




# FNDC

## Quarterly Report to Shareholder – Q2 2025/26 *Pūrongo ā-koata mā ngā kaipupuri hea*

Issued in accordance with Section 66 of the Local Government Act 2002

February 2026


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# Purpose | Te take

In accordance with Section 66 of the Local Government Act 2002 and Far North Holdings Limited Statement of Intent for the three years to June 2028, we submit the report on the activities of Far North Holdings Limited, Bay of Islands Marina Limited, Far North Housing Limited and Northern Housing Limited (the Group) for the six months from 1 July 2025 to 31 December 2025.

The purpose of this quarterly report is for the Board to provide our shareholder with:

- an update on key achievements and activities during the quarter;
  - quarterly performance and progress against key SOI targets;
  - unaudited financial results for the quarter; and
  - Health & Safety reporting.
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**Q2 Overview**  
***Tirohanga whānui o te tau***



# Q2 Overview | Tirohanga whānui o te tau

## **Group profit marginally behind budget, but full year profit still on track**

The Group generated a profit of \$1.48m during the first six months, which is marginally behind the \$1.52m budget. We still expect to deliver our full year Statement of Intent (SOI) operating profit target of \$2.50m.

## **Tony Sewell joins FNHL board**

In October we welcomed Tony Sewell to Far North Holdings Limited (FNHL) board. Tony is a highly experienced property and construction professional with more than 50 years in the sector. He was previously Chief Executive of Ngā Tahu Property, has held senior roles with other major organisations and has contributed extensively to industry bodies.

## **Ngāti Rangi ki Ngawha relationship formalised**

We are proud to have entered into a Relationship Agreement with Ngāti Rangi ki Ngawha acknowledging mana whenua and the shared commitment to work together for the ongoing success of Ngawha Innovation & Enterprise Park. The Agreement formalises an enduring partnership that recognises Ngāti Rangi ki Ngawha's deep connection to the land and FNHL's commitment to collaborating with our communities to build sustainable regional growth and prosperity.

## **Continued focus on commercial performance**

Work continues on implementing our strategy that focusses on optimising commercial asset performance and becoming more active, with development gains crystallised for re-investment or used to deliver higher returns to our shareholder. A strong development pipeline is critical to deliver this strategy, and the team continues work on building this pipeline, including work with FNDC management to identify and progress development opportunities for Council owned land subject to creating outcomes acceptable to the Council and community.

## **Community housing projects progress**

Settlement of the planned sale of a portion of the Dargaville community housing project, delivered in conjunction with Kāhui Tū Kaha, was completed in December 2025. FNHL continues to retain ownership of 31 homes within the development. Construction of a 26 home community housing development in Kaitaia is progressing on time and on budget. The development is scheduled for completion later this calendar year and is being delivered in conjunction with the Claud Switzer Memorial Trust. We continue to pursue additional development opportunities that are consistent with central Governments policy settings to further meet demand for community housing across the north.

## **Kerikeri airport fire trucks commissioned and improvement projects**

Commissioning of Bay of Islands Airport's two new fire trucks was completed and they are now in service. The second carpark exit lane was also completed to ease congestion during peak times and construction of a second aircraft fuels facility is nearing completion.

# Q2 Overview | Tirohanga whānui o te tau

## **Opua marina northern attenuator upgrade commenced and Paihia P5 wharf removed**

Opua Marina's upgrade of the northern attenuator has commenced, this project is a refurbishment of the existing attenuator to continue to protect the stage 1 marina. The P5 pontoon at Paihia Wharf was removed due to it being end of life; other facilities at the wharf have been upgraded in recent years and serve the current needs well. We will continue to assess the need and opportunity for further development of the wharf.

## **Kaikohe library progressing well / Kaitaia airport at tender stage**

Two key projects are under management for FNDC - Kaikohe Library and Kaitaia Airport. The Kaikohe library project progresses on time and on budget, with construction starting during the quarter. The Kaitaia Airport resilience project is underway, with tenders for the main works issued during the quarter. Contracts are expected to be issued and works commence during Q3.

## **Paihia waterfront works reviewed after road damage**

Consents for the Paihia Waterfront works have been reviewed. Following Cyclone impacts to the road during 2025, we continue to liaise with, and respond to, central government requests regarding the project and likely costs. While we are not aware of any funding available for this project at this stage, in order to protect the previous investment in the resource consent and maintain optionality, we have taken steps to renew the consent relating to the breakwaters and beach, and which have now been approved with minimal further investment.

## **Awaiting High Court decision on Rangitane**

The High Court hearing of the Rangitane Maritime Facilities Development Resource Consent Appeal was held in July 2025, following FNHL's appeal of EPA's decline of our joint resource consent application under the Fast Track legislation. We continue to expect to receive a judgement within the next 3 months. This action was taken by FNHL primarily to preserve consent optionality and PGF grant funding, should FNDC wish to proceed with the project in the future.

