ANNUAL REPORT
2022 - 2023

Ngāti Whakaue Tribal Lands

Contents

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Ngāti Whakaue Tribal Lands

2023 AGM Agenda

Te Papaiouru Marae, Ohinemutu, Rotorua
Saturday, 11 November 2023 at 10.00 am

1. Apologies
2. Call for additional General Business
3. Minutes
4. Operational Reports
5. Annual Financial Report
6. Appointment of Auditor
7. Distributions
8. General Business

2022 AGM Minutes

Minutes of the Annual General Meeting at Te Papaiouru Marae, Ōhinemutu, Rotorua on Saturday, 12 November 2022 at 10.00am.

The meeting was opened with mihi and karakia by Monty Morrison at 10.00am. David Thomas welcomed all in attendance, inlcuding those online and chaired the meeting of Shareholders.

Apologies:

Apologies were recorded on registers prior to the meeting.

RESOLUTION: That the apologies by received.
Carried.

Election of Members:

Terry Tapsell and David Thomas retired by rotation and are re-standing for election. There are (3) candidates standing for election, with introduction made to Hariata Ngatai, who introduced herself to the meeting.

RESOLUTION: That the 2022 election be carried out by poll vote with Josie Scott and Lorraine Inia appointed as scrutineers for the vote tallying process. *(Anaru Te Amo, David Tapsell, Iris Thomas, Terry Morrison, Josh Gage)*
Carried.

Minutes:

David Thomas summarised each section of the minutes of the previous meeting, 12 November 2021. The minutes were taken as read.

RESOLUTION: That the minutes of the meeting held on Saturday, 12 November 2021 are confirmed as being a true and correct record. (David Thomas / Iris Haywood)
Carried.

Chairman's Report:

David Thomas presented his report which was taken as read.

- Whakaue Farming did have a hard year. Tanira will be joining shortly to provide an update. The residential development has been a priority of work this year, which Ray will provide an update in his report.
- We are extremely grateful for the work being undertaken at Manawa Gardens and for the grant from the government, just under $20M. Our efforts over the next couple of years, will be to ensure that we build the twenty houses and complete the infrastructure.
- The remainder of my report is acknowledging our people, advisors and staff for their ongoing time, effort and support. The key issues going forward, are the housing models and managing climate change and reestablishing tourism.
- There were a number of whanau enquiring about plots and berms at Kauae Cemetery. All enquiries need to be directed to the Kauae Cemetery Trustees in the first instance.

RESOLUTION: That the Chair Report is accepted.
(David Thomas / Josie Scott)
Carried.

General Manager's Report

Ray Morrison presented his report, which was taken as read.

- It was a very tough year, however we have a satisfying result for the incorporation overall. Relationship building with local and central government, commercial partners has been key and is an ongoing part of ensuring we are successful in our portfolio areas. Acknowledging our farming staff, John Vercoe and Wade Rika who are in attendance today. Wade has fit seamlessly into the team and is doing a great job. To Perrin Ag, our farming advisors. A special mention to our Property development advisor, David Halsey, who has been instrumental in driving our housing development projects and keeping us on task. His expertise and knowledge in this area has been a key part in our success in getting the first 52 lots sold in stage one of Wharenui Rise. Acknowledgement also to the team that keep the 'engine room' running with thanks to Audrey and Sharon.
- Stage one commenced in 2019 and next week we have our inspection from Council to sign off Stage two, with those properties going on the market for sale. Four of the sites in Stage one, we subdivided to make these eight homes more affordable. The strategy we're applying, is that we will do the same thing for roughly 20% of the houses in each stage for Ngāti Whakaue first home buyers as a priority. Yesterday, saw the celebration of 4 of the 8 houses are ready for whanau to move into their homes.
- There were 28 registrations of interests received for stage one for 8 houses, so the message for whanau interested in the FHB programme is to keep an eye out early in the new year for the next first home buyer lots in stage two of Wharenui Rise.

Robin Casey – Been quite a journey. Having moved home from Australia three years ago it was a dream to be able to move into our own home. Very humbled and glad to Ngāti Whakaue for this amazing opportunity.

Online video presentation from Amaru Bhana –
was motivated by his Kuia and Koko, parents to embark on the home ownership path, to be an example to his nephews and share with them the knowledge of living on our whenua. Amaru is extremely grateful for the opportunities provided by Ngāti Whakaue Tribal Lands.

Manawa Gardens
As mentioned earlier, the Government contributed a grant of just under $20M for stage one of Manawa Gardens. This is a long term rental housing development. They are quality brand new homes that will be owned by Ngāti Whakaue Tribal Lands incorporation. We will have the sole right to decide who will go into those homes. We govern those houses and Whakaue will be given first priorty. These houses are 1, 2, 3 bedders including a kaumatua precinct. The housing typology in Manawa Gardens focuses on building communities and intergenerational living.
The Kaumatua precinct will be built with the universal access codes in mind. Special acknowledgement to all advisors and shareholders that get in behind us and to tautoko.

RESOLUTION: That the General Managers Report is received and accepted. (Ray Morrison / Rawiri Bhana) Carried.

Renee Kiriona – How many houses are available in Manawa Gardens?

Ray confirmed that 240 houses total in development.
There are 80 houses per stage and of that 80 houses there are 12 that are set aside for kaumatua units. Earth works commenced two weeks ago. Two years from now, there will be 80 finished houses.

Renee Kiriona – Mokopuna of Tuku; this MG is this a Ngāti Whakaue space?

Ray Morrison – Yes it is.

Renee Kiriona – There are a couple of questions. Is this a space for our rangatahi that are in the motels? All good if its not, it would be good to get a straight answer so planning can continue in other spaces.

Ray Morrison – Currently if we look at those occupying the motels, there are those that have high dependency issues, but in my understanding of the numbers I've seen, there are those that are Ngāti Whakaue with young families etc, of course if they meet the criteria then yes, they would be considered.

Renee Kiriona – Affordable rentals for kaumatua.
What percentage of their income is deemed suitable rent for kaumatua?

Ray Morrison – The rent is determined by the Government Affordable Rental scheme and we understand it to be 20%-25% of their income.

Whakaue Farming Limited Report:

Tanira Kingi joined the meeting online and presented his report.

Slide 1 – Land use change and WFL's adapted farm policies. These changes have impacted our ongoing environmental impacts.

This shows our current revenue and cost performance status this year, we have had a glitch in our system recovering from the drought and other challenges. WFL's land use changes from plan change 10 – to reduce our nitrogen discharge. We are compliant and we're doing very well by the regulations but they produce some contraints in the farming systems and our changing market and environmental conditions. The land use change, has set us up to cope with the large number of environmental regulations as well as the needs of our owners for housing, which I'll address a little later on in my report. Whilst we were aiming to build on our good peformance from last year, and return to our 2020 pre-drought performance, we are unfortunately, impacted by the dryer conditions and impacted by our ability to sell our cattle when we needed to. We have reviewed and made changes to our Wagyu cattle system for this season and will report on progress next year.

The other challenges we faced, were the higher input costs of fertiliser and fuel, which the whole economy is now facing and supply chain shortages, that increased our operating expenses and lowered our operating profit for this season.

For those that have been following the trend for regenerative agriculture, we looked at starting a trial in 2014 (eight years ago) but weren't able to find any funding for that. Now the funding for the regenerative farming systems is now widespread. We are well positioned to further look at this in the coming months and year ahead.

Our position for the farm is a net operating profit of $278K before the rental payment to the NWTL incorporation. Glenn will be able to provide further detail in his report.

The final slide shows the result of the incorporations land use change policy over the last several years, with the reduction of our farming areas and includes increased forestry land that we've planted in natives. In the coming year, we will be looking more closely into the development of alternative environmental markets, that include voluntary carbon and biodiversity credits to increase the sustainability of our farm systems and their viability of them going forward, as regulations impact our farm systems.

In closing, I'd like to thank the WFL Farm Management Team, Ben Parsons, Steve Hewson and John Vercoe, along with all of our farm staff. It's great to see that Wade is with us today and thanks also to Lee Matheson and Shane Perrett. To Glenn Hawkins and his team at GHA and the management team led by Ray. Kayla left us earlier in the year and it's good to see her back to help us out today. A welcome to Sharon, who has joined Audrey Herewini in the office to help look after us. Finally, to my fellow directors, thank you for your ongoing support and before I move my report, are there any questions from the floor? Kia ora tatau.

Tony Wihapi – Will the committee commit to doing a comparative analysis on the returns from farms of a similar size within our district, and report back to us at the next AGM?

Tanira Kingi – The short answer is yes. We will be able to provide a benchmarking excercise, something we do track from year to year. It is a good question and a good idea that we will do a comprehensive report to present at the next AGM.

Tony Wihapi – I am advised that we will get Truffles if the weather is right next year, and until we get a return from Truffles, going down any other avenue is premature, as we've spent a lot of time and resource on the Truffles.
In relation to the planting of food, I would suggest to Tanira and the Board that a $50 food voucher from Pak n Save would be appreciated; and easier than going back to plough our land and grow potatoes, if that is what Tanira is suggesting.

RESOLUTION: That the Whakaue Farming Limited Report is received and accepted. (David Thomas / Tony Wihapi) Carried.

Grants Report

Matthew Heke presented the Grants Report

Kia ora whanau, the breakdown of Grants paid out for the 2022/23 Financial year is as follows:

- **Health = $9,923.00**
- **Marae = $25,800.00**
- **Tangihanga = $13,600.00**
- **Discretionary = $36,353.00**

On page 16 you'll see that the support we provide to our Marae has been separated from the discretionary. We look at 25% of the total grants for Hauora, 25% for tangihanga and then 50% for Discretionary and Marae. We have some flexibility on this, as you can see, we've used just under $10K this year on Hauora grants, however we have the flexibility to move funds to the discretionary budget if required. Over the last couple of years, we've added the Mokoia Island Trust and St Faiths Church where we've noted their significance to Ngāti Whakaue, and particularly through Covid these were organisations that struggled to get income.

With last year's grants presentation there were several questions raised from the floor and although this grant report is a summary of the year and last AGM the responses below address all questions raised.

Kauae Cemetery Trust – Please contact the KCT in the first instance to enquire about the process in obtaining plots or berms. The following is the organisation & trustees of Kauae cemetery: Contact Rob Titkethley on 07 348 4199 or email: info@rotorualc.nz . Our Ngāti Whakaue representatives on the Kauae Cemetery Trust are: Monty Morrison, Leo Rika, Mihaere Kirby and Kingi Biddle; including four Rotorua Lakes Council representatives.

Ngāti Whakaue Education Endowment Trust – Provides Education grants for multiple levels as well as Swim Magic, Swimsation grants. You can contact the NWEET on their website https://vps.ngatiwhakaue-eetb.org.nz/ or by calling Helen Patchell on 07 343 1050.

