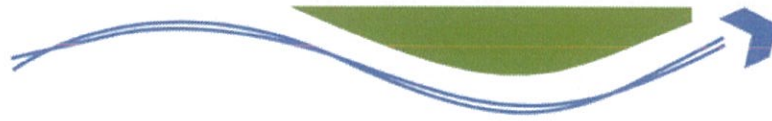


OKERE 1B3C3 AND ADJOINING BLOCKS INC



**PROPRIETORS OF
OKERE 1B3C3 & ADJOINING
BLOCKS INCORPORATED**

**Reports & Financial Statements
for the Year Ended 30 June 2023**

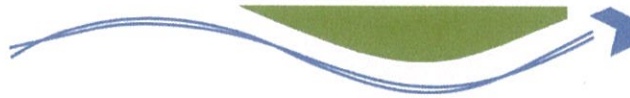
For the meeting of Owners held 28 April 2024



Kusabs Lasike Limited

Chartered Accountants

OKERE 1B3C3 AND ADJOINING BLOCKS INC

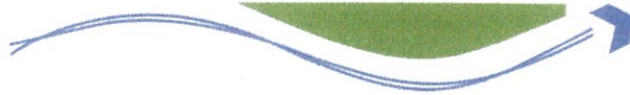


INDEX

For the year ended 30 June 2023

	Page
Directory	1
Notice of Meeting	2
Minutes of Annual General Meeting held on 20 June 2021	3 - 9
Chairperson's Report	10 - 11
Farm Report	12 - 15
Financial Statements Summarised	16 - 20
Financial Statements for the Year Ended 30 June 2023	21 - 39
Certificate as to Share Value	40
Nominations	41

OKERE 1B3C3 AND ADJOINING BLOCKS INC



Directory

COMMITTEE OF MANAGEMENT:

- Piki Thomas (Chairperson)
- Charles Hemana
- Faith Smith
- Hakopa Paul
- Ranginui Rikirangi-Thomas

SECRETARY/ACCOUNTANT:

Lau Lasike

Kusabs Lasike Ltd, 1141 Pukaki Street, Rotorua

Phone : 07 347 7533

Email: admin@kll.co.nz

Share register enquiries email: megan@kll.co.nz

FARM CONSULTANT:

Peter Livingston

Agfirst Central, ANZ House Level 1/1230A Amohau Street, Rotorua

Phone : 07 349 4333

Email: rotorua@agfirst.co.nz



Kusabs Lasike Limited

Chartered Accountants



OKERE 1B3C3 AND ADJOINING BLOCKS INC



OKERE 1B3C3 AND ADJOINING BLOCKS INCORPORATED

Notice is hereby given that the annual general meeting of shareholders of the Okere 1B3C3 and Adjoining Blocks Incorporation will be held at Taheke Marae, 119 Okere Rd, Okere Falls, Rotorua on Sunday 28 April 2024 commencing at 11.00am (Registration 10.30am)

Business

1. Minutes of the meeting held 26 March 2023
2. Committee Report
3. Farm Report
4. Financial Statements for the year ended 30 June 2023
5. To appoint two members to the Committee of Management. Mr Piki Thomas and Mr Hakopa Paul retire by rotation. Mr. Piki Thomas being eligible has offered himself for re-election.
6. Special Resolutions:
 - i. To approve notice of general meeting of shareholders being emailed to owners where email address are provided.
 - ii. To approve updated Committee of Management meeting fees.
7. General business including
 - i. Financial Reports of Okere 1B1 Trust and Okere 1B2B Trust for the year ended 31 March 2023.

Note: Zoom will not be available for this meeting.

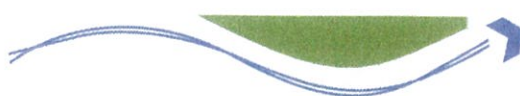
Nomination and Proxy Forms are available from the Returning Officer, Kusabs Lasike Ltd, 1st Floor, 1141 Pukaki Street, Rotorua 07 3477 533. admin@kll.co.nz or online at www.kll.co.nz

Nomination forms, supporting CV and whakapapa to Okere 1B3C3 Inc must be returned no later than **Friday 19th April 2024 5.00pm**.

Notice of meeting will be sent to shareholders whose addresses are known. To register or update your details contact the secretary's office of Kusabs Lasike Limited.

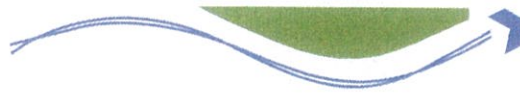
Piki Thomas
Chairperson

OKERE 1B3C3 AND ADJOINING BLOCKS INC



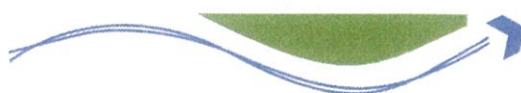
<u>Minutes of the Annual General Meeting of Shareholders of Okere 1B3C3 and Adjoining Blocks Incorporation Held at Taheke Marae, 119 Okere Road, Okere Falls Rotorua, on Sunday 26th March 2023 commencing at 11.00am (registration from 10.30am)</u>	
PRESENT:	Piki Thomas (Chair), Charles Hemana, Faith Smith (via zoom), Ranginui Rikirangi-Thomas, and the shareholders and beneficiaries as per the attached register.
IN ATTENDANCE:	Peter Livingston (Farm Advisor), Tiini Latoa (Farm Manager), Sam Sutton (Rotorua Zip lines), Lau Lasike (Secretary/Accountant), and Makuini Warbrick (Minute Secretary).
KARAKIA/MIHI:	Was offered by Mr Martin Hunuhunu.
WELCOME:	Mr. Piki Thomas thanked everyone for their attendance and welcomed them to the meeting. Mr Thomas elaborated on the proceedings of the day. Mr Sam Sutton will join the meeting to provide a verbal update on the Zip Line venture.
ITEMS FOR GENERAL BUSINESS:	<ol style="list-style-type: none"> 1. To receive the Financial Reports of Okere 1B1 Trust and Okere 1B2B Trust. 2. Okere Store 3. Committee Members 4. Rubbish at Urupa 5. Pigs and Hunting
APOLOGIES:	<p>An apologies register was circulated as part of the registration process for apologies to be registered.</p> <p>MOVED <i>Rangiwhakahekea Mason / Ranginui Rikirangi-Thomas</i></p> <p>RESOLVED <i>“That the apologies as per the register of apologies be accepted.”</i></p> <p>CARRIED (By Voice)</p>
SECRETARIAL:	<p style="text-align: center;"><u>Minutes of the Previous AGM – 20/06/2021</u></p> <p>Attendees were given time to read through the previous minutes for any amendments.</p> <p>MOVED <i>Charles Hemana / Rawiri Kingi</i></p> <p>RESOLVED <i>“That the minutes of the last Annual General Meeting held on Sunday 20th June 2021 be and are hereby confirmed as a true and correct record of proceedings at that meeting.”</i></p> <p>CARRIED (By Voice)</p> <p><u>Matters Arising From the Previous Meeting:</u></p> <p style="padding-left: 20px;">➤ There were no matters arising.</p>
COMMITTEE REPORT:	<p>Mr Thomas presented and elaborated upon his report. It covered:</p> <ul style="list-style-type: none"> • <i>Health, Safety & Wellbeing</i> • <i>Environmental Commitment</i>

OKERE 1B3C3 AND ADJOINING BLOCKS INC



	<p>There are ongoing issues and requirements that all farms need to adapt to.</p> <ul style="list-style-type: none"> • <i>Farming Operations</i> <p>The Incorporation has leased 125ha from Whangamoia Block to increase its capacity with grazing and stock trading.</p> <ul style="list-style-type: none"> • <i>Financial Performance</i> • <i>Zip line Project</i> <p>The Zip line is still building capacity with the recovery of the Covid and tourism and on the back of the recent cyclones.</p> <ul style="list-style-type: none"> • <i>Geothermal</i> <p>The Committee is in the process of winding this down. There is ongoing discussion on the best way forward to be compensated for the geothermal pad (monetary or return the pad to paddock).</p> <ul style="list-style-type: none"> • <i>Changes for requirement to audit accounts</i> <p>MOVED <i>Martin Hunuhunu / Charles Hemana</i></p> <p>RESOLVED <i>“That the Committee’s Report is received.”</i></p> <p>CARRIED (By Voice)</p> <p><u>Matters arising from the Chairperson report:</u></p> <p>Mr Hunuhunu said that he would like to welcome the new manager of the farm, and would like to be able to go around the block to see what has changed. Mr Hunuhunu acknowledged that the new manager is looking after the farm, and the farm has never looked better.</p> <p>Ms Rangiwhakahekea Mason asked if an owners’ farm visit can be arranged. PT said that the Committee can discuss and plan a date that will be suitable. If it can’t be done before Winter, then it will have to wait until after winter because of tracks etc.</p>	
<p>FARM REPORT:</p>	<p>Mr. Peter Livingston spoke to the farm report. It covered:</p> <ul style="list-style-type: none"> • <i>Background</i> <p>Mr Livingston spoke to the previous research that was completed, and elaborated on how the farm has utilised this research to work to increase its production.</p> <ul style="list-style-type: none"> • <i>Farm Overview</i> • <i>Farming and the Environment</i> <p>Mr Livingston elaborated on the recent weather events and the impact of the cyclones on the farm. Mr Livingston spoke to the La Nino weather patterns in the last couple of years.</p> <p>Mr Livingston spoke to the new farm stocking policy with the addition of the Whangamoia lease. The Whangamoia Block contribute \$10,000 each year (for 3 years) to assist with the control of the gorse on the block.</p> <p>There is also ongoing maintenance and Weed control carried out each year on the Okere Incorporation land.</p>	

OKERE 1B3C3 AND ADJOINING BLOCKS INC



- **Summary**

Mr Livingston spoke to the goal of producing quality stock not quantity. This in turn will help produce better margins. Mr Livingston spoke to the new manager Tiini Latoa, and his capabilities as a manager.

