



REINZ | REAL ESTATE
INSTITUTE OF
NEW ZEALAND

REAL ESTATE INSTITUTE OF NEW ZEALAND
2016 ANNUAL REPORT



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REINZ Annual General Meeting 2016

NOTICE OF MEETING

Notice is hereby given that the Annual General Meeting of members will be held on Tuesday 29 November 2016. Registrations and Morning Tea will commence from 10:00am. The meeting will begin at 11:00am and close at 12:00pm.

LOCATION

Novotel Hamilton Tainui, 7 Alma Street, Hamilton 3204

ORDER OF BUSINESS

1. Welcome and Meeting Procedure
2. Apologies
3. Obituaries
4. Note minutes of the Annual General Meeting held at the Heritage Hotel, Auckland on 27 November, 2015 (previously circulated and approved by the Board)
5. Approval of Life Members as per Rule 3.3(e)(iv)
6. Receive and consider the report of the Chairman of REINZ
7. Receive and consider the annual accounts and auditor's report
8. Notification of any changes to the Codes of Practice
9. Declaration of appointment or election of Directors and Chairman
10. Presentation of Honours
11. New Building Update
12. General Business

Pre-registrations would be appreciated by Monday 21 November, for the purpose of voting and catering and can be sent to Kimberley Thompson, Events Coordinator - kthompson@reinz.co.nz.

Any queries, concerns, or apologies to be noted, can be sent through to kthompson@reinz.co.nz.

If you have any items of General Business, these can be submitted to Amber Smith, Executive Assistant - asmith@reinz.co.nz by Tuesday, 1 November 2016.

Members will be notified by email as soon as the 2016 Annual Report is ready to view on the REINZ website; this will be available 14 - 21 days prior to the meeting.

VOTING RIGHTS

Rule 3.5 of the Rules of the Real Estate Institute of New Zealand Incorporated prescribe the voting rights of Members. Per that Rule, Agency Members and Property Management Agency Members have two votes each, to be exercised by the named officer of the company. Associate, Fellow and Life Members have one vote each. Salespeople named under an Agency Member have one vote each, exercisable in accordance with Rule 3.5 (c). The Life Member voting process shall be in accordance with Rule 12.2.

CHAIRMAN AND DIRECTORS

Terms closing for 2016 are:

Appointed Directors - Dame Rosanne Meo, Independent and Bryan Thomson, Appointed Region One; Elected Directors - Philip Searle, Region Two and Jim Davis, Region Four.

Additionally, Euon Murrell, the Elected Region Three Director, has noted his resignation and will be finishing his term at the conclusion of the 2016 AGM.



**Please note:
For the purpose of
Life Membership voting,
pre-registrations are
appreciated by
Monday 21 November**





Chairman's Report

On behalf of the REINZ Board, I am pleased to present the REINZ Annual Report for the year ending June 2016. It has been another very active year for real estate and for the Institute, both in terms of driving our investment in services, technology and products and with extensive activity around the country which has allowed the REINZ team to engage with you, bringing more detailed regional data.

REINZ's key objective is to raise professionalism, provide support and services to members that will keep pace with change across all facets of real estate in New Zealand today. Fundamental to this is our ability to offer current information to our members and the general public in the form of having relevant and reliable data. We also offer the most effective advocacy and advisory services for all our members supporting them in their day-to-day work.

We are fully aware that whilst we work to achieve our goals and objectives, we must at all times, continue to remain closely in touch with and supportive of our members. It is also imperative that we fairly represent the real estate profession and demonstrate to the wider community its contribution to New Zealand and to the economy.

We continue to see the strengthening of the nation's economy and the benefits of low interest rates, political stability, strengthening manufacturing, and unprecedented migration. Challenges in the global dairy market have eased and the early signs of recovery are pleasing to see. The shortage of housing stock particularly in Auckland, has led to more regulatory measures, such as the bright-line test and anti-money laundering legislation, which is being put in place to bring more rigour around investment into the New Zealand market place. We watched with great anticipation on how the bright-line test would impact the market, but to date, our data shows only a slight adjustment as those affected worked through the new rules. It is however, early days. Following this, the upward trend continued with investors and first home buyers canvassing the country for suitable property, increasing demand and prices in the regions.

The presence of P and its extensive use and penetration into homes and rental properties is currently a huge issue throughout New Zealand. In early 2016, REINZ coordinated a Methamphetamine Working Group made up of industry leaders within the real estate and property management sectors, along with representatives from Auckland Council and the Real Estate Agents Authority. This led to REINZ being appointed to the National Standards Committee and involved in setting

national standards for methamphetamine testing and decontamination – the first draft of which, is due for release in November. Ensuring that representation of real estate on such working groups at central Government and at a local government level is critical.

Last year, as part of our drive to promote professional standards, we focused on resolving some of the inconsistencies in the industry with regards to advertising. This led us into discussions with some influential parties in the advertising arena, after which, we have been able to produce an Advertising Best Practice Guide which is to be made available to all our members. The purpose of this document is to assist our members with an easy to follow guide in order to mitigate any legal action under the Fair Trading Act. We recognise this as being too lengthy a process, but it is a complex task and it has been important to get it to the highest standard.

Another of our core goals for 2015/16 was to put continued investment into technological advancements. Off the back of this, in 2016 we have successfully implemented a new eForms system and have commenced development of a new statistics portal. Other advancements include improvements to our monthly press release and an improved method of data reporting is also nearing completion. On the education front we provided a new method of completing verifiable training in the form of a video presentation which bridges the gap between webinars and seminar presentations.

As part of improving our data offering, early this year we commenced a project with the Reserve Bank of New Zealand (RBNZ) to improve the REINZ House Price Index (HPI). REINZ, in conjunction with the Reserve Bank spent many months working on the creation of this exciting new tool. Both REINZ and the RBNZ are confident that the new HPI is far superior to any other measure currently available. REINZ data has been tested against several international models and the best solution has been selected and implemented. The key benefits of the new HPI is it can be disaggregated to a lower level for our members, is more accurate, faster to market and has the RBNZ analysis to verify its accuracy. We anticipate a launch of the new HPI in the new year and look forward to providing such a superior tool for our members, one that will underpin the professionalism of our industry.

