



# STATEMENT OF INTENT

for the year ending  
30 June 2027

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## Introduction

### *Kupu Whakataki*

Far North Holdings Limited (FNHL) is a limited company pursuant to the Companies Act 1993 and is a Council Controlled Trading Organisation (CCTO) pursuant to Section 6 of the Local Government Act 2002 (LGA).

FNHL is wholly owned by the Far North District Council (FNDC/the Shareholder).

This Statement of Intent (SOI) is prepared to meet the requirements of Section 64 and Schedule 8 of the LGA. It outlines the activities and intentions of FNHL and its subsidiaries (the Company) and the agreed objectives to which those activities will contribute. Performance targets and measures are specified, along with FNHL's policies relating to governance and other matters.

The SOI is reviewed annually with FNDC and covers a three-year period.

## Purpose of Statement of Intent

### *Te Take mō Te Tauāki Whāinga*

This SOI is presented by FNHL in accordance with Section 64(1) of the Local Government Act 2002. This SOI takes the Shareholder's comments into consideration and states the objectives, nature and scope of activities and performance targets by which FNHL is to be measured as the basis of accountability.

This SOI is for the period from 1 July 2026 to 30 June 2029.

# PURPOSE *NGĀ WHĀINGA*

To contribute to the sustainable prosperity and well-being of the Far North through astute commercial development, investment and management of assets and infrastructure.

Kia tautoko i te oranga tonutanga me te whai rawa o Te Hiku o te Ika mā te whakawhanake pakihi, te haumi me te whakahaere i ngā rawa me ngā tūāhanga.



# GUIDING PRINCIPLES

## NGĀ MĀTĀPONO ARATAKI

**We prioritise the Health, Safety and Wellbeing** of our people and the public in everything we do

**We manage and develop key strategic assets** enabling them to support prosperity, economic growth, resilience and wellbeing of our communities in the Far North District

**We support Regional initiatives**, delivering infrastructure and assets that meet the needs of Northland's Territorial Authorities, NRC and Central Government

**We act in a manner which is consistent** with FNDC's recognition of He Whakaputanga o te Rangatiratanga o Niu Tirenī and Te Tiriti o Waitangi

**We build and maintain strong relationships** and act as a valued partner, advisor and contributor to our shareholder, central and local government, tangata whenua, our communities and other stakeholders

**We focus on delivering sustainable commercial value** to our shareholder





## **VALUES** **NGĀ UARA**

**Ambitious for our people and communities**

*Ko temanawanui ki ō tātou tangata me tehapori*

**Listen and support tangata whenua**

*Ko te whakarongo me te tautoko i te tangata whenua*

**Teamwork driven excellence**

*Ko te kairangi nā te mahi tahi*

**Deliver on our commitments**

*Ko te whakatutuki i a mātou herenga*

**Transparent and accountable partnership**

*He honongapono, he haepapapono*

## Nature and Scope of Activity | Te Āhua me te Whānuitanga o ngā Mahinga

We consider Far North Holdings to be an enabler of FNDC's Vision for the Far North "He Whenua Rangatira - A District of sustainable prosperity and well-being", and our strategic direction reflects this and the Mission of "He Ara Tāmata - creating great places, supporting our people". In setting our strategy, where appropriate, we also seek to align with FNDC's 2024-27 three year Long Term Plan (LTP), related Annual Plans and the Far North 2100 strategy; and in the spirit of "no surprises", we will communicate openly and transparently with FNDC on any changes to the strategic direction in the SOI. Far North Holdings will integrate the Te Pae o Uta framework into its business practices and act in accordance with FNDC's Climate Action Policy adopted 11<sup>th</sup> December 2023.

Over the period of the SOI, FNDC will provide Far North Holdings with any other documents that it should have knowledge of, whether they be in the consultation stage or have been formally adopted, that reflect any changes to FNDC's vision or aspirations that Far North Holdings needs to align with.

