FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2023

NGĀTI WHĀTUA ŌRĀKEI
WHAI RAWA LIMITED

Contents

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For the Year Ended 30 June 2023

Nature of Business	To actively manage and grow the assets and investments of the Ngāti Whātua Ōrākei Trust.
Directors	Michael Peter Stiassny (Ceased 16 February 2023) Ngarimu Alan Huiroa Blair Christopher Wayth Gudgeon James Gerard Quinn Thomas John David Irvine (Ceased 18 September 2022) Tanya Cherie Povey Dane Tiwene Grey (Appointed 29 June 2023) Edward Stewart Aiden Sims (Appointed 24 August 2023)
Company Number	678327
Registered office	Level 1, 8 Mahuhu Crescent 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 the New Structure	1 February 2013

Directors Report

The Board of Directors hereby present the Financial Statements of Ngāti Whātua Ōrākei Whai Rawa Limited and its subsidiaries ("the Group") for the year ended 30 June 2023.

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

Principal Activities

The Group is involved in the ownership, development and management of property assets for the benefit of the Ngāti Whātua Ōrākei hapū.

Auditor

The Group's auditor is Ernst & Young Auckland.

Directors

The following Directors held office during the period:

- Michael Peter Stiassny (Ceased 16 February 2023)
- Ngarimu Alan Huiroa Blair
- Christopher Wayth Gudgeon
- James Gerard Quinn
- Thomas John David Irvine (Ceased 18 September 2022)
- Tanya Cherie Povey
- Dane Tiwene Grey (Appointed 29 June 2023)
- Edward Stewart Aiden Sims (Appointed 24 August 2023)

Directors' disclosures

- The Group 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, Level 1, 8 Mahuhu Crescent, 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)

$206 Koha donations were paid to the Group during the period.

For and on behalf of the Board of Directors

Director

Director

Dated this 28th day of September 2023

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2023

	Notes	2023 $	2022 $
Revenue			
Property rental revenue		42,962,325	43,189,101
Retirement village revenue		4,501,986	4,389,434
Interest and dividend revenue		510,657	407,578
Property sales	7	28,862,610	-
Other	4	4,294,912	174,337
Total revenue		**81,132,490**	**48,160,450**
Expenses			
Employee benefits expense	5	7,479,691	6,482,891
Governance	5	291,040	366,298
Depreciation and amortisation expense		315,392	355,568
Professional fees	5	5,111,764	4,472,379
Rental property expense		7,722,546	5,874,293
Other expenses	5	2,639,710	1,467,132
Retirement village service expense		2,124,747	2,134,836
Cost of sales - property	7	22,934,368	-
Impairment of inventories	7	3,535,843	-
Investment property - work-in-progress write-off	8	-	5,587,412
Finance costs	6	13,894,299	11,520,002
Total expenses		**66,049,400**	**38,260,811**
Net profit before taxation, fair value adjustments and investments in associates		**15,083,090**	**9,899,639**
Share of profit of associates		23,948	284,759
Fair value adjustment to investment property	8	(30,886,627)	90,887,221
Unrealised gain on financial instruments		1,753,141	6,296,488
Profit/(loss) before income tax		**(14,026,448)**	**107,368,107**
Income tax expense	9	3,347,357	3,750,962
Total comprehensive income/(loss) for the year attributable to the owners of the parent		**(17,373,805)**	**103,617,145**

The notes and accounting policies on pages 9-29 form part of, and are to be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

