



# Christchurch City Holdings Limited

## Proposed Sustainability Bond Offer

### Investor Presentation

October 2021

Arranger, Sustainability Bond Coordinator  
& Joint Lead Manager

Joint Lead Manager





# Important Notice

- Christchurch City Holdings Limited (CCHL) is considering making an offer of unsecured, unsubordinated fixed rate sustainability bonds (*Sustainability Bonds*) in reliance upon the Financial Markets Conduct (Christchurch City Holdings Limited Sustainable Bond Offer) Exemption Notice 2021 (the *Exemption*).
- No money is currently being sought and no Sustainability Bonds can be applied for or acquired until an offer opens and the investor has received a copy of the offer documents in relation to those Sustainability Bonds. If CCHL offers any Sustainability Bonds, the offer will be made in accordance with the Financial Markets Conduct Act 2013 (*FMCA*) and the Exemption, as an offer of debt securities. Investors can register their interest with the Joint Lead Managers or a financial adviser. Indications of interest will not involve an obligation or commitment of any kind.
- Except for the interest rate, maturity date, their “sustainability” label and the use of proceeds described below, any Sustainability Bonds will have identical rights, privileges, limitations and conditions as CCHL’s two existing unsecured, unsubordinated, fixed rate \$150 million listed Retail Bonds, which are quoted on the NZX Debt Market under the ticker code CCH010 (maturing 6 December 2022 and with a 3.40% fixed rate) and CCH020 (maturing 27 November 2024 and with a 3.58% fixed rate) (the *Quoted Bonds*). The Quoted Bonds are not Sustainability Bonds.
- CCHL intends the net proceeds of any offer to be notionally allocated in accordance with CCHL’s Sustainable Finance Framework dated October 2021 (as amended from time to time) (the *Sustainable Finance Framework*) for projects identified for positive environmental and/or social outcomes. Specifically, as at the date of this presentation, CCHL expects to apply the net proceeds of any offer to refinance CCHL’s existing debt relating to the fibre network in greater Christchurch constructed by Enable Networks Limited (*ENL*) (a subsidiary\* of Enable Services Limited (*ESL*), which is in turn a wholly owned subsidiary of CCHL) and to track an amount equal to the net proceeds within its systems, notionally allocated for “Eligible Assets” (these are identified in accordance with CCHL’s Sustainable Finance Framework, see slides 24-25 of this presentation for further information). But in the future the net proceeds could be notionally allocated for other Eligible Assets.
- 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](http://www.nzx.com/companies/CCH).
- 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 Quoted Bonds.
- The proposed Sustainability Bonds are expected to be quoted on the NZX Debt Market.



\* The Crown holds one share in 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).



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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 2021 and CCHL's NZX market releases which are available at [www.nzx.com/companies/CCH/announcements](http://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.



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- Group Emissions Reduction Plan
- Selection of sustainability initiatives at CCTOs
- Alignment of fibre network with market standards & UN-SDGs

Further information at [www.cchl.co.nz/bond-offer](http://www.cchl.co.nz/bond-offer)



### CCHL Purpose Statement

“Supporting the future growth of Christchurch by investing in key infrastructure assets that are commercially viable and environmentally and socially sustainable”



