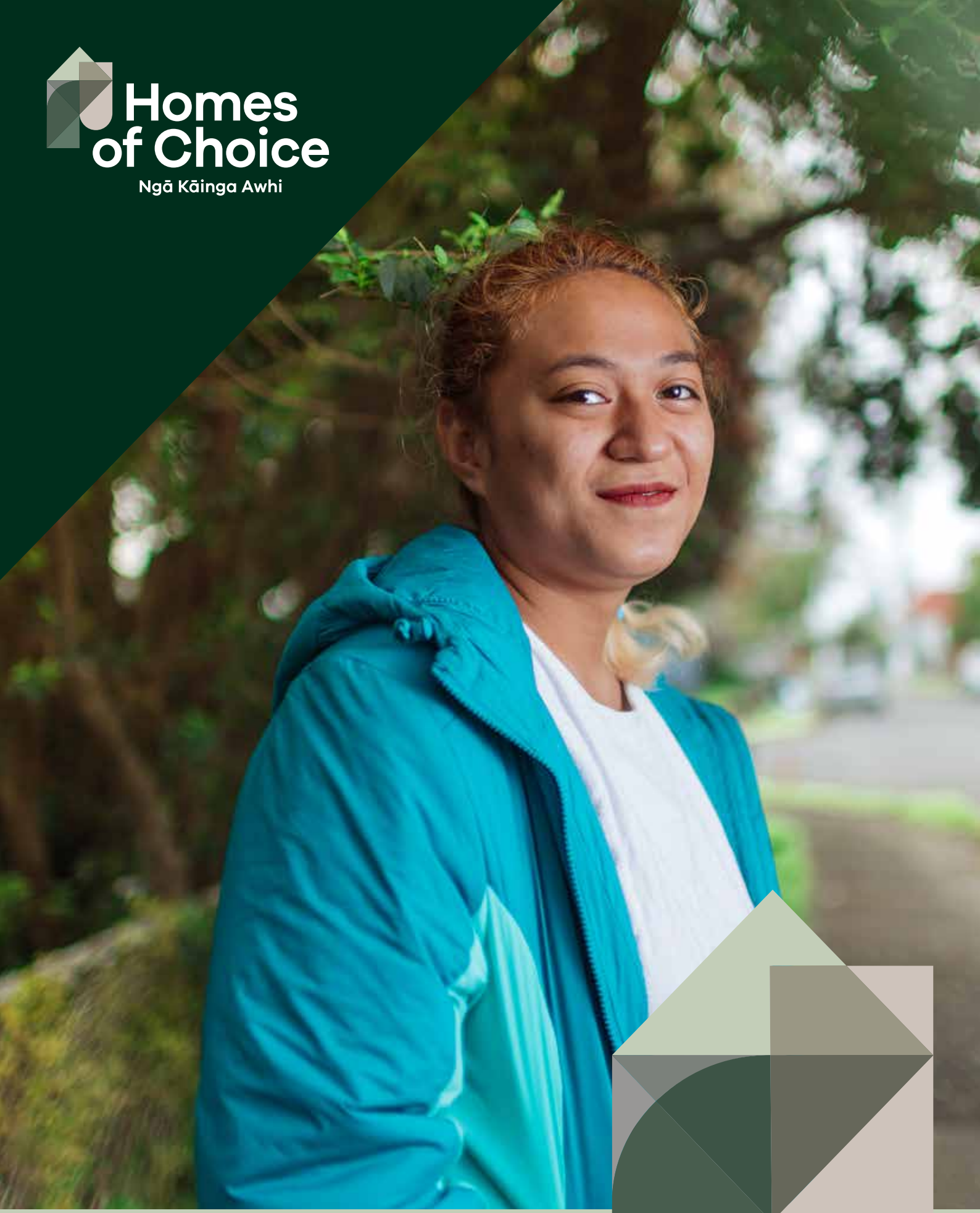
Homes of Choice

Ngā Kāinga Awhi



FY26 Annual Report

HOMES OF CHOICE


HOLDEN

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Corporate Information

Directors

C Haycock
B Donnelly
T Eggleton
A Thorp

Registered Office

205 Great South Road
Greenlane
Auckland 1051
New Zealand

Principal place of business

205 Great South Road
Greenlane
Auckland 1051
New Zealand
Phone: +64 9 954 6518
Website: www.homesofchoice.org.nz

Bankers

BNZ
Auckland Branch
80 Queen Street
Auckland 1010
New Zealand

ASB Bank Limited
17 Ronwood Avenue
Manukau City 2104
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 SME 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.

