

Ōtautahi Community Housing Trust
CONSOLIDATED FINANCIAL STATEMENTS
For the year ended 30 June 2025

Ōtautahi Community Housing Trust

Contents of consolidated financial statements

For the year ended 30 June 2025

Directory	1
Consolidated statement of comprehensive revenue and expense	2
Consolidated statement of changes in equity	3
Consolidated statement of financial position	4
Consolidated statement of cash flows	5
Notes to the consolidated financial statements	6-21
Independent auditor report	22

Ōtautahi Community Housing Trust Directory

As at 30 June 2025

Nature of business	Community housing provider
Registered office	61 Kilmore Street Christchurch Central Christchurch 8013
Trustees	Darren Evans (Chair) - since September 2024 Philippa Jones (Deputy Chair) - since September 2024 Geoff Walker (ARC Chair) - since September 2024 Alexander Skinner (Chair) - resigned November 2024 Pamela Sharpe (Deputy Chair) - resigned November 2024 Vicki Buck - resigned November 2024 - reappointed March 2025 Sina Cotter Tait Jake McLellan Jessica Riddell - appointed December 2024 Pauline Cotter - resigned January 2025
Auditor	BDO Christchurch Audit Limited
Lawyer	Anthony Harper
Banker	Bank of New Zealand
Certificate of incorporation	2637371
IRD number	119-732-050
Charity number	CC53251

Ōtautahi Community Housing Trust
Consolidated statement of comprehensive revenue and expense

For the year ended 30 June 2025

	Note	2025 (\$000)	2024 (\$000)
Revenue			
Revenue from exchange transactions	5	38,445	38,108
Total revenue		38,445	38,108
Expenses			
Direct expenses	6	5,062	4,920
Maintenance undertaken for Christchurch City Council	20	10,601	10,750
Lease to Christchurch City Council	20	6,150	5,373
Employee benefit expenses	7	3,549	3,429
Depreciation	13	2,326	2,018
Amortisation	14	33	16
Other expenses	8	1,868	1,636
Total expenses		29,589	28,142
Operating surplus		8,856	9,966
Impairment (loss) / gain	13	21	-
(Loss) / gain on sale of assets		7	20
Finance income	9	324	354
Finance expenses	9	(3,336)	(3,136)
Surplus for the year		5,872	7,204
Other comprehensive revenue			
Revaluation of property plant and equipment	13	4,175	10,159
Total comprehensive revenue for the year		10,047	17,363

These Consolidated Financial Statements are to be read in conjunction with the accompanying notes and the Independent Auditor's Report.

Ōtautahi Community Housing Trust
Consolidated statement of changes in equity

For the year ended 30 June 2025

	Revaluation reserve (\$000)	Retained earnings (\$000)	Total (\$000)
Balance as at 1 July 2023	43,272	48,940	92,212
Surplus for the period	-	7,204	7,204
Other comprehensive revenue	10,159	-	10,159
Total comprehensive revenue for the year	<u>10,159</u>	<u>7,204</u>	<u>17,363</u>
Transactions with owners in their capacity as owners:			
Equity contribution via concessionary loan (Note 20)	-	-	-
Transfer of revaluation on sale of property	-	-	-
Balance as at 30 June 2024	<u>53,431</u>	<u>56,144</u>	<u>109,575</u>
Surplus for the period	-	5,872	5,872
Other comprehensive revenue	4,175	-	4,175
Total comprehensive revenue for the year	<u>4,175</u>	<u>5,872</u>	<u>10,047</u>
Transactions with owners in their capacity as owners:			
Equity contribution via concessionary loan (Notes 20 & 22)	-	12,381	12,381
Transfer of revaluation on sale of property	-	-	-
Balance as at 30 June 2025	<u>57,606</u>	<u>74,397</u>	<u>132,003</u>

These Consolidated Financial Statements are to be read in conjunction with the accompanying notes and the Independent Auditor's Report.

Ōtautahi Community Housing Trust
Consolidated statement of financial position

As at 30 June 2025

	Note	2025 (\$000)	2024 (\$000)
Current assets			
Cash and cash equivalents	10	3,144	5,802
Receivables from exchange transactions	11	2,241	1,721
Prepayments		1,347	1,275
		<u>6,732</u>	<u>8,798</u>
Non-current assets			
Work in progress	12	15,710	7,853
Property, plant and equipment	13	173,373	167,630
Intangible assets	14	154	132
Investment property	15	4,783	4,783
		<u>194,020</u>	<u>180,398</u>
Total assets		<u>200,752</u>	<u>189,196</u>
Current liabilities			
Payables from exchange transactions	16	8,269	6,177
Revenue in advance	17	442	4,469
Employee benefit liability	18	246	278
Provision for proactive maintenance to Christchurch City Council	19	-	329
Development loan	22	3,000	-
Finance lease payable	23	-	11
Secure home repurchase liability	23	2,055	-
		<u>14,012</u>	<u>11,264</u>
Non-current liabilities			
Capitalisation loan	22	3,553	15,228
Development loan	22	37,206	39,651
Community Finance loans	22	13,978	13,478
		<u>54,737</u>	<u>68,357</u>
Total liabilities		<u>68,749</u>	<u>79,621</u>
Net assets		<u>132,003</u>	<u>109,575</u>
Equity			
Retained earnings		74,397	56,144
Revaluation reserve		57,606	53,431
Total equity		<u>132,003</u>	<u>109,575</u>



Board Chair

Date 26 September 2025



ARC Chair

Date 26 September 2025

These Consolidated Financial Statements are to be read in conjunction with the accompanying notes and the Independent Auditor's Report.

