

8 February 2023

WAIRAU HOUSING DEVELOPMENT
RESPONSE TO REQUESTED POINTS OF CLARIFICATION FOR MfE

- 1. Please confirm the applicants name, what type of entity they are, their relationship with New Ground Capital, and any other partners (are they formal partnerships).**

The Applicant name is: Hapai Development Limited Partnership. The entity is a limited partnership.

New Ground Capital is contracted by Hapai Development, to provide Development Management services. The 'c/- New Ground Capital' can be removed from the Applicant details.

Other partners and their share interests have been outlined in a recent presentation by Hapai Development to the Ministry of Housing and Urban Development (MHUD) refer to **Appendix 1: Hapai Whanau Limited Partner Interests - Presentation for MHUD, February 2023.**

With regard to the Wairau Housing Development project, Hapai Development is formally representing the interests of Rangitāne o Wairau, and Te Tau Ihu iwi. Formal deeds of assignment to Hapai Development for the Wairau Housing Development project from Rangitāne o Wairau, Ngāti Rārua, Ngāti Tama, Ngāti Kuia, Ngāti Koata, and Te Ātiawa o Te Waka-a-Māui are available to the Ministry for the Environment (MfE) if required for assessment of this application.

- 2. Please provide further detail relating to the applicant's ability to fund the project.**

Through their associated company network, the Applicant has access to significant financial assets that are able to be utilised to fund the Wairau Housing Development project. Refer to **Appendix 2: Hapai Annual Report 2022.**

- 3. Clarity is needed on what impact the easement ('subject to a right to emit noise over the within land') has on the project.**

Easement Instrument 12185408.2 is on the titles of both Wairau Housing Development properties (850969 and 850968) and relates to a right for the adjacent hospital to emit noise. Refer to **Appendix 3: Easement Instrument 12185408.2.**

Schedule 'A' of Easement Instrument 12185408.2 specifies that the purpose of the easement is the 'Right to Emit Noise'.

Clause 2 of the Annexure Schedule specifies that *'The Benefitted Land shall have the full, free, uninterrupted and unrestricted right, liberty and privilege for themselves and their respective servants, tenants, agents, licensees and grantees from time to time to emit noise from hospital activities and allow such noise to escape and pass over the Burdened Land [which includes the subject Wairau Housing Development properties] in the course of the use of the Benefitted Land for Hospital Activities with the intent that such aforementioned rights shall run with the Burdened Land and be forever appurtenant to the Benefitted Land'*.

Clause 3(b) of the Annexure Schedule specifies that *'All noise emitted from hospital activities shall not exceed the maximum level permitted in any relevant district resource management planning document'*. With this clause in place any noise from hospital activities should not be beyond normal anticipated noise levels for the urban environment.

The noise easement is not expected to have any material impact on the proposal.

4. The assessment of the adverse effects is brief, please provide further analysis.

The site is zoned Urban Residential 2 in the Proposed Marlborough Environment Plan (PMEP), which anticipates a fundamental level of urban development. Additionally, the site is scheduled under Appendix 16, Schedule 2 of the PMEP, and as such, potentially large-scale, high-density hospital and health facilities can be developed as a permitted activity without consent.

In response to social and economic demand, the proposal aims to develop an urban density with sections generally smaller than the 400 m² allotments that would meet controlled activity subdivision standards under the PMEP (there are no relevant permitted subdivision standards in the PMEP).

Several factors have been factored into the initial consideration, planning, and design of the proposal to mitigate the potential effects of the increased density:

- The site is not in a prominent or highly visible location. The site has limited street frontage and the intention is to incorporate landscaping along the boundaries of the site – most likely a combination of fencing and planting - that will be in keeping with existing urban residential standards, privacy, and outlook. It is anticipated that, when completed, the outlook from adjacent residential properties and hospital facilities will be in accordance with Urban Residential 2 standards.

- The proposal has been designed so the higher density areas are adjacent to the west and northwest boundaries with the Wairau Hospital, larger allotments in the region of 350 m² – 380 m² are adjacent to eastern and southern boundaries with established residential properties.
- Initial assessment by Marlborough District Council staff is that there is sufficient capacity within reticulated water supply and wastewater systems to service the proposed development. Engineering assessment indicates that stormwater can be managed onsite. No issues are anticipated with connection to electricity and telecommunications. The proposed higher density development can be adequately serviced by all connections required in an urban environment.
- Initial traffic assessments indicate that existing road and transport systems can assimilate the proposed development without significant effects on traffic safety and functionality and without major infrastructure upgrades.
- The proposal will create a modern, functional and pleasant urban environment to meet the social and cultural needs of the community. While the character of the wider area may change as a result of the higher density, the new modern housing and public open spaces will be a positive addition to the area.

There are no surface or ground water bodies, or significant natural areas, or important ecological habitats on or near the site that could be potentially disturbed or contaminated by the proposed development.

The PMEP alongside geotechnical and civil engineering assessments do not identify the site as being significantly at risk from or potentially affected by climate change or natural hazards.

There are no heritage buildings, known historic / archaeological sites, or notable trees on the subject site that require special consideration. Nonetheless, it is expected that any resource consent for land disturbance will include a condition specifying an accidental discovery protocol.

Best practice management measures and compliance with PMEP noise standards will minimise adverse effects on the environment and adjacent properties arising from construction.

The overall initial assessment is that the potential for the Wairau Housing Development project to generate significant adverse environmental effects is less than minor.

5. Does the project rely on the NPS-UD, and if so, please provide further analysis.

The project is consistent with the direction of the National Policy Statement – Urban Development (NPS-UD) in that it will contribute to a well-functioning urban environment that will enable all people and communities to provide for their social, economic, and cultural wellbeing, and for their health and safety, now and into the future. Alignment with the NPS-UD is an important factor for overall consideration of the proposal, but the project does not rely exclusively on it.

The NPS-UD identifies Blenheim as a Tier 3 urban environment, supporting policies require that planning framework and decisions enable increased density that reflects the demand for housing. Current high land and house prices in Blenheim indicate limited supply and there is very clear community demand for affordable housing options that do not fit within the existing planning / subdivision framework.

The proposed Wairau Housing Development includes increased and varied housing densities and types that aim to meet community demand and contribute to a well-functioning urban environment. The site can be fully serviced and there are no significant infrastructure challenges or requirements.

The higher density proposal sits comfortably within the purpose and intent of the NPS-UD and will be an example of a modern, functional and quality urban development.

6. *Please provide detail of the anticipated lot sizes.*

Appendix 4: *Lot Sizes Diagram* shows indicative lot sizes based on the typologies set out in the *Master Plan and Concept Report* (Appendix 4 of the application). Some sections at the north end of the site have been shown as 'superlots' at this stage as the details of the individual sections are still being worked through.

7. *Is the zoning and the rules identified in the application operative? If they are not, what rules are triggered under the operative plan?*

The relevant Rules and zoning of the Proposed Marlborough Environment Plan identified in the application are not subject to any appeals, and therefore must be treated as operative (and any previous rule as inoperative) under Section 86F(1)(a) of the Resource Management Act 1991.

8. *Please provide the figures for jobs created in FTE jobs per year, rather than FTE years.*

The Market Economics Economic Impact Assessment report has been updated to show all figures for jobs created in FTE jobs per year. Refer to **Appendix 5: Economic Impact Assessment** - 3 February 2023.

9. What is currently on the site e.g., vegetation, buildings, and what is proposed to happen to this?

There is an existing residential property (with a floor area of 261 m²) and shed currently on 46 Hospital Road, along with some minor vegetation along the front and sides of the property and a small area of compacted gravel to the rear which appears to have been used for car parking. This property along with the shed, vegetation, grass and gravel areas are all proposed to be removed to enable the housing development.

48 Hospital Road does not have any existing buildings and approximately 50% of the site is covered in non-native planting (conifer trees and shrubs). The remainder of the area being grass areas and informal, unsealed roads, which have been compacted by use. A patch of mature, exotic conifers takes up a significant portion of the site's south-east section. These trees have no protection status and are not registered as notable trees. The intent will be the removal of the majority of these trees to enable the housing development, with some key trees being retained where possible.

10. What are the implications of the site being scheduled as specifically for hospital purposes?

The subject property is listed as a scheduled site under Appendix 16, Schedule 2 of the Proposed Marlborough Environment Plan. The listing specifies that health services and ancillary activities are permitted on the subject property without resource consent, subject to compliance with the following standards:

- Urban Residential 2 Zone recession plan standards.
- Notwithstanding the above recession plan standards, the maximum height of a building or structure must not exceed 20m.
- Notwithstanding the above recession plan standards, buildings must be set back a minimum of 3 metres from a road.

Schedule 2 also specifies that: *'Where not otherwise provided for by, or limited by, the rules in Schedule 2 of Appendix 16, the rules of the Urban Residential 2 Zone apply to all activities on the Wairau Hospital scheduled site.'*

The proposed residential development of the site is not otherwise provided for by, or limited by, the rules in Schedule 2. Therefore, apart from providing a baseline of permitted activity, the scheduled site listing does not have any implications for the proposal.

11. What role do Nelson Marlborough Health Services Limited have in relation to the hospital, and has any consultation been undertaken?

Our understanding is that Nelson Marlborough Health Services Limited has been replaced by the Nelson Marlborough District Health Board. Appendix 16, Schedule 2 of the Proposed Marlborough Environment Plan is fully operative and refers to the Nelson Marlborough District Health Board.

The subject site for this development was acquired by the Ministry of Housing and Urban Development (MHUD) from the Nelson Marlborough District Health Board. The site was acquired for the purpose of providing much needed housing for the area via MHUD's Land for Housing programme. The Record of Titles for both lots list the Crown as the registered owner and housing as the land purpose.

Hapai Development and Te Runanga a Rangitane o Wairau (Rangitane) have a Memorandum of Understanding with MHUD for the purchase and future development of the subject site for housing purposes. As such, all parties are aware of the proposed development plans for the subject site. At this stage, the existing concept design plans have been shared with MHUD but not with the Nelson Marlborough District Health Board.

12. The application states that stormwater is intended to be managed onsite, please provide the infrastructure report relating to this?

Refer to **Appendix 6**; Envelope Engineering - 46 & 48 Hospital Road, Blenheim, Infrastructure Report, dated 19 December 2022 which details the proposed onsite stormwater management.

13. Is there another private hospital immediately adjacent to the site? This is shown on google maps.

There are two independent health related entities on Wairau Hospital / Nelson Marlborough District Health Board land west of the site:

1. The Churchill Private Hospital functions as an independent private hospital but works in a mutually beneficial relationship with Nelson Marlborough District Health Board.
2. The Hospice Marlborough is a palliative care facility and a registered charitable trust.

Refer to Figure 13.1 for locations.

FIGURE 13.1: Private Hospital Locations





Hāpai Whānau Limited Partner Interests

***Presentation for MHUD
February 2023***



Our Collective Approach

Building a collective property investment house that is unique and enduring.

Exclusively Māori

Iwi / Māori owned, controlled and solution focused.

Partnership

Committed to partnering with mana whenua, iwi and hapū to combine capacity with proprietary and create collective value.

Flexible

Delineated by property asset class (commercial, development and housing) to allow discretion for each individual iwi investor to allocate capital that fits with their asset allocation strategies.

Focused

Focused and disciplined strategy, policies and execution for each of the three property classes.

Effective

High quality, cost-effective and common governance and management across the three property asset classes that optimises the collective Iwi potential.

Scale

Working as a collective allows scale which enables better access to pipeline, execution and risk management.

Specialist execution

Where sensible Hāpai partners with specialist operators or managers to de-risk or optimize outcomes.

Open-ended

Aligned to iwi investment time horizon providing inter-generational investment and the allocation of further capital over time as each Investor grows its own pūtea.

Priority outcomes for whānau

Delivering key housing and associated benefits for whānau members, encouraging employment through supply chain and enabling cultural interpretation within design.

Hāpai whānau



The Hāpai whānau consists of entities focused on the three key property classes of commercial property, build-to-rent housing and development property. The delineation enables investor flexibility and hence disciplined capital allocation across what are three asset classes with quite different investment characteristics. However common governance and management across the three entities ensures alignment of vision, values and approach while also further enabling economies of scale.



Commercial property can deliver stable real long-term cash-flow to underpin lwi requirement to deliver distributions

- Investment grade commercial property
- Scale to allow appropriate diversification of location, tenant, usage
- Focused on good location, high quality buildings and strong tenant counterparty with flexibility across the industrial, ground lease, office and bulk retail sectors.



Development property can provide strong risk adjusted returns for long-term lwi investors

- Focused on acquiring urban land, developing to highest and best use and selling
- Strong risk management through scale, strong capital structure, careful partnering and diversification
- Appetite for mixed tenure residential developments that also deliver housing outcomes for whānau



Housing is NZ's largest asset class; diversified from other property types, delivers resilient cashflow and comparatively liquid

- Focused on specialist multi-unit new build to rent properties
- Building a NZ wide portfolio where there is either demonstrable long-term demand and / or it is underpinned by Central or Local Govt support
- Appetite for affordable solutions that also deliver housing outcomes for whānau

LPA Schedule of Hapai Commercial Property LP Interest

First Schedule - Partnership Interest Shares and Committed Capital of Partners

Hāpai Commercial Property Limited Partnership

As at 31 December 2022

Partner	Partnership Interest Shares	Partnership %	Committed Capital	Capital Contributed	Undrawn Capital
Raukawa Iwi Development Limited	34,274,510	34.49%	\$ 34,274,510	\$ 29,421,134	\$ 4,853,376
Te Kīwai Maui o Ngāruahine Limited	11,176,471	11.25%	\$ 11,176,471	\$ 9,593,848	\$ 1,582,623
Taranaki Iwi Holdings Limited Partnership	11,176,471	11.25%	\$ 11,176,471	\$ 9,593,848	\$ 1,582,623
Pare Hauraki Asset Holdings Limited	8,941,176	9.00%	\$ 8,941,176	\$ 7,675,078	\$ 1,266,098
Tama Asset Holding Company Limited	7,450,980	7.50%	\$ 7,450,980	\$ 6,395,898	\$ 1,055,082
Te Kahui Maru Limited Partnership	2,980,392	3.00%	\$ 2,980,392	\$ 2,558,359	\$ 422,033
Rotoiti 15 Investments Limited Partnership	2,922,705	2.94%	\$ 3,000,000	\$ 2,586,136	\$ 413,864
Koata Limited	2,922,705	2.94%	\$ 3,000,000	\$ 2,586,136	\$ 413,864
Rangitane Investments Limited	2,922,705	2.94%	\$ 3,000,000	\$ 2,586,136	\$ 413,864
Waitaha Group Holdings Limited Partnership	2,922,705	2.94%	\$ 3,000,000	\$ 2,586,136	\$ 413,864
Te Hoiere Asset Holding Company Limited	1,948,470	1.96%	\$ 2,000,000	\$ 1,724,091	\$ 275,909
Ngahina Trust	1,948,470	1.96%	\$ 2,000,000	\$ 1,724,091	\$ 275,909
Whakaue Tūwāhi Limited Partnership	1,948,470	1.96%	\$ 2,000,000	\$ 1,724,091	\$ 275,909
Ngāti Mutunga o Wharekauri Asset Holding Company Limited	1,948,470	1.96%	\$ 2,000,000	\$ 1,724,091	\$ 275,909
Te Pou Herenga Pakihi Limited Partnership	1,948,470	1.96%	\$ 2,000,000	\$ 1,724,091	\$ 275,909
Ngāti Rārua Settlement Trust	974,235	0.98%	\$ 1,000,000	\$ 862,045	\$ 137,955
Ngāti Rārua Ātiawa Iwi Trust Board	974,235	0.98%	\$ 1,000,000	\$ 862,045	\$ 137,955
Total	99,381,640	100.00%	\$ 100,000,000	\$ 85,927,255	\$ 14,072,745

LPA Schedule of Hapai Housing LP Interest

First Schedule - Partnership Interest Shares and Committed Capital of Partners

Hāpai Housing Limited Partnership

As at 31 December 2022

Partner	Partnership Interest Shares	Partnership %	Committed Capital	Capital Contributed	Undrawn Capital
Pare Hauraki Asset Holdings Limited	7,500,000	15.14%	\$ 7,500,000	\$ 2,807,082	\$ 4,692,918
Raukawa Iwi Development Limited	10,423,789	21.04%	\$ 10,500,000	\$ 3,977,601	\$ 6,522,399
Te Kīwai Maui o Ngāruahine Limited	5,000,000	10.09%	\$ 5,000,000	\$ 1,871,388	\$ 3,128,612
Taranaki Iwi Holdings Limited Partnership	7,436,491	15.01%	\$ 7,500,000	\$ 2,846,821	\$ 4,653,179
Tama Asset Holding Company Limited	4,974,596	10.04%	\$ 5,000,000	\$ 1,887,283	\$ 3,112,717
Te Kahui Maru Limited Partnership	3,487,298	7.04%	\$ 3,500,000	\$ 1,317,919	\$ 2,182,081
Rangitane Investments Limited	1,949,193	3.93%	\$ 2,000,000	\$ 780,346	\$ 1,219,654
Waitaha Group Holdings Limited Partnership	1,949,193	3.93%	\$ 2,000,000	\$ 780,346	\$ 1,219,654
Te Pou Herenga Pakihi LP	1,949,193	3.93%	\$ 2,000,000	\$ 780,346	\$ 1,219,654
Te Kūmete o Paerangi LP	974,596	1.97%	\$ 1,000,000	\$ 390,173	\$ 609,827
Ngāti Mutunga o Wharekauri AHC Limited	974,596	1.97%	\$ 1,000,000	\$ 390,173	\$ 609,827
Koata Limited	974,596	1.97%	\$ 1,000,000	\$ 390,173	\$ 609,827
Ngahina Trust	974,596	1.97%	\$ 1,000,000	\$ 390,173	\$ 609,827
Tukairangi Investments Ltd	974,596	1.97%	\$ 1,000,000	\$ 390,173	\$ 609,827
	49,542,733	100.00%	\$ 50,000,000	\$ 19,000,000	\$ 31,000,000

LPA Schedule of Hapai Development LP Interest

First Schedule - Partnership Interest Shares and Committed Capital of Partners

Hāpai Development Property Limited Partnership

As at 31 December 2022

Partner	Partnership Interest Shares	Partnership %	Committed Capital	Capital Contributed	Undrawn Capital
Raukawa Iwi Development Limited	7,500,000	27.27%	\$ 7,500,000	\$ 4,827,273	\$ 2,672,727
Taranaki Iwi Holdings Limited	5,000,000	18.18%	\$ 5,000,000	\$ 3,218,182	\$ 1,781,818
Pare Hauraki Asset Holdings Limited	5,000,000	18.18%	\$ 5,000,000	\$ 3,218,182	\$ 1,781,818
Te Kiwai Maui o Ngāruahine Limited	5,000,000	18.18%	\$ 5,000,000	\$ 3,218,182	\$ 1,781,818
Tama Asset Holding Company Limited	3,000,000	10.91%	\$ 3,000,000	\$ 1,930,909	\$ 1,069,091
Te Kahui Maru Limited Partnership	2,000,000	7.27%	\$ 2,000,000	\$ 1,287,273	\$ 712,727
Total	27,500,000	100.00%	\$ 27,500,000	\$ 17,700,000	\$ 9,800,000

- NB: Hāpai Development has the capital necessary to undertake the Wairau project, but will undertake a capital raise in order to enable Rangitāne and Te Tau Ihu iwi interests in the LP



Annual Report 2022

Hāpai Commercial Property LP

Hāpai Housing LP

Hāpai Development Property LP



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Hāpai Whānau – Mihi

Whiria matua te kaha i runga
Whiria matua te kaha i raro
Whiria te kaha a uta
Whiria te kaha a tai
Whiria kia ū, whiria kia mou
Whakamoua ki te uru o te rangi,
tēnei te ruruku ka ū ka tāmoua ki hēnei tauira
Hei ruruku ki tēnei matua a iwi
Tuia! Tuia i uta, tuia i tai
Tuia hō tātou mate tuatinitini, he kura tangihia, he maimai aroha kia rātou
Tuia rā tatou, te kanohi ora a hō tātou tupuna ka ngaro ki te pō,
Hurihia iho te pō ki te ao mārama!
E runga whai mai, e raro whai mai, e uta, heke mai,
E tai, tapiki mai ki te wherawhera i ngā kupu
me ngā kōrero Ki tēnei pūrau nui,
Kia eke ai ki te kōrero e mea ake nei,
'Mānawa hikitia mai te motu, manawa hapinga mai te ao'
E te iwi, hikitia!, e te whanau, hapainga!... kei ngā manukura o ngā iwi
tēnā koutou katoa



Manawa Hāpainga mai te motu

Supporting and empowering leadership, excellence and growth through iwi collective investment in the property sector.

Our Shared Values

Rangatiratanga – He toki nui, toki roa, toki tē mawetewete

carrying an adze whose bindings will never be loosened, a symbol of mana, authority and leadership.

Manaakitanga – he rātā whakamaru, he uru kahikatea

the great rātā trees and kahikatea groves stand as protectors for the under growth, symbolising support for growth and development.

Kotahitanga – Ki te kotahi ka whati, ki te kāpuia e kore e whati

a single stick of kakaho will easily break, but when bound together they are unbreakable; denoting the importance of the strength of working as a collective in order to achieve shared goals and outcomes.

Kaitiakitanga – Toitū taiao

sustainable environment, building a sustainable vibrant community.

Whānaungatanga – Tuia te kawē
binding together the collective Iwi aspiration, vision and strength the plaited kawē (handle) of the kit is used as a metaphor to bind these all together denoting the importance of relationships as the foundation for collective kaupapa.

Our Collective Approach

Building a collective property investment house that is unique and enduring.

Exclusively Māori

Iwi / Māori owned, controlled and solution focused.

Partnership

Committed to partnering with mana whenua, iwi and hapū to combine capacity with proprietary and create collective value.

Flexible

Delineated by property asset class (commercial, development and housing) to allow discretion for each individual iwi investor to allocate capital that fits with their asset allocation strategies.

Focused

Focused and disciplined strategy, governance and execution for each vehicle.

Effective

High quality and cost-effective governance and management that optimizes the performance of collective Iwi potential in the property sector.

Scale

Working as a collective allows scale which enables better access to pipeline, execution and risk management.

Specialist execution

Where sensible Hāpai partners with specialist operators or managers to de-risk or optimize outcomes.

Open-ended

Aligned to iwi investment time horizon providing inter-generational investment and the allocation of further capital over time as each Investor grows its own pūtea.

Priority outcomes for whānau

Delivering key housing and associated benefits for whānau members, encouraging employment through supply chain and enabling cultural interpretation within design.

Hāpai Whānau

The Hāpai whānau consists of entities focused on the three key property classes of commercial property, housing and development property. The delineation enables investor flexibility and hence disciplined capital allocation across what are three asset classes with different investment characteristics. However, common governance and management across the three entities ensures alignment of vision, values and approach while also further enabling economies of scale.



Commercial property can deliver strong real long-term cash-flow to underpin lwi requirement to deliver distributions

- Investment grade commercial property
- Scale to allow appropriate diversification of location, tenant, usage
- Focused on good location, high quality buildings and strong tenant counterparty with flexibility across the industrial, ground lease, office and bulk retail sectors.