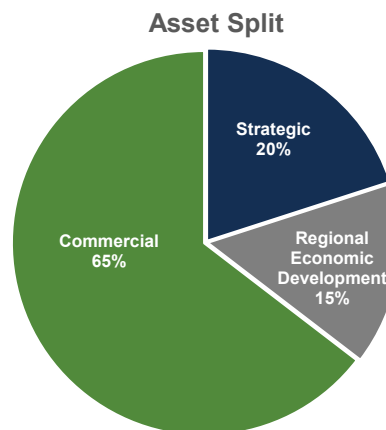
| <div> <h1>Strategy Framework</h1> <p><b>FNHL PURPOSE</b></p> <p><i>To contribute to the sustainable prosperity and well-being of the Far North through astute commercial development, investment and management of assets and infrastructure.</i></p> <p><i>Kia tautoko i te oranga tonutanga me te whai rawa o Te Hiku o te Ika mā te whakawhanake pakihi, te haumi me te whakahaere i ngā rawa me ngā tūāhanga.</i></p> </div> |                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                                                                                     |                                                                                                                                                                                                                             |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| OPERATING AREAS                                                                                                                                                                                                                                                                                                                                                                                                                  | HOUSING & COMMERCIAL PROPERTY DEVELOPMENT                                                                                                                                                                                                                                               | COMMERCIAL BUSINESS OPERATIONS                                                                                                                                                                                                                      | REGIONAL ECONOMIC DEVELOPMENT                                                                                                                                                                                                                                                       | STRATEGIC ASSET MANAGEMENT                                                                                                                                                                                                  |
| STRATEGIC OBJECTIVES                                                                                                                                                                                                                                                                                                                                                                                                             | Accelerate development growth, optimising returns and capital deployment                                                                                                                                                                                                                | Effectively manage our operations to provide commercial, sustainable returns                                                                                                                                                                        | Invest in initiatives that maximise regional impact while maintaining financial discipline                                                                                                                                                                                          | Deliver efficient stewardship of strategic assets to safeguard and maximise value for our shareholder and community                                                                                                         |
| FOCUS                                                                                                                                                                                                                                                                                                                                                                                                                            | <p><b>To generate revenue and increase asset base by:</b></p> <ul style="list-style-type: none"> <li>To grow community housing provision across the Region.</li> <li>Enabling our partners to be successful</li> <li>Developing commercial and residential property at scale</li> </ul> | <p><b>To generate ongoing revenue:</b></p> <ul style="list-style-type: none"> <li>From retaining property holdings</li> <li>By providing marina and boatyard services</li> <li>Other services that effectively leverage our capabilities</li> </ul> | <p><b>To support regional economic growth:</b></p> <ul style="list-style-type: none"> <li>Owning or otherwise participating in the development and management of assets, on a commercial footing enabling them to support regional prosperity, resilience, and wellbeing</li> </ul> | <p><b>To invest, own and manage:</b></p> <ul style="list-style-type: none"> <li>Strategic assets effectively and efficiently in a way that is financially, socially, culturally, and environmentally sustainable</li> </ul> |
| WHERE WE PLAY                                                                                                                                                                                                                                                                                                                                                                                                                    | <ul style="list-style-type: none"> <li>Community and Private Housing</li> <li>Marine infrastructure</li> <li>Commercial property development</li> <li>Tourism accommodation</li> <li>Ngawha Innovation Park – commercial tenants</li> </ul>                                             | <ul style="list-style-type: none"> <li>Marina/maritime operations</li> <li>Property portfolio</li> <li>Property management</li> <li>Project Management</li> <li>Cruise ship industry</li> </ul>                                                     | <ul style="list-style-type: none"> <li>Ngawha Innovation Park</li> <li>Tourism infrastructure facilitation</li> <li>Central and local government infrastructure</li> <li>Maritime Infrastructure</li> </ul>                                                                         | <ul style="list-style-type: none"> <li>Kerikeri and Kaitiaki Airports</li> <li>Ngawha Innovation Park</li> <li>Parking facilities</li> <li>Commercial wharves</li> <li>FNDC maritime assets</li> </ul>                      |

Far North Holdings aims to actively manage its existing portfolio to generate increasing profitability, grow asset values ensuring increased returns to FNDC and the community over time through commercial development opportunities. We will achieve this by increasing the focus of our resources in developments across Northland that provide higher commercial returns and economic value for the region in the sectors that match our expertise and proven track record, such as housing and commercial property development.

We will continue to actively develop and strengthen key stakeholder relationships, in accordance with Far North Holdings Significance and Engagement Policy, with central and local government, tangata whenua, our communities and other stakeholders.

Far North Holdings holds a mixed portfolio including commercial assets, regionally strategic assets and assets held to support regional economic development and growth.

Performance of commercial assets are benchmarked against returns of similar portfolios, while returns on assets held for strategic or regional economic development purposes are expected to be lower than typical commercial benchmarks, reflecting broader contribution and long-term benefits to the Far North.



Far North Holdings SOI and performance measures are based on projects where funding is confirmed or sufficiently advanced to be considered likely. However, in line with our strategy, Far North Holdings is actively pursuing commercial development opportunities, including working alongside FNDC and other third party partners, in order to deliver higher dividends to FNDC than those achievable through normal operating profits, which are presented in the Group Performance Measures. Far North Holdings will provide regular updates regarding pipeline opportunities to the Te Koekoeā Committee, and where appropriate, update the SOI to reflect new opportunities.

## Decisions for Which Prior FNDC Approval is Required | Ngā Whakatau me Whakaae e FNDC

The Company will seek approval from the Shareholder:

- Before entering any arrangements that provide commercial or infrastructural assets outside of the District;
- For decisions which will affect the Council Controlled Trading Organisation's (CCTO's) ability to meet any statutory responsibility;
- For any decisions which will significantly impact on any agreed service levels for a CCTO activity delivered to FNDC;
- For any decisions which will commit FNDC to future provision of funding;
- For any decisions which are not based on a "full arm's length" commercial basis requiring FNDC approval to be shown in the accounts as such;
- Prior to divestment of any assets agreed by Far North Holdings and FNDC as strategic regional assets as listed below:
  - Bay of Islands Airport;
  - Paihia Car Park and ex-Countdown Property;
  - Ngawha Innovation & Enterprise Park;
  - Carpark adjoining Ministry of Education site, Kaitaia;
  - Wharves and Ramp Infrastructure at Russell, Opuā, Mangonui and Paihia;
  - Te Hononga and ātea; or
  - Prior to divestment of those assets where FNDC holds the first right to acquire upon disposal by Far North Holdings.

