



**PAPAIOEA**  
**PALMERSTON**  
**NORTH**  
**CITY**

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# **PALMERSTON NORTH CITY COUNCIL**

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**ATTACHMENTS**

**AGENDA**

**FINANCE, PERFORMANCE &  
AUDIT COMMITTEE  
UNDER SEPARATE COVER**

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**9.00AM, WEDNESDAY 1 APRIL 2026**

**COUNCIL CHAMBER, FIRST FLOOR  
CIVIC ADMINISTRATION BUILDING  
32 THE SQUARE, PALMERSTON NORTH**

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# **FINANCE, PERFORMANCE & AUDIT COMMITTEE MEETING**

1 April 2026

## **Under Separate Cover**

**9. Palmerston North Airport Limited - Interim report for six months ending 31 December 2025**

1. PNAL interim report for six months ending 31 December 2025 Page 5

**10. Palmerston North Airport Limited - Draft Statement of Intent for 2026/27 to 2028/29**

1. Cover letter from Palmerston North Airport Ltd Page 20  
2. Draft Statement of Intent 2026/27 to 2028/29 Page 23

**11. Draft Speed Management Plan - deliberations on submissions and adoption**

1. Final Draft Palmerston North Speed Management Plan 2026 Page 67  
2. Draft Speed Management Plan 2026 - Analysis of Submissions Page 117

**12. Central Economic Development Agency (CEDA): 6 month report 1 July 2025 to 31 December 2025 and Draft Statement of Intent 2026/27**

1. CEDA 6 Month Report 1 July 2025 to 31 December 2025 Page 173  
2. CEDA Statement of Expectations 2024/25 to 2026/27 Page 203  
3. CEDA Draft Statement of Intent 2026/27 Page 207





**PALMERSTON NORTH AIRPORT LIMITED**  
**INTERIM REPORT**  
**TO 31 DECEMBER 2025**

## COMPANY DIRECTORY

Palmerston North Airport Limited

### DIRECTORS:

Murray Georgel -Chair  
Shelly Mitchell-Jenkins -Chair of Audit & Risk Committee  
Christopher Cardwell -Chair of Terminal & Property Development Committee  
Sarah Everton  
Russell Wilson

### MANAGEMENT:

David Lanham	- Chief Executive
Jonathon Baker	- Chief Financial Officer
Mark Lash	- Chief Commercial Officer
Brent Lawry	- Terminal & Facilities Manager
Johan VanVuuren	- Infrastructure Manager
Alex Fechny	- Safety & Operations Manager
Baylie Corney	- Marketing & Communications Manager

### REGISTERED OFFICE:

Palmerston North Airport Limited  
55D Airport Drive, Milson  
PALMERSTON NORTH

Phone: +64 6 351 4415  
E-mail: [info@pnairport.co.nz](mailto:info@pnairport.co.nz)  
Web: [www.pnairport.co.nz](http://www.pnairport.co.nz)

### TRADING BANKERS:

Bank of New Zealand

### LEGAL ADVISORS:

Ford Sumner Lawyers, Cooper Rapley Lawyers

### AUDITORS:

Audit New Zealand (on behalf of The Auditor-General)

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## JOINT REPORT OF THE CHAIR & CHIEF EXECUTIVE

FOR THE SIX MONTHS ENDING 31 DECEMBER 2025

The first half of FY26 marked the commencement of the largest commercial development programme in the airport company's history with the commencement of Stage 1 of the Terminal Development Project (TDP), and a purpose-built warehouse facility with Freightways as the anchor tenant.

Passenger volumes remained suppressed although generally in line with budget expectations. 271,953 passenger movements were recorded to December 2025, within 1% of the budget and the prior six-month period.

The TDP, well advanced by December 2025, remained a key focus of management and directors. The project budget established at \$43 million for the new build continues to be managed closely. By December, structural steel was being erected at the Western end of the new terminal building marking a significant milestone for the project. Civil works on replacement power, water, and sewer infrastructure also commenced in December, making it necessary to close the Terminal Loop Road to all traffic until these works have been completed. The temporary terminal, albeit half the size of the old terminal, continues to serve us well. Significant time and resource have been placed on ensuring that the customer experience remains as high as practically possible notwithstanding the temporary nature of the facility.

### Key Highlights

Stage 1 of new terminal underway	✓
Freightways Warehouse construction underway	✓
Banking relationship secured with ICBC for debt funding	✓
Net Promoter Score in line with industry peers	✓
Level 4 Airport Carbon Accreditation maintained	✓
Partnership secured with Manawatu Youth rugby	✓
Team engagement score of 82% remains industry leading	✓
Originair launch Blenheim – Palmerston North services	✓
CAA Rule Part 139 compliance maintained	✓
Zero lost time injuries	✓
Forecast dividend of \$400k	✓

During the first half of FY26, PNAL selected the Industrial and Commercial Bank of China (ICBC) as a new long term banking partner. PNAL also renewed its relationship with BNZ. The two relationships bring PNAL's external debt facilities to \$50m. This bank lending will sit alongside the existing \$50m Shareholder debt facility sourced from the LGFA.

The combination of lending facilities enabled construction to commence on a new freight and logistics warehouse facility within Ruapehu Aeropark. Construction of this warehouse facility marked a significant milestone in the precinct's growth, with the purpose-built facility spanning 5,000m<sup>2</sup>. The facility incorporates warehousing, breezeway, and office space designed to meet the increasing demand for efficient, connected logistics infrastructure for Freightways Group.

Regulatory compliance and Health & Safety remain at the forefront of everything we do. We maintained CAA Part 139 certification and there were zero lost time injuries during the first half of the year. We invested in state of the art NZL geospatial software to support ongoing protection of the aerodrome's obstacle limitation surfaces. A global consent covering on-site contaminated soil management was also received.

