CHRISTCHURCH INTERNATIONAL AIRPORT LTD

INTERIM REPORT & FINANCIAL STATEMENTS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2020

INTERIM FINANCIAL STATEMENTS

Statement of financial performance for the six months ended 31 December 2020

	Note	**Unaudited 6 months to 31 Dec 2020 $000**	Unaudited 6 months to 31 Dec 2019 $000
INCOME			
Operating revenue	3	66,034	96,181
Interest income		13	59
Total Income		66,047	96,240
EXPENSES			
Operating costs	4	31,738	33,163
Financing and interest costs		11,734	11,814
Depreciation, amortisation and impairment		20,846	18,967
Total Expenses		64,318	63,944
Surplus before tax		1,729	32,296
Total taxation expense		484	9,043
Net Operating Surplus after income tax		1,245	23,253

The financial statements for the six-month periods have not been audited. The full year financial statements to 30 June 2020 have been audited. The accompanying notes form part of these financial statements.

Statement of comprehensive income for the six months ended 31 December 2020

	Note	**Unaudited 6 months to 31 Dec 2020 $000**	Unaudited 6 months to 31 Dec 2019 $000
Surplus after income tax		1,245	23,253
Other comprehensive income			
Items that may be reclassified subsequently to the statement of financial performance			
Changes in fair value of cash flow hedges (net of deferred tax)	11	4,412	1,190
Other comprehensive income for period, net of tax		4,412	1,190
Total comprehensive income for the period		5,657	24,443

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

	Note	**Share Capital $000**	**Reserves $000**	**Retained Earnings $000**	**Total Equity $000**
Balance at 1 July 2019		57,600	620,959	373,461	1,052,020
Dividends paid to shareholders	8	-	-	(21,449)	(21,449)
Total comprehensive income for the period		-	1,190	23,253	24,443
Balance at 31 December 2019		57,600	622,149	375,265	1,055,014
Balance at 1 July 2020		57,600	639,683	382,338	1,079,621
Total comprehensive income for the period		-	4,412	1,245	5,657
Balance at 31 December 2020		57,600	644,095	383,583	1,085,278

The financial statements for the six-month periods have not been audited. The full year financial statements to 30 June 2020 have been audited. The accompanying notes form part of these financial statements.

Statement of financial position as at 31 December 2020

	Note	**Unaudited As at 31 Dec 2020 $000**	Audited As at 30 June 2020 $000
EQUITY			
Share capital		57,600	57,600
Reserves		644,095	639,683
Retained earnings		383,583	382,338
TOTAL EQUITY		1,085,278	1,079,621
NON-CURRENT LIABILITIES			
Term Borrowings	5	391,312	470,005
Derivative financial instruments	11	39,898	45,590
Deferred taxation		122,189	120,472
Trade and other payables		631	682
TOTAL NON-CURRENT LIABILITIES		554,030	636,749
CURRENT LIABILITIES			
Current Portion of Borrowings	5	213,974	120,000
Trade and other payables		16,068	28,850
Taxation payable		5,201	4,693
Derivative financial instruments	11	1,341	1,743
TOTAL CURRENT LIABILITIES		236,584	155,286
TOTAL EQUITY AND LIABILITIES		1,875,892	1,871,656
NON-CURRENT ASSETS			
Property, plant and equipment	9	1,253,120	1,263,491
Investment Properties	10	586,482	571,658
Intangible Assets		2,657	3,253
Trade and other receivables		3,681	3,984
Derivative financial instruments	11	8,582	10,295
TOTAL NON-CURRENT ASSETS		1,854,522	1,852,681

The financial statements for the six-month periods have not been audited. The full year financial statements to 30 June 2020 have been audited. The accompanying notes form part of these financial statements.

Statement of financial position as at 31 December 2020 (continued)

	Note	**Unaudited As at 31 Dec 2020 $000**	Audited As at 30 June 2020 $000
CURRENT ASSETS			
Cash and cash equivalents		4,083	4,164
Trade and other receivables		16,799	14,345
Inventories		488	466
TOTAL CURRENT ASSETS		21,370	18,975
TOTAL ASSETS		1,875,892	1,871,656

For and on behalf of the Board

Catherine Drayton
Chair

Kathryn Mitchell
Director

The financial statements for the six-month periods have not been audited. The full year financial statements to 30 June 2020 have been audited. The accompanying notes form part of these financial statements.

