CRHL CROWN REGIONAL HOLDINGS LIMITED

Annual Report

2025

PRESENTED TO
THE HOUSE
OF REPRESENTATIVES

PURSUANT TO
SECTION 150(3) OF
THE CROWN ENTITIES
ACT 2004

Te Kāwanatanga o Aotearoa
New Zealand Government

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CRHL CROWN REGIONAL HOLDINGS LIMITED

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CRHL Purpose, objectives and Service Performance Measures

CRHL Purpose, objectives and Service Performance Measures

To invest in regional economic development in New Zealand, including by providing various forms of financial support for recipients in regional New Zealand[1]

Its five objectives for achieving its purpose[2] *are underpinned by strategic service performance measures*

1 – Act as an asset holding company to hold investments made through the PGF and other regional economic development initiatives

As at 30 June 2025 CRHL held on behalf of the Crown investments from 8 regional funds (8, 2023/24) in 13 regions (13, 2023/24) and 19 industry sectors (19, 2023/24).

For more details, see pages 4-5.

2 – Maintain and comply with the Investment Management Agreement with MBIE – CRHL will outsource the day-to-day management of investments to MBIE

CRHL and MBIE have entered into a Management Agreement.

Annually MBIE surveys the CRHL Directors for their satisfaction on agreed service levels and timeframes. The survey results are reproduced on page 17 and are also available in the MBIE Annual Report available via the MBIE website.

3 – Operate commercially and in a manner that optimises investments, minimises costs, reflects the funds' overarching objectives and timely distribution of any surplus funds

MBIE engaged BERL to undertake research into the value added from investments in a region during the active period of a project. A summary of results from this research can be found on page 7.

4 – Supervise and monitor the performance of MBIE's obligations under the Investment Management Agreement, consistent with CRHL's company constitution

The CRHL Directors have identified 5 performance measures that they included in the Statement of Performance Expectations. The annual result of these measures is contained on page 16.

5 – Provide its own advice to the relevant Ministers of prospective investments that MBIE assessed

A record of the pieces of advice is included in the Chair's report on pages 8-9.

1 Source – Crown Regional Holdings Limited, Constitution

2 Source – Crown Regional Holdings Limited, Statement of Service Expectations 2024/25

Outcomes category ratings breakdown

Outcomes category ratings within the regional funding framework

How it works

An outcomes category rating indicates what outcomes, projects and funds favourably contribute towards, and to what degree.

The analysis shown was completed by MBIE analysts in 2024.

A comprehensive list of outcomes was created covering all the outcomes across the regional development funds managed by MBIE.

This list was narrowed to distinct outcome categories (defined below) that each project could be scaled against. The results were then moderated to ensure consistency across all projects.

Once all projects were rated against the outcome categories, the scores were weighted by the value of the project, scaled (normalised) to a value between the highest and lowest average rating, then plotted to show which outcomes were contributed to most.

Wide-reaching positive outcomes

Both graphs below [web plots] demonstrate the effect the funding has made into regional development via equity and loans, showing a strong favour towards assets, suggesting most of these projects create physical assets.

The equity investments also show strong favour to attractiveness, liveability and skills, suggesting that equity investments are being used to fund new or improved:

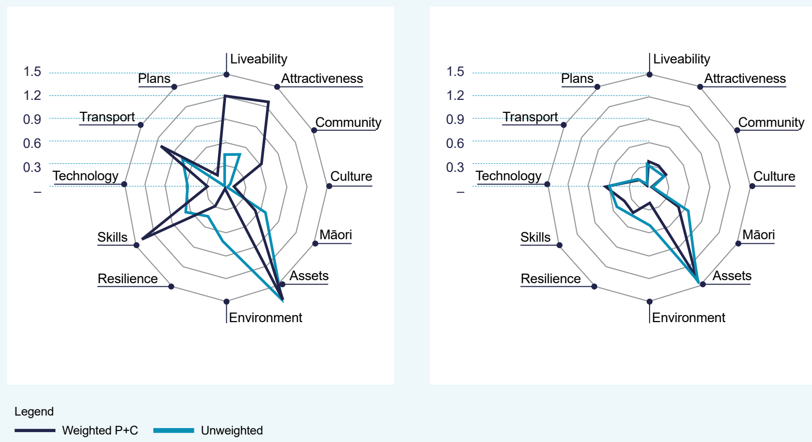
- visitor attractions or facilities (like Invercargill Central Limited),
- public facilities (including Whanganui Port Revitalisation Infrastructure), and
- training or education facilities (such as Whakatōhea Mussels (Ōpōtiki) Limited).

Equity

Projects paid and co-funding: $289.124m

Loan

Projects paid and co-funding: $910.583m



Outcomes Listing and definitions

1. Assets – enduring physical assets created, or life of existing assets extended for a stronger capital base.
2. Attractiveness – new or improved visitor attractions, visitor facilities.
3. Community – new or improved community facilities, inclusive facilities.
4. Culture – new or improved cultural facilities, historic sites, marae.
5. Environment – more offsetting, lower-emitting, non-depleting, recycling practices/facilities.
6. Livability – new or improved recreational facilities, homes, public facilities
7. Māori – enhanced capacity/capability of Māori to live lives they value.
8. Plans – such as business cases, feasibility studies etc.
9. Resilience – increased resilience to natural disasters, floods, droughts, etc.
10. Skills – more people upskilled, educated, trained, experienced for greater human capital.
11. Technology – new or improved automation, digital facilities, IT connectivity, high-tech R&D, techniques.
12. Transport – new or improved paths, roads, rail, air, and water transport services.

CRHL Regional map

TOTALS
AS AT 30 JUNE 2025

- **$1,085,489** CONTRACTED FUNDING 000s
- **201** PROJECTS FUNDED

For a full list of projects Kānoa have funded go to www.growregions.govt.nz/funding

Funding and projects breakdown

	Contracted funding 000s	Projects funded
TE TAI TOKERAU NORTHLAND	$139,822	27
TE MOANA-A-TOI BAY OF PLENTY	$359,032	35
WAIKATO	$74,610	15
TE TAIRĀWHITI EAST COAST	$123,061	26
TARANAKI	$4,319	4
TE MATAU-A-MĀUI HAWKE'S BAY	$163,405	26
MANAWATŪ-WHANGANUI/ HOROWHENUA	$79,679	17
WAIRARAPA-KĀPITI	$4,090	3
TE TAU IHU TOP OF THE SOUTH	$19,500	7
TE TAI POUTINI WEST COAST	$11,212	4
WAITAHA CANTERBURY	$8,400	3
ŌTĀKOU OTAGO	$19,583	13
MURIHIKU SOUTHLAND	$65,335	14
NATIONAL	$13,441	7

PROJECT COMPARISONS FY2024 / FY2025	01/07/23 to 30/06/24 Contracts	01/07/24 to 30/06/25 Contracts	01/07/23 to 30/06/24 Contracted Funding $000s	01/07/24 to 30/06/25 Contracted Funding $000s
Opening balance	**163**	**200**	**823,988**	**1,015,354**
New projects contracted	58	17	240,925	75,604
Additional funding for existing projects	–	–	14,750	35,760
Reduced funding for existing projects	–	–	(6,050)	(12,173)
Withdrawn projects	(8)	(7)	(20,929)	(18,055)
Completed projects	(13)	(9)	(37,331)	(11,001)
Closing balance	**200**	**201**	**1,015,353**	**1,085,489**
In year movement	37	1	191,365	70,135

Results
Projects breakdown by sector

Sector	Contracted funding 000s	Projects funded
AQUACULTURE	$65,600	9
AGRICULTURE / HORTICULTURE	$234,233	56
CAPABILITY / CAPACITY CONSTRUCTION	$5,300	3
ENERGY / FOOD & BEVERAGE	$53,857	14
FORESTRY / WOOD PROCESSING	$75,348	15
INFRASTRUCTURE / OTHER	7,500	2
MANUFACTURING / ENGINEERING	$56,117	16
PORTS	$193,042	11
REGIONAL PROJECTS AND ROAD	$41,260	6
R&D / TECHNOLOGY / SKILLS & EMPLOYMENT	$9,903	4
TOURISM / ITO / STAPP	$185,226	49
WATER STORAGE / MANAGEMENT	$154,103	15
WASTE RECYCLING	$4,000	1
GRAND TOTALS	$1,085,489	201

Economic and social impacts
From regional investments by fund type

BERL was commissioned by MBIE to develop an input-output multiplier model to estimate the impact of regional development investments. The model has been adjusted to take into account the impact of co-funding recipients put into projects, thereby giving a whole of project estimated impact. The CRHL investments are a subset of this larger portfolio and the results for the CRHL investments by fund are shown below.

ESTIMATED IMPACTS OF COMBINED FUNDING TOTAL

TOTAL PAID FUNDING
$971,079,559

TOTAL CO-FUNDING
$1,381,387,347

COMBINED TOTAL FUNDING	ADD EXP GEN GROWTH %	ADDITIONAL GDP	SOCIAL IMPACT JOBS (FTEs)
$2,352B FUND TOTAL $$$$$	$4,091B 74%	$1,750B	17,268

ESTIMATED IMPACTS BY FUND TYPE

COVID-19: INFRASTRUCTURE INVESTMENT (IRG)
$748.3M — 3,073
$326M FUND TOTAL — $313.9M ADD EXP GEN

NORTH ISLAND WEATHER EVENTS
$225M — 980
$126M FUND TOTAL — $96.5M ADD EXP GEN

PROVINCIAL GROWTH FUND
$1.765B — 7,490
$917.5M FUND TOTAL — $760.7M ADD EXP GEN

QUEENSTOWN ECONOMIC TRANSFORMATION AND RESILIENCE FUND (QET)
$1.2M PF
$1.7M CF
$3M FUND TOTAL
Only one project remains (one withdrawn since last year). No output as model cannot process sector of Technology.

REGIONAL INFRASTRUCTURE FUND
$474.7M — 1,937
$519M FUND TOTAL — $202.8 ADD EXP GEN

REGIONAL INVESTMENT OPPORTUNITIES (NZ UPGRADE PROGRAMME)
$274.6M — 1,126
$126.5M FUND TOTAL — $117.2M ADD EXP GEN

REGIONAL STRATEGIC PARTNERSHIP FUND (RSPF)
$328.5M — 1,562
$223.3M FUND TOTAL — $149.1M ADD EXP GEN

STRATEGIC TOURISM ASSETS PROTECTION PROGRAMME (CRRF-TSRF)
$241.2M — 953
$95M FUND TOTAL — $95M ADD EXP GEN

WOOD PROCESSING GROWTH FUND
$33.6M — 147
$16M FUND TOTAL — $14.7M ADD EXP GEN

Input-output model explanatory note

An input-output multiplier model shows how changes in one part of an economy can affect other parts of the economy through direct and indirect and induced impacts. The model demonstrated above only accounts for impacts during the period which payments are made to the recipient. In the case of CRHL investments the exclusion of the on-going impacts results in a lower level of economic impact being calculated over the life of the project. The model is also limited to specific economic impacts – expenditure, GDP, and job creation – and therefore does not capture many of the other social benefits that can occur because of government investment.

Abbreviations
ADD EXP GEN = Additional expenditure generated
CF = Co-funding
PF= Paid funding
P/C= Paid funding and co-funding

Crown Regional Holdings Limited
Chair's Report 2025

John Rae
Chair, Crown Regional Holdings Limited

On behalf of the Board of Crown Regional Holdings Limited (CRHL), I am pleased to present the Annual Report for the year 2024–2025.

This year has been marked by continued delivery across CRHL's regional investment portfolio, with a strong focus on resilience, recovery, and long-term regional transformation. CRHL has remained steadfast in its role of managing Crown investments, providing independent commercial advice to Ministers, and supporting regional development initiatives that unlock economic potential across Aotearoa New Zealand.

The Regional Infrastructure Fund (RIF), which opened for applications on 1 July 2024, has now passed its first full year of operation. The Fund has begun to shape a new wave of infrastructure investment, targeting assets that serve multiple businesses, iwi, and communities. These investments are designed to lift regional productivity and resilience, and CRHL has worked closely with Kānoa – Regional Economic Development & Investment Unit (Kānoa) to ensure alignment with regional priorities.

In accordance with the CRHL Constitution, the Board provided independent advice to Ministers on RIF project proposals. Over the past year, the Board delivered 25 pieces of advice, which were well received. Ministers acknowledged the value of this input in supporting their decision-making processes.

CRHL's portfolio now spans multiple Government funding programmes. The portfolio has grown in both scale and complexity, reflecting the Government's commitment to regional economic development. As at 30 June 2025, the CRHL portfolio includes:

- 201 active contracts totalling $1,085 million
- $822 million in loans
- $140 million in equity
- $123 million in capital assets.

There has been a modest increase in At-Risk projects from the previous year which continues the trend of increased risk in a challenging economic environment. These investments remain concentrated in sectors and regions where traditional financing is limited, underscoring the government's role in bridging critical funding gaps. The economic environment has remained difficult, with persistent inflation, high interest rates, and constrained labour markets. Despite these headwinds, regional businesses have demonstrated remarkable resilience.

Many have adopted long-term strategies focused on sustainability and adaptability, and CRHL's borrowers and equity partners have continued to deliver on their commitments.

Key milestones achieved in 2024–25 include:

- 9 loans repaid in full, returning $11 million in interest and principal
- 17 contracts novated to CRHL, with a contract value of $75 million, and
- 148 contracts are fully drawn down, totalling $603 million

I would like to acknowledge my fellow Directors Neville Harris QSO, Rosie Mercer, Michael Greenslade, Mat Bolland and Angela Edwards for their dedication and expertise. Their contributions have been instrumental in navigating a complex and evolving investment landscape.

I wish to also recognise and thank the previous CRHL Directors Dame Patsy Reddy GNZM CVO QSO DstJ, Anne-Marie Broughton and Elizabeth Hopkins for their invaluable contribution to these ambitious government programmes.

Finally, I extend my thanks to our Shareholding Ministers, MBIE and Kānoa for their continued support and commitment to regional New Zealand.

John Rae
Chair, Crown Regional Holdings Limited

CRHL
Director profiles

John Rae (B.Com, LLB) | Chair

John is a professional Director and advisor to a number of companies around New Zealand.

He is a Chartered Member of the Institute of Directors and has/had Director or Chairman roles for a number of New Zealand companies involved in the infrastructure, investment, agriculture, horticulture, energy, iwi, waste and economic development sectors.

He was involved in banking in New Zealand and London in various treasury and capital market roles for 10 years before returning to New Zealand in 1991 and undertaking a number of private equity, venture capital and corporate finance transactions in New Zealand and Australia.

For 9 years until early 2010, John was Managing Director of Stevenson Group, one of New Zealand's largest private companies with more than 600 employees. He was responsible for a major transformation of this almost 100-year-old company into a successful, diversified investment group with significant interests in construction materials, quarrying, mining, agriculture, engineering and property.

John's current roles include Chair of Landcorp Limited, Director of Bremworth Limited, a Panel Member on the Waste Minimisation Fund and Chair of Gisborne Holdings Limited – the Tairawhiti region's investment CCTO.

Neville Harris QSO | Director

Neville Harris QSO was appointed to the CRHL Board on 3 September 2019.

He worked for most of his career in the Public Sector in New Zealand with prominent roles in the management and supervision of the regulatory framework for corporations, securities, insolvency, intellectual property rights and Crown mineral estate.

He was a Deputy Secretary at the Ministry of Economic Development until 2013. He is Chair of the Racing Integrity Board and on the board of the New Zealand Antarctic Institute. Mr Harris was previously a member of the Independent Advisory Panel of the Provincial Growth Fund.

Rosie Mercer | Director

Rosie Mercer is a civil engineer and Chartered Member of Engineering New Zealand.

She is the Chief Executive Officer at Marsden Maritime Holdings Ltd, and before that was Ports of Auckland's General Manager of Sustainability.

Rosie was a group member of the Fast-Track Projects Advisory Group.

Her career started at engineering services group Beca, delivering airfield and highway projects in New Zealand and overseas. She also served in the New Zealand Defence Force. Rosie was previously Deputy Chair of the Provincial Growth Fund's Independent Advisory Panel.

Angela Edwards | Director

Angela Edwards is a Fellow Chartered Accountant and a Director of a public practice accounting firm in Northland.

She has extensive experience auditing Māori entities, Not-for-Profit and charitable organisations. Her diverse client base includes rūnanga, Māori Incorporations, companies, schools, and Not-for-Profit organisations.

In the community, Angela volunteers her time to support numerous organisations delivering education, sport and revitalisation environmental work. Angela has served as a Director on the New Zealand Railway Corporation since June 2020.

Angela has extensive experience identifying risks and opportunities and guiding businesses through accounting and governance challenges. She is the Māori Sector Business Leader for BDO New Zealand, being a key contributor in the implementation of the recent values and sustainability projects for the firm.

Mat Bolland | Director

Mat Bolland was appointed to the Crown Regional Holdings Board in January 2025.

He is a partner at corporate affairs advisory firm Shanahan Partners and prior to that was the Chief Corporate Affairs Officer at Air New Zealand.

Mat has led corporate affairs activity through crises, significant change and helped secured market structure changes that have delivered benefits to customers while adding significant shareholder value.

He has also led engagement on national infrastructure projects at 2degrees, and TelstraClear and worked with Watercare as it introduced new infrastructure for the Auckland region.

