



REINZ | REAL ESTATE
INSTITUTE OF
NEW ZEALAND

REAL ESTATE INSTITUTE OF NEW ZEALAND
2015 ANNUAL REPORT



Contents

REINZ AGM - NOTICE OF MEETING	4
CHAIRMAN'S REPORT	6
CHIEF EXECUTIVE OFFICER REPORT	8
FINANCIAL STATEMENTS	12
Auditor's Report	13
Institute Directory	14
Statement of Financial Position	15
Statement of Financial Performance	16
Statement of Movements in Equity	16
Notes to the Financial Statements	17 - 23
Supplementary Information	25
Statement of Movements in Cash Flows	26
CHAIRMAN'S REPORT - REALESTATE.CO.NZ	28
REINZ BOARD	30
LIFE MEMBERS OF THE REAL ESTATE INSTITUTE OF NEW ZEALAND	33

REINZ Annual General Meeting 2015

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of members will be held on Friday 27 November 2015, 10.30-11.30am. Morning tea will be provided from 10.00am

LOCATION

Robert Laidlaw 2 Room, Heritage Hotel, 35 Hobson St, Auckland City

AGM NUMBERS ARE LIMITED TO 140. REGISTRATIONS CLOSE FRIDAY 20 NOVEMBER 2015

ORDER OF BUSINESS

1. Apologies
2. Confirm minutes of the Annual General Meeting held at the Addington Raceway, Christchurch on 25 November 2014
3. Receive and consider the annual accounts and auditor's report
4. Receive and consider the report of the Chairman of REINZ
5. Receive and consider the report of the CEO of REINZ
6. Declaration of re-appointment / election / re-election of Directors and / or Chairman
7. Notice of changes to the Codes during FY15 (See Appendices)
8. General business
9. Membership honours

At the conclusion of the meeting a centenary luncheon will be held with attendance by tickets only.

Please send any registrations of interest to attend the AGM and any apologies to be noted to info@reinz.co.nz with AGM in the subject line. For any queries please contact Barbara Fleissner - bfleissner@reinz.co.nz

If you have any items of General Business, please submit them in writing to Amber Smith, EA to CEO - asmith@reinz.co.nz by Friday 16 October 2015.

Members will be notified by email as soon as the 2015 Annual Report is ready to view from the REINZ website. The report should be available 14-21 days prior to the meeting.

VOTING RIGHTS

The rights to attend and vote at a general meeting of members are set out in the Rules of the Association Section 3.4b. Agency Members and Property Management Agencies have two votes each exercised by the named officer of the company; Associate, Fellow and Life Members have one vote each; Salespeople have one vote each (at AGMs, though they do not have the right vote in ballots). All other categories of members may attend member meetings and may address those meetings but may not vote.

PLEASE NOTE

Salesperson members who wish to vote at the meeting need to register with the REINZ Office; please ensure that you do so by Friday 16 October 2015, by phoning 0800 473 469.

APPENDICES

NOTICE OF CHANGES TO THE CODES DURING FY15

1. APPOINTMENT PANEL

Resolved that Rule 7.2 be changed to read as follows:

Rule 7.2

The appointment panel shall consist of;

- (a) A Chartered Member of the Institute of Directors
- (b) A lawyer, being a person holding a current practising certificate under the Lawyers and Conveyancers Act 2006;
- (c) A member of the REINZ Board appointed by the Board for that purpose;
- (d) Two members of REINZ to be appointed by the Board.

2. ELECTION OF REGIONAL DIRECTORS

Resolved that that Rule 7.4 (a) is repealed as follows:

That the transitional part of Rule 7.4 (a) be repealed, because it is concerned with the transitional arrangements during 2013 and 2014 and is now spent, by deleting that part of the Rule beginning with the words ‘...subject to the following transitional provisions’ and ending with the words “comes to an end at the 2014 Annual General Meeting”.

Resolved that subsequent sections to the repealed Rule 7.4 (a) be consecutively renumbered.

3. UNIFORM TERMS FOR REGIONAL AND APPOINTED DIRECTORS

Resolved that Rule 7.6 (a) be inserted as follows:

This Rule and Rule 7.7 apply to all directors whether elected under Rule 7.1 (a) or appointed under Rule 7.1 (b).

4. DIRECTOR'S TERM OF OFFICE

Resolved that Rule 7.6 (b) is inserted as follows:

For the purpose of this provision, the commencement of the term of office held by any director appointed or elected other than at an Annual General Meeting, shall commence at the Annual General Meeting next following the election or appointment.

Resolved that Rule 7.4 (d) and (e) are inserted as follows:

7.4 (d) If for any reason an elected director vacates office before the expiry of his or her next term, then (unless the vacancy occurs within 90 days of the next AGM at which an election for that directorship would otherwise have occurred) a by-election shall be conducted and the director so elected will hold office for the balance of the term of the vacant directorship.

7.4 (e) For the purpose of determining the term of office which a director so elected is eligible to serve, under Rule 7.6 (a), the period from the completed by-election until the next AGM at which that director is eligible for re-election will be disregarded.

5. INDEPENDENT DIRECTORS

Resolved that Rule 7.4 (c) be inserted as follows:

7.4 (c) In appointing the directors contemplated in Rule 7.1(b) the appointment panel shall ensure as far as possible that directors are appointed in such a manner and at such times as to ensure that the tenure of all such directors does not end at the same time.

6. REPEAL OF REDUNDANT AND SPENT PROVISIONS

Resolved that Rule 3.3 (b) (ii) be repealed as follows:

That Rule 3.3 (b) (ii) be repealed because it has ceased to be applicable following the abolition of the Fidelity Guarantee Fund and Rule 7.8 be repealed because it is a transitional provision which is now spent.”

7. REPEAL OF AFFILIATED MEMBER CATEGORY

Resolved that Rule 3.3 (i) is repealed with the following words:

That the membership category ‘affiliated member’ be discontinued by repealing Rule 3.3 (i), except that all existing affiliate members at the time of the repeal shall continue to have that status as if the repeal had not occurred. For the avoidance of doubt, the category of affiliate member shall cease to exist from the time Rule 3.3(i) is repealed and no new members in that category shall be admitted.

If the intention is to have no affiliate members the amendment can stop after the words Rule 3.3 (i)



Chairman's Report

It is my pleasure, on behalf of the REINZ Board, to present our Annual Report for the year ending June 2015. It has been another successful year for the Institute from a number of perspectives but in particular, in terms of our continued growth in membership, our financial security and our commitment to meeting our members' needs. As always our primary focus must be to support and to maintain relevance in members' lives and daily practice. As the Institute we must fairly represent the real estate profession and ensure acknowledgement of real estate's contribution to the New Zealand market place and to the economy.

Meeting with our members around the country is always a highlight of our year. On behalf of REINZ, our CEO and I held 23 meetings throughout the country. The feedback from these meetings is invaluable and an important part of our member input.

This year REINZ is celebrating a remarkable milestone in its centennial anniversary, and there has been a focus within the organisation on collating historical data from archives and members alike in order to record and recognise the changes that have occurred throughout the past 100 years.

This year has been notable for a number of trends in the market. The diverse pace of regional economies is a critical issue within New Zealand. Fluctuations in the agricultural market, a stronger than usual winter for the rural and residential market clearly showed the strength of New Zealand property. Auckland led the charge with a sharp increase in house prices but we are now seeing the flow-on effects of this being felt in many other centres.

The so-called 'halo effect' is seeing median house prices in neighbouring regions of Northland, Waikato and Bay of Plenty rise as Auckland investors and first-home buyers seek property outside of the city, and driving an increase in auction sales in these areas.

The year has also seen a wide range of changes in the regulatory environment, many of which impact on the property sector. The introduction of the bright-line test in October means both local and overseas investors will be taxed on property bought and sold within two years.. As predicted, the Reserve Bank has also eased LVR restrictions for all regions outside of Auckland, although tighter rules for Auckland investors are coming into effect as we go to print – the results of which are yet to be seen.

The REINZ Board has endorsed the strategy put forward by Chief Executive Colleen Milne and her team. The strategic direction proposed focuses on ensuring the

Institute remains at the centre of the real estate industry by strengthening our key elements of service - networking and events, advocacy, support and advisory services, market intelligence, and professional development. REINZ is also committed to developing complementary business opportunities where appropriate.

As part of our drive to promote professional standards, one of our key focuses this year has been on resolving some inconsistencies in the industry with regards to advertising, which led us to meet with CAANZ (Communication Agencies Association of New Zealand) to discuss how best to address these issues. Along with Industry Leaders, we are looking to establish a Code of Practice to drive professionalism amongst members.

