



CHRISTCHURCH INTERNATIONAL AIRPORT LTD
INTERIM REPORT & FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED 31 DECEMBER 2021



INTERIM REPORT

INTERIM FINANCIAL STATEMENTS

Statement of financial performance for the six months ended 31 December 2021

	Note	Unaudited 6 months to 31 Dec 2021 \$000	Unaudited 6 months to 31 Dec 2020 \$000
INCOME			
Operating revenue	3	66,512	66,034
Interest income		14	13
Total Income		66,526	66,047
EXPENSES			
Operating costs	4	33,642	31,738
Financing and interest costs		11,688	11,734
Depreciation, amortisation and impairment		21,139	20,846
Total Expenses		66,469	64,318
Surplus before tax		57	1,729
Total taxation expense		16	484
Net Operating Surplus after income tax		41	1,245

The financial statements for the six-month periods have not been audited. The full year financial statements to 30 June 2021 have been audited. The accompanying notes form part of these financial statements.

INTERIM REPORT

Statement of comprehensive income for the six months ended 31 December 2021

	Note	Unaudited 6 months to 31 Dec 2021 \$000	Unaudited 6 months to 31 Dec 2020 \$000
Surplus after income tax		41	1,245
Other comprehensive income			
<i>Items that may be reclassified subsequently to the statement of financial performance</i>			
Changes in fair value of cash flow hedges (net of deferred tax)	11	11,772	4,412
Other comprehensive income for period, net of tax		11,772	4,412
Total comprehensive income for the period		11,813	5,657

Statement of changes in equity for the six months ended 31 December 2020

	Note	Share Capital \$000	Reserves \$000	Retained Earnings \$000	Total Equity \$000
Balance at 1 July 2020		57,600	639,683	382,338	1,079,621
Total comprehensive income for the period		-	4,412	1,245	5,657
Balance at 31 December 2020		57,600	644,095	383,583	1,085,278
Balance at 1 July 2021		57,600	715,290	427,696	1,200,586
Total comprehensive income for the period		-	11,772	41	11,813
Balance at 31 December 2021		57,600	727,062	427,737	1,212,399

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Statement of financial position as at 31 December 2021

		Unaudited As at 31 Dec 2021	Audited As at 30 June 2021
	Note	\$000	\$000
EQUITY			
Share capital		57,600	57,600
Reserves		727,062	715,290
Retained earnings		427,737	427,696
TOTAL EQUITY		1,212,399	1,200,586
NON-CURRENT LIABILITIES			
Term Borrowings	5	375,381	350,352
Derivative financial instruments	11	10,213	25,890
Deferred taxation		154,455	149,877
Trade and other payables		530	581
TOTAL NON-CURRENT LIABILITIES		540,579	526,700
CURRENT LIABILITIES			
Current Portion of Borrowings	5	209,000	238,991
Trade and other payables		12,072	21,927
Taxation payable		(729)	(744)
Derivative financial instruments	11	1,175	1,780
TOTAL CURRENT LIABILITIES		221,518	261,954
TOTAL EQUITY AND LIABILITIES		1,974,496	1,989,240
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,291,109	1,307,628
Investment Properties	10	655,787	647,840
Intangible Assets		1,589	2,184
Trade and other receivables		3,096	5,491
Derivative financial instruments	11	1,590	5,613
TOTAL NON-CURRENT ASSETS		1,953,171	1,968,756

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Statement of financial position as at 31 December 2021 (continued)

	Note	Unaudited As at 31 Dec 2021 \$000	Audited As at 30 June 2021 \$000
CURRENT ASSETS			
Cash and cash equivalents		3,891	4,112
Trade and other receivables		16,915	15,863
Inventories		519	509
TOTAL CURRENT ASSETS		21,325	20,484
TOTAL ASSETS		1,974,496	1,989,240

For and on behalf of the Board



Catherine Drayton
Chair



Kathryn Mitchell
Director

The financial statements for the six-month periods have not been audited. The full year financial statements to 30 June 2021 have been audited. The accompanying notes form part of these financial statements.