As at 30 June 2023

	Notes	2023 $	2022 $
Current assets			
Cash and cash equivalents	10	1,218,251	1,492,343
Trade and other receivables	11	3,549,736	2,972,839
Loan to Eastcliffe residents		5,934,800	4,694,550
Housing loans	12	377,885	480,777
Inventories	7	4,739,240	22,678,011
Fair value of derivative financial instruments	17	-	530,473
Related party receivables	12	25,875	35,710
Non-current assets classified as held for sale	18	-	42,500,000
Total current assets		**15,845,787**	**75,384,703**
Non-current assets			
Property, plant and equipment		2,021,068	1,185,532
Intangible assets		5,727	19,991
Fair value of derivative financial instruments	17	5,951,891	3,668,277
Investment in joint venture and associates		233,198	203,249
Investment properties	8	1,398,579,734	1,442,350,734
Inventories	7	69,697,088	69,528,710
Loan to Eastcliffe residents		1,027,477	2,451,668
Housing loans	12	10,461,755	11,162,607
Right-of-use asset		-	25,667
Total non-current assets		**1,487,977,938**	**1,530,596,445**
Total assets		**1,503,823,725**	**1,605,981,148**
Current liabilities			
Trade and other payables	13	7,028,511	5,695,971
Tax payable		111,435	1,067,184
Toi Tupu deposits	12	3,652,000	2,741,425
Related party payables	12	6,059,417	9,520,851
Income in advance		1,449,312	1,837,849
Lease liabilities		-	28,608
Employee benefits	14	1,129,807	1,109,860
Refundable occupation right agreements	15	32,288,731	29,755,795
Total current liabilities		**51,719,213**	**51,757,543**
Non-current liabilities			
Interest bearing loans and borrowings	16	184,692,944	237,850,941
Toi Tupu deposits	12	5,731,915	4,546,117
Related party loans	12	60,000,000	60,000,000
Income in advance		1,646,824	1,740,482
Deferred tax liabilities	19	2,452,756	2,545,687
Total non-current liabilities		**254,524,439**	**306,683,227**
Total liabilities		**306,243,652**	**358,440,770**
Net assets		**1,197,580,073**	**1,247,540,378**
Equity		**1,197,580,073**	**1,247,540,378**

The notes and accounting policies on pages 9-29 form part of, and are to be read in conjunction with, these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2023

	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		-	(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**

	Notes	Contributed Capital $	Retained Earnings $	Total Equity $
Balance as at 1 July 2022		222,645,446	1,024,894,932	1,247,540,378
Loss for the year		-	(17,373,805)	(17,373,805)
Dividends paid	23	-	(32,586,500)	(32,586,500)
Balance as at 30 June 2023		**222,645,446**	**974,934,627**	**1,197,580,073**

The notes and accounting policies on pages 9-29 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 2023

	Notes	2023 $	2022 $
Cash flows from operating activities			
Cash was provided from:			
Interest and dividend revenue		509,241	407,579
Property rental revenue		43,736,362	45,803,477
Property sales		33,192,001	-
Retirement village revenue and occupation right agreement proceeds		10,674,958	10,943,177
Other		241,487	1,537,091
Housing loans repaid		817,788	387,741
Cash was applied to:			
Payments to suppliers		(24,698,388)	(22,505,625)
Payments to employees		(7,229,879)	(6,142,480)
Payments for inventory		(9,596,828)	(11,998,952)
Interest paid		(13,377,120)	(11,263,855)
Income taxes paid		(4,391,693)	(3,562,465)
Net cash inflow from operating activities		**29,877,929**	**3,605,688**
Cash flows from investing activities			
Cash was provided from:			
Distribution from associates		-	1,225,000
Proceeds from sale of investment property		44,931,862	-
Cash was applied to:			
Purchases of property, plant and equipment		(1,134,776)	(385,547)
Capital expenditure on investment property		(882,821)	(3,589,078)
Development of investment property		-	(2,382,050)
Net cash inflow/(outflow) from investing activities		**42,914,265**	**(5,131,675)**
Cash flows from financing activities			
Cash was provided from:			
Proceeds from borrowings		19,797,000	15,500,000
Cash was applied to:			
Repayment of borrowings		(72,937,000)	-
Loans to affected Eastcliffe residents		-	(425,000)
Payment of lease liabilities		(26,310)	(157,860)
Related party loans		(10,583,460)	(6,862,719)
Dividends paid		(8,425,000)	(6,600,000)
Toi Tupu withdrawals		(891,516)	(579,526)
Net cash inflow/(outflow) from financing activities		**(73,066,286)**	**874,895**
Net increase/(decrease) in cash and cash equivalents		(274,092)	(651,092)
Cash and cash equivalents at the beginning of the financial year		1,492,343	2,143,435
Cash and cash equivalents at end of year	**10**	**1,218,251**	**1,492,343**

The notes and accounting policies on pages 9-29 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 Group's ultimate parent is the Ngāti Whātua Ōrākei Trust.

