SHAPING TĀMAKI TOGETHER.

TĀMAKI REDEVELOPMENT COMPANY
ANNUAL REPORT 2016

TĀMAKI REGENERATION

CONTENTS

TĀMAKI IS A STRONG AND WELCOMING COMMUNITY, WHERE PEOPLE THRIVE AND PROSPER, CELEBRATED FOR ITS DISTINCT HISTORY AND VIBRANT FUTURE.

TOGETHER WE ARE SHAPING TĀMAKI.

TĀMAKI REGENERATION PROGRAMME IS CREATING OPPORTUNITIES FOR THE CURRENT AND FUTURE RESIDENTS OF TĀMAKI.

TĀMAKI – A GREAT PLACE TO LIVE,

TĀMAKI REGENERATION COMPANY (TRC) HAS BEEN MANDATED BY ITS SHAREHOLDERS, THE NEW ZEALAND GOVERNMENT AND AUCKLAND COUNCIL, TO REPLACE 2500 SOCIAL HOUSES WITH 7500 MIXED-TENURE HOMES OVER THE NEXT 10-15 YEARS.

INNOVATIVE RELATIONSHIPS WITH A RANGE OF PARTNERS ACROSS CROWN, AUCKLAND COUNCIL, COMMUNITY AND THE PRIVATE SECTOR ARE CREATING OPPORTUNITIES AND BRINGING ABOUT SOCIAL AND ECONOMIC RESULTS FOR TĀMAKI RESIDENTS.

WORK AND RAISE A FAMILY.

WE STAND BY THE TĀMAKI COMMITMENT: THAT SOCIAL TENANTS WHO ARE IMPACTED BY REDEVELOPMENT HAVE THE OPPORTUNITY TO STAY IN TĀMAKI.

WE PUT PEOPLE AT THE HEART OF EVERYTHING WE DO.

UNLOCKING POTENTIAL – THE PLAN FOR REALISING THE VISION.

Regeneration is a model for transformational change, where the community has a greater say in determining their individual and family future opportunities.

Regeneration is about backing and developing local talent and ensuring the right conditions and opportunities are in place to create an attractive environment for businesses and families to thrive.

Ultimately, it's about equipping a community with the tools they need to be successful while accelerating improvements in social and economic outcomes.

OCTOBER 2012 – JANUARY 2013

INTERIM BOARD APPOINTED

FEBRUARY 2013

TRC BOARD APPOINTED

JUNE 2013

20 YEAR DRAFT STRATEGIC FRAMEWORK FOR TĀMAKI ANNOUNCED AT RUAPOTAKA MARAE

JUNE 2013

FORMAL COMMUNITY ENGAGEMENT PROGRAMME CAPTURED THE COMMUNITY'S COLLECTIVE ASPIRATIONS AND PRIORITIES. 1100 RESIDENTS RESPONDED

JUNE 2014

FIRST CAREER START PROGRAMME COMMENCED.

TO DATE:

250+ YOUTH GRADUATED

160+ YOUTH EMPLOYED

41 ENROLLED IN TERTIARY STUDY

140+ GAINED A DRIVERS LICENCE

AUGUST 2014

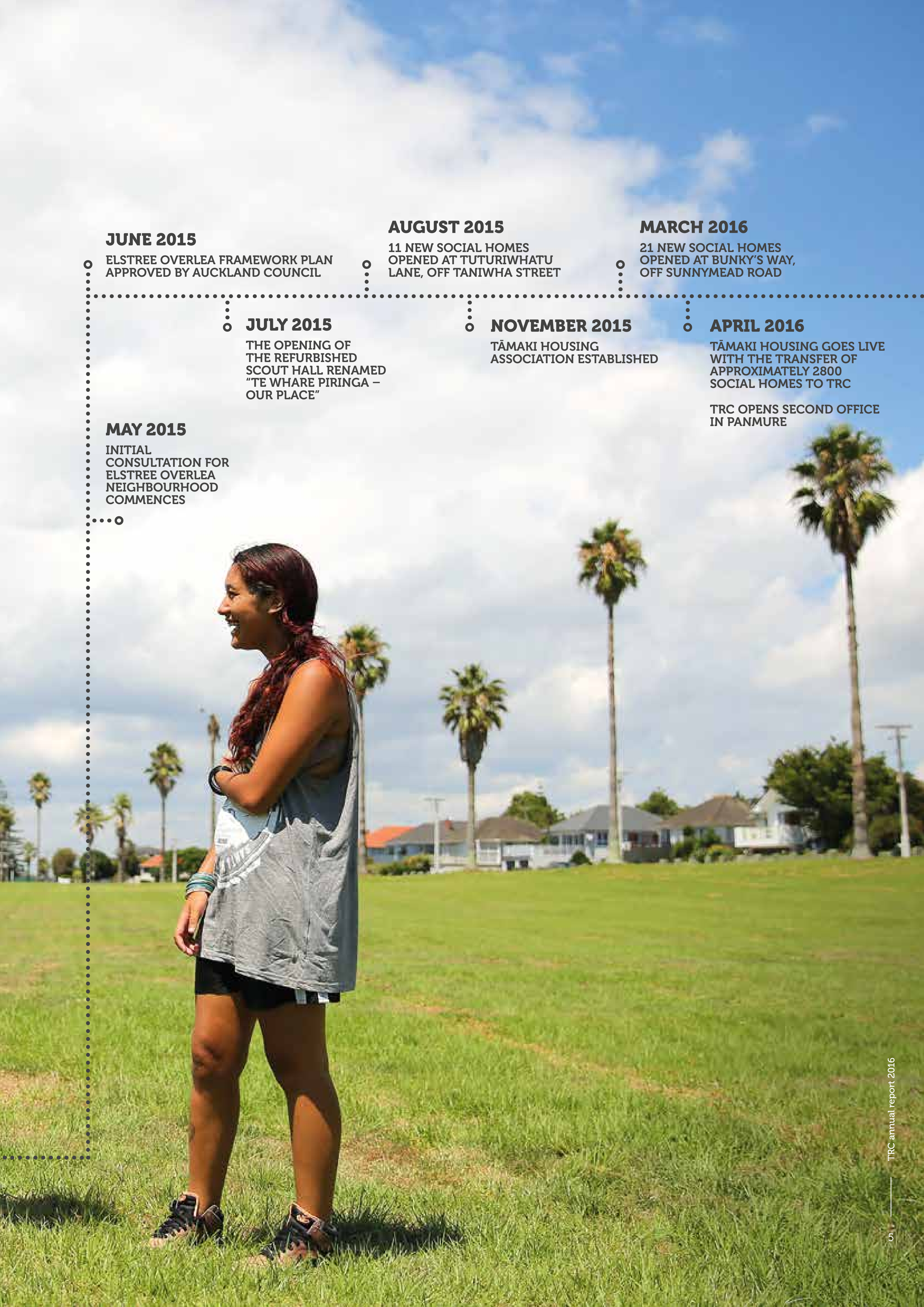
THE SHAREHOLDERS' TURNING OF THE SOD AT THREE SITES OF DEVELOPMENT: THE NEW ECE, THE SCOUT HALL AND THE FENCHURCH NEIGHBOURHOOD DEVELOPMENT

APRIL 2015

SHAREHOLDERS ANNOUNCE INTENTION TO TRANSFER MANAGEMENT AND OWNERSHIP OF TĀMAKI SOCIAL HOMES TO TRC TO ACCELERATE PROGRAMME

ELSTREE OVERLEA NEIGHBOURHOOD PLAN SUMMARY RELEASED

GLENBRAE KIDS EARLY CHILDHOOD EDUCATION CENTRE IS OPENED



MAY 2015

INITIAL CONSULTATION FOR ELSTREE OVERLEA NEIGHBOURHOOD COMMENCES

JUNE 2015

ELSTREE OVERLEA FRAMEWORK PLAN APPROVED BY AUCKLAND COUNCIL

JULY 2015

THE OPENING OF THE REFURBISHED SCOUT HALL RENAMED "TE WHARE PIRINGA – OUR PLACE"

AUGUST 2015

11 NEW SOCIAL HOMES OPENED AT TUTURIWHATU LANE, OFF TANIWHA STREET

NOVEMBER 2015

TĀMAKI HOUSING ASSOCIATION ESTABLISHED

MARCH 2016

21 NEW SOCIAL HOMES OPENED AT BUNKY'S WAY, OFF SUNNYMEAD ROAD

APRIL 2016

TĀMAKI HOUSING GOES LIVE WITH THE TRANSFER OF APPROXIMATELY 2800 SOCIAL HOMES TO TRC

TRC OPENS SECOND OFFICE IN PANMURE

REALISING OPPORTUNITIES – 2016

- Tāmaki Housing Association – a subsidiary of TRC established
- The ownership and management of approximately 2800 social homes in Tāmaki transferred to TRC
- Delivered the Tāmaki Reference Plan
- Preparation underway to procure partners for large scale development
- 42 houses built by Creating Communities Limited in Northern Glen Innes
- 4 local families ready for home ownership through the Pathways to Independence programme
- Tāmaki Inbox community engagement hub launched in neighbourhoods
- Work continues in Fenchurch with more than 400 homes in development

25
DEDICATED STAFF FOCUSED ON TENANCY AND PROPERTY MANAGEMENT SERVICES

21
NEW SOCIAL HOMES BUILT AND TENANTED IN SUNNYMEAD ROAD, GLEN INNES

71
TĀMAKI YOUTH PLACED INTO JOBS (MORE THAN 160 EMPLOYED THROUGH TĀMAKI CAREER START TO DATE)

11
YOUTH ENROLLED INTO TERTIARY EDUCATION (41 ENROLLED THROUGH THE TĀMAKI CAREER START PROGRAMME TO DATE)

APPROXIMATELY
2800
SOCIAL HOMES TRANSFERRED TO TRC

60
TĀMAKI YOUTH LICENCED TO DRIVE (MORE THAN 140 LICENCED THROUGH TĀMAKI REGENERATION INITIATIVES TO DATE)

93%
EARLY CHILDHOOD EDUCATION ATTENDANCE – 9% INCREASE OVER 12 MONTHS

3
CONTRACTED DEVELOPMENT PARTNERS

THE WAY FORWARD

Tāmaki Regeneration Company will bring about transformational change to achieve four equally important objectives – social transformation, economic development, placemaking and housing resources.

Through its shareholders, the New Zealand Government and Auckland Council, TRC will replace 2500 social houses in the suburbs of Glen Innes, Pt. England and Panmure creating 7500 mixed-tenure homes over a period of 10-15 years.

Our contribution to Auckland's housing challenges are unique. Our commitment to a diverse housing stock, mixed-tenure, affordable housing and developing the community housing sector presents the opportunity to ensure development partners bring to the table innovative approaches and unlock new supply chains to deliver at pace.

Community engagement, local innovation and partnership remain a priority.

Our ability to help address housing affordability presents an opportunity for Tāmaki's residents to progress from the need for social housing to more independent living. It also provides opportunities for the private sector to get involved in long-term investment or ownership of social homes.

In the next three to five years alone, the momentum of the catalyst projects will continue to increase and around 800 new homes will be delivered across Tāmaki as we prepare to work with our partners for large scale development. These early projects offer the chance to test, refine and benchmark outcomes expected of large scale development.

By strengthening current partnerships and attracting new ones while leveraging Tāmaki's natural advantages and community spirit, Tāmaki's regeneration will create a great place to live, work and raise a family.

THE YEAR AHEAD

- **Commence phase one large scale development**
- **Commence four new neighbourhood developments**
- **Launch Tāmaki Jobs and Skills Hub**
- **Increase supply of affordable housing – providing access to home ownership**
- **Strengthen partnerships with agencies to improve transport and infrastructure resource in Tāmaki**

THE CHAIR'S REPORT

PARTNERSHIPS FOR THE FUTURE

E NGĀ MANA, E NGĀ REO, E NGĀ RANGATIRA O TĀMAKI, TĒNĀ KOUTOU, TĒNĀ KOUTOU, TĒNĀ KOUTOU KATOA.

There is a clear vision for Tāmaki.

"Tāmaki is a strong and welcoming community, where people thrive and prosper, celebrated for its distinct history and vibrant future."

It is a bold vision. Through regeneration, TRC will help to realise the potential of Tāmaki. Taking an area with an abundance of natural, social and cultural advantages, and together with our proud communities, we will create an even better place to live, work and raise a family.

Over the next 10-15 years, regeneration will deliver significant outcomes for Tāmaki.

On behalf of the Board, I am pleased to present this annual report.

I joined the Board in August and am impressed with what has been established.

TRC has the capability, focus and partnerships to realise great opportunities for our customers, and to deliver the outcomes our shareholders, investors, and other stakeholders seek. We have a long-term strategy in place.

Over the next 10-15 years, we will more than double the number of homes in Tāmaki while providing a range of housing choices and tenures to both current and new residents.

Alongside the new quality homes TRC will encourage the revitalisation of town centres, new education and childcare facilities, new jobs and businesses, and innovative options to ensure housing is affordable.

To achieve our vision and successful regeneration, we will need to maintain and grow the strategic partnerships we have, while working hard to establish new ones.

Our shareholders, the New Zealand Government and Auckland Council, are 100 per cent behind this project. They are critical to the success of it.

We acknowledge our shareholders for their support.

Tāmaki Regeneration plays an important role in the Government's wider programme of social housing reform and redevelopment. The foundations we are laying and the outcomes we will achieve in Tāmaki, could be replicated elsewhere.

Regeneration is not only about building houses. We must achieve lasting social, physical and economic well-being.

Lifting the living standards of Tāmaki residents is at the heart of what we do.

There are over 5050 existing dwellings in Tāmaki. Some 2800 of these are social homes, those recently transferred to TRC. The majority of the social houses are in poor shape and in need of major attention.

The current high percentage of social housing exacerbates the social and economic challenges. To change this, we know that a

Over the next 10-15 years, we will more than double the number of homes in Tāmaki while providing a range of housing choices and tenures to both current and new residents.

mixed-tenure model and targeted neighbourhood development, along with strong social and economic programmes are needed.

Thus, as part of the regeneration, we will provide a mixture of housing options, including social, private market and affordable housing.

To bring about such change requires a high level of ongoing engagement. It is critical that we understand our residents' needs both now and into the future.

In order to provide new, warm, dry houses tenants will need to move. Our team is working with families well in advance of them needing to relocate to ensure that they are supported and benefit from the change.

This is an exciting time for Tāmaki.

I want to acknowledge the leadership of former Chair, Brian Donnelly. Brian was a passionate leader of Tāmaki Regeneration. He established a solid foundation for the Board today to build upon. Also, I would like to acknowledge the contribution of outgoing director, Eru Lyndon.

On behalf of the Board, our thanks also go to all the dedicated staff helping to make the vision for Tāmaki a reality. Together with our communities, we are shaping a better Tāmaki.

JOHN ROBERTSON
CHAIR

THE CEO'S REPORT

MANAGEMENT REPORT – CAPABILITY AND PARTNERSHIP CREATING OPPORTUNITIES

During the 2015/16 financial year TRC achieved an important milestone. On March 31, the ownership and management of approximately 2800 homes was transferred to TRC.

This was a significant task and took a lot of planning, coordination and preparation. However, I'm proud to say that this paid off. Reaching the April 1 milestone and delivering a smooth transition for TRC's customers was extremely important to us.

This financial year has been both challenging and rewarding. We have delivered the results in 2016 that we said we would and we have in place the foundations to keep delivering.

We have met the initial expectations of our shareholders and we are helping to bring positive transformation across our four strategic priorities – Social Transformation, Economic Development, Housing and Placemaking.

Building the capability of TRC and ensuring we have the right team was a key focus this year. I am pleased to have a strong team now in place, all of whom are truly committed to supporting the people of Tāmaki.

As part of our focus on great customer and tenancy services, we have developed key operating principles. The most important being our Tāmaki Commitment, that social tenants who are impacted by redevelopment have the opportunity to stay in Tāmaki.

It has been a year full of change, and a year full of firsts.

In March, we opened an additional office in Panmure to support residents and tenants across the three suburbs in Tāmaki. We saw an immediate increase in the number of customers who dropped by.

However, we didn't just wait for people to come to us. Leading up to the transfer, we reached out to all the families in Tāmaki who we would be serving as their new landlord. Our team went door to door to introduce themselves and deliver a welcome pack.

We are well aware that the dreams and aspirations of our communities will drive positive change. This is reflected in another key principle: to always keep our Tāmaki community engaged and informed.

To ensure this communication is meaningful, we asked the community what they wanted, and how they wanted TRC to engage with them. The feedback was simple: they wanted to meet in their neighbourhoods face to face. We listened and acted.

This year, we consulted with residents in the neighbourhood of Derna Tobruk, and invited residents to contribute their ideas and help shape the draft neighbourhood plan.

In October, we set up a hub at Tāmaki Primary School on Tripoli Road called the Tāmaki Inbox. It was very well received and became a place where people could gather for a chat and ask questions. About 150 locals attended two evening community barbecues held at the Inbox.

The Inbox is now a hub for the Fenchurch community in Glen Innes to keep up to date with construction plans there. We will continue to provide these opportunities at times and places that work well for residents as we progress from neighbourhood to neighbourhood.

This financial year has been both challenging and rewarding. We have delivered the results in 2016 that we said we would, and we have in place the foundations to keep delivering.

While we think we are providing a good service, we are constantly aware that change and uncertainty can be difficult. With this in mind, we hired a number of Housing NZ's Tāmaki based tenancy managers so our customers were able to liaise with familiar faces. This helped to make a seamless transition.

We now have a team of 25 people focused on tenancy and property management at Tāmaki Housing Association, which is owned by TRC. Feedback from our tenants has been very positive, especially about how easy it is to contact tenancy managers and make enquiries about maintenance.

The past year has been extremely busy. As well as preparation for the transfer, we have spent a lot time in the community. We understand that every resident and tenant and every neighbourhood has specific and unique needs.

Our focus is on making significant improvements in employment, safety, education and healthcare. These priorities were set following more than two years of extensive consultation with families, youth, businesses, school principals, churchleaders and key community groups.

Our first developments were in the Fenchurch neighbourhood, where the community told us that an Early Childhood Education centre (ECE) and a refurbished community hall were their top priorities. This year, following the opening of Glenbrae KIDS ECE, we completed the refurbished Fenchurch Scout Hall, now renamed Te Whare Piringa – Our Place.

During this year, we also opened 21 new, social homes in the Fenchurch neighbourhood. This was done so that we could start providing tenants with new warm and dry homes to move in to.

These are just a handful of a long list of good stories happening in Tāmaki.

TRC will continue to increase the pace and scale of regeneration in Tāmaki, thanks to the support of central Government and Auckland Council. We are working closely with the local board, and the Ministry of Education to achieve the best results for the community.

A key milestone this year was commencing our procurement process to find partners for our large scale developments. These developments will be critical to the success of regeneration, and will deliver about 7500 new homes, and key public facilities over the next 10-15 years. The procurement process is ongoing with phase one closing in late 2017.

To maintain momentum, we continue to work on a number of development projects, which will produce between 600 and 800 homes over the coming five years.

Building works are well underway in the Glen Innes neighbourhoods of Fenchurch and Elstree Overlea. Further, engagement and work is also underway for the Panmure area around Derna Road and Tobruk Road.

Many people have contributed to our successful 2015/16, and I'd like to take this opportunity to thank our Board for their guidance and support. I also acknowledge the hard work of our team, and literally thousands of people in Tāmaki who have been involved so far, and who are truly passionate about making this community a great place to live.

The regeneration of Tāmaki is an exciting and important programme. Engagement and community collaboration remains a priority. I look forward to meeting and working alongside our communities over the coming years as we come together to make Tāmaki an awesome place to live, work and raise a family.

