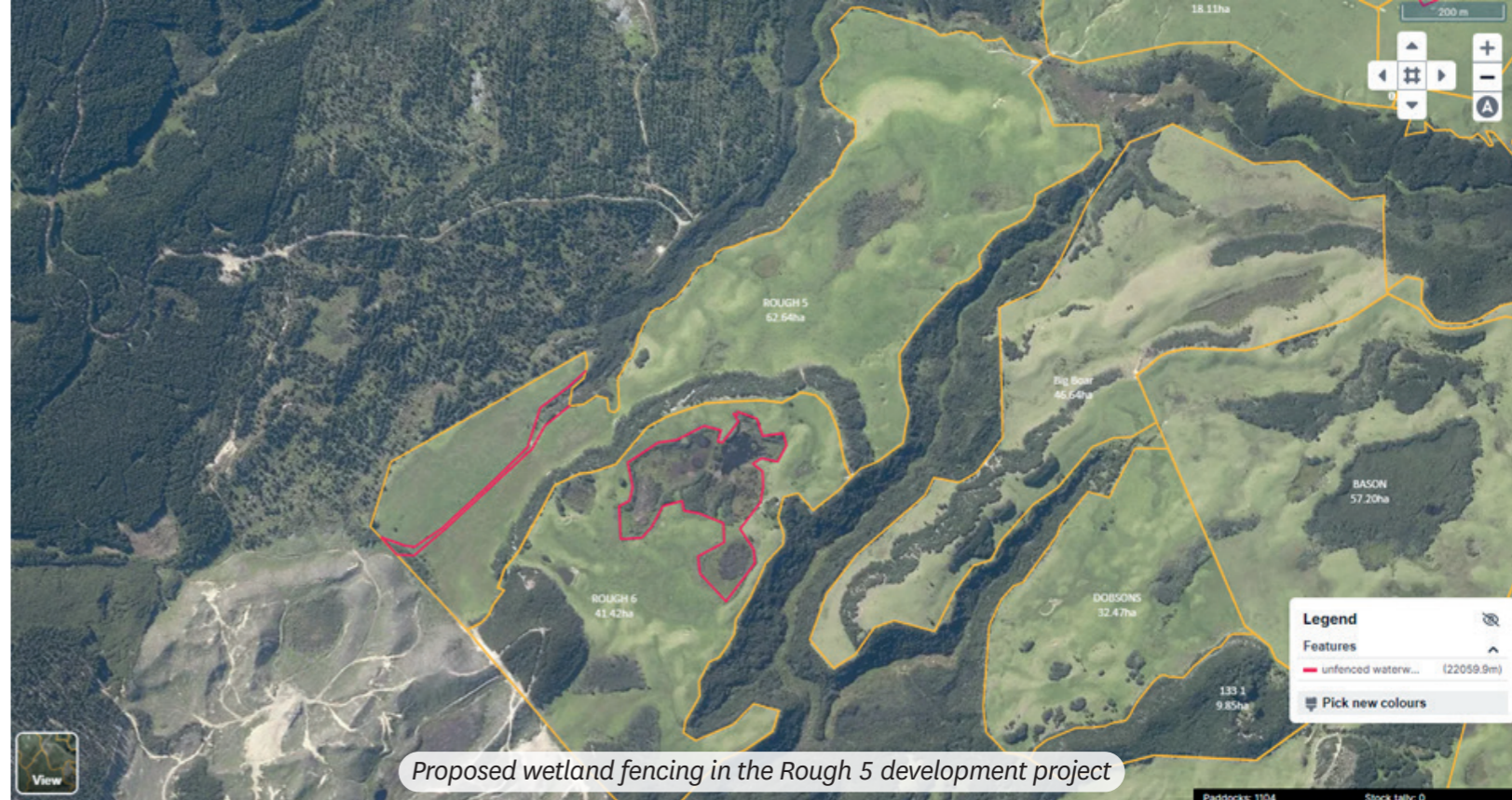


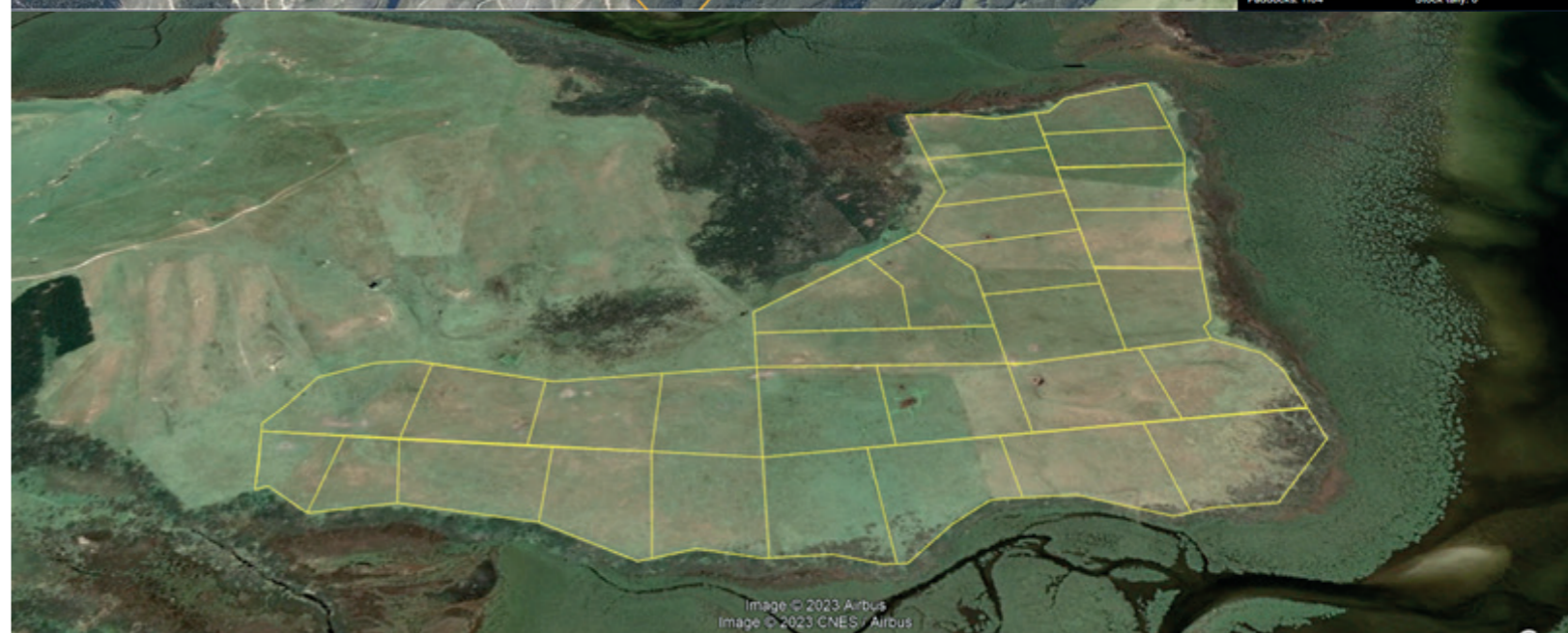




Clifford Ujdur on the Tigercat L822E Feller Buncher machine working in B Block.



