NGĀTI WHĀTUA ŌRĀKEI

INCREASING OUR VALUE

NGĀTI WHĀTUA ŌRĀKEI WHAI RAWA LIMITED

THE COMMERCIAL ARM OF NGĀTI WHĀTUA ŌRĀKEI TRUST

ANNUAL REPORT

2012/13

‘TE PAI ME TE WHAI RAWA O TĀMAKI’

‘THE LUXURY AND WEALTH OF TĀMAKI’

NGĀTI WHĀTUA ŌRĀKEI HAS AND WILL CONTINUE TO LOOK FOR OPPORTUNITIES TO INCREASE THE VALUE OF THE PORTFOLIO THROUGH INVESTMENT AND DEVELOPMENT.

INCREASING OUR VALUE

Ngāti Whātua Ōrākei Whai Rawa Limited (Whai Rawa) is a wholly owned subsidiary of the Ngāti Whātua Ōrākei Trust (the Trust), established following settlement of the WAI388 Treaty claim in 2012.

Whai Rawa is a property development and investment company, whose principal objective is to maximise the financial or economic returns to the Ngāti Whātua Ōrākei Group, so it is able to support Ngāti Whātua Ōrākei whānau for generations to come.

After the WAI388 Treaty of Waitangi Claim Whai Rawa is now the entity that has the responsibility for growing the Ngāti Whātua Ōrākei asset base. The assets that the Trust have are conservative and low yielding. The next 5 years Whai Rawa will work toward growing the profitability of these assets and increasing the portfolio.

Mā tō tātou whanaungatanga e whakataki i te ritenga tika / by our kinship we strive to meet our present and future needs.

This whakatauki (saying) is the Trust's vision statement. These words remind us of our duties as a commercial subsidiary and that our duties do not end today, but will provide the financial uplift for generations to come.

Funds generated by Whai Rawa are used to support the tribal development goals of Whai Maia Limited. Whai Maia is the wealth distribution arm that is responsible for portfolios including education, health and wellbeing, sporting and cultural activities.

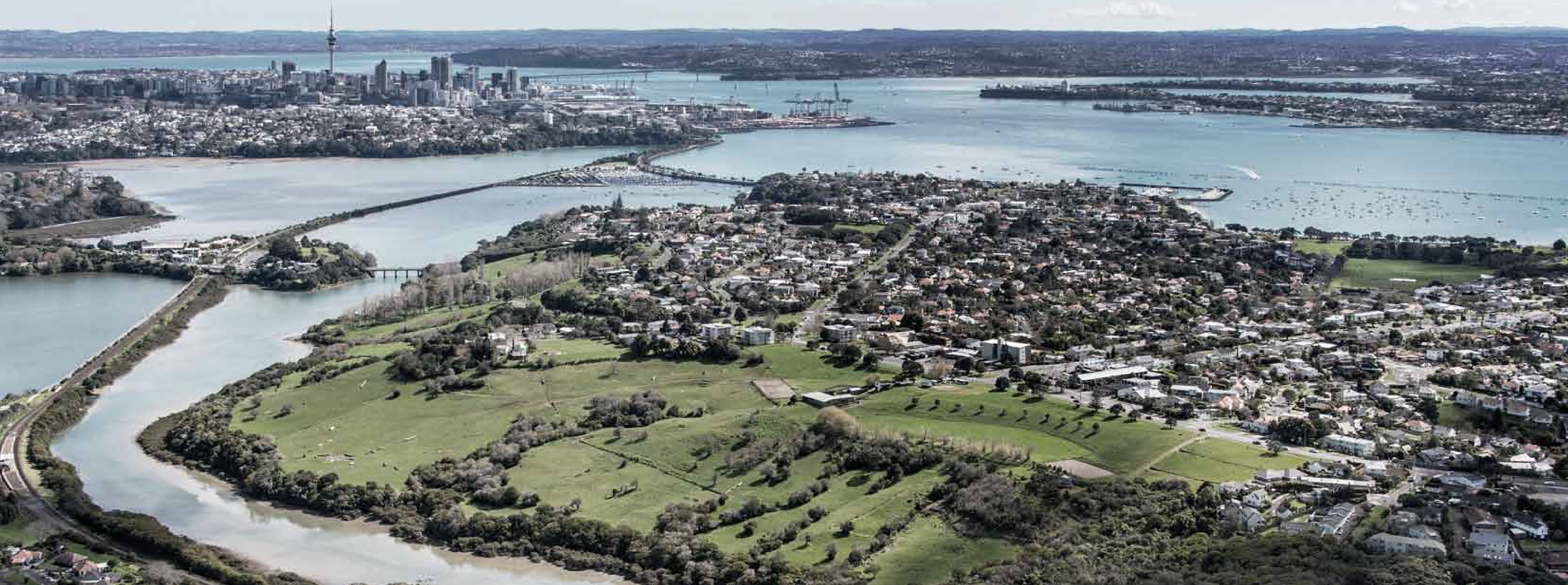
Kaitiakitanga (guardianship) is a guiding principle of Ngāti Whātua Ōrākei, and developing and investing in land is at the heart of the Whai Rawa strategic plan.

We have significant land holdings in key locations close to the Auckland central business district, in total 167 hectares of land within 8.5 kilometres of the CBD. Our aim is to work with our partners in Tāmaki, so Ngāti Whātua Ōrākei can prosper and continue its proud history as a major contributor to the growth of Tāmaki Makaurau, Auckland.

Ngāti Whātua Ōrākei Trust

Whai Rawa Limited
Property Development & investment

Whai Maia Limited
Tribal Development



WHAI RAWA INVESTMENTS GREW BY 49% TO

$531m

PURCHASE OF SURPLUS NORTH SHORE LAND

PROGRESSING THE KĀINGA DEVELOPMENT

80%

QUAY PARK LEASES SETTLED

29

QUAY PARK RENTAL AGREEMENTS

CONTRIBUTING SUCCESSFULLY TO THE AUCKLAND UNITARY PLAN

6 SEPT

WHAI RAWA LAUNCH AT SHED 10

332

RESIDENTIAL PROPERTIES

GOVERNANCE

The Ngāti Whātua Ōrākei Trust is the sole Shareholder of Ngāti Whātua Ōrākei Whai Rawa Limited. Ngāti Whātua Ōrākei consists of 2,268 registered adult members (as at Wednesday 9 October 2013). The Shareholder makes all appointments to the Whai Rawa Board.

Shareholder Engagement

Whai Rawa is available at all times at the request of the Shareholder and formally engages on a regular monthly basis. The full board attends Shareholder meetings four times per year or at the request of the Shareholder.

The Board

The Whai Rawa Limited Board is a highly skilled group of individuals tasked with growing the asset base of the Ngāti Whātua Ōrākei Trust for the benefit of its members.
The Board is lead by experienced company director and insolvency expert Michael Stiassny.

Whai Rawa Limited is focused on developing meaningful relationships with its partners in Tāmaki Makaurau Auckland to empower the commercial aspects of its business.

The Whai Rawa Limited Management team is led by experienced property expert Rob Hutchison. They are focused on providing outcomes for the Whai Rawa Limited Board to enable the people of Ngāti Whātua Ōrākei to prosper and benefit from their commercial expertise.

CHAIRMAN'S MESSAGE

BUILDING A SOLID BASE FOR GROWTH

Ngāti Whātua Ōrākei tēnā koutou.

This is my first report as Chairman of Whai Rawa and I am proud to be standing at the helm of the commercial arm of Ngāti Whātua Ōrākei, leading a group of people who on their own have made – and will continue to make – such a large contribution to Auckland and New Zealand.

Throughout history, Ngāti Whātua Ōrākei has continued to show its ability to adapt and move forward. Now the hapū is strongly positioned to grow its asset base and provide for its people for generations to come.

I chose to work with the people of Ngāti Whātua Ōrākei for two reasons – the hapū is the tangata whenua of Tāmaki, and they have an integral role to play in making Auckland a truly great city. When Ngāti Whātua Ōrākei – in fact all Māori prosper, everyone will benefit.

With that in mind, I am very pleased to report a significant increase in the Ngāti Whātua Ōrākei asset base to $531m. This is a 49% increase over the entire portfolio in the last 12 months.

Governance

The Whai Rawa Board is here to improve the outlook and make a genuine difference for the members of Ngāti Whātua Ōrākei, the descendants of Tuperiri, whether they are living on the papakāinga, throughout Aotearoa or abroad.

By aiming to maximise returns for our shareholder, Whai Rawa is in many ways like any other property development and investment company. But as the investment arm of the Ngāti Whātua Ōrākei Trust we are also different. The income that we generate funds the social and cultural services the Trust provides through its distribution arm, Whai Maia Limited, and we are committed to ensuring the welfare of the hapū for generations to come. Established only 10 months ago, we are pleased to record just how much progress has been made, and we look forward to identifying and developing opportunities ahead.

Although we have been tasked with generating income to fulfil our duties, we are mindful of our broader role. We take responsibility for growing the hapū assets and using our expertise and knowledge to provide a platform of long term development for whānau.

The way forward

As the original occupiers of the Tāmaki Isthmus, it seems appropriate that Ngāti Whātua Ōrākei play a major role in the city's commercial scene. This is particularly pleasing as we aim to serve the hapū and to contribute to the greater development of Auckland.

It is Whai Rawa's aim to explore all options available to Ngāti Whātua Ōrākei and develop an asset base that is sustainable and well protected from risk.

We will do this while always acting in the best interests of the hapū, being fully transparent with our shareholder and meeting with them on a regular basis.

> **"LIKE ANY OTHER PROPERTY DEVELOPMENT AND INVESTMENT COMPANY, OUR AIM IS TO MAXIMISE RETURNS FOR OUR SHAREHOLDER."**

Investing in the footprint

Consistent with our dual mandate to deliver financial returns and inter-generational equity, we consider all investment options in the light of three key questions. The first is location. Secondly, we consider any spiritual and cultural connection the hapū has with the land. Finally, we look at our access to capital and how we can minimise risk.

We believe we can make good gains by adopting a less conservative approach to using the Trust's assets. The portfolio of assets should be diversified across a wide range of uses and locations to lessen our exposure to any one land type, but we are also mindful of Ngāti Whātua Ōrākei's heritage. Some land, like that in the original 700 acre Ōrākei block, we are determined to retain. In undertaking development we will partner with proven commercial operators and we will grow the value of our land holdings in a stable way with a low proportion of debt.

A busy first year

This year has been a busy one. The hapū has transitioned from being a Māori Trust Board accountable to the Minister of Māori Affairs, to having three separate parts of the organisation working side by side to secure future prosperity for Ngāti Whātua Ōrākei. It has been productive and challenging at times, but always rewarding.

I wish to thank my fellow directors of Whai Rawa for their tireless efforts, energy and commitment over the past year and the role they have played in achieving this result.

My thanks also to our Chief Executive Rob Hutchison and his team who have worked extremely hard to establish Whai Rawa and begin implementing our strategies. In particular, I note the work done on major projects such as the purchase of surplus Defence Force land on the North Shore, progressing the Kāinga development, and contributing successfully to the Draft Unitary Plan.

> **"IT IS WHAI RAWA'S AIM TO EXPLORE ALL OPTIONS AVAILABLE TO NGĀTI WHĀTUA ŌRĀKEI AND DEVELOP AN ASSET BASE THAT IS SUSTAINABLE AND WELL PROTECTED FROM RISK."**

Contribution to Tamaki

Working with key stakeholders in Government, Auckland Council, the business community and the public has been a focus for Whai Rawa and we are starting to see the benefits flow from these strong relationships.

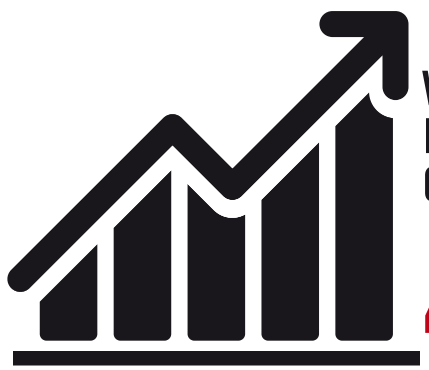
I believe that if Ngāti Whātua Ōrākei is able to succeed and grow, then Auckland will become a truly international city. It is in everyone's best interest that Māori prosper.

Our commitment

Whai Rawa Limited has the responsibility to grow the assets to make a difference for the people of Ngāti Whātua Ōrākei. We take this responsibility seriously, believing that the decisions we make today must enable the Ngāti Whātua Ōrākei Trust to provide a bright future with an abundance of opportunity for its whānau and mokopuna.

Mauri ora and Shalom.

MICHAEL STIASSNY
CHAIRMAN



WHAI RAWA INVESTMENTS GREW BY 49%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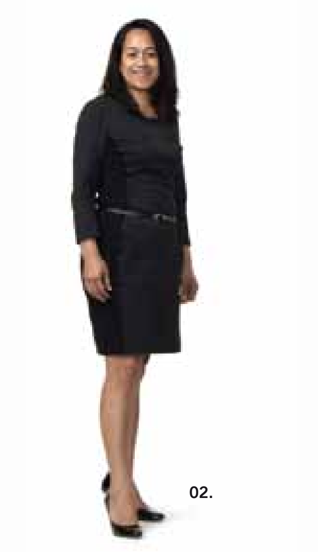
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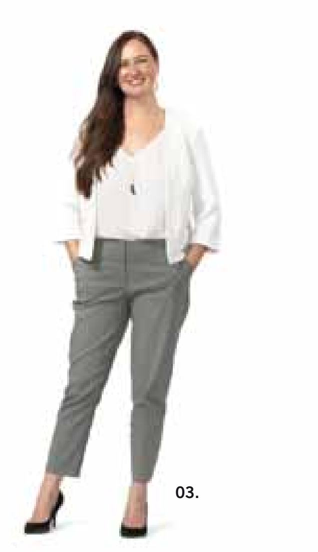

03.


04.


05


06

01. Michael Stiassny

CA, BCom, LLB, F.InstD
Chairman

Michael has been the senior partner of KordaMentha, a leading NZ specialist independent corporate advisory and turnaround firm in Auckland since 1990.

A Chartered Accountant and lawyer, Michael has over 30 years experience in insolvency, investigative accounting work, company restructuring, due diligence and the provision of strategic financial and management consulting advice.

In addition to a significant public profile resulting from his role as Receiver in some of New Zealand's largest insolvencies, including Tasman Pacific Airlines of New Zealand and the joint venture companies of the Central North Island Forest Partnership, Michael is a director of a number of private and public companies including Chairman of Vector Limited and Tower Limited.

Michael is Fellow of Institute of Directors (FInstD) and Vice President of Institute of Directors in New Zealand Inc.

Chairman	Tower
Chairman	Tower Capital
Chairman	Vector
Vice-President	Institute of Directors in New Zealand (Inc)
Independent Director	DNZ Property
Partner	KordaMentha
Independent Director	NZ Windfarms

02. Rangimarie Hunia

Director

Rangimarie Hunia is of Ngāti Whātua descent. After graduating from university in the late 1990's with a commerce degree Rangimarie was fortunate to lead the education developments for Ngāti Whātua o Orākei for a number of years before starting a family. From 2008-2012 Rangimarie was a director of the Ngāti Whātua o Orākei Corporate Ltd, the former commercial arm of the hapū. She completed her masters in commerce in 2011 titled 'Economic Renaissance of a Māori Community: Ngāti Whātua o Orākei as a Case Study' which traces the economic development journey of the hapū. In essence, from 300 cents to $300m in 30 years which was made possible from the deeds, dedication, determination and desire of our Ngāti Whātua tūpuna to assure a prosperous future for ngā uri whakatipu ake. She currently runs her own business, is a director on the Institute of Directors' Commercial Board, and a trustee on the Committee for Auckland and the Manaiakalani Education Trust.

