



Te Whenua, Te Tāngata, Te Ao Āmua
The Land, The People, The Future

PALMERSTON NORTH MĀORI RESERVE TRUST

CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2023



PALMERSTON NORTH MĀORI RESERVE TRUST
TABLE OF CONTENTS

Contents	Page
Consolidated Statement of Profit and Loss and Other Comprehensive Income	3
Consolidated Statement of Changes in Equity	4
Consolidated Statement of Financial Position	5
Consolidated Statement of Cash Flows	6
Notes to and forming part of the Consolidated Financial Statements	7-18
Independent Auditor’s Report	19-21

PALMERSTON NORTH MĀORI RESERVE TRUST
CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 \$	2022 (Restated) \$
Income			
Gross Rental Income	12	7,499,269	7,228,885
Other Income		28,575	29,901
Total Income		7,527,844	7,258,787
Expenses			
Direct Property Expenses	12	(2,317,663)	(2,107,074)
Administration Expenses	14	(1,054,601)	(937,642)
Depreciation		(67,528)	(56,364)
Total Expenses		(3,439,792)	(3,101,081)
Operating Profit Before Tax		4,088,052	4,157,706
Finance Costs			
Finance Income	13	402,210	86,925
Finance Expenses	13	(1,822,514)	(738,096)
Net Finance Costs		(1,420,304)	(651,171)
Operating Profit After Net Financing Costs		2,667,748	3,506,535
Non-Operating Revenue and Expenses			
Share of Equity Accounted Investees Investment Property Revaluation for the Year	5	(54,000)	4,229,500
Share of Equity Accounted Investees Trading Profit for the Year	5	172,000	1,066,000
Investment Property Revaluation	4	(7,423,708)	8,114,060
Donation to Ngahuru Charitable Trust		-	(76,691)
Loss on Sale of Investment Property	4	(720,000)	(3,324,000)
Profit/(Loss) Before Income Tax		(5,357,960)	13,515,405
Income Tax Expense	15	(458,901)	(592,278)
Profit/(Loss) for the Year		(5,816,861)	12,923,127
Total Comprehensive Income/(Deficit) for the Year		\$(5,816,861)	\$12,923,127

PALMERSTON NORTH MĀORI RESERVE TRUST
CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 MARCH 2023

	Note	Retained Earnings \$	Discretionary Reserve \$	Total Equity \$
Balance as at 1 April 2021		94,710,492	82,034	94,792,526
Profit for the Year (Restated)		12,923,127	-	12,923,127
Total Comprehensive Income for the Year		12,923,127	-	12,923,127
<i>Other Movements</i>				
Transfer to Discretionary Reserve from Distributions and Unclaimed Distributions	11	-	8,251	8,251
Total Other Movements		-	8,251	8,251
<i>Transactions With Owners of the Trust in their Capacity as Owners</i>				
Distributions Paid	9	(954,159)	-	(954,159)
Balance as at 31 March 2022 (Restated)		106,679,460	90,285	106,769,745
Loss for the Year		(5,816,861)	-	(5,816,861)
Total Comprehensive Loss for the Year		(5,816,861)	-	(5,816,861)
<i>Other Movements</i>				
Transfer to Discretionary Reserve from Distributions and Unclaimed Distributions	11	-	8,251	8,251
Total Other Movements		-	8,251	8,251
<i>Transactions With Owners of the Trust in their Capacity as Owners</i>				
Distributions Paid	9	(954,159)	-	(954,159)
Balance as at 31 March 2023		\$99,908,440	\$98,536	\$100,006,976

PALMERSTON NORTH MĀORI RESERVE TRUST
CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 MARCH 2023

	Note	2023 \$	2022 (Restated) \$
EQUITY			
Discretionary Reserve	11	98,536	90,285
Retained Earnings		99,908,440	106,679,460
Total Equity		\$100,006,976	\$106,769,745
ASSETS			
Current Assets			
Trade and Other Receivables		56,987	72,284
Prepayments		99,048	74,634
Cash and Cash Equivalents	6	2,350,693	1,355,394
Total Current Assets		2,506,728	1,502,312
Non - Current Assets			
Property, Plant and Equipment		389,766	296,392
Investment Properties	4	106,610,000	111,710,000
Investment in Equity Accounted Investees	5	18,019,000	18,401,000
Related Party Receivables	7	7,259,926	7,039,263
Investment Property Work in Progress	4	88,759	88,759
Total Non - Current Assets		132,367,451	137,535,414
TOTAL ASSETS		134,874,179	139,037,726
LIABILITIES			
Current Liabilities			
Trade Payables and Other Current Liabilities	10	702,250	527,121
Payable for 19, 21, 27 Ngata St & 38 Carroll St Leasehold Interest		-	1,620,000
Income Tax Payable	15	82,863	202,754
Unclaimed Distributions	9	1,812,083	1,865,988
Interest-Bearing Loans and Borrowings	8	31,218,225	960,000
Total Current Liabilities		33,815,421	5,175,863
Non - Current Liabilities			
Interest-Bearing Loans and Borrowings	8	-	26,118,323
Deferred Tax Liability	15	1,051,782	973,795
Total Non - Current Liabilities		1,051,782	27,092,118
TOTAL LIABILITIES		34,867,203	32,267,981
NET ASSETS		\$100,006,976	\$106,769,745

Approved for and on behalf of the Trustees on 29 June 2023.



