The Audit Office
Te Mana Arotake

Independent Auditor's Report

To the readers of Whanganui Port Limited Partnership's financial statements and performance information for the year ended 30 June 2026

The Auditor-General is the auditor of Whanganui Port Limited Partnership. The Auditor-General has appointed me, Debbie Perera, using the staff and resources of The Audit Office, to carry out the audit of the financial statements and performance information on his behalf.

Opinion

We have audited:

- the financial statements of the Partnership that comprise the statement of financial position as at 30 June 2026, the statement of comprehensive revenue and expense, statement of changes in equity and statement of cash flows for the year ended on that date and the notes to the financial statements that include material accounting policy information and other explanatory information on pages 9 to 27; and
- the performance information that consists of the statement of service performance for the year ended 30 June 2026 on pages 6 to 8.

In our opinion:

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

Basis for our opinion

We carried out our audit in accordance with the Auditor-General's Auditing Standards, which incorporate the Professional and Ethical Standards and the International Standards on Auditing (New Zealand) issued by the New Zealand Auditing and Assurance Standards Board. Our

responsibilities under those standards are further described in the *Responsibilities of the auditor* section of our report.

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

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

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

The Board of Directors is responsible on behalf of the Partnership for preparing financial statements that are fairly presented and comply with Public Benefit Entity Standard Reduced Disclosure Regime. The Board of Directors is also responsible for preparing the performance information contained in the statement of service performance of the Partnership in accordance with the Act.

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

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

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

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

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

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

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

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

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

- We identify and assess the risks of material misstatement of the financial statements and performance information, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- We obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Partnership's internal control.

- We evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Board of Directors.

- We conclude on the appropriateness of the use of the going concern basis of accounting by the Board of Directors and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Partnership's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the information we audited or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Partnership to cease to continue as a going concern.

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

- We evaluate the overall presentation, structure and content of the performance information, including the disclosures, and assess whether the performance information achieves its statutory purpose of enabling the Partnership's readers to judge the actual performance of the Partnership against its objectives in its statement of intent.

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

Our responsibilities arise from the Public Audit Act 2001.

Other information

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

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

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

Independence

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

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



Debbie Perera
The Audit Office
On behalf of the Auditor-General
Palmerston North, New Zealand
30 September 2026

Whanganui Port Limited Partnership

Annual Report

For the year ended 30 June 2026

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Partnership Report

I am pleased to report on the performance of the Whanganui Port Limited Partnership for the year ended 30 June 2026. The Limited Partnership has achieved a loss of $4.5m, predominantly due to an increase in Te Pūwaha Project Costs of $6.2m in FY26 compared to $1.2m in FY25.This is driven by Dredging costs of 4.6m and other consultancy costs of 1.6m. Excluding Gain with revaluation of assets, Te Pūwaha Project Costs and Depreciation the end of year result would have been a profit of $500k in FY26.

Overview

Whanganui Port General Partner Limited (Port GP) is in partnership with Whanganui District Council, the Limited Partner, in the Whanganui Port Limited Partnership. The Limited Partnership is a stand-alone legal entity which owns the Harbour Endowment land and port assets. Port GP is the General Partner in the Limited Partnership and provides the governance function to the Limited Partnership including the management of the port and Harbour Endowment assets and operations.

Under the terms of the Limited Partnership, Port GP is responsible for the rebuilding of the port wharfs and associated infrastructure and the running of the operations of the port, in addition to the management of the Harbour Endowment portfolio.

The rebuilding of the wharfs is one of four strands of work under the larger Te Pūwaha project which aimed at revitalising Whanganui's port and associated lower river infrastructure.

Te Pūwaha: The Whanganui Port Revitalisation Project

Port GP is responsible for the rebuilding of the port wharves and associated infrastructure as part of Te Pūwaha: the Whanganui Port revitalisation project. Upon completion of Te Pūwaha, Whanganui will have enhanced flood protection and a modern purpose-built marine precinct, securing the Whanganui Port as a community asset for the next 50 years and beyond.

The historic wharves which comprise the Whanganui Port were neglected and urgently need restoration. Without this work, the existing port operations would be limited to Wharf 1 as has been the case for the last few years.

The Port GP infrastructure project includes:

- Upgrading 450m of wharves.
- Development of marine infrastructure.
- Provision of a hardstand and runway suitable for a mobile boat hoist with a 380-tonne lift capacity to enable boats to be lifted in and out of the water.
- Improving dredging capabilities to secure the long-term safe use of the wharves and public slipway.

Stage One construction works for the Whanganui Port rebuild is almost complete, comprising heavy pavement vessel hardstand and concrete structures out over the Whanganui River, capable of carrying a 380-tonne capacity mobile boat hoist. Construction of a specialist water treatment plant to service the vessel maintenance heavy pavement has been completed recently.

As at 30 June 2026 construction works on Wharf 3 is mostly completed. This work was advanced due to accelerated erosion which had resulted in loss of ground material from behind the old wharf structure. Planning for Stage Two has taken longer than originally planned and are depended on available funding

Ongoing management of contaminated ground within the development site continued to be an issue during FY26 due to the emerging volume of material involved.Although ground contamination on port developments such as these are typical, the extent and the impact of the issue has exceeded expectations.

