Tāmaki Regeneration Company

Statement of Performance Expectations
2024-2025

TĀMAKI
REGENERATION

Contents

Statement of Responsibility

In accordance with the Public Finance Act 1989 and the Crown Entities Act 2004, this Statement of Performance Expectations (SPE) publicly states the activities and intentions of Tāmaki Redevelopment Company Limited (TRC) and its subsidiaries for the 2024-2025 financial year (FY25), and the objectives and outcomes that those activities will contribute to.

This SPE has had shareholder input, allowing our responsible Ministers and Auckland Council to participate in setting the direction for TRC for FY25, and includes performance measures and targets as the basis of organisational accountability.

The Board of TRC is responsible for the statements contained in this SPE and for the appropriateness of the assumptions, as well as the relevant disclosures made in them.

The Board has the responsibility for establishing and maintaining a system of internal controls, designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

Evan Davies

Board Chair

27 June 2024

Date

Kerry Hitchcock

Board Director

27 June 2024

Date

Purpose of Statement of Performance Expectations

This document is Tāmaki Redevelopment Company's Statement of Performance Expectations 2024-2025 and should be read in conjunction with our Statement of Intent 2025-2029, which describes our organisation and medium-term strategic intentions in more detail, outlining how our operating environment is changing and how we plan to respond to those changes.

This SPE is our 12-month performance expectations document, setting out our expected financial performance during FY25, along with appropriate enabling projects, output measures, and associated targets within each of our functional areas. These measures are designed to drive organisational performance and are linked to our strategic objectives and the long-term outcomes that we contribute to.

In setting out these measures, our SPE provides a base against which our actual performance can be measured at year-end by our Shareholders and by Parliament. We will also provide quarterly reports[1] to our Shareholders, which will provide an overview of our performance over the previous three months against SPE measures.

Tāmaki Redevelopment Company Limited Group

The Tāmaki Redevelopment Company Limited Group (TRC Group) comprises of the parent entity Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THA) and THA GP Limited (THAGP). TRC Group's primary objective is the social and economic regeneration of the Tāmaki area.

- **Tāmaki Redevelopment Company Limited (TRC)**. The parent entity. A limited liability company incorporated in New Zealand under the Companies Act 1993 and is a Schedule 4A company of the Public Finance Act 1989.
- **Tāmaki Regeneration Limited (TRL)** is TRC's asset-owning subsidiary.
- **Tāmaki Housing Association Limited Partnership (THA).** The Tāmaki Housing Association Limited Partnership is a registered community housing provider (Class I Social Landlord with the Community Housing Regulatory Authority) that is a wholly owned subsidiary of Tāmaki Redevelopment Company Limited.

TRC was established in 2012 as a Schedule 4A company under the Public Finance Act, to facilitate the regeneration of Tāmaki. TRC is 59 percent and 41 percent owned by Crown and Auckland Council, respectively.

[1] Note that the Annual Report 2024 will serve as the Quarter 4 Report for FY25.

Introduction

About Tāmaki Redevelopment Company Limited[2]

TRC is a housing-led, place-based regeneration organisation that works alongside Mana Whenua, the community, and partners to shape the future of Tāmaki through New Zealand's largest regeneration programme.

Our focus is on increasing the pace of housing delivery by building new warm and dry homes, being an excellent tenancy and asset manager for social housing in Tāmaki, and delivering social and economic programmes that leverage the redevelopment and accelerate broader outcomes for whānau. This combination of activity is one of the elements that makes us unique – and this relatively small investment in social and economic activity is critical to the overall success of the regeneration programme.

Tāmaki is made up of approximately 20,000 diverse residents, with around 35 percent of residents aged under 25 and approximately 60 percent of the population identifying as Māori and/or Pasifika. Through the regeneration programme and redevelopment of homes in the area, the 900ha of Tāmaki will become home to a population of approximately 60,000 by 2043.

Delivering Quality Housing and Neighbourhoods at Pace

The regeneration programme is redeveloping approximately 2,550 social homes into a total of 10,500 new warm and dry social, shared home ownership, affordable rental and market homes over the life of the regeneration programme. To date, we have replaced 484 homes with 1,525 new homes. Over the next four years, we will deliver a total of 742 homes, submit consents for 1,673, and enable a further 468 to be delivered post-FY28.

Previously, we have faced challenges building and sustaining pace of delivery, notably due to complex operating model arrangements and the need to assess, upgrade or add new infrastructure to cater for an increase in the number of homes.

To ensure our ability to deliver, in 2022 we established a new Development and Commercial Team within TRC, and we have been working closely with partner organisations to programme infrastructure delivery. It cannot be overstated how heavily dependent the redevelopment is on infrastructure provision.

TRC is uniquely positioned to carry out the regeneration programme. Over the years, we have earned the social licence to operate, going from resistance in the community to the change ahead, to a push from community and iwi to increase the pace of housing delivery. This is due, in part, to local and visible leadership, listening to the concerns of community and putting in place policies to address these (such as the Tāmaki Commitment), having a strong understanding of the needs and aspirations of community, and shaping our delivery programme to meet these needs.

Being an Excellent Community Housing Provider

Our tenants are at the heart of what we do. By delivering an excellent service, we secure our social licence to operate, and build upon our knowledge of their barriers and enablers to help us deliver the right houses that will support tenants in the future.

We provide tenancy management and maintenance services to approximately 10,000 tenants and work with whānau to provide quality, sustainable jobs and training opportunities and pathways into home ownership. Our role as a tenancy and asset manager for social housing in Tāmaki also supports our wider regeneration objectives.

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[2] TRC was established in 2012 as a Schedule 4A company under the Public Finance Act, to facilitate the regeneration of Tāmaki. TRC is 59% and 41% owned by Government and Auckland Council, respectively.

We are an efficient asset manager, navigating the reality of an aging housing stock that is scheduled for redevelopment, and making sure we are meeting our obligations to provide whānau with warm and dry homes. Deliberate investment in maintenance and alignment to our redevelopment programme is key to make sure we meet needs, while providing value for money.

By providing a service that understands tenants and their needs, we can support tenants to live well in their neighbourhoods, connect them to other social services, and to rehouse tenants when their homes are required for redevelopment purposes.

Leveraging Redevelopment to Deliver Greater Social and Economic Outcomes

Our mandate is broader than housing redevelopment and tenancy management; we also deliver targeted social and economic programmes to support broader outcomes for local whānau. By adding a small investment in social and economic initiatives to our development and tenancy management spend, we can accelerate a wide range of outcomes.

These programmes include supporting whānau with some of the greatest barriers to home ownership so they can access shared home ownership, affordable rentals, and job opportunities and make intergenerational change. So far, we have helped over 90 whānau into home ownership – with 18 percent of them coming from social housing – and over 1,600 locals into employment.

We provide opportunities for local businesses to benefit from the regeneration programme by working directly with us and ensuring they are positioned to reap benefits due to the increasing population. We ensure social and community infrastructure is built into our developments to support future needs and encourage self-managing neighbourhoods.

Supporting the Panmure and Glen Innes town centres to thrive with a broad range of shops, restaurants and services is important to maximise the opportunity the programme presents, and we support regeneration activity there too.

That said, we try to be clear around what is and is not TRC's role. This helps us to prioritise our investment into areas that we can have the most influence and deliver the greatest impact, making sure we are prudent with the funding we have, and that every dollar is wisely spent.

Our Approach for the Financial Year

The approach for FY25 focuses on delivering our three delivery priorities:

- **Delivering quality homes and neighbourhoods** – this means increasing pace and delivering neighbourhoods that provide better social and shared home ownership homes, affordable rentals, infrastructure, and social amenities. We plan to demonstrate the best in urban design thinking, and meet the needs of the diverse communities in Tāmaki by building the right type of homes.
- **Being an excellent community housing provider** to social housing tenants in Tāmaki - this means THA supporting social housing tenants to live well in their neighbourhoods, providing maintenance for homes, supporting social housing whānau through the rehousing process, and connecting tenants to wider social services.
- **Leveraging the redevelopment to deliver greater social and economic outcomes** – this includes supporting local whānau into education and employment opportunities through the Tāmaki Jobs and Skills Hub, which will increase household income to enable home ownership, working with whānau to get them ready for home ownership opportunities, and delivering wider economic development activity.

We are also focused on driving impact for the community and value for money:

- **Embedding mature operating models**, such as our end-to-end development process, our THA operating model, and scale up of our shared home ownership pipeline and support services.

- **Driving cost savings without losing sight of whānau outcomes.** We have been very deliberate on aligning resource to outputs and have ensured everyone at TRC is supporting delivery in our three priority areas. We also monitor expenditure closely to drive efficiency across the business.
- **Continuing to assist the Government with community regeneration across New Zealand** – this means regularly sharing our learnings and kaupapa. Specifically, we continue to support the Ministry for Housing and Urban Development (MHUD) and Kāinga Ora to implement the Government's housing and urban development programme, sharing our regeneration expertise, and enabling the Crown to deliver better wellbeing outcomes for other communities.

Our Operating Environment

The Tāmaki community has faced numerous challenges, with cost-of-living pressures forcing many whānau in Tāmaki to make impossible trade-offs between putting food on the table and paying medical bills. Housing affordability is a large part of financial stress for whānau, with housing being the largest single cost that most households face. We believe that increasing the supply and reducing the cost of housing will improve living standards across Tāmaki.

Heading into FY25, operating costs would have exceeded our revenue if we did not act. This was due to a broad set of drivers, including building capacity and capability in our development function, scaling up the shared home ownership programme to meet future objectives, and increasing maintenance OPEX costs on our aging housing stock.

We took deliberate action to reduce our costs, while continuing to deliver the regeneration programme and meet our expectations as a landlord. Our annual business planning process also focused on delivering the greatest regeneration impact for the money we have available.

As an organisation, we are now shifting from a growth phase into one of maturity. Over the past two years, we have built our development and commercial function and proven the outcomes that our affordable housing programme delivered. We are now at the stage of embedding the processes and a standard operating rhythm, with stability, to focus on delivering their operating models in addition to also designing it.

We are laser focused on our three delivery areas. We know that the greatest impact we can provide for whānau, and in turn the greatest value for money, is by focusing on the homes that people live in. Be it development, home ownership, or supporting our social housing tenants, we can drive significant outcomes for whānau across the domains of income, employment, health and education. By prioritising this means we have stopped some broader activity and returned to being a housing-led regeneration entity.

Delivering on Expectations

Delivering on the Government's expectations

The Government is focussed on accelerating public housing supply by reforming the Resource Management Act to reduce the cost and complexity of building houses. This aligns with TRC's focus on increasing the pace of housing delivery.

Since 2022, TRC has led significant change across its delivery programme to aid this effort, standing up a Development and Commercial Team. The success of this approach is demonstrated by the uptick in homes submitted for resource consent (323 since the changes were implemented and 300 more to be submitted over the next six months). Prior to this, there were no significant resource consent submissions for the development between 2019 and 2023.