Ōtautahi Community Housing Trust
Consolidated statement of cash flows

For the year ended 30 June 2025

	Note	2025 (\$000)	2024 (\$000)
Cash flows from operating activities			
Cash was provided from:			
Cash receipts from tenants		37,616	33,442
Interest received		324	354
Receipt of government grants		126	3,429
Cash was disbursed to:			
Payments to suppliers and employees		(21,600)	(20,688)
Lease paid to Christchurch City Council		(6,256)	(5,916)
Net cash inflow from operating activities		10,210	10,621
Cash flows from investing activities			
Cash was provided from:			
Cash received for future sales of properties		240	4,961
Secure home leasehold sales		2,050	-
Cash was disbursed to:			
Purchase of development work in progress		(12,230)	(20,838)
Purchase of property, plant and equipment		(1,353)	(98)
Net cash outflow from investing activities		(11,293)	(15,975)
Cash flows from financing activities			
Cash was provided from:			
Proceeds from loans		500	4,266
Cash was disbursed to:			
Payment of loan interest		(2,075)	(2,032)
Net cash inflow from financing activities		(1,575)	2,234
Net increase in cash and cash equivalents held		(2,658)	(3,120)
Cash and cash equivalents at the beginning of the year		5,802	8,922
Cash and cash equivalents at the end of the year	10	3,144	5,802

These Consolidated Financial Statements are to be read in conjunction with the accompanying notes and the Independent Auditor's Report.

Ōtautahi Community Housing Trust

Notes to the financial statements

For the year ended 30 June 2025

1 Reporting entity

Ōtautahi Community Housing Trust (ŌCHT) is a public benefit entity for the purpose of financial reporting in accordance with the Financial Reporting Act 2013.

These consolidated financial statements include Ōtautahi Community Housing Trust, Ōtautahi Community Housing Development GP Limited and the newly formed Foundations Of Equitable Housing Limited which was registered in June 2025 and has not yet traded.

2 Basis of preparation

(a) Statement of compliance

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand (NZ GAAP). They comply with Public Sector Public Benefit Entity Standards Reduced Disclosure Regime (PBE Standards RDR) as appropriate for Tier 2 public sector public benefit entities.

The Trust qualifies as a Tier 2 reporting entity for 2025 due to its total expenditure being below the \$33 million threshold in the prior year.

The information is presented in New Zealand dollars. All values are rounded to the nearest thousand dollars (\$000). These financial statements were authorised and issued by the Board of Trustees on 26 September 2025.

(b) Measurement basis

The accounting principles recognised as appropriate for the measurement and reporting of the financial statements on a historical cost basis are followed by the Trust, unless otherwise stated in the specific accounting policies.

3 Use of judgements and estimates

The preparation of the financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected. In particular, information about significant areas of estimating uncertainty and critical judgements in applying accounting policies that have the most significant effect on the amount recognised in the financial statements are described as follows:

(a) Judgements

In the process of applying the Trust's accounting policies, the Trustees have made the following judgements that have had the most significant effect on the amounts recognised in the financial statements:

- The Trustees have judged that the Trust is a public benefit entity. They believe that the charitable objects of the Trust are consistent with the public benefit entity requirements. Any equity has been provided with a view to supporting these charitable objects rather than for a financial return.
- The Trustees have judged that the Trust is a going concern.

(b) Assumptions and estimation uncertainties

Assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment in the year ending 30 June 2025 include the following:

Area of estimate or judgement	Note
Valuation of property	13
Valuation of investment property	15
Accounting for concessionary loans	22

Significant estimates are designated by an € symbol in the notes to the financial statements.

For the year ended 30 June 2025

4 Accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements and have been applied consistently by the Trust.

Accounting policies are disclosed within each of the applicable notes to the financial statements and are designated by a  symbol. Where a note is not required, the applicable accounting policy is disclosed below.

(a) Impairment of non-financial assets

The carrying amounts of the Trust's non-financial assets are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

Indefinite life intangible assets, and intangible assets not yet available for use are tested annually for impairment. An impairment loss is recognised if the carrying amount of an asset or its related cash-generating unit (CGU) exceeds its estimated recoverable amount.

(b) Impairment of non-derivative financial assets

A financial asset not subsequently measured at fair value through surplus or deficit is assessed at each reporting date to determine whether there is objective evidence that it is impaired. A financial asset is impaired if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the asset, and that the loss event(s) had an impact on the estimated future cash flows of that asset that can be estimated reliably.

Objective evidence that financial assets are impaired includes default or delinquency by a counterparty, restructuring of an amount due to the Trust on terms that the Trust would not consider otherwise, indications that a counterparty or issuer will enter bankruptcy, adverse changes in the payment status of borrowers or issuers of the Trust, economic conditions that correlate with defaults or the disappearance of an active market for a security. In addition, for an equity security classified as an available-for-sale financial asset, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment.

(c) Income tax

As the Trust is a registered charity it is not required to pay income tax.

(d) Goods and Services Tax (GST)

In the 2017 financial year the Trust registered for GST. Although the activities of the Trust are residential rental accommodation and therefore exempt from GST, the Trust is required to incur and on charge specific expenses on a plus GST basis therefore required GST registration. Properties were transferred to the Trust that fell outside of community housing therefore were a taxable supply to the Trust. GST has been claimed on these properties. Similarly GST has been claimed on the construction costs for properties which are built for onward sale.

(e) Agency payments and credits

The Trust leases the community housing portfolio from the Council and in that capacity it incurs expenses operating and maintaining the Council's community housing portfolio, for which it receives a credit against the lease payable to the Council for community housing assets. The Trust does not recognise this credit as revenue, recognising the net lease cost, operating costs and maintenance costs in the profit and loss and operating cashflows. See note 20 and note 23 for further details of this lease.