Work over the course of the year saw a Groupwide Vision and set of Values developed, while each entity's Purpose now reflects its sector-specific contribution to this Group Vision.

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.

Number of people/whānau supported by service

Respite	379
Supported Accommodation	447
Affordable Housing	58
Social Housing	50

934	people served. *(Including 379 customers served through respite homes).*	↑ from 867 in FY25
20	planned property upgrades completed in 2026.	↓ from 30 in FY25
9	units delivered – 3 x four-bedroom + 1 x two-bedroom Affordable Rentals; plus 5 x one-bedroom units + 1 communal area.	↓ from 10 in FY25
7	two-bedroom units under development + 1 x Respite home under redevelopment.	↓ from 9 in FY25
4	affordable Rentals delivered – 3 x four-bedroom and 1 x two-bedroom.	↓ from 10 in FY25
2	new developments – 1 site demolished for redevelopment.	↓ from 3 in FY25

100% of Homes of Choice homes maintain Healthy Homes compliance.

100% of Homes of Choice homes built to Universal Design Standards.

IRRS Capacity funding secured through the Ministry of Housing and Urban Development for 7 x two-bedroom fully accessible social housing units.

Funding relationship secured with ASB and Community Housing Funding Agency.

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

Customer feedback

Spectrum Care Residential Survey[1]

88%	of whānau think their loved one's house is comfortable and homely.	→ from 88% in FY25

Social Housing Customer Satisfaction Survey[2]

94%	of the people we support say their lives and wellbeing have improved.
94%	of the people we support are satisfied with their property management.
90%	of the people we support are satisfied with their tenancy services at move-in.
85%	of the people we support are satisfied with actions taken after contacting their tenancy manager.
80%	of the people we support found their tenancy manager easy to contact.

[1]Whanau responses only as insufficient data was received from people supported during FY26 survey period.
[2]Homes of Choice began conducting the annual Social Housing Customer Satisfaction Survey in May 2026.



Property portfolio FY26



Owned properties	Rented properties	Managed properties	New additions +7 (Owned: 7, Rented: 0)
↑ from 123 in FY25	→ from 67 in FY25	→ from 20 in FY25	→ from 7 in FY25

Property portfolio by region

Region	FY25	FY26	
Auckland	113 · 23 · 13 · 1	120 · 23 · 14 · 1	↑
Bay of Plenty	1	1	→
Northland	1 · 1 · 1	1 · 1 · 1	→
Waikato	5 · 4 · 2	5 · 3 · 2	↓
Wellington	4 · 37 · 3 · 1	4 · 38 · 2 · 1	→

Owned · Rented · Managed · Offices

Portfolio composition

Property type	FY25	FY26	
Owned	123	130	↑
Rented	67	67	→
Managed[3]	20	20	→
Total	210	217	↑

[3]Change in prior period to reflect leases held by Spectrum Foundation and Spectrum Care, but managed by Homes of Choice.

Property use by region

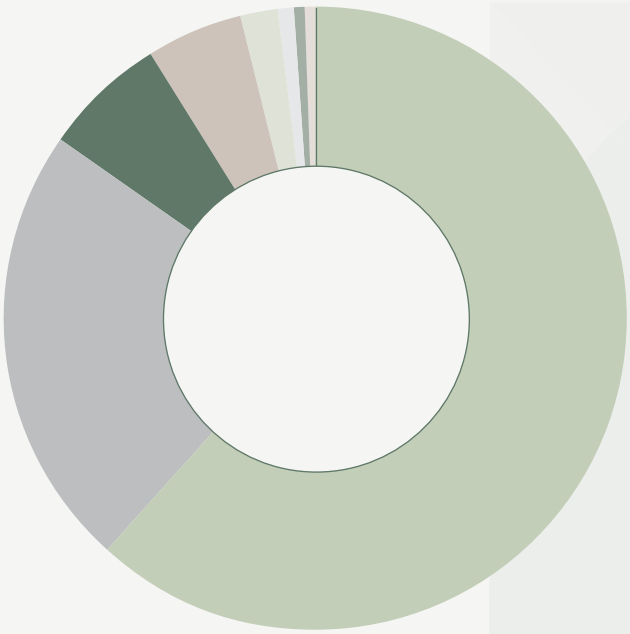
Northland – 3 properties
100% CRSS* (3)

