Kāinga Ora
Homes and Communities

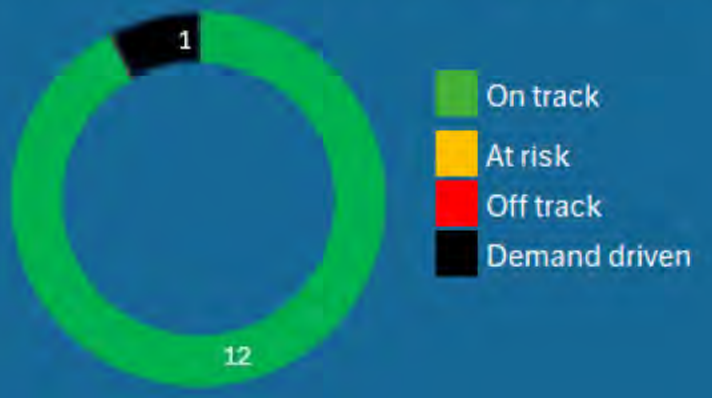
Quarterly Report

July – September 2025

The purpose of the report is to communicate our performance against our:

- Statement of Performance Expectations (SPE) 2025/26
- Letter of Expectations (LOE)
- Strategic objectives
- Reset Plan

Summary of Output Class SPE results



Note: Performance in this report is being monitored against the 2025/26 SPE budget unless noted otherwise. Where relevant, our updated Half Year Economic and Fiscal Update (HYEFU) is included for comparison purposes.

Our performance at a glance

Our organisation

Our financial sustainability and cost efficiency

YTD Net surplus/(deficit) before tax
$2m
YTD Budget ($107m)
Full Year Budget ($423m)

YTD EBITDA
$293m
YTD Budget $211m
Full Year Budget $861m

Overhead costs / total revenue
8.9%
Full year budget 8.4%
Baseline 2023/24 –13.1%

Earnings to interest cost ratio
1.7
Full Year Budget – 1.4
Baseline 2023/24 – 0.8

Fin 1.2 EBITDA as a percentage of total income (FIN1.2)
48%
Full Year Budget 37%
Baseline 2023/24 – 20%

Fin 1.3 - Cost per square metre*
$3,290
Full year target $2,980
Baseline – 2023/24 - $3,473

Our people

Full-time equivalents (FTEs)
2,285 FTEs
Budget – 2,596
Last month – 2,278 FTEs

Total people costs
$69m
YTD Budget $79m
Full Year Budget $287m

Our portfolio

Total homes
78,006
Budget expectation – 78,072

SPE 3.1 – Hectares of land Redeveloped
5 ha
Full year target ≥18 hectares

Total borrowings
$18.0b
Budget $18.4b

SPE 3.2 – Number of new homes that can be constructed on land developed
108
Full year target ≥ 787

Our homes

SPE 2.1 - New and retrofitted homes
356
Full year target 2,075-2,575

SPE 2.2 - Daily utilisation
98.7%
Full year target ≥ 98.0%

SPE 1.1 - Tenant satisfaction with Housing Support Manager
78%
Target 75%-85%

SPE 2.3 – Vacant to let
26.7 days
Full year target ≤27 days

SPE 2.4 - Tenant satisfaction with maintenance
87%
Target 75% - 85%

SPE 1.4 – Tenant satisfaction with Customer Support Centre interactions
90%
Target 75%-85%

Our services

SPE 1.2 - New debtors with repayment arrangement in place within 21 days of rent overdue
90%
Target ≥85%

SPE 1.3 – Tenant rent debt will be below the target amount by 30 June 2026
$5.5m
Target ≤ $6.0 million

SPE 4.1 – First Home Loan mortgages underwritten
996
Full year target – demand driven

SPE 1.5 – Disruptive behaviour – action taken in 15 days
99%
Target ≥90%

SPE 1.6 - Successful applications to end tenancy with tribunal for disruptive behaviour
88%
Target ≥ 85%

Key
On track
At risk
Off track

*This measure includes only above-ground build costs.

Executive summary

- **Financial performance** - remains strong, supported by lower costs and disciplined spending, resulting in a better-than-expected position and improved cash flow.
- **Capital investment -** Year-to-date capital expenditure is below budget, as a result of some housing units and urban development projects now scheduled for later in the 2025/26 year. In addition, efficiencies in planned maintenance programmes have reduced spend. These shifts in timing are contributing to a stronger cash position, and full-year delivery remains on track.
- **Housing delivery** - is broadly on track to meet multi-year targets, though regional variations and emerging planning and consent delays are creating risks that will need active management.
- **Sales and divestments** - are performing ahead of expectations, with a healthy pipeline of transactions to support future returns.
- **Service performance** - continues to improve, with higher utilisation of homes, faster turnaround times, and better tenancy management outcomes, including reduced debt levels despite some behavioural challenges.
- s 9(2)(f)(iv) [redacted]
- **Delivering urban development delivery savings** - we are focused on achieving significant savings through efficiency improvements and competitive procurement, while managing delays in land sales and housing timelines with mitigation measures.
- **Technology modernisation** - is progressing, with the business case advancing through key approval stages ahead of Cabinet consideration in December.
- **Our organisational transformation** - continues, with initiatives to strengthen culture, enhance leadership capability, and embed performance and development frameworks.
- **Update on Reset Plan** - a detailed report is being prepared to update on progress with the Reset Plan and the sales programme, supporting our HYEFU submission, to be presented to Ministers in November.

Note: Performance in this report is being monitored against 2025/26 accountability documents and the 2025/26 SPE budget unless noted otherwise. Where relevant, our updated Half Year Economic and Fiscal Update (HYEFU) is included for comparison purposes.

Our finances – September year-to-date overview

Earnings Before Interest, Taxes, Depreciation, and Amortisation (EBITDA)

- Our **year-to-date EBITDA is $293 million**, which is **$82 million better than budget**, primarily due to:
  - **Property expenses are $27 million under budget,** driven by efficiencies from enhanced maintenance strategies and processes. These improvements have delivered sustained savings compared to prior years, and this trend is expected to continue as planned initiatives are fully realised.
  - **Non-property costs are $40 million under**, driven by lower people costs due to lower than budgeted FTE, contractors and consultants, and technology under spend from reduced activity.
  - **Asset write-offs are $14 million under**, due to demolished properties having lower net book values (NBVs) than budgeted.

