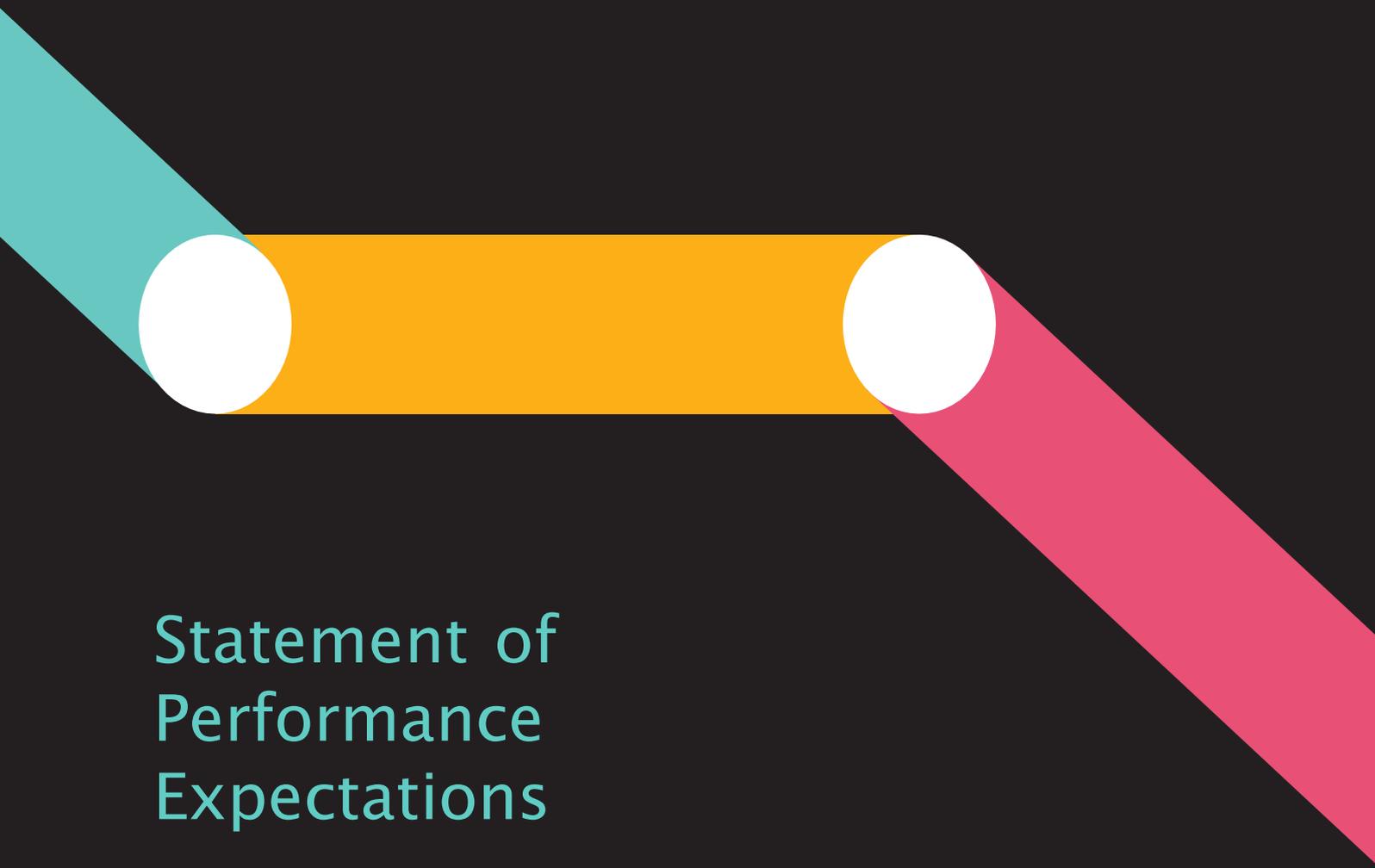


Auckland Light Rail Limited



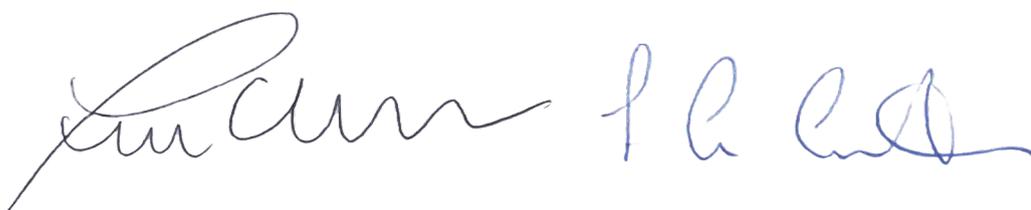
Statement of Performance Expectations

For year ending 30 June 2026

Auckland Light Rail Limited Board Statement

This statement of performance expectations (SPE) is submitted by the Board of Directors of Auckland Light Rail Ltd, pursuant to the Crown Entities Act 2004 and sets out the activities of Auckland Light Rail Ltd for the period from 1 July 2025 to 30 June 2026.

The Board are responsible for the financial statements presented, including the appropriateness of the assumptions made in preparing the financial information and all other disclosures.

The image shows two handwritten signatures in blue ink. The signature on the left is 'Fran Wilde' and the signature on the right is 'Leigh Auton'. Both signatures are written in a cursive, flowing style.

Dame Fran Wilde
6 November 2025

Leigh Auton
6 November 2025

Introduction

This Statement of Performance Expectations (SPE) sets out the performance expected of Auckland Light Rail Ltd (ALR Ltd) for the 12 months from 1 July 2025 to 30 June 2026 and how we will measure progress.

The area of focus in this document are informed by the Letter of Expectations: Auckland Light Rail Limited dated 30 July 2025.

Establishment

In October 2022 ALR Ltd was established as a limited liability company incorporated under the Companies Act 1993 and is a Crown Entity company named under schedule 2 of the Crown Entities Act 2004, to advance the ALR project through the detailed planning phase to develop a business case to enable the Crown to make a Final Investment Decision.

On 14 January 2024, the Government instructed the company to cease work on the project and to take the steps necessary to wind up the company.

On 23 June 2025, ALR Ltd were instructed to remove the property at 317 New North Road, Kingsland which was purchased as part of the project, from the market and await further instruction relating to the future of the company.

On 30 July 2025, ALR Ltd were advised of the Ministers' decision to retain ALR Ltd until further notice, to hold and manage the property at 317 New North Road, Kingsland.

Objectives and purpose of Auckland Light Rail Ltd

The letter of expectations dated 30 July 2025 advises ALR Ltd to hold and manage the property known as 'The Kiwi Bacon Company' until further notice.

Specific expectations are to:

- manage the property efficiently (including ensuring that the building is well-tenanted and maintained) until such time as Shareholding Ministers decide to transfer the property, or until market conditions improve and the building can be relisted for sale.

