NATIONAL INFRASTRUCTURE FUNDING AND FINANCING

BUILDING TOGETHER

ANNUAL REPORT 2025

FOR YEAR END 30 JUNE 2025

New Zealand Government
Te Kāwanatanga o Aotearoa

NATIONAL INFRASTRUCTURE
FUNDING AND FINANCING

Front Cover: Fletchers Crossing rebuild,
Central Hawke's Bay District Council – Cyclone Recovery Fund

Moteo-Puketapu Bridge rebuild, Hastings District Council – Cyclone Recovery Fund

THE YEAR AT A GLANCE FOR YEAR ENDED 30 JUNE 2025

CONNECTIVITY

RURAL BROADBAND CAPACITY UPGRADES AND COVERAGE TO DATE

155,653
+13,135
HOMES & BUSINESSES
99.8% COMPLETE

STATE HIGHWAY AND LOCAL ROAD KM COVERED
+570km
2,086 km
107% COMPLETE

TOURISM SPOTS COVERED
192
+33
103% COMPLETE

MARAE CONNECTED
+15
676
+17
674 WITH HARDWARE INSTALLED

INFRASTRUCTURE REFERENCE GROUP

46
COMPANY IRG PROJECTS

36 COMPLETED | +11

$1.24bn
AMOUNT INVESTED
INCREASED: $143.7m

RURAL DRINKING WATER

90
KĀINGA UPGRADED +39

+$11.6m
INVESTED: $24.1m

CYCLONE RECOVERY

98
PROJECTS APPROVED
+53

49 UNDERWAY
+40

21
PROJECTS COMPLETE
+18
(EXCLUDING CATEGORY 3)
21%

AMOUNT INVESTED
$259.9m
+205.6m

CATEGORY 3 PROPERTIES FUNDED
+721
1,009
FUNDING PROVIDED
$520.6m +$412.9m

INFRASTRUCTURE FUNDING & FINANCING

$701m TOTAL DEBT RAISED

3 DEALS UNDERWAY

6.54% WEIGHTED COST OF CAPITAL ACHIEVED

NET EARNINGS **$80.1m**

$112.8m
LOWER THAN FY24

This is the total comprehensive income for the Company

INFRASTRUCTURE INVESTMENT TO DATE
$4.69bn
+$998.8m

REPORT FROM THE CHAIR AND CEO 2025

HANGA NGĀTAHI – BUILDING TOGETHER

THIS YEAR SAW THE ESTABLISHMENT OF NATIONAL INFRASTRUCTURE FUNDING AND FINANCING LIMITED (THE COMPANY) WITH NEW RESPONSIBILITIES: PARTNERING WITH GOVERNMENT AGENCIES ON ALTERNATIVE FUNDING AND FINANCING MODELS INCLUDING PUBLIC PRIVATE PARTNERSHIPS, ATTRACTING PRIVATE CAPITAL INTO PUBLIC INFRASTRUCTURE, AND RECEIVING AND ASSESSING MARKET-LED PROPOSALS TO COMPLEMENT EXISTING FUNCTIONS.

PARTNERING WITH GOVERNMENT AGENCIES

Since being repurposed on 1 December 2024, the Company has worked successfully to engage across Government and support major infrastructure agencies with specialised procurement, and commercial and corporate finance advice on initiatives involving private capital, including Public Private Partnerships (PPPs).

The Company is supporting all PPPs in progress, including Stage 1 of the NZ Transport Agency's Warkworth to Te Hana Road of National Significance, the Department of Corrections' existing Waikeria Prison PPP expansion, and a PPP for the new Christchurch Men's Prison.

INVESTOR SHOPFRONT

A key reason for the Company's transition this year was to facilitate private capital into public infrastructure. The Company promotes public infrastructure investment opportunities to international and domestic investors and has formed several new relationships.

The Company is working with agencies to identify private capital funding opportunities for public infrastructure pipelines to engage the market on. There is a focus on further expanding the network of international and domestic investors, including iwi, KiwiSaver providers, international pension funds and specialist infrastructure investors. The Company has been working closely with the Government's offshore inbound investment agency, Invest NZ, since it was established on 1 July 2025.

Wellington Sludge Minimisation Facility – IFF

MARKET-LED PROPOSALS (MLPs)

New ideas and innovations are important to achieving the Government's objectives and since December 2024 the Company has managed the Market-Led (unsolicited) Proposals process. All MLPs, other than for pharmaceuticals, are now channelled through the Company, providing proponents with a single interface and confidential point of contact for their ideas. At 30 June 2025, 31 MLPs had been received and 10 were under assessment.

ADVISORY SERVICES

The Company has provided advisory services supporting the Department of Internal Affairs (DIA) on the City and Regional Deals and the Local Water Done Well initiatives. Corporate Finance support has been provided to Government for a road tolling concessions market sounding and EV Charging concessionary financing.

INFRASTRUCTURE FUNDING AND FINANCING (IFF)

The Company provided support to Government in the development of the new Greenfield Infrastructure Funding and Financing Act model and is now focused on implementing the first pilot Greenfield housing transaction.

INFRASTRUCTURE FUNDS

Across the growing list of Infrastructure Funds managed by the Company, all key targets for the year were achieved and $790.9m was funded directly with a further $464.9m funded by partners.

The Cyclone Recovery Fund had five transport projects completed and 22 of 31 in construction at 30 June 2025. Ten of 23 flood risk mitigation projects were in construction at year end, and all 54 transport recovery and flood risk mitigation project Government approvals had been obtained. To date, the Company has funded local councils to purchase over 1000 Category 3 properties damaged in the 2023 Auckland Anniversary and Cyclone Gabrielle events.

The Infrastructure Reference Group (IRG) Fund moved closer to completion with a further 11 directly managed projects completed. Only 31 of the total 219 projects remain to be completed. To date, $2.2bn (90%) of Government funds have been paid, with $1.8bn in co-funding invested and over 10,000 construction workers supported..

The Rural Drinking Water Fund was increased in 2025, with the Government allocating an additional $12m to enhance drinking water quality at marae in rural areas of New Zealand. 90 marae and rural communities have benefitted from improved drinking water.

Te Whau Pathway construction, Te Atatū South - IRG Fund

The management of the Infrastructure Acceleration Fund (IAF) transferred to the Company from Kāinga Ora on 1 July 2025. This fund provides investment into infrastructure to facilitate the acceleration of new residential housing developments.

DIGITAL CONNECTIVITY FUNDS

Digital Connectivity Funds continued to move towards completion as planned. Over the financial year, $66.4m was invested over the financial year and both the Rural Broadband and Rural Mobile Funds have now exceeded original coverage targets. An additional 80 Rural Connectivity Group (RCG) mobile towers (providing coverage from all three mobile operators), were completed over the past year.

The Rural Mobile Funds now cover 2,086km of state highway and local roads, as well as 192 tourism spots (including track ends) and 12 settlements. Rural Broadband Funds cover 86,098 rural homes and businesses and upgraded broadband capacity is available to 69,555 broadband users across New Zealand.

The Public Safety Network (PSN) completed the Priority Mobile component of the programme. Roaming coverage (between One.NZ and Spark) and voice and data prioritisation is now available to all participating emergency services responders, which is a global leading service. Delivery improvements across the Land Mobile Radio component of the PSN are expected to result in the first regions being delivered to the emergency services agencies from late 2025.

CORPORATE AND FINANCE

The Company achieved financial net earnings of $80.1m at 2024/25 financial year end, exceeding its Statement of Performance Expectation (SPE) target by $154.2m. The result is due to effective cost management, timing of claims from build partners resulting in lower expenditure, and interest rates moving in the Company's favour, resulting in net fair value loss on investments being significantly lower than budget. The Company's SPE measures were all achieved or exceeded except for one, that was missed.

The Company declared and paid a $19.9m dividend, and approved a capital return of $182.6m to shareholders largely funded from the return of capital from the first tranche of the Chorus Ultra-Fast Broadband securities.

In the past year, the Company received $846.2m in the form of grants from the Government, as well as $116.2m from debt providers to fund infrastructure investments across its various programmes and investments. The Company invested $998.8m[1] in total from the above proceeds, with delivery partners co-investing over $480m, and $4.7bn has been invested to date by the Company throughout New Zealand.

Tangowahine Tower, Northland – RCG – Rural Broadband

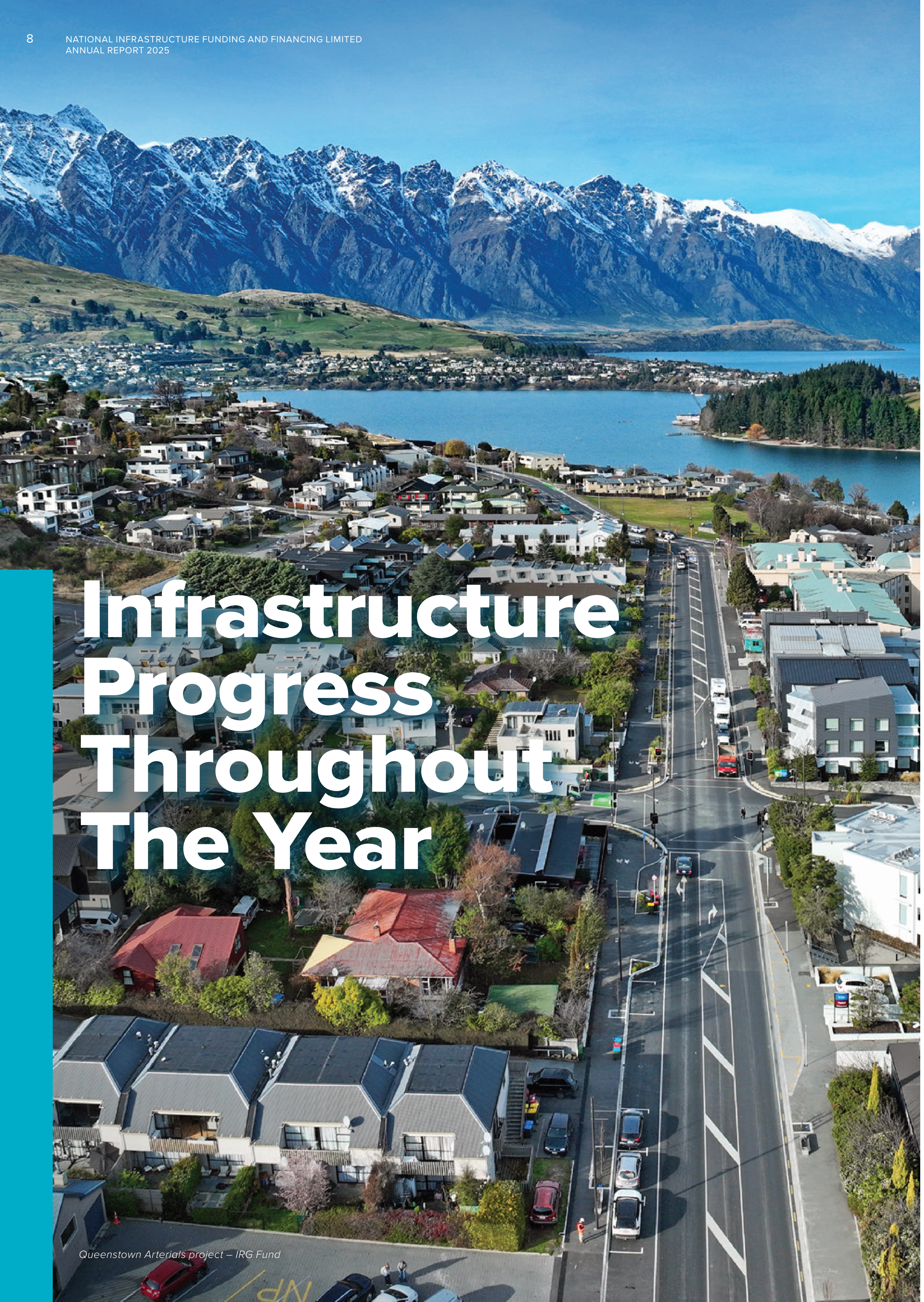
In response to its expanded mandate, the Company experienced an uplift in recruitment activity throughout 2024/25. Almost one-third of the current team joined in the past year. Retention also remained strong, with one-third of the Company's people having contributed more than five years of service.

The Company would like to thank our infrastructure delivery partners, including Government agencies, local government, infrastructure owners, iwi, our financiers, and other stakeholders for their contribution to the success of the infrastructure completed this year. The Company's achievements would not have been possible without their cooperation and commitment to improving infrastructure for all New Zealanders. We look forward to continuing to work with all our partners into the future.

Mark Binns - Chair
23 October 2025

Graham Mitchell - Chief Executive
23 October 2025

1 Accrual basis



Infrastructure Progress Throughout The Year

Queenstown Arterials project – IRG Fund

WAIPAOA RIVER FLOOD CONTROL SCHEME

Cyclone Recovery Funds

Gisborne District Council
Government Funding: $18.4m
Total Project Funding: $20.5m

Te Kaunihera o Te Tairāwhiti
GISBORNE
DISTRICT COUNCIL

THE IMPACT OF THE 2023 NORTH ISLAND WEATHER EVENTS ON THE EXISTING CONTROL SCHEME.

The Waipaoa River Flood Control Scheme (WFCS) began physical works in February 2019, aiming to enhance flood protection and resilience to a 100-year return period. For four years, the project progressed steadily until Cyclone Hale struck on 10 January 2023, halting construction. At that point, 34.3km of the planned 64km of stop banks had been completed.

Work resumed in early February but was again interrupted by Cyclone Gabrielle. A third disruption occurred in June 2023, when heavy rainfall triggered another state of emergency. These events, collectively referred to as the 2023 North Island Weather Events (NIWE), exposed vulnerabilities in the existing scheme and underscored the urgency of the upgrade. Notably, the Waipaoa stop banks played a critical role during Cyclone Gabrielle, preventing an estimated 1.5 metres of floodwater from inundating Ormond township.

IMMEDIATE RESPONSE

In response to the NIWE, priority was given to upgrading the eastern city side, covering 25km of stop banks. This area includes key lifeline infrastructure such as the airport and hospital. Despite three major interruptions, the eastern stop bank upgrades were successfully completed in January 2025.

CONSTRUCTION

Local contractor Earthworks Solutions Limited (ESL) was engaged by Gisborne District Council (GDC) to deliver the stopbank works. ESL worked diligently to deliver ahead of programme. Additional support was provided by Currie Construction, which contributed to the construction of critical infrastructure such as the Mahunga floodgates.

PROGRESS TO DATE

To date, approximately 53.7km of the total 61.2km of required stopbank raising and widening has been completed, representing 88% completion of the overall scheme. The remaining 7.4km includes 1.4km in the Waituhi area and 6km near Kaitaratahi Bridge. These final sections are planned for completion during the 2025/2026 construction season, subject to favourable weather conditions.

The forecast completion date for the WFCS is now June 2027, which is four years ahead of the original schedule.

There are challenges in restoring and upgrading critical flood control infrastructure in the wake of the NIWE. The strategic response and continued construction of the WFCS will not only restore essential protection, but also greatly enhance the resilience of surrounding communities against future natural hazards.

WHAKAMARU – WELLINGTON CITY MISSION

Infrastructure Reference Group Fund

Wellington City Council
Government Funding: $23.5m
Total Project Funding (to date): $47.5m

Absolutely Positively **Wellington** City Council
Me Heke Ki Pōneke

Wellington City Mission has been supporting people and families in the Wellington region for 120 years. Their new Whakamaru facility is a transformational community facility for everyone in Wellington.

The Company supported Whakamaru with $23.5m of IRG funding to aid in the construction of the new facility with build partner Naylor Love and further financial support from key beneficiaries, providing a safe and supportive long term transitional home for those experiencing homeless, or those at risk of homelessness.

Opening in late 2024 after six years of design and development, Whakamaru is the central hub of the Wellington City Mission's operations. It provides wrap-around support and community services to help with the successful transition to permanent housing.

Alongside services like the Social Supermarket and a network of Community Practitioners, Whakamaru is home to 35 long-term transitional housing apartments, a medical centre and a café, 'Craig & Gail's', which operates under a 'contribute what you can' model.

Operational 24/7 with staff on site at all times, a vast network of support services are available to anyone who steps through its doors, as well as the residents housed within. This includes Kua Mākona i Whakamaru, a Crisis Recovery Café that remains open overnight to support whānau who experience acute mental distress or crisis.

Through Whakamaru, Wellington has gained a vibrant community hub. The Mission's café and chapel bring people of all backgrounds together, while a suite of well-equipped meeting spaces are available for booking at no cost, making Whakamaru a centre for collaboration across the city.

Since opening, Whakamaru has welcomed over 50,000 manuhiri (guests) through its doors, with members of the community benefiting from a range of key services:

- **5,000 shoppers** have been provided with food support at the Social Supermarket, with over 20,000 using the Social Supermarket since the service opened in 2021
- Over **23,000 lunch meals** have been served since opening, many of which were koha – meaning they were provided at no cost
- The freely accessible **showers** have been used over **3,000** times since opening, with some available for use 24/7
- **Free laundry** services have been used over **1,200 times**
- **28 residents** now live in the transitional housing units at Whakamaru – the majority of which are under the age of 25.
- The project was made possible by Government Funding from the IRG Fund committed in 2020 and all partners funding that contributed to its successful delivery.

