DEVELOPING VALUE

NGĀTI WHĀTUA ŌRĀKEI WHAI RAWA LIMITED

THE COMMERCIAL ARM OF NGĀTI WHĀTUA ŌRĀKEI TRUST

NGĀTI WHĀTUA ŌRĀKEI
WHAI RAWA LIMITED

ANNUAL REPORT 2013/14

INTRODUCTION

‘TE PAI ME TE WHAI RAWA O TĀMAKI’/ ‘THE LUXURY AND WEALTH OF TĀMAKI’.

The 2013/14 financial year was the first full year of operations for Ngāti Whātua Ōrākei Whai Rawa Limited (Whai Rawa). During this period Whai Rawa established its strategic direction and set long and short-term goals. This strategic focus enabled Whai Rawa to make substantial progress and achieve success throughout the year. It is now well-positioned to deliver sustainable benefits to future generations of Ngāti Whātua Ōrākei.

Whai Rawa’s work over the 2013/14 financial year saw its total assets grow by almost 10% and its annualised revenues operating revenues increase by a similar amount.

The Company’s investment portfolio also grew through significant transactions with government and major commercial players. Its purchase of a landmark commercial property in the central business district has strengthened Whai Rawa’s position as a serious participant in the Auckland property market.

Closer to home, Whai Rawa is continuing to assist the Ngāti Whātua Ōrākei Trust in advancing the housing ambitions of the hapū. It played a leading role in the Kāinga Tuatahi project, which will deliver much-needed affordable housing opportunities.

Whai Rawa has negotiated the gradual return of housing stock from Housing New Zealand. A refurbishment programme has now commenced, and Whai Rawa has set a high standard for how these homes will be renovated and maintained going forward.

CONTENTS

02

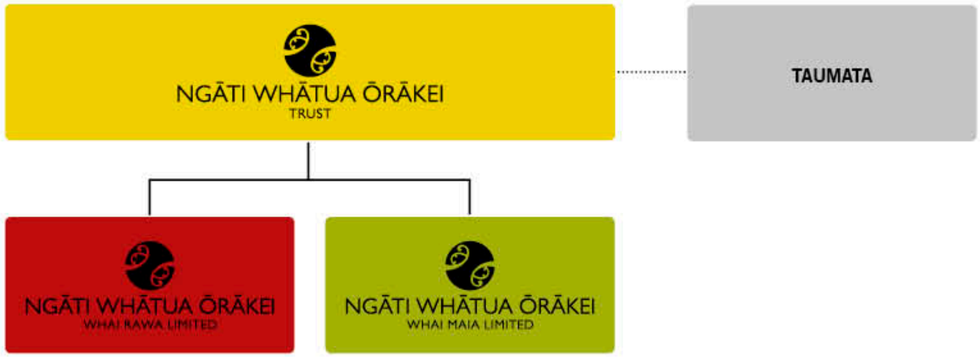
STRUCTURE

WHAI RAWA IS A WHOLLY-OWNED SUBSIDIARY OF THE NGĀTI WHĀTUA ŌRĀKEI TRUST WHICH WAS ESTABLISHED FOLLOWING SETTLEMENT OF THE WAI 388 TREATY CLAIM IN 2012.

The Trust is the tribal authority representing the descendants of Tuperiri.

Whai Rawa's task is to manage and administer the assets of the Trust in a prudent, commercial and profitable way. It seeks to maximise the financial or economic returns to the Ngāti Whātua Ōrākei Group to support Ngāti Whātua Ōrākei whānau for generations to come.

The Trust and Ngāti Whātua Ōrākei Whai Maia Limited use the dividend that Whai Rawa generates to contribute to the economic, cultural and social development of the hapū.



MORE THAN $600M WHAI RAWA TOTAL ASSETS

GRANT OF 150 YEAR LEASE OF WAKAKURA BLOCK TO RYMANS HEALTHCARE

$4.2M PAID TO TRUST & WHAI MAIA

NEGOTIATED GRADUAL RETURN OF 68 ŌRĀKEI HOUSES FROM HOUSING NEW ZEALAND

18 MONTHS FOLLOWING FINAL SETTLEMENT WITH CROWN

12% INCREASE IN OPERATING REVENUES $36.2M

100% QUAY PARK RENT REVIEWS RESOLVED

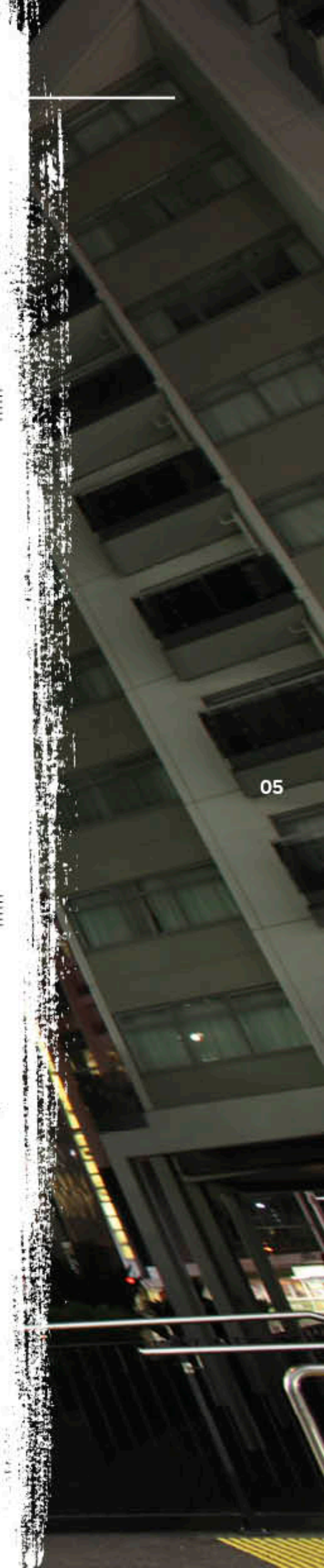
$71.9M GAIN ON REVALUATION OF INVESTMENT ASSETS

GOVERNANCE

SHAREHOLDER ENGAGEMENT IS A PRIORITY FOR WHAI RAWA. AS ITS SOLE SHAREHOLDER, NGĀTI WHĀTUA ŌRĀKEI TRUST COLLABORATES WITH WHAI RAWA TO REACH AGREEMENT ON ITS STRATEGIC AND ANNUAL PLAN.

Working closely with the Trust ensures Whai Rawa is aligned with the Trust's core values and remains connected with the people who are directly impacted by Whai Rawa's decisions.

Formal shareholder engagement occurs monthly (and more frequently if required) to discuss Whai Rawa's progress and matters of shared interest. This also keeps the Trust well informed of the direction Whai Rawa is taking to grow and develop the asset base. All Whai Rawa Board appointments are made by the Trust.



CREATING VALUE

At the end of my second year as Chairman and Whai Rawa's first full financial year, it is a privilege to see how much the Company has grown in such a short time. I am proud that as a Board we have helped to steer Whai Rawa and the commercial portfolio of Ngāti Whātua Ōrākei to a place where we are crystal clear of its purpose: to protect and grow the commercial assets of Ngāti Whātua Ōrākei to provide long term sustainable benefits for the hapū for generations to come.

My motivation for working with the people of Ngāti Whātua Ōrākei remains unchanged – they are the tangata whenua of Tāmaki and play an integral role in making Auckland a truly great city in which to live and work.

CONTINUED GROWTH

The Whai Rawa Board of Directors is pleased to announce that our first full financial year as an operating Company has seen the commercial portfolio grow by 10% from $531 million to $588 million, an increase of $57 million. At the same time, operating revenues of $36.2 million have been generated. This is 12% more than the 2013 reported figures, once annualised. These year-end results reflect our balance sheet following the granting of the long-term lease of the Wakakura site, and resolution of the vast majority of rent reviews for the Quay Park leases.

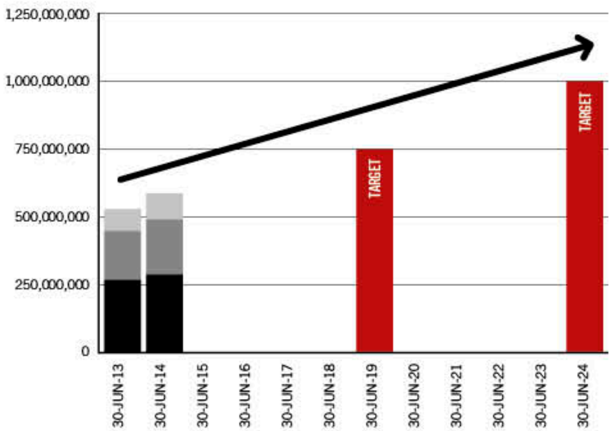
Through our annual planning process, the Whai Rawa Board and the Trust have agreed on a five and ten year strategy for Whai Rawa. It is our objective to increase Whai Rawa's portfolio value to $750 million in five years, and $1.0 billion over a ten year period. We also aim to achieve at least a 4% annual return in five years, with the goal of a 5% annual return for the portfolio by the end of the ten year period. To achieve this, both the Board and management will require an ongoing focus on higher yielding commercial activities. If we are successful, the Whai Rawa Group will be generating a before tax and distribution income of $50 million or more by 2025.

DIVERSIFICATION

Strategic movement and focus have been key for Whai Rawa in the 2013/14 financial year. I am pleased that we have been able to create strong relationships with those parties with whom we have been dealing, including both commercial and non-commercial entities.

As part of the Ngāti Whātua Ōrākei Treaty Settlement in 2013, we purchased seven land parcels on the North Shore from the Crown. For one of these we were presented with an opportunity to negotiate a long-term lease with Ryman Healthcare. This allowed Whai Rawa to realise some profit immediately, and will also ensure that the land reverts to Ngāti Whātua Ōrākei ownership at the end of the lease period. We understand that the long-term sustainability and retention of the land is crucial for the hapū.

NGĀTI WHĀTUA ŌRĀKEI WHAI RAWA INVESTMENT PROPERTY VALUE:



- TOTAL
- WHAI RAWA RAILWAYS LP
- WHAI RAWA PROPERTY HOLDINGS LTD
- OTHER HOLDINGS

The purchase of AECOM House in the Quay Park precinct, post financial year-end, is a significant acquisition for Whai Rawa and helps to diversify our portfolio of assets. To date, Whai Rawa's commercial assets have been low yielding land or ground lessor's interests in land. This purchase of a building is an effective way for Whai Rawa to generate more immediate income and allows Whai Rawa to have a greater degree of influence on activities within the Quay Park precinct, and is the first step in reinvigorating and diversifying Whai Rawa's portfolio.

Creating value

Whai Rawa's portfolio is still heavily weighted towards long-term ground leases, however we will continue to look for opportunities to grow and diversify the asset base. Our strategy and that of the Trust keeps us mindful that we are here for the long-term to create opportunities and value for future generations.

