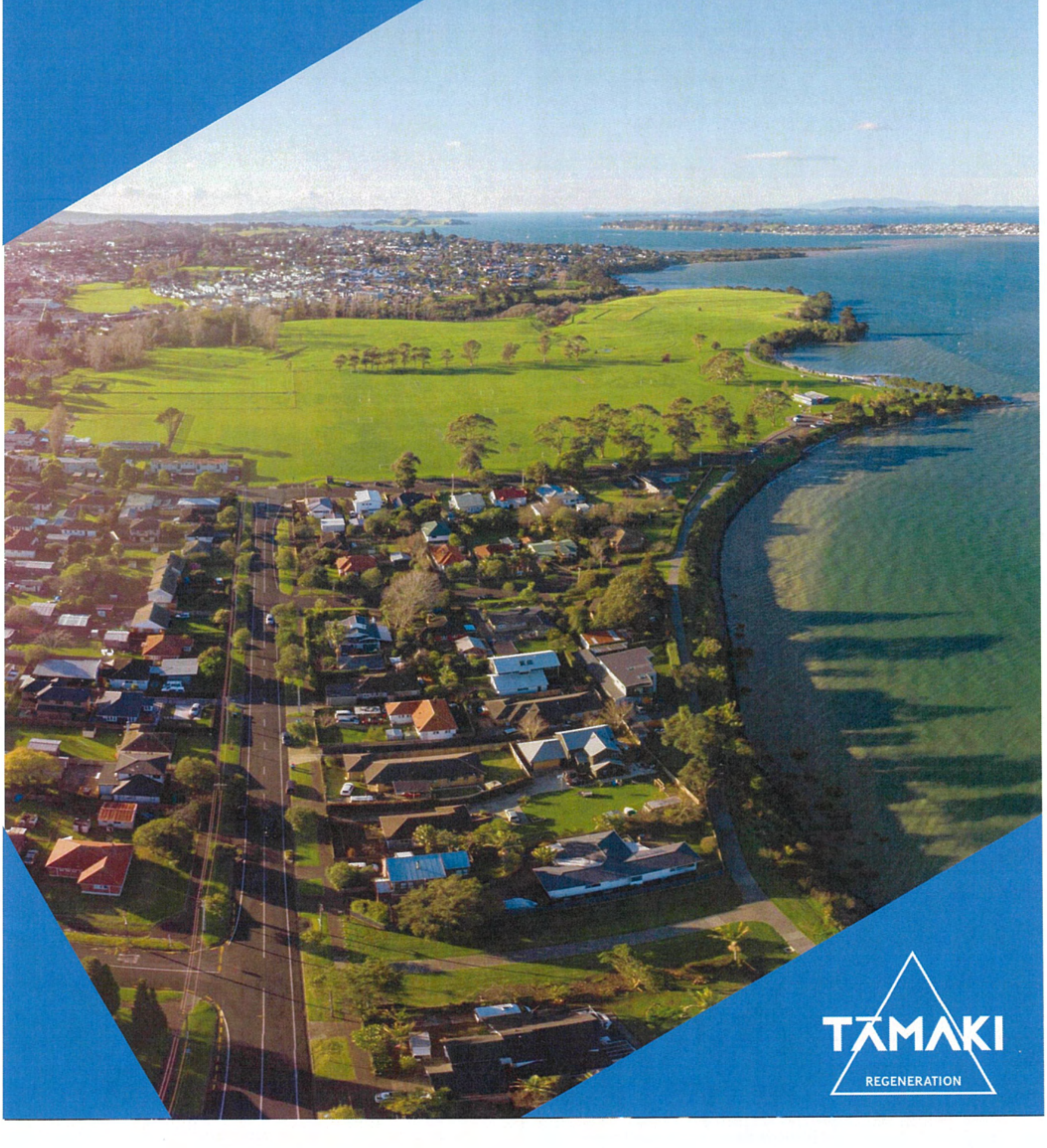
Tāmaki Regeneration Company

Annual Report 2023-2024



TĀMAKI
REGENERATION

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PURPOSE OF THE ANNUAL REPORT

In accordance with the Crown Entities Act 2004 and the Public Finance Act 1989, this Annual Report takes the strategic intentions and objectives, associated performance measures, and progress indicators of TRC Legal Group[1], as set out in the Statement of Intent ("SOI") 2021-2025 ("FY21-FY25[2]") and Statement of Performance Expectations ("SPE") 2023-2024 ("FY24"), and publicly outlines our progress and performance against measures and indicators in those documents. This includes both financial reporting (actuals against budgets), noting that this is against the FY24 SPE only, and non-financial-reporting against performance measures and progress indicators contained in both the FY234 SPE and FY21-FY25 SOI.

In providing a consolidated account of our activities and expenditure in FY24, this Annual Report enables our shareholders, Members of Parliament, and the public to hold us accountable for our overall performance during the year. It also allows Parliament to assess and review our performance through the select committee process.

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

[2] Within this document, we refer to the applicable New Zealand public sector financial years, which run from 1 July to 30 June. The number that is affixed to the FY acronym represents the calendar year that the financial year ends in (i.e., the financial year that commenced on 1 July 2023 and concluded on 30 June 2024 is referred to as FY24).

About Tāmaki Redevelopment Company Limited

Tāmaki Regeneration Company (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.

About Tāmaki

Steeped in rich cultural history and set on the Tāmaki river, Tāmaki is made up of Glen Innes, Panmure, and Point England. Each East Auckland suburb has its own special character and strong communities, all located within a twelve-minute train ride from Auckland's CBD.

The existing communities of Tāmaki are made up of approximately 20,000 diverse residents, with approximately 35 percent of residents aged under 25, and approximately 60 percent of the population identifying as Māori and Pasifika. Through the regeneration programme, the 900ha of Tāmaki will become home to a population of approximately 60,000 by 2043.

60 percent of housing in Tāmaki is social housing. Most of this housing stock is old, difficult to keep warm and dry, and expensive to maintain. This, combined with traditional public systems and services failing to deliver for whānau most in need, means that the local community experiences significant social and economic hardship. This is reflected in poor health, education, and employment outcomes, and most of the area being decile ten on the New Zealand Deprivation Index.[3]

The Regeneration Programme

TRC has been mandated by its shareholders, Crown and Auckland Council, to lead urban regeneration activity in Tāmaki, focused on four strategic priorities outlined in our Constitution: housing resources, social transformation, economic development, and placemaking.

TRC is uniquely positioned to lead regeneration in Tāmaki. Over the past ten years we have earned the social licence to operate in the community. The regeneration programme has shifted from being resisted by community to community and Mana Whenua urging us to deliver the regeneration programme at pace. We have gained this trust by demonstrating that the Crown's interests in the regeneration programme support the aspirations of Mana Whenua and community to drive better outcomes for whānau.

The regeneration programme plans to redevelop 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 programme.

[3] https://www.ehinz.ac.nz/indicators/population-vulnerability/socioeconomic-deprivation-profile/

OUR YEAR AT A GLANCE

Key achievements:

We exceeded our annual housing delivery targets:

- We delivered 49 new social homes, and 129 new affordable homes this year.
- We also submitted resource consents for 328 houses, and planned a further 425 houses to submit for resource consents in FY25.

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We supported whānau into housing, further supporting their journeys towards their aspirations:

- 30 whānau entered a shared home ownership product.
- We have grown the pipeline to ensure demand for shared home ownership products in the future. We increased registrations for the OWN IT programme by 1530 whānau this year.

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We kept delivering great service to our tenants:

- We exceeded overall tenant satisfaction and maintenance satisfaction targets this year, achieving a 79% satisfaction rate.

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Despite a tough year across large parts of the labour market, the Jobs and Skills Hub met or exceeded all their targets:

- 215 locals into employment
- 25% into construction-related jobs
- 15 into apprenticeships and cadetships

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Key challenges:

Wider economic factors made it harder to achieve social and economic outcomes:

- Lower business confidence, reduced spending, and lay-offs across significant sectors of the labour market made it harder to get people mortgage ready and into employment.
- Without these challenges, we believe we could have exceeded our targets more so.

In-ground infrastructure provision across Tāmaki:

- Our delivery plans had a certain set of assumptions for the programming and delivery of infrastructure across Tāmaki.
- These assumptions were not realised, and therefore extra work was required to try and align infrastructure delivery with the housing redevelopment programme.

Our Strategic Framework

Strategic Priorities

TRC has been mandated by its shareholders, Crown and Auckland Council, to lead urban regeneration activity in Tāmaki.

This Annual Report is structured around our four strategic priorities outlined in our Constitution:

- Housing resources;
- Social transformation;
- Economic development; and
- Placemaking.

Aligning Our Framework with How We Work

This Annual Report is structured around our strategic priorities outlined in our Constitution. However, we will change how we report on our outputs and outcomes in our FY25 Annual Report. The FY25 Annual Report will be aligned with the strategic delivery areas outlined in our Statement of Intent 2024-2028 and Statement of Performance Expectations 24/25:

- Delivering quality homes and neighbourhoods;
- Being an excellent community housing provider; and
- Leveraging the redevelopment to deliver greater social and economic outcomes.

Our new strategic framework shows how our strategic priorities and new strategic delivery areas fit together. More details about our strategic framework are in our Statement of Intent 2024-2028.

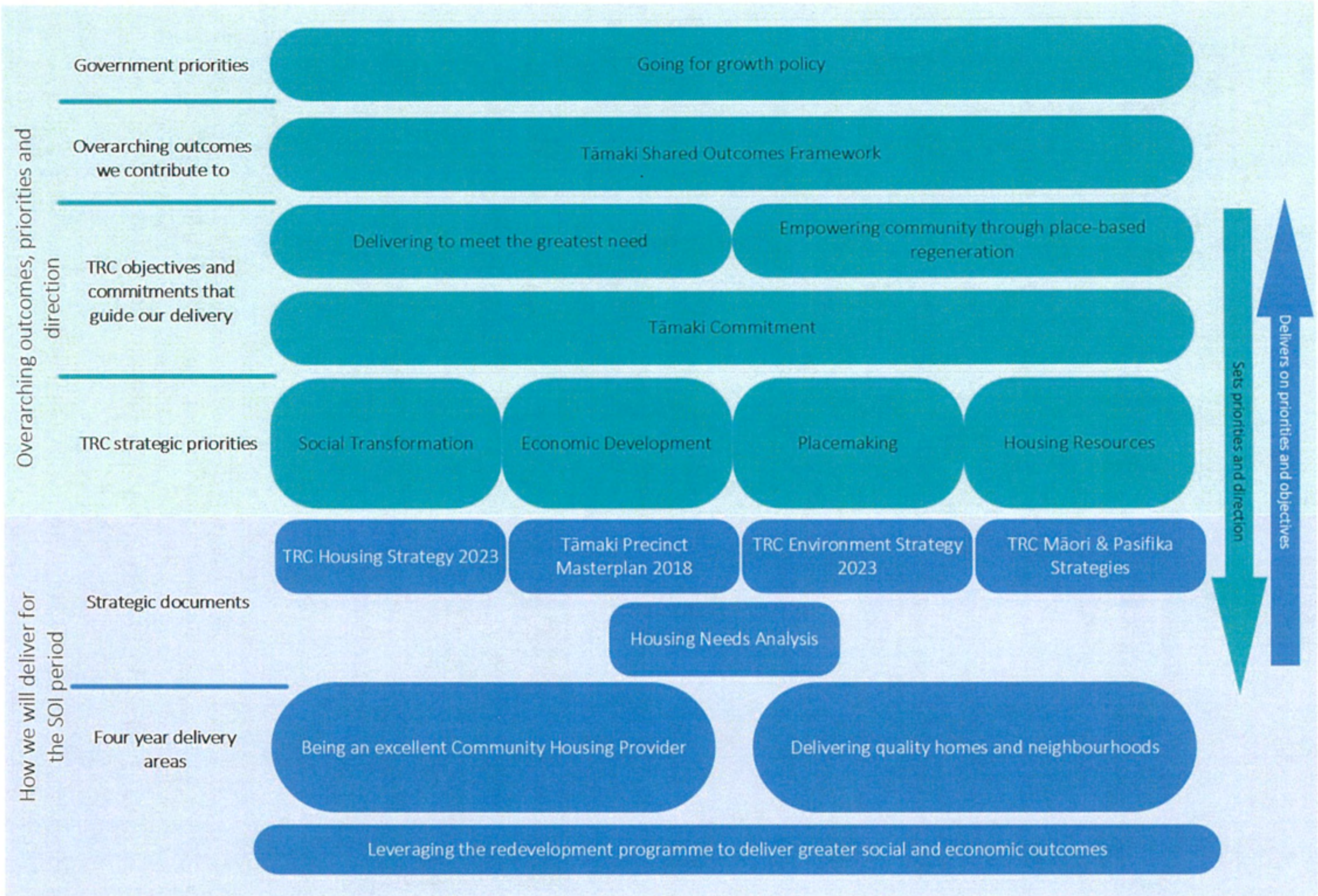


Figure 1: TRC's Strategic Framework

STRATEGIC PRIORITY – HOUSING RESOURCES

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

Our objective is to deliver healthy, safe, affordable housing across the housing continuum for whānau in Tāmaki. This year, we met most of our housing resource targets and exceeded housing delivery. We are pleased that this year's results strengthen our track record of contributing to an increased housing stock, being an excellent tenancy manager and an efficient and effective asset manager.

Housing Supply

Housing delivery is the driving force of our regeneration in Tāmaki. We know that safe, affordable, healthy housing has a positive impact on the wellbeing of whānau and has potential to support whānau to reach their aspirations.

In FY24, we exceeded our social and affordable housing delivery targets – in part because of houses that were delayed from the previous financial year and delivered after July 2023. Along with the 49 new social houses and 128 affordable homes delivered, we have set the conditions for sustained delivery over the next five years, by submitting 328 resource consents in FY24 and planning for an additional 455 that will be submitted in FY25. These homes contribute to 678 homes we are building over the 2024 to 2028 SOI period. The ramp up in delivery is supported by our FY24 review in how we operate to ensure we are focused on supporting housing supply. This included the alignment of support functions to the Development and Commercial Team's priorities and the increasing of capacity and capability of the redevelopment team itself.

We lodged building consent for the Site A development near the Glen Innes Town Centre, however procurement delays meant we were unable to lodge building consent for the Concord development before the end of the financial year. We prepared a business case for 136 Taniwha Street, however, submission was delayed due to additional site planning to ensure we maximise both outcomes for the community and value for money for the Crown. We also completed an indicative business case for the development of 260 Apriana Ave in Glen Innes. The analysis within the business case indicated it was best to wait for more favourable market conditions before determining the use of the site. We will therefore revisit a business case in 18-24 months when the market is expected to have improved.

We are committed to not just building more homes, but also building homes that meet the diverse needs of the Tāmaki community. In Tāmaki, this means larger homes that meet the needs of local whānau, along with building homes across the housing continuum to support whānau with their unique needs and their aspirations.

