STATEMENT OF INTENT

For The Year Ending 30 June 2027

FINAL

28 MAY 2026

PALMERSTON NORTH AIRPORT LIMITED

STATEMENT OF INTENT

CONTACT DETAILS

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TRANSFORMATION

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STATEMENT OF INTENT

INTRODUCTION

This Statement of Intent is presented by the Directors of Palmerston North Airport Limited ("PNAL") in accordance with section 64 of the Local Government Act 2002.

PNAL falls within the definitions of both a Council-Controlled Organisation and a Council-Controlled Trading Organisation pursuant to section 6 of the Local Government Act 2002 as a consequence of the Palmerston North City Council's (PNCC) shareholding.

The purpose of the Statement of Intent is to publicly declare the activities and intentions of PNAL and provide an opportunity for the Shareholder to influence its direction.

It also provides a basis for accountability of Directors of PNAL to the Shareholder for performance. It is intended to comply with Schedule 8 of the Local Government Act and be consistent with PNAL's Constitution.

This Statement of Intent has been informed by PNCC's Statement of Expectation for the FY27-FY29 SOI, dated 9 October 2025.

The Statement of Intent has been prepared under the Public Benefit Entity (PBE) Standards based on International Public Sector Accounting (IPSAS) Standards.

Directors and team members of PNAL continue to acknowledge mana whenua Rangitāne and their customary relationship to this region. PNAL appreciates their manaakitanga shown towards the airport and all airport users. PNAL looks forward to further enriching its partnership with Rangitāne, mana whenua and other local iwi over the coming years.

PNAL

NATURE AND SCOPE OF ACTIVITIES

OUR PURPOSE

LAUNCHING OUR COMMUNITIES INTO A PROMISING FUTURE

OUR VISION

NEW ZEALAND'S LEADING REGIONAL AIRPORT

Palmerston North Airport Limited (PNAL) owns and operates Palmerston North Airport, having purchased the airport business on 30 January 1990.

Palmerston North Airport is an asset of regional and national importance managed by PNAL. The airport services a regional catchment which includes Ruapehu District in the north, Whanganui, Rangitikei, Manawatū, and Horowhenua in the south, and across to Wairarapa, Tararua and Southern Hawkes Bay. A population base of close to one million live within two hours' drive of the airport.

Our purpose of "*Launching our communities into a promising future*" reflects our true reason for being and references our role as facilitating regional growth in social, economic, and environmental terms. This includes growing long-term Shareholder value, and serving our communities whether defined by geographical location, ethnicity or socially, and further enriching our special relationship with mana whenua, Rangitāne and other local iwi.

Our aspirational vision of being "*New Zealand's leading regional airport*" emphasises our airport's leadership amongst regional peers across many aspects of our airport business. These include asset management, safety and compliance, iwi engagement, environmental sustainability, customer experience, community engagement, freight and logistics, aviation tertiary training, property development and the wellbeing of our team.

PNAL's main priority is to facilitate the ongoing delivery of sustainable and resilient passenger and airfreight services. This includes ensuring our aeronautical pavements, terminal building and related infrastructure are fit for purpose.

Beyond the facilitation of air services, PNAL's secondary focus is to diversify the PNAL revenue base through ongoing commercialisation within Ruapehu Aeropark, ensuring a sustainable and appropriate return to the shareholder.

STRATEGIC OBJECTIVES

PNAL's strategic objectives are categorised within a Five Strategic Pillar framework also referred to as "the Five C's". They are as follows:

Compliance

WE MAINTAIN A SAFE AND SECURE OPERATION.

→ The safety and security of all airport users is our critical concern. We have a Zero Harm approach to those who visit and work within our airport community.

→ We will continue to meet our regulatory and statutory obligations including Civil Aviation Rule Part 139, Resource Management Act, Palmerston North and Manawatū District Plans.

Customer

WE CONTINUE TO IMPROVE THE CUSTOMER EXPERIENCE FOR ALL AIRPORT USERS.

→ Our customers include all airport users; contractors, tenants, staff, passengers, meeters and greeters, and other airport visitors.

→ We lead the way in terms of delivering a high quality and efficient regional airport experience.

→ We promote Palmerston North Airport as the lower North Island commercial hub and the gateway to our 90-minute drive market.

Commercial

WE ARE A FINANCIALLY SUSTAINABLE BUSINESS ENABLING LONG-TERM SUCCESS.

→ We maintain and develop core infrastructure that is business critical.

→ We diversify and grow revenue streams through a focus on both aeronautical and non-aeronautical income activities.

→ We operate a successful enterprise with the objective of growing long-term Shareholder value and providing a return to our Shareholder when we have surplus funds to our ongoing investment and operating requirements.

→ We facilitate regional economic development by growing passenger and airfreight volumes.

Culture

WE EMPOWER OUR TEAM MEMBERS AND WORK AS ONE-TEAM.

→ Our people are the key to our success. We will care for each other's well-being, and develop skills, commitment, engagement and resourcefulness across our team, recognising achievement.

→ Our one-team ethos is supported by the five pillars of Leadership, Trust and Respect, Communication, Empowerment and Celebrating Success.

Community

WE CONTRIBUTE TO REGIONAL PROSPERITY.

→ We are kaitiaki for the environment by operating in a sustainable manner in all of our business activities.

→ We recognise our community is multi-cultural and will engage with mana whenua and all ethnic groups.

SUMMARY OF STATEMENT OF EXPECTATIONS

PNAL received a Statement of Expectations from PNCC for the FY27-FY29 SOI, dated 9 October 2025. The below summarises how PNAL intends to meet these expectations and provides a reference to where further information may be found.

SHAREHOLDER EXPECTATION	OUTLINE PRINCIPLES AND KEY OBJECTIVES	GOVERNANCE AND ENGAGEMENT
RESPONSE	→ PNAL's purpose statement reads *Launching our communities into a promising future* while our vision is to be *New Zealand's leading regional airport*. → PNAL's strategic objectives are categorised within "the Five C's": Culture, Customer, Community, Commercial and Compliance.	→ The Board's approach to governance of PNAL is to preserve and enhance Shareholder value. The Board is committed to ensuring a high level of governance of PNAL's processes and policies, including health and safety and encouraging ethical and responsible decision making to ensure Management effectively achieve PNAL's goals.
DEEP DIVE SECTION	Nature and Scope of Activities → page 3 Wider Economic Impact → pages 18—19 Key Objectives → pages 4—5	Governance → page 39

THE AIRPORT AS A COMMERCIAL ENTITY

- → Focused on delivering the terminal redevelopment during the SOI period to ensure business resilience, facilitate sustainable growth in passenger volumes and enhance the customer experience.
- → Continuation of PNAL's pursuit of revenue diversification opportunities with a focus on freight and logistics and aviation tertiary training. This includes the delivery of 8,000m2 of airside freight/logistics warehousing, office space and breezeway in Year 1 of the SOI, rental car valet precinct and an aeromedical facility in Years 2 & 3.
- → PNAL is focused on maintaining appropriate risk policies and prudent financial ratios throughout the SOI to ensure risk and opportunities are well balanced.
- → PNAL has secured additional bank funding bringing total debt available facilities to $100m. PNAL intends to utilise these funds to complete the terminal development and accelerate approved developments in Ruapehu Aeropark.
- → Pursuit of strategic partnerships with third parties will continue through the SOI period, to further accelerate Ruapehu Aeropark development.
- → PNAL will continue to plan for divestment of non-strategic land to further release capital for reinvestment in the Aeropark, as land becomes available for sale.
- → An additional performance metric, 'Total Shareholder Return' has been established in this SOI to demonstrate the direct return to the Shareholder generated by PNAL.
- → Outside the direct return, this SOI highlights the wider economic benefits attributable to the activities of PNAL. This includes our contribution to regional GDP of $1.8 billion over the next 10 years, as well as contributing 32,840 jobs over the same period.
- → PNAL is committed to meeting or exceeding the specified dividend expectations of the Shareholder, subject to meeting statutory tests. Dividends across the SOI period are anticipated to exceed the minimum threshold set by the Shareholder.

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SUMMARY OF STATEMENT OF EXPECTATIONS

SHAREHOLDER EXPECTATION

PROVISION OF LINE OF CREDIT

RESPONSE

→ PNAL has not sought, and continues not to seek, any further equity from the Shareholder. In contrast, PNAL has sought to meet or exceed the Shareholder expectation that dividends are prioritised alongside capital investment in Ruapehu Aeropark.

→ PNAL debt facility with the Shareholder, with a facility limit of $50m. This loan includes PNAL paying a fair market margin to the Shareholder for this facility as well as paying the interest costs incurred by the Shareholder in making this facility available.

→ PNAL has commenced a new lending relationship with ICBC for an additional $45m and retained its existing banking relationship with BNZ for $5m, bringing banking facilities to a further $50m total.

→ Together with the PNCC facility, this sets PNAL up to complete the terminal and accelerate developments within Ruapehu Aeropark.