Trustee	Committee for Auckland
Director	Institute of Directors Commercial Board
Trustee	Manaiakalani Education Trust

03. Precious Clark

Director

Precious Clark is of Ngāti Whātua descent and was born and raised in Tāmaki Makaurau.

Precious has a legal background, and currently works as a business consultant priding herself on finding culturally driven solutions for her clients. She also hosts her own TV show on Māori TV called Putahi, a panel discussion show that looks at the lives of her contemporaries, through their own eyes.

Precious started her career as an analyst in intellectual property at the Ministry of Economic Development before taking up a senior position with the Ministry of Agriculture and Forestry. She then moved to London where she worked at the Security Industry Authority and was an active cultural leader of Ngāti Ranana – the London based Māori Club.

Precious is passionate about making a positive contribution towards her peoples' development.

Precious is a director on the ASB Community Trust, a member of the Auckland Museum Taumata-a-Iwi, and a member of the Independent Māori Statutory Board. Precious is also a member of the Institute of Directors, an executive member of Advancement of Māori Opportunities, and a member of the National Māori Lawyers Association.

Director	ASB Community Trust
Member	Auckland Museum Taumata-a-Iwi
Director	Maurea Consulting Ltd
Member	Independent Māori Statutory Board
Member	Institute of Directors
Member	National Māori Lawyers Association
Executive Member	Advancement of Māori Opportunities

04. Ngarimu Blair

Director

Ngarimu Blair is the Ngāti Whātua Ōrākei Trustee Limited representative on the Whai Rawa Board.

Ngarimu is a geographer with 15 years' experience in advancing a range of iwi issues in Auckland City. Ngarimu established the largest ecological restoration project on the Auckland Isthmus at Bastion Point and has instigated a number of city art and urban design projects that have high-lighted the Māori history of the city.

He was a Treaty settlement negotiator for Ngāti Whātua Ōrākei and is heavily involved in the hapū housing projects.

Ngarimu established Tāmaki Hīkoi a guided walk of central Auckland and was co-creator of Waka Māori, the highest rated visitor experience during the Rugby World Cup 2011. He has lectured in a number of departments across The University of Auckland and AUT on Auckland Māori history, planning and media issues.

Ngarimu also holds Directorships on Waterfront Auckland and Ngā Tira Limited, his strategic consulting company.

Director	Moffat Reweti Blair Ltd
Director	Ngā Tira Limited
Director	Auckland Waterfront Development Agency Limited
Director	Ngāti Whātua Ōrākei Trustee Limited

05. Rob Fenwick

Director

Rob Fenwick is an experienced businessman and company director with interests closely aligned to promoting sustainable development. Rob has a long association with Ngāti Whātua and was Founding Chairman of Mai FM Ltd, Ngāti Whātua's successful broadcasting business. He is a former Deputy Chairman of TVNZ. He is a long standing member of the Institute of Directors and a founder of the New Zealand Sustainable Business Council.

In 2009 Rob was made a Companion of the New Zealand Order of Merit for services to the environment. He has an honorary doctorate in Natural Resources from Lincoln University, and in 2005 the New Zealand Geographic Society named the Fenwick Ice Piedmont in the Ross Sea in recognition of his work in Antarctica.

Rob has a long association with the Hauraki Gulf being a former Chairman of Motutapu Island Restoration Trust and an advocate for Te Matuku Bay Marine Reserve where he operates a successful oyster farm.

Owner	R. Fenwick Consulting
Director, Shareholder	Living Earth Limited
Director, Shareholder	Te Matuku Bay Oysters Limited
Director, Shareholder	Hauraki Charters Ltd
Director	Antarctica New Zealand
Chairman	The Fred Hollows Foundation NZ
Chairman	The Kiwi Trust
Consultant	Department of Conservation
Director	Carbon Zero Limited

06. Ross Blackmore

Director

Ross Blackmore has 28 years' experience in most facets of commercial property including valuations, development, investment and listed property investment company management.

Ross held the role of General Manager of Property for Industry Ltd from 2003 to 2011 and is presently the Executive Manager, Property for the McAuley Trust and Director of the Northland Port Corporation.

Ross also operates a property consultancy business, is a member of the New Zealand Institute of Valuers, the New Zealand Property Institute and the Royal Institution of Chartered Surveyors.

Executive Manager – Property	McAuley Trust
Director, Shareholder	Blackmore Advisory Services Limited
Director	Northland Port Corporation Limited

3 WHAI RAWA HELD THREE BOARD MEETINGS AT THE ŌRĀKEI MARAE IN THE FINANCIAL YEAR.

11 scheduled board meetings across the 2012/13 year.

ATTENDEE	MEETINGS ATTENDED
Michael Stiassny	11
Ross Blackmore	11
Ngarimu Blair	11
Precious Clark	11
Rob Fenwick	10
Rangimarie Hunia	11

Shareholder and Special meetings

ATTENDEE	MEETINGS ATTENDED
Michael Stiassny	13
Ross Blackmore	8
Ngarimu Blair	16
Precious Clark	5
Rob Fenwick	9
Rangimarie Hunia	10

The Whai Rawa Board meet once a month. A record of Meeting Minutes is kept.

CE'S MESSAGE

A LONG WAY IN A SHORT TIME

The year can be summed up in two words – transition and growth.

Following the Treaty of Waitangi Claim settlement in November, the Trust set about establishing the new Ngāti Whātua Ōrākei governance model, which saw our name change and the scope of our responsibilities defined.

It is really satisfying to report that we have come a long way since February 2013. We have simultaneously built our company, in terms of employees and our capabilities, created new strategies, grown the asset base and undertaken our "business as usual" activities. This places us in a strong position from which to take our next steps.

Property portfolio

In June 2012, our investment portfolio was valued at approximately $356m. Over the past 12 months, the total value has increased to just over $531m being an increase of 49%. The large jump can be explained, in part, by our purchase of seven surplus land parcels on the North Shore equating to 28ha. The rest of the growth is attributed to rising property values coupled with improvements in portfolio management.

From this position of financial strength, we have established a strategy to support aggressive growth in some areas, while at the same time protecting key land holdings and advancing new housing developments for hapū members. It also enables us to establish ourselves as a significant property holder and industry participant in the broader Auckland community.

Quay Park

Our largest earning asset, Quay Park, is home to Vector Arena, Countdown supermarket, three major apartment blocks and other commercial buildings including our head office. We are landlord under 29 separate leases within the Quay Park precinct, and have a vested interest in seeing the area thrive as a mixed use precinct.

2012/13 was the second year in which we have generated income under the leases in Quay Park, and we are now seeing the tangible financial benefits of the wise decisions made by our predecessors many years ago. We have successfully renegotiated the rent payable under the great majority of these leases on acceptable current-market terms, contributing to the growth in value of our overall portfolio.

Where possible we are also looking at opportunities to implement new models for some of these leases, as many of the leases currently used do not necessarily fit all of our lessees who are a mix of individuals, businesses and corporates. We want models that benefit Ngāti Whātua Ōrākei, encourage joint objectives with lessees, and add value to the Quay Park precinct as a whole.

"WE BELIEVE THAT OUR RELATIONSHIP WITH AUCKLAND COUNCIL SIMILAR GOVERNMENT ORGANISATIONS, AND CORPORATES WITHIN THE CITY, WILL STAND US IN GOOD STEAD TO MAKE THE MOST OF THE OPPORTUNITIES AVAILABLE TO US TO GROW AND TO CONTRIBUTE TO THE SUCCESS OF TĀMAKI AND ITS PEOPLE."

"FROM THIS POSITION OF FINANCIAL STRENGTH, WE HAVE ESTABLISHED A STRATEGY TO SUPPORT AGGRESSIVE GROWTH IN SOME AREAS, WHILE AT THE SAME TIME PROTECTING KEY LAND HOLDINGS AND ADVANCING NEW HOUSING DEVELOPMENTS FOR HAPŪ MEMBERS."

Wakakura and North Shore Lands

A highlight of the year was the purchase of seven highly desirable land parcels in Devonport, Belmont and Bayswater, six of which are currently occupied by the New Zealand Defence Force. The land was purchased as part of the Ngāti Whātua Ōrākei commercial settlement with the Crown. Much of the land is currently subject to leases back to the New Zealand Defence Force (Navy) and will become available for development over time.

We believe these areas have huge potential and will deliver a good level of commercial return to Whai Rawa. We have been exploring a number of options for this land, including diverse housing developments and retirement villages.

Kāinga

Closer to the papakāinga, we advanced exciting plans for hapū housing in Ōrākei. The Kāinga development in Kupe Street will provide quality housing options and the potential for affordable home ownership for whānau.

For many, the Kāinga development will be an important first step on the property ladder.

Eastcliffe

Eastcliffe on Ōrākei continues to be one of Auckland's best regarded retirement villages and enjoys high occupancy rates. We have continued to work to improve its facilities and maintain this status.

Connecting with key stakeholders

The growth of our assets will contribute not only to the wealth of the hapū but also to the development of Auckland. We engaged closely with Auckland Council on the new Unitary Plan, supporting the desire for a compact city and more efficient land use. This level of engagement, and the planning outcomes achieved through the Unitary Plan process, have contributed to the overall increase in the value of our property assets.

We believe that our relationship with Auckland Council, similar government organisations, and corporates within the city, will stand us in good stead to make the most of the opportunities available to us to grow and to contribute to the success of Tāmaki Makaurau Auckland.

Governance

Perhaps the biggest single challenge for me over the past 12 months has been taking care of all the things that go into building a successful, high performing company. This would not have happened so quickly without the guidance and commercial acumen of our Chairman and directors, and I thank them for their support.

Looking forward

In the coming year, we will continue to build our internal resources, seek development opportunities that provide an appropriate yield and level of risk for the business, and strengthen our relationships with local and national government and the broader Auckland business community. We have made exciting progress in a short period of time. Our future prospects are great, and we are focused on capitalising on them.

$531m
WHAI RAWA INVESTMENT GROWTH

ROB HUTCHISON
CHIEF EXECUTIVE

01. Rob Hutchison

Chief Executive

Rob is of Scottish ancestry and has had a very impressive career in property. He has a been a former Valuer General and Chief Executive of the North Shore City Council, run his own consultancy business Waitea Property Advisory and for many years he was a Judge for the Property Council NZ awards. Rob has also held positions with Darrochs, Jones Lang La Salle and Colliers International.

Rob has been with Ngāti Whātua Ōrākei Whai Rawa Limited since September 2012.

02. Kate Healy

Chief Operating Officer

After 15 years of experience working in private practice as a commercial property lawyer, Kate has only recently taken on her new role with Ngāti Whātua Ōrākei Whai Rawa Limited focusing on the management and development of the hapū asset base.

Kate has broad experience across the gambit of property-related issues and transaction types including acquisitions and disposals, property development, and providing finance structuring, leasing and associated advice. She has also been exposed to hotels and related infrastructure.

03. Anahera Rawiri

Projects and Communications Manager

Anahera is a familiar face after working with the Ngāti Whātua Ōrākei Trust and both subsidiaries to assist them through the restructure and Post Settlement Governance Entity phase.

Anahera brings a raft of knowledge to our team having been raised in the Ōrākei community. Primarily tasked with projects and communications for Whai Rawa, Anahera's background is in project management and events. Anahera also convenes the governance of the Whai Rawa Board.

Anahera is of the Ngāti Whātua o Ōrākei hapū and has been with Whai Rawa since January of 2013.

04. Arepa Morehu

Property Manager

Arepa has been part of the property management team of Ngāti Whātua Ōrākei for over nine years and has gained wide ranging experience in this field which covers tribal housing through to commercial property management.

As a member of Ngāti Whātua Ōrākei he says it has been a natural progression to be involved in the property field as this continues the connection to the land that is strong in our culture.

He has a property manager's role with Whai Rawa which covers residential and commercial assets of the organisation.

05. Daniel Ratahi

Property Manager

Daniel has over 15 years' experience in property and financial management.

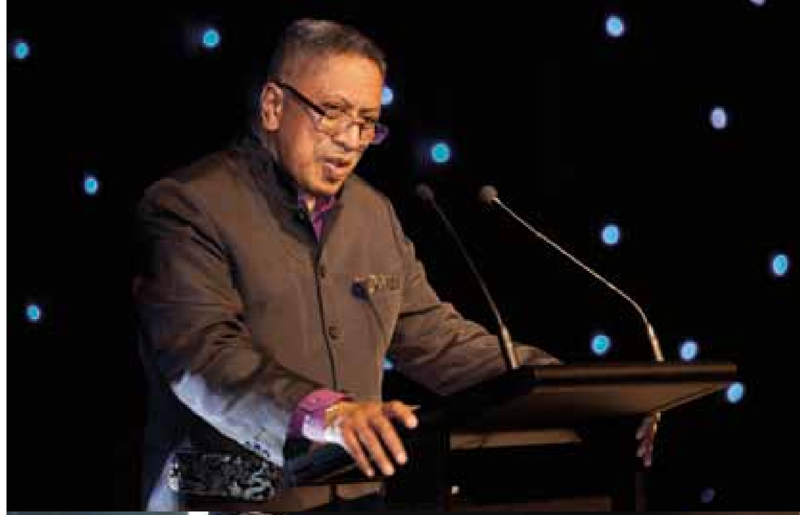
He has been a staff member with Ngāti Whātua Ōrākei for nine years and was previously a part of the corporate team under the Māori Trust Board.

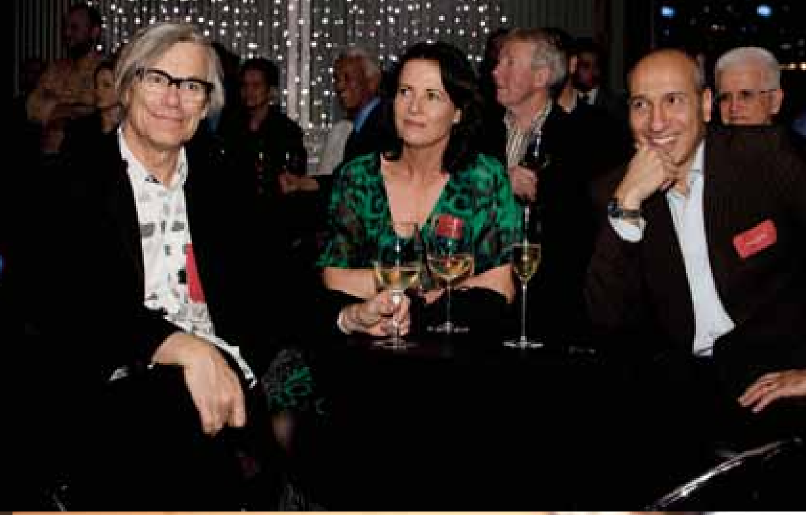
Daniel has a Bachelor of Business Studies, Valuation and Property Management from Massey University.

