NATIONAL INFRASTRUCTURE
FUNDING AND FINANCING



BUILDING TOGETHER

ANNUAL REPORT 2026

FOR YEAR END 30 JUNE 2026

New Zealand Government
Te Kāwanatanga o Aotearoa

NATIONAL INFRASTRUCTURE
FUNDING AND FINANCING

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REPORT FROM THE CHAIR AND CEO 2026

HANGA NGĀTAHI – BUILDING TOGETHER





THIS YEAR, NATIONAL INFRASTRUCTURE FUNDING AND FINANCING LTD (THE COMPANY) DELIVERED STRONG RESULTS ACROSS ITS MANDATE. THE COMPANY CLOSED THE TE AWA LAKES GREENFIELDS INFRASTRUCTURE FUNDING AND FINANCING TRANSACTION, CONTRACTED THE FIRST ROUND OF THE EV CHARGING LOAN FUND, ADVANCED FLOOD PROTECTION IN THE NORTH ISLAND EAST COAST AND AUCKLAND, AND THE RURAL AND MARAE DRINKING WATER FUNDS WON THE SOCIAL IMPACT AWARD AT THE BUILDING NATIONS CONFERENCE. IN THE YEAR TO JUNE 2026, $226 MILLION OF FUNDS AND, IN AUGUST/SEPTEMBER 2026, $702 MILLION FROM THE MONETISATION OF CHORUS SECURITIES WERE RETURNED TO THE CROWN.

INFRASTRUCTURE FUNDING AND FINANCING (IFF)

In March, the Company achieved financial close on New Zealand's first urban development Greenfields IFF transaction, providing $50 million of funding for transport and water infrastructure to enable up to 1,500 homes and commercial properties at Te Awa Lakes in Horotiu, Hamilton. The Company is the equity investor and debt co-financer of the transaction with BNZ.

The IFF Amendment Act 2026 received Royal assent on 3 August 2026 which broadens the IFF tool's application and streamlines its use. The Company continues to develop a pipeline of IFF opportunities of urban development/housing infrastructure and large-scale transport and water infrastructure, with several transactions progressing through feasibility and scoping.

PARTNERING WITH GOVERNMENT

Demand for the Company's corporate finance and commercial advice grew strongly, with support provided across nine Government initiatives. Notable transactions supported include the Department of Corrections' Christchurch Men's Prison Redevelopment Public Private Partnership (PPP) and NZ Transport Agency's Northern Corridor Road of National Significance PPP. Both transactions reached financial close in July 2026. The Company led the Crown's procurement of a 90 million litre strategic diesel reserve, provided commercial support to the concluded Auckland and Western Bay of Plenty City Regional Deals, and is developing a proposal for the supply of standardised wastewater treatment solutions for small communities which will commence implementation in FY2027.

Dartmoor Bridge rebuild, Hastings - Cyclone Recovery Fund

INVESTOR SHOPFRONT

The Company increased its registered investor relationships by 49 to 128 in total, of which 117 are qualified. New investor relationships were primarily institutional debt or equity investors and global and domestic pension funds. During the year, 81% of qualified investors were engaged, including global infrastructure investors from Australia, North America and Europe, as well as local investors, including iwi and KiwiSaver funds.

The Company continued as the Government's single point of contact and secretariate for Market-Led Proposals. During the year, 32 enquiries and six proposals were received across transport, information technology, health and other sectors which advanced to Stage 1. At year end, seven enquiries and three proposals remained active. Following year end, the first proposal progressed to Stage 2 of the assessment process: an innovative construction methodology to upgrade the existing Auckland Harbour Bridge, which the Government has confirmed it will consider alongside its wider work on the Waitematā Harbour Crossing.

INFRASTRUCTURE FUNDS

The Company assumed responsibility on 1 July 2025 for the $908 million Infrastructure Acceleration Fund which supports a 38,000 increase in housing supply and completed a full review of the various projects. At 30 June 2026, 53 of 182 contracted infrastructure projects were complete and $160.5 million had been invested.

The Cyclone Recovery Fund, which supports the recovery from the 2023 major weather events (Auckland Anniversary floods and Cyclone Gabrielle), completed 20 of 31 transport projects during the year. Three flood mitigation projects were also completed and 13 were under construction at year end. Hawke's Bay flood mitigation will have 10 of the 11 projects under construction by August 2026. The Company has also funded councils 50% of the cost to acquire approximately 1,400 residential properties to date, which were not capable of safe occupation. In total, $1.22 billion to date of Crown funding has been invested in property acquisitions, transport reinstatements, flood mitigation infrastructure and marae reconstruction.

The Infrastructure Reference Group Fund is nearing completion, with 43 of the Company's 46 projects now complete and $1.31 billion of $1.34 billion in funding paid out. Across the full Fund, $2.59 billion of the total $2.68 billion contracted has been paid, and 205 of the 219 projects are now completed.

The Rural and Marae Drinking Water Funds were completed during the year, with 131 treatment plants (which can support up to 137,000 people per day) installed, exceeding the target of 122. 85% of kāinga and rural sites benefiting from the improved infrastructure reported satisfaction with the Fund's delivery and the Company's collaborative approach with hapu.

The Company completed the first round of the EV charging concessionary loan Fund with Meridian Energy and ChargeNet to support 2,574 public charging points with 61 charge points installed at 30 June 2026. The second round of concessionary loans for more EV charging points is currently in contracting.

DIGITAL CONNECTIVITY

The Company is approaching completion of the Digital Connectivity Funds it has managed over the past fifteen years. However, there is still good progress to note, with 23 new mobile towers funded in the last 12 months under the Mobile Connectivity Fund bringing the total to 589 towers. The Marae Digital Connectivity Fund in its current form continues to June 2027, with 684 marae now connected. All digital connectivity targets were exceeded, with upgraded rural broadband reaching 71,381 rural homes and businesses, and mobile coverage extending to 206 tourism sites, 2,243 kilometres of state highway and local roads, and 17 settlements. The Company also oversaw 100 rural mobile tower battery capacity upgrades to support at least 24 hours of operation during power outages in remote locations that have been subject to extended power outages during extreme events.

Delivery of Land Mobile Radio under the Public Safety Network saw the Canterbury and Wellington regional land mobile radio networks achieving build completion during the year, and Auckland was more than 90% build complete at year end.

CORPORATE AND FINANCE

The Company recorded a net earnings surplus for the year of $88.7 million, exceeding its Statement of Expectation (SPE) target by $88.5 million. The result reflects net fair value gains in the period of $5.9 million as portfolio net interest rates moved favourably against a budget set for downside risk, resulting in a positive fair value variance of $49.2 million. In addition, interest and imputed investment income were above budget by $17.0 million due to a combination of a higher interest rate than budget and higher cash balance, while Infrastructure Funding and Financing drawdown was $29.0 million below budget due to infrastructure partners being behind plan, resulting in a reduction of levy revenue recognised.

Operational costs[1] at $25 million were $5.4 million under SPE target due to tight cost management. Total operating income of $896.7 million and grant fund expenditure $753.05 million were both below budget as infrastructure partners struggled to meet delivery timeframes.

During the current financial year the Company received $439.8 million in grant funding and drew $204.1 million of debt from private debt markets, investing $767.9 million in total with infrastructure partners who in turn co-invested over $500 million. Around $5.6 billion, cumulatively, has now been invested to date throughout New Zealand by the Company into infrastructure. Returns to shareholders totalled $226.4 million, including dividends of $45.1 million, $10.6 million grant funding credits from savings, and $170 million from the redemption of the first tranche of the Chorus UFB Securities. Cash and cash equivalents were $361.2 million at 30 June 2026.

The Company's SPE measures were all achieved or exceeded other than one which was mostly achieved, one which was partially achieved and one which was not met.

In August the Company completed the sale of the remaining Chorus UFB securities for a net of $702 million to a group of major global investors and one domestic fund. This was a highly complex transaction that was successfully managed by the Company with the funds being returned to the Crown through a share buy-back in August and September 2026 to fund Government infrastructure priorities.

LOOKING AHEAD

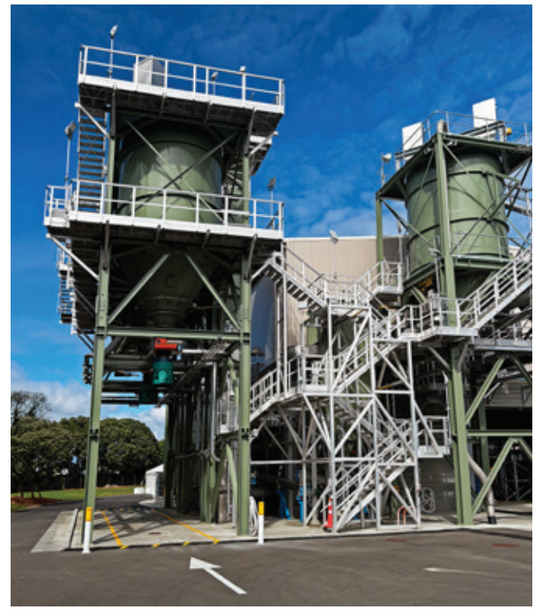
Momentum is continuing into FY2027. We expect to complete and close out several infrastructure funds, including the Infrastructure Reference Group, and remaining digital connectivity initiatives, while maintaining delivery momentum across the Infrastructure Acceleration Fund, Cyclone Recovery and EV Charging Infrastructure Funds, with the latter currently being expanded. We will also focus on converting the expanded IFF pipeline into further transactions and continue to source private capital for public infrastructure and provide commercial, corporate finance, complex procurement and delivery support to our government and infrastructure partners.

We thank our delivery partners—including government agencies, local authorities, infrastructure owners, iwi, financiers, investors and other stakeholders—for their essential contribution to this year's infrastructure outcomes. We look forward to continuing our work together to improve infrastructure for New Zealanders.

1 Operational costs consists of Directors' fees, personnel costs, depreciation and amortisation expenses, professional advisory fees and other expenses in the Statement of Comprehensive Revenue & Expense.



Lake Waikaremoana Great Walk Tower, Hawke's Bay, RCG – Rural Broadband Funds



Thermal Drying Facility Replacement, New Plymouth District Council – IRG Fund



Mark Binns - Chair
27 October 2026



Graham Mitchell - Chief Executive
27 October 2026

INFRASTRUCTURE PROGRESS THROUGHOUT THE YEAR

Te Awa Lakes Development, Hamilton – IFF

APPLICATION OF THE IFF ACT FOR GREENFIELD HOUSING

Infrastructure Funding and Financing Act

UNLOCKING GROWTH AT TE AWA LAKES

Te Awa Lakes development shows how the Infrastructure Funding and Financing (IFF) Act 2020 can unlock housing and commercial development by funding the core infrastructure needed for growth. In March 2026, the Company finalised a $60 million financing transaction with Te Awa Lakes Joint Venture, delivering $50 million for transport and water infrastructure to enable approximately 1,500 homes and commercial properties in Hamilton.

The project uses the Greenfield IFF model, which enables private capital to fund bulk infrastructure upfront, with costs repaid over time through levies on benefiting properties. This reduces reliance on upfront council or developer funding and better aligns costs with beneficiaries.

A NEW MODEL FOR GREENFIELD INFRASTRUCTURE

Announced by the Government in March 2025, the Greenfield IFF model adapts the beneficiary-pays framework for staged greenfield development. It allows infrastructure to be financed earlier and delivered alongside development, rather than being limited by traditional funding timing and capacity.

At Te Awa Lakes, infrastructure costs are expected to total about $70 million, with Te Awa SPV is expected to fund around $50 million and the developer funding the balance. IFF Act financing will be repaid through levies on benefiting properties.

This was an innovative financing model where the company and BNZ were joint debt financiers and the Company being the equity investor.

The levy and funding arrangements were established through the Infrastructure Funding and Financing (Te Awa Lakes Project Levy) Order 2026.

FUNDING THE INFRASTRUCTURE THAT ENABLES GROWTH

The IFF levy will help fund essential Te Awa Lakes infrastructure needed for the development, including a large stormwater lake, Hutchinson Road upgrade and roundabout, primary internal spine road and bridge, three waters infrastructure, a pump station and rising main.

For an average residential property in the levy area, the levy is expected to be about $2,100 per year, excluding GST, from 1 July 2027, increasing by 3 percent annually. Commercial properties will pay 1.3 times the residential rate.

BUILDING A NEW COMMUNITY BESIDE THE WAIKATO RIVER

Te Awa Lakes is being delivered by Te Awa Lakes Joint Venture, a partnership between HFL Investments, a Perry Group subsidiary, and PPD Te Awa Lakes, associated with Schick Construction.

The 100-hectare development beside the Waikato River and State Highway 1 will include housing, commercial, retail, community and recreation spaces, including a seven-hectare adventure precinct. Once complete, Te Awa Lakes will offer housing from premium riverside homes to townhouses and apartments near the proposed village centre. By funding enabling infrastructure, the IFF model supports coordinated, timely growth in Hamilton's northern growth area.

"The IFF funding tool is a game changer for Te Awa Lakes and the northern growth node of the region. Without it, infrastructure delivery would be fully reliant on direct developer funding, which is too slow and cannot keep pace with demand."

Richard Coventry, Managing Partner, Te Awa Lakes Joint Venture



Te Awa Lakes Development, Hamilton – IFF

THE FUTURE OF LOW-EMMISSION TRANSPORT

Public EV Charging Infrastructure Loan Fund

The Company is helping accelerate New Zealand's shift to low-emissions transport through the Public EV Charging Infrastructure Loan Fund. The Fund addresses a key barrier to EV uptake: limited public charging infrastructure. It supports progress toward the Government's target of 10,000 charge points by 2030, recognising that a reliable national network is essential for wider fleet electrification.

The Fund provides zero-interest loans to bring forward investment in charging infrastructure not yet commercially viable. By lowering capital costs and recycling repayments, it helps unlock private sector investment and address the link between EV demand and infrastructure rollout.

Following a competitive procurement process, the Company entered into loan agreements with ChargeNet and Meridian Energy in March 2026. The Fund is providing $52.7 million in zero-interest loans, alongside about $60 million of private co-investment, enabling more than $110 million of total investment and 2,574 new public charge points nationwide.

When the Fund launched, New Zealand had about 1,800 public charge points. The first round will more than double the network to around 4,550 charge points, including projects already underway, and support further private investment as the market matures.

The Fund will deliver benefits across urban and regional New Zealand by expanding access beyond main centres and strengthening regional connections. The network will support long-distance travel, convenient local charging, EV adoption, emissions reduction and a more resilient transport system, demonstrating the Company's role in using public capital to deliver nationally significant infrastructure outcomes.



EV Public Charging Site, ChargeNet – EV Charging Infrastructure Fund

FROM FIBRE TO FUTURE INFRASTRUCTURE

Recycling UFB investment for New Zealand's next infrastructure priorities

The Ultra-Fast Broadband programme is one of New Zealand's great infrastructure success stories. It connected communities, supported businesses, enabled online learning and health services, and helped make fast, reliable fibre broadband part of everyday life.

Through Crown Fibre Holdings (now National Infrastructure Funding and Financing), the Crown provided long-term funding to Chorus and other delivery partners to support the construction of the UFB network. By December 2022, the rollout had been completed, bringing high-speed fibre broadband to 412 towns and cities and making fibre available to 87 percent of New Zealanders.

The securities were not due to be fully repaid until 2036 and no longer served an ongoing policy purpose. The early monetisation allowed the Crown to bring forward the present value of that investment rather than wait another five to 10 years for repayment, freeing up capital that could be redeployed into more immediate infrastructure priorities such as hospitals, schools, roads and other Budget 2026 capital projects.

The Company turned a complex financing arrangement into a clear, investable opportunity for private capital. This required corporate finance expertise, investor engagement, careful transaction design and a strong understanding of Government objectives. Working with specialist advisers, the Company approached a broad range of domestic and international investors, with the successful group showing strong private capital interest in well-structured New Zealand infrastructure opportunities.

Limited Crown enhancements for unlikely risks helped improve sale value by giving investors greater confidence and widening market participation. The Company structured the transaction so targeted risks sat with the party best placed to manage them, supporting stronger competition, better value and more funding for reinvestment in public infrastructure.

Binding transaction agreements were reached in August 2026, and the transaction has now been completed, with funds received by the Crown. It delivered about $702 million in net proceeds after transaction costs, bringing forward value from the completed UFB investment for reinvestment in other infrastructure priorities. The proceeds will be recorded in FY2026/27.

For the Company, this is a fitting continuation of the UFB story and a strong example of its expanded mandate. It shows how commercial capability, public sector outcomes and private capital can work together to unlock more value from the Crown balance sheet for the benefit of New Zealanders.





Chorus UFB Fibre installation

STRENGTHENING MOBILE NETWORK RESILIENCE THROUGH BATTERY UPGRADES

Mobile Tower Resilience Fund



Pouawa North tower, Gisborne – Mobile Tower Resilience Fund

THE CHALLENGE: KEEPING COMMUNITIES CONNECTED WHEN POWER FAILS

During severe weather, mobile connectivity is critical for emergency response, coordination and public safety. Yet mains power loss remains the main cause of mobile outages during disasters. The Mobile Network Resilience Fund is reducing this risk by strengthening high-risk mobile towers.

THE SOLUTION: TARGETED BATTERY UPGRADES WHERE THEY MATTER MOST

The Company partnered with the Rural Connectivity Group to upgrade selected mobile sites for up to 24 hours of off-grid operation. Sites were prioritised based on outage history, downstream tower dependencies, supported populations and proximity to critical infrastructure, including hospitals and marae.

THE RESULT: RESILIENCE PROVEN DURING CYCLONE VAIANU

Cyclone Vaianu tested the upgrades from 12–15 April 2026 across Gisborne, Hawke's Bay and the Bay of Plenty. Of 13 upgraded RCG sites in affected regions, nine stayed operational throughout and the remaining four continued operating until backhaul connectivity was lost, helping maintain mobile communications during disruption.

WHAT HAPPENS NEXT

There will be upgrades to a further 295 mobile sites nationwide from July/August 2026, strengthening mobile network resilience during power outages and emergencies.

OUTCOMES THAT MATTER

- Access to 111 emergency calling and Civil Defence alerts.
- Improved resilience during power outages, helping maintain mobile connectivity when communities need it most.

TE REINGA BRIDGE PROVIDES VITAL LINK FOR COMMUNITIES

Cyclone Recovery Fund

IMPACT ON A CRITICAL RURAL LINK

Te Reinga Bridge, which spans the Wairoa River between Wairoa and Gisborne, was damaged in March 2022 and further damaged by Cyclone Gabrielle in February 2023, when a pier washed away and the bridge closed. For Te Reinga, Ruakituri and Ohuka communities, routine trips to Wairoa or Gisborne stretched to two hours, cutting off a critical local connection.

CONTROLLED DEMOLITION

With the structure beyond repair, local contractor QRS completed a controlled demolition in June 2023, collapsing the 300-tonne bridge into the Wairoa River with support from specialist dive, demolition, piling and bridging teams.

TEMPORARY RESTORATION

A temporary bridge, including a Bailey bridge, opened in February 2024, reconnecting communities after about a year of isolation. Later approach repairs were completed while maintaining local traffic access.

PERMANENT REBUILD

QRS was awarded the permanent bridge contract, supported by Brian Perry Civil and Eastbridge. The new one-lane, 90.5m network arch spans the riverbed with a 13.5m long single land span, eliminating the need for a pier in the riverbed, and removing flood vulnerability that caused the original failure. The bridge was assembled on site and lifted into place with a single lift, using New Zealand's largest mobile crane, at 1,200 tonnes.

COMPLETION AND OUTCOMES

The new $15.5 million bridge opened four years after the original damage in the March 2022 floods. Wairoa Mayor Craig Little described the opening as reconnecting the communities of Te Rēinga, Ruakituri and Ohuka after years of closures, temporary fixes and disruption.

PARTNERSHIP

Delivered under the Company's management of the Government's Cyclone Recovery Funds, the project brought together Wairoa District Council, NZTA, local iwi, Māori landowners, contractors and community partners. Te Reinga Bridge now stands as a symbol of restored connectivity for Northern Hawke's Bay.



Te Reinga Bridge, Wairoa District Council – Cyclone Recovery Fund

SAFE DRINKING WATER IN RUATAHUNA VALLEY

Rural and Marae Drinking Water Fund

Deep in the Ruatahuna Valley, within Te Urewera, the Tūhoe settlement of Te Tii is a hub for whānau, learning, health and visitors. Home to two marae, a tribal centre, visitor accommodation, a school and a health centre, the community plays an important role in supporting life across the valley.

For many years, however, Te Tii faced a significant challenge: its water supply was limited and mostly untreated. E. coli contamination regularly affected the local school, forcing closures and disrupting learning. At the same time, unreliable mains power—particularly during winter and bad weather—made it harder to maintain essential services, while limited voice and broadband coverage restricted the community's digital access.

Through the Rural and Marae Drinking Water Funds, the community worked with the programme to design and install a new water treatment plant to serve the whole settlement. Because of the plant's remote location and limited access to reliable power, funding also supported a solar unit to power the treatment system. The solar unit and treatment plant have now been installed and handed over to the community.

The result is a continuous supply of safe drinking water for the entire community—even when the wider valley is without power. The project has strengthened Te Tii's self-sufficiency and resilience, supporting better health, wellbeing and continuity for local services.

The benefits have been further enhanced with previous recycled funding from the Ultra-fast Broadband initiative which supported the installation of a new shared mobile tower through the Rural Connectivity Group. Improved connectivity now reaches the wider community, including the water treatment plant, enabling remote monitoring and faster response if issues arise.

"The water treatment plant for our Ruatahuna line is more than just infrastructure — it reflects our commitment to the health and wellbeing of our whenua and our whānau. It strengthens our mārua by improving the quality of our drinking water, while the solar-powered system shows our commitment to alternative energy and self-sustainability. Together, they represent a positive step towards a healthier, more resilient future for our whānau and our mārua."

Alice Te Kurapa



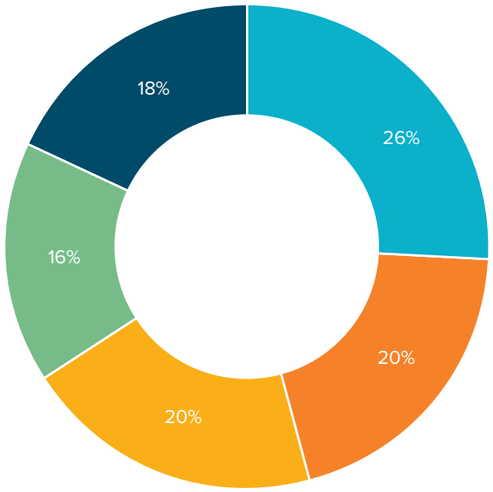
Cell tower and water plant in background, Ruatahuna – Marae Drinking Water and Rural Mobile Funds



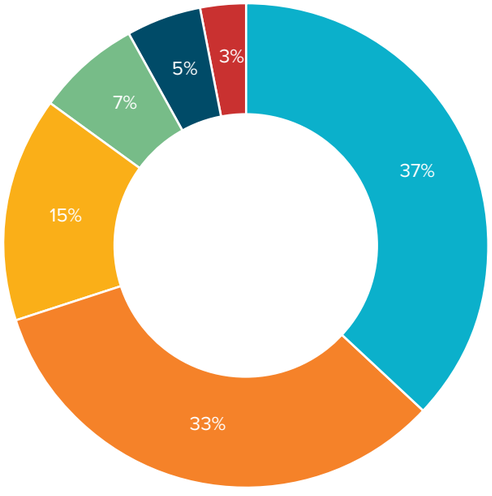
Te Tii Water Treatment Plant Upgrade, Ruatahuna, Bay of Plenty – Rural and Marae Drinking Water Fund

INVESTOR SHOPFRONT

INVESTORS BY REGION



INVESTORS BY CATEGORY



THE COMPANY PROMOTES OPPORTUNITIES FOR PRIVATE CAPITAL TO INVEST IN NEW ZEALAND'S PUBLIC INFRASTRUCTURE.

Working in partnership with Invest NZ when in offshore markets, the Company connects the capabilities and experience of qualified international and domestic investors with government agencies and projects that may be appropriate for private finance.

Connecting investors to infrastructure opportunities benefits New Zealanders by facilitating domestic and international interest in financing, as well as delivering and operating New Zealand infrastructure. The Company currently has approximately 130 qualified investors in its Investor Database, an increase of 49, and has maintained interaction with approximately 81%.

Investors are widely spread both geographically and by type, representing multiple billions of invested capital. The Company will continue to develop its investor network, and as public infrastructure investment opportunities develop, present these to suitable investors.

MARKET-LED PROPOSALS

THE COMPANY RECEIVES ALL MARKET-LED PROPOSALS (MLPS) (OTHER THAN PHARMACEUTICALS) ON BEHALF OF THE GOVERNMENT.

It undertakes initial compliance checks, then facilitates interactions between proponents and government agencies, and coordinates assessment and responses. The Company performs a substantive role in assessing proposals for recommendation and consideration by government and supports the Treasury on MLP policy reviews and process development.[2]

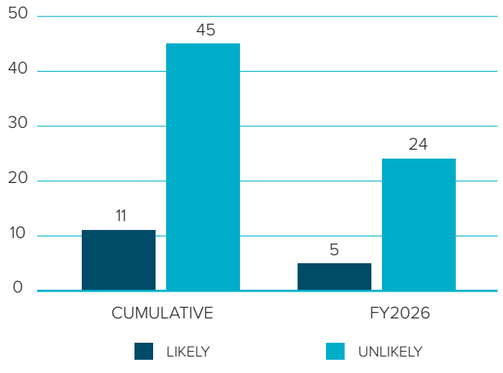
The Company also provides secretariat support to the Market-Led Proposals Steering Committee which oversees the process.