Auckland – 158 properties
68% CRSS* (108)
15% Supported Independent Living (23)
9% Affordable rentals (14)
4% Respite (7)
2% Aspirations facility (3)
1% Land for development (1)
1% Property under refurbishment (1)
1% Office (1)

Waikato – 10 properties
90% CRSS* (9)
10% Respite (1)

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

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



- CRSS* – 134 [135 in FY25]
- Supported Independent Living – 50 [47 in FY25]
- Affordable rentals – 14 [10 in FY25]
- Respite – 11 [10 in FY25]
- Aspirations – 4 [4 in FY25]
- Offices – 2 [2 in FY25]
- Land for development – 1 [2 in FY25]
- Property under refurbishment – 1 [0 in FY25]

***Note:** CRSS = Community Residential Support Services

Stories from FY26

Gabrielle

A home that worked for her, not against her? For a long time, that felt impossible.

Gabrielle lives with multiple disabilities, including Hypermobility Spectrum Disorder and Ehlers-Danlos Syndrome. She's Autistic, neurodivergent and lives with chronic pain. She uses ankle-foot orthotics and knee splints to move safely and manages rare conditions that make accessibility a necessity, not a preference.

But the homes available to her weren't built with any of that in mind.



She was living in transitional housing in South Auckland at the time. The unit wasn't accessible. No lift, an intercom that required her to speak when sometimes she couldn't and narrow spaces that made moving around exhausting.

"I needed somewhere that actually worked for me," she says.

Across Aotearoa, there's a shortage of homes that are both accessible and affordable. Gabrielle had been sitting on long waiting lists when she came across an ad for a purpose-built home in Howick as part of our Affordable Housing initiative.

"I came to have a look and I'm glad I did."

The first time she saw her new home, she felt relief.

"I could tell it would work for me. The layout, the design, even how calm it felt. I could picture myself here."

Now, she has the stability she's fought for. The flat, open design makes moving around safer. The accessible shower gives her dignity back. Bathroom rails mean fewer injuries when her joints give out. Even small details – like multiple power points – make everyday life easier, keeping the devices she depends on charged and ready.

"Accessibility isn't just ramps and wide doors," Gabrielle says. "It's about being able to live your life. To have independence. To be yourself."

For Gabrielle, this home represents more than safety or comfort. It speaks to something bigger.

"Disabled rights are human rights. Everyone deserves a home that meets their needs. Everyone."

Tasi

A single fall. That's all it took. Tasi was holidaying in Samoa when it happened.

“I tried to get back up and nah, nothing was working. My arms and legs weren’t responding.”

Fast forward seven months after staying in Auckland Hospital, Waitākere Hospital and finally the Auckland Spinal Rehabilitation Unit... and Tasi was confronted with a reality many disabled people in New Zealand know all too well. A lack of accessible housing.

He had been on the housing register, but nothing came of it. And so, he took his only option: moving into his family's garage.

“I was in the garage for... close to a year. I had no access to a bathroom or a toilet. Everything had to happen in the garage. I had to do a lot of bed washes. I didn't have a proper shower for almost a year. It was cold. And lonely at times.”

Nobody should have to live that way. But as we know, there is a difference between how things should be and how they are. Especially for disabled people.

Stats NZ's 2023 Household Disability Survey revealed that disabled people are more likely to live in poor-quality housing, with 29% saying their home is colder than they would like in winter and 25% reporting damp living conditions.

The numbers are sobering, yes, and too often the people they represent and their stories are forgotten. Not Tasi. Not this time.

While scrolling Facebook, Tasi came across a Homes of Choice ad for an accessible two-storey home in Henderson. Not long after, he moved in.

“It’s pretty much given me my confidence back. I feel like a person again. I get to shower, work from home, have my own privacy... before, people would just walk into my garage and I'd be lying there half naked. Now my home is my home.”

Family is important to Tasi. In this new home, his sister and her kids live upstairs, while he lives downstairs.



