



Statement of Intent

Introduction

This statement is presented by the Directors pursuant to the requirements of the Local Government Act and sets out the Board's overall intentions for the Company for the financial year ending 30 June 2026 and the two succeeding financial years.

The Company is focused on managing a strategic framework designed to develop its aeronautical and non-aeronautical business.

The national domestic network has been reducing in demand throughout FY25, owing to reduced government spending, high fare costs, and higher costs of living. Invercargill Airport has been hampered in its growth during FY25 by the cessation of direct services to Wellington, which has reduced the number of passengers travelling to Wellington. We expect this will lead to flat passenger numbers through FY26 before gently growing in subsequent years. The current focus will remain on growing the business through investment in non-aeronautical activities. Refurbishment of our non-terminal buildings is nearly complete, with Hangar 3 to be completed in FY26. The dairy farm is expected to contribute to profitability through FY26 and beyond, as will recent developments in rental car facilities.

Core Business

Invercargill Airport Limited (IAL) is an airport authority that provides core assets and services to facilitate air traffic and the travelling public safely and efficiently into and out of Invercargill Airport.

Vision



To be New Zealand's leading full service regional airport with a thriving airport community connecting Southland to the world.

Purpose



To provide an aerodrome that delivers a safe aviation operation, utilise our assets to grow the business and provide excellent customer service from the front gate to the aircraft.

Governance

The Board of Directors is appointed by Invercargill City Holdings Limited. The Board oversees the governance of the Company and acts in accordance with the constitution and relevant legislation to ensure the airport is safe, sustainable and compliant.

The Board holds regular meetings to direct and control the Company's activities, where management presents operational and financial reports for discussion.

The Board provides the SOI to shareholders for review. Six-monthly and annual reports of financial performance are provided to the shareholders.



Grant Lilly - Chair



Dean Addie



Jane George



Prue Halstead



Alastair Hercus

The Nature and Scope of Activities

The primary activity of the Company is to operate a safe and efficient airport, based on sound business principles for the benefit of the community, the shareholders, and the users of the airport.



Invercargill Airport is a certified aerodrome under the Civil Aviation Rule Part 139. It is authorised by the Civil Aviation Authority to operate as an airport in accordance with an approved Exposition. The Aerodrome Operators Certificate was renewed on 31 October 2023. The current Aerodrome Operators Certificate expires on 31 October 2028.



The Company has the primary duty of care to take all "reasonably practicable" steps to ensure the health and safety of its employees, contractors, customers, and the public on its premises and in using its assets.



The Company is also responsible for managing assets and airspace not currently used for airport activities, but which may be used in the future, e.g., land held for airport expansion and protection purposes.



The Company land includes a dairy farm at the southwest end of the Airport. This land has been under a long-term lease, which recently ceased. This will be run as a dairy farm, operated by a sharemilker for the coming period.



The Company has responsibility for the proper design, maintenance, and management of assets and infrastructure such as runways, taxiways, aprons, buildings, parking, and roads.



The Company is committed to a sustainable future and believes that sustainability is critical to the success of the Airport. Sustainability will be considered in all our social, environmental, and economic decisions.



The Company holds a management contract for Milford Sound Piopiotahi Aerodrome. IAL provides management services for the owner (Ministry of Transport), using QAOSH Aviation Services as a subcontractor.

People

IAL is required as part of its obligations under CAA rule part 139 to identify senior people who have a nominated role for ensuring aviation safety and operations at the airport. These individuals are named on the Aerodrome Operators Certificate. These people are:

Senior People	Title Per CAA Rule	Company Title
Stuart Harris	Chief Executive	Chief Executive
Rob Somers	System for Safety Management	Operations Manager
Julie Jack	Other Senior Person	Commercial Manager
Corey Diack	Other Senior Person	Operations Lead
Glenn Scott	Other Senior Person	Safety and Facilities Coordinator



Goals and Objectives



HEALTH, SAFETY, AND RISK MANAGEMENT

IAL will manage the airside and landside operations to achieve a zero-harm workplace.

The Company will:

- ✓ Operate a CAA-compliant **Safety Management System**
- ✓ **Promote health, safety, and wellness** through regular discussions with the whole team
- ✓ **Identify critical risks** and develop mitigation plans to reduce them
- ✓ **Regularly review operations** to ensure policies and procedures comply with all relevant regulations
- ✓ **Minimise whole of business risk** by building robust mitigation plans focused on reducing critical risks first
- ✓ **Provide airport security** at the levels required in the legislation.



FINANCIAL

IAL is a strategic asset of Invercargill City Holdings Limited and Invercargill City Council delivering a range of benefits to Invercargill and the Southland region. Whilst the Airport is a strategic infrastructure asset of regional significance, the Company is focused on delivering commercial returns across the entire business.