The Group is a for-profit entity.

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 Reduced Disclosure Regime ("NZ IFRS RDR"), 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. 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.

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.

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 include Ngāti Whātua Ōrākei Whai Rawa Limited ("Whai Rawa") and the entities it controls up until the date the control ceases.

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 in full.

The Group consists of the following wholly owned entities:

Subsidiaries

Ngāti Whātua Ōrākei Whai Rawa Limited	The parent entity of the Group
Ngāti Whātua Ōrākei Housing Trust No. 2	A discretionary trust settled by Ngāti Whātua Ōrākei Whai Rawa Limited.
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 Te Tōangaroa 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 Te Tōangaroa 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 associated Housing Loans.
Whai Rawa Kāinga Development Limited	To construct Kāinga housing.
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

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, the investment is carried at cost plus post acquisition changes in the Group's share of net assets of the associate less impairment losses.

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 rate method, less provision for impairment.

The Group 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.

Property, plant 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.

NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (CONTINUED)

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

The Toi Tupu deposits are carried at cost. 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. If they are under 18, they need to have completed a financial literacy course before withdrawing.

NOTES TO THE ACCOUNTS

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 property

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. Costs includes the costs of acquisition, planning, 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.

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 which are specifically exempt from this requirement.

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 remeasurement 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.

NOTES TO THE ACCOUNTS

2. ACCOUNTING POLICIES (CONTINUED)

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.

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:

Interest revenue

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

Dividends

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

Rental revenue

Rental revenue from prepaid leases are amortised on a straight line basis over the lease term.

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 properties and amortised over the lease term as a reduction of rental income.

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 of 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 8.5 years (2022: 8.2 years) for the independent units/apartments and 4.4 years (2022: 4.5 years) for the serviced apartments and care studios.

Land development and property sales

The Group develops and sells residential properties. Revenue is recognised when control passes to the customer. This is commonly at the time of settlement when title passes to the customer and payment is received.

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

NOTES TO THE ACCOUNTS

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 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 independent external valuers. Refer to Note 8 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 based on valuations performed by independent external valuers.

Where the Group determines that there has been an impairment in the value of the inventory, the inventory is adjusted to the recoverable amount (Note 7).

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. OTHER INCOME

	2023 $	2022 $
Gain on sale of investment property	2,283,274	-
Sundry Income	2,011,638	174,337
	4,294,912	**174,337**

5 . EXPENSES

	2023 $	2022 $
Employee benefits expense		
Wages and salaries	7,262,773	6,338,196
Kiwisaver contribution	110,583	84,215
ACC levies	44,249	43,741
Other staff costs	62,086	16,739
	7,479,691	**6,482,891**
Governance		
Directors fees	274,441	340,000
Directors expenses	16,599	26,298
	291,040	**366,298**
Professional Fees		
Legal fees	1,565,560	1,768,418
Feasibility costs	1,233,856	737,437
Valuations	368,667	178,030
Toi Tupu	283,385	227,801
Accounting fees	159,566	195,606
Consulting and other professional fees	1,500,730	1,365,087
	5,111,764	**4,472,379**
Other Expenses		
Communication expense	496,177	506,642
Selling expenses	981,448	59,665
Office expenses	548,300	370,568
Non-recoverable GST	249,444	201,417
Bad and doubtful debts	222,959	(105,481)
Recruitment expense	57,051	416,233
Other	84,331	18,098
	2,639,710	**1,467,132**