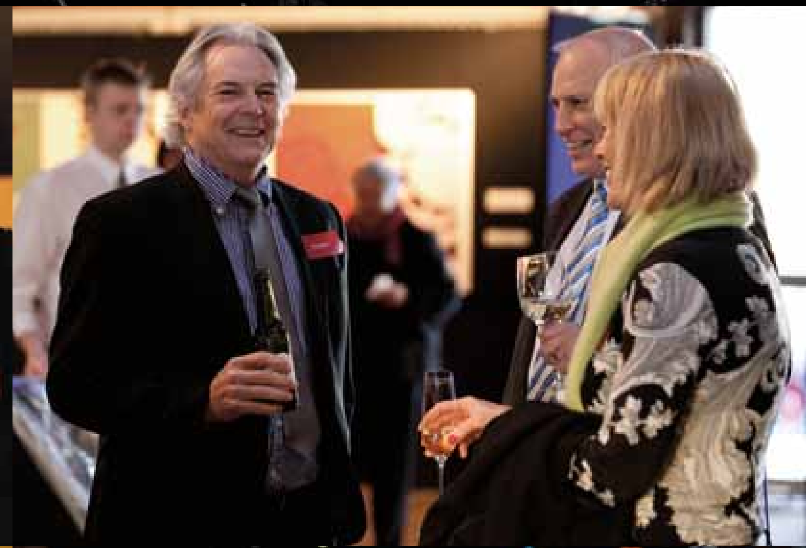
06. Cherie Schofield

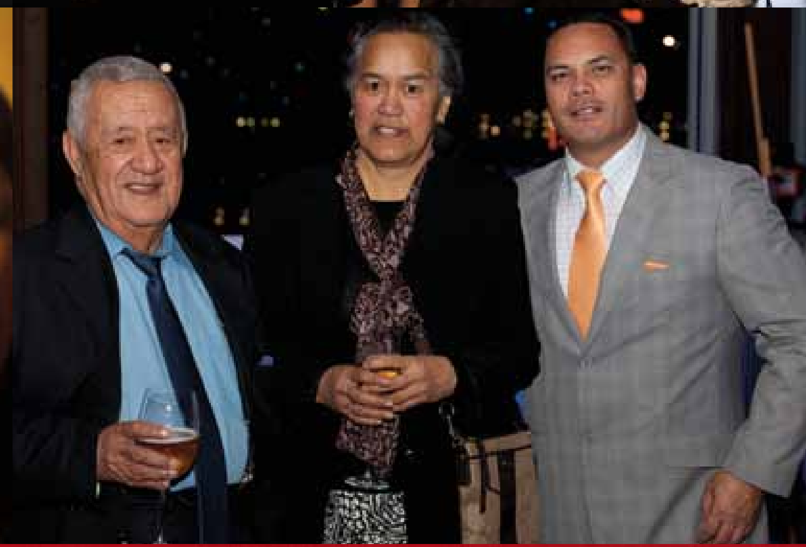
General Manager
Eastcliffe Retirement Village

Cherie has been involved with Eastcliffe from the beginning in 2000, with the first residents moving into Eastcliffe in January 2001. The Retirement Village industry is regulated by the Retirement villages Act of 2003, and the day to day management of the village is governed by a legislative Code of Practice. Cherie has over 22 years experience in the industry, having spent 10 years at Metlifecare before joining Eastcliffe. In 2002 Cherie won the National Retirement Village Manager of the Year title.









WHAI RAWA LAUNCH

On Friday 6 September as part of 'Atamira Māori in the City', a Ngāti Whātua Ōrākei hosted event held on the shores of the Waitemata Harbour, Whai Rawa was privileged to host the Business Gala, the opening event of the weekend long celebrations.

The Whai Rawa Business Gala was an event to mark the official launch of Whai Rawa as the commercial arm of the Ngāti Whātua Ōrākei Trust, post settlement.

We hosted over 200 high profile guests including business leaders, property experts, representatives of the banking institutions, property developers, and members of the Auckland Council and CCOs. Whai Rawa and the Trust used this opportunity to progress our vision for Tāmaki Makaurau and engage kanohi ki te kanohi with these important stakeholders from the property and investment market.

The Whai Rawa launch at Te Wai o Horotiu – Shed 10, Queens Wharf was our first official engagement post settlement.

A SIGNIFICANT AUCKLAND PRESENCE

ŌRĀKEI

1. Whenua Rangatira

Ōrākei Marae 2.34 ha
Whenua Rangatira 49.2 ha
Pourewa 33 ha

Cultural 84.54 ha
Total 84.54 ha

2. 246 & 234 Ōrākei Rd

Commercial 1.3ha
Total 1.3ha

Acquired from the Crown in 2005, Ōrākei Rd properties are zoned for mixed use development with residential, commercial and retail included.

3. Ōrākei Residential leases

Residential 5.7ha
Total 5.7ha

Residential Leases. 2013 – 2015 will see the management of the homes return to Whai Rawa.

4. Ōrākei Marina

Located at the North Western end of Okahu Bay the Ōrākei Marina established in 2006 with 180 wet berths. Ngāti Whātua Ōrākei has one marina berth.

5. Brenton Place

Total 0.16ha

Brenton Place is a 5 bedroom house under the Te Ture Whenua Māori Act 1993 status.

6. 217 Ōrākei Rd – Reserve

Cultural .27ha
Total .27ha

Purchased from the Crown and onsold to Auckland City Council to be used as a reserve in perpetuity. Perpetual lease sold to the Council and to be co-managed by Ngāti Whātua Ōrākei and the Council as a reserve forever.

7. Eastcliffe Retirement

Commercial 1.7ha
Total 1.7ha

Located on 1.7 ha of land on the South Eastern boundary of the Whenua Rangtira Reserve with extensive views of the Waitemata. Main building on Kupe St housing care facilities, lounges, swimming pool and 55 serviced apartments, 30 studio units and 10 hospital beds. There are a further 25 apartments and 28 townhouses that are located down the eastern side of this facility.

KOHIMARAMA

8. 223 Kohimarama Rd

Vacant 3.77ha
Total 3.77ha

Purchased from the Crown in 2005, steep land contours, with a long term perpetual lease.

GLEN INNES

9. 136 – 138 Taniwha St

Vacant 4.72 ha
Total 4.72 ha

Purchased from the Crown in 1992, known as the Old Tāmaki Girls College site in the heart of Glen Innes.

EPSOM

10. 99 Owens Rd

Cultural 0.47 ha
Total 0.47 ha

Under the WA1388 claim we agreed to purchase this site off the Crown with a long term lease (30 years) back to the United Mission at a peppercorn rental rate. Our joint purpose is to operate this site as a boarding hostel for Māori students who will attend Auckland Grammar or Epsom Girls Grammar.

MT ALBERT

11. Unitec Institute Of Technology

Lot 1 9,450m^2
Lot 2 7,718m^2
Lot 3 8,604m^2
Lot 4 1.78ha

Commercial 1.31 ha
Vacant 3.05 ha
Total 4.36ha

The Unitec sites were acquired in 2012 and are zoned for educational purposes.

NORTH SHORE

12. North Shore Lands

Narrowneck: 3.2 ha
Wakakura: 4.3 ha
Plymouth 7.14 ha
Beresford .96 ha
Hillary 7.26 ha
Birchfield 1.86 ha
Marsden 4.08 ha

Residential 24.6ha
Vacant 4.3ha
Total 28ha

As part of the WA1388 claim Ngāti Whātua Ōrākei had the option of purchasing 28 hectares of surplus Defence Force land across seven primary blocks on the North Shore.

CBD

13. Quay Park

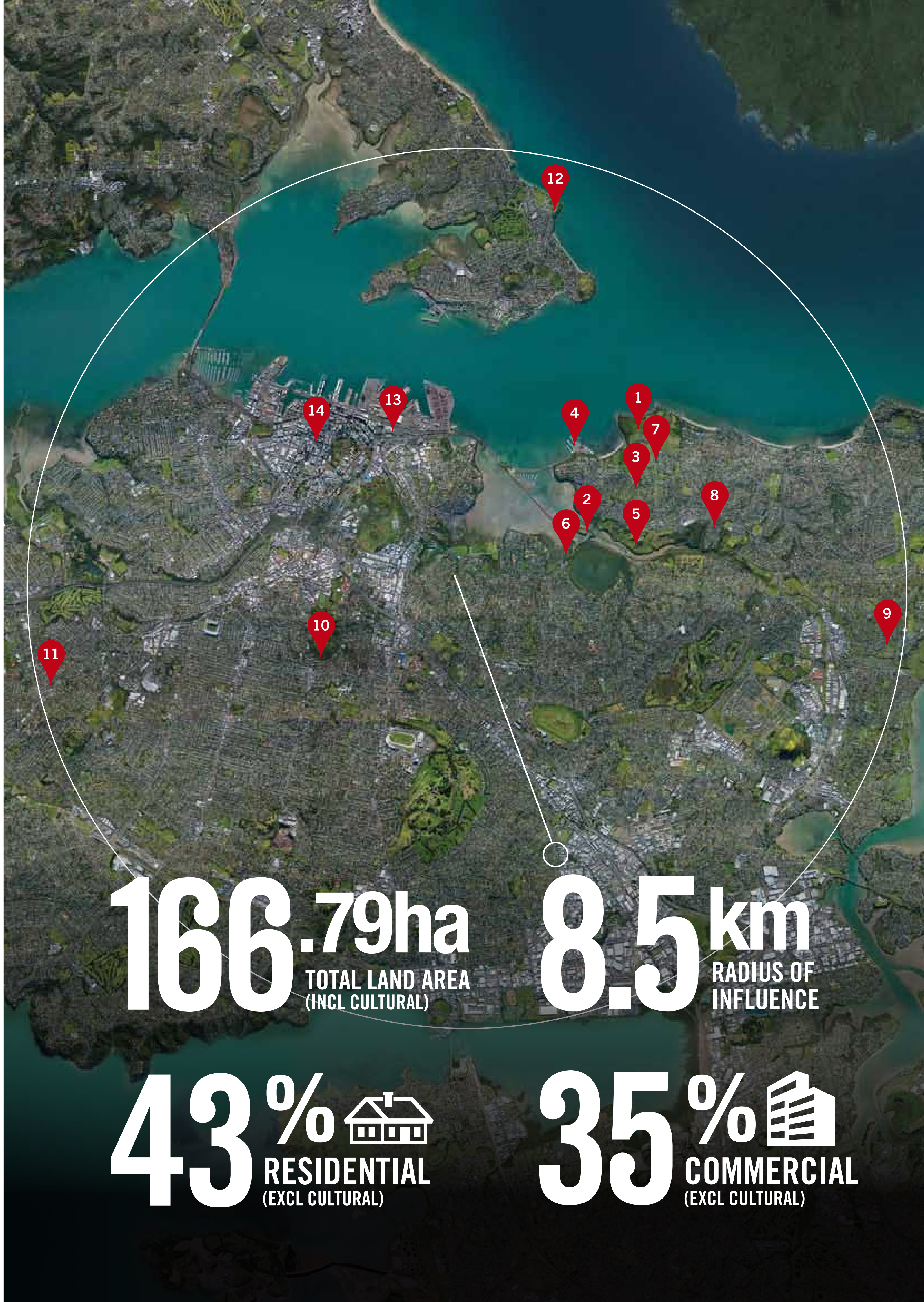
Commercial 20ha
Total 20ha

In 1996, Ngāti Whātua Ōrākei negotiated the purchase of 20 hectares of ex-CBD Rail Lands from the Crown for $40m. The Quay Park property stretches from Britomart on the Western boundary to Parnell Bridge to the East and boarded by Quay St, The Strand, Ronayne St, Beach Rd and Britomart Place.

14. 152 Fanshawe Street

Commercial 2031m^2
Total 2031m^2

Fondly known as the Māori Community Centre, Fanshawe Street was purchased in August 2004 after negotiations with the Crown.



PROFILE
QUAY PARK

Quay Park remains our largest asset with the 29 commercial ground leases across the precinct.

Purchased 17 years ago under the former Trust structure, Quay Park testifies to the guardianship of our predecessors, and the legacy Whai Rawa has inherited. As strategic as this purchase was, it did not come without a cost, as previous lease arrangements locked the hapū into holding Quay Park without rental income for all that time. 2012/13 was our second year of receiving income from these leases and they now ensure we have a solid revenue base.

During the year we successfully renegotiated 80% of the 29 leases on acceptable current-day terms, despite some negative publicity and criticism. We will continue to work with our lessees to ensure both parties benefit from the agreements. We are also looking at the land behind Vector Arena, known as the 'old railway land', and how we can develop that area for commercial use.

Quay Park is also home to head office of both Whai Rawa and Whai Maia, which ensures Ngāti Whātua Ōrākei continues to have a physical presence in the area.

PROFILE
NORTH SHORE LANDS

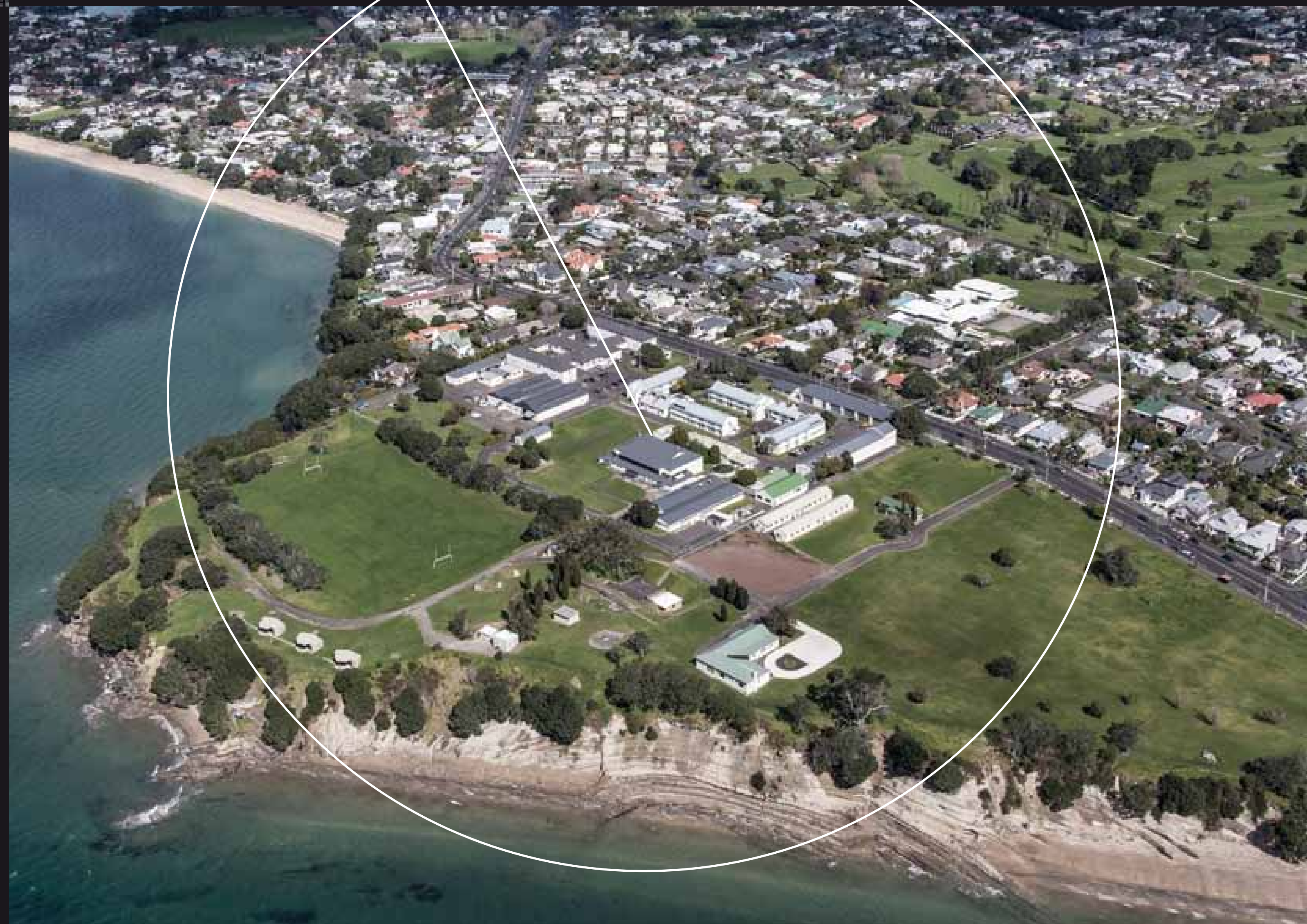
As part of the WA1388 Treaty of Waitangi settlement, Ngāti Whātua Ōrākei had the option of purchasing 28 hectares of surplus Defence Force land across seven primary blocks on the North Shore.

