Homes of Choice
Ngā Kāinga Awhi

2025 Annual Report
HOMES OF CHOICE

Contents

Corporate Information

Principal place of business

205 Great South Road
Greenlane
Auckland 1051
New Zealand
Phone: 64 9 634 3790

Directors

C Haycock
B Donnelly
T Eggleton
A Thorp

Bankers

BNZ
Auckland Branch
80 Queen Street
Auckland 1010
New Zealand

ASB Bank Limited
17 Ronwood Avenue
Manukau City 2104
New Zealand

Registered Office

205 Great South Road
Greenlane
Auckland 1051
New Zealand

Auditor

Grant Thornton New Zealand Audit Limited
152 Fanshawe Street
Auckland 1010
New Zealand

Directors

The names and details of Homes of Choice Directors in office during the financial period and until the date of this report are as follows (Directors were in office for this entire period unless otherwise stated):

Craig Haycock BAgrSc, PGDipBus (Fin), F FINSIA, CMInstD (Chair)

Craig joined the Homes of Choice Board in November 2021 and was appointed Chair in October 2022. Craig brings over 30 years' experience in leadership, property development, banking, property finance and funds management.

Brian Donnelly ONZM (Director)

Brian joined the Homes of Choice Board in November 2019 and has extensive knowledge and experience in commercial business practices, property asset management and development, with a particular focus on affordable housing.

He has been the Board Chair on several housing and property management boards, as well as holding board-level positions for ministerial advisory groups.

Brian was inducted into the New Zealand Order of Merit in 2023 for services to social housing.

Teresa (Terri) Eggleton BBS, CA, PGDipBusAdmin, GradDipEconDev, NZCert (Te Reo) (Director)

Terri joined the Homes of Choice Board in January 2022 and has held governance roles in education, philanthropy and impact investing. Terri also spent time in public practice as a Chartered Accountant, before moving into consultancy and governance roles.

Terri has formal qualifications in business studies, management, accounting and economic development, as well as experience in the philanthropic and small and medium enterprise sectors, and has a passion for promoting sustainable practices and driving impactful change through investment.

Alan Thorp BCom, BTheol, MTheol, CA (Director)

Alan joined the Homes of Choice Board in November 2022 and is currently Group Chief Executive Officer of Habitat for Humanity New Zealand, an NGO focused on housing both here in New Zealand and the Pacific. He is also a Board member of Habitat for Humanity Fiji.

Alan is a Chartered Accountant and holds two degrees in theology.

Homes of Choice

Statement of Service Performance

Homes of Choice is a registered charity and community housing provider which delivers great homes, enabling choice and affordability for disabled New Zealanders.

We work in partnership with the Crown, philanthropists and impact investors to provide a better life for disabled people and their whānau.

Homes of Choice is part of Spectrum Group, a charitable group of entities with a more than 30-year history, which includes Spectrum Foundation and Spectrum Care.

Our Vision

An Aotearoa in which all disabled people have equal opportunity to live good lives.

Our Purpose

To empower new possibilities by providing welcoming homes, tailored to people's needs.

Key highlights

How we've delivered on our strategic objectives of 'Housing more people', 'Housing people better' and 'Growing through funding and partnerships' over the past 12 months.

867	people served.	↑ from 722 in 2024
30	planned property upgrades completed.	↑ from 21 in 2024
10	affordable rental units – seven x four-bedroom and three x two-bedroom – developed and delivered through a partnership with the Ministry of Housing and Urban Development and impact investor Soul Capital in Howick and Manurewa in Auckland.	↑ from 2 in 2024
9	units of one-, two- and four-bedrooms now under development.	↓ from 14 in 2024
3	sites demolished and redeveloped.	↑ from 2 in 2024

All 123 Homes of Choice-owned homes are now Healthy Homes compliant.

Ongoing funding relationship secured with ASB.

Development partnerships established with Sentinel Homes, Mike Greer Commercial and Miles Construction.

Customer feedback[1]

86%	of the people we support think their house is comfortable and homely.	→ from 86% in 2024, 78% in 2023
88%	of whānau think their loved one's house is comfortable and homely.	↑ from 78% in 2024, 81% in 2023

Note 1: During the FY25 reporting period, we changed the way we measure customer satisfaction. Previously, we reported a survey conducted with a randomised selection of 16 residents (N=722), which changed each year. This created anomalous variations in the longitudinal data. As a result, we've changed to a customer satisfaction survey which encompasses all people supported in our residential settings. While this change impacts the comparability of this data with previous years, response rates are nearly 10 times the size of the previous survey and are significantly more reliable as an indicator of customer sentiment.

What the people we support told us

"I really like the house and the staff. They consistently offer me the support I need and I feel well taken care of here."

"I feel comfortable and safe living in [my home]."

"I really like the house and the staff."

"I am happy living here."

"I am satisfied living in this house because I am able to maintain my independence."

What whānau told us

"The home provides a safe, happy environment with excellent care. I'm confident that my loved one is well cared for here."

"The home itself is beautiful and I truly appreciate how well maintained and tidy the staff keep it. Their attention to detail makes it a warm and welcoming place."

Property portfolio 2025

123 Owned properties

↑ from 111 in 2024

87 Rented properties

→ from 87 in 2024

New additions 2025 +7
(Owned: 7, Rented: 0)

New additions 2024 +41
(Owned: 0, Rented: 41)

↓

Property portfolio by region

Region	2024	2025	
Auckland	102 34 1	113 36 1	↑
Bay of Plenty	2	1	↓
Northland	1 2	1 2	→
Waikato	5 6	5 6	→
Wellington	3 41 1	4 40 1	↑

Owned Rented Offices

Portfolio composition

Property type	2024	2025	
Owned	111	123	↑
Rental	87	87	→
Total	198	210	↑

Property use by region

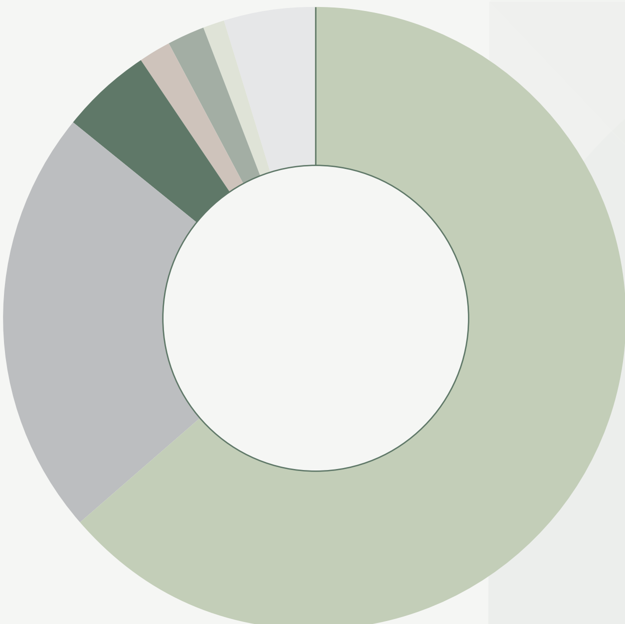
Northland – 3 properties
100% CRSS* (3)