Proposed wetland fencing in the Rough 5 development project



Bore and solar array under construction on the farm



Our Manuka in full bloom



Pārengarenga Incorporation

Annual Report • 2023

- 3 Our Vision/Our Values
- 4 Agenda
- 5 Notice of Motions
- 6 Minutes of 2022 AGM
- 10 Chairman's Report 2023
- 14 Financial Summary



Our Vision / Our Values - Overview

Te Moemoea / Nga Mana

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

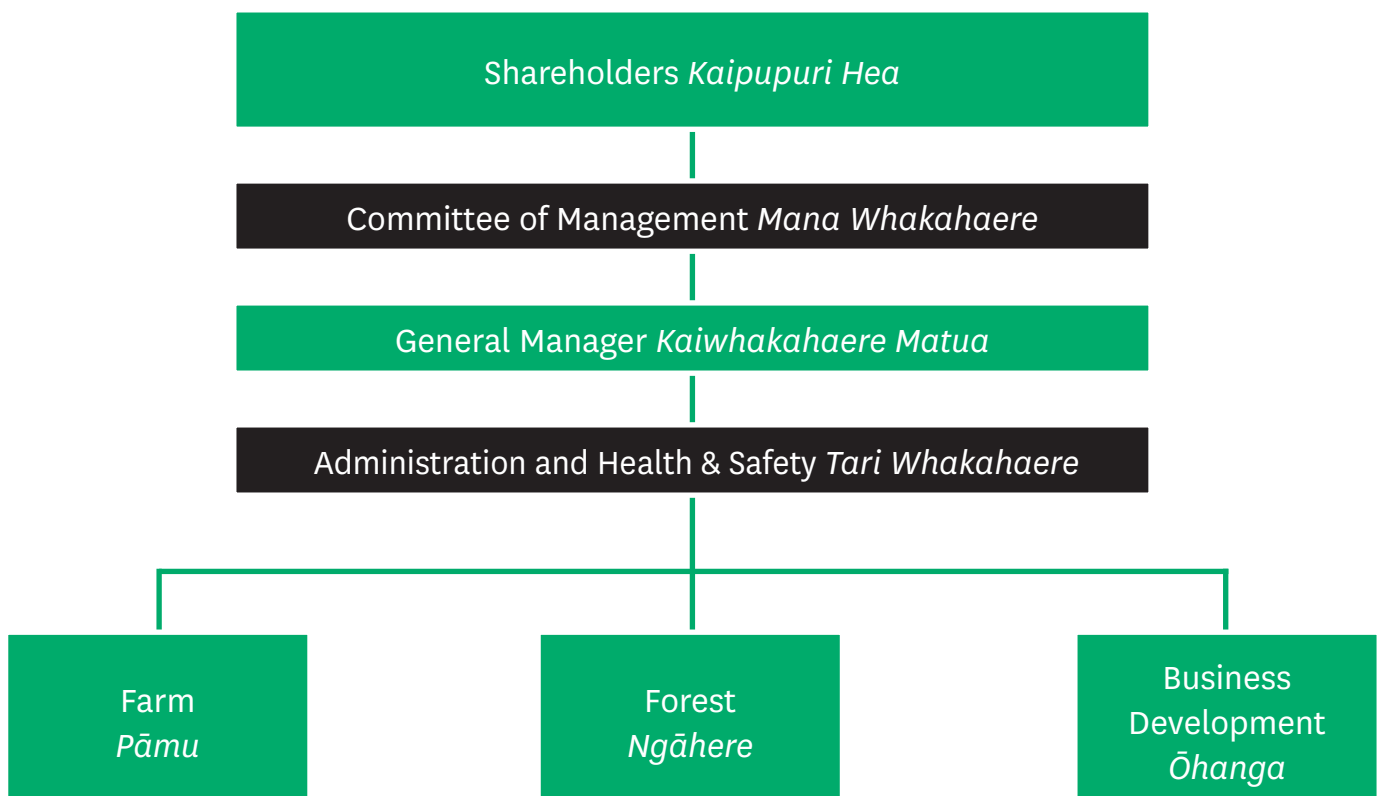
Respect, Generosity & Care for others

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 <hr/>
9.45am	<ul style="list-style-type: none">• CONFIRMATION OF ANNUAL GENERAL MEETING MINUTES 2022 Ngā Minitī 2022 kia Whakatūturutia <hr/>
10.30am	<ul style="list-style-type: none">• CHAIRMAN'S REPORT Te Rīpota o te Heamana <hr/>
11.15am	<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 <hr/>
12.30am	<ul style="list-style-type: none">• CLOSE OF AGM Mutunga <hr/>
12.45pm	<ul style="list-style-type: none">• LUNCH Tina <hr/>

Full printed 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 2023 Parengarenga A Incorporation and Parengarenga B3C Trust AGM be accepted.

Minutes (Confirmation of previous Special General Meeting Minutes and Annual General Meeting Minutes)

2. **THAT** the circulated Minutes of the previous combined Parengarenga A Incorporation and Parengarenga B3C Trust AGM held on 26 November 2022 be confirmed as a true and accurate record.

Reports

3. **THAT** the Annual Chairman's Report 2023 be adopted.
4. **THAT** the combined 2023 Parengarenga A Incorporation and Parengarenga B3C Trust audited consolidated annual accounts for the year ending 30 June 2023 be adopted.

Appointment of Auditor and Share Valuer

5. **THAT** Silks Audit of Whanganui be appointed as auditors for Parengarenga A Incorporation and Parengarenga B3C Trust for the 2023/2024 financial year and
6. **THAT** BDO Northland of Kerikeri be appointed as Share Valuers for Parengarenga A Incorporation and Parengarenga B3C Trust for the 2023/2024 financial year.

Setting of the next Annual General Meeting date

7. **THAT** the date be set down for Saturday 30 November 2024.



Minutes

Ngā Minitī 2022

OF THE COMBINED PARENGARENGA A INCORPORATION AND B3C TRUST
ANNUAL GENERAL MEETING HELD AT POTAHU MARAE, TE KAO 26th NOVEMBER 2022

Start:

9.05am

Opening Whakamoemiti:

Maringinoa Wood

Mihi:

Mark Nathan, Winiata Brown, Pereniki Conrad

Trustees:

Chad Paraone, Ngainanga Kapa, Clayton Wiki, Huia Cooper, Joyce Munns, Pereniki Conrad, Jack Ratu

Present:

Adrienne Nathan
Aggie Smith
Al Pascoe
Alfred Tango
Alison Morgan
Allen Pascoe
Ana Rae Carpenter
Aramaera Kani
Archie Ahoy
Bernadine Kapa
Betty Harris
Billy Morgan
Brendon Peters-Tahitahi
Chad Paraone
Chum Murray
Dan Henderson
Dot O'Carroll
Eddie Wiki
Erana Murray
Eunice Wiki
Frances Dalton-Hayward
Gerard Harris
Hemowai Minty
Henare Aperahama
Heta Conrad
Hopa Tango
Huia Cooper
laisanne Tukuafu
Isobel Waru
Jack Ratu
Jenny Abraham
Jewell Hall
Jo Howearth
Joan Dangen
Joanna Kiro
Jocelyn Glucina
Joseph Oneroa
Josephine Nathan
Josh Topp (Spark)
Joyce Munns
Joyce Stephens
Julia Vaka
Julian Peters
June Subritzky
Kahi Harawira
Leigh Subritzky
Maraea Matthews
Marama Nathan
Marg Job
Maringinoa Wood
Mark Nathan
Michael Hill
Mina Neho
Miriam Oneroa Kumar
Murphy Wiperi