The transfer of this land took place on 1 February 2013. Since then we have held on-going discussions kanohi ki te kanohi (face to face) with the Navy to look at the Defence Force's role post 2018 when the current lease expires.

There are exciting plans for the land on Auckland's North Shore including the potential for up to 230 residential properties.

We would like to see the Navy continue to use the land at Devonport and we are looking at possible housing opportunities for their staff.

We want to work closely with the local community to ensure any development complements the area and its people and its growth and have been engaging with local Council members and the business community.



PROFILE
KĀINGA TUATAHI

After many years of discussion and planning, we started to push ahead with Kāinga Tuatahi in 2013. This was initially through sign-off of the project by the Trust and then detailed planning and work with Auckland Council to secure favourable zoning under the Unitary Plan. This work has resulted in Ōrākei being included in the Government and Auckland Council's recently announced Special Housing Areas, which will make consent for this development more straight forward.

The hapū housing development in Kupe Street will be the fifth housing development on papakāinga land since 1951. It will provide much needed affordable homes for our whānau, and will be a first step towards home ownership for many tribal members.

The development, which will be driven by Whai Rawa working closely with Whai Maia and the Trust, is the first major project the company is undertaking.

Kāinga Tuatahi will include the construction of between 25 and 30 homes. We hope to have completed the design and allocation of the homes by the end of 2013, and construction of the homes will start mid-2014.

This housing development is a demonstration of our commitment to invest in Ngāti Whātua Ōrākei assets and our people by creating a community where younger families and kaumātua can afford to buy homes. The new homes will be close to the marae and whānau support networks, while also making the most of the city's top schools and universities.

The new homes will be sold under an ownership model that will see the hapū procure finance for whānau who meet the eligibility criteria. We have been working with our partner banks to develop a new financing arrangement to support the initiative.

Whānau who buy the homes will be offered ongoing support to ensure the mortgages are sustainable and affordable. It is estimated that mortgage repayments on a high quality 3-bedroom home will be around $450 a week.

The kāinga development was first announced at a hui in July 2013. Since then over 300 whānau have registered their interest in buying one of the homes. Many said they're excited that the dream of homeownership is now within their grasp, and we are excited to be able to facilitate this.

Whānau who do not qualify this time will have the opportunity to work with Whai Maia to receive guidance and support, which will put them on the right pathway towards ownership if that is their aspiration.

Kāinga Tuatahi is the first stage of a larger plan by Ngāti Whātua Ōrākei to increase the supply of affordable housing for whānau over the next 15 years, so more of the hapū can live on the papakāinga.

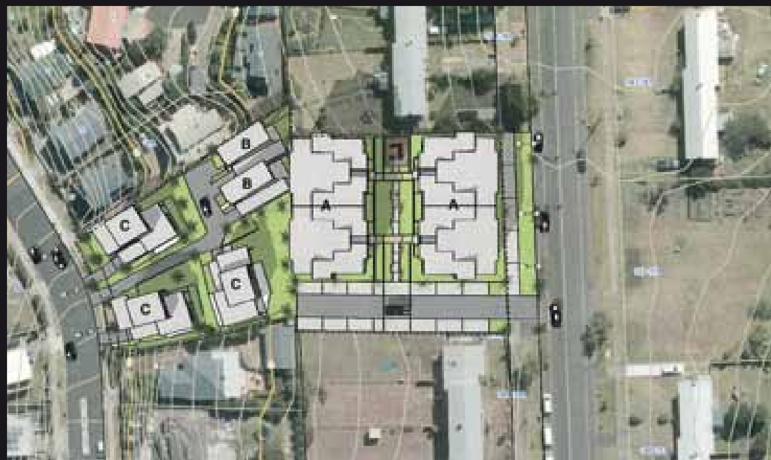
"I LOVE THIS CONCEPT OF FIRST HOME OWNERSHIP. I NEVER DREAMT THAT I COULD BE IN THE POSITION TO OWN MY OWN HOME AS I AM A SINGLE PARENT. EVEN IF I MISS OUT ON KĀINGA TUATAHI, I AM SO SUPPORTIVE OF KĀINGA AND WISH ALL WHĀNAU LUCK IN BEING ONE OF THE LUCKY ONES."

Leah Harriman


West view from Takitumu Street


North view from Kupe St


NW view from Takitumu Street



NGĀTI WHĀTUA ŌRĀKEI KŌRERO

RANGIMARIE HUNIA

We are in the first year post settlement of our Treaty claim that was finalised in February 2013 after 20 years of preparation and negotiation. These are new and exciting times for Ngāti Whātua o Orākei. We've made significant progress with the rental reviews of the railway lands, we have a new post settlement governance structure that no longer restricts Ōrākei by the constraints of the Māori Trust Boards Act and the exciting development potential of the acquired naval lands to name but a few. As we embark on this journey, I'm reminded of Paora Tuhaere's whakatauki:

KO TE KAI ATIHAU, TE KAI TOTONUI.

Atihau is the breath of the winds and literally this means 'deep thought is the food of chiefs'. It is through the deeds, dedication and determination of our tupuna that we are in the position that we are in today.

In his time, Paora Tuhaere and others battled with the Crown to protect the last 700 acres of Ngāti Whātua o Orākei land. He proposed that rather than sell the land, Ngāti Whātua would allow the Crown and others to use the land but Ngāti Whātua would always own the land. More than 150 years later, Whai Rawa is applying this principle to the way we continue to grow our commercial assets through the leasing of land.

They were clever our old people and it is abundantly clear that they had a view about leadership. How I understand this whakatauki is that even when things are constantly changing, when we're frustrated, we can never give up. We must continue, we must be resilient and that requires careful thinking, a commitment to making contributions of consequence and a strong sense of identity.

Our old people made decisions in their time that they knew would not benefit themselves, rather, it was about creating a prosperous future for our people. I see this as the inherited legacy of excellence that we have an obligation and privilege to enhance and continue.

And finally, part of the excitement and joy that I've had on Whai Rawa is the collective view that we can grow the intergenerational wealth of the hapū and we can do that in a way that respects and affirms our culture, our values and our history.

NGARIMU BLAIR

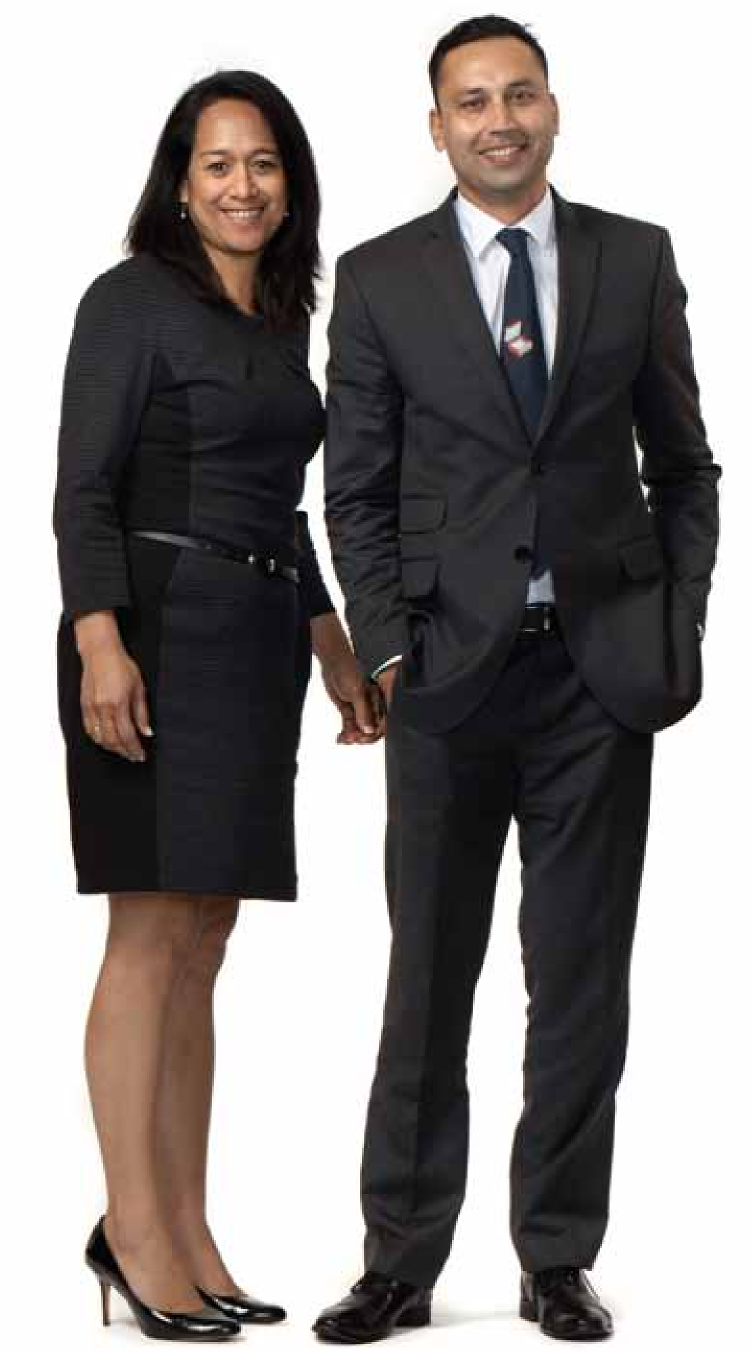
I was proud to be selected by the Trust as their, and therefore the descendants of Tuperiri's representative on the Whai Rawa Board. The position is extremely important to ensure that the vision and kaupapa of the hapū is always communicated and considered. The success or failure of our hapū is ensuring we are all paddling in the right direction and navigating rough waters together. Our objective is to establish a highly professional, high performing and innovative commercial company ready for our next phase of development that is also responsive to the culture of Ngāti Whātua Ōrākei.

This whakatauki from Tatua a Riukiuta (Three Kings mountain) epitomises for me our key short-term objective of establishing a strong commercial team – 'Ka tu pari tokatoka, ka horo pari oneone' or, 'a house built from stone will stand strong, one built from earth will crumble'.

This year I will have visited the USA on two occasions with Waterfront Auckland and the U.S. Embassy meeting with large waterfront property owners and Native American tribes involved in city and tribal development.

"THE SUCCESS OR FAILURE OF OUR HAPŪ IS ENSURING WE ARE ALL PADDLING IN THE RIGHT DIRECTION AND NAVIGATING ROUGH WATERS TOGETHER."

A key focus that I have, is that we ensure we build high quality homes and property for ourselves and others that are inspired by our cultural values of kaitiakitanga and manaakitanga, and that also create opportunities for employment and training for Whānau. This I believe is paramount given our large stake in the Auckland property market and our role as tangata whenua.



NGĀTI WHĀTUA ŌRĀKEI KŌRERO (CONT)

PRECIOUS CLARK

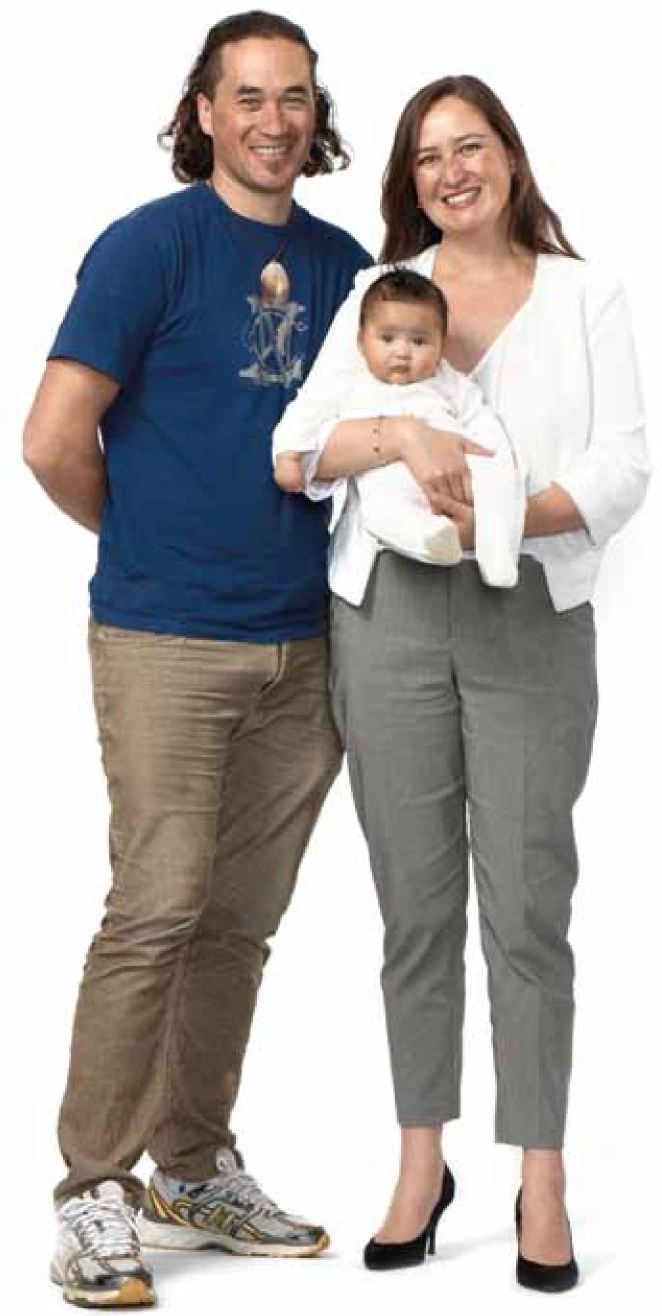
He honore tāku te noho tuari i runga i te poari o Whai Rawa, ki te kawe i ngā moemoeā o tātou ngā hapū o Ngāti Whātua Ōrākei. Ahakoa etahi wā, he uaua te huarahi, kaore e kore, he ākonga kei roto. Ko te tumanako, ka tiritiria e mātou te Whātuatanga i roto i a mātou mahi katoa.

It has been a great honour to be appointed to the Whai Rawa Board, and to utilise my skills to serve our Ngāti Whātua Ōrākei whānau.

The journey to date has been a steep learning curve; challenging but very rewarding. We are continuously striving to find culturally driven solutions within a commercial environment, continuously challenging ourselves to take a Ngāti Whātua approach to business, taking cues from our rangatira of the past and present, while being cognisant of the aspirations of generations yet to come.

The recent arrival of my daughter Taiaaria has been a welcomed change to my world. It is my role to nurture my daughter to be a strong, proud and productive Ngāti Whātua member, as she is our future. It is therefore our role as Whai Rawa to take a long term approach towards the development of our tribal assets to ensure the dreams of our mokopuna are limitless. I am proud to say we have accepted that challenge, and will continue to work towards building a strong financial foundation.

Building strategic relationships is also vital to accelerate our development. In the past year, I have been appointed to a number of Boards relevant to the Tāmaki landscape, and through these roles I hope to foster opportunities for partnerships to achieve mutually beneficial outcomes.



"IT IS OUR ROLE AS WHAI RAWA TO TAKE A LONG TERM APPROACH TOWARDS THE DEVELOPMENT OF OUR TRIBAL ASSETS TO ENSURE THE DREAMS OF OUR MOKOPUNA ARE LIMITLESS."

FINANCIAL STATEMENTS

NGĀTI WHĀTUA ŌRĀKEI WHAI RAWA LIMITED

2012/13

ANNUAL REPORT

The Directors hereby present their Report including Financial Statements of the Group for the period ended 30 June 2013.

Section 211 of the Companies Act 1993 requires the following disclosures:

PRINCIPAL ACTIVITIES:

Property Owner and Manager.

