

Christchurch City Holdings Limited

Fixed Rate Bond Offer Presentation

Arranger and Joint Lead Manager



Joint Lead Manager



Important Notice

The offer of Bonds is being made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (FMCA).

Except for the interest rate and maturity date, the Bonds will have identical rights, privileges, limitations and conditions as CCHL's \$150,000,000 3.40% fixed rate bonds maturing on 6 December 2022 which are quoted on the NZX Debt Market under the ticker code CCH010 (the Quoted Bonds).

The Bonds are of the same class as the Quoted Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

CCHL is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (NZX) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/CCH.

The Quoted Bonds are the only debt securities of CCHL that are currently quoted and in the same class as the Bonds.

Investors should look to the market price of the Quoted Bonds to find out how the market assesses the returns and risk premium for those bonds.

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The information in this presentation should be considered in conjunction with CCHL's audited consolidated financial statements for the year to 30 June 2018 and CCHL's NZX market releases which are available at <https://www.nzx.com/companies/CCH/announcements>.

Any internet site addresses provided in this presentation are for reference only and, except as stated otherwise, the content of such internet site is not incorporated by reference into and does not form part of this presentation.



All currency amounts are in New Zealand dollars unless otherwise stated.

Agenda

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Section 1

Key Terms of the Offer

Key Terms of the Offer

Issuer	Christchurch City Holdings Limited (“CCHL”)
Instrument	Unsecured, unsubordinated, fixed rate bonds (“Bonds”)
Uncalled Capital	CCHL is a wholly owned subsidiary of Christchurch City Council, which provides financial support to CCHL through its subscription for uncalled capital
Issuer Rating	A+ (stable) S&P Global Ratings
Expected Issue Rating	A+ S&P Global Ratings
Issue Amount	Up to \$100,000,000 with the ability to accept up to \$50,000,000 of oversubscriptions at CCHL’s discretion
Tenor	6 years
Maturity Date	27 November 2024
Interest Rate	The Interest Rate will be determined by CCHL in conjunction with the Joint Lead Managers following the bookbuild
Interest Payments	Semi-annually in arrear in equal amounts on 27 May and 27 November in each year until and including the Maturity Date
Denominations	Minimum denominations of \$5,000 with multiples of \$1,000 thereafter
Financial Covenants	CCHL has agreed that, for so long as any Bonds are outstanding: <ul style="list-style-type: none"> • its Total Liabilities will not exceed 60% of its Total Tangible Assets; • the ratio of EBIT to Interest and Financing Costs will not be less than 1.5:1; and • Shareholders’ Funds will not be less than \$500m
Negative Pledge	CCHL has agreed that it will not create any security over its assets, excluding (inter alia); <ul style="list-style-type: none"> • security interests created with the Supervisor’s consent; and • security interests in respect of which the aggregate principal amount of indebtedness so secured by all security interests permitted under this exclusion does not exceed 5% of CCHL’s Total Tangible Assets at that time
Listing	Application has been made to NZX to quote the Bonds on the NZX Debt Market



Key Dates of the Offer

Opening Date	Monday, 19 November 2018
Closing Date	2pm NZT, Wednesday, 21 November 2018
Rate Set Date	Wednesday, 21 November 2018
Issue and Allotment Date	Tuesday, 27 November 2018
Expected Date of Initial Quotation on NZX Debt Market	Wednesday, 28 November 2018
Maturity Date	Wednesday, 27 November 2024



