Citycare Group

Statement of Intent

26/27

Nau mai, haere mai

KIA ORA KOUTOU.

Nau mai ki te Tauākī Whakakoro o Citycare 2026/27.

Kei tēnei puka ngā whāinga me te āhua o ngā mahi ka whāia e mātou o Citycare.

Ka whakaatu hoki i te puka nei ngā paearu me ngā paeine e tohu nei mena ka tutuki rānei ngā whāinga o te kamupene nei.

The Statement of Intent (SoI) is a public and legally required document, reviewed and agreed annually with the Shareholder, Christchurch City Holdings Ltd (CCHL) and covering a three-year period. The SoI is prepared in accordance with Section 64(1) of the Local Government Act 2002.

Citycare is a Council Controlled Trading Organisation (CCTO) for the purposes of the Local Government Act 2002.

The SoI specifies the objectives, nature and scope of activities, performance targets and other measures by which the performance of Citycare (the Group) may be judged for the period 1 July 2026 to 30 June 2029.

Contact details for the Chair and Group Chief Executive Officer are Citycare's registered office:

Address: 818 Wairakei Road, Harewood,
Christchurch 8053, New Zealand

Phone: 0508 248 922

Email: info@citycareproperty.co.nz

Our Business Landscape

What we achieved in 2024/25...

Apex Water

Apex Water specialises in the design and build of water and wastewater treatment plants within both the local government and commercial sectors.

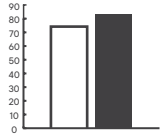
+44

Staff Engagment eNPS: +44

Customer NPS: +69

CitycareProperty

Citycare Property provides a range of social infrastructure services, including facilities management, open space maintenance and construction works to central and local government.



Employee engagement: 73% to 81%

Diverted 31% of waste from landfill

Citycare Water

Citycare Water provides three waters maintenance, construction and digital services that support our customers to deliver safe drinking water and environmentally sound wastewater and stormwater services.

