

IHL

Infrastructure Holdings Limited

ANNUAL REPORT



**PORT
NELSON**

TE TAUNGA
RERERANGI
O WHAKATŪ



**NELSON
AIRPORT**

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APPENDIX – PORT NELSON LIMITED
2026 ANNUAL REPORT

APPENDIX – NELSON AIRPORT LIMITED
2026 ANNUAL REPORT

Chair Report

Tēnā koutou katoa,

Welcome to Infrastructure Holdings Limited's (IHL) annual report for the year ending 30 June 2026.

Nelson City Council and Tasman District Council established IHL to actively manage their investments in Port Nelson Limited and Nelson Airport Limited. These are the 6th¹ largest port and 5th busiest airport in New Zealand. In this role, IHL works closely with Port Nelson and Nelson Airport to provide funding, raise shareholder returns, maximise synergies and deliver on a suite of climate, community and people outcomes.

The IHL Group delivered a year of contrasting financial results. Strong underlying profitability, driven by high log volumes at Port Nelson, was over-shadowed by a significant reduction in the valuation of Port Nelson's assets. Elsewhere, the IHL Group delivered a positive set of customer, people, and community results.

Financial

The IHL Group continued to steadily improve its underlying financial performance despite the weak economic conditions. In particular, underlying Net Profit after Tax (NPAT) at \$15.1m² was 47% up on the 2025 underlying NPAT result. This was driven by unusually high log volumes at Port Nelson following the 2025 storms and a strong financial result from Nelson Airport. The underlying NPAT result represents a 2.7% Return on Equity.

The improvement in underlying profitability, was over-shadowed by a \$51m (15%) reduction in Port Nelson's required annual asset valuation. This was attributable to a reduction in future cargo volume forecasts, a revaluation of investment properties and an impairment of its slipway business.

As a result, the IHL Group reported a \$5.5m Net Loss After Tax and a Total Comprehensive Loss of \$28.8m.

During the year, the Group raised \$2m of new debt and refinanced \$15m of maturing term debt. The Group saved an estimated \$1.2m in interest margin by accessing debt from the Local Government Funding Agency compared with the funding arrangements in place prior to IHL Group's establishment.

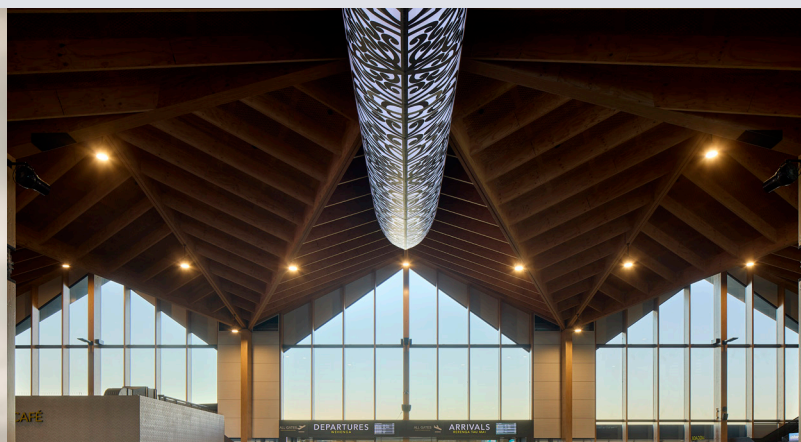
IHL paid an interim dividend of \$1.5m and has declared a final dividend of \$6.5m.

Customer

Nelson Airport maintained its "excellent" customer satisfaction rating for a fourth year running. Cargo volumes at Port Nelson were 19% higher than in 2025. This was attributable to accommodating the above-mentioned wind-throw log volumes within an approximately 18-month recovery window and will come at the expense of future year log volumes. In contrast, Nelson Airport passenger numbers fell by 1.2% compared with 2025. The fall was due to a reduction in capacity across domestic routes as airlines sought to achieve higher loadings per flight given the elevated aviation fuel prices since March.

¹ In terms of tonnage and container numbers.

² The figures quoted in the Chair Report are explained in more detail in the Performance Commentary and Financial Statements of this Annual Report.



People

The IHL Group employs circa 240 full time equivalent staff. The Port and the Airport both operate in industries with significant safety risks and are committed to embedding a safety culture. Overall safety performance improved with a reduction in the Lost Time Injury Frequency Rate to 1.5, a reduction from 2.4 in 2025.

The Board and management continue to focus on improving safety practices to mitigate and reduce these risks and ensure the wellbeing of our people. The tangible improvements delivered during the year included refreshing the critical risk programme at Port Nelson and the auditing of 24 contractor Health and Safety systems at Nelson Airport.

Investment

The IHL Group continued to invest to maintain existing services and support the growth of the region. The total capital investment for the year was \$23.9m. The significant investments at Port Nelson included the redevelopment of the slipway and the site preparation phase of the southern boundary realignment project. The significant investments at Nelson Airport included the completion of the apron renewal project and securing the plan change and designations to enable a future runway extension.

Sustainability

During the year, the IHL Group operating companies produced their second annual Climate Reports, and the Group achieved a significant 16% reduction in its prior year's Scope 1 and 2 greenhouse gas emissions. The new electric crane and additional hydrogen injection units for the container handling fleet at Port Nelson were particularly notable achievements. They will continue to contribute to a step reduction in Port Nelson's carbon emissions.

Community

The IHL Group continued to strengthen its relationships with Ngā iwi o Te Taihū and the local community. The IHL Group also sponsored a broad range of local community services including Victory Boxing, Whenua Iti, Nelson Tasman Chamber of Commerce and local environmental projects.

Governance

The Board would like to thank all of IHL Group's people for their dedication in delivering the excellent "gateway" services that are so vital to the wellbeing of our region and its communities.

Sue Sheldon CNZM stepped down from her role as IHL's establishment chair in July 2026. On behalf of the company and its shareholders, we would like to acknowledge and thank Sue for the major contribution she has made to the successful establishment of IHL.

The shareholding Councils have taken a decision to streamline the Group's governance structure by transitioning to a combined Group Board with effect from 1 January 2027. Paul Steere has been appointed as independent, interim Chair to lead the implementation of the new governance structure.



Paul Steere
Chair of Directors



Performance vs Financial Measures in the Statement of Intent

The table below sets out the Group's financial performance against the financial performance measures contained in the Group's Statement of Intent for the year ending 30 June 2026.

GROUP PERFORMANCE MEASURES	2026 Actual	2026 Target
FINANCIAL		
<i>Financial Returns</i>		
Net profit after tax (\$m)	(5.5)	10.9
Dividends (\$m) – Interim + Final for Year ³	8.0	8.0
Return on Equity (post tax) ⁴	(1.5%)	2.8%
Total Shareholder Return ⁵	(7.7%)	–
<i>Funding</i>		
Interest Margin Saved (\$m) ⁶	1.2	1.5
Capital Investment (\$m)	23.9	22.3

³ The \$8.0m was the sum of the Interim and Final dividends declared for the year ending 30 June 2026. The actual dividends booked in the financial statements for the year ending 30 June 2026 comprise the final dividend declared for the year ending 30 June 2025 and the interim dividend declared for the year ending 30 June 2026, together totalling \$7.3m.

⁴ Net Profit/Loss After Tax divided by average Total Equity for the year.

⁵ Total Comprehensive Profit/Loss divided by average Total Equity for the year.

⁶ The estimated saving is based on a comparison of the Group's borrowing margin over the interbank rate before and after the creation of IHL.



Financial Returns

The IHL Group's underlying NPAT was \$15.1m⁷. This was 47% up on the Group's 2025 NPAT of \$10.3m reflecting steady improvements in underlying financial results by Port Nelson and Nelson Airport. However, the steady improvement in underlying financial results was over shadowed by a \$24.2m⁸ revaluation loss arising from Port Nelson's annual valuation review. Consequently, the Group reported a Net Loss After Tax of (\$5.5m) for the 2026 year.

This was a challenging result and equated to a negative Return on Equity of 1.5%.

The commentary below provides a short summary of each subsidiary's contribution to the IHL Group's financial performance. Full details of each subsidiary's performance are available in their 2026 Annual Reports.

