INVERCARGILL
AIRPORT

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 2027 and the two succeeding financial years.

The Airport provides essential air connectivity to enable businesses to thrive, including freight movement. The Airport supports Southland as a tourist destination, creating a hub for easy access to the region.

National domestic flight demand declined notably throughout FY25 due to lower government spending, higher airfares, and a higher cost of living. This led to Air New Zealand ceasing its direct services between Wellington and Invercargill in early 2025. This reduced connectivity is still sorely missed by the Southland community, especially for its ease of business travel to Wellington and for increasing ease of visitation for major events.

The regularity of events, strong business confidence, and popularity of attractions in Invercargill/Southland remain strong drivers for local passenger demand. There were early signs of increased demand in January/February 2026. This rapidly reversed with the conflict in the Middle East and its impact on jet fuel prices. Ongoing schedule reductions since then have notably impacted passenger numbers.

Core Business

Invercargill Airport Limited is a registered airport operator 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

Alastair Hercus

Haylee Preston

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

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

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 is run as a dairy farm, now operated by a sharemilker.

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
Terri Black	System for Safety Management	Health, Safety, and Risk Manager
Corey Diack	Other Senior Person	Operations Lead
Julie Jack	Other Senior Person	Commercial and Business Development Manager
Glenn Scott	Other Senior Person	Safety and Facilities Coordinator
Rob Somers	Other Senior Person	Operations Manager

Fulton Hogan and Airport team celebrate commencement of the final shift of runway resurfacing

Goals and Objectives

HEALTH, SAFETY, AND RISK MANAGEMENT

IAL will strive to build a resilient, high-performing organisation where critical risks are effectively controlled and our people actively lead and own safe outcomes.

The company will:

- Identify, prioritise, and **maintain clear visibility of critical risks** and their key controls across the organisation.
- **Implement a structured assurance programme** to verify that critical controls are effective, embedded, and regularly reviewed.
- **Strengthen leadership accountability** for risk management and ensure clear ownership of safety responsibilities at every level.
- **Increase frontline involvement** in identifying hazards, designing controls, and contributing to investigations, reviews, and improvement actions.
- **Build workforce capability** through targeted training, communication, and regular safety conversations focused on learning and prevention.
- Use data, assurance findings, and employee feedback to continuously **improve safety performance and strengthen organisational resilience.**

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 contingency plans to **ensure the airport meets its regulatory and business requirements** through planned and unplanned staff absences and changes.
- **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

Aerodrome Safety and Regulatory Compliance	✓ Meet all regulatory requirements under CAA Part 139 and MPI POFA, with all external audit findings closed within agreed time-frames.
Health and Safety	✓ Zero lost time injuries for IAL staff and IAL's contractors
Infrastructure and Property	✓ Capital projects delivered as per capital projects plan.
Environmental and Sustainability	✓ Measure and report scope 1 and 2 emissions to ICC. ✓ Upgrade airport support vehicles to low-emissions alternatives. ✓ Establish a landfill waste baseline to inform future reduction targets.
Airport Infrastructure Reliability	✓ No impacts to on time performance to regular passenger transport due to airport owned infrastructure.
Community Partnerships	✓ Hold a community event to invite public to the airport. ✓ Increase sponsorship to relevant community events compared to prior year.