78%

78% staff engagment

112 kaimahi in leadership development training

Spencers

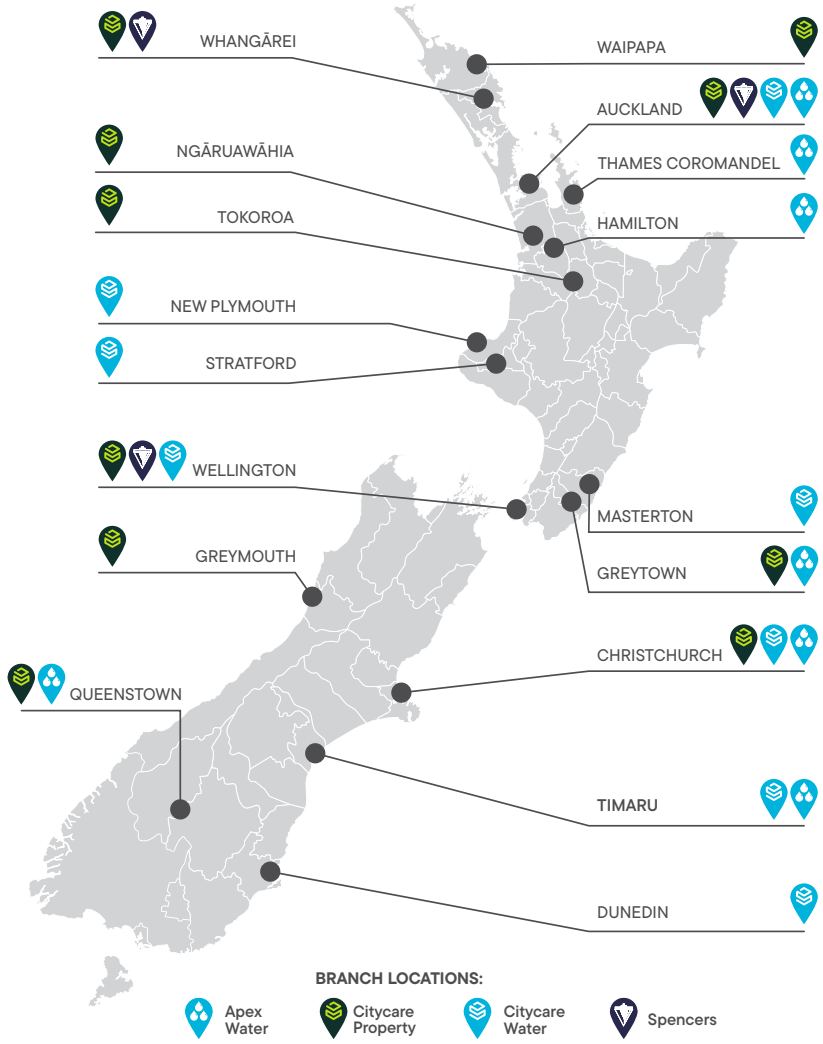
Building & Property Maintenance

Spencers provides a range of property repair, maintenance and upgrade services within the social housing sector.

Senior leadership roles held by women: 50%

27%

27% subcontractor businesses owned by Maori or Pacific Peoples



Citycare Governance

THE BOARD OF DIRECTORS

Directors are appointed to the Citycare Group (the Group) Board (the Board) by the Shareholder, Christchurch City Council. The Board of Directors sets the strategic direction of the Group and participates in developing strategic plans, approves budgets and monitors Group performance monthly.

The Board is responsible for corporate governance of the Group, including all subsidiary entities. The Board and management are committed to ensuring the Group operates to the recognised principles of best practice governance and adheres to high ethical standards. Regular reporting is provided to the Shareholder on the Group's performance.

BOARD OPERATION

The Board endorses and adheres to the principles of the Institute of Directors of New Zealand and the Four Pillars of Governance Best Practice for New Zealand Directors.

The role and responsibilities of the Board are formalised in the Board Charter. Some of the Board's responsibilities are delegated to Board Committees but the Board retains ultimate accountability for any Committee's actions.

The Chair leads the Board, its relationship with the Shareholder, and facilitates the Board's interface with the Group Chief Executive Officer (Group CEO). The Board has delegated to the Group CEO the day-to-day leadership and management of the businesses. The Chair maintains informal communication between the Board and the Group CEO and is available to the Group CEO to provide counsel and advice where appropriate.

Upon appointment to the Board, all new Directors undergo a tailored induction programme to familiarise them with the Group's business and strategy.

BOARD MEETINGS

The Board has regular meetings throughout the year and meets as required between scheduled meetings.

The Chair and the Group CEO establish meeting agendas in consultation to ensure adequate coverage of all key issues. The Directors generally receive Board papers one week in advance of Board meetings. The Executive Leadership Team, and other leaders in the Group, are regularly involved in Board discussions and the Board also holds regular Director-only sessions, without the Group CEO and/or other management present. Directors are entitled to have access to all relevant Group information and to the Group's management teams. Any Director is entitled to obtain independent professional advice.

BOARD PERFORMANCE REVIEW

The Board regularly reviews its own performance and the performance of the Group CEO.
The process includes one-on-one meetings between the Chair and each Director, as well as regular Board discussions on governance and performance issues.

Citycare Governance cont...

BOARD COMMITTEES

The Board has three standing committees:

- The Risk, Audit and Finance Committee provides independent assurance and assistance to the Board on the Group's risk, control and compliance framework, and its financial and regulatory information, liaising with the external auditor.
- The Health and Safety Committee provides independent assurance and assistance to the Board and Group CEO on the Group's health and safety performance, systems and processes, compliance and reporting responsibilities.
- The People and Culture Committee provides independent assurance and assistance to the Board on the Group remuneration strategy, the Group's people related strategies and the Group CEO and Executive Leadership Team's employment conditions and remuneration.