OUTPUT MEASURE	FY23 ACTUAL	FY24 TARGET	FY24 ACTUAL	STATUS	COMMENTARY
Number of newly constructed public homes – delivery managed by Kāinga Ora on behalf of TRC[4]	26	39	49	Met	
Number of newly constructed shared equity homes – delivery	9	11	15	Met	

[4] These homes are determined 'completed' once the Certificate of Practical Completion has been received.

OUTPUT MEASURE	FY23 ACTUAL	FY24 TARGET	FY24 ACTUAL	STATUS	COMMENTARY
managed by Kāinga Ora on behalf of TRC[5]					
Number of third-party affordable houses delivered across Tāmaki neighbourhoods.	75	87	113	Met	

PROJECT	ENABLING PROJECT TARGET	STATUS	COMMENTARY
Site A Redevelopment Redevelopment of a TRC-owned site adjacent to the Glen Innes Town Centre and Taniwha Reserve that will deliver approximately 65 houses. This project will deliver a range of smaller and larger typologies, responding to the needs of public housing whānau and whānau in TRC's affordable housing demand pipeline. It also delivers on TRC's Apartment Strategy and the Glen Innes Town Centre Revitalisation Plan.	Building consent lodged	Met	
Epping-Evandale This project is key in accelerating the delivery of affordable housing and public housing to meet the needs of whānau and drive equity outcomes in Tāmaki. TRC will be acquiring 100% of the approximate 200 homes delivered in Phase 1, with a mix of TRC affordable and public housing delivered through this project.	Resource consent lodged	Met	
Pīrangi This project will provide a range of typologies, including apartment, terraced, and freestanding typologies. The project will deliver approximately 88 public and affordable homes (including two heritage homes currently scheduled) and enable the acceleration of equity outcomes for whānau.	Resource consent lodged	Met	
136 Taniwha This project provides the opportunity to deliver up to 200 public and affordable homes, which meet the needs and aspirations of Māori whānau, on a site that we purchased in FY23. We have worked through feasibility and the early stages of design in FY23 and will be progressing to submission of a ministerial business case for this project (as agreed with HUD) in FY24.	Business case submitted	Not met	We were not ready to submit a final business case to shareholding Ministers by the end of the financial year, as we are ensuring the site plan offers the best balance of outcomes and value for money. We are also waiting for key site infrastructure issues to be resolved.
Concord This project will provide a mix of apartment and terraced homes and will deliver approximately 96 public and affordable homes. This will enable the acceleration of equity outcomes for whānau and connection with the natural environment, namely Ōmaru Stream and Point England Reserve.	Building consent lodged	Not met	Resource consent took longer than we would expect for a project of this scale. This, combined with procurement delays, means the building consent lodgement for the project will now occur in FY25. It is currently earmarked for February 2025.

[5] These homes are determined 'completed' once the Certificate of Practical Completion has been received.

Asset Management

We balance both value for money and outcomes for whānau in our asset and investment strategies, recognising how our assets can support community aspirations. Our strategic and systematic approach to asset management planning ensures we maximise both financial and non-financial (social and economic) dividends for the Crown and the Tāmaki community over the long-term, while adhering to the overarching principles of the regeneration programme.

We also continued to improve the overall quality of our social housing portfolio through cost-effective planned and responsive maintenance to achieve our desired levels of service across the housing portfolio. We maintain the baseline that all properties will meet the health and safety requirements expected of a public home. Since we established the Condition Grade Index ("CGI") measure in FY19, we have made good progress in improving the overall condition of the portfolio. By the end of this financial year, we exceeded our target, with our portfolio average property condition sitting at 2.14[6]. This improvement continues year on year, from 2.64 in FY20, 2.49 in FY21 and 2.35 in FY22. We exceeded this target as a result of our intense focus on the maintenance programme, ensuring we are making investment decisions that balance value for money with whānau outcomes, while never compromising on safety. The CGI also improved due to the new builds added to our delivery total, and the strides we made towards our 100% Healthy Homes standard compliance.

Our focus on maintenance is also shown through our tenants' satisfaction with repairs and maintenance – this year exceeding our target by five percent – and through our void turnaround times, which occur on average a day faster than our target. Satisfaction with repairs and maintenance were impacted by the Auckland Anniversary Floods, but have recovered strongly over the last year.

As always, we met our four-hour response to urgent health and safety queries, with fewer than half a percent falling outside the target response time.

OUTPUT MEASURE	FY23 ACTUAL	FY24 TARGET	FY24 ACTUAL	STATUS
Portfolio average property condition (CGI).	2.21	2.17	**2.14**	Met
Percentage of tenants satisfied with repairs and maintenance.	70%	75%	**79%**	Met
Average inter-tenancy void turnaround time (vacant to ready-to-let).	20.7 working days	<20 working days	**19 working days**	Met
Percentage of urgent health and safety queries responded to within 4 hours.	99.38%	95%	**99.6%**	Met

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

Tenancy Management

Looking after tenants is one of our top priorities. Our approach is based on a deep understanding of the barriers, enablers, and drivers of change for each public 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.

We performed strongly throughout the year on each of our measures. For the fourth year in a row, we improved upon our performance for letting available homes to applicants from the MSD social housing register on average within 2.5 days (improvement from 7 days in FY20, 6 days in FY21, and 4 days in FY22 and FY23).We continued to adhere to the Tāmaki Commitment, that those who wish to stay in Tāmaki will have the opportunity to do so, despite it becoming increasingly complex with challenges to housing delivery and rehousing Tāmaki whānau. To date, throughout the course of the programme, we have kept every whānau that wanted to stay, in Tāmaki.

Despite internal cost pressures and a rising inflation rate for our tenants, we are proud to also have met our targets around tenancy management costs and managing tenants' rental debt. Rental arrears (based on the 21 days in arrears measure) trended down over the second half of the financial year. The team continued to focus on early engagement (while a tenant's debt is lower), were supported by local financial capability providers, and improved visibility with late payments and upcoming increases to income-related rent.

We again exceeded our overall tenant satisfaction rating, after barely missing our target by 1 percent last year. This supports the view that previous lower levels of satisfaction were (in part) connected to higher repair volumes and associated response times due to the Auckland Anniversary Floods and Cyclone Gabrielle, and not specifically related to our team's performance. Despite this improvement, THA will continue to seek ways of improving its services, including exploring other potential areas for development indicated by our survey and other channels of tenant feedback.

OUTPUT MEASURE	FY23 ACTUAL	FY24 TARGET	FY24 ACTUAL	STATUS
Percentage of tenants who are affected by redevelopment and want to stay in Tāmaki who are rehoused within Tāmaki.	100%	100%	**100%**	Met
Tenants' overall satisfaction rating for Tāmaki Housing.	80%	80%[7]	**84%**	Met
Tenancy management cost per unit.	$2,702	$2,966	**$2,946**	Met
Rental debt older than 21 days as a percentage of monthly rental income.	3.09%	**<5%**	3.95%	Met
Average number of days to let Tāmaki Housing Association property to applicants from the MSD register after it becomes available.	2.2 Calendar Days	<8 Calendar Days	**2.5 Calendar Days**	Met

[7] This reflects 80% of tenants surveyed rating their overall satisfaction with Tāmaki Housing at **6** out of 10 or higher. In FY22, this measure revised to align with the maintenance satisfaction measure

Housing Resources: Revenue and Output Expenses for 2023-2024

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

REVENUE AND OUTPUT EXPENSES ($000s)	FY24 ACTUAL TRC GROUP	FY24 ACTUAL TRL	FY24 ACTUAL	FY24 BUDGET	DIFFERENCE
Revenue					
Crown	0	47,446	47,446	46,042	1,404
Other	24,579	39,688	64,267	43,878	20,389
Total Revenue	24,579	87,134	111,713	89,920	21,793
Expenses	-14,714	-123,926	-138,640	-114,179	-24,461
Net (deficit)	9,865	-36,792	-26,927	-24,259	-2,668

Commentary:

There were an additional 95 homes rented vs. budget which delivered an extra $3.6m in revenue.

Shared home ownership sales were $7m less than budget due to delayed delivery and handover timeframes impacting the settlement of 7 houses, plus the reduced market value at the time of settlement.

TRC Group other revenue includes intercompany management fee $14m and dividend $10.35m, which are eliminated in the budget.

Council rates inflation was greater than budgeted, along with 82 homes that were expected to be demolished but were excluded from the budget.

Insurance was higher than budget due to floods in Auckland and Hawkes Bay, which lead to an increase in insurance premiums at the time of renewal.

We accelerated our redevelopment programme, which in turn lead to depreciation is over budget due to accelerated licence to occupy (LTOs) and additions during the year that were not included in the budget.

Excluded from expenses is loss on revaluation of $14m, which was not accounted for in the SPE

Housing Resources: Progress in relation to Strategic Intentions in Statement of Intent 2021-2025

This year, we continued to deliver a quality tenancy management service. We continued to reach high tenant satisfaction, achieving 84 percent this financial year, as we did in the earlier SOI period (2017-2020). Since FY19, our tenant satisfaction measure has remained above 77 percent.

We continue to uphold our Tāmaki Commitment, as we have over the course of our regeneration.

We have made further progress on our portfolio average quality (CGI) through both regeneration and the provision of cost-effective planned and responsive maintenance. Our CGI of 2.16 follows the continual improvement trend from our last SOI (in FY20 we had a CGI of 2.64, in FY21 it was 2.49, in FY22 it was 2.35, and we have now exceeded our target for the SOI period at 2.16). In practice, this means a greater number of whānau living in Tāmaki have safe, dry, and quality homes.

This year, we delivered a further 177 homes in Tāmaki across various tenures, and our masterplanning and development teams built a future pipeline of housing delivery, with resource consents submitted for 328 homes in FY24. We are positioned well to ramp-up delivery of social and affordable housing over the next SOI period from FY25-28.

Our performance against medium-term SOI indicators in FY24, is set out in the following table.

MEDIUM-TERM SOI INDICATOR	FY22 ACTUAL	FY23 ACTUAL	FY24 ACTUAL	FY25 SOI TARGET	COMMENTARY
Portfolio average property condition (CGI).	2.35	2.21	2.14	1.90	
Percentage of portfolio that is compliant with the Residential Tenancies (Healthy Homes Standards) Regulations 2019 by 1 July 2023.	85%	100%	100%	100%	
Tenants' overall satisfaction rating for Tāmaki Housing.	88.5%	79%	84%	80%	
Percentage of tenants who are affected by redevelopment and want to stay in Tāmaki that are rehoused within Tāmaki.	100%	100%	100%	100%	
Number of newly constructed public homes – delivery managed by Kāinga Ora on behalf of TRC (over whole period)	45	71	120	359	We are not forecast to hit the cumulative SOI targets for a variety of reasons. These numbers have been re-baselined as part of our refreshed FY25-28 SPE.
Number of newly constructed shared equity homes – delivery managed by Kāinga Ora on behalf of TRC (over whole period)	15	24	39	212	
Number of third-party affordable houses delivered across Tāmaki neighbourhoods (over whole period)	68	143	256	242	

STRATEGIC PRIORITY – SOCIAL TRANSFORMATION

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

As part of the regeneration programme, we support Tāmaki residents and whānau with skills, employment, and housing independence pathways to help achieve aspirations and enhance physical health and holistic wellbeing. We do so with a rich understanding of the needs, enablers, barriers, and drivers of change for Tāmaki whānau. TRC's social transformation programme is strongly aligned with the Government's continued focus on reducing child poverty, raising living standards and wellbeing for families, improving housing affordability, and equity outcomes for Māori and Pasifika whānau. This year, we exceeded all our targets in this priority and made progress on our SOI initiatives and targets.

Affordable Housing

Affordable housing is a fundamental part of the regeneration programme, providing a range of options for whānau to move along the continuum to home ownership. With our partners at the New Zealand Housing Foundation (NZHF), we supported whānau to understand the positive impact that safe, healthy, secure housing has on the wellbeing of a whānau.

We recognise the challenges whānau face to gain housing independence, so our OWN IT Financial Capabilty Programme in Tāmaki provides whānau with the knowledge and tools to make steps along the housing continuum towards home ownership. In this financial year, we delivered the Financial Capabilty Programme to nine cohorts. Each cohort attended an eight-week programme consisting of eight workshops. 148 participants completed the full programme. We also had an extra 1,513 registrations for the OWN IT shared home ownership programme, creating a pipeline of whānau who are getting mortgage ready and prepared to move into one of our affordable homes in the years to come. As whānau go on this journey, we engage with them to understand their housing needs and aspirations and find the best suited affordable housing product for them.

TRC has developed a range of affordable housing products across the continuum that are tailored to meet the needs of Tāmaki whānau and enable whānau to make manageable steps towards home ownership. In FY24, 20 whānau entered a shared home ownership product (17 TRC products and 13 provided in Tāmaki by the NZHF). This is the culmination of long-lived partnership with the NZHF, whose Tāmaki delivery programme has come to an end. We are grateful for the NZHF's support in establishing our shared home ownership programme and helping prepare local whānau to become mortgage ready. We will carry this work forward by continuing to deliver TRC's shared home ownership product in future years.

We target our affordable housing programme towards those requiring more support to achieve their home ownership goals. This year, we are proud to have supported more Māori and/or Pasifika whānau along the housing continuum and into shared home ownership than our initial 70% target – two groups that have historically had low home ownership rates both in Tāmaki and across the country.

OUTPUT MEASURE	FY23 ACTUAL	FY24 TARGET	FY24 ACTUAL	STATUS
Number of Tāmaki people who progress along the housing continuum into a shared home ownership product[9].	31	24	**30**	Met
Percentage of people who progress along the housing continuum into a shared home ownership product that identify as Māori or Pasifika.	77%	70%	**80%**	Met

Jobs and Skills Hub

We operate the Tāmaki Jobs and Skills Hub (the Hub) in partnership with the Auckland Business Chamber to support local people into employment and training opportunities. The Hub's operating model is built on a foundation of manaakitanga, trust, and working with whānau to truly understand their career goals and life aspirations. We foster and deepen connections between industry and talent locally with the intent to develop more diverse employment pathways for Tāmaki rangatahi and jobseekers.

The Hub is an important aspect of our regeneration in Tāmaki. Finding employment helps locals build their skills and knowledge, progress towards their aspirations, maintain good health and wellbeing, and for whānau to develop their financial independence. During a tough year across many sectors in the labour market, the Hub focused on their candidates to support them into employment and placed 215 Tāmaki locals into jobs against a target of 200. Despite the challenges throughout the year, the Hub have consistently held an employment sustainability rate[10] above 80%, with their mentoring of candidates continuing post-placement, ensuring they sustain their employment and are thriving in their new roles.

TRC recognised the potential in developing a construction-ready workforce, given the long-term benefits of training local candidates for local projects. The Regeneration Programme offers significant opportunities for both training and employment in this field. The Hub, however, faced much of the challenges that were experienced across the country in the construction sector, with a rapid slump in the labour market. It worked diligently with their candidates to ready them for available roles to meet this target, and to support 15 people into apprenticeships.

