



STATEMENT OF INTENT

YEAR ENDING 30 JUNE 2023

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INTRODUCTION

This Statement of Intent (SOI) is prepared by the board of directors of Queenstown Airport Corporation Limited (QAC) for its shareholders in accordance with Section 64(1) of the Local Government Act 2002.

QAC is a council-controlled trading organisation (CCTO) for the purposes of the Local Government Act 2002. The company is owned by one majority and one minority shareholder:

- 75.01% by the Queenstown Lakes District Council (QLDC)
- 24.99% by Auckland International Airport Limited (AIAL)

The SOI is a public and legally required document. It is agreed annually in consultation with shareholders and covers a three-year timeframe. This SOI covers the period from 1 July 2022 to 30 June 2025 (FY23-FY25).

The SOI sets out the company's purpose and objectives, the nature and scope of the activities to be undertaken and the financial targets and non-financial measures by

which the performance of the company may be judged in relation to its objectives. QAC's achievements against the objectives outlined in each year's SOI are set out in its Statement of Service Performance as part of its end of year reporting.

A joint steering group with senior representatives from QLDC and QAC was established in January 2020 to guide the development of the SOI through its key milestones. The steering group is comprised of the mayor and three QLDC councillors, three QAC directors (including the Chair), and the chief executive officers of each organisation.

On 8 February 2022, QLDC, the majority shareholder of QAC delivered a Statement of Expectations (SOE) for the three-year period commencing 1 July 2022, which is reflected in this SOI.

NATURE AND SCOPE OF ACTIVITIES

QAC's purpose is to create long-term value and benefits for its shareholders, business partners and the communities of the Queenstown Lakes District, measured against social, environmental, economic and cultural wellbeing.

QAC's primary activity is the safe and efficient operation of Queenstown Airport, facilitating air connectivity through the provision of infrastructure in the region, to meet the needs of our customers, the residents of, and visitors to the lower South Island. This includes the provision of appropriate and sound aeronautical and associated infrastructure and facilities for the operations at the airport. QAC also manages Wānaka Airport and the Glenorchy Airfield on QLDC's behalf.

We:

- Ensure effective stewardship of the airports, including meeting all relevant statutory obligations
- Provide airfield, airside, terminal and landside facilities and infrastructure that deliver the required outcomes for all operators and users
- Ensure the operational resilience of Queenstown Airport as a lifeline utility, as required under the Civil Defence Emergency Management Act 2002.

QUEENSTOWN AIRPORT

At Queenstown Airport, QAC provides for scheduled domestic and international air services, commercial and private general aviation operations and the Lakes District base for the Otago Rescue Helicopter service.

WĀNAKA AIRPORT

Wānaka Airport is owned by QLDC. QAC manages Wānaka Airport under a Management Services Agreement (MSA) with QLDC. Wānaka Airport facilitates scheduled domestic air services, and both commercial and private general aviation operations.

GLENORCHY AIRFIELD

Glenorchy Airfield is owned by QLDC. QAC provides grounds maintenance services and airstrip management at Glenorchy, under a Management Services Agreement with QLDC.

REGULATORY OBLIGATIONS

Under the Airport Authorities Act (AAA) and Resource Management Act (RMA), QAC has statutory responsibilities and obligations related to land use and planning and operates in accordance with these obligations. QAC will continue to monitor and maintain regulatory compliance with the obligations set out in the district plan, QAC's designation and resource consents associated with the operation of Queenstown Airport. QAC will continue to monitor regulatory compliance at Wānaka Airport and highlight any issues to QLDC.

COMPANY VALUE

As at 30 June 2021, QAC's land, land improvements and buildings were valued at \$372 million and included 153.0ha at Queenstown Airport and 149.5ha owned by QAC near Wānaka Airport. QAC's estimated enterprise value, as adopted by its board of directors in June 2021, was in the range \$535 million to \$550 million. This was supported by an external valuation by Northington Partners.



OUR COMPANY

GOVERNANCE

QAC is governed by a board of six directors. The board of directors is appointed by the shareholders to govern and direct QAC's activities, within the parameters of the Statement of Intent. QLDC is the majority shareholder. Five directors, including the Chair are appointed by QLDC. Auckland International Airport Limited (AIAL) is the minority shareholder. One director is appointed by AIAL.

The board is the body responsible for all strategic and operational decision-making within the company. It is accountable to its shareholders for the financial and non-financial performance of the company.

The board of directors and management team are proud to be stewards of these important community assets and are committed to effective governance, ensuring the company meets best practice governance principles and maintains the highest ethical standards.

The board has an established Audit and Financial Risk Committee to oversee the company's financial reporting processes, system of internal control, and the external audit process, and its processes for identifying and managing financial risk, and for monitoring compliance with applicable law and its own policies. The board also has a Safety and Operations Risk Committee to oversee the company's performance and reporting related to health, safety & security and operational activities and monitor compliance with applicable law and its own policies.

COMMITMENT

The board of directors will continue to govern the company on behalf of shareholders as a sustainable business enterprise, operating in a manner which is safe, financially stable, customer-focused, well planned, and environmentally conscious.

