FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2022

NGĀTI WHĀTUA ŌRĀKEI
WHAI RAWA LIMITED

Contents

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For the Year Ended 30 June 2022

Nature of Business	To actively manage and grow the assets and investments of the Ngāti Whātua Ōrākei Trust
Directors	Michael Peter Stiassny Ngarimu Alan Huiroa Blair Christopher Wayth Gudgeon James Gerard Quinn Thomas John David Irvine (Appointed 1 January 2022, ceased 18 September 2022) Tanya Cherie Povey (Appointed 1 January 2022) Joann Precious Kowhai Clark (Ceased 1 January 2022) Julia Anne Steenson (Ceased 1 January 2022)
Company Number	678327
Registered Office	29 Dockside Lane Auckland 1010 New Zealand
Auditor	Ernst & Young Auckland New Zealand
Banks	ANZ National Bank Limited Auckland New Zealand Bank Of New Zealand Auckland New Zealand Westpac New Zealand Limited Auckland New Zealand ASB Bank Limited Auckland New Zealand
Commenced Trading under New Structure	1 February 2013

Directors Report

The Board of Directors hereby present the Financial Statements of the Group for the year ended 30 June 2022.

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

Auditor	The Group's auditor is Ernst & Young.
Directors	The following Directors held office during the period: › Michael Peter Stiassny › Ngarimu Alan Huiroa Blair › Christopher Wayth Gudgeon › James Gerard Quinn › Thomas John David Irvine (Appointed 1 January 2022, ceased 18 September 2022) › Tanya Cherie Povey (Appointed 1 January 2022) › Joann Precious Kowhai Clark (Ceased 1 January 2022) › Julia Anne Steenson (Ceased 1 January 2022)
Directors' disclosures	› Ngāti Whātua Ōrākei Whai Rawa Limited and its subsidiaries are required to maintain an interests register in which the particulars of certain transactions and matters involving the Directors must be recorded. The interests register for Ngāti Whātua Ōrākei Whai Rawa Limited and its subsidiaries is available for inspection during usual business hours at the Whai Rawa offices, 29 Dockside Lane, Auckland 1010. › 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)	$100 Koha donations were paid to the Group during the period.
Principal Activities	Ngāti Whātua Ōrākei Whai Rawa Limited and its subsidiaries, is involved in the ownership, development and management of property assets for the benefit of the Ngāti Whātua Ōrākei Hapū.

For and on behalf of the Board of Directors

Director

Director

Dated this 28th day of September 2022

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2022

	Notes	2022 $	2021 $
Revenue			
Property rental revenue		43,189,101	44,719,441
Retirement village revenue		4,389,434	4,361,679
Interest and dividend revenue		407,578	431,217
Property sales		-	14,261,304
Other		174,337	47,109
Total revenue		**48,160,450**	**63,820,750**
Expenses			
Employee benefits expense	4	6,482,891	5,377,016
Governance	4	366,298	300,107
Depreciation and amortisation expense		355,568	335,981
Professional fees	4	4,472,379	2,474,423
Rental property expense		5,874,293	6,798,800
Other expenses	4	1,467,132	1,962,766
Retirement village service expense		2,134,836	2,207,657
Cost of sales - property		-	14,794,689
Investment property - work-in-progress write-off	7	5,587,412	-
Finance costs	5	11,520,002	10,192,934
Total expenses		**38,260,811**	**44,444,373**
Net profit before taxation, fair value adjustments and investments in associates		**9,899,639**	**19,376,377**
Share of profit of associates		284,759	2,394,593
Fair value adjustment to investment property	7	90,887,221	236,803,796
Unrealised gain on financial instruments		6,296,488	3,023,137
Profit before income tax		**107,368,107**	**261,597,903**
Income tax expense	8	3,750,962	4,326,829
Total comprehensive income for the year attributable to the owners of the parent		**103,617,145**	**257,271,074**

The notes and accounting policies on pages 9-33 form part of, and are to be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2022

	Notes	2022 $	2021 $
Current assets			
Cash and cash equivalents	9	1,492,343	2,143,435
Trade and other receivables	10	2,972,839	2,937,895
Loan to Eastcliffe residents		4,694,550	3,536,477
Housing loans	11	480,777	495,366
Inventories	6	22,678,011	1,894,272
Fair value of derivative financial instruments	16	530,473	-
Related party receivables	11	35,710	5,836
Non-current assets classified as held for sale	17	42,500,000	-
Total current assets		**75,384,703**	**11,013,281**
Non-current assets			
Property, plant and equipment		1,185,532	992,527
Intangible assets		19,991	28,663
Fair value of derivative financial instruments	16	3,668,277	-
Investment in joint venture		17,000	17,000
Investment in associates		186,249	1,126,490
Investment properties	7	1,442,350,734	1,394,173,953
Inventories	6	69,528,710	76,781,404
Loan to Eastcliffe residents		2,451,668	3,624,613
Housing loans	11	11,162,607	11,535,758
Right-of-use asset		25,667	126,545
Total non-current assets		**1,530,596,445**	**1,488,406,953**
Total assets		**1,605,981,148**	**1,499,420,234**
Current liabilities			
Trade and other payables	12	5,695,971	3,129,660
Tax payable		1,067,184	1,329,900
Toi Tupu deposits	11	2,741,425	1,957,203
Related party payables	11	9,520,851	2,340,368
Income in advance		1,837,849	1,735,686
Lease liabilities		28,608	136,270
Employee benefits	13	1,109,860	1,016,789
Fair value of derivative financial instruments		-	319,366
Refundable occupation right agreements	14	29,755,795	29,631,323
Total current liabilities		**51,757,543**	**41,596,565**
Non-current liabilities			
Interest bearing loans and borrowings	15	237,850,941	222,279,175
Toi Tupu deposits	11	4,546,117	3,413,318
Related party loans	11	60,000,000	60,000,000
Income in advance		1,740,482	1,407,708
Fair value of derivative financial instruments	16	-	1,778,372
Deferred tax liabilities	18	2,545,687	2,090,863
Total non-current liabilities		**306,683,227**	**290,969,436**
Total liabilities		**358,440,770**	**332,566,001**
Net assets		**1,247,540,378**	**1,166,854,233**
Equity		**1,247,540,378**	**1,166,854,233**

The notes and accounting policies on pages 9-33 form part of, and are to be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