No Statement of Intent

Auckland Light Rail Ltd (ALR Ltd) was granted a waiver of the requirement to prepare a statement of intent, pursuant to section 139B (3) of the Crown Entities Act, on the basis that the company will be removed from the register under the Companies Act 1993.

Reportable Outputs

ALR Ltd is a self-funded entity and have no outputs for the period 1 July 2025 to 30 June 2026 which are reportable under section 149E(1)(a) of the Crown Entities Act 2004.

ALR Ltd have no appropriations from Vote Transport for FY25/26.

ALR Ltd is not expected to make a profit or provide a dividend to its shareholders.

Area of Focus

Our primary focus is to manage the property at 317 New North Road ensuring that:

- The building is well tenanted
- The building is well maintained

Reporting Performance in 2025/2026

Our 2024/2025 Statement of Performance Expectations set performance measures that aligned with the disestablishment of ALR Ltd. We have refreshed our performance measures for the 2025/2026 financial year to reflect the change in expectations provided by our Shareholding Ministers as provided in our Letter of Expectation. The section below sets out how we will meet these expectations.

The building is well tenanted

As at 30 June 2025 the building was fully tenanted. In FY25/26 there are two leases coming up for renewal or expiry. With a stretched market, ALR Ltd have engaged the services of an external Property Management company to oversee the leasing obligations of the investment property to ensure the property meets or exceeds the benchmarks of other properties in the vicinity.

Measure	Previous Year Performance	FY2025/26 Performance target
The property (based on the percentage of tenable area) will meet the average benchmark of other commercial properties within the Kingsland area over the twelve month period	New measure	90%
Prepare and implement a leasing strategy	New measure	Completed & adopted by the Board by 31/12/2025

The building is well maintained

The capital and maintenance work on the property to date has been consistent with the intentions for the property at the time. As the intention for the property has been changed to being held for the long term as an investment property, ALR Ltd need to ensure that it remains an attractive option for both existing and prospective future tenants. ALR Ltd have a proposed capital budget set aside for FY25/26 and a longer term capital plan to enhance the environment for tenants as well as ensuring health and safety regulations are met.