In March this year, we took possession of the keys to our new building in Khyber Pass, Auckland. The building is currently undergoing an extensive renovation and we are excited to be getting closer to our move set down for March/April 2017.

The REINZ Board has seen a couple of changes this year. Gail Hudson took position as regional director of Region 5 early this year and Euon Murrell who has served on the REINZ Board for seven years, and almost four terms, announced recently he will be resigning. Euon will finish his term as Regional Director at the conclusion of the AGM on 29 November 2016. On behalf of the REINZ Board I wish to thank Euon for his time and dedication to his role with REINZ and extend our best wishes for his future endeavours.

With such a lot achieved over the past 12 months I would also like to express my personal appreciation to my fellow board members for their dedicated work and contributions to the organisation. With each having a busy agenda they never falter with their commitment to their roles remaining steadfast to the REINZ brand and the values that underpin it. Their hard work and support has helped us achieve many of our goals this year, and they are highly appreciated on a personal and professional level.

Over the next month we will be welcoming to the team, our new CEO Bindi Norwell.

She brings a wealth of business experience and an energy and leadership style that we as a team are looking forward to immensely.

Pending her appointment however, I want to, on behalf of the Board, thank the REINZ team for their fantastic commitment and contribution to our organisation over the last few months. Working more closely with them has given us an additional perspective on their loyalty and professionalism, and most critically their commitment to the Real Estate Institute. Thank you all most sincerely.

To our members, thank you for your continued support. It has been a pleasure to be involved in your regions over the past 12 months and meeting some new faces along the way. We appreciate your feedback to improve our events and member meetings which are all in place to help you and your business. Your engagement at REINZ events does not go unnoticed. We look forward to seeing you all again over the coming year.



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

REINZ divisional review

Key elements of networking and events services, advocacy, support and advisory services, market intelligence, and professional development are at the forefront of the REINZ strategy. REINZ is committed to reviewing all products and ensuring updates and new developments are researched in order to provide members with current tools to further REINZ business opportunities, where appropriate.

The REINZ team is pleased to present you with a divisional update which is an overview of the divisions of REINZ.

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 – the most up-to-date property information tool in NZ.

What sets PropertySmarts apart from other products in the market is the property data it sources. PropertySmarts includes unconditional sales data, the latest property data in the industry – giving real estate professionals the edge. Plus, it also sources data from realestate.co.nz (including access to property photos), LINZ and local councils.

At the time of writing, more than 6000 real estate professionals around the country now have access to PropertySmarts (>40% of REINZ membership).

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

In addition, PropertySmarts users can sort their selected comparable properties within their CMA, by sold date, CV or distance, making it easy for agents to present their CMA to their client. And PropertySmarts is now mobile compatible (Apple or Android devices).

If you haven't already, take advantage of a two-week free trial to see if PropertySmarts is right for your office(s).

MEMBER BENEFITS/SPONSORSHIPS

With over 14,000 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 2016 and into early 2017.

INFORMATION TECHNOLOGY AND STATISTICS

During the past year the REINZ technology team has worked tirelessly on improving the quality of REINZ data so it can be provided to members in more innovative ways. This has been seen through the development of a new national Housing Price Index (HPI) with the Reserve Bank and building a data lake to feed a soon-to-be released,

new statistics platform. Over the coming months, we look forward to releasing the first of our new data products which will provide enhanced and more intelligent statistic solutions for our members. This will include an overhaul to rural data, and a new commercial and industrial product.

We have also seen the take up of data through group internal systems, with integrations now being completed directly with several of the larger brands.

In June, we released a beta version of the new eForms system which has been a work in progress for most of the year. A prototype was released for member review, and more than 50 changes were made based on real user feedback. This new portal contains many of the requested enhancements made of the old system. The primary improvements were seen in the custom clauses and the ability to transfer forms between form types. By the end of 2016, all forms will be in the new platform, and we will have replaced the old system in full. As a major change for all the groups, with all forms implemented in the e-Form platform, REINZ is also providing integration with third parties. So now, more than just sale and purchase agreements are available outside our core website.

In connection with all other software we provide as part of your membership, REINZ continues to make recommended enhancements to all our other websites. We are pleased that the new membership portal is being utilised by so many agencies, where managers and principals now control all aspects of their staff and look forward to continually refine the services.

COMMUNICATIONS/PR AND MARKETING

REINZ has built a good relationship with many media outlets. We are recognised for the quality of our data with many interested in the HPI and seasonally adjusted data. The goal of REINZ is to be viewed by the media as a professional organisation with a high level of knowledge of the property industry which is reflective of the knowledge of our members and the data held by REINZ. Professionalism is at the forefront of the current REINZ strategy.

Media Relations

The REINZ monthly press release is well received by media and members every month. With many businesses reporting on real estate data it is pleasing to know that many media wait with great anticipation for the REINZ data to be released, having placed a high value on what REINZ provide. Understanding what the media is after has been a key focus over the past 12 months and we have re-worked the REINZ press release to reflect this. In addition, we have placed more emphasis on the timing of the release to meet radio requirements and to acquire early bookings for time with our spokesperson. These changes have worked

well and the media pick up has increased along with TV coverage from our spokesperson.

Other media requests come through during the month which often relate to data query and topical real estate queries or overseas media seeking information about the New Zealand market.

Real Estate Magazine

This publication has been taken to another level over the past 12 months. With a new design and more articles, the magazine has gone from strength to strength. It is well supported by members who have reported finding the magazine to be a very informative publication with articles that provide something for everyone.

EVENTS AND AWARDS

REINZ constantly strives to provide valuable events tailored to meet the needs of our members all around the country.

