

Statement of Intent

Year ending **30 June 2026**

CHRISTCHURCH
AIRPORT 



CHRISTCHURCH
AIRPORT 

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INTRODUCTION

This Statement of Intent (“Sol”) is prepared by the Board of Directors of Christchurch International Airport Ltd (“CIAL”) in accordance with Section 64(1) of the Local Government Act 2002.

CIAL has five wholly owned subsidiaries. These wholly owned subsidiaries are currently non-trading and are not holding any assets or liabilities.

This Sol sets out for CIAL (and subsidiary companies) the nature and scope of the activities to be undertaken, the objectives, and the performance targets and other measures by which the performance of the company may be judged in relation to its objectives.

CIAL’s achievements against the objectives outlined in last year’s Statement of Intent will be reported on in this year’s Annual Report.

The Sol is a public and legally required document, reviewed and agreed annually with its shareholders and covers a three-year period. This Sol covers the period from 1 July 2025 to 30 June 2028.

Contact details for both the Chair and Chief Executive are CIAL’s registered office:

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Christchurch International Airport
Memorial Avenue, PO Box 14-001, Christchurch

Telephone: +64 3 358 5029

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Christchurch International Airport Ltd is a council-controlled trading organisation (“CCTO”) for the purposes of the Local Government Act 2002.

COMPANY OVERVIEW

Located 9 km to the northwest of the city centre, sitting on approximately 1,400 hectares of land, Christchurch Airport is New Zealand's oldest international airport (over 85 years old) and the second largest airport in New (based on annual passenger movements).

Below is an overview of the Christchurch Airport campus, which encompasses the airport and terminal facilities as well as its investment properties and land that it owns. The blue area approximates current land leased by CIAL from Environment Canterbury for the Kowhai Park solar development.



CIAL is the most strategically important air connection for South Island trade and tourism markets, underpinned by its ability to operate 24 hours a day, 7 days a week, and being one of only two airports in New Zealand capable of handling direct long-haul commercial international services operated by “wide-bodied” aircraft. The airport is also home to the International Antarctic joint logistics program.

NATURE AND SCOPE OF ACTIVITIES

CIAL's core activity is the safe and efficient operation of airport facilities, facilitating air connectivity through the provision of appropriate landside and airside infrastructure, to meet the needs of all airport users (including both commercial and non-commercial aviation users), our customers, staff and the travelling public. This includes pursuing commercial opportunities with wider complementary products, services and business solutions where needed.

OPERATIONS

The operation of the airport includes the provision of “landside” and “airside” infrastructure and associated facilities across the airport campus:

- Airside functions include the provision of safe and secure aircraft, freight and passenger facilities. CIAL is responsible for the provision of aeronautical infrastructure which includes an airfield, runways, taxiways, aprons and associated facilities
- Landside functions include the provision of a terminal facility, parking and ground transportation. This includes working with commercial tenants (e.g. duty free, retail, rental car and food & beverage operators), business partners and government agencies

CIAL is also responsible for managing assets not currently used directly for aeronautical activities, including the operation of a hotel and an extensive property portfolio.

As a lifeline utility, CIAL ensures the operational resilience of Christchurch Airport, allowing the airport to function as efficiently as possible during, and after an emergency event.

PRINCIPAL OBJECTIVES

CIAL's core objective is to operate as a successful commercial entity and through that deliver and balance sustainable benefits to customers, the travelling public, the regions it serves and our staff.

It will pursue initiatives to provide diversified and profitable revenue streams that will deliver growth in dividends and long-term value to shareholders in line with our shareholders long-term investment horizon.

Inter-generational projects are handled on a project-by-project basis, separate to operational activity.

Consistent with this primary objective, CIAL will:

- provide well-designed and maintained future-proofed airfield and terminal infrastructure that delivers the required outcomes for CIAL and existing/potential customers, with an emphasis on safe, resilient and efficient airside activities
- pursue initiatives to grow shareholder value and provide sustainable, diversified and profitable revenue (and hence dividend) streams, including continuation of an appropriate level of investment in, and development of, the company's property and land holdings
- ensure that the company adopts a sustainable approach to the operation of all of its own controlled activities (including climate, water, circularity, biodiversity and energy) and pursues a commitment to minimising environmental impacts and use of natural resources where possible in respect to those activities
- strive to be a well understood and valued member of our community through fostering strong community and stakeholder engagement and recognising the importance of maintaining a strong and positive relationship with Iwi and mana whenua across all of the South Island
- strengthen foundations that underpin the achievement of positive Health Safety & Wellbeing outcomes through culture, leadership and safety management systems
- utilise the culture, skills, knowledge and experience developed at the Christchurch campus to proactively investigate opportunities to build further depth, diversification and resilience through expanding our footprint into new geographies and disciplines and partnering our strengths, where they will enhance the provision of aviation services across regional New Zealand to the benefit of all stakeholders
- be a fair employer in providing a workplace that values people, understands inclusiveness and diversity and supports people leading themselves and developing skills to lead others. Ensures all are fairly rewarded

BEYOND CIAL

The Christchurch airport campus is the largest employment and logistics hub in the South Island with over 7,000 people employed. It is also the home of the International Antarctic Program, with CIAL playing a key role in supporting the Christchurch Antarctic Gateway Strategy through the various Antarctic entities based on campus. CIAL also facilitates the movement of over \$4 billion of high value airfreight into and out of the South Island every year, including 90% of South Island parcel freight.

The economic contribution of the activity at the airport is significant. Historical economic analysis for the 2020 year previously estimated that the directly attributable and facilitated activity at Christchurch Airport contributes \$5.3b in GDP to the Canterbury region and supports 60,000 jobs.

It is worth noting the significant role CIAL plays in handling displaced aircraft and passengers when major weather events or infrastructure limitations (e.g. fuel supply) impact other parts of the country. Aviation is a network so impacts at one of the nodes most often has flow on effects for the other nodes. As CIAL is the only truly wide body capable airport behind Auckland (including the divert airport for most international airlines), we will continue to play an active role in helping with national resilience.

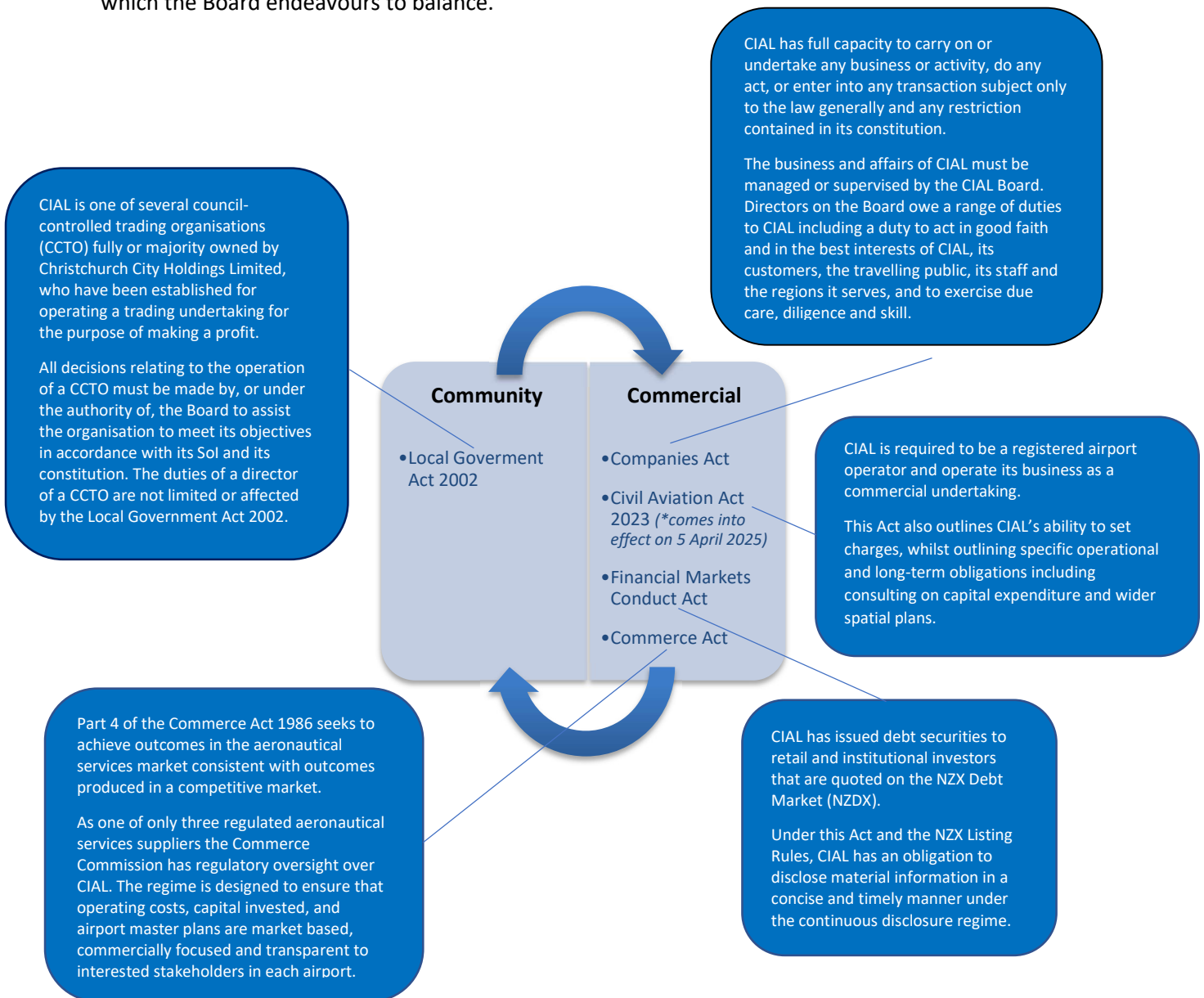
REGULATORY CONTEXT

CIAL operates in a commercially competitive environment both domestically and internationally, overlaid by a complex layered legal and regulatory environment with a wide stakeholder group.

The new Civil Aviation Act 2023 requires CIAL to operate its business as a commercial undertaking and outlines its ability to set prices, whilst outlining specific operational and long-term obligations including consulting on capital expenditure and wider spatial plans.

Since 2011, New Zealand’s three largest airports including Christchurch have been subject to Information Disclosure regulation under Part 4 of the Commerce Act 1986, administered by the Commerce Commission. Under this framework, the Commission does not set prices for airport services but instead the focus is on monitoring airport performance through an annual information disclosure regime and ensuring there is transparency in pricing decisions.

The chart below demonstrates various aspects of commercial and non-commercial demands on CIAL, which the Board endeavours to balance.



OUR PURPOSE & ROLE

We are a purpose driven organisation, and our team have decided our purpose is best described as

“FOR A PROSPEROUS AND SUSTAINABLE TE WAIPOUNAMU”

Christchurch Airport is a key gateway for people and goods across the South Island, New Zealand and international markets. By performing our role effectively, we enable regional prosperity, create connectivity and economic opportunities for our communities, and grow long-term value for our shareholders.

Our core infrastructure connects communities, facilitates fast and efficient flows of goods and services, supports tourism and business growth, and unlocks trade opportunities for exporters.