Year Ended 30 June 2022

	Notes	Contributed Capital $	Retained Earnings $	Total Equity $
Balance as at 1 July 2020		222,645,446	703,378,298	926,023,744
Profit for the year		-	257,271,074	257,271,074
Dividends paid	23	-	(16,440,585)	(16,440,585)
Balance as at 30 June 2021		**222,645,446**	**944,208,787**	**1,166,854,233**

	Notes	Contributed Capital $	Retained Earnings $	Total Equity $
Balance as at 1 July 2021		222,645,446	944,208,787	1,166,854,233
Profit for the year		-	103,617,145	103,617,145
Share buy back	23	-	(14,000,000)	(14,000,000)
Dividends paid	23	-	(8,931,000)	(8,931,000)
Balance as at 30 June 2022		**222,645,446**	**1,024,894,932**	**1,247,540,378**

The notes and accounting policies on pages 9-33 form part of, and are to be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS

For the Year Ended 30 June 2022

	Notes	2022 $	2021 $
Cash flows from operating activities			
Cash was provided from:			
Interest and dividend revenue		407,579	431,014
Property rental revenue		45,803,477	49,291,177
Property sales		-	16,400,499
Retirement village revenue and occupation right agreement proceeds		10,943,177	10,713,371
Other		1,537,091	568,770
Housing loans repaid		387,741	346,285
Cash was applied to:			
Payments to suppliers		(22,505,626)	(18,194,998)
Payments to employees		(6,142,480)	(5,242,376)
Payments for inventory		(11,998,952)	(2,271,659)
Interest paid		(11,263,855)	(10,378,276)
Income taxes paid		(3,562,465)	(4,520,907)
Net cash inflow from operating activities	**19**	**3,605,687**	**37,142,900**
Cash flows from investing activities			
Cash was provided from:			
Distribution from associates		1,225,000	20,638,719
Cash was applied to:			
Purchases of property, plant and equipment		(385,547)	(89,177)
Purchases of investment property		(3,589,078)	(187,623)
Development of investment property		(2,382,050)	(3,826,126)
Net cash inflow/(outflow) from investing activities		**(5,131,675)**	**16,535,793**
Cash Flows from Financing Activities			
Cash was provided from:			
Proceeds from borrowings		15,500,000	-
Cash was applied to:			
Repayment of borrowings		-	(35,900,000)
Loans to affected Eastcliffe residents		(425,000)	(3,631,385)
Payment of lease liabilities		(157,860)	(149,351)
Related party loans		(6,862,719)	(8,178,500)
Dividends paid		(6,600,000)	(4,455,000)
Toi Tupu withdrawals		(579,526)	(276,695)
Net cash inflow/(outflow) from financing activities		**874,895**	**(52,590,931)**
Net increase / (decrease) in cash and cash equivalents		**(651,093)**	**1,087,762**
Cash and cash equivalents at the beginning of the financial year		2,143,435	1,055,673
Cash and cash equivalents at end of year	**9**	**1,492,342**	**2,143,435**

The notes and accounting policies on pages 9-33 form part of, and are to be read in conjunction with, these financial statements.

Notes to the Accounts

1. GENERAL INFORMATION

Reporting Entity

Ngāti Whātua Ōrākei Whai Rawa Limited and Subsidiaries ("the Group") is a reporting entity for the purposes of the Financial Reporting Act 2013 and its financial statements comply with that Act.

The ultimate parent is Ngāti Whātua Ōrākei Trust.

The financial statements of the 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 2013. The financial statements have been prepared on a historical cost basis, except for derivative financial instruments and investment properties, being land and buildings which have been measured at fair value.

Going concern

The Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future and that it remains appropriate that the financial statements be prepared under the going concern convention. Refundable occupation right agreements are classified as 'current liabilities' for accounting purposes, they are, however, not likely to be repaid within one year.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Preparation

The financial statements comprise of: Consolidated Statement of Comprehensive Income, Consolidated Statement of Changes in Equity, Consolidated Statement of Financial Position, Consolidated Statement of Cash Flows, as well as the notes to these statements.

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 Group. All figures are rounded to the nearest whole dollar.

Compliance with NZ IFRS

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. The group is eligible for and has elected to report in accordance with NZ International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR"). The group is eligible, as it is not publicly accountable and is a profit orientated entity, to report in accordance with NZ IFRS RDR.

Historical cost convention

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

NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (CONTINUED)

Principles of consolidation and equity accounting

Changes in accounting policy

There have been no changes in accounting policies during the financial year.

There are no new or amended standards that are issued but not yet effective that are expected to have a material impact on the group.

Basis of consolidation

The consolidated financial statements of the Group are for the legal entities comprising Ngāti Whātua Ōrākei Whai Rawa Limited (“Whai Rawa”) and its wholly owned subsidiaries. The group is a profit-oriented entity for financial reporting purposes.

The consolidated financial statements incorporate the assets and liabilities of the wholly owned subsidiaries of Whai Rawa as at 30 June 2022 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. 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

Ngāti Whātua Ōrākei Whai Rawa Limited	The parent entity of the Group
Eastcliffe Ōrākei Retirement Care Limited Partnership	To manage the Eastcliffe Ōrākei retirement village and aged care facility at Ōrākei.
Eastcliffe Ōrākei Management Services Limited Partnership	To manage operations of the Eastcliffe Ōrākei retirement village and aged care facility at Ōrākei.
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 Commercial Office Limited Partnership	To manage commercial office assets.
Whai Rawa Railway Leasing Limited Partnership	To manage commercial assets incidental to ownership of assets known as Railways 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 Housing Limited Partnership	To manage the development of the Kāinga Tuatahi project and manage Housing Loans.
Whai Rawa Kāinga Development Limited	To construct Kāinga Tuatahi.
Ngāti Whātua Ōrākei Housing Trust	A discretionary trust settled by Ngāti Whātua Ōrākei Whai Rawa Limited.
Ngāti Whātua Ōrākei Housing Trustee Limited	Trustee of Ngāti Whātua Ōrākei Housing Trust.
Whai Rawa Collective Holdings Limited Partnership	To manage any assets acquired or development undertaken in connection with Whenua Haumi Roroa o Tāmaki Makaurau.
Whai Rawa Development Limited Partnership	To undertake property development projects and hold the Group's investment in Moire Road Limited Partnership.
Ngāti Whātua Ōrākei Tourism Limited Partnership	To undertake tourism projects.