→ PNAL's forecast financial statements outlined PNAL's three year projections, which illustrate PNAL will remain profitable and capable of servicing its own debt. This includes the extended bank facilities outlined above.

DEEP DIVE SECTION

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ENVIRONMENTAL IMPACTS

RESPONSE

→ PNAL recognise PNCC's goal of achieving a 44% reduction in greenhouse gas emissions per capita in Palmerston North (from the 2016/17 baseline) by 2034.

→ PNAL have contributed to, and exceeded this target already, with Scope 1 and 2 emissions currently 84% below PNAL's 2022 baseline.

→ PNAL's objective is to reach net zero emissions by 2035.

→ Scope 3 emission reductions remain a focus for PNAL going forward.

→ PNAL have achieved Level 4 ("Transformation") and are pleased to announce our intention to move to the next tier – Level 4+ ("Transition") of the Airport Carbon Accreditation programme in FY27.

→ PNAL also intend to continue investigating additional carbon reduction initiatives during the SOI period.

→ PNAL are also pleased to announce we achieved a 88% waste diversion from landfill associated with the Stage 1 terminal demolition, highlighting our commitment to a sustainable terminal project.

DEEP DIVE SECTION

Our Environment
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OPERATIONAL CAPACITY

- Maintaining PNAL's social licence to operate is critical to PNAL's success.
- With 24/7 operations and our role within Te Utanganui, compliance with ground and air noise provisions within the District Plan are of great importance to PNAL.
- Ensuring appropriate protections associated with Airport Protection Surfaces (APS) and Runway End Protection Areas (REPA) are preserved remains a key area of focus.
- Investment in our community further helps to preserve this social licence.
- PNAL remains focused on sustainable growth in aeronautical activities. This includes passenger, airfreight, aviation tertiary training (including Halls of Residence) and aeromedical/patient transfers.

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CONSISTENCY WITH WIDER OBJECTIVES OF COUNCIL

- Within the Shareholder's broader strategic interests, PNAL recognises the important role it plays within the development of Te Utanganui.
- PNAL will continue to play its role in developing freight and logistics opportunities within Ruapehu Aeropark and collaborating with other key partners.
- Alignment with the Shareholder's Small City Benefits, Big City Ambition, including supporting PNCC's four goals of an Innovative & Growing City, a Creative & Exciting City, a Connected & Safe Community and a Sustainable & Resilient City.

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Alignment with PNCC Goals and Vision
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TERMINAL DEVELOPMENT PROJECT (TDP)

PNAL has now entered the construction phase of its Terminal Development Project - the largest capital investment in PNAL's history.

This milestone marks a significant step toward delivering a modern, future-ready facility that meets the expectations of our shareholders and the needs of our region.

With demolition of the western wing of the old terminal now complete, construction is progressing on the same site through a carefully planned two-stage build.

At the time of writing this SOI, the baggage make-up hall at the western end of the terminal was weathertight, with construction also underway on the first stage of the public facing areas. This includes construction of the central section of the terminal which features large exposed laminated timber beams.

The PNAL team understand the importance of working with local suppliers and sub contractors where it makes practical and economic sense. The terminal build is a good example, with the main contractor LT McGuinness engaging an estimated 22 local subcontractors and up to 18 locally based LT McGuinness employees. LT McGuinness have also partnered with Rangitāne o Manawatū in developing career pathways in construction for local rangatahi.

Stage 1 construction is scheduled for completion by the beginning of 2027, with Stage 2 following at the end of 2027.

The temporary terminal, which became operational in May 2025, continues to provide a safe and efficient experience for travellers, supported by clear wayfinding and proactive communication.

Current analysis indicates the final cost of the terminal rebuild is under pressure due to design and supply chain issues, which have been reflected in the latest forecasts included in this SOI. Stage 2 construction is anticipated to be a lower risk in both cost and time than Stage 1, owing to early procurement and the modular design of the build. As construction continues, a strong focus on managing cost and keeping to programme are ongoing key priorities to keep any cost escalation to a minimum.

AIRSIDE FREIGHT AND LOGISTICS WAREHOUSING

During this SOI period, construction of the new freight and logistics warehouses in Ruapehu Aeropark will be completed, marking a significant milestone in the precinct's growth and its role within Te Utanganui – The Central New Zealand Distribution Hub.

This purpose-built facility spans 8,000m² and includes two warehouses (3,000m² each), an interconnecting breezeway, and office space designed to meet the increasing demand for efficient, connected logistics infrastructure for Freightways Group.

The new facility will also offer direct access to our airside freight apron enabling rapid transfer of freight to and from aircraft, a critical link in maintaining delivery windows for overnight and inter-island services.

"This expansion will provide the Freightways Express Package Courier companies with the operational space to cater for further growth", said General Manager Freightways Express Package Aaron Stubbing. "The Facility will initially house 36 Contractors, the Lower North Island road linehaul interchange facilities and our Inter Island air operations between Palmerston North and Christchurch. Bringing all the operations together on one integrated site at Palmerston North Airport will improve efficiencies and timely freight delivery."

The development has been future-proofed with the construction of the second adjoining 3,000m² warehouse ensuring flexibility as tenant needs evolve. Both warehouses will feature a strengthened roof structure to enable the installation of rooftop solar in due course.

The completion of the warehouses will not only create employment opportunities for local suppliers and subcontractors but ultimately add critical capacity and further strengthen the hub's infrastructure, helping move goods faster, more efficiently, and more sustainably across Aotearoa.

At the time of writing this SOI, construction of the facility was underway and due for completion in late 2026. The project remains on time and budget.

Spread across FY26 (current year) and into FY27, we also anticipate significant fair value uplifts to PNAL's balance sheet as a result of this warehouse project, making a significant positive contribution towards Total Shareholder Returns.

KAITIAKITANGA / GUARDIANSHIP

Whānau Kotahi / One Team

PNAL recognise that our greatest asset is our highly adept team of employees and volunteers. The Whānau Kotahi/One Team Wellness Program Framework continues to nurture and enrich team culture, engagement and a whole wellbeing experience.

From its launch in early 2020, Whānau Kotahi/One Team places team wellbeing at the heart of our daily operations. Through targeted wellness initiatives, we aim to support our people, improve health outcomes, strengthen collaboration, and boost overall productivity. These efforts form a key component of our employee value proposition (EVP), contributing to improved attraction and retention of our people.

The Whānau Kotahi/One Team program provides a structured approach for both existing and new initiatives, encouraging team members to share ideas and actively participate. It also includes measures to assess how enhanced wellbeing positively impacts engagement and performance.

Our annual team engagement survey results highlight the success of our wellness program with engagement scores consistently high.

Our Community

Our airport exists to serve more than just travellers, it serves the people and places that make up our region. We recognise that our success is deeply connected to the prosperity, wellbeing, and identity of the communities around us. Every day, locals choose to fly with us when other options exist, and we value that trust. In return, we are committed to being an active partner in the life of our region.

Our catchment extends beyond Palmerston North and Manawatū to include Whanganui, Ruapehu, Rangitīkei, Horowhenua, Kāpiti Coast, Southern Hawke's Bay, Tararua, and Wairarapa. We will continue to strengthen these relationships by collaborating with Regional Tourism Organisations and local partners on initiatives that promote sustainable tourism, enhance connectivity, and support economic growth. By aligning with regional priorities, we aim to create opportunities that benefit businesses, communities, and visitors alike.

A cornerstone of our commitment is our partnership with mana whenua Rangitāne. Recent efforts have focused on the co-design of our new terminal, and supporting our main contractor LT McGuinness to forge a relationship with Rangitāne o Manawatū supporting the development of pathways for rangatahi into construction careers.

We are also proud to have secured a partnership with Manawatū Rugby during 2025, with PNAL having come on board as the Junior Rugby Partner. This partnership underscores our ongoing commitment to supporting community development and fostering youth engagement through sport. By investing in junior rugby, we aim to contribute to the growth of future talent, promote teamwork, and strengthen the foundations of the game at a grassroots level. We look forward to continuing to work alongside Manawatū Rugby in FY27 to deliver meaningful opportunities for young players and their families.

PNAL continues to support a range of community organisations and facilities including Centrepoint Theatre, Wildbase Hospital, Just Zilch and Arena 2 (Fly Palmy Arena).

For us, being an airport means being a connector, a contributor, and a champion for the region we serve. It is both our responsibility and our privilege to give back in ways that matter.

Our Environment

Sustainability is deeply embedded in our vision, and during this SOI period we are committed to driving further progress through key initiatives that support environmental and social responsibility.

During this SOI period, PNAL will continue to develop and embed its sustainability strategy to guide priorities across emissions management, infrastructure resilience and engagement across the wider airport system.

PNAL has an established sustainability framework, including a formal Carbon Management Policy, which guides how environmental considerations are integrated into decision-making, operations and major projects. This framework underpins our approach to emissions measurement, reduction planning and stakeholder engagement and aligns with Airport Carbon Accreditation requirements and Palmerston North City Council's Climate Change and Sustainability Strategy.