Discretionary Grants distributed in 2022-2023 as follows:

Jul 2022	Te Roopu Raranga ki Waiteti - Raranga Wananga	$2,500.00
Jul 2022	Hei Matau Waka Ama – 2022 IVF World Sprint Champs	$1,000.00
Dec 2022	Te Paratehoata Marae – 2023 Waitangi Day	$3,000.00
Dec 2022	Whakaue Kaipapa Marae Committee	$2,000.00
Feb 2023	Ngā Kōeke o Ngāti Whakaue (Te Matatini 2023)	$4,000.00
Feb 2023	Te Roro o Te Rangi Anzac Committee	$5,000.00
Feb 2023	St Peters Church – 90th Anniversary 5 March 2023	$500.00
Apr 2023	National Housing Conference 2023	$7,825.00
Apr 2023	Ngā Kuia o Ngāti Whakaue – 50 year celebration lunch	$2,000.00
Apr 2023	Haane Te Rauawa Manahi Event – Marquee	$3,000.00
Jun 2023	He Rau Aroha – Sir Robert Gillies trip to Italy	$5,000.00
	Total Discretionary Spend	**$35,825.00**

Tony Wihapi – I tautoko your Hauora and Grants report. I tautoko Renee in terms of the discretionary grants, that there should be more information provided in this. In terms of urupa out at Wharenui, I think this should remain on the table, as it's been on the table for the last couple of years.

There is one important thing left to say and that is, the money is yours people. You are only thanking yourselves. They administer it and they do a good job. I would like to second the Grants report.

RESOLUTION: That the 2022/23 Grants Report is received and accepted. (Matthew Heke / Tony Wihapi) Carried.

Financial Report

Glenn Hawkins presented the financial statements for the year ended 30 June 2022:

As accountants we prepare financial statements for the individual entities and the consolidated group accounts. Group Financial statements include: Ngāti Whakaue Tribal Lands Incorporation, Whakaue Holdings Ltd, Whakaue

Farming Ltd and Whakaue Property Trust. The Auditors, BDO, audit the group, which was signed off on 2 November 2022 with a clear audit opinion, which can be found on pages 20 & 21 of the booklet. Page 22 – Profit and Loss statement with Page 23 being our balance sheet, or our statement of financial position.

We have heard a lot about the property development and these numbers reflect the changing nature of the organisation that is coming through in this past year. You'll note that the revenue is up and this is boosted by $12.3M received from the 51 sections sold and reflected in that $17M. There is more detail on page 21. There is a lot of up front cost for the land development of the subdivision.

The Operating profit of $2,907,809 is primarily from the property development activities of the Committee, so there is a positive change to unlock some opportunities. It is noted that a tax payment of $268,738 was made, leaving the net profit of $2,633,036.

We do have other comprehensive income, last year we revalued the properties. There was a revaluation of corpus land of $2.3M. There are no valuations this year. There is a note in the financial statements, which talks about valuations and we are in a significant time of change. There was a discussion with the auditors about whether we revalue, however with the significant amount of change happening there, we are looking at a new reporting regime next year, so a prudent decision to hold off until next year and to revalue the land appropriately. It is a good result for the Incorporation for the year. Total assets is $67,519,751, with total liabilities being $7,627,400. Equity is currently $59,892,349. We continue to have a diverse portfolio with a change in focus to property development, on a stage by stage basis.

**RESOLUTION: That the 2022/23 Financial Report is received and accepted. (Glenn Hawkins / Vicky-Mae Bhana)
Carried.**

**RESOLUTION: That BDO are re-appointed as auditor.
(Geoff Rolleston / Rawiri Bhana)
Carried.**

In light of the earnings this year, and being mindful of the cash obligations going forward, the Committee of Management would like to recommend to the meeting a dividend of $0.20 cents per share. Which is up from $0.13 cents last year. Is there any discussion from the floor?

**RESOLUTION: That the Committee of Management recommend a dividend of $0.20 Cents per share.
(David Thomas / Di Loffley)
Carried.**

There being no general business, we will look to close the meeting soon. Tony Wihapi provided comment on the large number of shareholders in attendance today and requested that the Committee of Management consider issuing a $50 Pak n Save voucher for those that are in attendance and have provided their address and contact details on the register. David Thomas sought guidance and confirmation from the Grants committee, with support from Geoffrey Rolleston and Matthew Heke.

**RESOLUTION: That the Committee of Management support issuing $50 pak n save vouchers to shareholders in attendance (approx. $5,000.00).
(Tony Wihapi / David Thomas)
Carried.**

Rawiri Bhana extended his sincere thanks on behalf of his son, Amaru; and for thinking about our rangatahi who normally aren't thought of in terms of them having opportunities to purchase a home.

Thank you for ongoing support of the Committee of Management.

Tony Wihapi provided closing comments and provided Karakia Whakamutunga at 12.50pm.

Chairman's Report

E āku tini whanaunga, ngā karangamaha o Ngāti Whakaue, ka rere te tai o mihi ki a koutou katoa. I extend to you all a very warm welcome to the 62nd AGM of Ngāti Whakaue Tribal Lands Incorporation.

The 2023 year has been a mixed one for the Incorporation with solid progress in some areas, offset to some extent by the challenges facing the farming sector.

Good progress has been made on the earth and civil works at Wharenui Rise with Stage 2 complete and Stage 3 most likely to be finished over the next 24-months. Section sales, while well down on last year, are on budget and we are making excellent progress on facilitating another 8 Whakaue families into purchasing their first homes through our First Home Buyer Programme for Stage 2.

Equally exciting is the arrangement we reached with MHUD to bring the Manawa Gardens concept to reality with the earthworks for the 80 home development basically complete. We expect to have build contracts finalised by the AGM and hope to have the homes ready for living in by the end of calendar 2024.

The negative aspects that appeared in the farming sector in the previous 2 years continued through this year with the financial performance very much reflecting the strongly cyclical nature of the farming sector. This, plus the ongoing reduction in land area for pastoral farming, saw some operational changes implemented at the end of the year with further steps under consideration. Unfortunately a commercially successful Truffles harvest did not materialise this season.

I wish to acknowledge, and warmly thank, our hardworking and dedicated team members, for yet another year of outstanding effort. The farm managers and their teams performed well in spite of the difficult operating conditions. Audrey Herewini and Sharon Porter continued their very able support of the organisation and our interface with shareholders and our General Manager can proudly reflect on a year of very good achievements.

Thanks also to our team of advisors including GHA in financial services, Morrison Kent in legal, Perrin Ag in farming, Westpac in funding and Prime Forestry.

This year saw Hariata Ngatai join the Committee of Management and we say thank you to Terry Tapsell for his many years of valuable service. My warmest thanks to the Committee of Management and also to Mereana Corbett and Moerangi Vercoe. Tanira Kingi, Tamarapa Lloyd and Geoff Rolleston retire by rotation and offer themselves for re-election. No other nominations were received.

My final thanks go to you our shareholders for your support and guidance in helping us to create a better and robust future for us all.

David Thomas
Chairman

Whakaue Farming Report

Kia ora koutou Ngāti Whakaue. On behalf of the Whakaue Farming Ltd directors it is my privilege to present the 2023 report. The format for this year's report will be slightly different to previous years.

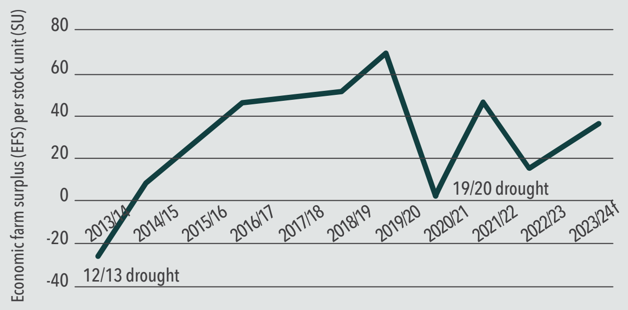
Given the request from shareholders at the 2022 AGM to provide a benchmarking report on WFL's performance, this is included. In addition, there will be a brief commentary on current market trends and outlook for the livestock sector. The first section provides a summary of the 2023 year along with explanations of WFL's performance. To reduce the length of the report, an aggregate summary approach has been adopted.

The WFL profitability graph below, shows another fall in performance for the 2023 year with a year-end operating loss (before rental) of ($99,508) to NWTL (2022 = $279,954). The result shows that farm revenue after cost of sales was 8% down on budget but the major impact was the declining sheep meat schedule that reduced market values for breeding ewes and trading lambs. This largely resulted in a significant write down ($243,707) of livestock values. The 2024 forecast shows improvements in each of the graphs below however, this will need to be closely monitored moving forward.

The 2022/23 season was characterised by a La Nina weather pattern which resulted in excessive annual rainfall higher than long-term historical average. Regular rainfall was beneficial for an earlier average finishing date for spring cattle however, a lack of sunshine impacted lamb growth rates over summer and autumn. A September storm event occurred during lambing, resulting in higher than expected lamb deaths and loss in income of $131,670.

Market pricing for beef and wool remained within budget expectations, although a decline in the sheep meat schedule negatively impacted sheep revenue.

WFL Profitability - 2013 to 2023



WFL Total Farm Working Expenses - 2013 to 2023

Inflationary pressure continued for farm costs inputs including labour, fuel and fertiliser. While the management team continued to drive efficiencies by prioritising cost expenditure, the rising costs of key farm inputs remained as a key factor in higher-than-expected farm working expenses.

Overall lambing percentage was 117% (lambs docked / ewes mated), which was 11% down on 2021/22 and the result of higher lamb mortality due to the spring storm event. The management team continued to improve farm productivity to counterbalance adverse weather conditions lower than budgeted lamb numbers and schedule price, by finishing lambs to heavier carcass weights. An average carcass weight of 17.9 kg CWT was achieved (increase of 1.8 kg CWT on the previous year). Above average pasture growth during winter and spring was utilised for cattle finishing, which resulted in an average steer carcass weight of 309 kg CWT or 9 kg CWT above budget.

Land Use Change and Impacts on Performance

An important point for shareholders to understand is the conversion of land that has historically been part of WFL's farm production platform, which is now being used for residential development and forestry purposes. Their respective revenue streams are also included in the consolidated NWTL accounts. However, if proportions of the revenue from harvested timber, carbon and residential sales were attributed to WFL, then the performance would be more positive. Further WFL diversification will continue as a risk management strategy that will need to be closely managed in future.

WFL Lambing Performance - 2013 to 2023

Red Meat Market Trends

Below is an outline of market trends that help explain recent falls in red meat price schedules and lamb and mutton prices which remain under downward pressure. This is due to the ongoing impact of inventory overhang in China (all the lamb not eaten when China was in its delayed Covid-19 lock-down) and Australian's dumping of lamb into the export markets. This is on top of the wider impact of slow economic activity and the reduction in demand for higher priced sheep meat compared to chicken and pork. With specific regard to our main customer, Alliance Group (of which WFL is a shareholder via Awhina), after a record profit in the 2021/22 year, they have been under significant financial pressure affecting their profit for the 2022/23 year.

WFL Benchmarking Report

In response to the 2022 AGMs request from owners to compare the performance of WFL to the industry, WFL commissioned PerrinAg to prepare the following commentary.