Another core aim for REINZ in 2015, and consistent with our strategic plan, has been a continued investment in technological advancements, which has seen the development of a new paperless membership renewal process, a new finance system, a new education portal, closer integration with member in-house systems, ongoing work on the new REINZ Data Platform in 2016, and a new e-forms application which will be available later this year/early 2016. I would also like to make mention of PropertySmarts and the work the team has put into making this system a successful tool for our members. This system has been well received by REINZ members and I encourage those who haven't used it yet to get on board. Colleen Milne will talk about PropertySmarts and other technology initiatives in her report.

As referenced in last year's report, we have completed the purchase of new premises for REINZ, reinvesting the entire proceeds of our sale of the Parnell offices in 2014, and securing a property that will be eminently suitable for the Institute. We are excited to move into the new site with work taking place to ready it for the move in early 2017.

I would like to note the resignation of Helen O'Sullivan in early 2015 after four years of valuable service. Helen played a significant role in the revitalisation of REINZ under the new REAA regime and we thank her for her contribution. We were fortunate in the appointment of Colleen as our new CEO and we are most grateful for her leadership and energy. We have a fine and dedicated team at REINZ and on behalf of the Board I want to thank them for their commitment to our members and to the goals of the Institute.

At the Board level this year we have also seen some changes. I would like to take this opportunity to thank Liz Nidd for her service and contribution to the business of REINZ. Liz recently resigned from her position as

Board Director for Region 5 and I would like to offer a warm congratulations to her on her recent election to the Board of the Real Estate Agent's Authority (REAA). I am pleased to announce that Gail Hudson will take over from Liz as the new Board Director for Region 5. I would also like to congratulate Jim Davis, who took the reins of Region 4 in November 2014, and Wendy Alexander and Euan Murrell, representing Region 1 and 3 respectively, who were recently unopposed in their applications for re-election and have been reappointed to the REINZ Board for another term.

I would also like to express my personal appreciation to my fellow Board members for their dedicated work and contributions to the organisation throughout the past year. A committed and skilled group of people, their hard work and support has helped us achieve many of our goals this year, and are highly appreciated on a personal and professional level.

Finally I would like to thank you, our members, for your continued support. It has been a pleasure to meet so many of you throughout the last 12 months through our membership meetings, where we get to hear your feedback. We very much value your thoughts and your engagement at these events, and we look forward to its continuation over the coming years.



Dame Rosanne Meo DNZM, OBE
Chairman
Real Estate Institute of New Zealand



CEO Report

As our Chairman's report has touched on, 2015 is a special year for REINZ. The centennial celebrations serve as a reminder to us of our longstanding position as a respected institute in New Zealand, and the service we have provided members with over the past 100 years.

Our organisation is forward-looking and future-thinking, as is the real estate industry as a whole, but it's also important to acknowledge the past and remember where our practices have grown from.

One thing that remains consistent throughout the history of REINZ is a commitment to excellence, which is what has driven us to evolve and adapt rapidly, and will continue to drive us in our future endeavours.

OUR VISION

Our vision for 2015-2017 is built on one singular vision: to become the 'Heart of NZ Real Estate'. The 'Heart' encapsulates our aspiration to be at the centre of New Zealand Real Estate.

The REINZ mission statement to support our work towards this aspiration is, 'To make REINZ great in the eyes of our members and our members great in the eyes of their customers.'

With this aim in mind, we are striving to constantly engage with, develop and support members to achieve their own goals within the industry. We do this by focusing on the key elements of our organisation that are at the heart of that success: networking and events, advocacy, support and advisory services, market intelligence, and professional development.

REINZ as an organisation is currently stable and sustainable, with ongoing opportunities to enhance our products and services to members, and where appropriate develop complementary business opportunities.

PROPERTYSMARTS

In line with our strategy to bring together the key elements our members need to achieve their own goals, we have continued to develop PropertySmarts.

What sets PropertySmarts apart from other products in the market is the property data it sources. PropertySmarts includes unconditional sales data, the most up-to-date property data in the industry – giving real estate professionals the edge. Plus, it sources data from realestate.co.nz, LINZ and local councils.

At the time of writing, more than 3,000 real estate professionals around the country now have access to PropertySmarts.

The product itself continues to evolve. Agencies can now create a CMA template in PropertySmarts with their own branding, layout, colours and imagery.

We have also recently added 'Prospecting' to PropertySmarts – a new feature to help real estate professionals to develop new business. Prospecting allows agents to search an area (eg street; suburb), refine the search to only show properties of interest and export the resultant properties and property details into a CSV for mail-merging, and much more.

INFORMATION TECHNOLOGY AND STATISTICS

REINZ has continued to focus on the redevelopment and refresh of our member portals in 2015. With the new resilient and automated back-office, we began to deliver upon the first of the new systems and new REINZ website.

Our small team of three developers and our Chief Technology Officer have changed the focus of our website delivery to be more automated, integrated with other websites and future-proofed with a focus on compatibility to tablet devices as well as web.

Data and statistics are a constant work in progress for REINZ and this year has seen the completion of a two year project to enhance REINZ data with:

- a new Data Think Tank of industry professionals;
- more than 40 enhancements in the REINZ statistics database to get it ready for the new REINZ Data platform in 2016;
- new sources of information (Stats NZ, LINZ, NZ Post) integrated and matched to REINZ address files; and
- more robust and complete application programming interfaces (API's) for our members.

We have developed a National Data Strategy which, over the next year, will deliver a whole new REINZ Data platform with real-time collection and distribution of data. The new REINZ Data system will be a more robust statistics service with greater business intelligence, a focus on advocacy and media, and the protection of unconditional data for our members.

We are also pleased to announce the new eForms application, with mobile compatibility, transactional recording, address information validation, and more flexibility around clauses, which is almost complete. A beta version will be available late 2015 / early 2016.

REINZ has developed and replaced the education platform with a single MyCE (My Continuing Education) website for events and education. This system has been custom built for the needs of REAA reporting requirements and the various applications our members use and interface with.

The first REINZ membership portal was released in 2015, which is integrated in real-time with the REINZ membership database. The portal was completed in time for this year's

membership renewal and allowed more than 90 per cent of members to renew instantly using the portal with no need for manual paperwork. The portal also allows Principals and Managers to control, view and maintain their staff and office details in real-time.

A new REINZ website, the first full new website development since 2004, has been undertaken and completed this year.

And finally, more than 10 new APIs (application programming interfaces) have been developed to connect member systems to REINZ services including new data, membership and education APIs.

COMMUNICATIONS/PR AND MARKETING

REINZ recognises the importance of our role as representatives of the voice, reputation and knowledge of the real estate profession to the media, public and government. This is at the forefront of our communications, PR and marketing strategy.

Media Relations

The REINZ monthly press release generates extensive interest every month. We recognise the importance of this information and we respond to all media requests as quickly as possible. We are looking at improving how we present our statistical information for media releases and we hope to make this available in early 2016.

REINZ responds to an average of 5-10 media requests per week, with many more received in the week when our monthly statistics press release goes out.

New website

As part of our drive to keep pace with changing technology, we have embarked on building a new REINZ website this year. The new website is designed to be easier to navigate with better functionality and search facilities. In conjunction with the website project, new brand guidelines were developed providing a modern, fresh look whilst keeping the level of professionalism that REINZ is known for. Our new colour palette is pale blue and dark blue/teal which can be used as a gradient on certain items. These colours were chosen as there is no clash with any member colours and they are also a softer colour choice which works well with the current black REINZ logo.

Member benefits/sponsorships

With over 13,000 members, we are always looking to work with other businesses so we can offer our members benefits for being part of the REINZ organisation. We have an opportunity to grow this part of the REINZ business and this will be a focus for the end of 2015 and into early 2016.

EVENTS AND AWARDS

REINZ is focused on engaging with our members through consistently delivering innovative and relevant events around the country.

The main REINZ events this year included the 2015 REINZ Conference – one venue, two days and three sectors, covering Residential Property Management, Commercial and Industrial and Business Brokers Conferences where we had record attendance. By adding a few more innovative

ideas by way of networking opportunities, and entertainment options including exhibition booths, the feedback this year was very positive.

REINZ has recently surveyed a large portion of membership with regard to events, venues, the best time of the year to hold them, and of course, what the drawcards are for members' support. The feedback has been very encouraging and has endorsed the need by members for more technical, hands-on skills by way of bite-sized workshops for all sectors nationwide. This valuable feedback has been used as the foundation to set the 2016 Events and Activities Calendar which includes a rural conference.

In 2015, REINZ also included the Residential Property Managers Awards in the REINZ Awards for Excellence in Real Estate and we were delighted with the record number of entries and the maximum attendance on the night.

The National Auction Champs were held in June 2015 with the winner and runner up - Andrew North and John Bowring - gaining automatic entry to the Australasian Auction Champs held in early September in Melbourne (hosted by REIV). The five finalists included our New Zealand representatives, and after a very closely fought final, the Australasian Auction Champion for 2015 was awarded to Harry Li representing REIV, Australia.