We will continue to build on the significant progress already made in reducing emissions, consistent with the requirements of the Airports Council International (ACI) Airport Carbon Accreditation programme (ACA programme), and are pleased to announce our commitment to move to the next level of the ACA Programme, Level 4+ ("Transition") during the SOI period. Priorities for PNAL to achieve this outcome include an investigation and investment in approved offsets for remaining Scope 1 and 2 emissions.

We are equally focused on reducing the emissions generated by the Terminal Development Programme (TDP). Two drivers of our approach are minimising environmental impact and promoting long-term resource efficiency. With these twin goals in focus, a range of sustainability initiatives have been embedded into the terminal's design and construction process.

These include using sustainable building materials such as timber and steel fibre reinforcing, ensuring the terminal is equipped with energy-efficient systems, and better utilising natural lighting and LED technology to reduce energy consumption. Resilience in the face of climate change is also prioritised, with the terminal's floor level being raised to better protect against one-in-100-year flood risks.

The demolition of the previous terminal's western end was a milestone and proving ground for the airport's approach, with 88% of materials diverted from landfill. The airport anticipates a similar diversion rate when the eastern wing of the terminal is demolished.

A carbon life cycle assessment (LCA) has been undertaken as the terminal design progressed. This provides a comprehensive evaluation of the carbon emissions associated with the materials, construction and operational phases of the terminal. Upfront carbon (A1–A5 – product, transport and construction stages) for the terminal is estimated at 612 $kgCO_2e/m^2$, which indicates the terminal sits towards the low end of the NZ range and around 20% below the reported average.

PNAL will continue to use renewable energy certificates (RECs) to cover 100% of its electricity consumption, which remains a key driver in meeting Level 4 ACA requirements. The airport will also continue to review and strengthen its carbon management approach, including the use of life cycle analysis, sustainable materials and construction practices across future large-scale capital projects.

In addition to our internal efforts, PNAL will continue to engage with tenants, airlines and other airport partners, providing guidance and support to help reduce operational emissions and improve sustainability outcomes over time. While many emissions associated with airport activity sit outside PNAL's direct control, we recognise our role in engaging across the wider airport system and supporting a coordinated transition to more sustainable aviation.

These initiatives reflect our commitment to addressing the challenges of climate change and supporting a sustainable, resilient and successful aviation industry.

MANAAKITANGA / CUSTOMER EXPERIENCE

Customer Experience Maintenance

Delivering a seamless and positive experience for our customers remains a top priority throughout the SOI period and during the TDP. While construction brings inevitable challenges, we are committed to ensuring that every interaction with our airport reflects the high standards our community expects.

We will continue to implement clear wayfinding, and proactive communication to help customers navigate changes easily. Regular updates through digital channels, signage, and staff engagement will ensure travellers feel informed and supported at every stage.

Even during construction, we will uphold our high standards of service and customer experience with our Airport Ambassadors now an integral part of our frontline team.

Our ultimate goal is to ensure that while the terminal construction progresses, the customer journey remains as seamless as possible. By planning carefully and listening to our customers, we aim to turn a time of change into a positive experience that builds trust and excitement for the future. Our monthly Net Promoter Score survey provides us with immediate feedback on our customers engagement and offers us the ability to respond where necessary to key concerns.

Our NPS score since commencing the terminal development reflects this, having declined from a high of 45 for FY24 when we occupied the old terminal, to currently be 31 in the temporary terminal. Despite the construction disruption, PNAL has set itself the target of achieving the New Zealand benchmark NPS score for the travel industry of 35 in FY27. This will be reviewed when the terminal project is completed in FY28.

INFRASTRUCTURE

Airside/landside projects

A total of $10.3m is planned to be spent over the SOI on the ongoing upgrade of critical infrastructure, primarily airside pavement upgrades.

This also includes PNAL's acquisition of all airside power and lighting assets at Palmerston North Airport from Airways New Zealand, the primary Air Traffic Services provider in New Zealand. Airways commenced a transition away from the ownership and management of power and lighting assets with all New Zealand airports five years ago, The Palmerston North Airport divestment is programmed to occur by November 2026. In addition to the acquisition by PNAL, future capex works will be required to replace end of life power and lighting infrastructure and there will be an ongoing opex maintenance programme to support compliant operation.

Other airside capex includes Stage 1 of a three-year runway overlay, spread across FY29-FY31 at a total cost estimated to be $15m. The exact timing and cost of the reseal is subject to runway condition assessments and design work.

In addition, $3.35m is anticipated to be spent over the three-year SOI on landside infrastructure, property, plant & equipment and other assets. These primarily focus on customer enhancements in the carpark and Rescue Fire equipment.

COMPLIANCE

Health, Safety & Security

Underlying all activity is PNAL's core focus on keeping all airport users safe. During the SOI period we will continue to foster a strong aerodrome-wide safety culture, and further refine PNAL's Safety Management System. As an example, we increased the size of our rescue fire team to nine personnel from six as a consequence of a review of our response capability in FY26.

PNAL will also be working very closely with our two on-site construction contractors LT McGuinness and Calder Stewart to ensure our high levels of health, safety and security are maintained during these construction projects.

With the potential for scheduled jet services to return to Palmerston North Airport as early as CY2028, engagement with Aviation Security Services (Avsec) has commenced with the objective of ensuring alignment on the provision of staffing and equipment. During FY27 a Security Culture survey will be also conducted across the airport community.

District Plan

With the benefit of curfew-free operations, and because of the strategic location of the airport and the proximity to both the residential area and to the CBD, PNAL recognises the importance of ensuring noise emissions from aircraft and ground operations are managed within District Plan limits. Work will therefore continue on noise management compliance in accordance with PNAL's Noise Management Plan.

During the SOI period, PNAL intends to make a significant financial investment in strengthening its airport protection surfaces (APS), to ensure the long term viability of the airport. This includes continue work with PNCC via the District Plan to safeguard airport protection surfaces from encroachment from neighbouring developments, a designation for the Manawatū and Tararua District Plans and a private District Plan change with PNCC.

Urban encroachment in close proximity to the aerodrome's boundaries, especially within the Runway End Protection Area (REPA) at each end of the runway will also remain a feature of our activity designed to maintain public safety, safeguard existing curfew free operations and to facilitate sustainable growth in air services as we fulfil obligations to our Shareholder and play a key role within the development of Te Utanganui.

COMMERCIAL

Air Service Development

At the time of preparing the final SOI, a significant level of uncertainty exists in the New Zealand and global aviation sector, owing largely to the ongoing conflict in the Middle East and its impact on fuel prices and the cost of living. Latest forecasts indicate there is growing confidence there will be no aviation fuel shortage in New Zealand, with challenges instead focused on operating in a high fuel cost environment.

While Air New Zealand have commenced capacity reductions across the network in response to this conflict, the adjustments have been measured and tailored. PNAL is yet to witness any material changes to passenger volumes as a result of these capacity adjustments, although the future remains challenging to predict.

Given the uncertainty, PNAL has adopted a cautious approach to its three-year SOI and reflected modest levels of passenger growth. This includes an assumption that passenger volumes in FY27 will reflect a small (~2%) reduction on the latest FY26 forecast, before recovering with modest 2-3% annual growth in Y2 and Y3 of the SOI.

This brings the total passenger forecast to 537,000 passenger movements by FY29, in line with the draft SOI.

In response to the ongoing volatility, PNAL continues to keep a close watch on its cost base. To the extent that conditions worsen and passenger forecasts prove unachievable during the SOI period, PNAL will adapt and respond accordingly with the opportunity to consider the deferrals to non-essential maintenance, capital projects and longer term strategic initiatives.

Outside the modelling and preparations being conducted by PNAL, an industry-led approach to the fuel crisis also continues to inform our thinking around the risks of fuel shortages and the impact this would have on passenger volumes.

Notwithstanding the short-term challenges, we continue to view air service development with a strategic mindset and look beyond the short-term disruptions including Air New Zealand's internal challenges. Work continues on the A320 pathway project with the objective of ultimately achieving the re-introduction of jet services or larger gauge aircraft on selected routes to/from Palmerston North Airport. In addition to stimulating passenger volumes up-gauging of selected flights will reduce aircraft congestion during the morning peak departure time, whilst maintaining sufficient frequency across the day for our travellers. We also continue to work with regional carriers exploring opportunities to sustainably grow air service connectivity to other regional ports. In addition to existing Nelson and Blenheim services operated by Originair PNAL continues to see value in a Hamilton – Palmerston North service operated at business-friendly hours, and also a Tauranga – Palmerston North air service.

This SOI has been prepared on the assumption that a jet service during peak business hours on weekdays will commence on Palmerston North route from Q2 of CY2028, after completion of the terminal redevelopment. A modest increase in passenger volumes has also been included in the SOI for growth in regional flying.

In response to the ongoing volatility, PNAL continues to keep a close watch on its cost base.

Ruapehu Aeropark / Income Diversification / Te Utanganui

PNAL is the custodian of a vital component of the economic infrastructure of the City and region, with an associated long-term capital-intensive development and investment program required to fund BAU activities and to ensure income diversification objectives can be met. Ongoing funding of asset regeneration therefore remains a key priority.

