

Statement of Intent

Financial Year End
30 June 2025



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 2025 and the two succeeding financial years.

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

Invercargill Airport has recovered passenger numbers to exceed those from pre-Covid. Future growth now appears to be driven by both domestic and international tourism, tempered with domestic pressures on the cost of living, constraints in the Air New Zealand network, and relatively high interest rates. The Airport terminal remains in good condition and highly functional except for the jet-related infrastructure. IAL is currently investigating options for improving the jet-related infrastructure to incoming aviation security requirements and improving the passenger experience. IAL has been investing in significant upgrades of the non-terminal buildings on site throughout the 2023/2024 financial year and this will continue through 2024/2025.



Vision and Purpose

THE COMPANY'S VISION IS:

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

THE COMPANY'S PURPOSE IS:

Invercargill Airport will 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.

Core Business

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.



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 to ensure it is safe, sustainable and compliant.

The Board holds regular meetings to direct and control the Company's activities, at which, management's operational and financial reports are received and discussed.

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

The current directors are:

- **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 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 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. Over this period the farm will come back into IAL control (including the purchase of improvements) and future intentions are being considered at present.

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 of 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.

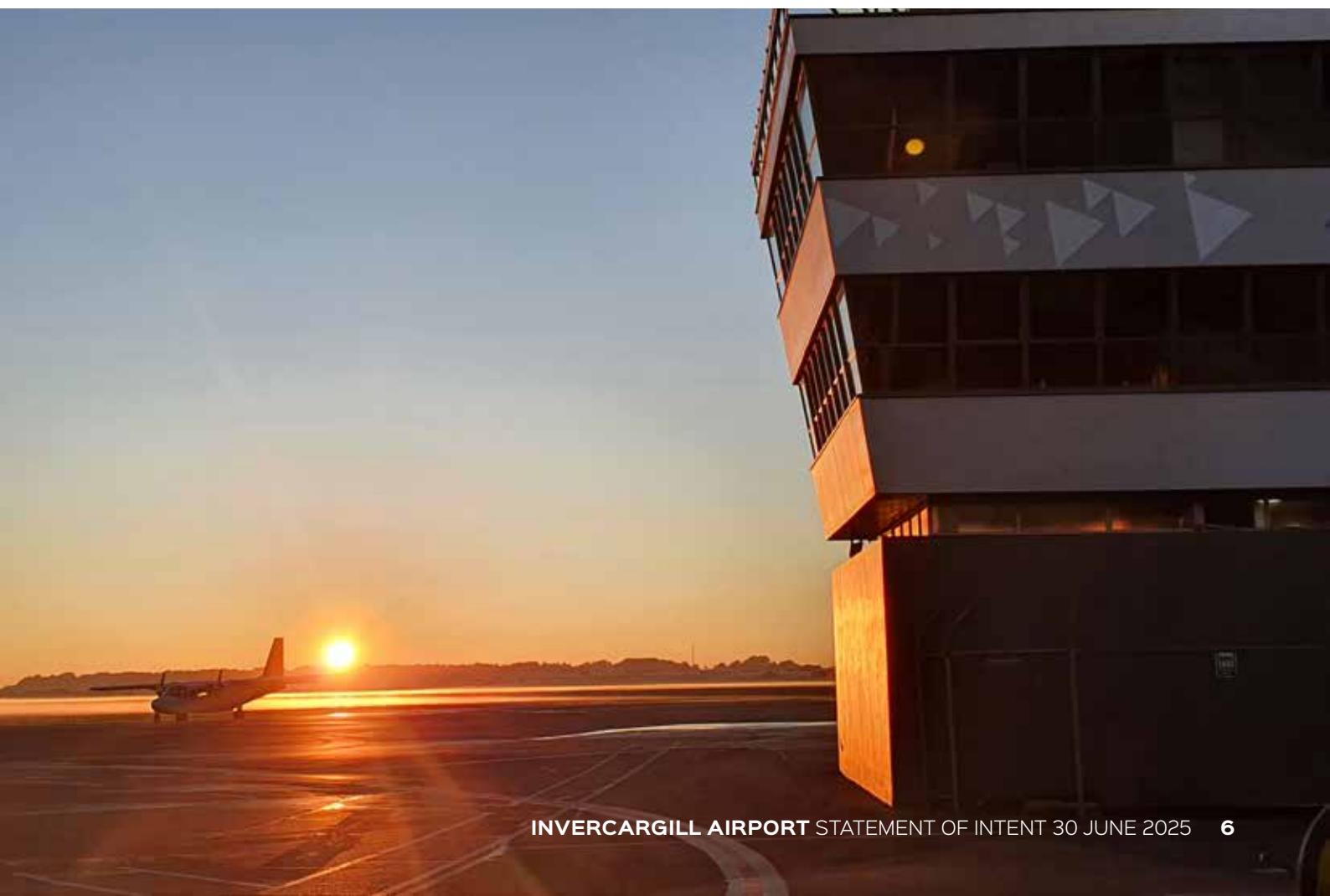


People

SENIOR 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:

	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 strategically valuable 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.

