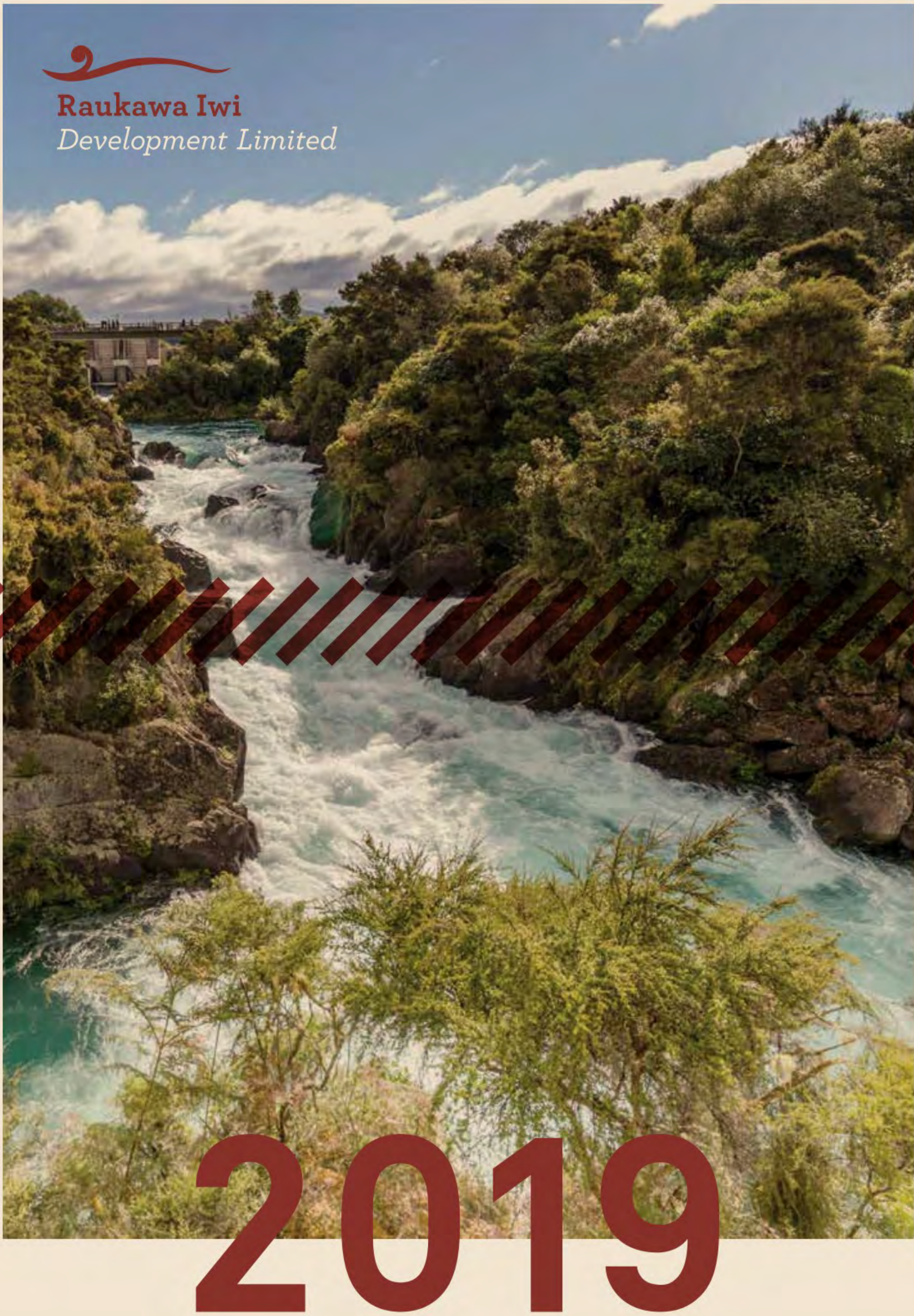
Raukawa Iwi
Development Limited



2019

Annual Report

Who we are

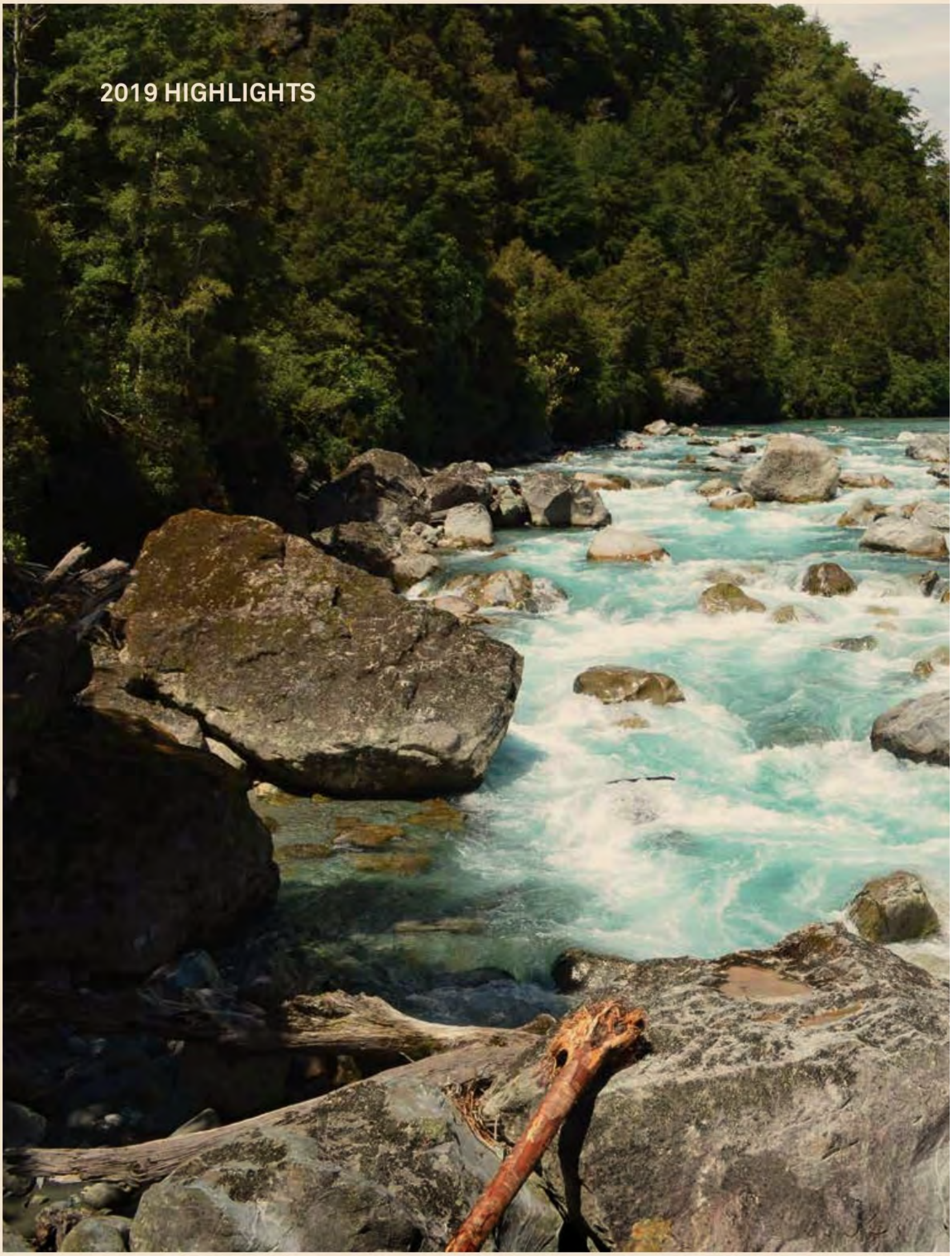
Raukawa Iwi Development Limited is the investment arm of the Raukawa Settlement Trust.

Raukawa Settlement Trust ('RST') established Raukawa Iwi Development Limited ('RIDL') to undertake all commercial and investment activities, including management of the putea and certain commercially relevant rights arising from RST's settlement with the Crown.

The scope and nature of commercial activities includes, but is not limited to:

- Management of the settlement pūtea of Raukawa
- Acquisition and management settlement properties with a commercial application
- Interest in pan-iwi entities with commercial activities, such as CNI Iwi Holdings Limited
- Management of fisheries settlement through management of Raukawa Asset Holding Company Limited

2019 HIGHLIGHTS



$17.7m

Record operating revenue

$9.4m

Total comprehensive income

$3.1m

Total donations and dividends

$156m

Total assets – Up $10m on last year

Our vision

To be an outstanding iwi investment company and a respected leader within the Central North Island economy.

OUR OBJECTIVES

Excellence

To be an excellent commercial manager of the assets of Raukawa.

Growth

To grow the assets and cash flows at a pace that allows a reliable distribution to meet the ongoing requirements of its shareholder.

Influence

To exert Raukawa ra ratanga by being an investor, especially in industries and assets which contribute to the regional economy.

Integrity

To enhance the mana of Raukawa through commercial and financial success and by upholding the values of Raukawa.

OUR INVESTMENT VALUES

Disciplined

RIDL will take a long-term commercially disciplined approach to its investment decisions and will only invest where it believes it can generate appropriate risk-adjusted returns on capital.

Long-term

RIDL will invest directly into areas in which it enjoys a competitive advantage though scale, investment time horizon, statutory rights, strong relationships or existing capability. In situations where direct investment opportunities do not exist or when RIDL does not possess the required capability, RIDL will use passive financial investment.

Balanced

RIDL will seek a balanced portfolio that generates the necessary cash flow to sustain distributions but also provides for long-term capital growth.

From the chair

We enjoyed another year of solid growth and performance in FY19, delivering a surplus of $9.4m and growth in assets of around $10m to $156m.

We continued to follow our strategy of seeking out high quality direct investments. This past year saw us expand our investment into high quality commercial property, work that has continued in FY20.

New property investment as well as strong returns from some of our key direct assets and some one-off events all contributed to record revenue and another strong result.

HIGHLIGHTS FROM FY19 INCLUDE:

- Purchase of a commercial property in the Hawke's Bay, leased to the Hawke's Bay District Health Board
- Strong income performance out of managed funds
- Ongoing strong performance of our infrastructure investment
- Special one-off dividends from CNI and from Kākano, as explained below
- Recognition of a subsequent adjustment to the purchase price related to the Ranginui farming operation, as negotiated at the time of our investment.