Port Nelson

Underlying NPAT at \$12.7m was a \$5.6m (79%) increase on the prior year's underlying NPAT of \$7.1m. The 2026 result was driven by the one off impact of the high log volumes and revenues resulting from the 2025 storms but comes at the expense of lower log volumes and revenues in future years.

The Port booked a \$51m⁸ reduction in the carrying value of its asset base and its goodwill. This was driven by a combination of (a) lower future year volume forecasts; (b) a revaluation of the Port's slipway business; and (c) a reduction in market-based property valuations.

Nelson Airport

The 2026 NPAT of \$2.4m was \$0.8m (25%) lower than the prior year's NPAT of \$3.2m. This was a robust result considering the industry operating environment of reduced aircraft availability and inflationary pressures. Passenger numbers fell by 1.5% from 858,128 in the prior year to 844,874 in 2026. The impact of reduced passenger numbers was partially offset by a strong performance in other areas of the business.

IHL Dividend Paid

IHL paid an interim dividend of \$1.5m and has declared a final dividend of \$6.5m. The \$8m total dividend represents a 53% payout ratio of underlying Group NPAT.

IHL Group Capital Investment

IHL invested \$23.9m during the year to fund significant infrastructure projects at both Port Nelson and Nelson Airport. The major investments at Port Nelson included the redevelopment of the slipway and the first phase of the southern boundary realignment project. The major investments at Nelson Airport included the delivery of the apron reconstruction project, a stormwater upgrade and securing the plan change and designations to enable a future runway extension which will maintain the region's connectivity.

⁷ For the purposes of this Annual Report, the underlying profitability is defined as the Net Profit After Tax from normal operations before taking into account the impact of the significant reduction in the valuation of Port Nelson's assets.

⁸ Port Nelson booked an aggregate \$51m revaluation/impairment loss. This comprised a \$49.2m reduction in the carrying value of its asset base and a \$1.8m impairment in goodwill. \$23.4m of the reduction, net of \$1.6m tax, was a reversal of upward valuations recorded in previous years and therefore appears as a charge against existing reserves in Other Comprehensive Income. The remaining \$24.2m of the reduction was booked as an expense in the Profit & Loss Account as it was not covered by pre-existing upward valuation reserves.

IHL Group Net Debt

IHL's closing net debt of \$110m is well within the IHL Group's borrowing covenants. It equates to a 24%⁹ gearing ratio.

The Group estimates that it saved \$1.2m⁶ of interest in 2026 as a result of the creation of IHL which has enabled the Group to access more attractive debt facilities. The saving was lower than the target due to the level of capital investment and debt being lower than forecast at the date the 2026 Statement of Intent was produced.

The Group had a \$14m cash balance at 30 June 2026. This was in preparation for the repayment of \$12m of short term Commercial Paper which matured on 7 July 2026.

Group Outlook

The Group expects economic activity to remain subdued over the next year. Once the export of windthrow logs from the region's 2025 storm event has passed, Port Nelson's cargo volumes will return to a level which is slightly weaker than historical volumes due to reduced forestry activity and the impact of factory closures. Nelson Airport is also forecasting slightly lower activity levels with the recovery of passenger numbers hampered by airline capacity reductions.

IHL operates as an active investor. In this role, IHL will continue to work across the group to provide funding, raise shareholder returns, maximise synergies and deliver on a suite of climate, community and people outcomes.

⁹ Debt:Debt+Equity as at 30 June 2026.



Performance Commentary vs Non-Financial Measures in the Statement of Intent

The table below sets out the Group's performance against the non-financial measures contained in the Group's Statement of Intent for the year ending 30 June 2026.

Overall, the Group delivered a strong set of non-financial performance results.

GROUP PERFORMANCE MEASURES – NON-FINANCIAL		2026 Actual	2026 Target
People			
Staff Satisfaction (Engagement Score)	Port	– ¹⁰	–
	Airport	Very Good	n/a ¹¹
Safety (Lost Time Injury Frequency Rate per 200,000 hours worked)	Port	1.5	<2.6
	Airport	0	0
Customer			
Customer Satisfaction (Net Promoter Score)	Port	– ¹⁰	–
	Airport	Excellent	Excellent
Environment & Sustainability			
Green House Gas Emissions (Gross Scope 1 & 2)	Port	On track	67% reduction by 2035
	Airport	On track	80% reduction by 2035

¹⁰ Port Nelson conducts periodic customer satisfaction and staff engagement surveys. The port was not scheduled to conduct surveys in 2026.

¹¹ Nelson Airport changed its staff satisfaction survey methodology during the year. Nelson Airport's SOI target for the year, based on its old methodology, was to achieve a 10% increase in its staff engagement score. The 10% target increase is no longer applicable as is not comparable with the results from Nelson Airport's new staff satisfaction survey methodology.

Highlights include:

Customer, Iwi & Community

The Group continued to invest in its customer, iwi and community relationships.

The improvements to customer service at Port Nelson included temporarily increasing both storage space and operating hours to accommodate the high volume of log exports. The improvements at Nelson Airport included providing additional terminal seating, shortening the distance between aircraft and the terminal walkway and the introduction of ticketless parking with on-line booking options. It was pleasing to see customers appreciating the investments in services and facilities by giving the Airport an “excellent” satisfaction rating for the fourth year running.

The Group continued to strengthen its relationships with a wide range of iwi partners and community stakeholders. These included Ngā Iwi o Te Taihū, local communities and a wide range of community services including Nelson Tasman Hospice, Nelson Marlborough Rescue Helicopter, Whenua Iti and the Motu Manuka Island predator trapping programme. Significant highlights for the year included the installation and blessing of the waka “Aorere Ararau” in Nelson Airport’s terminal, the celebration of Port Nelson’s 125th anniversary and the Port and Airport’s open days which both attracted over 3,000 visitors.

People

The safety of every person working at, or visiting, the Group’s locations is a top priority for the Group. The Group maintained a commendable safety record throughout the year with zero serious harm incidents and a reduction in the Lost Time Injury Frequency Rate.

It was encouraging to see Nelson Airport achieving a “very good” rating in its annual people survey and receiving a Great Place to Work Certification. The airport also implemented a new recognition and volunteer leave programme for its people.

The Group continued to invest in its safety systems and people. Investments included auditing the Health and Safety systems of twenty four contractors at Nelson Airport; and a refresh of the critical risk management programme, including the introduction of on-the-job risk assessment tools, at Port Nelson.

Climate & Environment

The Group companies published their second Climate Reports during the year. This continues the journey to enhance the Group’s resilience to climate effects and to provide transparency on its commitment to a more sustainable future.

During the year, the Group achieved a 328 tonne (16%¹²) reduction in Greenhouse Gas Emissions. Cumulatively, the Port and Airport have now achieved a 44% and a 78% reduction respectively in their base year emissions. Significant climate related initiatives delivered during the year included completing the electrification of two cranes, the installation of additional hydrogen injection units for the container handling fleet at Port Nelson; and a 30% take-up of Workride (bike/ebike) uptake by Nelson Airport’s staff.

Port Nelson remains focused on actions to reduce its environmental impact. One significant substance spill event arising from a container handler fire and one significant noise incident were recorded during the year. The spill was contained. The investment in the electric cranes should also reduce noise levels.

¹² Scope 1 & 2 Greenhouse Gas Emissions measured on a market basis.