ROLE OF THE BOARD OF DIRECTORS

The board is responsible for the strategic direction and oversight of QAC's activities. This responsibility includes:

- Approving strategic plans, airport master plans, budgets and the SOI
- Approving capital investments and land acquisitions/disposals
- Establishing procedures and systems to ensure the occupational health and safety of the company's people and contractors
- Corporate policies, including financial and dividend policies, and delegated authorities
- Monitoring financial performance and achievement of the strategic initiatives and SOI objectives
- Appointment and monitoring of the performance and remuneration of the Chief Executive Officer (CEO)
- Ensuring that the company adheres to high ethical and corporate behaviour standards
- Integrity of management information systems
- Assessment of business opportunities and business risks
- Internal control and assurance systems
- Compliance with relevant regulations and legislation
- Ensuring that QAC has appropriate risk management and regulatory compliance policies in place and the company's adherence to these policies
- Actively engaging with Shareholders and the community to ensure alignment on objectives

RELATIONSHIP WITH SHAREHOLDERS

The board of directors and management team are committed to engaging with the company's shareholders, both formally and informally, in an open, collaborative and constructive manner. The board works with its shareholders to ensure a 'no surprises' relationship, including timely consultation with shareholders before any significant departure from the SOI, including any significant land disposal or acquisition.

QAC meets regularly with QLDC, as follows:

- **Bi-monthly** Chief Executive/Chief Executive (CEO) meetings
- **Quarterly** Mayor and CEO/ QAC Chair and CEO meetings
- **Regular** QLDC/QAC Climate Action Plan progress meetings
- **Annually** with the QAC board, QLDC councillors and Wānaka Community Board to discuss business performance, vision and direction
- **Meetings** of the QLDC/ QAC joint steering group to guide the development of the SOI through its key milestones held as required

QAC's CEO and General Manager, Finance & Commercial also present the annual financial results and interim financial results to the QLDC council.

QAC maintains regular engagement with AIAL. Annual meetings are held between QAC's Chair and CEO and AIAL's Chair and CEO.

REPORTING TO SHAREHOLDERS

The company has adopted 30 June as its balance date. Within two months of the end of the first half of each financial year, the directors will deliver to shareholders an interim report which will include:

- Chair and CEO's report
- Directors' Responsibility statement
- Unaudited financial statements
- Half-yearly passenger, aircraft and general aviation movements

Within three months of the end of each financial year, the directors will deliver to shareholders an annual report which will include:

- Chair and CEO's report
- Directors' Responsibility statement
- Audited financial statements
- A Statement of Service Performance summarising QAC's performance against the SOI goals and objectives
- Independent Auditor's Report
- Annual passenger, aircraft and general aviation movements

LEGAL AND REGULATORY REQUIREMENTS

QAC's obligations and rights are defined within legislation. QAC is required to fulfil all its statutory duties, both to QLDC and AIAL as shareholders, and to work collaboratively with QLDC to support it to achieve some of its wider statutory obligations.

QAC is:

- An 'airport authority' under the Airport Authorities Act 1966
- A 'council-controlled trading organisation' (CCTO) under the Local Government Act 2002
- An 'aerodrome operator' under Civil Aviation Rule Part 139 and the Civil Aviation Act 1990
- Queenstown Airport is a lifeline utility under the Civil Defence Emergency Management Act 2002
- A network utility operator and a requiring authority under section 166 of the Resource Management Act 1991

QAC also complies with the disclosure requirements of a specified airport company pursuant to the Airport Authorities (Airport Companies Information Disclosure) Regulations. The company's governance is also covered by the Companies Act 1993. QAC's aeronautical operations are governed by the Civil Aviation Act 1990 and Civil Aviation Rules Part 139.

COMMERCIAL ENTITY

As an airport authority Queenstown Airport is required to operate as a commercial undertaking, including carrying out improvements where necessary. The key obligation QAC must demonstrate to the Civil Aviation Authority (CAA), as regulator, is that it has the required financial resources and capacity to meet its regulated safety outcomes.

DIVIDEND POLICY

The directors will declare dividends according to the following policy:

At their discretion, directors may declare a full year dividend each year in a range of 50% and 100% of normalised Net Profit After Tax (NPAT), after adjusting for unrealised gains and losses arising from revaluation of property or treasury instruments and material extraordinary items.

In determining the full year dividend, the directors will consider:

- solvency;
- banking covenants and company treasury policy;
- working capital and capital expenditure requirements; and
- the interests of shareholders

An interim dividend may be declared and paid by 28 February each year. Any final dividend will be paid by 31 August each year.

Directors will determine the level of imputation credits having regard to the needs of shareholders. The directors will consider any request from the Shareholders for additional dividend payments and will apply prudent governance when considering such requests.

The directors will not issue shares wholly or partly in lieu of the proposed dividend or proposed future dividends, without the written approval of shareholders.

CAPITAL SUBSCRIPTION

No new shares in the company can be issued without the consent of shareholders. The company is confident it can fund its capital plans from internal sources (cash flow and/or debt) during the three-year period covered by this SOI. The board of directors will assess this position annually as part of the SOI process.

INVESTMENT IN OTHER ENTITIES

The company must consult with the shareholders prior to any investment being made in another entity.

SERVICES PROVIDED TO QLDC

QAC manages and operates Wānaka Airport under a management services agreement with QLDC. It also provides grounds maintenance services and airstrip management at Glenorchy Airstrip under a management services agreement with QLDC. QAC leases land to QLDC which forms part of the Frankton Golf Course.

AUDIT

The Office of the Auditor General (OAG) has appointed Deloitte to undertake the financial audit of QAC for the three years ended 30 June 2023.

ACCOUNTING POLICIES

QAC will maintain accounting records in accordance with the Companies Act 1993. QAC will prepare financial statements in accordance with the Financial Reporting Act 2013; the Companies Act 1993, the Local Government Act 2002, the Airport Authorities Act 1966 and the Airport Authorities (Airport Companies Information Disclosure) Regulations 1999 (as amended in 2014). These include the requirement to comply with New Zealand generally accepted accounting practice (NZ GAAP).



SHAREHOLDER AND COMMUNITY ENGAGEMENT

Queenstown and Wānaka airports are important community-owned infrastructure assets. More than 80 businesses are based at Queenstown and Wānaka airports, the majority of which are locally owned, and together are a major employer in the district. As the owner of Queenstown Airport and manager of both Wānaka Airport and the Glenorchy Airfield, we are proud to be part of this community.