OUTPUT MEASURE	FY23 ACTUAL	FY24 TARGET	FY24 ACTUAL	STATUS
Number of Tāmaki people who are employed through TRC initiatives	210	150	**215**	Met
Percentage of people who are employed through TRC initiatives that identify as Māori or Pasifika	84%	70%	**74%**	Met
Percentage of people who are employed through TRC initiatives into construction-related jobs	16%	25%	**25%**	Met
Number of Tāmaki people supported into apprenticeships, cadetships, or internships through TRC initiatives.	15	15	**15**	Met

[9] Progressing along the continuum, for this measure, is defined by a signed contract (or signed letter of commitment) for entry into a shared home ownership product is received.
[10] Employment sustainability rate is the number of jobs that have been sustained for at least six months.

Social Transformation: Revenue and Output Expenses for 2023-2024

REVENUE AND OUTPUT EXPENSES ($000s)	FY24 ACTUAL TRC GROUP	FY24 ACTUAL TRL	FY24 ACTUAL	FY24 BUDGET	DIFFERENCE
Revenue					
Crown	0	0	0	0	0
Other	7	785	792	596	196
Total Revenue	7	785	792	596	196
Expenses	-5,846	145	-5,701	-5,630	-71
Net (deficit)	-5,839	930	-4,909	-5,033	124

Commentary:

Revenue for social transformation is higher than budget due to higher interest rates, along with underbudgeted build to rent income.

Expenses are higher than budget due to additional personnel costs to support the ramp up of the programme. In addition the Chamber of Commerce charges for the Jobs & Skills Hub were higher than budget.

Social Transformation: Progress in relation to Strategic Intentions in Statement of Intent 2021-2025

This financial year was the final in the current SOI period. The Statement of Intent 2021-2025 outlines the following multi-year initiatives under the social transformation priority: Early Years Hub, Wellbeing Hub, Education Change Plan, Affordable Housing, Jobs and Skills Hub and Whānau -by-Whānau.

This year, we continued our focus in supporting the Affordable Housing Programme, supporting more whānau into shared home ownership, and continuing to build a pipeline of families that we will support to enter home ownership in years to come.

Despite challenges posed by the wider economy, we supported 215 locals into employment, and continued our focus on construction-related jobs and apprenticeships, cadetships, or internships. Through the Jobs and Skills Hub's engagement with local community organisations and partners, and our ability to leverage relationships with our construction and maintenance providers, we have exceeded the SOI target of 800 locals employed.

Our performance against medium-term SOI indicators in FY24, is set out in the following table:

MEDIUM-TERM SOI INDICATOR	FY22 ACTUAL	FY23 ACTUAL	FY24 ACTUAL	FY25 SOI TARGET
Number of Tāmaki people who are employed through TRC initiatives (over whole period)	150	360	575	800
Percentage of people who are employed through TRC initiatives that identify as Māori or Pasifika.	70%	84%	74%	70%
Percentage of people who are employed through TRC initiatives into construction-related jobs.	25%	16%	25%	25%
Number of Tāmaki people supported into apprenticeships, cadetships, or internships through TRC initiatives (over whole period)	15	30	45	60

STRATEGIC PRIORITY – ECONOMIC DEVELOPMENT

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

Economic development is an integral part of the regeneration programme to ensure Tāmaki is an area of investment, employment, innovation, and opportunity that provides whānau with the best opportunity to thrive in Tāmaki. We work with partners to support the progression of key initiatives that we believe will have a stimulatory effect on the economy, support business growth, drive inward investment, and create employment opportunities for locals.

Our focus this year was to produce business case for the development of 260 Apirana Avenue Glen Innes – a site that we purchased in FY22 with the intention of building a mixed-use development to catalyse the regeneration of the Glen Innes Town Centre. We produced an indicative business case to investigate options for development, which showed that the current market conditions would not allow us to adequately balance cost, risk, and outcomes at this time. Therefore, we made the decision to hold the site and revisit a full business case in 18 to 24 months when the market will have likely rebounded, and there will be greater appetite to support construction on this site.

ENABLING PROJECT			
260 Apirana Avenue 260 Apirana Avenue provides opportunities to enhance the existing offerings and amenities in Glen Innes, support further economic development in the town centre, and enable the acceleration of TRC's housing delivery. In FY24, we will test options for redevelopment of the site through a business case process, working closely with HUD on this.	Business case submitted	Met	Due to current market conditions, an indicative business case showed the preferred option was to not proceed with redevelopment of the site at this time. We will continue to monitor the wider market, and revisit potential use of the site in 18-24 months.

Economic Development: Revenue and Output Expenses for 2023-2024

REVENUE AND OUTPUT EXPENSES ($000s)	FY24 ACTUAL TRC Group	FY24 ACTUAL TRL	FY24 ACTUAL	FY24 BUDGET	DIFFERENCE
Revenue					
Crown	0	0	0	0	0
Other	14	286	300	386	-86
Total Revenue	14	286	300	386	-86
Expenses	-1,448	-278	-1,726	-1,906	180
Net (deficit)	-1,434	8	-1,426	-1,520	94

Commentary:
Commercial rent is lower than budget due to increased provision for doubtful debts as businesses deal with tough economic times.

Expenses are lower than budget due to current and back dated recharging of water expenses to commercial businesses and a lower than budgeted headcount.

Economic Development: Progress in relation to Strategic Intentions in Statement of Intent 2021-2025

Of the two initiatives outlined in the SOI for the economic development priority, we have previously delivered the Tāmaki Innovation Hub Pilot, and continue to work on activating the Glen Innes Town Centre. While these projects remain key to developing a diverse, mixed use Glen Innes Town Centre that provides employment opportunities and supports economic growth in the area, we have had to pause development on the 260 Apriana Ave site due to the current market conditions.

STRATEGIC PRIORITY – PLACEMAKING

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

Our vision is that Tāmaki has connected and vibrant neighbourhoods and that local whānau have a strong Tāmaki identity. In this financial year, we continued to partner with Mana Whenua, a range of public and private sector organisations, and the Tāmaki community to design and deliver on our Tāmaki Precinct Masterplan Implementation Plan.

Our neighbourhood design process is important to ensure Tāmaki is physically connected through transport infrastructure, upgraded parks, reserves, cycleways, and walkways, and socially connected through friendly, welcoming neighbourhoods that support cohesion and high-quality facilities and amenities that meet the needs of the community. We have continued to implement the Tāmaki Precinct Masterplan and relevant neighbourhood plans by submitting 328 homes for resource consent in FY24. We are designing developments to submit 455 homes for resource consent in FY25, moving from plans on pages to tangible places that whānau will love to live in. However, due to the stage of the redevelopment process, we did not produce any new neighbourhood plans, meaning we were not able to measure anything against the Quality Neighbourhood Framework.

Our placemaking programme complements these physical moves by delivering events and activations that bring new and existing spaces to life with the community. Every year, we support a range of placemaking activities, ranging from local events such as the Matariki Light Trail – an arts and light festival where whānau from across Auckland come to participate in workshops and interactive displays, and watch performances from local musicians and artists – to the Bradley Lane event that brings international and local artists to Glen Innes to paint murals and street art throughout the town centre. We continue to partner with local providers to create and run community gardens on vacant land that is not due for redevelopment for some time, which helps to activate sites across Tāmaki and providing a useful resource.

During FY24, we also delivered events and activations targeting engagement with whānau. These ranged from family days with local churches and schools, to community movie events, all of which attracted more than 100 attendees. These events help us maintain social licence, connect with people impacted by the redevelopment programme, and present opportunities to connect whānau with our affordable housing and jobs and skills programmes.

We have also continued our work with the Community Liaison Committee (CLC). This group is an important interface for the regeneration programme with key community leaders, allowing us to gain community input and buy-in to our mahi. We also work with the CLC to build their understanding of housing operations and governance. This will continue to grow capacity of community leaders to help shape the way we work.

Placemaking: Performance against 2023-2024 Statement of Performance Expectations

OUTPUT MEASURE / ENABLING PROJECT	FY23 ACTUAL	FY24 TARGET	FY24 ACTUAL	STATUS	COMMENTARY
Percentage of neighbourhood designs that meet the agreed minimum standard under the Quality Neighbourhood Framework ("QNF").	NA	100%	NA	Not measured	No new neighbourhood designs were developed; therefore, this was not measured.
Number of events and activations delivered directly by TRC or in conjunction with partners.	5	5	6	Met	

Placemaking: Revenue and Output Expenses for 2023-2024

REVENUE AND OUTPUT EXPENSES ($000s)	FY24 ACTUAL TRC GROUP	FY24 ACTUAL TRL	FY24 ACTUAL	FY24 BUDGET	DIFFERENCE
Revenue					
Crown	0	0	0	0	0
Other	2	101	103	89	14
Total Revenue	2	101	103	89	14
Expenses	-647	-9	-656	-738	82
Net (deficit)	-645	92	-553	-649	96
Commentary: Bank interest Income is higher than budgeted due to higher interest rates, along with an underspend in Placemaking due to lower than budgeted headcount					

Placemaking: Progress in relation to Strategic Intentions in Statement of Intent 2021-2025

Implementing the Tāmaki Precinct Masterplan is TRC's one continuous multi-year initiative outlined in our Statement of Intent 2021-2025 for our placemaking priority. We continue to work with Mana Whenua, a range of public and private sector organisations, our design and build partners, and the Tāmaki community to design and deliver on our Tāmaki Precinct Masterplan Implementation Plan.

Our performance against medium-term SOI indicators in FY23, is set out in the following table. While we did not produce any new neighbourhood plans this financial year, and therefore couldn't measure them against the Quality Neighbourhood Framework, we were focused on implementing the spatial and placemaking outcomes in previous plans through specific development sites.

MEDIUM-TERM SOI INDICATOR	FY22 ACTUAL	FY23 ACTUAL	FY24 ACTUAL	FY25 TARGET
Percentage of neighbourhood designs that meet the agreed minimum standard under the Quality Neighbourhood Framework	100%	100%	Not measured	100%

COMPANY DISCLOSURES

The below disclosures are required under the Crown Entities Act 2004 and the Companies Act 1993 and are for the Tāmaki Redevelopment Company Limited Legal Group (TRC Legal Group), unless (and where specified) disclosures are required by one of the individual entities that make up TRC Legal Group.
TRC Legal Group consists of Tāmaki Regeneration Limited (TRL) and Tāmaki Redevelopment Company Limited Group (TRC Group). TRC Group further comprises Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP).
TRC Parent owns 100% of the ordinary shares of TRL. However, Crown controls TRL due to the conditions imposed by the preference shares it has been issued with by TRL. TRC Parent's brand or trading name is Tāmaki Regeneration Company.

Changes to the composition of the Board during the year

The Board of Directors for all entities within the TRC Legal Group as at 30 June 2024 consisted of the following members:

- Evan Davies (Chair)
- Kerry Hitchcock
- Madhavan Raman
- Leo Foliaki
- Patrick Snedden
- Cadence Kaumoana
- Nancy McConnell

During the 2024 financial year, the following changes occurred to the composition of the Board:

- Cadence Kaumoana commenced as a member of the Board 01 October 2023.
- Nancy McConnell commenced as a member of the Board 01 October 2023.
- Rangimarie Hunia ceased as a member of the Board on 28 March 2024.

Schedule of Board meeting attendance

The governance for TRC Legal Group is conducted by the Board of TRC Parent. The total number of TRC Parent Board meetings held in the last financial year was 9.

DIRECTOR	NO. OF MEETINGS ATTENDED (during the year out of a possible 9)
Evan Davies (Chair)	9
Kerry Hitchcock	9
Madhavan Raman	9
Leo Foliaki	7
Patrick Snedden	9
Cadence Kaumoana	6
Nancy McConnell	6
Rangimarie Hunia	6

Board and committee remuneration

The Boards of TRL and THAGP received no remuneration during the year. The Board of TRC Parent received a total of $289k remuneration during the year, the breakdown of which can be found in TRC Group's financial statements on page 47.
There have been payments of $8k made to committee members appointed by the Boards of the entities that constitute TRC Legal Group who were not Board members during the financial year.

Company secretary
Simpson Grierson, 88 Shortland St, Auckland Central.

Principal activities
The principal activities of TRC Legal Group during the period were:
- Tenancy and property management (THALP)
- Development of new social and private housing (TRL)
- Social and economic regeneration activities (TRC Parent)

Significant changes in the state of affairs
There were no significant changes in the state of affairs of the TRC Legal Group during the 2024 financial year.

Directors' interest in transactions and interests register changes
No directors' interests in transactions declared in any entity of TRC Legal Group. The full interest registers of the Board of TRC Parent, TRL and THAGP can be found on pages 29 to 30. Note, the members of all three Boards are the same at year-end.

Indemnification and insurance of directors and officers
During the period TRC Parent purchased insurance to cover all directors, officers and employees of all entities in the TRC Legal Group. They are indemnified for wrongful acts committed, attempted or allegedly committed or attempted during the policy period. The limit of the indemnity for any one act is $5 million. The indemnity period runs from 30 September 2023 to 30 September 2024.
The total amount of insurance premium paid was $27k.

Employee salary band information
There are 48 employees of TRC Legal Group who earn a salary of more than $100,000. The breakdown of these employees into bands of $10,000 each is provided in the financial statements of TRC Group on page 49.

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

Donations
There were no donations paid by any entity in the TRC Legal Group during the year.