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Statement of cash flows for the six months ended 31 December 2021

	Note	Unaudited 6 months to 31 Dec 2021 \$000	Unaudited 6 months to 31 Dec 2020 \$000
CASH FLOWS FROM OPERATING ACTIVITIES			
<i>Cash was provided from:</i>			
Receipts from customers		69,338	76,523
Interest received		14	13
Net Goods and Services Tax received		-	14
		<hr/> 69,352	<hr/> 76,550
<i>Cash was applied to:</i>			
Payments to suppliers and employees		(38,704)	(52,105)
Financing and interest costs		(12,178)	(11,649)
Net Goods and Services Tax paid		(1,566)	-
		<hr/> (52,448)	<hr/> (63,754)
Net Cash Flows from Operating Activities		<hr/> 16,904	<hr/> 12,796
CASH FLOWS FROM INVESTING ACTIVITIES			
<i>Cash was applied to:</i>			
Purchase of property, plant and equipment and intangible assets		(5,472)	(10,598)
Purchase of investment properties		(10,653)	(19,279)
Net Cash Flows from Investing Activities		<hr/> (16,125)	<hr/> (29,877)
CASH FLOWS FROM FINANCING ACTIVITIES			
<i>Cash was provided from:</i>			
Borrowings		238,000	17,000
<i>Cash was applied to:</i>			
Borrowings		(239,000)	-
Dividends paid	8	-	-
Net Cash Flows from Financing Activities		<hr/> (1,000)	<hr/> 17,000

The financial statements for the six-month periods have not been audited. The full year financial statements to 30 June 2021 have been audited. The accompanying notes form part of these financial statements.

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Statement of cash flows for the six months ended 31 December 2021 (continued)

	Unaudited 6 months to 31 Dec 2021	Unaudited 6 months to 31 Dec 2020
	\$000	\$000
Net (Decrease)/Increase in Cash Held	(221)	(81)
Add cash and cash equivalents at beginning of the period	4,112	4,164
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	3,891	4,083
Cash	7	9
Bank and deposits	3,884	4,074
CASH AT END OF THE PERIOD	3,891	4,083
RECONCILIATION WITH NET OPERATING SURPLUS AFTER TAX		
Net operating surplus after income tax	41	1,245
<i>Non-cash items</i>		
Amortisation of capitalised borrowing costs and fair value hedge ineffectiveness	3	2
Amortisation of lease surrender and incentives	376	295
Accrued interest within derivatives	128	26
Depreciation, amortisation and impairment	21,139	20,846
	21,687	22,414
<i>Items Not Classified as Operating Activities</i>		
Capital items included in trade payables and accruals	4,152	5,173
	4,152	5,173
<i>Movements in Working Capital</i>		
Increase/(decrease) in trade and other payables	(9,904)	(12,832)
(Increase)/decrease in trade and other receivables	963	(2,445)
(Increase)/decrease in inventories	(10)	(22)
Increase/(decrease) in taxation payable	16	508
	(8,935)	(14,791)
Net Cash Flows from Operating Activities	16,904	12,796

The financial statements for the six-month periods have not been audited. The full year financial statements to 30 June 2021 have been audited. The accompanying notes form part of these financial statements.

Notes to the interim financial statements for the six months ended 31 December 2021

1. Basis of preparation and accounting policies

Christchurch International Airport Limited (CIAL) is a company registered under the Companies Act 1993. The company is an FMC Reporting Entity under Part 7 of the Financial Markets Conduct Act 2013.

The interim financial statements presented are for Christchurch International Airport Limited and its wholly owned subsidiaries. As the wholly owned subsidiaries were not trading and held no assets and liabilities during and at the end of the period of review, the financial statements for the group are the same as that of the parent.

The interim financial statements have been prepared in accordance with generally accepted accounting practice in New Zealand and the requirements of the Local Government Act 2002, the Financial Reporting Act 2013, the Companies Act 1993 and the requirements of Part 7 of the Financial Markets Conduct Act 2013 and the NZX Debt Market Listing Rules. These unaudited interim financial statements comply with New Zealand equivalents to International Financial Reporting Standards NZ IAS 34. Christchurch International Airport Limited is designated as a profit-oriented entity for financial reporting purposes.

These interim financial statements are not required to and do not make disclosure of all the information required to be included in an annual financial report. Accordingly, this report should be read in conjunction with the financial statements and related notes included in Christchurch Airport's Annual Report for the year ended 30 June 2021 ("2021 Annual Report").

The accounting policies set out in the 2021 Annual Report have been applied consistently to all periods presented in these interim financial statements, except for the adoption of new standards effective for periods commencing on or after 1 January 2021. Christchurch Airport has not early adopted any other standard that has been issued but is not yet effective.