Dredging remains a significant issue for the Port. Flood events and continuous natural siltation continually re-silting the area. Dredging will always be a significant ongoing cost to keeping the Port operational.

Te Awa Tupua Way of Working

Te Awa Tupua Act was enacted to implement the historical Treaty Settlement with Whanganui Iwi in relation to the Whanganui River. Te Awa Tupua represents a new beginning in terms of respect for the Whanganui River and recognition of the inalienable connection between Whanganui Iwi and the Whanganui River. This is a detailed set of legislation which includes a range of mechanisms to recognise the Whanganui River as Te Awa Tupua and to provide legal expression to the relationship between Whanganui Iwi and the River.

A fundamental driver for the Limited Partnership is the requirement for all organisations to uphold the values of Tupua te Kawa and the intrinsic values that represent the essence of Te Awa Tupua, and ensure we continue to work with the hapū collective that invites participation from all hapū with interest.

Harbour Endowment Properties

From an opening balance of $31.280m on 1 July 2025, the property portfolio closing balance was $33.405m, an increase of $2.1m.

Rental revenue from the investment properties decreased from $1.52m in FY25 to $1.49m in FY26, a decrease of $30k due to Rent received in Advance being accounted for in FY27. This has been treated differently in prior years.

The review of the investment properties planned for FY26 is now expected to be completed in FY27. The purpose of the review is to evaluate performance and strategy for each asset, including potential divestment of poor performing assets and those public good and iwi sensitive assets that are more suited to ownership by the Whanganui District Council.

Governance

The partners of the Limited Partnership have delegated governance and statutory management responsibilities to Port GP via the Whanganui Port Limited Partnership Agreement.

Auditors

The Limited Partnership's Auditors are The Audit Office who act on behalf of The Office of the Auditor-General and will continue to do so as required by legislation.

Thanks

I would like to express my appreciation to my fellow directors on Port GP and to the many people involved in the activities of the Limited Partnership in the delivery of the Limited Partnership objectives. Special thanks to Te Pūwaha, Te Mata Pūau and the other iwi and hapu representatives that in partnership with the project partners have ensured that the innate values of Te Awa Tupua are integral to everything we do.



Mark Petersen
On behalf of the General Partner

Statement of service performance

For the year ended 30 June 2026

Whanganui Port Limited Partnership (WPLP)

Objectives

1.1 The WPLP Primary objectives are to manage and operate the Whanganui Port, including upgrades and developments as part of the larger Whanganui Port Infrastructure Project (Te Puwaha).

The board has closely monitored the performance of all the activities that form part of WPLP. During Board meetings stakeholders report back to directors on various activities.

1.1.1 Te Puwaha project has been developed in terms of both economic development for the region, as well as increasing recreational and commercial activity of the port.

The Board has closely monitored the Te Pūwaha project with active participation by the General Manager. This includes updates during board meetings as well as a regular catch-up between directors and the Stage 1 project manager.

1.1.2 Harbour Endowment portfolio is about managing the Endowment Land in accordance with the Whanganui Harbour Act 1988.

The Board has closely monitored the performance of the investment portfolio. WPLP has worked with WDC staff to monitor current investment and develop new investment opportunities, with regular feedback being provided to its shareholder.

1.1.3 Sea Port Operations are about managing and operating the Whanganui Port.

The Board has closely monitored Port Operation activities. Port staff monitor current activities for compliance and to ensure an effective and efficient operation at the Port. This includes capital investment in Port Operations to help building a sustainable future proof business.

Performance targets

Objective	Performance metric	Outcome
The forecast performance targets for the next three years are:		
1. *Ensure* compliance with all agreements including those with Crown and the Whanganui Port Limited Partnership including the Security holders agreements, Partnership Agreement and Operating Agreement.	• Compliance with all agreements. • Maintain a legal overview of all terms and agreements. • WPLP will produce reports in accordance with the Local Government Act 2002 and generally accepted accounting practice. • The financial statements will be prepared and audited by 30 September. • WPLP will produce monthly management reports in accordance with WDC management reporting systems.	• Fully compliant, no issues (same for 2025). • 30 June'25 and 30 June'24 Annual reports was signed off by statutory deadline. • Board and WDC Finance team will ensure 30 June'26 financials are signed off by auditors prior to 30 Sep'26. (2025 signed off 30 Sep'25). • External legal team reviewed documents with all being compliant. (same for 2025).
2. Deliver the port revitalisation as specified by the Security holders agreement	• Project delivery underway as per Security holders agreement. • Condition precedents all being met with Kānoa.	• Compliant with the objective for 2026 and 2025. Hardstand & Wharf 3 have been completed in current year. • Condition precedents have not all been met yet, due to further financing being required to complete the development of the Whanganui Port. No final agreement has been reached, and no final decision has been made regarding the long-term operating model or the full scope of further development.
3. Manage port operations and property endowment portfolio as set out in the Partnership Agreement.	• Professional Property services used. • Property and Facilities Management: Management of the Whanganui Port property portfolio (including the Endowment Land) as per Service Level Agreement. • Port Operations: Undertake	• Property being managed as per objective with regular reporting to directors. (same for 2025). • Port Operations being managed as per objective with regular reporting to directors. (same for 2025).