This year also saw REINZ introduce the REINZ Residential Property Management Accreditation Programme. This recognises our Residential Property Managers who have the Level 3 and 4 formal qualification, or a similar formal qualification that may be used as a cross credit, and provides them with a 'badge of excellence' that will set them apart as a professional and qualified property manager. We have been very encouraged by the level of interest in the scheme and processing a high number of applications. This shows us that accreditation has been well overdue and clearly the introduction of the programme meets the needs of our property management sector.

PROFESSIONAL DEVELOPMENT

Recognising the need for REINZ to be the education provider of choice for our members, our objectives for the year have been to set the standard through providing current and relevant education options to our members.

We have aimed to do this by raising professionalism and education standards for our members, and continually sourcing new material and ideas to provide a suite of educational choices.

There have been 20 webinars running to date with a further five to be uploaded by November 2015. These have been well subscribed by our members and have covered a vast range of topical, informative and educational issues – including important changes to clauses, tax and an introduction to the awareness around money laundering. We continue to ensure we provide information that affects real estate professionals in as timely a manner as possible.

We look forward to even larger member attendance for 2016, along with the introduction of some new and innovative training delivery.

MEMBER ENGAGEMENT

Our aim is to engage with our members and understand their needs through a series of member meetings. These meetings were held in 21 locations around New Zealand this year, with presentations being delivered by our Chairman, myself and my senior management team. It is well worth noting that for the first time we included the West Coast in the schedule of meetings, when we visited Greymouth in October. The meetings in the regions have proven very successful as we continue to network with our members and get valuable feedback.

Our aim is to provide effective and consistent engagement for members at all times to strengthen loyalty within our membership, and build on our position as the heart of New Zealand real estate.

MEMBERSHIP ADVISORY SERVICE

This area of REINZ continues to grow and provide significant value to our members. The on-the-spot availability of our legal team via email and phone has seen a significant increase in the volume of users. The library of Best Practice Guides, REAA compliance information and summaries of CAC, Tribunal and High Court decisions also assist in providing protection for our members.

The updated REINZ Agency Agreement was released in July 2014, and has received excellent uptake. The ensuing rural clauses were released in March 2015, striking a balance between the rights of the agency and clients. New information sheets have been developed for the Agency Agreement; Conjunctual; Buyer Agency Agreement to name just a few, and an Auction Best Practice Guide and Bright-Line Best Practice Guide will be released at the end of 2015.

The updated Agreement for Sales & Purchase Version 9 is due for release in late 2015, as a joint copy right with ADLSi. Agreements and documents are constantly reviewed, particularly in light of any legislative changes, including the recent Fair Trading Act amendments which came into force in March, 2015.

HEALTH & SAFETY

The Health and Safety in Employment Act 1992 is being replaced with the Health and Safety at Work Act, which comes into effect in April 2016. REINZ is currently consulting with EMA to provide our members with information and clarity around the new Act and Regulations, and will produce a Health and Safety manual in 2016 for our members.

ADVOCACY

The Courts and Tribunals Enhancement Services Legislation is before parliament, and REINZ has proactively provided an industry submission on the proposed implementation of an awarding of compensation at CAC level. REINZ will continue to advocate for changes to the proposed Cates bill, and provide oral submissions in 2016.

The Foreign Account Tax Compliance Act (FATCA) is a piece of US legislation that is designed to identify US Taxpayers who are avoiding paying tax to the IRS through offshore accounts. REINZ is currently investigating the implications and requirements of real estate agencies to be compliant.

Other submissions made by REINZ:

1. NZICA Exemption Application – a submission was made to the Ministry of Justice in October 2014.
2. Bright-Line Test Bill – a submission was made to Deputy Commissioner, Policy and Strategy, IRD in July 2015.
3. Taxation (Land Information and Offshore Persons Information) Bill – a submission was made to Finance and Expenditure Committee, Parliament in July 2015.
4. Trans-Tasman Mutual Recognition Arrangement (TTMRA) – a submission was made to Australian Productivity Commission in February 2015.

REINZ has also developed the Residential Property Management Accreditation Scheme, which will enable REINZ members to commit to standards of education and security that provide for consumer protection. We continue to advocate to government for the regulation of Residential Property Managers.

INTERNATIONAL RELATIONSHIPS

We continue to liaise with, and learn from, our international counterparts, including the Real Estate Institute of Australia and all of their constituent organisations. I also attended the National Association of Realtors conference this year, and found it to be very informative, and in line with our forward-thinking strategy.

We value these international relationships and the opportunities they provide to emulate international best practice.

PROFESSIONAL DEVELOPMENT AND INTEGRITY FUND

The PDIF is maintained separately within the Institute, and is being administered by a separate sub-committee of the Board, independently chaired by Arthur Young. This committee is independently advised by Craig's Investment advisers.

The committee has made some grants in 2014 that are reflected in the financial report this year. Member enquiries are referred to the various brochures about the guiding objectives of the fund, and how to make applications for grants from the fund.

2015 FINANCE PERFORMANCE SUMMARY

The 2015 financial year continues the trend of another successful year allowing us to further contribute to reserves. We continue to make large and continuing investments in technology, as well as preparing for the significant investment in a new building in the coming year.

Detailed short summary below:

	Institute 2015	Institute 2014
Operating Revenue	\$4,398,937	\$3,769,345
Interest Revenue	\$333,351	\$336,295
Net Income From PDIF	\$229,922	\$129,624
TOTAL REVENUE	\$4,962,210	\$4,235,265
Trading Surplus/ Operating Surplus	\$557,285	\$298,251

Net surplus for the year

We continue to invest heavily in both hardware technology and software, with internal and external staff developing applications purpose-built for members, as well as integrating with members' own systems. This development will continue into the foreseeable future as we continue to build a reporting tool that will assist the industry in maintaining its ethical obligations to its customers, as well as assisting in improving business performance.

Revenue from membership fees continues to be the mainstay of our income, and you will all be aware that we standardised changes to the 2015/16 subscription base. Wherever possible it is the Board's intention to maintain a tight control on membership fees, and it is the Board's clear intention that these will not be significantly increased in future years.

As a result of the need to spread our own revenue model, we will continue to provide excellence in all services and our educational offerings, both through face-to-face seminars and web-based learning. These continue to be well received, and are recording continued growth thanks to industry support.

Although profit performance has been below the Board's anticipation, the product is now poised to increase its contribution in coming years. You will note the majority of the investments made in this area have been conservatively written down to have no value. However, I can report that these investments are now cash positive and performing well.

The Board, with the auditors, have embraced the new accounting standards and these will be fully adopted in the next published financial statements.

Whilst the profit performance has shown an increase, the costs have also increased in order to maintain some of the strategies commenced in previous periods. Staff costs have also increased, following the increase in the size of the REINZ team as we grow the resource to face continued and increasing demands from members. This is further evidenced by investments in staff training and other personnel costs.

Your Board is cognisant of the need to maintain a strict eye on costs, and it is commendable that the Board has agreed to forgo the 2015 permitted increase in their fees. Board fees will therefore continue to be paid at their 2014 level until the next AGM.

Realestate.co.nz Ltd

Our associated company, Realestate.co.nz Ltd, continues to perform well under strategies put in place 12 months ago. It is pleasing to note the company has now repaid all intercompany loans, and its equity profit has contributed strongly to the results of the Institute. It now operates the leading property portal in the industry, and supports the Institute wherever possible.

New premises

You will note that the balance sheet now records the investment of \$4,400,000 in land and buildings for the purchase of our new building at Khyber Pass. This is the

cost of purchase and certain other investigation costs have also been capitalised. This building is awaiting transfer, and construction is due to start in the next four months.

CONCLUSION

I have enjoyed my opening period as CEO of REINZ. The Institute is a dynamic and thoughtful organisation that will continue to serve and foresee the needs of its members with diligence and professionalism.

I thank the outgoing CEO, Ms Helen O'Sullivan, for her contribution, and the staff who continue to work at extraordinary levels to maintain quality service in the face of high levels of demand. I would also like to thank the Board for their continued support and strategic planning that will ensure the interests of our members will continue to be well served.

Finally I would like to thank you, our members for giving me a warm welcome, and for your continued support of REINZ. The ongoing success of the Institute is in large part due to your knowledge, passion and valuable feedback, and we look forward to working with you to ensure the standards of excellence we all aspire to are upheld at all times.