We recognise the importance of balancing aeronautical activity with both the capacity of regional infrastructure and an overarching desire to preserve what makes the region a special place to live, work and visit. Consulting with our shareholders and the community is an integral part of our strategic planning, as we consider the role that air travel plays in supporting the region and its residents, and the scale and nature of future investment.

Community stakeholders will include, but are not limited to, community associations directly and indirectly affected by the airports' operations, residents' associations, iwi, the business community, regional tourism organisations, industry sector groups and those community groups specifically established around airport matters.

QAC is committed to positive engagement with local iwi and hapū. QAC's majority shareholder, QLDC has established partnerships with both Aukaha and Te Ao Marama, and these organisations are mandated on behalf of iwi to work with relevant Territorial Local Authorities (TLA). QAC will build relations with these organisations as we work to respect the whakapapa of Kāi Tahu as part of our cultural heritage initiatives. QAC will ensure that iwi values and issues are reflected in plans and initiatives.

Queenstown Airport Liaison Committee (QALC) - The QALC is an independent, community-led representative committee, which provides an effective interface between the airport, the surrounding community and other key stakeholders. The QALC's mandate is prescribed by the Noise Management Plan (NMP) as set out in Queenstown Airport's aerodrome designation. The QALC meets quarterly, and the committee membership, the minutes of its meetings, together with the NMP, are publicly available on the Queenstown Airport website.

HEALTH, SAFETY AND SECURITY

The health, safety, security and wellbeing of our employees, airport community, customers and contractors are our highest priority. QAC ensures a safe working environment and maintains the wellbeing of staff and tenants as an employer and landlord.

QAC is committed to achieving Zero Harm. We prioritise a safe aviation operational environment and a 'just culture' framework and encourage site-wide incident reporting, which is a positive indicator of a strong safety culture. QAC is responsible for maintaining stringent levels of health, safety and security as a lifeline utility and as an aerodrome operator to achieve and maintain its certification requirements under the NZ Civil Aviation Act.

We will:

- Comply with all legislative requirements and industry standards
- Set high standards and expectations for health, safety and security performance
- Review our health, safety and security commitment policy annually
- Take a collaborative approach with our staff, stakeholders, contractors and tenants to continue to improve our health, safety and security performance
- Take all practical and reasonable steps to provide and maintain a healthy, safe, secure and injury-free environment for employees, contractors and visitors
- Incorporate 'safety in design' into all of our infrastructure projects
- Take swift and decisive action to respond to health, safety, security emergencies
- Ensure that staff are appropriately informed, equipped and supported to manage COVID-19 protocols and processes
- Work constructively and collaboratively with our airline customers and wider airport community in response to COVID-19
- Measure, benchmark and regularly report on health, safety and security performance





QUEENSTOWN AIRPORT

MISSION, VISION AND VALUES

MISSION

Why we exist

**PROUDLY CONNECTING
OUR HOME
WITH NEW ZEALAND
AND THE WORLD**

VISION

Where we want to be

**AN INNOVATIVE
AIRPORT
THAT PEOPLE LOVE TO
TRAVEL THROUGH, AND THE
COMMUNITY TAKES PRIDE IN**

HOW WE FLY

What our team values

DO THE
RIGHT
THING

we get
it DONE

REMARKABLE
EVERY DAY

OUR STRATEGY

We are committed to Queenstown Airport meeting the needs of the region into the future with excellent domestic and trans-Tasman links which support tourism in the Southern Lakes region and provide connections for the communities of the district with New Zealand and the world.

In response to the impact of the COVID-19 pandemic, our business focus over the period covered by this SOI is to support the recovery of the Southern Lakes region and to deliver on the company's 10-year strategic plan for the benefit of shareholders and the local community.

Our strategic planning considers how best to provide aviation infrastructure and amenity for the district and reflects the company's essential role in contributing to the overall wellbeing of Aotearoa New Zealand's air transport services, the local and regional economies and supporting the needs of current and future communities. Our strategic planning is interconnected with QLDC's long-term planning, forecasts and aspirations for the district.

STRATEGIC PILLARS

EXPERIENCE

RESILIENCE

COMMUNITY

10-YEAR STRATEGIC PLAN

The company's 10-year Strategic Plan sets the direction for the company and reflects the QLDC's 2022 Statement of Expectations and guides our activity and investment over the FY23 – FY32 period.

The 10-year strategic plan FY23 to FY32 is based on the following:

Shareholder Value – We will measure the value delivered to shareholders against social, environmental, economic and cultural wellbeing. The company is committed to providing sustainable returns to its shareholders and will recommence dividend payments as soon as it is prudent and possible to do so

Community Engagement – We will proactively engage with iwi and with the wider community in an open and transparent manner, giving the community the opportunity to be involved in shaping the future of Queenstown Airport

Customer Experience – We will deliver an outstanding customer experience reflecting the best of the district we call home. Our physical and digital assets will be maintained and developed to enhance the Queenstown Airport experience for locals and visitors alike

Noise Boundaries – We will manage aeronautical growth at Queenstown Airport within the existing noise boundaries. Queenstown Airport can cater for organic and manageable growth in passenger and aircraft movements to and from the region in the future through a combination of advances in aircraft technology, including larger and quieter narrow-body aircraft, and effective management of its existing noise boundary capacity

Resilience – The critical role Queenstown Airport plays as a key infrastructure asset and lifeline utility is integrated into our planning

Aviation Innovation – Queenstown Airport will continue to play a constructive role in the national transport system, including ensuring aviation capacity can best support the long-term needs of the region. For more than a decade, Queenstown Airport, working with its airline partners and Airways, has been at the forefront of new technology to establish safe, efficient and sustainable flight paths that enables a very high level of reliability