Section 2

Overview of CCHL

Overview of CCHL

CCHL is the subsidiary holding company for CCC's trading businesses

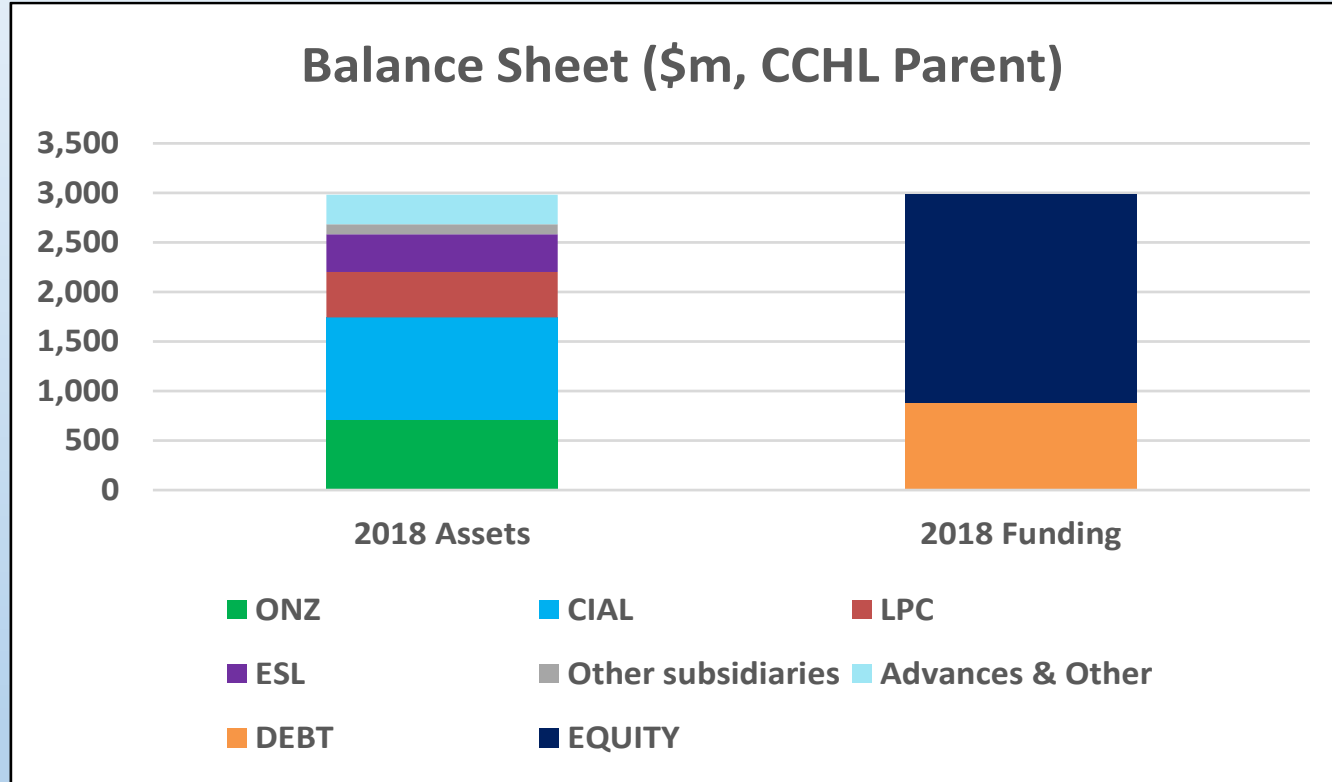
- CCHL is a wholly-owned subsidiary of Christchurch City Council ("CCC").
- CCHL is the holding company for CCC's investment in eight trading businesses (Council Controlled Trading Organisations "CCTOs").
- Established in 1993.
- Strategic purpose is to provide a separate and non-political commercial framework for the CCTOs.
- Responsible for overseeing, monitoring and managing CCC's shareholding in the CCTOs.
- CCHL aims to sustainably maximise its dividends to CCC, which are used to moderate CCC rates (property tax) charges.

Scope & Scale

- Eight CCTOs – around 95% of CCHL's total assets have an infrastructure bias.
- Infrastructure businesses support residential and commercial activities of the city and region.
- Total value of CCHL assets at June 2018: \$3.0 billion.
- S&P credit rating: A+ (stable).



Overview of CCHL



A significant portion of CCHL's overall asset value comes from its four key infrastructure assets

CCHL's debt to equity remains at prudent levels

Snapshot of CCHL

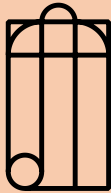
\$3 billion CCHL Parent Total Assets

\$2.1 billion CCHL Parent Equity

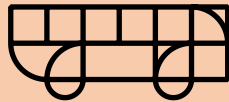
\$1.57 billion of capital and dividend payments
CCHL has made to the Council since 1995

8,333

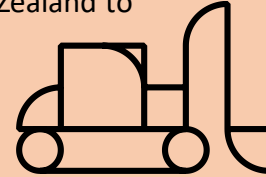
tonnes of recycling
waste
recovered for
resale by
EcoCentral in
FY18



3 fully electric
buses ordered for
Red Bus during FY18



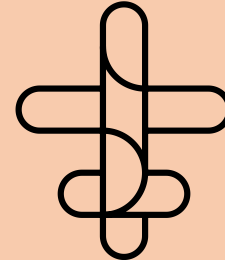
CityCare **1st** in New Zealand to
register an electric
transit van



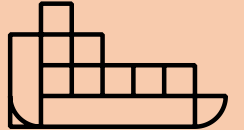
77,149 the number of
business, school and home
broadband users
connected to Enable's fibre
network at June 2018