Audit fees
TRC Legal Group paid to EY the following amounts during the year:
- fees for the audit of financial statements of $295k; and

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

Company Directories for the Board

BOARD MEMBER	ENTITY	RELATIONSHIP
Evan Davies (Chair)	Melanesian Mission Trust Board	Trustee
	Anglican Trust for Women and Children	Trustee
	Todd Corporation Limited	Chief Executive
	Tāmaki Redevelopment Company Limited	Chair
	Tāmaki Regeneration Limited	Chair
	THA GP Limited	Chair
	Auckland City Mission	Trustee

	Auckland Arts Festival	Trustee
	Partstrader Markets Limited	Director
Kerry Hitchcock	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	Haven Funds Management Limited	Director and Shareholder
	Haven Living Management Limited	Director and Shareholder
	Haumaru Auckland Limited	Director
	Charta Funds Management Limited	Director and Shareholder
	Fidelta Group Limited	Director and Shareholder
	Northcote Rd 1 Holdings Limited (Smales Farm)	Director and Shareholder
	Lakefront Trustee Limited	Director and Shareholder
	Lakefront Investments Limited	Director
	Proventus Group Limited	Director
	Ankyra Limited	Director and Shareholder
	Realm Property Group Ltd	Director and Shareholder
	Realm Victoria Ltd	Director
Madhavan Raman	Aiyappan Family Trust	Trustee
	Six Em Family Trust	Trustee
	Walsh Trust (West Auckland Living Skills Home Trust)	Trustee
	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	Glendene Community Society Inc.	Board member
Leo Foliaki	Dilworth Trust	Trustee
	Fred Hollows New Zealand Trust	Trustee
	NZ Opera	Director
	TupuToa Trust	Trustee
	Fern Capital Limited	Director and Shareholder
	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	Puriri Investments No. 13 Limited	Director and Shareholder
	Auckland University of Technology	Council Member
Patrick Snedden	Tāmaki Redevelopment Company Limited	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
	Manaiakalani Education Trust	Chair
	Odyssey House Trust	Chair

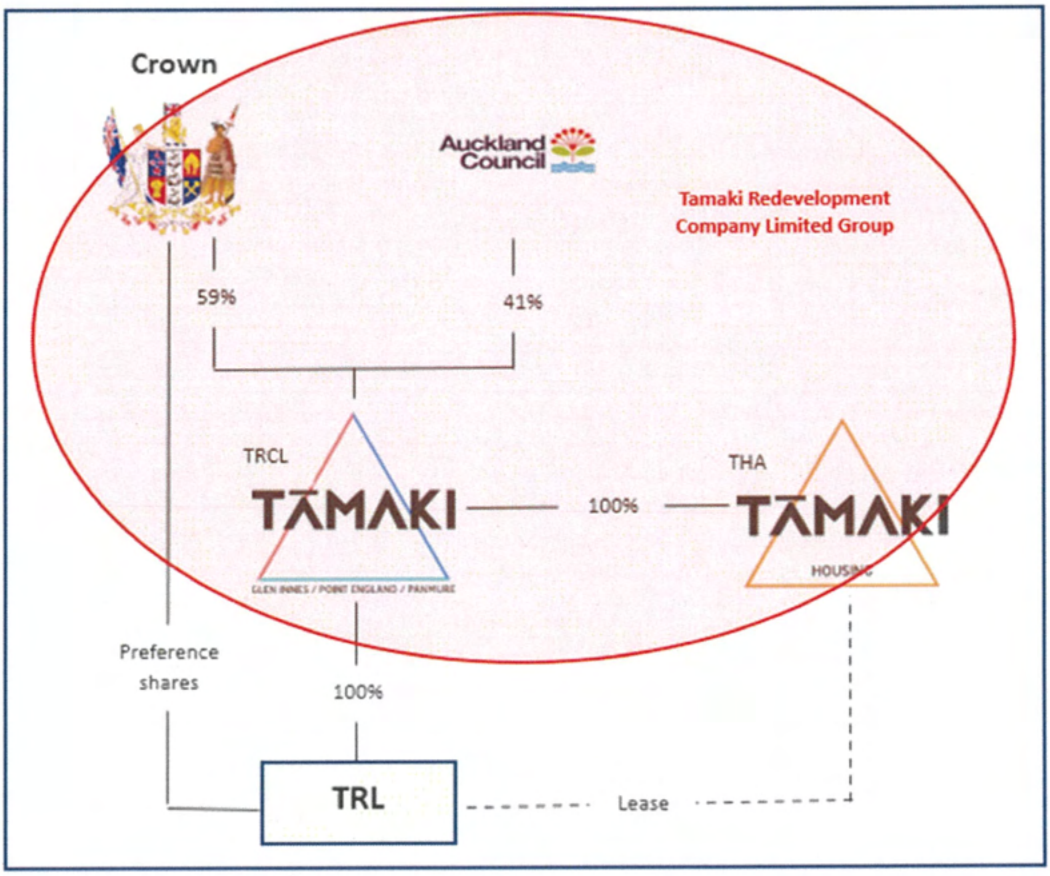
	Te Urungi o Ngati Kuri Limited	Director
	Snedden Publishing and Management Ltd (and subsidiaries)	Chair and Director
	Waimarama Orchards Limited	Director
	Ayers Contracting Service Limited	Director and Shareholder
	Data Publishing Limited	Director
	Ngati Kuri Tourism Limited	Director
	Ngati Kuri Farms Limited	Director
Cadence Kaumoana	Stardome	Director
	NZ Geographic Board	Director
	THR Whanau Trust	Chair
	Te Ara Matauranga	Director and Shareholder
	Puketiti 48 Ahu Whenua Trust	Advisory Trustee
	Te Nehenehenui Whare o Waiwaia	Chair
	Tamaki Redevelopment Company Ltd	Director
	Tamaki Regeneration Ltd	Director
	THA GP Limited	Director
	Core Education Trust	Trustee
	Public Health Association of New Zealand	CEO
Nancy McConnell	Nancy McConnell Consulting Ltd	Director
	Malcom Nielson Limited	Director
	Arnot Investments Limited	Director
	Shooting Box Investments Limited	Director
	The Shooting Box Limited	Director
	Malcolm Custodian Limited	Director
	Tāmaki Redevelopment Company Ltd	Director
	Tāmaki Regeneration Ltd	Director
	THA GP Limited	Director
	Gardener Trust	Trustee
	The Malcolm Master Trust	Trustee
	Clifton Holdings Trust	Trustee
	Malcolm Investments Trust	Trustee
	Malcolm Nielson Trust	Trustee
	Potts Road Trust	Trustee
	Albatross Trust	Trustee
	Mana Trust	Trustee
	Opes Trust	Trustee

FINANCIAL STATEMENTS INTRODUCTION

The sections that follow contain the financial statements of the Tamaki Redevelopment Company Limited Group known as Tamaki Regeneration Company (TRC). TRC is happy to present the financial statements for:

- Tāmaki Redevelopment Company Limited Group
- Tāmaki Regeneration Limited
- Tāmaki Redevelopment Company Limited Legal Group (Unaudited)

Tamaki Redevelopment Company Limited Legal Group (TRC Group)



TRC consists of four entities: Tāmaki Redevelopment Company Limited, Tāmaki Housing Association Limited Partnership and THA GP Limited. The three sets of financial statements represent specific groupings of TRC's four entities based on ownership and control of each entity. The diagram shows the structure of the Tāmaki Redevelopment Company Legal Group, known as Tāmaki Redevelopment Company. The table below shows the grouping of company financial statements and the entities covered.

Financial Statement Grouping	Entities	Basis of Grouping
Tāmaki Redevelopment Company Limited Group	• Tāmaki Redevelopment Company Limited (Parent) • Tāmaki Housing Association Limited Partnership • THA GP Limited	Tāmaki Redevelopment Company Limited is 59% owned by Crown and 41% owned by Council and is the sole partner in Tamaki Housing Association Limited Partnership THA GP Limited. These financial statements exclude Tamaki Regeneration Limited as the Crown has sole control of this entity.
Tāmaki Regeneration Limited	• Tāmaki Regeneration Limited	This entity holds TRCs public homes valued with total assets of $2.7b and is predominantly owned and controlled by the Crown through preference shares.
Tāmaki Redevelopment Company Limited Legal Group (Unaudited)	• Tāmaki Redevelopment Company Limited (Parent) • Tāmaki Regeneration Limited • Tāmaki Housing Association Limited Partnership • THA GP Limited	These unaudited financial statements represent the TRC Group (which is a legal grouping) and represents the public facing organisation of TRC (including Tāmaki Housing Association).

The achievements which underpin the financial statements, which follow this introduction, are reflected in the key achievements and reporting against strategic priorities which precede this section and reflect reporting against performance measures and targets agreed with TRC's shareholders through the Statement of Intent (SOI) and Statement of Performance Expectations (SPE) which are contained on the TRC website.

Financial Performance

Over the year ended 30 June 2024 Tāmaki Redevelopment Company Limited (TRCL) received revenue in the form of a management fee from TRL to provide housing management services to tenants of 2547 homes and to manage maintenance on behalf of Tāmaki Regeneration Limited (the owner of these homes). In addition, TRCL received a dividend from TRL to fund the social, economic, and placemaking priorities and activities undertaken by TRC (parent). From this revenue, TRCL generated a surplus of $1.9m in undertaking these activities. These activities are reflected in the strategic priority reporting that occurs earlier in this annual report.

TRL Limited received total revenue of $85.6m with rental portfolio income (income related rent subsidy from HUD) and income related rent (from tenants) making up $71.8m or 84% of total revenue from 2468 properties. TRL also generated $13.2m from the sale of 17 shared home ownership properties. TRL generated earnings before interest taxation amortisation and fair value adjustments of $1.0m. Total expenses included repairs and maintenance and direct property costs totalling $50.2m.

Financial Position

TRCL holds very few assets as TRC Group's public homes are owned by TRL.

As at 30 June 2024 TRL's total assets totalled $2.7b down from a prior year value of $2.9b which reflected a decline in the value of TRL's housing portfolio of approximately $0.2b or 7% differing from Auckland housing values (+0.7% QV Price Index) due to developmental land value decreasing in value given softening economy and increasing build costs. Over FY24 46 homes were added to the portfolio and 46 homes were removed for redevelopment of the underlying land.

The other significant asset balance is inventories which reflects land held predominantly for development as shared home ownership homes and some market homes. The balance of inventories remained in line with the previous year.

The TRC Group works in partnership with Kāinga Ora as our master developer. From 30 June 2023 to 30 June 2024 TRL's creditors and other payables balance has increased by $17.8m reflecting higher land improvement costs for current and future developments as well as land receipts payable to Kāinga Ora.

Cash Flow

The statement of cash flows shows that TRL continues to produce net positive operating cashflows reflecting higher cash proceeds from the sale of shared home ownership properties, a net GST receivable position and increases in rental income from tenants and income related rent subsidies due to more homes being rented and the allowable CPI increases in rental rates.

Investing cash flows at $55.7m reflect developments, within Tāmaki, being in the early phases of the design and consent process along with completion of projects during the year. Many of the homes associated with this spend will be delivered in subsequent financial years.

Financing cash flows show the first drawdown of Crown convertible preference share funding from the 4 year $870m equity funding facility reflected in the Crown's May 2023 budget. There is continued confidence in TRC Group and the programme confirmed by Shareholding Ministers in the first half of 2024.

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
Financial Statements
For the year ended 30 June 2024

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TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2024

We are responsible for the preparation of Tāmaki Redevelopment Company Limited Group's financial statements and service performance reporting and for the judgements made in them. Tāmaki Redevelopment Company Limited Group's non-financial performance has been reported in Tāmaki Redevelopment Company Limited Legal Group's statement of performance which is found on pages 80 to 87 of this Annual Report.

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

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

In our opinion, these financial statements and non-financial performance reporting fairly reflect the financial position and operations of the Tāmaki Redevelopment Company Limited Group for the year ended 30 June 2024.

Signed on behalf of the Board:

Director	Director
24 September 2024	24 September 2024

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ended 30 June 2024

	Notes	2024 Actual $000's	2024 Budget $000's	2023 Actual $000's
Revenue				
Management fee income	2	13,919	12,906	13,629
Dividend received		10,350	10,000	11,300
Other income		12	0	171
Total revenue		**24,281**	**22,906**	**25,100**
Expenditure				
Personnel costs		14,155	14,542	13,724
Consultants and professional fees		2,860	2,886	3,759
Contractors and temporary staff		127	28	116
Directors fees & Board Advisor Remuneration	11	297	277	253
Utilities and insurance		104	80	85
Other expenses	3	5,044	4,248	4,979
Total expenditure		**22,587**	**22,061**	**22,916**
EBITDAF*		**1,694**	**845**	**2,184**
Depreciation and amortisation expense	5	68	60	81
EBIT		**1,626**	**785**	**2,103**
Interest income		321	134	206
Net interest income		**321**	**134**	**206**
Surplus for the year		**1,947**	**919**	**2,309**
Total comprehensive revenue and expense		**1,947**	**919**	**2,309**

Explanations of major variances against budget are provided in note 15.

The accompanying notes form part of these financial statements.

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

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Notes	2024 Actual $000's	2024 Budget $000's	2023 Actual $000's
Assets				
Current assets				
Cash and cash equivalents		6,598	5,055	6,095
Trade and other receivables	4	3,822	2,434	2,328
Total current assets		**10,420**	**7,489**	**8,423**
Non-current assets				
Property, plant and equipment	5	127	26	175
Total non-current assets		**127**	**26**	**175**
Total assets		**10,547**	**7,515**	**8,598**
Liabilities				
Current liabilities				
Creditors and other payables	6	15,893	12,739	15,950
Annual leave liability		883	720	824
Total current liabilities		**16,776**	**13,459**	**16,774**
Total liabilities		**16,776**	**13,459**	**16,774**
Net assets		**(6,229)**	**(5,944)**	**(8,176)**
Equity				
Ordinary shares - Crown		5,000	5,000	5,000
Ordinary shares - Auckland Council		3,500	3,500	3,500
Accumulated (deficit)		(14,729)	(14,444)	(16,676)
Total equity	7	**(6,229)**	**(5,944)**	**(8,176)**

Explanations of major variances against budget are provided in note 15.

The accompanying notes form part of these financial statements.

For and on behalf of the Board who authorise the issue of the financial statements on 24 September 2024.

Director
24 September 2024

Director
24 September 2024

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2024

	Notes	2024 Actual $000's	2024 Budget $000's	2023 Actual $000's
Balance at 1 July		**(8,176)**	**(6,863)**	**(10,485)**
Total comprehensive revenue and expense				
Surplus for the year		1,947	919	2,309
Total comprehensive revenue and expense		**1,947**	**919**	**2,309**
Balance at 30 June	7	**(6,229)**	**(5,944)**	**(8,176)**

Explanations of major variances against budget are provided in note 15.

The accompanying notes form part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP
STATEMENT OF CASH FLOWS
For the year ended 30 June 2024

	Notes	2024 Actual $000's	2024 Budget $000's	2023 Actual $000's
Cash flows from operating activities				
Management fee income		14,400	12,906	12,033
Receipts from other revenue		12	0	171
Interest received		321	134	206
Payments to suppliers		(10,810)	(8,498)	(6,690)
Payments to employees		(14,005)	(14,542)	(14,224)
Goods and services tax (net)		256	0	14
Dividend received from TRL		10,350	10,000	11,300
Net cash flow from operating activities		**524**	**0**	**2,810**
Cash flow from investing activities				
Purchase of property, plant and equipment		(21)	0	(23)
Net cash flow from investing activities		**(21)**	**0**	**(23)**
Net (decrease)/increase in cash and cash equivalents		**503**	**0**	**2,787**
Cash and cash equivalents at the beginning of the year		6,095	5,055	3,308
Cash and cash equivalents at the end of the year		**6,598**	**5,055**	**6,095**

Explanations of major variances against budget are provided in note 15.

The accompanying notes form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

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

These financial statements do not include Tāmaki Regeneration Limited (TRL) due to Crown (rather than TRC Parent) controlling TRL. TRL's financial statements are presented separately on pages 49 to 76 of this Annual Report. This Annual Report also presents, on pages 80 to 87, an aggregated set of financial statements of the Tāmaki Redevelopment Company Limited Legal Group (TRC Legal Group, which comprises of TRC Group and TRL) that do not comply with generally accepted accounting practice in New Zealand (NZ GAAP) and are not audited. Such an aggregation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 35 Consolidated Financial Statements to consolidate TRL into TRC Group.

The financial statements for TRC Group are for the year ended 30 June 2024. They were approved by the Board on 24 September 2024.

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

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

1. The declaration of a dividend from TRL for $8.8m on 24 September 2024. The Entitled Persons/Ministerial approval for the dividend waiver is still to be obtained but based on past practice this is expected to be received.
2. The TRL Board has resolved to provide cash flow support to TRC group if needed; and
3. TRL is expected to be solvent and be in a position to provide the dividend to TRC group once the entitled person/ministerial approval is received.

The accounting policies have been applied consistently throughout the period.

