIENTS

Bonita Naera
 Faenza Tapsell
 Don Kahukiwa
 Te Muranui Cleal
 Hamiora Werahiko
 Joy Flood
 Antony Watson
 Maree Cleaver
 Eileen Jones
 Toni Cummins
 Miriama Risbridge
 Bernard Rogers
 Charles Te Rangi
 Thomas Whare
 Lorna Brell
 Stephanie Mitchell
 Noeline Brown
 Rowena Henderson
 Robert Corbett
 Judy Tapsell
 Rangipai Matiu
 Grace Barnes
 Deborah Toa
 Sheryline Morrison
 Laurie Morrison
 Hariata Kaiou

Joyce Minarapa
 Tai McGarvey
 Michael Whare
 Anne Yates
 Lorraine Inia
 Kathleen Porter
 Aroha Bray
 Charles Taylor
 Joseph Edwards
 Martha Mohi
 Hayley Richard
 Hohepa Heke
 Pirihiara Fenwick
 Margaret Clayton
 Riko Porter
 Charles Hingston
 Anthony Taylor
 Adele Hubbard
 Peter Dodd
 Darryl Rogers
 Elaine Macfarlane
 William Werahiko
 Hazel Rangitauira
 Fraser Perenara
 Violet Waiariki
 Kiri Haira

Keith Mitchell
 Irene Low
 Tirení Ratema
 Terrence Ruhi Morrison
 Huhana Evans
 Margaret Dorset
 Diane White
 Pauline Hapi
 Michael Te Kaawa
 Margaret Edwards
 Margaret Clayton
 Rukingi Richards
 Carol Haumona
 Christine Clayton
 Paulena Jackson
 Haeata Bray
 Manuia Heke
 Matahau Rolleston
 Sean Morrison
 Mary Hodge
 Kevin Kiri
 Hinemoa Heretaunga
 Arama Pene
 Leanne Phillips
 James Bray
 Don Bennett

Wayne Douglas
 Michael Morrison
 Ronald Morehu
 Yvette Vanvliet
 Riki Morrison
 Lawrence Ehau
 Hamuera Mitchell
 Josephine Scott
 Colin Scott
 Riu Macdonald
 Jack PaulDuncan Naera
 Kohine Mackie
 Whaeearangi Inia
 T Macfarlane
 Dorothy Lewis
 Paulette Cartier
 James Theodore
 Irihapeti Theodore
 Julia Gordon
 Bunny Ormsby
 Tane McGarvey
 Sonia Taylor
 John Rapana
 Julia Kerem



FINANCIAL REPORT



This overview provides a snapshot of the Incorporation’s financial performance for the 2018/19 year. The full financial statements are provided on pages 23 - 42. The financial statements were audited by BDO Rotorua who issued a clear audit opinion.

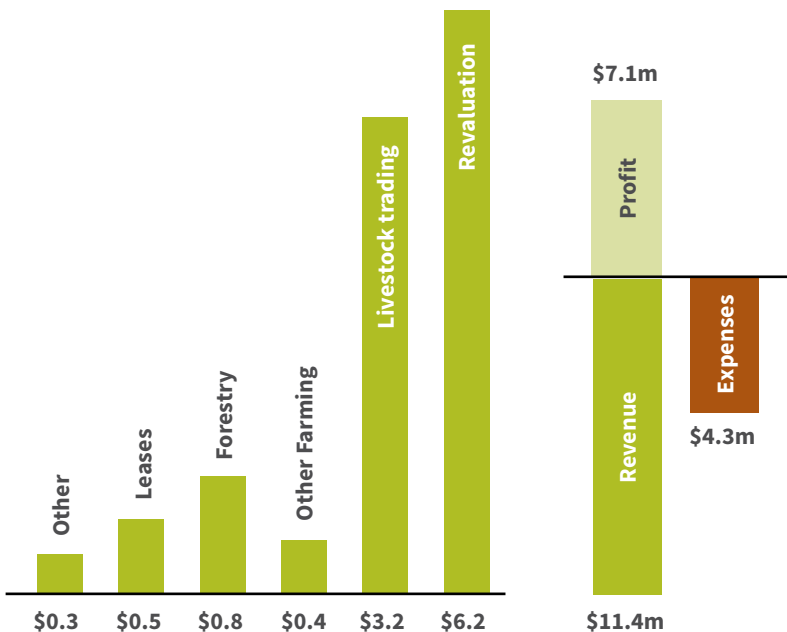
FINANCIAL PERFORMANCE

For the 2018/19 year, the Incorporation has achieved another pleasing result. An operating profit of \$898,004 was reached this year, and after including revaluations and grants paid, the overall profit for the year was \$7,103,359.

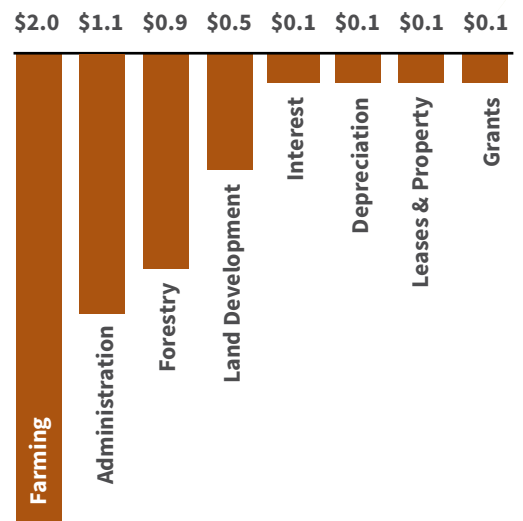
| | This Year | Last Year | Change |
|--------------------------|------------------|------------------|--------|
| Revenue | 5,173,025 | 8,042,996 | ↓ 36% |
| Expenses | (4,275,021) | (4,596,099) | ↓ 7% |
| Operating profit | 898,004 | 3,446,896 | ↓ 74% |
| Other gains/revaluations | 6,205,355 | 762,045 | ↑ 720% |
| Net profit | 7,103,359 | 4,208,941 | ↑ 69% |

The farms have had another excellent year and forest harvesting returns have also enhanced the overall profit. There were also strong valuation gains for the investment properties which has led to the overall profit result.

Revenue (\$millions)



Expenses (\$millions)



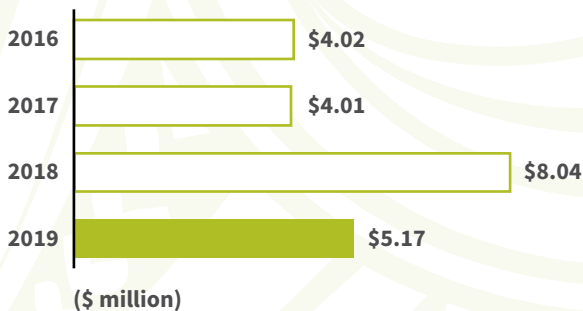
REVENUE

Total revenue was down 36% compared to last year. Farming revenue was down 19%, but continues to be the major source of revenue for the Incorporation. Forest harvesting commenced in 2018 and was well timed as the market for export logs declined soon after harvesting finished. Therefore, the Incorporation benefitted from good log prices before the decline.

Lease revenue was up by 11% as further lease arrangements were sorted and increases locked in.

Other revenue increased by over \$130k this year with the Incorporation attracting additional Government support of \$257k in the past year.

