

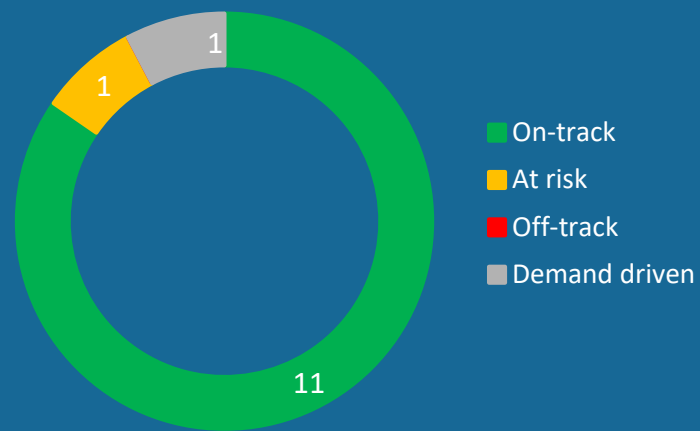
# Quarterly Report

October – December 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



## Our performance at a glance

Our organisation			Our portfolio		
Our financial sustainability and cost efficiency		Our people	Our portfolio		
<b>YTD Net surplus/(deficit) before tax</b> <b>(\$56m)</b> YTD Budget (\$217m) Full Year Budget (\$423m)	<b>YTD EBITDA</b> <b>\$532m</b> YTD Budget \$421m Full Year Budget \$861m	<b>Overhead costs / total revenue</b> <b>8.7%</b> Full year budget 8.4% Baseline 2023/24 –13.1%	<b>Full-time equivalents (FTEs)</b> <b>2,300 FTEs</b> Budget – 2,520 Last quarter – 2,285 FTEs	<b>Total homes</b> <b>77,787</b> SOI target – 77,800 – 78,800	<b>SPE 3.1 – Hectares of land Redeveloped</b> <b>6.8 ha</b> Full year target ≥18 hectares
<b>Earnings to interest cost ratio</b> <b>1.8</b> Full Year Budget – 1.4 Baseline 2023/24 – 0.8	<b>Fin 1.2 EBITDA as a percentage of total income (FIN1.2)</b> <b>46%</b> Full Year Budget 37% Baseline 2023/24 – 20%	<b>Fin 1.3 - Cost per square metre*</b> <b>\$3,216</b> Full year target \$2,980 Baseline – 2023/24 - \$3,473	<b>Total people costs</b> <b>\$139m</b> YTD Budget \$151m Full Year Budget \$287m	<b>Total borrowings</b> <b>\$18.0b</b> Budget \$18.5b	<b>SPE 3.2 – Number of homes enabled on land developed</b> <b>278</b> Full year target ≥787
Our homes			Our services		
<b>SPE 2.1 - New and retrofitted homes</b> <b>675</b> Full year target 2,075-2,575	<b>SPE 2.2 - Daily utilisation</b> <b>99%</b> Full year target ≥98.0%	<b>SPE 1.1 - Tenant satisfaction with Housing Support Manager</b> <b>80%</b> Target 75%-85%	<b>SPE 1.2 - New debtors with repayment arrangement in place within 21 days of rent overdue</b> <b>90%</b> Target ≥85%	<b>SPE 1.3 – Tenant rent debt</b> <b>\$4.8m</b> Target ≤\$6.0 million	<b>SPE 4.1 – First Home Loan mortgages underwritten</b> <b>2,159</b> Full year target – demand driven
<b>SPE 2.3 – Vacant to let</b> <b>23 days</b> Full year target ≤27 days	<b>SPE 2.4 - Tenant satisfaction with maintenance</b> <b>88%</b> Target 75% - 85%	<b>SPE 1.4 – Tenant satisfaction with Customer Support Centre interactions</b> <b>91%</b> Target 75%-85%	<b>SPE 1.5 – Disruptive behaviour – action taken in 15 days</b> <b>99%</b> Target ≥90%	<b>SPE 1.6 - Successful applications to end tenancy with tribunal for disruptive behaviour</b> <b>92%</b> Target ≥85%	<b>Key</b> On track At risk Off track Demand driven

**SPE 2.1 – Status changed to amber** – Despite steady delivery progress, regional constraints are creating delivery challenges. We are actively working with HUD to manage and address these issues,. The organisation is focusing on maintaining a value-for-money decision-making framework and avoiding additional costs or sub-optimal outcomes in pursuit of short-term delivery targets. Refer to the Our Housing Portfolio section for further detail.

\*This measure includes only above-ground build costs.

## Executive summary

- **Financial performance** – remains strong, underpinned by lower costs and disciplined spending, resulting in improved cash flow. EBITDA is **\$532m year-to-date, \$111m ahead of budget**, driven by reduced property, non-property, and asset write-off costs more than offsetting lower-than-budgeted income from land sales.
- **Capital investment** - Year-to-date **capital expenditure is \$447 million below budget**, driven mainly by timing **shifts in delivery** and the early **impact of planned savings initiatives**. These shifts in timing are contributing to a **stronger cash position** reducing the need for increased borrowing.
- **Housing delivery** - **Housing delivery has come under more pressure** during this quarter being **constrained by planning issues and regional delivery challenges**. Mitigation plans are in place and we are still on track to deliver our gross new delivery target (SPE2.1); however, several regions net delivery targets are at risk. We are actively working with the Ministry of Housing and Urban Development (HUD) to identify and progress options to mitigate the identified regional shortfalls, without comprising good value for money decision making to chase short-term targets.
- **Sales and divestments** – we continue to perform ahead of expectations, with a healthy pipeline of transactions to support future redevelopment opportunities.
- **Service performance** - continues to strengthen, with **higher utilisation** of homes, **faster turnaround times**, and **improved tenancy management** outcomes, including **reduced debt levels**. Customer satisfaction is also improving across all key measures and remains well within, or in several cases is exceeding, SPE target ranges of 75–85%.
- **Large-scale Projects (LSP) Review** - The **review was completed** and **Ministers briefed in December 2025**. Kāinga Ora is awaiting joint Ministerial direction before progressing implementation. We are also engaging with HUD on required revisions to the Te Ararata A and B neighbourhood planned business cases (Māngere).
- **Large-scale urban development programmes** - Delivery **momentum is being maintained** through active procurement and streamlining of key processes. Kāinga Ora continues to **manage flat market conditions**, optimise land sale outcomes, progress key asset sales, and ensure alignment of long-term infrastructure funding with Auckland Council.
- **Transformation remains on track** - with strong progress on key aspects of the Reset Plan, **Cabinet approval of the Technology Modernisation Business Case**, and mobilisation of the programme. The organisation is shifting from Reset into full enterprise transformation, supported by a clear strategic outcomes framework and roadmap to guide long-term delivery.
- **Organisational performance and workforce readiness continue to strengthen** - with improved people leader capabilities, stronger leadership, clearer ways of working, and new tools giving leaders a clearer picture of workforce needs and performance.