6. FINANCE COSTS

	2023 $	2022 $
Interest expense on bank facilities	10,037,238	5,008,207
Interest on related party convertible loan	3,000,000	3,000,000
Bank and line fees	1,725,619	1,962,273
Interest expense/(income) on interest rate swaps	(1,373,103)	1,345,541
Interest expense on Toi Tupu deposits	504,545	203,981
	13,894,299	**11,520,002**

7. INVENTORIES

	2023 $	2022 $
Current Assets		
Work in Progress	4,739,240	22,678,011
	4,739,240	22,678,011
Non-current Assets		
Work in Progress	69,697,088	69,528,710
	69,697,088	**69,528,710**
Total Inventories at the lower of cost and net realisable value	**74,436,328**	**92,206,721**

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

An impairment of inventories of $3,535,843 was recognised in the Consolidated Statement of Comprehensive Income (2022 : Nil). This recognises the difference between the estimated total project cost and the net realisable value from the project on completion.

23 homes from our Oneoneroa development on the North Shore were sold during the year. Revenue from the sales is reflected in Property Sales in the Consolidated Statement of Comprehensive Income and costs attributed to the development of these properties is reflected in the Cost of Sales.

8. INVESTMENT PROPERTIES

	Notes	2023 $	2022 $
At beginning of year		1,442,350,734	1,394,173,953
Fair value adjustment to investment property		(30,886,627)	90,887,221
Temporary accommodation to residents		-	37,564
Capital expenditure		842,646	5,458,322
Acquisition/(disposal) of investment property		(12,575,051)	4,256,014
Investment property - work in progress		-	(2,743,490)
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		(1,151,968)	(631,438)
Classified as held for sale	18	-	(42,500,000)
Closing balance as at 30 June		**1,398,579,734**	**1,442,350,734**

8. INVESTMENT PROPERTIES (CONTINUED)

The Group sold land to Ngāti Whātua Ōrākei Trustee Limited for the development of the Hawaiki Street Papakāinga housing for $12,575,051 plus GST.

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 2023.

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

	2023 $	2022 $
Independent valuation of investment properties	1,364,450,193	1,411,182,666
Refundable occupation right agreements	32,288,731	29,755,795
Termination fees in advance	1,840,810	1,412,273
Total investment property	**1,398,579,734**	**1,442,350,734**

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	IInputs 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;
› Appropriate discount rates derived from recent comparable market transactions reflecting the uncertainty in the amount and timing of cashflows.

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 2023	Market capitalisation rate	Discount Rate	Price per square metre
Investment Property	4.25% to 8.00%	6.75% - 14.5%	$25 to $13,000

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

9. INCOME TAX EXPENSE

	2023 $	2022 $
Reconciliation of income tax expense to prima facie tax payable		
Profit from continuing operations before income tax expense	(14,026,448)	107,368,107
Adjusted for:		
Non-taxable revaluation of investment properties	30,886,627	(90,887,221)
Non-deductible expenses	3,305,848	6,467,754
Tax losses - Kāinga Developments	(1,607,154)	-
Taxable income	**18,558,873**	**22,948,640**
Current income tax:		
Current income tax charge	**3,233,654**	**3,389,462**
Difference in tax rates	(168,125)	-
Adjustments for current tax of prior periods	(74,620)	(93,325)
Utilisation of previously unrecognised tax losses	449,379	-
Deferred tax:		
Current period movement on deferred tax	14,149	626,550
Prior period deferred tax adjustment	(107,080)	(171,725)
Income tax expense	**3,347,357**	**3,750,962**

	2023 $	2022 $
Maori Authority Credits		
At beginning of year	**22,697,516**	**20,499,433**
Net tax payments	4,500,000	3,727,301
Resident withholding tax	3,380	2,084
Imputation credits on dividends received	808	973
Imputation credits on dividends paid	(2,069,451)	(1,807,376)
Other credits	177,241	-
Other debits	(284,677)	(15,000)
Prior period adjustment	(513,732)	290,101
Closing balance as at 30 June	**24,511,085**	**22,697,516**

The Group has tax losses of $Nil (2022: $1,619,683). The losses brought forward from the prior year were fully utilised in the current year.