The Company will:

- ✓ Work with airline customers to **grow passenger opportunities** into and out of Southland
- ✓ Develop business master plans to achieve **long term economic sustainability**
- ✓ **Implement** appropriate airport **user pricing structures**
- ✓ Maintain commercial rental agreements for IAL's property portfolio to **maximise future returns**
- ✓ **Increase non-aeronautical revenue** in absolute terms, and as a percentage of total revenue
- ✓ Actively work with partners to **diversify the business** base of the airport
- ✓ Ensure the farm land is a **profitable asset** for the Airport.



INFRASTRUCTURE

IAL will provide safe and fit for purpose infrastructure.

The Company will:

- ✓ **Maintain certification** pursuant to Civil Aviation Rule Part 139 and maintain the infrastructure required to be compliant with the rule
- ✓ Develop robust asset management and life cycle plans to **maintain the infrastructure and plan for renewals** where required
- ✓ Annually review all insurance covers to **ensure its risk is minimised**
- ✓ Supply the security and operational facilities required to **support current and future aviation operations** from the Airport
- ✓ **Continue to invest** in the maintenance and refurbishment of the existing infrastructure & building assets to ensure they are fit for purpose and future use.



HUMAN RESOURCES

IAL is a great place to work.

The Company will:

- ✓ **Ensure that all employees have the right skills**, training and capability to be able to do their work competently
- ✓ Recognise and review **staff performance**
- ✓ Have robust succession plans in place that **ensure the airport meets its regulatory and business requirements** now, and in the future
- ✓ **Continue to develop inclusive practices** into every aspect of the business.



CORPORATE SOCIAL RESPONSIBILITY

IAL positively contributes to the Invercargill and Southland community.

The Company will:

- ✓ **Provide a safe, secure and reliable airport facility** in compliance with the requirements of the Civil Aviation Authority
- ✓ Develop a sustainability strategy and plan that **embeds sustainability** in everything the Airport does
- ✓ **Deliver on the Airport's environmental obligations** including developing and implementing sustainable practices for its waste streams
- ✓ **Encourage Southlanders to be advocates** for the Airport by growing their understanding of the benefits it provides and its strategic importance to the region
- ✓ **Ensure the airport's future is protected** by engaging with, and educating, local authorities on the needs and benefits of an airport close to the city.



OUR CUSTOMERS

IAL will provide excellent customer service to all users of the airport.

The Company will:

- ✓ Conduct regular airport user group meetings and/or surveys, which include a **focus on the needs of the airport users**, other **stakeholders and visitors**
- ✓ **Focus on providing an excellent experience** for every customer and user of the airport
- ✓ **Provide landside and airside facilities** that meet the needs of the customers.

Performance Measures and Targets

NON-FINANCIAL

Health and Safety	<div><div>✓</div>Zero lost time injuries for staff</div> <div><div>✓</div>No events which are notifiable to WorkSafe</div>
Operations	<div><div>✓</div>Retain Aerodrome Operator Certification from the Civil Aviation Authority</div> <div><div>✓</div>No significant investigation findings by MPI, CAA or ES</div>
Infrastructure and Property	<div><div>✓</div>No significant disruption to airport operations</div> <div><div>✓</div>Successfully complete runway resurfacing project</div> <div><div>✓</div>Complete acquisition of airfield power and lighting from Airways</div> <div><div>✓</div>Commence redevelopment of airfield lighting and its infrastructure</div>
Environmental and Sustainability	<div><div>✓</div>Repurpose all waste millings from runway resurfacing project</div> <div><div>✓</div>Partner with local recycling agents to incorporate local crushed glass into runway asphalt for resurfacing project</div> <div><div>✓</div>Measure and report Scope 1 and 2 emissions</div> <div><div>✓</div>No notifiable environmental incidents on airport-managed property</div>
Customer Experience	<div><div>✓</div>Terminal Development – complete security lane and jet lounge expansion</div> <div><div>✓</div>Complete airside passenger walkway</div>