"WE WILL CONTINUE TO LOOK FOR OPPORTUNITIES TO GROW AND DIVERSIFY THE ASSET BASE"

The decisions that are made today impact on the sustainability of the hapū. It is our job to prudently manage the commercial assets of the hapū so that the income generated will give the Trust the opportunity to meet its tribal aspirations.

My thanks to my fellow Directors, and the Chief Executive and his team, for their continued efforts over the past year. The work has been intellectually stimulating and rewarding, and all these people have risen to the challenge.

MICHAEL STIASSNY
CHAIRMAN

Stiassny, Michael Peter

Chair, Independent Director
Appointed on 1 June 2012.

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

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

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

Michael is Fellow of Institute of Directors (FInstD).

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

Blackmore, Ross Forbes

Independent Director
Appointed on 1 June 2012.

Ross Blackmore has 30 years' experience in many facets of commercial property including valuations, development, investment and listed property investment company management.

Ross held the role of General Manager of Property for Industry Ltd from 2003 to 2011. He is presently the Executive Manager, Property for the McAuley Trust.

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

Director, Shareholder	Blackmore Advisory Services Limited
Director	Marsden Maritime Holdings Limited

Blair, Ngarimu Alan Huiroa

Trustee Representative Director
Appointed on 1 June 2012.

Ngarimu Blair is a geographer with 15 years' experience in advancing a range of iwi issues in Auckland City. Ngarimu established the largest ecological restoration project on the Auckland Isthmus at Bastion Point and has instigated a number of city art and urban design projects that highlight the Māori history of the city. He was also integral in establishing Tāmaki Hīkoi, a guided walk of central Auckland, and co-creator of Waka Māori, the highest rated visitor experience during the Rugby World Cup 2011.

Ngarimu is also the Deputy Chair of the Ngāti Whātua Ōrākei Trust.

Director	Moffat Reweti Blair Ltd Private Company
Director	Nga Tira Consulting Ltd – Private Company
Director	Auckland Waterfront Development Agency
Director	Tupuna Taonga o Tāmaki Makaurau Trust Limited
Elected Representative Deputy Chair	Ngāti Whātua Ōrākei Trust

Clark, Joann Precious Kowhai

Whānau Director
Appointed on 1 June 2012.

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

Precious has a legal background, and currently works as a business consultant priding herself on finding culturally driven solutions for her clients. Appointed to the Independent Māori Statutory Board in 2013 and the Centre for Social Impact in 2014, Precious is firmly establishing herself in the Auckland business community.

Precious is passionate about making a positive contribution towards the development of Ngāti Whātua o Orākei descendants.

Trustee	ASB Community Trust
Member	Auckland Museum Taumata
Director	Maurea Consulting Ltd
Board Member	Independent Māori Statutory Board
Director	Centre for Social Impact

Fenwick, Robert George Mappin
Independent Director
Appointed on 1 June 2012.

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

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

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

Owner	R. Fenwick Consulting
Director, Shareholder	Living Earth Limited
Director, Shareholder	Te Matuku Bay Oysters Limited
Director, Shareholder	Hauraki Charters Limited
Director	Antarctica NZ
Chairman	Fred Hollows
Chairman	The Kiwi Trust
Director	Carbon Zero Limited

Hunia, Rangimarie
Whānau Director
Appointed on 1 June 2012.

Rangimarie Hunia is of Ngāti Whātua descent. She holds a Masters Degree in Commerce from The University of Auckland, completed in 2011 and titled 'Economic Renaissance of a Māori Community: Ngāti Whātua o Orākei as a Case Study'. This work traces the economic development journey of the hapū. Rangimarie also bring 18 years of experience in developing social and educational initiatives.

Rangimarie has always believed that she would utilise her skills and expertise to contribute back to Ngāti Whātua o Orākei. Rangimarie was elected to the Ngāti Whātua Ōrākei Trust in 2013. Raised in Orākei, Rangimarie continues to live there with her whānau.

Elected Representative	Ngāti Whātua Ōrākei Trust
Director	Institute of Directors in New Zealand Ltd
Trustee	The Kiwi Trust
Trustee	Manaiakalani Education Trust
Director	Whenua Haumi Roroa o Tāmaki Makaurau General Partner Ltd

BOARD COMPOSITION

Whai Rawa's constitution states that the Board must have between two and seven directors at any one time. There are currently six Directors – three independents, two whānau representatives, and one Trust representative.

Whai Rawa has three subsidiaries, including Whai Rawa GP Limited, Ngāti Whātua Rōpū General Partner Limited and Whai Rawa Kāinga Development Limited. Whai Rawa Directors are also directors of these subsidiaries.

Meetings Attended (out of a total of 11)

DIRECTOR	MEETINGS ATTENDED
Stiassny, Michael Peter	11
Blackmore, Ross Forbes	11
Blair, Ngarimu Alan Huiroa	10
Clark, Joann Precious Kowhai	10
Fenwick, Robert George Mappin	11
Hunia, Rangimarie	11

A SOLID PLATFORM FOR GROWTH

When reflecting on the past year, I have to say that it has been a busy and eventful 12 months. As a management team, we have focussed on ensuring that Whai Rawa has the right structure and systems to continue moving forward, while at the same time taking advantage of opportunities that have presented themselves and progressing all of our existing work streams.

It is my pleasure to present this Annual Report, which reflects all that dedication and hard work. Whai Rawa's annual revenue has increased by 12%, and we have seen an increase in the value of the assets within the portfolio of about 10%. This further strengthens Whai Rawa's financial position, and has allowed us to more actively pursue opportunities within the wider commercial property market.

In my message in last year's Annual Report, I anticipated that in 2014/15 Whai Rawa would continue to build internal capacity, seek appropriate development opportunities, and strengthen relationships within the public and private sector in Auckland and beyond. I am happy to say that we have delivered on these objectives.

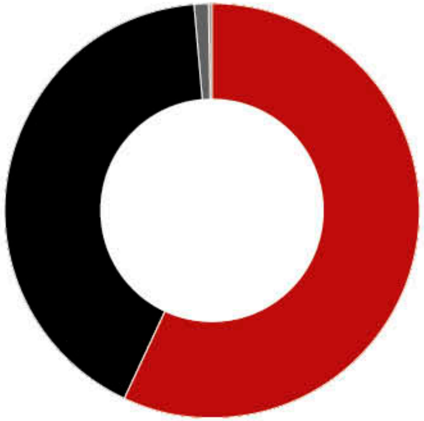
A CONTRIBUTOR TO THE COMMUNITY

We have continued to promote the best interests of Ngāti Whātua Ōrākei and Whai Rawa through the Auckland Unitary Plan process. During the year we made extensive submissions in relation to our own land holdings, as well on as wider regional issues. We have been vocal in our support of developing a compact, thriving city and we have pushed the need for affordable, healthy homes for everyone in Tāmaki.

As Whai Rawa's presence has become stronger in commercial circles, a wide variety of investment opportunities have arisen. We spent significant time and resources assessing those opportunities, and we have taken advantage of those which met our investment criteria. An enhanced profile has also resulted in Whai Rawa being in a position to seek and develop strategic relationships with a number of potential joint venture partners. These relationships have presented Whai Rawa with interesting projects and proposals to consider.

AN ENHANCED PROFILE HAS ALSO RESULTED IN WHAI RAWA BEING IN A POSITION TO SEEK AND DEVELOP STRATEGIC RELATIONSHIPS.

NGĀTI WHĀTUA ŌRĀKEI WHAI RAWA JUNE 2014 REVENUE:



PROPERTY RENTAL INCOME
$20,691,623

RETIREMENT VILLAGE INCOME
$15,118,077

INTEREST & DIVIDEND REVENUE
$366,446

OTHER
$66,541

Significant events

Whai Rawa's achievements this year include: finalising the 2011 round of rent reviews for the Quay Park ground leases; selling a 150 year lease of the Wakakura site to Ryman Healthcare; making significant progress on the Kāinga Tuatahi project; and commencing work on upgrading the ex-Housing New Zealand homes within Orākei that are owned by the hapū.

Another highlight was Whai Rawa's purchase of the landmark CBD commercial building known as AECOM House, although this technically falls within the next reporting period.

The year ahead

We are increasingly presented with opportunities of interest, and as a result it is likely our workload will continue to grow in the next year. Our current 'to-do list' is lengthy, and includes developing a precinct plan for Quay Park and playing a key role in the Proposed Auckland Unitary Plan hearings which will start before the end of 2014.

We will look to enter into joint venture or partnering arrangements that provide Whai Rawa with an appropriate balance of risk and return, and ultimately, build both the value of the assets and the portfolio return.

Over the coming year, we intend to employ a small number of people who have the capability to ensure that we achieve the best possible outcomes for the Trust. In particular, we will appoint a financial accountant to assist the Chief Financial Officer, and two new development managers to assist with both the conception and delivery of our projects.

Ngā mihi

I wish to thank the Trust, the Whai Rawa Board and our Chairman for their on-going support and direction, and also mihi to everyone involved in the day-to-day running of our Company. Their passion and effort has delivered some excellent results for the hapū, and I am proud to lead such a dedicated team.

A solid platform

In summary, over the past 18 months we have worked hard to put in place the right platform to allow Whai Rawa to grow. The coming year is exciting and full of opportunity for Whai Rawa. With our new team members on board, we will be engaged in even more activity both within our existing portfolio, and pursuing new investment opportunities. This will help Whai Rawa to achieve greater balance and maturity as an organisation.

ROB HUTCHISON
CHIEF EXECUTIVE



Rob Hutchison
Chief Executive

Rob has had an impressive career across the property sector, including working within government and local government.

Roles as Valuer General, CEO North Shore City Council and extensive property advisory work has preceded the last 2 years as Chief Executive of Ngāti Whātua Ōrākei Whai Rawa Limited.

Rob's broad experience in property investment and development provides Whai Rawa with a strong platform for strategy development and implementation.

Kate Healy
Chief Operating Officer

Kate joined Whai Rawa in September 2013. Prior to that, she was a commercial property partner at national law firm Minter Ellison Rudd Watts, where she was involved in a wide range of property-related matters including sales and acquisitions, property development and insolvency "work-outs".

Her main focuses for the year have been the design and preparation for Kāinga Tuatahi, including meeting with whānau, creating an appropriate legal structure for home ownership, and liaising with the design team; the AECOM House transaction; and the housing return and upgrade programme within Ōrākei.

Although Australian by birth, Kate has now lived in Auckland for over 12 years and her whānau consider it to be their home.

Andrew Crocker
Chief Financial Officer

Andrew joined the Whai Rawa team in March 2014.

Andrew is a Chartered Accountant and has spent his much of his career immersed in the property industry in both financial and operational roles. His focus this year has been to build a strong financial structure as Whai Rawa prepares for significant growth in the years ahead.

MANAGEMENT COMPOSITION

Whai Rawa's management team evolved in the financial year ending June 2014, with the addition of a new Chief Financial Officer and a Chief Operating Officer. This brings the core management team to eight in total, including two managers at the Eastcliffe on Orākei Retirement Village.

