



Independent Assurance Report

To the Directors of Tuatahi First Fibre Limited

Assurance report pursuant to clauses A10 and A11 of the Notice to supply information to the Commerce Commission under section 221 of the *Telecommunications Act 2001* - Requirements for initial information disclosure regulatory asset base (RAB) (core fibre assets and financial loss asset) and opening tax losses for disclosure year 2022, dated 16 August 2022

Opinion

We have completed the reasonable assurance engagement in respect of the compliance of Tuatahi First Fibre Limited (the Company) with the *Fibre Input Methodologies Determination 2020*, dated 21 December 2021, as issued by the Commerce Commission (the IM Determination) in preparing the information required by clauses A12 to A65 of the *Notice to supply information to the Commerce Commission under section 221 of the Telecommunications Act 2001 - Requirements for initial information disclosure regulatory asset base (RAB) (core fibre assets and financial loss asset) and opening tax losses for disclosure year 2022*, dated 16 August 2022, as issued by the Commerce Commission (the Notice).

In our opinion, the Company has complied, in all material respects, with the IM Determination in preparing the information required by clauses A12 to A65 of the Notice for the 10 year period ended 31 December 2021.

Basis for Opinion

We have conducted our engagement in accordance with Standard on Assurance Engagements (SAE) 3100 (Revised) *Compliance Engagements* ("SAE 3100 (Revised)"), issued by the New Zealand Auditing and Assurance Standards Board. An engagement conducted in accordance with SAE 3100 (Revised) requires that we also comply with the International Standard on Assurance Engagements (New Zealand) 3000 (Revised) *Assurance Engagements Other Than Audits or Reviews of Historical Financial Information*.

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

Directors' Responsibilities

The Directors are responsible on behalf of the Company for compliance with the IM Determination in preparing the information required by clauses A12 to A65 of the Notice, for the identification of risks that may threaten compliance with the IM Determination in preparing the information required by clauses A12 to A65 of the Notice, controls that would mitigate those risks, and monitoring the Company's ongoing compliance.

Our Independence and Quality Control

We have complied with the Professional and Ethical Standard 1 *International Code of Ethics for Assurance Practitioners (including International Independence Standards) (New Zealand)* or other professional requirements, or requirements in law or regulation, that are at least as demanding, which include independence and other requirements founded on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

In accordance with the Professional and Ethical Standard 3 (Amended) *Quality Control for Firms that Perform Audits and Reviews of Financial Statements, and Other Assurance Engagements* or other professional requirements, or requirements in law or regulation, that are at least as demanding, our firm maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards, and applicable legal and regulatory requirements.



We are independent of the Company. Our firm carries out other services for the Company in the areas of audit of a parents' annual financial statements, assurance on disclosure information, agreed upon procedures on information disclosures, regulatory advice, financial analysis in relation to acquisition targets, and training. The provision of these other services has not impaired our independence.

Assurance Practitioner's responsibilities

Our responsibility is to express an opinion on whether the Company has complied, in all material respects, with the IM Determination in preparing the information required by clauses A12 to A65 of the Notice and report our opinion to you. SAE 3100 (Revised) requires that we plan and perform our procedures to obtain reasonable assurance about whether the Company has complied, in all material respects, with the IM Determination in preparing the information required by clauses A12 to A65 of the Notice.

An assurance engagement to report on the Company's compliance with the IM Determination in preparing the information required by clauses A12 to A65 of the Notice involves performing procedures to obtain evidence about the compliance activity and controls implemented. The procedures selected depend on our judgement, including the identification and assessment of risks of material non-compliance.

To meet these responsibilities, in addition to performing such procedures as we considered necessary to obtain reasonable assurance, we also performed the procedures prescribed in clause A10 of the Notice relating to:

- Obtaining an understanding of the methods and assumptions used to derive the proposed values of Tuatahi First Fibre Limited's core fibre assets at implementation date and financial loss asset at implementation date.
- Identifying material judgements that have been made in determining the information prescribed by clauses A12 to A65 and assessing whether those judgements are materially consistent with the IM Determination.