In addition, our impact extends well beyond air travel. With significant land holding on campus, we are creating long-term value through master planned precincts, commercial property developments and partnerships that generate jobs, unlock investment and support future transition initiatives in areas such as renewable energy, advanced logistics and advanced manufacturing.

Further underpinning this is CIAL’s track record of:

- aeronautical development success;
- high operational performance in a complex, safety critical environment;
- delivering future-proofed infrastructure that supports national resilience; and
- being great partners to our customers and other stakeholders on campus

OVER-ARCHING GOALS & BUSINESS MODEL

OVER-ARCHING GOALS

The cornerstones of our purpose, together with our over-arching goal of being a **“HIGH PERFORMING RESILIENT BUSINESS”**, lead to us targeting the following outcomes:

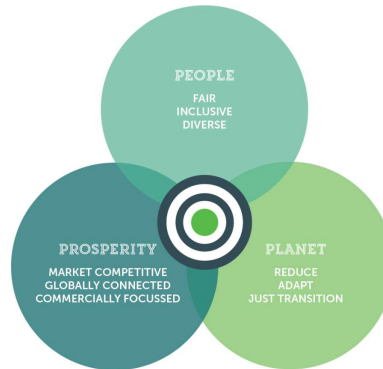


- *Grow shareholder value, whilst providing an appropriately benchmarked return on capital*
- *Financial Resilience - strong balance sheet and diversified portfolio of future revenue streams*
- *Grow airline connectivity and passenger volumes to support tourism and business links, driving economic growth*
- *Expand capacity to improve freight flows and supply chain resilience*
- *Unlock value from land through property development that attracts investment, creates jobs and aligns with regional economic development opportunities*
- *Improving high-quality connectivity and provide compliant, safe, secure, equitable and positive customer experiences for all*
- *Strengthen partnerships with iwi, communities and other key stakeholders through engagement and shared value initiatives*
- *Protection of our people by creating healthy work where our people can thrive*
- *Investing in our people to grow capability, inclusion, resilience and purpose-lead work*
- *To be absolute zero emissions for our own airport operations (Scope 1 and 2) by 2035*
- *Support the wider aviation industry with de-carbonisation transition initiatives (Scope 3) – through appropriate investment in campus infrastructure and advocacy*
- *Strengthen climate resilience and infrastructure resilience through future-focused climate adaptation planning*
- *Protecting biodiversity, reducing waste and managing noise as part of broader environmental stewardship*

OTHER KEY PRINCIPLES

- CIAL’s core objective is to operate as a successful commercial entity that aims to deliver strong, sustainable financial returns and long-term value growth, that support our shareholders and regional economy, while operating in a way that delivers and balances sustainable benefits for all our stakeholders – including customers, the travelling public, our partners and staff, communities and future generations

- CIAL takes a balanced approach, focused on optimising shorter term financial returns whilst ensuring that we continue to create shared and lasting long-term value
- We recognise our role as stewards of critical public infrastructure assets, and consequently we take a disciplined and long-term view of all of our investment decisions prioritising those with outcomes that align with our over-arching goals as noted above
- CIAL will continue to pursue its core philosophy of stakeholder equity (or stakeholder capitalism), where **People & Planet & Prosperity** across key stakeholders must be considered and balanced



BUSINESS MODEL

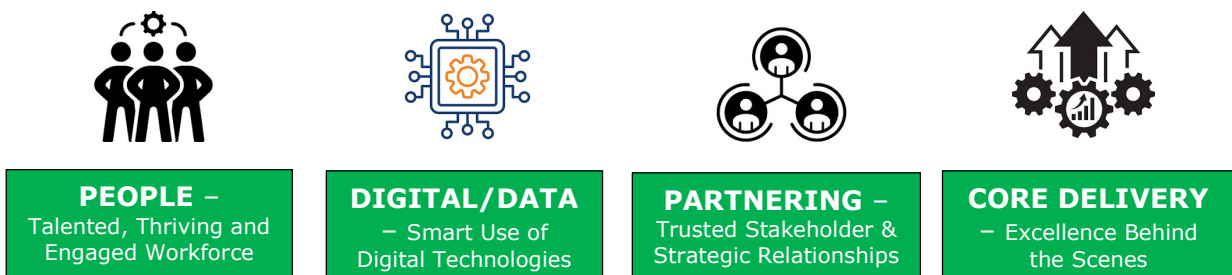
CIAL has undertaken several reviews of what makes airports strong and successful across Australasia, which led to the focus on a diversified business centred on three commercial pillars of planes, passengers and property. This has shown us that maintaining control over and balance between these three business portfolios is critical.

Like all strong airports, CIAL is a diversified portfolio business across aviation (planes), the terminal and ground transport business (passengers), and property development at its Christchurch campus (property), together with several inter-generational transition projects investigating future aviation demands, energy transition and the future of air freight and e-commerce demands.

CIAL organises its commercial activity under the three commercial pillars of **PLANES, PASSENGERS and PROPERTY**. Aviation (“Planes”) is the foundation stone that enables opportunities in the other pillars to arise. Our three commercial pillars are balanced with a fourth – our commitment to **PLANET**.



CIAL’s core operational pillars will be supported by investment across several strategic enablers.



RECAP & CURRENT STRATEGIC CONTEXT

JOURNEY FROM REBUILD TO POWERING UP

2014-2019 (Get out of the hole)

- The 2014-2019 post-earthquake period was focused on the rebuild of aviation volumes and the re-engineering of CIAL as a diversified portfolio business
- Significantly improved outcomes and additional financial resilience were achieved through accelerating the development of bare land, diversifying revenue risk through creation of different property development precincts on campus, changing our approach to aeronautical charging which equalised revenue from domestic and international passengers and a focus on operational cost control, which also included building flexibility into our largely fixed cost base

2020-2022 (Navigate a pandemic)

- The 2020-2022 years were heavily characterised by the global pandemic and CIAL's approach over this period was to remain true to our core philosophy of stakeholder equity, balancing supporting the needs of customers, staff and shareholders
- During this period CIAL paid just under \$30m in dividends, protected shareholder value, maintained critical connectivity, provided over \$50m in customer support and preserved employment of key talent and staff. All delivered whilst preserving our balance sheet with debt levels being managed back down to a level essentially unchanged from where they were prior to the pandemic
- These outcomes were founded on the financial resilience built into the business through previous diversification of the underlying revenue base, cost structure flexibility and balance sheet strengthening

2023-2024 (Powering Up)

- FY23 triggered a transition to a post-pandemic environment with CIAL capitalising on its strong position to focus on powering up and a return to growing our engine room at our home base of Christchurch
- Demand rebounded strongly following the pandemic, driven by pent up travel demand, the return of international carriers and strong domestic tourism. However, this recovery then plateaued, with passenger volumes stabilising below pre-pandemic levels and growth trends

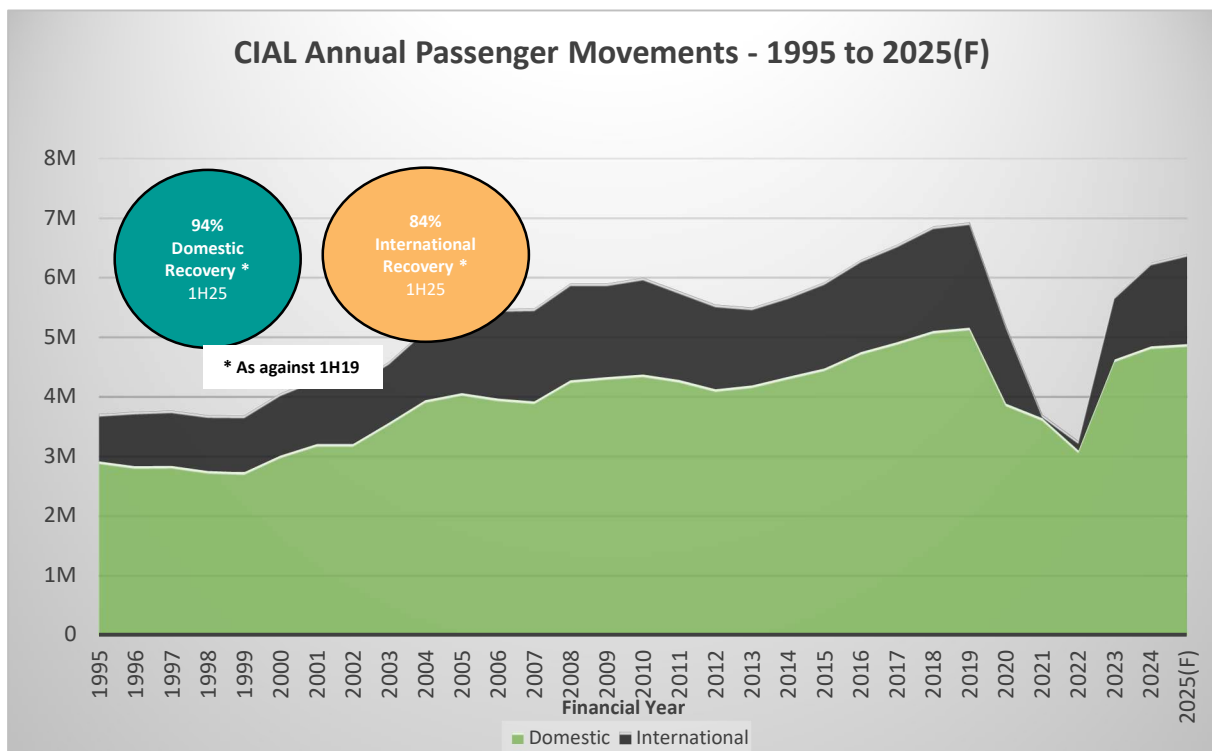
CURRENT MARKET ENVIRONMENT

It should always be remembered that aviation is an inherently volatile sector. CIAL is currently operating within a highly dynamic global environment, where economic and geopolitical uncertainties are increasingly influencing the aviation sector.

Key challenges include escalating trade tensions, rising protectionism, and policy unpredictability, all of which can disrupt supply chains and affect passenger demand. The aviation industry is particularly sensitive to such shocks currently, with events once considered rare now occurring more frequently, leading to the potential for rapid changes in trading conditions.

This volatility coupled with the increasing frequency of high impact events, means trading conditions can be materially and quickly impacted.

