

CHRISTCHURCH INTERNATIONAL AIRPORT LIMITED

DEBT INVESTOR UPDATE

25 MARCH 2024



DISCLAIMER

Christchurch International Airport Limited (**CIAL**) is considering making an offer of fixed rate bonds (**Bonds**) in reliance upon the exclusion set out in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (**FMCA**).

No money is currently being sought and no Bonds can be applied for or acquired until the offer opens and the investor has received a copy of the offer documents in relation to the Bonds. If CIAL offers the Bonds, the offer will be made in accordance with the FMCA as an offer of debt securities of the same class as existing quoted debt securities. The Bonds are expected to be quoted on the NZX Debt Market.

Except for the interest rate and maturity date, the Bonds (if offered) will have identical rights, privileges, limitations and conditions as:

- CIAL's bonds maturing on 24 May 2024, which have a fixed interest rate of 4.13% per annum and are currently quoted on the NZX Debt Market under the ticker code CHC010; and
- CIAL's bonds maturing on 19 May 2028, which have a fixed interest rate of 5.18% per annum and are currently quoted on the NZX Debt Market under the ticker code CHC020;

(together the **Existing Bonds**).

CIAL is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (**NZX**) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/CHC.

The Existing Bonds are the only debt securities of CIAL that are currently quoted and would be in the same class as the Bonds. Investors should look to the market price of the Existing Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.

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DISCLAIMER (CONT.)

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This presentation does not constitute investment advice or a securities recommendation and has not taken into account any particular investor's investment objectives or other circumstances. Investors are encouraged to make an independent assessment of CIAL.

AGENDA

1. Company Overview
2. CIAL Post Earthquake Journey
3. CIAL's View of Long-Term Macro Shaping Forces
4. Horizons 2030 Strategy
5. Current Environment
6. Aeronautical Performance
7. Nearer Term Focus Areas
8. Planet
9. People & Protection
10. Financial Overview
11. Key Credit Highlights

Appendix: Reconciliation of non-GAAP financial information



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Company Overview

COMPANY OVERVIEW

- CIAL is 75% owned by Christchurch City Holdings Ltd and 25% by the Crown
- Second largest airport in New Zealand and the most strategically important air connection for South Island trade and tourism markets *
- One of only two airports in New Zealand capable of handling direct long-haul commercial international services operated by “wide-bodied” aircraft
- Modern terminal complex and runway assets built for maximum capacity of 10.5m passengers per annum
- Able to operate 24 hours a day, 7 days a week
- Dedicated freight apron which provides direct access from landside freight handling facilities to taxi and runways

* (based on annual passenger movements)



COMPANY OVERVIEW (CONT.)



Passengers Pre-Pandemic year ended 30 June 2019

75% Domestic, 21% Tasman/Pacific Islands, 4% Long-Haul



EBITDAF for year ended 30 June 2023



In Total Assets and Equity of NZ\$1.51b as of 30 June 2023



Commercial Airlines forecast to fly **8,400** International and **60,000** Domestic passenger flight movements for the year ended 30 June 2024



NPAT for year ended 30 June 2023



Significant Property Portfolio independently valued at NZ\$739.6m as of 30 June 2023.

Comprising over 120 property & land leases.

Also owner of Christchurch Novotel Airport – commenced trading in July 2022.

LARGEST EMPLOYMENT HUB IN THE SOUTH ISLAND

OVER 7,000 PEOPLE EMPLOYED ACROSS THE WIDER AIRPORT CAMPUS (as at 30 June 2023)

28,000

TONNES OF AIRFREIGHT (for year ended 30 June 2023)

HOME OF THE INTERNATIONAL **ANTARCTIC PROGRAM**

2,100 ha

CIAL LANDHOLDINGS

CIAL Post Earthquake Journey

CIAL POST EARTHQUAKE JOURNEY

2014-2019 (GET OUT OF THE HOLE)

- Re-building aviation and gateway to South Island
- Re-engineering of our business as a diversified portfolio business (planes + passengers + property)

2020-2022 (NAVIGATE A PANDEMIC)

- Focus on preserving value, maintaining critical connectivity, protecting people
- Core philosophy of stakeholder equity, balancing supporting the needs of customers, staff and shareholders

2023-2030 (POWERING UP & OUT)

- Build resilience into the business and become match fit
- Transition to post-pandemic environment
- Focus on powering up and growing our engine room at our home base of Christchurch and executing our updated strategy, Horizons 2030 (H30)

CIAL's View of Long-Term Macro Shaping Forces

LONG-TERM MACRO SHAPING FORCES

CIAL currently believes that the most significant long-term macro forces that will shape its business strategy are:

DIGITAL TRANSITION

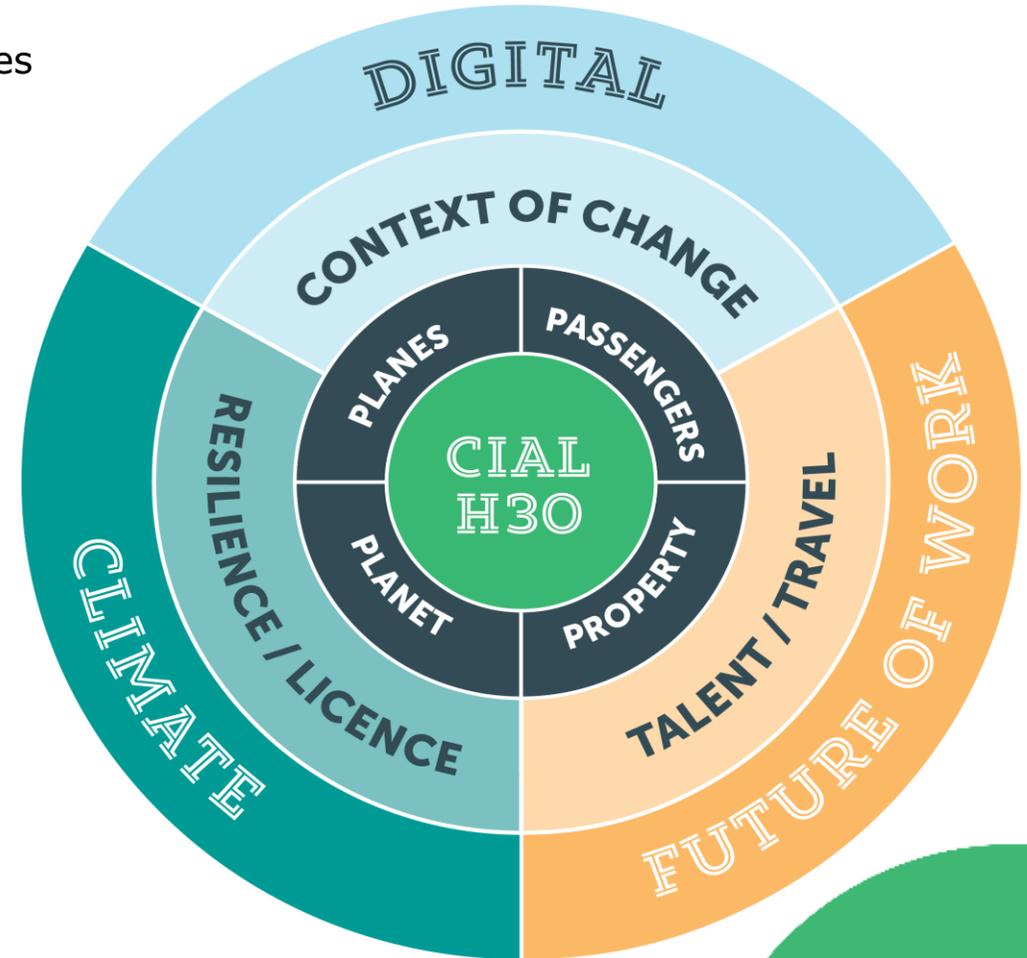
- Data, processing capacity and artificial intelligence combine to hypercharge digitalisation of existing processes – passenger journeys, augmented reality, automation & robotics
- Growth in e-commerce – freight channels and capacity

CLIMATE CHANGE

- *Mitigation* – reducing emissions from business and wider transportation sector
- *Adaptation & Transition* – adapt to changing weather patterns and societal scale energy transition/electrification

FUTURE OF WORK

- Technologies & demographic shifts have changed the way organisations conduct business and expectations around remote working options
- Travel patterns are expected to change but air connectivity is expected to remain critical



Horizons 2030 Strategy

PURPOSE

CHAMPIONING TE WAIPOUNAMU
THE SOUTH ISLAND AND AOTEAROA
NEW ZEALAND FOR TODAY AND TOMORROW

MISSION



STRATEGIC PRIORITIES



ACTIVATION FRAMEWORK



Current Environment

MARKET OVERVIEW

OPPORTUNITIES

- Enhanced Christchurch city – new infrastructure and strong events program
- Demand for air travel remains robust at this point in time
- Opportunities in property portfolio–freight/e-commerce
- Kowhai Park project – enabler for transition to renewable energy and energy resilience



CHALLENGES

- Aviation supply/capacity constraints
- Soft economic performance dampening demand
- Escalation of geo-political conflicts
- Current high inflation and interest rate environments
- Energy supply – growth & resilience
- Capital intensity –operational resilience, future focused investment, connectivity & regional development growth & climate change mitigation

Key strengths*

- Gateway airport to New Zealand's South Island with historically resilient passenger traffic and growth.
- Visibility on aeronautical charges until 2027 and resilient property portfolio lends some predictability to cash flow.
- Relatively strong metrics compared to rated peers, and benefit of support from government ownership.