Mat has served as the President of the Board of Airline Representatives, on the NZUS Council, the Telecommunications Carrier Forum Board and is a Fellow of Public Relations Institute of New Zealand.

CRHL
Director profiles continued

Michael Greenslade | Director

Michael Greenslade has a background in private sector, public service, and in sporting and community Service Governance.

He is Auckland based, and is the CEO of Commissioner Consulting Limited, a business specialising in Strategy, ROI Improvement, and Economic Development.

Michael went on to serve as Trade Commissioner in the Pacific with New Zealand Trade and Enterprise, serving three terms over 15-years. Two terms for New Zealand Government (Suva and Auckland) and one for the Pacific Forum (Auckland). This role's primary purpose was to build stronger Economies in the Pacific by creating partnerships with the NZ private sector.

During this period Michael organised and co-led over 20 Trade & Investment Missions with Government Ministers, including Prime Ministers and Ministers of Foreign Affairs and Trade.

As the founder of several Bilateral Business Councils, Michael has sat on the executive board of six. Currently, he is a Life Member of the Fiji – New Zealand Business Council and President of the New Zealand – Papua New Guinea Business Council.

Michael majored in Politics at Otago University, where he was elected to the Student Executive. He holds a Master of Business Administration from Massey University. In recent years he has completed a number of post graduate university courses including Project Management and Lean Manufacturing.

Board of Directors, *from left to right*

Mat Bolland Angela Edwards John Rae Neville Harris Rosie Mercer Michael Greenslade

CRHL
Directors' Satisfaction Survey

CRHL Annual objective

One of CRHL's annual objectives is to enter into a management agreement with MBIE. The CRHL Board entered into a Management Agreement (Agreement) with MBIE on 27 May 2022 and this continues until such time as a new Agreement is entered into. The Agreement outlines the manner in which MBIE will manage and administer investments on behalf of CRHL. Each year, as part of MBIE's statutory reporting the Directors of CRHL are surveyed for their satisfaction level based on the work that MBIE has completed in relation to the management agreement. These results are published in the MBIE Annual Report and are reproduced below.

VOTE BUSINESS, INNOVATION AND EMPLOYMENT Appropriation	FY2024/25 RESULTS | TARGET
Regional Development: Infrastructure Reference Group fund MCA ▸ This appropriation is intended to achieve the support of regional economic development by providing operational and capital funding for infrastructure initiatives that lift regional productivity potential *Investment through Crown-owned companies* ▸ This category is intended to achieve the holding of the Crown's infrastructure-related investments by Crown Regional Holdings Limited. The purpose of the investment is to reduce the economic impact of COVID-19 on the construction industry	**4.3** Notes 1 and 2 **4.5 FY23/24**
Regional Development: Provincial Growth Fund MCA ▸ This appropriation is intended to achieve a lift in the productivity potential of the regions through the delivery of regional, sectoral and infrastructure initiatives *Management of investments in Crown-owned companies* ▸ This category is intended to achieve the effective delivery and management of funds administered by Crown Regional Holdings Limited	**4.3** Notes 1 and 2 **4.5 FY23/24**
Regional Development: Regional Strategic Partnership fund MCA ▸ This appropriation is intended to achieve improved regional economic and business development, accelerate Māori economic aspirations and support sector transformations *Investment through Crown-owned companies* ▸ This category is intended to achieve the holding of the Crown's regional strategic partnership fund investments by Crown Regional Holdings Limited. The purpose of the investments is to improve regional economic and business development, accelerate Māori economic aspirations and support sector transformations	**4.3** Notes 1 and 2 **4.5 FY23/24**
Regional Development: Investment in Crown-owned Companies and their subsidiaries for the Wood Processing Growth Fund ▸ This appropriation is intended to achieve the holding of the Crown's wood processing investments by Crown Regional Holdings Limited. The purpose of the investments is to act as a catalyst and accelerate investments from the private sector into new long-lived wood processing	**4.3** Notes 1 and 2 **4.5 FY23/24**
Regional Development: Investments through Crown-owned Companies for the North Island Weather Events Primary Producer Finance Scheme ▸ This appropriation is intended to achieve the holding of the Crown's North Island Weather Events Primary Producers Finance Scheme investments by Crown Regional Holdings Limited. The purpose of the investments is to help North Island land-based primary producers that had been severely impacted by the North Island Weather Events in early 2023	**4.3** Notes 1 and 2 **4.5 FY23/24**
Regional Development: Regional Infrastructure Fund ▸ This category is intended to achieve the holding of the Crown's regional infrastructure investments by Crown Regional Holdings Limited. The purpose of the investments is to support regional economic growth through regional infrastructure	**4.3** Notes 1, 2 and 3

NOTES Note 1 = The satisfaction of the CRHL Directors with agreed service levels and timeframes, on a scale of 1 (unsatisfied) to 5 (very satisfied)
Note 2 = Average score of 4 out of 5 or better
Note 3 = New Measure for FY2024/25

Explanation of Accounting Terms used in this report

What kind of loans do we have?

Concessionary loans

Concessionary loans offer more generous terms than market loans. The characteristics of these loans can include:

- Below market interest rates, including no interest
- Longer grace periods during which no interest or principal repayments are required
- Little or no covenants or other loan terms that can give rise to a default event
- The repayment of both principal and interest can be event driven rather than time driven. An example of such an event includes a borrower achieving certain project milestones or financial targets
- The granting of the loan is not assessed only on the credit worthiness of the entity, rather it is the purpose for which the funds are to be used that is important.

Accounting standards require concessionary loans to be presented in the financial statements in the following way.

- The funding paid to the recipient is shown on the balance sheet as an asset called Loans and advances
- At the time the funding is paid, it is calculated what this funding could have earned if market rates had been used. This is called the concession and is immediately recognised as an expense to CRHL in the Statement of Comprehensive Revenue and Expenses. It is a non-cash transaction.
- The concession is recalculated on a regular basis, and unwound or reversed to recognise the value of lost earnings falls as the expected loan repayment date gets closer. By the maturity of the loan the concession will be completely reversed. The reversal of concession is shown as revenue in the Statement of Comprehensive Revenue and Expenses as part of Interest Income.

Suspensory loans

Suspensory loans are mostly interest-free for a specified period, and are then forgiven if specific loan conditions are fulfilled.

These loans are included in the Loans and advances line on our Statement of Financial Position until CRHL is satisfied the funding provided is delivering the agreed public benefits. The borrower's obligation to repay the forgiven loan amount is then reduced in the accounts.

How do we calculate the value of our loans?

Amortised cost

A loan is measured at amortised cost when it has a repayment schedule with set dates and repayment amounts.

Most CRHL loans presented in the accounts are measured at amortised cost. Value of such loan in the accounts consists of loan drawdowns less any repayments made and concession calculated.

Fair value

Fair value is the price you would receive if you sold the asset in a normal business transaction between two independent knowledgeable participants.

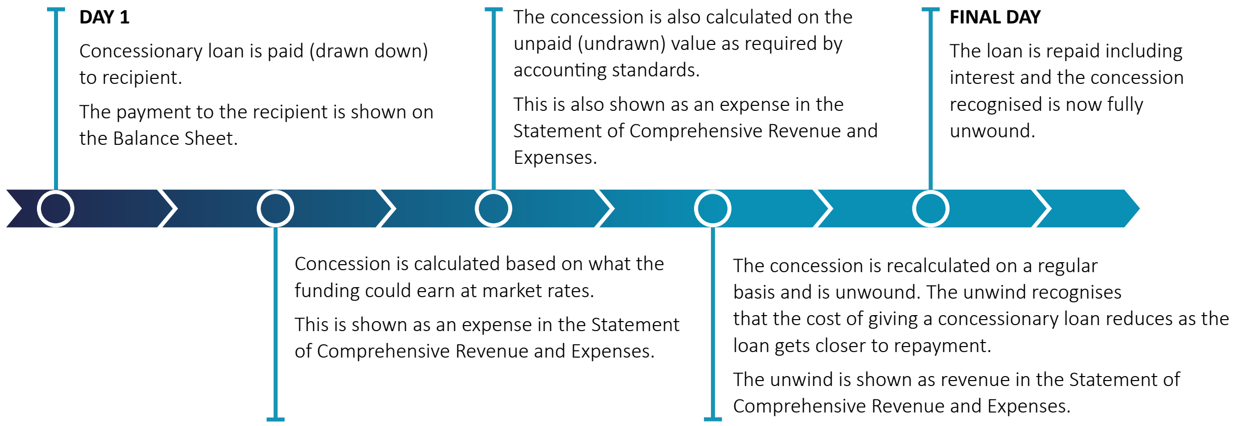
Some CRHL loans are measured at their fair value. When a value of a loan changes, CRHL recognises such movement as gain or loss in the Statement of Comprehensive Revenue and Expenses.

Loans held by CRHL that need to be shown at fair value are:

- Suspensory loans that could be forgiven in the future
- Concessionary loans with event-driven repayments

Fair value is calculated by using the projected estimated cash earned from the loans then discounted back using an appropriate discount factor.

Concessionary loans timeline



Impairment

Impairment is required when the value of an asset in the accounts is greater than what you can expect to receive for it from selling on the market.

In relation to CRHL an impairment test is performed on the loans other than those held at fair value.

Reasons that could lead to the impairment of a loan include general economic downturn, decline in an industry and potential difficulties in a borrower's business.

Expected Credit Losses (ECL) Model

An expected credit loss model is a concept used in accounting for loans and advances to estimate the probability of not receiving full amount of repayments back from a borrower.

These estimates are made at a point in time and will change over time as more information becomes available.

The model used by CRHL considers the loans over three stages:

- **Stage 1**
  Considers loans that have had no change in risk since they started, but estimates cash shortfalls that may happen in the 12 months following balance date
- **Stage 2**
  Considers loans that have had a significant increase in risk but that don't have any independent evidence for impairment (e.g. where COVID-19 has resulted in a change in business environment)
- **Stage 3**
  Considers loans that have had a significant increase in risk and there is evidence to support this increase. Evidence could be the borrower being in financial difficulties or breach of contract.

What other investments are held?

Investments in other organisations

CRHL has a number of assets that are investments by way of ownership of other organisations. When CRHL buys shares in another organisation, such investment are shown in the accounts as:

- **Investment Security.**
  An equity investment is where CRHL has purchased shares in another organisation and has no influence over what the organisation does.
- **Investment in associates.**
  This is where CRHL has invested in an organisation, and as part of that investment, it has significant influence over the organisation. The influence can be either financial or operational but does not give CRHL control over the organisation.
- **Investment in a Joint Venture.**
  This is when CRHL and a few others have made similar investments in an organisation. The investors all agree to sharing control on relevant activities concerning the organisation. No one investor can progress an activity unless all investors agree.

Physical Assets

CRHL holds two investment contracts that relate to physical assets.

These projects are held as either Fixed Assets under Construction, or Property, Plant and Equipment if the construction is complete. The physical assets are valued at cost during the construction stage and reviewed annually to ensure the value reflects the amount that could be recovered, should the physical asset be sold on the market.

Once a physical asset is complete, it must be accounted for in line with accounting standards. For a physical asset to be capitalised onto the Balance Sheet as Property, Plant and Equipment, there must be economic benefit (e.g., revenue earned) or service potential (e.g., access to better facilities) to CRHL. If this benefit or service potential is only partially achieved by CRHL, the value shown on the Balance Sheet must be impaired or reduced. In some circumstances all of the benefit or service potential will be achieved by other entities or New Zealand as a whole. In this situation the value of the physical asset will be impaired to nil until such time as CRHL starts receiving benefits or service potential.

Other contracts CRHL can enter into

CRHL can enter into lease arrangements in respect of its physical assets. Accounting standards define that there are two types of leases and each has a different impact on how the physical assets are accounted for.

When CRHL has a lease with a third party allowing them to use the physical asset but not be responsible for it, this is called an operating lease. Accounting standards require that the physical asset is held on CRHL's Balance Sheet and depreciated over its useful life. The income from the operating lease is then recognised as revenue.

But when CRHL has a lease with a third party that makes the third party responsible for the physical asset this is called a finance lease. The asset is written down to nil in CRHL's books, and all the future revenue to be earned from the lease is then recognised as a receivable (a different type of asset) on the Balance Sheet. Then over time this receivable converts into revenue.

CRHL
Statement of Service Performance

Reporting Entity

CRHL (formerly known as "Provincial Growth Fund Limited" (PGFL)) is a limited liability company (LLC) incorporated in New Zealand under the Companies Act 1993 and is a Schedule 4A entity of the Public finance Act 1989. CRHL is domiciled and operates in New Zealand. CRHL's ultimate parent is the New Zealand Crown.

CRHL's primary objective is to act as an asset holding company to hold loans, equity and asset investments made through the Provincial Growth fund (PGF). Regional investment Opportunities (RIO) fund, Strategic Tourism Protection Programme (STAPP), Infrastructure Reference Group (IRG) "shovel-ready projects, Regional Strategic Partnership Fund (RSPF), North Island Weather Event Primary Producers Finance Scheme (NIWE PPFS) and other regional economic development initiatives. CRHL does not operate to make a financial return.

In the Statement of Service Performance CRHL has reported against performance measures included in the Statement of Performance Expectations. The Statement of Service performance for CRHL is for the year ended 30 June 2025 and was approved by the Board on 31 October 2025.

CRHL's performance measures are reported opposite on page 17. Additional information is provided on pages 2 to 7 and page 18.

Statement of Compliance

The Statement of Performance has been prepared in accordance with Tier 1 PBE financial reporting standards, which have been applied consistently throughout the period. The financial statements and service performance information have been prepared in accordance with PBE Standards and in accordance with Generally Accepted Accounting Practice (GAAP).

Disclosure of Judgments, Estimates and Assumptions

Judgements for specific objectives

- **Objective 1: Act as an asset holding company to hold investments made through the PGF and other regional economic development initiatives**
  The measure identified to demonstrate the progress of CRHL acting as an asset holding Company for regional economic development, is the assets held in each region. No target information is given, as the CRHL Constitution states that the Company has no decision-making rights over the assets it holds. This information can be found on pages 4-5.
- **Objective 2: Maintain and comply with the Investment Management Agreement with MBIE – CRHL will outsource the day-to-day management of investments to MBIE**
  The Management Agreement between CRHL and MBIE sets out what services MBIE will provide for CRHL. The current agreement was signed April 2022. To better reflect the outcomes from this Agreement, MBIE annual surveys the CRHL Directors using the MBIE Survey Monkey account to ensure that the services provided are at the agreed levels and timeframes. This satisfaction level is a relevant and reliable measure of the quality of those services and has been reproduced in the CRHL Annual Report to support this objective. The results from the survey are reproduced on page 17 of the annual report.
- **Objective 3: Operate commercially and in a manner that optimises investments, minimises costs, reflects the funds' overarching objectives and timely distribution of any surplus funds**
  The overarching purpose of Regional Investment funds is to improve the well-being of New Zealanders living in regional New Zealand. More information can be found on the Grow Regions website (www.growregions.govt.nz).
  New Zealand regions receive investment from many funds including those held by CRHL. MBIE commissioned during the 2023/24 financial year an input-output multiplier model to calculate the estimated impact of funding invested by region. This model was developed by BERL and is still considered relevant for the 2024/25 financial year. The results from the model for the current financial year are presented in this annual report (page 7).
- **Objective 4: Supervise and monitor the performance of MBIE's obligations under the Investment Management Agreement, consistent with CRHL's company constitution**
  Five contract measures with targets have been identified as providing CRHL with the ability to supervise and monitor MBIE's performance. These measures have a material impact on ensuring that the contracts held by CRHL are being actively managed. The result of the five contract measures is shown on page 17.
- **Objective 5: Provide it's own advice to the relevant Ministers of prospective investments that MBIE assessed**
  The CRHL Board have a mandate to give independent advice to Ministers on potential investments. This advice is part of a broader pack of information received by Ministers and does not restrict Ministers decisions. The Board can nominate not to give advice if doing so could slow the decision making process. The volume of advice given during the 2024/25 financial year is contained in the Chairs report on pages 8-9.

Statement of Performance
CRHL Performance Measures at 30 June 2025

The table below sets out CRHL's performance measures as at 30 June 2025.

Performance Measure	Performance Target FY24/25	Performance Target FY23/24	Annual Result FY24/25	Annual Result FY23/24	Annual Report Commentary
1 Contract Management					
The percentage of counterparties that have a contract management plan in place	100%	100%	96%	87%	There were 185 (FY 23/24 185) contracted loans at 30 June 2025 with only 7 (FY 23/24 16) requiring completion of a contract management plan. There are 16 (FY 23/24 15) equity/asset contracts of which none had a contract management plan outstanding.
The percentage of counterparties that receive contact from Kānoa – RD at least once every quarter.	100%	100%	93%	97%	93% of loan and equity recipients were contacted on average by Kānoa – RD at least once every financial quarter.
2 Contract Delivery					
The percentage of counterparties that complete deliverables as per contract or for which variations are agreed prior to delivery period being completed.	100%	100%	100%	100%	The Board receives regular reporting from MBIE on the status of its full CRHL investment portfolio. From this, the Board gets assurance that counterparties are meeting their deliverables as required under the contract in place.
3 Contract Payment					
The percentage of payments made to counterparties within 11 working days of a valid drawdown notice being received.	100%	100%	100%	100%	There were 92 (FY 23/24 108) loan, 21 asset and 4 (FY 23/24 20) equity drawdowns processed and paid during the financial year.
4 Portfolio Risk Management					
The percentage of investments, notified by the Head of Kānoa – RD (or his delegate) to the CRHL Chair within 24 hours following Kānoa – RD increasing the RAG (Red Amber Green) status of the investment to Red.	100%	100%	94%	100%	CRHL had 16 (FY 23/24 11) investments categorised as RED throughout the financial year ending 30 June 2025.

