

Pārengarenga Incorporation



Annual Report 2021

Pūrongo 2021

Lake Wahakari

Pārengarenga Incorporation

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Pārengarenga Incorporation

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Our Strategy 2021-2026 - Overview

Mahere Rautaki

Our Vision

Te Wawata

Growing our people and communities, shaping the Te Hiku future through a world-class, sustainable enterprise of the land and sea

Our Mission

Te Aronga

By 2030, generate \$1m in community value every year through jobs and shareholder returns by serving our wellbeing to the world

Our Five-Year Plan and Goals

Te Take me Ngā Whāinga

Develop a diversified and sustainable portfolio of commercial investments that leverages our land assets to deliver \$12m annual revenue by 2026 (see outline, page 40).

Ngā Whāinga

Sustainable annual revenue streams, shareholder return, community prosperity and growth in asset value

Our Shared Values

Ngā Tikanga

WHAKAPONO ME TE TIKA

Integrity, Honesty, Trust

We believe in an open, respectful, and honest approach to achieve trust in all that we do

KAITIAKITANGA ME TE WAIRUA

Guardianship Spirituality

We protect our whenua and wai, and value our cultural inheritance

MANAAKITANGA

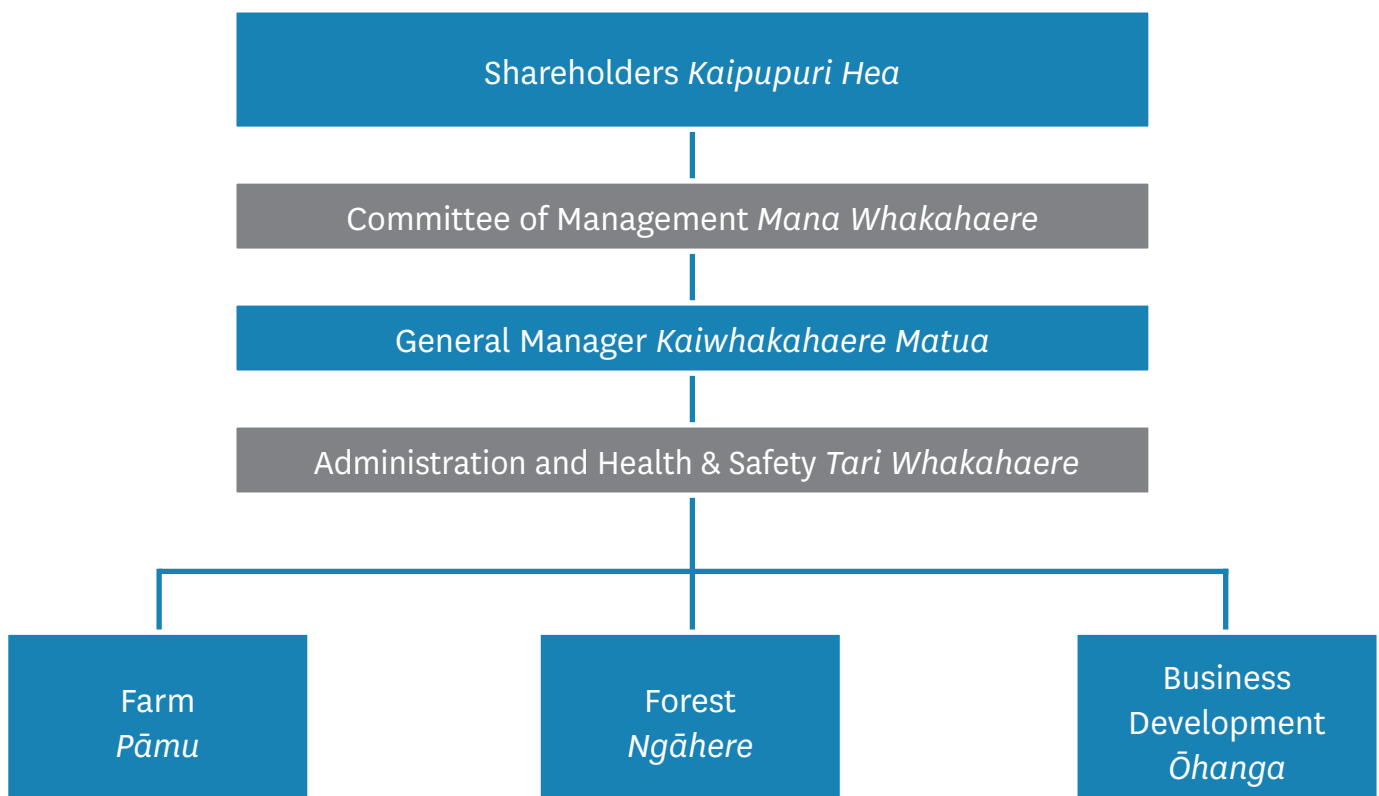
Respect, Generosity & Care for others

We respect and care for everyone in our work and workplaces

RANGATIRATANGA

Leadership, Team Work, Growth

We work with our leaders to build a strong team to produce business growth within our community





Agenda

Rārangi Take

9.00am	<ul style="list-style-type: none">• KARAKIA AND MIHI• APOLOGIES Ngā Tono Aroha• OBITUARIES Ngā Maumahara• CONFIRMATION OF PROXIES Pepa Whakakapi <hr/>
9.45am	<ul style="list-style-type: none">• MANAGEMENT COMMITTEE ELECTION Pōtitanga Komiti Whakahaere <hr/>
10.15am	<ul style="list-style-type: none">• CONFIRMATION OF ANNUAL GENERAL MEETING MINUTES 2020 Ngā Minitī 2020 kia Whakatūturutia <hr/>
10.45am	<ul style="list-style-type: none">• CHAIRMAN'S REPORT Pūrongo o te Heamana <hr/>
11.30am	<ul style="list-style-type: none">• ANNUAL FINANCIAL ACCOUNTS Ripoata Pūtea mo te Tau• APPOINT AUDITOR AND SHARE VALUER APPOINTMENT Whakaritenga Kaitaatari Pūtea me te Kaiwariu Hea• GENERAL BUSINESS Umanga Whānui Special resolution to support postal and electronic voting by shareholders Special resolution for Committee of Management remuneration to be established at AGMs <hr/>
12.45pm	<ul style="list-style-type: none">• CLOSE OF AGM Mutunga <hr/>
1.00pm	<ul style="list-style-type: none">• LUNCH Tīna <hr/>
1.45pm	<ul style="list-style-type: none">• BLESSING CEREMONY FOR TE KAO FOREST <hr/>

Full copies of the Annual Accounts are available [to shareholders](#) upon request from our office.



Notice of Motions

Ngā Mōtini Panui

Apologies

1. **THAT** the Apologies for the combined 2021 Parengarenga A Incorporation and Parengarenga B3C Trust AGM be accepted.

Proxies (Confirmation of Proxies)

2. **THAT** the Proxies for the combined 2021 Parengarenga A Incorporation and Parengarenga B3C Trust AGM be accepted.

Minutes (Confirmation of previous Annual General Meeting Minutes)

3. **THAT** the circulated Minutes of the previous combined Parengarenga A Incorporation and Parengarenga B3C Trust AGM held on 12 December 2020 be confirmed as a true and accurate record.

Reports

4. **THAT** the Annual Chairman's Report 2021 be adopted.

5. **THAT** the combined 2021 Parengarenga A Incorporation and Parengarenga B3C Trust audited consolidated annual accounts for the year ending 30 June 2021 be adopted.

6. **THAT** the Te Kao Forest Lease Report July 2020 – June 2021 be adopted.

Appointment of Auditor and Share Valuer

7. **THAT** PKF Francis Aickin Limited of Kaitaia be retained as Auditors for Parengarenga A Incorporation for the 2021/2022 financial year and

8. **THAT** BDO Northland of Kerikeri be appointed as Share Valuers for Parengarenga A Incorporation for the 2021/2022 financial year.

Special Resolutions

9. **THAT** shareholders accept postal and / or electronic votes for all future Annual General Meetings and Special General Meetings of Parengarenga Incorporation

Background

The Constitution does not provide for shareholders to vote by way of postal votes or other electronic forms unless this has been agreed – by special resolution – at an earlier meeting. While we have used proxy votes in the past, we discovered that during Covid lockdown Level 3, we would not have been able to hold any shareholder vote (such as for the motion to purchase Te Kao Forest).

The restrictions on 'bubble' sizes or meeting numbers meant we could not make a quorum for a meeting to pass a special resolution to hold a postal vote. That nearly stopped us from being able to get a shareholder vote and would have left the decision solely in the hands of the Committee of Management.

We were only able to proceed when the lockdown dropped to Level 2. This was sheer luck, not a plan. We wish to avoid being caught in any future situations like this. It will make it easier for shareholders to exercise voting rights with the Incorporation if the use of postal and/ or electronic voting is agreed for future Annual General Meetings and Special General Meetings. This provision will allow for such voting into the future.

Motions

10. **THAT** the constitution of Parengarenga A be amended to include a new clause 6 (f) (iii) as follows:

6. Business of Annual General Meeting

(f) To authorize, by resolution, -

(iii) Proposed changes to COM Member remuneration

Background:

The purpose of this motion is to amend the Constitution to specifically state that future changes to Committee of Management fees are to be decided by shareholders at an AGM.

The current Parengarenga Incorporation constitution does not specifically address the issue of COM member remuneration or how it is established. This is a drafting error that should be addressed at the AGM. Changes to the constitution can only be made by a special resolution, which is what is being proposed here.

It is common practice for constitutional provision to be made for board member or trustee remuneration to be set by shareholders or members. Most Iwi and commercial companies set trustee or board member remuneration bands at their AGM. It would be unethical for COM members to set their own meeting attendance fees.

Clause 24(2) of the Constitution states:



“No member of the committee shall vote or take part in the discussion on any matter before the committee that directly or indirectly affects that person’s remuneration or the terms of his or her employment as a servant or officer of the Incorporation, or that directly or indirectly affects any contract in which that person may be interested or concerned”

This clause precludes COM from setting attendance fees, which is appropriate, but it also prevents any COM member proposing any motion at the AGM on the matter.