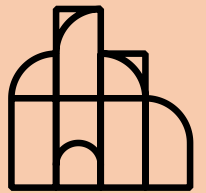
6.8 million the
number of passengers
through the CIAL
terminals in FY18



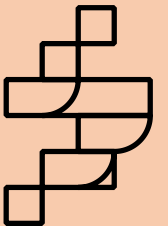
424,560 TEU
containerised volume
handled by LPC in
FY18 – a record level



\$10.3m of land
acquired by DCL for
future development



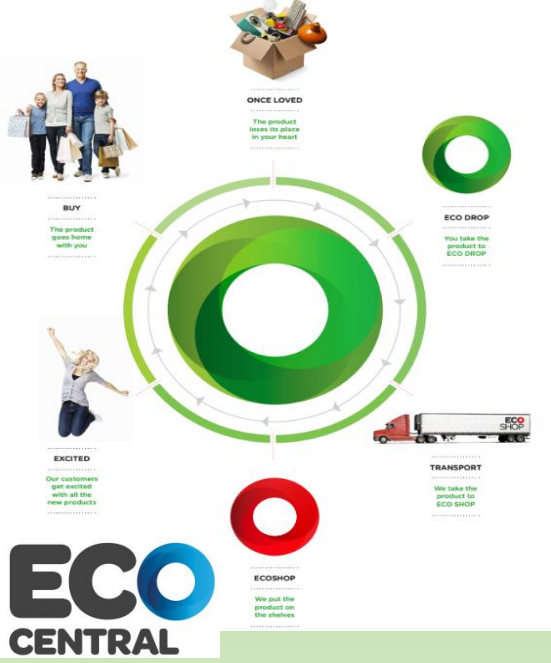
201,000 the number
of homes & businesses to
which Orion distributes
power



CCHL Group Sustainability Journey



CCC's Community Outcomes of having "strong communities", a "liveable city", "healthy environment" and a "prosperous economy" underpin the CCHL Group Sustainability Journey.



Governance and Management

Directors



Jeremy Smith - *Independent Chair*



Lianne Dalziel - *Mayor*



Andrew Turner – *Deputy Mayor*



Vicki Buck – *Councillor Director*



Mary Devine – *Independent Director*



Jamie Gough - *Councillor Director*



Alex Skinner - *Independent Director*



Greg Campbell - *Independent Director*

Management



Paul Munro
Chief Executive Officer



Leah Scales
Chief Financial Officer

Section 3

CCHL Portfolio Update

CCHL Portfolio Assets

Orion New Zealand Limited

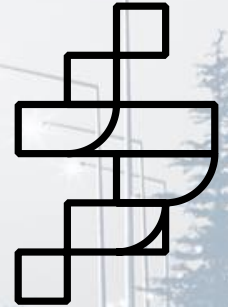
- Orion owns and operates the electricity distribution network between the Waimakariri and Rakaia rivers and from the Canterbury coast to Arthur's Pass.
- Orion delivers electricity to approximately 201,000 homes and businesses, making it New Zealand's third largest electricity distribution company by line revenue, asset size and system length.
- Orion owns Connetics Ltd, an electrical contracting business which provides services to a broad range of customers – Connetics undertakes approximately half of Orion's fieldwork for its network.

Financial summary - 31 March	2016	2017	2018
	\$m	\$m	\$m
Revenue	307.3	309.7	321.9
Net profit after tax	53.4	51.8	53.3
Distributions	153.0	55.0	55.0
Total assets	1,122.0	1,156.7	1,180.2
Shareholders' equity	660.1	672.7	671.0

Key Highlights 2018

- Post-earthquake recovery and renewal programme complete.
- Frequency and duration of power outages reduced for the 4th consecutive year.
- Reliability achievements rank in the top 20% of NZ lines companies.
- Aim to obtain CEMARS certification to measure carbon emissions.
- Member of Climate Leaders Coalition.
- Orion provided 56% of CCHL's dividend revenue in FY18.

Orion



Supporting the community's aspirations for a liveable region, strong connected communities, a healthy environment and a prosperous economy

CCHL Portfolio Assets



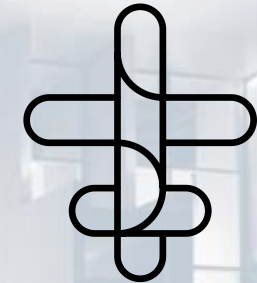
Christchurch International Airport Limited

- The Airport is located 10 kilometres northwest of Christchurch city centre, on the city's western development edge, and is a critical piece of significant national and regional infrastructure.
- Second largest airport in New Zealand (annual passengers 6.8m in year to 30 June 2018).
- As the gateway for Christchurch and the South Island, the Airport is the busiest and most strategic air connection for South Island trade and tourism markets.