Development property can provide strong risk adjusted returns for long-term lwi investors

- Focused on acquiring land, master planning and developing to highest and best use
- Strong risk management through scale, strong capital structure, careful partnering and diversification
- Appetite for mixed tenure residential developments that also deliver housing outcomes for whānau



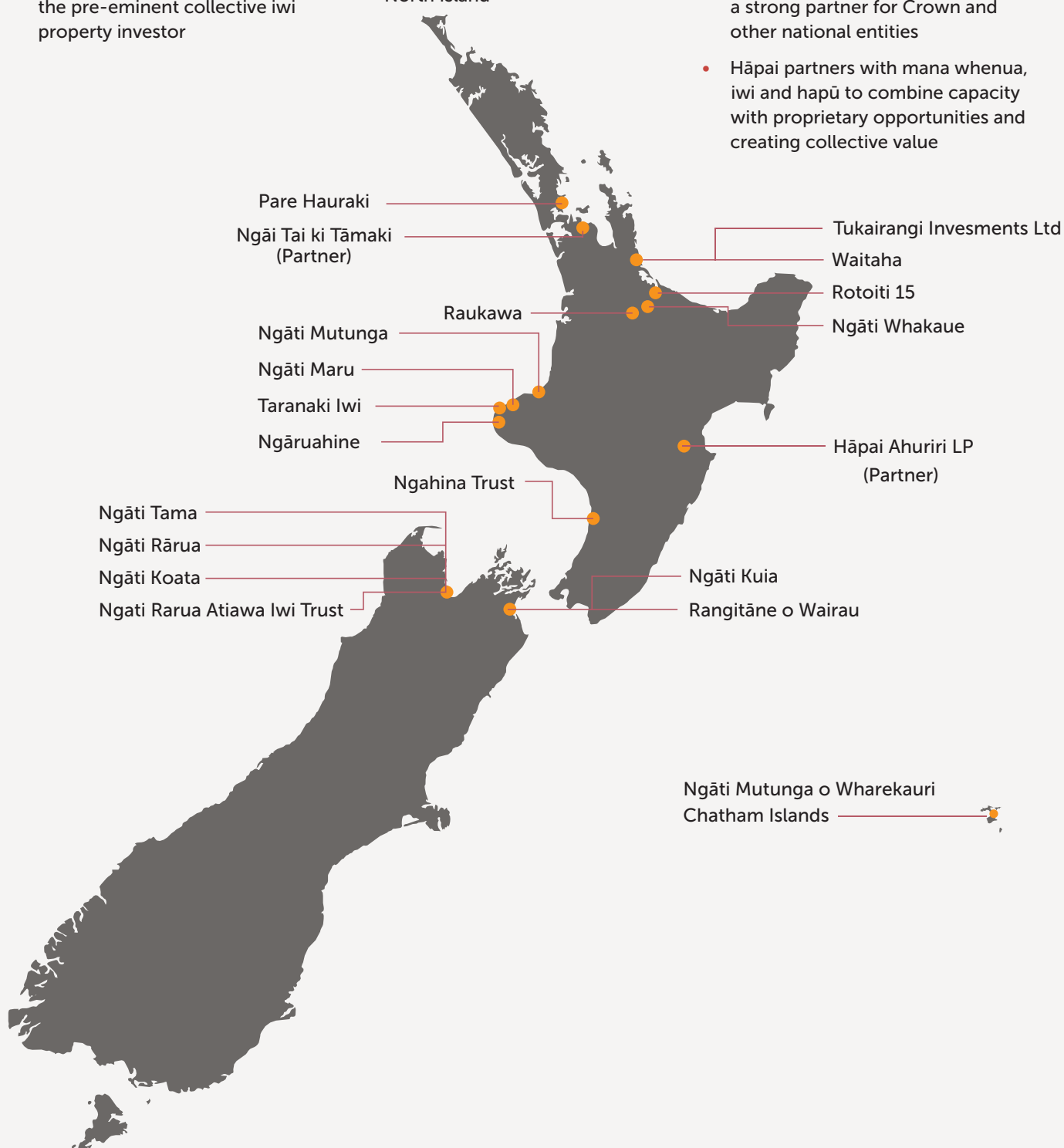
Housing is NZ's largest asset class; diversified from other property types, delivers resilient cashflow and comparatively liquid

- Focused on specialist multi-unit new build to rent properties and retirement villages
- Building a NZ wide portfolio where there is either demonstrable long-term demand and / or it is underpinned by Central or Local Govt support
- Appetite for affordable solutions that also deliver housing outcomes for whānau



Investors

- There are currently 19 iwi investors or partners across the Hāpai family –and is continuing to grow
- Hāpai's vision is to become the pre-eminent collective iwi property investor
- Tribal areas (rohe) are spread across the Te Tau Ihu - top of the South Island, Wharekauri - Chatham Islands and right throughout Te Ika a Maui - the North Island
- A collective approach broadens diversification and better manages risk for iwi investors
- National spread delivers opportunities and makes Hāpai a strong partner for Crown and other national entities
- Hāpai partners with mana whenua, iwi and hapū to combine capacity with proprietary opportunities and creating collective value





Reflecting Hāpai Values

Hāpai Values	Hāpai Goals	Progress towards our Values
Rangatiratanga – He toki nui, toki roa, toki tē mawetewete carrying an adze whose bindings will never be loosened, a symbol of mana, authority and leadership.	• Iwi & Māori investor control • Strong governance and leadership • High quality assets with unique Hāpai branding that reflects our values, ownership & connection • Industry sector leadership	• Integration of cultural design values and branding that is innovative, distinctive and reflective of mana whenua underway for Hāpai Housing. • Launched Hāpai website showcasing Hāpai whānau, vision, values and investments. • Hāpai has already completed transactions with mana whenua iwi and has MOUs with other iwi partners for potential opportunities
Kaitiakitanga – Toitū taiao sustainable environment, building a sustainable vibrant community.	• Leading environmental practices • Leading health & safety practices • Managing risk for shareholders • Good quality, efficient management	• Continual assessment of building quality, building sustainability, environmental hazard analysis and development strategies that align and adapt to Hāpai's long term sustainable ownership aspirations and values. • Strong health & safety measures in place, particularly for projects under construction with continuous reporting. • Hāpai Commercial Management Expense Ratio significantly lower than comparables with future expectation this will improve as Hāpai portfolio reaches critical scale of ~\$500m.
Manaakitanga – he rātā whakamaru, he uru kahikatea the great rātā trees and kahikatea groves stand as protectors for the under growth, symbolising support for growth and development.	• Leading industry sector risk adjusted returns • Delivers on the investment objectives and risk profile of investors for the asset class • Growing with the growth of its investors	• Hāpai Commercial since inception has outperformed industry benchmark - Listed NZX Property. • Long term reliability of income for Hāpai Commercial driven by strong WALT >15 years and 79% of contract rent expiry is post 2030 with over 75% of portfolio leased to Crown or classified as essential service providers. Further strengthened by 82% of debt hedged with 5 years weighted average term. • Hāpai Commercial development projects have outperformed target returns
Whānaukatanga – Tuia te kawē binding together the collective Iwi aspiration, vision and strength the plaited kawē (handle) of the kit is used as a metaphor to bind these all together denoting the importance of relationships as the foundation for collective kaupapa.	• Preferential section or housing access to Iwi members where feasible across rental and ownership and across the spectrum of market, affordable and social. • Encouraging Maori employment through the property supply chains	• Preferred access policy will be implemented for each residential or Build to Rent development. Hāpai will be offering affordable rental solutions for whānau members in its first project during FY23 • Pro-actively encouraging utilisation of Māori subcontractor and employees through the supply chain. Initiated with Hāpai Housing development projects, with a focus on continual improvement.
Kotahitanga – Ki te kotahi ka whati, ki te kāpuia e kore e whati a single stick of kakaho will easily break, but when bound together they are unbreakable; denoting the importance of the strength of working as a collective in order to achieve shared goals and outcomes.	• Trust and transparency in reporting to Limited Partners • Strength and success in unity • Enhanced identity and pride for its investors through visible commercial success and a connection through to the asset	• Hāpai is planning formal hui to further connect with the investments and to provide an opportunity to keep building on our kotahitanga amongst our investing Iwi and to wānanga future opportunities / strategies. • Hāpai will continue to grow its number of limited partners both growing its investor footprint across Aotearoa and its capital capacity. This opens greater iwi partnership opportunities and facilitates the ability to undertake scale investments in a timely manner across the country.

Board Member Profiles



John Spencer

Chair Hāpai Commercial Property LP
Chair Hāpai Development Property LP

John has been a director and chairman of a number of companies over the last 20 years and has extensive experience in complex commercial governance environments such as iwi, education institutes and co-operatives.

His background includes a period as the chief executive of NZ Dairy Group and has held a number of senior management positions in New Zealand and overseas in various industries. John is also chair of Raukawa Iwi Development Limited. He is the past chairman of Kiwi Rail, The Tertiary Education Commission, Tainui Group Holdings Ltd, WEL Networks, Waikato Regional Airport Ltd and Asure Quality. He was deputy chairman of NIWA and Solid Energy and a Director of Tower Limited and Mitre 10 NZ Ltd. John was honoured with a fellowship from the Waikato Institute of Technology in November 2010, received the "Valued Contribution to the Profession" award from the Institute of Chartered Accountants in 2002 and was appointed a Companion of the New Zealand Order of Merit in June 2011 for services to business. In 2019 John was elected a Distinguished Fellow of The Institute of Directors.



Paul Majurey

Chair Hāpai Housing Property LP

Paul has extensive governance experience. He chairs several statutory entities and companies, and is a director on many company boards, including the property sector. He also chaired three iwi/hapū collectives, comprising some 30 tribes.

Paul is nationally recognised environmental lawyer, specialising in leading large commercial and infrastructure projects for New Zealand's largest corporates. He has appeared as senior counsel before the Privy Council, Supreme Court and specialist environmental and Treaty courts. Paul has served on several Ministerial RMA technical advisory groups and is a co-author of the leading environmental law textbook.



Andrew Knight

Andrew is Chair of Limited Partner Taranaki Iwi Holdings Limited Partnership and is on the Boards of a number of investments held by Taranaki Iwi.

Andrew has extensive governance and management experience having served as a Chair and Board member on listed companies, charities, investment companies, and start-up entities for over 10 years. Andrew is currently in a Chief Executive role in the Energy sector, where he has worked in executive roles across the sector.



Taaringaroa Nicholas

Taari has been and is a trustee and director to many iwi, hapu, trusts, incorporations and charitable trusts, including those with strong links to Taranaki. He has been involved as a director of a range of companies involved in many industries including companies with a significant dairy focus.

Taari is a Chartered Accountant and a member of the NZ Institute of Chartered Accountants, New Zealand Institute of Directors and the New Zealand Institute of Finance Professionals. He has extensive experience at senior levels in funds management and banking. He is a graduate of the University of Waikato in Management Studies and Massey University in Development Studies. He was also the first Maori member of the New Zealand Stock Exchange.



Tony Sewell

Tony has had a very successful 45-year career in the property and construction sector, commencing his career as a quantity surveyor, then moving through various roles into property development and property investment.

Tony has worked for some of New Zealand's major players in the property and construction sector including, Fletcher, Downer, Landcorp Property and Ngāi Tahu Property. Tony now has an independent career as an advisor and director. He currently holds several governance roles, principally in the property and construction sector.



Bronwyn Koroheke

Bronwyn is the current Director for Te Pakahi o Maru Management, the General Partner for Te Kahui Maru LP, and is on the Boards for a number of investments held by Ngāti Maru Iwi. She is a seasoned finance professional of 25 years working in the fields of Maori economic development – across the tertiary sector, broadcasting and iwi settlements.

Bronwyn has a Master of Business Administration and is a qualified Chartered Accountant, recently receiving a 25 Years' Service recognition with Chartered Accountants Australia New Zealand. She is a member of the Institute of Directors recently completing her Company Certification. In addition to being a Trustee of Te Rūnanga o Ngāti Maru Trust and Chair of their Remuneration Audit & Risk Committee, she is also Trustee for the Crown Forestry Rental Trust, Adviser to Senior Management for Ministry for Environment and Committee Member for Waipa District Council – Finance & Corporate. She is currently the Finance & Operations Manager for Toimata Foundation, and previously held Executive Management roles as Chief Financial Officer for Māori Television and Te Wānanga o Aotearoa.



Hāpai Commercial

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Hāpai Housing

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Hāpai Development

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Hāpai Commercial

Portfolio at a Glance



Devonport Road
Sharp Tudhope, Tauranga



Macleans College
Auckland



Stark Drive
Original Foods, Christchurch



McLeod Street
Hawkes Bay DHB, Hawkes Bay



George Street
Farmers, Dunedin



Awatoto Business Park
Ziwi Petfood, Hawkes Bay



Hāpai Commercial

Key Highlights

CURRENT YEAR

Operating Profit	\$6.3m
Total Comprehensive Income	\$27m
Total Hāpai Assets *	\$212.8m
Closing Equity Value	\$131m
Weighted Average Swap Term *	5 years
Weighted Average Lease Term (WALT)*	14.8 years
Acquisitions	Committment to Hāpai Zoto LP

* Total Assets of Hāpai on a consolidated basis.



Limited Partner Called Capital

**\$86m or ~ 86% of
Total Commitment**

Total Limited Partner Committed Capital

\$100m

	FY22	Since Inception
Annualised Cash Distribution	6.1%	6.8%
Annualised Operating Return	6.3%	7.2%
Annualised Total Return	27.5%	33.7%



Chair and Investment Manager Review

Introduction

The 2022 financial year was the third year of operations for the Hāpai Commercial Property Limited Partnership ('Hāpai'). Hāpai has continued to focus on growing diversification, long weighted average lease term (WALT) and high-quality tenants with appropriate covenants resulting in a portfolio that is expected to continue to deliver reliable cash yields

Operational Overview

The key activity for FY22 for Hāpai was the completion of the new "greenfield" processing facility leased to Ziwi Petfood's (Hawkes Bay) via Hāpai's 50% equity investment in Hāpai Ahuriri Limited Partnership (HALP). The facility was completed on 31 May 2022 and is an A-grade industrial processing and distribution facility built to industry leading standards with solar generation, rainwater harvesting and native landscaping. HALP took advantage of the historically low interest rate environment and locked in ~80% of its debt on a 7-year weighted average term.

Alongside this, the four foundation properties of Hāpai again proved to be resilient in a financial year that saw additional COVID-19 lockdowns across wider Aotearoa. This further confirmed Hāpai's investment strategy of investing based on strong underlying fundamentals including the strength of the construction, type of buildings, location and sector diversification, long WALT, and strength of tenants.

The Ngāi Tai Hāpai Limited Partnership (Ngāi Tai Hāpai) which acquired the Macleans College on a lease back to Ministry of Education (MOE) had another successful year. The partnership with Ngāi Tai ki Tamaki Trust and its commercial subsidiary Ngāi Tai Ki Tāmaki Charitable Investment Trust has been extremely positive with collaboration on a number of opportunities including partnering with Hāpai Development Property LP.

Hāpai doubled down on the strategy of "off market and via preferred channels and relationships" during FY22. Hāpai believes in its strategy and is confident that if it remains patient and disciplined it can obtain longer run investment returns and reduce the risk of continuing market corrections due to increasing interest rate environment. In particular Hāpai is focused on progressing long-term Iwi / Crown partnership opportunities with at least two of these expected to crystallise in the next financial year.

Hāpai continued to engage with new iwi / Māori investors recognising the Hāpai brand and it's unique iwi led strategy and governance structure. Hāpai had sufficient capital to execute on its current pipeline of opportunities during FY22 with Limited Partners now committing \$86m of the \$100m total capital as at 30 June 2022.

In addition, Hāpai made a commitment to Hāpai Zoto Limited Partnership (HZLP) of ~\$4.3m (50% JV) funding \$2.7m of this as at 30 June 2022. This is for a new "greenfield" canning and storage facility leased to Ziwi Petfoods. The project is adjacent to HALP's investment and is a modern, A-grade industrial investment on 23,680 m2 freehold site with minimum 100% NBS seismic rating at completion. This is a direct result of a strong aligned partnership with Zoto LP who was the developer and development manager of HALP and again for this project. HZLP expect that the building will be completed in late April 2023.

Property	Type	Location	Major Tenant	WALT	Indepent Market Valuation	Debt	Market on Yield	Hedging
Macleans College	Ground Lease	Auckland	MOE	19.8 years	\$103.8m	\$48.9m	4.5%	76%
George Street	Bulk Retail	Dunedin	Farmers	6.6 years	\$30.8m	\$33.3m	5.9%	90%
Devonport Street	Office	Tauranga	Sharp Tudhope	4.6 years	\$20.7m		5.3%	
Stark Drive	Industrial	Christchurch	Oringial Foods	7.2 years	\$14.0m		5.5%	
McLeod Street	Office	Hawkes Bay	Hawks Bay DHB	4.8 years	\$13.5m		5.9%	
Awatoto Road	Industrial	Hawkes Bay	Ziwi Petfood - Superkitchen	20.9 years	\$27.3m	\$11.1m	5.4%	80%
				14.5 years	\$210.0m	\$93.2m	5.0%	82%
Properties Under Development								
Awatoto Road	Industrial	Hawkes Bay	Ziwi Petfood - Canning	21.0 years	\$2.8m	\$ -		
Total Hāpai Assets				14.8 years	\$212.8m	\$93.2m		

The pie graph below shows the current Hāpai location and type of buildings property portfolio at 30 June 2022. Note, this does not include projects that are currently under construction.

Location of Buildings



Type of buildings



During the financial year, Limited Partners received monthly distributions of 6% on the FY22 Opening Value of Equity, the information required to account for Hāpai in their monthly management accounts, and comprehensive quarterly reports prior to the 20th of the month following.



Chair and Investment Manager Review

Financial Performance Overview

The period ended 30 June 2022 provided strong operating returns and revaluation growth for Limited Partners.

Operating profit of \$6.32m materially ahead of FY21 due to a full year of earnings from Ngai Tai Hāpai (Macleans College) and tight control on operating expenditure relating to HCP properties. Hāpai's overhead structure is extremely efficient with a management expense ratio of 0.3%. Overall, this produced an annualised operating return on opening equity of 6.3% for the period ended 30 June 2022.

Revaluation of Hāpai's investment properties resulted in a \$12.9m uplift. This comprised HALP ~\$5.4m due to development being completed and leased, and Ngai Tai Hāpai \$5.9m due to improvement in market yields and \$1.8m from HCP foundation properties. Independent valuers Preston Rowe Paterson completed the valuations, Jones Lang Laselle and Telfer Young who have professional expertise and local knowledge of the specific locations with the updated valuations providing an average ~5.0% yield on current rentals.

The gain on derivatives of \$7.8m is a non-cash impact to the financial performance of Hāpai with the impact a reflection of Hāpai's long-term hedging strategy and an increasing interest rate environment due to local and global inflation pressure. The purpose of hedging is to assist in enabling stable cashflows to Limited Partners at an acceptable level (which the current hedging does), hence movements upward or downward are considered irrelevant in assessing overall performance. However, given the interest rate curve has continued to climb in recent months Hāpai will continue to see the benefit of its material hedging over the medium term (partially mitigating any downside in property values).

The total return for FY22 was 27.5%, however, we note the current low yield and high asset value environment is changing and we do not expect these valuation uplifts to continue.

Hāpai as at 30 June 2022, had a combined Loan to Value Ratio (LVR) of 44% on a look through basis when taking into account Hāpai's proportion of debt in its joint venture investments. This is below ASB's banking covenants of 50% LVR. Hāpai is managing its exposure to interest rate risk by implementing a hedging strategy that uses interest rate swaps on a range of maturities with a current range of 2 years to 13 years. Hāpai currently has 82% of its consolidated debt hedged with an overall weighted average hedged term of 5 years which provides real certainty in operating earnings.

Limited Partners are referred to Notes 10 & 13 of the financial statements for accounting for taxable income in respective LP's tax returns and the Limited Partner capital accounts for final financial reporting purposes.

Statement of Profit & Loss and Other Comprehensive Income

For the period ended 30 June 2022 \$m's	2022	2021
Rental Income	5.25	5.16
Operating Expenses	(0.98)	(0.89)
Net Rental Income before Associates	4.27	4.27
Investment in Associates Income	3.72	1.24
Net rental Income before Interest	7.99	5.51
Overheads	(0.52)	(0.36)
Operating Profit before interest	7.47	5.16
Net Interest Expense	(1.15)	(1.12)
Operating Profit	6.32	4.04
Investment Revaluations	12.93	21.67
Derivatives Revaluations	7.78	0.76
Profit	27.03	26.47



Outlook for FY23

The new canning facility currently under development by Hapai Zoto LP for Zivi Petfoods will be completed and available for lease May 2023. Hāpai is also progressing several live opportunities in line with its Investment Policy targeting robust tenant counterparties with strong underlying leases, WALT, and building quality. Hāpai will continue to develop relationships with Iwi, Crown and other long-term partners who have aligned goals and values.

Hapai has endeavored to pay a 5% monthly distribution to LP's based on the opening value of equity FY22 which is considered attractive compared to commercial property investment alternatives. This is largely due to the robustness and resilience of Hāpai's property portfolio and the low-cost management model.

The artificially low interest rates, strong commercial property demand, combined with fiscal stimulus and preferred access opportunities via mana whenua partners have underpinned the strong performance of Hāpai to date. Hāpai is confident in the quality of the portfolio and has taken a long-term prudent approach to valuations, however, we must recognize that the market conditions are constantly changing and developing. Hāpai was active in our interest rate hedging strategy during the low interest rate environment post COVID, which has reduced our exposure to rising interest rates and variability to earnings which is now impacting the commercial property sector.

Hāpai will continue to grow a highly diversified commercial property portfolio to its limited partners with the strategic goal to have a portfolio of \$500m of high-quality assets within the next 3-5 years which will provide the desired diversification and economies of scale. Hāpai will continue to be patient and wait for value-add opportunities and focus off-market and in particular on Iwi / Crown and other long-term partnerships.

Hāpai is looking to onboard and raise capital from new Limited Partners during FY23 which will be aligned with executing our investment opportunity pipeline. This will result in Hāpai having Limited Partners spread across large parts of Aotearoa. Further, this capital will allow Hāpai to continue to build an appropriately diversified portfolio in regions and sectors throughout the motu.

Statement of Financial Position

Year ended \$'000	Jun-22	Jun-21
Working Capital	4,843.8	1,031.7
Investment Properties	212,774.8	184,040.8
Capital Fund Costs	242.8	216.0
Derivative Asset	6,229.8	
Total Assets	224,091.2	185,288.4
Liabilities		
ASB Debt	93,243.4	82,193.4
Derivative Liability	-	685.3
Total Liabilities	93,243.4	82,878.7
HCP Net Equity	130,847.8	102,409.7



Hāpai Housing

Portfolio at a Glance



Moroki, Tamaki

Auckland



Owairaka, Mt Albert

Auckland



Mangere Bader Drive

Auckland





Hāpai Housing

Key Highlights

CURRENT YEAR

Limited Partner Committed Capital

\$13m or 26% of Total Commitment

Capital Raised FY22

\$18m

Committed Projects

Line Road, Tamaki (Moroki)

New North Road, Owairaka

Bader Drive, Mangere

Limited Partner Capital Committed to Projects

~\$32m or 64% of Total Commitment

Debt

0%

Limited Partners Onboarded

8 New Limited Partners



Chair and Investment Manager Review

Introduction

FY22 was the second year of operations for Hāpai Housing ("Hāpai") which was established December 2020. Hāpai has further developed and built on its goal of developing a high quality diversified Build to Rent (BTR) portfolio across NZ where there is demonstrable demand for affordable accommodation and the provision of quality rental accommodation fulfils a critical community need.

Operational Overview

Hāpai has had a busy operational year working on the following key activities:

- Approval of the New North Road, Owairaka, project, which is now under construction. The project originated off-market via strong crown relationships, has good links to the Auckland CBD by both rail and road and proximity to the large employment hubs via City Rail Link of Mt Albert, Mt Eden and New Market. The development of homes is arranged in 4 blocks, comprising of 6 one bed apartments, 35 two bed apartments, 3 studios, plus 34 car parks and bike parks. Owairaka suffers from a lack of smaller one and two bed homes better suited to the areas tenant demand. Hāpai expects that the construction of this project will be completed by January 2024.
- Acquired a 50% share in Karaka Pines Village Limited Partnership in June 2022. This is an investment into the retirement village operator who has track record and breadth of experience across the retirement village value chain of origination, development, marketing and management. This is a strong fit as plays to Iwi natural advantages in the land development space and completes a holistic capacity to deliver mixed tenure scale residential offerings including BTR and retirement villages. The Hāpai Investment Policy was updated and approved by the Board and shareholders in the General Partner, to include for investment in retirement villages.
- Progressing construction of the of Moroki project (Tamaki, Tamaki Makaurau) which is currently on budget. The project is behind programme, due to COVID related supply and labour shortages felt across the whole construction sector. Hāpai is expecting the

project to be completed and available to residents by mid-FY23. Hapai has indicative funding from Ka Uruora which will enable the delivery of 15-units (20-25% of total development) to be affordable (c 80% of market) and will be offered to whanau members of Hāpai as priority.

Financial Performance Overview

The financial performance of Hāpai was \$21k loss for the period end 30 June 2022 and reflects the operational costs for the audited financials. Given the development projects, the large majority of costs are project costs which are capitalised during the development phase.

Statement of Profit & Loss and Other Comprehensive Income		
For the period ended 30 June 2022 \$000s	2022	2021
Rental Income	-	-
Operating Expenses	-	-
Net Rental Income	-	-
Net Rental Income	-	-
Overheads	(0.02)	(0.01)
Operating Profit before interest	(0.02)	(0.01)
Net Interest Expense	-	-
Operating Profit	(0.02)	(0.01)
Profit	(0.02)	(0.01)



The Investment Properties is the cost expended to date to develop Moroki, Owairaka and Mangere with working capital used to fund these developments.

Limited Partners are referred to Notes 7 & 11 of the financial statements for accounting for taxable income in respective LP's tax returns and for updating Limited Partner capital accounts for financial reporting purposes.

Financial Position		
Year Ended \$'000	June-22	June-21
Working Capital	130.1	2,606.2
Investment Property	13,086.7	2,113.3
Investment in Associates	573.2	
Capitalised Fund Costs	23.0	21.3
Total Assets	13,813.1	4,740.8
Total Liabilities	-	-
Hāpai Net Equity	13,813.1	4,740.8

Outlook for FY23

Hāpai Housing's objective is to become one of Aotearoa's pre-eminent BTR investment vehicles by building a portfolio over the long-term focused on the following key areas:

- Private rental in high demand areas where there is a significant deficit of quality rental housing stock;
- Affordable rentals, subsidised by Crown funding, delivered to whānau;
- Retirement villages;
- Leases to specialist Community Housing Providers underpinned by Govt support; and
- Leases to Government entities who require bespoke housing solutions (e.g. NZDF).

Hāpai is expecting Moroki to be completed and available for lease by June 2023. The development has its own private utilities network including shared internet, and there will be power efficiencies generated for residents via a centralised hot water system and solar. Hāpai believes that this will improve the tenant demand and aligns with a number of Hāpai's values. Alongside this, Hāpai is collaborating with Ka Uruora to provide affordable housing solutions for iwi members of Hapai whanau. Hāpai will collaborate with Ka Uruora and the Property Manager to ensure that engagement with whanau is targeted and accessible for all whanau.

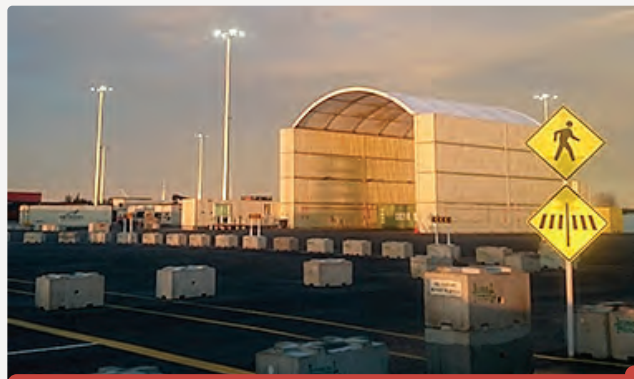
Hāpai is also expecting opportunities to originate via the Hāpai whanau iwi partners and wider networks with a retirement village opportunity at advanced stages and expecting to go unconditional and commence development during the latter part of FY23. As part of this opportunity, Hāpai is looking to onboard additional capital from new Limited Partners during FY23 which will be aligned with an investment opportunity pipeline.

Hāpai Development

Portfolio at a Glance



IPort
Christchurch



IPort
Christchurch



Beachlands South LP
Formosa Golf Club



Beachlands South LP
Formosa Golf Club



Mixed Tenure Residential
Developments Under Consideration



Mixed Tenure Residential
Developments Under Consideration



Hāpai Development

Key Highlights

CURRENT YEAR

Limited Partner Committed Capital

\$27.5m

Limited Partner Call Capital

\$17.2m or 63% of Total Commitment

Committed Projects

Iport Rolleston
Beachlands South LP

Debt

0%



Chair and Investment Manager Review

Introduction

FY22 was the first year of operations for Hapai Development (“Hapai”) with the entity established June 2021. Hapai has focused on strategic commercial and industrial land development or urban land development opportunities where it can acquire off market via preferred channels including partnering with iwi with rights and opportunities.

Hapai will look to acquire, develop and sell – with potential development projects potentially sold to the Hapai whanau (Housing / Commercial Property) or to the open market.

Operational Overview

The key activity for Hapai during FY22 was the approval and acquisition to purchase 4.0ha of prime industrial zoned land at Iport, Rolleston, Christchurch. Iport is one of Canterbury’s newest and most accessible business parks and is immediately adjacent to the large 26ha inland port (Metroport) operated by Lyttleton Port Company (LPC). This, combined with the well-documented scarcity of zoned land in Christchurch, makes the site an attractive, financially sensible option for industrial development. The property was settled in March 2022, and Hapai is continuing to work closely with a key strategic partner that would provide a long-term tenant solution via a greenfield design and build development / investment.

Hapai and Ngāi Tai ki Tāmaki acquired a minor interest in Beachlands South LP – in partnership with NZ Super and Russell Property Group. The Project is to rezone and develop a major 255ha land holding in Beachlands, Auckland.

This opportunity was born out of the strong relationship with Ngāi Tai ki Tamaki whom Hapai has partnered with in this investment.

Hapai has also been progressing a number of scale residential development opportunities in partnership with mana whenua Iwi throughout Aotearoa, which it expects 2-3 of these opportunities to commence in the next financial year.

During the year, \$17.2m, approximately 63% of LP Capital has been called to date for the development projects.



Financial Performance Overview

The financial performance of Hāpai was a minimal \$14k loss for the period end 30 June 2022. The large majority of costs are project costs which are capitalised during the development phase.

Statement of Profit & Loss and Other Comprehensive Income	
For the period ended 30 June 2022 \$'000s	\$'000s
Rental Income	-
Operating Expenses	-
Net Rental Income	-
Net Rental Income	-
Overheads	(0.01)
Operating Profit before interest	(0.01)
Net Interest Expense	-
Operating Profit	(0.01)
Profit	(0.01)

Financial Position	
Year Ended \$'000s	June 2022
Working Capital	462.5
Development Properties	8,982.1
Investment in Associates	8,032.1
Capitalised Project Cost	244.2
Capitalised Fund Cost	161.0
Total Assets	17,881.9
Total Liabilities	-
HDP LP Net Equity	17,881.9

Limited Partners are referred to Notes 7 & 11 of the financial statements for accounting for taxable income in respective LP's tax returns and for updating Limited Partner capital accounts for financial reporting purposes.