# Q2 at a Glance



## SOI Operating profit

- \$1.5m YTD
- \$2.5m full year target



## Cruise Ships - YTD

- 12 ships
- 33,496 passengers ytd
- No cancellations



## FNDC Projects

- Kaikohe library – on track
- Kaitaia airport – on track. Approval processes require proactive management



## Total Assets

- \$211.7m



## Passenger numbers

- 63,384YTD



## Te Pae o Uta

- Goals progressing



## Compliance with LGFA financial covenants



## Community Housing Homes

- Switzer project in progress - 26 homes in Kaitaia



## Expected Dividend payment dates:






- Ordinary – February 2026
- Special – June 2026

# Performance Against Key SOI Targets

## *Te Tutuki i ngā whāinga SOI*







# Performance Against Key SOI Targets | Te Tutuki i ngā whāinga SOI

Objective	FY26 Target	Progress	Comment
<b>Strategic focus: Financial – increased sustainable commercial returns</b>			
Effective financial management to deliver profitability.	Operating profit >\$2.5 million.		Q2 result is marginally behind budget however we expect to meet the full year operating profit target.
Pay dividends to FNDC in line with dividend policy.	Dividend paid of \$5 million, consisting of an ordinary dividend from operating profits and a special dividend.		We are on track to deliver \$5 million dividends.
Comply with LGFA financial covenants.	Meet financial covenants.		LGFA covenants have been met during FY26 to date and we forecast compliance throughout the year.
<b>Strategic focus: People – be a good employer</b>			
To make safety our priority to ensure health, safety and wellbeing of all employees and contractors in the Group.	Health, safety and wellbeing policies in place and recorded evidence that all staff have received and been briefed on the documentation.		Polices are in place and actively shared with all staff
Comply with our living wage policy for all permanent employees.	Achieved.		All permanent staff of the Group receive the living wage as a minimum.






Notes:

1. Operating profit = profit prior to revaluations.
2. Dividend policy = 50% of operating profit.
3. Targets include consolidated group results, incorporating Far North Holdings Limited and wholly owned subsidiaries, Bay of Islands Marina Limited and Far North Housing Limited.

# Performance Against Key SOI Targets | Te Tutuki i ngā whāinga SOI

Objective	FY26 Target	Progress	Comment
<b>Strategic focus: Environmental – Undertake environmentally sustainable investment and management for the benefit of future generations</b>			
Commit to tangible action to measure climate impact and target reductions based on best practice.	Measure carbon footprint for the Ngawha Park in line with generally accepted practice.		This was scheduled to commence in Q2 however has been delayed until Q3 and is now underway and we expect to complete this work by 30 June. We will utilise Toitū Envirocare’s system to align with FNDC and engage with them for additional support as required.
Achieve and maintain Clean Marina certification.	Achieved.		Certification is held.
<b>Strategic focus: Community – Create economic and housing opportunities benefitting the wellbeing of the community</b>			
Encourage positive relationships with the community by having transparent engagement policies and monitoring key stakeholder perceptions.	Undertake stakeholder perceptions survey.		Scheduled for 2 <sup>nd</sup> half of FY26.
Ngawha Park development to grow economic and employment opportunities in the Far North.	Increase the number of businesses based at the Park.		The economic climate continues to dampen demand from new tenants. Management continues to proactively engage, alongside real estate agents, with parties targeted to locate on to the Park.

# Performance Against Key SOI Targets | Te Tutuki i ngā whāinga SOI

Objective	FY26 Target	Progress	Comment
<b>Strategic focus: Community – Create economic and housing opportunities benefitting the wellbeing of the community cont.</b>			
Identify opportunities to deliver social housing to meet local needs in partnership with Community Housing Providers (CHPs).	Develop 50 housing units.		Changes in central Government’s Housing Policy have impacted our housing pipeline. 26 homes are currently under construction in Kaitaia that are scheduled for completion in FY27. A further four applications for 142 homes across the North have been submitted to MHUD, following new government policy announcements in November.
Civil Aviation Authority Certification maintained for BOI Airport.	Achieved.		This certification is held.
<b>Shared projects</b>			
Kaitaia Airport: - Provide project management services to deliver agreed remediation project within time and budget.  - Execute a long-term management contract with FNDC prior to 30 June 2026.	Achieved.  Achieved.	  	Programme deadline and budget remain intact however there is escalating risk due to timeliness in decision making.  New document close to finalisation.
Kaikohe Library – provide project management services and achieve agreed deliverables within time and budget.	Achieved.		Progress is currently on time and budget.