Debt

- **Total debt is $416 million below budget**, reflecting slower capital investment and a stronger operating and cash position, reducing the need for borrowing.

Net surplus before tax

- The **year-to-date position is $109 million better than budget**, due to (in addition to the above):
  - **Net interest expenses $14 million lower** due to lower floating interest rates. Overall, the underspend is expected to persist over the remainder of the financial year.
  - **Depreciation is $13 million lower** than budget related to the timing of project completions and capitalisation meaning there were less assets to depreciate than budgeted for.
  - **The full year FY26 HYEFU outlook forecasts an operating deficit before tax of $280 million.** This outlook reflects non-cash accounting adjustments and contingency provisions forecasted in the third and fourth quarters of the 2025/26 financial year.

Full year comparisons of SPE budget with HYEFU reforecast

- The current full year budget compared to our HYEFU submission, is showing an **improvement of $69 million in EBITDA** and an **improvement in $144 million in net deficit before tax**, supported by **$234 million in gross capital savings**.

2024/25	Financial performance	September year-to-date			Full year		
Sept YTD	($ millions)	Actual	Budget	Variance	HYEFU	Budget	Variance
531	**Total income**	**642**	**641**	**0**	**2,658**	**2,770**	**(111)**
201	Property expenses	234	261	27	1,096	1,207	111
129	Non-property expenses	100	141	40	477	530	53
26	Write-offs and net (gain)/loss on sales	15	29	14	156	172	16
356	**Total expenses**	**349**	**431**	**81**	**1,729**	**1,909**	**180**
175	**EBITDA**	**293**	**211**	**82**	**929**	**861**	**69**
146	Net interest expenses	168	183	14	695	744	49
122	Depreciation	123	135	13	514	541	26
(93)	**Net surplus/(deficit) before tax**	**2**	**(107)**	**109**	**(280)**	**(423)**	**144**
(19)	Tax expense/(benefit)	7	(8)	(15)	(11)	(29)	(17)
(74)	**Net surplus/(deficit) after tax**	**(6)**	**(100)**	**94**	**(268)**	**(395)**	**126**
487	**Total Gross Capital Expenditure**	**237**	**559**	**323**	**1,453**	**1,687**	**234**
26	Total sales and contributions	(140)	(174)	(34)	(659)	(759)	(99)
513	**Net Capital Expenditure**	**96**	**385**	**289**	**793**	**928**	**134**
16,831	**Debt**	**17,989**	**18,405**	**(416)**	**18,246**	**18,880**	**634**

Capital expenditure and build cost variances

Year-to-date capital expenditure below budget primarily due to:

- New housing supply (redevelopment and acquisitions) units re-forecasted to later months.
- Urban development is tracking below budget due to delayed approvals in two neighbourhood business cases in Mangere, a deferred Porirua stage, and procurement changes.
- Maintenance and retrofit spend are lower than budget attributable to delivery of planned savings programme.

Build cost per square metre

- The 12-month rolling average build **cost has decreased to $3,290 per square metre**, this **compares to our 2023/24 baseline of $3,473**, reflecting early benefits from transformation initiatives. We expect further reductions as we continue to optimise housing designs and standards, strengthen procurement practices, and work more effectively with build partners.

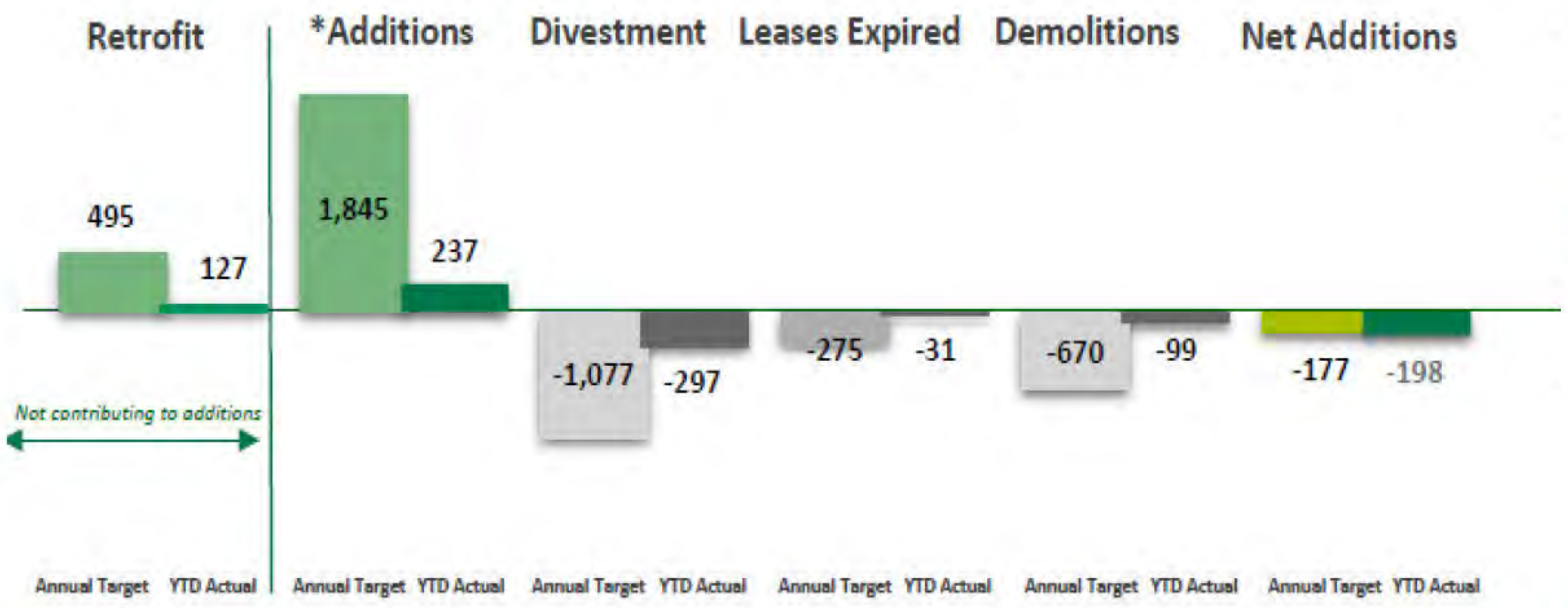
2024/25 Sept YTD	Capital Investment ($millions)	September year-to-date			Full year		
		Actual	Budget	Variance	HYEFU	Budget	Variance
589	New housing supply	164	423	259	983	1,154	171
52	Retrofit programme	32	41	9	103	131	29
38	Maintenance programmes	20	40	20	110	155	45
55	Urban development	22	52	29	239	227	(12)
5	Infrastructure assets and projects	(1)	5	6	17	18	1
738	**Total capital expenditure**	**237**	**559**	**323**	**1,453**	**1,687**	**234**
(4)	Property and vacant land sales	(105)	(147)	(42)	(471)	(457)	13
30	Urban development sales & contributions	(35)	(27)	8	(189)	(301)	(113)
764	**Net Capital Expenditure**	**96**	**385**	**289**	**793**	**928**	**134**
N/A	**Build cost per square metre, excluding GST**	**$3,290**	**$2,980**	**($310)**		**$2,980**	