Outlook for FY23

Hāpai Development objective is to become one of Aotearoa's pre-eminent development property investment vehicles by having a long-term focus on urban land development in the following key areas:

- Acquiring land through preferred channels;
- Strategically identifying highest and best use and obtaining appropriate consents;
- Developing with best suited operational partner when appropriate; and
- Selling and recycling capital.

Hāpai is working on a number of large scale strategic commercial and industrial land development and urban residential land development opportunities across Aotearoa.

Hāpai is focused on partnership opportunities with strategically aligned partners, and/or mana whenua Iwi where Hāpai can bring capacity and capability to create collective value.

A number of these opportunities lend themselves to mixed tenure solutions that would also deliver positive Māori housing outcomes.

Hāpai is looking to onboard and raise capital from new Limited Partners during FY23 which will be aligned with an investment opportunity pipeline.

Further, this capital will allow Hāpai to continue to build an appropriately diversified portfolio in regions and sectors throughout Aotearoa and drive economies of scale through lower proportionate operating costs.

Financial Statements



For the period ended 30 June 2022

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**INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF HĀPAI COMMERCIAL PROPERTY LIMITED PARTNERSHIP**

Opinion

We have audited the financial statements of Hāpai Commercial Property Limited Partnership ("the Limited Partnership"), which comprise the statement of financial position as at 30 June 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Limited Partnership as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Limited Partnership in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or 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 to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Directors' Responsibilities for the Financial Statements

The directors are responsible on behalf of the Limited Partnership for the preparation and fair presentation of the financial statements in accordance with NZ IFRS RDR, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Limited Partnership's Partners, as a body. Our audit work has been undertaken so that we might state those matters which 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 Limited Partnership and the Limited Partnership's Partners, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Christchurch
Christchurch
New Zealand
8 September 2022

DIRECTORY

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

NATURE OF BUSINESS

Commercial Property Investment

DATE OF FORMATION

29th January 2019

GENERAL PARTNER

Hāpai Commercial Property General Partner Limited

LIMITED PARTNERS

Name	Percentage
Raukawa Iwi Development Limited	34.49%
Te Kīwai Maui o Ngāruahine Limited	11.25%
Taranaki Iwi Holdings Limited Partnership	11.25%
Pare Hauraki Asset Holdings Limited	9.00%
Tama Asset Holding Company Limited	7.50%
Te Kahui Maru Limited Partnership	3.00%
Rotoiti 15 Investments Limited Partnership	2.94%
Koata Limited	2.94%
Rangitane Investments Limited	2.94%
Waitaha Group Holdings Limited Partnership	2.94%
Te Hoiere Asset Holding Company Limited	1.96%
Ngahina Trust	1.96%
Whakaue Tūwāhi Limited Partnership	1.96%
Ngāti Mutunga o Wharekauri Asset Holding Company Limited	1.96%
Te Pou Herenga Pakihi Limited Partnership	1.96%
Ngāti Rārua Ātiawa Settlement Trust	0.98%
Iwi Trust Board	0.98%

ADDRESS

36 Customhouse Quay,
Wellington,
New Zealand, 6146

CHARTERED ACCOUNTANT

Sidekick CA Limited

BANKERS

ASB

SOLICITORS

Greenwood Roche

AUDITORS

BDO Christchurch

STATEMENT OF PROFIT AND LOSS AND OTHER COMPREHENSIVE INCOME

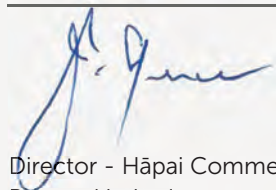
Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

	NOTES	2022 \$	2021 \$
Rental Income			
Rent Received		4,300,762	4,238,441
OPEX Recovered		944,395	926,325
Total Rental Income		5,245,157	5,164,766
Investment in Associates Income			
Share of Investment in Associates Surplus		3,722,580	1,239,952
Total Income		8,967,736	6,404,717
Expenses			
Operating Expenses		975,551	890,340
Overhead Expenses		521,706	355,746
Total Expenses		1,497,257	1,246,087
Operating Profit Before Interest		7,470,479	5,158,631
Finance Income and Finance Costs			
Interest Income on Cash and Cash Equivalents		(1,171)	(355)
Interest Expense on Borrowings	8	1,151,015	1,121,760
Total Finance Income and Finance Costs		1,149,844	1,121,405
Operating Profit		6,320,635	4,037,226
Other Gains and (Losses)			
Investment Property - Gain from Fair Value Management	5	1,718,691	7,851,377
Share of Investment in Associates - Other Gains & Losses	6	16,707,165	13,374,959
Gain / (Loss) on Derivative Financial Instruments Held for Trading	9	2,281,609	1,201,907
Total Other Gains and (Losses)		20,707,465	22,428,243
Total Comprehensive Income		27,028,100	26,465,469
Profit Available for Allocation			
Limited Partners		27,028,100	26,465,469
Total Profit Available for Allocation		27,028,100	26,465,469

STATEMENT OF FINANCIAL POSITION

Hāpai Commercial Property Limited Partnership as at 30 June 2022

	NOTES	30 June 2022 \$	30 June 2021 \$
Assets			
Current Assets			
Cash and Cash Equivalents		4,777,837	1,202,144
Trade and Other Receivables		113,298	108,258
GST Receivable		72,340	-
Income Tax Receivable		305	100
Total Current Assets		4,963,780	1,310,580
Non-Current Assets			
Investment Properties	5	78,950,000	77,050,000
Investment in Associates	6	78,053,720	57,639,113
Derivative Financial Asset	9	2,027,923	-
Capitalised Project Feasibility Costs		336,378	-
Capitalised Fund Costs	12	242,776	215,973
Total Non-Current Assets		159,610,796	134,905,086
Total Assets		164,574,576	134,215,666
Liabilities			
Current Liabilities			
Trade and Other Payables		453,384	233,896
GST Payable		-	44,992
Total Current Liabilities		453,384	278,889
Non-Current Liabilities			
Loans	8	33,273,368	33,273,368
Derivative Financial Liability	9	-	253,687
Total Non-Current Liabilities		33,273,368	33,527,054
Total Liabilities		33,726,752	33,805,943
Net Assets		130,847,824	102,409,723
Equity			
Partners Capital		130,847,824	102,409,723
Total Equity		130,847,824	102,409,723



Director - Hāpai Commercial Property General
Partner Limited
Date: 8th September 2022



Director - Hāpai Commercial Property General
Partner Limited
Date: 8th September 2022

STATEMENT OF CHANGES IN EQUITY

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

	NOTES	2022 \$	2021 \$
Equity			
Opening Balance		102,409,723	34,580,271
Capital Introduced	13	7,550,001	44,749,454
Partner Share of Operating Profit		6,320,635	4,037,203
Partner Share of Other Gain's & (Losses)		20,707,465	22,428,266
Partner Distributions	13	(6,140,000)	(3,385,471)
Total Equity		130,847,824	102,409,723

STATEMENT OF CASH FLOWS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

	2022 \$	2021 \$
Operating Activities		
Receipts from Rental Income	6,044,555	5,933,985
Interest on Cash and Cash Equivalents	1,171	355
Receipts from Investment in Associates	3,736,074	1,158,484
Payments to Suppliers	(1,609,161)	(1,355,776)
Income Tax Refunded/(Paid)	(205)	(62)
GST	(676,976)	(612,905)
Interest on Borrowings	(1,151,015)	(1,121,760)
Net Cashflows from Operating Activities	6,344,444	4,002,321
Investing Activities		
Capital Expenditure on Investment Properties	(225,773)	(170,622)
Investment in Associates	(3,774,308)	(44,241,484)
Capitalised Fund Costs	(15,551)	(56,017)
Capitalised Project Feasibility Costs	(163,120)	-
Net Cash Flows from Investing Activities	(4,178,752)	(44,468,123)
Financing Activities		
Proceeds from Capital Contributed by Limited Partners	7,550,001	44,749,454
Distributions to Limited Partners	(6,140,000)	(3,385,471)
Net Cash Flows from Financing Activities	1,410,001	41,363,984
Net Cash Flows	3,575,693	898,182
Cash and Cash Equivalents		
Cash and Cash Equivalents at Beginning of Period	1,202,144	303,962
Net Change in Cash for Period	3,575,693	898,182
Cash and Cash Equivalents at End of Period	4,777,837	1,202,144

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

1. REPORTING ENTITY

Hāpai Commercial Property Limited Partnership (HCPLP) is a limited partnership registered and domiciled in New Zealand on 29 January 2019, and subject to the Limited Partnership Act 2008 and is engaged in the business of property and general investing.

This report was authorised for issue in accordance with a resolution of partners dated 8th September 2022.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), HCPLP is a for profit entity.

2. BASIS OF PREPARATION

Statement of compliance

These statements are prepared for the year of 1 July 2021 to 30 June 2022. These financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR) and the requirements of the Limited Partnership Act 2008. HCPLP is eligible to apply NZ IFRS RDR because it does not have public accountability and is not a large for profit public sector entity.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for the Investment Property and Derivative Financial Instruments which are measured at fair value.

Functional and presentation currency

These financial statements are presented in New Zealand dollars (NZD) which is the functional currency of Commercial Hāpai Property Limited Partnership (HCPLP) and presented to the nearest dollar.

Use of estimates and judgements

The preparation of 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 these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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 described in Note 4(c), 5 and 8.

The financial statements have the following key estimate and judgement areas:

- Properties that are held either to earn rental income, for capital appreciation or for both are classified as Investment Properties. Investment property is initially measured at cost and subsequently measured at fair value with any change therein recognised in profit or loss. Determining fair value requires the use of key estimates Refer Note 5 - Investment Properties.
- Derivative Financial Instruments - Interest rate swaps are entered into to manage interest rate exposure and are carried at fair value. Determining fair value requires the use of key estimates Refer Note 9 - Derivative Financial Instruments.
- COVID 19 - HCPLP Directors have considered the ongoing impact of COVID-19 in preparing these financial statements, and in assessing the going concern of HCPLP. It is the Director's view that the impact of COVID-19 on the operations, activities and financial performance of HCPLP has not been significant and no impairment of its financial assets and Investment Properties is needed to be recognised in the financial statements. This view has been reached after considering the Investment Property portfolio, the independent valuations obtained and review of the current tenancies post the Government lockdown period and in accordance with the lease agreements. The impact of COVID-19 has also not affected the Director's going concern assessment of HCPLP.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

3. CHANGES IN ACCOUNTING POLICIES

There have been no changes to Hāpai Commercial Property Limited Partnership accounting policies during the year.

4. SIGNIFICANT ACCOUNTING POLICIES

a. Financial Instruments

Financial Assets

HCPLP classifies its financial assets at amortised cost.

Amortised cost

These assets arise principally from the types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less expected credit loss. The Partnership's financial assets measured at amortised cost comprise accounts receivable and cash and cash equivalents in the statement of financial position. Cash and cash equivalents includes cash at bank and on-call deposits. Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model.

Financial Liabilities

Trade payables and loans are initially recognised at fair value less transaction costs. They are subsequently carried at amortised cost using the effective interest rate method. Derivative financial liabilities are initially recognised and subsequently carried, at fair value, with changes in their fair value recognised in profit or loss.

b. Revenue

Lease Income

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. HCPLP has entered into commercial ground leases on its investment properties. HCPLP has determined that it retains all significant risks and rewards of ownership of these properties and has thus classified these leases as operating leases. Rental income from operating leases is recognised in the period to which it relates. Operating lease receipts are recognised as revenue on a straight-line basis over the lease term.

Interest Income

Interest income is recognised as it accrues, using the effective interest method.

c. Determination of Fair Values

A number of the Partnership's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

d. 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. The net amount of GST receivable from, or payable to the Inland Revenue is included as part of the receivables or payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

5. INVESTMENT PROPERTY

Investment property is property held either to earn rental income for capital appreciation for both. Investment property is initially measured at cost and subsequently measured at fair value with any change therein recognised in profit or loss. Initial direct costs incurred in acquiring the asset are added to the carrying amount of the leased asset. The valuations are prepared using a combination of the Capitalisation of Contract Income, Capitalisation of Market Income and Discounted Cash Flow methodologies. Discounted Cash Flow methodology is based on the estimated rental cash flows expected to be received from the property adjusted by a discount rate that appropriately reflects the risks inherent in the expected cash flows. Investment properties are de-recognised when they have been disposed of and any gains or losses incurred on disposal are recognised in profit or loss in the year of derecognition. Refer to note 7 for securities held over the properties.

Investment properties are revalued every year. Investment properties were valued on 30 June 2021 by the following valuers who are Registered Valuers, FNZIV, FPINZ:

- Preston Rowe Paterson
- Jones Lang La Salle
- Telfer Young.

The valuers have recent experience in the location and category of the item being valued. Investment properties are stated at fair value by the independent valuer supported by market evidence of sale transactions and leasing activity. These valuations are reviewed by HCPLP management. The major inputs and assumptions that are used in the valuation that require judgement include forecasts of the current and expected future market rentals and growth, an assessment of yields, discount rates, and lease terms.

HCPLP carried out market valuations for all investment properties during the financial year ended 30 June 2022:

	Office	Bulk Retail	Industrial	Total
Opening Balance	\$33,550,000	\$29,500,000	\$14,000,000	\$77,050,000
Acquisition of properties	-	-	-	-
Capitalised Costs	\$52,757	\$15,492	\$29,260	\$97,509
Lease Incentives	\$71,084	\$12,716	-	\$83,801
Change in Fair Value	\$526,159	\$1,221,791	\$(29,260)	\$1,718,690
Closing Balance	\$34,200,000	\$30,750,000	\$14,000,000	\$78,950,000
% of Portfolio	43%	39%	18%	100%

HCPLP carried out market valuations for all investment properties during the financial year ended 30 June 2021:

	Office	Bulk Retail	Industrial	Total
Opening Balance	\$29,700,000	\$27,138,350	\$12,150,000	\$68,988,350
Acquisition of properties	-	-	-	-
Capitalised Costs	\$114,745	\$17,338	\$3,580	\$135,664
Lease Incentives	\$37,960	\$36,650	-	\$74,610
Change in Fair Value	\$3,697,295	\$2,307,662	\$1,846,420	\$7,851,377
Closing Balance	\$33,550,000	\$29,500,000	\$14,000,000	\$77,050,000
% of Portfolio	44%	38%	18%	100%

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

Investment property valuation metrics and key estimates used in the valuation for the year ended 30 June 2022 are as follows:

	Office	Bulk Retail	Industrial	HCPLP Portfolio
Valuation Technique	Capitalisation of Income & Discounted Cash Flows	Capitalisation of Income & Discounted Cash Flows	Capitalisation of Income & Discounted Cash Flows	
Purchase yield (includes Acquisition Costs)	6.28%	6.75%	6.19%	6.44%
Yield on Passing Income	5.36%	5.53%	5.46%	5.45%
Yield on Market Income	5.51%	5.92%	5.46%	5.66%
Discount Rate	6.60%	7.20%	6.75%	6.86%
Terminal Growth Rate	5.90%	6.25%	5.75%	6.01%

Investment property valuation metrics and key estimates used in the valuation for the year ended 30 June 2021 are as follows:

	Office	Bulk Retail	Industrial	HCPLP Portfolio
Valuation Technique	Capitalisation of Income & Discounted Cash Flows	Capitalisation of Income & Discounted Cash Flows	Capitalisation of Income & Discounted Cash Flows	
Purchase Yield (Includes Acquisition Costs)	6.28%	6.75%	6.19%	6.44%
Yield on Passing Income	5.29%	5.76%	5.34%	5.48%
Yield on Market Income	5.53%	6.04%	5.34%	5.69%
Discount Rate	6.38%	7.50%	7.00%	6.92%
Terminal Growth Rate	5.92%	6.25%	5.50%	5.97%

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

6. INVESTMENT IN ASSOCIATES

Investments in associates are those where HCPLP has significant influence but not control over an investee. Significant influence arises when HCPLP holds 20% - 50% of the equity and voting interests in an investee and has representation on its governing body. HCPLP uses the equity method of accounting whereby it recognises its initial investment in an associate at cost or fair value in the case of a step-disposal 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. Net distributions after deduction of the transaction costs received from an investee reduce the carrying amount of the investment.

Ngāi Tai Hāpai Limited Partnership	2022	2021
	\$	\$
Opening Carrying Value	48,488,347	-
Capital contributed	-	35,100,100
Share of Net Profit / (Loss) for the Period	3,000,384	14,163,962
Share of Other Comprehensive Income	10,506,158	-
Distributions Received	(3,024,640)	(775,715)
Closing Carrying Value	58,970,249	48,488,347

HCPLP acquired an 80% share in Ngāi Tai Hāpai Limited Partnership (NTHLP) on 30th March 2021. Ngāi Tai Hāpai Limited Partnership acquired Macleans College (land only) via Ngāi Tai ki Tamaki Trust Deferred Selection Property process as part of its Treaty of Waitangi Settlement. The land is leased back to Ministry of Education (MOE) on a 21-year lease. HCPLP has majority ownership (80%) and two director appointments however material decision making requires unanimous approval of all three Ngāi Tai Hāpai Limited Partnership directors.

Ngāi Tai Hāpai Limited Partnership fair values its investments at balance date where these can be reliably measured by independent valuation or they are carried at the cost including capitalised expenditure. The fair values are determined by:

- Independent market valuations of investment property completed by LVC
- Financial derivatives are fair valued based on marked to market quoted securities provided by ASB.

Ngāi Tai Hāpai Limited Partnership	2022	2021
	\$	\$
Opening Carrying Value	9,150,767	55,745
Capital contributed	925,735	9,095,022
Share of Net Profit / (Loss) for the Period	79,121	-
Share of Other Comprehensive Income	6,201,006	-
Distributions Received	(63,000)	-
Closing Carrying Value	16,293,629	9,150,767

HCPLP acquired an 50% share in Hāpai Ahuriri Limited Partnership in June 2020. Hāpai Ahuriri Limited Partnership has developed and constructed a new "greenfield" pet food facility leased to Ziwi Limited. The facility is located at Waitangi Drive, Awatoto Business Park, Napier. The building is a modern, A-grade industrial processing and distribution investment on 32,000m2 freehold site with minimum 100% NBS seismic rating at completion. All of the development costs incurred to construct the investment property have been classified as the costs to acquire the property.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

The project was completed 31 May 2022 and the investment property fair value can now be reliably measured fair value. Hāpai Ahuriri Limited Partnership fair values its investments at balance date where these can be reliably measured by independent valuation or they are carried at the cost including capitalised expenditure. The fair values are determined by:

- Independent market valuations of investment property completed by Telfer Young CBRE
- Financial derivatives are fair valued based on marked to market quoted securities provided by ASB.

Hāpai Zoto Limited Partnership	2022	2021
	\$	\$
Opening Carrying Value	-	-
Capital contributed	2,789,842	-
Share of Net Profit / (Loss) for the Period	-	-
Share of Other Comprehensive Income	-	-
Distributions Received	-	-
Closing Carrying Value	2,789,842	-

HCPLP acquired an 50% share in Hāpai Zoto Limited Partnership in April 2022. Hāpai Zoto Limited Partnership is developing and constructing a new "greenfield" project adjacent to Hāpai Ahuriri Limited Partnerships investment which will also be leased to Zivi Limited. The facility is currently under construction at Waitangi Drive, Awatoto Business Park, Napier. The building is a modern, A-grade industrial canning line investment on 23,680 m2 freehold site with minimum 100% NBS seismic rating at completion.

All of the development costs have been incurred to construct the investment property and as such classified as the costs to acquire the property. The investment property is currently under construction and the fair value at balance date cannot be reliably measured at this time. Hāpai Zoto Limited Partnership expect that once the construction is completed and the lease commences the investment property will be able to be reliably measured.

The table below outlines HCPLP investments in associates balances as at 30 June 2022:

	2022	2021
	\$	\$
Opening Carrying Value	57,639,114	55,745
Capital contributed	3,715,577	44,195,122
Share of Net Profit / (Loss) for the Period	3,078,865	14,163,962
Share of Other Comprehensive Income	16,707,164	-
Distributions Received	(3,087,000)	(\$775,715)
Closing Carrying Value	78,053,720	57,639,114

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

7. LEASES

At 30 June 2022 HCPLP has the following minimum future lease payments receivable:

Minimum Lease Payments	2022 \$	2021 \$
The Limited Partnership has entered into property lease agreements. The minimum future lease payments receivable are as follows:		
Not later than one year	4,342,434	4,322,741
One to two years	4,209,471	4,322,741
Two to three years	4,143,758	4,189,778
Three to four years	3,777,578	4,120,099
Four to five years	3,227,165	3,760,765
Later than five years	20,430,557	25,035,616

The investment properties have the following key lease terms metrics for the year ended 30 June 2022 are as follows:

	Office	Bulk Retail	Industrial	Total
Weighted Average Lease Term (WALT in years)	4.7 years	6.6 years	7.2 years	5.9 years
Number of Tenants	8	2	1	11
National Building Standard (NBS)	100%	100%	100%	100%
Net Lettable Area in Square Metres (Sqm)	6,495Sqm	7,575Sqm	3,365Sqm	17,435Sqm
Occupancy at 30 June 2022	100%	100%	100%	100%
Major Tenant	Hawkes Bay DHB & Sharp Tudhope	Farmers	Original Foods	

The investment properties have the following key lease terms metrics for the year ended 30 June 2021 are as follows:

	Office	Bulk Retail	Industrial	Total
Weighted Average Lease Term (WALT in years)	4.29 years	8.10 years	8.20 years	6.5 years
Number of Tenants	8	2	1	11
National Building Standard (NBS)	100%	100%	100%	100%
Net Lettable Area in Square Metres (Sqm)	6,495Sqm	7,575Sqm	3,365Sqm	17,435Sqm
Occupancy at 30 June 2021	100%	100%	100%	100%
Major Tenant	Hawkes Bay DHB & Sharp Tudhope	Farmers	Original Foods	

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

8. LOAN AND BORROWINGS

All interest bearing liabilities are initially measured at fair value net of transaction costs. Subsequent to initial recognition, they are measured at amortised cost with any difference being recognised in profit or loss over the expected life of the instrument using the effective interest method. Borrowing costs are the costs incurred in establishing the bank facility. These costs are amortised over the life of the instrument at the effective interest rate.

As at 30 June 2022, HCPLP has an evergreen facility with ASB Bank Limited secured by way of mortgage over HCPLP's four investment properties and is an interest only facility. The facility is for the amount of \$33.273 Million with annual agreement required to extend the term and agree the margin, with next extension date being 15th October 2024. The facility is classified as a non current liability.

The table below outlines HCPLP's loans and borrowings for the year ended 30 June 2022:

	2022	2021
	\$	\$
Opening Balance	33,273,368	33,273,368
Drawdowns of bank loans	-	-
Repayments of bank loans	-	-
Closing	33,273,368	33,273,368
Current Portion	-	-
Non-Current Portion	33,273,368	33,273,368
Weighted Average Interest Rate on Borrowings	3.46%	3.39%

HCPLP is fully compliant with all of it's banking covenants as at 30 June 2022.

9. DERIVATIVE FINANCIAL INSTRUMENTS

Interest rate swaps are entered into to manage interest rate exposure. For interest rates swaps, the net differential paid or received is recognised as a component of interest expense in the profit or loss. Interest rate swaps are initially recognised at zero at the date a derivative contract is entered into and are remeasured to their fair value at subsequent reporting dates. The resulting gain or loss is recognised in profit or loss immediately. Interest rate swaps are presented as a non-current asset or a non-current liability if the remaining maturity of the instrument is more than 12 months and it is not expected to be realised or settled within 12 months. Other interest rate swaps are presented as current assets or current liabilities.

To manage the HCPLP's exposure to interest rate risk on variable rate instruments, it implements a hedging strategy that uses interest rate swaps that have a range of maturities. These derivatives provide an economic hedge against variability in cash flows as a result of changes in variable interest rates on borrowings. HCPLP's policy is to:

1. Maintain a range of approximately 50-90% of its borrowings in fixed interest rate instruments
2. Generally, maintain these fixed rate instruments over a weighted duration of within 75% -100% of the target WALT of 6 years.

At 30 June 2022, HCPLP had active interest rate payer swaps with a notional contract amount of \$29.945m, being 90% of ASB Loans at 30 June 2022. The active derivatives mature over the next 7 years and are floating rate to fixed rate instruments. Payer swaps have fixed interest rates ranging from 1.02% to 1.79%. There are no contracts entered into but not yet effective at 30 June 2022. Interest rate swaps are measured at present value of future cash flows estimated and discounted based on applicable yield curves derived from observable market interest rates. Accepted market best practice valuation methodology using mid-market interest rates at the balance date is used. The net asset for derivative financial instruments as at 30 June 2022 is \$2.027million asset (2021: \$254k - liability). The increase in the asset for derivative financial instruments is a result of the movement in the interest rate curve during the financial year.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

10. TAX POLICY

HCPLP is a 'pass through' entity in relation to tax. Taxable profits are allocated to limited partners in proportion to their partnership interest. As a result there is no tax liability recognised in the financial statements.

