TĀMAKI REDEVELOPMENT COMPANY LIMITED
ANNUAL REPORT 2019-2020

Tāmaki is an awesome place to live

TABLE OF CONTENTS

PURPOSE OF ANNUAL REPORT

In accordance with the Crown Entities Act 2004 and the Public Finance Act 1989, this Annual Report takes the strategic intentions and objectives, and associated performance measures and progress indicators, of TRC Legal Group[1],as set out in the Statement of Intent ("SOI") 2018-2022 ("FY19-FY22") and Statement of Performance Expectations ("SPE") 2019-2020 ("FY20"), and publicly states and evaluates our progress and performance against measures and indicators in those documents. This includes both financial reporting (actuals against budgets), noting that this is against the FY20 SPE only, and non-financial-reporting against performance measures and progress indicators contained in both the FY20 SPE and FY19-FY22 SOI.

In providing a consolidated account of our activities and expenditure in FY20, this Annual Report enables our shareholders, Members of Parliament, and the public to hold us accountable for our overall performance during the year. It also allows Parliament to assess and review our performance through the select committee process.

[1] TRC Legal Group consists of Tāmaki Regeneration Limited (TRL) and Tāmaki Redevelopment Company Limited Group (TRC Group). TRC Group further comprises Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP). TRC Parent owns 100% of the ordinary shares of TRL. However, Crown controls TRL due to the conditions imposed by the preference shares it has been issued with by TRL. TRC Parent's brand or trading name is Tāmaki Regeneration Company.

ABOUT TĀMAKI REDEVELOPMENT COMPANY

Tāmaki Redevelopment Company Limited (referred to as either “TRC”, “Tāmaki Regeneration Company”, or “the company” interchangeably) is creating more opportunities for people who are connected to Tāmaki. We take a holistic approach to regeneration, working alongside our partners and community to care for people and place, and create new possibilities. The regeneration programme embraces the manaakitanga, energy, and spirit of Tāmaki to create a thriving community in three eastern Auckland suburbs: Glen Innes, Panmure, and Point England. The neighbourhoods were first built in the 1950s so many of the homes and amenities are now due for renewal. Designed alongside the community, and building on Tāmaki’s rich history, the regeneration will mean revitalised green spaces, town centres, social infrastructure, schools, and homes.

Together with our shareholders, the Crown and Auckland Council, TRC is successfully guiding the transformation of Tāmaki. The regeneration programme is already opening doors to home ownership for New Zealanders and creating training, employment and business pathways for the community to prosper. Ultimately, the regeneration programme aims to enhance the wellbeing outcomes for the people, businesses, and whānau of Tāmaki.

During the last quarter of FY20, the world and New Zealand changed, feeling the impact of the COVID-19 global pandemic and subsequent economic downturn. This impact and uncertainty make the regeneration programme even more vital. While our strategic direction and priorities of Social Transformation, Economic Development, Placemaking, and Housing Resources remain unwavering, this is a time when we need to take decisive, practical, and compassionate action to help support our strong and resilient community through this unprecedented time. The Tāmaki community has some social and economic vulnerability, which makes our support and decisive action even more important at this time.

As part of the COVID-19 economic recovery effort, TRC refocused its programme of work in the later stages of this year, to ensure the people and businesses of Tāmaki have the best chance to survive and thrive. We identified four priorities for this recovery effort – to help Tāmaki people into jobs, to support local businesses, to build more new homes, and to support the wellbeing of our whānau.

Alongside the recovery effort, we are continuing to deliver the fundamentals of the regeneration programme, including:

- Helping Tāmaki whānau into their first home by delivering a range of affordable housing products, including shared ownership, affordable rental, and build-to-rent models. These housing products are being tailored to meet the profile of the Tāmaki community and support the Government’s commitment to deliver affordable and secure home ownership models;

- Creating quality jobs in Tāmaki and supporting our local people into employment, reducing the need for government support;

- Working with Kāinga Ora to ensure the quality of housing and regeneration neighbourhoods being delivered in the area is consistent with the urban design approach and guidelines in the Tāmaki Precinct Masterplan;

- Implementing the Tāmaki Education Change Plan in partnership with the Ministry of Education. This long-term plan will improve education outcomes in Tāmaki and attract new families to the area;

- Supporting our partners, Te Hoe oo Tāmaki and Te Whānau o Waipareira, to provide an intensive support service for families with complex needs, called Whānau by Whānau. This service will tackle those factors that trap families in crisis and poverty;

- Revitalising the town centres and employment zones in Tāmaki, by working closely with Auckland Council agencies and the Maungakiekie-Tāmaki Local Board; and

- Providing a world-class tenancy management service by taking a personalised approach and working with whānau to achieve their aspirations, led by the Tāmaki Housing Association Limited Partnership (referred to as either "Tāmaki Housing" or "THA" interchangeably)[2].

These services and programmes, plus the core elements of the holistic regeneration programme, continue to play an important role in supporting the development of the local economy and enabling Tāmaki whānau to progress their lives.

We continue to embrace the Government's collaborative approach to Māori-Crown relationships. This includes: pursuing partnership opportunities with Mana Whenua and their aspirations as part of the regeneration programme; an active relationship with Ruapotaka Marae; and continuing to grow Māori businesses in the area. It is also important to us to build staff Māori cultural competencies; increasing our efforts in learning te reo Māori, tikanga Māori and te ao Māori frameworks across the organisation.

By delivering effective social, economic and environmental benefits for the Tamaki community, TRC is a leader of regeneration – an organisation that learns, grows, and shares its knowledge. TRC continues to collaborate with the Tāmaki community, Crown, and Auckland Council, creating partnerships that deliver genuine opportunities to make a difference to people's lives.

[2] The Tāmaki Housing Association Limited Partnership is a registered community housing provider that is a wholly owned subsidiary of Tāmaki Redevelopment Company Limited.

REGENERATION PROGRAMME HIGHLIGHTS

- Homes – Delivered 696 homes since 2012, with 152 delivered in FY20. This includes 59 new healthy, state homes and 21 affordable homes.
- Affordable Housing Programme – Since September 2019 we have assisted 31 whānau to move along the housing continuum, including three families who have progressed into an affordable rental property, and 12 whānau who have progressed into a shared home ownership property.
- Housing Independence – Through our Pathways to Housing Independence programme, 120 local families are mortgage-ready.
- Jobs – The Jobs and Skills Hub has supported over 770 people into employment in the past five years, with 181 people supported into employment in the past year.
- Tenant Satisfaction –Tāmaki Housing averaged 90% for overall customer satisfaction during FY20 across four independent surveys of state housing tenants.
- Tāmaki Housing Maintenance – We have successfully completed a procurement process for a new maintenance contractor, with Spencers taking over on 1 July 2020.
- Tāmaki Commitment – We have rehoused more than 200 families since 1 April 2016, always authentically upholding our commitment that those who wish to stay in Tāmaki will have the opportunity to do so.
- Intensive Support Service – Whānau by Whānau – This year, through a procurement process, we selected Te Whānau o Waipareira and Te Hoe oo Taamaki to deliver this service. In response to COVID-19, TRC accelerated elements of the Whānau by Whānau service to provide support to families in Tāmaki experiencing food insecurity and delivered over 1,500 kai parcels.
- Tāmaki Education Strategy and Implementation Plan – This year, the Ministry of Education confirmed the first major investment into the education infrastructure ($70 million for Tāmaki Primary School and Sommerville Special School), and the inclusion of a long-term infrastructure investment plan for Tāmaki in the Ministry of Education Auckland Area Growth Plan.
- Total Impact Reporting Tool – TRC partnered and began work with the New Zealand Institute of Economic Research to produce a ground-breaking tool that can capture the economic impact of TRC activities across a broad range of outcome areas.
- Regeneration Expansion – We are supporting Kāinga Ora and the Porirua Regeneration partners (Ngāti Toa, Treasury, MHUD, Ministry for Pacific People, and Porirua City Council) to leverage learnings in Tāmaki to support non-housing outcomes within Porirua.

COVID-19 DISCLOSURE STATEMENT

COVID-19 had a significant impact on TRC during the third and fourth quarters of FY20. These impacts are outlined in significant detail throughout this annual report; however, at an overarching level, for a place-based regeneration organisation, having to limit, or suspend in some cases, our face-to-face engagement with Tāmaki whānau, mana whenua, partners, and key stakeholders was incredibly challenging. One of the most visible impacts to the overall regeneration programme was the suspension of on-site activity across Tāmaki housing development projects and the closure of our offices in Glen Innes and Panmure to the public during higher COVID-19 Alert Levels[3], along with the closure of numerous Tāmaki businesses and enterprises. These impacts were felt deeply by Tāmaki whānau, Tāmaki households, Tāmaki businesses, and the wider Tāmaki community.

Some Tāmaki services delivered by TRC, or via partners, were limited or reduced during higher COVID-19 Alert Levels. For example, while core tenancy management services continued to be delivered at higher alert levels, and essential maintenance (i.e. urgent health and safety repairs) jobs were delivered at all alert levels, there was a reduction in face-to-face services provided to tenants and the public, to ensure that we adhered to physical and social distancing guidelines issued by the Ministry of Health. For these same reasons, the Tāmaki Jobs and Skills Hub moved to a remote service delivery model during higher COVID-19 Alert Levels, with services for jobseekers and employers delivered digitally or via phone. Despite these disruptions, we were able to work with our partners to enable the establishment of the Tāmaki Whānau: Community-Led Covid-19 Response Collective, which, among other support services described later in this document, set up a kai distribution channel to deliver kai and essential supplies to local whānau.

In addition, several programmes of work that involve a high degree of collaboration and consultation with partners, stakeholders, mana whenua, and the community were materially impacted during the year by COVID-19's physical and social distancing restrictions. This included the FY20 implementation programmes for the Tāmaki Precinct Masterplan and Tāmaki Employment Precinct Project. Both programmes of work were on track to be fully delivered by the end of FY20; however, as a direct result of the pandemic, some initiatives were unable to be completed during FY20 and will now be delivered in FY21.

Where TRC has met a performance target for the period before the introduction of the nationwide COVID-19 Alert Level System in March 2020, TRC will be reporting results for the period to the end of 29 February 2020[4], alongside results for the period from 1 March 2020 to 30 June 2020.

In addition to this overarching COVID-19 disclosure statement, we also provide more detailed commentary on COVID-19 impacts at the individual service or performance measure level, as appropriate. This is consistent with Audit New Zealand guidance relating to reporting on service performance reporting to account of the impacts of COVID-19 (*Bulletin two: Implications of the COVID-19 emergency for service performance reporting*), and with broader guidance around annual reporting (e.g. Treasury's 2019 guidance around annual

[3] A nationwide COVID-19 Alert Level System was announced on 21 March 2020, with New Zealand moving to COVID-19 Alert Level 2 immediately upon announcement of the system, subsequently moving to , COVID-19 Alert Level 3 on 23 March 2020, COVID-19 Alert Level 4 on 27 March 2020, COVID-19 Alert Level 3 again on 27 April 2020, COVID-19 Alert Level 2 again on 13 May 2020, and COVID-19 Alert Level 1 on 8 June 2020.

[4] February 2020 was the last complete month prior to the introduction of the COVID-19 Alert Level System on 21 March 2020, with New Zealand moving to COVID-19 Alert Level 2 immediately upon announcement of the system, and New Zealand being at COVID-19 Alert Level 2 or higher from 21 March 2020 to 8 June 2020, inclusive.

reporting for Crown entities: *Preparing the Annual Report and End-of-Year Performance Information on Appropriations: Guidance for Crown Entities*) and the need to provide transparency to the public around material impacts to service delivery or entity performance during a reporting period.

TĀMAKI REGENERATION STRATEGIC PRIORITIES

Tāmaki Regeneration Company (TRC) was set up to lead a first-of-its-kind urban regeneration programme in the East Auckland suburbs of Glen Innes, Point England and Panmure. Our long-term vision is that "Tāmaki is an awesome place to live" and our work is guided by four long-term strategic priorities for the regeneration programme: housing resources, social transformation, economic development, and placemaking.

These strategic priorities are defined in further detail below:

> HOUSING RESOURCES[5]: Optimising the use of land and existing housing stock to effectively support and deliver social and economic results, including better public housing options for Tāmaki;
>
> SOCIAL TRANSFORMATION: Supporting Tāmaki residents and families to gain the skills, knowledge, and employment opportunities to progress their lives;
>
> ECONOMIC DEVELOPMENT: Strengthening the local economy and unlocking the potential of the Tāmaki area to enable a prosperous community and deliver better value for money to the Crown (with a focus on increasing the return on investment and realising the potential value from state and council-owned housing); and
>
> PLACEMAKING[6]: Creating safe and connected neighbourhoods that support the social and economic development of Tāmaki and its community.

These four strategic priorities contribute to Crown and Auckland Council strategic goals, the wider social and economic objectives for the region, and the Tāmaki Outcomes Framework. The Tāmaki Outcomes Framework defines the long-term outcomes for Tāmaki that our work contributes to and was agreed with the Crown, Auckland Council, and the community in 2016.

We use these four strategic priorities as a framework to group our four-year strategic intentions within the SOI, including related initiatives and medium-term indicators, and our annual performance expectations within the SPE, including related enabling projects and output measures. Accordingly, we report on progress against both our strategic intentions, as set out in the FY19-FY22 SOI, and our annual performance expectations, as set out in the FY20 SPE, within the following sections of this annual report: Housing Resources, Social Transformation, Economic Development, and Placemaking. This allows readers to review results within each strategic priority area and form an assessment of our progress against medium-term strategic intentions and delivery against performance expectations within the financial year.

[5] Expenditure within the Asset Management and Housing Supply subclasses relate specifically to Tāmaki Regeneration Limited (TRL); expenditure within the Tenancy Management subclass relates specifically to the activities of Tāmaki Housing Association Limited Partnership. Expenditure is consolidated within the Housing Resources Revenue and Output Expenses Table.

[6] Expenditure as set out within this output class relates to both Tāmaki Regeneration Limited (TRL) and TRC Group. This expenditure is consolidated within the Placemaking Revenue and Output Expenses Table.

STRATEGIC PRIORITY – HOUSING RESOURCES

Optimising the use of land and existing housing stock to effectively support and deliver social and economic results, including better public housing options for Tāmaki.

Our objective in this area is to optimise the use of land and existing houses to support and deliver improved social and economic outcomes, including better public housing options for Tāmaki; however, this is about more than just building houses, we are sustaining tenancies, supporting whānau and building communities. Mixed-tenure and blind-tenure houses, coupled with great urban design and world-class tenancy management, are essential to regeneration outcomes.

As the manager of a significant state housing portfolio, we have a strategic asset management system and tactical investment strategies in place to guide our operational activities, ensuring that we maximise both financial and non-financial (social and economic) dividends for the Crown and community over the long-term. We met three of our four asset management targets for the year and successfully completed procurement and mobilisation for a new maintenance contractor, with the new contractor (Spencers) taking over on 1 July 2020. Working closely with Kāinga Ora, we are driving the supply of diverse housing stock to the Auckland market through the housing redevelopment programme. During FY20, 152 new homes were delivered through the housing redevelopment programme, including 59 new, warm, dry, and healthy state homes, and 21 affordable properties.

Our tenancy management services arm, Tāmaki Housing, continues to deliver an innovative tenancy management service in Tāmaki, based on supporting successful tenancies and being responsive to each state housing whānau's needs. During FY20, we met five of our six of tenancy management targets, including letting Tāmaki Housing properties to applicants from the Ministry of Social Development ("MSD") register within one week from properties becoming available and achieving a 90% customer satisfaction rate across the year. Recognising the challenges and pressures that COVID-19 has placed on households and communities, we have taken a compassionate and flexible approach to the way we have managed our tenancies during this time. This has included providing greater support to some of our vulnerable state housing whānau (either directly or through partners), ensuring that they are able to sustain their tenancies.

Rehousing is a key component of the regeneration programme in Tāmaki and we recognise that this can be a difficult time for whānau. When we require a state housing whānau's property for redevelopment purposes, we work closely with the whānau, to ensure that we develop a rehousing plan that factors in their current needs as well as their aspirations for the future. Employing this model, our team successfully rehoused eight state housing whānau during the year, always adhering to the Tāmaki Commitment. Rehousing activity was lower over FY20 than it has been in the past, as several developments moved through the planning phase, and is expected to increase to more usual levels in FY21.

Over the next year, we will continue to manage our housing portfolio efficiently and effectively, improving the overall quality of our portfolio by replacing older houses and purchasing newly built state homes. We will also bring forward TRC's planned maintenance programme in targeted areas, foster links between our new maintenance services partner and the Tāmaki Jobs and Skills Hub, and work with Kāinga Ora to accelerate the delivery of new housing in Tāmaki. These initiatives will provide cashflow and pipeline certainty to development partners, enable local construction businesses to remain viable, and generate quality jobs for people in Tāmaki. We see this as a way that we can not only support the local economy, but also play our part to support the wider construction sector to remain resilient and increase pace towards agreed outcomes for this community.

Housing Resources: Performance against 2019-2020 Statement of Performance Expectations

OUTPUT MEASURE / ENABLING PROJECT	FY20 TARGET / MILESTONE	FY20 ACTUAL	STATUS	COMMENTARY
ASSET MANAGEMENT				
Portfolio average property condition (CGI).[7]	2.78	**2.64**	Met	
Percentage of customers[8] satisfied with repairs and maintenance.	65%	**74%**	Met	
Percentage of lettable homes that are let.	98%	**99%**	Met	
Average inter-tenancy void turnaround time (vacant to ready to let)	28 Days	**30 Days**	Not Met	While results for this measure up to the end of February 2020 were outside the target, this measure was materially impacted by the pandemic as non-essential maintenance work had to cease for 33 days during COVID-19 Alert Level 4 (from 25 March 2020 to 27 April 2020, inclusive). This materially impacted the average inter-tenancy void turnaround time for 12 properties.
Procurement of Maintenance Contractor.	New Contract in place.	**New Contract in place.**	Met	
TENANCY MANAGEMENT				
Percentage of tenants who are affected by redevelopment and want to stay in Tāmaki who are rehoused within Tāmaki.	100%	**100%**	Met	
STATUS customer satisfaction score[9].	80%	**90%**	Met	
Rental debt older than 7 days as a percentage of monthly rental income.	<5.0%	**3.6%**	Met	

[7] To assess the overall condition of our properties at a portfolio-level, we use a Condition Grade Index ("CGI") that measures the average condition grade of components, weighted by their gross replacement costs. This encompasses all the components that make up a property and is rolled up to provide an overall portfolio score. If the CGI is less than 2.0, it is likely that the average condition of properties across the portfolio are good to very good. If the CGI is greater than 2.5, then it is likely that properties across the portfolio are, on average, in poorer condition (i.e. progressing to a lower portfolio CGI score reflects an improvement in the quality of our housing stock, at a portfolio-level). Regardless of the CGI, all properties will meet the health and safety requirements expected of a state house.