Auckland – 150 properties
71% CRSS* (107)
13% Supported Independent Living (20)
5% Respite (7)
2% Aspirations facility (3)
1% Land for development (2)
1% Office (1)
7% Affordable Rental (10)

Waikato – 11 properties
100% CRSS* (11)

Bay of Plenty – 1 property
100% Respite (1)

Wellington – 45 properties
32% CRSS* (14)
60% Supported Independent Living (27)
4% Respite (2)
2% Aspirations (1)
2% Office (1)



- CRSS* – 135 [137 in 2024]
- Supported Independent Living – 47 [40 in 2024]
- Respite – 10 [10 in 2024]
- Aspirations – 4 [4 in 2024]
- Land for development – 2 [5 in 2024]
- Offices – 2 [2 in 2024]
- Affordable Rentals – 10 [0 in 2024]

Note: CRSS = Community Residential Support Services

Stories from 2025

Ciara's Story: A Place to Breathe

Ciara lives with autism, ADHD and fibromyalgia. Managing day-to-day life can be tough – especially on a student budget in Wellington. For years, she moved from place to place, stuck in housing that was expensive, noisy and all wrong for her health.

"My last place was basically the size of my living room now. The kitchen barely worked. I had a bar fridge. It was fine, but it was getting expensive – and it didn't feel like it could hold everything I needed."

Things came to a head just before another university year. Ciara was still studying – training to become a primary school teacher – and it was clear something had to give. That's when her support worker told her about Frederick Street.

"It was about needing something cheaper, needing more space and needing a little more support."

Moving to Frederick Street changed everything.

"It's off the main road, so there's no road noise. No more students partying outside my window when I'm trying to sleep. It's a small thing, but it makes a massive difference."

There were other details, too – not the kind you usually find in flat listings, but the kind that matter more than most.

"The whole area is flat – walking anywhere isn't a struggle, which is important for me because of my chronic pain. The bus stop's right outside Briscoes. I can get to class, or the supermarket, or town, without overthinking it."

It's the first time she's had a space that feels calm. That holds what she needs. That doesn't make everything feel harder.

She's still thinking ahead – about teaching and probably heading to Australia in a few years like many other new grads – but for now, having a home base that works makes all the difference.

"It feels like a real home. And that's something I didn't really have before."

Felicia's Story: Holding the Keys

Felicia sees it all.

As Homes of Choice Tenancy Manager at Frederick Street, also known as Te Ki a Alasdair, she's the one people go to when they've lost their key fob, need help logging a maintenance request, or just want someone to talk to.

"Some days I feel like a support person or a parent," she says with a smile. "And I don't mind that. I just want people to feel safe and supported where they live."

The building was developed by Kirva Trust and features 75 apartments, all with wet-floor bathrooms, including three that are fully wheelchair accessible.

Homes of Choice manages 27 of the apartments, while the rest are supported by Emerge Aotearoa, who walk alongside tenants from a range of backgrounds – including people with experience of mental health challenges, homelessness, or the justice system. Of the 75 homes, 23 were designed to better support disabled people and those with complex needs.

"We're all really different organisations, but we work together really well," Felicia says. "That collaboration makes a huge difference. Everyone respects each other's role and the tenants know they're backed, no matter who's on."

She's seen people grow in big and small ways. One young woman, living on a female-only floor Felicia introduced to help vulnerable tenants feel safer, has started walking to work and making close friends. Another tenant was so anxious about leaving home, he nearly missed his sign-up appointment. Now he's walking around the city, chatting with staff and building a life that feels his own.

"For a lot of people, this is their first time feeling safe at home," she says. "They have their own key. Their own space. Visitors meet them in the lobby. It's those small things that make it feel like home."

"Kirva Trust helped make this possible. It's not just about building homes. It's about backing people."

What gives her hope?

"More of this," she says. "More places to grow."

Pitt Avenue Manurewa

Pitt Avenue is an example of our ongoing collaboration with the Ministry of Housing and Urban Development, through its Affordable Housing Fund, and impact investor Soul Capital through their Te Pai ki te Rangi Fund.

Completed May 2025, this four x four-bedroom unit development features fully accessible ground-floor bedrooms, bathrooms and toilets. These are affordable rentals, in which tenants pay 80 per cent of market rent.

From Housing to Home: A Resident's Story

Before moving into Frederick Street, one of our accessible buildings in the heart of Wellington, this resident was living in a boarding house. She's deaf and the place she was in wasn't just hard to live in – it was hard to feel safe in. Shared bathrooms. Shared kitchens. Shared everything.

"I had to share the kitchen, laundry, bathroom – everything."

There was no privacy. No peace. No sense of home.

She found out about Frederick Street through a local seniors' programme. With the help of her support worker, she applied. They walked her through one of the apartments and, for the first time in a long time, she saw a future that looked good.

"I liked it straight away. It felt safe."

Her new apartment has features that make a real difference day-to-day. Flashing lights are connected to the fire alarm – one portable, one mounted on the wall – so she'll always know if something's wrong. The building is secure, too: entry is by keycard and the lift only takes you to your own floor.

"That makes a big difference. I know I'll be safe. I don't have to worry."

For the first time, she can have people over. Serve tea in her own kitchen. Sit in her own lounge.

"I love having my friends over for morning tea. It makes me feel really good."

But it was a quiet comment to her support worker that said it all.

"I'm so grateful. I love it here. This is my home."

Her support worker puts it perfectly:

"There's a big difference between housing and home. State housing is often cold, crowded or unsafe. Frederick Street is different. It's been thought through. It's built to last. It gives people back their dignity."

When someone has a place that meets their needs – where they feel safe, where they can welcome others – that's not just a house. That's home.

Oliver's Story: Living Life His Way

Oliver lives with partial trisomy 22 – a rare chromosomal condition that affects his learning and fine motor skills. He's been told he might be the only person in Aotearoa with it. That's not something he leads with, though. He's more likely to talk to you about sports, his whānau, or the mullet he proudly rocks.