Objective	Performance metric	Outcome
	all day-to-day matters relating to the operation of the Whanganui Port as per Service Level Agreement.	
4. Manage revenue and cost lines to enable the partnership to be at least break even	• Board and staff managing revenue as per objective. • Monthly reporting to board meetings which include actuals to budget variance as well as cash flow reporting. Major proposed capital reported to Directors for their approval.	• Revenue being managed as per objective. (same for 2025). • Directors ensure enough funds are available before committing them to major expenses. (same for 2025). • Although partnership achieved a loss of 4.5m for year this include 6.2m of Te Puwaha project costs that has been budgeted as capital costs. Excluding Gain with revaluation of assets, Te Puwaha costs and Depreciation the end of year result would have been a profit of 500k, therefore objective has been met.

Statement of comprehensive revenue and expense
For the year ended 30 June 2026

	Note	Actuals 2026 $000	Actuals 2025 $000	Budget 2026 $000
Revenue				
Operating revenue	1	269	368	419
Rental income	2	1,540	1,556	1,654
Interest received	3	98	572	-
Other revenue	4	300	316	300
Gain on revaluation Investment Property	5	2,116	418	-
		4,324	**3,230**	**2,373**
Expenses				
Depreciation		904	312	340
Audit fees for the review of financial statements	6	54	50	20
Rates and Insurance	7	388	462	594
Management Fees	8	778	700	743
Repairs and Maintenance		221	306	440
Consultancy & Contractor costs		77	69	137
Te Puwaha project costs	9	6,241	1,213	-
Legal Fees		10	96	69
Cleaning & Sanitation		17	23	42
Compliance Cost		39	41	40
Other expenses	10	121	164	10
		8,850	3,435	**2,435**
Profit / (Loss)		**(4,527)**	**(205)**	**(62)**
Other comprehensive revenue and expense		-	-	-
Total comprehensive income		**(4,527)**	**(205)**	**(62)**

The accompanying notes form part of these financial statements.

Statement of changes in equity
For the year ended 30 June 2026

	Note	Actuals 2026 $000	Actuals 2025 $000	Budget 2026 $000
Balance at 1 July		65,471	60,676	75,482
Comprehensive revenue and expense				
Total comprehensive income for the year		(4,527)	(206)	(62)
Transactions with shareholders				
Whanganui District Council contribution		14,000	5,000	9,100
Balance at 30 June		**74,944**	**65,471**	**84,520**

The accompanying notes form part of these financial statements.

Statement of financial position
As at 30 June 2026

	Note	Actuals 2026 $000	Actuals 2025 $000	Budget 2026 $000
Assets				
Current assets				
Cash and cash equivalents	11	4,965	10,126	1,182
Debtors and other receivables	12	666	1,132	685
		5,630	11,258	1,867
Non-current assets				
Property, plant and equipment	14	49,914	37,053	65,726
Investment property	18	33,405	31,280	30,665
		83,319	68,333	96,391
Total assets		**88,950**	**79,591**	**98,258**
Liabilities				
Current liabilities				
Trade & other payables	13	1,606	1,720	1,338
		1,606	1,720	1,338
Non-Current liabilities				
Borrowings & other financial liabilities	15	12,400	12,400	12,400
		12,400	12,400	12,400
Total liabilities		**14,006**	**14,120**	**13,738**
Net assets		**74,944**	**65,471**	**84,520**
Equity				
Limited Partnership units	16	59,602	45,602	64,702
Accumulated funds	16	15,342	19,869	19,818
		74,944	**65,471**	**84,520**

For and on behalf of the Board

Chair **Director**

The accompanying notes form part of these financial statements.

Statement of cash flows
For the year ended 30 June 2026

	Note	Actuals 2026 $000	Actuals 2025 $000	Budget 2026 $000
Cash flows from operating activities				
Cash was provided from:				
Receipts from customers		2,557	2,021	2,373
Interest received		98	572	-
Cash was applied to:				
Payments to suppliers		(7,055)	(3,083)	(2,179)
Net cash flows from operating activities	**17**	**(4,399)**	**(490)**	**194**
Cash flows from investing activities				
Cash was provided from:				
Sale of investment property		-	-	-
Maturity of investments		-	8,000	-
Cash was applied to:				
Purchase of fixed assets		(14,762)	(12,774)	(9,270)
Purchase of investments		-	-	-
		(14,762)	**(4,774)**	**(9,270)**
Cash flows from financing activities				
Proceeds from borrowings		-	-	-
Proceeds from issue of units		14,000	5,000	9,100
Net cash from financing activities		**14,000**	**5,000**	**9,100**
Net increase/(decrease) in cash and cash equivalents		**(5,161)**	**(264)**	**24**
Cash & cash equivalents at the beginning of the year		10,126	10,390	1,157
Cash & cash equivalents at the end of the year		**4,965**	**10,126**	**1,182**

The accompanying notes form part of these financial statements.

Statement of accounting policies

For the year ended 30 June 2026

REPORTING ENTITY

The Whanganui Port Limited Partnership (WPLP) is a limited partnership formed by Whanganui Port Limited (WPL) and Whanganui District Council (WDC). WDC is the limited partner of the Partnership in accordance with the Act. WPGPL will be the initial general partner of the Partnership and will act on behalf of the Partnership to carry out the Project (as defined below) and carry on the Business (as defined below), and to otherwise manage all aspects of the Partnership's affairs. WDC will initially contribute towards the capital of the Partnership on the basis set out in agreement. WPLP is a Council Controlled Organisation (CCO) of the Whanganui District Council (WDC) as defined by section 6 of the Local Government Act 2002 and is domiciled in New Zealand. The Partnership has issued Notes which are convertible to Units on the terms and subject to the conditions set out in the Security holders Agreement.