Our pathway for delivering 10,500 new homes in Tāmaki is supported by the changes to our development programme, but is dependent on infrastructure being ready for the increased number homes in the area. The pace of development is also influenced by our need to manage the community's capacity for disruption from infrastructure improvements, construction and rehousing. Our current Housing Strategy has us front footing the delivery of social, affordable rental and shared home ownership enabling rehousing to take place, the and freeing up land for future development.

The Tāmaki community is made up of 22 percent Māori and 41 percent Pasifika. Māori and Pasifika communities form an important part of the identity and social fabric of Tāmaki. As a place-based entity, it is important our programmes reflect the reality of Tāmaki so we enhance and do not disrupt the already existing social and community infrastructure of Tāmaki. We are successful at engaging with Māori and Pasifika communities through our tried and tested community engagement methods and the high trust relationships held by our tenancy managers. This enables us to support the aspirations of the community we are working with.

In the first instance, we aim to support hard to reach whānau – many of whom are long-term social housing tenants – to achieve their aspirations. This includes social housing tenants, those in receipt of government support, or people from refugee and migrant communities.

We work to support shifts in residents' outlook, as well as their outcomes by developing genuine and high trust relationships that allow us to have discussions about long-term opportunities. Most of all, we follow through with action, and deliver great outcomes that improve people's lives. In many cases, the greatest engagement method is from community members who have journeyed through one of our programmes and share about their experience to friends and whānau.

The aspirations of community in Tāmaki are strongly aligned with the Government's interests, including achieving home ownership, living in well-designed neighbourhoods, having access to quality, sustainable jobs, and growing the economy.

Community aspirations and desired outcomes are weaved through how we deliver our programmes. Without this approach, we could significantly risk changing Tāmaki's built environment over the course of the regeneration programme and not positively impact on the social and economic conditions of the community. It is crucial the housing redevelopment programme is leveraged to improve the social and economic conditions of Tāmaki.

We continually monitor our impact to ensure the regeneration programme tracks in the intended direction, adjusting our approach as needed to ensure focus on the long term change the regeneration programme is intended to achieve. Our decision-making is influenced by continual monitoring and evaluation, constant attention to our operating environment, and regular insights from community about the impact of our work.

Tenancy management and maintenance through THA is the largest portion of our operating expenditure each year. Our Senior Leadership Team and Board have a sharp focus on ensuring THA operates effectively, while maintaining the long-term value of Crown assets.

We carefully balance our need to provide warm and dry homes for our tenants with the long-term intent to rebuild housing stock. Our maintenance of existing stock influences decisions on how we design new builds to ensure the products we use have better whole of life costs.

We continue to work collaboratively with Government entities to ensure we deliver on the Government's housing and urban development objectives and achieve the best outcomes we can in Tāmaki. We work most closely with our monitoring agency, MHUD, and Kāinga Ora in the planning, funding, and delivery of the housing redevelopment programme in Tāmaki.

We anticipate the release of a new Government Policy Statement on Housing and Urban Development and will reflect policy shifts in our strategic approach.

Delivering on Auckland Council's Expectations

TRC works in partnership with Mana Whenua, the Auckland Council Group[3], Maungakiekie-Tāmaki Local Board[4], community, and non-governmental organisations to achieve our community's aspirations for Tāmaki. We regularly engage with the Maungakiekie-Tāmaki Local Board around our delivery programme to ensure there is alignment across our programmes. There are also several opportunities for engagement at a governance level between Auckland Council and TRC, including the Auckland Council appointee to the TRC Board, Auckland Council representatives at Board meetings and locally elected members who are part of TRC's Community Liaison Committee.

[3] Includes Council Controlled Organisations, advisory panels, Independent Māori Statutory Board (IMSB)
[4] Local boards are accountable to the community for their allocated and statutory decision-making. Local boards make decisions on local matters and provide local leadership. They also provide input into regional strategies, policies, plans and decisions.

We aim to work at a strategic level to ensure our programmes are complimentary and that each organisation plays its expected role in the regeneration of Tāmaki.

Our activities align with the Maungakiekie-Tamaki Local Board Plan 2023 by:

- Increasing housing choices through housing redevelopment, including larger homes, accessible homes and homes for seniors (Housing Strategy).
- Delivering a well-designed, low carbon and well-functioning urban environment (Tāmaki Precinct Masterplan).
- Improving community facilities and open spaces through initiatives such as land swaps (Tāmaki Open Space Network Plan).
- Supporting the local economy through the Tāmaki Jobs and Skills Hub and support for town centers.
- Engaging with Mana Whenua and ensuring Mana Whenua footprint is visible in Tāmaki (Māori Strategy and Tāmaki Precinct Masterplan)
- Taking action on the climate and environment (Environment Strategy)

Under the Auckland Future Development Strategy 2023-25, Tāmaki is one of the areas in Auckland that is a priority for investment over the next ten years. Our approach to delivering housing aligns with the spatial outcomes outlined in the Auckland Future Development Strategy 2023-2025. This includes creating an interconnecting living system, achieving a high-quality living environment, addressing disparities in our communities, and creating a resilient built and natural environment and communities.

TRC works with numerous parts of the Auckland Council family to deliver the regeneration programme, including:

- Working with Kāinga Ora and the various asset owners on infrastructure across Tāmaki.
- Working with Tataki Auckland Unlimited on economic development initiatives, including the Innovation Hub.
- Working with Eke Panuku on plans for the regeneration of the Panmure Town Centre.
- Aligning with Auckland Council engagement functions on opportunities to work collaboratively on events within the Tāmaki community.
- Reporting to the CCO Direction and Oversight Committee on our Annual Report.

Our Strategic Framework

For more details on what underpins our strategic framework, please see our Statement of Intent 2024-2028.

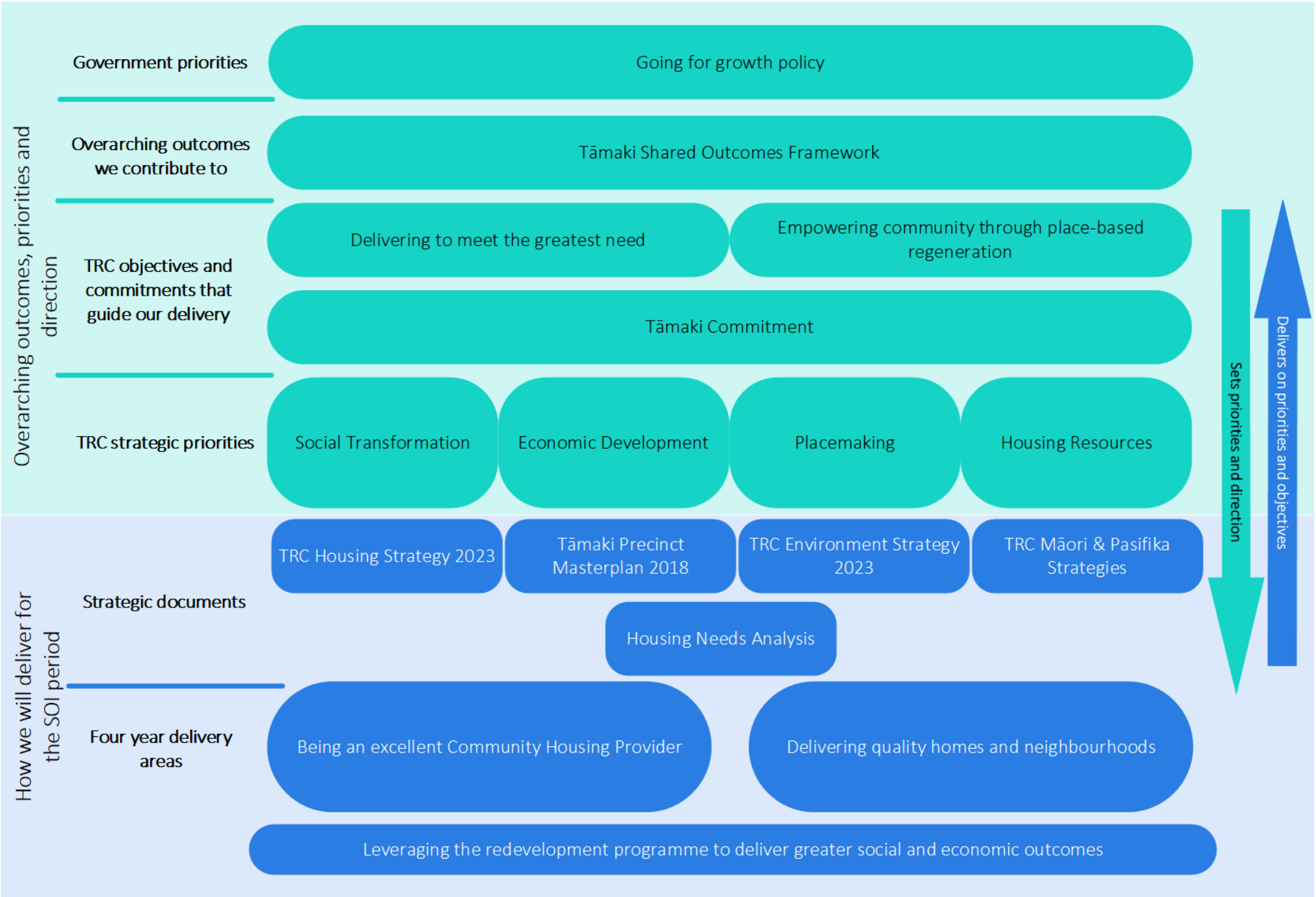


Figure 1 Our strategic framework

Our Intervention Logic Map

Our Intervention Logic Map sets out how inputs and activities are linked to annual outputs and how these annual outputs deliver outcomes within a Statement of Intent period (i.e., a 1-4Y frame) and longer-term (5Y+) impacts.

