

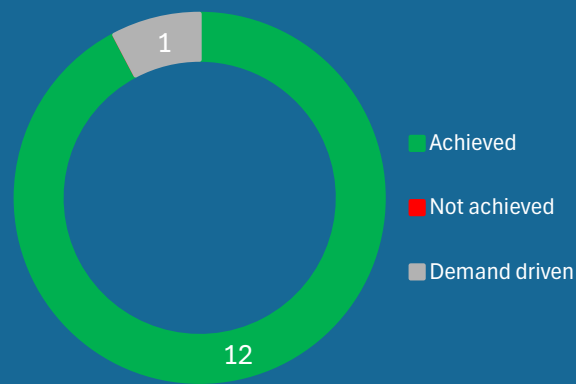
Quarterly Report

April – June 2026

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 year-end SPE results



Note: Performance in this report is being monitored against the 2025/26 SPE budget unless noted otherwise.

Performance at a glance

Our organisation				Our portfolio	
Our financial sustainability and cost efficiency			Our people		
Full year net surplus/(deficit) before tax (\$140m) NB: Subject to final audit Full year budget (\$423m)	Full year EBITDA \$1,034m NB: Subject to final audit Full year budget \$861m	Full year overhead costs / total revenue 7.8% Full year budget 8.4% Baseline 2023/24 –13.1%	Full-time equivalents (FTEs) 2,244 FTEs Full year budget – 2,529 Last quarter – 2,293 FTEs	Total homes as at 30 June 2026 78,294 SOI target – 77,800 – 78,800	SPE 3.1 – Hectares of land Redeveloped 35.2 ha Full year target ≥18 hectares
Earnings to interest cost ratio 1.9 Full year budget – 1.4 Baseline 2023/24 – 0.8	Fin 1.2 EBITDA as a percentage of total income (FIN1.2) 46% Full year budget 37% Baseline 2023/24 – 20%	Fin 1.3 - Cost per square metre* \$2,713 Full year target \$2,980 Baseline – 2023/24 - \$3,473	Total people costs \$273m Full year budget \$287m	Total borrowings \$18.1b Full year budget \$18.5b	SPE 3.2 – Number of homes enabled on land developed 985 Full year target ≥787
Our homes			Our services		
SPE 2.1 - New and retrofitted homes 2,136 Full year target 2,075-2,575	SPE 2.2 - Daily utilisation 99.2% Full year target ≥98.0%	SPE 1.1 - Tenant satisfaction with Housing Support Manager 79% Full year target 75%-85%	SPE 1.2 - New debtors with repayment arrangement in place within 21 days of rent overdue 89% Full year target ≥85%	SPE 1.3 – Tenant rent debt** \$3.2m Full year target ≤\$6.0 million	SPE 4.1 – First Home Loan mortgages underwritten 4,049 Full year target – demand driven
SPE 2.3 – Vacant to let 20 days Full year target ≤27 days	SPE 2.4 - Tenant satisfaction with maintenance 85% Full year target 75% - 85%	SPE 1.4 – Tenant satisfaction with Customer Support Centre interactions 91% Full year target 75%-85%	SPE 1.5 – Disruptive behaviour – action taken in 15 days 99% Full year target ≥90%	SPE 1.6 - Successful applications to end tenancy with tribunal for disruptive behaviour 92% Full year target ≥85%	Key On track At risk Off track Demand driven

*This measure includes only above-ground build costs.
**Includes rental arrears from all current tenants.



Executive summary

Note: financial results are subject to audit and final tax calculations.

- **Exceptional full year 2025/26 financial performance** – this was achieved through **strong financial stewardship, disciplined cost management, and lower operating expenses**. For the year ended 30 June 2026, **EBITDA was \$1,034 million, exceeding budget by \$173 million¹** and representing a significant improvement on EBITDA from \$519 million in 2024/25 and \$199 million in 2023/24, reflecting a remarkable turnaround over the past two years. This outstanding result was driven by **lower property costs** (\$238 million lower), **non-property costs** (\$109 million lower) which included contingency that was not required, careful management of our people resources, and asset **write-off expenses and net (gain / loss on sales** (\$13 million lower). These favourable outcomes more than offset the **lower-than-budgeted income of \$188 million** which was primarily driven by lower urban development land sales revenue (timing) and one-off adjustments for land sales revenue reversal (\$65 million). This has resulted in a **net deficit (before tax) of (\$140) million² which is \$283 million better than budget**, and highlights the organisation's strong financial performance despite lower-than-expected revenue.
- **Year-end gross capital expenditure** - capital expenditure remained well managed throughout 2025/26, with year-end gross capital expenditure **\$356 million below budget**, driven by **New Housing Supply** (\$198 million underspent), a result of lower redevelopment unit deliveries following an approved change in delivery mix and transformation savings, off-set by a higher proportion of Acquire New unit deliveries than budgeted, and rephasing some unit deliveries into 2026/27. **Urban Development was \$19 million under budget** a result of rephasing and lower contracting costs against budget, while still meeting programme deliverables (SPE). **Maintenance and retrofit** spends were also **\$121 million lower** than budget, attributable to delivery of savings programme and a shift in planned maintenance programme mix.
- **Our tenancy service performance ended the financial year strongly** - with our **home utilisation rate at 99.2%** and our **vacant-to-let turnaround times** achieving the **best quarter result** since tracking began. Our tenancy measures ended the year positively, with **rental debt levels decreasing** and **all tenancy satisfaction measures meeting or exceeding the target range of 75–85%**.
- **Housing delivery, sales and divestments** – we successfully met our delivery targets for 2025/26 delivering **1,650 gross additional homes delivered (1,641 new)** in the financial year. Combined with effective management of property sales, lease expiries, and demolitions, this ensured we have maintained the housing portfolio **within the target range of 78,300 + / - 500**. At 30 June 2026, the **portfolio was 78,294**, meeting 2025/26 LoE targets and Reset Plan objectives. Our delivery targets were achieved while reducing build cost per square metre to \$2,713, well below the \$2,980 target and significantly improved from the 2023/24 baseline of \$3,473. Ongoing divestment, long-term funding certainty, and effective investment settings are key to sustaining housing delivery and outcomes.
- **Large-scale Projects (LSP) Review** – The **Te Ararata A and B Neighbourhood Business Cases** have **completed the Treasury Gateway Review** and have been endorsed by the Kainga Ora Board and await review by joint Ministers. Following direction in the LOE, we will work to support the Ministry of Cities, Environment, Regions and Transport (MCERT) in responding to other recommendations of the LSP review.
- **Large-scale urban development programmes** - Momentum is being maintained across our land sales and infrastructure delivery.
- **Transformation remains on track** - supported by an enterprise roadmap that aligns strategic priorities and major change programmes to enable coordinated delivery and business continuity. **Significant progress** has also been made **on the Technology Modernisation Programme**, with **preferred vendors selected** and contract negotiations underway following joint Minister approval.
- **Workforce and leadership** - We continue to strengthen organisational capability through initiatives such as a **new capability framework** to enable more flexible deployment of skills, a shift to **Leading While Learning to embed leadership development in everyday work**, and the implementation of our **Inclusion Strategy** to foster an inclusive and high-performing culture. **Strategic Workforce Planning** is also progressing to prepare for future workforce and operating model needs. Together, these initiatives will help build a more adaptable, capable, and future-ready

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

Full year EBITDA of \$1,034 million was outstanding, representing a **\$173 million upside on the budget**¹ and significant improvement on the previous two financial years results. This result was primarily driven by lower costs, partially offset by lower income. Key drivers are:

- **Total income is \$188 million downside to budget**, primarily driven by lower urban development land sales revenue (timing) and one-off adjustments for land sales reversal (\$65 million).
- **Property expenses are \$238 million upside to budget**, reflecting efficiencies from enhanced maintenance strategies and processes. Lower land cost of sales (consistent with lower land sales) also contributed to the underspend.
- **Non-property costs are \$109 million upside to budget**, driven primarily by lower than budgeted FTE (lower people costs), contractors and consultants, lower than budgeted technology spend from reduced activity and the central risk buffer not utilised. Included within non-property costs, **people costs were \$14 million below budget** and **\$98 million lower than 2024/25**, reflecting our continued careful management of our people resources, the impact of our transformation efficiency initiatives, and prudent financial management.