[8] Customers are tenants who have received maintenance services within the past 6 months.

[9] The survey methodology used to calculate the tenant satisfaction rating was previously referred to as STAR in the Statement of Performance Expectations for the year ended 30 June 2020.

OUTPUT MEASURE / ENABLING PROJECT	FY20 TARGET / MILESTONE	FY20 ACTUAL	STATUS	COMMENTARY
Tenancy management cost per unit.	<$2125pa[10]	**$1,886**	Met	
Average number of days to let Tāmaki Housing Association property to applicants from the MSD register after it becomes available.	15 Days	**7**	Met	
Percentage of urgent health and safety queries responded to within 4 hours.	95%	**91%**	Not Met	We were slightly outside the target for this measure prior to COVID-19, with performance further impacted from March 2020 to May 2020 (New Zealand was at COVID-19 Alert Levels 3 and 4 from 25 March 2020 to 13 May 2020, inclusive) by increased health and safety protocols prior to attending jobs, the cessation of other (non-urgent) jobs in the Tāmaki area during this period, increasing travel time to sites for tradespeople, and tenant concerns over visitors to their homes.
		HOUSING SUPPLY		
Number of new state houses purchased during the financial year.	75	**59**	Not Met	Performance within this measure was impacted by standard development delays to several projects prior to COVID-19 and the suspension of on-site activity across all development projects in Tāmaki for five weeks at COVID-19 Alert Level 4 (25 March 2020 to 27 April 2020, inclusive).
Tāmaki Precinct Masterplan.	Activities in FY20 Implementation Plan delivered.	**Activities in FY20 Implementation Plan partially delivered.**	Partially Met	All planned activities were on track to be delivered prior to COVID-19; however, as a direct result of the pandemic, some FY20 workstreams were delayed or deferred and were therefore unable to be completed by the end of FY20. These activities will now be delivered in FY21.
Programme Business Case.	Programme Business Case completed.	**Programme Business Case completed.**	Met	

[10] The baseline for this metric is linked to the Auckland Rents component of the Consumer Price Index. This is consistent with the indexation process that we use when reviewing our market rents with the Ministry of Social Development and Ministry of Housing and Urban Development.

Housing Resources: Revenue and Output Expenses for 2019-2020

The Revenue and Output Expenses as presented below are for the output class Housing Resources, which includes the subclasses of Asset Management, Tenancy Management, and Housing Supply.

REVENUE AND OUTPUT EXPENSES ($000s)	FY20 ACTUAL	FY20 BUDGET	DIFFERENCE
Revenue			
Crown	-	-	-
Other	69,665	69,106	559
Total Revenue	**69,665**	**69,106**	**559**
Expenses	(83,128)	(92,114)	8,986
Net (deficit)	**(13,463)**	**(23,008)**	**9,545**

Commentary: The FY20 budget was finalised on 28 June 2019 (prior to completion of the FY19 annual report) using previous accounting assumptions relating to development activities, which did not include the impact of the execution of the Umbrella Agreement with Kāinga Ora on 28 February 2019. Further detail on these accounting assumptions are found in TRL's financial statements found on page 67 of this annual report.

The impact on the variance commentary is that a straight comparison between the actuals and budget is not appropriate. The adjusted budgeted revenue is $4.2m lower and the budgeted expenses $16.4m lower causing the net (deficit) to be $12.2m lower.

The actual net (deficit) is therefore $2.7m higher than the adjusted budget net (deficit). This is due to accelerated depreciation for properties committed to development during the period, for which a Licence to Occupy was provided to Kāinga Ora. In addition, higher maintenance costs were incurred following the completion of the asset survey, which identified immediate repairs necessary for some properties.

Housing Resources: Progress in relation to Strategic Intentions in Statement of Intent 2018-2022

Over the past two years (FY19-FY20, inclusive), we have made good progress against our Housing Resources four-year (FY19-FY22, inclusive) strategic intentions, including establishing the foundations for a successful partnership with Kāinga Ora[11]. We have worked together constructively to deepen our relationship over the past two years, to ensure organisational alignment and deliver the best possible outcomes for our community and the Crown. As part of this, we formally agreed the commercial arrangements between our two organisations through the signing of an Umbrella Agreement in FY19, clearly setting out roles and responsibilities for each organisation, funding arrangements, and a governance structure for the redevelopment programme. In addition, we updated the contractual arrangements between the THA and the Crown in FY19, to guide the provision of state housing and Income-Related Rent Subsidy payments in Tāmaki.

We produced the Tāmaki Precinct Masterplan ("TPM") in FY19, which now acts as the overarching development framework for the area, providing for a consistent and coherent urban design approach to the development of Tāmaki. The Masterplan was developed in collaboration with HLC (see footnote [12]) and in consultation with the Maungakiekie-Tāmaki Local Board, Auckland Council, and key community stakeholders. We are now working with our partners to implement key projects and initiatives within the TPM.

Our progress against two medium-term SOI indicators for this strategic priority areas is set out in the following table.

[11] HLC (2017) Limited ("HLC"), a predecessor entity to Kāinga Ora, was appointed the master developer for Tāmaki by responsible Ministers in 2018. Kāinga Ora is responsible for the delivery of new warm and dry housing stock in Tāmaki through the housing redevelopment programme.

MEDIUM-TERM SOI INDICATOR	FY18 ACTUAL[12]	FY19 ACTUAL	FY20 TARGET	FY20 ACTUAL	FY21 TARGET
Portfolio average property condition (CGI).	N/A	2.84	2.78	2.64	2.52
STATUS[13] customer satisfaction score.	81%[14]	82%	80%	90%	70%[15]

[12] Note that FY18 falls outside of the current SOI period of FY19-FY22. FY18 results are included in this table to allow readers to compare performance and trends over time.

[13] The survey methodology used to calculate the tenant satisfaction rating was previously referred to as STAR in the Statement of Performance Expectations for the year ended 30 June 2020.

[14] Note that this refers to the result for the equivalent measure in the 2017-2018 Annual Report: "Percentage of social housing tenants who are satisfied with our service."

[15] As set out in our 2020-2021 Statement of Performance Expectations, we are moving to a new survey methodology from FY21 to measure the satisfaction of our tenants with the tenancy management service we provide. The new methodology more than meets best practice standards within New Zealand and employs a more stringent calculation methodology, whereby tenants need to rate their overall satisfaction with Tāmaki Housing at 7 out of 10 or higher to be deemed as satisfied with the overall service we provide; accordingly, we have set the FY21 target for this measure to 70%, in line with these changes. Note that this does not indicate any reduction in the levels of service that we provide to our tenants, it merely reflects a change in survey methodology as described.

STRATEGIC PRIORITY – SOCIAL TRANSFORMATION

Tāmaki residents and families have the skills, knowledge and employment opportunities to progress their lives.

Our objective in this area is to support Tāmaki residents and whānau to gain the skills, knowledge and employment opportunities to progress their lives. To achieve this, we undertake research to deeply understand the needs, enablers, barriers, and drivers of change for Tāmaki whānau. We are focussed on improving the system, and we work with government, local NGOs, experts, and the Tāmaki community to ensure social services are holistic, evidence-based, and create positive long-term results for whānau. We also deliver a range of programmes designed to practically support Tāmaki residents to progress their lives.

During FY20, the Tāmaki Jobs and Skills Hub, operated in partnership with the Auckland Business Chamber[16], successfully supported 181 people into employment, including 31 people that were placed into apprenticeships. The Hub's operating model is built on a foundation of manaakitanga, trust, and working with whānau to truly understand their career goals and life aspirations. As we look ahead to FY21, we will refocus our efforts in this area on developing a construction-ready local workforce, which will support the accelerated maintenance and housing delivery programmes referred to earlier in this document.

Affordable housing is a fundamental part of the regeneration programme, providing a stepping stone for whānau out of state housing and, ultimately, into home ownership. TRC has developed a bespoke range of affordable products across the housing continuum that are tailored to meet the needs of the Tāmaki community, as well as creating a pipeline of local whānau that are ready to progress into affordable housing properties as these are delivered. During FY20, 31 whānau progressed along the housing continuum through our programme, including three whānau that progressed into an affordable rental property and 12 whānau that progressed into a shared equity property. This delivery is a testament to the level of innovation that we are building into our programme and the strong demand that exists in the community for these products.

We are also collaborating with our partners across the public sector and in the community to progress a number of innovative projects that will transform the service landscape in Tāmaki and create a wider impact across the system in education, health, and social service delivery. There are numerous whānau in Tāmaki who will struggle to access the opportunities created through the regeneration due to the complexity of challenges they have in their life, the immediate needs facing them, such as housing and food insecurity, and an absence of other support factors. In the current climate, we expect that these challenges have been amplified for some whānau. Working with the local community and experts, we developed the framework for an intensive support service, called Whānau by Whānau, to meet the needs of this group. During FY20, we identified our partners to deliver the service – a partnership between Te Hoe oo Taamaki[17], a consortium of experienced local service providers and community leaders, and Te Whānau o Waipareira.

In response to the immediate needs of the community as a result of the pandemic, we supported our partners to stand up a community response programme in April 2020, the Tāmaki Whānau: Community-Led Covid-19 Response Collective, bringing forward the establishment of a collection and distribution channel for

[16] The Tāmaki Jobs and Skills Hub is also supported by the Ministry of Social Development and Ministry of Business, Innovation, and Employment.

[17] Te Hoe oo Taamaki is a collective that includes the Glen Innes Family Centre, Ruapotaka Marae, and Tāmaki Community Development Trust.

kai for local whānau, as planned under the Whānau by Whānau project. Through this programme, approximately 40,000 meals were delivered to over 1,150 households over a period of eight weeks. Additionally, the team was able to support Tāmaki whānau through the provision of wellbeing services and the establishment of a tailored platform to disseminate essential information from the Auckland District Health Board, Ministry of Health, and other organisations via Tāmaki community leaders.

Over the next year, we will continue to work with our partners to deliver key projects in education, health, and social services that prioritise outcomes for Tāmaki whānau and tamariki. This will include delivery of the Whānau by Whānau service and, in recognition of expected labour market and economic impacts on Tāmaki households, establishment of a whānau debt relief programme, to be delivered via partners[18]. Alongside this, we will continue to deliver our jobs and skills and affordable housing initiatives, supporting residents into quality employment and whānau to progress along the housing continuum.

Social Transformation: Performance against 2019-2020 Statement of Performance Expectations

OUTPUT MEASURE / ENABLING PROJECT	FY20 TARGET / MILESTONE	FY20 ACTUAL	STATUS	COMMENTARY
Number of Tāmaki people who progress along the housing continuum.	5	31	Met	
Intensive Support Service.	Service Providers selected.	Service Providers selected.	Met	
Early Years Hub.	Building Phase commenced.	Building Phase not commenced.	Not Met	The Ministry of Education is undertaking work to re-design the site masterplan for Tāmaki Primary and Sommerville Special School. This will impact the location of the Early Years Hub facility and has delayed the commencement of the building phase of this project.

Social Transformation: Performance against 2019-2020 Statement of Performance Expectations

OUTPUT MEASURE	TARGET TO END FEB 2020	ACTUAL TO END FEB 2020	STATUS
Number of Tāmaki people who are employed through TRC initiatives.	121	143	Met
	TARGET MAR 2020-JUN 2020 (Inclusive)	ACTUAL MAR 2020-JUN 2020 (Inclusive)	STATUS
	64	38	Not Met
	FY20 TARGET / MILESTONE	FY20 ACTUAL	STATUS
	185	181	Not Met

Commentary: As at the end of February 2020, the Tāmaki Jobs and Skills Hub had successfully supported 143 people into employment during the year, against a target of 121 to the end of February. Based on this trajectory, the Hub was on track to place 214.5 people into employment for the full 12 months, exceeding the annual target of 185; however, due to the impact of COVID-19 on the Hub's operations (closing down the physical office and moving to a remote service delivery model during higher COVID-19 Alert Levels), the actual annual result was 181 people placed into employment, with TRC placing 39 people into employment during the period from 1 March 2020 to 30 June 2020 against a target for that period of placing 64 people into employment. Based on the labour market impacts experienced from March 2020 onwards, we consider the placement of 39 people into employment during this period to be a good result.

[18] Note that TRC will play a facilitation role in this initiative and will not act as a debt consolidator or holder itself.

Social Transformation: Revenue and Output Expenses for 2019-2020

REVENUE AND OUTPUT EXPENSES ($000s)	FY20 ACTUAL	FY20 BUDGET	DIFFERENCE
Revenue			
Crown	-	-	-
Other	35	71	(36)
Total Revenue	**35**	**71**	**(36)**
Expenses	(3,843)	(4,842)	999
Net (deficit)	**(3,808)**	**(4,771)**	**963**

Commentary: In our FY20 budget forecast for this strategic priority area, we had allowed for budget to pay for early works to enable construction of the Early Years Hub to start in advance of the planned redevelopment of the Tāmaki Primary School site. TRC planned to put in a temporary access road and demolish some auxiliary buildings. Before this work commenced, MoE, decided to redesign the masterplan for the site. The redesign and approval process took most of 2019/20. In the redesigned masterplan, the new location of the Early Years Hub meant that there is no-longer any need to put in the road or demolish buildings.

Last year we completed the selection process to find our partners to design and deliver the new intensive support service for whanau in Tāmaki, Whānau by Whānau. We had anticipated that delivery of the service would commence shortly after their selection and this was reflected in the FY19 forecast. At the conclusion of the selection process, as a result of input from our selected partners, we agreed to make changes to the proposed delivery model for the service. This resulted in a longer than anticipated period of service design and establishment, delaying the service commencement date and resulting in an underspend against our forecast.

Social Transformation: Progress in relation to Strategic Intentions in Statement of Intent 2018-2022

Over the past two years (FY19-FY20, inclusive), we have made good progress against our Social Transformation four-year (FY19-FY22, inclusive) strategic intentions. As aforementioned, we identified our partners to deliver an intensive support service, Whānau by Whānua, for vulnerable whānau with complex needs in FY20, with a distribution channel established during the first COVID-19 lockdown to provide kai and essentials to vulnerable whānau impacted by the pandemic. We are now working with our partners to determine the most appropriate service delivery model for Whānau by Whānau.

The Tāmaki Education Strategy, a long-term plan for the collective delivery of better education outcomes, was completed in FY19 and is now being implemented. In FY19, the Ministry of Education commited $2 million in funding for the construction of an Early Years Hub in Panmure, with a $70 investment into Tāmaki's education infrastructure confirmed in FY20. Working with the Auckland District Health Board ("ADHB") and philanthropic partners, we have facilitated the development of a temporary renal dialysis unit in Glen Innes, with the unit being located on TRC-owned land. Lease arrangements between TRC and the ADHB have been confirmed and the construction phase of the project has now commenced.

Over the past two years, we have successfully developed a range of Tāmaki-specific affordable housing products, including affordable rental and shared ownership products, along with exploring the potential for other products, such as build-to-rent housing. Delivery of these products is now measured through an annual SPE output measure. The Tāmaki Jobs and Skills Hub is supporting increasing numbers of locals into training and employment, with a focus on developing a construction-ready local workforce in future years, alongside pathways for existing Tāmaki cohorts. The development of a construction-ready local workforce will support an acceleration of build and maintenance programmes and enable us to work with Kāinga Ora to ensure that all housing projects in Tāmaki are underpinned by social procurement principles. In addition to this, we are reviewing contract and supply arrangements across the programme, to ensure that we are using local suppliers wherever possible and, where this is not possible, suppliers and partners are making a meaningful contribution to Tāmaki.

Our progress against the medium-term SOI indicator for this strategic priority area is set out in the following table.

MEDIUM-TERM SOI INDICATOR	FY18 ACTUAL[19]	FY19 ACTUAL	FY20 TARGET	FY20 ACTUAL	FY21 TARGET
Number of Tāmaki people who are employed through TRC initiatives.	154	220	185	**181**	100[20]

[19] Note that FY18 falls outside of the current SOI period of FY19-FY22. FY18 results are included in this table to allow readers to compare performance and trends over time.

[20] The target for FY21 reflects expected labour market impacts as a result of COVID-19, which are predicted to result in job losses and a contraction in employment opportunities across a range of industries that the Jobs and Skills Hub currently services, including retail and hospitality.

STRATEGIC PRIORITY – ECONOMIC DEVELOPMENT

Strengthening the local economy and unlocking the potential of the Tāmaki area, to enable a prosperous community and deliver better value for money to the Crown.

Our objective in this area is to strengthen the local economy and unlock the potential of the Tāmaki area, to enable a prosperous community and deliver better value for money to the Crown. To achieve this, we are working with our local government partners and the private sector to develop vibrant town centres and employment zones that meet the needs of both our current and future populations. We are also encouraging investment into Tāmaki by promoting the area as a global, innovative, and inclusive location that provides a range of investment opportunities. These activities will take on even greater importance in the current environment and we remain confident that Tāmaki's unique value proposition will hold it in good stead as economic and market conditions improve.

During FY20, we progressed a series of projects and initiatives within the FY20 Implementation Plan for the Tāmaki Employment Precinct Project, working in partnership with Auckland Tourism, Events and Economic Development ("ATEED"), local businesses and landowners, mana whenua, and a range of key stakeholders. This included planning a product accelerator event for local businesses, running a business-focussed training programme for Tāmaki College students, and completing a feasibility study for a potential centre of innovation in Tāmaki. In addition, we have commenced work on a future-focussed spatial delivery plan for the precinct, which will guide infrastructure delivery and development in the precinct, with the aim of enabling existing business to grow, while also enabling TRC and partners to attract new businesses and inward investment to the area, over time.