**Source: S&P Global ratings – October 2023 Annual Ratings Update*

REGULATORY OVERVIEW

Overview

- New Zealand's three largest airports including CIAL are subject to an Information Disclosure regime under Part 4 of the Commerce Act 1986, with regulatory oversight undertaken by the Commerce Commission
- The Commission does not set prices for airport services but instead focuses on monitoring airport performance, whether airports are earning excess profits, ensuring transparency in pricing decisions, as well as the effectiveness of the regime
- CIAL generated approximately 45% of its FY23 operating revenue under this regulatory regime

Aeronautical Prices Set for Price Setting Event 4 ('PSE4')

- Regulated airports set prices once every five years. CIAL's current pricing period runs from 1 July 2022 to 30 June 2027 ('PSE4')
- The Commerce Commission published their final report on CIAL's pricing model and disclosures for PSE4 in January 2024. The Commission concluded that:
 - CIAL is not expected to earn excessive profits during the PSE4 period
 - the other decisions made in PSE4 were reasonable and aligned with the purpose of the Act
- The Commerce Commission is currently reviewing Auckland International Airport Limited's PSE 4 pricing model and disclosures. The initial draft report is expected to be released in the second quarter of 2024

Input Methodologies ('IM') Review

- Commerce Commission has been reviewing the IM's – i.e. the rules and processes that underpin regulatory information disclosures including the Commission's WACC determination for monitoring purposes
- Final decision was released in December 2023
- CIAL, along with Wellington International Airport Limited, Auckland International Airport Limited and New Zealand Airport Association have subsequently issued notice to join a merits review of the Commerce Commission's cost of capital IM decision

Legislative Framework

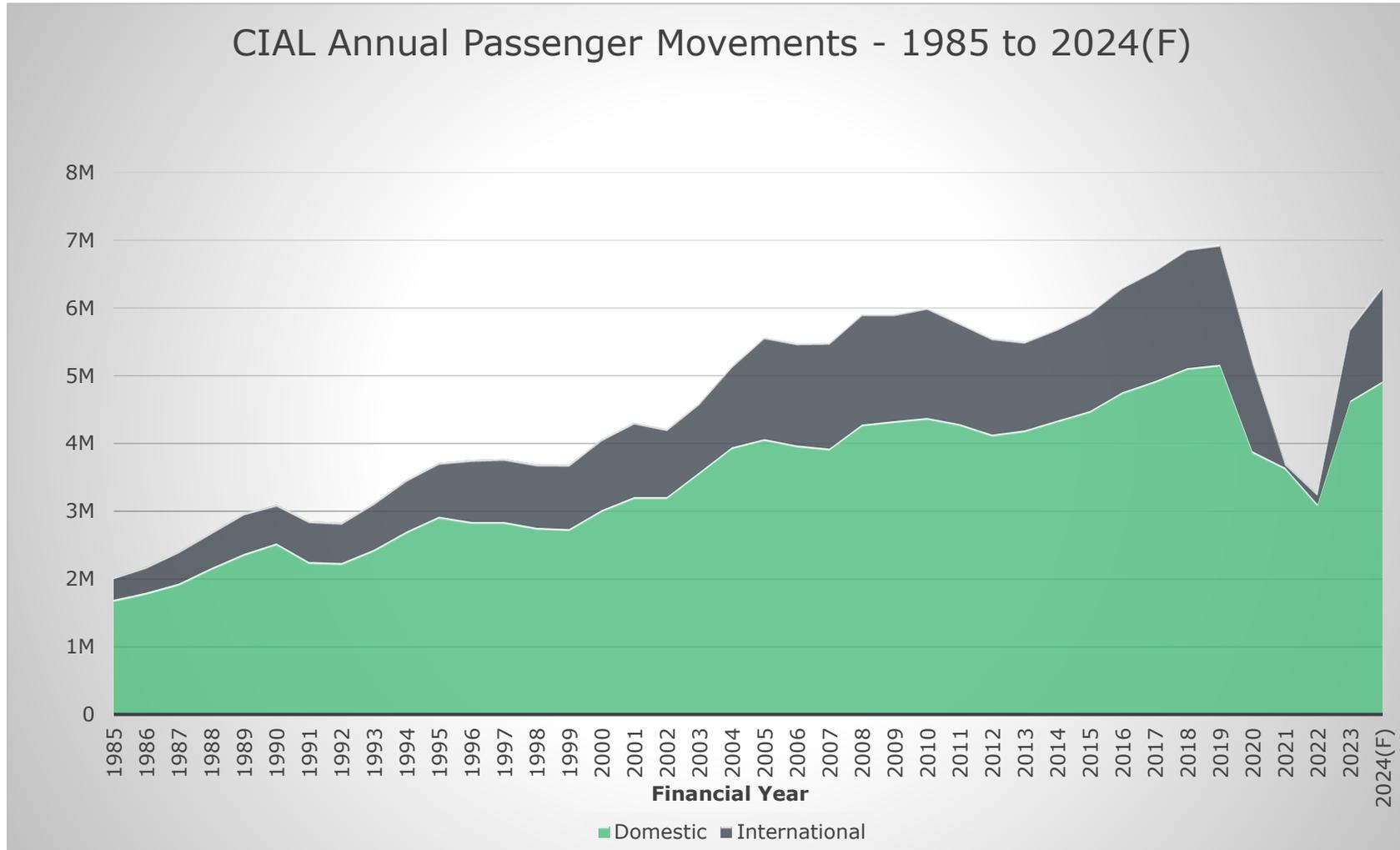
- On 5 April 2023, the Civil Aviation Bill received Royal assent and became the Civil Aviation Act 2023. The new Act will be in force from 5 April 2025, repealing and replacing the Civil Aviation Act 1990 and the Airport Authorities Act 1966 with a single, new statute
- The Act retains the ability for airports to set aeronautical prices whilst also covering safety, security and economic regulation of civil aviation into the future.