FINANCIAL PERFORMANCE AND OUTLOOK

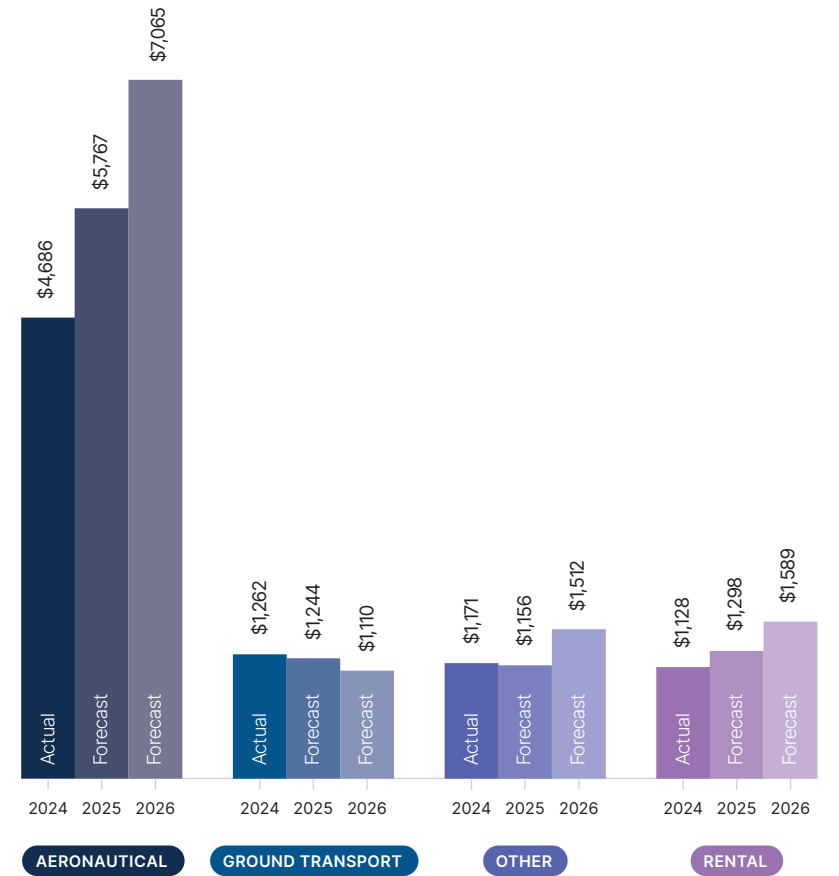
Revenue Analysis

The revenue streams earned reflect the scope of Airport activities.

The diagrams below illustrate a summarised view of the actual revenue split from FY24 and the forecast revenue split for FY25 and FY26.

Revenue is expected to lift in FY26 due to IAL receiving returns from the dairy operation rather than the ground lease. The increased revenue also includes increased aeronautical revenue corresponding to the increased investment in aeronautical assets such as the reseal of the main runway and terminal upgrades.

Aeronautical Charges earned by IAL fund the facilities and services provided for aeronautical activities which are directly proportionate to passengers and aeronautical activity. Further, other significant revenue streams strongly correlate to total passenger numbers including Ground Transport and Rental revenues. IAL will continue to diversify of our revenue streams to increase non-aero revenue through increased commercial opportunities on site.