JOHN HOLYOAKE
CHIEF EXECUTIVE OFFICER

A YOUTHFUL POPULATION

GLENBRAE KIDS EARLY CHILDHOOD EDUCATION CENTRE

NEW WARM, DRY HOMES

CIVIL WORKS IN FENCHURCH NEIGHBOURHOOD

TĀMAKI REGENERATION STRATEGIC PRIORITIES

TRC has been mandated by its shareholders, the New Zealand Government and Auckland Council, to lead urban regeneration activity in Tāmaki to achieve four equally important objectives – social transformation, economic development, placemaking and housing resources.

Social Transformation

Supporting Tāmaki residents and families to gain the skills, knowledge and employment opportunities to progress their lives

Economic Development

Strengthening the local economy and unlocking the potential of the Tāmaki area to enable a prosperous community and deliver better value for money to the Crown

Placemaking

Creating safe and connected neighbourhoods that support the social and economic development of Tāmaki and its community

Housing Resources

Optimising the use of land and existing housing stock to effectively support and deliver social and economic results, including progressing private housing development and better social housing options for Tāmaki

SOCIAL TRANSFORMATION

The social transformation programme aims to support Tāmaki residents and families to gain the skills, knowledge and employment opportunities to progress their lives.

Over the next 10-15 years, we will facilitate the provision of better social sector support for people living in Tāmaki by working across agencies and community-based services.

We will ensure Tāmaki residents understand and support the regeneration programme as it affects them and we will ensure families are linked to appropriate and better services which enable them to be more independent.

During the past 12 months, we have collaborated with the community and experts to design an intensive support services programme. We have also worked with the Treasury, Auckland Council, Ministry of Social Development, Auckland District Health Board, NZ Police and Ministry of Education to develop a Tāmaki Outcomes Framework. The Framework acts as a performance agenda for agencies to develop shared ways of delivering services in Tāmaki, and aims to ensure all social and economic regeneration is focused on making Tāmaki a great place to live, work and raise a family.

Over the next 12 months, we will continue to work with the community and agencies to ensure social services delivered in Tāmaki are meeting its residents' evolving needs.

The culmination of this work is already resulting in positive changes for the residents and families of Tāmaki.

“It’s been one of my goals since college to own my own home.”

MARINA NGAKIAU

OUR WORK IN ACTION

ON A PATHWAY TO HOUSING INDEPENDENCE

Tāmaki local Marina Ngakiau says getting her finances under control after attending a financial planning course has been a game changer.

Marina heard about the Akara Mamao Financial Capability Programme through family and was keen to find out more. The programme is led by the Commission for Financial Capability and TRC, and is funded by the Ministry of Business, Innovation and Employment.

It aims to help families in Tāmaki gain the financial knowledge and skills they need to achieve home ownership. The first six-week Akara Mamao programme took place in 2015. It has since been renamed Sorted Regeneration Financial Capability Programme.

“It’s been one of my goals since college to own my own home,” Marina says.

As part of the programme, she kept a diary to track her spending.

“I’ve never thought to do that before but to physically see where your money goes is a great thing.”

Participants of the programme were asked to identify their debts. Marina had approximately $6,000 outstanding, a debt that she’d had for about nine years. Paying it off just seemed too hard.

“They hadn’t come after me so I thought ‘just leave it alone’. When I started to confront these debts, then I began the process of paying them off.”

With better planning, the 33-year-old was able to halve her shopping bill. As well as having a savings account, Marina maintains separate accounts for expenses such as her motor vehicle, bills and food.

After eight months of keeping to a budget, Marina had cleared her debt.

“I was over the moon when I found out.”

Her goal is to continue saving for a deposit on a house. She knows it won’t be easy, but says it’s now achievable.

“I think you have to make sacrifices if you want to own your own home.

“Confront your debts. Once you’re able to do that, you can identify how to clear them. It’s about moving forward.”

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP

STATEMENT OF PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2016

Reporting entity

This Statement of Performance is for the Tāmaki Redevelopment Company Limited Legal Group (TRC Legal Group) which comprises Tāmaki Regeneration Limited (TRL) and the Tāmaki Redevelopment Company Limited Group (TRC Group). TRC Group is further comprised of Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP).

Comparative approaches on financial and non-financial reporting

TRC Legal Group is a crown entity group per the meaning set out in the Crown Entities Act 2004 and therefore this Statement of Performance is presented for the TRC Legal Group. This presentation approach differs from how the Financial Statements are presented in this annual report.

Per New Zealand generally accepted accounting practice (NZGAAP), TRL cannot be consolidated into the TRC Group for financial reporting purposes. This is because the New Zealand Government (Crown), rather than TRC Parent, controls TRL. Therefore TRL and TRC Group have presented separate financial statements which are included in this annual report from page 43. An unaudited non-NZGAAP aggregated TRC and TRC Group set of financial statements (effectively for TRC Legal Group) has also been presented in this annual report.

Divergence in non-financial performance reporting output classes

The presentation of the output classes in the below Statement of Performance differ from those provided in the Statement of Performance Expectations for the year ending 30 June 2016 (SPE). This Statement of Performance reflects the output classes aligned to TRC Legal Group's current strategic objectives as

PERFORMANCE AGAINST EXPECTATIONS SET OUT IN 2016 STATEMENT OF PERFORMANCE EXPECTATIONS:

EXPECTATIONS	PERFORMANCE	OUTPUT CLASS IN 2016 STATEMENT OF PERFORMANCE EXPECTATIONS
TRC Legal Group will continue to deliver regeneration as outlined in the Business Implementation Plan delivered to Shareholders in May 2014 including a focus on:		Output Class 1 – Tāmaki Regeneration
> Implementing year two of the Early Childhood Education (ECE) strategy;	**Met**	
> Community safety;	**Met**	
> Leadership development and governance of the Tāmaki community	**Met**	
TRC Legal Group will contribute to an appropriate outcome framework in Tāmaki, in conjunction with wider Crown agencies, Auckland Council and community. This will include development of:		Output Class 3 – Loan Facility to TRC Legal Group
> An outcomes and evaluation framework;	**Partially Met** – The outcomes framework is complete. The first draft of the evaluation framework was completed in June and will be finalised in November.	
> A commissioning framework to ensure alignment of productive services across Tāmaki.	**Partially Met** – The commissioning framework has been delayed and is dependent upon the finalisation of the outcomes and evaluation work above. This work will be completed in 2016/17.	
TRC Legal Group will develop and implement a framework which will identify issues and opportunities for families through the rehousing process	**Met**	Output Class 3 – Loan Facility to TRC Legal Group

mandated by its shareholders, Crown and Auckland Council. These four strategic objectives are social transformation, economic development, placemaking and housing resources. Narrative commentary on TRC Legal Group's performance for the year has been set out under headings for each strategic objective. Further, all performance measures and related revenue and expenses for each output class as identified in the SPE have been allocated to one of the four current strategic objectives. This presentation change is a divergence from the requirement under the Crown Entities Act section 153 to report performance against outputs and revenue and expenses against each output class identified in the SPE for that year.

Presented below are the performance measures and revenue and expenses for the new output class and current strategic objective of social transformation. Each performance measure and revenues and expenses line item presented below denotes a former output class to allow comparison to the SPE.

REVENUE AND OUTPUT EXPENSES

	OUTPUT CLASS 1* – TĀMAKI REGENERATION		OUTPUT CLASS 3 – LOAN FACILITY TO TRC PARENT	
	2015/16 PROSPECTIVE UNAUDITED $000'S	2015/16 ACTUAL AUDITED $000'S	2015/16 PROSPECTIVE UNAUDITED $000'S	2015/16 ACTUAL AUDITED $000'S
Revenue				
Crown	3,370	3,370	–	–
Other	104	45	–	–
Total Revenue	**3,474**	**3,415**	**–**	**–**
Expenses	1,976	6,254	20	33
Total Expenses	**1,976**	**6,254**	**20**	**33**
Net Surplus/(Deficit)	**1,498**	**(2,839)**	**(20)**	**(33)**

* Output Classes are categories set to allow transparent allocation of the Government budget to the various departments/entities that make up the state sector to ensure that funding is provided for specific outputs. Output Class information for TRC Legal Group is available in TRC Legal Group's Statement of Performance Expectations for the year ended 30 June 2016.

ECONOMIC DEVELOPMENT

Economic development aims to strengthen the local economy and unlock the potential of the Tāmaki area to enable a prosperous community and deliver better value for money to the Crown.

Over the next 10-15 years, we will help address housing affordability so residents can progress from the need for social housing to more independent living. We will also contribute to the supply of affordable housing as part of our mixed-tenure model.

Regeneration will also provide opportunities for education and employment through the Tāmaki Skills Pathways to Employment programme. This will be achieved, in part, by ensuring our development partners contribute to the people of Tāmaki by providing jobs.

We will also work with agencies and partners to attract business and investment into the area and encourage regeneration and improvement in the Glen Innes and Panmure town centres.

In the past 12 months, we have implemented the Tāmaki Pathways to Housing Independence programme and four local families are now ready to enter home ownership.

We have also invested in supporting local residents into sustainable employment with 71 placed into jobs over the last year (more than 160 to date) and 60 youth have attained a driver's license (more than 140 to date) through the Tāmaki Career Start programme.

We have built strategic relationships with agencies and partners to leverage opportunities and grow business development in Tāmaki.

And we will launch a Tāmaki Jobs and Skills Hub which will connect Tāmaki residents with Tāmaki jobs. The hub will be a platform for employers and potential employees to meet, located right next to the development. The hub will also help link people in our community with skills and training to prepare them for work.

These activities will help ensure that Tāmaki residents are able to leverage the opportunities generated by growth and regeneration in their area.

GLEN INNES IS ONLY 12 MINUTES FROM THE CBD BY TRAIN

POSITIVE STEPS FOR THE TEKEU FAMILY

Over the last two years, four siblings in the Tekeu family have joined Tāmaki Career Start skills and employment programme and are now all working.

Puna Tekeu was the first to graduate from the programme. She had previously studied social work but said that she lacked the confidence to pursue a career in this area.

Through the programme, Puna was hired as an assistant librarian at Clendon Public Library where she enjoys working with local school children in the after school programmes that she organises.

Since then, Puna's three brothers have also found employment through the programme and are now working in panel beating, construction and manufacturing.

"My life has really changed since joining Career Start," says Puna. "My confidence has grown, I have a job that I love, but the best thing is watching my brothers also making the same positive steps in life."

Highlights

> SKILLS PATHWAYS TO EMPLOYMENT

5
COURSES

71
PEOPLE EMPLOYED
in the last 12 months (more than 160 to date)

81%
SUCCESS RATE

11
YOUTH ENROLLED
into tertiary level education (to date 41 enrolled through Tāmaki Career Start)

60
TĀMAKI YOUTH LICENCED TO DRIVE
(more than 140 to date)

> PATHWAYS TO HOUSING INDEPENDENCE

4
LOCAL FAMILIES READY TO OWN THEIR OWN HOMES
110 families attended 6 financial literacy courses held. 35 families receiving tailored mentoring.

HOUSING RESOURCES

Tāmaki Regeneration aims to optimise the use of land and existing housing stock to effectively support and deliver social and economic results, including progressing private housing development and better social housing options for Tāmaki.

Over the next 10-15 years, we will provide a minimum of 7500 houses across Tāmaki. This will deliver social, affordable and private market homes. By working in collaboration with the Ministry of Social Development we will ensure the social houses are of the right size and configuration for demand.

Over the past 12 months, TRC has maintained momentum delivering houses with work underway in two neighbourhoods which will deliver more than 400 new homes. This year, 21 social homes were completed and tenanted in the Fenchurch neighbourhood and 42 new homes were delivered by development partner Creating Communities Limited in northern Glen Innes.

To support population growth in the area, we have developed an infrastructure agreement with Auckland Council to provide certainty that key community and service infrastructure will be delivered.

In April of this year, to enable us to perform the responsibilities of providing tenancy and property management services to those who live in Tāmaki social houses, the Tāmaki Housing Association was established as a Community Housing Provider.

Over the year to come we will commence work on eight new neighbourhood projects. We will also establish long term partnerships with the private sector through the procurement of partners.

We will strategically acquire land to enable and enhance redevelopment opportunities to assist in ensuring the regeneration programme radically improves the quality of urban living in Tāmaki.

OUR WORK IN ACTION

A PERFECT NEW HOME

Long-time Tāmaki resident Ruth Tongialele and her family can only find one word to describe their new Glen Innes home – 'perfect'. Ruth and her five children are one of 11 families to move into the new Taniwha Street homes.

In late August, the families were visited by Housing New Zealand Minister Bill English and Housing Minister Dr Nick Smith, who asked them what they thought about their new homes.

Ms Tongialele told the Ministers, "If I had to name one thing about my house that I didn't like, I couldn't choose a single thing! I love everything about it."

"When we first moved in, the kids didn't know where to look. We have to get used to the space because it feels so big and we didn't expect to have a yard, so that was a great surprise."

Ms Tongialele said her new home is a far cry from the state house where she grew up with her two brothers and two sisters just five minutes away in Leybourne Circle. She described the new insulated, double-glazed, four-bedroom home on Taniwha Street as "way flasher".

"When we first moved in, the kids didn't know where to look. We have to get used to the space because it feels so big and we didn't expect to have a yard, so that was a great surprise."

RUTH TONGIALELE

Highlights this year

- > OWNERSHIP AND MANAGEMENT OF APPROXIMATELY 2800 SOCIAL HOMES TRANSFERRED TO TRC.
- > TĀMAKI HOUSING ASSOCIATION ESTABLISHED.
- > 63 NEW SOCIAL HOMES DELIVERED IN GLEN INNES.
- > COMMENCED PROCUREMENT OF PARTNERS FOR LARGE SCALE DEVELOPMENT.
- > OPENED AN ADDITIONAL OFFICE AND DOUBLED THE NUMBER OF TENANCY MANAGERS TO ENABLE US TO PROVIDE MORE FACE-TO-FACE CONTACT WITH CUSTOMERS.

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP

STATEMENT OF PERFORMANCE

FOR THE YEAR ENDED 30 JUNE 2016

Reporting entity

This Statement of Performance is for the Tāmaki Redevelopment Company Limited Legal Group (TRC Legal Group) which comprises Tāmaki Regeneration Limited (TRL) and the Tāmaki Redevelopment Company Limited Group (TRC Group). TRC Group is further comprised of Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP).

Comparative approaches on financial and non-financial reporting

TRC Legal Group is a crown entity group per the meaning set out in the Crown Entities Act 2004 and therefore this Statement of Performance is presented for the TRC Legal Group. This presentation approach differs from how the Financial Statements are presented in this annual report. Per New Zealand generally accepted accounting practice (NZGAAP), TRL cannot be consolidated into the TRC Group for financial reporting purposes. This is because the New Zealand Government (Crown), rather than TRC Parent, controls TRL. Therefore, TRL and TRC Group have presented separate financial statements which are included in this annual report from page 43. An unaudited non-NZGAAP aggregated TRC and TRC Group set of financial statements (effectively for TRC Legal Group) has also been presented in this annual report.

Divergence in non-financial performance reporting output classes

The presentation of the output classes in the below Statement of Performance differ from those provided in the Statement of Performance Expectations for the year ending 30 June 2016 (SPE). This Statement of Performance reflects the output classes aligned to TRC Legal Group's current strategic objectives as mandated by its shareholders, Crown and Auckland Council. These four strategic objectives are social transformation, economic development, placemaking and housing resources. Narrative commentary on TRC Legal Group's performance for the year has been set out under headings for each strategic objective. Further, all performance measures and related revenue and expenses for each output class as identified in the SPE have been allocated to one of the four current strategic objectives. This presentation change is a divergence from the requirement under the Crown Entities Act section 153 to report performance against outputs and revenue and expenses against each output class identified in the SPE for that year.

Presented below are the performance measures and revenue and expenses for the new output class and current strategic objective of housing resources. Each performance measure and revenue and expenses line item presented below denotes a former output class to allow comparison to the SPE.

PERFORMANCE AGAINST EXPECTATIONS SET OUT IN 2016 STATEMENT OF PERFORMANCE EXPECTATIONS:

EXPECTATIONS	PERFORMANCE	OUTPUT CLASS IN 2016 STATEMENT OF PERFORMANCE EXPECTATIONS
TRC Legal Group will, in partnership with HNZC, have construction underway in the Fenchurch neighbourhood stage 2 by 30 June 2016	**Met** – Civil works underway as at 30 June 2016 which will be completed in October 2016.	Output Class 1 – Tāmaki Regeneration
TRC Legal Group will, in partnership with HNZC, obtain resource consent for Fenchurch neighbourhood stage 3 by 30 June 2016	**Partially Met** – resource consent has been obtained for 2 sub-stages out of the 3. TRC Legal Group is looking to obtain a better outcome for the last sub-stage which requires further work.	Output Class 1 – Tāmaki Regeneration
TRC Legal Group will, in partnership with HNZC, have construction underway on Elstree Overlea neighbourhood stage 1 by 30 June 2016	**Met** – Civil works underway as at 30 June which will be completed by November 2016.	Output Class 1 – Tāmaki Regeneration
TRC Legal Group will obtain consent for the Derna Tobruk neighbourhood framework plan stage 1 by 30 June 2016	**Not Met** – TRC Legal Group waited for the Auckland Unitary Plan to become effective in order to take advantage from new zoning rules in the area. Consent will now be obtained by the developer, the selection of which is under a tender process as at October 2016.	Output Class 1 – Tāmaki Regeneration
TRC Legal Group Legal Group will, in partnership with HNZC, execute the transfer of HNZC assets within the Tāmaki area by 31 March 2016	**Met**	Output Class 2 – Transfer of HNZC's assets to TRC

EXPECTATIONS	PERFORMANCE	OUTPUT CLASS IN 2016 STATEMENT OF PERFORMANCE EXPECTATIONS
TRC Legal Group will identify and execute strategic land purchases to enable accelerated housing and economic redevelopment in the Tāmaki area by 30 June 2016	**Partially Met** – TRC Legal Group has identified and made offers on strategic land during the financial year but were unsuccessful in securing land.	Output Class 3 – Loan Facility to TRC
TRC Legal Group will, in partnership with Treasury, prepare a business case for initiating procurement activity associated with housing redevelopment at scale within Tāmaki, incorporating the wider regeneration outcomes into the process	**Met** – Business case presented and approved by Cabinet in December 2015.	Output Class 3 – Loan Facility to TRC
TRC Legal Group will, in partnership with HNZC execute the transfer of HNZC tenancy and property management functions within the Tāmaki area by 31 March 2016	**Met**	Output Class 3 – Loan Facility to TRC
TRC Legal Group will operate tenancy management and property management activity from 31 March 2016	**Met**	Output Class 4 – Post-transfer operations

REVENUE AND OUTPUT EXPENSES

	OUTPUT CLASS 1* – TĀMAKI REGENERATION		OUTPUT CLASS 2 – TRANSFER OF HNZC'S HOUSING STOCK TO TRL	
	2015/16 PROSPECTIVE UNAUDITED	2015/16 ACTUAL AUDITED	2015/16 PROSPECTIVE UNAUDITED	2015/16 ACTUAL AUDITED
Revenue	$000'S	$000'S	$000'S	$000'S
Crown	–	–	–	–
Other	–	–	–	–
Total Revenue	**–**	**–**	**–**	**–**
Expenses	1,360	1,888	9,301	8,459
Total Expenses	**1,360**	**1,888**	**9,301**	**8,459**
Net Surplus/(Deficit)	**(1,360)**	**(1,888)**	**(9,301)**	**(8,459)**

	OUTPUT CLASS 3 – LOAN FACILITY TO TRC PARENT		OUTPUT CLASS 4 – POST-TRANSFER OPERATIONS	
	2015/16 PROSPECTIVE UNAUDITED	2015/16 ACTUAL AUDITED	2015/16 PROSPECTIVE UNAUDITED	2015/16 ACTUAL AUDITED
Revenue	$000'S	$000'S	$000'S	$000'S
Crown	–	–	9,477	10,539
Other	–	–	4,728	8,318
Total Revenue	**–**	**–**	**14,205**	**18,857**
Expenses	58	–	34,996	122,585
Total Expenses	**58**	**–**	**34,996**	**122,585**
Net Surplus/(Deficit)	**(58)**	**–**	**(20,791)**	**(103,728)**

* Output Classes are categories set to allow transparent allocation of the Government budget to the various departments/entities that make up the state sector to ensure that funding is provided for specific outputs. Output Class information for TRC Legal Group is available in TRC Legal Group's Statement of Performance Expectations for the year ended 30 June 2016.