AUDITOR

The Group's auditor is Ernst & Young.

DIRECTORS

The following Director's held office during the period:

Ross Forbes Blackmore
Ngarimu Alan Huiroa Blair
Joann Precious Kowhai Clark
Robert George Mappin Fenwick
Rangimarie Hunia
Michael Peter Stiassny

DIRECTOR'S REMUNERATION

There was no remuneration paid or due and payable to directors for services as employees during the period.

EMPLOYEE'S REMUNERATION

There was one employee who received remuneration and benefits which exceeded $100,000 in value for the 2013 financial period.

DIRECTORS' DISCLOSURES

– There were no entries recorded in the Register of Interests.
– No Director acquired or disposed of any interest in shares in the company.
– The Board of Directors received no notices from Directors wishing to use company information received in their capacity as Directors which would not have ordinarily been available.

DONATIONS (KOHA)

No Koha donations were paid to the group during the period.

For and on behalf of the Board of Directors.

Director Michael Stiassny Director Rangimarie Hunia

Dated this 23rd day of October 2013

STATEMENT OF COMPREHENSIVE INCOME

For the Period Ended 30 June 2013

	NOTE	Group 2013 $	Parent 2013 $
Revenue			
Property Rental Income		8,361,355	9,590
Retirement Village Income		4,912,432	–
Interest Revenue		161,759	49
Other	4	39,070	–
Total Operating Revenue		**13,474,616**	**9,639**
Expenses			
Employee Benefits Expense	5	858,854	643,837
Finance Costs	5	4,010,879	1,250,446
Retirement Village Service Expense		3,645,845	–
Consulting Fees	5	831,864	243,009
Rental Property Expense		712,019	–
Other Expenses	5	309,099	106,782
Depreciation and amortisation expense		72,906	4,710
Bad Debts		602,570	–
Total Expenses		**11,044,036**	**2,248,784**
Net Profit/(Loss) before Taxation and Revaluation of Investment Property		**2,430,580**	**(2,239,145)**
Gain/(Loss) on Revaluation of Investment Property	8	90,879,751	–
Net Profit/(Loss) before Taxation		**93,310,331**	**(2,239,145)**
Income Tax Expense	20	774,050	774,050
Total Comprehensive Income/(Loss) for the Period		**92,536,281**	**(3,013,195)**

This statement is to be read in conjunction with notes to the financial statements on page 29 to page 59.

STATEMENT OF CHANGES IN EQUITY

For the Period Ended 30 June 2013

	NOTE	Contributed Capital	Retained Earnings	Total
Group				
At 25 January 2013			–	–
Total Comprehensive Income for the period		–	92,536,281	92,536,281
Equity Transactions		–	–	–
Capital Contributed	10	222,645,446	–	222,645,446
At 30 June 2013		**222,645,446**	**92,536,281**	**315,181,727**
Parent				
At 25 January 2013		–	–	–
Total Comprehensive Income for the period		–	(3,013,195)	(3,013,195)
Equity Transactions		–	–	–
Capital Contributed	10	222,645,446	–	222,645,446
At 30 June 2013		**222,645,446**	**(3,013,195)**	**219,632,251**

This statement is to be read in conjunction with notes to the financial statements on page 29 to page 59.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2013

	NOTE	Group 2013	Parent 2013
		$	$
Equity	10	**315,181,727**	**219,632,251**
Current Assets			
Cash and Cash Equivalents	6	8,195,521	428,325
Trade and Other Receivables	7	7,189,966	48,279
Related Party Receivable	17	4,329,801	338,170
Work In Progress		108,355	–
Total Current Assets		**19,823,643**	**814,774**
Non Current Assets			
Deferred Tax Asset	22	27,832	27,832
Leasehold Land Under Development		520,762	–
Investment in Wholly-Owned Subsidiaries	24	–	282,440,907
Investment Properties	8	530,531,931	–
Property, Plant and Equipment	9	2,592,033	266,269
Total Non-Current Assets		**533,672,558**	**282,735,008**
Total Assets		**553,496,201**	**283,549,782**
Current Liabilities			
Cash and Cash Equivalents	6	1,979	–
Tax Payable		351,797	351,797
Trade and Other Payables	15a	1,562,321	215,753
Employee Benefits	16	185,056	153,147
Related Party Payables	17	7,775,268	3,196,834
Refundable Occupation Right Agreements	21	46,888,261	–
Income in Advance		1,309,213	–
Interest Bearing Loans & Borrowings	11	1,975,326	–
Total Current Liabilities		**60,049,221**	**3,917,531**
Non Current Liabilities			
Trade and Other Payables	15b	2,589,975	–
Interest Bearing Loans & Borrowings	11	104,600,961	–
Income in Advance		11,074,317	–
Related Party Payables	17	60,000,000	60,000,000
Total Non-Current Liabilities		**178,265,253**	**60,000,000**
Total Liabilities		**238,314,474**	**63,917,531**
TOTAL NET ASSETS		**315,181,727**	**219,632,251**

Director ____________ Director Rangimarie Hunia

This statement is to be read in conjunction with notes to the financial statements on page 29 to page 59.

STATEMENT OF CASHFLOW

For the Period Ended 30 June 2013

	NOTE	Group 2013 $	Parent 2013 $
Cash flows from Operating Activities			
Cash was provided from:			
Interest Received		161,759	49
Rent		9,332,163	9,381
Retirement Village Income		4,933,761	–
Other Sources		39,070	–
Cash was disbursed to:			
Payments to Suppliers		5,568,284	210,165
Payments to Employees		745,309	511,257
Interest Paid		2,035,532	1,250,445
Tax Paid		408,828	408,828
Net Cash flows from Operating Activities	14	**5,708,800**	**(2,371,265)**
Cash Flows from Investing Activities			
Cash was disbursed to:			
Purchase of Property, Plant and Equipment		54,905	24,123
Net Cash flows from Investing Activities		**(54,905)**	**(24,123)**
Cash Flows from Financing Activities			
Cash was provided from:			
Proceeds from Borrowings		349,727	–
Related Party		2,189,920	2,823,713
Net Cash flows from Financing Activities		**2,539,647**	**2,823,713**
Net Increase/(Decrease) in Cash Held		**8,193,542**	**428,325**
Add Cash at Beginning of the Period		**–**	**–**
Total Cash at end of the Period		**8,193,542**	**428,325**

This statement is to be read in conjunction with notes to the financial statements on page 29 to page 59.

STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

Ngāti Whātua Ōrākei Whai Rawa Limited (“Whai Rawa” or the “Parent”) is a company domiciled in New Zealand and registered under the Companies Act 1993. The Parent is a reporting entity for the purposes of the Financial Reporting Act 1993 and its financial statements comply with that Act.

The financial statements of the Parent and its various subsidiaries and Limited Partnerships (“Group”) have been prepared in accordance with generally accepted accounting practice in New Zealand, the requirements of the Companies Act 1993 and the Financial Reporting Act 1993. The financial statements have been prepared on a historical cost basis, except for investment properties, being land and buildings which have been measured at fair value.

Ngāti Whātua Ōrākei Whai Rawa Limited was incorporated on 20 June 1995 and was formerly known as Ngāti Whātua o Orākei Corporate Limited.

As part of the Treaty Settlement process Ngāti Whātua Ōrākei is required to establish a new post settlement governance entity (“PSGE”), and has established a new trust for that purpose (Ngāti Whātua Ōrākei Trust). The requirement for a new post settlement governance entity has provided an opportunity for the Trust Board to restructure its current asset base into a more efficient group structure.

Accordingly, Ngāti Whātua Ōrākei Trust have transferred on 25 January 2013 commercial interests to Ngāti Whātua Ōrākei Whai Rawa Limited.

Limited Partnerships have been established under Whai Rawa to receive the various commercial interests. The business known as “Eastcliffe on Orakei”, formerly administered by Orakei Retirement Care Limited and Orakei Management Services Limited, has been transferred to Eastcliffe Orakei Retirement Care Limited Partnership and Eastcliffe Orakei Management Services Limited Partnership.

Other commercial assets and liabilities have been transferred to Whai Rawa Railway Lands Limited Partnership, Whai Rawa Property Holdings Limited Partnership, Whai Rawa Residential Properties Limited Partnership and Whai Rawa Tamaki Limited Partnership on 25 January 2013.

Ngāti Whātua Ōrākei Trust (“Trust”) is the ultimate parent of Ngāti Whātua Ōrākei Whai Rawa Limited and its various subsidiaries and Limited Partnerships.

STATEMENT OF COMPLIANCE

These financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (“NZ GAAP”). They comply with New Zealand equivalents to International Financial Reporting Standards (“NZ IFRS”), and other applicable Financial Reporting Standards, as appropriate for profit-oriented entities. These financial statements also comply with International Financial Reporting Standards (“IFRS”).

BASIS OF PREPARATION

The financial statements comprise of: Statement of Comprehensive Income, Statement of Changes in Equity, Statement of Financial Position, Statement of Cashflows, Statement of Accounting Policies, as well as the notes to these statements.

The measurement base is historical cost except for the revaluation of certain assets as identified in this statement of accounting policies.

The accrual basis of accounting has been used unless otherwise stated.

These financial statements are presented in New Zealand dollars ($), which is the functional currency of the Parent and Group. All figures are rounded to the nearest whole dollar.

CHANGES IN ACCOUNTING POLICY

There have been no changes in accounting policies over the period of operation.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

COMPARATIVES

There are no comparatives for the parent and group due to the PSGE restructure and associated transfer of assets and liabilities within the Ngāti Whātua Ōrākei group which substantially changed the nature of the operations for Ngāti Whātua Ōrākei Whai Rawa Limited. Limited partnerships were newly set up by Ngāti Whātua Ōrākei Whai Rawa Limited to mange specific commercial interest for the group and have no previous comparatives.

Ngāti Whātua Ōrākei Whai Rawa Limited (New Whai Rawa) is similar to a new company, despite the fact that the legacy Ngāti Whātua o Orākei Māori Trust Board ("Trust Board") previously had a subsidiary by the name of Whai Rawa (Old Whai Rawa). Prior to the group reorganization, Old Whai Rawa primarily held corporate assets and managed the operations of the Trust Board. Subsequent to the group reorganization, these corporate assets and operations were carved out of Old Whai Rawa and transferred to Ngāti Whātua Ōrākei Whai Maia group. Subsequently, the limited partnerships were inserted under New Whai Rawa. Despite the Whai Rawa entity name remaining unchanged pre and post-reorganisation, the composition of New Whai Rawa is very different from Old Whai Rawa. Thus, New Whai Rawa is similar to the establishment of a new company rather than a continuation of Old Whai Rawa.

NEW ACCOUNTING STANDARDS

The accounting policies did not change during the period.

NZ IFRS Standards and interpretations that have recently been issued or amended but are not effective for the Group for the reporting period ending 30 June 2013, are outlined in the table below:

SEPARATE FINANCIAL STATEMENTS

Reference	NZ IAS 27
Summary	Removes accounting and disclosure requirements for consolidated financial statements.
Application Date of Standard	1 January 2013
Impact on Group Financial Statements	Disclosure only.
Application Date for Group	1 July 2013

FINANCIAL INSTRUMENTS

Reference	NZ IFRS 7
Summary	These amendments introduce disclosures, which provide users with information that is useful in evaluating the effect or potential effect of netting arrangements on an entity's financial position.
Application Date of Standard	1 January 2013
Impact on Group Financial Statements	The standard is not expected to have an impact on the Group's current classification of financial assets.
Application Date for Group	1 July 2013

NGĀTI WHĀTUA ŌRĀKEI WHAI RAWA LIMITED

STATEMENT OF ACCOUNTING POLICIES CONTINUED

NEW ACCOUNTING STANDARDS CONTINUED

FINANCIAL INSTRUMENTS

Reference	NZ IFRS 7
Summary	These amendments to NZ IFRS 7 remove the requirement for the restatement of comparative period financial statements upon initial application of the classification and measurement requirements of NZ IFRS 9. Instead, the amendments introduce additional disclosures on transition from the classification and measurement requirements of NZ IAS 39 Financial Instruments: Recognition and Measurement to those of NZ IFRS 9. For entities adopting NZ IFRS 9 from 2013 onwards, these disclosures are required even if they choose to restate the comparative figures for the effect of applying NZ IFRS 9.
Application Date of Standard	1 January 2013
Impact on Group Financial Statements	The standard is not expected to have an impact on the Group's current classification of financial assets and financial liabilities.
Application Date for Group	1 July 2013

FINANCIAL INSTRUMENTS

Reference	NZ IFRS 9
Summary	NZ IFRS 9 (2009) includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace NZ IAS 39. These requirements improve and simplify the approach for classification and measurement of financial asset compared with the requirements of NZ IAS 39. The revised standard introduces a number of changes to the accounting for financial assets.
Application Date of Standard	1 January 2015
Impact on Group Financial Statements	The standard is not expected to have an impact on the Group's current classification of financial assets and liabilities.
Application Date for Group	1 July 2015

FINANCIAL INSTRUMENTS

Reference	NZ IFRS 9
Summary	NZ IFRS 9 (2010) includes requirements for the classification and measurement of financial assets resulting from the first part of Phase 1 of the IASB's project to replace NZ IAS 39 Financial Instruments: Recognition and Measurement. The requirements for classifying and measuring financial liabilities were added to NZ IFRS 9 as issued in 2009. The existing NZ IAS 39 Financial Instruments: Recognition and Measurement requirements for the classification of financial liabilities and the ability to use the fair value option have been retained. However, where the fair value option is used for financial liabilities, the change in fair value is accounted for as follows: The change attributable to changes in credit risk are presented in other comprehensive income (OCI). The remaining change is presented in profit or loss if this approach creates or enlarges an accounting mismatch in the profit or loss, the effect of the changes in credit risk are also presented in profit or loss.
Application Date of Standard	1 January 2015
Impact on Group Financial Statements	The standard is not expected to have an impact on the Group's current classification of financial assets and liabilities.
Application Date for Group	1 July 2015

STATEMENT OF ACCOUNTING POLICIES CONTINUED

NEW ACCOUNTING STANDARDS CONTINUED
CONSOLIDATED FINANCIAL STATEMENTS

Reference	NZ IFRS 10
Summary	This new standard replaces all of the guidance on control and consolidation in NZ IAS 27: Consolidated and Separate Financial Statements. NZ IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control, including special purposes entities. The revised definition focuses on the need to have both power and variable returns over the entity before control is presented. The standard includes extensive application guidance that address the different ways in which a reporting entity might control another entity.
Application Date of Standard	1 January 2013
Impact on Group Financial Statements	The new standard does not change how entities within a Group are consolidated, only whether entities are required to be consolidated, based on the revised definition of control. The Group considers that the Group will continue to control its existing subsidiaries under the new standard, due to having voting rights which entitle the Group to variable returns from them, and there are no other entities which will meet the revised definition of control for the Group. Therefore it is not anticipated that the new standard will have an impact on the Group.
Application Date for Group	1 July 2013

DISCLOSURE OF INTEREST IN OTHER ENTITIES

Reference	NZ IFRS 12
Summary	NZ IFRS 12 includes all disclosures relating to an entity's interests in subsidiaries, joint arrangements, associates and structures entities. New disclosures have been introduced about the judgments made by management to determine whether control exists, and to require summarised information about joint arrangements, associates and structured entities and subsidiaries with non-controlling interests.
Application Date of Standard	1 January 2013
Impact on Group Financial Statements	Disclosure only.
Application Date for Group	1 July 2013

