UPL LIMITED PARTNERSHIP

ANNUAL REPORT

THE YEAR ENDED 30 JUNE 2025

55 Britannia Street, Petone

PARTNERSHIP REPORT

We are pleased to report on the performance of the UPL Limited Partnership (the Partnership) for the 2024/2025 Financial Year (FY). The Partnership achieved a profit of $487K

During the 2024/25 FY, the nationwide residential construction and property development sector experienced significant shifts. After several years of heightened activity, escalating property values, and market volatility, the industry entered a phase of recalibration, marked by restrained optimism and emerging opportunities despite ongoing challenges.

Residential construction volumes declined by approximately $1 billion compared to the previous year. This downturn was primarily driven by rising interest rates, decreasing housing affordability, reduced developer confidence, and a general slowdown in projects as many investors adopted a wait-and-see approach.

While building consent numbers fell sharply, construction costs saw a modest increase, highlighting the continued pressure on project viability despite reduced activity levels. Population growth remained out of step with new housing supply, leading to increased instances of land banking, particularly by local developers anticipating a market rebound.

The Wellington region and Auckland were among the most impacted areas, with Wellington experiencing a notable 25% drop in property values over the period.

This FY the priority and focus was on the completion of two development projects on behalf of the UPL Group:

- 15-19 Brook Street, Waterloo (*see Completed / Current Projects section, below*)
- 55 Britannia Street, Petone (*see Completed / Current Projects section, below*)

Strategy

The Board and the management of the Partnership continue to pursue their strategic focus during the year with an emphasis on:

1.1 Developing land in a manner that maximises its value at an appropriate level of risk for the investment of funds; and
1.2 Carrying out business undertakings in common with Urban Plus Limited, with a view to deriving profits from development projects for the purpose of funding the growth of our housing portfolio for the elderly; and
1.3 Looking to establish relationships with the Ministry of Housing and Urban Development and Community Housing Providers to establish new opportunities of mutual benefit.

Financial Performance

The Partnership was at a surplus of $487K for the 2024/2025 FY on total revenues of $12,705K.

The year's financial performance indicates an unfavourable variance of $2,593K against a budgeted surplus of $3,080K. This was mainly due to slow sales, with not all units being sold as of 30 June 2025, resulting in increased holding costs. Additionally, the reduction in property values led to revenue from sales being much lower than anticipated.

Dissolution of the Limited Partnership

UPL Group had intended to dissolve the UPL Limited Partnership within the 2024/25 FY. However, due to a sluggish market and low sales volumes from completed projects, this did not occur. Once the revenues and final financial wash-up from the Petone and Waterloo projects are concluded, the Limited Partnership will be dissolved.

Homestar 6 – Design & Construction

In alignment with one of our key Statement of Intent drivers, all current Partnership development projects are designed and constructed to achieve a minimum Homestar 6 rating. This supports the Shareholder's target of becoming carbon neutral by 2030. It is pleasing to note that the 15–19 Brook Street and 55 Britannia Street projects have both achieved Homestar 6 Design and Build accreditation from the New Zealand Green Building Council.

UPLLP's perspective on the Housing Market

The Wellington residential housing market experienced a 25% drop in property values over the past 12 - 18 months, which has had a significant impact on our development project financials. Forecast revenues from business cases approved prior to the decline are now considerably lower than they were when the projects commenced. With multiple projects scheduled for completion in the latter part of this FY, the market has clearly softened, and purchasers now face both an oversupply of new home products and the opportunity to purchase existing (i.e., non-new) homes with larger backyards - an attractive alternative to the smaller outdoor spaces typically offered by townhouse developments.

Recent and current market conditions have shown that purchasers are reluctant to buy 'off the plan', instead choosing to wait for potential price reductions or interest rate drops before making a move. As a result, developers are also having to wait, often timing sales for when projects are fully completed.

There has been no notable increase in property values or purchaser activity, despite expectations from market commentators. Furthermore, the recent drops in the Official Cash Rate (OCR) have not resulted in any significant uplift in property values, contrary to some forecasts.

Kāinga Ora's decision to cease (and eventually divest from) or defer its residential build programme has resulted in a wider pool of contractors and suppliers being available for UPL-led projects. While this has provided some benefit to business case pricing, increases in rates and insurance premiums have had a counterbalancing effect. Additionally, the oversupply of townhouse products in the local market has given purchasers a broad range of options in both product and pricing. In some cases, developers - including UPL - have had to recalibrate their sales pricing downward to align with market expectations and achieve sales.