Output class statement

	Actual 2025 $000	Budget 2025 $000	Actual 2024 $000
Operating Revenue			
Revenue – Crown	4,000	3,818	3,818
Other Revenue	53,643	102,079	49,199
Total Operating Revenue	**57,643**	**105,897**	**53,017**
Total Operating Expenses	**83,348**	**223,678**	**116,957**
Total comprehensive revenue and expense	**(25,446)**	**(117,781)**	**(63,940)**

CRHL Investment Profile
as at 30 June 2025

The table below sets out the active contracts held by CRHL as at 30 June 2025. These contracts represent the current portfolio that is being supervised and monitored by the CRHL Directors as per the Company's objectives.

This table does not include the contracts that have been completed or withdrawn during the financial year.

	ACTUAL 2025	ACTUAL 2024
SUMMARY CRHL INVESTMENT PROFILE		
Number of Contracts	201	200
Range of loan values	$0.072 to $115.300 M	$0.072 to $115.300 M
Total contracted value of investments profile	**1,085.489 M**	**1,015.354 M**
Number of Contracts not yet paid	**13**	**23**
Number of contracts fully paid	148	127
Number of contracts partially paid	53	73
Number of contracts paid	**201**	**200**
Net drawdowns (less loan repayments)	**863.177 M**	**759.140 M**
Made up of:		
LOANS		
Number of loans paid	185	185
Range of loan maturities	6 months to 15 years	9 months to 15 years
Range of loan principal	$0.072 to $45.000 M	$0.072 to $45.000 M
Loan drawdowns (less loan repayments)	**638.006 M**	**554.732 M**
EQUITY		
Number of equity investments paid	14	13
Equity drawdowns	**103.617 M**	**86.617 M**
ASSETS		
Assets under construction		
Number of assets under construction	1	1
Drawdowns for assets under construction	**114.483 M**	**110.721 M**
Completed assets		
Number of completed assets	1	1
Assets completed	**7.070 M**	**7.070 M**

Statement of Compliance
and responsibility

Statement of Compliance

The Board of Crown Regional Holdings Limited ("CRHL") acknowledge that the Company has not been able to meet requirements of section 156 (3) (a) of the Crown Entities Act 2004 which required it to receive an audit report by 31 October 2025. This occurred because of delays experienced in receiving information from third parties, and preparers and auditors working through complex valuation and accounting matters. CRHL have closely monitored this audit and will be working with Audit New Zealand to ensure the audit clearance is achieved on a timely basis going forward.

Statement of Responsibility

We are responsible for the preparation of Crown Regional Holdings Limited's Financial Statements and Statement of Performance and for the judgements made in them.

We are responsible for any end of year performance information provided by Crown Regional Holdings Limited under section 19A of the *Public Finance Act 1989*.

We have the responsibility for establishing and maintaining a system of internal control designed to provide reasonable assurance to the integrity and reliability of financial reporting.

In our opinion, these Financial Statements and Statement of Performance fairly reflect the financial position and operations of Crown Regional Holdings Limited for the 12 months ended 30 June 2025.

Signed for and on behalf of the Board.

John Rae
Chair, Crown Regional Holdings Limited
22 December 2025

Neville Harris
Director, Crown Regional Holdings Limited
22 December 2025

Independent Auditor's Report

AUDIT NEW ZEALAND
Mana Arotake Aotearoa

To the readers of Crown Regional Holdings Limited's annual financial statements and statement of performance for the year ended 30 June 2025

The Auditor-General is the auditor of Crown Regional Holdings Limited (the Company). The Auditor-General has appointed me, Dumi Rathnadiwakara, using the staff and resources of Audit New Zealand, to carry out on his behalf the audit of:

- the annual financial statements that comprise the statement of financial position as at 30 June 2025, the statement of comprehensive revenue and expenses, 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 accounting policies and other explanatory information on pages 25 to 75; and
- the statement of performance for the year ended 30 June 2025 on pages 16 to 17.

Opinion

In our opinion:

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

    as compared with the forecast standards of performance, the expected revenues, and the proposed output expenses included in the Company's statement of performance expectations for the financial year; and
  - complies with generally accepted accounting practice in New Zealand in accordance with Public Benefit Entity Reporting Standards.

Our audit was completed on 22 December 2025. This is the date at which our opinion is expressed.

Emphasis of matter - Key judgements and assumptions in estimating the value of loans, advances, investment securities, and investment in associates.

Without modifying our opinion, we draw attention to Notes 2 and 4 on pages 35 to 46 and 56 to 57 which describe the key judgements and assumptions applied by the Company and the uncertainties involved in estimating the value of its loans, advances and investment securities as at 30 June 2025. In particular, the use of financial forecasts in valuations, how the discount rates and expected credit losses are determined, and whether a significant increase in credit risk has occurred. We also draw attention to note 3 on pages on 47 to 55 which describes the assumptions used in determining the recoverable amount of the Company's investment in associates, and the uncertainties involved, including in respect to going concern.

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the *Professional and Ethical Standards*, the *International Standards on Auditing (New Zealand)*, and New Zealand Auditing Standard 1 (Revised): *The Audit of Service Performance Information* issued by the New Zealand Auditing and Assurance Standards Board. Our responsibilities under those standards are further described in the Responsibilities of the auditor section of our report.

We have fulfilled our responsibilities in accordance with the Auditor-General's Auditing Standards.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Responsibilities of the Board of Directors for the annual financial statements and the statement of performance

The preparation of the annual financial statements and the statement of performance of the Company is the responsibility of the Board of Directors.

The Board of Directors is responsible on behalf of the Company for preparing annual financial statements and a statement of performance that are fairly presented and comply with generally accepted accounting practice in New Zealand. This includes preparing a statement of performance that provides an appropriate and meaningful basis to enable readers to assess what has been achieved for the year.

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

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

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

Independent Auditor's Report
continued

Responsibilities of the auditor for the audit of the annual financial statements and the statement of performance

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

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

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

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

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 annual financial statements, and the statement of performance, 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 Company's internal control.
- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.
- We evaluate whether the statement of performance:
  - provides an appropriate and meaningful basis to enable readers to assess the actual performance of the Company in relation to the forecast performance of the Company. We make our evaluation by reference to generally accepted accounting practice in New Zealand; and
  - fairly presents the actual performance of the Company for the financial year.
- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors.

- We evaluate the overall presentation, structure and content of the annual financial statements, and the statement of performance, including the disclosures, and whether the annual financial statements, and the statement of performance represent the underlying transactions and events in a manner that achieves fair presentation.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

The Board of Directors is responsible for the other information. The other information comprises all of the information included in the annual report, but does not include the annual financial statements, and the statement of performance, and our auditor's report thereon.

Our opinion on the annual financial statements, and the statement of performance 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 annual financial statements, and the statement of performance, our responsibility is to read the other information. In doing so, we consider whether the other information is materially inconsistent with the annual financial statements, and the statement of performance 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 Company in accordance with the independence requirements of 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)* 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.

Dumi Rathnadiwakara
Audit New Zealand
On behalf of the Auditor-General
Wellington, New Zealand

Financial Statements
For the year ended 30 June 2025

Contents

Statement of Comprehensive Revenue and Expenses

For the 12 months ended 30 June 2025

	Note	Actual 2025 $000	Actual 2024 $000	Budget 2025 $000
Revenue				
Funding from Crown	8	4,000	3,818	3,818
Other grants	8	6,718	830	–
Interest from loans and advances	8	37,348	34,956	83,190
Interest from bank deposits	8	9,577	13,413	18,889
Total revenue		**57,643**	**53,017**	**105,897**
Expenses				
Concession on undrawn loan commitments	7	(14,886)	(58,499)	(100,121)
Concession – initial recognition and modification of loans and advances	2	(38,273)	(47,663)	(114,564)
Fair value movement of loans and advances	2	1,590	6,210	(5,175)
Loan impairment provision	2	(13,325)	(2,876)	–
(Losses)/gain from investment securities	4	(700)	11,310	–
Share of losses from associates	3	(6,991)	(4,502)	–
Share of losses from joint ventures	3	(1,434)	(1,704)	–
Loss on sale of assets	6	(1)	(21)	–
Loans and advances written-off	2	(1,868)	(10,534)	–
Impairment reversal/(losses) on equity accounted investments	3	588	(3,640)	–
Impairment of assets	6	(401)	(522)	–
Directors’ remuneration	13	(220)	(217)	(217)
Other expenses	9	(7,427)	(4,299)	(3,601)
Total expenses		**(83,348)**	**(116,957)**	**(223,678)**
Net surplus/(deficit)		**(25,705)**	**(63,940)**	**(117,781)**
Other comprehensive revenue and expense				
Share of Other comprehensive revenue and expense from equity accounted investments		259	–	–
Total other comprehensive revenue and expense		**259**	**–**	**–**
Total comprehensive revenue and expense		**(25,446)**	**(63,940)**	**(117,781)**

Explanations for major variances against budget are disclosed in respective notes.

The accompanying notes form part of these Financial Statements.

Statement of Financial Position

As at 30 June 2025

	Note	Actual 2025 $000	Actual 2024 $000	Budget 2025 $000
Assets				
Current assets				
Cash and cash equivalents	14	86,167	199,313	22,145
Term deposits	14	360,000	15,000	450,082
Trade and other receivables	14	5,140	4,278	336
Investment in joint venture (current)	3	6,538	–	–
Loans and advances (current)	2	83,069	85,811	–
Assets held for sale	6	110	513	–
Total current assets		**541,024**	**304,915**	**472,563**
Non-current assets				
Loans and advances (non-current)	2	308,853	272,221	307,179
Fixed assets under construction	5	118,240	109,610	115,468
Investments in joint ventures	3	5,337	7,985	22,054
Investments in associates	3	12,767	12,235	48,167
Investment securities	4	32,827	27,527	19,620
Total non-current assets		**478,024**	**429,578**	**512,488**
Total assets		**1,019,048**	**734,493**	**985,051**
Liabilities				
Current liabilities				
Trade payables	14	2,685	283	(181)
Income received in advance		–	671	–
Provision for concessionary loss on undrawn loan commitments	7	26,126	46,298	32,465
Total current liabilities		**28,811**	**47,252**	**32,284**
Net assets		**990,237**	**687,241**	**952,767**
Equity				
Contributed capital	12	1,285,079	956,637	1,070,548
Accumulated surplus/(deficit)		(295,101)	(269,396)	(117,781)
Equity accounted investments reserve		259	–	–
Total equity		**990,237**	**687,241**	**952,767**

Explanations for major variances against budget are disclosed in respective notes.

The accompanying notes form part of these Financial Statements.

Statement of Changes in Equity

For the 12 months ended 30 June 2025

	Note	Actual 2025 $000	Actual 2024 $000	Budget 2025 $000
Share capital				
Balance at the beginning of the period		956,637	874,734	756,519
Share capital	12	328,442	140,000	314,029
Share buy-back	12	–	(58,097)	–
Total Share capital as at 30 June 2025		**1,285,079**	**956,637**	**1,070,548**
Accumulated surplus/(deficit)				
Balance at the beginning of the period		(269,396)	(186,283)	29,479
Dividend paid		–	(19,173)	–
Net surplus/(deficit) for the period		**(25,705)**	**(63,940)**	**(147,260)**
Total accumulated surplus/(deficit) as at 30 June 2025		**(295,101)**	**(269,396)**	**(117,781)**
Equity accounted investments reserve				
Balance at the beginning of the period		–	–	–
Share of Other comprehensive revenue and expense from equity accounted investments		259	–	–
Total equity accounted investments reserve		**259**	**–**	**–**
Total equity as at 30 June 2025		**990,237**	**687,241**	**952,767**

Explanations for major variances against budget are disclosed in respective notes.

The accompanying notes form part of these Financial Statements.

Statement of Cash Flows

For the 12 months ended 30 June 2025

	Actual 2025 $000	Actual 2024 $000	Budget 2025 $000
Cash flows from operating activities			
Cash provided from:			
Receipts from MBIE	4,000	3,818	3,818
Other revenue	6,048	1,500	5,000
Net GST	303	100	–
Cash disbursed to:			
Payments to suppliers	(4,965)	(4,333)	(3,818)
Payments to Directors	(219)	(217)	(217)
Net cash flow from operating activities	**5,167**	**868**	**4,783**
Cash flows from investing activities			
Cash provided from:			
Interest received from bank deposits	8,122	13,591	17,269
Interest received from loans and advances	6,191	4,482	11,513
Other loans and advances repaid	21,465	37,217	81,935
Term deposits matured	215,000	360,000	
Cash disbursed to:			
Term deposits placed	(560,000)	(335,000)	
Acquisition of investments in associates	(8,000)	–	(21,425)
Acquisition of investments in joint ventures	(4,000)	(5,667)	(12,500)
Acquisition of investments in equity shares	(6,000)	(9,400)	(7,500)
Suspensory loans issued	(6,269)	(4,426)	
Other loans and advances issued	(104,708)	(147,996)	(228,266)
Fixed assets under construction	(8,556)	(14,472)	–
Net cash flow from investing activities	**(446,755)**	**(101,671)**	**(158,974)**
Cash flows from financing activities			
Cash provided from:			
Capital contribution from the Crown	328,442	140,000	314,029
Cash disbursed to:			
Share buy-back by the Crown	–	(58,097)	
Payment of dividend to the Crown	–	(19,173)	
Net cash flow from financing activities	**328,442**	**62,730**	**314,029**
Net movement in cash	**(113,146)**	**(38,073)**	**159,838**
Opening cash and cash equivalents balance	199,313	237,386	312,172
Closing cash and cash equivalents balance	**86,167**	**199,313**	**472,010**

Explanations for major variances against budget are disclosed in respective notes.

The accompanying notes form part of these Financial Statements.

Reconciliation of surplus/(deficit) to net cash flows from operating activities

	Actual 2025 $000	Actual 2024 $000
Net surplus/(deficit)	**(25,705)**	**(63,940)**
Add/(less) items classified as investing or financing activities:		
Interest income	(46,925)	(48,369)
Concession on loans and advances	38,273	47,663
Concession on undrawn loan commitments	14,886	58,499
Provision for impairment of loans and advances	13,325	2,876
Fair value movement of loans and advances	(1,590)	(6,210)
Losses/(gains) from investment securities	700	(11,310)
Impairment of assets	401	522
Gain/(loss) on sale of assets	1	21
Share of losses from associates	6,991	4,502
Share of losses from joint ventures	1,434	1,704
Loans and advances written-off	1,868	10,534
Impairment (reversal)/loss of equity accounted investments	(588)	3,640
Total items classified as investing or financing activities	**28,776**	**64,072**
Add/(less) movements in working capital:		
(Increase)/decrease in receivables	389	235
Increase/(decrease) in payables	1,707	501
Net movement in working capital items	**2,096**	**736**
Net cash flow from operating activities	**5,167**	**868**

Explanations for major variances against budget are disclosed in respective notes.

The accompanying notes form part of these Financial Statements.

Notes to the Financial Statements

Note 1 Statement of accounting policies

Reporting Entity

CRHL (formerly known as “Provincial Growth Fund Limited” (PGFL)) is a limited liability company (LLC) incorporated in New Zealand under the Companies Act 1993 and is a Schedule 4A entity of the Public Finance Act 1989. CRHL is domiciled and operates in New Zealand. CRHL’s ultimate parent is the New Zealand Crown.

CRHL’s primary objective is to act as an asset holding company to hold loans, equity and asset investments made through Provincial Growth Fund (PGF), Regional Investment Opportunities (RIO) Fund, Strategic Tourism Assets Protection Programme (STAPP), Infrastructure Reference Group (IRG) “shovel-ready” projects, Regional Strategic Partnership Fund (RSPF), North Island Weather Events Primary Producer Finance Scheme (NIWE PPS), Queenstown Economic Transformation and Resilience Fund (QET), Wood Processing Growth Fund (WPGF), Regional Infrastructure Fund(RIF) and other regional economic development initiatives. CRHL does not operate to make a financial return.

CRHL has designated itself as a public benefit entity (PBE) for financial reporting purposes.

The financial statements for CRHL are for the 12 months ended 30 June 2025 and were approved by the Board on 22 December 2025.

Basis Of Preparation

The financial statements have been prepared on a going concern basis, and the accounting policies have been applied consistently since the inception of CRHL.

Statement of compliance

The financial statements of CRHL have been prepared in accordance with the requirements of the Crown Entities Act 2004, which includes the requirement to comply with generally accepted accounting practice in New Zealand (NZ GAAP).

CRHL is a Tier 1 reporting entity and the financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

These financial statements comply with PBE Standards.

Presentation currency and rounding

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars ($000), except for when stated otherwise.

Comparative information

Except where NZ GAAP permits or requires otherwise, comparative information is presented in respect of the previous period for all amounts reported in the financial statements.