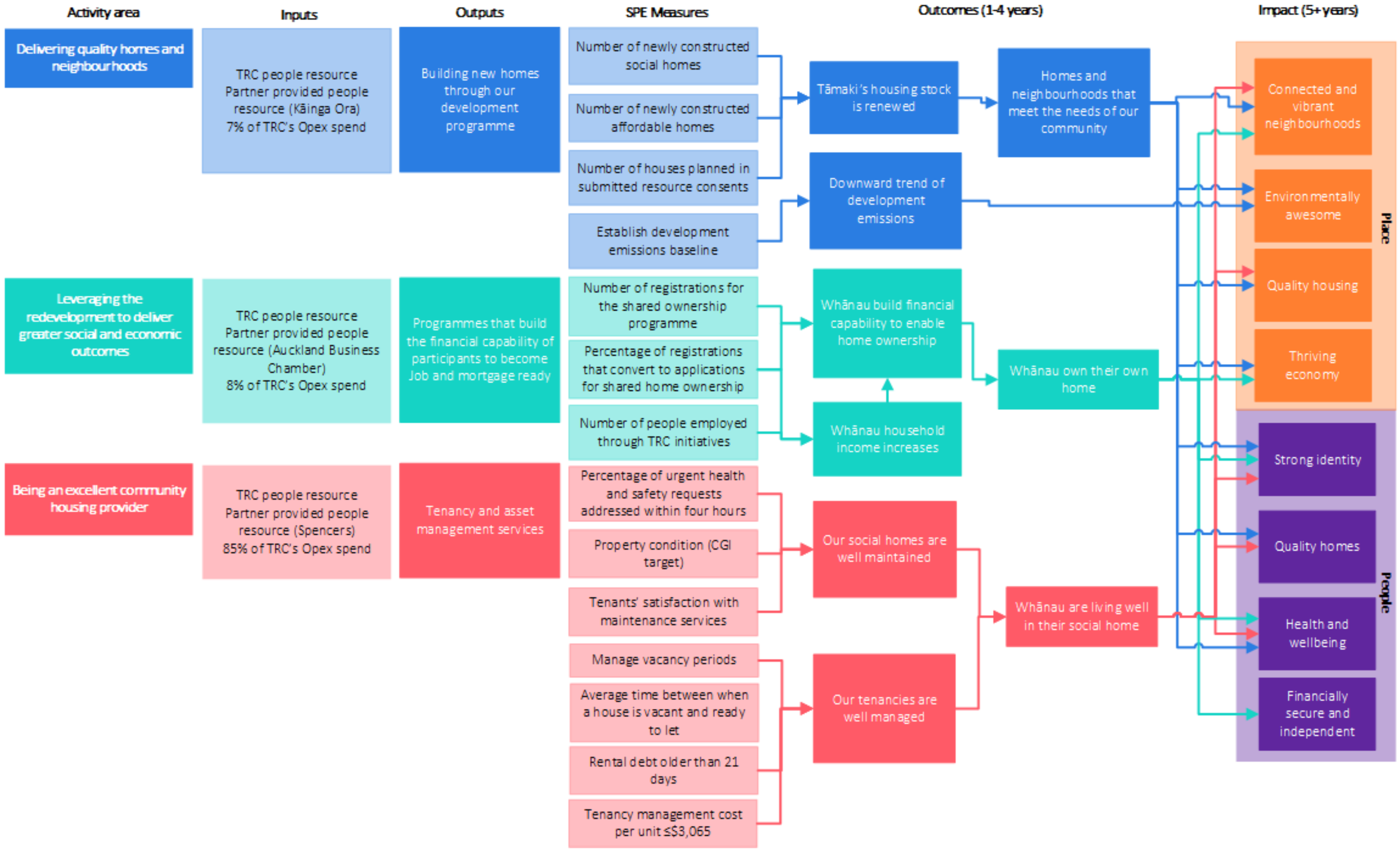


Figure 2 Intervention logic map

Delivering Quality Homes And Neighbourhoods

Building New Homes and Amenity to Increase Housing Stock and Enable Social and Economic Outcomes for Whānau

We are positioned to increase the pace of development, with the intention to deliver 350-500 houses per year from FY28, depending on funding for housing and infrastructure. Our unique position as a place-based organisation allows us to marry qualitative insights from the community with data-driven analysis and determine the best approach to delivering outcomes for whānau. These insights have resulted in our approach to deliver homes with more bedrooms that are configured to meet the needs of Tāmaki whānau. By doing this, we can enable wider outcomes, while also supporting better use of land by housing more people in our developments.

TRC has a strong understanding of the housing needs of Tāmaki whānau, but the pace of housing delivery to date has not been good enough. For the coming financial year, we will deliver only 28 new homes. This is due to multiple changes in our operating model, a lack of certainty in infrastructure provision, which has resulted in a lull in new projects being started, and resource consents submitted over the last few years.

There are several challenges delivering in a brownfields environment with the biggest being the need to assess, upgrade, or add new infrastructure to cater for the increase in the number of homes and population. This infrastructure is delivered across multiple agencies, including Kāinga Ora, Auckland Council and CCOs and the private sector, for example Vector Limited. Without the horizontal infrastructure in place, we cannot deliver the houses.

Post-COVID, Auckland Council budget constraints meant that the funding available to deliver the required precinct and neighbourhood level infrastructure was severely reduced. There were delays to the housing delivery programme while funding and delivery of infrastructure was being worked through. This resulted in an investment from the Crown in 2023 to increase momentum in housing delivery.

To try and improve the pace of housing delivery and overcome some of the complexities in the delivery model, TRC established a Development and Commercial Team in 2022. This team assumed responsibility for design functions, including site strategy, feasibility and preliminary design through to resource consent, and sometimes to detailed design and building consent. This team was established within current operational funding for TRC by reallocating resources from other support functions and prioritising delivery.

We have procured a panel of seven of the top builders in New Zealand to build houses and work long-term with TRC across multiple projects. This allows us to leverage private sector expertise to ensure both quality and value for money are front of mind when delivering projects.

TRC and Kāinga Ora have also developed a Programme Execution Plan (PEP) to enable TRC to have control over areas where we are ultimately accountable, and to be clear on the role of Kāinga Ora as a delivery partner.

Since implementing these changes, TRC has initiated, designed, and lodged resource consent for 313 homes. TRC will lodge resource consents for a further 246 homes in 2024.

What We Will Achieve This Financial Year[5]

Over the life of the regeneration programme, we will deliver 10,500 new homes in Tāmaki. Since 2016, when we took over ownership and management of the social houses, we have replaced 483 houses with 1,525 new warm and dry houses. However, since 2020 we have seen a steady decline in homes built each year. This is for three main reasons:

- Multiple changes to the operating model over time, resulting in the need to build capability and adopt new processes, rather than building and maintaining delivery momentum;
- Uncertainties around requirements and funding of in-ground infrastructure and housing delivery programmes; and
- Our previous housing strategy had an overly complex approach to delivery, leading to delays in submitting resource consents for social and affordable housing in previous years.

We are responding to the position we find ourselves in by:

- Taking more responsibility in the build process;
- Creating a steady pipeline of homes that are consented and ready to begin construction over the next four years;
- Having greater visibility of Kāinga Ora's infrastructure programme, aligning it with our housing delivery needs; and
- Moving from growth to maturity in our development function by embedding processes and capabilities to deliver.

This financial year, we will add an additional 28 new warm and dry homes to Tāmaki's housing stock. But the main impact of our work is creating the conditions for future success. We will submit resource consents for another 425 social, shared home ownership and affordable rental homes, and continue to accelerate future delivery of the housing programme. Using this time to design quality neighbourhood developments will enable us to deliver the full range of long-term benefits for both whānau outcomes and the Crown's finances that new housing brings as a social investment.

We expect our resource consent measure, introduced this year and illustrated in Figure 5, to become one of the most important in our programme. This will become the lead indicator to demonstrate if future development pace of 350-500 houses per annum will be possible.

Our reliance on Kāinga Ora's work to upgrade in-ground infrastructure is vital to the continued success of the regeneration. We require certainty that the necessary infastructure to support the delivery of new housing is scheduled and programmed – in alignment with the housing delivery programme.

Over the next 12 months, we will achieve key milestones across priority developments, progressing projects such as Site A, Epping-Evandale, Pīrangi, Concord, and Larsen and Torino. These projects will deliver over 500 new homes over the next five years and will also provide opportunities to deliver outcomes identified in the Tāmaki Precinct Masterplan. We will continue to progress plans for future developments with Kāinga Ora and add homes to our supply pipeline to maintain momentum in the years to come.

Collectively, these projects will enable us to deliver more housing that meets whānau needs, however we recognise the challenges facing the construction sector across the motu. We are not immune to these and will continue to

[5] Activity, and associated expenditure, within the Quality Homes and Neighbourhoods subclass relates specifically to Tāmaki Regeneration Limited (TRL), TRC's asset-owning subsidiary. Expenditure is consolidated within the Housing Resources Revenue and Output Expenses Table, along with revenue and expenditure within the Asset Management and Tenancy Management subclasses. TRL's full financial statements are contained within the Prospective Financial Statements section of this document.

engage with our partners to identify opportunities to address these challenges, while acknowledging we need to accept an appropriate level of risk within our projects to maintain momentum within the programme.

Our delivery of a diverse mix of housing within well-functioning, connected neighbourhoods is consistent with the objectives set out in the Government's **National Policy Statement on Urban Development** and the **Medium Density Residential Standards.** In accordance with Auckland Council's Waste Minimisation Plan to have zero waste sent to landfills by 2040, TRC is developing and implementing practical methods for repurposing old houses, salvaging materials from deconstructed houses, and minimising construction waste from Tāmaki development sites. This year, we are baselining the construction emissions from our developments, with a view to make our build process more environmentally friendly over time, while maintaining pace of delivery and value for money.

During the 2024/25 Financial Year, TRC will:

- Work with Kāinga Ora and build partners to deliver new social, shared home ownership, affordable rental and market housing in Tāmaki, including 20 social homes and eight shared equity homes.
- Progress key development sites with Kāinga Ora and regulatory authorities (i.e., obtain approvals required under the RMA) to ensure future delivery of social, shared home ownership, affordable rental and market housing.
- Explore and progress opportunities to partner with Mana Whenua and the Tāmaki community through development projects, to enable the achievement of housing and economic aspirations for their whānau.
- Plan for future housing delivery with Kāinga Ora by identifying future development opportunities across the regeneration area.

Measures and link to strategic framework

<table>
<tr><td>Outcome</td><td colspan="4">Tāmaki's housing stock is renewed</td></tr>
<tr><td>Output</td><td colspan="4">Building new homes through our development programme</td></tr>
<tr><td>Contributes to Tāmaki Shared Outcomes Framework</td><td colspan="4">People
Tāmaki whānau have a strong Tāmaki identity.
Tāmaki whānau love their homes.
Tāmaki whānau have good health and wellbeing.
Place
Tāmaki has vibrant and connected neighbourhoods.
Tāmaki has quality housing that is safe, warm and dry.
Tāmaki is environmentally awesome.
Tāmaki has a thriving economy.</td></tr>
<tr><td rowspan="6">Measures:

How we will know we are making progress towards our desired outcome</td><td>MEASURE</td><td>RESULT 22/23</td><td>TARGET 23/24</td><td>TARGET 24/25</td></tr>
<tr><td>Number of newly constructed homes – delivery managed by Kāinga Ora on behalf of TRC.[6]</td><td>35</td><td>50</td><td>28[7]</td></tr>
<tr><td>Number of newly constructed social homes – delivery managed by Kāinga Ora on behalf of TRC.</td><td>26</td><td>39</td><td>19</td></tr>
<tr><td>Number of newly constructed shared equity homes – delivery managed by Kāinga Ora on behalf of TRC.</td><td>9</td><td>11</td><td>9</td></tr>
<tr><td>Number of houses planned in submitted resource consents.</td><td colspan="2">New measure</td><td>425</td></tr>
<tr><td>Emissions from developments.</td><td colspan="2">New measure</td><td>Establish baseline</td></tr>
</table>