The major variance compared to last year is that the Incorporation received a one off payment of \$2.7m from the Bay of Plenty Regional Council to limit future nitrogen discharge, which bolstered that year's result.



EXPENSES

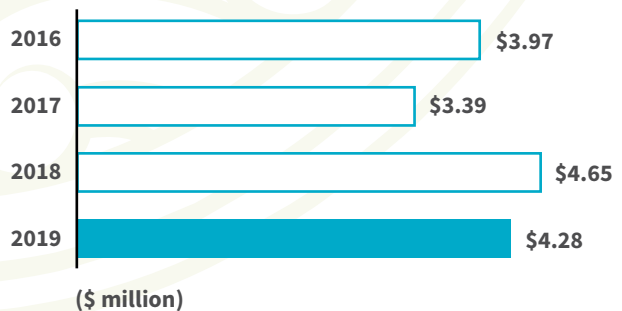
Total expenses were down 7% compared to last year. Farming expenses were up 3% though this reflected increased livestock trading activities.

Administration expenses were up 50% though a good proportion of the consulting expenses associated with some of the new investment opportunities were funded by Government contributions.

Forestry expenses were up again this year due to the harvesting activity and costs of re-establishing the forest.

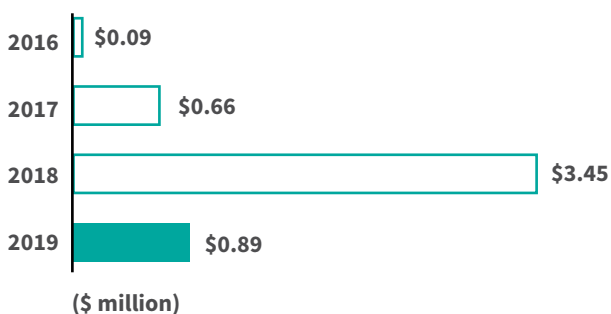
Interest costs were down 45% due to the repayments of principal made through the year.

Grants and distributions increased 143% from \$56k to \$137k, compared to the previous year.



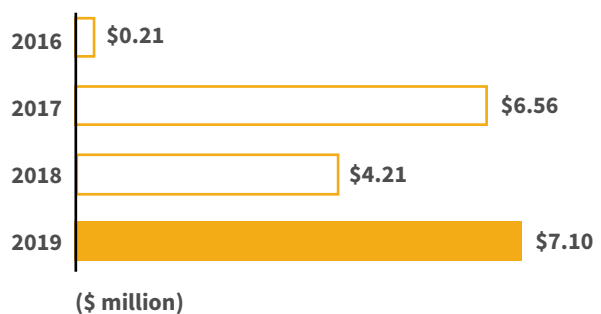
OPERATING PROFIT

The overall operating profit decreased by 74% from \$3.45m to \$898k, compared to last year. The farming, forestry and lease activities all recorded strong profit results. The decline compared to last year is because of the one-off BOPRC payment received in 2018.



NET PROFIT

The net profit increased by 69% compared to last year as further land revaluation uplifts of \$5.4m and an increase in the value of the Incorporation's trees of \$937k led to the final profit result of \$7.1m.



FINANCIAL POSITION

At the end of each year, the financial statements reflect the current financial position of the Incorporation. This highlights the overall value of the Incorporation and its subsidiaries.

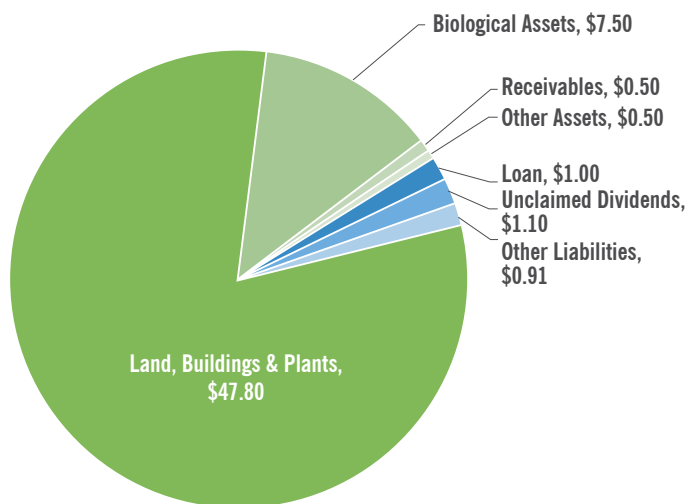
| | This Year | Last Year | Change |
|-------------------|-------------------|-------------------|--------|
| Total assets | 56,207,037 | 51,772,413 | ↑ 9% |
| Total liabilities | 2,886,540 | 5,402,955 | ↓ 47% |
| Equity | 53,320,493 | 46,369,459 | ↑ 15% |

As at 30 June 2019, total assets were \$56.2 million. Of this, land, buildings and plant accounted for \$47.8 million or 85%. The value of total assets has increased by 9% over the past year.

Total liabilities at 30 June 2019 were \$2.9 million, with 34% of this being the loan balance at Rabobank. Other liabilities include money owed to suppliers, accrued leave entitlements, GST and PAYE, as well as unclaimed dividends.

The difference between total assets and total liabilities means that owners' equity in the Incorporation is \$53.3 million. This reflects a 15% increase compared to last year.

Financial Position (\$millions)



\$56.2m
Assets

(\$2.9m)
Liabilities

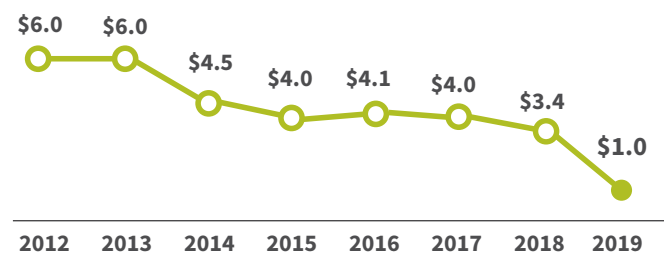
\$53.3m
Equity

CASH AND DEBT MANAGEMENT

The Incorporation continued to make excellent progress over the last year paying down the loan facility, ending the year with a total debt of \$1m which was \$2.4 million lower than a year ago. This was helped by the receipt of the Rotorua Lakes Incentive Scheme funding and by the strong operating cash profit. Interest costs were also down 45% over the past year.

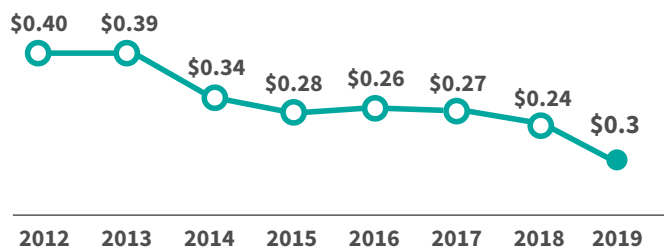
Loan facility (\$millions)

71%
Reduction



Interest Paid (\$millions)

45%
Reduction



DISTRIBUTIONS

Last year, the Incorporation made distributions to owners by way of dividends and grants. Total dividends of \$152,324 were declared with \$107,388 paid out to the owners with valid bank accounts. Total grants of \$137,458 were paid out for health, Marae and other worthy Ngati Whakaue causes.