- **Write-offs and net (gain)/loss on sales were \$13 million favourable to budget**, primarily due to higher-than-budgeted sales proceeds (\$15 million). Lower net book value write-downs of \$49 million were largely offset by \$48 million of unbudgeted project WIP write-downs, resulting in write-offs being broadly flat overall.

Net deficit before tax

The **full year position of \$283 million upside to budget** is underpinned by strong EBITDA contribution and:

- **Upside from net interest expenses of \$84 million to budget** due to lower floating interest rates and lower debt drawdowns.
- **Upside from depreciation of \$27 million to budget** primarily due to alignment with latest forecast and timing differences in capitalisation.

Debt

- **Total debt of \$18.09BN represents an upside of \$788 million to budget**, due to lower capital investment and a stronger operating and cash position, reducing the need for debt drawdowns.

2024/25 Full year	Financial performance (\$ millions)	Full year		
		Actual	Budget	Variance
2,558	Total income	2,582	2,770	(188)
1,135	Property expenses	1,001	1,239	238
509	Non-property expenses	389	498	109
395	Write-offs and net (gain)/loss on sales	159	172	13
2,039	Total expenses	1,549	1,909	360
519	EBITDA	1,034	861	173
617	Net interest expenses	660	744	84
498	Depreciation	514	541	27
(596)	Net surplus/(deficit) before tax	(140)	(423)	283
32	Tax expense/(benefit)	23	(29)	(51)
(628)	Net surplus/(deficit) after tax	(163)	(395)	232
2,710	Total Gross Capital Expenditure	1,331	1,687	356
(292)	Total sales and contributions	(559)	(759)	(200)
2,417	Net Capital Expenditure	772	928	156
17,981	Debt	18,092	18,880	788

¹ Performance in this report is being monitored against 2025/26 accountability documents and the 2025/26 SPE BUDGET unless noted otherwise.

3

Full year gross capital expenditure is \$356M below budget primarily reflecting timing shifts in delivery and the impact of planned savings initiatives. Key drivers are:

- **New housing supply (redevelopment and acquisitions) was \$198 million favourable to budget**, primarily due to lower redevelopment unit deliveries following an approved change in delivery mix and transformation savings, off-set by a higher proportion of Acquire New unit deliveries than budgeted, and rephasing some unit deliveries into 2026/27.
- **Urban development \$19 million upside to budget** is attributable to rephasing and lower contracting costs against budget, while currently meeting programme deliverables (SPE).
- **Maintenance and retrofit** spends are lower than budget, attributable to delivery of savings programme and a shift in planned maintenance programme mix.

Full year net capital expenditure is \$156 million below budget primarily due to:

- Deferred sales (including Fletcher Living in Oranga) and delays in superlot settlements in Mangere and Porirua.
- Lower Tamaki LSP revenue recovery including prior year revenue reversals and changes in revenue recognition timing under the Umbrella Agreement.

Build cost per square metre

- The 12-month rolling average build cost has decreased to \$2,713 per square metre, this compares to our 2023/24 baseline of \$3,473, reflecting early benefits from transformation initiatives.

2024/25 Full year	Capital investments (\$ millions)	Full year		
		Actual	Budget	Variance
2,166	New housing supply	956	1,154	198
163	Retrofit programme	80	131	52
135	Other maintenance programmes	86	155	69
236	Urban development	208	227	19
10	Infrastructure assets and projects	1	18	18
2,710	Total gross capital expenditure	1,331	1,687	356
(52)	General and vacant land sales	(456)	(457)	(1)
(241)	Urban development sales & contributions	(102)	(301)	(199)
2,417	Net capital expenditure	772	928	156

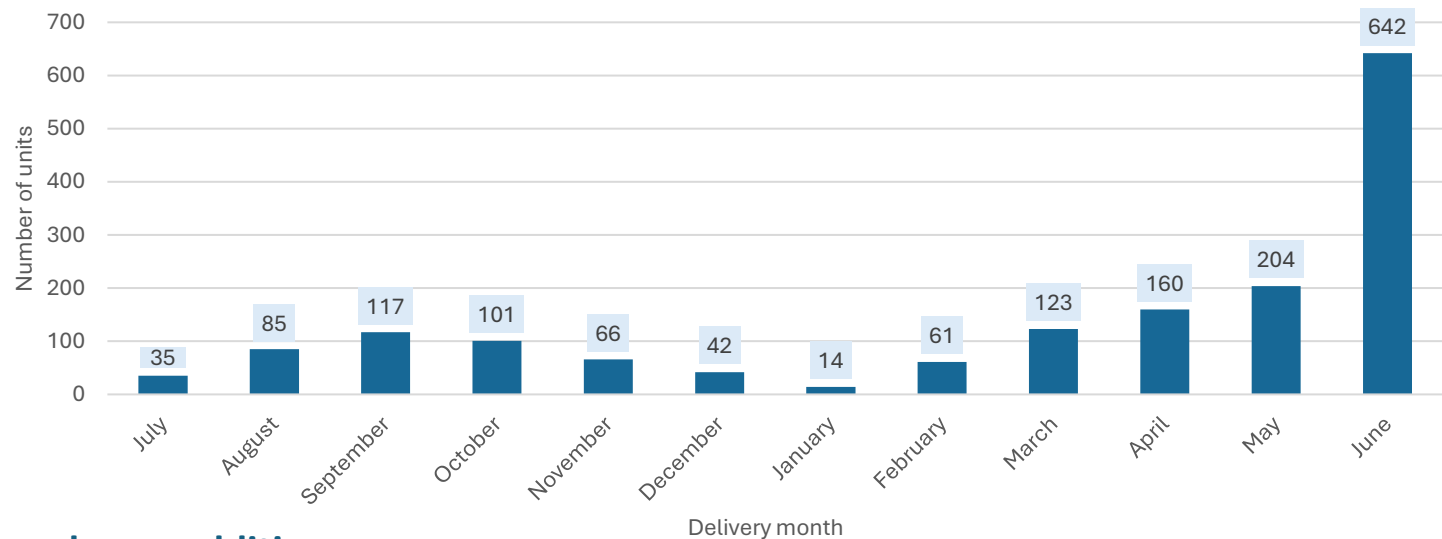


Our housing portfolio

Responding to customer needs by actively reconfiguring and renewing our homes

- **National housing delivery** – Delivery targets for 2025/26 have been met nationally. Kāinga Ora delivered **1,650 gross additional homes in the financial year to 30 June 2026, with approximately 40 percent of the year’s total delivered in June**, meeting our SPE 2.1 target range of 1,600 – 2,050 new homes. There was also a **gross decrease of 1,525 homes** in the financial year, consisting of **950 sales, 226 lease expiries, and 349 demolitions**. We also delivered a further **495 retrofitted homes**, bringing the **total number of renewed homes (new and retrofitted) to 2,136** for the year against the **SPE target of 2,075 – 2,575**. These delivery targets were achieved while reducing the rolling average **build cost per square metre to \$2,713**, well below the \$2,980 target and well down from the 2023/24 baseline of \$3,473
- **Housing portfolio** – As at the end of June 2026, our **total housing portfolio stood at 78,294 homes** (including social, supported, and CHP lease homes). This remains consistent with the Reset Plan objective to maintain the portfolio at approximately 78,300 homes (+/- 500).
- **The Public Housing Plan (PHP) target of 2,650 net additional homes across 2024/2025 and 2025/2026 was achieved.**
- Maintaining delivery momentum will require a longer-term funding commitment for the renewal programme, providing the certainty needed to sustain the build programme and continue delivering strong results in future years, as well as ensuring funding settings that incentivise the right investments and enable coordinated delivery across Kāinga Ora and partner agencies.

Gross home additions by month – actual 2025/26



Gross home additions

- During the final quarter, **1,006 gross home additions were delivered** – compared to **198 completed in Q3**, bringing the **total gross additional homes for the financial year to 1,650** (1,641 new homes under SPE 2.1 and 9 existing homes).
- Of the total gross annual additions, **61% were delivered in the June quarter, compared to 37% in the June quarter of 2024/25**. This reflected the reassessment of projects to select most viable ones and regional capacity constraints coupled with planning and consenting delays. These factors pushed a significant proportion of planned deliveries into the final quarter of the year.