Ōtautahi Community Housing Trust

Notes to the financial statements

For the year ended 30 June 2025

5 Revenue



Revenue is recognised when the amount of revenue can be measured reliably and it is probable that economic benefits will flow to the Trust and measured at the fair value of consideration received or receivable. The following specific recognition criteria in relation to the Trust's revenue streams must also be met before revenue is recognised.

i. Revenue from exchange transactions

Rental income is recognised in surplus or deficit on a straight-line basis over the term of the lease. Tenants bonds are received from tenants and forwarded to Tenancy Services in the Trust's capacity as agent. These bonds are not recorded as revenue.

Rent received is related to rental income from community housing tenants. The Trust has determined that, after considering the substance of these transactions, rent received is to be categorised as an exchange transaction. Rent received is therefore measured at the fair value of the consideration received, being the rental amount paid by tenants.

Other Income includes grants and Ministry of Housing and Urban Development service fees for the provision of Housing First services.

Revenue from exchange transactions

	2025 (\$000)	2024 (\$000)
Rent received - Assisted rental	8,270	8,821
Rent received - IRR/IRRS	28,168	24,333
Rent received - Affordable rental	466	-
Other income	1,541	4,954
Total revenue from exchange transactions	38,445	38,108

Other income includes \$0.1 million (2024 - \$3.4 million) of grants from Ministry of Housing and Urban Development for the construction of affordable rentals.

6 Direct expenses



Direct expenses comprise those costs directly attributable to the maintenance of the Trust's community housing portfolio.

Other direct expenses comprise other property related expenses such as lease payments to Housing First private landlords, and utilities.

	2025 (\$000)	2024 (\$000)
Maintenance	2,006	2,402
Property insurance	1,286	1,109
Property rates	1,005	758
Other direct expenses	765	651
Total direct expenses	5,062	4,920

7 Employee benefit expenses

	2025 (\$000)	2024 (\$000)
Salary and wages	3,455	3,330
KiwiSaver	93	99
	3,549	3,429

Ōtautahi Community Housing Trust

Notes to the financial statements

For the year ended 30 June 2025

8 Other expenses

	2025 (\$000)	2024 (\$000)
Consultants fees	408	370
Audit fees	59	60
Governance fees	227	230
Kilmore Street - rent	200	201
Other expenses	974	775
Total other expenses	1,868	1,636

9 Net finance expenses

i. Finance income

Finance income comprises interest income on financial assets.

Interest income is recognised as it accrues in surplus or deficit, using the effective interest method.

ii. Finance expenses

Finance expenses comprise interest expense on all loans to fund developments as well as the notional interest on concessionary loans.

All borrowing costs are expensed in the period they are incurred.

	2025 (\$000)	2024 (\$000)
Interest income	324	354
Total finance income	324	354
Interest expense - capitalisation loan notional interest	(706)	(735)
Interest expense - development loan notional interest	(555)	(595)
Interest expense - development loan actual interest	(1,152)	(1,096)
Interest expense - Community Finance loan actual Interest	(918)	(710)
Finance charges - change in secure home repurchase liability	(5)	-
Total finance expenses	(3,336)	(3,136)
Net finance expenses	(3,012)	(2,782)

10 Cash and cash equivalents

	2025 (\$000)	2024 (\$000)
Bank - current account	2,910	5,434
Bank - retentions account	231	368
Bank - Body Corporate Account	3	-
Total cash and cash equivalents	3,144	5,802

Annual interest rate applicable to components of cash and cash equivalents at year end: 3.00 - 3.25% 5.25 - 5.5%

Ōtautahi Community Housing Trust

Notes to the financial statements

For the year ended 30 June 2025

11 Receivables from exchange transactions



Trade and other receivables from exchange transactions are initially recognised at fair value. Debts which are known to be uncollectable are written off by reducing the carrying amount directly.

The expected credit loss provision for receivables was calculated using the PBE IPSAS 41 model, which is based on forward-looking information, as well as current and historic information. The Trust has applied the simplified approach to all receivables which requires the recognition of lifetime expected credit losses at all times.

	2025 (\$000)	2024 (\$000)
Trade receivables	2,063	1,620
Other receivables	178	101
Total receivables from exchange transactions	2,241	1,721

12 Work in progress



Work in Progress (WIP) or self constructed assets include:

- Costs of materials and direct labour;
- Costs directly attributable to bringing the assets to a working condition for their intended use; and
- When the Trust has an obligation to remove the asset or restore the site, an estimate of the costs of removing the items and restoring the site on which they are located.

WIP is initially recognised at cost, subsequently at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the WIP to its present location and condition. Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale. WIP is not subject to depreciation.

A primary objective of the Trust is to increase community housing in Christchurch which involves the development of new units on land transferred to the Trust. During the 2025 financial year one development was completed, with another development, the Three Lanes community, partially completed at year-end.

	2025 (\$000)	2024 (\$000)
Opening balance	7,853	12,697
Plus in progress development work completed	14,794	19,537
Less completed developments transferred to property, plant and equipment / sold to third parties	(6,936)	(24,381)
Closing balance	15,710	7,853

Included within work in progress is the construction costs to date of 12 Secure Homes located in the Three Lanes community which are to be sold to occupiers taking their first step towards full home ownership. Secure Homes are carried at cost until such time as the right to occupy the building is sold under the progressive home ownership scheme administered by the Trust. See note 23.