A note re: 55 Britannia Street

The original intent for 55 Britannia Street was to partner with and develop the site for a Community Housing Provider (CHP). However, during the project's lifecycle, the Government made several changes to its funding settings and regional placement numbers. Despite our best efforts, we were ultimately unsuccessful in securing a CHP partner. As a result, we were forced to change the intended end-user and made the decision to pivot towards selling individual homes on the open market. During this same period, local property values declined by 25%, as previously noted, which significantly impacted our ability to achieve the forecasted returns.

Closing comments

Our focus remains on ensuring the Limited Partnership exits its final two projects successfully, maximising value from the remaining sales and completing these processes in a timely manner, despite challenging market conditions. The dissolution of the Limited Partnership will follow as the final phase, scheduled to occur in the 2025/26 FY.

On behalf of the General Partner,





Cameron Madgwick
Chair (February 2025 – June 2025)
18 November 2025

Pamela Bell
Chair (April 2021 – February 2025)
18 November 2025

Daniel Moriarty
Chief Executive
18 November 2025

COMPLETED / CURRENT PROJECTS

15 – 19 BROOK STREET, WATERLOO

This development comprised 20 two- and three-bedroom townhouses, with twelve off-street car parks for owners, located in a highly sought-after area of Lower Hutt. Construction was completed in November 2024. The homes were marketed upon completion, and by the end of the financial year, sixteen of the twenty homes had been sold. Four homes remained on the market at year-end.

BROOK STREET

55 BRITANNIA STREET, PETONE

Twelve three-bedroom townhouses (across four blocks) were completed at the end of the 2024 calendar year. The original intent of the development was to partner with and sell the homes to a Community Housing Provider (CHP). However, significant changes in central government funding and placement allocations meant that a CHP partner could not be secured. As a result, UPL made the decision to pivot to individual market sales. At financial year-end, five of the twelve homes had been sold and settled, four were conditionally under offer, and three remained on the market.

BRITANNIA VILLAS

INTEREST REGISTER

UPL Limited Partnership	Interests
Directors	
Cameron Madgwick (Chair)	Laura Fergusson Trust Wellington Incorporated – Chair Laura Fergusson Trust New Zealand Incorporated – Chair Laura Fergusson New Zealand Limited – Chair Morley Nominees Limited – Director Magma Healthcare Limited – Chair Gibson Sheat Lawyers – Chief Executive UPL Developments Limited – Director UPL Limited Partnership – Director Urban Plus Limited – Director
Pamela Bell	ConCOVE – Board Member Project Bellbird Limited – Director & Shareholder UPL Developments Limited – Director UPL Limited Partnership – Director Urban Plus Limited – Director Victoria University of Wellington – Adjunct Professor at School of Architecture Seaview Marina – Director (ceased June 2025) NZ Institute of Building – Chief Executive Abodo Wood Ltd – Independent board advisor (ceased April 2025) New Zealand Construction Industry Council – Chair
Peter Edwin Glensor	Common Life Limited – Director & Shareholder Hutt City District Licencing Committee – Member Problem Gambling Foundation – Board Member Shetland Society of Wellington – Secretary Te Reo o Nga Tangata/The People Speak – Member UPL Developments Limited – Director UPL Limited Partnership – Director Urban Plus Limited – Director Wesley Community Action – Chairman Neighbours Day Aotearoa – Trustee
Cr Keri-Anne Pania Brown	Arakura School Board Hutt City Councillor – Wainuiomata Ward Hutt Valley DHB Board Fulton Hogan / John Holland (Partner) – Logistics Manager Shea Pita Associates Limited – Associate Urban Plus – (Mother is a tenant in Bell Road) UPL Developments Limited – Director UPL Limited Partnership – Director Urban Plus Limited – Director Wainuiomata Community Board Energy Hardship Independent Panel – Chair Tuanui Housing Project – Steering Group Member Wainuiomata Marae Housing Steering Group Electricity Authority – Advisory Panel
Petelo (Peter) Fa'afiu	Amnesty International Charity Limited - Global Vice Chair Finance Advice NZ - Independent Director CORE Education Limited - Independent Director Counties\Manukau Rugby Football Union - Independent Director Monte Cecilia Housing Trust - Chair