The approach involved benchmarking WFL's farming operations against two publicly, albeit not necessarily complete, broadly comparable data sets:

1. Finalists of the Ahuwhenua Trophy for excellence in sheep and beef farming from the last two competitions. The FY17 and FY18 data is an average of Whangara, Gwavas (Te Awahohonu Forest Trust) and Kiriroa Stations. The FY19, FY20 and FY21 data is an average of Onuku, Wi Pere and Hereheretau Stations. No data is available for FY22 and FY23.

2. Class 4 northern North Island sheep and beef farms in the Beef + Lamb NZ farm economic survey. These are farms that are similar to WFL in being a mixture of hill country and finishing country and with broadly similar soil types and climate.

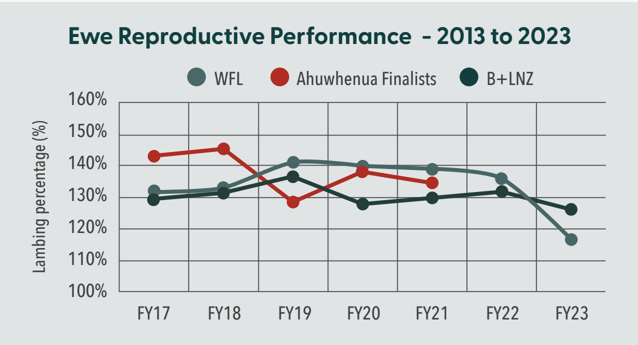
Performance Measures

We have focused on benchmarking performance measures that are commonly available. These tend to be at a whole-of-business level (i.e., kg of net saleable product, profit per hectare) rather than focused on specific enterprises (like lamb carcass weight, average growth rate, average bull price etc).

Furthermore, while WFL benchmarks its environmental footprint, most other farms do not, nor is there much publicly available data for this.

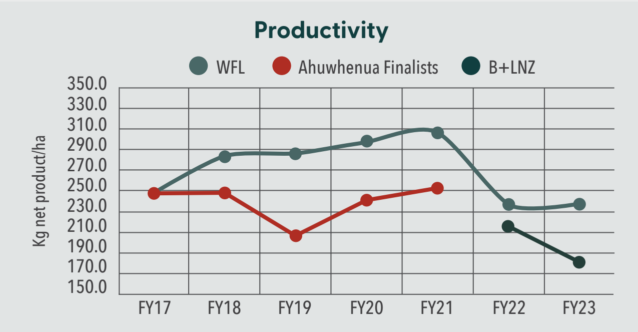
The metrics we have used here are:

- Kg net saleable product per hectare
- Lambing percentage
- Gross farm revenue per hectare
- Farm operating expenses per hectare
- Farm operating expenses as a percentage of gross farm revenue
- Operating profit per hectare



Productivity

The preferred measure of productivity is net production of saleable product per hectare. This is a measure of the net amount of carcass weight, grazing liveweight and wool produced each year, after considering the impact of changes in livestock numbers and purchases.

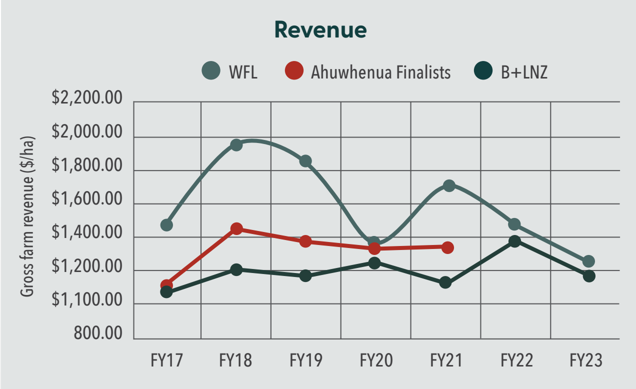


As can be seen in the Productivity Graph, WFL has historically enjoyed much higher levels of productivity than comparable farms. This has typically been achieved by having above average farm management systems that can take advantage of soil fertility, pasture growth and rainfall. When operational decisions are suboptimal (FY22), significant climate related events impact lamb survival (FY23), or farming operations are disrupted by other activities (like a housing development), this advantage can be quickly eroded.

The reproductive performance of our ewe flock is also a significant driver of our production per hectare. For the last seven years WFL's lambing performance, measured here by the number of lambs produced per ewe mated (140% means 140 lambs are successfully produced for every 100 ewes that went to the ram), has tended to be above average. However, a significant adverse weather event in the spring of 2022 resulted in a substantial number of lamb deaths, reducing lambs available to be sold.

Revenue

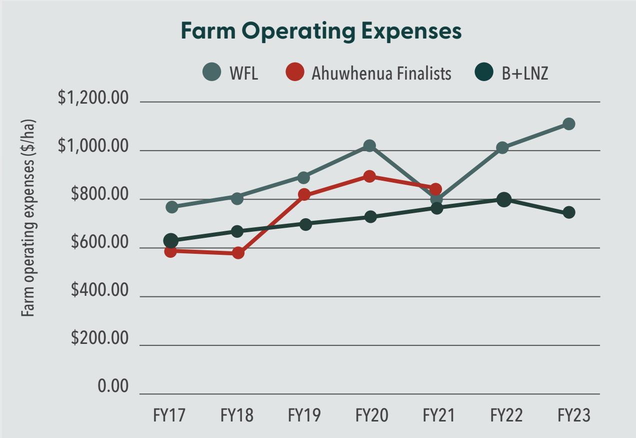
Income generated by our farming activities, is measured using gross farm revenue per hectare (GFR). This is the total value of all income generated, less the cost of any livestock purchases and the change in the value of the livestock we have on hand from year to year.



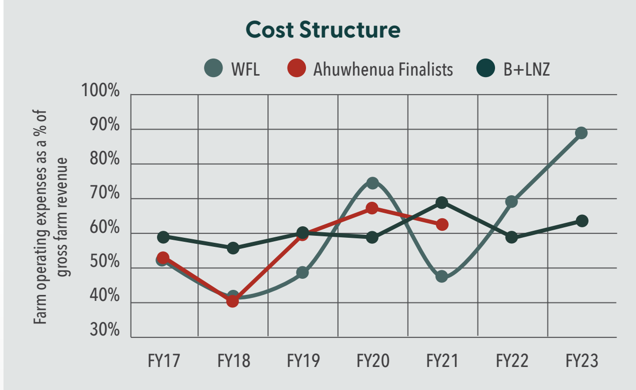
GFR/ha at WFL has historically outperformed Ahuwhenua finalists and the wider sector. FY20 was significantly impacted by reductions in livestock values (both Covid-related and 2019/20 drought). FY21 provided some recovery, but reductions in productivity and a collapse in dairy sheep values has seen WFL's revenue advantage, significantly reduce.

Farm Operating Expenses

Farm operating expenses represent the main costs of generating income in each year and the best way to express this is as a percentage of gross farm revenue. This provides us with an indication of how much of the income is left over to pay costs and provide a return on assets to shareholders. In general terms, a FOE % figure of no more than 50% (when excluding the costs of business management) is generally accepted as a useful target.



Overall, WFL has demonstrated a good level of cost control with the exceptions of FY20, FY22 and FY23. For this period, actual costs per hectare were static or slightly down, but revenue significantly underperformed and WFL was unable to adjust its expenditure accordingly.

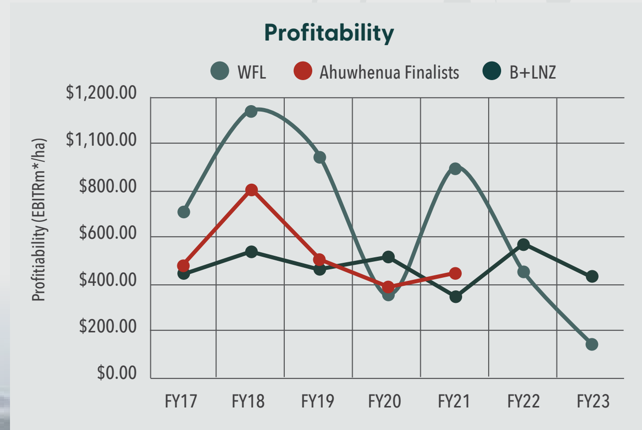


The reason for this is that very few costs on a farm are truly variable/marginal as they are either fixed (i.e. we have to pay them if we produce nothing at all) or sticky (i.e. there can be some variability), but as we have mostly capital stock, base line levels of expenditure are essentially non-negotiable in both the short and long-term. This means when production and income falls, we have very limited ability to slash costs as a response.

The other difficulty in comparing WFL to other farms is that we have constraints or disadvantages which are specific to our land blocks including: (i) Our adjacency to a city fringe means that rates a more than double as compared to others; (ii) Our 1,500ha land blocks are not a contiguous farm which means higher $/ha costs of labour, vehicles, boundary fences etc.; (iii) We have a much higher stocking rate/ha (about 1.5-2 SU/ha higher) compared to others therefore, our costs of production per/ha is also higher; (iv) Our fixed costs (incl. corporate overheads) are spread over a much smaller area due to the reduction in our farming platform due to the need for land for housing and forestry over the past three+ years as the Cost Structure Graph illustrates.

Profitability

Profit i.e. earnings before interest, tax, rent and the allowance for the arm's length cost of managing the business (EBITRm) includes GFR (Gross Farm Revenue) less farm operating expenses. This allow us to compare the profitability of corporate farming entities (such as WFL, Te Awahohonu Forest Trust, Onuku etc.) with the owner-operated businesses that make up the majority of NZ farms on a like-for-like basis.



Operating profit is then used to fund the access to the farm's assets (interest, rent), costs of overall management (which would normally include an owner's drawings), meet tax obligations, reinvest in the business, and return a dividend to the owners of the assets.

WFL profitability is strongly linked to livestock values and efficiency of input costs. As can be seen by the Profitability Graph, WFL has historically enjoyed above average profitability compared with Ahuwhenua finalists and other northern North Island hill country farms, but the drought in FY20, management and weather challenges faced in the last two seasons meant that this was not the case.

Acknowledgement and Thanks

In closing I would like to thank the WFL farm management team – in particular Ben Parsons who has been appointed to WFL Operations Manager (previously Wharenui Farm Manager). Other changes that resulted from the WFL restructure was the appointment of Rob Jones who has taken over from Steve Hewson as the Tihi-o-Tonga and Ngongotaha Block Manager. John Vercoe has been appointed the Wharenui Block Manager and we have two Ngāti Whakaue shepherds in Tamakari Vercoe and Wade Rika. I'd also like to thank Lee Matheson and Danial Payton from PerrinAg Ltd for their continued role in technical support for WFL; Shane Perret our forestry advisor, and Glenn Hawkins and his team at GHA for their accountancy services.

I would also like to acknowledge the WFL management team led by Ray Morrison along with Sharon Porter and Audrey Herewini to provide crucial support to our GM and the WFL board. Finally, many thanks to the WFL board of directors for their commitment and dedication to WFL over the past year.