DIRECTOR AND OFFICER INSURANCE

The Group has arranged liability insurance for Directors and Officers within the limits and requirements of the Companies Act 1993. The Group also indemnifies the Directors and Officers within the limits and requirements of the Act.

STATEMENT of INTENT (SoI) REPORTING

In accordance with the Local Government Act 2002, the Group submits to the Shareholder a draft SoI in February each year, for the coming financial year. The SoI sets out the objectives, activities, intentions, financial and performance targets.

After due consideration and discussion with the Shareholder and completion of annual business planning and budgeting, the final SoI is approved by the Board of Directors and delivered to the Shareholder in June each year.

ANNUAL REPORT

An Annual Report will be submitted to the Shareholder and will include audited financial statements and other information necessary to enable an informed assessment of the Group's performance and financial position during the reporting period.

The report will outline the Group's objectives and performance in terms of financial, environmental and social outcomes, as well as performance against the stated SoI targets.

NO SURPRISES

The Group will continue to operate on a 'no surprises' basis in respect of significant Shareholder related matters, to the extent possible in the context of commercial sensitivity and/or confidentiality obligations.

Citycare Group Overview

In 2025, the Citycare Group Board decided to consolidate its four operating businesses into a single group structure under a Group Chief Executive Officer.

This change established a unified operating model while retaining specialist delivery capability within each business. The intention is to strengthen alignment across the Group while giving each business the space and support it needs to perform at its best, thereby maximising value for the Shareholder. The four businesses are different in size, market focus, and expertise, and the operating model recognises and upholds these unique factors.

OPERATING BUSINESSES

Citycare Group delivers essential services across water, wastewater, stormwater, property, and infrastructure. The Group operates nationally and works with central and local government, utilities, and commercial clients to plan, deliver, and maintain critical assets.

APEX WATER

Apex Water is a New Zealand–based water and wastewater engineering company delivering practical solutions across the water sector New Zealand–wide. Apex provides planning, design, procurement, and construction services for drinking water and wastewater treatment with particular strength in the wastewater sector, supporting councils and utilities to deliver resilient, fit-for-purpose infrastructure.

CITYCARE PROPERTY

Citycare Property delivers property maintenance, facilities management and open space services across public, commercial, and social infrastructure portfolios. Services include planned and reactive maintenance, asset inspections, building upgrades, project delivery, and the maintenance of public spaces and natural environments supporting the long-term performance of assets.

CITYCARE WATER

Citycare Water focuses on the operation, maintenance, renewal, and upgrade of three waters networks. Services include network operations, fault response, planned maintenance, asset renewals, capital works delivery and digital water technology supporting councils and water authorities to meet regulatory, performance, and service requirements.