DEVELOPMENTS TAKING SHAPE

AUCKLAND MAYOR, LEN BROWN AND HON. NICK SMITH, MINISTER FOR BUILDING AND HOUSING

CATALYST PROJECTS

TRC has maintained its momentum delivering houses through a series of catalyst projects which will continue over the next 3-5 years. These developments provide an opportunity to test, refine and benchmark the outcomes expected of the large scale development, and will deliver approximately 800 new homes.

During the 2015/16 financial year 21 of our homes were built in Fenchurch and 42 in northern Glen Innes, and are now being enjoyed by families. Construction also began in a number of other areas across Tāmaki. It is a busy and exciting time with projects at various stages – from planning and finding development partners, through to civil works and construction.

PROJECT 1
FENCHURCH

PLANNED

Approximately 400 new houses will be built in the Fenchurch neighbourhood. This project will be delivered in five stages and involves the redevelopment of 116 existing social housing sites into 412 new homes. Of these 140 will be social homes.

The aim is to have a mix of 50 per cent private market homes, 30 per cent social homes and 20 per cent affordable homes.

DELIVERED

The first 32 social homes have already been completed. The remainder are expected to be completed by late June 2018.

This housing redevelopment is being supported by a range of placemaking and regeneration initiatives, including the development of community and education facilities, and the reconfiguration of neighbourhood parks and roads.

WHAT'S NEXT

Stages two and three of Fenchurch neighbourhood have commenced and are expected to be completed by late 2018.

PROJECT 2
OVERLEA

PLANNED

Approximately 137 new homes will be built in the Overlea neighbourhood. This area covers the land from Elstree North Reserve, Elstree Avenue, Leybourne Circle and the shops fronting West Tāmaki Road.

This project will be delivered in three stages and involves the redevelopment of 47 existing social housing sites into 132 new homes. Of these 47 will be social homes.

The housing redevelopment projects will be supported by a range of place-making and regeneration initiatives, including the improvement of local infrastructure, the creation of a neighbourhood park and the possible development of a community centre.

DELIVERED

Overlea Central – A resource consent has been approved to develop 54 new homes on this land. This site was the first to begin earthworks in February 2016, following a blessing of the land led by Matua Jim Pene from Ruapotaka Marae. House construction is expected to commence later this year.

Overlea South – A resource consent has been approved for 47 new homes. Demolition of the old social houses was completed in late March. The civil works will commence in 2016.

Overlea North – A resource consent has been approved for 36 new homes. Works will likely commence late 2016 / early 2017.

WHAT'S NEXT

Civil works on Overlea Central are being completed and housing construction will be commencing in December 2016.

PROJECT 3
DERNA TOBRUK

PLANNED

This project involves the redevelopment of 29 existing social housing sites into 97 new homes and will be delivered in multiple stages. Of these 31 will be social homes.

The housing redevelopment projects will be supported by a range of place-making and regeneration initiatives including the enhancement of existing park space, the development of an early childhood education hub and construction of a new street layout.

DELIVERED

Initial consultation has been completed and the procurement of a development partner has commenced.

WHAT'S NEXT

Construction is programmed to commence in April 2017.

CATALYST PROJECTS

PROJECT 4
ARMEIN

PLANNED

This project involves the redevelopment of the 18 existing social housing sites into 90 new homes. Of these 28 will be social homes.

It will be accompanied by a range of placemaking and regeneration initiatives to be determined as part of the neighbourhood planning process.

PROJECT 5
NORTHERN GLEN INNES

PLANNED

This project involves the redevelopment of 156 existing social housing sites into approximately 300 new homes. Of these 78 will be social homes.

Creating Communities Limited has been responsible for the redevelopment of the Northern Glen Innes area since early 2013 and since the asset transfer has been working closely with TRC.

The housing exhibits blind tenure, meaning there is no noticeable difference between the social houses and private residences.

OUR WORK IN ACTION

NEW HOUSE IS JUST THE TICKET

Maureen Hastings' new home on Bunky's Way (off Sunnymead Road) didn't disappoint. "It was heaven. I've never gone into a brand new house. I've got no complaints whatsoever."

It may be smaller but it's so much warmer and easier to clean, Maureen says.

It's a stark contrast to the damp and rundown house she lived in before. "I couldn't get out of the door fast enough."

Maureen, who is 80, has lived on Sunnymead Road since her late teens. She was born in Whangarei but moved to 17 Sunnymead Road with her parents when she was about 18.

Eight years later she moved next door to number 19, after marrying her neighbour Lex Hastings.

Maureen remembers that there weren't as many houses in Glen Innes back then and the public transport wasn't as good.

"When we first came here the buses only came as far as Elstree Avenue, which is about a 10-minute walk away. Otherwise you could take the bus from Point England Road and walk from there."

She likes the familiarity of living in Glen Innes. "There's good and bad everywhere no matter where you are," she says.

On March 31, 2016, the TRC subsidiary Tāmaki Housing became her landlord. The experience has been a positive one, she says.

"Everybody I've dealt with from TRC has been absolutely marvellous."

"Everybody I've dealt with from TRC has been absolutely marvellous."

PLACEMAKING

Tāmaki Regeneration will create safer and more connected neighbourhoods which support the social and economic development of Tāmaki and its communities.

Over the next 10-15 years, quality neighbourhoods, spaces and buildings that improve quality of life will be delivered through the build programme.

So far, through our neighbourhood approach to engagement, residents have told us what they needed and we have delivered local facilities and amenities such as an Early Childhood centre and a modern community hall.

Over the past year we have established a neighbourhood design framework. We have also been working with residents and agencies to leverage opportunities to bring health and education resources that residents in the Derna Tobruk neighbourhood have told us are needed locally. Also, Early Childhood Education has seen an increase in participation.

Over the next 12 months, we will continue working with Auckland Council, Ministry of Social Development, NZ Police, the Ministry of Education and the Auckland District Health Board to improve social infrastructure in the community.

By listening to our community we can deliver the level of community amenities needed for thriving communities.

PT. ENGLAND RESERVE

Highlights

- > COMPLETE POPULATION PROJECTIONS
- > COMPLETED SOCIAL INFRASTRUCTURE PLAN TO UNDERSTAND AMENITY REQUIREMENTS

MOVIES IN THE PARK

PT. ENGLAND BEACH

TE WHARE PIRINGA

COMPANY DISCLOSURES

The below disclosures are required under the Crown Entities Act 2004 and the Companies Act 1993 and are for the Tāmaki Redevelopment Company Limited Legal Group (TRC Legal Group), unless (and where specified) disclosures are required by one of the individual entities that make up TRC Legal Group.

TRC Legal Group consists of Tāmaki Regeneration Limited (TRL) and Tāmaki Redevelopment Company Limited Group (TRC Group). TRC Group further comprises Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP).

TRC Parent owns 100% of the ordinary shares of TRL. However, Crown controls TRL due to the conditions imposed by the preference shares it has been issued with by TRL.

TRC Parent's brand or trading name is Tāmaki Regeneration Company.

Schedule of Board meeting attendance

Two legal subsidiary companies were setup during the year being; TRL and THAGP for the purposes of housing redevelopment and tenancy/property management respectively. The governance for each of these entities for the 2016 financial year was conducted by the Board of TRC Parent.

Total number of TRC Parent Board meetings held between 1 July 2015 and 30 June 2016:	13
Brian Donnelly (Chair):	12
Dr. Susan Macken (Deputy Chair):	10
Martin Udale:	12
Eru Lyndon:	11
John Sax:	12
Anne Candy:	3
Kerry Hitchcock:	8
Soana Pamaka:	9

Changes to the composition of the Boards of entities constituting the TRC Legal Group during the period

COMPANY	TRC PARENT		THAGP		TRL	
DIRECTOR	APPOINTED	CEASED	APPOINTED	CEASED	APPOINTED	CEASED
Brian Donnelly (Chair)	Continuing	Continuing	7/12/2015	Continuing	7/12/2015	Continuing
Dr. Susan Macken (Deputy Chair)	Continuing	Continuing	7/12/2015	Continuing	7/12/2015	Continuing
Martin Udale	Continuing	Continuing	24/03/2016	Continuing	24/03/2016	Continuing
Eru Lyndon	Continuing	19/06/2016	N/A	N/A	24/03/2016	19/06/2016
Soana Pamaka	Continuing	Continuing	24/03/2016	Continuing	24/03/2016	Continuing
John Sax	Continuing	Continuing	19/02/2016	Continuing	19/02/2016	Continuing
Kerry Hitchcock	22/12/2015	Continuing	24/03/2016	Continuing	24/03/2016	Continuing
Anne Candy	Continuing	1/12/2015	N/A	N/A	N/A	N/A
Sam Hansen	N/A	N/A	11/11/2015	8/12/2015	11/11/2015	8/12/2015
John Holyoake	N/A	N/A	11/11/2015	8/12/2015	11/11/2015	8/12/2015

Subsequent to balance date, the Chair Brian Donnelly resigned from all three companies effective 31 July 2016. There were also three Directors appointed to the Board of all three companies subsequent to balance date. Chair John Robertson, Matthew Harker and Diana Puketapu were all appointed on 1 August 2016.

Board and committee remuneration

The Boards of TRL and THAGP received no remuneration during the year. The Board of TRC Parent received a total of $190k remuneration during the year, the breakdown of which can be found in TRC Group's financial statements on page 62.

There have been no payments made to committee members appointed by the Boards of the entities that constitute TRC Legal Group who were not Board members during the financial year.

Company secretary

Simpson Grierson, 88 Shortland St, Auckland Central.

Principal activities

The principal activities of TRC Legal Group during the period were:

> Building capability of the company to work under the new Shareholder agreed operating model (TRC Parent)
> Working in partnership with Housing New Zealand to transfer to TRL the Tāmaki housing stock and associated tenancy management and property management functions (TRC Parent)
> Tenancy and property management (THALP)
> Asset Management (TRL)
> Progressing procurement for large scale and catalyst redevelopment (TRL)
> Developing the outcomes framework in conjunction with community, shareholders and other stakeholders (TRC Parent)

Significant changes in the state of affairs

From 31 March 2016, TRL owned the social housing stock in Tāmaki and THALP was responsible for tenancy and property management of this housing stock.

Directors' interest in transactions and interests register changes

No directors' interests in transactions declared in any entity of TRC Legal Group. The full interest register of the Board of TRC Parent, TRL and THAGP can be found on page 38. Note, the members of all three Boards are the same at year-end.

Indemnification and insurance of directors and officers

During the period TRC Parent purchased insurance to cover all directors, officers and employees of all entities in the TRC Legal Group. They are indemnified for wrongful acts committed, attempted or allegedly committed or attempted during the policy period. The limit of the indemnity for any one act is $5 million. The indemnity period runs from 1 October 2015 to 30 September 2016.

The total amount of insurance premium paid was $14k.

Employee salary band information

There are 17 employees of TRC Legal Group who earn a salary of more than $100k. Given, TRL had no employees during the period, the breakdown of these 17 employees into bands of $10k each is provided in the financial statements of TRC Group on page 62.

Good employer compliance

TRC Legal Parent and its constituent entities have met its obligations to be a good employer and have adhered to the equal employment opportunities programme.

Donations

TRC Legal Group made donations worth $14k during the year which were paid out by TRC Parent. No other entities in the TRC Legal Group paid any donations during the year.

Audit fees

TRC Legal Group paid to Audit New Zealand the following amounts during the year:

> fees for the audit of financial statements of $175k; and
> fees for assurance services of $18k; and
> fees for reviews of $4k.

The breakdown of these audit fees by entities that make up the TRC Legal Group can be found in the entities' respective financial statements contained within this annual report.

FINANCIAL REPORT

This financial report provides an analysis of the financial results for the year and includes summary tables showing the profit and loss, the balance sheets and the cash flows and additional commentary around the key drivers for the numbers in these tables.

Reporting Structure

TRC Legal Group consists of Tāmaki Regeneration Limited (TRL) and Tāmaki Redevelopment Company Limited Group (TRC Group). TRC Group further comprises Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP).

TRC Parent owns 100% of the ordinary shares of TRL. However, Crown controls TRL due to the conditions imposed by the preference shares it has been issued with by TRL. As a result of this, the financial statements of TRC Group and TRL have been presented separately from page 43. However, an aggregated non-GAAP set of financial statements have been prepared by TRC Legal Group in order to provide a clearer view of the financial results of the entire Legal Group including TRL given the Legal Group's operations are conducted as if it was one entity. The below tables summarise the TRC Group, TRL and TRC Legal Group financial statements.

PROFIT AND LOSS (UNAUDITED)

The TRC Legal Group incurred a $116.9m deficit for the year ended 30 June 2016. The deficit was primarily due to the net revaluation loss on property, plant and equipment improvements of $64.4m, depreciation expenses of $20.4m, write down of land under development of $30.9m and costs incurred in relation to the transfer of assets to the Group. The revaluation loss reflects the need to redevelop the aging stock, which was offset in total comprehensive income by a revaluation gain on the land valued at highest and best use of $191.3m, reflecting the increases in the Auckland property market. A significant depreciation expense is incurred on assets as the development timeframe of 10-15 years impacts remaining useful life. The write down of assets under development reflects the impact of development of delivery risk, construction costs and developer cost of capital.

Profit and Loss Summary for the year ended 30 June 2016

	TRC GROUP	TRL	ELIMINATIONS	TRC LEGAL GROUP
	ACTUAL UNAUDITED 000'S	ACTUAL UNAUDITED 000'S	ACTUAL UNAUDITED 000'S	ACTUAL UNAUDITED 000'S
Rent revenue	15,082	–	–	15,082
Land sales revenue	–	3,768	–	3,768
Crown funding income	3,370	–	–	3,370
Other revenue	1,175	10,604	(11,727)	52
Total revenue	**19,627**	**14,372**	**(11,727)**	**22,272**
Personnel costs, consultants and legal expenses	11,239	886	–	12,125
COGS and inventory writedown expenses	–	30,933	–	30,933
Repairs and maintenance expenses	2,273	–	–	2,273
Other expenses	17,143	3,752	(11,727)	9,168
Total expenses	**30,655**	**35,571**	**(11,727)**	**54,499**
EBITDA	**(11,028)**	**(21,199)**	**–**	**(32,227)**
Depreciation expense	278	20,079	–	20,357
Revaluation loss	–	105,446	–	105,446
Tax expense	–	(41,083)	–	(41,083)
(Deficit) for the year	**(11,306)**	**(105,641)**	**–**	**(116,947)**
Revaluation gain	–	191,278	–	191,278
Total comprehensive revenue and expense	**(11,306)**	**85,637**	**–**	**74,331**

BALANCE SHEET (UNAUDITED)

The Balance Sheet of the TRC Legal Group includes the transfer of the approximately 2,800 social houses, and subsequent revaluation of the portfolio at 30 June 2016, and the issue of convertible redeemable preference shares to Crown to fund the transfer. The Group has only drawn loan funding to cover transition costs and a one-off GST impact on the transfer, other development and operating costs have been covered through operating working capital.

Balance Sheet Summary as at 30 June 2016

	TRC GROUP	TRL	ELIMINATIONS	TRC LEGAL GROUP
	ACTUAL UNAUDITED 000'S	ACTUAL UNAUDITED 000'S	ACTUAL UNAUDITED 000'S	ACTUAL UNAUDITED 000'S
Cash	6,202	452	–	6,654
Receivables	3,967	5,345	(5,063)	4,249
Inventory	–	93,716	–	93,716
Property, plant and equipment and intangible assets	679	1,654,662	–	1,655,341
Total assets	**10,848**	**1,754,175**	**(5,063)**	**1,759,960**
Payables and provisions	9,194	4,074	(5,063)	8,205
Tax liabilities	–	33,303	–	33,303
Crown loan	8,500	–	–	8,500
Total liabilities	**17,694**	**37,377**	**(5,063)**	**50,008**
Net assets	**(6,846)**	**1,716,798**	**–**	**1,709,952**
Ordinary shares	8,500	–	–	8,500
Preference shares	–	1,631,161	–	1,631,161
Revaluation reserve	–	191,278	–	191,278
Retained earnings	(15,346)	(105,641)	–	(120,987)
Total equity	**(6,846)**	**1,716,798**	**–**	**1,709,952**

CASH FLOW (UNAUDITED)

The TRC Legal Group operating and development cash flows have been funded through the net rentals received post the transfer of the social houses, with a drawdown of the Crown loan only required to cover some transition and operating costs prior to transfer and a one off GST impact on the transfer of the assets.

Cash Flow Summary for the year ended 30 June 2016

	TRC GROUP	TRL	ELIMINATIONS	TRC LEGAL GROUP
	ACTUAL UNAUDITED 000'S	ACTUAL UNAUDITED 000'S	ACTUAL UNAUDITED 000'S	ACTUAL UNAUDITED 000'S
Rent revenue	12,764	–	–	12,764
Land sales revenue	–	4,898	–	4,898
Crown funding income	3,370	–	–	3,370
Other revenue	1,207	7,192	(8,056)	343
Personnel costs	(4,023)	–	–	(4,023)
Supplier payments including net GST payments and interest	(17,009)	(9,878)	6,700	(20,187)
Total operating cash flows	**(3,691)**	**2,212**	**(1,356)**	**(2,835)**
Purchase of PPE and intangibles and loans provided	(1,888)	(1,760)	1,356	(2,292)
Total investing cash flows	**(1,888)**	**(1,760)**	**1,356**	**(2,292)**
Crown loan funding	8,500	–	–	8,500
Total financing cash flows	**8,500**	**–**	**–**	**8,500**
Net cash flow	**2,921**	**452**	**–**	**3,373**
Opening cash balance	3,281	–	–	3,281
Closing cash balance	**6,202**	**452**	**–**	**6,654**

BOARD

TRC is governed by a board of eight directors who bring extensive governance and corporate experience across finance, construction, property development, infrastructure and regeneration and offer community, Pasifika and Maori representation.

01. JOHN ROBERTSON

CHAIR

John was appointed to the Chair role on 5 August 2016.

He is also the Chair of Fishpond Ltd and a board member of Regional Facilities Auckland. John has served as a Member of Parliament, and has been the chair of the Auckland Mayoral forum and the Mayor of the Papakura District Council. He has also chaired the Council of the Electricity and Gas Complaints Commission and Infrastructure Auckland.

02. DR SUSAN MACKEN

DEPUTY CHAIR

Susan has extensive governance and senior management experience in business including the Bank of New Zealand and Panuku Development Auckland.

03. DIANA PUKETAPU

BOARD MEMBER

Diana is a chartered accountant who is of Ngati Porou descent. She is on the boards of Ngati Porou Holding Company Ltd, a member of the New Zealand Olympic Committee, Public Trust and Aotearoa Credit Union. She has held a number of chief financial officer roles, both in New Zealand and overseas.

04. JOHN SAX

BOARD MEMBER

Appointed as the Crown's sole discretionary director, John is the founder of the Southpark Group of Companies. He is the Founder and Chairman of the For the Sake of Our Children Trust and works with numerous community and social action initiatives.

05. KERRY HITCHCOCK

BOARD MEMBER

Kerry has a long history of experience in a variety of fields, including strategic planning, asset management and the development of commercial and residential property.