The table below outlines the taxable income calculation for HCPLP for the year ended 30 June 2022:

	2022 \$	2021 \$
Operating Profit	6,303,810	4,037,229
Adjustments	-	-
Depreciation - HCP Properties	(1,310,093)	(1,452,338)
Tax Adjustment - Hāpai Ahuriri LP	(1,437,984)	-
Tax Adjustment - Ngāi Tai Hāpai LP	-	-
Tax Adjustment - Hāpai Zoto LP	(33,379)	-
Taxable Income Attributable to LP's	3,539,179	2,584,890

The table outlines the taxable income and tax credits for each respective Limited Partner:

Limited Partner	LP %	Taxable Income Attributed \$	Tax Credits (RWT) \$
Raukawa Iwi Development Limited	34.49%	1,220,584	70.67
Te Kīwai Maui o Ngāruahine Limited	11.25%	398,016	23.05
Taranaki Iwi Holdings Limited Partnership	11.25%	398,016	23.05
Pare Hauraki Asset Holdings Limited	9.00%	318,413	18.44
Tama Asset Holding Company Limited	7.50%	265,344	15.37
Te Kahui Maru Limited Partnership	3.00%	106,138	6.15
Rotoiti 15 Investments Limited Partnership	2.94%	104,083	6.02
Koata Limited	2.94%	104,083	6.02
Rangitane Investments Limited	2.94%	104,083	6.02
Waitaha Group Holdings Limited Partnership	2.94%	104,083	6.02
Te Hoiere Asset Holding Company Limited	1.96%	69,389	4.02
Ngahina Trust	1.96%	69,389	4.02
Whakaue Tūwāhi Limited Partnership	1.96%	69,389	4.02
Ngāti Mutunga o Wharekaui Asset Holding Company Limited	1.96%	69,389	4.02
Te Pou Herenga Pakihi Limited Partnership	1.96%	69,389	4.02
Ngāti Rārua Settlement Trust	0.98%	34,694	2.01
Ngāti Rārua Ātiawa Iwi Trust Board	0.98%	34,694	2.01
Total	100%	3,539,179	204.89

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

11. FINANCIAL INSTRUMENTS

The table below summarises the classification of financial assets and liabilities by category:

2022	Financial assets at amortised cost	Financial assets at FV through surplus or deficit	Financial liabilities at amortised cost	Financial liabilities at FV through surplus or deficit
Cash and cash equivalents	\$4,777,837	-	-	-
Trade and other receivables	\$76,625	-	-	-
Trade and other payables	-	-	\$261,817	-
Loans	-	-	\$33,273,368	-
Derivative financial instruments	-	\$2,027,923	-	-

2021	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial liabilities at FV through surplus or deficit
Cash and cash equivalents	\$1,202,144	-	-
Trade and other receivables	\$108,358	-	-
Trade and other payables	-	\$233,898	-
Loans	-	\$33,273,368	-
Derivative financial instruments	-	-	\$253,687

12. CAPITALISED FUND COST

Capitalised fund costs are the costs to design and establish HCPLP as an open ended and lwi controlled vehicle that can grow to regularly accommodate additional Maori investors over time. The capitalised fund costs are initially classified at cost in the statement of financial position and subsequently measured at amortised cost if either new limited partner capital raised is introduced at less than NAV (including capitalised fund costs) or no new capital has been raised for period longer than 3 years.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

13. NET ASSETS ATTRIBUTABLE TO LIMITED PARTNERS

	2022 \$	2021 \$
Raukawa Iwi Development Limited		
Opening Balance	35,318,864	15,595,043
Capital Introduced	2,603,826	11,651,832
Share of Operating Profit	2,179,846	1,649,291
Share of Other Gains / (Losses)	7,141,542	7,844,628
Less Distributions	(2,117,549)	(1,421,930)
Total Raukawa Iwi Development Limited	45,126,530	35,318,864
Te Kīwai Maui o Ngāruahine Limited		
Opening Balance	11,517,047	5,085,373
Capital Introduced	849,074	3,799,510
Share of Operating Profit	710,819	573,777
Share of Other Gains / (Losses)	2,328,764	2,558,059
Less Distributions	(690,506)	(463,673)
Total Te Kīwai Maui o Ngāruahine Limited	14,715,198	11,517,047
Taranaki Iwi Holdings Limited Partnership		
Opening Balance	11,517,047	5,085,373
Capital Introduced	849,074	3,799,510
Share of Profit and Comprehensive Income	710,819	573,777
Share of Other Gains / (Losses)	2,328,764	2,558,059
Less Distributions	(690,506)	(463,673)
Total Taranaki Iwi Holdings Limited Partnership	14,715,198	11,517,047
Pare Hauraki Asset Holdings Limited		
Opening Balance	9,213,560	4,068,222
Capital Introduced	679,259	3,039,607
Share of Profit and Comprehensive Income	568,655	430,304
Share of Other Gains / (Losses)	1,863,011	2,046,365
Less Distributions	(552,404)	(370,938)
Total Pare Hauraki Asset Holdings Limited	11,772,082	9,213,560

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

	2022 \$	2021 \$
Tama Asset Holding Company Limited		
Opening Balance	7,677,967	3,90,186
Capital Introduced	566,050	2,533,006
Share of Profit and Comprehensive Income	473,880	358,587
Share of Other Gains / (Losses)	1,552,509	1,705,304
Less Distributions	(460,336)	(309,114)
Total Tama Asset Holding Company Limited	9,810,070	7,677,967
Te Kahui Maru Limited Partnership		
Opening Balance	3,071,187	1,356,074
Capital Introduced	226,419	1,013,202
Share of Profit and Comprehensive Income	189,552	143,435
Share of Other Gains / (Losses)	621,004	682,122
Less Distributions	(184,135)	(123,646)
Total Te Kahui Maru Limited Partnership	3,924,026	3,071,187
Rotoiti 15 Investments Limited Partnership		
Opening Balance	-	-
Capital Introduced	2,586,136	2,364,099
Share of Profit and Comprehensive Income	233,387	47,504
Share of Other Gains / (Losses)	1,238,200	629,216
Less Distributions	(209,632)	(29,062)
Total Rotoiti 15 Investments Limited Partnership	3,848,090	3,011,757
Koata Limited		
Opening Balance	-	-
Capital Introduced	2,586,136	2,364,099
Share of Profit and Comprehensive Income	233,387	47,504
Share of Other Gains / (Losses)	1,238,200	629,216
Less Distributions	(209,632)	(29,062)
Total Koata Limited	3,848,090	3,011,757

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

	2022 \$	2020 \$
Rangitane Investments Limited		
Opening Balance	-	-
Capital Introduced	2,586,136	2,364,099
Share of Profit and Comprehensive Income	233,387	47,504
Share of Other Gains / (Losses)	1,238,200	629,216
Less Distributions	(209,632)	(29,062)
Total Rangitane Investments Limited	3,848,090	3,011,757
Waitaha Group Holdings Limited Partnership		
Opening Balance	-	-
Capital Introduced	2,586,136	2,364,099
Share of Profit and Comprehensive Income	233,387	47,504
Share of Other Gains / (Losses)	1,238,200	629,216
Less Distributions	(209,632)	(29,062)
Total Waitaha Group Holdings Limited Partnership	3,848,090	3,011,757
Te Hoiere Asset Holding Company Limited		
Opening Balance	2,007,837	-
Capital Introduced	148,025	1,576,065
Share of Profit and Comprehensive Income	123,922	31,669
Share of Other Gains / (Losses)	405,989	419,477
Less Distributions	(120,381)	(19,375)
Total Te Hoiere Asset Holding Company Limited	2,565,393	2,007,837
Ngahina Trust		
Opening Balance	2,007,837	-
Capital Introduced	148,025	1,576,065
Share of Profit and Comprehensive Income	123,922	31,669
Share of Other Gains / (Losses)	405,989	419,477
Less Distributions	(120,381)	(19,375)
Total Ngahina Trust	2,565,393	2,007,837

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

	2022 \$	2020 \$
Whakaue Tuwāhi Limited Partnership		
Opening Balance	2,007,837	-
Capital Introduced	148,025	1,576,065
Share of Profit and Comprehensive Income	123,922	31,669
Share of Other Gains / (Losses)	405,989	419,477
Less Distributions	(120,381)	(19,375)
Total Whakaue Tuwāhi Limited Partnership	2,565,393	2,007,837
Ngāti Mutunga o Wharekauri Asset Holding Company Limited		
Opening Balance	2,007,837	-
Capital Introduced	148,025	1,576,065
Share of Profit and Comprehensive Income	123,922	31,669
Share of Other Gains / (Losses)	405,989	419,477
Less Distributions	(120,381)	(19,375)
Total Ngāti Mutunga o Wharekauri Asset Holding Company Limited	2,565,393	2,007,837
Te Pou Herenga Pakihi Limited Partnership		
Opening Balance	2,007,837	-
Capital Introduced	148,025	1,576,065
Share of Profit and Comprehensive Income	123,922	31,669
Share of Other Gains / (Losses)	405,989	419,477
Less Distributions	(120,381)	(19,375)
Total Te Pou Herenga Pakihi Limited Partnership	2,565,393	2,007,837
Ngāti Rārua Settlement Trust		
Opening Balance	1,003,919	-
Capital Introduced	74,012	788,033
Share of Profit and Comprehensive Income	61,961	15,835
Share of Other Gains / (Losses)	202,995	209,739
Less Distributions	(60,190)	(9,687)
Total Ngāti Rārua Settlement Trust	1,282,697	1,003,919

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

	2022 \$	2021 \$
Ngāti Rārua Ātiawa Iwi Trust Board		
Opening Balance	1,003,919	-
Capital Introduced	74,012	788,033
Share of Profit and Comprehensive Income	61,961	15,835
Share of Other Gains / (Losses)	202,995	209,739
Less Distributions	(60,190)	(9,687)
Total Ngāti Rārua Ātiawa Iwi Trust Board	1,282,697	1,003,919
Total Net Assets Attributable to Limited partners	130,847,824	102,409,723
Net Assets Attributable to Limited Partners		
Opening Balance	102,409,723	39,895,537
Capital Introduced	7,550,001	39,531,824
Share of Profit and Comprehensive Income	6,320,635	3,254,342
Share of Other Gains / (Losses)	20,707,465	22,428,243
Less Distributions	(6,140,000)	(2,700,246)
Net Assets Attributable to Limited Partners	130,847,824	102,409,723

Hāpai Commercial Property LP fair values its investments where these can be reliably measured by independent valuation or they are carried at the cost including capitalised expenditure. The fair values are determined by:

- Independent market valuations of investment properties held in Hāpai Commercial Property LP
- Independent market valuations of investment properties held in Associates (Ngāi Tai Hāpai LP and Hāpai Ahuriri LP)
- Investment Properties under Development held in Associates - All of the development costs incurred to construct the investment property including capitalised expenditure. The investment property is held at cost, until the lease commences, as the fair value cannot be reliably measured.
- Financial derivatives are fair valued based on marked to market quoted securities provided by ASB

Hāpai Commercial Property LP Net Asset Value Attributable to each Limited Partner as at 30 June 2022 per Note 12 - Movements in Net Attributable to Limited Partners represents the respective fair value of each limited partners shares. The Limited Partnership Agreement provides that this Net Asset Value is utilised as the basis of calculation when raising capital from both existing and new limited partners. Further, this Net Asset Value is also utilised as the transfer value if any limited partner wishes to sell their shares with the General Partner using best endeavours to achieve a transfer of the Limited Partner shares within one year following the date of the transfer notice either to existing limited partners proportionate to their limited partner shares or to queued new eligible limited partners. Hāpai Commercial Property LP has now managed, executed and facilitated one capital raise (March 2021) following this approach and a second one to be finalised during FY23.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Commercial Property Limited Partnership For the year ended 30 June 2022

14. CAPITAL COMMITMENTS

HCPLP has a commitment to Hāpai Zoto Limited Partnership of \$4.3m. Hāpai Zoto Limited Partnership is an investment vehicle that is investing in an A-grade specialised industrial investment in a well located business park in Hawkes Bay. The anchor tenant is NZ largest pet food manufacturer and exporter who is classified as an Essential Service under COVID-19 alert levels.

As at 30 June 2022, HCPLP had funded \$2.7m of it's \$4.3m committed capital to Hāpai Zoto Limited Partnership. HCPLP has no additional capital commitments as at the balance date.

15. SUBSEQUENT EVENTS

No other events occurred subsequent to balance date which would impact on the financial statements.

16. RELATED PARTY

Directors of Hāpai Commercial Property LP are paid fees that reflect the responsibility of governing the entity and implementing a strategy that creates value for Limited Partners. The shareholders of the General Partner each appoint a Director with the necessary skills and experience. The key management personnel of HCPLP are the Directors. The table below outlines the Total Compensation paid to Directors for the respective years ended 30 June:

Director	Shareholder	Role	2022	2021
John Spencer	Raukawa Iwi Development Limited	Chair	\$18,000	\$18,000
Paul Majurey	Pare Hauraki Asset Holdings Limited	Director	\$12,000	\$12,000
Andy Knight	Taranaki Iwi Holdings Limited Partnership	Director	\$12,000	\$12,000
Taari Nicholas	Te Kīwai Maui o Ngāruahine Limited	Director	\$12,000	\$12,000
Anthony Sewell	Tama Asset Holding Company Limited	Director	\$12,000	\$12,000
Bronwyn Koroheke	Te Kahui Maru Limited Partnership	Director	\$12,000	\$12,000
Total			\$75,000	\$75,000

During the period, HCPLP entered and paid \$380,682 (2021:\$ 218,713) to Koau Capital Partners Limited for investment management and business services. The balance owing at period end is \$38,084. Koau Capital Partners Limited also provide Investment Management services to the following Limited Partners Raukawa Iwi Development Limited, Taranaki Iwi Holdings Limited Partnership, Te Kīwai Maui o Ngāruahine Limited, Tama Asset Holding Company Limited, Te Kahui Maru Limited Partnership, Rangitane Investments Limited, Rotoiti 15 Investments Limited Partnership, Ngāti Mutunga o Wharekauri Asset Holding Company Limited and Te Pou Herenga Pakihi Limited Partnership .

Andrew Harrison, is the Investment Manager of HCPLP and is a Director of Koau Capital Partners Limited. Andrew is also a Director of Pare Hauraki Asset Holdings Limited.

Financial Statements



For the period ended 30 June 2022

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**INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF HĀPAI HOUSING LIMITED PARTNERSHIP**

Opinion

We have audited the financial statements of Hāpai Housing Limited Partnership ("the Limited Partnership"), which comprise the statement of financial position as at 30 June 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Limited Partnership as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Limited Partnership in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or 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 to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Directors' Responsibilities for the Financial Statements

The directors are responsible on behalf of the Limited Partnership for the preparation and fair presentation of the financial statements in accordance with NZ IFRS RDR, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Limited Partnership's Partners, as a body. Our audit work has been undertaken so that we might state those matters which 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 Limited Partnership and the Limited Partnership's Partners, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Christchurch
Christchurch
New Zealand
8 September 2022

DIRECTORY

Hāpai Housing Limited Partnership For the year ended 30 June 2022

NATURE OF BUSINESS

Residential Build to Rent

DATE OF FORMATION

1 December 2020

GENERAL PARTNER

Hāpai Housing General Partner Limited

LIMITED PARTNERS

Name	Percentage
Raukawa Iwi Development Limited	21.04%
Pare Hauraki Asset Holdings Limited	15.14%
Taranaki Iwi Holdings Limited Partnership	15.01%
Te Kīwai Maui o Ngāruahine Limited	10.09%
Tama Asset Holding Company Limited	10.04%
Te Kahui Maru Limited Partnership	7.04%
Rangitane Investments Limited	3.93%
Waitaha Group Holdings Limited Partnership	3.93%
Te Pou Herenga Pakihi Limited Partnership	3.93%
Te Kūmete o Paerangi Limited Partnership	1.97%
Ngāti Mutunga o Wharekauri AHC Limited	1.97%
Koata Limited	1.97%
Ngahina Trust	1.97%
Tukairangi Investments Ltd	1.97%
Total	100%

ADDRESS

Unit 4, 71 Gloucester Street,
Christchurch Central,
Christchurch, 8013, New Zealand

CHARTERED ACCOUNTANT

Sidekick CA Limited

BANKERS

ASB

SOLICITORS

Greenwood Roche

AUDITORS

BDO Christchurch

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME

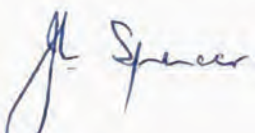
Hāpai Housing Limited Partnership For the year ended 30 June 2022

	2022 \$	2021 \$
Total Income		
Expenses		
Overhead Expenses	21,000	9,200
Total Expenses	21,000	9,200
Operating Profit	(21,000)	(9,200)
Profit	(21,000)	(9,200)
Total Comprehensive Income	(21,000)	(9,200)

STATEMENT OF FINANCIAL POSITION

Hāpai Housing Limited Partnership As At 30 June 2022

	NOTES	30 June 2022 \$	30 June 2021 \$
Assets			
Current Assets			
Cash and Cash Equivalents		1,543,834	3,094,409
Income Tax Receivable		1,010	33
Total Current Assets		1,544,845	3,094,443
Non-Current Assets			
Investment Properties	5	13,086,738	2,113,309
Investment in Associates	6	573,224	-
Capitalised Fund Costs	10	23,017	21,330
Total Non-Current Assets		13,682,980	2,134,640
Total Assets		15,227,824	5,229,082
Liabilities			
Current Liabilities			
Trade and Other Payables		1,414,719	488,282
Total Current Liabilities		1,414,719	488,282
Total Liabilities		1,414,719	488,282
Equity			
Partners Capital	11	13,813,106	4,740,800
Total Equity		13,813,106	4,740,800
Net Assets		13,813,106	4,740,800



Director - Hāpai Housing General Partner Limited
Date: 8th September 2022



Director - Hāpai Housing General Partner Limited
Date: 8th September 2022

STATEMENT OF CHANGES IN EQUITY

Hāpai Housing Limited Partnership For the year ended 30 June 2022

	2022 \$	2021 \$
Equity		
Opening Balance	4,740,800	-
Capital Introduced	8,250,000	4,750,000
Partner Share of Operating Profit	(21,000)	(9,200)
Partner Share of Other Gains & (Losses)	-	-
Capitalised Interest Attributed to Limited Partners	843,306	-
Total Equity	13,813,106	4,740,800

STATEMENT OF CASH FLOWS

Hāpai Housing Limited Partnership For the year ended 30 June 2022

	2022 \$	2021 \$
Investing Activities		
Purchase of Investment Property	(9,798,888)	(1,634,260)
Capitalised Fund Costs	(1,687)	(21,330)
Net Cash Flows From Investing Activities	(9,800,575)	(1,655,591)
Financing Activities		
Proceeds from Capital Contributed by Limited Partners	8,250,000	4,750,000
Net Cash Flows from Financing Activities	8,250,000	4,750,000
Net Cash Flows	(1,550,575)	3,094,409
Cash and cash equivalents		
Cash and Cash Equivalents at Beginning of Period	3,094,409	-
Net Change in Cash for Period	(1,550,575)	3,094,409
Cash and Cash Equivalents at End of Period	1,543,834	3,094,409

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Housing Limited Partnership For the year ended 30 June 2022

1. REPORTING ENTITY

Hāpai Housing Limited Partnership (HHLP) is a limited partnership registered and domiciled in New Zealand on 1 December 2020, and subject to the Limited Partnership Act 2008 and is engaged in the business of property and general investing.

This report was authorised for issue in accordance with a resolution of partners dated 8 September 2022.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), HHLP is a for profit entity.

2. BASIS OF PREPARATION

Statement of compliance

These statements are prepared for the year ended 30 June 2022. These financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR) and the requirements of the Limited Partnership Act 2008. HHLP is eligible to apply NZ IFRS RDR because it does not have public accountability and is not a large for profit public sector entity.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for the Investment Property and derivative financial instruments which are measured at fair value.

Functional and presentation currency

These financial statements are presented in New Zealand dollars (NZD) which is the functional currency of Hāpai Housing Limited Partnership (HHLP) and presented to the nearest dollar.

Use of estimates and judgements

The preparation of 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 these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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 described in Note 4(c), 5 and 8. The financial statements have the following key estimate and judgement areas:

- All expenditure incurred in the period to 30 June 2022 has been solely for the establishment of HHLP or the development of the investment property in order for it to operate as a residential rental property. It has been assessed as being directly attributable to the construction of the investment property and capitalised to the construction costs of the investment property.
- Properties that are held either to earn rental income, for capital appreciation or for both are classified as Investment Properties. Investment property is initially measured at cost and subsequently measured at fair value with any change therein recognised in profit or loss. Determining fair value requires the use of key estimates Refer Note 5 - Investment Properties.

3. CHANGES IN ACCOUNTING POLICIES

There have been no changes to Hāpai Housing Limited Partnership accounting policies during the year.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Housing Limited Partnership For the year ended 30 June 2022

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Instruments

Financial Assets

HHLP classifies its financial assets at amortised cost.

Amortised cost

These assets arise principally from the types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less expected credit loss. The Partnership's financial assets measured at amortised cost comprise accounts receivable and cash and cash equivalents in the statement of financial position. Cash and cash equivalents includes cash at bank and on-call deposits.

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model.

Financial Liabilities

Trade payables and loans are initially recognised at fair value less transaction costs. They are subsequently carried at amortised cost using the effective interest rate method.

Derivative financial liabilities are initially recognised and subsequently carried, at fair value, with changes in their fair value recognised in profit or loss.

(b) Revenue

Interest Income

Interest income is recognised as it accrues, using the effective interest method.

(c) Determination of Fair Values

A number of the Partnership's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(d) 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. The net amount of GST receivable from, or payable to the Inland Revenue is included as part of the receivables or payables in the statement of financial position. as part of the receivables or payables in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Housing Limited Partnership For the year ended 30 June 2022

5. INVESTMENT PROPERTY

Investment property is property held either to earn rental income, for capital appreciation or for both. Investment property is initially measured at cost and subsequently measured at fair value with any change therein recognised in profit or loss. Initial direct costs incurred in acquiring the asset are added to the carrying amount of the leased asset. The valuations are prepared using a combination of the Capitalisation of Contract Income, Capitalisation of Market Income and Discounted Cash Flow methodologies. Discounted Cash Flow methodology is based on the estimated rental cash flows expected to be received from the property adjusted by a discount rate that appropriately reflects the risks inherent in the expected cash flows. Investment properties are de-recognised when they have been disposed of and any gains or losses incurred on disposal are recognised in profit or loss in the year of de-recognition.

The capitalised costs include items such as management costs, directors fees and other project related expenditure which have been incurred specifically to construct the investment property and provide for it to operate as a residential rental property. HHLP will reassess this assessment in future accounting periods during and on completion of the investment property and where these are no longer assessed to be directly attributable to the Investment Property will be recognised in profit or loss. HHLP expects that the projects will be completed and available for rental from June 2023 onwards.

The investment properties are currently under construction and the fair value at balance date cannot be reliably measured. Hāpai Housing Limited Partnership expect that once the construction is completed and the rental commences the investment property will be able to be reliably measure.

2022	Tamaki	Owairaka	Mangere	Panmure	Total
Opening Balance	\$2,055,809	57,501	-	-	\$2,113,309
Acquisition of properties	-	-	-	-	-
Capitalised Costs	\$9,057,270	\$1,381,287	\$440,401	\$97,098	\$11,030,912
Change in Fair Value	-	-	-	-	-
Closing Balance	\$11,110,452	\$1,438,788	\$440,401	\$97,098	\$13,086,738
% of Portfolio	85%	11%	3%	1%	100%

2021	Tamaki	Owairaka	Mangere	Panmure	Total
Opening Balance	-	-	-	-	-
Acquisition of properties	-	-	-	-	-
Capitalised Costs	\$2,055,809	57,501	-	-	\$2,113,309
Change in Fair Value	-	-	-	-	-
Closing Balance	\$2,055,809	57,501	-	-	\$2,113,309
% of Portfolio	97%	3%	0%	0%	100%

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Housing Limited Partnership For the year ended 30 June 2022

6. INVESTMENT IN ASSOCIATES

Investments in associates are those where HHLP has significant influence but not control over an investee. Significant influence arises when HHLP holds 20% - 100% of the equity and voting interests in an investee and has representation on its governing body. HHLP uses equity method of accounting whereby it recognises its initial investment in an associate at cost or fair value in the case of a step-disposal 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. Net distributions after deduction of the transaction costs received from an investee reduce the carrying amount of the investment.

	2022	2021
	\$	\$
Karaka Pines Villages Limited Partnership		
Opening Carrying Value	-	-
Capital Contributed	573,224	-
Share of Net Profit / (Loss) for the Period	-	-
Share of Other Comprehensive Income	-	-
Distributions Received	-	-
Closing Carrying Value	573,224	-

Hāpai Housing LP acquired an 50% share in Karaka Pines Village Limited Partnership (KPV) on 27th June 2022. This is an investment into the retirement village operator who has track record and breadth of experience across the retirement village value chain of origination, development, marketing and management. HHLP has 50% ownership and two director appointments however material decision making requires unanimous approval of all three Karaka Pines Village Limited Partnership directors. Hāpai Housing LP uses the equity method of accounting whereby it recognises its initial investment in Karaka Pines Village LP at cost given the timing of the acquisition to balance date. In future reporting periods, Karaka Pines Village LP will undertake an independent valuation to measure its fair value being the price that would be received to sell the investment in KPV in an orderly transaction between market participants as at balance date.

7. TAX POLICY

HHLP is a 'pass through' entity in relation to tax. Taxable profits are allocated to limited partners in proportion to their partnership interest. As a result there is no tax liability recognised in the financial statements.

The table below outlines the taxable income calculation for HHLP for the year ended 30 June 2022:

	2022	2021
Operating Profit	(\$21,000)	(\$9,200)
Adjustments	-	-
Investor Capital Interest	(\$843,306)	-
Taxable Income Attributable to LP's	(\$864,306)	(\$9,200)

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Housing Limited Partnership For the year ended 30 June 2022

The table outlines the taxable income and tax credits for each respective Limited Partner:

Limited Partner	LP %	Taxable Income Attributed	Tax Credits (RWT)
Raukawa Iwi Development Limited	21.04%	(\$202,068)	\$229
Pare Hauraki Asset Holdings Limited	15.14%	(\$200,829)	\$229
Taranaki Iwi Holdings Limited Partnership	15.01%	(\$134,919)	\$153
Te Kīwai Maui o Ngāruahine Limited	10.09%	(\$133,886)	\$153
Tama Asset Holding Company Limited	10.04%	(\$107,522)	\$152
Te Kahui Maru Limited Partnership	7.04%	(\$80,539)	\$122
Rangitane Investments Limited	3.93%	(\$826)	\$92
Waitaha Group Holdings Limited Partnership	3.93%	(\$826)	-
Te Pou Herenga Pakihi LP	3.93%	(\$826)	-
Te Kūmete o Paerangi LP	1.97%	(\$413)	-
Ngāti Mutunga o Wharekauri AHC Limited	1.97%	(\$413)	-
Koata Limited	1.97%	(\$413)	-
Ngahina Trust	1.97%	(\$413)	-
Tukairangi Investments Ltd	1.97%	(\$413)	-
Total	100%	(\$864,306)	\$977

8. FINANCIAL INSTRUMENTS

The table below summarises the classification of financial assets and liabilities by category:

2022	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial liabilities at FV through surplus or deficit
Cash and Cash Equivalents	\$1,543,834	-	-
Trade and Other Receivables	-	-	-
Trade and Other Payables		\$1,414,702	-
Loans	-	-	-
2021	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial liabilities at FV through surplus or deficit
Cash and Cash Equivalents	\$3,094,409	-	-
Trade and Other Receivables	-	-	-
Trade and Other Payables		\$488,282	-
Loans	-	-	-

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Housing Limited Partnership For the year ended 30 June 2022

9. CAPITAL COMMITMENTS

HHLP has a commitment of \$28.7m to an investment property in Tamaki, Auckland that is currently under construction and due for practical completion June 2023. HHLP has funded \$11.1m of this project as at 30 June 2022 (2021:\$2.1m).

HHLP has a commitment of \$28.9m to an investment property in Owairaka, Auckland that is currently under construction and due for practical completion May 2024. HHLP has funded \$1.4m of this project as at 30 June 2022 (2021:\$nil).

HHLP has a commitment of \$24.7m to an investment property in Mangere, Auckland that is currently under construction and due for practical completion December 2023. HHLP has funded \$440k of this project as at 30 June 2022 (2021:\$nil).

HHLP has a commitment of \$26.9m to an investment property in Panmure, Auckland that is currently under construction and due for practical completion January 2024. HHLP has funded \$94k of this project as at 30 June 2022 (2021:\$nil).