New accounting standards and interpretations

In the current year, CRHL has applied amendments to Accounting Standards and Interpretations that are effective for Annual periods that begin on or after 1 July 2024. Their adoption has not had any material impact on the disclosures or on the amounts reported in these financial statements.

New standards – applicable for the year ending 30 June 2025

Amendments to PBE IPSAS 1 Disclosure of Fees for Audit Firms’ Services

Effective for annual reporting periods beginning on or after 1 January 2024. The amendment aims to address concerns about the quality and consistency of disclosures an entity provides about fees paid to its audit or review firm for different types of services. CRHL has adopted this amendment, and the adoption did not have significant impact on CRHL financial statements.

Standards and Amendments issued and not yet effective and not early adopted

2024 Omnibus Amendments to PBE Standards – Amendments to PBE IPSAS 1 Presentation of Financial Reports

The amendments to PBE IPSAS 1 provide further guidance on the current/non-current distinction in the Statement of Financial Position. Application of these amendments is required for accounting periods beginning on or after 1 January 2026.

PBE Conceptual Framework Update

These amendments clarify key concepts like qualitative characteristics of financial information and the definition of assets and liabilities. The amendments aim to enhance the usefulness of financial reports for decision making and accountability by public benefit entities. The updated framework will be applied to accounting periods beginning on or after 1 January 2028.

No new standards, amendments or interpretations to existing standards that are not yet effective have been early adopted by CRHL in these financial statements. The directors expect to adopt any new relevant standards, amendments, or interpretations to existing standards in the period within which they become mandatory. The adoption of these changes is not expected to have any material impact on the disclosures or on the amounts reported in these financial statements.

Notes
to the Financial Statements continued

Note 1 Statement of accounting policies continued

Summary of Significant Accounting Policies

Significant accounting policies are included in the notes to which they relate:

- Loans and advances (Note 2)
- Investments in associates and joint ventures (Note 3)
- Investment securities (Note 4)
- Fixed assets under construction (Note 5)
- Assets held for sale (Note 6)
- Provision for concessionary loss on undrawn loan commitments (Note 7)
- Revenue (Note 8)
- Other expenses (Note 9)
- Contingent liabilities and contingent assets (Note 10)
- Commitments (Note 11)
- Capital management (Note 12)
- Related party transactions and key management personnel (Note 13)
- Financial instruments (Note 14)
- Events after the balance date (Note 15)
- Service Performance Reporting (Page 16)

Significant accounting policies that do not relate to a specific note are outlined below.

There have been no changes in accounting policies during the reporting period.

Goods and services tax (GST)

Items in the financial statements are presented exclusive of GST, except for receivables and payables, which are presented on a GST-inclusive basis. Where GST is not recoverable as input tax, it is recognised as part of the related asset or expense.

The net amount of GST recoverable from, or payable to, the IRD is included as part of receivables or payables in the statement of financial position.

The net GST paid to, or received from, the IRD, including the GST relating to investing and financing activities, is classified as a net operating cash flow in the statement of cash flows.

Commitments and contingencies are disclosed exclusive of GST.

Income tax

CRHL is exempt from the payment of income tax. Accordingly, no provision has been made for income tax.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and deposits held on call with banks, with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. While cash and cash equivalents at 30 June 2025 are subject to the expected credit loss requirements of PBE IPSAS 41, no loss allowance has been recognised because the estimated loss allowance for credit losses is immaterial.

Trade and other receivables

Trade and other receivables are non-derivative financial assets initially recorded at their fair value and subsequently measured at amortised cost. Receivables recorded at the amount due, less an allowance for credit losses. CRHL applies a simplified approach to recognise lifetime expected credit losses on receivables. In measuring expected credit losses, receivables have been assessed on a collective basis, based on the days past due, as they possess shared credit risk characteristics.

Trade and other payables

Trade and other payables are non-interest-bearing liabilities that are recorded at their face value. The carrying value of payables approximates their fair value.

Funding from the Crown

CRHL is primarily funded by the Crown. This funding is restricted in its use for the purpose of CRHL meeting the objectives specified in the Crown Entities Act 2004 and the scope of the relevant appropriations of the funder.

CRHL considers there are no conditions attached to the funding and it is recognised as revenue progressively over the period of entitlement.

The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Directors’ remuneration

Directors’ remuneration is recognised as an expense in the period in which it is earned by Directors.

Budget figures

The budget figures are derived from the statement of performance expectations as approved by the Board. The budget figures are unaudited and have been prepared in accordance with NZ GAAP, using accounting policies that are consistent with those adopted by the Board in preparing these financial statements.

Critical accounting estimates and judgements

In preparing these financial statements, CRHL has made estimates and judgements concerning the future. These estimates and judgements might differ from the subsequent actual results. Estimates and judgements are continually evaluated and are based on a number of factors, including expectations of future events that are believed to be reasonable under the circumstances.

Notes
to the Financial Statements continued

Note 1 Statement of accounting policies continued

Critical estimates and judgements in applying accounting policies

The areas involving significant estimates of judgements are:

- Estimation uncertainties and judgements made in the valuation of loans and advances and provision for impairment of loans and advances (Note 2)
- Estimation uncertainties and judgements made in the fair valuation of investment securities (Note 4)
- Determination of appropriate classification of loans based on terms of the agreement (Note 2)
- Determination of appropriate classification of investments in associates and joint ventures (Note 3)
- Impairment of non-financial assets (Note 3)

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectation of future events that may have a financial impact on the entity and that are believed to be reasonable under the circumstances.

Other obligations under Crown Entities Act 2004

Directions issued by Ministers

The Shareholding Ministers did not give any written direction under any enactment to CRHL in the 2024/25 financial year. A direction issued by the Minister of State Services and the Minister of Finance that applies to CRHL as a Crown entity, and is still current, is May 2016 direction issued under section 107 of the Crown Entities Act 2004 to apply the whole-of-government approach to implementing the New Zealand Business Number (NZBN).

Obligation to be a good employer

As CRHL does not have any staff, there is no relevant information to provide in respect of CRHL's obligation to be a good employer as required by section 151(1)(g) of the Crown Entities Act 2004.

Note 2 Loans and advances

Accounting policy

Initial recognition, classification and measurement

Financial assets are initially recognised at fair value, plus transaction costs in the case of a financial asset not measured at fair value through surplus or deficit (FVTSD). Financial assets are classified on initial recognition in accordance with the business model in which assets are managed and their contractual cash flow characteristics. CRHL's financial assets are classified as:

- subsequently measured at amortised cost where the business model is to hold the financial assets in order to collect contractual cash flows and those cash flows represent solely payments of principal and interest (SPPI), or
- FVTSD if they are held for trading or if the cash flows are not SPPI.

Cash and cash equivalents and trade receivables meet the SPPI test and are held to collect the contractual cash flows, therefore they are classified as subsequently measured at amortised cost.

When classifying loans and advances, CRHL first assesses whether the substance of the transaction is a loan, a grant, an equity contribution, or a combination thereof. If CRHL has determined that the transaction is a loan and advance it is then classified into the following classes:

- *Other loans and advances (amortised cost)*
  – loans granted at market interest rates at the time of issue and where repayment terms reflect SPPI. Such loans are included in the business model to hold to collect the contractual cash flows.
- *Concessionary loans (amortised cost with adjustment to fair value on initial recognition)*
  – loans granted with interest terms below market rates but where repayment terms reflect SPPI. Concessions provided by CRHL include interest rates below those available on the market, grace periods, or a combination of these. Such loans are included in the business model to hold and collect the contractual cash flows.
- *Concessionary loans (FVTSD)*
  – loans with contractual provisions that change the timing or amount of cash flows giving rise to returns different from basic lending arrangements.
- *Suspensory loans (FVTSD)*
  – loans where CRHL does not expect to recover all of its initial loan due to full or partial forgiveness of the loan, subject to a borrower achieving agreed public benefit outcomes. Suspensory loans are mostly interest-free for a specified period, and are then forgiven, in part or full, if specific loan conditions are fulfilled.

The transaction price of concessionary loans and suspensory loans will not represent the fair value of the loan on initial recognition due to the off-market nature of the transaction. Fair value is therefore required to be determined by discounting all future cash receipts using a market related rate of interest for a similar loan. The difference between the transaction price (loan provided) and the fair value represents a concession write-down expense which is recognised in the Statement of Comprehensive Revenue and Expense on initial recognition.

Reclassifications

Financial assets are not reclassified subsequent to their initial recognition, except if there is a change in business model for managing assets. Any such reclassifications are applied in the period after the change in business model.

Notes
to the Financial Statements continued

Note 2 Loans and advances continued

Subsequent measurement

Loans and advances measured at amortised cost

Loans and advances measured at amortised costs are subsequently measured using the effective interest method (including transaction costs), less any impairment losses.

If loans and advances are issued with duration of less than 12 months, they are recognised at their nominal value, unless the effect of discounting is material. Interest income and expected credit losses (ECL) are recognised in the Statement of Comprehensive Revenue and Expense.

Loans and advances measured at FVTSD

For loans and advances measured at FVTSD, transaction costs are expensed as incurred. Subsequently, these loans are measured at FVTSD with any realised and unrealised gains or losses recognised in surplus or deficit in the Statement of comprehensive revenue and expense. Interest income is separately reported in surplus or deficit in the Statement of comprehensive revenue and expense.

Fair value is the amount for which the loans could be exchanged between knowledgeable, willing parties on an arm's-length basis and is calculated using a valuation technique.

Loans and advances classified at FVTSD are not assessed for impairment as their fair value reflects the credit quality of the instruments and changes in fair value are recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expense.

Impairment losses (financial assets at amortised cost)

An ECL model is used to recognise impairment losses on financial assets subsequently measured at amortised cost. Assessment is made at each reporting date for any significant increase in the credit risk since initial recognition.

A three-staged approach is applied to loans and advances, where ECL is recognised in line with the credit quality stage of the loans and advances:

- Stage 1. At initial recognition, a provision equivalent to 12 months of the ECL is recognised.
- Stage 2. Where there has been a significant increase in credit risk since initial recognition, a provision equivalent to a lifetime ECL is recognised.
- Stage 3. Where a loan is impaired or in default and there is objective evidence of impairment, a lifetime ECL is recognised.

ECL is determined by evaluating a range of possible outcomes, taking into account the time value of money, past events, current conditions and forecasts of future economic conditions.

Evidence that a financial asset may be impaired includes significant financial difficulty of a borrower; a breach of contract such as a default or past due event; deterioration of credit rating of borrowers due to operational issues; a restructuring of a loan on terms that CRHL would not consider otherwise; or a borrower entering bankruptcy or other financial reorganisation; and a financial asset that is overdue for 90 days or more.

Financial assets are written-off (either partially or in full) when there is no reasonable expectation of recovering it in its entirety or a portion thereof. CRHL determines whether a financial asset should be written-off on an individual asset basis taking into consideration individual borrower's assets or sources of income that could generate sufficient cash flows to repay the amounts subject to the write-off.

Recoveries of the amounts previously written-off are included in the provision for impairment of loans and advances in the Statement of Comprehensive Revenue and Expenses.

Financial assets that are written-off could still be subject to enforcement activities aimed at recovery of the amounts due. ECL are probability-weighted and determined by evaluating a range of possible outcomes, taking into account time value of money, past events, current conditions and forecasts for future economic conditions.

The ECL models use three main components to determine expected credit loss:

- Probability of default ("PD"): the probability that a counterpart will default;
- Loss-given default ("LGD"): the loss that is expected to arise in the event of a default; and
- Exposure at default ("EAD"): the estimate outstanding amount of credit exposure at the time of default.

Changes to ECL are assessed through three economic scenarios:

- A central scenario reflecting the expected track for the economy;
- An upside scenario; and
- A downside scenario.

The macroeconomic variables used in these scenarios are based on current economic forecasts which are: Consumer Price Index ("CPI"), Gross Domestic Product ("GDP"), unemployment rate and interest rates. The probability weightings attached to each scenario are reviewed by management when there is material changes in macroeconomic conditions impacting the economy. Details of the scenarios and probability weightings applying at year-end are outlined in this note.

Significant increase in credit risk ("SICR")

The determination of a SICR (i.e., the movement from stage 1 to stage 2) is based on changes in internally assessed borrower characteristics since origination of the facility. Those changes include arrears in loan facilities (at or less than the 30-day backstop), material movements in risk grades or other information that CRHL becomes aware of that indicates that repayment of the original terms and conditions may now be uncertain. The movement between stage 2 and stage 3 is based on whether the financial assets are credit impaired at the reporting date.

Modification

Financial assets are assessed for modification when the contractual terms are renegotiated or otherwise changed. A modified financial asset is derecognised when the criteria for derecognition is met (see below paragraph). If the modification does not result in derecognition, the asset is remeasured as the present value of the modified cash flows, discounted using the original effective interest rate ("EIR"). Any resulting adjustment is recognised in surplus or deficit. For concessionary loans, modifications that provide additional concession to borrowers are accounted for as adjustment to the concession, reflecting CRHL's public benefit objectives.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e., removed from CRHL's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- CRHL has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement; and either (a) CRHL has transferred substantially all the risks and rewards of the asset, or (b) CRHL has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Notes
to the Financial Statements continued

Note 2 Loans and advances continued

This includes situations where the terms of financial asset are modified to such an extent that the revised asset is, in substance, a new financial asset. In such cases, the original asset is derecognised and the modified asset is recognised as a new financial instrument. When CRHL has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if, and to what extent, it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, CRHL continues to recognise the transferred asset to the extent of its continuing involvement. In that case, CRHL also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that CRHL has retained.

On derecognition of a financial asset, the difference between the carrying amount of the asset and the sum of:
(i) the consideration received/ to be received (including any assets obtained less any new liability assumed) and
(ii) any cumulative gain or loss that had been recognised in OCI is recognised in surplus or deficit.

Detail of derecognition of loans and advances are given in Note 2(a) and 2(b).

Critical accounting estimates and judgements

(i) Valuation of loans held at fair value

Valuation of loans and advances, on initial recognition and subsequently if held at FVTSD, is performed using the following assumptions:

- Discount rate which is the arm's length rate for a loan;
- For suspensory loans provided on concessionary terms, assumptions regarding a borrower's ability to fulfil conditions preceding a loan forgiveness; and
- Where repayment dates are subject to meeting certain conditions or milestones, expectations regarding such timing.

CRHL determines arm's length rate for its loans and advances on an individual basis. Judgements are made in setting the arm's length rate that is determined by observing benchmark interest rates that are then adjusted for various risks, including risk associated with a borrower's financial position at the time a loan is provided, loan security, construction risk etc.

(ii) Impairment of loans and advances measured at amortised cost

Loans and advances measured at amortised cost are assessed for impairment on an individual basis at the end of the reporting period. In determining whether an impairment loss should be recognised, judgements are made whether there is any observable evidence indicating an adverse change in the payment status of the borrower, or economic conditions that correlate with defaults on similar assets.

The modelled provision for expected credit losses is an estimate of forward-looking losses based on the CRHL's view of three different economic scenarios. These economic scenarios continue to be reassessed as more data becomes available on the actual impacts of recession on the economy, increase in inflation, GDP growth and fluctuations in the official cash rates.

In determining ECL, management makes a number of key judgements and assumptions, including but not limited to the following components:

- modelling inputs- PD, EAD and LGD
- the criteria under which exposures move between the IFRS stages, particularly when moving to and from Stage 1 and demonstrating a significant increase in credit risk (Stage 2);
- the macroeconomic inputs used within each of the economic scenarios; and
- the weightings given to each economic scenario.
- Any model overlays required to adjust modelled outcomes due to potential loss events from emerging risks where those risk parameters have not been incorporated into the ECL models.

These judgements and assumptions are reviewed and assessed at least half-yearly or when underlying economic conditions materially change. This approach aligns with the principles of PBE IPSAS 41 and reflects CRHL's early-stage operations.
The methodology will be refined over time as internal credit experience grows and observed default data become available.

ECL model assumptions and inputs

The modelled provision for ECL is an estimate of forward-looking losses based on CRHL's view of three different economic scenarios. CRHL's assumptions around the macroeconomic factors used within each scenario and the weighting applied to each scenario are key judgements applied to the ECL models. CRHL has adjusted the macroeconomic variables used in the ECL model and weightings used in each scenario based on current economic forecasts. The economic variables reflect the continuing uncertainty and higher potential downside risks for the global and domestic economy to deteriorate more than expected over the forecast period. CRHL's approach utilises economic factors with a lag of one year to establish relationship between historical default rate and economic factors.

The table below presents a range of rates applied in the ECL model:

	2025	2024
Discount rates	2.73%-20.00%	2.73%-20.00%
Default rates applied for Stage 1 loans	2.84%-2.93%	3.07%-3.8%
Default rates applied for Stage 2 loans	2.84%-13.04%	1.65%-18.17%
Default rates applied for Stage 3 loans	100%	54%-100%
Loss given default rates applied	35%-75%	35%-75%

ECL model uses the following scenarios:

	Scenario Weighting Applied 2025	Scenario Weighting Applied 2024
Scenario 1: low but steady economic and employment growth, supported by a lower interest rate forecasts	50%	50%
Scenario 2: a mild upside with a higher track for GDP and interest rates	5%	5%
Scenario 3: a mild downside with a short-term impact on GDP, unemployment growth rate and interest rates	45%	45%

Notes
to the Financial Statements continued

Note 2 Loans and advances continued

Management overlays

When assessing ECL, other credit risks are considered where there is an identified risk but no observable data demonstrating historical losses available. Model overlays can be used in these circumstances where the existing inputs, assumptions and model techniques do not fully capture all the risk factors to the portfolio.