Measure	Previous Year Performance	FY2025/26 Performance target
Prepare a long term capital & maintenance plan for FY26/27 and beyond	New measure	Adopted by the Board by 30/06/2026
Tenant satisfaction survey to be completed annually in the last quarter of the financial year	New measure	60% satisfaction rating from tenants

Changes to performance measures

This table lists the change to performance measures since last year's Statement of Performance Expectations, and the reasons for those changes.

Changes to output measures

Measure	FY2024/25 Performance target	Changed Output measure FY2025/26	Changed Performance target FY2025/26
Disposal of the property at 317 New North Road and disestablishment of the company	Not achieved	Deleted	Deleted

Reason for change: This measure was deleted due to the Shareholding Ministers directive to remove the property from sale on the open market on 23 June 2025.

FORECAST FINANCIAL STATEMENTS

The forecast financials include a Statement of Forecast Performance, Statement of Forecast Financial Position, Statement of Forecast Changes in Equity and Statement of Forecast Cash Flows for the year ended 30 June 2026.

ALR Ltd's purpose is to dispose of the property it holds and complete the disestablishment of the company. ALR Ltd is self-funding based on the revenue generated from the property.

ALR Ltd incurs expenditure as part of its various activities. Operating expenditure (i.e. the day to day running of ALR Ltd) is recorded in Total Comprehensive Revenue and Expenses. This expenditure is funded by the revenue received from the tenanted property.

Statement of Forecast Performance

for the year ended 30 June 2026

	Budget FY25/26 \$(000)	Forecast FY24/25 \$000
Revenue		
Rental Revenue	2,168	2,063
Interest revenue	240	742
Other revenue	606	413
Total revenue	3,014	3,218
Expenses		
Professional services (Urban, Engineering, Design, Planning, Legal, Commercial)	505	573
IT expenses	191	204
General expenses	774	783
Impairment of Property	(501)	1,625
Total expenditure	969	3,185
Surplus	2,045	33
Other comprehensive revenue and expense	-	-
Total comprehensive revenue and expense for the year	2,045	33

Statement of Forecast Financial Position

as at 30 June 2026

	Budget FY25/26 \$(000)	Forecast FY24/25 \$000
Assets		
Cash and cash equivalents	11,342	10,043
Trade and other receivables	-	69
Prepayments	58	58
Total current assets	11,400	10,170
Non-current assets		
Prepayments	50	65
Investment Property	30,735	30,000
Total non-current assets	30,785	30,065
Total assets	42,185	40,235
Liabilities		
Accounts payable and accruals	224	319
Total current liabilities	224	319
Total liabilities	224	319
Net assets	41,961	39,916
Equity		
Contributed capital	38,414	38,414
Accumulated surplus/(deficit)	3,547	1,502
Total equity	41,961	39,916

Statement of Changes in Equity

for the year ended 30 June 2026

	Accumulated surplus/(deficit \$(000)	Contributed capital \$(000)	Total \$(000)
Balance at 1 July 2025	1,502	38,414	39,916
Total comprehensive revenue and expense for the year	2,045	-	2,045
Owner transactions:	-	-	-
Balance at 30 June 2026	3,547	38,414	41,961
Balance at 1 July 2024	1,469	38,414	39,883
Total comprehensive revenue and expense for the year	33	-	33
Owner transactions:	-	-	-
Balance at 30 June 2025	1,502	38,414	39,916

Statement of Forecast Cash Flow

for the year ended 30 June 2026

	Budget FY25/26 \$(000)	Forecast FY24/25 \$(000)
Cash flows from operating activities		
Rental Revenue	2,499	2,259
Interest received	240	758
Suppliers	(1,205)	(1,599)
Other receipts/(payments)	-	442
Net cash from operating activities	1,534	1,860
Cash flows from investing activities		
Proceeds from/(acquisition of) assets held for disposal	-	(57)
Purchase of Property, Plant & Equipment	(235)	-
Net cash from investing activities	(235)	(57)
Cash flows from financing activities		
Shareholder Dividend	-	(20,000)
Net cash from financing activities	-	(20,000)
Net Increase/(Decrease) in cash & cash equivalents	1,299	(18,197)
Opening cash and cash equivalents	10,043	28,240
Cash & cash equivalent at end of period	11,342	10,043
Made up of		
Bank balances	11,342	10,043
Total cash	11,342	10,043

NOTES TO THE FORECAST FINANCIAL STATEMENTS

1. Statement of Accounting Policies

Auckland Light Rail Limited (the 'Company' or 'ALR Ltd') is a Crown Entity, registered under schedule 2 of the Public Finance Act and is domiciled in New Zealand.