In respect of any other material asset disposals the Company will notify the Shareholder of its intention to sell, for transparency purposes.

In addition, the Company will:

- Consult with the Shareholder on any changes to the structure of the Company;
- Provide a report providing assurance that any such change will not adversely affect the profitability and risk profile of the Company.

## Group Performance Measures | Ngā Hua me ngā Inenga Mahi ā-rōpū

In our Quarterly Report, the Company will record its performance relating to its goals and objectives, which will be reviewed annually.

During the past few years, there have been significant macro-economic headwinds and changes in central government policy and decisions which directly impact previous performance commitments.

Specifically:

- Subdued economic conditions and reduced government funding opportunities have made further development of the Ngawha Park through attraction of new tenants challenging;
- Review, and subsequent change to government policy to support housing delivery has meant no new housing initiatives have been approved for Far North Holdings during the current government term.

Recent housing policy announcements are encouraging for the Far North, and we are optimistic this will create further opportunity in the short to medium term. However, performance measures have been adjusted to reflect the economic and political context, and to ensure we are taking appropriate action to be well-positioned to take advantage of improving economic conditions and government direction.

| Performance Objective                                                                                    | Group Performance Target                                                                              |                                                                                                       |                                                                                                       |
|----------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------|
|                                                                                                          | 2026/27                                                                                               | 2027/28                                                                                               | 2028/29                                                                                               |
| <b>Financial</b>                                                                                         |                                                                                                       |                                                                                                       |                                                                                                       |
| Effective financial management to deliver profitability                                                  | Operating profit <sup>1</sup> before tax > \$2.0 million                                              | Operating profit <sup>1</sup> before tax > \$2.5 million                                              | Operating profit <sup>1</sup> before tax > \$2.9 million                                              |
| Pay dividends to FNDC in line with dividend policy (operating dividend from prior year operating profit) | A minimum paid of \$1.2 million, with any additional amounts agreed based on the development pipeline | A minimum paid of \$0.7 million, with any additional amounts agreed based on the development pipeline | A minimum paid of \$0.9 million, with any additional amounts agreed based on the development pipeline |
| Comply with LGFA financial covenants                                                                     | Meet financial covenants                                                                              | Meet financial covenants                                                                              | Meet financial covenants                                                                              |
| Interest cover                                                                                           | >1.5                                                                                                  | >1.5                                                                                                  | >1.5                                                                                                  |
| Shareholders' funds/assets ratio                                                                         | >45%                                                                                                  | >45%                                                                                                  | >45%                                                                                                  |
| Return on Assets <sup>2</sup>                                                                            |                                                                                                       |                                                                                                       |                                                                                                       |
| • Commercial assets                                                                                      | >5.0%                                                                                                 | >5.0%                                                                                                 | >5.0%                                                                                                 |
| • Strategic assets                                                                                       | >0.5%                                                                                                 | >0.5%                                                                                                 | >0.5%                                                                                                 |
| • Regional economic development assets                                                                   | >1.0%                                                                                                 | >1.0%                                                                                                 | >1.0%                                                                                                 |

<sup>1</sup> Defined as 'profit before other non-operating movements' in the Consolidated Statement of Financial Performance and distributions received from Associates.

<sup>2</sup> Defined as earnings before interest and tax / opening balance sheet asset valuations