(iii) Suspensory loans

Suspensory loans are loans that are forgiven if specific loan conditions are fulfilled. Judgement is involved in determining whether a suspensory loan is a financial asset in accordance with PBE IPSAS 41 Financial Instruments and whether a borrower is on track with fulfilling forgiveness conditions.

The fair value of suspensory loans in these financial statements is deemed to be nil and is determined based on the following assumptions:

- First, concession is recognised using the discount rate which is the arm's length rate for the loan.
- Then, the loan net of concession is written down to nil fair value based on the assumptions regarding a borrower's ability to fulfil agreed conditions for the loan forgiveness.

When agreed conditions for the loan forgiveness are met, a borrower notifies CRHL. CRHL checks that the conditions are met to its satisfaction and writes-off the loan accordingly.

The primary responsibility for the management and administration of CRHL's loans remains with the Crown. The decision making in relation to CRHL's loans and advances is governed by the criteria for the PGF, RIO fund, IRG fund, STAPP fund, RSPF fund, NIWE PPS fund, QET fund, WPGF, RIF and other funds as published by the Ministry of Business, Innovation and Employment (MBIE) from time to time, which includes non-financial criteria.

The following table presents loans and advances by product type and classification.

Loans and advances include $4.532 million of accrued interest as at 30 June 2025 (30 June 2024: $3.613 million).

	Note	Actual 2025 $000	Actual 2024 $000
Loans and advances at amortised cost			
Concessionary loans	(a)	271,339	238,284
Market rate loans		38,950	37,282
Total loans and advances at amortised cost		**310,289**	**275,566**
Less: Provision for impairment of loans and advances	(b)	(28,324)	(19,311)
Net loans and advances at amortised cost	14	**281,965**	**256,255**
Loans and advances at fair value through surplus and deficit			
Concessionary loans	(a)	87,591	82,285
Suspensory loans	(a)	12,902	11,498
Market rate loans	(a)	9,464	7,994
Net loans and advances at fair value through surplus and deficit	14	**109,957**	**101,777**
Total loans and advances		**391,922**	**358,032**
Consists of:			
Current		83,069	85,811
Non-current		308,853	272,221
Total loans and advances		**391,922**	**358,032**
Reconciliation of loans and advances			
Loans and advances at amortised cost (net of concession)		310,289	275,566
Loans and advances at fair value through surplus and deficit (net of concession)		109,957	101,777
Total loans and advances (net of concession)		**420,246**	**377,343**
Less: Provision for impairment of loans and advances		(28,324)	(19,311)
Total loans and advances		**391,922**	**358,032**

Notes
to the Financial Statements continued

Note 2 Loans and advances continued

(a) Concessionary and suspensory loans

The table below reconciles the concession movement of the loans and advances:

	Actual concessionary loans $000	Actual suspensory loans $000	Actual Market rate loans	Total $000
12 months ended 30 June 2024:				
Carrying value at the beginning of the period	**254,745**	**2,571**	**46,637**	**303,953**
Additions (nominal value)	138,372	4,428	9,008	**151,808**
Concession on initial recognition of loans and advances	(46,786)	(877)	–	**(47,663)**
Utilisation of provision for concessionary loss on undrawn commitments	(15,778)	(370)	–	**(16,148)**
Concession unwind	19,443	3,310	–	**22,753**
Repayments made during the period	(29,831)	–	(9,989)	**(39,820)**
Interest accrued for the period	8,887	577	2,739	**12,203**
Interest repaid in the period	(4,994)	–	(797)	**(5,791)**
Loans and advances written off	(1,325)	(6,613)	(2,598)	**(10,535)**
Fair value gains/(losses) on loans and advances	5,343	766	101	6,210
Reclassification of loan movements during the year	(7,506)	7,705	174	**373**
Total loans at 30 June 2024	**320,569**	**11,498**	**45,276**	**377,343**
12 months ended 30 June 2025:				
Additions (nominal value)	120,474	6,269	8,866	135,609
Concession on initial recognition of loans and advances	(22,782)	(1,256)	–	(24,038)
Additional concession due to modifications that did not result in derecognition	(4,687)	(312)	–	(4,999)
Additional concession due to modifications that resulted in derecognition	(9,236)	–	–	(9,236)
Utilisation of provision for concessionary loss on undrawn commitments	(33,832)	(1,226)	–	(35,058)
Concession unwind	20,419	2,733	–	23,152
Repayments made during the period	(20,226)	(918)	(3,138)	(24,282)
Interest accrued for the period	10,783	661	2,752	14,196
Interest repaid in the period	(6,025)	–	(1,506)	(7,531)
Loans and advances written off	(494)	(1,374)	–	(1,868)
Loans and advances derecognised	(19,505)	(1,003)	(4,124)	(24,632)
Fair value gains/(losses) on loans and advances	3,472	(2,170)	288	1,590
Total loans at 30 June 2025	**358,930**	**12,902**	**48,414**	**420,246**

Sensitivity analysis

The table below presents the significant inputs and sensitivity of fair value of concessionary loans and advances to changes in the discount rates:

	Actual 2025 $000	Actual 2024 $000
Concessionary loans and advances measured at amortised cost		
Assumptions:		
Fair value	310,291	275,566
Interest rates applied	0.00%-11.49%	0.00%-11.49%
Discount rates	2.73%-20%	2.73%-20%
Sensitivity analysis:		
Impact on fair value of increase in discount rate by 1%	(9,548)	(7,702)
Impact on fair value of decrease in discount rate by 1%	10,180	8,272
Concessionary loans and advances measured at fair value		
Assumptions:		
Fair value	106,222	93,783
Interest rates applied	0%-11.84%	0%-11.40%
Discount rates	7.77% - 36.51%	8.12% - 20.00%
Sensitivity analysis:		
Impact on fair value of increase in discount rate by 1%	(2,436)	(2,870)
Impact on fair value of decrease in discount rate by 1%	2,564	3,023

The sensitivity outlined above represents management's best estimate of the range of reasonably plausible outcomes but, due to economic uncertainty, the actual range might be significantly greater.

Notes
to the Financial Statements continued

Note 2 Loans and advances continued

(b) Provision for impairment of loans and advances

The tables below reconcile the movements of the provision for impairment of loans and advances at amortised cost and show the impact of changes in gross carrying amounts of the loans and advances. The tables categorise loans and advances by the stage of credit quality used to calculate expected credit losses.

Movements of the gross carrying amounts for loans measured at amortised cost and the related provision for impairment of loans and advances as at 30 June 2025.

	Actual 2025			
	Stage 1 $000	Stage 2 $000	Stage 3 $000	Total* $000
Gross carrying amount:				
Balance at the beginning of the period	175,627	157,170	17,556	**350,353**
Additions	85,895	34,607	1,948	**122,450**
Repayments	(4,499)	(6,015)	(4,895)	**(15,409)**
Reclassification of loans from/(to) fair value through profit and loss	(550)	–	–	**(550)**
Loans and advances derecognised	–	(23,629)	–	**(23,629)**
Transfers between stages	(44,541)	34,336	10,205	**–**
Gross loans and advances	**211,932**	**196,469**	**24,814**	**433,215**
Concession on loans and advances:				
Balance at the beginning of the period	(54,721)	(15,247)	(4,819)	**(74,787)**
Net concession expense on loans and advances	(40,035)	11,106	1,595	**(27,334)**
Net transfers between stages	4,882	(3,665)	(1,216)	0
Additional concession due to modifications that did not result in derecognition	–	(13,746)	–	**(13,746)**
Additional concession due to modifications that resulted in derecognition	–	(7,059)	–	**(7,059)**
Concession on loans and advances	**(89,874)**	**(28,611)**	**(4,440)**	**(122,926)**
Loans and advances net of concession	**122,058**	**167,857**	**20,374**	**310,289**
Provision for impairment:				
Balance at the beginning of the period	(2,317)	(5,443)	(11,551)	**(19,311)**
Transfers between stages	521	(4,765)	4,244	**–**
New collective provisions made	(255)	4,032	–	**3,777**
New individually assessed provisions made	–	–	(13,097)	**(13,097)**
Impairment on loans and advances derecognised	32	245	30	**307**
Provision for impairment of loans and advances	**(2,019)**	**(5,931)**	**(20,374)**	**(28,324)**
Net loans and advances	**120,039**	**161,926**	**0**	**281,965**

* Total loans and advances at amortised cost

Movements of the gross carrying amounts of loans measured at amortised cost and the related provision for impairment of loans and advances as at 30 June 2024:

	Actual 2024			
	Stage 1 $000	Stage 2 $000	Stage 3 $000	Total* $000
Gross carrying amount:				
Balance at the beginning of the period	152,951	96,243	18,455	**267,649**
Additions	77,543	25,512	6,206	**109,261**
Repayments	(9,728)	(4,589)	(1,154)	**(15,471)**
Reclassification of loans from/(to) fair value through profit and loss	(7,162)	–	–	**(7,162)**
Loans and advances written off	–	–	(3,923)	**(3,923)**
Transfers between stages	(37,977)	40,004	(2,028)	**–**
Gross loans and advances	**175,627**	**157,170**	**17,556**	**350,354**
Concession on loans and advances:				
Balance at the beginning of the period	(22,312)	(10,618)	(555)	**(33,485)**
Net concession expense on loans and advances	(39,529)	(1,455)	(2,610)	(43,595)
Net transfers between stages	4,828	(3,174)	(1,654)	**–**
Reclassification of loans to fair value through profit and loss	2,292	–	–	**2,292**
Loans and advances net of concession	**120,906**	**141,923**	**12,737**	**275,566**
Provision for impairment of loans and advances:				
Balance at the beginning of the period	(1,235)	(1,776)	(14,356)	**(17,367)**
Transfers between stages	378	(9,459)	9,081	**–**
New collective provisions made	(1,527)	5,792	–	**4,265**
New individually assessed provisions made	–	–	(6,277)	**(6,277)**
Reclassification of loans to fair value through profit and loss	68	–	–	**68**
Provision for impairment of loans and advances	**(2,317)**	**(5,443)**	**(11,551)**	**(19,311)**
Net loans and advances	**118,589**	**136,480**	**1,186**	**256,255**

* Total loans and advances at amortised cost

Notes
to the Financial Statements continued

Note 2 Loans and advances continued

At 30 June 2025, CRHL had no loans that were past due but not impaired (30 June 2024: nil).

The table below shows sensitivity of provision for impairment to changes in applied default rates for loans and advances at amortised cost:

	Actual 2025 $000	Actual 2024 $000
Assumptions:		
Loan impairment provision	(27,400)	(19,311)
Default rates applied for Stage 1 loans	2.84%-2.93%	1.65%-3.8%
Default rates applied for Stage 2 loans	2.84%-13.04%	1.65%-18.17%
Default rates applied for Stage 3 loans	100%	54%-100%
Sensitivity analysis:		
Impact on impairment provision of 25% increase in default rates	1,988	1,385
Impact on impairment provision of 25% decrease in default rates	(1,988)	(1,385)
Impact on impairment provision of 10% increase in default rates	795	554
Impact on impairment provision of 10% decrease in default rates	(795)	(554)

Segment analysis

The table below provides analysis of gross loans and advances for loans measured at amortised cost by segment:

	Actual 2025 $000	Actual 2024 $000
Agriculture and horticulture	148,076	98,588
Other Business	285,139	251,766
Gross loans and advances	**433,215**	**350,354**

Explanation of major variances against budget

Loans and advances at 30 June 2025 were $84.743 million higher than budgeted. This variance is mainly due to lower concession expense than initially budgeted.

Note 3 Investments in associates and joint ventures

Accounting policy

An associate is an entity over which CRHL has a significant influence. Significant influence is a power to participate in the financial and operating policy decisions of the investee, but is not control or joint control over these policies.

A joint venture is a joint arrangement where CRHL and other parties that have joint control of that arrangement have rights to the net assets of the investee. Joint control is the agreed sharing of control of an investee by way of a binding arrangement, which exists only when decisions about the relevant activities require the unanimous consent of the parties sharing control.

Equity method

Investments in associates and joint ventures are accounted for using the equity method whereby the investment is initially recognised at cost and subsequently adjusted for the post-acquisition change in CRHL's share of the investee's net assets. CRHL's share of the investee's post-acquisition surplus or deficit is recognised in CRHL's surplus or deficit. CRHL's share of the investee's post-acquisition other comprehensive revenue and expenses is recognised in CRHL's other comprehensive revenue and expenses. Distributions received from the investee reduce the carrying amount of CRHL's investment. Where CRHL invests additional equity in an equity-accounted investment, and the classification of the investment does not change, the consideration paid for the additional interest acquired is added onto the carrying amount of the investment.

If CRHL's share of the deficits in the investee equals or exceeds carrying amount of the investment, CRHL discontinues recognising its share of further deficits. After CRHL's investment is reduced to zero, additional deficits are provided for to the extent that CRHL has incurred legal or constructive obligations or made payments on behalf of the investee. If the investee subsequently reports surpluses, CRHL resumes recognising its share of those surpluses only after such share of the surpluses equals the share of the deficits not recognised.

The carrying amount of equity accounted for investments is tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs of disposal and value in use.

Critical accounting estimates and judgements

In determining classification of CRHL's equity investment as an associate or a joint venture, judgements are made over CRHL's powers to have control, joint control or significant influence to participate in the financial and operating policy decisions of the entity. Such judgements are based on the CRHL's voting power and the nature of the relationship between CRHL and the investee.

Firstly, an assessment is made whether an equity deal gives CRHL control or a joint control of an investee. Joint control is achieved when the parties must act together to direct the activities that significantly affect the benefits from the deal. If the parties control the arrangement collectively, joint control exists only when decisions about the relevant activities require the unanimous consent. If the requirement for unanimous consent relates only to decisions that give CRHL protective rights and not to decisions about the relevant activities of an arrangement, CRHL is not a party with joint control of the arrangement.

If CRHL holds 20 per cent or more of the voting power of the investee, it is presumed that CRHL has significant influence, unless it can be clearly demonstrated that this is not the case. Other evidence of significant influence includes CRHL's representation on the board of directors or equivalent governing body of the investee; participation in policy-making processes, including participation in decisions about dividends or similar distributions; material transactions between CRHL and its investee; interchange of managerial personnel; and provision of essential technical information.

Notes
to the Financial Statements continued

Note 3 Investments in associates and joint ventures continued

Investments in associates

The table below provides summary of CRHL investments in associates by company.

	Actual 2025 $000	Actual 2024 $000
Whakatōhea Mussels (Ōpōtiki) Limited	12,767	12,235
Ōpōtiki Marina and Industrial Park Limited	–	–
Total investments in associates	**12,767**	**12,235**

Whakatōhea Mussels (Ōpōtiki) Limited

During the year, CRHL made an additional investment in Whakatōhea Mussels (Ōpōtiki) Limited (WMOL) of $8.000 million resulting in 3,555,612 additional shares. CRHL has a total investment of 14,704,541 shares (30 June 2024: 11,148,929 shares) in WMOL which represents 40.09% of total shareholding (30 June 2024:38.213%). WMOL is an LLC incorporated in New Zealand and is domiciled and operates in New Zealand. CRHL's investment in WMOL funds the acceleration of WMOL's mussel farming operations in the ocean and building of a mussel grading and powder processing facility.

Management has considered the material uncertainty regarding WMOL's ability to continue as a going concern, as disclosed in WMOL's audited financial statements for the year ended 30 June 2025. This uncertainty arises from significant losses, working capital deficits, and reliance on successful capital raising and improved trading performance. Management treated this as an indicator of impairment in accordance with the accounting standards and performed an impairment review of CRHL's investment in WMOL.

In assessing the recoverable amount, management has determined the net asset value ("NAV") represents the most reliable estimate of fair value, given the nature of WMOL's assets, which are primarily tangible and realisable. An additional impairment loss of $ 0.736 million has been recognised in the Statement of Comprehensive Revenue and Expenses for the year ending 30 June 2025.

While the going concern uncertainty relates to future operations, management considers that it does not materially affect the current value of the net assets. Management has also considered whether liquidation values would differ significantly from NAV and concluded they would not. Accordingly, NAV has been used consistently with prior years as the basis for valuation. Management will continue to monitor WMOL's financial position and reassess if conditions change.

Ōpōtiki Marina and Industrial Park Limited

As at 30 June 2025, CRHL had invested 1,500,000 shares (30 June 2024: 1,500,000 shares) in Ōpōtiki Marina and Industrial Park Limited (OMIPL) representing 15.58% shareholding (30 June 2024: 15.58%). OMIPL is a LLC incorporated in New Zealand and is domiciled and operates in New Zealand. This investment will service activities enabled by the Ōpōtiki harbour development.

As at 30 June 2025, in view of the significant delays and cost increases experienced in the development of the Marina, management has performed an impairment review of the carrying amount of the investment. Consistent with prior year, management has determined that the investment should remain fully impaired.

Financial information

The table below provides summarised financial information on the associates for the 12 months ended 30 June 2025 and 30 June 2024. As the associates are private entities no quoted fair value price is available. The information disclosed reflects the amounts presented in the financial statements of the respective associates, rather than CRHL's share of those amounts. The summarised financial information has been amended to reflect adjustments made by CRHL when applying the equity method. The accounting policies applied by the associates are consistent with that of CRHL.