Ngainanga Kapa
Ngarui (Lou) Harris
Nik Karena
Paapu & Parae Mete Whanau Trust
Pauline Wilton
Pereniki Conrad
Rangimarie Rameka
Raymond Harris
Ria Slade
Richard Job
Richard Wiki
Richari Wiki
Rob Brown
Robyn Connie Hasson
Sandra Everitt
Simon Abraham
Tangaroa Karena
Tania Desmond
Tania Good
Ted Tahera
Tilly Greaves
Tony Brown
Whiti Awarau
Winiata Brown
Wiremu Smith

Apologies:

Aaron Keepa Wetere
Barry Carey
Bella Nathan
Catheryne Dangen
Clayton Wiki
Duncan Kapa
Erika Pearson
Frances Harawira
Georgie Witihira
Hana Slade
Hinerangi Murray
Huia Paki
Jocelyn Glucina
John Slade
Kaneihana Kaaka
Lovi Ann Mare
Maahia Nathan
Mitchell Dangen

Narissa Reti
Nassah Steed
Neil Garner
Paihere Kaaka
Peter Walden
Phyllis Steed
Rima Matiu Kaaka
Rita Carey nee Subritzky
Robert Kaaka
Rosina Girlie Clarke
Sari Steed
Shirley Wharerau
Simon Smith
Tatana Whanau
Ted Creelman
Tiwha Everitt
Wahanui Kaaka
Wiremu Conrad Kaaka

1. THAT the apologies of the combined 2022 Parengarenga A Incorporation and Parengarenga B3C Trust Annual General Meeting be accepted.

Moved by Pauline Wilton **Seconded by** Hemowai Minty **Carried**

Obituaries:

Akongā Nathan
Anne Heka
Bradley Job
Daisy Norman
Dorothy Matchitt
Edward Passi
Emma Wiki
Gary Karena
Graham Yates
Harry Wiki
Henare Kaaka
Hera Wi
Herepete Kapa
Hopā Nathan
Jean Dick nee Tahitahi
John Karena
Kaaka Maaka
Kahi Brown
Katie Puaka nee Brown
Keepa Wiki

Keita Te Moana
Lance Graham
Lynece (Lenny) Peters
Malcolm Tatana
Meri Hancock nee Wiki
Meriana Dowling nee Murray
Ngatote Nathan
Pineaha Murray
Rapata (Bob) Wells
Rima Wiki
Riria Rush nee Abraham
Ronald Kite senior
Ruby Nopera
Shirley Rielly nee Job
Sonny Christie
Thomas Wiki
Tireniamu (Aunty Lenny) Kapa nee Kaaka
Titi Waitai
Tuwhito Wiki
Wikiteora Matiu

A minute silence was observed as a mark of respect for te hunga mate, those who had passed on.



2. Motion: THAT the circulated Minutes of the combined Parengarenga A Incorporation and Parengarenga B3C Trust Special General Meeting held on 30th October 2021 be confirmed as a true and correct record.

Moved by Maringinoa Wood

Seconded by Anna Carpenter **Carried**

3. Motion: THAT the circulated Minutes of the combined Parengarenga A Incorporation and Parengarenga B3C Trust Annual General Meeting held on 27th November 2021 be confirmed as a true and correct record.

Moved by Joan Dangen **Seconded by** Tania Good **Carried**

Matters Arising:

Te Pua update – in response to a query, shareholders were advised that there were no incidents with the Covid restrictions that were put in place, the number of campers were manageable with the Covid restrictions, and the Incorporation was happy with how the season went last year.

Lease Agreements – in response to a query, shareholders were advised that the majority of lease agreements between the Incorporation and whanau (for farming) have been sorted. A few are still waiting on feedback from landowners.

Annual Chairman's Reports

The Chairman spoke to the 2022 report.

Key discussion points arising:

Forestry – Forest Committee members made special acknowledgement of previous committee member, Rihari Wiki, for his careful diligence, focus on performance and all the mahi he had contributed while he was involved. It was also noted that thinning operations in Te Kao B Forest will start soon.

Succession planning is a big focus for the Incorporation. With the support of the more experienced workers, our younger workers will be moving from thinning teams to machinery operations. There will be a lot of forestry work over the next 30 years and the Incorporation is continually looking at ways to upskill and train our youth. The potential for cadets and other development opportunities was acknowledged by the Incorporation as part of future possibilities.

Fire Safety – The Incorporation now has its own fire engine and forestry staff are undergoing fire safety training. The Incorporation has invited Te Rūnanga Nui o Te Aupōuri field staff to join in this training.

Mental Health – The Incorporation recognizes this as an important area to monitor and has been actively encouraging an open forum for discussion and support amongst all staff. Committee members and senior management acknowledged new committee member, Jack Ratu, for highlighting this korero within the Incorporation.

Safety and monitoring – The potential for drones to assist Incorporation in a range of areas from patrolling forestry operations, fire safety and assisting with staff safety performance was raised. The Incorporation agreed, noting one had been purchased and training was being worked on.

Campfires – Shareholders raised concerns about campfires over the summer period. This was acknowledged as a serious issue to our forests, and that is often hard to police. Although the Incorporation's forest is directly affected, it doesn't have jurisdiction on what happens along Te Oneroa ā Tōhē. Nevertheless, signs warning against this have been installed along the beach at popular freedom camping spots and there are daily summer patrols carried out by both the Incorporation and Te Rūnanga Nui o Te Aupōuri.

Investment – Shareholder suggestions were made about different investment possibilities beyond farming and forestry (such as saffron or hemp). The Chair explained that the Incorporation always keeps an eye out for different opportunities but has limited capacity and expertise available to pursue multiple ventures in new fields. Every new sector the Incorporation considers will also bring additional 2022 AGM Minutes – Confidential to Parengarenga A Incorporation & B3C Trust 4 risk, as it will likely not have the experience, expertise and industry knowledge – which all add up. At this point in time, with the forestry business consuming a lot of management attention, other new ventures are not a serious priority.

Farm – Shareholders acknowledged that it has been an excellent year for our farm team. The 3-year business plan budget is being met and exceeded.

Staff – The Incorporation was asked about gender equity and actions to attract more female staff. The farm manager acknowledged there are a lot more female workers in farming which is always great to see. The Incorporation welcomes applications from all genders, age groups and ethnicity.

Lake Wahakari – The Incorporation has been working in collaboration with Te Rūnanga Nui o Te Aupōuri around the lake. This started with fencing off to keep the wild horses out. The next steps will be possum trapping and then riparian planting.

Takutai Moana Application – Progressing the application is a slow process, driven by the sheer volume of applications in the system. The Incorporation and Te Rūnanga Nui o Te Aupōuri have agreed on a memorandum of understanding to work together and finds way to connect our applications to boost chances of success.

Te Mana o te Wai – The Incorporation has been working together with Ngati Kuri on a joint funding application for water investigation purposes. This application has been approved and \$1M funding between both organisations has been granted as a low-interest loan. This will be used to investigate water storage options to enable development of horticulture, cropping and other opportunities.