In fact, Oliver doesn't even identify with the term "disability".

"I call it a diffability, because we can still do things. Just in different ways."

He first heard about Frederick Street when a parent at athletics training mentioned it to his mum. That led to a meeting and not long after, Oliver moved into his own place in the heart of the city.

"It makes it easy to catch up with friends, go out, do things. I like being able to walk everywhere."

He'd always felt supported living at home, but this move meant something different.

"It's giving me the independence to make a lot more of my own choices and decisions in my life."

When his friends and whānau came to visit for the first time, he was proud to show them around – the All Blacks memorabilia on the wall, the way the flat reflected who he is and what he cares about.

When asked what feeling at home means to him, Oliver put it simply:

"It makes me feel relaxed and happy and comfortable. I like having my own time, it's really relaxing. I'm quite a busy person, so it's good to have a place that's mine."

And when asked why housing like this matters, especially for people with disabilities, he didn't hesitate:

"It gives a safe and secure home for people who might be a bit different. And it shows we can live by ourselves. People probably think we can't. But we can."

There's a difference between what people assume and what's possible when someone has the right space around them. For Oliver, Frederick Street isn't just a place to live. It's a place that proves what he already knew – he can do this.

Disclosure of Judgements

Our Statements of Service Performance report our non-financial performance against each entity's Vision and Purpose. Each statement uses both indicators that measure our outputs (the services provided) and the narratives that illustrate the impact our activities, services and programmes have for the disabled community with whom we work. These outcomes are what enable us to achieve our Group Vision and deliver on each entity's Purpose.

These statements were developed in consultation with Spectrum Group's Executive Team and approved by the respective boards of Trustees and Directors for Spectrum Foundation, Spectrum Care and Homes of Choice.

Financial Statements

Statement of Comprehensive Revenue and Expenses

For the year ended 30 June 2025

	Notes	2025 $000	2024 $000
Rental income		6,231	5,277
Service revenue		2,201	2,353
Gain on sale on disposal of assets		131	-
Interest revenue		3,208	536
Other revenue		505	471
Revenue		12,276	8,637
Cost of services provided	11	(4,968)	(5,315)
Operating surplus		7,308	3,322
Write-down of assets	6	(2,073)	-
Depreciation	6	(131)	(101)
Administrative expenses	12	(1,639)	(970)
Capital charge	14	(1,500)	(1,500)
Finance expenses		(313)	(5)
Total expenses		(5,655)	(2,576)
Surplus for the year		1,653	745
Other comprehensive revenue and expenses			
Gain on revaluation of land	6	1,695	-
Total comprehensive revenue and expenses for the year		3,348	745
Attributable to the owners of the controlling entity		3,348	745

The above Statement of Comprehensive Revenue and Expenses should be read in conjuction with the accompanying notes.

Statement of Changes in Net Assets

For the year ended 30 June 2025

	Share Capital $000	Asset Revaluation Reserve $000	Accumulated Surplus (RE) $000	Total Equity $000
Balance as at 1 July 2024	60,000	18,906	2,206	81,112
Surplus for the year	-	-	1,653	1,653
Other comprehensive income	-	1,695	-	1,695
Total comprehensive income for the year	-	1,695	1,653	3,348
Derecognition of property revaluation on disposal	-	(398)	-	(398)
Derecognition of property revaluation on sale	-	(46)	46	-
Balance as at 30 June 2025	60,000	20,157	3,905	84,061
Balance as at 1 July 2023	60,000	18,906	1,460	80,366
Surplus for the year	-	-	745	745
Other comprehensive income	-	-	-	-
Total comprehensive income for the year	-	-	745	745
Derecognition of property revaluation on disposal	-	-	-	-
Derecognition of property revaluation on sale	-	-	-	-
Balance as at 30 June 2024	60,000	18,906	2,206	81,112

The above Statement of Changes in Net Assets should be read in conjuction with the accompanying notes.

Statement of Financial Position

As at 30 June 2025

	Notes	2025 $000	2024 $000
ASSETS			
Current assets			
Cash and cash equivalents		2,680	494
Receivables for exchange transactions	5	722	1,172
GST receivable		79	35
Other assets		140	118
Total current assets		3,622	1,819
Non-current assets			
Property, plant & equipment	6	90,561	83,171
Total non-current assets		90,561	83,171
Total assets		94,183	84,990
LIABILITIES			
Current liabilities			
Trade and other payables	7	851	408
PAYE payable		11	21
Employee benefits	8	121	106
Provisions		24	(0)
Current loans and borrowings	16	2,861	13
Total current liabilities		3,869	549
Non-current liabilities			
Other liabilities	17	3,166	734
Non-current loans and borrowings	16	3,087	2,595
Total non-current liabilities		6,252	3,329
Total liabilities		10,122	3,878
NET ASSETS		84,061	81,112
EQUITY			
Share capital	9	60,000	60,000
Revaluation reserve		20,157	18,906
Accumulated surplus		3,905	2,206
TOTAL EQUITY		84,061	81,112

For and on behalf of the Board, who authorised the issue of these financial statements on the 19 September 2025.

Craig Haycock
Board Chair

Teresa Eggleton
Chair, Finance and Audit Committee

The above Statement of Financial Position should be read in conjuction with the accompanying notes.

Cash Flow Statement

For the year ended 30 June 2025

	Notes	2025 $000	2024 $000
Cash flows from operating activities			
Receipts from rental and other services (inclusive of GST)		12,705	8,139
Payments to suppliers and employees (inclusive of GST)		(11,158)	(8,010)
Interest (paid)/received		(125)	1
Net cash flows from/(used in) operating activities	10	1,422	130
Cash flows from investing activities			
Sale of property, plant and equipment		2,288	-
Purchase of property, plant and equipment and intangible assets		(10,747)	(4,893)
Investment in term deposits		-	-
Net cash flows from/(used in) investing activities		(8,459)	(4,893)
Cash flows from financing activities			
Cash receipts to/from parent company		-	800
Cash receipts from Ministry of Housing & Urban Development grants		5,884	859
Cash receipts from development loan		3,340	2,608
Net cash flows from/(used in) financing activities		9,224	4,267
Net increase/(decrease) in cash during the year		2,186	(496)
Cash balances at beginning of year		494	990
Cash balances at end of year		2,680	494

The above Cash Flow Statement should be read in conjunction with the accompanying notes.