Financial summary	2016	2017	2018
	\$m	\$m	\$m
Revenue	182.7	213.5	236.6
Net profit after tax	43.1	64.6	88.7
Dividends	29.3	33.0	39.3
Total assets	1,260.6	1,347.0	1,614.3
Shareholders' equity	791.2	826.9	1,023.3

Key Highlights 2018

- International passenger arrivals grew 8.5% (national figure only 3.9%).
- Efficiency Champion of Sustainable Business Networks Awards.
- Member of Climate Leaders Coalition
- In FY18, 55.5% (FY17: 51.7%) of CIAL's operating revenue came from non-regulated sources, mostly rental from commercial and retail properties located within and around the main airport campus.
- CIAL provided 33% of CCHL's dividend revenue in FY18.



Being a champion airport by building a stronger business, enhancing the customer journey and being good Kaitiaki (guardians of safety, security and sustainability)

CCHL Portfolio Assets

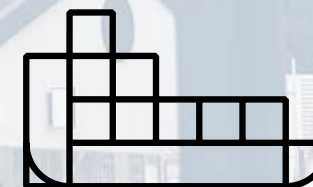
Lyttelton Port Company Limited

- Largest port in the South Island.
- Third largest container port in NZ.
- LPC receives revenue from shipping and shipping related services, including stevedoring and cargo handling.
- LPC owns two Inland Ports which improve the port's connectivity for South Island trade.
- LPC is focussed on growth and futureproofing to enable continued economic growth of Canterbury.

Financial summary	2016	2017	2018
	\$m	\$m	\$m
Revenue	105.7	114.4	122.2
Net profit after tax	(59.8)	14.4	12.2
Dividends	2.6	5.2	8.6
Total assets	491.5	506.1	513.5
Shareholders' equity	469.1	478.4	482.3

Key Highlights 2018

- Te Ana marina opened.
- Record container volumes -424,560 TEUs (20-foot equivalent containers).
- Second daily train to Midland Port removing 700 truck trips off the road network each week.
- Reclamation and Cruise ship berth consents received.
- Dredging project commenced, which will increase capacity for larger ships.
- LPC provided 10% of CCHL's dividend revenue in FY18.



Economic prosperity through trade, connecting with communities and a healthy environment =
Sustainable Port

CCHL Portfolio Assets

Enable Services Limited

- Enable Group (including Enable Networks Ltd¹) is the provider of ultra-fast fibre broadband distribution and service to the Canterbury region (“UFB”).
- The network extends across Christchurch and to a number of towns in the Waimakariri and Selwyn Districts.
- Approximately 200,000 businesses, schools, homes and healthcare facilities are able to connect to the network.

¹The Crown holds one share in Enable Networks Ltd (“ENL”) which does not confer on it any voting rights or rights to dividends but gives the Crown rights of control over ENL’s business activities under certain circumstances (as set out in ENL’s constitution)

Financial summary	2016	2017	2018
	\$m	\$m	\$m
Revenue	75.2	36.3	48.5
Net profit after tax	3.3	(8.5)	(3.8)
Dividends	-	-	-
Total assets	343.3	424.7	523.5
Shareholder’s equity	100.8	138.9	213.0

Key Highlights:

- Fibre network build complete – 18 months ahead of schedule.
- Record demand for customer connections.
- Total group revenue increased by 33%.
- 77,149 customers were connected to the network as at 30 June 2018.
- The Enable Group does not currently provide dividends to CCHL.



Connecting our community with unlimited opportunity



CCHL Portfolio Assets

Citycare Group

- City Care is a leading provider of construction, maintenance and management services across New Zealand's built environment.



Key Highlights

- First in NZ to register a fully electric LDV transit van.
- Commencement of Auckland maintenance contract.



Financial summary	2016	2017	2018
	\$m	\$m	\$m
Revenue	306.8	303.5	312.5
Net profit after tax	6.8	3.5	(0.4)
Dividends	4.1	6.2	0.8
Total assets	105.1	102.9	113.2
Shareholder's equity	58.9	56.3	55.1

Red Bus Limited

- Provider of large passenger transport business servicing Canterbury and South Island.
- Urban service provider for Christchurch.