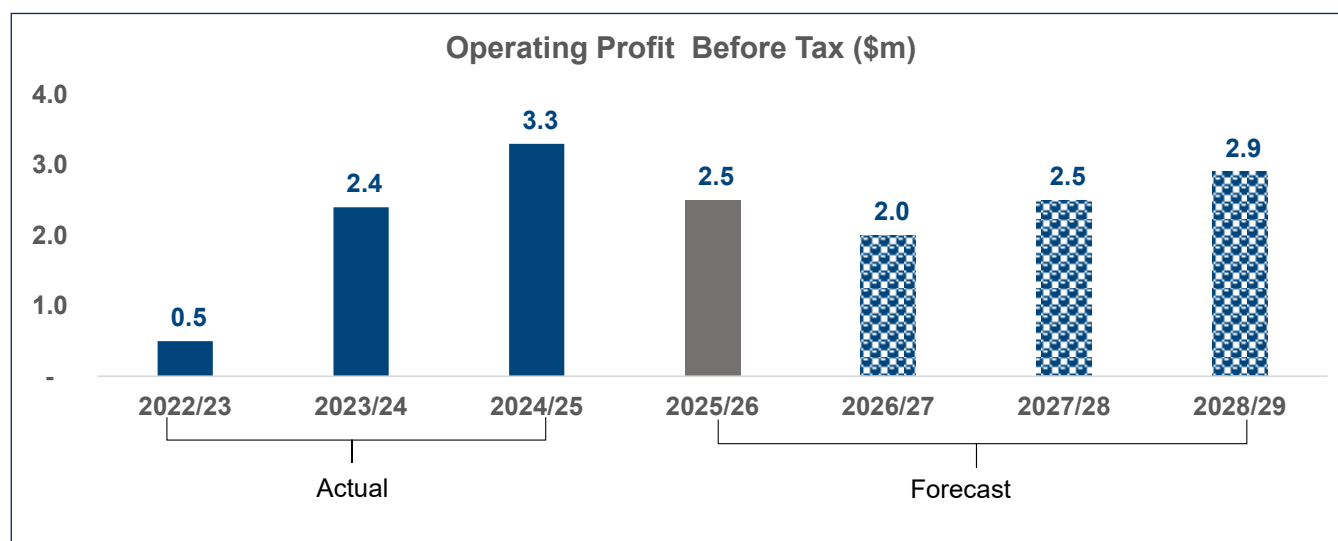
| Performance Objective                                                                                                        | Group Performance Target                                                                    |                                                                                          |                                                                                                                                                                                              |
|------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                                                                              | 2026/27                                                                                     | 2027/28                                                                                  | 2028/29                                                                                                                                                                                      |
| <b>Strategic Pillar 1 - Housing &amp; Commercial Property Development</b>                                                    |                                                                                             |                                                                                          |                                                                                                                                                                                              |
| Identify opportunities to deliver social housing to meet local needs in partnership with Community Housing Providers (CHP's) | Establish a development pipeline of 50 housing units, including securing the necessary land | Maintain a development pipeline of 50 housing units per annum                            | Maintain a development pipeline of 50 housing units per annum                                                                                                                                |
| Secure commercial property and infrastructure pipeline to improve returns to shareholders                                    | Report on the development pipeline                                                          | Report on the development pipeline                                                       | Report on the development pipeline                                                                                                                                                           |
| <b>Strategic Pillar 2 – Commercial Business Operations</b>                                                                   |                                                                                             |                                                                                          |                                                                                                                                                                                              |
| Achieve and maintain Clean Marina certification                                                                              | Achieved                                                                                    | Achieved                                                                                 | Achieved                                                                                                                                                                                     |
| <b>Strategic Pillar 3 – Regional Economic Development</b>                                                                    |                                                                                             |                                                                                          |                                                                                                                                                                                              |
| Ngawha Park developed to grow economic and employment opportunities in the Far North (delivering increased returns)          | Show the strategic plan has been adhered to and implemented, and record outcomes of this    | Show the strategic plan has been adhered to and implemented, and record outcomes of this | Increase the number of businesses operating at the park to more than the existing 7, this acknowledges a 2-year lead in period 26/27 and 27/28 to secure and thereafter develop new premises |
| <b>Strategic Pillar 4 – Strategic Asset Management</b>                                                                       |                                                                                             |                                                                                          |                                                                                                                                                                                              |
| Kaitaia Airport: Provide project management services to deliver agreed remediation project within time and budget            | Project completed                                                                           | N/A                                                                                      | N/A                                                                                                                                                                                          |
| Kaikohe Library: Provide project management services and achieve agreed deliverables within time and budget.                 | Project completed                                                                           | N/A                                                                                      | N/A                                                                                                                                                                                          |
| Civil Aviation Authority Certification maintained for the BOI Airport                                                        | Achieved                                                                                    | Achieved                                                                                 | Achieved                                                                                                                                                                                     |
| BOI airport runway extension to futureproof operations (delivering increased returns)                                        | Business case for runway extension                                                          | Funding secured                                                                          | Runway extension complete                                                                                                                                                                    |
| <b>Enablers</b>                                                                                                              |                                                                                             |                                                                                          |                                                                                                                                                                                              |
| To make safety our priority to ensure health, safety and wellbeing of all employees and contractors in the Group             | Health Safety & Wellbeing Objectives and identified target areas being actioned             | Health Safety & Wellbeing Objectives and identified target areas being actioned          | Health Safety & Wellbeing Objectives and identified target areas being actioned                                                                                                              |

| Performance Objective                                                                                                                    | Group Performance Target                                                                                                             |                                            |                                            |
|------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------|--------------------------------------------|
|                                                                                                                                          | 2026/27                                                                                                                              | 2027/28                                    | 2028/29                                    |
| Comply with our living wage policy for all permanent employees                                                                           | Achieved                                                                                                                             | Achieved                                   | Achieved                                   |
| Implement FNDC's Te Pae o Uta programme across Far North Holdings                                                                        | Te Pae o Uta action plan set and on target                                                                                           | Te Pae o Uta action plan set and on target | Te Pae o Uta action plan set and on target |
| Commit to tangible action to measure climate impact and target reductions based on best practice                                         | Measure carbon footprint across the wider business in line with generally accepted standards and prepare an emissions reduction plan | Progress emissions reduction plan          | Progress emissions reduction plan          |
| Encourage positive relationships with the community by having transparent engagement policies and monitoring key stakeholder perceptions | Undertake a stakeholder perceptions survey                                                                                           | Undertake a stakeholder perceptions survey | Undertake a stakeholder perceptions survey |

## Financials | Ngā Ahumoni

### Operating Profit 3-year Forecast | Matapae Hua Whakahaere mō ngā tau e toru

The Company is committed to delivering on its strategy to increase dividends through active development to support FNDC's objectives. However, the financial forecasts presented below reflect business-as-usual operations and only include projects where funding is confirmed or sufficiently advanced to be considered likely. Development activities involve long lead times, higher risk, and uncertain returns, and are therefore only incorporated into forecasts once they are more certain. The graph below illustrates actual operating profit for the past three years alongside the forecast for the SOI period.