The total number of staff employed by Whai Rawa is 54 (including its subsidiaries and related limited partnerships).

APPROACH TO INVESTMENTS

Whai Rawa is focused on generating financial and economic returns from the commercial assets of Ngāti Whātua Ōrākei. In doing so, Whai Rawa respects the values outlined by the Trust – Rangatiratanga (self-determination), Manaakitanga (host responsibility), Kaitiakitanga (guardianship), Kotahitanga (unity), Wairuatanga (spiritual wellbeing), Whanaungatanga (kinship) and Ahi kaa (retention) – and endeavours to act in accordance with those values when carrying out its business.

Whai Rawa considers all potential transactions with this in mind. It acknowledges the importance of land to the hapū, and recognises that some areas of land are more significant than others.

In line with the hapū aspiration to reclaim the land that was owned communally by Ngāti Whātua o Ōrākei in 1868, the most important lands are those forming the original 700 acre Orākei block. Other land holdings within the Tāmaki Makaurau rohe are considered to be the next priority, followed by further investments within, and possibly beyond, Aotearoa.

These considerations are also balanced by commercial necessities of likely return on investment, cash flow consequences and achieving an appropriate balance within the portfolio in terms of both geographic area and asset type.

WHAI RAWA IS FOCUSED ON GENERATING FINANCIAL AND ECONOMIC RETURNS FROM ITS COMMERCIAL ASSETS.

THE PROPOSED AUCKLAND UNITARY PLAN REMAINS A KEY FOCUS

OPERATIONS

Whai Rawa manages and administers a varied portfolio of assets on behalf of the Trust. It includes the management of residential properties in Orākei, the Eastcliffe on Orākei Retirement Village, the Quay Park portfolio, and other significant parcels of land within Tāmaki Makaurau that are yet to be developed. Several key projects and transactions are detailed on subsequent pages.

Proposed Auckland Unitary Plan

During the 2013/14 financial year, Whai Rawa put substantial effort into ensuring that its interests are protected and promoted through the Proposed Auckland Unitary Plan process. This will continue into the future and remain a key focus for the Company, as the Unitary Plan sets the parameters for the development of our various sites over the next 30 or so years. It also impacts the value of those land-holdings, so achieving successful outcomes are critical to our future.

The emphasis for Whai Rawa so far has been on making submissions on the Proposed Auckland Unitary Plan and understanding the nature of other submissions either supporting or opposing our stance. The Independent Hearings Panel will soon begin to engage in preparatory discussions with submitters, and then formal hearings will commence. This process allows all parties who wish to be heard (including Whai Rawa) to present their case in a public forum.

Tāmaki Redevelopment Company

Whai Rawa has engaged with the Tāmaki Redevelopment Company (TRC) in relation to the redevelopment of the Maybury Precinct in Glen Innes. The ex-Tāmaki Girls College site, situated on Taniwha Street in Glen Innes, forms a key part of the Maybury Precinct. Obtaining Whai Rawa's input was important for TRC, and also provided Whai Rawa with a better understanding of the future plans and potential for this part of Auckland. Whai Rawa expects to carry out master planning for the site in the coming financial year.

North Shore Landholdings

Apart from the creation of the Wakakura lease, no further steps have been taken in relation to Whai Rawa's large landholdings on Auckland's North Shore. These sites will be a key focus for Whai Rawa as the Proposed Auckland Unitary Plan hearings continue. The Company wants to achieve maximum flexibility for the future development of these sites. Its aim is to create well-designed residential communities with a diverse range of housing, to meet the needs of those who currently, or aspire to, reside in those areas.

Eastcliffe on Orākei

The retirement village known as Eastcliffe on Orākei is a significant and unique asset in Whai Rawa's portfolio. Eastcliffe on Orākei sits at the edge of Takaparawhau, with amazing views over the whenua and on to the Waitemata and Motu Rangitoto. Whai Rawa owns both the physical village assets and the village operations (including care facilities).

The village consists of 53 1 and 2 bedroom serviced apartments, 33 self-contained apartments, 25 townhouses and 30 care suites and hospital beds.

Eastcliffe on Orākei employs 45 staff, and as at 30 June 2014 was home to 176 residents.

PROFILE
KĀINGA TUATAHI

30 NEW HOMES ARE TO BE BUILT

Kāinga (meaning home) Tuatahi (meaning the first) is an innovative papakāinga home ownership model, where Ngāti Whātua Ōrākei members will be able to release equity in their homes.

Kāinga Tuatahi is planned as a 30-home development on the Orākei papakāinga, spread over 9,112m2. The site extends across both sides of Kupe Street and down to Takitimu Street. It is the first new housing development on the Orākei papakāinga in ten years. The site layout incorporates shared open spaces, embracing the concepts of whanaungatanga, kaitiakitanga, manaakitanga and kotahitanga.

Whai Rawa aims for Kāinga Tuatahi to be a high quality, sustainable, innovative development that will establish a standard for iwi housing developments nationwide.

Of the 30 homes being built, three will be two-bedroom homes, nine will be three-bedroom homes and the balance are four-bedroom homes. There is a possibility that the larger homes may be modified over time to incorporate a fifth bedroom in lieu of a garage. The homes are a mixture of standalone, terraced and attached homes. The designs have been influenced in part by feedback from the whānau who will purchase the homes from the hapū.

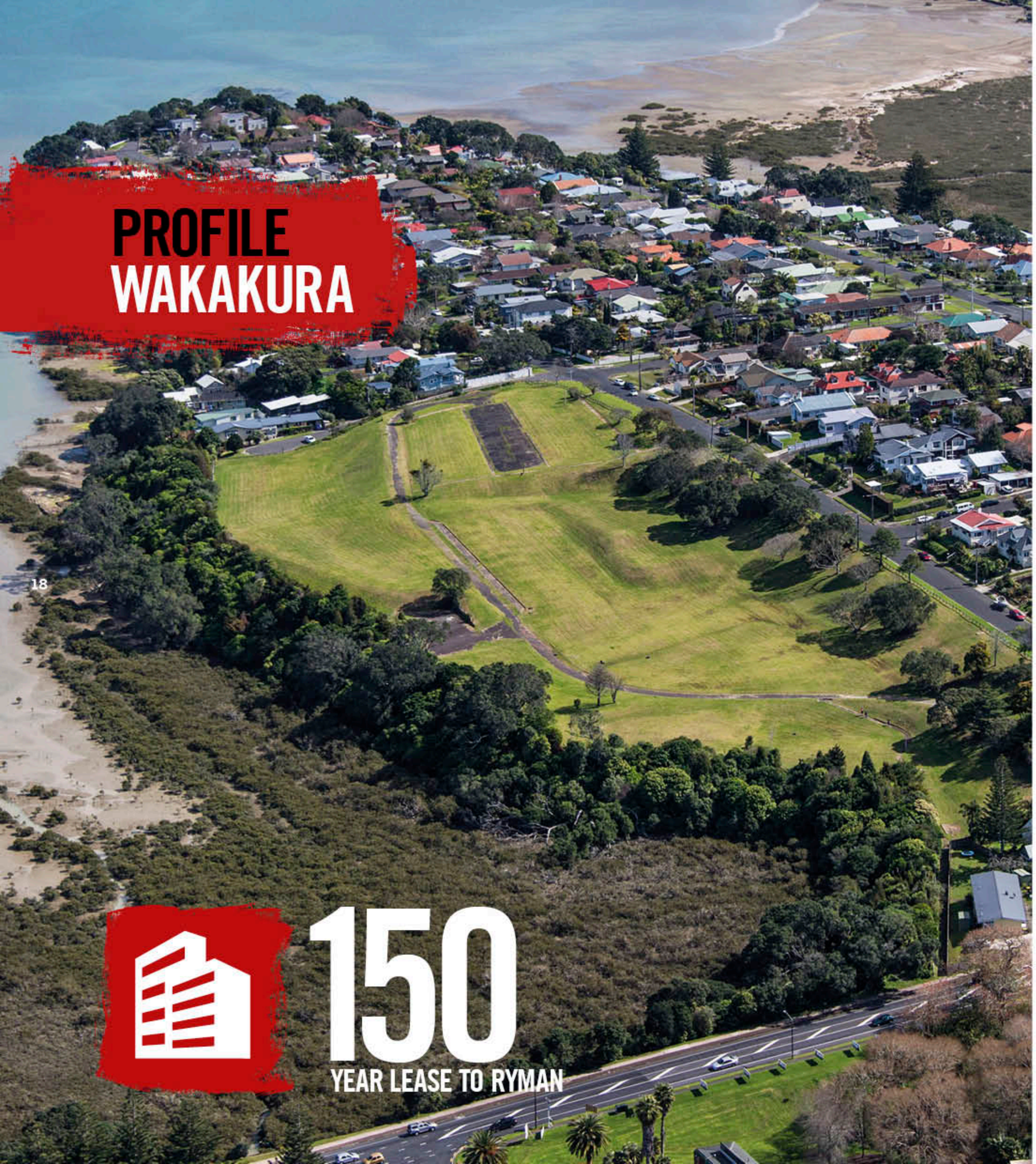
The houses have been designed by Stevens Lawson, an Auckland-based architecture firm. They have provided us with a smart, sustainable, functional and high quality, yet cost-effective, design that incorporates subtle references to the whenua, maunga, moana and marae. The civil works and building contracts will be awarded towards the end of 2014.

Whai Rawa's target is to have the homes completed in the 2016/17 financial year and in doing so, it will have created 30 new whare for more than 100 whānau members affiliated with Ngāti Whātua Ōrākei.

The Kāinga Tuatahi homes will be purchased by members on the basis of a long-term sublease. The Whai Rawa Group will be the financier, and will also provide the homeowners with an ability to sell the home back to the hapū within a specified time period for a pre-determined value. This assistance has given confidence to first-time home buyers within the hapū to participate.

A HIGH QUALITY, SUSTAINABLE, INNOVATIVE DEVELOPMENT.