Key Highlights

- Purchase of three electric buses in service March 2019.
- 3.5% reduction in fleet fuel consumption with Telematics.



Financial summary	2016	2017	2018
	\$m	\$m	\$m
Revenue	19.1	20.6	21.1
Net profit after tax	0.1	0.2	0.1
Dividends	1.4	-	-
Total assets	43.2	43.5	43.4
Shareholder's equity	37.7	38.0	38.1

CCHL Portfolio Assets

EcoCentral Limited

- EcoCentral manages the processing of household and Commercial refuse and the automated sorting of recycling throughout the Canterbury region.



Key Highlights

- 8,333 tonnes of waste recovered for resale
- Renegotiation of customer contracts following China ban on recyclable products affecting markets.

Financial summary	2016	2017	2018
	\$m	\$m	\$m
Revenue	37.6	37.9	34.3
Net profit after tax	1.6	0.9	0.4
Dividends	0.3	0.3	0.3
Total assets	15.9	16.3	13.8
Shareholder's equity	7.8	8.4	8.5

Development Christchurch Limited

- Established in 2015, DCL is one of three public sector agencies which works to support the regeneration and redevelopment of Christchurch.



Key Highlights

- Delivery of Stage 1 of the New Brighton Regeneration Project with the opening of the playground on the foreshore.
- Acquisition of \$10.3m of Land for future development

Financial summary	2016	2017	2018
	\$m	\$m	\$m
Revenue	0.3	4.3	9.7
Net profit after tax	(1.2)	0.2	(0.3)
Dividends	-	-	-
Total assets	2.7	3.1	12.7
Shareholder's equity	2.3	2.4	11.9

Note: DCL's FY18 financial information is provisional, and has not been audited.

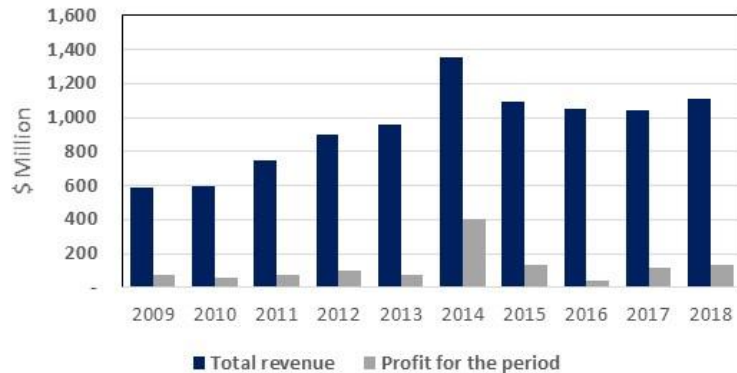
Section 4

CCHL Financial Overview

CCHL Group Financial Overview

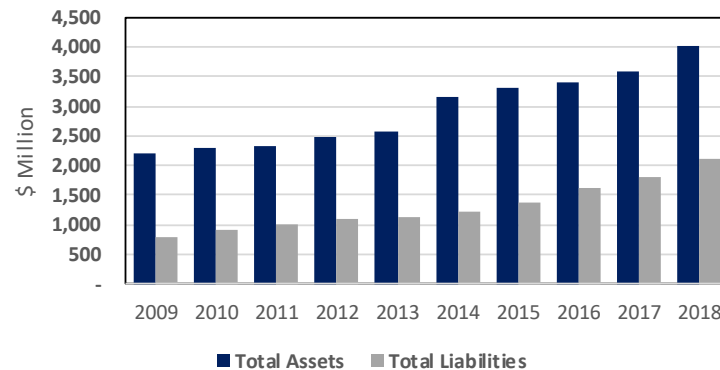
10 year Financial Summary

Revenue & Profit



- Spike in FY14 revenue was due to the insurance claim settlement by LPC.

Total Assets & Liabilities



- CCHL Group has experienced a steady and significant growth in assets over the last decade.