Sustainability – QAC is committed to delivering on its sustainability strategy which will align with QLDC's Wellbeing Framework (under development) and its relevant outputs, and the Climate and Biodiversity Action Plan. Our sustainability strategy prioritises three pillars – People, Planet & Prosperity

Climate Action – QAC is committed to net-zero greenhouse gas emissions by 2050, or earlier, and to QLDC's vision that our district sets the standard for regenerative, low impact living, working and travel. The reduction of the company's carbon footprint and implementation of our decarbonisation and net-zero strategies are key elements of our strategic plan and include a commitment to work with and influence strategic airline stakeholders in the pursuit of carbon reduction objectives and technologies

Economic Diversification – QAC will diversify its revenue streams to increase the long-term value and resilience of the business, including potential commercial utilisation of bare company owned land to future proof the business and reduce reliance on aeronautical activity and revenue

Ground transport and active travel – We will actively work to identify potential commercial/viable utilisation of Queenstown Airport land to enable travellers to use transport networks and encourage mode shift from private vehicles in line with our sustainability strategy, and with QLDC's Climate and Biodiversity Action Plan, The QLDC 2050 Vision, and the Spatial Plan

Heritage Assets – We recognise the cultural and historical significance of the heritage precinct at the Arranmore Farm (formerly McBride's Farm), including the former Smithy, Dairy, Wool Shed, and mature trees which date back to the nineteenth century. We will integrate the future use and protection of these important heritage assets and buildings into airport master planning and development

General Aviation – QAC recognises the important role of general aviation in the region's history and future. We will continue to support general aviation activities as part of a vibrant and diverse airport environment

District Plan – QAC will continue to participate in QLDC's proposed district plan process to ensure Queenstown Airport's planning framework is appropriate to meet its strategic goals, while balancing those goals with the effects on the community

Land Acquisition or Disposal – As part of its commitment to a 'no surprises' relationship with its shareholders, QAC will consult with its shareholders on any significant (\$10m+) land acquisition or disposal

Southern Airports Alliance – QAC is committed to continuing its collaborative relationship with Invercargill and Dunedin airports, and to making a positive contribution together to the lower South Island, providing infrastructure to service the area's growing communities and the future demand for travel. The focus over the term of this SOI is on health, safety, and resilience

Tarras Proposal – QAC's strategic planning will consider Christchurch International Airport Limited's (CIAL) proposal to plan and seek approval for a new international wide-body jet capable airport with direct long-haul links to Asia and the Americas, with the intention of safeguarding the operational and financial position of the company within the frameworks of the Commerce Act

We will continue to proactively engage with our shareholders on the company's strategic direction. Each SOI will reflect the 10-year strategic plan. The 10-year strategic plan will be updated every three years. The next update will be completed in FY25 for the FY26 to FY35 period.

SUSTAINABILITY STRATEGY

Our sustainability strategy ensures we deliver shareholder value aligned to the social, environmental, economic and cultural wellbeing of the communities of the Queenstown Lakes District while continuing to manage a profitable and sustainable business enterprise.

To understand what our stakeholders expect of us an independent materiality assessment was completed in early 2020 after consultation with a wide range of stakeholders from across our airport campus and the communities of the Queenstown Lakes District, which informed our strategy.

The strategy prioritises three pillars: People, Planet and Prosperity and is aligned to QLDC's Vision Beyond 2050 goal that our district is a place where our quality of life is enhanced by growth through innovation and thoughtful management.

Our sustainability strategy is reviewed annually in line with the SOI. We report on our targets and progress annually.



PEOPLE

ONE TEAM | ACCOUNTABLE | NOISE



BE AN EMPLOYER OF CHOICE AND LIVE OUR VALUES creating a safe, inclusive airport environment.



COMMUNICATE OPENLY AND REPORT REGULARLY demonstrating our commitment to achieving our sustainability goals.



PROVIDE CERTAINTY AND CLARITY TO THE COMMUNITY around airport activity, mitigate the impact of aircraft noise and complete the residential noise mitigation programme.



PLANET

CLIMATE | WASTE | BIODIVERSITY



BE NET-ZERO BY 2040 by developing, then delivering on, our ZQN to Net-Zero Strategy.



LEAD WASTE MINIMISATION AND COMPOSTING across the airport campus to significantly reduce waste to landfill.



ACTIVELY RESTORE OUR NATIVE HABITAT, working with key partners, for the benefit of future generations.



PROSPERITY

CLIMATE RISK | ZON | COMMUNITY



BE RESILIENT AND PREPARED, aware of and responsive to, the risks and opportunities posed by climate change.



EMBED SUSTAINABILITY ACROSS OUR AIRPORT so that like health, safety and security, sustainability is what we do'



SUPPORT OUR REGION TO THRIVE by connecting with, and contributing to, our community socially and economically.





PEOPLE

The holistic approach to sustainability, and its interconnectedness with our strategic planning means that sustainability is embedded into the way we think, the decisions we make and the way we do business. Like health, safety and security, sustainability is ‘what we do’.

QAC is a living wage accredited business with a successful, locally focussed sponsorship and partnership programme in place.

QAC will:

- Be a good employer and provide a diverse, flexible, dynamic and welcoming workplace where people feel safe and valued
- Support community events and activities with an emphasis on health, wellbeing and social inclusion
- Contribute to the wellbeing, recovery and resilience of the region and the country
- Continue our commitment to staff wellbeing and engagement and strive to be an employer of choice
- Maintain our Living Wage Aotearoa accreditation
- Support the personal and professional development of our people by providing training and education opportunities
- Host regular ‘Lunch & Learn’ sessions open to the wider airport community

PLANET

QAC is a member of the Toitū Envirocare programme and has received Toitū carbonreduce certification. QAC has developed a workplan and is implementing a programme of activities to reduce our emissions. The annual independent audit and certification process provided by Toitū is ongoing and enables us to benchmark and measure our progress as we work to achieve Toitū carbonzero certification by 2023 and to implement our decarbonisation strategy in line with a 1.5°C climate warming pathway.