For the year ended 30 June 2025

13 Property, plant and equipment



i. Recognition and measurement

Items of property, plant and equipment are initially measured at cost which includes expenditure directly attributable to the acquisition of the asset, except those assets acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition. After initial recognition assets are measured on the following basis:

- Cost model: cost less accumulated depreciation and impairment (Plant and equipment and Motor vehicles);
- Revaluation model:
 - For Land and buildings, fair value less accumulated depreciation and accumulated impairment losses recognised after the date of the most recent revaluation.
 - For Secure Homes - land & buildings, since valuing these assets as fair value less costs to sell is not appropriate given the leasehold contracts in place, the assets in this class will be revalued by calculating the depreciated replacement cost.

Valuations are performed with sufficient frequency to ensure that the fair value of a revalued asset does not differ materially from its carrying amount.

Gains and losses on revaluation are recognised in other comprehensive revenue and expense and presented in the revaluation reserve within equity. Gains or losses relating to individual items are offset against those from other items in the same class of property, plant and equipment; however gains or losses between classes of property, plant and equipment are not offset. Any revaluation losses in excess of credit balance of the revaluation surplus for that class of property, plant and equipment are recognised in surplus or loss as impairment.

When an item of property, plant and equipment is revalued, the carrying amount of that asset is individually adjusted. Revaluation gains are first applied against accumulated depreciation and impairment, with any residual gain applied to the cost of the asset. Any reduction in asset value on revaluation is applied to accumulated depreciation and impairment.

When parts of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Any gain or loss on disposal of an item of property, plant and equipment (calculated as the difference between the net proceeds from disposal and the carrying amount of the item) is recognised in statement of comprehensive revenue and expense. Upon disposal of revalued items of property, plant and equipment, any associated gain or losses on revaluation to that item are transferred from the revaluation surplus to accumulated surplus.

ii. Subsequent expenditure

Subsequent expenditure is capitalised only when it is probable that the future economic benefits associated with the expenditure will flow to the Trust. All other repairs and maintenance are recognised as expenses in surplus or deficit in the financial period in which they are incurred.

All property (land and buildings) is subject to revaluation annually to determine market movement in the fair value, with any material movement in the market value recognised in the revaluation reserve.

iii. Depreciation

For plant and equipment, depreciation is based on the cost of an asset less its residual value. For buildings, depreciation is based on the revalued amount less its residual value. Significant components of individual assets that have a useful life that is different from the remainder of those assets, are depreciated separately.

Depreciation is recognised in the statement of comprehensive revenue and expense on a straight-line basis over the estimated useful lives of each component of an item of property, plant and equipment. Land and assets under construction are not depreciated.

Ōtautahi Community Housing Trust

Notes to the financial statements

For the year ended 30 June 2025

13 Property, plant and equipment (continued)

The estimated straight-line depreciation rates are:

Land (including Secure Homes)	0%
Buildings (including Secure Homes)	1.1% - 7.7%
Leasehold improvements	7% - 13.5%
Plant and equipment	6% - 67%
Motor vehicles	21%
Depreciation methods, useful lives and residual values are reviewed at reporting date and adjusted if appropriate.	

	Land and buildings	Secure Homes land and buildings	Plant and equipment	Motor vehicles	Total
	(\$000)	(\$000)	(\$000)	(\$000)	(\$000)
Cost or valuation					
Balance at 1 July 2024	167,094	-	979	286	168,359
Transfer to new asset class	(975)	975	-	-	-
Additions (exchange)	1,276	-	56	21	1,353
Developments transferred from WIP (note 12)	1,668	1,936	-	-	3,604
Revaluation gain / (loss)	1,951	(4)	-	-	1,947
Disposals	(1,056)	-	-	-	(1,056)
Balance at 30 June 2025	169,958	2,907	1,035	307	174,207
Accumulated depreciation and impairment					
Balance at 1 July 2024	-	-	(576)	(153)	(729)
Depreciation	(2,227)	(22)	(65)	(40)	(2,354)
Net reversal of depreciation on revaluation	2,227	22	-	-	2,249
Disposals	-	-	-	-	-
Balance at 30 June 2025	-	-	(641)	(193)	(834)
Net book value					
As at 30 June 2024	167,094	-	403	133	167,630
As at 30 June 2025	169,958	2,907	394	114	173,373

- e i. Property in the land and building asset class was revalued as at 30 June 2025 by an independent registered valuer and these revaluations have been reflected in the fixed asset register. The approach used to value the properties was the Sales Comparison Approach. This method includes such factors as date of sale, location, standard of accommodation, discernible differences valuation analyses comparable sales after making allowances between the properties and other pertinent factors to assist the assessment of market value.
- ii. Since the secure homes have a different objective to ŌCHT's other land and buildings, being the provision of a step of an occupier towards full home ownership, and have very different legal constraints and for better transparency they will be treated as a separate asset class.
- iii. The 2025 year saw a revaluation gain of \$4.178 million in Land and buildings which comprises a revaluation gain of \$1.951 million and a reversal of depreciation of \$2.227 million. The secure homes - land and buildings new asset class has been revalued using the depreciated replacement cost method. The overall revaluation gain was \$0.0018 million which comprises a revaluation loss of \$0.004 million after a reversal of depreciation of \$0.022 million. The total revaluation gain of \$4.175 is disclosed as other comprehensive revenue.
- iv. Included in land and buildings is \$54.7 million of land following the sale of 10 properties in the year (2024: \$55.2 million).
- v. The Trust's land and buildings were subject to a 2017 general security agreement that secures assets of the Trust in favour of Christchurch City Council. As at the 30 June 2025, the following properties were subject to a first mortgage security by Community Finance Limited: 21 Willard Street, Spreydon; 27 Glovers Road, Halswell; 1-47 Mabel Howard Place, Avonside; 37 Dunarnan Road, Avonside; 2 Sparks Road, Somerfield; 8-20 Elm Grove, Linwood; 11 - 17 Griffiths Avenue, Linwood; 18 McGregors Road, Bromley.