The objectives of WPLP are to manage and operate the Whanganui Port, including upgrades and developments as part of the larger Whanganui Port Infrastructure Revitalisation Project (Te Puwaha). Te Puwaha project has been developed in terms of both economic development for the region, as well as increasing recreational and commercial activity at the port. WPLP essentially exists to manage and operate the Whanganui Port and manage the Endowment Land in accordance with the Wanganui Harbour Act 1988. If WPLP did not exist, then it is considered that WDC would continue to perform this function. The creation of WPLP has arisen due to the requirements of the Provincial Growth Fund funding for the restoration of the port. WPLP has designated itself as a public benefit entity (PBE) for Financial Reporting Purposes.

The financial statements of WPLP are for the year ended 30 June 2026. The financial statements were authorised for issue on 30 September 2026 by Port General Partner Board.

BASIS OF PREPARATION

The financial statements have been prepared on the going concern basis, and the accounting policies have been applied consistently throughout the period. The going concern basis is appropriate because there are no material uncertainties related to events or conditions that may cast significant doubt about the ability of the WPLP to continue as a going concern.

Statement of compliance

The financial statements of WPLP have been prepared in accordance with the requirements of the Local Government Act 2002, which includes the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).

These financial statements have been prepared in accordance with Tier 2 PBE accounting standards on the basis that the WPLP does not have public accountability (as defined) and has total annual expenses of less than $30 million. These financial statements comply with these PBE Standards. WPLP is also a PBE Combination as per PBE IPSAS 40 which constitute an operation through acquisition, as WPLP gain control of one or more operations. WPLP gain control of Harbour Endowment as well as Sea Port Operations on 6 December 2021.

The financial statements are prepared using the historical cost method.

The financial statements are presented in New Zealand dollars and all values are rounded to the nearest thousand dollars. The WPLP's functional currency is New Zealand dollars.

SPECIFIC ACCOUNTING POLICIES

The following accounting policies, which materially affect the measurement of surplus or deficit and financial position, have been applied:

Revenue
Revenue is measured at the fair value of consideration received or receivable. The specific accounting policies for significant revenue items are explained below:

Provision of commercially based services
Revenue derived through the provision of services to third parties in a commercial manner is recognised in proportion to the stage of completion at balance date. Generally, this is determined by the proportion of costs incurred to date bearing to the estimated total costs of providing the service.

Sale of goods
Revenue from sales of goods is recognised when a product is sold to the customer.

Interest
Interest revenue is recognised using the effective interest method.

Cash and cash equivalents
Cash and cash equivalents includes cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts.

Receivables
Receivables are recorded at their face value, less any provision for impairment. A receivable will be impaired when there is evidence that the amount due will not be fully collected. The amount that is impaired is the difference between the amount due and the present value of the amount expected to be collected.

Property plant and equipment
Property, plant and equipment consists of:

Operational assets – these include land, buildings, motor vehicles and plant and equipment.

Restricted assets – these include land and buildings which are part of Operational portfolio. They are restricted assets because they form part of restricted Harbour Endowment portfolio but are not of an investment nature.

All Property, plant and equipment is shown at cost, less accumulated depreciation and impairment losses.

Additions

The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits or service potential associated with the item will flow to WPLP and the cost of the item can be measured reliably.

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

In most instances, an item of property, plant and equipment is recognised at its cost. Where an asset is acquired through a non-exchange transaction, it is recognised at fair value as at the date of acquisition.

Disposals
Gains and losses on disposals are determined by comparing the proceeds with the carrying amount of the asset. Gains and losses on disposals are reported net in the surplus or deficit.

Depreciation
Depreciation is provided on a straight-line basis on all property, plant and equipment other than land, at rates that will write off the cost (or valuation) of the assets to their estimated residual values over their useful lives. The useful lives and associated depreciation rates of major classes of assets have been estimated as follows:

Buildings	25 to 80 years	1 – 4%
Plant, vehicles and equipment	3 to 50 years	2 – 33%
Furniture & Fittings	5 to 10 years	10 - 20%

The residual value and useful life of an asset is reviewed, and adjusted if applicable, at each financial year-end.

Investment property

Properties leased to third parties under operating leases are classified as investment property unless the property is held to meet service delivery objectives, rather than to earn rentals or for capital appreciation.

Investment property is measured initially at its cost, including transaction costs.

After initial recognition the asset shall be carried at its fair value.

Impairment of property, plant and equipment
Property, plant and equipment subsequently measured at cost that have an indefinite useful life, or are not yet available for use are not subject to amortisation and are tested annually for impairment.

Property, plant, and equipment and intangible assets subsequently measured at cost that have a finite useful life are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable.

An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use.

If an asset's carrying amount exceeds its recoverable amount, the asset is regarded as impaired and the carrying amount is written down to the recoverable amount. The total impairment loss is recognised in the surplus or deficit. The reversal of an impairment loss is recognised in the surplus or deficit.