Work continued to identify strategic partnership opportunities to further support commercial development aspirations within Ruapehu Aeropark. Plans to divest non-strategic land also progressed during the period. A sale of land to Palmerston North City Council for a new city water bore also advanced.

Net Promoter Score, our key benchmark for customer satisfaction, averaged 31% to December, and while below the previous year, the result is in line with airline, tourism and leisure industry sectors. This result was not unexpected given the temporary nature of the terminal facility.

The Company continues to invest in community engagement. A partnership with Manawatū Rugby was secured during the period, with PNAL having come on board as the Junior Rugby Partner. PNAL continued to support a range of community organisations and facilities including Centrepoint Theatre, Wildbase Hospital, Just Zilch and Central Energy Trust Arena (Fly Palmy Arena).

In December 2025, PNAL was also recertified at Level 4 (“Transformation”) of the Airport Carbon Accreditation programme, and we also retained Qualmark Gold certification.

Team engagement remained high with another 100% response rate to our annual team engagement survey. The resulting engagement score of 82% remains industry leading, a very pleasing outcome given the focus we place on our OneTeam / Whānau Kotahi wellness programme.

Originair ceased Hamilton - Palmerston North services in late September, the result of ongoing weakness in demand. However, it was pleasing to see Originair redeploy the capacity to the Blenheim – Palmerston North route, which commenced operations in late September.

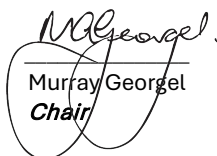
Revenue of \$9.3m was \$16,000 above SOI.

An ongoing focus on cost containment resulted in expenditure (excluding one-off expenditure on the TDP) totalling \$4.5m, \$0.2m below SOI. Cost control remains a key focus of management for the remainder of the year.

The six-month result was a net profit of \$0.5m.

Capex spend for the six months was \$7.3m, 34% below SOI. This is due to timing differences in the commencement of the TDP and construction of a freight and logistics warehouse.

In line with the Shareholder’s expectations, a dividend of \$400,000 is anticipated to be declared for FY26 (paid in FY27).

  
Murray Georgel  
**Chair**

  
David Lanham  
**Chief Executive**

## STATEMENT OF SERVICE PERFORMANCE

The Company's Statement of Intent is dated 29 May 2025.

The Company is trading as Palmerston North Airport Limited.

Palmerston North Airport Limited has been maintained as an airport certificated pursuant to Civil Aviation Rule Part 139 and has achieved satisfactory audits during the period.

All obligations under the Resource Management Act and the District Plans of the Palmerston North City Council and Manawatu District Council have been met.

### Performance Measures:

PERFORMANCE METRICS		Dec 2025 6 Months	Dec 2024 6 Months	SOI Target 6 Months
I	A ratio of surplus before interest/tax/depreciation to total assets	3.5%	3.1%	3.2%
II	A ratio of net surplus after tax to consolidated shareholders' funds inclusive of revaluation reserve	0.6%	1.7%	0.2%
III	To maintain a ratio of consolidated shareholders funds to total assets of at least 40%	71.0%	77.1%	69.4%
IV	To maintain an interest coverage ratio of EBITDA to interest of at least 2.5	10.2	12.9	7.0
V	To maintain a tangible net worth (total tangible assets after revaluations less total liabilities) above \$80m	\$84.7m	\$83.3m	\$81.9m
VI	Maintain a Net Promoter score of 45 or above	31	42	45
VII	Total passenger movements	271,953	272,702	274,513
VIII	Zero lost time injuries	Zero	Zero	Zero
IX	Maintain CAA Part 139 certification	Maintain	Maintain	Maintain
X	Net Debt* / EBITDA less than 4.5 (long term target)	4.5	3.4	6.3
XI	Funds from Operations (FFO**) / Net Debt greater than 11% (long term target)	19%	22%	9%

\*Net Debt equals total borrowings less cash on hand

\*\*FFO equals EBITDA less interest less tax


## STATEMENT OF FINANCIAL PERFORMANCE

For the Six Months Ended 31 December 2025

	<i>Note</i>	31-Dec-25 6 Months Unaudited	31-Dec-24 6 Months Unaudited	30-Jun-26 12 Months SOI	30-Jun-25 12 Months Audited
<b>REVENUE</b>	<i>4</i>	<b>9,280,806</b>	<b>8,722,827</b>	<b>17,921,802</b>	<b>16,954,928</b>
<b>OPERATING EXPENSES</b>					
Airfield Services		294,659	336,819	872,564	646,629
Other Operating Expenses	<i>5</i>	1,304,025	1,442,605	3,135,236	2,760,535
<b>TOTAL OPERATIONS AND MAINTENANCE</b>		<b>1,598,684</b>	<b>1,779,424</b>	<b>4,007,800</b>	<b>3,407,164</b>
<b>ADMINISTRATION EXPENSES</b>					
Audit Fees		70,661	63,560	131,162	134,132
Bad Debts Written Off		-	-	-	101
Changes in doubtful debt provision		(8,145)	(14,334)	5,000	(6,189)
Directors' Fees		78,871	78,922	158,666	153,301
Employee Expenses	<i>6</i>	1,458,436	1,305,632	3,005,125	2,590,369
General Administration	<i>7</i>	1,935,376	2,180,721	3,291,099	3,066,011
<b>TOTAL ADMINISTRATION</b>		<b>3,535,199</b>	<b>3,614,501</b>	<b>6,591,052</b>	<b>5,937,725</b>
<b>TOTAL OPERATING EXPENSES</b>		<b>5,133,883</b>	<b>5,393,925</b>	<b>10,598,852</b>	<b>9,344,889</b>
<b>Operating Surplus Before Interest, Depreciation &amp; Taxation (EBITDA)</b>		<b>4,146,923</b>	<b>3,328,902</b>	<b>7,322,950</b>	<b>7,610,039</b>
<b>FINANCE COSTS AND DEPRECIATION</b>					
Finance costs	<i>8</i>	406,837	258,281	1,467,666	576,640
Depreciation & Amortisation	<i>15</i>	3,005,459	1,047,659	6,038,182	7,040,294
Loss/(Gain) on Sale of Assets		22,348	15,595	-	110,101
Assets vested to PNCC		-	-	-	-
<b>TOTAL FINANCE COSTS &amp; DEPRECIATION</b>		<b>3,434,644</b>	<b>1,321,535</b>	<b>7,505,848</b>	<b>7,727,035</b>
Revaluation (Loss)/Gain - Investment Properties		-	-	-	507,200
<b>Operating Surplus Before Taxation</b>		<b>712,279</b>	<b>2,007,367</b>	<b>(182,898)</b>	<b>390,204</b>
Taxation Expense on Operating Surplus	<i>9</i>	199,440	562,063	(51,212)	32,143
<b>NET SURPLUS AFTER TAXATION</b>		<b>512,839</b>	<b>1,445,304</b>	<b>(131,686)</b>	<b>358,061</b>