NOTES TO THE ACCOUNTS

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 are presently exercisable are taken into account. Subsidiaries are fully consolidated 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. Inter-entity 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.

Associates

Associates are all entities over which the group has significant influence. Significant influence is the power to participate in the financial and operating policy decision of the investee, but not control or joint control. Investments in associates are accounted for using equity method of accounting.

Under the equity method of accounting, the investments are initially recognised at cost and adjusted thereafter to recognise the group’s share of the post-acquisition profits or losses of the associate in profit or loss and the group’s share of movements in other comprehensive income of the associate in other comprehensive income. Dividends received or receivable from associates are recognised as a reduction in the carrying amount of the investment. The carrying amount of equity-accounted investments is tested for impairment at each reporting date or whenever there is an indication that the asset may be impaired.

Convertible loan

Whai Rawa pays interest to Whai Māia Charitable Trust 2 for the convertible loan on a monthly basis. The interest is recognised in the Consolidated 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 Consolidated Statement of Financial Position comprise cash at bank, in hand and short-term deposits with an original maturity of three months or less.

Trade and other receivables

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The Company applies the NZ IFRS 9 simplified approach to measure expected credit losses which uses a lifetime expected loss allowances for all trade receivables. In addition, the collectability of individual debtors is reviewed on an ongoing basis and a specific provision for expected credit losses is made when there is evidence that the Group will not be able to collect the receivable. Debtors are written off when recovery is no longer anticipated.

Housing loans

Secured housing loans have been provided to Ngāti Whātua Ōrākei members to assist with the purchase of homes in Kāinga Tuatahi. The mortgages are carried at amortised cost less impairment for any uncollectible amounts.

Loan to Eastcliffe residents

Loans to Eastcliffe residents are secured non-interest bearing loans. The loans are carried at amortised cost less impairment for any uncollectible amounts.

NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (CONTINUED)

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 Consolidated Statement of Comprehensive Income is calculated as the difference between the sale price and the carrying amount of the asset.

Depreciation

Depreciation is recognised in the Consolidated 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 estimate useful lives for the current period are as follows:

	Expected useful life
Property improvements	5 years
Office equipment	2–15 years
Vehicles, plant and equipment	5–10 years
Infrastructure	200 years

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

Intangible assets

Intangible assets are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and impairment losses. Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the asset may be impaired. The amortisation method and the useful life are reviewed at least at the end of each reporting period.

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

	Expected useful life	Amortisation method
Software	2.5 years	Straight-line

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 (GST)

The consolidated statement of comprehensive income has been prepared so that all components are stated exclusive of GST. All items in the balance sheet are stated net of GST, with the exception of receivables and payables, which include GST as invoiced.

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.

Toi Tupu deposits

Toi Tupu Deposits are a savings and investment scheme implemented by the Group to allow registered Ngāti Whātua Ōrākei members to save amounts distributed to them by Ngāti Whātua Ōrākei Trust.

Toi Tupu deposits are classified as both current and non-current liabilities. Members have the right to withdraw

their deposits after 12 months in the scheme, if they are over the age of 18 and have completed a financial literacy course.

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.

Employee entitlements

The employee entitlements to salaries and wages and annual leave are recognised in the Consolidated Statement of Comprehensive Income when they accrue to employees. Liabilities for wages and salaries, including non monetary benefits and annual leave 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 by the group to earn rental income, for capital appreciation or 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. Gains or losses arising from changes in the fair values of investment properties are recognised in the Consolidated Statement of Comprehensive Income in the year in which they arise.

Inventories

Inventories are stated at the lower of cost and net realisable value ("NRV"). NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. Estimates of NRV are based on the most recent evidence available at the time the estimates are made. Cost includes the costs of acquisition, planning and design and development. Feasibility costs incurred before the purchase of an asset are expensed as incurred, as are holding costs, holding income, marketing and advertising costs. Interest charges on deferred settlement are recognised in expenses in the period of the deferred settlement.

Non-current assets held for sale

Non-current assets (or disposal groups) are classified as assets held for sale when their carrying amount is to be recovered principally through a sale transaction and a sale is considered highly probable. They are measured at the lower of their carrying amount and fair value less costs to sell, except for assets such as deferred tax assets, assets arising from employee benefits, financial assets and investment property that are carried at fair value and contractual rights under insurance contracts, which are specifically exempt from this requirement.

Leases

The Group as a lessee

The Group recognises a right-of-use asset and a lease liability at the present value of future lease payments for existing lease terms and all lease renewal options that are reasonably certain to be exercised. Certain low value and short term leases are excluded. Lease payments are recorded as a repayment of the lease obligation and interest expense instead of as an operating expense in the income statement. Right-of-use assets are depreciated on a straight-line basis over the current lease term. Lease payments are discounted at the rate implicit in the lease, or if not readily determinable, the Group's incremental borrowing rate.

The costs of low value and short term leases continue to be recognised as an expense in the Income Statement.

The 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 over the lease term.

NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (CONTINUED)

Leases (continued)

The Group has significant prepaid lease arrangements whereby revenue is recognised on a straight-line basis over the term of the prepaid lease. The rental in advance is shown on the Consolidated Statement of Financial Position under current and non-current liabilities.

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.

Derivative financial instruments

The Group uses derivative financial instruments (interest rate swaps) to hedge its risk associated with interest rates. Derivative financial instruments are recognised at fair value.

They are carried as assets when the fair value is positive and liabilities when the fair value is negative. The gain or loss on re- measurement to fair value is recognised directly in profit or loss. The interest rate swaps do not qualify for hedge accounting.

The fair value is the estimated amount that the Group would receive or pay to terminate the swap at the balance date, taking into account current rate and creditworthiness of the swap counterparties.

Refundable occupation right agreements

Occupation right agreements utilised by the group in connection with the Eastcliffe Ōrākei 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 generally occurs when a new occupational right agreement is issued to an incoming resident of the village.

NOTES TO THE ACCOUNTS

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) Interest revenue

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

(ii) Dividends

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

(iii) Rental revenue

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.

The Group enters into property leases with tenants on its investment properties. The Group has determined that it retains all significant risks and rewards of ownership of these properties and has therefore classified the leases as operating leases.

Rental income, from these leases, including fixed rental increases, is recognised in the income statement on a straight-line basis over the term of the lease. Lease incentives offered to tenants as an inducement to enter into leases, are capitalised to investment properties and then amortised over the term of the lease as a reduction of rental income. Certain rental abatements provided to tenants are also capitalised to investment propeties and amortised over the lease term as a reduction of rental income.