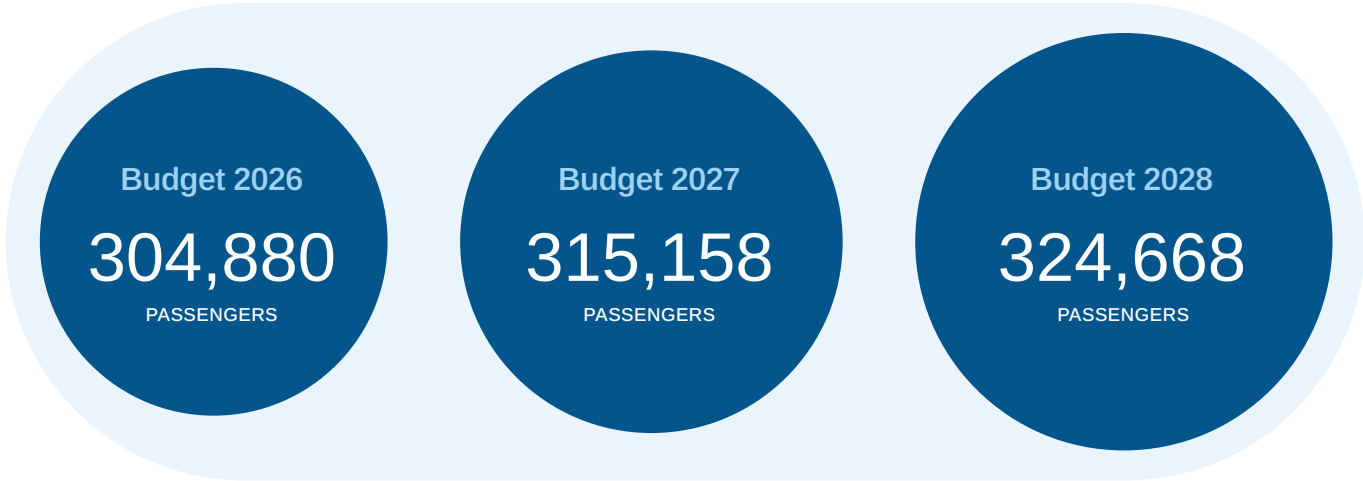
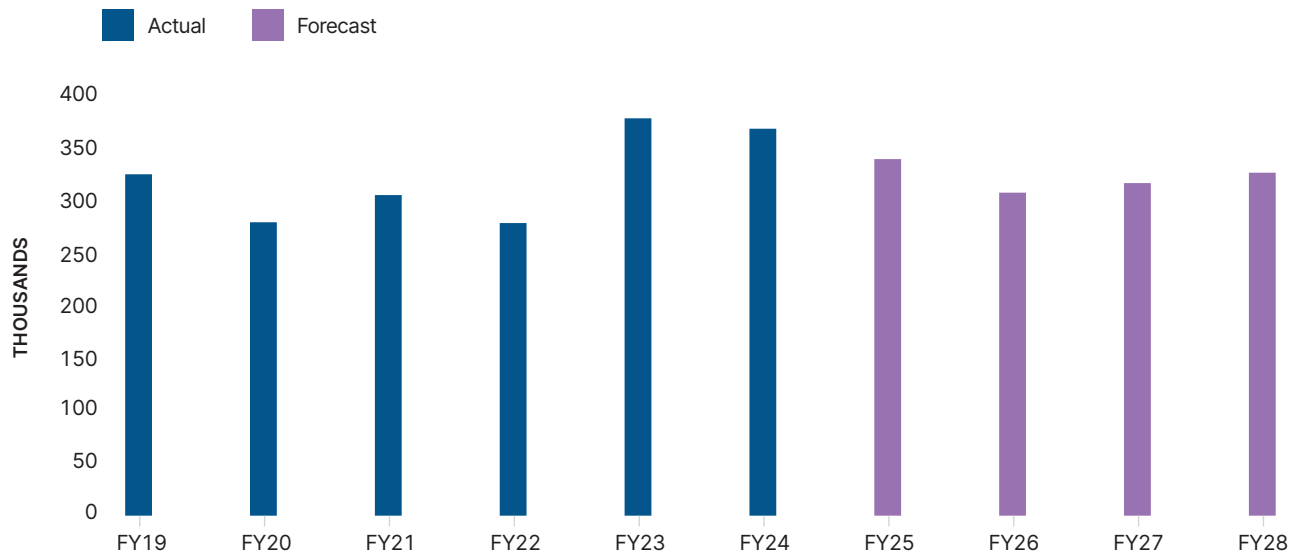


PASSENGER MOVEMENTS

The graph below provides passenger movement forecasts for the three-year period covered by this SOI. Ongoing high fare costs, reduced demand, and reduced capacity across the domestic network are expected to continue to cause a retraction in the passenger demand for Air New Zealand. This is reflected in the passenger forecasts for the remainder of FY25 and FY26.

We expect to see modest rebounding from FY27 as Air New Zealand's fleet issues ease. We also expect some economic growth if inflation can stay low to reduce the high costs of living.

IVC Passenger Movements FY2019-2028



	BUDGET 2026 \$'000	BUDGET 2027 \$'000	BUDGET 2028 \$'000
Total Revenue	11,276	12,601	13,437
EBITDA	4,690	6,637	7,109
Interest Expense (Net)	908	1,424	1,345
Net Profit After Taxation	954	1,395	1,877
EBITDA as % of Revenue	42%	53%	53%
Return on Capital	4%	5%	7%
Total Debt	28,653	26,958	27,077
Total Equity	25,342	26,260	27,440
Total Assets	58,468	56,778	57,143
Total Equity/Total Assets	43%	46%	48%

Notes:

- Total assets are defined as the sum of all current, fixed and investment assets of the business. Property, plant and equipment is held at cost less accumulated depreciation and impairment losses.
- For the purpose of this ratio, equity is defined as the paid-up capital plus any retained tax paid profits. This includes undistributed profits which have been accumulated in accounts known as either “Revenue Reserves” or “Capital Reserves” and shareholders’ advances.
- Return on capital is defined as net profit after tax over total equity.
- The ratios are exclusive of any adjustment for the revaluation of investment property.

Capital and Major Operational Expenditure

As a future focused strategic infrastructure asset, IAL has developed a capital and major operating plan with a 10-year horizon. IAL’s Asset Management Plan (Capital and Major Maintenance) covering its aeronautical assets has been prepared utilising industry experts.