Since the commencement of the Market-Led Proposal Guidelines in December 2024, the Company has received over 60 enquiries and proposals spanning several sectors. In 2025/2026, the Company received 38 enquiries and proposals. As at 30 June 2026, one enquiry remained under consideration by the Company, with five enquiries assessed as likely to meet the criteria of public interest, exclusivity and value for money. This represents over 15% of the enquiries received in 2025/2026 receiving positive feedback.

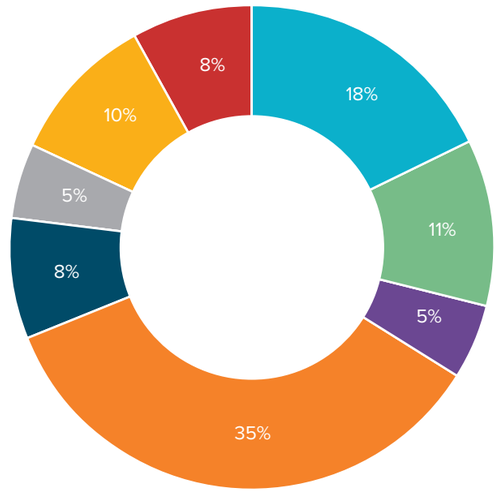
ENQUIRIES AND PROPOSAL STATUS		
STAGE	CUMULATIVE	FY2026
ENQUIRIES BEING ASSESSED	1	1
ENQUIRIES CONCLUDED	56	29
ENQUIRIES WITHDRAWN	5	2
STAGE 1 BEING ASSESSED	0	0
STAGE 1 CONCLUDED	5	5
STAGE 1 WITHDRAWN	2	1

ENQUIRY FEEDBACK GIVEN

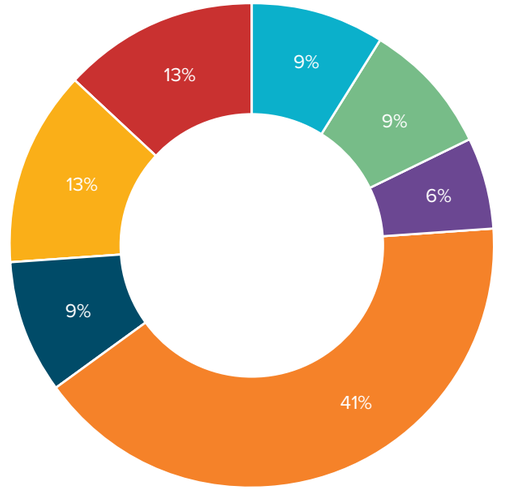
Likeliness to meet criteria (excludes Stage 1)



SECTORS - CUMULATIVE



SECTORS - FY2026



2 For more information please see: Market-Led Proposals | National Infrastructure Funding and Financing | New Zealand

STATEMENT OF PERFORMANCE

Francis Road Roundabout & Omokoroa Road Four-laning - IRG Fund

STATEMENT OF PERFORMANCE FOR THE FINANCIAL YEAR 2025/2026

National Infrastructure Funding and Financing Limited's (the **Company**) performance targets for the financial year 2025/2026, as measured against the Statement of Intent (**SOI**) and the Statement of Performance Expectations (**SPE**), relate to the following classes of outputs:

PARTNERING, SHOPFRONT AND ADVISORY

- Partner on Private Financing for Public Infrastructure
- Infrastructure Funding and Financing
- Investor Shopfront
- Market-Led Proposals
- Advisory Services

INFRASTRUCTURE FUNDS

- Infrastructure Acceleration Fund
- Cyclone Recovery Funds
- Infrastructure Reference Group Fund
- Rural Drinking Water Funds
- EV Charging Infrastructure Fund

CONNECTIVITY

- Rural Broadband Funds
- Rural Mobile Funds
- In addition, the Company also measures its Financial and Operational Efficiency.

STATEMENT OF COMPLIANCE

This Statement of Performance has been prepared in accordance with Tier 1 Public Benefit Entities (**PBE**) financial reporting standards, which have been applied consistently throughout the period, and complies with PBE financial reporting standards.

The Statement of Performance is reported on pages 17-45, and pages 97-99.

ACHIEVEMENT EVALUATION

Performance for all Reportable Measures is recognised as **Achieved**, where 100% or more of the target was met, **Mostly Achieved** where the target has not been met but is within 95% or substantially close to target, **Partly Achieved** when the portion of achievement is greater than or equal to 50% but less than 95%, and **Not Achieved** if less than 50%.

SIGNIFICANT JUDGEMENTS

The performance measures were selected to cover quantitative and qualitative measurement of progress towards the key goals of the Company. Performance measures have metrics or targets that have been identified by the Company in consultation with relevant government agencies. This process ensured the selected measures best reflect the Company's strategic outcomes and performance during the year.

Some measures are no longer reported where relevant programmes have been completed, or the measure has been fulfilled. Performance measures are those of the Company group, as the subsidiaries do not have performance measures.

A significant judgement relates to many of the Company's performance measures for the year reflecting performance since inception rather than only relating to the financial year. This is a better reflection of the Company's performance over time. Judgements in relation to this have been disclosed throughout the Statement of Performance.

COST ALLOCATION

The Company's primary role is to act as a funding, financing, advisory and delivery partner for Government. As such, the Company does not have any independent revenue streams but rather a number of funding sources from Government appropriations, some recoveries, recycled capital and private capital markets which it uses to fund its activities.

The Company has determined the cost of outputs using the cost allocation approach outlined below:

- Direct costs are those costs directly attributed to an output.
- Indirect costs are those costs that cannot be identified in an economically feasible manner with a specific output. Indirect costs are charged to outputs based on cost drivers and related activity or usage information.
- Personnel costs are assigned to outputs based on the proportion of staff time for each output.
- Unallocated income and expense relate to current or future outputs where the Company does not have specific measures set as performance targets have been met in the past or relate to future activities

INCOME AND EXPENSES BY REPORTABLE CLASS OF OUTPUT

The table below shows the income and expenses for the output classes that supports the performance objectives of the Company.[3]

REPORTABLE OUTPUT CLASS	2024/25 ACTUAL $(000)	2025/26 ACTUAL $(000)	2025/26 PLAN* $(000)
INCOME			
PARTNER ON PRIVATE FINANCING FOR PUBLIC INFRASTRUCTURE	-	205	1,111
INFRASTRUCTURE FUNDING AND FINANCING	210,787	254,023	338,763
INVESTOR SHOPFRONT	-	-	-
MARKET-LED PROPOSALS	-	-	-
ADVISORY SERVICES***	1,232	1,160	1,137
INFRASTRUCTURE ACCELERATION FUND	-	88,678	196,573
CYCLONE RECOVERY FUND	644,699	397,326	525,534
INFRASTRUCTURE REFERENCE GROUP FUND	165,909	82,321	96,268
RURAL DRINKING WATER FUNDS	11,497	1,550	255
EV CHARGING INFRASTRUCTURE FUND***	341	807	1,422
RURAL BROADBAND & MOBILE FUNDS**	51,685	20,067	17,965
UNALLOCATED INCOME TO CURRENT PERFORMANCE REPORTING***	62,940	72,072	37,577
TOTAL INCOME	**1,149,090**	**918,209**	**1,216,605**
EXPENSES			
PARTNER ON PRIVATE FINANCING FOR PUBLIC INFRASTRUCTURE	(563)	(1,685)	(1,111)
INFRASTRUCTURE FUNDING AND FINANCING	(183,286)	(211,222)	(298,603)
INVESTOR SHOPFRONT	(586)	(643)	(1,360)
MARKET-LED PROPOSALS	(563)	(1,031)	(1,950)
ADVISORY SERVICES***	(1,490)	(1,162)	(790)
INFRASTRUCTURE ACCELERATION FUND	-	(87,598)	(197,573)
CYCLONE RECOVERY FUND	(640,472)	(392,942)	(516,416)
INFRASTRUCTURE REFERENCE GROUP FUND	(136,714)	(63,249)	(82,585)
RURAL DRINKING WATER FUNDS	(12,795)	(17,524)	(10,517)
EV CHARGING INFRASTRUCTURE FUND***	(183)	(2,177)	(8,112)
RURAL BROADBAND & MOBILE FUNDS**	(69,973)	(42,702)	(47,776)
UNALLOCATED EXPENSE TO CURRENT PERFORMANCE REPORTING***	(22,370)	(7,578)	(49,570)
TOTAL EXPENSES	**(1,068,995)**	**(829,513)**	**(1,216,363)**

* The base for the plan numbers are sourced from the Consolidated Statement of Forecast Comprehensive Revenue and Expense included in the Statement of Performance Expectations and reallocated into reportable output classes.

** Rural Broadband and Rural Mobile Funds deliver dual purpose infrastructure capable of providing both broadband and mobile services. The two reportable output classes have been reported in aggregate.

*** The 2024/25 numbers have been restated to reflect the current year reportable output classes.

3 Where expenses exceed income, these costs are funded by revenues received in prior years. Opex included.

PARTNER ON PRIVATE FINANCING FOR PUBLIC INFRASTRUCTURE

THERE IS OPPORTUNITY FOR PRIVATE CAPITAL TO PLAY A GREATER ROLE IN SUPPORTING THE DELIVERY OF PUBLIC INFRASTRUCTURE IN NEW ZEALAND. THE GOVERNMENT HAS MANDATED INFRASTRUCTURE INTENSIVE AGENCIES TO PARTNER WITH THE COMPANY ON ALL SIGNIFICANT PUBLIC INFRASTRUCTURE INVESTMENTS THAT COULD BENEFIT FROM PRIVATE CAPITAL.

The policy objective for the "Partner on private financing for public infrastructure" class of outputs is to support the better utilisation of private financing and alternative procurement models (including PPPs) for New Zealand's public infrastructure projects. It tracks progress towards the "Partner on private financing for public infrastructure" strategic objective.

The Company's role includes:

- Advising on governance, procurement options, commercial and financing structures, risk allocation, analysis, market engagement and supporting related procurement processes;
- Providing commercial and financial advisory and other support to assist projects that are underway (which could include providing advice in relation to a proposed project or providing services to assist with the delivery of a project); and
- Active project team roles in business case preparation, tender preparation, interactives and evaluation, commercial/financial negotiations, contract close support and governance oversight.

Partnering on private financing for public infrastructure will benefit New Zealanders by supporting Government to realise greater value for money and improving delivery of public infrastructure investment by using alternative private financing and delivery, including Public-Private Partnerships.

This class of outputs was funded by interest income in 2025/26.

In 2025/26, the Company supported two agencies with three PPP projects (NZTA's Northern Corridor PPP Road of National Significance and the Department of Corrections' Waikeria Prison PPP Expansion and the new Christchurch Men's Prison PPP) and supported Health NZ with procurement of Hawke's Bay LINAC (linear accelerators used in radiology) facilities. The Company also supports Education, Justice and Defence Agencies. Advice and support is measured by working as part of the project teams and governance groups across financial and commercial areas in support of lead agencies and responding to requests for advice.

REPORTABLE MEASURE	2024/2025		2025/2026		
	ACTUAL	PERFORMANCE	PLAN	ACTUAL	PERFORMANCE
NUMBER OF TRANSACTIONS RECEIVING PRIVATE FINANCE ADVICE AND SUPPORT[4]	3	Achieved	4	4	Achieved

4 This measure has been updated from 2024/25 and includes initial advice and support to two agencies on PPP transactions.

INFRASTRUCTURE FUNDING AND FINANCING (IFF)

NEW ZEALAND'S CITIES ARE GROWING QUICKLY, WITH HOUSING SUPPLY, TRANSPORT AND WATER INFRASTRUCTURE OFTEN NOT KEEPING PACE WITH DEMAND. THE INFRASTRUCTURE FUNDING AND FINANCING ACT 2020 (IFF ACT) ENABLES INFRASTRUCTURE TO BE DELIVERED FREE OF LOCAL GOVERNMENT AND CORE CROWN FINANCING CONSTRAINTS, UTILISING PRIVATE DEBT FINANCING BY CHARGING THE BENEFICIARIES OF THAT INFRASTRUCTURE THE COST OVER THE LIFE OF THE INFRASTRUCTURE.

The policy objective for the "Infrastructure Funding and Financing" class of outputs is to secure private financing for infrastructure initiatives that support the beneficiary, for example urban developments, and transport and water infrastructure. It tracks the Company's progress towards the achievement of the "Infrastructure Funding and Financing (**IFF**)" strategic objective.

The role of the Company is to work with relevant Government agencies, local government, developers, infrastructure owners and debt providers to fund and finance infrastructure utilising the IFF Act. The Company raises private debt, provides equity investment and debt financing and facilitates applicants through the IFF Act process.

IFF will benefit New Zealanders by enabling infrastructure to be delivered which could not be delivered with other financing and funding tools. IFF-enabled infrastructure can increase land availability for housing and deliver city/region-wide benefits, such as improved transport, drinking water, wastewater, climate resilience and community outcomes.

This class of outputs is funded from Vote Finance and debt raised in private capital markets.

The first Greenfield model IFF transaction at Te Awa Lakes, Hamilton achieved financial close in March 2026. This was the key focus of the Company in the year ending 30 June 2026 and represented a major policy milestone for the IFF Act. Extensive work was completed to initiate an IFF transaction in 2025/26 (Te Awa was initiated in 2024/25), and a pipeline of future transactions has been identified. However, no single transaction was sufficiently advanced to fully satisfy the definition of "initiated" by 30 June 2026.[5] The IFF Act continues to be refined and improved with support from the Company.

REPORTABLE MEASURE	2024/2025		2025/2026		
	ACTUAL	PERFORMANCE	PLAN	ACTUAL	PERFORMANCE
NUMBER OF TRANSACTIONS INITIATED[6]	1	Achieved	1	0	Not Achieved



Te Awa Lakes Development Official Opening, Hamilton – IFF

5 A transaction is considered to have been initiated when the Company's Investment Committee has approved a recommendation to proceed and is completed once financial close has been reached.

6 The description of this measure has been simplified since 2024/25.

INVESTOR SHOPFRONT

SIGNIFICANT AMOUNTS OF PRIVATE CAPITAL FROM DOMESTIC AND INTERNATIONAL SOURCES WILL BE NECESSARY FOR NEW ZEALAND TO MODERNISE AND GROW ITS PUBLIC INFRASTRUCTURE BASE TO BUILD A MORE RESILIENT ECONOMY, ADD TO NATIONAL PROSPERITY AND SECURE INTERNATIONAL COMPETITIVENESS. ACHIEVING THIS REQUIRES STRENGTHENING THE GOVERNMENT'S INVESTMENT CAPABILITY AND ENGAGEMENT WITH DOMESTIC AND INTERNATIONAL INFRASTRUCTURE INVESTORS.

The policy objective of the "Investor Shopfront" class of outputs is to increase opportunities for private capital investment in public infrastructure where this can improve infrastructure cost, performance and outcomes. It tracks the Company's progress towards the achievement of the "Connect Investors to Infrastructure Opportunities" strategic objective.

The role of the Company is to promote potential public infrastructure opportunities to investors and infrastructure operators, and support agencies through the Government's Investment Management System (IMS) project approval processes to facilitate greater transparency, consistency, and efficiency for private and non-Government parties. The Company works with Invest New Zealand in international markets to connect private and non-Government parties to applicable public infrastructure and supports Government initiatives to attract private investment into public infrastructure.

Acting as the Government's investor shopfront will benefit New Zealanders by securing and growing domestic and international private investment to increase and improve New Zealand public infrastructure, delivering economic and social benefits.

This class of outputs was funded by interest income in 2025/26.

The Company identified and engaged[7] several institutional equity investors, pension funds, property funds, and iwi, which significantly expanded its relationships with qualified investors, as well as maintaining relationships with all its Senior Debt Panel providers.[8]

REPORTABLE MEASURE	2024/2025		2025/2026		
	ACTUAL	PERFORMANCE	PLAN	ACTUAL	PERFORMANCE
NUMBER OF RELATIONSHIPS IDENTIFIED, ESTABLISHED AND MAINTAINED WITH SENIOR DEBT PANEL PROVIDERS	25	Achieved	25	25	Achieved
NUMBER OF DOMESTIC AND INTERNATIONAL EQUITY INFRASTRUCTURE INVESTORS (INCLUDING SPECIALIST PUBLIC PRIVATE PARTNERSHIP FUNDS, INFRASTRUCTURE FUND INVESTORS AND OTHERS) IDENTIFIED AND ENGAGED	10	Achieved	15	49	Achieved

7 An investor is considered to have been engaged when they have met once or more or communicated with the Company in the financial year.

8 Initially established in 2018, with additional members added in 2022 and 2024, the Senior Debt Panel is a group of suitable debt providers who will be approached for finance, see https://nationalinfrastructure.govt.nz/debt-panel/. A relationship with a Senior Debt Panel provider is considered to be maintained while the provider remains on the Senior Debt Panel.

MARKET-LED PROPOSALS

THE GOVERNMENT HAS DEVELOPED GUIDELINES FOR MARKET-LED (UNSOLICITED) PROPOSALS AND APPOINTED THE COMPANY TO BE A SINGLE POINT OF CONTACT AND TO MANAGE THE INBOUND MARKET-LED PROPOSALS PROCESS.

The policy objective of the "Market-Led Proposals" class of outputs is to provide an effective process for the private sector to submit their ideas to Government, and have proposals assessed for potential implementation. It tracks the Company's progress towards the achievement of the "Connect Investors to Public Infrastructure Opportunities" strategic objective.

The role of the Company is to receive all Market-Led Proposals on behalf of the Government (except those relating to pharmaceuticals) and undertake initial compliance checks. The Company facilitates interactions between proponents and Government, coordinates assessment and responses, provides assistance to the agency responsible for project delivery, and is the secretariat.

Market-Led Proposals will benefit New Zealanders by encouraging and facilitating private sector ideas, innovation and investment which demonstrate public benefit and value for money. By providing a clear, consistent and transparent evaluation process, new ideas will be introduced to Government across all areas of activity including public infrastructure, funding, financing and delivery.

This class of outputs was funded by interest income in 2025/26.

In 2025/26, the Company continued to develop and refine established systems and processes for receiving and assessing Market-Led Proposals. The Company received 32 Stage 0 enquiries and 6 Stage 1 proposals between 1 July 2025 and 30 June 2026.[9] For each enquiry and proposal, the Company engages a lead Government agency for input and is the secretariat for the Market-Led Proposals Steering Committee which oversees the process.

REPORTABLE MEASURE	2024/2025		2025/2026		
	ACTUAL	PERFORMANCE	PLAN	ACTUAL	PERFORMANCE
RECOMMENDATION REPORTS FOR STAGE 0 PROPOSALS READY FOR STEERING COMMITTEE REVIEW WITHIN ONE MONTH OF AGENCY ENGAGEMENT BEING COMPLETED	N/A New measure	N/A New measure	90%	96.8%	Achieved

9 As per the Market-Led Proposals Guidelines, a Market-Led Proposal is first submitted at "Stage 0" and is assessed as an enquiry against key criteria. Following initial feedback from the Company, a proponent may then resubmit a formal proposal at "Stage 1", at which point their proposal undergoes more rigorous assessment. For more information, see guidance-market-led-proposals.pdf

ADVISORY SERVICES

THE GOVERNMENT REGULARLY INTRODUCES NEW INITIATIVES TO ADDRESS SERVICE GAPS, LEVERAGE NEW OPPORTUNITIES AND PROMOTE POLICY. SOMETIMES THESE PROGRAMMES REQUIRE SPECIALISED TRANSACTIONAL EXPERTISE WHICH SITS OUTSIDE GOVERNMENT AGENCIES, AND THE GOVERNMENT APPOINTS THE COMPANY TO ADVISE ON CORPORATE FINANCE, COMMERCIAL, PROCUREMENT, CONTRACT MANAGEMENT OR OTHER MATTERS.

The policy objective of the "Advisory Services" class of outputs is to support government infrastructure agencies with specialist advice relating to the funding, financing and procurement of public infrastructure. It tracks the Company's progress towards the achievement of the "Advisory Services" strategic objective.

The role of the Company is to advise on corporate finance, commercial, contract management or other matters relating to the procurement of public infrastructure, including for the deployment of a national Land Mobile Radio (LMR) network as part of the Public Safety Network (PSN) initiative.

Advisory Services will benefit New Zealanders by strengthening the capability of government to engage with suppliers, investors and the wider market to procure quality public infrastructure on time, on budget and to specification. The PSN will benefit New Zealanders by providing the most up to date, secure, resilient communications capability and coverage for emergency service agencies to better serve and improve wellbeing for members of the public.

This class of outputs was funded by interest income, DIA (for City Regional Deals and Local Water Done Well) and by Vote Police (for the PSN).[10]

In 2025/26, the Company supported the Ministry of Transport (from 1 July 2026 the Ministry of Cities, Environment, Regions and Transport (MCERT)) on the toll concession market sounding, and the Department of Internal Affairs (DIA - now MCERT) on negotiation of City Regional Deals, technical evaluation of Water Services Delivery Plans, and a programme to centrally procure and potentially finance wastewater infrastructure. The Company also advised Health NZ on land purchase for alternative public/private healthcare precinct development, the Ministry of Education on the augmentation of the school PPPs, and the Ministry of Justice on procurement of the Courts package.

The Company was also asked to provide support to SafetyNet on the build portion of the Next Generation Critical Communication Network, to deliver upgraded land mobile radio networks to emergency services. The contract for the network was allocated to Tait Networks. Based on Tait's agreed deployment plan, the Company had an SPE target of four regions to be completed, from a build perspective, by 30 June 2026. On that date, the Canterbury and Wellington regions were "build complete" as per Tait reporting, and 58 out of 61 sites were completed in Auckland (95%). In the fourth region of Tasman, only 5 sites out of 23 were delivered as resources were reprioritised to complete builds in the other three regions.

REPORTABLE MEASURE	2024/2025		2025/2026		
	ACTUAL	PERFORMANCE	PLAN	ACTUAL	PERFORMANCE
NUMBER OF GOVERNMENT PROGRAMMES SUPPORTED WITH ADVICE	N/A New measure	N/A New measure	3	7	Achieved
PSN: LAND MOBILE RADIO REGIONS COMPLETED*	0	Not Achieved	4	2	Partly Achieved

*Cumulative and includes regions from prior years.

10 The Company does not have any financial exposure through the PSN programme.

INFRASTRUCTURE ACCELERATION FUND

IN FEBRUARY 2025, THE GOVERNMENT ANNOUNCED THAT RESPONSIBILITY FOR ADMINISTRATING THE INFRASTRUCTURE ACCELERATION FUND (IAF) WOULD TRANSFER FROM KĀINGA ORA TO THE COMPANY. THE COMPANY ASSUMED MANAGEMENT OF THE FUND FROM 1 JULY 2025.

The policy objective of the "Infrastructure Acceleration Fund" class of outputs is to support infrastructure required for housing developments by addressing funding and financing constraints faced by councils and other infrastructure providers. It tracks the Company's progress towards the achievement of the "Manage Infrastructure Funds" strategic objective.

The role of the Company is to administer and manage the delivery of the IAF programme. The Company is accountable for ensuring that IAF funding is released in accordance with contractual obligations, that programme risks are actively managed, and that delivery outcomes are monitored and reported transparently to Ministers and the public. This supports effective stewardship of public funds and enables infrastructure delivery that facilitates housing growth.

The IAF will benefit New Zealanders by enabling the delivery of housing, including homes affordable to low-to-moderate income households. The fund supports a sustainable pipeline of infrastructure investment by addressing funding and financing constraints that can delay housing development. Investment is targeted across both major urban centres and regional communities, while aligning with broader Government housing and urban development objectives.

This class of outputs is funded from Vote Housing and Urban Development.

During 2025/26, the Company reviewed and reassessed all existing IAF Funding Agreements with councils and other delivery partners to confirm ongoing alignment with programme objectives and to identify any changes required to support successful delivery of the IAF programme. The review was completed on 31 October 2025. The Company approved the release of $86.4 million in IAF funding as contractual obligations were met and it continued to monitor programme delivery and report on progress towards agreed outputs and housing outcomes. Through its stewardship of the fund, the Company provided assurance that public investment was being deployed in accordance with funding agreements and that infrastructure delivery continued to support the Government's housing supply objectives.

REPORTABLE MEASURE	2024/2025		2025/2026		
	ACTUAL	PERFORMANCE	PLAN	ACTUAL	PERFORMANCE
COMPLETE PROGRAMME AND STATUS REVIEW OF FUND BY THE END OF OCTOBER 2025	N/A New measure	N/A New measure	Review complete	Review complete	Achieved
ON COMPLETION OF REVIEW, FUNDING PAYMENTS TO PARTNERS BASED ON AGREED MILESTONES PAID WITHIN 30 DAYS OF RECEIPT[11]	N/A New measure	N/A New measure	100%	100%	Achieved



Ōtaki Housing Development - Eastern Hills Reservoir construction, Hutt City Council – IAF Fund



Kaikohe water and wastewater upgrades, Far North District Council – IAF Fund

11 The measure applies to claims submitted after the IAF Programme Review was completed on 31 October 2025. The 30-day period is measured from when an approved claim and valid invoice is received. A valid claim constitutes all required information (as outlined in the IAF Funding Agreement) for an agreed milestone for the IAF funding to be paid.

Infrastructure Acceleration Fund Projects:

KUPE STREET DEVELOPMENT

Project Owner: Whai Rawa Kainga Development Limited

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE
Nov 2025	$7.29m	$7.96m

NGĀTI WHĀTUA ŌRĀKEI



The Kupe Street Development delivers a signalised intersection and associated enabling infrastructure to support urban development in Ōrākei, Auckland. The project improves transport connectivity and safety while unlocking land for residential development.

The project is funded through the Infrastructure Acceleration Fund, with $7.29 million of Crown funding and $0.68 million of developer co-funding, for a total investment of $7.97 million.