The Proprietors of
Ngāti Whakaue Tribal Lands



CONSOLIDATED FINANCIAL STATEMENTS

CONTENTS

| | |
|--|----|
| Independent Auditor's Report | 24 |
| Consolidated Statement of Profit or Loss and Other Comprehensive Income | 26 |
| Consolidated Statement of Financial Position | 27 |
| Consolidated Statement of Changes in Equity | 28 |
| Consolidated Statement of Cash Flows | 29 |
| Notes to the Consolidated Financial Statements | 30 |

INDEPENDENT AUDITOR'S REPORT



TO THE SHAREHOLDERS OF NGATI WHAKAUE TRIBAL LANDS INCORPORATION AND SUBSIDIARY

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of Ngati Whakaue Tribal Lands Incorporation and its Subsidiaries ("the Group"), which comprise the consolidated statement of financial position as at 30 June 2019, the consolidated statement of profit or loss and other comprehensive income for the year then ended, the consolidated statement of changes in equity, the consolidated statement of cash flows and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements of the Group for the year ended 30 June 2019 are prepared, in all material respects, in accordance with the accounting policies specified in pages 9-14 of the financial statements.

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 Financial Statements section of our report. We are independent of the Group in accordance with Professional and Ethical Standard 1 (Revised) Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interests in, the Group.

Emphasis of Matter – Basis of Accounting and Restriction on Distribution and Use

We draw attention to pages 9-14 of the financial statements, which describes the basis of accounting. The financial statements are prepared solely for the Group's shareholders, as a body. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Group and the Group's shareholders, as a body, and should not be distributed to or used by parties other than the Group or the Group's shareholders. Our opinion is not modified in respect of this matter.

Other Information

The Committee 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 financial statements and our auditor's report thereon.

Our opinion on the 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 financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the 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.

Committee Responsibilities for the Financial Statements

The Committee are responsible for the preparation of the financial statements in accordance with the accounting policies specified on pages 9-14 of the financial statements and for such internal control as the Committee determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Committee are responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless the Committee 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 Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 financial statements.

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

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Committee.
- Conclude on the appropriateness of the use of the going concern basis of accounting by the Committee and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

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

Who we Report to

This report is made solely to the Group's shareholders, 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 Group and the Group's shareholders, 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
14 October 2019

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

NGĀTI WHAKAUE TRIBAL LANDS
INCORPORATED AND SUBSIDIARIES

For the year ended 30 June 2019

| | Notes | 2019 \$ | 2018 \$ |
|--|-------|------------------|------------------|
| Revenue | | | |
| Livestock sales | 7 | 3,215,053 | 3,912,622 |
| Other farm income | 8 | 367,944 | 505,901 |
| Forestry income | | 803,623 | 326,344 |
| Lease income | 9 | 515,973 | 463,621 |
| Investment income | 10 | 13,359 | 5,175 |
| Other revenue | 11 | 257,073 | 131,732 |
| Rotorua Lakes Incentive Scheme | 29 | - | 2,697,600 |
| Total Revenue | | 5,173,025 | 8,042,996 |
| Cost of sales - livestock | 7 | (778,773) | (967,535) |
| Movements in fair value of livestock | 7 | 606,789 | (240,970) |
| Gross profit | | 5,001,041 | 6,834,490 |
| Expenses | | | |
| Farm expenses | 12 | 1,791,732 | 1,884,107 |
| Forestry expenses | 13 | 890,377 | 321,049 |
| Administration expenses | 14 | 1,082,109 | 721,548 |
| Lease expenses | 24 | 55,500 | 64,204 |
| Property expenses | | 37,784 | 38,271 |
| Interest paid | | 131,939 | 238,259 |
| Depreciation of property, plant and equipment | 18 | 113,597 | 120,156 |
| Total Expenses | | 4,103,037 | 3,387,594 |
| Operating profit/(loss) | | 898,004 | 3,446,896 |
| Other items | | | |
| Movement in fair value of investment properties | 19 | 5,405,658 | - |
| Movement in fair value of trees | 7 | 937,155 | 803,326 |
| Gain on sale of intangible assets | 21 | - | 15,180 |
| Grants paid | | (137,458) | (56,461) |
| | | 6,205,355 | 762,045 |
| Profit before tax | | 7,103,359 | 4,208,941 |
| Income tax expense | 15 | - | - |
| Profit for the year | | 7,103,359 | 4,208,941 |
| Other comprehensive income, net of income tax | | | |
| <i>Items that will not be reclassified subsequently to profit or loss:</i> | | | |
| Loss on revaluation of property, plant & equipment | | - | (117,561) |
| Total Other comprehensive income, net of income tax | | - | (117,561) |
| Total Comprehensive income for the year | | 7,103,359 | 4,091,380 |

This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report


CONSOLIDATED STATEMENT OF FINANCIAL POSITION

NGĀTI WHAKAUE TRIBAL LANDS INCORPORATED AND SUBSIDIARIES

As at 30 June 2019

| | Notes | 2019 \$ | 2018 \$ |
|--------------------------------------|-------|-------------------|-------------------|
| Assets | | | |
| Current assets | | | |
| Cash and cash equivalents | 16 | 161,098 | 316,761 |
| Trade and other receivables | 17 | 508,021 | 3,374,937 |
| Income tax refund due | | 2,825 | 817 |
| Total Current assets | | 671,944 | 3,692,515 |
| Non-current assets | | | |
| Property, plant and equipment | 18 | 26,053,210 | 26,034,474 |
| Investment property | 19 | 21,772,645 | 15,880,132 |
| Investments | 20 | 181,763 | 181,763 |
| Biological assets | 7 | 7,521,122 | 5,977,177 |
| Other assets | | 6,353 | 6,353 |
| Total Non-current assets | | 55,535,093 | 48,079,899 |
| Total Assets | | 56,207,037 | 51,772,414 |
| Liabilities | | | |
| Current liabilities | | | |
| Trade and other payables | 22 | 423,667 | 520,392 |
| Deferred revenue from leases | | 206,973 | 165,840 |
| Employee entitlements | | 85,742 | 74,650 |
| Goods and services tax | | 3,636 | 91,470 |
| Total Current liabilities | | 720,017 | 852,352 |
| Non-current liabilities | | | |
| Borrowings | 23 | 1,003,138 | 3,431,466 |
| Unclaimed dividends | | 1,071,769 | 1,026,833 |
| Other liabilities | 27 | 91,616 | 92,305 |
| Total Non-current liabilities | | 2,166,523 | 4,550,604 |
| Total Liabilities | | 2,886,540 | 5,402,956 |
| Net assets | | 53,320,493 | 46,369,459 |
| Equity | | | |
| Capital | 25 | 1,523,291 | 1,523,291 |
| Reserves | 26 | 31,596,731 | 31,596,731 |
| Retained earnings | | 20,200,471 | 13,249,437 |
| Total Equity | | 53,320,493 | 46,369,459 |