MOVED

Awahi Paul / Charles Hemana

RESOLVED

"That the farm report is received."

CARRIED (by voice)

Matters arising from the Farm Report:

Mr Clarke Puru asked where the Incorporation sits in rank compares to other farms that AgFirst administers. Mr Livingston said that the farm is still low in rank however, with the expansion of the Whangamoia block lease, it has provided more opportunities including trading stock which will increase its productivity.

Mr Puru asked about the soil structure on the farm and if regular testing occurs. Mr Livingston said that soil testing is completed every two years. The farm has been holding its current mineral levels in the soil over recent years, but now with additional cash flow the farm can focus on improving the soil structure. There was further discussion on the how soil testing is done and how the tests show what nutrients are required.

Mr Livingston suggested that at the next AGM he can include a profile report on soil and how it has changed since the last test.

Ms Moirangi Williams asked about Repairs and maintenance. Mr Livingston said that there is ongoing maintenance on fencing, yards and Weeds. In the last year the Incorporation has carried out a significant amount of work to upgrade the second house.

Mr Thomas said that the committee have instructed Mr Livingston and Tiini (farm manager) that if the latest round of job seeking does not go through, then the house will be rented out on a short term basis. The Committee will know by the end of April and then will be in the position to either rent it out or provide it as accommodation for an employee.

Mr Puru asked about any issue with wild dogs and killing stock. Mr Livingston and Mr Tiini Latoa said that this is an ongoing issue with the dogs and there have been several stock lost. Mr Latoa said that they have been able to track down the owner of the dog and are working with the Rotorua Lakes Council however the issue is not resolved yet.

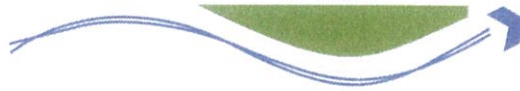
Mr Peter Klaus asked if other methods of trapping had been looked into. Mr Latoa said that it would not be suitable as he also uses dogs for day to day work and there could be a risk to the working dogs.

OKERE 1B3C3 AND ADJOINING BLOCKS INC



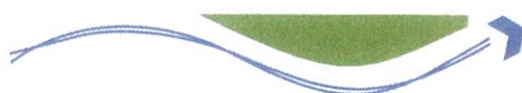
	<p>Mr Puru said that it is good to see the farm progressing but it would be nice to see some kind of return to the owners including the ability for the owners to visit the farm, mutton for tangihanga or something in the future.</p> <p>Mr Hunuhunu asked if the Committee could handle taking on the Whangamoia Block with the amount of gorse that is spread across its home farm and the Whangamoia block. Mr Thomas said yes. The decision for taking on Whangamoia was not made lightly.</p>	
ZIPLINE VENTURE:	<p>Mr Sam Sutton joined the meeting and spoke to the operations of the Zip line venture.</p> <p>The venture opened to the public in May 2022. There has been approximately 8,000 visitors to date. Mr Sutton spoke to the concession fee and how it gives back to the DOC and the Rotoiti reserve. Next year's goal is to get 16,000 visitors through the zip line. The tourism industry is starting to return on the back of Covid. There has been a massive push from Tourism New Zealand with marketing New Zealand overseas.</p> <p>Mr Sutton spoke to the original forecast budget. The business has performed better than expected in first year of operation however the true performance is hard to measure. Mr Sutton spoke to the river being closed due to high levels for a significant part of the year. Mr Sutton offered customers that were affected by this, to try the zip line instead but at the same price as what they had booked for the rafting. A lot of patrons have taken up this offer.</p> <p>Mr Thomas spoke to the investment by the Incorporation. Mr Sutton has invested significant funds in to the project to get the operations started so any profits in the business initially needs to pay back the capital investment from Mr Sutton. After this, then the each year a dividend can be decided on and paid (if appropriate).</p> <p>The zip line is utilising 6ha currently so there could be other opportunities for other revenue streams including Air BNB accommodation for visitors, tiny house etc.</p> <p>MOVED <i>Piki Thomas / Ranginui Rikirangi-Thomas</i></p> <p>RESOLVED <i>"That Sam Sutton's Zip Line report be received."</i></p> <p>CARRIED</p>	
GEO THERMAL UPDATE:	<p>Mr Thomas spoke to this. The agreement with Mercury Energy (previously Mighty River Power) has come to an end. The committee is in negotiations on how this contract is wound up and the best advantage to the Incorporation.</p>	
FINANCIAL REPORT:	<p>The financial reports for the year ending 30 June 2022 had been circulated prior to the meeting.</p> <p>Mr Lau Lasike spoke to the financials. The total income increased to \$658,094 in 2022. Mr Lasike elaborated on the expenses for the 2022 year. The farm has been</p>	

OKERE 1B3C3 AND ADJOINING BLOCKS INC



	<p>managed well. The mix of stock was also right in the 2022 year. This resulted in a net profit before tax of approximately \$99,000.</p> <p>The Incorporation's total equity increased to \$5,797,572 in 2022.</p> <p>Mr Livingston added that once the Whangamoia Block Lease ends, then the Incorporation will have more surplus capital from the sale of the excess stock which will be able to be invested in the Incorporation somewhere else.</p> <p>Mr Lasike spoke to the livestock valuation and how this occurs each year. Livestock rates are set by the IRD.</p> <p>MOVED <i>Moirangi Williams / Rangiwakaheke Mason</i></p> <p>RESOLVED <i>"That the financial statements for the year ended 30 June 2022 be received."</i></p> <p>CARRIED (By Voice)</p>	
<p>AUDIT REQUIREMENTS:</p>	<p>Mr Lasike spoke to the change in the Te Ture Whenua Act and audit requirements for Maori Incorporations. Beforehand, regardless of size Incorporations had to have Audited accounts prepared. The Te Ture Whenua Act was amended and now only "large Incorporations" are required to be audited. A Maori Incorporation is large in respect of a financial year if, in each of the 2 preceding financial years. The total revenue of the Maori Incorporation and its subsidiaries (if any) exceeds \$10 million.</p> <p>Mr Lasike said that the accounts would still be prepared by a chartered accountant, who has its internal procedures and audits in place as well as adhering to requirements set by the Chartered Accountants Institution.</p> <p>Mr Lasike said that he would like to go get MLC direction on the valuation of the Shares and whether this can be removed as well as this can only be completed by an auditor.</p> <p>There was discussion on the accounting and book keeping practices and procedures of Okere Incorporation including how payments and invoicing are authorised.</p> <p>MOVED <i>Moirangi Williams / Rawiri Kingi</i></p> <p>RESOLVED <i>"That the Okere 1B3C3 & Adj Blocks Incorporation remove the appointment of the Auditor, Silks Audit Chartered Accountants, pursuant to the Te Ture Whenua Act 1993 audit requirement thresholds for Maori incorporations, however, a chartered accountant must prepare the Incorporation's financial statements."</i></p> <p>CARRIED (By Voice)</p>	

OKERE 1B3C3 AND ADJOINING BLOCKS INC



GENERAL BUSINESS:

1. To receive the Financial Reports of Okere 1B1 Trust and Okere 1B2B Trust

Mr. Lasike spoke to the financial accounts of Okere 1B1 Trust and Okere 1B2B Trust. They are the two small Trust's that need to have full accounts prepared. Mr Lasike said that the two smaller Trusts only have funds sitting in a term deposit, with its only revenue being interest received. Over the last couple of years with the interest rates being low, the revenue has not been enough to cover the administration cost. Mr Lasike suggested that he raise with the Maori Land Court for direction the possibility of preparing a full set of accounts every third year (for owners to receive), to save on cost.

Mr Lasike explained that the funds from Okere 1B1 and 1B2B Trusts came from Mighty River Power, when they were exploring Hydro power. Mighty River Power paid the smaller Trusts an access fee.

Attendees agreed this was an appropriate action.

MOVED

Rangiwhakahekea Mason / Charles Hemana.

RESOLVED

"That the financial reports for Okere 1B1 Trust and Okere 1B2B for the year ended 31 March 2022 Trust be received."

CARRIED (By Voice)

2. Okere Store

Mr Puru asked about the status of the Okere Falls store and why rent hasn't increased. Mr Thomas said that the renewal of the site is next year. This is when the committee will be able to review the lease amount. There is a process set out in the lease agreement.

The Incorporation only leases the land. Mr Puru asked if there is something in the agreement or consideration given to the impact of the compost toilet on the whenua. Mr Thomas said that he believed there was both a compost and main line to the site, but this can be asked as part of the next review.

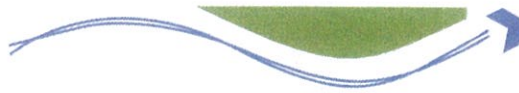
Mr Puru said it would be good to have a shorter term lease on the land, just in case there is an owner that has the capacity to take over the store.

3. Committee Members

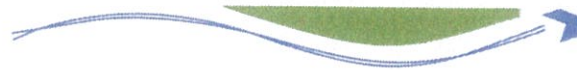
Mr Hunuhunu asked where Hakopa as a committee member sits now that he is in Australia and whether someone else can be elected on.

Mr Thomas said that at a previous owners meeting, it was voted that there would be no rotation of committee members until the geothermal development ended. This was to ensure that there was continuous governance in any negotiations and the project. The geothermal project will be wrapping up this year and so by the next AGM, there should be an election. Mr Thomas said that he will also speak with Hakopa and his ability to continue as a committee member in Australia.

OKERE 1B3C3 AND ADJOINING BLOCKS INC



	<p>4. <u>Rubbish at the Urupa</u></p> <p>Mr Hunuhunu said that there is a lot of rubbish that has been dumped behind the Urupa and saw that the farm has a digger on site currently that could possibly help clear the mess. Mr Latoa said that the digger on site is a contractor's digger, however, North Power may be able to help clear the rubbish. Mr Latoa will look into this.</p> <p>5. <u>Pigs and Hunting</u></p> <p>Ms Mason said that there have been strangers parked on her driveway with occupants walking and going into bush land, presumably to hunt for pigs.</p>	
MEETING CLOSED:	There was no further business. The meeting closed with karakia by Mr Ranginui Rikirangi-Thomas at 12.57pm.	