SHAREHOLDERS - CCHL STRATEGIC REVIEW

- During 2023, Christchurch City Holdings Limited (CCHL) commissioned a Strategic Review in response to a request from Christchurch City Council (Council) that CCHL make a recommendation on how a more active approach in managing all of its commercial investments could deliver increased value to the city
- In December 2023, CCHL tabled a recommendation to Council to adopt an active portfolio manager mandate, including consideration of avenues that could have attracted external capital and strategic co-investment, and seek a more flexible mandate to recycle the capital invested in the current portfolio
- Council voted not to consult the public on this recommendation but instead confirmed an expectation that CCHL continue to operate within its existing mandate and existing assets, while looking to implement a more active ownership model.

Aeronautical Performance

AERONAUTICAL PERFORMANCE



97%
Domestic
Recovery *
1H24

76%
International
Recovery *
1H24

* as against 1H19

Nearer-Term Focus Areas

NEARER TERM FOCUS AREAS

Overlaying the impact of the long-term macro trends, whilst acknowledging that the shorter-term is primarily shaped by the focus on recovering and growing our engine room at our home base of Christchurch, leads to the following ***nearer term focus areas*** for CIAL:



PLANES – Powering up aviation / Destination Christchurch

PASSENGERS - Digital terminal - experience, commerce, assets

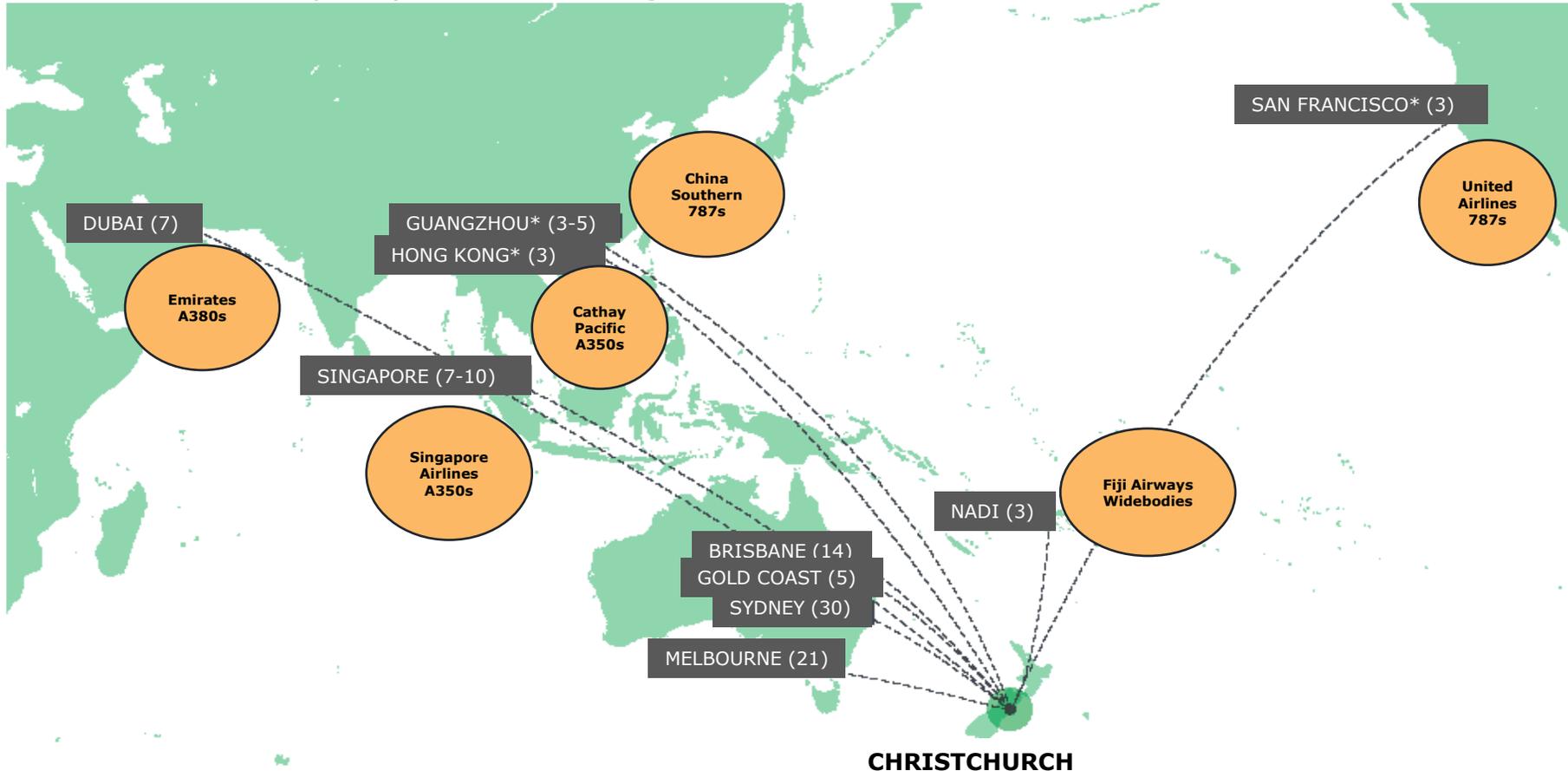
PROPERTY - Freight/Logistics, Precinct master-planning