Heoi ano, naku noa, na

Tanira Kingi
Chair, WFL

General Manager's Report

E Ngā karangamaha o Ngāti Whakaue. Tēnā tātou katoa. It is with pleasure that I provide a report on the operations of Ngāti Whakaue Tribal Lands for 2022-23.

Group Performance

In some areas of the incorporation, we have achieved solid results while others have provided us with real challenges however, overall the key results for the group include the following:

Key Result Area	2023	2022	% change
Operating Profit	$1.4m	$3.2m	(56%)
Equity	$66.7m	$57.8m	15.4%
Assets	$80.3m	$68.4m	17.4%

Asset and equity changes have occurred because of another strong operating profit, an uplift in our investment land valuations (due mostly to zoning changes and land development activities) and asset improvements (such as key infrastructure). Ongoing profitability has been largely driven by residential house lot sales in our Wharenui Rise subdivision.

Organisational Development

Year-end June 2023, saw some significant organisational changes with the completion of a new administration model which saw an expansion of our support roles for NWTL and the transition from an external to an internal farm management model for WFL. The latter, which required a restructure and recruitment process, saw the promotion of Ben Parsons as our new Farm Operations Manager along with the appointment of new Block Managers – Rob Jones (Tihiotonga and Ngongotaha) and John Vercoe (Wharenui).

They are ably supported by new shepherd – Tamakari Vercoe and the wider established crew of Paul King and Wade Rika.

My congratulations to those who are new to our group, noting that achieving our goals for 2024 will take a consistent effort and laser focus on individual tasks from each member.

Key Partnerships and Future Growth Opportunities

Our land and organisational development pathway as well as future growth potential is the direct result of establishing and nurturing our key partnerships and ongoing relationships. These include:

These include:

- **Local & Central Government:** (Rotorua Lakes Council; Ministry of Housing and Urban Development)
- **Contractors:** Earthworks, Civils, Design and Engineer Consultants; and Group Home Builders
- **Consultants and Advisors:** Shane Perrett (Forestry); Lee Matheson and Daniel Payton (Perrin-Ag); Dave Whalley (Truffles); Glenn Hawkins (GHA Accountants); and David Halsey (Land Development)

These relationships are fundamental in creating opportunities and building our capability into the future, particularly in key areas such as land development.

Wharenui Rise
– Residential Housing Development

We have continued to deliver land for market homes in Wharenui Rise with titles being issued in February for Stage 2 (circa 84 lots), allowing sales to continue through 2024 and beyond. Alongside full market home sales are the continuation of our First Home Buyer Programme which will once again, see 8 new Ngāti Whakaue whānau living in their own brand-new affordable homes by Christmas 2023. Congratulations to you all.

Manawa Gardens
– Affordable Rental Housing Development

At last year's AGM it was announced the that we had secured Grant Funding to undertake a feasibility of a staged affordable rental housing development (240 houses) and this allowed us to create full concept and preliminary design plans. A short period later in November 2022, we confirmed Ministry of Housing & Urban Development (MHUD) grant funding for Earth Works and Civil Construction (circa $19.76m for Stage One – 80 houses). This phase of the project is nearing practical completion, and we look forward to secure final funding to complete the last phase which is house construction – programmed to commence in mid-November 2023 meaning that houses will be available for rent in late 2024.

Our next priority for this project will see the launch of an expressions of interest process for Ngāti Whakaue whānau who may wish to consider applying for long term rental accommodation in Manawa Gardens. This will occur once we finalise our tenancy management model, eligibility criteria and application process so this is very exciting for the group.

New Opportunities

We have identified major opportunities in Tourism (Ngongotaha) and Land development (eastern and northern gateways) which will provide long term future revenue streams for the incorporation, and we are also finalising terms for a potential Clean Energy project as a long-term energy initiative for Ngāti Whakaue.

Key Challenges and Priorities

Whilst opportunities may seem abundant, we must also be mindful of the importance of focusing on the areas which we need to improve including our on-farm activities and respective forecasts (including Truffles and Forestry) and so these in turn will create enormous challenges for YE 2024. Supporting the wider WFL team so that new systems can be effectively implemented, on-farm improvements delivered, and production and performance targets met – all require a huge effort which cannot be understated.

As a cornerstone of the Ngāti Whakaue housing strategy, land development will continue to drive our cashflow requirements and therefore remain as our key priority. Establishing an appropriate Tenancy and Asset Management Team to activate Manawa Gardens is an integral part of this strategy and is also a huge challenge that will require considerable effort in 2024.

Acknowledgements and Thanks

Accomplishing high standards of performance requires a focused team effort on delivering results. From our internal group to our key partners and stakeholders we have all worked from the platform and direction as set by our Committee of Management. My personal acknowledgement and thanks to you all for your support in what has been an exciting and fulfilling 2022-23.

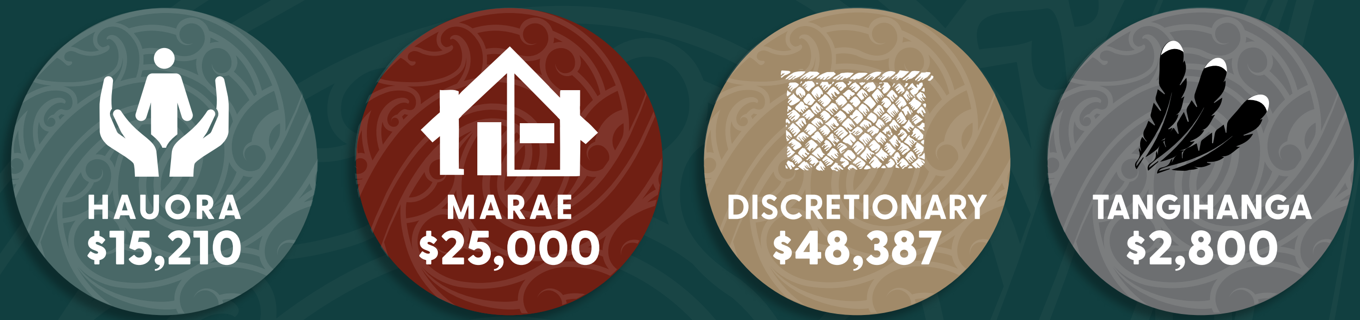
To our Ngāti Whakaue owners, shareholders and wider whānau – I would also like to thank you all for continuing to support the many activities that we, as your representatives, strive to accomplish. Be safe and take care over the summer and I look forward to another prosperous year in 2023-24.

Ray Morrison
General Manager, NWTL

Grants Report

Tēnā tātou katoa. On behalf of the Grants Committee, it is my pleasure to provide you with this report for the 2022-2023 Financial Year. Our Grants Committee includes: Josie Scott (Iwi Representative), Matthew Heke (Chair) and Geoffrey Rolleston.

This year we made the following grants available to shareholders:



Hauora/Health Grants

$300 for any personal health related costs.

Marae Grants

$5,000 per annum for Te Papaiouru, Hurungaterangi, Owhata, Paratehoata/Te Kohea, (Tunohopu) & Whakaue ki Maketū marae.

Discretionary Grants

These grants were made available to support kaupapa that provide a direct benefit to NWTL shareholders and the wider Ngāti Whakaue Iwi. As part of this, we have agreed to pay an annual grant of $3,000 to Mokoia Island Trust and St. Faiths Church in recognition of their significance to Ngāti Whakaue.

Tangihanga Grants

There is $400 available on application within the first 12 months of a shareholder tangihanga occurring. We encourage whānau to apply.

A rōpu of our Ngāti Whakaue koeke and whānau of Ta Robert (Bom) Gillies accompanied him on a recent trip to Italy. The group retraced the footsteps of the 28th Māori Battlion. They went to five War Cemetery's paying tribute to many of our fallen soldiers. The rōpu spent time in Sorrento, Formia, Roma, Assisi, Firenze, Trieste and Venezia.

A trip of a lifetime with Ta Robert who is the 'last man standing' of the 28th Maori Battalion.

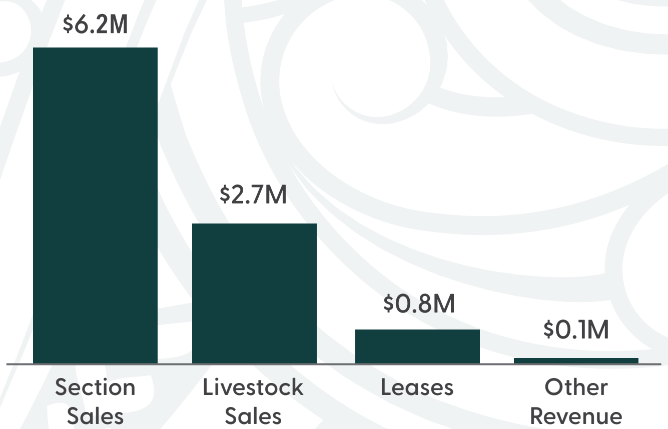
Financial Report

Statement of Financial Performance

	This Year	Last Year	Change
Revenue	$9,797,756	$17,171,726	(43%)
Cost of Sales/Livestock revaluation	($4,914,382)	($10,502,807)	(53%)
Expenses	($3,472,632)	($3,482,192)	(0%)
Operating profit	**$1,410,742**	**$3,186,727**	**(56%)**
Movements in fair value	$10,001,135	($86,493)	11663%
Tax	$2,407.722	($155,108)	(1652%)
Net profit after tax	**$9,004,155**	**$3,255,343**	**177%**

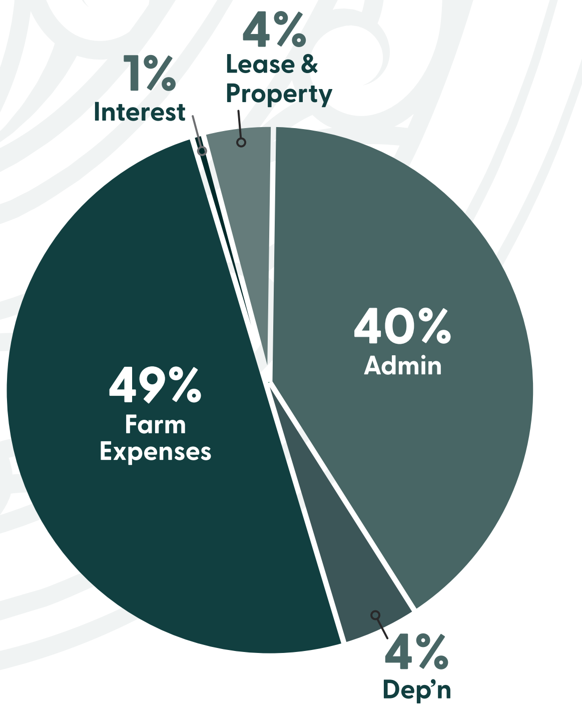
Revenue was down in the 2022/23 year, predominantly due to a slow-down in the sales of the Wharenui rise property development. Cost of sales adjusted accordingly while operating expenditure was in line with the prior year and this along with property development costs, and revaluation of investment property, forestry & livestock saw the Incorporation return an overall net profit of $9.0 million vs $3.3 million last year.