**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 – December year-to-date overview

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

Year-to-date EBITDA is \$532 million, which is \$111 million better than budget. This result is primarily driven by lower costs, partially offset by lower income. Key drivers are:

- **Total income is \$78 million under budget**, primarily driven by lower urban development land sales – largely due to a \$40 million prior year Tamaki land sales reversal adjustment not in the budget.
- **Property expenses are \$80 million under budget**, reflecting efficiencies from enhanced maintenance strategies and processes. These improvements have delivered sustained savings compared to prior years and are expected to continue as planned initiatives are fully implemented. Lower land cost of sales (consistent with lower land sales) also contributed to the underspend.
- **Non-property costs are \$74 million under budget**, driven by lower people costs due to lower than budgeted FTE, contractors and consultants, technology under spend from reduced activity.
- **Write-offs and net (gain)/loss on sales are \$35 million under budget**, mainly due to lower than budgeted demolition volumes. In addition, properties demolished to date have had lower net book value (NBVs) than budgeted. Whilst this has contributed to current underspend, the average NBV is expected to align to budget over the full year.

## Net deficit before tax

The year-to-date position is \$161 million better than budget, due to (in addition to the above):

- **Net interest expenses \$36 million lower than budget** due to lower floating interest rates. This favourable variance is expected to continue for the remainder of the financial year.
- **Depreciation is \$15 million lower than budget**, largely due to timing differences in project completions and capitalisation. We anticipate a catch-up in the second half of the financial year.

## Full year comparisons of SPE budget with HYEFU budget

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

## Debt

- **Total debt is \$557 million below budget**, reflecting lower capital investment and a stronger operating and cash position, reducing the need for borrowing.

2024/25 Dec YTD	Financial performance (\$millions)	December year to date		
		Actual	Budget	Variance
1,143	<b>Total Income</b>	<b>1,234</b>	<b>1,312</b>	<b>(78)</b>
476	Property expenses	469	548	80
254	Non-property expenses	200	274	74
58	Write-offs and net (gain)/loss on sales	33	68	35
<b>788</b>	<b>Total expenses</b>	<b>701</b>	<b>890</b>	<b>189</b>
<b>354</b>	<b>EBITDA</b>	<b>532</b>	<b>421</b>	<b>111</b>
300	Net interest expenses	333	368	36
250	Depreciation	255	270	15
<b>(195)</b>	<b>Net surplus/(deficit) before tax</b>	<b>(56)</b>	<b>(217)</b>	<b>161</b>
(32)	Tax expenses/(benefit)	(1)	(13)	(12)
<b>(163)</b>	<b>Net surplus/(deficit) after tax</b>	<b>(55)</b>	<b>(205)</b>	<b>149</b>
<b>1,464</b>	<b>Total gross capital expenditure</b>	<b>446</b>	<b>893</b>	<b>447</b>
(13)	Total sales and contributions	(265)	(349)	(84)
<b>1,452</b>	<b>Net capital expenditure</b>	<b>181</b>	<b>544</b>	<b>364</b>
<b>17,331</b>	<b>Debt</b>	<b>17,987</b>	<b>18,545</b>	<b>557</b>

Full year		
HYEFU	Budget	Variance
<b>2,658</b>	<b>2,770</b>	<b>(111)</b>
1,096	1,207	111
477	530	53
156	172	16
<b>1,729</b>	<b>1,909</b>	<b>180</b>
<b>929</b>	<b>861</b>	<b>69</b>
695	744	49
514	541	26
<b>(280)</b>	<b>(423)</b>	<b>144</b>
(11)	(29)	(17)
<b>(268)</b>	<b>(395)</b>	<b>126</b>
<b>1,453</b>	<b>1,687</b>	<b>234</b>
(659)	(759)	(99)
<b>793</b>	<b>928</b>	<b>134</b>
<b>18,246</b>	<b>18,880</b>	<b>634</b>

# Capital expenditure and build cost variances

**Year-to-date capital expenditure below budget** primarily reflecting timing shifts in delivery and the impact of planned savings initiatives. Key drivers are:

- **New housing supply (redevelopment and acquisitions) is \$315 million below budget** as delivery of some units were re-forecast to later months of the financial year and lower Acquire New units delivered year-to-date than budgeted. The full year **HYEFU capital budget is lower by \$171 million** due to additional savings from transformation initiatives.
- **Urban development is tracking \$56 million below budget**, primarily due to lower-than-expected spend in Māngere year-to-date, a deferred Porirua stage, and delays in Tāmaki land acquisition pending Tāmaki Regeneration Company (TRC) Board approval. The full year HYEFU assumed a \$12 million increase to budget due to back-ended expenditure for Greenfields developments that was not included in the budget.
- **Maintenance and retrofit** spends are lower than budget, attributable to delivery of planned savings programme and a shift in planned maintenance programme mix.

## Build cost per square metre

- The 12-month rolling average build **cost has decreased to \$3,216 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.