06. MARTIN UDALE

BOARD MEMBER

Martin has extensive experience in land and property development, most recently as CEO of McConnell Properties. He has a leading understanding of development economics, urban planning and design.

07. SOANA PAMAKA

BOARD MEMBER

Soana is the Principal of Tāmaki College and provides a strong link to the Tāmaki community in which she both lives and works. She is active in a number of community initiatives. She is a Director of the Museum of New Zealand Te Papa Tongarewa.

08. MATTHEW HARKER

BOARD MEMBER

Matthew has extensive governance experience delivering social housing, aged care and developing large scale public-private partnership projects. His background is in corporate finance and mergers and acquisitions. Matthew has previously held senior roles at leading international investment banks: UBS, Rothschild and Societe Generale.

LEADERSHIP TEAM

In March, TRC established Tāmaki Housing Association to look after tenancy and property management while also preparing for large scale development. We made a number of important appointments with Neil Porteous, Sam Hansen, Phil Nevell, Tracey Wadsworth and Avon Adams joining the leadership team and adding to its diversity of disciplines and experience.

01. JOHN HOLYOAKE
CHIEF EXECUTIVE OFFICER

John Holyoake leads the strategic direction for the TRC team. He has worked at the leading edge of public-private partnership (PPP) initiatives. His work has spanned to include working with local communities, government, agencies and large stakeholder groups to deliver coordinated solutions.

02. NEIL PORTEOUS
GENERAL MANAGER HOUSING

Neil worked at Vodafone NZ for 10 years in a variety of roles, culminating in his appointment as Director of Human Resources. He was also the CEO of the Child Cancer Foundation for two years. A strong proponent of diversity in the workplace, Neil is a trustee of the Equal Employment Opportunities Trust.

03. SHELLEY KATAE
GENERAL MANGER STRATEGY AND PERFORMANCE

Shelley has held a number of general management and operations roles in businesses across New Zealand, Australia and Fiji. She is currently a board member of Taupo Moana Ltd (Ngāti Tuwharetoa)

04. SAM HANSEN
CHIEF FINANCIAL OFFICER

Sam leads the financial, risk and governance aspects of the business as well as development of long term financial strategy. He brings strong financial and property experience from his previous senior positions at Auckland Airport and New Zealand Steel.

05. TRACEY WADSWORTH
GENERAL MANAGER ASSETS AND DEVELOPMENT

Tracey is a property and finance professional with over 25 years' experience in valuation, corporate real estate, strategic property advisory, property development and infrastructure financing. Tracey has held senior positions within the Royal Bank of Scotland, CRI and Urban Growth.

06. PHIL NEVELL
DIRECTOR OF PROCUREMENT

Phil leads the large scale procurement team which is made up of strategic, commercial and operational procurement functions. He comes with a wealth of experience in both private and public sectors. Most recently Phil led the strategic and operational procurement teams at CERA.

07. AVON ADAMS
GENERAL MANAGER COMMUNICATIONS AND ENGAGEMENT

Avon has held communication roles in the UK, Australia and New Zealand. She has led communications and corporate affairs in such organisations as the Department of Conservation, Air New Zealand, Vodafone and TVNZ. Avon has also consulted for many government and private sector organisations.

COMPANY DIRECTORIES FOR THE BOARD

Director / Board Member	Entity	Relationship
John Robertson (Chair)	Kaipara District Council	Chair of Commissioners
	Fishpond Limited	Chair of Board
	Fishpond World Limited (UK)	Chair of Board
	Fishpond.com Incorporated (USA)	Chair of Board
	Regional Facilities Auckland	Director, Chair of Audit Committee
	Struan Farm Limited	Director
	Worldfront Incorporated (USA)	Director
	Tāmaki Redevelopment Company Ltd	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
Dr Susan Macken (Deputy Chair)	Fertility Associates	Director
	STG Ltd	Director and Sole Shareholder
	Treasury Advisory Board	Advisory Board Member
	Blossom Bear Ltd	Director and Sole Shareholder
	Fa Ventures One Limited	Director
	Panuku Development Auckland	Director
	Tāmaki Redevelopment Company Ltd	Director
	Tāmaki Regeneration Ltd	Director
	THA GP Limited	Director
Diana Puketapu (Board Member)	Public Trust	Director
	New Zealand Olympic Committee	Member
	Ngati Porou Holding Company Ltd	Director
	Ngati Porou Seafoods Ltd	Director
	Ngati Porou Fisheries Ltd	Director
	Real Fresh Ltd	Director
	Ngati Porou Miere LP Ltd	Director
	Manawanui In Charge Ltd	Director
	World Masters Games Ltd	Director
	Netball Northern Zone Ltd	Director
	Aotearoa Credit Union	Director
	Aktive Maori Advisory Board	Member
	Tāmaki Redevelopment Company Ltd	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
John Sax (Board Member)	Kensington Park Limited. Trust owned company	
	Various properties owned in Favona/Walmsley Road	
	Potential development opportunities in and around Glen Innes	
	For the Sake of our Children Trust	
	Industrial Park Coolstores Limited	
	Autumn Park Limited	
	Baldah Investments Limited	
	Celcom Limited	
	Fisk Holdings N.Z Limited	
	Fisk Investments (NZ) Limited	
	Treetops Aviation Limited	
	Kempton Holdings Limited	

Director / Board Member	Entity	Relationship
	Mirza Nominees Limited	
	Kensington Park Services Limited	
	Southpark Corporation Limited	
	Global Procurement Supplies Limited	
	South Park Developments Limited	
	Ronyx Holdings Limited	
	Living Spaces Design Limited	
	Southpark Utilities Limited	
	Como Holdings Limited	
	Te Arai Point Properties Limited	
	Kinloch Developments Limited	
	Parent Partner Limited	
	Waterloo Holdings Limited	
	Islington Park Limited	
	Favona Developments Limited	
	Waterloo Park Limited	
	Zirma Developments Limited	
	Karpall Properties Limited	
	Weddings and Honeymoons Of New Zealand Limited	
	Kinloch Golf Limited	
	Kinloch Lodge Holdings Limited	
	William David Limited	
	Industrial Park Holdings Ltd	
	Challenge Communications Foundation Ltd	Shareholder
	Domain Trustee Services No.2 Ltd	Shareholder
	Chairman of Aspiring Leaders (NZ Leadership Trust) – Beehive hosted	
	Trustee of Rotorua Museum Trust	
	SouthPark Property Ltd	
	Onethree Chesire General Partner Ltd	
	Taitokerau Fibre Networks Ltd	
	New Market Holdings Ltd	
	Waterloo Holding Ltd	
	Independent Hearings Panel , Christchurch Replacement District Plan	
	Tāmaki Redevelopment Company Ltd	Director
	Tāmaki Regeneration Ltd	Director
	THA GP Limited	Director
Kerry Hitchcock (Board Member)	Tāmaki Station Ltd	Director
	Tāmaki Investment Trust Company Ltd	Director
	Bay Investments Trust Coy Ltd	Director
	Charta Ltd	Director
	Charta Funds Management Ltd	Director/Shareholder
	Charta Management Holdings Ltd	Director
	UniCentre Ltd	Director
	Kerry D Hitchcock Ltd	Director/Shareholder
	KD Investment Trust Company Ltd	Director
	Fidelta Ltd	Director/Shareholder

COMPANY DIRECTORIES FOR THE BOARD (CONT)

Director / Board Member	Entity	Relationship
	Northcote Rd 1 Holdings Ltd (Smales Farm)	Director
	KH Family Trust	Trustee/Beneficiary
	J & K Family Trust	Trustee/Beneficiary
	Tāmaki Redevelopment Company Ltd	Director
	Tāmaki Regeneration Limited	Director
	THA GP Limited	Director
Martin Udale (Board Member)	Unitec Institute of Technology	Member of Council
	Waikato Innovation Park Limited	Director
	Urban Comms Limited	Director
	Essentia Consulting Group Limited	Director and Shareholder
	Paparata Limited	Director and Shareholder
	Tall Wood Ltd	Director
	Panuku Development Auckland	Director
	Independent Hearings Panel , Christchurch Replacement District Plan	Panel Member
	Wairaka Land Company Ltd (a subsidiary of Unitec Institute of Technology)	Chair
	Kiwi Rail Property Committee	Member
	Fleming Urban Ltd	Director and Shareholder
	McConnell Properties	Advisory Board
	NZ Super (JV with Ngai Tahu)	Director
	Tāmaki Redevelopment Company Ltd	Director
	Tāmaki Regeneration Ltd	Director
	THA GP Limited	Director
Soana Pamaka (Board Member)	Tāmaki College	Principal
	Te Papa	Director
	Tāmaki Redevelopment Company Ltd	Director
	Tāmaki Regeneration Ltd	Director
	THA GP Limited	Director
Matthew Harker (Board Member)	StoveAid	Director
	Tāmaki Redevelopment Company Ltd	Director
	Tāmaki Regeneration Ltd	Director
	THA GP Limited	Director

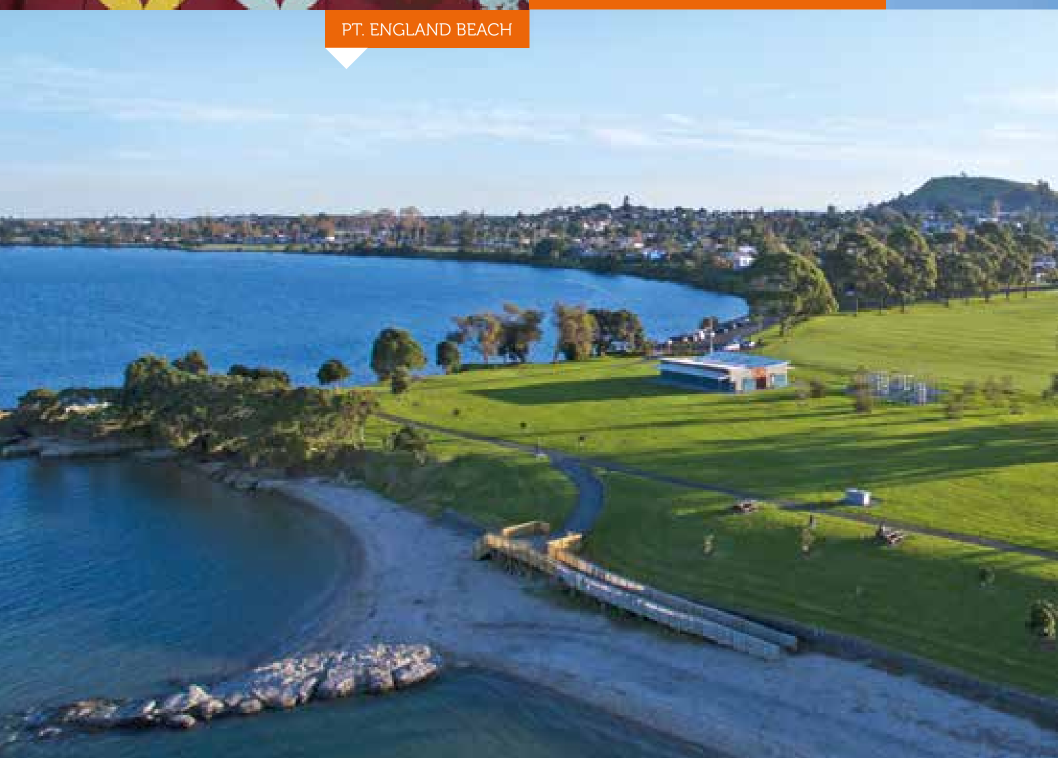
FINANCIAL STATEMENTS

ELLIOT FRANCIS STEWART MURAL

MAUNGAREI

THE TAMAKI VIRGINIA KING SCULPTURE

PT. ENGLAND BEACH



FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP

STATEMENT OF RESPONSIBILITY

We are responsible for the preparation of Tāmaki Redevelopment Company Limited Group's financial statements and non-financial performance reporting and for the judgements made in them. Tāmaki Redevelopment Company Limited Group's non-financial performance has been reported on in Tāmaki Redevelopment Company Limited Legal Group's statement of performance which is found on pages 18 to 19 and 24 to 25 of this annual report.

We are responsible for any end-of-year performance information provided by Tāmaki Redevelopment Company Limited Group under section 19A of the Public Finance Act 1989.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In our opinion, these financial statements and non-financial performance reporting fairly reflect the financial position and operations of the Tāmaki Redevelopment Company Limited Group for the year ended 30 June 2016.

Signed on behalf of the Board:

John Robertson
Chair
31 October 2016

Dr Susan Macken
Deputy Chair
31 October 2016

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2016

	NOTES	2016 GROUP ACTUAL $000'S	2016 GROUP BUDGET $000'S	2015 ACTUAL $000'S
Revenue				
Crown funding		3,370	3,370	1,920
Council funding		–	–	1,600
Management fee income	2	1,123	–	–
Rental income from tenants	3	4,543	4,460	–
Income-related rent subsidies		10,539	9,477	–
Other revenue		7	268	856
Total revenue		**19,582**	**17,575**	**4,376**
Expenditure				
Personnel costs		4,358	4,043	1,526
Consultants and professional fees		5,043	4,654	1,323
Contractors and temporary staff		1,838	437	845
Directors fees		190	190	190
Management fee expense		612	–	–
Variable lease expense		10,640	–	–
Repairs and maintenance		2,273	1,557	–
GST provision expense	9F	2,562	–	–
Loss on disposal of leasehold improvements	7	969	758	–
Other expenses	4	2,137	1,311	758
Total expenditure		**30,622**	**12,950**	**4,642**
EBITDAF		**(11,040)**	**4,625**	**(266)**
Depreciation and amortisation expense	7,8	278	263	152
EBIT		**(11,318)**	**4,362**	**(418)**
Finance income		45	104	125
Finance costs		33	77	–
Net finance income		**12**	**27**	**125**
Surplus/(deficit) before tax		**(11,306)**	**4,389**	**(293)**
Tax expense	9	–	–	–
Surplus/(deficit) for the year		**(11,306)**	**4,389**	**(293)**
Total comprehensive revenue and expense		**(11,306)**	**4,389**	**(293)**
Surplus/(deficit) for the year attributable to:				
Crown		(6,671)	2,590	(173)
Minority interest (Auckland Council)		(4,635)	1,799	(120)
		(11,306)	**4,389**	**(293)**
Total comprehensive revenue and expense attributable to:				
Crown		(6,671)	2,590	(173)
Minority interest (Auckland Council)		(4,635)	1,799	(120)
		(11,306)	**4,389**	**(293)**

Explanations of major variances against budget are provided in note 20.

The accompanying notes form part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	NOTES	2016 GROUP ACTUAL $000'S	2016 GROUP BUDGET $000'S	2015 ACTUAL $000'S
Assets				
Current assets				
Cash and cash equivalents	5	6,202	3,432	3,281
Trade and other receivables	6	3,967	22,892	419
Total current assets		**10,169**	**26,324**	**3,700**
Non-current assets				
Property, plant and equipment	7	637	879	1,378
Intangible assets	8	42	59	8
Total non-current assets		**679**	**938**	**1,386**
Total assets		**10,848**	**27,262**	**5,086**
Liabilities				
Current liabilities				
Creditors and other payables	10	6,400	791	554
GST provision	9F	2,562	–	–
Annual leave liability		232	122	72
Total current liabilities		**9,194**	**913**	**626**
Non-current liabilities				
Loan	11	8,500	17,500	–
Total non-current liabilities		**8,500**	**17,500**	**–**
Total liabilities		**17,694**	**18,413**	**626**
Net assets		**(6,846)**	**8,849**	**4,460**
Equity				
Ordinary shares – Crown		5,000	5,000	5,000
Ordinary shares – Auckland Council		3,500	3,500	3,500
Accumulated surplus/(deficit)		(15,346)	349	(4,040)
Total equity	12	**(6,846)**	**8,849**	**4,460**

Explanations of major variances against budget are provided in note 20.

For and on behalf of the Board who authorise the issue of the financial statements on 31 October 2016.

John Robertson
Chair
31 October 2016

Dr Susan Macken
Deputy Chair
31 October 2016

The accompanying notes form part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP

STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 GROUP ACTUAL $000'S	2016 GROUP BUDGET $000'S	2015 ACTUAL $000'S
Balance at 1 July		**4,460**	**4,460**	**4,753**
Total comprehensive revenue and expense				
Surplus/(deficit) for the year		(11,306)	4,389	(293)
Total comprehensive revenue and expense		**(11,306)**	**4,389**	**(293)**
Owners' transactions				
Capital contribution		–	–	–
Repayment of capital		–	–	–
Total contributions and distributions		**–**	**–**	**–**
Balance at 30 June	12	**(6,846)**	**8,849**	**4,460**

Explanations of major variances against budget are provided in note 20.

The accompanying notes form part of these financial statements.

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2016

	NOTE	2016 GROUP ACTUAL $000'S	2016 GROUP BUDGET $000'S	2015 ACTUAL $000'S
Cash flows from operating activities				
Receipts from Crown		3,370	3,370	1,920
Receipts from Auckland Council		–	–	1,600
Interest received		45	104	125
Rental income from tenants		4,546	3,094	573
Income-related rent subsidies		8,218	8,343	–
Other revenue received		297	216	–
Management fee income		865	–	–
Payments to suppliers		(17,032)	(17,671)	(2,117)
Payments to employees		(4,023)	(3,993)	(2,350)
Interest paid		(33)	(77)	–
Goods and services tax (net)		56	–	38
Net cash flow from operating activities		**(3,691)**	**(6,614)**	**(211)**
Cash flow from investing activities				
Purchase of property, plant and equipment		(482)	(501)	(1,062)
Purchase of intangible assets		(49)	(72)	(3)
Loan provided to Tāmaki Regeneration Limited		(1,357)	(10,162)	–
Net cash flow from investing activities		**(1,888)**	**(10,735)**	**(1,065)**
Cash flow from financing activities				
Cash from loan facility		8,500	17,500	–
Net cash flow from financing activities		**8,500**	**17,500**	**–**
Net increase/(decrease) in cash and cash equivalents		**2,921**	**151**	**(1,276)**
Cash and cash equivalents at the beginning of the year		3,281	3,281	4,557
Cash and cash equivalents at the end of the year	5	**6,202**	**3,432**	**3,281**

Explanations of major variances against budget are provided in note 20.

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

These financial statements are for the Tāmaki Redevelopment Company Limited Group (TRC Group) which comprises the parent entity Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP). TRC Group has determined that it is a public benefit entity (PBE) for financial reporting purposes.

These financial statements do not include Tāmaki Regeneration Limited (TRL) due to Crown (rather than TRC Parent) controlling TRL. TRL's financial statements are presented separately on pages 67 to 88 of this annual report. This annual report also presents, on pages 89 to 95, an aggregated set of financial statements of the Tāmaki Redevelopment Company Limited Legal Group (which comprises of TRC Group and TRL) that do not comply with generally accepted accounting practice in New Zealand (NZ GAAP). Such an aggregation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 6 *Consolidated and Separate Financial Statements* to consolidate TRL into TRC Group.

The financial statements for TRC Group are for the year ended 30 June 2016. They were approved by the Board on 31 October 2016.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

STATEMENT OF COMPLIANCE

The financial statements of TRC Group have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with NZ GAAP. TRC Group is a non-publicly accountable and non-large public benefit entity as defined by the External Reporting Board. For that reason, TRC Group is allowed and has elected to prepare its financial statements in accordance with Tier 2 PBE accounting standards, which allows reduced disclosures.

These financial statements comply with PBE accounting standards (Tier 2).

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of TRC Group is New Zealand dollars (NZ$).

SIGNIFICANT ACCOUNTING POLICIES

CONTROL AND CONSOLIDATION

Subsidiaries

Subsidiaries are entities controlled by the TRC Parent. The TRC Parent controls an entity when it has the power to govern the financial and operating policies of the entity so as to benefit from its activities. The financial statements from the date on which control commences until the date on which control ceases are consolidated into the TRC Parent's financial statements. The TRC Parent controls two subsidiaries being THALP and THAGP.