Revenue Breakdown



Section sales continue to make up the largest proportion of revenue. Farm revenue and lease income reflected a drop between 2023 and 2022, which is mainly due to market conditions.

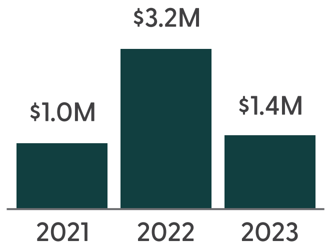
Expenses Breakdown



Farming expenses were down (7%) compared to last year, due to prudent management of costs. Administration expenses increased by 5% which included consultancy costs that were partly Government funded. Interest costs increased due to higher interest rates during the year.

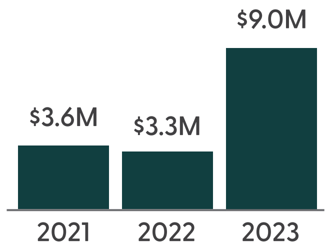
Operating Profits

The operating profit dropped (56%) from $3.2m last year to $1.4m this year due to a slowdown in sales of sections at Wharenui Rise.



Profit After Tax

The profit after tax income increased by 177% this year, due to an appreciation in the investment property valuations at year end.



Statement of Financial Position

At the end of each year, the financial statements also show the current financial position of the Incorporation. This reflects the overall value of the Incorporation and its subsidiaries.

	2023	2022	% change
Total assets	$80,183,127	$68,445,128	17%
Total liabilities	$13,632,417	$10,593,922	29%
Equity	**$66,550,710**	**$57,851,208**	**15%**

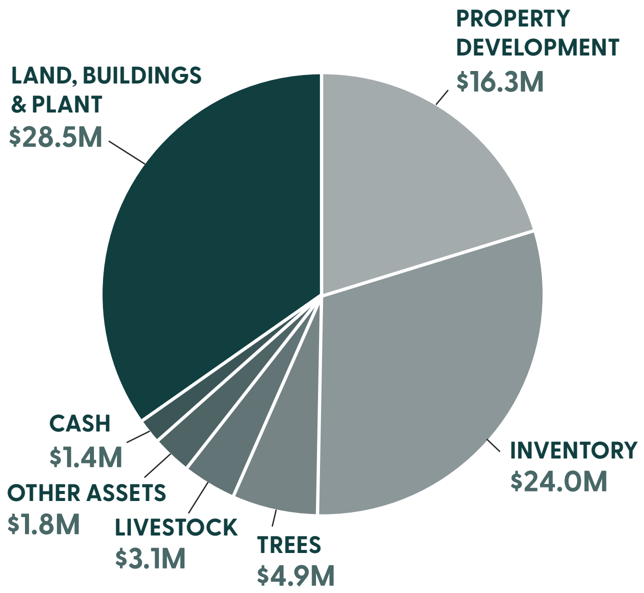
As at 30 June 2023, total assets were $80.2m. Of this, land, buildings and associated developments are valued at $45.5m. Total liabilities at 30 June 2023 were $13.6m including the bank loan facilities of $5.0m. Other liabilities include money owed to suppliers, accrued leave entitlements, GST, PAYE, and unclaimed dividends. The difference between total assets and total liabilities means that owners' equity in the Incorporation is just under $66.6m. This reflects a 15% increase compared to last year.

TOTAL ASSETS $80,183,127

TOTAL LIABILITIES $13,632,417

EQUITY $66,550,710

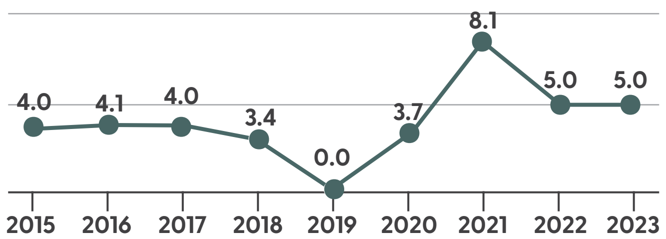
Asset Breakdown



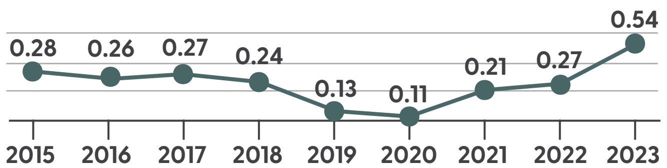
Cash and Debt Management

This year has seen the loan facility steady at total borrowing of $5m. This funding continues to enable the completion of further stages of the Wharenui Rise subdivision and now includes a flexible credit line facility of $1.5m which provides further options for managing cashflow and interest costs.

LOAN FACILITY ($millions)



INTEREST PAID ($millions)



Consolidated Financial Statements

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Independent Auditor's Report

BDO ROTORUA LIMITED

INDEPENDENT AUDITOR'S REPORT
TO THE SHAREHOLDERS OF NGATI WHAKAUE TRIBAL LANDS INCORPORATED

Qualified Opinion
We have audited the financial statements of Ngati Whakaue Tribal Lands Incorporated ("the Incorporation") and its subsidiaries (together "the Group"), which comprise the consolidated statement of financial position as at 30 June 2023, and the consolidated statement of profit or loss, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying consolidated financial statements of the Group for the year ended 30 June 2023 are prepared, in all material respects, in accordance with the accounting policies specified in Note 2 to the financial statements.

Basis for Qualified Opinion
The Group's statement of financial position includes investment property carried at $16,340,600. Investment properties are valued in accordance with the accounting policy as determined by the Committee Members. The fair value movement of $9,514,212 has been recognised in the Consolidated Statement of Profit and Loss. As this asset has not been valued since 30 June 2019 we have been unable to determine how much of the fair value movement relates to prior reporting periods.

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 Incorporation in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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

Emphasis of Matter - Basis of Accounting and Restriction on Distribution and Use
We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The consolidated 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 Incorporation or the Incorporation's shareholders. Our opinion is not modified in respect of this matter.

Committee Members' Responsibilities for the Financial Statements
The Committee Members are responsible for the preparation of the financial statements in accordance with the accounting policies specified in Note 2 to the financial statements and for such internal control as the Committee Members 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 consolidated financial statements, the Committee Members 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 members either intend to liquidate the Incorporation or to cease operations, or have no realistic alternative but to do so.

BDO ROTORUA LIMITED

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

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

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

We communicate with the Committee Members 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
Rotorua
New Zealand
3 November 2023

Consolidated Statement of
Profit and Loss

NGĀTI WHAKAUE TRIBAL LANDS INCORPORATED AND SUBSIDIARIES
For the year ended 30 June 2023

	Notes	2023	*Restated 2022
		$	$
Revenue			
Section Sales		6,200,000	12,340,000
Livestock sales	5.1	2,707,590	3,255,171
Forestry income		57,769	263,205
Rental income	5.3	770,739	937,103
Investment income	5.2	9,223	14,224
Other revenue	6	52,435	362,023
Total Revenue		**9,797,756**	**17,171,726**
Cost of sales - livestock	10	(774,216)	(695,289)
Cost of sales - property	14	(3,896,459)	(9,271,200)
Movements in fair value of livestock	10	(243,707)	(536,318)
Gross profit		**4,883,374**	**6,668,919**
Expenses			
Administration expenses	8	1,386,961	1,325,686
Depreciation of property, plant and equipment	11	144,406	134,315
Farm expenses	7	1,688,596	1,808,572
Grants paid		91,637	85,676
Interest paid		19,114	1,572
Lease expenses	21	80,017	81,160
Property expenses		61,901	45,208
Total Expenses		**3,472,632**	**3,482,190**
Operating profit/(loss)		**1,410,742**	**3,186,729**
Other items			
Movement in fair value of investment properties	15	9,514,212	-
Movement in fair value of trees	10	486,923	(86,493)
		10,001,135	**(86,493)**
Profit before tax		**11,411,877**	**3,100,236**
Income tax expense	9	2,407,722	(155,108)
Profit for the year		**9,004,155**	**3,255,343**

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 2023

	Notes	2023	*Restated 2022
		$	$
Assets			
Current assets			
Cash and cash equivalents	12	1,449,659	745,992
Trade and other receivables	13	900,267	1,153,029
Goods and services tax		493,257	214,159
Inventory	14	23,290,481	22,742,495
Total Current assets		**26,133,664**	**24,855,675**
Non-current assets			
Property, plant and equipment	11	28,458,124	28,550,911
Development - Work in progress	14	715,686	-
Intangible Assets		2,573	2,573
Investment property	15	16,340,600	6,817,749
Investments	16	203,458	195,508
Right of Use Assets	21	232,566	289,521
Biological assets	10	8,089,442	7,726,352
Related party advance		7,014	6,840
Total Non-current assets		**54,049,463**	**43,589,454**
Total Assets		**80,183,127**	**68,445,129**
Liabilities			
Current liabilities			
Trade and other payables	17	1,892,790	951,860
Deferred revenue from leases	21	109,592	117,558
Employee entitlements		89,083	96,888
Finance Leases	20	11,492	22,552
Income tax payable	9	72,536	268,500
Provision	18	100,000	100,000
Right of Use lease liability - Current Portion	21	65,775	33,646
Borrowings	19	5,000,000	5,000,000
Unclaimed dividends		1,376,743	1,236,310
Total Current liabilities		**8,718,011**	**7,827,314**
Non-current liabilities			
Finance Leases	20	-	11,599
Right of Use lease liability	21	234,760	300,535
Related party advance	24	90,633	90,633
Deferred tax liabilities	9	4,589,013	2,363,840
Total Non-current liabilities		**4,914,406**	**2,766,607**
Total Liabilities		**13,632,417**	**10,593,921**
Net assets		**66,550,710**	**57,851,208**
Equity			
Capital	22	1,523,391	1,523,391
Reserves	23	43,243,050	33,728,838
Retained earnings		21,784,269	22,598,979
Total Equity		**66,550,710**	**57,851,208**

For and on behalf of the Committee of Management

Chairman *CoM member*

Date: 3 November 2023

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 2023

	Contributed Share Capital	Asset Revaluation Reserve	Retained Earnings: Taxable	Retained Earnings: Non Taxable	Total equity
	$		$	$	$
Opening balance 1 July 2022	**1,523,391**	**33,728,838**	**16,331,843**	**6,267,136**	**57,851,208**
Profit for the year	-	-	(510,057)	-	(510,057)
Revaluations	-	9,514,212	-	-	9,514,212
Dividends declared	-	-	-	(304,653)	(304,653)
Closing balance 30 June 2023	**1,523,391**	**43,243,050**	**15,821,786**	**5,962,483**	**66,550,710**
*** Note 28**					***Restated**
Opening balance 1 July 2021	**1,523,391**	**33,728,838**	**13,076,500**	**6,465,164**	**54,793,893**
Profit for the year	-	-	3,255,343	-	3,255,343
Dividends declared	-	-	-	(198,028)	(198,028)
Closing balance 30 June 2022	**1,523,391**	**33,728,838**	**16,331,843**	**6,267,136**	**57,851,208**

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 2023

	Notes	2023	2022
		$	$
Cash flows from operating activities			
Receipts from customers		10,017,488	16,462,762
Payments to suppliers and employees		(8,657,147)	(3,972,628)
Income taxes		(169,888)	3,470
Grants paid		(91,637)	(85,676)
Net GST		(122,032)	(8,667)
Total Cash flows from operating activities		**976,784**	**12,399,261**
Cash flows from investing activities			
Investment income received		9,223	14,224
Payments to acquire property, plant and equipment		(51,791)	(202,986)
Payment to acquire investment property		(16,589)	(8,347,992)
Total Cash flows from investing activities		**(59,157)**	**(8,536,754)**
Cash flows from financing activities			
Amounts advanced by/(to) related parties		(7,966)	8,182
Interest paid		(19,114)	(244,694)
Repayment/Drawdown of borrowings		(22,659)	(3,088,706)
Dividends paid		(164,220)	(113,679)
Total Cash flows from financing activities		**(213,959)**	**(3,438,897)**
Net Increase/ (Decrease) in Cash and Cash Equivalents		**703,667**	**423,607**
Cash balances			
Cash and cash equivalents at beginning of the year		745,992	322,385
Cash and cash equivalents at end of the year	**12**	1,449,659	745,992
Net change in cash for the year		**703,667**	**423,607**

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

1 Reporting entity

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 V of the Māori Affairs Amendment Act 1967 and now operates under section 248 of Te Ture Whenua Māori Act 1993.