Fulton Hogan

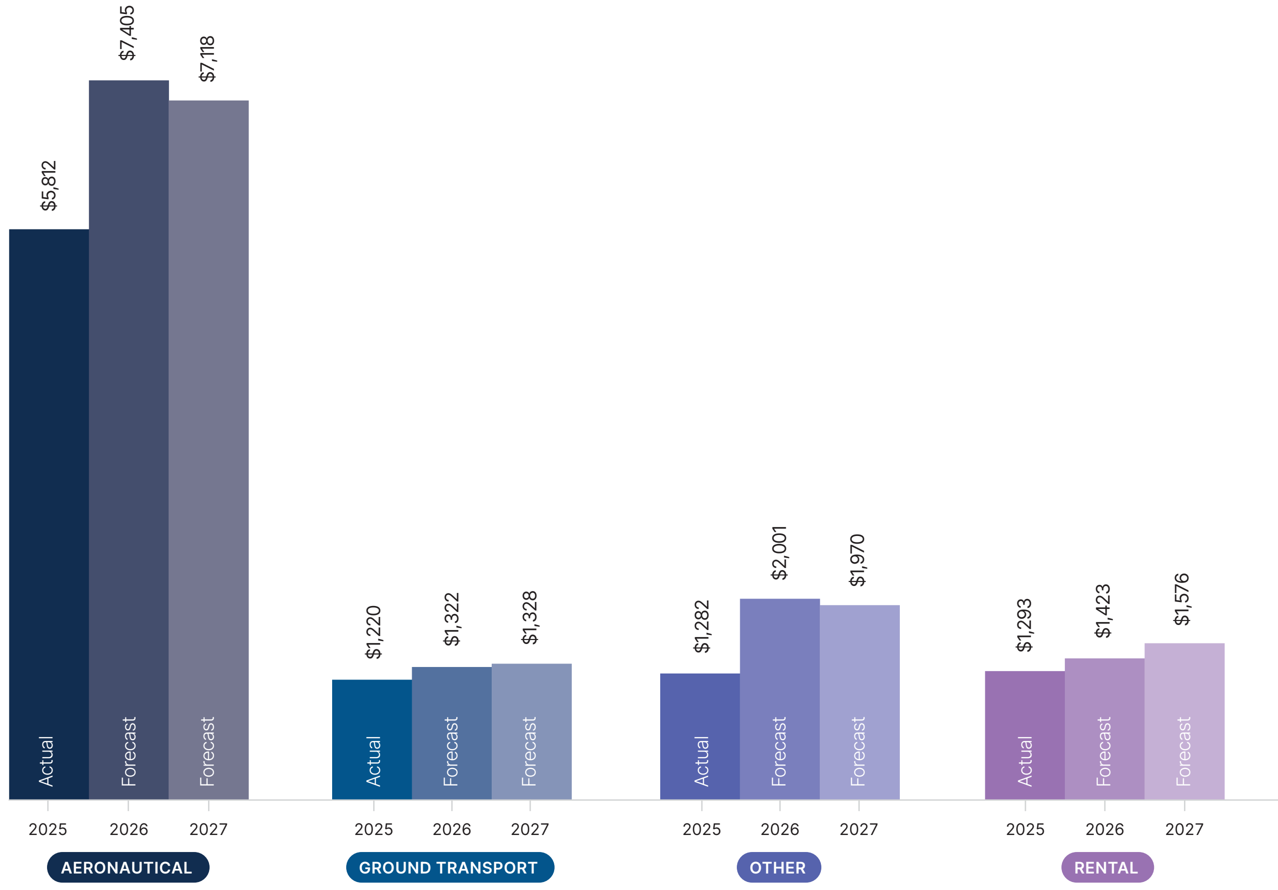
FINANCIAL PERFORMANCE AND OUTLOOK

Revenue Analysis

Total revenue has been split into four streams to reflect the core areas of the Airport's operations. The Airport has been investing in both its aeronautical assets and non-aeronautical assets to grow both revenue streams. The diagrams below illustrate a summarised view of the actual revenue split from FY25 and the forecast revenue split for FY26 and FY27.

Non aero-nautical revenue is expected to lift in FY27 due to IAL receiving increased returns from the dairy operation, as the sharemilking operation matures. There is an increase in aeronautical revenue corresponding to the FY26 investments in aeronautical assets such as the resurfacing of the main runway and terminal upgrades; however, this is offset by the decrease in passenger numbers expected as a result of the Middle East war and its impact on jet fuel prices.

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 our revenue streams to increase non-aero revenue through increased commercial opportunities on site.