PORTFOLIO DEVELOPMENT

Our long-term goal is a portfolio of high-quality assets that we either own directly or in combination with other aligned investors. Direct assets give scale, control and reduced volatility. They are however less liquid and require more intense management and hence we choose carefully and only where we think we will make a good owner and earn a premium for our efforts.

In FY19, our major diversification was to investment property, as mentioned above.

While we had a property portfolio of c $11m at the start of the year, these were largely properties leased to the Crown around the rohe. We have wanted to increase our exposure to commercial property for some time but have struggled to find the right vehicle and the right properties. We ultimately decided to do it ourselves and to pro-actively scout for off-market opportunities.

The investment thesis, that's been developing for several years, is that high quality commercial property gives a yield premium over cash and, if acquired in the right location should enjoy capital growth, not the least as a result of various bottlenecks in the construction industry which make developments complex.

Investment grade property is also defensive, and as we have seen the stock market continue to rise, so we have wanted to move into assets that will be better protected in a correction.

We have committed to buy two more properties post balance date and will continue to purchase commercial properties during FY20 if appropriate opportunities arise. We have benefitted in FY19 from the resulting rental income and should continue to see this grow in the years to come.

Overall over the past five plus years we have seen the portfolio become more diverse, increasingly invested in direct assets. This development is illustrated in the pages that follow.

OUR FINANCIAL ASSETS

While we seek a portfolio that is fully invested in direct assets, we know that this is a long-term aspiration. We like to think that one of our strengths is patience and while we wait for the right opportunity, we keep the pūtea working by being a large investor in financial assets.

At the start of the year our financial portfolio stood at c $67m, somewhat under half the total balance sheet. This was $30m in cash and the rest in managed funds.

Our funds manager selection remained stable and all have served Raukawa well, now over many years. We had investments with Milford Asset Management, Harbour Asset Management, AMP, Mint Asset

Management, Castle Point Asset Management and Aspiring Asset Management.

These managers and their funds represent a range of risks and concentrations. The combination was developed with expert advice from Eriksen and Associates and we thank them for their ongoing support.

Performance wise however, the much anticipated correction in capital markets occurred around the end of calendar 2018. This saw severe drops in most major world markets, including NZ, bottoming out on Christmas Eve.

This impacted some of our more active and aggressive managers the hardest but by June they had recovered and were all back in positive territory. We did not however enjoy the same scale of value uplift (which comes through 'other comprehensive income') as in other years. Over the medium term, RIDL has benefitted hugely from the stewardship provided by our core managers.

We have seen, and expect to continue to see, high volatility as markets jump up and are then pushed back. We manage this principally at a 'portfolio' level by having an allocation to funds with which we're comfortable and seeking to create income stability through other parts of the asset base. We expect bouts of extreme volatility, such as around Christmas 2018, to recur and this will create earnings headwinds for us.

Cash, itself a defensive asset, reduced over the year to fund property and we expect to carry lower levels in the future, not least due to the minimal yields it now commands as interest rates have dropped further and the market continues to price in further cuts.

OUR EXISTING DIRECT ASSETS

Thanks to good market conditions and good asset level management, RIDL's existing portfolio performed well.

Kākano Whakatipu LP

Kākano is the vehicle through which RIDL along with five other CNI iwi owns a small stake in Kaingaroa Timberlands, the forest owner and operator at Kaingaroa.

Kaingaroa Timberlands and hence Kākano had yet another strong year benefitting, through much of the year, from high demand for logs and consequent high prices.

Through the year a restructuring took place at Kaingaroa Timberlands to accommodate the needs of the other major investors. This saw a one-off dividend paid of $4m that was immediately reinvested. This is one of the reasons our operating revenue is so high this year however it was not 'real income' to RIDL.

There was a tax implication from this dividend but Kākano, supported by RIDL, was able to negotiate that this was fully covered by the co-investment partners who benefited from the restructuring and hence received a tax compensation payment as well that has flowed through in part to RIDL's own accounts.

The Kākano investment has been an outstanding performer for RIDL since we invested a little over $19m in FY14. It is now worth $36m and has also delivered significant income over this time.

Overall, over the past five plus years we have seen the portfolio become more diverse, increasingly invested in direct assets.

CNI Iwi Holdings

CNI Iwi Holdings is the vehicle holding the land underneath Kaingaroa Forest. It had another strong year. Standard distributions to us were over budget. They were below FY17/18 however that was a standout year including significant sales of emissions trading units (NZUs).

During FY17/18 there was also an additional special distribution made of $2.3m. This was the result of a significant amount of work, again supported by RIDL, to conclude a major NZU transaction. This has seen CNI sell around $50m of NZUs, with an agreement to buy them back at the same price in 10 years' time. The resulting cash, invested over the period, has generated this one-off income. CNI are to be congratulated for concluding this transaction and delivering such strong benefits to its shareholding iwi.

Ranginui

RIDL owns 45% of the Ranginui Station, a c 3,300 cow dairy and pastoral operation near Mangakino.

After a strong year in FY18, FY19 was not so positive with cost increases absorbing revenue from what was a decent milk price of $6.35. Ongoing regulatory restrictions and uncertainty (environmental, overseas investment etc.) have seen dairy farm values stall and this was reflected in this year's valuation.

We are hoping through FY20 to drive greater cost efficiency at Ranginui and be profit focused.

When we acquired our stake from Pouakani Trust, the other major investor in the farm, we were not able to agree on a long-term average milk price upon which to base the purchase price (a major determinant of value). We hence negotiated a mechanism to be repaid if the milk price over the three years from our investment was below a certain level. This was indeed the case and the accounts show an amount of $1.6m due to us in FY20.

Te Pūia Tāpapa

Last year RIDL made a $10m commitment to Te Pūia Tāpapa. This is a newly created vehicle, supported by 26 iwi and a total of $115m. Its strategy and goal is to co-invest with other large scale New Zealand investors in direct assets that would be difficult for iwi to access or manage on their own.

RIDL is a cornerstone investor in this fund and appoints a director.

While no investment occurred during FY19, corporatisation and systems work was completed and a number of investment opportunities reviewed in detail by the able investment committee.

We understand and support this patient approach and our anticipation is that the full commitment will be called over at least a further five years. Post year end we received out first substantive capital call and expect that at least one investment will be made in FY20.

Infrastructure

RIDL has an investment in an infrastructure fund run by AMP Capital (Australia). We added $1m to this through the year to bring the total to over $12m. The fund has investments in Melbourne Airport, the Sydney rail network, student accommodation and NZ's PowerCo.

All assets are capable to producing long-dated, stable cash flows. We made our initial investment in January 2018 and have been very pleased with its performance to date. It provides good returns from access to good, well-protected assets that we would not otherwise have a chance to own.

Other properties

The existing properties were stable and generated good income. Some further finishing work was conducted at Raukawa House and two new tenants introduced, taking some of the office space along the front.

6.8%

Return on equity

We were also finally able to acquire the Tokoroa East site from the Crown and will develop plans for this over time.

RIDL financial results

We delivered a bottom line of $9.4m this year on opening equity of $138.8m. This was a 6.8% return on equity.

We were happy with this performance, especially given the relatively conservative settings of the portfolio including the high cash we've been holding and the volatility in financial markets that occurred over the later few months of calendar 2018.

More detail on the financial results follows on the pages to come, including coverage of our longer-term performance.

RAUKAWA ASSET HOLDING COMPANY LIMITED

Raukawa Asset Holding Company ('RAHC') is Raukawa's settlement fisheries company. It is a wholly owned subsidiary of RST via Raukawa Settlement Trust Ltd (RSTL). RAHC's main assets are quota and shares in Moana (previously AFL), worth together about $1.8m.

RAHC does not operate the quota itself but leases it out, normally in multi-year contracts. Management, including treasury management, is provided on contract by RIDL.

Several major lease agreements with Sealord came up for renewal from 1 October 2018. In the months leading up to this, RAHC was engaged alongside many other iwi groupings in renegotiations. RAHC has now participated in the new, revised and standardised, pan-iwi 'Ihu To Mai' Agreement ('ITM'). We see the new ITM as a good outcome for RAHC as it continues to deliver access to value chain profit share from Sealord without taking direct operational risk.

RAHC performance was good again in FY19, with a net profit before tax of $255k as compared to last year's $245k.

RAHC Māori Fisheries Act compliance reporting is included later in this annual report.

THE YEAR AHEAD

We will keep our focus on directly investing in good quality assets. Expect to see more commercial property investment, ongoing co-operation with other iwi partners and some meaningful investment via the Te Pūia Tāpapa vehicle.

We will continue to focus on existing direct assets and are also looking to participate in further iwi-collective investment vehicles, that seek to leverage scale and access to generate premium returns. Working with other iwi partners has been our strategy to date for most of our direct assets and we believe it can deliver in other areas for us.

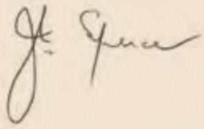
As always, we hope to continue the steady, sustainable performance growth of the last several years and run a cost-efficient operation that generates reliable income for RST. We note however various local and international headwinds. The most obvious is globally low interest rates, themselves a reflection of concerns around growth and business confidence. We are trying to structure around this by avoiding investments that seem growth-dependent but we remain cautious of the higher risk of shocks such as we saw last year.

CONCLUSION

I would like to extend my personal thanks to other directors: Constance Hui, Johnathan Stokes, Gaylene Roberts and Vanessa Eparaima. Post year end we farewelled Constance and welcomed Debbie Davies. The board values the strong links with RST and appreciates their ongoing support for our work.

I would also like to thank Kim Blomfield and Jenny Cook for their support of RIDL, RAHC and the directors. Also our accountants GHA and especially Donelle Leef, Rana Sorensen and Oksana Kahlenberg. Andrew Harrison and his team continue to provide investment management services to RIDL and my thanks to them too.

Best wishes to all iwi members for the year ahead.



John Spencer CNZM
Chairman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The year in review

RIDL delivered strong financial results while continuing its execution of high quality direct opportunities.