The consolidtated financial statements comprise Ngāti Whakaue Tribals Lands Incorporated and its wholly owned subsidiaries Whakaue Holdings Limited, Whakaue Farming Limited and Whakaue Property Trust.

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

There financial statements were approved and authorised for issue by the Committee of Management on 3 November 2023. These financial statements have been prepared for the Incorporation's shareholders.

2 Basis of preparation

(a) Statement of compliance

These financial statements are Special Purpose Financial Statements that have been prepared in accordance with the policies set out below:

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for the following items (refer to individual accounting policies for details):

- Financial instruments - fair value through profit and loss - Note 16
- Investment Property - Note 15
- Biological assets - Note 10

(c) Changes in accounting policies

The Committee of Management recognise that the Group will exceed the financial reporting threshholds in the following year or shortly thereafter, and will be required to report using generally accepted accounting practice (GAAP). As a result, a number of changes to the policies have been made to more broadly align with NZ GAAP in preparation for this transition. The following policies have been changed and applied retrospectively and have been set out in the notes below.

- Government Grants
- Inventory
- Investment Properties
- Forestry Costs
- Borrowing Costs
- Deferred Tax

The impact of applying these changes retrospectively has been set out in note 28.

(d) Consolidation

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

2 Basis of preparation (continued)

(e) Functional and presentation currency

The presentation currency and functional currency of the Incorporation and its subsidiary is the New Zealand Dollar ($). All amounts have been presented in New Zealand Dollars (rounded to the nearest dollar). Transactions and balances reported in foreign currencies are translated to New Zealand Dollars at the rate prevailing on the date of the transaction.

3 Critical accounting estimates and judgements

The Group makes certain estimates and assumptions regarding the future. Estimates and judgements are continually evaluated based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. In the future, actual experience may differ from these estimates and assumptions. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

There are no significant judgments applied in the preparation of these financial statements. The estimates and assumptions that are critical to the determination of the amounts reported in the financial statements relate to the following:

Estimates and Assumptions

Judgements made in applying accounting policies that have had the most significant effect on the amounts recognised in the financial statements include the following.

- Revenue recognition - Note 5
- Current and deferred tax - Note 9
- Fair value measurement

4 Financial Instruments

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group's accounting policy for each category is as follows:

Investments

This category comprises shares held in other entities. Where the value is able to be determined with reference to publicly available information, they are stated at fair value with movements being recognised in the profit and loss. For investments held for which no publicly available information is available those investments are held at cost.

Amortised cost

These assets arise principally from the provision of goods and services to customers (eg trade receivables), but also incorporate other types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions for current trade receivables are recognised on confirmation that the trade receivable will not be collectable.

The Group's financial assets measured at amortised cost comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

Cash and cash equivalents includes cash in hand, deposits held at call with banks, other short term highly liquid investments with original maturities of three months or less, and – for the purpose of the statement of cash flows - bank overdrafts. Bank overdrafts are shown within loans and borrowings in current liabilities on the consolidated statement of financial position.

4 Financial Instruments (continued)

Financial Liabilities
The Group classifies its financial liabilities at amortised cost.

Amortised Costs
Financial liabilities at amortised cost include the following items:

Bank borrowings are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.
-Trade payables, borrowings and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.

Financial instruments by category

2023	*Financial Assets*	*Investments*	*Financial Liabilities*
Assets	*Amortised Cost*		*Amortised Cost*
Cash and Cash equivalents	1,449,659		-
Investments	-	203,458	
Trade and other receivables	900,267		-
Total financial assets	**2,349,926**	**203,458**	**-**
Liabilities			
Payables	-		1,892,790
Borrowings	-		5,000,000
Total financial assets	**-**		**6,892,790**

2022	*Financial Assets*	*Investments*	*Financial Liabilities*
Assets	*Amortised Cost*		*Amortised Cost*
Cash and Cash equivalents	745,992		-
Investments	-	195,508	
Trade and other receivables	1,153,028		-
Total financial assets	**1,899,020**	**195,508**	**-**
Liabilities			
Payables	-		951,860
Borrowings	-		5,000,000
Total financial assets	**-**		**5,951,860**

Interest rate risk
The Group is exposed to cash flow interest rate risk from long-term borrowings at variable rate.

5 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.

5.1 Sale of livestock, wool and beef
Revenue from the sale of livestock, wool and beef 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;

- the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

- the costs incurred or to be incurred in respect of the transaction can be measured reliably

5.2 Interest 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.

5.3 Rental income
Rental income from residential rents is reported over the term of the lease. Grazing income is recognised in the period it is incurred.

5.4 Sale of Sections
Revenue from the sale of sections is recognised on the date of settlement as defined by the terms of the Sales and Purchase Agreements.

	Notes	**2023**	**2022**
		$	**$**
5.1 Livestock			
Beef		1,683,566	1,842,221
Sheep		1,024,024	1,412,950
Total Livestock		**2,707,590**	**3,255,171**
5.2 Investment income			
Interest received		9,223	730
Dividends received		-	13,494
Total Investment income		**9,223**	**14,224**

5.3 Rental income

Grazing income		164,577	190,484
Land leases	21	149,821	97,324
Broadcasting leases		270,711	180,000
Other commercial leases		130,330	120,440
Overhead recovery - Manaaki Ora		-	299,155
Residential rent		55,300	49,700
Total Rental income		**770,739**	**937,103**

6 Other Income

Other income includes farm income from wool sales and rebates, other contributions received for development and contributions provided to assist with Covid relief efforts. As this funding is not considered to be part of the main generating activities, the Group presents this income separately from revenue.

Other income		
MMC Funding	69,772	19,739
Other revenue	(104,227)	208,956
Wool sales	58,096	64,921
Other farm income	28,794	68,407
Total Other income	**52,435**	**362,023**

During the 2022 year an invoice was raised to RLC for loss of trees based on the estimated clear fell logging required for the gulley system on Wharenui Farm. The actual loss was determined in 2023 to be less than expectation, so a credit was raised to clear the original invoice and a new invoice raised.

7 Farm Operating Expenses

Operating expenses are recognised in profit or loss in the period in which they are incurred.

Farm operating expenses		
Animal health	100,840	116,229
Feed purchases	160,021	157,141
Fertiliser & lime	54,351	224,622
Kiwisaver Employer	13,133	13,692
Rates	114,621	107,940
Repairs & maintenance	146,723	132,007
Salaries and wages paid to employees	465,103	500,597
Vehicle expenses	89,390	84,234
Wool expenses	161,300	138,608
Other expenses	383,114	333,502
Total Farm operating expenses	**1,688,596**	**1,808,572**

8 Other expenses - Administration

The fees paid to the auditor are for the audit of the financial statements and that there have been no fees paid to the auditor for other services.

Administration expenses			
Accountancy fees		136,700	132,400
AGM and SGM expenses		38,664	14,002
Audit fees		28,375	21,250
Committee fees	24	124,000	124,250
Consultancy		63,859	154,816
Insurance		39,073	32,952
Kiwisaver Employer		9,522	9,789
Legal expenses		216,409	18,010
Salaries and wages paid to employees		327,262	315,026
Other administration expenses		403,097	503,191
Total Administration expenses		**1,386,961**	**1,325,686**

9 Income Tax

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

The group taxation rate is 17.5% (2022: 17.5%). Whakaue Property Trust tax rate is 33%, unless the income is otherwise distributed.

Tax expense comprises current and deferred tax. Current tax and deferred tax is recognised in the profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income.

Current income tax

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years. Current tax also includes any tax liability arising from the declaration of dividends.

Deferred tax

Deferred income taxes are calculated using the liability method on temporary differences between the carrying amounts of assets and liabilities and their tax bases. However, deferred tax is not provided on the initial recognition of an asset or liability unless the related transaction is a business combination or affects tax or accounting profit. Deferred tax on temporary differences associated with investments in joint ventures is not provided if reversal of these temporary differences can be controlled by the Incorporation and it is probable that reversal will not occur in the foreseeable future. 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.

Deferred tax assets are recognised to the extent that it is probable that they will be able to be utilised against future taxable income, based on the Incorporation's forecast of future operating results which is adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. Deferred tax liabilities are always provided for in full.

Deferred tax assets and liabilities are offset only when the Incorporation has a right and intention to set off current tax assets and liabilities from the same taxation authority.

Changes in deferred tax assets or liabilities are recognised as a component of tax income or expense in profit or loss, except where they relate to items that are recognised in other comprehensive income (such as the revaluation of land) or directly in equity, in which case the related deferred tax is also recognised in other comprehensive income or equity, respectively.