Key Estimates and Judgements

Covid-19 is now a structural reality for the world, New Zealand and for Christchurch International Airport Limited ('CIAL'). While the ongoing impacts of the response to the pandemic continue to evolve, following an initial period of reset, CIAL has subsequently moved into a period of transition, adjusting operational and commercial structures to align to the ongoing uncertainty but also opportunities presented by the pandemic.

The financial position and performance of the company continued to be affected by the pandemic during the period. During the preparation of the financial statements at 30 June 2021, the company was required to make several estimates and judgements arising from Covid-19. Based on the company's performance in the most recent six months to 31 December 2021, these estimates and judgements have been reassessed and no material adjustments have been deemed necessary for this six-month period, specifically in respect to fair value assessments of property, plant and equipment, asset impairments and provisions for expected credit losses.

CIAL has continued to see a reduction in passenger numbers for the six months ended 31 December 2021 and will impact trading in the second half of the year to 30 June 2022. However opening borders and the financial position of the company means it is well placed to thrive again from FY23 onward.

Whilst domestic travel has proven to rebound strongly once lockdowns and internal settings allow, there remains some uncertainty around the timing of the rebound trajectory for international air travel, given that the health management pathway remains the primary determinant when it comes to re-establishing the aviation and tourism sector.

CIAL uses underlying forecast cash flows when making some of its estimates and judgements based on forecasts of passenger and visitor rebound trajectories using information available at the time of preparing these financial statements. As with all reasonable assumptions made at a point in time it is likely that the actual outcome will differ over time.

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2. Segment Reporting

Reportable segments

The company's reportable operating segments have been based on the monthly internal reporting that is received by the Chief Executive, as the chief operating decision maker. This information is used to assess performance and determine the allocation of resources.

The operating segments are based on the type of services rendered. Discrete financial information is presented to the Chief Executive to a Net Profit Before Tax level, which is used to assess segment performance. An allocation of all corporate revenues and expenses (except tax), is included within each operating segment.

Operating segments – Services provided

Planes

This area of the business offers services that facilitate the movement of aircraft, cargo and passengers on the airfield.

Passengers

The passenger operating segment provides services to the terminal retailers, provides ground transport solutions to staff and the public and includes the terminal portion of the aeronautical charge.

Property

The property operating segment earns revenues from the provision of investment properties to landside airport campus tenants and operating the Novotel Christchurch Airport.

	Planes	Passengers	Property	Total
Unaudited six months to 31 Dec 2021	\$000	\$000	\$000	\$000
Total segment income	10,862	21,673	33,991	66,526*
Total segment expenses	11,009	34,225	21,235	66,469*
Segment Net Profit before Tax	(147)	(12,552)	12,756	57*
	Planes	Passengers	Property	Total
Unaudited six months to 31 Dec 2020	\$000	\$000	\$000	\$000
Total segment income	11,166	24,127	30,754	66,047*
Total segment expenses	11,989	32,115	20,214	64,318*
Segment Net Profit before Tax	(823)	(7,988)	10,540	1,729*

*Agrees to total income, total expenses and surplus before tax on the Statement of Financial Performance.

Income reported above represents income generated from external customers. There was no inter-segment income in the period (31 December 2020: nil).

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3. Operating Revenue

	Unaudited 6 months to 31 Dec 2021	Unaudited 6 months to 31 Dec 2020
	\$000	\$000
<i>Revenue from contracts with customers</i>		
Landing and Terminal charges	20,005	21,432
Ground transport and other trading activities	14,848	14,463
Total Revenue from contracts with customers	34,853	35,895
<i>Other Income</i>		
Rent and Lease income	26,690	24,838
Other revenue	4,969	5,301
Total Other Income	31,659	30,139
Total Operating Revenue	66,512	66,034

4. Operating Costs

	Unaudited 6 months to 31 Dec 2021	Unaudited 6 months to 31 Dec 2020
	\$000	\$000
Staff	12,345	11,486
Asset management, maintenance and airport operations	6,573	6,101
Rates and insurance	7,069	6,472
Marketing and promotions	552	758
Professional services and levies	1,464	758
Commercial entity running costs	3,373	3,786
Other	2,266 ¹	2,377 ¹
	33,642	31,738

¹ balance includes bad debt provision of \$57,000 (2020: \$484,000) associated with rent and lease income.

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5. Borrowings

As at 31 December 2021, the Company has committed bank funding facilities for an aggregate \$500,000,000 (2020: \$525,000,000) with six banks. In addition, the Company has an overdraft facility of \$1,000,000 (2020: \$1,000,000).