Statement of cash flows for the six months ended 31 December 2020

	Note	**Unaudited 6 months to 31 Dec 2020 $000**	Unaudited 6 months to 31 Dec 2019 $000
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash was provided from:			
Receipts from customers		76,523	94,528
Interest received		13	59
Net Goods and Services Tax received		14	678
		76,550	95,265
Cash was applied to:			
Payments to suppliers and employees		(52,105)	(39,303)
Financing and interest costs		(11,649)	(10,987)
Net income tax paid		-	(5,600)
		(63,754)	(55,890)
Net Cash Flows from Operating Activities		12,796	39,375
CASH FLOWS FROM INVESTING ACTIVITIES			
Cash was applied to:			
Purchase of property, plant and equipment and intangible assets		(10,598)	(44,155)
Purchase of investment properties		(19,279)	(28,319)
Net Cash Flows from Investing Activities		(29,877)	(72,474)
CASH FLOWS FROM FINANCING ACTIVITIES			
Cash was provided from:			
Borrowings		17,000	159,000
Cash was applied to:			
Borrowings		-	(105,000)
Dividends paid	8	-	(21,449)
Net Cash Flows from Financing Activities		17,000	32,551

The financial statements for the six-month periods have not been audited. The full year financial statements to 30 June 2020 have been audited. The accompanying notes form part of these financial statements.

Statement of cash flows for the six months ended 31 December 2020 (continued)

	Unaudited 6 months to 31 Dec 2020	Unaudited 6 months to 31 Dec 2019
	$000	$000
Net (Decrease)/Increase in Cash Held	(81)	(548)
Add cash and cash equivalents at beginning of the period	4,164	845
CASH AND CASH EQUIVALENTS AT END OF THE PERIOD	4,083	297
Cash	9	9
Bank and deposits	4,074	288
CASH AT END OF THE PERIOD	4,083	297
RECONCILIATION WITH NET OPERATING SURPLUS AFTER TAX		
Net operating surplus after income tax	1,245	23,253
Non-cash items		
Amortisation of capitalised borrowing costs and fair value hedge ineffectiveness	2	104
Amortisation of lease surrender	295	318
Accrued interest within derivatives	26	140
Depreciation, amortisation and impairment	20,846	18,967
	22,414	42,782
Items Not Classified as Operating Activities		
Capital items included in trade payables and accruals	5,173	15,888
	5,173	15,888
Movements in Working Capital		
Increase/(decrease) in trade and other payables	(12,832)	(17,680)
(Increase)/decrease in trade and other receivables	(2,445)	(4,996)
(Increase)/decrease in inventories	(22)	(62)
Increase/(decrease) in taxation payable	508	3,443
	(14,791)	(19,295)
Net Cash Flows from Operating Activities	12,796	39,375

The financial statements for the six-month periods have not been audited. The full year financial statements to 30 June 2020 have been audited. The accompanying notes form part of these financial statements.

Notes to the interim financial statements for the six months ended 31 December 2020

1. Basis of preparation and accounting policies

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

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

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

These interim financial statements are not required to and do not make disclosure of all the information required to be included in an annual financial report. Accordingly, this report should be read in conjunction with the financial statements and related notes included in Christchurch Airport's Annual Report for the year ended 30 June 2020 ("2020 Annual Report").

The accounting policies set out in the 2020 Annual Report have been applied consistently to all periods presented in these interim financial statements, except for the adoption of new standards effective for periods commencing on or after 1 January 2020. Christchurch Airport has not early adopted any other standard that has been issued but is not yet effective.

COVID 19

During March 2020 the World Health organisation declared a global pandemic in relation to COVID 19. The New Zealand government responded to COVID 19 by imposing significant restrictions around travel including quarantining of international travellers arriving into New Zealand and introducing an alert level system with restrictions on business activity and societal interaction.

The current financial year for the twelve months to 30 June 2021, will continue to have many aspects of the prior year in terms of the impact of COVID 19 on the airport operating environment, ongoing border closures and both the aeronautical and non-aeronautical passenger-based business activities of the company.