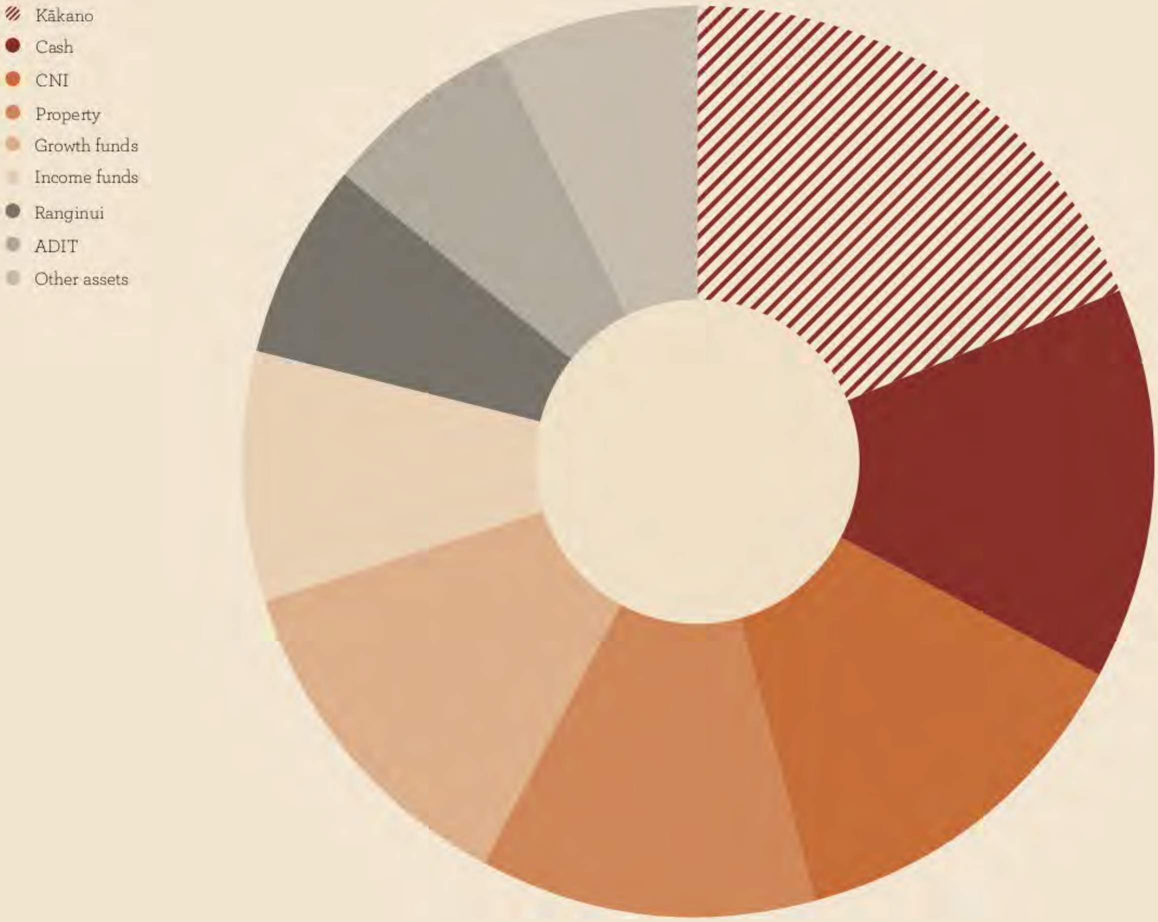
FINANCIAL HIGHLIGHTS

- Total revenue at RIDL of $17.7m (FY18 $8.3m) including one-off items from CNI, Kākano and Ranginui
- Total distribution made to Raukawa (donations and dividends) of $3.1m ($2.8m)
- Total comprehensive income before tax and donations of $9.4m ($13.8m) after valuation adjustment to Kākano. This reduced the value following the one-off restructuring dividend paid out meaning there was a net-zero impact

INCOME PERFORMANCE	2019 ($'000)	2018 ($'000)
Total revenue	17,734	8,337
Total operating expenses	1,132	716
Operating profit before tax	**16,603**	**7,621**
Donations	2,611	2,238
Tax	1,279	375
Net profit for the year	**12,713**	**5,008**
Other comprehensive income	-3,313	8,845
Total comprehensive income	**9,400**	**13,853**

$3.1m

Distribution paid in FY18/19



OUR PORTFOLIO

At year end RIDL total assets stood at a little over $156m. In addition there is:

- The CNI asset that sits with RIDL but is recorded off balance sheet at a value of $23m
- Fisheries related assets held through RAHC. These are carried at cost in RAHC but valued at approximately $6m

This gives a total commercial portfolio for Raukawa worth $185.

As is illustrated above, this portfolio is increasingly diversified by asset type and by manner of investment (direct vs indirect). This has been our long-term strategy and we believe it has helped contribute increased revenues and profits.

We look to continue this strategy over the coming years while maintaining a good cash and liquid assets buffer so that we are ready to make the right investments when they're identified.

OUR OPERATIONS AND COSTS

RIDL runs an efficient investment operation, drawing on the services of GHA for accountancy and of Andrew Harrison and Koau Capital Partners for overall investment management.

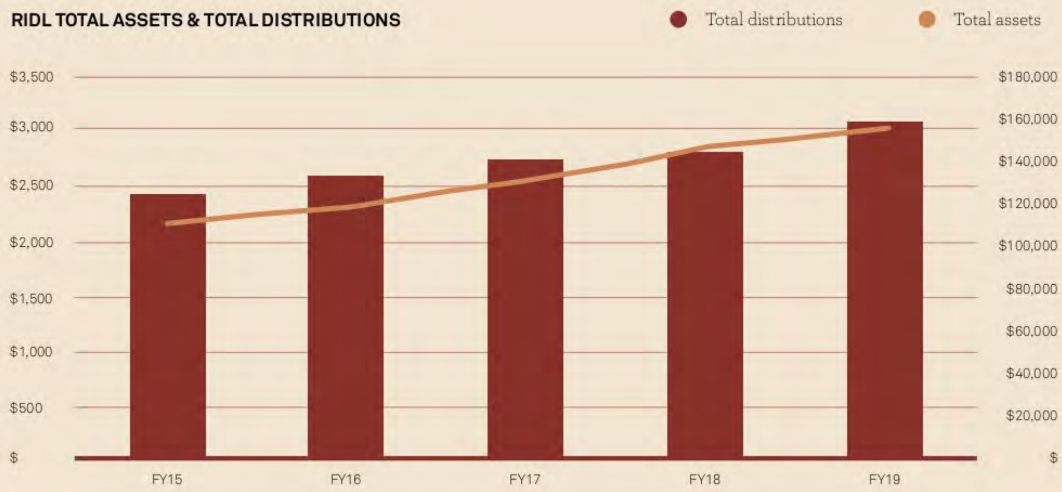
Operating costs in FY19 were $1.13m (compared to FY18 at $715k) however this included direct property management costs of $270k and a provision for legal expenses relating to a property dispute of $150k.

Adjusting for these, normalised operating expenses were $753k or 0.42% of the value of total assets (including CNI and RAHC). We are confident that these costs compare well to other investment entities of similar size.

DISTRIBUTIONS

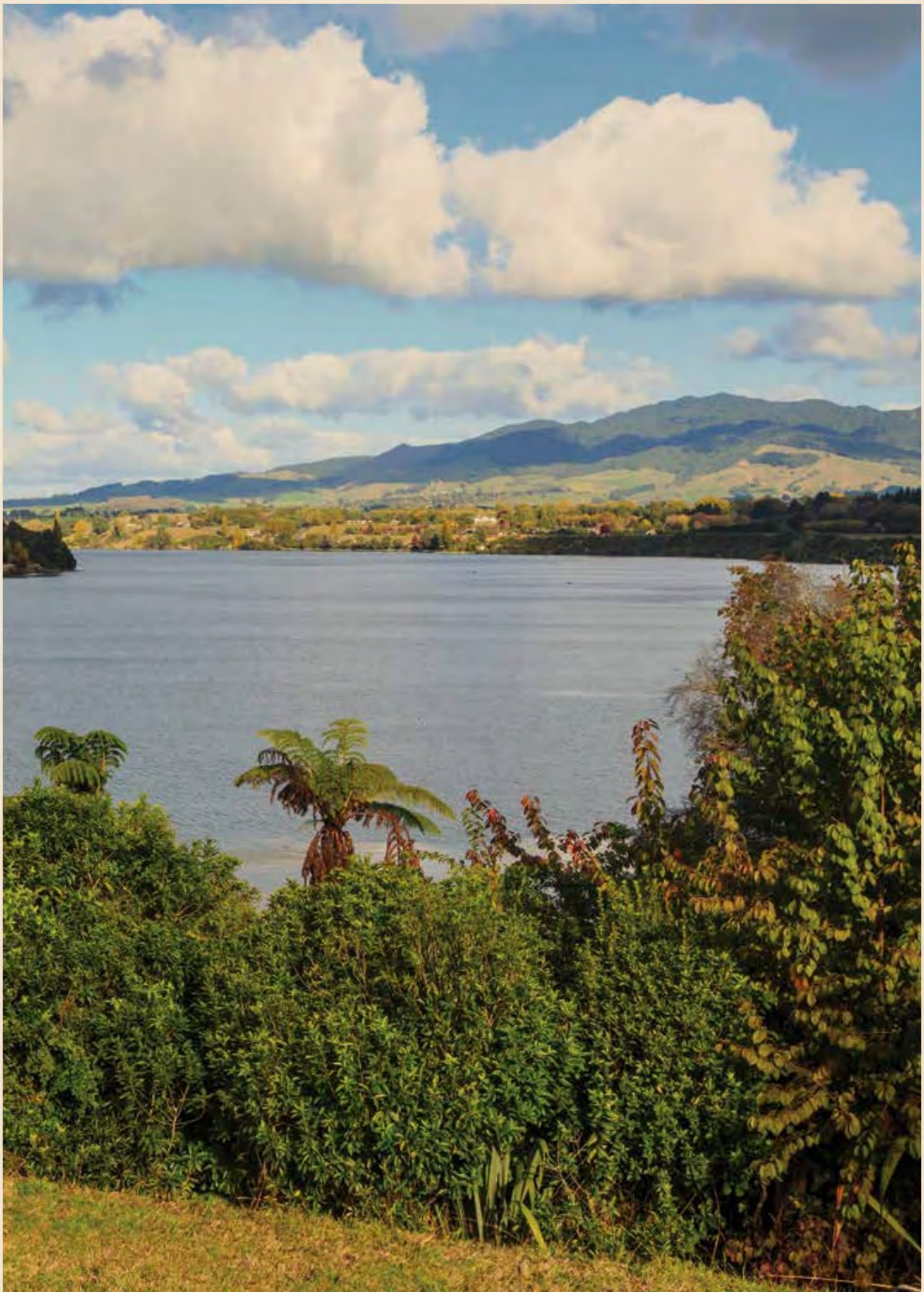
RIDL provided total distributions to the Raukawa Group of $3.1m up from $2.8m in FY18.

