CRHL CROWN REGIONAL HOLDINGS LIMITED

Statement of Performance Expectations

1 JULY 2026 – 30 JUNE 2027

PRESENTED TO THE HOUSE OF REPRESENTATIVES PURSUANT TO SECTION 149L(3) OF THE CROWN ENTITIES ACT 2004
APPROVED BY THE BOARD: 23 JUNE 2026

Te Kāwanatanga o Aotearoa
New Zealand Government

CRHL CROWN REGIONAL HOLDINGS LIMITED

Cover Photo
Kopu Road Orchards Limited (Limery)

www.growregions.govt.nz

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CRHL Introduction to the 2026 – 2027 Statement of Performance Expectations

Introduction

This Statement of Performance Expectations is submitted by the Board of Directors of Crown Regional Holdings Limited (the Company or CRHL), pursuant to the Crown Entities Act 2004 (the Act). This Statement of Performance Expectations sets out the forecast performance of the Company for the period from 1 July 2026 – 30 June 2027.

The Company's prospective financial statements have been prepared in accordance with New Zealand Generally Accepted Accounting Practice (GAAP) and its audited accounts will comply with the Public Benefit Entity International Public Sector Accounting Standards (PBE IPSAS) and other applicable Financial Reporting Standards as appropriate to profit-oriented public benefit entities.

Statement of responsibility

The Company is responsible for the prospective financial statements contained in this document, including the appropriateness of the underlying assumptions.

John Rae
Chair
25 June 2026

Neville Harris
Director
25 June 2026

CRHL
Purpose and objectives

CRHL purpose

To build economies, grow industries and strengthen communities by investing in regional economic development in New Zealand, including by providing various forms of financial support for recipients in regional New Zealand.[1]

OBJECTIVES FOR ACHIEVING PURPOSE[2]

1 ACT AS AN ASSET HOLDING COMPANY	2 ENTER MANAGEMENT AGREEMENT WITH MBIE	3 SUPERVISE & MONITOR THE PERFORMANCE	4 OPERATE COMMERCIALLY AND IN A MANNER THAT
To hold investments made through the PGF and other regional economic development initiatives	Under which CRHL will outsource the day-to-day management and administration of investments to MBIE	Of MBIE's obligations under the management agreement, consistent with CRHL's constitution	Optimises investments, minimises costs, reflects the funds' overarching objectives and ensures the timely distribution of any surplus funds as agreed

SERVICE PERFORMANCE MEASURES

1 CONTRACT MANAGEMENT	2 CONTRACT DELIVERY (DELIVERABLES)	3 CONTRACT PAYMENT	4 PORTFOLIO RISK MANAGEMENT	5 ADVICE TO MINISTERS
The percentage of counterparties that: (a) have a contract management plan in place (b) receive contact from MBIE at least once every quarter	a) Reporting Deliverables: The percentage of quarterly and annual reports delivered by counterparties in accordance with the contractual timeframes, or in the event an extension is requested, a compliance action will be commenced; and b) Payment Deliverables: The percentage of payments made by counterparties by the due date for payment under the contract, or in the event that a scheduled payment becomes overdue by more than 30 days, a compliance action will be commenced.	The percentage of payments made to counterparties within 11 working days of a valid drawdown notice being received	The percentage of investments notified by the Deputy Chief Executive of Kānoa – Regional Development & Commercial Services[3] to the CRHL Chair within one business day following MBIE increasing the RAG[4] status of the investment to Red	The percentage of advice given to Ministers on the Regional Infrastructure Fund (RIF) and Wood Processing Growth Fund (WPGF) as a proportion of total projects considered by Ministers from these funds.
PERFORMANCE TARGET 100%	PERFORMANCE TARGET 100%	PERFORMANCE TARGET 100%	PERFORMANCE TARGET 100%	PERFORMANCE TARGET 100%