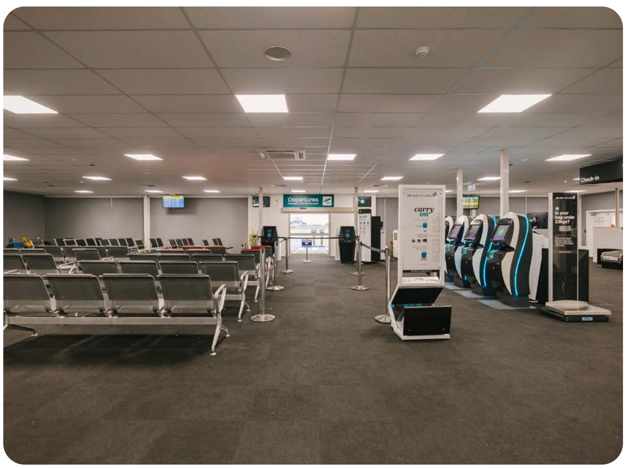
In connection with this objective PNAL will continue to play its role in the development of Te Utanganui - The Central New Zealand Distribution Hub, through prudent investment in complementary commercial development opportunities within Ruapehu Aeropark.

New Zealand remains at a low point in the economic cycle, with high development costs, low growth and low demand for commercial property. Notwithstanding this, PNAL has a number of developments planned during the SOI period. These include the completion of 8,000m2 of freight and logistics warehousing (see separate section in this SOI), a new shared rental car valet and storage facility, and an aeromedical facility.

Work will also continue on a number of other projects with a medium term development horizon, including further progression of a planned commercial precinct including supermarket. However, the extent to which commercial development is progressed by PNAL will continue to be dependent upon tenant demand and subject to each project meeting internal business case hurdles.

Altogether, the prioritised commercial developments will require funding of ~$20.0m. This represents the maximum funding available to PNAL during the SOI period. Remaining debt capacity is allocated towards the TDP, other related capital projects, and the planned capital investment on airside assets beyond the SOI period. Strategic Partnerships, discussed elsewhere in this SOI in more detail, will also continue to be pursued to support an acceleration of commercial development opportunities within Ruapehu Aeropark, again subject to tenant demand.

Divestment of non-strategic land is also planned to occur in FY26 (current year), FY28 and FY29. However, the timing and quantum and value of any non-strategic land sales remains subject to market demand, and meeting PNALs commercial hurdles.



THE AIRPORT'S ECONOMIC CONTRIBUTION TO OUR REGION

A 2025 economic impact assessment study undertaken by Auckland-based Property Economics estimated that the airport company's total annual regional GDP contribution is $150 million, and with 2,700 jobs supported within the regional economy. Over ten years these figures grow to $1.8 billion in GDP contribution supporting over 32,000 jobs.

The assessment report reinforces that our impact and strategic purpose extends well beyond a financial return to the Shareholder, and highlights that the airport remains a cornerstone of the region's economic growth and resilience.

Key impacts identified within the Property Economics report include:

1. The enhancement of regional connectivity and accessibility, supporting the movement of people and goods, and contributing to national freight efficiency,
2. Stimulating private and public investment confidence in our city and regional commercial and industrial areas by demonstrating prudent long-term infrastructure planning and regional capacity for growth,
3. Improving social resilience and accessibility, including the ability to maintain essential services and emergency logistics during natural disasters, which enhances the wellbeing and security of the communities we serve.

The report also acknowledged PNAL's non-aeronautical income diversification strategy and commented on the ongoing domestic and international trend amongst airports towards income diversification as a risk mitigation against tougher market conditions and the impact on aeronautical income sources.

The report reinforces that PNAL holds a catalytic role in enabling inclusive and sustainable economic development beyond our operational footprint.

OPERATION ACTIVITY
$82.3 M

ASSOCIATED ACTIVITIES
$889.6 M

2025—2035 ESTIMATE
$1.8 B
PALMERSTON NORTH AIRPORT
TOTAL REGIONAL GDP IMPACT

CAPITAL EXPENDITURE
$65.7 M

FACILITATED VISITORS
$778.2 M

2025 ESTIMATE

$150 M

PALMERSTON NORTH AIRPORT
TOTAL REGIONAL GDP IMPACT

OPERATION ACTIVITY
$7.2 M

CAPITAL EXPENDITURE
$7.3 M

ASSOCIATED ACTIVITIES
$70 M

FACILITATED VISITORS
$65.6 M

2025—2035 ESTIMATE

32,840 EMPLOYEE COUNT

PALMERSTON NORTH AIRPORT
TOTAL REGIONAL EMPLOYMENT IMPACT

OPERATION ACTIVITY
2,628 EC'S

CAPITAL EXPENDITURE
1,465 EC'S

ASSOCIATED ACTIVITIES
16,195 EC'S

FACILITATED VISITORS
12,553 EC'S

2025 ESTIMATE

2,700 EMPLOYEE COUNT

PALMERSTON NORTH AIRPORT
TOTAL REGIONAL EMPLOYMENT IMPACT

OPERATION ACTIVITY
230 EC'S

CAPITAL EXPENDITURE
142 EC'S

ASSOCIATED ACTIVITIES
1,274 EC'S

FACILITATED VISITORS
1,058 EC'S

Employee Count. Represented over time by EC years.

PROJECT FUNDING AND STRATEGIC PARTNERSHIPS

Banking partnerships

Following a thorough RFP process, in FY26 PNAL commenced a new long term banking partnership with the Industrial and Commercial Bank of China (ICBC).

ICBC is the largest bank in the world by total asset size and has operated in New Zealand since 2013. Over that time ICBC New Zealand has grown from zero to NZ$4.8bn total assets as at the end of June 2025. ICBC New Zealand has played a significant role in key infrastructure projects in New Zealand, including the Transmission Gully motorway and the Ruakura Super-hub. The bank also acted as mandated lead arranger and joint sustainability coordinator for a $400 million funding package for Wellington City Council's sludge minimisation facility.

"Palmerston North Airport is considered critical infrastructure for a thriving region with strong growth potential" says James Gill, Director of Corporate and Institutional Banking at ICBC. "ICBC New Zealand aims to serve as a bridge between New Zealand and China, strengthening the bilateral economic and trade relationship. Supporting the regions is a very important part of this strategy. As a bank we understand the transformational opportunity that is in front of PNAL and we are delighted to be the finance partner chosen to support these developments."

PNAL also renewed its relationship with BNZ. The two relationships bring PNAL's external debt facilities to $50m, making us well placed to progress with the next tranche of developments in Ruapehu Aeropark.

This bank lending has been designed to sit alongside the existing $50m Shareholder debt facility, whereby Council borrow funds at preferential interest rates and on-lend those funds to PNAL. PNAL pays back the loan principal and interest, including a fair market margin, from its revenue generating activities, thereby generating a cash return to Council.

Non-strategic land divestments

During the SOI period, divestment of non-strategic land will continue to progress. Owing to PNAL's disposal obligations under the Public Works Act, and subject to market demand, the SOI contemplates divestments of up to 3 ha of land across FY28 and FY29, generating capital gains on sale of up to $2.85m in each year. Subject to how planned strategic partnerships unfold over the SOI period (see section below), this land may ultimately be introduced into a joint venture type arrangement rather than an outright divestment.

Strategic partnerships

PNAL recognises that in order to accelerate commercial development within Ruapehu Aeropark, it will be necessary to enter into strategic partnerships with one, or more, investment partners. Identification and working with appropriate like-minded partners who take a long term investment view is planned during the SOI period.

This work commenced FY26 and will continue into FY27, including the potential reorganisation and separation of different landholdings around the airport campus, and may extend into establishing holding vehicles for property related assets. These important, behind-the-scenes developments are an important step in making sure any investment is flexible, efficient and fit-for-purpose.

The implementation of a strategic partnership(s) will represent a complete step change for PNAL and may result in necessary changes to PNAL's resourcing, accounting and legal structures.

The one-off costs associated with the establishment of partnerships are anticipated to be material, but important to achieve the future aspirations of PNAL and our Shareholder. The quantum and timing of these costs is currently unknown. As such, this SOI has been prepared on a 'status quo' basis with the exception of a modest provision for legal and consulting fees, until an appropriate strategic partnership(s) is implemented, meaning there has been no other assumptions made in respect of setup costs, resourcing costs and no changes to structures.

Actual financial results will vary from this SOI, should these changes occur.

FINANCIAL PERFORMANCE TARGETS

Passenger Movements

FY27 passenger movements are assumed to modestly decrease on FY26 (current year), grow at ~2% in FY28, and increase by ~3% in FY29. Passenger movements are projected to grow to 537,000 by FY29. See additional commentary above.

Income

Notwithstanding the income diversification program outlined in this SOI, the primary contributor to income projections throughout the SOI period remains aeronautical and carparking revenue, given required lead-in times associated with the commercial developments outlined.