FAIR VALUE MEASUREMENT

Reference	NZ IFRS 13
Summary	This new standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. The new standard does not introduce new requirements to measure assets or liabilities at fair value.
Application Date of Standard	1 January 2013
Impact on Group Financial Statements	The Group currently measures investments properties and certain financial assets and liabilities at fair value. The new standard will provide guidance for the calculation of the fair value of these assets and liabilities. To date the Group has not completed a formal assessment of whether the new standard will affect the fair value of the assets measured at fair value under the existing guidance. There will likely be additional disclosures required following the implementation of the new standard of the methods used to determine fair value of these assets.
Application Date for Group	1 July 2013

STATEMENT OF ACCOUNTING POLICIES CONTINUED

NEW ACCOUNTING STANDARDS CONTINUED
AMENDMENTS TO NZ IFRS 10, NZ IFRS 11 AND IFRS 12 – TRANSITION GUIDANCE

Reference	NZ IFRS 10, NZ IFRS 11 and NZ IFRS 12
Summary	These amendments clarify and provide transition guidance to NZ IFRS 10 Consolidated Financial Statements, NZ IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interest in Other Entities: These amendments clarify: The meaning of 'the date of initial application' in IFRS 10 as 'the beginning of the annual reporting period in which IFRS 10 is applied for the first time' That the assessment of whether control exists is made at 'the date of initial application' rather than at the beginning of the comparative period If the control assessment is different between NZ IFRS 10 and NZ IAS 27 Consolidated and Separate Financial Statements/NZ SIC-12 Consolidated - Special Purpose Entities, retrospective adjustments should be determined If the control assessment is the same, no retrospective application is required That an investor should adjust comparative periods retrospectively if the consolidation conclusion reached at the date of initial application is different If more than one comparative period is presented, additional relief is given to require only one period to be restated That comparatives for the disclosures relating to unconsolidated structured entities under NZ IFRS 12 are not required
Application Date of Standard	1 January 2013
Impact on Group Financial Statements	Disclosure only.
Application Date for Group	1 July 2013

AMENDMENTS TO NZ IFRSS ARISING FROM THE ANNUAL IMPROVEMENTS PROJECT (2009 – 2011)

Reference	Annual Improvements to NZ IFRSs 2009 – 2011 Cycle
Summary	The following standards are amended by this standard: NZ IFRS 1 Clarify that an entity that has stopped applying NZ IFRS may choose to either: i. Re-apply NZ IFRS 1, even if the entity applied NZ IFRS 1 in a previous reporting period ii. Apply NZ IFRSs retrospectively in accordance with NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (i.e., as if it had never stopped applying IFRS) in order to resume reporting under NZ IFRS.
Application Date of Standard	1 January 2013
Impact on Group Financial Statements	Disclosure only.
Application Date for Group	1 July 2013

STATEMENT OF ACCOUNTING POLICIES CONTINUED

NEW ACCOUNTING STANDARDS CONTINUED

AMENDMENTS TO NZ IFRSS ARISING FROM THE ANNUAL IMPROVEMENTS PROJECT (2009 – 2011)

Reference	Annual Improvements to NZ IFRSs 2009 – 2011 Cycle
Summary	Clarifies that, upon adoption of NZ IFRS, an entity that capitalised borrowing costs in accordance with its previous GAAP, may carry forward, without adjustment, the amount previously capitalised in its opening statement of financial position at the date of transition NZ IAS 1 Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period NZ IAS 16 Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory NZ IAS 32 Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance withy NZ IAS 12 Income Taxes NZ IAS 34 Clarifies the requirements in NZ IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in NZ IFRS 8 Operating Segments.

AMENDMENTS TO NZ IAS 32 FINANCIAL INSTRUMENTS: PRESENTATION – OFFSETTING FINANCIAL ASSETS AND FINANCIAL LIABILITIES

Reference	NZ IAS 32
Summary	The amendments clarify the meaning of “currently has a legally enforceable right to set-off” and also clarify the application of the NZ IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous.
Application Date of Standard	1 January 2014
Impact on Group Financial Statements	It is not anticipated the new standard will have an impact on the Group.
Application Date for Group	1 July 2014

STATEMENT OF ACCOUNTING POLICIES CONTINUED

BASIS OF CONSOLIDATION

The consolidated financial statements of the Group are for the legal entity comprising Whai Rawa and its wholly owned subsidiaries. The parent entity is a profit-oriented entity for financial reporting purposes.

The consolidated financial statements incorporate the assets and liabilities of wholly owned subsidiaries of Whai Rawa as at 30 June 2013 and the results of those entities for that period. Whai Rawa and its wholly owned subsidiaries are referred to in these financial statements as the Group or the consolidated entity.

All wholly owned subsidiaries have the same balance date as Whai Rawa, and apply consistent accounting policies.

The acquisition of subsidiaries as a result of the post settlement governance entity structure is accounted for using the pooling of interests method. The pooling of interests method was available to the Group due to the group reorganisation taking place amongst entities under common control. The pooling of interests method reflects the carrying values reported in the consolidated financial statements of the parent and group from the date of reorganisation. Ngāti Whātua Ōrākei Whai Rawa Limited has decided to not restate financial information for periods prior to the date of the reorganisation.

In preparing the consolidated Group financial statements, all inter-entity balances and transactions, income and expenses and profit and loss resulting from intra-group transactions have been eliminated.

The Group consists of the following entities:

SUBSIDIARIES	
Corporate Property Investments Limited	Historic interests associated with property joint ventures
Eastcliffe Orakei Retirement Care Limited Partnership	To manage development of the Eastcliffe Orakei retirement village and aged care facility at Orakei
Eastcliffe Orakei Management Services Limited Partnership	To manage operations of the Eastcliffe Orakei retirement village and aged care facility at Orakei
Whai Rawa Railway Lands Limited Partnership	To manage the commercial assets known as the Railway Lands and Quay Park in the Auckland CBD
Whai Rawa Property Holdings Limited Partnership	To manage the other various commercial assets including those received in settlement
Whai Rawa Residential Properties Limited Partnership	To manage the residential property assets
Whai Rawa Tamaki Limited Partnership	To manage the development of the Tamaki Girls College Site in Glen Innes
Whai Rawa Collective Holdings Limited Partnership	To manage any assets acquired or development undertaken in connection with the Tamaki Collective

STATEMENT OF ACCOUNTING POLICIES CONTINUED

SUBSIDIARIES

Subsidiaries are entities controlled by Whai Rawa. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that presently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date control commences until the date that control ceases.

Investments in subsidiaries are measured at cost less impairment in the parent company's financial statements. Intercompany transactions, balances and unrealised gains on transactions between subsidiary companies are eliminated on consolidation. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

CONVERTIBLE LOAN

Whai Rawa pay interest to Whai Maia Charitable Trust 2 for the convertible loan on a monthly basis. The interest is recognised in the statement of comprehensive income. The convertible loan is initially measured at fair value plus directly attributable transaction costs, and is subsequently measured at amortised cost using the effective interest method (including interest accruals less provision for impairment).

CASH AND CASH EQUIVALENTS

Cash and short-term deposits in the Statement of Financial Position comprise cash at bank, in hand and short-term deposits with an original maturity of three months or less plus bank overdrafts. Bank overdrafts are shown on the Statement of Financial Position as current liabilities within short term borrowings.

For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of outstanding bank overdrafts.

TRADE AND OTHER RECEIVABLES

Trade receivables, which generally have terms payable on the 20th of the month following, are recognised and carried at original invoice amount (fair value) less any impairment losses for any uncollectible amounts.

Collectability of trade receivables is reviewed on an ongoing basis at an operating unit level. Individual debts that are known to be uncollectable are written off when identified. An impairment provision is recognised when there is objective evidence that the Group will not be able to collect the receivable. Financial difficulties of the debtor, default payments or debts more than 60 days overdue are considered objective evidence of impairment. The amount of the impairment loss is the receivable carrying amount compared to the present value of estimated future cash flows, discounted at the original effective interest rate.

PLANT, PROPERTY AND EQUIPMENT

Items of property, plant and equipment are measured at cost less accumulated depreciation and impairment losses. Where an item of property, plant or equipment is disposed of, the gain or loss recognised in the Statement of Comprehensive Income is calculated as the difference between the sale price and the carrying amount of the asset.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

DEPRECIATION

Depreciation is recognised in the Statement of Comprehensive Income on a straight-line basis over the estimated useful life of each part of an item of property, plant and equipment. Leased assets are depreciated over the shorter of the lease term and their useful life. Land is not depreciated.

The estimated useful lives for the current period are as follows:

	EXPECTED USEFUL LIFE
Property Improvements	5 years
Motor Vehicles	5 years
Office Equipment	5 years
Plant & Equipment	5 – 10 years
Buildings	50 years

Depreciation methods, useful lives and residual values are reassessed at the reporting date.

IMPAIRMENT

At each reporting date, the Group reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss.

GOODS AND SERVICES TAX

These financial statements have been prepared on a GST exclusive basis with the exception of accounts receivable and accounts payable which are shown inclusive of GST.

FINANCE COSTS

Borrowing costs are expensed in the Statement of Comprehensive Income as they are incurred.

SOCIAL ASSETS

Social Assets are assets which are of cultural significance and are used for the benefit of the hapu. Social Assets are measured at cost less accumulated depreciation and impairment losses.

TRADE AND OTHER PAYABLES

Trade and Other Payables are carried at amortised cost and due to their short term nature they are not discounted. They represent liabilities for goods and services provided to the Group prior to the end of the financial year that are unpaid and arise when the Group becomes obliged to make future payments in respect of these goods and services. These amounts are unsecured and are usually paid within 30 days of recognition.

PROVISIONS

Provisions are recognised when the entity has a present obligation (legal or constructive) as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

EMPLOYEE ENTITLEMENTS

The employee entitlements to salaries and wages and annual leave are recognised in the Statement of Comprehensive Income when they accrue to employees. Liabilities for wages and salaries, including non monetary benefits, annual leave and accumulating sick leave expected to be settled within 12 months of the reporting date are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

INVESTMENT PROPERTIES

Investment properties are properties held either to earn rental income or for capital appreciation or for both. Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are stated at fair value, which is determined by an independent registered valuer and adjusted if necessary, for any difference in the nature, location or condition of the specific asset at the balance sheet date, including the impact of prepaid rental streams recognised as a liability at balance date. Gains or losses arising from changes in the fair values of investment properties are recognised in the Statement of Comprehensive Income in the year in which they arise.

LEASED ASSETS

Leases in terms of which the Group assumes substantially all the risks and rewards of ownership are classified as finance leases. Upon initial recognition the leased asset is measured at an amount equal to the lower of its fair value and the present value of the minimum lease payments. Subsequent to initial recognition, the asset is accounted for in accordance with the accounting policy applicable to that asset.

Payments made under operating leases are recognised in the Statement of Comprehensive Income on a straight-line basis over the term of the lease. Lease incentives received are recognised in the Statement of Comprehensive Income over the lease term as an integral part of the total lease expense.

LEASES

The determination of whether an arrangement is or contains a lease is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Group as a lessee

Operating lease payments are recognised as an expense in the Statement of Comprehensive Income on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Group as a lessor

Leases in which the Group retains substantially all the risks and benefits of ownership of the leased asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are recognised as an expense in the reporting period.

The Group has significant prepaid lease arrangements whereby revenue is recognised on a straight-line basis over the term of the prepaid lease. Where the period of the prepayment exceeds 90 years, and the Group has in substance no further ownership rights (via contractual terms post the initial lease period), the transaction is treated as an effective sale of the asset and the prepayment is recorded as revenue on the date of receipt. The remaining rental in advance is shown on the statement of financial position under current and non-current liabilities.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

IMPAIRMENT OF NON-FINANCIAL ASSETS

The Group conducts an annual internal review of asset values, which is used as a source of information to assess for any indicators of impairment. External factors, such as changes in expected future processes, technology and economic conditions, are also monitored to assess for indicators of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows that are largely independent of the cash inflows from other assets or groups of assets (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are tested for possible reversal of the impairment whenever events or changes in circumstances indicate that the impairment may have reversed.

CAPITAL MANAGEMENT

When managing capital, management's objective is to ensure the Group continues as a going concern as well as maintain optimal returns to shareholders and benefits for other stakeholders. Management also aims to maintain a capital structure that ensures the lowest cost of capital available to the Group.

INTEREST BEARING LOANS AND BORROWINGS

All loans and borrowing are initially recognised at the fair value of the consideration received less directly attributable transaction costs.

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost as these loans and borrowings are from registered banks, the interest rates are deemed to be at fair value. Fees paid on the establishment of loan facilities that are yield related are included as part of the carrying amount of the loans and borrowings.

Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the balance date.

Borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset (i.e. an asset that necessarily takes a substantial period of time to get ready for its intended use or sale) are capitalised as part of the cost of that asset. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

REFUNDABLE OCCUPATION RIGHT AGREEMENTS

Occupation right agreements utilised by the group in connection with the Eastcliffe Orakei Retirement Village confer the right of occupancy of the independent unit/apartment, serviced apartment and studios until such time as the occupancy rights are repurchased. Settlement of the refundable occupational right agreement only occurs when a new occupational right agreement is issued to an incoming resident of the village.

STATEMENT OF ACCOUNTING POLICIES CONTINUED

REVENUE RECOGNITION

Revenue is recognised and measured at the fair value of the consideration received or receivable to the extent it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(i) Rendering of services

Rendering of services (consulting) are recognised in the accounting period in which the services are rendered.

(ii) Interest revenue

Interest revenue is recognised as interest accrues using the effective interest method.

(iii) Dividends

Dividend revenue is recognised when the Group's right to receive the payment is established.

(iv) Rental revenue

Rental revenue is recognised on a straight-line basis over the lease term. Rental revenue from prepaid leases are amortised on a straight line basis over the lease term. Any sale of leasehold interests with a prepayment term exceeding 90 years, where the Group has in substance no further ownership rights (via contractual terms post the initial lease period), will be recognised as a sale in the year that it is settled.

(v) Retirement village income

Rendering of services fee include retirement village outgoings and service fees. The residents pay a weekly fee which covers the cost of a proportion of the village outgoings and service provided incurred by the operator in the operation of the village. The village outgoings and services charges recovered is recognised as revenue on a monthly basis.

Village contribution is a fee payable by all the residents living in independent units/apartments, serviced apartments and studios for the right to use the common facilities. The village contribution fee is recognised in the statement of comprehensive income over the average expected length of stay of residents, which is five years for the independent units/apartments and three years for the serviced apartments and studios.

INCOME TAX

Income tax expense comprises current and deferred tax. Income tax expense is recognised in statement of comprehensive income except to the extent that it relates to items recognised directly in equity, in which case it is recognised in equity.

Current tax is the expected tax payable on the taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of goodwill, the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that they probably will not reverse in the foreseeable future. Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

A deferred tax asset is recognised to the extent that is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

The Group and parent became a tax paying entity on the 1 February 2013. Any income or expenses prior to this period are non taxable. Group tax is paid through the parent.

NGĀTI WHĀTUA ŌRĀKEI WHAI RAWA LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Period ended 30 June 2013

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise receivables, payables, bank loans and overdrafts, cash, short-term deposits and refundable occupation rights.

The Group manages its exposure to key financial risks, including interest rate and credit risk in accordance with the Group's financial risk management policy. The objective of the policy is to support the delivery of the Group's financial targets whilst protecting future financial security.

The Group has no currency risk.

The main risks arising from the Group's financial instruments are interest rate risk, credit risk and liquidity risk.

The Group uses different methods to measure and manage different types of risks to which it is exposed.

2. RISK EXPOSURES AND RESPONSES

(a) Interest Rate Risk

The Group's exposure to market interest rates relates primarily to the Group's long-term debt obligations. (The level of debt and terms are disclosed in Note 11).

At maturity date market interest rates will be applicable on the renewed fixed term.