Value in use for non-cash- generating assets
Non-cash-generating assets are those assets that are not held with the primary objective of generating a commercial return. For non-cash-generating assets, value in use is determined using an approach based on either a depreciated replacement cost approach, restoration cost approach, or a service units approach. The most appropriate approach used to measure value in use depends on the nature of the impairment and availability of information.

Borrowings
The Convertible Notes from Ministry of Business, Innovation and Employment (MBIE) is classified as a financial liability in full. Financial statements are prepared in line with PBE IPSAS 41.
Tranche1 to 4 with a total of 12.4 million has been received and the total financial liability from MBIE will be 12.5 million once all milestones are met. Intention is to transfer this to equity once all conditions are met.

Convertible notes
WPLP issued convertible notes which include both equity and liability components, as well as an embedded derivative. In determining the classification we have taken into account the contingent settlement provision first and recognised the convertible note entirely as a financial liability in line with paragraph 30 of PBE IPSAS 28 that states that such an instrument is a liability.

Payables
Short-term creditors and other payables are recorded at their face value.

Equity
Equity is the community's interest in WPLP and is measured as the difference between total assets and total liabilities. Equity is disaggregated and classified into a number of reserves.

The components of equity are:
- accumulated funds
- property, plant and equipment reserves
- units

Property revaluation reserves
This reserve relates to the revaluation of property, plant, and equipment to fair value.

Units
The equity of the WPLP comprises units issued to WDC on the transfer of Port assets and cash contributions. This are expressly for the Whanganui Port upgrades and development as per the Security holders' Agreement. There is no requirement to generate a commercial return from this activity, with

all income derived from commercial activity at the Port and returns from the endowment land investments is required to be applied only towards the operation and development of the Whanganui Port.

One of the expected project outcomes under the Security holders' Agreement is that the Port and associated enterprises will achieve $4 million net operating profit (EBITDA) from marine precinct revenue streams in the mid to long-term. An intention to generate profits and return the profits to its equity holders is indicative of a for-profit entity. However, there are restrictions on distributions to unitholders. Specifically, the WPLP is unable to make a distribution to unitholders as this would breach the statutory duty to apply income derived from the use or disposal of endowment land under section 9 of the Wanganui Harbour Act 1988. As the $4 million is before depreciation, this is further evidence that the WPLP is not expecting to generate and distribute significant amounts to its equity holders.

Once all conditions are met with Financial Liability from MBIE intention is to convert 12.5 million to Equity. It is also noted that distributions to MBIE are not expected but to be transferred to local Iwi as part of the Whanganui Land Settlement Negotiations at some point in the future.

On balance, based on the restrictions imposed and the future intended transfer of MBIE units to local Iwi, management deems the nature of the equity interest to be focused on benefiting the community rather than equity holders.

Goods and Service Tax (GST)

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

Commitments and contingencies are disclosed exclusive of GST.

Income Tax

No income tax is recognised as the Whanganui Port Limited Partnership is transparent for tax purposes with all income, expenses, gains and losses flowed through to the individual partners in accordance with each partner's share of partnership income.

Critical accounting estimates and assumptions

In preparing these financial statements WPLP has made estimates and assumptions concerning the future which may differ from the subsequent actual results. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations or future events that are believed to be reasonable under the circumstances. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Property, plant and equipment useful lives and residual values

At each balance date WPLP reviews the useful lives and residual values of its property, plant and equipment. Assessing the appropriateness of useful life and residual value estimates of property, plant and equipment requires the WPLP to consider a number of factors such as the physical condition of the asset, expected period of use of the asset by WPLP, and expected disposal proceeds from the sale of the asset. An incorrect estimate of the useful life or residual value will impact on the depreciable

amount of an asset, therefore impacting on the depreciation expense recognised in the statement of comprehensive income, and carrying amount of the asset in the statement of financial position. WPLP minimises the risk of this estimation uncertainty by:

- physical inspection of assets
- asset replacement programs
- review of second hand market prices for similar assets
- analysis of prior assets sales

WPLP has not made significant changes to past assumptions concerning useful lives and residual values. The carrying amounts of property, plant and equipment are disclosed in note 13.

Significant Accounting policies:
Specific policies and disclosures have been made to account for the Convertible notes.

Changes in accounting policies:
n/a.

Notes to the Financial Statements

For the year ended 30 June 2026

1. Operating revenue	Actuals 2026 $000	Actuals 2025 $000
Harbour Endowment	229	208
Port Operations revenue	40	160
Total operating revenue	**269**	**368**

2. Rental Income	Actuals 2026 $000	Actuals 2025 $000
Rental from investment properties	1,493	1,523
Rental from other properties	47	33
Total rental income	**1,540**	**1,556**

3. Interest Received	Actuals 2026 $000	Actuals 2025 $000
Interest received - ANZ	98	572
Total Interest received	**98**	**572**

4. Other revenue	Actuals 2026 $000	Actuals 2025 $000
Annual Contribution from Whanganui District Council	300	300
Te Puwaha Project	-	16
Total other revenue	**300**	**316**

5. Gain on revaluation Investment Property	Actuals 2026 $000	Actuals 2025 $000
Gain on revaluation	2,116	418
Total Gain on revaluation Investment Property	**2,116**	**418**

Notes to the Financial Statements

For the year ended 30 June 2026

6. Audit fees for the review of financial statements	Actuals 2026 $000	Actuals 2025 $000
Audit Fee accrual - WPLP 2025/26 Audit fee	54	50
Total Audit Fee	**54**	**50**

The audit fee disclosed for the financial reports represents the fee for the annual statutory audit engagement carried out under the Auditor-General's auditing standards.