Trustee



Trustee

PALMERSTON NORTH MĀORI RESERVE TRUST
CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 MARCH 2023

	Note	2023 \$	2022 \$
Cash Flows From Operating Activities			
Cash Receipts From Operating Leases		7,563,803	7,240,050
Cash Paid to Suppliers and Employees		(3,446,511)	(3,469,246)
Interest Received		154,084	86,925
Interest Paid		(1,698,028)	(738,096)
Income Taxes Paid	15	(500,805)	(476,248)
Net GST Received		64,371	22,048
Net Cash Inflow From Operating Activities		2,136,914	2,665,434
Cash Flows From Investing Activities			
Purchase of Property, Plant and Equipment		(145,459)	(83,160)
Purchase of Investment Property		(5,263,708)	(2,830,972)
Proceeds From Sale of Investment Property	4	600,000	-
Distribution Received from Equity Accounted Investee	5	500,000	-
Repayment of Related Party Advances	7	27,463	86,996
Net Cash (Outflow) From Investing Activities		(4,281,704)	(2,827,136)
Cash Flows From Financing Activities			
Drawdown of Borrowings	8	5,700,000	-
Repayment of Borrowings	8	(1,560,098)	(960,000)
Net Cash Inflow/(Outflow) From Financing Activities		4,139,902	(960,000)
Cash Distributions to Owners			
Distributions Paid to Owners	9	(999,813)	(727,643)
Net Increase/(Decrease) in Cash and Cash Equivalents		995,299	(1,849,346)
Cash and Cash Equivalents at Beginning of Year		1,355,394	3,204,740
Cash and Cash Equivalents at End of Year	6	\$2,350,693	\$1,355,394

PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

1. REPORTING ENTITY

The consolidated financial statements of Palmerston North Māori Reserve Trust, which is domiciled in New Zealand, as at and for the year ended 31 March 2023 comprise the Trust and its subsidiaries (together referred to as the “Group”) and individually as “Group entities” and the Group’s equity accounted interests in associates.

Palmerston North Māori Reserve Trust is an Ahu Whenua Trust constituted by the New Zealand Māori Land Court Order of 16 December 2003 pursuant to Sec 244 of the Te Ture Whenua Māori Act 1993 which varied the original Trust Deed of 1977, and the subsequent variations of Deed made on 5 November 1999 and May 1993. For the purposes of complying with generally accepted accounting practice in New Zealand (“NZ GAAP”) the Group is a for-profit entity.

2. BASIS OF PREPARATION

(a) Statement of Compliance

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

These financial statements were authorised for issue by the Trustees on 29 June 2023.

(b) Basis of Measurement

The financial statements have been prepared on the historical cost basis except for investment properties which are carried at fair value.

(c) Functional and Presentation Currency

The financial statements are presented in New Zealand dollars (\$) which is the Trust’s functional and Group’s presentation currency.

(d) Use of Estimates and Judgements

The preparation of the financial statements in conformity with NZ IFRS (RDR) requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

The determination of the fair value of investment properties requires the use of key estimates. Information on those estimates is provided in Note 4.

The accounting policies set out below and in other relevant notes have been applied consistently to all periods presented in these financial statements and have been applied consistently by Group entities.

(e) Basis of Consolidation

Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of the subsidiary are included in the consolidated financial statements from the date that control commences until the date that control ceases.

PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

2. BASIS OF PREPARATION (cont.)

Investments in Equity Accounted Investees

Associates are those entities in which the Group has significant influence, but not control, over the financial and operating policies. Significant influence is presumed to exist when the Group holds between 20% and 50% of the voting power of another entity.

Investments in associates are accounted for using the equity method and are recognised initially at cost. The cost of the investment includes transaction costs.

The consolidated financial statements include the Group's share of the profit or loss and other comprehensive income of equity accounted investees, after adjustments to align the accounting policies with those of the Group, from the date that significant influence commences until the date that significant influence ceases.

When the Group's share of losses exceeds its interest in an equity accounted investee, the carrying amount of the investment, including any long-term investments that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Group has an obligation or has made payments on behalf of the investee.

Transactions Eliminated on Consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with equity accounted investees are eliminated against the investment to the extent of the Group's interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

(f) Impairment for Non-Financial Assets

The carrying amounts of the Group's non-financial assets, other than investment property and deferred tax, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. Any impairment loss is recognised in profit and loss.

The recoverable amount of an asset is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(g) Good and Services Tax (GST)

Revenue, expenses, assets and liabilities are recognised net of the amount of goods and services tax ("GST") except for receivables and payables which are recognised inclusive of GST. The net amount of GST recoverable from or payable to the IRD is included as part of other current assets or other current liabilities in the Statement of Financial Position.

PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

3. RESTATEMENT OF PRIOR PERIOD

In October 2021 the Trust entered into an agreement to sell the investment properties 8-28 Carroll Street, Palmerston North and 3-17 Ngata Street, Palmerston North for \$3,476,000 to Metlifecare Palmerston North Limited (which the trust owns 50% of).

The consolidated financial statements for the year ended 31 March 2022 included the properties as still being under the ownership of the Trust, and had a carrying value of \$7,100,000 (2021: \$6,800,000) based on the market valuation completed by Colliers International (Wellington Valuation) Limited.

The comparative information for the year ended 31 March 2022 has been restated to account for the disposal of property and resulting loss on sale. The following restatement has been made:

	Original \$	Restated \$	Adjustment \$
Consolidated Statement of Profit or Loss and Other Comprehensive Income			
Investment Property Revaluation	8,414,060	8,114,060	(300,000)
Loss of Sale of Investment Property	-	(3,324,000)	(3,324,000)
Total Comprehensive Income for the Year	16,547,127	12,923,127	(3,624,000)
Consolidated Balance Sheet			
Retained Earnings	110,303,460	106,679,460	(3,624,000)
Investment Properties	118,810,000	111,710,000	(7,100,000)
Related Party Receivables	3,563,263	7,039,263	3,476,000

The affected notes have been updated to reflect the restatements above.

4. INVESTMENT PROPERTIES

Investment property is property held either to earn rental income or for capital appreciation or for both, but not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes. Investment property is measured at cost on initial recognition and subsequently at fair value with any change therein recognised in profit or loss.

Investment property comprises a number of commercial and residential properties that are leased to third parties, and a number of bare development properties. For residential properties the lease terms range from six months to 12 months and commercial properties have leases negotiated with periods ranging from three years to 15 years with various rights of renewals.

The Group's accounting policies for investment properties require the determination of fair value. Fair values have been determined for measurement purposes based on the following method. When applicable, further information about the assumptions made in determining fair values is disclosed in this note.

Highest and best use has been determined as each of the investment property's current use and therefore fair value has been determined as follows:

An external, independent valuation company (Colliers International (Wellington Valuation) Limited), having appropriate recognised professional qualifications and recent experience in the location and category of property being valued, values the Group's investment property portfolio every year. The fair values are based on market values, being the estimated amount for which a property could be exchanged on the date of the valuation between a willing buyer and a willing seller in an arm's length transaction after proper marketing wherein the parties had each acted knowledgeably.

In the absence of current prices in an active market, the valuations are prepared by considering the estimated rental value of the property. A market yield is applied to the estimated rental value to arrive at the gross property valuation.

Valuations reflect, when appropriate, the type of tenants actually in occupation or responsible for meeting lease commitments or likely to be in occupation after letting vacant accommodation, the allocation of maintenance and insurance responsibilities between the Group and the lessee, and the remaining economic life of the property. When rent reviews or lease renewals are pending with anticipated reversionary increases, it is assumed that all notices, and when appropriate counter-notices, have been served validly and within the appropriate time.

Colliers International (Wellington Valuation) Limited have valued all investment properties for financial reporting purposes at 31 March 2022 and 31 March 2023.

PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

4. INVESTMENT PROPERTIES (cont.)

	2023	2022 (Restated)
	\$	\$
Balance at 1 April	111,710,000	105,745,000
Additions		
Steve's Tyres Development	-	31,235
152-166 Rangitikei Street	3,568,263	2,589,705
Purchase of Leasehold Interest in 121 Grey Street	-	330,000
Purchase of Leasehold Interest in 19, 21, 27 Ngata & 38 Carroll Street	-	1,700,000
Smith City Storeroom, 168 Rangitikei Street	75,445	-
Funds from Sale		
Sale of 8-28 Carroll Street and 3-17 Ngata Street to Metlifecare JV	-	(3,476,000)
Sale of 19 & 21 Ngata Street to Metlifecare JV	(600,000)	-
Loss on Sale of Investment Property	(720,000)	(3,324,000)
	2,323,708	(2,149,060)
Change in fair value	(7,423,708)	8,114,060
Balance at 31 March	\$106,610,000	\$111,710,000