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

SIGNIFICANT ACCOUNTING POLICIES

Control and consolidation

Subsidiaries

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

Loss of control

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

Revenue from exchange transactions

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

Management fee income

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

Interest income

Interest income is recognised using the effective interest method.

Dividend revenue

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

Receivables

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

Property, plant and equipment

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

Additions

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)

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.

Impairment of property, plant and equipment and cash-generating property

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 assets carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. For assets not carried at a revalued amount, the total impairment loss (or reversal of impairment loss, if any) is recognised in surplus or deficit.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

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.

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 are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by TRC Group is recognised as a separate asset or liability.

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

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

Goods and services tax
All 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 as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the 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 statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Budget figures
The budget figures are sourced from the statement of performance expectations as approved by the Board on 15 June 2023. The budget figures were prepared in accordance with NZ GAAP.

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

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

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

TRL under both the old and the new deed of lease is entitled to the full rental income collected by THALP and must pay for the full property maintenance costs.

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Critical accounting judgements (cont'd)

Accounting standard issued but not yet effective
For standards issued that have not yet commenced to apply, these standards are not expected to have a material impact on the financial statements.

2. MANAGEMENT FEE INCOME

	2024 Actual $000's	2023 Actual $000's
Management services provided by THALP to TRL	7,638	7,354
Management services provided by TRC Parent to TRL	6,281	6,275
Total management fee income	**13,919**	**13,629**

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

THALP is a registered Community Housing Provider and as part of its activities, it collected a combined Income Related Rent Subsidy (IRRS) and Income Related Rent (IRR) amounting to $70.7m for the year (2023: $67.9m), the majority of which was subsequently remitted to TRL. THALP also collected income of $63k (2023: $82k) from tenants under a rent to own scheme and $412k (2023: $169k) from build to rent tenants. This was remitted to TRL.

3. OTHER EXPENSES

	2024 Actual $000's	2023 Actual $000's
Fees to EY for audit	174	215
IT support and licence fees	1,082	1,043
Printing and stationery	181	258
Telephones and mobiles	168	174
Marketing and collateral	195	66
Rent	448	473
Motor vehicle expenses	230	158
Staff training	327	445
Legal expenses	72	81
Travel expenses	25	25
Community grants	300	167
GST leakage	271	267
Fringe benefit tax	202	216
Building and office expenses	545	520
Internal audit fees	63	60
Other	761	811
Total other expenses	**5,044**	**4,979**

4. TRADE AND OTHER RECEIVABLES

	2024 Actual $000's	2023 Actual $000's
Trade receivables	1,956	1,887
Prepayments	181	201
Receivable from TRL*	1,685	74
GST receivable	0	166
Total trade and other receivables	**3,822**	**2,328**

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

5. PROPERTY, PLANT AND EQUIPMENT

	Office equipment Actual $000's	Computer equipment Actual $000's	Leasehold improvements Actual $000's	Total Actual $000's
Cost				
Balance at 30 June 2022	435	150	936	**1,595**
Balance at 30 June 2023	439	151	992	**1,582**
Additions during the year	3	18	0	**21**
Disposals during the year	0	(4)	0	**(4)**
Balance at 30 June 2024	**442**	**166**	**992**	**1,599**
Accumulated depreciation				
Balance at 30 June 2022	406	121	800	**1,327**
Balance at 30 June 2023	428	132	847	**1,407**
Depreciation charge for the year	8	14	46	**68**
Disposals during the year	0	(3)	0	**(3)**
Balance at 30 June 2024	**436**	**144**	**893**	**1,473**
Carrying Amounts				
Balance at 30 June 2022	29	29	136	**194**
Balance at 30 June 2023	11	19	145	**175**
Balance at 30 June 2024	**6**	**22**	**98**	**127**

There are no restrictions over the title of TRC Group's property, plant and equipment, nor are there any property, plant and equipment pledged as security for liabilities. (2023: nil).

6. CREDITORS AND OTHER PAYABLES

	2024 Actual $000's	2023 Actual $000's
Creditors	254	768
Accrued expenses	1,123	1,447
GST payable	90	0
Payable to TRL*	3,706	3,767
Revenue received in advance from TRL*	10,720	9,968
Total creditors and other payables	**15,893**	**15,950**

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

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

7. EQUITY

	Ordinary shares	
	2024 Actual $000's	2023 Actual $000's
Contributed capital		
Balance at 1 July	8,500	8,500
Balance at 30 June	**8,500**	**8,500**
Accumulated (deficit)		
Balance at 1 July	(16,676)	(18,985)
Total comprehensive revenue and expense	1,947	2,309
Balance at 30 June	**(14,729)**	**(16,676)**
Total equity	**(6,229)**	**(8,176)**

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

8. COMMITMENTS

There are no capital commitments as at 30 June 2024 (2023: nil).

Operating leases as lessee

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

	2024 Actual $000's	2023 Actual $000's
Not later than one year	468	541
Later than one year not later than five years	397	275
Later than five years	0	0
Total non-cancellable operating leases	**864**	**816**

9. CONTINGENCIES

There are no contingent assets or contingent liabilities as at 30 June 2024 (2023: nil).

10. RELATED PARTY TRANSACTIONS

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

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

Key management personnel compensation

	2024 Actual	2023 Actual
Board members		
Remuneration ($000's)	297	246
Full-time equivalent members	0.81	0.69
Leadership team		
Remuneration ($000's)	2,308	2,156
Full-time equivalent members	8.19	7.42
Total key management personnel remuneration ($000's)	**2,605**	**2,403**
Total full time equivalent personnel	**9.00**	**8.11**

$67k of employer Kiwisaver contributions is included within the Leadership Team Remuneration disclosure above (2023 $63K).

11. BOARD REMUNERATION

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

Directors	2024 Actual $000's	2023 Actual $000's
Evan Welch Davies (Chair)	73	73
Kerry David Hitchcock	37	37
Madhavan Raman	37	37
Leopino Sosefo Foliaki	33	6
Patrick Nesbit Snedden	33	6
Rangimarie Hunia	24	6
Cadence Leigh Kaumoana	27	0
Nancy Anne McConnell	24	0
Dr. Susan Carrel Macken	0	46
Diana Marie Puketapu	0	37
Total Board member remuneration	**289**	**246**
Board Advisors		
Georgie Thompson	4	4
Nerrisa Henry	3	0
Bill Takarei	2	3
Total Board advisors remuneration	**8**	**7**
Total Directors fees & Board Advisor Remuneration	**297**	**253**

Changes to the Board membership during the year were as follows: Candence Leigh Kaumoana and Nancy Anne McConnell were appointed on 1st October 2023. Rangimarie Hunia resigned on 28th March 2024.
Georgie Thompson, Nerrisa Henry and Bill Takaeri are community advisors who are paid based on board attendance.

TRC Group has provided a deed of indemnity to its Directors during the financial year. TRC Group has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees. No Board members received compensation or other benefits in relation to cessation. (2023: nil).

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

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

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

12. EMPLOYEE REMUNERATION

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

In addition to the legislated rate of KiwiSaver for eligible employees, TRC provides the following benefits:
- $300 per annum wellbeing reimbursement (additional $300 in financial year 2024)
- A top up on the government's paid parental leave contribution to 100% salary for up to 13 weeks
- 5 weeks annual leave
- 10 days annual sick leave

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

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

2024 Remuneration

Employee Kiwisaver Contributions
Included in the personnel costs line item within the statement of Comprehensive Revenue and Expenses is $260k (2023: $267k) of employer Kiwisaver contributions.

12. EMPLOYEE REMUNERATION (CONT'D)

Total remuneration paid or payable

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

	2024 Actual	2023 Actual
Total remuneration paid or payable:		
$400,000 - $409,999	1	1
$350,000 - $359,999	1	0
$340,000 - $349,999	0	1
$320,000 - $329,999	1	0
$310,000 - $319,999	0	1
$300,000 - $309,999	0	1
$270,000 - $279,999	1	1
$260,000 - $269,999	1	0
$200,000 - $209,999	5	0
$190,000 - $199,999	2	2
$180,000 - $189,999	2	2
$170,000 - $179,999	3	2
$160,000 - $169,999	4	9
$150,000 - $159,999	5	4
$140,000 - $149,999	2	2
$130,000 - $139,999	3	5
$120,000 - $129,999	5	2
$110,000 - $119,999	5	3
$100,000 - $109,999	7	11
Total employees with remuneration above $100,000	**48**	**47**

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

In 2024, 7 employees received compensation in relation to cessation of employment during the year (2023: 0 employees).

Executive Team Remuneration

	2024 Actual $000's	2023 Actual $000's
Chief Executive Officer	402	403
Chief Financial Officer	353	341
General Manager Outcomes	163	165
General Manager Housing 1	320	309
General Manager Housing 2 (commenced 21 May 2024)	30	0
General Manager Strategy & Masterplanning	280	273
General Manager Development and Commercial	321	310
General Manager Social Transformation	207	215
General Manager Connections and People Experience	0	140
General Manager Engagement & Communications	231	0
Total Executive Team Remuneration	2,308	2,156

In 2024 the GM Connections & People Experience was renamed to GM Engagement & Communications. Whilst the majority of responsibilities remained consistent with the previous role, there were some additional responsiblities added which were reflected in the renaming of the role. Salaries before any promotions to SLT are excluded from this disclosure note.

13. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date (2023: nil).

14. FINANCIAL INSTRUMENTS

Financial instrument categories

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

	2024 Actual $000's	2023 Actual $000's
Financial assets at amortised cost		
Cash and cash equivalents	6,598	6,095
Trade and other debtors	3,822	2,328
Total loans and receivables	**10,420**	**8,423**
Financial liabilities measured at amortised cost		
Creditors and other payables	15,893	15,950
Total financial liabilities measured at amortised cost	**15,893**	**15,950**

15. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statement of comprehensive revenue and expense

Total Surplus for the year and comprehensive revenue and expense were both $1.0m above budget. Management fee income and dividend received from TRL were $1.0m and $0.3m above budget respectively, due to more expenses incurred by TRC Parent on behalf of TRL. This was represented by Other expenses, Contractors and temporary staff being $0.8m and $0.1m above budget respectively; and Personnel costs being $0.4m below budget. Interest income during the year was $0.2m above budget from conservative budgeting.

Statement of financial position

Total equity was $0.3m less than budget at balance date. This was represented by Cash and cash equivalents being $1.5m above budget from less spend on Personnel costs, whereas Creditors and other payables were $1.5m above budget and Trade and other receivables were $0.3m below budget.

Statement of cash flows

Net cashflow was $1.5m higher than budget broadly due to Actual Opening cash was $1.0 higher than budget and $0.5m more cashflows generated from Operating activities.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF TAMAKI REDEVELOPMENT COMPANY LIMITED GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2024

The Auditor-General is the auditor of Tāmaki Development Company Limited Group (the Group). The Auditor-General has appointed me, Emma Winsloe, using the staff and resources of Ernst & Young to carry out the audit of the financial statements and the performance information of the Group on his behalf.

Opinion

We have audited:

- the financial statements of the Group on pages 29 to 45, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and

- the performance information of the Group on pages 7 to 19.

In our opinion:

- the financial statements of the Group:

  - present fairly, in all material respects:

    - its financial position as at 30 June 2024; and

    - its financial performance and cash flows for the year then ended; and

  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards Reduced Disclosure Regime; and

- the performance information on pages 7 to 19:

  - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2024, including for each class of reportable outputs:

    - its standards of delivery performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and

    - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year; and

  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 30 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements and the performance information, we comment on other information, and we explain our independence.

Basis for our opinion

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

Building a better working world

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

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

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

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

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

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

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and the performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- We evaluate the appropriateness of the reported performance information within the Group's framework for reporting its performance.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements and the performance information or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and the performance information represent the underlying transactions and events in a manner that achieves fair presentation.

- We obtain sufficient appropriate audit evidence regarding the financial statements and the performance information of the entities or business activities within the Group to express an opinion on the consolidated financial statements and the consolidated performance information. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 6, 20 to 28 and 80 to 87 but does not include the financial statements and the performance information, and our auditor's reports thereon.

Our opinion on the financial statements and performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon other than in relation to Tamaki Redevelopment Company Limited's financial statements on pages 51 to 76.

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

Independence

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

Other than the audit, we have no relationship with or interests in the Group.

Emma Winsloe

Emma Winsloe
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand

TĀMAKI REGENERATION LIMITED
Financial Statements
For the year ended 30 June 2024

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TĀMAKI REGENERATION LIMITED
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2024

We are responsible for the preparation of Tāmaki Regeneration Limited's financial statements and service performance reporting and for the judgements made in them. Tāmaki Regeneration Limited's non-financial performance has been reported in Tāmaki Redevelopment Company Limited Legal Group's statement of performance which is found on pages 80 to 87 of this Annual Report.

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

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

In our opinion, these financial statements and non-financial performance reporting fairly reflect the financial position and operations of the Tāmaki Regeneration Limited for the year ended 30 June 2024.

Signed on behalf of the Board:

Director	Director
24 September 2024	24 September 2024

TĀMAKI REGENERATION LIMITED
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE
For the year ended 30 June 2024

	Notes	2024 Actual $000's	2024 Budget $000's	2023 Actual $000's
Revenue				
Sales of shared ownership properties		13,167	19,658	8,899
Income-related rent subsidies	2	47,446	46,042	46,079
Residential Rental income from tenants	2	24,380	21,747	22,264
Recoveries from property damage		69	0	42
Other income		528	1,000	318
Total revenue		**85,590**	**88,447**	**77,602**
Expenditure				
Consultants and professional fees		1,174	1,003	681
Contractors and temporary staff		1	0	0
Legal expenses		38	0	17
Management fee expense		13,919	12,906	13,629
Cost of land disposed		14,021	19,658	9,433
Kainga Ora Land Cost		4,056	0	0
Repairs and maintenance		35,309	35,407	35,050
Utilities and insurance		14,920	13,898	13,149
Other expenses	3	1,177	1,344	1,730
Total expenditure		**84,615**	**84,216**	**73,689**
EBITDAF*		**975**	**4,231**	**3,913**
Depreciation expense	6	39,453	29,011	36,413
(Gain)/Loss on fair value on shared ownership properties	10	910	0	869
Loss on revaluation on commercial properties		761	0	106
Loss on revaluation on land under development		12,019	0	0
Loss on revaluation on rental properties		175	0	5,560
Total fair value adjustments		13,865	0	6,535
Total depreciation, amortisation and fair value adjustments		**53,318**	**29,011**	**42,948**
EBIT		**(52,343)**	**(24,780)**	**(39,035)**
Interest income		2,716	2,400	2,496
Net interest income		**2,716**	**2,400**	**2,496**
(Deficit) before tax		**(49,627)**	**(22,380)**	**(36,539)**
(Deficit) for the year		**(49,627)**	**(22,380)**	**(36,539)**
Other comprehensive revenue and expense				
Gain/(Loss) on revaluation of freehold land		(273,502)	0	(422,615)
Gain/(Loss) on revaluation of commercial properties		1,118	0	3,559
Gain/(Loss) on revaluation of rental		66,598	0	18,281
Total other comprehensive revenue and	8	**(205,786)**	**0**	**(400,775)**
Total comprehensive revenue and expense		**(255,413)**	**(22,380)**	**(437,314)**

Explanations of major variances against budget are provided in note 17.
The accompanying notes form part of these financial statements.