Loss of control

When the TRC Parent loses control over a subsidiary, it derecognises the assets and liabilities of the subsidiary, and any related minority interests and other components of equity. Any resulting gain or loss is recognised in surplus or deficit. Any interest retained in the former subsidiary is measured at fair value when control is lost.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

REVENUE FROM EXCHANGE TRANSACTIONS

Exchange revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to TRC Group and the revenue can be reliably measured, regardless of when the payment is being made. The specific accounting policies for significant revenue items are explained below:

Management fee income

The TRC Parent received management fees from TRL each month in return for supplying day to day management services.

Finance income

Finance income is recognised using the effective interest method. Finance income on an impaired financial asset is recognised using the original effective interest rate.

Rental income from tenants

Rental income from tenants on market rent is recognised on a straight-line basis over the lease term.

REVENUE FROM NON-EXCHANGE TRANSACTIONS

Revenue from non-exchange transactions is recognised only when TRC Group obtains control of the transferred asset (cash) and the transfer is free from conditions to refund or return the asset if the conditions are not fulfilled.

Crown funding

Crown funding is restricted in its use for the purpose of TRC Group meeting its objectives as specified in the Statement of Intent. Crown funding is recognised as revenue when earned and is reported in the financial period to which it relates. The fair value of Crown funding has been determined to be equivalent to the amounts due in the funding agreement.

Rental income from tenants and income-related rent subsidies

Rental revenue from tenants who are not on market rent and income-related rent subsidies are recognised on a straight-line basis over the lease term.

FINANCE COSTS

Borrowing costs are expensed in the financial year in which they are incurred.

RECEIVABLES

Short-term receivables are recorded at their face value, less any provision for impairment. Collectability of debtors are reviewed on an ongoing basis. Impairment of a receivable is established when there is objective evidence that TRC Group will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of the debtor and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following asset classes: leasehold improvements, office equipment and computer equipment. All assets classes are measured at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to TRC Group and the cost of the item can be measured reliably. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to TRC Group and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of property, plant, and equipment have been estimated as follows:

Leasehold improvements	The shorter of the period of the lease or estimated useful life	
Office equipment	3 years	33.3%
Computer equipment	5 years	20%

Leasehold improvements are depreciated over the unexpired period of the lease or the estimated remaining useful lives of the improvements, whichever is the shorter. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

INTANGIBLE ASSETS

Software acquisition and development

Acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. Costs that are directly associated with the development of software for internal use are recognised as an intangible asset. Direct costs include software development employee costs and an appropriate portion of relevant overheads. Staff training costs are recognised as an expense when incurred. Costs associated with maintaining computer software are recognised as an expense when incurred. Costs associated with development and maintenance of TRC Group's website are recognised as an expense when incurred.

Website development

Costs that are directly associated with the structural development of the website are recognised as an intangible asset. These costs include application and infrastructure development and testing. Website content development and operating costs are recognised as an expense when incurred.

Amortisation

The carrying value of an intangible asset with a finite life is amortised on a straight-line basis over its useful life. Amortisation begins when the asset is available for use and ceases at the date that the asset is derecognised. The amortisation charge for each financial year is recognised in surplus or deficit.

The useful lives and associated amortisation rates of major classes of intangible assets have been estimated as follows:

Acquired computer software	3 years	33.3%
Developed computer software	4 years	25%

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT AND INTANGIBLE ASSETS

TRC Group does not hold any cash-generating property, plant and equipment. Property, plant and equipment are considered cash-generating where their primary objective is to generate a commercial return through the provision of goods and/or services to external parties. TRC Group's primary objective from its non-financial assets is to achieve the regeneration objectives set out in it's Statement of Intent and not to generate commercial returns.

Non-cash-generating assets

Property, plant and equipment and intangible assets that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where TRC Group would, if deprived of the asset, replace its remaining future economic benefit or service potential. If an assets carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. For assets not carried at a revalued amount, the total impairment loss is recognised in surplus or deficit. For assets not carried at a revalued amount, the reversal of an impairment loss is recognised in the surplus or deficit.

CREDITORS AND OTHER PAYABLES

Short-term creditors and other payables are recorded at their face value.

PROVISIONS

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

FINANCIAL INSTRUMENTS

Non-derivative financial assets and financial liabilities – recognition and derecognition

TRC Group initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through surplus or deficit) are recognised initially on the trade date at which TRC Group becomes a party to the contractual provisions of the instrument.

TRC Group derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfer the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by TRC Group is recognised as a separate asset or liability.

TRC Group derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, TRC Group currently has a legally enforceable right to offset the amounts and intends either to settlement them on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets – measurement

<u>**Loans and receivables**</u>

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised costs using the effective interest method.

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

Non-derivative financial liabilities – measurement

A financial liability is classified as at fair value through surplus or deficit if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in surplus or deficit as incurred. Financial liabilities at fair value through surplus or deficit are measured at fair value and changes therein, including any interest expense, are recognised in surplus or deficit. Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in surplus or deficit.

INCOME TAX

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

GOODS AND SERVICES TAX

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the prospective statement of financial position. The net GST paid to or received from the IRD including the GST relating to investing and financing activities, is classified as a net operating cash flow in the prospective statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

EQUITY

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

> accumulated surplus/(deficit); and

> capital.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

BUDGET FIGURES

The budget figures are derived from the statement of performance expectations as approved by the Board. As the statement of performance expectations and the associated budget was prepared for the Tāmaki Redevelopment Company Limited Legal Group which comprises of TRC Group and TRL, the budget for TRC Group is a subset and direct comparisons are not valid. A full valid comparison can be made by referring to the TRL and TRC Legal Group financial statements in additional to these financial statements. Certain budget amounts have been reclassified to achieve fair comparison against actuals. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

COMPARATIVES

The 2016 amounts included in these financial statements are for TRC Group whilst the 2015 comparative amounts are only for TRC Parent. This is because the subsidiaries of TRC Parent, that form part of TRC Group, were incorporated in the 2016 financial year.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these prospective financial statements, TRC Group has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating useful lives and residual values of property, plant, and equipment

At each balance date, the useful lives and residual values of property, plant, and equipment are reviewed. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by TRC Group, and expected disposal proceeds from the future sale of the asset.

Estimating collectability of receivables and providing for doubtful debts

TRC Group reviews the collectability of rental income on an ongoing basis. Significant financial difficulties of the debtor and default in payments are considered indicators that the receivable is impaired, and a provision is raised. Should the receivable continue to deteriorate, impairment is established when there is objective evidence that TRC Group will not be able to collect amounts due according to the original terms of the receivable.

Estimating deferred tax

In determining the amount of current and deferred tax TRC Group takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. TRC Group believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. Should new information become available that causes TRC Group to changes its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

2. MANAGEMENT FEE INCOME

	2016 GROUP ACTUAL $000'S	2015 ACTUAL $000'S
Management services provided to Tāmaki Regeneration Limited	1,123	–
Total management fee income	**1,123**	**–**

3. RENTAL INCOME FROM TENANTS

	2016 GROUP ACTUAL $000'S	2015 ACTUAL $000'S
Rental income from tenants on market rent	148	–
Rental income from tenants who are not on market rent	4,395	–
Total rental income from tenants	**4,543**	**–**

4. OTHER EXPENSES

	2016 GROUP ACTUAL $000'S	2015 ACTUAL $000'S
Fees to Audit New Zealand for audit of financial statements	90	48
Fees to Audit New Zealand for assurance services	18	–
Fees to Audit New Zealand for reviews	4	–
IT support and licence fees	324	47
Printing and stationary	59	13
Staff training	68	35
Insurance	53	33
Telephones and mobiles	85	26
Marketing and collateral	471	28
Rent	156	80
Motor vehicle expenses	35	9
Recruitment fees	285	218
Travel expenses	93	41
Other	396	180
Total other expenses	**2,137**	**758**

5. CASH AND CASH EQUIVALENTS

	2016 GROUP ACTUAL $000'S	2015 ACTUAL $000'S
Cash at bank and on hand	6,202	3,281
Total cash and cash equivalents	**6,202**	**3,281**

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

6. TRADE AND OTHER RECEIVABLES

	2016 GROUP ACTUAL $000'S	2015 ACTUAL $000'S
Receivables from sale of goods and services	–	6
Recoverables from grants	–	283
Receivable from Tāmaki Regeneration Limited	1,357	–
Management fees receivable	259	–
Income-related rent subsidies receivable	2,323	–
Rent receivable from tenants	62	–
Damage recoveries receivable	125	–
Prepayments	–	37
GST receivable	40	93
Trade and other receivables at face value	**4,166**	**419**
Less: provision for impairment	(199)	–
Total trade and other receivables	**3,967**	**419**

7. PROPERTY, PLANT AND EQUIPMENT

	OFFICE EQUIPMENT ACTUAL $000'S	COMPUTER EQUIPMENT ACTUAL $000'S	LEASEHOLD IMPROVEMENTS ACTUAL $000'S	TOTAL ACTUAL $000'S
Cost				
Balance at 1 July 2014	118	89	423	630
Balance at 30 June 2015 and 1 July 2015	120	97	1,475	1,692
Additions during the year (Group)	175	121	195	491
Disposals during the year (Group)	–	–	(1,056)	(1,056)
Balance at 30 June 2016 (Group)	**295**	**218**	**614**	**1,127**
Accumulated depreciation				
Balance at 1 July 2014	33	34	109	176
Balance at 30 June 2015 and 1 July 2015	54	53	207	314
Depreciation charge for the year (Group)	36	32	195	263
Disposals during the year (Group)	–	–	(87)	(87)
Balance at 30 June 2016 (Group)	**90**	**85**	**315**	**490**
Carrying Amounts				
Balance at 1 July 2014	85	55	314	454
Balance at 30 June 2015 and 1 July 2015	66	44	1,268	1,378
Balance at 30 June 2016 (Group)	**205**	**133**	**299**	**637**

There are no restrictions over the title of TRC Group's property, plant and equipment, nor are there any property, plant and equipment pledged as security for liabilities. (2015: Apart from the restrictions on the early childhood education centre and the community facilities which are to be used for their respective purposes, there are no restrictions on TRC's property, plant and equipment. The early childhood education centre and the community facility are not part of TRC's core activities and TRC will look to hand these over to appropriate agencies in the foreseeable future).

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

8. INTANGIBLE ASSETS

	ACQUIRED SOFTWARE ACTUAL $000'S	DEVELOPED SOFTWARE ACTUAL $000'S	TOTAL ACTUAL $000'S
Cost			
Balance as at 1 July 2014	40	–	40
Balance at 30 June 2015 and 1 July 2015	43	–	43
Additions during the year (Group)	49	–	49
Balance at 30 June 2016 (Group)	**92**	**–**	**92**
Accumulated depreciation			
Balance as at 1 July 2014	21	–	21
Balance at 30 June 2015 and 1 July 2015	35	–	35
Depreciation charge for the year (Group)	15	–	15
Balance at 30 June 2016 (Group)	**50**	**–**	**50**
Carrying Amounts			
Balance at 1 July 2014	19	–	19
Balance at 30 June 2015 and 1 July 2015	8	–	8
Balance at 30 June 2016 (Group)	**42**	**–**	**42**

There are no restrictions over the title of TRC Group's intangible assets, nor are any intangible assets pledged as security for liabilities. (2015: nil).

9. INCOME TAXES

A. Amounts recognised in surplus or deficit

	2016 GROUP ACTUAL $000'S	2015 ACTUAL $000'S
Current tax expense		
Current year	–	–
	–	**–**
Deferred tax expense		
Origination and reversal of temporary differences	–	–
Change in recognised deductible temporary differences	–	–
Recognition of previously unrecognised tax losses	–	–
	–	**–**
Total tax expense	**–**	**–**

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

9. INCOME TAXES (CONT)

B. Amounts recognised in other comprehensive revenue and expense

	2016		
	BEFORE TAX GROUP ACTUAL $000'S	TAX EXPENSE / (BENEFIT) GROUP ACTUAL $000'S	NET OF TAX GROUP ACTUAL $000'S
Revaluation of property, plant and equipment	–	–	–
	–	–	–

	2015		
	BEFORE TAX ACTUAL $000'S	TAX EXPENSE / (BENEFIT) ACTUAL $000'S	NET OF TAX ACTUAL $000'S
Revaluation of property, plant and equipment	–	–	–
	–	–	–

C. Reconciliation of effective tax rate

	2016 ACTUAL %	2016 GROUP ACTUAL $000'S	2015 ACTUAL %	2015 ACTUAL $000'S
Profit before tax		(11,306)		(293)
Tax using the company's domestic rate	0.28	(3,166)	0.28	(82)
Tax effect:				
Non-deductible expenses		2,065		82
Current year losses for which no deferred tax asset is recognised		1,101		–
Change in recognised deductible temporary differences		–		–
		–		–

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

9. INCOME TAXES (CONT)

D. Unrecognised deferred tax assets

Deferred tax assets have not been recognised in respect of the following items, because it is not probable that future taxable profit will be available against which TRC Group can use the benefits therefrom.

	2016 GROUP ACTUAL $000'S	2015 ACTUAL $000'S
Deductible temporary differences (will never expire)	44	–
Tax losses	1,057	–
Total unrecognised deferred tax assets	**1,101**	**–**

E. Tax losses carried forward

	2016 GROUP ACTUAL $000'S	EXPIRY DATE	2015 ACTUAL $000'S	EXPIRY DATE
Expire	–	N/A	–	N/A
Never expire	3,773	N/A	–	N/A

F. Tax status

In April 2014, TRC Parent was issued with a non-binding ruling from the IRD stating that TRC Parent was a public authority for tax purposes and therefore exempt from income tax and able to claim GST input tax deductions for its activities. In the 2016 financial year, the IRD subsequently informed TRC Parent that it took a contrary view to this position. TRC Parent submitted an application for a binding ruling which challenged the IRD's assumption, but this was unsuccessful. Although TRC Parent does not agree with the outcome, a decision has been taken to accept the IRD's position rather than incur further cost. The impact of the change in tax status results in the potential for reversal of historically claimed GST input tax deductions and some exposure to IRD use of money interest. There should be no exposure to shortfall penalties. Maximum exposure of $2,562k is estimated at 30 June 2016.

Further, as a result of the IRD position on tax status, income tax returns will need to be filed for the 2013, 2014 and 2015 income tax years, as well as a tax return for the 2016 income tax year. Tax losses for the current 2016 income tax year are estimated at $3.7 million. This includes estimated positions taken on non-deductible expenditure. The tax position in relation to prior years has not yet been calculated, but it is not anticipated that TRC Parent will be in a tax paying position.

TĀMAKI REDEVELOPMENT COMPANY LIMITED GROUP

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

10. CREDITORS AND OTHER PAYABLES

	2016 GROUP ACTUAL $000'S	2015 ACTUAL $000'S
Creditors	1,606	383
Accrued expenses	1,158	171
Payable to Tāmaki Regeneration Limited	3,448	–
Revenue in advance	188	–
Total creditors and other payables	**6,400**	**554**

11. LOAN

	2016 GROUP ACTUAL $000'S	2015 ACTUAL $000'S
Loan facility from New Zealand Debt Management Office (NZDMO)	8,500	–
Total loan	**8,500**	**–**

TRC Group has a loan facility from the NZDMO of $200m. Each tranche drawn down must be repaid within 5 years. TRC Group has drawn down 2 tranches at balance date which are due to the NZDMO on 16 February 2021 and 6 May 2021 respectively.

12. EQUITY

	ORDINARY SHARES	
	2016 GROUP ACTUAL $000'S	2015 ACTUAL $000'S
Contributed capital		
Balance at 1 July	8,500	8,500
Issued for cash	–	–
Balance at 30 June	**8,500**	**8,500**
Accumulated surplus/(deficit)		
Balance at 1 July	(4,040)	(3,747)
Total comprehensive revenue and expense	(11,306)	(293)
Balance at 30 June	**(15,346)**	**(4,040)**
Total equity	**(6,846)**	**4,460**

All ordinary shares of TRC Parent are held by the Crown (59%) and Auckland Council (41%). There are 1,000 ordinary shares issued, all of which are unpaid and have no par value. All the Crown shares and Council shares have the same rights and privileges and are subject to the same restrictions.

TRC Group has negative equity as at 30 June 2016. TRC Group's purpose is not to create profit but is urban regeneration of the Tāmaki area. The constitution of TRC Parent and its other foundation and accountability documents such as the Statement of Intent are aligned with this purpose. As such, the benefits of the regeneration programme are likely to accrue to and through other entities owned by the Crown and Auckland Council.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

13. COMMITMENTS

There are no capital commitments as at 30 June 2016. (2015: nil). Operating commitments of TRC Group as at 30 June 2016 include non-cancellable lease commitments of the TRC Group premises in Glen Innes and Panmure. The value of the non-cancellable lease commitment is $341k in total of which $220k is in the next financial year and the remaining $121K is within 2 to 5 financial years from balance date. (2015: $161k, $75k and $11k respectively).

THALP, which is part of the TRC Group, leases rental properties from Tāmaki Regeneration Limited. The value of the monthly lease payments THALP must pay to Tāmaki Regeneration Limited varies from month to month and is based on the surplus that THALP derives for the month. Therefore, the value of the minimum lease payments over the next financial year is indeterminable. The length of the lease is indefinite with either party being able to cancel the lease with 1 years' notice.

14. CONTINGENCIES

There are no contingent liabilities or assets as at 30 June 2016. (2015: On April 30, Ministers announced that TRC will take over the ownership of approximately 2,800 properties in the Tāmaki area, valued at approximately $1.3b as at 30 June 2016, from Housing New Zealand Corporation (HNZC) by 31 March 2016. The Crown will have ultimate control over the assets).

15. RELATED PARTY TRANSACTIONS

TRC Parent's ordinary shares are 59% held by the Crown and 41% by Auckland Council.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect TRC Group would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions. All intercompany transactions within the TRC Legal Group are carried out on an arms length basis.

Key management personnel compensation

	2016 GROUP ACTUAL	2015 ACTUAL
Board Members		
Remuneration ($000's)	190	190
Full-time equivalent members	1.09	0.80
Leadership Team		
Remuneration ($000's)	1,337	873
Full-time equivalent members	5.57	3.71
Total key management personnel remuneration ($000's)	**1,527**	**1,063**
Total full time equivalent personnel	**6.66**	**4.51**

The full time equivalent for Board members has been determined based on the frequency and length of Board meetings and the estimated time for Board members to prepare for meetings. No close family members of TRC Group's key management personnel are employed by TRC Group. There are no loans made to key management personnel of TRC Group or their close family members.

Given Tāmaki Regeneration Limited (TRL) has no employees and the activities of TRL are conducted by employees of TRC Parent, the above key management personnel remuneration and full-time equivalent numbers also represent the disclosure for the TRC Legal Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

16. BOARD MEMBER REMUNERATION

The total value of remuneration paid or payable to each Board member during the year was:

	2016 GROUP ACTUAL $000'S	2015 ACTUAL $000'S
Brian Donnelly (Chair)	46	46
Dr. Susan Macken (Deputy Chair)	29	29
Eru Lyndon	23	23
Kerry Hitchcock	13	–
Soana Pamaka	23	23
John Sax	23	23
Martin Udale	23	23
Anne Candy	10	23
Total Board member remuneration	**190**	**190**

There have been no payments made to committee members appointed by the Board who are not Board members during the financial year. TRC Group has not provided a deed of indemnity to its Directors during the financial year. TRC Group has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or costs of Board members and employees. No Board members received compensation or other benefits in relation to cessation. (2015: nil).

Given the governance of TRL and THAGP are conducted by the Board of TRC Parent, the above Board remuneration also represents the Board remuneration of the full TRC Legal Group.