PROFILE WAKAKURA



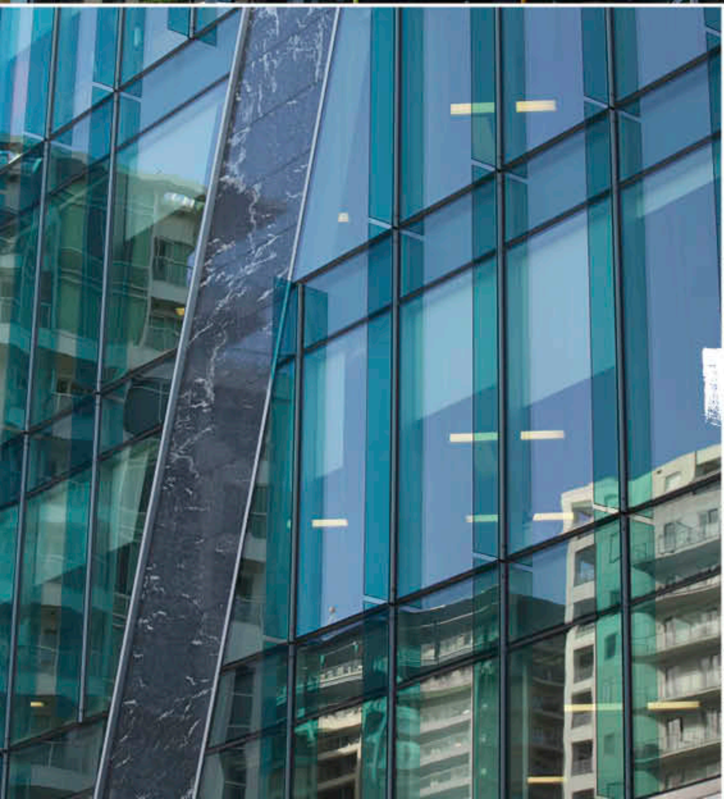
The land referred to as 'Wakakura' is a 4.15ha (41,500m2) piece of vacant land situated in Devonport on Auckland's North Shore. It was purchased from the Crown at the start of 2013 for $10 million, as part of the WAI388 Treaty Settlement. Wakakura was bought with effectively vacant possession, making it unique amongst the ex-New Zealand Defence Force land acquired. The remaining blocks were purchased subject to leases back to the New Zealand Navy.

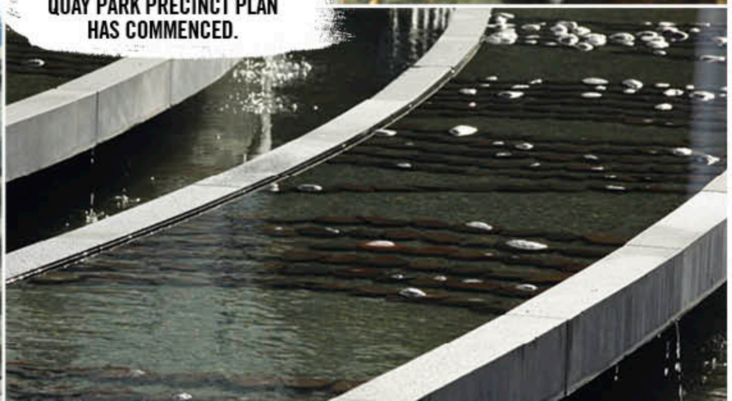
In late 2013, Whai Rawa concluded an agreement with Ryman Healthcare, which will lease the land for 150 years. Under the agreement, Ryman has the right to build and operate a retirement village on the land for 150 years and has pre-paid the rent under the lease for the entire period. At the end of the lease, any remaining buildings or other improvements on the land become the property of Ngāti Whātua Ōrākei.

The pre-paid rent, which is effectively the purchase price for the leasehold interest, reflected a significant improvement in the Wakakura land value as at the start of the 2014/15 financial year. The proceeds are intended to be reinvested in an asset that will generate a higher return.

Ngāti Whātua Ōrākei has developed a strong working relationship with Ryman Healthcare, who will continue to consult Whai Rawa as the development of the site progresses.

PROFILE
QUAY PARK





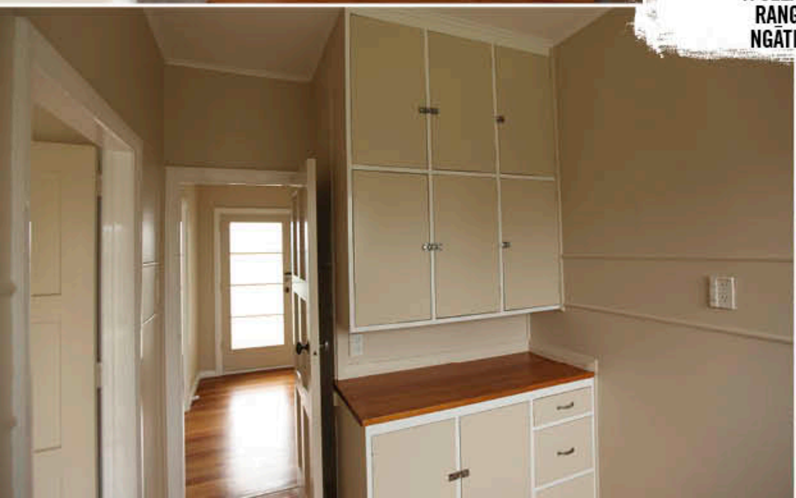
DEVELOPMENT OF A COMPREHENSIVE QUAY PARK PRECINCT PLAN HAS COMMENCED.

In 1996, Ngāti Whātua o Ōrākei Māori Trust Board acquired from the Crown the ex-Railway lands on the edge of Auckland's Central Business District. To fund this, the Trust Board created and sold leasehold interests in the land with the rent 'pre-paid' for the initial period of 15 years. The first rent review date for the 29 commercial ground leases was 2 August 2011. The arbitration proceeding relating to the final 2 properties concluded in June 2014. The next round of rent reviews is due in August 2018.

Now that this initial rent review process is complete, Whai Rawa has begun the process of developing a comprehensive Quay Park Precinct Plan. With a full analysis of Quay Park and its occupants, Whai Rawa will be better positioned to reinvigorate the Quay Park Precinct by increasing activity levels within the Precinct. It will make it a more desirable place to live and work, strengthen the Company's relationship with existing ground lessees and Quay Park residents, and ultimately improve the value of the underlying land. This is particularly important for Whai Rawa as new, competing areas of Auckland, such as the Wynyard Quarter Innovation Precinct, are developed.

20 HECTARES OF MIXED USE LAND

A CLEAR EXPRESSION OF RANGATIRATANGA FOR NGĀTI WHĀTUA ŌRĀKEI.



HOUSING RETURN AND UPGRADES

In 1996 the Ngāti Whātua o Ōrākei Trust Board purchased 76 Ōrākei homes from Housing New Zealand (HNZ). These homes were purchased subject to leaseback arrangements, which saw HNZ continue to manage and control the houses for a period of almost 20 years. The hapū found that this arrangement did not provide the best outcome for either the asset or the tenants.

In September 2013, Whai Rawa negotiated a gradual surrender of the leases of those houses over a two-year period. The first of the homes were returned to Whai Rawa in late 2013, some of them with hapū members as existing tenants and others empty. As at 30 June 2014, the leases of 18 homes had been surrendered by HNZ. Whai Rawa has leased the majority of these homes to Whai Maia, which has in turn leased them directly to hapū members.

In mid-2014, Whai Rawa started a programme of upgrade and reinstatement work for all these houses to ensure they meet the agreed Ngāti Whātua Ōrākei Housing Standard. The current programme plans for all these houses to be brought up to the Standard by the end of the 2017/18 financial year.

Whai Rawa also surveyed its residential housing stock to see what work was necessary to ensure that the homes comply with the current Building Code, as well as basic health and safety requirements. This has identified a substantial amount of work to be done throughout the portfolio, with the works being prioritised according the severity of the issue. This programme of work will continue over the next two years.

The return of the homes and the improvement in their condition in a clear expression of rangatiratanga for Ngāti Whātua Ōrākei. It also assists the Trust to meet its objective of safe, warm and affordable homes for whānau.

FINANCIAL STATEMENTS

NGĀTI WHĀTUA ŌRĀKEI WHAI RAWA LIMITED

2013/14

CONTENTS	PAGE

ANNUAL REPORT

The Directors hereby present their Report including Financial Statements of the Group for the year ended 30 June 2014.

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

PRINCIPAL ACTIVITIES:

Property Owner and Manager.

AUDITOR

The Group's auditor is Ernst & Young.

DIRECTORS

The following Director's held office during the year:

Ross Forbes Blackmore

Ngarimu Alan Huiroa Blair

Joann Precious Kowhai Clark

Robert George Mappin Fenwick

Rangimarie Hunia

Michael Peter Stiassny

DIRECTORS' DISCLOSURES

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

DONATIONS (KOHA)

No Koha donations were paid to the Group during the year.

For and on behalf of the Board of Directors.

Director ______________ Director Rangimarie Hunia ______________

Dated this 19th day of September 2014

STATEMENT OF COMPREHENSIVE INCOME

For the Year Ended 30 June 2014

	Note	Group 2014 $	Group 2013 $	Parent 2014 $	Parent 2013 $
Revenue					
Interest & Dividend Revenue		366,446	161,759	71	49
Property Rental Income		20,691,623	8,361,355	3,000	9,590
Retirement Village Income		15,118,077	4,912,432	–	–
Other	4	66,541	39,070	–	–
Total Operating Revenue		**36,242,687**	**13,474,616**	**3,071**	**9,639**
Expenses					
Employee Benefits Expense	5	1,951,082	858,854	1,433,388	643,837
Finance Costs	5	9,470,259	4,010,879	3,001,138	1,250,446
Rental Property Expense		2,058,444	712,019	147,068	–
Retirement Village Service Expense		12,840,941	3,645,845	–	–
Consulting Fees	5	3,614,055	831,864	1,158,136	243,009
Other Expenses	5	362,625	309,099	276,380	106,782
Depreciation and amortisation expense		104,575	72,906	14,771	4,710
Bad Debts		280,594	602,570	–	–
Total Expenses		**30,682,575**	**11,044,036**	**6,030,881**	**2,248,784**
Net Profit/(Loss) before Taxation and Revaluation of Investment Property		**5,560,112**	**2,430,580**	**(6,027,810)**	**(2,239,145)**
Gain/(Loss) on Disposal		3,500,696	–	–	–
Gain/(Loss) on Revaluation of Investment Property	8	71,871,375	90,879,751	1,526,000	–
Net Profit/(Loss) before Taxation		**80,932,183**	**93,310,331**	**(4,501,810)**	**(2,239,145)**
Income Tax Expense	19	5,864,885	774,050	5,864,885	774,050
Total Comprehensive Income/(Loss) for the Year		**75,067,298**	**92,536,281**	**(10,366,695)**	**(3,013,195)**

This statement is to be read in conjunction with notes to the financial statements on page 36 to page 63.

STATEMENT OF CHANGES IN EQUITY

For the Year Ended 30 June 2014

Group	**Note**	**Contributed Capital**	**Retained Earnings**	**Total**
At 1 July 2013		222,645,446	92,536,281	315,181,727
Total Comprehensive Income for the year		–	75,067,298	75,067,298
Equity Transactions		–	–	–
Capital Contributed		–	–	–
At 30 June 2014		**222,645,446**	**167,603,579**	**390,249,025**
Parent				
At 1 July 2013		222,645,446	(3,013,195)	219,632,251
Total Comprehensive Income for the year		–	(10,366,695)	(10,366,695)
Equity Transactions		–	–	–
Capital Contributed		–	–	–
At 30 June 2014		**222,645,446**	**(13,379,890)**	**209,265,556**
For the Period Ended 30 June 2013				
Group				
At 25 January 2013		–	–	–
Total Comprehensive Income for the period		–	92,536,281	92,536,281
Equity Transactions		–	–	–
Capital Contributed	10	222,645,446	–	222,645,446
At 30 June 2013		**222,645,446**	**92,536,281**	**315,181,727**
Parent				
At 25 January 2013		–	–	–
Total Comprehensive Income for the period		–	(3,013,195)	(3,013,195)
Equity Transactions		–	–	–
Capital Contributed	10	222,645,446	–	222,645,446
At 30 June 2013		**222,645,446**	**(3,013,195)**	**219,632,251**

This statement is to be read in conjunction with notes to the financial statements on page 36 to page 63.