CHORUS FARM GATE FIBRE: UNLOCKING RURAL CONNECTIVITY WITH INNOVATION

Digital Connectivity Funds

In response to growing broadband congestion on rural mobile towers, the Rural Broadband Capacity Upgrade (RCU) fund was launched to deliver meaningful relief to underserved communities. Chorus proposed repurposing VDSL (copper-based broadband) cabinets from urban Ultra-Fast Broadband (UFB) areas and deploying them in rural zones where demand was outpacing infrastructure.

The Company funded ~$9m for fibre backhaul to connect these recycled cabinets to the broader network. Chorus provided co-funding of ~$5m for this project.

INNOVATION AT THE FARM GATE

Chorus also engineered a way to open up the backhaul fibre at each residence along the route - offering "Farm Gate Fibre". Eligible homes within 200 metres of a breakout point can now connect at no cost, gaining access to the same high-performance fibre services available in urban centres.

RURAL OUTCOMES THAT MATTER

- 3,336 homes and businesses previously constrained by mobile broadband network congestion can now subscribe to reliable fibre broadband.
- 386 more rural homes and businesses can now enjoy full fibre connectivity.

MOBILE COVERAGE ON TAIHAPE–NAPIER ROAD

Mobile Broadband Funds

Following the devastation of Cyclone Gabrielle, the Taihape-Napier Road - spanning the Manawatū-Whanganui and Hawke's Bay regions - emerged as a critical lifeline. As a key alternative route into Hawke's Bay when primary highways are compromised, its lack of mobile coverage posed serious risks to safety, communication, and emergency response.

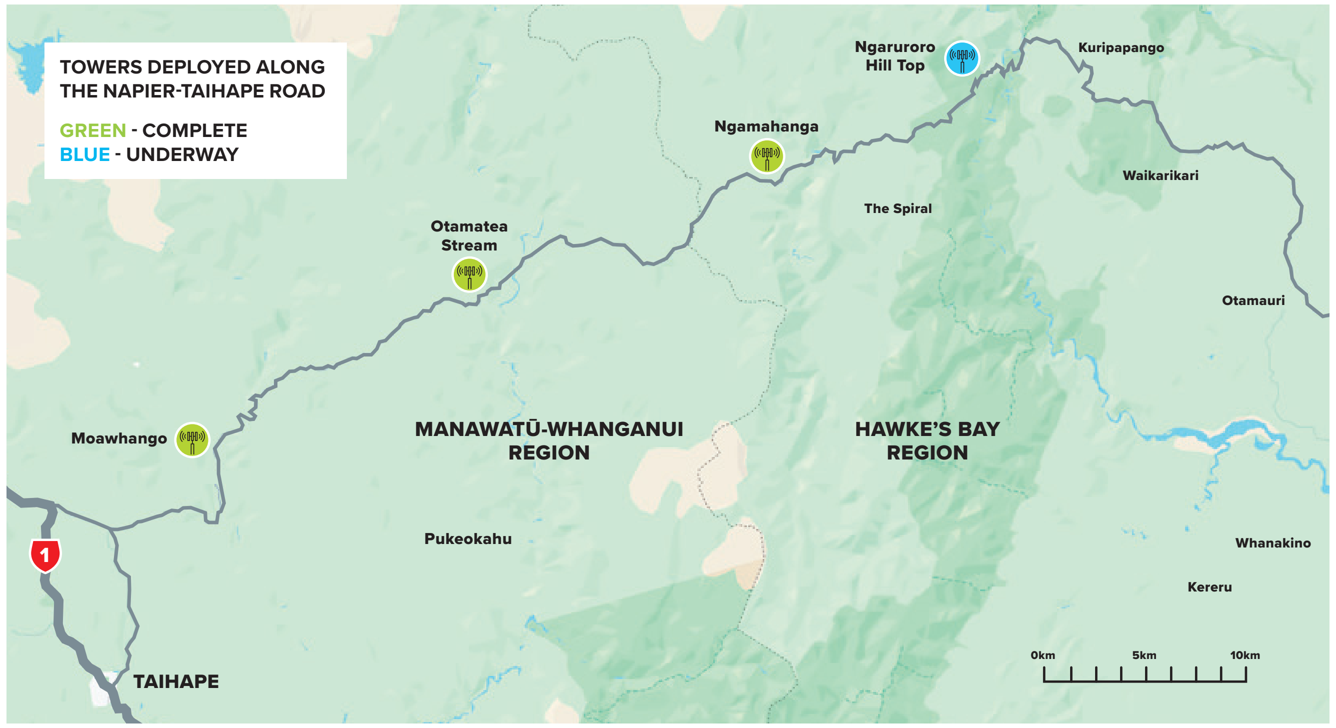
At the time of the cyclone, approximately 78 kilometres of this vital corridor had no mobile coverage. Recognising the importance of this, the Company specified that the black spot required mobile coverage and used its partner the Rural Connectivity Group (RCG) to deliver new mobile coverage from all three Mobile Network Operators. To date, three mobile towers have been deployed along the route, with a fourth underway, all strategically positioned to maximise coverage and resilience. This initiative exemplifies the power of regional cooperation. RCG partnered with local wireless internet service and backhaul provider, InspireNet to rapidly deploy mobile services in a challenging environment—bringing connectivity to communities and travellers alike.

As part of Cyclone Recovery Fund, the Company is also funding Hastings District Council $8.6m to restore slips and drops outs along 40km of the Taihape-Napier coast.

TANGIBLE OUTCOMES:

- 55 households now have access to mobile voice services for the first time.
- ~50 kilometres of previously uncovered road now benefit from mobile service - enhancing safety, accessibility, and peace of mind.

Moawhango Tower - RCG



Towers built along the Taihape-Napier Road

PARAPARA MARAE TOATOA ROAD - NORTHLAND REGION

Rural Drinking Water and Rural Broadband Funds

Parapara Marae is situated in the rural Far North/Te Tai Tokerau and had difficulties that two of the Company's programmes worked together to resolve. The marae had closed due to its inability to provide safe drinking water to whānau and guests. The water treatment system they had was broken, as was the pump that took the water from their bore. Closing the marae had a detrimental impact not only on the marae itself, but community as a whole.

Further to their water issues, the community had limited digital access to both voice and broadband services. This further isolated the community, including children who required connectivity to complete their schoolwork.

To help resolve these issues, the Rural Drinking Water fund installed a new water treatment plant, together with a Far North service provider who gifted a new pump for their bore. This allowed the marae to re-open, with the community finding a new sense of purpose, coming together to repair other parts of the marae.

With the help and consent of the local hapū, the Company's Marae Digital Connectivity fund, which had previously connected the marae to broadband (including a hardware package[2]), installed a new shared mobile tower (through RCG). This has since provided broadband service to 99 houses which previously had no access.

"In the past two months we held wānanga where, for the first time, we did not run out of water, thanks also to earlier initiatives of acquiring two new water tanks and now being able to provide clean drinking water. A huge achievement when you consider we have been closed due to Ecoli recently and continually had to purchase water to manage hui".

Callie Corrigan, Deputy Chairperson, Parapara Marae Trust

2 Includes a large television, video conferencing equipment, smoke alarms, and security cameras.

SAFE WATER SUPPLY FOR KAITOKE OUTDOOR ADVENTURE CENTRE

Rural Water Funds

Kaitoke Outdoor Adventure Centre is situated in the middle of the Rimutaka Hills north of Wellington, making it remote and difficult to reach.

The centre is operated by the YMCA and delivers safe outdoor recreational and personal development opportunities to people of all ages from across the Wellington region, including children in care or protection.

134 schools from across the region use this centre, with 70 of these schools in areas of high deprivation. The centre relies on funding from agencies to assist with maintenance of infrastructure and generally runs at a loss.

Kaitoke has over 25,000 young people each year for the next three years booked for stays. With 200 visitors almost every day, the centre requires a constant, safe supply of water. The water infrastructure was so badly in need of repair or replacement, water often stopped running and children could not fill drink bottles or shower. The kitchen would also run out of water when preparing the daily meals.

Thanks to the Rural Drinking Water Fund, Kaitoke now has a state-of-the-art water treatment plant, with the supply configured to provide continuous water.

"It's honestly been such a pleasure working with you and your team – the new water system has been a total game-changer for us (literally life-changing, haha!). It's been such a blessing to have it in place, and I really want to say a big thank you for all the support you've given us. You and your team are amazing. Thanks again for everything!"

Rachel Waldrom Y Outdoors Manager

CELLULAR COVERAGE FOR POLICE ON GREAT BARRIER ISLAND

Public Safety Network

Policing one of New Zealand's most remote islands comes with unique challenges, especially when it comes to staying connected. Until recently, Senior Constable Andrew Osborne, based on Great Barrier Island, often found himself out of mobile range and out of contact.

"There were areas where we had zero cell coverage," Senior Constable Osborne says. Such coverage gaps can limit communication between teams. "There's no way to check messages or talk to Police Comms," said Senior Constable Andrew Osborne.

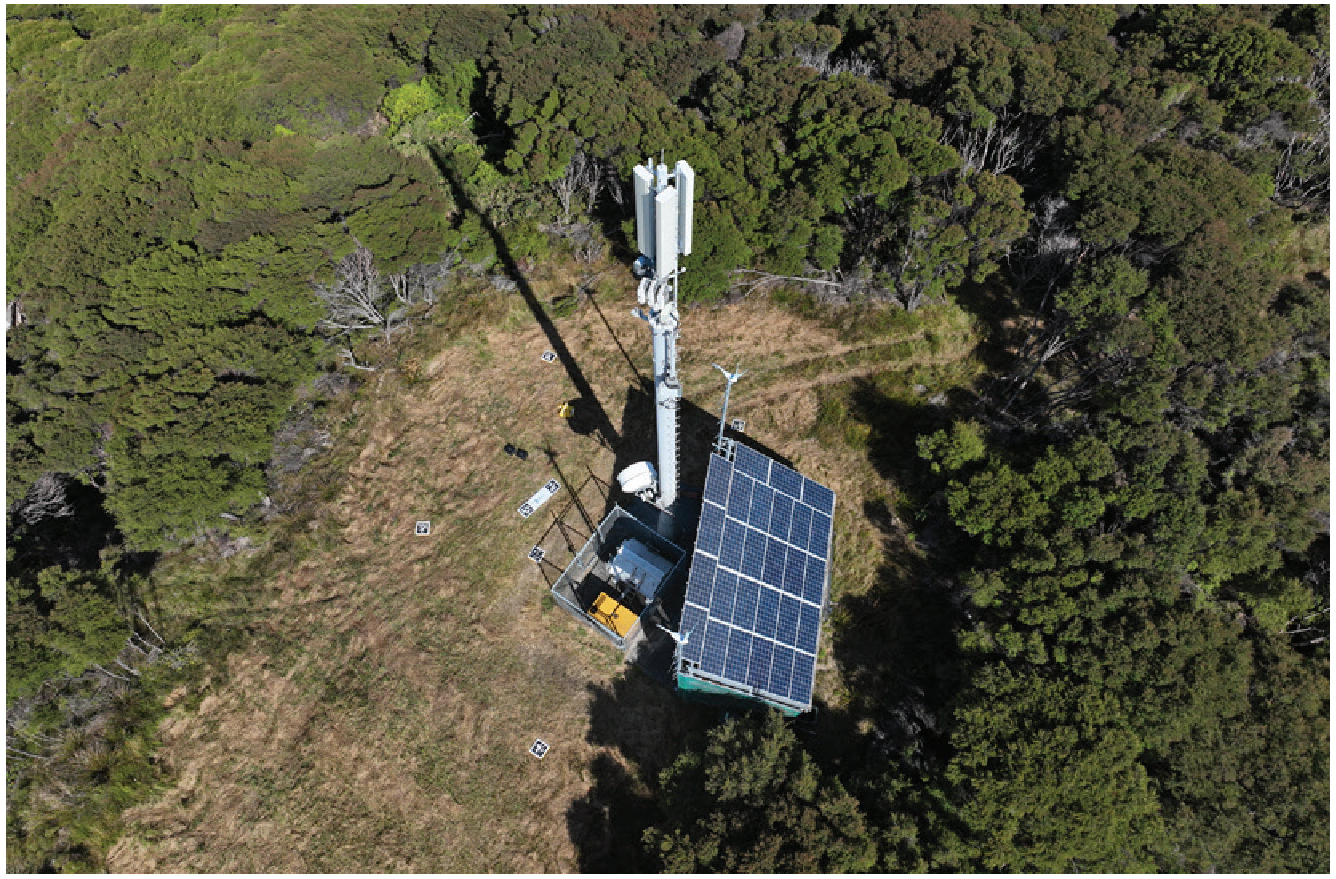
But since the rollout of the Public Safety Network (PSN) Cellular Roaming Service in 2024 to NZ Police, Senior Constable Andrew Osborne says things have changed dramatically. With just two officers covering the island (and sometimes only one), improved cellular coverage has made policing more convenient, efficient, and safe.

Previously, Senior Constable Osborne and his colleagues would stop at known coverage points, like the Okiwi airfield, just to check in before heading into areas where communication would drop out completely. "It's been awesome for us. Now we can go about our work without worrying as much about losing coverage."

The PSN Cellular Roaming Service automatically switches between Spark and One NZ networks, giving officers better, more consistent coverage across the island. "We now use the Responder Police app to update jobs in real time," Senior Constable Osborne says. "Before, we had to wait until we were in range and then call it in. Now we're not tying up Comms, and we're getting the job done faster."

The benefits are even more obvious in high-risk situations. Senior Constable Osborne recalls a recent job on a stormy night when the police boat and helicopter couldn't respond. "We were in the middle of nowhere, but we could still talk to Comms most of the time. That hasn't always been the case."

For officers like Senior Constable Osborne, the PSN Cellular Roaming service isn't just about convenience. It's also about having the right tools to do the job properly, staying connected, and getting home safely.



IMPLEMENTING THE GOVERNMENT'S PRIORITIES

The Company implements Government policy rather than makes financial returns. In FY2024/25, the Company performed the following roles in relation to its strategic objectives:

PARTNER ON PRIVATE FINANCING FOR PUBLIC INFRASTRUCTURE

- Advised on governance, procurement options, commercial and financing structures and risk allocation, analysis, and market engagement;
- Provided commercial and financial advisory and other support to assist projects that are underway and under investigation; and
- Supported business case preparation, tender preparation, interactives and evaluation, commercial/financial negotiations, contract close as well as governance oversight.

INFRASTRUCTURE FUNDING AND FINANCING

- Worked with relevant Government agencies, local Government, property developers, infrastructure owners and debt providers to finance and fund public infrastructure utilising the Infrastructure Funding and Financing Act 2020 (IFF Act);
- Provided equity investment and facilitated applicants through the IFF Act process; and
- Supported Government with policy development and reform of the IFF model.

CONNECT INVESTORS TO PUBLIC INFRASTRUCTURE OPPORTUNITIES

- Served as a single point of contact for investors submitting Market-Led Proposals for innovative investment solutions;
- Providing advice and supporting the evaluation of any Market-Led Proposals;
- Worked with Invest NZ (previously NZ Trade and Enterprise) to promote potential New Zealand public infrastructure opportunities to international investors and directly to domestic investors; and
- Helped to make the process for private investment in public infrastructure more transparent, consistent, and efficient for private and non-Government parties.

CORPORATE FINANCE ADVISORY

- Provided corporate finance advice to Government departments and agencies to inform and support the implementation of Government infrastructure policy;
- Advised on the procurement of complex infrastructure projects and other service-enabling infrastructure; and
- Provided specialised advice on funding structures, financial modelling, feasibility studies for business case development, investment strategy, monitoring and reporting.

MANAGE INFRASTRUCTURE FUNDS

- Oversaw and managed Government infrastructure funds to fund the deployment of infrastructure, addressing specific infrastructure needs based on Government policies and priorities; and
- Administered these funds through the establishment of contracts and funding arrangements (including any co-funding from recipients or other sources), reported on performance of the funds, monitored risk, and provided support and/or intervention when necessary.

IMPROVE DIGITAL CONNECTIVITY

- Oversaw and managed the Government's rural broadband and rural mobile coverage funds;
- Delivered improved broadband coverage and capacity to rural users and improved mobile coverage of state highways and local roads, tourism spots and rural settlements;
- Managed the delivery of digital hardware and connectivity to marae to improve hapū connectivity and services; and
- Supported the delivery of the Public Safety Network in conjunction with NZ Police's Next Generation Critical Communications group.

GOING FOR GROWTH

The Company's priorities are aligned with two of the Government's five Going for Growth pillars, Promoting Global Trade and Investment, and Infrastructure for Growth.