Colleen Milne

Chief Executive Officer
Real Estate Institute of New Zealand

The Real Estate Institute of New Zealand Incorporated

Financial Statements

For the year ended 30 June 2015

CONTENTS

Auditor's Report	13
Institute Directory	14
Statement of Financial Position	15
Statement of Financial Performance	16
Statement of Movements in Equity	16
Notes to the Financial Statements	17 - 24
Supplementary Information	25
Statement of Movements in Cash Flows	26



INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF THE REAL ESTATE INSTITUTE OF NEW ZEALAND INCORPORATED

We have audited the financial statements of The Real Estate Institute of New Zealand Incorporated (the "Institute") and its subsidiaries on pages 15 to 24, which comprise the consolidated Group and Institute statements of financial position as at 30 June 2015, and the Group and Institute statements of financial performance and statements of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

This report is made solely to the Members, as a body. Our audit has been undertaken so that we might state to Members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Institute and the Members as a body, for our work, for this report, or for the opinions we have formed.

Governing body Responsibility for the Financial Statements

The members of the governing body are responsible for the preparation and fair presentation of these financial statements in accordance with Financial Reporting Standards and applicable Statements of Standard Accounting Practice and for such internal control as the governing body determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

Other than in our capacity as auditor we have no relationship with, or interests in, The Real Estate Institute of New Zealand Incorporated and its subsidiaries.

Opinion

In our opinion, the financial statements on pages 15 to 24 present fairly, in all material respects, the financial position of The Real Estate Institute of New Zealand Incorporated and the Group as at 30 June 2015 and their financial performance for the year ended on that date, in accordance with Financial Reporting Standards and applicable Statements of Standard Accounting Practice.

RSM Hayes Audit
13 October 2015
Auckland

The Real Estate Institute of New Zealand Incorporated

Institute Directory

As at 30 June 2015

Date of Incorporation	17 February, 1927 (Incorporated under The Incorporated Societies Act, 1908)
IRD Number	10 677 858
Incorporation Certificate Number:	1927/3 (Currently Certificate 222891)
Directors	Dame Rosanne Meo (Chairman) Dr Richard Janes Mr Jim Davis (Replaced Mr Tony McPherson Dec 2014) Mr Euon Murrell Ms Elizabeth Nidd Mr Stephen Titter Mr Philip Searle Ms Wendy Alexander Mr Bryan Thomson
Auditor	RSM Hayes Audit
Bankers	Bank of New Zealand Newmarket AUCKLAND

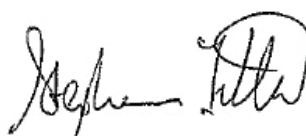
The Real Estate Institute of New Zealand Incorporated

Statement of Financial Position

As at 30 June 2015

	Note	Group 30 June 2015 \$	Group 30 June 2014 \$	Institute 30 June 2015 \$	Institute 30 June 2014 \$
CURRENT ASSETS					
Cash at Bank	8	7,176,142	7,507,038	7,176,142	7,507,038
Accounts Receivable		98,985	70,412	98,985	70,412
Advances from Related Parties		128,521	45,954	128,521	49,981
Inventories		5,477	6,367	5,477	6,367
Tax Refund Due		8,036	3,540	8,036	3,540
Prepayments		134,145	230,697	134,145	230,697
Goods and Services Tax		21,859	-	21,859	-
Total Current Assets		\$7,573,165	\$7,864,008	\$7,573,165	\$7,868,035
NON-CURRENT ASSETS					
Investments & Advances	6 A	1,227,764	1,046,673	278,906	374,231
Investments (PDIF)	15	2,525,999	2,295,839	2,525,999	2,295,839
Advances from Related Parties	6	-	207,710	-	248,354
Property, plant and equipment	4	5,153,451	596,340	5,153,451	530,498
Total Non-Current Assets		\$8,907,214	\$4,146,562	\$7,958,356	\$3,448,922
TOTAL ASSETS		\$16,480,379	\$12,010,570	\$15,531,521	\$11,316,957
CURRENT LIABILITIES					
Accounts Payable and Other Liabilities		4,658,228	718,729	4,658,228	718,729
Goods and Services Tax		-	(2,448)	-	6,229
Membership Fees Received in Advance		27,273	306,289	27,273	306,289
Provision for Holiday Pay		83,060	80,035	83,060	80,035
Total Current Liabilities		\$4,768,561	\$1,102,605	\$4,768,561	\$1,111,282
Accumulated Funds		\$11,711,818	\$10,907,965	\$10,762,960	\$10,205,675
Total Funds and Liabilities		\$16,480,379	\$12,010,570	\$15,531,521	\$11,316,957

On behalf of the Board who authorised these financial statements on 21 September, 2015


Chairperson
Dame Rosanne Meo

Director
Stephen Titter

The notes on pages 15 to 24 form part of these financial statements

The Real Estate Institute of New Zealand Incorporated

Statement of Financial Performance

For the year ended 30 June 2015

	Note	Group 30 June 2015 \$	Group 30 June 2014 \$	Institute 30 June 2015 \$	Institute 30 June 2014 \$
Operating Revenue		4,398,937	3,769,345	4,398,937	3,769,345
Interest Revenue		333,351	336,295	333,351	336,295
Net Income From PDIF	15	229,922	129,624	229,922	129,624
Total Revenue	2	4,962,210	4,235,264	4,962,210	4,235,264
Operating Surplus	3	630,922	283,224	557,285	297,251
Plus Equity Accounting – Share of Surplus		172,931	394,024	-	-
Surplus before Income Tax and Extraordinary Items		803,853	677,248	557,285	297,251
Income tax (credit) / expense	7	-	-	-	-
Net Surplus for the year		\$803,853	\$677,248	\$557,285	\$297,251

The Real Estate Institute of New Zealand Incorporated

Statement of Movements in Equity

For the year ended 30 June 2015

	Group 30 June 2015 \$	Group 30 June 2014 \$	Institute 30 June 2015 \$	Institute 30 June 2014 \$
Accum Funds at the beginning of the year	\$10,907,965	\$10,230,717	\$10,205,675	\$9,908,424
Plus				
Net Surplus after tax	\$803,853	\$677,248	\$557,285	\$297,251
Accumulated Funds at the End of the Year	\$11,711,818	\$10,907,965	\$10,762,960	\$10,205,675

The notes on pages 15 to 24 form part of these financial statements

The Real Estate Institute of New Zealand Incorporated

Notes to the Financial Statements

For the year ended 30 June 2015

1. Statement of Accounting Policies

REPORTING ENTITY

The Real Estate Institute of New Zealand Incorporated (the Institute) is an incorporated society registered under the Incorporated Societies Act 1908.

The Real Estate Institute of New Zealand Incorporated and its wholly owned subsidiary, REINZ Member Services Ltd, (in 2014 this also included RealENZ Ltd, Parnell Education Services Ltd, and Inc Investments Ltd) comprise the Real Estate Institute of New Zealand Group.

REINZ Member Services Ltd has a 50% share in the equity of Realestate.co.nz Ltd

During the year an amalgamation was completed between REINZ Member Services Ltd, and RealENZ Ltd, Parnell Education Services Ltd and Inc Investments Ltd. Shares in REINZ Ventures Ltd were transferred to Headway Systems Ltd, and Custom Software Ltd to leave effective ownership with the Institute of 33 1/3% in REINZ Ventures Ltd and its non-trading subsidiary Property Smarts NZ Ltd.

These financial statements are a general purpose report which have been prepared in accordance with generally accepted accounting practice as well as having regard to the recommended accounting standards promulgated by the External Reporting Board (XRB) for Tier 2 Not For Profit Organisations. The Group continue to apply Financial Reporting Standards (FRS) and applicable Statements of Standard Accounting Practices (SSAP).

MEASUREMENT BASE

The accounting policies recognised as appropriate for the measurement and reporting of financial performance and financial position on a historical cost basis are followed. The measurement base is the New Zealand Dollar.

DIFFERENTIAL REPORTING

The Institute and Group qualify for differential reporting as they are not publicly accountable and not large. The Group and the Institute has taken advantage of all differential reporting exceptions.

GOING CONCERN

The Board has a reasonable expectation that the Institute has adequate resources to continue operations for the foreseeable future and as such is a going concern. The Institute is currently running its operations and cost structures in order to ensure that future cash operations are cash positive. For this reason the Board continues to adopt the going concern assumption in preparing the financial report for the accounting year ended 30 June 2015.

SPECIFIC ACCOUNTING POLICIES

The following specific accounting policies which materially affect the measurement of financial performance and financial position have been applied:

Consolidation:

- Subsidiaries are entities in which the Institute has the capacity to determine the financing and operating policies and from which it has an entitlement to significant ownership benefits. REINZ Member Services Ltd and Realestate.co.nz Ltd both have a balance date of 31 March, 2015. REINZ Ventures Ltd and its subsidiary have a balance date of 30 June, 2015.
- The consolidated financial statements include the Institute, REINZ Member Services Ltd (an investment company) accounted for using the purchase method. All significant inter-company balances and transactions are eliminated on consolidation. In the Institute's financial statements, the investment in REINZ Members Services Ltd is recognised at cost, less provision for diminution in value.
- The investments in Realestate.co.nz Ltd and REINZ Ventures Ltd are accounted for using the equity method of accounting in the consolidated financial statements. Associates are entities over which the Group has significant influence and that are neither subsidiaries nor joint ventures. Under the equity method, investments in associates are carried in the consolidated balance sheet at cost plus post-acquisition changes in the Group's share of net assets of the associates. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in associates.