Bio-char – The Incorporation continues to investigate the options and opportunities available from biochar, building on earlier work in the last few years. There are a number of potential benefits from biochar, particularly but not limited to farming operations. The Incorporation has engaged with specialists who are looking into the science behind bio-char, commercial feasibility, and national (ETS) policy settings to support any potential venture. The Incorporation has research underway as well, which will all combine to inform decisions on where to next.

4. Motion: THAT the Chairman's Annual Report 2022 be adopted.

Moved by Rihari Wiki **Seconded by** Hemowai Minty **Carried**



Audited Accounts

- 5. Motion: THAT** the combined Parengarenga A Incorporation and Parengarenga B3C Trust audited consolidated accounts for the year ending 30 June 2022 be adopted.

Moved by Brendon Peters-Tahitahi

Seconded by Phyllis Kapa **Carried**

Appointment of Auditor and Share Valuer

- 6. Motion: THAT** PKF Francis Aickin Limited Chartered Accountants of Kaitaia be retained as Auditors for the Parengarenga A Incorporation for the 2022/2023 financial year.

Moved by Eunice Wiki **Seconded by** Joan Dangen **Carried**

- 7. Motion: THAT** BDO Northland, Chartered Accountants of Kerikeri be appointed Share Valuers for the Parengarenga A Incorporation for the 2022/2023 financial year.

Moved by Eunice Wiki **Seconded by** Joan Dangen **Carried**

General Business

FSC Certification – This is an international certification that encourages sustainable forestry operations and fair employment. The Incorporation is currently undertaking steps to gain this certification. The initial step is seeking Controlled Wood accreditation. This application will go through in February 2023 and hopefully this will be approved by March 2023. Once the Controlled Wood accreditation is received, the Incorporation will progress further work to seek full FSC Certification.

- 8. Motion: THAT** shareholders support the Parengarenga A Incorporation and Parengarenga B3C application for FSC Accreditation

Moved by Rihari Wiki **Seconded by** Joan Dangen **Carried**

Waipuna – Access to Waipuna Urupa was queried. The Chair advised that access can be organised with the Farm Manager.

Kaihape papakainga – A query was raised on whether the Licence to Occupy conditions can be changed as they don't align with papakainga funding opportunities for whānau. The Chair explained that considerable work has been put into reviewing and refining the licence to occupy terms and conditions, over a long period of time, and it is unlikely that these will be amended in the near future.

Setting of the Next Annual General Meeting Date and Closing

- 9. Motion: THAT** the date for the annual general meeting next year be Saturday 25th November 2023.

Moved by Brendon Peters-Tahitahi

Seconded by Eunice Wiki **Carried**

Meeting finished:

11.32am

Mihi:

Mark Nathan



Committee of Management

Komiti Whakahaere



Chad Paraone
Chairman



Huia Cooper
*Deputy Chair
and Policy*



Pereniki Conrad
*Deputy Chair &
Farming Chair*



Clayton Wiki
*Finance, Risk
and Audit*



Ngainanga Kapa
*Culture &
Environment*



Joyce Munns
Forestry Chair



Jack Ratu
Forestry



Barry Bouton
*General
Manager*



Chairman's Annual Report 2022-23

Ripoata Heamana

Tēnā rā koutou, e ngā kaipupurihea.

It is my pleasure to provide you with this summary of the performance and major activities of Parengarenga Incorporation for the last financial year, 2022-2023.

In short, it has been another year of development and progress towards our long-term strategic objectives for Parengarenga Incorporation.

From a long-term direction perspective, there continues to be a strong focus on positioning ourselves to provide maximum, sustainable returns for shareholders in the medium term and for future generations. We held a strategic planning session in April 2023 to review and update the direction. This was attended by professional advisors, stakeholders, local community members, shareholder representatives, staff and the Committee of Management. The outcomes of this strategic planning exercise are presented later in this annual report.

Financial result

I am pleased to report a highly satisfactory financial performance by the Parengarenga Group over the course of this year, given difficult trading conditions in both the forest and farming sectors. The combined annual profit for the year (after tax) shows at \$335k. This result was dragged down by the herd scheme livestock adjustment to opening valuation (based on the IRD's herd scheme) by \$230k. Without that paper transaction, our combined profit for the year (after tax) would have been \$565k.

Combined total revenue for the year topped out at \$11.76m, while interest and depreciation charges had material increases due to our greater investment in forestry. Interest charges (relating to purchase of Te Kao Forest - B Block - and new forestry machines) were \$398k higher than 2022. Depreciation was \$303k higher than 2022, also because of the new machinery. Our Forestry operations were still able to deliver the positive profit result after accounting for this significant increase in expenses.

It represents a strong operational performance as we commenced harvesting our main tree crop in January 2023 and bedded in the gains of our farm re-development plan over the course of the financial year.

Overall, total assets are up by \$4.6 million. This increase is largely due to the purchase of our forestry machinery but is somewhat offset by the downward valuation of our forest assets, reflecting softer log prices and demand. Liabilities increased by \$5.6 million with the loan balance up by \$5.25 million (largely forestry-related). Net Assets of the Incorporation sit at \$67.2m, down from \$68.1m last year.

My sincere thanks to all staff and management for this putting in the hard work to achieve this result in very challenging trading conditions. We'll continue to push to build on this.

Forestry

As mentioned above, the value of our forest tree crop decreased by \$1.5 million in the latest valuation - down to \$37.2 million. This is a reflection of market conditions (reduced demand and lower prices), not the quantity or quality of our trees.

Forest revenue of \$7.3 million is up \$2.12 million on last year's sales of \$5.18 million. Revenue will continue to grow next year as we enter into our first full year of 2nd rotation harvest.

The net profit from Forestry was \$688k in 2023, compared to \$553k in 2022.

During the course of the year we:

- clearfell harvested 177.3 hectares (78.0 mature + 99.3 Special Block) to sell 67,012 tonnes;
- production thinned 51.8 hectares to sell 5,254 tonnes;
- thinned to waste a further 245.6 hectares, and
- re-planted 28.0 hectares (noting that most of 2022 plantings of 113.3 ha were done prior to 1 July and all of winter 2023 plantings of 96.1 ha were done after 30 June)
- Areas lying fallow, awaiting re-plant, increased from 94.6 hectares to 121.9 hectares.

It has been a bumpy ride this year though. Market conditions for log supply have been terrible, particularly over the second half of the financial year. Export prices softened considerably due to shrinking Chinese demand and an oversupply of logs. This oversupply was because trees on the East Coast that were ripped up by Cyclone Gabriel were mostly put into export.

We funded the purchase of \$5.5 million of new equipment to allow us to harvest our 2nd rotation crop ourselves in January. The fact that we made a profit of \$688k after meeting our loan repayment schedules is something that we can be justifiably proud of. Many forestry contract businesses have been forced to close their doors over the same period.

During the year, we have had to revisit our forestry operational models and options because of the significant adverse market conditions. We have been faced with a "perfect storm" of negative drivers in 2023. These include:

- the very depressed Chinese export market because of their poor economic performance post covid.
- Cyclone Gabriel causing a massive oversupply of logs to export markets.
- a local market that has been impacted substantially downwards because of increased wood availability (less harvested wood going to export).
- Depressed local demand because of the housing market slump occasioned by negative economic indicators (largely inflation and higher interest rates).
- The substantial reduction of volumes by our (previously) largest customer, particularly in higher value wood cuts.
- An over stock of house frames and trusses that remain unsold.