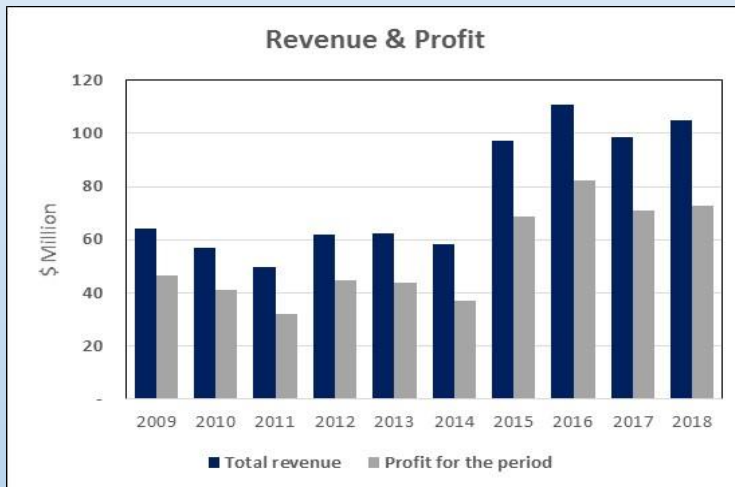
Shareholder Equity & Gearing Ratio



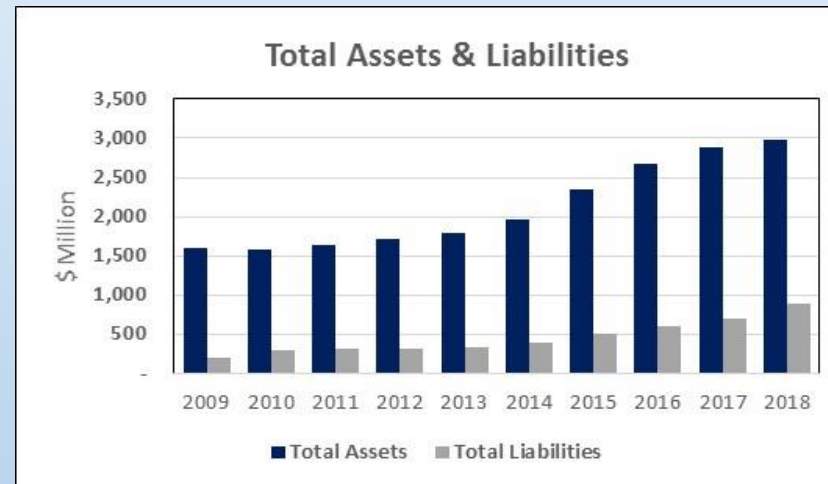
- Group gearing typically 30%-40% historically – increased to 44% in FY18, reflecting capital programmes at CIAL, LPC & ENL, and CCHL's Debt Programme.
- Reduction in FY14 largely due to the inflow of insurance proceeds from LPC's claims settlement, prior to remediation and redevelopment capex.

CCHL Parent Financial Overview

10 year Financial Summary



- An increase in special dividend flow and changes in dividend policy from subsidiaries has markedly increased CCHL Parent's revenue and profit over the last three financial years.



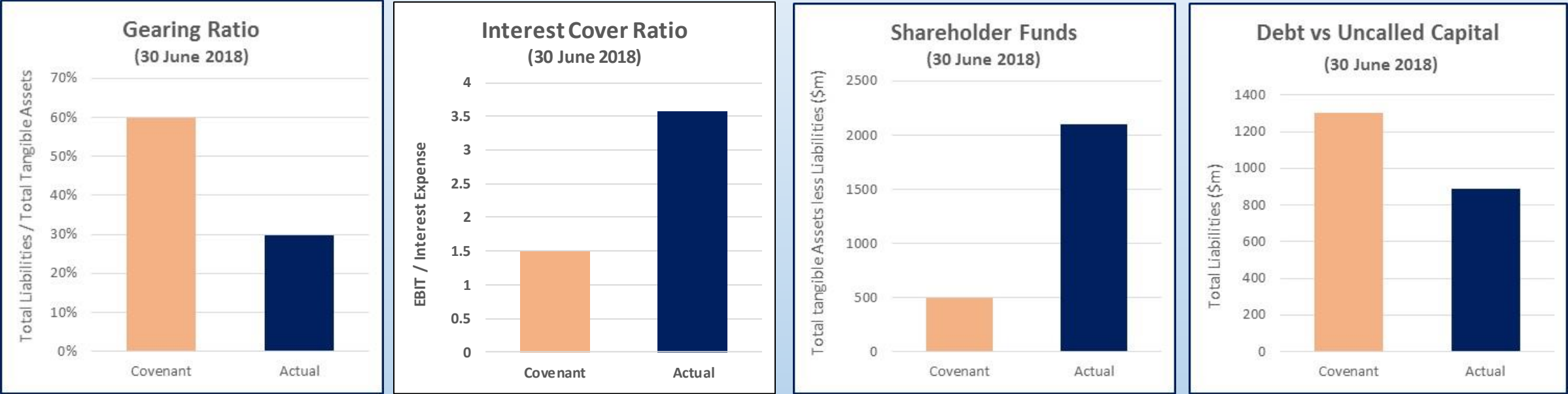
- CCHL Parent continues to show a steady and significant growth in assets over the last decade.