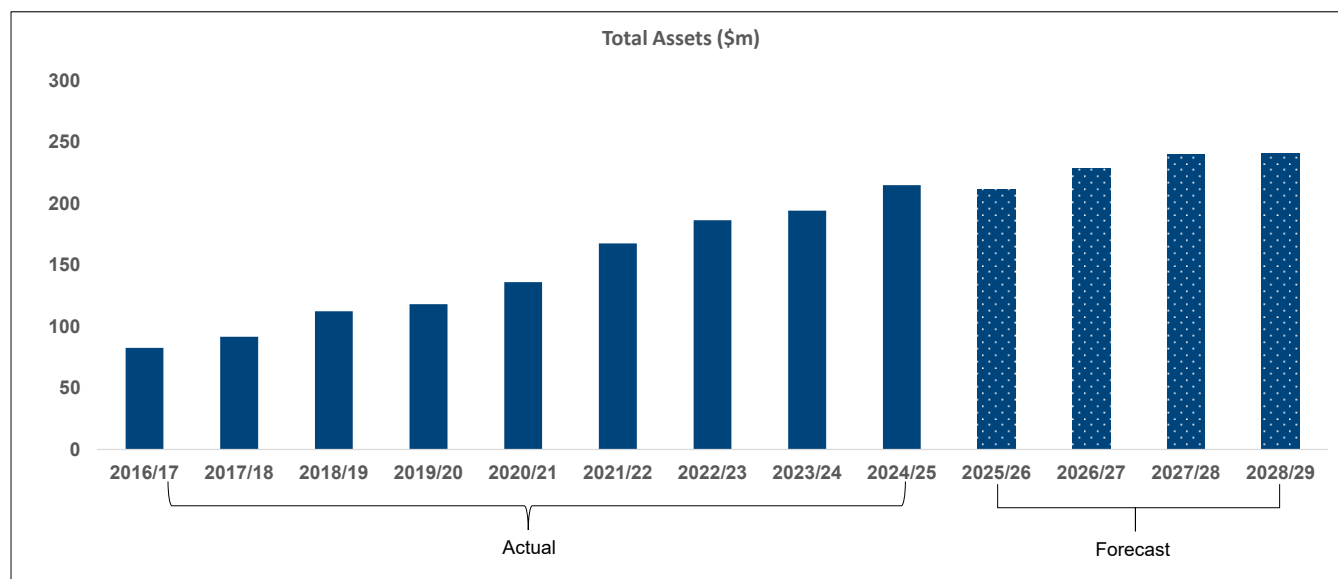
Financial results for 2024 and 2025 reflect the financial upside from completed community housing projects, delivered under previous government policy, and one-off gains from property sales. The 3-year forecast reflects the following:

- Central government changes, and resulting policy shifts, have meant no new housing projects have been approved in recent years, and while we continue to review our portfolio for opportunities to realise value, we are not actively marketing a significant number of properties at present and do not forecast material one-off gains in the next few years;
- The current economic and political climate has resulted in some challenging conditions, and we expect these headwinds to continue for some time;
- Alongside general inflationary pressure, airport operations are being impacted by reduced flights as airlines respond to higher fuel costs and reduced domestic travel challenges, which also results in reduced revenues from our tourism facing businesses;
- Fewer cruise ships are visiting with increased regulation and cost impacting the attractiveness of the New Zealand market, and the marine sector is experiencing increased consumer price sensitivity and market competitiveness due to the broader economic conditions;
- Until 2026, Far North Holdings was delivering project management services for a number of central and local government funded regional economic development and infrastructure projects, including on behalf of FNDC, which have now completed. Investment at the historical levels is not anticipated within our forecasts.

Given this context, Far North Holdings is continuing to manage fiscal costs and investment prudently, in order to maximise the efficiency and returns from underlying business operations.

### Consolidated Shareholder's Funds and Total Assets | Ngā Pūtea a ngā Kaipupuri hea ko Whakakotahitia me ngā Rawa Katoa

For the year ended 30 June 2025, consolidated Shareholder's Funds, as a ratio to total assets<sup>3</sup> was 48.2%. The Company's Annual Report shows equity was \$103.61 million and total assets were \$214.88 million. The graph below shows total asset growth over the last 10-years and forecast for the SOI period.



<sup>3</sup> Defined as total equity / total assets, as reported in the Statement of Financial Position prepared under GAAP (generally accepted accounting practice)

The ratio of consolidated Shareholder's Funds to total assets is not expected to reduce below 45% for the period covered by this SOI.

The Directors review the appropriateness of this target ratio annually, or as required due to material changes in business operations.

## Dividend Policy | Te Ture Wāwāhi Pūtea

The Far North Holdings Board will approve and pay dividends to the shareholder subject to meeting the requirement to meet the solvency test under the provisions of the Companies Act 1993 and Directors' obligations to act in the best interests of Far North Holdings.

Far North Holdings' distribution strategy is based on consideration of the following key factors:

- Financial performance, in particular profitability and cash flows from operations;
- Future cash flow requirements including future investment plans and profitability;
- Meeting funding covenants and board-set treasury ratios (current and forecast).

Far North Holdings will typically target an ordinary dividend payout ratio of 50% of Net Profit After Tax adjusted for non-cash items and dividends received from Associates, depending on the matters outlined above. The ability to pay special dividends will be enabled by development and will also consider the key factors outlined above.