Total bond funding at 31 December 2021 is \$150,000,000 (2020: \$200,000,000). \$100,000,000 (2020: \$100,000,000) of the bond funding is held at amortised cost, adjusted by the fair value of the designated hedge instrument. Additionally, the Company has a \$50,000,000 bond, maturing in April 2027.

During the period, a maturing \$50,000,000 bond was repaid through bank funding. Additionally, several maturing facilities were extended during the period all for terms of three years or longer. The extension of one of our existing maturing facilities was converted into CIAL's first Sustainability Linked Loan (SLL).

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. The negative pledge deed requires that no security interest is provided over any assets for borrowings, unless an equivalent security interest is created for the borrowing group and bond holders. Interest rates paid during the period, including offsetting interest rate swaps, ranged from 1.1% to 6.3%. (2020: 0.9% to 6.3%). The bonds constitute direct, unsecured, unsubordinated obligations and will rank equally with all other unsecured, unsubordinated indebtedness.

During the current and prior periods, there were no defaults or breaches on any of the borrowing facilities.

The Company obtained waivers of its financial covenants from both bank lenders and the bond supervisor. These waivers were granted in August 2020 and took the following form:

- waive compliance with the interest cover ratio for the Financial Periods ending 31 December 2020 and 30 June 2021 (which would otherwise be required to be at least 1.75:1); and
- waive compliance with the interest cover ratio for the Financial Period ending 31 December 2021, provided that the interest cover ratio for that Financial Period must be no less than 1.50:1.

CIAL was in compliance with all its current financial covenants during the current and prior periods. The waivers have now expired. Based on our current forecasts, no extension to these waivers has been sought.

CIAL has several bank facilities maturing over the next 12 months. The Board has an approved refinancing strategy in place and current loan facilities will be re-financed through the extension of existing facilities and debt capital market issuance. The company remains confident that refinancing will be secured given current market appetite for corporate debt, positive market engagement and discussions with existing facility providers.

	Unaudited As at 31 Dec 2021	Audited As at 30 June 2021
	\$000	\$000
Less than 1 year	209,000	238,991
1 > 3 Years	325,381	300,352
3 > 5 Years	-	-
Greater than 5 Years	50,000	50,000
	<hr/> 584,381	<hr/> 589,343
	<hr/>	<hr/>
Total available funding	<hr/> 650,000	<hr/> 725,000

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6. Related Party Transactions

Christchurch City Holdings Limited (CCHL), a wholly owned subsidiary of the Christchurch City Council (CCC), owns 75% and the New Zealand Government owns 25% respectively of the issued share capital of the company.

Christchurch International Airport Limited enters into a large number of transactions with government departments, Crown entities, State-owned enterprises and other entities controlled or subject to significant influence by the Crown. All transactions with related entities:

- are conducted on an arm's length basis;
- result from the normal dealings of the parties;
- meet the definition of related party transactions only because of the relationship between the parties being subject to common control or significant influence by the Crown.

The New Zealand Government is the majority owner of Air New Zealand, a major customer of CIAL from both an aeronautical and rental and lease perspective. Pricing agreements are renegotiated for aeronautical charges with all airline customers of CIAL, including Air New Zealand, every five years. Air New Zealand also leases several properties within the terminal and the wider CIAL campus.

	Unaudited 6 months to 31 Dec 2021	Unaudited 6 months to 31 Dec 2020
	\$000	\$000
<i>Transactions with owners during the period to 31 December</i>		
Purchases from CCC and subsidiaries	3,410	3,755
Rates paid to CCC	3,579	3,237
Revenues from CCC and subsidiaries	340	365
Amounts payable to CCC and subsidiaries	516	413
Amounts receivable from CCC and subsidiaries	4	1

Non-Shareholder Related Party Transactions

Some directors of the company are, or have been during the period, directors of other companies or organisations with whom Christchurch International Airport Ltd may transact. Such transactions are all carried out on an arm's-length basis and are conducted on normal commercial terms.

No amounts were written off or forgiven during the reporting period and outstanding balances were settled under normal trading terms.

7. Commitments

	Unaudited As at 31 Dec 2021	Unaudited As at 31 Dec 2020
	\$000	\$000
<i>Total capital expenditures committed to, but not recognised in, the financial statements</i>		
Property, Plant and Equipment and Intangibles	2,121	5,057
Investment Properties	8,096	8,776

Cashflows associated with the purchase or construction of Property, Plant and Equipment, Intangibles and Investment Properties are included in the Statement of Cashflows.