Consolidated Statement Of Comprehensive Income

For The Year Ended 30 June 2026

	Notes	2026	2025
		\$000	\$000
Revenue			
Operating Revenue		115,606	102,386
Total Revenue	B1	115,606	102,386
Expenses			
Employee Benefit Expenses		31,957	29,849
Operating Costs	B2	39,677	35,816
Revaluation Loss on Property, Plant and Equipment	C1	24,199	-
Impairment of Goodwill	C3	1,759	-
Earnings Before Interest, Tax, Depreciation and Amortisation		18,014	36,721
Depreciation and Amortisation		17,535	16,772
Net Financing Costs	B3	5,896	5,727
Net Profit / (Loss) Before Income Tax		(5,417)	14,222
Income Tax Expense	B4	143	3,886
Net Profit / (Loss) After Income Tax		(5,560)	10,336
Other Comprehensive Income			
Movements in Hedging Reserves		191	327
Movement in Asset Revaluation Reserve, Net of Tax	C1	(23,464)	-
Total Other Comprehensive Income / (Loss)		(23,273)	327
Total Comprehensive Income / (Loss)		(28,833)	10,663
Attributable To:			
Equity Holder of the Parent		(26,877)	10,756
Non-Controlling Interest	E6	(1,956)	(93)
Total Comprehensive Income / (Loss)		(28,833)	10,663

Consolidated Statement Of Financial Position

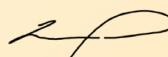
As at 30 June 2026

	Notes	2026	2025
		\$'000	\$'000
Current Assets			
Cash and Cash Equivalents		14,205	11,684
Trade and Other Receivables	D1	15,267	14,545
Inventories		1,534	1,283
Prepayments		1,264	1,579
Assets Held for Sale	C4	1,068	-
Total Current Assets		33,338	29,091
Non-Current Assets			
Property, Plant and Equipment	C1	456,670	500,074
Right-of-Use Assets	C2	12,419	12,663
Intangible Assets	C3	5,256	7,078
Investment Properties	C4	33,180	34,425
Borrower Notes	D1	3,450	3,075
Financial Derivatives	D1	56	-
Total Non-Current Assets		511,031	557,315
Total Assets		544,369	586,406
Current Liabilities			
Trade and Other Payables	D1	7,681	8,808
Employee Benefit Entitlements	E1	4,495	4,250
Borrowings	D1	34,500	25,000
Tax Payable		2,215	1,549
Current Lease Liabilities	E4	1,009	1,248
Total Current Liabilities		49,900	40,855
Non-Current Liabilities			
Employee Benefit Entitlements	E1	147	136
Deferred Tax Liability	B4	36,771	44,621
Borrowings	D1	89,444	96,800
Financial Derivatives	D1	-	209
Provisions and Other Liabilities		448	322
Lease Liabilities	E4	11,556	11,227
Total Non-Current Liabilities		138,366	153,315
Total Liabilities		188,266	194,170
Net Assets		356,103	392,236
Equity			
Share Capital	E2	379,400	379,400
Non-Controlling Interest	E6	1,201	3,157
Retained Earnings		(8,240)	586
Reserves	E2	(16,258)	9,093
Total Equity		356,103	392,236

Signed on behalf
of the Board by:



Paul Steere
Chair of Directors



Quinton Hall
Director

Consolidated Statement Of Changes in Equity

For the year ended 30 June 2026

	Issued Capital	Retained Earnings	Reorganisation Reserve	Revaluation Reserve	Hedging Reserve	Non - Controlling Interest	Total Equity
	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Balance at 30 June 2024	379,400	(4,155)	(253,958)	263,213	(477)	-	384,023
Net Profit/(Loss)	-	10,429	-	-	-	(93)	10,336
Other Comprehensive Income							
Movement In Hedge Reserves	-	-	-	-	327	-	327
Total Other Comprehensive Income/ (Loss)	-	-	-	-	327	-	327
Issue of Shares in Subsidiary	-	-	-	-	-	3,250	3,250
Dividends Paid	-	(5,700)	-	-	-	-	(5,700)
Transfer of Asset Revaluation Reserve on Disposal of Revalued Assets, Net of Tax	-	12	-	(12)	-	-	-
Balance At 30 June 2025	379,400	586	(253,958)	263,201	(150)	3,157	392,236
Net Profit/(Loss)	-	(3,604)	-	-	-	(1,956)	(5,560)
Other Comprehensive Income							
Movement in Hedge Reserve	-	-	-	-	191	-	191
Asset Revaluations	-	-	-	(25,026)	-	-	(25,026)
Deferred Tax Impact of Revaluations	-	-	-	1,562	-	-	1,562
Total Other Comprehensive Income/ (Loss)	-	-	-	(23,464)	191	-	(23,273)
Dividends Paid	-	(7,300)	-	-	-	-	(7,300)
Transfer of Asset Revaluation Reserve on Disposal of Revalued Assets, Net of Tax	-	2,078	-	(2,078)	-	-	-
Balance at 30 June 2026	379,400	(8,240)	(253,958)	237,659	41	1,201	356,103

Consolidated Statement Of Cash Flows

For the year ended 30 June 2026

	Notes	2026	2025
		\$000	\$000
Cash Flows From Operating Activities			
Cash Was Provided From:			
Receipts from Customers		115,034	101,324
Interest Received		287	317
		115,321	101,641
Cash Was Applied To:			
Payments to Suppliers and Employees		68,710	68,539
Interest Paid, Net of Capitalised Interest		6,905	6,224
Taxes Paid		5,843	4,495
Net GST Paid/(Received)		(285)	529
		81,173	79,787
Net Operating Cash Inflows	E3	34,148	21,854
Cash Flows From Investing Activities			
Cash Was Provided From:			
Grants Received		200	-
Sale of Investment Properties		-	3,259
Sale of Property, Plant and Equipment		333	568
		533	3,827
Cash Was Applied To:			
Purchase of Intangibles Assets		772	267
Purchase of Investment Properties		20	588
Purchase of Property, Plant and Equipment		24,230	27,237
		25,022	28,092
Net Investing Cash Outflows		(24,489)	(24,265)
Cash Flows from Financing Activities			
Cash was provided from:			
Issue of Shares in Subsidiary		-	3,250
Loans Borrowed		2,000	8,700
		2,000	11,950
Cash Was Applied To:			
Dividend Paid		7,300	5,700
Borrower Notes		375	500
Payment of Lease Liabilities		1,463	1,564
		9,138	7,764
Net Financing Cash Inflows/ (Outflows)		(7,138)	4,186
Net Increase in Cash Held		2,521	1,775
Cash and Cash Equivalents at 1 July		11,684	9,909
Cash and Cash Equivalents at 30 June		14,205	11,684

Notes to the Consolidated Financial Statements

A. Accounting Policies

Reporting Entity

The financial statements presented are for Infrastructure Holdings Limited ("the Company") and its subsidiaries ('IHL' or 'the Group'). IHL was incorporated on 17 January 2023 and is owned jointly, and equally, by Nelson City and Tasman District Councils. IHL is a Council Controlled Trading Organisation under the Local Government Act 2002.

The Group consists of Nelson Airport Limited and Port Nelson Limited, and its subsidiaries, Nelson Marine Precinct Limited (69% owned) and Quay Connect Limited. All of these are 100% owned unless otherwise stated.

The primary objective of the Group is to operate infrastructure providing marine, logistics, vessel slipping services, airport and property services in the top of the South Island.

The financial statements were authorised for issue by the Board of directors on 22 September 2026.

Basis Of Preparation

The financial statements have been prepared in accordance with Generally Accepted Accounting Practice in New Zealand ('NZ GAAP'). They comply with New Zealand equivalents to International Financial Reporting Standards ('NZ IFRS') and other applicable reporting standards as appropriate for-profit oriented entities. The financial statements are presented in New Zealand dollars rounded to the nearest thousand.

The financial statements have been prepared based on historical cost, modified by the revaluation of land, buildings, airfield infrastructure, wharves, investment property and financial instruments. The financial statements are presented excluding Goods and Services Tax (GST), except for receivables and payables which include GST. Unrecoverable GST is recognised within related assets or expenses.

Comparative information has been amended where necessary to ensure consistency with the current year's disclosures.

Foreign Currency

Transactions in foreign currencies are converted at the New Zealand rate of exchange ruling at the date of the transaction. Monetary items outstanding at balance date are converted at the exchange rate ruling at balance date or the forward exchange contract rate where derivatives have been used to hedge the exposure.

Standards And Interpretations Issued And Not Yet Adopted

In May 2024, the External Reporting Board issued NZ IFRS 18 Presentation and Disclosure in Financial Statements. The standard is required for reporting periods beginning on or after 1 January 2027 with early adoption available. The Group is in the process of assessing the impact of the new standard. While the assessment has not yet been completed, the standard is expected to primarily affect the presentation and disclosure of information in the financial statements. The Group does not currently expect the adoption of the standard to have a material impact on its financial position, financial performance or cash flow.

Accounting Policies

There have been no changes in accounting policies during the financial year disclosed in the financial statements. Material 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.