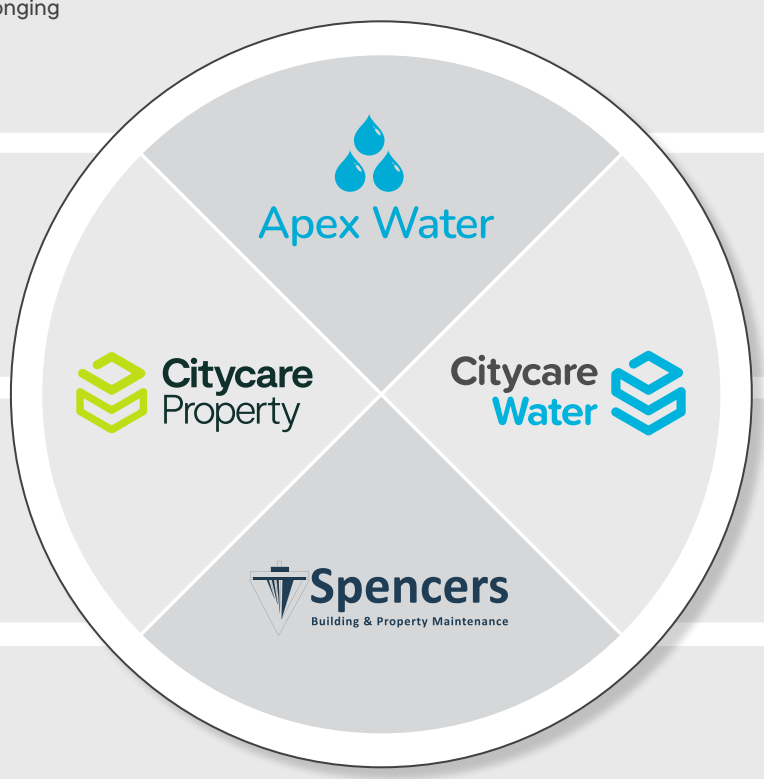
SPENCERS

Spencers provides property maintenance and facilities management largely in the social housing sector.

Together, these entities enable Citycare Group to provide integrated, end-to-end services across infrastructure, water, property, and environmental management.

Value Creation Model

CAPITALS	INPUTS
INTELLECTUAL CAPITAL *- Ngā Rawa Tāngata*	• Our People and Leadership Capability • Diversity, Equity, Inclusion and Belonging • Technology and Innovation • Remuneration
SOCIAL CAPITAL *- Hononga Pāpori*	• Health, Safety & Wellbeing • Honouring Te Tiriti o Waitangi • Customer and Community Relationships
NATURAL CAPITAL *- Rawa Taiao*	• Carbon Emissions Reduction • Waste Minimisation • Climate Risk Management
FINANCIAL CAPITAL *- Tahua*	• Corporate Governance • Sustainable Financial Performance • Ethical Procurement • Effective Capital Investment



OUTCOMES

Engaged People

Attracting, nurturing and retaining high performing kaimahi from the communities we serve, who feel they are treated fairly and belong in the Citycare whānau. We are an employer of choice.

Thriving Local Communities

Delivering customer value and building strong relationships.

Partnering with mana whenua and other community groups to achieve shared outcomes and support local businesses.

Working hard to keep our people safe.

Working Sustainably

Transforming our operations to provide exceptional service that is resilient to the changing climate, while reducing our carbon emissions and landfill waste.

We will partner with our stakeholders and customers, to embed sustainable practices across our business.

Financial Returns

Delivering profitable and sustainable growth to generate a strong financial return on invested capital for our Shareholder.

The United Nations Sustainable Development Goals (SDGs) have guided our Capitals and Outcomes identification and Group Strategy development.

Intellectual Capital
- *Ngā Rawa Tāngata*

The success of the Citycare Group relies on people - our kaimahi, our subcontractor whānau, our customers, our suppliers, and the members of the communities we operate in and where we both work and live. We are a business reliant on, and highly influenced by, the relationships we hold, the behaviours we demonstrate, and the success of cooperation and collaboration between our many stakeholders.

KEY FOCUS AREAS

- Our People and Leadership Capability
- Diversity, Equity, Inclusion and Belonging
- Technology and Innovation
- Remuneration

OUR PEOPLE AND LEADERSHIP CAPABILITY

Professional development is essential to building a capable, resilient workforce and supporting the long-term performance of the Citycare Group. The Group is committed to developing its people and leadership capability to ensure a strong succession pipeline and a skilled, knowledgeable workforce across all businesses. Our approach to professional development supports both individual growth and organisational continuity, with structured employee development programmes in place within each entity. This commitment also reinforces a culture of learning, accountability, and continuous improvement, where people are supported to build capability over time and leave the organisation in a stronger professional position than when they joined.

DIVERSITY, EQUITY, INCLUSION AND BELONGING

Our Diversity Equity Inclusion and Belonging strategy, takes a holistic approach to increasing collaboration and trust, ensuring higher attraction levels, decreasing employee grievances, enhancing innovation, delivering lower turnover and stronger business performance, by creating a workplace that is welcoming and accommodating to all.