Revenue:

- Membership fees are invoiced in advance and are recognised as a liability in the statement of financial position at the time the invoice is raised. Revenue is then recognised in the statement of financial performance over the period to which the membership fees relate.
- Event income and related expenses are recognised when the event occurs, with any income or expense received or paid in advance deferred as an asset or liability.

The Real Estate Institute of New Zealand Incorporated

Notes to the Financial Statements continued

For the year ended 30 June 2015

Accounts Receivable:

Accounts receivable are stated at estimated realisable value.

Inventory:

Inventory held for resale is stated at the lower of cost, using a first-in-first-out basis, or net realisable value.

Property, Plant and Equipment:

- All items of property, plant and equipment are initially recorded at cost, including costs directly attributable to bringing the asset to its working condition. When an item of property, plant and equipment is disposed of the difference between net disposal proceeds and the carrying amount is recognised as a gain, or loss, in the statement of financial performance.
- Fixed assets are stated at cost less accumulated depreciation.
- Depreciation is written off against property, plant and equipment on a straight line basis over the estimated useful lives, assessed as follows:

Leasehold alterations	3 years
Furniture and fittings	8 - 11 years
Office Plant	3 years
Computer hardware	2 - 3 years
Computer software	3 years

Investments:

Investments in shares, indexed funds and bonds are recorded in the financial statements at their realisable/market value as at balance date. Any change in the value of these investments held is credited to the income of the Institute.

All other investments are recorded at cost and considered for impairment.

Exchange Rates:

Certain investments of the Professional Development and Integrity Fund are maintained in overseas currencies. The value of these investments and any income relating is converted at the average monthly exchange rate prevailing at the date of the transaction or converted to NZ Dollars as at balance date.

Taxation:

Income tax is recorded in accordance with the taxes payable method. Therefore, the income tax expense charged to the Statement of Financial Performance is the estimated liability for tax in relation to current period operations.

Leases:

Operating lease payments, where the lessors effectively retain substantially all the risks and benefits of ownership of the leased items, are included in the determination of the operating profit in equal instalments over the lease term.

Goods and Services Tax (GST)

The Statement of Financial Performance has been prepared on a GST exclusive basis. All items in the statement of financial position are stated net of GST, with the exception of receivables and payables, which include GST.

Employee Entitlements

A liability for annual leave is accrued and recognised in the statement of financial position. The liability is equal to the present value of the estimated future cash outflows as a result of employee services provided at balance date.

Accounts Payable and Other Payables

Accounts and other payables are carried at cost.

Changes in Accounting Policies

There have been no significant changes in accounting policies.

All policies have been applied in a manner consistent with those used in previous years.

The Real Estate Institute of New Zealand Incorporated

Notes to the Financial Statements continued

For the year ended 30 June 2015

2. Revenue

	Group 30 June 2015 \$	Group 30 June 2014 \$	Institute 30 June 2015 \$	Institute 30 June 2014 \$
Membership Fees	2,948,019	2,474,529	2,948,019	2,474,529
Services provided to Members	1,222,438	1,154,682	1,222,438	1,154,682
Interest Revenue (incl PDIF)	563,273	465,919	563,273	465,919
Other Revenue	228,480	140,134	228,480	140,134
Total Operating Revenue	\$4,962,210	\$4,235,264	\$4,962,210	\$4,235,264

3. Operating Surplus/ (Deficit) before Taxation After charging / (crediting)

	Group 30 June 2015 \$	Group 30 June 2014 \$	Institute 30 June 2015 \$	Institute 30 June 2014 \$
Audit Fees – RSM Hayes Audit	23,000	21,320	23,000	21,320
Depreciation- Leasehold Alterations	12,784	-	12,784	-
Depreciation – Computers	67,021	21,682	67,021	21,682
Depreciation – Furniture	10,423	2,144	10,423	2,144
Depreciation Office Equipment	1,453	-	1,453	-
Depreciation - Software	134,549	101,155	134,549	101,155
Bad Debts/ (Recovered)	11,655	8,783	(19,241)	8,783
Directors Fees	350,139	320,165	350,139	320,165
Loss/(Gain) on disposal of assets	-	6,530	-	6,530
Rent and Rates	229,196	211,484	229,196	211,484
Provision for Related Party Debts	-	-	134,531	-

The Real Estate Institute of New Zealand Incorporated

Notes to the Financial Statements continued

For the year ended 30 June 2015

4. Property, Plant and Equipment

Group	Cost 2015 \$	Accumulated Depreciation 2015	Book Value 2015
Land and Buildings	4,400,000	-	4,400,000
Furniture, fittings & alterations	120,540	(20,274)	100,266
Office Plant	4,393	(1,453)	2,940
Leasehold Alterations	36,131	(11,669)	24,462
Computer hardware	223,716	(124,776)	98,940
Computer software	701,825	(472,947)	228,878
Capital Work In Progress	297,965	-	297,965
	\$5,784,570	(\$631,119)	\$5,153,451

Group	2014	2014	2014
Furniture, fittings & alterations	97,247	(9,851)	87,396
Office Plant	4,393	-	4,393
Leasehold Alterations	30,766	-	30,766
Computer hardware	190,670	(57,755)	132,915
Computer software	587,673	(338,488)	249,185
Capital Work in Progress	25,843	-	25,843
Other Intellectual Property	65,842	-	65,842
	1,002,434	(406,094)	596,340

Institute	Cost 2015 \$	Accumulated Depreciation 2015	Book Value 2015
Land and Buildings	4,400,000	-	4,400,000
Furniture, fittings & alterations	120,540	(20,274)	100,266
Office Plant	4,393	(1,453)	2,940
Leasehold Alterations	36,131	(11,669)	24,462
Computer hardware	223,716	(124,776)	98,940
Computer software	701,825	(472,947)	228,878
Capital work in progress	297,965	-	297,965
	\$5,784,570	(\$631,119)	\$ 5,153,451

Institute	2014	2014	2014
Furniture, fittings & alterations	97,247	(9,851)	87,396
Office Plant	4,393	-	4,393
Leasehold Alterations	30,766	-	30,766
Computer hardware	190,670	(57,755)	132,915
Computer software	587,673	(338,488)	249,185
Capital work in progress	25,843	-	25,843
	936,592	(406,094)	530,498

The Real Estate Institute of New Zealand Incorporated

Notes to the Financial Statements continued

For the year ended 30 June 2015

5. Related Party Transactions

The Board receive fees in respect of attending Board Meetings and for attending to Institute affairs. These fees are paid during the year. (T McPherson retired during the year ended 30 June, 2015 and was replaced by J Davis.)

The Board consists of R Meo (Chairman), W Alexander, J Davis, R Janes, E Murrell, L Nidd, P Searle, B Thomson and S Titter.

The Table below details payments made for Director's duties during the year.

Name	Institute 2015	Institute 2014
Meo, Dame R (Chair)	\$70,408	\$67,875
Alexander, W	\$35,204	\$20,290
Davis, J	\$20,621	-
Janes, Dr R	\$35,204	\$37,167
McPherson, T (Retired)	\$12,682	\$34,083
Murrell, E	\$35,204	\$33,250
Nidd, L	\$35,204	\$33,875
Rankin, D (Retired)	-	\$25,125
Searle, P	\$35,204	\$34,083
Smith, J (Retired)	-	\$9,917
Thomson, B	\$35,204	\$33,250
Titter, S	\$35,204	\$5,833
Sub Total	\$350,139	\$334,748
Less Recovered from Associate	-	\$14,583
TOTAL	\$350,139	\$320,165

Mr B Thomson, Mr S Titter and Dr R Janes (until December, 2014) are directors of Realestate.co.nz Limited. Dr Janes was replaced in his role by Mr S Titter. Mr B Thomson and Mr S Titter have also received a fee for being the Institute's representative on the Board of Realestate.co.nz Ltd directly from that Company.

Mr B Thomson was paid a fee of \$15,000 for work undertaken on behalf of the Board for research and due diligence on options for suitable premises investment.

During the year the Institute charged Realestate.co.nz Limited \$10,000 (2014:\$10,000) for software license fees. The Institute is a shareholder of Realestate.co.nz Limited via an intermediary REINZ Member Services Limited which is a wholly owned subsidiary of the Institute.

Realestate.co.nz Limited is one of the many sponsors for REINZ events , for which it paid REINZ based on normal commercial terms.

The advance to Realestate.co.nz Limited of \$128,521 (2014: \$257,691) will be repaid in the 2016 financial year, interest is charged on the balance at the FBT Prescribed Rate of 6.7% (2014: 5.9%).