During this six-month period, CIAL continued with several actions designed to manage the impact of COVID 19 on the financial resilience of the company. These actions include:

- rationalised operations and related operating cost to reflect new environment;
- ongoing wage and salary freeze, and recruitment freeze with sinking lid on staff numbers;
- suspended or cancelled capital expenditure projects where necessary;
- subsequent to 30 June 2020, obtained a further $40m of new bank facilities for additional liquidity (see note 5 for total facilities);
- subsequent to 30 June 2020, obtained extensions on all bank facilities maturing before 31 December 2020 (see note 5);
- subsequent to 30 June 2020, obtained bank and bond supervisor financial covenant waivers from 31 December 2020 to 31 December 2021 inclusive (see note 5);
- extension of the Novotel Christchurch Airport Managed Isolation and Quarantine facility contract until the end of April 2021.

During the preparation of the financial statements at 30 June 2020, the company was required to make several estimates and judgements. Based on the company's performance in the most recent six months to 31 December 2020, these estimates and judgements have been reassessed and no material adjustments have been deemed necessary.

Outlined below are certain areas of financial reporting where the pandemic has required the company to make certain estimates and judgments for the 6 months to 31 December 2020.

Accounting Estimate/Judgement	***Summary Impact***	***Note to the Financial Statements***
Impact of Credit loss assessments	Several of our airline partners and tenants have experienced major disruption to their businesses. Credit loss assessments have been made for each individual debtor. This has resulted in an increase in the doubtful debts provision of $484,000, bringing the overall provision for doubtful debts to $1,394,000. This provision reflects the uncertainty associated with the collection of certain outstanding debts at 31 December 2020.	See Note 4.
Liquidity Risk Management, Classification of Borrowings and Going Concern	During the period, CIAL obtained further liquidity to meet forecast cashflows over the coming 18 months, arranging a new facility for $40m with an existing provider and extending the maturity of three existing facilities. Facilities classified as current mature between October and December 2021. The company was not in breach of its banking covenants at 31 December 2020 and no change to classification between current and non-current was required. Covenant Waivers were agreed with our bank funding providers and bond supervisor on the 18th August 2020 for reporting periods to 31 December 2021 inclusive. Given the performance for this six-month period, waivers and additional liquidity obtained, the adoption of the going concern assumption remains appropriate for the preparation of these interim financial statements.	See Note 5.
Lease Agreements	The company continues to provide ongoing relief to a number of tenants by way of rent deferral or rent abatement. Deferral of rents has consequently increased the debtor receivable balances and lengthened the aging profile of those debtors. The company has assessed that the rent abatements are not lease modifications that would be spread over the remaining terms of the leases. The company has therefore recognised the abatements as a reduction to income during the period.	See Note 3.
Wage Subsidy	CIAL applied for and was eligible for the Government Wage subsidy extension. The subsidy is included within Other Revenue.	See Note 3.

2. Segment Reporting

Reportable segments

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

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

Operating segments – Services provided

Planes

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

Passengers

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

Property

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

	Planes	Passengers	Property	Total
Unaudited six months to 31 Dec 2020	$000	$000	$000	$000
Total segment income	11,166	24,127	30,754	66,047*
Total segment expenses	11,989	32,115	20,214	64,318*
Segment Net Profit before Tax	(823)	(7,988)	10,540	1,729*

	Planes	Passengers	Property	Total
Unaudited six months to 31 Dec 2019	$000	$000	$000	$000
Total segment income	18,816	52,858	24,566	96,240*
Total segment expenses	13,201	35,571	15,172	63,944*
Segment Net Profit before Tax	5,615	17,287	9,394	32,296*

*Agrees to total income, total expenses and surplus before tax on the Statement of Financial Performance. Income reported above represents income generated from external customers. There was no inter-segment income in the period (31 December 2019: nil).

3. Operating Revenue

	Unaudited 6 months to 31 Dec 2020	Unaudited 6 months to 31 Dec 2019
	$000	$000
Revenue from contracts with customers		
Landing and Terminal charges	21,432	41,618
Ground transport and other trading activities	14,463 [1]	11,955
Total Revenue from contracts with customers	35,895	53,573
Other Income		
Rent and Lease income	24,838	34,707
Other revenue	5,301 [2]	7,901
Total Other Income	30,139	42,608
Total Operating Revenue	66,034	96,181

[1] balance includes the hotel revenue (noting hotel only operated for one month in the comparative period)

[2] balance includes Government COVID 19 wage subsidy. All conditions attached to this grant have been fulfilled at 31 December 2020.