During the past year member meetings have been held in 17 locations and the number of attendees has risen, particularly in the regions. At each meeting Dame Rosanne Meo, chair of REINZ; a regional director and senior managers present on REINZ activity and trends in each local market. The availability of local data presented at the member meetings has proven to be successful with many members appreciative of the work put in by the REINZ team in gathering the data set. In addition, the presentations enable members to ask questions and easily understand the data from the presentations provided.

The Auckland Superstars Breakfast featured a handpicked panel of six 'Superstars' nominated by industry leaders. The theme for the breakfast was 'Champions by Design' and the knowledge shared by each of the special guests was well received by those in attendance.

This year also saw REINZ introduce the REINZ Women's Breakfast which was also very successful and the event was completely sold out.

The National Auctioneering Championships held in June 2016 sets a high benchmark for excellence in auctioneering practice. This was well demonstrated by our national winner Andrew North and runner up Daniel Coulson who went on to compete in the Australasian Auctioneering Championships in Alice Springs (hosted by REINT) where they both made the finals.

We are particularly delighted with the growing success of the REINZ Awards of Excellence, which is designed to recognise excellence in the real estate industry. The categories recognise individual and company excellence, as well as encompass our specialists in the fields of residential, rural, commercial and industrial sales, business broking and residential property management.

Another main event on the calendar this year was the 2016 REINZ Conference, which was held in Wellington in August. The event took place over two days and covered three sectors: residential property management, commercial and industrial, and business brokers.

REINZ Plugged-In networking events were staged in six areas throughout the country this year, along with a

number of smaller Sector Group networking meetings. All these events feature speakers and the opportunity for our members to network with their colleagues and the wider real estate industry.

PROFESSIONAL DEVELOPMENT

We recognise the need for REINZ to be the preferred education provider of choice for all of our members. In 2016 we introduced new, innovative education material in the form of interactive online videos for our verifiable education. These videos will supersede the webinars of the past.

We will continue to source and deliver new education material for non-verifiable hours and we will continue to provide a suite of educational choices.

Attendance at REINZ education events saw a marked increase from 2015 and we look forward to continued growth in 2017.

MEMBER ENGAGEMENT

We have strived to see as many of our members as possible over the past 12 months with member meetings taking place in 17 areas.

It became clear right from the first member meetings held in Auckland, that the data presented was a valuable part of our presentation, and so, over time we have tailored content to suit each region. Our members have stated how informative the presentations are and sought out the slides afterwards.

Our goal, written up in the last annual report, was 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. The REINZ team has put in great effort to achieve this and we hope to continue with this moving forward.

MEMBERSHIP ADVISORY SERVICE

This area of REINZ continues to grow and provide significant value to our members. The on-the-spot availability of our advisory team via email and phone has seen a significant increase in the volume of users. The implementation of an online ticketing programme called Zendesk in February has allowed REINZ to track and evaluate common member enquiries, which assists REINZ to provide targeted, relevant best practice guides and advice for members. Additionally, our new 'In the Know' online advisory newsletter provides up-to-date information and case summaries to help our members stay up-to-date with legal matters.

Sale and Purchase Agreements

In conjunction with REINZ's joint copyright holder, the Auckland District Law Society Incorporated (ADLSI), the updated Agreement for Sale and Purchase - Ninth Edition, Version 5 was released in July 2016. Corresponding updates to the auction and tender documents followed later in 2016. The suite of agreements available via the REINZ e-Form platform are regularly reviewed to ensure

they align with legislative changes, such as the Residential Land Withholding Tax requirements which came into force in July. REINZ is also working with ADLSI on revisions to the Agreement for Sale and Purchase of Business, as well as a new agreement for the sale and purchase of off-the-plans residential property.

Methamphetamine contamination issues

In early 2016, REINZ coordinated a Methamphetamine Working Group made up of industry leaders within the real estate and property management sectors, along with representatives from Auckland Council and the Real Estate Agents Authority. The purpose of the group was to discuss and coordinate a consistent approach on how the industry can maintain best practice on this controversial issue. Following the first meeting of the group, REINZ was appointed to the National Standards Committee charged with drafting a national standard for methamphetamine testing and decontamination. The draft is due for release for public consultation in November, with the final approved standard set to be released in early 2017. Once finalised, the standard will help inform the real estate sector on how to approach properties where contamination is suspected or known.

Health and safety

To assist members to comply with the Health and Safety at Work Act 2015 that came into effect in April 2016, REINZ released a Health and Safety Guide. The guide is available to members on the REINZ website in Word format, to enable members to tailor it to suit their specific needs or policies. REINZ will continue to liaise with Worksafe NZ and provide guidance to members on health and safety matters.

ADVOCACY

REINZ continues to be heavily involved in advocating for the interests of the real estate industry. A selection of the advocacy work undertaken by REINZ in 2016 is outlined below and copies of all formal submissions are available on the REINZ website.

Unit Titles Working Group

REINZ was a member of the Unit Titles Working Group convened by the Hon Nikki Kaye to address changes required to the Unit Titles Act 2010. REINZ contributed to the paper released by the Working Group in May 2016 and advocated for the regulation of body corporate managers, including a requirement for significantly greater disclosure of information by bodies corporate. The release of the paper led to Building and Housing Minister, Dr Nick Smith, implementing a review of the Unit Titles Act 2010.

Anti-money laundering

REINZ made submissions to the Ministry of Justice's consultation paper on the introduction of anti-money laundering compliance measures to the real estate industry. REINZ emphasised that where there are other specialists who are better placed to undertake due diligence on the parties involved in a property transaction, such as banks and lawyers, then these parties ought to shoulder the burden of anti-money laundering compliance.

CATES Bill

REINZ met with Hon Amy Adams (Minister of Justice) earlier this year to discuss the Courts and Tribunals Enhanced Services (CATES) Bill, which is currently being drafted. REINZ lobbied against a proposal to allow the Complaints Assessment Committee (CAC) to award monetary compensation of up to \$100,000 against real estate agents. There will be a further opportunity to submit on this issue as the Bill progresses through parliament and REINZ will continue to advocate against an increase in the CAC's jurisdiction.