TECHNOLOGY AND INNOVATION

We are developing a culture where our people are encouraged to innovate and prioritise on what they know to be best for the business. Top of mind is empowering our people to be confident in their decision-making and and make changes for a better outcome, while considering risks.

REMUNERATION

Our remuneration drivers are to attract, retain and motivate suitably competent employees whilst also being fair and equitable, flexible and transparent. The Group continues to measure and actively address pay inequity including gender pay gap inequities. We are working towards zero gender pay gap by 2030. Citycare has implemented the Living Wage across the businesses.

Social Capital
- Hononga Pāpori

We are committed to contributing to thriving local communities through impactful partnerships and community projects focused on wellbeing, the environment, inclusion, equity and to increasing opportunities for community economic development. This is good for our people and good for the places where we live, work and play.

KEY FOCUS AREAS

- Health, Safety and Wellbeing
- Honouring Te Tiriti o Waitangi
- Customer and Community Relationships

HEALTH, SAFETY AND WELLBEING

Health and Safety remain at the heart of the Citycare Group's business. The Group is committed to strengthening the maturity of its safety culture, supported by strong health and safety programmes across each business. A core focus is placing individuals at the centre of their own safety environment and ensuring employees have the required competencies to perform their tasks safely. Critical risk management is a key priority for the Group, with clear accountability for identifying and mitigating activities and areas with the highest potential for harm.

HONOURING TE TIRITI O WAITANGI

We continue to embed tikanga Māori principles into our everyday practices, acknowledging iwi as tangata whenua, honouring te Tiriti o Waitangi principles and continuing to participate in the CCHL He Huanui Māori Pathways programme.

CUSTOMER AND COMMUNITY RELATIONSHIPS

Strong community connections and trusted customer relationships underpin Citycare Group's operations. The Group focuses on building effective partnerships that support positive community, social, cultural, environmental, and economic outcomes. Alongside delivering and maintaining quality public and private spaces, Citycare contributes through the provision of employment and business opportunities and by enabling community members and organisations to participate in initiatives that enhance places to live, work, and play.

Natural Capital
- *Rawa Taiao*

Our role as kaitiaki is strongly reflected in the Group Environmental, Social and Governance (ESG) strategy. This commits the Citycare Group to targets across three key areas: Greenhouse Gas Emissions Reduction, Waste Minimisation and Climate Risk Management.

In 2025, Citycare published its first Climate Summary Report to provide our stakeholders with an understanding of how we are supporting the transition to a low emissions future.

KEY FOCUS AREAS

- Carbon Emissions Reduction
- Waste Minimisation
- Climate Risk Management

CARBON EMISSIONS REDUCTION

The Group remains focused on supporting the transition to a low-emissions economy and the Council's targets to reduce emissions across the Christchurch District by 50% by 2030 and to achieve net zero by 2045. We have adopted a Scope 1 and 2 absolute emissions reduction target of 30% by 2030 from a 2022 baseline.

While our emissions reduction target is not aligned with the Science Based Targets initiative 1.5°C pathway, it reflects a balanced approach to business requirements, the expected pace of battery electric vehicle transition, and does not rely on offsets.

As our fleet is the primary source of these emissions, key initiatives focus on transitioning from internal combustion vehicles to low-emissions alternatives and right-sizing vehicles to operational needs.

WASTE MINIMISATION

Citycare Group is committed to strengthening waste minimisation practices through a consistent focus on reducing, reusing, and recycling materials. Material waste to landfill and diversion through recycling and composting are monitored across our businesses.

CLIMATE RISK MANAGEMENT

We recognise that climate change presents both risks and opportunities, and we consider impacts on service delivery, infrastructure, and staff wellbeing while seeking to support customers and communities through climate-resilient infrastructure and expanded service offerings. This work also supports the development of the CCHL group climate statement.