17. EMPLOYEE REMUNERATION

	2016 GROUP ACTUAL	2015 ACTUAL
Total remuneration paid or payable:		
$100,000 – $109,999	4	2
$110,000 – $119,999	2	–
$120,000 – $129,999	3	1
$130,000 – $139,999	2	–
$150,000 – $159,999	–	–
$160,000 – $169,999	1	–
$170,000 – $179,999	1	1
$180,000 – $189,999	1	2
$190,000 – $199,999	1	–
$200,000 – $209,999	1	–
$300,000 – $309,999	1	–
Total employees	**17**	**6**

Given TRL has no employees and the activities of TRL are conducted by employees of TRC Parent, the above employee remuneration and cessation disclosure also represent the disclosure for the TRC Legal Group.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

18. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date. (2015: nil).

19. FINANCIAL INSTRUMENTS

Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	2016 GROUP ACTUAL $000'S	2015 ACTUAL $000'S
Financial assets – loans and receivables		
Cash and cash equivalents	6,202	3,281
Trade and other debtors	3,927	289
Total loans and receivables	**10,129**	**3,570**
Financial liabilities measured at amortised cost		
Creditors and other payables	6,400	554
Loan	8,500	–
Total financial liabilities measured at amortised cost	**14,900**	**554**

20. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statement of Comprehensive Revenue and Expense

Income related rent subsidy is higher than budgeted as a result of conservative historical market rent data used in calculation of the budgeted amount. Actual market rents during the period were higher. Other revenue is principally recoveries from property damage which was lower than budgeted due to the transition period between Housing New Zealand as social housing landlord to Tāmaki Regeneration Limited (TRL) being the landlord, where property damage was not fully recovered. Management fees were not budgeted for as this was the first year of operations for the subsidiaries of TRC Parent and at the time of budgeting the management services were not agreed.

Personnel costs, consultants and professional fees, contractors and temporary staff and other expenses were all higher than budgeted due to higher costs incurred during the transition period from the old to the new operating model (i.e. before and after the transfer of the approximately 2,800 social houses from Housing New Zealand to TRL). Further, all TRL activity was conducted by employees of TRC Parent. Repairs and maintenance costs were higher than budgeted due to significant work involved in bringing properties up to standard for reletting as a result of the transfer of social housing stock and more frequent property inspections identifying repairs required. GST provision expense was not budgeted for as it was expected that TRC Group would not be a taxpayer given its status as a majority Crown-owned entity and the non-binding ruling already provided by the IRD and that a binding ruling from the IRD in this respect would be accepted. Variable lease expense was not budgeted as the leasing arrangements between THALP and TRL were not finalised at the time of preparing the budget.

20. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET (CONT)

Statement of Financial Position

Cash is lower than budgeted due to a lower than budgeted loan balance drawn from the New Zealand Debt Management Office's $200m loan facility. The loans drawn were lower as a result of the cash flow timing being suitable to TRC Group (i.e. major cash inflows occurring before major cash outflows in general during the period). Trade and other receivables and creditors and other payables are both higher due to timing in cash inflows and outflows respectively at year-end. As explained above, a GST provision was put through as a result of TRC Group being ruled a tax payer. This meant that TRC Parent's activity of social regeneration was not a claimable expense for GST purposes and a provision was required for past GST refunds claimed by TRC Parent. Property, plant and equipment is lower than budgeted due to the unbudgeted disposal of some leasehold improvements due to loss of accounting control of these assets.

Statement of Cash Flows

Operating cash flows are close to budget. The key variances in cash flows are in the loan drawn down which as explained above was lower than budget due to timing of cash inflows and outflows. An unbudgeted loan to Tāmaki Regeneration Limited was also required as cash flows are managed at a group level to ensure minimum loans drawn.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF

TAMAKI REDEVELOPMENT COMPANY LIMITED GROUP'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2016

The Auditor-General is the auditor of Tamaki Redevelopment Company Limited Group (the Group). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for appropriation, of the Group consisting of Tamaki Redevelopment Company Limited and its subsidiary and other controlled entities, on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Group on pages 45 to 64, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Group on pages 18, 19, 24 and 25.

In our opinion:

- the financial statements of the Group:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2016; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with the Public Benefit Entity Standards Reduced Disclosure Regime;
- the performance information:
  - presents fairly, in all material respects, the Group's performance for the year ended 30 June 2016, including:
    - for each class of reportable outputs:
      - its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year; and
      - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial year;
    - what has been achieved with the appropriations; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure; and
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

INDEPENDENT AUDITOR'S REPORT (CONT)

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Group's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the reported performance information within the Group's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly the Group's financial position, financial performance and cash flows; and
- present fairly the Group's performance.

The Board of Directors' responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we have provided assurance services in relation to procurement processes undertaken by the Group, which is compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Group.

Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

FINANCIAL STATEMENTS

FOR THE PERIOD 11 NOVEMBER 2015 TO 30 JUNE 2016

TĀMAKI REGENERATION LIMITED

TĀMAKI REGENERATION LIMITED

STATEMENT OF RESPONSIBILITY

We are responsible for the preparation of Tāmaki Regeneration Limited's financial statements and non-financial performance reporting and for the judgements made in them. Tāmaki Regeneration Limited's non-financial performance has been reported on in Tāmaki Redevelopment Company Limited Legal Group's statement of performance which is found on pages 18 to 19 and 24 to 25 of this annual report.

We are responsible for any end-of-year performance information provided by Tāmaki Regeneration Limited under section 19A of the Public Finance Act 1989.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

In our opinion, these financial statements and non-financial performance reporting fairly reflect the financial position and operations of the Tāmaki Regeneration Limited for the period 11 November 2015 to 30 June 2016.

Signed on behalf of the Board:

John Robertson
Chair
31 October 2016

Dr Susan Macken
Deputy Chair
31 October 2016

TĀMAKI REGENERATION LIMITED

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE PERIOD 11 NOVEMBER 2015 TO 30 JUNE 2016

	NOTES	2016 ACTUAL $000'S	2016 BUDGET $000'S
Revenue			
Development sales		3,768	–
Variable lease income		10,604	–
Total revenue		**14,372**	**–**
Expenditure			
Personnel costs		–	1,968
Consultants and professional fees		886	1,812
Management fee expense		1,123	–
Inventory costs	2	30,933	8,919
Council rates		1,389	1,370
Water rates		702	658
Insurance		237	162
Other expenses	3	301	1,561
Total expenditure		**35,571**	**16,450**
EBITDAF		**(21,199)**	**(16,450)**
Depreciation	7	20,079	17,971
Loss on revaluation of rental properties	7	105,446	–
(Deficit) before tax	8C	**(146,724)**	**(34,421)**
Tax expense	8A	(41,083)	–
(Deficit) for the period		**(105,641)**	**(34,421)**
Other comprehensive revenue and expense			
Gain on revaluation of freehold land	8B	191,278	–
Total other comprehensive revenue and expense		**191,278**	**–**
Total comprehensive revenue and expense	10	**85,637**	**(34,421)**

Explanations of major variances against budget are provided in note 19.

Tāmaki Regeneration Limited was incorporated on 11 November 2015. These financial statements cover the period from incorporation date to 30 June 2016. As a result, comparative information does not exist. The operations of Tāmaki Regeneration Limited began upon transfer of the social housing stock from Housing New Zealand to Tāmaki Regeneration Limited on 31 March 2016.

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED

STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2016

	NOTES	2016 ACTUAL $000'S	2016 BUDGET $000'S
Assets			
Current assets			
Cash and cash equivalents	4	452	1,031
Trade and other receivables	5	5,345	274
Inventories	6	93,716	–
Total current assets		**99,513**	**1,305**
Non-current assets			
Property, plant and equipment	7	1,654,662	1,616,299
Total non-current assets		**1,654,662**	**1,616,299**
Total assets		**1,754,175**	**1,617,604**
Liabilities			
Current liabilities			
Creditors and other payables	9	4,074	20,864
Current tax liability	8A	985	–
Total current liabilities		**5,059**	**20,864**
Non-current liabilities			
Deferred tax liability	8D	32,318	–
Total non-current liabilities		**32,318**	**–**
Total liabilities		**37,377**	**20,864**
Net assets	10	**1,716,798**	**1,596,740**
Equity			
Ordinary shares – TRC Parent			
Preference shares – Crown		1,631,161	1,631,161
Revaluation reserve	8B	191,278	–
Accumulated (deficit)		(105,641)	(34,421)
Total equity	10	**1,716,798**	**1,596,740**

Explanations of major variances against budget are provided in note 19.

For and on behalf of the Board who authorise the issue of the financial statements on 31 October 2016.

John Robertson
Chair
31 October 2016

Dr Susan Macken
Deputy Chair
31 October 2016

Tāmaki Regeneration Limited was incorporated on 11 November 2015. These financial statements cover the period from incorporation date to 30 June 2016. As a result, comparative information does not exist. The operations of Tāmaki Regeneration Limited began upon transfer of the social housing stock from Housing New Zealand to Tāmaki Regeneration Limited on 31 March 2016.

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED

STATEMENT OF CHANGES IN EQUITY

FOR THE PERIOD 11 NOVEMBER 2015 TO 30 JUNE 2016

	NOTE	CONTRIBUTED CAPITAL ACTUAL $000'S	REVALUATION RESERVE ACTUAL $000'S	ACCUMULATED (DEFICIT) ACTUAL $000'S	TOTAL ACTUAL $000'S
Balance at 11 November 2015		**–**	**–**	**–**	**–**
Total comprehensive revenue and expense					
(Deficit) for the period		–	–	(105,641)	(105,641)
Other comprehensive revenue and expense		–	191,278	–	191,278
Total comprehensive revenue and expense		**–**	**191,278**	**(105,641)**	**85,637**
Owners' transactions					
Capital contribution		1,631,161	–	–	1,631,161
Repayment of capital		–	–	–	–
Total contributions and distributions		**1,631,161**	**–**	**–**	**1,631,161**
Balance at 30 June 2016	10	**1,631,161**	**191,278**	**(105,641)**	**1,716,798**

	CONTRIBUTED CAPITAL BUDGET $000'S	REVALUATION RESERVE BUDGET $000'S	ACCUMULATED (DEFICIT) BUDGET $000'S	TOTAL BUDGET $000'S
Balance at 11 November 2015	**–**	**–**	**–**	**–**
Total comprehensive revenue and expense				
(Deficit) for the period	–	–	(34,421)	(34,421)
Other comprehensive revenue and expense	–	–	–	–
Total comprehensive revenue and expense	**–**	**–**	**(34,421)**	**(34,421)**
Owners' transactions				
Capital contribution	1,631,161	–	–	1,631,161
Repayment of capital	–	–	–	–
Total contributions and distributions	**1,631,161**	**–**	**–**	**1,631,161**
Balance at 30 June 2016	**1,631,161**	**–**	**(34,421)**	**1,596,740**

Explanations of major variances against budget are provided in note 19.

Tāmaki Regeneration Limited was incorporated on 11 November 2015. These financial statements cover the period from incorporation date to 30 June 2016. As a result, comparative information does not exist. The operations of Tāmaki Regeneration Limited began upon transfer of the social housing stock from Housing New Zealand to Tāmaki Regeneration Limited on 31 March 2016.

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED

STATEMENT OF CASH FLOWS

FOR THE PERIOD 11 NOVEMBER 2015 TO 30 JUNE 2016

	NOTE	2016 ACTUAL $000'S	2016 BUDGET $000'S
Cash flows from operating activities			
Receipts from development sales		4,898	–
Other revenue received		7,192	–
Payments to suppliers		(5,951)	(8,932)
Payments to employees		–	(1,968)
Goods and services tax (net)		(3,927)	–
Net cash flow from operating activities		**2,212**	**(10,900)**
Cash flow from investing activities			
Sale of freehold land and rental properties		–	15,823
Purchase of freehold land and rental properties		(1,760)	(3,892)
Net cash flow from investing activities		**(1,760)**	**11,931**
Net increase in cash and cash equivalents		**452**	**1,031**
Cash and cash equivalents at the beginning of the period		–	–
Cash and cash equivalents at the end of the period	4	**452**	**1,031**

Explanations of major variances against budget are provided in note 19.

Tāmaki Regeneration Limited was incorporated on 11 November 2015. These financial statements cover the period from incorporation date to 30 June 2016. As a result, comparative information does not exist. The operations of Tāmaki Regeneration Limited began upon transfer of the social housing stock from Housing New Zealand to Tāmaki Regeneration Limited on 31 March 2016.

The accompanying notes form part of these financial statements.

TĀMAKI REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE PERIOD 11 NOVEMBER 2015 TO 30 JUNE 2016

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

These financial statements are for Tāmaki Regeneration Limited (TRL). TRL has determined that it is a public benefit entity (PBE) for financial reporting purposes. TRL was incorporated on 11 November 2015 and is domiciled and operates in New Zealand. These financial statements are the first set of financial statements for TRL and are for the period 11 November 2015 to 30 June 2016. They were approved by the Board on 31 October 2016.

TRL has prepared separate financial statements as it is not part of the Tāmaki Redevelopment Company Limited Group (TRC Group). TRC Group's financial statements are presented on pages 43 to 66 of this annual report. TRC Group comprises the parent entity Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP). TRL cannot be included in the TRC Group's financial statements due to Crown (rather than TRC Parent) controlling TRL. This annual report also presents, on pages 89 to 95, an aggregated set of financial statements of the Tāmaki Redevelopment Company Limited Legal Group (which comprises of TRC Group and TRL) that do not comply with generally accepted accounting practice in New Zealand (NZ GAAP). Such an aggregation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 6 *Consolidated and Separate Financial Statements* to consolidate TRL into TRC Group.

The operations of TRL began upon transfer of the social housing stock from Housing New Zealand to TRL on 31 March 2016.

BASIS OF PREPARATION

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently throughout the period.

STATEMENT OF COMPLIANCE

The financial statements of TRL have been prepared in accordance with the requirements of the Crown Entities Act 2004, Companies Act 1993 and Financial Reporting Act 2013 which includes the requirement to comply with NZ GAAP. The financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE accounting standards.

FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of TRL is New Zealand dollars (NZ$).

SIGNIFICANT ACCOUNTING POLICIES

REVENUE FROM EXCHANGE TRANSACTIONS

Exchange Revenue is recognised to the extent that it is probable that the economic benefits or service potential will flow to TRL and the revenue can be reliably measured, regardless of when the payment is being made. The specific accounting policies for significant revenue items are explained below:

Development sales

TRL receives revenue from the sale of land to developers, which forms part of the Government and Council plan to redevelop the Tāmaki area of Auckland. Revenue is recognised when risks and rewards are transferred to the Developer.

Variable lease income

TRL receives lease income from THALP on a monthly basis for the lease on its rental properties. The amount of the lease income received is dependent on THALP's net surplus that month. The revenue is recognised on receipt of the transfer.

CASH

Cash and cash equivalents represents cash deposits held at registered New Zealand banks.

RECEIVABLES

Short-term receivables are recorded at their face value, less any provision for impairment. Collectability of debtors are reviewed on an ongoing basis. Impairment of a receivable is established when there is objective evidence that TRL will not be able to collect amounts due according to the original terms of the receivable. Significant financial difficulties of

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

the debtor and default in payments are considered indicators that the debt is impaired. The amount of the impairment is the difference between the asset's carrying amount and the present value of estimated future cash flows, discounted using the original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in surplus or deficit. When the receivable is uncollectible, it is written off against the allowance account for receivables. Overdue receivables that have been renegotiated are reclassified as current (that is, not past due).

INVENTORIES

Inventories are measured at cost upon initial recognition or carrying amount at the time of transfer to inventories for items previously classified as plant, property and equipment. To the extent that inventories were received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventories are its fair value at the date of acquisition. After initial recognition, inventories are measured at the lower of cost and net realisable value.

PROPERTY, PLANT, AND EQUIPMENT

Property, plant, and equipment consist of the following asset classes: freehold land, rental properties and capital work in progress. All assets classes are measured at cost, less accumulated depreciation and impairment losses, with the exception of the land and buildings transferred from Housing New Zealand which are initially measured at fair value.

Additions

The cost of an item of property, plant, and equipment is recognised as an asset only when it is probable that future economic benefits or service potential associated with the item will flow to TRL and the cost of the item can be measured reliably. Work in progress is recognised at cost less impairment and is not depreciated. In most instances, an item of property, plant, and equipment is initially recognised at its cost. Where an asset is acquired at no cost, or for a nominal cost, it is recognised at its fair value as at the date of acquisition.

Disposals

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in surplus or deficit.

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that future economic benefits or service potential associated with the item will flow to TRL and the cost of the item can be measured reliably. The costs of day-to-day servicing of property, plant, and equipment are recognised in surplus or deficit as they are incurred.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant, and equipment at rates that will write-off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives of rental property are determined by the date the rental properties are scheduled to be demolished for redevelopment under the Tāmaki Reference Plan. The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year end.

Subsequent measurement

Freehold land and rental properties are valued, on a class basis, to fair value. Fair value is determined by reference to market-based evidence and is the amount for which the assets could be exchanged between a knowledgeable willing buyer and a knowledgeable willing seller in an arm's length transaction as at the valuation date. Independent valuations are performed annually to ensure that the carrying amount does not differ materially from the asset's fair value at the balance date.

Any revaluation surplus is recognised in the asset revaluation reserve in other comprehensive revenue and expense, except to the extent that it offsets a previous revaluation deficit for the same asset class, that was recognised in surplus or deficit for the year. Therefore, the surplus is recognised in surplus or deficit for the year. On revaluation, accumulated depreciation is eliminated against the gross carrying amount of the asset.

An item of property is derecognised upon disposal or when no future economic benefits are expected to arise from the continued use of this asset. Upon disposal any revaluation reserve relating to the particular asset being sold is transferred to retained earnings. Any gain or loss arising on derecognition of an asset is included in surplus or deficit for the year, in the period the item is derecognised. The gain or loss on derecognition is calculated as the difference between the net disposal proceeds and the carrying amount of the item.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

IMPAIRMENT OF PROPERTY, PLANT, AND EQUIPMENT

TRL does not hold any cash-generating property, plant and equipment. Property, plant and equipment are considered cash-generating where their primary objective is to generate a commercial return through the provision of goods and/or services to external parties. TRL's primary objective from its non-financial assets is to provide social housing and not to generate commercial returns.

Non-cash-generating assets

Property, plant and equipment that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the assets carrying amount exceeds its recoverable amount.

The recoverable amount is the higher of an assets fair value less costs to sell and value in use. Value in use is depreciated replacement cost for an asset where the future economic benefits or service potential of the asset are not primarily dependent on the assets ability to generate net cash inflows and where TRL would, if deprived of the asset, replace its remaining future economic benefit or service potential. If an assets carrying amount exceeds its recoverable amount, the asset is impaired and the carrying amount is written-down to the recoverable amount. For assets not carried at a revalued amount, the total impairment loss is recognised in surplus or deficit.

CREDITORS AND OTHER PAYABLES

Short-term creditors and other payables are recorded at their face value.

PROVISIONS

A provision is recognised for future expenditure of uncertain amount or timing when there is a present obligation (either legal or constructive) as a result of a past event, it is probable that an outflow of future economic benefits will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditure expected to be required to settle the obligation using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to the passage of time is recognised as an interest expense and is included in finance costs.

FINANCIAL INSTRUMENTS

TRL classifies non-derivative financial liabilities into the following categories: financial liabilities at fair value through surplus and deficit and other financial liabilities category.

Non-derivative financial assets and financial liabilities - recognition and derecognition

TRL initially recognises loans and receivables on the date that they are originated. All other financial assets (including assets designated at fair value through surplus or deficit) are recognised initially on the trade date at which TRL becomes a party to the contractual provisions of the instrument.