Our housing portfolio

We will respond to customer needs by actively reconfiguring and renewing our homes

- Kāinga Ora is on track to meet its **two-year net additions target (2,650 homes)** set in the August 2024 Letter of Expectation, with **2,564 homes delivered in 2024/25**. We are also **forecasting 1,845 gross new homes in 2025/26.**
- We are also **on track to meet regional net delivery targets** except on the East and West Coasts, where some delivery risks remain due to issues such as consenting delays and build capacity constraints. While these regions are at high risk of not meeting 2025/26 net targets by 30 June 2026, there also are **new delivery risks emerging**. Auckland Council's withdrawal of Plan Change 78 is impacting our delivery forecasts, with delays of three weeks to three months expected due to rework to meet council requirements. Nationally, we are also facing delays owing to of resource consent and engineering plan approvals taking longer than anticipated. This, together with the Plan Change 78, is pushing deliveries out into the last quarter of the year which increases the risk of non-delivery by 30 June 2026. So, while there are sufficient projects in the delivery pipeline to achieve these targets, there is some residual risk on completion by 30 June 2026. Options for mitigating any risks identified will be discussed with the Ministry of Housing and Urban Development (HUD) after they have been approved internally.
- Kāinga Ora is **on track to meet full-year volume sales targets**, with average prices above forecast (excluding Dixon Street) driven by high-value Auckland settlements – noting prices can vary widely based on the location and size of properties being sold; and land divestments are progressing well with expected returns across 2025/26 and 2026/27 years (see details below).

Full year 2025/25 targets (updated for HYEFU) and year-to-date actuals



*Additions include redevelopment, acquire new and acquire existing.
**Net additions adjustments (8) is included in this chart.

Solid progress made across our housing renewal programmes

Retrofit

- In the **September quarter we delivered 127 retrofitted homes** (26% of our full year target). We have 368 homes remaining to reach our **annual target of 495**.
- We are exploring opportunities to deliver further savings into the Retrofit Programme by leveraging savings and scale across the Housing Delivery System's existing partner agreements.

New homes

- **We added 237 gross homes during the quarter** (total new 229 (SPE2.1) and 8 buy-ins of existing homes), with **1,608 more homes required** to reach our **annual target of 1,845**.
- Fewer homes will be finished in the first half of the year because:
  - We paused some projects to allow for larger group contracts, which helps us build more efficiently and deliver good value for money.
  - Delays in getting council consents are the biggest risk for building new homes in the coming year.

Divestment programme

- **We settled 297 homes this quarter** (28% of our full year target). We are currently ahead of forecast due to early sale of Dixon Street (117 homes) and despite market conditions, we remain confident in achieving the full year target of 1,077.
- Currently we have a total of **538 homes either being marketed or under contract**, which represents 39% of the total divestment pipeline.

Our homes

We will enhance the condition and utilisation of our homes

- We are streamlining maintenance and repair services to improve the condition of our homes through a proactive, cost-effective lifecycle approach. So far this year, our focus has been on remediation work during the winter months.
- Streamlining these services has reduced our **'vacant-to-let' turnaround time —a 13.1% improvement** compared to last year's full-year result and a **35.6% improvement** on the 2023/24 result (see details below).
- The percentage of homes occupied throughout the year continues to increase (see details below). This reflects how many of our available homes are tenanted at any given time. A high occupancy rate means we are matching homes to people on the Housing Register more quickly, helping more people into housing faster and using our housing portfolio efficiently. We are **currently exceeding our target of 98% by 0.7%** - This overperformance of 0.7 percent translates to approximately 600 additional homes being tenanted.
- We are continuing our efforts to reduce the number of unoccupied homes, as these limit our ability to house families and generate rental income. By accelerating decisions on redevelopment and disposals, we have improved asset availability—**achieving a 50% reduction in unoccupied homes** compared to the same time last year (see details below).

Vacant to let time continue to improve

Existing social homes	Vacant to Ready to Let	Ready to Let to Let	Total Time to Let (SPE target ≤ 27 days
Time to let days (YTD)	**18.0**	**8.7**	**26.7**
2024/25 full year	*18.4*	*11.8*	*30.2*
2023/24 full year	*21.2*	*15.0*	*36.2*

- **New SPE turnaround time definition:** From the start of the new financial year, we have been reporting against an updated SPE measure—tracking the total time from when a home becomes vacant to when it is let. Previously, this measure captured the time from vacancy to "ready to let" status.
- **Letting time performance:** During the quarter, the **average time to let a home was 26.7 days**, this compares to 29.7 days achieved this time last year. Our current performance is better than the Statement of Performance Expectations (SPE) target of ≤27 days and reflects a continued improvement **compared to the 2024/25 full-year average of 30.2 days.**
- **Daily utilisation of social homes:** During the quarter, **98.7% of social homes in service were let**, against the SPE target of 98.0%. This measure reflects our daily utilisation performance and is a key indicator of housing availability.