This investment has enabled 469 new homes, supporting housing supply in a high-demand urban area.

GALBRAITH STREET - NGĀRUAWĀHIA

Project Owner: Waikato District Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE
Aug 2025	$5.32m	$13.7m

Waikato District Council



The Galbraith Street project delivers enabling infrastructure to support urban development in Ngāruawāhia, helping to unlock land for housing and improve local infrastructure capacity.

The project was completed in August 2025, with $5.32 million of Infrastructure Acceleration Fund (IAF) funding contributing to a total project value of approximately $13.7 million.

This investment supports 200 homes and enhances infrastructure to facilitate future residential development in the area.

HOKITIKA RACECOURSE DEVELOPMENT

Project Owner: Westland District Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE
Nov 2025	$3.5m	$3.7m

WESTLAND District Council | Te Kahui o Poutini



The Hokitika Racecourse Project delivered $3.5m of IAF-funded enabling infrastructure — trunk road and 3-waters — to unlock the Crestview Housing Development in Westland. Practical completion was achieved in November 2025, enabling 35 residential lots and paving the way for a future 80-bed care facility and 55 retirement villas.



Taruheru Catchment - Oakview Housing Development, Gisborne – IAF Fund

CYCLONE RECOVERY FUNDS

IN EARLY 2023, THE AUCKLAND ANNIVERSARY WEEKEND FLOODING, AND CYCLONE GABRIELLE WEATHER EVENTS CAUSED SIGNIFICANT FLOODING ACROSS LARGE PARTS OF THE NORTH ISLAND. THE EVENTS CAUSED WIDESPREAD DAMAGE TO LAND, INFRASTRUCTURE, SERVICES, PROPERTY AND MARAE. IN RESPONSE, THE GOVERNMENT ANNOUNCED FUNDING TO REBUILD TRANSPORT INFRASTRUCTURE, ENSURE LONG TERM FLOOD RESILIENCE, FUND 50% OF THE PURCHASE OF AFFECTED PROPERTIES WHERE THERE WAS AN INTOLERABLE RISK TO LIFE, AND PROVIDE SUPPORT TO RELOCATE AND REBUILD MARAE ON SAFER LAND.

The policy objective of the "Cyclone Recovery Funds" class of outputs is to assist affected communities with the reconstruction of critical transport links, the buyout of flood-affected properties where there is an intolerable risk to life, and to provide new and enhanced flood protection infrastructure. It tracks the Company's progress towards the achievement of the "Manage Infrastructure Funds" strategic objective.

The role of the Company is to manage and oversee the distribution of $1.8 billion of Government funds to support the recovery of areas impacted by weather events, including the 2023 Auckland Anniversary Weekend floods and Cyclone Gabrielle.

Cyclone Recovery Funds will benefit New Zealanders in weather affected regions by reducing risk to life and ensuring the insurability of residential properties, restoring regional local transport links for communities and commerce, and providing funding to councils to build flood resilience infrastructure in the most severely impacted regions.

This class of outputs is funded by Vote Internal Affairs, and previously Vote Prime Minister and Cabinet.

In 2025/26, the Company continued to support transport delivery progress and worked with councils to reset the flood mitigation programme to improve delivery pace, resulting in a higher number of projects commencing. The Company also oversaw the delivery of flood resilience projects and funded the Crown's 50% portion of the purchase of Category 3 properties.[12]. In addition, the Company worked with marae to progress the marae rebuild. A total of $1.2 billion in funding has now been distributed to Councils through Cyclone Recovery funds.

REPORTABLE MEASURE	2024/2025		2025/2026		
	ACTUAL	PERFORMANCE	PLAN	ACTUAL	PERFORMANCE
REGIONAL TRANSPORT: NUMBER OF TRANSPORT PROJECTS ADVANCED, MEASURED BY PROJECTS STARTED OR COMPLETED*	27 projects started	Achieved	18 projects completed[13]	20 projects completed	Achieved
CATEGORY 2[14] FLOOD MITIGATION: NUMBER OF CATEGORY 2 FLOOD PROJECTS ADVANCED DURING YEAR, MEASURED BY PROJECTS STARTED[15]*	11[16] projects started	Achieved	14 projects started	17	Achieved
FLOOD RESILIENCE: FLOOD RESILIENCE PROJECTS ADVANCED DURING THE YEAR MEASURED BY FUNDING INVESTED[17]	95% of all advanced projects' funding invested	Achieved	100% completed	99.6%	Mostly Achieved
CATEGORY 3 BUY OUTS: NUMBER OR PROPORTION OF CATEGORY 3 PROPERTY PURCHASES FUNDED DURING YEAR	721	Achieved	100% completed	100% completed[18]	Achieved
MARAE PATHWAYS PROJECTS PROGRESS: NUMBER OF MARAE COMMENCING CONSTRUCTION[19]	N/A New measure	N/A New measure	5	5 marae commenced construction	Achieved

*Cumulative and includes projects started/completed in prior years.

12 Category 3 properties are residential properties in Auckland, Hawke's Bay, Tairāwhiti, Masterton, Tauranga and Nelson where there was an intolerable risk to life and were subject to voluntary buyout.

13 Transport metric changed from projects started in 2024/25 to projects completed in 2025/26 to better reflect performance. Prior-year figures reported under the previous "projects started" measure are not directly comparable. Completion is assessed for each project and is measured based on various support including practical completion certificates, final completion certificates, final completion milestone invoices or confirmation that infrastructure is available for public use.

14 Category 2 properties are properties with intolerable risk to life requiring property specific or community level risk mitigation projects to protect against flooding.

15 The achievement of the measure is subject to partner-council delivery progress.

16 Result reported in FY25 was 10 but this has now been restated to 11 to include the Waipawa project from FY24/25.

17 Total funding invested as a percentage of all project funding expected to be spent by 30 June. Target expected 100% of funding to be invested at year end.

18 The metric used to measure this has been changed from 'number' to 'proportion' as all funding available for Category 3 Buyouts has been paid to Councils. There are a small number of properties where buyouts are yet to be completed. There are also additional properties that may become Category 3. These are not controlled by the Company and will be decided and funded by Councils.

19 Marae Pathways includes seven marae relocations and, in some instances, demolition of the prior location. These are based in Gisborne and Napier.

WAIOHIKI FLOOD MITIGATION PROJECT

Project Owner: Hawke's Bay Regional Council

COMPLETED May 2026

GOVERNMENT FUNDING $7.52m

PROJECT VALUE $10.00m

HAWKES BAY REGIONAL COUNCIL



The Waiohiki Flood Mitigation Project was successfully completed in 2026, delivering two culverts and a 1,045m stopbank to reduce flood risk to the Waiohiki community following the impacts of Cyclone Gabrielle. The completed scheme provides long-term flood protection for 45 properties, enhances community resilience, and improves the protection of surrounding critical infrastructure and lifeline networks.

TELEMETRY NETWORK

Project Owner: Hawke's Bay Regional Council

COMPLETED June 2026

GOVERNMENT FUNDING $2.75m

PROJECT VALUE $3.66m

HAWKES BAY REGIONAL COUNCIL



Following Cyclone Gabrielle, Hawke's Bay's telemetry network suffered significant damage, limiting the region's ability to monitor rainfall, forecast river levels, and provide timely flood warnings. This project upgraded and expanded the telemetry system with resilient monitoring hardware, dual communication and measurement systems, backup power, and enhanced data collection capabilities. As a result, HBRC and Civil Defence now have more reliable, real-time flood intelligence, improving emergency preparedness, forecasting accuracy, and community safety across the region.

OHITI (ŌMĀHU) FLOOD MITIGATION PROJECT

Project Owner: Hawke's Bay Regional Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE
June 2026	$7.52m	$10.00m



The Ōmāhu Flood Mitigation Project delivered targeted flood protection works including bridge conveyance improvements, new stopbanks, a secondary flood protection bund, and road-raising works. The completed scheme significantly reduces flood risk to the community, improves resilience for affected properties, and provides long-term protection for residents and critical infrastructure following the impacts of Cyclone Gabrielle.

ROAD NETWORK REINSTATEMENT

Project Owner: Auckland Transport

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE
Dec 2025	$94.79m	$94.79m



Auckland Transport Regional Recovery Programme was a major recovery initiative that delivered permanent reinstatement works across Auckland's transport network following the 2023/24 North Island weather events. Delivered through a coordinated programme involving Auckland Transport and its maintenance partners, the project restored storm-damaged roads and associated assets to their pre-event level of service. The completed works improve network reliability, support safe and efficient travel across the region, and strengthen Auckland's transport infrastructure against the impacts of future severe weather events.

MILL FLAT ROAD BRIDGE

Project Owner: Auckland Transport

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE
June 2026	$10.78m	$10.78m



Mill Flat Road Bridge Reinstatement was a key recovery project that restored a vital transport link for residents and rural businesses in the Riverhead area following the loss of the original bridge during the 2023 Auckland Anniversary Weekend weather event. As the community's only public road access, the bridge was critical to maintaining connectivity to the wider Auckland transport network. The project delivered a new permanent bridge and associated intersection safety improvements, providing a resilient long-term transport connection.

WAIPAOA STOPBANKS

Project Owner: Gisborne District Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE
June 2026	$18.41m	$20.46m



Waipaoa Flood Control Scheme Upgrade was a significant flood mitigation project that enhanced protection for communities along the Waipaoa River. The project involved upgrading approximately 28km of stopbanks and delivering a range of supporting flood management works. The completed scheme provides a higher level of flood protection for properties and critical infrastructure across the Manutuke, Patutahi and Waipaoa areas while helping to reduce the impacts of future major flood events.

PUKETAPU BRIDGE REPLACEMENT

Project Owner: Hastings District Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE
Aug 2025	$26.9m	$26.9m



Puketapu Bridge Replacement was a key recovery project that restored a vital transport connection for the Puketapu community following the destruction of the original bridge during Cyclone Gabrielle. The project provided a new two-lane bridge with a shared pedestrian and cycle path, replacing the former single-lane structure and bringing the crossing up to modern design standards. The new bridge re-establishes connectivity for residents, businesses and visitors while providing a more reliable and fit-for-purpose transport link for the future. It was delivered on time and under budget.

TE REINGA BRIDGE

Project Owner: Wairoa District Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE
Apr 2026	$14.00m	$15.5m



Te Reinga Bridge Replacement was a significant recovery project that restored a critical transport link following the loss of the original bridge, which was irreparably damaged by Cyclone Gabrielle after sustaining earlier storm damage in 2022. The project replaced a temporary bridge solution with a permanent structure designed to modern engineering standards, restoring the route's carrying capacity and ensuring continued access for the local community. The completed bridge provides long-term connectivity, supports local economic activity, and improves the reliability of this important transport corridor during future severe weather events.

DARTMOOR ROAD SLIPS

Project Owner: Hastings District Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE
Mar 2026	$25.53m	$25.53m



Dartmoor Road Slip Repairs was a critical recovery project that reinstated a key transport route connecting the Waihau and Dartmoor communities following significant storm damage caused by Cyclone Gabrielle. The project repaired seven major slip sites along a 10-kilometre section of Dartmoor Road, restoring the road to a two-lane standard and addressing damage to road infrastructure and river protection assets. The completed works restore reliable access for local communities, support economic activity in the area, and provide increased protection for this important route during future severe weather events.

KERERŪ ROAD SLIPS

Project Owner: Hastings District Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE
Jan 2026	$3.54m	$3.54m



Kererū Road Recovery Works was a key recovery project that restored a critical local transport route following significant slip damage caused by Cyclone Gabrielle. The project stabilised three major slip sites and repaired damage to road shoulders, bridge approaches and live traffic lanes along a 7km section of Kererū Road. A range of engineering solutions, including retaining structures, rock armouring and drainage improvements, were implemented to restore the route to a safe two-lane standard. The completed work improves access for residents and businesses, supports ongoing economic activity, and provides greater confidence in the route's performance during future severe weather events.

INFRASTRUCTURE REFERENCE GROUP FUND

GOVERNMENT ESTABLISHED THE INFRASTRUCTURE REFERENCE GROUP (IRG) FUND IN 2020 TO PROVIDE ECONOMIC STIMULUS RECOVERY POST COVID-19. PROJECTS HAD TO SUPPORT ECONOMIC ACTIVITY AND CONSTRUCTION EMPLOYMENT, AND THE FUND INCLUDES 219 INFRASTRUCTURE PROJECTS WITH GOVERNMENT FUNDING OF $2.68 BILLION AND CO-FUNDING OF $2.37 BILLION.

COMPLETED:
205
PROJECTS TO DATE
93.6% total

GOVERNMENT FUNDING:
$2.59bn
TO DATE
97% total

TOTAL FUNDING:
$4.81bn
TO DATE
95% total

The policy objective of the "Infrastructure Reference Group Fund" class of outputs is to support construction employment with projects which deliver public benefit. It tracks the Company's progress towards the achievement of the "Manage Infrastructure Funds" strategic objective.

The role of the Company is to monitor and report on the overall Fund, and the Company also has responsibility for directly overseeing 46 projects.

The IRG Fund will benefit New Zealanders by providing new community facilities such as sports and recreation centres, social housing, increased land supply for housing, improved transport links, social infrastructure, and increased tertiary education facilities, whilst supporting construction employment.

This class of outputs is funded from Vote Finance.

In 2025/26, seven Company-managed IRG projects were completed and $65.0 million of IRG funding was paid. As at 30 June 2026, the total number of Company-managed IRG projects completed reached 43. In addition, the Company monitored and reported on the overall Fund.

REPORTABLE MEASURE	2024/2025		2025/2026		
	ACTUAL	PERFORMANCE	PLAN	ACTUAL	PERFORMANCE
PROJECT IMPLEMENTATION: THE COMPANY'S PROJECTS ADVANCED DURING YEAR, MEASURED BY AMOUNT OF GOVERNMENT FUNDING INVESTED VERSUS TOTAL GOVERNMENT FUNDING APPROVED FOR PROJECTS	92.6%	Achieved	95%	95%	Achieved
PROJECTS COMPLETED: MINIMUM NUMBER OF THE COMPANY'S IRG PROJECTS COMPLETED PROJECT TO DATE*	36	Achieved	43	43	Achieved

*Cumulative and includes projects completed in prior years.

SH30 UNLOCKING URBAN LAND DEVELOPMENT

Project owner: Waka Kotahi NZ Transport Agency
Contractor: Downer NZ Ltd

COMPLETED
Nov 2025

GOVERNMENT FUNDING
$35m

PROJECT VALUE
$36.1m

NZ TRANSPORT AGENCY WAKA KOTAHI



The SH30 Unlocking Urban Land Development project delivered targeted upgrades along State Highway 30, including three intersections and three corridor sections between Iles Road and Wharenui Road, to improve pedestrian and cyclist safety, travel choices, and access from local roads. The completed works have unlocked land for future urban development and supported growth in the surrounding catchment.

THERMAL DRYER FACILITY

Project Owner: New Plymouth District Council
Contractor: Downer NZ Ltd

COMPLETED
Aug 2025

GOVERNMENT FUNDING
$37m

PROJECT VALUE
$75m

Te Kaunihera-ā-Rohe o Ngāmotu
New Plymouth District Council



The Thermal Drying Facility (TDF) replaced New Plymouth District Council's end-of-life facility, which was critical to wastewater treatment operations, and converts wastewater biosolids into Bio boost fertiliser for 100% beneficial reuse. The facility runs on a hydrogen and gas blend and supported 59 FTE during delivery. The new TDF has futureproofed wastewater services by addressing the capacity constraints of the previous facility, reducing landfill volumes, and improving staff welfare, safety, and seismic resilience.

EASTERN BAYS SHARED PATHWAY (TUPUA HORO NUKU)

Project Owner: Hutt City Council
Contractor: Te Ara Tupua Alliance (Downer, HEB, Tonkin + Taylor)

COMPLETED
June 2026

GOVERNMENT FUNDING
$30m

PROJECT VALUE
$79.95m



The Tara-Ika Growth Area project includes three waters, roading, and parks infrastructure that enables the greenfield development of approximately 2,500 new homes and supports local commercial area, unlocking one of the region's most significant residential growth areas. The project provides the infrastructure that transitions Tara-Ika from greenfield land into a thriving, well-serviced residential community.

HOKITIKA GOVERNMENT BUILDING

Project Owner: Heritage New Zealand
Contractor: Naylor Love

COMPLETED
May 2026

GOVERNMENT FUNDING
$10.05m

PROJECT VALUE
$10.05m



The Hokitika Government Building project upgrades the historic category 1 heritage landmark, Seddon House, in Hokitika. The project preserves a significant West Coast heritage asset by seismically strengthening the building, undertaking in-building decontamination, salvaging heritage items and undertaking weather tightness work to minimise continued deterioration.

ŌMOKOROA ROAD SAFETY

Project Owner: Western Bay of Plenty District Council
Contractor: Higgins Contractors Limited

COMPLETED
June 2026

GOVERNMENT FUNDING
$14m

PROJECT VALUE
$47.59m



The Ōmokoroa Road Safety project delivered a programme of works focused on the urbanisation of existing roads and the construction of new roads within the Ōmokoroa peninsula. It supports planned land use development for residential, industrial, and commercial growth. The programme of works enabled a phased delivery approach that aligned roading infrastructure with staged growth, providing a safer environment and amenity for residents, motorists, cyclists and pedestrians.

TARA-IKA GROWTH AREA

Project Owner: Horowhenua District Council
Contractor: Higgins Contractors Levin

COMPLETED
June 2026

GOVERNMENT FUNDING
$20.99m

PROJECT VALUE
$31.87m



The Tara-Ika Growth Area project includes three waters, roading, and parks infrastructure that enables the greenfield development of approximately 2,500 new homes and supports local commercial area, unlocking one of the region's most significant residential growth areas. The project provides the infrastructure that transitions Tara-Ika from greenfield land into a thriving, well-serviced residential community.

CHATHAM ISLAND AIRPORT

Project Owner: Chatham Island Airport Ltd
Contractor: Downer NZ Ltd and Leith Weitzeal Building

COMPLETED
June 2026

GOVERNMENT FUNDING
$43.89m

PROJECT VALUE
$50.14m



The Chatham Islands Airport project included two phases for the design and build of the runway extension and the required ancillary services that allows Code 4C aircraft to operate on the Chatham Islands. Enabling Code 4C aircraft will future proof the airport for the next 50 years, allows for the continuation of commercial air services to the island, enables increased capacity, reliability and cost improvements, and improves operating economics for business activity..



Chatham Islands Airport Terminal Upgrade and Extension, Chatham Islands Council – IRG Fund

RURAL DRINKING WATER FUNDS

THE RURAL DRINKING WATER FUNDS ARE COMPRISED OF THE RURAL DRINKING WATER FUND (OPENED IN NOVEMBER 2022) AND THE MARAE DRINKING WATER FUND (OPENED IN NOVEMBER 2024).

COMPLETED:
131
INSTALLED
100%
OF TARGET ACHIEVED

GOVERNMENT FUNDING:
$41.5m
PROJECTS TO DATE
100%
FUNDING PAID

SATISFACTION:
85%

The policy objective of the "Rural Drinking Water Funds" class of outputs is to improve drinking water quality for marae, kōhanga reo, and papakāinga and other private rural suppliers that are not connected to a town supply, as well as to provide training to maintain water treatment to the Water Services Authority drinking water standards. It tracks the Company's progress towards the achievement of the "Manage Infrastructure Funds" strategic objective.

The role of the Company is to manage the delivery and the maintenance of drinking water infrastructure and to manage the Rural Drinking Water Funds.

Rural Drinking Water Funds will benefit New Zealanders by delivering safe drinking water infrastructure that meets national standards and by helping build the capacity and capability of water treatment plant operators and maintainers in rural areas.

This class of outputs is funded by Vote Department of Internal Affairs.

In 2025/26, the Company worked with many groups across the motu, including iwi and hapū to enable build partner Filtec to arrange installations of drinking water infrastructure.

REPORTABLE MEASURE	2024/2025		2025/2026		
	ACTUAL	PERFORMANCE	PLAN	ACTUAL	PERFORMANCE
RURAL AND MARAE DRINKING WATER CONTRACTING AND INSTALLATIONS: MINIMUM NUMBER OF KĀINGA AND OTHER RURAL WATER TREATMENT PLANTS INSTALLED*	90	Achieved	122	131	Achieved
RURAL AND MARAE DRINKING WATER INSTALLATION SATISFACTION: MINIMUM NUMBER OF KĀINGA AND OTHER RURAL SITES SATISFIED WITH INSTALLATION	80.3%	Achieved	80%	85%[20]	Achieved

*Cumulative and includes installations completed in prior years.

20 The average result across all sites that responded to the survey was 85.08%. This is calculated by taking the average mark given per question across all responses, adding each of these up and dividing this average by the number of questions asked. The survey was sent prior to the end of the financial year to all sites that had a plant installed within that financial year (41) with 10 responses received.

EV CHARGING INFRASTRUCTURE FUND

THE COMPANY ADMINISTERS THE CONCESSIONARY LOAN SCHEME FOR EV CHARGING INFRASTRUCTURE TO SUPPORT THE ROLL-OUT OF EV CHARGERS IN URBAN AND REGIONAL AREAS OF NEW ZEALAND.

The policy objective of the "EV Charging Infrastructure Funds" class of outputs is to significantly increase the number of public EV chargers for New Zealand, with the Government working towards 10,000 charge points by 2030. It tracks the Company's progress towards the achievement of the "Manage Infrastructure Funds" strategic objective.

The role of the Company is to administer the EV Charging Infrastructure concessionary loan scheme, including running a contestable co-investment process to award concessionary loans, issuing loans, monitoring deployment and repayment of funds, and managing loan compliance.

EV Charging Infrastructure Funds will benefit New Zealanders by co-investing with the private sector to accelerate the roll-out of EV charging infrastructure across New Zealand. By reducing 'range anxiety' and making owning an EV as easy as possible, accelerated EV uptake can help New Zealand meet its goal of net zero emissions by 2050.

This class of outputs is funded by Vote Transport.

In 2025/26, the Company released a Request for Proposals (RFP) and awarded contracts for $52.7 million to ChargeNet and Meridan to deliver 2,574 EV chargers across urban and regional New Zealand by December 2029. The Company released the first tranche of funding to the build partners in March 2026 and by June 2026 a total of 61 charging points had been delivered.

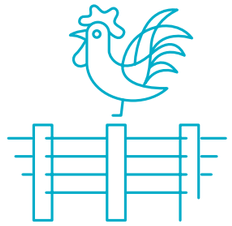
REPORTABLE MEASURE	2024/2025			2025/2026	
	ACTUAL	PERFORMANCE	PLAN	ACTUAL	PERFORMANCE
COMPLETION OF THE RFP PROCESS	N/A New measure	N/A New measure	Complete	Complete	Achieved
LOAN AGREEMENTS IN PLACE	N/A New measure	N/A New measure	Complete[21]	Complete	Achieved



21 "Complete" means loan agreements are in place.

RURAL BROADBAND FUNDS

RURAL BROADBAND FUNDS ENABLE RURAL HOUSEHOLDS AND BUSINESSES TO RECEIVE IMPROVED TERRESTRIAL BROADBAND BY IMPROVING COVERAGE OR CAPACITY.



BROADBAND COVERAGE:
86,066
RURAL HOMES & BUSINESSES
102%
OF TARGET ACHIEVED



44%
UPTAKE ON RURAL BROADBAND TOWERS



RURAL CAPACITY UPGRADE:
71,381
INSTALLED
102%
OF TARGET ACHIEVED

The policy objective of the "Rural Broadband Funds" class of outputs is to deliver improved broadband coverage of over 20Mbps to at least 84,000 underserved rural homes and businesses. The Funds also enable further connectivity by upgrading broadband capacity for at least 70,000 households inhibited by mobile network congestion or which have no service on existing towers experiencing capacity constraints. It tracks the Company's progress towards the achievement of the "Improve Digital Connectivity" strategic objective.

The role of the Company is to manage and oversee the funds.

Rural Broadband Funds will benefit New Zealanders by ensuring that rural areas in New Zealand will have access to improved broadband connectivity. The funds will also benefit those who have experienced congestion or no service due to capacity constraints.

This class of outputs is funded by Vote Business, Science and Innovation, the Telecommunications Development Levy, the Provincial Growth Fund, the Infrastructure Reference Group Fund, and recycled funds from the Ultra-Fast Broadband programme.

In 2025/26, the Company worked with build partners to fund and deliver broadband infrastructure to improve broadband capacity and coverage in rural areas.

REPORTABLE MEASURE*	2024/2025		2025/2026		
	ACTUAL	PERFORMANCE	PLAN	ACTUAL	PERFORMANCE
RURAL HOUSEHOLDS AND BUSINESSES RECEIVING UPGRADED BROADBAND CAPACITY	69,555	Achieved	69,889	71,381	Achieved

*Cumulative and includes households upgraded in prior years.

RURAL MOBILE FUNDS

THE RURAL MOBILE FUNDS PROVIDE MOBILE COVERAGE FOR CRITICAL VOICE AND DATA SERVICES, SUCH AS 111 EMERGENCY CALLING AND BROADCASTING CELLULAR (CIVIL DEFENCE) ALERTS, AND PROVIDING MOBILE VOICE AND DATA SERVICES TO STATE HIGHWAYS AND LOCAL ROADS, TOURISM SITES AND LOCAL SETTLEMENTS.



2,243km
STATE HIGHWAY KM COVERED

108%
OF TARGET ACHIEVED



206
TOURISM SITES WITH MOBILE COVERAGE

102%
OF TARGET ACHIEVED



17
SETTLEMENTS WITH

100%
MOBILE COVERAGE

The policy objective of the "Rural Mobile Funds" class of outputs is to provide mobile coverage to state highways, local roads, settlements and tourism blackspots. Mobile coverage is provided from all three commercial mobile network operators. It tracks the Company's progress towards the achievement of the "Improve Digital Connectivity" strategic objective.

