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Auckland Light Rail Limited

Annual Report

For the year ended 30 June 2026

Contents

Message from the Chair

Dame Fran Wilde

Auckland Light Rail Ltd Board Chair

Since June 2025 Auckland Light Rail Ltd (ALR Ltd) has been managing the property at 317 New North Road, Kingsland following the Shareholding Ministers advice to remove the building from sale and to hold and manage the property until further notice. This has provided some challenges with the current economic landscape and a large proportion of the leases expiring from the beginning of 2026.

ALR Ltd have implemented a lease strategy and capital works programme during the year in line with the Shareholding Ministers expectations.

A major focus has been on securing early lease renewals from the existing tenants as the economic downturn has seen very little movement in tenants' appetite to move premises. This approach has proved mostly successful with longer term lease renewals in some instances and more stabilization in lease expiry dates being spread across multiple years to avoid an expiry cluster such as the current one.

Other areas of disestablishment continue to be delayed as a result of slow decision making by external parties and through no fault of ALR Ltd: namely the transfer of financial, payroll, IP data up to the point ALR was notified to cease operations and disestablish.

Dame Fran Wilde Auckland Light Rail Limited Board Chair / Te Upoko o te Mana Hautū

Auckland Light Rail Ltd Board

Due to the change in the company's purpose, ALR Ltd have two Board members including, Chair Dame Fran Wilde and Leigh Auton, who were tasked with overseeing the efficient and effective management of the company.

Dame Fran Wilde

Board Chair

Dame Fran Wilde, DNZM, QSO has held a distinguished career in national and local politics and held a range of governance roles across the private and public sectors, including infrastructure, finance, arts and education.

Political roles included Member of Parliament, Cabinet Minister, Mayor of Wellington, Chair of the Greater Wellington Regional Council and is currently serving as Mayor of South Wairarapa District Council. She was CEO of the NZ Trade Development Board and has been a Chief Crown Negotiator for Treaty of Waitangi settlements. During the year under review, her governance roles included Board Chair of the Royal New Zealand Plunket Society, the Asia New Zealand Foundation, the Nikau Foundation and the Wellington Lifelines Group. She is a Distinguished Fellow of the NZ IOD.

Leigh Auton

Leigh Auton is an executive leader with extensive governance experience including local and central government, Iwi and not for profit entities.

He was the Independent Chair of the Auckland Light Rail Establishment Unit. He is a former President and Inaugural Fellow of the NZ Planning Institute and, in November 2009, he received a Distinguished Service Award for his significant contribution over many years to the practice of planning. He is a long-time resident of Counties Manukau and the former Chief Executive of Manukau City Council. He has a strong track record in transport infrastructure, including the upgrade of Auckland's heavy rail network, Manukau Rail Station and Te Irirangi Drive.

Performance reporting for the year ended 30 June 2026

Auckland Light Rail Ltd (ALR Ltd) was incorporated on the 22nd of September 2022 and added to schedule 2 of the Crown Entities Act as a Crown Entity company by Order in Council dated 3 October 2022. It was tasked with assuming the roles, functions and work of the previous Establishment Unit which operated as a business unit within the Ministry of Transport.

ALR Ltd are responsible and accountable to its shareholders (the Minister of Transport, the Minister of Finance, and the Minister of Housing) and on 20 December 2023, the shareholding Ministers resolved to amend the purpose of the company in its constitution as follows:
The previous purpose of the Company was to undertake, deliver and construct the Auckland Light Rail Project in the manner contemplated by, and subject to, all decisions made by the Crown. The new purpose of the Company is to manage the Company's disestablishment in a manner that protects the Crown's financial and other interests, which shall involve the Company ceasing all work on the Auckland Light Rail Project and undertaking the necessary disestablishment activities.

The company received a letter of expectations on 14 January 2024 requiring ALR Ltd to cease work on the project and disestablish 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. It is intended that the constitution will be updated in the near future.

Performance Reporting

Reporting against the performance information is on pages 5 to 7.

Disestablishment and transfer or otherwise dispose of any land owned

The windup process for the disestablishment was mostly complete for the year ended 30 June 2024. The company has not been disestablished as at 30 June 2026. This is because ALR Ltd were directed to remove the property from sale at the end of June 2025 and continue to manage the operations until further notice. Final decisions about the disposal of the property sits with the Crown.

ALR Ltd will continue to manage the building until such time as the Shareholding Ministers decide to transfer the property, or until market conditions improve.

Identify and assess intellectual property for transfer to other Crown entities or disposal

Throughout the year ALR Ltd has engaged with Ministry of Transport to enable the transfer of all intellectual property (IP) data and other information gathered by the company in the initial phase of the project.

ALR Ltd transferred all GIS data and associated IP information as well as all bore samples to New Zealand Transport Agency (NZTA) in July 2024.

Work continues with MoT to transfer and dispose the remaining IP data in line with the Public Records Act.

Statement of Compliance

The Statement of Performance Expectations has been prepared in line with the requirements of the Crown Entities Act 2004 which include the requirement to comply with the New Zealand generally accepted accounting practice (NZ GAAP) and the Companies Act 1993. The Performance information has been prepared in accordance with Tier 1 Public Benefit Entity (PBE) reporting standards consistently throughout this period.