Ōtautahi Community Housing Trust

Notes to the financial statements

For the year ended 30 June 2025

14 Intangible assets

Recognition and measurement

Intangible assets are initially measured at cost. All of the Trust's intangible assets are subsequently measured in accordance with the cost model, being cost less accumulated amortisation and impairment. The amortisation method used is straight-line.

The Trust's intangible assets comprise of finance and reporting software. The useful life of these intangible assets is five years and they are amortised accordingly.

The Trust has no intangible assets with indefinite useful lives.

	Software
Cost or valuation	(\$000)
Balance at 1 July 2024	286
Additions	55
Balance at 30 June 2025	341
Accumulated amortisation and impairment	
Balance at 1 July 2024	(154)
Amortisation	(33)
Balance at 30 June 2025	(187)
Net book value	
As at 30 June 2024	132
As at 30 June 2025	154

15 Investment property

 Investment property is property held to earn rental income or for capital appreciation or for both, but are not for sale in the ordinary course of business, use in the production or supply of goods or services or for administrative purposes.

Investment property is initially measured at cost, except those acquired through non-exchange transactions which are instead measured at fair value as their deemed cost at initial recognition. Cost includes expenditure that is directly attributable to the acquisition of the investment property.

Investment property is subsequently measured under the fair value model with fair value measured annually at balance date. Fair value is based on an independent market valuation. (Losses)/gains on re-measurement are recognised in profit and loss in the period to which they relate.

	2025	2024
Cost or valuation	(\$000)	(\$000)
Opening balance	4,783	4,783
Revaluation (loss)/gain	-	-
Closing balance	4,783	4,783

- e Investment property was valued as at 30 June 2025 by an independent registered valuer. The approach used to value the property was the Sales Comparison Approach. This method of valuation analyses comparable sales after making allowances for such factors as date of sale, location, standard of accommodation, discernible differences between the properties and other pertinent factors to assist the assessment of market value.

Ōtautahi Community Housing Trust

Notes to the financial statements

For the year ended 30 June 2025

16 Payables from exchange transactions

 Trade and other payables are recognised at face value as they are generally settled within 30 days, and are measured at amortised cost.

	2025 (\$000)	2024 (\$000)
Trade and other payables	3,157	982
Total accounts payable	3,157	982
Other payables and accruals		
Accrued expenses	748	524
Lease accrual	4,013	4,119
Retentions	312	220
Maintenance accrual	39	332
Total other payables and accruals	5,112	5,195
Total payables from exchange transactions	8,269	6,177

17 Revenue in advance

	2025 (\$000)	2024 (\$000)
Rental income received in advance	442	335
Payments received in advance of sale of property	-	4,133
	442	4,469

18 Employee benefit liability

i. Short-term employee liabilities

Short-term employee liabilities relate to annual leave entitlements and PAYE taxes due and are expected to be settled within twelve months of the reporting date. Short-term employee liabilities are measured on an undiscounted basis and expensed in the period in which employment services are provided.

	2025 (\$000)	2024 (\$000)
Short-term employee liabilities	246	278
Total employee liabilities	246	278

19 Provisions

At the inception of each financial year the Trust agrees a maintenance budget with the Christchurch City Council to maintain the housing portfolio. During the 2024 financial year the Trust underspend of \$0.329 million. This underspend was moved to a provision to be expended in the 2025 financial year on proactive maintenance. During the current year, the Trust overspent the maintenance budget by \$0.052 million which has been allocated to prepayments and will reduce the 2026 maintenance spend.

	2025 (\$000)	2024 (\$000)
Proactive maintenance provision	-	329
	-	329

Ōtautahi Community Housing Trust

Notes to the financial statements

For the year ended 30 June 2025

20 Related parties

The Trust was established by Christchurch City Council (Council) in 2016 to manage the Council's social housing portfolio. The Council's Housing Accord commitments required it to capitalise the Trust with \$50 million of assets (land and buildings). The Council resolved that the \$50 million would comprise \$5 million of gift and \$45 million as an interest free loan only to be repaid to Council in the event of the Trust winding up. In May 2025, the repayment date of the concessionary loan was reset at October 2061. As a result, the present value of the concessionary loan was recalculated (see note 22 below). As at the end of the 2025 financial year the \$45 million loan has been recognised as a concessionary loan valued at \$3.6 million (2024: \$15.2 million).

Christchurch City Council retains ownership of the balance of its community housing portfolio and leases these assets to the Trust. Under PBE IPSAS accounting standards the Trust is consolidated into the Council for financial reporting purposes only.

Transactions with the Council are as follows:

Purchase of goods and services

During the period the Trust purchased goods and services primarily related to the Council property portfolio lease payments, property rates and consents, totalling \$7.4 million (2024: \$6.4 million). These were purchased on normal trade terms and conditions. At reporting date there is a total of \$4.0 million (2024: \$4.1 million) payable which is included within payables from exchange transactions in note 16.

Receipt of loans

During the period the Trust received loan advances totalling \$nil (2024: \$nil) for the development of community housing and refinanced \$nil (2024: \$2.7 million) of maturing bonds. These advances are subject to the Council's Local Government Funding Agency interest rate plus 20 basis points and are therefore concessionary in nature as they are at lesser terms than would be expected in the retail market. At 30 June 2025 there is a total of \$42.2 million (2024: \$42.2 million) prior to fair value adjustments in development loan advances (note 21).