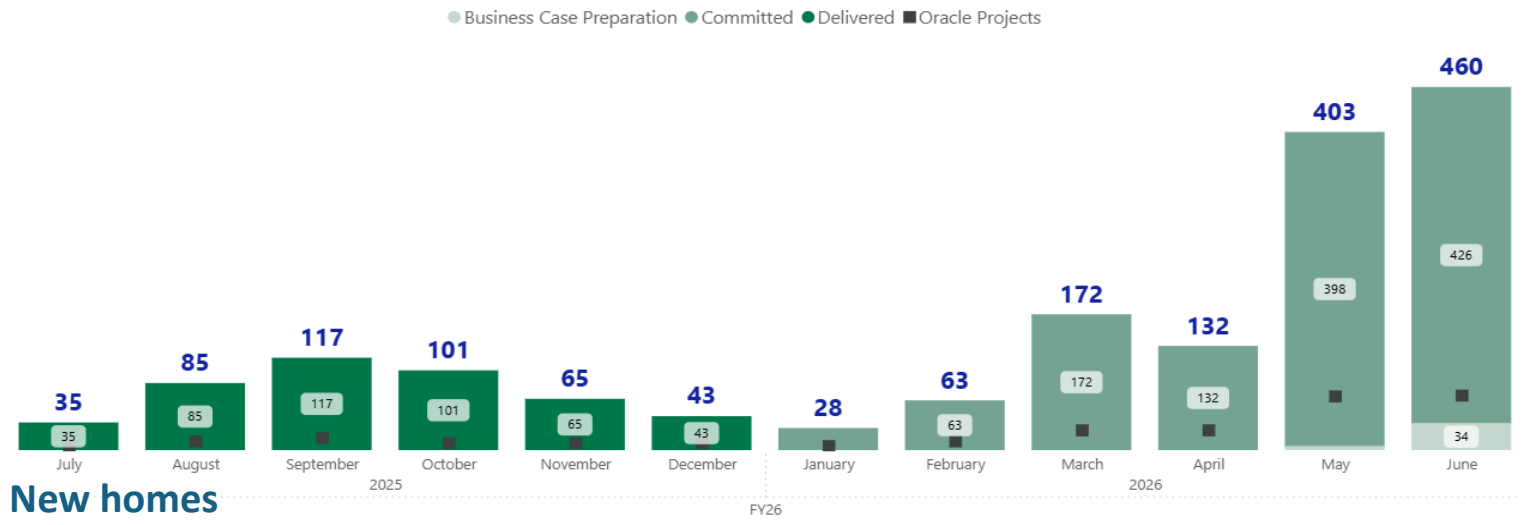
2024/25 Dec YTD	Capital Investment (\$millions)	December year-to-date			Full year		
		Actual	Budget	Variance	HYEFU	Budget	Variance
1,175	New housing supply	317	633	315	983	1,154	171
98	Retrofit programme	46	73	28	103	131	29
74	Maintenance programmes	41	80	39	110	155	45
109	Urban development	42	98	56	239	227	(12)
8	Infrastructure assets and projects	(0)	9	9	17	18	1
<b>1,464</b>	<b>Total capital expenditure</b>	<b>446</b>	<b>893</b>	<b>447</b>	<b>1,453</b>	<b>1,687</b>	<b>234</b>
(9)	Property and vacant land sales	(255)	(271)	(16)	(471)	(457)	13
(3)	Urban development sales & contributions	(11)	(78)	(67)	(189)	(301)	(113)
<b>1,452</b>	<b>Net Capital Expenditure</b>	<b>181</b>	<b>544</b>	<b>364</b>	<b>793</b>	<b>928</b>	<b>134</b>

# Our housing portfolio

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

- **National housing delivery** – Delivery progress remains steady nationally. Year-to-date, **446 new homes have been delivered, 563 sold, and 206 demolished (total 769)**. Regional constraints continue to present challenges and influence delivery timing.
- **Housing portfolio** – As at the end of December, Kāinga Ora’s total housing portfolio stood at **77,787 homes** (including social, supported and CHP lease homes) – in line with maintaining the portfolio at approximately 78,000 as per the Reset Plan.
- **Regional delivery** - Lease expiries, planning constraints (including Auckland PC120), and other regional delivery challenges are placing net LOE delivery targets at risk across Auckland, Waikato, Wellington, East Coast, and West Coast Tasman, with the East and West Coasts unlikely to meet 2025/26 targets despite ongoing mitigation actions. We are actively working with HUD to manage and address these regional shortfalls. The organisation is focusing on maintaining a value-for-money decision-making framework and avoiding additional costs or sub-optimal outcomes in pursuit of short-term delivery targets. Longer term funding certainty, ideally a rolling four-year investment cycle aligned with the Reset Plan settings, will enable us to achieve commercially favourable outcomes.

### New home gross additions by month – actual and forecast 2025/26



#### New homes

- First-half completions were **affected by planned project pauses** to facilitate larger group contracts, strengthening delivery efficiency and value for money. **Council consent delays** also impacted delivery and continue to be the most material risk to the new-build programme.
- During the quarter, **209 gross home additions were delivered**, lifting the **year-to-date total to 446 homes** (438 new builds under SPE 2.1 and 8 existing homes). Delivery is expected to accelerate in the second half of the year, with current forecasts indicating full-year delivery of 1,704 gross new homes – although some residual delivery risks means that hitting this forecast could be challenging. However, we are confident of being within the SPE target zone for gross delivery of 1,600–2,050 homes (SPE2.1).

### Good progress made across our other housing renewal programmes

#### Retrofit

- In the December **quarter we delivered 110 retrofitted homes**, bringing our year-to-date total retrofitted homes to 237 (48% of our full year target). We are well on track to delivering the remaining 258 homes to reach our **annual target of 495**.
- We continue to explore opportunities to deliver further savings into the Retrofit Programme by leveraging savings and scale across the Housing Delivery System’s existing partner agreements.

#### Divestment programme

- Year-to-date, **\$233 million has been generated from the sale of 563 social homes**, and despite market conditions we remain confident in meeting the **full-year LOE target of 939 sales**.
- The **average year-to-date sales price is \$521,000 per unit** (excluding Dixon St), above the full-year forecast of \$485,000, driven by higher-value Auckland settlements.
- A robust divestment pipeline is in place, with **398 of the remaining required 517 divestments** already in the transaction phase.
- Land divestments are also tracking ahead of our forecasts (HYEFU), **with 84 of the 144 Board Investment and Delivery Committee-approved sites either on the market or in market-ready condition**.

## We will enhance the condition and utilisation of our homes

- Our **maintenance systems continue to perform strongly across all areas**, with recent transformation initiatives delivering efficiencies while sustaining high service levels, including record customer satisfaction (see next page for details).
- Streamlining our maintenance and repair services has reduced our **‘vacant-to-let’ turnaround time — the year-to-date result of 22.9 days is a 24% improvement** compared to last year’s full-year result and a **36% improvement** on the 2023/24 result (see details below). The 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 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 using our housing portfolio efficiently. We are **currently exceeding our target of 98% by 1%** - this overperformance of one percent translates to **approximately 800 – 1,000 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 almost a 32% reduction in unoccupied homes and a 60% reduction in vacant homes** compared to the same time last year (see below).