Land and building lease income grows from Year 2 of this SOI as the next phase of Ruapehu Aeropark developments are sequentially completed and tenancies commence. As discussed previously, divestment of non-strategic land is also planned in FY28 and FY29 of the SOI, with the timing and quantum to be confirmed.

Budgeted income for FY27 of $18.9m represents an increase of $1.0m or 6% on the FY26 forecast, driven primarily by a pre-agreed increase in the aeronautical charge per passenger with Air New Zealand.

Operating Costs

Total costs (excl. depreciation, interest, extraordinary items and gain/loss on sale) are projected to increase to $10.9m, an increase of $1.5m or 16%, on the FY26 forecast.

Increases are anticipated to occur across multiple cost lines, including employment, maintenance, rates and energy costs. Consultant costs also remain elevated owing to various commercial projects currently underway, including potential District Plan changes (see section above).

Cost lines anticipated to decrease include legal fees (notwithstanding the modest provision for strategic partnerships discussed earlier), which were temporarily elevated in FY26 due to several one-off projects.

Owing to the current challenging operating conditions, in order to manage costs budgeted, marketing spend has also been reduced for FY27 by $133k on FY26 budgeted spend.

Extraordinary items are projected to remain high during FY27 (at $0.68m) before dropping to minimal levels in FY28 and nil from FY29. Extraordinary items relate to the expensing of terminal demolition costs in two stages and some of the costs associated with the temporary terminal during construction.

Capex

The FY27-FY29 capital expenditure budget of $60.7m includes the completion of the TDP ($23.7m across the SOI period) and the delivery of developments in Ruapehu Aeropark ($20.0m across the SOI period), as discussed earlier.

PNAL also has an ongoing focus on ensuring an appropriate investment in airside infrastructure renewals ($10.3m across the SOI period), and landside investments/PPE ($3.35m), also discussed earlier.

PERFORMANCE METRIC TARGETS

FOR 12 MONTHS TO 30 JUNE

	Jul 25 - Jun 26 Forecast	Jul 26 - Jun 27 SOI	Jul 27 - Jun 28 SOI	Jul 28 - Jun 29 SOI
To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above $80 million	$85.4m	$85.9m	$89.6m	$94.2m
Total Debt to Total Debt+Equity ratio	28%	44%	48%	46%
A ratio of surplus before interest/tax/depreciation/ revaluations to total assets	6%	4%	6%	7%
A ratio of net surplus after tax to consolidated shareholder's funds inclusive of revaluation reserve	2%	1%	5%	6%
To maintain a ratio of consolidated shareholder's funds to total assets of at least 40%	64%	52%	49%	51%
To maintain an interest coverage ratio of EBITDA (excl revaluations) to interest of at least 2.5	7.5	2.7	2.5	2.9
Net Debt	$33.1m	$66.3m	$80.7m	$78.9m
Net Debt* / EBITDA less than 4.5 (long term target)	4.3	9.0	7.8	6.1
Funds From Operations (FFO**) / Net Debt greater than 11% (long term target)	18%	6%	6%	8%
Total Shareholder Return >8%***		1.1%	4.9%	6.4%

*Net Debt equals total borrowings less cash on hand

**FFO equals EBITDA less interest less tax

***Total Shareholder Return equals movement in commercial value + dividends. The SOI is conservative and does not include unbudgeted fair value gains. Actual results will include fair value gains. The long run actual return, inclusive of fair value gains, has historically equalled 8%.

DEBT AND PERFORMANCE RELATED METRICS

DEBT RELATED METRICS

PNAL's Performance Metric Targets outlined above include four metrics specific to debt funding. These are:

1. A prudent total debt to total debt + equity ratio;
2. To maintain an interest coverage ratio of EBITDA to interest of not less than 2.5;
3. A long term target to achieve Net Debt / EBITDA of less than 4.5; and
4. A long term target to achieve FFO / Net Debt greater than 11%.

This SOI contains a significant level of capital spend, most notably in respect of the terminal redevelopment and Ruapehu Aeropark developments. As a result, PNAL's debt reaches $81.2m by FY28, before falling in FY29 ($79.5m).

These debt levels are well within existing debt facilities available to PNAL, totalling $100m. PNAL retains a high level of debt headroom to manage any unexpected events.

As a result of the timing of capital spend being necessary prior to the related income commencing (i.e. leases commence at the end of construction), the interest cover ratio in FY28 reaches the minimum acceptable level of 2.5, before recovering from FY29. This is based on interest rates ranging from 5.02%-5.46%, calculated based on anticipated interest rate curves and PNAL's forecast debt profile.

The long term targets above are anticipated to fall below target levels for the three years due to the substantial capital investment required. Notwithstanding this, the SOI shows a trend towards achieving these targets, which is expected to occur after the SOI period. These targets are aspirational and linked to medium term credit rating analysis. In any given year, it is expected that these targets may not be achieved.

PERFORMANCE RELATED METRICS

In this FY27-FY29 SOI, PNAL has added an additional performance related metric, Total Shareholder Return. This has been added to demonstrate, from an investor perspective, the total financial return generated by PNAL in a given year. This metric has been sourced from Treasury as a key financial metric for State Owned Enterprises so provides an additional, independent and accurate, measure of total return.

As no assumptions are included in the SOI regarding fair value changes, the ratios specified in this SOI are expected to be conservative (actual results will include fair value movements). As PNAL delivers the commercial developments in Ruapehu Aeropark, outlined elsewhere in this SOI, it is reasonable to expect actual returns will exceed SOI projections.

To put this ratio into context, the actual Total Shareholder Return, using the Treasury metric, generated by PNAL over the past 10 years has averaged 8% per annum. This includes the disrupted Covid-19 period where returns were temporarily diminished. This long run average has been used when setting the target minimum of an 8% return.

Additionally, and as outlined earlier, when evaluating PNAL's financial performance consideration should also be given to PNAL's economic contribution, as measured in GDP terms, to the City and wider region. This is inline with the Shareholders Statement of Expectation of PNAL to *improve economic viability in the city and wider region, increasing tourism expenditure and boosting the City's image*.

KEY OBJECTIVES

COMPLIANCE

Strategic Project	Measure	Completion
CAA Part 139 Compliance	→ Compliance maintained	Ongoing
Airside pavement upgrades	→ Completion of planned airside pavement upgrades	FY 2027 - FY2029
Runway overlay	→ Completion of runway overlay in three stages	FY 2029 - FY 2031
Airways Power & Lighting Assets Exit (APLE)	→ Engagement with Airways and planning for asset ownership transfer	FY 2026*
	→ Assets transferred to PNAL ownership	FY 2027
	→ Ongoing asset management and maintenance plans established	FY 2027
	→ Renewals of Runway End Identifier Lights and electrical switchboard completed	FY 2027
Rescue Fire Service Task Resource Analysis	→ Planning of RFS equipment and resourcing requirements for domestic A320 aircraft operations completed.	FY 2027
Airport Protection Surfaces and Runway End Protection Area Enhancements	→ Develop strategy for strengthening protections	FY 2026*
	→ Implement strategy	FY 2027 - FY 2028

CUSTOMER

Strategic Project	Measure	Completion
Customer Loyalty	→ Net Promoter Score of 35 in line with tourism industry benchmark	FY 2027
	→ Branding refresh – corporate and customer	FY 2027
Terminal Development Project	→ Stage 1 (Western end) construction complete	Early CY2027
	→ Stage 2 (Eastern end) construction complete	Late CY2027
Carpark upgrades	→ Carpark redesign complete	FY 2026*
	→ Carpark reconfiguration commenced	FY 2028 – FY 2029

* The FY26 Strategic Projects aimed for completion by June 2026 are in progress at the time of writing the SOI and are included for completeness.

COMMERCIAL

Strategic Project	Measure	Completion
Non-strategic land divestment	→ Public Works Act disposal requirements completed	FY 2026 – FY2027
	→ Land subdivision completed	FY 2027
	→ Land divestment completed	FY 2027 - FY2029
Ruapehu Aeropark – strategic investment	→ Strategic partnership preparation completed – subdivision strategy complete and holding structures established	FY 2027
	→ Strategic partnership established	FY 2027
Ruapehu Aeropark – commercial developments	→ Commercial precinct resource consent obtained	FY 2026*
	→ Freight and Logistics Warehouses construction completed	FY 2027
	→ Commercial precinct anchor tenant secured	FY 2027
	→ Commercial precinct Stage 1 construction commences	FY 2028
	→ Rental car precinct construction completed	FY 2028
	→ Aeromedical hangar construction completed	FY 2029
Passenger movements	→ 520,600	FY 2026*
	→ 511,200	FY 2027
	→ 520,800	FY 2028
	→ 536,900	FY 2029

CULTURE

Strategic Project	Measure	Completion
Continual improvement of aerodrome safety culture	→ An “effective” level of SMS compliance is issued following an annual SMS Audit	FY 2027
	→ Zero lost time injuries	
Whānau Kotahi / One Team Wellness Plan	→ Wellness Plan updated annually and implemented	FY 2027 – FY 2029
	→ Team engagement scores in line with or exceeding industry benchmarks	FY 2027 – FY 2029

* The FY26 Strategic Projects aimed for completion by June 2026 are in progress at the time of writing the SOI and are included for completeness.