Critical Judgements And Estimates

In applying the accounting policies, management are required to make estimates, assumptions, and judgements. Estimates and assumptions are based on historical experience and other factors, including expectations or future events that are considered reasonable under the circumstances.

The most significant estimates and judgements relate to the valuation of Property, Plant and Equipment and Investment Properties which are detailed in Note C1 and Note C4 respectively.

B. Revenue and Expenses

B1. Revenue

	2026	2025
	\$000	\$000
Revenue		
Port Operations	88,612	76,451
Airport Operations	16,400	15,425
Property	10,594	10,510
Total Revenue	115,606	102,386

Port Operations

Port Operations include an integrated marine service (pilot, tow, mooring), cargo services (wharfage, storage and stevedoring), warehousing services and distribution services, and slipway services.

Revenue is recognised over time as customers receive and consume the benefits of services provided. Marine services performance obligations are based on vessel arrival and departure, with revenue recognised based on time elapsed since port entry. Cargo operations revenue is recognised from the time goods are transferred to the port. Warehousing and distribution services constitute a single performance obligation, with revenue recognised using an output method based on transport services provided. Slipway revenue is recognised over time as relevant services are provided, based on services delivered to the customer. Transaction prices are determined by contract or published rates. Where applicable, incentive or rebate agreements with customers result in adjustments to the transaction price.

Airport Operations

Airport Operations revenues comprise charges for aeronautical, ground transport, advertising and retail services.

Revenue from operations is recognised once the performance obligation is satisfied at the agreed transaction price and control of the goods or services has transferred. Aeronautical services are provided on demand to airlines under published regulatory prices and revenue is recognised monthly in arrears. Revenue from ground transport services is recognised over time as customers concurrently receive the benefit of using parking and facilities. Advertising revenue is recognised on a straight-line basis over the term of the contract.

Property Revenue

Port Nelson Limited and Nelson Airport Limited lease certain buildings and properties. Lease income is recognised in the profit or loss on a straight-line basis over the term of the lease. Any payments received for periods after balance date are accrued as lease income in advance. Future non-cancellable lease revenue from existing leases:

Maturity of Operating Lease Revenue

	2026	2025
	\$000	\$000
Due within 1 year	9,570	8,856
Due between 1 to 5 years	21,508	20,694
Due over 5 years	18,979	17,773
Total	50,057	47,323

B2. Expenses

	2026	2025
	\$000	\$000
Operating Costs		
Audit Fees	356	311
Bad Debts	9	16
Consultancy	1,544	901
Contract Services	1,964	1,684
Directors Fees	599	626
Electricity	1,501	1,222
Fair Value Adjustment of Investment Property	196	78
Freight	12,480	13,252
Fuel	1,286	1,200
Insurance	3,736	4,197
IT and Software	1,856	1,355
Loss on Disposal of Assets	2,175	80
Noise Management	498	95
Movement in Expected Credit Loss Provision	807	11
Rent and Rates	1,990	1,992
Repairs and Maintenance	5,240	5,222
Sponsorship and Donations	215	199
Other Operating Costs	3,225	3,375
Total	39,677	35,816

Audit fees include non-audit services provided by the Group's audit firm of \$0.03m (2025: \$0.03m).

B3. Financing Costs

	2026	2025
	\$000	\$000
Finance Revenue	410	445
Finance Costs	(6,747)	(7,012)
Borrowing Costs Capitalised on Qualifying Assets	441	840
Total Net Financing Costs	(5,896)	(5,727)

Net Financing Costs

Net financing costs comprise interest payable on borrowings calculated using the effective interest method and interest receivable on funds invested as it accrues.

B4. Taxation

	2026	2025
	\$000	\$000
Provision for Taxation		
Current Tax	6,634	5,369
Adjustment to current tax in prior periods	(118)	(3)
Deferred Tax	(6,373)	(1,480)
Tax Expense	143	3,886
Net Profit/(Loss) Before Tax	(5,417)	14,220
Tax at 28%	(1,516)	3,983
Utilisation of Losses within the Group	210	142
Prior Year Adjustment	(118)	(3)
Non-Deductible Goodwill Impairment	493	-
Non-Deductible Revaluation Loss	6,776	-
Non-Deductible Expenses	83	(4)
Non-Taxable Income	55	22
Deferred Tax Movement	(5,840)	(254)
Tax Expense	143	3,886

Current Tax

The income tax expense is the tax payable on the current financial year's taxable income based on the income tax rate and adjusted by changes in deferred tax assets and liabilities attributable to temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements and for unused tax losses (if any).

Deferred Tax Assets and (Liabilities)	2026	2025
	\$000	\$000
Property Plant and Equipment		
Opening Balance	(45,743)	(47,227)
Charged / (Credited) to Profit and Loss	5,841	1,484
Charged / (Credited) to Equity	1,563	-
Closing Balance	(38,339)	(45,743)
Other		
Opening Balance	1,122	1,084
Charged / (Credited) to Profit and Loss	532	(5)
Charged / (Credited) to Equity	(86)	43
Closing Balance	1,568	1,122
Total Deferred Tax @ 28%	(36,771)	(44,621)

Deferred Tax

Deferred tax assets and liabilities are recognised for temporary differences at the rate expected to apply when the assets are recovered, or liabilities are settled (currently 28%). The tax rate is applied to the cumulative amounts of deductible and taxable temporary differences to measure the deferred tax asset or liability.

Deferred tax assets are recognised for deductible temporary differences only if it is probable that future taxable amounts will be available to utilise those temporary differences.

C. Key Assets

C1. Property, Plant and Equipment

	Port Land & Buildings	Airport Land & Buildings	Port Operational Plant & Equipment	Airport Operational Plant & Equipment	Port Furniture, Fixtures & Equipment	Airport Furniture, Fixtures & Equipment	Work in Progress	Total
	\$000	\$000	\$000	\$000	\$000	\$000	\$000	\$000
Cost or Valuation								
At 30 June 2024	275,196	108,528	30,223	46,688	89,152	2,802	31,616	584,205
Additions at Cost	-	68	-	137	-	116	17,055	17,376
Transfers at Cost	69	627	135	2,145	21,812	71	(24,859)	-
Reclassification to Intangibles	-	-	-	-	-	-	(50)	(50)
Disposals	-	-	(48)	(29)	(897)	(25)	(25)	(1,024)
At 30 June 2025	275,265	109,223	30,310	48,941	110,067	2,964	23,737	600,507
Additions at Cost	-	8	-	75	-	257	22,668	23,008
Transfers at Cost	15,929	665	2,932	9,919	8,909	647	(39,001)	-
Reclassification from Intangibles	-	-	-	-	-	40	174	214
Revaluations	(33,208)	-	(5,367)	-	(7,827)	-	(2,823)	(49,225)
Disposals	(368)	-	-	(1,871)	(2,166)	(75)	(145)	(4,625)
At 30 June 2026	257,618	109,896	27,875	57,064	108,983	3,833	4,610	569,879
Accumulated Depreciation								
At 30 June 2024	(26,033)	-	(7,203)	-	(52,301)	(926)	-	(86,463)
Depreciation Expense	(4,426)	(1,826)	(720)	(2,915)	(4,577)	(297)	-	(14,762)
Disposals	-	-	7	-	762	23	-	792
At 30 June 2025	(30,460)	(1,826)	(7,916)	(2,915)	(56,116)	(1,200)	-	(100,433)
Depreciation Expense	(4,204)	(1,790)	(738)	(2,527)	(5,470)	(327)	-	(15,056)
Reclassification from Intangibles	-	-	-	-	-	(2)	-	(2)
Disposals	305	-	-	38	1,907	32	-	2,282
At 30 June 2026	(34,359)	(3,616)	(8,654)	(5,404)	(59,679)	(1,497)	-	(113,209)
Net Book Value								
Net Book Value at 30 June 2024	249,163	108,528	23,020	46,688	36,851	1,877	31,616	497,742
Net Book Value at 30 June 2025	244,805	107,397	22,394	46,026	53,951	1,765	23,737	500,074
Net Book Value at 30 June 2026	223,259	106,280	19,221	51,660	49,304	2,336	4,610	456,670

Port Land & Buildings, Port Operational Plant & Equipment and Port Furniture, Fixtures & Equipment

Approach Used:

The Port's property, plant and equipment is initially recognised at cost and subsequently measured at fair value. For valuation purposes, management has identified two cash-generating units ("CGUs"): Port Operations and Calwell Slipway.