Property Management

REINZ continues to advocate to Government Ministers for the regulation of residential property managers. In particular, REINZ met with Hon Simon Bridges (Associate Minister of Justice) in June to discuss the need for regulation of this industry, which has been followed up with correspondence to both the Minister directly and the Ministry of Justice.

New Zealand Institute of Forestry (NZIF)

Following notification from the Ministry of Justice that the NZIF had sought an exemption from the requirement to be licensed under the Real Estate Agents Act 2008 to perform real estate agency work, REINZ submitted a proposal in July 2016 to oppose this. REINZ continues to advocate strongly against any exemptions from licensing being granted.

Upcoming projects FY 2016-17

Advisory work to assist with the implementation of any anti-money laundering compliance imposed on the real estate industry is expected to be a large project for 2017.

REINZ is also enhancing its dispute resolutions service, to assist agencies to resolve disputes cost effectively and confidentially.

Work around Unit Titles Act reforms will also feature heavily next year, with REINZ interested in the development of a bespoke unit title/apartment sale and purchase agreement.

Advocacy and advisory work around methamphetamine contamination and the regulation of property managers is also ongoing.

PROFESSIONAL DEVELOPMENT AND INTEGRITY FUND

The PDIF is being 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 Partners.

Member enquiries are referred to various brochures about the guiding objectives of the fund, and how to make applications for grants from the fund. The fund is conservatively managed and has reached the targeted return level anticipated by the board.

THE 2016 FINANCE PERFORMANCE SUMMARY

The 2016 financial year continues the trend of another successful year allowing REINZ to further contribute to

reserves. We settled on the purchase of the 155 Khyber Pass Road property and entered into a contract for the redevelopment of the building.

Detailed short summary below:

	Institute 2016	Institute 2015
Operating Revenue	\$5,102,609	\$4,317,418
Interest Revenue	\$210,917	\$333,351
Net Income From PDIF	\$123,145	\$311,441
TOTAL REVENUE	\$5,436,671	\$4,962,210
Trading Surplus/ Operating Surplus	\$228,328	\$557,285

Net surplus for the year

REINZ continues 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 build reporting tools will assist the industry in enhancing the professional relationships its members have with their customers, and in improving business performance.

Revenue from membership fees continues to be the mainstay of REINZ income. A very successful membership renewal drive resulting in 103% renewal rates together with standardised changes to the subscription base contributed strongly to the revenue line above last year. Wherever possible the board will 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.

Costs have also increased in order to further develop strategies commenced in previous periods. Staff costs have increased, following the increase in the size of the REINZ team as we grow the resources to face continued and increasing demands from members through the introduction of PropertySmarts, technical support, training and events. This is further supported by investments in staff training and other personnel costs.

Advisory services staffing has also increased to facilitate developing in-house capability providing advice to members, reducing the Institute's reliance on external legal providers.

The board, with support from the auditors, is embracing the new financial reporting standards together with any reporting requirements arising from the review of the Incorporated Societies Act, and these will be fully adopted in the next published financial statements.

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 offerings. These continue to be well received, and are recording continued growth thanks to industry support.

Realestate.co.nz Ltd

Our associated company, Realestate.co.nz Ltd, continues to perform well under strategies put in place 24 months

ago and evolving again as its board and management team look to the opportunities and challenges over the horizon. It is pleasing to note its equity accounted profit has contributed strongly to the results of the Institute.

REINZ Ventures Ltd

Our joint venture company, REINZ Ventures Ltd, which owns the PropertySmarts business, produced a profit for the year for the first time after initial start-up losses. RVL has begun to repay shareholder loans, with full loan repayments expected during the 2017 year.

New premises

In March 2016, REINZ settled on the purchase of 155 Khyber Pass Road property, and construction work has now commenced on the development, which is due to be completed by March 2017.

The Real Estate Institute of New Zealand Incorporated

Financial Statements

For the year ended 30 June 2016

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the special purpose financial statements of The Real Estate Institute of New Zealand Incorporated on pages 15 to 24, which comprise the consolidated group and institute statements of financial position as at 30 June 2016, and the group and institute statements of financial performance and statement of movements in equity for the year then ended, and a summary of significant accounting policies and other explanatory information. The financial statements have been prepared by the directors in accordance with the policies adopted by the board and outlined in the financial statements.

Directors' Responsibility for the Financial Statements

The directors are responsible for the preparation and fair presentation of these financial statements in accordance with the accounting policies set out on note 1, 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. The directors are responsible for determining that the accounting policies are appropriate in the circumstance for which these financial statements are prepared.

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 of financial statements that present fairly the matters to which they relate in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates, as well as evaluating the 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.

Opinion

In our opinion, the consolidated and Institutes financial statements of The Real Estate Institute of New Zealand Incorporated for the year ended 30 June 2016 on pages 15 to 24 are prepared, in all material respects, in accordance with the stated accounting policies adopted by the board.

Basis of Accounting

Without modifying our opinion, we draw attention to Note 1 to the financial statements, which describes the basis of accounting. The financial statements are prepared in accordance with the accounting policies adopted by the board and disclosed in the financial statements, and are intended for use by the members of the institute. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the members of the institute and The Real Estate Institute of New Zealand Incorporated and should not be distributed to other parties.