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.

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 confidently
- 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
- Promote the Company values as "the way we work around here".

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 Targets

NON-FINANCIAL

Safety	Zero lost time injuries for staff Priority 1 (P) safety and health actions are completed within the agreed time periods
Environmental	No notifiable environmental incidents on airport managed property
Operations	Retain Aerodrome Operator Certification from the Civil Aviation Authority
Infrastructure	No significant disruption to airport operations due to infrastructure failure
Sustainability	Work with our advisors to establish actions required in order for IAL to reach ACERT Level 2 under the Airport Carbon Accreditation Scheme

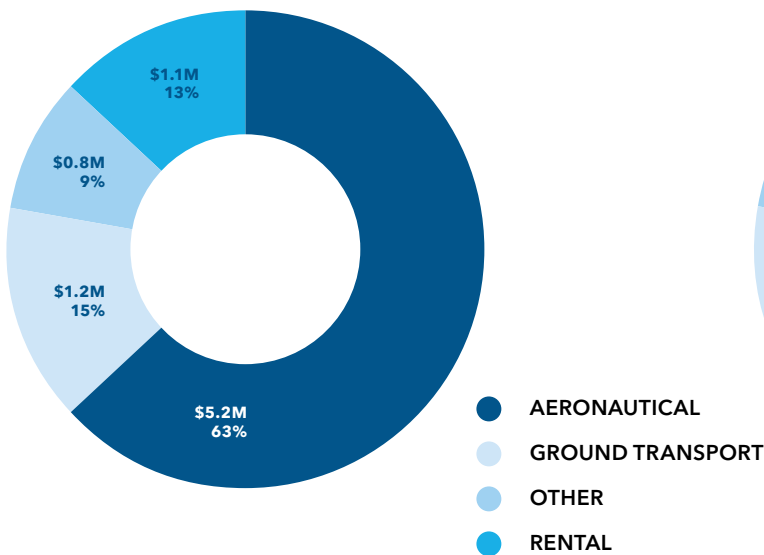


FINANCIAL PERFORMANCE AND OUTLOOK

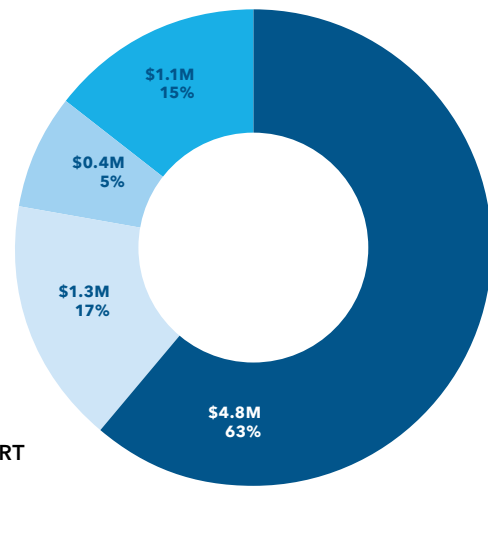
REVENUE ANALYSIS

The revenue streams earned reflect the scope of Airport activities. The diagrams below illustrate a summarised view of the actual revenue split from FY23 and the forecast revenue split for FY24 and FY25. 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 aims to increase non-aero activity, progress has been made on the diversification of our revenue streams to increase non-aero revenue through increased commercial opportunities on site.