COMMUNITY

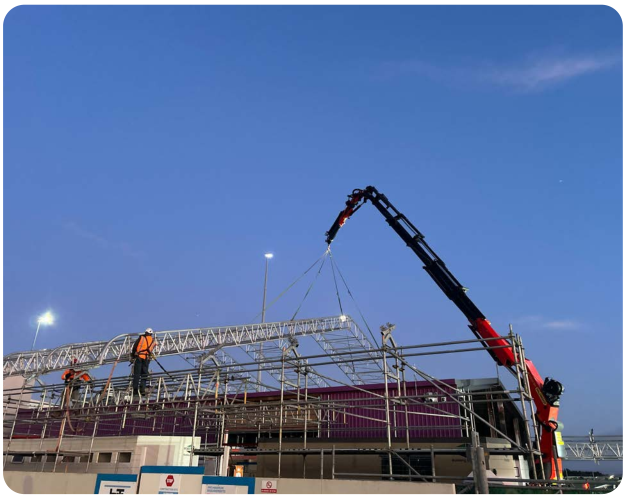
Strategic Project	Measure	Completion
Sustainability	→ Airport Carbon Accreditation Level 4 ("Transformation") maintained	FY 2026*
	→ Refresh sustainability strategy	FY 2026*
	→ Airport Carbon Accreditation Level 4+ ("Transition")	FY 2027
	→ Offset residual Scope 1 and 2 emissions	FY 2027
	→ Tenant stakeholder engagement plan implemented (Scope 3 emissions focus)	FY 2027 – FY 2029
	→ Maintaining Qualmark Gold status	FY 2027 – FY 2029
Community Engagement	→ Community Engagement Plan implemented	FY 2026*
	→ Marketing initiatives with Regional Tourism Organisations (RTO) implemented	FY 2027 – FY 2029
	→ Engagement with airlines on inbound marketing campaigns	FY 2027 – FY 2029

* The FY26 Strategic Projects aimed for completion by June 2026 are in progress at the time of writing the SOI and are included for completeness.


AIRPORT FIRE
PALMERSTON NORTH AIRPORT


JUST


HERE TO HELP



PALMERSTON NORTH AIRPORT LIMITED
STATEMENT OF FINANCIAL PERFORMANCE

FOR THE 12 MONTHS TO 30 JUNE

	Jul 25—Jun 26 SOI	Jul 25—Jun 26 Forecast	Jul 26—Jun 27 SOI	Jul 27—Jun 28 SOI	Jul 28—Jun 29 SOI
Aeronautical Charges	12,488,201	12,419,861	12,957,396	13,888,632	15,425,488
Carpark and Leases	5,136,812	5,055,645	5,578,954	7,161,579	8,087,366
Other Income	296,789	354,317	336,268	348,812	361,890
Total Income	**17,921,802**	**17,829,823**	**18,872,618**	**21,399,023**	**23,874,744**
Operating Expenditure	4,007,800	3,521,136	4,373,865	4,569,734	4,709,258
Administration Expenditure	5,619,842	5,851,254	6,480,524	6,449,316	6,258,009
Extraordinary Items*	971,210	764,028	676,916	25,000	-
Total Operating Expenditure	**10,598,852**	**10,136,418**	**11,531,305**	**11,044,050**	**10,967,267**
EBITDA	**7,322,950**	**7,693,405**	**7,341,313**	**10,354,973**	**12,907,477**
(Gain)/Loss on Sale	-	(799,652)	-	(2,850,000)	(2,850,000)
Depreciation & Amortisation	6,038,182	5,226,575	3,301,680	3,149,576	3,338,437
EBIT	**1,284,768**	**3,266,482**	**4,039,633**	**10,055,397**	**12,419,040**
Interest Expense	1,467,666	1,028,597	2,685,403	4,211,049	4,405,058
Profit before Income Tax	**(182,898)**	**2,237,885**	**1,354,230**	**5,844,348**	**8,013,982**
Income Tax Expense	(51,212)	626,608	379,184	1,636,417	2,243,915
Net Profit after Tax	**(131,686)**	**1,611,277**	**975,046**	**4,207,931**	**5,770,067**

* Extraordinary Items relates to the demolition costs associated with the existing terminal and/or some temporary terminal costs.

The impact of revaluations has not been included in the Statement of Financial Performance

PALMERSTON NORTH AIRPORT LIMITED
STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE

	Jul 25—Jun 26 SOI	Jul 25—Jun 26 Forecast	Jul 26—Jun 27 SOI	Jul 27—Jun 28 SOI	Jul 28—Jun 29 SOI
Current Assets					
Bank Accounts	57,896	547,633	539,642	535,152	533,031
Receivables	1,670,590	1,605,380	1,834,297	2,072,659	2,272,960
Prepayments	32,610	17,286	19,942	22,730	23,901
Other Current Assets	197,161	189,935	189,935	189,935	189,935
Total Current Assets	**1,958,257**	**2,360,234**	**2,583,816**	**2,820,476**	**3,019,827**
Non Current Assets					
Tangible Assets					
Land	30,937,931	33,362,000	33,362,000	33,287,000	33,212,000
Buildings	44,627,321	34,513,007	51,536,154	60,144,618	60,209,614
Infrastructure – Land	9,853,348	14,518,171	14,957,544	15,287,548	16,812,548
Infrastructure – Air	40,043,436	35,688,972	39,002,972	41,116,172	45,941,203
Plant & Equipment	2,563,783	3,591,405	2,812,663	3,112,663	3,262,663
Furniture & Fittings	340,430	357,790	452,790	452,790	492,790
Computers	381,585	376,785	416,785	456,785	496,785
Motor Vehicles	1,560,876	1,587,587	1,587,587	1,587,587	1,587,587
Investment Property	15,329,500	18,800,615	29,787,050	36,936,424	37,297,946
Accumulated Depreciation	(12,834,903)	(11,489,477)	(10,850,828)	(13,971,901)	(17,281,835)
Total Tangible Assets	**132,803,307**	**131,306,855**	**163,064,717**	**178,409,686**	**182,031,301**
Intangible Assets	-	3,578	85,480	56,976	28,474
Total Non Current Assets	**132,803,307**	**131,310,433**	**163,150,197**	**178,466,662**	**182,059,775**
TOTAL ASSETS	**134,761,564**	**133,670,667**	**165,734,013**	**181,287,138**	**185,079,602**

PALMERSTON NORTH AIRPORT LIMITED
STATEMENT OF FINANCIAL POSITION

AS AT 30 JUNE

	Jul 25—Jun 26 SOI	Jul 25—Jun 26 Forecast	Jul 26—Jun 27 SOI	Jul 27—Jun 28 SOI	Jul 28—Jun 29 SOI
Current Liabilities					
Payables	4,966,933	5,411,611	4,729,572	1,407,958	1,714,988
GST/VAT	(387,475)	(246,787)	(211,334)	196,825	225,137
Income Tax	(2,413,407)	(395,392)	(1,326,207)	(944,790)	(300,875)
Loans Payable – Current	-	-	-	-	-
Provisions	707,862	1,116,471	1,116,471	1,116,471	1,116,471
Other Current Liabilities	179,771	173,155	173,155	173,155	173,155
Total Current Liabilities	**3,053,684**	**6,059,058**	**4,481,657**	**1,949,619**	**2,928,876**
Non Current Liabilities					
Loans Payable – Non Current	40,528,947	33,657,398	66,823,100	81,243,504	79,454,671
Other Non Current Liabilities	9,990,066	8,519,745	8,519,744	8,519,744	8,519,744
Total Non Current Liabilities	**50,519,013**	**42,177,143**	**75,342,844**	**89,763,248**	**87,974,415**
TOTAL LIABILITIES	**53,572,697**	**48,236,201**	**79,824,501**	**91,712,867**	**90,903,291**
NET ASSETS	**81,188,867**	**85,434,466**	**85,909,512**	**89,574,271**	**94,176,311**
Capital and Reserves					
Share Capital	9,380,400	9,380,400	9,380,400	9,380,400	9,380,400
Reserves	46,186,093	48,466,834	48,466,834	48,466,834	48,466,834
Retained Earnings	25,622,374	27,587,232	28,062,278	31,727,037	36,329,077
Total Capital and Reserves	**81,188,867**	**85,434,466**	**85,909,512**	**89,574,271**	**94,176,311**
TOTAL EQUITY	**81,188,867**	**85,434,466**	**85,909,512**	**89,574,271**	**94,176,311**

The impact of revaluations has not been included in the Statement of Financial Position