1: PROMOTING GLOBAL TRADE AND INVESTMENT

Global investment is essential for New Zealand to maximise its potential. The Company facilitates inward international investment into public infrastructure in conjunction with Invest NZ by promoting New Zealand public infrastructure opportunities to international investors.

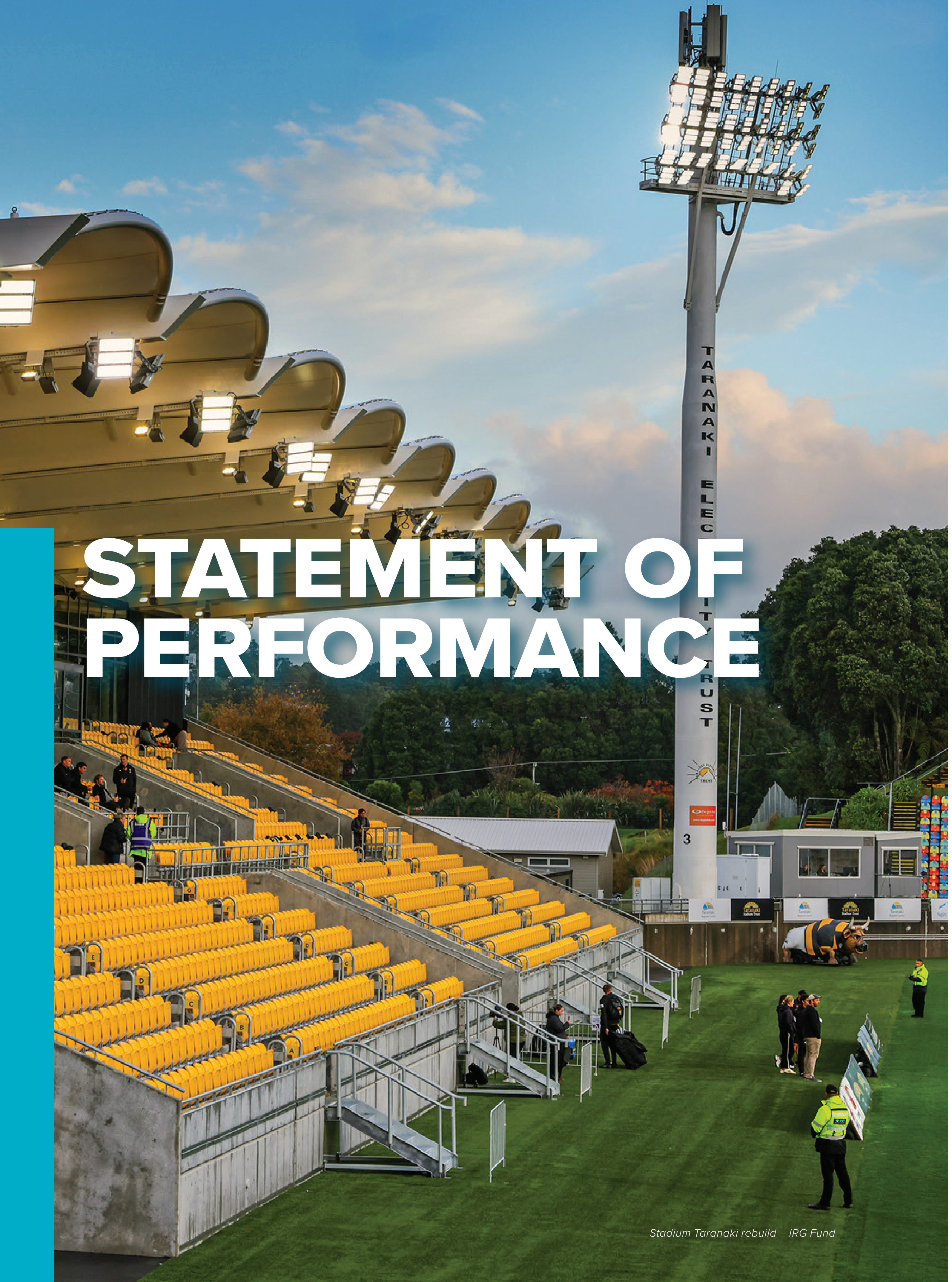
2: INFRASTRUCTURE FOR GROWTH

Well-planned infrastructure supports the efficient and sustainable improvement of GDP and well-being. The Company facilitates the funding and financing of infrastructure and manages Government infrastructure funds to deliver infrastructure priorities on behalf of the Government.

Accordingly, the Company is a designated public benefit entity.

The Company has identified no service critical assets in line with the reporting requirements in CO (23) 9.

Electric Ferry build – IRG Fund



STATEMENT OF PERFORMANCE

Stadium Taranaki rebuild – IRG Fund

PERFORMANCE TARGETS FOR THE FINANCIAL YEAR 2024/2025

National Infrastructure Funding and Financing Limited's (the **Company**) performance targets for the financial year 2024/2025, as measured against the Statement of Intent (**SOI**) and the Statement of Performance Expectations (**SPE**[3]), relate to the following classes of outputs:

- Partner on private financing for public infrastructure,
- Infrastructure funding and financing,
- Act as the Government's lead to facilitate private capital investment into public infrastructure,
- Market-Led Proposals,
- Infrastructure Reference Group Fund,
- Rural Drinking Water Funds,
- Cyclone Recovery Funds,
- Rural Broadband Funds,
- Rural Mobile Funds,
- Public Safety Network, and
- 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 19-39, 42-43 and pages 94-96.

COST ALLOCATION

The Company's primary role is to act as a funding, financing, advisory and delivery partner for Government, local government, iwi, non-Government organisations, and the private sector. As such, the Company does not have any independent revenue streams but rather a number of funding sources from Government appropriations, 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 direct staff time for each output.
- Unallocated costs 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

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 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.

3 Due to the publishing of an Amendment to the SPE, named classes of outputs below may differ from the SPE 2024/25.

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.

The table below shows the investment by programme that supports the performance objectives of the Company and the application of grant revenue from the Government to grant expenses and grant funded loans that supports the performance of objectives of the Company.

OUTPUT CLASSES	2024/25		2023/24	
	ACTUAL $(000)	PLAN $(000)	ANNUAL REPORT $(000)	AMENDED^ $(000)
INCOME				
PARTNER ON PRIVATE FINANCING FOR PUBLIC INFRASTRUCTURE	-	-	-	-
INFRASTRUCTURE FUNDING AND FINANCING (IFF)	210,787	213,199	146,488	146,488
ACT AS THE GOVERNMENT'S LEAD TO FACILITATE PRIVATE CAPITAL INVESTMENT INTO PUBLIC INFRASTRUCTURE	-	-	-	-
MARKET-LED PROPOSALS	-	-	-	-
INFRASTRUCTURE REFERENCE GROUP FUND	165,909	150,638	284,361	284,361
RURAL DRINKING WATER FUNDS	11,497	-	20,000	20,000
CYCLONE RECOVERY FUNDS	644,699	2,497	3,702	195,419
RURAL BROADBAND AND MOBILE FUNDS	51,685	41,850	55,009	55,009
PUBLIC SAFETY NETWORK (PSN)	600	622	569	569
UNALLOCATED INCOME TO CURRENT PEFORMANCE REPORTING	63,913	65,305	129,292	129,292
TOTAL INCOME	**1,149,090**	**474,111**	**639,421**	**831,138**
EXPENSES*				
PARTNER ON PRIVATE FINANCING FOR PUBLIC INFRASTRUCTURE	563	675	-	-
INFRASTRUCTURE FUNDING AND FINANCING (IFF)	183,286	235,851	143,306	143,306
ACT AS THE GOVERNMENT'S LEAD TO FACILITATE PRIVATE CAPITAL INVESTMENT INTO PUBLIC INFRASTRUCTURE	586	668		
MARKET-LED PROPOSALS	563	675		
INFRASTRUCTURE REFERENCE GROUP FUND	136,714	129,135	212,035	212,035
RURAL DRINKING WATER FUNDS	12,795	14,937	10,088	10,088
CYCLONE RECOVERY FUNDS	640,472	2,392	1,748	193,465
RURAL BROADBAND AND MOBILE FUNDS	69,973	117,923	74,007	74,007
PUBLIC SAFETY NETWORK (PSN)	600	622	591	591
UNALLOCATED EXPENSES TO CURRENT PEFORMANCE REPORTING	23,444	45,308	4,758	4,758
TOTAL EXPENSES	**1,068,995**	**548,186**	**446,533**	**638,250**

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

^ During 2024/25 the Group changed its accounting policy for the treatment of the Cyclone Recovery Funds given the scale and nature of the activities. The grant received and related claims from the Cyclone Recovery Funds have been presented as grant income and corresponding grant programme expenses. This change was after the 2024/25 plan was set.

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 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 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 and risk allocation, analysis, market engagement;
- 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 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 structures, including Public-Private Partnerships.

This class of outputs was funded by interest income in 2024/25.

In 2024/25, the Company supported two agencies with three PPP projects (NZTA's Northern Road of National Significance and the Department of Corrections' Waikeria Prison Expansion and Christchurch Men's Prison). Initial 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 request for advice.

REPORTABLE MEASURE	2024/2025			2023/24	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
PROVIDE INITIAL ADVICE AND SUPPORT TO LEAD AGENCIES ON POTENTIAL PUBLIC PRIVATE PARTNERSHIP TRANSACTIONS	3	1	Achieved	N/A New function	N/A New function

INFRASTRUCTURE FUNDING AND FINANCING (IFF)

NEW ZEALAND'S CITIES ARE GROWING QUICKLY, WITH HOUSING SUPPLY AND ASSOCIATED PUBLIC INFRASTRUCTURE OFTEN NOT KEEPING PACE WITH DEMAND. CENTRAL AND LOCAL GOVERNMENT ARE RESPONSIBLE FOR DELIVERING PUBLIC INFRASTRUCTURE SUCH AS WATER AND TRANSPORT.

The Infrastructure Funding and Financing Act 2020 (**IFF Act)** enables public 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 finance and fund public infrastructure utilising the IFF Act. The Company raises private debt capital, provides equity investment and facilitates applicants through the IFF Act process.

IFF will benefit New Zealanders by enabling infrastructure to be funded which previously could not be funded, with the beneficiaries of investment bearing the cost of this infrastructure. 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 SPE 2024/25 target of one IFF transaction being "completed" was revised in the March 2025 SPE Amendment to one transaction being "initiated".[4] This target was achieved, and work continues to complete the next IFF transaction using the new Greenfield model, which the Company supported the Government to develop in FY2024/25.[5]

REPORTABLE MEASURE	2024/2025			2023/24	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
INITIATE AT LEAST ONE IFF TRANSACTION BY THE END OF FY24/25 THAT IS CAPABLE OF BEING CLOSED IN FY25/26	One transaction initiated (Te Awa Lakes Greenfield)	1	Achieved	One transaction completed (Sludge Minimisation Facility financially closed August 2023)	Achieved

Milldale Development - IFF

4 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.
5 The Greenfield model was announced by the Government in March 2025 and provides a variation on the traditional IFF model to better meet the needs of greenfield housing development.

ACT AS THE GOVERNMENT'S LEAD TO FACILITATE PRIVATE CAPITAL INVESTMENT INTO PUBLIC INFRASTRUCTURE

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 "Act as the Government's lead to facilitate private capital investment into public infrastructure" 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 Public Infrastructure Opportunities" strategic objective.

The role of the Company is to promote potential public infrastructure opportunities to investors and infrastructure operators, and support them 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 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 lead to facilitate private capital investment into public infrastructure 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 2024/25.

In 2024/25, the Company has engaged with a range of international and domestic investors.[6] The Company maintained relationships with all its Senior Debt Panel providers.[7]

REPORTABLE MEASURE	2024/2025			2023/24	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
RELATIONSHIPS IDENTIFIED, ESTABLISHED AND MAINTAINED WITH SENIOR DEBT PANEL PROVIDERS	25	25	Achieved	25	N/A New function
DOMESTIC AND INTERNATIONAL EQUITY INFRASTRUCTURE INVESTORS (INCLUDING SPECIALIST PUBLIC PRIVATE PARTNERSHIP FUNDS, INFRASTRUCTURE FUND INVESTORS AND OTHERS) IDENTIFIED AND ENGAGED	10	4	Achieved	N/A New function	N/A New function

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

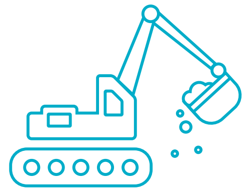
This class of outputs was funded by interest income in 2024/25.

In 2024/25, the Company established systems and processes for receiving and assessing Market-Led Proposals. The Company had received 31 proposals as at 30 June 2025 and had 10 proposals under assessment. For each 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.

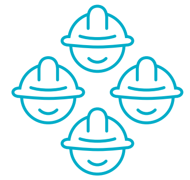
REPORTABLE MEASURE	2024/2025			2023/24	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
SUBMISSION FORMS, GUIDANCE AND TEMPLATE DOCUMENTS ARE MADE PUBLICLY AVAILABLE AND INTERNAL GOVERNANCE STRUCTURES ARE IN PLACE TO PROCESS AND EVALUATE PROPOSALS	Submission forms, guidance and template documents are all available on the Company’s website. MLP Steering Committee established and operating from December 2024.	By end of FY24/25	Achieved	N/A New function	N/A New function

INFRASTRUCTURE REFERENCE GROUP FUND

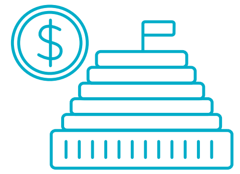
MINISTERS ESTABLISHED THE INFRASTRUCTURE REFERENCE GROUP (IRG) FUND IN 2020 TO PROVIDE ECONOMIC STIMULUS RECOVERY POST COVID-19. PROJECTS HAD TO SUPPORT ECONOMIC ACTIVITY AND CONSTRUCTION EMPLOYMENT, AND THE FUND INCLUDES 219 INFRASTRUCTURE PROJECTS WITH GOVERNMENT FUNDING OF $2.68BN AND CO-FUNDING OF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



TOTAL GOVERNMENT FUNDING:
$2.68bn
AND CO-FUNDING
$2.37bn

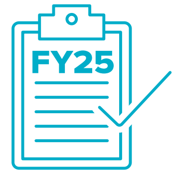


PEAK FTE CONSTRUCTION SECTOR (COMPANY-MANAGED PROJECTS)
4,365



93%
OF GOVERNMENT FUNDING ADVANCED ACROSS COMPANY-MANAGED PROJECTS

36
COMPANY-MANAGED PROJECTS COMPLETED



11
COMPANY-MANAGED PROJECTS COMPLETED DURING FY25

$1.2bn
OF GOVERNMENT FUNDING INTO NIFF-MANAGED PROJECTS

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, of which 36 have been completed (as of June 2025). The Fund will be substantially complete in FY2026/27.

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 2024/25, 11 Company-managed IRG projects were completed and $133m of IRG funding was paid. As at 30 June 2025, the total number of Company-managed IRG projects completed reached 36. In addition, the Company monitored and reported on the overall Fund.

REPORTABLE MEASURE	2024/2025			2023/24	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
PROJECT IMPLEMENTATION: COMPANY PROJECTS ADVANCED DURING YEAR, MEASURED BY AMOUNT OF GOVERNMENT FUNDING INVESTED VERSUS TOTAL GOVERNMENT FUNDING APPROVED FOR PROJECTS	92.6%	90%	Achieved	84%	Achieved
COMPANY PROJECTS COMPLETED: MINIMUM NUMBER OF COMPANY IRG PROJECTS COMPLETED, PROGRAMME TO DATE	36	35	Achieved	25	Achieved

TARANAKI STADIUM REDEVELOPMENT

Project Owner: Taranaki Regional Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE	CONSTRUCTION WORKERS
May 2025	$35m	$79.8m	100

Taranaki Regional Council

The project involved the repairing, redeveloping and rebuilding of Taranaki Stadium in New Plymouth. The stadium grandstands had been closed since November 2017 (East Stand) and May 2018 (West Stand) following identification that the stands were earthquake-prone buildings and deemed unsafe for use. The West Stand work included earthquake-strengthening and a new roof. The East Stand could not be repaired, so was demolished and a new stand built with more space for conferences, trade shows and the flexibility to be used by visitors watching the main pitch (which was also resurfaced) or outer field.

TE NGAENGAE POOL

Project owner: Hutt City Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE	CONSTRUCTION WORKERS
Nov 2024	$27m	$68m	105

HUTT CITY TE AWA KAIRANGI

The project involved demolition of the current earthquake prone Naenae Pool and Fitness building in Naenae, Hutt City and construction of a new Aquatic and Fitness facility. The project was strongly community-led and used local suppliers and contractors. It is New Zealand's first Green Star Five rated aquatic centre and will reduce emissions of the old pool by more than 50%. In August 2025, the project won the Infrastructure New Zealand Decarbonisation Award.

THE KIND FOUNDATION – PAPA HOU DEVELOPMENT, CHRISTCHURCH

Project owner: The Kind Foundation

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE	CONSTRUCTION WORKERS
Oct 2024	$51m	$51m	138

The Kind Foundation
Mō tātou katoa. For all of us.