Disclosure of Judgements and Assumptions

In preparing the Statement of Performance Expectations, ALR Ltd made the following judgements.

Selection of measures

The performance measure and targets for the year ending 30 June 2026 were established by ALR Ltd and are considered relevant in providing stakeholders and readers with an indication of performance relating to the management of the property at 317 New North Road, Kingsland.

In selecting the performance measure, ALR Ltd was guided by the letter of expectations dated 30 July 2025, as well as direction provided by Cabinet and Shareholding Ministers.
The Statement of Performance Expectation set our performance objective for the financial year. This was agreed with the stakeholders. In undertaking the necessary disestablishment activities our performance focused on the efficient management of the property.

The performance measures have changed from last year as a result of the undertaking of the management activities of the company.

The programme target reflecting the key deliverable of disposing the property is no longer relevant. The Annual Report for FY24/25 provided the final reporting against the measure for that target previously set.

Presentation of measures

We have used the following criteria to rate our actual achievement for the financial year:

- Achieved
- Not achieved

Aggregation of measures

ALR Ltd has not aggregated any measures or made any judgements in determining actual results.

Performance Reporting

The following provides the reporting against the Statement of Performance Expectations for Auckland Light Rail for FY2025/26. Due to changes in the company purpose in June 2025 the Statement of Performance expectations for FY2005/26 was re-drafted based on the letter of expectation received in July 2025 and was not signed until November 2025 which breached sec 149C of the Crown Entities Act 2004 requiring the Statement of Performance Expectations to be prepared before the start of each financial year.

For the year ended 30 June 2026 Auckland Light Rail Ltd did not have any reportable outputs.

Assessment of performance against Statement of Performance Expectations

Assessment of Performance	2026 Actual	2026 Target	2025 Actual
The property (based on the percentage of tenantable area) will meet the average benchmark of other commercial properties within the Kingsland area over the twelve month period or 90%	Achieved	Achieved	Not applicable
Prepare and implement a leasing strategy, completed and adopted by the Board by 31/12/2025	Not achieved	Achieved	Not applicable
Prepare a long term capital & maintenance plan for FY26/27 and beyond including adoption by the Board by 30 June 2026	Achieved	Achieved	Not applicable
Tenant satisfaction survey to be completed annually in the last quarter of the financial year resulting in at least 60% satisfaction rating from tenants	Achieved	Achieved	Not applicable

ALR Ltd has not met the expectation of the leasing strategy being completed and adopted by 31 December 2025. The strategy was engaged during the period however, formal documented signoff was not completed until June 2026.

Reporting against our strategic intentions

ALR Ltd was granted a waiver from the requirement to prepare a statement of intent in May 2024, pursuant to section 139B of the Crown Entities Act 1993 reflecting the cancellation of the Auckland Light Rail project and the intention that it be removed from the register under the Companies Act 1993.

ALR Ltd as a good employer

As part of the disestablishment of ALR Ltd all staff were terminated in April 2024. There is no reporting for the FY25/26 financial year.

Financial statements

Corporate directory

Board

Dame Fran Wilde - Chair
Leigh Auton

Senior Management

Auckland Light Rail did not employ any staff in FY25/26

Bankers

Bank of New Zealand

Auditors

The Audit Office

Registered Office

Simpson Grierson
Level 27, 88 Shortland Street
Auckland Central
Auckland 1010

Solicitors

Buddle Findlay Ltd
P O Box 2694
Wellington, 6140
Simpson Grierson
Private Bag 92518
Auckland, 1141

Statement of responsibility

Auckland Light Rail Ltd is a Crown Entity registered under schedule 2 of the Crown Entities Act 2004.

The Board is responsible for the preparation of the financial statements, performance information and any end of year performance information provided by ALR Ltd in accordance with the Public Finance Act 1989, the Crown Entities Act 2004 and the Companies Act 1993.

The Board is responsible for establishing and maintaining a system of internal controls designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting. In the opinion of the Board, the financial statements and performance information for the year ended 30 June 2026 fairly reflect the financial position and operations of ALR Ltd at that date.

Dame Fran Wilde	Leigh Auton
14 August 2026	14 August 2026

Statement of financial performance

For the year ended 30 June 2026

	Note	Actual 2026 $(000)	Actual 2025 $(000)	Budget 2026 $(000)
Revenue				
Rental revenue	**2**	2,018	2,014	2,168
Interest revenue	**2**	244	772	240
Other revenue		734	495	606
Total revenue		**2,996**	**3,281**	**3,014**
Expenses				
Professional services	**3**	582	606	505
IT expenses	**4**	147	216	191
General expenses	**5**	725	656	642
Insurance expenses		108	169	132
Impairment of property		-	1,625	(500)
Fair value adjustment	**10**	2,170	-	-
Total expenditure		**3,732**	**3,272**	**969**
Surplus/(deficit) for the year		**(736)**	**9**	**2,045**
Total comprehensive revenue and expense for the year		**(736)**	**9**	**2,045**

This statement is to be read in conjunction with the notes to the financial statements.
Explanations of major variances against budget are provided within the notes to the financial statements.