TRL derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or it transfers the rights to receive the contractual cash flows in a transaction in which substantially all of the risks and rewards of ownership of the financial asset are transferred, or it neither transfers nor retains substantially all of the risks and rewards of ownership and does not retain control over the transferred asset. Any interest in such derecognised financial assets that is created or retained by TRL is recognised as a separate asset or liability.

TRL derecognises a financial liability when its contractual obligations are discharged or cancelled, or expire.

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position when, and only when, TRL currently has a legally enforceable right to offset the amounts and intends either to settlement them on a net basis or to realise the asset and settle the liability simultaneously.

Non-derivative financial assets - measurement

Loans and receivables

These assets are initially measured at fair value plus any directly attributable transaction costs. Subsequent to initial recognition, they are measured at amortised costs using the effective interest method.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

Non-derivative financial liabilities – measurement

A financial liability is classified as at fair value through surplus or deficit if it is classified as held-for-trading or is designated as such on initial recognition. Directly attributable transaction costs are recognised in surplus or deficit as incurred. Financial liabilities at fair value through surplus or deficit are measured at fair value and changes therein, including any interest expense, are recognised in surplus or deficit. Other non-derivative financial liabilities are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised in surplus or deficit.

INCOME TAX

Income tax expense includes components relating to both current tax and deferred tax.

Current tax is the amount of income tax payable based on the taxable profit for the current year, and any adjustments to income tax payable in respect of prior years. Current tax is calculated using tax rates (and tax laws) that have been enacted or substantively enacted at balance date.

Deferred tax is the amount of income tax payable or recoverable in future periods in respect of temporary differences and unused tax losses. Temporary differences are differences between the carrying amount of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit.

Deferred tax is measured at tax rates that are expected to apply when the asset is realised or the liability is settled, based on tax rates that have been enacted or substantively enacted at balance date. The measurement of deferred tax reflects the tax consequences that would follow from the manner in which the entity expects to recover or settle the carrying amount of its assets and liabilities.

Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which the deductible temporary differences or tax losses can be utilised.

Deferred tax is not recognised if the temporary difference arises from the initial recognition of goodwill or from the initial recognition of an asset or liability in a transaction that affects neither accounting profit nor taxable profit.

Current and deferred tax is recognised against the profit or loss for the period, except to the extent that it relates to items recognised in other comprehensive income or directly in equity.

GOODS AND SERVICES TAX

All items in the financial statements are presented exclusive of goods and service tax (GST), except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense. The net amount of GST recoverable from or payable to the IRD is included as part of receivables or payables in the prospective statement of financial position. The net GST paid to, or received from the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the prospective statement of cash flows. Commitments and contingencies are disclosed exclusive of GST.

EQUITY

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into the following components:

> accumulated (deficit); and
> revaluation reserve; and
> capital.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF ACCOUNTING POLICIES (CONT)

BUDGET FIGURES

The budget figures are derived from the statement of performance expectations as approved by the Board. As the statement of performance expectations and the associated budget was prepared for the Tāmaki Redevelopment Company Limited Legal Group which comprises of TRC Group and TRL, the budget for TRL is a subset and direct comparisons are not valid. A full valid comparison can be made by referring to the TRC Group and TRC Legal Group financial statements in additional to these financial statements. Certain budget amounts have been reclassified to achieve fair comparison against actuals. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements, except for the treatment of inventory and property, plant and equipment. In the budget, there is no inventory and sales of inventory to developers is treated as a sale of freehold land or property, plant and equipment with associated losses on disposal of this land being classified as inventory costs to achieve fair comparison against budget.

CRITICAL ACCOUNTING ESTIMATES AND ASSUMPTIONS

In preparing these financial statements, TRL has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

Estimating fair value, useful lives and residual values of property, plant, and equipment

At each balance date, the fair values, useful lives and residual values of property, plant, and equipment are reviewed. The most recent valuation of freehold land and rental properties was performed by an independent registered valuer, Quotable Value Limited. The valuation is effective as at 30 June 2016. Fair value, using market-based evidence, is based on the highest and best use of the freehold land and rental properties, with reference to comparative sales values. There are no restrictions on the ability of TRL to sell freehold land and rental properties which would impair its value. Assessing the appropriateness of useful life and residual value estimates of property, plant, and equipment requires a number of factors to be considered such as the physical condition of the asset, expected period of use of the asset by TRL, and expected disposal proceeds from the future sale of the asset.

When rental properties are committed to redevelopment by TRL, the land remaining post demolition is moved into inventories which are valued at cost or transfer value on initial recognition. Inventories are then valued at the lower of cost or net realisable value. Net realisable value is estimated to be the residual land value (RLV) which a concept based on development feasibilities. RLV is the residual amount forecasted for the land after making assumptions on factors such as construction costs, sale value of redeveloped properties and developer margins.

Estimating deferred tax

In determining the amount of current and deferred tax, TRL takes into account the impact of uncertain tax positions and whether additional taxes and interest may be due. TRL believes that its accruals for tax liabilities are adequate for all open tax years based on its assessment of many factors, including interpretations of tax law and prior experience. This assessment relies on estimates and assumptions and may involve a series of judgements about future events. Should new information become available that causes TRL to changes its judgement regarding the adequacy of existing tax liabilities, such changes to tax liabilities will impact the tax expense in the period that such a determination is made.

TĀMAKI REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE PERIOD 11 NOVEMBER 2015 TO 30 JUNE 2016

2. INVENTORY COSTS

	2016 ACTUAL $000'S
Net movement in provision of write-down in inventories	24,460
Development costs expensed through surplus or deficit	525
Cost of development sales	5,948
Total inventory costs	**30,933**

3. OTHER EXPENSES

	2016 ACTUAL $000'S
Fee paid to Audit New Zealand for audit of financial statements	85
IT support and licence fees	47
Contractors and temporary staff	117
Other	52
Total other expenses	**301**

4. CASH AND CASH EQUIVALENTS

	2016 ACTUAL $000'S
Cash at bank and on hand	452
Total cash and cash equivalents	**452**

5. TRADE AND OTHER RECEIVABLES

	2016 ACTUAL $000'S
Receivables from development sales	1,210
Receivable from Tāmaki Housing Association Limited Partnership	3,448
Prepayments	108
GST receivable	579
Total trade and other receivables	**5,345**

There is no provision for impairment of receivables.

TĀMAKI REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE PERIOD 11 NOVEMBER 2015 TO 30 JUNE 2016

6. INVENTORIES

	2016 ACTUAL $000'S
Cost	
Balance at 11 November 2015	–
Inventories acquired via capital contribution	98,605
Freehold land transferred to inventories	22,238
Land improvements	3,281
Cost of development sales	(5,948)
Balance at 30 June 2016	**118,176**
Provision for write-down of inventories	
Balance at 11 November 2015	–
Provisions made	26,640
Provisions reversed through cost of development sales	(2,180)
Balance at 30 June 2016	**24,460**
Total inventories	**93,716**

7. PROPERTY, PLANT AND EQUIPMENT

	NOTE	FREEHOLD LAND ACTUAL $000'S	RENTAL PROPERTIES ACTUAL $000'S	TOTAL ACTUAL $000'S
Cost				
Balance at 11 November 2015		–	–	–
Additions during the period		1,167,023	369,738	1,536,761
Revaluations during the period	8B	265,664	(121,767)	143,897
Disposals during the period		(22,238)	(3,758)	(25,996)
Balance at 30 June 2016		**1,410,449**	**244,213**	**1,654,662**
Accumulated depreciation				
Balance at 11 November 2015		–	–	–
Depreciation charge for the period		–	20,079	20,079
Disposals during the period		–	(3,758)	(3,758)
Revaluations during the period		–	(16,321)	(16,321)
Balance at 30 June 2016		**–**	**–**	**–**
Carrying Amounts				
Balance at 11 November 2015		–	–	–
Balance at 30 June 2016		**1,410,449**	**244,213**	**1,654,662**

There are no restrictions on TRL's property, plant and equipment.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE PERIOD 11 NOVEMBER 2015 TO 30 JUNE 2016

8. INCOME TAXES

A. Amounts recognised in surplus or deficit

	2016 ACTUAL $000'S
Current tax expense	985
Current period	**985**
Deferred tax expense	
Origination and reversal of temporary differences	(42,068)
Change in recognised deductible temporary differences	–
Recognition of previously unrecognised tax losses	–
	(42,068)
Total Tax Expense	**(41,083)**

B. Amounts recognised in other comprehensive revenue and expense

		2016		
	NOTE	BEFORE TAX ACTUAL $000'S	TAX EXPENSE ACTUAL $000'S	NET OF TAX ACTUAL $000'S
Revaluation of property, plant and equipment	7	(265,664)	74,386	(191,278)
		(265,664)	**74,386**	**(191,278)**

C. Reconciliation of effective tax rate

	2016 ACTUAL %	2016 ACTUAL $000'S
Profit before tax		**(146,724)**
Tax using the company's domestic rate	0.28	(41,083)
Tax effect of:		
Current period losses for which no deferred tax asset is recognised		–
Change in recognised deductible temporary differences		–
		(41,083)

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE PERIOD 11 NOVEMBER 2015 TO 30 JUNE 2016

D. Movement in deferred tax balances

	NET BALANCE AT 11-11-15 $000'S	RECOGNISED IN (DEFICIT) $000'S	RECOGNISED IN OCRE $000'S	NET BALANCE AT 30-06-16 $000'S	DEFERRED TAX ASSETS $000'S	DEFERRED TAX LIABILITIES $000'S
Property, plant and equipment	–	35,128	(74,386)	(39,258)	–	(39,258)
Inventories	–	6,940	–	6,940	6,940	–
Tax losses carried forward	–	–	–	–	–	–
Net tax assets/ (liabilities)	**–**	**42,068**	**(74,386)**	**(32,318)**	**6,940**	**(39,258)**

9. CREDITORS AND OTHER PAYABLES

	2016 ACTUAL $000'S
Creditors	818
Accrued expenses	1,899
Payable to Tāmaki Redevelopment Company Limited	1,357
Total creditors and other payables	**4,074**

10. EQUITY

	ORDINARY SHARES ACTUAL $000'S	PREFERENCE SHARES ACTUAL $000'S	TOTAL ACTUAL $000'S
Contributed capital			
Balance at 11 November 2015	–	–	–
Issued by Crown in transfer from Housing New Zealand to TRL	–	1,631,161	1,631,161
Balance at 30 June 2016	**–**	**1,631,161**	**1,631,161**
Accumulated (deficit)			
Balance at 11 November 2015	–	–	–
Total comprehensive revenue and expense	85,637	–	85,637
Balance at 30 June 2016	**85,637**	**–**	**85,637**
Total equity	**85,637**	**1,631,161**	**1,716,798**

All ordinary shares are held by TRC Parent. There were 100 ordinary shares issued during the period, all of which are unpaid and have no par value. TRL may issue new shares which will rank pari passu with existing ordinary shares, and may also repurchase and hold its own ordinary shares.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

10. EQUITY (CONT)

All preference shares are held by the Crown and were issued in exchange for property, plant and equipment, inventories and trade and other receivables previously held by Housing New Zealand. There were 1,631,161,218 preference shares issued during the period. The Subscription Agreement between the Crown and TRL addresses the conversion of the preference shares into ordinary shares. The Crown can issue a conversion notice at any time requiring the conversion of all of the convertible preference shares into ordinary shares. The rate will be one convertible preference share for one ordinary share. The conversion of convertible preference shares into ordinary shares will not constitute a cancellation, redemption or termination of the convertible preference shares or the issue, allotment or creation of new shares but will be a variation of the rights, privileges and restrictions attaching to the convertible preference shares so that these rights, privileges and restrictions become the same as the existing ordinary shares.

The ordinary shares into which convertible preference shares have converted will be credited as fully paid up, rank pari passu in all respects to the existing ordinary shares then on issue and have all of the same rights, privileges and restrictions attaching to the existing ordinary shares.

Capital management

TRL capital is in equity, which comprised ordinary shares contributed by TRC parent, preference share provided by Crown, revaluation reserves and accumulated deficit. Equity is represented in net assets.

TRL is subject to the financial management and accountability provision of the Crown Entities Act 2004, which imposes restrictions in relation to borrowings, acquisition of securities, issuing guarantees and indemnities, and the use of derivatives.

TRL complied with the financial management requirements of the Crown Entities Act 2004 during the year.

TRL manages its equity by prudently managing revenues, expenses, assets, liabilities and loans and receivables from TRC Parent. TRL is managed at a group level allowing allocation of funds from TRC Parent and THALP as required. The TRC Parent loan with Crown is used as required to manage timing between development expenditure, development land sales and social housing buy-back obligations.

It is acknowledged in the Statement of Intent of the TRC Legal Group that in order to maximise economic and social returns of regeneration this requires some trade-off in financial return. TRL will manage this trade off within the constraints of the business case agreed by shareholders.

The preference shares issued by Crown were in exchange for assets. As per the Subscription Agreement for those preference shares the Crown may issue a Conversion Notice requiring all the of the class of equity called preference shares to be converted to ordinary shares of the same class as currently held by TRC Parent. The Crown may then exercise a call option and purchase the 100 ordinary shares held by TRC Parent for $100.

The Crown is receiving preference shares in exchange for assets. Preference shares that provide for redemption at the option of the holder give rise to contractual obligations and are classified as financial liabilities. As per the Subscription Agreement, there is no obligation to deliver cash or another financial asset to another entity, or to exchange financial assets or financial liabilities under potentially unfavourable conditions with another entity. If the preference share is converted to an ordinary share, this is a fixed for fixed exchange, being the issued number of preference shares. Hence the definition of a financial liability in PBE IPSAS 28 is not met and the preference shares should be treated as a class of equity.

The value placed on the preference shares on the date of transfer of the assets is directly driven by the value placed on the transferred assets.

Until the preference shares are repurchased, or returned, or the equity distributed, the value will remain at that assigned to it on the date of the transfer of the assets. The Crown has the option to redeem the preference shares which reflects the current financial reporting treatment whereby Crown control TRL.

TĀMAKI REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

11. CAPITAL COMMITMENTS

TRL has contractually committed to buy back social housing stock from developments that are currently in progress in the Tāmaki area that are on land that TRL (or Housing New Zealand prior to 31 March 2016) previously owned. The estimated total value of the properties to be bought back from developers and subsequently used for social housing purposes is $48.8m. $32.4m of the buy back commitment has forecast to be fulfilled within the next financial year.

TRL has contractually committed to complete the civil works on land to be developed in the future for which civil works contracts had been signed by TRL prior to 30 June 2016. The total value of the civil works yet to be completed is $7.5m and the expenditure will be incurred in the next financial year. The total civil works commitment is also implicitly included in the inventory costs in surplus or deficit as it forms part of the residual land value of the development project.

TRL has committed contracts for professional services to undertake large scale procurement at balance date. The total value of costs to complete these contracts is $1.5m as at 30 June 2016 and the expenditure will be incurred in the next financial year.

TRL leases rental properties to Tāmaki Housing Association Limited Partnership. The value of the monthly lease payments TRL receives varies from month to month and is based on the surplus that Tāmaki Housing Association Limited Partnership derives for the month. Therefore, the value of the minimum lease payments over the next financial year is indeterminable. The length of the lease is indefinite with either party being able to cancel the lease with 1 years' notice.

12. RECONCILIATION OF DEFICIT FOR THE PERIOD TO NET OPERATING CASH FLOWS

	2016 ACTUAL $000'S
(Deficit) for the period	**(105,641)**
Non-cash items in (deficit) for the period	
Deferred tax recognised	(42,068)
Depreciation expense	20,079
Loss on revaluation of rental properties	105,446
Inventory costs	30,408
Total non-cash items in (deficit) for the period	**113,865**
Working capital movements	
Increase in inventories	(2,545)
Increase in trade and other receivables	(6,879)
Increase in creditors and other payables	2,426
Increase in tax liabilities	985
Total working capital movements	**(6,013)**
Net cash flow from operating activities	**2,211**

TĀMAKI REGENERATION LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

13. CONTINGENCIES

There were no contingent assets or contingent liabilities as at 30 June 2016.

14. RELATED PARTY TRANSACTIONS

TRL's ordinary shares are 100% held by TRC Parent. However, the Crown holds 100% of the preference shares issued by TRL. Due to the conditions imposed by the preference shares, the Crown controls TRL.

Related party disclosures have not been made for transactions with related parties that are within a normal supplier or client/recipient relationship on terms and conditions no more or less favourable than those that it is reasonable to expect TRL would have adopted in dealing with the party at arm's length in the same circumstances. Further, transactions with other government agencies are not disclosed as related party transactions when they are consistent with the normal operating arrangements between government agencies and undertaken on the normal terms and conditions for such transactions.

All transactions between TRL and its legal parent TRC Parent as well as with all entities controlled by TRC Parent are on an arms-length basis.

Key management personnel compensation

	2016 ACTUAL
Leadership Team	
Remuneration ($000's)	**509**
Full-time equivalent members	**1.99**

TRL has no employees. The activities of TRL are conducted by employees of TRC Parent. Included in the key management personnel remuneration and full-time equivalent members are an allocation of TRC Parent key management personnel who are involved in the management of TRL. No close family members of TRC Parent key management personnel are employed by TRL or TRC Parent. There are no loans made to key management personnel of TRC Parent or their close family members.

15. BOARD MEMBER REMUNERATION

There was no remuneration paid to the Board of TRL during the period. The governance of TRL was conducted via the Board of TRC Parent (henceforth 'Board'), whose remuneration is outlined in its financial statements. There have been no payments made to committee members appointed by the Board who are not Board members during the financial period. TRC Parent has not provided a deed of indemnity to its Directors during the financial period. TRC Parent has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial period which covers the directors of the Board in respect of the liability or costs of Board members and employees. No Board members received compensation or other benefits in relation to cessation.

16. EMPLOYEE REMUNERATION

TRL had no employees during the period as all TRL activities were conducted by employees of TRC Parent and their services were on-charged to TRL via a management fee. Therefore TRL paid no employees more than $100,000 remuneration during the period and no employees received compensation or other benefits in relation to cessation.

17. EVENTS AFTER THE BALANCE DATE

There were no significant events after the balance date.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

18. FINANCIAL INSTRUMENTS

Financial instrument categories

The carrying amounts of financial assets and liabilities in each of the financial instrument categories are as follows:

	2016 ACTUAL $000'S
Financial assets - loans and receivables	
Cash and cash equivalents	452
Trade and other debtors	4,658
Total loans and receivables	**5,110**
Financial liabilities measured at amortised cost	
Creditors and other payables	4,074
Total financial liabilities measured at amortised cost	**4,074**

TRL's principal financial instruments comprise loans and receivables from TRC Parent and cash. These financial instruments are used to fund TRL's operations.

The main risks arising from TRL's financial instruments are interest rate risk, liquidity risk and credit risk. The Board reviews and agrees policies for managing these risks. They are summarised below:

(a) Interest rate risk

TRL's exposure to market risk for changes in interest rates relates primarily to its exposure to the Crown Loan drawn down by TRC Parent which is utilised as required by TRL to fund operating activities.

TRL are exposed to these risks of interest rates changes but has not hedged or managed this exposure in the financial year to 30 June 2016 as the loan balance of $1.4 million from TRC Parent is deemed immaterial.

(b) Foreign currency risk

TRL had no foreign currency borrowings during the year. Foreign currency trade invoices were settled on demand. TRL's exposure to foreign currency risks are limited to a small number of low value transactions and have not been hedged.

(c) Credit Risk

Credit risk is the risk that a third party will default on its obligations to TRL, resulting in a loss being incurred. TRL assesses organisations for credit worthiness prior to engagement. In addition, receivable balances are monitored on an ongoing basis with the result that exposure to bad debts has not been incurred.

There is no collateral held as security against these financial instruments.

Credit quality of financial instruments not impaired or not yet due.