4. Operating Costs

	Unaudited 6 months to 31 Dec 2020	Unaudited 6 months to 31 Dec 2019
	$000	$000
Staff	11,486	12,337
Asset management, maintenance and airport operations	6,101	7,273
Rates and insurance	6,472	5,785
Marketing and promotions	758	2,019
Professional services and levies	758	870
Commercial entity running costs	3,786 [1]	2,083
Other	2,377 [2]	2,796
	31,738	33,163

[1] balance includes the hotel staff and operating costs (noting hotel only operated for one month in the comparative period)

[2] balance includes bad debt provision of $484,000 (2019: $20,000) associated with rent and lease income.

5. Borrowings

As at 31 December 2020, the Company has committed bank funding facilities for an aggregate $525,000,000 (2019: $370,000,000) with six banks. In addition, the Company has an overdraft facility of $1,000,000 (2019: $1,000,000).

Total bond funding at 31 December 2020 is $200,000,000 (2019: $200,000,000). $100,000,000 (2019: $100,000,000) of the bond funding is held at amortised cost, adjusted by the fair value of the designated hedge instrument. Additionally, the Company has two $50,000,000 bonds, maturing in October 2021 and April 2027 respectively.

During the period, a new facility for $40,000,000 was arranged with an existing provider. Additionally, the maturity of three existing facilities were extended.

All borrowings under the bank facility and overdraft facility are unsecured and supported by a negative pledge deed. The negative pledge deed requires that no security interest is provided over any assets for borrowings, unless an equivalent security interest is created for the borrowing group and bond holders. Interest rates paid during the period, including offsetting interest rate swaps, ranged from 0.9% to 6.3%. (2019: 2.2% to 6.7%). The bonds constitute direct, unsecured, unsubordinated obligations and will rank equally with all other unsecured, unsubordinated indebtedness.

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

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

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

Borrowings maturing in October-December 2021 are expected to be re-financed through the extension of existing facilities and debt capital market issuance.

	Unaudited As at 31 Dec 2020	Audited As at 30 June 2020
	$000	$000
Less than 1 year	213,974	120,000
1 > 3 Years	233,000	309,956
3 > 5 Years	108,312	110,049
Greater than 5 Years	50,000	50,000
	605,286	590,005
Total available funding	725,000	685,000

6. Related Party Transactions

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

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

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

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

	Unaudited 6 months to 31 Dec 2020	Unaudited 6 months to 31 Dec 2019
	$000	$000
Transactions with owners during the period to 31 December		
Purchases from CCC and subsidiaries	3,755	6,516
Rates paid to CCC	3,237	2,948
Revenues from CCC and subsidiaries	365	321
Dividend paid to CCHL	-	16,087
Dividend paid to the Crown	-	5,362
Amounts payable to CCC and subsidiaries	413	1,303
Amounts receivable from CCC and subsidiaries	1	62

Non-Shareholder Related Party Transactions

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

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

7. Commitments

	Unaudited As at 31 Dec 2020	Unaudited As at 31 Dec 2019
	$000	$000
Total capital expenditures committed to, but not recognised in, the financial statements		
Property, Plant and Equipment and Intangibles	5,057	18,677
Investment Properties	8,776	37,715

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

8. Dividends

	Unaudited 6 months to 31 Dec 2020	Unaudited 6 months to 31 Dec 2019
	$000	$000
2019 Final dividend paid ($0.37 per share)	-	21,449

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

The Company paid a dividend of $20m for the year ended 30 June 2020 in line with its dividend policy. No decisions on dividends for the current financial year will be made until full year trading is known and more information around vaccinations and the future of borders is known.

9. Property, Plant & Equipment

The company carries Land, Buildings, Terminal facilities, sealed surfaces, infrastructure and car parks at fair value. The company last revalued the car parking assets at 30 June 2020, as outlined in the 2020 Annual Report, and the other asset classes at 30 June 2018 as outlined in the 2018 Annual Report. No revaluation of these assets has been performed as at 31 December 2020.