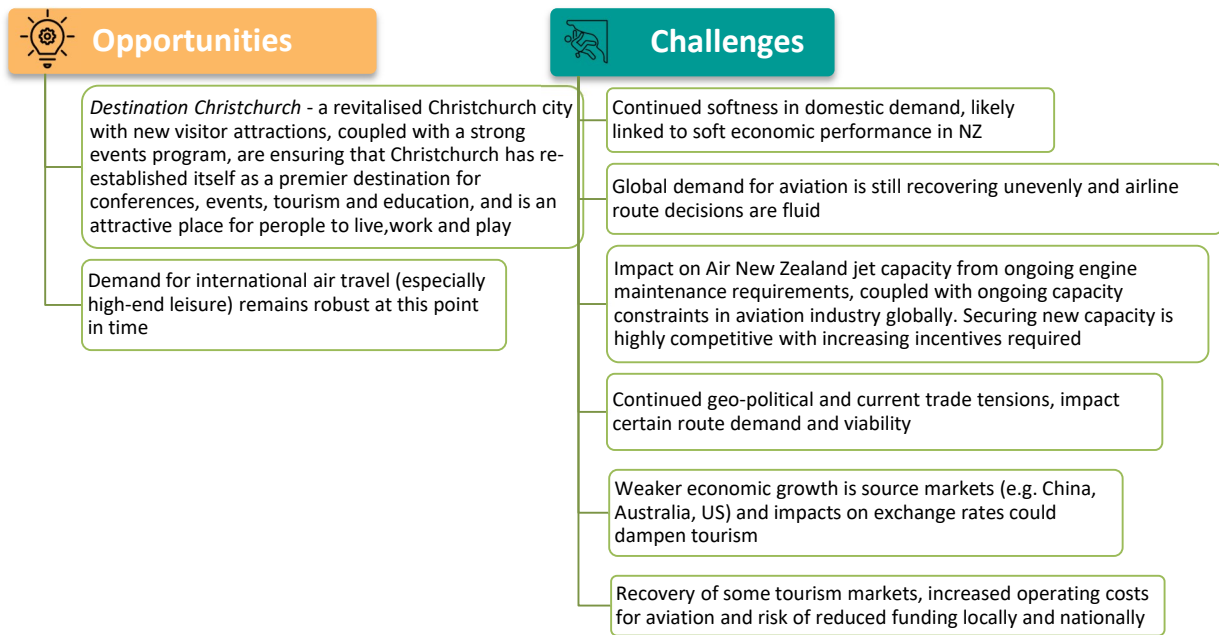
Short to Medium Term Aviation Demand Outlook



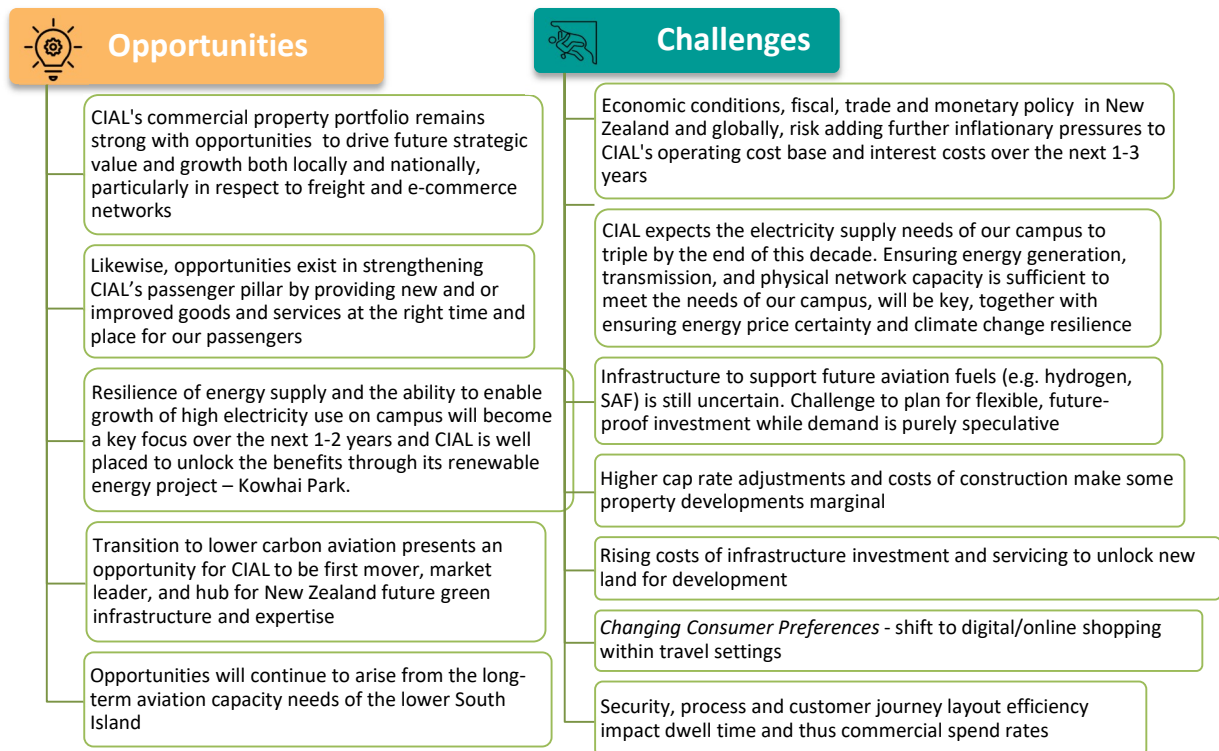
As of early 2025, New Zealand’s aviation sector is navigating a complex landscape marked by both recovery and ongoing challenges, meaning that post-pandemic growth is now plateauing at a national level.

New Zealand’s domestic market is experiencing a decline, attributed to softened demand, particularly among corporate and government customers, and ongoing engine maintenance issues affecting Air New Zealand. Internationally New Zealand is facing headwinds to get back to pre-pandemic levels of service due to constraints on the supply of new aircraft and strong competition from other destinations to attract the flying that is available.

Looking forward, there are some opportunities and challenges in respect to future prospects of above trend growth in passenger numbers over the next 1-3 year period of this Sol, as noted below.



Other Short to Medium Term Opportunities & Challenges



Our short-term financial outlook and forecasts reflects these opportunities whilst also acknowledging the challenges to growth.

LONG-TERM MEGATRENDS

The aviation industry – and the way people and goods move around the world – will change dramatically in the coming decades as global priorities shift, and new technologies become available.

Over the next 10-15 years, several megatrends are likely to significantly shape the aviation and airport landscape, and influence CIAL's strategic direction.

Emissions Reduction & Climate Change

We know that the changing climate is a significant shaping force for how we live and adapt to our changing planet, with key impacts across:

- *Adaptation & Transition:* adapt systems and infrastructure to mitigate changing climate conditions and extreme weather, together with societal scale energy transition/electrification
- *Mitigation:* continued reduction of emissions from our airport operations and supporting the transition of the wider transportation sector to a net zero carbon future
- Understand impacts on air travel demand and preferences, together with ground transportation links to the airport – multimodal transport integration (links to public transport, cycling, shared/electric/autonomous vehicles)

Technological Innovation

- Data, processing capacity and artificial intelligence combine to accelerate digitalisation of the passenger journey – e.g. biometrics, self-service/mobile apps, advanced screening
- Changing how airport retail is sold e.g. omnichannel sales, personalised offerings, dynamic pricing and data-driven advertising
- Adapting or changing traditional airport products and services to match a changing traveller demographic
- New aircraft types such as Vertical Take Off & Landing (VTOL's) craft will look to create new types of travel such as to destinations previously serviced by road (e.g. Christchurch to Ashburton)

Property Investment

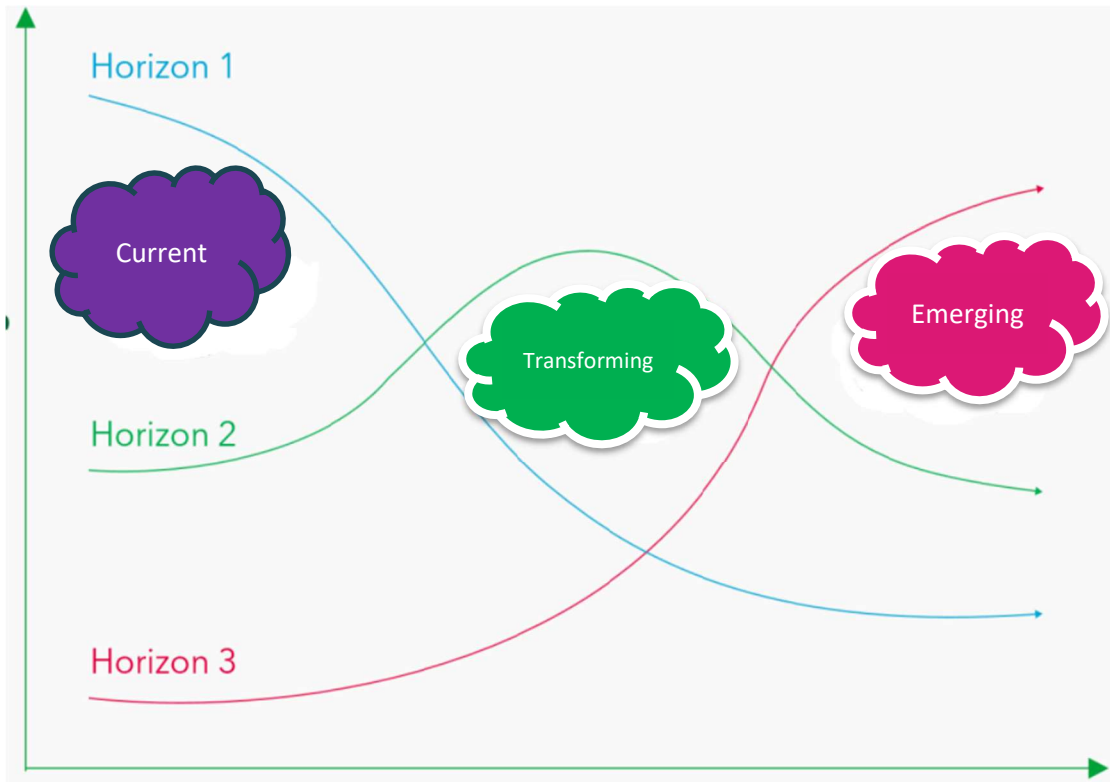
- Continued growth in e-commerce volumes and supply chain localisation could boost demand for on-airport and near-airport logistics investment (freight channels and capacity), together with enabling infrastructure e.g. energy, data
- Changes in market/tenant expectations/demand in respect to sustainable development become standard features, together with physical climate risk adaptation measures (e.g. flood protection, energy dependence)
- Demand for access to abundant and resilient renewable energy supply

Changing Demographics & Geopolitical Factors

- Ageing population, the growth of the global middle class and a changing expectation of an air travel experience will stand to influence new growth markets (i.e. India), the airport experience and future workforce planning
- Likewise, geopolitics and economic factors have the potential to impact the flow of tourism and trade

STRATEGY REFRESH – PREPARING FOR UNCERTAINTY

CIAL is beginning a refreshed long-term strategic planning process that will consider three distinct but inter-connected horizons.



Horizon 1 - CURRENT

The current horizon focuses on optimising performance within today’s operating environment, to ensure that we deliver on our targeted outcomes whilst remaining adaptable in the near term.

Horizon 2 – SHARPEN OUR EDGE

The transforming horizon explores how we actively prepare for transition – investing in the capabilities, partnerships, transformational systems or changes needed to shift towards a fundamentally different future which remains uncertainty.

Horizon 3 – EMERGING FUTURE

The emerging future horizon is about looking to move beyond linear forecasts based on our current environment and instead start preparing for a range of potential plausible futures.

This will be based upon an analysis of potential scenarios across the core commercial and operating pillars of the business, such as *Continued Growth, Constrained or Stalled Growth, Disruption or Collapse, and Radical Transformation*.