Notes to the Financial Statements

for the year ended 30 June 2025

1. General information

The reporting entity is Homes of Choice Limited ('Homes of Choice' or 'the Company'). It is a public benefit entity domiciled in New Zealand and is a wholly owned subsidiary of The Spectrum Foundation ('Spectrum Foundation' or 'the Foundation').

Homes of Choice is a limited liability company and registered charity. Its purpose is 'to empower new possibilities by providing welcoming homes, tailored to people's needs'. Though registered on 10 April 2014, Homes of Choice commenced its operations on 1 April 2015 following an asset transfer and share capital issue from Spectrum Foundation.

Its role as a landlord, tenancy manager and property developer is to connect disabled people to their communities through tailored housing solutions that help build vibrant, diverse neighbourhoods. Homes of Choice delivers on these aims in the long-term through a growing portfolio and strong commercial focus, transparent reporting and the highest standards in compliance and audit processes.

The parent entity, Spectrum Foundation, was registered as an incorporated society in 1994 and under the Charities Act 2005 in 2007. It is an independent philanthropic charitable trust and parent body to its two wholly owned subsidiaries – disability support provider Spectrum Care and community housing provider Homes of Choice.

These financial statements are for the year ended 30 June 2025. Comparative information presented is for the year ending 30 June 2024.

These financial statements were authorised for issue by the Board of Directors on 19 September 2025.

2. Summary of significant accounting policies

A) Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP) and the Financial Reporting Act 2013. They comply with Public Benefit Entity International Public Sector Accounting Standards ("PBE IPSAS") and other applicable financial reporting standards as appropriate that have been authorised for use by the External Reporting Board for not-for-profit entities. For the purposes of complying with NZ GAAP, Homes of Choice is a public benefit not-for-profit entity and is eligible to apply Tier 2 Not-For-Profit PBE IPSAS on the basis that it does not have public accountability.

The Board has elected to report in accordance with Tier 2 Not-For-Profit PBE Accounting Standards and in doing so has taken advantage of all applicable Reduced Disclosure Regime ("RDR") disclosure concessions except for the requirements set out on PBE IPSAS 30 Financial Instruments: Disclosures.

B) Basis of preparation

The financial statements have been prepared on a historical cost basis, except for land and buildings which have been measured at fair value. Whilst preparing these financial statements, management have also made an assessment of the entity's ability to continue as a going concern.

C) Functional and presentational currency

The financial statements are presented in New Zealand dollars which is the Company's functional currency. All values are rounded to the nearest thousand dollars ($000) unless otherwise stated.

D) New standards

There were no new standards implemented this year.

E) Cash and cash equivalents

Cash and cash equivalents in the Statement of Financial Position comprise cash at bank and in hand, and short-term deposits with an original maturity of three months or less that are readily convertible to known amounts of cash.

These are subject to an insignificant risk of changes in value. For the purposes of the Cash Flow Statement, cash and cash equivalents consist of cash and cash equivalents as defined above.

F) Investments

Investments comprise term deposits which have a term of greater than three months and therefore do not fall into the category of cash and cash equivalents. Investments are held with registered trading banks and are classified as current assets if they have maturities of less than one year from the reporting date. As at balance date, there were no term deposits with a maturity greater than 12 months. After initial recognition, investments are measured at amortised cost using the effective interest method less impairment.

G) Property, plant and equipment

Plant and equipment is measured at historical cost less accumulated depreciation and any accumulated impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the asset. Where an asset is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

Land and buildings are carried at revalued amounts which are the fair values at the date of the revaluation. The fair value of land and buildings is estimated using the revaluation process on a two yearly basis with the last revaluation performed in March 2025. Land and buildings are generally not depreciated as the residual value of property is expected to be higher than the current carrying value. Building improvements are depreciated.

Fair value is determined with reference to market-based evidence which is the amount for which the assets could be exchanged between a willing buyer and a knowledgeable willing seller in an arms length transaction at the valuation date.

Any revaluation gain or loss is recognised in Other Comprehensive Revenue and Expenses and assigned to the asset revaluation reserve. When there is a revaluation loss, this is only done to the extent of the revaluation reserve balance accumulated from previous year gains.

When no revaluation reserve balance is available to offset a revaluation loss, the revaluation deficit is reported as a write-down of assets in the Statement of Comprehensive Revenue and Expenses for the reporting period.

Revaluation surplus and deficit are offset for assets within the same class of asset. Upon disposal, any revaluation reserve relating to the particular asset being sold is reclassified to retained earnings.

Depreciation is calculated on a straight-line basis over the estimated useful life of the specific assets as follows:

- Land – zero-rated
- Buildings – depreciation is zero-rated as the future residual value of property is not expected to be less than carrying value
- Building improvements – costs are presented together with the revalued buildings and are depreciated at three to ten years
- Plant and equipment – three to four years
- Motor vehicles – five years.

Depreciation is charged at rates calculated to allocate the cost of the asset less any estimated residual value. The assets' residual values, useful lives and depreciation methods, are reviewed and adjusted if appropriate at each reporting date, and are adjusted if there is a change in the expected pattern of consumption of the future economic benefits or service potential embodied in the asset.

Derecognition

An item of property, plant and equipment is derecognised upon disposal or when no further future economic benefits are expected from its use or disposal.

H) Leases

The determination of whether an arrangement is, or contains a lease, is based on the substance of the arrangement and requires an assessment of whether the fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset.

Operating lease payments are recognised as an expense in the Statement of Comprehensive Revenue and Expenses on a straight-line basis over the lease term. Operating lease incentives are recognised as a liability when received and subsequently reduced by allocating lease payments between rental expense and reduction of the liability.

Homes of Choice earns rental income from its property portfolio that it directly leases to Spectrum Foundation and Spectrum Care Limited at the market rate. Rental income is recognised on a straight-line basis over the term of the lease.

I) Impairment

Assets are checked for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Homes of Choice revalues its properties every two years to fair value and monitors its plant and equipment for indications of impairment. If any indication of impairment exists, an estimate of the asset's recoverable amount is calculated. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

J) Trade and other payables

Trade and other payables are carried at amortised cost, however, due to their short-term nature they are not discounted. They represent liabilities for goods and services provided to Homes of Choice prior to the end of the financial year that are unpaid and arise when Homes of Choice becomes obliged to make future payments in respect of the purchase of these goods and services. The amounts are unsecured and are usually paid within 30 days of recognition.

K) Employee entitlements

Liabilities for wages and salaries, including non-monetary benefits and annual leave expected to be settled within 12 months of the reporting date, are recognised in respect of employees' services up to the reporting date. They are measured at the amounts expected to be paid when the liabilities are settled. Expenses for non-accumulating sick leave are recognised when the leave is taken and are measured at the rates paid or payable.

L) Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised:

Rental revenue

Rental revenue arising from rental of premises is accounted for on a straight-line basis over the lease term. During the 2025 financial year, Homes of Choice received income-related rent subsidies from the Ministry of Housing and Urban Development of $403,475 (FY2024: $262,971). In addition, Homes of Choice received $365,023 (FY2024: $102,998) of operating supplement funding subsidies from the Ministry of Housing and Urban Development.

Interest revenue

Interest revenue is recognised as it accrues, using the effective interest method. During the 2025 financial year, Homes of Choice recognised $3,189,426 (FY2024: $508,821) as interest received relating to the discounting and effective interest from a Ministry of Housing and Urban Development grant received for property development. To calculate this, an interest rate of seven per cent was used.

Service revenue

Service revenue is recognised in the period when the company provides the services. These services include property management, repairs and maintenance recharges and service level agreement charges.

M) Goods and services tax (GST)

Revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of goods and services is not recoverable from the taxation authority, in which case the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables which are stated with the amount of GST included.

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.

Cash flows are included in the Cash Flow Statement on a gross basis and the GST component of cash flows arising from investing and financing activities which is recoverable from, or payable to, the IRD is classified as part of operating cash flows.

Commitments and contingencies are disclosed net of the amount of GST recoverable from, or payable to, the IRD.

N) Financial instruments

Classification and subsequent measurement

Financial assets and financial liabilities are recognised when Homes of Choice becomes party to the contractual provisions of the financial instrument.

Financial assets are derecognised when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognised when it is extinguished, discharged, cancelled or expires.

Financial assets

Financial assets are classified using the following categories which also determines their subsequent measurement:

» financial assets at amortised cost;
» fair value through other comprehensive revenue and expense (FVTOCRE); or
» fair value through surplus or deficit (FVTSD).

Financial assets are classified to the above categories on the basis of both the:

» entity's management model for financial assets; and
» contractual cash flow characteristics of the financial asset.

Financial assets shall be measured at amortised cost if both the following conditions are met and is not designated as FVTSD:

» the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flow; and
» the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in surplus or deficit. Any gain or loss on derecognition is recognised in surplus or deficit. The Company’s cash and cash equivalents, short-term investments and receivables are classified and measured at amortised cost.

The Company does not have any financial assets at FVTOCRE or FVTSD.

Financial assets are not reclassified subsequent to their initial recognition unless the Group changes its management model for managing financial assets, in which case all affected financial assets are reclassified on the first day of the first reporting period following the change in the management model.

Except for short-term receivables and payables, at initial recognition, an entity shall measure a financial asset or financial liability at its fair value, plus or minus. In the case of a financial asset or financial liability not at FVTSD, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

Financial liabilities

Financial liabilities are subsequently measured either at amortised cost or at FVTSD. A financial liability is classified as at FVTSD if it is classified as held-for-trading, it is a derivative or it is designated as such on initial recognition. Financial liabilities at FVTSD are measured at fair value and net gains and losses, including any interest expense, and are recognised in surplus or deficit. Other financial liabilities are subsequently measured at amortised cost using the effective interest method. Interest expense and foreign exchange gains and losses are recognised in surplus or deficit. Any gain or loss on derecognition is also recognised in surplus of deficit.

All financial liabilities of the Company are classified and measured at amortised cost.

Impairment
The Company measures loss allowances at an amount equal to lifetime expected credit loss (ECL). Loss allowances for trade receivables are always measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and including forward-looking information.

O) Income tax
Homes of Choice is a registered charity and is exempt from income tax.

P) Operating expenses
Operating expenses are recognised in the Statement of Comprehensive Revenue and Expenses upon utilisation of the service or at the date of their origin.

Q) Cash Flow Statement
The Cash Flow Statement has been prepared using the direct approach. Cash and cash equivalents are short term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

Operating activities included are the principal revenue-producing activities of Homes of Choice and other activities that are not investing or financing activities.

Investing activities are the acquisition and disposal of long-term assets and other investments not included in cash equivalents.

Financing activities are activities that result in changes in the size and composition of the equity and borrowings of Homes of Choice.

R) Provisions, contingent liabilities and contingent assets
Provisions are recognised when present obligations, as a result of a past event, will probably lead to an outflow of economic resources from the Company and amounts can be estimated reliably. The timing or amount of the outflow may still be uncertain. A present obligation arises from the presence of a legal or constructive commitment that has resulted from past events.

Provisions are measured at the estimated expenditure required to settle the present obligation based on the most reliable evidence available at the reporting date, including the risks and uncertainties associated with the present obligation. Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. Provisions are discounted to their present values where the time value of money is material.

Any reimbursement that Homes of Choice can be virtually certain to collect from a third party with respect to the obligation is recognised as a separate asset. However, this asset may not exceed the amount of the related provision.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised.

All provisions are reviewed at each reporting date and adjusted to reflect the current best estimate.

In those cases where the possible outflow of economic resources as a result of present obligations is considered improbable or remote, no liability is recognised. Possible inflows of economic benefits to the Company that do not yet meet the recognition criteria of an asset are considered contingent assets.

S) Equity

Accumulated surplus include all current and prior period retained surplus/ (deficit).

Gains and losses due to the revaluation of property, plant and equipment are accounted for in the revaluation reserve account within equity.

3. Financial risk management objectives and policies

Homes of Choice's principal financial instruments comprise receivables, payables, cash and short-term deposits and interest bearing borrowings.

Primary responsibility for identification and control of financial risks rests with the Chief Executive under the authority of the Board. The Board reviews and agrees policies for managing each of the risks identified below, including interest rate risk and future cash flow forecast projections.