CHAIRPERSONS REPORT 2022/2023 FY

Commitment our people, whenua and taiao

The wellbeing, safety, and health of our staff and visitors on the farm remain our top priority when making decisions. The Committee of Management has committed to taking all practicable steps to ensure that staff and visitors to our farm are kept safe while on our property. If you've ever visited the farm, I'm sure you'll be familiar with the level of detail and attention that our farm manager gives to his briefings before you step on to our property. I am again pleased to report no instances of reportable injury and/or illness. I'm also pleased that we continue to make progress against our environmental plan. As our farm report later in the meeting will detail, there is indication that the proposed start date to contribute to greenhouse gas reduction may be pushed out by 3 to 4 years to 2030, however I want to ensure we continue to eliminate or minimise the negative impacts of our operations on our whenua and the taiao.

Farming operations

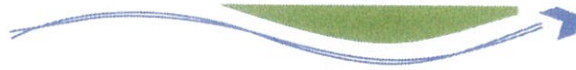
The farming operations can be summarised as "a continuous challenge". While our farm management has done everything operationally expected of them, variables outside of our control such as declining sheep meat and wool prices and increasing farm input costs continue to challenge our financial assumptions.

Financial performance

You will all be aware that our main source of income is derived from grazing followed by income from sheep sales and apart from the escalating costs to run any operation, our recent decision to lease the additional land from Whāngāmoa has an impact on our financials this year. However that was always a medium term decision to increase the grazing area. These changes will have an impact on our financial bottom line. The committee will continue to monitor the pressures on the economy and adapt with the economic environment. Further detail on the financial performance will be discussed in Lau's financial report.

Rotorua Zipline Partnership

This financial year the zipline partnership made a dividend payment to the Incorporation in relation to our 20% share in the business. As a general principle we will continue to support reinvestment back into the business to clear it's debits before drawing down dividends.



Geothermal

We continue the process of winding down our geothermal activities per our development agreement with Mercury Energy. Our latest meeting with the Mercury team was again cancelled due to bad weather. It was good to see a familiar face in Gavin Williamson return to their team.

Changes on Committee of Management

Now that we have concluded the geothermal development agreement, today marks the return of rotational elections for the committee for many years. Hākopa Paul & I are the longest serving members therefore, first for rotation. While I have made the decision to stand again, Hākopa has given notice that he will not. So, alongside all of the Ōkere whānau, I want to thank Hākopa for his dedication and contribution to the committee. Soon after replacing Uncle Harry on the committee, Hākopa & I were asked to lead our commercial engagement with Mighty River Power. This was an exciting time for our people and we were both privileged to represent our committee. On a personal note, it was an honour to work alongside Hākopa on all matters pertaining to the farm. We wish him well and look forward to his return.

Finally, I extend my thanks to all committee members, farm operations – Manager - Tiini Latoa, our farm advisor Peter Livingston and of course Lau and the Kusabs Lasike team for your superb service to our farm.

Noho ora mai ra

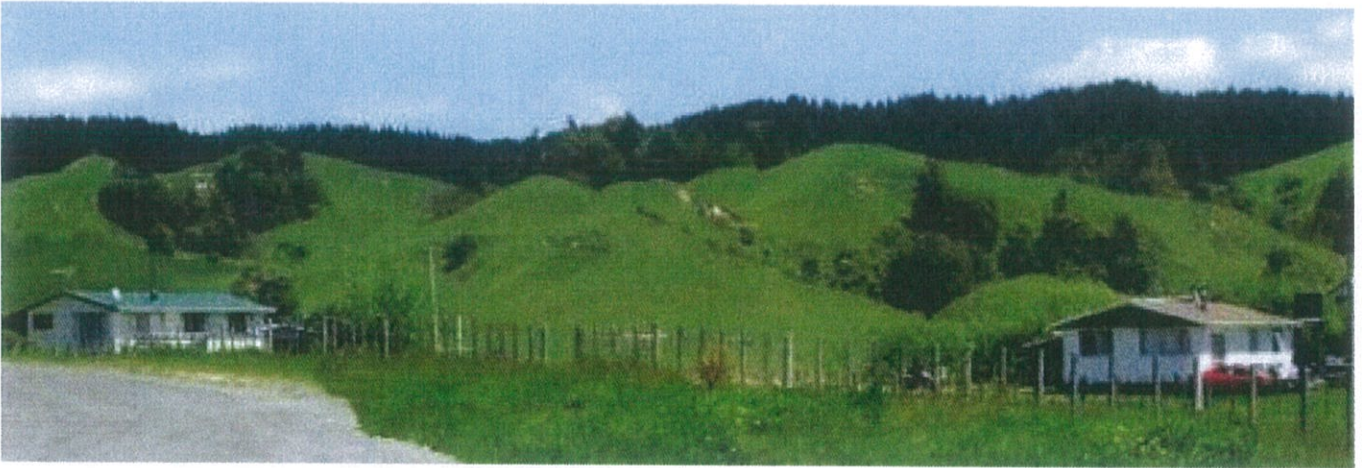
A handwritten signature in black ink, appearing to read 'Piki Thomas'.

Piki Thomas
Chairman



Independent
Agriculture
& Horticulture
Consultant
Network

AgFirst Consultants Central Ltd
Level 1, 1230A Amohau Street, Rotorua
PO Box 976, Rotorua 3010, New Zealand
+64 7 349 4333
rotorua@agfirst.co.nz
www.agfirst.co.nz



Farm Report

Okere 1B3C3 Incorporation

Annual General Meeting 2024

Prepared By: Peter Livingston
Date: April 2024

1.0 BACKGROUND

These are somewhat “*more challenging*” times for drystock farming compared to a couple of years back. The return for red meat, in particular sheep, has come back off the cyclical “*high*” for the four-year period prior to 2023. Current farming conditions are challenging!

The Central North Island has been blessed with plenty of rainfall and generally good conditions for growing pasture / crops over the last two seasons. This has meant farm productivity has received a boost to partially offset declining profitability noted at present.

As mentioned last year, the Okere Incorporation farm operation expanded in 2022 / 23 with the addition of the lease of the Whangamoia Trust farm of around 120 hectares in pasture. This provides Okere Inc. with a total “*farmed*” area of just over 640 ha. The additional area provides an improved scale for the farm operation, more choices around the mix of stock policies ahead and an ability to spread “*overhead*” costs across a stronger revenue base.

Okere Inc. operates at a medium rate of livestock per hectare, so it is less intensive than many others, and is steadily improving. There has been a big push on clearing gorse and bringing infrastructure up to the standard needed for the future.

The stock policy is steadily being further diversified to a more favourable mix of dairy heifer/cow grazing, beef cattle trading and lamb production / trading / finishing.

The farm has employed Tiini Latoa as its manager (into Year 3 now) and Eric McLean, who joined in 2023, as the general hand. Both have plenty of experience.

Whilst the farm continues to move forward, there is still plenty of work to do and of course the Okere team has an acute awareness of the forth coming changes around land use, probable restrictions around the intensity of future pastoral farming, these factors just a couple amongst a number of the environmentally driven metrics.

2.0 FARM OPERATIONS

The Whangamoia Lease is for a six-year period initially. They are re-investing funds, for three years from the annual rental Okere pays, back into their land to eradicate gorse. This will lift the Whangamoia area that Okere Inc. has available to farm closer to 135 hectares.

The farming operation winters the following stock policy mix:

Sheep	Up to 1500 including breeding ewes and lambs to finish. This number will hold steady
Beef Cattle	150 – 175 beef steers and heifers to finish. This number will increase over the next two to three years to in excess of 200 head.
Dairy Grazing Heifers	Up to 500 wintered and calves come on in summer.
Winter Cows Grazed	Up to 250 in-calf cows run for up to seven weeks.

During the 2022 / 2023 year the operation achieved the following:

- Bred 1,170 lambs (124% lambing result from the ewe flock).
- Finished 1,247 lambs at \$152 / head. This was a farm record.
- Purchased 498 store lambs (to finish) at \$86 / head.
- Sold 88 2-year-old cattle@ over \$1500 / head and purchased 102 replacements at \$883/head for a good trading margin outcome of over \$600 / head. This was fewer beef cattle run than the year before, but numbers are on the rise again.
- Grazed 500 dairy heifers @ \$10.00 / head / week and 250 cows for 6 weeks in winter. Grazing revenue for the year remained steady. This helps cashflow management.
- Achieved low deaths / missing rates of under 4.0% for sheer and 1.0% for cattle (Industry norm is a 6 – 7% loss rate for sheep / 2 to 2.5% loss rate for cattle).

3.0 FARM INPUTS

There continues to be a heavy input into fence repairs / line replacement, a factor that most drystock farms are now having to deal with, given the fact that many of the Okere fences were constructed 50 – 60 years ago so have progressively decayed. There was also an upgrade of the second house on the farm and farm tracks were improved for access.

The cost of fertiliser rose sharply in 2022 and 2023 (up by as much as 60% for many of the standard products used across the industry) and this seriously challenged the equation around the best use of limited funds in the short-term. Some products have shown modest price drops since late 2023but remain well above pre 2021 costs.

Soil testing and nutrient budget modelling concluded that for 2022 / 23 there was an ability to defer the fertiliser input until 2023 / 24 on most the farm. This meant funds were able to be re-allocated to other maintenance items for that one year. The next soil tests, completed every 2-3 years, are due in Spring 2024. Over the last decade the nutrient levels have been maintained. The farms' current soil fertility status is summarised in this table.