We have successfully managed our forestry operations in these adverse conditions by being nimble and able to adapt quickly to altered market conditions. We have managed to expand our customer base. We have introduced new wood grades to our customers. We have minimised our volumes put into export. Above all, we react very quickly to customer needs.

The Te Kao Forest (B Block) purchase from Taumata Holdings Limited has led to a new mechanised thinning to waste operation in this forest. This has been a learning process because of difficult terrain, muddy conditions and a huge overgrowth of wattle. The team have done really well on coming to grips with work programme and are to be congratulated.



Thinning options were re-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.

There have been 2 external influences on our business this year. Cyclone Gabriel and the continued Ukrainian War causing an escalation of petrol / diesel prices, as well as the flooding of Chinese markets with cheap Russian wood. This had a significant impact on our gross margins.

Despite these challenging operational conditions, we ended up making a \$688k net profit, and at the same time kept up with our waste thinning plan. This represents a huge gain on budget targets.

In summary, it has been a fairly 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 notable favourable contribution to the Incorporation's performance. Whilst improvements are ongoing, forestry is in a better position than it was a year ago.

Farm

It has been a difficult trading year for our farm team, brought on by lower schedule prices combined with high inflation impacting our input costs.

We made a net profit of \$265k. This was less than the \$569k we made last year, when trading conditions combined with good weather produced an outstanding end of year result. Livestock on hand was up \$377k from last year. Net profit was partly impacted by our decision to invest heavily in our farmhouses, some of which were long overdue for extensive renovations. That investment will continue into next year and beyond.

The livestock plan provides for the stabilizing of breeding cow and ewe numbers at current levels, while increasing the bull finishing component. To this end, the development plan enabled the finishing systems to be achieved. Suitable areas of the farm that matched the policy of a two- hectare fenced cell systems with reticulated water were identified.

Cattle sales numbers were up 47 head, with purchases down by 152 when compared to the 2022 year. This has resulted in an increase in cash proceeds of \$93,379. Stock on hand decreased by 64 from 5,104 in 2022 to 5,040.

Sheep sales decreased by \$64,256 although 1,220 more sheep were sold. This was due to a lower per head price received in 2023. Purchase numbers increased (1,133 more sheep purchased), resulting in a decrease in cash proceeds of \$257,076. Natural increase was up 204. Deaths and missing were up 745 head versus 675 the previous year. There was an overall increase in stock numbers by 203 head at year end.

The total herd scheme adjustment to opening stock for sheep and beef was \$229,882.

We should expect to see the results of the development plan add to our profit margins next year. This will be by way of increases in productivity.

The Team / Human Resources

Overall, staff morale is good. We ran an employee survey this year, a follow-up to our 2021 employee survey. This showed that the gains in staff morale and the positive shifts in attitudes and perceptions of staff when compared to 2019 have become entrenched. The survey results indicate we are heading in the right direction in terms of leadership and workplace relations.

The Incorporation has also further progressed a performance management system, whereby all staff 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. The Committee of Management track Health and Safety reporting on a monthly basis, and it is good to report that we have had no serious incidents involving our staff throughout the year.

The Incorporation conducts regular random drug and alcohol testing of our workforce, and all new employees are subject to a test before entering into employment. Given the wide range of heavy machinery, equipment and vehicles that are in use every day across the business, this is but one part of keeping all our staff safe and protected from potential mishaps.

Takutai Moana

We are happy to report that we have reached agreement on a memorandum of understanding with Te Runanga Nui o Te Aupōuri and with Maunganui Bluff Trustees to bring the three parties together to progress our respective applications.

Share Register amalgamation

We have little progress to report here, sadly. It is still tied up within the Māori Land Court. To recap briefly, at a teleconference call with the Māori Land Court in April 2021, 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 Māori Land Court, following the detailed sequence that Judge Ambler set down in his 2016 decision.

We have repeatedly asked the Māori Land Court to prioritise our case, but they have been singularly ineffective at making any progress (citing challenges, for example, with engaging a Surveyor and an Agent to complete actions directed by the Judge). We await a response to our latest communications and will provide a verbal update at the AGM if any progress is made.

Research

We are on the fast track with a number of development / research projects.

Biochar: We have received research funding to continue investigations into biochar. Biochar is wood that is converted by heat in a large "kiln" into a granular carbon product that has various beneficial uses. It can be spread over our pastures to prevent leaching of soil nutrients, potentially reducing fertilizer costs. It can be used as a supplement to cattle feed, with likely positive animal health impacts. There are many other potential uses of biochar, including carbon sequestration benefits.

Scientists from AgResearch and Scion have worked with us to build the science behind biochar and our operation, including the impact it can have on the farm, our animals and our environment. This research and scientific validation is important to proving the overall business case for investing in biochar.

Water: Parengarenga joined with Ngāti Kuri in successfully applying for a government loan, at advantageous terms, to conduct research into the availability of water on our respective lands. We know the Aupōuri aquifer does not extend to our lands, and there is already pressure on that resource. The intent is to identify and design possible reservoir (dam) sites (one each on Parengarenga and Ngāti Kuri land) that could provide irrigation for potential horticulture developments.

In the meantime, we were able to obtain funding from the Ministry of Primary Industries (MPI) to drill an exploratory well on the farmlands behind Te Ahu Road and we are expecting to receive additional

funding for another two exploration wells. This funding also provided for detailed soil analysis of prospective horticultural sites. The first well site did not provide for sufficient water for horticulture. The soil analysis showed very restricted opportunity for horticulture. This work has



delayed us pursuing the reservoir feasibility study, as success with our well drilling programme would likely negate any need to proceed with the more expensive reservoir option.

Partner, shareholder and local community contributions

I would like to 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 ōku mihi mahana ki a koutou.

Over the past year, the Incorporation has also continued to support to our community. We have supplied mutton to numerous organizations for fundraising/sponsorship/hunting & fishing competitions.

At the time of writing, we have also committed to contribute to a technology solution (sound & visual) for Waimirirangi, to enhance the use of our wharenui for the purpose of larger community hui and events.

The two fishing competitions held at Great Expedition Bay are regular community events and we have been happy to approve access across our estate for those attending the events. This approval is subject to the usual requirements around protecting and minimising risk to our forest and lands.

Heoi anō, I trust this report provides a balanced and informative snapshot for you of the performance of the Incorporation and our people for the 2022-2023 financial year. I and the team look forward to greeting you again at the AGM in Te Kao on Saturday 25 November, and discussing the past year with you all.

Mauri ora.

Chad Paraone, Chairman



Statistics

Tatauranga



5,284
Cattle



11,585
Sheep



7,102
Hectares in forest



96,100
Pine trees planted
(July and August 2023)



37
Staff



3,552
Shareholders



Financial Summary

Whakarāpopototanga o Ngā Pūtea

Pārengarenga Incorporation

For the year ended 30 June 2022

The following pages provide a consolidated statement of financial performance for Pārengarenga Incorporation and its subsidiaries for the year ended 30 June 2022.

A full copy of the audited accounts is available from the Pārengarenga Incorporation office.