	Sacred Heart College (Auckland) BOT - Trustee Innovation Franklin - Trustee Navigator Limited - Shareholder / Partner Environmental Protection Authority - Expert Panellist UPL Developments Ltd - Director (ceased 01 July 2025) UPL Limited Partnership - Director (ceased 01 July 2025) Urban Plus Limited - Director (ceased 01 July 2025)
Phillip Jacques	UPL Developments Limited - Director UPL Limited Partnership - Director Urban Plus Limited - Director Te Ātiawa Asset Holding Company Ltd - Non-executive Director Medical Council of New Zealand - Independent Member – Audit and Risk Committee Te Ātiawa o Te Waka-a-Māui Trust – Member Audit and Risk Committee Human Rights Commission - Independent Member - Audit and Finance Committee Jacques Consulting Limited - Director New Zealand Law Society - Chair – Finance, Audit and Risk Committee The New Zealand Treasury - Primary Client Tū Ora Compass Health - Trustee and Chair Finance and Risk Committee Totaranui Te Ātiawa General Partner Limited New Zealand International Commercial Pilot Academy Limited – Director (ceased 23 May 2025) Aero Care Limited – Director (ceased 23 May 2025)
Angelique Jackson	Tuia Group - Principal Consultant Te Hopai Trust - Trustee UPL Developments Limited - Director UPL Limited Partnership - Director Urban Plus Limited - Director
Chief Executive	
Daniel Christopher Moriarty	DNA Family Trustee Limited, Shareholder DNA Holdings (2018) Limited, Director Forza Limited, Director

STATEMENT OF SERVICE PERFORMANCE

Measure	Target 2025	Achievement 2025	Target 2024	Achievement 2024
Develop land in a manner which maximises its value at a level of risk appropriate for the investment of funds.	Develop land in a manner which maximises its value at a level of risk appropriate for the investment of funds.	**Achieved**	Develop land in a manner which maximises its value at a level of risk appropriate for the investment of funds.	**Achieved**
To perform business undertakings in common with UPL with a view to profit from development projects for the purposes of funding elderly housing portfolio and meeting the Shareholder's wider key priority outcomes.	Perform business undertakings in common with UPL with a view to profit from development projects for the purposes of funding elderly housing portfolio and meeting the Shareholder's wider key priority outcomes.	**Achieved**	Perform business undertakings in common with UPL with a view to profit from development projects for the purposes of funding elderly housing portfolio and meeting the Shareholder's wider key priority outcomes.	**Achieved**
Capital expenditure within budget (1)	$4,208,204	**Achieved** $3,050,910 The projects were ahead of budget last year; however, the budget was set in the current year. Additionally, holding costs of approx. $90k are expected to be incurred in the next financial year for the remaining unsold units.	$8,848,328	**Not Achieved** $9,734,667 The projects are ahead of the budget

Measure	Target 2025	Achievement 2025	Target 2024	Achievement 2024
Operational expenditure within budget (2)	$186,188	**Not Achieved** $334,133 Due to unbudgeted agency fee for 55 Britannia St, resulting from the decision to move from Community Housing Provider to the open market after the budget had been set. The agency fee for Brook St was budgeted to be incurred across the 2023/24 and 2024/25 financial years. However, since there were no sales in 2023/24, 80% of this cost is being incurred in the current financial year, with the remaining 20% expected in the next financial year when sales occur.	$529,470	**Achieved** $20,165
All new developments shall only utilise electricity or renewable sources of energy for space heating, water heating and cooking facilities.	All new developments shall only utilise electricity or renewable sources of energy for space heating, water heating and cooking facilities.	**Achieved** All consented projects utilise electricity or renewable sources of energy for space heating, water heating and cooking facilities.	All new developments shall only utilise electricity or renewable sources of energy for space heating, water heating and cooking facilities.	**Achieved** All consented projects utilise electricity or renewable sources of energy for space heating, water heating and cooking facilities.
All new housing units (standalone house or townhouse) shall achieve a certified HomeStar design rating of at least six stars (3)	All new housing units (standalone house or townhouse) shall achieve a certified HomeStar design rating of at least six stars.	**N/A** There were no new development projects submitted for accreditation within this financial year.	All new housing units (standalone house or townhouse) shall achieve a certified HomeStar design rating of at least six stars.	**Achieved** All projects that were consented in the year to 30 June 2024 achieved a HomeStar design rating of at least six stars.
A pre-tax return of not less than 20% on Development Costs including Contingency on each commercial development project (except where the Board and Shareholder agree otherwise to achieve specified objectives).		**N/A** – Removed as a performance measure in the 2024/25 SOI	20%	**Achieved** No housing was released to the market during the year to 30 June 2024.