This Statement of Intent is focused on the current Horizon 1 objectives, whilst ensuring that we start to understand and prepare for the transition and investment required over the next 1-3 years, to be able to successfully navigate to whichever Horizon 3 scenario might eventuate, based on how the identified Megatrends unfold.

HORIZON 1 FOCUS AREAS & FY26 KEY ACTIVATIONS

NEAR TERM FOCUS AREAS

In Horizon 1, CIAL’s near term focus will be on optimising our financial performance, strengthening the resilience of our business and infrastructure, and delivering valued customer service through disciplined and focused execution. Key short term focus areas include:



FY26 KEY STRATEGIC ACTIVATIONS

Considering each of our near-term focus areas noted above and how our commercial and organisational pillar activation framework will continue to be used to organise the activity under each – this leads to the following key activations/priorities for the next Horizon 1 period specific to this Statement of Intent

Optimise Commercial Outcomes & Operational Performance

Revenue Growth – will be driven through short and medium-term revenue initiatives within our commercial pillars of Planes, Passengers and Property

Productivity – how do we deliver on our future goals and activations without a significant increase in our inputs (in terms of human and financial capital). This will likely include:

- Operational efficiency through process automation and service standards (initiatives across our operating cost base)
- Asset efficiency – efficient use of existing assets and related infrastructure (maintenance) and ensuring appropriate return for future capital investment
- Human resource allocation – efficient use across all strategic enabling functions within CIAL

Resilience

Financial Resilience – maintenance of financial resilience through strong balance sheet and revenue diversification through our commercial pillars. Includes provision of 5% headroom in our gearing policy for high impact events

Resilient Infrastructure – to ensure operational continuity, safety and security, continued investment in adaptable, robust airport infrastructure remains essential. Key objectives for CIAL include:

- Developing Christchurch Airport as an alternative fully capable all-weather airfield to provide additional resilience to the country's long-haul capable airport infrastructure
- Operational Resilience - flexibility built into Christchurch airport's physical infrastructure and the ability to quickly adapt operational procedures when disruptions occur. Tested through extensive preparation for emergency preparedness
- Develop physical climate risk adaptation plan which will identify key adaptation actions required for the most material physical climate risks together with timeframes and investment needs
- Develop an Energy Infrastructure Master Plan detailing the infrastructure requirements to cater for a renewable energy transition and resilient energy supply across the commercial pillars
- Updating CIAL's Master Plan to ensure we can provide and protect an infrastructure planning framework for long-term land use that supports delivery of CIAL's strategic goals. Also continue to protect CIAL's ability to operate on a 24/7 basis through noise contours in Regional Policy Statement

Future Proof

The long-term megatrends will shape the environment for CIAL over the next decade and beyond. These trends will create disruption across the sector and our business, so it remains important that CIAL looks forward to mitigating future risks whilst positioning itself to take advantage of future opportunities including:

- Strengthening our position as both a gateway and Tasman/domestic hub and spoke airport through quality of aeronautical network and of our long-term campus tenants and partners
- Continued focus on reduction in emissions from our controlled airport operations (scope 1 & 2) together with identifying opportunities where we can help accelerate the transition of aviation (scope 3) to a lower carbon future based on renewable energy resilience

- Continue to develop plans for the Kowhai Park ecosystem and grid connection infrastructure to enable CIAL to provide an electricity infrastructure capacity to support the growth and development in green energy needs within the commercial pillars, including:
 - Complete Kowhai Park Stage 1 in FY26
 - Partner to trial alternate fuels on campus, e.g. hydrogen, and to attract tenants that require large quantities of renewable energy
- Show leadership, through using our influence, advocacy and any available mechanisms to support our customers with their de-carbonisation goals, together with ensuring we have the infrastructure ready to support their needs
- Broadening our investment lens to explore growth opportunities beyond our current physical footprint, in a way which is aligned to our goals and delivers long term value to the wider business. In parallel with this, identify potential partnering opportunities which may develop mutually beneficial outcomes
- Continue to identify initiatives that build a collaborative, connected and engaged culture that enables each of our people to help deliver our purpose, mission and strategic priorities both individually and collectively
- Striving to be a well understood and valued member of our community through fostering strong community and stakeholder engagement

FINANCIAL CONTEXT

AIRPORT FINANCIAL MODEL

The challenges inherent within the day to day financial, operational and investment activities of an airport are often little understood by external observers. These constraints stem from a number of key dynamics that are often outside of an airports direct control and can be in conflict if not carefully managed. These include:

- Aviation demand growth – long term passenger growth approximates GDP growth and therefore there is limited ability to materially influence passenger volumes in the short term. Growth beyond that of long run GDP can be achieved, however only through significant investment with our airline partners. The current revitalised Christchurch city with new visitor attractions, coupled with a strong events program, will facilitate this over the coming period. Full value impact of new routes usually takes 1-3 years to crystallise. Because of this, it is challenging to achieve meaningful, immediate and profitable passenger growth above general GDP growth levels
- Aviation capacity supply – fleet renewal programs and engineering requirements are having a significant impact on the supply of aircraft for airlines. Airlines will prioritise the highest and best use of their capital which, for international airlines, is challenging for New Zealand routes due to distance. Domestically, due to the dominance of the national carrier, there are few competitive alternatives
- Risk / reward asymmetry – as noted above, passenger volume growth (or reward) is constrained in the long term, however as evidenced by the impact of the Christchurch earthquakes and the pandemic, downside risk to demand can be immediate and significant, with recovery taking many years. Mitigating this downside risk is challenging
- Regulatory Context – As one of New Zealand’s three largest airports, CIAL has a portion of its operations subject to regulation overseen by the Commerce Commission. This regulation effectively limits the total allowable revenue that can be earned from CIAL’s Regulatory Asset Base (airfield, apron and terminal) for each 5-year pricing cycle, to an industry mid-point weighted average cost of capital (WACC), which is currently 6.62% for the period out to the end of June 2027. Approximately 44% of CIAL’s FY24 operating revenues were generated under this regulatory regime
- Non-regulatory priced activities – the remaining revenue streams of an airport fall into two categories, passenger related (including retail, food & beverage, duty free, rental vehicles, ground transport and car parking) or property related
 - Passenger related revenues are reliant on passenger volumes and maintaining customer service offerings that represent value for money, quality and current preferences
 - Property related revenues are constrained by the overall market demand and rental rate dynamics, while also requiring long lead times and capital investment to continue to grow a portfolio

- Operating Cost base – airports have a relatively fixed operating cost base, particularly in respect to their major terminal and airfield assets and productivity gains are incremental in nature. There are also significant levels of ‘non-tradeable’ costs (i.e. rates, insurance, interest) that continue to show stubbornly high levels of annual inflation in New Zealand
- Efficient airports, including CIAL, hold land for long-term development, for which an expected market return is unable to be achieved in the short term

CAPITAL INTENSITY

CIAL provides the city and region with a network of essential lifeline infrastructure that underpins the movement of people and goods around New Zealand and connects us to the rest of New Zealand and the world. Airport infrastructure involves planning over 30-year cycles to meet the long-term needs of consumers and airlines and hence require continual investment in the following areas:

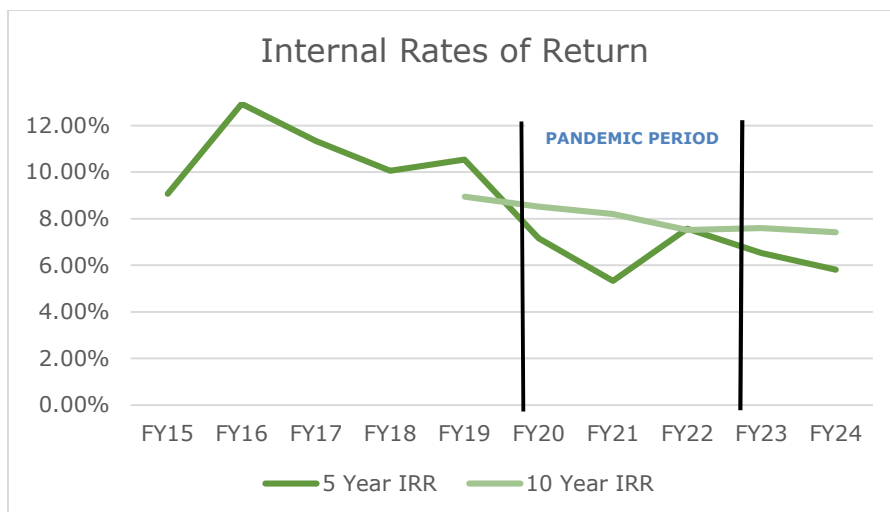
- Maintaining operational resilience – by their very nature, airport operational assets must be maintained to meet stringent standards regarding safety, security and availability. There are continual upgrades in safety and security needs driven by regulatory change, and it is essential that our critical infrastructure remains operational from a local and wider country perspective
- Future focused investment – decarbonisation of aviation. Following an extended period of relative stability regarding aeroplane design and operational requirements, the move to decarbonise is likely to create exponential change in the aviation ecosystem. Electrification of ground service equipment is already underway and electric, hydrogen propelled, or sustainable aviation fuel (‘SAF’) fuelled aircraft are on the near-term horizon. These technology changes require major infrastructure investment across an airport campus to meet the demands of airlines, supporting operators and consumers
- Over time airports will continue to need to invest for connectivity growth and regional development as well as to maintain our existing asset base to an acceptable level of services and to ensure operational resilience, including future climate change mitigation and adaptation
- Grow, enhance profitability and improve revenue diversification – continued capital investment in non-aeronautical revenue streams (e.g. terminal retail and food & beverage, ground transport and property development), is a key strategic requirement for airports to grow, enhance profitability, improve revenue diversification, enhance passenger experience, and provide long-term financial sustainability

BENCHMARKING CIAL OUTCOMES

CIAL continues to outperform against expectations for an airport of our size. By size CIAL does not make the list of the top 500 airports in the world, and yet (unlike airports of similar size within the region) in FY24 enjoyed over 8,000 international flight movements. It has international air connections to major regional airport hubs like Brisbane, Melbourne, Sydney, Dubai, Singapore, Hong Kong, Guangzhou and San Francisco. CIAL is the only long-haul airport outside of the top 100 that several of our airline partners operate schedule air services to.

CIAL’s key objective is to operate as a successful commercial entity, actively benchmarked against relevant industry peers. Achieving this objective, requires balancing several different priorities, including both financial and non-financial expectations specific to our two shareholders.

When benchmarking past performance, it is appropriate to use a 5- or 10-year Internal Rate of Return (‘IRR’) to assess total shareholder returns, as IRR reflects an annualised rate of return over a full investment period. Historically, CIAL has delivered an IRR >8.5%, consistent with the regulatory framework within which CIAL operates and its NZ industry peers and as compared to a CIAL Weighted Average Cost of Capital (‘WACC’), last assessed independently at 8.01% as at 30 June 2024.



Generally, when assessing the IRR performance of CIAL, it is important to fully consider the constraints of an airport financial model as outlined in the paragraph above.