Measured Nutrient	Current Status	Target Level	Industry Biological Optimum
pH (acidity level)	5.7 (average)	5.8 ⁺	5.8 – 6.0
Phosphorus	20 – 33	30 ⁺	30 – 35
Calcium	4 – 5	5 ⁺	4 – 10
Sulphur	3 – 6	6 – 8	10 ⁺
Magnesium	6 – 14	8 ⁺	8 – 10
Potassium	4.0 (average)	5 ⁺	7 - 10

On pumice soils, such as those on Okere, we find it difficult to lift the status of Sulphur and Potassium on the hill country (both elements are very soluble in water so in wet years they readily wash out). On that basis the approach is to apply forms that are slower release in nature. Trace elements such as cobalt and selenium are applied in the fertiliser as well as

being administered directly to animals as supplements at key times. The farm does not need an annual lime application at present but a close watch on soil test trends is maintained. The trend across the wider industry is to reduce overall nutrient inputs.

4.0 ENVIRONMENTAL

The change in the approach by Central Government regarding the timeframe for Agriculture to directly contribute to Greenhouse Gas (GHG) reduction has meant we are now likely to be working more towards a 2030 start date rather than in 2026 / 27 as previously signalled last year. Whilst the uncertainty may be frustrating for some sectors, it is crucial the modelling exercises draw the relevant benchmarks and measures, then the reduction targets are calculated fairly and on facts not fantasy. There is some question around what the correct data is for various sectors of farming across the country are. If the previously suggested plan for reductions of between 24 – 49% from 2030 onwards are chosen it is likely to be crippling to hill country drystock farmers who have limited mitigation options available at present. The industry recognises it must contribute towards “Carbon Neutrality” by 2050 but needs new technology, currently being developed, available to adopt to help it move forward and ensure the farming sector is able continue to play its part in helping drive the NZ economy. Farmers on “flat land” have significant other choices and we see some of them already in play!!

Nutrient losses to groundwater from Okere Inc. land is relatively low so this is less of a short-term concern for us, but not to be ignored. The biodiversity programme is an agenda item for when there are funds available to provide for planting. Reducing the weed infestation across the whole whenua is a good starting point in this programme.

5.0 SUMMARY

Further progress in lifting the scale of the operation and performance in 2022 / 23 was made but this was not helped by declining returns for sheep meat and wool, or by a 15 – 17% increase in farm input costs since 2021 / 22. Inflation is finally starting to come under control now, but it will be another 12-15 months before the sheep meat returns show any marked lift. The impact of rising labour and energy costs are also significant.

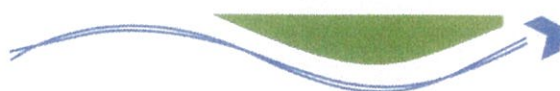
Management continues to look at how we can further change the farm policy and land use metrics to keep the Okere operation moving forward. The plan needs to come with future resilience, especially around climate change prospects and pressures on hill country farmers. There is no “single solution”. Sometimes it is a bit of a “juggling act” to line things up for the best outcomes all around.

My thanks to the Committee of Management and Kusabs Lasike Ltd for their continued support and guidance. Special mention to Tiini and Eric who conduct the crucial mahi “*Rain, Hail or Shine!*”

Disclaimer: Peter Livingston-Agribusiness Consultant-AgFirst

The content of this report is based upon current available information and is only intended for the use of the party named. All due care was exercised by AgFirst in the preparation of this report. Any action in reliance on the accuracy of the information contained in this report is the sole commercial decision of the user of the information and is taken at their own risk. Accordingly, AgFirst disclaims any liability whatsoever in respect of any losses or damages arising out of the use of this information or in respect of any actions taken in reliance upon the validity of the information contained within this report.

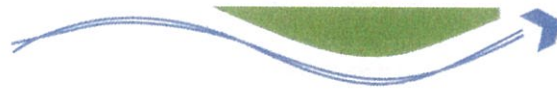
OKERE 1B3C3 AND ADJOINING BLOCKS INC



THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS
FINANCIAL SUMMARY FOR THE YEAR ENDED 30TH JUNE 2023

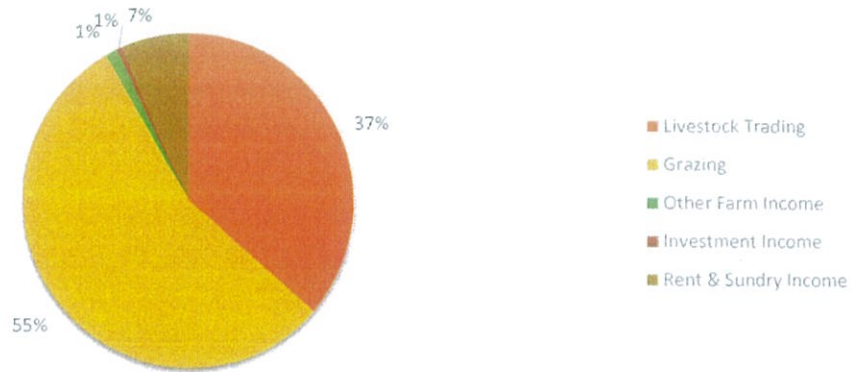
	2022	2023
Income		
Livestock Sales - Sheep	145,002	230,470
Livestock Sales - Cattle	192,840	132,707
Grazing	271,253	270,714
Other Farm Income	7,527	5,906
Dividends Received	1,419	1,615
Rebates	4,655	1,002
Rent Received	29,798	32,826
Sundry Income	5,600	-
	<u>658,094</u>	<u>675,240</u>
Less Expenses		
Livestock Purchases - Sheep	182,090	94,208
Livestock Purchases - Cattle	-	90,098
Farm Operating Expenses	245,629	236,796
Farm Repairs & Maintenance	56,139	108,641
Vehicle Expenses	13,230	15,583
Administration Expenses	71,141	74,896
Finance & Standing Charges	56,263	118,136
	<u>624,492</u>	<u>738,358</u>
Net Cash Operating Surplus/(Loss)	33,602	(63,118)
Plus Increase (Decrease) in Livestock Values	80,994	-964
	<u>114,596</u>	<u>(64,082)</u>
Less loss on Sale of Fixed Assets	(201)	-
Less Depreciation	<u>(14,544)</u>	<u>(14,564)</u>
Net Profit/(Loss) for Year before Taxation	99,851	(78,646)
Share of Equity in Investment	(7,445)	34,616
Non Deductible Expenses	<u>(2,293)</u>	<u>(3,544)</u>
Net Profit/(Loss) after Taxation	90,113	(47,574)
Equity at Beginning of the Year	5,705,001	5,797,572
Revaluation Movements for Year	2,458	6,630
EQUITY AT END OF YEAR	<u><u>5,797,572</u></u>	<u><u>5,756,628</u></u>
Represented By:		
Assets		
Current Assets	525,723	496,792
Property, Plant & Equipment	5,657,622	5,653,377
Investments	111,902	118,532
Total Assets	<u>6,295,247</u>	<u>6,268,701</u>
Less Liabilities		
Current Liabilities	237,515	257,613
Non-Current Liabilities	260,160	254,460
	<u>497,675</u>	<u>512,073</u>
TOTAL EQUITY	<u><u>5,797,572</u></u>	<u><u>5,756,628</u></u>

OKERE 1B3C3 AND ADJOINING BLOCKS INC



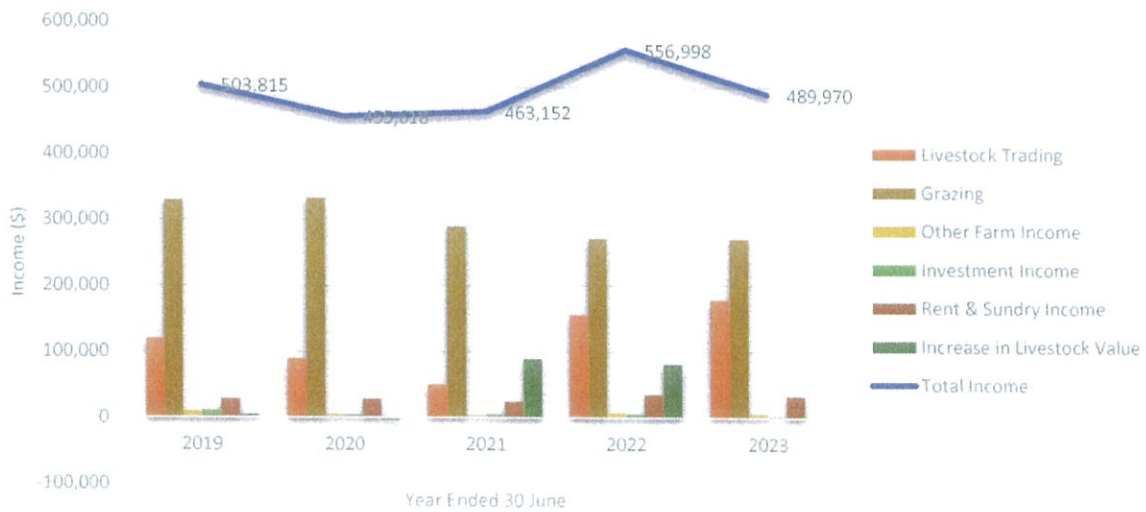
THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS FINANCIAL SUMMARY FOR THE YEAR ENDED 30 JUNE 2023

OKERE 1B3C3 & ADJOINING BLOCKS 2023 INCOME BREAKDOWN



The above graph shows the breakdown of income that the Incorporation received during the 2023 financial year. The graph below shows the overall income trends from 2020 to 2023.