The revitalisation of town centres within Tāmaki is an integral part of the regeneration programme, with long-term projects underway to deliver better transport connectivity and community infrastructure in Glen Innes and Panmure. In addition to these long-term projects, a series of short-term initiatives are underway, with the aim of catalysing immediate change and improvements to the town centres. Over the past year, the primary focus has been on catalysing change within the Glen Innes town centre, with concept plans developed for three TRC-owned sites along Line Road. These plans aim to upgrade the quality and density of housing on the periphery of the town centre. We are also investigating opportunities for strategic acquisitions of commercial properties in both Glen Innes and Panmure, with a view to catalysing change and accelerating the achievement of revitalisation outcomes in both locations.

Over the next year, we will continue to work closely with the Maungakiekie-Tāmaki Local Board, ATEED, Panuku, the wider Auckland Council family, and the private sector on the revitalisation of commercial precincts and employment zones in Tāmaki. In addition, we will continue to explore opportunities to stimulate the local innovation ecosystem, especially where this has the potential to support the establishment of new enterprises and employment from within our Tāmaki community. Alongside our medium and long-term economic development activities, we will work with our partners to progress key initiatives that we believe will have a stimulatory effect on the local economy, support existing businesses to survive and thrive, and create employment opportunities for locals. We will continue to deliver our destination marketing programme, positioning Tāmaki as an attractive location for industry and talent, while also working with the local business associations to promote Tāmaki businesses and drive custom to the area.

Economic Development: Performance against 2019-2020 Statement of Performance Expectations

ENABLING PROJECT	FY20 MILESTONE	FY20 ACTUAL	STATUS
Tāmaki Employment Precinct Project.	Activities in FY20 Implementation Plan delivered.	**Activities in FY20 Implementation Plan partially delivered.**	Partially Met

Commentary: All planned activities were on track to be delivered prior to COVID-19; however, as a direct result of the pandemic, some FY20 workstreams were delayed or deferred and were therefore unable to be completed by the end of FY20. These activities will now be delivered in FY21. Further detail on the activities that were deferred is provided in the Economic Development: Revenue and Output Expenses for 2019-2020 table.

Economic Development: Revenue and Output Expenses for 2019-2020

REVENUE AND OUTPUT EXPENSES ($000s)	FY20 ACTUAL	FY20 BUDGET	DIFFERENCE
Revenue			
Crown	-	-	-
Other	12	24	(12)
Total Revenue	**12**	**24**	**(12)**
Expenses	(1,115)	(1,431)	316
Net (deficit)	**(1,103)**	**(1,407)**	**304**

Commentary: The underspend in this strategic priority area relates to some FY20 workstreams or projects within the Tāmaki Employment Precinct Project being impacted by COVID-19 and therefore not being able to be delivered or fully delivered during FY20. COVID-19 primarily impacted two workstreams within the overall Tāmaki Employment Precinct Project FY20 Implementation Plan.

The first of these was the delivery of a product accelerator event in Tāmaki in collaboration with local businesses, local talent, and the wider Auckland tech and innovation community. This event was scheduled to run from 27-29 March 2020; however, the event was cancelled as COVID-19 Alert Level 4 came into force on 25 March 2020. As a result, TRC did not incur direct costs (e.g. catering, hireage of equipment etc.) related to the event.

The second and most substantive impact to the implementation of the overall project was the delay to the commencement and progression of the Neighbourhood 7 Plan project. This project is to produce a future-focussed spatial masterplan for the Tāmaki Employment Precinct, which will address key urban design (including infrastructure requirements) and attraction features for the precinct. The project requires a significant amount of engagement with partners and key stakeholders, including the Maungakiekie-Tāmaki and Ōrākei Local Boards, mana whenua, local business and landowners, the Auckland Council family, and other key stakeholders. Due to the impact of COVID-19, commencement of this project, including engagement, was deferred until later in FY20, with much of this now set to occur in the first half of FY21, including design of the masterplan. Accordingly, costs relating to this project were significantly lower than forecast for FY20.

Economic Development: Progress in relation to Strategic Intentions in Statement of Intent 2018-2022

Over the past two years (FY19-FY20, inclusive), we have made good progress against our Economic Development four-year (FY19-FY22, inclusive) strategic intentions. We have already provided detailed commentary within this annual report (and the FY19 Annual Report) on progress within the Glen Innes Town Centre Revitalisation Project and the Tāmaki Employment Precinct Programme[21], which covers progress to

[21] Note that the "Industrial Area Development Strategy", as described in the FY19-FY22 SOI, was renamed as the Tāmaki Employment Precinct Strategy. The Tāmaki Employment Precinct Strategy was developed in FY19 in partnership with ATEED and in collaboration with the Maungakiekie-Tāmaki and Ōrākei Local Boards, local businesses and landowners, the Auckland Business Chamber, and other key stakeholders.

date within both long-term programmes, as well as planned activity and intentions for the forthcoming and future years.

To enable us to support local businesses and deliver against our long-term plans for the town centres, we have recently acquired a site in Glen Innes, providing an opportunity to attract specific uses into the town centre that are not currently present. We are actively pursuing additional opportunities for land purchases in both Glen Innes and Panmure that would support us to deliver on our strategic objectives and other TRC programme requirements. Alongside this, we are continuing to support Panuku Development Auckland with the delivery of initiatives to catalyse development within and investment into the Panmure town centre.

To support our work with partners to revitalise commercial and industrial zones in Tāmaki (and the housing redevelopment programme), a destination brand for Tāmaki was developed in FY19 that highlights the numerous attraction features of the area and its wealth of potential. This destination brand is now being delivered to the market, positioning Tāmaki as an attractive investment opportunity for a range of investors, while also promoting exemplar businesses in the area. We continue to support the establishment of sustainable social enterprises within the community and, as part of the establishment and delivery of a Tāmaki Business Support Service in FY21, we will be piloting a business growth/incubation programme to support local entrepreneurs and social enterprises. In addition, we have made TRC office space available, from Q4 FY20, to entrepreneurs and social enterprises operating out of Tāmaki.

Our medium-term indicator of success within this strategic priority area, as articulated in our FY19-FY22 SOI, is to improve the perceptions and desirability of Tāmaki, translating into increased investment into the area, over time. We are confident that our economic development activities, the broader housing redevelopment and regeneration programmes, and our work to highlight the numerous existing attraction features of Tāmaki through the destination brand project is improving the perceptions and desirability of the area. Feedback from partners, stakeholders, and the public, along with positive media coverage during the past two years supports this view.

STRATEGIC PRIORITY – PLACEMAKING

Creating safe and connected neighbourhoods that support the social and economic development of Tāmaki and its community.

Our objective in this area is to create safer and more connected neighbourhoods to support the social and economic development of Tāmaki and its diverse communities. The placemaking objective is the resin that holds together our other strategic priorities and we work with our partners, including Kāinga Ora, the Auckland Council family, and the Tāmaki community to create the strong foundations that will allow current and future Tāmaki residents to flourish in a world-class environment. The Tāmaki that we are creating with our partners will be connected both physically, through great transport infrastructure, and socially, through friendly, welcoming neighbourhoods and community facilities.

It is important that we ensure that regeneration neighbourhoods in Tāmaki demonstrate best practice in urban design and efficiency, creating cohesive communities that are linked through a quality open space network and supported by social infrastructure that meets the needs of Tāmaki's changing population. We work closely with Kāinga Ora and our community through the design process to ensure that this is the case and, as new neighbourhood designs progress, submit these to external assessment as defined under our Quality Neighbourhood Framework ("QNF"). Once planning commences on the Glen Innes North West neighbourhood during FY21, we will have four of the seven neighbourhoods within the Tāmaki Precinct Masterplan being actively planned (the others being Point England, Panmure North, and the Tāmaki Employment Precinct, also referred to as Neighbourhood 7).

One of our most visible placemaking moves is the Maybury Green Project, which saw TRC-owned land bordering Maybury Reserve converted to green space, extending the existing Maybury Reserve and creating a safer, more accessible space for community use. During FY20, we reached agreement with Auckland Council to vest this land in Auckland Council and have commenced a formal land exchange process, ensuring that this space will continue to be a dedicated space for community use now and into the future. Our work to activate this new space continued to receive strong support during the year from the local community, the Maungakiekie-Tāmaki Local Board, and other key stakeholders and partners.

During FY20, we delivered eight events and activations in Tāmaki, either directly or in conjunction with partners. This included the Te Ara Rama Matariki Light Trail, an event supported by longstanding and new community members alike and delivered in partnership with the Public Dreams Trust, Glen Innes Business Association, Te Oro, Maungakiekie-Tāmaki Local Board, and other community organisations. Additional delivery included several activations in the Glen Innes town centre, our second Pasifika Gala, led by TRC's Pasifika staff and delivered in partnership with community, and Summer Eats, an initiative led by TRC's Neighbourhood Liaison Team. The Summer Eats initiative saw community members come together to share a meal with their neighbours and TRC staff, strengthening existing bonds and helping to form new ones.

Over the next year, we will continue to market Tāmaki as a destination of choice, strengthen community resilience, and create social cohesion through the delivery of our placemaking activities. We will deliver events and activations at key locations across Tāmaki in collaboration with our partners, promoting healthy lifestyles and activities for whānau and enabling them to form connections within their community and enjoy the amenities and open space that Tāmaki offers. All events and activations that we deliver in Tāmaki will be subject to robust health and safety measures and planning that adheres to all relevant health and safety guidelines.

Placemaking: Performance against 2019-2020 Statement of Performance Expectations

OUTPUT MEASURE / ENABLING PROJECT	FY20 TARGET / MILESTONE	FY20 ACTUAL	STATUS	COMMENTARY
Percentage of neighbourhood designs that meet the agreed minimum standard under the Quality Neighbourhood Framework.	100%	Not Measured	Not Measured	During FY20, no neighbourhood designs progressed to an assessment phase as defined under the Quality Neighbourhood Framework.
Number of events and activations delivered directly by TRC or in conjunction with partners.	5	**8**	Met	
Maybury Green Project.	Agreement with Auckland Council to Vest Land.	**Agreement with Auckland Council to Vest Land.**	Met	

Placemaking: Revenue and Output Expenses for 2019-2020

REVENUE AND OUTPUT EXPENSES (000's)	FY20 ACTUAL	FY20 BUDGET	DIFFERENCE
Revenue			
Crown	-	-	-
Other	1	-	1
Total Revenue	**1**	**-**	**1**
Expenses	(1,514)	(2,590)	(1,076)
Net (deficit)	**(1,513)**	**(2,590)**	**(1,077)**

Commentary: In our FY20 budget forecast for this strategic priority area, we had budgeted for feasibility studies or design costs for a series of projects or initiatives relating to the activation of the Glen Innes Town Centre. This included the Maybury Civic and Cultural Hub project and the redevelopment of the Ruapotaka Marae. TRC is continuing to work with Auckland Council on the Maybury Civic and Cultural Hub; however, this project did not progress to a stage requiring TRC financial input during FY20. The redevelopment of the Ruapotaka Marae is now progressing through a separate business case process, which did not require TRC financial input during FY20.

In addition, budget allowance for other feasibility studies and investigatory work on transport and the public realm within the Glen Innes town centre, as well as some smaller design and enablement initiatives in and around the town centre, was not required during FY20. Some of this work will be carried over into the next financial year as part of the FY21 work programme for the Glen Innes Town Centre Revitalisation Plan.

Placemaking: Progress in relation to Strategic Intentions in Statement of Intent 2018-2022

Over the past two years (FY19-FY20, inclusive), we have made good progress against our Placemaking four-year (FY19-FY22, inclusive) strategic intentions. In FY19, we developed a Placemaking Strategy, to complement the physical placemaking moves that we are undertaking and to provide guidance for TRC's approach to using events and activations to promote and galvanise community interaction. Key moves and initiatives in the Placemaking Strategy are now being implemented in collaboration with partners, with delivery of events and activations measured through an annual SPE output measure.

As aforementioned, one of the most visible moves within our placemaking strategic priority area is the Maybury Green Project. We have already provided detailed commentary within this annual report (and the FY19 Annual Report) on progress within this project.

Our progress against the medium-term SOI indicator for this strategic priority area is set out in the following table.

MEDIUM-TERM SOI INDICATOR	FY18 ACTUAL[22]	FY19 ACTUAL	FY20 TARGET	FY20 ACTUAL	FY21 TARGET
Percentage of neighbourhood designs that meet the agreed minimum standard under the Quality Neighbourhood Framework.	100%	Not Measured	100%	Not Measured	100%

[22] Note that FY18 falls outside of the current SOI period of FY19-FY22. FY18 results are included in this table to allow readers to compare performance and trends over time.

COMPANY DISCLOSURES

The below disclosures are required under the Crown Entities Act 2004 and the Companies Act 1993 and are for the Tāmaki Redevelopment Company Limited Legal Group (TRC Legal Group), unless (and where specified) disclosures are required by one of the individual entities that make up TRC Legal Group.

TRC Legal Group consists of Tāmaki Regeneration Limited (TRL) and Tāmaki Redevelopment Company Limited Group (TRC Group). TRC Group further comprises Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP).

TRC Parent owns 100% of the ordinary shares of TRL. However, Crown controls TRL due to the conditions imposed by the preference shares it has been issued with by TRL. TRC Parent's brand or trading name is Tāmaki Regeneration Company.

Changes to the composition of the Board during the year

The Board of Directors for all entities within the TRC Legal Group as at 30 June 2020 consisted of the following members:

- Evan Davies (Chair)
- Dr. Susan Macken (Deputy Chair)
- Diana Puketapu
- Kerry Hitchcock
- Madhavan Raman

During the 2020 financial year, the following changes occurred to the composition of the Board:

- John Sax ceased as a member of the Board on 20 September 2019.
- Martin Udale ceased as a member of the Board on 28 February 2020.
- Madhavan Raman commenced as a member of the Board on 20 September 2019.

Schedule of Board meeting attendance

The governance for TRC Legal Group is conducted by the Board of TRC Parent. The total number of TRC Parent Board meetings held in the last financial year was 10.

DIRECTOR	NO. OF MEETINGS ATTENDED (during the year out of a possible 10)
Evan Davies (Chair)	10
Dr. Susan Macken (Deputy Chair)	8
Diana Puketapu	8
Kerry Hitchcock	8
Madhavan Raman	8
Martin Udale	1

Board and committee remuneration

The Boards of TRL and THAGP received no remuneration during the year. The Board of TRC Parent received a total of $248k remuneration during the year, the breakdown of which can be found in TRC Group's financial statements on page 45.

There have been no payments made to committee members appointed by the Boards of the entities that constitute TRC Legal Group who were not Board members during the financial year.

Company secretary

Simpson Grierson, 88 Shortland St, Auckland Central.

Principal activities

The principal activities of TRC Legal Group during the period were:

- Tenancy and property management (THALP)

- Development of new social and private housing (TRL)

- Social and economic regeneration activities (TRC Parent)

Significant changes in the state of affairs

There were no significant changes in the state of affairs of the TRC Legal Group during the 2020 financial year.

Directors' interest in transactions and interests register changes

No directors' interests in transactions declared in any entity of TRC Legal Group. The full interest registers of the Board of TRC Parent, TRL and THAGP can be found on pages 27 to 28. Note, the members of all three Boards are the same at year-end.

Indemnification and insurance of directors and officers

During the period TRC Parent purchased insurance to cover all directors, officers and employees of all entities in the TRC Legal Group. They are indemnified for wrongful acts committed, attempted or allegedly committed or attempted during the policy period. The limit of the indemnity for any one act is $20 million. The indemnity period runs from 30 September 2019 to 30 September 2020.

The total amount of insurance premium paid was $25k.

Employee salary band information

There are 35 employees of TRC Legal Group who earn a salary of more than $100,000. The breakdown of these employees into bands of $10,000 each is provided in the financial statements of TRC Group on page 47.

Good employer compliance

TRC Legal Parent has met its obligations to be a good employer and have adhered to the equal employment opportunities programme. A wellbeing programme was set up during the year, enabling employees to be proactive and responsive to their individual health and wellbeing needs.

Donations

TRC Legal Group made donations worth $23k during the year which were approved by TRC Parent. No other entities in the TRC Legal Group paid any donations during the year.

Audit fees

TRC Legal Group paid to Audit New Zealand the following amounts during the year:

- fees for the audit of financial statements of $257k, including audit fees for the prior financial year paid in the current year of $23k; and
- fees for assurance services of $52k; and

The breakdown of these audit fees by entities that make up the TRC Legal Group can be found in the entities' respective financial statements contained within this Annual Report.

Company Directories for the Board

BOARD MEMBER	ENTITY	RELATIONSHIP
Evan Davies (Chair)	Capital Investment Committee	Chair
	Hospital Redevelopment Partnership Group	Chair
	Melanesian Mission Trust Board	Trustee
	Anglican Trust for Women and Children	Trustee
	Todd Property Group Limited (and all Todd subsidiaries)	Director
	Auckland Arts Festival	Trustee
	Flinders Mines	Director
	Auckland City Mission	Trustee
	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	Kōkako Farms Limited	Director and Shareholder
	Kimono Capital Limited	Director
	Western Hills Holdings Limited	Director
	Priory Pastoral Developments Limited	Director
	Priory Pastoral Farm Limited	Director
	Auckland Tourism Events and Economic Development Limited	Director
	Win Limited	Director
	Welch Securities Limited	Director and Shareholder
Dr. Susan Macken (Deputy Chair)	Tāmaki Redevelopment Company Limited	Deputy Chair
	Tāmaki Regeneration Limited	Director
	Tamaki Redevelopment Company Limited	Director
	THA GP Limited	Director
	STG Limited	Director and Shareholder
	Blossom Bear Limited	Director and Shareholder
	Private Accounting Trustee Limited	Director and Shareholder
	Station Mews Apartments Limited	Director
	Spa Electrics Pty Limited (an Australia-based company)	Chair
Diana Puketapu	Manawanui Support Limited	Director
	Ngāti Porou Holding Company Limited	Director
	Pohewa Limited	Director
	Napier Port Holdings Limited	Director
	Ngāti Porou Seafoods Limited	Director
	Ngāti Porou Fisheries Limited	Director
	Real Fresh Limited	Director
	NZ Cricket	Director
	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	Ngāti Porou Berries Limited	Director
	New Zealand Olympic Committee	Member
	Port of Napier Limited	Director

Kerry Hitchcock	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	Haven Funds Management Limited	Director
	Haven Living Management Limited	Director
	Haumaru Auckland Limited	Director
	Charta Funds Management Limited	Director and Shareholder
	Charta Management Holdings Limited	Director and Shareholder
	Fidelta Group Limited	Director and Shareholder
	Northcote Rd 1 Holdings Limited (Smales Farm)	Director
Madhavan Raman	WALSH Trust (West Auckland Living Skills Home Trust)	Trustee
	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director

TAMAKI REDEVELOPMENT COMPANY LIMITED GROUP FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Table of Contents

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2020

We are responsible for the preparation of Tāmaki Redevelopment Company Limited Group's financial statements and non-financial performance reporting and for the judgements made in them. Tāmaki Redevelopment Company Limited Group's non-financial performance has been reported in Tāmaki Redevelopment Company Limited Legal Group's statement of performance which is found on pages 10 to 24 of this Annual Report.