### Vacant to let time continues to improve

Existing social homes	Vacant to Ready to Let	Ready to Let to Let	Total Time to Let (SPE target ≤ 27 days)
<b>Time to let days (YTD)</b>	<b>16.5</b>	<b>6.4</b>	<b>22.9</b>
Quarter 2 - Dec 2025	15.0	4.0	19.0
Quarter 1 - Sep 2025	18.1	8.7	26.8
Quarter 2 - Dec 2024	18.4	10.1	28.5
2024/25 full year	18.4	11.8	30.2
2023/24 full year	21.2	15	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.
- **Letting time performance:** Letting times improved markedly this quarter, falling to **19 days** compared with **26.8 days last quarter**. The year-to-date result now stands at **22.9 days** - well within our Statement of Performance Expectations (SPE) target of ≤27 days.
- **Daily utilisation of social homes:** Year-to-date **99.0% of social homes that were in service were let (SPE target 98.0%)**. Daily utilisation performance is a key indicator of housing availability.

### Unoccupied homes decreases

- The total number of **unoccupied homes decreased by 204 over the last quarter**. This reduction was driven primarily by fewer homes being held for repairs or retrofit works, along with a decrease in the number of homes awaiting sale or lease expiry.
- Over the past 12 months, **reductions in vacant stock have been consistently strong**. The total number of **vacant homes has fallen by 666**, and total **unoccupied homes are down by 889** over the same period. These sustained reductions have contributed to a marked improvement in overall utilisation rates.

	Number of homes	% of total social homes	Quarterly change	12 month change
<b>Being made available to let</b>				
Ready to let	71		-83	-501
Under repair	267		-30	-87
Coming into service	-		-10	-34
<b>Pending decision</b>	97		-22	-44
<b>Total vacant homes</b>	<b>435</b>	<b>0.6%</b>	<b>-145</b>	<b>-666</b>
<b>Under refurbishment</b>				
Major repairs	357		41	63
Retrofit process	180		-50	-415
<b>Redevelopment &amp; disposal</b>				
Demolition process	86		-28	-181
Redevelopment process	108		7	-237
Sales & lease expiry	718		-29	612
<b>Total homes not in service</b>	<b>1,449</b>	<b>2.0%</b>	<b>-59</b>	<b>-158</b>
<b>Staggered tenancy homes</b>	-		0	-65
<b>Total unoccupied homes</b>	<b>1,884</b>	<b>2.6%</b>	<b>-204</b>	<b>-889</b>
<b>Total occupied homes</b>	<b>70,893</b>			
<b>Total social homes</b>	<b>72,777</b>			
<b>CHP lease portfolio</b>	<b>1,005</b>			
<b>Total supported housing*</b>	<b>4,005</b>			
<b>Total housing portfolio</b>	<b>77,787</b>			

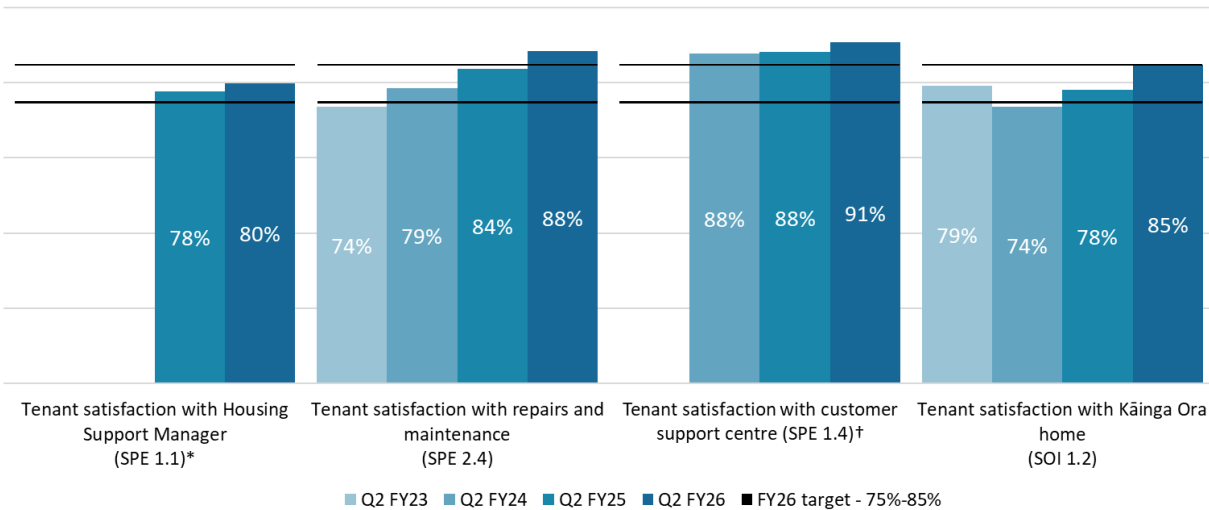
\*The supporting housing portfolio includes Community Group, and transitional housing. For balance purposes it also includes 76 non-social homes.

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

- **Tenant debt** continued to decline over the December quarter, **falling by \$700,000 to \$4.8 million**, reflecting the effectiveness of our active debt management approach. While the Christmas and New Year period can present challenges for some tenants due to increased costs—typically leading to a modest rise in rental arrears—this year the total value of arrears decreased over December, with only a slight increase in the number of tenants in arrears. We continue to actively engage with these tenants to support a prompt return to regular payment arrangements and avoid escalation.

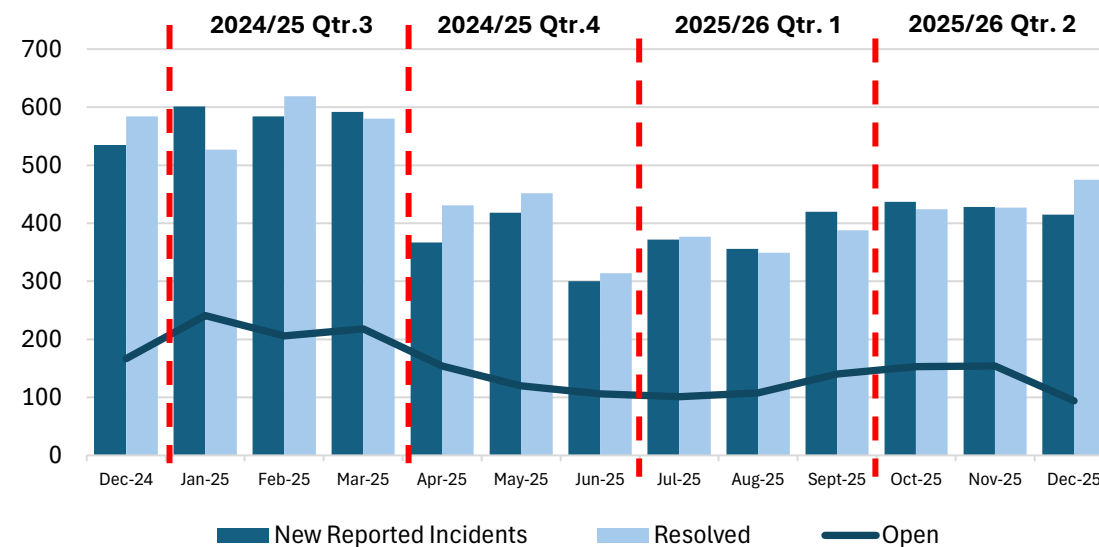
### Tenant satisfaction remains strong

Tenant satisfaction survey results (YTD year-on-year comparisons)