STATEMENT OF FINANCIAL POSITION

As at 30 June 2014

	Note	Group 2014 $	Group 2013 $	Parent 2014 $	Parent 2013 $
Equity		**390,249,025**	**315,181,727**	**209,265,556**	**219,632,251**
Current Assets					
Cash and Cash Equivalents	6	9,074,599	8,195,521	55,004	428,325
Trade and Other Receivables	7	7,996,458	7,189,966	38,262	48,279
Related Party Receivable	17	106,850	4,329,801	335,482	338,170
Work In Progress		407,756	108,355	–	–
Total Current Assets		**17,585,663**	**19,823,643**	**428,748**	**814,774**
Non Current Assets					
Deferred Tax Asset	21	–	27,832	–	27,832
Leasehold Land Under Development		–	520,762	–	–
Investment in Wholly-Owned Subsidiaries	23	–	–	282,440,907	282,440,907
Investment Properties	8	588,347,521	530,531,931	2,039,000	–
Property, Plant and Equipment	9	283,344	2,592,033	33,826	266,269
Total Non-Current Assets		**588,630,865**	**533,672,558**	**284,513,733**	**282,735,008**
Total Assets		**606,216,528**	**553,496,200**	**284,942,481**	**283,549,782**
Current Liabilities					
Cash and Cash Equivalents	6	–	1,979	–	–
Tax Payable		619,148	351,797	619,270	351,797
Trade and Other Payables	15a	6,149,267	4,152,296	659,641	215,753
Employee Benefits	16	213,084	185,056	101,871	153,147
Related Party Payables	17	7,998,233	7,775,268	10,192,465	3,196,834
Refundable Occupation Right Agreements	20	47,231,293	46,888,261	–	–
Interest Bearing Loans & Borrowings	11	1,833,895	1,975,326	–	–
Income in Advance		2,439,090	1,309,213	–	–
Total Current Liabilities		**66,484,010**	**62,639,196**	**11,573,247**	**3,917,531**
Non Current Liabilities					
Deferred Tax Liability	21	4,103,678	–	4,103,678	–
Interest Bearing Loans & Borrowings	11	84,238,529	104,600,961	–	–
Related Party Payables	17	60,000,000	60,000,000	60,000,000	60,000,000
Income in Advance		1,141,286	11,074,317	–	–
Total Non-Current Liabilities		**149,483,493**	**175,675,278**	**64,103,678**	**60,000,000**
Total Liabilities		**215,967,503**	**238,314,474**	**75,676,925**	**63,917,531**
TOTAL NET ASSETS		**390,249,025**	**315,181,727**	**209,265,556**	**219,632,251**

Director Michael Stanley

Director Rangimarie Hunia

This statement is to be read in conjunction with notes to the financial statements on page 36 to page 63.

STATEMENT OF CASHFLOW

For the Year Ended 30 June 2014

	Note	Group 2014 $	Group 2013 $	Parent 2014 $	Parent 2013 $
Cash flows from Operating Activities					
Cash was provided from:					
Interest & Dividend Revenue		366,446	161,759	71	49
Property Rental Income		19,591,062	9,332,163	3,000	9,381
Retirement Village Income		17,787,847	4,933,761	–	–
Other		66,541	39,070	–	–
Cash was disbursed to:					
Payments to Suppliers		20,387,400	5,568,284	1,127,722	210,165
Payments to Employees		1,917,983	745,309	1,479,592	511,257
Interest Paid		9,470,258	2,035,532	3,001,138	1,250,445
Tax Paid		1,512,055	408,828	1,512,055	408,828
Net Cash flows from Operating Activities	14	4,524,200	5,708,800	(7,117,436)	(2,371,265)
Cash Flows from Investing Activities					
Cash was provided from:					
Lease of Investment Property		18,500,000	–	–	–
Cash was disbursed to:					
Purchase of Property, Plant and Equipment		519,358	54,905	295,143	24,123
Net Cash flows from Investing Activities		17,980,642	(54,905)	(295,143)	(24,123)
Cash Flows from Financing Activities					
Cash was provided from:					
Proceeds from Borrowings		–	349,727	–	–
Related Party		–	2,189,920	7,039,259	2,823,713
Cash was disbursed to:					
Repayment of Borrowings		20,504,071	–	–	–
Related Party		1,119,714	–	–	–
Net Cash flows from Financing Activities		(21,623,785)	2,539,647	7,039,259	2,823,713
Net Increase/(Decrease) in Cash Held		881,057	8,193,542	(373,320)	428,325
Cash at Beginning of the Year		8,193,542	–	428,324	–
Total Cash at end of the Year		9,074,599	8,193,542	55,004	428,325

This statement is to be read in conjunction with notes to the financial statements on page 36 to page 63.

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

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

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

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

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

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

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

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

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

STATEMENT OF COMPLIANCE

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

BASIS OF PREPARATION

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

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

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

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

CHANGES IN ACCOUNTING POLICY

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

COMPARATIVES

The comparatives for the parent and group are for five months due to the PSGE restructure and associated transfer of assets and liabilities within the Ngāti Whātua Ōrākei group on the 1 February 2013 which substantially changed the nature of the operations for Ngāti Whātua Ōrākei Whai Rawa Limited. Limited partnerships were newly set up by Ngāti Whātua Ōrākei Whai Rawa Limited to mange specific commercial interest for the group and have no previous comparatives.

1. STATEMENT OF ACCOUNTING POLICIES CONTINUED

NEW ACCOUNTING STANDARDS

The accounting policies adopted are consistent with those of the previous financial year. The Group has adopted the following new and amended New Zealand Equivalents to International Financial Reporting Standards and interpretations as of 1 July 2013.

Reference	Title	Summary	Impact on Group financial Statements	Application date for Group
NZ IAS 27	Separate Financial Statements	Removes accounting and disclosure requirements for consolidated financial statements.	Disclosure only.	1 July 2013
NZ IFRS 10	Consolidated Financial Statements	This new standard replaces all of the guidance on control and consolidation in NZ IAS 27: Consolidated and Separate Financial Statements. NZ IFRS 10 changes the definition of control so that the same criteria are applied to all entities to determine control, including special purposes entities. The revised definition focuses on the need to have both power and variable returns over the entity before control is presented. The standard includes extensive application guidance that address the different ways in which a reporting entity might control another entity.	The new standard does not change how entities within a Group are consolidated, only whether entities are required to be consolidated, based on the revised definition of control. The Group considers that the Group will continue to control its existing subsidiaries under the new standard, due to having voting rights which entitle the Group to variable returns from them, and there are no other entities which will meet the revised definition of control for the Group. Therefore the new standard did not have an impact on the Group.	1 July 2013
NZ IFRS 13	Fair Value Measurement	This new standard replaces the fair value measurement guidance contained in individual IFRSs with a single source of fair value measurement guidance. It defines fair value, establishes a framework for measuring fair value and sets out disclosure requirements for fair value measurements. The new standard does not introduce new requirements to measure assets or liabilities at fair value.	The Group currently measures investments properties and certain financial assets and liabilities at fair value. The new standard provides guidance for the calculation of the fair value of these assets and liabilities. Additional disclosures have been included following the implementation of the new standard.	1 July 2013
NZ IFRS 10, NZ IFRS 11 and NZ IFRS 12	Amendments to NZ IFRS 10, NZ IFRS 11 and IFRS 12 – Transition Guidance	These amendments clarify and provide transition guidance to NZ IFRS 10 Consolidated Financial Statements, NZ IFRS 11 Joint Arrangements and IFRS 12 Disclosure of Interest in Other Entities.	Disclosure only.	1 July 2013

1. STATEMENT OF ACCOUNTING POLICIES CONTINUED

Reference	Title	Summary	Impact on Group financial Statements	Application date for Group
Annual Improvements to NZ IFRSs 2009 – 2011 Cycle	Amendments to NZ IFRSs arising from the Annual Improvements Project (2009 – 2011)	The following standards are amended by this standard: NZ IFRS 1 Clarify that an entity that has stopped applying NZ IFRS may choose to either: i. Re-apply NZ IFRS 1, even if the entity applied NZ IFRS 1 in a previous reporting period ii. Apply NZ IFRSs retrospectively in accordance with NZ IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors (i.e. as if it had never stopped applying IFRS) in order to resume reporting under NZ IFRS.	Disclosure only.	1 July 2013
Annual Improvements to NZ IFRSs 2009 – 2011 Cycle	Amendments to NZ IFRSs arising from the Annual Improvements Project (2009 – 2011)	Clarifies that, upon adoption of NZ IFRS, an entity that capitalised borrowing costs in accordance with its previous GAAP, may carry forward, without adjustment, the amount previously capitalised in its opening statement of financial position at the date of transition. NZ IAS 1 Clarifies the difference between voluntary additional comparative information and the minimum required comparative information. Generally, the minimum required comparative period is the previous period. NZ IAS 16 Clarifies that major spare parts and servicing equipment that meet the definition of property, plant and equipment are not inventory. NZ IAS 32 Clarifies that income taxes arising from distributions to equity holders are accounted for in accordance with NZ IAS 12 Income Taxes. NZ IAS 34 Clarifies the requirements in NZ IAS 34 relating to segment information for total assets and liabilities for each reportable segment to enhance consistency with the requirements in NZ IFRS 8 Operating Segments.	Disclosure only.	1 July 2013

1. STATEMENT OF ACCOUNTING POLICIES CONTINUED

NZ IFRS Standards and interpretations that have recently been issued or amended but are not effective for the Group for the reporting period ending 30 June 2014, are outlined in the table below:

Reference	Title	Summary	Application date for the standard	Impact on Group financial Statements	Application date for Group
NZ IFRS 2, NZ IFRS 3, NZ IFRS 8, NZ IFRS 13, NZ IAS 16, NZ IAS 24 and NZ IAS 38	Amendments to NZ IFRSs arising from the Annual Improvements Project (2010 – 2012)	The following standards are amended by this standard: NZ IFRS 13 Clarifies that issuing NZ IFRS 13 and amending NZ IFRS 9 and NZ IAS 39 did not remove the ability to measure short-term receivables and payables with no stated interest rate at their invoice amounts without discounting if the effect of not discounting is immaterial. NZ IAS 16 Clarifies that when an item of property, plant and equipment is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount. NZ IAS 24 Clarifies that an entity providing key management personnel services to the reporting entity or to the parent of the reporting entity is a related party of the reporting entity. NZ IAS 38 Clarifies that when an intangible asset is revalued the gross carrying amount is adjusted in a manner that is consistent with the revaluation of the carrying amount.	1 July 2014	Impact yet to be assessed.	1 July 2014
NZ IFRS 15	Revenue from Contracts with Customers	NZ IFRS 15 establishes principles for reporting useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flows arising from an entity's contracts with customers. NZ IFRS 15 supersedes: (a) NZ IAS 11 Construction Contracts (b) NZ IAS 18 Revenue (c) NZ IFRIC 13 Customer Loyalty Programmes (d) NZ IFRIC 15 Agreements for the Construction of Real Estate (e) NZ IFRIC 18 Transfers of Assets from Customers (f) NZ SIC-31 Revenue – Barter transactions Involving Advertising Services The core principle of NZ IFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. An entity recognises revenue in accordance with that core principle by applying the following steps: (a) Step 1: Identify the contract(s) with a customer (b) Step 2: Identify the performance obligations in the contract (c) Step 3: Determine the transaction price (d) Step 4: Allocate the transaction price to the performance obligations in the contract (e) Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation Early application of this standard is permitted.	1 January 2017	Impact yet to be assessed.	1 January 2017

1. STATEMENT OF ACCOUNTING POLICIES CONTINUED

BASIS OF CONSOLIDATION

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

The consolidated financial statements incorporate the assets and liabilities of wholly owned subsidiaries of Whai Rawa as at 30 June 2014 and the results of those entities for that period. Whai Rawa and its wholly owned subsidiaries are referred to in these financial statements as the Group or the consolidated entity.