Delivering on our housing portfolio renewal

Retrofit

- In the **June quarter, 159 homes were retrofitted**, compared with **99 in the previous quarter**. This brings the **financial year total to 495 retrofitted homes, achieving the SPE target of between 475 and 525 homes**.

Divestment programme

- During **2025/26 divestment revenue of \$417 million was realised from the sale of 933 homes**, achieving 99% of budgeted revenue (\$421 million) and budgeted homes sold (939 homes) with the proceeds being reinvested into new and upgraded homes that better meet tenants' needs now and in the future.
- **The average sales price achieved was \$510,000 per unit** (excluding Dixon St), in line with the budget of \$510,000 per unit (excluding Dixon St).
- **Regional performance was mixed**, with stronger results in several regions offsetting lower than expected average sales prices in East Coast, Taranaki and Wellington.
- **A total of 41 land divestment sites were sold during the year**, generating \$31 million in sales which has been reinvested into our housing stock.
- As we move into the new year, Kāinga Ora will maintain its focus on the divestment programme to support ongoing investment in warm, dry homes in a financially sustainable way.

Our housing portfolio – Regional Renewals Programme

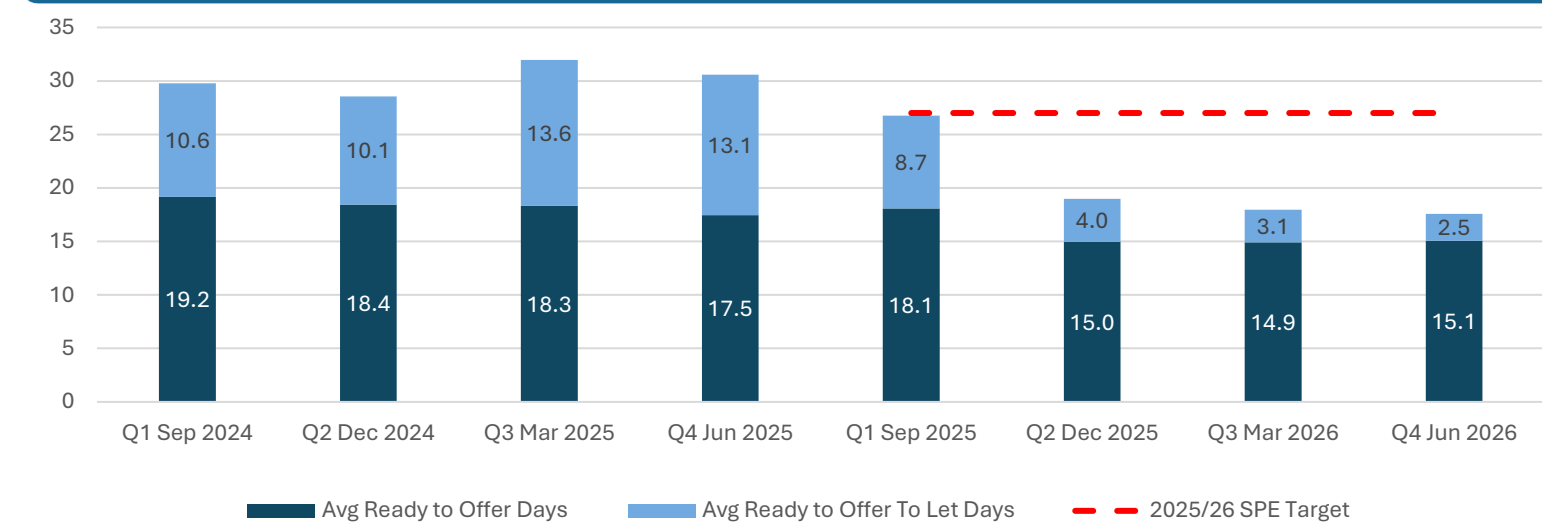
- Nationally, the renewals programme achieved a net position of 59 homes above the net nil renewals target set out in the Letter of Expectations (LoE) across the 2024/25 and 2025/26 financial years. East Coast, Wellington and West Coast Tasman finished below their regional net renewals LoE target but remain within the new 2026/27 LoE regional managed stock ranges.

HUD Region	LoE Net Target	2025/26 Year End Actuals				Net Renewals Achieved	Variance to Target
		Renewals Additions	Sales	Demolition	Lease Expiry		
Northland	(19)	57	(55)	(6)	0	(4)	15
Auckland	(199)	360	(304)	(178)	(43)	(165)	34
Waikato	41	161	(41)	(18)	(52)	50	9
Bay of Plenty	29	107	(23)	(10)	(5)	69	40
East Coast	19	8	(40)	(17)	0	(49)	(68)
Taranaki	(7)	66	(22)	(7)	0	37	44
Central	(8)	55	(21)	(3)	0	31	39
Wellington	97	332	(173)	(41)	(104)	14	(83)
West Coast Tasman	102	122	(18)	(31)	(1)	72	(30)
Canterbury	(92)	199	(208)	(27)	(12)	(48)	44
Southern	37	92	(28)	(10)	(2)	52	15
Total	0	1,559	(933)	(348)	(219)	59	59

Enhancing the condition and utilisation of Kāinga Ora homes

- Kāinga Ora **maintenance systems continue to perform strongly across all areas**, with recent transformation initiatives delivering efficiencies while sustaining high service levels, including high customer satisfaction (see next page for details).
- Streamlining our maintenance and repair services** has reduced ‘vacant-to-let’ turnaround times — **the year end result of 20.4 days is a 32% improvement** compared to last year’s full-year result. The strong continued improvement reflects enhanced coordination across our teams, enabling maintenance and placement planning to commence as soon as a tenant gives notice—often while the home is still occupied.
- The **percentage of homes occupied throughout the year continued to increase** (see details below). This reflects how many of Kāinga Ora available homes are tenanted at any given time. A high occupancy rate means we are using our housing portfolio efficiently. Kāinga Ora **has exceeded the target of 98% in 2025/26 by 1.2%** - this is the equivalent of having an **additional 880 homes occupied**. **Total unoccupied homes** (vacant and homes removed from service) **has decreased from 4% of the total social housing stock in 2024/25 to 2.7% in 2025/26** (see table below).

Vacant to let time SPE achieved



- Letting time performance: The SPE target of ≤ 27 days was achieved comfortably, with a financial year average of 20.4 days.** This is a 32% improvement on the result in 2024/25 (30.2 days). The result was driven by yet another quarter of improved letting time performance, reducing to **17.6 days** for the quarter – down from **18 days the previous quarter** — continuing the year long trend of each quarter being the **the best quarter result achieved since tracking began**.
- Daily utilisation of social homes:** The financial year concluded with a **strong daily utilisation outcome of 99.2%, comfortably exceeding the SPE target of 98%** (see table opposite). During the quarter, **99.3% of social homes in service were let**, slightly down from **99.4% last quarter**. The slight drop in the quarter will be reflective of high deliveries of homes in late June that will be tenanted early in 2026/27.

New home deliveries increase unoccupied homes but remain well down on a year ago

	Number of homes	% of total social homes	Quarterly change	12 month change
Being made available to let				
Ready to let	184		110	-342
Under repair	367		58	-41
Coming into service	272		272	23
Pending decision	14		-23	-221
Total vacant homes	837	1.1%	417	-581
Under refurbishment				
Major repairs	293		-17	-48
Retrofit process	138		-45	-163
Redevelopment & disposal				
Demolition process	63		-20	4
Redevelopment process	175		32	4
Sales & lease expiry	406		-64	-201
Total homes not in service	1,075	1.5%	-114	-404
Staggered tenancy homes	57		57	38
Total unoccupied homes	1,969	2.7%	360	-947
Total occupied homes	71,356			
Total social homes	73,325			
CHP lease portfolio	995			
Total supported housing*	3,974			
Total housing portfolio	78,294			

*The supporting housing portfolio includes Community Group, and transitional housing. For balancing purposes it also includes 76 non-social homes.