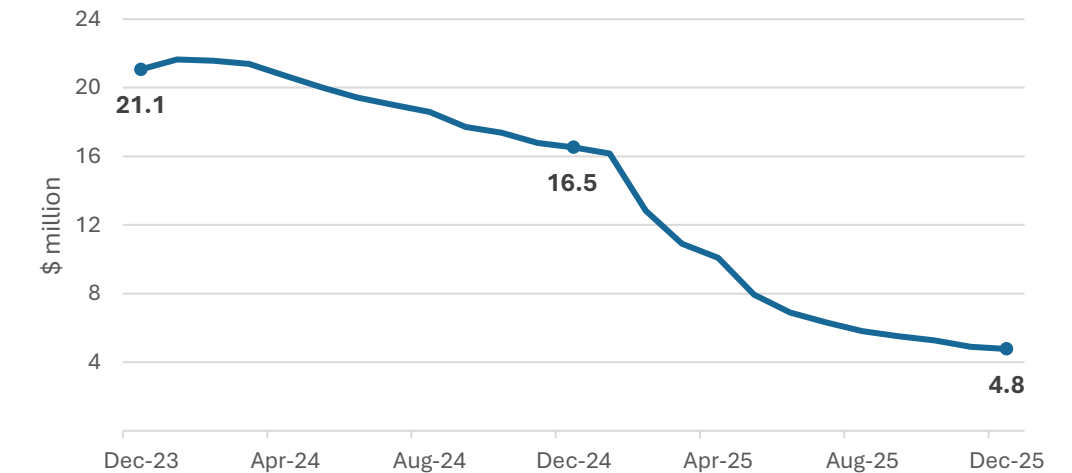
### Slight increase in disruptive behaviour incidents

Number of reports of serious incidents\* of customer behaviour



### Rental debt continues to fall

Value of current tenants' rental arrears



- **Satisfaction with Housing Support Managers (SPE 1.1)** increased from 78% last quarter to **82%**. The **year-to-date result is 80%**, up from 78% this time last year (see chart above).
- **Satisfaction with maintenance services (SPE 2.4)** was **89% for the quarter**, up from 87% last quarter. The **year-to-date result is 88%**, an improvement on 84% at this time last year (see chart above).
- **Tenant satisfaction with the customer support centre (SPE 1.4)** is **91% year-to-date**, up from 88% at the same time last year.
- All tenant SPE satisfaction measures are either above or within the **75–85% target range**.

- Reported serious incidents increased in the **December quarter to 1,280, up from 1,146** in the September 2025 quarter. However, incident levels remain **lower than the same quarter** of the prior year, which recorded **1,588 incidents**.
- **Open serious incidents decreased to 94** at the end of this quarter, **down from 140 at the end of the previous quarter**. This represents a substantial improvement from the **167 open cases recorded in December 2024**.

- **Tenant rental debt fell by \$700,000** over the quarter to **\$4.8 million**, well within the SPE target of **≤ \$6.0 million**.
- **Rental debt levels have significantly improved**: the median debt has **dropped from \$538 to \$406**, and the **average debt from \$2,180 to \$865** over the past year (as at Dec 2025)
- The number of tenants with outstanding debt rose slightly over the quarter to **5,513**, representing **2,065 fewer households in rent arrears** compared to the same period last year. As noted above, increased costs associated with the Christmas period can lead to a modest rise in rental arrears.

\*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.

†The Customer Support Centre survey has only been in the current format since FY24.

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

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

- **LSP Review** - the review was completed with a briefing submitted by HUD to the Minister's Office in December 2025. Kāinga Ora is now awaiting direction from joint Ministers, before preparing to action the recommendations in the briefing. This involves Kāinga Ora liaising with HUD regarding the neighbourhood planned business cases requiring revision for Te Ararata A and Te Ararata B (Māngere).
- **Land sales** - continue to be a challenge as market conditions remain plateaued. The continued focus for Kāinga Ora remains achieving optimal revenue whilst still delivering to the Masterplan density to ensure appropriate utilisation of infrastructure investment. **Year-to-date in 2025/26, 8 superlots have been contracted to developer partners across the LSPs and 58 lots have been contracted in Te Kauwhata.** Kāinga Ora is actively managing live contracts to optimise timing of revenue recognition through pro-active negotiation, support and coordination with market build partners.
- **Streamlining our processes** - we have worked closely with Auckland Council to ensure greater consistency and quality across regulatory and consenting submissions, strengthening alignment and reducing processing delays. In parallel, we are continuing to develop standardised approaches for repeatable work, such as consistent scopes of service for consultants, to improve efficiency and predictability. On-going design reviews are also underway to identify opportunities to streamline solutions and reduce costs across the programme.
- **Maintaining momentum across the programme** - Since the previous update, Kāinga Ora has engaged consultants and commenced work across four new design and consenting packages, further strengthening delivery capability as the move away from LEAD Alliance continues. We are also finalising procurement of contractors for two Auckland work packages, with contract awards expected shortly. In addition, planning is underway for further consultant procurement to maintain momentum across the wider programme of works and ensure continuity of delivery.
- **Actively managing long term budgets** - We are also actively working with Auckland Council to ensure Long Term Plan 2027 budgets remain in line with funding commitments and aligned joint programmes for infrastructure projects within the planned Auckland LSPs.
- **Progress on Ferncliffe Farm sale** - An agent was secured in December, to carry out the marketing functions, aligned to the sale of Ferncliffe Farm. Contracts will be finalised in January 2026, with a view to the agent commencing the marketing campaign in February.



Kallu Crescent, Roskill South

\*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.