7. Rates & Insurance	Actuals 2026 $000	Actuals 2025 $000
Rates	194	190
Insurance	195	272
Total Rates & Insurance	**388**	**462**

8. Management Fees	Actuals 2026 $000	Actuals 2025 $000
Whanganui Port Operating Company Limited	600	520
Whanganui Port General Partner Limited	178	179
Total Management Fees	**778**	**700**

9. Te Puwaha project costs	Actuals 2026 $000	Actuals 2025 $000
Te Puwaha project expenses	1,618	1,213
Te Puwaha dredging costs	4,622	-
Total Te Puwaha project costs	**6,241**	**1,213**

10. Other expenses	Actuals 2026 $000	Actuals 2025 $000
Surveys & Valuations	15	48
Other operating costs	106	116
Total other expenses	**121**	**164**

Notes to the Financial Statements

For the year ended 30 June 2026

11. Cash and cash equivalents

	Actuals 2026 $000	Actuals 2025 $000
Cash at bank and on hand	290	100
Call account - Retentions	863	738
Call account - Te Puwaha	2,988	9,288
Call account - Harbour Endowment	824	-
Total cash and cash equivalents	**4,965**	**10,126**

12. Debtors and other receivables

	Actuals 2026 $000	Actuals 2025 $000
Trade debtors	104	211
GST receivable	216	570
Advances	250	250
Prepayment - Insurance	60	75
Prepayment - Management Fee WPGP	36	26
Total debtors and other receivables	**666**	**1,132**

Fair value
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 approximate their fair value.
WDC from time to time funds the working capital of WPLP.
The status of receivables as at 30 June 2026 and 2025 are detailed below:

	2026 Gross $000	2025 Gross $000
Not past due	491	1,018
Past due 1-60 days	24	62
Past due 61-120 days	55	-
Past due > 120 days	-	52
Total	**570**	**1,132**

13. Trade and other payables

	Actuals 2026 $000	Actuals 2025 $000
Trade payables	705	816
Whanganui District Council	17	98
Retentions	627	756
Accrued expenses	114	50
Revenue in advance	143	-
Total Trade and other payables	**1,606**	**1,720**

Non-interest bearing & settled around 30-day terms, therefore the carrying value are fair value.
All trade payables are exchange.

14. Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

WPLP 2026	Cost/ revaluation 30/6/2025 $000	Accumulated depreciation and impairment charges 30/6/2025 $000	Carrying amount 30/6/2025 $000	Current year additions $000	Current Years WIP Additions $000	Current year disposals/ transfers $000	Current year depreciation $000	Cost/ revaluation 30/6/2026 $000	Accumulated depreciation and impairment charges 30/6/2026 $000	Carrying amount 30/6/2026 $000
Operational assets										
Land	9,954	-	9,954	-	-	-	-	9,954	-	9,954
Buildings	2,562	(321)	2,241	-	-	-	(92)	2,562	(413)	2,149
Plant, equipment and motor vehicles	920	(455)	465	35,249	-	-	(741)	36,169	(1,196)	34,973
Furniture and fittings	11	(1)	10	-	-	-	(1)	11	(2)	9
							-			
							-			
Capital work in progress	22,558	-	22,558	-	14,278	(35,761)	-	1,076	-	1,076
Total operational assets	36,006	(777)	35,229	35,249	14,278	(35,761)	(834)	49,772	(1,611)	48,160
Restricted assets										
Land	157	-	157	-	-	-	-	157	-	157
Buildings	1,953	(286)	1,667	-	-	-	(70)	1,953	(356)	1,597
Total restricted assets	2,110	(286)	1,824	-	-	-	(70)	2,110	(356)	1,754
Total property, plant and equipment	**38,116**	**(1,064)**	**37,053**	**35,249**	**14,278**	**(35,761)**	**(904)**	**51,882**	**(1,968)**	**49,914**

Notes to the Financial Statements

For the year ended 30 June 2026

14. Property, plant and equipment

Movements for each class of property, plant and equipment are as follows:

WPLP 2025	Cost/ revaluation 30/6/2024 $000	Accumulated depreciation and impairment charges 30/6/2024 $000	Carrying amount 30/6/2024 $000	Current year additions $000	Current Years WIP Additions $000	Current year disposals $000	Current year depreciation $000	Cost/ revaluation 30/6/2025 $000	Accumulated depreciation and impairment charges 30/6/2025 $000	Carrying amount 30/6/2025 $000
Operational assets										
Land	9,954	-	9,954	-	-	-	-	9,954	-	9,954
Buildings	2,562	(229)	2,334	-	-	-	(92)	2,562	(321)	2,241
Plant, equipment and motor vehicles	738	(306)	432	183	-	-	(149)	920	(455)	465
Furniture and fittings	5	(1)	5	6	-	-	(1)	11	(1)	10
							-			
							-			
Capital work in progress	10,170	-	10,170	-	12,389	-	-	22,558	-	22,558
Total operational assets	23,429	(535)	22,893	189	12,389	-	(242)	36,006	(777)	35,229
Restricted assets										
Land	157	-	157	-	-	-	-	157	-	157
Buildings	1,953	(216)	1,737	-	-	-	(70)	1,953	(286)	1,667
Total restricted assets	2,110	(216)	1,894	-	-	-	(70)	2,110	(286)	1,824
Total property, plant and equipment	**25,539**	**(751)**	**24,788**	**189**	**12,389**	**-**	**(312)**	**38,116**	**(1,064)**	**37,053**