Statement of financial position

As at 30 June 2026

	Note	Actual 2026 $(000)	Actual 2025 $000	Budget 2026 $(000)
Assets				
Cash and cash equivalents	**7, 14**	11,072	9,913	11,317
Demand deposits	**7, 14**	14	25	25
Trade and other receivables	**8, 14**	130	28	-
Prepayments	**8**	49	59	58
Total current assets		**11,265**	**10,025**	**11,400**
Non-current assets				
Prepayments	**8**	51	64	50
Investment property	**9**	28,000	30,000	30,735
Total non-current assets		**28,051**	**30,064**	**30,785**
Total assets		**39,316**	**40,089**	**42,185**
Liabilities				
Accounts payable and accruals	**11, 14**	145	173	200
Tenancy Bonds held	**6, 14**	14	24	24
Total current liabilities		**159**	**197**	**224**
Total liabilities		**159**	**197**	**224**
Net assets		**39,157**	**39,892**	**41,961**
Equity				
Contributed capital (ordinary shares)	**12**	38,414	38,414	38,414
Accumulated surplus/(deficit)		743	1,478	3,547
Total equity		**39,157**	**39,892**	**41,961**

This statement is to be read in conjunction with the notes to the financial statements.
Explanations of major variances against budget are provided within the notes to the financial statements.

Statement of changes in equity

For the year ended 30 June 2026

	Contributed capital $(000)	Accumulated surplus/ (deficit) $(000)	Total $(000)
Opening Balance at 1 July 2025	**38,414**	**1,478**	**39,892**
Total comprehensive revenue and expense for the year		(736)	(736)
Balance at 30 June 2026	**38,414**	**743**	**39,157**
Opening Balance at 01 July 2024	**38,414**	**1,469**	**39,883**
Total comprehensive revenue and expense for the year		9	9
Balance at 30 June 2025	**38,414**	**1,478**	**39,892**

This statement is to be read in conjunction with the notes to the financial statements.

Statement of cashflows

For the year ended 30 June 2026

	Note	Actual 2026 $(000)	Actual 2025 $000	Budget 2026 $(000)
Cash flows from operating activities				
Rental income		1,916	2,021	2,499
Interest received		244	772	240
Suppliers		(1,557)	(1,539)	(1,205)
Other receipts/(payments)		726	476	-
Net cash from operating activities		**1,329**	**1,730**	**1,534**
Cash flows from investing activities				
Additions from capital expenditure		(170)	-	(235)
Proceeds from/ (acquisition of) property, plant and equipment		-	(57)	-
Net cash from investing activities		**(170)**	**(57)**	**(235)**
Cash flows from financing activities				
Payment of shareholder dividend	**12**	-	(20,000)	-
Net cash from financing activities		**-**	**(20,000)**	**-**
Net (decrease)/increase		**1,159**	**(18,327)**	**1,299**
Opening cash and cash equivalents		9,913	28,240	10,043
Closing cash and cash equivalents		**11,072**	**9,913**	**11,342**
Made up of				
Cash at bank		11,072	9,913	11,342
Total cash and cash equivalents	**7**	**11,072**	**9,913**	**11,342**

This statement is to be read in conjunction with the notes to the financial statements.
Explanations of major variances against budget are provided within the notes to the financial statements.

Reconciliation of operating surplus with net cash from operating activities

	30 June 2026 $(000)	Actual 2025 $(000)	Budget 2026 $(000)
Surplus/(deficit) for the year	(736)	9	2,045
Adjustments for:			
Rental accrued (not received)	-	(28)	-
Fair value adjustment	2,170	1,625	(500)
Operating Expenditure Accruals	1	96	-
Working capital movements:			
(Increase)/Decrease in Accounts receivables, prepayments and other assets	(68)	319	28
Increase/(Decrease) in Accounts payables, accruals and other liabilities	(38)	(291)	(39)
Cash generated from operating activities	**1,329**	**1,730**	**1,534**

This statement is to be read in conjunction with the notes to the financial statements.

Notes to the financial statements

1. Statement of accounting policies

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

The Company was incorporated on 22 September 2022 and is wholly owned by the Crown through the Minister of Transport, Minister of Finance and the Minister of Housing.

The Company was set up to develop a detailed plan and Business Case for the Auckland Light Rail project to enable the Crown to make a final investment decision and does not operate to make a financial return. ALR Ltd commenced operations with effect from 1 November 2022.

In January 2024 ALR Ltd was instructed to cease work on the Project and initiate a process to wind up the Company as soon as possible, including the disposal of remaining property.

In June 2025, Shareholding Ministers advised ALR Ltd to withdraw the property from the open market and continue to manage the property on behalf of the Crown until further notice.

ALR Ltd is designated as a public benefit entity (PBE) for financial reporting purposes.

The financial statements are for the year ended 30 June 2026 and were approved by the Board.

Basis of Preparation

The financial statements have been prepared on a going concern basis. However, there are factors which give rise to uncertainty about the future of the Company.

As described above, in June 2025 Shareholding Ministers advised ALR Ltd to remove from the market the property that was held for sale and requested the Company to continue to manage it until a final decision can be made on its future use.

Government agencies are still to determine the future of the property, given its strategic location and the significant relevance of this for future Government projects.

Therefore, it is expected the property will be held for more than twelve months from adoption of the financial statements.