For and on behalf of the Board

  
 Murray Georgel – Chair  
 Date: 26 February 2026

  
 Shelly Mitchell-Jenkins – Director  
 Date: 26 February 2026

*The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.  
 These financial statements are unaudited.*

## STATEMENT OF COMPREHENSIVE INCOME

For the Six Months Ended 31 December 2025

<i>Note</i>	31-Dec-25 6 Months Unaudited	31-Dec-24 6 Months Unaudited	30-Jun-26 12 Months SOI	30-Jun-25 12 Months Audited
<b>NET SURPLUS AFTER TAXATION</b>	<b>512,839</b>	<b>1,445,304</b>	<b>(131,686)</b>	<b>358,061</b>
Gains on revaluation of land and buildings	-	-	-	2,218,003
Movement in deferred tax	-	-	-	62,738
<b>TOTAL COMPREHENSIVE REVENUE AND EXPENSE</b>	<b>512,839</b>	<b>1,445,304</b>	<b>(131,686)</b>	<b>2,638,802</b>

## STATEMENT OF CHANGES IN EQUITY

For the Six Months Ended 31 December 2025

<i>Note</i>	31-Dec-25 6 Months Unaudited	31-Dec-24 6 Months Unaudited	30-Jun-26 12 Months SOI	30-Jun-25 12 Months Audited
<b>EQUITY AT THE BEGINNING OF THE YEAR</b>	<b>84,523,190</b>	<b>82,079,388</b>	<b>81,720,554</b>	<b>82,079,388</b>
Total Comprehensive Revenue and Expense for the Period	512,839	1,445,304	(131,687)	2,638,802
Distribution to shareholders during the year	(300,000)	(195,000)	(400,000)*	(195,000)
<b>EQUITY AT THE END OF THE YEAR</b>	<b>84,736,035</b>	<b>83,329,692</b>	<b>81,188,867</b>	<b>84,523,190</b>

*\*Dividend declared to be paid in the following financial year.*

*The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.*

## STATEMENT OF FINANCIAL POSITION

As at 31 December 2025

	<i>Note</i>	31-Dec-25 Unaudited	31-Dec-24 Unaudited	30-Jun-26 SOI	30-Jun-25 Audited
<b>CURRENT ASSETS</b>					
Cash and Cash Equivalents	10	5,039,874	47,132	57,896	54,414
Trade accounts receivable	11	1,448,874	1,206,053	1,670,590	1,144,993
Sundry receivables and prepayments		483,073	1,329,124	229,771	182,960
<b>TOTAL CURRENT ASSETS</b>		<b>6,971,821</b>	<b>2,582,309</b>	<b>1,958,257</b>	<b>1,382,367</b>
<b>Less: CURRENT LIABILITIES</b>					
Income in advance		216,667	220,674	179,771	75,358
Trade accounts payable	12	1,635,203	2,288,982	4,966,933	1,953,406
Other creditors		537,754	474,985	(163,950)	271,724
Employee benefit liabilities	13	401,738	371,135	484,337	512,531
Short term borrowings		4,000,000	3,450,000	-	1,300,000
Tax payable		(247,254)	62,727	(2,413,407)	319,142
<b>TOTAL CURRENT LIABILITIES</b>		<b>6,544,108</b>	<b>6,868,503</b>	<b>3,053,684</b>	<b>4,432,161</b>
<b>WORKING CAPITAL</b>		<b>427,713</b>	<b>(4,286,194)</b>	<b>(1,095,427)</b>	<b>(3,049,794)</b>
<b>Add: NON CURRENT ASSETS</b>					
Property, Plant & Equipment	15	96,491,366	90,226,452	117,473,808	92,256,028
Investment Property		15,836,700	15,329,500	15,329,500	15,836,700
<b>TOTAL NON CURRENT ASSETS</b>		<b>112,328,066</b>	<b>105,555,952</b>	<b>132,803,308</b>	<b>108,092,728</b>
<b>Less: NON CURRENT LIABILITIES</b>					
Deferred tax liability	16	8,519,744	9,990,066	9,990,066	8,519,744
Long term borrowings	14	19,500,000	7,950,000	40,528,947	12,000,000
<b>TOTAL NON CURRENT LIABILITIES</b>		<b>28,019,744</b>	<b>17,940,066</b>	<b>50,519,013</b>	<b>20,519,744</b>
<b>NET ASSETS</b>		<b>84,736,035</b>	<b>83,329,692</b>	<b>81,188,867</b>	<b>84,523,190</b>
Represented by:					
<b>SHAREHOLDERS' EQUITY</b>					
Paid in Capital		9,380,400	9,380,400	9,380,400	9,380,400
Retained earnings		26,888,801	27,763,199	25,622,374	26,675,956
Asset revaluation reserve		48,466,834	46,186,093	46,186,093	48,466,834
<b>TOTAL SHAREHOLDERS' EQUITY</b>		<b>84,736,035</b>	<b>83,329,692</b>	<b>81,188,867</b>	<b>84,523,190</b>