The summarised financial information for OMIPL is based on unaudited financial information and is shown for the 12 months ended 31 March 2025 because the cost of compliance outweighs the benefit of having these prepared again at 30 June 2025. Adjustments have been made to account for any significant transactions that may have occurred in the same reporting period as CRHL. In the current year, CRHL has begun recognising its share of other comprehensive income from equity accounted investments separately in Other Comprehensive Revenue and Expenses (OCRE). In prior years, the impact was not material and has not been restated.

	Actual 2025		Actual 2024	
	WMOL $000	OMIPL $000	WMOL $000	OMIPL $000
Operating results				
Total revenue	16,272	–	10,713	–
Total expenses	(33,709)	(11)	(22,814)	(14)
Income tax (expense)/benefit	–	–	–	–
Profit/(loss) for the year	**(17,437)**	**(11)**	**(12,101)**	**(14)**
Other comprehensive income/(expense)	645	–	397	
Total comprehensive income/(expense)	**(16,792)**		**(11,704)**	**(14)**
Assets				
Cash and cash equivalents	14	196	12	505
Trade and other receivables	2,457	10	915	7
Other current assets	2,988	2,389	3,267	2,076
Property, plant and equipment	51,698	7,000	51,735	7,000
Other non-current assets	765	–	7,183	–
Total assets	**57,922**	**9,595**	**63,112**	**9,588**
Liabilities				
Trade and other payables	6,352	45	5,172	27
Other current liabilities	16,180	–	23,291	–
Non-current borrowings	3,547	–	2,623	–
Other non-current liabilities	–	–	–	–
Total liabilities	**26,079**	**45**	**31,086**	**27**
Net assets	**31,843**	**9,550**	**32,026**	**9,561**
CRHL's share in net assets, %	40.09%	15.58%	38.21%	15.58%
CRHL's share in net assets	12,767	1,488	12,235	1,490
Goodwill	3,955	6	3,218	6
Less impairment	(3,955)	(1,498)	(3,218)	(1,498)
Unrecognised share of losses	–	4	–	2
Investment in associate at 30 June	**12,767**	**–**	**12,235**	**–**

The associates had no other contingent liabilities or capital commitments as at 30 June 2025 (30 June 2024: nil), for which CRHL has a corresponding commitment.

There have been no dividends or other distributions received from associates for the 12 months ended 30 June 2025 (12 months ended 30 June 2025: nil). As at 30 June 2025, CRHL's share of unrecognised losses in OMIPL was $0.004 million (30 June 2024: $0.002 million).

Explanation of major variances against budget

CRHL's investments in associates at 30 June 2025 were lower than budget by $35.400 million. This is mainly due to delays in finalisation of investment agreements, including delays in additional investments on existing contracts.

Notes
to the Financial Statements continued

Note 3 Investments in associates and joint ventures continued

Investments in joint ventures

The table below provides summary of CRHL investments in joint ventures by company.

	Actual 2025 $000	Actual 2024 $000
Current assets		
Te Rāhui Herenga Whakatāne 2021 Limited Partnership	6,538	–
	6,538	**–**
Non-current assets		
Nelson Marine Precinct Limited	3,125	–
Te Huata 1 Limited Partnership	584	522
Ariki Tahi Sugarloaf Wharf Limited	1,217	741
Ngati Awa the Strand Development Limited	411	813
Te Rāhui Herenga Whakatāne 2021 Limited Partnership	–	5,612
Pure Tūroa Limited	–	297
Total investments in joint ventures	**5,337**	**7,985**

Nelson Marine Precinct Limited

CRHL and Port Nelson established Nelson Marine Precinct Limited (NMPL), previously named Port Nelson Slipway Limited. NMPL was established with the primary purpose of developing and upgrading the shipping facilities in Port Nelson.

NMPL is an entity incorporated in New Zealand and is domiciled and operates in New Zealand. As at 30 June 2024, CRHL held 3,250,000 ordinary shares in the Company with a total nominal value of $3.250 million (30 June 2024: Nil shares). As at 30 June 2025, CRHL held 31.14% voting rights in the Company (30 June 2024 :Nil).

Port Nelson holds an option to acquire CRHL's shares in NMPL. This option meets the definition of a derivative under applicable accounting standards and is required to be measured at fair value at each reporting date. As at 30 June 2025, the fair value of the derivative has been determined to be nil.

Te Huata 1 Limited Partnership

CRHL and Te Huata Charitable Trust (THCT) established the Te Huata 1 Limited Partnership (TH1LP) as a joint venture. CRHL's investment will enable the development of a mussel spat hatchery project in the Eastern Bay of Plenty.

TH1LP is an entity incorporate in New Zealand and is domiciled and operates in New Zealand. As at 30 June 2025, CRHL held 6,000,000 ordinary shares in the Company with a total nominal value of $6.000 million (30 June 2024:$6.000 million). As at 30 June 2025, CRHL held 43.75% voting rights in the Company (30 June 2024:43.75%).

TCHT holds an option to acquire the units in TH1LP held by CRHL. This option meets the definition of a derivative under applicable accounting standards and is required to be measured at fair value at each reporting date. As at 30 June 2025, the fair value of the derivative has been determined to be nil (30 June 2024:Nil).

As at 30 June 2025, and in view of significant delays experienced in the project including cost escalations, management performed an impairment review of the carrying amount of the investment. Management have determined to maintain prior year impairment of $3.569 million.

The impairment review was performed by comparing the carrying amount of TH1LP with the recoverable amount. The recoverable amount has been determined based on the net asset value of the investment. This has been assessed as the best estimate of the recoverable amount of the investment.

Ariki Tahi Sugarloaf Wharf Limited (ATSWL)

During the year CRHL invested in additional 750,000 perpetual preference shares in ATSWL. As at 30 June 2025, CRHL held 30 ordinary shares (30 June 2024: 30 ordinary shares) and 3,750,000 perpetual preference shares (30 June 2024: 3,000,000 perpetual preference shares) in the company with a total nominal value of $3.750 million (30 June 2024: $3 million). As at 30 June 2025, CRHL held 33.333% voting rights in the company (30 June 2024: 33.333%).

CRHL, Coromandel Marine Farmers Association Incorporated and Thames-Coromandel District Council established ATSWL as a joint venture. CRHL's investment funds the redevelopment and expansion of the Sugarloaf wharf located at the western end of Waipapa bay at Te Kouma, Coromandel, which will benefit the aquaculture and mussel farming industry in the region.

ATSWL is an LLC incorporated in New Zealand and is domiciled and operates in New Zealand.

As at 30 June 2025, in view of significant delays experienced in the development of ATSWL, management has performed an impairment review of the carrying amount of the investment. An additional impairment of $0.467 million has been recognised in the Statement of Comprehensive Revenue and Expenses.

The impairment review was performed by comparing the carrying amount of ATSWL with the recoverable amount. The recoverable amount has been determined based on the net asset value of the investment. This has been assessed as the best estimate of the recoverable value of the investment.

Notes
to the Financial Statements continued

Note 3 Investments in associates and joint ventures continued

Ngati Awa the Strand Development GP Limited (NASDGL)

As at 30 June 2025, CRHL held 1,350,000 ordinary shares (30 June 2024:1,350,000 ordinary shares) in the company with a total nominal value of $1.350 million (30 June 2024: $1.350 million). At 30 June 2025, CRHL held 33.750% voting rights in the company (30 June 2024: 33.750% voting rights).

CRHL and Ngati Awa Group Holdings Limited established Ngati Awa the Strand Development GP Limited ("NASDGL") as a joint venture. CRHL's investment funds re-development of the Whakatāne Army Hall site into a visitor hub that will be the focal point for cultural, historical storytelling and local retailers in Whakatāne, as well as providing a space for training, meetings and events.

NASDGL is an LLC incorporated in New Zealand and is domiciled and operates in New Zealand.

In June 2025, the Board of NASDGL made the decision to terminate the project, primarily due to re-scope and financial constraints. As at 30 June 2025, discussions regarding the potential unwind of the entity were still ongoing and are not expected to be finalised within the next 12 months.

In light of this, management has carried out an impairment review of the carrying amount of the investment. Based on this assessment, an additional impairment of $0.240 million has been booked as at 30 June 2025 (2024: $0.338 million).

The impairment review was performed by comparing the carrying amount of NASDGL with the recoverable amount. The recoverable amount was determined based on considerations of the potential unwind of the entity and likely amount the CRHL will recover under contractual provisions.

Te Rāhui Herenga Whakatāne 2021 Limited Partnership (TRHWLP)

In May 2025, the partners of TRHWLP made the decision to unwind the project and dissolve the legal entities associated with it. This was mainly due to uncertainties and risks associated with the project. As at 30 June 2025, the entity was yet to be terminated.

As at 30 June 2025, CRHL held 4,100,000 unsecured notes in the Company with a total nominal value of $4.100 million and 5,700,000 ordinary shares with a total value of $5.700 million (30 June 2024: 4,100,000 unsecured notes with a total nominal value of $4.1000 million and 5,700,000 ordinary shares with a total value of $5.700 million). As at 30 June 2025, CRHL held 33.33% voting rights in the company (30 June 2024:33.33%).

CRHL, Te Rāhui Lands General Partner Limited ("TRRLP") and Te Rāhui Lands Trust ("Lands Trust") established Te Rāhui Herenga Whakatāne 2021 LP as a joint venture. CRHL's investment will enable the rehabilitation of the Lands Trust's land in Whakatāne and the development of a commercial boat harbour on part of that land.

Te Rāhui Herenga Whakatāne 2021 LP is an entity incorporated in New Zealand and is domiciled and operates in New Zealand.

During the year, a review and re-scope of the project was undertaken and presented to the Limited Partners ("LPs"). Following careful consideration, the LPs unanimously concluded that the project could not be completed with the desired outcomes within the committed funding available. As a result, the LPs advised the General Partner ("GP") Board to cease the project, unwind the LP structure and return any surplus funds to the LPs. As at 30 June 2025, the LP was yet to be unwound.

Consequently, the investment has been valued at the fair value of the amount CRHL is expected to recover under the contractual provisions. The valuation takes into account the time and process required to finalise the dissolution and recover the funds. An impairment reversal of $2.181m (2024: loss of 0.71m) has been recognised as at 30 June 2025.

Pure Tūroa Limited

As at 30 June 2025, CRHL held 250 ordinary shares (30 June 2024: 250 ordinary shares) in Pure Tūroa Ltd with a total nominal value of $0.167 million (30 June 2024: 0.167 million). As at 30 June 2025, CRHL held 25% voting rights in the Company (30 June 2024: 25%).

Pure Tūroa is an entity incorporated in New Zealand and is domiciled and operates in New Zealand. CRHL investment provided support to Pure Tūroa Limited to complete its purchase of Ruapehu Alpine Lifts Limited's Tūroa ski field assets and its operations.

As at 30 June 2025, due to an ongoing judicial review that is likely to have negative impact on the investment, management performed an impairment review of the carrying amount of the investment. Based on this assessment, management determined that the investment should be fully impaired (30 June 2024: nil impairment).

Financial information

The table below provides summarised financial information on the joint ventures for the 12 months ended 30 June 2025 and 30 June 2024. As the joint ventures are private entities no quoted fair value price is available. The information disclosed reflects the amounts presented in the financial statements of the respective joint ventures, rather than CRHL's share of those amounts. The summarised financial information has been amended to reflect adjustments made by CRHL when applying the equity method. The accounting policies applied by the joint ventures are consistent with that of CRHL.

The joint ventures had no other contingent liabilities or capital commitments as at 30 June 2025 (30 June 2024: nil), for which CRHL has a corresponding commitment.

CRHL's joint ventures cannot distribute their surplus without the consent from all venture partners. There have been no dividends or other distributions received from joint ventures for 12 months ended 30 June 2025 (12 month ended June 2024: nil). The assessment of TH1LP, ATSWL and Pure Tūroa Limited is based on unaudited financial information.

Notes
to the Financial Statements continued

Note 3 Investments in associates and joint ventures continued

The summarised financial information for TH1LP is shown for the 12 months ended 31 March 2025 because the cost of compliance outweighs the benefit of having these prepared again at 30 June 2025. Adjustments have been made to account for any significant transactions that may have occurred in the same reporting period as CRHL.

	2025					
	NMP[1] $000	TH1[2] $000	Ariki Tahi[3] $000	Ngati Awa[4] $000	Te Rāhui[5] $000	Pure Tūroa $000
Operating results						
Total revenue	900	263	751	–	687	325
Total expenses	(1,410)	(123)	(166)	(476)	(4,454)	(918)
Profit/(loss) for the year	**(510)**	**140**	**585**	**(476)**	**(3,767)**	**(593)**
Assets						
Cash and cash equivalents	2,383	28	327	448	11,833	319
Trade and other receivables	5	–	17	4	32	9
Other current assets	–	–	–	–	725	602
Property, plant and equipment	5,536	–	3,351	–	551	35,911
Other non-current assets	1,759	1,544	–	1,501	–	–
Total assets	9,683	**1,572**	**3,695**	**1,953**	**13,141**	**36,841**
Liabilities						
Trade and other payables	489	173	44	25	170	749
Other current liabilities	–	65	–	–	92	51
Other non-current liabilities	–					4,327
Total liabilities	**489**	**238**	**44**	**25**	**262**	**5,127**
Net assets	**9,194**	**1,334**	**3,651**	**1,928**	**12,879**	**31,714**
CRHL's share in net assets, %	31.14%	43.75%	33.33%	33.75%	33.33%	25.00%
CRHL's share in net assets	2,863	584	1,217	411	6,518	7,928
Goodwill	262	3,569	2,190	495	(2,181)	(7,778)
Less impairment	–	(3,569)	(2,190)	(495)	2,201	(150)
Investment in joint venture at 30 June	**3,125**	**584**	**1,217**	**411**	**6,538**	**–**

1 Nelson Marine Precinct Ltd
2 Te Huata 1 Limited Partnership (LP)
3 Ariki Tahi Sugarloaf Wharf Limited
4 Ngati Awa the Strand Development Limited
5 Te Rāhui Herenga Whakatāne 2021 Limited Partnership (LP)

	2024				
	TH1[1] $000	Ariki Tahi[2] $000	Ngati Awa[3] $000	Te Rāhui[4] $000	Pure Tūroa $000
Operating results					
Total revenue	100	–	47	876	3,120
Total expenses	(4,589)	(304)	(134)	(268)	(2,597)
Profit/(loss) for the year	**(4,489)**	**(304)**	**(87)**	**608**	**523**
Assets					
Cash and cash equivalents	1	621	766	12,803	2,611
Trade and other receivables	–	6	13	41	18
Other current assets	1,431	–	1,534	105	159
Property, plant and equipment	–	1,620	150	4,956	190
Other non-current assets	–	–	–	585	497
Total assets	**1,432**	**2,247**	**2,463**	**18,490**	**3,475**
Liabilities					
Trade and other payables	173	16	53	781	463
Other current liabilities	65	–	–	–	350
Other non-current liabilities	–	–	–	867	2,083
Total liabilities	**237**	**16**	**53**	**1,648**	**2,896**
Net assets	**1,195**	**2,231**	**2,410**	**16,842**	**579**
CRHL's share in net assets, %	43.75%	33.33%	33.75%	33.33%	25.00%
CRHL's share in net assets	522	741	813	5,612	144
Goodwill	3,569	1,723	338	4,382	153
Less impairment	(3,569)	(1,723)	(338)	(4,382)	–
Investment in joint venture at 30 June 2024	**522**	**741**	**813**	**5,612**	**297**

1 Te Huata 1 Limited Partnership (LP)
2 Ariki Tahi Sugarloaf Wharf Limited
3 Ngati Awa the Strand Development Limited
4 Te Rāhui Herenga Whakatāne 2021 Limited Partnership (LP)

Explanation of major variances against budget.

The investments in joint venture balance was $10.179 million lower than budgeted due to lower drawdowns on approved amounts than anticipated.

Notes
to the Financial Statements continued

Note 4 Investment securities

Accounting policy

CRHL's investments in investment securities, are financial assets in accordance with PBE IPSAS 41. These include both equity investments and debt securities.

CRHL's investments in investment securities are initially recognised at fair value. They are subsequently measured at Fair Value Through Surplus or Deficit (FVTSD) with the associated gains or losses recognised in the surplus or deficit in the Statement of comprehensive revenue and expenses.

Critical accounting estimates and judgements

Equity investment securities

Geo40 Limited

The fair value of the investment has been determined using a market-based valuation approach, that relied on actual observed transaction prices to estimate the value of the equity investment. These prices relate to private placements by investors in the entity's equity.

Invercargill Central Limited

The fair value of the investment has been determined using an income approach. Under this approach, the discounted cash flow methodology was used to determine the cash flows anticipated over a discrete time horizon, plus a terminal value at the end of that time horizon. The cash flows were then discounted to their present value using an appropriate required rate of return.

Judgement has been involved in determining the assumptions used in this valuation:

The discount rate of 13% (2024: 13.70%) was determined based on the appropriate cost of capital, which includes a risk-free rate, market risk premium, and an appropriate asset beta.

Excess cash flows available for redemption of CRHL shares determined based on the expected cash inflows from the lease agreements and expected cash outflows from the project capital costs and expenses, including servicing of the debt.

The sensitivity analysis to the discount rate assumption is disclosed in the table below.