8. Dividends

As part of obtaining financial covenant waivers with our bank funding providers and bond supervisors, CIAL agreed that it will not make or pay any distribution to shareholders until it is in compliance with all financial covenants and has delivered a certificate demonstrating that compliance.

Whilst these waivers were in place during the current period. CIAL was in compliance with all its financial covenants. The waivers have now expired.

No dividends have been paid during this current six-month period or the comparative period. While CIAL's dividend policy of 90% of distributable profit remains in place, decisions on any dividends to be paid during the current financial year will be made later in this financial year once there is greater certainty around the evolution of the latest Omicron outbreak and planned staged border re-opening.

9. Property, Plant & Equipment

The company carries land, buildings, terminal facilities, sealed surfaces, infrastructure and car parks at fair value. The company revalued all asset classes carried at fair value at 30 June 2021, as outlined in the 2021 Annual Report. No revaluation of these assets has been performed as at 31 December 2021.

Motor vehicles, plant & equipment, office & computers and work in progress are carried at cost.

Additions to property, plant & equipment were \$4,200,000 for the six months ended 31 December 2021 (2020: \$9,900,000).

10. Investment Property

The company carries investment property at fair value. The company last revalued investment property at 30 June 2021 as outlined in the 2021 Annual Report. No revaluation of investment property has been performed as at 31 December 2021.

Additions to investment property were \$7,800,000 for the six months ended 31 December 2021. (2020: \$14,800,000).

11. Fair Value of Financial Instruments

There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments in the six months to 31 December 2021.

The company's derivative financial instruments are all classified as level 2 and the fair values are determined using valuation techniques. The company has an outsourced treasury provider that has provided the fair values as at 31 December 2021. These valuation techniques are based on observable market data and the interest rate swaps calculation takes into account the present value of the estimated future cash flows.

12. Contingent Assets and Liabilities

As at 31 December 2021 there were no contingent assets (2020: nil) and there were no contingent liabilities (2020: nil).

13. Events Subsequent to Balance Date

There were no other events occurring after balance date that could significantly affect these interim financial statements.

On 23 January, the New Zealand Government imposed additional Covid-19 related health and safety restrictions across New Zealand, with a goal of slowing the spread of the Omicron variant. These additional restrictions will impact passenger numbers and further slow our financial outcomes in the short term.

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COMPARISON OF FORECAST TO ACTUAL RESULTS

The company prepares an annual Statement of Intent which is approved by shareholders and incorporates financial and performance measures for the ensuing year.

A comparison of the company's actual performance for the six months ended 31 December 2021 with those measures are as follows:

TARGETS	FY 2022 FY Target \$000	HY 2022 Actual \$000	HY 2022 Target \$000
a) FINANCIAL			
Total Revenue	166,567	66,512	82,004
EBITDAF (Earnings before interest, tax, depreciation, amortisation and fair value movements)	96,175	32,870	46,717
Net Profit (Loss) after tax	20,234	41	9,130
EBITDAF as a % of Revenue	57.1%	49.4%	43.0%
Return on Invested Capital (EBIT/(Equity+Debt))	3.1%	0.7%*	1.5%*
b) PASSENGER NUMBERS			
	FY 2022 FY Target	HY 2022 Actual	HY 2022 Target
Domestic	4,492,665	1,467,442	2,197,519
Tasman and Pacific Islands	615,202	13,724	264,418
International	14,528	7,894	2,144
Total	5,122,395	1,489,060	2,464,081
c) RATIO OF SHAREHOLDERS' FUNDS TO TOTAL ASSETS			
	FY 2022 FY Target	HY 2022 Actual	HY 2022 Target
Shareholder Funds / Total Assets %	59.8%	61.4%	59.0%
Gearing (debt / (debt + equity)) %	33.6%	32.5%	34.9%
EBITDAF Interest Cover x	3.9	2.8	3.8
Free Funds Interest Cover x	3.7	1.8	3.6
Free Funds / Debt %	11.4%	3.6%*	7.6%*

* the half year actual and target amounts are based on performance for the six-month period to date, and hence will be proportionately lower than the full year target shown in the first column. It should also be noted that the performance in the second half of each financial year is forecast to include any uplift in investment property revaluations, and hence in a normal year will generate a higher return ratio than in the first half of the year.