The Real Estate Institute of New Zealand Incorporated

Notes to the Financial Statements continued

For the year ended 30 June 2015

6. Investments & Advances

	Group 2015 \$	Group 2014 \$	Institute 2015 \$	Institute 2014 \$
Advances				
REINZ Ventures Ltd	-	-	-	-
Realestate.co.nz Ltd	-	207,710	-	207,710
Other entities	-	-	-	40,644
Less: Provision for doubtful debt	-	-	-	-
	-	207,710	-	248,354

RealENZ Limited and Parnell Education Services Ltd were amalgamated with REINZ Member Services Limited during the year. REINZ Ventures Limited was a wholly owned subsidiary of the Institute. REINZ Ventures Limited in turn owns 100% of Property Smarts (NZ) Limited. During the year shares in REINZ Ventures Limited were transferred to Headway Systems Limited and Custom Software Limited to leave effective ownership with the Institute of 33.1/3%. The value of investments and loans in related entities have been reviewed taking into account the net asset positions and business of those entities. Where appropriate, provision has been recognised to reflect any likely impairment. The Board has considered the net carrying value of investments and believe they are recoverable.

The Group has a 50% interest in Realestate.co.nz Limited, which is a property marketing portal. This is equity accounted for as at their balance date of 31 March.

The various districts around the country have deposits totalling \$277,905 (2014: \$373,230).

6A. Investments & Advances continued

	Group 2015 \$	Group 2014 \$	Institute 2015 \$	Institute 2014 \$
Investments				
District Funds (Bank deposits)	277,906	373,231	277,906	373,231
Investments in Realestate.co.nz	906,062	629,496	-	-
Investments in PT Investments Ltd	43,796	43,796	-	-
Investment in Property Smarts	-	150	-	-
Subsidiaries				
REINZ Members Services Ltd 1,000 ordinary shares	-	-	1,000	1,000
	\$1,227,764	1,046,673	\$278,906	374,231

The Real Estate Institute of New Zealand Incorporated

Notes to the Financial Statements continued

For the year ended 30 June 2015

7. Taxation

	Group 2015 \$	Group 2014 \$	Institute 2015 \$	Institute 2014 \$
Surplus before tax	\$630,922	\$283,224	\$577,285	\$297,251
Taxable Profit	\$630,922	\$283,224	\$577,285	\$297,251
Taxation charge (28%)	(\$176,658)	(\$79,303)	(\$156,039)	(\$83,231)
Tax losses utilised	\$176,658	7\$9,303	\$156,039	\$83,231
Tax expense	\$ -	\$ -	\$ -	\$ -

There are estimated group tax losses of \$4,800,000 approximately (2014 : \$5,400,000) available to be carried forward at balance date. These are subject to statutory requirements continuing to be met and the Group earning sufficient assessable income.

8. Cash at Bank (Including District Funds)

Bank balances also include funds released from the sale of the building previously owned at 202 Parnell Road. These funds and the accumulated income arising from them are being used to fund rent, research and the purchase of a building.

District funds are held with a variety of financial institutions.

9. Segment Information

The Institute provides professional services to members of the real estate industry.

All operations are carried out within New Zealand.

10. Contingent Liabilities and Assets

The contract to complete the purchase of land and buildings at Khyber Pass went unconditional during this financial year and as a result a liability has been recognised for \$4,200,000 which is due for payment by 31 March, 2016. The Board continues to plan for the development of the site and is working with contractors to complete the new premises for the Institute.

11. Capital Commitments

The Institute is in the process of completing the refurbishment and outfit of premises on Khyber Pass Road, Newmarket as noted in Note 10. At balance date there were no capital commitments (2014: \$Nil) with the exception to that disclosed in Note 10.

12. Guarantees

The Institute has provided guarantees to third parties to a total value of \$50,000 (2014 :\$50,000). This is for a payroll letter of credit issued by BNZ to secure staff salaries.

13. Operating Leases

The Institute has a lease commitment on its current premises at Level 1, 128 Parnell Road, Parnell for a fixed period of 4 years terminating on 30 April, 2018. The lease can be terminated with six months' notice in the period 1 November, 2016 to 30 November, 2016. The annual rental for the premises and car parks is \$160,595.00 plus GST.

This is represented as	2015	2014
Current	\$160,595	\$160,595
Term – Terminating 30 May, 2017	\$147,212	\$307,807
Term – Terminating 1 May, 2018	\$294,424	\$455,019

14. Events Subsequent to Balance Date

The Board is in the process of completing the new premises at Khyber Pass Road.

There are no other known significant events subsequent to balance date.

15. The Professional Development and Integrity Fund (PDIF)

The Professional Development and Integrity Fund is the separate fund established by the Board of the Institute utilising the surplus funds provided on the dissolution of the Fidelity Fund. Independent advisors manage this funds' investments under the control of a Board subcommittee chaired by an Independent Chairman. Members of that Committee are Mr Arthur Young, Chair and Dame Rosanne Meo, Mr Euon Murrell and Mr Philip Searle.

	Group 2015 \$	Group 2014 \$	Institute 2015 \$	Institute 2014 \$
Investments (Opening)	\$2,295,839	\$2,172,054	\$2,295,839	\$2,172,054
Plus Gains, Dividends and Interest	\$338,439	\$154,684	\$338,439	\$154,684
Less Costs and Tax				
Management Costs Paid	(\$14,440)	(\$ 16,327)	(\$14,440)	(\$ 16,327)
Tax Payments	(\$12,558)	(\$14,572)	(\$12,558)	(\$14,572)
	\$311,441	\$123,785	\$311,441	\$123,785
Less Funds Used Improving the Benefit				
Of Services to Members	(\$81,281)	-	(\$ 81,281)	-
Net Value of the Fund	\$2,525,999	\$2,295,839	\$2,525,999	\$2,295,839

Investments in the fund are as at 30 June, 2015 held in the following categories:

EQUITY	2015 Allocation	2014 Allocation
NZ Cash	16.6%	34.0%
NZ Fixed Interest	13.7%	6.0%
NZ/Aust Property	8.8%	7.0%
NZ/Aust Equities	22.7%	22.0%
International Equities	38.2%	31.0%
TOTAL	100.00%	100.00%

The Real Estate Institute of New Zealand Incorporated

Supplementary Information - Unaudited

For the year ended 30 June 2015

Administration and External Relations - Expenses

	Institute 2015 \$	Institute 2014 \$
General Administration		
Accident Compensation Levy	8,620	2,581
Accounting	26,376	20,683
Administration Costs – PDIF	12,360	12,360
Annual General Meeting and Election Costs	5,488	4,013
Audit	23,000	21,320
Bad Debt (Recovered)	(19,241)	8,783
Provision for related party debt	134,531	-
Board Fees	350,139	320,165
Board Meeting Costs (Incl Travel)	39,016	60,137
Cleaning	9,920	14,463
Computer charges	199,698	170,273
Depreciation	226,140	124,980
Electricity	16,455	11,157
General Expenses	68,326	31,592
Government, Public Relations, Strategy and Promotional	23,518	26,222
Insurance	25,554	29,114
Legal Expenses (including Forms Costs)	228,254	190,897
Loss/ (Gain) on disposal of assets	-	6,530
Postage	10,057	18,398
Printing and stationery	40,450	49,030
Relocation Costs	1,396	12,546
Rent and Rates	229,196	211,484
Replacement Building Investigation Costs	-	50,226
Repairs and Maintenance	7,162	18,063
Salaries, Staff Costs and Benefits	1,779,862	1,559,276
Staff Training, recruitment and administration	136,167	19,669
Telephones	31,320	25,929
Travel	58,578	43,770
	\$3,672,342	\$ 3,063,661

Note: Some comparatives have been altered where possible to maintain consistency of comparison between periods.