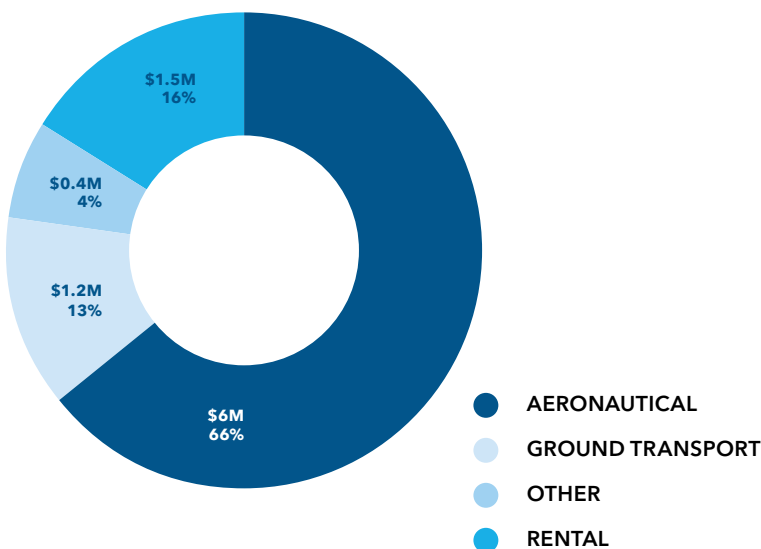
2023 REVENUE ACTUAL BY REVENUE STREAM



2024 REVENUE FORECAST BY REVENUE STREAM



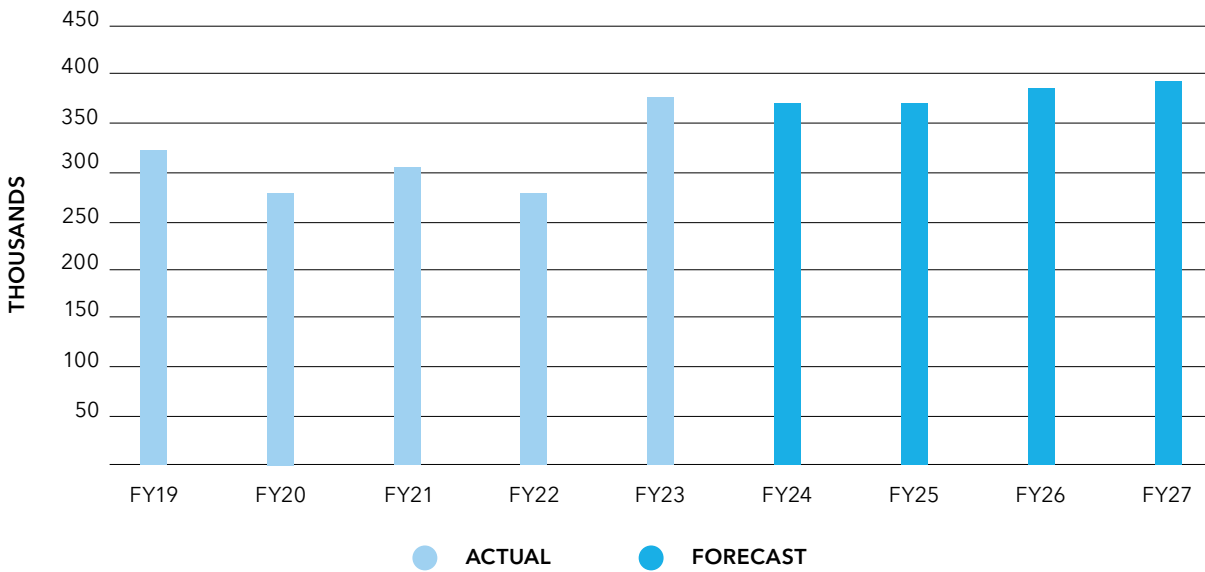
2025 REVENUE FORECAST BY REVENUE STREAM



PASSENGER MOVEMENTS

The graph below provides passenger movement forecasts for the three-year period covered by this SOI, based on the current services continuing to operate throughout the period with modest growth for FY25-FY27 reflecting the current macro-economic conditions. IAL returned to pre-covid levels of passenger movements with a record performance in FY23. The underlying demand for passengers is expected to soften in FY24 and FY25 with increased pressures on cost of living and pressure on government departments and their contractors to control discretionary spending. Further downward pressure on passenger numbers is expected through the lack of availability of Air New Zealand aircraft due to mechanical and staff shortages. Both issues are expected to be resolved in FY26 and modest growth to resume at that point.

IVC PASSENGER MOVEMENTS FY19-27



	BUDGET 2025	BUDGET 2026	BUDGET 2027
Passenger Movements	369,410	384,761	392,178

FINANCIAL PERFORMANCE SUMMARY

	BUDGET 2025	BUDGET 2026	BUDGET 2027
	\$'000	\$'000	\$'000
Total Revenue	9,098	10,633	10,392
EBITDA	3,252	5,859	5,476
Interest Expense (Net)	678	1,048	1,665
Net Profit After Taxation	559	1,898	705
EBITDA as % of Revenue	36%	55%	53%
Return on Capital	2%	7%	3%
Total Debt	14,906	21,074	33,427
Total Equity	24,474	26,093	25,848
Total Assets	41,898	50,268	62,832
Total Equity/Total Assets	58%	52%	41%

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.

The major initiatives for the next three years include resealing of selected areas of the main runway, apron expansion, and resurfacing. 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. Design options are being considered for terminal works which will upgrade aviation security and the passenger experience through the screening process.

Substantial improvements have been made to IAL's buildings (other than the terminal) during FY24 which continue through FY25. 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. During FY25, IAL will consult with our airline partners on 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 2025 \$'000	BUDGET 2026 \$'000	BUDGET 2027 \$'000
Airfield (incl. runway, apron, taxiway and lighting)	2,937	7,154	6,227
Commercial Property Development	6,860	-	-
Landside Roding and Carparking	426	102	3,328
Rescue Fire Service	2,043	282	167
Terminal	1,674	2,936	5,535
All Other Forecasted Capital Expenditure	732	28	133
TOTAL	14,672	10,502	15,390

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.