“We get to have dinners together. Watch movies together. Game nights, family nights, stuff like that. I can spend time with them, but I can also have my own space. Before I couldn't do that. In the garage, it almost felt like I was a burden because people had to go out of their way just to come in and spend time with me.”

Like many people, accessibility wasn't something Tasi thought much about before his accident.

Now, he understands just how much the right environment can shape a person's outlook.

“Being in a space like this is way more helpful for recovery. It makes you want to recover. I truly believe your environment shapes your outlook. Living in the garage was like, 'Ugh, I don't want to do anything. I don't want to get up and do my physio.' But here, it's different. I can see the sun. It makes me want to recover.”

When asked what the word ‘home’ means to him now, he said this:

“Home is family. Anywhere my family is, that's where my heart is and that's where my home is. But accessibility means I can connect with them better. That's what accessibility is. Being able to access the things that make us feel at home.”

Grenell

Grenell didn't expect to become an amputee. But when she did, nothing about her housing made sense anymore.

In 2021, after a complication from diabetes, Grenell had her lower right leg amputated. Life changed. And so did her needs. Some days she uses her prosthetic. Other days, when the swelling gets too much, she relies on her wheelchair. But the room she was renting wasn't built for that.

"There were stairs just to get to my bedroom. The shower was over a bath. It wasn't safe. I couldn't move around properly."

Grenell is a proud Māori woman from Tāmaki Makaurau, with whakapapa to Ngāpuhi and Whakatōhea. She's worked in retail and customer service for over 20 years. She's independent. Determined. And like too many disabled New Zealanders, she was stuck in housing that didn't support her life anymore.

That's when she saw our listing on Facebook. A brand-new, purpose-built home in Howick as part of our Affordable Housing initiative. Two bedrooms. Wet floor bathroom. No stairs. Full accessibility.

"The first time I saw this whare, it was amazing. It's what I'd been trying to find since I became an amputee."

She moved in. Everything changed.

"The wet floor shower makes everything easier. I can leave my home without worrying about stairs. Wheelchair access makes a huge difference."

She doesn't talk about accessibility in buzzwords. She talks about what it actually does.

"It gives you independence. It gives you a safe home."

This is what housing should do. It should adapt when life changes. It should honour people's needs. It should offer safety, dignity and ease.

We're proud that Grenell's home does just that.

Because this isn't just about housing.

It's about building for the life someone has – not the one the system expects.



Mama

In 2021, Mama Mafile'o had a stroke that left the right side of her body paralysed. Overnight, the life she knew shifted. The simplest things – cooking, cleaning, getting to the bathroom – suddenly demanded more than they ever had. She now relies on her wheelchair and her left side for almost everything.

At the time, she was living with her son's family in St Johns, but the house wasn't built for her needs.



"There were stairs. The shower was over a bath. I couldn't move around properly. I needed help just to get to the bathroom."

When her son moved to Wellington for work, Mama faced another challenge: finding a home of her own. With the awhi of two social workers, she applied through Homes of Choice and was offered a whare in Māngere.

"The first time I saw it, I couldn't express how happy I was. I loved it straight away. I knew I'd enjoy this space."

Here, the hard parts of life have softened.

The flat, open layout means she can move freely through her bedroom, kitchen, lounge and bathroom. The wet-floor shower has given her safety and dignity back. For the first time since her stroke, the space finally works with her, instead of against her.

"Now I can get around on my own. I don't have to struggle just to reach the bathroom or the kitchen."

For Mama, this whare isn't just somewhere to live... it's a turning point. A place where life feels possible again, where independence has returned in ways she didn't know it could.

"It's my home until I pass this life," she says softly. "That means everything."