For and on behalf of the Committee of Management


Chairman


CoM member

Date: 11 October 2019

This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

NGĀTI WHAKAUE TRIBAL LANDS INCORPORATED AND SUBSIDIARIES

For the year ended 30 June 2019

| | Notes | Contributed Share Capital | Reserves | Retained Earnings: Taxable | Retained Earnings: Non Taxable | Total equity |
|-------------------------------------|-------|------------------------------|-------------------|-------------------------------|--------------------------------------|-------------------|
| | | \$ | \$ | \$ | \$ | \$ |
| Opening balance 1 July 2018 | | 1,523,291 | 31,596,731 | 6,449,155 | 6,800,282 | 46,369,459 |
| Profit for the year | | - | - | 7,103,359 | - | 7,103,359 |
| Dividends declared | | - | - | - | (152,324) | (152,324) |
| Closing balance 30 June 2019 | | 1,523,291 | 31,596,731 | 13,552,513 | 6,647,958 | 53,320,493 |

| | | | | | | |
|---|-----------|------------------|-------------------|------------------|------------------|-------------------|
| Opening balance 1 July 2017 | | 1,523,291 | 31,950,272 | 4,952,994 | 4,003,847 | 42,430,404 |
| Profit for the year | | - | - | 4,208,941 | - | 4,208,941 |
| Other comprehensive income | | - | (117,561) | - | - | (117,561) |
| Derecognition of reserve | 26 | - | (235,980) | - | 235,980 | - |
| Realised capital gain - NZUs | 21 | - | - | (15,180) | 15,180 | - |
| Realised capital gain - Rotorua Lakes Incentive Scheme | 29 | - | - | (2,697,600) | 2,697,600 | - |
| Dividends declared | | - | - | - | (152,324) | (152,324) |
| Closing balance 30 June 2018 | | 1,523,291 | 31,596,731 | 6,449,155 | 6,800,282 | 46,369,459 |

This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report

CONSOLIDATED STATEMENT OF CASH FLOWS

NGĀTI WHAKAUE TRIBAL LANDS INCORPORATED AND SUBSIDIARIES

For the year ended 30 June 2019

| | Notes | 2019 \$ | 2018 \$ |
|--|-------|--------------------|------------------|
| Cash flows from operating activities | | | |
| Receipts from customers | | 8,028,631 | 5,127,744 |
| Payments to suppliers and employees | | (4,749,673) | (3,917,495) |
| Investment income received | | 13,359 | 5,175 |
| Interest paid | | (142,895) | (241,643) |
| Income taxes | | (2,001) | (119) |
| Grants paid | | (131,458) | (58,461) |
| Net GST | | (87,171) | 33,166 |
| Total Cash flows from operating activities | | 2,928,792 | 948,367 |
| Cash flows from investing activities | | | |
| Payments to acquire property, plant and equipment | | (132,333) | (204,734) |
| Payment to acquire investment property | | (415,716) | - |
| Proceeds from sale of property, plant and equipment | | - | 10,000 |
| Receipts from sale of intangible assets | | - | 251,160 |
| Total Cash flows from investing activities | | (548,049) | 56,426 |
| Cash flows from financing activities | | | |
| Amounts advanced by/(to) related parties | | (689) | (26,830) |
| Repayment of borrowings | | (2,428,328) | (598,570) |
| Dividends paid | | (107,388) | (98,878) |
| Total Cash flows from financing activities | | (2,536,405) | (724,278) |
| Net Increase/ (Decrease) in Cash and Cash Equivalents | | (155,662) | 280,515 |
| Cash balances | | | |
| Cash and cash equivalents at beginning of the year | | 316,761 | 36,246 |
| Cash and cash equivalents at end of the year | 16 | 161,098 | 316,761 |
| Net change in cash for the year | | (155,662) | 280,515 |

This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS



NGĀTI WHAKAUE TRIBAL LANDS INCORPORATED AND SUBSIDIARIES

For the year ended 30 June 2019

1. GENERAL INFORMATION

The financial report includes the financial statements and notes of Ngāti Whakaue Tribal Lands Incorporated and its subsidiaries. Ngāti Whakaue Tribal Lands Incorporated (the Parent) is a profit-orientated entity established under Part 5 of the Maori Affairs Amendment Act and now operates under Section 248 of Te Ture Whenua Maori Act 1993.

The consolidated financial statements comprise Ngāti Whakaue Tribal Lands Incorporated and its wholly owned subsidiaries Mountain Action Ltd (non-trading), Whakaue Holdings Ltd, Whakaue Farming Ltd, and Whakaue Property Trust.

The primary operations of the Group are sheep and beef farming, forestry, land leases, and commercial and residential property rental.

These financial statements were approved and authorised for issue by the Committee of Management on 11 October 2019.

2. STATEMENT OF COMPLIANCE AND REPORTING FRAMEWORK

These financial statements are special purpose financial statements that have been prepared in accordance with the policies detailed on pages 9 to 14.

3. CHANGES IN ACCOUNTING POLICIES

The accounting policies adopted are consistent with those of the previous financial year.

4.1 BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Incorporation and entities controlled by the Incorporation.

Control is achieved when the Incorporation:

- 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.

Consolidation of a subsidiary begins when the Incorporation obtains control over the subsidiary and ceases when the Incorporation 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 profit or loss and other comprehensive income from the date the Incorporation gains control until the date when the Incorporation ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Incorporation and to the non-controlling interests. Total comprehensive income of subsidiaries is attributed to the owners of the Incorporation.

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

4.2 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in New Zealand dollars (\$). All numbers presented have been rounded to the nearest dollar.

4.3 REVENUE

Revenue is measured by reference to the fair value of consideration received or receivable. The Group recognises revenue when it can be reliably measured, it is probable that future economic benefits will flow to the Group.

4.3.1 Sale Of Goods

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all of the following conditions are satisfied:

- the Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the economic benefits associated with the transaction will flow to the Group; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

4.3.2 Interest and dividend income

Interest income is recognised when it is received, with an adjustment at year end to recognise interest due but not received (accrual basis) using the effective interest method. Dividend income is recognised at the time the right to receive payment is established.

4.3.3 Rental income

Rental income from residential rents is reported at the time the payment is received. The Group's policy for recognition of revenue from operating leases is described in note 4.9 below.

4.3.4 Government grants

Government grants are not recognised until there is reasonable assurance that the Incorporation will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognised in profit or loss on a systematic basis over the periods in which the Incorporation recognises as expenses the related costs for which the grants are intended to compensate.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Incorporation with no future related costs are recognised in profit or loss in the period in which they become receivable.

4.4 OPERATING EXPENSES

Operating expenses are recognised in profit or loss upon utilisation of the service or at the date of their origin.

4.5 BORROWING COSTS

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

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

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

4.6 IMPAIRMENT OF TANGIBLE AND INTANGIBLE ASSETS

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any).

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

4.7 EMPLOYEE BENEFITS

A liability is recognised for benefits accruing to employees in respect of wages and salaries and annual leave in the period the related service is rendered at the undiscounted amount of the benefits expected to be paid in exchange for that service.

4.8 TAXATION

The Parent and its subsidiary Companies, Whakaue Holdings Limited, Whakaue Farming Limited and Mountain Action Limited have all been approved as a 'Consolidated Group' for taxation purposes from 1 July 2005. All companies within the 'Group' have been accepted as Maori Authorities from that date.

The group taxation rate is 17.5% (2018: 17.5%). Whakaue Property Trust tax rate is 33%, unless the income is otherwise distributed.

4.8.1 Current income tax

Current income tax assets and/or liabilities comprise those obligations to, or claims from, Inland Revenue and relating to the current or prior reporting periods that are unpaid at the reporting date. Current tax is payable on taxable profit, which differs from profit or loss in the financial statements because of items of income or expense that are taxable or deductible in other years and items that are never taxable or deductible. Calculation of current tax is based on tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

Provision is made for taxation on a group basis (where applicable) after taking account of all available deductions and after deducting losses available to be carried forward from prior years.