Unoccupied homes decreases

	Number of homes	% of total social homes	Quarterly change
Being made available to let			
Ready to let	154		-372
Under repair	297		-111
Coming into service	10		-239
Pending decision	119		-116
Total vacant homes	**580**	**0.8%**	**-838**
Under refurbishment			
Major repairs	316		-25
Retrofit process	230		-71
Redevelopment & disposal			
Demolition process	114		55
Redevelopment process	101		-70
Sales & lease expiry	747		140
Total homes not in service	**1,508**	**2.1%**	**29**
Staggered tenancy homes	-		-19
Total unoccupied homes	**2,088**	**2.9%**	**-828**
Total occupied homes	70,863		
Total social homes	**72,951**		

- The **number of unoccupied homes decreased by 828 during the quarter**, bringing the total to **2,088—significantly lower than the 3,129 at the same time last year**.
- **Decreases this quarter:** were primarily driven by declines across several categories: ready to let (down 372), under repair (down 111), pending decision (down 116), major repairs (down 25), retrofit (down 71) and home under redevelopment (down 70).
- **Offsetting Increases:** These reductions were partially offset by small increases in homes classified as under demolition (up 55) and homes categorised for sale / lease expiry (up 140).

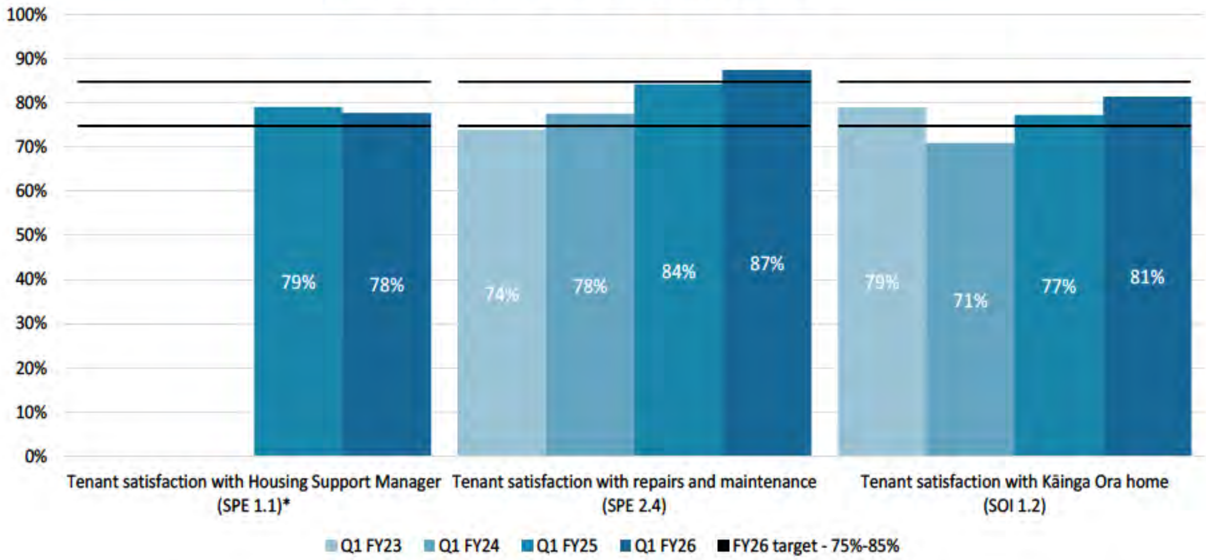
Our services

Adapting to the changing needs of our tenants by refining our tenancy service model

- We are transforming tenancy and customer services by **streamlining processes, improving tools and technology, and clarifying service offerings**—enabling a more efficient, targeted, and cost-effective approach to supporting customers and communities. Examples of some initiatives include; modernising our rent-setting process, working with MSD to improve matching and contact data, focusing on improving our digital customer engagement, and improving our vacancy management. The work supports our core mission of providing and managing quality state-owned social housing by refocusing on being a responsible landlord and delivering more efficient, targeted services to tenants and communities.
- **Tenant debt** continued to decline over the last quarter**, falling by $1.4 million to $5.5 million**, reflecting the effectiveness of our active debt management approach. We continue to focus on driving a proactive approach to rent debt management by equipping our people with the tools, training and updated policy needed to recover debt effectively, while appropriately supporting our tenants. Our new approach promotes positive payment behaviour, helping tenants manage and repay their debt while clearly communicating that persistent non-payment may lead to tenancy termination.