RSM Hayes Audit
12 October 2016
Auckland

The Real Estate Institute of New Zealand Incorporated

Institute Directory

As at 30 June 2016

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 Mr Euon Murrell Ms Gail Hudson Mr Stephen Titter Mr Philip Searle Ms Wendy Alexander Mr Bryan Thomson
Auditor	RSM Hayes Audit
Bankers	Bank of New Zealand Newmarket AUCKLAND

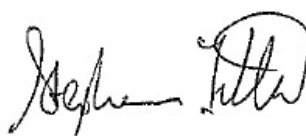
The Real Estate Institute of New Zealand Incorporated

Statement of Financial Position

As at 30 June 2016

	Note	Group 30 June 2016 \$	Group 30 June 2015 \$	Institute 30 June 2016 \$	Institute 30 June 2015 \$
CURRENT ASSETS					
Cash at Bank	8	3,353,719	7,454,048	3,353,719	7,454,048
Accounts Receivable		78,504	98,985	78,504	98,985
Advances to Related Parties	6	134,950	128,521	134,950	128,521
Inventories		6,061	5,477	6,061	5,477
Tax Refund Due		6,756	8,036	6,756	8,036
Prepayments		162,588	134,145	162,588	134,145
Goods and Services Tax		47,304	21,859	47,304	21,859
Total Current Assets		\$3,789,882	\$7,851,071	\$3,789,882	\$7,851,071
NON-CURRENT ASSETS					
Investments & Advances	6	1,665,513	949,858	1,000	1,000
Investments (PDIF)	15	2,492,627	2,525,999	2,492,627	2,525,999
Property, plant and equipment	4	5,442,658	5,153,451	5,442,658	5,153,451
Total Non-Current Assets		\$9,600,798	\$8,629,308	\$7,936,285	\$7,680,450
TOTAL ASSETS		\$13,390,680	\$16,480,379	\$11,726,167	\$15,531,521
CURRENT LIABILITIES					
Accounts Payable and Other Liabilities		526,109	4,616,628	526,109	4,616,628
Income Received in Advance		129,417	68,873	129,417	68,873
Provision for Holiday Pay		79,353	83,060	79,353	83,060
Total Current Liabilities		734,879	4,768,561	734,879	4,768,561
Accumulated Funds		12,655,801	11,711,818	10,991,288	10,762,960
Total Funds and Liabilities		\$13,390,680	\$16,480,379	\$11,726,167	\$15,531,521

On behalf of the Board who authorised these financial statements on 10 October, 2016


Chairperson
Dame Rosanne Meo

Director
Stephen Titter

The notes on pages 17 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 2016

	Note	Group 30 June 2016 \$	Group 30 June 2015 \$	Institute 30 June 2016 \$	Institute 30 June 2015 \$
Operating Revenue	2	5,102,609	4,317,418	5,102,609	4,317,418
Deposit Interest Revenue		210,917	333,351	210,917	333,351
Net PDIF Income	15	123,145	311,441	123,145	311,441
Total Revenue		5,436,671	4,962,210	5,436,671	4,962,210
Direct Costs		1,007,401	732,583	1,007,401	732,583
Indirect Costs		4,009,752	3,372,566	3,906,619	3,446,203
Depreciation		294,323	226,139	294,323	226,139
Operating Surplus	3	125,195	630,922	228,328	557,285
Plus Equity Accounting – Share of Surplus		818,788	172,931	-	-
Surplus before Income Tax and Extraordinary Items		943,983	803,853	228,328	557,285
Income tax (credit) / expense	7	-	-	-	-
Net Surplus for the year		\$943,983	\$803,853	\$228,328	\$557,285

The Real Estate Institute of New Zealand Incorporated

Statement of Movements in Equity

For the year ended 30 June 2016

	Group 30 June 2016 \$	Group 30 June 2015 \$	Institute 30 June 2016 \$	Institute 30 June 2015 \$
Accum Funds at the beginning of the year	\$11,711,818	\$10,907,965	\$10,762,960	\$10,205,675
Plus				
Net Surplus after tax	\$943,983	\$803,853	\$228,328	\$557,285
Accumulated Funds at the End of the Year	\$12,655,801	\$11,711,818	\$10,991,288	\$10,762,960

The notes on pages 17 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 2016

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, 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

REINZ has a 33.3% share in REINZ Ventures Ltd and its non-trading subsidiary Property Smarts NZ Ltd.

These financial statements are special purpose financial statements prepared in accordance with the following policies the directors consider appropriate. The special purpose financial statements are prepared solely for the purpose of providing financial information about the Institute to the members.

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.

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 2016.

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, 2016. REINZ Ventures Ltd and its subsidiary have a balance date of 30 June, 2016.
- 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. Any income or expense received or paid in advance is deferred as an asset or liability.

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:

The Real Estate Institute of New Zealand Incorporated

Notes to the Financial Statements continued

For the year ended 30 June 2016

- 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 2016

2. Revenue

	Group 30 June 2016 \$	Group 30 June 2015 \$	Institute 30 June 2016 \$	Institute 30 June 2015 \$
Membership Fees	3,405,743	2,947,781	3,405,743	2,947,781
Services provided to Members	999,703	907,322	999,703	907,322
Statistics Revenue	331,995	315,116	331,995	315,116
Other Revenue	365,168	147,199	365,168	147,199
Total Operating Revenue	\$5,102,609	\$4,317,418	\$5,102,609	\$4,317,418

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

	Group 30 June 2016 \$	Group 30 June 2015 \$	Institute 30 June 2016 \$	Institute 30 June 2015 \$
Audit Fees – RSM Hayes Audit	28,543	23,000	28,543	23,000
Depreciation – Leasehold Alterations	11,923	12,784	11,923	12,784
Depreciation – Computers	69,146	67,021	69,146	67,021
Depreciation – Furniture	11,829	10,423	11,829	10,423
Depreciation – Office Equipment	3,334	1,453	3,334	1,453
Depreciation – Software	198,091	134,459	198,091	134,459
Bad Debts/ (Recovered)	(30,896)	11,655	-	(19,241)
Directors Fees	403,624	350,139	403,624	350,139
Rent and Rates	221,717	229,196	221,717	229,196
Provision for/ (Recovery of) Related Party Debt		-	(134,531)	134,531

The Real Estate Institute of New Zealand Incorporated

Notes to the Financial Statements continued

For the year ended 30 June 2016

4. Property, Plant and Equipment

Group	Cost 2016 \$	Accumulated Depreciation 2016	Book Value 2016
Land and Building	4,400,000	-	4,400,000
Furniture, fittings & Alterations	123,057	(32,103)	90,953
Office Plant	8,749	(4,787)	3,962
Leasehold Alterations	36,131	(23,592)	12,539
Computer hardware	238,361	(193,922)	44,439
Computer software	941,910	(671,038)	270,872
Capital Work in Progress	619,892	-	619,892
	\$6,368,099	(\$925,441)	\$5,442,658