Council community housing portfolio lease

The Council leases its community housing portfolio to the Trust. The Trust is responsible for tenancy management, rent-setting and property maintenance. Responsibility for major repairs and renewals transferred to the Trust in July 2021. As per the Deed of Lease, the Trust recovers its operational and maintenance costs in relation to the lease and is therefore deemed to be acting as agent on behalf of the Council with the lease cost in expenses being shown net of operational and maintenance expenses. The reconciliation below shows the gross lease payment less the operational and maintenance deductions. The Council lease, operational and maintenance expenses are included in direct expenses, employee benefit expenses, depreciation and other expenses.

	2025 (\$000)	2024 (\$000)
Lease cost	20,580	19,574
Less operational deductions	(3,829)	(3,451)
Less maintenance deductions	(10,601)	(10,750)
Total Council lease payments	6,150	5,373

Key management personnel

The Trust classifies its key personnel into two classes:

- Members of the Board
- Senior leadership team

Members of the Board are paid a monthly fee while the key management are employees of the Trust on normal employment terms.

Two trustees are appointed by Christchurch City Council.

	2025		2024	
	Remuneration (\$000)	Number of individuals	Remuneration (\$000)	Number of individuals
Members of the Board	227	7 - 9 Trustees	230	8 - 9 Trustees & 1 Internship
Leadership team	1,223	6 FTEs	863	4 - 5 FTEs
	<u>1,450</u>		<u>1,093</u>	

Ōtautahi Community Housing Trust

Notes to the financial statements

For the year ended 30 June 2025

21 Financial instruments



The classification of the Trust's financial assets and liabilities depends on the purpose for which the assets were acquired or liabilities were incurred. Management determines the classification of its financial assets and liabilities at initial recognition and re-evaluates this designation at every balance date. Financial assets and financial liabilities classed as measured at amortised cost are carried at amortised cost less any impairment. Financial assets measured at amortised costs include cash and cash equivalents and receivables from exchange transactions. Financial liabilities measured at amortised cost include payables from exchange transactions, development loan, Community Finance loan, concessionary loan, and finance lease payable.

	2025		2024	
	Carrying amount (\$)		Carrying amount (\$)	
	Financial assets at amortised cost	Financial liabilities at amortised cost	Financial assets at amortised cost	Financial liabilities at amortised cost
	(\$000)	(\$000)	(\$000)	(\$000)
Cash and cash equivalents	3,144	-	5,802	-
Receivables from exchange transactions	2,241	-	1,721	-
Payables from exchange transactions	-	8,269	-	6,177
Capitalisation loan	-	3,553	-	15,228
Development loan	-	40,206	-	39,651
Community Finance loans	-	13,978	-	13,478
Finance leases payable	-	-	-	11
	<u>5,385</u>	<u>66,006</u>	<u>7,523</u>	<u>74,545</u>

For the year ended 30 June 2025

22 Loans received



Concessionary loans

Concessionary loans issued are loans received from third parties at rates and/or terms below market.

Concessionary loan received - day-one fair value difference

Concessionary loans are initially measured at fair value in accordance with the market effective interest rate. Any difference between fair value and the transaction price of the concessionary loan at initial recognition is accounted for on the existence and nature of any stipulations attached to the loan:

- Conditional stipulations: a non-exchange liability is initially and subsequently recognised as non-exchange revenue as and when the 'conditions' are satisfied.
- Restrictive stipulations: immediate recognition of non-exchange revenue.

The trust has received two concessionary loans from the Council, the capitalisation loan and the development loan. The details of these loans are set out below:

Capitalisation loan

During the 2019 and 2020 financial years, the Trust received a \$45 million concessionary loan from Christchurch City Council at terms and rates that are below market terms that a similar entity would have received commercially. The loan was received to facilitate the transfer of land and buildings from the Council to the Trust as part of the Trust capitalisation.

The loan was received with the following terms:

- Loan principal: \$45 million (2023: \$45 million)
- Contractual interest rate: 0%
- Maturity: October 2046

In May 2025, the repayment date of the loan was reset to October 2061. This resulted in the recalculation of the present value of the loan, based on a determined market rate of 7.1%, and a resetting of the notional interest unwind. As a result, \$12.4 million has been transferred to equity contribution via concessionary loan.

A reconciliation of the opening and closing carrying amounts of the capitalisation concessionary loan is provided below:

	2025 (\$000)	2024 (\$000)
Opening balance at 1 July 2024	15,228	14,493
Notional interest unwind	706	735
Present value adjustment due to repayment reset	(12,381)	-
Closing balance at 30 June 2025	3,553	15,228
Non-current capitalisation loan	3,553	15,228

- e In determining the fair value of the concessionary loan, a market effective interest rate of 7.1% was used for total of the drawdowns to discount principal back to present value. The market interest rate used was the rate that would have been obtained in the market for a loan with identical terms and counter party risk.

Development loan

The Trust has a \$55 million development loan agreement with Christchurch City Council. The interest on the loan is set by reference to the Council's Local Government Funding Agency debt costs plus a 20 basis point margin. The loan is deemed to be a concessionary loan as the interest rate terms are below market for a similar loan with a commercial bank.