Tenant satisfaction remains strong

Tenant satisfaction survey results

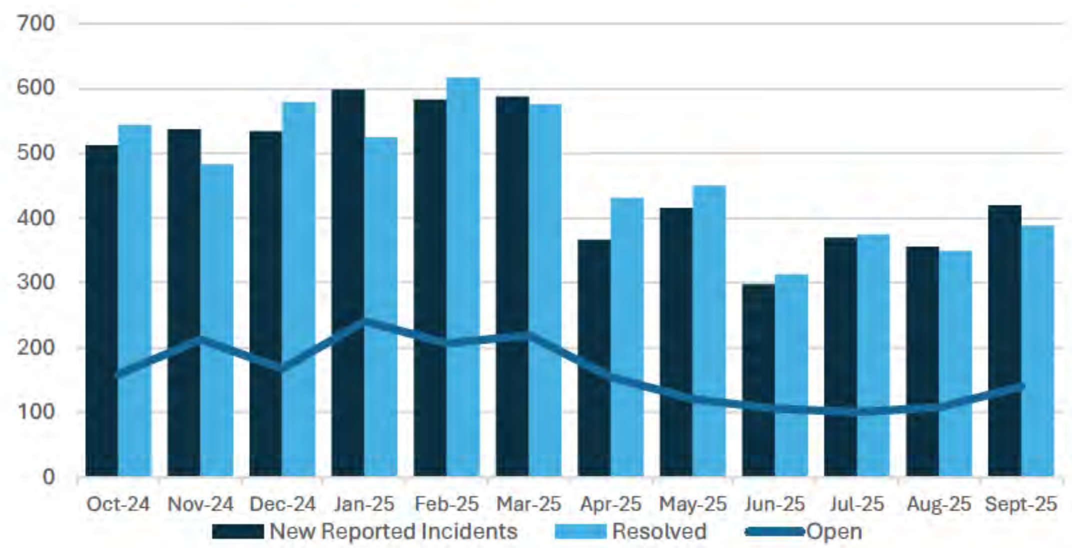


- **Satisfaction with Housing Support Managers (SPE 1.1)** was **78% for the quarter,** within the SPE target range of 75-85%.
- **Satisfaction with maintenance services (SPE 2.4)** was **87% for the quarter**, exceeding the SPE target range of 75–85%, and compares to 84% for the same quarter last year.
- **Overall satisfaction with Kāinga Ora homes increased to 81%**, compared to 77% for the same quarter last year.

**The three survey questions underpinning SPE 1.1 were introduced in FY25. As a result, direct year-on-year comparisons with FY23 and FY24, are not available.*

Slight increase in disruptive behaviour incidents

Number of reports of *serious incidents of customer behaviour

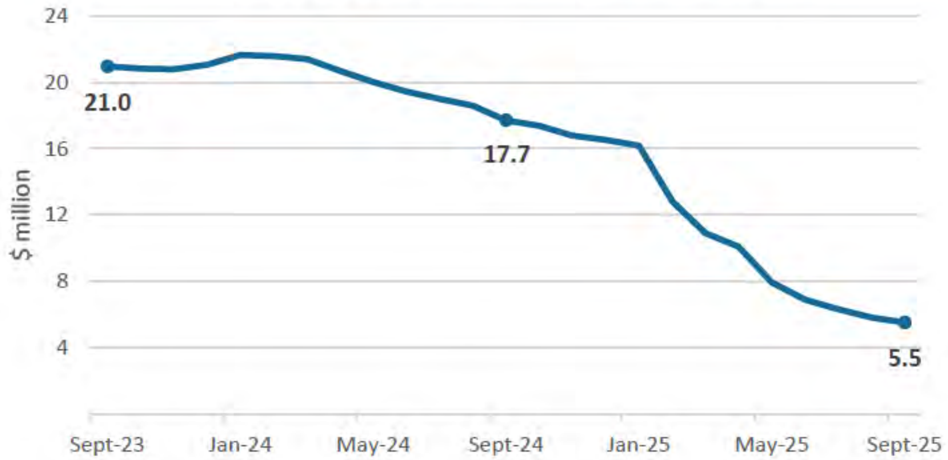


- Reported incidents **increased in the September quarter to 1,146**, **up from 1,081** in the June 2025 quarter. However, incident levels remain **lower than the same quarter last year**, which recorded **1,453 incidents**.
- Open serious incidents decreased **this quarter to 349,** compared to **382 at the end of the previous quarter**. This is still an improvement from **September 2024**, when there were **644 open incidents.**

**Serious incidents of tenant behaviour include alleged illegal activity, harassment, intimidation, threatening behaviour, and verbal abuse.*

Rental debt continues to fall

Value of current tenants' rental arrears



- Tenant **rental debt fell by $1.4 million** over the quarter to **$5.5 million,** well within the SPE target of ≤ $6.0 million. $259,118 of this reduction (from 48 tenants) was due to debt forgiveness.
- Rental debt levels have significantly improved: the median debt has **dropped from $747 to $538**, and the **average debt from $2,403 to $1,013** over the past year (as at September 2025).
- **1,924 fewer households in rent arrears** compared to this time last year. As **at 30 September, 5,444 tenants were in debt,** down 198 from August, reinforcing the positive downward trend.

Our urban development and delivery activity

Meeting our large-scale urban development commitments while delivering significant savings

- s 9(2)(f)(iv) [redacted]
- **Urban Development Delivery (UDD) –** HYEFU forecasts **savings of $100.7m in FY26.** We are currently tracking well against this target and remain confident in achieving full benefit realisation. The initiatives that contribute to these savings are coming from three main areas:
  - **Reducing our use of the Housing Acceleration Fund (HAF) funding -** this includes reviewing designs, de-scoping where we can, transferring cost and responsibility to Council partners for their infrastructure, where appropriate.
  - **Defining standards and improving our efficiencies and how we work -** defining agreed standards through design and construction to reduce cost, reviewing current and future designs to ensure they meet new standards, and setting new cost targets for some areas of our work.
  - **Changing the way we deliver -** moving from the LEAD Alliance* to a more competitive tendering process, improving our scope and methodology for repetitive pieces of work, such as demolitions and land remediation, to save cost.
- **Land sales and market conditions:** Challenging market conditions continue to impact land sales, with a focus on balancing revenue optimisation and delivery of masterplan density commitments to ensure efficient infrastructure utilisation. These conditions have led to some delays in revenue recognition and housing construction timeframes. We are actively mitigating these impacts through ongoing negotiation, support, and coordination with market build partners.
- **New delivery model implementation:** We have initiated procurement of lead consultants for pre-construction work associated with three work packages to be delivered under a traditional land development model, following the conclusion of the LEAD Alliance partnering approach. This shift to a design-bid-build delivery method has already resulted in the successful contracting of initial civil and infrastructure projects, all secured under budget. As part of this new approach, a contractor has been appointed for the Canons Creek Wetland project, with construction scheduled to commence by year end.

Render aerial view of Northcote LSP when completed

*The 'LEAD Alliance' is a group of organisations, from consulting and design through to construction delivery, who have come together to deliver build-ready land and infrastructure in the large-scale developments overseen by Kāinga Ora - Homes and Communities.