Group	2015	2015	2015
Land and Building	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	Cost 2016 \$	Accumulated Depreciation 2016	Book Value 2016
Land and Building	4,400,000	-	4,400,000
Furniture, fittings & Alterations	123,057	(32,103)	90,953
Office Plant	8,749	(4,787)	3,962
Leasehold Alterations	36,131	(23,592)	12,539
Computer hardware	238,361	(193,922)	44,439
Computer software	941,910	(671,038)	270,872
Capital Work in Progress	619,892	-	619,892
	\$6,368,099	(\$925,441)	\$5,442,658

Institute	2015	2015	2015
Land and Building	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

The Real Estate Institute of New Zealand Incorporated

Notes to the Financial Statements continued

For the year ended 30 June 2016

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. (L Nidd retired during the year ended 30 June, 2016 and was replaced by G Hudson.)

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

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

Name	Institute 2016	Institute 2015
Meo, Dame R (Chair)	\$106,592	\$70,408
Alexander, W	\$35,350	\$35,204
Davis, J	\$35,350	\$20,621
Hudson, G	\$20,621	-
Janes, Dr R	\$35,350	\$35,204
McPherson, T (Retired)	-	\$12,682
Murrell, E	\$35,350	\$35,204
Nidd, L (Retired)	\$5,892	\$35,204
Searle, P	\$35,350	\$35,204
Thomson, B	\$35,350	\$35,204
Titter, S	\$58,296	\$35,204
TOTAL	\$403,501	\$350,139

Mr B Thomson, and Mr S Titter are directors of Realestate.co.nz Limited. Mr S Titter has also received a fee for being the Institute's representative on the Board of Realestate.co.nz Ltd directly from that Company.

During the year additional fees were paid to Dame Rosanne Meo (\$30,000) and Mr Stephen Titter (\$20,000) for work undertaken on behalf of the Board.

During the year the Institute charged Realestate.co.nz Limited \$8,333 (2015: \$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 was repaid in the 2016 financial year.

The Real Estate Institute of New Zealand Incorporated

Notes to the Financial Statements continued

For the year ended 30 June 2016

6. Investments & Advances

	Group 2016 \$	Group 2015 \$	Institute 2016 \$	Institute 2016 \$
REINZ Ventures Ltd				
Loan	134,950	134,950	134,950	134,950
Provision for Impairment	-	(31,315)	-	(134,950)
Net Equity Interest	(85,622)	(103,635)	-	-
Member Services				
Shares	-	-	1,000	1,000
Realestate.co.nz Ltd				
Shares	500	500	-	-
Loan	-	128,521	-	128,521
Net Equity Interest	1,706,839	905,562	-	-
PT Investments Ltd				
Shares	43,796	43,796	-	-
	1,800,463	1,078,379	135,950	129,521
Current	134,950	128,521	134,950	128,521
Non-Current	1,665,513	949,858	1,000	1,000
	1,800,463	1,078,379	135,950	129,521

REINZ Ventures Limited is a 33.3% owned subsidiary of the Institute. This is equity accounted for as at its balance date of 30 June. 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 its balance date of 31 March.

The Real Estate Institute of New Zealand Incorporated

Notes to the Financial Statements continued

For the year ended 30 June 2016

7. Taxation

	Group 2016 \$	Group 2015 \$	Institute 2016 \$	Institute 2015 \$
Surplus before tax	\$943,983	\$803,853	\$228,328	\$557,285
Taxable Profit	(\$67,049)	\$70,783	(\$67,049)	\$70,783
Taxation charge (28%)	-	\$19,819	-	\$19,819
Tax losses utilised	-	(\$19,819)	-	(\$19,819)
Tax expense	\$ -	\$ -	\$ -	\$ -

There are estimated group tax losses of \$5,804,673 approximately (2015: \$5,737,624) 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.

	Group 30 June 2016 \$	Group 30 June 2015 \$	Institute 30 June 2016 \$	Institute 30 June 2015 \$
Cash at Bank	50,878	72,916	50,878	72,916
Term Deposits	3,266,702	609,581	3,266,702	609,581
District Funds	36,139	277,905	36,139	277,905
Building Funds	-	6,493,646	-	6,493,646
Total Cash at Bank	\$3,353,719	\$7,454,048	\$3,353,719	\$7,454,048

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

At balance date there were no contingent liabilities and assets (2015: \$Nil)

11. Capital Commitments

The Institute is in the process of completing the refurbishment and outfit of premises on Khyber Pass Road, Newmarket with projected commitments at balance date for refurbishment and fit-out totalling \$4.0m (2015: Nil). Expected date of completion is 31 March 2017.

12. Guarantees

The Institute has provided guarantees to third parties to a total value of \$50,000 (2015: \$50,000). This is for a payroll letter of credit issued by BNZ to secure staff salaries.

The Real Estate Institute of New Zealand Incorporated

Notes to the Financial Statements continued

For the year ended 30 June 2016

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	2016	2015
Current	\$160,595	\$160,595

14. Events Subsequent to Balance Date

A fully imputed dividend of \$500,000 was received on 29 July 2016 from its 50% share in Realestate.co.nz.