Company Directory

Parengarenga Incorporation

For the year ended 30 June 2023

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 Far North Limited



Approval of Consolidated Financial Report

Parengarenga Incorporation
For the year ended 30 June 2023

The Trustees are pleased to present the approved financial report including the historical financial statements of Parengarenga Incorporation for the year ended 30 June 2023.

Approved

For and on behalf of the Trustees:

Chad Paraone - Trustee

Clayton Wiki - Trustee

Date: 6/11/23



Consolidated Farm Income & Expenses

Parengarenga Incorporation For the year ended 30 June 2023

	2023	2022
Farm Working Account		
Beef Cattle, Sheep & Wool Gross Profit	3,874,270	3,994,047
Sundry Farm Income	278,358	297,574
Total Farm Working Account	4,152,628	4,291,620
Gross profit		
	4,152,628	4,291,620
Direct expenses		
Farm Working Expenses	1,236,115	1,274,046
Repairs & Maintenance	528,259	350,578
Vehicle Expenses	244,345	215,089
Staff Expenses	1,308,016	1,299,128
Administration Expenses	78,215	71,740
Standing Charges	273,528	276,318
Non Cash Expenses	219,005	235,005
Total Direct expenses	3,887,483	3,721,903
Net profit (loss) from trading before taxation	265,145	569,717

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



Consolidated Land, Lease, Forestry & Fishfarm

Parengarenga Incorporation For the year ended 30 June 2023

	2023	2022
Trading income		
Funding Income	191,088	15,596
Interest Received - IRD UOMI	809	-
Forestry Income	7,303,120	5,184,536
Apiculture - Hives & Honey Revenue	13,043	42,000
Interest Received	9,655	900
Rent Received	27,537	19,689
COVID-19 Wage Subsidy	-	18,000
Royalties, Licence to Occupy & Access Fees	16,837	20,181
Sundry Income	45,400	30,173
Total Trading income	7,607,489	5,331,074
Gross profit	7,607,489	5,331,074
Direct expenses		
Forestry Expenses	4,771,371	3,272,610
Repairs & Maintenance	9,714	13,806
Vehicle Expenses	14,363	13,872
Wages	1,437,607	1,120,745
Trustees Fees	71,230	92,837
Operating & Administration Expenses	279,141	267,954
Te Ringa Hapai Whenua Fund Expenses	185,700	-
Standing Charges	76,638	103,703
Interest Expenses	157	105
Development Expenses	50	-
Depreciation	691,526	385,449
Exceptional Items		
Impairment of Property, Plant & Equipment	-	-
Total Exceptional Items	-	-
Total Direct expenses	7,537,496	5,271,082
Net profit (loss) from trading before taxation	69,993	59,993

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



Consolidated Statement of Profit or Loss

Parengarenga Incorporation For the year ended 30 June 2023

	2023	2022
Income		
Total Profit from Farm, Land Lease & Forest	362,553	629,710
Share of Profit(Loss) in Equity Accounted Investees	(18)	-
Total Income	362,536	629,710
Gross consolidated income	362,536	629,710
Net surplus / (deficit) for the year before taxation	362,536	629,710
Taxation		
Taxation	(27,416)	-
Total Taxation	(27,416)	-
Net surplus / (deficit) for the year after taxation	335,120	629,710

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



Consolidated Statement of Movements in Equity

Parengarenga Incorporation
For the year ended 30 June 2023

	2023	2022
Equity		
Profit/(loss) for the Period	335,120	629,710
Asset Revaluation	(1,270,118)	1,821,712
Equity at Beginning of Year	68,166,494	65,715,072
Equity at End of Year	67,231,497	68,166,494
made up of:	-	-
Equity Attributable to Owners	67,592,921	68,527,918
Portion Attributable to Minority Interest	(361,424)	(361,424)

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



Consolidated Balance Sheet

Parengarenga Incorporation

As at 30 June 2023

	NOTES	30 JUN 2023	30 JUN 2022
Assets			
Current assets			
Cash and short-term deposits			
A Inc Call		865,874	-
A Inc Every Day		129,312	25,147
B3 Call		-	594,257
B3 Every Day		17,515	112,549
Total Cash and short-term deposits		1,012,701	731,952
GST receivable		65,071	45,124
Income tax receivable	21	-	47,765
Accounts Receivable		1,158,761	558,253
Livestock on Hand	5	7,574,853	7,248,884
Prepayments		218,861	19,019
Fuel on Hand - Petrol/Diesel		78,791	-
Staff Advances		4,007	800
Total Current assets		10,113,046	8,651,798
Non current assets			
Property, plant and equipment	18	31,157,317	26,434,098
Investments			
Shares - Ballance Agri-Nutrients		259,986	259,986
Shares - Farmlands		12,175	11,730
Shares - Silver Fern Farms		50,541	50,541
Total Investments		322,702	322,257
Tree Crop at Valuation - A Inc	9	37,200,000	38,700,000
Livestock on Hand	5	232,816	216,440
Investment Property - Fishfarm	17	1,237,285	1,287,805
Loan to B3C Trust (BNZ Loan)		661,880	661,880
Total Non current assets		70,812,000	67,622,480
Total Assets		80,925,045	76,274,278
Liabilities			
Current liabilities			
Credit Cards		2,542	4,217
Income tax payable		24,749	-
Trade Accounts Payable		1,499,001	1,156,990
Hire Purchase - Current Portion		33,127	33,127
CARL Loan - Current Portion	14	44,150	556,320
BNZ Loan 3028 - Current Portion		69,380	-
Total Current liabilities		1,672,948	1,750,655
Non current liabilities			

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



Consolidated Balance Sheet

	NOTES	30 JUN 2023	30 JUN 2022
Loan - Term Portion			
BNZ Loan - 3032 - A Inc		-	(991,040)
BNZ - Te Kao Forest 3030		4,200,000	-
BNZ 3028 (B3C Trust)		627,190	661,880
CARL Forest Machinery 3023		-	5,815,360
CARL Loans - year end adj. for current portion		(78,840)	-
CreditPlus 3440-16		5,371,101	-
Farm & Forest draws 3028		1,062,480	-
Total Loan - Term Portion		11,181,931	5,486,200
Te Tumu Paeroa - Share Purchase	16	800,850	800,850
Hire Purchase - Term Portion & Interest not yet due		35,141	67,418
Spark Digital - iPhones		2,661	2,661
Investments in equity accounted entities - Te Mana O Te Wai	20	18	-
Total Non current liabilities		12,020,600	6,357,129
Total Liabilities		13,693,548	8,107,784
Net assets		67,231,497	68,166,494
Equity			
Current Year Earnings		335,120	629,710
Retained earnings		18,393,302	17,763,591
Capital Reserves		3,068,130	3,068,130
Asset Revaluations		45,796,369	47,066,487
Portion Attributable to Minority Interest		(361,424)	(361,424)
Total Equity		67,231,497	68,166,494

Chad Paraone - Chairman

Clayton Wiki - Treasurer

Date



Notes to the Consolidated Financial Statements

Parengarenga Incorporation For the year ended 30 June 2023

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

	2023	2022
1,146,766 ordinary shares, fully paid (2022: 1,146,766)	32,345,456	32,345,456
3,261,000 ordinary shares, fully paid (2022: 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.



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	\$50,541
Farmlands	12,175	\$12,175	1997-2010	\$12,175

3. MPI Government Grants

In 2023 no MPI Government Grants have been received for Afforestation Manuka Stem Planting. (NIL received in 2022)

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.