Over the term of this SOI we will:

- Share our Net Zero 2040 strategy
- Support wellbeing and waste minimisation initiatives in the wider community through our Sponsorships and Partnerships programme
- Implement our Net Zero 2040 strategy (Decarbonisation Roadmap) focussing on:
 - ♦ waste minimisation
 - ♦ clean energy sourcing and efficiency objectives
 - ♦ transport planning
- Introduce initiatives to reduce our own and our customers’ emissions across the Queenstown Airport campus including:
 - ♦ Landside EV charging stations
 - ♦ Airside ground service equipment (GSE) charging stations
 - ♦ An improved airport-wide recycling and composting programme
 - ♦ A Single Use Cup (SUC) free policy

In addition, we are working with our major airline partners in the pursuit of broader emissions reduction objectives.

PROSPERITY

QAC supports QLDC’s vision that our district sets the standard for regenerative, low impact living, working and travel. We will contribute to the district and national responses to climate change through QLDC’s Climate Change Action Plan (March 2020), QLDC’s Emissions Reduction Masterplan (2020), and central Government’s Climate Change Response (Zero Carbon) Amendment Act (2019).

We have invested, and continue to invest in, safety and resilience including robust systems that enable us to add value beyond our business to the district.

Over the term of this SOI we will:

- Take pride in our region and care for our place, doing our part in safeguarding it for future generations by championing the Tiaki Promise (kaitiaki) and embedding our sustainability strategy across the business
- Commit to biodiversity restoration by launching a project in the Whakatipu basin in partnership with the Whakatipu Reforestation Trust
- Facilitate the Queenstown Airport ‘Tiaki Team’ to ensure the entire Queenstown Airport campus has the opportunity to participate in and contribute to a more sustainable future
- Complete a climate risk and opportunity assessment, including financial and legal risk
- We recognise the important role the airport plays in the achievement of QLDC’s Vision Beyond 2050 goal that the district is a place that is ready and prepared for every emergency. Queenstown Airport:
 - ♦ Has an emergency management plan in place and conduct regular exercises and training to build operational readiness for emergency and business interruption events
 - ♦ Maintain and ‘stand-up’ as required the emergency operations centre (EOC) on-site at Queenstown Airport
 - ♦ Maintain strong links with key stakeholders including NZ Police, Fire Emergency New Zealand (FENZ), St John Ambulance Service and the Southern District Health Board and conduct full-scale multi-agency emergency training exercises
 - ♦ Continue to meet legislative requirements as a lifeline utility under the Civil Defence Emergency Management Act 2002 by ensuring that Queenstown Airport can function to the fullest possible extent during and after an emergency to minimise the consequences on the district and to support a resilient New Zealand

QUEENSTOWN AIRPORT TERMINAL UPGRADE

The first phase of the terminal upgrade programme (TUP) at Queenstown Airport is due to be completed in Q4 FY22 delivering improved passenger security processing facilities and the continued resilience of our existing terminal infrastructure, including:

- **Seismic Performance** – Queenstown Airport meets its New Building Standard (NBS) compliance obligations, which ensures the infrastructure is safe for occupancy. Further improvements will be made in the next stage of upgrade works to ensure resilience of its terminal assets in the event of a major seismic event
- **Regulatory Compliance** – Civil Aviation Authority (CAA) regulations require all airports to accommodate new body scanner security equipment. The recently completed reconfiguration of the passenger departures processing areas improves passenger flow and amenity, as well as accommodating the required regulatory equipment