We are responsible for any end of year performance information provided by Tāmaki Redevelopment Company Limited Group under section 19A of the Public Finance Act 1989.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In our opinion, these financial statements and non-financial performance reporting fairly reflect the financial position and operations of the Tāmaki Redevelopment Company Limited Group for the year ended 30 June 2020.

Signed on behalf of the Board:

Director
30 October 2020

Director
30 October 2020

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ended 30 June 2020

	Notes	2020 Actual $000's	2020 Budget $000's	2019 Actual $000's
Revenue				
Management fee income	2	11,405	14,107	9,771
Dividend received		7,050	11,340	13,000
Other income		47	95	25
Total revenue		**18,502**	**25,542**	**22,796**
Expenditure				
Personnel costs		9,694	9,399	8,069
Consultants and professional fees		2,443	5,398	2,729
Contractors and temporary staff		44	50	540
Directors fees	12	248	265	262
Management fee expense		328	1,611	302
Utilities and insurance		74	76	73
Other expenses	3	4,207	6,103	3,936
Total expenditure		**17,038**	**22,902**	**15,911**
EBITDAF*		**1,464**	**2,640**	**6,885**
Depreciation and amortisation expense	5,6	142	101	184
EBIT		**1,322**	**2,539**	**6,701**
Interest income		9	0	43
Interest expense		0	0	813
Net interest income		**9**	**0**	**(770)**
Surplus for the year		**1,331**	**2,539**	**5,931**
Total comprehensive revenue and expense		**1,331**	**2,539**	**5,931**
Surplus for the year attributable to:				
Crown		785	1,498	3,499
Minority interest (Auckland Council)		546	1,041	2,432
Surplus for the year		**1,331**	**2,539**	**5,931**
Total comprehensive revenue and expense attributable to:				
Crown		785	1,498	3,499
Minority interest (Auckland Council)		546	1,041	2,432
Total comprehensive revenue and expense		**1,331**	**2,539**	**5,931**

Explanations of major variances against budget are provided in note 16.

The accompanying notes form part of these financial statements.

** Earnings before interest, taxation, depreciation and fair value adjustments.*

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Notes	2020 Actual $000's	2020 Budget $000's	2019 Actual $000's
Assets				
Current assets				
Cash and cash equivalents		2,438	5,575	3,880
Trade and other receivables	4	1,112	458	241
Total current assets		**3,550**	**6,033**	**4,121**
Non-current assets				
Property, plant and equipment	5	279	6	143
Intangible assets	6	11	38	41
Total non-current assets		**290**	**44**	**184**
Total assets		**3,840**	**6,077**	**4,305**
Liabilities				
Current liabilities				
Creditors and other payables	7	8,999	2,157	2,867
Annual leave liability		588	381	407
Loan		0	10,872	8,109
Total current liabilities		**9,587**	**13,410**	**11,383**
Total liabilities		**9,587**	**13,410**	**11,383**
Net assets		**(5,747)**	**(7,333)**	**(7,078)**
Equity				
Ordinary shares - Crown		5,000	5,000	5,000
Ordinary shares - Auckland Council		3,500	3,500	3,500
Accumulated (deficit)		(14,247)	(15,833)	(15,578)
Total equity	8	**(5,747)**	**(7,333)**	**(7,078)**

Explanations of major variances against budget are provided in note 16.

The accompanying notes form part of these financial statements.

For and on behalf of the Board who authorise the issue of the financial statements on 30 October 2020.

Director
30 October 2020

Director
30 October 2020

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

	Notes	2020 Actual $000's	2020 Budget $000's	2019 Actual $000's
Balance at 1 July		**(7,078)**	**(9,872)**	**(13,009)**
Total comprehensive revenue and expense				
Surplus for the year		1,331	2,539	5,931
Total comprehensive revenue and expense		**1,331**	**2,539**	**5,931**
Owners' transactions				
Capital contribution		0	0	0
Repayment of capital		0	0	0
Total contributions and distributions		**0**	**0**	**0**
Balance at 30 June	8	**(5,747)**	**(7,333)**	**(7,078)**

Explanations of major variances against budget are provided in note 16.

The accompanying notes form part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF CASH FLOWS
For the year ended 30 June 2020

	Notes	2020 Actual $000's	2020 Budget $000's	2019 Actual $000's
Cash flows from operating activities				
Management fee income		16,272	13,907	9,391
Receipts from other revenue		47	95	186
Interest received		12	0	43
Payments to suppliers		(7,018)	(15,943)	(8,310)
Payments to employees		(9,443)	(9,399)	(7,545)
Goods and services tax (net)		(5)	0	(180)
Net cash flow from operating activities		**(135)**	**(11,340)**	**(6,415)**
Cash flow from investing activities				
Purchase of property, plant and equipment		(242)	0	(4)
Purchase of intangible assets		(6)	0	(8)
Net cash flow from investing activities		**(248)**	**0**	**(12)**
Cash flow from financing activities				
Loan provided from/(repayment to) Crown		0	0	(26,500)
Loan provided from/(repayment to) TRL		(8,109)	0	21,109
Interest paid		0	0	(813)
Dividend received from TRL		7,050	11,340	13,000
Net cash flow from financing activities		**(1,059)**	**11,340**	**6,796**
Net (decrease)/increase in cash and cash equivalents		**(1,442)**	**0**	**369**
Cash and cash equivalents at the beginning of the year		3,880	5,575	3,511
Cash and cash equivalents at the end of the year		**2,438**	**5,575**	**3,880**

Explanations of major variances against budget are provided in note 16.

The accompanying notes form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity
These financial statements are for the Tāmaki Redevelopment Company Limited Group (TRC Group) which comprises the parent entity Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP). TRC Group has determined that it is a public benefit entity (PBE) for financial reporting purposes. TRC Group's primary objective is the social and economic regeneration of the Tāmaki area.

These financial statements do not include Tāmaki Regeneration Limited (TRL) due to Crown (rather than TRC Parent) controlling TRL. TRL's financial statements are presented separately on pages 54 to 85 of this Annual Report. This Annual Report also presents, on pages 86 to 93, an aggregated set of financial statements of the Tāmaki Redevelopment Company Limited Legal Group (TRC Legal Group, which comprises of TRC Group and TRL) that do not comply with generally accepted accounting practice in New Zealand (NZ GAAP) and are not audited. Such an aggregation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 35 *Consolidated Financial Statements* to consolidate TRL into TRC Group.

The financial statements for TRC Group are for the year ended 30 June 2020. They were approved by the Board on 30 October 2020.

TRC Parent is a limited liability company incorporated in New Zealand under the Companies Act 1993 and is a schedule 4A entity of the Public Finance Act 1989.

Basis of preparation
The financial statements have been prepared on a going concern basis. This is supported by:

1. The declaration of a dividend from TRL for $5.7m on 1 October 2020. The Entitled Persons/Ministerial approval for the dividend waiver is still to be obtained but based on past practice this is expected to be received.
2. The TRL Board has resolved to provide cash flow support to TRC group if needed; and
3. TRL is expected to be solvent and be in a position to provide the dividend to TRC group once the entitled person/ministerial approval is received.

The accounting policies have been applied consistently throughout the period.

Statement of compliance
The financial statements of TRC Group have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with NZ GAAP. TRC Group is a non-publicly accountable and non-large PBE as defined by the External Reporting Board. For that reason, TRC Group is allowed and has elected to prepare its financial statements in accordance with Tier 2 PBE accounting standards, which allows reduced disclosures.

Functional and presentational currency
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of TRC Group is New Zealand dollars (NZ$).

SIGNIFICANT ACCOUNTING POLICIES
Control and consolidation
Subsidiaries
Subsidiaries are entities controlled by the TRC Parent. The TRC Parent controls an entity when it has the power to govern the financial and operating policies of the entity so as to benefit from its activities. The financial statements from the date on which control commences until the date on which control ceases are consolidated into the TRC Parent's financial statements. The TRC Parent controls two subsidiaries being THALP and THAGP.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Control and consolidation (cont'd)

Loss of control

When the TRC Parent loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related minority interests and other components of equity. Any resulting gain or loss is recognised in surplus or deficit. Any interest retained in the former subsidiary is measured at fair value when control is lost.

Revenue from exchange transactions

Exchange revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to TRC Group and the revenue can be reliably measured, regardless of when the payment is being made. The specific accounting policies for significant revenue items are explained below:

Management fee income

The TRC Parent received management fees from TRL each month in return for supplying day to day management services. THALP received management fees from TRL each month in return for provision of tenancy and property management services.

Interest income

Interest income is recognised using the effective interest method. Interest income on an impaired financial asset is recognised using the original effective interest rate.

Dividend revenue

Dividend revenue is recognised when the right to receive payment has been established. Dividend revenue is received from TRL on the 100 ordinary shares that TRC Parent owns at $1 each. The value of these shares is rounded down to zero in the Statement of Financial Position.

Revenue from non-exchange transactions

Revenue from non-exchange transactions is recognised only when TRC Group obtains control of the transferred asset (cash) and the transfer is free from conditions to refund or return the asset if the conditions are not fulfilled.

Receivables

Short-term receivables are recorded at face value, less any expected credit losses. TRC Group applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Property, plant and equipment

Property, plant, and equipment consist of the following asset classes: leasehold improvements, office equipment and computer equipment. All assets classes are measured at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to TRC Group and the cost of the item can be measured reliably. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to TRC Group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

Leasehold improvements	The shorter of the period of the lease or estimated useful life
Office equipment	3 years
Computer equipment	5 years

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Intangible assets

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of TRC Group's website are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired computer software	3 years

Impairment of property, plant and equipment and intangible assets

TRC Group does not hold any cash-generating property, plant and equipment. Property, plant, and equipment are considered cash-generating where their primary objective is to generate a commercial return through the provision of goods and/or services to external parties. TRC Group's primary objective from its non-financial assets is to achieve the regeneration objectives set out in its Statement of Intent.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Impairment of property, plant and equipment and intangible assets (cont'd)
Non-cash-generating assets
Property, plant, and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where TRC Group would, if deprived of the asset, replace its remaining future economic benefit or service potential. If an assets carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. For assets not carried at a revalued amount, the total impairment loss (or reversal of impairment loss, if any) is recognised in surplus or deficit.

Creditors and other payables
Short-term creditors and other payables are recorded at their face value.

Employee entitlements
Short-term employee entitlements
Employee benefits expected to be settled within 12 months of reporting date are measured at nominal values based on accrued entitlements at current rates of pay. These include salaries and wages accrued up to reporting date and annual leave earned to but not yet taken at balance date. A liability and an expense are recognised for bonuses where TRC Group has a contractual obligation or where there is a past practice that has created a constructive obligation.

Presentation of employee entitlements
Annual leave expected to be settled within 12 months of reporting date is classified as a current liability.

Provisions
A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

Financial instruments
TRC Group classifies all its financial assets and liabilities at amortised cost under the accounting standard PBE IFRS 9 *Financial Instruments* on the basis that these financial instruments are non-derivative and constitute solely payments of principal and interest and the asset (or liability) are held to collect (or settle via) cash flows.

TRC Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by TRC Group is recognised as a separate asset or liability.

TRC Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Financial instruments (cont'd)
Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when TRC Group currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

Income tax
These financial statements have been prepared on the basis that all entities in the TRC Legal Group are tax exempt in accordance with the Taxation Amendment Act 2019.

Goods and services tax
All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the prospective statement of financial position. The net GST paid to or received from the IRD including the GST relating to investing and financing activities, is classified as a net operating cash flow in the prospective statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Equity
Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:
• accumulated (deficit); and
• capital.

Budget figures
The budget figures are derived from the statement of performance expectations as approved by the Board on 28 June 2019. The budget figures were prepared in accordance with NZ GAAP.

Critical accounting estimates and assumptions
In preparing these prospective financial statements, TRC Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating useful lives and residual values of property, plant, and equipment
At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by TRC Group, and expected disposal proceeds from the future sale of the asset.

Critical accounting judgements
A critical accounting judgement made in the preparation of these accounts is that THALP is acting as an agent (tenancy and property manager) for TRL. A 'deed of lease and appointment of property manager' agreement sets out the roles and responsibilities between THALP and TRL. THALP is essentially providing a tenancy and property management service to TRL in return for a management fee. In March 2019, TRL and THALP signed a new deed of lease (replacing the lease entered into in December 2017) which sets out that THALP will receive a per property per week management fee. Under both the old and new deeds of lease, THA receives a per property per week management fee.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Critical accounting judgements (cont'd)
TRL under both the old and the new deed of lease is entitled to the full rental income collected by THALP and must pay for the full property maintenance costs.

Factors that indicate THALP is acting as a principal
THALP is a Community Housing Provider (CHP) and is registered as a social housing landlord per CHP regulations. THALP therefore has the relationship with the Ministry of Social Development and the Ministry of Housing and Urban Development (HUD) from October 2018, with regards to charging and collecting the IRRS subsidy and letting of tenants through the Ministry's application and vacancy process. Any obligations arising under the CHP regulations are the responsibility of THALP. THALP is also party to the tenancy agreement with the social housing tenants and THALP makes the decisions regarding who to accept as a tenant. THALP also bears the credit risk under the new deed of lease.

Factors that indicate THALP is acting as an agent
TRL is the asset owner and is responsible for funding and making the decisions regarding the maintaining of the properties, a significant portion of which is outsourced to a separate facilities management company. TRL has influence over the tenancy term with its ability to give notice to remove a property from the deed of lease. TRL also bears tenant occupancy risk from the subleasing arrangement.

Management have determined that on balance, THALP is acting as an agent for TRL and is carrying out its aforementioned duties on behalf and for TRL.

Accounting standards issued but not yet effective
Amendment to PBE IPSAS 2 Statement of Cash Flows
An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. TRL does not intend to early adopt the amendment.

PBE IPSAS 41 Financial Instruments
The XRB issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although TRL has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

PBE FRS 48 Service Performance Reporting
PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. TRL has not yet determined how application of PBE FRS 48 will affect its statement of performance.

Accounting standards adopted during the period
PBE IPSAS 34 to 38 (relating to separate and consolidated financial statements, associates, joint ventures, joint arrangements and disclosure of interests in other entities)
PBE IPSAS 34 to 38 are effective for reporting periods beginning on or after 1 January 2019 and therefore TRC Group have adopted the standards during the year. TRC Group has assessed that there is no material impact of the new accounting standards on its financial statements.

2. MANAGEMENT FEE INCOME

	2020 Actual $000's	2019 Actual $000's
Management services provided by THALP to TRL	5,526	5,406
Management services provided by TRC Parent to TRL	5,879	4,365
Total management fee income	**11,405**	**9,771**

Management services provided by THALP to TRL
THALP act as an agent on behalf of TRL in providing its tenancy and property management services to state housing tenants. The management fee income that THALP recognises from TRL is based on a per property per week number.

THALP is a registered Community Housing Provider and as part of its activities, it collected a combined IRRS and IRR amounting to $65.0m for the year (2019: $63.5m), the majority of which was subsequently remitted to TRL.

3. OTHER EXPENSES

	2020 Actual $000's	2019 Actual $000's
Fees to Audit New Zealand for audit of 2019/20 financial statements	163	0
Fees to Audit New Zealand for audit of 2018/19 financial statements	0	110
Fees to Audit New Zealand for audit of 2017/18 financial statements	0	29
Fees to Audit New Zealand for assurance services	20	8
IT support and licence fees	607	598
Printing and stationery	368	188
Telephones and mobiles	187	153
Marketing and collateral	655	1,067
Rent	351	308
Motor vehicle expenses	44	156
Recruitment fees	114	278
Staff training	210	129
Legal expense	87	21
Travel expenses	76	57
Other	1,325	834
Total other expenses	**4,207**	**3,936**

4. TRADE AND OTHER RECEIVABLES

	2020 Actual $000's	2019 Actual $000's
Trade receivables	29	2
Prepayments	196	222
Salaries in advance*	34	0
Receivable from TRL**	831	0
GST receivable	22	17
Total trade and other receivables	**1,112**	**241**

*Due to the impact of COVID-19 and to contribute to the Tāmaki community, donations were paid in advance by TRC Parent on behalf of some Senior Leadership Team members to Te Hoe oo Tamaki Charitable Trust. These donations will be recovered in FY21 through deductions to those Senior Leadership Team members' salaries.

**TRL is related to TRC Group by virtue of being legally owned by TRC Parent. TRC Parent does not have control over TRL as explained in the reporting entity section of the Statement of Accounting Policies.