Tax expense (if any) recognised in profit or loss comprises current tax not recognised in other comprehensive income or directly in equity.

4.8.2 Deferred tax

The Group does not recognise deferred tax.

4.9 LEASES

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

4.9.1 Group as lessor

Rental income from operating leases is recognised on a straight-line basis over the term of the relevant lease. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised on a straight-line basis over the lease term.

4.9.2 Group as lessee

Operating lease payments are recognised as an expense on a straight-line basis over the lease term, except where another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed. Contingent rentals arising under operating leases are recognised as an expense in the period in which they are incurred.

Assets held under finance leases are initially recognised as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the statement of financial position as a finance lease obligation. Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognised immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalised in accordance with the Group's general policy on borrowing costs.

4.10 FINANCIAL INSTRUMENTS

4.10.1 Recognition, initial measurement and derecognition

Financial assets and financial liabilities are recognised when the Group becomes a party to the contractual provisions of the financial instrument, and are measured initially at fair value adjusted by transactions costs, except for those carried at fair value through profit or loss, which are measured initially at fair value. Subsequent measurement of financial assets and financial liabilities are described below.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred.

A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

4.10.2 Classification and subsequent measurement of financial assets

For the purpose of subsequent measurement, financial assets are classified into the following categories upon initial recognition:

- Loans and receivables
- Available-for-Sale ("AFS") financial assets

All financial assets are subject to review for impairment at least at each reporting date to identify whether there is any objective evidence that a financial asset or a group of financial assets is impaired. Different criteria to determine impairment are applied for each category of financial assets, which are described below.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial recognition, these are measured at amortised cost using the effective interest method, less any allowance for credit losses. Discounting is omitted where the effect of discounting is immaterial. The Group's receivables fall into this category of financial instruments.

Individually significant receivables are considered for impairment when they are past due or when other objective evidence is received that a specific counterparty will default.

AFS financial assets

AFS financial assets are non-derivative financial assets that are either designated to this category or do not qualify for inclusion in any of the other categories of financial assets. The Group's AFS financial assets include investment in Ballance Agri Nutrients, Farmlands and Firstlight Wagyu (NZ) Limited.

All AFS financial assets are measured at fair value. Gains and losses are recognised in other comprehensive income and reported within the AFS reserve within equity, except for impairment losses and foreign exchange differences on monetary assets, which are recognised in profit or loss. When the asset is disposed of or is determined to be impaired the cumulative gain or loss recognised in other comprehensive income is reclassified from the equity reserve to profit or loss and presented as a reclassification adjustment within other comprehensive income. Interest is calculated using the effective interest method and dividends are recognised in profit or loss within investment income.

Financial liabilities

The Group's financial liabilities include trade and other payables.

4.11 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and short-term deposits (under 90 days), together with other short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand and deposits held at call with financial institutions, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the statement of financial position.

4.12 GOODS AND SERVICES TAX (GST)

All amounts in these financial statements are shown exclusive of GST, except for receivables and payables that are stated inclusive of GST.

4.13 PROPERTY, PLANT AND EQUIPMENT

Land and improvements held for use are valued at the ratings valuations prepared by Lakes District Council. The ratings valuations are issued every three years. This valuation method is in compliance with section 276A(4) of Te Ture Whenua Maori Act 1993.

Any revaluation surplus arising upon appraisal of land and buildings is recognised in other comprehensive income and credited to the revaluation reserve in equity. To the extent that any revaluation decrease or impairment loss has previously been recognised in profit or loss, a revaluation increase is credited to profit or loss with the remaining part of the increase recognised in other comprehensive income. Downward revaluations of land and buildings are recognised upon appraisal, with the decrease

being charged to other comprehensive income to the extent of any revaluation surplus in equity relating to this asset and any remaining decrease recognised in profit or loss. Any revaluation surplus remaining in equity on disposal of the asset is transferred to retained earnings.

Buildings, building fit out, furniture and fittings, office equipment and plant and equipment are initially recognised at acquisition cost, including any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by the Committee of Management. These assets are subsequently measured using the cost model (cost less subsequent depreciation and impairment losses).

Depreciation is recognised on a diminishing value basis to write down the cost of the assets over their estimated useful lives. The following rates are applied:

- Buildings: 3% - 7.5%
- Building fit out: 0% - 48%
- Corpus land improvements: 2% - 10%
- Office equipment: 20% - 50%
- Plant and equipment: 3% - 26.4%
- Motor vehicles: 13 - 36%

Land is not depreciated.

Material residual value estimates and estimates of useful lives are updated as required, or at least annually.

Gains or losses arising on the disposal of building fit out, office equipment and plant and equipment are determined as the difference between the disposal proceeds and the carrying amount of the assets and are recognised in profit or loss within other income or other expenses.

4.14 INVESTMENT PROPERTY

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes). Investment properties are measured initially at cost, including transaction costs. 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 profit or loss 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. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss in the period in which the property is derecognised.

4.15 PROVISIONS

A provision is recognised if, as a result of a past event, the Group has a present legal or constructive obligation that can be estimated reliably, and it is probable that an outflow of economic benefits will be required to settle the obligation.

Provisions are measured at the estimated expenditure required to settle the present obligation, based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation.

No liability is recognised if an outflow of economic resources as a result of present obligations is not probable. Such situations are disclosed as contingent liabilities, unless the outflow of resources is remote in which case no liability is recognised.

4.16 ACCOUNTING FOR BIOLOGICAL ASSETS

Biological assets are measured at fair value less cost to sell, as described in Note 7. Changes in fair value of biological assets are recognised in the statement of profit or loss.

Farming costs such as feeding, labour costs, pasture maintenance, veterinary services and sheering are expensed as incurred. Silviculture and other forestry associated costs are expensed as incurred.

5. CRITICAL JUDGEMENTS IN APPLYING ACCOUNTING POLICIES

When preparing the financial statements, the Committee of Management undertakes a number of judgements, estimates and assumptions about the recognition and measurement of assets, liabilities, income and expenses.

5.1 ESTIMATION UNCERTAINTY

Impairment

In assessing impairment, the Committee of Management estimates the recoverable amount of each asset based on expected future cash flows and uses an interest rate to discount them. Estimation uncertainty relates to the determination of suitable discount rate. The Group recognised no impairment of assets in 2019 (2018: \$Nil)

Useful lives of depreciable assets

The Committee of Management reviews its estimates of useful lives of depreciable assets at each reporting date, based on the expected utility of assets.

6. PRIOR PERIOD ADJUSTMENT

Land previously leased by the Group was inadvertently included within the corpus lands owned by the Group. A retrospective adjustment has been made to correct this resulting in an increase of \$2,165,133 in the opening balance of Investment Properties and a corresponding decrease in the opening balance of Corpus land & improvements category of Property, plant & equipment.