	Notes	2023	2022
		$	$
Income tax expense			
Profit before income tax		**11,411,877**	**3,100,237**
Tax effect of Non-assessable income		(10,001,135)	(79,641)
Tax effect of Non-deductible expenses		145,469	387,468
Tax effect of other adjustments		(513,071)	(168,471)
Loss brought forward		-	(1,748,604)
Imputation tax credits		-	5,172
Taxable Profit		**1,043,140**	**1,496,161**
Tax expense at 17.5%		**182,550**	**261,828**
Less Imputation credits		-	-
Tax expense		**182,550**	**261,828**
Represented by			
Current year tax		182,550	264,472
Prior year adjustment		-	5,173
Deferred tax		2,225,172	(424,753)
Total tax expense		**2,407,722**	**(155,108)**
Income tax liability/(refund)			
Current year tax		**182,550**	**269,645**
Plus opening balance		268,500	(4,609)
Less withholding tax paid		(2,973)	(1,112)
Less terminal tax paid		(263,332)	4,576
Less provisional tax paid		(112,208)	-
Total tax to be paid/(refunded)		**72,536**	**268,500**

Deferred tax asset (liability)

	Property, plant and equipment	Employee entitlements	Trees	Total
Balance at 30 June 2021	(2,315,492)	(111)	(472,989)	(2,788,593)
Charged to surplus or deficit	440,880	(2,192)	(13,937)	424,753
Balance at 30 June 2022	(1,874,612)	(2,303)	(486,926)	(2,363,840)
Charged to surplus or deficit	(2,122,651)	3,669	(106,190)	(2,225,172)
Balance at 30 June 2023	(3,997,263)	1,366	(593,116)	(4,589,013)

10 Biological assets

	2023	2022
Livestock	3,153,910	3,397,616
Trees	4,935,532	4,328,736
Total biological assets	**8,089,442**	**7,726,352**

Notes	2023	2022
	$	$

Livestock

Livestock comprises sheep and beef cattle (livestock), which is valued at fair value less cost to sell. Changes in fair value less cost to sell of livestock are recognised in the statement of profit or loss. Farming costs such as feeding, labour costs, pasture maintenance, veterinary services and shearing are expensed as incurred in the Statement of Profit and Loss.

	2023			2022		
	Beef	Sheep	Total	Beef	Sheep	Total
	$	$	$	$	$	$
Opening balance	1,786,998	1,610,618	**3,397,616**	1,957,755	1,976,179	**3,933,934**
Sales	(1,683,566)	(1,024,024)	**(2,707,590)**	(1,842,221)	(1,412,950)	**(3,255,171)**
Purchases	668,046	106,170	**774,216**	584,714	110,575	**695,289**
Price & other changes	1,105,682	583,985	**1,689,667**	1,086,750	936,814	**2,023,564**
	90,162	**(333,869)**	**(243,707)**	**(170,757)**	**(365,561)**	**(536,318)**
Closing balance	**1,877,160**	**1,276,750**	**3,153,910**	**1,786,998**	**1,610,618**	**3,397,616**

The fair value less cost to sell of livestock is determined by independent valuations as at 30 June 2023. The independent livestock valuations were performed by Wiremu Cottrell, AGL Livestock Ltd, independent livestock agents. The independent valuation uses the quoted price in an active market as the appropriate basis for determining fair value. The Group farms livestock for the sale of sheep, lambs and cattle. As at 30 June 2023 the Group had 1,445 beef cattle and 7,795 sheep (2022 1,863 beef cattle and 8,345 sheep).

Trees

The Group grows pinus radiata for harvest and sale, which are valued at fair value less cost to sell. Changes in fair value less cost to sell of trees are recognised in the statement of profit or loss.

	2023	2022
Carrying amount at beginning of the year	4,328,736	4,249,095
Increase due to maintenance	119,873	166,134
Fair value movement	486,923	(86,493)
Carrying amount at end of the year	**4,935,532**	**4,328,736**

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

The valuation is based on a valuation report prepared by Shane Perret(RMNZIF - Registered Forestry Consultant) of Prime Forest Management Ltd as at 30 June 2023. Movement in the value is recognised in the profit or loss for the year. This valuation uses a combination of cost compounding of newly established stands associated with assessing the Net Present Value (NPV) of older stands. This combined approach recognises the potential for young stands to achieve negative NPV's due to the impact of discounting over long periods. Using a combined approach recognises the significant initial investment made by the forest owner, reflecting this in the valuation. Key points to note include:
- Costs already incurred are considered as "sunk" costs and do not feature in the valuation process.
- Land has not been treated in the valuation.
- Harvesting costs are an estimate of those likely to arise given the topography and other site conditions present in the forest.
- Log prices reflect a three (3) year rolling average based on export prices at the Port of Tauranga or as published by the Ministry for Primary Industries.
- A discount rate of 8% has been assumed.
- Tax has not been treated in the valuation.
- The tree crop has been liquidated by age class as this reaches the target rotation age. Prime Forest Management performs the contract work for forestry for the Group.

The assessment of future income from the forest has three key inputs: projected yield at harvest, Gross income (log price by grade multiplied by yield) and harvesting costs. The forestry blocks which are valued with reference to three year average sales prices less cost to sell. Silviculture and other forestry associated costs are expensed as incurred. The Group holds approximately 794 plantable hectares of pinus radiata as at 30 June 2023 (2022: 855 ha).

11 Property, plant and equipment

Property, 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).

Freehold land is not depreciated. Depreciation on assets under construction does not commence until they are complete and available for use.

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%

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.

	Corpus land & improvements	Buildings & building fit-out	Motor vehicles	Plant & equipment	Office equipment	Total
Cost or valuation	$	$	$	$	$	$
Balance at 30 Jun 2021	**27,987,395**	**1,319,734**	**832,786**	**695,739**	**59,954**	**30,895,608**
Additions	-	3,955	177,705	10,070	10,428	**202,158**
Disposals	-	-	(33,485)	-	-	**(33,485)**
Revaluation	-	-	-	-	-	-
Balance at 30 Jun 2022	**27,987,395**	**1,323,689**	**977,006**	**705,809**	**70,382**	**31,064,281**
Additions	2,086	-	-	38,233	11,300	**51,619**
Disposals	-	-	-	-	-	-
Revaluation	-	-	-	-	-	-
Balance at 30 Jun 2023	**27,989,481**	**1,323,689**	**977,006**	**744,042**	**81,682**	**31,115,900**

	Corpus land & improvements	Buildings & building fit-out	Motor vehicles	Plant & equipment	Office equipment	Total
Accumulated depreciation	$	$	$	$	$	$
Balance at 1 Jul 2021	**358,328**	**957,685**	**484,750**	**530,129**	**48,163**	**2,379,055**
Depreciation expense	8,253	30,491	66,771	26,415	2,386	**134,315**
Eliminated on disposal	-	-	-	-	-	-
Balance at 30 Jun 2022	**366,581**	**988,176**	**551,521**	**556,544**	**50,549**	**2,513,370**
Depreciation expense	13,555	24,302	79,153	21,561	5,835	**144,406**
Eliminated on disposal	-	-	-	-	-	-
Balance at 30 Jun 2023	**380,136**	**1,012,478**	**630,674**	**578,105**	**56,384**	**2,657,776**
Net book value at 30 Jun 2022	27,620,814	335,513	425,485	149,265	19,833	**28,550,911**
Net book value at 30 Jun 2023	**27,609,345**	**311,211**	**346,332**	**165,937**	**25,298**	**28,458,124**

	2023	2022
12 Cash and cash equivalents	$	$
Cash at bank - NZD	1,449,659	745,992
Net cash and cash equivalents	**1,449,659**	**745,992**

13 Trade and other receivables	$	$
Trade receivables	889,730	995,605
Bond - RLC Engineering Bond	-	99,538
Prepayments	10,537	57,886
Total Trade and other receivables	**900,267**	**1,153,029**

Trade and other receivables more than 90 days overdue were $39,415.88 (2022: $4,412). There is no doubtful debt provision (2022: none) and the Group is not exposed to any other significant credit risk (2022: none).

14 Development - Work in progress	$	$
Manawa Gardens	715,686	-

Inventory for Manawa Gardens is made up of funding received, less costs incurred to date.

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 offset against the asset expenditure which the Incorporation recognises as 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.

	$	$
Manawa Gardens		
Government Grants	(10,326,774)	-
RLC Contribution	(378,983)	-
Expenses	11,421,443	-
Total Manawa Gardens	**715,686**	**-**

Manawa Gardens is a public housing project that will deliver 240 houses over three stages. Stage 1 will focus on affordable rental and public housing, and future stages may consider affordable home ownership options. The development project is located on Wharenui Road, Owhata, Rotorua on a block of Whenua Māori Land. Te Tūāpapa Kura Kāinga - Ministry of Housing and Urban Development (MHUD) have agreed to provide funding to assist with the development of this housing. Income represents funding received from MHUD and Rotorua Lakes Council to provide the infrastructure needed to prepare the land to be available for sale. Expenses are all of the infrastructure costs incurred to date.

	2023	2022
	$	$

14 Inventory

The group classifies land, development costs and borrowing costs as inventory. Inventory is measured at the lower of cost and net realisable value. The cost of inventory comprises all costs of purchase, costs of conversion and other costs When inventory is sold, the carrying amount of that inventory is recognised as an expense in the period that the related revenue is recognised. The amount of any write down of inventory to net realisable value is recorded as an expense in the period that it is identified.

	2023	2022
Wharenui Rise	23,290,481	22,742,495
Total Inventory	**23,290,481**	**22,744,517**
Wharenui Rise		
Opening Balance	**22,742,495**	**23,738,493**
Costs attributed to sale of sections	(3,896,459)	(9,271,200)
Expenses	3,948,106	8,032,080
Interest capitalised	496,339	243,122
Total Wharenui Rise	**23,290,481**	**22,742,495**

Property Development continues on the land commonly referred to as Brents Block. Stage Two is complete and 20 sections have sold as at balance date. The income recorded is net sales proceeds after adjusting for the cost of development and land sold. Property development continues on Stage Three and the inventory expenses represent all costs incurred to 30 June 2023 any unsold sections and further infrastructure development, including earth works, civil works and consultancy.

15 Investment property

	2023	2022
Fair value		
Commercial building - Henderson Road, Rotorua	1,359,000	1,771,669
Land - Ngongotaha, Rotorua	14,981,600	5,046,080
	16,340,600	**6,817,749**
Balance at beginning of the year	6,817,749	6,817,749
Gain on property revaluation	9,514,212	-
Additions (disposals)	8,639	-
Balance at end of the year	**16,340,600**	**6,817,749**

Investment Property

Investment property is valued on an annual basis using an independent valuer. The current fair value has been determined by Kendall Russ Registered Valuer (B.Com (VPM) ANZIV MPINZ) from Telfer Young Limited, using current market values and is dated 30 June 2023, using the comparable sales approach.

These valuations are exclusive of any fertiliser company shareholding, non-fixed plant, machinery, growing timber and or livestock.

It is assumed that no carbon liabilities exist under the Emissions Trading Scheme

Valuation excludes any value attributed to NZ Carbon Units, and any value of commercial timber on the land.

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

The valuations exclude the value of any commercial timber on the land.

	2023	2022
	$	$

16 Investments

	2023	2022
Investments at Cost		
Ballance Agri Nutrients	170,100	170,100
Farmlands	1,663	1,663
Total Investments at Cost	**171,763**	**171,763**
Investments at Valuation		
Alliance Shares	21,695	13,745
Firstlight Wagyu (NZ) Limited shares	10,000	10,000
Total Investments at Valuation	**31,695**	**23,745**
Total Investments	**203,458**	**195,508**

Investments at Valuation

These investments are recorded at their valuation which is provided annually by the investee.

Investments at Cost

These investments are recorded for at cost and assessed annually for impairment. The Committee of Management do not consider any impairment exists at 30 June 2023.