No decisions have been made to wind up the Company while the property is still held.

However, as the continued operations of the Company depends on the timing and outcome of ministerial decisions about the future of the property and the Company, there is uncertainty in respect to going concern.

The Company is self-funded by income received from the property as well as cash reserves and is expected to have sufficient funds available to continue operations through this decision making period.

There has been no change to the basis of preparation from the previous financial year.

Statement of Compliance
These financial statements have been prepared in accordance with the requirements of the Public Finance Act 1989 and the Crown Entities Act 2004, which includes the requirement to comply with 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.

Measurement Base
The Financial Statements have been prepared on an accruals basis and are based on the historical cost convention as modified by the revaluation of certain assets and liabilities as identified in the significant accounting policies. This includes the revaluation of the investment property at fair value through other comprehensive revenue and expenses. There is no change to the measurement base used for FY 2024/25.

Presentation Currency and Rounding
The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000).

New or Amended Standards Adopted

There have been no new or amended standards adopted.

Other changes in accounting policies

There have been no changes in ALR Ltd's accounting policies since the date of the last audited financial statements.

Standards issued and not yet effective and not early adopted
Standards and amendments issued but not yet effective and not early adopted are:

<u>2024 Omnibus Amendments to PBE Standards (amendments to PBE IPSAS 1)</u>
This amendment clarifies the principles for classifying a liability as current or non-current and applies to financial reports covering periods beginning on or after 1 January 2026.

<u>PBE IFRS 17 Insurance Contracts</u>
This new standard establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts and will replace PBE IFRS 4. This applies to financial reports covering periods beginning on or after 1 January 2026.

The standards and interpretations that are issued, but not yet effective, up to the date of issuance of the Company's financial statements are unlikely to have an impact on the Company's financial position, performance, and/or disclosures.

Summary of Significant Accounting Policies
Specific accounting policies are disclosed in the notes to which they relate. All other accounting policies that do not relate to a specific disclosure note are outlined below.

Income 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.

Goods and Services 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 recoverable from or payable to the IRD 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.

Budget figures
The budget figures are derived from the Statement of Performance expectations as approved by the Board. The budget figures have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with the company being a going concern.

Significant accounting judgements, estimates and assumptions
In preparing these financial statements, ALR Ltd has made estimates and assumptions concerning the future. These estimates and assumptions might 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:

- The value of the Property held for investment – see note 9.

The significant estimates and assumptions are highlighted in the relevant note.

2.Revenue

Accounting Policy
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.

The specific accounting policies for significant items are explained below:

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.

Explanation of major variances against budget
Rental revenue was $0.15 million behind budget. The variance to budget was due to vacancies not filled. The rental revenue relates to the property at 317-319 New North Road, Kingsland.

Interest revenue
Interest revenue is recognised by accruing on a time proportion basis. Interest is received on the cash held at the bank and is included in revenue in the statement of financial performance.

3. Professional services

Professional services are services provided by external consultants including governance, financial, administration and property expert services, property management and valuation activities.

Types of Professional Services	30 June 2026 $(000)	30 June 2025 $(000)
Legal Fees & Disbursements - Consultants	37	34
Other	545	572
Total	582	606

Explanation of major variances against budget
Professional services were over budget by $77k. This is a result of managing lease negotiations, a change to the property management services and additional hours required to change focus to investment property management.

4. IT expenses

IT expenses include information technology support costs, computer software, licenses and maintenance costs required for business operations.

	30 June 2026 $(000)	30 June 2025 $(000)
IT Support	23	51
Computer Software	78	84
Computer Licences	46	43
Software Maintenance	-	38
Total IT Expenses	**147**	**216**

5. General expenses

General expenses include costs such as audit fees, Directors fees and other operating costs.

Breakdown of other expenses and further information:

	30 June 2026 $(000)	30 June 2025 $(000)
Fees Incurred for Services Provided by our Audit Firm		
During the year, the following fees were incurred for services provide by our audit firm:		
- Audit of the financial report*	105	122
- Additional Audit fees for prior financial year*	8	16
Total fees incurred for services by the audit firm	**113**	**138**
Directors Fees	115	124
Property rate expenses	166	157
Travel and accommodation	1	-
Other expenses**	330	237
Total General Expenses	**725**	**656**

* ALR Ltd's financial statements for the year (the "financial report") are audited by The Audit Office. There were no significant disbursements paid.

*** Other expenses include cleaning, utilities, and repairs & maintenance costs incurred on the property.*

No donation was made during the year (2025: $Nil).

Explanation of major variances against budget

General expenses were $83k over budget due to significant repair costs of $63k incurred due to an external power failure. Costs were recovered via insurance and are included in other income.

6. Operating leases

Accounting Policy

Operating lease commitments - Company as a lessee

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased items to the Company. Operating lease payments are recognised as an operating expense in surplus or deficit on a straight-line basis over the lease term.

The Company had no commercial nor rental property leases in FY25/26.

Operating lease commitments - Company as a lessor

Investment property is leased under operating leases. Rent received from an operating lease is recognised as income on a straight-line basis over the lease term. Contingent rents are recognised as revenue in the periods in which they are earned.