- Increase in CCHL Parent gearing primarily due to:
 - Intracompany funding for Enable;
 - Funding of capital release programme

CCHL Financial Overview

CCHL Parent Covenants



CCHL has significant forecast headroom against its lending covenants



Section 5

Funding Programme

Funding Programme

Christchurch City Council (CCC) Funding Requirement

- CCC and CCHL continue to deliver on their funding strategy with 2019 seeing the completion of the capital release programme with the final \$140m component being paid in FY19 via capital return. The capital release programme was reconfirmed in the newly adopted (June 2018) Long Term Plan.
- CCHL is looking to fund this through a new Bond issue, consistent with the strategy to diversify its funding sources.
- CCC will continue to source its own borrowing from LGFA, CCC has no plans to issue debt in its own name.

CCHL is structurally supported by CCC via Uncalled Capital

- CCHL is a CCC wholly-owned subsidiary.
- CCC provides financial support to CCHL through its subscription to Uncalled Capital (“UCC”).
- Under the Master Trust Deed for the Bonds (and the Negative Pledge Deed in connection with its other borrowings), CCHL covenants that it will ensure that Total Liabilities do not exceed:
 - The amount of uncalled and unpaid shares issued to CCC; and
 - The principal of all loans from CCHL to CCC which are repayable within seven days.
- CCC’s UCC can be “called” in whole or in part by CCHL.
- Uncalled Capital is currently \$1.3b, which was set at 120% of forecast future debt.
- CCHL has an A+ (stable) credit rating from Standard & Poor’s the same as CCC.
- At present, there are no plans to sell CCHL’s shareholdings in its businesses.

Funding Approach

CCHL continues to broaden its funding sources and lengthen its debt maturity profile

Current Funding (31 October 2018) and Facilities

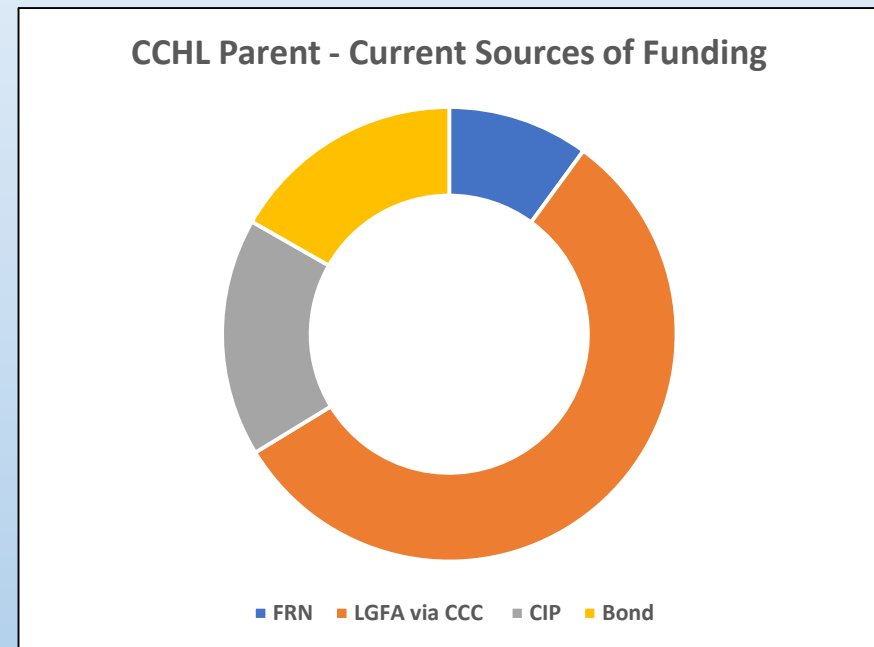
Source	Drawn	Facility
LGFA Funding via CCC (LGFA)	\$503.5 million	n/a
FRN Bonds (FRN)	\$90 million	\$250 million
Commercial Paper	Nil	\$100 million
Crown Infrastructure Partners (CIP) ¹	\$151.9 million	\$161.5 million
Retail Bond Issue (Bond)	\$150 million	n/a
Standby Bank Facilities	Nil	\$100 million

¹CIP Facility – In 2016 CCHL entered into a loan agreement with CIP for an interest free facility of up to \$161.5m which is repayable in May 2021, to fund ESL's purchase of CIP's shares in ENL and the on-going build of the network.