10. CAPITALISED FUND COST

Capitalised fund costs are the costs to design and establish HHLP as an open ended and Iwi controlled vehicle that can grow to regularly accommodate additional Māori investors over time. The capitalised fund costs are initially classified at cost in the statement of financial position and subsequently measured at amortised cost if either new limited partner capital raised is introduced at less than NAV (including capitalised fund costs) or no new capital has been raised for period longer than 3 years.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Housing Limited Partnership For the year ended 30 June 2022

11. NET ASSETS ATTRIBUTABLE TO LIMITED PARTNERS

	2022 \$	2021 \$
Raukawa Iwi Development Limited		
Opening Balance	1,111,125	-
Capital Introduced	1,601,920	1,113,281
Share of Operating Profit	(4,418)	(2,156)
Capitalised Interest	197,650	-
Total Raukawa Iwi Development Limited	2,906,277	1,111,125
Pare Hauraki Asset Holdings Limited		
Opening Balance	1,111,125	-
Capital Introduced	785,494	1,113,281
Share of Operating Profit	(3,179)	(2,156)
Capitalised Interest	197,650	-
Total Pare Hauraki Asset Holdings Limited	2,091,089	1,111,125
Taranaki Iwi Holdings Limited Partnership		
Opening Balance	740,750	-
Capital Introduced	1,204,018	742,188
Share of Profit and Comprehensive Income	(3,152)	(1,438)
Capitalised Interest	131,767	-
Total Taranaki Iwi Holdings Limited Partnership	2,073,382	740,750
Te Kīwai Maui o Ngāruahine Limited		
Opening Balance	740,750	-
Capital Introduced	523,662	742,188
Share of Profit and Comprehensive Income	(2,119)	(1,438)
Capitalised Interest	131,767	-
Total Te Kīwai Maui o Ngāruahine Limited	1,394,060	740,750
Tama Asset Holding Company Limited		
Opening Balance	592,600	-
Capital Introduced	691,072	593,750
Share of Profit and Comprehensive Income	(2,109)	(1,150)
Capitalised Interest	105,413	-
Total Tama Asset Holding Company Limited	1,386,977	592,600

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Housing Limited Partnership For the year ended 30 June 2022

	2022 \$	2021 \$
Te Kahui Maru Limited Partnership		
Opening Balance	444,450	-
Capital Introduced	450,269	445,313
Share of Profit and Comprehensive Income	(1,478)	(863)
Capitalised Interest	79,060	-
Total Te Kahui Maru Limited	972,300	444,450
Rangitane Investments Limited		
Capital Contributed	544,284	-
Share of Operating Profit	(826)	-
Total Rangitane Investments Limited	543,458	-
Waitaha Group Holdings Limited Partnership		
Capital Contributed	544,284	-
Share of Operating Profit	(826)	-
Total Waitaha Group Holdings Limited Partnership	543,458	-
Te Pou Herenga Pakihi Limited Partnership		
Capital Contributed	544,284	-
Share of Operating Profit	(826)	-
Total Te Pou Herenga Pakihi Limited Partnership	543,458	-
Te Kūmete o Paerangi LP		
Capital Contributed	272,142	-
Share of Operating Profit	(413)	-
Total Te Kūmete o Paerangi LP	271,729	-
Ngāti Mutunga o Wharekauri AHC Limited		
Capital Contributed	272,142	-
Share of Operating Profit	(413)	-
Total Ngāti Mutunga o Wharekauri AHC Limited	271,729	-
Koata Limited		
Capital Contributed	272,142	-
Share of Operating Profit	(413)	-
Total Koata Limited	271,729	-

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Housing Limited Partnership For the year ended 30 June 2022

	2022 \$	2021 \$
Ngahina Trust		
Capital Contributed	272,142	-
Share of Operating Profit	(413)	-
Total Ngahina Trust	271,729	-
Tukairangi Investments Limited		
Capital Contributed	272,142	-
Share of Operating Profit	(413)	-
Total Tukairangi Investments Limited	271,729	-
Total Net Assets Attributable to Limited partners	13,813,106	4,740,800
Net Assets Attributable to Limited Partners		
Opening Balance	4,740,800	-
Capital Contributed	8,250,000	4,750,000
Share of Operating Profit	(21,000)	(9,200)
Capitalised Interes	843,306	-
Total Net Assets Attributable to Limited Partners	13,813,106	4,740,800

Hāpai Housing LP fair values all of its investments where these can be reliably measured by independent valuation or they are carried at cost including capitalised expenditure. The fair values are determined by:

- Independent market valuations of investment properties where these can be reliably measured
- Investment Properties under Development - All of the development costs incurred to construct the investment property including capitalised expenditure. The investment property is held at cost as the fair value at balance date cannot be reliably measured. Hāpai Housing LP has four projects currently under development.

Hāpai Housing LP Net Asset Value Attributable to each Limited Partner as at 30 June 2022 per Note 11 - Movements in Net Attributable to Limited Partners represents the respective fair value of each limited partners shares. The Limited Partnership Agreement provides that this Net Asset Value is utilised as the basis of calculation when raising capital from both existing and new limited partners. Further, this Net Asset Value is also utilised as the transfer value if any limited partner wishes to sell their shares with the General Partner using best endeavours to achieve a transfer of the Limited Partner shares within one year following the date of the transfer notice either to existing limited partners proportionate to their limited partner shares or to queued new eligible limited partners. Hāpai Housing LP has now managed, executed and facilitated one capital raise (June 2022) following this approach and a second one to be finalised during FY23.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Housing Limited Partnership For the year ended 30 June 2022

12. SUBSEQUENT EVENTS

No other events occurred subsequent to balance date which would impact on the financial statements.

13. RELATED PARTY TRANSACTIONS

Directors of Hāpai Housing LP are paid fees that reflect the responsibility of governing the entity and implementing a strategy that creates value for Limited Partners. The shareholders of the General Partner each appoint a Director with the necessary skills and experience. The key management personnel of HHLP are the Directors. The table below outlines the Total Compensation paid to Directors for the respective years ended 30 June:

Director	Shareholder	Role	2022	2021
Paul Majurey	Pare Hauraki Asset Holdings Limited	Chair	\$15,000	\$6,250
John Spencer	Raukawa Iwi Development Limited	Director	\$12,000	\$6,250
Andy Knight	Taranaki Iwi Holdings Limited Partnership	Director	\$12,000	\$6,000
Taari Nicholas	Te Kiwai Maui o Ngāruahine Limited	Director	\$12,000	\$6,000
Anthony Sewell	Tama Asset Holding Company Limited	Director	\$12,000	\$6,000
Bronwyn Koroheke	Te Kahui Maru Limited Partnership	Director	\$12,000	\$6,000
Total			\$75,000	\$36,500

During the period, HHLP entered into a management agreement and paid \$132,370 (2021: \$41,303) to Koau Capital Partners Limited for the project development management services. The balance owing at period end is \$20,147. Koau Capital Partners Limited also provide Investment Management services to the following Limited Partners Raukawa Iwi Development Limited, Taranaki Iwi Holdings Limited Partnership, Te Kiwai Maui o Ngāruahine Limited, Tama Asset Holding Company Limited, Te Kahui Maru Limited Partnership, Rangitane Investments Limited, Ngāti Mutunga o Wharekauri, AHC Limited and Te Pou Herenga Pakihi Limited Partnership.

Andrew Harrison, is the Investment Manager of HHLP and is a Director of Koau Capital Partners Limited. Andrew is also a Director of Pare Hauraki Asset Holdings Limited.

Financial Statements



For the period ended 30 June 2022

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**INDEPENDENT AUDITOR'S REPORT
TO THE PARTNERS OF HĀPAI DEVELOPMENT PROPERTY LIMITED PARTNERSHIP**

Opinion

We have audited the financial statements of Hāpai Development Property Limited Partnership ("the Limited Partnership"), which comprise the statement of financial position as at 30 June 2022 and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Limited Partnership as at 30 June 2022, and its financial performance and its cash flows for the year then ended in accordance with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime ("NZ IFRS RDR") issued by the New Zealand Accounting Standards Board.

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (New Zealand) ("ISAs (NZ)"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Limited Partnership in accordance with Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards)* (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Other Information

The directors are responsible for the other information. The other information obtained at the date of this auditor's report is information contained in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or 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 to be materially misstated.

If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Directors' Responsibilities for the Financial Statements

The directors are responsible on behalf of the Limited Partnership for the preparation and fair presentation of the financial statements in accordance with NZ IFRS RDR, 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.

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

A further description of our responsibilities for the audit of the financial statements is located at the External Reporting Board's website at: <https://www.xrb.govt.nz/assurance-standards/auditors-responsibilities/audit-report-8/>.

This description forms part of our auditor's report.

Who we Report to

This report is made solely to the Limited Partnership's Partners, as a body. Our audit work has been undertaken so that we might state those matters which 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 Limited Partnership and the Limited Partnership's Partners, as a body, for our audit work, for this report or for the opinions we have formed.



BDO Christchurch
Christchurch
New Zealand
8 September 2022

DIRECTORY

Hāpai Development Property Limited Partnership For the year ended 30 June 2022

NATURE OF BUSINESS

Development Property

DATE OF FORMATION

23 June 2021

GENERAL PARTNER

Hāpai Development Property General Partner Limited

LIMITED PARTNERS

Name	Percentage
Raukawa Iwi Development Limited	27.27%
Pare Hauraki Asset Holdings Limited	18.18%
Te Kīwai Maui o Ngāruahine Limited	18.18%
Taranaki Iwi Holdings Limited Partnership	18.18%
Tama Asset Holding Company Ltd	10.91%
Te Kahui Maru Limited Partnership	7.27%
Total	100%

ADDRESS

Unit 4, 71 Gloucester Street,
Christchurch Central,
Christchurch, 8013, New Zealand

CHARTERED ACCOUNTANT

Sidekick CA Limited

BANKERS

ASB

SOLICITORS

Greenwood Roche

AUDITORS

BDO Christchurch

STATEMENT OF PROFIT OR LOSS AND COMPREHENSIVE INCOME

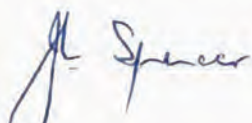
Hāpai Development Property Limited Partnership For the year ended 30 June 2022

	2022	2021
	\$	\$
Expenses		
Overheads	14,000	-
Total Expenses	14,000	-
Operating Profit	(14,000)	-
Operating Profit Before Interest	(14,000)	-
Profit	(14,000)	-
Total Comprehensive Income	(14,000)	-

STATEMENT OF FINANCIAL POSITION

Hāpai Development Property Limited Partnership As at 30 June 2022

	NOTES	30 June 2022 \$	30 June 2021 \$
Assets			
Current Assets			
Cash and Cash Equivalents		473,983	-
GST Receivable		33,143	399
Property Development Inventories	5	8,982,069	-
Total Current Assets		9,489,195	399
Non-Current Assets			
Investment Properties	6	8,032,125	-
Capitalised Project Costs		244,218	-
Capitalised Fund Costs	9	161,017	2,660
Total Non-Current Assets		8,437,360	2,660
Total Assets		17,926,497	3,059
Liabilities			
Current Liabilities			
Trade and Other Payables		44,024	3,059
Income Tax Payable		597	-
Total Current Liabilities		44,621	3,059
Total Liabilities		44,621	3,059
Net Assets		17,881,934	-
Equity			
Partners Capital		17,881,934	-
Total Equity		17,881,934	-



Director - Hāpai Development Property
General Partner Limited
Date: 8th September 2022



Director - Hāpai Development Property
General Partner Limited
Date: 8th September 2022

STATEMENT OF CHANGES IN EQUITY

Hāpai Development Property Limited Partnership For the year ended 30 June 2022

	2022 \$	2021 \$
Equity		
Opening Balance	-	-
Capital Contributed	17,200,000	-
Partner Share of Operating Profit	(14,000)	-
Capitalised Interest Attributed to Limited Partners	695,934	-
Total Equity	17,881,934	-

STATEMENT OF CASH FLOWS

Hāpai Development Property Limited Partnership For the year ended 30 June 2022

	2022 \$	2021 \$
Operating Activities		
GST	(29,395)	-
Withholding Tax Paid	1,887	-
Net Cash Flows from Operating Activities	(27,508)	-
Investing Activities		
Investment in Property Development Inventories	(8,358,185)	-
Investment in Associates	(8,032,125)	-
Capitalised Fund Costs	(221,234)	-
Capitalised Project Feasibility Costs	(86,966)	-
Net Cash Flows from Investing Activities	(16,698,509)	-
Financing Activities		
Proceeds from Capital Contributed by Limited Partners	17,200,000	-
Net Cash Flows from Financing Activities	17,200,000	-
Net Cash Flows	473,983	-
Cash and cash equivalents		
Cash and Cash Equivalents at Beginning of Period	-	-
Net Change in Cash for Period	473,983	-
Cash and Cash Equivalents at End of Period	473,983	-

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Development Property Limited Partnership For the year ended 30 June 2022

1. REPORTING ENTITY

Hāpai Development Property Limited Partnership (HDPLP) is a limited partnership registered and domiciled in New Zealand on 23 June 2021, and subject to the Limited Partnership Act 2008 and is engaged in the business of Property and General Investing.

This report was authorized for issue in accordance with a resolution of partners dated 8 September 2022.

For the purposes of complying with generally accepted accounting practice in New Zealand ("NZ GAAP"), HDPLP is a for profit entity.

2. BASIS OF PREPARATION

Statement of compliance

These statements are prepared for the year of 1 July 2021 to 30 June 2022. These financial statements have been prepared in accordance with NZ GAAP. They comply with New Zealand equivalents to International Financial Reporting Standards Reduced Disclosure Regime (NZ IFRS RDR) and the requirements of the Limited Partnership Act 2008. HDPLP is eligible to apply NZ IFRS RDR because it does not have public accountability and is not a large for profit public sector entity.

Basis of measurement

The financial statements have been prepared on the historical cost basis except for the Investment Property and derivative financial instruments which are measured at fair value.

Functional and presentation currency

These financial statements are presented in New Zealand dollars (NZD) which is the functional currency of Hāpai Development Property Limited Partnership (HDPLP) and presented to the nearest dollar.

Use of estimates and judgements

The preparation of 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 these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is 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 described in Note 4(c), 5 and 8.

3. CHANGES IN ACCOUNTING POLICIES

This is the first year that the entity has been operating and accounting policies have been applied for the first time.

4. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial Instruments

Financial Assets

HDPLP classifies its financial assets at amortised cost.

Amortised cost

These assets arise principally from the types of financial assets where the objective is to hold these assets in order to collect contractual cash flows and the contractual cash flows are solely payments of principal and interest. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less expected credit loss. The Partnership's financial assets measured at amortised cost comprise accounts receivable and cash and cash equivalents in the statement of financial position. Cash and cash equivalents includes cash at bank and on-call deposits.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Development Property Limited Partnership For the year ended 30 June 2022

Impairment provisions for current and non-current trade receivables are recognised based on the simplified approach within NZ IFRS 9 using a provision matrix in the determination of the lifetime expected credit losses. Impairment provisions for receivables from related parties and loans to related parties are recognised based on a forward looking expected credit loss model.

Financial Liabilities

Trade payables and loans are initially recognised at fair value less transaction costs. They are subsequently carried at amortised cost using the effective interest rate method.

(b) Revenue

Interest Income

Interest income is recognised as it accrues, using the effective interest method.

(c) Determination of Fair Values

A number of the Partnership's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes. Where applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

(d) 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. The net amount of GST receivable from, or payable to the Inland Revenue is included as part of the receivables or payables in the statement of financial position.

5. PROPERTY DEVELOPMENT INVENTORIES

Properties classified as inventories are intended for sale in the ordinary course of business or are in the process of being constructed or developed for sale. These properties are accounted for under NZ IAS 2 Inventories and measured at the lower of cost and net realisable value. All costs directly associated with the purchase and development and all subsequent capital expenditure related is capitalised. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

	2022	2021
	\$	\$
Opening Balance	-	-
Acquisition of Inventory	8,200,000	-
Capitalised Costs	782,069	-
Closing Balance	8,982,069	-

The balance of \$8,982,069 relates to land purchased in March 2022 at Iport, Rolleston and capitalised costs as a result of this acquisition. At balance date, HDPLP had an approved business case and a conditional Sale and Purchase Agreement in place to sell the land at Iport, Rolleston which is expected to go unconditional within 12 months of balance date and is therefore classified as current inventory.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Development Property Limited Partnership For the year ended 30 June 2022

6. INVESTMENT IN ASSOCIATES

Investments in associates are those where HDPLP has significant influence but not control over an investee. Significant influence arises when HDPLP holds 20% - 100% of the equity and voting interests in an investee and has representation on its governing body. HDPLP uses equity method of accounting whereby it recognises its initial investment in an associate at cost or fair value in the case of a step-disposal 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. Net distributions after deduction of the transaction costs received from an investee reduce the carrying amount of the investment.

	2022 \$	2021 \$
Ngāi Tai Hāpai Development Limited Partnership		
Opening Carrying Value	-	-
Capital contributed	8,032,125	-
Share of Net Profit/(Loss) for the Period	-	-
Share of Other Comprehensive Income	-	-
Less Distributions	-	-
Closing Carrying Value	8,032,125	-

HDPLP acquired an 88% share in Ngāi Tai Hāpai Development Limited Partnership on 22nd April 2022. Ngāi Tai Hāpai Development Limited Partnership acquired a 5% stake in Beachlands South Limited Partnership alongside Ngāi Tai ki Tāmaki Charitable Investment Trust. This investment is alongside NZ Superannuation Fund and Russell Group and is a rezoned and master planned urban development of Formosa Golf Club, Auckland. HDPLP has majority ownership (88%) and two director appointments in Ngāi Tai Hāpai Development Limited Partnership, however material decision making requires unanimous approval of all three Ngāi Tai Hāpai Development Limited Partnership directors.

Ngāi Tai Hāpai Development Limited Partnership accounts for its investment in Beachlands South Limited Partnership under NZ IAS 2 Inventories. It measures the fair value of inventory at the lower of cost and net realisable value. All costs directly associated with the purchase and development and all subsequent capital expenditure related is capitalised. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Hāpai Development Property Limited Partnership uses the equity method of accounting whereby it recognises its initial investment in Ngāi Tai Hāpai Development Limited Partnership at cost and the carrying amount is increased or decreased by its proportionate share of the net profit/(loss) and its proportionate share of the fair value movement of the investment.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Development Property Limited Partnership For the year ended 30 June 2022

7. TAX POLICY

HDPLP is a 'pass through' entity in relation to tax. Taxable profits are allocated to limited partners in proportion to their partnership interest. As a result there is no tax liability recognised in the financial statements.

The table below outlines the taxable income calculation for the year ended 30 June 2022:

	2022	2021
	\$	\$
Operating Profit	(\$14,000)	-
Adjustments	-	-
Investor Capital Interest	(\$695,934)	-
Taxable Income Attributable to LP's	(\$709,934)	-

The table outlines the taxable income and tax credits for each respective Limited Partner:

Limited Partner	LP %	Taxable Income Attributed	Tax Credits (RWT)
Raukawa Iwi Development Limited	27.27%	(189,800)	-
Pare Hauraki Asset Holdings Limited	18.18%	(126,533)	-
Te Kīwai Maui o Ngāruahine Limited	18.18%	(126,533)	-
Taranaki Iwi Holdings Limited Partnership	18.18%	(126,533)	-
Tama Asset Holding Company Limited	10.91%	(75,920)	-
Te Kahui Maru Limited Partnership	7.27%	(50,613)	-
Total	100%	(709,934)	-

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Development Property Limited Partnership For the year ended 30 June 2022

8. FINANCIAL INSTRUMENTS

The table below summarizes the classification of financial assets and liabilities by category:

2022	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial liabilities at FV through surplus or deficit
Cash and Cash Equivalents	\$473,983	-	-
Trade and Other Receivables	-	-	-
Trade and Other Payables	-	\$34,677	-
Derivative Financial Instruments	-	-	-

9. CAPITALISED FUND COSTS

Capitalised fund costs are the costs to design and establish HDPLP as an open ended and lwi controlled vehicle that can grow to regularly accommodate additional Maori investors over time. The capitalised fund costs are initially classified at cost in the statement of financial position and subsequently measured at amortised cost if either new limited partner capital raised is introduced at less than NAV (including capitalised fund costs) or no new capital has been raised for period longer than 3 years.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Development Property Limited Partnership For the year ended 30 June 2022

10. NET ASSETS ATTRIBUTABLE TO LIMITED PARTNERS

	2022 \$	2021 \$
Raukawa Iwi Development Limited		
Capital Contributed	4,690,909	-
Share of Operating Profit	(3,818)	-
Capitalised Interest	189,800	-
Total Raukawa Iwi Development Limited	4,876,891	-
Pare Hauraki Asset Holdings Limited		
Capital Contributed	3,127,273	-
Share of Operating Profit	(2,545)	-
Capitalised Interest	126,534	-
Total Pare Hauraki Asset Holdings Limited	3,251,261	-
Te Kīwai Maui o Ngāruahine Limited		
Capital Contributed	3,127,273	-
Share of Operating Profit	(2,545)	-
Capitalised Interest	126,534	-
Total Te Kīwai Maui o Ngāruahine Limited	3,251,261	-
Taranaki Iwi Holdings Limited Partnership		
Capital Contributed	3,127,273	-
Share of Operating Profit	(2,545)	-
Capitalised Interest	126,534	-
Total Taranaki Iwi Holdings Limited Partnership	3,251,261	-
Tama Asset Holding Company Ltd		
Capital Contributed	1,876,364	-
Share of Operating Profit	(1,527)	-
Capitalised Interest	75,920	-
Total Tama Asset Holding Company Ltd	1,950,756	-
Te Kahui Maru Limited Partnership		
Capital Contributed	1,250,909	-
Share of Operating Profit	(1,018)	-
Capitalised Interest	50,613	-
Total Te Kahui Maru Limited Partnership	1,300,504	-
Total Net Assets Attributable to Limited partners	17,881,934	-

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Development Property Limited Partnership For the year ended 30 June 2022

	2022 \$	2021 \$
Net Assets Attributable to Limited Partners		
Capital Contributed	17,200,000	-
Share of Operating Profit	(14,000)	-
Capitalised Interest	695,934	-
Total Net Assets Attributable to Limited Partners	17,881,934	-

Hāpai Development Property LP fair values all of its investments where these can be reliably measured and independent value or they are carried at the lower of cost including capitalised expenditure and net realisable value. The fair values are determined by:

- Inventory held directly in Hāpai Development Property LP at the lower of cost including capitalised expenditure and net realisable value. The net realisable value is supported by independent market valuations or conditional Sale and Purchase Agreements.
- Inventory held in Associates (Ngāi Tai Hāpai Development LP) at the lower of cost including capitalised expenditure and net realisable value. The net realisable value is supported by independent market valuations or conditional Sale and Purchase Agreements.

Hāpai Development Property LP Net Asset Value Attributable to each Limited Partner as at 30 June 2022 per Note 9 - Movements in Net Attributable to Limited Partners represents the respective fair value of each limited partners shares. The Limited Partnership Agreement provides that this Net Asset Value is utilised as the basis of calculation when raising capital from both existing and new limited partners. Further, this Net Asset Value is also utilised as the transfer value if any limited partner wishes to sell their shares with the General Partner using best endeavours to achieve a transfer of the Limited Partner shares within one year following the date of the transfer notice either to existing limited partners proportionate to their limited partner shares or to queued new eligible limited partners. Hāpai Development Property LP is currently completing an annual capital raise which it will manage and facilitate during FY23.

11. SUBSEQUENT EVENTS

No other events occurred subsequent to balance date which would impact on the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

Hāpai Development Property Limited Partnership For the year ended 30 June 2022

12. RELATED PARTY

Directors of Hāpai Development Property Limited Partnership are paid fees that reflect the responsibility of governing the entity and implementing a strategy that creates value for Limited Partners. The shareholders of the General Partners each appoint a Director to the HDPLP for their respective entity. The key management personnel of the HDPLP is the Directors. The table below outlines the Total Compensation paid to Directors for the respective years ended 30 June.

Director	Shareholder	Role	2022	2021
John Spencer	Raukawa Iwi Development Limited	Chair	\$18,000	\$nil
Paul Majurey	Pare Hauraki Asset Holdings Limited	Director	\$12,000	\$nil
Andy Knight	Taranaki Iwi Holdings Limited Partnership	Director	\$12,000	\$nil
Taari Nicholas	Te Kīwai Maui o Ngāruahine Limited	Director	\$12,000	\$nil
Anthony Sewell	Tama Asset Holding Company Limited	Director	\$12,000	\$nil
Bronwyn Koroheke	Te Kahui Maru Limited Partnership	Director	\$12,000	\$nil
Total			\$78,000	\$nil

During the period, HDPLP entered and paid \$8,541 to Koau Capital Partners Limited for development and investment management services. The balance owing at period end is \$2,434. Koau Capital Partners Limited also provide Investment Management services to the following Limited Partners, Raukawa Iwi Development Limited, Taranaki Iwi Holdings Limited Partnership, Te Kīwai Maui o Ngāruahine Limited, Te Kahui Maru Limited Partnership, and Tama Asset Holding Company Ltd.

Andrew Harrison, is the Investment Manager of HDPLP and is a Director of Koau Capital Partners Limited. Andrew is also a Director of Pare Hauraki Asset Holdings Limited.

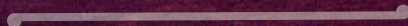


Annual Report 2022

Hāpai Commercial Property LP

Hāpai Housing LP

Hāpai Development Property LP



View Instrument Details



Instrument No 12185408.2
Status Registered
Date & Time Lodged 05 October 2021 16:22
Lodged By Wiffin, Joanne Vera
Instrument Type Easement Instrument



Affected Records of Title	Land District
850960	Marlborough
850961	Marlborough
850962	Marlborough
850963	Marlborough
850964	Marlborough
850965	Marlborough
850966	Marlborough
850967	Marlborough
850968	Marlborough
850969	Marlborough
850970	Marlborough
MB6B/506	Marlborough
MB6B/507	Marlborough

Annexure Schedule Contains 4 Pages.

Grantor Certifications

I certify that I have the authority to act for the Grantor and that the party has the legal capacity to authorise me to lodge this instrument ☒

I certify that I have taken reasonable steps to confirm the identity of the person who gave me authority to lodge this instrument ☒

I certify that any statutory provisions specified by the Registrar for this class of instrument have been complied with or do not apply ☒

I certify that I hold evidence showing the truth of the certifications I have given and will retain that evidence for the prescribed period ☒

Signature

Signed by Claire McNeill as Grantor Representative on 05/10/2021 03:27 PM

Grantee Certifications

I certify that I have the authority to act for the Grantee and that the party has the legal capacity to authorise me to lodge this instrument ☒

I certify that I have taken reasonable steps to confirm the identity of the person who gave me authority to lodge this instrument ☒

I certify that any statutory provisions specified by the Registrar for this class of instrument have been complied with or do not apply ☒

I certify that I hold evidence showing the truth of the certifications I have given and will retain that evidence for the prescribed period ☒

Signature

Signed by Claire McNeill as Grantee Representative on 05/10/2021 03:27 PM

*** End of Report ***

This approved format may be used for lodgement as an electronic instrument under the Land Transfer Act 2017

Form 22

Easement instrument to grant easement or *profit à prendre*

(Section 109 Land Transfer Act 2017)

Grantor

NELSON MARLBOROUGH DISTRICT HEALTH BOARD

Grantee

NELSON MARLBOROUGH DISTRICT HEALTH BOARD

Grant of Easement or *Profit à prendre*

The Grantor being the registered owner of the burdened land set out in Schedule A **grants to the Grantee** (and, if so stated, in gross) the easement(s) or *profit(s) à prendre* set out in Schedule A, with the rights and powers or provisions set out in the Annexure Schedule(s)

Schedule A required

Continue in additional Annexure Schedule, if

Purpose of Easement, or <i>profit</i>	Shown (plan reference)	Burdened Land (Record of Title)	Benefited Land (Record of Title) or in gross
Right to Emit Noise	DP 527731	Lots 1-10 DP 527731 (RTs 850960-850969 inclusive)	Lot 11 DP 527731 and Lot 1 DP 11477 and Lot 1 DP 11493 (RTs 850970, MB6B/506 and MB6B/507)

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Easements or *profits à prendre* rights and powers (including terms, covenants and conditions)

Delete phrases in [] and insert memorandum number as required; continue in additional Annexure Schedule, if required

Unless otherwise provided below, the rights and powers implied in specified classes of easement are those prescribed by the Land Transfer Regulations 2018 and/or Schedule 5 of the Property Law Act 2007

The implied rights and powers are hereby **[varied]** ~~**[negated]**~~ **[added to]** or ~~**[substituted]**~~ by:

[Memorandum number , registered under section 209 of the Land Transfer Act 2017]

[the provisions set out in Annexure Schedule]

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ANNEXURE SCHEDULE

RIGHT TO EMIT NOISE

1 DEFINITION

In this easement the term "hospital activities" means all activities conducted by the Benefitted Land and any existing uses and any activity permitted by any resource consent(s). The term "hospital activities" shall also include any other activity ancillary to the activities already defined or necessary therefor.