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 2026

	Notes	FY26 $000	FY25 $000
Revenue from exchange transactions			
Rental income		7,041	6,231
Service revenue		2,172	2,201
Finance and other revenue			
Interest revenue		959	3,208
Other revenue		500	505
Revenue		10,673	12,145
Cost of services provided	11	(5,575)	(4,968)
Operating surplus		5,097	7,177
Write-down of assets	6	(2,672)	(2,073)
Depreciation	6	(155)	(131)
Administrative expenses	12	(1,569)	(1,639)
Capital charge	14	(1,500)	(1,500)
Finance expenses		(576)	(313)
Total expenses		(6,473)	(5,655)
Gain on sale on disposal of assets		-	131
Other Income		-	131
Surplus/(Deficit) for the year		(1,375)	1,653
Other comprehensive revenue and expenses			
Gain on revaluation of land	6	2,110	1,695
Total comprehensive revenue and expenses for the year		734	3,348
Attributable to the owners of the controlling entity		734	3,348

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

Statement of Changes in Net Assets

For the year ended 30 June 2026

	Share Capital $000	Asset Revaluation Reserve $000	Accumulated Surplus (RE) $000	Total Equity $000
Balance as at 1 July 2025	60,000	20,157	3,905	84,061
Surplus/(Deficit) for the year	-	-	(1,375)	(1,375)
Other comprehensive income	-	2,110	-	2,110
Total comprehensive income for the year	-	2,110	(1,375)	734
Derecognition of property revaluation on disposal	-	-	(65)	(65)
Balance as at 30 June 2026	60,000	22,266	2,464	84,730
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

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

Statement of Financial Position

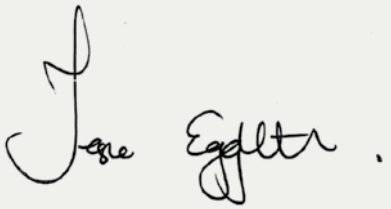
As at 30 June 2026

	Notes	FY26 $000	FY25 $000
ASSETS			
Current assets			
Cash and cash equivalents		862	2,680
Receivables for exchange transactions	5	836	722
GST receivable		128	79
Other assets		374	140
Total current assets		2,200	3,622
Non-current assets			
Property, plant & equipment	6	96,789	90,561
Total non-current assets		96,789	90,561
Total assets		98,990	94,183
LIABILITIES			
Current liabilities			
Trade and other payables	7	1,971	851
PAYE payable		22	11
Employee benefits	8	104	121
Provisions		54	24
Current loans and borrowings	16	3,570	2,861
Total current liabilities		5,721	3,869
Non-current liabilities			
Other liabilities	17	3,985	3,166
Non-current loans and borrowings	16	4,553	3,087
Total non-current liabilities		8,538	6,253
Total liabilities		14,259	10,122
NET ASSETS		84,730	84,061
EQUITY			
Share capital	9	60,000	60,000
Revaluation reserve		22,266	20,157
Accumulated surplus		2,464	3,905
TOTAL EQUITY		84,730	84,061

For and on behalf of the Board, who authorised the issue of these financial statements on the 18 September 2026.



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 2026

	Notes	FY26 $000	FY25 $000
Cash flows from operating activities			
Receipts from rental and other services (inclusive of GST)		10,541	12,705
Payments to suppliers and employees (inclusive of GST)		(10,645)	(11,158)
Interest paid		(576)	(144)
Interest received		959	19
Net cash flows from/(used in) operating activities	10	279	1,422
Cash flows from investing activities			
Sale of property, plant and equipment		-	2,288
Purchase of property, plant and equipment, and intangible assets		(7,011)	(10,747)
Net cash flows from/(used in) investing activities		(7,011)	(8,459)
Cash flows from financing activities			
Cash receipts from Ministry of Housing and Urban Development grants		2,739	5,884
Cash receipts from development loan		2,276	3,556
Development loan repayments		(102)	(216)
Net cash flows from/(used in) financing activities		4,914	9,224
Net increase/(decrease) in cash during the year		(1,818)	2,186
Cash balances at beginning of year		2,680	494
Cash balances at end of year		862	2,680

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 2026

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'.

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.

Homes of Choice will carry on its activities exclusively for the following charitable purposes:

1) To acquire, improve, construct and manage properties, either leasehold or freehold and either jointly with others or solely by the company for the benefit of disabled people;
2) To acquire, improve, construct and manage properties, either leasehold or freehold and either jointly with others or solely by the company, to be used by Spectrum Foundation, Spectrum Care or any other organisation in the provision of services to disabled people;
3) To provide financial and/or other support, for example office accommodation, to Spectrum Foundation and Spectrum Care on such terms as the Directors of the company decide in their absolute discretion;
4) To promote the material, intellectual, spiritual and physical health and welfare of disabled people;
5) To foster and provide opportunities for public understanding, involvement and contribution to the welfare of disabled people;
6) To promote the development of housing opportunities for disabled people so as to enable them to enjoy their right as New Zealanders to live a normal life;
7) To promote the right of disabled people to appropriate training, education, housing choice and other support that is necessary to enable them to develop their ability fully;
8) To enlist support of individuals, government and all public and private organisations for the benefit, and contribution to the welfare, of disabled people; and
9) To do all such other things as are, in the reasonable opinion of the Directors, incidental or conducive to the attainment of any of the above objects.