For and on behalf of the Board



Murray Geogel – Chair  
Date: 26 February 2026



Shelly Mitchell-Jenkins – Director  
Date: 26 February 2026

*The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements. These financial statements are unaudited.*

**STATEMENT OF CASH FLOWS**  
For the Six Months Ended 31 December 2025

<i>Note</i>	31-Dec-25 6 Months Unaudited	31-Dec-24 6 Months Unaudited	30-Jun-26 12 Months SOI	30-Jun-25 12 Months Audited
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Cash was provided from:				
Receipts from Customers	12,378,511	11,090,018	20,476,355	16,756,830
Interest Received	-	-	-	-
Income Tax Refund	-	-	-	-
<b>Operating Cash Inflows</b>	<b>12,378,511</b>	<b>11,090,018</b>	<b>20,476,355</b>	<b>16,756,830</b>
Cash was disbursed to:				
Payment to Suppliers and Employees	7,889,813	7,440,923	6,687,170	8,709,427
Tax Loss Payment to PNCC	-	-	-	114,458
Payment of Income Tax	765,835	246,509	1,300,000	730,754
Interest Payments	310,492	258,281	1,467,666	502,663
<b>Operating Cash Outflows</b>	<b>8,966,140</b>	<b>7,945,713</b>	<b>9,454,836</b>	<b>10,057,302</b>
<b>Net Cash Flows from Operating Activities</b>	<b>3,412,371</b>	<b>3,144,305</b>	<b>11,021,519</b>	<b>6,699,528</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Cash was provided from:				
Sale of Property Plant and Equipment	-	-	-	-
<b>Investing Cash Inflows</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Cash was applied to:				
Acquisitions of Property, Plant & Equipment	8,326,913	4,763,805	36,808,648	10,211,745
Acquisitions of Investment Property	-	-	-	-
<b>Investing Cash Outflows</b>	<b>8,326,913</b>	<b>4,763,805</b>	<b>36,808,648</b>	<b>10,211,745</b>
<b>Net Cash Flow from Investing Activities</b>	<b>(8,326,913)</b>	<b>(4,763,805)</b>	<b>(36,808,648)</b>	<b>(10,211,745)</b>
<b>CASH FLOW FROM FINANCING ACTIVITIES</b>				
Cash was provided from:				
Borrowings	16,450,000	3,500,000	26,065,443	5,300,000
<b>Financing Cash Inflows</b>	<b>16,450,000</b>	<b>3,500,000</b>	<b>26,065,443</b>	<b>5,300,000</b>
Cash was applied to:				
Repayment of Borrowings	6,250,000	2,800,000	(27,236)	2,700,000
Payment of Dividends	300,000	195,000	300,000	195,000
<b>Financing Cash Outflows</b>	<b>6,550,000</b>	<b>2,995,000</b>	<b>272,764</b>	<b>2,895,000</b>
<b>Net Cash from Financing Activities</b>	<b>9,900,000</b>	<b>505,000</b>	<b>25,792,679</b>	<b>2,405,000</b>
<b>Net Increase/(Decrease) in Cash, Cash Equivalents and Bank Overdrafts</b>	<b>4,985,458</b>	<b>(1,114,500)</b>	<b>5,550</b>	<b>(1,107,217)</b>
Cash, Cash Equivalents and Bank Overdrafts at the Beginning of the year	54,414	1,161,631	52,346	1,161,631
Cash, Cash Equivalents and Bank Overdrafts at Year End	<b>5,039,872</b>	<b>47,131</b>	<b>57,896</b>	<b>54,414</b>

*The accompanying accounting policies and notes form part of and are to be read in conjunction with these financial statements.  
These financial statements are unaudited.*

**STATEMENT OF COMMITMENTS**  
For the Six Months Ended 31 December 2025

<b>Non-cancellable Commitments - Operating Lessee</b>		} Commitments, incl Operating Leases, Maintenance Contracts, and Vehicle Leases
Not more than one year	166,985	
One to two years	62,676	
Two to five years	88,976	
Over five years	-	
<b>Total</b>	<b>318,637</b>	
<b>Non-cancellable Commitments - Operating Lessor</b>		} Property and Car Park Leases With PNAL as the Lessor
Not more than one year	1,435,318	
One to two years	2,070,684	
Two to five years	3,001,487	
Over five years	2,661,904	
<b>Total</b>	<b>9,169,393</b>	

## NOTES TO THE FINANCIAL STATEMENTS

For the Six Months Ended 31 December 2025

### 1. REPORTING ENTITY

Palmerston North Airport Limited is a New Zealand company registered under the Companies Act 1993.

### 2. BASIS OF PREPARATION

#### Statement of Compliance

The financial statements of Palmerston North Airport Limited have been prepared in accordance with the requirements of the Airport Authorities Act 1966, Airport Authorities Amendment Act 2000, the Local Government Act 2002, Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 the Companies Act 1993, and the Financial Reporting Act 2013. The financial statements have been prepared in accordance with NZ GAAP. They have been prepared in accordance with Tier 2 PBE reporting standards.

The entity is eligible and has elected to report with Tier 2 PBE accounting standards RDR on the basis that the entity has no public accountability and has expenses  $\geq$  \$5m and  $\leq$  \$33m.

#### Measurement base

The financial statements have been prepared on a historical cost basis except where modified by the revaluation of land and buildings and infrastructure assets.