5. PROPERTY, PLANT AND EQUIPMENT

	Office equipment Actual $000's	Computer equipment Actual $000's	Leasehold improvements Actual $000's	Total Actual $000's
Cost				
Balance at 30 June 2018	322	304	733	**1,359**
Balance at 30 June 2019	326	304	733	**1,363**
Additions during the year	85	112	44	**241**
Disposals during the year	0	0	0	**0**
Balance at 30 June 2020	**411**	**416**	**777**	**1,604**
Accumulated depreciation				
Balance at 30 June 2018	256	178	665	**1,099**
Balance at 30 June 2019	311	221	687	**1,220**
Depreciation charge for the year	29	54	23	**106**
Disposals during the year	0	0	0	**0**
Balance at 30 June 2020	**340**	**275**	**710**	**1,325**
Carrying Amounts				
Balance at 30 June 2018	66	126	68	**260**
Balance at 30 June 2019	15	83	46	**143**
Balance at 30 June 2020	**71**	**141**	**67**	**279**

There are no restrictions over the title of TRC Group's property, plant and equipment, nor are there any property, plant and equipment pledged as security for liabilities. (2019: nil).

6. INTANGIBLE ASSETS

	Acquired software Actual $000's	Total Actual $000's
Cost		
Balance at 30 June 2018	251	**251**
Balance at 30 June 2019	259	**259**
Additions during the year	7	**7**
Balance at 30 June 2020	**266**	**266**
Accumulated amortisation		
Balance at 30 June 2018	155	**155**
Balance at 30 June 2019	218	**218**
Amortisation charge for the year	36	**36**
Balance at 30 June 2020	**254**	**254**
Carrying Amounts		
Balance at 30 June 2018	96	**96**
Balance at 30 June 2019	41	**41**
Balance at 30 June 2020	**11**	**11**

There are no restrictions over the title of TRC Group's intangible assets, nor are any intangible assets pledged as security for liabilities. (2019: nil).

7. CREDITORS AND OTHER PAYABLES

	2020 Actual $000's	2019 Actual $000's
Creditors	749	481
Accrued expenses	567	727
Payable to TRL*	1,348	1,659
Revenue received in advance from TRL*	6,334	0
Total creditors and other payables	**8,999**	**2,867**

Cashflows are managed at the TRC Legal Group level in order to minimise the amount of Crown equity funding required to be drawn. Management fee income is received in advance from TRL in order to fund the operating cashflows of TRC Group. Each year, TRL declares and pays a dividend to TRC Parent at the end of each financial year to fund the previous financial year's activity.

*TRL is related to TRC Group by virtue of being legally owned by TRC Parent. TRC Parent does not have control over TRL as explained in the reporting entity section of the Statement of Accounting Policies.

8. EQUITY

	Ordinary shares	
	2020 Actual $000's	**2019 Actual $000's**
Contributed capital		
Balance at 1 July	8,500	8,500
Balance at 30 June	**8,500**	**8,500**
Accumulated (deficit)		
Balance at 1 July	(15,578)	(21,509)
Total comprehensive revenue and expense	1,331	5,931
Balance at 30 June	**(14,247)**	**(15,578)**
Total equity	**(5,747)**	**(7,078)**

All ordinary shares of TRC Parent are held by the Crown (59%) and Auckland Council (41%). There are 1,000 ordinary shares issued, all of which are unpaid and have no par value. All the Crown shares and Council shares have the same rights and privileges and are subject to the same restrictions.

9. COMMITMENTS

There are no capital commitments as at 30 June 2020. (2019: nil).

Operating leases as lessee

The future aggregate minimum lease payments to be paid under non-cancellable operating leases are as follows:

	2020 Actual $000's	**2019 Actual $000's**
Not later than one year	538	214
Later than one year not later than five years	247	180
Later than five years	0	0
Total non-cancellable operating leases	**785**	**395**

10. CONTINGENCIES

There are no contingent assets or contingent liabilities as at 30 June 2020. (2019: nil).

11. RELATED PARTY TRANSACTIONS

TRC Parent's ordinary shares are 59% held by the Crown and 41% by Auckland Council.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect TRC Group would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

Key management personnel compensation

	2020 Actual	2019 Actual
Board members		
Remuneration ($000's)	248	262
Full-time equivalent members	0.60	0.65
Senior Leadership Team		
Remuneration ($000's)	1,813	1,678
Full-time equivalent members	6.58	5.51
Total key management personnel remuneration ($000's)	**2,061**	**1,940**
Total full time equivalent personnel	**7.18**	**6.16**

$58k of employer Kiwisaver contributions is included within the Senior Leadership Team remuneration disclosure above.

12. BOARD REMUNERATION

The total value of remuneration paid or payable to each Board member during the year was:

	2020 Actual $000's	2019 Actual $000's
Evan Davies (Chair)	71	61
Dr. Susan Macken (Deputy Chair)	44	46
Diana Puketapu	35	37
Kerry Hitchcock	35	37
Madhavan Raman	29	0
Martin Udale	24	37
John Robertson	0	10
John Sax	9	37
Total Board member remuneration	**248**	**262**

12. BOARD REMUNERATION (CONT'D)

There have been no payments made to committee members appointed by the Board who are not Board members during the financial year. TRC Group has provided a deed of indemnity to its Directors during the financial year. TRC Group has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees. No Board members received compensation or other benefits in relation to cessation. (2019: nil).

Given the governance of TRL and THAGP are conducted by the Board of TRC Parent, the above Board remuneration also represents the Board remuneration of the full TRC Legal Group.

The full time equivalent for Board members has been determined based on the frequency and length of Board meetings and the estimated time for Board members to prepare for meetings. No close family members of TRC Group's key management personnel are employed by TRC Group. There are no loans made to key management personnel of TRC Group or their close family members.

Given TRL has no employees and the activities of TRL are conducted by employees of TRC Parent, the above key management personnel remuneration and full-time equivalent numbers also represent the disclosure for the TRC Legal Group.

Due to the impact of COVID-19 and to contribute to the Tāmaki community, the Board have chosen to donate a part of their remuneration for a period of 6 months (from 1 May 2020 to 31 October 2020) to the Te Hoe oo Taamaki Charitable Trust.

13. EMPLOYEE REMUNERATION

Approach to Remuneration
Tāmaki Regeneration Company (TRC) takes a total cash approach to remuneration; total cash includes the value of base pay, plus Kiwisaver.

In addition to the legislated rate of KiwiSaver for eligible employees, TRC provides the following benefits:
- $300 per annum wellbeing reimbursement
- A top up on the government's paid parental leave contribution to 100% salary for up to 13 weeks
- 5 weeks annual leave
- 10 days annual sick leave

Senior Leadership Team Market Benchmarking
TRC uses an external independent consultant to provide market remuneration information for each of the Senior Leadership Team roles, based on roles of a similar size and nature. The remuneration policy is:

- Base salary is based on the market median point
- Short Term incentive is based on the market lower quartile

TRC offers a potential Short-Term Incentive to some Senior Leadership Team roles (excluding the Chief Executive). Short Term incentive calculations consider delivery against agreed objectives, in conjunction with company performance. Payment of any Short-Term Incentive bonuses is at the complete discretion of the Chief Executive and Board.

13. EMPLOYEE REMUNERATION (CONT'D)

Senior Leadership Team Remuneration Reviews
Senior Leadership Team remuneration reviews are signed off by the Chief Executive and Board. The Board will determine any changes to the Chief Executive's salary.

FY21 Remuneration
The Chief Executive and Board have decided that the FY21 salary increase will be at a fixed "cost of living" level of 2% and only apply to TRC employees earning less than $100,000 per annum. Staff earning more than $100,000 will not be entitled to a salary increase.

Due to the impact of COVID-19 and to contribute to the Tāmaki community, some Senior Leadership Team members are choosing to donate a percentage of their gross salary to the Te Hoe oo Taamaki Charitable Trust for a period of approximately 6 months from 20 April 2020 to 18 October 2020.

Employer Kiwisaver Contributions
Included in the personnel costs line item within the Statement of Comprehensive Revenue and Expense is $194k of employer Kiwisaver contributions.

Total remuneration paid or payable
The below table sets out the total remuneration paid or payable to staff above $100,000 in bands of $10,000.

	2020 Actual	2019 Actual
Total remuneration paid or payable:		
$400,000 - $409,999	1	0
$370,000 - $379,999	0	1
$310,000 - $319,999	1	0
$260,000 - $269,999	1	1
$250,000 - $259,999	0	1
$210,000 - $219,999	1	0
$200,000 - $209,999	1	1
$190,000 - $199,999	1	1
$180,000 - $189,999	1	0
$170,000 - $179,999	3	0
$160,000 - $169,999	1	5
$150,000 - $159,999	3	1
$140,000 - $149,999	2	3
$130,000 - $139,999	0	2
$120,000 - $129,999	4	4
$110,000 - $119,999	4	5
$100,000 - $109,999	7	5
Total employees with remuneration above $100,000	**31**	**30**

Given TRL has no employees and the activities of TRL are conducted by employees of TRC Parent, the above employee remuneration and cessation disclosure also represent the disclosure for the TRC Legal Group.

Three employees received compensation of $121,172 in relation to cessation of employment (2019: nil).

14. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date (2019: nil).

15. FINANCIAL INSTRUMENTS

Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	2020 Actual $000's	2019 Actual $000's
Financial assets - loans and receivables		
Cash and cash equivalents	2,438	3,880
Trade and other debtors	1,078	241
Total loans and receivables	**3,516**	**4,121**
Financial liabilities measured at amortised cost		
Creditors and other payables	8,999	2,867
Loan	0	8,109
Total financial liabilities measured at amortised cost	**8,999**	**10,976**

16. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statement of comprehensive revenue and expense

Total Surplus and Comprehensive revenue and expense for the year were both $1.2m less than Budget. Management fees charged by TRC Parent to THALP was incorrectly included in budgeted revenue and expenditure rather than being eliminated. The net effect on the reported variance is nil. Dividend received was $4.3m below Budget and Management fee income $1.1m below Budget due to the less expenses incurred by TRC Parent on behalf of TRL. Expenditure on Consultants and professional fees were below Budget by $3.0m due to deferment of marketing costs, spend on Glen Innes town centre and changes to the delivery model for the Whānau by Whānau programme.

Statement of financial position

Total equity was $1.6m better than Budget at balance date due to the lower surplus described above and a $2.8m variation between Budget and actual opening Accumulated deficit for the year. This was represented by Cash being $3.1m below Budget, Receivables $0.6m above Budget and Creditors (primarily Payable to TRL) being $6.8m better than Budget.

Statement of cash flows

A combination of better operating cash flows by $11.2m offset by $12.4m lower from financing activities and $0.2m from investing meant cash received was $1.4m behind Budget. The Actual Opening cash was $1.7m lower than Budget leading to overall Net cash of $2.4m being $3.1m less than Budget. Operating cashflows were improved through payments to suppliers being $8.9m better than Budget and TRL prepaying management fees which contributed to $2.4m of the variance. Within Financing activities an unbudgeted loan repayment of $8.1m was made to TRL and Dividend received was $4.3m below Budget.

17. IMPACT OF COVID-19 ON FINANCIAL STATEMENTS

COVID-19 impact assessment

A line-by-line assessment has been performed to understand the impact of COVID-19 on these financial statements. The assessment was conducted by preparing a proforma Statement of Comprehensive Revenue and Expense and Statement of Financial Position for TRC Group using the trial balance as at 29 February 2020 and projecting the full-year financial performance and financial position of TRC Group.

This was then compared on a line-by-line basis against the actual TRC Group Statement of Comprehensive Revenue and Expense and Statement of Financial Position. Any differences that were material were investigated and those that were due to the impact of COVID-19 have been disclosed.

Summary of financial impact of COVID-19

There was no material impact of COVID-19 on TRC Group's financial statements. Whilst output targets and enabling project milestones were impacted by COVID-19 as identified in TRC Legal Group's Statement of Performance on pages 10 to 24 of this annual report, this did not have a material financial impact.

Delivery of kai in the Tāmaki community

The Tāmaki Whānau: Community-Led Covid-19 Response Collective was setup by TRC and its partners in response to the COVID-19 pandemic to provide, among other support services, kai and essential supplies to local whānau. The cost of providing the kai of $182k is included in TRC Group's Statement of Comprehensive Revenue and Expense.

Independent Auditor's Report

To the readers of Tāmaki Redevelopment Company Limited Group's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Tāmaki Redevelopment Company Limited Group (the Group). The Auditor-General has appointed me, JR Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, of the Group on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 31 to 49, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements including a summary of significant accounting policies and other explanatory information; and
- the performance information of the Group on pages 7 to 24.

In our opinion:

- the financial statements of the Group on pages 31 to 49:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2020; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with the Public Benefit Entity Reporting Standards; and
- the performance information on pages 7 to 24:
  - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2020, including:
    - for each class of reportable outputs:
      - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
      - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 October 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of Covid-19 on the Group. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Group as set out in note 17 to the financial statements and pages 7 and 8 of the performance information.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements and performance information that are fairly presented and comply with generally accepted accounting practice in New Zealand. The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Group, or there is no realistic alternative but to do so.

The Board of Director's responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

Responsibilities of the auditor for the audit of the financial statements and the performance information

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and the performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

This Annual Report of Tāmaki Redevelopment Company Limited contains the audited financial statements of Tāmaki Redevelopment Company Limited Group, the audited financial statements of Tāmaki Regeneration Limited, combined performance information for Tāmaki Redevelopment Company Limited Group and Tāmaki Regeneration Limited and two independent auditor's reports, one for each set of audited financial statements and the combined performance information.

The Annual Report also includes other information. The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 6, 25 to 29, 54 and 86 to 93, but does not include the financial statements and the performance information, and our auditor's reports thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

In addition, we have considered whether each of the two sets of audited financial statements are materially inconsistent with each other or our knowledge obtained in the audit of either of the two companies. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have provided assurance services in relation to procurement processes and tenancy management undertaken by the Legal Group, which is compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Group.

JR Smaill
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

TAMAKI REGENERATION LIMITED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2020

Table of Contents

TĀMAKI REGENERATION LIMITED
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2020

We are responsible for the preparation of Tāmaki Regeneration Limited's financial statements and non-financial performance reporting and for the judgements made in them. Tāmaki Regeneration Limited's non-financial performance has been reported in Tāmaki Redevelopment Company Limited Legal Group's statement of performance which is found on pages 10 to 24 of this Annual Report.

We are responsible for any end of year performance information provided by Tāmaki Regeneration Limited under section 19A of the Public Finance Act 1989.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In our opinion, these financial statements and non-financial performance reporting fairly reflect the financial position and operations of the Tāmaki Regeneration Limited for the year ended 30 June 2020.

Signed on behalf of the Board:

Director
30 October 2020

Director
30 October 2020

TĀMAKI REGENERATION LIMITED
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ended 30 June 2020

	Notes	2020 Actual $000's	2020 Budget $000's	2019 Actual $000's
Revenue				
Receipts from land disposals		4,096	0	13,179
Income-related rent subsidies	2	45,506	45,459	44,787
Rental income from tenants	2	19,522	19,447	18,754
Recoveries from property damage		65	0	120
Other income		33	0	16
Total revenue		**69,222**	**64,906**	**76,856**
Expenditure				
Consultants and professional fees		544	343	1,125
Contractors and temporary staff		471	140	635
Legal expense		270	140	708
Management fee expense		11,600	12,496	9,771
Cost of land disposed		4,230	12,007	15,637
Repairs and maintenance		17,617	17,652	17,601
Utilities and insurance		10,951	10,547	10,400
Loss on fair value on shared ownership properties	10	146	0	0
Other expenses	3	477	715	616
Total expenditure		**46,306**	**54,040**	**56,493**
EBITDAF*		**22,916**	**10,866**	**20,363**
Depreciation expense	6	37,501	33,541	45,446
EBIT		**(14,585)**	**(22,675)**	**(25,083)**
Interest income		444	0	393
Interest expense		28	300	9
Net interest income		**416**	**(300)**	**384**
(Deficit) before tax		**(14,169)**	**(22,975)**	**(24,699)**
Tax expense		0	0	0
(Deficit) for the year	8	**(14,169)**	**(22,975)**	**(24,699)**
Other comprehensive revenue and expense				
Gain/(loss) on revaluation of freehold land		48,323	0	(45,057)
Gain on revaluation of rental properties		1,932	0	29,212
Total other comprehensive revenue and expense	8	**50,254**	**0**	**(15,845)**
Total comprehensive revenue and expense	8	**36,085**	**(22,975)**	**(40,544)**

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

** Earnings before interest, taxation, depreciation and fair value adjustments.*

TĀMAKI REGENERATION LIMITED
STATEMENT OF FINANCIAL POSITION
As at 30 June 2020

	Notes	2020 Actual $000's	2020 Budget $000's	2019 Actual $000's
Assets				
Current assets				
Cash and cash equivalents		52,929	24,750	52,760
Trade and other receivables	4	23,325	12,838	13,167
Inventories	5	6,105	82,770	1,328
Total current assets		**82,359**	**120,358**	**67,255**
Non-current assets				
Investment in shared ownership properties	10	1,160	0	0
Property, plant and equipment	6	1,893,370	1,851,136	1,884,872
Total non-current assets		**1,894,530**	**1,851,136**	**1,884,872**
Total assets		**1,976,889**	**1,971,494**	**1,952,127**
Liabilities				
Current liabilities				
Creditors and other payables	7	30,783	8,427	10,576
Total current liabilities		**30,783**	**8,427**	**10,576**
Total liabilities		**30,783**	**8,427**	**10,576**
Net assets		**1,946,106**	**1,963,067**	**1,941,551**
Equity				
Ordinary shares - TRC Parent		0	0	0
Preference shares - Crown		1,668,023	1,690,661	1,692,503
Revaluation reserve		458,746	468,672	423,171
Accumulated (deficit)		(180,663)	(196,266)	(174,123)
Total equity	8	**1,946,106**	**1,963,067**	**1,941,551**

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

For and on behalf of the Board who authorise the issue of the financial statements on 30 October 2020.