Individual asset management plans are being developed for the non-aeronautical assets to ensure that the investment is on a planned basis, has sound commercial focus and that maintenance programmes are proactive rather than reactive.

Major initiatives for the next three years include resealing the central length of the main runway, apron and taxiway resurfacing. IAL will purchase the airfield power and lighting from Airways (as part of its nationwide divestment programme) and immediately replace the runway edge and approach lights. Rescue Fire is preparing to place an order for a new fire appliance to replace the ageing Rescue 3 and will also upgrade the fire station to accommodate it and make it fit for purpose.

Construction of terminal works will include the upgrade of aviation security and the passenger experience through the screening process, with these works expected to be completed in FY26. Future stages of the terminal redevelopment will see further expansion of the baggage makeup unit to accommodate upgraded hold baggage screening equipment to meet CAA's incoming requirements. These changes will also enhance efficiency for the Air New Zealand operations.

Substantial improvements have been made to IAL’s buildings (other than the terminal) during FY24 and FY25, which will be completed in FY26. This has rectified some years of deferred maintenance and this improvement will ensure those buildings have sufficient life to continue their operations and be fit to be leased, for many more years.

Aeronautical investment is funded and costs recovered, after consultation with airline customers, through core aeronautical charges. IAL has been in consultation with its airline partners during FY25 for new aeronautical charges to commence in FY26.

All capital expenditure is subject to a business case and major transaction approval, if required, from Invercargill City Holdings Limited.

	BUDGET 2026 \$'000	BUDGET 2027 \$'000	BUDGET 2028 \$'000
Airfield (incl. runway, apron, taxiway and lighting)	14,134	79	1,910
Commercial Property Development	2,573	-	1,326
Landside Roading and Carparking	975	701	212
Rescue Fire Service	2,048	206	-
Terminal	4,283	330	21
All Other Forecasted Capital Expenditure	1,085	186	32
Total	25,098	1,502	3,501

Information to be Reported

The following information will be available to shareholders based on an annual balance date of 30 June.

DRAFT STATEMENT OF INTENT

On or before 1 March each year, the Directors will deliver to the shareholders a Draft Statement of Intent that fulfils the requirements of Section 64 of the Local Government Act 2002.

COMPLETED STATEMENT OF INTENT

On or before 30 June each year the Directors shall deliver to the shareholders a completed Statement of Intent which fulfils the requirements of Section 64 of the Local Government Act 2002.

HALF YEARLY REPORT

Within two months after the end of the first half of each financial year, the Directors shall deliver to the shareholders an unaudited report (with comparative figures from the previous half yearly report) containing the following information as a minimum in respect of the half-year under review:

- a. A statement of comprehensive income disclosing actual revenue and expenditure.
- b. A statement of financial position at the end of the half year.
- c. A statement of movements in equity.
- d. A statement of cash flows.
- e. A commentary on the results for the first six months together with a report on the outlook for the second six months with reference to any significant factors that are likely to have an effect on IAL’s performance, including an estimate of the financial result for the year based on that outlook.

ANNUAL REPORT

Within three months after the end of each financial year, the Directors shall deliver to the shareholders an annual report and audited financial statements in respect of that financial year, containing the following information as a minimum, including comparative figures:

- a. A Directors’ report including a summary of the financial results, a review of operations, a comparison of performance in relation to objectives and any recommendation as to dividend.
- b. A statement of comprehensive income disclosing actual revenue and expenditure.
- c. A statement of financial position at the end of the year.
- d. A statement of movements in equity.
- e. A statement of cash flows.
- f. An Auditor’s report on the above statements and on the measurement of performance in relation to objectives.



Proposed Distributions

IAL's policy is to target to distribute 50% of its NPAT by way of dividend, subject to assessment and decision of the Directors annually, in accordance with the Companies Act.



Acquisition Procedures

The undertaking by Invercargill Airport Limited of any activity of a nature or scope not provided for in this Statement of Intent would be subject to the prior approval of the Invercargill Airport Limited shareholders.

The Company will not establish any new Company or other organisation or acquire shares, equity, voting interests or memberships of any Company or organisation without the Directors having gained prior approval of its shareholders.



Shareholders' Investment

The commercial value of the Shareholders' investment in the Company is considered by the Directors to be not less than the Shareholders' funds disclosed in the Statement of Financial Position published in the last Annual Report.



Statement of Accounting Policies

Invercargill Airport Limited's accounting policies are consistent with the accounting policies recognised by the External Reporting Board ('XRB').

The accounting policies which materially affect the measurement and reporting of financial performance and financial position have been applied on a basis consistent with those used in previous years.

The accounting policies are listed in full in our most recent annual report.