The development loan was received with the following terms:

- Loan Facility: \$55.7 million
- Loan principal: \$42.2 million (2024: \$42.2 million)
- Contractual interest rate: Council Local Government Funding Agency rate plus a 20 basis point margin
- Maturity: June 2048
- The first repayment of \$3 million is scheduled for June 2026

Ōtautahi Community Housing Trust

Notes to the financial statements

For the year ended 30 June 2025

22 Loans received (continued)

Development loan (continued)

A reconciliation of the opening and closing carrying amounts of the concessionary development loan is provided below:

	2025 (\$000)	2024 (\$000)
Opening balance at 1 July 2024	39,651	39,056
Notional interest unwind	555	595
Closing balance at 30 June 2025	<u>40,206</u>	<u>39,651</u>
Current development loan	3,000	-
Non-current development loan	<u>37,206</u>	<u>39,651</u>
	<u>40,206</u>	<u>39,651</u>

e Included in 2025 loan principal of \$42.2 million; \$39.5 million was fixed into tranches in September 2021 with maturity dates ranging from 2026 to 2032; \$2.7 million was refinanced until August 2027.
In determining the fair value of the concessionary loans on fixing the drawn down amounts during 2022 and 2023, a concessionary loan margin of 1.46% was calculated by benchmarking the interest rates achieved against comparable market rates. The comparable market interest rates used were the rates that would have been obtained in the market for a loan with identical terms and counter party risk.

Community Finance loans

In the year ended 30 June 2023, the Trust entered into a \$14 million loan agreement with Community Finance to fund the construction of 35 units at Willard Street.

This Community Finance loan was received with the following terms:

- Loan facility: \$14 million
- Contractual interest rate: floating interest rate reset every 90 days based on the corresponding Bank Bill Market rate plus a margin
- Maturity: following practical completion, the outstanding principal converted to a Post Construction Facility, with a maturity date in December 2027.

In the year ended 30 June 2025, the Trust entered into a \$5.5 million loan agreement with Community Finance to fund the construction of 65 units at the Three Lanes community. At the year-end \$0.5 million had been drawn down.

This Community Finance loan was received with the following terms:

- Loan facility: \$5.5 million
- Contractual interest rate: fixed rate of 4.8% with a rate reset.

A reconciliation of the opening and closing carrying amounts of the Community Finance development loan is provided below:

	2025 (\$000)	2024 (\$000)
Opening balance at 1 July 2024	13,478	9,212
Loan drawn down	500	4,266
Closing balance at 30 June 2025	<u>13,978</u>	<u>13,478</u>
Non-current Community Finance loan	<u>13,978</u>	<u>13,478</u>
	<u>13,978</u>	<u>13,478</u>

For the year ended 30 June 2025

23 Leases

(i) Finance leases

A finance lease is a lease that transfers to the lessee substantially all the risks and rewards incidental to ownership of an asset, whether or not title is eventually transferred. At the commencement of the lease term, finance leases are recognised as assets and liabilities in the statement of financial position at the lower of the fair value of the leased item or the present value of the minimum lease payments. The finance charge is charged to the remaining balance of the liability.

The amount recognised as an asset is depreciated over its useful life. If there is no certainty as to whether the Trust will obtain ownership at the end of the lease term, the asset is fully depreciated over the shorter of the lease term and its useful life.

(ii) Operating leases

Leases that are not finance leases are classified as operating leases. Operating lease assets are not recognised in the Trust's consolidated statement of financial position. Payments made under operating leases are recognised in surplus or deficit on a straight-line basis over the term of the lease. Lease incentives received are recognised as an integral part of the total lease expense, over the term of the lease.

(a) Leases as a lessee

The future non-cancellable minimum lease payments of operating leases as lessee at reporting date are detailed in the table below:

Operating leases	2025		2024	
	(\$000)		(\$000)	
	Operating lease	Office lease	Operating lease	Office lease
Less than one year	6,362	277	6,203	231
Between one and five years	27,337	1,203	23,724	979
Greater than five years	9,253	410	12,451	607
Total non-cancellable operating lease payments	42,952	1,890	42,378	1,817

The Trust has entered into a lease to manage the operable part of the Council's existing community housing stock. The lease commenced on 3 October 2016 with an initial term of five years with five further terms of five years. The first term expired on 3 October 2021. The Trust subsequently exercised its right to renew the lease and during the year extended the right of renewal terms from 5 years to 10 years. The key terms of the revised lease are as follows:

- Current lease term expires on 3 October 2031;
- Three further rights of renewal of 10 years;
- Rent reviews take place on 3 October each year and are indexed to inflation;
- Operating costs in relation to managing the properties are deductible from the lease; and
- Maintenance costs incurred in maintaining the properties are deductible from the lease.

As the Trust has a guaranteed right to recover operational and maintenance costs in relation to the Council lease, these costs have been netted against the minimum operating lease payments noted above. The amounts involved are material to understanding the financial statements and a reconciliation of the operating lease commitment at 30 June 2025 has been included below:

	1 Year	1-5 Years	5 Years +	Total
	(\$000)	(\$000)	(\$000)	(\$000)
Lease cost	20,884	89,901	30,421	141,206
Less projected operational deductions	(3,656)	(15,752)	(5,336)	(24,744)
Less projected maintenance deductions	(10,866)	(46,812)	(15,832)	(73,510)
Total non-cancellable operating lease payments	6,362	27,337	9,253	42,952

Ōtautahi Community Housing Trust

Notes to the financial statements

For the year ended 30 June 2025

23 Leases (continued)

(b) Leases as a lessor

The Trust leases community housing to tenants as a lessor. Details of the revenue generated from leases are included in note 5.

A portion of Salisbury Street property is recorded as an investment property as per note 15. The property is leased for five years with the lease ending in 2026.

(c) PHO repurchase liability

During the year, the Trust made five secure home leasehold sales, granting each occupier the long term right to exclusively occupy a property in return for making an upfront payment of a pre-agreed price (determined based on the cost of the building) and paying a monthly ground rent (based on 1.5% of the value of the land). Since the arrangement requires the Trust to repurchase the property at the end of the lease term and does not transfer substantially all the risks and rewards of ownership to the occupant, the lease should be treated as an operating lease. In addition, the lease term is variable as a result of the obligation to repurchase the property at any time, due to circumstances outside the Trust's control. This, therefore, constitutes a current repurchase liability on the statement of financial position.