#### Functional and presentation currency

The financial statements are presented in New Zealand Dollars and all values are rounded to the nearest dollar. The functional currency of the company is New Zealand Dollars.

### 3. ACCOUNTING POLICIES

#### Changes in accounting policies

There were no changes to accounting policies during the period being reported.

#### Specific accounting policies

The accounting policies as published in the Annual Report to 30 June 2025 have been applied consistently to all periods presented in these financial statements.

	31-Dec-25 6 Months Unaudited	31-Dec-24 6 Months Unaudited	30-Jun-26 12 Months SOI	30-Jun-25 12 Months Audited
<b>4. REVENUE</b>				
Aeronautical revenue	6,478,283	5,896,679	12,488,201	11,433,527
Car park, rent and advertising	2,636,735	2,615,045	5,146,812	5,130,415
Other	165,085	211,103	286,789	390,986
Interest	703	-	-	-
<b>Total</b>	<b>9,280,806</b>	<b>8,722,827</b>	<b>17,921,802</b>	<b>16,954,928</b>

<b>5. OTHER OPERATING EXPENSES</b>				
Rates	293,664	256,021	565,100	509,112
Power and Insurance	378,713	372,378	793,668	754,611
Repairs and maintenance	631,648	814,206	1,776,468	1,496,812
<b>Total</b>	<b>1,304,025</b>	<b>1,442,605</b>	<b>3,135,236</b>	<b>2,760,535</b>

<b>6. EMPLOYEE EXPENSES*</b>				
Salaries and wages	1,388,485	1,269,846	2,864,913	2,526,192
Employer Contribution to Kiwi Saver	42,732	37,116	84,452	69,433
Movement in employee entitlements	27,219	(1,330)	55,760	(5,256)
<b>Total</b>	<b>1,458,436</b>	<b>1,305,632</b>	<b>3,005,125</b>	<b>2,590,369</b>

\*Excludes Rescue Fire Service (RFS). RFS are included in Airfield Services expenditure.

<b>7. GENERAL ADMINISTRATION</b>				
Marketing	168,489	249,410	615,004	414,346
Contractors	14,700	12,828	54,400	34,879
Consultants	300,016	409,012	562,500	927,043
Legal	455,578	46,386	125,004	176,318
PFAS Monitoring & Testing	38,855	116,128	50,000	162,067
Temporary Terminal and Demolition Costs*	609,522	957,682	921,210	613,434
Other	348,216	389,275	962,981	737,924
<b>Total</b>	<b>1,935,376</b>	<b>2,180,721</b>	<b>3,291,099</b>	<b>3,066,011</b>

\*The accounting treatment of temporary terminal costs is subject to refinement and confirmation.

This may result in a reallocation of expenditure between capex/opex.

This will be confirmed prior to 30 June 2025 and updated accordingly.

<b>8. FINANCE COST</b>				
Interest on term loans	406,837	258,281	1,467,666	576,640
<b>Total</b>	<b>406,837</b>	<b>258,281</b>	<b>1,467,666</b>	<b>576,640</b>

	31-Dec-25 6 Months Unaudited	31-Dec-24 6 Months Unaudited	30-Jun-26 12 Months SOI	30-Jun-25 12 Months Audited
<b>9. TAXATION</b>				
Current year tax payable	199,440	562,063	(51,212)	1,439,727
Prior year adjustments	-	-	-	-
Movement in deferred tax	-	-	-	(1,407,583)
<b>Total</b>	<b>199,440</b>	<b>562,063</b>	<b>(51,212)</b>	<b>32,143</b>

<b>10. CASH &amp; CASH EQUIVALENTS</b>				
Current account	4,784,227	45,424	55,009	52,521
Cash on hand	300	1,708	2,887	1,893
Retentions Trust Bank Account	255,347	-	-	-
<b>Total</b>	<b>5,039,874</b>	<b>47,132</b>	<b>57,896</b>	<b>54,414</b>

<b>11. TRADE ACCOUNTS AND OTHER RECEIVABLES</b>				
Debtors and other receivables	1,447,834	1,205,013	1,670,590	1,152,481
Receivables from related party	1,040	1,040	-	656
Income tax receivable	-	-	-	-
Allowance for credit losses	-	-	-	(8,144)
<b>Total</b>	<b>1,448,874</b>	<b>1,206,053</b>	<b>1,670,590</b>	<b>1,144,993</b>

<b>12. TRADE ACCOUNTS PAYABLE</b>				
Trade accounts payable	1,263,938	2,096,076	4,966,933	1,683,226
Payables to related party	371,265	192,906	-	270,180
<b>Total</b>	<b>1,635,203</b>	<b>2,288,982</b>	<b>4,966,933</b>	<b>1,953,406</b>

Debtors and other receivables are non-interest bearing and receipt is normally on 30-day terms. Therefore, the carrying value of debtors and other receivables approximates their fair value after making provisions for impairment on specific overdue accounts.

<b>13. EMPLOYEE BENEFIT LIABILITIES</b>				
Accrued Pay	81,597	61,928	180,632	200,702
Annual leave	320,141	309,208	303,705	311,829
<b>Total</b>	<b>401,738</b>	<b>371,135</b>	<b>484,337</b>	<b>512,531</b>

<b>14. BORROWINGS</b>				
Long term borrowings	19,500,000	7,950,000	40,528,947	12,000,000
Current portion of borrowings	4,000,000	3,450,000	-	1,300,000
<b>Total</b>	<b>23,500,000</b>	<b>11,400,000</b>	<b>40,528,947</b>	<b>13,300,000</b>

The Company has a bank facility of \$5.0 million which is secured by a registered first debenture and mortgage from the Bank of New Zealand over assets and property of the Company. The Company has a further facility with Palmerston North City Council (indirect LGFA funding) for \$44.6m (indirect LGFA funding). The carrying value of borrowings is materially consistent with the fair value. Borrowings are classified as current liabilities where the debt tranche is floating or fixed for less than 12 months after 31 December 2025. Otherwise borrowings are classified as non-current.