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d) CORPORATE SOCIAL RESPONSIBILITY

Performance target	Performance Measures	
	2022	Progress to 31 December 2021
Health, Safety & Wellbeing		
1. Culture - continue to develop a positive culture that enables the health, safety and wellbeing of our people	<ul style="list-style-type: none"> Maintain health, safety and wellbeing score above 85% in our annual culture and engagement survey. Incremental increase in safety leadership conversations. 	<ul style="list-style-type: none"> Activities to promote a positive culture of HSW have continued however the annual culture and engagement survey has been postponed until early 2022 so no metric is available at this time. Safety leadership conversations continue across the business, with ongoing focus on the implications of the changing COVID-19 landscape and health requirements.
2. Safety Management – continuous improvement in systems to manage safety and wellbeing	<ul style="list-style-type: none"> CIAL Health, Safety & Wellbeing workplan delivered on schedule. Annual review of SMS and HSMS 	<ul style="list-style-type: none"> On track for delivery by end of financial year, with additional COVID-19 initiatives included to reflect the ongoing uncertainty and changing risk environment. External review scheduled for Mar 2022.
3. Wellbeing – activation of our Whare Tapa Wha	<ul style="list-style-type: none"> Incremental improvement in the wellbeing and work/life blend scores in our annual culture and engagement survey. Deliver resilience workshops 	<ul style="list-style-type: none"> Activation of the Whare Tapa Wha has continued with a strong focus on mitigating the wellbeing challenges created by COVID-19. The annual culture and engagement survey has been postponed until early 2022 so no quantitative measure is available at this time. COVID-19 has impacted our ability to plan and deliver workshops however a number of webinars have been delivered with plans for more, early in 2022.
Sustainability		
<p>Carbon</p> <p>4. We set long-term emissions reduction targets based in science, aligned with keeping global temperatures within 1.5 degrees. Our goals are as follows;</p> <ul style="list-style-type: none"> to be net zero by 2030 to be absolute zero emissions for our Scope 1 and 2 by 2050 to influence reductions in our Scope 3 stakeholder's emissions where possible. 	<ul style="list-style-type: none"> Maintain trend with our milestone emissions reduction goal of 84% reduction in Scope 1 & 2 by 2035 (using FY2015 carbon baseline) Demonstrate continued responsibility and leadership in aviation transition Actively seek to influence airport Scope 3 emissions reductions 	<ul style="list-style-type: none"> FY21 independently verified carbon footprint demonstrates 56.3% reduction in Scope 1 & 2 against FY15 baseline. On track to achieve 84% by 2035. Leadership demonstrated through mentoring airports, becoming founding member of Sustainable Aviation Aotearoa, and enacting Sustainability Linked Loan Kowhai Park launched to enable generation of zero emission energy to reduce scope 2 & 3 emissions