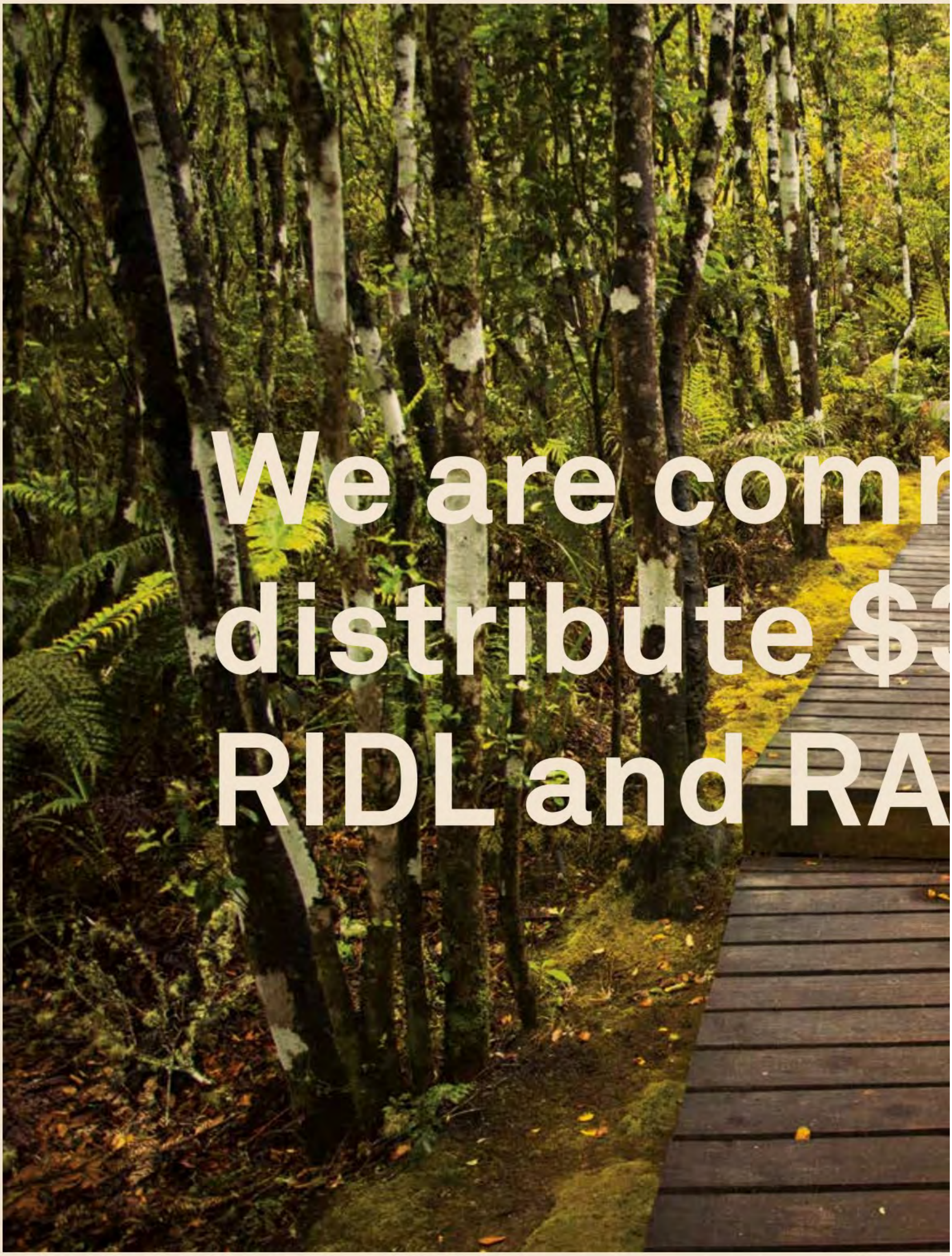
Over the last five years distributions have totalled $13.5m as reinvestment has created a bigger asset base, leading to sustainable distribution increases.



$13.5m

Total distribution over the last five years

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RIDL and RA


mitted to
3.3m across
HC in FY20.

The year ahead

RIDL sets its goals for each upcoming year via the annual planning process.

The Annual Plan is prepared by RIDL management, approved and adopted by the RIDL board and then presented to RST for ratification. Its requirements are governed by the Shareholder Agreement between RST and RIDL. This outlines that each annual plan must cover RIDL's:

- Budget and financial performance targets
- Planned portfolio and investment activities
- Operational and non-financial objectives
- Total distributions (dividend and donations) to be made to RST and RCT

1	Continue to prudently manage the financial portfolio
2	Continue progress with direct investments including with Te Pūia Tāpapa
3	Ongoing oversight of existing direct assets to ensure performing to appropriate standard, including Ranginui, CNI, Kākano and commercial property
4	RST/RCT support including for economic development initiatives

RIDL has committed to a total distribution across the commercial group (RIDL and RAHC) of $3.3m in FY20 ($3.15m in FY19).

Raukawa Asset Holding Company Limited

Raukawa Settlement Trust ('RST') is a Mandated Iwi Organisation ('MIO') as defined by the Māori Fisheries Act (the 'Act', 'MFA'). In accordance with the Act, RST has established Raukawa Asset Holding Company ('RAHC') is its Asset Holding Company ('AHC') to receive and manage the settlement fisheries interests and assets of Raukawa including settlement quota and AFL income shares. RAHC is a registered New Zealand company number 2509675.

RAHC is bound to comply with the Act, which places restrictions on the sale and lease of settlement quota, governance and reporting. This report has been prepared in compliance with the requirements under the Act.

PERFORMANCE AGAINST ANNUAL PLAN FY19

RAHC measures its performance in terms of net profit before tax.

- RAHC's FY19 budget was for profit before tax of $231k
- Actual result was $255k due to higher quota leasing income and lower costs

Special purpose accounts for RAHC are included at the end of this annual report.

RAHC INVESTMENTS

RAHC's vision is to maximise returns from ACE and AFL shares from strong commercial management and ensure spare cash is efficiently utilised.

RAHC will seek growth opportunities for further investment in fishing assets either directly or in partnership with other aligned iwi.

- RAHC will take a long-term, commercially disciplined approach to investment decision-making and will only invest where it believes it can generate appropriate returns on capital
- RAHC will co-invest with RIDL with its primary objective to invest in fisheries assets if the right opportunities arise
- RAHC's primary focus in the coming year will be the renegotiation of fishing contracts
- Success measures include Return on Investment and Equity Growth and ensuring Sustainable Fisheries Management

RAHC invests in:

- Moana shares carried at a value of $850,000
- Fishing quota carried at a value of $950,000
- Loans to RIDL

The only new investment in FY19 was an increase in the value of funds invested with RIDL from $500,000 to $900,000.

RAHC carries no bank debt but has:

- An on demand in writing loan of $75k from RST
- An on demand in writing loan of $1.8m from RCT

RAHC ANNUAL PLAN PROCESS

RAHC prepares an annual plan each year for approval by RST as MIO.

For FY20 this includes:

Key strategies for use and development of settlement fisheries assets:

- RAHC will lease ACE
- Own Moana shares without change
- Invest surplus funds via RIDL

Expected financial return

RAHC's budget net profit before tax for FY20 is $186,000.

RAHC ACE and quota programme FY20

RAHC generates ACE income from five separate quota parcels:

- Deep water
- Inshore
- Highly Migratory Species ('HMS')
- Eels
- Scampi

These have all (other than inshore, income $600 p.a.) recently been re-leased with new arrangements commencing with the fishing year from 1 October 2018:

1. Deepsea – Sealord

- Same format of a base ACE price and a top up payment but with the top up expected to be reduced vs recent years
- Direct contract this time instead of sub agreement to Maniapoto
- Maniapoto offered to continue the collation of ACE for the previous group and to assist with liaison where required

2. Inshore – Moana New Zealand

- Existing contract runs for two more years

3. HMS – Moana New Zealand

- A new contract on slightly reduced prices agreed

4. Scampi – Barine Developments

- New contract on improved base prices agreed

5. Eel – New Zealand eel Processors

- New contract same terms

RAHC uses Arantis Limited as its ACE leasing adviser.

CONSTITUTIONAL AMENDMENTS

There is no proposal to amend the RAHC constitution.

Commercial structure and accountability

STRUCTURE

RIDL is a 100% owned subsidiary of Raukawa Settlement Trust ('RST'), the post settlement governance entity for Raukawa. The shares in RIDL are held via Raukawa Settlement Trust Limited.

RIDL operates under the Companies Act 1993 and other relevant legislation and is governed by a board of directors. This board is appointed by RST, in conjunction with advice from the sitting board members, and in accordance with the RIDL's constitution, which specifies:

- The board of directors of the Company shall consist of a minimum of five (5) Directors and a maximum of six (6) Directors
- A minimum of fifty percent (50%) of the Directors appointed by the Shareholder must be Trustees
- A maximum of three (3) Directors appointed by the Shareholder may be Trustees.
- One of the non-Trustee directors must be a member of the Raukawa iwi

RIDL's board of directors is responsible and accountable for the company's performance including the employment and performance of management.

Commercial fisheries activity is run by Raukawa Asset Holding Company Limited ('RAHC'). RAHC has its own board comprised of Vanessa Eparaima, Jon Stokes and John Spencer (chair). RAHC management is contracted from RIDL.

GOVERNANCE AND ACCOUNTABILITY

RST's responsibility, as single shareholder, for exercising strategic governance over RIDL is recognised through the strong accountability mechanisms encapsulated in the three key foundation documents:

- RIDL constitution
- Statement of Investment Policy and Objectives (SIPO)
- Shareholder's Agreement

RIDL also provides quarterly reports to RST during the financial year updating its performance and activities and will continue so to do, as well as timely reporting on major projects or investments.

The three foundation documents provide RIDL with the agreed parameters with which to operate and ensure that the best interest of its shareholder, being the RST, is upheld.

Five-year summary

	2019 ($'000)	2018 ($'000)	2017 ($'000)	2016 ($'000)	2015 ($'000)
OPERATING PROFIT BEFORE TAX	16,603	7,621	6,245	7,192	7,669
TOTAL COMPREHENSIVE INCOME	9,400	13,853	10,399	6,452	11,414
TOTAL DISTRIBUTIONS	3,055	2,784	2,696	2,584	2,405
TOTAL ASSETS	**156,371**	**146,520**	**131,493**	**118,793**	**111,272**

Raukawa Iwi
Development Limited

Financial Statements

For the Year Ended 30 June 2019

Auditor's Report

To the shareholders of Raukawa Iwi Development Limited Report on the financial statements.