Setting of the next Annual General Meeting date

11. THAT the date be set down for Saturday 26 November 2022



Minutes

Ngā Minitī 2020

OF THE COMBINED PARENGARENGA A INCORPORATION AND B3C TRUST
ANNUAL GENERAL MEETING HELD AT POTAHU MARAE, TE KAO. 12th DECEMBER 2020

Start:

9.02 am

Opening Whakamoemiti:

Ema Kaipo-Dunn

Mihi:

Heta Conrad, Richard Wiki

Trustees:

Chad Paraone (Chairman), Ngainanga Kapa, Pereniki Conrad, Clayton Wiki, Rihari Wiki, Huia Cooper, Joyce Conrad-Munns

Present:

Ana Carpenter
Andrew Widdowson
Barry Bouton
Barry Carey
Bella Leef
Bella Nathan
Chad Paraone
Chloe Cooper
Clayton Wiki
Dan Henderson
Davideen Duncan
Duanne Golley
Ed Wi
Ema Kaipo-Dunn
Erica Tahitahi
Erina Murray
Eunice Wiki
George Hori Kuri
Gillian Harper
Hare Wi
Harry Kapa
Hemowai Minty
Henare Tahana
Heta Conrad
Huia Cooper
Jack Ratu
Jo Howearth
Joan Dangen
Joe Everitt
John Paitai
John Tahana
Joyce Conrad-Munns
Julian Peters
K Harawira
Kaneihana Kaaka
Karepori Kaipo
Karipa White
Kathy Manga
Kororia Wiki
M Wiperi
Marama Nathan
Maria Wiki
Maringinoa Wood
Mark Nathan
Mary Higa
Mavis Nopera

Melanie Dalziel
Meri D Wiki
Ngainanga Kapa
Ngaporia White
Nik Karena
Pani Foster
Pauline Wilton
Pereniki Conrad
Rachel Karena
Rangimarie Rameka
Ria Slade
Richard Wiki
Rihari Wiki
Rita Carey
Robin Popata
Roselin Labin
Rosie Conrad
Rosina G Clarke
Sally Golley
Sandra Everitt
Sharlene Fong-Toy
Simon Waenga
Taneko Kuri
Tania Good
Tireiniamu Kapa
Tiwha Everitt
Julian Peters
K Harawira
Kaneihana Kaaka
Karepori Kaipo
Karipa White
Kathy Manga
Kororia Wiki
M Wiperi
Toni Andersen
Tracie-Lee Witana
Tunisa Otene Tipoki
Viki Brown
Wahanui Kaaka
Whati Rameka
Winiata Brown
Yvonne N Goldswain

Apologies:

Aarena Carpenter	Hana Slade	Tame Nathan
Aaron Keepa Wetere	Harry Wiki	Taniora Karena
Allan Witana	Helena Rewi	Tatana Whanau
Ani Kaipo	Henare Hetaraka	Tawhiri Wiki
Awarua Martin	Hine Murray	Te Awhina Kaaka
Bette Thompson	Hopa Nathan	Te Uinga Hamuera
Brenda Steele	Kare Wiki	Whanau Trust
Emily Budgie	Keita Kaaka	Thomas Wiki
Braithwaite	Kess Carpenter	Tip Karena
Carmena Everitt	Koro Kaipo	James & Hemotai
Cindy Baker	Luke Piripi Kaaka	Selwyn WT
Craig Taylor	Marie Porter	Jane Allan
Craig Taylor	Mata Kaipo	Janet Parkinson
Daphne Neho	Meri Cope	Jocelyn Glucina
David Henry Kaaka	Morehu Kaaka	Joe Nathan
David Kapa	Nancy Bowman	John Karena
Desmond Matiu	Nellie-Ann Abraham	John Slade
Douglas Warren	Paihere Kaaka	John Yates
Dr Charlotte Severne,	Parani Wiki	Josephine Nathan
the Maori Trustee	Peter Walden	Tui Kapa
Dr Hinemoa Elder	Peter Witana	Tutangiora Nathan
Duncan Kapa	Phillip Wiki	Tyshana Nathan
Edward Yates	Piri Kaipo	Verna Lu Te Aroha
Creelman	Rima Matiu Kaaka	Kaaka
Florence Hanson	Robert Everitt	Waiari Matiu
Frances Brown	Robert Kaaka	Walter Kapa
Frances Dalton-	Sandra Witana	William Porter
Hayward	Shannon Wiki	Wiremu Conrad
Fred Wiki	Shaye Petricevich	Kaaka
Freddie Allen Wiki	Shelley Naera	Wiri Kaipo
George Everitt	Sherie Noble	
Georgina Peters	Shirley Wharerau	
Glendith Samson	Stewart Warren	
Grace Kaaka	Sue Wood	
Graeme Neho	Tahimoana Kapa	

1. THAT the Apologies of the 2020 combined Pārengarenga A Incorporation and Pārengarenga B3C Trust Annual General Meeting be accepted.

Moved by Harry Kapa

Seconded by Heta Conrad

Carried

Obituaries

Alice Ratu	Frederick Henare
Aroha Roberts	Harry Tahitahi
Baldy Morey	Harry Wetere
Brendon Wiki	Jim Herbert
Christopher Henare	Jimmy Parker
Danielle Murphy	Jimmy Petricevich
Etana Heka	John Tahitahi



John Tatana
Justin Murray
Kamera Raharaha
Kamiria Vincent
Karak Brown Wiki
Karani Leefe
Kate Wells
Kiri Jacobs
Kura Kendall
Lily Rameka
Luana Oneroa
Maata Harris
Mahararoa Keepa
Marara Walters
Margaret Te Moana
Maria Denison
Mehina Shaw
Mei Keepa
Mihima Porter (Peihopa)
Necia Butterworth nee John
Nellie Kirkwood
Ngakapa Horne
Norma Moses
Olive Tahana
Patrick Rivers
Peti Steedman
Phyllis Cross

Piripi Kapa
Raewyn Dickson
Reweti Witana
Riria Rush
Riwia Nathan
Robyn Murray
Robyn Wiki
Ron Tahitahi
Ronald Kite
Rudy Taylor
Sandy Murupaenga
Shirley Radovanovich
Taura Cherrington
Ursula Hansen
Venus Petera
Vicky Paul
Violet Norman
Waihuka Wiki
Warren Wiki
Whakamutunga Waitai
Wikitoria Murupaenga
Wiremu Wiremu

The hui stood for a minute's silence in remembrance and respect for those who had passed on.

Minutes

1. THAT the Minutes of the combined Parengarenga A Incorporation and Parengarenga B3C Trust Annual General Meeting held on 23rd November 2019 be confirmed as a true and correct record, with these amendments.

Moved by Joan Dangen **Seconded by** Rosie Conrad **Carried**

Matters Arising:

Access to Waka Te Haua – The Incorporation has been working through this with the whanau involved. The Chair acknowledges that this has been a difficult time for the whanau. A number of shareholders stood to acknowledge and express their aroha towards the whanau.

It was explained that there has been an agreement made between the whanau and the Incorporation and access will be available from Te Ahu Road to Oromanga Road in January 2021. There will be conditions to access which will be determined at a later date.

A shareholder brought attention to the dust nuisance for residents and asked that when sending out any panui the Incorporation advise people to be considerate of resident's homes when driving on Te Ahu Road.

Access to Great Exhibition Bay – It was explained that the only access to Great Exhibition Bay is through the gate at Potahi Rd. A shareholder explained that there have been times when people have been accessing Great Exhibition Bay via Everitt Rd. It is explained that the Incorporation did give permission for access through Incorporation land through a private farm for an event.

Te Pua – Huia Cooper, an Incorporation Committee of Management member, is acting as interim camp manager. All prices remain the same.

Chairman's Report

The Chairman spoke to the 2020 presentation

The new General Manager Barry Bouton introduced himself to shareholders. Barry was born in Zambia but lived in NZ most of his life, he has worked with a number of indigenous organisations in South Africa, Australia and New Zealand and is looking forward to working with the Incorporation and its shareholders

Key discussion points arising:

Developments – There were a number of ventures the Incorporation was looking into, and these were presented to shareholders at the 2019 AGM. The Chair explained that the Incorporation has a limited number of staff and due to this and the changes in management it was decided that the Incorporation focus on its core business for now and put a number of future developments on hold. These developments included Apiculture, Biochar and Training and Education. It was explained that there are committees set up for the two core business operations, those being the Farm and the Forest.

Takutai Moana – This is still going through the High Court process. There are a small number of priority cases being progressed and the Incorporation is monitoring their progress.

Amalgamation – The Incorporation is still waiting for movement from the Maori Land Court (MLC) on this. The case has been assigned to a new judge, and we have met with the MLC to provide further information, but it remains a work in progress within MLC.

The Chair reminds shareholders that most shareholders have shares in both A Incorporation and B3C Trust, some shareholders have shares in just either A or B3C. The amalgamation which was discussed and presented to shareholders at a number of hui will give us 1 set of owners.

Horticulture – The Incorporation has been looking into horticulture for a number of years. The chair explains that it is nearly impossible to get into horticulture without having access to sufficient water.

The Incorporation has joined with Te Runanga Nui o Te Aupouri and Ngati Kuri Trust Board to submit a joint application for Provincial Growth Funding to enable each entity to investigate (and potentially construct) a sizeable water storage reservoir on each property over the next 3 years. The Rūnanga has subsequently pulled out of this joint application, so the Incorporation is proceeding in partnership with Ngāti Kuri.

If the investigation delivers positive results, it may take up to three years to construct and fill a dam, and then potentially another four years to establish a horticulture operation.

Forestry – Our 2nd harvest of Parengarenga Forest is scheduled to commence in July 2024. The Incorporation is investigating the viability of managing the harvest operation in-house, rather than contracting it out.

There are a number of things to be considered when deciding whether to contract out or manage the forestry operations ourselves, including due diligence on our internal capacity and capability to take this on; financial modelling; funding options for equipment and machinery purchases; risk profile; access to sufficient skilled personnel; and what's happening in the market



(prices, customers, and competition).

Te Kao Forest is currently leased to Taumata Plantations. Taumata Plantations has indicated they would like to get out of this lease earlier. They have a number of leases for large block areas further south and it is not efficient to manage this small block. The Incorporation is exploring options to bringing back this forestry block and managing ourselves.

Farm – Chad introduced Julian Peters the new Farm Manager. Julian has worked for a number of northland farms, including Rangiputa Station with Bruce Albert, and he is grateful to be given the opportunity to work for the Incorporation.

A number of shareholders acknowledged the Incorporation for the tour the day before the AGM. Shareholders appreciated being able to see our assets and where all the money has been going, the information shared during the tour was extremely informative.