The new dedicated building, officially named Papa Hou ('treasure box' in te reo Māori in reference to the range of community-based activities and facilities hosted within it), accommodates a black-box theatre, preschool, health and wellbeing spaces, education facilities for young people, dance and movement studios, and a range of support to tenants, including a general medical practice and physiotherapy.

RESEARCH & INNOVATION QUEENSTOWN

Project owner: Remarkables Park Limited

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE	CONSTRUCTION WORKERS
May 2025	$22.5m	$45m	85

Remarkables Park QUEENSTOWN NEW ZEALAND

The build of this centre provides a world class facility for research and innovation in Queenstown and was co-funded by the Porter Group's Remarkable Property. It leverages Queenstown as an international destination to bring together world leading people, projects and presence from global innovation players such as Singularity University's Artificial Intelligence and Robotics track; NZ Centres of Research Excellence such as the Dodd-Walls Centre of Photonic and Quantum Technologies NASA's Jet Propulsion Laboratory; and Cambridge University's Innovation Network, who have already expressed strong support for the centre.

Collectively, this will generate unparalleled research and innovation benefits across the entire New Zealand economy and landscape, and champion New Zealand's global brand as a place for the world's best and brightest to do their most advanced and frontier-facing work.

QUEENSTOWN ARTERIALS

Project owner: Queenstown Lakes District Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE	CONSTRUCTION WORKERS
June 2025	$50m	$115.9m	105

The Arterial Road is a key project for improving the Queenstown Town Centre, linking Melbourne and Henry Streets and providing locals and visitors to Queenstown with an alternative route to the town centre, and easier access towards Arthurs Point. It also unlocks a range of other benefits, including improved access for public transport, opportunities for more people-friendly streets and space for the town centre to grow and flourish.

TE PAPA SPATIAL PLAN (CAMERON ROAD)

Project owner: Tauranga City Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE	CONSTRUCTION WORKERS
Sept 2024	$45m	$84.8m	206

The project involves multi-modal upgrades to Cameron Road in Tauranga City between Harrington Street, 17th Avenue and the Hospital. The plan is part of Council's wider strategic objectives to support the city's rapid growth. This is the first step to provide greater housing choices, safe and efficient transport options, local amenities and the infrastructure needed to support healthy and connected communities now and in the future.

WHARENUI RISE - NGĀTI WHAKAUE TRIBAL LANDS - ROTORUA

Project owner: Rotorua District Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE	CONSTRUCTION WORKERS
July 2024	$20m	$26.1m	45

The project involved building roading and storm water infrastructure to enable housing and industrial development in Rotorua (particularly for land owned by Ngāti Whakaue Tribal Lands (NWTL) that is unlikely to be fully developed without intervention).

YOUTH HUB CHRISTCHURCH

Project owner: The Youth Hub Trust Te Hurihanga O Rangatahi

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE	CONSTRUCTION WORKERS
Aug 2024	$18.8m	$20.3m	13

The project comprises a purpose-built facility to help Canterbury's young people (aged between 10 and 25) to reach their full potential. The project is made up of housing support in the form of transitional housing for up to 30 young people at a time. Additionally, a collective of co-located services and facilities providing mental health, medical health care, education and employment and training and social entrepreneurship will be available on-site.
The funding will be used for phase one of the project, consisting of accommodation and administration blocks with further phases funded solely by the Trust.

SACRED HEART CATHEDRAL RESTORATION

Project owner: Catholic Archbishop of Wellington

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE	CONSTRUCTION WORKERS
June 2025	$8.5m	$13.5m	29

Archdiocese of Wellington

The upgrade of the Sacred Heart Cathedral in Wellington included the seismic upgrades, fabric repairs, and interior renovations to preserve the Category 1 landmark. It reopened in June 2025 after incorporating new marble, lighting, and sound systems, alongside careful restoration of the exterior and intricate details.

GREEN SCHOOL NEW ZEALAND

Project owner: Green School Properties Ltd and Green School Farm Ltd

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE	CONSTRUCTION WORKERS
Sept 2024	$8m	$8.1m	41

green school NEW ZEALAND

Constructing phases two and three of Green School New Zealand which will expand the school's capacity from 120 students to 250 students. Securing this extra capacity is key to ensuring the long-term feasibility of the school.

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).

39 NEW TREATMENT PLANTS

$11.9m INVESTED

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 providing safe drinking water infrastructure for marae, kōhanga reo, and papakāinga and other private rural water suppliers that are not connected to a town supply, and by providing training to maintain water treatment to the Water Services Authority drinking water standards. These funds are intended to build 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 2024/25, 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			2023/24	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
RURAL DRINKING WATER CONTRACTING AND INSTALLATIONS: MINIMUM NUMBER OF KĀINGA AND OTHER RURAL WATER TREATMENT PLANTS INSTALLED[8]	90	90	Achieved	51	Achieved
RURAL DRINKING WATER INSTALLATION SATISFACTION: MINIMUM NUMBER OF KĀINGA AND OTHER RURAL SATISFIED WITH INSTALLATION	80.3%[9]	80%	Achieved	83%	Achieved

Wairuru marae, Gisborne – Marae Drinking Water

8 Fund to date, not all projects completed in FY2024/25.
9 75 people have been surveyed as of December 2024 with 25 responding. This allowed for a 16% margin of error. The result is determined as an average of the questions responded to by participants in relation to the overall satisfaction in the process. This result is cumulative.

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 AND HOMES. IN RESPONSE, THE GOVERNMENT ANNOUNCED FUNDING TO RE-BUILD TRANSPORT INFRASTRUCTURE, ENSURE LONG TERM FLOOD RESILIENCE, AND FUND 50% OF THE PURCHASE OF AFFECTED PROPERTIES WHERE THERE WAS AN INTOLERABLE RISK TO LIFE.

21
PROJECTS COMPLETED TO DATE

1,009
CATEGORY 3 PROPERTIES FUNDED TO DATE

$520.6m
FUNDING PROVIDED TO DATE

$780.6m
TOTAL INVESTED TO DATE

10
RISK MITIGATION PROJECTS UNDERWAY

$16.5m
AMOUNT INVESTED

22
TRANSPORT PROJECTS UNDERWAY

$184.9m
AMOUNT INVESTED

16
LOCAL GOVERNMENT FLOOD RESILIENCE PROJECTS UNDERWAY

$33.3m
AMOUNT INVESTED

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 $1.8bn 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 Prime Minister and Cabinet and other Votes.

In 2024/25, the Company secured Joint-Ministers' approval for the funding of all Local Transport and Flood Protection projects. The Company oversees the delivery of these projects and funds the Crown portion, being 50% of the purchase of Category 3 properties, with a total of $780.6m in funding distributed to Councils.

REPORTABLE MEASURE	2024/2025			2023/24	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
REGIONAL TRANSPORT: NUMBER OF TRANSPORT PROJECTS ADVANCED, MEASURED BY PROJECTS STARTED (CUMULATIVE)	27	24 projects started	Achieved	11	N/A
CATEGORY 2[10] FLOOD MITIGATION: NUMBER OF CATEGORY 2 FLOOD PROJECTS ADVANCED DURING YEAR, MEASURED BY PROJECTS STARTED	10	7 projects started[11]	Achieved	1	N/A
FLOOD RESILIENCE: NUMBER OF FLOOD RESILIENCE PROJECTS ADVANCED DURING THE YEAR MEASURED BY FUNDING INVESTED	95% of all advanced-projects' funding invested[12]	80% of total spend[13]	Achieved	N/A	N/A
CATEGORY 3[14] BUY OUTS: NUMBER OF CATEGORY 3 PROPERTY PURCHASES FUNDED DURING YEAR	721	450	Achieved	288	N/A

Twenty one Company-managed projects were completed in the 2024/25 financial year (excluding Category 3 Buyouts). Highlights of completions are shown below:

KERERU ROAD 3RD GORGE CULVERT

Project owner: Hastings District Council

COMPLETED
April 2025

GOVERNMENT FUNDING
$29.6m

PROJECT VALUE
$29.6m

HERETAUNGA HASTINGS DISTRICT COUNCIL

In February 2023, Cyclone Gabrielle destroyed about 50 metres of Kererū Road, washed away its culvert drainage, and eroded the streambed to 8 metres below its original level - creating an 18-metre-deep gully. The new culvert structure provides access to a key route into Hastings for local residents and allows for connections with schools and neighbours. This project provides future flood mitigation, as the large arch culvert was designed to raise the road while allowing floodwaters to pass.

10 Category 2 properties are properties with intolerable risk to life requiring property specific or community level risk mitigation projects to protect against flooding.
11 Subject to partner-council delivery progress.
12 Total funding invested as a percentage of all project funding expected to be spent by 30 June 2025.
13 Subject to partner-council delivery progress.
14 Category 3 properties are properties with intolerable risk to life which cannot be protected and subject to voluntary buyout.

MOTEO-PUKETAPU BRIDGE

Project Owner: Hastings District Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE
July 2025	$28.0m	$28.0m

HERETAUNGA HASTINGS DISTRICT COUNCIL

The original bridge was destroyed during Cyclone Gabrielle, severing a crucial transport link across the Tutaekuri River and forcing families, farms, schools, and businesses to take long detours for more than two years. This new bridge is built to modern standards and is more than three metres higher than the original bridge, has larger piled foundations and fewer piers in the river to reduce flood risk. It will also be stronger, better and more resilient to future flood events and earthquakes.

MATAPIRO BRIDGE REPLACEMENT

Project owner: Hastings District Council

COMPLETED	GOVERNMENT FUNDING	PROJECT VALUE
June 2025	$6.9m	$5.9m

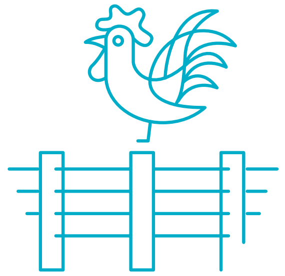
HERETAUNGA HASTINGS DISTRICT COUNCIL

After opening to traffic in early April, Matapiro Bridge was officially opened on 28 June 2025, marking its completion.

The new Matapiro Bridge is the third large rebuild to now be completed in the Hastings area post-cyclone – following the replacement of the bridge over Kererū Gorge and the Chrystal Culvert.

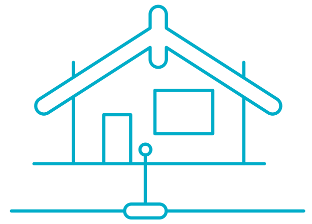
RURAL BROADBAND FUNDS

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



86,098
RURAL BROADBAND COVERAGE TO DATE

100%
HOMES AND BUSINESSES COMPLETE



676
MARAE CONNECTED

674
WITH HARDWARE INSTALLED

69,555
RURAL CAPACITY UPGRADES

99%
HOMES, FARMS AND BUSINESSES COMPLETE

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 2024/25, 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			2023/24	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
RURAL HOUSEHOLDS AND BUSINESSES TO RECEIVE IMPROVED BROADBAND (CUMULATIVE)	86,098	86,000	Achieved	84,688	Achieved
RURAL HOUSEHOLDS AND BUSINESSES RECEIVING UPGRADED BROADBAND CAPACITY (CUMULATIVE)	69,555	64,000	Achieved	57,830	Achieved

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.

+53
MOBILE TOWERS
RURAL AND BLACK SPOTS
566
TOWERS COMPLETE (99%)

+283
STATE HIGHWAY
KM COVERED*
2,086km
COMPLETE

+33
TOURISM SPOTS COVERED*
192
COMPLETE (96%)

48
BATTERY CAPACITY
UPGRADES COMPLETED
45%
COMPLETE

+1,256
HOMES AND BUSINESSES WITH
BROADBAND CAPACITY UPGRADES
6,854
CAPACITY UPGRADES COMPLETE

+4
SETTLEMENTS WITH MOBILE
COVERAGE
12
SETTLEMENTS COMPLETE (92%)

* Includes local roads

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, emergency civil defence cell broadcast alerts, improved navigation, provide enhanced coverage for emergency services and deliver other benefits to those in 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 2024/25, the Company funded additional rural mobile towers and prioritised the focus to deliver mobile voice services to underserved communities, and increased battery capacity to mobile towers at risk of failure during extreme weather events.

REPORTABLE MEASURE	2024/2025[15]			2023/24	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
MOBILE BLACK SPOTS: COVERAGE OF TOURIST AREAS[16]	192	185	Achieved	159	Achieved
MOBILE BLACK SPOTS: COVERAGE OF STATE HIGHWAYS AND LOCAL ROADS[17]	2,086	1,615km	Achieved	1,481km[18]	Achieved
SETTLEMENTS WHICH GAIN NEW MOBILE VOICE COVERAGE (CUMULATIVE)	12	5	Achieved	8	N/A New measure

Matukituki Suspension Bridge Tower, Queenstown Lakes – RCG, Rural Broadband

15 Programme target adjusted to take account of spectrum funded mobile black spots.
16 Programme to date, not all projects completed in FY2024/25.
17 Programme to date, not all projects completed in FY2024/25.
18 2023/24 measure did not include local roads.

PUBLIC SAFETY NETWORK (PSN)

THE COMPANY IS PARTNERING WITH THE NEXT GENERATION CRITICAL COMMUNICATIONS GROUP OF NZ POLICE AS AN INFRASTRUCTURE DELIVERY OVERSIGHT PARTNER. THE PSN INCLUDES AN UPGRADE TO THE ONE.NZ AND SPARK MOBILE NETWORKS TO PROVIDE ROAMING AND PRIORITY MOBILE FOR EMERGENCY SERVICES AGENCIES, AND A NEW DIGITAL P25 LAND MOBILE RADIO (LMR) NETWORK.

The policy objective of the “Public Safety Network” class of outputs is to replace and significantly enhance the existing critical communications used by the emergency services, many of which are obsolete and approaching end of life. It tracks the Company’s progress towards the achievement of the “Improve Digital Connectivity” strategic objective.

The role of the Company is to support the New Zealand Police’s Next Generation Critical Communications (**NGCC**) Unit in the implementation of the PSN. There are two components to the PSN that the Company is involved in:

- Deployment of a common national LMR network that all emergency services can use; and
- Implementation of priority mobile services for emergency services.

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 is funded from Vote Police and the Company does not have any financial exposure.

In 2024/25, the Company supported NGCC in project oversight, advised NGCC on contractual matters relating to the LMR network contract, including on network coverage and testing, and engaged with NGCC and the contractor (Tait Services) to improve the delivery of the LMR deployment. The SPE target of two LMR regions completed was not met with 49 out of 69 LMR towers in the two regions built and not commissioned.

REPORTABLE MEASURE	2024/2025			2023/24	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
MOBILE IMPLEMENTATION: TRAFFIC PRIORITISATION AVAILABLE TO ALL PARTICIPATING AGENCIES	100%	100%	Achieved	75%	Achieved
LAND MOBILE RADIO	0 regions completed	2 regions completed	Not Achieved	12 pilot sites completed and ready for testing, no regions delivered	Not Achieved

CORPORATE 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 (TABLE 10). IN TURN, THE DELIVERY PARTNERS HAVE SATISFACTORILY MET THEIR CONTRACTUAL OBLIGATIONS FOR DEPLOYMENT AND OPERATIONS.