Carrying Value of Individual Properties at Fair Value:	2023	Additions	Disposals	Change in Fair Value	2022 (Restated)
	\$	\$	\$	\$	\$
Countdown Supermarket - 247 Rangitikei Street, PN	17,250,000	-	-	(750,000)	18,000,000
Tikei Mall - 168 Rangitikei Street, PN	16,300,000	75,445	-	(875,445)	17,100,000
Nash Street Dev. (Mitre 10 Mega) - 250-270 Featherston Street, PN	25,700,000	-	-	(3,000,000)	28,700,000
	59,250,000	75,445	-	(4,625,445)	63,800,000
<i>Hostels</i>					
Palmy 31 - 31 Ngata Street, PN	3,400,000	-	-	700,000	2,700,000
Baxters - 7-11 Ranfurly Street, PN	2,300,000	-	-	50,000	2,250,000
	5,700,000	-	-	750,000	4,950,000
<i>Other</i>					
272-276 Featherston Street, PN	1,360,000	-	-	110,000	1,250,000
61-65 Grey Street, PN	1,010,000	-	-	(40,000)	1,050,000
67-71 Grey Street, PN	1,470,000	-	-	(80,000)	1,550,000
77-83 Grey Street, PN	710,000	-	-	(140,000)	850,000
152-166 Rangitikei Street, PN *(A)	7,310,000	3,568,263	-	(1,758,263)	5,500,000
38 Carroll Street, PN	710,000	-	-	(40,000)	750,000
46 Carroll Street & 33 Ngata Street, PN	2,565,000	-	-	(35,000)	2,600,000
35 Grey Street, PN	515,000	-	-	(55,000)	570,000
33-41 Grey Street, PN	2,450,000	-	-	(250,000)	2,700,000
51-59 Grey Street, PN	2,650,000	-	-	(50,000)	2,700,000
121 Grey Street, PN	750,000	-	-	(50,000)	800,000
19 Ngata Street, PN *(B)	-	-	(920,000)	-	920,000
21 Ngata Street, PN *(B)	-	-	(400,000)	-	400,000
27 Ngata Street, PN	760,000	-	-	(40,000)	800,000
32 Ngata Street, PN	830,000	-	-	5,000	825,000
34 Ngata Street, PN	770,000	-	-	35,000	735,000
26, 26a Fitchett Street, PN	555,000	-	-	(45,000)	600,000
30 Fitchett Street, PN	700,000	-	-	(80,000)	780,000
34 Fitchett Street, PN	720,000	-	-	(80,000)	800,000
40 Fitchett Street, PN	630,000	-	-	(50,000)	680,000
42 Fitchett Street, PN	610,000	-	-	(70,000)	680,000
46, 46a Fitchett Street, PN	630,000	-	-	(80,000)	710,000
48 Fitchett Street, PN	650,000	-	-	(80,000)	730,000
3 Nash Street & 16 Ngata Street, PN	850,000	-	-	-	850,000
9, 11, 15 Nash Street & 26 Ngata Street, PN	1,230,000	-	-	-	1,230,000
22-24 Ngata Street, PN	2,100,000	-	-	(100,000)	2,200,000
28 - 30 Ngata Street, PN *(C)	1,600,000	-	-	(100,000)	1,700,000
81-87 Thorndon Quay & 89-95 Thorndon Quay, Wgtn	7,525,000	-	-	(475,000)	8,000,000
	41,660,000	3,568,263	(1,320,000)	(3,548,263)	42,960,000
	\$106,610,000	\$3,643,708	\$(1,320,000)	\$(7,423,708)	\$111,710,000

*(A) Building construction and development for 152-166 Rangitikei Street was completed during the current financial year in July 2022.

*(B) The investment properties were sold to Metlife Palmerston North Limited (which the Trust owns 50% of) during the year.

*(C) 28 - 30 Ngata Street included 28a, 28b, 28c, 28d and 30a and 30b.



PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

4. INVESTMENT PROPERTIES (cont.)

Investment Property Work in Progress at Cost

Investment property work in progress is measured at fair value unless fair value cannot be reliably measured, at which time it will be measured at cost.

Cost of investment property includes expenditure that is directly attributable to the acquisition of the investment property. The cost of self-constructed investment property includes the cost of materials and direct labour, and any other costs directly attributable to bringing the investment property to a working condition for their intended use.

	152 - 166 Rangitikei	168 Rangitikei Street	Steve's Tyres	Other Developments	Total
	\$	\$	\$	\$	\$
Balance at 31 March 2021	100,531	-	-	52,184	152,715
Costs incurred	2,489,174	-	31,235	36,575	2,556,985
Transferred to investment property at fair value	(2,589,705)	-	(31,235)	-	(2,620,941)
Balance at 31 March 2022	\$ -	\$ -	\$ -	\$ 88,759	\$ 88,759
Costs incurred	3,568,263	75,445	-	-	3,643,708
Transferred to investment property at fair value	(3,568,263)	(75,445)	-	-	(3,643,708)
Balance at 31 March 2023	-	-	-	\$88,759	\$88,759

Other Developments at 31 March 2023 is in relation to a Baxters development, which is in an early stage of development.

5. INVESTMENT IN EQUITY ACCOUNTED ASSOCIATES

Palmerston North Māori Reserve Trust holds the following voting interests in the following entities and as such has significant influence but not control of the entities. The Group has classified the investments listed as associates and it is accounting for them using the equity method.

Investee	Balance Date	Place of Business/Country of Incorporation	Ownership Percentage	
			2023	2022
Hikoikoi Management Limited	31-Mar	NZ	50%	50%
Metlifecare Palmerston North Limited	30-Jun	NZ	50%	50%

The Group has no commitments and no contingencies in relation to its investments in associates.