	2025		2024	
	Low	High	Low	High
Discount rate	12.00%	14.00%	12.70%	14.70%
Value of investment in Invercargill Central Limited ('000)	2,800	3,700	3,800	4,700

Debt investment securities (Convertible notes)

Wood engineering Technology Limited (WET)

During the year, CRHL made an investment in the form of convertible notes in WET. The convertible notes are interest bearing and include provisions for the conversion of the principal amount into Senior Convertible Preference Shares (SCPS) after maturity of 7 years. There are also options for early redemption in cash, as well as contingent conversion options. CRHL has made significant judgements in the determination of the appropriate classification of this investment. This includes consideration of the conversion option being currently exercisable, as well as other factors such as concessionary loans provided to other entities within the group. Based on facts and circumstances, management has concluded that this instrument is a debt instrument that should be classified at fair value through surplus or deficit. The fair value has been determined using a market-based valuation approach relying on recent observed transaction prices. These prices relate to private placements by investors in the entity's equity.

Whanganui Port Limited Partnership

The total investment held in Whanganui Port Limited Partnership at 30 June is $12.400 million (2024: $12.400 million).

CRHL investment is in the form of convertible notes which are exercisable at a future date, on completion of the project. The convertible notes do not earn interest and CRHL, as the noteholder, is not entitled to any voting rights or distribution. The terms of the note deed also include mandatory redemption of the convertible notes upon occurrence of certain redemption events. Based on facts and circumstances, management has concluded that this instrument is a debt instrument that should be classified at fair value through surplus or deficit. The fair value has been determined by reference to CRHL's share of net asset in this company as there is no market information on the value of the limited partnership's shares.

The table below provides summary of CRHL investments in equity shares by company.

	Actual 2025 $000	Actual 2024 $000
Equity investments		
Invercargill Central Limited	3,200	4,200
Geo40 Limited	7,010	6,231
Debt investment securities (Convertible notes)		
Wood Engineering Limited	6,012	–
Whanganui Port Limited Partnership	16,605	17,096
Total investments securities	**32,827**	**27,527**

The overall fair valuation loss realised on investments in equity shares was $0.700 million (2024: gain of $11.310 million).

Explanation of major variances against budget.

The investment securities balance was $13.207 million higher than budgeted. This variance is primarily due to a greater number of contracts being finalised during the year than anticipated.

Notes
to the Financial Statements continued

Note 5 Fixed assets under construction

Accounting policy

Additions are recognised as an asset only when it is probable that future economic benefits or service potential associated with the asset will flow to CRHL and the cost of the item can be measured reliably.

Fixed assets under construction are reviewed for impairment at each balance date and whenever events or changes in circumstances indicate that the asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and its value in use.

Work in progress (WIP) is recognised at cost less impairment and is not depreciated. Impairment has been considered, and it has been determined there is no impairment.

CRHL's assets under construction relate to the Ōpōtiki Harbour Development project that will provide access to larger boats enabling Ōpōtiki to become a service and processing base for aquaculture and other marine related industries in the region.

Summary of CRHL's fixed assets under construction is presented in the table below:

	Actual 2025 $000	Actual 2024 $000
Ōpōtiki harbour development	118,240	109,610
Total fixed assets under construction	**118,240**	**109,610**

Note 6 Assets held for sale

Accounting policy

Non-current assets that are expected to be recovered primarily through sale rather than through continuing use, are classified as held for sale. Immediately before classification as held for sale, the assets are remeasured in accordance with CRHL's accounting policies. Thereafter the assets are measured at the lower of their carrying amount and fair value less cost to sell.

The criteria for held for sale classification is regarded as met only when the sale is highly probable, and the asset is available for immediate distribution in its present condition. Management must be committed to the sale or distribution and expect it to be completed within one year from the date of classification.

Impairment losses on initial classification as held for sale or distribution and subsequent gains or losses on remeasurement are recognised in surplus or deficit. Gains are not recognised in excess of any cumulative impairment loss. Once classified as held for sale, property, plant and equipment are no longer depreciated.

CRHL had surplus rock held for the construction of Ōpōtiki Harbour as at 30 June 2025. This rock was classified as "assets held for sale".

During the year ended 30 June 2025, CRHL sold $2,358 worth of this rock. The sale resulted in a loss of $1,114, which has been recorded as an expense.

To reflect the estimated value of the remaining rock, an impairment loss of $400,923 was recognised this year (2024: impairment loss of $521,544). CRHL expects the remaining surplus rock to be sold within the next 12 months.

As at reporting date, the carrying amount of the rock held for sale comprised of the following:

	Actual 2025 $000	Actual 2024 $000
Surplus Rock held for sale	110	513
Total assets held for sale	**110**	**513**

Notes
to the Financial Statements continued

Note 7 Provision for concessionary loss on undrawn loan commitments

Accounting policy

CRHL recognises provision for concessionary loss on undrawn loan commitments when it becomes a party to the contract and has an irrevocable obligation to provide funding to a loan recipient. The provision for concessionary loss on undrawn loan commitments is recognised as an expense in the Statement of Comprehensive Revenue and Expenses:

- On the date a loan agreement is signed, for loans and advances that have no conditions preventing a borrower from accessing a loan facility.
- On the date CRHL's commitment becomes irrevocable, for loans and advances that have preconditions to a loan facility withdrawal.

The table below reconciles the movements of the provision for concessionary loss on undrawn loan commitments.

	Actual 2025 $000	Actual 2024 $000
Opening	46,298	3,947
New provision raised	18,835	58,834
Provision utilised	(35,058)	(16,148)
Provision reversed	(3,949)	(335)
Provision closing	**26,126**	**46,298**

The movements in the table above that relate to concession on undrawn commitments recognised as an expense in the Statement of Comprehensive Revenue and Expenses, are detailed below:

	Actual 2025 $000	Actual 2024 $000
New provision raised	18,835	58,834
Provision reversed	(3,949)	(335)
Concession on undrawn commitment	**14,886**	**58,499**

The provision is shown as current in the Statement of Financial Position because the loans are withdrawable on demand once conditions precedent are met, although some loan commitments could be drawn down in more than one year.

At 30 June 2025, the undrawn loan commitments with no conditions or where all conditions were met by the borrowers, amounted to $72.810 million (30 June 2024: $120.027 million).

Explanation of major variances against budget.

The provision for concessionary loss on undrawn loan is $6.339 million lower than budgeted due to a lower amount than expected of undrawn loan commitments as at 30 June 2025. The concession on undrawn loan commitment is $85.235 million lower than budgeted due to less draw-down on loans than initially anticipated.

Note 8 Revenue

Accounting policy

Funding from the Crown

CRHL is primarily funded from the Crown. This funding is restricted in its use to enable CRHL to meet its purpose under its constitution and to comply with the scope of the relevant appropriations of the funder. CRHL considers there are no conditions attached to the funding and it is recognised as revenue at the point of entitlement. This is considered to be the start of the appropriation period to which the funding relates. The fair value of revenue from the Crown has been determined to be equivalent to the amounts due in the funding arrangements.

Other Grants

This relates to funds received from Ōpōtiki District Council (ODC) as a contribution towards the Ōpōtiki Town Wharf project. The total grant funding received from ODC was $6.046 million. The revenue recognised in the year ended 30 June 2025 was $6.718m, which includes $0.671m received in prior year and utilised during the current year. As at 30 June 2025, the entire Grant received had been utilised on the Ōpōtiki Town Wharf Project (30 June 2024: $0.671m had not yet been utilised).

Other grants are recognised as revenue when they become receivable unless there is an obligation in substance to return the funds if conditions of the grant are not met. There are no unfulfilled conditions and other contingencies attached to the grant recognised for the 12-month period ended 30 June 2025. There was no receivable recognised in respect to this grant as at 30 June 2025 (30 June 2024: $nil).

Interest income

Interest income is recognised when earned using the effective interest rate method.

	Actual 2025 $000	Actual 2024 $000
Revenue from exchange transactions		
Interest from loans and advances	14,196	12,203
Interest from bank deposits	9,577	13,413
Total revenue from exchange transactions	**23,773**	**25,616**
Revenue from non-exchange transactions		
Funding from the Crown	4,000	3,818
Other grants	6,718	830
Interest from loans and advances	23,152	22,753
Total revenue from non-exchange transactions	**33,870**	**27,401**
Total revenue	**57,643**	**53,017**

Explanation of major variances against budget.

Interest earned from loans and advances was $45.842 million lower than budgeted due to lower than anticipated interest rates charged on new loans. Interest on bank deposits is $9.312 million less than budgeted due to having lower bank balances than budgeted. Revenue from other grants was $6.718 million higher than budgeted, primarily due to the receipt of additional unbudgeted grant income.

Notes
to the Financial Statements continued

Note 9 Other expenses

Accounting policy

Other expenses are recognised when goods and services are received.

	Actual 2025 $000	Actual 2024 $000
Fees to Audit New Zealand for audit of financial statements	324	117
Service agreement with MBIE	2,870	2,683
Expenditure related to the Ōpōtiki Town Wharf project	3,249	830
Other overheads and expenses	984	669
Total other expenses	**7,427**	**4,299**

The audit fee for CRHL represents the fee for the annual statutory audit engagement carried out under the Auditor-General's auditing standards, as described in the independent auditor's report. Audit fee incurred for the audit of financial statements for the year ended 30 June 2025 totalled $0.324 million (2024: $0.117 million). The fees include $0.092 million disbursements related to the engagement of an external expert who provides services related to certain underlying assumptions used by CRHL and additional fees relating to extended scope and complexity of audit procedures undertaken in the prior year.

Note 10 Contingent liabilities and contingent assets

Accounting policy

Contingent liabilities and contingent assets are reported at the point at which the contingency is evident or when a present liability is unable to be measured with sufficient reliability to be recorded in the financial statements. Contingent liabilities are not disclosed if the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent liabilities

At 30 June 2025 CRHL had no contingent liabilities (30 June 2024: nil).

Contingent assets

At 30 June 2025 CRHL had no contingent assets (30 June 2024: nil).

Note 11 Commitments

As at 30 June 2025 loan commitments amounted to $72.810 million (2024: $120.027 million). Loan commitments are undrawn loan facilities with no conditions or where all conditions were met by the borrowers.

Capital commitments consisted of capital expenditure committed but not yet incurred relating to the Ōpōtiki Harbour Development Project of $0.799 million (2024: $4.579 million).

Note 12 Capital management

Accounting policy

Equity is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into contributed capital and accumulated surplus or deficit. Loans and advances novated from MBIE are recognised as non-cash capital contribution at their fair value at the date of transfer.

The table below presents analysis of CRHL contributed capital:

	Actual 2025 $000	Actual 2024 $000
Share capital		
Balance at the beginning of the period	925,868	843,965
Capital contribution	328,442	140,000
Share buy-back	–	(58,097)
Total share capital	**1,254,310**	**925,868**
Non-cash contribution from MBIE		
Balance at the beginning of the period	30,769	30,769
Total non-cash contribution from MBIE	**30,769**	**30,769**
Total contributed capital at 30 June	**1,285,079**	**956,637**

The table below presents analysis of CRHL share capital by shares:

	Actual 2025 Shares	Actual 2024 Shares
Balance at the beginning of the period	925,868,000	843,965,000
Capital contribution	328,442,000	140,000,000
Share buy-back	–	(58,097,000)
Total share capital	**1,254,310,000**	**925,868,000**

Contributed capital represents proceeds from the issue of the ordinary shares to the Crown, net of related share issue costs, if any. The Crown investment made in CRHL is represented by $2,113,868,100 ordinary shares of $1, with 1,254,310,000 being fully paid and 859,558,100 being unpaid as at 30 June 2025 (30 June 2024: $1,311,965,100 ordinary shares, with 925,868,000 being fully paid and 386,097,100 being unpaid). The Crown holds all the issued capital of CRHL. All shares have equal voting and dividend rights and share equally in any distribution on wind-up.

Notes
to the Financial Statements continued

Note 12 Capital management continued

Capital management

The objective of managing the CRHL's equity is to ensure that CRHL achieves its goals and objectives efficiently, while remaining a going concern. Where CRHL identifies that it does not have sufficient resources to achieve this objective a capital injection is sought.

Investment funding streams

As at 30 June 2025, CRHL capital includes the following funding streams:

- Regional Infrastructure Fund (RIF)
  Established with an aim of investing in and improving New Zealand's regional infrastructure. CRHL has subscribed to $900m in the fund.
- Provincial Growth Fund (PGF)
  Established in Budget 2018 and was comprised of $3.000 billion over a three-year term to invest in regional economic development which aims to lift productivity potential in New Zealand's provinces.
- Regional Investment Opportunities (RIO) fund
  Approved in January 2020 to fund large scale capital investments with a Crown ownership stake.
- Infrastructure Reference Group (IRG)
  Fund for the "shovel-ready" infrastructure projects from across local and central Government, and the private sector.
- Strategic Tourism Assets Protection Programme (STAPP)
  Loans that are intended to protect assets in the tourism landscape that form the core of New Zealand's essential tourism offerings to ensure their survival through the disruption caused by COVID-19.
- Regional Strategic Partnership Fund (RSPF)
  This fund is intended to support regions to make steps towards achieving their economic potential. This will enable regional economies to be stronger and more resilient to improve the economic prospects, wellbeing and living standards for all New Zealanders.
- The North Island Weather Events (NIWE)
  Primary Producer Finance Scheme was a fund designed to help North Island land-based primary producers that had been severely impacted by the North Island Weather Events in early 2023, including the Auckland Anniversary Weekend floods and Cyclone Gabrielle.
- Queenstown Economic Transformation and Resilience Fund (QET)
  This fund supports diversification beyond tourism for the Queenstown economy.
- Wood Processing Growth Fund (WPGF)
  This fund is designed to help wood processors increase New Zealand's onshore wood processing capacity.

Explanation of major variances against budget.

Share capital was $214.531 million higher than budget due to additional capital contribution in the year

Note 13 Related party transactions and key management personnel

CRHL is controlled by the Crown

CRHL is controlled by the Crown. CRHL recognised funding from the Crown of $4.000 million to provide its services for 12 months ended 30 June 2025 (12 months ended 30 June 2024: $3.818 million).

Related party disclosures have not been made for transactions with related parties that are:

- within a normal supplier or client/recipient relationship; and
- on terms and conditions no more or less favourable than those that it is reasonable to expect CRHL would have adopted in dealing with the party at arm's length in the same circumstances.

Further, transactions with other government agencies (for example, government departments and Crown entities) are not disclosed as related party transactions when they are on normal terms and conditions consistent with the normal operating arrangements between government agencies.

Board of Directors

The Board of Directors' remuneration is disclosed in the following table:

	Actual 2025 $000	Actual 2024 $000
Board member fees during the period were:		
John Rae	62	62
Neville Harris	31	31
Michael Greenslade	16	–
Angela Edwards	16	–
Mat Bolland	16	–
Anne-Marie Broughton	16	31
Elizabeth Hopkins	16	31
Dame Patsy Reddy	16	31
Rosie Mercer	31	31
Total Board member fees	**220**	**217**

CRHL indemnifies the Directors against costs and liabilities incurred by Directors for acts and omissions in their capacity as Directors to the extent permitted by CRHL's constitution and the Companies Act 1993.There are no unrecorded related party transactions involving the Directors or their close family members.

Notes
to the Financial Statements continued

Note 13 Related party transactions and key management personnel continued

Directors' interests

JOHN RAE (Chair – From 1 June 2023)

- Chair, Gisborne Holdings Limited, Te Rāhui Herenga Waka Whakatane Limited
- Managing Director and Shareholder, FJ Hawkes & Co. Limited (50%)
- Director, WET Gisborne Limited, Wood engineering Technology Limited – WGL1.2, Bremworth Limited, Midlands Fund Management Limited, Cambridge Clothing Limited and Independent Advisory Panel, Landcorp Farming Ltd, Provincial Growth Fund (term has expired).
- Director and Shareholder, Gobble Limited (100%), Kingyo Foods Limited (37%) and Playtime Holdings 2022 Limited,
- Panel member, Waste Minimisation Fund,
- Member, Cabjaks Advisory Board
- Trustee, JR Family Trust
- Thos. Corson Holdings Limited & Corson Grain Limited (Resigned May 2025)
- Abodo Wood Limited. (Resigned Feb 2025)

NEVILLE HARRIS (DIRECTOR)

- Director and Shareholder, Tourmalet Limited (100%)
- Chair, Racing Integrity Board
- Member of the Board of Management, New Zealand Antarctic Institute
- Panel Member, Independent Advisory Panel, Provincial Growth Fund (term expired)

DAME PATSY REDDY (DIRECTOR)

- Chair, The New Zealand Rugby Unions Inc*, NZSO Foundation
- Director and Trustee, Aspen Institute New Zealand
- Patron, Centre for Brain Research – University of Auckland, Transparency International New Zealand, Sarjeant Gallery Te Whare o Rehua Whanganui, Hospice Wairarapa, Wellington Charity Hospital, Wellington Sculpture Trust and NZ Opera.
- Director and Shareholder, Lawson Nominees Limited (50%)
- Shareholder, Southern Hops Limited (0.37%), Shott Beverages Limited, Urban Harvest Limited (15.01%)

ROSIE MERCER (DIRECTOR)

- CEO, Marsden Maritime Holdings Limited
- Director, Marsden Cove Canals Management Limited
- Director, Northport Ltd (Resigned June 2025)
- Shareholder, Maunu Estates Limited (2%)
- Trustee, RM QE Family Trust
- Director, Marsden Cove Marinas Limited (Resigned June 2025)
- Group Member, Fast Track Advisory Group (Term expired, September 2024)

* The New Zealand Rugby Union is an incorporated society and is the parent entity of the non-trading subsidiaries Computerised Match Ticketing Ltd, NZ Rugby Commercial GP Ltd and NZ Rugby Promotions Ltd of which a director position is held.