Financial Capital
- *Tahua*

Delivering a sustainable financial performance and a strong return to our Shareholder.

The consolidated Group financial performance targets, detailed in the Financial Performance Section, show the revenue, profit and key financial ratio expectations for the period 2026 - 2029.

Key Focus Areas

- Sustainable growth with changing customer demands and continued government budget constraints
- Sustainable financial performance in an environment of high compliance costs
- Efficient use of capital for competing investment priorities

FINANCIAL AND COMMERCIAL PERFORMANCE

Delivery of a strong financial performance and a return to our Shareholder, relative to sector benchmarking and competitor performance, is a core measurement of the Group's business success. The goal is to deliver a commercial rate of return on invested capital without compromising Citycare Group's commitment to prosperous communities. It is anticipated that the forecast period will continue to experience pressure from key economic drivers with associated ongoing resourcing and cost pressures.

2026 - 2027 will also be a period of high tender activity, driven by an opening up of the Water sector and key contract renewals across social infrastructure. Successful contract rewins are assumed in the 2026 - 2029 revenue forecast.

PROFITABILITY AND FINANCIAL SUSTAINABILITY

The Group continues to develop initiatives to grow our profitability. We will maintain our focus on delivering sustainable financial performance and returns to our Shareholder. We will have an emphasis on effective cost control and revenue optimisation.

CAPITAL INVESTMENT

In line with the delegated authorities, all new capital investment (including acquisitions) requires presentation of a sound business case, including the associated risk profile and projected ROI and NPV where appropriate. The capital investment during the forecast period closely aligns with the annual depreciation charge plus the additional capital investment that is required to achieve our carbon reduction plan.

CONTROLLING AND MANAGING RISK

The Citycare Group has a formal risk management framework which identifies the key risks and outlines appropriate risk management and mitigation plans. The risk management framework is reported to, and reviewed by, the Board and delegated to the Risk, Audit and Finance and Health and Safety Committees where appropriate. Mitigation plans are controlled and administered by management.

Financial Capital cont...

MEDIUM-TERM FINANCIAL TARGETS

$000's	FY27	FY28	FY29
EBITDA (Earnings Before Interest, Tax, Depreciation and Amortisation)	35,254	38,499	48,834
NPAT (Net Profit After Tax)	12,030	13,518	16,723
Net Debt / EBITDA	0.48	0.46	0.22
Net Debt / (Net Debt + Equity)	14.7%	14.2%	7.8%
Shareholder Funds / Total Assets	50.1%	51.0%	54.2%
ROIC (Return on Invested Capital)	12.6%	12.8%	15.2%

OPERATING NET PROFIT AFTER TAX

The reporting period 2026 – 2029, sees continued revenue and margin pressure from local and central government budget restrictions. Cost reductions and productivity improvements are continually assessed to minimise the impact but, there remains downside risk in the reporting period.

RETURN ON INVESTED CAPITAL

During the three-year forecast period, the Group's financial gearing is expected to remain at an acceptable level while paying down debt, which results in a strong balance sheet to support funding of growth opportunities and appropriate investment in new technologies, plant and equipment as these opportunities arise.

DEBT MANAGEMENT

CCHL demonstrated its endorsement of the Group's strategy by debt-funding the acquisition of Spencer Henshaw in FY23 with a loan of $56m to the Group.

Citycare has repaid $36m of this debt and forecasts to be ahead of future scheduled repayments. The Group is committed to prioritising additional repayments where possible to support the Shareholder's cash requirements.

DIVIDEND PAYMENTS

The Directors have considered the dividend policy and, having regard for the current financial position and the investment required for the business over the forecast period, consider that a dividend policy of 50% of NPAT is sustainable.

Ordinary dividends are paid in two instalments, in March of each financial year and October of the following financial year. Any dividends will be paid to the Shareholder after taking into account the Group's profitability and future investment requirements.