(iv) Retirement village income

Retirement village income includes village outgoings, services fees and village contribution fees.

The residents pay a weekly fee which covers a proportion of the village outgoings and the cost of service 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 fee 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 Consolidated Statement of Comprehensive Income over the average expected length of stay of residents, which is 8.2 years (2021: 8.6 years) for the independent units/apartments and 4.5 years (2021: 4.3 years) for the serviced apartments and care studios.

(v) Land development and property sales

The group develops and sells residential properties. Revenue is recognised when control over the property has been transferred to the customer. The properties have generally no alternative use for the group due to contractual restrictions. However, an enforceable right to payment does not arise until legal title has passed to the customer. Therefore, revenue is recognised at a point in time when the legal title has passed to the customer.

The revenue is measured at the transaction price agreed under the contract.

Income Tax

Income tax expense comprises current and deferred tax. Income tax expense is recognised in the Consolidated 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 differences 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 became a tax paying entity on the 1 February 2013. Any income or expenses prior to this period are non taxable. Tax is paid by Ngāti Whātua Ōrākei Whai Rawa Limited on behalf of the other subsidiaries in the tax group.

Comparatives

Certain prior year amounts have been reclassified for consistency with current year presentation

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

In producing the financial statements, the group makes judgements, estimates and assumptions based on known facts at a point in time. These accounting judgements, estimates and assumptions will rarely exactly match the actual outcome. The judgements that have the most significant effect on the amounts recognised and the estimates and assumptions that have a significant risk of causing a material adjustment to the carrying values of assets and liabilities within the next financial year are as follows:

Investment Property

Investment properties are carried at fair value, which has been determined based on valuations performed by external valuers. Refer to Note 7 for more information.

Inventories

Inventories are held at the lower of cost and net realisable value ("NRV"). The NRV is the estimated selling price in the ordinary course of business less the estimated costs of completion and selling costs. Where there is an agreement as to the future selling price this is used to estimate the NRV. Where this is not the case NRV is estimated by senior management based on market knowledge.

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.

4. EXPENSES

	2022 $	2021 $
Employee benefits expense		
Wages and salaries	6,338,196	5,252,741
Kiwisaver contribution	84,215	64,377
ACC levies	43,741	31,626
Other staff costs	16,739	28,272
	6,482,891	**5,377,016**
Governance		
Directors fees	340,000	281,666
Directors expenses	26,298	18,441
	366,298	**300,107**
Professional Fees		
Accounting fees	195,606	146,588
Legal fees	1,768,418	628,229
Valuations	178,030	226,895
Feasibility Costs	737,437	238,231
Toi Tupu	227,801	165,861
Other professional fees (including masterplanning, tax and treasury compliance)	1,365,087	1,068,619
	4,472,379	**2,474,423**
Other Expenses		
Office expenses	370,568	336,096
Communication expense	566,297	891,843
Motor vehicle/travel expense	8,959	10,059
Recruitment expense	416,233	51,413
Non-recoverable GST	201,417	163,824
Bad and doubtful debts	(105,481)	516,143
Other	9,139	(6,612)
	1,467,132	**1,962,766**

5. FINANCE COSTS

	2022 $	2021 $
Interest expense on bank facilities	5,008,207	3,114,125
Interest on related party convertible loan	3,000,000	3,000,000
Bank and line fees	1,924,195	1,929,567
Interest expense on interest rate swaps	1,345,541	2,054,479
Interest expense on Toi Tupu deposits	203,981	94,763
Other finance costs	38,078	-
	11,520,002	**10,192,934**

NOTES TO THE FINANCIAL STATEMENTS

6. INVENTORIES

	2022 $	2021 $
Classification of Inventories		
Current Assets		
Work in Progress	22,678,011	1,894,272
	22,678,011	**1,894,272**
Non-current Assets		
Work in Progress	69,528,710	76,781,404
	69,528,710	**76,781,404**
Total Inventories at the lower of cost and net realisable value	**92,206,721**	**78,675,676**

The Work in Progress Inventory is pledged as security for Group borrowing facilities.

7. INVESTMENT PROPERTIES

	2022 $	2021 $
At beginning of year	1,394,173,953	1,151,417,601
Fair value adjustment to investment property	90,887,221	236,803,796
Temporary accommodation to residents	37,564	38,150
Capital expenditure	5,458,322	139,067
Acquisition of investment property	4,256,014	-
Investment property - work in progress	(2,743,490)	3,832,738
Investment property - work in progress write-off	(5,587,412)	-
Easement rights granted over investment property	(1,000,000)	-
Movement in rent accrued on fixed uplift leases and lease Incentives	(631,438)	1,942,601
Classified as held for sale	(42,500,000)	-
Closing balance as at 30 June	**1,442,350,734**	**1,394,173,953**

Investment property work in progress of $5,587,412 was written off during the year (2021: Nil)

Investment properties are carried at fair value, which has been determined based on valuations performed by Jones Lang LaSalle Limited, CBRE Limited and Seagars of Auckland as at 30 June 2022.

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 valuation of the investment property is grossed up for prepaid leases and cash flows relating to resident refundable occupation right agreements. Reconciliation between the independent valuation and the amount

NOTES TO THE FINANCIAL STATEMENTS

recognised on the balance sheet as investment property is as follows:

	2022 $	2021 $
Independent valuation of investment properties	1,411,182,666	1,355,088,628
Investment property work in progress	-	8,330,900
Refundable occupation right agreements	29,755,795	29,631,323
Termination fees in advance	1,412,273	1,123,102
Total investment property	**1,442,350,734**	**1,394,173,953**

Investment property includes investment property work in progress of $Nil (2021: $8,330,900), which has been valued at cost. There were no finance costs capitalised to investment property during the year.

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.

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 Consolidated Statement of Comprehensive Income in the year of retirement or disposal.

The Group considers the following fair value measurement hierarchy levels:

Level 1	Quoted prices (unadjusted) in active markets for identical assets or liabilities;
Level 2	Inputs other than quoted prices included within level 1 that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices);
Level 3	Inputs for the asset or liability that are not based on observable market data.

Investment property measurements are categorised as Level 3 in the fair value hierarchy. For assets and liabilities that are recognised in the financial statements on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period. During the year there were no transfers of investment properties between levels of the fair value hierarchy.