Non-current investment in Associate

	Hikoikoi Management Limited	Metlifecare Palmerston North Limited	Total
	\$	\$	\$
Balance at 31 March 2021	-	13,105,500	13,105,500
Share of trading profit	-	1,066,000	1,066,000
Share of investment property revaluation profit	-	4,229,500	4,229,500
Balance at 31 March 2022	-	18,401,000	18,401,000
Share of trading profit	-	172,000	172,000
Share of investment property revaluation profit/(loss)	-	(54,000)	(54,000)
Dividends received	-	(500,000)	(500,000)
Balance at 31 March 2023	\$ -	\$18,019,000	\$18,019,000

Hikoikoi Management Limited has no profit/(loss) for the years ended 31 March 2022 and 31 March 2023.

Assets and Liabilities of Associates

	Hikoikoi Management Limited	Metlifecare Palmerston North Limited	Total
	\$	\$	\$
Current Assets	116,779	2,636,000	2,752,779
Non-current Assets	1,103,918	79,901,000	81,004,918
Total Assets	1,220,697	82,537,000	83,757,697
Current Liabilities	203,722	2,787,000	2,990,722
Non-current Liabilities	1,016,975	43,714,000	44,730,975
Total Liabilities	1,220,697	46,501,000	47,721,697
Net Assets	\$ -	\$36,036,000	\$36,036,000

Assets and Liabilities of Associates

	Hikoikoi Management Limited	Metlifecare Palmerston North Limited	Total
	\$	\$	\$
Current Assets	49,064	12,124,000	12,173,064
Non-current Assets	1,133,035	60,402,000	61,535,035
Total Assets	1,182,099	72,526,000	73,708,099
Current Liabilities	114,125	11,246,000	11,360,125
Non-current Liabilities	1,067,974	24,479,000	25,546,974
Total Liabilities	1,182,099	35,725,000	36,907,099
Net Assets	\$ -	\$36,801,000	\$36,801,000



PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash on hand, deposits on call with banks, other short-term highly liquid investments with original maturities of three months or less.

Bank overdrafts that are repayable on demand and form an integral part of the Group's cash management are included as a component of cash and cash equivalents for the purpose of the statement of cash flows.

	2023 \$	2022 \$
Bank Balances	2,350,693	1,355,394
Total cash and cash equivalents	\$2,350,693	\$1,355,394

Interest rate charged on overdrawn bank balances and interest received on call deposits were 13.30% and 2.10% respectively (2022: 9.75% and 0.15%). Bank balances are on call. Total overdraft available at reporting date is \$250,000 (2022: \$250,000).

7. RELATED PARTY RECEIVABLES

Related party relationships are detailed in note 17. The balances below have arisen from a combination of trading activities and loans.

Transactions with related parties are to be settled in cash. None of these balances are secured. There have been no impairments of related party balances during the year (2022: nil) and there have been no write-offs of related party balances during the year (2022: nil).

Related Party (refer to note 17) Balances at year end included:	Interest Rate	2023 \$	2022 (Restated) \$
Receivable from Investment Property Sales - Metlifecare Palmerston North Limited	6.25%	3,724,126	3,476,000
Receivable from Loans - Wharewaka o Pōneke Charitable Trust	3.50%	3,063,016	3,063,016
Receivable from Trading Activities and Loans - Hikoikoi Management Limited	6.71%	472,784	500,248
		\$7,259,926	\$7,039,263
Related Party Balances			
Non-Current Related Party Receivables		7,259,926	7,039,263
		\$7,259,926	\$3,563,263
Reconciliation			
Balance at Beginning of Year		7,039,263	3,650,259
Net Payments/(Receipts)		(27,463)	(86,996)
Accrued interest on Metlife Palmerston North Limited Advance		248,126	-
Receivable from Investment Property Sales - Metlifecare Palmerston North Limited (see note 3)		-	3,476,000
Balance at End of the Year		\$7,259,926	\$7,039,263

8. INTEREST-BEARING LOANS AND BORROWINGS

	Maturity Date	Interest Rate
Westpac Banking Corporation 91 Loan	31/03/2024	7.50%

	2023 \$	2022 \$
Balance at Beginning of Year	27,078,323	28,038,323
Drawdown	5,700,000	-
Interest	1,822,494	726,510
Repayments	(3,382,592)	(1,686,510)
Balance at End of the Year	\$31,218,225	\$27,078,323
Current	31,218,225	960,000
Non-current	-	26,118,323
	\$31,218,225	\$27,078,323

Borrowings are initially recognised at fair value net of transaction costs and subsequently carried at amortised cost.

The bank loans are secured over certain investment properties with a carrying amount of \$89,170,000 (2022: \$92,150,000).

Whilst the Westpac loan is expected to be refinanced on similar terms prior to the maturity date of 31 March 2024, as this has yet to be formally agreed upon with the bank the entire balance of the loan has been classified as a current liability.

* Subsequent to balance date and audit opinion, the loan was refinanced for another term to 30 June 2025.



PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

9. UNCLAIMED DISTRIBUTIONS

Unclaimed distributions represent distributions declared by Palmerston North Māori Reserve Trust but that have not been claimed by the respective beneficial owner. Unclaimed distributions are held on demand for the rightful beneficial owner. Palmerston North Māori Reserve Trust has sufficient access to capital to pay all unclaimed distributions if they were called.