Port Operations comprises the Group's core port infrastructure and activities, including marine, cargo, logistics and related operational assets that are managed together and generate interdependent cash flows. Calwell Slipway has been identified as a separate CGU because its assets and operations generate cash inflows that are separately identifiable and largely independent of Port Operations.

The key valuation assumptions are summarised in the table below.

CGU	Valuation Approach	Key Valuation Assumptions
Port Operations	Discounted cash flow	Discount rate, terminal growth rate, cargo and container volumes, ship visits, logistics activity, operating expenditure and future capital expenditure
Calwell Slipway	Fair value less costs of disposal	Expected sale proceeds, market participant assumptions, likelihood of sale and estimated disposal costs

Sensitivity Analysis:

The Port Operations CGU is most sensitive to the inputs for cargo volumes, specifically log volumes and the post-tax discount rate. The sensitivity of the valuation model in respect to those inputs is as follows:

Significant Unobservable Inputs	Sensitivity of Change	Valuation Impact
	%	\$000
Post-tax discount rate	+/- 0.25%	- 12,255 / +13,372
Log Volumes	+/- 10%	+/- 19,075

Fair Value Assessment:

A valuation was completed for the Port Operation and Calwell Slipway CGU as at 30 June 2026. The valuation resulted in an overall decrease in the carrying value of the Group's revalued property plant and equipment. The decrease has been recognised in other comprehensive income to the extent that it reverses previous revaluation gains held in the asset revaluation reserve. Any remaining decrease has been recognised in profit or loss as a revaluation loss. The amount recognised in other comprehensive income net of related deferred tax was \$23.5m, with a further \$24.2m recognised in the profit and loss, (2025: the valuation was not materially different from the carrying value).

Airport Land & Buildings and Airport Operational Plant & Equipment

Approach Used:

Fair value, as determined by independent valuers. The valuations are assessed annually and conducted in accordance with asset valuation standards, using methodologies as detailed in the table below.

Airport Land & Buildings are valued by Duke & Cooke Limited and Airport Operational Plant & Equipment are valued by Beca Limited.

The assets were last valued at 30 June 2024 and both valuers have confirmed there have been no indicators of material fair value movement in the year. Therefore, no revaluation was recorded at 30 June 2026.

Asset Category	Classification and Valuation approach
Airport Land & Buildings	Leasehold Land The valuation of the ground lease is determined using a market value approach, applying a present value calculation of the benefit over the lease term using a discount rate indicated by market activity. This is further verified against comparable market sales of leasehold interests.
	Commercial and Residential Land The valuation of commercial and residential land is determined using a market sales comparison approach, with one property assessed based on a hypothetical subdivision methodology.
	Specialised and Non-Specialised Buildings Buildings specifically used for airport activities, such as the terminal, are valued using Optimised Depreciated Replacement Cost (ODRC). This method evaluates the cost of constructing a modern equivalent asset at current market-based input cost rates, adjusted for the remaining useful life of the assets (depreciation). Indexing is used as part of the ODRC method when revaluing specialised buildings. Non-specific buildings such as hangars, offices and storage units are valued using the Income Capitalisation Approach to establish market rent after considering both existing leasing arrangements and evidence of local industrial market rentals and adjusting for location and building quality.
Airport Operational Plant & Equipment	Airfield and Landside Infrastructure Airfield infrastructure such as airside pavements and landside infrastructure such as pavements, roading and carparks are valued using ODRC (as described for specialised buildings above).

Airport Furniture, Fittings & Equipment

Approach Used:

Equipment, including office equipment, fixtures and fittings and motor vehicles are initially recognised at cost, including directly attributable acquisition or capitalisation costs, less accumulated depreciation and any impairment losses.

Revaluation

Where the carrying value of land, buildings and operational plant and equipment is materially different to its fair value, a revaluation is recorded. Any gains or losses are recognised against the revaluation reserve. Where the loss is greater than the balance in the revaluation reserve, the excess loss is expensed through the profit and loss.

Depreciation

The depreciable amount of an asset is determined based on its useful life. The following rates and methods of depreciation are estimated to reflect the pattern in which the assets' future economic benefits are expected to be consumed.

Port Land & Buildings	1.5% - 20.0% Straight Line
Airport Land & Buildings	1.4% - 33.3% Straight Line
Port Operational Plant & Equipment	2.0% - 20.0% Straight Line
Airport Operational Plant & Equipment	1.3% - 50.0% Straight Line
Port Furniture, Fixtures & Equipment	2.0% - 100.0% Straight Line
Airport Furniture, Fixtures & Equipment	8.0% - 80.4% Diminishing Value

C2. Right-of-Use Assets

	2026	2025
	\$000	\$000
Opening Balance	12,663	1,108
Additions and Transfers	1,572	12,955
Depreciation expense	(1,816)	(1,400)
Closing Balance	12,419	12,663

The Group recognises a right-of-use asset and lease liability at the lease commencement date. The lease liability is measured at the present value of lease payments to be made over the lease term, discounted using the Group's incremental borrowing rate where the interest rate implicit in the lease is not readily determinable. The right-of-use asset is depreciated on a straight-line basis over the shorter of the asset's useful life and the lease term. Short-term leases and leases of low-value assets are recognised as an expense in profit or loss on a straight-line basis over the lease term.

Right-of-use assets consist of property leases, equipment, forklifts and ISO tanks used to transport wine and other cargoes.

C3. Intangible Assets

	Branding	Software	Work in Progress	Goodwill	Total
	\$000	\$000	\$000	\$000	\$000
Cost or Fair Value					
At 30 June 2024	180	4,071	4,202	1,759	10,212
Additions	-	198	889	-	1,087
Transfers	25	2,021	(2,046)	-	-
Disposals	-	(40)	-	-	(40)
Reclassification from Property, Plant & Equipment	-	-	50	-	50
At 30 June 2025	205	6,250	3,095	1,759	11,309
Additions	-	145	719	-	864
Transfers	80	56	(188)	-	(52)
Impairment	-	-	-	(1,759)	(1,759)
Reclassification to Property, Plant & Equipment	-	(40)	(174)	-	(214)
At 30 June 2026	357	6,411	3,452	-	10,148
Accumulated Amortisation					
At 30 June 2024	(120)	(3,501)	-	-	(3,621)
Amortisation Expense	(20)	(590)	-	-	(610)
Disposals	-	-	-	-	-
At 30 June 2025	(140)	(4,091)	-	-	(4,231)
Amortisation Expense	(48)	(615)	-	-	(663)
Reclassification to Property, Plant & Equipment	-	2	-	-	2
At 30 June 2026	(188)	(4,704)	-	-	(4,892)
Carrying Amounts					
Net Book Value at 30 June 2024	60	570	4,202	1,759	6,591
Net Book Value at 30 June 2025	65	2,159	3,095	1,759	7,078
Net Book Value at 30 June 2026	97	1,707	3,452	-	5,256

Intangible Assets

Intangible assets comprise goodwill, branding, software, and licences.

Goodwill arising on the acquisition of a business is recognised as an intangible asset. Goodwill is measured as the excess of the consideration transferred over the fair value of the identifiable net assets acquired and liabilities assumed at the acquisition date. Goodwill is subsequently measured at cost less accumulated impairment losses. Goodwill is not amortised and is tested annually for impairment, or more frequently if events or changes in circumstances indicate that it may be impaired. During the year, the Group recognised an impairment loss of \$1.8m in relation to goodwill. Following the impairment, the carrying amount of goodwill at 30 June 2026 was nil.

Branding and Software have finite useful lives and are measured at cost less accumulated amortisation and any accumulated impairment losses. The useful lives and associated amortisation rates of intangible assets have been estimated as follows:

Branding	10.0% – 12.50% Straight line
Software	7.7% – 25% Straight line (Port)
	8% – 50.0% Diminishing value (Airport)

Development costs (including employee expenses) that are directly attributable to the design and testing of identifiable and unique software products controlled by the Group are recognised as intangible assets only when; the expenditure can be measured reliably, the product or process is technically and commercially feasible, future economic benefits are probable, and if the Group intends to and has sufficient resources to complete development and to use or sell the asset.