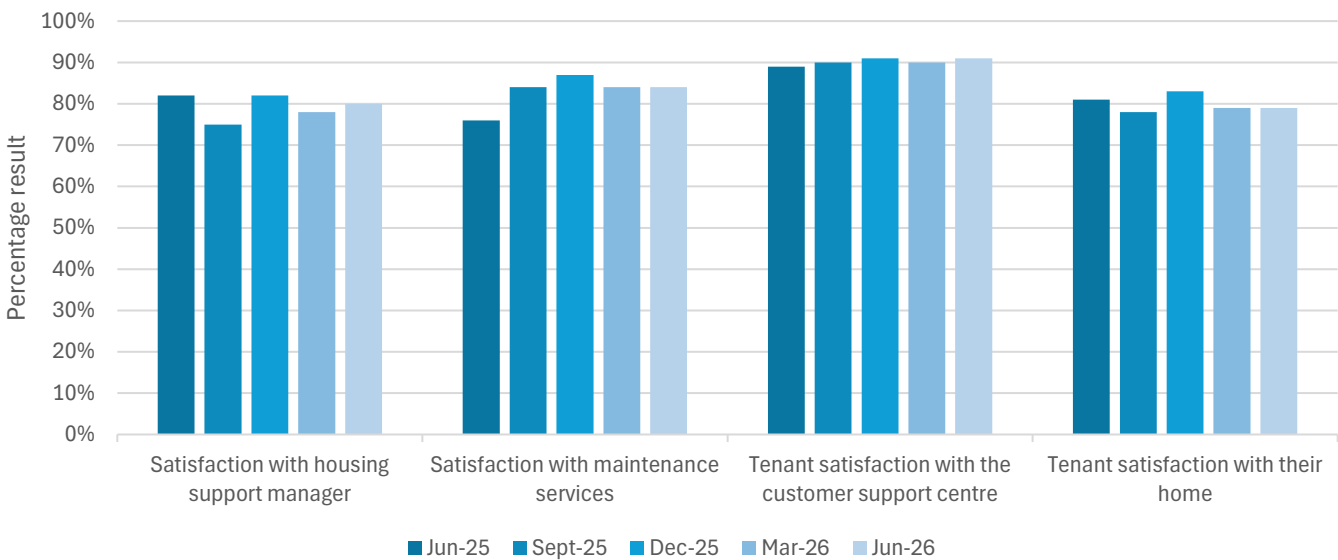
- Unoccupied homes increased by 360** over the quarter, mainly reflecting the delivery of a significant number of new homes in June. As a result, the **number of homes coming into service increased by 272** compared with the March quarter.
- Staggered tenancy homes also increased to 57 in the June quarter** due to the delivery of some large complexes in Whangārei and Rotorua. These homes are tenanted progressively to support a well-managed mix of households.
- Homes removed from service decreased by 114 over the quarter, and 404 over the year**, predominantly driven by less homes in the sales, lease expiry, and retrofit processes.
- Utilisation **rates have improved** over the year and this is in part due to reductions in unoccupied stock, with vacant homes **down by 581** and **total unoccupied homes reduced by 947 over the year**.

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

- **Tenant satisfaction remains strong overall**, with **all SPE customer satisfaction measures above or within the 75–85% target range**; satisfaction with Housing Support Managers and maintenance services remained stable over the year and satisfaction with our Customer Support Centre continued to reflect strong service performance.
- **Serious incidents of disruptive behaviour** have remained relatively stable this year and well below the peak volumes seen during the last financial year. While we have received less serious incidents this year, the volumes of tenancy terminations due to disruptive behaviour remain consistent with last years volumes demonstrating, where appropriate, we are taking a firmer approach to managing disruptive behaviour.

Tenant satisfaction levels remain consistently high

Customer satisfaction survey results

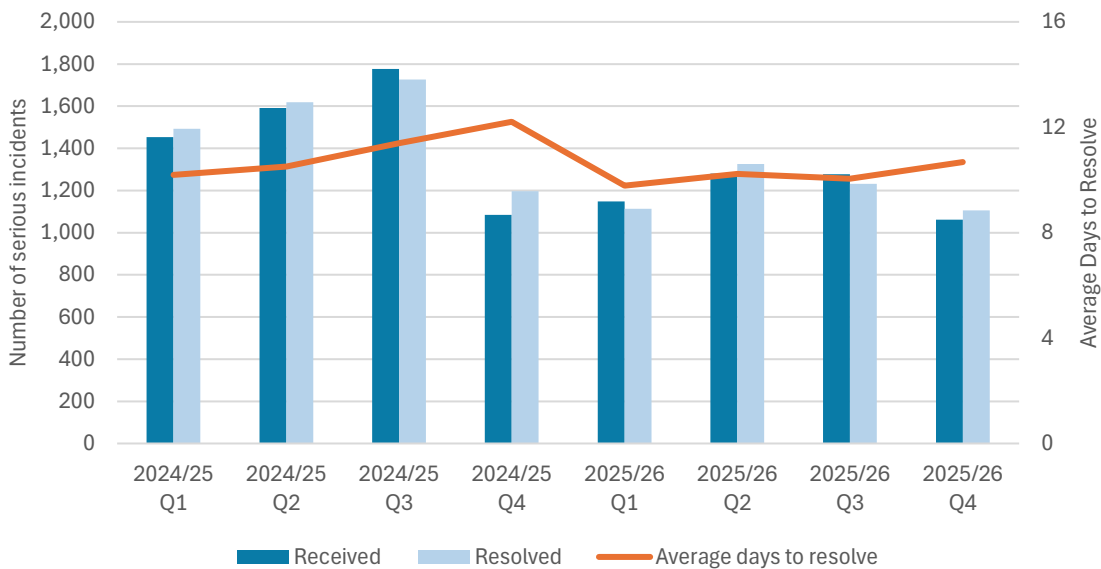


- **Satisfaction with Housing Support Managers (SPE 1.1)** was up slightly at **80%** compared to last quarter to **78%**. The annual overall result for 2025/26 is **79%**.
- **Satisfaction with maintenance services (SPE 2.4)** was **84%** for the quarter. The annual overall result is **85%** which is an increase from 76% in the same period last year.
- **Tenant satisfaction with the Customer Support Centre (SPE 1.4)** was tracking well with an overall result of **91%** for the year, slightly up from 89% compared to last year.

Note: Quarter 1 and Quarter 2 satisfaction results have been updated to correct previously misapplied demographic weightings. This resulted in minor changes to the reported results, all of which were within the margin of error.

Serious incidents of disruptive behaviour static for the quarter but down on previous year

Reports of serious incidents* of disruptive behaviour

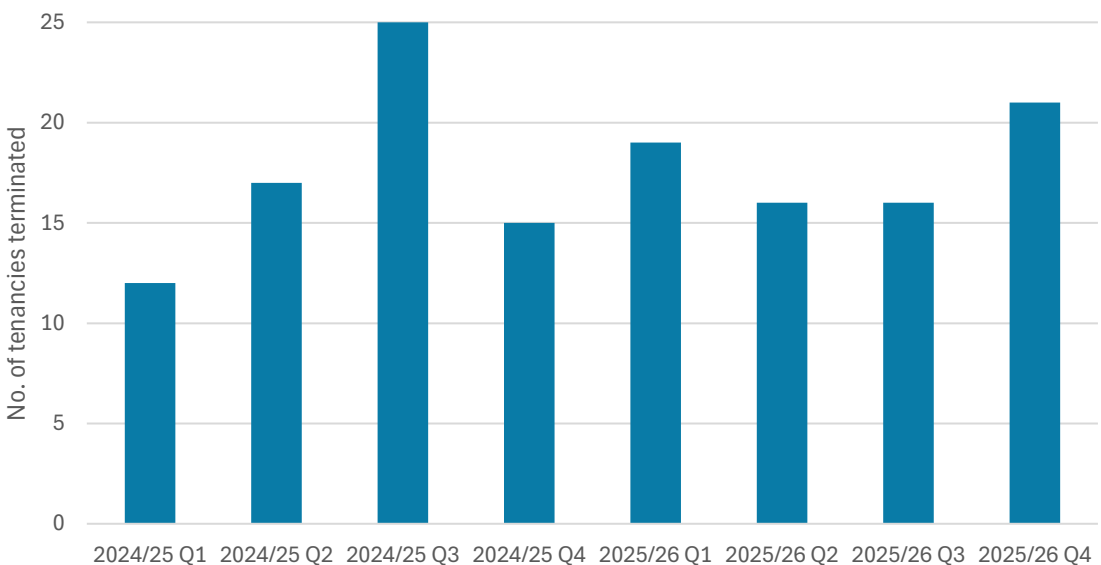


Reported serious incidents of disruptive behaviour

- **Reported serious incidents decreased to 1,061** in the June quarter, down from **1,277** in the previous quarter and is broadly in line with the same quarter last year (**1,085**).
- **Resolved serious incidents** dropped slightly over the quarter with **1,106 cases resolved** in quarter 4 of 2026, **compared to 1,197 cases** for the same quarter last year.