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

TĀMAKI REGENERATION LIMITED
STATEMENT OF FINANCIAL POSITION
As at 30 June 2024

	Notes	2024 Actual $000's	2024 Budget $000's	2023 Actual $000's
Assets				
Current assets				
Cash and cash equivalents		73,506	42,341	39,435
Trade and other receivables	4	28,825	24,650	41,504
Inventories	5	103,900	110,930	100,561
Total current assets		**206,231**	**177,920**	**181,500**
Non-current assets				
Investment in shared ownership properties	10	7,508	11,006	4,832
Property, plant and equipment	6	2,511,785	3,196,661	2,741,205
Total non-current assets		**2,519,293**	**3,207,667**	**2,746,037**
Total assets		**2,725,524**	**3,385,587**	**2,927,537**
Liabilities				
Current liabilities				
Creditors and other payables	7	47,961	15,853	30,112
Total current liabilities		**47,961**	**15,853**	**30,112**
Non-current liabilities				
Deferred GST on shared ownership properties		1,263	0	793
Total non-current liabilities		**1,263**	**0**	**793**
Total liabilities		**49,224**	**15,853**	**30,905**
Net assets		**2,676,300**	**3,369,734**	**2,896,632**
Equity				
Ordinary shares - TRC Parent		0	0	0
Preference shares - Crown		1,976,425	2,057,475	1,930,996
Revaluation reserve	8	985,707	1,577,062	1,198,712
Accumulated (deficit)		(285,832)	(264,804)	(233,076)
Total equity		**2,676,300**	**3,369,734**	**2,896,632**

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

The accompanying notes form part of these financial statements.

For and on behalf of the Board who authorise the issue of the financial statements on 24 September 2024.

Director
24 September 2024

Director
24 September 2024

TĀMAKI REGENERATION LIMITED
STATEMENT OF CHANGES IN EQUITY
For the year ended 30 June 2024

	Notes	Contributed capital Actual $000's	Revaluation reserve Actual $000's	Accumulated (deficit) Actual $000's	Total Actual $000's
Balance at 1 July 2023		**1,930,996**	**1,198,712**	**(233,074)**	**2,896,632**
Total comprehensive revenue and expense					
(Deficit) for the year		0	0	(49,627)	**(49,627)**
Other comprehensive revenue and expense		0	(205,786)	0	**(205,786)**
Transfer of revaluation reserve on PPE derecognition		0	(7,219)	7,219	**0**
Total comprehensive revenue and expense		**0**	**(213,005)**	**(42,408)**	**(255,413)**
Owners' transactions					
Capital contribution		62,000	0	0	**62,000**
Dividend paid		0	0	(10,350)	**(10,350)**
Adjustment on derecognition of inventory		(16,571)	0	0	**(16,571)**
Total contributions and distributions		**45,429**	**0**	**(10,350)**	**35,079**
Balance at 30 June 2024	8	**1,976,425**	**985,707**	**(285,832)**	**2,676,300**

	Contributed capital Budget $000's	Revaluation reserve Budget $000's	Accumulated (deficit) Budget $000's	Total Budget $000's
Balance at 1 July 2023	**1,910,475**	**1,577,062**	**(232,424)**	**3,255,114**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(22,380)	**(22,380)**
Other comprehensive revenue and expense	0	0	0	**0**
Transfer of revaluation reserve on PPE derecognition	0	0	0	**0**
Total comprehensive revenue and expense	**0**	**0**	**(22,380)**	**(22,380)**
Owners' transactions				
Capital contribution	147,000	0	0	**147,000**
Dividends paid	0	0	(10,000)	**(10,000)**
Adjustment on derecognition of inventory	0	0	0	**0**
Total contributions and distributions	**147,000**	**0**	**(10,000)**	**137,000**
Balance at 30 June 2024	**2,057,475**	**1,577,062**	**(264,804)**	**3,369,734**

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

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED
STATEMENT OF CHANGES IN EQUITY (CONT'D)
For the year ended 30 June 2024

	Contributed capital	Revaluation reserve	Accumulated (deficit)	Total
	Actual $000's	Actual $000's	Actual $000's	Actual $000's
Balance at 1 July 2022	**1,781,875**	**1,611,768**	**(197,518)**	**3,196,125**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(36,539)	**(36,539)**
Other comprehensive revenue and expense	0	(400,775)	0	**(400,775)**
Transfer of revaluation reserve on PPE derecognition	0	(12,281)	12,281	**0**
Total comprehensive revenue and expense	**0**	**(413,056)**	**(24,258)**	**(437,314)**
Owners' transactions				
Capital contribution	128,600	0	0	**128,600**
Dividend paid	0	0	(11,300)	**(11,300)**
Return of value to the Crown	20,521	0	0	**20,521**
Total contributions and distributions	**149,121**	**0**	**(11,300)**	**137,821**
Balance at 30 June 2023	**1,930,996**	**1,198,712**	**(233,076)**	**2,896,632**

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

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED
STATEMENT OF CASH FLOWS
For the year ended 30 June 2024

	Notes	2024 Actual $000's	2024 Budget $000's	2023 Actual $000's
Cash flows from operating activities				
Receipts from land disposals		0	0	0
Sales of shared ownership properties		9,564	19,658	6,729
Rental income from tenants		24,712	21,761	21,494
Income-related rent subsidies		47,394	46,042	44,786
Other revenue received		363	1,000	85
Payments to suppliers		(51,271)	(65,041)	(66,439)
Goods and services tax (net)		4,623	0	(5,453)
Dividend received		30	0	19
Net interest received/(paid)		2,716	2,400	2,496
Net cash flow from operating activities		**38,131**	**25,820**	**3,717**
Cash flow from investing activities				
Purchase of freehold land and rental properties		(58,975)	(154,205)	(129,363)
Sales on PPE		3,247	0	0
Investment in shared ownership properties		18	(5,897)	58
Net cash flow from investing activities		**(55,710)**	**(160,102)**	**(129,305)**
Cash flow from financing activities				
Dividend paid to TRC Parent		(10,350)	(10,000)	(11,300)
Preference share drawdown		62,000	147,000	128,600
Preference share offset		0	0	0
Net cash flow from financing activities		**51,650**	**137,000**	**117,300**
Net increase/(decrease) in cash and cash equivalents		**34,071**	**2,718**	**(8,288)**
Cash and cash equivalents at the beginning of the year		39,435	39,623	47,723
Cash and cash equivalents at the end of the year		**73,506**	**42,341**	**39,435**

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

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED
RECONCILIATION OF DEFICIT FOR THE YEAR WITH NET OPERATING CASH FLOWS
For the year ended 30 June 2024

	Notes	2024 Actual $000's	2024 Budget $000's	2023 Actual $000's
(Deficit) for the year		**(49,627)**	**(22,380)**	**(36,539)**
Adjustments for:				
Depreciation		39,453	29,011	36,413
(Gain)/Loss on fair value of investment shared ownership properties		929	0	927
Funding Costs		0	(2,400)	0
Cost of goods sold - SHO		13,608	19,658	9,433
KO Accrual - build costs		0	(6,510)	0
Revaluation Loss on properties		12,955	0	5,667
Doubtful debt & bad debt adjustment		129	0	37
(Gain)/Loss on disposal of PPE		(346)	0	36
Sale on shared ownership properties & interest		(18)	0	(58)
WIP Write-off		413	0	0
Changes in:				
Inventories		(6,632)	0	(4,371)
Trade and other receivables		8,555	13	1,958
Creditors and other payables		18,711	6,027	(9,786)
Net cash flow from operating activities		**38,130**	**23,420**	**3,717**

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

The accompanying notes form part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity
Tāmaki Regeneration Limited (TRL) is a public benefit entity (PBE) for financial reporting purposes. TRL was incorporated on 11 November 2015 and these financial statements are for the year ended 30 June 2024. They were approved by the Board on 24 September 2024.

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

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

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

The TRC Group comprises the parent entity Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP). TRC Group's financial statements are presented on pages 27 to 45 of this Annual Report.

TRL is not included in the TRC Group's financial statements due to Crown (rather than TRC Parent) controlling TRL. This Annual Report also presents, on pages 80 to 87, an unaudited set of financial statements of the Tāmaki Redevelopment Company Limited Legal Group (which comprises of TRC Group and TRL) that do not comply with generally accepted accounting practice in New Zealand (NZ GAAP). Such an aggregation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 35 Consolidated Financial Statements to consolidate TRL into TRC Group.

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

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

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Revenue from exchange transactions (cont'd)

Receipts from land disposals

TRL disposes of land to one off purchasers as well as whanau approved under the TRL 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. The allowance for credit losses for tenant debtors is based on tenant debt more than ninety days overdue. Short-term receivables are written off when there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include the debtor being in liquidation.

Inventories

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

Property, plant and equipment

Property, plant and equipment consist of the following asset classes: freehold land, rental and commercial properties, and capital work in progress. All asset classes are initially measured at cost, less accumulated depreciation and impairment losses. The exception is land and buildings transferred from Kāinga Ora back in 2016 which were initially recognised at cost and subsequently 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.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Property, plant and equipment (cont'd)

Additions

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

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported as net of revenue less expenses in the statement of comprehensive revenue and expense. Land and buildings are disposed when a shared home ownership property is purchased by a third party and the control is transferred from TRL.

Land is disposed when it is transferred to the developer as part of settlement at the end of the project. Properties are disposed when they are demolished for land developed for new buildings.

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 revalued, 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 the 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. The gain or loss on derecognition is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

Impairment of property, plant and equipment

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Impairment of property, plant and equipment (cont'd)

Non-cash-generating assets

Property, plant and equipment that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount.

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

Creditors and other payables

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

Financial instruments

TRL classifies it's investment in shared ownership properties at fair value through surplus or deficit under PBE IPSAS 41 Financial Instruments on the basis that they do not constitute solely payments of principal and interest. Shared ownership properties are purchased from TRL with TRL retaining a portion of equity interest in the property until 100% has been paid by the third party. The timing of the repayments from the shared home owner or whānau is dependent on the whānau's household savings or their ability to refinance their mortgage.

TRL classifies all other financial assets and liabilities at amortised cost under PBE IPSAS 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.

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

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

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

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

Goods and services tax
All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the 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 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.

Budget
The budget figures are sourced from the statement of performance expectations as approved by the Board on 15 June 2023. The budget figures were prepared in accordance with NZ GAAP.

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

Estimating fair value, useful lives and residual values of property, plant, and equipment
At each balance date, the fair values, useful lives and residual values of property, plant, and equipment are reviewed. The most recent valuation of freehold land and rental properties was performed by an independent registered valuer, Quotable Value Limited. The valuation is effective as at 30 June 2024. 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. 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, the value of land is estimated to be derecognised through preference shares with the final value determined at completion of the project. At 30 June 2024 there was an increased amount of shared ownership properties which were not subject to derecognition. For further details, see note 8.

1. STATEMENT OF ACCOUNTING POLICIES (CONT'D)

Critical accounting judgements

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

Factors that indicate THALP is acting as a principal

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

Factors that indicate THALP is acting as an agent

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

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

Accounting standards issued but not yet effective

For standards issued that have not yet commenced to apply, these standards are not expected to have a material impact on the financial statements.

2. RENTAL INCOME

	2024 Actual $000's	2023 Actual $000's
Income-related rent subsidies	47,446	46,079
Residential Rental income from tenants	24,380	22,264
Total rental revenue	**71,826**	**68,343**

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

TRL pays THALP a management fee expense for the provision of tenancy and property management services, which is included in the Statement of Comprehensive Revenue and Expense. In the current year, this management fee expense was $7.6m (2023: $7.4m).

3. OTHER EXPENSES

	2024 Actual $000's	2023 Actual $000's
Fee paid to EY for audit of 2023/24 financial statements	121	179
IT support and licence fees	23	27
Bad and doubtful debts	92	68
Power for communal areas in public housing	57	46
(Loss)/Gain on Disposal of Assets	(344)	36
Moving Expenses	119	135
GST Leakage	942	941
Other	167	298
Total other expenses	**1,177**	**1,730**

4. TRADE AND OTHER RECEIVABLES

	2024 Actual $000's	2023 Actual $000's
Trade receivables	11,438	17,044
Receivable from THALP* (non-exchange)	3,706	3,871
Payment advanced to TRC Parent* (non-exchange)	10,720	15,804
Receivable from tenants (non-exchange)	692	573
Prepayments (exchange)	749	4,349
GST receivable (exchange)	1,787	0
Trade and other receivables at face value	**29,092**	**41,641**
Less: allowance for credit losses	(267)	(137)
Total trade and other receivables	**28,825**	**41,504**

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

5. INVENTORIES

	2024 Actual $000's	2023 Actual $000's
Balance at 1 July	100,561	56,864
Inventory Additions	6,632	4,370
Transfers from/(to) property, plant and equipment	26,894	28,240
Inventory Disposals	(48,059)	(17,192)
Recognition/(Derecognition) of freehold land through preference shares*	17,873	28,280
Balance at 30 June	**103,900**	**100,561**

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

6. PROPERTY, PLANT AND EQUIPMENT

	Commercial Properties Actual $000's	Capital work in progress Actual $000's	Freehold land Actual $000's	Rental properties Actual $000's	Total Actual $000's
Cost					
Balance at 30 June 2023	38,382	38,935	2,260,271	403,617	**2,741,205**
Additions during the year	36	21,239	4,447	33,254	**58,976**
Revaluations during the year	(2,177)		(285,520)	33,930	**(253,767)**
Disposals during the year		(414)	(2,876)	(4,445)	**(7,735)**
Transfers within PPE			(1,306)	1,306	**0**
Transfers from/(to) inventories during the year		(4,238)	(19,744)	(2,912)	**(26,894)**
Balance at 30 June 2024	**36,241**	**55,522**	**1,955,271**	**464,751**	**2,511,785**
Accumulated depreciation					
Balance at 30 June 2023	0	0	0	0	**0**
Depreciation charge for the year	(2,534)			(36,919)	**(39,453)**
Disposals during the year				4,426	**4,426**
Revaluations during the year	2,534			32,493	**35,027**
Balance at 30 June 2024	0	0	0	0	0
Carrying amounts					
Balance at 30 June 2023	38,382	38,935	2,260,271	403,617	**2,741,205**
Balance at 30 June 2024	**36,241**	**55,522**	**1,955,271**	**464,751**	**2,511,785**

6. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Investments in joint operations

TRL and Ngāi Tai Ki Tāmaki have entered into a joint venture to purchase the land on the corner of Line Road and Taniwha Street, where the GI Police Station is currently located. The parties to the agreement will hold the GI Police Station as tenants in common. Initial capital is to be contributed by the parties in the following proportion: TRL = 90% and Ngāi Tai Ki Tāmaki = 10%.