The role of the Company is to identify gaps in the coverage of mobile services, approve business cases from the Rural Connectivity Group (RCG), and manage and oversee the funds to ensure the RCG can build towers that maximise the rural mobile coverage policy objective.

Rural Mobile Funds will benefit New Zealanders by improving the availability of mobile services to support safety on state highways and local roads with high accident rates, at key tourist destinations such as great walks, on cycleways, and at track-ends, and across settlements which do not currently have coverage from any mobile network operator. This will improve access to emergency services and emergency civil defence cell broadcast alerts, provide enhanced coverage for emergency services, and will deliver other economic and social benefits to rural New Zealand.

This class of outputs is funded from Vote Business, Science and Innovation, the Telecommunications Development Levy, the Provincial Growth Fund, the Infrastructure Reference Group, and recycled funds from the Ultra-fast Broadband programme.

In 2025/26, the Company funded additional rural mobile towers to deliver mobile voice services to underserved locations, and increased battery capacity to mobile towers at risk of failure during extreme weather events.

REPORTABLE MEASURE	2024/2025		2025/2026		
	ACTUAL	PERFORMANCE	PLAN	ACTUAL	PERFORMANCE
MOBILE BLACK SPOTS: COVERAGE OF TOURIST AREAS*	192	Achieved	202	206	Achieved
MOBILE BLACK SPOTS: COVERAGE OF STATE HIGHWAYS AND LOCAL ROADS*^	2,086km	Achieved	2,075km	2,243km	Achieved
SETTLEMENTS WHICH GAIN NEW MOBILE VOICE COVERAGE*	12	Achieved	13	17	Achieved

* All figures cumulative and include coverage provided in prior years. Targets adjusted to take account of additional funding for mobile black spots from the sale of 5G spectrum.

^ Due to aligning of the policy positions across all Rural Mobile Funds, a number of additional towers were able to be used to count against coverage of local roads and state highways, increasing the coverage.

FINANCIAL AND OPERATIONAL EFFICIENCY

THIS MEASURE OUTLINES THE OPERATIONAL EFFICIENCY OF ESTABLISHING AND MANAGING THE VARIOUS INFRASTRUCTURE PROGRAMMES THAT THE COMPANY MANAGES. THE COMPANY HAS MADE GOOD OVERALL PROGRESS TOWARDS ACHIEVING ITS PERFORMANCE TARGETS FOR FINANCIAL AND OPERATIONAL EFFICIENCY. IN TURN, THE DELIVERY PARTNERS HAVE SATISFACTORILY MET THEIR CONTRACTUAL OBLIGATIONS FOR DEPLOYMENT AND OPERATIONS.

REPORTABLE MEASURE	2024/2025		2025/2026		
	ACTUAL	PERFORMANCE	PLAN	ACTUAL	PERFORMANCE
NEW OPERATIONAL COST AS A PERCENTAGE OF ANNUAL INVESTMENTS/ GRANTS	2.24%	Achieved	4.75%	2.75%	Achieved[22]

PERFORMANCE MEASURES NOT INCLUDED THIS YEAR

THE FOLLOWING MEASURES ARE NOT INCLUDED AND REPORTED ON THIS YEAR BECAUSE THE RELEVANT PROGRAMMES AND/OR MEASURES HAVE BEEN COMPLETED IN THE PRIOR PERIOD:

- **Market-Led Proposals** – all documents are available and the MLP process is in implementation.
- **Rural Broadband Funds** – targets for increased coverage to rural households and businesses achieved in FY2024/25 and funds spent or reprioritised.
- **Public Safety Network** – mobile traffic prioritisation was made available to all participating agencies in FY2024/25.

22 For more detail refer to 'Consolidated Statement of Comprehensive Revenue and Expense' - page 56

Taruheru Catchment - Oakview Housing Development - IAF

GOVERNANCE

ORGANISATIONAL FORM

The Company was incorporated on 29 October 2009 under the Companies Act 1993. The Company is a Crown-owned company, listed under Schedule 4A of the Public Finance Act 1989. The shareholders in the Company are the Minister of Finance and the Minister for Infrastructure in their capacity as Ministers, and each hold 50% of the issued share capital.

The Company is subject to certain provisions of the Crown Entities Act 2004 and is also subject to the Official Information Act 1982 and the Ombudsmen Act 1975.

The Company is monitored by the following Government entities:

GOVERNMENT MONITORING ENTITY	CLASS OF OUTPUTS
THE TREASURY	Partner on Private Financing for Public Infrastructure
	Infrastructure Funding and Financing
	Investor Shopfront
	Market-Led Proposals
	Advisory Services (excluding PSN)
	Infrastructure Reference Group Fund
MINISTRY OF CITIES, ENVIRONMENT, REGIONS AND TRANSPORT [23]	Infrastructure Acceleration Fund
	Cyclone Recovery Funds
	Rural Drinking Water Funds
	EV Charging Infrastructure Fund
MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT	Rural Broadband Funds
	Rural Mobile Funds
NZ POLICE	Advisory Services - PSN

MANAGEMENT OF THE COMPANY

The Board of Directors is responsible for the overall direction of the Company's business and other activities on behalf of Shareholding Ministers in the manner set out in the Company's Constitution, Statement of Intent (**SOI**) and Statement of Performance Expectations (**SPE**).

The Company's purposes as provided for in the Constitution are to:

a) implement, fund, facilitate, monitor, advise or otherwise assist the Government with any Government objectives in relation to:

   i. radio and telecommunications connectivity and/or services;

   ii. water infrastructure and/or services;

   iii. the Government's COVID-19 response and recovery infrastructure funding programme;

   iv. the Government's funding programmes relating to severe weather events, natural hazards, and climate-related risks (including for response, recovery and/or proactive management);

b) implement and/or facilitate funding and financing of infrastructure, including as provided for under the Infrastructure Funding and Financing Act, by:

   i. Government investment (including through debt or equity); and/or

   ii. co-investment with, or facilitating investment from, the private sector or other participants, to achieve the Government's objectives for funding infrastructure,

c) partner with any Government Organisation by providing commercial and financial advice, including through business case, procurement, and delivery phases, in respect of current and proposed infrastructure projects and programmes that have potential to involve private finance (including public private partnerships) in accordance with any additional requirements set by Government, including, for example, under any Cabinet Office Circular, Government Procurement Rules or Government direction;

d) provide commercial and financial advice at the request of any Government Organisation on infrastructure related issues involving private financing;

e) facilitate and promote opportunities for private sector investment in New Zealand infrastructure and act as the Government's single point of contact for inbound Market-led Proposals for investment in accordance with any Government guidance issued from time to time; and

f) implement, facilitate, manage, monitor, advise, fund, invest in or otherwise assist any Government Organisation or Local Government Organisation with any transaction, or class of transactions, or provide assistance with any other matter, in relation to infrastructure related projects and programmes, as agreed between the Company and the Shareholding Ministers from time to time after having considered any perceived, potential or actual conflict of interest with the Company's role delivering existing objectives.

23 Previously Ministry of Housing and Urban Development, Department of Internal Affairs, and Ministry of Transport.

GOVERNANCE *Continued*

BOARD OF DIRECTORS

The Board has established strategic policy for, and guides and monitors, the business and affairs of the Company and is committed to a high standard of corporate governance.

Responsibility for the operation and administration of the Company is delegated to the Chief Executive, who is accountable to the Board. The Board places emphasis on strategic planning, the implementation of sound administrative systems and procedures, and regulatory compliance.

BOARD COMMITTEES

To assist Directors in carrying out their duties, the Board has two standing committees (outlined below). Other ad hoc and standing committees may be formed from time to time.

Audit and Risk Committee

The Audit and Risk Committee assists the Board in fulfilling its responsibilities by providing recommendations, counsel and information concerning accounting, reporting and responsibilities under legislation. Its Terms of Reference also cover the role of internal audit.

The Committee ensures oversight by the Board of all matters related to the financial accounting, planning and reporting of the Company. The Committee monitors the processes that are undertaken by management and both external and internal auditors. The Committee ensures that the Board meets all financial governance and accountability requirements and responsibilities.

The Crown Entities Act 2004 sets out the specific statutory planning and reporting obligations of the Company, including the requirements for key accountability documents, the Statement of Intent, the Statement of Performance Expectations and the Annual Report. The Committee also monitors and assesses risks to the business.

Remuneration Committee

The Remuneration Committee assists the Board in fulfilling its responsibilities by providing advice and recommendations on the appropriate remuneration policies and human resources policies for the Company.

BOARD MEMBERSHIP

The Board is made up of seven non-executive Directors. The Directors' profiles can be read on page 48 of this Annual Report.

BOARD OF DIRECTORS

DIRECTORS' PROFILES AND INTERESTS HELD

The following profiles include general disclosures of interest given by Board members pursuant to section 140(2) of the Companies Act 1993 and entered into the Company's interests register.

Mark Binns (Chair) was appointed a Director of the Company on 1 June 2018. His career has seen him involved in many of New Zealand's largest infrastructure projects, including the Wiri Prison public-private partnership, Waterview Connection, Eden Park, SKYCITY, Museum of New Zealand Te Papa Tongarewa and the Manapōuri tunnel. For 22 years, Mark worked at Fletcher Building and its predecessor, Fletcher Challenge Limited. Mark was Chief Executive of Meridian from 2012 to 2017 and is also a former Chief Executive of the Infrastructure Division of Fletcher Building Limited. Mark is a qualified lawyer. He is currently a director of Auckland International Airport, Mercury Energy, and Hynds Limited.

Tim Brown was appointed a Director of the Company on 1 April 2025. He has three decades of involvement in the infrastructure industry; including investment, operational management, governance, and extensive debt and capital markets activities. He was a member of the establishment management team of listed infrastructure investment company Infratil and was on the boards of NZ Bus and Wellington Airport. After retiring he successfully ran to represent Wellington City Council's Motukairangi ward and became chair of Council's Infrastructure Committee, representative on the Regional Water Committee, and a trustee of social housing provider Te Toi Mahana. He is also on the board of the Infrastructure Commission and active in the governance of performing arts organisations.

Melissa Cameron was appointed a Director of the Company on 1 April 2025. She is a retired partner of Deloitte & Touche LLP in the United States and was the Global Leader of Deloitte's treasury advisory practice. She was also a senior partner in the Finance Transformation practice and led Strategy Development and Execution for a business group. Melissa spent the first ten years of her career in New Zealand at Westpac Banking Corporation in the Corporate and Investment Banking Group, taking on a key corporate banking relationship role serving major NZ organisations in the build out of their infrastructure assets, before transitioning to the build out of debt capital markets and loan syndications businesses. Melissa was also the Treasurer of Tower Limited after it listed, seeking its inaugural credit ratings, and refinancing its syndicated bank debt in the capital markets, overlaying an effective interest rate risk management strategy.

Alan Dent, BCA, CA was appointed a Director of the Company on 8 July 2022. He established and led the Deloitte Corporate Finance Wellington practice from 1990 until May 2020. He led the Deloitte NZ Firm's Financial Advisory Services practice from 2014 till 2020. He was a member of the Deloitte NZ Partner Board from 2000 to 2012. Alan retired from Deloitte in May 2021 after 39 years with the firm – and 26 years as a partner. Alan has provided commercial and financial advice in a broad range of contexts across both the public and private sectors including mergers and acquisitions, SOE/Crown entity establishment, financial reporting, and dispute resolution. Alan has been extensively involved in advising on government-initiated sector reform and the related establishment processes. Until his retirement Alan led the Deloitte Water sector team and has delivered multiple projects in the Three Waters sector. Alan is a Member of the Institute of Directors, a Director and Chair of the Audit and Risk Committee for Kainga Ora and Chair of the Risk and Assurance Committee of the New Zealand Defence Force.

Chris Gudgeon was appointed a Director of the Company on 1 October 2019. He has been involved in property investment, development and construction in New Zealand for more than 25 years. He was previously Chief Executive of Kiwi Property Group and Capital Properties NZ Ltd. He is currently a director of Ngati Whatua Whai Rawa Ltd and New Zealand Railways Corporation. He is a Fellow of the Royal Institute of Chartered Surveyors and is a past President of Property Council New Zealand.

Greg Lowe was appointed a Director of the Company on 1 March 2025. He has extensive experience in the planning, design and delivery of large complex infrastructure projects across many sectors of the economy. He was the global CEO of multi-national infrastructure consultancy Beca for 11 years and before that was the Managing Director of Beca Australia, during which time he was closely involved in the design and delivery of the Victorian Desalination Project (A$4B PPP, now delivering one third of Melbourne's water supply). During his earlier Naval career, he was involved in the design and delivery of the fleet of ten ANZAC Class Frigates to the NZ and Australian Navies. Greg holds Masters and First-Class Honours degrees in Engineering from the University of Auckland. He was made an Officer of the New Zealand Order of Merit in the 1998 Queen's Birthday Honours and was a finalist in the Deloitte CEO of the Year award in 2022. He is a Fellow of Engineering New Zealand and a Chartered Member of the Institute of Directors. He is also a Director of Ferry Holdings, delivering new Cook Strait Ferries and related infrastructure, Powerco and SafetyNet Critical Communications.

BOARD OF DIRECTORS *Continued*

David Webster was appointed a Director of the Company on 1 September 2025. He is currently a Senior Adviser in the Commercial Division within the Australian Department of Finance. Until recently he was First Assistant Secretary of the Commercial Investments Division. He has deep commercial and financial experience at senior levels in both the public and private sectors. From November 2021 to January 2023, he was CEO of the Infrastructure and Commercial Advisory Office at the Australian Treasury. Previously David spent 7 years as a Deputy Secretary of the Commercial Division in the Victorian Department of Treasury and Finance. He provided high level and innovative commercial, financial and risk management advice to both the Australian and Victorian Governments. Prior to joining Government, David had various high level primarily infrastructure related roles in the finance sector in both the UK and Australia, including Global Head of Infrastructure Advisory at Royal Bank of Scotland, Investment Director at the ABN AMRO Global Infrastructure Fund, and at Bank of America. David has numerous prior public and private sector directorships including infrastructure and PPP delivery SPVs, Cladding Safety Victoria, Infrastructure Partnerships Australia and the State Electricity Commission of Victoria.

REMUNERATION COMMITTEE

Chris Gudgeon (Chair)
Mark Binns
Greg Lowe

AUDIT AND RISK COMMITTEE

Alan Dent (Chair)
Mark Binns
Melissa Cameron

	2025/2026			2024/25		
DIRECTORS	**NO. OF REGULAR MEETINGS ATTENDED**	**NO. OF SUBCOMMITTEE MEETINGS ATTENDED**	**NO. OF SPECIAL MEETINGS ATTENDED**	**NO. OF REGULAR MEETINGS ATTENDED**	**NO. OF SUBCOMMITTEE MEETINGS ATTENDED**	**NO. OF SPECIAL MEETINGS ATTENDED**
MARK BINNS	6	3	1	6	3	1
CHRIS GUDGEON	6	3	1	6	3	1
ALAN DENT	6	2	1	6	2	1
MELISSA CAMERON	6	2	1	2	0	0
TIM BROWN	6	0	1	2	1	0
GREGORY LOWE	6	0	1	2	0	0
DAVID WEBSTER	5	1	1	N/A	N/A	N/A

NATIONAL INFRASTRUCTURE AS A GOOD EMPLOYER

COMMITMENT TO PURPOSE AND COMMUNITY

The Company takes pride in its contribution to the broader community, achieved through the dedication and calibre of its team. Attracting and retaining an engaged, high-performing workforce is central to delivering the government's infrastructure programmes.

GOOD EMPLOYER PRINCIPLES AND WORKFORCE DIVERSITY

The Company fosters a culture of inclusion and supports a diverse workforce that reflects New Zealand society. The Company's approach ensures a purpose-driven, stable workforce in an environment that promotes high performance, employee engagement, and wellbeing.

The Company is dedicated to improving workforce diversity and addressing pay inequality, recognising that a varied workforce delivers more efficient and effective public services. The organisation encourages transparency and progress reporting on diversity achievements, aligning with Crown entity guidance to publish diversity action plans and report on outcomes.

ETHNIC DIVERSITY

At 30 June 2026, 41% of the Company's staff identify as being from a non-NZ European background, demonstrating a strong commitment to ethnic diversity.

GENDER REPRESENTATION

The Company supports gender equity, with women comprising 55% of the workforce and men 45%. This reflects the organisation's ongoing efforts to encourage the full participation of all staff and to foster an inclusive environment.

LENGTH OF SERVICE

The Company values both experienced and newer team members. This mix of tenure ensures a blend of institutional knowledge and fresh perspectives. Following the establishment of new responsibilities in December 2024, the Company recruited for new roles now reflected in the 43% of our workforce with 1-2 years of service.

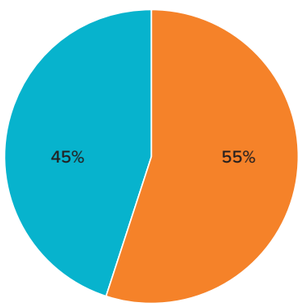
INCLUSIVE WORKING ENVIRONMENT

The Company is committed to creating a supportive working environment where all staff can thrive. Key features include:

- **Flexible Work Options:** Flexibility is available to support wellbeing.
- **Parental Leave Policy:** Introduced in 2023, the policy provides 26 weeks of full salary top-up for primary carers and two weeks paid leave for secondary carers. Additional paid leave is available for employees undergoing fertility treatment, those with pre-term babies, and for back-to-work transition support.
- **Support for All Staff:** The Company's policies encourage and support the full participation of staff from all backgrounds, ensuring everyone can contribute and succeed.

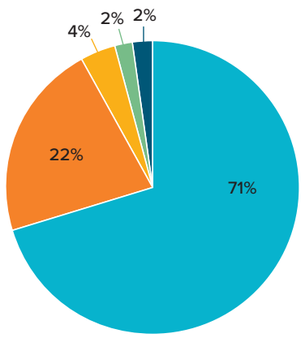
ONGOING COMMITMENT

The Company remains dedicated to continuous improvement in workforce diversity and inclusion. By fostering a culture of respect, equity, and opportunity, the Company exemplifies the standards of a good employer and reinforces its commitment to the people of New Zealand.



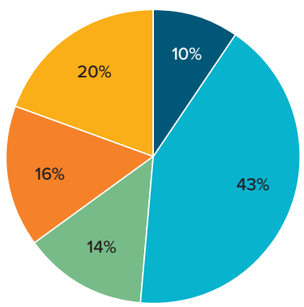
GENDER BALANCE (AS AT JUNE 2026)

- MALE
- FEMALE



ETHNICITY IN THE WORKPLACE

- EUROPEAN
- ASIAN
- PASIFIKA
- MĀORI
- MIDDLE EASTERN, LATIN AMERICAN, AFRICAN



LENGTH OF SERVICE

- LESS THAN A YEAR
- 1–2 YEARS
- 3–5 YEARS
- 5–10 YEARS
- 10+ YEARS

STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2026

IN TERMS OF THE PUBLIC FINANCE ACT 1989, AND PARTICULARLY SECTION 19A, THE BOARD IS RESPONSIBLE FOR THE PREPARATION OF NATIONAL INFRASTRUCTURE FUNDING AND FINANCING LIMITED'S ANNUAL REPORT, WHICH INCLUDES FINANCIAL STATEMENTS AND A STATEMENT OF PERFORMANCE, AND FOR THE JUDGEMENTS MADE THEREIN.

The Board of Directors of National Infrastructure Funding and Financing Limited has responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance as to the integrity and reliability of financial and non-financial reporting for the Company. In the Board's opinion, these financial statements and statement of performance fairly reflect the financial position and performance of National Infrastructure Funding and Financing Limited for the year ended 30 June 2026.

Signed on behalf of the Board.



Mark Binns
Chair

27 October 2026



Alan Dent
Director

27 October 2026

The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of National Infrastructure Funding and Financing Limited's group financial statements and performance information for the year ended 30 June 2026

The Auditor-General is the auditor of National Infrastructure Funding and Financing Limited group (the Group). The Auditor-General has appointed me, Athol Graham, using the staff and resources of The Audit Office, to carry out the audit of the financial statements and performance information on his behalf.

Opinion

We have audited:

- the financial statements of the Group that comprise the consolidated statement of financial position as at 30 June 2026, the consolidated statement of comprehensive revenue and expense, consolidated statement of changes in equity, and consolidated statement of cash flows for the year ended on that date and the notes to the consolidated financial statements that include accounting policies and other explanatory information on pages 55 to 96; and
- the performance information that consists of the statement of performance of the Group for the year ended 30 June 2026 on pages 17 to 45 and the end-of-year performance information for the appropriations for the year ended 30 June 2026 on pages 97 to 99.

In our opinion:

- The financial statements of the Group 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 Standards.
- The performance information of the Group is appropriate and meaningful and prepared in accordance with the Group's measurement bases or evaluation methods and Public Benefit Entity Standards, and presents fairly, in all material respects:
    - the Group's service performance and actual revenue and expenses for each reportable class of outputs for the year ended 30 June 2026 compared to the forecast standards and budgets included in the statement of performance expectations for the year, and
    - what has been achieved with each appropriation, and the actual expenses or capital expenditure incurred in relation to the appropriation for the year ended 30 June 2026.

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, the International Standards on Auditing (New Zealand), and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* 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 of Directors for the financial statements and the performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements and performance information that are fairly presented and comply with Public Benefit Entity Standards.

This includes:

- the selection of elements/aspects of service performance, performance measures and/or descriptions, and measurement bases or evaluation methods to enable the presentation of service performance information that is appropriate and meaningful; and
- the preparation of a statement of performance, in accordance with the Group's measurement bases or evaluation methods, that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

The Board of Directors is also responsible for the preparation of end-of-year performance information for an appropriation that is prepared in accordance with the entity's measurement bases or evaluation methods and complies with Public Benefit Entity Standards and legislative requirements.

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

In preparing the financial statements and performance information, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern.

The Board of Directors 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 liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Public Finance Act 1989 and the Crown Entities Act 2004.

Responsibilities of the auditor for the audit of the financial statements and the performance information

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

For the budget information reported in the financial statements and the performance information, our procedures were limited to checking that the information agreed to the Group's statement of performance expectations or to the Estimates of Appropriations for the Government of New Zealand for the year ending 30 June 2026.

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

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 performance information, 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 Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We obtain an understanding of the process applied by the Group to select its elements/aspects of service performance, performance measures and/or descriptions and the measurement bases or evaluation methods.
- We evaluate whether:
    - the selection of elements/aspects of service performance, performance measures and/or descriptions and measurement bases or evaluation methods present an appropriate and meaningful assessment of the entity's service performance; and
    - the performance information is prepared in accordance with the Group's measurement bases or evaluation methods, and presents fairly, in all material respects in accordance with Public Benefit Entity Standards, what has been achieved with the appropriation, and for each class of reportable outputs;
        - the actual performance of the Group as compared with the forecast standards of performance included in the Group's statement of performance expectations for the financial year; and
        - the actual revenue earned and output expenses incurred as compared to the expected revenues and the proposed output expenses included in the Group's statement of performance expectations for the financial year.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group'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 financial statements 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 Group to cease to continue as a going concern.

- We evaluate the overall presentation, structure and content of the financial statements and the performance information, including the disclosures, and whether the financial statements and performance information represent the underlying transactions and events in a manner that achieves fair presentation.
- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information and performance information of the entities or business units within the group as a basis for forming an opinion on the group financial statements and the group performance information. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors 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 of Directors is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements, the performance information consisting of the statement of performance and the end-of-year performance information for appropriations, and our auditor's report thereon.

Our opinion on the financial statements and the performance information 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 performance information, 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 performance information 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 Group 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 Group.



Athol Graham
The Audit Office
On behalf of the Auditor-General
Auckland, New Zealand
27 October 2026

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 $000	2025 $000
Income			
Interest income	**14**	107,749	116,241
Grant income	**2.2**	565,231	841,901
Receipt of right to statutory levy	**4**	220,101	187,013
Government agency recoveries		3,653	3,873
Impairment reversal on loan assets – net	**6**	1,421	-
Net fair value gains on FVTSD[1] instruments	**11**	19,922	-
Other income		132	62
Total income		**918,209**	**1,149,090**
Expenses			
Finance costs	**3**	27,377	20,540
Directors' fees	**15**	476	270
Personnel costs	**16**	13,200	11,154
Depreciation and amortisation expenses	**12, 13**	1,714	1,450
Professional advisory fees	**17**	4,514	3,675
Other expenses	**18**	5,099	5,825
Grant fund expenses	**7**	753,053	972,217
Non-grant funded expenses	**7**	7,458	15,325
Loans – contribution, expected credit loss & impairment	**6**	2,588	6,452
Net fair value losses on derivatives	**11**	14,034	16,730
Net fair value losses on FVTSD instruments	**11**	-	15,357
Total expenses		829,513	1,068,995
Surplus/(deficit) before tax		**88,696**	**80,095**
Tax expense/(credit)	**19**	-	-
Net surplus/(deficit)		**88,696**	**80,095**
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense		**88,696**	**80,095**

[1] FVTSD: Fair Value through the surplus and Deficit

Budget figures and explanations of major variances against the budget are detailed in note 26.