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 2016 \$	Group 2015 \$	Institute 2016 \$	Institute 2015 \$
Investments (Opening)	2,525,999	2,295,839	2,525,999	2,295,839
Plus Gains, Dividends and Interest	157,260	338,439	157,260	338,439
Less Costs and Tax				
Management Costs Paid	(14,996)	(14,440)	(14,996)	(14,440)
Tax Payments	(19,119)	(12,558)	(19,119)	(12,558)
Net PDIF Income	123,145	311,441	123,145	311,441
Less Funds Used Improving the Benefit Of Services to Members	(156,517)	(81,281)	(156,517)	(81,281)
Net Value of the Fund	\$2,492,627	\$2,525,999	\$2,492,627	\$2,525,999

Investments in the fund are as at 30 June, 2016 held in the following categories:

EQUITY	2016 Allocation	2015 Allocation
NZ Cash	4%	17%
NZ Fixed Interest	22%	14%
NZ/Aust Property	10%	9%
NZ/Aust Equities	43%	22%
International Equities	21%	38%
TOTAL	100.00%	100.00%

The Real Estate Institute of New Zealand Incorporated

Supplementary Information - Unaudited

For the year ended 30 June 2016

Administration and External Relations - Expenses

	Institute 2016 \$	Institute 2015 \$
General Administration		
Accident Compensation Levy	4,634	8,620
Accounting (including Contractor Support)	47,416	26,376
Administration Costs – PDIF	6,180	12,360
Annual General Meeting and Election Costs	5,521	5,488
Audit	28,543	23,000
Bad Debt (Recovered)	-	(19,241)
Provision for/(Recovery of) related party debt	(134,531)	134,531
Board Fees	403,624	350,139
Board Meeting Costs (Incl Travel)	60,964	39,016
Cleaning	9,738	9,920
Computer charges	244,332	199,698
Electricity	16,691	16,455
General Expenses	100,389	68,327
Government, Public Relations, Strategy and Promotional	69,256	23,518
Insurance	37,054	25,554
Legal Expenses (including Forms Costs)	381,542	228,254
Postage	12,421	10,057
Printing and stationery	47,738	40,450
Relocation Costs	-	1,396
Rent and Rates	221,717	229,196
Repairs and Maintenance	8,845	7,162
Salaries, Staff Costs and Benefits	2,059,381	1,779,862
Staff Training, recruitment and administration	164,374	136,167
Telephones	28,473	31,320
Travel	82,317	58,578
	\$3,906,619	\$3,446,203

The Real Estate Institute of New Zealand Incorporated

Statement of Movements in Cash Flows

(Institute Only)

For the year ended 30 June 2016

	Institute 30 June 2016 \$	Institute 30 June 2015 \$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	5,183,634	4,051,429
Payments to suppliers, employees and others	(4,938,851)	(4,264,402)
Interest & dividends received	334,062	644,792
Income tax (paid)/received	1,280	(4,496)
GST (paid)/received	(25,445)	(28,088)
NET CASH FLOWS FROM OPERATING ACTIVITIES	\$554,680	\$399,235
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of property, plant & equipment	(4,783,530)	(655,642)
Loans repayments received from related parties	128,521	(169,814)
NET CASH FLOWS FROM INVESTING ACTIVITIES	(\$4,655,009)	(\$825,456)
NET INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	(\$4,100,329)	(\$426,221)
Cash & cash equivalents at the beginning of the year	7,454,048	7,880,269
CASH & CASH EQUIVALENTS AT THE END OF THE YEAR	\$3,353,719	\$7,454,048



Real Estate

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SUPERMODEL SECRETS
Kylie Bax talks professional attire

CREATING COMMUNITIES
Changing landscape of Auckland's Glen Innes

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Realestate.co.nz Chairman's Report

The 2016 financial year was another pivotal year in the realestate.co.nz evolution. It was a year in which we can confidently confirm realestate.co.nz has established itself as a leader in the New Zealand online property listing market.

Through proven performance our Company is now accepted and recognised as the official listing website of the New Zealand real estate industry. Our online real estate listings represent more than 97% of all residential, commercial and rural properties currently marketed by real estate professionals. Realestate.co.nz still maintains its strong stance in only supporting licensed real estates agents.

Our continually improved operational performance together with strong innovation has resulted in our site being the "site of choice" for the serious buyers and sellers of property whether residential, commercial or rural. Our site has over 25 million views per month and this growth is continuing.

The 2016 financial year was a strong year for the property market and this external strength was certainly a contributing factor in our significant growth and profit achievement. However this would not have been realised without the evolution of improvements in every sector of our business. While our business model didn't change, our delivery of our core functions supporting our value proposition were greatly enhanced.

There were a number of significant highlights:

BRAND MARKETING

2016 saw the launch and implementation of a robust marketing and communications strategy, focused on deeper engagement with users and agents. Our approach emphasised digital, with the objective of capturing serious buyers to deliver qualified and better leads for our agents. Our marketing strategy for the first time incorporated a major brand marketing program, including campaigns with television, radio, billboards and print media. Included in our program was the refreshing of our brand logo which strongly reflects who we are and our business sector. Research has shown this change and the associated campaigns were well received by both the consumer and agents resulting in a material change in our market brand recall. The research has also reconfirmed that once consumers have used our site we become their site of first preference.

AGENT SUPPORT

Our agent family have always been a critical factor in our business success and it is important to acknowledge the overwhelming support we have had during the year. This support however has only flourished through the dedicated efforts from both our external and internal sales teams. Their continual support through personal visits,

conferences attendance, promotions and campaigns have built a strength of relationships and trust.

TECHNOLOGY ENHANCEMENTS

Our listing platform, while continually under "process improvement" was stable, reliable and effective. Technology however, doesn't stand still and through the year the Company invested heavily in a number of major enhancements which will be launched in this financial year. These are going to substantially improve the user experience with listings and value added supporting products.

While we are a sales driven business, our technology is the back bone of our product delivery. During the year we have undertaken a complete redevelopment and enhancement of our back end systems which are the driving factors behind our listings, CRM and data management. The system structures are built on world leading software capable of providing relevant product with detail, speed and flexibility. This development will be launched in 2016 and will not only exponentially enable enhancements to our product delivery but will future proof our business. Already our systems interface with world leading software groups such as Amazon and Google Analytics.

A critical enhancement launched was the reporting to both agents and vendors of the extensive exposure property listings get on our site. The reporting and the analysis of views further endorses the growing public support realestate.co.nz is gaining as a property portal. Included in these enhancements will be a further refresh and enhancement of all our mobile platforms.