7 Biological assets

Livestock

Livestock comprises sheep and beef cattle (livestock). The Group farms livestock for the sale of sheep, lambs and cattle. As at 30 June 2019 the Group had 1,718 beef cattle and 8,863 sheep (2018: 1,668 beef cattle and 9,432 sheep).

| | 2019 | | | 2018 | | |
|----------------------------|------------------|------------------|------------------|------------------|------------------|------------------|
| | Beef | Sheep | Total | Beef | Sheep | Total |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Opening balance | 1,603,882 | 1,666,234 | 3,270,115 | 1,725,373 | 1,785,712 | 3,511,085 |
| Net movement in fair value | 474,618 | 132,171 | 606,789 | (121,491) | (119,479) | (240,970) |
| Closing balance | 2,078,500 | 1,798,404 | 3,876,905 | 1,603,882 | 1,666,234 | 3,270,115 |

Changes in fair value represented by:

| | | | | | | |
|-----------------------|----------------|----------------|----------------|------------------|------------------|------------------|
| Sales | (1,513,389) | (1,701,664) | (3,215,053) | (1,696,317) | (2,216,305) | (3,912,622) |
| Purchases | 664,239 | 114,534 | 778,773 | 793,568 | 173,968 | 967,535 |
| Price & other changes | 1,323,769 | 1,719,300 | 3,043,069 | 781,259 | 1,922,858 | 2,704,117 |
| | 474,618 | 132,171 | 606,789 | (121,491) | (119,479) | (240,970) |

The fair value of livestock is determined by independent valuations as at 30 June 2019. The independent livestock valuations were performed by PGG Wrightson, independent livestock agents. The independent valuation uses the quoted price in an active market as the appropriate basis for determining fair value. Where there is more than one active market that the company has access to, the most relevant market has been used.

Trees

The Group grows pinus radiata for harvest and sale. The Group holds approximately 571 plantable hectares of pinus radiata as at 30 June 2019 (2018: 275 ha).

| | 2019 | 2018 |
|--|------------------|------------------|
| | \$ | \$ |
| Carrying amount at beginning of the year | 2,707,062 | 1,903,736 |
| Decrease in fair value due to harvesting | (803,623) | (326,344) |
| Increase in fair value due to planting, growth and price | 1,740,778 | 1,129,670 |
| Carrying amount at end of the year | 3,644,217 | 2,707,062 |
| Net movement in fair value of trees | 937,155 | 803,326 |

The value of the trees excludes the value of land and land improvements thereon.

The valuation is based on a valuation report prepared by Prime Forest Management Ltd. Fair value movement is recognised in the profit or loss for the year. The forest valuation used methodology approved by the New Zealand Institute of Forestry, involving liquidation values for the mature stands to determine what the value of the forest would be if it were to be fully harvested in one day and compounded costs for the recently replanted stands. The valuation is based on the costs and revenues associated with the current crop.

| | 2019 | 2018 |
|--------------------------------|------------------|------------------|
| | \$ | \$ |
| Total biological assets | 7,521,122 | 5,977,177 |

| | Notes | 2019 \$ | 2018 \$ |
|---|-------|------------------|------------------|
| 8 Other farm income | | | |
| Dairy grazers | | 213,314 | 304,097 |
| Wool sales | | 110,823 | 156,994 |
| Other farm income | | 43,806 | 44,811 |
| Total Other farm income | | 367,944 | 505,901 |
| 9 Lease income | | | |
| Land leases | 24 | 109,903 | 105,602 |
| Broadcasting leases | | 243,906 | 162,258 |
| Other commercial leases | | 115,665 | 148,661 |
| Residential rent | | 46,500 | 47,100 |
| Total Lease income | | 515,973 | 463,621 |
| 10 Investment income | | | |
| Interest received | | 13,359 | 3,074 |
| Dividends received | | - | 2,101 |
| Total Investment income | | 13,359 | 5,175 |
| 11 Other revenue | | | |
| Bay of Plenty Regional Council funding | | 44,348 | 25,000 |
| MBIE funding | | - | 17,850 |
| Te Puni Kokiri funding | | 164,000 | 56,000 |
| Other revenue | | 48,726 | 32,882 |
| Total Other revenue | | 257,073 | 131,732 |
| 12 Farm expenses | | | |
| Animal health | | 127,217 | 135,318 |
| Feed purchases | | 151,170 | 179,456 |
| Fertiliser & lime | | 203,838 | 213,689 |
| Rates | | 104,257 | 109,948 |
| Repairs & maintenance | | 157,327 | 200,921 |
| Salaries and wages paid to employees | | 476,759 | 488,251 |
| Vehicle expenses | | 94,420 | 77,207 |
| Wool expenses | | 164,661 | 154,678 |
| Other expenses | | 312,082 | 324,639 |
| Total Farm expenses | | 1,791,732 | 1,884,107 |
| 13 Forestry expenses | | | |
| Harvesting | | 397,340 | 167,402 |
| Insurance | | - | 10,905 |
| Management fees | | 57,220 | 25,426 |
| Silviculture and establishment - new forest | | 376,103 | 110,008 |
| Other expenses | | 59,714 | 7,309 |
| Total Forestry expenses | | 890,377 | 321,049 |

| | Notes | 2019 | 2018 |
|--------------------------------------|-------|------------------|----------------|
| | | \$ | \$ |
| 14 Administration expenses | | | |
| Accountancy fees | | 114,836 | 109,515 |
| AGM and SGM expenses | | 25,522 | 19,819 |
| Audit fees | | 16,160 | 15,200 |
| Committee fees | 27 | 96,250 | 67,500 |
| Consultancy | | 406,976 | 133,867 |
| Insurance | | 15,382 | 14,330 |
| Salaries and wages paid to employees | | 243,911 | 219,311 |
| Other administration expenses | | 163,073 | 142,007 |
| Total Administration expenses | | 1,082,109 | 721,548 |
| 15 Income tax expense | | | |

Profit before income tax

7,103,359 **4,208,941**

Tax effect of amounts which are not deductible/(taxable) in calculating taxable income:

| | | |
|--|---------------------|--------------------|
| Difference between accounting and tax value of livestock | (463,553) | (231,492) |
| Difference between accounting and tax depreciation | 16,586 | 16,624 |
| Change in fair value of trees | (937,155) | (803,326) |
| Change in fair value of investment properties | (5,405,658) | - |
| Other adjustments | 502,045 | (2,621,039) |
| Unutilised losses on wind up | 354,735 | 354,735 |
| Loss brought forward | (4,783,264) | (5,352,972) |
| | (10,716,265) | (8,637,470) |

Assessable income

(3,612,906) **(4,428,530)**

The taxation benefit of the losses will be available provided:

- The entities comply with conditions for offset imposed by the Income Tax Act 2007, and the amendments thereto;
- No change in taxation legislation adversely affects the entities in realising the taxation benefits of those losses; and
- The entities generate assessable income in the future, against which the losses can be offset.

Losses are subject to Inland Revenue Department Confirmation.

16 Cash and cash equivalents

| | | |
|--|----------------|----------------|
| Cash at bank - NZD | 161,098 | 316,761 |
| Total Cash and cash equivalents | 161,098 | 316,761 |

17 Trade and other receivables

| | | |
|--|----------------|------------------|
| Trade receivables | 446,960 | 3,323,276 |
| Prepayments | 61,061 | 51,660 |
| Total Trade and other receivables | 508,021 | 3,374,937 |

Trade and other receivables more than 90 days overdue were \$4,172 (2018: \$13,376). There is no doubtful debt provision (2018: none) and the Group is not exposed to any other significant credit risk (2018: none).