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE 2026

	Notes	2026 $000	2025 $000
Assets			
Current assets			
Cash and cash equivalents	**20**	361,188	794,450
Short-term investments	**20**	68,500	22,400
Trade and other receivables	**23**	3,998	10,054
GST receivables		19,030	-
Prepayments		293	179
Deferred loan transaction costs		1,497	3,852
Investments in financed infrastructure programmes	**4**	35,053	22,703
Financial assets held for sale	**5**	708,185	-
Loan assets	**6**	6,962	3,510
Total current assets		**1,204,706**	**857,148**
Non-current assets			
Property, plant and equipment	**12**	8,100	9,019
Intangible assets – software	**13**	613	732
Investments in financed infrastructure programmes	**4**	647,432	423,693
Investments in Chorus Debt and Equity Securities	**5**	-	642,136
Chorus equity warrants		238	191
Loan assets	**6**	217,536	216,562
Total non-current assets		**873,919**	**1,292,333**
Total assets		**2,078,625**	**2,149,481**
Liabilities			
Current liabilities			
Creditors and other payables	**21**	52,569	102,509
Employee entitlements		2,145	1,752
Income in advance	**22**	58,632	82,292
Grant funds held for distribution	**22**	153,704	204,847
GST payables		-	3,310
Interest rate swap	**8**	8,052	-
Borrowings	**3**	390	-
Total current liabilities		275,492	394,710
Non-current liabilities			
Borrowings	**3**	630,838	416,967
Income in advance	**22**	6,465	57,130
Interest rate swap	**8**	23,081	23,885
Total non-current liabilities		**660,384**	**497,982**
Total liabilities		**935,876**	**892,692**
Net assets		**1,142,749**	**1,256,789**
Contributed capital	**10**	1,497,594	1,655,200
Retained earnings		(354,845)	(398,411)
Total equity		**1,142,749**	**1,256,789**

Budget figures and explanations of major variances against the budget are detailed in note 26.

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 30 JUNE 2026

	Notes	Share capital $000	Retained earnings $000	Total $000
2025				
Opening balance as at 1 July 2024		**1,655,200**	**(458,536)**	**1,196,664**
Net surplus/(deficit)		-	80,095	80,095
Total comprehensive revenue and expense		**-**	**80,095**	**80,095**
Transaction with owners:				
Dividends paid	**2.2**	-	(19,970)	(19,970)
Total transactions with owners		**-**	**(19,970)**	**(19,970)**
Closing balance as at 30 June 2025		**1,655,200**	**(398,411)**	**1,256,789**
2026				
Opening balance as at 1 July 2025		**1,655,200**	**(398,411)**	**1,256,789**
Net surplus/(deficit)		-	88,696	88,696
Total comprehensive revenue and expense		**-**	**88,696**	**88,696**
Transaction with owners:				
Capital contribution – Crown	**2.2, 10**	10,000	-	10,000
Capital called	**2.2, 10**	3,076	-	3,076
Share-buyback	**2.2, 10**	(170,682)	-	(170,682)
Dividends	**2.2**	-	(45,130)	(45,130)
Total transactions with owners		**(157,606)**	**(45,130)**	**(202,736)**
Closing balance as at 30 June 2026		**1,497,594**	**(354,845)**	**1,142,749**

Budget figures and explanations of major variances against the budget are detailed in note 26.

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2026

	Notes	2026 $000	2025 $000
Cash flows from operating activities			
Interest received		17,751	27,844
Government grants received	**2.2**	9,115	62,896
Receipts from government agencies	**2.2**	5,444	3,394
Goods and services tax (net)		(17,989)	14,491
Funds received for Cyclone Recovery and Infrastructure Acceleration Fund Programmes	**2.2**	430,607	783,276
Funds dispersed for Cyclone Recovery and Infrastructure Acceleration Fund Programmes		(509,494)	(618,651)
Grant fund payments*		(286,165)	(332,333)
Payments to suppliers		(11,558)	(12,303)
Payments to employees		(12,807)	(10,489)
Non-grant funded expenses		(8,090)	(16,914)
Net cash flows from operating activities	**20**	**(383,186)**	**(98,789)**
Cash flows from investing activities			
Redemption of Chorus Equity and Debt Securities		-	170,682
Net proceeds from sale of short-term investments		(46,100)	158,465
Levies and related penalties received		24,525	15,517
Acquisition of investment in loans		(10,954)	(7,755)
Proceeds from loan assets repayment		14,000	5,500
Payments received from investment in financed infrastructure		3,706	2,883
Purchase of property, plant and equipment and software		(1,132)	(222)
Acquisition of investments in bulk housing projects		-	-
Net cash flows from investing activities		**(15,955)**	**345,070**
Cash flows from financing activities			
Capital contribution		10,000	-
Proceeds from borrowings	**3**	204,129	116,206
Interest paid	**3**	(25,604)	(19,679)
Net settlements on derivatives		(6,833)	(370)
Dividends	**2.2**	(45,131)	(19,970)
Share-buyback	**2.2, 10**	(170,682)	-
Net cash flows from financing activities		**(34,121)**	**76,187**
Net (decrease)/increase in cash and cash equivalents		**(433,262)**	**322,468**
Cash and cash equivalents at the beginning of the year		794,450	471,982
Cash and cash equivalents at the end of the year	**20**	**361,188**	**794,450**

* Grant fund payments exclude Cyclone Recovery and Infrastructure Acceleration Fund Programmes.

Budget figures and explanations of major variances against the budget are detailed in note 26.

The accompanying notes form an integral part of these financial statements and should be read in conjunction with them.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

1. STATEMENT OF ACCOUNTING POLICIES

REPORTING ENTITY

The reporting entity is National Infrastructure Funding and Financing Limited (NIFF, the Parent and the Company) and its controlled subsidiaries (the Group). The Company's name was officially changed from Crown Infrastructure Partners Limited to National Infrastructure Funding and Financing Limited as part of repurposing, effective 2 December 2025.

NIFF is a limited liability company incorporated under the Companies Act 1993, and is a Crown entity as defined by the Crown Entities Act. NIFF is listed in Schedule 4A of the Public Finance Act 1989.

As at 30 June 2026, the controlled entities were IFF Holdings Limited, Milldale Infrastructure GP Limited, Milldale Infrastructure LP, NIFF Services Limited, TSP Finance GP Limited, TSP Finance LP, Sludge Finance GP Limited, Sludge Finance LP, Sludge Finance 1 Limited, Sludge Finance 2 Limited, Te Awa Lakes Finance LP and Te Awa Lakes Finance GP Limited which are 100% controlled. These controlled entities were established to facilitate accelerated development of bulk housing infrastructure for the Milldale development located at Wainui, Auckland, implementation of the Western Bay of Plenty Transport System Plan in Tauranga, the Sludge Minimisation Facility in Wellington, and the Te Awa Lakes Development in Hamilton.

The primary purpose of the Company is to carry out the public policy objectives of the government to:

(a) implement, fund, facilitate, manage, monitor, advise, fund, finance, invest in or otherwise assist the government with any government objectives in relation to:

  (i) radio and telecommunications connectivity and/or services;

  (ii) water infrastructure and/or services;

  (iii) the government's COVID-19 response and recovery infrastructure funding programme;

  (iv) the government's funding programmes relating to severe weather events, natural hazards, and climate-related risks (including for response, recovery and/or proactive management);

  (v) the government's funding programmes relating to infrastructure for new housing.

(b) implement and/or facilitate funding and financing of infrastructure, including as provided for under the Infrastructure Funding and Financing Act, through:

  (i) government investment; and/or

  (ii) co-investment with, or investment from private sector or other participants, to achieve the government's objectives for funding infrastructure;

(c) partner with any Government Organisation by providing commercial and financial advice, including through business case, procurement, and delivery phases, in respect of current and proposed infrastructure projects and programmes that have potential to involve private finance (including public private partnerships) in accordance with any additional requirements set by government, including, for example, under any Cabinet Office Circular, Government Procurement Rules or government direction;

(d) provide commercial and financial advice at the request of any Government Organisation on infrastructure related issues involving private financing;

(e) facilitate and promote opportunities for private sector investment in New Zealand infrastructure and act as the government's single point of contact for inbound market-led proposals for investment in accordance with any government guidance issued from time to time; and

(f) implement, facilitate, manage, monitor, advise, fund, invest or otherwise assist any Government Organisation or Local Government Organisation with any transaction, or class of transactions, or provide assistance with any other matter, in relation to infrastructure related projects and programmes, as agreed between the Company and Shareholding Ministers from time to time after having considered any perceived, potential or actual conflict of interest with the Company's role deliver existing objects.

As a consequence of carrying out the Company's primary purpose, the Company may, subject at all times to satisfying the requirements of the Public Finance Act, repatriate surplus funds by way of distributions to its Shareholders.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

The Company's aim is to provide services to the public and implement Government policy, and, as such, the Company is a company named in Schedule 4A of the Public Finance Act. The Company is recognised on Schedule 35 of the Income Tax Act 2007 as a Public Purpose Crown-controlled (PPC) company. As a PPC the primary objective of the Company is to provide goods and services for community or social benefit, and it does not operate with the intention of making a financial return. Accordingly, the entity has designated itself as a Public Benefit Entity (PBE) for financial reporting purposes. The Company is a public authority and so is exempt from the payment of income tax. Therefore, no provision has been made for income tax in the Company's financial statements.

The consolidated financial statements of the Company are for the year ended 30 June 2026 and were approved by the Board of Directors on 27 October 2026.

STATEMENT OF COMPLIANCE

The financial statements of the Group have been prepared in accordance with the relevant requirements of the Public Finance Act 1989 and the Crown Entities Act 2004, which include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements are presented and prepared in accordance with Tier 1 PBE Standards and comply with PBE Standards.

BASIS OF PREPARATION

The financial statements have been prepared on a going-concern basis, and the accounting policies have been applied consistently for all periods presented. The Directors consider that the Group will continue to have sufficient resources, access to unpaid share capital, Crown grant funding, and available debt facilities to pay its debts as they fall due for the foreseeable future, which is not less than 12 months from the date that these financial statements are approved.

The financial statements are presented in New Zealand dollars, and all values are rounded to the nearest one thousand dollars ($000). The functional currency of the Company and each entity of the Group is New Zealand dollars.

The principal accounting policies adopted in the preparation of these financial statements are set out below or included in the accompanying notes.

GENERAL ACCOUNTING POLICIES

Significant accounting policies that summarise the measurement basis used and are relevant to an understanding of the financial statements are provided throughout the notes to the financial statements.

Adoption of new and amended financial reporting standards

There were no new applicable standards or interpretations that required adoption this financial year.

Standards and amendments issued but not yet effective, that have not been early adopted and relevant to the Group are:

Insurance Contracts in the Public Sector PBE IFRS 17 establishes principles for the recognition, measurement, presentation, and disclosure of insurance contracts and will replace PBE IFRS 4. The amendments are effective for annual periods beginning on or after 1 January 2026. The Group will adopt the amendments in the year ending 30 June 2027.

2024 Omnibus Amendments to PBE Standards (Amendments to PBE IPSAS 1) clarifies the principles for classifying a liability as current or non-current, particularly in relation to loan covenants. The amendments are effective for annual periods beginning on or after 1 January 2026. The Group will adopt the amendments in the year ending 30 June 2027.

The above new standards and interpretations have not been early adopted as they are not expected to have material impacts on the recognition or measurement of items in the consolidated financial statements when adopted in the periods in which they become mandatory.

Significant Accounting Policies

Significant accounting policies in respect of items that do not have specific notes are set out below:

Recognition of grant income

Grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. If there is such an obligation, the grants are initially recorded as grants received in advance and recognised as revenue when conditions of the grant are satisfied.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

Recognition of grant fund expenses

Non-discretionary grants are those grants awarded if the grant application meets the specified criteria. They are expensed when the Company receives an application that meets the specified criteria for the grant. The non-discretionary grants have no substantive conditions that need to be fulfilled to receive the grant.

Discretionary grants are those grants where the Company has no obligation to award the grant after receiving a grant application. For discretionary grants without substantive conditions, the total committed funding over the life of the grant is expensed when the Company approves the grant, and the approval has been communicated to the applicant. Discretionary grants with substantive conditions are expensed at the earlier of the grant payment date or when the grant conditions have been satisfied. Conditions can include either:

- specification of how funding can be spent, with a requirement to repay any unspent funds; or
- milestones that must be met to be eligible for funding.

Classification of financial assets and liabilities

All recognised financial assets are subsequently measured at either amortised cost or fair value, depending on their classification.

Financial assets are measured at amortised cost where:

- the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value through surplus or deficit (FVTSD).

Financial liabilities are subsequently measured at amortised cost, except where measurement at fair value through surplus or deficit is required or elected.

Impairment of financial assets carried at amortised cost

The Group recognises a loss allowance for Expected Credit Losses (ECL) on financial assets that are measured at amortised cost. The amount of the ECL is updated at each reporting date to reflect changes in credit risk since the initial recognition of the respective financial instruments.

The Group recognises the lifetime ECL for trade receivables. In assessing impairment for a portfolio of receivables, the Group considers past experience of collecting payments, as well as any increase in the number of delayed payments in the portfolio past the average credit period of 30 days, and observable changes in national or local economic conditions that correlate with defaults on receivables.

For investments in debt instruments (loans) the Group recognises the lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to the 12-month ECL.

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk at the date of initial recognition. In making this assessment, the Group considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

The lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, the 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on financial instruments that are possible within 12 months after the reporting date.

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the probability of default and loss given default is based on historical data adjusted by forward-looking information.

The carrying amount of an instrument is reduced by the impairment loss directly for all instruments with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. A receivable is considered to be uncollectible when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings. Changes in the carrying amount of the allowance account are recognised in surplus or deficit.

Significant estimates and judgements

In the application of the Group's accounting policies, management is required to make judgements that have a significant impact on the amounts recognised and to make estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

The following are the critical judgements that have the most significant effect on the amounts recognised in financial statements.

- Classification of the Group's right to levy beneficiaries under the Infrastructure Funding and Financing (Western Bay of Plenty Transport System Plan Levy) Order 2022 and Infrastructure Funding and Financing (Wellington Sludge Minimisation Facility Levy) Order 2023, and the Infrastructure Funding and Financing (Te Awa Lakes Project Levy) Order 2026 as a statutory receivable measured at fair value through surplus or deficit – Note 4.
- Classification of the interest rate swap under PBE IPSAS 41 as a derivative measured at fair value through surplus or deficit – Note 8.
- Classification of fixed rate loans as borrowings measured at fair value through surplus or deficit – Note 3.
- The accounting treatment of funding received from the Crown for the cyclone recovery programme and Infrastructure Acceleration Fund – Note 2.2.
- Classification of Chorus debt and equity securities as financial assets held for sale measured at fair value through surplus or deficit – Note 5.

The following are the critical estimates that have the most significant effect on the amounts recognised in financial statements.

- Calculation of the fair value of the right to levy statutory receivable – Note 4.
- Calculation of the fair value of the investment in Milldale Bulk Housing Projects – Note 4.
- Calculation of the fair value of the Chorus Debt and Equity Securities (financial assets held for sale) – Note 5.
- Calculation of the fair value of the interest rate swap – Note 8.
- Calculation of the fair value of the fixed rate loans measured at fair value through surplus or deficit – Note 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2. COMPOSITION OF THE GROUP

2.1 CONSOLIDATION OF SUBSIDIARIES IN THE GROUP

Determining the nature of the interest in the subsidiaries

The Group holds 100% of the shares in the following entities:

- Milldale Infrastructure GP Limited
- Milldale Infrastructure LP
- NIFF Services Limited
- IFF Holdings Limited
- TSP Finance GP Limited
- TSP Finance LP
- Sludge Finance GP Limited
- Sludge Finance LP
- Sludge Finance 1 Limited
- Sludge Finance 2 Limited
- Te Awa Lakes Finance LP
- Te Awa Lakes Finance GP Limited

The Group therefore has control over these companies and partnerships. These companies and partnerships are treated as subsidiaries in the consolidated financial statements of the Group.

Milldale Infrastructure GP Limited is the general partner of Milldale Infrastructure LP. On 2 May 2025, NIFF transferred 100% limited partnership interest in Milldale Infrastructure LP from Milldale HoldCo LP to IFF Holdings Limited. Similarly, the 100% shares in Milldale Infrastructure GP Limited were transferred from Milldale Holdco GP Limited to IFF Holdings Limited. NIFF owns 100% of the ownership interest in IFF Holdings Limited. Following the transfer, Milldale Holdco GP Limited and Milldale HoldCo LP were removed from Companies register on 7 May 2025 and Limited Partnerships register on 16 June 2025, respectively.

TSP Finance GP Limited is the general partner of TSP Finance LP. Sludge Finance GP Limited is the general partner of Sludge Finance LP. Sludge Finance LP owns 100% of the two subsidiary entities, Sludge Finance 1 Limited and Sludge Finance 2 Limited. IFF Holdings Limited, a subsidiary of NIFF, owns 100% of the limited partnership interest in TSP Finance LP and Sludge Finance LP. NIFF, through IFF Holdings Limited has power over TSP Finance LP through its ownership of TSP Finance GP Limited and Sludge Finance LP through its ownership of Sludge Finance GP Limited.

During the year on 3 September 2025 the Company established two new subsidiaries, Te Awa Lakes Finance LP and Te Awa Lakes Finance GP Limited. These entities were established to facilitate financing of the roading, stormwater, freshwater and wastewater infrastructure required to service the Te Awa Lakes development in Hamilton. These entities are 100% owned subsidiaries of the Group. Te Awa Lakes Finance GP Limited is the general partner of the Te Awa Lakes Finance LP.

IFF Holdings Limited, a subsidiary of NIFF, owns 100% of the limited partnership interest in Te Awa Lakes Finance LP. NIFF, through IFF Holdings Limited has power over the Te Awa Lakes Finance LP through its ownership of Te Awa Lakes Finance GP Limited.

NIFF has power over the limited partnerships through its ownership of the general partners, exposure to variable benefits through its limited partnership interests, and the ability to use its power to affect the amount of benefits from the limited partnerships through its decision-making rights. Therefore, the Group has control over these limited partnerships and are treated as subsidiaries in the consolidated financial statements of the Group.

All intra-Group transactions, balances, income and expenses are eliminated in full on consolidation.

The financial statements of a subsidiary are prepared for the same reporting period as those of the Parent and are consistent with the Parent's accounting policies. Adjustments are made to bring into line any dissimilar accounting policy that may exist.

A subsidiary is consolidated from the date on which control is obtained to the date on which control is lost.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2. COMPOSITION OF THE GROUP (CONTINUED)

2.2 RELATED PARTY TRANSACTIONS

Significant transactions with government-related entities

Dividends

The Company paid dividends of $45.1 million during the year on the following dates: 11 November 2025 ($11.9 million), 28 November 2025 ($3 million), 19 June 2026 ($30.2 million) (2025: $19.97 million Dividend was paid to the Crown on 26 June 2025).

Share buyback

On 1 December 2025 the Company completed a share buyback of 170,682,036 shares from the Company's shareholders for consideration of $1 per share. The Company received the proceeds of $170.7 million on 30 June 2025 from Chorus in relation to this buyback.

In June 2026 the Company approved a share buyback of a maximum of 800,000,000 shares by way of a Board Resolution to return the proceeds received from the sale of the Chorus Debt and Equity securities (refer to note 5 and 25). The share buyback was completed on 28 August 2026.

Capital contribution

On 20 March 2026 the Company received capital of $10 million from the Crown via the issue of 10,000,000 Paid Up Shares at an issue price of $1 per share to the shareholding minsters in equal proportions. The capital is to facilitate funding of the EV Charging Infrastructure Loans Programme administered by the Company.

In March 2026 the Company called $3.076 million of the shares, which were received by the Company after balance date in July 2026.

Cash received from government agencies

The Company has received a total of $445.2 million from a number of government agencies during the year, breakdown in the table below:

	2026 $000	2025 $000
Cyclone recovery fund	288,331	783,276
Infrastructure Acceleration Fund	142,276	-
Government grant income	19,695	62,896
Receipts from other government agencies	5,444	3,394
IRG grant returned to the Crown	(10,580)	-
Total grant income and recoveries received	**445,166**	**849,566**

The breakdown of Grant income the Company recognised for the financial year, shown in the table below:

	2026 $000	2025 $000
Cyclone recovery fund	392,940	641,199
Infrastructure reference group fund	64,998	140,346
Rural and marae connectivity fund	-	10,000
Rural and regional connectivity fund	18,400	39,000
Rural and marae drinking water fund	1,296	11,497
Provincial Growth fund	-	(141)
Infrastructure acceleration fund	87,597	-
Total grant income	**565,231**	**841,901**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

2. COMPOSITION OF THE GROUP (CONTINUED)

Significant judgements relating to grant income

The Group has assessed whether it acts as principal or agent for funding programmes administered on behalf of the Crown, including the Cyclone Recovery Fund and Infrastructure Acceleration Fund.

In making this assessment, the Group considered its responsibilities for monitoring programme delivery, assessing compliance with funding conditions and milestones, determining entitlement to funding, approving certain project variations, requiring remediation, exercising contractual enforcement rights, and reporting on programme performance.

The Group also considered its accountability for programme delivery and the extent to which administration of these programmes aligns with its statutory functions and objectives.

Based on these factors, the Group concluded that it acts as principal for these programmes and therefore recognises funding received as grant income and payments to recipients as grant expenditure.

Other transactions with government-related entities

In conducting its activities, the Group is required to pay various taxes and levies (such as GST, PAYE and ACC levies and rates) to the Crown and entities related to the Crown. The payment of these taxes and levies is based on the standard terms and conditions that apply to all tax and levy payers. NIFF and its subsidiaries are exempt from paying income tax.

The Group enters into transactions with government departments, Crown entities and state-owned enterprises (e.g. New Zealand Post) and other government-related bodies (e.g. Air New Zealand and local councils). These transactions generally occur within normal supplier or client relationships on terms and conditions no more or less favourable than those that it is reasonable to expect the Group would have adopted if dealing with those entities at arm's length in the same circumstances. The transactions on normal arm's length terms have not been disclosed as related party transactions and are not individually or collectively significant.

As disclosed above, the Group has provided funding to Tauranga City Council, Hamilton City Council and Wellington City Council for infrastructure projects (note 4).

Directors and Key Management Personnel

Compensation of Directors and Key Management Personnel are set out in note 15 and 16.

3. BORROWINGS

Borrowings are shown in the Statement of Financial Position as:

	2026 $000	2025 $000
Current	390	-
Non-current	630,838	416,967
Total	**631,228**	**416,967**

The Groups borrowings comprise:

	2026 $000	2025 $000
Principal	601,454	397,326
Unamortised transaction costs	(9,449)	(6,939)
Fair value movement	39,223	26,580
Net carrying amount borrowings	**631,228**	**416,967**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3. BORROWINGS (CONTINUED)

	2026 $000	2025 $000
Fixed rate loan	271,533	240,699
Floating rate facility	359,695	176,268
Total	**631,228**	**416,967**

Debt facilities

Borrowings have been arranged through the subsidiaries, the special purposes vehicles (SPVs), with various financial institutions to fund infrastructure projects. These loans include both fixed and floating rate loans. The subsidiaries are required to comply with the debt service ratio covenant outlined in the senior facilities agreement.

The borrowing relating to the Milldale Bulk Housing Infrastructure Project is secured over the cash inflows of the project, with recourse to the development lot owners through an encumbrance on the land. The borrowings of the subsidiaries established under the Infrastructure Funding and Financing Act are secured by pledges over the partnership interests in designated subsidiaries. There is no recourse or guarantee provided by the Company for these borrowings.

Finance Costs

	2026 $000	2025 $000
Effective interest on borrowings	27,161	20,330
Other finance charges	216	210
Total finance costs	**27,377**	**20,540**

Reconciliation of carrying amount of borrowings

	2026 $000	2025 $000
Opening balance	416,967	295,213
Drawdowns	204,129	116,206
Payment of upfront fees and commitment fees	(4,068)	(1,861)
Interest expense	27,161	20,330
Payments of principal and interest	(25,604)	(19,679)
Fair value movement	12,643	6,758
Closing balance	**631,228**	**416,967**

Accounting policies

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost, except for the fixed rate loans borrowed by Sludge Finance LP which are elected to be classified at FVTSD. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised as a profit or loss in the Statement of Comprehensive Revenue and Expense over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs and included in the effective interest rate. Periodic commitment fees on the undrawn portion of the facility are also included in the effective interest rate of the loan if the loan is expected to be drawn down.

Fixed rate loans borrowed by Sludge Finance LP are elected to be classified at FVTSD. These fixed rate loans are recognised at fair value on initial recognition and subsequently, all gains and losses recognised in surplus or deficit except for changes in fair value that are attributable to changes in Group's own credit risk which are recognised in other comprehensive revenue and expense. Any transaction costs attributable to the issue of the debt are expensed immediately.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

3. BORROWINGS (CONTINUED)

Significant judgements

The fair value movements relating to the base interest rate risk on the fixed rate loans plus the fair value movements on the derivative would be expected to largely offset the fair value movements in the statutory receivable and would significantly reduce fluctuations in the equity balance due to the changes in base interest rates. PBE IPSAS 41 permits an entity to irrevocably designate a financial liability as measured at fair value through surplus or deficit if doing so results in more relevant information because it eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise from measuring assets or liabilities or recognising the gains and losses on them on different bases (commonly referred to as an "accounting mismatch"). As a result, the Group elected to account for its fixed rate loans borrowed by Sludge Finance LP at fair value through surplus or deficit.

Fair value measurement

Fair value is determined using a discounted cashflow methodology based on the expected cash outflow from the principal and interest repayment. The key assumption is the discount rate set out below, along with information about a reasonably possible change in the rate and the potential impacts of such a change on the carrying value of the fixed rate loans. Management has determined that 100 basis points is a reasonably possible change in the discount rate at 30 June 2026 based on current market volatility (2025: 100 basis points was determined to be a reasonably possible change in discount rate at 30 June 2025).