Measure	Target 2025	Achievement 2025	Target 2024	Achievement 2024
A pre-tax return of not less than 15% on Development Costs including Contingency on housing released to market as 'Affordable' (except where the Board and Shareholder agree otherwise to achieve specified objectives).	Not less than 15%	**Not Achieved** **Overall 12.08%** The pre tax return was not achieved due to a reduction in property values and slow sales, increased holding costs."	15%	**N/A** No housing was released to the market as 'Affordable' during the year to 30 June 2024
Value of divestment to Community Housing Providers (or socially-likeminded organisations) set at each project's Development Cost (includes contingency and GST) plus a margin of no greater than 12.5% (except where the Board and Shareholder agree otherwise to achieve specified objectives).	Not greater than 12.5%	**Achieved** **5.54%** Board approved a reduced sales price	12.5%	**N/A** No divestments to Community Housing Providers were made during the year to 30 June 2024
Long term public rental accommodation pre-tax returns at no less than (or equal to) 3.0% after depreciation [4]	Not less than or equal to 3.0%	**Not Achieved** Five new units at 17a Britannia St have a pre-tax return after depreciation of 0.93% due to incurring higher depreciation charges than budgeted.	3.5%	**N/A** We completed 5 long term public rental accommodation in June 2024, but they were untenanted.

1. Capital expenditure relates to expenditure on property development projects. These properties are developed for sale and held as inventory rather than being capitalised at completion. This expenditure includes interest expenses.
2. Operational expenditure excludes cost of commercial development sales.
3. HomestarTM is an independent rating tool for assessing the health, efficiency, and sustainability of homes.
4. Returns are specific to each project's (Board Approved) business case where long-term market rentals are developed. Future rents are set per independent annual review.

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

Independent Auditor's Report

To the readers of UPL Limited Partnership's financial statements and statement of service performance for the year ended 30 June 2025

The Auditor-General is the auditor of UPL Limited Partnership (the Limited Partnership). The Auditor-General has appointed me, Debbie Bradfield, using the staff and resources of Audit New Zealand, to carry out the audit of the financial statements and the statement of service performance of the Limited Partnership on his behalf.

We have audited:

- the financial statements of the Limited Partnership on pages 16 to 25, that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include accounting policies and other explanatory information; and
- the statement of service performance of the Limited Partnership for the year ended 30 June 2025 on pages 8 to 10.

Opinion

In our opinion:

- the financial statements of the Limited Partnership, which have been prepared on a disestablishment basis:
  - present fairly, in all material respects:
    - its financial position as at 30 June 2025; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with New Zealand Equivalents to International Financial Reporting Standards Reduced Disclosure Regime; and
- the statement of service performance:
  - accurately reports, in all material respects, the Limited Partnership's actual performance compared against the performance targets and other measures by which the Limited Partnership's performance can be judged in relation to the Limited Partnership's objectives in its statement of intent for the year ended 30 June 2025; and

- has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

Our audit was completed on 18 November 2025. This is the date at which our opinion is expressed.

Emphasis of matter – the financial statements have been prepared on a disestablishment basis

Without modifying our opinion, we draw attention to the Basis of Preparation section in Note 1 on page 19, which outlines that the financial statements have been prepared on a disestablishment basis, as the General Partner intends to wind up the Limited Partnership once the remaining property units are sold and after all financial and legal obligations have been met. There was no change to the measurement or recognition of assets and liabilities as a result of the disestablishment basis of preparation.

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 for the audit of the financial statements and the statement of service performance* 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 General Partner for the financial statements and the statement of service performance

The General Partner is responsible on behalf of the Limited Partnership for preparing financial statements that are fairly presented and that comply with generally accepted accounting practice in New Zealand. The General Partner is also responsible for preparing the statement of service performance in accordance with the Act.

The General Partner is responsible for such internal control as it determines is necessary to enable it to prepare financial statements and the statement of service performance that are free from misstatement, whether due to fraud or error.

In preparing the financial statements and the statement of service performance, the General Partner is responsible on behalf of the Limited Partnership for assessing the Limited Partnership's ability to continue as a going concern. If the General Partner concludes that the going concern basis of accounting is inappropriate, the General Partner is responsible for preparing financial statements on a disestablishment basis and making appropriate disclosures.

The General Partner's responsibilities arise from the Act and the Limited Partnership Act 2008.

Responsibilities of the auditor for the audit of the financial statements and the statement of service performance

Our objectives are to obtain reasonable assurance about whether the financial statements and the statement of service performance, 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 financial statements and the statement of service performance.

For the budget information reported in the financial statements and in the statement of service performance, our procedures were limited to checking that the information agreed to the Limited Partnership's statement of intent.

We did not evaluate the security and controls over the electronic publication of the financial statements and the statement of service performance.

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 and the statement of service performance, 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 Limited Partnership's internal control.

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

- We conclude on the appropriateness of the use of the disestablishment basis of accounting by the General Partner.

- 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 evaluate the overall presentation, structure and content of the statement of service performance, including the disclosures, and assess whether the statement of service performance achieves its statutory purpose of enabling the Limited Partnership's readers to judge the actual performance of the Limited Partnership against its objectives in its statement of intent.