Capitalised development costs are amortised from the date the asset is available for use. Amortisation expense is included within depreciation and amortisation expense in the Consolidated Statement of Comprehensive Income.

C4. Investment Property

	2026	2025
	\$000	\$000
Opening Fair Value of Investment Property	34,425	37,175
Additions	19	588
Disposals	-	(3,260)
Reclassification to Assets Held for Sale	(1,068)	-
Revaluations	(196)	(78)
Closing Fair Value of Investment Property	33,180	34,425

Investment property is held to earn rental income and/or for capital appreciation and is measured at fair value. Changes in fair value are recognised in profit or loss in the period in which they arise. Investment property is not depreciated.

Investment properties are measured at fair value at each reporting date. Fair value is determined by independent registered valuers with appropriate qualifications and recent experience in the relevant property markets. The valuation approach reflects market conditions at balance date and may incorporate direct comparison, income capitalisation and discounted cash flow methodologies, as considered appropriate for each property.

Assets Held for Sale

At balance date, the Group had an investment property subject to a conditional sale and purchase agreement. Management considers the sale to be highly probable and expects settlement to occur within 12 months of balance date. Accordingly, the property has been classified as held for sale.

C5. Capital Commitments

Capital commitments represent capital expenditure contracted for at balance date but not yet recognised as liabilities.

Port Nelson Limited

The Group via Port Nelson Limited has capital commitments of \$0.4m at 30 June 2026 in relation to the Slipway redevelopment project (2025: \$3.6m).

Nelson Airport Limited

The Group via Nelson Airport Limited has capital commitments of \$2.5m at 30 June 2026 in relation to property, plant, and equipment (2025: \$5.3m).

D. Financial Instruments

D1. Financial Instruments

The Group's operations expose it to a variety of financial risks which it seeks to manage through the application of its Treasury Policy. This policy provides guidance to management on conducting appropriate financial risk management activities including the use of derivative financial instruments to manage this risk.

Interest Rate Risk

The Group is exposed to interest rate risk on the cash flows arising from its variable rate borrowings. The Board does not consider there is any significant exposure to interest rate risk on its investments. The Group's interest rate exposures are managed in accordance with specific borrowing parameters outlined in the Treasury Policy which requires the fixing of interest rates for specified portions of borrowings based upon the term remaining and outlines the approved derivative instruments that can be used to do this.

To manage its interest rate risk, the Group enters into hedging instruments or cash flow hedges, otherwise known as Interest Rate Swaps (IRS). IRS swap the floating rate exposure on a notional value of borrowings for a fixed rate. Such derivatives are measured at fair value.

Required Exposure Periods	Minimum Interest Rate Fixing	Maximum Interest Rate Fixing
0 – 2 years	40%	100%
2 – 5 years	20%	80%
5 – 10 years	0%	60%

At the inception of the hedge relationship, Infrastructure Holdings documents the nature of the risk being hedged, the economic relationship between the hedged item, the instrument for effectiveness testing along with its risk management objectives for undertaking various hedge transactions. After the initial assessment of the hedge effectiveness at the inception of the hedge, the hedge effectiveness is assessed at each subsequent reporting date and upon a meaningful change in the circumstances affecting the hedge effectiveness requirements.

The hedged item (the borrowings) creates an exposure to pay interest on the notional value, settled at intervals prescribed by the hedge agreement. An IRS on the same notional value creates an equal and opposite interest receipt and a fixed interest payment, creating an offset for this transaction and resulting in a net fixed interest payable.

The effective portion of changes in the fair value of the derivative financial instruments that are designated and qualify as cash flow hedges are deferred in equity. The gain or loss relating to any ineffective element is recognised immediately in the profit or loss.

Sensitivity Analysis

The table below illustrates the potential profit or loss and equity impact for possible interest rate movements, with all other variables held constant, based on Infrastructure Holding's financial instrument exposure at the balance date.

Interest Rate Change	Impact on Profit	Impact on Equity
	\$000	\$000
-2%	776	(4,603)
-1%	338	(2,213)
+1%	(338)	2,102
+2%	(776)	4,045

Fair Value of Financial Derivatives

At balance date, financial derivatives comprise interest rate swaps with a fair value asset of \$0.06m (2025: fair value liability of \$0.2m). The fair value of the swaps is determined using observable market inputs and is categorised as a Level 2 fair value measurement. Valuations are provided by Westpac Banking Corporation using market interest rates at balance date. The fair value represents the net present value of the estimated future cash flows under the swap agreements.

Credit Risk

The Group is exposed to credit risk on its trade receivables, cash and cash equivalents and borrowers notes from the possibility of counterparties failing to perform their obligations. This risk is represented by the carrying value in the Statement of Financial Position. The Group considers this risk to be not material.

Trade and Other Receivables

	2026	2025
	\$000	\$000
Trade Receivables	15,456	14,208
Less Provision for Expected Credit Losses	(945)	(138)
Accrued Debtors	756	475
Total Trade Receivables	15,267	14,545

Trade and Other Receivables are measured at fair value less any allowance for expected credit losses.

Impairment of Trade Receivables

The allowance for expected credit losses represents estimated impairment losses on trade receivables arising from contracts with customers. The Group measures the Expected Credit Loss for trade receivables at an amount equal to lifetime expected credit losses.

The allowance is estimated having regard to historical default experience, an assessment of the debtor's current financial position and forward-looking information.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. None of the trade receivables that have been written off are subject to enforcement activities.

Currency Risk

The Group is exposed to foreign currency risk through the acquisition of property, plant and equipment from overseas suppliers. Management actively monitors the currency risk exposure and will enter forward foreign exchange contracts to hedge this risk where required by the Treasury Policy. As at balance date, the Group had no outstanding foreign exchange contracts. (2025: nil).

Liquidity Risk

Liquidity risk is the risk that the Group will be unable to meet its financial obligations as they fall due. Liquidity risk is managed through the maintenance of sufficient cash reserves and access to committed funding facilities.

Borrowings

Borrowings are initially recognised at their fair value. After initial recognition, all borrowings are measured at amortised cost using the effective interest method where this differs from face value.

Secured Loans

	2026	2025
	\$000	\$000
Current	34,500	25,000
Non-Current	89,444	96,800
Total Secured Loans	123,944	121,800

Secured loans comprise the following:

- Multi-option credit facilities with the Local Government Funding Agency (LGFA) totalling \$120.0m (2025: \$118.0m);
- A loan from the Ministry of Business, Innovation and Employment for the Slipway project at Port Nelson amounting to \$3.9m (2025: \$3.8m); and
- Financing arrangements with Westpac Banking Corporation totalling \$15.0m across three facilities, of which no amounts were drawn down at balance date (2025: \$15m across three facilities and no amounts drawn down at balance date). The Westpac facilities are set to expire on 30 September 2026.

All loans are secured against assets, undertakings, and uncalled capital of the Group.

Maturity analysis for the principal amounts of non-derivative financial instrument liabilities based upon the contractual maturities

	Weighted Average Effective Interest Rate	Due within 1 year	Due between 1 to 2 years	Due between 2 to 5 years	Due after 5 years	Total
2026		\$000	\$000	\$000	\$000	\$000
Borrowings	4.79%	34,500	18,894	68,183	2,367	123,944
Trade and Other Payables		7,681	-	-	-	7,681
Lease Commitment		1,009	1,044	2,539	7,973	12,565
Total		43,190	19,938	70,722	10,340	144,190
2025						
Borrowings	5.35%	25,000	22,500	54,140	20,160	121,800
Trade and Other Payables		8,808	-	-	-	8,808
Lease Commitment		1,248	611	1,930	8,686	12,475
Total		35,056	23,111	56,070	28,846	143,083

Trade and Other Payables

Trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method. Trade and other payables represent unpaid liabilities for goods and services received prior to year-end and are typically settled within 30 days.

Borrower Notes

Borrower notes are subordinated convertible debt instruments that the Company subscribes to, amounting to 5% of the total long-term borrowings from LGFA. The LGFA will redeem these borrower notes once the Company's related borrowings are repaid. At balance date the Company had \$3.5m in borrower notes (2025: \$3.1m).