**15. PROPERTY, PLANT AND EQUIPMENT**

	30-Jun-25 Carrying Amount	Additions	Disposals	Disposals Accum Depr	Depreciation	31-Dec-25 Carrying Amount
Land	33,380,000	-	-	-	-	33,380,000
Buildings	14,330,020	6,156,902	-	-	1,987,978	18,498,944
Infrastructure - Land	6,792,022	873,659	6,914	-	131,967	7,526,799
Infrastructure - Air	34,898,732	21,151	-	-	575,964	34,343,919
Plant & Equipment	1,366,019	83,422	3,865	3,865	220,109	1,229,331
Furniture & Fittings	68,207	76,052	-	-	8,008	136,251
Computer Equipment	102,140	7,568	3,588	3,588	22,397	87,311
Motor Vehicles	1,289,627	25,310	-	-	54,631	1,260,306
Intangibles	29,261	19,079	28,938	13,504	4,402	28,503
<b>Total</b>	<b>92,256,028</b>	<b>7,263,141</b>	<b>43,305</b>	<b>20,957</b>	<b>3,005,457</b>	<b>96,491,366</b>

It is Management's opinion that there is no reason that any of the assets should be impaired, as at 31 December 2025. Management note the current terminal is anticipated to be expensed via accelerated depreciation during the FY25 and FY26 income years upon commitment to demolition of the building. The net book value estimated to be subject to accelerated depreciation in FY26 totals \$4.49 million.

**16. DEFERRED TAX ASSETS/(LIABILITIES)**

	Investment Property	Property, plant and equipment	Employee entitlements	Other provisions	Total
Balance at 30 June 2025	276,933	8,353,499	(108,406)	(2,281)	8,519,744
Change to profit and loss	-	-	-	-	-
<b>Balance at 31 December 2025</b>	<b>276,933</b>	<b>8,353,499</b>	<b>(108,406)</b>	<b>(2,281)</b>	<b>8,519,744</b>

**17. CONTINGENCIES**

Payments made under operating leases are recognised on a straight-line basis over the term of the lease.



Palmerston North Airport Limited  
PO Box 4384  
Palmerston North 4442  
NEW ZEALAND

26<sup>th</sup> February 2026

The Shareholder,  
Palmerston North Airport Limited  
C/- Mr Waid Crockett  
Chief Executive Officer  
Palmerston North City Council  
Private Bag 11034  
**PALMERSTON NORTH**

Dear Waid

**DRAFT STATEMENT OF INTENT: FY27-FY29**

Please find enclosed Palmerston North Airport Limited's (PNAL) Draft Statement of Intent (SOI) for FY27 through to FY29.

Palmerston North City Council (PNCC) expectations as outlined in the Statement of Expectations for FY27-FY29 dated 9 October 2025, and Shareholder strategic goals are reflected in this SOI.

The SOI has been reviewed and approved by the PNAL Board of Directors.

A presentation will be made to the Economic Growth Committee on Wednesday 1<sup>st</sup> April 2026.

Key highlights of the SOI are as follows;

- Continuing from our prior year SOI, we have retained a section called 'Summary of Statement of Expectations' (pages 6-9). PNAL have used this section to summarise at a glance the ways in which PNAL intends to meet each of the criteria outlined in the Shareholder Statement of Expectations.
- Similar to the above, we have also retained the section called 'Alignment with PNCC Vision and Goals' (page 36-38). This summarises how PNAL intends to support PNCC's vision of Small City Benefits, Big City Ambition and its four related goals.
- This SOI outlines a number of exciting areas of progress across FY27-FY29. These include:
  - The 5,000m<sup>2</sup> terminal redevelopment (TDP) is well advanced with Stage 1 (Western end) due for completion in late CY 2026 and Stage 2 due for completion in late CY 2027. The terminal promises to provide an appropriate and futureproofed gateway for our City and wider region. Whilst ensuring seismic resilience and an ability to accommodate future growth in passenger volumes, the terminal will enable scheduled jet services to return subject to commercial terms being agreed with Air New Zealand and/or another potential operator. These services may commence from as early as mid CY2028.
  - The ongoing investment in Ruapehu Aeropark, in support of our income diversification strategy and Te Utanganui growth remain key priorities for PNAL. During the first year of the SOI, 8,000m<sup>2</sup> of airside freight and logistics warehousing will be completed, providing Freightways Group with additional capacity and direct airside access for freighter operations, as well as a second warehouse with flexibility as tenant needs evolve. Readers will be able to see this progress for themselves, with the site now fully fenced off and groundworks about to commence.
  - Other commercial opportunities being pursued during this SOI period include premises for aeromedical operators, an off-site rental car grooming and parking facilities, and work over the medium term horizon towards a planned 4 hectare commercial precinct including supermarket, restaurant/ café and other amenity.
  - Total spend on Ruapehu Aeropark, including the warehouses outlined above, totals \$24.7m across the three -year SOI period.
- We are pleased to announce our new long term banking relationship with the Industrial and Commercial Bank of China (ICBC) and our renewed banking relationship with BNZ. This brings our external debt funding

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facilities to \$50m, which sits alongside the existing \$50m facility with PNCC. Refer to page 29 of the SOI for further details.