The Group's policy is to manage its finance costs and interest rate risk using fixed interest rate debt at registered banks.

At balance date, the Group had the following mix of financial assets and liabilities exposed to New Zealand variable interest rate risk:

	Group Period Ended 30 June 2013	Parent Period Ended 30 June 2013
	$	$
Financial assets		
Cash & cash equivalents	8,195,521	428,325
Financial liabilities		
Cash & cash equivalents	1,979	–
Interest bearing loans & borrowings	106,576,287	–
Interest Bearing Loan to related party	60,000,000	60,000,000
Net Exposure	(158,382,745)	(59,571,675)

The following sensitivity analysis is based on the interest rate risk exposures in existence as at 30 June 2013. If interest rates had moved as illustrated in the table below with all other variables held constant, net profit/(deficit) would have been affected as follows:

	Group Net Profit after Taxation 2013	Parent Net Profit after Taxation 2013
	$	$
+1% (100 basis point)	**925,363**	**(30,132)**
-1% (100 basis point)	**-925,363**	**30,132**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

(b) Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables. The Group's exposure to credit risk arises from potential default of the counter party, with a maximum exposure equal to the carrying amount of these instruments. Exposure at balance date is addressed in each applicable note.

The Group does not hold any credit derivatives to offset its credit exposure.

Receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

(c) Liquidity Risk

The Group's objective is to maintain a continuity of funding through the use of bank loans and regular rental income from the railway lands investment property.

The change in freehold property values referred to in Note 8 may impact future cashflows, as rent renewals are generally based on freehold property values. A policy has been adopted of spreading lease renewal dates to mitigate this risk.

The table below reflects all contractually fixed pay-offs and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as of 30 June 2013. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2013.

Maturity analysis of financial assets based on management's expectation and financial liabilities based on contractual maturities:

YEAR 30 JUNE 2013:	Within 1 year	1-5 years	> 5 years
	$	$	$
Group:			
Financial Assets			
Cash & Cash Equivalents	8,195,521	–	–
Trade & Other Receivables	7,189,966	–	–
	15,385,487	–	–
Financial Liabilities			
Cash & Cash Equivalents	1,979	–	–
Trade & Other Payables	1,562,321	–	–
Refundable Occupation Right Agreements	46,888,261	–	–
Interest Bearing Loans & Borrowings	6,353,564	124,077,425	–
Interest Bearing Loan to related party	3,000,000	12,000,000	60,000,000
	57,806,125	136,077,425	60,000,000
Net Maturity	(42,420,638)	(136,077,425)	(60,000,000)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Maturity analysis of financial assets based on management's expectation and financial liabilities based on contractual maturities:

YEAR 30 JUNE 2013:	Within 1 year	1-5 years	> 5 years
	$	$	$
Parent:			
Financial Assets			
Cash & Cash Equivalents	428,324	–	–
Trade & Other Receivables	48,279	–	–
	476,603	–	–
Financial Liabilities			
Cash & Cash Equivalents	–		
Trade & Other Payables	215,754	–	–
Refundable Occupation Right Agreements	–	–	–
Interest Bearing Loans & Borrowings	–	–	–
	215,754	–	–
Net Maturity	260,849	–	–

The contractual maturity of the refundable occupation right agreements may differ from the expected maturity.

The table on the previous page shows the contractual maturity. It is not expected that all residents will exercise their right to vacate their residence under the occupation right agreements within the next 12 months. Settlement of a refundable occupational right agreement only occurs when a new occupational right agreement is issued to an incoming resident.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other various factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Actual results may differ from these estimates under different assumptions and conditions and may materially affect financial results or the financial position reported in future periods.

Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Investment property

Investment properties are carried at fair value, which has been determined based on valuations performed by external valuers refer to Note 8 for more information.

The Group considers that, even though land has an indefinite useful life, where land is subject to a lease pursuant to which the prepayment term exceed 90 years, and where the Group has in substance no further ownership rights (via contractual terms post the initial lease period), this effectively removes the risks and rewards of ownership. Consequently the Group considers it appropriate to recognise any prepayment with a term exceeding 90 years, as a sale in the year that it is settled.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS CONTINUED

Commercial leases

The Group owns 20 hectares of land in the Auckland CBD (referred to as Quay Park and Rail Lands). There are 29 commercial leases on this land. The initial 15 year prepaid ground rental on the Railways land property expired on 2 August 2011. While the majority of these leases have been settled at 30 June 2013, the rental income associated with leases which have not been settled, has been based on managements judgement of the estimated value of the estimated value of the investment properties.

Retirement Village Income

Village contribution is recognised as revenue on a straight-line basis over the estimated period of service. This requires Management to estimate the period of occupancy for retirement village units. Management's estimate is based on actuarial and related probability information provided by the independent valuer in estimating occupancy periods.

Social assets

These assets are utilised to fulfil cultural and social objectives of the Group. The maximisation of profit is not an objective. Significant social assets comprise papakainga housing at Orakei on Kitemoana and Kupe Streets. These land and building assets are used largely by the Group's beneficiaries and rents are received largely to meet or defray administration costs. The Group's intention is not to develop these assets further and that they remain only for the continued purpose of beneficiary papakainga housing. As it is not the Group's intention to maximise financial profits on these assets it considers that market value would not be appropriate as the carrying value, therefore these assets are recorded at cost less accumulated depreciation.

4. OTHER REVENUE

	Group Periods Ended 30 June 2013	Parent Period Ended 30 June 2013
	$	$
Funding	15,000	–
Rates Reimbursement	6,070	–
Other	800	–
Proceeds From sale of share in Unit 45, 125 Carrington Road	17,200	–
	39,070	–

NGĀTI WHĀTUA ŌRĀKEI WHAI RAWA LIMITED

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

5. OPERATING EXPENSES

	Group Periods Ended 30 June 2013	Parent Period Ended 30 June 2013
	$	$
Employee benefits expense		
Wages and salaries	605,849	393,141
Holiday Pay	24,548	24,548
Kiwisaver Contribution	4,806	4,806
Staff Uniforms	885	–
Staff Training	1,426	–
Recruitment Expense	55,000	55,000
Directors Expenses	158,054	158,054
Directors Fees	1,765	1,765
FBT Expense	6,521	6,523
	858,854	**643,837**
Finance costs		
Interest Expense	3,971,865	1,250,169
Bank Fees	39,014	277
	4,010,879	**1,250,446**
Consulting fees		
Accounting Fees	2,625	2,625
Audit Fees	112,014	52,000
Legal Fees	238,931	7,456
Valuations	165,193	60,649
Other Consulting Costs	313,101	120,279
	831,864	**243,009**
Other expenses		
Office Expenses	39,927	15,437
Leases – operating	21,701	17,436
Loss on Disposal of Fixed Assets	2,926	2,926
Occupancy costs	25,814	25,814
Communication Expense	50,948	41,722
Motor Vehicle Expenses	3,421	2,254
Other	1,445	1,193
Related Parties Management Fees	162,917	–
	309,099	**106,782**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

6. CASH AND CASH EQUIVALENTS

	Group Period Ended 30 June 2013 $	Parent Period Ended 30 June 2013 $
Current Assets		
Cash at Bank and in Hand	2,163,381	428,325
Term Deposits	6,032,140	–
	8,195,521	**428,325**
Current Liabilities		
Bank Overdraft	1,979	–
	1,979	**–**

7. TRADE AND OTHER RECEIVABLES

	Group Period Ended 30 June 2013 $	Parent Period Ended 30 June 2013 $
Current		
GST receivable	(115,712)	29,356
Trade Receivables	7,023,633	18,923
Prepayments	34,312	–
Accrued Revenue	247,733	–
	7,189,966	**48,279**

(i) Fair value and credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate to their fair value. The Group has elected to accrue for commercial lease rental due commencing August 2011. This arises due to a legal obligation on lessees to pay rent as of that date and is considered collectable within the next twelve months.

The maximum exposure to credit risk is the fair value of receivables. Collateral is not held as security, nor is it the Group's policy to transfer (on-sell) receivables to special purpose entities.

(ii) Foreign exchange and interest rate risk

The Group is not exposed to foreign exchange risk. Interest rate risk exposure is disclosed in Note 2 (a).

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

8. INVESTMENT PROPERTY

	Group 30 June 2013 $	Parent 30 June 2013 $
Valuations		
Whai Rawa Property Holdings LP	179,542,455	–
Whai Rawa Railways LP	269,625,000	–
Eastcliffe Orakei Retirement Care LP	81,364,476	–
Total Investment Property	**530,531,931**	**–**
Balance at Beginning of the Period	355,694,012	–
Net Gain/(Loss) from Fair Value Adjustment	90,879,751	–
Investment Property settlement	83,378,757	–
Investment Property Improvements	579,411	–
Closing Balance as at 30 June 2013	**530,531,931**	**–**

Investment properties are carried at fair value, which has been determined based on valuations performed by Darroch Ltd (formerly DTZ) and Jones Lang La Salle of Auckland as at 30 June 2013.

The fair value represents the amount at which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction at the date of valuation, in accordance with New Zealand Valuation Standards. In determining fair value, the expected net cash flows applicable to each property have been discounted to their present value using a market determined, risk adjusted discount rate applicable to the respective asset. For financial reporting purposes, the independent valuation is adjusted to include the impact of prepaid rental streams and the refundable occupation right agreements that are recognised as liabilities at balance date.

The investment property that is referred to as Eastcliffe Orakei includes leasehold land and the hospital. The fair value of the hospital component is included in the overall village valuation at $1,300,000. The leasehold land comprises two leases from Ngāti Whātua o Orākei Māori Trust Board for 80 years from May 1999 and from June 2002 respectively.

The valuation of the investment property is grossed up for prepaid leases and cash flows relating to resident refundable occupation rights agreements. Reconciliation between the independent valuation and the amount recognised on the balance sheet as investment property is as follows:

	Group 2013 $	Parent 2013 $
Independent valuation of investment properties	468,636,240	–
Prepaid lease value	12,417,456	–
Refundable occupation right agreements	49,478,235	–
Balance at the End of the Year	**530,531,931**	**–**

There were no finance costs capitalised to the investment property during the year.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

8. INVESTMENT PROPERTY CONTINUED

A Memorandum of Encumbrance in favour of the statutory supervisor, Covenant Trustee Company Limited, is registered against the leasehold land to secure the obligations of the company to the residents of the retirement village.

The freehold value of all land held by the group as at 30 June 2013 is $550,470,000.

Investment properties are derecognised either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. Any gains or losses on the retirement or disposal of an investment property are recognised in the Statement of Comprehensive Income in the year of retirement or disposal.

9. PROPERTY, PLANT AND EQUIPMENT

2013	Cost	Additions/ Disposals	Depreciation Charge	Accumulated Depreciation	Carrying value
	$	$	$	$	$
Group					
Office Furniture	22,647	24,332	4,710	4,710	42,269
Plant & Equipment	229,989	30,782	35,147	35,147	225,624
Motor Vehicles	7,623		1,358	1,358	6,265
Land	224,000	–			224,000
Buildings	2,115,916		22,041	22,041	2,093,875
	2,600,175	**55,114**	**63,256**	**63,256**	**2,592,033**
Parent					
Office Furniture	22,647	24,332	4,710	4,710	42,269
Land	224,000	–	–	–	224,000
	246,647	**24,332**	**4,710**	**4,710**	**266,269**

10A. EQUITY

	Group Period Ended 30 June 2013	Parent Period Ended 30 June 2013
	$	$
Equity Reconciliation		
Total Equity at 25 January 2013	–	–
Current Year Earnings	92,536,281	(3,013,195)
Capital Contributed	222,645,446	222,645,446
Total Equity at 30 June 2013	**315,181,727**	**219,632,251**

Shares issued were fully paid up when the assets were transferred from the Ngāti Whātua o Orākei Māori Trust Board as part of the PSGE restructure.

No Dividends have been declared or paid.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

10B. CAPITAL CONTRIBUTED

As part of the treaty settlement process Ngāti Whātua o Orākei Māori Trust Board, the ultimate parent of Whai Rawa Group, established a PSGE and restructured its asset base. On the 25th January 2013 as a result of PSGE restructure, the following assets and liabilities were received from the Ngāti Whātua o Orākei Māori Trust Board and transferred to entities in Ngāti Whātua Ōrākei Whai Rawa Group.

Asset/Liability Transferred	Transfers from Ngāti Whātua o Orākei Māori Trust Board to:	Group	Parent
		$	$
Interest Bearing Loan	Whai Rawa Railway Lands LP	(33,802,511)	(33,802,511)
Cash at Bank	Whai Rawa Railway Lands LP	1,000,000	1,000,000
Cash at Bank	Whai Rawa Residential Properties LP	2,498,977	2,498,977
Income in Advance	Whai Rawa Property Holdings LP	(12,977,129)	(12,977,129)
Prepayments	Whai Rawa Railway Lands LP	10,000	10,000
Prepayments	Ngāti Whātua o Orākei Māori Trust Board	(44,916)	(44,916)
Property, Plant & Equipment	Ngāti Whātua o Orākei Māori Trust Board	(8,956)	(8,956)
Property, Plant & Equipment	Ngāti Whātua o Orākei Māori Trust Board	13,177	13,177
Rent Accrual	Whai Rawa Railway Lands LP	8,599,082	8,599,082
Provision for Doubtful Debt	Whai Rawa Railway Lands LP	(409,379)	(409,379)
Investment Property	Whai Rawa Railway Lands LP	241,050,000	241,050,000
Investment Property	Whai Rawa Property Holdings LP	33,492,129	33,492,129
Property, Plant & Equipment	Whai Rawa Residential Properties LP	2,115,917	2,115,917
Convertible Loan	Ngāti Whātua Ōrākei Whai Rawa Limited	(60,000,000)	(60,000,000)
Crown Settlement Cash	Whai Rawa Property Holdings LP	17,000,001	17,000,001
Retained Earnings	Ngāti Whātua Ōrākei Whai Rawa Limited	1,440,279	1,440,279
Retained Earnings	Corporate Property Investments Limited	622,316	622,316
Retained Earnings	Orakei Management Services Limited	470,407	470,407
Retained Earnings	Orakei Retirement Care Limited	23,389,102	23,389,102
Retained Earnings	Whai Rawa Railway Lands LP	(66,360)	(66,360)
		224,392,136	**224,392,136**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

10B. CAPITAL CONTRIBUTED CONTINUED

Asset/Liability Transferred	Transfers from Ngāti Whātua Whai Rawa Limited to:	Group	Parent
		$	$
Puna Reo Building	Health and Social Needs Limited	(883,617)	(883,617)
Property, Plant & Equipment	Whai Maia Charitable Trust 1	(192,310)	(192,310)
Prepayments	Whai Maia Charitable Trust 1	(20,872)	(20,872)
Holiday Pay Accrual	Ngāti Whātua Ōrākei Whai Maia Limited	728	728
Holiday Pay Accrual	Whai Maia Charitable Trust 1	31,316	31,316
Cash at Bank	Whai Maia Charitable Trust 1	(10,406)	(10,406)
Resident Withholding Tax	Whai Maia Charitable Trust 1	1,992	1,992
Waka	Whai Maia Charitable Trust 1	(595,758)	(595,758)
Debtors	Whai Maia Charitable Trust 1	(77,762)	(77,762)
		(1,746,690)	(1,746,690)
Total Contributed Capital		**222,645,446**	**222,645,446**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

11. INTEREST-BEARING LOANS AND BORROWINGS

	As at 30 June 2013
	$
Bank of New Zealand	
Maturity date 30/06/2015	33,819,511
Australia New Zealand National Bank	
Bank Loans:	
Maturity date 30/06/2015	4,402,694
Crown Vendor Finance	
Maturity date 01/02/2018	66,378,756
Accrued Interest	
Accrued Interest on Crown Finance	1,822,650
Accrued Interest on BNZ Bank Loans	152,676
Total	**106,576,287**
Current Portion	1,975,326
Non-Current Portion	104,600,961
Total	**106,576,287**

Securities given for the above bank facilities to the Bank of New Zealand are:

1) Registered first mortgage over the land at 3-9 Tapora Street, Auckland City.
2) Registered first mortgage over the land at 30-32 Mahuhu Crescent, Auckland City.
3) Negative pledge that Whai Rawa Railway Lands Limited Partnership will not encumber Quay Park land.
4) Registered first ranking mortgage over the Railway Lands.
5) First ranking general security deed granted by Whai Rawa Railway Lands LP in favour of the Bank of New Zealand as the secured party.
6) Specific Security Deed by Ngāti Whātua Ōrākei Whai Rawa Limited as limited partner in favour of Bank of New Zealand.