KPMG

OPINION

In our opinion, the accompanying financial statements of Raukawa Iwi Development Limited (the 'Company') on pages 29 to 41:

i. Present fairly in all material respects the company's financial position as at 30 June 2019 and its financial performance and cash flows for the year ended on that date; and

ii. Comply with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime.

We have audited the accompanying financial statements which comprise:

- The statement of financial position as at 30 June 2019;
- The statements of comprehensive income, changes in equity and cash flows for the year then ended; and
- Notes, including a summary of significant accounting policies and other explanatory information.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ('ISAs (NZ)'). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Our responsibilities under ISAs (NZ) are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

Other than in our capacity as auditor we have no relationship with, or interests in, the Company.

OTHER INFORMATION

The Directors, on behalf of the Company, are responsible for the other information included in the entity's Annual Report. Our opinion on the financial statements does not cover any other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

USE OF THIS INDEPENDENT AUDITOR'S REPORT

This independent auditor's report is made solely to the shareholders as a body. Our audit work has been undertaken so that we might state to the shareholders those matters we are required to state to them in the independent 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 shareholders as a body for our audit work, this independent auditor's report, or any of the opinions we have formed.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The Directors, on behalf of the Company, are responsible for:

- The preparation and fair presentation of the financial statements in accordance with generally accepted accounting practice in New Zealand (being New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime);
- Implementing necessary internal control to enable the preparation of a set of financial statements that is fairly presented and free from material misstatement, whether due to fraud or error; and
- Assessing the ability to continue as a going concern. This includes disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless they either intend to liquidate or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objective is:

- To obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error; and
- To issue an independent auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs NZ will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error. They are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of these financial statements is located at the External Reporting Board (XRB) website at:

www.xrb.govt.nz/standards-for-assurance-practitioners/auditors-responsibilities/audit-report-8/

This description forms part of our independent auditor's report.

KPMG.

17 October 2019
Hamilton

Statement of Comprehensive Income

For the Year Ended 30 June 2019

REVENUE	NOTE	2019 ($)	2018 ($)
Finance and investment revenue	1	6,341,092	4,899,947
Other revenue	2	6,215,896	2,182,726
Share of net profit/(loss) of equity accounted associates	10	5,177,154	1,253,972
Total revenue		**17,734,142**	**8,336,644**

EXPENSES			
Administration and operating expenses	3	1,131,629	715,655
Donation expense	13	2,610,986	2,237,587
Total expenses		**3,742,615**	**2,953,242**
Net profit before tax		**13,991,527**	**5,383,402**
Tax expense	4	(1,278,934)	(374,811)
Net profit for the year		**12,712,593**	**5,008,591**
Other comprehensive income	5	(3,313,082)	8,844,710
Total comprehensive income		**9,399,510**	**13,853,301**

Statement of Changes in Equity

For the Year Ended 30 June 2019

	NOTE	($) Share Capital	($) Retained Earnings	($) Revaluation Reserves	($) Total
OPENING BALANCE 1 JULY 2018		**88,756,441**	**20,148,994**	**29,833,714**	**138,739,150**
Equity contribution from shareholder		1,000,000	-	-	1,000,000
Net profit for the year		-	12,712,593	-	12,712,593
Other comprehensive income		-	-	(3,313,082)	(3,313,082)
Reclassification from revaluation reserve to retained earnings	10	-	1,887,643	(1,887,643)	-
Dividends paid to shareholder	13	-	(444,687)	-	(444,687)
Closing balance 30 June 2019		**89,756,441**	**34,304,543**	**24,632,989**	**148,693,974**
OPENING BALANCE 1 JULY 2017		**87,756,441**	**15,686,894**	**20,989,004**	**124,432,339**
Equity contribution from shareholder		1,000,000	-	-	1,000,000
Net profit for the year		-	5,008,591	-	5,008,591
Other comprehensive income		-	-	8,844,710	8,844,710
Dividends paid to shareholder	13	-	(546,491)	-	(546,491)
Closing balance 30 June 2018		**88,756,441**	**20,148,994**	**29,833,714**	**138,739,150**

This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

Statement of Financial Position

For the Year Ended 30 June 2019

ASSETS	Note	2019 ($)	2018 ($)
Current assets			
Cash and cash equivalents	6	26,136,167	30,728,546
Trade and other receivables	7	2,629,356	230,115
Income tax refund		-	192,164
Assets held for sale		-	350,000
Total current assets		**28,765,523**	**31,500,825**
Non-current assets			
Property, plant and equipment	8	449	40,564
Investment property	9	22,720,249	11,196,255
Investments in associates	10	48,998,126	50,514,440
Other investments	11	55,359,796	52,741,975
Intangibles	14	73,432	66,929
Loan receivable - Whakaaratamaiti Marae	15	453,940	459,418
Total non-current assets		**127,605,992**	**115,019,580**
Total assets		**156,371,514**	**146,520,404**

LIABILITIES	Note	2019 ($)	2018 ($)
Current liabilities			
Trade and other payables	12	316,929	194,856
Advances from related parties	13	3,772,367	3,372,367
Income tax due		99,094	-
Total current liabilities		**4,188,389**	**3,567,222**
Non-current liabilities			
Deferred tax liability	4	3,489,152	4,214,032
Total non-current liabilities		**3,489,152**	**4,214,032**
Total liabilities		**7,677,541**	**7,781,254**
Net assets		**148,693,973**	**138,739,150**

EQUITY	Note	2019 ($)	2018 ($)
Share capital	16	89,756,441	88,756,441
Retained earnings		34,304,543	20,148,994
Revaluation reserves	5	24,632,989	29,833,714
Net assets/equity		**148,693,973**	**138,739,150**

These financial statements are issued for and on behalf of the Board of Directors:

Director ______ Director ______ 17 October 2019.

This Statement is to be read in conjunction with the Notes to the Financial Statements and the accompanying Audit Report.

Statement of Cash Flows

For the Year Ended 30 June 2019

CASH FLOWS	Note	2019 ($)	2018 ($)
Cash flows from operating activities			
Receipts from operations		1,153,680	346,118
Receipts from interest		704,271	498,089
Receipts from dividends		2,788,550	2,854,603
Receipts from capital distributions		2,298,710	-
Payments to suppliers and employees		(3,617,370)	(2,928,326)
Receipts from/(payments of) income taxes		(987,676)	193,852
Total cash flows from operating activities		**2,340,165**	**964,336**
Cash flows from investing activities			
Receipts from sale of investments in managed funds		2,528,226	26,877,133
Receipts from sale of term deposits		3,367,661	-
Receipts from sale of property, plant and equipment		483,035	79,564
Receipts from sale of investment properties		276,943	-
Receipts from associates		2,463,501	2,486,301
Purchase of property, plant and equipment		-	(2,258,217)
Purchase of term deposits		-	(7,465,675)
Purchase of investment properties		(11,442,920)	(1,344,558)
Purchase of investments in managed funds and other entities		(2,202,120)	(22,993,700)
Total cash flows from investing activities		**(4,525,674)**	**(4,619,152)**
Cash flows from financing activities			
Loans received from related parties		400,000	200,000
Repayment from third party		5,478	46,905
Issue of shares		1,000,000	1,000,000
Payment of dividends		(444,687)	(546,491)
Total cash flows from financing activities		**960,791**	**700,414**
Net increase/(decrease) in cash and cash equivalents		**(1,224,718)**	**(2,954,402)**
Cash balances			
Cash on hand and at bank at beginning of the year	6	1,950,778	4,905,180
Cash on hand and at bank at end of the year	6	726,059	1,950,778
Net change in cash for the year		**(1,224,718)**	**(2,954,402)**

This Statement is to be read in conjunction with the Notes to the Financial Statements and the accompanying Audit Report

Statement of Accounting Policies

For the Year Ended 30 June 2019

1. REPORTING ENTITY

The consolidated financial statements of Raukawa Iwi Development Limited ('RIDL', 'the Company') presented are for the year ended 30 June 2019, comprising the Company and its subsidiary Raukawa Property Limited Partnership ('RPLP'), together called the Group. RIDL is registered under the Companies Act 1993 and has prepared these financial statements in accordance with the Financial Reporting Act 2013. RIDL is involved primarily in property and equity investment on behalf of its parent Raukawa Settlement Trust. RPLP is registered under Limited Partnerships Act 2008. RPLP holds and manages investment property on behalf of its parent RIDL.

2. BASIS OF PREPARATION

(a) Statement of compliance

The financial statements are prepared in accordance with generally accepted accounting practice in New Zealand ('NZ GAAP'). In the case of the Group, NZ GAAP means New Zealand equivalents to International Financial Reporting Standards as appropriate for Tier 2 entities who elect to apply the Reduced Disclosure Regime ('NZ IFRS RDR'). NZ IFRS RDR standards allow for a reduced disclosure regime to be applied and the RIDL has taken all disclosure concessions available. RIDL is eligible to apply Tier 2 reporting as it is not publicly accountable.

(b) Functional and presentation

The presentation currency and functional currency of the Group is the New Zealand Dollar ($). All amounts have been presented in New Zealand Dollars (rounded to the nearest dollar). Transactions and balances reported in foreign currencies are translated to New Zealand Dollars at the rate prevailing on the date of the transaction.

(c) GST

Except for trade receivables and trade payables which are stated inclusive of GST, all amounts have been reported exclusive of GST.

(d) Changes in accounting policies

New standards, interpretations and amendments. *NZ IFRS 9 Financial Instruments: recognition and measurement (NZ IFRS 9).*

The new financial instruments standard alters the requirements for recognising and measuring financial assets and financial liabilities. The standard is effective for periods beginning 1 January 2018, and was adopted by the Group on 1 July 2019. The impact of this standard has been the reclassification of financial instruments between measurement categories as follows.

FINANCIAL INSTRUMENT	IFRS 9 measurement and classification	IAS 39 measurement and classification
Investments - managed funds	Investments - FVOCI	Available for sale (measured at FVOCI)
Investments - equity (shares in Waitaha and Te Pūia Tāpapa)	Investments - FVOCI	Available for sale (measured at FVOCI)
Investments - debt (interest bearing loan)	Investments - Amortised Cost	Loans and receivables (measured at Amortised Cost)
Accounts Receivable	Financial Assets at Amortised Cost	Loans and receivables (assumed measured Atamortised Cost)
Accounts Payable and Accrued Expenses	Financial Liabilities at Amortised Cost	Other Amortised Cost

The accounting policies have been adjusted to reflect these changes. There has been no impact on the carrying values of financial instruments recognised.