The accepted methods for assessing the current market value of an investment property are the Capitalisation and the Discounted Cash Flow ("DCF") approaches. Each approach derives a value based on market inputs, including:

› Recent comparable transactions;
› Forecast future rentals, based on the actual location, type and quality of the investment properties, and supported by the terms of any existing lease, other contracts or external evidence such as current market rents for similar properties;
› Vacancy assumptions based on current and expected future market conditions after expiry of any current lease;
› Maintenance and capital requirements including necessary investments to maintain functionality of the property for its expected useful life;
› In the case of the Eastcliffe on Ōrākei Retirement Village, probable future cash out-flows arising from repair works to the independent living units and the village centre as well as from costs associated with providing temporary accommodation to the residents ; and
› Appropriate discount rates derived from recent comparable market transactions reflecting the uncertainty in the amount and timing of cashflows.

NOTES TO THE FINANCIAL STATEMENTS

7. INVESTMENT PROPERTIES (CONTINUED)

The key inputs used to measure fair value of investment properties, along with their sensitivity to significant increase or decrease, are as follows:

Significant Input	Description	Fair value measurement sensitivity to significant:		Valuation Method
		Increase in input	**Decease in input**	
Market capitalisation rate	The capitalisation rate applied to the market income to assess an investment property's value. The capitalisation rate is derived from detailed analysis of factors such as comparable sales evidence and leasing transactions in the open market taking into account location, tenant covenant – lease term and conditions, size and quality of the investment property.	Decrease in property values	Increase in property values	Capitalisation Rate
Discount rate	The discount rate is applied to future cash flows of an investment property to provide a net present value equivalent. The discount rate adopted takes into account recent comparable market transactions, prospective rates of return for alternative investments and apparent risk.	Decrease in property values	Increase in property values	DCF
Price per square metre	The price applied to site area for comparable sales. This enables comparison with comparable sales in the open market.	Increase in property values	Decrease in property values	Market Comparison

As at 30 June 2022	Market capitalisation rate	Discount Rate	Price per square metre
Investment Property	3.32% to 6.75%	6.38% - 14.5%	$25 to $13,000

As at 30 June 2021	Market capitalisation rate	Discount Rate	Price per square metre
Investment Property	3.67% to 6.25%	4.50% -14.50%	$25 to $10,250

NOTES TO THE FINANCIAL STATEMENTS

8. INCOME TAX EXPENSE

	2022 $	2021 $
Reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	107,368,107	261,597,903
Adjusted for:		
Non-taxable revaluation of investment properties	(90,887,221)	(236,803,796)
Non-deductible expenses	6,467,754	(1,067,901)
Other	-	1,344,159
Tax losses - Kāinga Developments	-	10,589
Taxable income	**22,948,640**	**25,080,954**
Income tax using Maori Authority Tax Rate (17.5%)	4,016,012	4,389,167
Tax effects of:		
Adjustments in respect of current income tax of prior years	(93,325)	220,234
Prior period deferred tax adjustment	(171,725)	(280,218)
Prior period recognition of losses	-	(2,354)
Income tax expense	**3,750,962**	**4,326,829**

	2022 $	2021 $
Maori Authority Credits		
At beginning of year	**20,499,433**	**17,342,316**
Net tax payments	3,727,301	4,520,907
Resident withholding Tax	2,084	698
Imputation credits on dividends received	973	-
Imputation credits on dividends paid	(1,807,376)	(1,352,801)
Other debits	(15,000)	(11,687)
Prior period adjustment	290,101	-
Closing balance as at 30 June	**22,697,516**	**20,499,433**

9. CASH AND CASH EQUIVALENTS

	2021 $	2020 $
Cash at bank and in hand	1,492,343	2,143,435
	1,492,343	**2,143,435**

NOTES TO THE FINANCIAL STATEMENTS

10. TRADE AND OTHER RECEIVABLES

	2022 $	2021 $
Trade receivables	1,066,756	2,026,482
Provision for doubtful debt	(571,136)	(676,826)
Prepayments	1,857,605	1,405,292
GST receivable	287,619	-
Accrued revenue and other receivables	331,995	182,947
	2,972,839	2,937,895

(i) Fair Value and Credit risk

Due to the short term nature of these receivables, their carrying value is assumed to approximate fair value.

(ii) Foreign Exchange and Interest Rate Risk

The Group is not exposed to foreign exchange risk. Interest rate risk exposure is disclosed in Note 21

11. RELATED PARTY TRANSACTIONS

Amounts outstanding at year end		2022 $	2021 $
Current Assets			
Related Party Receivables			
Ngāti Whātua Ōrākei Trust	Ultimate Parent	35,605	89
Whai Māia Charitable Trust 1	Associated Trust	105	5,747
Housing Loans	Members of Ngāti Whātua Ōrākei	480,777	495,366
Non Current Assets			
Housing Loans	Members of Ngāti Whātua Ōrākei	11,162,607	11,535,758
Current Liabilities			
Related Party payables			
Ngāti Whātua Ōrākei Trust	Ultimate Parent	9,511,624	2,340,368
Whai Māia Charitable Trust 1	Associated Trust	9,227	-
Toi Tupu Deposits	Members of Ngāti Whātua Ōrākei	2,741,425	1,957,203
Non Current Liabilities			
Convertable loan			
Whai Māia Charitable Trust 2	Associated Trust	60,000,000	60,000,000
Toi Tupu Deposits	Members of Ngāti Whātua Ōrākei	4,546,117	3,413,318

NOTES TO THE FINANCIAL STATEMENTS

11. RELATED PARTY TRANSACTIONS (CONTINUED)

	2022 $	2021 $
Transactions with Related Parties:		
Loans received from: Ngāti Whātua Ōrākei Trust (net of repayments)	7,171,256	1,556,199
Toi Tupu Deposits Received from: Members of Ngāti Whātua Ōrākei	1,917,021	1,645,805
Housing loans repaid by: Members of Ngāti Whātua Ōrākei (net of repayments)	387,740	346,285
Property rental income charged to: Whai Māia Charitable Trust 1	1,730,154	1,538,591
Interest Charged by: Whai Māia Charitable Trust 2	3,000,000	3,000,000
Housing Loan Interest Received from: Members of Ngāti Whātua Ōrākei	383,463	421,736

During the period there has been no impairment or write off of related party balances.
All advances are unsecured, repayable on demand and interest free except for the convertible loan.