## We will be a reliably high-performing organisation

**Our transformation programme remains on track, with good progress made against key aspects of the Reset Plan.** We are continuing to put the basics in place to support strong performance across the organisation, including better processes, tools and skills. Key areas of focus this quarter were:

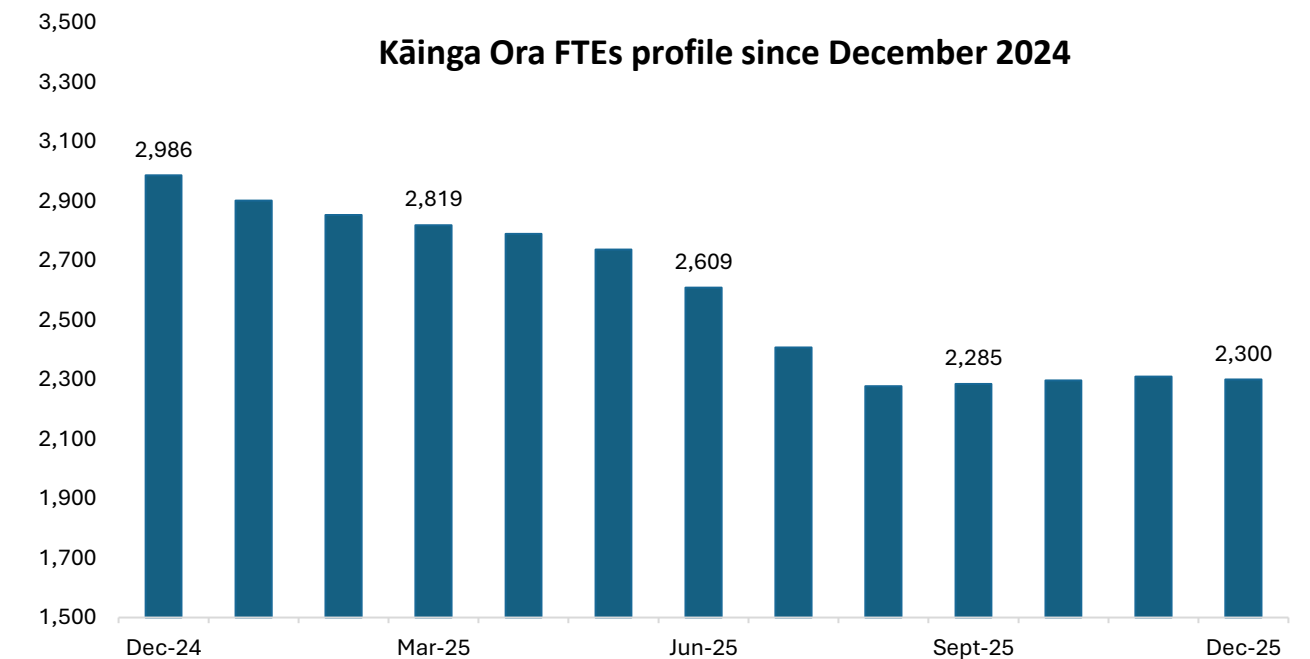
- **Technology modernisation** – starting the procurement process and setting up the programme for delivery.
- **Workforce readiness for change** – continuing to closely manage our workforce and recruitment to support technology modernisation and wider organisational change.
- **Organisational health** – improving how we work by strengthening accountability, decision-making, performance, and people management.

### Transformation update

- Kāinga Ora is **moving out of its Reset phase and into full enterprise transformation.** We are taking a long-term, planned approach, with updated governance, to improve how we deliver our day-to-day work and meet our long-term commitments.
- To support this, we are putting two things in place:
  - **a clear description of the results we want to achieve** and what needs to change across the organisation, and
  - **a transformation roadmap** that sets priorities, the order of work, and key timeframes.
- Together, these help turn strategy into action and keep delivery on track over time.
- **Cabinet approved the Technology Modernisation Business Case in December 2025.** We are now preparing for procurement, which begins in February. Early interest from the market has been strong, and the programme remains on track and within approved budgets and timeframes.
- We continue to **improve our workplace culture** and how we work together to lift performance across the organisation.
- **Our performance and development framework is now in place.** Our people are working to clear objectives linked to business priorities. Mid-year reviews completed in December focused on delivery, accountability and capability building.
  - **Building strong, capable leaders remains a priority.** A structured leadership programme is underway to develop core skills in accountability, delivery and leading change.
  - **We are supporting long-term change** through practical people practices that help our people perform at their best. This quarter we confirmed a new Learning Policy, a clear approach to talent and succession, and an Inclusion Strategy for 2026–2029, all aligned with how we want to work.
  - We have **improved visibility of workforce needs across the organisation and introduced practical productivity improvements.** These include process improvements, better management practices, the right mix of roles, and early automation across maintenance, tenancy and corporate areas. A new People Data Dashboard is also giving leaders clearer organisation-wide insight and helping them manage workforce needs more proactively.

### Our workforce

- The updated workforce forecast sets clear expectations for resourcing levels over the next few years to support the Technology Modernisation programme. It allows us to gradually move to a simpler, more efficient organisation while building the technology skills we need and avoiding unnecessary disruption for our people. Recruitment is centrally managed and tightly controlled, with new roles approved only where they are essential to the business and consistent with the forecast and our future way of working.
- Our **total workforce** at the end of **December were 2,300 FTE.**



A reduction of 686 (23%) FTEs since December 2024.

# 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%	80%	🏠
1.2 Percentage of new debtors with a repayment arrangement in place within 21 days of rent overdue	≥85%	90%	🏠
1.3 Tenant rent debt will be below the target amount by 30 June 2026	≤\$6.0 million	\$4.8m	🏠
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%	🏠

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	6.8 ha	🏠
3.2 Number of new homes that can be constructed on build-ready land that is redeveloped and contracted**** by Kāinga Ora	≥787	278	🏠

\*\*\*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.

🏠 **Demand-driven:** No fixed target due to reliance on market conditions and demand.

Renewing and maintaining our homes	2025/26 target	Year to date result	
Number of new and retrofitted homes:	2,075 – 2,575	675	
2.1 ...New builds	1,600 – 2,050	438	🏠
...Retrofits	475 – 525	237	
2.2 Percentage of social homes in service* that are let (daily utilisation)	98%	99%	🏠
2.3 Average number of days from a social home becoming vacant to being let again**	≤ 27	23 days	🏠
Tenant satisfaction with maintenance based on the equally weighted average score of the following tenant survey maintenance measures:			
2.4	75% - 85%	88%	🏠
– satisfaction with quality			
– 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).