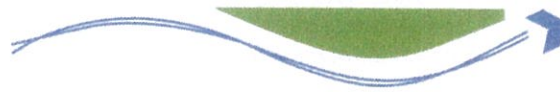
OKERE 1B3C3 & ADJOINING BLOCKS - INCOME



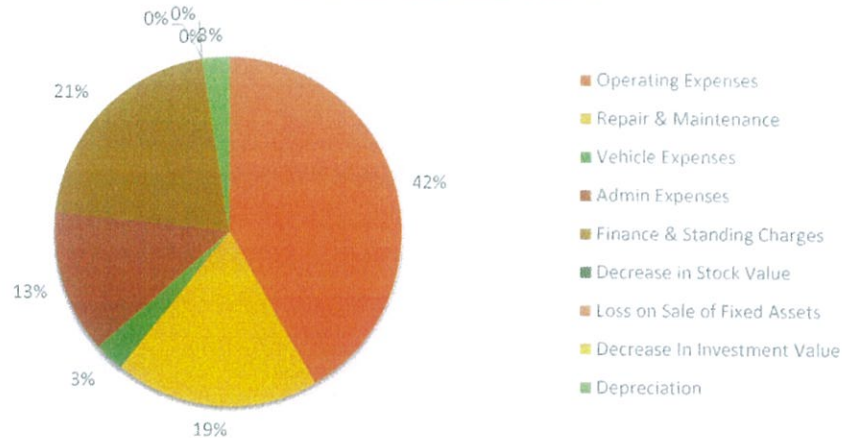
Kusabs Lasike Limited

Chartered Accountants

OKERE 1B3C3 AND ADJOINING BLOCKS INC

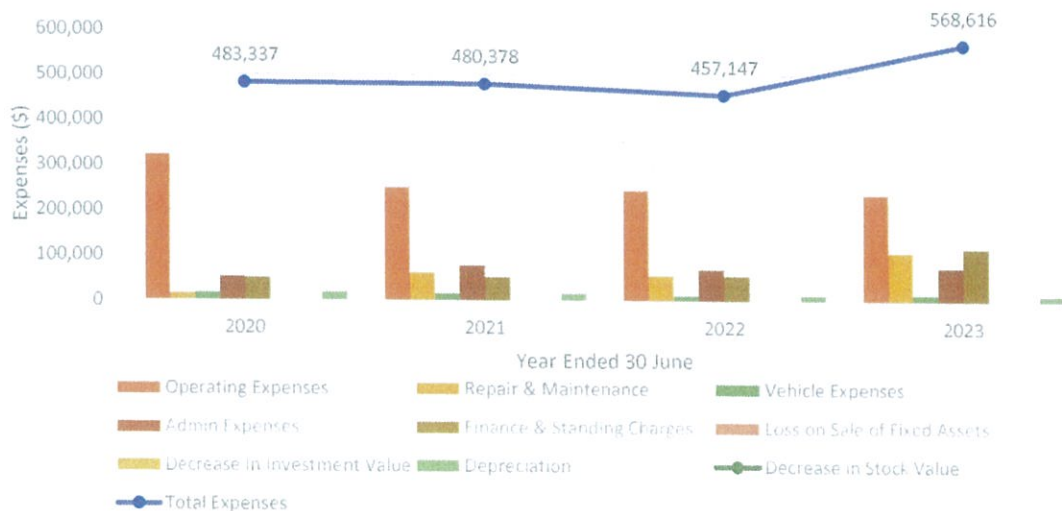


OKERE 1B3C3 & ADJOINING BLOCKS 2023 EXPENSES BREAKDOWN



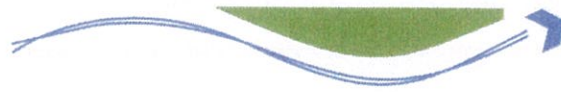
The above Graph shows the breakdown of expenditure that the Incorporation paid during the 2023 financial year. The graph below shows the overall expenses trends from 2020 to 2023.

OKERE 1B3C3 & ADJOINING BLOCKS - EXPENSES

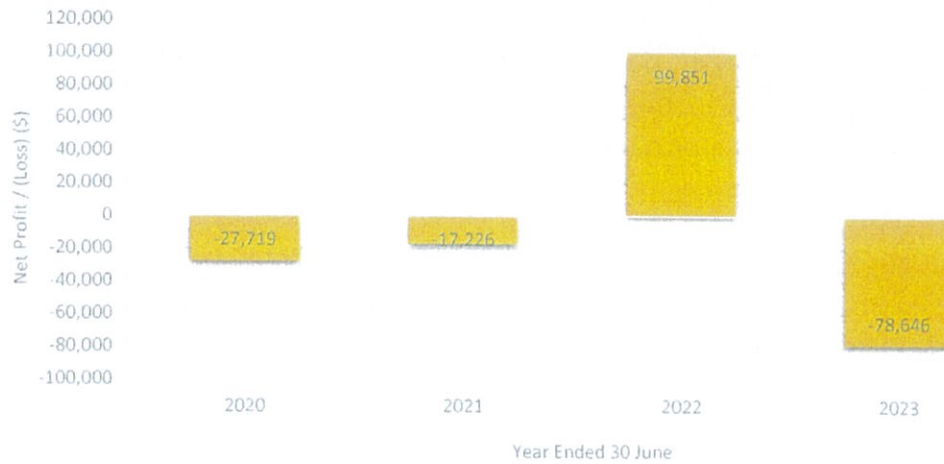


Kusabs Lasike Limited
Chartered Accountants

OKERE 1B3C3 AND ADJOINING BLOCKS INC

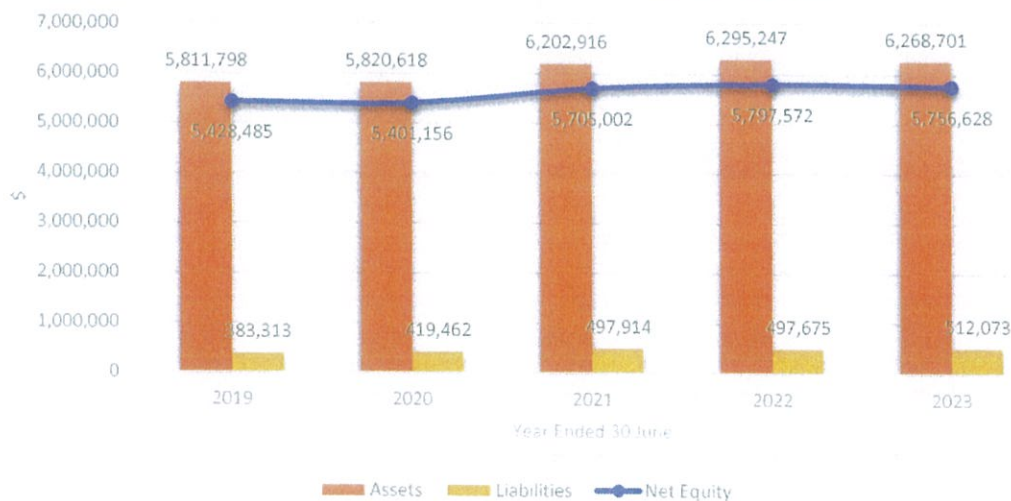


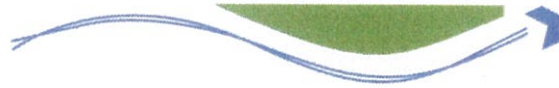
OKERE 1B3C3 & ADJOINING BLOCKS PROFIT / (LOSS)



The graph above shows the net profit (loss) for the Incorporation from 2020 to 2023 financial years. The graph below shows the movements in assets, liabilities and Net Equity of the Incorporation for the same period.

OKERE 1B3C3 & ADJOINING BLOCKS - EQUITY





Sheep & Beef On-Farm Inflation 2022-23



Source: Beef + Lamb New Zealand Economic Service | Statistics New Zealand

"Prices for sheep and beef farm inputs **increased 16.3 per cent** between March 2022 and March 2023 following a 10.2 per cent **increase** in the previous 12-month period. This is the highest on-farm inflation rate for sheep and beef farmers in 40 years, since 1981-82 when on-farm inflation was 17.1 per cent. The largest increase was for Interest. It was also more than double the consumer price inflation of 6.7 per cent."

Source: Beef + Lamb New Zealand - Sheep and Beef On-farm Inflation 2022-23

***THE PROPRIETORS OF OKERE 1B3C3 &
ADJOINING BLOCKS***

***FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2023***

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

INDEX TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2023

	Page
Statement of Sheep Trading	1
Statement of Beef Trading	3
Statement of Profit or Loss	4
Statement of Changes in Equity	7
Balance Sheet	8
Notes to the Financial Statements	11 - 17
Reports on Taxation	

COMPILATION REPORT TO THE COMMITTEE and DISCLAIMER OF LIABILITY TO ALL READERS

Scope

On the basis of information provided to us by the , we have compiled, in accordance with Service Engagement Standard No. 2: Compilation of Financial Information, the special purpose financial statements of THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS for the year ended 30 June 2023.

These have been prepared in accordance with the policies as detailed in Note 1 to the financial statements.

Responsibilities

The are solely responsible for the information contained in the financial statements and have determined that the financial reporting framework used is appropriate to meet your needs and the purpose that the financial statements were prepared.

The financial statements were prepared exclusively for the benefit. We do not accept responsibility to any person for the contents of the financial statements.

No audit or review engagement undertaken

Our procedures use accounting expertise to undertake the compilation of the financial statements from information provided to us by the . Our procedures do not include verification or validation procedures. No audit or review engagement has been performed and accordingly no assurance is expressed.

Disclaimer of liability

As mentioned earlier in our report, we have compiled the financial information based on information provided to us which has not been subject to an audit or review engagement. Accordingly, neither we, nor any of our employees accept any responsibility for the reliability, accuracy or completeness of accept the compiled financial information nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for the losses incurred as a result of placing reliance on the compiled financial information.