PLANET – De-carbonisation of airport operations

PARTNER - To support others' de-carbonisation goals – Energy Infrastructure & Resilience

PLANES – POWERING UP AVIATION

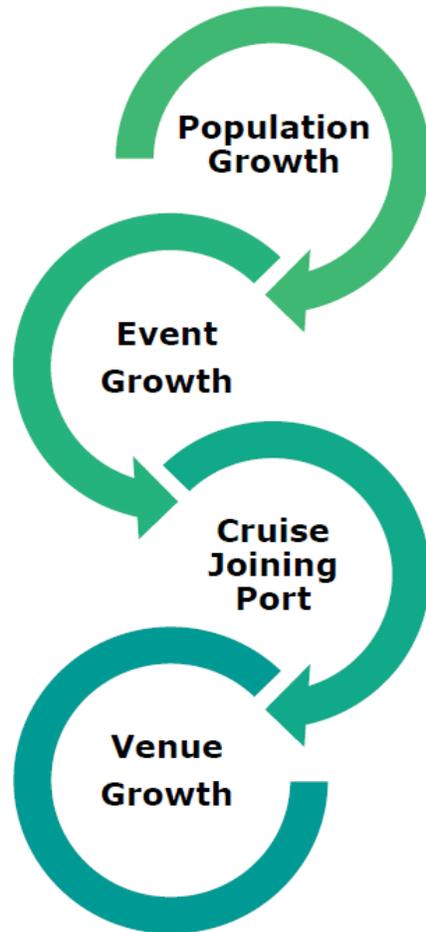
All key pre-pandemic international routes restored in the current financial year plus new direct route to North America – total international capacity still re-building



Key:

- * Seasonal services
- Number refers to services per week over the 23/24 summer season

PLANES - DESTINATION CHRISTCHURCH



15,000 people migrated to Canterbury from overseas in year to 30 June 2023
3,000 domestic migrants moved to Canterbury in year to 30 June 2023

Te Pae Convention Centre – opened in 2022

Rebuild of 2023/24 Events Summer Season – increasing number of conferences and big-ticket events held/confirmed for 2023/24 summer season

Cruise Berth – 89 cruises confirmed for 2023/24 summer season

Parakiore Recreation and Sports Centre – estimated opening in 2025

Te Kaha - Multi-use arena with 36,000 capacity – estimated to be completed by mid-2026

PASSENGERS

Nearer Term Focus Areas:

- Updated **Terminal Precinct Plan** – improve passenger flow
- **Improve Retail Offering** – F&B tender
- **Ground Transport**
 - Increased capacity & revenue optimisation
 - New technology solution
 - Complimentary ground transport services - digital
- **Partner to explore digital opportunities** in the terminal
 - Partnering new concepts
 - Widening the customer base
 - Offering new goods and services



PROPERTY - OVERVIEW

COMMERCIAL PROPERTY STRATEGY – 'TO BE A LANDLORD'

- CIAL's property portfolio (commercial and investment properties - excluding land yet to be developed) comprises over 120 property & land leases with strong occupancy rates
- As of 30 June 2023, completed investment property portfolio had market value of NZ\$739.6m and a weighted average lease term of 6.14 years
- In FY23, property portfolio contributed just over 37% of CIAL total operating revenue
- The Christchurch Airport campus operates under 'Special Purpose (Airport) Zone' from planning perspective

EXPAND HORIZONS

- Strategic land asset held in Central Otago – to explore future inter-generational opportunities beyond a single site



- 1 - Dakota Park - Freight, Logistics & Warehousing
- 2 - De Havilland Park - Light industrial & Office
- 3 - Kitty Hawk Park - Retail, Accommodation, Tourism
- 4 - Harvard Park - Bulk Retail, Light manufacturing
- 5 - Mustang Park - Rental cars

PROPERTY - ACCELERATE FREIGHT

CIAL has formed strong relationships with a range of logistics and freight partners – adding value to their business by providing direct access to the airfield. With continued growth in parcel freight, CIAL is planning on expanding the existing freight apron.