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

Tenancies terminated due to disruptive behaviour



Tenancies terminated for serious incidents of disruptive behaviour

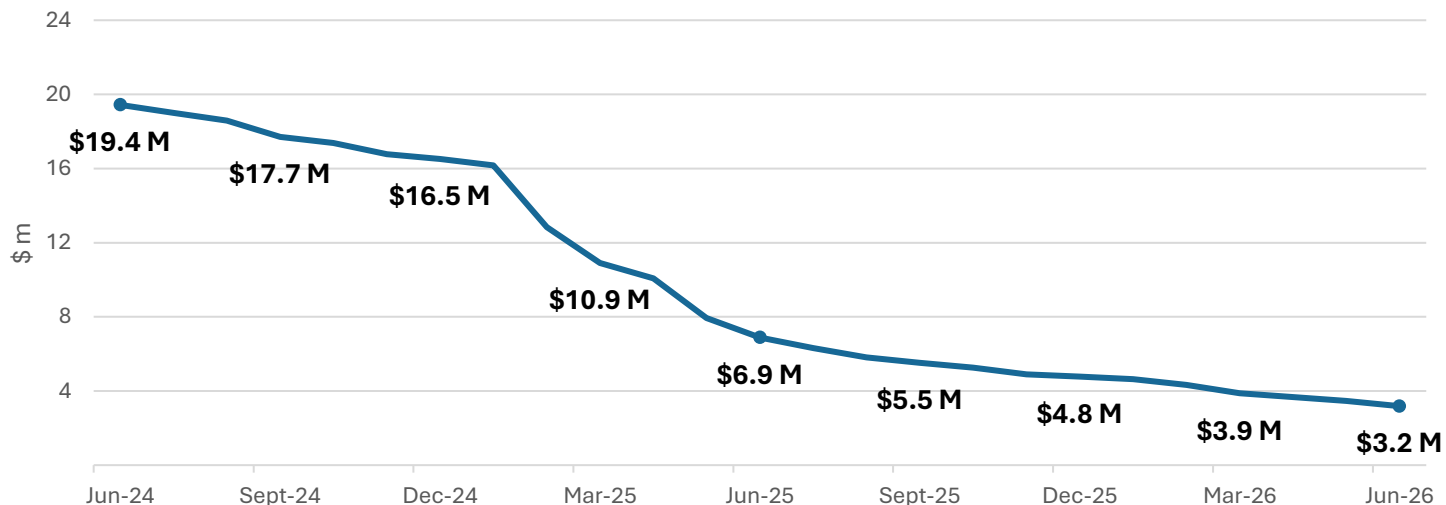
- A total of **72 tenancies were terminated due to disruptive behaviour** in 2025/26.
- On average, **18 tenancies were terminated each quarter** in 2025/26 due to disruptive behaviour.



Our services

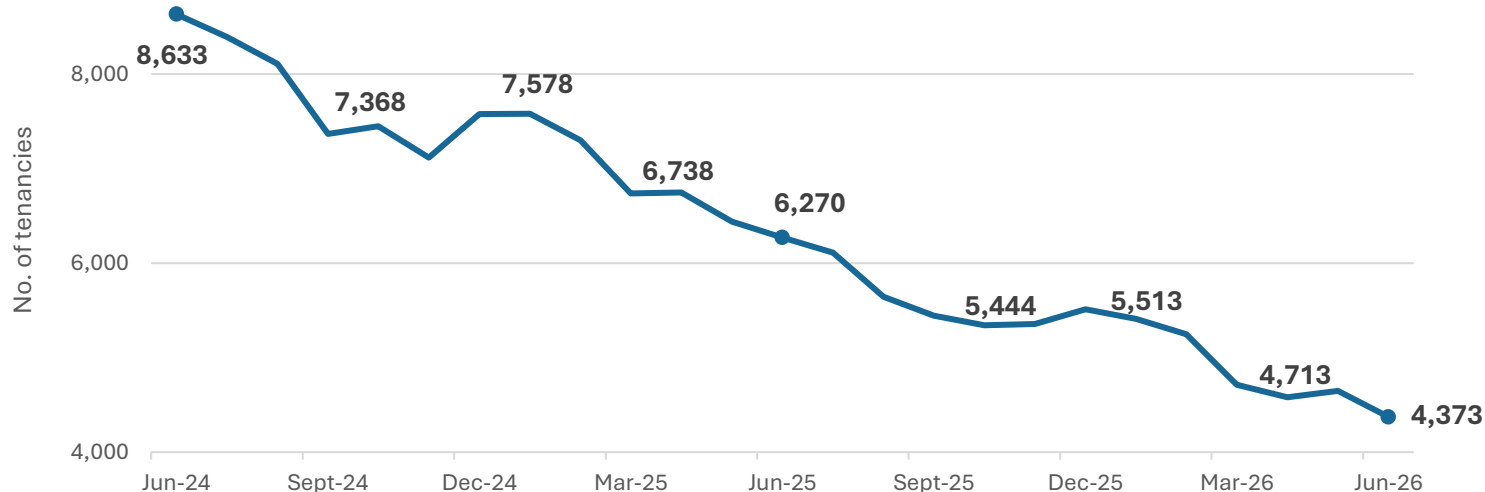
Sustained improvement in rental debt levels

Value of current tenants' rental arrears



- Tenant current rental arrears fell by **\$700,000** over the quarter to **\$3.2 million**, well within the SPE target of $\leq$ \$6.0 million.
- **Both median and average rental arrears has decreased by over 30% compared to the end of 2024/25.** Median rental arrears levels for current tenants has **decreased by \$254**, from **\$568** to **\$314** and average rental debt for has decreased by \$371 from \$1,098 to \$728.
- Tenant rental arrears remain at low levels following sustained improvement over recent years. We will continue to actively support tenants and monitor the impact of changes to the Income-Related Rent (IRR) settings to help maintain this performance.