Split is as follows:

Beef Cattle

Current Asset - Beef Cattle	\$5,705,981
Non-Current Asset - Beef Cattle	\$197,848
Total Beef Cattle per Trading Statement	\$5,903,829

Sheep

Current Asset - Sheep	\$1,868,871
Non-Current Asset - Sheep	\$34,968
Total Sheep per Trading Statement	\$1,903,840

6. Leases

B3C 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. and was renewed for a further 10 years. This lease expires 30 September 2029.

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 expired 1 August 2021 and has not been renewed yet.

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 expired on 1 August 2021 and was renewed for a further 10 years. This lease expires 1 August 2031.

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. This lease expired on 1 August 2021 and was renewed for a further 10 years. This lease expires 1 August 2031.

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 was due to expire 10 August 2023 and was renewed for a further 10 years, so will now expire on 31 March 2033.

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 and was now renewed for 10 years. This lease will expire on 15 August 2029.



Notes to the Consolidated Financial Statements

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, was renewed for a further 5 years (to expire 1 November 2021) and was again renewed for 10 years. This lease will expire on 1 November 2029.

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 was due to expire on 31 March 2022, was renewed for 10 years and will now expire on 31 March 2032.

The entity leases land being the Te Kao 43B, 58A2 and 59 blocks (71.2089ha) from Tregia Subritzky Trust. 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 was due to expire on 31 March 2022, was renewed for 10 years and will now expire on 31 March 2032.

Lease disclosures

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

	2023	2022
Leases		
Current	62,925	62,925
Non-current	484,115	519,540

Lease disclosures - Lessee

The entity leases the following assets: John Deer Tractor & Loader

Amount financed \$159,412.50; interest rate 0.99% pa; term 48 months; total amount repayable \$162,131.88; monthly repayment \$2,760.56.

Finance lease

Finance leases which effectively transfer to the company substantially all of the risks and rewards incidental to ownership of the leased item are capitalised at the present value of the minimum lease payments. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised as an expense in profit and loss.

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 2023 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 2023 tree crop valuation is a full valuation, and replaces the full valuation prepared in 2022.

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
2022	\$38,700,000	Valuation
2023	\$37,200,000	Valuation

10. Contingent assets and liabilities

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



Notes to the Consolidated Financial Statements

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, 2021, 2022 and 2023 year. The assessed value is now \$1,237,285. 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

BNZ CARL Loan -03028 is a secured loan with a balance of \$1,062,480 at 30 June 2023. Repayments are \$6,570 per month, interest rate is 8.42% per annum and maturity date is 26/02/2026.

BNZ CARL Loan -03030 is a secured loan with a balance of \$4,200,000 at 30 June 2023. No monthly repayments, interest bearing only loan, interest rate is 8.53% per annum and maturity date is 02/11/2026.

BNZ CREDITPLUS 3440-16 (Forest Machinery) is a secured loan with a balance of \$5,371,101 at 30 June 2023. No monthly repayments, interest bearing only loan. The interest rate is 10.03% per annum and maturity date is 28/04/28.

Security on the BNZ loans is by registered stock security, all at Far North Road pastured at land situated at Parengarenga Station.

Perfected Security interest in all present and after acquired property of The Proprietors of Parengarenga A.

15. Related parties

There were transactions with Trustees in 2023 year end, which are made on an employee PAYE basis (\$72,724).

16. Te Tumu Paeroa share purchase fund

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 2023 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 2023 year.

Fishfarm Buildings & Chattel	Cost \$	Accumulated depreciation and impairment \$	Net book value \$
2023	\$ 5,189,083	\$3,951,798	\$1,237,285

**18. Property, plant & equipment and depreciation**

2023	Cost/Valuation \$	Accumulated depreciation \$	Net book value \$
Land - valuation	\$19,666,000	-	\$19,666,000
Buildings - valuation	\$3,170,264	\$856,027	\$2,314,237
Development - valuation	\$2,296,669	\$498,643	\$1,798,025
Office Equipment - cost	\$46,729	\$33,960	\$12,769
Plant & Machinery - cost	\$7,684,519	\$1,430,513	\$6,254,005
Motor vehicles - cost	\$2,285,549	\$1,173,269	\$1,112,280
TOTALS	\$35,149,730	\$3,992,412	\$31,157,316

2022	Cost/Valuation \$	Accumulated depreciation \$	Net book value \$
Land - valuation	\$19,666,000	-	\$19,666,000
Buildings - cost	\$3,170,264	\$847,701	\$2,322,563
Development - cost	\$2,296,669	\$461,005	\$1,835,664
Office Equipment - cost	\$40,537	\$28,289	\$12,248
Plant & Machinery - cost	\$2,161,060	\$881,043	\$1,280,017
Motor vehicles - cost	\$2,308,992	\$991,603	\$1,317,389
TOTALS	\$29,643,522	\$3,209,641	\$26,433,881

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)



Notes to the Consolidated Financial Statements

Land Valuation	2012	(290,000)
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)
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	(450,000)
Closing Valuation		13,450,000

20. Equity Accounted Investees - Te Mana O Te Wai - Te Hiku Limited Partnership

Parengarenga Wai GP Limited has a 50% interest in the Te Mana O Te Wai - Te Hiku Limited Partnership, which was registered on 2 December 2021 and started trading in 2023.

Movements in the carrying amount of the investment in equity accounted entities:

Investment in equity accounted entities as 1 July 2022	\$0
Share of profit/loss	(\$18)
Investment in equity accounted entities at 30 June 2023	\$18

	Assets	Liabilities	Revenue	Profit
Summarised financial information of equity accounted entities	\$249,982	\$250,000	(\$18)	(\$18)
Details for assets & liabilities as per 30 June 2023:				
Current Assets: \$69,565 Westpac bank account / \$156,884 asset under construction / \$23,533 GST				
Non-current Liability: \$250,000 Provincial Growth Fund Loan				

The Facility is secured with 50% by Parengarenga Wai GP Limited in favour of the Ministry by a registered first ranking general security deed or agreement to be granted in favour of the Ministry in respect of all of its present and after acquired property.

A contingent liability of \$250,000 (partnership share) exists for the PGF Loan, shall the partnership fail to create a working asset.



21. 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 2023 are as follows:

	2023	2022
Taxation		
Net Surplus / (Deficit)		
Net Surplus / (Deficit)	362,536	635,567
Adjusted for		
Less Taharoa Block C Write Off	-	-
Plus Holiday Pay Accrual	73,554	36,847
Less Capital Profit on Sale of Assets	-	-
Plus Parengarenga Fishfarm Expenses	-	-
Plus Gross Dividends	12,093	6,037
Less Net Dividends	(8,707)	(4,347)
Non Ded Parengarenga Fishfarm	50,520	55,092
Total	127,460	93,629
Total	489,996	729,196
Deduct:		
26% Maori Trustee Share	(127,404)	(189,591)
Total	(127,404)	(189,591)
74% Maori Owned	362,592	539,605
Brought Forward:		
Loss brought Forward	654,426	1,180,039
Total Brought Forward:	654,426	1,180,039
Taxation at 17.5%		
Taxation at 17.5%	27,415	-
Total Taxation at 17.5%	27,415	-
Less:		
Withholding Tax Paid	2,666	459
Provisional Tax Paid	-	-
Provisional Tax Paid Post Balance Date	-	-
Imputation Credits Paid	3,386	1,690
Imputation Credits to carry forward to next year	(3,386)	(1,690)
Taxation Payable / (Refundable)	24,749	(459)
Loss to be Carried Forward	460,233	640,434

22. Maori authority credit account

The balance of the Maori authority credit account as at 2023 is \$1,114,702. (Last Year: \$1,159,799)



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 2023.