10. CASH AND CASH EQUIVALENTS

	2023 $	2022 $
Cash at bank and in hand	1,218,251	1,492,343
	1,218,251	**1,492,343**

11. TRADE AND OTHER RECEIVABLES

	2023 $	2022 $
GST receivable	-	287,619
Trade receivables	1,646,074	1,066,756
Provision for doubtful debts	(402,183)	(571,136)
Prepayments	1,766,618	1,857,605
Accrued revenue and other receivables	539,226	331,995
	3,549,735	**2,972,839**

(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.

(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.

12. RELATED PARTY TRANSACTIONS

		2023 $	2022 $
Amounts outstanding at year end:			
Current Assets			
Related Party Receivables			
Ngāti Whātua Ōrākei Trust	Ultimate Parent	17,625	35,605
Whai Maia Charitable Trust 1	Associated Trust	8,250	105
		25,875	35,710
Housing loans	Members of Ngāti Whātua Ōrākei	377,885	480,777
Non Current Assets			
Housing Loans	Members of Ngāti Whātua Ōrākei	10,461,755	11,162,607
Current Liablities			
Related Party Payables			
Ngāti Whātua Ōrākei Trust	Ultimate Parent	6,048,007	9,511,624
Whai Māia Charitable Trust 1	Associated Trust	415	1,923
Ngāti Whātua Ōrākei Trust	Ultimate Parent	10,994	7,304
		6,059,417	9,520,851

NOTES TO THE FINANCIAL STATEMENTS

12. RELATED PARTY TRANSACTIONS (CONTINUED)

		2023 $	2022 $
Toi Tupu Deposits	Members of Ngāti Whātua Ōrākei	3,652,000	2,741,425
Non Current Liablities			
Convertible Loan			
Whai Māia Charitable Trust 2	Associated Trust	60,000,000	60,000,000
Toi Tupu Deposits	Members of Ngāti Whātua Ōrākei	5,731,915	4,546,117
Transactions with Related Parties:			
Loans received from/(repaid to) Ngāti Whātua Ōrākei Trust (net of repayments)		(3,463,617)	7,171,256
Toi Tupu Deposits received from: Members of Ngāti Whātua Ōrākei		2,096,373	1,917,021
Housing Loans repaid by: Members of Ngāti Whātua Ōrākei (net of repayments)		803,744	387,740
Property Rental Income charged to: Whai Maia Charitable Trust 1		2,008,747	1,730,154
Interest charged by: Whai Maia Charitable Trust 2		3,000,000	3,000,000
Housing Loan Interest received from: Members of Ngāti Whātua Ōrākei		460,280	383,463

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.

NOTES TO THE FINANCIAL STATEMENTS

13. TRADE AND OTHER PAYABLES

	2023 $	2022 $
Trade payables	1,515,329	1,626,769
GST payable	1,545,641	-
Accured expenses	2,126,731	2,656,929
Termination fees in advance	1,840,810	1,412,273
	7,028,511	**5,695,971**

14. EMPLOYEE BENEFITS

	2023 $	2022 $
Wages and Salaries accrued	258,087	184,617
Holiday pay accrued	509,048	606,734
Kiwisaver, PAYE and withholding tax	4,675	5,129
Other	357,997	313,380
	1,129,807	**1,109,860**

15. 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 $32,288,731 (2022: $29,755,795) 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.