	2023 \$	2022 \$
Balance at Beginning of Year	1,865,988	1,647,723
Distribution Declared	954,159	954,159
Net Distributions Claimed	(1,008,064)	(735,894)
Balance at End of the Year	\$1,812,083	\$1,865,988
Reconciliation to Cashflow		
Net Distributions Claimed	(1,008,064)	(735,894)
Distribution relating to shares held by the Trust (refer to note 11)	8,251	8,251
	\$(999,813)	\$(727,643)

10. TRADE AND OTHER PAYABLES AND OTHER CURRENT LIABILITIES

	2023 \$	2022 \$
Trade Payables	119,377	152,344
Bonds Payable	(62)	39,670
Accrued Expenses	281,437	118,642
GST Payable	117,647	54,320
Income Received in Advance	183,851	162,146
	\$702,250	\$527,121

Trade payables are initially recognised at fair value net of transaction costs and subsequently carried at amortised cost. Trade payables generally have terms of 30 days and are interest free. Trade payables of a short-term duration are not discounted.

11. DISCRETIONARY RESERVE

	2023 \$	2022 \$
Balance at the Beginning of the Year	90,285	82,034
Distribution relating to shares held by the Trust	8,251	8,251
Total Distributions Transferred	8,251	8,251
Balance at End of the Year	\$98,536	\$90,285

A parcel of 1,650 shares were originally transferred to the Trust from the Māori Trustee (on the basis that the owners could no longer be identified), these shares have been accumulating distributions since the transfer took place.

During the 2018 year the Trustees resolved that these unclaimed distributions could be applied to specific activities as resolved by the Trustees. There was no allocation to the Rangitahi Leadership Wānanga as it was not held in 2023 (2022: \$nil).

12. RENTAL INCOME

Rental income from investment property (net of incentives provided to lessees) is recognised in profit or loss on a straight-line basis over the term of the lease.

	2023 Gross Rental Income \$	2023 Direct Property Expenses \$	2023 Net Rental Income \$
Tikei Mall	1,267,708	(365,047)	902,661
Nash Street Development	1,851,505	(336,720)	1,514,785
Countdown Supermarket	1,245,500	(150,178)	1,095,322
Hostel Accommodation	1,104,562	(685,535)	419,027
Thorndon Quay - Haukawa LP	338,766	(188,440)	150,326
Other	1,691,228	(591,743)	1,099,485
	\$7,499,269	\$(2,317,663)	\$5,181,606

PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

12. RENTAL INCOME (cont.)

	2022		
	Gross Rental Income	Direct Property Expenses	Net Rental Income
	\$	\$	\$
Tikei Mall	1,294,878	(279,109)	1,015,769
Nash Street Development	1,895,698	(352,611)	1,543,087
Countdown Supermarket	1,245,500	(101,013)	1,144,487
Hostel Accommodation	1,057,957	(651,605)	406,352
Thorndon Quay - Haukawa LP	286,382	(175,512)	110,871
Other	1,448,471	(547,225)	901,246
	\$7,228,885	\$(2,107,074)	\$5,121,811

The Group has a number of operating leases for both commercial and residential property related to its investment properties. Where possible the Group always endeavours to sublease vacant spaces on short-term lets. Rental income recognised under non-cancellable operating leases during the year was \$7,499,269 (2022: \$7,228,885).

13. FINANCE COSTS

Finance income comprises interest income on funds invested. Interest income is recognised as it accrues in profit or loss, using the effective interest method.

Finance costs comprise interest expense on borrowings and impairment losses recognised on financial assets (other than trade receivables). Interest expense is recognised using the effective interest method.

Finance Income - Assets at Amortised Cost

	2023 \$	2022 \$
Interest Income from Loans - Metlifecare Palmerston North Limited (refer to note 7)	248,126	-
Interest Income from Loans - Wharewaka o Pōneke Charitable Trust (refer to note 17)	114,375	60,375
Interest Income from Loans and Trade Receivables - Hikoikoi Management Limited (refer to note 17)	30,134	25,785
Interest Income - Westpac	9,575	765
	402,210	86,925

Finance Expense - Liabilities at Amortised Cost

Interest Expense - Westpac	(1,822,514)	(737,521)
Interest Expense - other	-	(575)
	(1,822,514)	(738,096)

Net Finance Expense

	\$(1,420,304)	\$(651,171)
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14. ADMINISTRATION EXPENSES

	2023 \$	2022 \$
Accountancy Fees	65,607	56,317
Audit Fees	41,270	36,553
Bad Debts	-	826
Bank Charges	4,609	1,759
Cleaning & Laundry	2,767	2,804
Computer Expenses	5,560	429
Consultancy Fees	-	3,121
Executive Office (refer to note 17)	526,077	445,829
General Expenses	10,165	9,529
Insurance	32,417	29,699
Koha	3,500	1,000
Legal Fees	73,262	79,270
Loss on Disposal of Property, Plant and Equipment	456	-
Owners' Meetings	28,213	25,555
Postage, Printing & Stationery	22,009	9,164
Memberships & Subscriptions	10,088	10,084
Tangi Contributions	1,200	1,000
Telephone & Internet	2,339	2,203
Trustees' Remuneration (refer to note 17)	173,333	185,333
Trustees' Expenses	51,729	37,166
	\$1,054,601	\$937,642



PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

15. INCOME TAX

Tax expense comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to items recognised directly in equity or in other comprehensive income, when it will be recognised in equity or other comprehensive income respectively.