These financial statements are for the year ended 30 June 2026. Comparative information presented is for the year ending 30 June 2025.

These financial statements were authorised for issue by the Board of Directors on 18 September 2026.

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) 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. A further revaluation was performed in January 2026 for five developments that were completed within the year ending 30 June 2026 to reflect the fair value of these properties. 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 arm's-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
- 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.

G) 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.

H) 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.

I) 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.

J) 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.

K) 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 2026 financial year, Homes of Choice received income-related rent subsidies from the Ministry of Housing and Urban Development of $477,413 (FY25: $403,475). In addition, Homes of Choice received $340,719 (FY25: $365,023) 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 2026 financial year, Homes of Choice recognised $948,070 (FY25: $3,189,426) 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.

L) 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.

M) 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.

N) Income tax

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

O) 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.

P) 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.

Q) 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.

R) 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 FY26	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	862	-	-	-	-	862
Trade and other receivables	0.00	836	-	-	-	-	836
		1,698	-	-	-	-	1,698
Financial liabilities (at amortised cost)							
Soul Capital loan	0.00	-	-	-	-	-	-
CHFA Loan	5.19	31	32	66	222	2,757	3,109
ASB Loan 1	4.23	33	3,040	-	-	-	3,074
ASB Loan 2	4.51	38	38	77	230	1,537	1,921
Trade and other payables	0.00	1,971	-	-	-	-	1,971
		2,074	3,111	143	453	4,294	10,075

Homes of Choice FY25	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

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 counterparty 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 ongoing 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 are in good financial condition.

Maximum credit risk	FY26 $000	FY25 $000
Financial assets and other credit expenses		
Cash and cash equivalents	862	2,680
Trade and other receivables		
Not more than three months	836	722

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 2026 are $764,756.31 (FY25: $708,078.51).

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 the carrying 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

Impairment of non-financial assets
Homes of Choice assesses impairments of its non-financial assets on a regular basis by evaluating conditions specific to its use in terms of age, safety and efficiency. The performance of plant and equipment is monitored for operating efficiency and effectiveness and upgraded or replaced as appropriate. Houses are subject to a schedule of maintenance and upgrades to meet safety and building standards and resident's outcomes and goals. There was no significant impairment recognised on these assets during the year (FY25: Nil).

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 ongoing 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. A further revaluation was performed in January 2026 for five developments that were completed within the year ending 30 June 2026, to reflect the fair value of these properties. 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	FY26 $000	FY25 $000
Intercompany receivable	14	777	712
Other receivable		59	10
		836	722

Allowance for impairment loss

Receivables from exchange transactions balance does not contain impaired assets.

6. Property, plant and equipment

Homes of Choice FY26	Freehold Land $000	Freehold Buildings $000	Plant and Equipment $000	Motor Vehicles $000	Total $000
At 1 July 2025 net of accumulated depreciation	55,263	35,004	263	31	90,561
Additions	-	6,839	122	51	7,011
Disposals	-	(65)	(18)	-	(83)
Revaluations*	2,110	(2,672)	-	-	(562)
Depreciation on disposal	-	-	18	-	18
Depreciation charge for the year	-	-	(137)	(18)	(155)
At 30 June 2026 net of accumulated depreciation	57,372	39,106	248	63	96,789
At 30 June 2026					
Cost or fair value	57,372	39,106	1,001	109	97,588
Accumulated depreciation	-	-	(753)	(46)	(799)
Net carrying amount after revaluation	57,372	39,106	248	63	96,789