Key assumptions/inputs	2026 Assumption	Possible change	2026 Impact $000	2025 Assumption	Possible change	2025 Impact $000
Discount rate	avg 5.18%	+/- 100bps	22,551 / -26,802	avg 5.81%	+/- 100bps	19,484 / -23,287

4. INVESTMENTS IN INFRASTRUCTURE FINANCED PROJECTS

The Group's investments in infrastructure financed projects include the Milldale Bulk Housing Infrastructure Programme and the right to levy statutory receivables relating to the Western Bay of Plenty Transport Systems Plan Programme, Sludge Minimisation Facility Programme, and the Te Awa Lakes Development.

Investments in infrastructure financed projects are shown in the Statement of Financial Position as:

	2026 $000	2025 $000
Current	35,053	22,703
Non-current	647,432	423,693
Total	**682,485**	**446,396**

INVESTMENTS IN MILLDALE BULK HOUSING INFRASTRUCTURE PROJECT

The Group's investments in the Milldale Bulk Housing Infrastructure Project financial assets are set out below:

	2026 $000	2025 $000
Balance at 1 July	**61,964**	**59,585**
Amount paid during the year	-	-
Interest revenue	4,316	4,116
Fair value gains/losses	1,467	1,050
Repayments received	(3,707)	(2,787)
Balance at 30 June	**64,040**	**61,964**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

4. INVESTMENTS IN INFRASTRUCTURE FINANCED PROJECTS (CONTINUED)

Investments in Milldale Bulk Housing Infrastructure Project financial assets – key terms

The Group, through its subsidiary Milldale Infrastructure LP, provides funding to the developer to fund construction of bulk housing infrastructure. The developer places a first ranking encumbrance on the land and the Group is entitled to receive infrastructure payments from the developer and subsequent landowners over a 35-year period. The infrastructure payments on a portion of the encumbrances began in July 2019, with the percentage making payments increasing over time to reflect the pattern on which lots are expected to be developed and released to third-party landowners. There are some provisions for either the developer or a subsequent landowner to prepay the remaining balance under the encumbrance.

Accounting policies

The investments in the Milldale Bulk Housing Infrastructure Project financial assets are classified as FVTSD. These financial assets do not qualify to be measured at amortised cost because the cash flows do not represent solely payment of principal and interest. The investments are recognised at fair value on initial recognition and subsequently, with all gains and losses recognised in surplus or deficit.

The fair value movements relating to the investments in Milldale Bulk Housing Infrastructure Project financial assets are presented in the following line items in the Statement of Comprehensive Revenue and Expense:

- Interest income – imputed interest is calculated using the effective interest method; and
- Fair value gains/losses on FVTSD instruments – all other fair value movements, including impairment, are included in the fair value gains/losses on FVTSD instruments line item.

Key assumptions

Fair value is determined using a discounted cashflow methodology based on the expected cash inflows from the infrastructure payments. The key assumption is the discount rate set out below, along with information on a reasonably possible change and the potential impacts of such a change on the investment carrying value for the Milldale Bulk Housing Infrastructure Project financial assets. Management has determined that 100 basis points is a reasonably possible change in the discount rate at 30 June 2026 based on current market volatility (2025: 100 basis points is a reasonably possible change in the discount rate at 30 June 2025).

Key assumptions/inputs	2026 Assumption	Possible change	2026 Impact $000	2025 Assumption	Possible change	2025 Impact $000
Discount rate	6.81%	+/- 100bps	-6,161 / 7,223	7.00%	+/- 100bps	-6,080 / 7,152

RIGHT TO LEVY STATUTORY RECEIVABLE

The Group's investment in the right to levy statutory receivable is set out below:

	2026 $000	2025 $000
Balance at 1 July	**384,432**	**192,162**
Revenue for receipt of right to levy	220,101	187,013
Interest revenue	27,448	16,059
Fair value gains/losses	10,853	4,653
Levies received	(24,389)	(15,455)
Balance at 30 June	**618,445**	**384,432**

The Group recognised $220.1 million of revenue for receipt of the right to levy beneficiaries under the Order in Councils 2022 (2025: $187 million). The levies will be used to pay for the costs of financing the grants the Group is providing to local authorities for designated infrastructure projects and related administration expenses.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

4. INVESTMENTS IN INFRASTRUCTURE FINANCED PROJECTS (CONTINUED)

Right to levy statutory receivable – key terms

The Group, through its subsidiaries TSP Finance LP, Sludge Finance LP, and Te Awa Lakes LP are providing funding to local authorities for certain infrastructure projects.

Under the Order in Councils SPVs will be entitled to collect levies from ratepayers in the levy area. The levies fund the financing and operating costs of the SPVs.

Significant judgements

The right to impose a levy on ratepayers arising from the Order in Councils are transactions that are not explicitly covered by PBE accounting standards. In the absence of specific guidance, management is required to use its judgement to develop an appropriate accounting policy, including consideration of the requirements in PBE standards for similar transactions. The Group has determined that the right to levy is a statutory receivable that arises from a binding arrangement with the Crown. Since the receivable is statutory rather than contractual, it is not a financial asset under PBE IPSAS 41 Financial Instruments ('PBE IPSAS 41'). However, the Group has determined that it would be appropriate to apply the guidance in PBE IPSAS 41 by analogy to account for the statutory receivable. Applying the guidance in PBE IPSAS 41, the Group has determined that the statutory receivable should be classified as FVTSD as outlined below.

Accounting policies

The Group recognises revenue for receipt of the right to levy statutory receivable from the Crown as it delivers funding to local authorities. This is considered to be an exchange transaction. The revenue is recorded at the fair value of the consideration received, being the fair value of the future cash flows to be received through the levies.

The statutory receivable is classified as FVTSD. The statutory receivable does not qualify to be measured at amortised cost because the cash flows do not represent solely payment of principal and interest. The statutory receivable is recognised at fair value on initial recognition and subsequently, with all gains and losses recognised as a surplus or deficit.

The fair value movements relating to the statutory receivable are presented in the following line items in the Statement of Comprehensive Revenue and Expense:

- Interest income – imputed interest is calculated using the effective interest method.
- Fair value gains/losses on the statutory receivable – all other fair value movements, including impairment are included in the fair value gains/losses on the statutory receivable line item.

The imputed interest income is recognised using the effective interest method. The effective interest rate is a rate that discounts estimated future cash receipts through the expected life of the financial instrument to the net carrying amount of the financial instrument at the time of initial recognition.

Changes in accounting estimates

The Group revised key assumptions used in estimating the fair value of its right to levy receivable, resulting in a decrease of approximately $20.5 million in the carrying amount of the statutory right to levy receivable. The revised assumptions reflect management's reassessment of expected future refinancing conditions, based on current market information available at 30 June 2026. The reassessment incorporated recent market transaction evidence and consideration of the contractual and risk characteristics of the project that are relevant to lender pricing and refinancing risk. The revised assumptions reduced projected financing costs over the remaining life of the project. This affected expected future levy cash flows, including amounts expected to be returned to levy payers through the Forecast Excess Levy mechanism, resulting in a lower fair value of the Right to Levy receivable. The assumptions are currently inconsistent with the forecast methodology in the Infrastructure Funding and Financing (Western Bay of Plenty Transport System Plan Levy) Order 2022 and (Wellington Sludge Minimisation Facility Levy) Order 2023. Revised key assumption are largely around reductions in the margin and fees when refinancing.

The revised assumptions affect the carrying amount of "statutory receivable" and "Fair value gains and losses" line items. The revision reflects updated assumptions used in the valuation, while the underlying valuation model remained unchanged. The revision was made in the current financial year and the updated assumptions will continue to be applied in future measurements of the receivable.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

Key assumptions

Fair value is determined using a discounted cashflow methodology based on the expected cash inflows from the levy payments. The key assumption is the discount rate set out below, along with information about a reasonably possible change in the rate and the potential impacts of such a change on the carrying value of the statutory receivable. Management has determined that 100 basis points is a reasonably possible change in the discount rate at 30 June 2026 based on current market volatility (2025: 100 basis points is a reasonably possible change in the discount rate at 30 June 2025).

Key assumptions/inputs	2026 Assumption	Possible change	2026 Impact $000	2025 Assumption	Possible change	2025 Impact $000
Discount rate	avg 5.22%	+/- 100bps	-66,708 / 79,567	avg 5.76%	+/- 100bps	-41,100 / 49,066

5. FINANCIAL ASSETS HELD FOR SALE – INVESTMENTS IN CHORUS DEBT AND EQUITY SECURITIES

Financial assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use.

As at 30 June 2026 the Company has classified the following Chorus Investments as financial assets held for sale:

	2026 $000	2025 $000
Chorus Equity Securities	402,659	-
Chorus Senior Notes	110,136	-
Chorus Subordinated Notes	195,390	-
Total	**708,185**	**-**

During the year the Company initiated a plan to sell the Chorus Debt and Equity Securities ('the Securities'). The Company invested $1.3 billion in Chorus progressively as deployment stages were completed via the purchase of Debt and Equity Securities in Chorus. Chorus is required to repay or redeem the Crown for its investment in 2025, 2030, 2033 and 2036. The 2025 tranches of Chorus Debt and Equity of $170.7 million was repaid and redeemed on 30 June 2025.

As the Ultra-Fast Broadband initiative was completed in 2022, the Company decided to monetise the Securities (the 'transaction') in order to allow the proceeds to be returned to the Crown and made available for other capital allocations. Subsequent to balance date on 31 July 2026 the Company has sold the Chorus Debt and Equity Securities, with multiple sale agreements executed between 3 and 5 August 2026, for cash proceeds of $708 million. The Company expects to incur transaction costs of approximately $6 million. Transaction costs will be expensed in the statement of comprehensive Revenue and Expense during the 2027 financial year and the proceeds will be returned to the Crown via way of share buyback in the 2027 financial year as per note 25.

Accounting policies

Financial assets classified as held for sale continue to be measured at fair value through surplus or deficit. Accordingly, Chorus debt and equity securities continue to be measured at fair value after classification as held for sale, with changes in fair value recognised in surplus or deficit.

The fair value movements relating to the Chorus Securities are presented in the following line items in the Statement of Comprehensive Revenue and Expense:

- Interest income – imputed interest is calculated using the effective interest method to approximate the effect of interest income to the Company on these instruments.
- Dividends – dividends are recognised in surplus or deficit when the Company's right to receive the dividends is established. No dividends were received during the current or prior year in relation to the Chorus Equity Securities.
- Fair value gains/losses – all other fair value movements are included in the fair value gains/losses on FVTSD instruments line item.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

5. FINANCIAL ASSETS HELD FOR SALE – INVESTMENTS IN CHORUS DEBT AND EQUITY SECURITIES (CONTINUED)

The following table presents financial information relating to the Debt and Equity Securities for the current and prior financial year. The Securities were not held for sale in the prior year (year end 30 June 2025) and the carrying amount of $642.1 million as at 30 June 2025 in respect of the Securities was presented as a non-current asset within the 'Investments in Chorus Debt and Equity Securities' line item of the statement of financial position as at 30 June 2025.

	Chorus Equity Securities $000	Chorus Senior Notes $000	Chorus Subordinated Notes $000	Total $000
Net investments at 1 July 2024	**422,198**	**123,502**	**227,418**	**773,118**
Amount paid during the year	-	-	-	-
Less UFB redemption	(85,341)	(28,705)	(56,636)	(170,682)
Net investment recognised after redemption	(85,341)	(28,705)	(56,636)	(170,682)
Fair value gain/(loss) recognised in surplus or deficit	(16,978)	4,544	(1,868)	(14,302)
Interest	31,881	7,045	15,076	54,002
Net investments at 30 June 2025	**351,760**	**106,386**	**183,990**	**642,136**
Amount paid during the year	-	-	-	-
Less redemption	-	-	-	-
Fair value gain/(loss) recognised in surplus or deficit	24,885	(2,747)	(1,894)	20,244
Interest	26,014	6,497	13,294	45,805
Financial assets held for sale at 30 June 2026	**402,659**	**110,136**	**195,390**	**708,185**

Chorus Equity Securities – key terms

The Equity Securities carry no voting rights, but rank ahead of Ordinary Shareholders in the event of liquidation. Subsequent to balance date, the Equity Securities were sold (note 25).

As at 30 June 2026 Chorus maintains an investment grade credit rating from both Moody's (BBB) and Standard & Poor's (BAA2).

If Chorus loses its investment grade credit rating, Chorus cannot pay dividends to Ordinary Shareholders without the approval of the Company.

Chorus Debt Securities – key terms

The Chorus Debt Securities are unsecured and carry no interest, but there is imputed interest and, like the Chorus Equity Securities, have no voting rights. The principal amount of the Chorus Debt Securities comprises a senior portion and a subordinated portion. The senior portion ranks equally with all other unsecured, unsubordinated creditors of Chorus, and has the benefit of any negative pledge covenant that may be contained in any of Chorus's debt arrangements. The subordinated portion ranks above ordinary shares of Chorus. The initial value of the Chorus debt securities is the present value of the sum repayable on the securities.

The Debt Securities were redeemable in tranches through to 2036. Subsequent to balance date, the securities were sold (note 25).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

6. INVESTMENTS IN LOAN ASSETS

The Group's investments in loan assets include the IRG loans $211.4 million, Northpower Fibre Limited 2 (NFL2 loan) $11 million and EV loans $2.1 million. These loan assets are carried at amortised cost.

	2026 $000	2025 $000
Balance at 1 July	**220,072**	**205,613**
Amount paid during the year	7,407	11,302
Less loan contribution	(2,575)	(3,511)
Interest revenue	12,188	16,167
Repayments received	(14,002)	(6,558)
Impairment – net[1]	1,421	(2,849)
Provision for expected credit loss	(13)	(92)
Balance at 30 June	**224,498**	**220,072**

[1] Impairment reversal of $1.4 million recognised in the current year arose from the remeasurement of IRG loans following the updates of expected credit losses.

Investments in loan assets are shown in the Statement of Financial Position as:

	2026 $000	2025 $000
Current	6,962	3,510
Non-current	217,536	216,562
Total	**224,498**	**220,072**

Infrastructure Reference Group Fund overview

The Infrastructure Reference Group (IRG) Fund was set up to identify infrastructure projects in the private and public sectors that would have an immediate stimulatory effect on the construction industry, its workforce and the economy. Projects needed to show that they could be underway within 12 months from the date of funding being contracted, with material employment benefits, and provided national or regional public benefits.

The Company is in the implementation phase with $1.2 billion in grants and loans already paid out. The Company's role is to oversee the Government funding of $1.4 billion of IRG projects, and to carry out a co-ordination role across the other agencies responsible for IRG projects for project approvals and regular reporting. The Company monitors the operational and service performance of IRG fund build partners to ensure that contractually agreed service levels are being met.

Most of the funding is being provided in the form of grants, while the remainder will be provided through concessionary loans. It has been determined that the Company is principal to the IRG grants. The Group recognises the IRG grant income in its Statement of Comprehensive Revenue and Expense as it incurs expense for providing the IRG grants to IRG delivery partners.

IRG loans – key terms

Concessionary loans to asset owners are made either interest free or at below market interest rates. The loan agreements generally require the asset owners to provide co-funding for the projects and meet agreed milestones prior to making drawdowns. Repayments are made over a range of periods up to 30 years, from the dates of the agreements or the dates of initial drawdowns. The Company may require early repayment and/or suspend future drawdowns if an asset owner is in breach of the terms of the loan agreement.

NIFF's investment in IRG loans

Any difference on initial recognition between the amount loaned by the Group and the fair value of the loan asset represents the Company's and the Crown's contribution towards infrastructure projects to reduce the economic impacts of the COVID-19 pandemic. As a result, the IRG transactions are considered, in substance, to be represented by two components, and the Group has:

- recorded the loan asset at its fair value on initial recognition; and
- recognised the loan contribution as a form of government grant. A government grant is recognised when the IRG project owner meets the criteria to receive the grant. This is reflected in the loan contribution line in surplus or deficit.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

6. INVESTMENTS IN LOAN ASSETS (CONTINUED)

The judgement used in componentising the transactions in this way affects the amount of loan contributions recognised. There is judgement made on the interest rates used to value the IRG loans, as these interest rates affect the value recorded in the Statement of Comprehensive Revenue and Expense of the Crown contributions and the fair values of the loans on initial recognition.

Accounting policies

The loan assets are measured initially at fair value and subsequently at amortised cost, less impairment. Any difference on initial recognition between the fair value of an investment and the contribution by the Company is reflected in the Contribution – loans line in surplus or deficit. Interest income is recognised by applying the effective interest method.

Fair value on initial recognition is determined using a discounted cashflow method. The estimates are based primarily on market-observable data of similar types of instruments; these include corporate bonds that have similar maturity dates, credit risks and industry characteristics.

The accounting policy for impairment is set out in the general accounting policies section at the beginning of these financial statements. An impairment review has been performed. The Group has recorded impairment reversal of $1.42 million and an expected credit losses of $0.01 million (2025: impairment loss of $2.8 million and expected credit losses of $0.09m were recognised).

7. GRANT FUND EXPENSES

Programme expenses

	2026 $000	2025 $000
Digital connectivity funds	31,528	51,076
Infrastructure reference group grants	60,995	129,044
Rural and marae drinking water grants	16,941	11,911
Infrastructure Funding and Financing (‘IFF’’) grants	165,755	141,527
Cyclone recovery funds	391,213	638,659
Westport funds	218	-
Infrastructure Acceleration Fund (‘IAF’)	86,403	-
Total grant fund expenses	**753,053**	**972,217**
Non-grant funded expenses	7,458	15,325
Total programme expenses	**760,511**	**987,542**

In the current period the Group paid $31.5 million in digital connectivity funds grants that were funded by the Crown (2025: $51.1 million), including $16.3 million of Rural and Marae Connectivity funding (2025: $14.6 million) and $15.2 million of 3.5 GHz (5G Spectrum) Rural and Regional Connectivity funding (2025: $36.5 million). NIFF makes digital connectivity grant payments as non-grant funded expenses (being recycled funds from the completed funds) expenses $7.5 million (2025: $15.3 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

8. INTEREST RATE SWAPS

Key terms

The Group has four 30-year interest rate swaps (2025: three) to receive floating (NZD BKBM Bid) payments in exchange for fixed payments. The total notional amounts are based on the expected principal amounts outstanding under the senior facilities agreement with the lenders. The swaps were taken out to manage interest rate risk on the floating rate facilities. The total notional principal amounts were $408 million (2025: $278.2 million). Fair value at 30 June 2026 is $31.1 million, of which $8 million is current and $23.1 million is non current.

Accounting policy

The interest rate swaps are measured at FVTSD. Changes in fair value are recognised in the ‘net fair value gains/losses on derivatives’ line in the statement of comprehensive revenue and expense.

Key assumptions

Fair value is determined using a discounted cashflow methodology based on the expected cash inflows and outflows over the 30-year contract period. The key assumptions are the forward interest rate price curves and the discount rate, which reflects the counterparty credit risk. These key inputs are set out below, along with information about a reasonably possible change and the potential impacts of such a change on the carrying value of the interest rate swap. Management has determined that 100 basis points is a reasonably possible change in the swap rate at 30 June 2026 based on current market volatility (2025: 100 basis points is a reasonably possible change in the swap rate at 30 June 2025).

Key assumptions/inputs	2026 Assumption	Possible change	2026 Impact $000	2025 Assumption	Possible change	2025 Impact $000
Swap rate	avg 4.70%	+/- 100bps	61,495 / -60,556	avg 4.70%	+/- 100bps	56,780 / -56,045

9. FINANCIAL RISK

The Company’s activities expose it to a variety of financial instrument risks, including market risk, credit risk and liquidity risk. The Company has a range of policies to manage the risks associated with financial instruments and seeks to minimise this exposure. These policies do not permit any transactions that are speculative in nature. Investments of a financial nature can only be transacted with New Zealand major trading banks or in government securities.

MARKET RISK

Fair value interest rate risk

Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate owing to changes in market interest rates. The Group is exposed to fair value interest rate risk on the financial assets held for sale, Milldale Bulk Housing Infrastructure financial assets, right to levy financial receivables and the interest rate swaps which are all accounted for at fair value.

The Group is also exposed to fair value interest rate risk in relation to its fixed-interest-rate financial instruments, including bank deposits, Treasury bills, the Northpower Fibre Limited 2 (NFL2) loan, the IRG loans and the fixed-rate borrowings. However, because these items are not accounted for at fair value, fluctuations in interest rates do not have an impact on the surplus/(deficit) or the carrying amount recognised in the Statement of Financial Position.

The average interest rate on Group’s bank term deposits at 30 June 2026 is 3.46% (2025: 3.28%). The average interest rate on the Company’s Treasury bills at 30 June 2026 is 2.3% (2025: 3.25%).

The terms of the financial assets held for sale and the investments in the Milldale Bulk Housing Infrastructure financial assets, right to levy financial receivables and the IRG loans are set out in notes 4, 5 and 6.

The terms of the Group’s fixed rate borrowings are set out in note 3.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

9. FINANCIAL RISK (CONTINUED)

Cashflow interest rate risk

Cashflow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. Investments and borrowings issued at variable interest rates expose the Group to cashflow interest rate risk.

The Group has floating rate borrowings as described in note 3. The Group uses an interest rate swap to manage the interest rate risk relating to the borrowings.

The Group also holds term deposits, which are re-priced at maturity.

Sensitivity analysis

In relation to term deposits held on 30 June 2026, if the deposit rate had been 100 basis points higher or lower, with all other variables held constant, the surplus/(deficit) for the period would have been approximately $0.52 million higher/lower (2025: $0.5 million). In relation to Treasury bills held on 30 June 2026, if the interest rate had been 10 basis points higher or lower, with all other variables held constant, the surplus/(deficit) for the period would have been approximately $0.6 million higher/lower (2025: $0.1 million).

The sensitivities of the Milldale Bulk Housing Infrastructure Project investments, the right to levy financial receivable, the interest rate swap and the fixed rate loans are set out in the relevant key assumptions sections of notes 3, 4, and 8.

CREDIT RISK

Credit risk is the risk that a third party will default on its obligation, causing the Group to incur a loss.

Credit risk arises from the Group's exposure to: the New Zealand Government arising from Treasury bills, banks arising from cash deposits, interest receivable and interest rate swaps; Chorus through its investment in the Chorus Debt Securities; NFL2 through its investment in the NFL2 loan; IRG project owners through the IRG loans and loan commitments; the Milldale developer and landowners through the investments in Milldale Bulk Housing Infrastructure Project financial assets and ratepayers through the right to levy financial receivables.

The investments in the Milldale Bulk Housing Infrastructure financial assets are secured by first-ranking encumbrances on the land. The credit risk relating to the Milldale investments is deemed to be low due to the first ranking encumbrances. In relation to the right to levy, Tauranga City Council and Wellington City Council will collect and enforce the levies on behalf of TSP Finance LP and Sludge Finance LP respectively as an agent, however TSP Finance LP and Sludge Finance LP may step in and enforce payment in some circumstances. The Councils, as agents, will impose penalties on late payments for levies in the same manner as for late payment of rates. There are rights under the Local Government Act for recovery, ultimately through a forced sale of the property.

The Group invests surplus cash with major registered trading banks. The Group's deposits are currently held with three major banks (2025: two major banks), which are registered New Zealand banks. The Company's Investment Policy limits the amount of credit exposure to any one institution (no more than $100 million of term deposits with any one bank and subject to each bank having a credit rating of A or better).

The gross carrying amount of financial assets, excluding receivables, by credit rating is provided below by reference to Standard and Poor's credit ratings.

	2026 $000	2025 $000
Cash at bank and term deposits		
AAA	-	119,979
AA+	59,996	-
AA-	369,692	646,871
A+	-	50,000
Total cash at bank and term deposits	**429,688**	**816,850**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

9. FINANCIAL RISK (CONTINUED)

The Group obtains guarantees and/or collateral for loans made to other parties as appropriate. The NFL2 loan is guaranteed by Northpower Limited (Northpower) and is secured against Northpower's shares and debt in NFL2 and the assets of NFL2. The credit risk for the NFL2 loans, IRG loans and EV Loans commitments has been determined to be low. The Group considers whether the credit risk has increased by evaluating the activities of the entities to which it has lent funds and made loan commitments to determine whether the entities are on target to complete construction projects and whether there are any other events or circumstances indicating that the credit risk of those entities has changed. There are no material overdue assets at 30 June 2026 (2025: nil). Management has performed an Expected Credit Loss (ECL) calculation and reviewed the general terms of impairment and determined that there is a $0.01 million ECL impairment and $nil impairment relating to IRG loans and EV Loans in the current period (2025: a $0.9 million ECL impairment and a 2.8 million impairment relating to IRG loans).

The Group's maximum credit exposure is represented by the carrying amounts of the Group's financial assets and the Group's commitment to provide further funding to the Milldale developer, Te Awa Lakes developer, Tauranga City Council, Wellington City Council, and IRG and EV project owners.

LIQUIDITY RISK

Liquidity risk is the risk that the Group will encounter difficulty raising liquid funds to meet commitments as they fall due. The Company's primary mechanism for managing liquidity risk is capital funding from the Crown. Prudent liquidity risk management implies maintaining sufficient cash, the availability of funding through an adequate amount of committed credit facilities and the ability to close out market positions. Most of the funding for the loans and grants was received in advance from the Crown. The Group also manages the liquidity risk relating to its borrowings by matching the expected payments with expected cash receipts relating to the investments in the Milldale Bulk Housing Infrastructure Project financial assets and the right to levy financial asset.

The Group holds cash at bank, either in an interest-bearing transactional account or in term deposits. Term deposits are represented as cash and cash equivalents or short-term investments in the Statement of Financial Position depending on whether the maturity dates are more than three months from the origination date. All cash and short-term deposits are held in New Zealand.