The Company has entered into commercial and rental property leases on its property portfolio consisting of the Company's building at 317 – 319 New North Road. These non-cancellable leases have remaining terms under six years. Each lease includes a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June are as follows:

	30 June 2026 $(000)	30 June 2025 $(000)
Less than one year	1,779	2,090
One to five years	3,111	2,987
More than five years	50	-
	4,940	**5,077**

Bank guarantees
Ten tenants have provided bank guarantees of $0.82m (2025: $0.48m) in favour of ALR Ltd to secure their lease obligations.

Tenancy bonds
Tenancy bonds of $14k (2025: $24k) are held in a trust account on behalf of the tenants of the property at 317-319 New North Road, Kingsland and the use of these funds is restricted (see Note 14).

Restrictions
The Shareholding Ministers have directed that the property is to be held and managed until further notice, and accordingly it cannot currently be sold without Ministerial approval (see Note 9).

7. Cash and cash equivalents

Accounting Policy
Cash and cash equivalents include cash on hand and held on call.

	30 June 2026 $(000)	30 June 2025 $(000)
Cash at bank	11,072	9,913
	11,072	**9,913**

Cash at bank earns interest at floating rates based on daily bank deposit rates.

While cash and cash equivalents at 30 June 2026 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is trivial.

Demand Deposits
Demand deposits of $14k (2025: $24k) relate to commercial tenancy bonds held in an interest-bearing trust account. These bonds are held on behalf of the tenants of the property at 317-319 New North Road, Kingsland and the use of these funds is restricted. Demand deposits are released to tenants at the expiration of their tenancy based on the requirements included in their agreements.

8. Trade and other receivables

Accounting Policy

Short-term receivables are recorded at the amount due, less an allowance for expected credit losses (ECL). ALR Ltd applies the simplified ECL model of recognising lifetime ECLs for short-term receivables.

In measuring expected credit losses, short-term receivables have been assessed on a collective basis as they possess shared credit risk characteristics. These have been grouped based on the days past due.

Prepayments relates to insurance premiums paid in advance and are recognised as both current and non-current assets. The insurance provides for statutory and general liability insurance.

	30 June 2026 $(000)	30 June 2025 $(000)
Current		
Trade receivables	76	-
Sundry receivables	54	28
Prepayments	49	59
	179	87
Non-Current		
Prepayments	51	64
Trade and other receivables and prepayments	**230**	**151**
Trade and other receivables and prepayments comprise:		
Trade and other receivables from exchange transactions		
Trade receivables	76	-
Sundry receivables	54	28
Trade and other receivables from exchange transactions	**130**	**28**
Trade and other receivables and prepayments from non-exchange transactions		
Prepayments	100	123
Trade and other receivables and prepayments from non-exchange transactions	**100**	**123**

As at 30 June, the aging analysis of trade receivables was:

	$(000) 0–30 days	$(000) 30–60 days	$(000) 60–90 days	$(000) >90 days
Trade receivables 30 June 2026	66	-	-	10
Trade receivables 30 June 2025	-	-	-	-

The estimation techniques or significant assumptions used in measuring the expected credit loss allowance during the reporting period are based on the trend over the 12-month period.

As at 30 June 2026, there were 5 (2025: 5) property debtors with total outstanding balances of $10k (2025: 44k). No provision for credit losses or allowances have been recognised because the estimated loss allowance for credit losses is trivial.

Explanation of major variances against budget
Due to a change in property management, operational changes have been made to allow property managers to retain minimal funds to pay expenses as they are received. As at balance date $66k is being held which ALR Ltd can request at any time. This was not included in the FY25/26 budget.

9. Investment Property

Accounting Policy
Management applied PBE IPSAS 16 Investment Property within its annual report to 30 June 2026. A property leased to third parties under operating leases is classified as investment property unless it is held to meet service delivery objectives rather than to earn rentals or for capital appreciation.

Recognition and measurement
Where an investment property is acquired through a non-exchange transaction, its cost is measured at its fair value as at the date of acquisition.

After initial recognition, investment property is measured at fair value each balance date, with changes in fair value recognised in surplus or deficit for the period in which they arise.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are included in surplus or deficit.

Judgments in Applying Accounting Policy
Auckland Light Rail Ltd owns 317-319 New North Road, Kingsland property that had previously been classified as non-current assets held for disposal. Following the June 2025 decision by the Shareholding Ministers to retain the property, it was reclassified to investment property. The property is valued at 30 June each year in accordance with PBE IPSAS 16. The Shareholding Ministers will reassess the conditions for a possible sale in the future as the market adjusts to the impact of City Rail Link operations, any changes made to the Auckland Unitary Plan, and underlying market. Given the current use of the property and ALR Ltd funding its operations using rental revenue received, this property has been classified as an investment property.

Movement in the balance of Investment Property is shown below:

	30 June 2026 $(000)	**30 June 2025 $(000)**
Property value at 1 July	30,000	-
Addition from reclassification of non-current assets held for disposal to investment property	-	31,625
Additions from capital expenditure	170	-
Impairment of property	-	(1,625)
Fair value adjustment (see note 10)	(2,170)	-
Balance at 30 June	**28,000**	**30,000**

Estimating the fair value of land and buildings
The company engages external, independent, and qualified valuers to determine the fair value of its investment properties at the end of every financial year. At 30 June 2026 the valuation of investment property was performed by J McKenzie (Associate Director) and C Waalkens (Director), registered valuers from Bayleys Valuations Limited (2025: CBRE). Bayleys Valuations Limited are experienced valuers with extensive market knowledge in the types and location of investment properties within New Zealand and globally.