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 is recognised in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for:

- Temporary differences on the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or
- Temporary differences related to investments in subsidiaries and associates, where the reversal of the difference is controlled by the Group, and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, using tax rates enacted or substantively enacted at the reporting date.

In determining the amount of current and deferred tax the Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. The Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. New information may become available that causes the Group to change its judgement regarding the adequacy of existing tax liabilities; such changes to tax liabilities will impact tax expense in the period that such a determination is made.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis, or their tax assets and liabilities will be realised simultaneously. Deferred tax assets are only recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

	2023	2022 (Restated)
	\$	\$
a) Income tax recognised in profit or loss		
Current tax	380,914	517,050
Prior period adjustment	2,287	-
Deferred tax expense	75,700	75,228
Total income tax expense	\$458,901	\$592,278
b) Reconciliation of income tax expense		
Profit before income tax expense	(5,357,960)	13,515,405
Tax expense at 17.5%	(937,643)	2,365,196
Non-deductible expenses	10,692	22,295
Deductible of leasehold purchase	(107,632)	(34,125)
Non-assessable investment property revaluation	1,299,149	(1,419,960)
Non-assessable equity accounted earnings	(20,650)	(926,713)
Dividend received from equity accounted investee	87,500	-
Non-deductible loss on sale of investment property	126,000	581,700
Tax deductible depreciation	(4,412)	(5,886)
Income taxed at different rates	2,349	9,771
Prior period adjustments	2,287	-
Income tax losses not recognised	1,261	-
Total income tax expense	\$458,901	\$592,278
c) Current tax		
Asset/(liability) at 1 April	(202,754)	(161,952)
Current year tax expense	(380,914)	(517,050)
Payments	500,805	476,248
Asset/(liability) at 31 March	\$(82,863)	\$(202,754)



PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

15. INCOME TAX (cont.)

d) Deferred tax

Balance at the beginning of the year
Prior period adjustments
Current year movement
Deferred tax asset/(liability)

Deferred tax assets/(liabilities) are attributable to the following:

Accrued Expenses
Investment Properties

e) Māori Authority Tax Credit Account

Balance at the beginning of the year
Current year movement

2023 \$	2022 \$
(973,795)	(898,566)
(2,287)	-
(75,700)	(75,228)
\$(1,051,782)	\$(973,795)
15,901	9,484
(1,067,683)	(983,279)
\$(1,051,782)	\$(973,795)
5,995,933	5,515,141
500,464	480,792
\$6,496,397	\$5,995,933

16. FINANCIAL INSTRUMENTS

Financial Assets

The Group classifies its financial assets as amortised cost, the Group's accounting policy is as follows:

These assets arise principally from the provision of services to customers (e.g. trade receivables), but also incorporates 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.

The Group's financial assets measured as amortised cost comprise trade and other receivables, related party loans (note 7) and cash and cash equivalents (note 6) in the consolidated statement of financial position.

Financial Liabilities

The Group's financial liabilities comprise of borrowings, trade and other payables and unclaimed distributions for which is classified as amortised cost, the Group's accounting policy is as follows:

Such interest-bearing liabilities are initially measured at fair value net of transaction costs and 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.

Impairment for financial assets measured at amortised cost

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. During this process the probability of the non-payment of the trade receivables is assessed. This probability is then multiplied by the amount of the expected loss arising from default to determine the lifetime expected credit loss for the trade receivables. For trade receivables, which are reported net, such provisions are recorded in a separate provision account with the loss being recognised in profit and loss. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

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

Financial Assets at Amortised Cost

Trade and Other Receivables
Cash and Cash Equivalents
Related Party Receivables

Financial Liabilities at Amortised Cost

Trade and Other Payables
Unclaimed Distributions
Interest-bearing loans and borrowings

2023 \$	2022 \$(Restated) \$
29,354	30,927
2,350,693	1,355,394
7,259,926	7,039,263
\$9,639,973	\$8,425,584
400,752	310,655
1,812,083	1,865,988
31,218,225	27,078,323
\$33,431,060	\$29,254,966

PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

17. RELATED PARTIES

The ultimate Parent of the Group is Palmerston North Māori Reserve Trust. All Related Party loans are shown in note 7.