Contractual maturity analysis of financial liabilities

The following tables detail the Group's remaining contractual maturity for its financial liabilities. As disclosed in note 3, the loan facilities are due to be repaid between fiscal year 2027 and fiscal year 2056. The interest rate swaps, which were taken out to manage the floating rate debts, are in place for 30 years between fiscal years 2053 and 2056. The tables below have been drawn up based on the undiscounted cash flows of financial liabilities on the earliest date on which the Group can be required to pay (and shows the expected cash outflows if the borrowings are paid on its maturity dates). The tables include both interest and principal cash flows in relation to borrowings that have been drawn down at balance date. The Group expects to make additional drawdowns on its loan facilities over the next few fiscal years.

2026 Financial liability	Less than 12 months $000	Between 1 and 5 years $000	Between 5 and 10 years $000	Greater than 10 years $000
Creditors and other payables	52,569	-	-	-
Borrowings	31,428	464,086	83,728	400,245
Interest rate swap cash outflows	21,140	91,011	113,785	267,780
Interest rate swap cash inflows	(12,946)	(70,812)	(104,405)	(269,374)
Total cash flows	**92,191**	**484,285**	**93,108**	**398,651**

2025 Financial liability	Less than 12 months $000	Between 1 and 5 years $000	Between 5 and 10 years $000	Greater than 10 years $000
Creditors and other payables	102,509	-	-	-
Borrowings	22,797	265,155	74,841	395,580
Interest rate swap cash outflows	16,555	86,729	108,622	273,970
Interest rate swap cash inflows	(10,805)	(64,234)	(105,540)	(280,665)
Total cash flows	**131,056**	**287,650**	**77,923**	**388,885**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

9. FINANCIAL RISK (CONTINUED)

Since the Group expects to refinance its loan facilities, the following additional table presents the expected cash flows based on those borrowings being repaid over the period to fiscal year 2056. The table includes both interest and principal cash flows in relation to borrowings that have been drawn down at balance date. As noted above, the Group expects to make additional drawdowns on the loan facilities over the next few fiscal years, and the terms of the interest rate swaps reflect those additional expected drawdowns.

2026 Financial liability	Less than 12 months $000	Between 1 and 5 years $000	Between 5 and 10 years $000	Greater than 10 years $000
Creditors and other payables	52,569	-	-	-
Borrowings	31,428	140,958	200,583	1,013,676
Interest rate swap cash outflows	21,140	91,011	113,785	267,780
Interest rate swap cash inflows	(12,946)	(70,812)	(104,405)	(269,374)
Total cash flows	**92,191**	**161,157**	**209,963**	**1,012,082**

2025 Financial liability	Less than 12 months $000	Between 1 and 5 years $000	Between 5 and 10 years $000	Greater than 10 years $000
Creditors and other payables	102,509	-	-	-
Borrowings	22,797	92,807	121,503	677,485
Interest rate swap cash outflows	16,555	86,729	108,622	273,970
Interest rate swap cash inflows	(10,805)	(64,234)	(105,540)	(280,665)
Total cash flows	**131,056**	**115,302**	**124,585**	**670,790**

FAIR VALUE MEASUREMENTS

For the purposes of disclosing information on the fair value of financial instruments, the Group has classified its financial instruments into three categories based on the degree to which the inputs to the fair value measurements are observable:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The Group's financial assets measured at fair value, and the movements therein, are set out in notes 4 and 5. The fair value of the Chorus debt and equity securities is based on the transaction price which provides observable evidence of the fair value as at 30 June 2026. As this is on an observable market input the fair value is considered to be level two of the fair value hierarchy. All other investments on the Group's balance sheet are considered to be in level three of the fair value hierarchy. The interest rate swap liability, disclosed in note 8, is considered to be in level two of the fair value hierarchy. Fixed rate loans measured at FVTSD, disclosed in note 3, is considered to be in level two of the fair value hierarchy. There were no transfers between levels in the current period.

The fair value of financial assets and liabilities is determined using a variety of valuation techniques. The Company uses a discounted cashflow method and makes assumptions that are based on market data and the key characteristics of the instruments. These include, but are not limited to, management's assessments of the cash flows, capital expenditure, profitability and market penetration during the estimated period of the investment.

The fair value of the Group's fixed rate borrowings measured at FVTSD is $215.3 million (2025: $184.6 million). The carrying amount of the fixed rate borrowings of $215.3 million at 30 June 2026 represents drawdowns of $176.1 million and fair value movements of $39.2 million (30 June 2025: $184.6 million represents drawdowns of $158 million and fair value movements of $26.6 million).

The investment in the NFL2 loan (carrying amount $11 million) has a fair value of $10.4 million (2025: the carrying amount of $10.4 million had a fair value of $9.5 million).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

9. FINANCIAL RISK (CONTINUED)

The investment in IRG loans (carrying amount $211.4 million) has a fair value of $219.8 million (2025: the carrying amount of $209.7 million had a fair value of $212.3 million).

The investment in EV loans (carrying amount $2.1 million) has a fair value of $2.1 million (2025: nil).

This primarily reflects movements in market interest rates since the loans were drawn down.

The carrying amounts of all other financial assets and liabilities approximate their fair values at 30 June 2026 and 30 June 2025.

CATEGORIES OF FINANCIAL ASSETS AND LIABILITIES

The carrying amounts of financial assets and liabilities in each of the PBE IPSAS 41 categories are as follows:

	2026 $000	2025 $000
Amortised cost		
Cash and cash equivalents	361,188	794,450
Short-term investments	68,500	22,400
Trade and other receivables	3,998	10,054
Loan assets	224,498	220,072
Total financial assets carried at amortised cost	658,184	1,046,976
Financial assets mandatorily measured at FVTSD		
Financial assets held for sale	708,185	-
Investments in Chorus Equity Securities	-	351,760
Investments in Chorus Debt Securities	-	290,376
Investments in Chorus Equity Warrants	238	191
Investments in Infrastructure financial assets	64,040	61,964
Right to levy financial receivable	618,445	384,432
Total financial assets mandatorily measured at FVTSD	1,390,908	1,088,723
Total financial assets	**2,049,092**	**2,135,699**
Financial liabilities measured at amortised cost		
Creditors and other payables	52,569	102,509
Grant funds held for distribution	153,704	204,847
Borrowings	415,920	232,365
Total financial liabilities measured at amortised cost	622,193	539,721
Financial liabilities mandatorily/elected measured at FVTSD		
Borrowings	215,308	184,602
Interest rate swap	31,133	23,885
Total financial liabilities mandatorily/elected measured at FVTSD	**246,441**	**208,487**
Total financial liabilities	**868,634**	**748,208**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

10. CAPITAL AND CAPITAL MANAGEMENT

	2026 $000	2025 $000
Opening balance	1,655,200	1,655,200
Capital contribution	10,000	-
Capital called	3,076	-
Share-buyback	(170,682)	-
Balance at 30 June	**1,497,594**	**1,655,200**

Contributed capital represents proceeds from the issue of ordinary shares to the Crown, net of related share issue costs (if any). Distributions paid to the Crown (if any) are deducted from contributed capital.

The Crown investment made in the Company is represented by 1,654,014,164 $1 ordinary shares issued, with 1,497,594,164 being fully paid and 156,420,000 being unpaid (2025: 1,865,400,200 $1 ordinary shares issued, with 1,655,200,200 being fully paid and 210,200,000 being unpaid). Effective 11 September 2024, the 50% ownership of the Company was transferred from the Minister for State Owned Enterprises to the Minister for Infrastructure. The Crown (the Minister of Finance (50%) and the Minister for Infrastructure (50%)) holds all the issued capital of the Company. All shares have equal voting and dividend rights and share equally in any distribution on wind-up.

There were a number of transactions affecting the contributed capital of the Company during the period (outlined below):

- Share buyback – buyback of 170,682,036 shares for $1 per share (total of $170.7m) (refer to note 2.2 for further details)
- Capital contribution – $10 million Capital Contribution from the Crown relating to funding for the EV Charging Loans fund administered by the Company (refer to note 2.2 for further details)
- Capital called not yet received – Capital of $3.076m called in March 2026 for the Te Awa Lakes transaction, not yet received by balance date (refer to note 2.2 for further details)
- Share buyback – buyback was completed on 28 August 2026 of up to $800 million to return proceeds of the Chorus sale to the Crown (refer to notes 2.2 and 25 for further details)

Capital management

NIFF's and the Group's capital is their equity, which comprises accumulated funds and share capital. Equity is represented by net assets.

NIFF and the Group manage their equity as a by-product of prudently managing revenue, expenses, assets, liabilities, investments and general financial dealings to ensure that NIFF and the Group achieve their objectives and purposes effectively, while remaining going concerns.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

11. FAIR VALUE MOVEMENTS ON FINANCIAL INSTRUMENTS

The fair value gains/losses represent the change in the carrying value to the value that the Group believes it would attain in the market as at balance date. The Group uses a discounted cashflow method and makes assumptions that are based on market data and the key characteristics of the instruments.

The gains and losses (excluding interest, which is set out in note 14, and impairment, which is set out in note 6) in each of the PBE IPSAS 41 categories are as follows:

	2026 $000	2025 $000
Fair value gains/(losses) on remeasurement of financial assets at FVTSD		
Chorus Equity Securities – fair value gains/(losses)	24,885	(16,978)
Chorus Debt Securities – fair value gains/(losses)	(4,641)	2,676
Bulk housing Infrastructure financial assets – fair value gains/(losses)	1,467	1,050
Statutory receivable – right to levy fair value gains/(losses)	10,853	4,653
Total fair value gains/(losses) on remeasurement of financial assets at FVTSD	32,564	(8,599)
Fair value gains/(losses) on remeasurement of financial liabilities at FVTSD		
Fixed rate loans	(12,642)	(6,758)
Total fair value gains/(losses) on remeasurement of financial liabilities at FVTSD	(12,642)	(6,758)
Total fair value gains/(losses) on remeasurement of financial assets and liabilities at FVTSD	**19,922**	**(15,357)**
Fair value gains/(losses) on derivatives		
Chorus Equity Warrants – fair value gains/(losses)	47	105
Interest rate swap	(14,081)	(16,835)
Total fair value gains/(losses) for derivatives	**(14,034)**	**(16,730)**
Fair value losses on initial recognition of financial assets measured at amortised cost		
IRG loans – loan contributions	(1,240)	(3,511)
EV Loans – loan contributions	(1,334)	-
Total fair value losses on initial recognition of financial assets measured at amortised cost	**(2,574)**	**(3,511)**
Total gains/(losses) recognised in surplus/(deficit)	**3,314**	**(35,598)**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

12. PROPERTY, PLANT AND EQUIPMENT

	Fibre network assets $000	Office Fitout $000	Information technology $000	Other equipment $000	Total $000
Cost					
Balance at 1 July 2024	10,000	-	203	158	10,361
Additions during the year	-	741	150	52	943
Disposals during the year	-	-	-	(34)	(34)
Balance at 30 June 2025	**10,000**	**741**	**353**	**176**	**11,270**
Accumulated depreciation					
Balance at 1 July 2024	1,000	-	113	71	1,184
Depreciation charge for the year	1,000	-	72	17	1,089
Disposals during the year	-	-	-	(22)	(22)
Balance at 30 June 2025	2,000	-	185	66	2,251
Net book value at 30 June 2025	**8,000**	**741**	**168**	**110**	**9,019**
Cost					
Balance at 1 July 2025	10,000	741	353	176	11,270
Additions during the year	-	20	93	157	270
Disposals during the year	-	-	(61)	(2)	(63)
Balance at 30 June 2026	**10,000**	**761**	**385**	**331**	**11,477**
Accumulated depreciation					
Balance at 1 July 2025	2,000	-	185	66	2,251
Depreciation charge for the year	1,000	58	100	31	1,189
Disposals during the year	-	-	(61)	(2)	(63)
Balance at 30 June 2026	3,000	58	224	95	3,377
Net book value at 30 June 2026	**7,000**	**703**	**161**	**236**	**8,100**

ACCOUNTING POLICIES

Property, plant and equipment are shown at cost, less any accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset only when it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

Where an asset is acquired at no cost, or for a nominal cost, it is recognised at fair value when control over the asset is obtained.

Disposals

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

Subsequent costs

Costs incurred subsequent to initial acquisition are capitalised only when it is probable that the future economic benefits or service potential associated with the item will flow to the Group and the cost of the item can be measured reliably.

The costs of day-to-day servicing of property, plant and equipment are recognised in surplus or deficit as they are incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

12. PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

Fibre network assets

Chorus has designed and constructed fibre network infrastructure in Milford Sound, Southland and the West Coast of the South Island funded by the Company. The Company holds a portion of the fibres as an asset These assets will support the Government's objective of improving digital connectivity capabilities across local communities, support tourism activity, contribute to public safety and science programmes and contribute to network resilience in the West Coast and Milford Sound areas. Chorus will also provide operation and maintenance services on the network for a period of 25 years. The costs to design and build the infrastructure are capitalised as property, plant and equipment at cost.

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment at rates that will write off the costs of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Fibre network assets	10 years (10%)
Information technology (hardware)	2.5 years (40%)
Office Fitout	9 years (11%)
Other equipment	3.3–9.5 years (10% – 30%)

The residual value and useful life of an asset are reviewed, and adjusted if applicable, at each balance date.

Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the Group to consider a number of factors, such as the physical condition of each asset, the expected period of use of the asset by the Group, and the expected disposal proceeds from the future sale of the asset.

In the comparative year the office fitout was not yet available for use and therefore the Group did not record any depreciation expense in respect of these assets. Depreciation on the office fitout has commenced during the 2026 year.

Impairment

Property, plant and equipment are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the carrying amounts might not be recoverable. An impairment loss is recognised for the amount by which an asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use.

Impairment has been considered, and it has been determined there is no impairment (2025: nil).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

13. INTANGIBLE ASSETS

	Software $000	Total $000
Cost		
Balance at 1 July 2024	1,089	1,089
Additions during the year	4	4
Balance at 30 June 2025	**1,093**	**1,093**
Accumulated amortisation		
Balance at 1 July 2024	-	-
Amortisation charge for the year	361	361
Balance at 30 June 2025	**361**	**361**
Net book value at 30 June 2025	**732**	**732**

Cost		
Balance at 1 July 2025	1,093	1,093
Additions during the year	406	406
Balance at 30 June 2026	**1,499**	**1,499**
Accumulated amortisation		
Balance at 1 July 2025	361	361
Amortisation charge for the year	525	525
Balance at 30 June 2026	**886**	**886**
Net book value at 30 June 2026	**613**	**613**

Internally generated software assets are shown at cost, less any accumulated amortisation and impairment losses. The impairment has been considered, and it has been determined that there is no impairment. The Group amortises the software assets using the straight-line method over 2.3 years (48%) (2025: the software assets are not yet available for use and therefore the Group has not recorded any amortisation expense.)

14. INTEREST INCOME

	2026 $000	2025 $000
Interest income		
Amortised cost financial assets		
Loan assets	13,273	16,167
Interest earned on cash balances with financial institutions	14,028	17,183
Interest earned on levy accounts	415	139
Interest earned on Treasury bills	2,463	8,575
FVTSD financial assets		
Investments in Milldale Bulk Housing Infrastructure Project financial assets	4,316	4,116
Right to levy statutory receivable	27,448	16,059
Chorus Equity Securities	26,014	31,881
Chorus Debt Securities	19,792	22,121
Total interest income	**107,749**	**116,241**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

14. INTEREST INCOME (CONTINUED)

The interest income on the NFL2 loan, investments in Milldale Bulk Housing Infrastructure Project financial assets, IRG loans, EV Loans, the right to levy statutory receivable, and Chorus Debt and Equity Securities is the imputed interest calculated to approximate the effect of interest income to the Company on these instruments. For the NFL2 loan and the Chorus Securities, the imputed interest is in effect the write-back of the discount on the investment for the year. The interest on the IRG loans and EV Loans is an imputed interest amount that reflects both the write-back of the discount on the investments and any interest received on the loans.

Interest income is recognised using the effective interest method. The effective interest rate is a rate that discounts estimated future cash receipts (including all fees and points paid or received between the parties, transaction costs and other premiums or discounts) through the expected life of a financial instrument, or where appropriate a shorter period, to the net carrying amount of the financial instrument.

15. DIRECTORS' FEES

	2026 $000	2025 $000
Board member fees during the year were:		
Mark Binns (Chair)	119	84
Alan Dent	66	45
Chris Gudgeon	65	44
Bella Takiari-Brame (departure 30 November 2024)	-	14
Mei Fern Johnson (departure 1 April 2025)	-	28
Timothy Brown (appointed 1 March 2025)	59	20
Melissa Cameron (appointed 1 April 2025)	59	15
Gregory Lowe (appointed 1 March 2025)	59	20
David Webster (appointed 1 September 2025)	49	-
Total Board member fees	**476**	**270**

The Group has Directors' and Officers' liability insurance to cover Directors and Officers. The Group indemnifies the Directors against costs and liabilities incurred by Directors for acts and omissions made in their capacity as Directors to the extent permitted by the Company's Constitution and the Companies Act 1993.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

16. EMPLOYEE ENTITLEMENTS, PERSONNEL COSTS AND KEY MANAGEMENT PERSONNEL

	2026 $000	2025 $000
Salaries and wages	12,643	10,675
Employer contributions to defined contribution plans	313	266
Other staff benefits	244	213
Total personnel costs	**13,200**	**11,154**

The Company has 49.6 full-time-equivalent employees and 14 contractors as at 30 June 2026 (2025: 41.3 and 14 respectively).

Key management personnel compensation

	2026 $000	2025 $000
Directors – 7 individuals (2025: 8 individuals)	476	270
CEO and senior management (8 individuals) (2025: 8 individuals)	3,841	3,460
Total key management personnel compensation	**4,317**	**3,729**

During the year ended 30 June 2026, nil (2025: nil) employee received compensation and other benefits in relation to cessation totalling nil (2025: $nil).

The remuneration policy for the Group, including the CEO, is based on the following principles:

1. To align remuneration, recognition and performance frameworks with the purpose and values of the Group;
    - To balance the need to operate competitively in the private sector recruitment market and the need to be mindful of the Company being government owned and funded as a Schedule 4 Company;
    - To build an organisation of motivated, engaged and productive employees, who in turn create desired business performance and results;
    - To develop and maintain pay and performance systems that enable the Company to attract, retain and motivate suitably qualified staff;
    - To develop consistent, transparent and sustainable pay and performance systems; and
    - To value and reward staff fairly in relation to:
        - The work they do and their performance in their jobs;
        - The growth of individuals in their positions;
        - Other jobs in the organisation;
        - The market value of their jobs;
        - Remuneration levels in similar organisations and sectors; and
        - Their contributions to the organisation.

The Group remuneration is based on fixed remuneration and an At-Risk Incentive (ARI). Fixed remuneration consists of base salary and other benefits including KiwiSaver. Fixed remuneration for a position is determined by the job size and the corresponding remuneration ranges from our market comparator provided by independent remuneration specialists. The market comparator is selected based on the industry sectors from which the Company recruits. A review and market benchmarking of market data is conducted each year and informs a decision on whether a general increase in fixed remuneration is appropriate. Increases in an individual's fixed remuneration beyond the general adjustment may occur depending on where the individual sits in the remuneration range for their position, the individual's performance and growth in the role and whether the scope of their role has increased. There was a general adjustment to remuneration of 2.25% in fiscal year 2026 (2025: general adjustment to remuneration of 2%).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

16. EMPLOYEE ENTITLEMENTS, PERSONNEL COSTS AND KEY MANAGEMENT PERSONNEL (CONTINUED)

The ARI is the principal method by which the Company recognises and rewards collective performance as a company, as outlined in the Statement of Performance Expectations (SPE), and individual performance against key performance indicators (KPIs). Fifty percent of the ARI is made up of an employee's performance against KPIs as defined annually in their KPI document. Individual KPIs are derived from the Company's SPE targets and are agreed by the individuals and their people managers. The other fifty percent of the ARI is determined by Company performance against targets that are agreed with the Board on advice from the Remuneration Committee of the Board each year.

CEO and executive remuneration for 2026 and 2025 was:

		Fixed remuneration $	Short-term incentive $	% of short-term incentive paid	Total remuneration $
Graham Mitchell	**2026**	657,963	92,061	94%	750,024
Executive remuneration		2,729,274	361,587	91%	3,090,861
Graham Mitchell	**2025**	609,333	88,658	97%	697,991
Executive remuneration		2,460,129	301,447	96.3%	2,761,576

CEO and executive remuneration consist of fixed remuneration and a short-term incentive. The short-term incentive is based 50% on Company performance, as outlined in the SPE, and 50% based on individual KPIs determined by the Board. These measures are reviewed annually by the Board on advice from the Remuneration Committee of the Board. The CEO's Individual Employment Agreement has a three-month notice period and redundancy entitlement of three months' remuneration.

Short-term employee entitlements

Employee entitlements that the Group expects to settle within 12 months of balance date are measured at undiscounted nominal values based on accrued entitlements at current rates of pay. Employee entitlements that are not expected to be settled within 12 months of balance date are measured as the present value of the estimated future cash outflows, in respect of services provided by employees up to balance date.

These include salaries and wages accrued up to balance date and annual leave earned but not yet taken at balance date. A liability for sick leave is recognised based on the unused sick leave entitlement that can be carried forward at balance date, to the extent that it is expected to be used by staff to cover future absences.

A liability and an expense are recognised for an at-risk incentive where there is a contractual obligation or where there is a past practice that has created a constructive obligation.

Defined contribution superannuation schemes

Obligations for contributions to KiwiSaver are accounted for as defined contribution superannuation schemes and are recognised as an expense in surplus or deficit as incurred.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

17. PROFESSIONAL ADVISORY FEES

	2026 $000	2025 $000
Accounting	334	345
Legal	694	451
Engineering	744	1,213
Sale of Chorus securities	1,040	-
Other	1,702	1,666
Total professional advisory fees	**4,514**	**3,675**

Accounting fees relate to non-audit accounting services provided; legal fees relate to the provision of legal services, and engineering fees relate to the provision of advice and project management on various Infrastructure Funds, Infrastructure Funding and Financing projects and Digital Connectivity programmes. The other professional advisory fees are predominantly due to the capital raising and specialist fees for the IFF investments. A portion of these fees are recovered at the financial close of the IFF projects.

18. OTHER EXPENSES

	2026 $000	2025 $000
Audit of the financial statements and / or performance reporting:		
NIFF – current year	293	294
NIFF – prior year	30	15
NIFF subsidiaries	254	201
Total fees incurred for the services provided by The Audit Office	**577**	**510**
Contractors	559	907
Staff travel and accommodation	424	292
Operating lease expenses	892	484
Information technology	1,228	2,212
Other	1,419	1,420
Total other expenses	**5,099**	**5,825**

The audit fee for the Company represents the fee for the annual statutory audit engagement carried out under the Auditor-General's auditing standards, as described in the independent auditor's report as well as audit fees in relation to the subsidiaries financial statements. The fees include disbursements related to the engagement of an external expert who provides services related to certain underlying assumptions used by the group for the valuation of assets and liabilities for NIFF, TSP Finance LP, Sludge Finance LP, Milldale Infrastructure LP and Te Awa Lakes Finance LP over the current or prior year. There were no further significant disbursements paid over the current and prior year.

Operating leases that do not transfer substantially all the risks and rewards incidental to ownership of an asset to the Group are classified as operating leases. Lease payments under an operating lease are recognised as an expense on a straight-line basis over the term of the lease in surplus or deficit. Lease incentives received are recognised in surplus or deficit over the lease term as an integral part of the total lease expense.

	2026 $000	2025 $000
Not later than one year	730	649
Later than one year and not later than five years	3,266	2,779
Later than five years	-	746
Total non-cancellable operating leases	**3,996**	**4,174**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

19. TAXATION

	2026 $000	2025 $000
Current income tax expense/(credit) recognised in surplus/(deficit)	-	-
Deferred tax expense relating to tax losses and the origination and reversal of temporary differences	-	-
Total income tax expense/(credit)	**-**	**-**
Reconciliation		
Surplus/(deficit) for the period	88,696	80,095
Tax expense/(credit) calculated at 28% (2025: 28%)	24,835	22,427
Effect of non-taxable status of the entities in the Group	(24,835)	(22,427)
Total income tax expense/(credit)	**-**	**-**

Goods and services tax

All 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, Inland Revenue is presented as its own line item in the Statement of Financial Position. The net GST paid to, or received from, Inland Revenue, including the GST relating to investing and financing activities, is classified as operating cashflow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

20. RECONCILIATION OF NET SURPLUS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2026 $000	2025 $000
Net surplus/(deficit) after tax	**88,696**	**80,095**
Add/(Less) non-cash items		
Interest income	(89,757)	(89,286)
Receipt of right to levy statutory receivable	(220,101)	(187,075)
Fair value losses/(gains) on FVTSD instruments	(19,921)	15,357
Fair value losses/(gains) on derivatives	14,034	16,730
Depreciation	1,714	1,450
Loan contributions	2,575	3,511
Impairment on loan asset	(1,423)	2,849
Expected credit loss	13	92
Loss on disposal	-	12
Total non-cash items	(312,866)	(236,360)
Add/(Less) movements in working capital items		
Receivables, GST and prepayments	(13,317)	11,542
Short-term investments	(46,100)	159,461
Creditors and other payables	(49,940)	25,475
Employee entitlements	393	402
Funds held for distribution	(51,143)	144,617
Income in advance	(74,325)	(139,110)
Net movements in working capital items	(234,432)	202,387
Add/(Less) items reclassified as investing or financing		
Movements in trade and other receivables related to investing activities	-	(96)
Movements in short-term investments relating to investing activities	45,964	(158,465)
Movements in creditors and other payables related to property, plant and equipment	456	(725)
Movements in creditors and other payables related to loan assets	3,548	(3,547)
Interest paid	25,604	19,679
Deferred loan transaction costs	2,355	(546)
Transaction costs recorded as part of the initial carrying amount of borrowings	(2,511)	(1,211)
Net cash from operating activities	**(383,186)**	**(98,789)**

Cash and cash equivalents:

	2026 $000	2025 $000
Deposits with financial institutions*	295,792	644,471
Term investments with financial institutions < 3 months	5,400	30,000
Treasury bills < 3 months	59,996	119,979
Total cash and cash equivalents	**361,188**	**794,450**

* Includes $0.3 million of restricted cash that is not available for general purposes (2025: $0.7 million).