Kusabs Lasike Ltd
Chartered Accountants
Rotorua



Director

30 November 2023

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

STATEMENT OF SHEEP TRADING

FOR THE YEAR ENDED 30 JUNE, 2023

	Qty.	2023 \$	Avge \$	Qty.	2022 \$	Avge \$
SALES						
MA Ewes	330	41,497	126	287	47,027	164
Lambs	1,247	188,973	152	668	97,975	147
Total Sales	1,577	230,470		955	145,002	
PURCHASES						
MA Ewes	397	50,004	126	434	70,286	162
Breeding Rams	2	1,600	800	12	9,600	800
Lambs	498	42,604	86	1,002	102,204	102
Total Purchases	897	94,208		1,448	182,090	
Cash Surplus for the Year	680	136,263		(493)	(37,088)	
OPENING STOCK						
<i>Market Value</i>						
Ewe Hoggets	997	135,592	136	234	35,325	151
MA Ewes	945	207,990	220	625	103,900	166
R5+ Ewes	-	-	-	27	1,350	50
Breeding Rams	12	9,600	800	-	-	-
Total Opening Stock	1,954	353,182		886	140,575	
CLOSING STOCK						
<i>Market Value</i>						
Ewe Hoggets	1,265	139,150	110	997	135,592	136
MA Ewes	1,072	192,108	179	945	207,990	220
Breeding Rams	4	1,800	450	12	9,600	800
Total Closing Stock	2,341	333,058		1,954	353,182	
Decrease in Stock Value		(20,124)			212,607	
Gross Profit for the Year		116,139			175,519	

This financial statement must be read in conjunction with the accompanying Compilation Report and Notes to the Financial Statements. This statement has been prepared without audit or review.

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

STATEMENT OF SHEEP TRADING

FOR THE YEAR ENDED 30 JUNE, 2023 (Continued)

RECONCILIATION OF NUMBERS

	2023	2022
Opening Stock Numbers	1,954	886
Purchases	897	1,448
Natural Increase	1,170	663
	<u>4,021</u>	<u>2,997</u>
Less:		
Sales	1,577	955
Deaths and Missing	103	88
	<u>1,680</u>	<u>1,043</u>
Closing Stock Numbers	<u>2,341</u>	<u>1,954</u>

This financial statement must be read in conjunction with the accompanying Compilation Report and Notes to the Financial Statements. This statement has been prepared without audit or review.

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

STATEMENT OF BEEF CATTLE TRADING

FOR THE YEAR ENDED 30 JUNE, 2023

	Qty.	2023 \$	Avge \$	Qty.	2022 \$	Avge \$
SALES						
R2 Heifers	59	89,515	1,517	34	40,880	1,202
R1 Steers/Bulls	-	-	-	1	1,042	1,042
R2 Steers/Bulls	29	43,191	1,489	95	142,366	1,499
R3+ Steers/Bulls	-	-	-	5	8,553	1,711
Total Sales	<u>88</u>	<u>132,707</u>		<u>135</u>	<u>192,840</u>	
PURCHASES						
R1 Heifers	102	90,098	883	-	-	-
Cash Surplus for the Year	<u>(14)</u>	<u>42,609</u>		<u>135</u>	<u>192,840</u>	
OPENING STOCK						
<i>Market Value</i>						
R1 Heifers	-	-	-	57	39,900	700
R2 Heifers	59	53,690	910	36	30,888	858
R1 Steers/Bulls	-	-	-	30	20,250	675
R2 Steers/Bulls	30	34,350	1,145	95	118,465	1,247
R3+ Steers/Bulls	-	-	-	7	10,150	1,450
Total Opening Stock	<u>89</u>	<u>88,040</u>		<u>225</u>	<u>219,653</u>	
CLOSING STOCK						
<i>Market Value</i>						
R2 Heifers	80	89,600	1,120	59	53,690	910
MA Cows	22	17,600	800	-	-	-
R2 Steers/Bulls	-	-	-	30	34,350	1,145
Total Closing Stock	<u>102</u>	<u>107,200</u>		<u>89</u>	<u>88,040</u>	
Increase in Stock Value		<u>19,160</u>			<u>(131,613)</u>	
Gross Profit for the Year		<u>61,769</u>			<u>61,227</u>	

RECONCILIATION OF NUMBERS

	2023	2022
Opening Stock Numbers	89	225
Purchases	102	-
	<u>191</u>	<u>225</u>
Less:		
Sales	88	135
Deaths and Missing	1	1
	<u>89</u>	<u>136</u>
Closing Stock Numbers	<u>102</u>	<u>89</u>

This financial statement must be read in conjunction with the accompanying Compilation Report and Notes to the Financial Statements. This statement has been prepared without audit or review.

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 30 JUNE, 2023

	Note	2023	2022
		\$	\$
Cash Surplus (Deficit) from Livestock Trading			
Sheep		136,263	(37,088)
Beef Cattle		42,609	192,840
		178,871	155,752
Total Cash Surplus from Livestock			
Other Income			
Wool Sales		5,906	5,527
Rent - Land for Beehives		-	2,000
Grazing		270,714	271,253
		276,620	278,780
Non Trading Income			
Dividends Received (Net)		1,615	1,420
Rebate - Ballance Agri-Nutrients		1,002	4,655
Manager's House		20,000	15,086
Rafting Rental - Current Period		7,000	7,000
Store Rental		5,826	5,826
Trout Pool Road Rental House		-	1,886
Sundry Income		-	5,600
		35,442	41,472
Total Income before Expenses		490,934	476,004
Operating Expenses			
Animal Identification		109	93
Animal Health		18,462	17,391
Dog Expenses		4,137	3,177
Electricity & Gas		8,793	8,117
Fertiliser		-	23,828
Freight & Cartage		8,593	6,799
Farm Mapping		1,250	-
Hay & Silage		14,712	35,354
Health & Safety		145	1,061
Protective Clothing		678	1,021
Shearing Wages		4,671	1,503
Shearing & Crutching Contractor		24,161	13,879
Shearing Expenses		1,277	1,211
Staff Expenses		292	199
Stock Compensation		11,882	-
Wages		118,074	114,088
Wages- Non Taxable Allowances		811	1,719
Employer Contribution (Kiwisaver)		2,459	2,762
Waste Disposal		1,425	1,685

*This Statement is to be read in conjunction with the Compilation Report and Notes to the Financial Statements.
This statement has been prepared without audit or review.*

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 30 JUNE, 2023 (Continued)

	Note	2023	2022
		\$	\$
Weed & Pest Control		14,866	11,743
Total Farm Operating Expenses		236,796	245,629
Repairs and Maintenance			
Fencing		39,213	39,547
Farm Buildings		3,045	-
Farm Dwelling		4,439	7,374
Rental Accommodation		40,388	502
Plant & Equipment		6,350	4,042
Tracks, Yards & Races		13,126	-
Water Supply		2,080	4,675
Total Repairs and Maintenance		108,641	56,139
Vehicle Expenses			
Fuel & Oil		7,390	5,668
Motorcycle Expenses		2,842	474
Tractor Expenses		1,774	1,682
Toyota Utility Expenses		3,576	5,407
Total Vehicle Expenses		15,583	13,230
Administration Expenses			
Accountancy & Secretarial		44,911	39,175
Advertising		229	-
ACC Levies		1,600	3,000
Audit Fees		3,450	3,634
AGM Expenses		4,860	-
Bad Debts Written Off		-	1,530
Bank Fees & Charges		1,404	1,029
Farm Advisory		7,689	8,842
Postage & Stationery		851	992
Share Register		838	319
Subscriptions & Licences		1,344	153
Telephone & Tolls		2,176	2,447
Trustee Fees		4,478	7,164
Trustee Expenses		1,067	1,507
Valuation Fees		-	1,350
Total Administration Expenses		74,896	71,141
Standing Charges			
Insurance		16,612	14,292
Interest - Overdraft & Trading		722	1,248
Interest Paid - Loan 05		-	8
Interest Paid - Loan 06		11,287	5,158

*This Statement is to be read in conjunction with the Compilation Report and Notes to the Financial Statements.
This statement has been prepared without audit or review.*

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

STATEMENT OF PROFIT & LOSS

FOR THE YEAR ENDED 30 JUNE, 2023 (Continued)

	Note	2023 \$	2022 \$
Rates		38,515	31,307
Rent		51,000	4,250
Total Standing Charges		<u>118,136</u>	<u>56,263</u>
Total Expenses		<u>554,051</u>	<u>442,402</u>
<u>Net Cash Operating Profit/(Loss) for the Year</u>		(63,118)	33,602
Non-Cash Adjustments for the Year:			
Increase (Decrease) in Livestock Values:			
Sheep		(20,124)	212,607
Beef Cattle		19,160	(131,613)
Depreciation Recovered		-	1,226
Loss on Sale of Fixed Assets		-	(201)
Depreciation		<u>(14,564)</u>	<u>(15,770)</u>
Total Non-Cash Adjustments for the Year		<u>(15,528)</u>	<u>66,249</u>
<u>Taxable Profit/(Loss) for the Year</u>		(78,646)	99,851
Adjustments for Taxation Purposes:			
Share of Equity in Investment	14	<u>34,616</u>	<u>(7,445)</u>
Total Tax Adjustments		<u>34,616</u>	<u>(7,445)</u>
Profit/(Loss) before Income Tax		(44,030)	92,405
Provision for Taxation (Tax Refund Due)	6	<u>-</u>	<u>-</u>
Profit/(Loss) after Income Tax		<u>(44,030)</u>	<u>92,405</u>
Non Deductible Expenses			
Penalties		-	35
Koha Received/Paid		-	74
Okere Ngati Hinerangi Urupa		3,260	2,185
Share of Equity in Investment - Non Deductible Expenses		<u>284</u>	<u>-</u>
Total Non Deductible Expenses		<u>3,544</u>	<u>2,293</u>
Net Profit/(Loss) for the year		<u><u>(47,575)</u></u>	<u><u>90,112</u></u>

*This Statement is to be read in conjunction with the Compilation Report and Notes to the Financial Statements.
This statement has been prepared without audit or review.*