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

Additions to property, plant & equipment were $9,900,000 for the six months ended 31 December 2020 (2019: $31,800,000).

10. Investment Property

The company carries Investment Property at fair value. The company last revalued investment property at 30 June 2020 as outlined in the 2020 Annual Report. No revaluation of investment property has been performed as at 31 December 2020.

Additions to investment property were $14,800,000 for the six months ended 31 December 2020. (2019: $24,800,000).

11. Fair Value of Financial Instruments

There have been no transfers between levels of the fair value hierarchy used in measuring the fair value of financial instruments in the six months to 31 December 2020.

The company's derivative financial instruments are all classified as level 2 and the fair values are determined using valuation techniques. The company has an outsourced treasury provider that has provided the fair values as at 31 December 2020. These valuation techniques are based on observable market data and the interest rate swaps calculation takes into account the present value of the estimated future cash flows.

12. Contingent Assets and Liabilities

As at 31 December 2020 there were no contingent assets (2019: nil) and there were no contingent liabilities (2019: nil).

13. Events Subsequent to Balance Date

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

INTERIM REPORT

COMPARISON OF FORECAST TO ACTUAL RESULTS

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

A comparison of the company's actual performance for the six months ended 31 December 2020 with those measures are as follows:

TARGETS	FY 2021 FY Target $000	**HY 2021 Actual $000**	HY 2021 Target $000
a) FINANCIAL			
Total Revenue	111,200	66,034	47,489
EBITDAF (Earnings before interest, tax, depreciation, amortisation and fair value movements)	51,112	34,296	19,274
Net Profit (Loss) after tax	(17,740)	1,245	(14,865)
EBITDAF as a % of Revenue	46.0%	51.9%	40.6%
Return on Invested Capital (EBIT/(Equity+Debt))	1.2%	0.8%*	(1.5%)*

b) PASSENGER NUMBERS	FY 2021 FY Target	**HY 2021 Actual**	HY 2021 Target
Domestic	2,860,433	1,673,089	1,180,820
Tasman and Pacific Islands	506,272	1,037	161,387
International	22,581	4,774	2,244
Total	3,389,286	1,678,900	1,344,451

c) RATIO OF SHAREHOLDERS' FUNDS TO TOTAL ASSETS	FY 2021 FY Target	**HY 2021 Actual**	HY 2021 Target
Shareholder Funds / Total Assets %	56.3%	57.9%	56.7%
Gearing (debt / (debt + equity)) %	37.4%	35.5%	36.7%
EBITDAF Interest Cover x	2.1	2.9	1.8
Free Funds Interest Cover x	2.3	2.9	1.6
Free Funds / Debt %	5.1%	5.7%*	1.1%*

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

d) CORPORATE SOCIAL RESPONSIBILITY

Performance target	Performance Measures	
	2021	Progress to 31 December 2020
Health, Safety & Wellbeing		
1. Visible and active safety leadership by all CIAL leaders	▪ Increased number of safety leadership conversations as measured in safety leadership app ▪ Active participation in safety leadership working group by all members	▪ Safety Leadership conversation app being redesigned to improve alignment and usability with relaunch expected in Feb 21. The annual culture survey showed good improvement in safety leadership with an 83% positive result to the statement that CIAL demonstrates a strong commitment to the health, safety and wellbeing of our people. ▪ Excellent attendance and participation in the safety leadership working group in the year to date. Group members actively demonstrate safety leadership.
2. Delivery of People and Aviation Safety Assurance Program	▪ CIAL people and aviation safety assurance program delivered. ▪ Incorporate Safety-II principles into Assurance Program	▪ Delivery of the current year People and Aviation Safety Workplan is on schedule and is reported on monthly at all levels including board. ▪ Safety II principles are incorporated into all aspects of the Health and Safety Management System in line with the alignment to ISO45001.
3. Mental health and resilience program implemented	▪ Incremental increase in wellbeing measures in culture and engagement survey ▪ Continued activation of our Whare Tapa Wha wellness strategy ▪ Mental Health and Resilience Program complete	▪ Great results of 87% and 83% respectively for the health, safety and wellbeing and the work/life blend factor insights in the 2020 culture survey. ▪ Recognising the impact of COVID-19 on employee wellbeing we have continued activations to enhance both employee physical and mental health. ▪ Delivery of the Mental Health and Resilience Program was completed with all staff last year. As part of the ongoing improvements in the delivery of our Wellbeing Strategy, 85 of our people completed Mental Health First Aid training between August and October 2020.
Sustainability		
Carbon 4. Eliminate all non-emergency related Scope 1 emissions, reduce our scope 2 emissions from electricity and managing our Scope 3 emissions	▪ 20% reduction on CIAL carbon emissions benchmarked against FY15 ▪ ACI ACA Level 2 certified ▪ 80% of CIAL's road vehicle fleet made up of EV and hybrid vehicles	▪ 45% reduction on CIAL carbon emissions benchmarked against FY15 ▪ ACI ACA Level 4 certified (World's first airport to achieve this). ▪ Currently 52% of CIAL's road vehicle fleet is EV and hybrid vehicles. Awaiting more electric alternatives.