1 Source – Crown Regional Holdings Limited, Constitution
2 Source – Crown Regional Holdings Limited, Statement of Intent 2021- 2025
3 = Or his delegate
4 = Red Amber Green

Part one
Background information

Objectives

The overall objective of the Crown, via regional economic development initiatives, is to invest in regional economic development in New Zealand, including by providing various forms of financial support for recipients in the New Zealand regions. The Crown's decision making in relation to the investments is governed by specific criteria for each fund and the decision-making is published by the Ministry of Business, Innovation and Employment (MBIE) from time to time. The criteria also includes non-financial items intended to show the outcome sought for each fund. The Crown wishes to hold its interests in certain regional economic development investments through a limited liability company called Crown Regional Holdings Limited (CRHL), but in doing so the Crown wishes to ensure that the primary responsibility for management and administration of those investments remains with the Crown.

The objectives of the Company are to:

- act as an asset holding company to hold investments made through the PGF and other regional economic development initiatives;
- maintain and comply with the Investment Management Agreement with Kānoa – Regional Economic Development & Investment Unit, (Kānoa), which is part of MBIE, under which CRHL will outsource the day-to-day management and administration of investments to Kānoa;
- supervise and monitor the performance of MBIE's obligations under the Investment Management Agreement, consistent with CRHL's company constitution;
- operate commercially and in a manner that optimises investments, minimises costs, reflects the funds' overarching objectives and ensures the timely distribution of any surplus funds;
- provide its own advice to the relevant Ministers of prospective investments that Kānoa has assessed.

Classes of Outputs

The Company has no reportable classes of outputs.

The Company makes only minimal outputs (within the meaning of section 2(1) of the Public Finance Act 1989) that are incidental to its objectives as set out in Section 2 above. These outputs are mostly derived from investment income received on bank deposits, loans and equity investments.

Nature and scope of functions and operations

Funding

The Company will receive operational funding to cover day-to-day costs from the Crown. In time, it will also generate investment income from the investments that have been and continue to be novated (transferred) to it by Kānoa.

Managing and Realising Assets

The Company will manage the investments on behalf of the Crown. This may include providing funds consistent with existing agreements, managing interest and principal repayments of the loans and taking whatever steps are necessary to manage the loans, equity and asset investments.

In practice, CRHL will outsource the day-to-day management and administration of all such investments to MBIE under the Investment Management Agreement.

The Company will also acquire, manage and realise any other assets or investments as directed or approved by its Shareholding Ministers.

Impacts, outcomes and objectives

Commercial objectives

The Company is expected to operate commercially and in a manner that optimises investments, minimises costs, and reflects the funds' overarching objectives and ensures the timely distribution of any surplus funds.

Distribution Policy

The distribution policy provides for an annual distribution to be made to the Crown based on the available cash at the end of the year less cash required for forecast operating costs and investments over the subsequent year, and a cash buffer as agreed from time to time by the Crown. Such distributions will be by way of return of capital or dividends.

Part one
Continued

Statement of significant assumptions

The key significant forecast assumptions are:

- investments will continue to be novated to the Company as soon as is practicable.
- the Investment Management Agreement with MBIE will continue to remain in effect.

Performance Measures

The New Zealand Accounting Standards Board (NZASB) has issued PBE FRS 48 Service Performance Reporting (the Standard) to establish requirements for the reporting of service performance information. The Standard was introduced to provide better information to users of the general purpose financial reports of public benefit entities.

The Directors of CRHL have reviewed the performance measures in light of the Standard and where applicable the measures have been updated to reflect the accountability and decision making rights of the Company.