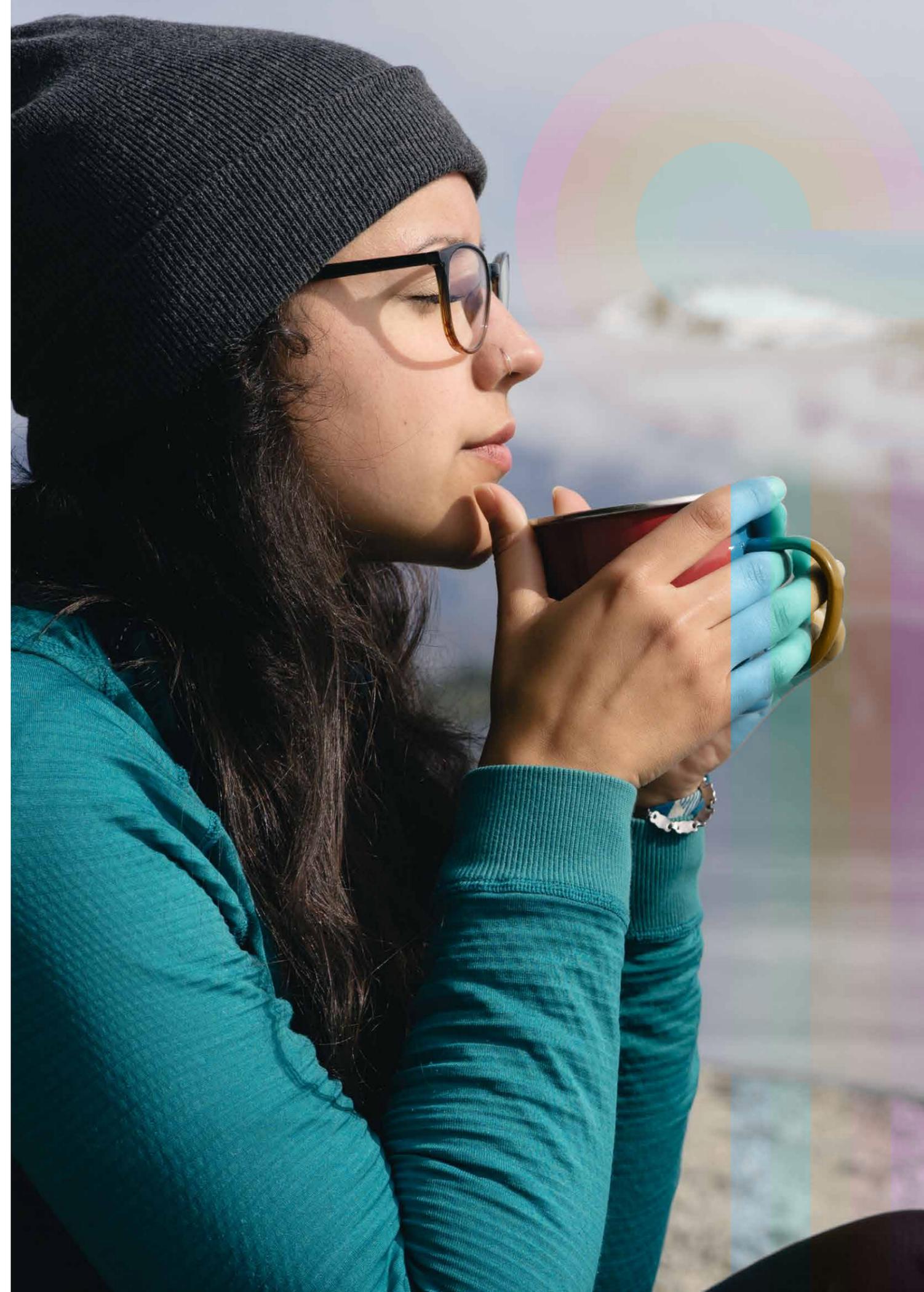
Over the period covered by this SOI, work will commence on design for the next stage of terminal development required to upgrade the terminal infrastructure to meet the forecast passenger growth and within Queenstown Airport's existing noise boundaries. The key priorities are:

- **Customer Experience & Innovation** – to future proof the terminal for changes in passenger numbers, technology, regulatory requirements, while delivering an outstanding passenger experience that

NOISE MITIGATION PROGRAMME

We acknowledge that noise and noise management is a significant matter to Queenstown Lakes District communities, particularly those living near Queenstown Airport. Queenstown Airport is committed to mitigating the impact of noise created by its business operations on the local community by providing mitigation measures to the most affected homes to reduce the level of noise experienced by those residents. QAC either fully or partially funds the costs of mitigation works on eligible homes in the inner and mid-noise sectors, as prescribed in the QLDC district plan.

Queenstown Airport is also working closely with airlines to encourage and incentivise the deployment of new generation, quieter, lower emissions aircraft into Queenstown.



FINANCIAL PERFORMANCE & OUTLOOK

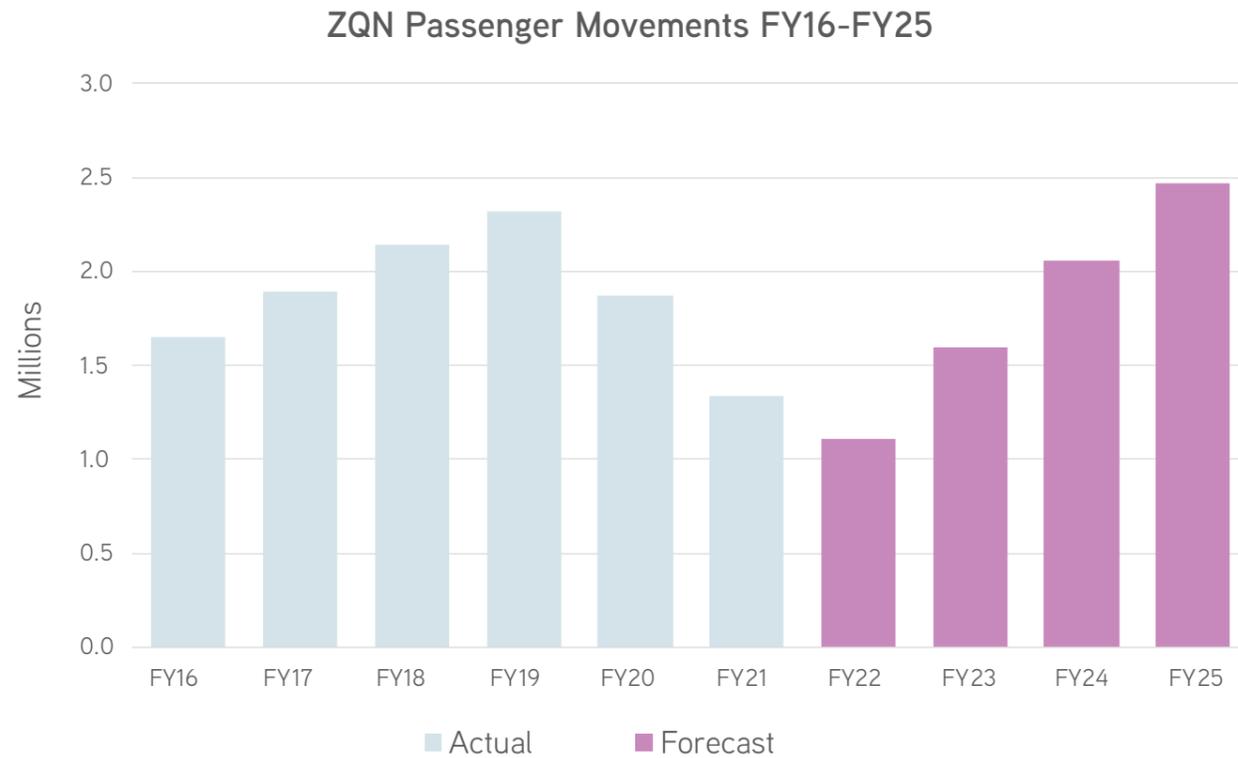
Queenstown Airport is uniquely positioned to serve the needs of the community, the tourism economy, and connect people to our district and the broader region.