All other accounting policies adopted are consistent with those of the previous financial year.

3. USE OF JUDGEMENTS AND ESTIMATES

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimation uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are disclosed where applicable in the relevant notes to the financial statements.

Judgements made by management in the application of the NZ IFR SRDR that have significant effects on the financial statements are disclosed, where applicable, in the notes to the financial statements.

4. BASIS OF CONSOLIDATION

The consolidated financial statements incorporate the financial statements of the Parent and subsidiaries controlled by the Parent.

Control is achieved when the Parent has power over the investee and can determine the investee's operating and financing policies, such that the parent can direct the investee to assist it achieving the parent's own financial and public benefit objectives.

Consolidation of a subsidiary begins when a Parent obtains control over the subsidiary and ceases when a Parent loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Parent gains control until the date when a Parent ceases to control the subsidiary.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

Notes to the Financial Statements

For the Year Ended 30 June 2019

1. FINANCE AND INVESTMENT REVENUE	NOTE	($) 2019	($) 2018
Interest		794,118	588,133
Dividends		3,201,674	1,457,211
CNI Iwi Holdings dividend		2,345,301	2,854,603
		6,341,092	**4,899,947**

Interest income is recognised on the effective interest rate method on a proportion of time method.

Dividend income is recognised when the Group's right to receive the dividend is established.

2. OTHER REVENUE	NOTE	($) 2019	($) 2018
Lease and rental income		1,108,737	399,270
Sundry income		-	26
Realised gains on sale of investments		-	746,696
Fair value adjustments recognised in net profit/(loss)		358,017	1,015,591
Gain on sale of property, plant and equipment		93,124	21,142
CNI Iwi Holdings NZU distribution		2,298,710	-
Capital refund - Ranginui		1,633,333	-
Compensation towards tax liability		723,975	-
		6,215,896	**2,182,726**

Lease and rental income from operating leases accrues on a straight line basis over the term of the lease. Fair value adjustments recognised in net profit/(loss) relate to increases in the fair value movement of investment properties and recoveries of previous impairment losses and revaluation decreases expensed to profit and loss.

Compensation towards tax liability represents a one-off amount Sooke Investments Inc agreed to pay each tax paying limited partner in Kākano Investments Limited Partnership to compensate them for income tax liability incurred as a result of unimputed dividend income derived during the year.

3. ADMINISTRATION AND OPERATING EXPENSES	NOTE	($) 2019	($) 2018
Accountancy fees		34,201	32,000
Administration		78,790	51,414
Audit fees		29,100	21,000
Communication		14,772	12,022
Depreciation	8	196	33,502
Facilities		270,067	88,337
General		469	-
Governance		214,586	211,308
Specialist advice		467,361	252,084
Travel		22,087	13,989
		1,131,629	**715,655**

	NOTE	($)	($)
4. INCOME TAX EXPENSE		**2019**	**2018**
Net profit before income tax		**13,991,527**	**5,383,402**
Tax expense at 17.5%		**2,448,517**	**942,095**
Non-assessable income		(1,358,612)	(634,663)
Non-deductible expenses		236,744	62,874
Effect of timing differences		-	4,504
Under/(over) provided in prior periods		(47,715)	-
Tax expense		**1,278,934**	**374,811**

	01 July 2018	Recognised in Profit	Recognised in Equity	30 June 2019
Deferred tax assets/(liabilities)				
Investments in associates	(4,214,032)	-	724,880	(3,489,152)
	(4,214,032)	**-**	**724,880**	**(3,489,152)**

	01 July 2017	Recognised in Profit	Recognised in Equity	30 June 2018
Property, plant and equipment	4,504	(4,504)	-	-
Investments in associates	(2,931,141)	-	(1,282,891)	(4,214,032)
	(2,926,637)	**(4,504)**	**(1,282,891)**	**(4,214,032)**

Income tax is recognised in net profit/(loss) except to the extent it relates to items recognised in equity. Current tax is the estimated income tax payable based on current period taxable income adjusted for amounts over or under provided in prior periods.

Deferred tax relates to the estimated future tax consequences and benefits expected resulting from timing differences between amounts recognised in net profit/(loss) under the financial reporting policies adopted by RIDL and income tax legislation.

Deferred tax assets are recognised only when there is probability they will be utilised against future taxable income.

	NOTE	($)	($)
5. OTHER COMPREHENSIVE INCOME		**2019**	**2018**
Share of movement in reserves of equity accounted associates	10	(4,229,967)	7,414,829
Change in fair value of investments at FVOCI		192,005	3,459,468
Transfer gain on sale of investment to net profit		-	(746,696)
Deferred tax recognised in equity for the year	4	724,880	(1,282,891)
Revaluation reserve balances			
Investments in associates		19,909,306	24,139,273
Investments at FVOCI		10,100,478	9,908,473
Investments at FVOCI	4	(3,489,152)	(4,214,032)
Reclassification from revaluation reserve to retained earnings	10	(1,887,643)	-
		24,632,989	**29,833,714**

	NOTE	($)	($)
6. CASH AND CASH EQUIVALENTS		**2019**	**2018**
Cash and bank balances		726,059	1,950,778
Short term deposits		25,410,107	28,777,768
		26,136,167	**30,728,546**

Cash and bank balances comprise cash and call accounts and other deposits held with financial institutions with maturity dates less than 3 months.

Short Term Deposits include all cash investments with maturities between 3 and 12 months. The average interest rate prevailing on cash and cash equivalents at 30 June 2019 was 3.25% (2018: 3.27%).

	NOTE	($)	($)
7. TRADE AND OTHER RECEIVABLES		**2019**	**2018**
Accounts receivable		27,696	79,381
Accrued interest		199,030	109,183
Accrued income		2,357,308	-
Prepayments		45,323	41,551
		2,629,356	**230,115**

Trade and other receivables more than 90 days over due total $4,227 (2018: $8,187). There is no doubtful debt provision (2018: none) and RIDL is not exposed to any other significant credit risk (2018: none).

8. PROPERTY, PLANT AND EQUIPMENT	Land ($)	Buildings ($)	Motor Vehicles ($)	Office Equipment ($)	Total ($)
Cost					
BALANCE AT 1 JULY 2018	**17,144**	**23,690**	**9,296**	**3,368**	**53,498**
Disposals	(17,144)	(23,690)	-	-	(40,834)
Balance at 30 June 2019	**-**	**-**	**9,296**	**3,368**	**12,664**
BALANCE AT 1 JULY 2017	**629,210**	**3,684,519**	**444,348**	**3,368**	**4,761,445**
Additions	-	1,679,259	-	-	1,679,259
Disposals	-	(298,815)	(435,052)	-	(733,867)
Transfer on change in use	(612,067)	(5,041,273)	-	-	(5,653,339)
Balance at 30 June 2017	**17,144**	**23,690**	**9,296**	**3,368**	**53,498**
Accumulated depreciation					
BALANCE AT 1 JULY 2018	**-**	**916**	**8,664**	**3,354**	**12,935**
Depreciation expense	-	-	189	6	196
Disposals	-	(916)	-	-	(916)
Balance at 30 June 2019	**-**	**-**	**8,853**	**3,360**	**12,216**
Balance at 30 June 2017	**-**	**33,218**	**390,026**	**3,341**	**426,585**
Depreciation expense	-	33,218	271	13	33,502
Disposals	-	-	(381,633)	-	(381,633)
Transfer on change in use	-	(65,520)	-	-	(65,520)
Balance at 30 June 2018	**-**	**916**	**8,664**	**3,354**	**12,935**
Carrying value					
At 30 June 2019	**-**	**-**	**443**	**8**	**449**
At 30 June 2018	**17,144**	**22,774**	**632**	**14**	**40,564**

Items of property, plant and equipment are recognised initially at cost and depreciated over their estimated useful lives (except for land) using the Diminishing Value method at the following rates:

Motor vehicles	13-30% of Carrying Value
Other plant and equipment	10-25% of Carrying Value

9. INVESTMENT PROPERTY

	2019 ($)	2018 ($)
Opening book value	11,196,255	4,043,286
Purchases	11,442,920	1,344,558
Additions - change in use of property, plant and equipment	-	5,587,820
Disposals	(276,943)	(445,000)
Transfer to assets held for sale	-	(350,000)
Changes in fair value	358,017	1,015,591
Closing book value	**22,720,249**	**11,196,255**

Investment properties are held by the Company to earn rental income and capital appreciation rather than for the Company's own use. Investment properties are valued at fair value with changes in fair value recognised in profit/(loss). Fair value is assessed annually with reference to comparable property prices by independent professional property valuers Telfer Young Rotorua. The most current assessment was made in September 2019.

10. INVESTMENTS IN ASSOCIATES

	2019 ($)	2018 ($)
Kākano Investment Limited Partnership		
Opening carrying value	36,969,444	31,445,430
Share of net profit/(loss) for the period	5,098,203	832,851
Share of other comprehensive income	(3,435,896)	7,177,464
Distributions received	(2,463,501)	(2,486,301)
Closing carrying value	**36,168,250**	**36,969,444**

RIDL holds a 31.5% share in Kākano Investment Limited Partnership (2018:31.5%). Kākano is a forestry investment fund that has a 2.5% share holding in Kaingaroa Timberlands. The cost of the investment at the time of purchase was $17,314,510.

A conversion of an interest free shareholder advance to an interest bearing loan during the year resulted in a change in classification of this financial instrument from fair value through other comprehensive income (FVOCI) to a mortised cost. The impact of this change is RIDL's share of the accumulated fair value reserves in relation to Kākano have been reclassified to retained earnings as noted in the Statement of Changes in Equity.

	2019 ($)	2018 ($)
Ranginui Station Limited Partnership		
Opening carrying value	13,544,996	12,886,510
Share of net profit/(loss) for the period	78,951	421,121
Share of other comprehensive income	(794,071)	237,365
Closing carrying value	**12,829,876**	**13,544,996**
Total investments in associates	**48,998,126**	**50,514,440**

RIDL acquired a 44.7% share in Ranginui Station Limited Partnership during the year ended 30 June 2016. Ranginui Station Limited Partnership owns and operates dairy farms in the South Waikato.

RIDL's acquisition of its stake in Ranginui Station LP included a claw back mechanism linked to the farm gate milk price in the three subsequent milk years, which end with the 2019 milk year. A payment will be due to RIDL from the vendors based on the current Fonterra milk price of $6.35. Capital refund triggered by clawback mechanism is $1,633,333.