The following performance measures will apply to CRHL with 100% compliance to be targeted:

- **Contract management:**
  the percentage of counterparties that have a contract management plan in place.
- **Contract management:**
  The percentage of counterparties that receive contact from Kānoa at least once every quarter.
- **Contract delivery:**
  a) Reporting Deliverables:
  The percentage of quarterly and annual reports delivered by counterparties in accordance with the contractual timeframes, or in the event an extension is requested, a compliance action will be commenced; and
- b) Payment Deliverables:
  The percentage of payments made by counterparties by the due date for payment under the contract, or in the event that a scheduled payment becomes overdue by more than 30 days, a compliance action will be commenced.
- **Contract payment:**
  The percentage of payments made to counterparties within 11 working days of a valid drawdown notice being received.
- **Portfolio risk management:**
  The percentage of investments notified by the Deputy Chief Executive of Kānoa – Regional Development & Commercial Services to the CRHL Chair within one business day following MBIE increasing the RAG status of the investment to Red.
- **Advice to Ministers:**
  The percentage of advice given to Ministers on the RIF and WPGF as a proportion of total projects considered by Ministers from these funds.

CRHL Spotlight project Port Nelson Slipway

Port Nelson Slipway

Port Nelson

Project details

The project has delivered a modern, future-proofed facility designed to attract national and international marine maintenance activity to the region.

Operating as Calwell, the facility will provide services including a slipway and hardstand area supported by a 550-tonne boat hoist.

As an MPI-accredited transitional facility, it will enable vessels weighing up to 2,400 tonnes to be maintained locally, significantly expanding Nelson's marine servicing capability and supporting long-term job growth and economic activity.

Loan: $3.800 million
Equity: $3.250 million

Part two
Forecast Financial Statements

Forecast Financial Statements Contents

Prospective Statement of Comprehensive Revenue and Expenses

For the year ending 30 June 2027

	Note	2026/27 Full year budget $000
Revenue		
Interest income on loans and advances		24,384
Unwind of concessions	1	36,644
Funding from Crown - operating		3,920
Other interest earned		7,036
Other revenue		–
Total revenue		**71,984**
Expenses		
Concessions granted	1	(75,767)
Fair value gain/(loss) on loans and advances	2	0
Provision for impairment of loans and advances		–
Service agreement with Ministry of Business, Innovation and Employment		(2,870)
Audit Fees		(392)
Directors fees		(217)
Other overheads and expenses		(4,667)
Total expenses		**(83,913)**
Net surplus / (deficit)		**(11,929)**
Total comprehensive revenue / (expense)		**(11,929)**

Note to above table

1 A loan is concessionary when the terms entered into are below standard market conditions. An expense (referred to as “concessions granted”) is recognised on drawn and undrawn portion of a loan and represents a difference between the interest charge per standard market conditions and those offered by the Crown. Over the life of the loan the concession is reduced to nil (referred to as “unwind of concessions”).

Prospective
Statement of Financial Position

For the year ending 30 June 2027

	2026/27 Full year budget $000
Current assets	
Cash and cash equivalents	510,519
Trade and other receivables	10,289
Total current assets	**520,808**
Non-current assets	
Interest receivable	3,558
Loans and advances	1,223,900
Less: Concessions granted	(225,100)
Less: Fair value (decrease)/increase	(83,957)
Less: Provision for impairment of loans and advances	(28,324)
Equity investments	69,644
Investments in associates	28,767
Investments in joint ventures	23,875
Fixed assets	118,698
Total non-current assets	**1,131,061**
Total assets	**1,651,869**
Current liabilities	
Trade and other payables	2,684
Provision for concessionary loss on undrawn loan commitments	47,004
Total current liabilities	**49,688**
Total liabilities	**49,688**
Net assets	**1,602,181**
Represented by:	
Shareholders’ equity	
Share capital	1,898,579
Retained earnings	(296,398)
Total shareholders’ equity	**1,602,181**

Prospective
Statement of Changes in Equity

For the year ending 30 June 2027

	2026/27 Full year budget $000
Opening equity (Retained earnings and share capital)	1,205,910
Equity injection from the Crown - cash calls	408,200
Net surplus / (deficit) for the period	(11,929)
Closing equity	**1,602,181**
Made up of:	
Share capital	1,898,579
Retained earnings	(296,398)
Total assets	**1,602,181**