The repurchase price is pre-agreed based on the original upfront price paid, plus CPI. Therefore, the repurchase liability is adjusted for inflation each year end. This is shown below.

	2025 (\$000)	2024 (\$000)
Secure home leasehold sales	2,050	-
Inflationary adjustments (consumer price index)	5	-
	<u>2,055</u>	<u>-</u>

(d) Finance lease

	2025 (\$000)	2024 (\$000)
Less than one year	-	11
Between one and five years	-	-
Greater than five years	-	-
Total finance leases payable	<u>-</u>	<u>11</u>

24 Capital commitments

As at 30 June 2025, the Trust had \$6.8 million of capital commitments in relation to the Three Lanes community (2024: \$0.2 million).

For the year ended 30 June 2025

25 Group entities


Basis of consolidation – accounting policy

(i) Controlled entities

Controlled entities are entities controlled by the Group. The Group controls an investee if all three of the following elements are present: power over the investee, exposure to variable returns from the investee, and the ability of the investor to use its power to affect those variable returns. Control is reassessed whenever facts and circumstances indicate that there may be a change in any of these elements of control. The financial statements of the Group’s controlled entities are included in the consolidated financial statements from the date that control commences until the date that control ceases.

Subsequent changes in a controlled entity that do not result in a loss of control are accounted for as transactions with owners of the controlling entity in their capacity as owners, within equity.

The financial statements of the controlled entities are prepared for the same reporting period as the controlling entity, using consistent accounting policies.

(ii) Loss of control of a controlled entity

On the loss of control, the Group derecognises the assets and liabilities of the controlled entity, any non-controlling interest, and the other components of net assets/equity related to the controlled entity. Any surplus or deficit arising on the loss of control is recognised in surplus or deficit.

If the Group retains any interest in the previously controlled entity, then such interest is measured at fair value at the date that control is lost. Subsequently, the retained interest is either accounted for as an equity-accounted associated or an available-for-sale financial asset depending on the level of influence retained.

(iii) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised income and expenses arising from intra-group transactions, are eliminated in preparing the consolidated financial statements.

Unrealised gains arising from transactions with equity accounted associates and jointly-controlled-entities are eliminated against the investment to the extent of the Group’s interest in the investee. Unrealised losses are eliminated in the same way as unrealised gains, but only to the extent that there is no evidence of impairment.

	Country of incorporation	Ownership interest	
		2025	2024
		%	%
Ōtautahi Community Housing Development GP LTD	New Zealand	100	100
Foundations Of Equitable Housing Limited	New Zealand	100	n/a

On 5 June 2025 a new subsidiary company, Foundations Of Equitable Housing Limited, was formed. The purpose of this entity is to be a vehicle for any future trade outside Christchurch. As at 30 June 2025, the company has not yet traded.

For the purposes of the consolidated financial statements, all controlled entities have the same reporting date as the controlling entity.

There are no significant restrictions regarding the transfer of dividends, loan repayments, and other funds from controlled entities.

The entities were established for the purposes of property development and have not traded to date.

26 Events occurring after balance date

Since balance date, on 5 August 2025 the Trust drew down \$3.04 million of interest free loans from the Ministry of Housing and Urban Developments to help fund the construction of secure homes.



INDEPENDENT AUDITOR'S REPORT

TO THE READERS OF ŌTAUTAHU COMMUNITY HOUSING TRUST'S CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of Ōtautahi Community Housing Trust (the Trust). The Auditor-General has appointed me, Michael Rondel, using the staff and resources of BDO Christchurch Audit Limited, to carry out the audit of the consolidated financial statements of the Trust on his behalf.

Opinion

We have audited the consolidated financial statements of the Trust on pages 2 to 21, that comprise the consolidated statement of financial position as at 30 June 2025, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in equity and consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information.

In our opinion, the consolidated financial statements of the Trust:

- present fairly, in all material respects:
 - its consolidated financial position as at 30 June 2025; and
 - its consolidated financial performance and cash flows for the year then ended; and
- comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Standards with disclosure concessions.

Our audit was completed on 26 September 2025. This is the date at which our opinion is expressed.

The basis for our opinion is explained below. In addition, we outline the responsibilities of the Trustees and our responsibilities relating to the consolidated financial statements, and we explain our independence.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

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

Responsibilities of the Trustees for the consolidated financial statements

The Trustees are responsible on behalf of the Trust for preparing consolidated financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The Trustees are responsible for such internal control as they determine is necessary to enable them to prepare consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the Trustees are responsible on behalf of the Trust for assessing the Trust's ability to continue as a going concern. The Trustees are also responsible for disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting, unless the Trustees intend to wind up the Trust or to cease operations, or have no realistic alternative but to do so.

The Trustees' responsibilities arise from clause 18.1 of the Trust Deed of the Trust.

Responsibilities of the auditor for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements, as a whole, are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers taken on the basis of these consolidated financial statements.

We did not evaluate the security and controls over the electronic publication of the consolidated financial statements.

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risk of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit 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 Trust's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Trustees.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Trustees and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Trust's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements, or if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Trust to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Trustees regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Independence

We are independent of the Trust in accordance with the independence requirements of the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor, we have no relationship with, or interests in, the Trust.

BDO Christchurch Audit Limited

Michael Rondel
BDO Christchurch Audit Limited
On behalf of the Auditor-General
Christchurch, New Zealand