Our organisation

We will be a reliably high-performing organisation

Our Transformation programme launched in December 2024 designed to build the processes, tools and capabilities to deliver on the Reset Plan and renew our organisation. Key focus areas for this quarter included:

- **The Technology Modernisation Programme** - designed to deliver modern systems that are cheaper to run and change, introduce standardised, mature and efficient core processes that use modern and convenient channels, and strong, mature enabling capabilities and processes.
- **Implementing and embedding significant workforce changes -** resulting from the recent organisational redesign (Reset, Resize and Renew (RRR)) and developing a strategic workforce planning workstream to make sure our workforce designs are fit for the future.
- **Organisational health** – uplifting our organisational health, culture and capabilities and focusing on accountability, decision making, performance and people management.

Our organisation-transformation work update

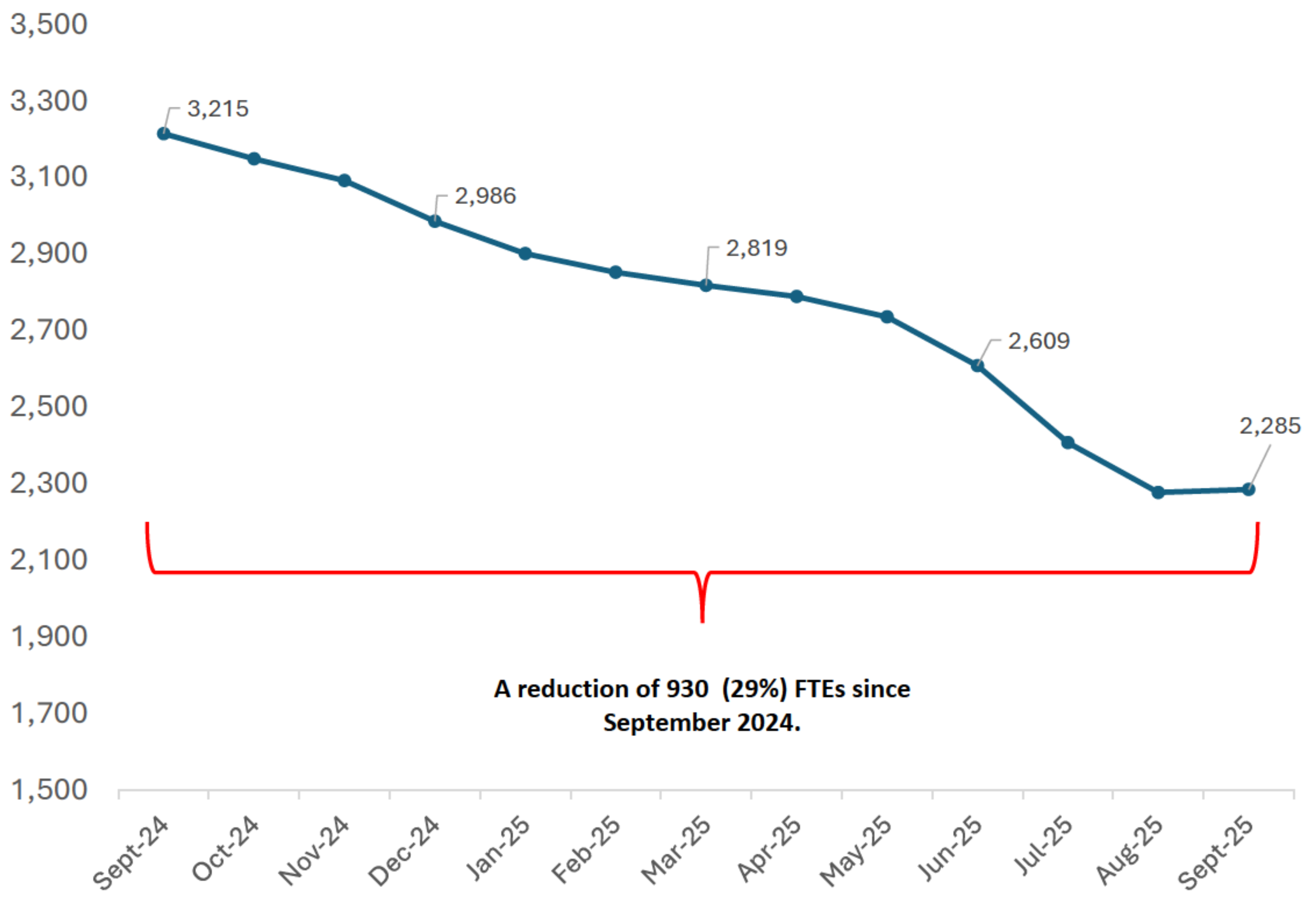
- **The Technology Modernisation Business Case** has successfully passed through its Treasury Gateway review – an independent assurance process applied to all major public investment projects. Feedback is being incorporated and the final version **will be submitted to Cabinet for approval in December 2025**.
- Following the organisational resizing changes, we are resetting our culture and work environment to strengthen performance. This includes rolling out a **new individual performance and development** approach this quarter, **uplifting leadership capability**, and **embedding key organisational health initiatives.**
- Building the right capabilities at the right time will be critical to enabling and sustaining our transformation and modernisation. Our strategic workforce planning programme will help us identify gaps, guide investment, and **ensure our people are ready to deliver on our future state**.

Our workforce

As the organisation continues to evolve, narrowing in on core functions and identifying more efficiencies and cost savings, **our workforce has been changing**:

- FTE decreased in the months following the transition to the new RRR structure on 1 July 2025.
- We are continuing to **carefully manage FTE** and taking time to make sure we have the right people in the right roles
- Total FTE at the end of September was 2,285.