Homes of Choice FY25	Freehold Land $000	Freehold Buildings $000	Plant and Equipment $000	Motor Vehicles $000	Total $000
At 1 July 2024 net of accumulated depreciation	54,587	28,272	270	43	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	90,561
At 30 June 2025					
Cost or fair value	55,263	35,004	897	59	91,222
Accumulated depreciation	-	-	(634)	(27)	(661)
Net carrying amount after revaluation	55,263	35,004	263	31	90,561

*The Group engaged Long Valuation and Consultancy (an accredited independent valuer) to determine the fair value of all freehold land and buildings. The revaluation was performed in March 2025 and is the most recent revaluation of the land and buildings, with the exception of the recently developed properties that were revalued in the 2026 financial year as outlined in Note 2F. For the purposes of this report and its intended recipients, the Directors believe the fair values at 30 June 2026 remain appropriate and are reflective of the property valuation done in March 2025.

As at 30 June 2026, freehold buildings in the course of construction total $5,820,916 (FY25: $4,335,097). No other asset classes have assets in the course of construction.

7. Trade and other payables

	FY26 $000	FY25 $000
Trade payables	1,251	507
Intercompany payables	448	284
Project retentions	206	-
Other payables	67	61
	1,971	851

8. Employee entitlements

	FY26 $000	FY25 $000
Accrued salaries and wages	32	64
Annual leave	65	54
Other	6	3
	104	121

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 two externally imposed financial covenants relating to meeting certain loan-to-value and interest cover 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.

	FY26	FY25
Total shares authorised at 30 June 2026	15,000,100	15,000,100

10. Statement of cash flows reconciliation

	FY26 $000	FY25 $000
Reconciliation of net surplus to net cash flows from operations		
Surplus for the period	734	3,348
Adjustments for:		
Depreciation	155	131
Loss on disposal of assets and revaluation of buildings	2,672	2,235
Gain on revaluation of land	(2,110)	(1,695)
Interest relating to Ministry of Housing and Urban Development grant	(952)	(3,398)
Changes in assets and liabilities		
(Increase)/decrease in trade and other receivables	(366)	407
(Decrease)/increase in trade and other payables	145	394
Net cash from operating activities	279	1,422

11. Cost of service provided

	FY26 $000	FY25 $000
Occupancy expenses	4,867	4,263
Employee compensation	708	705
	5,575	4,968

12. Administration expenses

	FY26 $000	FY25 $000
Management services – Service Level Agreement	418	374
Consultant	49	103
Recruitment	-	10
Marketing expense	11	12
Software expenses	33	3
Vehicle	22	22
Insurance	261	251
Cloud software project costs	539	428
Trustee cost	100	90
Loss on disposal of fixed assets	-	162
Other expenses	136	184
	1,569	1,639

13. Operating leases

Homes of Choice leases its residential properties to Spectrum Care. The agreed rental income as at 30 June 2026 is $309,343 (FY25: $325,112) per month. Homes of Choice also has agreements to lease 40 (FY25: 36) residential properties from external parties; 31 (FY25: 26) 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 $1,177,574 (FY25: $906,031). The future minimum lease amounts include the rental expense expected to be paid for the 31 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 nine leases (FY25: 21) are for fixed terms expiring between 20 July 2026 and 30 June 2029.

The total lease cost for the year ending 30 June 2026 for Homes of Choice is $1,638,478 (FY25: $1,411,591).

Future minimum lease expense is shown below:

	FY26 $000	FY25 $000
Less than one year	1,609	1,179
Between one and two years	111	17
Between two and five years	53	-
More than five years	-	-
Total minimum lease payments	1,774	1,196

14. Related party transactions

Homes of Choice is a wholly owned entity of Spectrum Foundation. At 30 June 2026, the remaining payable from Homes of Choice to Spectrum Foundation amounts to $447,880 (FY25: $208,851). The remaining receivable from the Foundation to Homes of Choice amounts to $12,137 (FY25: $3,770).

Spectrum Care is also a wholly owned entity of Spectrum Foundation. At 30 June 2026, the remaining payable to Spectrum Care from Homes of Choice amounts to $277 (FY25: $3,452). The remaining receivable from Spectrum Care to Homes of Choice amounts to $764,756 (FY25: $708,079).

Spectrum Care is Homes of Choice's major source of revenue. Total rental revenue for properties that are owned by Homes of Choice is $3,859,483 (FY25: $3,924,860). 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 $1,692,552 (FY25: $1,485,538). The total receivable in relation to the above rental arrangements at 30 June 2026 amounted to $422,295 (FY25: $451,705).