ANNE-MARIE BROUGHTON (DIRECTOR)

- Chair and Trustee, Whenuakura Marae
- Director, Parininiki Ki Waitotara Incorporation, and PKW Farms GP Limited
- Director/Shareholder, Mana Earth Ltd (50%) and Mataarangi Ltd (100%)
- Committee Member, Whanganui West Catchment Group Incorporated Society
- Trustee, Agri-Womens Development Trust and Mataarangi Trust
- Member, MPI Sustainable Food & Fibre Futures Investment Advisory Panel

ELIZABETH HOPKINS

- Board member (representing University of Canterbury's shareholding), Precision Chroma
- Employee, University of Canterbury.

MICHAEL GREENSLADE

- Director, Shareholder and CEO, Commissioner Consulting Limited
- Director and Shareholder, Cinpac Limited
- Director, Crevia Finance Limited
- Chairman, Papua New Guinea Business Council
- Founding executive member, Otago University Auckland Alumni
- Strategic Advisor to Board, Business Mentors New Zealand Limited, Contracted stakeholder manager and advisor to Board, Skills group
- Trustee, KR Greenslade Family Trust

ANGELA MAREE EDWARDS

- Director and Shareholder, Bay of Islands Holding 2023 Limited, Bay of Islands Holdings Limited, BDO Pakihi Taitokerau Ltd, Heron Hill Trustee Company Ltd, Homestead Road Trustee Company Ltd, Spicers Trustee Company (2005) Ltd, Spicers Trustee (BOI) Ltd, Te Ahi Kaa Mai Tawhiti Ltd, BDO Northland Ltd.
- Director, New Zealand Railways Corporation.
- Executive Committee, Taitokerau Rugby League
- Trustee, Ko Waitangi Te Awa Trust, Reclaim Charitable Trust, Waikuku Trust.
- Stakeholder manager and advisor to Board, Skills Group
- Audit and Risk Committee member, Te Runanga A Iwi O Ngapuhi
- Former Shareholder, Thew Family Trustees Ltd

MATHEW JAMES BOLARD

- Director and Shareholder, Bolland Advisory Limited and Howard Moore Limited
- Partner, Shanahan Group Limited
- Consultant, Quayside Holdings Limited
- Trustee, Peter & Jill Bolland Family Trust

Notes
to the Financial Statements continued

Note 13 Related party transactions and key management personnel continued

The Board Directors' attendance record for the financial year is detailed below:

	2025			2024		
Director	Board Meetings Scheduled	Out of Cycle meetings	Attendance %	Board Meetings Scheduled	Out of Cycle meetings	Attendance %
John Rae (Chair)	6	3	100%	5	1	100%
Neville Harris	6	3	89%	5	1	83%
Anne-Marie Broughton	3	2	80%	5	1	83%
Elizabeth Hopkins	3	2	80%	5	1	83%
Dame Patsy Reddy	3	2	80%	5	1	50%
Rosie Mercer	6	3	89%	5	1	100%
Michael Greenslade	3	1	75%	–	–	0%
Angela Edwards	3	1	100%	–	–	0%
Mat Bolland	3	1	100%	–	–	0%

Related party transactions

During the year, CRHL entered into the following transactions with related parties:

		Transaction amount		Balance owed	
Related party relationship	Type of transaction	2025	2024	2025	2024
Thos. Corson Holdings Limited	Loan issued	–	6,100	6,529	6,214
WET Gisborne Limited	Loan issued	–	3,100	4,133	4,093
Wood engineering Technology Ltd – WGL1.2	Loan issued	3,000	10,800	15,060	11,419

These related party loans were issued at a concessionary interest rate. This is consistent with the CRHL's usual practice of providing concessionary loans as per the requirements of the various funds that CRHL administers on behalf of the Crown. The terms of the above loan transactions were not more favourable than those available to similar entities outside the related party relationship.

CRHL has an investment in a joint venture in Te Rāhui Herenga Whakatāne 2021 Limited Partnership (LP) which is a related party through common directorship. There were no transactions between CRHL and Te Rāhui Herenga Whakatāne 2021 Limited Partnership (LP) during the reporting period. The investment in joint venture is equity accounted for in the financial statements and is held at a balance of $6.538 million (2024: $5.612 million).

Shareholding Ministers

Shares in CRHL are held by the Crown acting by and through Minister of Finance and Minister for Economic and Regional Development, formerly Minister for Regional Economic Development (the Shareholding Ministers).

The Treasury has advised that the Shareholding Ministers have certified that there have been no related party transactions for the period ended 30 June 2025 (30 June 2024: nil).

Shareholding Ministers' remuneration and other benefits are set by the Remuneration Authority under the Members of Parliament (Remuneration of Services) Act 2013 and are paid under Permanent Legislative Authority, and not paid by CRHL, and hence excluded from this related party disclosures.

Related entities

Management and administration services provided by the Ministry of Business, Innovation and Employment

MBIE has transferred certain loans, equity investments and assets under construction to CRHL to act as an asset holding company.

CRHL has appointed MBIE as the exclusive provider of management and administration services in respect of any investments transferred to CRHL. The investments are administered by Kānoa – RDU, formerly Provincial Development Unit, which was established within MBIE.

The table below shows revenue and expenditure during the year with the related entities:

	Actual 2025 $000	Actual 2024 $000
Revenue		
– Funding from MBIE	4,000	3,818
Expenses		
– Service agreement with MBIE	2,870	2,683
– Other recharges to MBIE	–	–

No provision has been required, nor any expense recognised, for impairment of receivables from related parties.

Key management personnel compensation

CRHL has no employees. The costs related to key management personnel is included within the service agreement with MBIE. The compensation for key management personnel during the year was as follows:

	Actual 2025 $000	Actual 2024 $000
Key management personnel compensation		
Remuneration	614	509
Full-time equivalent staff	2.1	1.9

Notes
to the Financial Statements continued

Note 14 Financial instruments

Accounting policy

Non-derivative financial assets

Refer to accounting policies disclosed in Note 2 and Note 4.

Non-derivative financial liabilities

Financial liabilities are initially recognised at fair value and generally subsequently measured at amortised cost except for those measured at FVTSD, such as liabilities held-for-trading and financial liabilities irrevocably designated as FVTSD on initial recognition.

CRHL financial liabilities are subsequently measured at amortised cost using the effective interest method. Financial liabilities entered into with durations of less than 12 months are recognised at their nominal value. Amortisation is recognised in the statement of financial performance as is any gain or loss when the liability is derecognised.

Financial instrument categories

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

	Actual 2025 $000	Actual 2024 $000
Financial assets measured at amortised cost		
Cash and cash equivalents	86,167	199,313
Term deposits	360,000	15,000
Loans and advances	281,965	256,255
Trade and other receivables	5,140	4,278
Total financial assets measured at amortised cost	**733,272**	**474,846**
Financial assets measured at fair value		
Investment securities	32,827	27,527
Loans and advances	109,957	101,777
Total financial assets measured at fair value	**142,784**	**129,304**
Financial liabilities measured at amortised cost		
Trade payables	2,685	283
Total financial liabilities measured at amortised cost	**2,685**	**283**

The maximum loss due to the default of any financial asset is the carrying value reported in the statement of financial position.

Fair value hierarchy

For those instruments recognised at fair value in the statement of financial position, fair values are determined according to the following hierarchy:

- Quoted market prices (level 1).
  Financial instruments with quoted prices for identical instruments in active markets.
- Valuation techniques using observable inputs (level 2).
  Financial instruments with quoted prices for similar instruments in active markets or quoted prices for identical or similar instruments in inactive markets and financial instruments valued using models where all significant inputs are observable.
- Valuation techniques with significant non-observable inputs (level 3).
  Financial instruments valued using models where one or more significant inputs are not observable.

The following table analyses the basis of the valuation of classes of financial instruments measured at fair value in the statement of financial position.

	Level 1 $000	Level 2 $000	Level 3 $000
30 June 2025			
Investment securities	–	–	32,827
Loans and advances	–	–	109,957
30 June 2024			
Investment securities	–	–	27,527
Loans and advances	–	–	101,777

There were no transfers between the different levels of the fair value hierarchy.

Significant inputs and sensitivity of fair value of concessionary loans and advances to changes in the discount rates are disclosed in Note 2.

Notes
to the Financial Statements continued

Note 14 Financial instruments continued

Financial instruments risks

CRHL's activities expose it to a variety of financial instrument risks, including market risk, credit risk, and liquidity risk. CRHL has policies to manage these risks and seeks to minimise exposure from financial instruments. These policies do not allow transactions that are speculative in nature to be entered into.

Market risk

Price risk

Price risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices. CRHL has no exposure to the price risk at reporting date.

Fair value interest rate risk

Interest rate risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market interest rates. CRHL's exposure to fair value interest rate risk is limited to its cash and cash equivalents that are held at fixed rates of interest, concessionary loans and advances and other loans and advances measured at fair value.

Interest rates, including Official Cash Rate and swap rates, have fluctuated which affected market rates used for determining fair value of CRHL's loans and advances. Sensitivity analysis of fair value of loans and advances to changes in market rates is disclosed in Note 2.

CRHL does not actively manage its exposure to fair value interest rate risk.

Cash flow interest rate risk

Cash flow interest rate risk is the risk that the cash flows from a financial instrument will fluctuate because of changes in market interest rates. CRHL has limited exposure to the cash flow interest rate risk at reporting date.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. CRHL has no exposure to the currency risk at reporting date because all transactions entered into were in New Zealand Dollars.

Credit risk

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

CRHL is exposed to credit risk from cash and cash equivalents with banks, trade receivables, loans and advances, and equity investments.

CRHL reviews the credit quality of customers before granting credit, issuing loans or investing in equity. It continues to monitor and manage these financial assets based on ageing and related entities' performance towards agreed objectives and adjusts the expected credit loss allowance accordingly.

Concentration of credit risk arises where CRHL is exposed to risk in activities or industries of a similar nature. CRHL does not actively manage its concentration of credit risk as CRHL acts as an asset holding company for regional investments approved by the Crown. Analysis of loans and advances by industry sector is disclosed in Note 2.

The carrying amount of cash and cash equivalents and term deposits, by credit rating is provided below by reference to Standard and Poor's credit ratings.

	Actual 2025 $000	**Actual 2024 $000**
Cash and cash equivalents		
AA-	86,167	199,313
Total cash and cash equivalents	**86,167**	**199,313**
Term deposits		
AA-	360,000	15,000
Total term deposits	**360,000**	**15,000**

Notes
to the Financial Statements continued

Note 14 Financial instruments continued

Loans and advances held by CRHL at 30 June 2025 were unrated. The table below represents the maximum gross credit risk exposure of CRHL at 30 June 2025 and 30 June 2024.

	Actual 2025		
	Financial assets on balance sheet $000	Off-balance sheet commitments $000	Maximum exposure to credit risk $000
Cash and cash equivalents	86,167	–	86,167
Term deposits	360,000	–	360,000
Loans and advances	391,922	72,810	464,732
Investments in securities	32,827	–	32,827
Trade receivables	5,140	–	5,140
Total financial assets on balance sheet and off-balance sheet commitments	**876,056**	**72,810**	**948,866**

	Actual 2024		
	Financial assets on balance sheet $000	Off-balance sheet commitments $000	Maximum exposure to credit risk $000
Cash and cash equivalents	199,313	–	199,313
Term deposits	15,000	–	15,000
Loans and advances	358,032	120,027	478,059
Investments in securities	27,527	–	27,527
Trade receivables	4,278	–	4,278
Total financial assets on balance sheet and off-balance sheet commitments	**604,150**	**120,027**	**724,177**

The exposures set out above are based on carrying amounts of financial assets as disclosed in relevant notes to these financial statements. No collateral or credit enhancements were held for financial assets other than loans and advances.
At 30 June 2025 CRHL held unsecured loans and advances with total carrying value of $99.615 million (30 June 2024: $79.469 million). For secured loans and advances, collateral held by CRHL included first ranking and second ranking general security deeds in respect of borrowers' present and future acquired properties.

Note 15 Events after the balance date

The following events and transactions occurred subsequent to year end:

- During the five month period ended 30 November 2025
  Six loan agreements totalling $52.027 million were novated to CRHL with further investments still being negotiated.
- As at 30 June 2025, two option contracts held by CRHL
  had been identified as potentially meeting the legal definition of a derivative. In accordance with section 164 of the Crown Entities Act 2004, CRHL is prohibited from entering into or amending derivative agreements unless permitted by regulation or jointly approved by its Shareholding Ministers. As at October 2025, CRHL was in the process of obtaining the necessary Ministerial approval.
- As at 30 June 2025, CRHL had identified a potential breach of the Takeovers Code relating
  to associate share issue and control provisions. This related to CRHL's investment in WMOL and a debt-to-equity conversion by Te Huata 1 LP, a joint venture investment of CRHL. In October 2025, the matter was resolved through obtaining the necessary shareholder approvals for the debt-to-equity conversion, as well as approval for a share buyback and subsequent re-issue of shares to Te Huata 1 LP.
- In September 2025, the construction of the Pākihikura (Ōpōtiki) Harbour was completed.
  The development comprises two 350-meter breakwater structures extending into the sea and a dredged channel designed to provide all-weather access to the harbour. This infrastructure is expected to support commercial marine operations and enable the growth of associated industries in the Ōpōtiki region.
- There has been a significant change in circumstances of below borrower:
  QE Health Ltd was placed into liquidation in November 2025. The valuation of the loan advanced to the entity as at 30 June 2025 has appropriately considered this change of circumstance.

There are no other material events that occurred subsequent to the reporting date which require recognition or additional disclosure in these financial statements.

Report on Appropriation funding

Appropriation funding table

The table below shows the funding made available by the Crown through the Estimates and Supplementary Estimates compared to that recognised by Crown Regional Holdings Limited in the year for each our its appropriations.

	Actual 2025 $000	Estimates 2025 $000	Actual 2024 $000	Supplementary estimates 2024 $000
Vote Business Science and Innovation: Regional Development: Provincial Growth Fund (Multi-Category Appropriation)				
Management of Investments in Crown-owned companies - Non-Departmental Output Expenses	4,000	3,990	3,818	3,818
Investment through Crown-owned companies - Non-Departmental Capital Expenses	16,500	16,500	56,200	56,200
Total	**20,500**	**20,490**	**60,018**	**60,018**
Vote Business, Science & Innovation: Regional Development: Infrastructure Reference Group (Multi-Category Appropriation)				
Investment through Crown-owned companies - Non-Departmental Capital Expenditure	–	20	–	10
Total	**–**	**20**	**–**	**10**
Vote Business, Science & Innovation: Regional Development: Regional Strategic Partnership Fund (Multi-Category Appropriation)				
Investment through Crown-owned companies - Non-Departmental Capital Expenditure	37,529	37,529	43,800	50,000
Total	**37,529**	**37,529**	**43,800**	**50,000**

Appropriation funding table - continued

	Actual 2025 $000	Estimates 2025 $000	Actual 2024 $000	Supplementary estimates 2024 $000
Vote Business, Science & Innovation: Regional Development:				
Investment in Crown-owned Companies and their subsidiaries for the Wood Processing Growth Fund Non-Departmental Capital Expenditure	21,500	21,500	–	20,000
Investments through Crown-owned Companies for the North Island Weather Events Primary Producer Finance Scheme Non-Departmental Capital Expenditure	102,913	102,913	40,000	80,000
Total	**124,413**	**124,413**	**40,000**	**100,000**
Vote Business, Science & Innovation: Regional Development: Regional Infrastructure Fund (Multi-Category Appropriation)				
Regional Infrastructure Fund - Capital Non-Departmental Capital Expenditure	150,000	150,000	–	–
Total	**150,000**	**150,000**	**–**	**–**
Total Appropriation	**332,442**	**332,452**	**143,818**	**210,028**

CRHL CROWN REGIONAL HOLDINGS LIMITED

2025 DIRECTORY CROWN REGIONAL HOLDINGS LIMITED

SHAREHOLDERS

MINISTER OF FINANCE
MINISTER FOR REGIONAL DEVELOPMENT

REGISTERED OFFICE

15 STOUT STREET,
WELLINGTON CENTRAL
WELLINGTON 6011
NEW ZEALAND

CONTACT ADDRESS

15 STOUT STREET
WELLINGTON CENTRAL
WELLINGTON 6011
NEW ZEALAND

AUDITOR

THE AUDITOR–GENERAL, PURSUANT TO SECTION 15 OF THE PUBLIC AUDIT ACT 2001

BANK

WESTPAC BANK OF NEW ZEALAND LIMITED

BOARD OF DIRECTORS

JOHN RAE, CHAIR
MAT BOLLAND
ANGELA EDWARDS
MICHAEL GREENSLADE
NEVILLE HARRIS
ROSIE MERCER

Te Kāwanatanga o Aotearoa
New Zealand Government