Convertible Loan

Ngāti Whātua Ōrākei Māori Trust Board (Lender) and Ngāti Whātua Ōrākei 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.

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 Māia Charitable Trust 2 from Ngāti Whātua Ōrākei Trust on 1 March 2013.

Ngāti Whātua Ōrākei Whai Rawa Limited pays interest monthly on the convertible loan at 5% per annum.

12. TRADE AND OTHER PAYABLES

	2022 $	2021 $
Trade payables	1,626,769	679,067
GST payable	-	185,348
Accrued expenses	2,656,929	1,139,625
Termination fees in advance	1,412,273	1,123,102
Other payables	-	2,518
	5,695,971	**3,129,660**

13. EMPLOYEE BENEFITS

	2022 $	2021 $
Wages and salaries accrued	184,617	135,735
Holiday pay accrued	606,734	461,697
Kiwisaver, PAYE and withholding tax	5,129	50,272
Other	313,380	369,085
	1,109,860	**1,016,789**

14. REFUNDABLE OCCUPATION RIGHT AGREEMENT

Residents purchase an Occupation Right Agreement ("ORA") issued under the Retirement Village Act 2003. A portion of the ORA is refundable when residents leave. An amount of $29,755,795 (2021: $29,631,323) is shown as a liability on the balance sheet payable by the village operator. Settlement of the refundable deposit generally occurs when a new ORA is issued to a new resident.

15. INTEREST BEARING LOANS AND BORROWINGS

	Maturity	2022 Total Facility $	2021 Total Facility $	2022 Undrawn Facility $	2021 Undrawn Facility $	2022 Drawn Amount $	2021 Drawn Amount $
BNZ							
Bank Facility	26/02/24	-	37,500,000	-	-	-	37,500,000
Bank Facility	15/03/24	37,500,000	-	-	-	37,500,000	-
Bank Facility	26/02/25	-	62,500,000	-	-	-	62,500,000
Bank Facility	15/03/25	62,500,000	-	-	-	62,500,000	-
Bank Facility	15/03/26	50,000,000	-	-	-	50,000,000	-
Bank Facility	15/03/27	10,000,000	-	10,000,000	-		-
		160,000,000	100,000,000	10,000,000	-	150,000,000	100,000,000
ANZ							
Bank Facility	01/07/22	-	17,500,000	-	-	-	17,500,000
Bank Facility	30/07/24	-	52,500,000	-	52,500,000	-	-
Bank Facility	15/03/25	30,000,000	-	30,000,000	-	-	-
Bank Facility	15/03/26	22,500,000	-	22,500,000	-		-
		52,500,000	70,000,000	52,500,000	52,500,000	-	17,500,000
Westpac							
Bank Facility	26/02/23	-	62,500,000	-	62,500,000	-	-
Bank Facility	22/05/23	-	37,500,000	-	-	-	37,500,000
Bank Facility	15/03/24	37,500,000	-	-	-	37,500,000	-
Bank Facility	15/03/25	30,000,000	-	14,500,000	-	15,500,000	-
		67,500,000	100,000,000	14,500,000	62,500,000	53,000,000	37,500,000
ASB							
Bank Facility	31/07/22	-	50,000,000	-	7,500,000	-	42,500,000
Bank Facility	26/02/24	-	25,000,000	-	-	-	25,000,000
Bank Facility	15/03/25	40,000,000	-	30,000,000	-	10,000,000	-
Bank Facility	15/03/25	25,000,000			-	25,000,000	-
		65,000,000	75,000,000	30,000,000	7,500,000	35,000,000	67,500,000
		345,000,000	**345,000,000**	**107,000,000**	**122,500,000**	**238,000,000**	**222,500,000**

	2022	2021
Bank Facility	238,000,000	222,500,000
Accrued Interest	42,758	39,279
Establishment fees	(191,817)	(260,104)
Total Net Book Value	**237,850,941**	**222,279,175**
Non-Current Portion	237,850,941	222,279,175
Total Net Book Value	**237,850,941**	**222,279,175**

Bank facility expiry profile:	2021 $	2020 $
Between one and two years	75,000,000	167,500,000
Between two and three years	187,500,000	177,500,000
Between three and four years	72,500,000	-
Between four and five years	10,000,000	-
	345,000,000	**345,000,000**

15. INTEREST BEARING LOANS AND BORROWINGS (CONTINUED)

Interest bearing loans and borrowings are initially recognised at fair value, net of transaction costs incurred and are subsequently measured at amortised cost.

Secured borrowings are via cash advance facility agreements with Bank of New Zealand, Westpac New Zealand Limited, ANZ Bank New Zealand Limited and ASB Bank Limited. On 30 May 2022, letters of amendment were executed with ANZ Bank New Zealand Limited, Bank of New Zealand Limited, Westpac New Zealand Limited and ASB Bank Limited. The letters:

- extended the BNZ facility of $37,500,000 and the Westpac facility of $37,500,000 to 15 March 2024.
- extended the BNZ facility of $62,500,000 and the ASB facility of $25,000,000 to 15 March 2025.
- incorporated the following new facilities:
    - BNZ facility of $50,000,000 with a maturity date of 15 March 2026; and
    - BNZ facility of $10,000,000 with a maturity date of 15 March 2027.
- increased the ANZ facility of $17,500,000 to $22,500,000 while extending the facility to 15 March 2026.
- decreased the ANZ facility of $52,500,000 to $30,000,000 while extending the facility to 15 March 2025.
- decreased the Westpac facility of $62,500,000 to $30,000,000 while extending the facility to 15 March 2025.
- decreased the ASB facility of $50,000,000 to $40,000,000 while extending the facility to 15 March 2025.

The key terms of the amended facilities are not substantially different.

The bank security on the facility is managed through a security trustee who holds a first ranking mortgage on substantially all the investment properties owned by the Group, with the exception of Ōrākei residential properties and Eastcliffe on Ōrākei Retirement Village. There is also a registered first ranking security interest under a General Security Deed over substantially all the assets of the Group, with the exception of Ōrākei residential properties and Eastcliffe on Ōrākei Retirement Village.