2. THAT the Chairman's annual report of 2020 be adopted.

Moved by Chad Paraone **Seconded by** John Tahana **Carried**

Audited Accounts

3. THAT the combined Parengarenga A Incorporation and Parengarenga B3C Trust audited consolidated accounts for the year ending 30 June 2020 be adopted.

Moved by Clayton Wiki **Seconded by** Rosie Conrad **Carried**

Te Kao Forest Report

4. THAT the Te Kao Forest Report for 2020 is adopted.

Moved by Heta Conrad **Seconded by** Eunice Wiki **Carried**

Appointment of Auditor and Share Valuer

5. THAT PKF Francis Aickin Limited Chartered Accountants of Kaitia be retained as Auditors for the Parengarenga A Incorporation for the 2020/2021 financial year.

Moved by John Tahana **Seconded by** Ema Kaipo-Dunn **Carried**

6. THAT BDO Northland, Chartered Accountants of Kerikeri be appointed Share Valuers for the Parengarenga A Incorporation for the 2020/2021 financial year.

Moved by Harry Kapa **Seconded by** Eunice Wiki **Carried**

General Business

THAT the shareholders approve that we establish 4 remuneration bands for COM member fees as follows:

- Band 1: Chair @ \$25,000 pa
- Band 2: Vice-chair and Treasurer @ \$10,000 pa
- Band 3: Farm and Forest Committee chair @ \$7,500 pa
- Band 4: Com member @ \$5,000 pa and that the GM and Chair develop job descriptions for each role that encompasses all activity for that position. The annual fee is to be a total reimbursement for that role, excluding travel and out of pocket expenses.

Moved by John Tahana **Seconded by** Maringinoa Wood **Carried**

The Chairman explained that our constitution does not specifically address the issue of Committee of Management member remuneration or how it is established. This is a drafting error that should be addressed at next year's AGM. It cannot be addressed this year, because changes to the constitution can only be made by special resolution, which needs to be advised to shareholders at the time that the Panui is sent out. Most Iwi and commercial companies

set trustee or board member remuneration bands at their AGM. It would be unethical for Committee of Management members to set their own meeting attendance fees. Shareholders thanked the Incorporation for their transparency.

Dividend – A shareholder raised the issue of dividends for shareholders. The Chair advised that the Incorporation is not in a position to pay dividends, as the required investment and use of cash to get our businesses producing good returns consistently (particularly forestry) is the current priority. When the second forest harvest is underway and settled into a steady state, the Incorporation should be in a better position to take a closer look at this. It is a priority for the Incorporation, but it needs to be based on the overall financial position and outlook at that time.

Shareholders were reminded that the Incorporation has been relying heavily on farming income until our forest is ready to harvest in 2024.

Memorial – a shareholder stood to explain there have been talks about a memorial for all our forestry workers from the day it was started. Another shareholder explains that it should not just be Incorporation forestry workers but Aupouri forestry workers also. It is agreed that this is a good idea and the Incorporation can look into this.

Election of Members to the Committee Of Management

The Chair explained the election process and candidates were given an opportunity to address the hui. Shareholders were given the opportunity to cast their votes up until 10am. Barry Carey has been appointed as the Returning Officer and Josephine Howearth and Julia Vaka have been appointed as Scrutineers.

The results of the election of members to the management committee are:

48	Clayton Wiki
43	Pereniki Conrad
42	Jack Ratu
41	Duanne Golley
16	Nelly Abraham

The Chairperson declared that Clayton Wiki and Pereniki Conrad are appointed as trustees of Parengarenga Incorporation. The Chairman acknowledged all candidates.

All candidates stood to address the hui and acknowledge shareholders.

Setting of the next Annual General Meeting Date and Closing

7. THAT the date be set down for Saturday 27th November 2021.

Moved by Heta Conrad **Seconded by** John Tahana **Carried**

Mihi: Mark Nathan

Ema Kaipo-Dunn stood to address the hui on behalf of her whanau. She explained that it has been a long challenge for her whanau over a number of years in regards to the access to Oromanga Road and acknowledged Pereniki Conrad for his work with the whanau over the past 5 months.

Closing Karakia: Ema Kaipo-Dunn

Meeting finished: 12pm



Committee of Management

Komiti Whakahaere



Chad Paraone
Chairman



Huia Cooper
*Deputy chair
and Policy*



Joyce Munns
Development



Clayton Wiki
*Finance, Risk
and Audit*



Ngainanga Kapa
*Culture &
Environment*



Pereniki Conrad
Farming



Rihari Wiki
Forestry



Barry Bouton
*General
Manager*



Chairman's Report 2021

Te Rīpota o te Heamana

Tēnā rā koutou, e ngā kaipupurihea.

General

2021 has been a rebuilding year for Parengarenga Incorporation. There has been a strong focus on positioning ourselves to provide maximum, sustainable returns for shareholders in the medium term and for future generations. The year has seen the introduction into our management team of a new GM and a new Farm Manager. I welcome Barry Bouton and Julian Peters respectively. Both are now well settled into their roles.

Financial result

The Incorporation had an overall net loss for the year of \$274,698. While it is a loss, it is an improvement on last year's result and was well ahead of our initial 2021 budget. It represents a strong turn-around in our operational efficiencies as we plan to harvest our main tree crop in 2023 and bed in the gains of our farm re-development plan in the same financial year. My sincere thanks to all staff and management for this putting in the hard work to deliver this improvement. We'll continue to push hard to build on this.

It is worth noting that our forest revenue at \$3.6 million now outstrips that attained from our farm. This gap will continue to widen as we move into the harvest of our main crop in 2023.

Our asset base also grew by almost \$2 million to \$68.8 million, an increase of 3%.

Forestry

Forestry made an operating profit of \$528,000 (before interest, depreciation and tax) this year, which translated to a net profit of \$228,658.

It has been a bumpy ride this year though. The year started with production thinning being done by our own crew and a contractor employed to clearfell the special block. Things changed when the contractor exited the contract early, at the end of November 2020. To keep operations moving, our crew moved from production thinning to take over clearfelling from December 2020 and it was pleasing to track their productivity immediately exceeding the volumes previously attained by the contractor.

Thinning options were evaluated, including the option to contract out production thinning. We decided to stay with the previous plan to do both production and waste thinning utilising our own crew, as well as the clearfell operations of the special block.

As a result of pausing production thinning and taking time to re-assess our options, the thinning programme did not attain our planned targets for the year. As a consequence, there is a catch-up programme planned for the next financial year.

Despite that, significant price increases, with volume commitments, were negotiated with two local mills towards the end of the year and these are now making a substantial contribution to forestry's profitability.

In summary, it has been a rather tumultuous year for forestry, but this is good in the sense that progress is being made to find the right answers to manage our forests most efficiently into the future. Forestry is making a small favourable contribution to the Incorporation's

performance. Whilst improvements are ongoing, forestry is in a better position than it was a year ago.

Te Kao Forest

performance. Whilst improvements are ongoing, forestry is in a better position than it was a year ago. As advised in a separate notice to shareholders in October, Taumata Plantations Limited (Taumata) decided to end their relationship with the Te Kao Forest, as it is a very long distance from their other forest interests and quite small compared with the rest of their estate.

In early November 2020 Hancock Forest Management (Hancock), as agent of Taumata, advised Parengarenga Incorporation that they had been presented with an offer to purchase Taumata's interest in the Te Kao Lease by a third party and that Taumata was agreeable to the offer presented.

One of the terms of our lease with Taumata states that Taumata "shall not assign its rights except with the prior written consent of the Lessors. The Lessors, under the Lease, covenant not to unreasonably or arbitrarily withhold such consent."

We advised Hancock that we would not agree to assign the lease to any third party until we had determined whether we wished to purchase Taumata's interest in the forest ourselves.

We completed a valuation of the Te Kao Forest in March 2021. The valuation was less than expected. The forest has been somewhat neglected and is not in great shape. This made a purchase more affordable for us. We gave notice that we had completed our due diligence and wished to enter into negotiations to purchase Taumata's interest in the forest.

The negotiations were successful and a price of \$4.16 million was agreed upon. We made this agreement subject to two conditions: firstly, that the Committee of Management endorsed the sale, and secondly, that shareholders ratify this decision at a Special General Meeting. Finance for the purchase has been lined up with our bank, BNZ.

The Special General Meeting was due to be held on 30 October. The outcome of the meeting will be known before our AGM takes place.

Farm

The farm team have done really well this year. The 3-year business plan budget, developed last year, forecast a loss of \$496,633 for this financial year. Instead, by advancing our development plan and through strong management practices and good weather, we made a net profit of \$321,008 after depreciation and before tax. This is a gain of \$817,661. This is a huge turn-around and I would like to thank all management, advisory and farm staff for achieving it.

The livestock plan provides for the stabilizing of breeding cow and ewe numbers at current levels, while increasing the bull finishing component. The development plan to enable the finishing systems to be achieved, includes identifying suitable areas of the farm to match the policy of two- hectare fenced cell systems with reticulated water.

Livestock on hand was up by \$746k with more stock on hand at year end for beef and a slight decrease for sheep. This reflects lower sales volumes of cattle and more purchases compared to the previous year, and the value added to our balance sheet by the implementation of the development plan.

All going well, the next two years of the farm business plan should



build on this performance to deliver increases in productivity and profitability for the Incorporation. The farm plan and budgets were prepared with the guidance and support of the Farm Advisory team, and I thank them for their contribution.

Te Mana o Te Wai

Our joint Provincial Growth Fund funding application with Ngāti Kuri to investigate a large-scale water storage reservoir on our respective properties over the next 3 years is being progressed, albeit slowly. We have been offered a low interest loan to fund a feasibility study to explore water acquisition (to potentially support a horticulture venture and some other irrigation). Should the feasibility study (to be undertaken over 2 years) show that a water acquisition project is not feasible, and we decline to proceed, our portion of the loan will be written off. At the time of writing, our lawyers are completing the detailed paperwork around the loan agreement and supporting arrangements. We look forward to getting this over the line so we can get the detailed investigation work underway.

Employee Survey and HR

Staff morale has lifted. We ran an employee survey in May, a follow-up to our 2019 employee survey. This showed a significant positive shift in attitudes and perceptions of staff compared to 2019. Overall, we are really pleased with the results of the survey. In terms of leadership and workplace relations, this indicates we are heading in the right direction.