We communicate with the General Partner 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 General Partner is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and the statement of service performance, and our auditor’s report thereon.

Our opinion on the financial statements and the statement of service performance 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 and the statement of service performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and the statement of service performance, 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 Limited Partnership 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)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than the audit, we have no relationship with, or interests in, the Limited Partnership.

Debbie Bradfield
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

FINANCIAL STATEMENTS

Statement of Compliance and Responsibility

The Board and management of UPL Limited Partnership confirm that all statutory requirements in relation to the annual report, as outlined in the Local Government Act 2002, have been complied with.

The Company was required under section 67(1) of the Local Government Act 2002 to complete its annual report by 30 September 2025. This timeframe was not met because Audit New Zealand was unable to complete the audit within this time frame.

Responsibility

The Board and management of the Partnership accept responsibility for the preparation of the annual Financial Statements and the Statement of Service Performance, and the judgements used in them.

The Board have authority to sign these financial statements.

The Board and management of the Partnership accept responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial reporting.

In the opinion of the Board and management of the Partnership, the annual Financial Statements and the Statement of Service Performance for the year ended 30 June 2025 fairly reflect the financial position and operations of the Partnership.

Cameron Madgwick

Chair

18 November 2025

Phillip Jacques

Director

18 November 2025

Statement of Comprehensive Income for the Year Ended 30 June 2025

	Notes	Actual 2025	Budget 2025	Actual 2024
Revenue				
Finance revenue		2,351	-	1,259
Sale of commercial developments	2	12,702,609	22,448,477	-
			-	
Total revenue		**12,704,960**	**22,448,477**	**1,259**
Expenses				
Cost of commercial development sales	2	11,883,435	19,181,942	-
Operating expenses	3	18,814	36,188	18,125
Marketing expenses		315,221	150,000	-
Other expenses		98		2,040
Total expenses		**12,217,568**	**19,368,130**	**20,165**
Profit / (Loss)		**487,392**	**3,080,347**	**(18,906)**
Subvention payments		-	-	-
Income tax / (benefit)		-	-	-
Profit / (Loss) after subvention payments		**487,392**	**3,080,347**	**(18,906)**
Total comprehensive income / (Loss)		**487,392**	**3,080,347**	**(18,906)**

Explanations of the major variances against budget are provided in note 13. The accompanying notes form part of these statements.

Statement of Changes in Equity for the Year Ended 30 June 2025

	Actual 2025	Budget 2025	Actual 2024
Balance at 1 July	**5,169,531**	**4,969,342**	**5,188,437**
Total comprehensive income for the year	487,392	3,080,347	(18,906)
Distribution to UPL	-	(8,049,689)	-
Balance at 30 June	**5,656,923**	**-**	**5,169,531**

Explanations of the major variances against budget are provided in note 13. The accompanying notes form part of these statements.

Statement of Financial Position as at 30 June 2025

	Notes	Actual 2025	Budget 2025	Actual 2024
Current Assets				
Cash & cash equivalents	9	1,987	-	160,314
Debtors and other receivables	9	1	-	282
Inventories	4	7,069,019	-	15,901,545
Total current assets		**7,071,007**	**-**	**16,062,141**
Total assets		**7,071,007**	**-**	**16,062,141**
Current Liabilities				
Trade & other payables	9	19,954	-	178,458
Borrowings from related parties	5	1,370,000	-	10,370,784
Due to related parties	6	24,130	-	343,368
Total current liabilities		**1,414,084**	**-**	**10,892,610**
Total liabilities		**1,414,084**	**-**	**10,892,610**
Net assets (assets minus liabilities)		**5,656,923**	**-**	**5,169,531**
Equity				
Accumulated funds	10	5,656,923	-	5,169,531
Total equity		**5,656,923**	**-**	**5,169,531**

Explanations of the major variances against budget are provided in note 13. The accompanying notes form part of these statements.