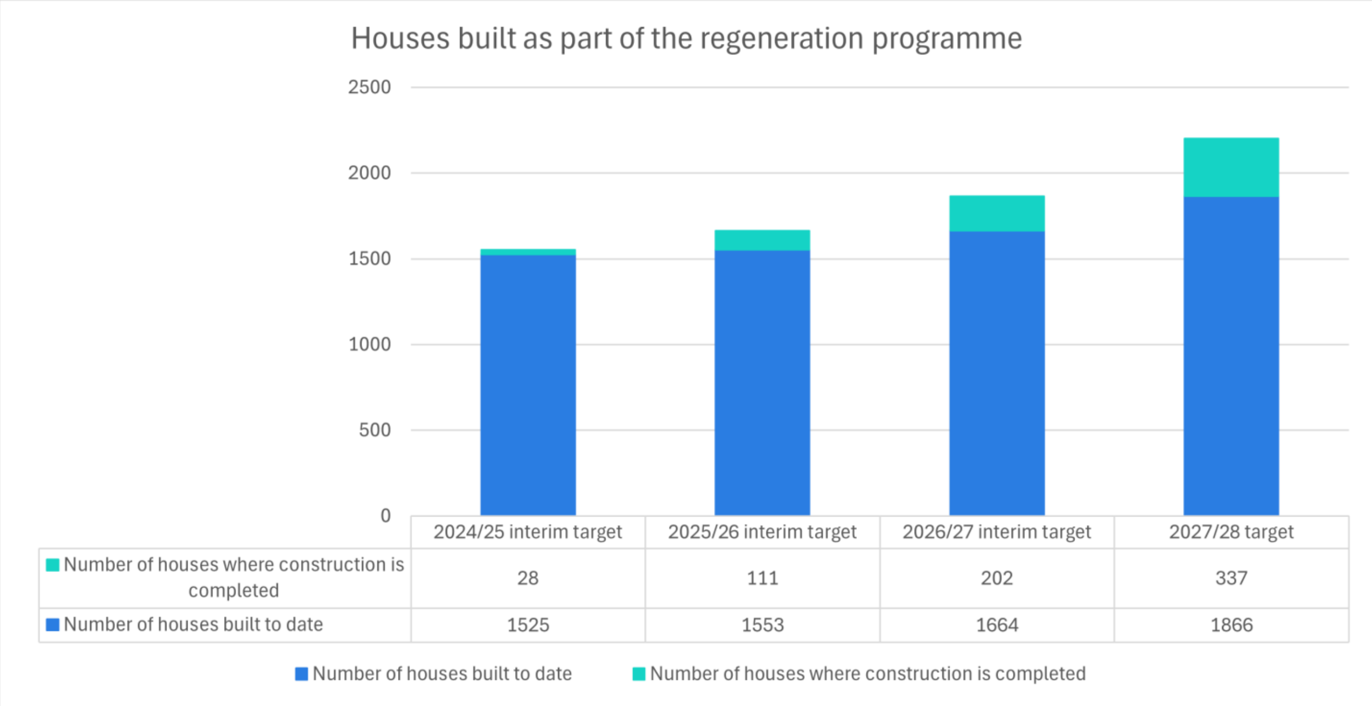
[6] These houses are defined as completed once the Certificate of Practical Completion has been received.

[7] Homes are forecast to be delivered in our State Build 1 site on Hobson Street, the Overlea South/Central neighbourhood, and on multiple small sites throughout Tāmaki.

Enabling Projects

The following projects are currently in development. We expect to achieve the milestones noted in the table by the end of the 2024/25 Financial Year. Next to the map is a table that shows where these projects are in Tāmaki.

PROJECT	MILESTONE 24/25
Site A Redevelopment Redevelopment of a TRC-owned site adjacent to the Glen Innes Town Centre and Taniwha Reserve. This project will deliver a range of smaller and larger typologies, responding to the needs of social housing whānau and whānau in TRC's shared home ownership housing demand pipeline. It also delivers on TRC's Apartment Strategy and the Glen Innes Town Centre Revitalisation Plan.	Construction commenced
Epping-Evandale The Epping-Evandale project will deliver shared home ownership and social housing, including apartments, terraces and freestanding homes close to the Glen Innes Town Centre and local reserves.	
Epping-Evandale Stage 1A (N2.7 & N2.8) This project will deliver 34 terraced and freestanding homes. Located on the corner of Heatherbank Street and Taniwha Street (N2.7), and Line Road and the new Eastview Reserve (N2.8), both superlots are within walking distance to the Glen Innes Town Centre, local reserves, including Maybury Reserve and Taniwha Reserve, and public transport links.	Construction commenced
Epping-Evandale Stage 1A (N2.3) This project will deliver mostly terraced homes (40 terraced homes and two freestanding homes). Located on the corner of Epping Street and Heatherbank Street, it is in walking distance to the Glen Innes Town Centre, local reserves, including Maybury Reserve and Taniwha Reserve, and public transport links.	Building consent lodged
Epping-Evandale Stage 1B (N2.4) The project will deliver approximately 97 homes, with 27 shared home ownership terraces and approximately 70 apartments over 3x blocks of three-level lifted apartments for kaumatua. This project faces onto Taniwha Street and Epping Street and is a short walk to the Glen Innes Town Centre, local reserves and public transport and incorporate a pedestrian link from Heatherbank Street to Taniwha Reserve.	Building consent lodged
Pīrangi This project will provide a range of homes, including apartment, terraced, and freestanding homes. The project will deliver approximately 88 public and shared home ownership homes (including two heritage homes currently scheduled) and enable the acceleration of equity outcomes for whānau.	Civil works commenced
Concord This project will provide a mix of apartment and terraced homes and will deliver approximately 96 social and shared home ownership homes. This will enable the acceleration of equity outcomes for whānau and connection with the natural environment, namely Ōmaru Creek and Point England Reserve.	Construction commenced
Larsen and Torino This project will deliver 178 terraced and apartment typologies across ten lots in the Panmure North Neighbourhood. The sites are spread across multiple streets and range in size from seven to 47 homes.	Resource consent lodgement



	2024/25 interim target	2025/26 interim target	2026/27 interim target	2027/28 target
Number of houses where construction is completed	28	111	202	337
Number of houses built to date	1525	1553	1664	1866

Figure 2: Houses built as part of the regeneration programme

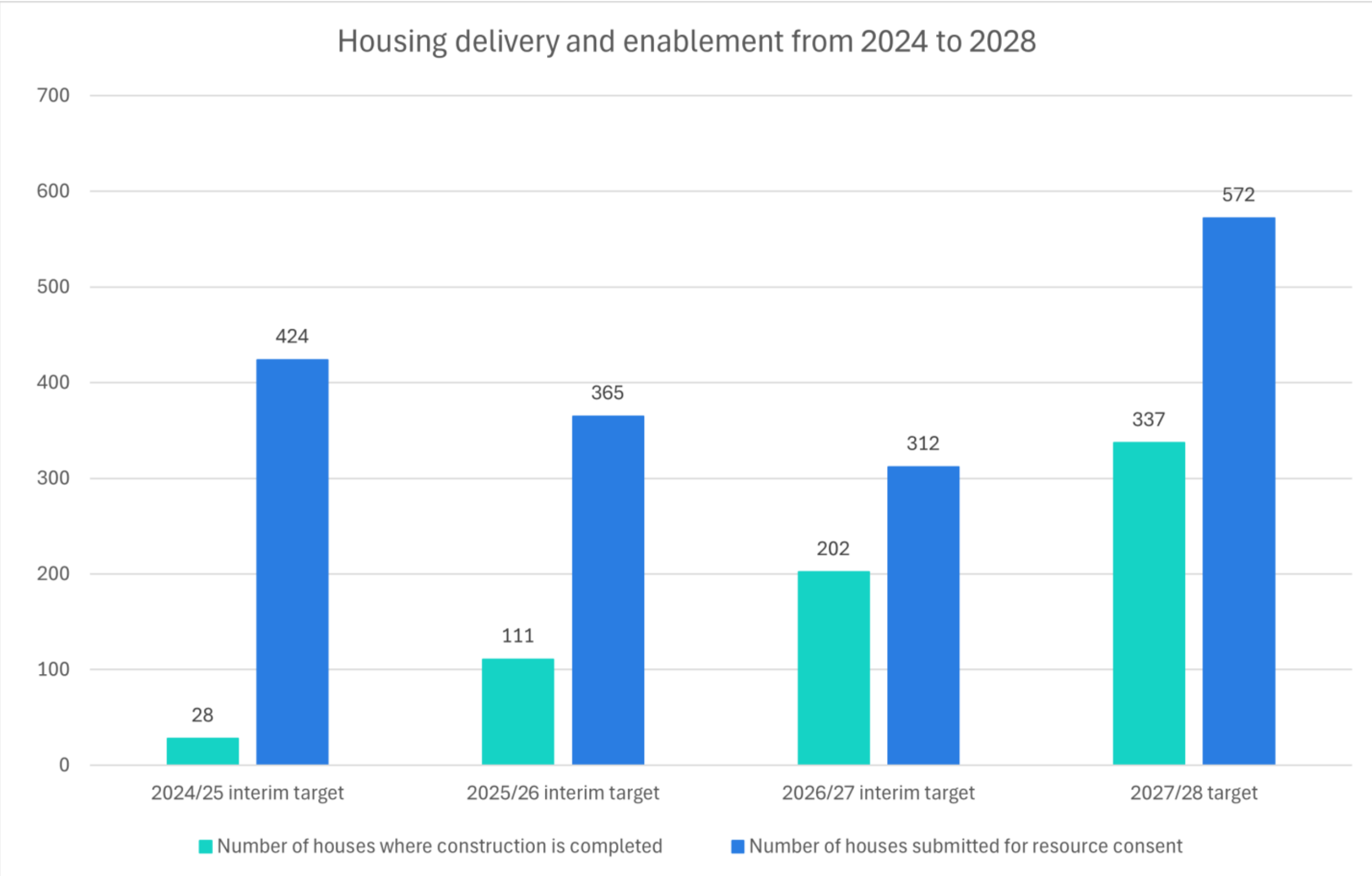


Figure 3: Housing delivery and resource consenting 2024-28

Delivering Quality Homes and Neighbourhoods Revenue and Output Expenses

The revenue and output expenses, as presented below, are for the output class Delivering Quality Homes and Neighbourhoods.