The Incorporation has also moved towards a performance management system, whereby all staff will have a clear understanding of the Incorporation's expectations of them and will be mentored into achieving an agreed development plan by their supervisor.

Health and Safety

Health and safety is in a good space. During the year, both our forest and farm operational Health and Safety Policies have been reviewed by independent advisors and updated accordingly. We have had WorkSafe audits done on both operations, with satisfactory outcomes recorded by both Forest and Farm. It is good to report that we have had no serious incidents that resulted in hospitalisation of staff.

The Incorporation has re-commenced regular random drug and alcohol testing of our work force. We are pleased to report to shareholders that there were no failed test results in 2020/21.

Takutai Moana

Work continues on our research and supporting documentation for our Takutai Moana application. There has been one court case settled in Eastern Bay of Plenty and we are considering the findings of the court. We will continue to look for a collaborative approach with Te Runanga Nui o Te Aupouri.

Share Register amalgamation

This remains a painfully slow work in progress. At a teleconference call with the Māori Land Court in April, Judge Miharo Armstrong acknowledged the steps that the late Judge David Ambler had set out in 2016 and that due to internal Māori Land Court matters, the application had been stalled for quite some time. All parties agreed on the next steps to be taken by the Maori Land Court, following the detailed sequence that Judge Ambler set down in his 2016 decision.

We are encouraged that action has re-started and look forward to providing shareholders with an update when it is available.

Shareholder and local community contributions

I want to acknowledge and thank KJS Transport, our cartage contractors, for their contribution of \$10,000 towards education grants, an agreed component of their contract with us. We look

forward to allocating this in the coming months.

I also thank the Committee of Management and our whole team of managers, staff, advisors and business partners who have supported Parengarenga Incorporation throughout the year. I extend those thanks to our shareholders and local community members who have also helped the Incorporation at various times throughout the year. Nei rā te mihi ki a koutou katoa. Tēnā rā koutou.

Finally, despite the challenges thrown at us all by the Covid pandemic, it is reassuring to see our workers, our whānau and our community pull together to keep one another safe and well during this time. The virus will be around for some time and can have terrible consequences, so I urge all our shareholders and whanau to protect yourselves, your whakapapa and our entire community by getting vaccinated and helping each other uphold the proven public health measures of wearing masks, social distancing, good hand hygiene and other protective measures.

Heoi anō, I'm hoping the Tamaki McCovid lockdown will be lifted by the time of the AGM so that I can travel north to catch you all in person – those who can make it.

Kia haumaruru te noho.

Nāku iti noa,

Chad Paraone, Chairman



Te Kao Forest Lease

Report July 2020 - June 2021

Legal Description

Part Parengarenga B3C Block containing 3977.7145 hectares comprised under record of title NA67B/56.

3234.4 hectares of which is contracted under lease to Taumata Plantations Limited (TPL).

The lease is managed on TPL's behalf by Hancock Forest Management (NZ) Limited (HFM NZ).

Term

The term of the lease is 75 years with final expiry in 2054.

Rental

There is no annual rent payable. Rent has been forfeited for a 20% share of the net return from harvest of the tree crop (Stumpage).

Statistics

Landtype	Planting Year	Area (Ha's)
Planted	2011	272
	2012	415
	2013	379
	2014	433
	2015	369
	2016	196
Unstocked Gap		58
		2,121
Skids & Roads		45
Retired Cutover		14
Retired Planted		59
Reserves		933
Utility / Water		62
		1,113
		3,234



Crop Status

Harvest of the first rotation merchantable tree crop was complete in 2015 with replanting of the second rotation completed in 2016. Tending operations of the second rotation will occur over the next decade. It is anticipated that harvesting of the second rotation crop will start around 2038.

Forest Health

A survey of the forest was undertaken by SPS Biota Ecosystems services on 16 July 2020. 7 temporary health plots were established and 35 drive through plots assessed for pests and pathogens. No new pests or diseases were detected. Some needle death due to salt wind was observed in areas exposed to the east and close to the coast. The nutritionally poor soil types are starting to impact tree growth.

Historic Sites

A number of wāhi tapu sites exist within the forest. HFM NZ recognises the sensitivity surrounding such sites. After consultation with Parengarenga Incorporation an application to the Historic Places Trust for a Section 12 Authority was lodged and granted in February 2010. To date there have been no further sites of significance discovered.

Health and Safety

It is pleasing to report that there have been no health and safety incidents during the period.

Forest Certification (FSC and PEFC)

Forest certification is the process of independent and external assessment of forests and forest management practices against a predetermined set of internationally accepted environmental standards. HFM NZ is audited and awarded certification by the Forest Stewardship Council (FSC).

FSC certification is internationally recognised as the most rigorous environmental and social standard for responsible forest management.

HFM NZ has now achieved dual certification. A second audit is carried out against standards defined in the Programme for the Endorsement of Forest Certification (PEFC). This is another internationally recognised and accepted standard in sustainable forest management. It enables consumers to identify wood and wood based products from well managed forests.

Consumers purchasing a wood based product bearing the FSC or PEFC trademark / logo are assured that the product purchased can be traced back through the processing stages to the certified forest it came from.

The last annual FSC and PEFC combined audit was carried out in the HFM managed forest estate in May 2021. HFM NZ's certification for both entities was confirmed for another year.

Environmental

Under the Resource Management Act 1991 HFM NZ is liable for any environmental incidents or breaches in resource consent conditions.

No environmental incidents have been reported during the period.

Northland Regional Council (NRC) is not required to monitor establishment operations.



Targeted spraying and felling of wilding pines was undertaken in the Kokota Dunes. Gorse has been sprayed on the western farm boundary and on firebreaks where required. Work planned for the next financial year to improve the firebreaks near SH1 was deferred until Spring.

HFM NZ is continuing to monitor regeneration of *Pinus Radiata*, *Acacia* and *Oxylobium* regrowth near the dune lakes. Monitoring and weed control will be undertaken where issues are identified.

Re-establishment & Tending

Operations undertaken during the period were:

- Wilding control 13.13 hours (FNR Forestry Ltd)
- Ground chemical noxious weed control (Crawford Farms Limited).
- 20 litres of TBK to neighbour for weed control along boundary.
- Health Survey SPS Biosecurity

Operations planned:

- Thin to Waste – 350 hectares

Fire Protection

Fire and Emergency New Zealand (FENZ) started on 1 July 2017 and has replaced the New Zealand Fire Service. FENZ is now responsible for fire management. The planned 2 year transition to a unified command structure between the various operational arms (Urban Search and Rescue, Professional Fire Brigades, Volunteer Fire Brigades, Rural Fire Fighting Forces, and Rural Fire Authorities) will be completed on 27 September 2021.

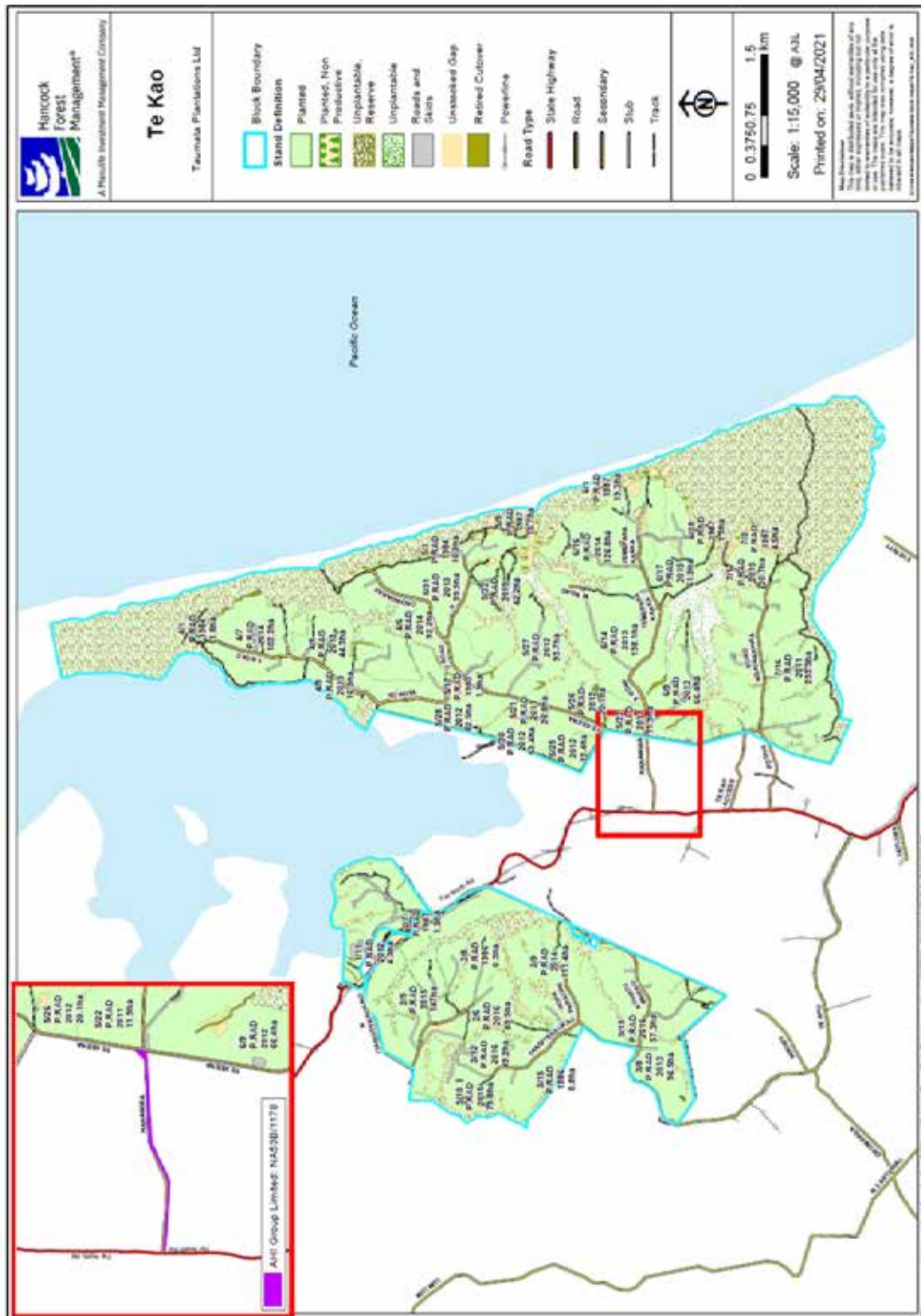
HFM NZ has a Service Level Agreement with FENZ, which was extended to June 2021 has now expired. A new Service Level Agreement is being drafted, which will allow Forest Owners to select what services FENZ will provide, and what (if any) responsibilities Forest Owners will undertake.