Waste 5. Waste is a by-product of operating a diverse and large organisation, but we can work with all our stakeholders to reduce, reuse and recycle so we minimise the impact on our environment	▪ Work with airlines to achieve greater recycling of waste off aircraft ▪ Implement food court waste upgrades ▪ Complete feasibility analysis for onsite processing of organic waste	▪ Continuing to review quarantine waste and feasibility of introducing a transitional waste sorting facility. ▪ Food court upgrades have been deferred for consideration in FY22. ▪ Feasibility analysis of several options underway - including onsite anaerobic digestion and designing organic waste processing as part of circular system that supports carbon capture and greater food resilience. Redesign of how we approach our waste contract is now underway with the introduction of a new waste minimisation contract, in addition to waste removal services.
Energy 6. By minimising our energy use, we reduce our carbon footprint, reduce costs to our businesses and reduce demand on the national grid. We strive for growth without impact, and for our business to protect our city region and island.	▪ Domestic jet ground power stands commissioned ▪ Passenger terminal energy consumption at least 10% further reduced on FY18 levels ▪ 90% reduction of Scope 1 emissions (baseline year FY15) achieved ▪ ITB energy centre commissioned and operational	▪ Jet ground power installed at all international stands, except Gate 16 & 17. Overall 80% is completed. Ground power infrastructure is currently sufficient to meet short to medium term needs. ▪ Following the removal of the diesel boilers in favour of clean tech ground source heating, energy consumption has increased slightly - by 1% when comparing FY20 to date vs FY18. Our commitment to look for energy consumption reductions remains. ▪ 65% reduction in Scope 1 emissions against FY15 baseline. *noting in 2015 we were not measuring fugitive emissions from refrigerant systems. Over the past 12 months, Scope 1 emissions have reduced by 83%. ▪ ITB energy centre commissioned and operational
Water 7. Christchurch is unique in using 100% naturally filtered water. Our passion is to maintain its integrity, avoid accidental contamination and minimise use of this precious resource as it passes under the airport. By doing so, we ensure water supply safety and security, protect the aquifer, reduce costs and our business protects the city, region and island	▪ Install accurate water metering devices to better understand passenger terminal water use ▪ Ensure on-going compliance with NZ Drinking Water Standards through regular monitoring of potable drinking groundwater supply ▪ Continue Environmental Compliance and Monitoring Program with existing airport operators and new operators on airport land	▪ Telemetry devices installed across CIAL campus. ▪ Ongoing – compliance with all regulatory requirements under drinking water standard and health act has been maintained this year. CIAL has also built and commissioned a UV treatment water plant on well 8. ▪ This program is ongoing