18 Property, plant and equipment

| | Corpus land & improvements | Buildings & building fit-out | Motor vehicles | Plant & equipment | Office equipment | Total |
|--------------------------------------|----------------------------|------------------------------|----------------|-------------------|------------------|-------------------|
| Cost or valuation | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 Jul 2017 | 25,344,285 | 1,284,340 | 691,409 | 629,510 | 44,822 | 27,994,366 |
| Additions | 174,749 | 22,144 | 38,754 | 12,437 | 4,256 | 252,340 |
| Disposals | - | (17,000) | (30,337) | - | - | (47,337) |
| Revaluation | (117,561) | - | - | - | - | (117,561) |
| Balance at 30 Jun 2018 | 25,401,473 | 1,289,484 | 699,826 | 641,947 | 49,078 | 28,081,808 |
| Additions | 77,317 | 11,322 | 43,098 | 11,484 | 1,640 | 144,861 |
| Disposals | - | - | (27,227) | - | - | (27,227) |
| Balance at 30 Jun 2019 | 25,478,790 | 1,300,806 | 715,697 | 653,431 | 50,718 | 28,199,442 |
| | | | | | | |
| Accumulated depreciation | \$ | \$ | \$ | \$ | \$ | \$ |
| Balance at 1 Jul 2017 | 298,897 | 863,423 | 301,029 | 449,593 | 32,377 | 1,945,319 |
| Depreciation expense | 14,369 | 26,919 | 52,667 | 19,974 | 6,227 | 120,156 |
| Eliminated on disposal | - | (9,513) | (8,630) | - | - | (18,143) |
| Balance at 30 Jun 2018 | 313,266 | 880,829 | 345,066 | 469,567 | 38,604 | 2,047,332 |
| Depreciation expense | 14,789 | 26,151 | 49,539 | 19,153 | 3,965 | 113,597 |
| Eliminated on disposal | - | - | (14,700) | - | - | (14,700) |
| Balance at 30 Jun 2019 | 328,055 | 906,980 | 379,905 | 488,720 | 42,569 | 2,146,229 |
| Net book value at 30 Jun 2018 | 25,088,207 | 408,655 | 354,760 | 172,380 | 10,474 | 26,034,474 |
| Net book value at 30 Jun 2019 | 25,150,735 | 393,826 | 335,792 | 164,711 | 8,149 | 26,053,210 |

Land and improvements held for use in the production of supply of goods or services are considered Corpus land and Improvements, and have been revalued to the latest Lakes District Council Rating Valuations dated 1 July 2017.

The corpus land is classified as Maori freehold land as per Te Ture Whenua Maori Act 1993 and as such there is a restriction on the sale or disposal of this corpus land.

| | 2019 | 2018 |
|---|-------------------|-------------------|
| | \$ | \$ |
| 19 Investment property | | |
| Fair value | | |
| Land - Brents Farm and Gee Road blocks, Rotorua | 11,554,566 | 10,065,000 |
| Commercial building - Henderson Road, Rotorua | 1,171,999 | 849,999 |
| Land - Ngongotaha, Rotorua | 5,046,080 | 2,165,133 |
| Land - Porikapa Road, Rotorua | 4,000,000 | 2,800,000 |
| | 21,772,645 | 15,880,132 |
| Balance at beginning of the year | 15,880,132 | 15,880,132 |
| Gain on property revaluation | 5,405,658 | - |
| Additions | 486,855 | - |
| Balance at end of the year | 21,772,645 | 15,880,132 |

Land

Land has been recorded at its fair value at reporting date. Fair value has been determined by Telfer Young Limited, registered valuers, using current market values. The latest valuation is dated 30 June 2019.

Commercial building

Commercial building has been recorded at fair value plus capital expenditure incurred during the year. Fair value has been determined by Telfer Young Limited, registered valuers, using current market values. The latest valuation is dated 30 June 2019.

The most recent sales in the area and sales of comparable properties are used to assist in analysing the current market values.

20 Investments

| | | |
|--------------------------------------|----------------|----------------|
| Listed shares | | |
| Ballance Agri Nutrients | 170,100 | 170,100 |
| Farmlands | 1,663 | 1,663 |
| Total Listed shares | 171,763 | 171,763 |
| Unlisted shares | | |
| Firstlight Wagyu (NZ) Limited shares | 10,000 | 10,000 |
| Total Unlisted shares | 10,000 | 10,000 |
| Total Investments | 181,763 | 181,763 |

Fair value measurement - listed shares

The fair value of investments in equity securities is determined by reference to the published market prices at the reporting date.

Fair value measurement - unlisted shares

The above unlisted shares are not traded in an active market and stated at cost at the end of each reporting period. The Committee of Management have reviewed the value of the above shares and believe it represents the fair value of the shares.

| | Notes | 2019 | 2018 |
|---|-------|-----------|---------|
| | | \$ | \$ |
| 21 New Zealand Units | | | |
| Post-1989 units | | | |
| 54,704 (2018: 41,080) New Zealand units at fair value | 31 | 1,263,662 | 866,788 |

The valuation is based on a valuation report prepared by Prime Forest Management Ltd dated 30 June 2019.

Post-1989 NZUs are not recognised in the Group's financial statements, rather, they are recorded at nominal amount.

22 Trade and other payables

| | | | |
|---------------------------------------|--|----------------|----------------|
| Trade payables | | 292,488 | 376,358 |
| Other payables | | 31,179 | 44,034 |
| Provision for lease surrender | | 100,000 | 100,000 |
| Total Trade and other payables | | 423,667 | 520,392 |

Trade payables are unsecured and are usually paid within 30 days of recognition.

23 Borrowings

| | | | |
|--|--|------------------|------------------|
| Secured - at amortised cost | | | |
| Bank loan | | 1,003,138 | 3,431,466 |
| Total Secured - at amortised cost | | 1,003,138 | 3,431,466 |

Summary of borrowing arrangements

Whakaue Farming Limited

At balance date, the Company had a \$850,000 debt facility with Rabobank New Zealand (2018: \$850,000). Debt facility is interest only and is repayable at maturity. The facility wasn't being used at balance date (2018: \$Nil).

Whakaue Holdings Limited

At balance date, the Company had a \$4,000,000 debt facility with Rabobank New Zealand (2018: \$4,000,000). Debt facility is interest only and is repayable at maturity.

The loan balance of \$1,003,138 at 30 June 2019 comprises \$4,000,000 with start date 30 September 2014 and final maturity date 30 September 2029, less unused facility of \$2,996,862 at interest rates fixed as follows.

\$190,920 at 4.77% (rate maturity on 23 July 2019)

\$812,218 at 7% (variable rate)

Assets pledged as security

The above debt facility is secured by a Registered First Security Agreement from the Whakaue Holdings Limited over all present and after-acquired property, plus a Registered First Mortgage for the amount of \$3,500,000 from the Incorporation over Gee Road and Fairbank Road properties, a Registered First Mortgage from the Incorporation over Morey Street and Wharenui Road properties, a Registered First Mortgage from Whakaue Nominees Limited over 1 Porikapa Road property, and Registered First Security Agreements from the Incorporation, Whakaue Farming Limited, Whakaue Nominees Limited over all present and after-acquired property, plus Guarantees from the Incorporation, Whakaue Holdings Limited, Whakaue Farming Limited and Whakaue Nominees Limited.