REPORTABLE MEASURE	2024/2025			2023/2024	
	ACTUAL	PLAN	PERFORMANCE	ACTUAL	PERFORMANCE
NET OPERATIONAL COST AS PERCENTAGE OF ANNUAL INVESTMENT/GRANTS	2.24%	4.75%	Achieved	2.7%	Achieved

For more detail refer to ‘Consolidated Statement of Comprehensive Revenue and Expense’ - page 52

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:

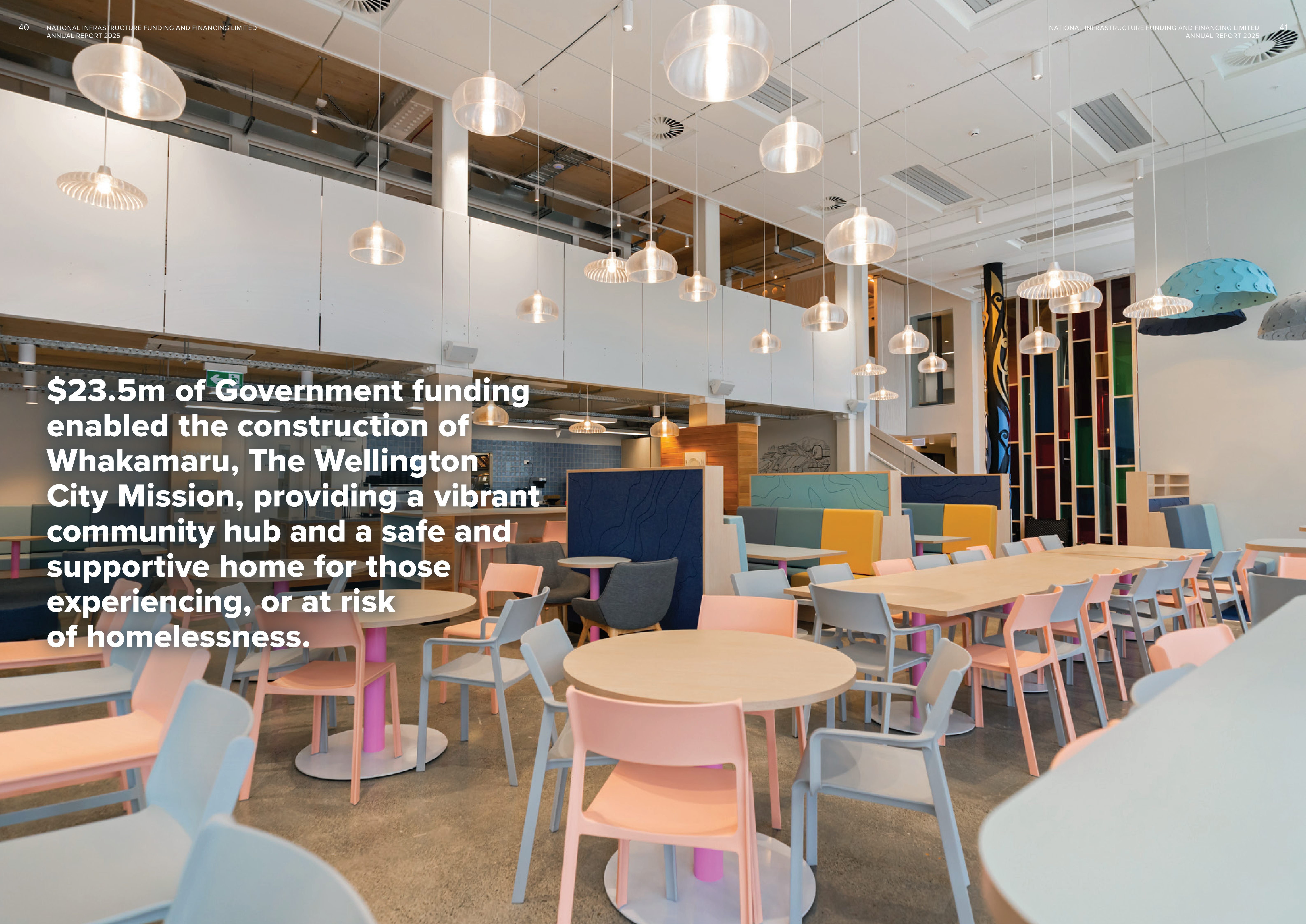
Rural Mobile Tower Expansion Business Cases – business cases are now complete and in implementation under the Rural Broadband and Rural Mobile classes of outputs.

Remote Users Scheme – this programme has now been incorporated into the Rural Broadband class of outputs.

Fibre Links – this programme was completed in FY 2023/24.

Public Safety Network (PSN) – Mobile implementation: cellular roaming available to all participating agencies was completed in 2023/24.

Better off Funding Package – this programme is no longer a Government priority and the Company reports progress through the Department of Internal Affairs.



$23.5m of Government funding enabled the construction of Whakamaru, The Wellington City Mission, providing a vibrant community hub and a safe and supportive home for those experiencing, or at risk of homelessness.

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 holds 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
	Facilitate private capital investment into public infrastructure
	Market-Led Proposals
	Corporate Finance Advisory
	Infrastructure Reference Group Fund
	Infrastructure Funding and Financing
DEPARTMENT OF PRIME MINISTER AND CABINET CYCLONE RECOVERY UNIT (UNTIL 30 JUNE 2025)	Cyclone Recovery Funds
DEPARTMENT OF INTERNAL AFFAIRS	Rural Drinking Water Funds
MINISTRY OF BUSINESS, INNOVATION AND EMPLOYMENT	Rural Broadband Funds
	Rural Mobile Funds
NZ POLICE	Public Safety Network

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,

GOVERNANCE *Continued*

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.

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 MEMBERSHIP

The Board is made up of six non-executive Directors.[18] The Directors' profiles can be read on page 42 of this Annual Report.

Directors are appointed by shareholding Ministers following Cabinet approval.

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.

18 A seventh director was added from September 2025.

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.

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. Alan has extensive experience in the energy and water sectors and until his retirement 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 and sits on the board of Kāinga Ora.

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 chair of Ngati Whatua Whai Rawa Ltd and an advisor to the board of Dialog Property NZ Ltd. He is a Fellow of the Royal Institute of Chartered Surveyors and is a past President of Property Council New Zealand.

Mei Fern Johnson served on the Board as a Director of the Company from 1 March 2022 – 1 April 2025. She is a Partner at law firm Russell McVeagh. She has more than 20 years' experience advising on mergers and acquisitions and complex commercial contracting, with particular expertise in investments in the infrastructure, technology, transport and energy sectors. She also works with many public sector agencies and Crown entities and was (Acting) General Counsel for the Accident Compensation Corporation in 2014/15. Mei Fern served on Russell McVeagh's Board from 2018 to 2022.

Bella Takiari-Brame served on the Board as a Director of the Company from 1 April 2020 – 30 November 2024. She is a Chartered Accountant and has worked in the oil, gas and utilities industries. She has a wealth of global market understanding and governance expertise. She holds many governance positions in Crown, private and iwi entities including Board member of ACC, Independent Director of Braemar Hospital, NZ Healthcare Investments Limited, and Te Ohu Kaimoana. Bella is Chair of The Lines Company and Deputy Chair of Te Nehenehenui Trust.

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, and extensive debt and capital markets activities. He participated in the management of listed infrastructure investment company Infratil and had extensive periods on the boards of NZ Bus and Wellington Airport. He is Motukairangi ward representative on Wellington City Council, chair of Council's Infrastructure Committee, and a trustee of social housing provider Te Toi Mahana. He is also a director on the board of the Infrastructure Commission.

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. Greg holds Masters and First Class Honours degrees in Engineering from the University of Auckland. He is an Officer of the New Zealand Order of Merit, a Fellow of Engineering New Zealand and a Chartered Member of the Institute of Directors. He is also a Director of Ferry Holdings Ltd, delivering new Cook Strait Ferries and related

BOARD OF DIRECTORS *Continued*

infrastructure, energy distribution company Powerco and a member of the Executive Governance Board for the new Public Safety Network.

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 build out their infrastructure assets, and transitioning to developing its 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.

REMUNERATION COMMITTEE

Chris Gudgeon (Chair)
Mei Fern Johnson (Chair until March 2025)
Mark Binns

AUDIT AND RISK COMMITTEE

Alan Dent (Chair)
Bella Takiari-Brame (Chair until November 2024)
Mark Binns
Chris Gudgeon

	2024/25			2023/24		
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	0
BELLA TAKIARI-BRAME	2	1	1	6	2	0
CHRIS GUDGEON	6	3	1	5	2	0
ALAN DENT	6	2	1	6	2	0
MEI FERN JOHNSON	4	1	1	6	1	0
MELISSA CAMERON	2	0	0	N/A	N/A	N/A
GREGORY LOWE	2	0	0	N/A	N/A	N/A
TIM BROWN	2	1	0	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 2025, nearly half (47%) 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 53% of the workforce and men 47%. 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.

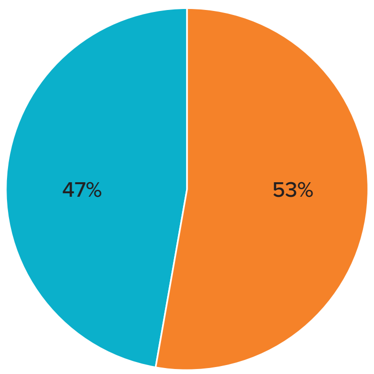
INCLUSIVE WORKING ENVIRONMENT

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.

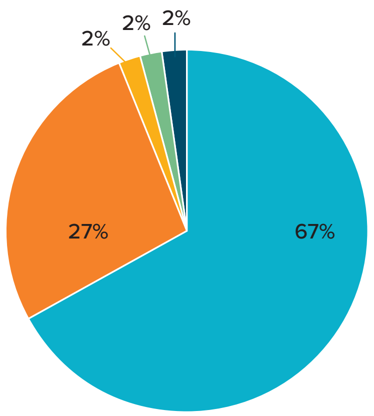
ONGOING COMMITMENT

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.



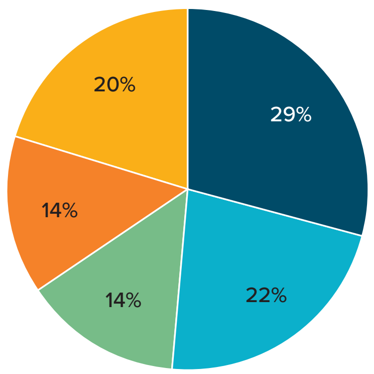
GENDER BALANCE (AS AT JUNE 2025)

- 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
- 2–5 YEARS
- 5–10 YEARS
- 10+ YEARS

STATEMENT OF RESPONSIBILITY

FOR THE YEAR ENDED 30 JUNE 2025

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 2025.

Signed on behalf of the Board.

Mark Binns
Chair

23 October 2025

Alan Dent
Director

23 October 2025

INDEPENDENT AUDITOR'S REPORT

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

TO THE READERS OF THE NATIONAL INFRASTRUCTURE FUNDING AND FINANCING LIMITED GROUP'S ANNUAL FINANCIAL STATEMENTS AND PERFORMANCE INFORMATION FOR THE YEAR ENDED 30 JUNE 2025

The Auditor-General is the auditor of the National Infrastructure Funding and Financing Limited group (the Group). The Auditor-General has appointed me, Wikus Jansen van Rensburg, using the staff and resources of Audit New Zealand, to carry out, on his behalf, the audit of:

- the annual financial statements of the Group that comprise the consolidated statement of financial position as at 30 June 2025, 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 52 to 93;
- the performance information that consists of:
  - the Group's statement of performance for the year ended 30 June 2025 on pages 19 to 39 and pages 42 to 43; and
  - the end-of-year performance information for appropriations for the year ended 30 June 2025 on pages 94 to 96.

OPINION

In our opinion:

- The annual financial statements of the Group:
  - fairly present, in all material respects:
    - its financial position as at 30 June 2025; and
    - its financial performance and cash flows for the year then ended; and
  - comply with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The statement of performance of the Group fairly presents, in all material respects, the Group's service performance for the year ended 30 June 2025. In particular, the Group's statement of performance:
  - provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Group for each class of reportable outputs; determined in accordance with generally accepted accounting practice in New Zealand;
  - fairly presents, in all material respects, for each class of reportable outputs:
    - the actual performance of the Group;
    - the actual revenue earned; and
    - the output expenses incurred

    compared with the forecast standards of performance, the expected revenues, and proposed output expenses included in the Group's statement of performance expectations for the financial year; and
  - complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.
- The end-of-year performance information for appropriations:
  - fairly presents, in all material respects:
    - what has been achieved with each appropriation; and
    - the actual expenses or capital expenditure incurred in relation to each appropriation as compared with the expenses or capital expenditure that were appropriated or forecast to be incurred; and
  - complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Our audit was completed on 23 October 2025. This is the date at which our opinion is expressed.

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 GROUP'S ANNUAL FINANCIAL STATEMENTS AND THE GROUP'S PERFORMANCE INFORMATION

The preparation of the financial statements and performance information of the Group is the responsibility of the Board of Directors.

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 generally accepted accounting practice in New Zealand. This includes preparing performance information that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

The Board of Directors is responsible for such internal control as it determines is necessary to enable it to prepare Group annual financial statements, a Group statement of performance, and the end-of-year performance information for appropriations that are free from material misstatement, whether due to fraud or error.

In preparing the Group's annual financial statements, the Group statement of performance, and the endof-year performance information for appropriations, 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 merge or to terminate the activities of the Group, or there is no realistic alternative but to do so.

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

RESPONSIBILITIES OF THE AUDITOR FOR THE AUDIT OF THE GROUP'S ANNUAL FINANCIAL STATEMENTS AND THE GROUP'S PERFORMANCE INFORMATION

Our objectives are to obtain reasonable assurance about whether the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations, 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 Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations.

For the budget information reported in the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations, 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 ended 30 June 2025.

We did not evaluate the security and controls over the electronic publication of the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations.

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 Group's financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations, 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 evaluate whether the Group's statement of performance and the end-of-year performance information for appropriations:
  - provide an appropriate and meaningful basis to enable readers to assess the actual performance of the Group in relation to the forecast performance of the Group (for the statement of performance) and what has been achieved with each appropriation (for the end-of-year performance information for appropriations). We make our evaluation by reference to generally accepted accounting practice in New Zealand; and
  - fairly present the actual performance of the Group and what has been achieved with each appropriation 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 crown entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the crown entity to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations, including the disclosures, and whether the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations 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, the service performance information, and the end-of-year performance information for appropriations of the entities or business units within the group as a basis for forming an opinion on the group annual financial statements, the group statement of performance and the end-of-year performance information for appropriations of the group. We are responsible for the direction, supervision and review 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 all of the information included in the annual report, but does not include the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations, and our auditor's report thereon.

Our opinion on the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations 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 Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the Group's annual financial statements, the Group's statement of performance, and the end-of-year performance information for appropriations 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 independence requirements of the AuditorGeneral's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* issued by the New Zealand Auditing and Assurance Standards Board.

Other than in our capacity as auditor of the Group, we have no relationship with, or interests in, the Group.

Wikus Jansen van Rensburg
Audit New Zealand
On behalf of the Auditor-General
Auckland, New Zealand

Financial Statements

FOR THE YEAR ENDED 30 JUNE 2025

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025[1] $000	2024 $000 (As restated)
Income			
Interest income	14	116,241	103,251
Grant income[2]	2.2	841,901	519,295
Receipt of right to statutory levy	4	187,013	142,927
Government agency recoveries		3,873	2,969
Impairment reversal on loan assets – net	6	-	5,295
Net fair value gains on FVTSD[3] instruments	11	-	57,401
Other income		62	-
Total income		**1,149,090**	**831,138**
Expenses			
Finance costs	3	20,540	13,906
Directors' fees	15	270	189
Personnel costs	16	11,154	8,816
Depreciation and amortisation expenses	12, 13	1,450	1,101
Professional advisory fees	17	3,675	5,974
Other expenses	18	5,825	3,994
Grant programme expense[3]	7	972,217	529,686
Non-grant funded programme expenses	7	15,325	33,797
Contribution – loans	6, 11	3,511	32,551
Expected credit loss	6	92	674
Impairment on loan assets	6	2,849	-
Net fair value losses on derivatives	11	16,730	7,562
Net fair value losses on FVTSD[3] instruments	11	15,357	-
Total expenses		1,068,995	638,250
Surplus/(deficit) before tax		**80,095**	**192,888**
Tax expense/(credit)	19	-	-
Net surplus/(deficit)		**80,095**	**192,888**
Other comprehensive revenue and expense		-	-
Total comprehensive revenue and expense		**80,095**	**192,888**

[1] Budget figures and explanations of major variances against the budget are detailed in note 25.

[2] The comparative balance has been restated. For further details, please refer to note 26.

[3] Fair value through surplus or deficit.

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 2025

	Notes	2025[1] $000	2024 $000
Assets			
Current assets			
Cash and cash equivalents	20	794,450	471,982
Short-term investments	20	22,400	181,861
Trade and other receivables	23	10,054	708
GST receivables		-	17,593
Prepayments		179	164
Deferred loan transaction costs		3,852	3,306
Investments in financed infrastructure	4	22,703	14,202
Investments in Chorus Debt and Equity Securities	5	-	159,224
Loan assets	6	3,510	5,086
Total current assets		857,148	854,126
Non-current assets			
Property, plant and equipment	12	9,019	9,177
Intangible assets – software	13	732	1,089
Investments in financed infrastructure	4	423,693	237,545
Investments in Chorus Debt and Equity Securities	5	642,327	613,980
Loan assets	6	216,562	200,527
Interest rate swap	8, 9	-	2,836
Total non-current assets		1,292,333	1,065,154
Total assets		**2,149,481**	**1,919,280**
Liabilities			
Current liabilities			
Creditors and other payables	21	102,509	77,034
Employee entitlements		1,752	1,350
Income in advance	22	82,292	130,669
Grant funds held for distribution	22	204,847	60,230
GST payables		3,310	-
Total current liabilities		394,710	269,283
Non-current liabilities			
Borrowings	3	416,967	295,213
Income in advance	22	57,130	147,863
Interest rate swap	8	23,885	10,257
Total non-current liabilities		497,982	453,333
Total liabilities		**892,692**	**722,616**
Net assets		**1,256,789**	**1,196,664**
Contributed capital	10	1,655,200	1,655,200
Retained earnings		(398,411)	(458,536)
Total equity		**1,256,789**	**1,196,664**

[1] Budget figures and explanations of major variances against the budget are detailed in note 25.