Obviously more recent returns, from FY20 onwards, have declined, consistent with the unprecedented impacts of the pandemic, followed by sharp increases in inflation and interest rates. It will take until FY28 and FY33 respectively for the pandemic impacts to be removed from the 5- or 10-year IRR measures. Looking forward, despite the challenges to future growth in aviation, the primary financial objective for CIAL remains on growing dividends and long-term value to an appropriately benchmarked level.

For measuring and managing future annual performance, CIAL will track and target a series of specific financial metrics focused on annual financial returns, operating efficiency/productivity, and capital structure measures.

These shorter-term targets will also be benchmarked against the performance of peer companies and the broader infrastructure sector where possible, to assess CIAL performance (see Financial Performance Measures section below).

FINANCIAL PERFORMANCE MEASURES

PROFITABILITY

For the purposes of the FY26 Sol, CIAL has continued to adopt a mid-point passenger demand scenario for FY26-28. A balanced approach to forecasting passenger demand is taken to factor in future risk factors including ongoing capacity constraints in the aviation industry globally, soft economic performance affecting domestic demand in New Zealand, and the current highly volatile global environment leading to the potential for rapid changes in trading conditions.

The key factor influencing CIAL's passenger demand (and hence aeronautical and commercial revenue streams) continues to relate to reduced Air New Zealand jet capacity, predominantly on the Auckland and trans-Tasman routes from Christchurch, from ongoing engine maintenance requirements. This will continue to reduce Air New Zealand seat capacity by circa 3-5% through FY26 and into FY27. Currently there is limited replacement capacity, and consequently little that can be done to fully offset this.

\$m	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Total Operating Revenue	239.5	248.5	260.3	271.7
EBITDAF¹	147.5	151.3	160.6	171.4
Net Profit (Loss) Before Tax	72.2	74.8	82.5	90.0
Net Profit (Loss) After Tax	49.2	52.4	57.7	63.4
EBITDAF as % of Revenue	61.6%	60.9%	61.7%	63.1%
Return on Invested Capital²	4.8%	4.9%	5.1%	5.5%

N.B. the forecast statement of financial performance outlined above excludes:

- any non-cash investment property revaluation gains/losses (*given amounts are non-cash related*)
- any other asset impairment assessments
- any accounting adjustments related to revenue or expense gross-up
- any lease accounting adjustments (FY26-28)
- any non-cash deferred tax adjustments

Passengers	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Domestic	4,860,216	4,943,362	5,078,347	5,120,471
International	1,567,496	1,598,359	1,635,274	1,641,945
Total Passengers	6,427,712	6,541,721	6,713,621	6,762,416

¹ Earnings before interest, tax, depreciation, amortisation and fair value movements

² Earnings before interest & tax / (total productive assets)

Notes & Assumptions

All of CIAL’s forecast assumptions contain inherent uncertainty, as they rely on estimates of future conditions that are subject to change. Factors such as market dynamics, regulatory changes, economic conditions, and operational risks can cause actual outcomes to differ from that forecast.

Revenue

- Aeronautical: the updated passenger forecast reflects the current trends that are being seen in domestic and international demand. Forecast also considers:
 - domestic and international seat capacity filed by airlines up to Jan 2026; and
 - latest projections from the industry, including the likely impact of ongoing maintenance requirements associated with various jet engines
- Lease Rental: Underlying lease rental will continue to grow through FY26-28, predominantly reflecting a market rate rental return from the forecast property development program and ongoing market annual rent review arrangements
- Terminal & Commercial Concessions and Ground Transport: most commercial arrangements have returned to a basis that correlate to passenger growth trajectories, including both Minimum Annual Guarantees (MAG) and concession revenue elements
- Baseline parking, taxis and rideshare revenue will follow a similar rebound path to domestic and international passenger numbers overlaid with revenue uplift portfolio wide yielding adjustments
- Hotel: Base occupancy levels, and related revenue performance, has improved in FY25. The outlook for the Christchurch hotel market over the next 12 months remains positive, and hence forecasting for continued growth in occupancy supported by implementing measures to improve operating margin

Operating Costs

CIAL has a relatively fixed nature operating cost base, particularly in respect to its major terminal and airfield assets even when the level of passenger throughput varies.

As we move into FY26, terminal and airfield operating costs have returned to levels reflective of rebuilt passenger activity, including new focuses on related health, safety, security, resilience and new regulatory framework requirements.

CIAL has forecast the bulk of its operating costs to increase from the current base at the rate of long-term inflation each year. Staff costs are forecast to increase at a rate which matches the current wage market in FY26 and then compound at long-term wage growth levels as assessed by Treasury from FY27 onwards.

- Insurance & Rates– these costs are outside of CIAL control and are expected to continue to rise at rates higher than forecast average annual CPI. During FY25, CIAL has worked with brokers and the industry to reset its insurance premiums to a lower base
- Maintenance – CIAL’s consolidated maintenance contract with Citycare fixes a number of costs for three years. This contract has been reset in FY25 and will increase with CPI inflation

- Cleaning, Waste, Waste minimisation and Quarantine – CIAL outsources these activities. Contract terms allow for underlying rates to increase in line with living wage increases and passenger volumes

Interest Costs

CIAL runs a corridor interest rate hedging strategy for a forward period of 10 years, with minimum and maximum hedge cover levels across each year. Whilst CIAL has approximately 75%-80% of its drawn debt hedged over the next two financial years, the residual amount of unhedged debt (circa 20%) is exposed to current floating rate increases and related volatility.

Interest costs in FY26 are expected to flatten off and remain consistent with FY25 and then stabilise over future years of the period of this Sol.

Taxation Expense

Anticipated effective current tax rate is estimated to be as high as 29.5%-30% as compared to a historical average which has been closer to 26%. This is due to the likelihood of much lower depreciation for tax purposes (as compared to accounting depreciation). The government decision to remove the ability to depreciate long-life buildings means several of our building assets are now fully depreciated for tax purposes.

The recent announcement in the 2025 budget related to an “Investment Boost” tax incentive, allowing businesses to deduct 20% of the cost of new depreciable assets, may help to reduce our effective tax rate from FY26 onwards, although the extent of this still needs to be worked through.

CAPITAL STRUCTURE

The Board has adopted a Treasury Policy which requires the company to target at least a stand-alone BBB+ credit rating and caps its gearing ratio (debt/(debt+equity)) at 40%, with 5% of that 40% set aside as a buffer for major external events (such as the Alpine fault or a pandemic) – meaning an effective gearing ratio cap of 35%.

This capital management approach has been very effective over recent years in providing resilience through the global pandemic – arguably one of the most material events to impact the aviation sector. A recent external independent review of CIAL’s capital management policy has endorsed this approach in order to provide an appropriate mix of financial flexibility, resilience and excess debt capacity for stress related events.

The forecast Capital Structure, ratio of shareholders’ funds to total assets and gearing ratios for the next three years are:

\$m	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Debt	562.0	605.0	638.0	660.0
Equity	1,545.0	1,551.3	1,559.5	1,568.6
Shareholder Funds/Total Assets %	64.7%	63.8%	63.1%	62.6%
Gearing (debt/(debt + equity)) %	26.6%	28.0%	29.0%	29.5%
Debt / EBITDAF	3.8x	4.0x	4.0x	3.8x
EBITDAF Interest Cover x	5.0x	5.0x	5.3x	5.4x

Based on the above forecast operating cash flow outcomes and baseline capital expenditure program requirements across the aeronautical and property asset base, cash flow forecasts show our debt levels will increase approx. \$30m each year on average during FY26-FY28. This reflects continued opportunities to develop high value property on campus, together with a period of increasing maintenance and capital replacement requirements within the terminal and infrastructure asset bases.

Other major capital expenditure in relation to specific project activity will be assessed on a business case basis during the period of this Sol.

CIAL will remain compliant with all its bank and bond financial covenants over the period of the Sol.

As at the end of June 2025, it is forecast that CIAL will have \$99m of headroom facilities available to be drawn on and \$1.1m of cash on hand

DISTRIBUTIONS

CIAL aims to distribute funds surplus to its on-going and forecast investment and operating requirements, subject to meeting the solvency requirements of the Companies Act 1993.

The Directors will review dividend policy annually and recommend such dividend payments as are consistent with CIAL's earnings, capital expenditure, future investment and benchmark requirements, subject to targeting a gearing ratio which does not exceed 40% (35% when excluding the 5% major event risk buffer) and maintaining CIAL's targeted stand-alone credit rating of BBB+.

In addition, CIAL remains cognisant of Shareholders' expectations regarding dividends and understands that certainty and growth in dividend stream is a key requirement.

Moving forward, subject to trading conditions at the time, it has been assumed that it remains the Board's intention to consider dividend payments in line with existing dividend policy (90% of distributable profit). The dividend policy is periodically subject to independent review.

On the assumption that CIAL’s dividend policy remains in place, forecast dividend flows would be as follows:

\$m	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Dividend Forecast	44.3	47.2	51.9	57.1
<u>Dividend Pay-outs (Cash Flows)</u>				
Current Year Interim Dividend	21.3	23.1	25.5	28.0
Prior Year Final Dividend	18.7	23.0	24.1	26.4
Forecast Dividend Cash Flow	40.0	46.1	49.6	54.4

CAPITAL EXPENDITURE

As outlined in the ‘Financial Context’ section earlier, regular CIAL capital investment is required across several broad categories including regulatory, compliance and operational resilience, including future climate change mitigation and adaptation.

Furthermore, CIAL will also need to invest significantly in Horizons 2 & 3, in future focused infrastructure that meets the changing needs of our airline customers, provides services that our campus tenants require and helps enhance profitability through growing revenue and improving revenue diversification.

When considering strategic, growth or commercial capital investment decisions, CIAL utilises a “competition for capital” process across its Planes, Passengers and Property pillars, of which Internal Rate of Return (‘IRR’) relevant to overall companywide ROIC, is the key underlying measure.

CIAL’s competition for capital approach allows new initiatives and projects to compete for available funds, being prioritised based on those that will add the most value.

When considering returns on investment, it is relevant to keep in mind that CIAL makes investment decisions across land, infrastructure and buildings, leases and operations. Each of these areas operates to a different timeframe (between 3 – 50 years) and therefore carries different risk and value profiles. Additionally, it is not uncommon for a single proposed investment to touch on more than just one of these areas, therefore bringing different time lenses into the decision-making process.