The Board will determine the dividends payable after considering the Group's funding requirements and the requirement to meet the solvency test under the provisions of the Companies Act 1993.

Financial Capital cont...

SHAREHOLDER RETURNS

To assist the Shareholder with budgeting, the forecast debt repayments and ordinary dividends payable to the Shareholder over the period 2026 - 2029 are outlined below:

$000's	FY27	FY28	FY29
Loan Repaid (a)	-	-	5,000
Loan Closing Balance	25,000	25,000	20,000
Dividend Declared	6,015	6,759	8,361
Dividend Paid (b)	6,361	7,162	7,503
Funds Returned to Shareholder (a + b)	6,361	7,162	12,503

INSURANCE

The Board satisfies itself that adequate insurance is in place for the Group's size and risk profile. External advice is received by the Board as appropriate. All the retiring insurance policies were renewed for a further period to 16 December 2026.

ESTIMATE OF COMMERCIAL VALUE OF SHAREHOLDER'S INVESTMENT

The Group estimates the commercial value of our Shareholder's investment in the Citycare Group is at least that which is stated as Shareholder's equity in our audited financial statements. The Group reassesses this value annually during preparation of audited financial statements.

ACCOUNTING POLICIES

The Group has adopted accounting policies that are consistent with New Zealand International Financial Reporting Standards, generally accepted accounting practice and the policies adopted by the Christchurch City Council group. The detailed accounting policies are available in City Care Limited's most recent Annual Report, which is published on the Group website. (https://www.citycare.co.nz/assets/Citycare-Annual-Report-2025.pdf)

ACQUISITION/DIVESTMENT PROCEDURES

The subscription or acquisition of securities in any company or organisation, or a divestment of part of the existing business, will only be considered where it is consistent with the long-term commercial objectives of the Group.

When the subscription, acquisition or divestment is considered by the Board to be significant to the Group's business operations, it will be subject to consultation with the Shareholder. Major transactions as defined by the Companies Act 1993, Section 129(2), will be subject to Shareholder approval by special resolution. In this instance, the Shareholder will be consulted with as much lead-time as is commercially practicable in the prevailing circumstances.

Where the Group decides to incorporate or subscribe for shares in subsidiaries to undertake its commercial activities, the Group will ensure effective management. Board control of any subsidiary is exercised by Citycare's Directors and staff.

Citycare Group - Performance Targets

Metrics are aggregated across the business units to determine the Group result.
Annual surveys are conducted at business unit level. Therefore, Group survey targets require all four businesses to achieve target.
"Improve" means achieve a better result compared to FY26.

Capital	FY27 Measures
Intellectual Capital *- Ngā Rawa Tāngata*	• Increase the number of women in leadership roles. • Improve the gender diversity ratio. • Improve the gender pay gap. • Improve Employee Net Promotor Score (eNPS) based on annual survey.
Social Capital *- Hononga Pāpori*	• Maintain or improve safety index score based on annual survey[1]. • Maintain or improve the Customer Net Promoter Score (NPS) based on annual survey[2].
Natural Capital[3] *- Rawa Taiao*	• Achieve an annual reduction of Group-wide GHG emissions from Scope 1 & 2 emission sources normalised against annual turnover. • Achieve an annual reduction in absolute Group-wide Scope 1 & 2 emissions in line with our commitment to achieve a 30% reduction by 2030 compared to the FY2022 base year.

[1] Citycare Property, Citycare Water and Apex Water results measured by Concordia safety index. Spencers measured by overall Safe365 score.
[2] Spencers is unable to procure NPS from customers; instead, Spencers measures customer engagement based on average customer KPIs for the year.
[3] Not applicable to Statement of Performance for Apex Water Ltd and Spencer Henshaw Ltd.

Citycare Group

Apex Water

CitycareProperty

Citycare Water

Spencers
Building & Property Maintenance