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 2025

	Contributed Capital $000	Retained earnings $000	Total $000
Opening balance 1 July 2023	**1,655,200**	**(651,424)**	**1,003,776**
Comprehensive income			
Net surplus/(deficit)	-	192,888	192,888
Total comprehensive revenue and expense	-	192,888	192,888
Owners' transactions			
Capital contribution – Crown	-	-	-
Closing balance 30 June 2024	**1,655,200**	**(458,536)**	**1,196,664**
Opening balance 1 July 2024	**1,655,200**	**(458,536)**	**1,196,664**
Comprehensive income			
Net surplus/(deficit)[1]	-	80,095	80,095
Total comprehensive revenue and expense	-	80,095	80,095
Owners' transactions			
Capital contribution – Crown	-	-	-
Dividend[2] (note 2.2)	-	(19,970)	(19,970)
Total owners' transactions	-	(19,970)	(19,970)
Closing balance 30 June 2025	**1,655,200**	**(398,411)**	**1,256,789**

[1] Budget figures and explanations of major variances against the budget are detailed in note 25.

[2] The Company paid dividends to the Crown amounting to $19.97 million ($0.01705 per ordinary share) on 26 June 2025.

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 30 JUNE 2025

	Notes	2025[1] $000	2024 $000
Cash flows from operating activities			
Interest received		27,844	34,580
Government grants received	**2.2**	62,896	105,681
Receipts from government agencies	**2.2**	3,394	3,293
Goods and services tax (net)		14,491	(4,932)
Funds received for Cyclone Recovery Programme	**2.2**	783,276	251,947
Funds dispersed for Cyclone Recovery Programme		(618,651)	(161,903)
Grant programme payments[2]		(332,333)	(353,255)
Payments to suppliers		(12,303)	(15,620)
Payments to employees		(10,489)	(8,483)
Non-grant funded programme expenses		(16,914)	(26,316)
Net cash inflow/(outflow) from operating activities	**20**	**(98,789)**	**(175,008)**
Cash flows from investing activities			
Proceeds from redemption of Chorus Equity and Debt Securities	**5**	170,682	-
Net proceeds from sale of short-term investments		158,465	326,378
Levies and related penalties received		15,517	-
Proceeds from loan assets repayment		5,500	9,930
Payments received from investment in financed infrastructure		2,883	2,223
Purchase of property, plant and equipment and software		(222)	(4,921)
Acquisition of investments in bulk housing projects		-	(8,399)
Acquisition of investments in loans		(7,755)	(80,768)
Net cash inflow/(outflow) from investing activities		**345,070**	**244,443**
Cash flows from financing activities			
Proceeds from borrowings	**3**	116,206	184,363
Interest paid	**3**	(19,679)	(12,431)
Net settlements on derivatives		(370)	518
Dividends	**2.2**	(19,970)	-
Net cash inflow/(outflow) from financing activities		**76,187**	**172,450**
Net increase/(decrease) in cash and cash equivalents		**322,468**	**241,885**
Cash and cash equivalents at the beginning of the year		471,982	230,097
Cash and cash equivalents at the end of the year	**20**	**794,450**	**471,982**

[1] Budget figures and explanations of major variances against the budget are detailed in note 25.

[2] Grant programme payments exclude Cyclone Recovery Programme.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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 2025, 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 and Sludge Finance 2 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, and the Sludge Minimisation Facility in Wellington.

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);

(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 Act, repatriate surplus funds by way of distributions to its Shareholders.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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. Accordingly, the Company has designated itself as a PPC for the purposes of financial reporting under New Zealand Public Sector PBE Standards (PBE Standards). 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 2025 and were approved by the Board of Directors on 23 October 2025.

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.

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

The Group has adopted all mandatory new and amended standards and interpretations, which have not had any material impacts on the financial statements of the Group. In the current period, the Group adopted Disclosure of Fees for Audit Firms' Services (Amendments to PBE IPSAS 1) in the preparation of these financial statements. The amendment changes the required disclosures for fees for services provided by the audit or review provider, including a requirement to disaggregate the fees into specified categories. This new disclosure is included in Note 18.

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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.

Recognition of grant 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 measured subsequently in their entirety at either amortised cost or fair value, depending on the classification of the financial assets. Debt instruments that meet the following conditions are measured subsequently at amortised cost:

- The financial asset is held within a business 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.

Debt instruments that meet the following conditions are measured subsequently at fair value through other comprehensive income (FVTOCI):

- The financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling the financial assets; 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 measured subsequently at fair value through surplus or deficit (FVTSD).

All the Group's financial liabilities are measured at amortised cost, except for derivative financial liabilities and fixed rate loans of Sludge Finance LP, which are measured at FVTSD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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.

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 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 – Note 2.2 and Note 26.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

1. STATEMENT OF ACCOUNTING POLICIES (CONTINUED)

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 – 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.

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 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 and Sludge Finance 2 Limited and 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.

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.

2.2 RELATED PARTY TRANSACTIONS

Significant transactions with government-related entities

During the current period, The Company has not received equity funding from the Crown (2024: nil). The Company paid dividends $19.97 million to the Crown on 26 June 2025 (2024: nil).

A share buyback offer of $182,612,039 was approved through a NIFF Board resolution prior to year end. This offer is proposed to return funds to the Crown in the 2026 financial year and is pending Shareholder approval.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

2. COMPOSITION OF THE GROUP (CONTINUED)

The Company has received a total of $849.6m from a number of government agencies during the year, breakdown in the table below:

	2025 $000	2024 $000
Cyclone recovery programme	783,276	251,947
Government grant income	62,896	105,681
Receipts from other government agencies	3,394	3,293
Total grant income and recoveries received	**849,566**	**360,921**

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

	2025 $000	2024 $000
Cyclone recovery funds	641,199	192,825
Infrastructure reference group[1]	140,346	254,470
Rural and marae connectivity	10,000	35,000
3.5 GHz rural and regional connectivity[2]	39,000	17,000
Rural and marae drinking water	11,497	20,000
Provincial Growth[3]	(141)	-
Total grant income recognised	**841,901**	**519,295**

[1] Shovel ready project fund

[2] 5G Spectrum

[3] Return of unused grant funding

Accounting policies

In making the judgement for the accounting treatment in respect of the funding transactions, the group considers the following factors are key:

1. The Company's role is to manage and oversee (administer) the fund and arrange for funding to be transferred to recipients on receipt of an invoice where the Company substantiates the conditions have been met, without taking control over the funding. This is part of the Company's core functions in administering Central Government infrastructure funds.
2. The Company is exposed to performance risk from this funding and reports on this in the Statement of Performance.

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 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

3. BORROWINGS

	2025 $000	2024 $000
Principal	397,326	281,120
Unamortised transaction costs	(6,939)	(5,728)
Fair value movement	26,580	19,821
Net carrying amount borrowings	**416,967**	**295,213**
Fixed rate loan non-current	240,699	225,889
Floating rate facility non-current	176,268	69,324
	416,967	**295,213**

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

	2025 $000	2024 $000
Effective interest on borrowings	20,330	13,747
Other finance charges	210	159
Total finance costs	**20,540**	**13,906**

Reconciliation of carrying amount of borrowings

	2025 $000	2024 $000
Opening balance	295,213	91,635
Drawdowns	116,206	184,363
Payment of upfront fees and commitment fees	(1,861)	(1,922)
Interest expense	20,330	13,747
Payments of principal and interest	(19,679)	(12,431)
Fair value movement	6,758	19,821
Closing balance	**416,967**	**295,213**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

3. BORROWINGS (CONTINUED)

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.

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 2025 based on current market volatility (2024: 100 basis points was determined to be a reasonably possible change in discount rate at 30 June 2024).

Key assumptions/inputs	2025 Assumption	Possible change	2025 Impact $	2024 Assumption	Possible change	2024 Impact $
Discount rate	avg 5.81%	+/- 100bps	19,484/ -23,287	avg 6.13%	+/- 100bps	18,241/ -21,927

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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 and Sludge Minimisation Facility Programme.

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

	2025 $000	2024 $000
Current	22,703	14,202
Non-current	423,693	237,545
Total	**446,396**	**251,747**

INVESTMENTS IN MILLDALE BULK HOUSING INFRASTRUCTURE PROJECT

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

	2025 $000	2024 $000
Balance at 1 July	**59,585**	**49,667**
Amount paid during the year	-	8,398
Interest revenue	4,116	3,966
Fair value gains/losses	1,050	(127)
Repayments received	(2,787)	(2,319)
Balance at 30 June	**61,964**	**59,585**

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 cash flow 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 2025 based on current market volatility (2024: 100 basis points is a reasonably possible change in the discount rate at 30 June 2024).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

4. INVESTMENTS IN INFRASTRUCTURE FINANCED PROJECTS (CONTINUED)

Key assumptions/inputs	2025 Assumption	Possible change	2025 Impact $000	2024 Assumption	Possible change	2024 Impact $000
Discount rate	7.00%	+/- 100bps	-6,080/7,152	6.96%	+/- 100bps	-6,203/7,355

RIGHT TO LEVY STATUTORY RECEIVABLE

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

	2025 $000	2024 $000
Balance at 1 July	**192,162**	**35,749**
Revenue for receipt of right to levy	187,013	142,927
Interest revenue	16,059	6,264
Fair value gains/losses	4,653	7,222
Levies received	(15,455)	-
Balance at 30 June	**384,432**	**192,162**

The Group recognised $187 million of revenue for receipt of the right to levy beneficiaries under the Order in Councils 2022 (2024: $142.9 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 (note 4).

Right to levy statutory receivable – key terms

The Group, through its subsidiaries TSP Finance LP and Sludge Finance 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

4. INVESTMENTS IN INFRASTRUCTURE FINANCED PROJECTS (CONTINUED)

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.

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 2025 based on current market volatility (2024: 100 basis points is a reasonably possible change in the discount rate at 30 June 2024).

Key assumptions/inputs	2025 Assumption	Possible change	2025 Impact $000	2024 Assumption	Possible change	2024 Impact $000
Discount rate	avg 5.76%	+/- 100bps	-41,100/ 49,066	avg 6.01%	+/- 100bps	-20,809/ 24,949

5. INVESTMENTS IN CHORUS DEBT AND EQUITY SECURITIES

The Group's investments in Chorus Equity and Debt Securities are carried at fair value. These are set out below:

	Chorus Equity Warrants $000	Chorus Equity Securities $000	Chorus Senior Notes $000	Chorus Subordinated Notes $000	Total $000
Net investments at 1 July 2023	**812**	**336,271**	**111,709**	**204,628**	**653,420**
Amount paid during the year	-	-	-	-	-
Less UFB contribution	-	-	-	-	-
Initial investment recognised	-	-	-	-	-
Fair value gain/(loss) recognised in surplus or deficit	(726)	56,317	5,116	8,695	69,402
Interest	-	29,610	6,677	14,095	50,382
Net investments at 30 June 2024	**86**	**422,198**	**123,502**	**227,418**	**773,204**
Amount paid during the year	-	-	-	-	-
Less redemption[1]	-	(85,341)	(28,705)	(56,636)	(170,682)
Net of investment recognised after redemption	-	(85,341)	(28,705)	(56,636)	(170,682)
Fair value gain/(loss) recognised in surplus or deficit	105	(16,978)	4,544	(1,868)	(14,197)
Interest	-	31,881	7,045	15,076	54,002
Net investments at 30 June 2025	**191**	**351,760**	**106,386**	**183,990**	**642,327**

[1] The Company received first redemption for Chorus Equity and Debt securities amounting to $170.7 million in 2025.

All fair value gains/losses relate to assets that continue to be held at the end of the reporting period.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

5. INVESTMENTS IN CHORUS DEBT AND EQUITY SECURITIES (CONTINUED)

Investments in Chorus Debt and Equity Securities are shown in the Statement of Financial Position as:

	2025 $000	2024 $000
Current	-	159,224
Non-current	642,327	613,980
Total	**642,327**	**773,204**

Chorus overview

The Company invested $1.3 billion in Chorus progressively as deployment stages were completed. 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 $170.6 million was repaid and redeemed on 30 June 2025. The Company's investment in Chorus is by way of Debt and Equity Securities. These securities were issued progressively by Chorus and subscribed to by the Company on a per-premises-passed basis as stages were completed and satisfied User Acceptance Testing.

Chorus also issued to the Company Equity Warrants to allow the Company to participate in the upside of the financial performance of Chorus (one warrant for each $1 of the Company Equity Securities). The warrants are not currently considered significant.

Chorus Equity Securities – key terms

The Chorus Equity Securities carry no rights to vote at meetings of ordinary Chorus shareholders, but rank ahead of ordinary shareholders in the event of liquidation. Dividends will become payable on a portion of the Chorus Equity Securities from 2025 onwards, with the portion increasing with time until all the Chorus Equity Securities attract dividends. These dividends are at the discretion of the Chorus Board; however, ordinary Chorus shareholders cannot be paid dividends if the Chorus Equity Securities' dividends are unpaid.

The dividend rate will equal the New Zealand 180-day bank bill rate plus a margin of 6%. It is expected that all Chorus Equity Securities, if not redeemed for cash or Chorus shares, will attract dividends by 2036. Chorus can redeem the Chorus Equity Securities in cash or by issuing Chorus ordinary shares (by reference to a formula) at any time.

At 30 June 2025, the Moody's Chorus Credit rating is Baa2 (30 June 2024: Baa2), and Standard & Poor's rating is BBB (2024: BBB). Both credit ratings are investment grade.

The terms of the Chorus Equity Securities do not prohibit the payment of dividends on Chorus ordinary shares. However, provisions elsewhere in the agreements prohibit Chorus, without the Company's approval, paying any distributions on its ordinary shares during any period in which Chorus's credit rating is below investment grade.

Chorus Debt Securities – key terms

The Chorus Debt Securities are unsecured and carrying no interest, but there are imputed interest and, like the Chorus Equity Securities, have no voting rights. The principal amount of a Chorus Debt Security consists of 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 repayment profile is based on a similar regime to the dividend rights for the Chorus Equity Securities. The redemption profile is 18.5% in 2025 and 2030, 27.7% in 2033 and the remaining 35% in 2036.

NIFF's investment

Any difference on initial recognition between the fair value of an investment in Chorus and the contribution by the Company represents the Company's and the Crown's contribution towards the deployment of UFB in New Zealand.

There is judgement made on the interest rates used to value the tranches of Chorus Equity and Debt Securities, 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 equity and debt securities recognition.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

5. INVESTMENTS IN CHORUS DEBT AND EQUITY SECURITIES (CONTINUED)

Accounting policies

The investments in unlisted Equity Securities of Chorus are classified as FVTSD. 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 Chorus Equity 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; 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. Indications that Chorus is in significant financial difficulty and late payments are considered to be objective evidence of impairment.

The investments in Chorus Debt Securities are classified as FVTSD. 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 Chorus Debt 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; 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.

Any difference on initial recognition between the fair value of the investment and the contribution by the Company is reflected in the UFB contribution line in surplus or deficit.

Key assumptions

Fair value is determined in the manner set out under the Fair Value Measurements section of note 9. The estimates used 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 current year discount rate used to fair value the equity securities has been adjusted by lowering the equity risk premium to reflect the current market conditions, improved macroeconomic factors and reassessment of the overall risk environment.

The key assumptions are set out below, along with information on a reasonably possible change to the discount rate (estimated based on past experience) and the potential impacts of such a change on the investment carrying value for the Chorus Equity Securities and Chorus Debt Securities carried at fair value. Management has determined that 100 basis points is a reasonably possible change in the credit spread inputs/assumptions below at 30 June 2025 based on current market volatility (2024: 100 basis points is a reasonably possible change in the credit spread inputs/assumptions below at 30 June 2024).

					Equity Securities		Debt Securities	
Key assumptions/ inputs	2025 Assumption	2024 Assumption	2025 Possible change	2024 Possible change	2025 Impact $000	2024 Impact $000	2025 Impact $000	2024 Impact $000
Senior credit spread (BBB (2024: BBB))	94-114 bps	106-140 bps	+/- 100bps	+/-100 bps	N/A	N/A	-7,978/ 8,768	-6,849/ 10,600
Subordinated credit spread (BBB-/BB+ (2024: BBB-/ BB+))	199-364 bps	150-279 bps	+/- 100bps	+/-100 bps	-25,526/ 27,969	-28,837/ 31,838	-13,568/ 14,889	-15,817/ 15,561
Risk-free term structure	3.93% – 4.77%	4.58% – 5.30%	+/- 100bps	+/-100 bps	-25,526/ 27,969	-28,837/ 31,838	-21,546/ 23,658	-23,197/ 25,629

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

6. INVESTMENTS IN LOAN ASSETS

The Group's investments in loan assets include the IRG loans and the Northpower Fibre Limited 2 (NFL2 loan). These loan assets are carried at amortised cost.