E. Other Information

E1. Employee Provisions

	2026	2025
Employee Benefit Liabilities	\$000	\$000
Annual Leave and Accrued Pay	3,397	3,289
Long Service Leave	258	223
Other Benefits	987	874
Total Employee Benefit Liabilities	4,642	4,386
Current	4,495	4,250
Non-Current	147	136
Total Employee Benefit Liabilities	4,642	4,386

Employee Provisions

A liability is recognised for benefits accruing to employees in respect of wages and salaries, annual leave and other benefits in the period the related service is rendered.

E2. Issued Capital

Share Capital

At 30 June 2026, the Company had 6,124,000 (2025: 6,124,000) ordinary shares. 3,794,000 shares are fully paid, and the remaining 2,330,000 shares are uncalled and unpaid. The value per share is \$100 and the total shares are divided equally between Tasman District Council and Nelson City Council. All shares carry equal voting rights and the right to share in any profit on winding up of the Company.

During 2025, the subsidiary of Port Nelson Limited, Nelson Marine Precinct Limited, issued 3,250,000 shares, at a value of \$1 each, to Crown Regional Holdings Limited. The transaction resulted in Crown Regional Holdings Limited acquiring a 31% ownership interest and the recognition of a non-controlling interest.

There were no other changes in share capital across the Group in the year ended 30 June 2026.

Reserves

Total reserves comprise the asset revaluation reserve of \$238m (2025: \$263m) and the reorganisation reserve of negative \$254m (2025: \$254m).

The asset revaluation reserve records cumulative revaluation movements recognised in equity in respect of the Group's property, plant and equipment.

The reorganisation reserve arose following the establishment of Infrastructure Holdings Limited as the parent of the Group on 1 July 2023. The transaction was accounted for as a business combination under common control, with assets and liabilities recognised at their existing carrying values. The reserve reflects historical reserves and other comprehensive income balances of the combining entities, comprising \$174.9m relating to Port Nelson and \$79.1m relating to Nelson Airport and has remained unchanged from the previous year.

E3. Reconciliation Of Net Profit To Net Cash Flow From Operating Activities

	2026	2025
	\$000	\$000
Net Profit/(Loss) After Income Tax	(5,560)	10,336
Add Non-Cash Items:		
Depreciation and Amortisation	17,535	16,772
Net Movement in Deferred Tax	(6,361)	(1,479)
Revaluation of Investment Property	196	78
Reclassification of Work in Progress	144	25
Revaluation Loss on Property, Plant and Equipment	24,199	-
Impairment of Goodwill	1,759	-
Net Loss on Disposal of assets	1,862	73
Movement in Non-Current Employee Benefit Entitlements	11	(243)
Movement in Non-Current Borrowings	144	-
Other	127	(39)
	39,616	15,187
Add (Less) Movements In Other Working Capital Items:		
Trade and Other Receivables	(722)	(1,286)
Inventories	(251)	(224)
Prepayments and Accruals	315	(267)
Trade and Other Payables	1,322	(1,183)
Current Employee Benefit Entitlements	245	32
Current Movement Lease Liabilities	(239)	420
Tax Payable	666	870
	1,336	(1,638)
Add (Less) items classified as investing or financing activities:		
Non-Current Movement Lease Liabilities	(1,244)	(2,031)
	(1,244)	(2,031)
Net Cash Inflow From Operating Activities	34,148	21,854

E4. Lease Liability

	2026	2025
	\$000	\$000
Opening Balance	12,475	1,131
Additions	1,551	12,659
Interest	722	249
Payments	(2,183)	(1,564)
Closing Lease Liability	12,565	12,475
Current	1,009	1,248
Non-Current	11,556	11,227
Total Lease Liability	12,565	12,475
Amounts Recognised in Profit and Loss		
Depreciation on right-of-use asset	1,816	1,400
Finance Cost	722	249
Short term and low value	646	1,049

The lease short-term and low value assets are recognised as an expense as incurred.

E5. Related Party Disclosures

		2026	2025
		\$000	\$000
Nelson City Council	Services Provided by Port Nelson Limited	197	38
	Services Provided to Port Nelson Limited	2,822	1,247
	Accounts Receivable by Port Nelson Limited	-	5
	Accounts Payable by Port Nelson Limited	68	43
	Sale/(Purchase) of Property by Port Nelson Limited	(860)	3,375
	Services Provided by Nelson Airport Limited	14	14
	Services Provided to Nelson Airport Limited	713	825
	Accounts Payable by Nelson Airport Limited	23	18
	Dividends Paid by Infrastructure Holdings Limited	3,650	2,850
Tasman District Council	Dividends Paid by Infrastructure Holdings Limited	3,650	2,850
Nelmac Limited	Services Provided to Port Nelson Limited	40	36
	Accounts Payable by Port Nelson Limited	-	2
	Services Provided to Nelson Airport Limited	146	180
	Accounts Payable by Nelson Airport Limited	14	11

Nelmac Limited is 100% owned by Nelson City Council and provides maintenance work to Port Nelson Limited and Nelson Airport Limited.

Directors and Key Management Personnel

		2026	2025
		\$000	\$000
Details of compensation paid to Key Management Personnel and Directors during the financial year			
Directors	Salaries and Other Short-Term Benefits	599	626
Key Management Personnel	Salaries and Other Short-Term Benefits	2,429	2,629

Severance payments

During the year, the Group recognised severance payments of \$0.06m (2025: nil) in relation to employee termination arrangements. The expense has been included within employee benefit expenses.

E6. Non-Controlling Interest

Non-Controlling Interests (NCI) represent the portion of equity in the Group's subsidiaries not attributable, directly or indirectly, to the Parent Company. The Group's material NCI relates to Nelson Marine Precinct Limited, a subsidiary of Port Nelson Limited.

At balance date, the Group holds a 69% interest in Nelson Marine Precinct Limited, with the remaining 31% held by Crown Holdings Limited.

Set out below is summarised financial information for Nelson Marine Precinct Limited. The amounts disclosed are before inter-company eliminations and no dividends have been paid during the year.

The net loss after income tax for 2026 includes a material revaluation loss on property, plant and equipment and right-of-use assets, together with an impairment of goodwill. These items contributed \$13.6m to the subsidiary's loss for the year.

	2026	2025
	\$000	\$000
Summarised Balance Sheet		
Current Assets	267	2,389
Current Liabilities	(4,117)	(489)
Non-Current Assets	7,731	7,509
Non-Current Liabilities	(5,191)	-
Net Assets	(1,310)	9,406
Summarised Statement of Comprehensive Income		
Revenue	1,037	882
Net Profit/(Loss) After Income Tax	(10,572)	(298)
Summarised Cash Flow		
Net Cash Flows from Operating Activities	(417)	13
Net Cash Flows from Investing Activities	(1,700)	(4,680)
Net Cash Flows from Financing Activities	-	7,050
Net Increase / (Decrease) in Cash Held	(2,117)	2,383

E7. Contingent Assets and Liabilities

There are no contingent liabilities at 30 June 2026 (2025: \$nil). There are no contingent assets at 30 June 2026 (2025: \$nil).

E8. Events After Balance Date

The Westpac facility set to expire on 30th September 2026 is being replaced by a facility from LGFA. The new facility will have a total limit of \$15.0m.

There have been no other material events after balance date that require disclosure or adjustment in these financial statements.

Independent Auditor's Report

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

The Auditor-General is the auditor of Infrastructure Holdings Limited (the Group). The Auditor-General has appointed me, Neil Calder, using the staff and resources of Ernst and Young, to carry out the audit of the financial statements and performance information on his behalf.

Opinion

We have audited:

- the financial statements of the Group that comprise the statement of financial position as at 30 June 2026, the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include material accounting policy information and other explanatory information on pages 10 to 31; and
- the performance information that consists of the statement of performance of the Group for the year ended 30 June 2026 on pages 5 and 8.

In our opinion:

- the financial statements of the Group present fairly, in all material respects its financial position as at 30 June 2026 and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards.
- the performance information of the Group accurately reports, in all material respects, the Group's actual performance compared against the performance targets and other measures adopted for the year ended 30 June 2026, and has been prepared, in all material respects, in accordance with section 68 of the Local Government Act 2002 (the Act).