Investments in associates are those where RIDL has significant influence but not control over an investee. Significant influence arises when RIDL holds 20%-50% of the equity and voting interests in aninvestee and has representation on its governing body. RIDL uses equity method of account where by it recognises its initial investment in an associate at cost, and the carrying amount is increased or decreased by its proportionate share of the net profit/(loss) of the investee and its proportionate share of other comprehensive income. Distributions received from an investee reduce the carrying amount of the investment.

	($)	($)
11. OTHER INVESTMENTS	**2019**	**2018**
AMP Capital (ADIT) Fund	12,609,316	11,252,321
AMP Capital (GMAF) Fund	5,179,398	7,527,359
Aspiring Asset Management Ltd	3,503,605	3,382,794
Castle Point 5 Oceans Fund	2,150,180	2,086,132
Harbour Asset Management	-	2,365,838
Milford Asset Management - Active Growth Fund	11,337,191	10,546,332
Milford Asset Management - Income Fund	9,414,953	8,552,227
Mint Asset Management	3,910,968	3,668,218
Pencarrow V Investment Fund	795,972	313,560
Te Pūia Tāpapa LP	85,000	85,000
T Rowe Price Global Equity Growth Fund	3,323,220	-
Waitaha Property Rebuild Fund LP	3,049,994	2,962,194
	55,359,796	**52,741,975**

Other Investments include managed investment funds and shareholdings held by RIDL where less than 20% of the equity and voting interests in an investee are held.

The Group has made an irrevocable election to classify these investments at fair value through other comprehensive income rather than through profit or loss as the Group considers this measurement to be the most representative of the business model for these assets. These investments are carried at fair value with changes in fair value recognised in other comprehensive income and accumulated in the fair value through other comprehensive income reserve. Upon disposal any balance within fair value through other comprehensive income reserve is reclassified directly to retained earnings and is not reclassified to profit or loss.

	($)	($)
12. TRADE AND OTHER PAYABLES	**2019**	**2018**
Accounts payable	104,158	85,065
Accrued expenses	177,000	21,000
GST payable	16,511	69,531
Income received in advance	19,260	19,260
	316,929	**194,856**

13. RELATED PARTIES	2019 ($) Revenue/ (Expense)	2019 ($) Receivables/ (Payables)	2018 ($) Revenue/ (Expense)	2018 ($) Receivables/ (Payables)
(a) Parent				
RAUKAWA SETTLEMENT TRUST				
Dividend	(444,687)	-	(546,491)	-
Related party advance	-	(1,641,679)	-	(1,641,679)
(b) Other entities in the same group				
RAUKAWA CHARITABLE TRUST				
Lease and rental income	175,000	-	104,459	-
Sale of plant and equipment	-	-	298,815	-
Corporate services charges	(75,101)	-	(58,427)	(5,157)
Donation	(2,610,986)	-	(2,237,587)	-
Related party advance	-	(1,230,687)	-	(1,230,687)
RAUKAWA ASSET HOLDING COMPANY LIMITED				
Related party advance	-	(900,000)	-	(500,000)
Total related party advances		**(3,772,367)**		**(3,372,367)**
(c) Other related parties				
GOVERNANCE				
Director fees	(212,667)	-	(203,500)	-
KEY MANAGEMENT PERSONNEL				
Koau Capital Partners - investment management	(180,000)	(18,400)	(172,000)	(15,525)

Advances made to, and received from, related parties are made interest free and are repayable on demand. No amounts due from related parties are considered past due, or impaired (2018: none).

Related parties are entities subject to common control, or those entities and individuals (including their close family members) who are able to exert significant control or influence over the entity through decision making over financial and operating policies.

Koau Capital Partners Limited are considered a related party as they provide key management functions to RIDL. Koau Capital Partners Limited are also the fund manager of investee Waitaha Property Rebuild Fund LP.

14. INTANGIBLES	($) 2019	($) 2018
Pre-1990 units		
Carbon credits - (NZ units) at fair value	73,432	66,929

During the 2015 year the company received 3,172 NZUs under the New Zealand Emission Trading Scheme from the Ministry of Agriculture and Forestry. NZU's were provided to compensate the company for restrictions on future land use that may affect the forestry land value.

15. LOAN RECEIVABLE - WHAKAARATAMAITI MARAE	($) 2019	($) 2018
Loan	453,940	459,418

The loan relates to vendor finance provided for the purchase of a property from RIDL. The finance is secured against the property.

16. SHARE CAPITAL	2019 Number	2019 ($)	2018 Number	2018 ($)
Issued and fully paid shares ordinary shares at $1.01 each				
At 1 July	87,889,441	88,756,441	86,889,441	87,756,441
Issued during the year	1,000,000	1,000,000	1,000,000	1,000,000
At 30 July	88,889,441	89,756,441	87,889,441	88,756,441

17. COMMITMENTS

RIDL has a further $10,000,000 commitment to invest in the Te Pūia Tāpapa Limited Partnership, and $2,460,000 in the Pencarrow V Investment Fund. The fund managers are expected to call on these funds over the next 4-5 years.

18. CONTINGENT ASSETS

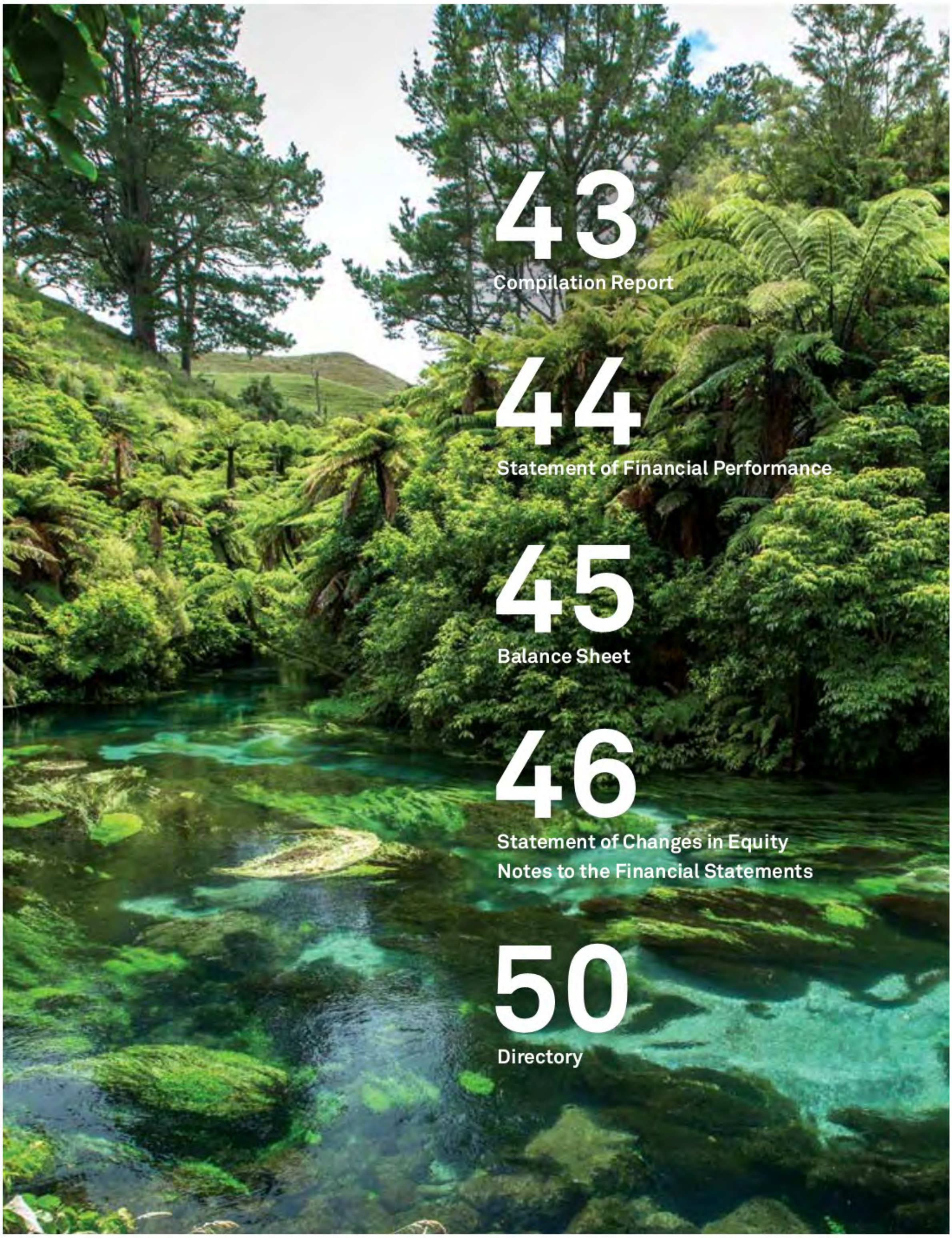
Raukawa is a beneficiary of the CNI Iwi Collective Settlement Act 2008. Under this Act, the group has the right to receive dividends from the CNI Iwi Holdings Trust as and when declared while it negotiates with other iwi through the Mana Whenua process over ownership of specific land titles. RIDL estimates its entitlement to dividends until 2044 to be $23.2 million (2018: $27.8 million).

In 2044, title to any specific land titles the group receives from negotiations will pass to Raukawa and it will be entitled to all future income from these lands. No assets have been recognised from this process given the uncertainty over the timing and amount of any land or future dividends that may be received.

19. SUBSEQUENT EVENTS

On 1 August 2019 RIDL of behalf of RPLP paid a deposit of $1.8 million to purchase a commercial building on Devenport Road, Tauranga. Total purchase price of the building is $18.2 million.

On 14 August 2019, RIDL on behalf of RPLP paid a deposit of $1.18 million to purchase a commercial building in Christchurch for $11.8 million. Settlement was due 21 August 2019 and will be funded by RIDL.



Raukawa Asset Holding Company

Special Purpose Financial Statements

For the Year Ended 30 June 2019

Compilation Report

To the directors of Raukawa Asset Holding Company Limited

SCOPE

On the basis of information provided and in accordance with Service Engagement Standard 2 Compilation of Financial Information, we have compiled the special purpose financial statements of Raukawa Asset Holding Company Limited for the year ended 30 June 2019.

These Statements have been prepared in accordance with the accounting policies described in the Notes to these financial statements.

RESPONSIBILITIES

You are solely responsible for the information contained in the special purpose financial statements and have determined that the financial reporting framework used is appropriate to meet your needs and for the purpose that the special purpose financial statements were prepared.