Prospective
Statement of Cash Flow

For the year ending 30 June 2027

	2026/27 Full year budget $000
Cash flows from operating activities	
Crown revenue	3,920
Interest received	7,037
Co-funding from the Bay of Plenty Regional Council	–
Payment to Ministry of Business, Innovation and Employment	(2,870)
Other operating expenses	(5,548)
Net cash flows from / (to) operating activities	2,539
Cash flows from investing activities	
Net Loan (advances made) / repayments received	(458,166)
Equity Investments	(34,372)
Purchase of fixed assets	–
Net cash flows from / (to) investing activities	(492,538)
Cash flows from financing activities	
Proceeds from calls on capital from the Crown	408,200
Net cash flows from / (to) financing activities	408,200
Net increase / (decrease) in cash and cash equivalents	**(81,799)**
Opening balance of cash and cash equivalents	592,318
Closing balance of cash and cash equivalents and term deposits	**510,519**

CRHL Spotlight project Ōpuke Thermal Pools and Spa Complex

Ōpuke Thermal Pools and Spa Complex

Ōpuke

Project details

Ōpuke Thermal Pools and Spa in Methven, New Zealand is a premier, sustainable wellness complex opened in 2021/2022. It features solar powered hot pools utilising water from the Rangitata River, offering both family-friendly and adult-only areas and a luxury spa. They are all designed to reflect the surrounding Canterbury plains and Southern Alps.

Regional impact

The project has enabled creation of sustainable jobs as well as helping the economy transition from a focus on short term jobs, to an 'all year' town with more visitors.

Loan: $7.500 million

Notes
to the Prospective Financial Statements

Note 1 Reporting entity

Crown Regional Holdings Limited (CRHL, formerly Provincial Growth Fund Limited) is a limited liability company 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 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, 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.

CRHL is exempt from income tax and has an exemption under the *Anti-Money Laundering and Countering Financing of Terrorism Act 2009*.

Pursuant to section 65ZD of the *Public Finance Act 1989*, on 10 December 2019, the Crown acting by and through the Minister of Finance agreed to provide an indemnity to CRHL. This indemnity covers losses, liabilities, damages, costs, charges and expenses which CRHL suffers as a result of the performance, or non-performance, of MBIE under a management agreement.

CRHL is prevented from borrowing any funds unless authorised by Shareholding Ministers as per sections 162 and 160 of the *Crown Entities Act 2004*.

The prospective financial statements for CRHL are for 12 months ending 30 June 2027 and were approved by the Board on 23 June 2026.

Note 2 Basis of preparation

The prospective 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 prospective 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 entity and the prospective financial statements have been prepared in accordance with Tier 1 PBE accounting standards.

Actual financial results achieved for each forecast period are likely to vary from information presented and the variations may be material.

Presentation currency and rounding

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

Measurement basis

The prospective financial statements have been prepared on the basis of historical cost unless otherwise noted within the specific accounting policies below.

Note 3 Significant accounting policies

Revenue

Funding from the Crown

CRHL is primarily funded from 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.

Interest income

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

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks and other short-term, highly liquid investments with original maturities of three months or less. All cash and cash equivalents are held in New Zealand.

Loans and advances

Loans and advances measured at amortised cost

Loans and advances are initially measured at fair value, and subsequently at amortised cost using the effective interest method.

An expected credit loss model (ECL) is used to recognise impairment losses. 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 loan may be impaired includes significant financial difficulty of a borrower; a breach of contract such as a default or past due event; 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.

Loans and advances measured at fair value through surplus or deficit

Loans and advances measured at fair value through surplus or deficit are initially measured at fair value, and subsequently continue to be measured at fair value with any realised and unrealised gains and losses recognised in surplus or deficit in the Statement of Comprehensive Revenue and Expenses. The fair value is determined by projecting forward estimated cash inflows from borrowers and discounting them back at an appropriate discount rate.