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE, 2023

	2023	2022
	\$	\$
EQUITY AT BEGINNING OF THE YEAR	<u>5,797,572</u>	<u>5,705,002</u>
SURPLUS/DEFICIT AND REVALUATIONS		
Surplus/(Deficit) for the period	(47,575)	90,112
Increase/(Decrease) in Barn - Capital Profit	-	10,414
Increase/(Decrease) Shares Revaluation Reserve	<u>6,630</u>	<u>(7,956)</u>
Total recognised revenues and expenses for the period	<u>(40,945)</u>	<u>92,570</u>
EQUITY AT END OF THE YEAR	<u><u>5,756,628</u></u>	<u><u>5,797,572</u></u>

*This Statement is to be read in conjunction with the Compilation Report and Notes to the Financial Statements.
This statement has been prepared without audit or review.*

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

BALANCE SHEET

AS AT 30 JUNE 2023

	Note	2023 \$	2022 \$
CURRENT ASSETS			
Cash			
BNZ - Cheque Account (secured)		-	9,324
BNZ - Dividend Account		95	95
		95	9,419
Receivables			
Accounts Receivable		32,108	74,787
Okere Adventures (2019) Ltd Partnership JV	14	23,991	-
Tax Refund Due	6	112	99
		56,211	74,886
Prepayments			
Prepayments		228	196
Livestock			
Sheep on Hand @ M.V.		333,058	353,182
Beef Cattle on Hand		107,200	88,040
		440,258	441,222
<u>Total Current Assets</u>		496,792	525,723
NON-CURRENT ASSETS			
Property, Plant & Equipment			
Freehold Land	2	5,490,422	5,490,422
Property Improvements		93,165	98,119
Buildings		9,030	9,152
Plant & Equipment		20,832	19,606
Motor Vehicles		33,291	39,290
Furniture & Fittings		6,638	1,034
		5,653,377	5,657,622

This Statement is to be read in conjunction with the accompanying Compilation Report and Notes to the Financial Statements. This statement has been prepared without audit or review.

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

BALANCE SHEET

AS AT 30 JUNE 2023 (continued)

	Note	2023 \$	2022 \$
Investments			
Ballance Agri-Nutrients - 7840 Shares @\$8.10		63,504	63,504
Famlands Trading Soc. Ltd - 3363 Shares @ \$1.00		3,363	3,363
Wool Equities Ltd - 4387 Shares @ 0.22c		965	965
Mercury Ltd - 7800 Shares @ \$6.50		50,700	44,070
		118,532	111,902
<u>Total Non-Current Assets</u>		5,771,909	5,769,525
<u>Total Assets</u>		6,268,701	6,295,248
CURRENT LIABILITIES			
Creditors and Borrowings			
BNZ - Cheque Account (secured)	3	27,377	-
Rent in Advance		5,250	5,250
Okere Adventures (2019) Ltd Partnership JV	14	-	10,340
Accounts Payable		27,382	16,096
Provision for Holiday Pay		12,038	6,232
Unclaimed Dividend		177,316	177,316
Current Portion of Term Liabilities	5	5,520	5,280
Goods & Services Tax		2,729	17,001
		257,613	237,515
<u>Total Current Liabilities</u>		257,613	237,515

This Statement is to be read in conjunction with the accompanying Compilation Report and Notes to the Financial Statements. This statement has been prepared without audit or review.

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

BALANCE SHEET

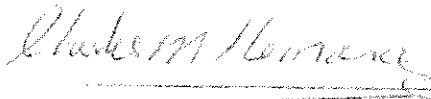
AS AT 30 JUNE 2023 (continued)

	Note	2023 \$	2022 \$
NON-CURRENT LIABILITIES			
Term Liabilities			
Capacity Building Fund	10	30,000	30,000
Grant - Alum Bath & Hot Water Programme	9	50,000	50,000
Okere Inc Memorial Scholarship	11	29,400	29,400
BNZ Term Loan - 06	5	150,580	156,040
Less Transferred to Current Liabilities	5	(9,520)	(5,280)
		254,460	260,160
<u>Total Non-Current Liabilities</u>		254,460	260,160
<u>Total Liabilities</u>		512,073	497,675
<u>Net Assets</u>		5,756,628	5,797,572
TRUST FUNDS			
Beneficiaries Equity	7	5,756,628	5,797,572
<u>Trust Equity</u>		5,756,628	5,797,572

For and on behalf of the Committee of Management, which authorised the financial statements for issue on:

21/03/2024

Date



Committee Member



Committee Member

This Statement is to be read in conjunction with the accompanying Compliance Report and Notes to the Financial Statements. This statement has been prepared without audit or review

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2023

1. Statement of Accounting Policies

These are the special purpose financial statements for The Proprietors of Okere 1B3C3 & Adj Blocks

Entity Reporting

The Incorporation is formed pursuant to Section 247 of Te Ture Whenua Maori Land Act 1993.

The principle activity of the Trust is that of Dairy Cattle Grazing, Sheep & Beef Cattle Farming and Geothermal Development.

Measurement Base

These financial statements are special purpose and have been prepared for taxation purposes and for the Shareholders/Owners.

The accounting policies adopted and detailed under the specific accounting policies are not in conformity with generally accepted accounting practice. Accordingly, the financial statements should only be relied on for the expressly stated purpose.

The accounting principles recognised as appropriate for the measurement and reporting of earnings and financial position on an historical cost basis have been used, with the exception of certain items for which specific accounting policies have been identified. The special purpose financial statements have been prepared on an accrual basis.

These financial statements have been prepared in New Zealand Dollars, rounded to the nearest dollar.

Changes in Accounting Policies

There have been no changes in Accounting Policies. All policies have been applied on bases consistent with those used in previous years.

Going Concern Basis

The Trust had a net loss of \$47,575 for the year ended 30 June 2023 (2022 profit \$90,112). The Trust had working capital surplus of \$239,179 at balance date.

The considered view of the Trustees is that, after making enquiries, the Trustees have a reasonable expectation that the Trust has adequate resources to continue operations for the foreseeable future. For this reason, the Trustees continue to adopt the going concern assumption in preparing the financial statements for the year ended 30 June 2023.

Specific Accounting Policies

In preparation of these financial statements, the specific accounting policies are as follows:

(a) Accounts Receivable

Accounts Receivable are stated at their anticipated realisable value. Bad debts are written off during the year as they are identified, with appropriate adjustment being made as at balance date for any doubtful debts that may exist.

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2023 (Continued)

(b) Livestock

For taxation purposes, livestock can be valued using either or both of the National Average Market Price (NAMP) and National Standard Cost (NSC) schemes. While these values are determined nationally to represent either market value or cost, they do not necessarily represent market value, or cost to this entity.

In these financial statements Livestock is recorded at Market Value in the Trading Accounts and in the Statement of Financial Position. The difference between Livestock at Tax Value and Livestock at Market Values adjusted in the Tax Reconciliation note. Market values have been determined by Toby Power, a livestock buyer for Affco NZ Ltd as at 04 July 2023.

(c) Income Tax

Provision has been made for taxation (where appropriate) after taking into consideration all deductions that are available. No provision has been made for deferred taxation.

(d) Investments

Investments are generally recorded at cost, except for shares held in cooperatively owned companies and shares traded on the NZAX market, which have been revalued based on redemption values advised by those companies.

(e) Property, Plant & Equipment

Property Plant & Equipment are stated at cost (unless otherwise noted below) less aggregate depreciation.

Land, Improvements and Buildings have been revalued to the latest Rating Valuations dated 1 September, 2020.

The rating valuations are issued every three years.

(f) Depreciation

Depreciation has been claimed at the maximum rates allowed by the Inland Revenue Department. The revalued portion of buildings has not been depreciated. The particular rates and method of depreciation applied are as follows:

Land	0% DV
Property Improvements	0 - 16% DV
Buildings	0 - 4% DV
Plant & Equipment	0 - 80.4% DV
Motor Vehicles	13 - 30% DV
Furniture & Fittings	0 - 40% DV
Office Equipment	48% DV

(g) Goods and Services Tax (GST)

These financial statements have been prepared on a GST exclusive basis where all items in the Revenue Accounts, together with Fixed Assets have been recorded exclusive of GST. Accounts Receivable and Accounts Payable are recorded in the Balance Sheet inclusive of GST.

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2023 (Continued)

2. Property, Plant & Equipment

	Cost/ Valn	Current Year Depn	Accum Depn	Net Book Val 2023
Freehold Land	5,490,422	-	-	5,490,422
Property Improvements	227,254	4,954	134,089	93,165
Buildings	79,551	122	70,521	9,030
Plant & Equipment	71,219	2,769	50,387	20,832
Motor Vehicles	128,900	5,999	95,609	33,291
Furniture & Fittings	12,414	720	5,776	6,638
Office Equipment	1,020	-	1,020	-
	6,010,779	14,564	357,402	5,653,377

	Cost/ Valn	Current Year Depn	Accum Depn	Net Book Val 2022
Freehold Land	5,490,422	-	-	5,490,422
Property Improvements	227,254	5,320	129,135	98,119
Buildings	79,551	127	70,399	9,152
Plant & Equipment	67,224	2,751	47,618	19,606
Motor Vehicles	128,900	7,245	89,610	39,290
Furniture & Fittings	6,090	327	5,056	1,034
Office Equipment	1,020	-	1,020	-
	6,000,460	15,770	342,838	5,657,622

3. Bank Overdraft

The Incorporations Livestock is used as security for their overdraft facility, see Note 4. Overdraft limit is \$70,000.

4. Security

Registered Stock Security over livestock pastured/kept on property situated at Trout Pool Road, Okere Falls, 392.4439ha part 1B3 BlkVI Rotorua Survey District held as detailed in Stock Sec 605/00.

5. Non-Current Liabilities

<i>BNZ Term Loan - 06</i>		2023	2022
Non Current Liability	30 Jun 2023	150,580	156,040
Less Current Portion of Term Liabilities		5,520	5,280
Non Current Liability	30 Jun 2024	145,060	150,760

BNZ Loan 06 - Instalments, irregular payments of \$460. Interest rate 8.82%, maturing 20/09/2024.