We have classified the arrangement as a joint operation based on the fact that the parties have joint control in the agreement and that there is a binding agreement between the parties which requires unanimous consent over relevant activities to the arrangement. TRL's interest in the joint operation is accounted for in accordance with paragraphs 23 and 24 of PBE IPSAS 37 which require assets, liabilities, revenues and expenses relating to TRL's interest to be recognized. The parties have agreed to share the income and expenses equally for the first 5 years until the equity of Ngāi Tai Ki Tāmaki has reached 25%. Any capital gains will be split 75% to Ngāi Tai Ki Tāmaki and 25% to TRL until the participating interest of Ngāi Tai Ki Tāmaki has reached 25%. There was no change in valuation this year so the participating interests remain TRC 74.04% and Ngāi Tai Ki Tāmaki 25.96% (2023: 74.04% and 25.96% respectively). The participating interest of Ngāi Tai Ki Tāmaki reached 25% at YE23. The risks to TRL are changes in land values and any default in rental payments.

The amount recognized in the statement of financial position are as follows:

	2024 Actual $000's	2023 Actual $000's
Assets	3,054	3,053
Liabilities	0	2

The amounts recognized in the statement of comprehensive revenue and expense are as follows:

	2024 Actual $000's	2023 Actual $000's
Revenue	80	80
Expenses	2	5

7. CREDITORS AND OTHER PAYABLES

	2024 Actual $000's	2023 Actual $000's
Creditors	15,582	2,088
Accrued expenses	30,282	21,855
Payable to TRC Parent*	1,644	33
Payable to THALP*	42	41
GST payable	0	0
Revenue in advance	411	6,095
Total creditors and other payables	**47,961**	**30,112**

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

8. EQUITY

Ordinary shares
All 100 of TRL's ordinary shares are held by TRC Parent all of which are unpaid and are valued at $1 per share. The ordinary shares are rounded down to zero in the Statement of Financial Position. There have been no ordinary shares issued since incorporation date. The revaluation reserve and accumulated (deficit) classes of equity are classes of ordinary shares.

Preference shares
An original tranche of preference shares, valued at $1 per share and held by the Crown, were issued in 2016 upon incorporation of TRL, in exchange for property, plant and equipment, inventories and trade and other receivables previously held by Kāinga Ora. The Crown approved $300m equity funding as part of the 2018 Budget estimates which was drawn down as cash in tranches in exchange for further preference shares in TRL. In 2023 the Government approved an additional $870m in equity funding to cover TRL's approved activities over the next 4 years. TRL has drawn down $62m in FY24 and expects to issue a corresponding number of new $1 preference shares as it completes the draw downs. (2023: 128.6m shares)

Return of preference shares due to Umbrella Agreement with Kāinga Ora
A large portion of the preference shares that were issued in 2016 were in exchange of freehold land. Following the execution of the Umbrella Agreement with Kāinga Ora in March 2019, which resulted in Kāinga Ora becoming TRL's development partner for the redevelopment of TRL's freehold land into new properties, TRL passes the risks and rewards of the freehold land to Kāinga Ora for each development project via issuance of a Licence to Occupy to Kāinga Ora for nil accounting consideration. As the value of the land has been transferred to an entity owned by the same shareholder, the value has been treated as a return to the shareholder with the value of the issued preference shares being reduced by the corresponding value. Any gains on revaluation since the freehold land was received in 2016 is transferred directly to retained earnings.

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

Accounting treatment of preference shares
There is no obligation to deliver cash or other financial asset to the shareholder. Hence the definition of a financial liability in PBE IPSAS 28 is not met and the preference shares should be treated as a class of equity. Until the preference shares are repurchased, or returned, or the equity distributed, the value will remain at that assigned to it on the date of the transfer of the assets. The Crown has the option to redeem the preference shares which reflects the current financial reporting treatment whereby Crown controls TRL.

8. EQUITY (CONT'D)

Revaluation Reserve

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

	Commercial	Freehold land	Rental	Total
	Actual $000's	Actual $000's	Actual $000's	Actual $000's
Revaluation reserve as at 1 July 2022	3,445	1,449,141	159,182	**1,611,768**
Gain/(loss) on revaluation for the year	3,559	(422,615)	18,281	**(400,775)**
Transfers to Accumulated surplus/(deficit) on disposal of PPE		-	(12,281)	**(12,281)**
Revaluation reserve as at 1 July 2023	**7,004**	**1,026,526**	**165,182**	**1,198,712**
Gain/(loss) on revaluation for the year	1,118	(273,502)	66,598	**(205,786)**
Transfers to Accumulated surplus/(deficit) on disposal of PPE		(2,169)	(5,051)	**(7,219)**
Revaluation Reserve 30 June 2024	**8,122**	**750,855**	**226,730**	**985,707**

Capital management

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

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

9. COMMITMENTS

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

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

	2024 Actual $000's	2023 Actual $000's
Not later than one year	85,343	59,059
Later than one year not later than five years	143,784	1,957
Later than five years	0	0
Total capital commitments	**229,127**	**61,016**

10. INVESTMENT IN SHARED OWNERSHIP PROPERTIES

	2024 Actual $000's	2023 Actual $000's
Balance at 1 July 2023	4,832	3,590
Additional shared ownership investments made	3,786	2,552
Year end adjustment to market value	(106)	196
Present value of TRL's foregone share of net rentals	(888)	(1,150)
Buy out of shared ownership investment	(114)	(356)
Balance at 30 June 2024	**7,508**	**4,832**

10. INVESTMENT IN SHARED OWNERSHIP PROPERTIES (CONT'D)

Background on the shared ownership programme (SHO)

TRL operates a shared ownership programme (SHO) which is aimed at increasing home ownership levels across Tāmaki. The SHO programme prioritises whānau with a connection to Tāmaki by living, working or having whakapapa to the area. The SHO programme targets whānau with household income from $85,000 to $150,000. There is also a pathway for multi-generational whānau with a gross household income up to $205,000. Multi-generational households are defined as 3 or more generations or 2 generations with multiple related family units living together. Under the programme, whānau are able to buy a proportion of the purchase price, around 70%, which is usually the amount they can afford. This is made up of a deposit and mortgage from one of our SHO partner banks. TRL assists the purchase by holding the remaining proportion as patient capital until whānau buy out TRL's share in the property over a maximum period of 20 years. The whānau may elect to make early repayments of TRL's share without penalty and may purchase TRL's entire share at any stage during the 20 year term. TRL's share is revalued at the time of repayment. There is no interest payable on TRL's share. This allows the whānau to progress into full home ownership where they would otherwise have not been able to purchase 100% of the property.

TRL realises their investment in the SHO home at market value at the time of the purchase. At year end TRL's share of the houses is revalued and a provision is allocated for foregone rent due to the property being only partially owned and as a result cannot generate rental income.

TRL obtained approval from the Associate Minister of Housing (Public Housing) in August 2020 to expand the shared ownership programme to 1,500 homes over the next 20 years. This approval also includes 500 rent to buy homes. Rent to buy allows the whānau to tenant the property from TRL for up to 5 years until they are ready to progress into shared ownership. The income and eligibility criteria are the same as the SHO programme. The rent to buy programme allows whānau to obtain a 50% share of the capital gain in the property over the rental period. TRL charges subsidised rent capped at either 30% of the whānau's gross household income or 80% of the market rental value for that property. In addition, whānau are required to complete a financial capability programme prior to transitioning into shared ownership. This allows whānau to pay down their debt and save towards a deposit. As at balance date, 4 whānau have entered into an agreement to purchase a dwelling under the rent to buy programme, one of whom has progressed into the shared ownership programme.

TRL does not charge any interest on its equity share but retains a proportionate amount of any capital gain which is recognised annually. The parameters of the shared ownership and rent to buy programmes are reviewed on an annual basis and may be adjusted to ensure continued sustainability of the schemes.

Fair value of investment in shared ownership properties

Fair value of the investment in shared ownership properties at the end of each financial year is determined by a revaluation of the properties and calculating the foregone net rental over the life of the agreement. The foregone net rental is discounted to present value. Rental and costs are adjusted over time using the key assumptions detailed below. Gross rental rate is established from the valuation report completed for each property when it is acquired by the homeowner.

	2024 Actual $000's	2023 Actual $000's
Market value of shared ownership properties ($000's)	39,627	23,417
TRL weighted percentage share in the properties (%)	27%	30%
Proportionate value of TRL's investment ($000's)	10,551	7,050
Present value of TRL's foregone share of net rentals ($000's)	(3,044)	(2,218)
Fair value of shared ownership properties ($000's)	**7,508**	**4,832**

10. INVESTMENT IN SHARED OWNERSHIP PROPERTIES (CONT'D)

Key assumptions used in fair value calculation

The key assumptions used in the calculation of the present value of proportionate foregone net rentals are set out below:

	Rate p.a
Market value inflation	8% until 2026 / 4% thereafter
Market rent inflation	3%
Cost price inflation	3.5%
Interest rate assumptions	5%
Household income growth	3.0%
Weighted average cost of capital	3.5%

The weighted average cost of capital (the discount rate used in the net present value calculation) is 3.5% which was selected considering a variety of factors such as Government and Auckland Council's cost of debt and appropriate risk margins.

The interest rate and inflation assumptions are based on relevant Treasury forecasts.

Sensitivity analysis

Sensitivity analysis has been performed below. The impact of a one percent increase or decrease from the aforementioned assumptions on the present value calculation has been provided in the table below.

	Base Input	**Effect of 1% increase ($000's)**	**Effect of 1% decrease ($000's)**
Market value inflation	8%	25,000	25,000
Market rent inflation	3%	700	700
Cost price inflation	3.5%	700	700
Interest rate assumptions	5.0%	30	30
Household income inflation	3.0%	200	200

The risks of the programme and their mitigations are outlined in note 16 of these financial statements.

11. CONTINGENCIES

There were no contingent assets or contingent liabilities as at 30 June 2024 (2023: nil)

12. RELATED PARTY TRANSACTIONS

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

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

THALP acts as a agent on behalf of TRL in conducting its tenancy and property management business. TRL pays a management fee for this service which is based on a per property per week number. These fees are an arms length transaction. The balances outstanding between TRL and other entities within the TRC Legal Group are disclosed in notes 4 and 7 of these financial statements.

Kāinga Ora and TRL are both Crown entities and hence Kāinga Ora and TRL are related parties. The issuance of all Licences to Occupy (LTOs) by TRL to Kāinga Ora in accordance with the Umbrella Agreement between both parties are not arm's length transactions. TRL issued LTOs to Kāinga Ora to the value of $38.816m for nil accounting consideration in 2024 (2023: $107.2m). This constituted an equity transfer to the Crown for the value of the original preference shares issued in 2016 in exchange for Kāinga Ora property, plant and equipment.

	2024 Actual $000's	2023 Actual $000's
Management fee paid to THALP	7,638	7,354
Management fee paid to TRC	6,281	6,275

Key management personnel compensation

	2024 Actual	2023 Actual
Leadership Team		
Remuneration ($000's)	929	878
Full-time equivalent members	3.05	2.87

TRL has no employees. The activities of TRL are conducted by employees of TRC Parent, the cost of which is on charged to TRL via a management fee. Included in the key management personnel remuneration and full-time equivalent members disclosures above are an allocation of TRC Parent key management personnel who are involved in the management of TRL. No close family members of TRC Parent key management personnel are employed by TRL or TRC Parent. There are no loans made to key management personnel of TRC Parent or close family members. (2023: nil).

13. BOARD MEMBER REMUNERATION

There was no remuneration paid to the Board of TRL during the year. The governance of TRL was conducted via the Board of TRC Parent (henceforth 'Board'), whose remuneration is outlined in its financial statements. There have been no payments made to committee members appointed by the Board who are not Board members during the financial year. TRC Parent has provided a deed of indemnity to its directors during the financial year. TRC Parent has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year which covers the directors of the Board in respect of the liability or costs of Board members and employees. No Board members received compensation or other benefits in relation to cessation (2023: nil).

14. EMPLOYEE REMUNERATION

TRL had no employees during the year as all TRL activities were conducted by employees of TRC Parent. Employees that were dedicated to TRL activities and employees that were partially assigned were on charged via management fee. In the current financial year, $4,715k of the total management fee expense shown in surplus or deficit related to TRC personnel costs (2023: $4,738k).

15. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date.

16. FINANCIAL INSTRUMENTS

Financial instrument categories

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

	2024 Actual $000's	2023 Actual $000's
Financial assets measured at amortised cost		
Cash and cash equivalents	73,506	39,435
Trade and other debtors	28,825	41,504
Total financial assets measured at amortised cost	**102,331**	**80,939**
Financial assets measured at fair value		
Investment in shared ownership properties	7,508	4,832
Total financial assets measured at fair value via surplus and deficit	**7,508**	**4,832**
Financial liabilities measured at amortised cost		
Creditors and other payables	47,961	30,905
Total financial liabilities measured at amortised cost	**47,961**	**30,905**

16. FINANCIAL INSTRUMENTS (CONT'D)

TRL's principal financial instruments comprise trade receivables and cash. These financial instruments are used to fund TRL's operations. Included in cash and cash equivalents is an account to hold retention money on trust under the Construction Contracts Act 2002 with funds of $157k (2023: nil). The main risks arising from TRL's financial instruments are liquidity risk and credit risk. The Board reviews and agrees policies for managing these risks. They are summarised below:

(a) Interest rate risk
TRL's exposure to market risk for changes in interest rates relates primarily to any interest charged by creditors for overdue accounts which is managed through operating cashflows at a TRC Legal Group level. TRL has no exposure to interest rate risk on shared ownership properties as TRL has no borrowings associated with its investment in shared ownership properties.

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

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

Shared ownership
TRL's investment in shared ownership properties bears credit risk insofar as whānau are unable to buyout TRL's share in the property over the required 20 year timeframe. TRL manages this risk by forecasting whānau's ability to buyout TRL's share within 20 years before approving the whānau into the programme. Further, as part of the approval process for the shared ownership programme, TRL requires that whānau participate in a pastoral care programme to become financially ready for home ownership. This pastoral care and financial monitoring continues throughout the term of the shared home ownership, which results in high compliance and reduces TRL's overall exposure to residual credit risk.

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

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

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

16. FINANCIAL INSTRUMENTS

(c) Credit risk (cont'd)

Impairment

Cash and cash equivalents and receivables are subject to the expected credit loss model. TRL assesses individual debtors for impairment monthly. TRL bears credit risk associated with rental income and with recovery of cost of damage repair. The allowance for credit losses for tenant debtors is based on tenant debt more than ninety days overdue.

Credit quality of financial assets

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

	2024 Actual $000's	2023 Actual $000's
Counterparties with credit rating		
Cash at Bank		
AA-	73,506	39,435
Total cash at bank	**73,506**	**39,435**
Counterparties without credit rating		
Counterparty with no defaults in the past	15,567	41,504
Counterparty with defaults in the past	0	0
Total receivables	**15,567**	**41,504**

(d) Liquidity Risk

Liquidity risk is the risk that TRL may encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. The Government announced a $870m crown preference share arrangement at Budget 2023 which provides funds within 60 days which is managed prudently by continuously monitoring forecast and actual cash flow requirements. TRL made the first drawdown of $62m in FY24 from the Budget 2023 allocation (FY23 128.6m relating to prior budget approval) . Currently TRL has significant cash reserves so liquidity risk is minimised. However, in future as this preference share facility is used up, bank financing can be used for short term funding to ensure liquidity is maintained.