16. DERIVATIVE FINANCIAL INSTRUMENTS

At 30 June 2022, the group held interest rate swaps where it pays a fixed rate of interest and receives a variable rate on the notional amount. The notional amount of the interest rate swaps at 30 June 2022 is $105 million (2021: $60 million) with the weighted average term to maturity being 2.64 years (2021: 2.15 years). Fair Value of these interest rate swaps as at 30 June 2022 was an asset of $4,198,750 (2021: Liability of $2,097,738). The interest payment frequency on these borrowings is quarterly.

17. NON-CURRENT ASSETS CLASSIFIED AS HELD FOR SALE

	2022 $	2021 $
Non-current assets classified as held for sale	42,500,000	-
	42,500,000	**-**

The group has entered into an agreement to sell a parcel of vacant land. The land classified as held for sale during the reporting period was measured at its fair value as determined by JLL. The fair value of the land was determined using the sales comparison approach. This is a level 3 measurement as per fair value hierarchy set out in Note 7.

18. DEFERRED TAX LIABILITIES

	2022 $	2021 $
Deferred tax liability at beginning of year	2,090,863	2,603,397
Current period movement on deferred tax	626,550	(232,316)
Prior period deferred tax adjustment	(171,726)	(280,218)
Total Taxable Temporary Difference as at 30 June	**2,545,687**	**2,090,863**
The balance comprises temporary differences attributable to:		
Long term leases	2,870,988	2,878,352
Accrued revenue	575,929	686,431
Provisions and accruals	(613,284)	(264,641)
Tax losses	(283,445)	(283,442)
Deferred management fees	(357,304)	(260,686)
Income in advance - NZDF	(305,233)	(296,344)
Derivatives	734,781	(367,104)
Other	(76,745)	(1,703)
Total deferred tax liabilities	**2,545,687**	**2,090,863**

NOTES TO THE FINANCIAL STATEMENTS

19. RECONCILIATION OF PROFIT AFTER INCOME TAX TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2022 $	2021 $
Profit for the year	**103,617,145**	**257,271,074**
Non-cash items		
Depreciation and amortisation	355,568	335,981
Investment property - work-in-progress write-off	5,587,412	(6,612)
Bad debts, doubtful debts and impairment of loans receivable	334,396	2,026,847
Amortisation of termination fee income	(721,570)	(778,040)
Amortisation of borrowing costs	68,288	140,113
Rent accrued on fixed uplift leases and lease Incentives	631,438	(1,942,601)
Share in profit of associates	(284,759)	(2,394,593)
Unrealised net loss on financial instruments	(6,296,488)	(3,023,137)
Fair value adjustment to investment property	(90,924,785)	(236,841,946)
Changes in assets and liabilities		
Decrease in trade and other receivables	1,200,874	4,683,585
(Increase)/decrease in inventories	(12,005,455)	12,520,855
Increase in employee benefits payable	93,071	134,640
(Decrease)/increase in tax payables	(266,295)	314,877
Increase/(decrease) in deferred tax	454,824	(510,681)
(Decrease)/increase in trade and other payables	(679,109)	4,688,661
Increase in refundable occupation rights	2,049,912	256,191
Increase/(decrease) in interest accruals	3,479	(78,599)
Decrease in housing loans advanced	387,741	346,285
Net cash outflow from operating activities	**3,605,687**	**37,142,900**

NOTES TO THE FINANCIAL STATEMENTS

20. KEY MANAGEMENT PERSONNEL COMPENSATION

Remuneration of Employees

The overall remuneration structure is designed to deliver rewards that are competitive in the labour markets in which the Group competes for staff. The number of employees of the Group, who received remuneration and other benefits in their capacity as employees, the value of which was in excess of $100,000 and was paid or accrued to those employees in relation to the financial year ended 30 June 2022 are listed in the table below.

Remuneration includes salary, performance bonuses and other sundry benefits received in their capacity as employees for the year ended 30 June 2022.

Total Remuneration	2022 Number Of Employees	2021 Number Of Employees
460,001-470,000	1	-
420,001-430,000	-	1
370,001-380,000	1	-
330,001-340,000	-	1
200,001-210,000	2	1
190,001-200,000	1	2
180,001-190,000	2	-
170,001-180,000	-	1
140,001-150,000	1	-
130,001-140,000	1	1
120,001-130,000	1	2
110,001-120,000	3	2
100,000-110,000	2	1
	15	**12**

	2022 $	2021 $
Directors Remuneration		
Michael Peter Stiassny	90,000	90,000
Ngarimu Alan Huiroa Blair	50,000	50,000
Christopher Wayth Gudgeon	50,000	20,833
James Gerard Quinn	50,000	20,833
Thomas John David Irvine (Appointed 1 January 2022)	25,000	-
Tanya Cherie Povey (Appointed 1 January 2022)	25,000	-
Joann Precious Kowhai Clark (Ceased 1 January 2022)	25,000	50,000
Julia Anne Steenson (Ceased 1 January 2022)	25,000	50,000
	340,000	**281,666**

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL RISK MANAGEMENT

Objectives and Policies

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

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 Toi Tupu Deposits and the Housing Loans. The level of debt and terms are disclosed in Note 15

The Group's policy is to manage its finance costs and interest rate risk in accordance with the Group Treasury Policy. At balance date, the Group had the following mix of financial assets and liabilities exposed to New Zealand variable interest rate risk:

	2022 $	2021 $
Financial Assets		
Cash and cash equivalents	1,492,343	2,143,435
Derivative financial instruments	4,198,750	-
Housing loans	11,643,384	12,031,124
Total financial assets	17,334,477	14,174,559
Financial Liabilities		
Borrowings	238,000,000	222,500,000
Derivative financial instruments	-	2,097,738
Toi Tupu deposits	7,287,542	5,370,521
Total financial liabilities	245,287,542	229,968,259
Net liability	**227,953,065**	**215,793,700**

All financial assets and financial liabilities of the Group are classified at amortised cost except for interest rate swaps which are classified as fair value through profit and loss.

(b) Credit Risk

Credit risk arises from the financial assets of the Group, which comprise cash and cash equivalents, trade and other receivables and housing loans. 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 reporting 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.

For Housing Loans the Group obtains in the form of guarantee, a first ranking mortgage against the leasehold title, which can be called upon if the counterparty is in default under the terms of the agreement.

NOTES TO THE FINANCIAL STATEMENTS

(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 investment property.

The change in freehold property values referred to in Note 7 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 following table reflects all contractually fixed payments and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as of 30 June 2022. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2022.