The table below outlines the current forecast capital expenditure investment over FY26-28:

Capital Project Commitments (\$m)	2025 Forecast	2026 Forecast	2027 Forecast	2028 Forecast
Property & Related Infrastructure	35.0	36.0	31.5	28.0
Operations - Airfield, Terminal & Infrastructure	19.0	22.0	29.5	25.5
P2P	8.3	8.0	8.3	8.0
Maintenance, Infrastructure, Sustainability & Planning	15.7	23.0	17.5	17.0
TOTAL	78.0	89.0	86.8	78.5

CIAL has a base level of annual capex reflecting regular infrastructure investment, maintenance and plant replacement programs on the airfield and in the terminal and across the wider campus. This type of capex is reasonably consistent and for the period of this plan includes the *Airfield Pavement Maintenance Program (APMW)*, *Fire vehicle replacement* and ongoing regular maintenance including:

- infrastructure and building activities, typically related to electrical, lighting, mechanical, water, as well as general assets;
- terminal activities typically related to asset management plans, baggage systems, display/communication systems, software, electrical, lighting, mechanical and end-of-life one-off upgrades; and
- vehicle, plant and equipment activities typically related to general fleet conditioning, asset management plans for airfield/control operational areas, computer systems (hardware/software/network management)

Other major capex projects across the terminal (P2P) and airfield assets over FY26-FY28, include

- *Stop bars and guard lights together with airfield power and lighting ('APLE') assets* to be taken over from Airways
- *Freight Apron Expansion* – facilitate increased cargo demand and property development
- *Ground Transport* – system upgrade and revamp of offering
- *Electric Charging* – infrastructure across campus
- *Electrical Distribution Network* – infrastructure to support property development and future aviation

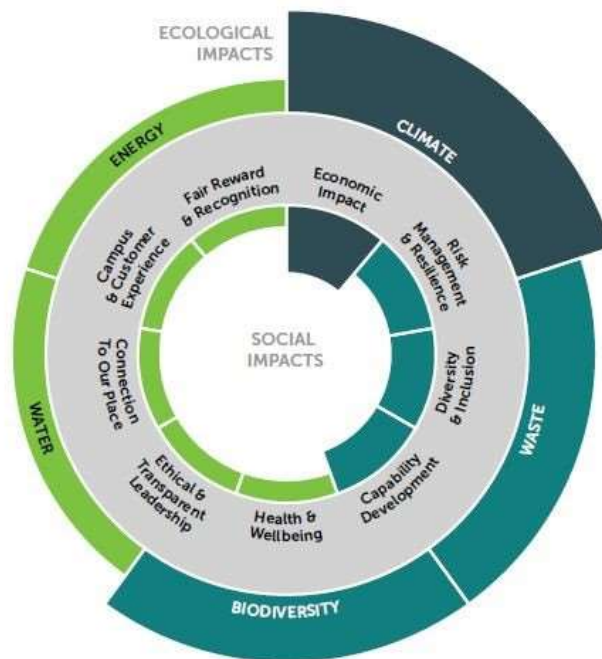
Capital expenditure in the property portfolio reflects completion of current and Board approved investment property projects (including DHL, Pratt & Whitney & Enatel) plus expected levels of ongoing core property development.

PLANET

Our Planet Strategy is CIAL’s approach to embedding Environmental, Social & Governance (“ESG”) principles into business. It represents how our team bring to life our ambitions to elevate the needs of people and planet, so we can contribute to our society and communities.

We have developed the CIAL Planet “donut”. This is a visual framework that combines economic and social needs together with environmental impact at a business level. It shows how the needs of our community sit alongside the needs of our planet, and those environmental areas CIAL is most materially impacting, and where we have opportunities to do more.

We recognise our Planet strategy will be a practice of ongoing improvement, as we learn and adopt best practices. This requires us to be open to challenges, to benchmarking ourselves against progressive industry peers, and where pathways don’t yet exist, helping to shape to the highest possible level of ambition.



EMISSIONS REDUCTION

CIAL has committed to maintaining net zero Scope 1 and 2 GHG emissions,³ which we achieved in 2021, and to eliminating all Scope 1 and 2 emissions from our operations by 2035. In FY24 this represented a 92% reduction of our Scope 1 and 2 emissions against a 2015 baseline and placed CIAL ten years ahead of science-based targets projections.

Our Emissions Reduction Plan (ERP) sets out initiatives to help in addressing our remaining scope 1 & 2 emissions, (as well as barriers and dependencies).

³ We define ‘net zero’ according to the GHG Protocol, as having reached 90% absolute CO₂e emissions reductions in Scope 1 and 2 with the remaining balance between the amount of greenhouse gas (GHG) that’s produced having been removed from the atmosphere. To achieve net zero, we utilise offsets as described on page 33 of CIAL’s Climate-related Disclosure for the year ended 30 June 2024

CIAL is now taking an active, practical, and intellectual leadership role in supporting the wider aviation sector (scope 3 emissions) attributed primarily to domestic and international aviation. This will be done through initiatives such as Sustainable Aviation Aotearoa, hydrogen trial partnerships, and Kowhai Park (see below), together with continuing to participate in a range of other working groups including Sustainable Business Council, Airports Council International (ACI) Asia Pacific and New Zealand Airports Association.

It is important that we participate in this work, so that we understand the implications of the transition within New Zealand, including future energy needs, regulatory policy response, and the infrastructure we need to enable or develop to support the transition to low carbon aviation.

We will also continue to support our other on campus customers and stakeholders to reduce energy usage where possible by enabling low emission buildings, expanding our EV charging hub and providing the ability to electrify using the Kowhai Park network connection (once complete).

We recognise that many factors will contribute to our ability to achieve our goals, and much is uncertain about the path to 2050 in the aviation sector in particular. We are focussed on implementing change for those emissions sources within our direct control.

For our scope 3 emissions, which include emissions from flying, we recognise that these are outside of our direct control. The ability of the sector to reach net zero by 2050 will rely on a number of external factors including a supportive policy environment, the ability of our airline partners to decarbonise, the commercialisation and availability of alternative forms of sustainable aviation fuel, and the commercialisation and availability of next-generation aircraft.

Given we know the importance air connectivity plays, and will continue to play, in supporting the growth in many parts of the economy (such as high value exports, international education, skilled migration), as well as enhancing social outcomes through facilitating people interactions, parcel freight and providing access essential services, our approach is to lean into the transition, helping to accelerate the industry towards decoupling carbon from aviation.

MAJOR PROJECT – KOWHAI PARK

The energy transition presents the most material and immediate climate transition risk to CIAL. Within our climate action pathway, it is one of the most impactful activations that is within our control.

In 2021 Christchurch Airport set aside 400 hectares of land to the western side of the airfield for the development of Kōwhai Park. Kōwhai Park is intended to be developed under an ecosystem approach where the total system, rather than a single development, can enable a range of potential future technology and opportunities across solar generation, battery storage, national transmission and local distribution, future aviation charging, and hydrogen production (noting that such future technology and opportunities are dependent on a range of external factors outside of CIAL's control (including government policy, viability of technology, appropriate investment and customer demand)).

The plan for the initial phase is to deliver a 230-hectare solar array, which in turn will enable an increased grid connection. Contact Energy and Lightsource bp have been selected as our preferred development partner for Phase One. They reached final investment decision to proceed with the project in August 2024, and we are on track for it to be in operation by the end of 2026.

Facilitating on-site solar generation and potential future storage is expected to help in addressing a climate related risk as it provides us, and the wider network, with a degree of energy supply resilience. The ability to support potential future development of green hydrogen using energy generated from Kōwhai Park may also provide a degree of supply chain resilience.



Whilst Kowhai Park will be complemented by a localised grid connection/sub-station to ensure CIAL has future energy resilience and supply for its campus as well as increasing the supply of renewable energy to the national grid, it will not connect existing tenants directly to the solar farm or sub-station who will still be required to undertake commercial negotiations with their preferred electricity provider.

The 240-hectare solar farm delivered as Phase 1 will enable an increased grid connection. CIAL will be required to work with Orion to develop local network infrastructure within the campus, in line with our future investment needs.

ADAPTATION AND RESILIENCE

We recognise the physical impacts of climate change may present risks to our assets in the long-term future, and the consequent need to adapt and future proof our assets and operations and reduce our vulnerability to climate hazards. To help us respond to this, we are underway with a process to update our 30-year master plan, which will consider a wide range of aspects across the airport campus including the electrification of our terminal and ground transport strategy, investment property strategy, capacity and resilience of energy supply, climate adaptation requirements and operational resilience.

It is worth noting the role CIAL plays in handling displaced aircraft and passengers when major weather events or infrastructure limitations (e.g., fuel supply) impact other parts of the country. Aviation relies on a network, which means that an impact on one node has flow-on effects for the other nodes. As we are the only wide-body capable airport behind Auckland International Airport, and the diversion airport for most international airlines, we will continue to play an active role in supporting national resilience.

As part of the development of our transition plan, we intend to develop our physical risk adaptation plan which will identify key adaptation actions required for the most material physical climate risks together with timeframes and investment needs. None of the required initiatives are likely to be material in the short- to medium-term.

BIODIVERSITY

Biodiversity is a key planetary boundary that is currently being exceeded and requires global action to address. CIAL has an interest in positively impacting the biodiversity on our campus, while managing unique airport operational challenges, such as limiting bird activity in and around our runways.

In 2024 CIAL developed a biodiversity baseline and framework within which to measure and monitor progress against the global biodiversity goals.

In 2025 we will be finalising a biodiversity transition plan to support the global goals and continue work to embed this into practices across the organisation.

CIRCULARITY

In recent years Aotearoa New Zealand has come to accept there is an overdue transition required from a linear – take, make, waste mentality, to one of a circular economy that focuses on materials recovery. A circular economy is designed around taking single use items out of production and instead designing products for continued reuse or to be biodegradable without detrimental impact on our oceans or soil health.

CIAL has the goal to move towards circularity but understands this is a complex journey that will involve support from across the organization, alongside the public, our tenants, regional and national stakeholders where investment in support infrastructure needs to occur.

NOISE

Air noise contours are the key to Christchurch Airport's ability to operate safely and efficiently – both now and into the future. Noise contours identify areas around Christchurch Airport that are exposed to aircraft noise at levels which may impact the long-term amenity of communities in those areas. Noise contours are designed to protect both local communities and the efficient operation of Christchurch Airport as a significant infrastructure asset and vital gateway for Canterbury's and the South Island's economy.

Christchurch Airport is one of only two airports in New Zealand that can operate 24 hours a day, 7 days a week. It is also the only South Island airport that can accommodate wide body aircraft. Its 24/7 operation facilitates significant domestic and international leisure and tourism, generating employment, investment and indirect benefits to local businesses. Our producers and community rely on the efficient and reliable connectivity to local and international markets we provide, for high value produce (including perishable goods) and overnight parcel and small freight deliveries. Its operation is also critical for providing a lifeline for remote communities and enabling a rapid response when disasters occur.