Far North Holdings aims to maximise dividend returns to FNDC while maintaining an appropriate balance between distributions and reinvestment to support future growth, development activity, and balance sheet strength.

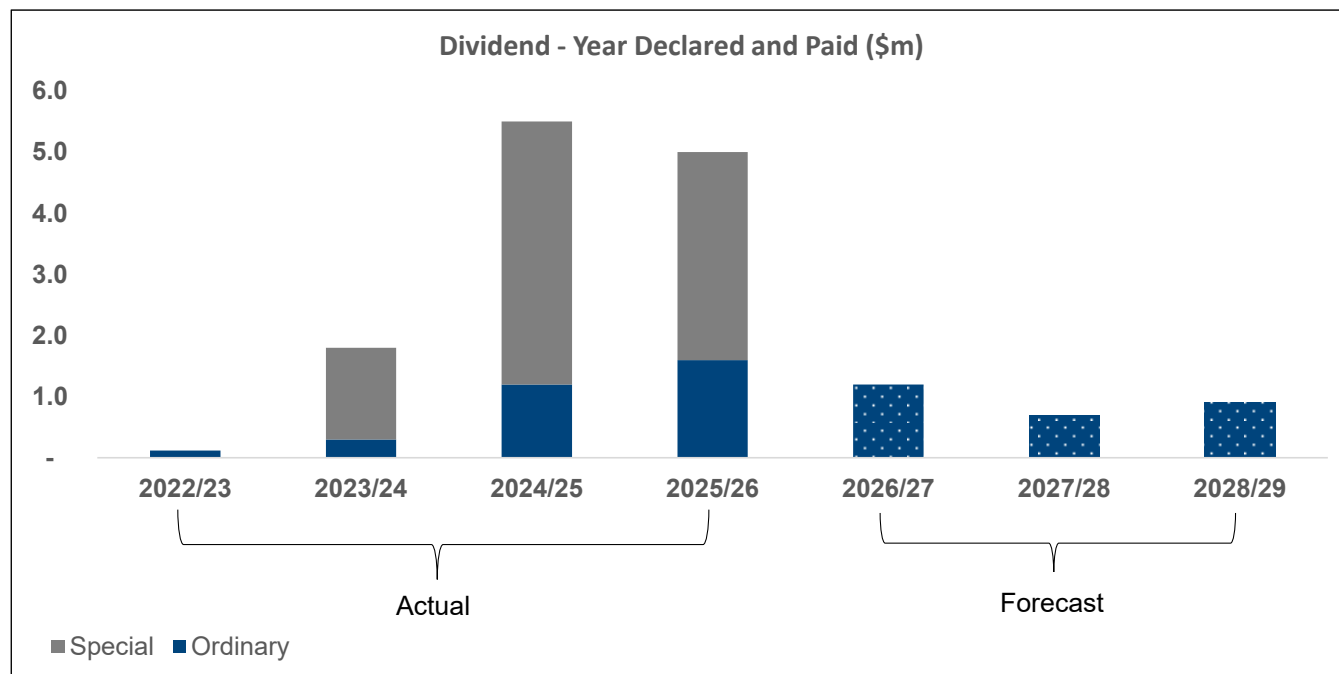
The Company is transitioning to a tax-paying position as historic tax losses are utilised and development activity increases. As a result, future dividends will be calculated on a post-tax basis rather than the previous pre-tax approach. This shift reflects the need to retain sufficient cash to meet tax obligations and is expected to reduce dividend payments in the medium term relative to historical levels.

Dividends will primarily be funded from operating cash flows generated across the Group, including earnings from commercial assets and distributions from associates. Where appropriate, and subject to maintaining prudent financial ratios and covenant compliance, the Board may also consider the use of borrowings to support dividend payments or optimise capital management.

In addition to operating cash flows, higher dividend levels over the longer term will be supported by active development and asset recycling. Far North Holdings has a long-term objective of delivering annual dividends of approximately \$5 million. Achieving this target will require sustained development activity of around \$50 million per annum generating commercial returns. Delivering this level of development is dependent on securing a robust pipeline of land and projects, obtaining the necessary consents, and successfully delivering construction programmes. These activities typically involve a lead time of 18–24 months for planning and approvals, followed by a further 18–24 months for construction. Accordingly, a lead-in period of approximately three years is expected before materially higher dividend levels can be realised.

Far North Holdings will continue to regularly review its dividend payout ratio to ensure it remains appropriate having regard to the Company's financial performance, cash flow generation, capital expenditure requirements, development pipeline, balance sheet strength, and compliance with debt covenants. This review will be undertaken as part of the annual planning and SOI process, and through ongoing Board monitoring via quarterly financial reporting. Where material changes in market conditions, government policy, or business performance occur, the Board may adjust the payout ratio to ensure the Company maintains financial resilience while continuing to deliver sustainable returns to the Shareholder.

The ordinary dividend will be declared and paid to the Shareholder during February in the following financial year, unless there is agreement to an alternative use of these funds that has commercial or future benefit. Any declared Special Dividends will typically be paid in June. This will be in the most tax efficient manner, and after consultation with the Shareholder. Should a dividend not be paid in any year, we will provide an explanation as to the causes behind it.