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

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

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

The Group consists of the following entities:

SUBSIDIARIES

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

1. STATEMENT OF ACCOUNTING POLICIES CONTINUED

SUBSIDIARIES CONTINUED

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

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

CONVERTIBLE LOAN

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

CASH AND CASH EQUIVALENTS

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

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

TRADE AND OTHER RECEIVABLES

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

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

PLANT, PROPERTY AND EQUIPMENT

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

DEPRECIATION

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

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

	Expected useful life
Property Improvements	5 years
Motor Vehicles	5 years
Office Equipment	5 years
Plant & Equipment	5 – 10 years
Buildings	50 years

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

IMPAIRMENT

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

GOODS AND SERVICES TAX

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

FINANCE COSTS

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

SOCIAL ASSETS

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

TRADE AND OTHER PAYABLES

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

PROVISIONS

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

1. STATEMENT OF ACCOUNTING POLICIES CONTINUED

EMPLOYEE ENTITLEMENTS

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

INVESTMENT PROPERTIES

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

LEASED ASSETS

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

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

Leases

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

Group as a lessee

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

GROUP AS A LESSOR

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

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

IMPAIRMENT OF NON-FINANCIAL ASSETS

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

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

CAPITAL MANAGEMENT

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

INTEREST BEARING LOANS AND BORROWINGS

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

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES CONTINUED

REFUNDABLE OCCUPATION RIGHT AGREEMENTS

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

REVENUE RECOGNITION

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

(i) Rendering of services

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

(ii) Interest revenue

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

(iii) Dividends

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

(iv)Rental revenue

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

(v) Retirement village income

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

Village contribution is a fee payable by all the residents living in independent units/apartments, serviced apartments and studios for the right to use the common facilities. The village contribution fee is recognised in the statement of comprehensive income over the average expected length of stay of residents, which is 6.5 years (2013: 5 years) for the independent units/apartments and 4.5 years (2013: 3 years) for the serviced apartments and studios.

INCOME TAX

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

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

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

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

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

NOTES TO THE FINANCIAL STATEMENTS

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

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

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

The Group has no currency risk.

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

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

RISK EXPOSURES AND RESPONSES

(a) Interest Rate Risk

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

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

The Group's policy is to manage its finance costs and interest rate risk 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:

	Group Year Ended 30 June 2014	Group Period Ended 30 June 2013	Parent Year Ended 30 June 2014	Parent Period Ended 30 June 2013
Financial Assets				
Cash & Cash Equivalents	9,074,599	8,195,521	55,004	428,325
Financial Liabilities				
Interest Bearing Loans & Borrowings	17,859,773	38,224,184	–	–
Net Exposure	(8,785,174)	(30,028,663)	55,004	428,325

The following sensitivity analysis is based on the interest rate risk exposures in existence as at 30 June 2014. If interest rates had moved as illustrated in the table below with all other variables held constant, net profit/(loss) would have been affected as follows:

	Group Net Profit after Taxation 2014 $	Group Net Profit after Taxation 2013 $	Parent Net Profit after Taxation 2014 $	Parent Net Profit after Taxation 2013 $
+1% (100 basis points)	(87,852)	(300,287)	550	4,283
-1% (100 basis points)	87,852	300,287	(550)	(4,283)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

(b) Credit Risk

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

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

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

(c) Liquidity Risk

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

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

The table below reflects all contractually fixed payments and receivables for settlement, repayments and interest resulting from recognised financial assets and liabilities as of 30 June 2014. Cash flows for financial assets and liabilities without fixed amount or timing are based on the conditions existing at 30 June 2014.

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

Year 30 June 2014:	Within 1 year $	1–5 years $	> 5 years $
Group:			
Financial Assets			
Cash & Cash Equivalents	9,074,599	–	–
Trade & Other Receivables	7,996,458	–	–
	17,071,057	–	–
Financial Liabilities			
Cash & Cash Equivalents	–	–	–
Trade & Other Payables	6,149,267	–	–
Refundable Occupation Right Agreements	47,231,293	–	–
Interest Bearing Loans & Borrowings	6,470,259	84,238,529	–
Interest Bearing Loan to related party	3,000,000	12,000,000	60,000,000
	62,850,819	96,238,529	60,000,000
Net Maturity	(45,779,762)	(96,238,529)	(60,000,000)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

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

Year 30 June 2014:	Within 1 year $	1–5 years $	> 5 years $
Parent:			
Financial Assets			
Cash & Cash Equivalents	55,004	–	–
Trade & Other Receivables	38,262	–	–
	93,266	–	–
Financial Liabilities			
Cash & Cash Equivalents	–	–	–
Trade & Other Payables	659,641	–	–
Refundable Occupation Right Agreements	–	–	–
Interest Bearing Loans & Borrowings	3,000,000	12,000,000	60,000,000
	3,659,641	12,000,000	60,000,000
Net Maturity	(3,566,375)	(12,000,000)	(60,000,000)

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

2. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES CONTINUED

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

Year 30 June 2013:	Within 1 year $	1–5 years $	> 5 years $
Parent:			
Financial Assets			
Cash & Cash Equivalents	428,324	–	–
Trade & Other Receivables	48,279	–	–
	476,603	–	–
Financial Liabilities			
Cash & Cash Equivalents	–		
Trade & Other Payables	215,754	–	–
Refundable Occupation Right Agreements	–	–	–
Interest Bearing Loans & Borrowings	3,000,000	12,000,000	60,000,000
	3,215,754	12,000,000	60,000,000
Net Maturity	(2,739,151)	(12,000,000)	(60,000,000)

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

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

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

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

Investment Property

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

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

Commercial Leases

The Group owns 20 hectares of land in the Auckland CBD (referred to as Quay Park and Rail Lands). There are 28 commercial leases on this land (2013:29). The initial 15 year prepaid ground rental on the Railways land property expired on 2 August 2011. While the majority of these leases have been settled at 30 June 2014, the rental income associated with leases which have not been settled, has been based on managements judgement of the estimated value of the investment properties.

Retirement Village Income

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

4. OTHER REVENUE

	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
Funding	–	15,000	–	–
Rates Reimbursement	46,541	6,070	–	–
Other	–	800	–	–
Legal Fees Reimbursement	20,000	–	–	–
Proceeds From sale of share in Unit 45, 125 Carrington Road	–	17,200	–	–
	66,541	39,070	–	–

5. OPERATING EXPENSES

	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
Employee Benefits Expense				
Wages and Salaries	1,423,810	605,849	942,056	393,141
Holiday Pay	72,659	24,548	72,659	24,548
Kiwisaver Contribution	36,459	4,806	36,459	4,806
Staff Uniforms	1,251	885	–	–
Staff Training	1,819	1,426	–	–
Recruitment Expense	–	55,000	–	55,000
ACC Levies	52,407	–	19,537	–
FBT Expense	6,892	6,521	6,892	6,523
Directors Fees	340,000	158,054	340,000	158,054
Directors Expenses	15,785	1,765	15,785	1,765
	1,951,082	858,854	1,433,388	643,837

5. OPERATING EXPENSES CONTINUED

	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
Finance Costs				
Interest Expense	9,212,124	3,971,865	3,001,067	1,250,169
Bank Fees	258,135	39,014	71	277
	9,470,259	4,010,879	3,001,138	1,250,446
Consulting Fees				
Accounting Fees	240,039	2,625	228,109	2,625
Shared Services	132,000	–	132,000	–
Audit Fees	62,000	112,014	62,000	52,000
Legal Fees	1,588,531	238,931	251,983	7,456
Valuations	448,561	165,193	92,690	60,649
Other Consulting Costs	1,142,924	313,101	391,354	120,279
	3,614,055	831,864	1,158,136	243,009
Other Expenses				
Office Expenses	126,187	39,927	73,567	15,437
Leases - operating	23,073	47,514	8,174	43,250
Loss on Disposal of Fixed Assets	–	2,926	–	2,926
Communication Expense	167,343	50,948	154,609	41,722
Motor Vehicle Expenses	16,282	3,421	13,327	2,254
Other	29,740	1,445	26,703	1,193
Related Parties Management Fees	–	162,917	–	–
	362,625	309,099	276,380	106,782

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

6. CASH AND CASH EQUIVALENTS

	Group Year Ended 30 June 2014 $	Group Periods Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Periods Ended 30 June 2013 $
Current Assets				
Cash at Bank and in Hand	4,547,168	2,163,381	55,004	428,325
Term Deposits	4,527,431	6,032,140	–	–
	9,074,599	8,195,521	55,004	428,325
Current Liabilities				
Bank Overdraft	–	1,979	–	–
	–	1,979	–	–

7. TRADE AND OTHER RECEIVABLES

	Group Year Ended 30 June 2014 $	Group Periods Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Periods Ended 30 June 2013 $
Current				
GST receivable	–	(115,712)	–	29,356
Trade Receivables	6,735,120	7,023,633	–	18,923
Prepayments	220,017	34,312	38,262	–
Accrued Revenue	1,041,321	247,733	–	–
	7,996,458	7,189,966	38,262	48,279

(i) Fair Value and Credit risk

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

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

(ii) Foreign Exchange and Interest Rate Risk

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. INVESTMENT PROPERTY

	Group 30 June 2014 $	Group 30 June 2013 $	Parent 30 June 2014 $	Parent 30 June 2013 $
Valuations				
Ngāti Whātua Ōrākei Whai Rawa Limited	2,039,000	–	2,039,000	–
Whai Rawa Property Holdings LP	201,725,227	179,542,455	–	–
Whai Rawa Railways LP	289,225,000	269,625,000	–	–
Whai Rawa Residential Properties LP	7,335,000	–	–	–
Eastcliffe Orakei Retirement Care LP	88,023,294	81,364,476	–	–
Total Investment Property	**588,347,521**	**530,531,931**	**2,039,000**	**–**
Balance at Beginning of the Period	530,531,931	355,694,012	–	–
Net Gain/(Loss) from Fair Value Adjustment	71,871,375	90,879,751	1,526,000	–
Investment Property settlement	–	83,378,757	–	–
Purchase/(Sale) of Investment Property	(17,301,845)	–	289,000	–
Transfer from Plant Property and Equipment	2,435,560		224,000	
Investment Property Improvements	810,500	579,411	–	–
Closing Balance as at 30 June	**588,347,521**	**530,531,931**	**2,039,000**	**–**

Investment properties are carried at fair value, which has been determined based on valuations performed by Darroch Limited and Jones Lang La Salle Limited of Auckland as at 30 June 2014.