The pace and timing of recovery is dependent on a wide range of factors, including the continued propensity of New Zealanders to travel domestically and trans-Tasman flight schedules to and from Queenstown Airport, and the recovery of global aviation and tourism.

Our business is highly indexed to passenger numbers. Because of the high levels of volatility forecasting future passenger movements, which in turn underpin our financial performance, remains subject to a high degree of uncertainty.



The graph below provides the passenger movements forecast for the three-year period covered by this SOI, based on the key assumptions that trans-Tasman scheduled services will be operating throughout the period, that strong demand for domestic travel to and from Queenstown Airport continues and that the airport will be operating within the existing noise boundaries.



Ensuring QAC's financial sustainability through COVID-19 is a priority and the fundamentals of the business remain sound. A core objective is to deliver sustainable long-term value to our community and to our shareholders, including an annual dividend where possible. The full extent of the impact of COVID-19 is not known and operating conditions remain uncertain. Our focus is therefore on prudent management and cautious operational and capital planning as we move into a recovery phase.

We forecast:

- 1.59 million passenger movements (arrivals and departures) for the full year to 30 June 2023 (FY23)
- Direct scheduled services to/from Australia to operate throughout FY23
- Long-haul international services to New Zealand from the rest of the world to begin steadily from FY23

The forecast includes a range based on three scenarios, and underlying assumptions including:

- An extended period of market uncertainty and volatility globally
- An elevated risk profile
- Market impacts including variable aircraft load factors, schedule fluctuations, and variable market demand

PASSENGER AND AIRCRAFT MOVEMENTS

PASSENGERS (000'S)	FY22	FY23	FY24	FY25
Domestic	1,087	1,309	1,513	1,716
International	30	289	522	756
Total Passengers	1,117	1,598	2,035	2,472
Aircraft Movements	9,726	12,175	15,504	18,832

FINANCIAL PERFORMANCE SUMMARY

\$(000'S)	FY22	FY23	FY24	FY25
Income Statement				
Total Revenue	26,036	35,965	46,651	58,041
EBITDA	12,756	20,945	31,036	41,780
Net Profit After Tax	1,313	6,453	12,314	19,710
EBITDA as % of Revenue	49%	58%	67%	72%
Dividends Paid	-	1,000	3,226	3,931
Return on Capital Employed (EBIT to Net Operating Assets)	1.0%	2.9%	4.9%	7.2%

When considering QAC's financial forecasts for the next three years, the following points should be noted:

- The COVID-19 pandemic is forecast to have a prolonged impact on global markets and economies and more directly on passenger volumes to and from Queenstown Airport
- Underlying commercial revenue is subject to passenger volumes
- QAC has a relatively fixed operating cost base, particularly in respect to its major terminal and airfield assets. QAC has been able to leverage these characteristics during periods of growth
- QAC has significant elements of its cost base where cost increases are outside of its control and are likely to increase at rates higher than inflation. These include rates, insurance and electricity
- Depreciation and amortisation expenses will increase as new assets are commissioned

WĀNAKA AIRPORT

The financial forecasts exclude results from operations for Wānaka Airport but include a management fee to provide operational, safety, commercial, property and finance services on behalf of QLDC under the MSA.

CAPITAL INVESTMENT

The capital expenditure programme primarily relates to investment in building and infrastructure resilience (seismic improvement and sustainability) classed as essential and core airfield investment. In addition, capital investment in planning and development is anticipated during the forecast period.

Aeronautical investment is funded and cost recovered, after consultation with airline customers, through core aeronautical charges.

\$(000'S)	FY23	FY24	FY25
Capital Expenditure			
Terminal (incl. seismic improvements)	9,450	1,850	4,155
Airfield (incl. runway, apron, and taxiway)	1,600	14,025	2,500
Noise Mitigation	1,500	1,400	1,400
Planning & Development	1,620	700	550
Sustaining Capital (Terminal & Airfield)	4,606	3,149	4,356
TOTAL	18,777	21,124	12,961

FUNDING AND FINANCIAL COVENANTS

	FY22	FY23	FY24	FY25
Closing Debt (\$000)	67,000	70,000	66,000	59,000
EBITDA > 2 times funding expense	5.4	6.9	8.5	11.6
Shareholders' Funds to Total Tangible Assets > 50%	80.6%	80.5%	81.5%	82.8%

Notes

1. Average shareholders' funds based on opening and closing balances.
2. Average total assets based on opening and closing balances.

Closing debt is forecast to peak over the forecast period at \$70 million in FY23 (from \$67 million in FY22), after capital expenditure (including the required investment in existing terminal infrastructure).

In FY21, QAC successfully negotiated an extension to its existing bank facilities, with a weighted average maturity beyond 30 June 2024, ensuring the business has sufficient funding headroom for both operating cashflows and future capital investment over the forecast period.

DIVIDEND PAYMENTS

Shareholder dividends are forecast to recommence from FY23 reflecting the continuation of a prudent cash management strategy given the volatility in passenger volumes.