Trend in Kāinga Ora staff numbers (FTEs) since September 2024



Appendix 1

Financial statements

Statement of financial performance

2024/25 Sept YTD	Statement of financial performance ($ million)	September year-to-date Actual	Budget	Variance	Full year HYEFU	Budget	Variance
154	Rent - tenant	164	168	(4)	669	677	(8)
380	Rent - crown & other	433	432	2	1,745	1,732	13
(30)	Land sales	21	27	(6)	162	254	(92)
-	Vested council infrastructure income	15	-	15	27	48	(21)
26	Appropriations & other Income	9	15	(6)	55	59	(4)
531	**Total income**	**642**	**641**	**0**	**2,658**	**2,770**	**(111)**
105	Repairs & maintenance	85	103	18	372	387	15
17	Retrofit & other	10	12	2	44	50	6
65	Council rates	76	79	3	309	315	6
(30)	Cost of sales - land	14	27	13	202	252	50
-	Vested council infrastructure cost	15	-	(15)	27	48	21
8	Demolitions	4	9	5	22	33	11
37	All other property expenses	30	32	2	120	123	3
201	**Total property expenses**	**234**	**261**	**27**	**1,096**	**1,207**	**111**
91	People expenses	69	79	10	281	287	6
10	Consultants & contractors	8	10	2	40	40	(1)
14	Technology	10	14	4	54	56	1
-	Central risk buffer	-	25	25	50	98	48
14	Other non-property expenses	14	13	(1)	51	50	(1)
129	**Total non-property expenses**	**100**	**141**	**40**	**477**	**530**	**53**
20	Net book value writedowns	6	22	16	74	90	16
2	Property under development impairments	1	-	(1)	55	55	-
0	Redvelopment project WIP writedowns	7	7	(0)	27	27	0
23	**Total write offs**	**14**	**29**	**14**	**156**	**172**	**16**
3	Net (gain)/loss on sales	1	-	(1)	-	-	-
356	**Total expenses**	**349**	**431**	**81**	**1,729**	**1,909**	**180**
175	**EBITDA**	**293**	**211**	**82**	**929**	**861**	**69**
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(74)	**Net surplus/(deficit) after tax**	**(6)**	**(100)**	**94**	**(268)**	**(395)**	**126**

Statement of financial position

Statement of financial position ($ million)	September year-to-date Actual	Budget	Variance	Full year HYEFU	Budget	Variance
Cash and financial investments	365	260	105	268	351	(83)
Prepayments & receivables	551	610	(59)	610	614	(3)
Properties held for sale	60	34	26	104	34	70
Properties under development	365	737	(373)	470	671	(201)
Mortgage advances	10	18	(8)	10	18	(8)
Interest rate derivatives	0	0	(0)	0	0	(0)
Intangible assets	12	19	(7)	8	16	(8)
Property, plant & equipment	46,429	49,533	(3,104)	46,825	52,664	(5,839)
Total assets	**47,791**	**51,211**	**(3,420)**	**48,296**	**54,367**	**(6,072)**
Accounts payable & other liabilities	423	461	(38)	494	462	32
Income tax payable	1	12	(12)	17	10	7
Provisions	26	53	(27)	48	53	(5)
Mortgage insurance scheme	75	77	(1)	90	91	(1)
Interest rate derivatives	47	31	16	27	31	(4)
Crown borrowings	12,248	12,672	(423)	12,502	13,140	(638)
Market borrowings	5,741	5,734	7	5,743	5,740	3
Deferred tax liability	1,246	1,501	(255)	1,157	1,494	(337)
Total liabilities	**19,808**	**20,540**	**(732)**	**20,079**	**21,021**	**(942)**
Net assets	**27,983**	**30,671**	**(2,688)**	**28,216**	**33,346**	**(5,130)**
Equity attributable to the Crown	4,481	4,494	(13)	4,486	4,498	(13)
Retained earnings	(198)	(210)	12	(124)	(294)	170
Revaluation reserve	23,733	26,404	(2,671)	23,869	29,158	(5,289)
Hedging reserve	(33)	(17)	(16)	(15)	(17)	2
Total equity	**27,983**	**30,671**	**(2,688)**	**28,216**	**33,346**	**(5,130)**

Appendix 1

Financial statements

Statement of cash flows

Statement of cash flows ($ million)	September year-to-date Actual	Budget	Variance	Full year HYEFU	Budget	Variance
Cash flows from/(used in) operating activities						
Rent receipts – Crown income-related rent subsidies	392	401	(9)	1,612	1,612	0
Rent receipts – tenant	214	167	47	712	672	(39)
Crown appropriation revenue	13	19	(5)	71	75	4
Interest received	4	2	2	9	5	(3)
Income tax (paid)/received	-	16	(16)	(30)	(25)	5
Other receipts	67	31	35	145	124	(21)
Payments to suppliers and employees	(426)	(408)	(18)	(1,349)	(1,513)	(165)
Interest paid	(148)	(182)	34	(645)	(741)	(96)
Net cash flows from/(used in) core operating activities	**115**	**45**	**70**	**524**	**210**	**(315)**
Sales of developments	11	3	7	77	274	197
Land development costs	(70)	(52)	(18)	(280)	(227)	53
Net cash flows from/(used in) operating activities	**56**	**(3)**	**59**	**321**	**256**	**(65)**
Cash flows from/(used in) investing activities						-
Net short-term investments (made)/realised	26	-	26	60	-	(60)
Sale of rental properties and other property, plant and equipment	105	147	(42)	471	457	(13)
Mortgage and other lending repayments/(advances)	9	-	9	-	-	-
Upgrade of rental property assets	(52)	(81)	29	(213)	(287)	(74)
Acquisition of rental property assets	(153)	(423)	270	(950)	(1,154)	(205)
Purchase of other property, plant and equipment	-	(5)	5	(16)	(18)	(2)
Net cash flows from/(used in) investing activities	**(65)**	**(361)**	**296**	**(647)**	**(1,002)**	**(355)**
Cash flows from/(used in) financing activities						
Net capital contributions (to)/from the Crown	13	-	13	18	5	(13)
Crown debt drawdown/(repaid)	-	219	(219)	255	687	432
Market notes issued/(repaid)	-	-	-	0	-	(0)
Net cash flows from/(used in) financing activities	**13**	**219**	**(206)**	**273**	**692**	**419**
Net cash flows	**4**	**(144)**	**149**	**(52)**	**(54)**	**(1)**
Opening cash and cash equivalents	320	404	(84)	320	404	84
Closing cash and cash equivalents	**324**	**260**	**64**	**268**	**351**	**83**