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 and the International Standards on Auditing (New Zealand) 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 opinion.

Responsibilities of the Board of Directors for the financial statements and performance information

The Board of Directors is responsible on behalf of the Group for preparing financial statements that are fairly presented and comply with International Financial Reporting Standards. The Board of Directors is also responsible for preparing the performance information contained in the statement of performance of the Group in accordance with the Act.

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

In preparing the financial statements and performance information of the Group, the Board of Directors is responsible on behalf of the Group for assessing the Group's ability to continue as a going concern. The Board of Directors is also responsible for disclosing, as applicable, matters related to going concern and using the going concern basis of accounting, unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

The Board of Directors' responsibilities arise from the Local Government Act 2002.

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

Our objectives are to obtain reasonable assurance about whether the financial statements and performance information, as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit carried out in accordance with the Auditor-General's Auditing Standards will always detect a material misstatement when it exists. Misstatements are differences or omissions of amounts or disclosures, and can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the decisions of readers, taken on the basis of these financial statements and performance information.

For the budget information reported in the financial statements and performance information, our procedures were limited to checking that the information agreed to the Group's statement of intent.

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

As part of an audit in accordance with the Auditor-General's Auditing Standards, we exercise professional judgement and maintain professional scepticism throughout the audit. Also:

- We identify and assess the risks of material misstatement of the financial statements and performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the 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 Group to cease to continue as a going concern.
- We evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Group's readers to judge the actual performance of the Group against its objectives in its statement of intent.
- We plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information and performance information of the entities or business units within the group as a basis for forming an opinion on the group financial statements and the group performance information. We are responsible for the direction, supervision and review of the audit work performed for the purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with the Board of Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report other than the financial statements and performance information consisting of statement of performance, and our auditor's report thereon.

Our opinion on the financial statements and performance information does not cover the other information and we do not express any form of audit opinion or assurance conclusion thereon.

In connection with our audit of the financial statements and performance information, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the financial statements and performance information or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on our work, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Independence

We are independent of the Group in accordance with the Auditor-General's Auditing Standards, which incorporate the independence requirements of Professional and Ethical Standard 1: *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* as applicable for audits of public interest entities issued by the New Zealand Auditing and Assurance Standards Board.

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



Neil Calder
Ernst & Young
On behalf of the Auditor-General
Auckland, New Zealand
22 September 2026

Statutory Information

Ownership

Infrastructure Holdings Limited (“IHL”, “the Company” or “the Group”) is a Council Controlled Trading Organisation under the Local Government Act 2002. The company is jointly, and equally, owned by Nelson City Council (NCC) and Tasman District Council (TDC).

Purpose

IHL was established by NCC and TDC to actively manage their investments in Port Nelson and Nelson Airport. IHL is tasked with delivering a range of benefits. These include funding benefits, operational synergies, better strategic alignment, reduced shareholder administration costs and operation of sound business practices.

Employees

IHL had no employees during the period.

Donations

IHL made no donations during the period.

Directors’ Register of Interests

Directors recorded the following interests in the interest register for the period ended 30 June 2026:

Paul Steere, appointed 29 July 2026

Steering Committee Nelson City for all Ages (Chair)
Birdhurst Limited (Chair)
Golden Bay Fruit Packing Limited (Chair)
Golden Bay Fruit 2008 Limited (Chair)

Sue Sheldon CNZM, resigned 22 July 2026

FibreTech New Zealand Ltd (Director / Shareholder)
FibreTech Holdings Ltd (Director / Shareholder)
Sue Sheldon Advisory Ltd (Director / Shareholder)
The Jarvis Trust (Trustee)
Descendant Late LN Montgomery

Gerrard Wilson

Nelson Building Society (Director)
Ngāti Apa Investments Ltd (Director)
Ngāti Apa Pito Whenua Ltd (Director)
Kurahaupo General Partner Ltd (Director)
Ngati Apa ki te Ra To Assets Holding Company Ltd (Director)
Whanganui iwi Fisheries Ltd (Director)
Urbis Investments Ltd (Director/Shareholder)
Port Nelson Ltd (Director)
Te Ngakinga o Whanganui Investment Trust (Trustee)
Mt Robert Foundation (Trustee)
Philanthropic Charitable Trust (Trustee)

Quinton Hall

Nelson Airport Ltd (Chair)
MV Group Limited (Director and Shareholder)
Vertus Group Ltd (Director / Shareholder)
Jucy Group 2002 Ltd (Director)
Gymnastics New Zealand (Chairperson)
Director, Tū Mai Rā Investments General Partner Limited

Darren Mark

Port Nelson Ltd (Director)
Nelson Airport Ltd (Director)
Findex Nelson / Findex NZ Ltd (Senior Partner)
Titipounamu Investments Ltd (Director / Shareholder)
E R Freeman Ltd (Director)
Bowater Holdings Ltd (Director)
Bowater Motors Ltd (Director)
Bowater Properties Ltd (Director)
Te Awa Nominees Ltd (Director)
WHK Services Tasman Ltd (Director)
West Yates and Partners Nominee Company Ltd (Director)
Te Oramamaku Holdings Ltd (Director)
Maitai Trustee Company Ltd (Director) + various other trustee Co's in Darren's professional capacity
Tasman Bays Heritage Trust (Trustee)
RG & EF MacDonald Trust Board (Trustee)
Whangarei Rollforming Ltd (Director)

Directors Remuneration

The total remuneration received by the Group's directors during the year was as follows:

	Infrastructure Holdings Limited	Nelson Airport Limited	Port Nelson Limited	Total
Quinton Hall	12,840	55,000	-	67,840
Gerrard Wilson	12,840	-	44,169	57,009
Guy Roper	-	-	50,018	50,018
Jon Safey	-	-	86,393	86,393
Sue Sheldon CNZM	48,152	-	-	48,152
Darren Mark	12,840	34,669	44,168	91,677
Catherine Taylor	-	-	37,396	37,396
Meg Matthews	-	-	48,949	48,949
Kim Wallace	-	-	46,558	46,558
Emma Ihaia	-	33,599	-	33,599
Matthew Clarke	-	30,924	-	30,924
Total	86,672	154,192	357,651	598,515

Employee Remuneration

The number of employees or former employees who received remuneration and other benefits of \$100,000 or more for the year ended 30 June 2026 was as follows:

Remuneration	Infrastructure Holdings Limited	Nelson Airport Limited	Port Nelson Limited	Total
\$ 100,001 to \$110,000	–	–	25	25
\$ 110,001 to \$120,000	–	2	25	27
\$ 120,001 to \$130,000	–	1	15	16
\$ 130,001 to \$140,000	–	1	8	9
\$ 140,001 to \$150,000	–	2	1	3
\$ 150,001 to \$160,000	–	1	13	14
\$ 160,001 to \$170,000	–	–	5	5
\$ 170,001 to \$180,000	–	1	1	2
\$ 190,001 to \$200,000	–	1	1	2
\$ 210,001 to \$220,000	–	–	2	2
\$ 220,001 to \$230,000	–	–	1	1
\$ 250,001 to \$260,000	–	–	2	2
\$ 270,001 to \$280,000	–	–	3	3
\$ 290,001 to \$300,000	–	1	2	3
\$ 300,001 to \$310,000	–	–	2	2
\$ 430,001 to \$440,000	–	–	1	1

Directory

Registered Office

8 Vickerman Street,
Port Nelson
Nelson 7010

Auditor

Ernst & Young, on behalf of the Office of the Auditor General

Banker

Westpac New Zealand Limited

Solicitors

Simpson Grierson

Treasury Advisor

Bancorp Treasury Services



Board of Directors	Position	Appointed
Sue Sheldon CNZM	Chair	Appointed 17/1/23, Resigned 22/7/26
Paul Steere	Chair	Appointed 29/7/26
Quinton Hall	Director	Appointed 17/1/23
Darren Mark	Director	Appointed 17/1/23
Gerrard Wilson	Director	Appointed 17/1/23



IHL

Infrastructure Holdings Limited

PORT  NELSON

TE TAUNGA
RERERANGI
O WHAKATŪ



**NELSON
AIRPORT**