Subsidiaries

Set out below is the significant subsidiaries of the Group:

	Principal Activity	Balance Date	Place of Business/Country of Incorporation	Ownership Percentage	
				2023	2022
Baxters Limited	Hostel	March	NZ	100%	100%
Haukawa Limited Partnership	Accommodation	March	NZ	100%	100%
	Investment Property	March	NZ	100%	100%

Other Related Parties

In addition to the above, and the associates listed in note 5, Palmerston North Māori Reserve Trust is related to the following entities:

Entity	Relationship
Wharewaka o Pōneke Charitable Trust	Palmerston North Māori Reserve Trust has the right to appoint two trustees
Wharewaka o Pōneke Enterprises Limited	Common Trusteeship/Directorship
Wellington Tenth Trust	Common Trusteeships
Ngahuru Charitable Trust	Common Trusteeships

Transactions with related parties

Related Party Transactions included:

	2023	2022
		(Restated)
	\$	\$
Interest received from Wharewaka o Pōneke Charitable Trust (refer to note 13)	114,375	60,375
Interest received from Metlife Palmerston North Limited (refer to note 13)	248,126	-
Interest received from Hikoikoi Management Limited (refer to note 13)	30,134	25,785
Executive office fees charged by Hikoikoi Management Limited (refer to note 14)	(526,077)	(445,829)
Loss on sale of investment properties to Metlife Palmerston North Limited	(720,000)	(3,324,000)
Donation to Ngahuru Charitable Trust	-	(76,691)
	\$(853,442)	\$(3,760,360)

Balances of Related Party Loans are shown in note 7 and are required to be settled in cash.

Executive office fees are charged by Hikoikoi Management Limited covering expenses incurred in the management and administration of the Palmerston North Māori Reserve Trust and Wellington Tenth Trust.

During the year, the Trust sold investment properties to Metlife Palmerston North Limited (which the Trust owns 50% of) which had a carrying value at 31 March 2022 of \$1,320,000 for \$600,000, recording a loss on sale of \$720,000 (see note 4).

Trustee Remuneration

Trustee fees are determined by way of resolution at the Trust's annual general meeting. Trustee remuneration by trustee is as follows:

	2023	2022
	\$	\$
Liz Mellish (Chairman)	60,000	60,000
Jeanie Hughes	16,000	16,000
Paula King	16,000	16,000
Matthew Love-Parata	16,000	16,000
Wiki Michalanney	16,000	16,000
Ann Reweti	16,000	16,000
Aisha Ross	16,000	16,000
Mark Te One (Term ended 31 January 2022)	-	13,333
Takiri Cotterill	16,000	16,000
Richard Te One (Appointed March 2023)	1,333	-
	\$173,333	\$185,333

18. EQUITY MANAGEMENT

The Group's equity (net assets) relates to retained earnings and the Discretionary Reserve (refer note 11).

The Group manages its equity through the use of budgets and business cases to determine future capital requirements. There are no externally imposed capital requirements at the end of the year or during each reporting period.

The Group's policies in respect of equity management and allocation are reviewed regularly by the Trustees. There have been no material changes in the Group's management of equity during the year.



PALMERSTON NORTH MĀORI RESERVE TRUST
NOTES TO AND FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2023

19. COMMITMENTS

There are no capital commitments at 31 March 2023 (2022: \$3,485,295 towards the completion of the 152 - 166 Rangitikei Street development).

20. CONTINGENT LIABILITIES

There are no contingent liabilities as at 31 March 2023 (2022: nil).

21. EVENTS OCCURRING AFTER THE REPORTING DATE

There are no other events subsequent to the reporting date that would affect the financial statements (2022: nil).

INDEPENDENT AUDITOR'S REPORT

To the Beneficial Owners of Palmerston North Māori Reserve Trust

Opinion

We have audited the consolidated financial statements of Palmerston North Māori Reserve Trust (the Trust) and its controlled entities (the Group) on pages 5 to 18, which comprise the consolidated statement of financial position as at 31 March 2023, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 March 2023, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR).

Basis for Opinion

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

Other than in our capacity as auditor we have no relationship with, or interests in, Palmerston North Māori Reserve Trust or any of its controlled entities.

Information Other Than the Consolidated Financial Statements and Auditor's Report

The Trustees are responsible for the other information. Our opinion on the financial statements does not cover the other information included in the annual report and we do not and will not express any form of assurance conclusion on the other information. At the time of our audit, there was no other information available to us.

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

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

Trustees' Responsibilities for the Consolidated Financial Statements

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

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

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

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 economic decisions of users taken on the basis of these consolidated financial statements.

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

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

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for the audit opinion.

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

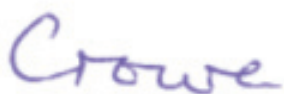
Report on Other Legal and Regulatory Requirements

The Owners' Register conforms and has been properly kept in accordance with the requirements of the Trust Deed.

Restriction on Use

This report is made solely to the Group's Beneficial Owners, as a body. Our audit has been undertaken so that we might state to the Group's Beneficial Owners those matters 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 Beneficial Owners as a body, for our audit work, for this report, or for the opinions we have formed.

The engagement partner on the audit resulting in this independent auditor's report is Les Foy.



Crowe New Zealand Audit Partnership

CHARTERED ACCOUNTANTS

6 July 2023