REVENUE AND OUTPUT EXPENSES	2024/25 PROSPECTIVE UNAUDITED ($000s)
Crown Revenue	0
Other Revenue	2,400
Total Revenue	**2,400**
Expenditure	(11,015)
Net (Deficit)	**(8,615)**

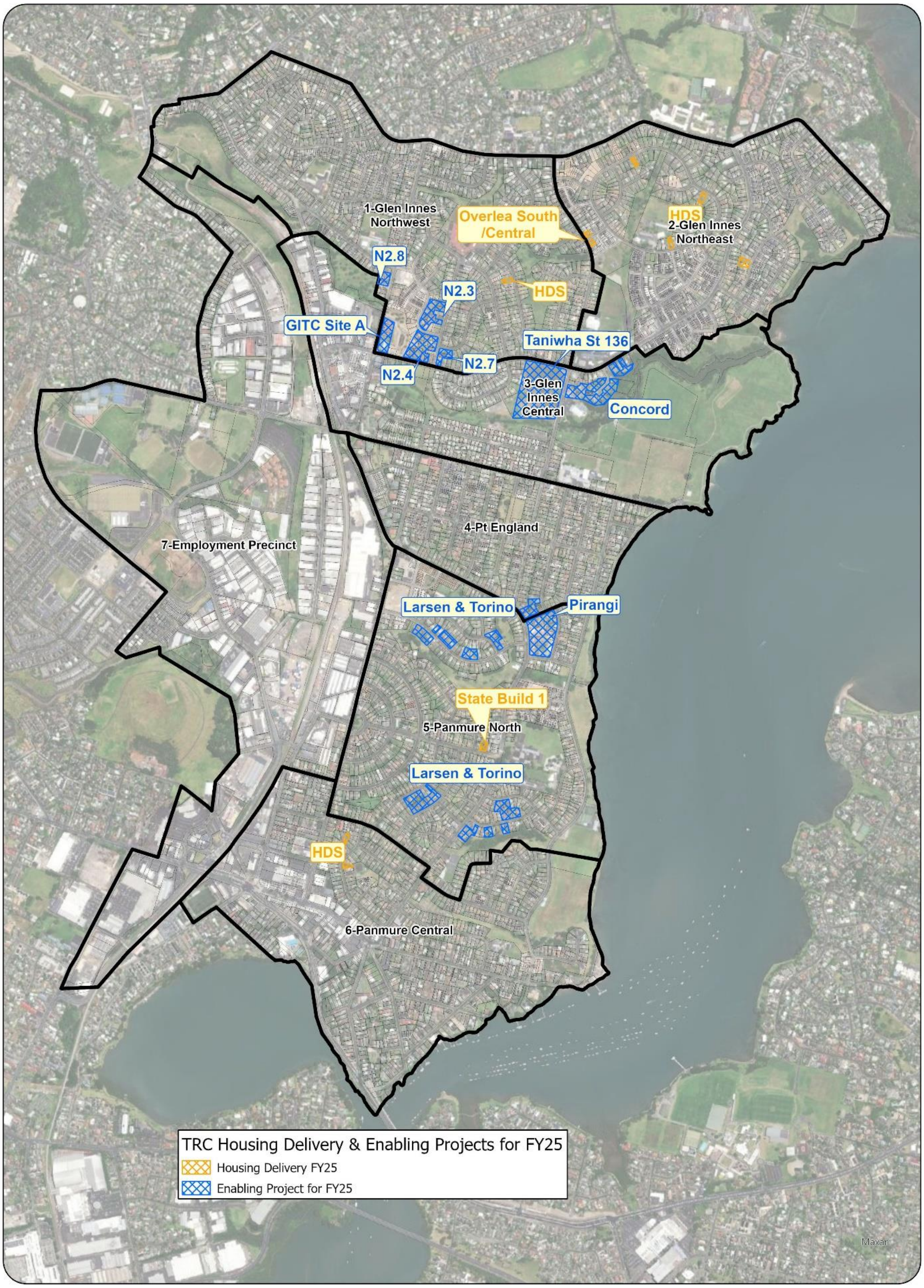


Figure 4: Map of Tāmaki FY 25 developments

Being an Excellent Community Housing Provider

Providing World Class Tenancy and Asset Management that Delivers Great Outcomes for Tenants, and Value For Money for the Crown.

Managing Tenancies

Looking after tenants is one of our top priorities. Our tenancy management service is based on a deep understanding of the barriers, enablers, and drivers of change for social housing whānau. We are committed to improving outcomes for tenants and do this by building close relationships that in turn grow the social licence of our regeneration programme.

Being place-based is our greatest asset. We employ tenancy managers from Tāmaki, or who reflect the community we serve. This allows us to grow high trust relationships that support behaviour changes and helps us to connect whānau with local NGOs and other services, where needed. THA has staff that can speak all the main languages spoken in our social homes, allowing us to break down communication barriers and deliver quality service whatever a tenant's background.

We measure satisfaction of tenants with both tenancy management and maintenance services through regular surveys. The results of these surveys give us direction to improve our ways of working and ensure continuous improvement across the business.

Rehousing remains a vital part of our regeneration programme. When we need to redevelop a social home, we spend time engaging with the whānau to understand their needs. As housing delivery increases, this becomes increasingly complex, but we will always adhere to the Tāmaki Commitment: those who wish to stay in Tāmaki will have the opportunity to do so. This commitment maintains our social licence to operate and has wider benefits by valuing the importance and long-term benefits of preserving the links whānau have in Tāmaki, which in many cases span decades.

As part of our regeneration programme, we support social housing whānau on their housing journey. We see the impact of our work when we have social tenants join our shared home ownership pipeline and begin their home ownership journey, and with whānau who are now living in TRC's first Build-to-Rent complex. We build the linkages between these services and programmes to deliver better outcomes for Tāmaki whānau, with the added benefit of decreasing social housing demand and decreasing costs for Crown over time.

Across all the services we provide, we have approximately 10,000 interactions with tenants each year, and in many cases have to make multiple decisions on an hourly basis. Despite our best efforts, sometimes we do not get it right. As an organisation, we own our mistakes, take accountability for any errors, and embed the lessons we learn to improve our operations.

During the 2024/2025 Financial Year, THA will:

- Manage tenancies efficiently, effectively, and compassionately, while complying with our obligations and operating within a complex regeneration environment.
- Respond to tenant requests quickly and resolve issues within agreed timeframes.
- Progress a range of customer-focussed improvements, including improving the information our front-line team have access to when working with tenants and continuing a more intensive and holistic approach to some of our higher density neighbourhoods.

- Combine quantitative and qualitative tenant feedback to identify and respond to areas where our service delivery model may not meet the needs of all whānau we serve.
- Adhere to the Tāmaki Commitment.
- Grow THA links to TRC's shared home ownership and affordable rental programme, so we can best support whānau out of social housing when they are ready.

Measures and link to strategic framework

Outcome	Our tenancies are well managed			
Output	Tenancy management services provided by the Tāmaki Housing Association			
Contributions to Tāmaki Shared Outcomes Framework	**People** Tāmaki whānau have a strong Tāmaki identity. Tāmaki whānau love their homes. **Place** Tāmaki whānau live in connected and vibrant neighbourhoods. Tāmaki has quality housing that is safe, warm and dry.			
Measures: How we will know we are making progress towards our desired outcome.	**Measure**	**Result 22/23**	**Target 23/24**	**Target 24/25**
	Average number of days to let Tāmaki Housing Association property to applicants from the MSD register after it becomes available	2.2 days	< 8 calendar days	< 8 calendar days
	Average inter-tenancy void turnaround time (vacant to ready to let)	20.7 working days	< 20 working days	< 20 working days
	Rental debt older than 21 days as a percentage of monthly rental income	3.09%	< 5.0%	< 5.0%
	Tenancy management cost per unit	$2,702	< $2,966	< $3,065

Managing And Maintaining Our Social Homes

We own and manage one of the oldest housing portfolios in the country with most of our social houses built between the 1940s and 1960s. Every day, we balance the liveability of our homes with rising maintenance costs, and the reality that we cannot make long-term investments in old housing stock that we plan to demolish within 5 - 20 years as part of the redevelopment. We know that if we were to significantly invest in retrofitting the older homes in our portfolio, they would still not perform well as a new build, therefore we need to carefully manage retrofitting and maintenance to ensure value for money.

If we continue to deliver planned and responsive maintenance at the current rate, our programme costs would exceed revenue. This leaves us trying to drive down costs, while increasing customer impact. To help us achieve this, we have established a Maintenance Review Programme to ensure we are delivering the right maintenance services

[8] Activity, and associated expenditure within the Tenancy Management subclass relates specifically to the activities of Tāmaki Housing Association Limited Partnership, a registered community housing provider (Class I Social Landlord with the Community Housing Regulatory Authority) and a wholly owned subsidiary of Tāmaki Redevelopment Company Limited.

to balance outcomes for whānau, quality of assets, and value for money. This programme will review our annual maintenance spend, identify cost savings, implement plans to increase tenant satisfaction with maintenance, and determine how we can incorporate local providers into the maintenance delivery to support the local economy and jobs and skills for residents - unlocking the social and economic potential of Tāmaki.

Despite the asset management challenges presented by old housing stock, we commit to all our properties meeting the health and safety requirements of a social house. Since the baseline for the Condition Grade Index[9] (CGI) measure was established in FY19, TRC has made good progress in improving the overall condition of the portfolio, taking a planned maintenance approach to asset management. The establishment and physical works associated with TRC's Te Taha Whānau – Quality Housing Planned Maintenance Program (QHPMP) has provided a mechanism not only to upgrade houses, but to also ensure these meet TRC's Levels of Service.

Because of our commitment to tenants and our understanding of the wider health, education, employment benefits that high-quality housing provides, we are committed to driving success across our maintenance programme.

During the 2024/2025 Financial Year, TRC will:

- Manage the housing portfolio to keep vacancy periods to a minimum and maximise the number of public housing places available, within the constraints of the redevelopment programme and our rehousing schedule.
- Manage housing portfolio to ensure public houses are suited to tenant needs, including being in accordance with the standards applicable to a Class 1 Social Housing Landlord and being compliant with all relevant legislative requirements (including the Residential Tenancies Act and Healthy Homes Standards), as required under our Open Terms Agreement.

[9] 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. Our target for FY25 is to have a CGI score of 2.16 for our housing portfolio by the end of the year.

Measures and link to strategic framework

Outcome	Our social homes are well managed and maintained[10]			
Output	Asset management programme provided by the Tāmaki Housing Association			
Contributions to Tāmaki Shared Outcomes Framework	**People** Tāmaki whānau love their homes. Tāmaki whānau have good health and wellbeing. **Place** Tāmaki has quality housing that is safe, warm and dry.			
Measures: How we will know we are making progress towards our desired outcome	MEASURE	RESULT 22/23	TARGET 23/24	TARGET 24/25
	Percentage of urgent health and safety requests addressed within four hours	99%	95%	**95%**
	Portfolio average property condition (CGI)	2.18	2.17	**2.16**
	Percentage of tenants satisfied with repairs and maintenance	70%	75%	**75%**

Being an excellent Community Housing Provider: Revenue and Output Expenses

REVENUE AND OUTPUT EXPENSES	2024/25 PROSPECTIVE UNAUDITED ($000s)
Crown Revenue	59,558
Other Revenue	26,571
Total Revenue	**86,129**
Expenditure	(62,070)
Depreciation	(37,286)
Net (Deficit)	**(13,228)**

[10] Activity, and associated expenditure, within the Asset Management subclass relates specifically to Tāmaki Regeneration Limited (TRL), TRC's asset-owning subsidiary.

Leveraging the Redevelopment to Deliver Greater Social and Economic Outcomes

Supporting Tāmaki Residents and Whānau to Gain Skills, Knowledge, and Employment Opportunities to Enter Home Ownership.

Although our social and economic initiatives cost a fraction of our overall expenditure, they act as a multiplier to the outcomes delivered by the redevelopment programme and tenancy management function. Not only does this provide better value for money by maximising the impact of the regeneration programme, but it also maintains our social licence to operate in the community.