Director
30 October 2020

Director
30 October 2020

TĀMAKI REGENERATION LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2020

	Notes	Contributed capital Actual $000's	Revaluation reserve Actual $000's	Accumulated (deficit) Actual $000's	Total Actual $000's
Balance at 1 July 2019		**1,692,503**	**423,171**	**(174,123)**	**1,941,551**
Total comprehensive revenue and expense					
(Deficit) for the year		0	0	(14,169)	(14,169)
Other comprehensive revenue and expense		0	50,254	0	50,254
Transfer of revaluation reserve on PPE derecognition		0	(14,679)	14,679	0
Total comprehensive revenue and expense		**0**	**35,575**	**510**	**36,085**
Owners' transactions					
Capital contribution		0	0	0	0
Dividend paid		0	0	(7,050)	(7,050)
Return of value to the Crown	8	(24,480)	0	0	(24,480)
Total contributions and distributions		**(24,480)**	**0**	**(7,050)**	**(31,530)**
Balance at 30 June 2020	8	**1,668,023**	**458,746**	**(180,663)**	**1,946,106**

	Contributed capital Budget $000's	Revaluation reserve Budget $000's	Accumulated (deficit) Budget $000's	Total Budget $000's
Balance at 1 July 2019	**1,690,661**	**468,672**	**(161,951)**	**1,997,382**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(22,975)	(22,975)
Other comprehensive revenue and expense	0	0	0	0
Transfer of revaluation reserve on PPE derecognition	0	0	0	0
Total comprehensive revenue and expense	**0**	**0**	**(22,975)**	**(22,975)**
Owners' transactions				
Capital contribution	0	0	0	0
Dividends paid	0	0	(11,340)	(11,340)
Return of value to the Crown	0	0	0	0
Total contributions and distributions	**0**	**0**	**(11,340)**	**(11,340)**
Balance at 30 June 2020	**1,690,661**	**468,672**	**(196,266)**	**1,963,067**

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED
STATEMENT OF CHANGES IN EQUITY (CONT'D)
For the year ended 30 June 2020

	Contributed capital Actual $000's	Revaluation reserve Actual $000's	Accumulated (deficit) Actual $000's	Total Actual $000's
Balance at 1 July 2018	**1,631,161**	**468,672**	**(166,080)**	**1,933,753**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(24,699)	(24,699)
Other comprehensive revenue and expense	0	(15,845)	0	(15,845)
Transfer of revaluation reserve on PPE derecognition	0	(29,656)	29,656	0
Total comprehensive revenue and expense	**0**	**(45,501)**	**4,957**	**(40,544)**
Owners' transactions				
Capital contribution	59,500	0	0	59,500
Dividend paid	0	0	(13,000)	(13,000)
Return of value to the Crown	1,842	0	0	1,842
Total contributions and distributions	**61,342**	**0**	**(13,000)**	**48,342**
Balance at 30 June 2019	**1,692,503**	**423,171**	**(174,123)**	**1,941,551**

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2020

	Notes	2020 Actual $000's	2020 Budget $000's	2019 Actual $000's
Cash flows from operating activities				
Receipts from land disposals		3,466	0	16,954
Rental income from tenants		19,458	19,447	18,613
Income-related rent subsidies		45,212	45,459	44,787
Other revenue received		98	0	787
Receipt for transfer of WIP to Kāinga Ora		0	0	41,896
Payments to suppliers		(42,685)	(51,841)	(72,788)
Goods and services tax (net)		(6,448)	0	5,090
Net interest received/(paid)		416	(300)	384
Net cash flow from operating activities		**19,517**	**12,765**	**55,723**
Cash flow from investing activities				
Purchase of freehold land and rental properties		(20,407)	(27,853)	(28,534)
Net cash flow from investing activities		**(20,407)**	**(27,853)**	**(28,534)**
Cash flow from financing activities				
Dividend paid to TRC Parent		(7,050)	(11,340)	(13,000)
Equity contribution from Crown		0	0	59,500
Loan repayments from/(provided to) TRC Parent		8,109	0	(21,109)
Net cash flow from financing activities		**1,059**	**(11,340)**	**25,391**
Net increase/(decrease) in cash and cash equivalents		**169**	**(26,428)**	**52,580**
Cash and cash equivalents at the beginning of the year		52,760	51,178	180
Cash and cash equivalents at the end of the year		**52,929**	**24,750**	**52,760**

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED
RECONCILIATION OF DEFICIT FOR THE YEAR WITH NET OPERATING CASH FLOWS
For the year ended 30 June 2020

	Notes	2020 Actual $000's	2020 Budget $000's	2019 Actual $000's
(Deficit) for the year		**(14,169)**	**(22,975)**	**(24,699)**
Adjustments for:				
Depreciation		37,501	33,541	45,446
Loss on fair value of investment in shared ownership properties		146	0	0
Inventory costs		4,230	0	15,637
Interest received/(paid)		416	300	384
Changes in:				
Inventories		(18,655)	(186)	23,091
Trade and other receivables		(9,326)	2,085	(6,698)
Creditors and other payables		19,374	0	2,562
Net cash flow from operating activities		**19,517**	**12,765**	**55,723**

Explanations of major variances against budget are provided in note 17.

The accompanying notes form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity
Tāmaki Regeneration Limited (TRL) is a public benefit entity (PBE) for financial reporting purposes. TRL was incorporated on 11 November 2015 and these financial statements are for the year ended 30 June 2020. They were approved by the Board on 30 October 2020.

The operations of TRL began upon transfer of the state housing stock from Kāinga Ora to TRL on 31 March 2016.

TRL is a limited company incorporated in New Zealand under the Companies Act 1993 and is a schedule 4A entity of the Public Finance Act 1989.

The preparation of these financial statements by TRL is separate to Tāmaki Redevelopment Company Limited Group (TRC Group) as it is not part of the TRC Group.

The TRC Group comprises the parent entity Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP). TRC Group's financial statements are presented on pages 29 to 53 of this Annual Report.

TRL cannot be included in the TRC Group's financial statements due to Crown (rather than TRC Parent) controlling TRL. This Annual Report also presents, on pages 86 to 93, an aggregated set of financial statements of the Tāmaki Redevelopment Company Limited Legal Group (which comprises of TRC Group and TRL) that do not comply with generally accepted accounting practice in New Zealand (NZ GAAP). Such an aggregation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 35 *Consolidated Financial Statements* to consolidate TRL into TRC Group.

Basis of preparation
The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the year.

Statement of compliance
The financial statements of TRL have been prepared in accordance with the requirements of the Public Finance Act 1989 and the Crown Entities Act 2004, which includes the requirement to comply with NZ GAAP. TRL is a large PBE as defined by the External Reporting Board. For that reason, TRL has prepared its financial statements in accordance with Tier 1 PBE accounting standards.

Functional and presentational currency
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of TRL is New Zealand dollars (NZ$).

SIGNIFICANT ACCOUNTING POLICIES
Revenue from exchange transactions
Exchange revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to TRL and the revenue can be reliably measured, regardless of when the payment is being made. The specific accounting policies for significant revenue items are explained below:

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Revenue from exchange transactions (cont'd)
Receipts from land disposals
TRL disposes of land to one off purchasers as well as whanau approved under the TRC shared ownership programme. Receipts are recognised when the risks and rewards are transferred to the purchaser.

Rental income from tenants
Income from tenants on market rent is recognised on a straight-line basis over the rental term.

Revenue from non-exchange transactions
Revenue from non-exchange transactions is recognised only when TRL obtains control of the transferred asset (cash) and the transfer is free from conditions to refund or return the asset if the conditions are not fulfilled.

Rental income from tenants and income-related rent subsidies
Rental income from tenants who are not on market rent and income-related rent subsidies are recognised on a straight-line basis over the rental term.

Receivables
Short-term receivables are recorded at face value, less any expected credit losses. TRL applies the simplified expected credit loss model of recognising lifetime expected credit losses for receivables. In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. They have been grouped based on the days past due. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Inventories
Inventories are measured at cost upon initial recognition or carrying amount at the time of transfer to inventories for items previously classified as plant, property and equipment. To the extent that inventories were received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventories are its fair value at the date of acquisition. Given that all property, plant and equipment is revalued annually, the fair value is usually approximated as the book value on transfer of the property, plant and equipment to inventory. After initial recognition, inventories are measured at the lower of cost and net realisable value.

Property, plant and equipment
Property, plant, and equipment consist of the following asset classes: freehold land, rental properties and capital work in progress. All assets classes are measured at cost, less accumulated depreciation and impairment losses, with the exception of the land and buildings transferred from Kāinga Ora which are measured at fair value.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to TRL and the cost of the item can be measured reliably. Capital work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to TRL and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on rental properties at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives of rental properties are determined by the date they are scheduled to be demolished for redevelopment by Kāinga Ora on behalf of TRL under a Power of Attorney (PoA) arrangement (see below critical accounting estimates policy). The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Subsequent measurement

Freehold land and rental properties are valued, on a class basis, to fair value. Fair value is determined by reference to market-based evidence and is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Independent valuations are performed annually to ensure that the carrying amount does not differ materially from the asset's fair value at the balance date.

Any revaluation surplus is recognised in the asset revaluation reserve in other comprehensive revenue and expense, except to the extent that it offsets a previous revaluation deficit for the same asset class, that was recognised in surplus or deficit for the year. Therefore, the surplus is recognised in surplus or deficit for the year. On revaluation, accumulated depreciation is eliminated against the gross carrying amount of the asset.

An item of property is derecognised upon disposal. Upon disposal any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Any gain or loss arising on derecognition of an asset is included in surplus or deficit for the year, in the year the item is derecognised. The gain or loss on derecognition is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

Impairment of property, plant and equipment

TRL does not hold any cash-generating property, plant and equipment. Property, plant and equipment are considered cash-generating where their primary objective is to generate a commercial return through the provision of goods and/or services to external parties. TRL's primary objective from its non-financial assets is to provide state housing as set out in its Statement of Intent.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Impairment of property, plant and equipment (cont'd)
Non-cash-generating assets
Property, plant and equipment that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where TRL would, if deprived of the asset, replace its remaining future economic benefit or service potential. If an assets carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. For assets not carried at a revalued amount, the total impairment loss (or reversal of impairment loss, if any) is recognised in surplus or deficit.

Creditors and other payables
Short-term creditors and other payables are recorded at their face value.

Provisions
A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

Financial instruments
TRL classifies it's investment in shared ownership properties at fair value through surplus or deficit under PBE IFRS 9 *Financial Instruments* on the basis that they do not constitute solely payments of principal and interest. The timing of the repayments from the shared home owner or whānau is dependent on the whānau's household savings or their ability to refinance their mortgage. TRL classifies all other financial assets and liabilities at amortised cost under PBE IFRS 9 *Financial Instruments* on the basis that these financial instruments are non-derivative and constitute solely payments of principal and interest and the asset (or liability) are held to collect (or settle via) cash flows.

TRL derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by TRL is recognised as a separate asset or liability.

TRL derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when TRL currently has a legally enforceable right to offset the amounts and intends either to settle them on a net basis or to realise the asset and settle the liability simultaneously.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Income tax
These financial statements have been prepared on the basis that all entities in the TRC Legal Group are tax exempt in accordance with the Taxation Amendment Act 2019.

Goods and services tax
All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the prospective statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the prospective statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

Equity
Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:
• accumulated (deficit); and
• revaluation reserve; and
• preference shares.

Budget
The budget figures are derived from the statement of performance expectations as approved by the Board on 28 June 2019. The budget figures were prepared in accordance with NZ GAAP.

Critical accounting estimates and assumptions
In preparing these financial statements, TRL has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating fair value, useful lives and residual values of property, plant, and equipment
At each balance date, the fair values, useful lives and residual values of property, plant, and equipment are reviewed. The most recent valuation of freehold land and rental properties was performed by an independent registered valuer, Quotable Value Limited. The valuation is effective as at 30 June 2020. Fair value, using market-based evidence, is based on the highest and best use of the freehold land and rental properties, with reference to comparative sales values. There are no restrictions on the ability of TRL to sell freehold land and rental properties which would impair its value. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by TRL, and expected disposal proceeds from the future sale of the asset.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Critical accounting estimates and assumptions (cont'd)
Impact of Umbrella Agreement
As directed by the shareholding Ministers in May 2018 terms were agreed and an Umbrella Agreement was signed on 21 December 2018 with Kāinga Ora which sets out that Kāinga Ora is to be the master developer of state houses held by TRL in the Tāmaki area. Under this agreement TRL will maintain legal ownership of the land but will vacate agreed properties upon the commencement of a development project ("Stage") and provide a Licence to Occupy ("LTO") and grant a Power of Attorney ("PoA") for and in favour of Kāinga Ora to undertake their obligations which includes arranging demolition of existing properties, civil works to ready the land for development and the procurement of a developer to construct the new properties.

Based on terms and conditions agreed between Kāinga Ora and the developer, TRL will sell and transfer legal title of the property to the developer. The developer will construct the new properties, of which TRL will buyback agreed state housing properties with the remaining developed properties sold into the open market or into affordable housing products by the developer.

When freehold land and rental properties are committed to a development project, that portion of the freehold land which will continue to be used for state housing post-development is kept in property, plant and equipment and revalued annually consistent with that class of asset. The remaining portion, which will eventually be sold off in the private sector by the developer is moved into inventories which are valued at cost or transfer value on initial recognition. This inventory is then derecognised upon the issuance of an LTO and PoA to Kāinga Ora (see above) on the basis that all the risks and rewards of ownership transfer to Kāinga Ora at that point. The net carrying value (book value of inventory less provision against that property if any) is derecognised and written off the inventory balance with a corresponding entry against equity in the Statement of Changes in Equity.

Estimating the fair value of investment in shared ownership properties
Investment in shared ownership properties is recognised as a financial asset measured at fair value through surplus or deficit under the accounting standard PBE IPSAS 9 *Financial Instruments*. At each balance date, the fair value of the investment in shared ownership properties is estimated by taking the proportionate share of the market value at balance date that TRL holds in each property it has invested in and subtracting the present value of proportionate forgone net rental until its investment is forecast to cease. The weighted average cost of capital as the discount rate in this present value calculation is 5% which was selected considering a variety of factors such as Government and Auckland Council's cost of debt and appropriate risk margins. Given TRL has no debt, this number is the estimated cost of equity for TRL. The accounting policies applied in relation to recognition and measurement of financial assets and liabilities is provided in the Statement of Accounting policies on page 66. The calculation showing the fair value of the investment in shared ownership properties as at balance date is outlined in note 10.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Critical accounting judgements
A critical accounting judgement made in the preparation of these accounts is that THALP is acting as an agent (tenancy and property manager) for TRL. A 'deed of lease and appointment of property manager' agreement sets out the roles and responsibilities between THALP and TRL. THALP is essentially providing a tenancy and property management service to TRL in return for a management fee. In March 2019, TRL and THALP signed a new deed of lease (replacing the lease entered into in December 2017). Under both the old and new deeds of lease, THALP receives a per property per week management fee. TRL under both the old and the new deed of lease is entitled to the full rental income collected by THALP and must pay for the full property maintenance costs.

Factors that indicate THALP is acting as a principal
THALP is a Community Housing Provider (CHP) and is registered as a social housing landlord per CHP regulations. THALP therefore has the relationship with the Ministry of Social Development (MSD) and the Ministry of Housing and Urban Development (HUD) from October 2018, with regards to charging and collecting the IRRS subsidy and letting of tenants through the Ministry's application and vacancy process. Any obligations arising under the CHP regulations are the responsibility of THALP. THALP is also party to the tenancy agreement with the social housing tenants and THALP makes the decisions regarding who to accept as a tenant. THALP also bears the credit risk under the new deed of lease.

Factors that indicate THALP is acting as an agent
TRL is the asset owner and is responsible for funding and making the decisions regarding the maintaining of the properties, a significant portion of which is outsourced to a separate facilities management company. TRL has influence over the tenancy term with its ability to give notice to remove a property from the deed of lease. TRL also bears tenant occupancy risk from the subleasing arrangement.

Management have determined that on balance, THALP is acting as an agent for TRL and is carrying out its aforementioned duties on behalf and for TRL.

Accounting standards issued but not yet effective
Amendment to PBE IPSAS 2 Statement of Cash Flows
An amendment to PBE IPSAS 2 Statement of Cash Flows requires entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. This amendment is effective for annual periods beginning on or after 1 January 2021, with early application permitted. TRL does not intend to early adopt the amendment.

PBE IPSAS 41 Financial Instruments
The XRB issued PBE IPSAS 41 Financial Instruments in March 2019. This standard supersedes PBE IFRS 9 Financial Instruments, which was issued as an interim standard. It is effective for reporting periods beginning on or after 1 January 2022. Although TRL has not assessed the effect of the new standard, it does not expect any significant changes as the requirements are similar to PBE IFRS 9.

PBE FRS 48 Service Performance Reporting
PBE FRS 48 replaces the service performance reporting requirements of PBE IPSAS 1 and is effective for reporting periods beginning on or after 1 January 2021. TRL has not yet determined how application of PBE FRS 48 will affect its statement of performance.

2. RENTAL INCOME

	2020 Actual $000's	2019 Actual $000's
Income-related rent subsidies	45,506	44,787
Rental income from tenants	19,522	18,754
Total rental revenue	**65,030**	**63,543**

TRL owns a state housing portfolio from which it derives rental income. TRL has appointed THALP as its agent in providing tenancy and property management services to its state housing tenants. THALP is a registered Community Housing Provider and as part of its services, it collected rental income on behalf of TRL as outlined in the below table, all of which was subsequently remitted to TRL.

TRL pays THALP a management fee expense for the provision of tenancy and property managemernt services, which is included in the Statement of Comprehensive Revenue and Expense. In the current year, this management fee expense was $5.5m (2019: $5.4m).