2 RIGHTS AND POWERS

The Benefitted Land shall have the full, free, uninterrupted and unrestricted right, liberty and privilege for themselves and their respective servants, tenants, agents, licensees and grantees from time to time to emit noise from hospital activities and allow such noise to escape and pass over the Burdened Land in the course of the use of the Benefitted Land for hospital activities with the intent that such aforementioned rights shall run with the Burdened Land and be forever appurtenant to the Benefitted Land.

3 TERMS, CONDITIONS, COVENANTS, OR RESTRICTIONS IN RESPECT OF THE ABOVE EASEMENT

- (a) The owners or occupiers from time to time of the Burdened Land shall allow authorised hospital activities to be carried out on the Benefitted Land without interference or restrain.
- (b) All noise emitted from hospital activities shall not exceed the maximum level permitted in any relevant district resource management planning document.
- (c) The owners or occupiers for the time being of the Burdened Land shall not
 - i. Make or lodge; nor
 - ii. Be party to; nor
 - iii. Finance nor contribute to the cost of;any submission, application, proceeding or appeal (whether pursuant to the Resource Management Act 1991 or otherwise) designed or intended to limit, prohibit or restrict the continuation or recommencement of the authorised hospital activities by the owners or occupiers from time to time of the Benefitted Land.

4 ARBITRATION CLAUSE

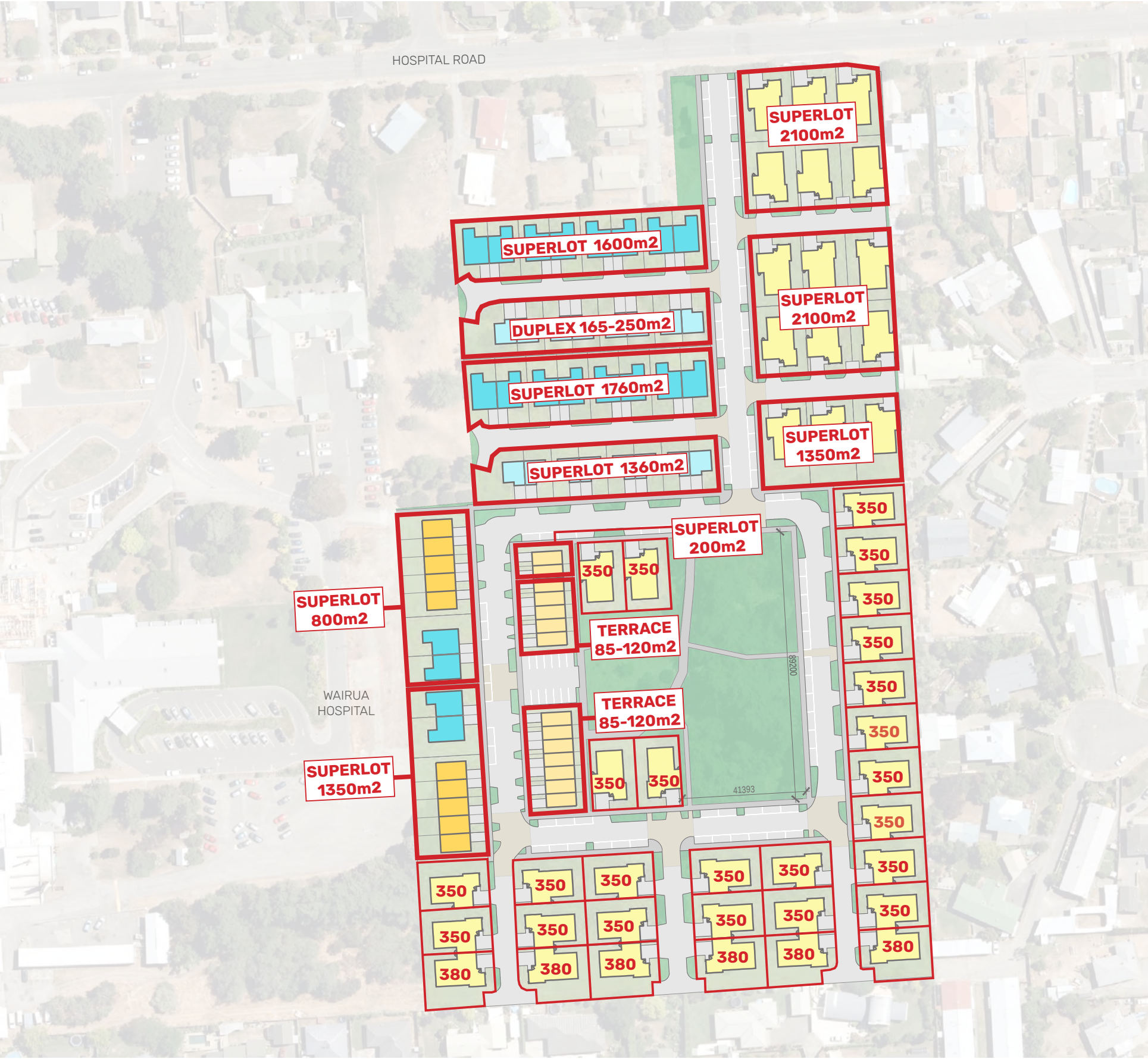
The owners or occupiers of the Burdened Land and the owners or occupiers of the Benefitted Land hereby agree and covenant that in the event that any dispute or difference arises between them in any way arising out of or in connection with this easement, such dispute or difference will be referred at the request of either party to the arbitration of a single arbitrator on the following terms:

- (a) The arbitrator is to be jointly agreed upon between the parties;

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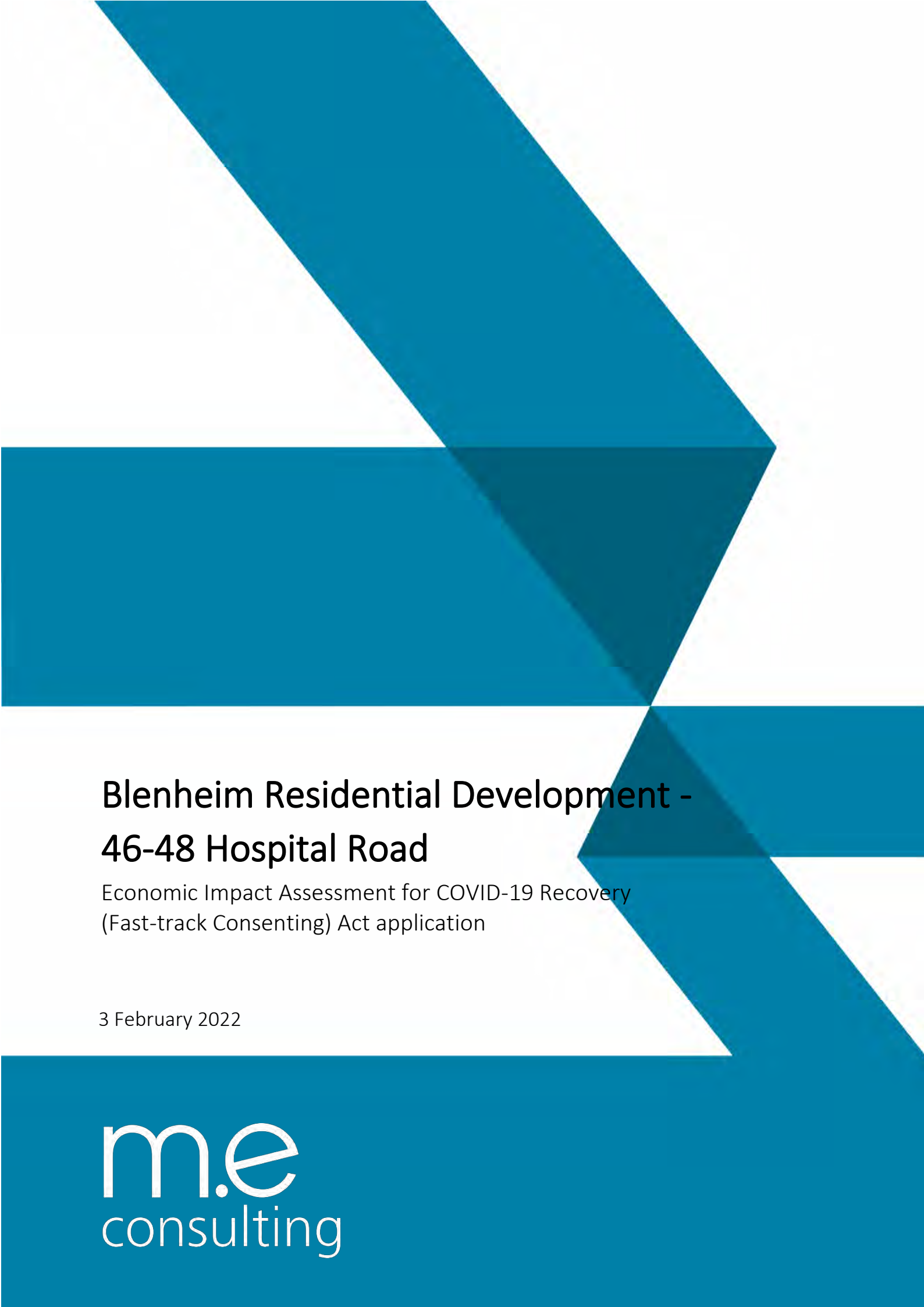
- (b) If the parties fail to agree upon an arbitrator within seven (7) days of notice from one party to the other, either party may require the President of the Marlborough District Law Society to nominate an arbitrator and that nomination will bind the parties;
- (c) The reference is a reference to single arbitrator under the Arbitration Act 1996;
- (d) The arbitrator's decision is final and binding and may include:
 - (i) An order for cost;
 - (ii) An order for enforcement;
 - (iii) Interest on moneys payable.

LOT SIZES
Diagram



Note: All lot sizes in square meters

N
Scale 1:1500



Blenheim Residential Development - 46-48 Hospital Road

Economic Impact Assessment for COVID-19 Recovery
(Fast-track Consenting) Act application

3 February 2022

m.e
consulting



Blenheim Residential Development - 46-48 Hospital Road

Economic Impact Assessment for COVID-19 Recovery
(Fast-track Consenting) Act application

Prepared for
Hapai Development Limited Partnership

Document reference: HDLP001.22

Report author(s): Tilly Erasmus Kieran McLean
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Director approval: Greg Akehurst
greg@me.co.nz

Report date	Comments
22 December 2022	Incorporated client's feedback on draft version.
3 February 2023	Added Full-time Equivalents as an employment measure in response to MfE request.

www.me.co.nz

Disclaimer: Although every effort has been made to ensure accuracy and reliability of the information contained in this report, neither Market Economics Limited nor any of its employees shall be held liable for the information, opinions and forecasts expressed in this report.



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Executive Summary

The New Zealand government have recognised that the COVID-19 pandemic has caused deep economic and social disruption in New Zealand. To provide economic stimulus, Government introduced a short-term intervention¹ by way of the COVID-19 Recovery (Fast-track Consenting) Act (“the Act”), which came into effect on 9 July 2020. The aim of the Act is to fast-track projects that can boost employment and economic recovery. Government established that by speeding up the development process, benefits would flow to communities, as demand for labour would increase sooner, and wages and salaries paid would sustain communities earlier.

Hapai Development Limited Partnership (HDPL) are seeking a Fast-track consent to accelerate the development of a medium density residential subdivision (“the project”) at 46-48 Hospital Road (“the site”) in Blenheim. To assist, this report evaluates the impacts of fast-tracking the consent and illustrates the degree to which the project generates economic impacts and helps to achieve the purpose of the Fast Track legislation. In addition to sustaining construction jobs, the project also delivers residential dwellings, which can help meet projected population growth in the Blenheim area.

The economic impacts of the project are estimated using a bespoke Multi-regional Input-Output (MRIO) model and then presented in terms of Value Added (VA), and the level of employment it will support. The difference in economic impacts between the fast-tracked consent (FTC) process and the alternative (standard consent process) is illustrated using discounted cashflow analysis. This difference is interpreted as the effect of fast-tracking the development.

HDPL provided forecasted cashflows for the development of the site, with time estimates under:

- A fast-track pathway,
- A limited notified resource consent pathway, and
- A publicly notified resource consent pathway.

The total spend is similar under all scenarios (\$50.1m), but the timing of when spending occurs, varies.

A fast-tracked approval process will see the project commencing in 2022² through to 2027, compared with the conventional consent pathway, which delays construction activity by up to a year and runs from late 2022 to 2028.

Contribution to Value Added³

Under the Fast-track scenario, the cumulative **direct value added** from the present to completion of the project under this scenario, is projected to be around **\$14.6 million**. By comparison, the scenarios for the development without Fast Track consent have cumulative direct value added of **between \$400,000 and \$600,000 less** for limited notification and publicly notified, respectively. The differences are a result of the

¹ It includes a 'sunset clause' which will see the legislation repealed on 8 July 2023.

² At this early stage expenditure are largely similar under all scenarios, and largely consists of professional fees (e.g. design, technical assessment, consultants, etc.)

³ Similar to Gross Domestic Product (GDP), but excluding some taxes.



timing of construction which means a greater reduction in the present value of future benefits through discounting.

In addition to the effects directly associated with the amount of expenditure required to develop the site, the 'indirect' and 'induced' impacts (flow-on impacts) are also relevant. These reflect the additional activity, stimulated by the development, across the whole economy. Based on the IO modelling, the development will stimulate a **total of \$52.3 million in VA**, once indirect and induced effects are included. This implies the fast track development pathway generates approximately **\$1.6m to \$2.2m more VA** than the limited notification and publicly notified pathways, respectively.

Contribution to Employment

The development of the site, through earthworks and residential dwelling construction, is estimated to **directly sustain employment equivalent to 276 job years (MEC) or 219 FTE job years⁴** across the country. Almost all of this (96%) is expected to be supported within the Marlborough region. In total, this development is projected to sustain the equivalent of **1,795 job years (or 1,430 FTEs), across the country, once the indirect and induced effects are included.⁵** The FTC will mean that construction related employment can begin sooner and during a period when it will deliver the most value to local construction businesses facing a projected downturn of growth in an uncertain economic climate. The FTC process is estimated to bring the construction activity forward by an estimated nine to twelve months.

Well-functioning Urban Environment

In addition to the conventional economic effects, the project will deliver other benefits, contributing to a well-functioning urban environment⁶. This report discusses at a high level, the possible contribution by the project. The main points are presented in the table below:

Contribution by the project	
Housing	The current design shows 105 dwellings being delivered, of various sizes, typologies and tenure. This accounts for around 85% of the average annual demand in Blenheim. Almost half (48%) of the units are one- and two-bedroom homes.
Affordability	The developer's intention is to provide housing that is a combination of homes for market sale, build to rent, community rental and progressive home ownership. The exact proportion of dwellings which will contribute to affordable housing outcomes has not yet been finalised.
Choice	The project contributes to housing choice for Blenheim households, providing a range of options relating to typology, tenure and price.
Accessibility	The site is well placed relative to the CBD, shopping facilities, open space and recreation facilities, public transport routes and education facilities.

⁴ This should **not** be interpreted as 276 (or 219) new jobs, but rather the economic activity being generated is the **equivalent** of sustaining 267 jobs (219 FTE jobs) for one year.

⁵ This should **not** be interpreted as 1,795 (or 1,430) new jobs, but rather the economic activity being generated is the **equivalent** of sustaining 267 jobs (219 FTE jobs) for one year.

⁶ As defined by the National Policy Statement on Urban Development (NPSUD) 2020.



Other	The development is within the existing urban boundary of Blenheim (rather than on greenfield land), contributing to a more compact city, which is generally more efficient (lower transports costs, etc.).
-------	--

Conclusion

The proposed construction at 46-48 Hospital Road is expected to positively contribute to the future economic and social wellbeing of the Marlborough region, and through flow on effects, other areas of New Zealand. The benefit of the Fast-track consent pathway is clear. It means that a large number of local jobs can be sustained in the short-term future, with the civil construction expected to begin in 2023, nine to twelve months sooner that could be likely under a standard consent approach. The outlook for the residential construction sector is highly uncertain at present, considering the high interest environment, house price decline in large parts of the country and a looming recession. There is a real risk that construction activity will rapidly slow, putting even more local jobs (and households) on the line.

Once fully developed, the project is anticipated to yield 105 residential dwellings, of various sizes, price points, typologies and tenure. This equates to around 85% of the projected annual average demand in Blenheim over the next three decades. In light of the potential shortfall of residential dwellings (and of the right type) over the long term in Blenheim, the development will contribute to meeting the projected growth.

In addition to the conventional economic effects, the project will deliver other benefits. These are associated with their contribution to a well-functioning urban environment.



1 Introduction

Hapai Development Limited Partnership (HDLP) is seeking a consent under the COVID-19 Recovery (Fast Track) Consenting Act 2020 to accelerate the residential development at 46-48 Hospital Road in Blenheim. The development is set to deliver mixed tenure, medium density housing with the aim to address a wide range of community and iwi housing needs. HDLP has commissioned Market Economics (M.E) to assess the economic effects of bringing forward the proposed project, that is, to quantify the effect of granting consent under the Fast Track legislation.

The government have recognised that the COVID-19 pandemic has caused deep economic and social disruption in New Zealand. To provide economic stimulus, the Government introduced a short-term intervention⁷ by way of the COVID-19 Recovery (Fast-track Consenting) Act (“the Act”), which came into effect on 9 July 2020. The aim of the Act is to fast-track projects that can boost employment and economic recovery. Government established that by speeding up the development process, benefits would flow to communities, as demand for labour would increase sooner, and wages and salaries paid would sustain communities earlier. In addition, the developments themselves (commercial, residential and infrastructure) would stimulate and facilitate economic activity in communities.

The Act established two pathways for projects to be fast-tracked:

- *Listed projects*: these are outlined in Schedule 2 of the Act and are eligible for the fast-track process,
- *Referred projects*: these are projects not listed in the legislation, the Minister for the Environment can refer them to an expert consenting panel for consideration.

The Act sets out the criteria a project will be assessed against to see the degree to which it supports the purpose of the Act. Before deciding whether to refer a project to an expert consenting panel under the Act, the Minister must be satisfied the project will help to achieve the purpose of the Act. The Minister will have regard to a list of matters set out in Section 19 of the Act. The relevant matters (for this assessment) are:

- a) the project’s economic benefits and costs for people or industries affected by COVID-19, and*
- b)*
- c) Whether the project would be likely to progress faster by using the processes provided by the Act than would otherwise be the case.*
- d) Whether the project may result in a public benefit by, for example;*
 - i. Generating employment*
 - ii. Increasing housing supply*
 - iii. Contributing to well-functioning urban environments*

⁷ It includes a 'sunset clause' which will see the legislation repealed on 8 July 2023.



1.1 Project Aim

HDLP is seeking consent under the Act for a medium density residential subdivision (“the project”) at 46-48 Hospital Road (“the site”) in Blenheim. To assist, this report evaluates the impacts of fast-tracking the consent and illustrates the degree to which the project generates economic impacts and helps to achieve the purpose of the Fast Track legislation. More specifically, it assesses the project’s impacts in terms of Value Added (similar to GDP) and employment under different temporal assumptions. The economic impacts of the project are estimated using a bespoke Multi-regional Input-Output (MRIO) model. In addition, estimates of the housing role the completed project will play within the context of local and regional residential growth. These estimates contribute towards the assessment of public benefit that the project represents.

The results are presented in terms of Value Added (VA), and the level of employment it will support. The difference in economic impacts between the fast-tracked consent (FTC) process and the alternative (standard consent process) is illustrated using discounted cashflow analysis. This difference is interpreted as the effect of fast-tracking the development. The results include estimates of the employment footprint of the project throughout the development process along with flow on economic effects of the development across the Marlborough economy.

The approach and findings are summarised in the section 3.

1.2 The Development Site

This section briefly describes the proposed development.

The development site spans approximately 4.5 hectares⁸, and is located at 46-48 Hospital Road, which is to the east of the Wairau Hospital, in Blenheim (Figure 1-1). The site is zoned ‘Urban Residential 2’ under the Proposed Marlborough Environment Plan (PMEP) and is surrounded by residential zones consisting of older, larger standalone homes on large sites (700-1,500sqm). The site has predominately been cleared of buildings, with the exception of one house to the west of the site entrance on Hospital Road (red marker).

⁸ Net developable area of 3 hectares.

Figure 1-1 - The Development Site at 46-48 Hospital Road, Blenheim



According to the proposed layout in the Masterplan Report⁹, the site will accommodate a range of dwellings (typologies, size, tenure and prices). In total, 105 dwelling units are proposed, consisting of:

- 45 standalone units,
- 36 duplex dwellings and
- 24 terrace homes.

Figure 1-2 below shows the proposed layout of dwelling units, on the site. The design shows lower profile homes (single storey) being placed along the property edges bordering existing residential areas. This will maintain the suburban grain of single storey, standalone homes. Higher density homes (terrace homes) are planned along the non-residential hospital edges.

⁹ Masterplan Report by Reset Urban Design. 18 November 2022

Figure 1-2: Proposed Layout (Masterplan)



Source: Reset Urban Design (2022)



2 Approach and Assumptions

The fundamental basis for assessing the benefits of granting consent under the Fast Track legislation is that the project can proceed sooner than it would under the normal the Resource Management Act 1991 (RMA) process (with all of the RMA safeguards, checks and balances in place). To do this requires assessing the impacts (costs and benefits) under the RMA pathway, and then repeating the assessment under COVID-19 Fast Track timeline.

This analysis relies on an estimated cashflow analysis based on information provided by HDLP with regards to the spending and timing of that spending on site preparation, building construction, council fees and professional services. That is, costs and timeframes to obtain necessary consents, develop the land up to and including the completion of dwellings for the residential market. This spending by HDLP is viewed as one-off and mostly directed to businesses within the Marlborough region¹⁰.

Specifically, M.E have assumed that all construction related activity will be carried out by businesses within the Marlborough region. The balance of spending (i.e., consent, design, and development project management costs) is assumed to be mostly¹¹ directed to businesses based in Marlborough, due to the availability or potential availability of these services within Marlborough. M.E. have matched this planned spending to 48 economic sectors in MRIO model¹² which has been adapted for the Marlborough economy (using a 2016 base year). The spending is spread out across a six-year assessment period (2022-2028) with cash flows expressed on a quarterly basis and then discounted, to express future cash flows (and economic impacts) in today's terms.

The model traces the flow of transactions through the economy to estimate the associated Value Added (VA) and employment as a result of the additional activity. VA arises through the spending, directly and indirectly, as the activity flows on to other sectors of the economy and businesses pay salaries/wages and generate profits. The links between the study area and the surrounding regions are also captured, showing the extent of the spread of the additional economic activity. This is important as it captures the purchase of raw materials from surrounding regions to support additional construction activity.

As the IO model uses 2016 as a base year, the projected spending inputs to the model are deflated to 2016 terms. From here, the IO model VA outputs are reinflated to present terms (\$₂₀₂₂), while the employment outputs reflect the 2016 proportions of gross output per MEC without reflation. The results (VA) are then discounted on a quarterly basis at an annual rate of 5%¹³. Discounting is used to reflect the rate of time preference and the opportunity cost of capital, reflecting the present value of future benefits. In other words, economic activity that happens today is worth more to the community in terms of the wages and salaries paid and the overall economic activity, than the same activity happening in the future. The difference in VA between the conventional consent pathways and the FTC pathway, represents the benefits achieved under the Act.

¹⁰ A small share of the spending on professional services is directed to the Rest of South Island and Rest of New Zealand regions.

¹¹ A small share (10%) of the expenditure is directed to 'Rest of South Island' and the remainder (10%) to the Rest of New Zealand.

¹² Technical detail about the Input-Output modelling assumptions is included in Appendix 1.

¹³ Treasury NZ default discount rate is 5%.



The MRIO model contains region-specific data on sectoral employment and gross output for each of the sectors, which enables us to generate an annual average ratio of gross output per person employed in each sector. This is used to translate the economic impacts (VA) into additional employment – by sector. A requirement of the referral process is to understand the impact in COVID-19 hit sectors or areas. By translating output and value added into employment, we are able to show the potential impacts across Marlborough from an employment perspective as well.

It is acknowledged that the timing of a conventional resource consent pathway can vary greatly, depending on the need for public notification, hearings, complexity of the further information requests under section 92 of the RMA, the number and complexity of submissions to consider, and so forth. To account for the possible variation, we modelled two resource consent pathways, i.e. with and without public notification, which includes and excludes a Council hearing, respectively. The difference between these two pathways is estimated to be around three months.

HDLP provided forecasted cashflows for the development of the site, with time estimates under:

- A fast-track pathway,
- A limited notified resource consent pathway, and
- A publicly notified resource consent pathway.

The total spend is similar under all scenarios (\$50.1m), but the timing of when spending occurs, varies. Relative to the FTC process, construction is delayed by between nine and twelve months under a conventional resource consent process. Put differently, cashflows are pushed back (further into the future) by nine to twelve months under the traditional process.

The analysis is based on current prices, and future expenditures are not inflated. The results are presented in 2022-dollar terms (\$₂₀₂₂).

The results are reported using two metrics – VA and employment.

Value Added is a portion of the GDP (excludes some taxes) that a project generates. It is the value of all activity minus intermediate costs. VA is the sum of:

- Wages and salaries paid,
- Operating surpluses generated for owners,
- Consumption of fixed capital,
- Tax on production, and
- Net of subsidies.

Employment is expressed using two metrics:

- Modified Employee Counts (MEC), and
- Full-time Equivalent (FTE) jobs.

MEC is a headcount of all employees and includes an allowance for working proprietors. This is based on data from the Business Demography Survey and the Linked Employee-Employer Dataset. The result is a headcount of employees (wage or salary earners) and working proprietors (the self-employed), i.e. modified employee count. Both LEED and BDS includes all workers with wages or salaries reported to



Inland Revenue (PAYE data), and LEED data is augmented with self-employment data from annual tax returns to include working proprietors. LEED is a comprehensive database which contains data belonging to all individuals with taxable income, suggesting that there is a lower risk of sampling errors being introduced. Both these data sets have a fine-grained sector resolution that provides insight into how different parts of the economy are impacted.