Appendix 1

Financial statements

Statement of performance expectations measure results

Appendix 2

Statement of performance expectations measure results

	Delivering cost-effective tenancy services that meet the needs of our tenants	2025/26 target	Year to date result	
1.1	Tenant satisfaction with Housing Support Manager	75% - 85%	78%	On track
1.2	Percentage of new debtors with a repayment arrangement in place within 21 days of rent overdue	≥85%	90%	On track
1.3	Tenant rent debt will be below the target amount by 30 June 2026	≤$6.0 million	$5.5m	On track
1.4	Tenant satisfaction with Customer Support Centre interactions	75% - 85%	90%	On track
1.5	Percentage of reported incidents of disruptive behaviour where a decision on appropriate action occurs within 15 working days	≥90%	99%	On track
1.6	Percentage of successful applications to the Tenancy Tribunal for tenancy termination due to disruptive behaviour	≥85%	88%	On track

	Delivering our large-scale redevelopment projects	2025/26 target	Year to date result	
3.1	Hectares of build-ready land redeveloped by Kāinga Ora***	≥18 hectares	5 ha	On track
3.2	Number of new homes that can be constructed on build-ready land that is redeveloped and contracted**** by Kāinga Ora	≥787	108	On track

****Performance is assessed per annum.*

***** Land contracted refers to build-ready land either sold to the market (under a signed unconditional contract or licence to occupy) or ready for social housing construction.*

Key for results

- **On track** – likely to meet target
- **At risk** – Not on target year-to-date or full year forecast is uncertain.
- **Off track** - Mitigations in place for identified risks but meeting year-end target will be very challenging.

	Renewing and maintaining our homes	2025/26 target	Year to date result	
2.1	Number of new and retrofitted homes: ...New builds ...Retrofits	2,075 – 2,575 1,600 – 2,050 475 – 525	356 229 127	On track
2.2	Percentage of social homes in service* that are let (daily utilisation)	98%	98.7%	On track
2.3	Average number of days from a social home becoming vacant to being let again**	≤ 27	27 days	On track
2.4	Tenant satisfaction with maintenance based on the equally weighted average score of the following tenant survey maintenance measures: – satisfaction with quality – satisfaction with time taken to complete work – satisfaction that contractors treated you and family with respect	75% - 85%	87%	On track

**Homes in service exclude homes undergoing major repairs/retrofits, in the redevelopment process, being sold, nearing lease expiry, or awaiting demolition.*

***Actual results reporting will include a breakdown of the time taken from when a home becomes vacant to when it is ready to be let (maintenance stage) and from when it is ready to be let to when it is tenanted (placement stage).*

	Supporting home-ownership initiatives for New Zealanders	2025/26 target	Year to date result	
4.1	Number of First Home Loan mortgages underwritten	Demand driven	996	

	Financial Performance	2025/26 target	Year to date result	
FIN_1.1	Net operating costs of managing our housing portfolio per housing unit (excludes depreciation) - Tenancy services - Renewing and maintaining homes	$18,523 $,3006 $15,517	Reported Annually	
FIN_1.2	EBITDA as a percentage of total income	37%	48%	On track
FIN_1.3	Build cost per square metre	$2,980 excluding GST	$3,290	On track
FIN_1.4	Meet or exceed the key financial objectives as set out in the Reset Plan. This includes: - Meet or exceed annual operating deficit - At or below total expenses - Within debt limit	Achieve Achieve Achieve	On track to meet	

Appendix 3

Capital Investment

Capital investment

Capital investment ($ million)	September year-to-date Actual	Budget	Variance	Full year HYEFU	Budget	Variance
Public and Supported Housing redevelopments	77	218	141	649	663	13
Public and Supported Housing Acquire new	84	197	113	301	442	140
Capitalised Overhead	2	7	5	23	30	7
Home Builds	**164**	**423**	**259**	**974**	**1,134**	**160**
Acquire Existing	(0)	-	0	10	20	10
Strategic Land Purchases	(0)	-	0	-	-	-
Total gross housing supply expenditure	**164**	**423**	**259**	**983**	**1,154**	**171**
Shovel ready	1	2	1	2	(15)	(17)
Land purchase fund ($2b over 10 years)	0	0	0	1	1	(0)
Urban development land (state & market)	9	36	27	99	167	67
Urban development Tamaki	12	12	0	70	70	0
Urban development greenfields & complex	0	2	1	66	4	(62)
Urban development gross expenditure	**22**	**52**	**29**	**239**	**227**	**(12)**
Capitalised Repairs and Maintenance	20	40	20	110	155	45
Capitalised retrofit	32	41	9	103	131	29
Business Infrastructure	(1)	5	6	17	18	1
Total gross capital expenditure	**237**	**559**	**323**	**1,453**	**1,687**	**234**
Property sales	(102)	(147)	(45)	(467)	(457)	9
Vacant Land sales	(3)	(0)	3	(4)	(0)	4
Property and Land sales	**(105)**	**(147)**	**(42)**	**(471)**	**(457)**	**13**
UDD Land Sales LSP	(7)	(16)	(9)	(126)	(132)	(6)
UDD Tamaki Sales	(8)	(8)	(1)	13	(40)	(53)
UDD Land Sales KOLP	-	-	-	(22)	(55)	(33)
UDD Greenfields & Complex Sales	(6)	(3)	3	(26)	(27)	(1)
Urban Development sales - Total	**(21)**	**(27)**	**(6)**	**(162)**	**(254)**	**(92)**
CCO Contribution - UDD LSP	(15)	-	15	(14)	-	14
CCO Contribution - UDD Tamaki	-	-	-	-	-	-
CCO Contribution - Total	**(15)**	**-**	**15**	**(14)**	**-**	**14**
UDD Vested Infrastructure Grants - LSP	-	-	-	(7)	(38)	(32)
UDD Vested Infrastructure Grants - Tamaki	-	-	-	(6)	(9)	(3)
Vested Infrastructure Grants - Total	**-**	**-**	**-**	**-**	**-**	**-**
Urban Development sales/contributions - Total	**(35)**	**(27)**	**8**	**(189)**	**(301)**	**(113)**
Total capital revenues	**(140)**	**(174)**	**(34)**	**(659)**	**(759)**	**(99)**
Total net capital expenditure	**96**	**385**	**289**	**793**	**928**	**134**