Housing affordability is one of the most pressing economic, cultural and social problems facing New Zealand today. We understand the challenges whānau face to gaining housing independence, so our OWN IT Financial Capability Programme provides whānau with the knowledge and tools to make steps towards home ownership. These steps may look like whānau moving from social housing into an affordable rental, or from an affordable rental into a shared home ownership product.

Through this programme, we support whānau to progress along the housing continuum by delivering financial capability workshops that provide whānau with the knowledge and tools to reduce their debt, increase their savings, and become mortgage ready. We engage directly with whānau to understand their housing needs and aspirations to support them directly into shared home ownership or affordable rental housing through our housing delivery programme, or connect whānau with market affordable products in Tāmaki that meet their needs.

Our position as a regeneration agency and community housing provider means we have a unique, system-wide view of housing in Aotearoa. We use the insights we gain from this to target our programmes to support those who face the greatest barriers to affordable housing and home ownership. This includes working with social housing tenants, who in many cases have become stuck in social housing for generations. Supporting these whānau through high-trust intensive support empowers them into home ownership, grows their wealth, allows them to own a home in retirement, and frees up social housing places for some of the 500[11] applicants on the social housing register for the Maungakiekie-Tāmaki Local Board area.

Between FY17 and FY24, we have supported 91 whānau into home ownership, of which 16 whānau were social housing tenants. Seven of these whānau bought TRC's share (including one former social housing whānau) and now own their homes outright. These outcomes will improve outcomes both today and for future generations.

We know that insufficient household income is one of the largest barriers for whānau to pay down debt, increase savings, and be able to service a mortgage. That is why we also partner with the Auckland Business Chamber to deliver the Tāmaki Jobs and Skills Hub, which uses a proven model to support locals into sustainable employment, and to upskill people so they can maximise their earning potential. The Jobs and Skills Hub was recently assessed by Impact Lab and shown to have a return on investment of 8:1, meaning for every dollar spent on the Hub, the wider economy gains eight dollars of benefits.

Along with increasing employment, we want to encourage wider economic growth in Tāmaki, so businesses thrive, and the Panmure and Glen Innes town centres are active and vibrant places that meet the needs of their communities. We support local entrepreneurs and established businesses alike to bring a variety of offerings to the area. We also enable community and social infrastructure so ongoing support and management of neighbourhoods is managed by the neighbourhoods themselves.

[11] As at December 2023

While making up a small amount of our annual expenditure, leveraging the redevelopment in this way provides a disproportionate benefit to both whānau engaging in our programmes and the wider economy. In many cases, these interventions are key moments in whānau lives, becoming a turning point for intergenerational change.

What We Will Achieve This Financial Year[12]

This year we are expanding delivery of our financial capability programmes to grow the pipeline of applications for our shared home ownership programme. By encouraging whānau to begin their home ownership journey now, we will ensure we have whānau who are mortgage ready when the development programme delivers more shared home ownership houses over the next three years. This will also prepare whānau to respond to current economic conditions for home buyers, including increased interest rates and tougher mortgage serviceability requirements. To help ensure our affordable homes remain affordable for whānau, we are reviewing our design specifications and lot locations (within sites) for shared home ownership homes.

Alongside our housing delivery, we continue our core programmes which provide skills, knowledge, employment, and support for whānau in Tāmaki. For the past 11 years, we have contracted the Auckland Business Chamber to run the Jobs and Skills programme under the TRC brand and direction. We are working with the Chamber to seek additional funding sources to ensure they can continue to deliver employment outcomes for locals, while reducing TRC's contribution.

During the 2024/2025 Financial Year, TRC will:

- Provide local whānau with the financial knowledge and tools to save for a deposit, pay down debt and progress along the housing continuum towards home ownership, through the delivery of the Pathways to Housing Independence Programme.
- Support eight whānau to progress into a shared home ownership home.
- Continue to build a local demand pipeline and have whānau moving into affordable housing products.
- Operate the Tāmaki Jobs and Skills Hub, in partnership with the Auckland Business Chamber, to support local people into training and employment.

[12] Activities, and associated expenditure, as set out within the Social Transformation output class relates specifically to Tāmaki Redevelopment Company Limited.

Measures and link to strategic framework

<table>
<tr><td>Outcome</td><td colspan="4">Whānau build financial capability to enable home ownership</td></tr>
<tr><td>Output</td><td colspan="4">Programmes that build the financial capability of participants to become mortgage ready</td></tr>
<tr><td>Contributions to Tāmaki Shared Outcomes Framework</td><td colspan="4">People
Tāmaki has a strong identity.
Tāmaki whānau love their homes.
Tāmaki whānau have good health and wellbeing.
Tāmaki whānau are financially secure and independent.
Place
Tāmaki has a thriving economy</td></tr>
<tr><td rowspan="3">Measures:
How we will know we are making progress towards our desired outcome</td><td>MEASURE</td><td>RESULT 22/23</td><td>TARGET 23/24</td><td>TARGET 24/25</td></tr>
<tr><td>Number of registrations[13] for the Shared Home Ownership Programme</td><td colspan="2">New measure</td><td>1000</td></tr>
<tr><td>Percentage of registrations that convert to applications[14] for shared home ownership</td><td colspan="2">New measure</td><td>20%</td></tr>
</table>

<table>
<tr><td>Outcome</td><td colspan="4">Whānau household income increases</td></tr>
<tr><td>Output</td><td colspan="4">Programmes and services that support Tāmaki residents into education and employment opportunities</td></tr>
<tr><td>Contributions to Tāmaki Shared Outcomes framework</td><td colspan="4">Tāmaki whānau have good health and wellbeing.
Tāmaki whānau are financially secure and independent.
Tāmaki partners drive equitable change.
Tāmaki partners engage in systems thinking.</td></tr>
<tr><td rowspan="2">Measures:
How we will know we are making progress towards our desired outcome</td><td>MEASURE</td><td>RESULT 22/23</td><td>TARGET 23/24</td><td>TARGET 24/25</td></tr>
<tr><td>Number of Tāmaki people who are employed through TRC initiatives.</td><td>207</td><td>150</td><td>150</td></tr>
</table>

[13] Registrations refer to individuals or households who have formally expressed interest via our online registration form. Registrations involve providing personal information and indicating an intention to participate in the programme.
[14] Applications refer to individuals or households that formally submit applications to participate in the programme, meet eligibility criteria and are officially in the pipeline for purchasing a shared home ownership product.

Leveraging The Redevelopment to Deliver Greater Social and Economic Outcomes: Revenue and Output Expenses

REVENUE AND OUTPUT EXPENSES	2024/25 PROSPECTIVE UNAUDITED ($000s)
Crown Revenue	0
Other Revenue	0
Total Revenue	**0**
Expenditure	(5,992)
Net (Deficit)	**(5,992)**

Organisational Health

As a small organisation with a broad delivery mandate, we have made conscious efforts to ensure TRC has the right skills and expertise to deliver the regeneration programme. We have streamlined our organisation to ensure our staff are either delivering or directly enabling our redevelopment and shared home ownership housing programmes, and managing our tenancies and assets. TRC is now an agile organisation of practitioners who are actively delivering new houses and better outcomes for local whānau.

Over the past three years, we have grown our in-house development capability with experienced Development Managers who lead our house build programme to deliver on our four-year objectives. We have also scaled up our Affordable Housing Team to ensure we can support over 200 whānau to become mortgage ready and enter a shared home ownership product over the next four years.

Our delivery functions are supported by a team of experts providing project management, commercial and financial support, community engagement, communications and policy and strategy expertise. We have been conscious to ensure everyone in these support functions are directly enabling one of our three delivery focus areas, providing a lean, agile and capable organisation to drive our programme forward. Concurrently, we continue to lift internal capabilities, emphasising the importance of openness, transparency, and high-trust relationships.

It is important, as we increase the pace of development, we are engaged and aligned with the community to maintain the social license we have earnt over the course of the regeneration programme.

Prospective Financial Information

Tāmaki Redevelopment Company Limited Group
Statement of Prospective Comprehensive Revenue and Expense (Unaudited)
For the year ending 30 June 2025

	2025 Prospective Unaudited	2024 Prospective Unaudited
Revenue	**$000's**	**$000's**
Management fee income	13,988	12,951
Dividend Received	11,000	10,350
Other income	0	10
Total revenue	**24,988**	**23,311**
Expenditure		
Personnel costs	15,308	14,086
Consultants and professional fees	1,984	3,054
Contractors and temporary staff	5	260
Directors' fees	341	271
Utilities and insurance	106	90
Legal expenses	56	101
Repairs and maintenance	18	30
Other expenses	4,789	4,972
Total expenditure	**22,607**	**22,864**
EBITDAF	2,381	447
Depreciation and amortisation expense	55	66
EBIT	2,326	381
Interest income	24	268
Interest costs	0	(7)
Net interest income	**24**	**261**
Net surplus for the year	2,350	642
Total comprehensive revenue and expense	2,350	642

Tāmaki Redevelopment Company Limited Group
Statement of Prospective Financial Position (Unaudited)
As at 30 June 2025

Assets	2025 Prospective Unaudited $000's	2024 Prospective Unaudited $000's
Current assets		
Cash and cash equivalents	5,869	5,869
Trade and other receivables	662	662
Total current assets	**6,531**	**6,531**
Non-current assets		
Property, plant, and equipment	84	127
Total non-current assets	**84**	**127**
Total assets	**6,614**	**6,657**
Liabilities		
Current liabilities		
Creditors and other payables	(11,099)	(13,586)
Annual leave liability	(671)	(671)
GST payable	(26)	68
Total current liabilities	**(11,796)**	**(14,189)**
Total liabilities	**(11,796)**	**(14,189)**
Net liabilities	**(5,182)**	**(7,532)**
Equity		
Ordinary shares - Crown	5,000	5,000
Ordinary shares - Auckland Council	3,500	3,500
Accumulated (deficit)	(13,682)	(16,032)
Total equity	**(5,182)**	**(7,532)**

Tāmaki Redevelopment Company Limited Group
Statement of Prospective Changes in Equity (Unaudited)
For the year ending 30 June 2025

	2025 Prospective Unaudited $000's	2024 Prospective Unaudited $000's
Balance at 1 July	(7,532)	(8,174)
Total comprehensive revenue and expense		
Surplus for the year	2,350	642
Total comprehensive income	2,350	(7,532)
Owners' transactions		
Capital contribution	0	0
Repayment of capital	0	0
Total contributions and distributions	0	0
Balance at 30 June	(5,182)	(7,532)

Tāmaki Redevelopment Company Limited Group
Statement of Prospective Cash Flows (Unaudited)
For the year ending 30 June 2025

	2025 Prospective Unaudited	2024 Prospective Unaudited
Cash flows from operating activities	$000's	$000's
Rental Income from tenants	0	(302)
Receipts from other revenue	0	1,730
Management fee income	13,988	12,951
Payments to suppliers	(9,704)	(10,613)
Payments to employees	(15,308)	(14,604)
Net cash flow from operating activities	**(11,024)**	**(10,838)**
Cash flow from investing activities		
Purchase of property, plant and equipment	0	0
Purchase of intangible assets	0	0
Net cash flow from investing activities	**0**	**0**
Cash flow from financing activities		
Interest received	24	268
Interest paid	0	(7)
Dividend received	11,000	10,350
Net cash flow from financing activities	**11,024**	**10,611**
Net increase in cash and cash equivalents	**(0)**	**(227)**
Cash and cash equivalents at the beginning of the year	5,869	6.096
Cash and cash equivalents at the end of the year	**5,869**	**5,869**

Tāmaki Redevelopment Company Limited Group
Notes to the Prospective Financial Statements (Unaudited)
For the year ending 30 June 2025

Statement of Accounting Policies

REPORTING ENTITY

These prospective 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 prospective financial statements do not include Tāmaki Regeneration Limited (TRL) due to Crown (rather than TRC Parent) controlling TRL. TRL's prospective financial statements are presented separately on pages 40 to 51 of this Statement of Performance Expectations. This document also presents, on pages 52 to 57, an aggregated set of prospective 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) and are not audited. Such an aggregation must be treated as a non-GAAP set of prospective financial statements as it is not acceptable under PBE IPSAS 6 Consolidated and Separate Financial Statements to consolidate TRL into TRC Group.