Investment securities

Investment securities include both equity investments and debt securities. Investment securities are initially recognised at fair value. They are subsequently measured at fair value through surplus or deficit with the associated gains or losses recognised in the surplus or deficit in the Statement of Comprehensive Revenue and Expenses.

The fair value is assessed on an annual basis by reference to market value, for example, the quoted price for investments or recent observable trades in similar assets. Where there is no active market or observable trades, equity investments are valued using the discounted cash flow analysis or net asset valuation methodology.

Notes
to the Prospective Financial Statements cont'd

Note 3 Significant accounting policies continued

Investments in associates

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.

Investments in associates 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.

Investments in joint venture

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.

Investments in joint ventures are accounted for using 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.

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 is then recognised.

Fixed assets

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

Work in progress is recognised at cost less impairment and is not depreciated.

Leases

Leases are classified as finance leases when the risks and rewards of ownership are transferred substantially to the lessee; all other leases are classified as operating leases.

Goods and Services Tax (GST)

All items in the prospective financial statements, except for receivables and payables, are presented exclusive of GST.

Note 4 Critical accounting estimates and judgements

In preparing these prospective 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.

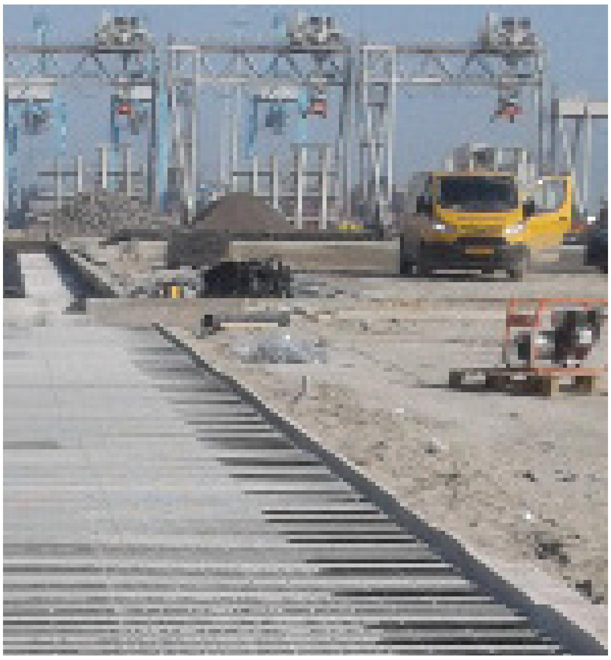
The areas involving significant estimates of judgements are:

- Estimation uncertainties and judgements made in the valuation of loans and advances;
- Estimation uncertainties and judgements made in the fair valuation of investment securities;
- Determination of the appropriate classification of loans based on terms of the agreement;
- Determination of the appropriate classification of investments in associates and joint ventures;
- Impairment of non-financial assets;
- Determination of appropriate classification for leasing arrangements; and
- Determination of appropriate service performance measures.

These estimates reflect expectations about future events that the Directors believe are reasonable in the circumstances. There is a considerable degree of judgement involved, and accordingly actual events are likely to be different from those forecasts. The effect of those differences may significantly impact accounting estimates included in these prospective financial statements.