	2025 $000	2024 $000
Balance at 1 July	**205,613**	**153,887**
Amount paid during the year	11,302	80,768
Less loan contribution	(3,511)	(32,551)
Interest revenue[1]	16,167	9,397
Repayments received	(6,558)	(10,509)
Impairment – net[2]	(2,849)	5,295
Provision for expected credit loss	(92)	(674)
Balance at 30 June	**220,072**	**205,613**

[1] The interest revenue is imputed interest of $14.6 million and $1.1 million of interest earned on loan assets (2024: imputed interest of $8.0 million and $0.9 million of interest earned on loan assets). A one-off gain of $4.6m was recognised and included in the imputed interest when Auckland University's project practical completion date was brought forward, which resulted in the contractual loan maturity being earlier.

[2] Impairment reversal (net) relates to reversals of $7.4 million, net of impairment loss of $2.1 million.

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

	2025 $000	2024 $000
Current	3,510	5,086
Non-current	216,562	200,527
Total	**220,072**	**205,613**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

6. INVESTMENTS IN LOAN ASSETS (CONTINUED)

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.

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 cash flow 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 loss of $2.8 million and an expected credit losses of $0.09 million (2024: impairment reversal of $7.4 million net of impairment loss of $2.1 million and an expected credit losses of $0.7 million).

7. GRANT PROGRAMME EXPENSES

Programme expenses

	2025 $000	Restated 2024 $000
Digital connectivity funds	51,076	36,722
Infrastructure reference group grants	129,044	177,100
Rural and marae drinking water grants	11,911	9,209
Infrastructure Funding and Financing ('IFF'') grants	141,527	114,938
Cyclone recovery funds[1]	638,659	191,717
Total grant expenses	**972,217**	**529,686**
Non grant funded programme expenses	15,325	33,797
Total programme expenses	**987,542**	**563,483**

[1] The comparative balance has been restated to align with the current presentation, resulting in an increase of $191.7 million in grant expense (note 26).

In the current period the Group paid $51.1 million in digital connectivity funds grants that were funded by the Crown (2024: $36.7 million), including $14.6 million of Rural and Marae Connectivity funding (2024: $10 million) and $36.5 million of 3.5 GHz (5G Spectrum) Rural and Regional Connectivity funding (2024: $20.3 million). No Provincial Growth Fund (PGF) grants were funded during the year (2024: $6.4 million). NIFF makes digital connectivity grant payments as non-grant funded programme (being recycled funds from the completed programmes) expenses $15.3 million (2024: $33.8 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

8. INTEREST RATE SWAPS

Key terms

The Group has three 30-year interest rate swaps (2024: 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 $278.2 million (2024: $92.7 million).

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 2025 based on current market volatility (2024: 100 basis points is a reasonably possible change in the swap rate at 30 June 2024).

Key assumptions/inputs	2025 Assumption	Possible change	2025 Impact $000	2024 Assumption	Possible change	2024 Impact $000
Swap rate	avg 4.70%	+/- 100bps	56,780/ -56,045	avg 4.79%	+/- 100bps	53,979/ -52,730

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 Chorus Equity Securities, Chorus Debt Securities, 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 2025 is 3.28% (2024: 5.94%). The average interest rate on the Company's Treasury bills at 30 June 2025 is 3.25% (2024: 5.54%).

The terms of the Chorus Equity Securities and Debt Securities 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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

9. FINANCIAL RISK (CONTINUED)

Cash flow interest rate risk

Cash flow 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 cash flow 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 2025, 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 $0.5 million higher/lower (2024: $0.6 million). In relation to Treasury bills held on 30 June 2025, 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 $0.1 million higher/lower (2024: $0.2 million).

The sensitivities of the Chorus Securities, 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, 5, 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 two major banks (2024: 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.

	2025 $000	2024 $000
Cash at bank and term deposits		
AAA	119,979	198,128
AA-	646,871	455,715
A+	50,000	-
Total cash at bank and term deposits	**816,850**	**653,843**
Derivative financial instrument assets		
AA-	-	2,836

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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 and IRG loan 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 2025 (2024: nil). Management has performed an Expected Credit Loss (ECL) calculation and reviewed the general terms of impairment and determined that there is a $0.09 million ECL impairment and a $2.8 million impairment relating to IRG loans in the current period (2024: a $0.7 million ECL impairment and a $5.3 million impairment relating to IRG loans).

The Company'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, Tauranga City Council, Wellington City Council and IRG 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 IRG 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 2054. The interest rate swaps, which were taken out to manage the floating rate debts, are in place for 30 years to fiscal years 2053 and 2054. 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.

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**

2024 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	77,034	-	-	-
Borrowings	18,788	72,372	145,459	400,237
Interest rate swap cash outflows	7,906	81,539	108,890	295,446
Interest rate swap cash inflows	(8,925)	(71,879)	(102,768)	(302,804)
Total cash flows	**94,803**	**82,032**	**151,581**	**392,879**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

9. FINANCIAL RISK (CONTINUED)

Since the Group expects to refinance its loan facilities, the following additional table presents the expected cashflows based on those borrowings being repaid over the period to fiscal year 2054. 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.

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**

2024 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	77,034	-	-	-
Borrowings	18,788	72,087	94,084	533,549
Interest rate swap cash outflows	7,906	81,539	108,890	295,446
Interest rate swap cash inflows	(8,925)	(71,879)	(102,768)	(302,804)
Total cash flows	**94,803**	**81,747**	**100,206**	**526,191**

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. These financial assets are all 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 cash flow 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 $184.6 million (2024: $169.9 million). The carrying amount of the fixed rate borrowings of $184.6 million at 30 June 2025 represents drawdowns of $158 million and fair value movement of $26.6 million (30 June 2024: $169.9 million represents drawdowns of $150.1 million and fair value movement of 19.8 million).

The investment in the NFL2 loan (carrying amount $10.4 million) has a fair value of $9.5 million (2024: the carrying amount of $9.9 million had a fair value of $9.9 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

9. FINANCIAL RISK (CONTINUED)

The investment in IRG loans (carrying amount $209.7 million) has a fair value of $212.3 million (2024: the carrying amount of $195.7 million had a fair value of $193 million). 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 2025 and 30 June 2024.

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:

	2025 $000	**2024 $000**
Amortised cost		
Cash and cash equivalents	794,450	471,982
Short-term investments	22,400	181,861
Trade and other receivables	10,054	708
Loan assets	220,072	205,613
Total financial assets carried at amortised cost	1,046,976	860,164
Financial assets mandatorily measured at FVTSD		
Investments in Chorus Equity Securities	351,760	422,198
Investments in Chorus Debt Securities	290,376	350,920
Investments in Chorus Equity Warrants	191	86
Investments in Infrastructure financial assets	61,964	59,585
Right to levy financial receivable	384,432	192,162
Total financial assets mandatorily measured at FVTSD	1,088,723	1,024,951
Total financial assets	**2,135,699**	**1,885,115**
Financial liabilities measured at amortised cost		
Creditors and other payables	102,509	77,034
Grant funds held for distribution	204,847	60,230
Borrowings	232,365	125,292
Total financial liabilities measured at amortised cost	539,721	262,556
Financial liabilities mandatorily measured at FVTSD		
Borrowings	184,602	169,921
Interest rate swap	23,885	7,421
Total financial liabilities mandatorily measured at FVTSD	**208,487**	**177,342**
Total financial liabilities	**748,208**	**439,898**

10. CAPITAL AND CAPITAL MANAGEMENT

	2025 $000	**2024 $000**
Opening balance	1,655,200	1,655,200
Capital contribution	-	-
Balance at 30 June	**1,655,200**	**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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

10. CAPITAL AND CAPITAL MANAGEMENT (CONTINUED)

The Crown investment made in the Company is represented by 1,865,400,200 $1 ordinary shares issued, with 1,655,200,200 being fully paid and 210,200,000 being unpaid (2024: 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.

Capital management

NIFF's and the Group's capital is their equity, which comprises accumulated funds and share capital, and borrowings. 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.

11. FAIR VALUE MOVEMENTS ON FINANCIAL INSTRUMENTS

The fair value gains/losses represent the change in the carrying value to the value that the Company believes it would attain in the market as at balance date. The Company uses a discounted cash flow 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 9) in each of the PBE IPSAS 41 categories are as follows:

	2025 $000	2024 $000
Fair value gains/(losses) on remeasurement of financial assets at FVTSD		
Chorus Equity Securities – fair value gains/(losses)	(16,978)	56,317
Chorus Debt Securities – fair value gains/(losses)	2,676	13,810
Milldale Bulk Housing Infrastructure financial assets – fair value gains/(losses)	1,050	(128)
Statutory receivable – right to levy fair value gains/(losses)	4,653	7,223
Total fair value gains/(losses) on remeasurement of financial assets at FVTSD	(8,599)	77,222
Fair value gains on initial recognition of financial liabilities at FVTSD		
Fixed rate loans	(6,758)	(19,821)
Total fair value gains/(losses) on initial recognition of financial liabilities measured at FVTSD	(6,758)	(19,821)
Total fair value gains/(losses) on FVTSD instruments	**(15,357)**	**57,401**
Fair value gains/(losses) on derivatives		
Chorus Equity Warrants – fair value gains/(losses)	105	(727)
Interest rate swap – fair value gains/(losses)	(16,835)	(6,835)
Total fair value gains/(losses) on derivatives	(16,730)	(7,562)
Fair value losses on initial recognition of financial assets at amortised cost		
IRG loans – loan contributions	(3,511)	(32,551)
Total fair value losses on initial recognition of financial assets measured at amortised cost	(3,511)	(32,551)
Total recognised in surplus/(deficit)	**(35,598)**	**17,288**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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 2023	10,000	-	262	164	10,426
Additions during the year	-	-	96	-	96
Disposals during the year	-	-	(155)	(6)	(161)
Balance at 30 June 2024	10,000	-	203	158	10,361
Accumulated depreciation					
Balance at 1 July 2023	-	-	184	60	244
Depreciation charge for the year	1,000	-	84	17	1,101
Disposals during the year	-	-	(155)	(6)	(161)
Balance at 30 June 2024	1,000	-	113	71	1,184
Net book value at 30 June 2024	**9,000**	**-**	**90**	**87**	**9,177**
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**

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 CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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.

As at 30 June 2025, the office fitout is not yet available for use and therefore the Group has not recorded any depreciation expense.

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 (2024: nil).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

13. INTANGIBLE ASSETS

	Software $000
Cost	
Balance at 1 July 2023	125
Additions during the year	964
Balance at 30 June 2024	**1,089**
Accumulated amortisation	
Balance at 1 July 2023	-
Amortisation charge for the year	-
Balance at 30 June 2024	-
Net book value at 30 June 2024	**1,089**
Cost	
Balance at 1 July 2024	1,089
Additions during the year	4
Balance at 30 June 2025	**1,093**
Accumulated amortisation	
Balance at 1 July 2024	-
Amortisation charge for the year	361
Balance at 30 June 2025	361
Net book value at 30 June 2025	**732**

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 years (48%) (2024: the software assets are not yet available for use and therefore the Group has not recorded any amortisation expense.)

14. INTEREST INCOME

	2025 $000	2024 $000
Interest income		
Amortised cost financial assets		
Loan assets	16,167	9,397
Interest earned on cash balances with financial institutions	17,183	22,352
Interest earned on levy accounts	139	-
Interest earned on Treasury bills	8,575	10,890
FVTSD financial assets		
Investments in Milldale Bulk Housing Infrastructure Project financial assets	4,116	3,966
Right to levy statutory receivable	16,059	6,264
Chorus Equity Securities	31,881	29,610
Chorus Debt Securities	22,121	20,772
Total interest income	**116,241**	**103,251**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

14. INTEREST INCOME (CONTINUED)

The interest income on the NFL2 loan, investments in Milldale Bulk Housing Infrastructure Project financial assets, IRG 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 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

	2025 $000	2024 $000
Board member fees during the year were:		
Mark Binns (Chair)	84	61
Alan Dent	45	32
Chris Gudgeon	44	32
Bella Takiari-Brame (departure 30 November 2024)	14	32
Mei Fern Johnson (departure 1 April 2025)	28	32
Timothy Brown (appointed 1 March 2025)	20	-
Melissa Cameron (appointed 1 April 2025)	15	-
Gregory Lowe (appointed 1 March 2025)	20	-
Total Board member fees	**270**	**189**

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.

16. EMPLOYEE ENTITLEMENTS, PERSONNEL COSTS AND KEY MANAGEMENT PERSONNEL

	2025 $000	2024 $000
Salaries and wages	10,675	8,453
Employer contributions to defined contribution plans	266	196
Other staff benefits	213	167
Total personnel costs	**11,154**	**8,816**

The Company has 41.3 full-time-equivalent employees and 14 contractors as at 30 June 2025 (2024: 31.5 and 12 respectively).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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

Key management personnel compensation

	2025 $000	2024 $000
Directors – 8 individuals (2024: 5 individuals)	270	189
CEO and senior management (8 individuals) (2024: 7 individuals)	3,460	3,378
Total key management personnel compensation	**3,729**	**3,567**

During the year ended 30 June 2025, nil (2024: one) employee received compensation and other benefits in relation to cessation totalling nil (2024: $109,706).

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

- To align remuneration, recognition and performance frameworks with the purpose and values of the Company;
- 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 Company 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 3% in fiscal year 2025 (2024: general adjustment to remuneration of 3%).

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 Company Board Remuneration Committee each year.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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

CEO and executive remuneration for 2025 and 2024 was:

		Fixed remuneration $	Short-term incentive $	% of short-term incentive paid	Total remuneration $
Graham Mitchell	**2025**	609,333	88,658	97%	697,991
Executive remuneration		2,460,129	301,447	96.3%	2,761,576
Graham Mitchell	**2024**	580,317	84,001	96.5%	664,318
Executive remuneration		2,347,997	365,341	95.4%	2,713,338

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.

17. PROFESSIONAL ADVISORY FEES

	2025 $000	2024 $000
Accounting	345	859
Legal	451	1,002
Engineering	1,213	1,227
Other	1,666	2,886
Total professional advisory fees	**3,675**	**5,974**

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

18. OTHER EXPENSES

	2025 $000	2024 $000
Audit of the financial statements and / or performance reporting:	510	499
NIFF – current year	294	276
NIFF – prior year	15	-
NIFF Services Limited	11	12
Milldale Infrastructure GP Limited	6	6
Milldale Infrastructure LP	40	40
Milldale Holdco GP Limited	-	6
Milldale Holdco LP	-	6
TSP Finance GP Limited	6	6
TSP Finance LP	60	58
Sludge Finance GP Limited	6	6
Sludge Finance LP	72	83
Total fees incurred for the services provided by the audit firm	**510**	**499**
Contractors	907	905
Staff travel and accommodation	292	186
Operating lease expenses	484	430
Information technology	2,212	566
Other	1,420	1,408
Total other expenses	**5,825**	**3,994**

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. 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 and Milldale Infrastructure LP. There were no further significant disbursements paid.

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.

	2025 $000	2024 $000
Not later than one year	649	308
Later than one year and not later than five years	2,779	308
Later than five years	746	308
Total non-cancellable operating leases	**4,174**	**924**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

19. TAXATION

	2025 $000	2024 $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	80,095	192,888
Tax expense/(credit) calculated at 28% (2024: 28%)	22,427	54,009
Effect of non-taxable status of the entities in the Group	(22,427)	(54,009)
Total income tax expense/(credit)	**-**	**-**

The Company is a public authority and consequently is exempt from the payment of income tax, but it is required to show the effective tax at 28% in the reconciliation above. The Company's subsidiaries are also exempt from the payment of income tax.

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 cash flow in the Statement of Cash Flows.

Commitments and contingencies are disclosed exclusive of GST.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

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

	2025 $000	2024 $000
Net surplus/deficit after tax	**80,095**	**192,888**
Add/(Less) non-cash items		
Interest income	(89,286)	(69,071)
Receipt of right to levy statutory receivable	(187,075)	(142,927)
Fair value losses/(gains) on FVTSD instruments	15,357	(57,401)
Fair value losses/(gains) on derivatives	16,730	7,562
Depreciation	1,450	1,101
Loan contributions	3,511	32,551
Impairment on loan asset	2,849	(5,295)
Expected credit loss	92	674
Loss on disposal	12	-
Total non-cash items	(236,360)	(232,806)
Add/(Less) movements in working capital items		
Receivables, GST and prepayments	11,542	(5,756)
Short-term investments	159,461	31,741
Creditors and other payables	25,475	21,316
Employee entitlements	402	129
Funds held for distribution	144,617	60,230
Income in advance	(139,110)	71,511
Net movements in working capital items	202,387	179,171
Add/(Less) items reclassified as investing or financing		
Movements in trade and other receivables related to investing activities	(96)	(263)
Movements in short-term investments relating to investing activities	(158,465)	(326,378)
Movements in creditors and other payables related to property, plant and equipment	(725)	3,861
Movements in creditors and other payables related to loan assets	(3,547)	-
Interest paid	19,679	12,431
Deferred loan transaction costs	(546)	(3,306)
Transaction costs recorded as part of the initial carrying amount of borrowings	(1,211)	(606)
Net cash from operating activities	**(98,789)**	**(175,008)**

Cash and cash equivalents:

	2025 $000	2024 $000
Deposits with financial institutions*	644,471	396,715
Term investments with financial institutions < 3 months	30,000	25,500
Treasury bills < 3 months	119,979	49,767
Total cash and cash equivalents	**794,450**	**471,982**

* Includes $0.7 million of restricted cash that is not available for general purposes (2024: $2.1 million).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

20. RECONCILIATION OF NET DEFICIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES (CONTINUED)

Short-term investments:

	2025 $000	2024 $000
Term investments with financial institutions > 3 months < 12 months	22,400	33,500
Treasury bills > 3 months < 12 months	-	148,361
Total short-term investments	**22,400**	**181,861**

21. CREDITORS AND OTHER PAYABLES

	2025 $000	2024 $000
Creditors	100,649	76,274
Accrued expenses	1,860	760
Total creditors and other payables	**102,509**	**77,034**

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 2025, 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 90%). This excludes the programme expenses, which are paid in accordance with the terms set out in the respective contracts.