HFM NZ continues to liaise and work with other Forest Owners.

The forest's firebreaks and water points will need maintenance before this fire season starts.



Appendix 1: Forest Map





Statistics

Tatauranga



4,313
Cattle



10,578
Sheep



4,900
Hectares in forest



80,000
Pine trees planted
(August 2021)



420
Hives onsite



3,800
Shareholders



Financial Summary

Whakarāpopototanga o Ngā Pūtea

Pāren-garenga Incorporation

For the year ended 30 June 2021

The following pages provide a consolidated statement of financial performance for Pāren-garenga Incorporation and its subsidiaries for the year ended 30 June 2021.

[A full copy of the audited accounts is available from the Pāren-garenga Incorporation office.](#)



Pasture Cleared of Rushes



Company Directory

Parengarenga Incorporation For the year ended 30 June 2021

Nature of Business

Farming / Leasing / Forestry

Registered Office

Far North
Kaitaia

Committee of Management

Chad Paraone (Chair)
Huia Cooper (Vice Chair)
Ngainanga Kapa
Pereniki Conrad
Clayton Wiki
Rihari Wiki
Joyce Munns

Chartered Accountant

BDO Northland Limited
Kerikeri

Bankers

BNZ Kaitaia

Solicitors

Law North Partners
Kerikeri

Independent Auditors

PKF Francis Aickin Ltd
Kaitaia



Approval of Consolidated Financial Report

Parengarenga Incorporation For the year ended 30 June 2021

The Trustees are pleased to present the approved financial report including the historical financial statements of Parengarenga Incorporation for the year ended 30 June 2021.

Approved

For and on behalf of the Trustees:



Trustee



Trustee

Date: 14 October 2021



Consolidated Farm Income & Expenses

Parengarenga Incorporation For the year ended 30 June 2021

	2021	2020
Farm Working Account		
Beef Cattle, Sheep & Wool Gross Profit	3,055,968	3,150,625
Sundry Farm Income	288,348	166,266
Total Farm Working Account	3,344,316	3,316,891
Gross profit	3,344,316	3,316,891
Direct expenses		
Farm Working Expenses	1,005,620	950,474
Repairs & Maintenance	134,836	160,848
Vehicle Expenses	229,995	303,747
Staff Expenses	1,177,914	916,657
Administration Expenses	65,930	66,384
Standing Charges	235,229	236,315
Non Cash Expenses	173,784	251,148
Total Direct expenses	3,023,308	2,885,572
Net profit (loss) from trading before taxation	321,008	431,319



Consolidated Land, Lease, Forestry & Fishfarm

Parengarenga Incorporation For the year ended 30 June 2021

	2021	2020
Trading income		
Depreciation Recovered	-	212
Funding Income - Takutai Moana	17,464	-
Lease	-	1,444
Forestry Income	3,638,954	2,929,459
Apiculture - Hives & Honey Revenue	75,000	40,000
Interest Received	274	1,986
Rent Received	17,400	3,900
COVID-19 Wage Subsidy	-	77,326
Royalties, Licence to Occupy & Access Fees	36,874	33,322
Sundry Income	35,419	104,848
Biochar Income	36,888	23,800
Total Trading income	3,858,271	3,216,296
Gross profit	3,858,271	3,216,296
Direct expenses		
Forestry Expenses	1,799,306	1,452,148
Apiculture Expenses	112,317	129,395
Repairs & Maintenance	4,857	1,166
Vehicle Expenses	292,720	225,058
Wages	1,250,283	1,222,335
Trustees Fees	59,343	82,418
Operating & Administration Expenses	325,639	305,868
Standing Charges	178,447	152,626
Audit Fees	20,010	21,440
Interest Expenses	41,903	79,190
Development Expenses	124	122
Loss on Disposal	22,543	33,763
Depreciation	346,485	388,275
Total Direct expenses	4,453,978	4,093,803
Net profit (loss) from trading before taxation	(595,706)	(877,507)



Consolidated Statement of Profit or Loss

Parengarenga Incorporation For the year ended 30 June 2021

	2021	2020
Income		
Total Profit from Farm, Land Lease & Forest	(274,698)	(446,188)
Total Income	(274,698)	(446,188)
Gross consolidated income	(274,698)	(446,188)
Net surplus / (deficit) for the year before taxation	(274,698)	(446,188)
Taxation		
Taxation	-	(66,876)
Total Taxation	-	(66,876)
Net surplus / (deficit) for the year after taxation	(274,698)	(513,064)

Consolidated Statement of Movements in Equity

Parengarenga Incorporation For the year ended 30 June 2021

	2021	2020
Equity		
Profit/(loss) for the Period	(274,698)	(513,064)
Asset Revaluation	1,883,030	(171,921)
Equity at Beginning of Year	64,106,741	64,791,726
Equity at End of Year	65,715,072	64,106,741
made up of:	-	-
Equity Attributable to Owners	66,076,496	64,466,176
Portion Attributable to Minority Interest	(361,424)	(359,435)



Consolidated Balance Sheet

Parengarenga Incorporation As at 30 June 2021

	NOTES	30 JUN 2021	30 JUN 2020
Assets			
Current assets			
Cash and short-term deposits		104,591	472,432
GST receivable		11,350	-
Accounts Receivable		683,577	475,935
Livestock on Hand	5	6,245,586	5,466,922
Prepayments		122,736	-
Taxation	20	47,306	33,241
Total Current assets		7,215,146	6,448,530
Non current assets			
Property, plant and equipment	18	26,101,733	26,318,412
Investments	2	300,356	293,617
Tree Crop at Valuation - A Inc	9	33,700,000	32,190,000
Livestock on Hand	5	180,566	199,880
Investment Property - Fishfarm	17	1,342,898	1,403,373
Total Non current assets		61,625,553	60,405,282
Total Assets		68,840,699	66,853,812
Liabilities			
Current liabilities			
GST payable		-	22,889
Trade Accounts Payable		929,417	523,332
Current Portion - Term Loan	14	553,920	480,000
Total Current liabilities		1,483,337	1,026,221
Non current liabilities			
Loan - Term Portion	14	841,440	920,000
Te Tumu Paeroa - Share Purchase	16	800,850	800,850
Total Non current liabilities		1,642,290	1,720,850
Total Liabilities		3,125,627	2,747,071
Net assets		65,715,072	64,106,741
Equity			
Current Year Earnings		(274,698)	(513,064)
Retained earnings		18,038,290	18,549,365
Capital Reserves		3,068,130	3,068,130
Asset Revaluations		45,244,775	43,361,745
Portion Attributable to Minority Interest		(361,424)	(359,435)
Total Equity		65,715,072	64,106,741

This statement should be read with the Auditor's Report and the Notes to the Financial Statements



Notes to the Consolidated Financial Statements

Parengarenga Incorporation For the year ended 30 June 2021

1. Statement of Accounting Policies

Reporting entity

Parengarenga Incorporation ("the group") comprises of Parengarenga B3C Trust, Parengarenga A Incorporation and its subsidiary Parengarenga Fishfarm Limited and Parengarenga Wai Limited. Parengarenga A Incorporation and Parengarenga B3C Trust are Maori incorporations established under Te Ture Whenua Maori Act 1993. The group holds a 96.71% interest in Parengarenga Fishfarm Limited being a limited liability company established under the Companies Act 1993.

Basis of preparation

These consolidated financial statements have been prepared in accordance with Special Purpose Framework for use by For-Profit Entities (SPFR for FPEs) published by the New Zealand Institute of Chartered Accountants. The Trustees/Directors have determined that this is the most appropriate reporting framework. They are a for-profit entity, not required under legislation or constitution to prepare general purpose financial reports therefore are eligible to elect to apply the NZICA special purpose framework.

Nature of business

The incorporation is engaged in Farming / Leasing / Forestry. The nature of the incorporation's business has not changed during the year under review.

Historical cost

These consolidated financial statements have been prepared on a historical cost basis, except for certain assets which have been revalued as identified in specific accounting policies below. Reliance is placed on the fact that the business is a going concern.

Accrual accounting is used to recognise expenses and revenue when they occur.

Changes in accounting policies

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

Accounts receivable

Accounts receivable are stated at expected realisable value, after providing against debts where collection is doubtful. Bad debts are written off during the period in which they are identified.

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, to the extent it is probable that the economic benefits will flow to the incorporation and revenue can be reliably measured.

Sales of goods and livestock are recognised when the entity has transferred the significant risk and rewards associated with ownership of goods to the customer.

Lease income is recognised on a straight line basis over the life of the lease.

Forestry income is recognised on sale or harvest of the forest.



Notes to the Consolidated Financial Statements

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Dividends received are recognised on receipt, net of nonrefundable tax credits.

Government grants are recognised as revenue on receipt where no performance conditions have been specified on receipt of the grant.

Royalty revenue is recognised on receipt.

Livestock

Livestock is measured at Herd & NSC values as issued by Inland Revenue. Change in Herd Scheme Value gains and losses are recognised in the livestock revaluation reserve. If the revaluation reserve has a deficit for a type of livestock, that deficit is recognised in the Statement of Profit or Loss in the period that it arises. Any revaluation surplus that reverses previous revaluation deficits in subsequent periods is recognised as revenue in the Statement of Profit or Loss. The gains or losses due to livestock number changes are recorded directly in the Statement of Profit or Loss.

Functional currency

The financial statements are presented in New Zealand dollars (NZ\$) and all values are rounded to the nearest NZ\$, except where otherwise indicated.

Investment Property

Investment property are stated at historical cost less any impairment losses. Historical cost includes expenditure directly attributable to the acquisition of assets and includes the cost of replacements that are eligible for capitalisation when these are incurred.

Issued Capital

	2021	2020
1,146,766 ordinary shares, fully paid (2020: 1,146,766)	32,345,456	32,345,456
3,261,000 ordinary shares, fully paid (2020: 3,261,000)	4,465,716	4,465,716

There are 1,146,766 shares for Parengarenga A Inc and 3,261,000 shares for Parengarenga B3C Trust fully paid at balance date.

Each share conveys the right to a vote.

Financial Instruments

Financial Assets

At initial recognition the incorporation determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are initially measured at fair value, estimated at the transaction price less any associated transaction costs.