# Financial Performance

## *Tutukinga Ahumoni*

Unaudited group results including Far North Holdings Limited and wholly owned subsidiaries Bay of Islands Marina Limited and Far North Housing Limited

Six Months to 31 December 2025



# Statement of Financial Performance

Group Statement of Financial Performance 31 December 2025 \$000	Year-to-date - Dec'25			Last YTD
	Actual	Budget	Variance	Actual
Income	11,317	10,894	423	12,853
Operating Expenses	7,980	7,576	( 404)	8,873
Depreciation	638	536	( 102)	446
<b>EBIT</b>	<b>2,699</b>	<b>2,782</b>	<b>( 84)</b>	<b>3,535</b>
Interest	1,216	1,256	40	1,486
<b>Profit before revaluations</b>	<b>1,483</b>	<b>1,526</b>	<b>( 44)</b>	<b>2,049</b>
Revaluations	-	-	-	10,924
<b>Net profit before tax</b>	<b>1,483</b>	<b>1,526</b>	<b>( 44)</b>	<b>12,973</b>

- **Income** – Income is ahead of budget mainly due to rental on the portion of Dargaville community housing project prior to sale to Kāhui Tū Kaha. Most other revenue streams are also ahead of budget.
- **Operating expenses** – Operating costs are higher than year-to-date budget due to R&M and consultants incurred in the early part of the year. We anticipate that this variance will partly reverse during the remainder of the year.
- **Depreciation** - Depreciation is higher than budget due to additions at the end of last year not captured in the depreciation estimate, and June 25 property, plant and equipment revaluations.
- **Comparison to last year** – FY26 is well ahead of last year when normalised for sale of long-term property holds due to the completion of community housing projects.

# Statement of Financial Position

QUARTERLY REPORT – FY26 Q2

Statement of Financial Position		
As at 31 Dec 2025	Dec-25	Jun-25
\$000	Actual	Actual
<b>Equity</b>		
Share Capital	18,000	18,000
Reserves	14,269	14,269
Retained Earnings	72,826	71,343
	<b>105,095</b>	<b>103,613</b>
<b>Current Assets</b>		
Cash and cash equivalents	5,014	3,356
Trade receivables & prepayments	2,368	1,252
Inventory	546	8,387
Contract assets	418	402
Properties intended for sale	944	2,334
	<b>9,289</b>	<b>15,731</b>
<b>Non Current Assets</b>		
Intangible assets	103	159
Biological assets	0	0
Property, plant & equipment	33,731	33,530
Investment properties	152,512	149,426
Investments in equity accounted associates	13,785	13,758
Other investments - term	958	958
LGFA borrowers notes	1,316	1,316
	<b>202,405</b>	<b>199,147</b>
<b>TOTAL ASSETS</b>	<b>211,694</b>	<b>214,877</b>
<b>Current Liabilities</b>		
Current Loans and bank overdraft	40,750	48,750
Payables, accruals and income in advance	8,014	8,744
	<b>48,764</b>	<b>57,494</b>
<b>Non Current Liabilities</b>		
Loans	26,316	26,316
Deferred tax liability	9,791	9,791
Income in advance	21,729	17,665
	<b>57,835</b>	<b>53,771</b>
<b>TOTAL LIABILITIES</b>	<b>106,599</b>	<b>111,265</b>
	<b>105,095</b>	<b>103,613</b>

- **Inventory** – includes costs associated with properties being developed for sale.
- **Contract assets** – this relates to properties being developed for third parties.
- **LGFA borrower notes** - LGFA borrower notes are held for loans from LGFA with an initial term over one year.
- **Loans** – LGFA borrowings have been disclosed as current or non-current depending on the maturity date. The loan facility agreement is evergreen and subject to certain covenants. The group has met and forecasts to continue to meet all the covenants and therefore expects to be able to rollover borrowings as they fall due.

**Health & Safety**  
***Hauora me te Haumaru***

Q2 2025/26



# Health & Safety: Q2 2025/26 Report | Hauora me te Haumarū

FNHL has in place current health and safety policies and procedures to ensure the company meets its commitments to the health, safety and welfare of its employees, customers, visitors, and contractors. We strive for excellence in health and safety management, therefore, achieving operational effectiveness and business sustainability.

Ensuring a strong health and safety culture is a key part of our business strategy. The FNHL team expects open and honest involvement and commitment to achieving a safe and healthy working environment that supports the wellbeing of our employees, customers, visitors, and contractors.

FNHL has a health, safety, and wellbeing continuous improvement programme where goals and objectives are set and measured. Our 2025/26 programme continues to track within schedule. Our “Objectives” have been set to align with ISO45001 requirements.

Key programme actions/deliverables in Q2 2025/26 have been:

- HSW Audits programmed for Q2 completed, actioned or under action.
  - H&S risk registers across the business remain on an regular review and update cycle.
  - HSW data management software tools in use across the business.
  - Specialist external HSW resources are in place to provide necessary expertise and capacity.
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