The carrying amounts of financial instruments presented in the Statement of Financial Position relate to the following categories of assets and liabilities:

Homes of Choice 2025	Weighted Average Effective Interest Rate %	0-6 Months $000	7-12 Months $000	1-2 Years $000	3-5 Years $000	5+ Years $000	Total Carrying Amount $000
Financial assets (loans and receivables at amortised cost)							
Cash and cash equivalents	0.00	2,680	-	-	-	-	2,680
Trade and other receivables	0.00	722	-	-	-	-	722
		3,402	-	-	-	-	3,402
Financial liabilities (at amortised cost)							
Soul Capital loan	7.00	-	2,797	-	-	-	2,797
ASB loan	5.00	32	32	64	192	2,818	3,138
Trade and other payables	0.00	851	-	-	-	-	851
		883	2,829	64	192	2,818	6,786

Homes of Choice 2024	Weighted Average Effective Interest Rate %	0-6 Months $000	7-12 Months $000	1-2 Years $000	3-5 Years $000	5+ Years $000	Total Carrying Amount $000
Financial assets (loans and receivables at amortised cost)							
Cash and cash equivalents	2.75	494	-	-	-	-	494
Trade and other receivables	0.00	1,172	-	-	-	-	1,172
		1,666	-	-	-	-	1,666
Financial liabilities (at amortised cost)							
Soul Capital loan	6.86	24	35	73	249	2,227	2,608
Trade and other payables	0.00	408	-	-	-	-	408
		432	35	73	249	2,227	3,016

Interest rate risk

Interest rate risk is not material as Homes of Choice's cash and cash equivalents, as well as the investments and loans, are all held at market rates. Reasonable changes in interest rates do not result in material exposure to interest income or expense.

Credit risk

Credit risk arises from the financial assets of Homes of Choice which comprise cash and cash equivalents, short term investments and trade and other receivables. Homes of Choice's exposure to credit risk arises from potential default of the counter party with a maximum exposure equal to the carrying amount of these instruments. Exposure at the reporting date is addressed in each applicable note. Homes of Choice trades only with New Zealand registered banks that have a Standard and Poor rating of A or better, as published by the Reserve Bank of New Zealand, and as such collateral is not requested.

In addition, receivable balances are monitored on an on-going basis with the result that Homes of Choice exposure to bad debts is not significant. Management considers that all financial assets that are not impaired or past due for each of the reporting dates under review are of good credit quality. The majority of the receivables are from a related party or parties who is in good financial condition.

Maximum credit risk	2025 $000	2024 $000
Financial assets and other credit expenses		
Cash and cash equivalents	2,680	494
Trade and other receivables		
Not more than three months	722	1,172
More than three months but not more than six months	-	-

Concentration risk

There is a significant concentration of credit risk with respect to receivables of which the majority is owed by the Homes of Choice related party company, Spectrum Care Limited. Receivables from Spectrum Care Limited as at 30 June 2025 are $708,078.51 (2024: $724,534.38).

Another significant concentration of credit risk is Homes of Choice's bank balances and short term deposits with its principal operating bank, BNZ. Some diversity in credit risk was achieved during the period by holding a short term investment with another bank, ASB. Homes of Choice has chosen to do this by utilising the existing relationship Spectrum Foundation has with the ASB, with the Foundation holding term deposits on behalf of Homes of Choice with funds and interest returned upon maturity. These are transacted via the intercompany accounts.

Liquidity risk

Homes of Choice's objectives are to maintain a balance between continuity of operations from internal cash reserves and rental earned from Spectrum Care Limited and Spectrum Foundation. The actual cash flows will include interest based on the contractual interest rates applicable to each financial asset/liability. The interest earned is compounded to the principal upon maturity for renewal. The interest expenses are recognised in the surplus or deficit. Liquidity risk values are consistent with carry amount noted in the table above.

Basis for determining fair values

The fair value of instruments are expected to be the same as their carrying values.

Cash and cash equivalents/trade and other receivables
Due to their relatively short term nature, the carrying amounts of these items are considered a reasonable approximation of fair value.

Trade and other payables
Due to their relatively short term nature, the carrying amounts of these items are considered a reasonable approximation of fair value.

4. Significant accounting judgements, estimates and assumptions

The preparation of the financial statements requires Management and the Board of Directors to make judgements, estimates and assumptions that affect the reported amounts in the financial statements. Management regularly evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements and estimates on historical experience and on other factors it believes to be reasonable under the circumstances, the result of which form the basis of the carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions and conditions.

Management has identified the following critical accounting policies for which significant judgements, estimates and assumptions are made. Further details of the nature of these assumptions and conditions may be found in the relevant notes to the financial statements.

Significant accounting judgements

Estimation of useful lives of assets
The estimate of the useful lives of assets has been based on historical experience. In addition, the retention of the assets is regularly assessed against the remaining useful life, cost of on-going maintenance and replacement. Adjustments to useful lives are made when considered necessary.

Fair value of land and buildings
The land and buildings are measured at fair value for financial reporting purposes. In March 2025, the company engaged with third-party qualified valuers to perform the valuation. The fair value of the assets were determined using the market approach, which uses market-observable data for similar properties adjusted to recognise specific circumstances surrounding the properties, ie, date of sale, size, location, quality, condition and marketability, among other factors, which requires judgement and estimates. Further information on the valuation of land and buildings are disclosed in Note 6. It is the judgement of the Directors that the revaluation of property is performed every two years to ensure carrying values of property do not differ materially from a fair value undertaken at reporting date.

5. Receivables from exchange transactions

	Notes	2025 $000	2024 $000
Intercompany receivable	14	712	728
Other receivable		10	444
		722	1,172

Allowance for impairment loss
Receivables from exchange transactions balance, does not contain impaired assets.

6. Property, plant and equipment

Homes of Choice 2025	Freehold Land $000	Freehold Buildings $000	Plant and Equipment $000	Motor Vehicles $000	Intangibles $000	Total $000
At 1 July 2024 net of accumulated depreciation	54,587	28,272	270	43	(0)	83,171
Additions	394	9,902	120	-	-	10,416
Disposals	(1,413)	(1,096)	(30)	-	-	(2,539)
Revaluations*	1,695	(2,073)	-	-	-	(378)
Depreciation on disposal	-	-	22	-	-	22
Depreciation charge for the year	-	-	(119)	(12)	-	(131)
At 30 June 2025 net of accumulated depreciation	55,263	35,004	263	31	(0)	90,561
At 30 June 2025						
Cost or fair value	55,263	35,004	897	59	-	91,222
Held for sale	-	-	-	-	-	-
Accumulated depreciation	-	-	(634)	(27)	(0)	(661)
Net carrying amount after revaluation	55,263	35,004	263	31	(0)	90,561

Homes of Choice 2024	Freehold Land $000	Freehold Buildings $000	Plant and Equipment $000	Motor Vehicles $000	Intangibles $000	Total $000
At 1 July 2023 net of accumulated depreciation	54,587	23,600	161	23	8	78,379
Additions	-	4,672	193	30	3	4,898
Disposals	-	-	(16)	-	(23)	(39)
Revaluations*	-	-	-	-	-	-
Depreciation on disposal	-	-	16	-	18	34
Depreciation charge for the year	-	-	(84)	(10)	(7)	(101)
At 30 June 2024 net of accumulated depreciation	54,587	28,272	270	43	-	83,171
At 30 June 2024						
Cost or fair value	54,587	28,272	806	59	-	83,723
Accumulated depreciation	-	-	(537)	(16)	(0)	(552)
Net carrying amount after revaluation	54,587	28,272	270	43	(0)	83,171

*The Company engaged Long Valuation and Consultancy (an accredited independent valuer) to determine the fair value of all freehold land and building. The revaluation was performed in March 2025 and is the most recent revaluation of the land and buildings. Although the valuation was made three months prior to balance date, the Directors believe the fair values at 30 June 2025 remain approriate for the purposes of this report and its intended recipients.