Statement of Cash Flows for the Year Ended 30 June 2025

	Notes	Actual 2025	Budget 2025	Actual 2024
Cash flows from operating activities				
Cash was provided from:				
Interest received		2,633	-	977
Receipts from sales of commercial developments		12,702,609	22,448,477	-
		12,705,242	**22,448,477**	**977**
Cash was applied to:				
Payments to suppliers		(332,816)	(439,989)	(21,724)
Interest paid		(585,272)	(252,787)	(291,544)
Cost of commercial developments		(2,625,459)	(3,955,416)	(9,283,302)
		(3,543,547)	**(4,648,192)**	**(9,596,570)**
Net cash flows from operating activities		**9,161,695**	**17,800,285**	**(9,595,593)**
Cash flows from financing activities				
Cash was provided from:				
Advance from related parties		-	-	10,182,800
Proceeds from borrowings		4,454,216	3,450,000	-
		4,454,216	**3,450,000**	**10,182,800**
Cash was applied to:				
Repayment of borrowings		(13,774,238)	(13,300,000)	(426,939)
Distribution to UPL		-	(8,049,692)	-
		(13,774,238)	**(21,349,692)**	**(426,939)**
Net cash flows from financing activities		**(9,320,022)**	**(17,899,692)**	**9,755,861**
Net increase/(decrease) in cash & cash equivalents		**(158,327)**	**(99,407)**	**160,268**
Cash & cash equivalents at the beginning of the year		160,314	99,407	46
Cash & cash equivalents at the end of the year		**1,987**	**-**	**160,314**

Explanations of the major variances against budget are provided in note 13. The accompanying notes form part of these statements.

NOTES TO THE FINANCIAL STATEMENTS

1. Statement of Accounting Policies

REPORTING ENTITY
UPL Limited Partnership is a 100 percent owned subsidiary of Urban Plus Limited (UPL). The Partnership was incorporated on 20 January 2017 and changed its name to UPL Limited Partnership on 4 May 2018. UPL Developments Limited is the General Partner to the partnership.

The primary objective of the Partnership is to develop properties in the Hutt Valley area for profit. The Partnership has designated itself a for profit entity for financial reporting purposes.
The financial statements of the Partnership are for the year ended 30 June 2025. The financial statements were authorised for issue by the Board of Directors on 18 November 2025.

BASIS OF PREPARATION
Statement of compliance
These financial statements have been prepared in accordance with the requirements of the Local Government Act 2002 and the Companies Act 1993, including the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP). They comply with NZ International Financial Reporting Standards Reduced Disclosure Regime, as appropriate for a profit-oriented entity. The Partnership is not considered large for the purposes determining the appropriate reporting tier and has opted to report as a Tier 2 entity applying NZIFRS with Reduced Disclosure Requirements.

The accounting policies have been applied consistently throughout the period.

Disestablishment
The Board has signaled an intention to wind up the Partnership in FY2024/25. However, not all units had been sold as of 30 June 2025. As a result, the Limited Partnership will continue its operations and plans to proceed with its disestablishment once the remaining units are sold. This process will take place after all financial and legal obligations have been met. The financial statements of the Partnership have therefore been prepared on disestablishment basis.

There was no change to the measurement or recognition of financial statement amounts as a result of the disestablishment basis of preparation.

Measurement base
The financial statements have been prepared on a historical cost basis.

The financial statements are presented in New Zealand dollars. The functional currency is New Zealand dollars. The Partnership has not entered into any foreign currency transactions.

New or amended standards adopted

NZ IFRS Standards and Interpretations that have recently been issued or amended but are not yet effective will be adopted in the period that application of the standard is required, however they are not expected to have a significant impact on the Company's financial statements

Standards, amendments and interpretations not yet effective

There is no other standards, amendments and interpretations that have been issued but are not yet effective or have been early adopted.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies that are material to the company are set out in the respective notes below. The accounting policies adopted are consistent with those of the previous financial year, unless otherwise stated.

Goods and services tax
All items in the financial statements are stated exclusive of GST, except for receivables and payables. Where GST is not recoverable as input tax then it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the Inland Revenue Department (IRD) is included as part of receivables or payables in the Statement of Financial Position.

Commitments and contingencies are disclosed exclusive of GST.

Income tax
The UPL Partnership is a flow-through entity for New Zealand Income Tax purposes. The profits and losses of the Partnership are attributed directly to the partners.

Budget figures
The budget figures are those approved by the Board at the beginning of the year. The budget figures have been prepared in accordance with Tier 2 standards, using accounting policies that are consistent with those adopted by the Board for the preparation of the financial statements.

Critical accounting estimates and assumptions
In preparing these financial statements, the Partnership has made estimates and assumptions concerning the future. These estimates and assumptions may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The estimates and underlying assumptions are reviewed on an on-going basis. Revisions to accounting estimates are recognised in the reporting period in which the revision is made and in any future periods that will be affected by those provisions. There have been no critical judgements made.

2. Revenue

Accounting policy
Revenue is measured at the fair value of consideration received.

Revenue from Contracts with Customers includes property development sales, where revenue is recognised upon satisfaction of performance obligations. UPL Partnership recognises revenue from the sale of property developments at a point in time, at which it transfers the risks and rewards and control of the property to the end buyer on an agreed settlement date. Expenses associated with property developments are recognised on settlement date.

Interest income is recognised using the effective interest method.