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<p>Waste</p> <p>5. Waste is a by-product of operating a large and diverse organisation. We aim to minimise waste by redesigning our approach to better support a circular economy.</p>	<ul style="list-style-type: none"> ▪ Develop a CIAL waste minimisation strategy ▪ Create separated waste streams with known waste stream destinations. ▪ Undertake waste minimisation projects to reduce emissions and minimise waste 	<ul style="list-style-type: none"> ▪ On-going terminal waste audits to inform waste stream diversion strategies, and best minimisation projects to undertake going. Expect to be completed by June 2022. ▪ As above ▪ As above
<p>Energy</p> <p>6. Energy efficiency has multiple benefits for CIAL; we reduce our carbon footprint, reduce our operating costs, and minimise our demand on the national grid. Beyond this, we understand the importance of clean renewable electricity generation and resilience, and the role critical infrastructure assets play in supporting the national energy transition.</p>	<ul style="list-style-type: none"> ▪ Actively pursue energy transition from fossil fuel to clean energy sources ▪ Make an impact beyond Christchurch Airport terminal boundaries to create partnerships, and demonstrate leadership to encourage faster energy transition uptake ▪ Undertake energy efficiency projects, including LED lighting upgrades 	<ul style="list-style-type: none"> ▪ Kowhai Park launched 3 December 2021 – to be large scale renewable energy precinct, supporting the transition of the Airport and campus, aviation sector and wider Canterbury. ▪ As above ▪ On-going feasibility for LED upgrade to carpark lighting. On-going feasibility for Terminal rooftop solar
<p>Water</p> <p>7. Christchurch is unique in using 100% naturally filtered water. Our passion is to maintain its integrity, avoid accidental contamination and minimise use of this precious resource as it passes under the airport.</p>	<ul style="list-style-type: none"> ▪ Measure, understand, and undertake to conserve water around terminal and campus 	<ul style="list-style-type: none"> ▪ New telemetry meters established in Airport terminal to provide live water readings, allowing for greater conservation opportunities.
<p>Noise</p> <p>8. Historically, noise has been the environmental issue of greatest focus at airports around the world. 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 ▪ Successful delivery of the updated noise compliance contours to Environment Canterbury ▪ 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"> ▪ Met except for the month of Dec due to repeat complainant management are working with ▪ Met, management continue to work with ECan on the process within the regulatory framework ▪ Continue with ongoing work stream, first eligible property agreed to take up the offer ▪ On-going and significant volume of work in this space completed and coming up.
<p>Land</p> <p>9. Our Place is an area of unique natural beauty. We have a responsibility to protect it, to encourage biodiversity, and our native species. We aim to maintain improve our land and remediate contaminated land. We also have a responsibility to our wider stakeholders to understand climate risks and mitigation, as well as airport hazards such as bird strike.</p>	<ul style="list-style-type: none"> ▪ Understand and enhance our unique dryland habitat ▪ Undertake Campus landscape planning to celebrate native species and include plant succession planning. ▪ Monitor and understand bird migration patterns to mitigate bird strike risk ▪ Insert bird strike management areas in the regional and district planning framework 	<ul style="list-style-type: none"> ▪ Preparatory work underway to support future biodiversity audit ▪ On-going, implemented through development landscaping requirements ▪ Underway, scoping works commenced on avifauna surveys within the 13km bird strike radii ▪ On-going and underway

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Community Engagement

<p>10. To make a positive contribution to the social and community outcomes of our City and the South Island</p>	<ul style="list-style-type: none"> ▪ Demonstrate support for the city and the region, its image and activities as pandemic impacts allow. Provision of promotional space at the airport to showcase events and activities (i.e. Antarctic programme, mountain bike park) across the region. ▪ Engagement and communication with stakeholders led by the Chief Executive and GMs initiating and accepting invitations to meetings, speeches, addresses, panels and workshops. ▪ Senior leaders participate in and address events and functions, sharing expertise and skills. ▪ Support local and national charities by hosting collections within the terminal, and active engagement by staff in charity events. ▪ Respectfully engage with our local communities, iwi mana whenua & stakeholders in respect of CIAL's plans to explore the potential for a new airport in Central Otago. 	<ul style="list-style-type: none"> ▪ We continue to work closely with agencies and initiatives to demonstrate support for the city and region. We promote the regions, events and activities throughout the terminal and plaza, and across our social media channels. ▪ The Chief Executive and GMs actively participate in local, regional, national and international gatherings, both in person where possible and online. ▪ Senior leaders widely share their expertise in their particular fields to inform, support and help develop ideas, functions and groups. ▪ We work with many local, national and international charities and community groups to promote their fund and awareness raising events and special dates. This includes 'lighting' our terminal walls in the relevant colour, featuring this on our social media channels and supplying the charity or event with imagery to use in their own promotion. ▪ We continue to develop and strengthen our relationships and engagement with local communities, iwi mana whenua and stakeholders on a variety of matters including major projects such as the Central Otago airport proposal.
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Our People

<p>Retain and develop key talent</p> <p>11. Review and update of Potential and Performance/areas of strategic value talent mapping exercise Succession plans confirmed, and pathways actioned Pipeline of emerging leaders developed, and competency development pathways activated</p>	<ul style="list-style-type: none"> ▪ Retention strategy for critical talent and development of emerging leaders ▪ Activation of Talent Management strategy and internal review conducted with key stakeholders ▪ Tools created that guide talent planning 	<ul style="list-style-type: none"> ▪ Strategic Retention programme developed and activated, including identification of key talent roles and attributes. Emerging Leaders programme to be designed and delivered FY23 ▪ Talent Management strategy created and progress underway focused upon enhancing all related systems and processes through the employee lifecycle. ▪ Initial succession planning completed across critical roles in conjunction with ELT with development pathways to be designed and delivered second half of FY22 with the support of external partner.
<p>Develop, support and value leadership</p> <p>12. All employees and people leaders understand the role and expectations of a 'CIAL Leader'</p>	<ul style="list-style-type: none"> ▪ Development of a CIAL Leadership Profile 	<ul style="list-style-type: none"> ▪ Review of performance management processes has been completed with assistance from employee working group. Changes will be made following