As at 30 June 2025, freehold buildings in the course of construction total $4,335,097 (2024: $1,056,411). No other asset classes have assets in the course of construction.

7. Trade and other payables

	2025 $000	2024 $000
Trade payables	507	124
Intercompany payables	284	168
Other payables	61	117
	851	408

8. Employee entitlements

	2025 $000	2024 $000
ACC levy	0	1
Accrued salaries and wages	64	52
Annual leave	54	49
Other	3	5
	121	106

9. Equity

Capital management

Homes of Choice's capital is made up of Share Capital and its Retained Earnings. When managing capital, the Board and Management's objective is to ensure the entity continues as a going concern as well as to maintain optimal benefits for its stakeholders. The Board and Management monitor capital through the gearing ratio (total liability/equity) and working capital ratio. There are no externally imposed financial covenants or other such requirements.

Homes of Choice's policies in respect of capital management and allocation are reviewed regularly by the Board of Directors.

Homes of Choice uses annual cash flow to fund its activities and achieve its annual objectives. Any surplus cash flow may be carried over to the next year to facilitate future activities.

	2025	2024
Beginning of the year	15,000,100	15,000,100
Total shares authorised at 30 June 2025	15,000,100	15,000,100

10. Statement of cash flows reconciliation

	2025 $000	2024 $000
Reconciliation of net surplus to net cash flows from operations		
Surplus for the period	3,348	745
Adjustments for:		
Depreciation	131	101
Loss on disposal of assets and revaluation of buildings	2,235	-
Gain on revaluation of land	(1,695)	-
Interest relating to Ministry of Housing and Urban Development grant	(3,398)	(509)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	407	(559)
(Decrease)/increase in trade and other payables	394	351
Net cash from operating activities	1,422	130

11. Cost of service provided

	2025 $000	2024 $000
Occupancy expenses	4,263	4,574
Staff expenses	705	741
	4,968	5,315

12. Administration expenses

	2025 $000	2024 $000
Management services - Service Level Agreement	374	376
Consultant	103	63
Recruitment	10	11
Marketing expense	12	2
Software expenses	3	30
Vehicle	22	35
Insurance	251	214
Cloud software project costs	428	26
Trustee Cost	90	89
Loss on disposal of fixed assets	162	0
Other expenses	184	124
	1,639	970

13. Operating leases

Homes of Choice leases its residential properties to Spectrum Care. The agreed rental income as at 30 June 2025 is $325,112 (2024: $291,458) per month. Homes of Choice also has agreements to lease 36 (2024: 38) residential properties from external parties; 26 (2024: 17) of these leases do not have a fixed maturity date and are on a periodic basis on a one month notice for termination. The total amount the Company expects to pay each year for these periodic leases is $906,031 (2024: $526,192). The future minimum lease amounts include the rental expense expected to be paid for the 26 properties on periodic lease as the Company expects to be leasing the properties on a continuing basis at least for the next 12 months after balance date. The remaining 21 leases (2023: 10) are for fixed terms expiring between 13 October 2025 and 4 December 2026.

Future minimum lease expense is shown below:

	2025 $000	2024 $000
Less than one year	1,179	1,051
Between one and two years	17	110
Between two and five years	-	15
More than five years	-	-
Total minimum lease payments	1,196	1,176

14. Related party transactions

Homes of Choice is a wholly owned entity of Spectrum Foundation. At 30 June 2025, the remaining payable from Homes of Choice to Spectrum Foundation amounts to $208,851 (2024: $167,433). The remaining receivable from the Foundation to Homes of Choice amounts to $3,770 (2024: $3,431).

Spectrum Care is also a wholly owned entity of Spectrum Foundation. At 30 June 2025, the remaining payable to Spectrum Care from Homes of Choice amounts to $3,452 (2024: $144). The remaining receivable from Spectrum Care to Homes of Choice amounts to $708,079 (2024: $724,534).

Spectrum Care is Homes of Choice's major source of revenue. Total rental revenue for properties that are owned by Homes of Choice is $3,924,860 (2024: $3,630,507). In addition, total rental revenue for properties that are owned by third parties, which are leased by Homes of Choice and oncharged to Spectrum Care, is $1,485,538 (2024: $1,254,367). The total payable in relation to the above rental arrangements at 30 June 2025 amounted to $451,705 (2024: $411,335).

A Service Level Agreement exists between Spectrum Foundation and Homes of Choice for administrative services provided by the Foundation to Homes of Choice for which a monthly fee of $31,130 (2024: $31,365) was agreed. Total expense during the period in relation to this agreement is $373,563 (2024: $376,379). There is an outstanding amount payable in relation to this at year end of $31,130 (2024: $31,365) as it is paid a month in arrears.

A Service Level Agreement exists between Spectrum Care and Homes of Choice for property management services provided by Homes of Choice to Spectrum Care for which a monthly fee of $40,026 (2024: $37,207) was agreed. Total revenue during the period in relation to this agreement is $480,312 (2024: $446,490). There is an outstanding receiveable in relation to this at year end of $40,026 (2024: $37,207) as it is paid a month in arrears. In addition, Spectrum Care was invoiced $328,221 (2024: $275,221) from Homes of Choice for external property management fees. There is an outstanding receiveable in relation to this at year end of $28,376 (2024: $24,524) as it is paid a month in arrears.

A Service Level Agreement exists between Spectrum Foundation and Homes of Choice for property management services provided by Homes of Choice to Spectrum Foundation for which a monthly fee of $2,067 (2024: $2,067) was agreed. The total expense during the period in relation to this agreement is $24,809 (2024: $24,809). There is an outstanding amount payable in relation to these at year end of $2,067 (2024: $3,431) as they are paid a month in arrears.

During the year, Homes of Choice managed repairs for Spectrum Care for the sum of $1,604,714 (2024: $1,916,564) and Spectrum Foundation for the sum of $30,894 (2024: $5,554).