PALMERSTON NORTH AIRPORT LIMITED
STATEMENT OF CHANGES IN EQUITY

FOR THE 12 MONTHS TO 30 JUNE

	Jul 25—Jun 26 SOI	Jul 25—Jun 26 Forecast	Jul 26—Jun 27 SOI	Jul 27—Jun 28 SOI	Jul 28—Jun 29 SOI
Equity at the beginning of the year	**81,720,554**	**84,523,190**	**85,434,466**	**85,909,512**	**89,574,271**
Asset revaluation reserve movement					
Total Comprehensive Income / Loss	(131,687)	1,611,275	975,045	4,207,930	5,770,064
Dividends paid to date	0	(300,000)	0	0	0
Dividends declared*	(400,000)	(400,000)	(500,000)	(543,172)	(1,168,026)
Equity at the end of the year	**81,188,867**	**85,434,466**	**85,909,512**	**89,574,271**	**94,176,311**

*Declared dividends are to be paid in the following financial year

PALMERSTON NORTH AIRPORT LIMITED
STATEMENT OF CASHFLOWS

FOR THE 12 MONTHS TO 30 JUNE

	Jul 25—Jun 26 SOI	Jul 25—Jun 26 Forecast	Jul 26—Jun 27 SOI	Jul 27—Jun 28 SOI	Jul 28—Jun 29 SOI
Cash Flows from Operating Activities					
Cash was provided from:					
Receipts from Customers	20,476,355	21,263,767	21,474,593	24,370,515	27,255,656
Interest Received	-	-	-	-	-
Income Tax Refund	-	-	-	-	-
Operating Cash Inflows	**20,476,355**	**21,263,767**	**21,474,593**	**24,370,515**	**27,255,656**
Cash was disbursed to:					
Payment to Suppliers and Employees	6,687,170	7,052,435	10,570,326	12,242,387	13,550,836
Tax Loss Payment to PNCC	-	-	-	-	-
Payment of Income Tax	1,300,000	1,341,142	1,310,000	1,255,000	1,600,000
Interest Payments	1,467,666	1,028,597	2,685,403	4,211,049	4,405,058
Operating Cash Outflows	**9,454,836**	**9,422,174**	**14,565,729**	**17,708,436**	**19,555,894**
Net Cash Flows from Operating Activities	**11,021,519**	**11,841,593**	**6,908,864**	**6,662,079**	**7,699,762**
Cash Flows from Investing Activities					
Cash was provided from:					
Sale of Property Plant and Equipment	-	840,000	-	2,925,000	2,925,000
Investing Cash Inflows	**-**	**840,000**	**-**	**2,925,000**	**2,925,000**

PALMERSTON NORTH AIRPORT LIMITED
STATEMENT OF CASHFLOWS

FOR THE 12 MONTHS TO 30 JUNE

	Jul 25— Jun 26 SOI	Jul 25— Jun 26 Forecast	Jul 26— Jun 27 SOI	Jul 27— Jun 28 SOI	Jul 28— Jun 29 SOI
Cash was applied to:					
Acquisitions of Property, Plant & Equipment	36,808,648	29,340,246	27,970,909	15,869,307	7,632,198
Acquisitions of Investment Property	-	3,408,502	11,711,648	7,642,666	662,679
Investing Cash Outflows	**36,808,648**	**32,748,748**	**39,682,557**	**23,511,973**	**8,294,877**
Net Cash Flow from Investing Activities	**(36,808,648)**	**(31,908,748)**	**(39,682,557)**	**(20,586,973)**	**(5,369,877)**
Cash Flow from Financing Activities					
Cash was provided from:					
Borrowings	26,092,679	25,307,620	33,734,884	14,949,895	-
Financing Cash Inflows	**26,092,679**	**25,307,620**	**33,734,884**	**14,949,895**	**-**
Cash was applied to:					
Repayment of Borrowings	-	4,447,246	569,182	529,491	1,788,834
Payment of Dividends	300,000	300,000	400,000	500,000	543,172
Financing Cash Outflows	**300,000**	**4,747,246**	**969,182**	**1,029,491**	**2,332,006**
Net Cash from Financing Activities	**25,792,679**	**20,560,374**	**32,765,702**	**13,920,404**	**(2,332,006)**
Net Increase/ (Decrease) in Cash, Cash Equivalents and Bank Overdrafts	**5,550**	**493,219**	**(7,991)**	**(4,490)**	**(2,121)**
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the Year	**52,346**	**54,414**	**547,633**	**539,642**	**535,152**
Cash, Cash Equivalents and Bank Overdrafts Year End	**57,896**	**547,633**	**539,642**	**535,152**	**533,031**

CAPITAL EXPENDITURE PROGRAMME

FOR THE 12 MONTHS TO 30 JUNE

	Jul 25—Jun 26 SOI	Jul 25—Jun 26 Forecast	Jul 26—Jun 27 SOI	Jul 27—Jun 28 SOI	Jul 28—Jun 29 SOI
Land	-	-	-	-	-
Buildings	2,904,237	910,071	2,335,006	1,041,616	25,000
Terminal Development	20,375,350	18,092,587	16,683,503	7,036,850	-
Infrastructure – Landside	655,000	505,000	450,000	330,000	1,525,000
Infrastructure – Airside	450,000	790,239	3,314,000	2,113,200	4,825,031
Plant & Equipment	100,000	82,772	200,000	220,000	130,000
Furniture and Fittings	100,000	114,000	112,500	-	40,000
Computers	40,000	40,000	40,000	40,000	40,000
Rescue Fire	45,200	84,603	20,000	80,000	20,000
Ruapehu Aeropark development	7,212,155	7,868,163	11,886,435	7,679,374	401,522
Intangibles	-	28,000	100,000	-	-
Total Capital Expenditure	**31,881,942**	**28,515,435**	**35,141,444**	**18,541,039**	**7,006,553**

NEW TERMINAL ACCOUNTING TREATMENT ASSUMPTIONS

Important assumptions have been made in this SOI period regarding the accounting treatments applicable to the new terminal development. These assumptions include:

- → The timing of the project and required cashflows for the new terminal
- → The quantum of spend required for the new terminal
- → The allocation of costs between capex and opex
- → The accounting treatments applicable to costs associated with the construction of a temporary terminal
- → The demolition costs and associated accounting treatment relating to the demolition of the existing terminal
- → The timing and quantum of depreciation of assets, including the write-off of the existing terminal assets via accelerated depreciation.

Actual results may vary from the estimates and assumptions included in this SOI and will be subject to annual audit.

DIVIDEND POLICY

The achievement of the strategic objectives outlined in this Statement of Intent will ensure PNAL is well placed in the medium to long-term to generate enhanced financial returns and to maximise value to our Shareholder through a balance between regional economic and social outcomes, re-investment and dividend distributions.

As outlined earlier PNAL has added a new financial metric from FY27 to demonstrate the total shareholder return generated annually, inclusive of dividends.

This SOI demonstrates that PNAL's financial performance continues to recover notwithstanding short-term disruptions, and write-downs associated with the old terminal. From FY28, PNAL returns to the historic norm of paying cash dividends equal to 40% of Net Profit After Tax (excluding fair value gains and one-off capital gains such as land sales).

Furthermore, PNAL demonstrates strong growth trend in cash dividend over the SOI period, demonstrating the gains driven from the new terminal, and the completion of developments in Ruapehu Aeropark.

PNAL's dividend policy, aligned with Shareholder expectations follows. Subject to meeting the statutory requirements around payment of dividends, Directors assess a range of criteria before determining an appropriate dividend, including;

1. The expectations of the Shareholder,
2. The scale of the Company's capital expenditure plans,
3. The Company's financial performance including cashflows from operations,
4. The Company's ability to raise debt finance and the terms thereof,
5. Compliance with performance metric targets,
6. The risks associated with airline schedule uncertainty in the short to medium term.

ALIGNMENT WITH PNCC VISION AND GOALS

The following table summarises how this SOI aligns with PNCC's vision of Small City Benefits, Big City Ambition in respect of the four goals:

PNCC GOAL:

AN INNOVATIVE AND GROWING CITY

1

PNCC OUTCOMES	PNAL SOI ALIGNMENT
→ A city that fosters pride, and supports the aspirations of people and communities → A business environment that encourages investment and delivers career opportunities in a range of sectors → Enough land and infrastructure to enable housing development and business growth → The efficient movement of goods and services alongside safe and affordable transport options for people → A globally connected city that fosters opportunities for local people, businesses and organisations → An economy that embraces innovation and new ideas and uses resources sustainably → A resilient, low carbon economy	→ Terminal Development Project. → Ruapehu Aeropark Development, including freight and logistics warehousing, support for aviation tertiary training and aeromedical facilities. → Active partner and advocate for Te Utanganui → Air service development, including planned introduction of jet service on the Auckland – Palmerston North route. → Sustainable dividend returns to the Shareholder for investment elsewhere in the City. → GDP contribution of $1.8 billion and 32,840 jobs over next 10 years due to the activities of PNAL.