PERFORMANCE MEASURES

REPORTING: STATEMENT OF SERVICE PERFORMANCE

Queenstown Airport produces an annual Statement of Service Performance (SSP) as part of its end-of-year reporting. We will report progress each year against the commitments in this SOI. Performance indicators will be updated annually in line with the preparation of the SOI.

STRATEGIC WORKSTREAMS / PROJECTS

Workstreams and projects to deliver the 10-year strategy are being developed. They have been grouped under each of our pillars.

EXPERIENCE

RESILIENCE

COMMUNITY

FOUNDATIONS

**Sustainable | Community & Shareholder Engagement
Financially Sound | Safe & Resilient
Developing Our People to be a High Performing Team**

KEY PERFORMANCE INDICATORS

Progress will be reported annually in the SSP, against the performance indicators set out below. Performance indicators are updated annually in line with the preparation of the SOL.

	PERFORMANCE INDICATORS FY23
10-YEAR STRATEGIC PLAN	<ul style="list-style-type: none"> • Deliver strategic plan FY23 – FY32 to shareholders and complete consultation with shareholders
TERMINAL UPGRADE PROGRAMME	<ul style="list-style-type: none"> • Complete terminal refresh project to improve passenger amenity and facilitation • Complete terminal development plan, approved by the board • Establish quantitative base-line customer satisfaction benchmark (NPS)
QUEENSTOWN AIRPORT MASTER PLAN	<ul style="list-style-type: none"> • Complete draft master plan, approved by the board • Consult with shareholders on the draft master plan • Complete formal stakeholder and community engagement on the Queenstown Airport draft master plan • Incorporate feedback from all stakeholders to inform final master plan • Upon completion of the final master plan, seek the endorsement of shareholders on the final master plan before approval and adoption by the QAC Board (FY23/24)
NOISE MANAGEMENT PLAN (NMP)	<p>Implement the NMP work plan for FY23, including:</p> <ul style="list-style-type: none"> • facilitating the Queenstown Airport Liaison Committee • noise modelling to determine compliance with operative noise boundaries • offering noise mitigation works in line with projected noise contours and carrying out work following acceptance of offers
BIODIVERSITY AND DECARBONISATION	<ul style="list-style-type: none"> • Publish annual sustainability plan on Queenstown Airport website • Complete Annual Toitū audit and progress to achieve carbon neutral certification • Complete a climate risk and opportunity report including financial and legal risk • Complete our Net-Zero 2040 Strategy aligned with our decarbonisation roadmap • Launch a biodiversity project in the Whakatipu basin • Introduce a Single Use Cup free policy at Queenstown Airport • Upgrade airport-wide waste, recycling and composting systems • Introduce landside EV charging stations • Achieve renewable energy certification at ZQN • Introduce predator control plan at ZQN in partnership with Wakatipu Wildlife Trust
HEALTH, SAFETY & SECURITY	<ul style="list-style-type: none"> • Expand Queenstown Airport training and compliance programme to include targeted in-person safety and security training for stakeholders • Complete three-yearly full scale emergency exercises at Queenstown and Wānaka airports, and produce reports for continuous improvement

COMPANY INFORMATION

LOCATION

Queenstown Airport Corporation
 Airport Administration, Queenstown Airport
 Sir Henry Wigley Drive
 Frankton
 Queenstown 9300

MAILING ADDRESS

PO Box 2641
 Queenstown 9349
 NEW ZEALAND

PHONE

+64 (0) 3 450 9031

EMAIL

admin@queenstownairport.co.nz

WEBSITES:

www.queenstownairport.co.nz
 www.wanakaairport.com

SHAREHOLDERS

Queenstown Lakes District Council (75.01%)
 Auckland Airport Holdings (No2) Limited (24.99%)

DIRECTORS

Adrienne Young-Cooper (Chair)
 Simon Flood (Deputy Chair)
 Mark Thomson
 Anne Urlwin
 Mike Tod
 Andrew Blair

SENIOR LEADERSHIP TEAM

Chief Executive Officer	Glen Sowry glen.sowry@queenstownairport.co.nz
General Manager, Finance & Commercial	Andrew Williamson andrew.williamson@queenstownairport.co.nz
General Manager, Property & Planning	Rachel Tregidga rachelt@queenstownairport.co.nz
General Manager, Operations & Safety	Todd Grace todd.grace@queenstownairport.co.nz
General Manager, Corporate & Community Affairs	Sara Irvine sara.irvine@queenstownairport.co.nz
Manager, People & Culture	Donna Darlington donna.darlington@queenstownairport.co.nz

SENIOR PERSONS PER CIVIL AVIATION RULES, PART 139

Chief Executive Officer	Glen Sowry
Technology and Asset Manager	Wayne Stiven
Airport Operations Manager	Daniel Dodd

*General Manager, Operations & Safety Todd Grace will apply for designation as a senior person in FY23

ABBREVIATIONS

AIAL	Auckland International Airport Limited
CAA	Civil Aviation Authority of New Zealand
CCTO	Council-Controlled Trading Organisation
CEO	Chief Executive Officer
CIAL	Christchurch International Airport Limited
EBITDA	Earnings Before Interest, Tax, Depreciation and Amortisation
F&B	Food and Beverage
FY	Financial Year – 1 July to 30 June
GA	General Aviation
MSA	Management Services Agreement
NPAT	Net Profit After Tax
OCB	Outer Control Boundary
PC35	Queenstown Lakes District Council Plan Change 35 relating to Airport Noise boundaries
PDP	Proposed District Plan
QAC	Queenstown Airport Corporation, the company that operates Queenstown Airport and manages Wānaka Airport and the Glenorchy Airfield
QLDC	Queenstown Lakes District Council
RMA	Resource Management Act
SOI	Statement of Intent
WKA	Wānaka Airport
ZQN	Queenstown Airport