16. INTEREST-BEARING LOANS AND BORROWINGS

	Maturity	2023 Total Facility $	2022 Total Facility $	2023 Undrawn Facility $	2022 Undrawn Facility $	2023 Drawn Amount $	2022 Drawn Amount $
BNZ							
Bank Facility	15/03/2025	62,500,000	62,500,000	7,640,000	-	54,860,000	62,500,000
Bank Facility	30/06/2025	37,500,000	37,500,000	-	-	37,500,000	37,500,000
Bank Facility	15/03/2026	40,000,000	50,000,000	40,000,000	-	-	50,000,000
Bank Facility	31/03/2026	20,000,000	-	-	-	20,000,000	-
Bank Facility	15/03/2027	-	10,000,000	-	10,000,000	-	-
		160,000,000	160,000,000	47,640,000	10,000,000	112,360,000	150,000,000
ANZ							
Bank Facility	15/03/2025	30,000,000	30,000,000	30,000,000	30,000,000	-	-
Bank Facility	15/03/2026	22,500,000	22,500,000	22,500,000	22,500,000	-	-
		52,500,000	52,500,000	52,500,000	52,500,000	-	-
Westpac							
Bank Facility	15/03/2025	30,000,000	30,000,000	30,000,000	14,500,000	-	15,500,000
Bank Facility	30/06/2025	37,500,000	37,500,000	-	-	37,500,000	37,500,000
		67,500,000	67,500,000	30,000,000	14,500,000	37,500,000	53,000,000
ASB							
Bank Facility	15/03/2025	40,000,000	40,000,000	30,000,000	30,000,000	10,000,000	10,000,000
Bank Facility	15/03/2025	25,000,000	25,000,000	-	-	25,000,000	25,000,000
		65,000,000	65,000,000	30,000,000	30,000,000	35,000,000	35,000,000
		345,000,000	345,000,000	160,140,000	107,000,000	184,860,000	238,000,000

	2023 $	2022 $
Bank Facility	184,860,000	238,000,000
Accrued Interest	(28,598)	42,758
Establishment fees	(138,458)	(191,817)
Total Net Book Value	**184,692,944**	**237,850,941**
Non-Current Portion	184,692,944	237,850,941
Total Net Book Value	**184,692,944**	**237,850,941**

	2023 $	2022 $
Bank facility expiry profile:		
Between one and two years	262,500,000	75,000,000
Between two and three years	82,500,000	187,500,000
Between three and four years	-	72,500,000
Between four and five years	-	10,000,000
	345,000,000	**345,000,000**

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 29 June 2023, letters of amendment were executed with Bank of New Zealand Limited and Westpac New Zealand Limited. The letters:

› extended the BNZ facility of $37,500,000 and the Westpac facility of $37,500,000 to 30 June 2025.
› incorporated a new BNZ facility of $20,000,000 with a maturity date of 31 March 2026.
› decreased the BNZ facility of $50,000,000 to $40,000,000.
› extinguished the BNZ facility of $10,000,000.

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

The Group is, in all material respects, in compliance with its lending covenants.

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.

17. DERIVATIVE FINANCIAL INSTRUMENTS

At 30 June 2023, 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 2023 is $120 million (2022: $105 million) with the weighted average term to maturity being 2.39 years (2022: 2.64 years). Fair Value of these interest rate swaps as at 30 June 2023 was an asset of $5,951,891 (2022: $4,198,750). The interest payment frequency on these borrowings is quarterly.

18. ASSETS CLASSIFIED AS HELD FOR SALE

Total Remuneration	2023 $	2022 $
Non-current assets classified as held for sale	-	42,500,000
	-	**42,500,000**

Land classified as held for sale in the prior year has now been settled.