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 $35,916 (FY25: $31,130) was agreed. In June 2026, a wash-up rebate of $12,745 was issued by Spectrum Foundation which resulted in a reduction in the June service level agreement charge. Total expense during the period in relation to this agreement is $418,246 (FY25: $373,563). There is an outstanding amount payable in relation to this at year end of $23,170 (FY25: $31,130) 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 an average monthly fee of $39,613 (FY25: $40,026) was agreed. Total revenue during the period in relation to this agreement is $475,366 (FY25: $480,312). There is an outstanding receivable in relation to this at year end of $39,819 (FY25: $40,026) as it is paid a month in arrears. In addition, Spectrum Care was invoiced $321,675 (FY25: $328,221) from Homes of Choice for external property management fees. There is an outstanding receivable in relation to this at year end of $24,210 (FY25: $28,376) 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 (FY25: $2,067) was agreed. The total expense during the period in relation to this agreement is $24,809 (FY25: $24,809). There is an outstanding amount payable in relation to these at year end of $2,067 (FY25: $2,067) as they are paid a month in arrears.

During the year, Homes of Choice managed repairs for Spectrum Care for the sum of $1,649,551 (FY25: $1,604,714) and Spectrum Foundation for the sum of $6,722 (FY25: $30,894).

A monthly capital charge of $125,000 (FY25: $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 (FY25: $1,500,000). The capital charge rate is determined by Spectrum Foundation and for the year of 30 June 2026 was 2.5 per cent (FY25: 2.5 per cent).

Homes of Choice and Spectrum Foundation have one Director/Trustee in common on their Board of Directors/Trustees (FY25: One). Homes of Choice and Spectrum Care have one Director in common on their Board of Directors (FY25: One).

Compensation to Key Management Personnel in the form of short term employee benefits totalled $331,623 (FY25: $307,897). Key Management Personnel is comprised of four Directors (FY25: Four) and one General Manager (FY25: One).

15. Events after the reporting period

There were no events subsequent to the reporting period that would materially affect the financial statements (FY25: 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. On 5 May 2025, this facility was refinanced with ASB Bank. As at 30 June 2026, this ASB loan totalled $3,084,225 (FY25: $3,150,770) and has an interest rate of 4.23 per cent (FY25: 5.0 per cent).

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 2026 financial year, the remaining Soul Capital borrowings were refinanced with the Community Housing Funding Agency, and an additional ASB loan was established to support ongoing property development. As at 30 June 2026, the outstanding balance of the Community Housing Funding Agency loan was $3,109,349 (FY25: $2,797,287) as at 30 June 2026 and bears interest at a rate of 5.19 per cent (FY25: seven per cent).

During the financial year, an additional loan was arranged with ASB bank to fund the development at 72 Buckland Road. As at 30 June 2026, the outstanding balance of the loan was $1,928,974 (FY25: Nil) and has an interest rate of 4.51 per cent.

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 2026 financial year, Homes of Choice received $1,787,007 (FY25: $5,884,001) 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 $948,070 (FY25: $3,207,859).

18. Auditor's remuneration

	FY26 $000	FY25 $000
Amounts paid or payable to Grant Thornton New Zealand Audit Limited for:		
Audit of the financial statements	38	39
	38	39

19. Contingent liabilities and contingent assets

There are no contingent assets and liabilities as at 30 June 2026 (FY25: Nil).

20. Capital commitments

During the 2026 financial year, Homes of Choice entered into construction contracts with unrelated parties. As at 30 June 2026, there is a total capital commitment of $2,077,038 (FY25: $1,440,127).


NASA
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Independent Auditor's Report

To the Shareholder of Homes of Choice Limited

Report on the audit of the financial report

Opinion

We have audited the financial report of Homes of Choice Limited (the "Entity") which comprise the financial statements on pages 14 to 32 and the service performance information on pages 5 to 13. The complete set of financial statements comprise the statement of financial position as at 30 June 2026, 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 2026 and its financial performance and its cash flows for the year then ended; and
- the service performance for the year ended 30 June 2026 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.

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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
22 September 2026



We face challenges together and empower capabilities.



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