A monthly capital charge of $125,000 (2024: $125,000) was charged to Homes of Choice by Spectrum Foundation for the use of the $60,000,000 capital provided. Total expense and corresponding revenue during the period in relation to this agreement was $1,500,000 (2024: $1,500,000). The capital charge rate is determined by Spectrum Foundation and for the year of 30 June 2025 was 2.5 per cent (2024: 2.5 per cent).

Homes of Choice and Spectrum Foundation have one Director/Trustee in common on their Board of Trustees (2024: One). Homes of Choice and Spectrum Care have one Director in common on their Board of Directors (2024: One).

Compensation to Key Management Personnel in the form of short term employee benefits totalled $307,897 (2024: $303,878). Key Management Personnel is comprised of four Directors (2024: Four) and one General Manager (2024: One).

15. Events after the reporting period

There were no events subsequent to the reporting period that would materially affect the financial statements (2024: Nil).

16. Borrowing costs

Homes of Choice entered into a funding facility with Soul Capital during the 2024 financial year. This funding facility was specifically for the development of properties at Bukem Place, Favona and Buckland Road, Mangere. During the construction phase of the developments, the borrowing costs associated with this facility were capitalised as part of the cost of the developments. During the 2025 financial year, the capitalised borrowing costs totalled $5,933 (2024: $80,731). On 5 May 2025, this facility was refinanced with ASB Bank.

Homes of Choice entered into an additonal funding facility with Soul Capital during the 2025 financial year. This funding facility was specifically for the development of properties at Angelo Avenue, Adriatic Avenue, Buller Crescent and Pitt Avenue. During the construction of the developments, the borrowing costs associated with this facility was capitalised as part of the cost of the developments. During the 2025 financial year the capitalised borrowing costs totalled $45,454.

As at 30 June 2025, the ASB loan related to the Bukem Place and Buckland Road developments totalled $3,150,770 (2024: $2,608,049) and has an interest rate of five per cent (2024: 6.89%).

As at 30 June 2025, the Soul Capital loan related to the Angelo Avenue, Adriatic Avenue, Buller Crescent and Pitt Avenue developments totalled $2,797,287 and has an interest rate of seven per cent. It is expected that this loan will be refinanced upon completion of the developments in the 2026 financial year.

17. Grants Received in Advance

During the 2024 financial year, Homes of Choice entered into a grant funding agreement with the Ministry of Housing and Urban Development. In exchange for the grant, Homes of Choice is to construct a series of rental homes which are then let under the Residential Tenancies Act at an agreed 80 per cent of market rental rates for a minimum of 25 years.

Within the 2025 financial year, Homes of Choice received $5,884,001 (2024: $858,872) of this funding. As the performance obligations of the grant are to construct the house and let it under the terms agreed, this will be recognised as rental revenue over the course of the 25 years post completion of the rental properties. Due to the long-term nature of the contract, a discounting component was recognised as interest revenue upon the receipt of the funding to the value of (2024: $508,821).

18. Auditor's remuneration

	2025 $000	2024 $000
Amounts paid or payable to Grant Thornton New Zealand Audit Limited for:		
Audit of the financial statements	39	41
	39	41

19. Contingent liabilities and contingent assets

There are no contingent assets and liabilities as at 30 June 2025 (2024: Nil).

20. Capital commitments

During the 2025 financial year, Homes of Choice entered into construction contracts with unrelated parties. As at 30 June 2025, there is total capital commitments of $1,440,127 (2024: $896,150).

Independent Auditor's Report

To the Shareholder of Homes of Choice Limited

Report on the Audit of the general purpose financial report

Opinion

We have audited the financial report of Homes of Choice Limited (the "Entity") which comprise the financial statements on pages 16 to 34 and the service performance information on pages 5 to 14. The complete set of financial statements comprise the statement of financial position as at 30 June 2025, and the statement of comprehensive revenue and expenses, statement of changes in net assets, and cash flow statement for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial report presents fairly, in all material respects:

- the financial position of the Entity as at 30 June 2025 and its financial performance and its cash flows for the year then ended; and
- the service performance for the year ended 30 June 2025 in that the service performance information is appropriate and meaningful and prepared in accordance with the Entity's measurement bases or evaluation methods

in accordance with the Public Benefit Entity International Public Sector Accounting Standards (Not For Profit) Reduced Disclosure Regime issued by the New Zealand Accounting Standards Board ("applicable financial reporting framework").

Basis for Opinion

We conducted our audit of the financial statements in accordance with International Standards on Auditing (New Zealand) (ISAs (NZ)) and the audit of the service performance information in accordance the ISAs (NZ) and New Zealand Auditing Standard (NZ AS) 1 (Revised) The Audit of Service Performance Information. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Report section of our report. We are independent of the Entity in accordance with Professional and Ethical Standard 1 International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other than in our capacity as auditor we have no relationship with, or interest in, the Entity.

Other Information
The Directors are responsible for the other information accompanying the financial statements. The other information comprises of the Corporate Information and Directors' details but does not include the financial statements and our auditor's report 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.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, 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 the work we have performed on the other information obtained prior to the date of this auditor's report, 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.

Responsibilities of Those Charged with Governance for the Financial Report
Those charged with governance are responsible on behalf of the Entity for:

» the preparation, and fair presentation of the financial report in accordance with applicable financial reporting framework;
» the selection elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods that present service performance information that is appropriate and meaningful in accordance with the applicable financial reporting framework;
» the preparation and fair presentation of service performance information in accordance with the Entity's measurement bases or evaluation methods, in accordance with the applicable financial reporting framework;
» the overall presentation, structure and content of the service performance information in accordance with the applicable financial reporting framework; and
» such internal control as those charged with governance determine is necessary to enable the preparation of the financial report that is free from material misstatement, whether due to fraud or error.

In preparing the financial report, those charged with governance are responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless those charged with governance either intend to liquidate the Entity or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the Audit of the Financial report
Our objectives are to obtain reasonable assurance about whether the financial report as a whole is 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 conducted in accordance with ISAs (NZ) and NZ AS 1 (Revised) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of this financial report.

A further description of the auditor's responsibilities for the audit of the financial report is located at the External Reporting Board's website at: https://www.xrb.govt.nz/standards/assurance-standards/auditors-responsibilities/audit-report-14-1/

Restriction on use of our report

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

Grant Thornton

Grant Thornton New Zealand Audit Limited

Auckland, New Zealand

19 September 2025

We face challenges together and empower capabilities.

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Ngā Kāinga Awhi

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