TRL assesses individual debtors. There have been no incidences of default on financial assets not impaired or not yet due. TRL has no other significant exposure to credit risk from financial assets not impaired or not yet due, nor has there been any renegotiation of terms on any of these assets.

(d) Liquidity Risk

Liquidity risk is the risk that TRL may encounter difficulty in raising funds at short notice to meet its financial commitments as they fall due. The loan agreement between TRC Parent and the Crown provides TRC Parent with a loan facility of $200 million for development and operating activities. This facility is used to fund TRL's costs as required. All TRC Parent's term debt is sourced from the Crown.

As at 30 June 2016 all of the contractual maturities (undiscounted cash flow) of TRL's financial liabilities are due within one year.

NOTES TO THE FINANCIAL STATEMENTS (CONT)

FOR THE YEAR ENDED 30 JUNE 2016

18. FINANCIAL INSTRUMENTS (CONT)

(e) Concentration of risk

The only concentration of credit risk is with TRC Parent. The risk with TRC Parent is mitigated through management of day-to-day operating activities by the same Board and Management. There is no concentration across development activity as it is carried out in stages with a panel of developers.

19. EXPLANATION OF MAJOR VARIANCES AGAINST BUDGET

Statement of Comprehensive Revenue and Expense

Development sales were not budgeted for due to a difference in accounting policy as the final accounting policy of transferring freehold land held for development purposes into inventory was not adopted at the time of setting the budget. Variable lease expense was not budgeted as the lease arrangement between THALP and TRL was not formalised prior to the setting of the budget. Inventory costs are significantly higher than budgeted due to the write-down in development land held in inventory during the period as the residual value expected to be received was lower than previously anticipated. Professional fees and other expenses are lower than budgeted due to timing of procurement costs for the future large-scale development.

Personnel costs were nil because all employees that work on TRL activities are employed by TRC Parent which charges a management fee for their services. Depreciation was higher than budgeted as a result of project timing being forecast earlier than anticipated. Depreciation is calculated on estimated useful life of the rental property which is until the demolition of the property for redevelopment purposes. Loss on revaluation of rental properties, tax expense and gain on revaluation of freehold land were not budgeted for as this is the first period of operations for TRL and there was no sound basis for forecasting these items.

Statement of Financial Position

As a result of not forecasting any tax expense or revaluation movements, the deferred tax liability and PPE amounts are lower and higher than budget respectively. Further inventory was not budgeted for as all development activity was budgeted to occur under freehold land in property, plant and equipment based on the adopted accounting policy during the budget setting process. Land is classified as inventory when it is no longer available for social housing purposes but instead is intended to be redeveloped in the short to medium term.

Trade and other receivables are higher than budgeted due to the development sales receivable transferred on equity by the Crown not being budgeted for. Creditors and other payables are lower than budgeted due to timing of strategic land purchases.

Statement of Cash Flows

Budgeted development sales were classed as sales of freehold land under property, plant and equipment. When compared to the budgeted cash flows from sale of freehold land, actual development sales receipts were lower due to timing of settlement of land with developers. Payments to suppliers are lower due to lower than budgeted professional fees and other expenses. Purchase of property, plant and equipment are lower than budgeted due to lower than anticipated strategic land purchases during the period.

INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF

TAMAKI REGENERATION LIMITED'S FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE PERIOD ENDED 30 JUNE 2016

The Auditor-General is the auditor of Tamaki Regeneration Limited (the Company). The Auditor-General has appointed me, Leon Pieterse, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the performance information, including the performance information for an appropriation, of the Company on her behalf.

Opinion on the financial statements and the performance information

We have audited:

- the financial statements of the Company on pages 69 to 86, that comprise the statement of financial position as at 30 June 2016, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the period ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the performance information of the Company on pages 18, 19, 24 and 25.

In our opinion:

- the financial statements of the Company:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2016; and
    - its financial performance and cash flows for the period then ended; and
  - comply with generally accepted accounting practice in New Zealand and have been prepared in accordance with Public Benefit Entity Standards.
- the performance information:
  - presents fairly, in all material respects, the Company's performance for the period ended 30 June 2016, including:
    - for each class of reportable outputs:
      - its standards of performance achieved as compared with forecasts included in the statement of performance expectations for the financial year;
      - its actual revenue and output expenses as compared with the forecasts included in the statement of performance expectations for the financial period;
    - what has been achieved with the appropriation; and
    - the actual expenses or capital expenditure incurred compared with the appropriated or forecast expenses or capital expenditure.
  - complies with generally accepted accounting practice in New Zealand.

Our audit was completed on 31 October 2016. This is the date at which our opinion is expressed.

The basis of our opinion is explained below. In addition, we outline the responsibilities of the Board of Directors and our responsibilities, and explain our independence.

Basis of opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the International Standards on Auditing (New Zealand). Those standards require that we comply with ethical requirements and plan and carry out our audit to obtain reasonable assurance about whether the financial statements and the performance information are free from material misstatement.

Material misstatements are differences or omissions of amounts and disclosures that, in our judgement, are likely to influence readers' overall understanding of the financial statements and the performance information. If we had found material misstatements that were not corrected, we would have referred to them in our opinion.

INDEPENDENT AUDITOR'S REPORT (CONT)

An audit involves carrying out procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the performance information. The procedures selected depend on our judgement, including our assessment of risks of material misstatement of the financial statements and the performance information, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the preparation of the Company's financial statements and performance information in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

An audit also involves evaluating:

- the appropriateness of accounting policies used and whether they have been consistently applied;
- the reasonableness of the significant accounting estimates and judgements made by the Board of Directors;
- the appropriateness of the reported performance information within the Company's framework for reporting performance;
- the adequacy of the disclosures in the financial statements and the performance information; and
- the overall presentation of the financial statements and the performance information.

We did not examine every transaction, nor do we guarantee complete accuracy of the financial statements and the performance information. Also, we did not evaluate the security and controls over the electronic publication of the financial statements and the performance information.

We believe we have obtained sufficient and appropriate audit evidence to provide a basis for our audit opinion.

Responsibilities of the Board of Directors

The Board of Directors is responsible for preparing financial statements and performance information that:

- comply with generally accepted accounting practice in New Zealand;
- present fairly the Company's financial position, financial performance and cash flows; and
- present fairly the Company's performance.

The Board of Directors' responsibilities arise from the Crown Entities Act 2004 and the Public Finance Act 1989.

The Board of Directors is responsible for such internal control as it determines is necessary to enable the preparation of financial statements and performance information that are free from material misstatement, whether due to fraud or error. The Board of Directors is also responsible for the publication of the financial statements and the performance information, whether in printed or electronic form.

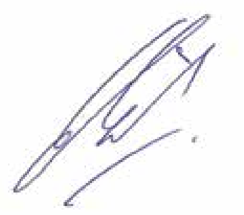
Responsibilities of the Auditor

We are responsible for expressing an independent opinion on the financial statements and the performance information and reporting that opinion to you based on our audit. Our responsibility arises from the Public Audit Act 2001.

Independence

When carrying out the audit, we followed the independence requirements of the Auditor-General, which incorporate the independence requirements of the External Reporting Board.

In addition to the audit we have provided assurance services in relation to procurement processes undertaken by the Company, which is compatible with those independence requirements. Other than the audit and these assignments, we have no relationship with or interests in the Company.



Leon Pieterse
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

AGGREGATED TRC GROUP & TRL FINANCIAL STATEMENTS (NON-GAAP)

FOR THE YEAR ENDED 30 JUNE 2016

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP

STATEMENT OF RESPONSIBILITY

We are responsible for the preparation of the aggregated TRC Group & TRL financial statements (non-GAAP) of the Tāmaki Redevelopment Company Limited Legal Group (TRC Legal Group) and for the judgements made in them.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting.

Signed on behalf of the Board:

John Robertson
Chair
31 October 2016

Dr Susan Macken
Deputy Chair
31 October 2016

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP

STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE (UNAUDITED)

FOR THE YEAR ENDED 30 JUNE 2016

	2016 GROUP ACTUAL UNAUDITED $000'S	2016 GROUP BUDGET UNAUDITED $000'S	2015 ACTUAL UNAUDITED $000'S
Revenue			
Development sales	3,768	–	–
Other revenue	7	268	856
Crown funding	3,370	3,370	1,920
Council funding	–	–	1,600
Rental income from tenants	4,543	4,460	–
Income-related rent subsidies	10,539	9,477	–
Total non exchange revenue	**22,227**	**17,575**	**4,376**
Expenditure			
Personnel costs	4,358	6,011	1,526
Inventory costs	30,933	8,919	–
Council and water rates	2,091	2,190	–
Contractors and temporary staff	1,838	437	845
Directors fees	190	190	190
Repairs and maintenance	2,273	1,558	–
Management fee expense	612	–	–
Consultants and professional fees	5,929	6,465	1,323
GST provision expense	2,562	–	–
Loss on disposal of leasehold improvements	969	758	–
Other expenses	2,711	2,872	758
Total expenditure	**54,466**	**29,400**	**4,642**
EBITDAF	**(32,239)**	**(11,825)**	**(266)**
Depreciation and amortisation expense	20,357	18,233	152
Loss on revaluation of rental properties	105,446	–	–
Total depreciation, amortisation and fair value adjustments	**125,803**	**18,233**	**152**
EBIT	**(158,042)**	**(30,058)**	**(418)**
Finance income	45	104	125
Finance costs	33	78	–
Net finance income	**12**	**26**	**125**
(Deficit) before tax	**(158,030)**	**(30,032)**	**(293)**
Tax expense	(41,083)	–	–
(Deficit) for the period	**(116,947)**	**(30,032)**	**(293)**
Other comprehensive revenue and expense			
Gain on revaluation of freehold land	191,278	–	–
Total other comprehensive revenue and expense	**191,278**	**–**	**–**
Total comprehensive revenue and expense	**74,331**	**(30,032)**	**(293)**

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP

STATEMENT OF FINANCIAL POSITION (UNAUDITED)

AS AT 30 JUNE 2016

	2016 GROUP ACTUAL UNAUDITED $000'S	2016 GROUP BUDGET UNAUDITED $000'S	2015 ACTUAL UNAUDITED $000'S
Assets			
Current assets			
Cash and cash equivalents	6,654	4,462	3,281
Trade and other receivables	4,249	23,168	419
Inventories	93,716	–	–
Total current assets	**104,619**	**27,630**	**3,700**
Non-current assets			
Property, plant and equipment	1,655,299	1,617,178	1,378
Intangible assets	42	59	8
Total non-current assets	**1,655,341**	**1,617,237**	**1,386**
Total assets	**1,759,960**	**1,644,867**	**5,086**
Liabilities			
Current liabilities			
Creditors and other payables	5,409	21,655	554
Annual leave liability	232	123	72
GST provision	2,562	–	–
Current tax liability	985	–	–
Deferred tax liability	32,318	–	–
Total current liabilities	**41,506**	**21,778**	**626**
Non-current liabilities			
Loan	8,500	17,500	–
Total non-current liabilities	**8,500**	**17,500**	**–**
Total liabilities	**50,008**	**39,278**	**626**
Net assets	**1,709,952**	**1,605,589**	**4,460**
Equity			
Ordinary shares – Crown	5,000	5,000	5,000
Ordinary shares – Auckland Council	3,500	3,500	3,500
Preference shares – Crown	1,631,161	1,631,161	–
Revaluation reserve	191,278	–	–
Accumulated (deficit)	(120,987)	(34,072)	(4,040)
Total equity	**1,709,952**	**1,605,589**	**4,460**

For and on behalf of the Board who authorise the issue of the financial statements on 31 October 2016.

John Robertson
Chair
31 October 2016

Dr Susan Macken
Deputy Chair
31 October 2016

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP

STATEMENT OF CHANGES IN EQUITY (UNAUDITED)

FOR THE YEAR ENDED 30 JUNE 2016

	CONTRIBUTED CAPITAL GROUP ACTUAL UNAUDITED $000'S	REVALUATION RESERVE GROUP ACTUAL UNAUDITED $000'S	ACCUMULATED COMPREHENSIVE REVENUE AND EXPENSE GROUP ACTUAL UNAUDITED $000'S	TOTAL GROUP ACTUAL UNAUDITED $000'S
Balance at 1 July 2015	**8,500**	**–**	**(4,040)**	**4,460**
Total comprehensive revenue and expense				
(Deficit) for the year	–	–	(116,947)	(116,947)
Other comprehensive revenue and expense	–	191,278	–	191,278
Total comprehensive revenue and expense	**–**	**191,278**	**(116,947)**	**74,331**
Owners' transactions				
Capital contribution	1,631,161	–	–	1,631,161
Repayment of capital	–	–	–	–
Total contributions and distributions	**1,631,161**	**–**	**–**	**1,631,161**
Balance at 30 June 2016	**1,639,661**	**191,278**	**(120,987)**	**1,709,952**

	GROUP BUDGET UNAUDITED $000'S	GROUP BUDGET UNAUDITED $000'S	GROUP BUDGET UNAUDITED $000'S	GROUP BUDGET UNAUDITED $000'S
Balance at 1 July 2015	**8,500**	**–**	**(4,040)**	**4,460**
Total comprehensive revenue and expense				
(Deficit) for the year	–	–	(30,032)	(30,032)
Other comprehensive revenue and expense	–	–	–	–
Total comprehensive revenue and expense	**–**	**–**	**(30,032)**	**(30,032)**
Owners' transactions				
Capital contribution	1,631,161	–	–	1,631,161
Repayment of capital	–	–	–	–
Total contributions and distributions	**1,631,161**	**–**	**–**	**1,631,161**
Balance at 30 June 2016	**1,639,661**	**–**	**(34,072)**	**1,605,589**

	ACTUAL UNAUDITED $000'S	ACTUAL UNAUDITED $000'S	ACTUAL UNAUDITED $000'S	ACTUAL UNAUDITED $000'S
Balance at 1 July 2014	**8,500**	**–**	**(3,747)**	**4,753**
Total comprehensive revenue and expense				
(Deficit) for the year	–	–	(293)	(293)
Other comprehensive revenue and expense	–	–	–	–
Total comprehensive revenue and expense	**–**	**–**	**(293)**	**(293)**
Owners' transactions				
Capital contribution	–	–	–	–
Repayment of capital	–	–	–	–
Total contributions and distributions	**–**	**–**	**–**	**–**
Balance at 30 June 2015	**8,500**	**–**	**(4,040)**	**4,460**

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP

STATEMENT OF CASH FLOWS (UNAUDITED)

FOR THE YEAR ENDED 30 JUNE 2016

	2016 GROUP ACTUAL UNAUDITED $000'S	2016 GROUP BUDGET UNAUDITED $000'S	2015 GROUP ACTUAL UNAUDITED $000'S
Cash flows from operating activities			
Receipts from Crown	3,370	3,370	1,920
Receipts from Auckland Council	–	–	1,600
Receipts from development sales	4,898	–	–
Rental income from tenants	4,546	3,094	–
Income-related rental subsidy	8,218	8,343	–
Interest received	45	104	125
Interest paid	(33)	(78)	–
Other revenue received	297	216	573
Payments to suppliers	(16,282)	(26,680)	(2,117)
Payments to employees	(4,023)	(5,960)	(2,350)
Goods and services tax (net)	(3,872)	–	38
Net cash flow from operating activities	**(2,836)**	**(17,513)**	**(211)**
Cash flow from investing activities			
Sale of property, plant and equipment	–	15,823	(1,062)
Purchase of property, plant and equipment	(2,242)	(14,557)	–
Purchase of intangible assets	(49)	(72)	(3)
Net cash flow from investing activities	**(2,291)**	**1,194**	**(1,065)**
Cash flow from financing activities			
Loan drawdown	8,500	17,500	–
Net cash flow from financing activities	**8,500**	**17,500**	**–**
Net increase/(decrease) in cash and cash equivalents	**3,373**	**1,181**	**(1,276)**
Cash and cash equivalents at the beginning of the year	3,281	3,281	4,557
Cash and cash equivalents at the end of the year	**6,654**	**4,462**	**3,281**

TĀMAKI REDEVELOPMENT COMPANY LIMITED LEGAL GROUP

NOTES TO THE FINANCIAL STATEMENTS (UNAUDITED)

FOR THE YEAR ENDED 30 JUNE 2016

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

These financial statements are for the Tāmaki Redevelopment Company Legal Group (TRC Legal Group) which comprises of:

> Tāmaki Regeneration Limited (TRL); and

> Tāmaki Redevelopment Company Limited Group (TRC Group) which further comprises of the parent Tāmaki Redevelopment Company Limited (TRC Parent) and its two subsidiaries Tāmaki Housing Association Limited Partnership (THALP) and THA GP Limited (THAGP).

The financial statements for the TRC Legal Group are the aggregated financial statements of TRC Group and TRL, each of which have been included separately as part of this annual report.

BASIS OF PREPARATION

The financial statements of the TRC Legal Group are a non-GAAP aggregated set of financial statements. TRC Group consists of TRC Parent, THALP and THAGP. As TRC Parent controls THALP and THAGP it is required by NZ GAAP to consolidate THALP and THAGP into the TRC Group. The Directors of TRC Parent note that while TRC Parent holds 100% of the ordinary shares of TRL, the Crown holds 100% of the preference shares in TRL. The rights and obligations attached to the preference shares result in the Crown having control of TRL, meaning that it inconsistent with NZ GAAP to consolidate TRL into TRC Group. The Directors of TRC Parent wish to present a view of the financial position of TRC Legal Group and its results for the year ended 30 June 2016 in one set of financial statements. Such a presentation has to be treated as a non-GAAP set of financial statements as it is not acceptable under PBE IPSAS 6 Consolidated and Separate Financial Statements to consolidate TRL into TRC Group.

The most appropriate way to describe and present such a set of financial statements is as a non-GAAP aggregation. These financial statements have been clearly marked as a non-GAAP aggregation. They have been prepared on a going concern basis. These financial statements have applied the same accounting policies that TRC Group and TRL have applied as set out in their own financial statements within this annual report. The accounting policies have been applied consistently throughout the period.

STATEMENT OF COMPLIANCE

The financial statements of TRC Legal Group have not been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). This is because NZ GAAP, specifically PBE IPSAS 6 Consolidated and Separate Financial Statements does not allow the consolidation of TRL into TRC Group, as the Crown rather than the TRC Parent controls TRL. All other PBE Accounting Standards have been complied with.

TRC Group and TRL are both non-publicly accountable and non-large public benefit entities as defined by the External Reporting Board. For that reason, the TRC Legal Group's aggregate of TRC Group & TRL's financial statements (non-GAAP) have been prepared in under the same Tier as both TRC Group and TRL. That is, in accordance with Tier 2 PBE accounting standards, which allows reduced disclosures.

FUNCTIONAL AND PRESENTATION CURRENCY

The aggregate TRC Group and TRL financial statements (non-GAAP) are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000). The functional currency of TRC Legal Group is New Zealand dollars (NZ$).

SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies of TRC Legal Group are materially the same as the accounting policies used in the preparation of the financial statements of TRC Group and TRL.

CORPORATE DIRECTORY

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09 521 5221

Tāmaki Housing Association
0800 521 555
Press 1 for maintenance enquiries
Press 2 for general tenant enquiries
Press 3 for the property survey call centre

COMPANY INFORMATION

Company Secretary
Simpson Grierson

Company Directors
John Robertson (Chair)
Dr. Susan Macken (Deputy Chair)
Martin Udale
John Sax
Kerry Hitchcock
Diana Puketapu
Matthew Harker

Bank
Bank of New Zealand
330 Broadway
Newmarket
Auckland 1023

Auditor
Controller and Auditor General of New Zealand (AG).
The AG appointed Leon Pieterse from Audit
New Zealand to conduct the 2016 audit.

Legal Advisors
Simpson Grierson
Level 27 Lumley Centre
88 Shortland Street
Auckland 1010

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