Noise contours are a key tool in regional and district planning, being incorporated into Regional Policy Statements (RPS) and District Plans. They ultimately will guide land-use decisions around Christchurch Airport, and consequently it is important that all planning decisions effectively balance the critical need for 24/7 airport operations, with urban development and community interests. CIAL will work with our shareholders to build their understanding of that framework

Performance Measures	Performance Targets	
	2026	2027 & 2028
<p>Climate</p> <p>Deliver ongoing reduction in emissions from our airport operations, together with supporting stakeholders with the transition to a lower carbon future</p> <p>Absolute emissions reductions (scope 1 & 2) by 2035</p> <p>Develop physical climate risk adaptation plan</p>	<ul style="list-style-type: none"> ▪ Maintain airport operational greenhouse gas ('GHG') emissions reductions of 90% or greater (scope 1 & 2 emissions) ▪ Partner, where possible, to help accelerate the transition to lower carbon aviation ▪ Publicly disclose and regularly review our processes relating to climate risk disclosures 	<ul style="list-style-type: none"> ▪ Maintain airport operational GHG emissions reductions of 90% or greater (scope 1 & 2 emissions) ▪ Support our Scope 3 supply chain partners to meet their own emissions reduction goals ▪ Continue to take an active, practical, and intellectual leadership role in supporting the transition to lower carbon aviation through initiatives such as Sustainable Aviation Aotearoa, CLC/SBC, ACI Global and the NZ Hydrogen Consortium
<p>Energy</p> <p>Onsite renewable energy to power CIAL's decarbonisation and support aviation's lower carbon future</p>	<ul style="list-style-type: none"> ▪ Regularly review energy efficiency projects seeking to maintain or improve operations ▪ Expand understanding of renewable energy and future fuels infrastructure requirements to cater for transition to lower carbon aviation ▪ Continually seek Building Management systems and energy efficiency improvements 	<ul style="list-style-type: none"> ▪ Large-scale onsite generation of renewable electricity from 2027, and expand campus electricity network distribution access ▪ Regularly review energy efficiency projects seeking to maintain or improve operations ▪ Investigate potential pathways and partners to enable future green hydrogen generation onsite
<p>Biodiversity</p> <p>Maintain, enhance and restore Aotearoa's native and endemic species.</p>	<ul style="list-style-type: none"> ▪ Confirm biodiversity baseline and science-based targets for nature ▪ Develop a measuring and monitoring framework for CIAL biodiversity ▪ Develop a trusted network of stakeholder relationships to support work program 	<ul style="list-style-type: none"> ▪ Engage in long-term partnerships with local community to implement projects within work program ▪ Maintain a trusted network of stakeholder relationships to support work program
<p>Noise</p> <p>Our responsibility and preference are to collaborate with all stakeholders, especially residents and businesses close to Christchurch Airport and its flight paths in relation to noise impacts</p>	<ul style="list-style-type: none"> ▪ Noise complaints are limited to 10 per 10,000 aircraft movements per annum ▪ Continue to participate in the consultation process in Canterbury on how the latest noise contours are to be integrated into the Regional Policy Statement 	<ul style="list-style-type: none"> ▪ Noise complaints are limited to 10 per 10,000 aircraft movements per annum ▪ Offers of acoustic mitigation to noise impacted properties currently eligible ▪ Long term and ongoing program to protect CIAL from noise reverse sensitivity affects

	<ul style="list-style-type: none"> ▪ Offers of acoustic mitigation to noise impacted properties currently eligible ▪ Long term and ongoing program to protect CIAL from noise reverse sensitivity affects 	
<p>Circularity</p> <p>Support a circular economy that ultimately keeps resources in circulation rather than landfill.</p>	<ul style="list-style-type: none"> ▪ Maintain support for food rescue initiatives ▪ Integrate supplier waste minimisation plans into tenders 	<ul style="list-style-type: none"> ▪ Waste Working Group to seek waste prevention alongside minimisation efforts, across all CIAL operational owners

PEOPLE

Our People Strategy is designed to cultivate a highly engaged, innovative, and commercially successful workforce, and to be recognised as an employer of choice. Our strategy is anchored in five key pillars: Purpose, Leadership, Engagement, Talent, and Inclusion, all of which drive our ambition to maintain an enviable workplace culture.

FUTURE OF WORK

The rapid evolution of technology, digitisation, automation, and Artificial Intelligence (AI) is transforming the way we work. We are committed to leveraging these advancements to enhance operations, streamline processes, and eliminate low-value tasks, ultimately improving business efficiency, performance, and working conditions.

To further embed AI-driven efficiencies, a structured learning programme aimed at leveraging AI tools across our business has commenced. This initiative will enhance decision-making, optimise workflows, and support data-driven strategies that drive operational excellence.

In addition, we are strengthening our change management capability by implementing a new methodology designed to improve adaptability, resilience, and engagement during periods of transformation. This approach ensures that we can seamlessly integrate new technologies, refine processes, and support our people in navigating future change effectively.

We continue to refine and embed flexible working practices tailored to our operational needs, ensuring our approach enhances engagement, talent retention, productivity, and organisational culture. Our ambition is to achieve a measured increase in employee satisfaction with flexibility while maintaining high levels of productivity and team cohesion.

TALENT, DEVELOPMENT AND LEARNING

We are committed to equipping our people with the skills and capabilities needed to drive business success today and into the future. Our approach to learning is blended, combining traditional training, digital learning, experiential learning, and peer learning opportunities.

We take a dynamic approach to identifying and developing talent across the organisation. Our focus is on nurturing a pipeline of skilled professionals who can contribute meaningfully to our business, while ensuring we are building the right capabilities to respond to changing industry demands.

Investing in our leaders is paramount to ensuring CIAL's long-term success. We recognise the importance of equipping both current and emerging leaders with the tools, support, and opportunities needed to thrive.

Our leadership development framework provides structured programmes, executive coaching, and leadership mentoring to ensure our leaders are prepared to navigate complex challenges, foster high-performing teams, and drive organisational growth.

DIVERSITY & INCLUSION

We are committed to being a fair and inclusive organisation that reflects and embraces diversity in all its forms. Our aspiration is that we reflect the communities we serve and has a reputation as being an organisation that embraces diversity and promotes inclusion. CIAL will continue to prioritise talent strategies that ensure we attract and retain capable and aligned talent whilst balancing a move to improving diversity across the organisation.

We have done a lot of work assisting our team to understand what equity, diversity and inclusion means, how to recognise and avoid unconscious bias and stereotypes, and supporting our People leaders to build and effectively lead diverse teams, ensuring all voices are included. We have set measurable aspirations to ensure continuous progress.

REMUNERATION APPROACH

Sustained commercial success requires a balance of capital and talent. Our remuneration framework is designed to attract, retain, and motivate top talent while ensuring fairness and transparency. We have policies and procedures in place to ensure remuneration levels are set at market rates that are able to attract and retain the key talent we need to manage, operate and create real shareholder value in the business. We regularly compare our employee remuneration against market data and in general will meet the market, subject to employee performance. We are conscious of our public responsibilities in the setting of remuneration for senior executives, which is closely managed by the Board and made publicly available via the Annual Report.

CIAL is aware of the national living wage and have no employees impacted. At CIAL, we believe in using our influence to encourage other businesses to adopt fair pay practices, driving economic and social benefits across our industry and community

We have recently conducted a comprehensive audit of our total remuneration, identifying a gender pay gap influenced by several factors not uncommon to many organisations. Over the past two years, we have made significant progress in reducing this gap, yet we recognise there is still work to do. To address this, we have initiated targeted actions, and we will continue conducting annual audits until the gap is fully closed.

Performance Measures	Performance Targets	
	2026	2027 & 2028
Future of Work	<ul style="list-style-type: none"> Implement Change Management framework and train all change agents by start of FY26 Track success of AI pilot and identify future test case uses to include into wider digital transition roadmap 	<ul style="list-style-type: none"> Implement digital roadmap activations across the business including identified AI test cases
Talent	<ul style="list-style-type: none"> Offer all employees the opportunity to develop personalised learning and career progression plans Support the training of employees in digital literacy and AI related skills Increase internal promotion rates by aligning career pathways within business strategy 	<ul style="list-style-type: none"> Increase annual learning and development hours per employee Succession plans reviewed every 6 months and development pathways actioned Continued retention of identified critical talent
Engagement	<ul style="list-style-type: none"> Conduct regular employee voice surveys with action plans created and reviewed Average Voluntary turnover remains <10% Documented organisational Engagement and Culture Plan developed 	<ul style="list-style-type: none"> Improved overall engagement score in annual survey in 2026 and 2027 Average Voluntary turnover remains <10%
Leadership	<ul style="list-style-type: none"> Continue to build leadership capability through formal and informal learning opportunities Improved Management & Leadership results in annual engagement survey 	<ul style="list-style-type: none"> Continue to build leadership capability through formal and informal learning opportunities, across different levels of leadership responsibilities Improved Management & Leadership results in annual engagement survey in 2027 and 2028
Inclusion (Diversity / & Equity)	<ul style="list-style-type: none"> Measure and report on gender pay gap and deliver actions to work towards a zero gender pay gap by 2030 Undertake second Inclusion Review achieving improved outcomes compared to 2022 	<ul style="list-style-type: none"> Continue actions that work towards a zero gender pay gap by 2030, and increasing female representation in leadership roles to 40% by 2030 Improved gender diversity in CIAL's leadership group towards a goal of 40/40/20 (female/male/any gender)

HEALTH, SAFETY & WELLBEING

Our integrated approach to Health Safety and Wellbeing (HSW) is centred on Protection of Our People by creating Healthy Work where Our People can Thrive. The strategy is based on strengthening core principles or foundations that underpin the achievement of positive HSW and work outcomes including:

- A culture with high levels of trust, engagement and participation
- Curious, visible and authentic leadership
- A management system that facilitates continuous improvement, enables effective risk management and facilitates participation, communication and collaboration across all stakeholders

The development and maintenance of these foundations consistently across all areas of the business requires deliberate and focused actions, set out in our Annual Protection Work Plan.

The priorities for 2025/26 are centred on reinforcing and further building the capability of our people leaders with coaching and ongoing awareness training, fully integrating our people and aviation safety system and the management system software that supports it, embedding critical risk control management and verification processes, including for our known psychosocial hazards.

Performance Measures	Performance Targets	
	2026	2027 & 2028
Culture & Leadership - continue to develop a positive culture that enables the health, safety and wellbeing of our people	<ul style="list-style-type: none"> ▪ Improve on the HSW factor insight in our annual culture and engagement survey ▪ Year on year improvement in quality, coverage and number of HSW leadership interactions/events 	<ul style="list-style-type: none"> ▪ Year on year improvement on the HSW factor insight in our annual culture and engagement survey ▪ Year on year improvement in quality, coverage and number of HSW Leadership interactions/events
Management systems – continuous improvement in systems to manage health safety and wellbeing	<ul style="list-style-type: none"> ▪ Fully integrated aviation and people safety management system ▪ CIAL Protection workplan delivered on schedule including critical control ownership & validation 	<ul style="list-style-type: none"> ▪ External audit of ISO 45001 aligned integrated management system ▪ CIAL Protection workplan delivered on schedule including critical control ownership, effectiveness & validation
Wellbeing – enabling healthy work where our people can thrive	<ul style="list-style-type: none"> ▪ Incorporate ISO45003:2021 Psychological H&S at Work into systems and work practices ▪ Education to improve mental health & wellbeing literacy across teams ▪ Maintain or increase the wellbeing, psychological safety and work/life blend scores in our annual culture and engagement survey 	<ul style="list-style-type: none"> ▪ Embed ISO45003:2021 Psychological H&S at Work into systems and work practices ▪ Improve mental health & wellbeing literacy across teams ▪ Maintain or increase the wellbeing, psychological safety and work/life blend scores in our annual culture and engagement survey

WIDER CIAL IMPACT

CIAL's strategy is focused on more than just being an airport in Christchurch. As the gateway to the South Island and Destination Christchurch, CIAL has previously and continues to play a significant role in supporting the tourism and wider export sectors across Christchurch, the South Island and NZ.