The basis of valuation is market value, based on the property's highest and best use. The fair value of investment property has been determined using the Capitalisation of Income and discounted cash flow approaches. The valuation takes into account current rental income, expected future income and costs, recent market evidence for similar properties, and factors such as vacancies, lease expiries and tenant incentives. Future cash flows are adjusted to reflect their value in today's dollars.

The principal assumptions used in establishing the valuations were as follows:

Inputs used to measure fair value	30 June 2026		30 June 2025	
	Range of significant inputs	Weighted average	Range of significant inputs	Weighted average
Market rent (per sqm)	$419-$489	$453	$360-$370	$367
Market rent - car park (per week)		$65	$50 -$75	$61
Core capital value ($/m2)		$6,118		-
Market capitalisation rate		6.75%	7.00% - 7.25%	6.625%
Terminal capitalisation rate		7%	6.38% - 7.38%	6.875%
Discount rate		7.75%	8.00% - 8.25%	8.125%
Rental growth rate (per annum)		2.42%	1.92% - 3.50%	2.65%

Information about the revenue and expenses in relation to investment property is detailed below:

	30 June 2026 Actual $(000)	30 June 2025 Actual $(000)
Rental revenue	2,018	2,014
Direct operating expenses for investment property generating rental revenue	671	500
Direct operating expenses for investment property not generating rental revenue	-	-
Contractual obligations for capital expenditure	225	57
Contractual obligations for operating expenditure	-	-

Leasing Arrangements
The property is leased to tenants under operating leases with non-cancellable terms generally ranging from 1 to 6 years. Renewal rights exist in certain agreements. Tenants are responsible for outgoings such as rates, insurance, and utilities.

- **Bank guarantees**: disclosed in Note 6.
- **Minimum future lease payments receivable**: disclosed in Note 6.

10. Fair value adjustment

Recognition and measurement
Each year the property is valued in accordance with PBE IPSAS 16. The adjustment in the current year relates to the fair value loss in the value of the property. Refer to note 9.

Fair value gains/(losses) are recognised in the surplus or deficit in the Statement of Financial Performance.

	30 June 2026 $(000)	30 June 2025 $(000)
Fair value adjustment	(2,170)	-

11. Accounts payable and accruals

Accounting Policy
Accounts payable and accruals represent liabilities of goods and services provided to the entity that have not been paid at the end of the financial year.

Short-term payables are recorded at the amount payable.

Breakdown of Accounts payable and accruals and further information

	30 June 2026 $(000)	30 June 2025 $(000)
Trade payables	110	49
GST payable	9	19
Accrued expenses	26	105
Accounts Payable and Accruals	**145**	**173**
Payables and accruals under exchange transactions		
Trade payables	110	49
Accrued expenses	26	105
Total payables and accruals under exchange transactions	136	154
Payables and accruals under non-exchange transactions		
GST payable	9	19
Total payables and accruals under non-exchange transactions	9	19

Explanation of major variances against budget
Accounts payable and accruals were $54k under budget. Less property works were being carried out at the end of this financial year.

12. Equity

Accounting Policy

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

- Accumulated Surplus/(Deficit)
- Contributed Capital

Accumulated surplus/(deficit) is the Company's accumulated comprehensive revenue and expense since the formation of the Company.

Contributed capital represents the initial funding amount paid in consideration for the issuance of shares in ALR Ltd, capital injections and dividends paid.

Ordinary Shares

Right, preferences, and restrictions attached to the ordinary shares are:

- Every share in the Company must be held on behalf of the Crown by a Minister of the Crown.
- Neither the Board nor any other person may issue any shares, or securities convertible into shares, or options to acquire shares, in the Company unless the issue (including the terms of the issue) is expressly authorised in writing by the Shareholders.

90 Ordinary shares were authorised, issued and paid for in full at a par value of $277,777 on an equal basis across each of the Shareholders.

2026	Minister of Finance	Minister of Transport	Minister of Housing	Total number of shares	Total value of shares
Number of shares	30	30	30	**90**	
Total $ value of shares on issuance	8,333,333	8,333,334	8,333,333		**25,000,000**
Total ordinary shares 2026					**25,000,000**

2025	Minister of Finance	Minister of Transport	Minister of Housing	Total number of shares	Total value of shares
Number of shares	30	30	30	**90**	
Total $ value of shares on issuance	8,333,333	8,333,334	8,333,333		**25,000,000**
Total ordinary shares 2025					**25,000,000**

Shareholder Dividend

No dividend was distributed to the Shareholders during the year (2025: $20m). No shareholder dividend was declared to the Shareholders during the year (2025: nil, this was declared in FY23/24 and was included as a dividend payable in current liabilities on the Statement of Financial Position).

Capital Injections
Capital injections relate to funding received from ALR Ltd's capital appropriation for the purchase of fixed assets on commencement of the Company. No capital injection was received during the year (2025: nil).