The above depicts a future concept layout only



Texel Air feeds Auckland



Tasman Cargo increases its flight schedule at Christchurch

PROPERTY - UPDATE AIRPORT MASTER PLAN

- Guides land use and infrastructure development
- Supports H30
- Usually performed every 10 years, but being updated early:
 - Large scale regulatory change
 - Potential changes to aviation through de-carbonisation
 - Energy
 - Undeveloped land
- Master Plan update expected to be completed during FY25



PLANET

SUSTAINABILITY
Protecting Our Place

**ENERGY AND
INFRASTRUCTURE**
Transition to
Renewables

COMMUNITY
Inter-generational
wellbeing of
community

SUSTAINABILITY - KAITIAKITANGA

Sustainability at Christchurch Airport

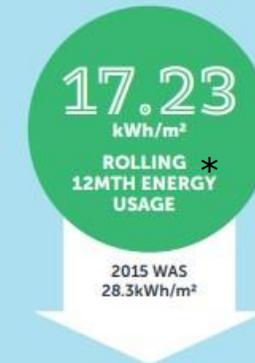
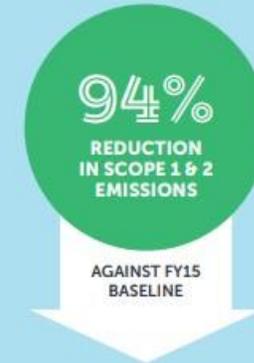
Thriving People, Planet, Prosperity



SUSTAINABILITY HIGHLIGHTS

- Airports Council International Asia-Pacific awarded Christchurch Airport the 'Green Airports Recognition 2023' in recognition of our approach to circularity in our operations
- Our Kowhai Park submission for 'Best sustainable project of the year' won the 2023 CIPS ANZ Procurement Excellence Award
- In December, it was announced that Christchurch Airport and nine European airports were the first in the world to achieve a new level in Airport Carbon Accreditation (ACA), known as Level 5, with Christchurch being the only airport in the Southern Hemisphere to achieve Level 5
- CIAL sustainability team sits on the International Working Group on Airport Compatibility of Alternative Aviation Fuels Task Force
- CIAL will be publishing full Climate Related Disclosures in accordance with relevant standards in its FY24 Annual Review

FY23 SUSTAINABILITY HIGHLIGHTS



* Excludes tenants

ENERGY & INFRASTRUCTURE

TRANSITION TO RENEWABLES – KOWHAI PARK

- Kowhai Park is a 400-hectare block of land, inside the airport campus, which is ideally situated for renewable energy generation
- Any development within Kowhai Park is envisaged to be undertaken under an ecosystem approach, where a total system rather than a single development, has the potential to enable energy transition opportunities for CIAL
- Plans for an initial phase are to deliver a solar array of up to 280ha capable of generating 170 megawatts of solar energy
- Development partner – Joint Venture between Contact Energy and Lightsource bp – selected to deliver initial phase. Final investment decision by the development partner is expected in late April 2024

TRANSITION TO RENEWABLES – KOWHAI PARK (CONT.)

- The purpose of the solar component of the Kowhai Park ecosystem is to deliver the localised grid connection/sub-station infrastructure to:
 - Enable CIAL to provide electricity infrastructure network capacity for future property development, terminal and ground transport facilities and any potential future new generation aircraft (*an aspirational future state ecosystem is shown in the next slide*)
 - Improve physical and financial future energy resilience for our campus wide load, as well as increasing supply of renewable energy to the national grid
- Other key points of note:
 - The initial solar array project will not connect existing tenants directly to the solar farm and they will continue to need to negotiate with their electricity supplier
 - In due course, CIAL will be required to invest in, and work with Orion to develop local network infrastructure within the campus

KŌWHAI PARK ECOSYSTEM 2050

** This image describes an aspirational future state Kowhai Park could help enable, with several of the initiatives depicted requiring significant further investment and development, as well as being dependent on a range of external factors outside of CIAL's control (including government policy, viability of technology, appropriate investment and customer demand)*



SOLAR GENERATION



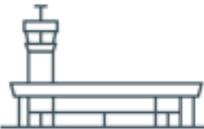
ENERGY STORAGE



ENERGY TRANSMISSION AND DISTRIBUTION



FUTURE AVIATION



TERMINAL



CAMPUS LOAD



EV CHARGING



HYDROGEN TRANSPORT FUEL



People and Protection

PEOPLE AND PROTECTION



Financial Overview

FINANCIAL OVERVIEW

Historic Financial Performance

All historical full year numbers in this table are taken from the information included in CIAL's Annual Report and full year financial statements that have been audited by CIAL's external auditor, Audit New Zealand. The 6-month FY24 numbers are taken from CIAL's Half Year financial statements, and are unaudited. The non-GAAP financial information set out below, Operating Revenue and EBITDAF, is included within the notes and the performance information included in the audited Annual Report and financial statements and unaudited half year financial statements.