Number of current tenants in rent arrears

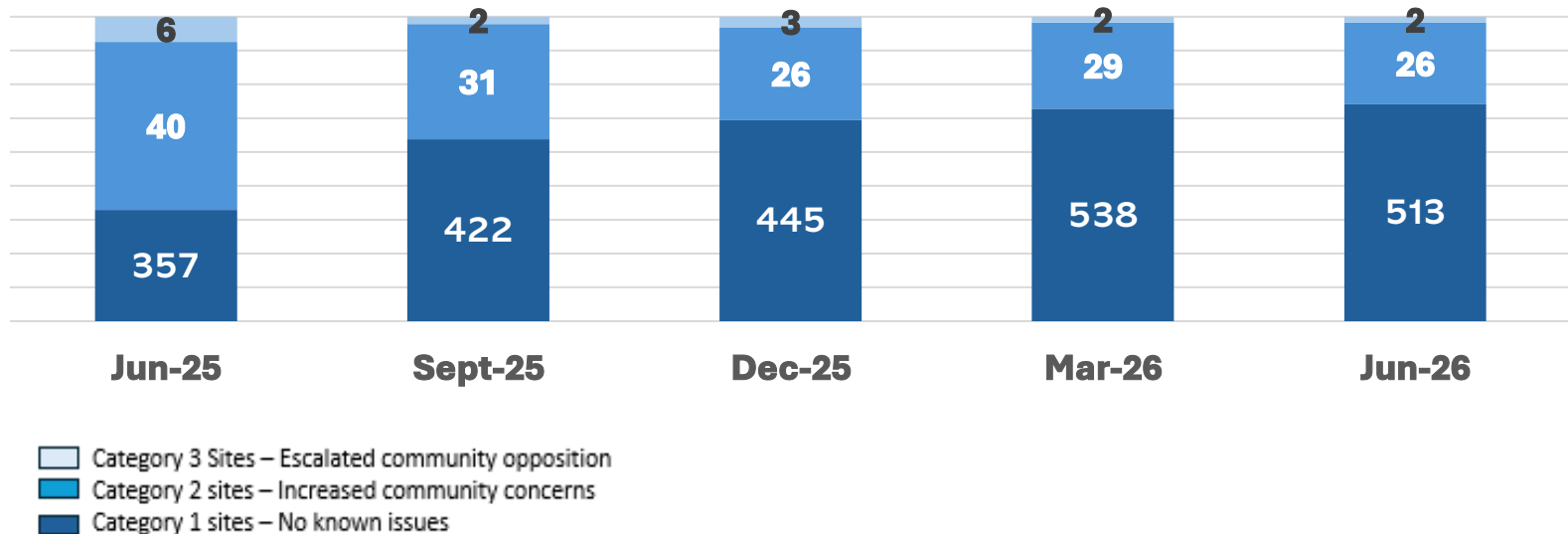


- As at the end of June there are **4,373 tenants with outstanding rental arrears**, this has consistently fallen over the last two years, with **1,897** fewer tenants in rental arrears compared to 2024/25 and **4,260** fewer compared to 2023/24.



Community engagement

Proactively engaging with our communities



- A small number of Category 3 sites (Wellington Street, Pukekohe and Examiner Street, Nelson) have received increased community attention. Ongoing engagement with key stakeholders, local boards and neighbouring residents has supported open communication and helped address community concerns.

Engagement activity

- **16,704 unique online visitors** viewed development information
- **3,779 mail and electronic** updates distributed
- **416 events** were held, reaching 10,091 participants
- **672 key stakeholder engagements** (including elected members)
- **91 new private owner interactions**

Themes

- Community and media interest in our developments and renewal programme remains strong, supported by ongoing engagement with local organisations and tenants. Regional teams continue to manage local concerns through community engagement and targeted communication.
- The **Kauika Road Open Day in Whangarei showcased 95 new homes** to community stakeholders and media, generating positive coverage that highlighted the impact of quality housing for tenants and the wider community.

Our urban development and delivery activity

Meeting large-scale urban development commitments while delivering significant savings

Large scale projects

- **Neighbourhood Business Cases (NBCs) for Te Ararata A and B have been refined** as per direction in the LSP review, the NBCs received an amber/green Gateway review rating and have been endorsed by Kainga Ora Board and are due to be presented to Ministers for approval next month. These business cases support the delivery of the future social housing pipeline.

Land sales

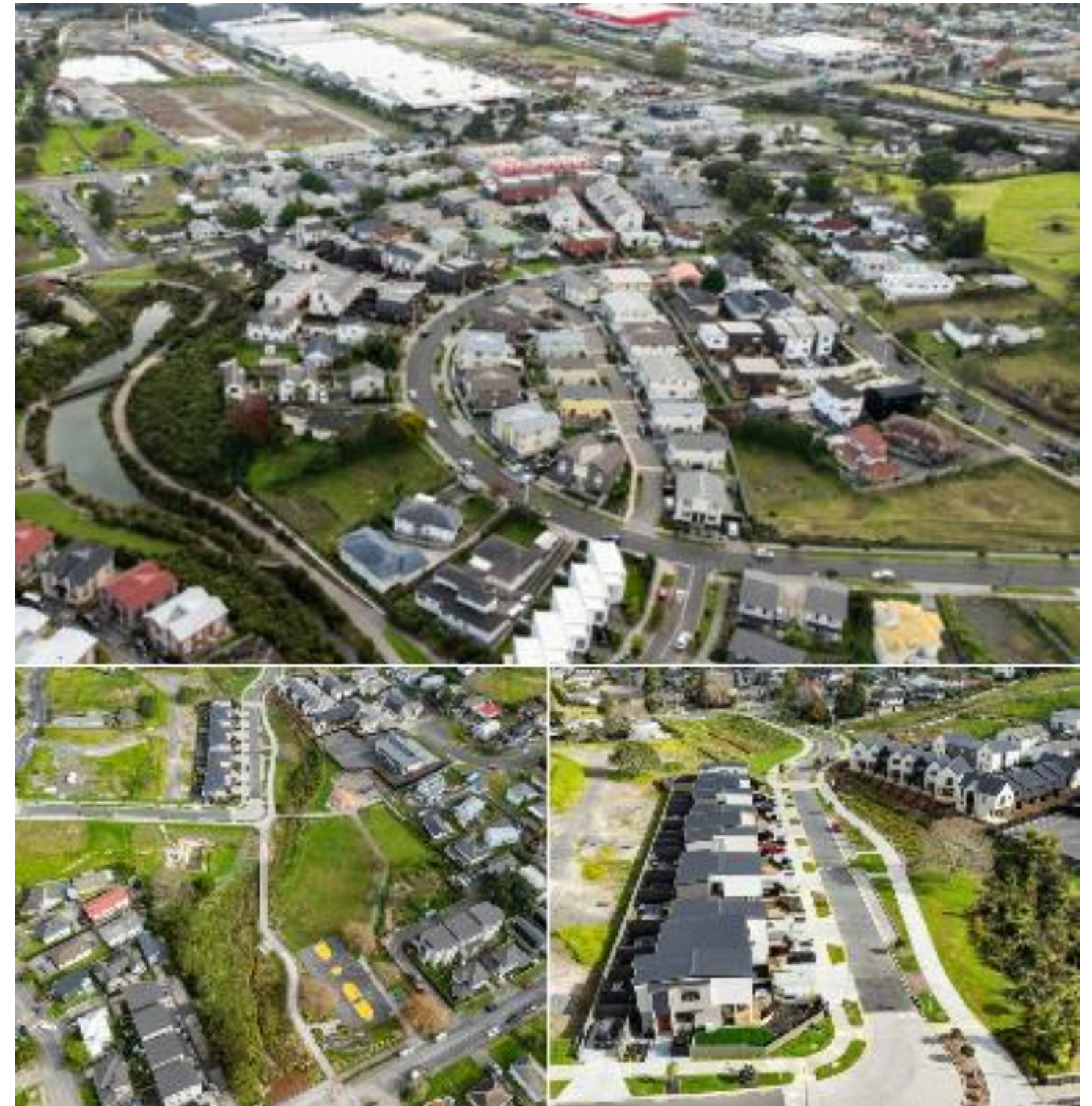
- **Challenging market conditions remain for urban centres**, as the residential housing market stays plateaued. The focus remains on achieving optimal revenue whilst delivering the Masterplan density to ensure effective use of infrastructure investments. **Year-to-date, 30 superlots have been sold to developer partners** across the LSPs and a further **8 superlots have been contracted**. In **Te Kauwhata 163 lots have been sold and a further 11 lots have been contracted**. We are proactively managing contracts with build partners to optimise timing of revenue recognition.

Infrastructure delivery

- **Civil delivery is progressing well across all LSPs.** Construction activity is advancing strongly in Tāmaki, Porirua and Waikōwhai neighbourhood in Roskill, while design work is progressing across Tāmaki, Māngere, and Roskill. We are preparing for the next significant phase of procurement in the second half of the 2026, with a number of design and construction packages planned to go to market across active LSP areas to maintain delivery and support future housing growth and renewal.
- **Two bundled land transactions have been completed in the Oranga and Mangere LSPs.** These will deliver enhanced community outcomes for residents and enable Auckland Council to deliver a priority flood resilience project around Te Ararata Creek as part of their Making Space for Water programme.
- **Funding has been secured to investigate several Auckland Transport Precinct transport projects** located on strategic routes and primary arterials of several LSPs. In addition, \$7m in committed funding has been secured from Vector and Chorus.

Kāinga Ora Land Programme

- **Multiple offers were received for Ferncliffe Farm** which closed in mid April, development teams have assessed offers and a preferred buyer has been identified. Development of the Plimmerton Farm business case continues with a Targeted Investment Report (Gateway) review scheduled. **Ormiston stage 3 (171 residential lots) became unconditional on 30 June 2026** with settlement to follow.