19. DEFERRED TAX LIABILITIES

	2023 $	2022 $
Deferred tax liability at beginning of year	2,545,687	2,090,863
Current period movement on deferred tax	14,149	626,550
Prior period deferred tax adjustment	(107,080)	(171,726)
Total deferred tax balance as at 30 June	**2,452,756**	**2,545,687**

NOTES TO THE FINANCIAL STATEMENTS

19. DEFERRED TAX LIABILITIES (CONTINUED)

	2023 $	2022 $
The balance comprises temporary differences attributable to:		
Long term leases	2,866,207	2,870,988
Accrued revenue	374,335	575,929
Provisions and accruals	(687,441)	(613,284)
Tax losses	(2,193)	(283,445)
Deferred management fees	(363,390)	(357,304)
Income in advance – NZDF	(237,239)	(305,233)
Derivatives	1,041,581	734,781
Other	(426,267)	(76,745)
Feasibility expenditure amortised	(17,830)	-
Expenditure to be spread over prepaid lease term	(95,007)	-
Total deferred tax liabilities	**2,452,756**	**2,545,687**

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.

Remuneration includes salary, performance bonuses and other sundry benefits received in their capacity as employees for the year ended 30 June 2023.

Total compensation paid to key management employees for the year ended 30 June 2023 was $910,172 (2022: $802,223).

The table below shows the directors remuneration for the year ended 30 June 2023.

	2023 $	2022 $
Directors Remuneration		
Michael Peter Stiassny (Ceased 16 February 2023)	60,000	90,000
Ngarimu Alan Huiroa Blair	50,000	50,000
Christopher Wayth Gudgeon	53,334	50,000
James Gerard Quinn	50,000	50,000
Thomas John David Irvine (Ceased 18 September 2022)	10,833	25,000
Tanya Cherie Povey	50,000	25,000
Dane Tiwene Grey (Appointed 29 June 2023)	274	-
Joann Precious Kowhai Clark (Ceased 1 January 2022)	-	25,000
Julia Anne Steenson (Ceased 1 January 2022)	-	25,000
	274,441	**340,000**

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 16.

The Group's policy is to manage its finance costs and interest rate risk in accordance with the Group Treasury Policy.

The Group and the parent entity hold the following financial instruments:

	2023 $	2022 $
Financial Assets		
Cash and cash equivalents	1,281,251	1,492,343
Derivative financial instruments	5,951,891	4,198,750
Housing loans	10,839,640	11,643,384
Total Financial Assets	**18,009,782**	**17,334,477**
Financial Liabilities		
Borrowings	184,860,000	238,000,000
Refundable occupation right agreements	32,288,731	29,755,795
Toi Tupu deposits	9,383,915	7,287,542
Total Financial Liabilities	**226,532,646**	**275,043,337**
Net Liability	**208,522,864**	**257,708,860**

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.

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.

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

	2023 $	2022 $
Investment Property – Refurbishment Programme	311,490	-
Investment Property - Purchase	14,325,000	-
Inventory - Hawaiki Development	634,976	-
Inventory - Hillary Development	-	3,615,767
Total capital commitments	**15,271,466**	**3,615,767**

As at 30 June 2023, the Group had commitments of $311,490 to refurbish and upgrade the properties rented to whānau members, $14,325,000 to purchase Housing New Zealand land near the Ōrākei marae and $634,976 for the Hawaiki Street Papakāinga housing development.

NOTES TO THE FINANCIAL STATEMENTS

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.

	2023 $	2022 $
Leases		
Within one year	40,437,548	40,486,433
Between one and five years	134,694,156	135,772,872
After more than five years	3,781,775,971	3,807,263,344
	3,956,907,675	**3,983,522,649**

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 $34,938,182 (2022: $10,825,454). This is inclusive of $2,351,682 (2022: $1,894,454) of Māori Authority Credits. Total net dividends distributed to the Trust was $32,586,500 for the year ending 30 June 2023 (2022: $8,931,000). Net dividends included non-cash dividends of $24,161,500 (2022: $2,331,000).

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

On 31 August 2023, the Group, in partnership with Precinct Properties Holdings Limited, acquired the leasehold interest in two commercial properties in Te Tōangaroa for $48.7 million.

EY
Building a better working world

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 2023, 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 2023 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.

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

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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
28 September 2023

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NGĀTI WHĀTUA ŌRĀKEI
WHAI RAWA LIMITED