**Section: 1**  
**Proposed CCHL Sustainability  
Bond Offer**

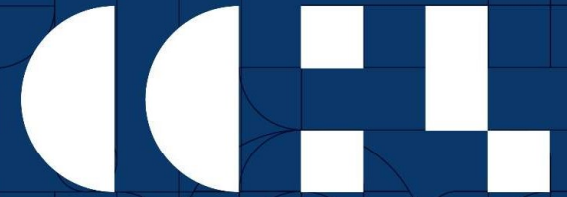


# Proposed CCHL Sustainability Bond Offer

- CCHL is proposing to issue a 5 year unsecured unsubordinated fixed rate Sustainability Bond.
  - Up to \$100m, with the ability to accept up to \$50m of over subscriptions at CCHL's discretion.
- CCHL adopted its Sustainable Finance Framework in October 2021, which may be used to finance or refinance investments in businesses, projects, assets, and activities that deliver positive environmental and social outcomes, and align with and contribute towards meeting the United Nations Sustainable Development Goals (SDGs) and support CCHL's sustainability objectives.
- The net proceeds of any offer of Sustainability Bonds are intended to be notionally allocated in accordance with the Sustainable Finance Framework for financing or refinancing Eligible Assets.<sup>1</sup> As at the date of this presentation, CCHL expects to apply the net proceeds of any offer to refinance CCHL's existing debt relating to the construction of the Enable fibre network and to track an amount equal to the net proceeds within its systems, notionally allocated for Eligible Assets. But in the future the net proceeds could be notionally allocated for other Eligible Assets.
- Ernst & Young Limited (EY) has provided a pre-issuance limited assurance report with respect to the alignment of the Framework and the fibre network to the relevant market standards (refer slide 27).
- The proposed Sustainability Bonds are expected to be:
  - Governed by CCHL's Master Trust Deed (with Public Trust as Supervisor);
  - Rated by S&P Global; and
  - Quoted on the NZX Debt Market, alongside CCHL's two existing Quoted Bonds (NZX ticker codes CCH010 and CCH020).



<sup>1</sup> Eligible Assets includes businesses, projects, assets or activities that help achieve CCHL's "sustainability goals" which are defined in the Sustainable Finance Framework as "green assets" and/or "social assets".



## Section: 2

### Overview of CCHL



# Overview of CCHL

## CCHL is the holding company for Christchurch City Council's trading businesses

- 100% owned by Christchurch City Council (*Council*) – established 1993.
- Holds Council's investment in eight trading businesses (Council Controlled Trading Organisations, (CCTOs)).
  - ***More than 95% of CCHL Group (Group) revenues and assets have an infrastructure focus.***
  - Group activity enhances the economic, social and environmental well-being of the region.
- Strategic purpose is to provide a separate & non-political framework for the CCTOs.
- Responsible for overseeing, monitoring & managing Council's shareholding in the CCTOs.
- May provide debt funding to CCTOs, to generate Group cost savings.
- **CCHL Credit Rating: AA- / Stable (S&P Global)**
  - Any Sustainability Bond is expected to have the same credit rating.





# Operating Subsidiaries

## Ports

- *Christchurch International Airport Limited (CIAL)* – airport & property.
- *Lyttelton Port Company Limited (LPC)* – sea port and inland distribution centres.

## Networks

- *Orion New Zealand Limited (ONZ)* – electricity distribution network.
- *Enable Services Limited (ESL), and its subsidiary, Enable Networks Limited (ENL)* – fibre-optic network.

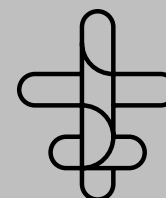
## Services

- *City Care Limited (CCL)* – maintenance contractors.
- *Eco Central Limited (ECL)* – recycling.

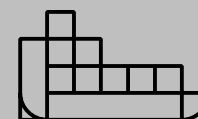
## Property <sup>1</sup>

- *RBL Property Limited* – residual land holdings arising from former transport services business (sold in FY21).
- *Development Christchurch Limited* – residual land holdings and other investments arising from former urban development activity.

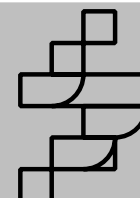
**3.7 million**  
passengers through  
the CIAL terminals  
in FY21 (6.9m in  
FY19, pre-COVID)



**438,000+ TEU**  
containerised  
volume handled by  
LPC in FY21 – 1.7%  
down on FY20



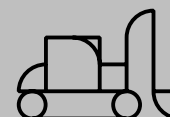
**211,600** the number  
of homes &  
businesses to which  
Orion distributes  
power (March 2021)



**132,000+** the number  
of business, school, &  
home connections to  
Enable's fibre network  
(June 2021)



CCL co-ordinated  
>15,000 volunteer  
hours of work on  
environmental  
projects in FY21



7,468 tonnes of  
recycling waste  
recovered for resale  
by ECL in FY21



**\$3.7 billion**  
CCHL Parent Total Assets

**\$2.5 billion**  
CCHL Parent Equity



<sup>1</sup> Both of these entities are in the process of divesting their remaining assets, following which they will be wound up. Neither is material to the CCHL Group.