Roskill large-scale project

Kāinga Ora will be a reliably high performing organisation

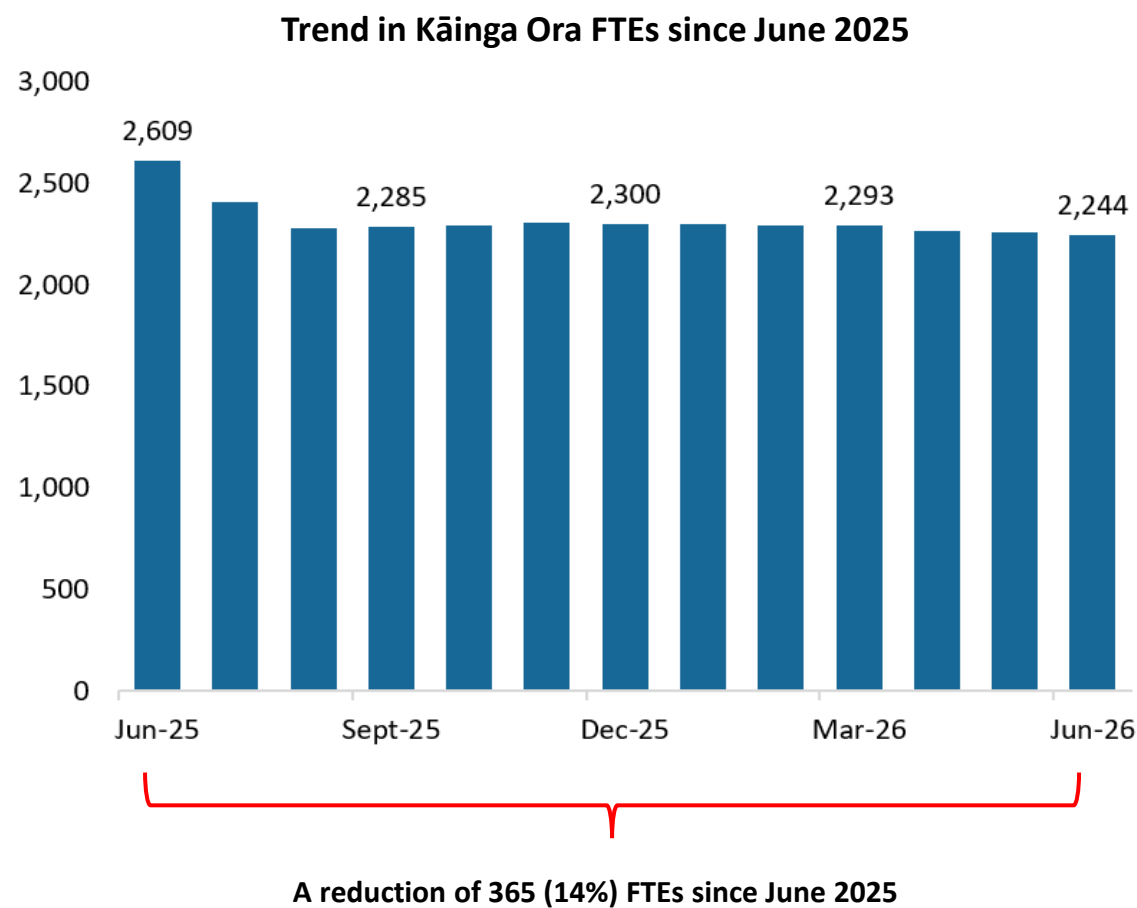
Kāinga Ora continues to make strong progress towards its goal of **being a reliable, high-performing organisation**. This is being achieved through initiatives delivered under the organisation’s Transformation Programme, alongside ongoing efforts across teams to enhance the delivery of core functions. Together, these activities are driving greater efficiency, streamlining processes, and strengthening organisational performance.

Our Transformation Programme

- Our organisation-wide transformation programme is aligning our operating model, processes and teams to improve collaboration, break down silos, increase efficiency, and strengthen delivery performance across Kāinga Ora.
- We have **completed the Reset phase** and have now **commenced the Transform phase**. As part of this transition, we have developed an enterprise roadmap that aligns strategic priorities with major change programmes across the organisation. The roadmap is designed to support coordinated delivery, effective dependency management, and the ongoing maintenance of business-as-usual operations. It will be launched across the organisation in July.
- The **Technology Modernisation Programme** is a critical component of the organisation's transformation, and the last quarter saw a **completion of the procurement process with preferred vendors** selected across all major workstreams with contract negotiations underway. The programme is progressing through final assurance and Ministerial approval processes. Independent reviews have confirmed that costs, benefits, and delivery plans remain robust and overall, the programme remains on track and within budget.

Our Workforce

- 2025/2026 **workforce costs remained below budget**, with personnel expenditure of \$325 million gross, representing 96% of budget.
- At year-end, the **workforce comprised 2,244 FTEs**, equivalent to 94% of budgeted FTE after vacancy factor adjustments. This reflects continued workforce discipline and effective cost management, **with workforce numbers reducing by 365 FTE (14%) since June 2025**.



Strengthening our culture, capability and leadership

- We are developing an **enterprise capability framework** to support a more flexible and adaptable workforce. The framework will enable skills and capabilities to be deployed where they are needed most.
- We are also evolving our leadership approach from **Learning to Lead** to **Leading While Learning**, embedding development into day-to-day work. This will strengthen leaders' ability to build high-performing teams while delivering results.
- We have launched **Building Belonging, the Kāinga Ora Inclusion Strategy** which provides the framework for building a more inclusive and high-performing culture. By fostering a workplace where all people feel valued, respected, and able to contribute their best, the Strategy aims to strengthen our ability to attract, develop, and retain diverse talent. Delivery will be phased through 2026/27–2028/29.
- We are progressing **Strategic Workforce Planning** to prepare for workforce and operating model needs over the next two to three years.
- We have also launched the first phase of **enterprise-wide data literacy learning**. This will strengthen understanding of data quality, governance, and trusted data practices across the organisation.

Appendix 1

Statement of performance expectations (SPE) measure results

as at 30 June 2026

Delivering cost-effective tenancy services that meet the needs of our tenants		2025/26 target	Year end result	
1.1	Tenant satisfaction with Housing Support Manager	75% - 85%	79%	🏠
1.2	Percentage of new debtors with a repayment arrangement in place within 21 days of rent overdue	≥85%	89%	🏠
1.3	Tenant rent debt will be below the target amount by 30 June 2026	≤\$6.0 million	\$3.2m	🏠
1.4	Tenant satisfaction with Customer Support Centre interactions	75% - 85%	91%	🏠
1.5	Percentage of reported incidents of disruptive behaviour where a decision on appropriate action occurs within 15 working days	≥90%	99%	🏠
1.6	Percentage of successful applications to the Tenancy Tribunal for tenancy termination due to disruptive behaviour	≥85%	92%	🏠
Renewing and maintaining our homes		2025/26 target	Year end result	
2.1	Number of new and retrofitted homes:	2,075 – 2,575	2,136	🏠
	...New builds	1,600 – 2,050	1,641	
	...Retrofits	475 – 525	495	
2.2	Percentage of social homes in service* that are let (daily utilisation)	98.0%	99.2%	🏠
2.3	Average number of days from a social home becoming vacant to being let again**	≤ 27	20 days	🏠
2.4	Tenant satisfaction with maintenance based on the equally weighted average score of the following tenant survey maintenance measures:			🏠
	– satisfaction with quality	75% - 85%	85%	
	– satisfaction with time taken to complete work			
	– satisfaction that contractors treated you and family with respect			

*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).