StatsNZ's provide high level information about FTEs in the Quarterly Employment Survey (QES). The QES collects data from a sample of employers (approximately 3,900 enterprises) about filled jobs, earnings, and paid hours and covers all employees on the employer's payroll, but working proprietors are not included. The QES does not cover all industries of NZ's economy (agriculture is excluded), and the sector aggregation is very high level. The employment levels are translated into full-time employment equivalents using a basic calculation - total number of full-time employees plus half of part-time employees.

This suggests MEC is a more robust measure of employment providing finer resolution, covering all sectors and capturing the self-employed (working proprietors). Despite these limitations, the FTE estimates are included in the results.



3 Economic Effects

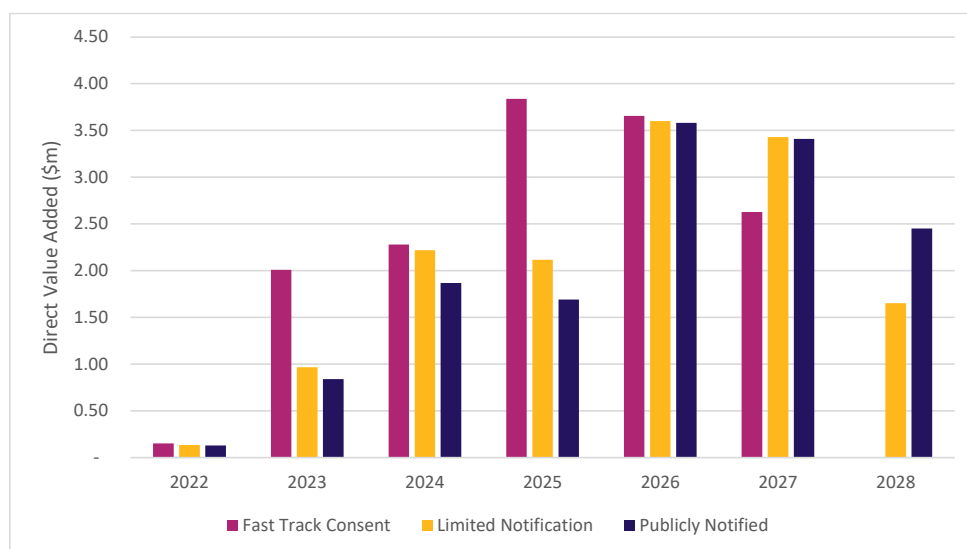
3.1 Direct Impacts

3.1.1 Value Added

The most appropriate measure of the economic impacts that occur in an area as a result of the development of a project such as proposed, is Value Added (VA). VA is effectively the contribution to GDP (less GST) that a project generates, as such it is the value of construction minus the intermediate costs to generate the construction (such things as the cost of building materials, consents, electricity, business services and imported goods). It captures wages and salaries paid, operating surpluses generated for owners, depreciation, and tax. In the construction sector it is equivalent to approximately 30% of total output.

The VA directly created by the development under the different pathways, is shown in Figure 3-1. As mentioned previously, it is assumed that the proposed development will deliver its associated benefits sooner if the fast-tracked pathway is followed. Under the Fast-track scenario, site preparation and earthworks on the site is expected to start towards the latter half of 2023, and construction in the first quarter of 2025, with completion expected towards the end of 2027. Under the publicly notified (conventional) resource consent process, site preparation is expected to start towards the middle of 2024, with construction starting early in 2026. Completion under this scenario, is expected towards the latter part of 2028.

Figure 3-1: Direct Value Added by Year (\$m₂₀₂₂)



The cumulative direct value added from the present to completion of the project under the FTC scenario, is projected to be around \$14.6m. Breaking the results down annually, in 2023, the fast-tracked development could generate around \$2m in VA from the technical preparation phase (consents,



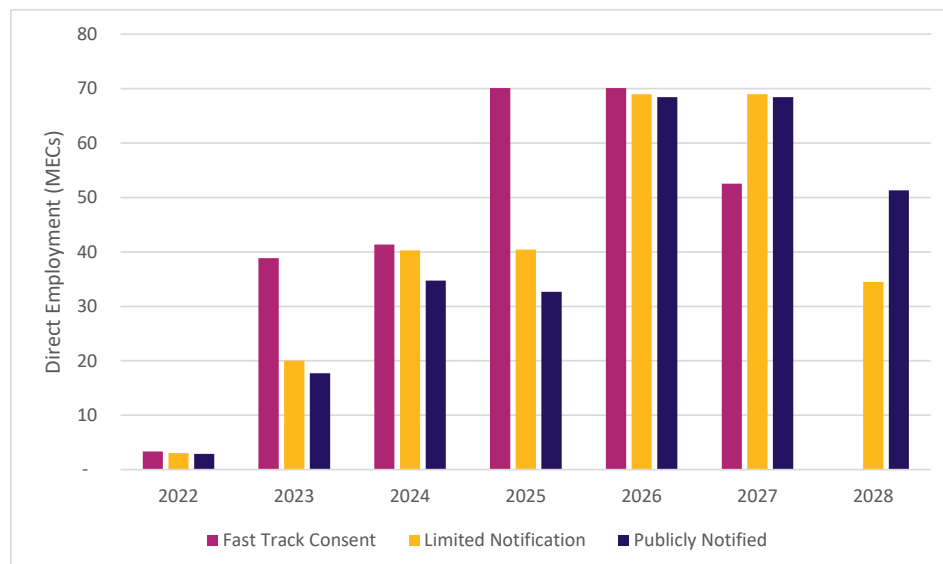
professional services, design, etc.). In 2024, the annual direct VA generated is estimated around \$2.3m for the year, and peaks at \$3.8m in 2025 as site preparation comes to an end and construction starts up. In 2026 and 2027, during the construction phase, VA being generated is estimated at \$3.7m, and \$2.6m, respectively. On average, the project could generate, around \$2.9m VA annually, if approved under the FTC process.

By comparison, the conventional consent process for the development (without fast-track consent) has a cumulative direct VA of between \$400,000 and \$600,000 **less**¹⁴ than the FTC scenario. The difference between the RMA and FTC process is a result of the timing of construction (further into the future), which means a greater reduction in the present value of future benefits through discounting. Without the FTC process under the Act, the development will have to be authorised through the conventional consenting process. This is expected to result in about nine to twelve months added onto delivery.

3.1.2 Employment

This section presents the direct employment effects associated with the development. The results report the number of jobs (presenting MEC and FTE counts) that could be sustained annually by the additional economic activity (VA), across the country. Figure 3-2 and Figure 3-3 summarise the jobs that that can be sustained directly by the development, through direct activity under the Fast Track scenario (pink bars) and the two standard consent scenarios (yellow and blue bars).¹⁵

Figure 3-2: Direct Employment Sustained (MEC)

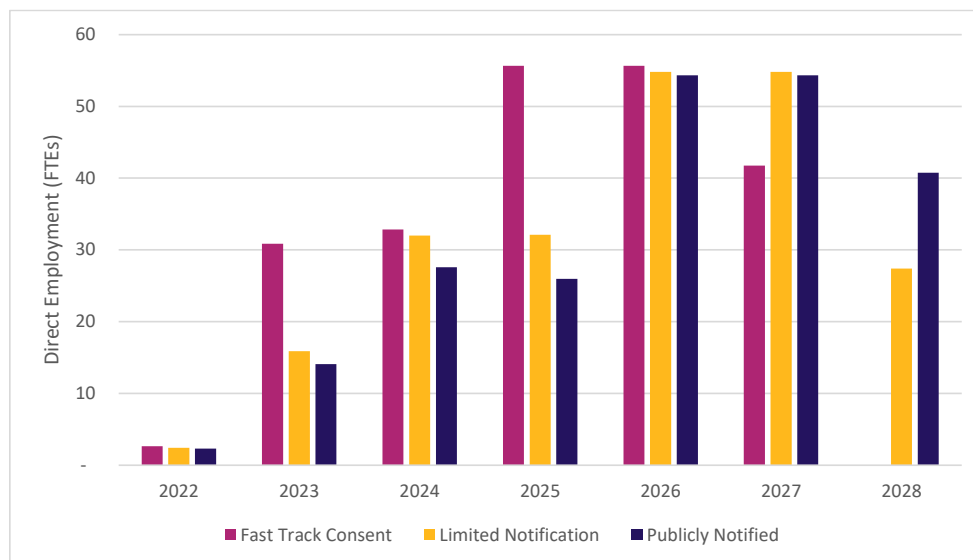


¹⁴ The range reflects the two conventional resource pathways (with and without public notification).

¹⁵ Importantly, these numbers are not cumulative.



Figure 3-3: Direct Employment Sustained (FTE)



It is important to note that while the development may generate a number of ‘new jobs’ and opportunities for apprentices and the like, the majority of the work will be carried out by existing skilled workers in the construction sector. Therefore, the development does not ‘generate’ new jobs as much as it sustains jobs across the sector. This is the case with all large-scale construction activities.

In 2023, the development will directly sustain around the equivalent to 39 MEC jobs or 31 FTE jobs. Under the FTC scenario, and as construction activity ramps up, the employment impacts increase to the equivalent to 70 jobs (MEC) or 56 FTE jobs in 2025 and 2026, at its peak. Overall, the residential development on the site is projected to directly sustain employment equivalent to approximately 276 job years (MEC) or 219 FTE years¹⁶, by completion in 2027, if approved by Fast Track consent. For all activity, an assumption is applied that costs are averaged out across each development stage. In reality, this spending is unlikely to be linear, altering the timing of spend and the subsequent employment impact. However, the overall number of job-years would be the same.

Most of the direct employment effects are associated with the construction sector, and construction activity between 2025 and 2026, but the employment is not limited to on-site jobs, as the consenting and design related services precede construction at the initial stages of the project, and construction companies will also have office-based staff.

Under a delayed resource consent, there is projected to be no difference in the overall (sum) employment impact, however, the FTC scenario sustains employment earlier than the standard approach. Under the FTC scenario, 39 jobs (31 FTEs) are supported in 2023 under the FTC scenario, compared to 18-20 jobs (14-16 FTEs) under the conventional process. At the peak, in 2025, between 30 and 37 more jobs (24-30 FTEs) are supported as a result of the FTC process (relative to the activity that would’ve occurred under the RMA consent process).

¹⁶ This should **not** be interpreted as 276 (or 219) new jobs, but rather the economic activity being generated is the **equivalent** of sustaining 267 jobs (219 FTE jobs) for one year.



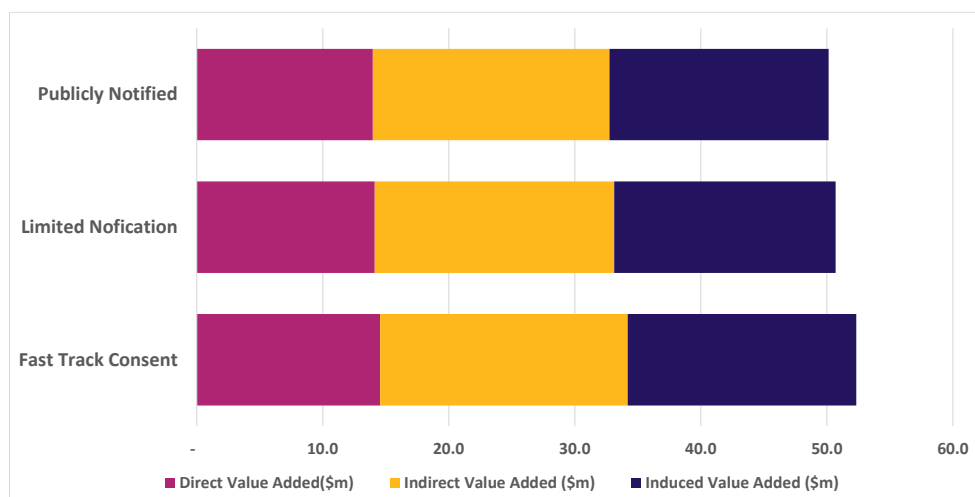
The benefits that the Fast-track consent delivers relate to the timing of local jobs likely to be directly sustained by proposed development. Significant employment activity is sustained earlier, delivering employment benefits to the community compared with the delayed alternative.

3.2 Flow on Impacts

The previous section only presented the direct economic impacts (VA and employment sustained). That is, the effects that are directly associated with the amount of expenditure required to develop the site. From a comprehensive economic impact perspective, ‘indirect’ and ‘induced’ impacts – also known as flow-on impacts – are also relevant. These reflect the additional activity, stimulated by the development, across the whole economy. Many of the products required in construction are manufactured by industries based in Auckland. As construction demands more girders (for example), wall panels and so on, the manufacturing sector increases output. In addition, when more labour is required, the workers are paid wages which they then spend at retail outlets generating more demand for goods and services. Thus, the indirect and induced impacts measure how much additional activity the direct spend will stimulate. The MRIO allows the calculation of these indirect and induced effects as they relate to this development.

Based on the IO modelling, if the development is fast tracked, it will stimulate a total of \$34.2m of direct plus indirect VA (discounted at 5%). Once the induced effects are included, this rises to \$52.3m. By comparison, the direct plus indirect VA under a traditional consent process is estimated to be between \$32.8m and \$33.1m, and including the induced impacts, \$50.1m-\$50.7m. Figure 3-4 presents the total VA impacts under each of the scenarios.

Figure 3-4: Total Value Added Impacts (\$m)



The FTC scenario could sustain the equivalent of around 1,795 job years (1,430 FTE job years) when the indirect and induced effects are considered. While the direct impacts are concentrated within the Marlborough region (96% of effects felt locally), the indirect impact of the proposed development will have effects reaching the rest of the North Island and the rest of New Zealand.



When the flow on effects of the scenarios is compared, differences arise based on the timing of benefits. Due to the discounting of future activity, VA is greater under the FTC scenario. In total, in current dollar terms, the fast-track development pathway generates approximately \$1.6m-\$2.2m more VA than the traditional RMA consenting pathway. However, there is no difference in employment impacts of job years between the scenarios, although the timing of the employment impacts is delayed. Further detail of the indirect impacts can be found in Appendix 2.

3.3 Summary of Fast Track Benefits

The development of the Hospital Road site, through earthworks and residential dwelling construction, is estimated to directly sustain employment equivalent to 276 job years (MEC) or 219 FTE years, across the country. Almost all of this (97%) is expected to be supported within the Marlborough region. In addition to that, it will indirectly sustain considerable local jobs across the supply chain in a range of sectors. A Fast-Track consent will mean that construction related employment can begin sooner and during a period when it will deliver the most value to local construction businesses facing a projected downturn of growth in an uncertain economic climate. The FTC process is estimated to bring the construction activity forward by an estimated nine to twelve months.

Based on the IO modelling, the direct VA impact of the development under a fast-track consent is estimated around \$14.6m, and including the indirect and induced impacts, lifts the total VA impact to \$52.3m (discounted at 5%). The impact under a conventional consent scenario is approximately \$400,000-\$600,000 less (direct impact) and \$1.6m-\$2.2m less when the total impact is considered.

Bringing forward development means additional certainty for investors as the returns on investments occur sooner. This means that more investment is likely via the FTC process – in total, than under the RMA process.

3.4 Well-functioning Urban Environment

“A well-functioning urban environment enables all people and communities to provide for their social, economic, and cultural well-being and for their health and safety, now and into the future.”¹⁷

The National Policy Statement for Urban Development (NPSUD) introduced the concept of “well-functioning urban environment” in 2020. The meaning of this term is set out in Policy 1, and relates to

- enabling a variety of homes and land for business (price, type, location, size, etc.),
- enable Māori to express their cultural traditions and norms,
- ensuring accessibility,
- supporting and not limiting the competitive operation of the land and development markets,
- reducing greenhouse gas emissions, and
- resilience to the effects of climate change.

¹⁷ Resource Management (Enabling Housing Supply Other Matters) Amendment Act 2021



This section discusses at a high level, ways in which the project contributes to a well-functioning urban environment.

3.4.1 Housing

According to the Housing and Business Capacity Assessment (HBA) recently completed for the Marlborough region, the population was projected to reach 61,000 by 2048. Nearly 80 per cent of this growth was projected to occur within 10 kilometres of central Blenheim.

The HBA identified a potential (overall) shortfall in residential development capacity for approximately 900 dwellings over the next three decades. The report concluded that though the majority of the shortfall appears to occur largely in the long-term provision of land, there is uncertainty over whether demand can be met over the next five years.

Additionally, the report pointed out, there appears to be a mismatch in the type of housing provided, relative to the future population need (which will likely require smaller housing options). The Housing We'd Choose study (2021) highlighted this pattern too. One person households are expected to increase over time (as a share of the total population). By 2043, these households are expected to account for nearly a third of all households, from its current level of 22% of the total population. The average household size in Marlborough was 2.4 people at the last Census (compared with 2.7 across NZ). This is expected to decline over time, to 2.3 by 2043. In contrast, consent data suggests a relatively large share of 3- and 4-bedroom standalone homes are being delivered by the market.

The project is expected to deliver 105 dwelling units in total, with 16 of them one bedroom and 34 two-bedroom units. This suggests, almost half (48%) of the proposed dwellings are smaller homes that could be delivered over the next two to three years.

To put the number of dwellings proposed at the site, in context, it is compared with historical building consent rates. According to the HBA, historical building consent rates showed an average of 160 dwellings being delivered annually between 2015 and 2018, and 130 annually between 2008 and 2018. In the 2020/21 year, data showed only 100 consents for new dwellings were issued in Blenheim. The downturn can be attributed to several factors, including the 2020 COVID-19 lockdown response and lack of subdivision activity. The drop appears to be temporary however, with the number of resource consents issued for new dwellings, tracking higher for 2021- 2022 than the previous year. In light of these numbers, the number of dwellings proposed at the site will make a sizeable contribution to the housing stock.

The HBA modelling estimates annual demand for 123 additional dwelling units in Blenheim, over the next 30 years. This suggests, the 105 homes planned for the development site, accounts for around 85% of the annual demand. It is acknowledged that the development is staged, and dwellings will be delivered across multiple years. Nevertheless, in view of the potential shortfall (900 dwellings) the additional housing¹⁸ will make an important contribution.

¹⁸ It is unclear what portion of the dwellings has been included in the housing supply figures for the HBA.



3.4.2 Affordability

As is the case across most of the country, housing affordability in Marlborough has been highlighted by several recent reports as an issue that needs addressing.

Housing and Business Capacity Assessment 2021 (Marlborough District Council): The Infometrics housing affordability index¹⁹ shows housing affordability in Marlborough has been decreasing since 2015. The number of people applying for social housing has more than tripled over the past five years, with 234 families²⁰ on the waiting list at the end of September this year. Support agencies in Marlborough seeking to assist those in housing need, indicate there is a pronounced need for one- and two-bedroom homes, and some larger homes to accommodate extended family groups.

Marlborough Housing We'd Choose - April 2022. (Market Economics): As house prices rise and affordability becomes a concern (because house prices are increasing at a faster rate than incomes), households are increasingly making trade-offs.

Marlborough Local Insights Report: May 2022 (Ministry of Business, Innovation and Employment): Recruiting workers is proving a challenge for employers in the district, due to a lack of affordable (and suitable) housing.

The government has introduced several housing policies²¹ in an attempt to address affordability by simultaneously increasing supply and curbing demand. In addition, Kāinga Ora (KO), the government's public housing arm, in undertaking a large-scale urban development programme, and plans to deliver 40,000 new homes throughout the country over the next 20 years.²² These will be a mix of social, market and affordable homes. Over the past two years, KO have delivered six one- and 22 two-bedroom homes in Blenheim, with a further 18 units under construction.

While government's contribution is important, more is needed. It is our understanding HDPL is currently in the process of negotiating the conditions of the land acquisition with the Ministry of Housing and Urban Development (MHUD). This relates to what proportion of the dwellings will contribute to affordable housing outcomes. The developer's intention is to provide housing that is a combination of homes for market sale, build to rent, community rental and progressive home ownership. Regardless of the final agreed proportion, the development on the site is anticipated to contribute in a meaningful way to affordable housing in Blenheim.

¹⁹ The ratio of the average current house value to average household income

²⁰ Ministry for Social Development Social Housing Register. <https://www.msd.govt.nz/about-msd-and-our-work/publications-resources/statistics/housing/housing-register.html>

²¹ National Policy Statement for Urban Development, Medium Density Residential Standards, Housing Acceleration Fund, foreign buyer ban, changes to interest deductibility for investors, extension of the bright-line test, etc.

²² <https://kaingaora.govt.nz/developments-and-programmes/what-were-building/urban-development-large-scale-projects/>



3.4.3 Choice

Choice plays a role in economics because it underpins competition. When consumers have different options, they can meet their needs in an optimal way by making trade-offs based on their own value sets. In simple terms, deciding between options, involves an assessment of the positives and drawbacks across alternatives (a type of cost-benefit analysis).

Historically, a relatively large share of less intensive forms of residential accommodation has been delivered by the market – mostly standalone homes. This suggests that Blenheim has mainly low and medium density housing. The HBA reports 95% of new dwelling consents issued between October 2019 and June 2021, in the Blenheim urban area, were for standalone houses, with the remaining 5% being either units or ancillary dwelling units. There is an observed preference shift within the urban area (albeit very slowly) towards smaller (and attached) units. The HWC study revealed that while the majority of households prefer standalone housing, once ability to pay is factored in, about a third of households are willing to consider attached housing. The HBA also noted that feedback from the construction sector suggests, smaller and attached homes are becoming more popular due to affordability considerations.

In the case of this assessment, choice relates to typology, tenure and price. The analysis suggests the project would contribute to housing choice for Blenheim households, providing a range of options (as already pointed out).

3.4.4 Accessibility

The site is located in the suburb of Witherlea in the southeast of Blenheim. The Blenheim town centre is 2.7km as the crow flies or approximately a six-minute drive (via Hospital Road and Redwood Street). This suggests Blenheim's main shopping destination is within a short drive from the new development.

In terms of open space and recreation, the development site is well situated with easy access to the nearby Harling Park and Wither Hills Farm Park, with several mountain biking and walking tracks. The Taylor River is approximately 900m west of the site, with access to the Taylor River Trail via Taylor Pass Road, a short (1km) walk or cycle from the site.

There is a bus stop located at 11 Hospital Road, which is serviced by the Blenheim bus 'south route'. The south route connects to other routes (including to the airport) at the Seymour Street Terminal, offering great connectivity to the public transport network from the development site.

The site is well placed relative to education facilities. A visual inspection shows seven early childhood education centres within a one kilometre radius of the site. The development site sits within the Redwoodtown school zone (Years 1-8) for primary level education, and in terms of secondary levels, Marlborough Girl's College is a 7-8 minute drive (4.2km) away and Marlborough Boys' College, 4 minutes (2.4km via Weld Street). Richmond View School (Year 0-13) is also within a short drive of the development site.



3.4.5 Other

A compact urban environment has a range of benefits, with many of these relating to transport efficiency, minimising transaction costs, reduction of transport-related emissions and creating vibrancy. More compact cities are generally more efficient. The project is proposed within the existing urban boundary of Blenheim (rather than on greenfield land), which implies it will contribute to a more compact city and therefore, the benefits associated with such an urban form.



4 Conclusion

The proposed construction at 46-48 Hospital Road is expected to positively contribute to the future economic and social wellbeing of the Marlborough region, and through flow on effects, other areas of New Zealand. To be eligible under the COVID-19 Recovery (Fast Track) Consenting Act 2020, projects must meet several criteria set out in the Act. As discussed throughout this report, the proposed development project will result in economic benefits for Marlborough, sustaining jobs in the large construction sector (and many other sectors) within the region (including upstream suppliers) suffering as a direct and indirect result of a downturn in economic activity and the uncertainty of the economic climate.

The benefit of the Fast-track consent pathway is clear. It means that a large number of local jobs can be sustained in the short-term future, with the civil construction expected to begin in the latter part of 2023, 6-9 months sooner that could be likely under a standard consent approach. The outlook for the residential construction sector is highly uncertain at present, considering the high interest environment, house price decline in large parts of the country and a looming recession. There is a real risk that construction activity will rapidly slow, putting even more local jobs (and households) on the line. It is also unclear how the large-scale non-residential construction sector has been affected by COVID-19 and what the outlook is for firms which specialise in this type of construction. **Numerically, providing consent under the COVID-19 Fast Track pathway for this development generates a net additional contribution to GDP in current dollar terms of approximately \$400,000-\$600,000 directly, and between \$1.6m-\$2.2m when indirect and induced effects are included.** While the employment impacts are not projected to differ, fast track consent will bring forward the employment impacts by nine to twelve months. Overall, the project under fast track consent has a direct value added impact of 14.6m with 276 jobs (219 FTEs) sustained directly. When the induced and indirect effects are included, the total impact is around \$52.3m in value added which is the equivalent of 1,795 MEC job years (1,430 FTE job years) being sustained. The direct impacts are concentrated within the Marlborough Region, while the indirect and induced impacts will impact Marlborough as well as the rest of New Zealand.

Once fully developed, the project is anticipated to yield 105 residential dwellings, of various sizes, price points, typologies and tenure. This equates to around 85% of the projected annual average demand over the next three decades. In light of the potential shortfall of residential dwellings (and of the right type) over the long term in Blenheim, the development will contribute to meeting the projected growth.

In addition to the conventional economic effects, the project will deliver other benefits. These are associated with their contribution to a well-functioning urban environment.



5 Appendices

Appendix 1 - Input-Output Modelling

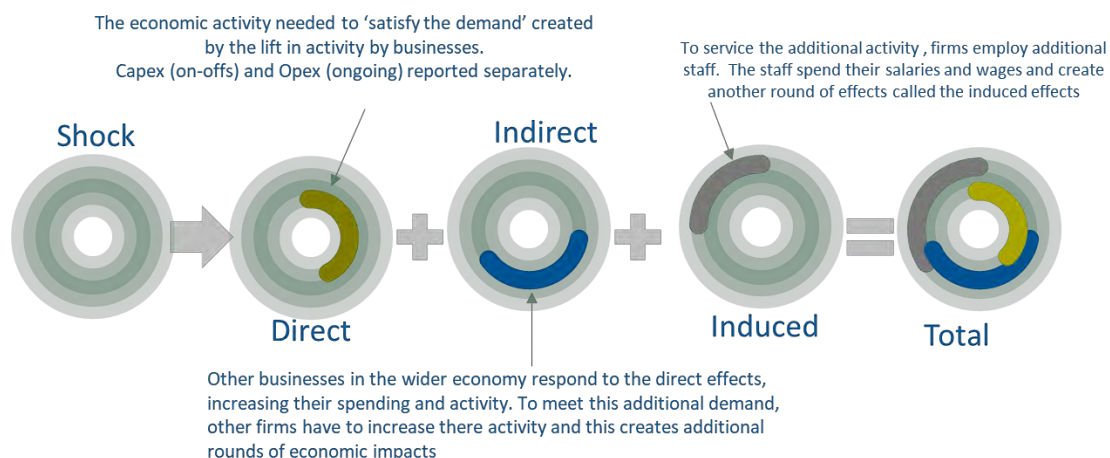
One of Input-Output modelling's strengths is that the results are easy to interpret. Similarly, IO models are easy to use and cost effective to develop for different areas. However, IO analysis is not without limitations, despite being widely applied in New Zealand and around the world. The most common limitations relate to the historical nature of IO Tables. We use IO tables derived from recent Supply and Use Tables. Therefore, they may not accurately reflect the current sectoral relationships in the economy.