Amortised cost

Amortised cost includes assets where the incorporation intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.



Notes to the Consolidated Financial Statements

Cost

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

Fair value

Financial assets not held at amortised value or cost are held at fair value and include financial derivatives such as forward contracts and interest rate swaps. Assets are subsequently measured at fair value only when the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available the instrument shall be measured at prior year's fair value less any accumulated impairment loss.

Increases in fair value are recognised in the asset revaluation reserve, decreases in fair value are recognised in the asset revaluation reserve to the extent that there is a reserve balance in relation to the asset. If the fair value of the asset falls below cost this is recorded as an impairment in the profit and loss.

Financial Liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value net of transaction costs and are subsequently measured at amortised cost using the effective interest method.

Interest expenses are recognised in profit or loss on an effective yield basis.

Property, Plant & Equipment

Property, plant and equipment are stated at historical cost less any accumulated depreciation and impairment losses. Depreciation is provided at the maximum rates permitted by the Income Tax Act 2007.

Land and Buildings vested to Parengarenga A Incorporation under the Te Ture Whenua Maori Act 1993 have been revalued to the Government valuation dated 2017 as specifically allowed by the NZICA SPFR standards. The transfer of the land as freehold property is for a total land area of approximately 6.248 hectares, with the date of transfer (with no consideration) being 14 March 1965. Valuations take place with intervals no greater than 5 years.

Depreciation is calculated on a diminishing value basis over the estimated useful life of the asset using depreciation rates published by Inland Revenue. Assets estimated useful life is reassessed annually. The following estimated depreciation rates/useful lives have been used:

Buildings	0-30%	diminishing value
Development	3-20%	diminishing value
Land	0%	diminishing value
Office Equipment	18-60%	diminishing value
Plant & Equipment	8-67%	diminishing value
Vehicles	18-36%	diminishing value

Land vested to the Parengarenga B3C Trust under the Te Ture Whenua Maori Act 1993 has been revalued to the government valuation dated 2020. The transfer of the land as freehold property is for a total land area of approximately 9,842 hectares, with the date of transfer (with no consideration) being 16 August 1991. The total land area relating to the B3C freehold farms (included in the above) is 5,805 hectares. The Maori Land Court has approved the portioning out to approximately 257.7 hectares known as Ngatekawa included in the above total.

Buildings transferred from the Maori Trustee (1992) have been valued at their 1992 insurance indemnity value less depreciation. Allowance has been made for the revaluation of improvements to the valuation dated 2017.

The total pastoral area of Parengarenga B3C Trust is 4,288 hectares, and has a valuation (2020) of \$13,450,000.



Exceptional items

Exceptional items are large income and/or expense items that do not arise as a result of normal business operations and are not expected to recur. Exceptional items are disclosed separately in the statement of profit or loss where the total value exceeds 5% of revenue.

Goods and services tax

The financial statements are stated exclusive of goods and services tax (GST) except for accounts receivable and accounts payable, which are stated inclusive of GST. The entity is group registered for goods and services tax (GST).

Impairment of non financial assets

At each balance date, non-financial assets are classified into four categories: assets measured at fair value, assets currently available that the incorporation intends to use to the end of its useful life; assets intended to be sold prior to the end of their useful life; and assets damaged or idle at balance date. Assets measured at fair value or assets the incorporation intends to use to the end of its useful life, are not reviewed for impairment at balance date. Assets intended to be sold prior to the end of their useful life or assets damaged or idle at balance date are reviewed to determine if any indicators of impairment exist. If indicators exist the asset is tested for impairment to ensure that the carrying amount of the asset is recoverable. If the recoverable amount of an asset is determined to exceed its carrying amount then the resulting difference is recognised as an impairment loss in profit or loss for that period.

Comparative figures

The comparative figures shown are for a twelve month period.

2. Investments

Investments in subsidiaries are recognised at the lower of cost or net asset backing. Increases in fair value are recognised in the asset revaluation reserve, decreases in fair value are recognised in the asset revaluation reserve to the extent that there is a reserve balance in relation to the asset. If the fair value of the asset falls below cost this is recorded as an impairment in the profit and loss.

Shares have been revalued to current market values.

	Quantity	Cost	Year Purchased	Market Value
Balance Agri-Nutrients	32,097	\$193,038	1997-2008	\$259,986
SFF Ltd - Ordinary	33,694	\$47,117	2009-2010	\$28,640
Farmlands	11,730	\$11,730	1997-2010	\$11,730

3. MPI Government Grants

In 2021 an MPI Government Grant of \$9,359 was received for Afforestation Manuka Stem Planting. All performance obligations have been fulfilled.

4. Ownership

In 1992, the Maori Trustee transferred 74% of the shares to the Maori Owners. This transfer removed the Taxation exemption previously confirmed with the Inland Revenue Department. The owners of Parengarenga B3C Trust are now responsible for the taxation of 74% of the entity.

5. Livestock

Livestock has been split in the balance sheet to reflect current and non-current assets.



Notes to the Consolidated Financial Statements

Split is as follows:

Beef Cattle

Current Asset - Beef Cattle	\$4,478,799
Non-Current Asset - Beef Cattle	\$141,806
Total Beef Cattle per Trading Statement	\$4,620,605

Sheep

Current Asset - Sheep	\$1,715,093
Non-Current Asset - Sheep	\$38,760
Total Sheep per Trading Statement	\$1,753,853

6. LeasesB3C Trust

Approximately 4,033 hectares of the available land area is leased to Hancocks Natural Resources Group for use in forestry. The period of the lease is 75 years from 22 June 1979.

The entity leases land being the Te Kao 107 block (40.225ha) from the Maori Trustee. The term of the lease is for five years commencing 1 October 2012. The annual lease charged is considered by the Trustees to be an operating lease. This lease expired 30 September 2017. There are no new lease agreements available at present however the land continues to be farmed.

The entity leases land being the Te Kao 87 & 91 block (22.4626ha) from Riwa Wiki. The term of the lease is for ten years commencing 1 August 2011. The annual lease charge is considered by the Trustees to be an operating lease. This lease expires 1 August 2021.

The entity leases land being the Te Kao 100, PT 101, 102 blocks (33.6218ha) from W & M Brown. The term of the lease is for ten years commencing 1 August 2011. The annual lease is considered by the Trustees to be an operating lease. This lease expires 1 August 2021.

The entity leases land being the Te Kao 103 block (54.5187ha) from Te Kahuwhero Herepete Whanau Trust. The term of the lease is for ten years commencing 1 August 2011. The annual lease is considered by the Trustees to be an operating lease. The lease expires 1 August 2021.

The entity leases land being the Te Kao 49 & 50 blocks (60.58ha) from Jackie, Priscilla and Kody Wiki. The term of the lease is for eight years commencing 10 August 2015 with a two year right of renewal. The annual charge is considered by the Trustees to be an operating lease. This lease expires 10 August 2023.

The entity leases land being the Te Kao 60, 67 and 68 blocks (56.67ha) from The Estate of Matengaroa Wiki. The term of the lease is for eight years commencing 15 August 2005 with a two year right of renewal. The annual lease is considered by the Trustees to be an operating lease. This lease expired 15 August 2017. There are no new lease agreements available at present however the land continues to be farmed.

The entity leases land being the Te Kao 47 and 58 blocks (75.00ha) from Kiri Pako. The term of the lease is for eight years commencing 1 November 2008 with a five year right of renewal. The annual lease is considered by the Trustees to be an operating lease. This lease expired 1 November 2016 and was renewed for a further 5 years. This lease expires 1 November 2021.



Notes to the Consolidated Financial Statements

The entity leases land being the Te Kao 43A block (3.985ha) from Huria Subritzky. The term of the lease is for ten years commencing 1 April 2012 with a three year right of renewal. The annual lease is considered by the Trustees to be an operating lease. This lease expires 31 March 2022.

The entity leases land being the Te Kao 43B, 58A2 and 59 blocks (71.2089ha) from K & S Subritzky. The term of the lease is for ten years commencing 1 April 2012 with a three year right of renewal. The annual lease is considered by the Trustees to be an operating lease. This lease expires 31 March 2022.

Lease disclosures

Operating lease - future minimum lease payments under non-cancellable leases

	2021	2020
Leases		
Current	30,018	44,254
Non-current	-	20,138

7. Income tax

Provision is made for taxation after taking full advantage of all deductions and concessions permitted using the taxes payable method.

8. Forestry expenses

Due to the gradual surrender of the forestry lease from the Crown, Parengarenga A Incorporation is now responsible for the costs of maintaining the forestry. These services have not been contracted out for the 2021 year.

9. Tree crop valuation

An independent market value of Parengarenga A forest was undertaken by Forest Services Limited as at 30 June 2021.

Forestry is measured at fair value less estimated costs to sell as assessed by independent forest managers. The basis of valuation of young stands not yet ready for harvest has been to determine the net present value of each stand. The revenue from future timber sales is predicted along with the costs of producing, harvesting and marketing the timber. The pre-tax cash flow is discounted at the appropriate market rate to derive a net present value.

Revaluation gains and losses are recognised in the forestry revaluation reserve. If the revaluation reserve has a deficit, that deficit is recognised in profit or loss in the period in which it arises.

The 2021 tree crop valuation is a full valuation, and replaces the full valuation prepared in 2019.

Movements in value of Forest are:

Year	Value	Movement
2013	\$4,100,000	Valuation
2017	\$20,859,000	Interim Valuation
2018	\$31,833,000	Valuation
2019	\$32,190,000	Valuation
2021	\$33,700,000	Valuation

10. Contingent assets and liabilities



Notes to the Consolidated Financial Statements

The directors of Parengarenga Fishfarm Limited are currently looking for equity partners to utilise the fish farm plant.

Parengarenga Incorporation drew down on a loan for Forestry equipment. This guarantee was supported by:

- Existing Registered Stock Security over sheep and cattle.
- A Deed of Lease over the Forestry Lease owned by Parengarenga A Incorporation.

There are no other known contingent liabilities at balance date.

11. Capital expenditure

Parengarenga Incorporation has no commitments for significant capital expenditure at balance date.

12. Subsequent events

It is the intention of the Trustees to combine the Parengarenga B3C Trust, and the Parengarenga A Incorporation, into one reporting entity. The effect of this combination will be that only one set of financial statements will be prepared for the entity which will reflect the trading activities of both entities. At the time of preparing the 2018 financial statements, approval had been received from the courts to carry out this combination. The shareholders present at the 2013 AGM agreed to the amalgamation of Parengarenga B3C Trust and Parengarenga A Incorporation into a single share register. The Maori Land Court is yet to ratify the methodology for this amalgamation.