22. INCOME IN ADVANCE

Income in advance	2025 $000	2024 $000
IRG income in advance	138,186	278,532
Other income in advance	1,236	-
	139,422	**278,532**
Income in advance is shown in the Statement of Financial Position as:		
Current	82,292	130,669
Non-current	57,130	147,863
Total income in advance	**139,422**	**278,532**

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 in fiscal 2026 to delivery partners that, it is anticipated, will meet the required criteria/milestones.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

22. INCOME IN ADVANCE (CONTINUED)

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 programme. Cyclone recovery grant funds held for distribution are as follow:

	2025 $000	2024 $000
Balance at 1 July	**60,230**	**-**
Amount received	783,276	251,947
Claims recognised	(638,659)	(191,717)
Balance at 30 June	**204,847**	**60,230**

23. TRADE AND OTHER RECEIVABLES

	2025 $000	2024 $000
Trade debtors	9,707	466
Interest receivables	347	242
Total trade and other receivables	**10,054**	**708**

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. EVENTS AFTER BALANCE DATE

Effective from 1 July 2025, the administration of the Infrastructure Acceleration Fund (IAF) was transferred to the Company from Kāinga Ora. $908 million in Government funding was allocated to the IAF programme which provides councils with funding to support the delivery of critical infrastructure (transport, water and flood management projects) needed to enable housing development and commits councils and developers to building homes in areas of high housing need.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

25. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET

The 2025 budgeted deficit of $74.1 million was approved in the 2024/2025 Statement of Performance Expectations.

CONSOLIDATED STATEMENT OF COMPREHENSIVE REVENUE AND EXPENSE

	Actual 2025 $000	Budget 2025 $000
Income		
Interest income	116,241	103,278
Grant income[1]	841,901	173,061
Receipt of right to statutory levy	187,013	193,664
Government agency recoveries	3,873	4,108
Other income	62	-
Total income	1,149,090	474,111
Expenses		
Finance costs	20,540	29,056
Directors' fees	270	221
Personnel costs	11,154	12,095
Depreciation and amortisation expense	1,450	1,185
Professional advisory fees	3,675	7,570
Other expenses	5,825	4,128
Grant programme expenses[1]	972,217	375,720
Non-grant funded programme expenses	15,325	59,200
Contribution – loans	3,511	1,519
Expected credit loss	92	54
Impairment on loan assets	2,849	-
Net fair value losses on derivatives	16,730	18,344
Net fair value losses on FVTSD instruments	15,357	39,094
Total expenses	1,068,995	548,186
Surplus/(Deficit) before tax	**80,095**	**(74,075)**
Tax expense/(credit)	-	-
Net surplus/(deficit)	**80,095**	**(74,075)**

[1] The Budget comparative balance has been restated to align with the current presentation to include the Cyclone Recovery grant income and grant programme expenses.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

25. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

EXPLANATION OF SIGNIFICANT VARIANCES

The key variances are:

- The increase in balance of cash and cash equivalent attributed more interest income earned.
- Grant income is higher than budget is due a change in the recognition of Grant income, see Note 26. The Grant income is also more than forecast as the grant expenses are higher than budget, as the income is recognised when the expenses are incurred or loans advanced to the projects.
- Receipt of right to statutory levy is lower than budget due to the timing of the IFF project claims being lower than the forecast.
- Grant expenses are higher than budget due a change in the recognition of Grant income, see Note 26, to the timing of the claims from the projects. The Grant expenses are higher on a like for like basis as the IRG and Cyclone Recovery programmes performed strongly during the year.
- Non-grant funded programme expenses were lower than budget due to timing of the claims from the project build partners.
- Impairment on loan assets – after the review of the latest financial information, the management assessed the loan for impairment following indications of the financial deterioration by the counterparty.
- FV losses on FVTSD instruments are affected by the underlying cost of investments in financed infrastructure being less than the forecast and the movement of prevailing market rate.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

25. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

	Actual 2025 $000	Budget 2025 $000
Assets		
Current assets		
Cash and cash equivalents	794,450	388,086
Short-term investments	22,400	97,385
Trade and other receivables	10,054	1,406
GST receivable	-	5,509
Prepayments	179	112
Deferred loan transaction costs	3,852	-
Investments in financed infrastructure	22,703	-
Investments in Chorus Debt and Equity Securities	-	-
Loan assets	3,510	-
Total current assets	857,148	492,498
Non-current assets		
Property, plant and equipment	9,019	9,296
Intangible assets – software	732	315
Investments in financed infrastructure	423,693	470,767
Investments in Chorus Debt and Equity Securities	642,327	566,537
Loan assets	216,562	227,224
Total non-current assets	**1,292,333**	**1,274,139**
Total assets	**2,149,481**	**1,766,637**
Liabilities		
Creditors and other payables	102,509	59,547
Employee entitlements	1,752	1,622
Income in advance	82,292	54,229
Grant funds held for distribution	204,847	-
GST payables	3,310	-
Total current liabilities	394,710	115,398
Term liabilities		
Borrowings	416,967	455,052
Income in advance	57,130	90,815
Interest rate swap	23,885	35,192
Total term liabilities	497,982	581,059
Total liabilities	**892,692**	**696,457**
Net assets	**1,256,789**	**1,070,180**
Contributed capital	1,655,200	1,643,130
Retained earnings	(398,411)	(572,950)
Total equity	**1,256,789**	**1,070,180**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

25. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

EXPLANATION OF SIGNIFICANT VARIANCES

The key variances are:

- Cash and cash equivalents are higher than budget due to the actual opening cash balance was higher than the forecast opening cash balance at the time budget was prepared. The cash balance is dependent on the timing of the claims from the projects.
- Short term investment is lower than budget as the Treasury Bill $120m was invested less than 3 months as at 30 June 2025 which is classified as cash and cash equivalent.
- Investments in financed infrastructure is lower than budget as the actual investments in financed infrastructure is less due to the delay of IFF project claims and the fair value movements.
- Investments in Chorus Debt and Equity Securities is higher than budget which is caused by the fair value movements; the forecast market rate used is higher than the actual market rate.
- Grant fund held for distribution is related to the Cyclone Recovery programme which is affected by the timing of projects claims and the fund had to be called by 30 June 2025 due to the disestablishment of Cyclone Recovery Unit.
- Creditors – increase in creditors is primarily due to the addition of new programmes and the timing of claims submitted by the building partners and suppliers at year end.
- Borrowings – the decrease in borrowings reflects the actual drawdown profile of the IFF projects. There was less loan drawdown required based on the actual IFF project claims.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Actual 2025 $000	Budget 2025 $000
Opening equity	1,196,664	1,146,255
Total comprehensive revenue and expense	80,095	(74,075)
Capital contribution – Crown	-	10,000
Return of capital	(19,970)	(12,000)
Total equity	**1,256,789**	**1,070,180**

EXPLANATION OF SIGNIFICANT VARIANCES

The key drivers of these variances are set out in the Statement of Comprehensive Revenue and Expense and Statement of Financial Position.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

25. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

CONSOLIDATED STATEMENT OF CASH FLOWS

	Actual 2025 $000	Budget 2025 $000
Cash flows from operating activities		
Interest received	27,844	18,918
Government grants received	62,896	42,392
Receipts from government agencies	3,394	4,108
Goods and services tax (net)	14,491	(665)
Funds received for Cyclone Recovery Programme	783,276	451,194
Funds dispersed for Cyclone Recovery Programme	(618,651)	(431,194)
Grant programme payments[1]	(332,333)	(377,235)
Payments to suppliers	(12,303)	(13,795)
Payments to employees	(10,489)	(11,755)
Non-grant funded programme expenses	(16,914)	(57,336)
Net cash inflow/(outflow) from operating activities	**(98,789)**	**(375,368)**
Cash flows from investing activities		
Redemption of Chorus Debt & Equity Securities	170,682	170,668
Net proceeds from sale of short-term investments	158,465	97,385
Levies received	15,517	14,020
Proceeds from loan assets repayment	5,500	5,500
Payment received from investment in infrastructure programmes	2,883	2,921
Purchase of property, plant and equipment and software	(222)	(1,395)
Acquisition of investments in loans	(7,755)	(5,043)
Net cash inflow/(outflow) from investing activities	**345,070**	**284,056**
Cash flows from financing activities		
Capital contribution – Crown	-	10,000
Proceeds from borrowings	116,206	162,487
Interest paid	(19,679)	(27,224)
Net settlements on derivatives	(370)	-
Return of capital	-	(12,000)
Dividend	(19,970)	-
Net cash inflow/(outflow) from financing activities	**76,187**	**133,263**
Net increase/(decrease) in cash and cash equivalents	**322,468**	**41,951**
Cash and cash equivalents at the beginning of the year	471,982	346,135
Cash and cash equivalents at the end of the year	**794,450**	**388,086**

[1] Grant programme payments exclude Cyclone Recovery Programme

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 JUNE 2025

25. EXPLANATION OF SIGNIFICANT VARIANCES AGAINST BUDGET (CONTINUED)

EXPLANATION OF SIGNIFICANT VARIANCES

The key variances are set out below:

- Government Grant received is higher than budget due to $9 million called as an additional funding for Rural Connectivity funding and a new project $11.5 million was added under Local Water Done Well programme.
- Funds received and dispersed for Cyclone Recovery Programme are higher that budget as the programme performed strongly during the year.
- Grant programme payments are lower than budget due to timing of the claims from the projects build partners.
- Non-grant funded programme payments are lower than budget due to timing of the claims from the project build partners.
- Net proceeds from sale of short-term investments are higher than budget as the treasury bill was invested less than 3 months as at 30 June 2025 which is classified as cash and cash equivalent instead of short-term investment.
- Proceeds from borrowings are lower than the budget due to the timing of the claim from the IFF projects requiring less loan drawdown.
- Return of capital and Dividend – it has been decided that the fund will be returned by way of a dividend distribution to the Treasury.

26. CHANGE IN ACCOUNTING POLICY

This cyclone recovery programme commenced in the 2024 financial year and the movement of funds were presented in the notes to the financial statements rather than the Consolidated Statement of Comprehensive Revenue and Expense. During the year, the Group changed its accounting policy for the treatment of the cyclone programme. The grant received and related claims from the cyclone recovery programme have been presented as grant income and corresponding grant programme expenses in the Consolidated Statement of Comprehensive Revenue and Expense. It is the Group's judgement that accounting for this programme as principal provides greater transparency and accountability around the funding. The change has been applied retrospectively, and the prior period comparatives have been restated to reflect the impact of these adjustments resulting in an increase of $191.7 million in both grant income and expense. There was no impact on the Statement of Financial Position. The impact is summarised below:

Statement of Comprehensive Revenue and Expense	2024 $000 (As previously reported)	Effect of change in accounting policy $000	2024 $000 (As restated)
Grant income	327,578	191,717	519,295
Grant programme expense	337,969	191,717	529,686
Total comprehensive revenue and expense	192,888	-	192,888

REPORTING AGAINST APPROPRIATION

FOR THE YEAR ENDED 30 JUNE 2025

SHOVEL READY PROJECT FUNDING

This is a multi-year appropriation is intended to provide grant funding to NIFF (previously Crown Infrastructure Partners Limited) to fund or deliver 'Shovel Ready' Infrastructure Projects^. The funding commenced on 1 August 2020 and expires on 30 June 2025.

Shovel Ready Project Funding	$000
Original appropriation	1,264,595
Adjustments up to 30 June 2024*	96,278
Accumulated spend up to 30 June 2024	(1,360,873)
Appropriation remaining at 30 June 2024	**-**
Adjustments to 2024/25	-
Balance of appropriation 30 June 2025	**-**

^ also known as Infrastructure Reference Group Fund

*The accumulated spend and adjustments has been rested to agree to the Vote Finance supplementary estimates of appropriations 2024/25.

RURAL AND MARAE CONNECTIVITY

This appropriation is intended to achieve relieving network capacity pressures and customer premises equipment detrimental to broadband service performance in rural areas and enabling more users in underserved locations to have access to broadband. This also provides for technology, support services and broadband subscription costs for marae.

Appropriation for Rural Connectivity	$000
Appropriation for 2023/24 Year End	35,000
Actual for 2023/24 Year End	(35,000)
Balance of appropriation 30 June 2024	**-**
Appropriation for 2024/25 Year End	10,000
Actual to 2024/25 Year End	(10,000)
Appropriation remaining at 30 June 2025	**-**

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 2024	(17,000)
Appropriation remaining at 30 June 2024	**55,000**
Actual to 2024/25 Year End	(39,000)
Appropriation remaining at 30 June 2025	**16,000**

^ also known as 5G Spectrum programme

REPORTING AGAINST APPROPRIATION (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

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	-
Appropriation remaining at 30 June 2025	**128,351**

^ 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**

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

SHOVEL READY PROJECT FUNDING
This appropriation is intended to provide grant funding to NIFF to fund or deliver 'shovel-ready' infrastructure projects.

Assessment of performance	Actual standard of performance 2023/24	Actual standard of performance 2024/25	Budgeted standard of performance 2024/25
Payments are made in accordance with approved grant drawdown requests.	Achieved	Achieved	Achieved

RURAL AND MARAE CONNECTIVITY
This appropriation is intended to achieve relieving network capacity pressures detrimental to broadband service performance in rural areas and enabling more users in underserved locations to have access to broadband.

Assessment of performance	Actual standard of performance 2023/24	Actual standard of performance 2024/25	Budgeted standard of performance 2024/25
Expansion of network capacity to serve rural broadband users through the deployment of infrastructure as per programme plan.	Achieved	Achieved	Achieved
Remote Users Scheme milestones achieved as per the programme plan.	Achieved	Achieved	Achieved

REPORTING AGAINST APPROPRIATION (CONTINUED)

FOR THE YEAR ENDED 30 JUNE 2025

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 2023/24	Actual standard of performance 2024/25	Budgeted standard of performance 2024/25
Rural connectivity works that have been completed in accordance with the funding agreement.	Achieved – funds drawn down in accordance with the support and Funding Agreement by 30 June 2024. (see Note 1)	Achieved – works completed in accordance with Funding Agreement by 30 June 2025.	By 30 June 2025
Rural connectivity improvement works that have been completed in accordance with the funding agreement.	N/A	Achieved	Achieved

Note 1 – Funds drawn in accordance with the Support and 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.

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 2023/24	Actual standard of performance 2024/25	Budgeted standard of performance 2024/25
Number of complex private capital transactions supported concurrently per year.	N/A	3	1 to 2

REPORTING OF EMPLOYEE BANDING

TOTAL REMUNERATION PAID OR PAYABLE FOR THE YEAR

	2025 # staff	2024 # staff
$100,000 – $109,999	1	1
$110,000 – $119,999	2	-
$120,000 – $129,999	4	1
$130,000 – $139,999	-	2
$140,000 – $149,999	2	-
$150,000 – $159,999	-	3
$160,000 – $169,999	3	-
$170,000 – $179,999	2	3
$180,000 – $189,999	1	2
$190,000 – $199,999	-	1
$200,000 – $209,999	4	3
$210,000 – $219,999	3	1
$220,000 – $229,999	3	-
$230,000 – $239,999	1	4
$240,000 – $249,999	4	-
$250,000 – $259,999	-	1
$270,000 – $279,999	1	1
$280,000 – $289,999	2	-
$310,000 – $319,999	1	-
$320,000 – $329,999	-	-
$330,000 – $339,999	-	-
$340,000 – $349,999	-	1
$370,000 – $379,999	-	2
$380,000 – $389,999	-	1
$390,000 – $399,999	1	-
$400,000 – $409,999	2	-
$460,000 – $469,999	-	1
$470,0000 – $479,999	1	-
$520,000 – $529,999	-	1
$530,000 – $589,999	1	-
$660,000 – $669,999	-	1
$690,000 – $699,999	1	-
Total employees	**40**	**30**

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 of Infrastructure

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Auditor
The Auditor-General, 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
Mei-Fern Johnson
(Departure: 1 April 2025)
Bella Takiari-Brame
(Departure: 30 November 2024)
Tim Brown
(Appointed: 1 April 2025)
Greg Lowe
(Appointed: 1 March 2025)
Melissa Cameron
(Appointed: 1 April 2025)

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


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