Delivering our large-scale redevelopment projects		2025/26 target	Year end result	
3.1	Hectares of build-ready land redeveloped by Kāinga Ora	≥18 hectares	35.2 ha	🏠
3.2	Number of new homes that can be constructed on build-ready land that is redeveloped and contracted*** by Kāinga Ora	≥787	985	🏠
*** 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.				
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	4,049	🏠
Financial Performance		2025/26 target	Year end result	
FIN_1.1	Net operating costs of managing our housing portfolio per housing unit (excludes depreciation)	\$18,523	Reported in Annual Report	
	- Tenancy services	\$,3,006		
	- Renewing and maintaining homes	\$15,517		
FIN_1.2	EBITDA as a percentage of total income	37%	46%	🏠
FIN_1.3	Build cost per square metre	\$2,980 excluding GST	\$2,713	🏠
FIN_1.4	Meet or exceed the key financial objectives as set out in the Reset Plan. This includes:		Reported in Annual Report	
	- Meet or exceed annual operating deficit	Achieve		
	- At or below total expenses	Achieve		
	- Within debt limit	Achieve		

Key for results



Met – Result for the year is either equal to or above the target set



Almost met – Result for the year has not been achieved by a slim margin (less than 2% variance)



Not met – Result for the year has not been achieved



Not applicable – Demand driven

Appendix 2

Financial statements

Statement of financial performance *Note: financial results are subject to audit and final tax calculations.*

FY 2024/25	Statement of financial performance (\$ million)	Full year		
		Actual	Budget	Variance
629	Rent - tenant	656	677	(21)
1,587	Rent - crown & other	1,770	1,732	37
172	Land sales	76	254	(178)
70	Vested council infrastructure income	26	48	(22)
101	Appropriations & other Income	55	59	(4)
2,558	Total income	2,582	2,770	(188)
412	Repairs & maintenance	331	419	88
53	Retrofit & other	43	50	8
281	Council rates	320	315	(5)
158	Cost of sales - land	146	252	106
70	Vested council infrastructure cost	26	48	22
27	Demolitions	25	33	8
134	All other property expenses	110	123	13
1,135	Total property expenses	1,001	1,239	238
371	People expenses	273	287	14
41	Consultants & contractors	35	40	5
49	Technology	41	56	15
-	Central risk buffer	-	66	66
48	Other non-property expenses	41	50	9
509	Total non-property expenses	389	498	109
81	Net book value writedowns	41	90	49
147	Property under development impairments	58	55	(3)
158	Project WIP writedowns	75	27	(48)
385	Total write offs	173	172	(1)
10	Net (gain)/loss on sales	(15)	-	15
2,039	Total expenses	1,549	1,909	360
519	EBITDA	1,034	861	173
617	Net interest expense	660	744	84
498	Depreciation & amortisation	514	541	27
(596)	Net surplus/(deficit) before tax	(140)	(423)	283
32	Tax expense/(benefit)	23	(29)	(51)
(628)	Net surplus/(deficit) after tax	(163)	(395)	232



Appendix 2

Financial statements

Capital investment

Note: financial results are subject to audit and final tax calculations.

FY 2024/25	Capital investment (\$ million)	Actual	Full year Budget	Variance
1,001	Public and Supported Housing redevelopments	488	663	175
1,147	Public and Supported Housing Acquire new	438	442	4
(2)	Capitalised Overhead	30	30	(0)
2,146	Home Builds	955	1,134	179
17	Acquire Existing	1	20	19
3	Strategic Land Purchases	0	-	(0)
2,166	Total gross housing supply expenditure	956	1,154	198
(12)	Shovel ready	11	(15)	(26)
46	Land purchase fund (\$2b over 10 years)	16	1	(15)
113	Urban development land (state & market)	51	167	116
41	Urban development Tamaki	45	70	25
48	Urban development greenfields & complex	84	4	(80)
236	Urban development gross expenditure	208	227	19
135	Capitalised Repairs and Maintenance	86	155	69
163	Capitalised retrofit	80	131	52
10	Business Infrastructure	1	18	18
2,710	Total gross capital expenditure	1,331	1,687	356
(45)	Property sales	(426)	(457)	(32)
(6)	Vacant Land sales	(31)	(0)	31
(52)	Property and Land sales	(456)	(457)	(1)
(114)	UDD Land Sales LSP	(78)	(132)	(53)
(26)	UDD Tamaki Sales	63	(40)	(104)
(2)	UDD Land Sales KOLP	(10)	(55)	(45)
(29)	UDD Greenfields & Complex Sales	(51)	(27)	24
(171)	Urban Development sales - Total	(76)	(254)	(178)
(0)	CCO Contribution - UDD LSP	(18)	-	18
(1)	CCO Contribution - UDD Tamaki	-	-	-
(1)	CCO Contribution - Total	(18)	-	18
(69)	UDD Vested Infrastructure Grants - LSP	(8)	(38)	(30)
-	UDD Vested Infrastructure Grants - Tamaki	-	(9)	(9)
-	Vested Infrastructure Grants - Total	-	-	-
(241)	Urban Development sales/contributions - Total	(102)	(301)	(199)
(292)	Total capital revenues	(559)	(759)	(200)
2,417	Total net capital expenditure	772	928	156

Appendix 2

Financial statements

Statement of financial position

Note: financial results are subject to audit and final tax calculations.

Statement of financial position (\$ million)	Actual	Full year Budget	Variance
Cash and financial investments	482	351	131
Prepayments & receivables	390	614	(223)
Properties held for sale	110	34	76
Properties under development	402	671	(268)
Mortgage advances	8	18	(10)
Interest rate derivative assets	6	0	6
Other assets	10	16	(6)
Property, plant & equipment	45,738	52,664	(6,926)
Total assets	47,148	54,367	(7,220)
Accounts payable & other liabilities	372	462	(90)
Income tax payable	107	10	97
Provisions	38	53	(15)
Mortgage insurance scheme	87	91	(4)
Interest rate derivative liabilities	21	31	(10)
Crown borrowings	12,348	13,140	(792)
Market borrowings	5,743	5,740	3
Deferred tax liability	1,164	1,494	(331)
Total liabilities	19,880	21,021	(1,142)
Net assets	27,268	33,346	(6,078)
Equity attributable to the Crown	4,481	4,498	(18)
Retained earnings	197	(294)	490
Revaluation reserve	22,598	29,158	(6,560)
Hedging reserve	(8)	(17)	9
Total equity	27,268	33,346	(6,078)

Note: Property, plant, and equipment valuation variance

The variance between the budgeted and actual asset valuations, primarily relating to the property portfolio, is due to differences in the economic assumptions used when the budget was prepared compared with those applied in the draft valuation received from QV. As these valuation movements are recognised through the revaluation reserve, the variance impacts equity rather than the Statement of Comprehensive Revenue and Expense (profit and loss).

Further work is ongoing to understand the movement in asset valuation and the final valuation impact and detailed analysis will be provided to management and Board in September.

Appendix 2

Financial statements

Statement of cash flows

Note: financial results are subject to audit and final tax calculations.

Statement of cash flows (\$ million)	Full year		
	Actual	Budget	Variance
Cash flows from/(used in) operating activities			
Rent receipts – Crown income-related rent subsidies	1,764	1,612	152
Rent receipts – tenant	671	672	(2)
Crown appropriation revenue	59	75	(16)
Interest received	15	5	10
Income tax (paid)/received	-	(25)	25
Other receipts	172	124	48
Payments to suppliers and employees	(1,341)	(1,513)	172
Net cash flows from/(used in) core operating activities	1,340	951	390
Sales of developments	37	274	(237)
Land development costs	(137)	(227)	90
Net cash flows from/(used in) operating activities	1,240	997	243
Cash flows from/(used in) investing activities			
Net short-term investments (made)/realised	(131)	-	(131)
Sale of rental properties and other property, plant and equipment	478	457	21
Mortgage and other lending repayments/(advances)	(1)	-	(1)
Upgrade of rental property assets	(166)	(287)	121
Acquisition of rental property assets	(904)	(1,154)	250
Purchase of other property, plant and equipment	(1)	(18)	17
Purchase of intangible assets	-	-	-
Net cash flows from/(used in) investing activities	(725)	(1,002)	277
Cash flows from/(used in) financing activities			
Net capital contributions (to)/from the Crown	13	5	8
Crown debt drawdown/(repaid)	101	687	(586)
Market notes issued/(repaid)	-	-	-
Interest paid	(662)	(741)	79
Net cash flows from/(used in) financing activities	(548)	(49)	(499)
Net cash flows	(32)	(54)	21
Opening cash and cash equivalents	320	404	(84)
Closing cash and cash equivalents	288	351	(63)