There were no other events after balance date which materially affect these reports.

13. Impairment of Fishfarm Assets

As the liabilities of Parengarenga Fishfarm Limited exceed its assets, the trustees resolved to recognise an impairment in the 2015 financial year. As the building is a special purpose building in a remote location it would be very difficult to obtain an accurate market value assessment. The trustees performed a valuation exercise as at 30 June 2015 to estimate the value of the assets of Parengarenga Fishfarm Limited. This resulted in recognising an impairment from a cost price less depreciation of \$3,859,921 to an assessed value of \$1,804,416. A further impairment was determined at 30 June 2017 to allow for depreciation for the 2016 and 2017 year. In 2018 another further impairment was determined at 30 June 2018 to allow for depreciation for the 2018 year. In 2019 a further impairment was determined to allow for depreciation for the 2019 year and this was made again for the 2020 and 2021 year. The assessed value is now \$1,342,898. The Directors of Parengarenga Fishfarm Limited are actively pursuing Equity Partners to utilise the fish farm plant in the future however if a partner cannot be found, the value will require further impairment.

14. Secured loans

There is a draw down facility available of up to \$5 million with the BNZ. As at balance date the current balance is \$1,395,360.

Security on BNZ CARL Loan is by registered stock security, all at Far North Road pastured at land situated at Parengarenga Station. Capital payments are made monthly and an interest rate of 3.3% applies. Maturity date is 28/04/28.

15. Related parties

There were transactions with Trustees, which are made on an employee PAYE basis (\$59,343).

16. Te Tumu Paeroa share purchase fund



Notes to the Consolidated Financial Statements

The Maori Trustee currently holds 26% of the shares in Parengarenga A Incorporation and Parengarenga B3C Trust. These were acquired by the Maori Trustee in accordance with the Maori Affairs Act 1953 which allowed the Maori Trustee to purchase share interest in Maori Land, amalgamate and on sell those shares to other owners.

Under the Maori Affairs Amendment Act 1987 the value of the shares held by the Maori Trustee were deemed to be an advance made by the Maori Trustee to the owners of the other shares. A Deed of Agreement was entered in January 1995 between the Maori Trustee and Parengarenga Incorporation to repay the advance of \$843,000. This was to be paid by half yearly instalments of \$21,075. Upon repayment of the full advance to the Maori Trustee the shares will be vested to the other owners of the shares. The advance was due to be repaid in 2016.

Due to the length of time before the shares would be vested in the Incorporation the Trustees decided to suspend payments to the Maori Trustee until the amalgamation has been signed off by the Maori Land Court.

A further agreement was entered into during the 2016 financial year whereby on the amalgamation being signed off by the Maori Land Court, Te Tumu Paeroa will transfer their shares back to the incorporation and the incorporation will resume repayments over a number of years.

At 30 June 2021 there is a balance of \$800,850 outstanding and this amount is recorded as a liability in the consolidated balance sheet.

17. Investment Property

Fishfarm Property has been reclassified as Investment Property from Property, Plant & Equipment in the 2021 year.

Fishfarm Buildings & Chattel	Cost \$	Accumulated depreciation and impairment \$	Net book value \$
2021	\$ 5,189,083	\$3,846,185	\$1,342.898

18. Property, plant & equipment and depreciation

2021	Cost/Valuation \$	Accumulated depreciation \$	Net book value \$
Land - valuation	\$19,666,000	-	\$19,666,000
Buildings - valuation	\$3,170,264	\$839,076	\$2,331,188
Development - valuation	\$2,296,669	\$419,990	\$1,876,679
Office Equipment - cost	\$35,071	\$24,363	\$10,707
Plant & Machinery - cost	\$1,626,610	\$637,085	\$989,524
Motor vehicles - cost	\$2,107,393	\$879,757	\$1,227,636
TOTALS	\$28,902,006	\$2,800,272	\$26,101,735

2020	Cost/Valuation \$	Accumulated depreciation \$	Net book value \$
Land - valuation	\$19,666,000	-	\$19,666,000
Buildings - cost	\$3,170,264	\$830,081	\$2,340,183
Development - cost	\$2,246,990	\$380,406	\$1,866,584
Office Equipment - cost	\$36,995	\$19,959	\$17,036



Notes to the Consolidated Financial Statements

Plant & Machinery - cost	\$1,566,396	\$641,450	\$1,038,675
Motor vehicles - cost	\$2,046,296	\$542,631	\$1,389,935
TOTALS	\$28,732,941	\$2,414,527	\$26,318,413

Land, buildings and development have been restated to valuation in accordance with the rateable purposes.

19. Land valuation

Land vested by the Maori Land Court has previously been revalued to Government Valuations. An independent market valuation was undertaken by Zane Lucich, B.Appl.Sc (Rural & Farm Management) Dip. BS (Urban Valuation), Registered Valuer in January 2012. In 2020 the land was revalued to Government Valuations. Revaluations undertaken are as follow:

A Incorporation

Land Valuation	1974	480,000
Land Valuation	1982	1,244,000
Land Valuation	1992	406,000
Land Valuation	1995	2,130,000
Land Valuation	1998	1,470,000
Land Valuation	2001	290,000
Land Valuation	2004	880,000
Land Valuation	2007	100,000
Land Valuation	2010	(1,400,000)
Land Valuation	2012	<u>(290,000)</u>
Market Valuation at 12 January 2012		\$5,310,000
Land Valuation	2017	(396,500)
Land Valuation	2020	1,302,500
Closing Valuation		6,216,000

B3C Trust

Land Valuation	1977	320,000
Land Valuation	1982	1,412,000
Land Valuation	1989	(575,000)
Land Valuation	1992	113,000
Land Valuation	1995	1,335,500
Land Valuation	1998	197,000
Land Valuation	2001	(119,000)



Notes to the Consolidated Financial Statements

Land Valuation	2004	73,500
Land Valuation	2007	352,000
Land Valuation	2010	(507,000)
Land Valuation	2012	<u>13,804,000</u>
Market Valuation at 12 January 2012		16,406,000
Land Valuation	2017	(2,506,000)
Land Valuation	2020	<u>(450,000)</u>
Closing Valuation		13,450,000

20. Taxation

As a Maori Authority, tax is charged at 17.5% of the taxable earnings related to the Maori Owners. The details for the year ended 30 June 2021 are as follows:

	2021	2020
Taxation		
Net Surplus / (Deficit)		
Net Surplus / (Deficit)	(274,698)	(446,189)
Adjusted for		
Less Taharoa Block C Write Off	-	-
Plus Holiday Pay Accrual	56,171	50,752
Less Capital Profit on Sale of Assets	-	-
Plus Parengarenga Fishfarm Expenses	124	122
Plus Gross Dividends	10,576	-
Less Net Dividends	(7,615)	-
Non Ded Parengarenga Fishfarm	60,475	66,550
Total	119,731	117,424
Total	(154,967)	(328,765)
Deduct:		
26% Maori Trustee Share	40,292	85,479
Total	40,292	85,479
74% Maori Owned	(114,675)	(243,286)
Deduct:		
Income Equalisation Payment	-	(612,000)
Total	-	(612,000)
To Carry Forward:		
Loss to be Carried Forward	1,048,442	1,035,009
Total To Carry Forward:	1,048,442	1,035,009
Taxation at 17.5%		
Taxation at 17.5%	-	66,876
Total Taxation at 17.5%	-	66,876



Notes to the Consolidated Financial Statements

	2021	2020
Less:		
Withholding Tax Paid	577	118
Provisional Tax Paid	46,730	100,000
Provisional Tax Paid Post Balance Date	-	-
Imputation Credits Paid	2,961	-
Imputation Credits to carry forward to next year	(2,961)	-
Taxation Payable / (Refundable)	(47,307)	(33,242)
Loss to be Carried Forward	1,163,117	1,048,442

21. Maori authority credit account

The balance of the Maori authority credit account as at 2021 is \$1,173,483. (Last Year: \$1,170,296.83)

This statement should be read with the Auditor's Report and the Notes to the Financial Statements





PARENGARENGA INCORPORATION

Statement Pursuant To Section 278(4) Of Te Ture Whenua Maori Act 1993

PARENGARENGA A INCORPORATION'S SHARE VALUATION

The Parengarenga A Incorporation valuation includes the net assets of:

- (i) Forestry & Leasing

The valuation has been prepared on the net asset position in the audited financial statements as at 30 June 2021.

Asset Valuation

The method of valuation of fixed assets is as follows:

- (a) Land & Improvements - 2020 government valuations
- (b) Other fixed assets (including plant) - cost less accumulated depreciation
- (c) Tree crop valuation - independent market value undertaken as at 30 June 2021

Share Valuation

Parengarenga A Incorporation	\$36,700,017
Total Net Assets	<u>\$36,700,017</u> =====
Number of Shares	3,261,000
Net Assets per Share	\$11.25
VALUE PER SHARE	\$11.25



PARENGARENGA INCORPORATION

Statement Pursuant To Section 278(4) Of Te Ture Whenua Maori Act 1993

PARENGARENGA B3C TRUST'S SHARE VALUATION

The Parengarenga B3C Trust valuation includes the net assets of:

- (ii) Forestry Leasing and Royalties
- (iii) Farming Operations

The valuation has been prepared on the net asset position in the audited financial statements as at 30 June 2021.

Asset Valuation

The method of valuation of fixed assets is as follows:

- (d) Land & Improvements - 2020 government valuation
- (e) Buildings - 2020 government valuation less accumulated depreciation
- (f) Other fixed assets (including plant) - cost less accumulated depreciation

Livestock has been valued at the 2021 National Average Market Values released by the Inland Revenue.

Share Valuation

Parengarenga B3C Trust	\$29,015,055
Total Net Assets	<u>\$29,015,055</u> =====
Number of Shares	1,146,766
Net Assets per Share	\$25.30
VALUE PER SHARE	\$25.30

It must be recognised there are special factors governing the Parengarenga Incorporation share values as there are several restrictions on the selling, purchasing and transfer of shares in Maori Incorporations (Section 264 and 268 of Te Ture Whenua Maori Act 1993).