NZ\$m	FY19 (Restated)	FY20 (Restated)	FY21	FY22	FY23	HY24 (6 months - Unaudited)
Operating Revenue *	187.4	165.7	141.6	138.8	203.1	115.5
EBITDAF **	125.5	96.8	75.7	69.7	118.5	67.5
Net Profit After Tax	57.5	46.7	38.7	59.5	36.8	21.5
Total Assets (accounting NBV)	1,731.0	1,873.3	1,989.2	2,148.4	2,324.3	2,324.0
Total Borrowings (nominal value)	465.0	580.0	584.0	573.0	579.0	575.0
Equity (Book Value)	1,059.8	1,086.3	1,200.6	1,386.1	1,507.4	1,509.5
Domestic Passengers	5,164,504	3,886,462	3,644,632	3,104,343	4,630,845	2,472,688
International Passengers	1,766,937	1,308,520	60,741	153,071	1,058,565	666,016

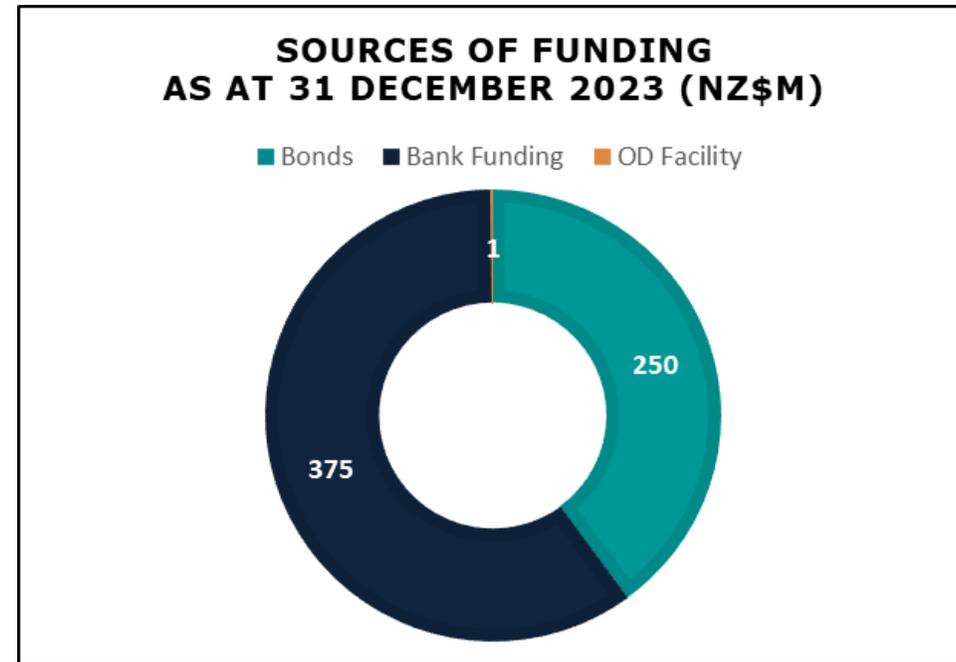
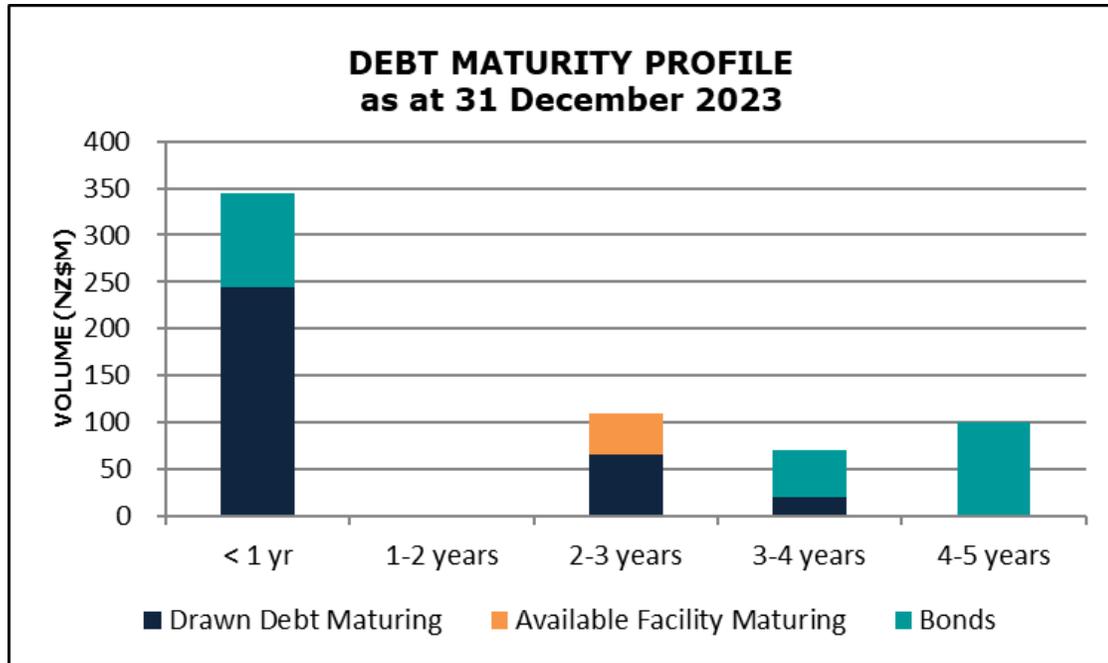
* Operating Revenue is non-GAAP financial information that does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. For CIAL it is defined as Total Revenue (determined in accordance with GAAP) less fair value gains on investment properties and interest income. CIAL uses this as its key internal revenue measure, as it reflects revenues received from the core operations within the three commercial portfolios