## Accounting Policies | Ngā Ture Tiaki Pūtea

Far North Holdings is a for-profit Tier 2 entity that has adopted accounting policies that are consistent with the New Zealand International Financial Reporting Standards and generally accepted accounting practice.

The financial statements of the Company are prepared in accordance with the requirements of the Local Government Act 2002, Part 5, Section 67 which includes the requirement to comply with New Zealand Generally Accepted Accounting Practice ("NZ GAAP"). They comply with New Zealand equivalents to International Financial Reporting Standards - Reduced Disclosure Regime ("NZ IFRS (RDR)").

Additional disclosures are required to meet the needs of the Shareholders reporting requirements.

Significant Accounting Policies can be found on the Far North Holdings website.

[Annual Reports – Far North Holdings Ltd \(fnhl.co.nz\)](https://fnhl.co.nz)

## Board's Approach to Governance | Te Ritenga Whakahaere a Te Pōari

Pursuant to Section 57 LGA, the Board of Directors is appointed by the Shareholder to govern and direct the activities of the Company in accordance with the Appointment and Remuneration of Directors for Council Organisations Policy. All Directors are required to comply with a formal Code of Conduct, which is based on the New Zealand Institute of Directors' Code of Ethics. The Directors' role is defined in Section 58 of LGA. This section states that all decisions relating to the operation of the CCTO shall be made pursuant to the authority of the directorate of the organisation and its SOI. The Board consults with the Company's Shareholder in preparing and reviewing the Statement of Intent.

## Current Board Membership | Ngā Mema o te Pōari nei

- Sarah Petersen (Chair, term ends 31 March 2027)
- Nicole Anderson (Deputy Chair, Chair Audit & Risk Committee, term ends 28 March 2027)
- Kevin Drinkwater (term ends 1 November 2026)
- Jane Frances (Chair Remuneration Committee, term ends 1 November 2026)
- Tony Sewell (term ends 28 June 2028)

In undertaking its activities, the Board of Far North Holdings will exhibit and ensure:

1. Sound business practice in its commercial undertakings, operating as an efficient and effective business;
2. Ethical and good behaviour in dealing with all parties, and in managing any conflicts of interest that may exist from time to time;
3. An active partnership approach with Māori, and all other people in business throughout the Far North, promoting effective communication where appropriate;
4. To comply with all relevant legislative requirements including those relating to the principles of the Te Tiriti o Waitangi;
5. In the spirit of “no surprises”, keep the Shareholder informed on significant events and issues, including those sensitive to publicity that may arise due to FNDC being a political organisation;
6. Operate according to the best practice statements produced from time to time by the Institute of Directors in New Zealand;
7. Company policies are in place to appropriately manage risk and business performance;
8. That Council’s vision and aspirations are considered whilst conscious that Far North Holdings needs to contribute to the overall financial performance of FNDC;
9. Far North Holdings is a good employer in accordance with the legislative guidelines set by Government;
10. The Board will undertake a biennial board skills assessment to inform succession planning and alignment with current and future strategic goals; and
11. Periodically undertake an independent review of board performance for Far North Holdings Ltd and its subsidiaries on a biennial basis.

The Board will adopt the following approach to its fiduciary responsibilities to ensure good governance:

- Define its organisation structure and individual accountabilities by ensuring management have clearly defined job descriptions;
- Set corporate budgets, and regularly monitor performance against these;
- Delegate both responsibility and authority to its Chief Executive;
- Hold regular board meetings to monitor progress towards the Company’s goals and objectives, and manage risks;
- Ensure a director’s skills matrix is regularly updated with a view to preparing a succession plan that will be provided to Council on a periodic basis; and
- Act in accordance with the Company’s Constitution and SOI.

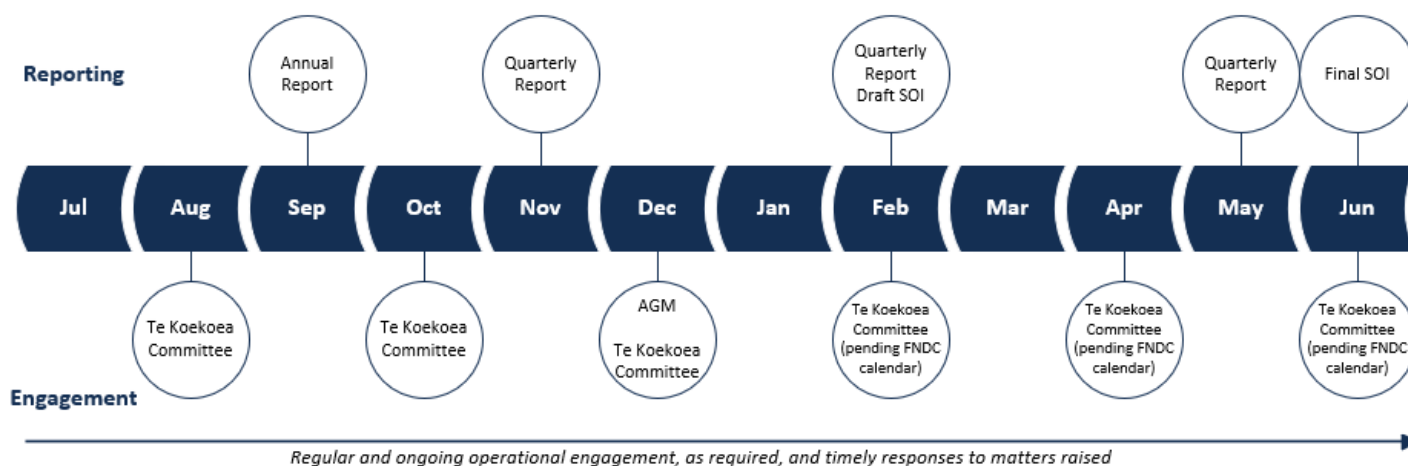
## Reporting and Engagement with Shareholder | Te Pūrongo me te Whai Wāhi atu ki ngā Kaipupuri hea