- Significant consideration has been given to ensuring PNAL's debt remains at a level which ensures PNAL's credit rating would be considered investment grade (minimum of BBB-) over the medium term, including factoring in downside scenarios to revenue and capital spend. This has ensured that PNAL debt level balances opportunity with an appropriate level of risk.
- Reflecting this debt capacity, this SOI outlines a maximum debt level of \$77.6m in FY28 (Year 2), which then reduces modestly in FY29. The SOI illustrates that at these debt levels, key financial metrics are maintained at prudent levels.
- PNAL will also continue with the divestment of six hectares non-strategic land during the SOI period, with the timing of this subject to the requirements of the Public Works Act.
- PNAL is also continuing to actively pursue like minded strategic partnerships, to share the investment and reward of accelerating the development of Ruapehu Aeropark over the medium to long term. To enable this, work will continue into FY27 on the 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 steps make sure any investment is flexible, efficient and fit for purpose.
- PNAL remains committed to a continued reinvestment in upgrading critical airside infrastructure and landside customer experience initiatives. In total \$9.8m of airside improvements are anticipated over the three-year period, which includes Stage 1 (of 3) relating to the reseal of the main runway, a ~\$15m project which continues beyond the SOI period. A further \$4.35m allocated to landside projects.
- Sustainability, including emissions reductions, will continue to play an important role at PNAL, with our goal to reach net zero emissions by 2035. The SOI highlights PNAL's recent successes in this area, as well as signals our commitment to move beyond our current Level 4 ("Transformation") of the Airport Carbon Accreditation programme, to the next level of Level 4+ ("Transition"). Recent successes to highlight include:
  - PNAL has exceeded PNCC's goal of a 44% reduction in greenhouse gas emissions per capita in Palmerston North (from the 2016/17 baseline) by 2034, with PNAL having so far achieved an 84% reduction in Scope 1 and 2 emissions below the 2022 baseline.
  - The recent carbon lifecycle assessment undertaken on the terminal redevelopment highlights the benefits of our use sustainable building materials and energy efficient systems, with the terminal's lifecycle emissions forecast to be around 20% below the average for large non-residential construction across New Zealand.
  - The terminal redevelopment itself has also seen 88% of the demolished old terminal recycled and diverted from landfill.
  - PNAL have identified further potential emission savings through the use of biodiesel in our vehicles. This will be investigated and pursued throughout the SOI period. In addition, PNAL has future proofed the warehouses discussed above, with the roof structure being strengthened to enable the addition of solar at a later date.
- Passenger volume growth is expected to be modest during the SOI period, reaching 537,000 by FY29 (from 511,000 in FY26). While passenger volumes show modest change, aeronautical income is forecast to increase by \$3.1m across the SOI period, reflecting the ongoing recovery and return generated from airlines in respect of PNAL's investment in airside infrastructure and the terminal redevelopment. We continue to view air service development with a long term strategic mindset, with the objective of introducing jet aircraft on the Auckland route from as early as Q2 of CY2028.
- Underpinning everything mentioned above is PNAL's commitment to safety. We have a Zero Harm approach to those who visit and work within our airport community. We will also continue to meet our regulatory and statutory obligations including Civil Aviation Rule Part 139, Resource Management Act, Palmerston North and Manawatu District Plans.
- Financial performance steadily grows across the SOI period to record high levels, with net profit after tax reaching ~\$6.1m by FY29. This is aided by one-off divestments of non-strategic land, but EBITDA also steadily grows to record highs, growing by \$5.6m across the SOI period to \$12.9m by FY29.
- Dividends equal to 40% of NPAT (excl fair value gains and one-off land sales) are forecast across the SOI period, ranging from \$0.7m in FY27 through to \$1.3m by FY29. Dividends in each year of the SOI represents

a record high level of dividend, unseen before in the history of the Company, reflecting the outcome of PNAL's ongoing diversification strategy and investment in the terminal redevelopment and aeronautical asset base.

- To further illustrate PNAL's return to the shareholder, a new financial metric has been added to this SOI, namely Total Shareholder Return. This metric, sourced from Treasury as a way to provide an independent and accurate measure of return, sets a target return of at least 8% per annum, in line with PNAL's long run historic average return. Further details on this metric are outlined on page 23 of the SOI.

We trust the above provides a useful overview of this SOI. We encourage you to read our SOI in detail for further explanations and look forward to the opportunity to discuss the SOI further with you on 1<sup>st</sup> April.

Yours sincerely

A handwritten signature in blue ink, appearing to read 'David Lanham', with a long horizontal flourish extending to the left.

David Lanham  
Chief Executive Officer

# STATEMENT OF INTENT

For The Year Ending 30 June 2027

DRAFT

26 FEBRUARY 2026



**PALMERSTON NORTH  
AIRPORT LIMITED**

STATEMENT OF INTENT

# CONTACT DETAILS

CONTACT DETAILS FOR BOTH THE CHAIR  
AND THE CHIEF EXECUTIVE ARE:

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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 & 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 on-going 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 & 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	<ul style="list-style-type: none"> <li>→ PNAL’s purpose statement reads <i>Launching our communities into a promising future</i> while our vision is to be <i>New Zealand’s leading regional airport</i>.</li> <li>→ PNAL’s strategic objectives are categorised within “the Five C’s”: Culture, Customer, Community, Commercial and Compliance.</li> </ul>	<ul style="list-style-type: none"> <li>→ 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.</li> </ul>
DEEP DIVE SECTION	<p>Nature and Scope of Activities → page 3</p> <p>Wider Economic Impact → pages 18—19</p> <p>Key Objectives → pages 4—5</p>	<p>Governance → page 39</p>



## THE AIRPORT AS A COMMERCIAL ENTITY

- Focussed on delivering the terminal redevelopment during the SOI period to ensure business resilience, facilitate sustainable growth in passenger volumes and enhance the customer experience.
- Pursuit of diversification of PNAL's revenue sources with a focus on freight and logistics and aviation tertiary training. This includes the delivery of 5,000m<sup>2</sup> of airside freight/ logistics warehousing in Year 1 of the SOI and additional developments thereafter.
- PNAL is focussed 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 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.