Yours faithfully

A Edwards BBS C.A.
Share Valuer

Dated 11 October 2021



WHAKAPONO ME TE TIKA

**HONESTY
TRUSTWORTHY
INTEGRITY**

"We believe in an OPEN & HONEST approach with integrity, to achieve TRUST"

KAITIAKITANGA

**STEWARDSHIP
GUARDIANSHIP**

"We PROTECT our WHENUA and WAI. We VALUE our CULTURAL IDENTITY and PRACTICES"

OUR SHARED

WHAKAPONO ME TE TIKA

**HONESTY
TRUSTWORTHY
INTEGRITY**

'We believe in an OPEN & HONEST approach with Integrity, to achieve TRUST'

To uphold this, we will:

- Do the right thing
- Be transparent
- Be honest
- Be reliable
- Be fair
- Be consistent
- Put things right

KAITIAKITANGA

**STEWARDSHIP
GUARDIANSHIP**

"We PROTECT our WHENUA and WAI. We VALUE our CULTURAL IDENTITY and PRACTICES"

To uphold this, we will:

- Protect & enhance our natural environments
- Protect our taonga and sites of significance
- Care for our people & community
- Support and be guided by our culture
- Nurture our Tikanga, Whakapapa
- And Spirituality



MANAAKITANGA

**RESPECT
GENEROSITY
RECIPROCITY
KINDNESS
AROHA KI TETAHI**

"We RESPECT and CARE for EVERYONE
in our WORK and WORKPLACES

RANGATIRATANGA

**LEADERSHIP
TEAM-WORK
GROWTH**

"We work with our LEADERS to build STRONG
TEAMS that enable SUSTAINABLE GROWTH
and OPPORTUNITIES in our COMMUNITY

VALUES

MANAAKITANGA

**RESPECT GENEROSITY
RECIPROCITY KINDNESS
AROHA KI TETAHI**

"We RESPECT and CARE for EVERYONE
in our WORK and WORKPLACES

To uphold this, we will:

Care for the mana & wellbeing
of our people, our guests
& our community

Be respectful
Act with humility
Act with compassion
Cultivate healthy relationships
Offer equal opportunity
Prioritise Health and Safety

RANGATIRATANGA

**LEADERSHIP
TEAM-WORK
GROWTH**

"We work with our LEADERS to
build STRONG TEAMS that enable
SUSTAINABLE GROWTH and
OPPORTUNITIES in our COMMUNITY"

To uphold this, we will:

Lead by example
Grow our people & develop our teams
Foster skills and knowledge
Communicate well
Value the input of all
Recognise achievements
Strive for best practice & excellence
Be responsible for self, team & community



Our Strategy

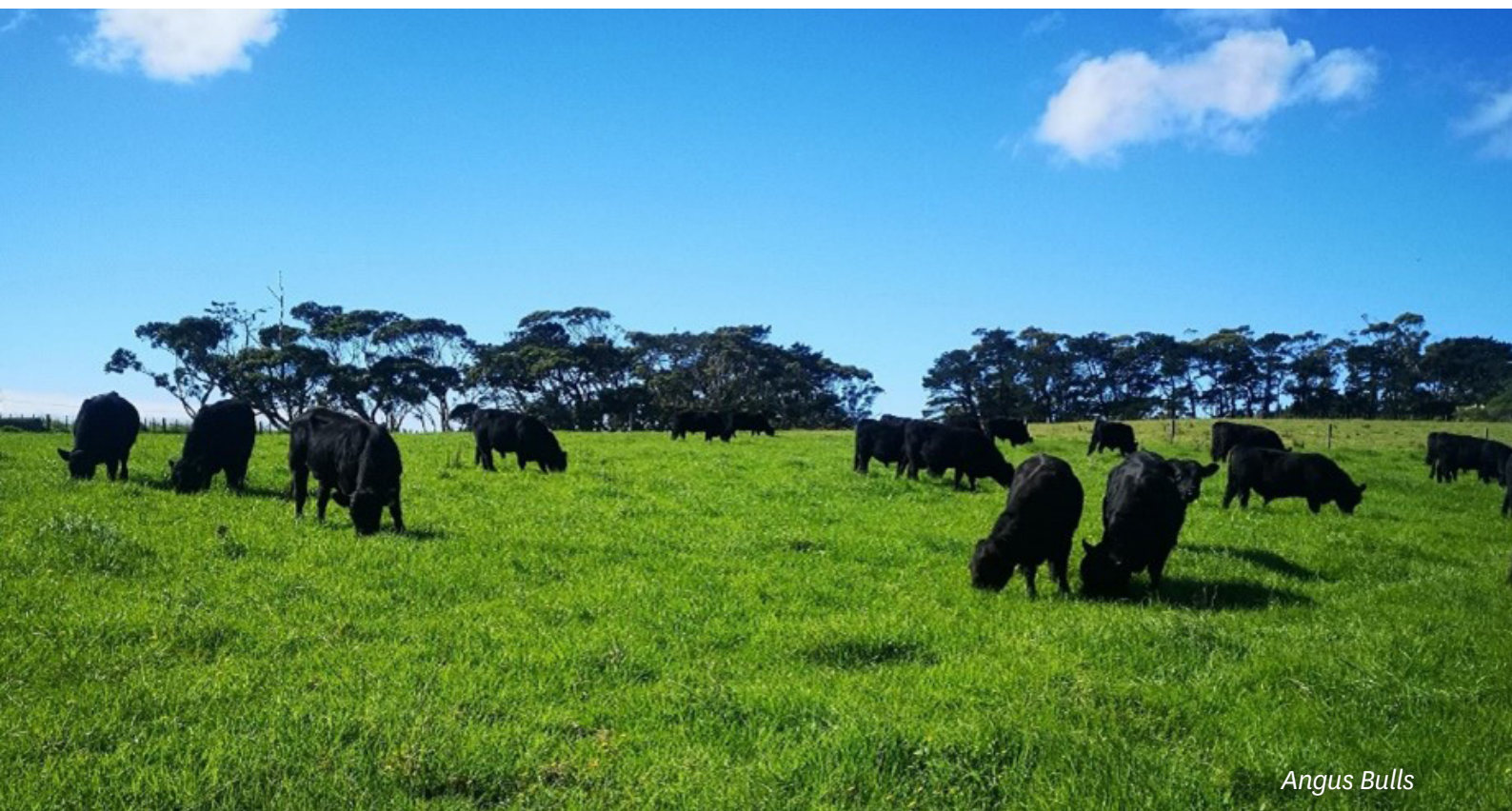
2021-2026: 5-year plan

This is high-level view of the strategic initiatives to be carried out Parengarenga Incorporation and its subsidiaries. It is intended to provide a foundation from which the Committee of Management governs, while staff are responsible for identifying and executing operational activities (annual operating plan and 90 day action plans) that will help drive achievement of the Strategic Plan for the Incorporation.

KEY INITIATIVES	KEY DELIVERABLES FY2021/22	FY2022/23	FY2023/24	FY2024/25	FY2025/26
1. Execute the approved Farm delivery plan to deliver specified Farm outputs.	<ul style="list-style-type: none"> \$3.7m revenue Net profit \$650k Develop feed budgeting capability with key staff Meet Farm KPI targets Expose staff to high performance farming systems Develop a farm environmental plan 	<ul style="list-style-type: none"> \$3.9 revenue Net profit \$850k Meet Farm KPI targets Investigate and scope regenerative farming 	<ul style="list-style-type: none"> \$4.0m revenue Net profit \$1m Meet Farm KPI targets Regenerative farming prototype developed 	<ul style="list-style-type: none"> \$4.1m revenue Net profit \$1.1m Regenerative farming prototype evaluation 	<ul style="list-style-type: none"> \$4.2m revenue Net profit \$1.2m Regenerative farming implementation
2. Develop and optimize markets, land management and operating models to facilitate the main harvest in 2024 and achieve sustainable, healthy and productive forests.	<ul style="list-style-type: none"> \$5.2m revenue \$120k net profit Progress acquisition of the Te Kao Forest to completion Achieve thinning to waste and production thinning targets Develop a training system to upskill new and existing staff Develop a cost centre accounting system to manage 3 different activities Refresh the Forest Plan Develop a forest environmental plan 	<ul style="list-style-type: none"> \$5.6m revenue Commence management operations for Te Kao Forest including mechanised thinning to waste Achieve thinning to waste and production thinning targets Benchmark and/or independently audit the state of the forest and Forest Team performance against industry standards 	<ul style="list-style-type: none"> \$7.1m revenue Capital spend \$4m on main crop harvesting machinery Commence main crop harvesting January 2024 Achieve thinning to waste and production thinning targets Achieve forest team performance that is equivalent to or better than commercial contracting alternatives. 	<ul style="list-style-type: none"> \$9.4 revenue 	<ul style="list-style-type: none"> \$9.4m revenue
3. Complete an inventory of water resources, secure supply and identify future horticulture and/or cropping opportunities.	<ul style="list-style-type: none"> MBI funding for water project secured. Project commences with water and soil stocktake 	<ul style="list-style-type: none"> Water project build scoped Resource consent applications lodged Funding options scoped 	<ul style="list-style-type: none"> Year 1 of water project build milestones achieved Resource consents granted 	<ul style="list-style-type: none"> Year 2 of water project build milestones achieved 	<ul style="list-style-type: none"> Year 3 of water project milestones achieved
4. Align people, processes and technology to enable effective strategy execution.	<ul style="list-style-type: none"> Formal performance review process for all staff implemented and understood Development plan for all staff constructed and in place Implement a shared IT solutions platform 	<ul style="list-style-type: none"> Development plans for staff lead to more staff acquiring higher level operational and leadership skills. 	<ul style="list-style-type: none"> An increased pool of leaders for both farm and forest have been identified 	<ul style="list-style-type: none"> Succession planning for farm and forest is in place 	<ul style="list-style-type: none"> All vacant supervisor roles are now filled by internal promotions.
5. Instill and enshrine Incorporation values in the work environment. Improve communications with shareholders.	<ul style="list-style-type: none"> Ensure that all staff are aware of PINC values and the behaviors that are expected of them Ongoing drug and alcohol testing environment for all staff Entrench PINC values and expected behaviors amongst all staff 	<ul style="list-style-type: none"> Deliver a plan for an improved package of shareholder engagement and communication opportunities 	<ul style="list-style-type: none"> A revamped website, newsletter, tours, Zoom/Teams links into our AGM have all been developed or improved upon. 		



New yards at Steamers Point



Angus Bulls



Pārengarenga Incorporation

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