

MEDIA RELEASE

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CCHL credit rating confirms the financial strength of Council-owned assets

Despite Christchurch City suffering the mostly costly natural disaster in New Zealand's history and facing considerable rebuilding costs, Christchurch City Holdings Ltd (CCHL) has retained a very high investment grade Standard and Poor's (S&P) credit rating.

After assessing the effects of the earthquakes on CCHL's assets, S&P has assigned a new rating of AA which is only one notch below the AA+ credit rating CCHL has held for well over a decade. The negative outlook that S&P attributed after the September 2010 earthquake has been retained.

"This result is a tribute to the City's decision of many years ago to continue to own and to invest when needed in upgrading vital infrastructure," said the chief executive of CCHL Bob Lineham.

"This means the City and CCHL have emerged to date from the earthquakes with a credit rating better than or similar to many of the country's leading companies and largest Councils," he said.

"CCHL has always aimed to maintain an S&P rating of between A and AA+ and so we are very comfortable with the outcome of the review completed this week," said Bob Lineham.

"The change will have no impact on our ability to source debt financing and very little impact, if any, on the cost of our borrowing."

CCHL is the investment arm of the Christchurch City Council and, therefore, its credit rating is intrinsically linked to the Council's rating. CCHL is the majority shareholder of Orion New Zealand Ltd, Christchurch International Airport Limited, Lyttelton Port Company Limited, Christchurch City Networks Limited, City Care Limited, Red Bus Limited and EcoCentral Limited

"Many of our subsidiary businesses have been affected by the earthquakes but they are well equipped to recover quickly. It was always likely that these unprecedented circumstances would result in a review of our credit rating," says Mr Lineham.

"To put our new rating in context, AA is the same rating as that held by the big four New Zealand banks – a testament to the financial strength of Christchurch's strategic assets."

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About Christchurch City Holdings Ltd

Christchurch City Holdings Limited is the 100% owned infrastructure investment arm of Christchurch City Council. It is the majority shareholder of Orion New Zealand Limited, Christchurch International Airport Limited, Lyttelton Port Company Limited, Christchurch City Networks Limited, City Care Limited, Red Bus Limited and EcoCentral Limited.