Noise 8. Noise is the environmental issue of greatest focus at airports around the world. Our responsibility and bias are to engage and collaborate with all stakeholders, especially residents and businesses close to the airport and its flight paths	▪ Noise complaints are limited to 10 per 10,000 aircraft movements per annum ▪ Successful delivery of the updated noise compliance contours to Environment Canterbury ▪ Successful implementation of the CIAL Noise Management Plan ▪ Offers of acoustic mitigation to noise impacted properties currently eligible	▪ Ongoing – Noise complaints on average down to 5.22 per 10,000 aircraft movements (previous 6-month average was 9.68). ▪ On-going – project on hold due to COVID ▪ On-going, all compliance requirements meet for 1st half of FY21. ▪ On-going
Land 9. Our Place is an area of unique natural beauty. We have a responsibility to maintain it, improve it and remediate contaminated land. We also have a responsibility to ensure the safety of travellers and our airline partners, and so understanding the hazards and addressing the risks of bird strike is a critical and on-going activity	▪ Completion of the Canada Goose Tracking Masters project ▪ Development of estate wide sustainable development guidelines for use in our property development portfolio	▪ Canada Goose tracking master's thesis successfully completed. ▪ Construction Design Guidelines for new builds on campus have been completed, including sustainability best practice.
Community Engagement		
10. To make a positive contribution to the social and community outcomes of our City and the South Island	▪ To continue to demonstrate support for events which attract visitors, enhance the City's image and that residents can enjoy ▪ Support community initiatives and organisations through the CIAL Community Fund, charity fundraisers and other donations through the year ▪ To engage and communicate openly with stakeholders through the Chief Executive and GMs initiating and accepting invitations to meetings, speeches, addresses and workshops ▪ To actively involve our staff in Corporate Social Responsibility initiatives to enhance engagement	▪ Actively involved in activities such as Christchurch NZ activations and promotions, a sponsor of Pop Up Penguins and the Special Children's Christmas party. ▪ The impact of the Covid-19 pandemic has led us to pause the Community Fund and we have not made any recent grants. We continue to support charity collections within the terminal. ▪ The Executive Leadership Team and senior leaders have been actively engaged in a variety of educational and leadership seminars and sessions, locally, nationally and internationally (online). ▪ Staff have been supported to plant trees as part of the Lyttelton Saddle regeneration project, cook at Ronald McDonald House and donate food and gifts to the City Mission Christmas Appeal.
Our People		
11. Strategy Activation Leadership Program	▪ Incremental improvement in leadership performance, in personal development and performance reviews	▪ Leadership performance over this period was evaluated via regular surveys, completed through the different phases of lockdown and reflect an above average level of confidence in CIAL's leadership response and display of support. 95% of our team told us that they felt well supported by CIAL through the varying Alert levels of C-19.

	▪ Incremental improvement in leadership measures in culture and engagement survey	▪ We anticipate that 2021 will provide greater stability and the leadership/competency development component of our strategic activation leadership program will be able to recommence with the support of external specialist training providers and introduction of coaching/mentoring opportunities.
12. Creation and implementation of a diversity, inclusion and participation strategy and engagement program (Wawata Iwi Charter)	▪ Activate Wawata Iwi fair employer charter ▪ Incremental improvements in participation and inclusion measures in culture and engagement survey	▪ We activated a proactive approach to addressing undesirable behaviours through an internal education program promoting respectful, kind and positive communication between all. This engagement program has ensured our team feel safe, as well as encouraged to enjoy a work environment where they truly feel celebrated for their individual differences. ▪ There is a genuine feeling of equal opportunity and equity amongst employees at CIAL with over 80% of our team feeling like they belong and are respected as individuals when they are at work.
13. Review and evolution of our reward and recognition strategy continuing to focus on connection and alignment	▪ Incremental improvement in our connection with purpose in culture and engagement survey ▪ Incremental improvements in reward and recognition measures in culture and engagement survey	▪ With our purpose updated to Championing Regional New Zealand in 2020, we will be taking the opportunity in 2021 to review our values to ensure our team feel aligned and behave in way that enables the attainment of our future goals. ▪ We have a strong baseline to build upon with over 70% of our team feeling they receive appropriate recognition for good work and the same feeling their job performance is evaluated fairly.
14. Review and update of Potential and Performance/areas of strategic value talent mapping exercise	▪ Improved retention of critical future talent	▪ We have assessed our approach to talent management and developed a strategic framework which will enable CIAL to attract and retain the critical talent needed to deliver future business outcomes.

OTHER INFORMATION

Nature of Business

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

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

Credit Rating Status

On June 16, 2020 S&P Global Ratings ('S&P') lowered to 'BBB+' from 'A-', the issuer credit rating on Christchurch International Airport Ltd (CIAL) and issue credit rating on the airport's debt. Outlook is 'Stable'.

Summary of Waivers

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

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

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