** EBITDAF is non-GAAP financial information that does not have a standardised meaning prescribed by GAAP and therefore may not be comparable to similar financial information presented by other entities. For CIAL it is defined as net profit after tax plus interest expense, plus tax expense, plus depreciation, impairment and amortisation, less fair value gain on investment properties less gain on disposal of assets. CIAL uses this as its key measure of underlying operational profitability at a gross margin level. It eliminates the impact of unrealised gains or losses on the investment property portfolio which are non-cash items and externally influenced. Consequently, this measure more closely aligns to a cash based operating margin

N.B. In relation to all non-GAAP financial information noted above, a reconciliation is available in the Appendix to this presentation

FUNDING & LIQUIDITY

- Funding facilities in place as of 31 December 2023 were NZ\$625m
- Overall drawn debt as of 31 December 2023 was NZ\$575m
- Debt levels essentially unchanged since 2020



STRUCTURE & COVENANTS

- CIAL must join its subsidiaries as guarantors of the Bonds if it is required to meet the Guaranteeing Group Covenant
- Bondholders will have the benefit of the following financial covenants under the Master Trust Deed

Covenant	Threshold Level	As at 31/12/2023
Total Tangible Assets of Guaranteeing Group	>90%	100%
Debt/Debt+Equity	<60%	27.6%
EBITDA Interest Cover	>1.75x	4.1x
Total Tangible Assets of CIAL Group to JVs	<10%	0%

- All existing senior lenders have the benefit of the same financial covenants

Key Credit Highlights

KEY CREDIT HIGHLIGHTS – FY23

- **Competitive advantage:** Strategic position as the gateway to Christchurch and the wider South Island with over 55% market share of all South Island passenger movements and further freight hub growth opportunities
- **Financial resilience:** Remained profitable throughout the pandemic and returned balance sheet to pre-pandemic levels. 75% of passenger base is domestic with strong domestic recovery during FY23. Issuer rating of A- Stable Outlook (S&P Global Ratings, Sept-23)
- **Diversified revenue:** Approximately 35% of operating revenue is currently from property rental. Property has been a growing and strong performing revenue base, with weighted average lease term of 6.14 years as at 30 June 2023. Portfolio of diversified growth options in medium term
- **Modern infrastructure asset:** Integrated international and domestic terminal which processed 5.69m passengers in FY23. Modern terminal has sufficient capacity for expected future passenger growth in medium term
- **Management:** Experienced management team with comprehensive knowledge of transport and tourism sectors

Appendix: Reconciliation of non-GAAP financial information

APPENDIX: Reconciliation of non-GAAP financial information

Operating Revenue Reconciliation

	FY19 NZ\$m	FY20 NZ\$m	FY21 NZ\$m	FY22 NZ\$m	FY23 NZ\$m	FY24* NZ\$m
Operating Revenue	187.4	165.7	141.6	138.8	203.1	115.5
<i>Add: Fair Value Gain on Investment Properties</i>	13.1	13.5	47.8	48.4	-	-
<i>Add: Interest Income</i>	0.1	0.1	0.1	0.1	0.4	0.2
Total Revenue	200.6	179.3	189.5	187.3	203.5	115.7

EBITDAF Reconciliation

	FY19 NZ\$m	FY20 NZ\$m	FY21 NZ\$m	FY22 NZ\$m	FY23 NZ\$m	FY24* NZ\$m
EBITDAF	125.5	96.8	75.7	69.7	118.5	67.5
<i>Add: Fair Value Gain on Investment Properties</i>	13.1	13.5	47.8	48.4	(4.5)	-
<i>Add: Interest Income</i>	0.1	0.1	0.1	0.1	0.4	0.2
<i>Less: Interest Costs</i>	(23.1)	(23.6)	(23.5)	(24.8)	(30.2)	(16.3)
<i>Less: Depreciation & Amortisation</i>	(35.6)	(42.1)	(46.3)	(35.8)	(43.1)	(21.7)
<i>Less: Taxation Expense</i>	(22.5)	2.0	(15.1)	2.0	(4.2)	(8.2)
Net Profit After Tax	57.5	46.7	38.7	59.5	36.9	21.5

* FY24 – Six months result (unaudited)