3. OTHER EXPENSES

	2020 Actual $000's	2019 Actual $000's
Fee paid to Audit New Zealand for audit of 2019/20 financial statements	94	0
Fee paid to Audit New Zealand for audit of 2018/19 financial statements	23	92
Fee paid to Audit New Zealand for audit of 2017/18 financial statements	0	24
Fees to Audit New Zealand for assurance services	32	0
IT support and licence fees	51	68
Bad and doubtful debts	74	41
Power for communal areas in state housing	78	76
Recruitment and training	17	29
Other	108	286
Total other expenses	**477**	**616**

4. TRADE AND OTHER RECEIVABLES

	2020 Actual $000's	2019 Actual $000's
Trade receivables	4,914	5,615
Receivable from THALP* (non-exchange)	809	1,736
Receivable from TRC Parent* (non-exchange)	540	0
Loan advanced to TRC Parent* (non-exchange)	0	8,109
Prepayment to TRC Parent* (non-exchange)	6,334	0
Income related rental receivable (non-exchange)	1,393	1,099
Receivable from tenants (non-exchange)	492	429
Prepayments (exchange)	1,233	54
GST receivable (exchange)	8,659	0
Trade and other receivables at face value	**24,374**	**17,042**
Less: allowance for credit losses	(1,050)	(3,876)
Total trade and other receivables	**23,325**	**13,167**

*TRC Parent legally owns TRL and is therefore a related party of TRL. However, TRC Parent does not have control over TRL as explained in the reporting entity section of the Statement of Accounting Policies. THALP is also a related party of TRL as it is legally owned and controlled by TRC Parent.

5. INVENTORIES

	2020 Actual $000's	2019 Actual $000's
Balance at 1 July	1,328	166,898
Additions	1,710	11,075
Transfers from/(to) property, plant and equipment	33,960	(34,988)
Work in progress sold to Kāinga Ora*	0	(41,896)
Disposals	(25,887)	(10,856)
Derecognition of freehold land through preference shares**	(5,007)	(88,905)
Balance at 30 June	**6,105**	**1,328**

*In 2019, $41,896k of WIP in inventory was sold at gross book value to Kāinga Ora under an Umbrella Agreement agreed and executed between Kāinga Ora & TRL.

**As explained in the critical accounting estimates and in note 8, this relates to the book value of the freehold land for which a Licence to Occupy (LTO) and a Power of Attorney (PoA) was issued to Kāinga Ora during the year, and this land has not been on-sold to a developer at year-end.

6. PROPERTY, PLANT AND EQUIPMENT

	Capital work in progress Actual $000's	Freehold land Actual $000's	Rental properties Actual $000's	Total Actual $000's
Cost				
Balance at 30 June 2018	8,788	1,529,163	337,755	**1,875,706**
Balance at 30 June 2019	16,315	1,532,872	335,685	**1,884,872**
Additions during the year	12,353	22,351	24,629	**59,332**
Revaluations during the year	0	48,323	(33,222)	**15,101**
Disposals during the year	(14,478)	(15,151)	(2,347)	**(31,975)**
Transfers from/(to) inventories during the year	0	(33,925)	(35)	**(33,960)**
Balance at 30 June 2020	**14,190**	**1,554,470**	**324,710**	**1,893,370**
Accumulated depreciation				
Balance at 30 June 2018	0	0	0	**0**
Balance at 30 June 2019	0	0	0	**0**
Depreciation charge for the year	0	0	37,501	**37,501**
Disposals during the year	0	0	(2,347)	**(2,347)**
Revaluations during the year	0	0	(35,154)	**(35,154)**
Balance at 30 June 2020	**0**	**0**	**(0)**	**(0)**
Carrying amounts				
Balance at 30 June 2018	8,788	1,529,163	337,755	**1,875,706**
Balance at 30 June 2019	16,315	1,532,872	335,685	**1,884,872**
Balance at 30 June 2020	**14,190**	**1,554,470**	**324,710**	**1,893,370**

There are no restrictions on TRL's property, plant and equipment (2019: nil).

The independent registered valuer, Quotable Value Limited, has determined that there is no material impact of the COVID-19 pandemic on the valuation of TRL's property, plant and equipment as at 30 June 2020. Notwithstanding this determination, TRL's property, plant and equipment is subject to inherent market uncertainty as a result of the COVID-19 pandemic.

7. CREDITORS AND OTHER PAYABLES

	2020 Actual $000's	2019 Actual $000's
Creditors	4,073	1,874
Accrued expenses	25,747	4,032
Payable to TRC Parent*	821	77
Payable to THALP*	10	0
GST payable	0	4,472
Revenue in advance	132	121
Total creditors and other payables	**30,783**	**10,576**

*TRC Parent legally owns TRL and is therefore a related party of TRL. However, TRC Parent does not have control over TRL as explained in the reporting entity section of the Statement of Accounting Policies. THALP is also a related party of TRL as it is legally owned and controlled by TRC Parent.

8. EQUITY

Ordinary shares
All ordinary shares are held by TRC Parent all of which are unpaid and are valued at $1 per share. The ordinary shares are rounded down to $0 in the Statement of Financial Position. There have been no ordinary shares issued since incorporation date. The revaluation reserve and accumulated (deficit) classes of equity are classes of ordinary shares.

Preference shares
An original tranche of preference shares, valued at $1 per share and held by the Crown, were issued in 2016 upon incorporation of TRL, in exchange for property, plant and equipment, inventories and trade and other receivables previously held by Kāinga Ora. The Crown approved $300m equity funding as part of the 2018 Budget Estimates which would be drawn down as cash in tranches in exchange for issuance of further preference shares in TRL at $1 per share. There were no preference shares issued during the year in exchange of cash (2019: 59,500,000 shares).

Return of preference shares due to Umbrella Agreement with Kāinga Ora
A large portion of the preference shares that were issued in 2016 were in exchange of freehold land. Following the execution of the Umbrella Agreement with Kāinga Ora in March 2019, which resulted in Kāinga Ora becoming TRL's development partner for the redevelopment of TRL's freehold land into new properties, TRL passes the risks and rewards of the freehold land to Kāinga Ora for each development project via issuance of a Licence to Occupy to Kāinga Ora for nil accounting consideration. As the value of the land has been transferred to an entity owned by the same shareholder, the value has been treated as a return to the shareholder with the value of the issued preference shares being reduced by the corresponding value. Any gains on revaluation since the freehold land was received in 2016 is transferred directly to retained earnings. The below table shows the value of land transferred to Kāinga Ora in the past 2 financial years. See the Critical Accounting Judgements section of Note 1: Statement of Accounting Policies for more information on the Umbrella Agreement and relevant accounting judgements made in these financial statements.

8. EQUITY (CONT'D)

	2020 Actual $000's	2019 Actual $000's
Total freehold land transferred to Kāinga Ora during the year	(24,480)	(88,905)
Less: reversal of provision of write-down in inventories*	0	90,747
Amount recognised in Statement of Changes in Equity	**(24,480)**	**1,842**

*The Umbrella Agreement with Kāinga Ora was executed in March 2019 during the previous financial year. On the execution date, there was an existing provision for write-down of inventories of $90.7m which was reversed through preference shares. As explained in note 5, work in progress as at March 2019 was sold at gross book value of $41,896k.

Subscription agreement between Crown and TRL
The Subscription Agreement between the Crown and TRL addresses the conversion of the preference shares into ordinary shares. The Crown can convert all of the preference shares into ordinary shares at any time. The rate will be one convertible preference share for one ordinary share. The conversion of convertible preference shares into ordinary shares will be a variation of the rights, privileges and restrictions attaching to the convertible preference shares so that these rights, privileges and restrictions become the same as the existing ordinary shares. The Crown can also exercise a call option and purchase the 100 ordinary shares held by TRC Parent for $100.

Accounting treatment of preference shares
Preference shares that provide for redemption at the option of the shareholder give rise to contractual obligations and are classified as financial liabilities. However, there is no obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions with another entity. Hence the definition of a financial liability in PBE IFRS 9 is not met and the preference shares should be treated as a class of equity. Until the preference shares are repurchased, or returned, or the equity distributed, the value will remain at that assigned to it on the date of the transfer of the assets. The Crown has the option to redeem the preference shares which reflects the current financial reporting treatment whereby Crown control TRL.

Revaluation Reserve
The below table shows the breakdown of the revaluation reserve into the two major classes of property, plant and equipment being freehold land and rental properties. Capital work in progress is not revalued.

	Freehold land Actual $000's	Rental properties Actual $000's	Total Actual $000's
Revaluation reserve as at 1 July 2018	428,374	40,298	**468,672**
Gain/(loss) on revaluation for the year	(45,057)	29,212	**(15,845)**
Transfers to retained earnings on disposal of PPE	(45,658)	16,002	**(29,656)**
Revaluation reserve as at 1 July 2019	337,659	85,512	**423,171**
Gain/(loss) on revaluation for the year	48,323	1,932	**50,255**
Transfers to retained earnings on disposal of PPE	(11,938)	(2,742)	**(14,680)**
Amount recognised in Statement of Changes in Equity	**374,044**	**84,702**	**458,746**

8. EQUITY (CONT'D)

Capital management
TRL capital is in equity, which comprised ordinary shares contributed by TRC parent, preference share provided by Crown, revaluation reserves and accumulated deficit. Equity is represented in net assets. TRL is subject to the financial management and accountability provision of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives. TRL obtained the ability to co-borrow and be a co-guarantor on shared equity properties via Ministerial approval of the shared equity pilot programme in April 2019 and by Ministerial approval of the expansion of this pilot programme into a larger shared ownership programme in September 2020. TRL complied with the financial management requirements of the Crown Entities Act 2004 during the year.

TRL manages its equity by prudently managing revenues, expenses, assets, liabilities and loans and receivables from TRC Parent. TRL is managed at a group level allowing allocation of funds from TRC Parent and THALP as required. It is acknowledged in the Statement of Intent of the TRC Legal Group that in order to maximise economic and social returns of regeneration this requires some trade-off in financial return. TRL will manage this trade off within the constraints of the business case agreed by shareholders.

9. COMMITMENTS

TRL has contractually committed to buy back state housing stock from developments that are currently in progress in the Tāmaki area that are on land that TRL (or Kāinga Ora) previously owned. TRL has committed to capital works on land for specific, development projects that have commenced at balance date.

Capital commitments
The future state housing buyback commitments are as follows:

	2020 Actual $000's	**2019 Actual $000's**
Not later than one year	43,467	45,337
Later than one year not later than five years	21,144	47,218
Later than five years	0	6,347
Total capital commitments	**64,611**	**98,902**

10. INVESTMENT IN SHARED OWNERSHIP PROPERTIES

	2020 Actual $000's	2019 Actual $000's
Balance at 1 July 2019	0	0
Additional shared ownership investments made	1,306	0
(Loss) on existing shared ownership investments	(146)	0
Buy out of shared ownership investment	0	0
Balance at 30 June 2020	**1,160**	**0**

TRL obtained approval from its shareholders in April 2019 to implement a shared ownership pilot programme to enable whanau to transition into full affordable home ownership as part of the Tāmaki Regeneration programme.

For each property within this pilot programme, TRL and whānau are tenants in common on a property with TRL investing up to 40% patient capital in a property. The whānau provide a minimum of 5% deposit with the remainder in bank financing and are required to buy out the balance of TRL's share in the property over a period of 15 years. This allows the whānau to progress into full home ownership over that period where they would otherwise not be able to purchase 100% of the property upfront.

A shared ownership agreement outlines the rights and responsibilities of both TRL and the whānau in relation to the property. TRL's exposure is limited to its proportionate interest in each property through the contractual obligations with the whānau and the bank.

	2020 Actual $000's	2019 Actual $000's
Market value of shared ownership properties ($000's)	4,240	0
TRL weighted percentage share in the properties (%)	34%	0%
Proportionate value of TRL's investment ($000's)	1,424	0
Present value of TRL's foregone share of net rentals ($000's)	(264)	0
Fair value of shared ownership properties ($000's)	**1,160**	**0**

11. CONTINGENCIES

There were no contingent assets or contingent liabilities as at 30 June 2020 (2019: nil)

12. RELATED PARTY TRANSACTIONS

TRL's ordinary shares are 100% held by TRC Parent. Hence, TRC Parent is a related party. However, the Crown holds 100% of the preference shares issued by TRL. Due to the conditions imposed by the preference shares, the Crown controls TRL.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect TRL would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

THALP acts as a agent on behalf of TRL in conducting its tenancy and property management business. TRL pays a management fee expense for this service which is based on a per property per week number. These fees are an arms length transaction. This is a change from the basis part way through the previous financial year due to a new deed of lease signed in December 2017. The previous deed of lease stipulated that the management fee expense would be based on the revenue required to ensure that THALP did not record a surplus or deficit for the year. The balances outstanding between TRL and other entities within the TRC Legal Group are disclosed in notes 4 and 7 of these financial statements.

Kāinga Ora is a government department. TRL is a Crown entity and hence, Kāinga Ora and TRL are related parties. The issuance of all Licences to Occupy (LTOs) by TRL to Kāinga Ora in accordance with the Umbrella Agreement between both parties are not arm's length transactions. TRL issued LTOs to Kāinga Ora to the value of $50.1m for nil accounting consideration in 2020 (2019: $88.9m). This constituted an equity transfer to the Crown for the value of the original preference shares issued in 2016 in exchange for Kāinga Ora property, plant and equipment.

	2020 Actual $000's	2019 Actual $000's
Management fee expense paid to THALP	5,526	5,406

Key management personnel compensation

	2020 Actual	2019 Actual
Leadership Team		
Remuneration ($000's)	524	589
Full-time equivalent members	2.00	1.78

TRL has no employees. The activities of TRL are conducted by employees of TRC Parent, the cost of which is oncharged to TRL via a management fee. Included in the key management personnel remuneration and full-time equivalent members disclosures above are an allocation of TRC Parent key management personnel who are involved in the management of TRL. No close family members of TRC Parent key management personnel are employed by TRL or TRC Parent. There are no loans made to key management personnel of TRC Parent or their close family members. (2019: nil).

13. BOARD MEMBER REMUNERATION

There was no remuneration paid to the Board of TRL during the year. The governance of TRL was conducted via the Board of TRC Parent (henceforth 'Board'), whose remuneration is outlined in its financial statements. There have been no payments made to committee members appointed by the Board who are not Board members during the financial year. TRC Parent has provided a deed of indemnity to its Directors during the financial year. TRC Parent has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year which covers the directors of the Board in respect of the liability or costs of Board members and employees. No Board members received compensation or other benefits in relation to cessation (2019: nil).

14. EMPLOYEE REMUNERATION

TRL had no employees during the year as all TRL activities were conducted by employees of TRC Parent. Employees that were dedicated to TRL activities and employees that were partially assigned were on charged via management fee. In the current financial year, $3,601k of the total management fee expense shown in surplus or deficit related to TRC personnel costs (2019: $2,787k). TRL paid no employees more than $100,000 remuneration during the year and no employees received compensation or other benefits in relation to cessation (2019: nil).

15. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date (2019: nil)

16. FINANCIAL INSTRUMENTS

Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	2020 Actual $000's	2019 Actual $000's
Financial assets measured at amortised cost		
Cash and cash equivalents	52,929	52,760
Trade and other debtors	23,325	13,167
Investment in shared ownership properties	1,160	0
Total loans and receivables	**77,414**	**65,927**
Financial liabilities measured at amortised cost		
Creditors and other payables	30,783	10,576
Total financial liabilities measured at amortised cost	**30,783**	**10,576**

16. FINANCIAL INSTRUMENTS (CONT'D)

TRL's principal financial instruments comprise receivables from TRC Parent and cash. These financial instruments are used to fund TRL's operations. The main risks arising from TRL's financial instruments are liquidity risk and credit risk. The Board reviews and agrees policies for managing these risks. They are summarised below:

(a) Interest rate risk
TRL's exposure to market risk for changes in interest rates relates primarily to any interest charged by creditors for overdue accounts which is managed through operating cashflows at a TRC Legal Group level.

(b) Foreign currency risk
TRL had no foreign currency borrowings during the year. Foreign currency trade invoices were settled on demand. TRL's exposure to foreign currency risks are limited to a small number of low value transactions and have not been hedged.

(c) Credit Risk
Credit risk is the risk that a third party will default on its obligation to TRL, causing it to incur a loss. TRL is exposed to credit risk from cash with banks and receivables. For each of these, the maximum credit exposure is best represented by the carrying amount in the statement of financial position.

Risk management
For receivables, TRL reviews the credit quality of customers before granting credit. It continues to monitor and manage receivables based on their ageing and adjusts the expected credit loss allowance accordingly.

Concentration of risk
TRL's cash and cash equivalents only include current and call accounts with a registered bank under the requirements of the Crown Entities Act 2004. All of TRL's banking is with one bank which has a credit rating of AA- as above. The only concentration of credit risk for financial liabilities is with TRC Parent due to loans advanced during the financial year. The risk with TRC Parent is mitigated through management of day-to-day operating activities by the same Board and Management. There is no concentration across development activity as it is carried out in stages with a panel of developers.

Security
No collateral or other credit enhancements are held for financial assets that give rise to credit risk.

Impairment
Cash and cash equivalents and receivables are subject to the expected credit loss model.

TRL assesses individual debtors for impairment monthly. TRL bears credit risk associated with rental income and with recovery of cost of damage repair. The allowance for credit losses for tenant debtors is based on historically calculated uncollectable percentage of approx. 0.5% of tenant revenue under the expected credit loss model.

Credit quality of financial assets
The quality of financial assets that are neither past due nor impaired can be assessed by reference to Standard and Poor's credit ratings (if available) or to historical information about counterparty default rates.

16. FINANCIAL INSTRUMENTS (CONT'D)

(c) Credit Risk (cont'd)

	2020 Actual $000's	2019 Actual $000's
Counterparties with credit rating		
Cash at Bank		
AA-	52,929	52,760
Total cash at bank	**52,929**	**52,760**
Counterparties without credit rating		
Counterparty with no defaults in the past	23,325	13,167
Counterparty with defaults in the past	0	0
Total receivables	**23,325**	**13,167**

(d) Liquidity Risk

Liquidity risk is the risk that TRL may encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. The Government announced a $300m crown preference share arrangement at Budget 2018 which provides funds within 60 days which is managed prudently by continuously monitoring forecast and actual cash flow requirements. Currently TRL has significant cash reserves so liquidity risk is minimised. However, in future as this preference share facility is used up, bank financing will be used for short term funding to ensure liquidity is maintained. As at 30 June 2020 all of the contractual maturities (undiscounted cash flow) of TRL's financial liabilities are due within 5 years.

Contractual maturity analysis of financial liabilities

The table below analyses financial liabilities into relevant maturity groupings based on the remaining period at balance date to the contractual maturity date. The amount disclosed are the undiscounted contractual cash flows.