FINANCIAL PERFORMANCE

Our financial performance and integrity is presented in our audited 2016 financial reports. They reflect the Company has experienced strong growth in all revenue areas and this combined with effective cost control has resulted in a healthy profit. Trading income is up 20% which is correspondingly reflected in net profit.

Our working capital position remains strong and I am confident there is sufficient financial liquidity to not only support the continued product and promotional development but also support the Company in any major market downturn.

On the strength of these results and the Company's financial position the Directors declared a dividend to shareholders. This was the first dividend ever paid by the Company.

OUR PEOPLE

Our staff continue to be a strong asset to our business. In 2016 our Management team was increased with the employment of a marketing and product managers employed to ensure the expertise required to optimise our business was realised. The level of expertise we now have will enable the Company to reach the next level of our growth and at the same time provide the depth of personnel required for business security.

This year we launched our health and safety policy in line with legislative requirements. There are no outstanding health and safety issues.

INTERNATIONAL BENCHMARKING

The rapid development of technology has meant there are no longer national boundaries to protect our technology products and therefore the Company has commenced a program to internationally benchmark our product to world leaders, both with core real estate listings and value added supporting products. We attend international conferences annually and now have an international network of professionals to communicate and share ideas with.

LOOKING AHEAD

While there are many varied views on the future of the property markets, realestate.co.nz is extremely well positioned to capture all the opportunities that will arise or minimise impact of any downturns. The strength of our organisation, the depth of our industry relationships and our drive for innovative technology will position us well for the coming year.

In the year ahead our supporting income stream of media advertising and data will be expanded. Both business opportunities have been brought in house and together with external partners these business sectors will be significantly increased. The technology platforms and the consumer support for our site is now at a critical mass to allow our visions in these areas to be realised.

Realestate.co.nz has an exciting future and the Board and Management are confident we have the people and capability to deliver excellent results to our shareholders, agents and our customers.

Finally I wish to acknowledge the support this year from our Shareholders – REINZ Member Services Limited (Holding Company – Real Estate Institute of New Zealand Incorporated) – and Property Page (NZ) Limited and my board who have been both supportive, active and always focused to the achievement of our vision.



Fairfax Moresby

Chairman, Realestate.co.nz

REINZ Board

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 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 Gallagher Group Limited, Callaghan Innovation Ltd, Ngai Tahu Seafoods Ltd and Deputy Chairman of CentrePort Ltd.

He is a member of the Disciplinary Tribunal of the NZ Institute of Chartered Accountants and a Chartered Fellow of the Institute of Directors.



Stephen Titter

Stephen Titter is an independent director and has directorships with Realestate.co.nz Limited, BRANZ and The Selwyn Foundation. 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 a Chartered Accountant and a Member of the New Zealand Institute of Directors.

Appointed Director, Region 1

Bryan Thomson, FREINZ

Bryan Thomson has achieved an impressive track record during almost 25 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

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. 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.



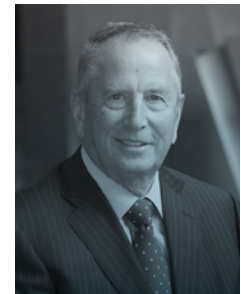
Wendy's role at Barfoot & Thompson encompasses a broad range of responsibilities across the operational aspects of 68 branches including three commercial branches. With a staff in excess of 2500, Wendy's energy, enthusiasm and passion for the industry has plenty to keep her occupied.

Wendy is a staunch supporter of the Institute. 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 and again in 2014.



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

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; a Board Member of the Porirua Chamber Of Commerce and was previously Deputy Mayor and four term Porirua City Councillor. 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.

Euon resigned from his role on the REINZ Board effective from November 2016. Euon will be replaced from this time by Mark Coffey, AREINZ.

Jim Davis, AREINZ Region 4

Jim's career in Real Estate spans some 29 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 was appointed by Harcourts into a National role, 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

Gail started her real estate career in Christchurch after a successful career in marketing and sales in Auckland and Dunedin. During her time selling real estate in Christchurch she was involved in residential and lifestyle sales in the South Island. During this time she developed a strong desire to personally gain further knowledge in the Real Estate



Industry and a passion that standards in the Industry should be raised therefore Gail began study through Massey University to gain Associate Membership status with the Real Estate Institute. Following a move to Wanaka in 2010 Gail undertook a management/ownership role of a real estate business in Wanaka- during which time she completed her studies and graduated 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 her move the company acquired two local companies of different brands and is now known as BayleysLocations. For a number of years Gail represented the Real Estate Institute in the Queenstown Lakes District as District Forum Leader and with 15 years in the industry is now proud to represent Otago, Southland and Central Otago Lakes 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 Neill
1991 Trevor Johnston
1991 Garth Barfoot
1995 Peter Cook
1998 Clyth MacLeod
2001 Brian MacPherson
2003 Joan Harnett-Kindley
2003 Donald Kindley
2003 Max Robert Oliver
2006 Rex Hadley
2006 Graham Snell
2007 Roger Stark
2007 Graeme Woodley
2009 Murray Cleland
2009 Paul Dudding
2009 Howard Morley
2011 Peter McDonald
2011 Peter Thompson
2011 Mike Elford
2011 Stephen Collins
2012 Ross Foreman
2013 Neville Falconer
2015 David Rankin
2015 Jo-Anne Clifford
2015 John Bayley



Saturday Evening, 30th September, at 7.30.
TO INVESTORS AND OTHERS.
 WM. TODD & CO., instructed by Mr. I. W. Raymond, will sell by public auction in THE RIALTO, Don Street,
26 VALUABLE SECTIONS AT ELLESLAND.

This block is beyond doubt the choicest in or around Invercargill—30 minutes' walk from the city.
 The situation is simply grand—rich ground, fine school. The tramway service will probably pass straight through.

TERMS—10 per cent cash; 10 per cent in six months; 10 per cent twelve months; balance three years, interest 5 per cent.

Shaded sections are reserved.

J. T. Thompsons Estate

Invercargill - Dunedin - Auckland

Public Auctioneers

ELLESLAND ROAD





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