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE, 2023 (Continued)

6. Taxation	2023	2022
Surplus (Deficit) for the year	(44,030)	92,405
Plus Provision for Holiday Pay	5,807	98
Plus Imputation Tax Credit	628	552
Plus Livestock Tax Adjustment Sheep	76,075	(39,002)
Less Livestock Tax Adjustment Beef	(6,189)	1,503
	<u>32,290</u>	<u>55,556</u>
Less Tax Losses Brought Forward	(407,323)	(459,724)
Tax Loss	(375,032)	(404,168)
Taxation charge @ 17.5%	Nil	Nil
Imputation Tax Credits Converted to a Loss	(3,588)	(3,155)
Tax Losses available to be Carried Forward	<u>(378,620)</u>	<u>(407,323)</u>
Tax Paid/(Tax Refund Due)	<u>(112)</u>	<u>(99)</u>

These losses to be carried forward are subject to Inland Revenue approval. The taxation benefits of losses will be available provided:

The Incorporation complies with conditions for offset imposed by the Income Tax Act 2007 and amendments thereto

No Change in taxation legislation adversely affects the Incorporation in realising the taxation benefits of those losses, and

The Incorporation generates assessable income in the future, against which the losses can be offset.

Maori Authority Credit Account (MACA)	2023	2022
	\$	\$
Opening Balance @ 01/07/2022	9,550	8,987
RWT Paid on Investments	65	55
Imputation Tax Credits	364	309
Tax Refunds	(99)	-
Closing Balance @ 31/03/2023	<u>9,880</u>	<u>9,352</u>
RWT Paid on Investments	47	43
Imputation Tax Credits	264	243
Tax Refunds	-	(88)
Closing Balance @ 30/06/2023	<u>10,191</u>	<u>9,550</u>

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2023 (Continued)

7. Beneficiaries Equity

	2023	2022
Original Capital	79,848	79,848
Less 1145 Shares Re-purchased	(2,290)	(2,290)
<i>Retained Earnings (Pre 2004) (1)</i>	125,452	125,452
<i>Retained Earnings (Post 2004) (2)</i>	(415,799)	(368,225)
<i>Unrealised Reserves (3)</i>		
Land & Improvements Revaluation	5,427,345	5,427,345
Wool Equity - Shares	175	175
Mercury Ltd - Revaluation	31,700	25,070
NZ Wool Services Int. Ltd	142	142
Ballance Agri-Nutrients Ltd - Revaluation	35,840	35,840
	5,495,203	5,488,573
<i>Realised Capital Reserves (4)</i>		
Sale of Dalgety Shares	772	772
Ballance Agri-Nutrients Ltd - Bonus Issue	2,174	2,174
Ballance Agri-Nutrients Ltd - Sale of Shares	5,446	5,446
Affco Holdings Ltd - Capital Loss	(969)	(969)
Affco Holdings Ltd - Gain on Shares	13	13
NZ Co-op Wool Marketing Assn - Capital gain	50	50
Rotorua Electricity - Share Allocation	900	900
Rotorua Electricity - Sale of Shares	3,924	3,924
Non Assessable Timber Proceeds	700	700
M.R.P. Exclusivity Payment	450,000	450,000
NZ Wool Services-Capital Distribution	790	790
Barn - Capital Profit	10,414	10,414
	474,215	474,215
	5,756,628	5,797,572
1. Retained Earnings (Pre 2004)		
<p>The Incorporation elected to join the Maori Authority Regime for Tax purposes from 1 April 2004. Distributions to members from income retained prior to the 2004-2005 income year, will be treated as non-taxable distributions in the hands of members.</p>		
Opening Balance	125,452	125,452
Closing Balance	125,452	125,452
2. Retained Earnings (Post 2004)		
Opening Balance	(368,225)	(458,337)
Net Surplus/(Deficit) for Year	(47,575)	90,112
Closing Balance	(415,799)	(368,225)
3. Unrealised Reserves		
Opening Balance	5,488,573	5,496,529
Mercury Ltd - Revaluation	6,630	(7,956)
Closing Balance	5,495,203	5,488,573
4. Realised Capital Reserves		
Opening Balance	474,215	463,800
Barn - Capital Profit	-	10,414
Closing Balance	474,215	474,215

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2023 (Continued)

8. Asset Revaluation Reserve - Land and Buildings

The Net Book Value of Land and Buildings have been revalued to the current ratings revaluation dated 1 September, 2020, as valued by Landmass Technology Ltd".

The difference has been credited to the Asset Revaluation Reserve - Land and Buildings Accounts.

		2020 Net Book Val
Land		63,077
Improvements	227,258	
Less Depreciation	118,091	109,167
Buildings	80,777	
Less Depreciation	71,366	9,411
Asset Revaluation Reserve		5,427,345
		5,609,000
This is Represented By:		
<u>Ratings Valuation at 1 September, 2020</u>		
06961-336.00 - Shop S/Hway 33		476,000
06961-365.01/03 - 101 Trout Pool Road		743,000
06961-373.02- Taheke Road		29,000
06961-375.03 - S/Hway 33		1,694,500
06961-372.19 S/Hway 33		2,666,500
		5,609,000

9. Alum Baths & Hot Water Programme Grant

Mercury Ltd (formerly Mighty River Power) provided \$50,000 during the 2017 year towards a programme either for the development of the Alum Baths or the surveying and feasibility analysis of a hot water bore at Taheke - Mourea. This payment was made under the Development Agreement with Mercury signed 6 November 2011. The funds do not need to be refunded should the project not proceed.

10. Capacity Building Fund

The Committee holds funds of \$30,000 for capacity building.

11. Okere Incorporation Memorial Scholarship

During the 2017 year Okere requested and received the final payment of \$45,000 from Mercury under the terms of the Incentive Payment Agreement. These funds are for Mercury Ltd (formerly Mighty River Power) scholarship and intern programmes for Okere's Stakeholders (with a view to facilitating education, employment and individual mentoring of such stakeholders) in further recognition of the cultural importance of the Taheke Geothermal Resource for Okere.

	2023	2022
Opening Balance 1 July 2022	\$ 29,400	\$ 29,400
Closing Balance 30 June 2023	29,400	29,400
	29,400	29,400

THE PROPRIETORS OF OKERE 1B3C3 & ADJOINING BLOCKS

NOTES TO THE SPECIAL PURPOSE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE, 2023 (Continued)

12. Related Party Transactions

The shareholders of the Okere Incorporation form the Hapu of Ngati Hinerangi. The Committee Members of Okere Incorporation are also Trustees of the Hapu of Ngati Hinerangi.

13. Contingent Liabilities & Guarantees

2022

(Nil)

There were no contingent liabilities or guarantees as at balance date.

2022

(Nil)

14. Capital & Lease Expenditure Commitments

The Incorporation signed a limited partnership agreement with Okere Adventures (2019) Ltd Partnership. The partners in Limited Partnership are Okere Adventures Ltd (the general partner) and the investors which consist of Rotorua Ziplines Ltd (RZ), The Proprietors Okere 1B3C3 & Adjoining Blocks Incorporation (Okere), and Whetu Fredrick Lindsay Whata (Fred). RZ owns 75 Limited Partnership units (representing 75% of the Partnership interests), Okere owns 20 Limited Partnership units (representing 20% of the Partnership interests), Fred owns 5 Limited Partnership units (representing 5% of the Partnership interests). Clause 20.1 of the Agreement stipulates that "in lieu of any cash contribution from Okere to the Limited Partnership, Okere agrees to provide access to the Okere Land by way of a licence at a fee and on such terms to be agreed between the Limited Partnership and Okere.

Okere is also a shareholder in Okere Adventures Limited. - the general partner of the Limited Partnership. Clause 6.2(b) stipulates that "Okere will be entitled from time to time to appoint one Director and may remove that Director so appointed." Okere has appointed Piki Thomas as the initial appointment.

The Limited Partnership made a profit for the year ended 31/03/2023, of which the incorporations share was \$34,616 (Last year loss of \$7,445).

There were no other commitments for expenditure at year end.

2022

(Nil)

15. Events Occurring Subsequent to Balance Date

There have been no other events subsequent to balance date that would have materially affected the financial position of the Trust or the figures contained within these Financial Statements.



Certificate as to Share Value

In accordance with Section 278 of
Te Ture Whenua Maori Act 1993

The Proprietors of Okere 1B3C3 & Adjoining Blocks

I Lau Lasike, Chartered Accountant, here by certify that the fair and reasonable equity value of each ONE (1) Share in the Incorporation as at 30 June 2023, is assessed by me in the manner provided by Section 278 of Te Ture Whenua Maori Act 1993, at \$108.19 (one hundred and eight dollars and nineteen cents).

Determining fair and reasonable equity value performed under Section 278 of Te Ture Whenua Maori Act 1993 requires assessing the value of shares in relation to the equity value of the Incorporation at the date of the last published financial statements, with such adjustments (if any) to arrive at a fair and reasonable equity value. The Certificate as to Value is not an independent valuation performed under Advisory Engagement Standard 2 Independent Business Valuation Engagement as issued by the New Zealand Institute of Chartered Accountants or International Valuation Standards which may result in a different value being determined.

This Certificate as to Value is current at 30 June 2023 only and the fair and reasonable equity value may change significantly and unexpectedly over a relatively short period of time.

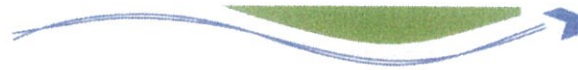
Dated 22 April 2024

Yours faithfully

Kusabs Lasike Limited Chartered Accountants

Lau Lasike BMS CA

Chartered Accountant



**NOMINEES FOR THE ANNUAL GENERAL MEETING
HELD 28TH APRIL 2024**

<u>Nominee</u>	<u>Nominator</u>
Melissa Bennett	Faith Smith
Piki Thomas	Faith Smith