| | 2019 | 2018 |
|---|------------------|------------------|
| | \$ | \$ |
| 24 Operating lease arrangements | | |
| The Group as a lessee | | |
| <i>Leasing arrangements</i> | | |
| <u>Operating leases relate to:</u> | | |
| 1. Office lease for a period of five years commencing 1 September 2015. The annual lease payable is \$19,000 (2018: \$19,000). | | |
| 2. Land lease for a period of 25 years commencing 1 August 2002. The annual lease payable is \$36,500 (2018: \$36,500). | | |
| <i>Payments recognised as an expense</i> | | |
| Total lease expense | 55,500 | 64,204 |
| <i>Non-cancellable operating lease commitments</i> | | |
| Not later than 1 year | 55,500 | 55,500 |
| Later than 1 year and not later than 5 years | 182,500 | 182,500 |
| Later than 5 years | 109,500 | 146,000 |
| | 347,500 | 384,000 |
| The Group as a lessor | | |
| <i>Leasing arrangements</i> | | |
| <u>Operating leases relate to:</u> | | |
| 1. Land sub-lease for a period of 25 years commencing 1 August 2002. The annual sub-lease payable is \$36,500 (2018: \$36,500). | | |
| 2. Other operating leases with terms between 1 and 5 years. | | |
| Lease income earned by the Group is set out in Note 9. | | |
| | 2019 | 2018 |
| | \$ | \$ |
| <i>Non-cancellable operating lease commitments</i> | | |
| Not later than 1 year | 36,500 | 36,500 |
| Later than 1 year and not later than 5 years | 182,500 | 182,500 |
| Later than 5 years | 109,500 | 146,000 |
| | 328,500 | 365,000 |
| 25 Capital | | |
| Number of shares on amalgamation of titles per Court Order | 1,565,994 | 1,565,994 |
| Shares purchased by the Incorporation to 30 June 1978 at par | (42,703) | (42,703) |
| Total Capital | 1,523,291 | 1,523,291 |

| | 2019 | 2018 |
|---|-------------------|-------------------|
| | \$ | \$ |
| 26 Reserves | | |
| Land & buildings revaluation reserve | 25,333,538 | 25,333,538 |
| Available-for-sale revaluation reserve | 185,400 | 185,400 |
| Other reserves | 6,077,793 | 6,077,793 |
| | 31,596,731 | 31,596,731 |
| <u>Land & buildings revaluation reserve</u> | | |
| Balance at beginning of the year | 25,333,538 | 25,451,099 |
| Decrease from revaluation | - | (117,561) |
| Balance at end of the year | 25,333,538 | 25,333,538 |
| <u>Available-for-sale revaluation reserve</u> | | |
| Balance at beginning of the year | 185,400 | 185,400 |
| Balance at end of the year | 185,400 | 185,400 |
| <u>Intangible assets revaluation reserve</u> | | |
| Balance at beginning of the year | - | 235,980 |
| Transfer to Retained earnings on derecognition of asset | - | (235,980) |
| Balance at end of the year | - | - |
| <u>Capital gains reserve</u> | | |
| Balance at beginning of the year | 6,077,793 | 6,077,793 |
| Balance at end of the year | 6,077,793 | 6,077,793 |

27 Related parties

Transactions with related parties:

(a) Group entities

Ngati Whakaue Tribal Lands Educational Trust

Related party advance

| | 2019 | | 2018 | |
|--|-----------------------|----------------------------|-----------------------|----------------------------|
| | Revenue/ (Expense) | Receivables/ (Payables) | Revenue/ (Expense) | Receivables/ (Payables) |
| | \$ | \$ | \$ | \$ |
| | - | (91,616) | - | (92,305) |

The amounts outstanding are unsecured and interest free. The directors have reviewed the balances owed at year end. No related party transactions have been forgiven or written off during the year (2018: \$Nil).

(b) Governance

Director and Committee of Management fees

Grants committee fees

| | 2019 | | 2018 | |
|--|-----------------------|----------------------------|-----------------------|----------------------------|
| | Revenue/ (Expense) | Receivables/ (Payables) | Revenue/ (Expense) | Receivables/ (Payables) |
| | \$ | \$ | \$ | \$ |
| | (94,750) | - | (66,000) | - |
| | (1,500) | - | (1,500) | - |

27 Related parties - continued

| | 2019 | 2019 | 2018 | 2018 |
|----------------------------|------------|---------------|------------|---------------|
| | Attendance | \$ | Attendance | \$ |
| T Kingi | 17 | 14,000 | 18 | 9,000 |
| T Lloyd | 19 | 13,000 | 20 | 10,000 |
| K Rei | - | - | 10 | 5,000 |
| G Rolleston | 22 | 14,000 | 22 | 11,000 |
| B Tatere | 12 | 8,750 | - | - |
| D Thomas | 22 | 14,000 | 19 | 9,500 |
| T Tapsell | 19 | 12,500 | 13 | 6,500 |
| M Heke (NWTL only) | 10 | 6,500 | 12 | 3,000 |
| J Scott - grants committee | 6 | 1,500 | 6 | 1,500 |
| D Thomas - honorarium | - | 6,000 | - | 6,000 |
| T Kingi - honorarium | - | 6,000 | - | 6,000 |
| | | 96,250 | | 67,500 |

T Lloyd is a partner at Deloitte Rotorua. During the year Deloitte Rotorua provided consultancy services to the Parent for the total value of \$90,537 (2018: \$17,000).

T Tapsell (until Dec 2018) and G Rolleston are trustees of Te Arawa Lakes Trust. During the year the Group leased a vehicle from Te Arawa Lakes Trust. Total lease paid was \$7,700 (2018: \$8,400).

28 Contingent liabilities

Registered First Security Agreement

The subsidiaries of the Incorporation have entered into a \$4,850,000 (2018: \$4,850,000) debt facility with Rabobank New Zealand. Security arrangements are outlined in Note 23.

New Zealand Units

The Group has a future obligation to return the NZUs (refer to Note 21) if there is a change in land use and/or if the area is not replanted within four years of harvest. The financial effect of this obligation is not able to be quantified.

The Incorporation intends to replant any harvested areas and has no plans for a land change in regards to planted areas.

29 Rotorua Lakes Incentive Scheme

In 2018, the Incorporation entered into an agreement with Bay of Plenty Regional Council (BOPRC) in respect of conversion of the land and consequent reduction in discharge of nitrogen resulting in the permanent reduction in the value of the land.

A total compensation of \$3,340,304 is payable by BOPRC to the Incorporation. 80% or \$2,697,600 was received during the year. The remaining 20% (\$674,400) is due upon additional obligations being met by the Incorporation, including full compliance with Nutrient Management Plan.

The agreement sets out the maximum Nitrogen Discharge Allocation (NDA) permitted to leach from the land. If the maximum NDA levels are exceeded, the Incorporation may be liable to pay a financial penalty to BOPRC.

The Committee of Management has a high level of confidence in meeting all requirements of the NDA through its current and future land use regime.

30 Commitments for expenditure

At the balance date there were no capital commitments (2018: \$Nil).

31 Events after the balance date

On 26 August 2019, the Incorporation sold 49,897 number of New Zealand units for \$1,200,023.

COMMITTEE OF MANAGEMENT



David Thomas
NWTL Chairman



Tanira Kingi
WFL Chairman



Terry Tapsell



Tamarapa Lloyd



Matthew Heke



Brad Tatere



Geoffrey Rolleston



Ray Morrison
General Manager

CORPORATE OFFICE:

Ray Morrison
General Manager

Kayla Christiansen
Executive Assistant

Audrey Herewini
Administrator

Accountant:
GHA

Auditor:
BDO

Bank:
Rabobank, Rotorua

Farm Consultants:
Perrin Ag

Forestry Manager:
Prime Forestry Management



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Tribal Lands

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