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

30 June 2022:	Within 1 year $	1–5 years $	> 5 years $
Financial Assets			
Cash and cash equivalents	1,492,343	-	-
Trade and other receivables	1,115,234	-	-
Loan to Eastcliffe residents	4,694,550	2,451,668	-
Derivative financial instruments	530,473	3,668,277	-
Housing loans	480,777	1,923,108	9,239,499
	8,313,377	8,043,053	9,239,499
Financial Liabilities			
Trade and other payables	6,805,831	-	-
Refundable occupation right agreements	29,755,795	-	-
Toi Tupu deposits	2,741,425	4,546,117	-
Interest bearing loans and borrowings	-	238,000,000	-
	39,303,051	242,546,117	-
Net liability/(Net assets)	**30,989,674**	**234,503,064**	**(9,239,499)**

NOTES TO THE FINANCIAL STATEMENTS

21. FINANCIAL RISK MANAGEMENT (CONTINUED)

30 June 2021:	Within 1 year $	1–5 years $	> 5 years $
Financial Assets			
Cash and cash equivalents	2,143,435	-	-
Trade and other receivables	1,532,603	-	-
Loan to Eastcliffe residents	3,536,477	3,624,613	-
Housing loans	495,366	1,981,464	9,554,294
	7,707,881	5,606,077	9,554,294
Financial Liabilities			
Trade and other payables	4,146,449	-	-
Refundable occupation right agreements	29,631,323	-	-
Toi Tupu deposits	1,957,203	3,413,318	-
Interest bearing loans and borrowings	-	222,500,000	-
Derivative financial instruments	319,366	1,778,372	-
	36,054,341	227,691,690	-
Net liability/(Net assets)	**28,346,460**	**222,085,613**	**(9,554,294)**

The $60,000,000 convertible loan from a related party has not been disclosed in this note as there is currently no contractual repayment date. Repayment of the loan is to be on a date jointly agreed by the lender (Whai Māia Charitable Trust 2), Ngāti Whātua Ōrākei Whai Rawa Limited and Ngāti Whātua Ōrākei Trustee Limited (PSGE Trustee) (see Note 11 for further details).

The contractual maturity of the refundable occupation right agreements and loan to residents may differ from the expected maturity.

The previous table 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. Nor is it expected that the residents will repay their loans within the next 12 months. Settlement of a refundable occupation right agreement generally occurs when a new occupational right agreement is issued to an incoming resident and loans to residents are repayable in full when the resident receives termination proceeds under the new ORA.

(d) Capital Management

Management considers capital as total equity plus net debt. When managing capital, management's objective is to ensure the entity continues as a going concern as well as to 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 entity.

22. COMMITMENTS

	2022 $	2021 $
Investment Property – Refurbishment Programme	-	753,912
Inventory – Hillary Development	3,615,767	16,406,593
	3,615,767	**17,160,505**

NOTES TO THE FINANCIAL STATEMENTS

22. COMMITMENTS (CONTINUED)

(a) Lease commitments: as lessor

The Group leases out its investment property. The Group has classified these leases as operating leases, because they do not transfer substantially all of the risks and rewards incidental to the ownership of the assets.

The following table sets out a maturity analysis of lease payments, showing the undiscounted lease payments to be received after the reporting date. The calculation assumes rents stay at current levels through-out the term, with the exception of fixed increases specified in the lease. The leases in Te Tōangaroa form the majority of this rent and they expire on 2 August 2146. The actual rental received in the future is likely to differ from these amounts due to rent review provisions and other changes to the leases.

	2022 $	2021 $
Leases		
Within one year	40,486,433	40,735,916
Between one and five years	135,772,872	134,189,064
After more than five years	3,807,263,344	3,799,106,345
	3,983,522,649	**3,974,031,325**

23. EQUITY

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

During the year the Group declared to Ngāti Whātua Ōrākei Trustee Limited gross dividends of $10,825,454 (2021: $17,793,386). This is inclusive of $1,894,454 (2021: $1,352,801) of Māori Authority Credits. Total net dividends distributed to the Trust was $8,931,000 for the year ending 30 June 2022 (2021: $16,440,585).

On 31 March 2022, $14,000,000 fully paid ordinary shares of Ngāti Whātua Ōrākei Whai Rawa Limited were bought back for a consideration of $14,000,000. These shares were subsequently cancelled.

24. Contingencies

New Zealand Defence Force

Under the lease to 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 unexpired portion of the lease term.

If the lease is terminated between the 15th and 21st anniversary of the commencement date the amount payable to NZDF will be between $1.0 million and $7.4 million; if the lease is terminated after the 21st anniversary of commencement no payment will be required.

25. Events occurring after the reporting period

The vacant land classified as held for sale settled on 12 August 2022.

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

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Independent auditor's report to the shareholder of Ngāti Whātua Orakei Whai Rawa Limited

Opinion

We have audited the financial statements of Ngāti Whātua Orakei Whai Rawa Limited ("the Company") and its subsidiaries (together "the Group), which comprise the consolidated statement of financial position of the Group as at 30 June 2022, and the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended of the Group, and the notes to the consolidated financial statements including a summary of significant accounting policies.

In our opinion, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 30 June 2022 and its consolidated financial performance and cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

This report is made solely to the Company's shareholder. Our audit has been undertaken so that we might state to the Company's shareholder 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 shareholder, for our audit work, for this report, or for the opinions we have formed.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report.

We are independent of the Group in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Ernst & Young provides other assurance services to the Group. Partners and employees of our firm may deal with the Group on normal terms within the ordinary course of trading activities of the business of the Group. We have no other relationship with, or interest in, the Group.

Information other than the financial statements and auditor's report

The directors of the Group are responsible for the Annual Report, which includes information other than the consolidated financial statements and auditor' report which is expected to be made available to us after the date of this auditor's report.

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

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

When we read the annual report, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance and, if uncorrected, to take appropriate action to bring the matter to the attention of users for whom our auditor's report was prepared.

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Directors' responsibilities for the financial statements

The directors are responsible, on behalf of the Group, for the preparation and fair presentation of the consolidated financial statements in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime, and for such internal control as the directors determine is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing (New Zealand) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

A further description of our responsibilities for the audit of the consolidated financial statements is located at the External Reporting Board website: https://www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-7/. This description forms part of our auditor's report.

Ernst + Young

Chartered Accountants
Auckland
29 September 2022

NGĀTI WHĀTUA ŌRĀKEI
WHAI RAWA LIMITED