CRHL Spotlight project Pultron Composites Limited

Pultron Composites Limited
Gisborne



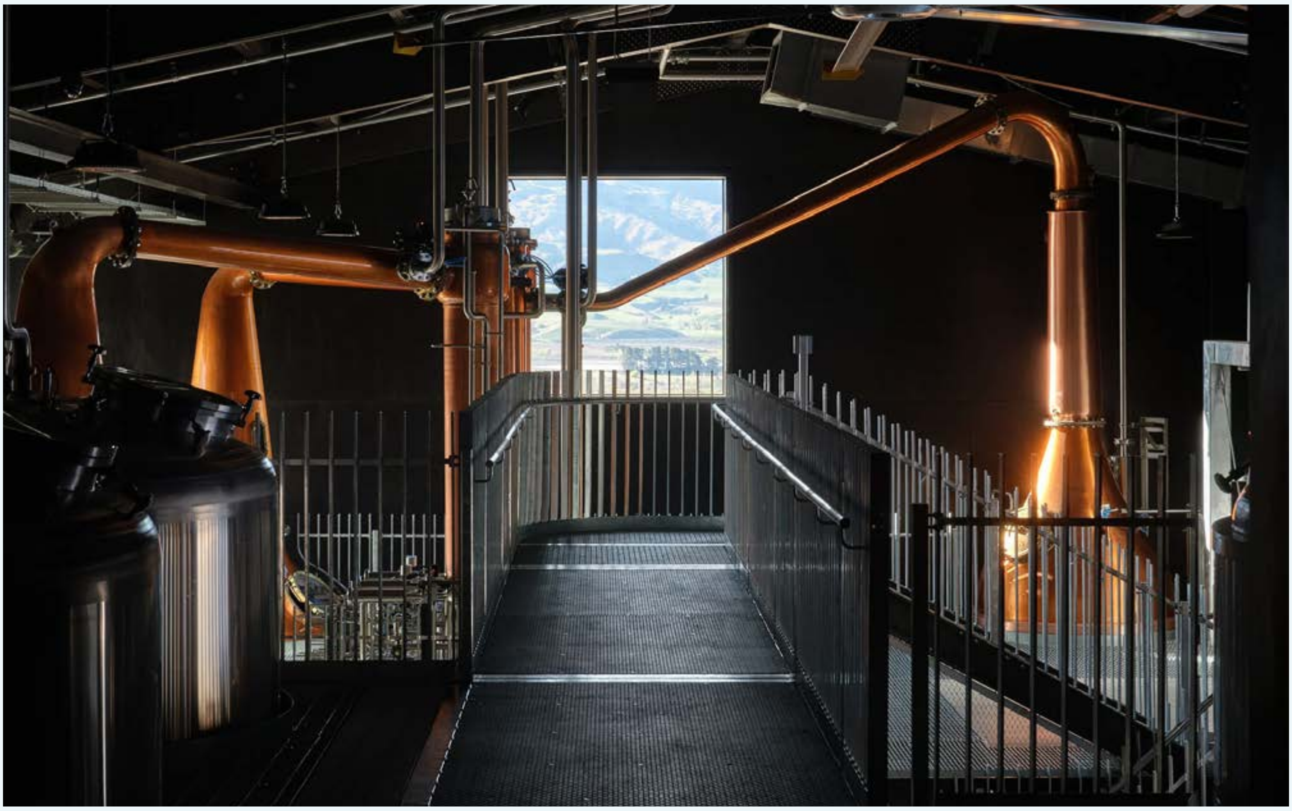
Project details

Pultron Composites is a global specialist in the development and manufacture of smart, sustainable and competitive fibre-reinforced polymer (FRP) alternatives for structural materials such as steel, wood and aluminium.

CRHL's investment has enabled the Company to further develop its concrete reinforcement technology and expand its export capability, particularly into the United States and other international markets. Pultron continues to demonstrate strong growth momentum, recently securing a significant award to support its expansion into the Australian market.

The investment has also enabled Pultron to increase its local workforce, supporting regional economic development alongside its global growth strategy.

Loan: $5.364 million



Scapegrace
Ōtepoti Dunedin

Directory

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Minister of Finance
Minister for Regional Development

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Wellington 6011, New Zealand

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Wellington 6011, New Zealand

Auditor
The Auditor-General, pursuant to section 15 of the *Public Audit Act 2001*

Bank
Westpac New Zealand Limited

Board of Directors
John Rae – Board Chair
Neville Harris QSO
Rosie Mercer
Angela Edwards
Michael Greenslade
Mat Bolland

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