Far North Holdings will provide Quarterly Reports to its Shareholder in accordance with Section 66 of the LGA, and an Annual Report in September. Quarterly reports will provide an update on progress of performance relating to goals and objectives. They will include a Group Statement of Financial Performance

and Statement of Financial Position, with prior year comparatives and commentary of performance against budget. In addition, it will provide other additional information as agreed between the parties.

Far North Holdings and our Shareholder agree that regular and transparent communication is essential to ensure the implementation of good governance within Far North Holdings and the Shareholder. Accordingly, both parties agree to maintain a high level of communication between each other, the Chief Executives, and their respective management teams. They will use their best endeavours to communicate in a timely manner and raise any issues to ensure a “no surprises” approach.

The below summarises the regular reporting and communication between FNHL and FNDC, which incorporates both the statutory requirements and other ‘touchpoints’ intended to maintain strong, open and regular lines of communication between the organisations.



In addition, management representatives from Far North Holdings will meet with Community Board representatives at least once a quarter to update them on current projects and plans that affect their Ward and will have regular communication with the relevant board when physical works are to commence on those projects within their Ward.

Far North Holdings will attend iwi and hapū forums, where invited, and is available to attend community or FNDC sessions where appropriate, or invited, should agenda items require our presence.

## Transactions with FNDC | Ngā Whakawhitinga ki FNDC

In transactions with FNDC for the provision of goods and/or services, Far North Holdings will seek trading terms and conditions applicable to external customers.

## Acquisition of Shares | Te Whiwhinga o ngā Hea

If Far North Holdings wishes to acquire shares in another company or organisation, it will notify its Shareholder at least 30 days in advance.

## Commercial Value of Shareholder’s Investment | Te Uara Arumoni o ngā Haumitanga a ngā Kaipupuri hea

The Directors estimate the commercial value of the Shareholder’s investment to be no less than the Shareholder’s Funds.

The value ascribed to Shareholder's Funds will be that stated in the annual Statement of Financial Position of the Company as at the end of the financial year preceding each SOI. This value is reviewed annually as part of year-end financial reporting processes.

Shareholder Funds in the Annual Report as at 30 June 2025 stood at \$103.61 million.

## Commitment of the Shareholder | Te Whakaū a te Kaipupuri Hea

The Board aims to ensure that the Shareholder is informed in a timely manner of all major developments affecting the Company's situation. The Shareholder is consulted with on the review of the Company's SOI and is responsible for the appointment of Far North Holdings Directors. Information is communicated to the Shareholder in the Annual Report, Quarterly Reports, Governance Meetings and other meetings where required.

The Shareholder is expected to:

- Deal with issues by the Company in a prompt and expedient manner;
- Maintain a high level of communication with the Company on relevant matters; and
- Ensure transparent and collaborative relationships are maintained with the Company.

## Appendix I Forecast Financial Statements | Apititanga | Ngā Tauākī Pūtea Matapae

| \$m                                              | FY27       | FY28       | FY29       |
|--------------------------------------------------|------------|------------|------------|
| <b>Profit or Loss</b>                            |            |            |            |
| Income                                           | 21.8       | 23.2       | 24.6       |
| <b>Operating profit before net finance costs</b> | <b>5.0</b> | <b>5.7</b> | <b>6.5</b> |
| Finance costs & revaluations                     | 0.0        | 2.5        | (3.6)      |
| <b>Profit before income tax</b>                  | <b>5.0</b> | <b>8.2</b> | <b>2.9</b> |
| Income tax expense                               | 1.2        | 2.1        | 0.7        |
| <b>Net profit after tax</b>                      | <b>3.8</b> | <b>6.1</b> | <b>2.2</b> |
| <b>Financial Position</b>                        |            |            |            |
| Equity                                           | 103.3      | 108.7      | 110.3      |
| Assets                                           | 228.7      | 239.9      | 240.6      |
| Liabilities                                      | 125.3      | 131.2      | 130.3      |
| <b>Cash Flows</b>                                |            |            |            |
| Net operating cash flows                         | 3.2        | 5.4        | 2.5        |
| Net investing cash flows                         | (14.6)     | (8.6)      | (0.4)      |
| Net financing cash flows                         | 10.8       | 3.2        | (2.2)      |

Far North Holdings SOI and performance measures are based on projects where funding is confirmed or sufficiently advanced to be considered likely. The Company will work with Council and other stakeholders to progress a development pipeline that will deliver returns in excess of the operating profit forecasts. Forecast revaluations are in respect of development projects expected to complete during forecast year.