The financial statements were prepared exclusively for your benefit. Neither we nor any of our employees accept responsibility on any grounds whatsoever, including liability in negligence, for the contents of the special purpose financial statements to any other person.

NO AUDIT OR REVIEW ENGAGEMENT UNDERTAKEN

Our procedures use accounting expertise to undertake the compilation of the financial statements from information you provided. A compilation is limited primarily to the collection, classification and summarisation of financial information. Our procedures do not include verification or validation procedures of the information. No audit or review engagement has been performed and accordingly no assurance is expressed.

DISCLAIMER

As mentioned earlier in our report, we have compiled these financial statements based on information provided which has not been subject to an audit or review engagement. Accordingly, we do not accept any responsibility for the reliability, accuracy or completeness of the compiled financial information contained in the financial statements. Nor do we accept any liability of any kind whatsoever, including liability by reason of negligence, to any person for losses incurred as a result of placing reliance on these financial statements.

MKGeorge

6 August 2019
GHA Ltd Chartered Accountants

Statement of Financial Performance

For the Year Ended 30 June 2019

TRADING INCOME	Note	2019 ($)	2018 ($)
ACE income		184,926	165,960
Total trading income		**184,926**	**165,960**

OTHER INCOME			
Dividends received		110,693	124,850
Interest received		344	239
Total other income		**111,037**	**125,089**
Total income		**295,963**	**291,049**

EXPENSES			
General expenses		259	715,655
Accountancy fees		5,730	5,802
Fisheries levies		22,006	25,887
Management fees		12,000	12,000
Subscriptions		492	-
Valuation fees		-	1,500
Total expenses		**40,486**	**45,732**
Net profit before tax		**255,477**	**245,317**

ADJUSTMENTS AND TAXATION			
Non deductible expenses		496	-
Provision for tax	3	47,409	42,931
Total adjustments and taxation		**47,905**	**42,931**
Net profit for the year		**207,572**	**202,387**

This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Audit Report.

Balance Sheet

For the Year Ended 30 June 2019

ASSETS	Note	2019 ($)	2018 ($)
Current assets			
CASH AND BANK			
Westpac call account		132,561	328,326
Westpac cheque account		8,231	5,709
Total cash and bank		**140,791**	**334,035**
GST receivable		-	851
Other current assets		900,000	500,000
Total current assets		**1,040,791**	**834,886**
Non-current assets			
Fishing quota		950,000	950,000
Moana Fisheries Ltd shares		850,000	850,000
Total non-current assets		**1,800,000**	**1,800,000**
Total assets		**2,840,791**	**2,634,886**

LIABILITIES	Note	2019 ($)	2018 ($)
Current liabilities			
Trade and other payables		3,845	7,334
Gst payable		11,377	-
Income tax payable	3	10,531	20,085
Related party advances	5	1,875,000	1,875,000
Total current liabilities		**1,900,753**	**1,902,419**
Total liabilities		**1,900,753**	**1,902,419**
Net assets		**940,038**	**732,466**

EQUITY	Note	2019 ($)	2018 ($)
Retained earnings		940,038	732,466
Net assets/equity		**940,038**	**732,466**

This Statement is to be read in conjunction with the Notes to the Financial Statements, and the accompanying Compilation Report.

Statement of Changes in Equity

For the Year Ended 30 June 2019

EQUITY	Note	2019 ($)	2018 ($)
Opening balance		732,466	530,080
INCREASES			
Profit for the period		207,572	202,387
Total increases		**207,572**	**202,387**
Total equity		**940,038**	**732,466**

Notes to the Financial Statements

For the Year Ended 30 June 2019

1. REPORTING ENTITY

Raukawa Asset Holding Company Limited is a company incorporated under the Companies Act 1993 holds fisheries assets for Ngāti Raukawa Iwi.

This special purpose financial report was authorised for issue in accordance with a resolution of directors dated 8 October 2019.

2. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

These financial statements have been prepared in accordance with the Special Purpose Framework for use by For-Profit Entities ('SPFR for FPEs') published by Chartered Accountants Australia and New Zealand.

The financial statements have been prepared for taxation and internal management purposes.

(b) Historical cost

These financial statements have been prepared on a historical cost basis. The financial statements are presented in New Zealand dollars (NZ$) and all values are rounded to the nearest NZ$, except when otherwise indicated.

(c) Changes in accounting policies

There have been no changes in accounting policies. Policies have been applied on a consistent basis with those of the previous reporting period.

(d) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable for the sale of goods and services, excluding goods and services tax rebates and discounts, to the extent it is probable that the economic benefits will flow to the entity and revenue can be reliably measured.

Interest received is recognised as interest accrues, gross of refundable tax credits received.

Dividends received are recognised on receipt, net of non-refundable tax credits.

(e) Accounts receivable

Accounts receivable are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less an allowance for any uncollectible amounts. Individual debts that are known to be uncollectible are written off in the period that they are identified.

(f) Intangible assets

Intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is recognised in profit or loss in the year in which the expenditure is incurred.

(g) Impairment of non-financial assets

At each balance date, non-financial assets are classified into four categories: assets measured at fair value; assets currently available that the company intends to use to the end of its useful life; assets intended to be sold prior to the end of their useful life; and assets damaged or idle at balance date.

Assets measured at fair value or assets the company intends to use to the end of its useful life, are not reviewed for impairment at balance date.

Assets intended to be sold prior to the end of their useful life or assets damaged or idle at balance date are reviewed to determine if any indicators of impairment exist. If indicators exist the asset is tested for impairment to ensure that the carrying amount of the asset is recoverable.

If the recoverable amount of an asset is determined to exceed its carrying amount then the resulting difference is recognised as an impairment loss in profit or loss for that period.

(h) Financial instruments - financial assets

At initial recognition the company determines the classification of financial assets as either held at fair value, cost or amortised cost. Financial assets are measured initially at fair value, estimated at the transaction price less any associated transaction costs.

Amortised cost

Includes assets where the company intends to earn contractual cash flows in the nature of principal and interest payments. Such assets are carried at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, as well as through the amortisation process.

Cost

Equity instruments are classified as held at cost. Assets are stated at cost less any accumulated impairment loss. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired.

Fair value

Financial assets not held at amortised cost or cost, are held at fair value and include financial derivatives such as forward contracts and interest rate swaps. Assets are subsequently measured at fair value only zwhen the fair value of the instrument can be reliably measured based on a quoted price for an identical asset in an active market. Where no active market price is available the instrument shall be measured at fair value for a prior year less any accumulated impairment loss.

Gains and losses are recognised in profit or loss for movements in the fair value of the assets and when the assets are derecognised.

(i) Financial instruments - financial liabilities

Financial liabilities, including borrowings and bank overdrafts, are initially measured at fair value, net of transaction costs and are subsequently measured at amortised cost using the effective interest method. Interest expenses are recognised in profit or loss on an effective yield basis.

(j) Income tax

Income tax is accounted for using the taxes payable method. The income tax expense in profit or loss represents the estimated current obligation payable to Inland Revenue in respect of each reporting period after adjusting for any variances between estimated and actual income tax payable in the prior reporting period.

(k) Goods and services tax

All amounts are stated exclusive of Goods and Services Tax ('GST') except for accounts payable and accounts receivable which are stated inclusive of GST.

3. INCOME TAX EXPENSE	($) 2019	($) 2018
Net profit (loss) before tax	255,477	245,317
Taxable profit (loss)	255,477	245,317
Tax expense at 17.5%	**44,708**	**42,931**
Prior period adjustment	2,701	–
Total tax expense		
Deductions for total tax expense	**(20,085)**	**(57)**
OPENING BALANCE	(2,701)	–
Prior period tax paid (refunded)	96	67
Resident withholding tax paid	19,371	21,849
Imputation credits on dividends received	37,496	987
Income tax paid	37,496	987
Total deductions for total tax expense	**34,178**	**22,846**
Income tax payable (refund due)	**10,531**	**20,085**

4. MĀORI AUTHORITY CREDIT ACCOUNT	($) 2019	($) 2018
OPENING BALANCE	102,625	79,722
Increases		
Income tax paid	37,496	987
Resident withholding tax paid	96	67
Māori authority tax credits	19,371	21,849
Total increases	**56,963**	**22,903**
Total Māori authority credit account	**159,588**	**102,625**

5. RELATED PARTIES	($) 2019	($) 2018
Receivables		
Advance - Raukawa Iwi Development Limited	900,000	500,000
Total increases	**900,000**	**500,000**
Payables		
Advance - Raukawa Charitable Trust	1,800,000	1,800,000
Advance - Raukawa Settlement Trust	75,000	75,000
Total payables	**1,875,000**	**1,875,000**

- Purchases from related parties are recorded on normal commercial terms.
- Loans from related parties are interest free and repayable on demand.

6. PARENT-SUBSIDIARY RELATIONSHIPS

The Company is a wholly-owned subsidiary of Raukawa Settlement Trust.

7. SUBSEQUENT EVENTS

No significant events have occurred after reporting date (2018: Nil).

Directory

RAUKAWA IWI DEVELOPMENT LIMITED

101 Leith Place
Tokoroa 3420

P: 07 885 0260
F: 07 885 0261

DIRECTORS

John Spencer (Chairman)
Vanessa Eparaima
Gaylene Roberts
Johnathan Stokes
Debbie Davies (from 29 July 2019)
Constance Hui (ceased 29 July 2019)

ACCOUNTANTS

GHA
Chartered Accountants
PO Box 1712
Rotorua 3040

INVESTMENT MANAGERS

Koau Capital Partners Limited

AUDITORS

KPMG
PO Box 929
Hamilton 3240

BANKERS

Westpac Hamilton
BNZ Hamilton

DATE OF FORMATION

17 June 2010

SHAREHOLDERS

Raukawa Settlement Trust Limited
88,889,441 Ordinary Shares

ASSOCIATED ENTITIES

Raukawa Settlement Trust
Raukawa Charitable Trust
Raukawa Settlement Trust Limited
Raukawa Asset Holding Company Limited
Raukawa Property Limited Partnership

RAUKAWA ASSET HOLDING COMPANY LIMITED

101 Leith Place
Tokoroa 3420

P: 07 885 0260
F: 07 885 0261

DIRECTORS

Vanessa Eparaima
John Spencer
Johnathan Stokes

ACCOUNTANTS

GHA
Chartered Accountants
PO Box 1712
Rotorua 3040

SHAREHOLDERS

Raukawa Settlement Trust Limited
100 Ordinary Shares