This has been done through significant financial contributions to the promotion of the city and region through partnering with Christchurch NZ and Tourism NZ, and direct investment into local and regional tourism organisations including the creation of the 'South' Program (the South Island regions flying in formation on the international stage). These strategic investments are generated from our visitor revenues and create the connectivity that supports many parts of the economy (such as high value exports, international education, skilled migration), as well as enhancing social outcomes through facilitating people interactions and providing access essential services.

A revitalised Christchurch city with new visitor attractions, coupled with a strong events program, are ensuring that Christchurch has re-established itself as a premier destination for conferences, events, tourism and education, and is an attractive place for people to live, work and play. CIAL is passionate about maintaining the momentum already achieved in this area, acknowledging how this also supports CIAL growing our engine room. As such we continue to be committed to supporting Christchurch NZ and city stakeholders to further capture this opportunity. CIAL also facilitates the movement of over \$4 billion of high value airfreight into and out of the South Island every year, including 90% of South Island parcel freight.

COMMUNITY ENGAGEMENT

CIAL is a proud member of the Christchurch, Canterbury and South Island community, and strives to be a well understood and valued member of our community, looking to make a positive contribution to social and community outcomes.

To this end, CIAL supports community groups and projects through grants from the Community Fund and by hosting charity collections within the terminal. CIAL also demonstrates support for the city, its image and activities by providing promotional space at the airport to showcase events and activities from across the region.

CIAL will continue to work to foster strong community engagement whilst broadening and deepening its support and links with its communities. CIAL remains willing to proactively engage with our stakeholders and wider community through participation in events and functions, and sharing expertise and skills across the city, region and country.

MANA WHENUA

CIAL recognises the need for and is building cultural competence and is actively engaged with iwi in various ways across a number of areas of its activities.

CIAL is focused on an ongoing programme of work designed to embed Mātauranga Māori, Te Aō Māori, Tikanga Māori and Te Reo Māori in ways that are appropriate for our people, iwi, business and visitors. CIAL is committed to building enhanced partnerships with mana whenua in line with the aspirations of both its shareholders and will continue to leverage off the wider CCHL He Huanau work program.

CIAL continue to work at improving the cultural fluency and competency of our people through the provision of regular development programs, coaching and exposure to opportunities.

INTERNAL GOVERNANCE FRAMEWORK

COMMITMENT

The Board and management are committed to undertaking their governance role in accordance with accepted best practice appropriate to the company's business, as well as taking account of the company's listing on the NZX Debt Market. A sound and effective governance framework is essential to meeting the needs of our stakeholders, which includes a set of systems and processes, supported by people with the appropriate competencies and principles.

Changing commercial circumstances require regular review and continually evolving systems that implement newly developed techniques and industry best practice.

GOVERNANCE OBJECTIVES

The Board has adopted the following governance objectives:

- Approve Corporate Strategy and direction, laying down solid foundations for management and oversight
- Structure itself to utilize the expertise of Directors to add value at a governance level
- Promote ethical and responsible decision-making
- Safeguard the integrity of its financial reporting and make timely and balanced disclosure
- Recognise and manage risk and encourage enhanced performance
- Ensure the occupational health, safety and wellbeing of the company's people and contractors working for CIAL across the Christchurch International Airport campus
- Remunerate fairly and responsibly
- Respect the rights, and recognise the legitimate interests, of all stakeholders.

ROLE OF THE BOARD OF DIRECTORS

The Board is ultimately responsible for approving CIAL's strategic direction; supervision of the management of the company and achievement of its business strategy, with the aim being to increase long term shareholder value while sustaining and ensuring the obligations of the company are properly met.

The Board's charter recognises the respective roles of the Board and management, which are outlined in CIAL's Annual Report. The Board delegates day-to-day operations of the company to management under the control of the CEO. Such day-to-day operations are required to be conducted in accordance with strategies set by the Board.

All directors are required to comply with a formal code of conduct, which is based on the New Zealand Institute of Directors Code of Proper Practice for Directors.

The Board regularly critically evaluates its performance, its processes and procedures to ensure that they are not unduly complex and that they assist the Board in effectively fulfilling its role and performing its duties. The Board and Committees and each director have the right to seek independent professional advice to assist them to carry out their responsibilities.

RESPONSIBILITY TO SHAREHOLDERS

Shareholders articulate their key focuses to the Board in an annual Letter of Expectation. Having received and considered that Letter of Expectation from shareholders, and in accordance with Section 64 of the Local Government Act 2002, the company submits a draft Sol for the coming financial year to Shareholders. The Sol sets out the company's overall objectives, intentions and financial and performance targets.

After due consultation and discussion with the Shareholders and completion of the annual business planning and budgeting, the final Sol is approved by the Board of Directors and delivered to the Shareholders before the end of June.

BOARD COMPOSITION, APPOINTMENT AND FEES

The composition of the Board reflects an appropriate mix of skills, experience and attributes required to discharge the duties and responsibilities of the Board and aligns to the interests of the shareholders as a whole, establishing the company's strategy and ensuring that it is effectively implemented.

A fully constituted Board consists of six directors; four appointed by majority shareholder, Christchurch City Holdings Ltd (CCHL), and two appointed by the Minister of Finance and the Minister for State Owned Enterprises (on behalf of the New Zealand Government).

Directors' appointments are for such period as determined by the relevant shareholder, but each term shall not exceed three years. Retiring directors may be reappointed by the relevant shareholder for further terms of three years as circumstances warrant, considering the unique characteristics of the aviation and regulatory environment in which CIAL operates, the long-term investment horizon for critical infrastructure such as airports, and the need to minimise succession risks for both shareholders and bond holders considering the overall composition and tenure of the existing Board.

The Board has a broad range of commercial, financial, marketing, tourism and other relevant experience and expertise required to meet its objectives. Fees for the Board are reviewed by the shareholders using independent advice.

The Board has four formally constituted committees, the Risk, Audit and Finance Committee, the People, Culture and Safety Committee, the Property and Commercial Committee and the Aeronautical Committee. All committees have Board-approved terms of reference outlining the committee's authority, duties and responsibilities and relationship with the Board. Additional committees may be established based on need. Each committee must include a representative of each shareholder.

COMMUNICATION WITH SHAREHOLDERS

NO SURPRISES

CIAL is committed to keeping its shareholders informed and places a high degree of importance on open communication and transparent reporting. The company will operate on a “no surprises” basis in respect of material shareholder-related matters, to the extent possible in the context of commercial sensitivity and confidentiality obligations. Any sensitive issues that could result in community or media attention or issues will be communicated to the Shareholders as soon as possible.

SHAREHOLDER ENGAGEMENT

The Board aims to ensure Shareholders are informed of all major developments, including future material strategic investments or transactions, affecting the company’s state of affairs, while at the same time recognising commercial sensitivity and New Zealand Stock Exchange (“NZX”) continuous disclosure obligations (due to CIAL’s listed debt), may preclude certain information from being made public.

Within this constraint, information is communicated to the shareholders through:

- quarterly updates on the ongoing performance of the company which may include financial, strategic, risk and operational updates
- six monthly briefings
- both the annual report and the half-yearly report; and
- “No surprises” updates

CIAL will ensure that the company’s shareholder reporting meets their requirements.

STATEMENT OF INTENT

The Statement of Intent will be submitted to the shareholders for consultation annually, as required by the Local Government Act 2002. The directors will include any other information they consider appropriate. Where appropriate revised forecasts will be submitted to shareholders.

ANNUAL AND HALF YEAR REPORT

An annual report will be submitted to the shareholders. The annual report will include audited financial statements and other details which permit an informed assessment of the company's performance and financial position during the reporting period provided to the shareholders.

Half-yearly reports will also be provided to the shareholders. These reports will contain unaudited information and comply with NZ IAS 34.

ANNUAL GENERAL MEETING

CIAL recognises that the annual meeting is an important forum at which shareholders can meet with the Board, and it encourages shareholders to use the forum to ask questions and make comments on the performance of the company. CIAL will work with shareholders to agree on the form of the Annual General Meeting each year.

ONGOING ENGAGEMENT

Our commitment to working closely with our shareholders and keeping other stakeholders well informed as our understanding of our strategic risk and opportunities evolve, will continue.

This extends to consulting on matters such as airport master planning, the Kowhai Park solar development or any potential investment of large-scale capital beyond the existing campus footprint in advance of any decisions being required or capital deployed.

WIDER STAKEHOLDER ENGAGEMENT

CIAL will also look for more proactive engagement with our aligned stakeholders (including other CCO's, CCTO's and ChristchurchNZ), and other parties (including Ngai Tahu and the wider communities). This will be activated through a detailed stakeholder engagement plan across each key partner.

ACQUISITION/DIVESTMENT PROCEDURES

CIAL will continually assess the best way to maximise its contribution to New Zealand's sustainable aviation growth and its contribution to the social and economic value added to the regions. CIAL's business development activity may include direct investment or partnership activities with appropriate organisations.

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 CIAL.

When the subscription, acquisition or divestment is considered by directors to be significant to the company's business operations, it will be subject to consultation with the shareholders.

Major transactions as defined in the Companies Act 1993, s129 (2), will be subject to shareholders' approval by special resolution.

Notwithstanding the above, if CIAL is considering a significant acquisition or disposal of assets or securities, the shareholders will be consulted with as much lead-time as is commercially practicable in the prevailing circumstances.

Where the company decides to incorporate, or subscribe to, shares in subsidiaries to undertake its commercial activities, the company will ensure effective management, with Board control of any subsidiary being exercised by CIAL's directors and staff.

As a part of its ongoing master planning approach, CIAL will continue to regularly engage in the acquisition of property and land assets which support the company's commercial, renewable energy, biodiversity and operational and financial resilience strategies over that long-term master planning horizon. As noted above, major transactions as defined in the Companies Act 1993 will be subject to shareholders' approval, and other transactions will be advised in accordance with CIAL's "No Surprises" approach.

ESTIMATE OF VALUE

The directors note the commercial value a shareholder may realise on any sale of its investment in CIAL will almost certainly differ from the value estimated in this Sol, depending on the circumstances of sale, the identity of the buyer, and market conditions applicable or forecast at the time.

The most recent estimate of the equity value of Christchurch International Airport is \$1,744 million.

The primary approach for this assessment is a discounted future cash flow (DCF) approach related to the airport operations, plus investment properties and surplus land at independent market value assessments.

The current investment property and land market value assessments are based on independent valuations performed as at 30 June 2024. More recent valuations are currently being prepared but were not finalised as at 30 June 2025.

The current equity value of the Shareholders' investment of \$1,744 million, was calculated by taking the midpoint range of the enterprise value of \$2,301 million and deducting net debt of \$557 million as at 30 June 2024.

The directors note that the estimation of the commercial value of CIAL each year is somewhat of an "academic" exercise. In particular, the approach used for the purposes of this Sol would almost certainly come up with a different estimate to:

- A valuation for financial statement purposes – prepared in accordance with the rules set out in the relevant accounting standards; or
- An earnings multiplier approach – used predominantly for transactional purposes.

This value is re-estimated annually.

ACCOUNTING POLICIES

CIAL 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 company's current detailed accounting policies are available in our most recent annual report for the year ended 30 June 2024, as published on our company website

<https://www.christchurchairport.co.nz/globalassets/about-us/who-we-are/financial-reports/2024-financial-statements1.pdf>