The Group has arranged continued financing with the Bank of New Zealand through to 30 June 2015, with total facility of $34 million.

Interest is calculated on the daily balance at a rate equal to the aggregate of the margin and the Bank's Reference Rate plus margin of 1.5% pa.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

11. INTEREST-BEARING LOANS AND BORROWINGS CONTINUED

Securities given for the above vendor finance with the Crown are:

The vendor finance provided by the crown on 1 February 2013 is for the total amount of $68,201,406.

Interest accrues monthly at a rate of 6.59% per annum, interest is paid annually in arrears, with the first payment due on 1 February 2014. The vendor finance must be repaid in full on 1 February 2018. The vendor finance is secured by first registered mortgages against the above properties.

Australia New Zealand National Bank

On 25 January 2013, the Orakei Retirement Care Limited transferred the existing bank loan facility of $5 million with the ANZ Bank to Eastcliffe Orakei Retirement Care LP. The loan facility matures on 30 June 2015.

The purpose of the facility is to assist with working capital of the company.

Interest is calculated on the daily balance at a rate equal to the aggregate of the margin and the Bank's Reference Rate plus margin of 1.1% pa.

A line fee of 1.1% per annum variable is calculated on the daily balance and payable quarterly in arrears.

12A OPERATING LEASE COMMITMENT – EXPENSES

The Group has entered into leases for business premises, motor vehicles and a copier. These leases have an average life of 3 years. The lease for the business premises has renewal options included in the contract.

Future operating lease rentals for business premises, motor vehicles and equipment are not recognised in the financial statements. The minimum lease rental commitments at balance date are as follows:

	Group Period Ended 30 June 2013 $	Parent Period Ended 30 June 2013 $
Buildings		
Within one year	59,493	59,493
Between one and five years	64,451	64,451
After more than five years	–	–
	123,944	123,944
Motor Vehicles		
Within one year	8,520	8,520
Between one and five years	9,940	9,940
After more than five years	–	–
	18,460	18,460
Total Operating Leases	**142,404**	**142,404**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

12B OPERATING LEASE COMMITMENT – REVENUE

Whai Rawa Railway Lands Limited Partnership received revenue from operating leases for the period ended 30 June 2013 $7,113,897.

Revenue from operating leases are generated from ground rental on twenty nine properties in the Railway Land/Quay Park vicinity.

Future minimum rentals under non-cancellable operating leases as at 30 June 2013 are as follows:

	Group Period Ended 30 June 2013 $	Parent Period Ended 30 June 2013 $
Settled Leases		
Within one year	12,951,469	–
Between one and five years	52,790,652	–
After more than five years	19,104,572	–
Total Operating Leases	**84,846,693**	**–**

13. CAPITAL COMMITMENTS

The Group has no capital commitments for the period ended 30 June 2013.

14. CASH FLOW STATEMENT RECONCILIATION

	Group Period Ended 30 June 2013 $	Parent Period Ended 30 June 2013 $
Net Profit / (Loss) for the year	92,536,281	(3,013,195)
Adjustments for:		
Depreciation and Impairment	675,478	4,710
Interest – Loans and Borrowings	1,975,326	–
Rental in Advance	(593,600)	–
Rental Accrual	(602,572)	–
Loss/(Gain) on Revaluation of Investment Property	(90,879,750)	–
	3,111,163	(3,008,485)
Changes in assets and liabilities		
(Increase)/Decrease in Trade and Other Receivables	1,354,096	–
(Decrease)/Increase in Employee Benefits	113,337	132,372
(Decrease)/Increase in Trade and Other Payables	558,969	139,626
(Increase)/Decrease in Tax Payables	365,223	365,222
(Decrease)/Increase in Refundable Occupation Rights	206,012	–
	2,597,637	637,220
Net Cash Flow From Operating Activities	**5,708,800**	**(2,371,265)**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

15. TRADE AND OTHER PAYABLES

	Group Period Ended 30 June 2013	Parent Period Ended 30 June 2013
	$	$
(a) Current		
Trade Payables	1,071,430	213,753
Accrued Expenses	482,202	2,000
Other Payables	8,689	–
	1,562,321	215,753
(b) Non-Current		
Termination Fees in Advance	2,589,975	–
	2,589,975	**–**

16. EMPLOYEE BENEFITS

	Group Period Ended 30 June 2013	Parent Period Ended 30 June 2013
	$	$
Wages Accrued	169,183	137,273
Holiday Pay Due	9,031	9,031
Kiwisaver	1,772	1,772
Withholding Tax	5,070	5,071
	185,056	153,147

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

17. RELATED PARTY TRANSACTIONS

	Group Period Ended 30 June 2013	Parent Period Ended 30 June 2013
	$	$
Current Assets		
Advances to related parties		
Tamaki Retirement Care Limited	2,225,000	–
Ngāti Whātua Ōrākei Trust	1,991,735	331,955
Whai Maia Charitable Trust 1	113,066	6,215
	4,329,801	338,170
Current Liabilities		
Advances from related parties		
Ngāti Whātua Ōrākei Trust	7,773,377	–
Whai Maia Charitable Trust 1	1,891	–
Eastcliffe Orakei Retirement Care LP	–	38,417
Eastcliffe Orakei Management Services LP	–	2,524
Whai Rawa Collective Holdings LP	–	317
Whai Rawa Railway Lands LP	–	2,319,256
Whai Rawa Property Holdings LP	–	2,376
Whai Rawa Residential Properties LP	–	786,176
Corporate Property Investments Limited	–	47,768
	7,775,268	3,196,834
Non Current Liabilities		
Advances from related parties		
Whai Maia Charitable Trust 2	60,000,000	60,000,000
	60,000,000	60,000,000

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

17. RELATED PARTY TRANSACTIONS CONTINUED

The Following Transactions were entered into with Related Parties

	Group Period Ended 30 June 2013	Parent Period Ended 30 June 2013
	$	$
Net cash advances to/(from) Tamaki Retirement Care Limited	2,225,000	–
Net cash advances to/(from) Ngāti Whātua Ōrākei Trust	(873,134)	331,956
Net cash advances to/(from) Whai Maia Charitable Trust 1	111,175	6,216
Net cash advances to/(from) Whai Rawa Railway Lands Limited Partnership	–	(2,319,256)
Net cash advances to/(from) Whai Rawa Property Holdings Limited Partnership	–	(2,375)
Net cash advances to/(from) Whai Rawa Residential Properties Limited Partnership	–	(786,176)
Net cash advances to/(from) Corporate Property Investments Limited	–	(47,768)

All of the movement with related parties was due to the PSGE restructure and transfer of bank accounts and creditor and debtor payments between the new entities except for the $2,225,000 to Tamaki Retirement Care Limited which was used to purchase the 50% lease interest of Eastcliffe Tamaki Retirement Care Partnership.

All advances are unsecured, repayable on demand and interest free except for the $60,000,000 loan to Ngāti Whātua Ōrākei Charitable Trust 2 which has monthly interest payable.

During the period there has been no impairment or write off of related party balances.

	Group Period Ended 30 June 2013	Parent Period Ended 30 June 2013
	$	$
Convertible Loan – Whai Rawa	60,000,000	60,000,000
	60,000,000	60,000,000

At 1 February 2013, per the Ngāti Whātua Ōrākei Claims Settlement Act 2012, Ngāti Whātua Ōrākei was required to establish a post settlement governance entity (PSGE). Ngāti Whātua o Orākei Māori Trust Board became Ngāti Whātua Ōrākei Trust at this date and all assets and liabilities in this entity were transferred to the Ngāti Whātua Ōrākei Trust. The trustee of Ngāti Whātua Ōrākei Trust is Ngāti Whātua Ōrākei Trustee Limited

Ngāti Whātua Ōrākei Māori Trust Board (Lender) and Whai Rawa Limited (Borrower) were parties to a convertible loan agreement dated 25 January 2013. The convertible loan is to be repaid by the borrower on a date jointly agreed by the lender, borrower and Ngāti Whātua Ōrākei Trustee Limited (PSGE Trustee).

The directors of the borrower may elect to issue redeemable preference shares per the agreement in full payment of the loan and in full discharge of all the borrowers obligations.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

17. RELATED PARTY TRANSACTIONS CONTINUED

The directors of the borrower may only make such elections in the following circumstances:

a) the Borrower (or any subsidiary) has breached, or it is reasonably likely that the Borrower (or any subsidiary) will breach, a financial covenant with a third party lender; or

b) the Borrower no longer satisfies, or it is reasonably likely that the Borrower will no longer satisfy, the solvency test (as defined in the Companies Act 1993).

The convertible loan was transferred to the Whai Maia Charitable Trust 2 from Ngāti Whātua Ōrākei Trust with effect from 1 March 2013.

Whai Rawa Limited pays interest to Whai Maia Charitable Trust 2 at 5%. Interest is payable monthly.

18. CONTINGENT LIABILITIES

Under the lease in the New Zealand Defence Force (“NZDF”) in relation to the Narrowneck Block, NZDF have the ability to bring the lease to an end at any time from the 15th anniversary of the commencement date. If NZDF exercises this right Whai Rawa Property Holdings Limited Partnership is obliged to pay to NZDF an amount calculated in accordance with a pre-arranged formulae that reflects the rent that NZDF has prepaid for the un-expired portion of the lease term.

19. KEY MANAGEMENT PERSONNEL COMPENSATION

	Group Period Ended 30 June 2013	Parent Period Ended 30 June 2013
	$	$
Compensation for Key Management Personnel		
Kiwisaver	5,901	5,901
Short-term Employee Benefits	220,214	220,214
	226,115	**226,115**

There are no post employment or other long term employment benefits. There have been no other transactions between key management personnel and Whai Rawa or Group.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

20. INCOME TAX

	NOTE	Group Period Ended 30 June 2013	Parent Period Ended 30 June 2013
		$	$
Reconciliation of Effective Tax Rate			
Profit/(loss) before Tax		93,310,331	93,310,331
Various Annual Tax Adjustments		(88,728,146)	(88,728,146)
Taxable Income/(Loss available for Tax Consolidated Group)		4,582,185	4,582,185
Made up of:			
Taxable Income		4,582,185	4,582,185
Income Tax using Māori Authority Tax Rate (17.5%)		801,882	801,882
Imputation Credits Received		–	–
Total		**801,882**	**801,882**
Total Temporary Differences	22	(27,832)	(27,832)
Income Tax Expense		**774,050**	**774,050**

	Group 30 June 2013	Parent 30 June 2013
	$	$
Māori Authority Credits		
Māori credits at 1 February 2013	–	–
New Zealand Tax Payments, Net of Refunds	408,828	408,828
Resident Withholding Tax Paid	41,257	41,257
Imputation Credits at 30 June 2013	**450,085**	**450,085**

21. REFUNDABLE OCCUPATION RIGHT AGREEMENT

Residents purchase an Occupation Rights Agreement ("ORA") issued under the Retirement Village Act 2003. A portion of the ORA is refundable when residents leave. An amount of $46,888,261 is shown as a liability on the balance sheet payable by the village operator. Settlement of the refundable deposit only occurs when a new ORA is issued to a new resident.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

Period ended 30 June 2013

22. DEFERRED INCOME TAX

	NOTE	Group Period Ended 30 June 2013	Parent Period Ended 30 June 2013
		$	$
Non-Current Assets			
Opening Balance		–	–
Current Period Movement Recognised Directly in Statement of Comprehensive Income		27,832	27,832
Total Taxable Temporary Differences	20	**27,832**	**27,832**
Deferred Tax Assets are Attributable to the Following:			
Trade and Other Payables		1,050	1,050
Employee Benefits		22,925	22,925
Property, Plant & Equipment		3,857	3,857
		27,832	**27,832**

23. SUBSEQUENT EVENTS

There were no events subsequent to balance date that would affect the financial statements.

24. INVESTMENTS IN SUBSIDIARIES

Total investment in subsidiaries is:	282,440,907

Name of subsidiaries

Whai Rawa Railway Lands LP
Whai Rawa Property Holdings LP
Whai Rawa Residential Properties LP
Corporate Property Investments Limited
Eastcliffe Orakei Management Services LP
Eastcliffe Orakei Retirement Care LP
Whai Rawa Collective Holdings LP
Whai Rawa Tamaki LP

The subsidiary limited partnerships were incorporated in New Zealand. The subsidiaries balance date is 30 June 2013.

EY
Building a better working world

Chartered Accountants

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NGĀTI WHĀTUA ŌRĀKEI WHAI RAWA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ngāti Whātua Ōrākei Whai Rawa Limited and its subsidiaries on pages 25 to 59, which comprise the statement of financial position of Ngāti Whātua Ōrākei Whai Rawa Limited and the group as at 30 June 2013, and the statement of comprehensive income, statement of changes in equity and statement of cash flow for the period then ended of the company and group, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the company's shareholders, as a body, in accordance with section 205(1) of the Companies Act 1993. Our audit has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation of the financial statements in accordance with generally accepted accounting practice in New Zealand and that give a true and fair view of the matters to which they relate, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing (New Zealand). These auditing standards require that we comply with relevant ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we have considered the internal control relevant to the entity's preparation of the financial statements that give a true and fair view of the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the overall presentation of the financial statements.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

We provide tax compliance services to the group. We have no other relationships with, or interest in Ngāti Whātua Ōrākei Whai Rawa Limited or any of its subsidiaries.

Partners and employees of our firm may deal with the company and its subsidiaries on normal terms within the ordinary course of trading activities of the business of the company and its subsidiaries.

OPINION

In our opinion, the financial statements on pages 25 to 59:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of Ngāti Whātua Ōrākei Whai Rawa Limited and the group as at 30 June 2013 and the financial performance and cash flow of the company and group for the period then ended.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the Financial Reporting Act 1993, we report that:

- We have obtained all the information and explanations that we have required.
- In our opinion proper accounting records have been kept by Ngāti Whātua Ōrākei Whai Rawa Limited and its subsidiaries as far as appears from our examination of those records.

Ernst & Young

23 October 2013
Auckland

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DIRECTORY

For the Period Ended 30 June 2013

REGISTERED OFFICE

32-34 Mahuhu Crescent
Auckland 1001

DIRECTORS

Ross Forbes Blackmore
Ngarimu Alan Huiroa Blair
Joann Precious Kowhai Clark
Robert George Mappin Fenwick
Rangimarie Hunia
Michael Peter Stiassny

COMPANY NUMBER

678327

AUDITOR

Ernst & Young
Auckland
New Zealand

BANKS

ANZ National Bank Limited
Auckland
New Zealand

Bank Of New Zealand
Auckland
New Zealand

COMMENCED TRADING UNDER NEW STRUCTURE

1 February 2013

NATURE OF BUSINESS

To actively manage and grow the assets and investments of the Ngāti Whātua Ōrākei Trust

BUSINESS LOCATION

32-34 Mahuhu Crescent
Auckland 1001