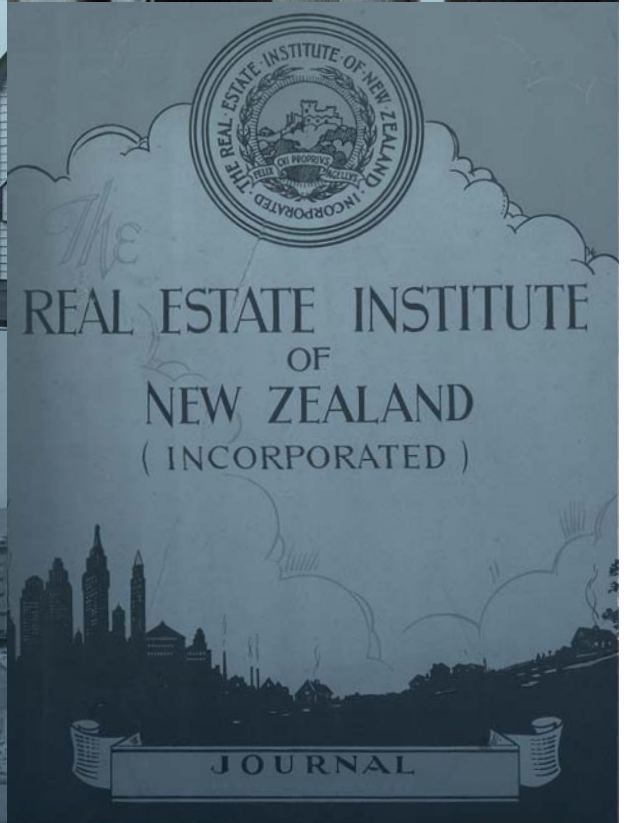
The Real Estate Institute of New Zealand Incorporated

Statement of Movements in Cash Flows

(Institute Only)

For the year ended 30 June 2015

	Institute 2015 \$	Institute 2014 \$
CASH FLOWS FROM OPERATING		
Surplus from Trading	557,285	297,251
Add Back Non Cash Movements		
Depreciation	226,140	124,980
Surplus/Loss on Sale or Disposal of Assets	-	6,530
Increase/ (Decrease in Holiday Pay Provision)	3,025	(4,900)
CASH FROM OPERATING ACTIVITIES	\$786,450	\$423,861
OTHER SOURCES OF FUNDS		
Reduction of Cash Available	330,896	203,368
Increase in Accounts Payable	3,939,499	124,423
Reduction in Accounts Receivable	-	907,176
Reduction in Inventories	890	986
Reduction in Prepayments	67,979	-
Reduction in Investments	95,325	-
Reduction in advances to related parties	169,814	66,824
TOTAL SOURCES OF FUNDS	\$5,390,853	\$1,726,638
Represented by the following		
APPLICATION OF FUNDS		
Tax Payment Made	4,496	24
Increased Investment in Assets	4,849,093	536,893
Increased in Prepayments	-	25,865
Increase in PDIF Investments	230,160	102,725
Reduction in GST Liability	28,088	142,625
Reduction in Fees in Advance	279,016	918,506
TOTAL APPLICATION OF FUNDS	\$5,390,853	\$1,726,638





Realestate.co.nz Chairman's Report

As the March 2015 year comes to an end it is hard to recall Realestate.co.nz, the company that was founded, with the prime objective to work in partnership with the industry, to assist in the process of linking the buyers and sellers of property through the development of a property portal. Today whether the company is evaluated from the perspective of a shareholder, agent, consumer or internal staff, every area of our business has now progressed and achieved the professionalism needed to meet the market demand for the leading property portal.

Where we are today did not evolve as an instant success but is the result of the company progressively building momentum over the previous 4-5 years. This journey has evolved from moving away from the original focus on technology, to an emphasis on sales, marketing and servicing our customers. This has formed the basis of our recent aggressive stance to establish our "brand" and social media community with a high level of service. Our technology platform however is still a critical success factor but it has taken a period of time to develop its functionality, structure, data sourcing, mining and security. Our final business pillar has been the continued development and strengthening of our staff with depth of knowledge, experience and expertise.

This credible achievement is the result of dedicated and focused input and support from all shareholders, agent franchise groups, directors and staff built with a culture of demanding improvements, coupled with strong corporate governance. A true team effort.

Our financial results reflect this change and today our trading performance and financial position portrays we have both equity strength with liquidity to support our continual growth, and if required reserves to survive market downturns.

Our audited accounts have been finalised and their report reinforces a strong set of accounts and a true reflection of our business.

While the good fortunes of the market have greatly accelerated our transformation, our results could only have been achieved if the fundamentals of our business model and value proposition were stable, dependable and service driven.

However, while taking pride in this change, we believe there are still considerable improvements required to fully meet today's environment and the future market conditions. Our business is now operating with a solid base and can progress into a new phase of development and innovation, with greater attention to both agent and consumer value added delivery. This challenge is now across our

brand marketing, agent support, IT products and service departments to deliver.

PERFORMANCE YEAR-END 2015

The 2015 results were in line with both our budget and board expectations reflecting a substantial increase in revenue, increased costs with investment in resources and a resulting rewarding net profit before tax of \$772,507.

Our 12 months combined revenues exceeded our budget by 17% and last year's actuals by 48% producing a total revenue of over \$7 million. This increase was reflected through all our revenue streams - subscriptions, premium listing advertising and our third party display revenue.

Subscriptions increased over \$275,000 as a direct impact of strong agency support together with an industry and consumer recognition of Realestate.co.nz's increased role and performance in the property portal space.

Premium listing advertising continues to have exceptional growth, far in excess of market listing trends - a reflection of the support we are receiving from agents throughout all regions and across all brands.

With the dramatic growth in business it was forecasted operating costs would increase and the company would need to start investing in resources to increase our level of performance which is required of a market leader. Investment was made in three key areas:

1. Staff – In the 2015 financial year a number of senior roles were developed and fulfilled to not only strengthen the growing business but more importantly to ensure our development path continues to match and exceed both agent and consumer market expectations. The strengthened management team included, Brendon Skipper joining as CEO, the employment of a COO to strengthen operations and "IT" development and a Brand and Commercial manager to initiate and control our intended investment in brand and agent marketing. Our staff are one of our major success factors and we can now confidently rely on the performance of our national sales team and strong IT division all with multiple skills to service and protect our portal.
2. IT - Development became a top priority. While our systems were stable and functional, the next 3 years will place increasing demands in all areas – from mobile access, speed and detail of listing to representation and reporting of data. A major project was started to replace a number of legacy systems with modern day functional products all with the flexibility and performance to enhance agent and consumer experiences demanded from a market leader.

3. Marketing - During the year a decision was made to double the advertising budget in a major campaign to position our brand in the market and to support our agents in their efforts to gain consumer support for our product. The campaign was extremely successful which is highly evident from our increased revenue figures. The benchmarking of our campaign recorded substantial improvements.

- Views on our portal increased over 35%, with view sessions increasing over 40%
- Mobile usage increased by over 100%
- Social media launched with over 50,000 support on Facebook and strong support through Twitter and LinkedIn
- Equally of importance strong improvement was experienced through all divisions of our business – Residential, Commercial, Rural, Business for Sale and Rentals

The strength of our operating result is replicated in our Statement of Financial position as at 31st March 2015. Realestate.co.nz has a healthy balance sheet reflecting a company with the resources to manage their business both at its current level and for growth in the future.

The working capital position is very positive reflecting current assets are well in excess of current liabilities. Included in working capital is our cash position which is at a level to meet all the company demands and solvency standards.

The shareholder equity in the business supports a healthy reserve to ensure Realestate.co.nz is positioned to meet any market downturn or exceptional event. Realestate.co.nz has repaid all shareholder loans during 2015 and 2016 and now operates independently from shareholder financial support.

EARLY PERFORMANCE YEAR-END 2016

While we have only completed our first 6 months the results to date indicate our positive momentum is continuing. Net operating profits for the 6 months are over \$1 million which is well above last year's comparison and this year's budget. Revenues especially from our premium listing advertising continue to exponentially increase while costs are well controlled.

Our site traffic has seen strong growth with sessions per month over 2.5 million reaching 2.7 million in September. This is converted into over 25million page views a month. These figures continue to reflect Realestate.co.nz is the market leader in the number of properties on their site. The average time of a site visit continues to over 8 minutes which again is a sign of the value our site provides to both agents and customers. This statistic is not in isolation. Saved searches have doubled, email enquiries have increased by 50% and substantial growth in commercial, business and prime business users.

While risk analysis is now permanently entrenched in our corporate governance process, from the trends that are apparent we are confident we have currently no pending risks that could materially impact the business and could dramatically affect our performance to agents and consumers in the current year and would inhibit Realestate.co.nz achieving its 2016 net profit forecast of \$2 million.

2015 has been a successful year for our company. There has been substantial change in all areas, however each while producing their own set of challenges, has been followed by increased company performance. Our success can be attributed to many factors, however the underlying change factor was the support and strength of the agency network, supported by dedicated, qualified and passionate staff driven to succeed and a team of directors actively involved in guiding the process. It was a very successful team effort. Realestate.co.nz is New Zealand's number one property portal and our team and business vision will continue to keep us in this standing.



Fairfax Moresby
Chairman, Realestate.co.nz

REINZ Board



From left to right: Philip Searle, Colleen Milne, CEO, Jim Davis, Dame Rosanne Meo, Chair, Dr Richard Janes, Stephen Titter, Euan Murrell, Wendy Alexander. Absent: Bryan Thompson

The REINZ board is comprised of nine members of which:

- Two are appointed Independents,
- Two are appointed Industry Representatives, and
- Five are elected Regional Directors.

