

FNDC

Quarterly Report to Shareholder

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

November 2025

Contents

1. Purpose
 2. Quarterly Overview
 3. Performance against Key SOI Targets
 4. Financial Performance
 5. Health & Safety Report
- 

Purpose

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 three months from 1 July 2025 to 30 September 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.
- 

The Group generated a loss of \$86k during the quarter which is \$24k behind budget. We expect this variance will be reversed during the remainder of the year and we will achieve our SOI operating profit target of \$2,500k. The first quarter of the financial year coincides with the group's low season and an overall loss during this period is not unexpected.

After seven years of service on the Far North Holdings Board, the Honourable Murray McCully stepped down from Chair of Far North Holdings Limited on 1 July and resigned as director on 1 August. During his term, including the last two years as Chair, Murray oversaw significant growth across the Group and led the strategic move to develop housing across the region. His contribution to the organisation and commitment to improving the outcomes for the Far North have been greatly valued. Sarah Petersen took up the role of Chair from 1 July and Tony Sewell has been appointed to the Board from 1 October.

Following our presentation to Councillors in August regarding our strategic re-set, our team are now moving to implement this strategy. In short, our new strategy sees FNHL 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 is working to build this pipeline, including work with FNDC management to identify and progress development opportunities for Council owned land subject to creating schemes acceptable to the Council and community.

The Group was pleased to commence construction on its fourth community housing project, a 28 home development in Kaitaia being delivered in conjunction with the Claud Switzer Memorial Trust. This project is planned for completion at the end of calendar year 2026. Additional development opportunities are being pursued to further meet demand for community housing across the north.

Opua Marina's upgrade of A Pier was completed during the quarter. This project includes a new 42-metre public fuelling pontoon with upgraded fast flow diesel pumps, and new petrol pumps. Four new vessel berths have also been created to meet demand for larger berths and new infrastructure supports MPI and NZ Customs, strengthening the marina's role as a Port of First Entry.

Commissioning of Kerikeri Airport's two new fire trucks progressed over the quarter and they were put into service following the end of the quarter. Planning is underway for two improvement projects at the Airport, being a 2nd carpark exit lane and 2nd aircraft fuels facility. Both of these projects are expected to complete in the next quarter.

Two key projects are under management for FNDC - Kaikohe Library and Kaitaia Airport. The Kaikohe library projects progresses on time and on budget, with consent obtained and construction contracts tendered during this quarter. Construction commenced in Q2. Kaitaia Airport resilience project is underway. During the quarter, FNDC established the multi-tiered stakeholder engagement model and we appointed the lead engineering consultant. From a project management perspective, the broad project consultation and approval processes established by FNDC will need be proactively managed in timely way to support project delivery.

Consent for Paihia Waterfront works is due to lapse in March 2026. Following Cyclone impacts to the road earlier this year, 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 request an extension of the consent relating to the breakwater which requires minimal further investment.

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 towards the end of the year. 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.

SOI FY26 Key Targets

Objective	FY26 Target	Progress	Comment
Strategic focus: Financial – increased sustainable commercial returns			
Effective financial management to deliver profitability.	Operating profit >\$2.5million.		Q1 result is marginally behind budget however we are on track 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 Q1 and we forecast compliance throughout the year.
Strategic focus: People – be a good employer			
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.

SOI FY26 Key Targets cont.

Objective	FY26 Target	Progress	Comment
Strategic focus: Environmental – Undertake environmentally sustainable investment and management for the benefit of future generations			
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 is scheduled to commence in Q2. We will utilise Toitu Environcare'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.
Strategic focus: Community – Create economic and housing opportunities benefitting the wellbeing of the community			
Encourage positive relationships with the community by having transparent engagement policies and monitoring key stakeholder perceptions.	Undertake stakeholder perceptions survey.		Scheduled for 2 nd 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.

SOI FY26 Key Targets cont.

Objective	FY26 Target	Progress	Comment
Strategic focus: Community – Create economic and housing opportunities benefitting the wellbeing of the community cont.			
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 prevented us securing a housing pipeline. 28 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.
Civil Aviation Authority Certification maintained for BOI Airport.	Achieved		This certification is held.
Shared projects			
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 20 June 2026.	Achieved.		Programme deadline and budget remain intact however there is escalating risk due to timeliness in decision making.
	Achieved.		Awaiting FNDC documentation to progress.
Kaikohe Library – provide project management services and achieve agreed deliverables within time and budget.	Achieved		Progress is currently on time and budget.

Finance Report

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

Three Months to 30 September 2025



Statement of Financial Performance

Group Statement of Financial Performance 30 September 2025 \$000	Year-to-date - September '25			Last YTD Actual
	Actual	Budget	Variance	
Income	4,915	4,688	227	5,207
Operating Expenses	4,012	3,828	(185)	4,011
Depreciation	340	268	(72)	238
EBIT	563	592	(30)	958
Interest	649	654	6	865
Net profit before tax	(86)	(62)	(24)	92

- **Income** – Income is ahead of budget due to rental on the portion of Dargaville community housing project pending sale to Kāhui Tū Kaha. This will continue until this transaction settles, which is expected in Q2. Opuā berth rental income is 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 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 tracking behind the same time last year due to higher depreciation. Revenue is lower than last year, as expected, due to the level of development activity. Interest is lower than last year due to reduced interest rates associated with market reductions and the transition to LGFA that took effect in September 2024.

Statement of Financial Position

FINANCE REPORT

Statement of Financial Position As at 30 Sept 2025 \$000		
	Sept-25 Actual	Jun-25 Actual
Equity		
Share Capital	18,000	18,000
Reserves	14,269	14,269
Retained Earnings	71,258	71,343
	103,527	103,613
Current Assets		
Cash and cash equivalents	4,246	3,356
Trade receivables & prepayments	3,747	1,252
Inventory	8,660	8,387
Contract assets	411	402
Properties intended for sale	2,334	2,334
	19,398	15,731
Non Current Assets		
Intangible assets	106	159
Biological assets	0	0
Property, plant & equipment	33,390	33,530
Investment properties	150,502	149,426
Investments in equity accounted associates	13,925	13,758
Other investments - term	958	958
LGFA borrowers notes	1,316	1,316
	200,197	199,147
TOTAL ASSETS	219,595	214,877
Current Liabilities		
Current Loans and bank overdraft	48,750	48,750
Payables, accruals and income in advance	9,293	8,744
	58,043	57,494
Non Current Liabilities		
Loans	26,316	26,316
Deferred tax liability	9,791	9,791
Income in advance	21,919	17,665
	58,025	53,771
TOTAL LIABILITIES	116,068	111,265
	103,527	103,613

- **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.

H&S Report

Q1 2025/26



Health & Safety: Q1 2025/26 Report

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 Q1 2025/26 have been:

- HSW Audits programmed for Q1 completed and actioned or under action.
 - H&S risk registers across the business reviewed with updates made in Q1.
 - HSW data management software tools remain in use across the business.
 - Specialist external HSW resources are in place to provide expertise and capacity.
 - BOI Airports two new fire appliances commissioned to full service early Q2.
- 