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

The investment property that is referred to as Eastcliffe Orakei includes leasehold land and the hospital. The fair value of the hospital component is included in the overall village valuation at $1,400,000 (2013:$1,300,000). The leasehold land comprises two leases from Ngāti Whātua o Ōrākei Māori Trust Board for 80 years from May 1999 and from June 2002 respectively.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. INVESTMENT PROPERTY CONTINUED

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

	Group 2014 $	Group 2013 $	Parent 2014 $	Parent 2013 $
Independent valuation of investment properties	533,733,851	468,636,240	2,039,000	–
Prepaid lease value	3,580,376	12,417,456	–	–
Refundable occupation right agreements	51,033,294	49,478,235	–	–
Balance at the End of the Year	**588,347,521**	**530,531,931**	**2,039,000**	**–**

There were no finance costs capitalised to the 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.

The freehold value of all land held by the group as at 30 June 2014 is $680,728,293 (2013:$550,470,000).

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

The Group fair values its investment properties by way of 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.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

8. INVESTMENT PROPERTY CONTINUED

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; and
- 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
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 2014	Market capitalisation rate	Discount Rate	Price per square metre
Investment Property	5.50% to 6.50%	8.50% to 13.00%	$100 to $1,250

As at 30 June 2013	Market capitalisation rate	Discount Rate	Price per square metre
Investment Property	5.75% to 6.50%	8.50% to 12.50%	$100 to $1,000

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. PROPERTY, PLANT AND EQUIPMENT

	Group					
Year Ended 2014	Office Furniture	Plant & Equipment	Motor Vehicles	Land	Buildings	Total
At 1 July 2013 net of accumulated depreciation and impairment	42,269	225,624	6,265	224,000	2,093,875	2,592,033
Disposals	–	–	–	–	–	–
Additions	7,706	99,556	6,498	–	117,685	231,445
Transfers to Investment Properties	–	–	–	(224,000)	(2,211,560)	(2,435,560)
Depreciation Charge	(14,897)	(85,984)	(3,693)	–	–	(104,574)
Closing Net Book Amount	35,078	239,196	9,070	–	–	283,344
At 30 June 2014						
Cost	54,685	360,327	14,121	–	–	429,133
Accumulated Depreciation	(19,607)	(121,131)	(5,051)	–	–	(145,789)
	35,078	239,196	9,070	–	–	283,344

	Group					
Period Ended 2013	Office Furniture	Plant & Equipment	Motor Vehicles	Land	Buildings	Total
At 1 February 2013 net of accumulated depreciation and impairment	22,647	229,989	7,623	224,000	2,115,916	2,600,175
Disposals	–	–	–	–	–	–
Additions	24,332	30,782	–	–	–	55,114
Transfers to Investment Properties	–	–	–	–	–	–
Depreciation Charge	(4,710)	(35,147)	(1,358)	–	(22,041)	(63,256)
Closing Net Book Amount	42,269	225,624	6,265	224,000	2,093,875	2,592,033
At 30 June 2013						
Cost	46,979	260,771	7,623	224,000	2,115,916	2,655,289
Accumulated Depreciation	(4,710)	(35,147)	(1,358)	–	(22,041)	(63,256)
	42,269	225,624	6,265	224,000	2,093,875	2,592,033

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

9. PROPERTY, PLANT AND EQUIPMENT CONTINUED

	Parent					
Year Ended 2014	Office Furniture	Plant & Equipment	Motor Vehicles	Land	Buildings	Total
At 1 July 2013 net of accumulated depreciation and impairment	42,269	–	–	224,000	–	266,269
Disposals	–	–	–	–	–	–
Additions	6,328	–	–	–	–	6,328
Transfers to Investment Properties	–	–	–	(224,000)	–	(224,000)
Depreciation Charge	(14,771)	–	–	–	–	(14,771)
Closing Net Book Amount	33,826	–	–	–	–	33,826
At 30 June 2014						
Cost	53,307	–	–	–	–	53,307
Accumulated Depreciation	(19,481)	–	–	–	–	(19,481)
	33,826	–	–	–	–	33,826

	Parent					
Period Ended 2013	Office Furniture	Plant & Equipment	Motor Vehicles	Land	Buildings	Total
At 1 February 2013 net of accumulated depreciation and impairment	22,647	–	–	224,000	–	246,647
Disposals	–	–	–	–	–	–
Additions	24,332	–	–	–	–	24,332
Transfers to Investment Properties	–	–	–	–	–	–
Depreciation Charge	(4,710)	–	–	–	–	(4,710)
Closing Net Book Amount	42,269	–	–	224,000	–	266,269
At 30 June 2013						
Cost	46,979	–	–	224,000	–	270,979
Accumulated Depreciation	(4,710)	–	–	–	–	(4,710)
	42,269	–	–	224,000	–	266,269

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10A. 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.

No Dividends have been declared or paid.

10B. CAPITAL CONTRIBUTED

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

10B. CAPITAL CONTRIBUTED CONTINUED

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

11. INTEREST-BEARING LOANS AND BORROWINGS

	As at 30 June 2014 $	As at 30 June 2013 $
Bank of New Zealand		
Maturity date 24/01/2018	13,806,790	33,819,511
Australia New Zealand National Bank		
Bank Loans:		
Maturity date 30/06/2016	4,052,983	4,402,694
Crown Vendor Finance		
Maturity date 01/02/2018	66,378,756	66,378,756
Accrued Interest		
Accrued Interest on Crown Finance	1,822,650	1,822,650
Accrued Interest on BNZ Bank Loans	11,245	152,676
Total	**86,072,424**	**106,576,287**
Current Portion	1,833,895	1,975,326
Non-Current Portion	84,238,529	104,600,961
Total	**86,072,424**	**106,576,287**

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

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

The Group has arranged continued financing with the Bank of New Zealand through to 24 January 2018, with total facility of $34 million.

Securities given for the vendor finance with the crown are:

The vendor finance provided by the crown on 1 February 2013 is for the total amount of $66,378,756.

Interest accrues monthly at a rate of 6.59% per annum, interest is paid annually in arrears, with the next payment due on 1 February 2015. The vendor finance must be repaid in full on or before 1 February 2018. The vendor finance is secured by first registered mortgages against the above properties.

Australia New Zealand National Bank

On 25 January 2013, the Orakei Retirement Care Limited transferred the existing bank loan facility of $5 million with the ANZ Bank to Eastcliffe Orakei Retirement Care LP. The loan facility matures on 30 June 2016.

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12A OPERATING LEASE COMMITMENT – EXPENSES

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

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

Buildings	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
Within one year	59,493	59,493	59,493	59,493
Between one and five years	4,958	64,451	4,958	64,451
After more than five years	–	–	–	–
	64,451	123,944	64,451	123,944
Motor Vehicles				
Within one year	8,520	8,520	8,520	8,520
Between one and five years	1,420	9,940	1,420	9,940
After more than five years	–	–	–	–
	9,940	18,460	9,940	18,460
Equipment				
Within one year	12,006	–	12,006	–
Between one and five years	39,020	–	39,020	–
After more than five years	–	–	–	–
	51,026	–	51,026	–
Total Operating Leases	125,416	142,404	125,416	142,404

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

12B OPERATING LEASE COMMITMENT – AS LESSOR

Whai Rawa Railway Lands Limited Partnership received revenue from operating leases for the year ended 30 June 2014 $17,609,843 (2013:$7,113,897).

Revenue from operating leases are generated from ground rental in the Railway Land/Quay Park vicinity. Future minimum rentals under non-cancellable operating leases as at 30 June 2014 are as follows:

Leases	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
Within one year	14,887,962	12,951,469	–	–
Between one and five years	48,239,590	52,790,652	–	–
After more than five years	15,936,463	19,104,572	–	–
	79,064,015	**84,846,693**	–	–

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

13. CAPITAL COMMITMENTS

The Group has no capital commitments for the year ended 30 June 2014.

14. CASH FLOW STATEMENT RECONCILIATION

	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
Net Profit / (Loss) for the year	75,067,298	92,536,281	(10,366,695)	(3,013,195)
Adjustments for:				
Depreciation and Impairment	385,169	675,478	14,771	4,710
Interest - Loans and Borrowings	–	1,975,326	–	–
Rental in Advance	(916,320)	(593,600)	–	–
Rental Accrual	(1,365,004)	(602,572)	–	–
Loss/(Gain) on sale	(3,500,696)	–	–	–
Loss/(Gain) on Revaluation of Investment Property	(71,871,375)	(90,879,750)	(1,526,000)	–
	(2,200,928)	3,111,163	(11,877,923)	(3,008,485)
Changes in assets and liabilities				
(Increase)/Decrease in Trade and Other Receivables	2,320,596	1,354,096	–	–
(Decrease)/Increase in Employee Benefits	33,098	113,337	(46,204)	132,372
(Decrease)/Increase in Trade and Other Payables	18,604	558,969	453,862	139,626
(Increase)/Decrease in Tax Payables	4,352,830	365,223	4,352,830	365,222
(Decrease)/Increase in Refundable Occupation Rights	–	206,012	–	–
	6,725,128	2,597,637	4,760,487	637,220
Net Cash Flow From Operating Activities	**4,524,200**	**5,708,800**	**(7,117,436)**	**(2,371,265)**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

15. TRADE AND OTHER PAYABLES

	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
(a) Current				
Trade Payables	1,286,306	1,071,430	245,133	213,753
Accrued Expenses	709,848	482,202	62,000	2,000
Other Payables	420	8,689	–	–
GST	350,692	–	352,509	–
Termination Fees in Advance	3,802,001	2,589,975	–	–
	6,149,267	4,152,296	659,641	215,753

16. EMPLOYEE BENEFITS

	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
Wages Accrued	153,755	169,183	42,542	137,273
Holiday Pay Due	44,221	9,031	44,221	9,031
Kiwisaver	5,801	1,772	5,801	1,772
Withholding Tax	9,308	5,070	9,308	5,071
	213,084	185,056	101,871	153,147