Capital Management
ALR Ltd's capital is its equity, which comprises accumulated surplus/(deficit) and contributed capital. Equity is represented by net assets.

ALR Ltd is subject to the financial management and accountability provisions of the Crown Entities Act 2004, which impose restrictions in relation to borrowings, acquisition of securities, issuing of guarantees and indemnities, and the use of derivatives.

ALR Ltd has complied with the financial management requirements of the Crown Entities Act 2004 during the year.

ALR Ltd manages its equity by prudently managing revenues, expenses, assets, liabilities, investments and general financial dealings to ensure that ALR Ltd effectively achieves its objectives and purpose, while remaining a going concern.

13. Related parties

ALR Ltd is controlled by the Crown.

Transactions with other government agencies (e.g., government departments and Crown entities) are not disclosed as related party transactions when they are on normal terms and conditions consistent with the normal operating arrangements between government agencies.

i) Key management personnel
Key management personnel include the senior management team and the Board of Directors.

	FTE	Number of Personnel	30 June 2026 $(000)	FTE	Number of Personnel	30 June 2025 $(000)
Leadership Team	0.6	2	321	0.49	2	283
Directors		2	115		2	124
			436			**407**

	Number of Personnel	Remuneration $(000)	Incentive $(000)	Benefits $(000)
Executive remuneration (excluding Chief Executive)				
FY26	2	321	-	-
FY25	2	283	-	-

*The company has not had a Chief Executive since 31 March 2024.

Key management personnel did not receive any remuneration or compensation other than in their capacity as key management personnel. If the number of personnel were reported as FTE number of Leadership Team members would have been 0.6 FTE (2025: 0.49 FTE).

The Company did not provide any compensation at non-arm's length terms to close family members of key management personnel during the year (2025: Nil).

The Company did not provide any loans to key management personnel or their close family members (2025: Nil).

No Directors received compensation or other benefits in relation to cessation (2025: Nil).

14. Financial assets and liabilities and financial risk management

Accounting Policy

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 were initially recognised 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 are usually received within 30 days of recognition. ALR Ltd actively manages 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 derecognised 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.

i) The table below summarises the maturity profile of the Company's financial liabilities which show the timing of the cash outflows and the maturity profiles of financial assets held by the Company which are readily saleable or expected to generate cash inflows to meet the cash outflows of the financial liabilities. The amounts disclosed are undiscounted contractual cashflows.

	30 June 2026 $(000)	30 June 2025 $(000)
Financial assets (at amortised cost)		
Cash and cash equivalents	11,072	9,913
Demand deposits	14	25
Trade and other receivables	130	28
	11,216	**9,966**
Financial liabilities (at amortised cost)		
Trade payables	110	49
Accrued expenses	27	105
Tenancy bonds held	14	24
	151	**178**

30 June 2026	Carrying amount $(000)	On demand $(000)	Less than six months $(000)	Six to twelve months $(000)	Total contractual cashflows $(000)
Non-derivative financial assets					
Cash and cash equivalents	11,072	11,072	-	-	**11,072**
Demand deposits	14	14	-	-	**14**
Trade and other receivables	130	130	-	-	**130**
Total non-derivative financial assets	**11,216**	**11,216**	-	-	**11,216**
Non-derivative financial liabilities					
Trade payables	110	110	-	-	**110**
Accrued expenses	27	27	-	-	**27**
Tenancy bonds held	14	14	-	-	**14**
Total non-derivative financial liabilities	**151**	**151**	-	-	**151**
Net contractual cashflows	**11,065**	**11,065**	-	-	**11,065**

30 June 2025	Carrying amount $(000)	On demand $(000)	Less than six months $(000)	Six to twelve months $(000)	Total contractual cashflows $(000)
Non-derivative financial assets					
Cash and cash equivalents	9,913	9,913	-	-	**9,913**
Demand deposits	25	25	-	-	**25**
Trade and other receivables	28	28	-	-	**28**
Total non-derivative financial assets	**9,966**	**9,966**	**-**	**-**	**9,966**
Non-derivative financial liabilities					
Trade payables	49	49	-	-	**49**
Accrued expenses	105	105	-	-	**105**
Tenancy bonds held	24	24	-	-	**24**
Total non-derivative financial liabilities	**178**	**178**	**-**	**-**	**178**
Net contractual cashflows	**9,788**	**9,788**	**-**	**-**	**9,788**

ii) Financial instrument risks
The Company's risk policies identify and analyse the risks faced by the Company and set appropriate risk levels and controls to monitor those risks.

a) Market risk
Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

b) Credit risk
Credit risk is the risk that one party will default on its obligation to ALR Ltd causing it to incur a loss.

The Company is mainly exposed to credit risk from its financial assets, and the maximum exposure to credit risk at balance date is represented by the total amount of financial assets in the statement of financial position:

• Cash and cash equivalents
• Demand deposits
• Trade and other receivables

The Company manages credit risk by analysing the credit worthiness of its customers. On call deposits are placed with Bank of New Zealand which has a long-term AA- credit rating by Standard & Poor's rating agency as at June 2026.

c) Liquidity risk
Liquidity risk is the risk that the Company will have difficulty meeting the obligations associated with its financial liabilities. ALR Ltd's approach to managing liquidity is to ensure that it has sufficient liquidity to meet its liabilities when they are due. The Company manages liquidity risk by continuously monitoring forecast and actual cash flow requirements.

d) Counterparty risk
Counterparty risk is the likelihood or probability that one of those involved in a transaction might default on its contractual obligations. ALR Ltd no longer has any key contractual counterparties.