17 Trade and other payables

	2023	2022
Trade payables	1,867,639	920,702
Other payables	25,151	31,158
Total Trade and other payables	**1,892,790**	**951,860**

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

18 Provision

	2023	2022
Provision for lease surrender	100,000	100,000
Total Provision	**100,000**	**100,000**

On 1 August 2002, the group entered into a lease of the property known as Okataina 10 Trust for a period of twenty five years. The lease was surrendered as at 30 June 2014 with $100,000 payable by May 2015. As at 30 June 2023, this $100,000 lease surrender payment had not been made and discussions are continuing.

	2023	2022
	$	$

19 Borrowings

Secured - at amortised cost		
Bank loan	5,000,000	5,000,000
Total Secured - at amortised cost	**5,000,000**	**5,000,000**

Summary of borrowing arrangements

Whakaue Farming Limited

At balance date, the Company had a $850,000 debt facility with Westpac (2022: $850,000). Debt facility is interest only and is repayable at maturity. The facility wasn't being used at balance date (2022: $Nil). Maturity Date: on call Interest rate as at 30 June 2023 10.05% (2022: 6.75%)

Whakaue Holdings Limited

At balance date, the Company had a $5,000,000 debt facility with Westpac New Zealand (2022: Westpac $5,000,000). Debt facility is interest only for the first 12 months and is repayable at maturity. Maturity Date: 27 November 2023 Interest rate as at 30 June 2023 8.7% (2022: 5.85%)

Assets pledged as security

The loan is secured by a Registered First Security Agreement from the Company over all present and after-acquired property, plus a Registered First Mortgage for the amount of $3,500,000 from Ngāti Whakaue Tribal Lands Inc over Gee Road and Fairbank Road properties, a Registered First Mortgage from Ngāti Whakaue Tribal Lands Inc 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 Ngāti Whakaue Tribal Lands Inc, Whakaue Farming Limited, Whakaue Nominees Limited over all present and after-acquired property, plus Guarantees from the Company, Ngāti Whakaue Tribal Lands Inc, Whakaue Farming Limited and Whakaue Nominees Limited.

20 Finance Leases

Whakaue Farming Limited has entered into a finance lease agreement for a Claas Arion 620c Tractor. The minimum lease payments payable are:

Not later than 1 year	11,492	22,552
Later than 1 year and not later than 5 years	-	11,599
	11,492	34,151

The applicable interest rate is 1.9%.

21 Lease Assets and Liabilities

Recognition and Measurement

Leased assets

Leased assets have been capitalised as at 1 July 2021 and comprise of the outstanding lease liability amount. Land lease for a period of 25 years commencing 1 August 2002. The annual lease payable was $36,500 until 31 January 2023. The annual lease payable is $85,000 from 1 February 2023.(2022: $36,500).

Leased liabilities

The lease liability is measured at the present value of the lease payments that are not paid at the balance date. Lease payments are apportioned between the finance charges and reduction of the lease liabilty using the incremental borrowing rate implicit in the lease to achieve a constant rate of interest on the remaining balance of the liability.

Depreciation

Depreciation of leased assets is calculated using the straight-line method to allocate their cost over the remaining life of the least term.

	2023	2022
	$	$
Payments recognised as an expense		
Depreciation	56,955	56,955
Finance Expense	23,062	24,205
Total lease expense	80,017	81,160
Carrying Cost		
Opening Balance	289,521	346,476
Depreciation	(56,955)	(56,955)
Closing Balance	**232,566**	**289,521**
Lease Liabilities		
Opening Carrying cost	334,181	346,476
Interest Expense	23,062	24,205
Lease payments	(56,708)	(36,500)
Closing Lease Liability	**300,535**	**334,181**
Not later than 1 year	65,775	33,646
Later than 1 year and not later than 5 years	234,760	300,535
	300,535	334,181

The Group as a lessor

Leasing arrangements

Operating leases relate to:

Land sub-lease for a period of 25 years commencing 1 August 2002. The annual lease payable was $36,500 until 31 January 2023. The annual lease payable is $85,000 from 1 February 2023.(2022: $36,500).

	2023	2022
	$	$
Non-cancellable operating lease commitments		
Not later than 1 year	85,000	36,500
Later than 1 year and not later than 5 years	255,000	182,500
Later than 5 years	-	-
	340,000	**219,000**

22 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**

	2023	2022
	$	$

23 Asset Revaluation Reserve

	2023 $	2022 $
Land & buildings revaluation reserve	37,165,257	27,651,045
Capital gains reserve	6,077,793	6,077,793
	43,243,050	**33,728,838**
Land & buildings revaluation reserve		
Balance at beginning of the year	27,651,045	27,651,045
Increase from revaluation	9,514,212	-
Balance at end of the year	**37,165,257**	**27,651,045**
Capital gains reserve		
Balance at beginning of the year	6,077,793	6,077,793
Balance at end of the year	**6,077,793**	**6,077,793**

24 Related parties

Transactions with related parties:

	2023		**2022**	
	Revenue/ (Expense)	**Receivables/ (Payables)**	**Revenue/ (Expense)**	**Receivables/ (Payables)**
(a) Group entities	**$**	**$**	**$**	**$**
Ngati Whakaue Tribal Lands Educational Trust				
Related party advance	-	(90,633)	-	(90,633)
Whakaue Nominees Limited				
Related party advance	-	(661)	-	(487)

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 (2022: $Nil).

24 Related parties - continued

	2023		**2022**	
	Revenue/ (Expense)	**Receivables/ (Payables)**	**Revenue/ (Expense)**	**Receivables/ (Payables)**
(b) Governance	**$**	**$**	**$**	**$**
Director and Committee of Management fees	(122,000)	-	(123,250)	-
Grants committee fees	(2,000)	-	(1,000)	-

	2023	**2023**	**2022**	**2022**
	Attendance	**$**	Attendance	**$**
D Thomas	26	15,000	23	15,000
T Kingi	24	15,000	21	15,000
M Heke	16	15,000	19	14,375
T Lloyd	22	15,000	23	15,000
H Ngatai	16	10,000	-	-
G Rolleston	21	15,000	21	15,000
D Tapsell	19	12,500	13	8,750
M Corbett	24	3,750	23	3,438
M Vercoe	19	3,750	23	3,437
T Tapsell	8	5,000	15	15,000
B Tatere	-	-	9	6,250
J Scott - grants committee	8	2,000	4	1,000
D Thomas - honorarium	-	6,000	-	6,000
T Kingi - honorarium	-	6,000	-	6,000
		124,000		**124,250**

T Lloyd is a partner at Deloitte Rotorua. During the year Deloitte Rotorua provided consultancy services to the Whakaue Property Trust for the total value of $73,000 (2022: Parent $41,122).

Key Management Personnel

Delegated Authority is noted within the delegation authority policy. The Group has identified the following as having authority and responsibility for planning , directing and controlling activities of the Group: General Manager and Farm Manager.

	2023	2022
Salaries and other short term benefits	282,568	321,796
Number of FTE's	2	2

25 Contingent liabilities

New Zealand Units

The Group has a future obligation to return the NZUs 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.

	2023	2022
20,619 (2022: 20,619) New Zealand units at fair value	1,195,902	1,567,044

NZUs are not recognised in the Group's financial statements as they were received for nominal consideration.

The Group receives an annual independent valuation of its NZUs for disclosure purposes and is based on the NZU spot market rate. The current fair value is based on a valuation report prepared by Prime Forest Management Ltd dated 30 June 2023.

26 Commitments for expenditure

A Grant Funding Agreement was signed with the Ministry of Housing and Urban Development (MHUD) for Earthworks and Civil Works Construction in November 2022. The value of this agreement was $19,764,137 incl GST. Residual costs estimated at $800,000 will be incurred during the next 12 months.

A further Grant Funding Agreement with the MHUD for building construction is due to be signed in November 2023. The value of this agreement will be $26,700,832 incl GST.
At the balance date there were no other capital commitments (2022: $Nil).

27 Events after the balance date

In July 2023, the $5,000,000 debt facility held by Whakaue Holdings Ltd with Westpac New Zealand reduced to $3,500,000 and an Agriline debt facility with a blance of $1,500,000. This facility is currently not in use.

28 Restatement of Opening Balances

As noted in note 2(c) the Group has changed a number of policies as the Group prepares to adopt the NZIFRS reporting framework. These changes have been applied retrospectively using the Statement of Financial Position as at 1 July 2021. The impact of the changes in accounting policies have been detailed below:

	2021	Adjustment	Restated
		$	$
Consolidated Statement of Profit and Los			
Forestry Expenses	247,475	(247,475)	-
Interest Paid	212,788	(125,145)	87,643
Movement in Fair Value of Trees	(393,279)	247,475	(145,804)
Income tax expense	-	2,788,593	2,788,593
Profit for the year	1,316,809	(2,663,448)	(1,346,639)
Total Comprehensive Income for the year	3,634,316	(2,663,448)	970,868
Consolidated Statement of Changes in Equity			
Retained Earnings	1,316,809	(2,663,448)	(1,346,639)
Closing Equity 30 June 2021	57,457,341	(2,663,448)	54,793,893
Consolidated Statement of Financial Position			
Inventory	-	23,738,493	23,738,493
Investment Property	22,063,052	(15,554,566)	6,508,486
Right of Use Assets	-	346,476	346,476
Property Development WIP	8,058,782	(8,058,782)	-
Total Assets	67,873,979	471,621	68,345,600
Trade Payables	1,051,860	(100,000)	951,860
Provisions	-	100,000	100,000
Right of Use Lease Liability	-	(346,476)	(346,476)
Deferred Tax Liability	-	(2,788,593)	(2,788,593)
Total Liabilities	(10,416,634)	(3,135,069)	(13,551,703)
Net Assets	57,457,341	(2,663,448)	54,793,893
Retained Earnings	(22,019,712)	2,663,448	(19,356,264)
Total Equity	(57,457,341)	2,663,448	(54,793,893)

Committee of Management


David Thomas
NWTL Chairman


Tanira Kingi
WFL Chairman


Hariata Ngatai


Tamarapa Lloyd


Geoffrey Rolleston


Matthew Heke


David Tapsell


Mereana Corbett


Moerangi Vercoe

Farming Staff


Ben Parsons
Operations Manager


John Vercoe
Block Manager - Wharenui


Rob Jones
Block Manager - Tihiotonga


Paul King
General Hand - Wharenui


Tamakari Vercoe-Kameta
Shepherd General


Wade Rika
Shepherd General

Corporate Office


Ray Morrison
General Manager


Audrey Herewini
Group Services Coordinator


Sharon Porter
Administrator Engagement Coordinator

Accountant:
GHA

Auditor:
BDO Rotorua Limited

Bank:
Westpac, Rotorua

Farm Consultants:
Perrin Ag

Forestry Manager:
Prime Forestry Management

OUR WHAKATAUKI

Mana Whenua, Mana Tāngata.

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

OUR VALUES

- Kaitiaki
- Whakapono
- Aroha
- Kotahitanga