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.

These prospective financial statements for TRC Group are for the year ending 30 June 2024 and were approved by the Board on 30 June 2023.

PROSPECTIVE FINANCIAL STATEMENTS

These prospective financial statements have been prepared for the express purpose of meeting legislative requirements set out under the Crown Entities Act 2004 and the use of these statements for any other purpose may not be appropriate. The description of the principal activities and current operations of TRC Group including those activities and operations expected to be undertaken during the period covered by these prospective financial statements are outlined in the strategic priorities section of this document. The actual financial results achieved for the year ending 30 June 2024 are likely to vary from these prospective financial statements and the variations could be material.

BASIS OF PREPARATION

The prospective financial statements have been prepared on a going concern basis. This is based on the past practice of funding TRC's operating expenditure through intercompany advances and dividends from its subsidiary, Tāmaki Regeneration Limited. A dividend was issued by TRL for $10.35m on 24 October 2023 which was used to pay off prior intercompany advances made by TRL. The Entitled Persons/Ministerial approval for the dividend waiver was received as required.

The TRL Board has resolved to provide cash flow support to TRC group as required and TRL is expected to be solvent and in a position to issue dividends to the TRC group at the end of the prospective reporting period.

The accounting policies have been applied consistently throughout the period.

STATEMENT OF COMPLIANCE

The prospective 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 public benefit entity 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. These prospective financial statements comply with PBE accounting standards; Prospective Financial Statements (PBE FRS 42).

FUNCTIONAL AND PRESENTATION CURRENCY

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

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 to benefit from its activities. The prospective financial statements from the date on which control commences until the date on which control ceases are consolidated into the TRC Parent's prospective financial statements. The TRC Parent controls two subsidiaries being THALP and THAGP.

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 Tāmaki Regeneration Limited 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.

Dividend revenue from TRL

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.

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.

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 asset 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.

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 where TRC owns and controls the software. As with PBE IPSAS38 where TRC does not own or control software development, costs are recognised as an expense when incurred. 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, INTANGIBLE ASSETS, AND INVENTORIES

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.

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 asset's 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 the 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 41 *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 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.

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.

Tāmaki Redevelopment Company Limited Group
Notes to the Prospective Financial Statements (Unaudited) (Cont.)
For the year ending 30 June 2025

INCOME TAX

These prospective 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 TRC 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. All THA items are presented inclusive of GST as THA is exempt from GST. Where GST is not 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 surplus/(deficit); and
- capital.

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 prospective financial statements 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. 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.

CRITICAL ACCOUNTING JUDGEMENTS (CONT.)

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 MSD 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 duties on behalf and for TRL.

ASSUMPTIONS, RISKS AND UNCERTAINTIES UNDERLYING THE PROSPECTIVE FINANCIAL STATEMENTS

The prospective financial statements are unaudited. The main assumptions underlying the prospective figures are as follows:

- Operating costs are based on historical experience and forecast costs based on TRC Legal Group's business plan.
- The following economic assumptions will eventuate:

Assumption (source: Treasury)	Level of uncertainty	Risk	Financial impact
Average change in CPI: +4.1%	Moderate	That actual inflation is higher than forecast inflation	Movements in market prices will impact TRC Group's operating costs as well as interest income.

The actual results achieved for the period covered by the prospective figures are likely to vary from actual results for the financial year 2024 and these variances could be material. Factors that could lead to material differences between the prospective financial statements and the 2024 actual financial statements, in addition to the sources of uncertainty mentioned above, include decisions being made that alter the assumptions made above.

TRC's operating expenditure is funded in the short-term through intercompany advances and dividends from its subsidiary, Tāmaki Regeneration Limited ("TRL"). Dividends are subject to an Entitled Persons Consent or Ministerial waiver of the Crown's right to receive dividends from TRL. The Crown holds all the preference shares in TRL, whereas TRC holds all the ordinary shares in TRL.

Tāmaki Regeneration Limited
Statement of Prospective Comprehensive Revenue and Expense (Unaudited)
For the year ending 30 June 2025

	2025 Prospective Unaudited $000's	2024 Prospective Unaudited $000's
Revenue		
Development sales	0	15,936
Sales of shared ownership properties	2,400	9,428
Income-related rent subsidies	59,558	47,027
Rental income from tenants	22,304	22,755
Other	1,458	1,656
Total revenue	**85,720**	**96,802**
Expenditure		
Consultants and professional fees	1,712	1,250
Contractors and temporary staff	14	0
Management fee expense	13,988	12,951
Inventory costs	5,715	25,760
Repairs and maintenance	31,153	35,568
Utilities and insurance	16,513	14,943
Legal expenses	0	32
Other expenses	1,362	1,240
Total expenditure	**70,457**	**91,744**
EBITDAF*	15,263	5,058
Depreciation	37,232	36,464
EBIT	(21,969)	(31,406)
Interest income	2,785	2,597
Interest costs	0	0
Net interest income	**2,785**	**2,597**
(Deficit) for the year	(19,184)	(28,809)
Total comprehensive revenue and expense	(19,184)	(28,809)

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

Tāmaki Regeneration Limited
Statement of Prospective Financial Position (Unaudited)
As at 30 June 2025

	2025 Prospective Unaudited	2024 Prospective Unaudited
Cash and cash equivalents	74,507	52,626
Trade and other receivables	13,553	13,558
Inventories	109,963	92,950
Total current assets	**198,023**	**159,134**
Non-current assets		
Property, plant and equipment	2,799,505	2,763,596
Shared ownership investments	6,901	6,181
Total non-current assets	**2,806,406**	**2,769,777**
Total assets	**3,004,429**	**2,928,911**
Liabilities		
Current liabilities		
Creditors and other payables	(16,382)	(9,436)
GST payable	(757)	(1)
Total current liabilities	**(17,139)**	**(9,437)**
Total liabilities	**(17,139)**	**(9,437)**
Net assets	**2,987,290**	**2,919,474**
Equity		
Ordinary shares - TRC Parent	0	0
Preference shares - Crown	2,090,996	1,992,996
Revaluation reserve	1,198,712	1,198,712
Accumulated (deficit)	(302,418)	(272,234)
Total equity	**2,987,290**	**2,919,474**

Tāmaki Regeneration Limited
Statement of Prospective Changes in Equity (Unaudited)
For the year ending 30 June 2025

	Contributed capital 2025 Prospective Unaudited $000's	Revaluation reserve 2025 Prospective Unaudited $000's	Accumulated (deficit) 2025 Prospective Unaudited $000's	Total 2025 Prospective Unaudited $000's
Balance at 1 July	1,992,996	1,198,712	(272,234)	2,919,474
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(19,184)	(19,184)
Other comprehensive revenue and expense	0	0	0	0
Total comprehensive income	0	0	(19,184)	(19,184)
Owners' transactions				
Capital contribution	98,000	0	0	98,000
Dividends paid	0	0	(11,000)	(11,000)
Repayment of capital	0	0	0	0
Adjustment on derecognition of inventory	0	0	0	0
Total contributions and distributions	98,000	0	(11,000)	87,000
Balance at 30 June	2,090,996	1,198,712	(302,418)	2,987,290

	Contributed capital 2024 Prospective Unaudited $000's	Revaluation reserve 2024 Prospective Unaudited $000's	Accumulated (deficit) 2024 Prospective Unaudited $000's	Total 2024 Prospective Unaudited $000's
Balance at 1 July	1,930,996	1,198,712	(233,075)	2,896,633
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(28,809)	(28,809)
Net Revaluation Reserve movements	0	0	0	0
Total comprehensive income	0	0	(28,809)	(28,809)
Owners' transactions				
Capital contribution	62,000	0	0	62,000
Dividends paid	0	0	(10,350)	(10,350)
Repayment of capital	0	0	0	0
Adjustment on derecognition of inventory	0	0	0	0
Total contributions and distributions	62,000	0	(10,350)	51,650
Balance at 30 June	1,992,996	1,198,712	(272,234)	2,919,474

Tāmaki Regeneration Limited
Statement of Prospective Cash Flows (Unaudited)
For the year ending 30 June 2025

	2025 Prospective Unaudited $000's	2024 Prospective Unaudited $000's
Cash flows from operating activities		
Receipts from development sales	0	22,277
Receipts from shared home ownership sales	2,400	9,428
Rental income from tenants	22,310	17,425
Income-related rent subsidies	59,558	47,027
Other revenue received	1,458	3,151
Management fee paid	(13,988)	(12,951)
Payments to suppliers	(50,526)	(43,561)
Net cash flow from operating activities	**21,212**	**42,796**
Cash flow from investing activities		
Purchase of freehold land and rental properties	(87,779)	(75,937)
Purchase of Shared ownership assets	(720)	(2,108)
Net cash flow from investing activities	**(88,499)**	**(78,045)**
Cash flow from financing activities		
Interest received	2,785	2,597
Dividend paid to TRC	(11,000)	(10,350)
Preference share drawdown	98,000	62,000
Preference share offset	(617)	(5,807)
Net cash flow from financing activities	**89,168**	**48,440**
Net increase in cash and cash equivalents	21,882	13,191
Cash and cash equivalents at the beginning of the year	52,626	39,435
Cash and cash equivalents at the end of the year	74,507	52,626

Tāmaki Regeneration Limited
Reconciliation of deficit to net cash flows from operating activities (Unaudited)
For the year ending 30 June 2025

	2025 Prospective Unaudited $000's	2024 Prospective Unaudited $000's
(Deficit) for the year	**(19,184)**	**(28,809)**
Adjustments for:		
Funding costs	(2,785)	(2,597)
Depreciation	37,232	36,464
Other non cash entries:		
COGS – KO Sales	0	30,915
COGS - SHO	5,715	9,088
Net Inventory Writedown Expense	0	(14,191)
Gain/Loss of Shared Ownership Interest	0	(34)
KO Accrual - build costs	(8,090)	(420)
GST Clearing	0	(698)
Changes in:		
Trade and other creditors	8,319	4,807
Trade and other receivables	6	8,271
Net cash from operating activities	**21,212**	**42,796**

Statement of Accounting Policies

REPORTING ENTITY

These prospective financial statements are for Tāmaki Regeneration Limited (TRL). TRL has determined that it is a public benefit entity (PBE) for financial reporting purposes. TRL is domiciled and operates in New Zealand. These prospective financial statements were approved by the Board on 30 June 2024.