Notes to the Financial Statements

For the year ended 30 June 2026

15. Borrowings & other financial liabilities

	2026 $000	2025 $000
Non-current portion		
Loan Crown (convertible notes)	12,400	12,400
	12,400	12,400
Total Borrowings & other financial liabilities	**12,400**	**12,400**

Non-interest bearing. Face value represents the amortised cost.
Financial liability disclosed in full in line with PBE IPSAS 41.
Principal: Financial Liability at Fair value of 12.4mil.

Redemption of principal value: Existence of conversion option if Convertible Note are not converted by practical completion although management believe this is unlikely to happen.

There is a conversion option to convert the convertible notes into units in the partnership.
$1 Convertible note equals 1 unit. This conversion option gives rise to an embedded derivative.
Embedded derivative call option valued at zero as it is not material and very unlikely to occur.

16. Equity

	Actuals 2026 $000	Actuals 2025 $000
Limited Partnership units		
Balance at 1 July	45,602	40,602
Units - Whanganui District Council	14,000	5,000
Balance at 30 June	59,602	45,602
Accumulated funds		
Balance at 1 July	19,869	20,075
Surplus/(deficit) for the year	(4,527)	(205)
Balance at 30 June	15,342	19,869
Balance at 30 June	**74,944**	**65,471**

17. Reconciliation of net surplus/(deficit) to net cash flow from operating activities

	Actuals 2026 $000	Actuals 2025 $000
Surplus/(deficit) after tax	**(4,527)**	**(205)**
Add/(less) non-cash items:		
Depreciation and amortisation expense	904	312
Gains/(losses) on fair value of investment property	(2,116)	(418)
Impairment of PPE	987	-
	(4,752)	(312)
Add/(less) movements in working capital items:		
Accounts receivable	574	(313)
Prepayments	5	3
Interest Receivable	(113)	113
Accounts Payable	(179)	209
Accruals	65	(190)
	352	(179)
Net cash inflow/(outflow) from operating activities	**(4,399)**	**(490)**

Notes to the Financial Statements

For the year ended 30 June 2026

18. Investment property

	2026	2025
	$000	$000
Balance at 1 July	31,280	30,665
Additions from acquisitions	9	197
Assets sold	-	-
Gain with selling of assets	-	-
Fair value gains/(losses)	2,116	418
Balance at 30 June	**33,405**	**31,280**

WPLP investment properties are valued annually at fair value, normally effective 30 June. This year valuation date is 31 March 2026 with a FMV assessment for 1 Apr-30 June.

All investment properties were valued independently based on open market evidence. The valuation was performed by Garry Dowse (Registered Valuer, FNZIV, FPINZ) of Telfer Young from CBRE Valuation & Advisory Services . They are an experienced valuer with extensive market knowledge in the types of investment properties owned by WPLP.

The fair value of the investment property has been determined using the capitalisation of actual/potential net revenues and direct comparison methods. The methods are also based on assumptions of 'highest and best use' and have regard for current lease arrangements. Where long term ground leases are in place only the lessors' (WPLP) interest in the land has been assessed. Net revenue from properties within the harbour endowment must be applied to the maintenance and development of the Port.

For Harbour endowment Crown approval is required for any change to the make up or purpose of the endowment. Also all capital or divestment proceeds must remain within Endowment. The fair value of the investment property has been determined using the capitalisation of actual/potential net revenues and direct comparison methods. The methods are also based on assumptions of 'highest and best use' and have regard for current lease arrangements. Where long term ground leases are in place only the 'lessors' (WPLP) interest in the land has been assessed.

Net revenue from properties within the harbour endowment must be applied to the maintenance and development of the Port. For endowment Crown approval is required for any change to the make up or purpose of the endowment. Also all capital or divestment proceeds must remain within Endowment.

	2026	2025
	$000	$000
Revenue and expenses in relation to investment properties:		
Rental revenue	1,493	1,523
Expenses from investment property generating revenue	(609)	(569)
Expenses from investment property not generating revenue	(51)	(26)

19. Commitments

Capital Commitments

The Limited Partnership has $1,097,000 capital commitments (2025 $368,907).

Operating lease commitments - as a lessor

WPLP has entered into commercial property leases on its investment property portfolio consisting of the Limited Partnership's investment portfolio land and buildings. These leases have remaining leases as per below. Leases include a clause to enable upward revision of the rental charge on an annual basis according to prevailing market conditions.

Future minimum rentals receivable under non-cancellable operating leases as at 30 June 2026 & 2025 were as follows:

	2026	2025
	$000	$000
Within one year	974	1,195
After one year but not more than five years	3,301	3,090
More than five years	5,784	5,942
	10,058	**10,227**

Notes to the Financial Statements

For the year ended 30 June 2026

20. Contingencies

There are no contingent assets or liabilities at balance date (2025 $0).