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	2,159	🏠

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)	\$18,523	Reported Annually	
- Tenancy services	\$,3006		
- 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	\$3,216	🏠
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	Achieve	On track to meet	
- At or below total expenses	Achieve		
- Within debt limit	Achieve		

## Appendix 1 Statement of performance expectations measure results



# Statement of financial performance

2024/25 Dec YTD	Statement of financial performance (\$ million)	December year-to-date			Full year		
		Actual	Budget	Variance	HYEFU	Budget	Variance
311	Rent - tenant	329	338	(8)	669	677	(8)
776	Rent - crown & other	871	867	5	1,745	1,732	13
3	Land sales	(4)	63	(68)	162	254	(92)
-	Vested council infrastructure income	15	14	1	27	48	(21)
52	Appropriations & other Income	22	30	(7)	55	59	(4)
<b>1,143</b>	<b>Total income</b>	<b>1,234</b>	<b>1,312</b>	<b>(78)</b>	<b>2,658</b>	<b>2,770</b>	<b>(111)</b>
235	Repairs & maintenance	166	204	38	372	387	15
17	Retrofit & other	22	27	5	44	50	6
138	Council rates	159	158	(1)	309	315	6
(0)	Cost of sales - land	36	63	27	202	252	50
-	Vested council infrastructure cost	15	14	(1)	27	48	21
14	Demolitions	11	19	9	22	33	11
73	All other property expenses	60	63	3	120	123	3
<b>476</b>	<b>Total property expenses</b>	<b>469</b>	<b>548</b>	<b>80</b>	<b>1,096</b>	<b>1,207</b>	<b>111</b>
182	People expenses	139	151	12	281	287	6
21	Consultants & contractors	18	20	2	40	40	(1)
25	Technology	20	28	8	54	56	1
-	Central risk buffer	-	49	49	50	98	48
26	Other non-property expenses	22	26	3	51	50	(1)
<b>254</b>	<b>Total non-property expenses</b>	<b>200</b>	<b>274</b>	<b>74</b>	<b>477</b>	<b>530</b>	<b>53</b>
30	Net book value writedowns	20	55	35	74	90	16
(0)	Property under development impairments	3	-	(3)	55	55	-
20	Redvelopment project WIP writedowns	12	13	1	27	27	0
<b>50</b>	<b>Total write offs</b>	<b>35</b>	<b>68</b>	<b>34</b>	<b>156</b>	<b>172</b>	<b>16</b>
8	Net (gain)/loss on sales	(2)	-	2	-	-	-
<b>788</b>	<b>Total expenses</b>	<b>701</b>	<b>890</b>	<b>189</b>	<b>1,729</b>	<b>1,909</b>	<b>180</b>
<b>354</b>	<b>EBITDA</b>	<b>532</b>	<b>421</b>	<b>111</b>	<b>929</b>	<b>861</b>	<b>69</b>
300	Net interest expense	333	368	36	695	744	49
250	Depreciation & amortisation	255	270	15	514	541	26
<b>(195)</b>	<b>Net surplus/(deficit) before tax</b>	<b>(56)</b>	<b>(217)</b>	<b>161</b>	<b>(280)</b>	<b>(423)</b>	<b>144</b>
(32)	Tax expense/(benefit)	(1)	(13)	(12)	(11)	(29)	(17)
<b>(163)</b>	<b>Net surplus/(deficit) after tax</b>	<b>(55)</b>	<b>(205)</b>	<b>149</b>	<b>(268)</b>	<b>(395)</b>	<b>126</b>

## Appendix 2

## Financial statements

# Capital investment

2024/25 Dec YTD	Capital investment (\$ million)	December year-to-date			Full year		
		Actual	Budget	Variance	HYEFU	Budget	Variance
596	Public and Supported Housing redevelopments	136	340	205	649	663	13
570	Public and Supported Housing Acquire new	166	277	111	301	442	140
(5)	Capitalised Overhead	16	15	(1)	23	30	7
<b>1,161</b>	<b>Home Builds</b>	<b>318</b>	<b>633</b>	<b>315</b>	<b>974</b>	<b>1,134</b>	<b>160</b>
12	Acquire Existing	(0)	-	0	10	20	10
2	Strategic Land Purchases	(0)	-	0	-	-	-
<b>1,175</b>	<b>Total gross housing supply expenditure</b>	<b>317</b>	<b>633</b>	<b>315</b>	<b>983</b>	<b>1,154</b>	<b>171</b>
6	Shovel ready	0	(4)	(4)	2	(15)	(17)
0	Land purchase fund (\$2b over 10 years)	0	0	0	1	1	(0)
74	Urban development land (state & market)	17	69	52	99	167	67
18	Urban development Tamaki	23	30	8	70	70	0
12	Urban development greenfields & complex	2	2	0	66	4	(62)
<b>109</b>	<b>Urban development gross expenditure</b>	<b>42</b>	<b>98</b>	<b>56</b>	<b>239</b>	<b>227</b>	<b>(12)</b>
74	Capitalised Repairs and Maintenance	41	80	39	110	155	45
98	Capitalised retrofit	46	73	28	103	131	29
8	Business Infrastructure	(0)	9	9	17	18	1
<b>1,464</b>	<b>Total gross capital expenditure</b>	<b>446</b>	<b>893</b>	<b>447</b>	<b>1,453</b>	<b>1,687</b>	<b>234</b>
(9)	Property sales	(241)	(271)	(30)	(467)	(457)	9
(1)	Vacant Land sales	(13)	(0)	13	(4)	(0)	4
<b>(9)</b>	<b>Property and Land sales</b>	<b>(255)</b>	<b>(271)</b>	<b>(16)</b>	<b>(471)</b>	<b>(457)</b>	<b>13</b>
(11)	UDD Land Sales LSP	(12)	(31)	(19)	(126)	(132)	(6)
(13)	UDD Tamaki Sales	39	(19)	(58)	13	(40)	(53)
-	UDD Land Sales KOLP	(10)	-	10	(22)	(55)	(33)
21	UDD Greenfields & Complex Sales	(12)	(13)	(1)	(26)	(27)	(1)
<b>(3)</b>	<b>Urban Development sales - Total</b>	<b>4</b>	<b>(63)</b>	<b>(68)</b>	<b>(162)</b>	<b>(254)</b>	<b>(92)</b>
-	CCO Contribution - UDD LSP	(15)	-	15	(14)	-	14
-	CCO Contribution - UDD Tamaki	-	-	-	-	-	-
-	<b>CCO Contribution - Total</b>	<b>(15)</b>	<b>-</b>	<b>15</b>	<b>(14)</b>	<b>-</b>	<b>14</b>
-	UDD Vested Infrastructure Grants - LSP	-	(13)	(13)	(7)	(38)	(32)
-	UDD Vested Infrastructure Grants - Tamaki	-	(2)	(2)	(6)	(9)	(3)
-	<b>Vested Infrastructure Grants - Total</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>(3)</b>	<b>Urban Development sales/contributions - Total</b>	<b>(11)</b>	<b>(78)</b>	<b>(67)</b>	<b>(189)</b>	<b>(301)</b>	<b>(113)</b>
<b>(13)</b>	<b>Total capital revenues</b>	<b>(265)</b>	<b>(349)</b>	<b>(84)</b>	<b>(659)</b>	<b>(759)</b>	<b>(99)</b>
<b>1,452</b>	<b>Total net capital expenditure</b>	<b>181</b>	<b>544</b>	<b>364</b>	<b>793</b>	<b>928</b>	<b>134</b>