Sensitivity analysis
As ALR Ltd does not have a net exposure to a change in currencies at 30 June 2026, if the NZD had weakened/strengthened against any currencies, with all variables held constant, there would be no impact on ALR Ltd's deficit or surplus for the year.

15. Contingencies

ALR Ltd has no contingent liabilities or assets as at 30 June 2026 (2025: Nil).

16. Subsequent events

There have been no significant events after balance date.

17. Capital commitments

At 30 June 2026, the Company had capital commitments of up to $225k of tenant incentives relating to tenant fit out as part of recent lease renewals (2025: Nil).

Remuneration and governance disclosures

Employee remuneration bands

ALR Ltd does not employ any staff. As a result there is no remuneration paid or payable that is or exceeds $100,000:

Severance payments

No termination benefits relating to severance amounts were paid to employees in 2026 (2025: Nil) as a result of reorganisation of the Company.

Redundancy payments

No termination benefits relating to redundancy amounts were paid in 2026 (2025: nil) as a result of the disestablishment of the Company.

Directors' remuneration

(Included in general expenses in the Statement of Financial Performance).
The total value of remuneration paid or payable to each Board member during the year was:

	30 June 2026 $(000)	**30 June 2025 $(000)**
Dame Fran Wilde (Chair)	77	82
Leigh Auton	38	41
	115	**123**

Auckland Light Rail Ltd did not have any additional committees, therefore, there were no payments made to committee members appointed by the Board who are not Board members during the year.

Leo Foliaki ceased being a Director in FY23/24 but continued to provide advisory services to the Board during FY25/26 and was remunerated $3k for these services (2025: $4k).

Indemnities and insurance

In accordance with section 162 of the Companies Act 1993 and ALR Ltd’s Constitution ALR Ltd has provided a deed of indemnity to Directors for certain activities undertaken in the performance of ALR Ltd's functions. ALR Ltd has taken out Directors' and Officers' Liability and Professional Indemnity insurance cover during the financial year in respect of the liability or cost of Directors and employees.

No Board members received compensation or other benefits in relation to cessation (2025: Nil).

Directors’ Interests

In accordance with Section 211(1)(e) of the Companies Act 1993, below are the details of entries made in the interests register of ALR Ltd during the financial year.

Dame Fran Wilde	• Chair of the Royal New Zealand Plunket Trust** • Chair of Asia New Zealand Foundation ** • Chair of Nikau Foundation • Chair of Wellington Lifelines Group • Director of Frequency NZ Limited** • Director of Fran Wilde & Associates Limited • Director of Destination Wairarapa ** • Mayor South Wairarapa District Council*
Leigh Auton	• Director of Auton & Associates Limited

*Entry added by notice given by the director during the financial year.
**Entry removed by notice given by the director during the financial year.

Directors' meeting attendance

Attendance by each Director was as follows:

ALR Meeting attendance	ALR Board meetings
Total number of meetings held	**5**
Dame Fran Wilde	5
Leigh Auton	5

Information used by Directors

There were no notices from Directors requesting to disclose or use Company information in their capacity as Directors that would not otherwise have been available to them.

Independent Auditor's Report

To the readers of Auckland Light Rail Limited's financial statements for the year ended 30 June 2026

The Auditor-General is the auditor of Auckland Light Rail Limited (the Company). The Auditor-General has appointed me, JR Smail, using the staff and resources of The Audit Office, to carry out the audit of the financial statements on his behalf.

Opinion

We have audited:

- the financial statements of the Company that comprise the statement of financial position as at 30 June 2026, the statement of financial performance, 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 policy information and other explanatory information on pages 11 to 31.

In our opinion:

- The financial statements of the Company present fairly, in all material respects, its financial position as at 30 June 2026, and its financial performance and cash flows for the year then ended, in accordance with Public Benefit Entity Report Standards.

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 audit opinion.

Responsibilities of the Board for the financial statements

The Board is responsible on behalf of the Company for preparing financial statements that fairly present the Company's financial position, financial performance, and its cash flows, and comply with Public Benefit Entity Standards.

The Board is responsible for such internal control as it determines is necessary to enable it to prepare financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the Board is responsible on behalf of the Company for assessing the Company's ability to continue as a going concern. The Board is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to merge or to terminate the activities of the Company, or there is no realistic alternative but to do so.

The Board's responsibilities arise from the Crown Entities Act 2004.

Responsibilities of the auditor for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 the financial statements.

For the budget information reported in the financial statements, our procedures were limited to checking that the information agreed to the Company's statement of performance expectations.

We did not evaluate the security and controls over the electronic publication of the 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 risks of material misstatement of the 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 Company's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company'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 information we audited 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 Company to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Board 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.

Other information

The Board is responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the financial statements, and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Company in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* as applicable for audits of public interest entities 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 Company.

JR Smaill
The Audit Office
On behalf of the Auditor-General
Auckland, New Zealand
14 August 2026