Commercial sale activities

	2025	**2024**
Sale of commercial developments	12,702,609	-
Cost of commercial development sales	(11,883,435)	-
Net of commercial sales	**819,174**	**-**

3. Operating expenses

	2025	2024
Auditors' fees - Audit New Zealand on behalf of the Auditor General		
- for auditing the financial statements and service performance - current year	11,753	10,936
- additional fee for auditing the financial statements and service performance - prior year	61	-
Other special services	7,000	7,189
Total Operating expenses	**18,814**	**18,125**

4. Inventories

Accounting Policy

Where development property is held for or development for sale, in the ordinary course of business, it is classified as inventory. Such property is recorded at the lower of cost and net realisable value (selling price less costs to complete and sale costs). Cost is allocated using the Weighted Average method. Inventories acquired through non exchange transactions are measured at fair value at the date of acquisition.

Any write-downs to net realisable value are expensed in the net surplus/(deficit) for the year.

	2025	2024
Commercial property development at 1 July	15,901,545	6,166,878
Transfers In from UPL	-	-
Cost of Sales of Commercial Development Property	(11,883,435)	-
Additional Developments during the year	3,050,909	9,734,667
Commercial property development at 30 June	**7,069,019**	**15,901,545**

No inventory is pledged as security for liabilities (2024: $nil).

The write-down of inventory during the year was $nil (2024: $nil)

5. Borrowings

Accounting Policy

Borrowings on normal commercial terms are initially recognised at the amount borrowed plus transaction costs. After initial recognition, all borrowings are measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after balance date.

Borrowing costs
Borrowing costs directly attributable to the construction of a 'qualifying asset' (the Partnership’s commercial developments intended for sale – inventory) are capitalised, therefore there is no borrowing costs disclosed in the statement of comprehensive income (2024: $nil). Total interest capitalised in the year to 30 June 2025 was $585,272 (2024: $291,544). Once properties are sold the borrowing costs and other inventory associated with the sale are expensed on settlement as cost of sales.

	2025	2024
Loans from related parties	1,370,000	10,370,784
Total borrowings - current	**1,370,000**	**10,370,784**
Loans from related parties	-	-
Total borrowings - non current	-	-

6. Due to related parties

	2025	2024
Current Portion		
Due to related parties	24,130	343,368
Total other liabilities - current portion	**24,130**	**343,368**

7. Key management personnel

Key management personnel consist of the Board members of the general partner and UPL. Board members receive no remuneration.

Due to the difficulty in determining the full-time equivalent for Board members, the full-time equivalent figure is taken as the number of Board members.

Board Members	2025	2024
C Madgwick, Chair	1.00	1.00
K Brown	1.00	1.00
P Glensor	1.00	1.00
P Fa'afiu	1.00	1.00
P Bell	1.00	1.00
P Jacques	1.00	1.00
A Jackson	1.00	-
	7.00	**6.00**

8. Related Party Disclosures

Related party disclosures have been made for transactions with related parties:

	2025	2024
Sales and purchases of goods and services		
Payment of management services to UPL Developments Limited	70,320	161,440
Payment of rates to Hutt City Council	15,251	12,887
Payment of interest to Urban Plus Limited	585,272	291,544

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

	2025	2024
Payables (purchase of goods and services)		
Advances from Hutt City Council	24,130	343,368
Borrowings from Urban Plus Limited	1,370,000	-

The company is 100% owned by Urban Plus limited (parent), which is 100% owned by the ultimate parent Hutt City Council.

9. Categories of financial instruments

Accounting Policy - financial assets and liabilities

The financial assets and financial liabilities are recognised when the company becomes a party to the contractual provisions of the instrument and are initially measured at fair value, plus transaction costs (except for financial instruments measured at fair value through profit or loss).

All financial instruments are measured at amortised cost. No instruments are measured at fair value, and therefore no fair value hierarchy disclosures are required.

Financial assets at amortised cost

Financial assets are measured at amortised cost.

Impairment of financial assets

The company recognises a loss allowance for expected credit losses on financial assets which are measured at amortised cost. The measurement of the loss allowance depends upon the company's assessment at the end of each reporting period as to whether the financial instrument's credit risk has increased significantly since initial recognition, based on reasonable and supportable information that is available, without undue cost or effort to obtain.