The current board members are:

Independent

Dame Rosanne Meo DNZM,OBE

Auckland-based Dame Rosanne Meo has worked as a company director for over 25 years being amongst the first professional women directors in New Zealand. Her directorships have principally been in New Zealand but also in Australia, and cover both public and private companies, SOEs as well as extensive work in the voluntary sector, particularly in the arts and community support. She is currently Chair of Briscoes Group and AMP NZ Staff Superannuation Schemes; a director of Overland Footwear and James Dunlop Textiles Ltd; and patron of the Auckland Philharmonia.

Dr Richard Janes

Richard Janes is an experienced professional company director with appointments in both the private and public sectors. His current appointments include directorships of Centre Port Limited, Gallagher Group Limited, Callaghan

Innovation and Telarc SAI Limited and he is Deputy Chairman of the Lotteries Commission. He is a member of the Disciplinary Tribunal of the NZ Institute of Chartered Accountants and an Accredited Fellow of the Institute of Directors.

Stephen Titter

Stephen Titter has directorships with NXT Fuels Ltd and Hahei Consulting Ltd. As a Chartered Accountant, his significant previous roles include being Senior Partner and Board member at Ernst & Young, Auckland & Sydney. The professional expertise Stephen brings to this role includes strategic thinking, understanding of financial reporting and risk management, governance, transactions analysis and implementation, business merger integration, business growth and investment, intellectual property, and business structuring and taxation. Stephen is also a highly effective business mentor, Board Member of the American Chamber of Commerce in New Zealand Inc. and President of the Auckland Branch of the Nelson College Old Boys Association Inc.

Appointed Director, Region 1

Bryan Thomson, FREINZ

Bryan Thomson has achieved an impressive track record during almost 20 years in the real estate industry working in positions throughout New Zealand ranging from sales consultant to senior management. An experienced director based in Auckland, Bryan was Chief Executive of Harcourts New Zealand for eight years before being appointed to the role of Head of Real Estate Operations for Harcourts Australasia in April 2010. Bryan now runs his own business consultancy practice, both within and outside of the real estate industry, Thomson & Associates. Bryan oversees the institute's Auctioneers Sector Group.

Regional Directors

Wendy Alexander, FREINZ, Region 1 *(to be formally re-appointed at the Annual General Meeting on 27 November 2015)*

Wendy Alexander has been actively involved in the real estate industry for around 35 years. She commenced her real estate association with Wrightson NMA which became Challenge Realty and later, LJ Hooker. Through real estate, her association with the Fletchers Group of companies spanned more than a decade.

Wendy was also Chief Executive of The Professionals Group joining that company initially as the National Trainer. She eventually also joined Barfoot & Thompson as Training Manager and was subsequently appointed Business Development Manager, then General Manager, and has now held the position of Chief Executive for some years.

Wendy's role at Barfoot & Thompson encompasses a broad range of responsibilities across the operational aspects of 65 branches including three commercial branches. With a staff in excess of 2000, Wendy's energy, enthusiasm and passion for the industry has plenty to keep her occupied.

Wendy has been a staunch supporter of the Institute, acting as CEO for four months during the period of transition following the 2009 Act changes. She is a fellow of REINZ and oversees the Commercial & Industrial Sector Group.

Wendy is also actively involved with the NZ Realtors Group and has a wealth of contacts and friendships across the industry.

Philip Searle, FREINZ, Region 2

Born and bred in Gisborne, Philip Searle has served on the Institute's Waikato/Bay of Plenty/Gisborne District Committee for close to a decade with three years as District President. In 2010, he was elected as Director of Region Two for the Institute and then re-elected in 2012. Philip has extensive experience gained from his involvement with the Institute and community organisations, running an agency, property development and involvement in the horticultural industry. He believes this puts him in a good position to work with other Board members to ensure the Board achieves the objectives and purposes of the Institute. Philip oversees the Business Brokers Sector Groups and serves on the Documents and Property Committees.

Euon Murrell, FREINZ, Region 3 *(to be formally re-appointed at the Annual General Meeting on 27 November 2015)*

Euon Murrell has been involved in Real Estate for over 30 years in various roles - salesperson, sales manager, general manager, and company director. Made a Fellow of the Institute in 2012, Euon was a Wellington District President for eight years under the old regime. In 2009, he was elected as Region 3 Director. He is a Director of Esplanade Realty Limited t/a Tommy's Real Estate; a Justice of the Peace; fourth term Porirua City Councillor; past Deputy Mayor and Board Member of the Porirua Chamber Of Commerce. Euon remains strongly committed to the REINZ Board and its endeavours to ensure that it is very much member-focused delivering services, support and products to assist members in the day-to-day running of their businesses.

Jim Davis, AREINZ, Region 4

Jim's career in Real Estate spans some 27 years, having commenced with Gillman Real Estate as a salesperson initially. Following a number of years as a consultant, Jim moved through a management role, into Business ownership and along with a Business partner, spent 7 years owning and running a two office independent Real Estate Company based in North Canterbury.

In 2002 Jim decided on a change of direction and took on a Franchise role with Harcourts Group, looking after their Franchises in Christchurch and the provincial South Island, and in recent years Harcourts appointed me into a National role as well, looking to grow their rural brand.

After 12 years in these corporate roles Jim resigned from Harcourts group to take up a management roll with one of the Harcourts Franchises based in Christchurch.

Over his career Jim has had first-hand experience of working with and understanding the needs of, both independent and Franchise organisations, as well as the needs of large and small Real Estate operations regardless of their affiliation.

Jim has previously served two terms on the old Canterbury/Westland REINZ committee as well as periods on Regional Disciplinary and mediation committees under the old regime. In more recent times Jim has worked on the rural special interest group that was appointed during the current REINZ tenure.

Gail Hudson, AREINZ, Region 5 *(to be formally appointed at the Annual General Meeting 27 November 2015)*

Gail started her real estate career in Christchurch after a successful career in marketing and sales in Auckland and Dunedin. During her time successfully selling real estate in Christchurch she was involved in residential and lifestyle sales across the South Island.

Through this time she had a strong desire to gain further knowledge and a passion that standards should be raised, Gail began study through Massey University towards gaining Associate status with the Real Estate Institute of New Zealand.

Following a move to Wanaka for family reasons Gail took a management and ownership role in Wanaka- at the same time completing her studies and then graduating with a Diploma in Business Studies in Real Estate in 2012.

In 2013 Gail started a new challenge as General Manager of Bayleys Queenstown. Following on from that move the company has since acquired two local companies and is now known as BayleysLocations.

For a number of years Gail has represented the Queenstown Lakes District as the District Forum Leader for the Real Estate Institute and with 15 years in the industry is now looking forward to representing the Otago area as the Regional Board Member.

TERM OF SERVICE

Independent and Industry Board Members

The board comprises five elected and four appointed members. Two appointed members must be independent, and one of the industry appointments must be from Region One. These four board members are appointed by an Appointments Panel. Appointments are for a two year period commencing from the AGM, typically held in October each year.

In 2014, Dame Rosanne Meo (Independent) and Bryan Thomson (Region One member) were re-appointed for further two year terms.

Regional Directors

Five Regional Directors are elected by members. These positions are similarly for a two year term. To maintain a level of continuity on the board and to ensure we are never in a position where all Regional Directors are new in the same year, the Regional Director positions are rotated as follows:

- Region 1, 3 and 5 are rotated in years ending with an odd number,
- Region 2 and 4 are rotated in years ending with an even number.

Elections for the Region 1, 3, 4 and 5 Directors have completed and any new directors will be declared at the AGM, with their appointment to take effect from the end of the AGM.

Life Members of the Real Estate Institute of New Zealand

We acknowledge the contributions of the following life members

- 1985 Mervyn Edward Neill
- 1991 Trevor Ferguson Johnston
- 1991 Garth Barfoot
- 1995 Peter John Cook
- 1998 Clyth Iain MacLeod
- 2001 Brian James MacPherson
- 2003 Joan Frances Harnett-Kindley
- 2003 Donald Kindley
- 2003 Max Robert Oliver
- 2006 Henry Rex Hadley
- 2006 Graham Keith Snell
- 2007 Roger Ian Stark
- 2007 Graeme Alexander Woodley
- 2009 Murray Stuart Cleland
- 2009 Paul Dudding
- 2009 Howard Louis Arthur Morley
- 2011 Peter McDonald
- 2011 Peter Thompson
- 2011 Mike Elford
- 2011 Stephen Collins
- 2012 Charles Ross Foreman
- 2013 Neville Falconer
- 2013 Colin Richardson



**THE REAL ESTATE INSTITUTE
OF NEW ZEALAND**
(INCORPORATED)



Annual Conference

Held at
WELLINGTON :: OCTOBER, 1934



Summary of Proceedings
At
**Annual and Special Council Meetings
and Report of Annual
General Meeting**





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