21. Related party transactions

WPLP is part of the Whanganui District Council group and has transactions with members of group.
Whanganui District Council owns Whanganui Port General Partner Ltd (WPGPL), which owns
Whanganui Port Operating Company Limited (WPOCL)
WPLP is directly owned by Whanganui District Council (WDC) through units held.

Income:
WPLP received the 300k annual contribution from Whanganui District Council for shortfall of WPLP (2025 300k)
WPLP received 447k (2025 474k) rental income and 155k (2025 139k) operating recoveries from Whanganui District Council
WPLP received 91k rental income (2025 91k) and 26k (2025 22k) operating recoveries from GasNet.

Expenses:
Management fees of 600k (2025 520k) and Cost recovery of 50k (2025 97k) was paid to Whanganui Port Operating Company during the year.
Management fees of 178k was paid to Whanganui Port General Partner during the year (2025 179k and Reimbursement costs of 9k)
(2025 Consultancy Fees of 47k paid to Mark Petersen the board chair for additional Te Puwaha related work.)
WPLP paid 176k (2025 175k) Council rates to Whanganui District Council.

Assets:
At year end there was 17k (2025 98k) payable to Whanganui District Council and a prepayment of 36k (2025 26k) was made to WPGPL.
At year end there was 2k (2025 2k) receivable from Gas Net.

It is noted that transactions with the group are disclosed in various notes throughout the annual report.

Key management personnel:

Key management personnel includes the General Manager of Port (position being vacant for last 6 months) and the Directors of the Board.
WPLP pay management fees to WPOCL for Salaries of Port staff, staff expenses and Service Level Agreement with
Whanganui District Council (WDC) for WDC staff that's contracted out to WPOCL. Refer to Note 8.
WPLP pay management fees to WPGPL for Director Fees and Director expenses as per Note 8.

22. Events after the balance date

During the year, Whanganui Port Limited Partnership continued work on the Te Pūwaha Whanganui Port redevelopment project.
The project includes marine infrastructure, land-based facilities and works intended to support the future operation of the port and boatyard.

The Port Board commissioned an independent review of the project to provide an updated assessment of its status, remaining scope, forecast costs, operational requirements and key delivery risks. The review identified matters requiring further consideration before decisions are made about the completion and future operation of the port facilities. These include the scope and cost of the remaining works, dredging and other ongoing operating requirements.

The Whanganui Port Limited Partnership commenced a structured process to evaluate the available options. This work includes technical, financial, legal and commercial analysis and engagement with relevant stakeholders which are continuing at the date these financial statements were approved.

Those discussions are commercially sensitive. No final agreement has been reached, and no final decision has been made regarding the long-term operating model or the full scope of any further development. Accordingly, WPLP is not able to reliably determine the financial effect of any future Council decision beyond the amounts already recognised or disclosed in these financial statements.

The Partnership has assessed the carrying value of project assets, contractual commitments, provisions and other relevant accounting estimates using the information available at the reporting date. The financial statements do not anticipate the outcome of the continuing negotiations or recognise expenditure that remains subject to future approval and agreement.

Crown Regional Holdings Limited (CRHL) advised the Board that the Second Variation to the Security Holders Agreement, which extends the deadline for satisfying the Tranche 5 Conditions Precedent to 30 September 2026, has not yet been executed by all parties.
CRHL also confirmed that should it exercise its right to call the convertible notes, Kanoa is willing to engage with all parties in good faith to discuss a potential restructuring of the current financing arrangements.
CRHL acknowledged that any such restructuring would take time to negotiate and implement,
and therefore repayment would not be required within 12 months of the signing date of the financial statements.

Notes to the Financial Statements

For the year ended 30 June 2026

23. Compound Financial Instruments with Multiple Embedded Derivatives

WPLP has issued an instrument that contains both a liability & an equity component (PBE IPSAS 28) and the instrument has multiple embedded derivatives whose values are interdependent.

24. Financial instrument categories

	2026 $000	2025 $000
Financial assets		
Amortised cost		
Cash and cash equivalents	4,965	10,126
Receivables	570	1,031
Financial liabilities		
Amortised cost		
Payables	1,463	1,720
Loan - convertible notes	12,400	12,400

25. Explanation of major variances to budget as per SOI.

Statement of comprehensive revenue and expense

Revenue
Investment Property valuation gain of 2.1 million not budgeted for.

Expenses
Excessive dredging costs during current year which were not planned for.

Statement of changes in equity
Transactions with shareholders: Timing of Te Puwaha project resulted in higher contribution than budget.

Statement of financial position

Assets

Cash and Cash Equivalents: Budget opening cash balance was 9m lower than the actual opening balance and the proceeds from units offset the higher payments to suppliers and purchase of PPE.

Property, plant and equipment: Variance in capital expenditure is due to catching up to speed after delays in prior year with 2025 year being under budget.

Investment property: 2 million gain with revaluation of Investment Properties.

Equity:

Limited partnership units: Timing of Te Puwaha project - total funding in-line with budget over various years.

Statement of cash flows

Operating activities:
Payments to suppliers: Driven by Te Puwaha project expenses as mentioned above.

Investing activities:
Purchase of fixed assets: Driven by timing of Te Puwaha project expenses.