Terminal Development Project  
 → page 10

Airside Freight & Logistics Warehouses  
 → page 11

Ruapehu Aeropark / Income Diversification  
 → page 17

Wider Economic Impact  
 → pages 18—19

Performance Metric Targets  
 → page 22

Project Funding & Strategic Partnerships  
 → page 20

Financial Statement Forecasts  
 → pages 28—30

Dividend Policy  
 → page 35

SUMMARY OF STATEMENT OF EXPECTATIONS

SHAREHOLDER EXPECTATION	PROVISION OF LINE OF CREDIT	ENVIRONMENTAL IMPACTS
RESPONSE	<ul style="list-style-type: none"> <li>→ 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.</li> <li>→ 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.</li> <li>→ 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.</li> <li>→ Together with the PNCC facility, this sets PNAL up to complete the terminal and accelerate developments within Ruapehu Aeropark.</li> <li>→ 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.</li> </ul>	<ul style="list-style-type: none"> <li>→ 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.</li> <li>→ PNAL have contributed to, and exceeded this target already, with Scope 1 and 2 emissions currently 84% below PNAL’s 2022 baseline.</li> <li>→ PNAL’s objective is to reach net zero emissions by 2035.</li> <li>→ Scope 3 emission reductions remain a focus for PNAL going forward.</li> <li>→ 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.</li> <li>→ PNAL also intend to investigate additional carbon reduction initiatives during the SOI period, including the use of biodiesel in PNAL’s vehicles.</li> <li>→ 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.</li> </ul>
DEEP DIVE SECTION	<p>Performance Metric Targets → <a href="#">page 22</a></p> <p>Project Funding &amp; Strategic Partnerships → <a href="#">page 20</a></p> <p>Financial Statement Forecasts → <a href="#">pages 28—30</a></p> <p>Dividend Policy → <a href="#">page 35</a></p>	<p>Our Environment → <a href="#">page 13</a></p>

## 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 focussed on sustainable growth in aeronautical activities. This includes passenger, airfreight, aviation tertiary training (including Halls of Residence) and aeromedical/patient transfers.

One Team  
 → page 12

Our Community  
 → page 12

Air Service Development  
 → page 17

Health, Safety & Security  
 → page 16

District Plan  
 → page 16

Ruapehu  
 Aeropark / Income  
 Diversification /  
 Te Utanganui  
 → page 17

## 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.

Ruapehu Aeropark / Income Diversification /  
 Te Utanganui  
 → page 17

Wider Economic Impact  
 → pages 18—19

Alignment with PNCC Goals and Vision  
 → pages 36—38

# 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 steel portal frame at the Western end of the terminal was being constructed. This will be followed in early 2026 with the commencement of 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 LT McGuinness engaging an estimated 22 local subcontractors and up to 18 locally based LT McGuinness employees.

Stage 1 construction is scheduled for completion by late 2026, with Stage 2 following in 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.

The budget for the new terminal remains at \$43.4 million plus contingency. ✕



# 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 the Te Utanganui – Central New Zealand Distribution Hub.**

This purpose-built facility spans 8,000m<sup>2</sup> and includes two warehouses, 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 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 second adjoining 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.

Spread across FY26 (current year) and into FY27 and FY28, we anticipate significant fair value uplifts to PNAL's balance sheet as a result of this project, making a significant 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.

Objectives of the Whānau Kotahi/One Team Wellness Program:

- Enhance the physical and mental wellbeing of employees and volunteers, delivering flow-on benefits such as improved engagement, retention and productivity.
- Align with PNAL's culture, and Health, Safety and Wellness Policy objectives.
- Promote diversity and inclusivity across all PNAL departments – Rescue Fire, Terminal & Facilities, and Corporate.
- Offer opportunities for growth and development through increased knowledge of wellness.
- Ensure initiatives are achievable, sustainable and cost-effective.
- Encourage creativity, innovation, and openness to change.
- Position PNAL as being an employer of choice.

## 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. We deeply value their guidance and support. While recent efforts have focused on co-designing our new terminal, we are now working to involve Rangatahi in the Terminal Development Programme through our main contractor. Looking ahead, we will continue to pursue the development of pathways for Rangatahi to pursue careers in aviation.

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 Centrepunt Theatre, Wildbase Hospital, Just Zilch and Central Energy Trust Arena (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.

Retaining our Level 4 ("Transformation" Airport Carbon Accreditation (ACA) is a key focus, reflecting the strength of our carbon management approach and our commitment to achieving long-term, absolute reductions in emissions under our operational control.

We will continue to build on the significant progress already made in reducing emissions, consistent with the requirements of the 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 the investigation of alternative fuel sources for our vehicles, including biodiesel and approved offsets of 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.

This includes 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. Thanks to the efforts of LT McGuinness Ltd and Central Demolition, 88% of materials were diverted from landfill. Fixtures, fittings and the existing HVAC plant were carefully removed for reuse in the future terminal, while recycled materials included metal, concrete, ceiling tiles, gib and timber. 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 and updated as the terminal design has progressed. This provides a comprehensive evaluation of the carbon emissions associated with the materials, construction and operational phases of the terminal and supports transparent communication with stakeholders about how environmental impacts are being identified and managed.

Upfront carbon (A1-A5 – product, transport and construction stages) for the terminal is 612 kgCO<sub>2</sub>e/m<sup>2</sup> (LCA result). For context, MBIE's Building for Climate Change programme reports an average upfront (A1-A5) intensity of around 775 kgCO<sub>2</sub>e/m<sup>2</sup>, with a typical range of ~550-978 kgCO<sub>2</sub>e/m<sup>2</sup> across new buildings.

While this is a general New Zealand benchmark for large non-residential construction, it provides a useful point of reference and indicates the terminal sits towards the low end of the NZ range and around 20% below the reported average.



















































































































































































































































































































































**ITEM 12 - ATTACHMENT 2**

















































