TRL has prepared separate prospective financial statements as it is not part of the Tāmaki Redevelopment Company Limited Group (TRC Group). TRC Group's prospective financial statements are presented separately on page 29 to 39 of this document.

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). TRL cannot be included in the TRC Group's financial statements due to Crown (rather than TRC Parent) controlling TRL. This document also presents separately, on pages 52 to 57 an aggregated set of prospective 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.

PROSPECTIVE FINANCIAL STATEMENTS

These prospective financial statements have been prepared for the express purpose of meeting legislative requirements set out under the Crown Entities Act 2004 and the use of these statements for any other purpose may not be appropriate. The description of the principal activities and current operations of TRL including those activities and operations expected to be undertaken during the period covered by these prospective financial statements are outlined in the strategic priorities section of this document. The actual financial results achieved for the year ending 30 June 2024 are likely to vary from these prospective financial statements and the variations could be material.

BASIS OF PREPARATION

The prospective financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

STATEMENT OF COMPLIANCE

The prospective 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 PRESENTATION CURRENCY

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

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:

Receipts from land disposals

TRL disposes of land to one off purchasers, as well as whānau 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 property, plant, 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 asset classes are measured at cost, less accumulated depreciation and impairment losses, except for the land and buildings transferred from Kāinga Ora which are measured at fair value. Investment in joint operations has been classified as PPE as the property is held for a social service and/or strategic purpose.

PROPERTY, PLANT, AND EQUIPMENT (CONT.)

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 the 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, INTANGIBLE ASSETS AND INVENTORIES

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.

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 asset's 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 asset's 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 asset's 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 its 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 homeowner or whānau is dependent on a whānau 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.

FINANCIAL INSTRUMENTS (CONT.)

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 are 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

INCOME TAX

The prospective 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 prospective 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 Inland Revenue Department (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 inclusive 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 surplus/(deficit); and
- revaluation reserve; and
- preference shares

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these prospective 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.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS (CONT.)

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 was effective as at 30 June 2023. 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.

Derecognition of freehold land

At each balance date, we estimate the value of land to be derecognised through preference shares with the final value determined at completion of the project. At 30 June 2023 there was an increased amount of shared ownership properties which were not subject to derecognition

CRITICAL ACCOUNTING JUDGEMENTS

A critical accounting judgement made in the preparation of these prospective financial statements 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 deeds 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 MSD 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.

ASSUMPTIONS, RISKS AND UNCERTAINTIES UNDERLYING THE PROSPECTIVE FINANCIAL STATEMENTS

The prospective financial statements are unaudited. The main assumptions underlying the prospective figures are as follows:

- Operating costs are based on historical experience and forecast costs based on TRC Legal Group's business plan.
- The following economic assumptions will eventuate:

Assumption (source: Treasury)	Level of uncertainty	Risk	Financial impact
Average change in CPI: +4.1%	Moderate	That actual inflation is higher than forecast inflation	Movements in market prices will impact TRL's operating costs as well as interest income.

The actual results achieved for the period covered by the prospective figures are likely to vary from actual results for the financial year 2024, and these variances could be material.

Factors that could lead to material differences between the prospective financial statements and the 2024 actual financial statements, in addition to the sources of uncertainty mentioned above, include decisions being made that alter the assumptions made above.

Tāmaki Redevelopment Company Limited Legal Group
Statement of Prospective Comprehensive Revenue and Expense
For the year ending 30 June 2025

	2025 Prospective Unaudited $000's	2024 Prospective Unaudited $000's
Revenue		
Development sales	0	15,937
Sales of shared ownership properties	2,400	9,428
Rental income from tenants	22,304	22.755
Income-related rent subsidies	59,558	47,027
Other income	1,458	1,666
Total revenue	**85,720**	**96,812**
Expenditure		
Personnel costs	15,308	14,086
Inventory costs	5,715	25,760
Contractors and temporary staff	19	260
Directors' fees	341	271
Legal expense	56	133
Repairs and maintenance	31,171	35,598
Consultants and professional fees	3,696	4,304
Utilities and insurance	16,620	15,033
Other expenses	6,152	6,212
Total expenditure	**79,076**	**101,657**
EBITDAF	6,643	(4,845)
Depreciation	37,286	36,530
Total depreciation, amortisation and fair value adjustments	**37,286**	**36,530**
EBIT	(30,643)	(41,375)
Interest income	2,809	2,864
Interest costs	0	(7)
Net interest income	**2,809**	**2,858**
(Deficit) for the year	(27,834)	(38,517)
Total comprehensive revenue and expense	(27,834)	(38,517)

Tāmaki Redevelopment Company Limited Legal Group
Statement of Prospective Financial Position
As at 30 June 2025

	2025 Prospective Unaudited $000's	2024 Prospective Unaudited $000's
Assets		
Current assets		
Cash and cash equivalents	80,376	58,495
Trade and other receivables	14,214	14,220
Inventories	109,964	92,950
Total current assets	**204,554**	**165,665**
Non-current assets		
Property, plant and equipment	2,799,588	2,763,723
Shared ownership investments	6,901	6,181
Total non-current assets	**2,806,489**	**2,769,904**
Total assets	3,011,043	2,935,568
Liabilities		
Current liabilities		
Creditors and other payables	(27,481)	(23,022)
GST payable	(783)	67
Annual leave liability	(671)	(671)
Total current liabilities	**(28,935)**	**(23,626)**
Total liabilities	(28,935)	(23,626)
Net assets	2,982,109	2,911,943
Equity		
Ordinary shares - Crown	5,000	5,000
Ordinary shares - Auckland Council	3,500	3,500
Preference shares - Crown	2,090,996	1,992,996
Revaluation reserve	1,198,712	1,198,712
Accumulated (deficit)	(316,099)	(288,265)
Total equity	2,982,109	2,911,943

Tāmaki Redevelopment Company Limited Legal Group
Statement of Prospective Changes in Equity
For the year ending 30 June 2025

	Contributed Capital 2025 Prospective Unaudited $000's	Revaluation Reserve 2025 Prospective Unaudited $000's	Accumulated (deficit) 2025 Prospective Unaudited $000's	Total 2025 Prospective Unaudited $000's
Balance at 1 July	2,001,496	1,198,712	(288,265)	2,911,943
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(27,834)	(27,834)
Other comprehensive revenue and expense	0	0	0	0
Total comprehensive income	0	0	(27,834)	(27,834)
Owners' transactions				
Capital contribution	98,000	0	0	98,000
Repayment of capital	0	0	0	0
Dividends paid	0	0	0	0
Adjustment on derecognition of inventory	0	0	0	0
Total contributions and distributions	98,000	0	0	98,000
Balance at 30 June	2,099,496	1,198,712	(316,099)	2,982,109

	Contributed Capital 2024 Prospective Unaudited $000's	Revaluation Reserve 2024 Prospective Unaudited $000's	Accumulated (deficit) 2024 Prospective Unaudited $000's	Total 2024 Prospective Unaudited $000's
Balance at 1 July	1,939,496	1,198,712	(249,748)	2,888,459
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(38,517)	(38,517)
Net Revaluation Reserve movements	0	0	0	0
Total comprehensive income	0	0	(38,517)	(38,517)
Owners' transactions				
Capital contribution	62,000	0	0	62,000
Repayment of capital	0	0	0	0
Dividends paid	0	0	0	0
Adjustment on derecognition of inventory	0	0	0	0
Total contributions and distributions	62,000	0	0	62,000
Balance at 30 June	2,001,496	1,198,712	(288,265)	2,911,943

Tāmaki Redevelopment Company Limited Legal Group
Statement of Prospective Cash Flows
For the year ending 30 June 2025

	2025 Prospective Unaudited $000's	2024 Prospective Unaudited $000's
Cash flows from operating activities		
Receipts from development sales	0	22,276
Receipts from shared home ownership sales	2,400	9,428
Rental income from tenants	22,310	17,124
Income-related rental subsidy	59,558	47,027
Other revenue received	1,458	4,882
Payments to suppliers	(60,229)	(54,173)
Payments to employees	(15,308)	(14,604)
Net cash flow from operating activities	**10,187**	**31,958**
Cash flow from investing activities		
Purchase of property, plant and equipment	(87,779)	(75,937)
Purchase of shared ownership assets	(720)	(2,108)
Net cash flow from investing activities	**(88,499)**	**(78,045)**
Cash flow from financing activities		
Interest received	2,809	2,864
Interest paid	0	(7)
Preference share offset	(617)	(5,807)
Preference share drawdown	98,000	62,000
Net cash flow from financing activities	**100,192**	**59,051**
Net increase in cash and cash equivalents	**21,881**	**12,965**
Cash and cash equivalents at the beginning of the year	58,495	45,530
Cash and cash equivalents at the end of the year	**80,376**	**58,495**

Tāmaki Redevelopment Company Limited Legal Group
Notes to the Prospective Financial Statements (Unaudited)
For the year ending 30 June 2025

REPORTING ENTITY

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

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

BASIS OF PREPARATION

The prospective financial statements of the TRC Legal Group are a non-GAAP aggregated set of prospective 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 is inconsistent with NZ GAAP to consolidate TRL into TRC Group. The Directors of TRC Parent wish to present a view of the forecast financial position of TRC Legal Group and its prospective results for the year ended 30 June 2024 in one set of prospective financial statements. Such a presentation must be treated as a non-GAAP set of prospective financial statements as it is not acceptable under PBE IPSAS 6 *Consolidated and Separate Financial Statements* to consolidate TRL into TRC Group.

The most appropriate way to describe and present such a set of prospective financial statements is as a non-GAAP aggregation. These prospective financial statements have been clearly marked as a non-GAAP aggregation. They have been prepared on a going concern basis. These prospective financial statements have applied the same accounting policies that TRC Group and TRL have applied as set out in their own prospective financial statements within this document. The accounting policies have been applied consistently throughout the period.

The notes to these financial statements are limited to the Statement of Accounting Policies. Aggregated TRC Group & TRL note disclosures are not included in these financial statements and are instead individually set out in the notes to the financial statements of TRC Group and TRL included within this document.

STATEMENT OF COMPLIANCE

The prospective 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 and TRL's prospective financial statements (non-GAAP) have been prepared in accordance with Tier 2 PBE accounting standards, which allows reduced disclosures.

Tāmaki Redevelopment Company Limited Legal Group
Notes to the Prospective Financial Statements (Unaudited) (Cont.)
For the year ending 30 June 2025

FUNCTIONAL AND PRESENTATION CURRENCY

The aggregate TRC Group & TRL prospective 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 prospective financial statements of TRC Group and TRL.