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<p>Our leaders are highly effective in coaching for performance, enabling change and are committed to supporting, empowering and developing others</p> <p>All our leaders are accountable and recognised for their successful performance and leadership behaviours</p>	<ul style="list-style-type: none"> ▪ Implementation of a leadership coaching model into performance development/management practices ▪ Incremental improvement in leadership performance and personal development and performance reviews ▪ Incremental improvement in leadership measures in culture and engagement survey 	<p>updates to organisational strategy (H30) and values.</p> <ul style="list-style-type: none"> ▪ Refreshed Leadership Development Framework to be designed and delivered with support of external consultant. ▪ Annual culture and engagement survey postponed to after launch of refreshed purpose and values. This information will be available at the end of the financial year. ▪ As above
<p>Build a workforce of the future</p> <p>13. Future oriented talent planning is embedded into operational and strategic planning</p> <p>There is enhanced understanding of the skills we have today and the skills we will need in the future</p> <p>We attract, recruit and develop a diverse and highly skilled workforce</p>	<ul style="list-style-type: none"> ▪ Creation of a CIAL Future of Work working party and establishment of key strategic objectives ▪ Internal recognition of the innovation and change being caused by Future of Work strategies ▪ Incremental improvement in Innovation measures in culture and engagement survey 	<ul style="list-style-type: none"> ▪ Future of Work working party yet to be established. ▪ As above ▪ Annual culture and engagement survey postponed to after launch of refreshed purpose and values. This information will be available at the end of the financial year.
<p>Strengthen diversity, inclusion and engagement</p> <p>14. Creation and implementation of a diversity, inclusion and participation strategy and engagement program which promotes diversity of thought throughout our business</p>	<ul style="list-style-type: none"> ▪ Create a set of organisation wide employee value statements that guide how we work, make decisions, and consider diverse perspectives to determine the way we treat each other ▪ Flexible work arrangements that reflect our people’s needs and the needs of CIAL ▪ Incremental improvements in participation and inclusion measures in culture and engagement survey 	<ul style="list-style-type: none"> ▪ Board/ELT workshop undertaken to define what diversity means for CIAL and the corresponding process for developing the strategy defined. <p>External partner to undertake qualitative diversity audit across the business.</p> <p>ELT cultural competency training in Te Reo and Te Ao Maori completed.</p> <p>Value statements will be developed when values are finalized in second half of FY22.</p> <ul style="list-style-type: none"> ▪ Support for flexi working has grown across the organisation with working from home arrangements relied upon during C:19 lockdowns. Promotion of CIAL’s support of Flexi working and the type of arrangements available to employees will be further promoted to ensure needs are met. ▪ Annual culture and engagement survey postponed so improvements in participation and inclusion measures are unable to be determined. This information will be available at the end of the financial year.

Nature of Business

CIAL owns and operates Christchurch International Airport. The company operates predominantly in the business of providing airport facilities and services to airline and airport users. The nature of the company's business has not changed during the period.

For the current and previous reporting period, the results are for Christchurch International Airport Limited and its five wholly owned subsidiaries. As the wholly owned subsidiaries do not trade and hold no assets or liabilities, the results and financial position for the CIAL group are the same as that for the CIAL parent company.

Credit Rating Status

On October 28, 2021 S&P Global Ratings ('S&P') reconfirmed a 'BBB+' issuer credit rating on Christchurch International Airport Ltd (CIAL) and issue credit rating on the airport's debt, with outlook 'Stable'. On 12 December 2021 the outlook was updated to 'Positive'.

Summary of Waivers

NZX has provided CIAL with a waiver in relation to Listing Rule 5.2.3 to enable CIAL to apply for quotation on the NZX Debt Market even though the Bonds may not have been initially held by at least 100 members of the public holding at least 25% of the Bonds issued. The waiver was granted for a period of 6 months from the quotation date of the bonds (being 25 May 2018)

The effect of the waiver from Listing Rule 5.2.3 was that initially the Bonds may not have been widely held and there may have been reduced liquidity in the Bonds.

NZX has also provided CIAL with approval under Listing Rule 11.1.5 to enable CIAL to decline to accept or register a transfer of the bonds if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with a Principal Amount of less than \$5,000 (if not zero) or if the transfer is not in multiples of \$1,000.