## Appendix 2 Financial statements

## Appendix 2

### Financial statements

## Statement of financial position

Statement of financial position (\$ million)	December year-to-date			Full year		
	Actual	Budget	Variance	HYEFU	Budget	Variance
Cash and financial investments	500	278	222	268	351	(83)
Prepayments & receivables	503	612	(109)	610	614	(3)
Properties held for sale	341	34	307	104	34	70
Properties under development	314	729	(414)	470	671	(201)
Mortgage advances	9	18	(9)	10	18	(8)
Interest rate derivatives	5	0	4	0	0	(0)
Intangible assets	13	18	(5)	8	16	(8)
Property, plant & equipment	46,168	49,541	(3,373)	46,825	52,664	(5,839)
<b>Total assets</b>	<b>47,853</b>	<b>51,230</b>	<b>(3,377)</b>	<b>48,296</b>	<b>54,367</b>	<b>(6,072)</b>
Accounts payable & other liabilities	582	463	120	494	462	32
Income tax payable	3	10	(7)	17	10	7
Provisions	28	53	(25)	48	53	(5)
Mortgage insurance scheme	81	81	(1)	90	91	(1)
Interest rate derivatives	25	31	(5)	27	31	(4)
Crown borrowings	12,248	12,809	(561)	12,502	13,140	(638)
Market borrowings	5,739	5,736	3	5,743	5,740	3
Deferred tax liability	1,242	1,466	(224)	1,157	1,494	(337)
<b>Total liabilities</b>	<b>19,950</b>	<b>20,649</b>	<b>(699)</b>	<b>20,079</b>	<b>21,021</b>	<b>(942)</b>
<b>Net assets</b>	<b>27,903</b>	<b>30,581</b>	<b>(2,678)</b>	<b>28,216</b>	<b>33,346</b>	<b>(5,130)</b>
Equity attributable to the Crown	4,481	4,494	(13)	4,486	4,498	(13)
Retained earnings	19	(228)	247	(124)	(294)	170
Revaluation reserve	23,416	26,332	(2,916)	23,869	29,158	(5,289)
Hedging reserve	(13)	(17)	4	(15)	(17)	2
<b>Total equity</b>	<b>27,903</b>	<b>30,581</b>	<b>(2,678)</b>	<b>28,216</b>	<b>33,346</b>	<b>(5,130)</b>

# Statement of cash flows

Statement of cash flows (\$ million)	December year-to-date			Full year		
	Actual	Budget	Variance	HYEFU	Budget	Variance
<b>Cash flows from/(used in) operating activities</b>						
Rent receipts – Crown income-related rent subsidies	815	806	9	1,612	1,612	0
Rent receipts – tenant	334	335	(2)	712	672	(39)
Crown appropriation revenue	37	37	(0)	71	75	4
Interest received	5	3	2	9	5	(3)
Income tax (paid)/received	-	(1)	1	(30)	(25)	5
Other receipts	78	62	16	145	124	(21)
Payments to suppliers and employees	(649)	(789)	140	(1,349)	(1,513)	(165)
Interest paid	(330)	(367)	37	(645)	(741)	(96)
<b>Net cash flows from/(used in) core operating activities</b>	<b>290</b>	<b>87</b>	<b>203</b>	<b>524</b>	<b>210</b>	<b>(315)</b>
Sales of developments	50	52	(1)	77	274	197
Land development costs	(102)	(98)	(4)	(280)	(227)	53
<b>Net cash flows from/(used in) operating activities</b>	<b>238</b>	<b>41</b>	<b>198</b>	<b>321</b>	<b>256</b>	<b>(65)</b>
<b>Cash flows from/(used in) investing activities</b>						
Net short-term investments (made)/realised	-	-	-	60	-	(60)
Sale of rental properties and other property, plant and equipment	255	271	(16)	471	457	(13)
Mortgage and other lending repayments/(advances)	4	-	4	-	-	-
Upgrade of rental property assets	(86)	(153)	67	(213)	(287)	(74)
Acquisition of rental property assets	(332)	(633)	300	(950)	(1,154)	(205)
Purchase of other property, plant and equipment	-	(9)	9	(16)	(18)	(2)
<b>Net cash flows from/(used in) investing activities</b>	<b>(160)</b>	<b>(524)</b>	<b>364</b>	<b>(647)</b>	<b>(1,002)</b>	<b>(355)</b>
<b>Cash flows from/(used in) financing activities</b>						
Net capital contributions (to)/from the Crown	13	-	13	18	5	(13)
Crown debt drawdown/(repaid)	-	356	(356)	255	687	432
Market notes issued/(repaid)	-	-	-	0	-	(0)
<b>Net cash flows from/(used in) financing activities</b>	<b>13</b>	<b>356</b>	<b>(344)</b>	<b>273</b>	<b>692</b>	<b>419</b>
<b>Net cash flows</b>	<b>91</b>	<b>(127)</b>	<b>218</b>	<b>(52)</b>	<b>(54)</b>	<b>(1)</b>
Opening cash and cash equivalents	320	404	(84)	320	404	84
<b>Closing cash and cash equivalents</b>	<b>411</b>	<b>278</b>	<b>133</b>	<b>268</b>	<b>351</b>	<b>83</b>

## Appendix 2

## Financial statements