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17. RELATED PARTY TRANSACTIONS

	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
Current Assets				
Advances to related parties				
Tamaki Retirement Care Limited	–	2,225,000	–	–
Eastcliffe Orakei Retirement Care LP	–	–	78,688	–
Whai Rawa Housing LP	–	–	256,794	–
Ngāti Whātua Ōrākei Trust	–	1,991,735		331,955
Whai Maia Charitable Trust 1	106,850	113,066		6,215
	106,850	4,329,801	335,482	338,170
Current Liabilities				
Advances from related parties				
Tamaki Retirement Care Limited	–	–	–	–
Ngāti Whātua Ōrākei Trust	7,872,783	7,773,377	3,144,228	–
Whai Maia Charitable Trust 1	125,450	1,891	125,451	–
Eastcliffe Orakei Retirement Care LP	–	–	–	38,417
Eastcliffe Orakei Management Services LP	–	–	3,689	2,524
Whai Rawa Collective Holdings LP	–	–	3,055	317
Whai Rawa Railway Lands LP	–	–	5,478,002	2,319,256
Whai Rawa Property Holdings LP	–	–	46,474	2,376
Whai Rawa Residential Properties LP	–	–	1,345,495	786,176
Corporate Property Investments Limited	–	–	46,072	47,768
	7,998,233	7,775,268	10,192,465	3,196,834
Non Current Liabilities				
Advances from related parties				
Whai Maia Charitable Trust 2	60,000,000	60,000,000	60,000,000	60,000,000
	60,000,000	60,000,000	60,000,000	60,000,000

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17. RELATED PARTY TRANSACTIONS CONTINUED

The Following Transactions were entered into with Related Parties

	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013$
Net Cash Advances to/(from) Tamaki Retirement Care Limited	(2,225,000)	2,225,000	–	–
Net Cash Advances to/(from) Ngāti Whātua Ōrākei Trust	(2,091,141)	(873,134)	3,476,183	331,956
Net Cash Advances to/(from) Whai Maia Charitable Trust 1	(129,774)	111,175	131,666	6,216
Net Cash Advances to/(from) Whai Rawa Railway Lands LP	–	–	(3,158,746)	(2,319,256)
Net Cash Advances to/(from) Whai Rawa Property Holdings LP	–	–	(44,098)	(2,375)
Net Cash Advances to/(from) Whai Rawa Residential Properties LP	–	–	(559,319)	(786,176)
Net Cash Advances to/(from) Corporate Property Investments Limited	–	–	122	(47,768)
Net Cash Advances to/(from) Eastcliffe Orakei Retirement Care LP	–	–	117,105	
Net Cash Advances to/(from) Eastcliffe Orakei Management Services LP	–	–	(1,165)	

All of the 2014 movement with related parties was due to the transfer of funds between the entities.

All of the 2013 movement with related parties was due to the PSGE restructure and transfer of bank accounts and creditor and debtor payments between the new entities except for the $2,225,000 to Tamaki Retirement Care Limited which was used to purchase the 50% lease interest of Eastcliffe Tamaki Retirement Care Partnership.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

17. RELATED PARTY TRANSACTIONS CONTINUED

All advances are unsecured, repayable on demand and interest free except for the $60,000,000 loan from Whai Maia Charitable Trust 2 which has monthly interest payable. Interest of $3,000,000 was paid in the year ended 30 June 2014 (2013:$1,250,000).

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

	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
Convertible Loan – Whai Rawa	60,000,000	60,000,000	60,000,000	60,000,000
	60,000,000	60,000,000	60,000,000	60,000,000

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

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

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

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

a) the Borrower (or any subsidiary) has breached, or it is reasonably likely that the Borrower (or any subsidiary) will breach, a financial covenant with a third party lender; or
b) the Borrower no longer satisfies, or it is reasonably likely that the Borrower will no longer satisfy, the solvency test (as defined in the Companies Act 1993).

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

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

18. CONTINGENT LIABILITIES

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.

19. INCOME TAX

	Note	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
Reconciliation of Effective Tax Rate					
Profit/(loss) before Tax		80,932,183	93,310,331	80,932,183	93,310,331
Various Annual Tax Adjustments		(71,031,816)	(88,728,146)	(71,031,816)	(88,728,146)
Taxable Income/(Loss available for Tax Consolidated Group)		9,900,367	4,582,185	9,900,367	4,582,185
Income Tax using Māori Authority Tax Rate (17.5%)		1,732,563	801,882	1,732,563	801,882
Imputation Credits Received		812	–	812	–
Total		**1,733,375**	**801,882**	**1,733,375**	**801,882**
Tax effect of total temporary differences arising during the year	21	4,131,510	(27,832)	4,131,510	(27,832)
Income Tax Expense		**5,864,885**	**774,050**	**5,864,885**	**774,050**

	Group 30 June 2014 $	Group 30 June 2013 $	Parent 30 June 2014 $	Parent 30 June 2013 $
Māori Authority Credits				
Opening Māori Authority Credits	449,769	–	449,769	–
New Zealand Tax Payments, Net of Refunds	1,401,680	408,828	1,401,680	408,828
Resident Withholding Tax Paid	64,974	41,257	64,974	41,257
Māori Authority Credits at year end	**1,916,422**	**450,085**	**1,916,422**	**450,085**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

20. REFUNDABLE OCCUPATION RIGHT AGREEMENT

Residents purchase an Occupation Rights Agreement ("ORA") issued under the Retirement Village Act 2003. A portion of the ORA is refundable when residents leave. An amount of $47,231,293 is shown as a liability on the balance sheet payable by the village operator. Settlement of the refundable deposit only occurs when a new ORA is issued to a new resident.

21. DEFERRED INCOME TAX

	Notes	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
Non-Current Assets					
Opening Balance		27,832	–	27,832	–
Current Period Movement Recognised Directly in Statement of Comprehensive Income	19	(4,131,510)	27,832	(4,131,510)	27,832
Total Taxable Temporary Differences		**(4,103,678)**	**27,832**	**(4,103,678)**	**27,832**
Deferred Tax Assets are Attributable to the Following:					
Trade and Other Payables		–	1,050	–	1,050
Employee Benefits		7,739	22,925	7,739	22,925
Long term Leases		(3,950,833)	–	(3,950,833)	–
Accrued Revenue		(160,356)	–	(160,356)	–
Property, Plant & Equipment		(228)	3,857	(228)	3,857
		(4,103,678)	**27,832**	**(4,103,678)**	**27,832**

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

22. SUBSEQUENT EVENTS

Subsequent to 30 June 2014 the Group entered into an unconditional agreement to purchase, as a long term investment, the building located at 8 Mahuhu Crescent, Auckland, for a cash consideration of $67 million. Settlement of this transaction will occur on 30 September 2014.

23. INVESTMENTS IN SUBSIDIARIES

	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
Total investment in subsidiaries is:	–	–	282,440,907	282,440,907

Name of subsidiaries

Whai Rawa Railway Lands LP

Whai Rawa Property Holdings LP

Whai Rawa Residential Properties LP

Corporate Property Investments Limited

Eastcliffe Orakei Management Services LP

Eastcliffe Orakei Retirement Care LP

Whai Rawa Collective Holdings LP

Whai Rawa Housing LP

The subsidiary limited partnerships were incorporated in New Zealand. The subsidiaries balance date is 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. KEY MANAGEMENT PERSONNEL COMPENSATION

Compensation for Key Management Personnel	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
Kiwisaver	25,503	5,901	25,503	5,901
Short-term Employee Benefits	513,269	220,214	513,269	220,214
	538,772	226,115	538,772	226,115

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

NOTES TO THE FINANCIAL STATEMENTS CONTINUED

24. KEY MANAGEMENT PERSONNEL COMPENSATION CONTINUED

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 2014 are listed below.

Remuneration includes salary, benefits paid and incentive payments accrued for the year ended 30 June 2014.

Total Remuneration	Group Year Ended 30 June 2014 Number Of Employees	Group Period Ended 30 June 2013 Number Of Employees	Parent Year Ended 30 June 2014 Number Of Employees	Parent Period Ended 30 June 2013 Number Of Employees
290,000–300,000	1	–	1	–
200,000–210,000	–	1	–	1
160,000–170,000	1	–	–	–
150,000–160,000	1	–	1	–
140,000–150,000	1	–	1	–
120,000–130,000	1	–	1	–
	5	1	4	1

Directors Remuneration	Group Year Ended 30 June 2014 $	Group Period Ended 30 June 2013 $	Parent Year Ended 30 June 2014 $	Parent Period Ended 30 June 2013 $
Ross Forbes Blackmore	50,000	20,833	50,000	20,833
Ngarimu Alan Huiroa Blair	50,000	20,833	50,000	20,833
Joann Precious Kowhai Clark	50,000	20,833	50,000	20,833
Robert George Mappin Fenwick	50,000	20,833	50,000	20,833
Rangimarie Hunia	50,000	20,833	50,000	20,833
Michael Peter Stiassny	90,000	37,500	90,000	37,500
	340,000	141,667	340,000	141,667

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF NGĀTI WHĀTUA ŌRĀKEI WHAI RAWA LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the financial statements of Ngāti Whātua Ōrākei Whai Rawa Limited and its subsidiaries on pages 36 to 63, which comprise the statement of financial position of Ngāti Whātua Ōrākei Whai Rawa Limited and the group as at 30 June 2014, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended of the company and group, and a summary of significant accounting policies and other explanatory information.

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

DIRECTORS' RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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

AUDITOR'S RESPONSIBILITY

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

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

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

We provide taxation advice to the group. We have no other relationship with, or interest in Ngāti Whātua Ōrākei Whai Rawa Limited and its subsidiaries.

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.

OPINION

In our opinion, the financial statements on pages 36 to 63:

- comply with generally accepted accounting practice in New Zealand;
- comply with International Financial Reporting Standards; and
- give a true and fair view of the financial position of Ngāti Whātua Ōrākei Whai Rawa Limited and the group as at 30 June 2014 and the financial performance and cash flows of the company and group for the year then ended.

Report on Other Legal and Regulatory Requirements

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

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

Ernst & Young

19 September 2014
Auckland

DIRECTORY

For the Year Ended 30 June 2014

REGISTERED OFFICE

32-34 Mahuhu Crescent
Auckland 1001

DIRECTORS

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

COMPANY NUMBER

678327

AUDITOR

Ernst & Young
Auckland
New Zealand

BANKS

ANZ National Bank Limited
Auckland
New Zealand

Bank Of New Zealand
Auckland
New Zealand

COMMENCED TRADING UNDER NEW STRUCTURE

1 February 2013

NATURE OF BUSINESS

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

BUSINESS LOCATION

32–34 Mahuhu Crescent
Auckland 1001

NGĀTI WHĀTUA ŌRĀKEI
WHAI RAWA LIMITED

www.ngatiwhatuaorakei.com