Short-term investments:

	2026 $000	2025 $000
Term investments with financial institutions > 3 months < 12 months	68,500	22,400
Total short-term investments	**68,500**	**22,400**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

21. CREDITORS AND OTHER PAYABLES

	2026 $000	2025 $000
Creditors	49,350	100,649
Accrued expenses	3,219	1,860
Total creditors and other payables	**52,569**	**102,509**

Creditors and other payables are non-interest bearing and are normally settled on 30-day terms; therefore, the carrying value of creditors and other payables approximates their fair value. From 1 January 2026, the Company paid 98% the domestic supplier invoices within 10 business days, the timeframes specified in the Rule 51A of the Government Procurement Rules (minimum requirement 95%). This excludes the programme expenses, which are paid in accordance with the terms set out in the respective contracts.

22. INCOME IN ADVANCE & FUNDS HELD FOR DISTRIBUTION

IRG income in advance relates to funding received from the Crown to be used for IRG grants and loans in future fiscal years. Delivery partners are required to meet agreed-upon criteria/milestones to be eligible for drawdowns under the funding agreements. The current portion of income in advance represents the funds that the Company expects to disburse within 12 months to delivery partners that, it is anticipated, will meet the required criteria/milestones.

Income in advance	2026 $000	2025 $000
IRG income in advance	62,608	138,186
Other income in advance	2,489	1,236
Total Income in Advance	**65,097**	**139,422**
Income in advance is shown in the Statement of Financial Position as:		
Current	58,632	82,292
Non-current	6,465	57,130
Total income in advance	**65,097**	**139,422**

In addition, The Company also holds remaining funds on behalf of the Crown to deliver financial support to local authorities affected by severe weather events under the Cyclone Recovery fund and Infrastructure Acceleration Fund, for the enablement of housing. The grant funds held for distribution are as follow:

Funds held for distribution	2026 $000	2025 $000
Opening balance 1 July	204,847	60,230
Cyclone Grant received	274,159	783,276
Westport Grant received	12,231	-
Infrastructure Acceleration Fund Grant received	140,301	-
Total Grant available	**631,538**	**843,506**
Cyclone claims recognised	(391,215)	(638,659)
Westport Grant recognised	(218)	-
Infrastructure Acceleration Fund Claims recognised	(86,401)	-
Balance at 30 June	**153,704**	**204,847**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

23. TRADE AND OTHER RECEIVABLES

	2026 $000	2025 $000
Trade debtors	3,793	9,707
Interest receivables	205	347
Total trade and other receivables	**3,998**	**10,054**

Trade debtors are non-interest bearing and are normally settled on 30-day terms. Interest receivables on term deposits are settled in full upon maturity of the term deposits. Interest receivables on loan assets are settled in accordance with the contractual terms of the loan agreement.

24. CONTINGENT ASSETS AND LIABILITIES

There were no contingent assets or liabilities as at 30 June 2026 (2025: nil).

25. EVENTS AFTER BALANCE DATE

Subsequent to balance date on 31 July 2026 the Company sold the Chorus Debt and Equity Securities ('the Securities'), with multiple sale agreements executed between 3 and 5 August 2026, for cash proceeds of $708 million (equivalent to the carrying value as at 30 June 2026 as the Securities are carried at fair value). The Company expects to incur transaction costs of approximately $6 million. Transaction costs will be expensed in the statement of comprehensive Revenue and Expense during the 2027 financial year and the net proceeds have returned to the Crown via way of share buyback on 28 August 2026 (refer to note 5 and 10).

Following the receipt of the proceeds from the sale of the Chorus securities cash and shares were returned to the Crown. A total of $702 million in cash was returned and 702 million shares were cancelled.

The Company invested a total of $134 million in Treasury Bills, $34 million on 1 September 2026 on 6 months tenor and $100 million on 2 September 2026 on 12 months tenor.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

26. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Actual 2026 $000	Budget 2026 $000
Income		
Interest income	107,749	90,727
Grant income	565,231	817,448
Receipt of right to statutory levy	220,101	235,899
Government agency recoveries	3,653	4,765
Impairment reversal on loan assets	1,421	-
Net fair value gains on FVTSD instruments	19,922	9,544
Net fair value gains on derivatives	-	58,222
Other income	132	-
Total income	918,209	1,216,605
Expenses		
Finance costs	27,377	39,075
Directors' fees	476	500
Personnel costs	13,200	15,678
Depreciation and amortisation expense	1,714	1,775
Professional advisory fees	4,514	6,281
Other expenses	5,099	6,206
Grant fund expenses	753,053	1,005,398
Non-grant funded expenses	7,458	20,755
Loan – contribution, expected credit loss & impairment	2,588	7,395
Net fair value losses on derivatives	14,034	-
Net fair value losses on FVTSD instruments	-	113,300
Total expenses	829,513	1,216,363
Surplus/(Deficit) before tax	**88,696**	**242**
Tax expense/(credit)	**-**	**-**
Net surplus/(deficit)	**88,696**	**242**
Other comprehensive revenue and expense	**-**	**-**
Total comprehensive revenue and expense	**88,696**	**242**

Interest income is higher than budget due to a combination of higher interest rate than budget and higher cash balance. The cash balance is dependent on the timing of claims from projects.

Grant income & Grant fund expenses are lower than budget as delays in projects within Cyclone (specifically Regional Transport projects in Auckland and Kaupapa Māori) where claims have been less than expected. IAF project claims have been constrained by quality, complex variations and need for council agreement to amendments. IFF delays are due in part to dependency projects funded and managed by other Agency resulting in lower than expected draw on Grant expenses.

Receipt of right to statutory levy is lower than budget due to delays in IFF projects that are funded and managed by other Agency resulting in lower investments in IFF transactions and subsequently the ability to collect the right to statutory levy is lower than budget.

Net fair value gains & losses on FVTSD Instruments and derivatives – the variances are mainly due to the actual market interest rate is lower than the forecast interest rate.

Financing costs delays in IFF project claims resulting in lower debt drawn amounts, therefore lower interest expense.

Operating expenses all operating expense categories are under budget mainly due to effective cost management and deferred hiring of additional headcount.

Non-grant funded expenses are below budget as NIFF's build partner directed their resource to complete Spectrum tower (Grant funded expenses).

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

26. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Actual 2026 $000	Budget 2026 $000
Assets		
Current assets		
Cash and cash equivalents	361,188	393,061
Short-term investments	68,500	-
Trade and other receivables	3,998	606
GST receivable	19,030	12,924
Prepayments	293	120
Deferred loan transaction costs	1,497	-
Investments in financed infrastructure	35,053	-
Financial assets held for sale	708,185	-
Loan assets – current	6,962	-
Total current assets	**1,204,706**	**406,711**
Non-current assets		
Property, plant and equipment	8,100	8,355
Intangible assets - software	613	603
Investments in financed infrastructure	647,432	605,796
Investments in Chorus Debt and Equity Securities – non-current	-	633,660
Chorus equity warrants	238	-
Loan assets	217,536	236,383
Interest rate swap	-	38,349
Total non-current assets	**873,919**	**1,523,146**
Total assets	**2,078,625**	**1,929,857**
Liabilities		
Creditors and other payables	52,569	71,414
Employee entitlements	2,145	1,890
Income in advance	58,632	22,626
Funds held for distribution	153,704	70,094
Borrowings	390	-
Interest rate swap	8,052	-
Total current liabilities	**275,492**	**166,024**
Term liabilities		
Borrowings	630,838	631,900
Income in advance	6,465	25,474
Interest rate swap	23,081	-
Total term liabilities	**660,384**	**657,374**
Total liabilities	**935,876**	**823,398**
Net assets	**1,142,749**	**1,106,459**
Contributed capital	1,497,594	1,524,338
Retained earnings	(354,845)	(417,879)
Total equity	**1,142,749**	**1,106,459**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

26. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

Cash & short term investments higher cash balance held due to delays in project claims. The cash balance is dependent on timing of the claims from the projects being funded.

Financial assets held for sale & Investments in Chorus Debt and Equity Securities – the investment was classified as a financial asset held for sale during the year which was not budgeted for. The higher carrying value is due to fair value gains.

Investments in financed infrastructure programmes favourable variance to budget due to fair value gains when interest rates moved in NIFF's favour.

Income in advance & funds held for distribution variances mainly due to delays in project claims resulting lower programme payments.

Interest rates swap variance due to the actual market interest rate is lower than the forecast interest rate resulting in a fair value loss.

Contributed capital variance is mainly due to a share buyback of ~$170 million during the year.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Actual 2026 $000	Budget 2026 $000
Opening equity	1,256,789	1,237,079
Total comprehensive revenue and expense	88,696	242
Capital contribution – Crown	10,000	51,750
Return of capital	(170,682)	(182,612)
Capital called	3,076	-
Dividend	(45,130)	-
Total equity	**1,142,749**	**1,106,459**

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2026

26. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Actual 2026 $000	Budget 2026 $000
Cash flows from operating activities		
Interest received	17,751	9,513
Government grants received	9,115	211,992
Receipts from government agencies	5,444	4,765
Goods and services tax (net)	(17,989)	(865)
Funds received for Cyclone Recovery and Infrastructure Acceleration Fund Programmes	430,607	450,000
Funds dispersed for Cyclone Recovery and Infrastructure Acceleration Fund Programmes	(509,494)	(521,122)
Grant fund payments	(286,165)	(482,398)
Payments to suppliers	(11,558)	(17,943)
Payments to employees	(12,807)	(15,318)
Non-grant funded programme expenses	(8,090)	(20,548)
Net cash inflow/(outflow) from operating activities	**(383,186)**	**(381,924)**
Cash flows from investing activities		
Redemption of Chorus Debt & Equity Securities	-	-
Net proceeds from sale of short-term investments	-	119,701
Investment in short-term investments	(46,100)	-
Levies and related penalties received	24,525	-
Acquisition of investment in loans	(10,954)	(16,750)
Proceeds from loan assets repayment	14,000	3,761
Payments received from investment in infrastructure programmes	3,706	28,333
Purchase of property, plant and equipment and software	(1,132)	(565)
Net cash inflow/(outflow) from investing activities	**(15,955)**	**134,480**
Cash flows from financing activities		
Capital contribution	10,000	51,750
Proceeds from borrowings	204,129	233,102
Interest paid	(25,604)	(36,779)
Net settlements on derivatives	(6,833)	-
Share buy-back	(170,682)	(182,612)
Dividend	(45,131)	-
Net cash inflow/(outflow) from financing activities	**(34,121)**	**65,461**
Net increase/(decrease) in cash and cash equivalents	**(433,262)**	**(181,983)**
Cash and cash equivalents at the beginning of the year	794,450	575,044
Cash and cash equivalents at the end of the year	**361,188**	**393,061**

Variances in the cash flow statement are explained within the Profit and Loss and Balance Sheet variance commentary.

REPORTING AGAINST APPROPRIATION

FOR THE YEAR ENDED 30 JUNE 2026

DIGITAL ECONOMY AND COMMUNICATIONS: 3.5 GHz RURAL AND REGIONAL CONNECTIVITY INITIATIVES

This is a multi-year appropriation which is intended for initiatives^ to support connectivity for rural New Zealanders. The funding commenced on 1 March 2023 and expires on 30 June 2027.

Appropriation for Digital Economy and Communications	$000
Original Appropriation	72,000
Accumulated spend and adjustments up to 30 June 2025	(56,000)
Appropriation remaining at 30 June 2025	**16,000**
Actual to 2025/26 Year End	(16,000)
Appropriation remaining at 30 June 2026	**-**

^ also known as 5G Spectrum programme

CROWN INFRASTRUCTURE FINANCING AGENCY: EQUITY INJECTION

This appropriation is limited to investment in a Crown infrastructure financing agency^. The funding commenced on 1 December 2024 and expires on 30 June 2029.

Appropriation for Crown infrastructure financing agency	$000
Original Appropriation	128,351
Actual to 2024/25 Year End	-
Adjustments for 2025/26	75,000
Appropriation remaining at 30 June 2025	**203,351**
Actual to 2025/26 Year End	(3,076)
Appropriation remaining at 30 June 2026	**200,275**

^ National Infrastructure Funding and Financing Limited was named as Crown Infrastructure Financing Agency in the Vote Finance budget document.

CROWN INFRASTRUCTURE FINANCING AGENCY: OPERATING

This appropriation is limited to operating expenditure for a Crown infrastructure financing agency^. The funding commenced on 1 December 2024 and expires on 30 June 2029.

Appropriation for Crown infrastructure financing agency	$000
Original Appropriation	97,832
Actual to 2024/25 Year End	-
Appropriation remaining at 30 June 2025	**97,832**
Actual to 2025/26 Year End	-
Appropriation remaining at 30 June 2026	**97,832**

^ National Infrastructure Funding and Financing Limited was named as Crown Infrastructure Financing Agency in the Vote Finance budget document.

MEDIA AND COMMUNICATIONS: LIFTING CELLULAR TELECOMMUNICATIONS NETWORKS

This appropriation is limited to expenses incurred to lift the resilience of cellular telecommunications networks.

Appropriation for Media and Communications	$000
Original Appropriation	2,400
Actual to 2025/26 Year End	(2,400)
Appropriation remaining at 30 June 2026	**-**

REPORTING AGAINST APPROPRIATION (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2026

INFRASTRUCTURE ACCELERATION FUND – ADMINISTRATION FUNDING 2025-2028

This appropriation is limited to the delivery of services by a Crown infrastructure finance agency that contribute to the administration of the Infrastructure Acceleration Fund.

Appropriation for Infrastructure Acceleration Fund	$000
Original Appropriation	5,580
Actual to 2025/26 Year End	(1,489)
Appropriation remaining at 30 June 2026	**4,091**

TRANSPORT ELETRIFICATION AND DECARBONISATION PROJECTS

This appropriation is limited to capital injections to National Infrastructure Funding and Financing Limited to co-invest in electrification and decarbonisation projects.

Appropriation for Crown infrastructure financing agency	$000
Original Appropriation	10,000
Actual to 2025/26 Year End	(10,000)
Appropriation remaining at 30 June 2026	**-**

TRANSPORT ELETRIFICATION AND DECARBONISATION PROJECTS – ADMINISTRATION FUNDING 2026

This appropriation is limited to operating expenses for electrification and decarbonisation projects.

Appropriation for Crown infrastructure financing agency	$000
Original Appropriation	800
Actual to 2025/26 Year End	(800)
Appropriation remaining at 30 June 2026	**-**

DIGITAL ECONOMY AND COMMUNICATIONS: 3.5GHz RURAL AND REGIONAL CONNECTIVITY INITIATIVES

This is a multi-year appropriation which is intended for initiatives to support connectivity for rural New Zealanders.

Assessment of performance	Actual standard of performance 2024/25	Actual standard of performance 2025/26	Budgeted standard of performance 2025/26
Percentage of rural connectivity improvement works that have been completed in accordance with the funding agreement for the financial year.	Achieved – works completed in accordance with Funding Agreement by 30 June 2025	100% Achieved	100%

* The wording of this performance indicator was revised for 2025/26 and outyears to improve clarity. It was updated from "rural connectivity improvement work that have been completed in accordance with the funding agreement".

CROWN INFRASTRUCTURE FINANCING AGENCY: EQUITY INJECTION

This appropriation is intended to provide capital to fund the operational expenditure of a Crown Infrastructure Financing Agency.

An exemption was granted as the appropriation is one which resources will be provided to a person or entity other than a department, a functional chief executive, an Office of Parliament, or a Crown Entity under s15D(2)(b)(ii) of the PFA, as additional performance information is unlikely to be informative because this appropriation is solely for an equity investment in a Crown Infrastructure Financing Agency.

REPORTING AGAINST APPROPRIATION (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2026

CROWN INFRASTRUCTURE FINANCING AGENCY: OPERATING

This appropriation is intended to fund the operating expenditure for a Crown Infrastructure Financing Agency.

Assessment of performance	Actual standard of performance 2024/25	Actual standard of performance 2025/26	Budgeted standard of performance 2025/26
Number of complex private capital transactions supported concurrently per year.	3 Achieved	7 Achieved	1 to 2

MEDIA AND COMMUNICATIONS: LIFTING CELLULAR TELECOMMUNICATIONS NETWORKS

This appropriation is intended to achieve the commissioning and funding of initiatives to lift the resilience of cellular telecommunications networks.

Assessment of performance	Actual standard of performance 2024/25	Actual standard of performance 2025/26	Budgeted standard of performance 2025/26
Resilience initiatives have been completed in accordance with the funding agreement.	N/A	Achieved	Achieved

INFRASTRUCTURE ACCELERATION FUND – ADMINISTRATION FUNDING 2025-2028

This appropriation is intended to achieve the delivery of services by a Crown infrastructure finance agency that contribute to the administration of the Infrastructure Acceleration Fund.

Assessment of performance	Actual standard of performance 2024/25	Actual standard of performance 2025/26	Budgeted standard of performance 2025/26
On completion of review, funding payments to partners based on agreed milestones paid within 30 days of receipt of valid claim.	N/A	100% Achieved	100% Achieved

SUPPORT FOR TRANSPORT ELETRIFICATION AND DECARBONISATION PROJECTS

This appropriation is intended to accelerate the rollout of Electric Vehicle infrastructure.

Assessment of performance	Actual standard of performance 2024/25	Actual standard of performance 2025/26	Budgeted standard of performance 2025/26
Signed Loan Agreements with suppliers to build EV Charging Infrastructure.	N/A	Mostly Achieved. $3.404 million of loan funds paid out	$3.800 million of loan funds paid out (cumulative)

ADMINISTRATION OF LOANS FOR ELECTRIFICATION AND DECARBONISATION PROJECT CO-INVESTMENT

This appropriation is intended to support the operational requirements of administering the Electric Vehicle infrastructure concessionary loans rollout.

Assessment of performance	Actual standard of performance 2024/25	Actual standard of performance 2025/26	Budgeted standard of performance 2025/26
Quarterly reporting and monthly financials provided that successfully meet the criteria of the Funding Agreement.	N/A	Achieved	Achieved

REPORTING OF EMPLOYEE BANDING

FOR THE YEAR ENDED 30 JUNE 2026

Total remuneration paid or payable for the year	2026 # staff	2025 # staff
$100,000 – $109,999	2	1
$110,000 – $119,999	2	2
$120,000 – $129,999	2	4
$140,000 – $149,999	4	2
$150,000 – $159,999	2	-
$160,000 – $169,999	1	3
$170,000 – $179,999	2	2
$180,000 – $189,999	1	1
$190,000 – $199,999	1	-
$200,000 – $209,999	2	4
$210,000 – $219,999	5	3
$220,000 – $229,999	3	3
$230,000 – $239,999	1	1
$240,000 – $249,999	4	4
$250,000 – $259,999	1	-
$260,000 – $269,999	2	-
$270,000 – $279,999	-	1
$280,000 – $289,999	1	2
$290,000 – $299,999	1	-
$300,000 – $309,999	2	-
$310,000 – $319,999	-	1
$320,000 – $329,999	1	-
$330,000 – $339,999	1	-
$340,000 – $349,999	1	-
$390,000 – $399,999	2	1
$400,000 – $409,999	-	2
$420,000 – $429,999	1	-
$470,000 – $479,999	1	1
$480,000 – $489,999	1	-
$559,000 – $559,999	1	-
$589,000 – $589,999	-	1
$690,000 – $699,999	-	1
$740,000 – $749,999	1	-
Total employees	**49**	**40**

GLOSSARY

Term	Description
Appropriation	The formal Vote of Funding by Parliament to a particular Government programme, typically over multiple years being a multi-year appropriation also referred to as “Vote” funding.
BOF	Better off Fund – a $500 million fund established in …
Cat 2	Category 2 properties are properties with intolerable risk to life requiring property specific or community level risk mitigation projects to protect against flooding.
Cat 3	Category 3 properties are properties with intolerable risk to life which cannot be protected and subject to voluntary buyout.
Class of outputs	Statutory term used in the Crown Entities Act 2004 to classify programme, project or other initiative deliverables which are measured and reported on in the Annual Report.
City and Regional Deals CRDs	City and Regional Deals: Government’s initiative for establishing long-term agreements between central and local government. The programme unlocks funding and resource opportunities to support councils to make improvements in their region
Day 1 losses	Accounting loss on day 1 when UFB investments are made reflecting the interest free nature of the investments (i.e. the loss represents the interest foregone).
DIA	Department of Internal Affairs
DPMC	Department of Prime Minister and Cabinet
EV	Electric Vehicle
Fair Value movements	Mark-to-market movements in the fair value of NIFF’s UFB securities due to interest rate fluctuations.
FY25	Financial year beginning 1 July 2024 and ending 30 June 2025
Greenfields	New subdivisions or infill housing
GSP	Government Support Package is to cover contingent residual risks that would normally sit with the Local Authority (council) and the Crown is the underwriting counter party.
Hapu	Subtribe
IAF	Infrastructure Acceleration Fund: Funding for councils to deliver transport, water, and flood infrastructure that enables housing in high-need areas, with commitments from councils and developers to build homes.
IFF	Infrastructure Funding and Financing
IMS	Investment Management System
IRG	Infrastructure Reference Group
Iwi	Tribe
LMR	Land Mobile Radio (Part of Public Safety Network)
MBIE	Ministry of Business, Innovation and Employment, monitor NIFFs Communication Policy activity.
Mbps	Megabit per second, or data transfer equivalent to 1,000 kilobits per/sec.
Kāinga	Māori Village or Settlement
Kāinga Ora	Government agency that provides social housing and support to individuals and families across New Zealand.
Kōhanga reo	Early childhood education centres that provide total immersion in the Māori language and culture for young children
MDW	Marae Drinking Water
MHUD	Ministry of Housing and Urban Development, responsible for housing and urban development policy.
MLP	Market-Led proposals (MLPs) A way for government and private sector to collaborate on innovative ideas, services, and infrastructure for New Zealand.

MNO	Mobile Network Operator (Vodafone, Spark and 2Degrees)
Motu	Island
MOJ	Ministry of Justice
NGCC	Next Generation Critical Communications – mission critical mobile broadband and voice network for Police, Fire and Ambulance.
NIWE	North Island Westher Events (Cyclone Recovery Fund)
NZTA	New Zealand Transport Agency
OBEGAL	Operating Balance before Gains and Losses which measures the Governments operating surplus and deficits.
Papakāinga	Development of a communal nature on ancestral Māori land, typically involving a group of three or more houses to form a community on whenua Māori
PGF	Provincial Growth Fund
PPP	Public Private Partnership is a long-term agreement between the public and private sectors to deliver a service through building or improving assets, financed externally, while ownership remains with the Crown.
Project to Date (PTD)	Cumulative total of current month and all previous month's performance or plan.
PSN	Public Safety Network
RFP	Request for Proposal: a formal document used by businesses, government agencies, and non-profit organisations inviting suppliers to submit proposals for providing goods or services, outlining requirements, criteria, and evaluation processes.
RBI2/MBSF	Rural Broadband Initiative Expansion covering 4% of population and Mobile Black Spots Fund for state highway and tourism sites.
RCG	Rural Connectivity Group (Partner in Rural Broadband)
RCU	Rural Broadband Capacity Upgrades
RDW	Rural Drinking Water
Senior Debt Panel	Initially established in 2018, with additional members added in 2022 and 2024, the Senior Debt Panel is a group of suitable debt providers who will be approached for finance.
SOI	Statement of Intent: 5 yearly statement of Strategic Intent submitted by Crown Entities to Government.
SPE	Statement of Performance Expectations – annual budget and output measures submitted by Crown Entities to Government
TCC	Tauranga City Council
TRIFR	Total recordable injury frequency rate – measures injuries notified per 1 million hours worked.
UFB	Ultra-fast Broadband – a Government programme to deliver fibre to over 75 percent of New Zealand households and businesses, completed in December 2022
VDSL	Very high bit rate digital subscriber which uses radio frequencies over existing copper telephone lines to deliver broadband ranging in speed from 30-100Mbps (average ~40Mbps).
Vote	Annual Government funding allocation set out in the Budget.
WCC	Wellington City Council
WFCS	Waipaoa River Flood Control Scheme

DIRECTORY

Shareholders

The Minister of Finance

The Minister for Infrastructure

Registered office

c/- Bell Gully

Deloitte Centre

Level 14, 1 Queen Street

Auckland CBD,

Auckland 1010, New Zealand

Contact address

PO Box 105321, Auckland City

Auckland 1143, New Zealand

Email: info@nationalinfrastructure.govt.nz

https://nationalinfrastructure.govt.nz/

Auditor

The Auditor Office, pursuant to section 15 of the Public Audit Act 2001

Solicitor

Bell Gully

Bankers

ANZ Bank New Zealand Limited

ASB Bank Limited

Bank of New Zealand Limited

Kiwibank Limited

Westpac New Zealand Limited

Board of Directors

Mark Binns (Chair)

Alan Dent

Chris Gudgeon

Tim Brown

Greg Lowe

David Webster

Melissa Cameron

Senior Management

Graham Mitchell,
Chief Executive Officer

Sean Wynne,
Deputy Chief Executive Officer

Dougal Evison,
Chief Financial Officer

John Greenhough,
Chief Networks Officer

Nicky Parkes,
Head of People

Kathryn Mitchell,
Chief Legal and Corporate Affairs Officer

Andrew McGavin,
Head of Corporate Finance

Shanon Tapp,
Chief Infrastructure Officer