Contractual maturity analysis of financial liabilities

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

	Carrying $000's	Contractual $000's	Less than 6 $000's	6 to 12 months $000's	More than a $000's
2024					
Creditors and other payables	47,961	47,961	47,960	0	0
Total	**47,961**	**47,961**	**47,960**	**0**	**0**
2023					
Creditors and other payables	30,905	30,905	30,272	0	633
Total	**30,905**	**30,905**	**30,272**	**0**	**633**

16. FINANCIAL INSTRUMENTS (CONT'D)

(e) Market Risk

Market risk applies to TRL's investment in shared ownership properties due to the changes in house prices impacting on the cash that TRL receives from whānau buying TRL's share out. As part of the approval process for the shared ownership programme, TRL requires that whānau participate in a pastoral care programme to become financially ready for home ownership. This pastoral care and financial monitoring continue throughout the term of the shared home ownership, which results in high compliance and reduces TRL and the whānau from being exposed to market risk. TRL manages this risk by forecasting whānau's ability to buyout TRL's share within 20 years before approving the whānau into the programme. Additional safeguards in place include TRL having the ability to purchase the whānau's share outright to use the property for public housing or other purposes. TRL can also work with the whanau and agree to sell the property on an open or closed market for an amount that is not less than the current market valuation.

Market risk on TRL's property, plant and equipment is limited due to the Crown using these properties for the provision of public housing for the foreseeable future. Rental income on public housing is generated from tenants and subsidised by Ministry of Housing and Urban Development, which reduces market risk.

17. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statement of comprehensive revenue and expense

Total comprehensive revenue and expense is $255m less than budgeted for FY24. The biggest component of the variance is revaluation freehold land and rental properties. TRL has two key revenue streams being 1) rental revenue from the state housing portfolio and 2) sales of shared ownership properties. The increase in rental revenue of $4.037m compared to budget reflects higher than budgeted number of rental properties. There were less sales of shared ownership properties in FY24 than budgeted which has resulted in a $6.5m unfavourable variance.

Depreciation is $10.4m higher than budget mainly due to houses depreciated to zero following an LTO and depreciation budget being set prior to consideration for property additions. Utilities and Insurance expense was $1.022m higher than budget due to higher than budgeted number of rental properties.

Kainga Ora Land costs amounting to $4m are missing tooth recharges from Kāinga Ora for the cost of the properties that TRL retains as per Umbrella Agreement. Costs paid to Kāinga Ora offsets the purchase price paid by Kāinga Ora in FY22.

Statement of financial position

Total current assets is higher than budget mainly due to the timing difference for payments made to Kāinga Ora, as a result of this there is a positive variance in cash and cash equivalents.

Property, plant and equipment (PPE) is lower than budget mainly due to the general downward valuation for land. Decreasing or flat house prices, along with increasing build costs, has put a squeeze on land values which have decreased at an even greater rate than average house prices.

Creditor and other payables were $32.107m higher than budget mainly due to service fees payable to Kāinga Ora which were outstanding at balance date.

There is a decrease in equity of $693k compared to budget, this is predominantly caused by the movements in revaluation reserve not being reflected in the budget as budget was set prior to the revaluation. There was also a smaller drawdown than budget.

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

Statement of cash flows

Net cash flows from operating activities is $12.3m higher than budget mainly due to rental income received being $4.3m higher than budget, $13.8m payment to suppliers less than budget due to timing difference, unbudgeted GST refund for FY22 GST change of use $4.2m cleared in FY24. This is offset with $10.1m less receipts from sales in shared ownership properties than budgeted.

Net cash flow from investing activities is $104.4m higher than budget mainly due to the development projects being in their early phase of the design and consent process. Many of the homes associated with the spend will be delivered in the subsequent financial years.

Net cash flows from financing activities are $85.35m lower than budget because actual preference share drawdown is $62m during the year versus $147m budgeted.

Building a better working world

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF TAMAKI REGENERATION LIMITED'S FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2024

The Auditor-General is the auditor of Tāmaki Regeneration Limited (the Company). The Auditor-General has appointed me, Emma Winsloe, using the staff and resources of Ernst & Young, to carry out the audit of the financial of the Company on his behalf.

Opinion

We have audited the financial statements of the Company on pages 51 to 76, that comprise the statement of financial position as at 30 June 2024, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information.

In our opinion the financial statements of the Company on pages 51 to 76:

- present fairly, in all material respects:
  - its financial position as at 30 June 2024; and
  - its financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards; and

Our audit was completed on 30 September 2024. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Board and our responsibilities relating to the financial statements, we comment on other information, and we explain our independence.

Basis for our opinion

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

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

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

Responsibilities of the Board for the financial statements

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

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

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

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

Responsibilities of the auditor for the audit of the financial statements

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board is responsible for the other information. The other information comprises the information included on pages 1 to 50 and 80 to 87 but does not include the financial statements and our auditor's reports thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon other than in relation to Tamaki Redevelopment Company Limited's financial statements and performance information on pages 29 to 45 and 7 to 19.

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

Independence

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

Other than the audit, we have no relationship with, or interests in, the Company.

Emma Winsloe

Emma Winsloe
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
Aggregated TRC Group and TRL Financial Statements
For the year ended 30 June 2024

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TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF RESPONSIBILITY
For the year ended 30 June 2024

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

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

Signed on behalf of the Board:

Director	Director
24 September 2024	24 September 2024

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the year ended 30 June 2024

	2024 Actual Unaudited $000's	2024 Budget Unaudited $000's	2023 Actual Unaudited $000's
Assets			
Current assets			
Cash and cash equivalents	80,104	47,396	45,530
Trade and other receivables	18,131	27,083	30,097
Inventories	103,900	110,930	100,561
Total current assets	**202,135**	**185,409**	**176,188**
Non-current assets			
Investment in shared ownership properties	7,508	11,006	4,832
Property, plant and equipment	2,511,912	3,196,687	2,741,380
Total non-current assets	**2,519,420**	**3,207,693**	**2,746,212**
Total assets	**2,721,555**	**3,393,102**	**2,922,400**
Liabilities			
Current liabilities			
Creditors and other payables	49,336	28,592	32,324
Annual leave liability	883	720	824
Total current liabilities	**50,219**	**29,312**	**33,148**
Non-current liabilities			
Deferred GST	1,263	0	793
Total non-current liabilities	**1,263**	**0**	**793**
Total liabilities	**51,482**	**29,312**	**33,941**
Net assets	**2,670,073**	**3,363,790**	**2,888,459**
Equity			
Ordinary shares - Crown	5,000	5,000	5,000
Ordinary shares - Auckland Council	3,500	3,500	3,500
Preference shares - Crown	1,976,425	2,057,475	1,930,996
Revaluation reserve	985,707	1,577,062	1,198,712
Accumulated (deficit)	(300,559)	(279,247)	(249,749)
Total equity	**2,670,073**	**3,363,790**	**2,888,459**

The accompanying note forms part of these financial statements.

For and on behalf of the Board who authorise the issue of the financial statements on 24 September 2024.

Director
24 September 2024

Director
24 September 2024

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE (UNAUDITED)
For the year ended 30 June 2024

	2024 Actual Unaudited $000's	2024 Budget Unaudited $000's	2023 Actual Unaudited $000's
Revenue			
Receipts from land disposals	0	0	0
Sales of shared ownership properties	13,167	19,658	8,899
Income-related rent subsidies	47,446	46,042	46,079
Rental income from tenants	24,380	21,747	22,264
Recoveries from property damage	69	0	42
Other income	540	1,000	489
Total revenue	**85,602**	**88,447**	**77,773**
Expenditure			
Personnel costs	14,155	14,542	13,724
Consultants and professional fees	4,034	3,889	4,440
Contractors and temporary staff	127	28	116
Directors fees	297	277	253
Legal expenses	110	90	98
Cost of land disposed	14,021	19,658	9,433
Kainga Ora Land Cost	4,056	0	0
Repairs and maintenance	35,339	35,423	35,172
Utilities and insurance	15,024	13,978	13,234
Other expenses	6,120	5,487	6,506
Total expenditure	**93,283**	**93,371**	**82,976**
EBITDAF*	**(7,681)**	**(4,924)**	**(5,203)**
Depreciation and amortisation expense	39,522	29,071	36,493
Loss on fair value on shared ownership properties	910	0	869
Loss on fair value on commercial properties	761	0	106
Loss on revaluation on land under development	12,019	0	0
Loss on revaluation on rental properties	175	0	5,560
Total fair value adjustments	13,865	0	6,535
Total depreciation, amortisation and fair	**53,387**	**29,071**	**43,028**
EBIT	**(61,068)**	**(33,995)**	**(48,231)**
Interest income	3,037	2,534	2,702
Net interest income	**3,037**	**2,534**	**2,702**
(Deficit) before tax	**(58,031)**	**(31,461)**	**(45,529)**
(Deficit) for the year	**(58,031)**	**(31,461)**	**(45,529)**
Other comprehensive revenue and expense			
Gain/(Loss) on revaluation of freehold land	(273,502)	0	(422,615)
Gain/(Loss) on revaluation of commercial properties	1,118	0	3,559
Gain/(Loss) on revaluation of rental properties	66,598	0	18,281
Total other comprehensive revenue and expense	**(205,786)**	**0**	**(400,775)**
Total comprehensive revenue and expense	**(263,817)**	**(31,461)**	**(446,304)**

The accompanying note forms part of these financial statements.

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

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CHANGES IN EQUITY (UNAUDITED)
For the year ended 30 June 2024

	Contributed Capital	Revaluation Reserve	Accumulated (deficit)	Total
	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's
Balance at 1 July 2023	**1,939,496**	**1,198,712**	**(249,747)**	**2,888,459**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(58,031)	**(58,031)**
Other comprehensive revenue and expense	0	(205,786)	0	**(205,786)**
Reversal of revaluation reserve on PPE derecognition	0	(7,219)	7,219	**0**
Total comprehensive revenue and expense	**0**	**(213,005)**	**(50,812)**	**(263,817)**
Owners' transactions				
Capital contribution	62,000	0	0	**62,000**
Adjustment on derecognition of inventory	(16,571)	0	0	**(16,571)**
Total contributions and distributions	**45,429**	**0**	**0**	**45,429**
Balance at 30 June 2024	**1,984,925**	**985,707**	**(300,559)**	**2,670,073**

	Budget Unaudited $000's	Budget Unaudited $000's	Budget Unaudited $000's	Budget Unaudited $000's
Balance at 1 July 2023	**1,918,975**	**1,577,062**	**(247,786)**	**3,248,251**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(31,461)	**(31,461)**
Other comprehensive revenue and expense	0	0	0	**0**
Transfer of revaluation reserve on PPE derecognition	0	0	0	**0**
Total comprehensive revenue and expense	**0**	**0**	**(31,461)**	**(31,461)**
Owners' transactions				
Capital contribution	147,000	0	0	**147,000**
Adjustment on derecognition of inventory	0	0	0	**0**
Total contributions and distributions	**147,000**	**0**	**0**	**147,000**
Balance at 30 June 2024	**2,065,975**	**1,577,062**	**(279,247)**	**3,363,790**

The accompanying note forms part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CHANGES IN EQUITY (UNAUDITED) (CONT'D)
For the year ended 30 June 2024

	Contributed Capital	Revaluation Reserve	Accumulated (deficit)	Total
	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's	Actual Unaudited $000's
Balance at 1 July 2022	**1,790,375**	**1,611,768**	**(216,502)**	**3,185,641**
Total comprehensive revenue and expense				
(Deficit) for the year	0	0	(45,529)	**(45,529)**
Other comprehensive revenue and expense	0	(400,775)	0	**(400,775)**
Reversal of revaluation reserve on PPE derecognition	0	(12,281)	12,281	**0**
Total comprehensive revenue and expense	**0**	**(413,056)**	**(33,248)**	**(446,303)**
Owners' transactions				
Capital contribution	128,600	0	0	**128,600**
Return of value to the Crown	20,521	0	0	**20,521**
Total contributions and distributions	**149,121**	**0**	**0**	**149,121**
Balance at 30 June 2023	**1,939,496**	**1,198,712**	**(249,749)**	**2,888,459**

The accompanying note forms part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP
STATEMENT OF CASH FLOWS (UNAUDITED)
For the year ended 30 June 2024

	2024 Actual Unaudited $000's	2024 Budget Unaudited $000's	2023 Actual Unaudited $000's
Cash flows from operating activities			
Receipts from land disposals	0	0	0
Sales of shared ownership properties	9,564	19,658	6,729
Rental income from tenants	24,712	21,761	21,494
Income-related rental subsidies	47,394	46,042	44,786
Other revenue received	375	1,000	256
Net interest received/(paid)	3,037	2,534	2,702
Dividend received	30	0	19
Payments to suppliers	(47,681)	(60,632)	(61,096)
Payments to employees	(14,005)	(14,543)	(14,224)
Goods and services tax (net)	4,879	0	(5,439)
Net cash flow from operating activities	**28,305**	**15,820**	**(4,773)**
Cash flow from investing activities			
Purchase of property, plant and equipment	(58,996)	(154,205)	(129,386)
Sales on PPE	3,247	0	0
Investment in shared ownership properties	18	(5,897)	58
Net cash flow from investing activities	**(55,731)**	**(160,102)**	**(129,328)**
Cash flow from financing activities			
Preference share offset	0	0	0
Preference share drawdown	62,000	147,000	128,600
Net cash flow from financing activities	**62,000**	**147,000**	**128,600**
Net (decrease)/increase in cash and cash equivalents	**34,574**	**2,718**	**(5,501)**
Cash and cash equivalents at the beginning of the year	45,530	44,678	51,031
Cash and cash equivalents at the end of the year	**80,104**	**47,396**	**45,530**

The accompanying note forms part of these financial statements.

1. STATEMENT OF ACCOUNTING POLICIES

Reporting entity

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

Basis of preparation

The financial statements of the TRC Legal Group are a non-GAAP aggregated set of financial statements. TRC Group consists of TRC Parent, THALP and THAGP. As TRC Parent controls THALP and THAGP it is required by NZ GAAP to consolidate THALP and THAGP into the TRC Group. The Directors of TRC Parent note that while TRC Parent holds 100% of the ordinary shares of TRL, the Crown holds 100% of the preference shares in TRL. The rights and obligations attached to the preference shares result in the Crown having control of TRL, meaning that it inconsistent with NZ GAAP to consolidate TRL into TRC Group. The Directors of TRC Parent wish to present a view of the financial position of TRC Legal Group and its results for the year ended 30 June 2024 in one set of financial statements. Such a presentation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 35 Consolidated Financial Statements to consolidate TRL into TRC Group.

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

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

Statement of compliance

The financial statements of TRC Legal Group have not been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). This is because NZ GAAP, specifically PBE IPSAS 35 Consolidated Financial Statements does not allow the consolidation of TRL into TRC Group, as the Crown rather than the TRC Parent controls TRL. All other PBE Accounting Standards have been complied with.

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

Functional and presentation currency

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

2. SIGNIFICANT ACCOUNTING POLICIES

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