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

	2025	2024
Financial Assets		
Financial assets at amortised cost		
Cash and cash equivalents	1,987	160,314
Debtors and other receivables	1	282
Total financial assets at amortised cost	**1,988**	**160,596**
Financial Liabilities		
Financial liabilities at amortised cost:		
Due to related parties	24,130	343,368
Borrowings	1,370,000	10,370,784
Trade and other payables	19,954	178,458
Total financial liabilities at amortised cost	**1,414,084**	**10,892,610**

a) Financial risk management objectives

The company is party to financial instruments as part of its everyday operations. These include instruments such as bank balances, accounts receivable, accounts payable and term loans. The company has policies providing for risk management for interest rates and the concentration of credit.

b) Credit risk

Credit risk is the risk that a third party will default on its obligations to the company, causing the company to incur a loss. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the company's maximum exposure to credit risk, without taking account of the value of any collateral obtained. The company manages this risk by depositing its cash and cash equivalents with high quality financial institutions and by carrying out credit checks on all new customers.

c) Foreign currency risk management

The company has no exposure to foreign currency risk as a result of transactions are all in New Zealand Dollars.

d) Market risk

Management considers that the Group faces no market risks other than those disclosed above.

e) Interest rate risk and management

The interest rate risk is the risk that the value of a financial instrument will fluctuate due to the changes in market interest rates. This could particularly impact on the cost of borrowings; however, the company borrowings are on a fixed rate.

f) Liquidity risk

Liquidity risk represents the risk that the company may not be able to meet its financial contractual obligations. Ultimate responsibility for liquidity risk management rests with the Directors, who have built an appropriate liquidity risk management framework for the management of the company's short, medium and long-term funding and liquidity requirements. The company manages liquidity risk by maintaining adequate reserves and banking facilities, and by continuously monitoring forecast and actual cash flows.

All current payables are paid within 6-month timeframe.

10.Equity

	2025	2024
Accumulated funds		
Balance at beginning of year	5,169,531	5,188,437
Net surplus/(deficit)	487,392	(18,906)
Balance at year end	**5,656,923**	**5,169,531**

11.Capital commitments

CAPITAL COMMITMENTS

Capital commitments as of 30 June 2025 amounted to $nil (2024: $nil).

12.Contingent

CONTINGENT ASSETS

As at 30 June 2025 the Partnership had no contingent assets, (2024: $nil).

CONTINGENT LIABILITIES

As at 30 June 2025 the Partnership had no contingent liabilities, (2024: $nil).

The Partnership are obligated to promptly remedy any defects or faults in the construction of the properties it sells which arise from faulty workmanship or materials if notified of the fault by the purchaser within 12 months of the settlement date. The cost of this obligation is difficult to estimate but is not expected to be material.

13. Explanation of major variances against budget

Overall, the Limited Partnership achieved a surplus of $487K, compared with the budgeted surplus of $3,080K for the year ended 30 June 2025, which is $2,593k below the budget.

Statement of Comprehensive Revenue and Expenses

Revenue

Revenue is below the budget of $22.4M by $9.7M. This is mainly due to slow sales, with not all units were sold as of 30 June 2025. Additionally, the reduction in property values led to revenue from sales being much lower than anticipated.

Expenses

Cost of commercial development sales are below the budget of $19.2M by $7.3M. This is predominantly due to 11 units remaining to be sold as at 30 June 2025***.***

Marketing expenses are above the budget primarily due to unbudgeted agency fee for 55 Britannia St, resulting from the decision to move from Community Housing Provider to the open market after the budget had been set. The agency fee for Brook St was budgeted to be incurred across the 2023/24 and 2024/25 financial years. However, since there were no sales in 2023/24, 80% of this cost is being incurred in the current financial year.

Statement of Financial Position

The Limited Partnership has balances remaining as of 30 June 2025, compared with the budgeted nil balances. This is mainly because at the time the budget was prepared, it was expected that all properties would be sold and payable, and borrowings are settled by 30 June 2025. There was an intention to wind up the Limited Partnership in the same year, once all financial and legal obligations had been met. The remaining balance will be distributed to UPL Limited (parent).

Statement of Cash Flow

Net cash flow from operations is $8.6M below budget mainly because not all completed units were sold within the financial year.

Net cash flow from financing is $8.6M below budget, primarily due to unsold units, which led the UPL Limited partnership to borrow an additional $500k (net) from UPL Limited. Additionally, the distribution of profit to UPL Limited did not eventuate, because we could not wind up the Limited Partnership as explained above.

14. Events after balance date

UPL Group had intended to dissolve the UPL Limited Partnership within the 2024/25 financial year. However, due to a sluggish market and low sales volumes from completed projects, this did not occur. Once the revenues and final financial wash-up from the Petone and Waterloo projects have been concluded, the Limited Partnership will be dissolved.

The Company was required under section 67(1) of the Local Government Act 2002 to complete its annual report by 30 September 2025. This timeframe was not met because Audit New Zealand was unable to complete the audit within this time frame.

There have been no other significant events since balance date (2024: $nil).