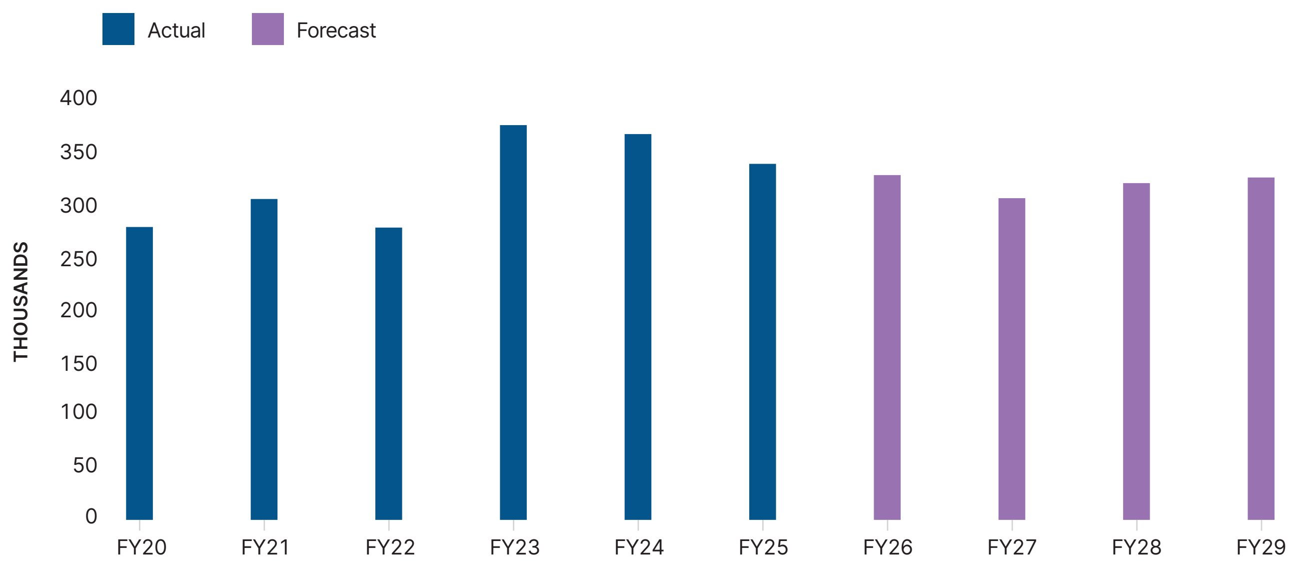


PASSENGER MOVEMENTS

The graph below provides passenger movement forecasts for the three-year period covered by this SOI. Through FY25 and FY26 there was increases in fares across the network, which reduced passenger demand, which was further reduced by constrained capacity once the Middle East war commenced. The year on year decreases in passenger volumes are expected to continue into FY27 as the impacts of the Middle East war lead to continued schedule reductions. Air New Zealand's A320 engine issues are drawing to a conclusion, which provides some potential for growth once jet fuel prices ease.

The modest growth in subsequent years relies on jet fuel prices and airfares reaching an equilibrium that allows them to be palatable to local travellers.Invercargill and Southland continue to be a destination which has strong demand from national and international visitors. Key events such as the Tour of Southland, Burt Munro Festival, George Begg Festival, and the Oyster Festival create strong demand. This supplements the regular attractions such as Rakiura, The Catlins, and the HumpRidge Track.

IVC Passenger Movements FY2020-2029



Budget 2027
305,000
PASSENGERS

Budget 2028
319,000
PASSENGERS

Budget 2029
326,000
PASSENGERS

	BUDGET 2027 $'000	BUDGET 2028 $'000	BUDGET 2029 $'000
Total Revenue	11,993	13,122	13,329
EBITDA	5,085	6,095	5,922
Interest Expense (Net)	1,391	1,604	1,604
Net Profit After Taxation	511	994	938
EBITDA as % of Revenue	42%	46%	44%
Return on Capital	2%	4%	3%
Total Debt	31,841	32,261	29,661
Total Equity	26,031	26,775	27,223
Total Assets	60,490	61,755	59,435
Total Equity/Total Assets	43%	43%	46%

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.

IAL has invested considerably in its key assets during FY24, FY25 and FY26, with terminal upgrades, and runway resurfacing now completed. Almost all IAL's other buildings have either been built or refurbished in the past three years. This intense period of investment slows down through FY27, with fewer projects and lower values as this programme draws to a close.

This period of intense capital upgrade works has now shifted to focussing on further development of individual asset management plans for each asset. This will ensure that maintenance programmes are proactive rather than reactive and should avoid a large surge of capital works in future years.

IAL is constructing a bespoke washbay and office for Hertz, which had been operating from the rear of a hangar for many years. This structure will be completed and operational in Q1 of FY27 and includes expansion space for future occupants.

The refurbished jet lounge, screening lane, and passenger covered walkway are recently completed and fully functional. There are some minor upgrades within the terminal in this year to increase the capability and resilience of the hold baggage screening point.

IAL resumed farming on its dairy farm, after a long-term ground lease, in FY25. Subsequent to this there was a period of asset renewal and upgrades on the farm, which are now largely complete, with only some minor structures to be built in FY27.

FY27 includes renewal of many of our vehicles, with the second of our fire appliances (which is 30 years old) being replaced. This renewal will also include many of our ancillary and support vehicles and machinery which are due for replacement.

Aeronautical investment is funded and costs recovered, after consultation with airline customers, through core aeronautical charges. IAL consulted with its airline partners during FY25 for aeronautical charges, which run for FY26 to FY28.

All capital expenditure is subject to a business case for approval by IAL's board, with major transaction approval, if required, from its shareholders.

	BUDGET 2027 $'000	BUDGET 2028 $'000	BUDGET 2029 $'000
Airfield (incl. runway, apron, taxiway and lighting)	2,626	174	73
Commercial Property Development	2,029	3,840	-
Landside Roading and Carparking	1,500	307	314
Rescue Fire Service	3,799	-	-
Terminal	2,165	328	388
All Other Forecasted Capital Expenditure	386	46	204
Total	**12,505**	**4,695**	**979**

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 distribution of 50% of NPAT, excluding changes due to revaluations, as dividend to its shareholders. This is subject to assessment and approval by 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.

Fulton Hogan

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AIRPORT