With reference to IO modelling in general, a key assumption is that input structures of all industries (i.e. technical relationships) are fixed. In the real world, however, technical relationships will change over time. These changes are driven by new technologies, relative price shifts, product substitutions and the emergence of new industries. For this reason, IO analysis is generally regarded as suitable for short-run analysis, where economic systems are unlikely to change greatly from the initial snapshot of data used to generate the base IO tables. In addition to the 'fixed structure' assumption, other important assumptions (and limitations) of IO models are:

- **Constant return to scale:** This means that the same quantity of inputs is needed per unit of output, regardless of the level of production. In other words, if output increases by 10 per cent, input requirements will also increase by 10 per cent.
- **No supply constraints:** IO assumes there are no restrictions to inputs requirements and assumes there is enough to produce unlimited products.
- **The model is static:** No price changes are built in meaning that dynamic feedbacks between price and quantity (e.g. substitution between labour and capital) are not captured.

The following indicators are used to measure economic impact:

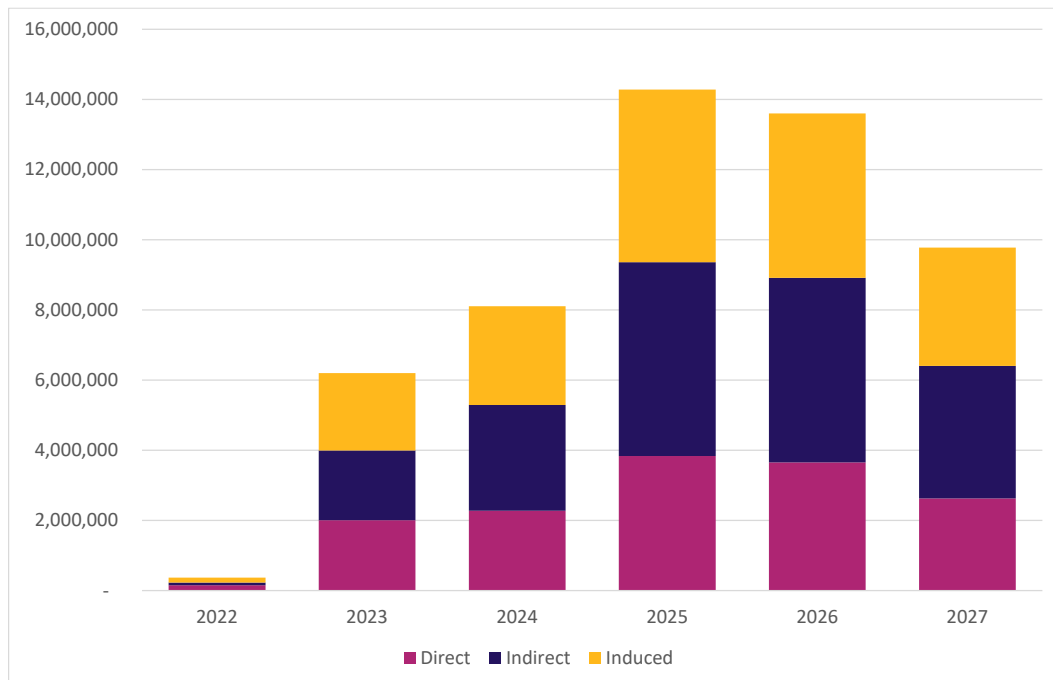
- **Value added** measures all payments to factors of production (land, labour and capital), and excludes all purchases of intermediate inputs. It broadly equates with gross domestic product (GDP) as a measure of economic activity on the national level, and gross regional product on the regional level.
- **Employment** is measured in Modified Employee Count years (MECs). This is the number of full-time and part-time employees as well as working proprietors on an annual basis. This provides a measure of the labour demand associated with the estimated level of economic activity. Note that additional MEC-years do not necessarily require that additional persons be actually employed. It may mean existing employees or proprietors work longer hours to complete the additional work.



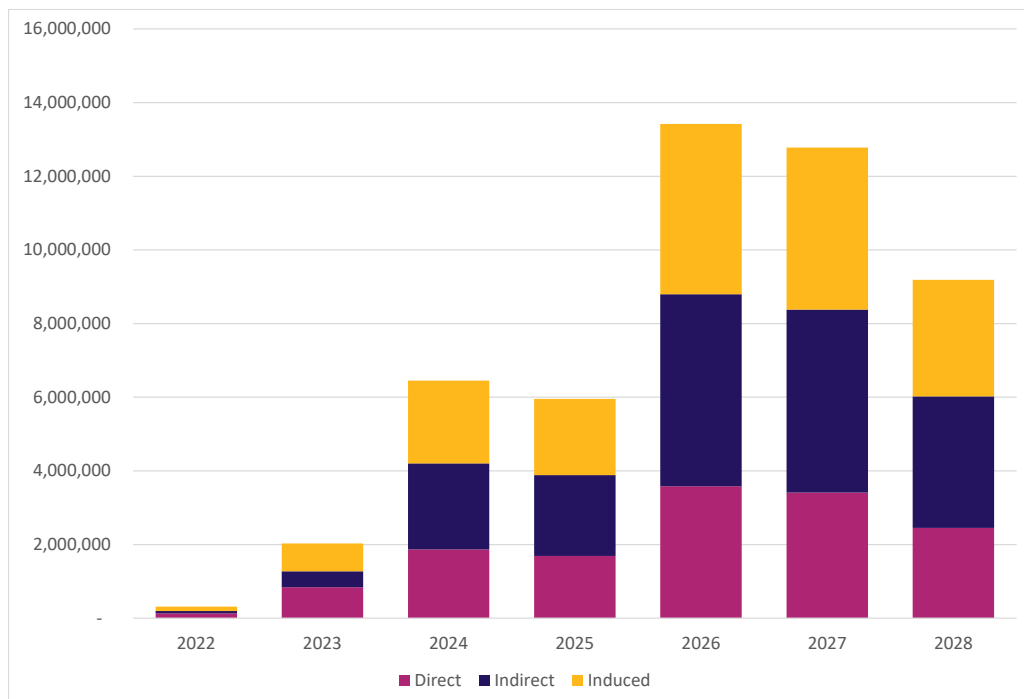


Appendix 2: Indirect Impacts

Annual Value Added Impacts (NZ\$)– Fast Track Scenario

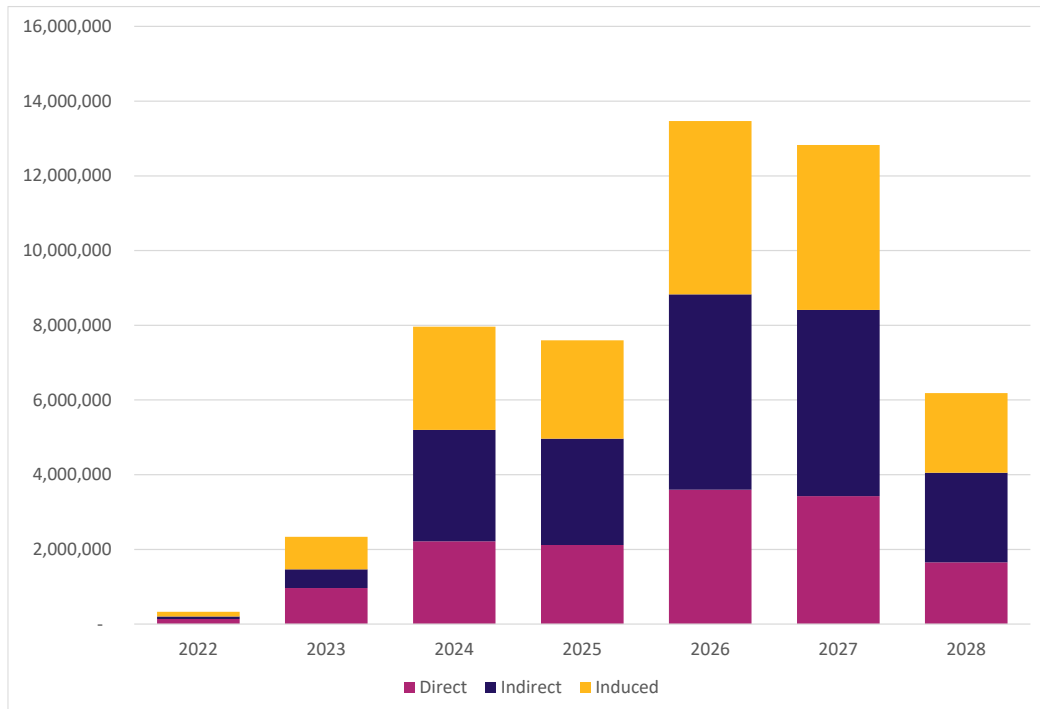


Annual Value Added Impacts (NZ\$) – Standard Consent Scenario (Publicly notified)

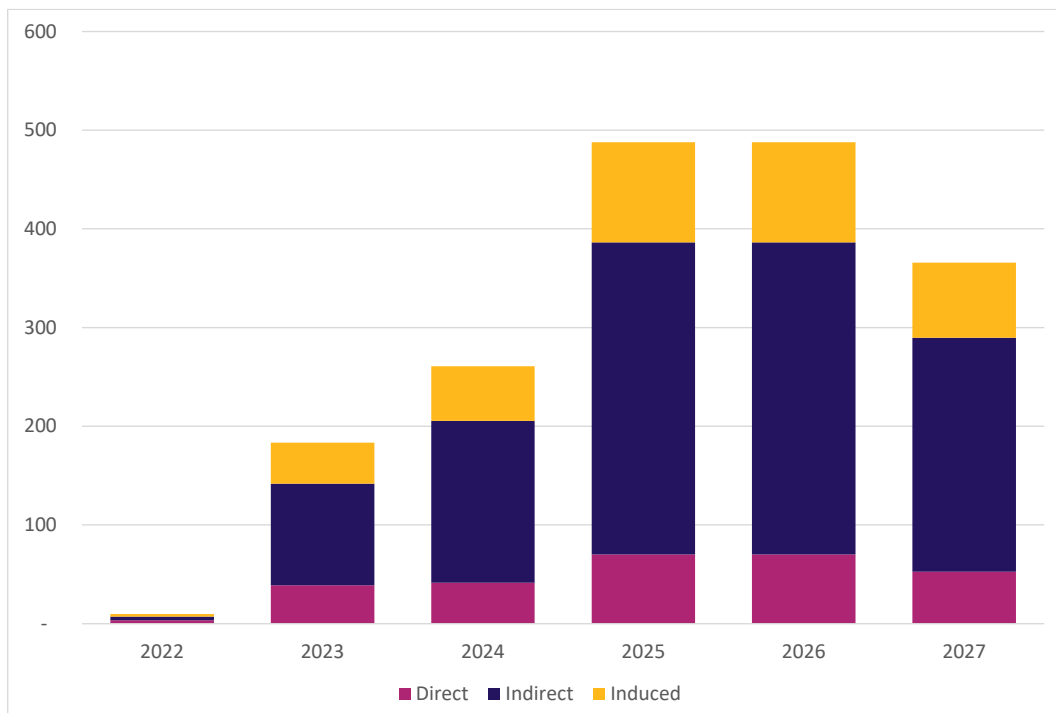




Annual Value Added Impacts (NZ\$) – Standard Consent Scenario (Limited Notification)

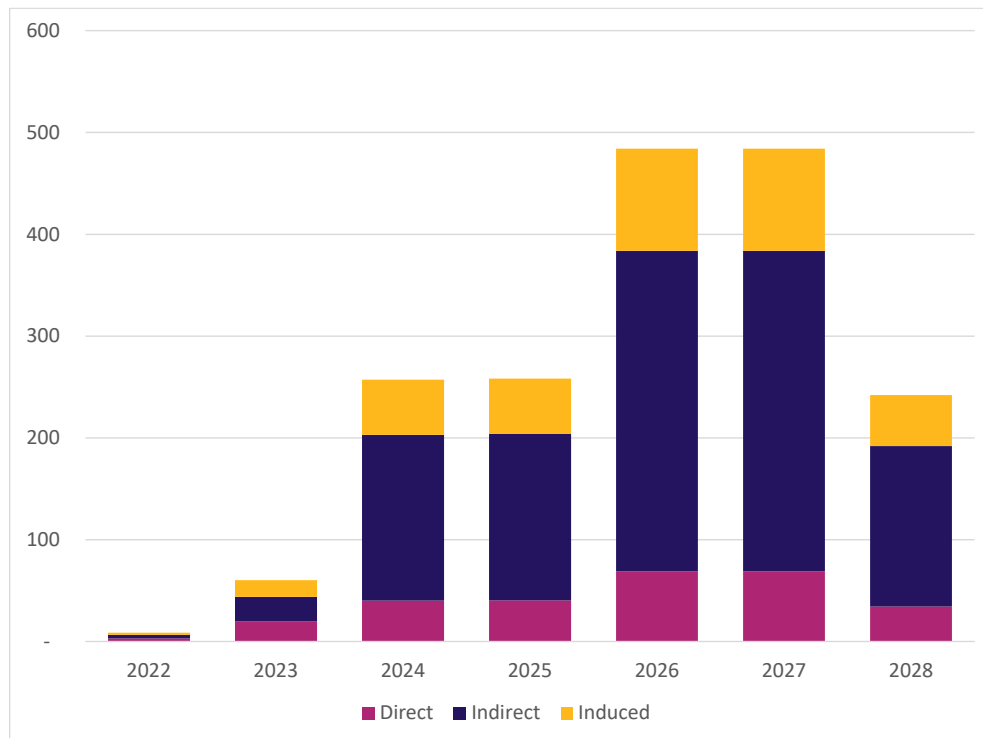


Annual Employment Impacts (MEC) – Fast Track Scenario

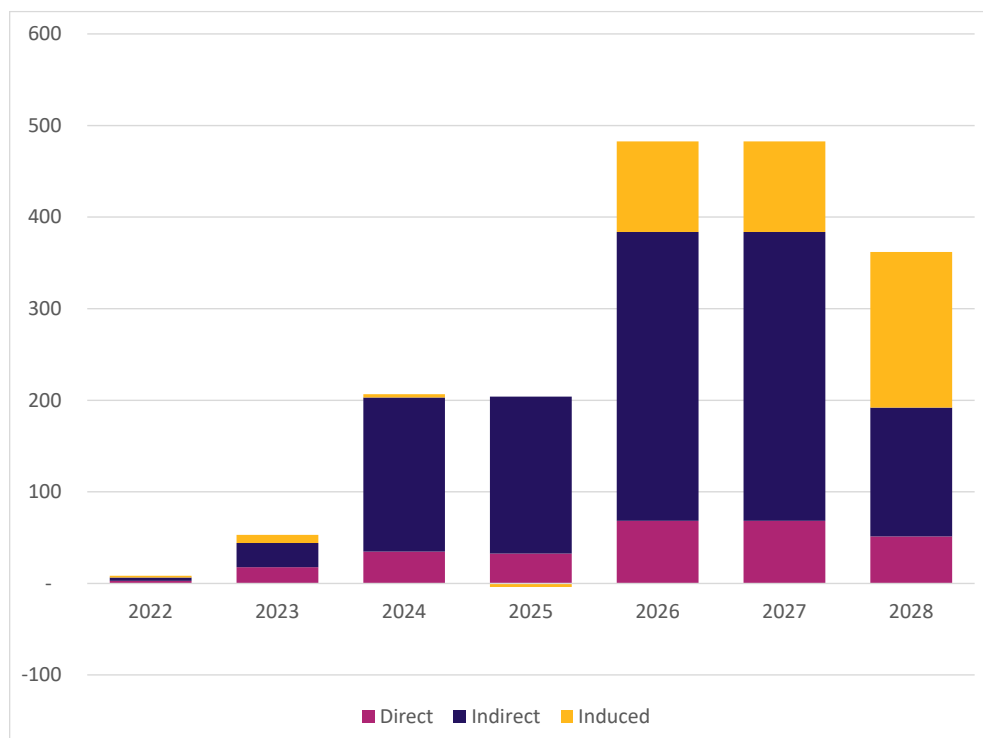




Annual Employment Impacts (MEC) – Standard Consent Scenario (Publicly notified)

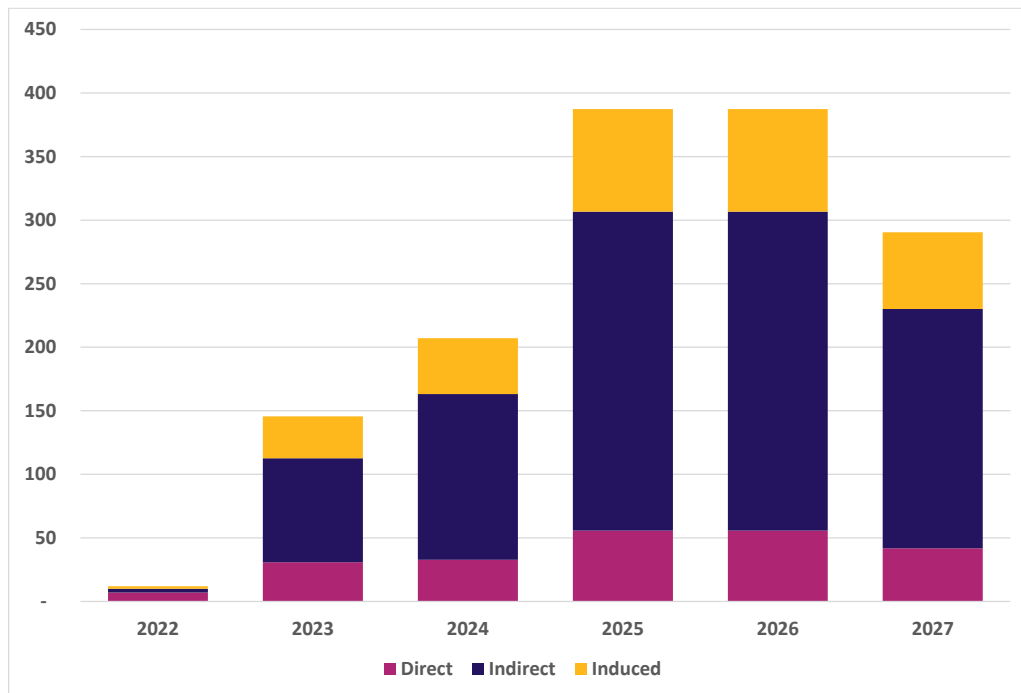


Annual Employment Impacts (MEC) – Standard Consent Scenario (Limited notification)

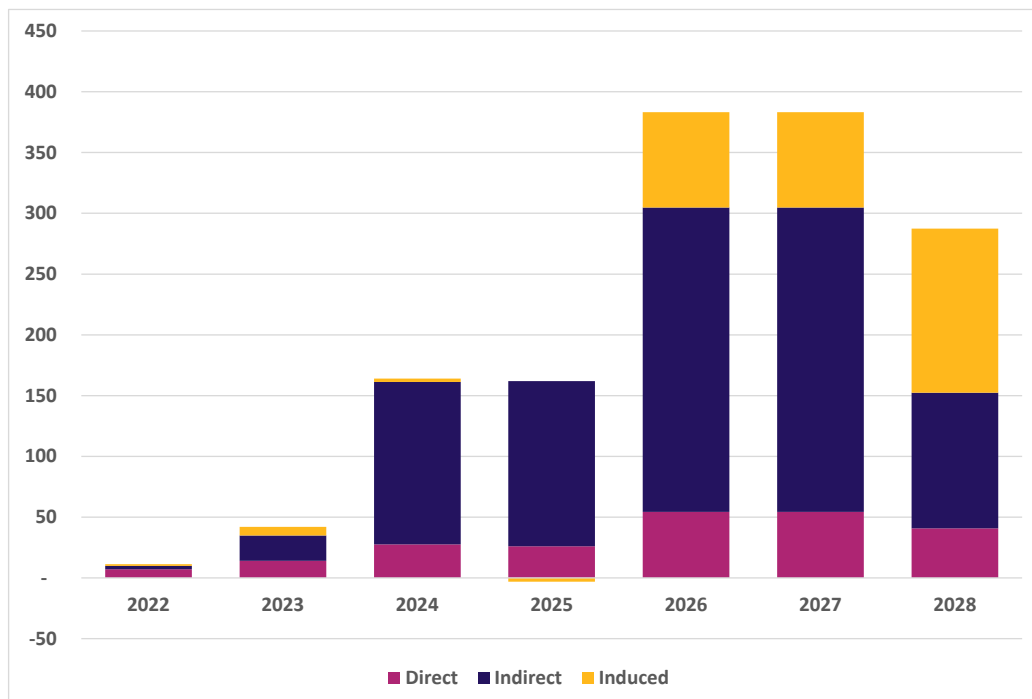




Annual Employment Impacts (FTE) – Fast Track Scenario

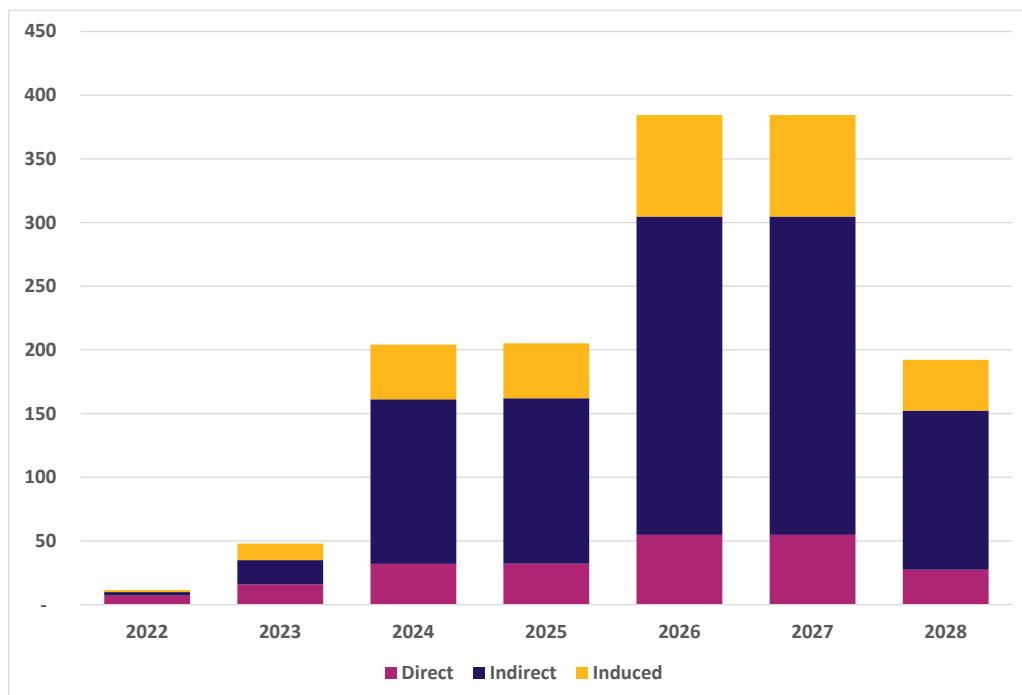


Annual Employment Impacts (FTE) – Standard Consent Scenario (Publicly notified)

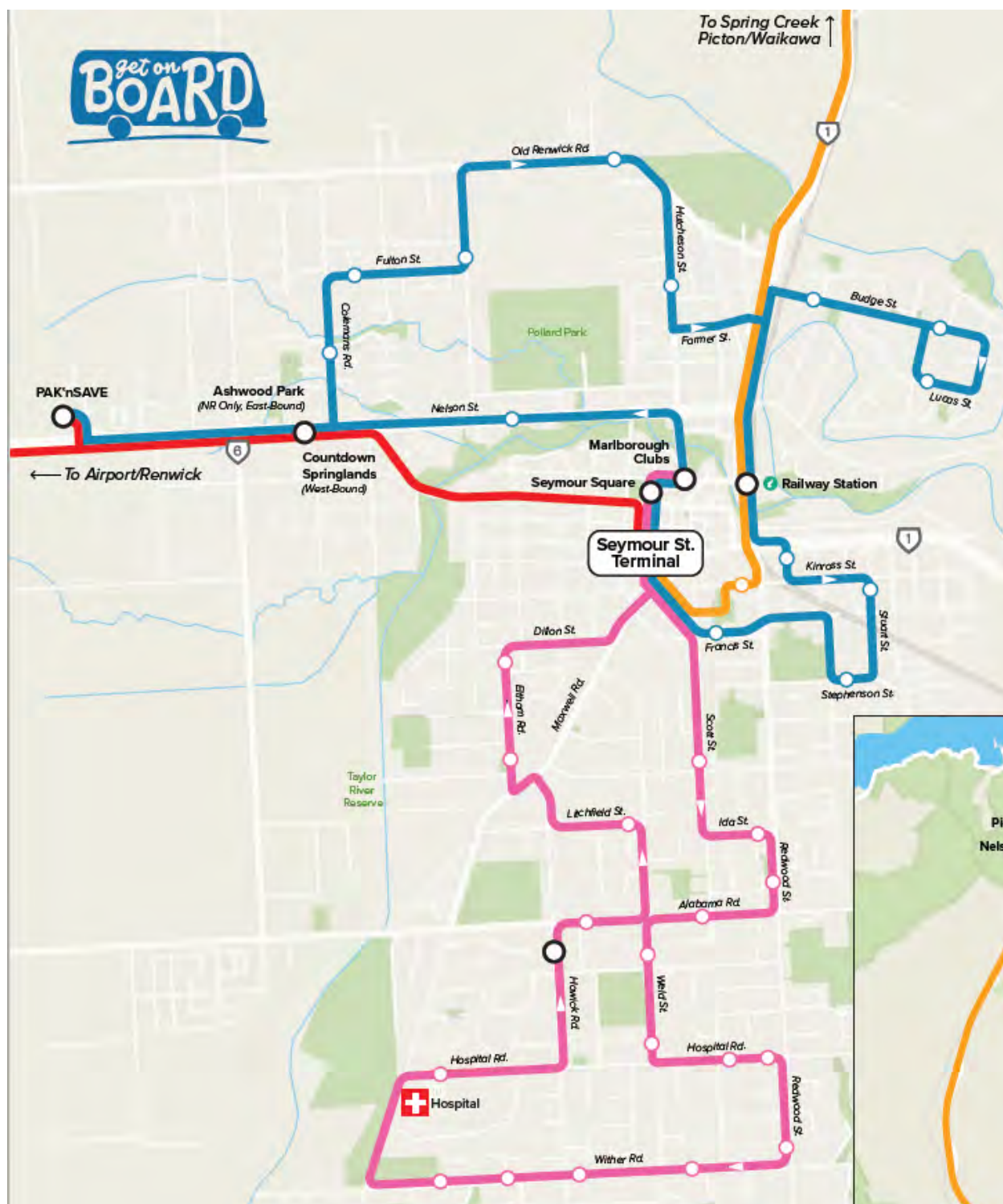




Annual Employment Impacts (FTE) – Standard Consent Scenario (Limited notification)



Appendix 3: Blenheim Bus Routes



Source: Marlborough District Council