	Carrying amount $000's	Contractual cash flow $000's	Less than 6 months $000's	6 to 12 months $000's	More than a year $000's
2020					
Creditors and other payables	30,783	30,783	27,106	3,677	0
Total	**30,783**	**30,783**	**27,106**	**3,677**	**0**
2019					
Creditors and other payables	10,576	10,576	10,576	0	0
Total	**10,576**	**10,576**	**10,576**	**0**	**0**

17. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statement of comprehensive revenue and expense

Total comprehensive revenue and expense was $59.1m ahead of budget for the year. This consisted of a $8.8m lower deficit for the year and a $50.3m gain on revaluation on rental properties and freehold land. No gain or loss on revaluation was budgeted for the year due to the uncertainty of predicting future property prices in the Auckland property market.

17. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET (CONT'D)

Statement of comprehensive revenue and expense (cont'd)
TRL has two key revenue streams being 1) rental revenue from the state housing portfolio and 2) sales of shared ownership properties which have started from this financial year. Rental revenue was on budget. Sales of shared ownership properties were $3.4m higher than budget due to sales realised but not budgeted for as the shared ownership pilot programme was in its development stage.

TRL had $0.7m of receipt from land disposals during the year which were relate to one-off sales of land to the private market.

Cost of land disposed relates to the sale of shared ownership one-off properties into the private market. A positive variance of $7.8m resulted due to reduced provisions being applied to this land.

Depreciation was $4.0m higher than budgeted due to some properties having redevelopment scheduled earlier than originally assumed which reduced their remaining useful lives and accelerated depreciation cost.

Statement of financial position
Total current assets were lower than budget mainly due to derecognition of inventories transferred to Kāinga Ora and positive variance in cash and cash equivalents because of the slower than anticipated development of new build properties.

Property, plant and equipment (PPE) was $42.2m higher than budget. This was mainly due to $50.3m of revaluation gain on PPE which was not provided for in the budget.

Creditor and other payables were $22.4m higher than Budget mainly due to service fees payable to Kāinga Ora which were outstanding at balance date.

The Preference shares - Crown balance was $22.6m lower than budget due to freehold land being transferred to Kāinga Ora for net nil consideration under the Umbrella agreement.

Statement of cash flows
Net cash flows from operating activities were $6.8m higher than budget mainly due to $9.2m lower payments to suppliers than budgeted and receipts from land disposals of $3.4m and interest received of $0.4m, both of which were not projected for this financial year. The slippage in development timeframes resulted in significant variances with payables to Kāinga Ora not being paid, GST receipts to be received after the period and a higher than expected level of development costs paid by TRL rather than Kāinga Ora.

Cash outflows from investing activities were $7.4m lower than budget due to slower development of properties than expected for this financial year.

Net cash flows from financing activities were $12.4m favourable to budget as a result of $4.3m less dividend paid to TRC Parent during the year and $8.1m of loans previously advanced to TRC Parent being repaid during the year.

18. IMPACT OF COVID-19 ON FINANCIAL STATEMENTS

COVID-19 impact assessment

A line-by-line assessment has been performed to understand the impact of COVID-19 on these financial statements. The assessment was conducted by preparing a proforma TRL Statement of Comprehensive Revenue and Expense and Statement of Financial Position using the trial balance as at 29 February 2020 and projecting TRL's full-year financial performance and financial position. This was then compared on a line-by-line basis against the actual TRL Statement of Comprehensive Revenue and Expense and Statement of Financial Position. Any differences that were material were investigated and those that were due to the impact of COVID-19 have been disclosed below.

Summary of impact on TRL's Statement of Comprehensive Revenue and Expense

Based on the impact assessment performed, as at 29 February 2020, TRL was on track to overspend its repairs and maintenance budget by $4.1m. This was due to repairs identified to be performed on properties following the completion of the asset survey and a proactive approach to operationally meeting levels of service following the refresh of the strategic asset management plan. Due to the impact of COVID-19, where only urgent health and safety repairs were completed at higher alert levels in order to adhere to physical and social distancing guidelines issued by the Ministry of Health, TRL overspent its repairs and maintenance budget by $1.5m.

Summary of impact on TRL's Statement of Financial Position

Property, plant and equipment and inventories

Construction was suspended for five weeks during COVID-19 Alert Level 4 and subsequently resumed at lower alert levels with a set of additional worksite health and safety requirements in place. As a result of this, state housing and shared ownership properties which were due to be completed during Alert Level 4 were delayed which impacted additions to property, plant and equipment by $6.4m and inventories by $0.9m.

Cash and cash equivalents

Due to impacts of COVID-19 on TRL's repairs and maintenance for the year (-$2.6m), property, plant and equipment (-$6.4m) and inventories (-$0.9m) as at balance date, TRL's cash and cash equivalents are $9.9m higher as at 30 June 2020.

Impact on TRL's non-financial performance reporting

The impact of COVID-19 on the output targets and enabling project milestones are identified in TRC Legal Group's Statement of Performance on pages 10 to 24 of this annual report.

Independent Auditor's Report

To the readers of Tāmaki Regeneration Limited's financial statements and performance information for the year ended 30 June 2020

The Auditor-General is the auditor of Tāmaki Regeneration Limited (the Company). The Auditor-General has appointed me, JR Smaill, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information of the Company on his behalf.

Opinion

We have audited:

- the financial statements of the Company on pages 56 to 81, that comprise the statement of financial position as at 30 June 2020, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Company on pages 7 to 24.

In our opinion:

- the financial statements of the Company on pages 56 to 81:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2020; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards; and
- the performance information on pages 7 to 24:
  - presents fairly, in all material respects, the Company's performance for the year ended 30 June 2020, including for each class of reportable outputs:
    - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
    - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 October 2020. This is the date at which our opinion is expressed.

The basis for our opinion is explained below, and we draw attention to the impact of Covid-19 on the Company. In addition, we outline the responsibilities of the Board of Directors and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Emphasis of matter – Impact of Covid-19

Without modifying our opinion, we draw attention to the disclosures about the impact of Covid-19 on the Company as set out in note 18 of the financial statements and pages 7 and 8 of the performance information.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Board of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Company for preparing financial statements and performance information that are fairly presented and that comply with generally accepted accounting practice in New Zealand.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and performance information that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements and the performance information, the Board of Directors is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Company or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Public Finance Act 1989 and the Crown Entities Act 2004.

Responsibilities of the auditor for the audit of the financial statements and the performance information

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

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Company's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate the appropriateness of the reported performance information within the Company's framework for reporting its performance.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other Information

This Annual Report of Tāmaki Redevelopment Company Limited contains the audited financial statements of Tāmaki Redevelopment Company Limited Group, the audited financial statements of Tāmaki Regeneration Limited, the combined performance information for Tāmaki Redevelopment Company Limited Group and Tāmaki Regeneration Limited and two independent auditor's reports, one for each set of audited financial statements and the combined performance information.

The Annual Report also includes other information. The Board of Directors is responsible for the other information. The other information comprises the information included on pages 1 to 6, 25 to 29, 54 and 86 to 93 but does not include the financial statements and the performance information, and our auditor's reports thereon.

Our opinion on the financial statements and the performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

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

In addition, we have considered whether each of the two sets of audited financial statements are materially inconsistent with each other or our knowledge obtained in the audit of either of the two companies. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: International Code of Ethics for Assurance Practitioners issued by the New Zealand Auditing and Assurance Standards Board.

In addition to the audit we have provided assurance services in relation to procurement processes and tenancy management undertaken by the Tāmaki Redevelopment Legal Group, which is compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Company.

JR Smaill
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

TAMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP FINANCIAL STATEMENTS (UNAUDITED/NON-GAAP) FOR THE YEAR ENDED 30 JUNE 2020

Table of Contents

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2020

We are responsible for the preparation of the aggregated TRC Group & TRL financial statements (non-GAAP) of the Tāmaki Redevelopment Company Limited Legal Group (TRC Legal Group) and for the judgements made in them.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

Signed on behalf of the Board:

Director	Director
30 October 2020	30 October 2020

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE (UNAUDITED)
For the year ended 30 June 2020

	2020 Actual Unaudited $000's	2020 Budget Unaudited $000's	2019 Actual Unaudited $000's
Revenue			
Receipts from land disposals	4,096	0	13,179
Rental income from tenants	19,522	19,447	18,754
Income-related rent subsidies	45,506	45,459	44,787
Recoveries from property damage	65	0	120
Other income	79	95	41
Total revenue	**69,268**	**65,001**	**76,881**
Expenditure			
Personnel costs	9,694	9,899	8,069
Consultants and professional fees	2,988	5,741	3,854
Contractors and temporary staff	515	190	1,176
Directors fees	248	265	262
Legal expense	357	560	730
Cost of land disposed	4,230	12,007	15,637
Repairs and maintenance	17,633	17,652	17,616
Utilities and insurance	11,025	10,623	10,473
Loss on fair value on shared ownership properties	146	0	0
Other expenses	5,103	5,898	4,817
Total expenditure	**51,939**	**62,835**	**62,634**
EBITDAF*	**17,329**	**2,166**	**14,247**
Depreciation and amortisation expense	37,643	33,642	45,630
(Gain)/loss on revaluation of rental properties	0	0	0
Total depreciation, amortisation and fair value adjustments	**37,643**	**33,642**	**45,630**
EBIT	**(20,314)**	**(31,476)**	**(31,383)**
Interest income	453	0	436
Interest expense	28	300	823
Net interest income	**425**	**(300)**	**(387)**
(Deficit) before tax	**(19,889)**	**(31,776)**	**(31,770)**
Tax expense	0	0	0
(Deficit) for the year	**(19,889)**	**(31,776)**	**(31,770)**
Other comprehensive revenue and expense			
Gain/(loss) on revaluation of freehold land	48,323	0	(45,057)
Gain on revaluation of rental properties	1,932	0	29,212
Total other comprehensive revenue and expense	**50,254**	**0**	**(15,845)**
Total comprehensive revenue and expense	**30,365**	**(31,776)**	**(47,615)**

The accompanying note forms part of these financial statements.

** Earnings before interest, taxation, depreciation and fair value adjustments.*

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF FINANCIAL POSITION (UNAUDITED)
As at 30 June 2020

	2020 Actual Unaudited $000's	2020 Budget Unaudited $000's	2019 Actual Unaudited $000's
Assets			
Current assets			
Cash and cash equivalents	55,367	30,325	56,641
Trade and other receivables	7,240	2,407	3,546
Inventories	6,105	82,770	1,328
Total current assets	**68,712**	**115,503**	**61,515**
Non-current assets			
Investment in shared ownership properties	1,160	0	0
Property, plant and equipment	1,893,649	1,851,142	1,885,015
Intangible assets	11	38	41
Total non-current assets	**1,894,820**	**1,851,180**	**1,885,056**
Total assets	**1,963,532**	**1,966,683**	**1,946,571**
Liabilities			
Current liabilities			
Creditors and other payables	22,587	10,567	11,692
Annual leave liability	588	381	408
Total current liabilities	**23,175**	**10,948**	**12,100**
Total liabilities	**23,175**	**10,948**	**12,100**
Net assets	**1,940,357**	**1,955,735**	**1,934,471**
Equity			
Ordinary shares - Crown	5,000	5,000	5,000
Ordinary shares - Auckland Council	3,500	3,500	3,500
Preference shares - Crown	1,668,023	1,690,661	1,692,503
Revaluation reserve	458,747	468,672	423,171
Accumulated (deficit)	(194,913)	(212,099)	(189,703)
Total equity	**1,940,357**	**1,955,734**	**1,934,471**

The accompanying note forms part of these financial statements.

For and on behalf of the Board who authorise the issue of the financial statements on 30 October 2020.

Director
30 October 2020

Director
30 October 2020

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the year ended 30 June 2020

	Contributed Capital	Revaluation Reserve	Accumulated comprehensive revenue and expense	Total
	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's
Balance at 1 July 2019	**1,701,003**	**423,171**	**(189,703)**	**1,934,471**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(19,889)	**(19,889)**
Other comprehensive revenue and expense	0	50,254	0	**50,254**
Reversal of revaluation reserve on PPE derecognition	0	(14,679)	14,679	**0**
Total comprehensive revenue and expense	**0**	**35,576**	**(5,210)**	**30,365**
Owners' transactions				
Capital contribution	0	0	0	**0**
Return of value to the Crown	(24,480)	0	0	**(24,480)**
Total contributions and distributions	**(24,480)**	**0**	**0**	**(24,480)**
Balance at 30 June 2020	**1,676,523**	**458,747**	**(194,913)**	**1,940,356**

	Budget Unaudited $000's	Budget Unaudited $000's	Budget Unaudited $000's	Budget Unaudited $000's
Balance at 1 July 2019	**1,699,161**	**468,672**	**(180,323)**	**1,987,510**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(31,776)	**(31,776)**
Other comprehensive revenue and expense	0	0	0	**0**
Total comprehensive revenue and expense	**0**	**0**	**(31,776)**	**(31,776)**
Owners' transactions				
Capital contribution	0	0	0	**0**
Return of value to the Crown	0	0	0	**0**
Total contributions and distributions	**0**	**0**	**0**	**0**
Balance at 30 June 2020	**1,699,161**	**468,672**	**(212,099)**	**1,955,734**

The accompanying note forms part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONT'D)
For the year ended 30 June 2020

	Contributed Capital	Revaluation Reserve	Accumulated comprehensive revenue and expense	Total
	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's
Balance at 1 July 2018	**1,639,661**	**468,672**	**(187,589)**	**1,920,744**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(31,770)	**(31,770)**
Other comprehensive revenue and expense	0	(15,845)	0	**(15,845)**
Reversal of revaluation reserve on PPE derecognition	0	(29,656)	29,656	**0**
Total comprehensive revenue and expense	**0**	**(45,501)**	**(2,114)**	**(47,615)**
Owners' transactions				
Capital contribution	59,500	0	0	**59,500**
Return of value to the Crown	1,842	0	0	**1,842**
Total contributions and distributions	**61,342**	**0**	**0**	**61,342**
Balance at 30 June 2019	**1,701,003**	**423,171**	**(189,703)**	**1,934,471**

The accompanying note forms part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CASH FLOWS (UNAUDITED)
For the year ended 30 June 2020

	2020 Actual Unaudited $000's	2020 Budget Unaudited $000's	2019 Actual Unaudited $000's
Cash flows from operating activities			
Land receipts payable to Kāinga Ora	21,989	0	0
Receipts from land disposals	2,089	0	16,954
Rental income from tenants	19,475	19,247	18,613
Income-related rental subsidies	45,212	45,459	44,787
Other revenue received	128	95	973
Receipt for transfer of WIP to Kāinga Ora	0	0	41,896
Payments to suppliers	(54,180)	(53,177)	(71,706)
Payments to employees	(9,443)	(9,899)	(7,545)
Goods and services tax (net)	(7,902)	0	4,910
Net interest received/(paid)	425	(300)	(386)
Net cash flow from operating activities	**17,793**	**1,425**	**48,496**
Cash flow from investing activities			
Purchase of property, plant and equipment	(19,061)	(27,853)	(28,538)
Purchase of intangible assets	(6)	0	(8)
Net cash flow from investing activities	**(19,067)**	**(27,853)**	**(28,546)**
Cash flow from financing activities			
Loan drawn from Crown	0	0	10,000
Loan provide from/(repayment to) Crown	0	0	(36,500)
Equity contribution from Crown	0	0	59,500
Net cash flow from financing activities	**0**	**0**	**33,000**
Net (decrease)/increase in cash and cash equivalents	**(1,274)**	**(26,428)**	**52,950**
Cash and cash equivalents at the beginning of the year	56,641	56,753	3,691
Cash and cash equivalents at the end of the year	**55,367**	**30,325**	**56,641**

The accompanying note forms part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity
These financial statements are for the Tamaki Redevelopment Company Legal Group (TRC Legal Group) which comprises of:
• Tamaki Regeneration Limited (TRL); and
• Tamaki Redevelopment Company Limited Group (TRC Group) which further comprises of the parent Tamaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tamaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP).

The financial statements for the TRC Legal Group are the aggregated financial statements of TRC Group & TRL, each of which have been included separately as part of this Annual Report.

Basis of preparation
The financial statements of the TRC Legal Group are a non-GAAP aggregated set of financial statements. TRC Group consists of TRC Parent, THALP and THAGP. As TRC Parent controls THALP and THAGP it is required by NZ GAAP to consolidate THALP and THAGP into the TRC Group. The Directors of TRC Parent note that while TRC Parent holds 100% of the ordinary shares of TRL, the Crown holds 100% of the preference shares in TRL. The rights and obligations attached to the preference shares result in the Crown having control of TRL, meaning that it inconsistent with NZ GAAP to consolidate TRL into TRC Group. The Directors of TRC Parent wish to present a view of the financial position of TRC Legal Group and its results for the year ended 30 June 2020 in one set of financial statements. Such a presentation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 35 *Consolidated Financial Statements* to consolidate TRL into TRC Group.

The appropriate way to present these financial statements is as a non-GAAP aggregation disclosure. These financial statements have been clearly marked as a non-GAAP aggregation. They have been prepared on a going concern basis. These financial statements have applied the same accounting policies that TRC Group and TRL have applied as set out in their own financial statements within this annual report. The accounting policies have been applied consistently throughout the year.

The notes to these financial statements are limited to the Statement of Accounting Policies.

Statement of compliance
The financial statements of TRC Legal Group have not been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). This is because NZ GAAP, specifically PBE IPSAS 6 *Consolidated and Separate Financial Statements* does not allow the consolidation of TRL into TRC Group, as the Crown rather than the TRC Parent controls TRL. All other PBE Accounting Standards have been complied with.

The TRC Legal Group's aggregate of TRC Group & TRL's financial statements (non-GAAP) have been prepared in accordance with Tier 2 PBE accounting standards, which allows reduced disclosures.

Functional and presentation currency
The aggregate TRC Group & TRL financial statements (non-GAAP) are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of TRC Legal Group is New Zealand dollars (NZ$).

SIGNIFICANT ACCOUNTING POLICIES
The significant accounting policies of TRC Legal Group are materially the same as the accounting policies used in the preparation of the financial statements of TRC Group and TRL.