An assurance engagement includes the identification and evaluation of errors.

Inherent Limitations

Because of the inherent limitations of an assurance engagement, together with the internal control structure, it is possible that fraud, error or non-compliance may occur and not be detected. A reasonable assurance engagement does not provide assurance on whether compliance with the IM Determination in preparing the information required by clauses A12 to A65 of the Notice will continue in the future.

Use of Report

This report has been prepared for the Directors in accordance with clauses A10 and A11 of the Notice and is provided solely to assist you in establishing that compliance requirements have been met.

Under the terms of our engagement, and as required by the Notice, our report may be provided to the Commerce Commission. Notwithstanding the Notice, we do not accept or assume a duty of care or other legal responsibility to the Commerce Commission.

Our report should not be used for any other purpose or by any other party. To the fullest extent permitted by law, we do not accept or assume responsibility for any reliance on this report to anyone other than the Directors of the Company, as a body, or for any purpose other than that for which it was prepared.

A handwritten signature in black ink that reads 'PricewaterhouseCoopers'.

Chartered Accountants
9 December 2022

Christchurch, New Zealand

	Start date	7 months to	Full year to	Full year to	Full year to	Full year to	Full year to	Full year to	Full year to	Full year to	Full year to	6 months to
	1 Dec 11	30 Jun 12	30 Jun 13	30 Jun 14	30 Jun 15	30 Jun 16	30 Jun 17	30 Jun 18	30 Jun 19	30 Jun 20	30 Jun 21	31 Dec 21
Cash flow inputs												
UFB revenues cash flow	\$000	27	453	2,566	8,330	21,610	38,868	52,729	67,063	83,043	96,889	51,005
Sum of UFB unallocated asset values opening values as of 1 December 2011	\$000	-										
Sum of value of net commissioned assets (unallocated)	\$000											
Sum of UFB opening asset values as of 1 December 2011	\$000	1,058										
UFB value of net commissioned assets cash flow (allocated)	\$000	21,822	67,658	55,788	74,554	78,256	104,236	47,702	91,498	85,078	44,400	17,682
UFB operating expenditure cash flow	\$000	1,352	6,980	11,858	13,654	18,102	23,070	23,788	25,932	28,183	31,224	18,931
Opening cost allocator value	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Closing cost allocator value	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Asset-related inputs												
Depreciation (unallocated)	\$000											
Depreciation (allocated)	\$000	214	2,702	4,962	7,721	11,908	16,441	19,102	20,814	25,909	26,528	14,200
Tax inputs												
Sum of tax asset values as of 1 December 2011 (unallocated)	\$000	-										
Sum of regulatory tax asset values as of 1 December 2011 (allocated)	\$000	56										
Tax sum of value of net commissioned assets (unallocated)	\$000											
Tax UFB value of net commissioned assets cash flow (allocated)	\$000	21,647	54,818	58,083	77,477	73,456	15,303	148,057	67,798	103,195	57,570	25,191
Tax revenues cash flow	\$000	36	2,084	3,772	9,676	24,249	42,110	54,832	69,681	85,492	99,432	52,230
Tax operating expenditure cash flow	\$000	1,327	8,160	12,759	15,310	22,393	24,808	25,968	29,617	29,301	31,921	19,385
Tax depreciation (unallocated)	\$000											
Tax depreciation (allocated)	\$000	294	6,170	13,762	22,434	30,025	20,935	(20,062)	25,266	21,287	40,812	16,426
Opening tax cost allocator value	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Closing tax cost allocator value	%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Crown financing inputs												
Crown financing drawn down	\$000	-	21,591	53,712	43,799	52,570	25,561	-	-	-	-	-
Crown financing repaid	\$000	-	579	2,536	17,003	36,086	141,029	-	-	-	-	-
Proportion of net drawdowns which is, in substance, debt	%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%	50%