PNCC GOAL:
A CREATIVE AND EXCITING CITY
2

PNCC OUTCOMES

- → A vibrant city that connects people and where creativity is built into our cityscape
- → An arts community and cultural facilities that are well supported and invested in
- → Our unique heritage preserved and promoted
- → Opportunities to celebrate our many cultures
- → Access to exciting well-managed events and activities throughout the city and our neighbourhoods
- → Places across the city and its neighbourhoods for communities to participate in play and recreation

PNAL SOI ALIGNMENT

- → Core community engagement and sponsorship, including with:
  - Fly Palmy Arena
  - Just Zilch
  - Wildbase
  - Centrepoint Theatre
- → New sponsorship arrangement established with the Manawatū Rugby Union as the Junior Rugby Partner.
- → Our special relationship with Rangitāne o Manawatū and Te Rangimarie Marae.
- → Wider support and promotion within the 90 minute drive market of the airport.

PNCC GOAL:
A CONNECTED AND SAFE COMMUNITY
3

PNCC OUTCOMES

- → Access to services and facilities that are inclusive and appropriate for their needs
- → The support they want to live healthy lives
- → Access to healthy and affordable housing
- → Opportunities to contribute to the design of their city
- → Access to safe and accessible community places
- → Opportunities to contribute to Council decision-making
- → Community social service groups and facilities that are well supported and invested in.

PNAL SOI ALIGNMENT

- → Terminal development, including co-design with Rangitāne, Sister City recognition and celebration of the history of the airport
- → Investments in key infrastructure, including airside pavements, landside infrastructure and carpark enhancements.

PNCC GOAL:

A SUSTAINABLE AND RESILIENT CITY

4

PNCC OUTCOMES	PNAL SOI ALIGNMENT
→ A sustainable, low-emissions city → A resilient city and communities, prepared for the impacts of climate change → A circular economy with more resource recovery and less waste → A healthy, thriving ecosystem, including native biodiversity and food security → The Manawatū River and waterways restored to a healthy, respected and connected state → Sustainable urban planning with a low-carbon built environment → A safe, affordable, sustainable and resilient water supply → Effective, low-carbon, wastewater collection and treatment → Appropriate infrastructure and development to avoid and minimise the effects of flood events → Access to relevant information and education to support more sustainable choices → Natural, environment-focused community groups and facilities that are well supported and invested in.	→ Participation in Airport Council International Airport Carbon Accreditation Programme and achievement of at least Level 4 ("Transformation") on an ongoing basis. → Target to move to the next tier of ACA accreditation – Level 4+ ("Transition"). → Achieving PNAL's objective to reach net zero emissions by 2035. → Scope 1 and 2 emissions currently 84% below PNAL's 2022 baseline. → Implementation of carbon stakeholder plan, including assisting key stakeholders to reduce emissions (reduction in PNAL's Scope 3 emissions). → Maintaining Qualmark Gold status

GOVERNANCE

GOVERNANCE OBJECTIVES

The Board's approach to governance of PNAL is to preserve and enhance Shareholder value. The Board is committed to ensuring a high level of governance of PNAL processes and policies, including health and safety and encouraging ethical and responsible decision making to ensure Management effectively achieve PNAL's goals.

Due to the ever-changing commercial environment of the aviation and airport industry, the Board is committed to ensuring regular reviews of all aspects of the business and the implementation of best practice.

REGULATORY FRAMEWORK AND STATEMENT OF INTENT

The Board is responsible for the proper direction and control of PNAL's activities and is accountable to the Shareholder within the strategic framework set out in this Statement of Intent, PNAL's Constitution, and the provisions of the Local Government Act 2002 (LGA), the Companies Act 1993 the Airport Authorities Act 1966 and the Civil Aviation Act 2023.

SHAREHOLDER STATEMENT OF EXPECTATION

The Board is also responsible for ensuring it meets the requirements of the Shareholder's Statement of Expectations covering the FY27-FY29 SOI, dated 9 October 2025, with particular reference to Schedule 8, Part 2 LGA, Section 64B (1) and 64B (2). Importantly, the Board will ensure alignment of PNAL's objectives with the Shareholder's vision, goals and key strategies and the District Plan.

BOARD COMPOSITION AND FEES

The Board is comprised of five Directors appointed by the Shareholder in accordance with PNAL's Constitution. Director appointments are for a period of three years with retiring directors able to be reappointed by the Shareholder.

The Board normally meets eleven times per year with intervening meetings in person or by other means as required. To enhance efficiency, the Board may formally document and delegate some of its powers and authorities to the Chief Executive or other senior executives.

PNAL has an Audit & Risk Committee (ARC) comprised of three directors of the PNAL Board. The Committee has a board-approved Charter, outlining its membership, authority, primary and secondary roles and reporting procedures.

The ARC meets three to four times each year and is responsible for overseeing the financial accounting, financial statements and audit activities of PNAL. This includes the adequacy and effectiveness of internal controls, external auditor performance, insurances, risk management and financial and accounting policies.

PNAL also has a Terminal and Property Development Committee (TPDC) comprised of three directors of the PNAL Board. The Committee has a board-approved Terms of Reference, outlining its membership, authority and purpose.

The TPDC currently meets as required and acts as a steering group to PNAL's Board, reviews feasibility studies and business cases, and provides oversight of PNAL's vertical and horizontal property development in Ruapehu Aeropark, as well as the redevelopment of the terminal. This Committee was set up to provide adequate governance over PNAL's increasing capital expenditure and increasing complexity of commercial development and the terminal.

As requested by the Shareholder, a PNCC Officer has been appointed as an independent observer on the TPDC, who attends discussions relating to the Terminal Development Project.

The total remuneration for the Directors is set annually by a resolution of Shareholders in accordance with PNAL's constitution. In line with PNCC's Appointment of Directors Policy, the remuneration of PNAL's Board members will be adjusted annually by the Labour Cost Index (December quarter). This will apply to PNAL's Directors from 1 July (backdated).

SHAREHOLDER'S EQUITY IN PNAL

PNAL's land, building, and airside infrastructure assets are revalued on a three-yearly cycle, unless warranted earlier. PNAL's land and airside infrastructure were last revalued at 30 June 2025. PNAL's buildings were last revalued at 30 June 2023. Fair value assessments and/or revaluations will be conducted annually at year-end.

PNAL's investment property is revalued annually in line with accounting standards. It is anticipated that transfers to investment property will be required during the SOI period in respect of developments within Ruapehu Aeropark. These developments have been assumed as Investment Property in this SOI, but remain subject to confirmation.

Shareholder equity as shown in the Statement of Financial Position as at 30 June 2025 is $84.5m.

The Directors consider that this represents a reasonable estimate of the commercial value of PNAL.

The ratio of consolidated shareholder's equity to total assets will be maintained at no less than 40%. For the purposes of this ratio, 'consolidated shareholder's equity' is total shareholder funds inclusive of retained earnings and revaluation surplus, and 'total assets' are current assets plus net book value of fixed assets plus future tax benefit (if any).

Any declared dividend will be considered in respect of PNAL's dividend policy (included in this SOI) and will be calculated exclusive of fair value gains and one-off capital gains (e.g. land sales).

INFORMATION TO BE PROVIDED TO THE SHAREHOLDER

The Shareholder will receive:

- → An Annual Report including audited financial statements within three months of balance date.
- → A summary of PNAL's achievements of the Key Objectives and its performance against the metric targets as outlined in this SOI.
- → An Interim Report including non-audited financial statements within two months of the end of the first half of the financial year.
- → A Statement of Intent submitted for Shareholder consideration in accordance with the Local Government Act 2002.
- → Other interim reports as agreed with the Shareholder.

Timeframes for the Interim and Annual Reports are legislative maxima. However, PNAL will meet the reporting and governance requirements of the Shareholder.

ACCOUNTING POLICIES

The accounting policies adopted by PNAL are consistent with New Zealand's Financial Reporting Standards, with PNAL designated as a Public Benefit Entity (PBE) for financial reporting purposes.

The policies are included in PNAL's Annual Report which is available on PNAL's website.

FORECAST FINANCIAL STATEMENTS

The financial information contained in the SOI is a forecast for the purposes of the PBE financial reporting standard (FRS) 42. This information may not be appropriate for purposes other than those described. It has been prepared on the basis of assumptions as to future events that PNAL reasonably expects to occur, associated with the actions it reasonably expects to take, as at the date the forecast was prepared. The actual results are likely to vary from the information presented and may vary materially depending on the circumstances that arise during the period.

COMPENSATION SOUGHT FROM THE SHAREHOLDER

PNAL acknowledges that the Palmerston North City Council holds shares in PNAL for strategic reasons and that PNAL needs to facilitate the development and promotion of both aeronautical and complementary non-aeronautical business activities. As well as direct benefit to PNAL, this impacts through to the economic development of the city and the wider region.

At the request of the Shareholder, PNAL may undertake activities that are not consistent with normal commercial objectives subject to the Shareholder providing a specific subsidy to meet the full commercial cost for providing such activities.

PNAL anticipates significant future capital investment within this SOI period and will be required to materially increase its debt levels in order to fund this investment. Refer to the separate Project Funding and Strategic Partnerships section within this SOI for further details.

STATEMENT OF INTENT

For the year ended
30 June 2027

PALMERSTON NORTH
AIRPORT LIMITED