The Company was incorporated on 22 September 2022 as Auckland Light Rail Limited (ALR Ltd) and is wholly owned by the Crown through the Minister of Transport, Minister of Finance, and the Minister of Housing.

The Company's purpose is to manage an investment property at 317 New North Road, Kingsland which was purchased as a strategic asset in 2023 as part of the original ALR Ltd project which is no longer being pursued.

ALR Ltd commenced operations with effect from 1 November 2022.

2. Basis of Preparation

These forecast financial statements have been prepared in accordance with the requirements of the Public Finance Act and the Crown Entities Act 2004, which includes the requirement to comply with PBE FRS 42, generally accepted accounting practice in New Zealand (NZ GAAP) and the Companies Act 1993. The Company is a Public Benefit Entity (PBE) for financial reporting purposes and reports under Tier 1 PBE standards. The forecast financial statements are presented in New Zealand Dollars (\$000), which is the Company's functional currency and have been prepared on an accrual and historical cost basis. Information contained in these statements may not be appropriate for purposes other than those described.

Actual financial results achieved for the period covered are likely to vary from the information presented, and the variations may be material.

3. Cash and cash equivalents

Cash comprises cash at bank and short-term deposits with a maturity of three months or less.

4. Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

Financial Assets

Financial Assets will be recognized at fair value.

Demand deposits are released to tenants at the expiration of their tenancy based on the requirements included in their agreements.

Trade and other receivables will be received within 30 days of recognition. ALR Ltd will actively manage unpaid debtors beyond 30 days.

After initial measurement, such financial assets are subsequently measured at amount due less an allowance for credit losses.

Financial Liabilities

Financial liabilities are classified as payables. The Company's financial liabilities include trade and other payables.

Trade and other payables are unsecured and are usually paid within 30 days of recognition. Due to their short-term nature they are not discounted.

Tenancy bonds held are derecognized as payable at the expiration of the tenancy based on the requirements included in their agreements.

A financial liability is derecognised when the obligation under the liability is discharged, cancelled, or expires.

5. General Expenses

General expenses includes costs such as insurance, rates, Directors fees and other operating costs.

6. Revenue

Revenue is recognised to the extent that it is probable that the economic benefit will flow to the Company and revenue can be reliably measured. Revenue is measured at the fair value of the consideration received. The following specific recognition criteria must be met before revenue is recognised.

Rental Revenue

Rental revenue under an operating lease is recognised as revenue on a straight-line basis over the lease term and is included in revenue in the statement of financial performance due to its operating nature.

Outstanding customer receivables are monitored monthly and balances >30 days are followed up for recovery.

7. Investment Property

Investment property consist of a single property at 317 New North Road which is measured at fair value at each reporting date. Increases/(decreases) in value are included in the statement of performance.

8. Tax

ALR Ltd is a Public Authority in accordance with the Income Tax Act 2007 (sec CW 38) and consequently is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Items in the financial statements are presented exclusive of GST, except for receivables and payables which are presented on a GST inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense. The net amount of GST is included as part of receivables or payables in the 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 statement of cash flows.

9. Significant Accounting Judgements, Estimates and Assumptions

In preparing these forecast financial statements, ALR Ltd have made judgements, estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Opening balances of the statement of financial position are derived from the best assumptions for the closing balances at 30 June 2025.

These statements comply with Public Benefit Entity Financial Reporting Standard (PBE FRS 42 Prospective Financial Statements).

The significant forecasting assumption used in developing the financial forecasts in the Statement of Performance Expectation is the assumption in the forecast result is that the property will be held for the foreseeable future. If the property is disposed of or transferred before 30 June 2026, the forecast result will be impacted by a reduction to income for the year. As a result, ALR Ltd may be required use a portion of the cash on hand in the dissolution of the Company to cover the costs to fully disestablish the company.



Auckland Light Rail



Auckland Light Rail Limited



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