Bond Programme

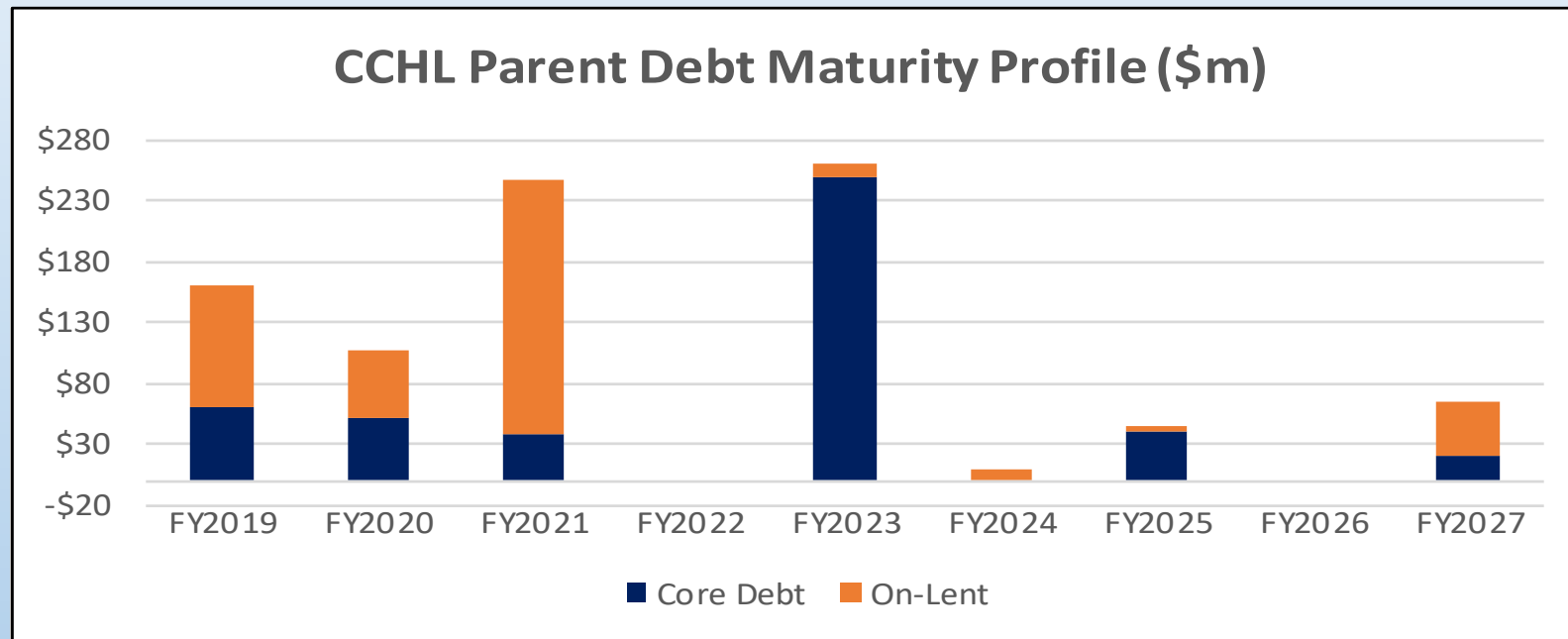
CCHL's preferred funding strategy continues to achieve a balance between:

- Diversity of funding sources;
- Length of tenor and spread of maturity profile;
- Establishment of a curve by being a repeat issuer in the domestic market; and
- Minimise cost of funding.



CCHL Funding Approach

CCHL Debt Maturity Profile as at 31 October 2018



CCHL continues to focus on the length of tenure and spread of its maturity profile

Key Credit Highlights

- High quality portfolio assets:
 - Unique portfolio consisting of some of the region's largest businesses.
 - Approximately 95% of the portfolio is comprised of infrastructure assets.
 - Key subsidiaries (Orion, CIAL, LPC, Enable) continue to make significant reinvestment within their business.
- CCHL is an investment holding company with a unique portfolio of premium infrastructure assets, providing a diversified asset exposure and earnings profile.
- Financial support and credit enhancement provided by CCC via issued and uncalled capital.
- Established track record of resilient and stable earnings profile.
- Diversified assets and revenue base.
- Conservative financial management.
- Issuer credit rating of A+ / Stable (S&P, reaffirmed December 2017). Rating is supported by the quality of the asset portfolio, high-quality governance framework and executive leadership, and the strength of ultimate CCC ownership.