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 2023

Share Valuation

Parengarenga A Incorporation	\$37,368,182
Total Net Assets	<u>\$37,368,182</u> =====
Number of Shares	3,261,000
Net Assets per Share	\$11.46
VALUE PER SHARE	\$11.46



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) 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 2023.

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 2023 National Average Market Values released by the Inland Revenue.

Share Valuation

Parengarenga B3C Trust	\$29,963,901
Total Net Assets	<u>\$29,963,901</u> =====
Number of Shares	1,146,766
Net Assets per Share	\$26.13
VALUE PER SHARE	\$26.13

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



Our Priorities and Targets

Whakaarotau me Whāinga

Our 3 Year Priorities

Farm	Develop a sound understanding of the Incorporation's needs and requirements of, and the priorities for the farm business.	Develop and implement a clear, long-term plan to invest in future sustainable growth for the farm business, to maximise yields and financial returns.	Develop and implement a comprehensive plan of best practice adoption and continuous improvement.
Forest	Develop and implement a comprehensive plan of best practice adoption and continuous improvement.	Implement a programme of staff development and mentoring to ensure that a credible succession plan is in place for every key role in the business.	Investigate and, if approved, pursue a strategic partnership to maximise yields and financial returns in the downstream activities of the Forestry Business, including but not restricted to milling and haulage operations
Emergency Planning	Develop comprehensive and detailed plans for Emergency Response, for both assistance to the community and protection of the Incorporation, so that all employees know exactly what to do for each specific type of emergency.		
Biochar	Complete a business case for biochar and if positive, move to production within 3 years		
Horticulture	Complete water and soil investigations and if positive, move to water supply infrastructure within 3 years.		



Our Annual Priorities

	2023	2024	2025
Farm	<ul style="list-style-type: none"> Develop an annual farm business plan template that includes performance benchmarking, environmental requirements as well as staffing and training plans Refine and improve on farm KPI monitoring and reporting. 	<ul style="list-style-type: none"> Develop a 3-year farm business plan that focuses on sustainable growth and maximising yields and the investment outlays that are necessary to achieve this. 	<ul style="list-style-type: none"> Develop and refine monitoring and reporting systems to ensure that targets and progress associated with year 1 and year 2 plans are being achieved. Ensure that the monitoring outcomes are communicated concisely and effectively to senior management, staff, the Farm Committee and the Committee of Management on a monthly basis.
Forest	<ul style="list-style-type: none"> Develop best practise standards for measurement Develop a succession plan for all senior forest staff Investigate milling and haulage vertical integration opportunities and assess viability, including thorough due diligence 	<ul style="list-style-type: none"> Develop best practice measurement models and commence performance analysis Implement on-site and / or tertiary training to provide for up-skilling of identified staff. Proceed to contractual arrangements for any proposed joint venture partnership (downstream activities) 	<ul style="list-style-type: none"> Identify best practice performance shortfalls and action plans to improve. Assess the performance of succession planning candidates and adjust the succession plan as necessary. Finalise an implementation plan for (if any) for a joint venture partnership.
Emergency Planning	<ul style="list-style-type: none"> Ensure that the mechanisms and plans are in place for full participation by PINC in any community emergency response Ensure that PINC has a business continuity plan (emergency response) and budgets for the provision of identified shortfalls 	<ul style="list-style-type: none"> The business continuity plan is communicated to and fully understood by all staff and COM A prevention programme for community response is developed. 	<ul style="list-style-type: none"> Annual testing of business continuity contingency plans takes place.



Our Annual Priorities

	2023	2024	2025
Biochar	<ul style="list-style-type: none"> Develop a business case and business model for capital investment in biochar, based on carbon sequestration benefits only. If positive, secure an investment funding agreement with Shell or an alternative funding institution and; Order capital equipment and build physical infrastructure Apply for additional research funding from NZAGRC (NZ Agricultural Greenhouse Gas Research Centre) 	<ul style="list-style-type: none"> Install equipment and commence biochar production. Commence new research (if funding has been approved) focussing on field (pasture) research and animal trials (animal health and methane emissions) Optimise production / operations and feedstock collection efficiencies 	<ul style="list-style-type: none"> Utilize production and feedstock collection operations learnings to assess the viability of expansion Continue field research and animal trials and utilize the findings to commence marketing research for the biochar product. Develop a marketing and distribution plan for biochar Investigate the business case for building additional biochar capacity utilizing pulp wood as a feedstock.
Horticulture	<ul style="list-style-type: none"> Commission an exploratory bore within the basal dome in the area of the proposed horticultural development. Commission soil testing for the proposed horticulture sites. If needed, commission an expert wetland ecologist to confirm the appropriateness of the preferred reservoir site. If positive: Commission geotechnical investigations to determine the suitability of the ground for construction. Commission the design of the reservoir and the lodging of resource consents 	<ul style="list-style-type: none"> Resource consents approved Reservoir build completed Decide which crop(s) we are most interested in pursuing and developing more detailed market analysis, and a comprehensive business plan for the staged development of the orchard and water supply. 	<ul style="list-style-type: none"> Commence implementation of the business plan for the staged development of the orchard and water supply.



Our 3-YEAR TARGETS

	2023	2024	2025
Farm	<ul style="list-style-type: none"> \$4.46m revenue \$548k net profit Business plan KPI targets are met 	<ul style="list-style-type: none"> \$5m revenue \$720k net profit Business plan KPI targets are met 	<ul style="list-style-type: none"> \$5.5m revenue \$800k net profit Business plan KPI targets are met
Forest	<ul style="list-style-type: none"> \$10.5m revenue \$233k net profit Benchmarking KPI targets are met FSC certification attained 	<ul style="list-style-type: none"> \$11.3m revenue \$494k net profit Benchmarking KPI targets are met Annual FSC audit passed 	<ul style="list-style-type: none"> \$11.9m revenue \$825k net profit Benchmarking KPI targets are met Annual FSC audit passed
Biochar	Complete a business case for biochar and make an investment decision	Install the production system	Evaluate performance and develop a business case for expansion
Horticulture	Complete water and soil investigations	Gain resource consents and develop water supply infrastructure	Implement the business plan for the staged development of horticulture and water supply.
People, values, processes and technology	<ul style="list-style-type: none"> Implement a shared IT solutions platform Develop a business continuity plan All annual performance plans to include a values component. All annual performance plans to include a personal development plan component 	<ul style="list-style-type: none"> The staff survey shows that overall responses are at least as good as the previous survey. The staff survey shows that staff and managers operate within PINC value expectations 	PINC values are firmly entrenched in operational and personal behaviours
Environment	<ul style="list-style-type: none"> Farm Environmental Plan expanded to include revitalisation of nature element Forest Environmental plan developed that includes revitalisation of nature element 	Environmental monitoring systems are in place and being used to manage the taiao.	The birdsong is coming back.....