# Governance and Management



Jeremy Smith  
Independent Chair



Lianne Dalziel - Mayor  
Councillor Director



Andrew Turner – Deputy Mayor  
Councillor Director



Sara Templeton  
Councillor Director



James Gough  
Councillor Director



Claire Evans  
Independent Director



Alex Skinner  
Independent Director



Greg Campbell  
Independent Director



Paul Munro  
Chief Executive Officer



Toni Rowell  
Chief Financial Officer



Steve Ballard  
Treasurer



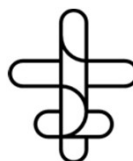
## Section: 3 CCHL Portfolio Update



## CCHL Portfolio – Port Companies

### Christchurch International Airport Limited (CIAL)

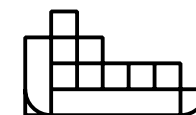
- CCHL owns 75% (balance held by the Crown).
- CIAL owns and operates NZ's second busiest airport (by passengers), and a portfolio of surrounding commercial and industrial properties.
- COVID impact has been significant, but property revenues and a planned emphasis on domestic aeronautical revenue has allowed CIAL to maintain positive operating cash-flows and continue with planned capital maintenance programmes and committed property development projects.
- Level of FY21 NPAT influenced by investment property revaluations (underlying operating profit after tax was \$7.5m).



\$m	FY-2017	FY-2018	FY-2019	FY-2020	FY-2021
Revenue	213.5	236.6	200.6	179.3	189.5
NPAT	64.6	88.7	57.5	47.8	38.7
Assets	1,347.0	1,614.3	1,731.0	1,871.7	1,989.2
Equity	826.9	1,023.3	1,052.0	1,079.6	1,200.6
Dividends	33.0	39.3	44.8	41.4	0.0

### Lyttelton Port Company Limited (LPC)

- CCHL owns 100%.
- LPC owns and operates the country's third largest port (by container volume), including two "inland port" distribution centres.
- FY20 result driven by one-off PP&E impairment.
- Impact of COVID and global supply chain disruption offset by increased volumes through Maersk.

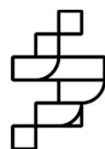


\$m	FY-2017	FY-2018	FY-2019	FY-2020	FY-2021
Revenue	114.4	122.2	166.8	128.3	142.2
NPAT	14.4	12.2	42.2	-152.8	16.0
Assets	506.1	513.5	584.2	555.9	589.9
Equity	478.4	482.3	516.9	356.1	364.2
Dividends	5.2	8.6	7.0	6.8	10.0



## CCHL Portfolio – Network Companies

### Orion New Zealand Limited (ONZ)



- CCHL owns 89.3% (balance held by Selwyn District Council).
- ONZ owns & operates NZ's 3<sup>rd</sup> largest electricity distribution network (by customers and system length), in Christchurch and central Canterbury.
- FY21 result driven by regulatory framework (DPP-3, reflecting lower market interest rates).
- COVID affected non-essential maintenance and capex activity, but had minimal financial impact.

\$m	FY-2017	FY-2018	FY-2019	FY-2020	FY-2021
Revenue	309.7	321.9	325.6	307.7	301.7
NPAT	51.8	53.3	47.9	48.3	33.2
Assets	1,156.7	1,180.2	1,208.6	1,243.2	1,280.7
Equity	672.7	671.0	665.9	671.5	678.2
Dividends	55.0	55.0	53.0	47.0	30.0

### Enable Services Limited (ESL)



- CCHL owns 100%.
- ESL (through its subsidiary ENL) owns & operates the ultra-fast broadband fibre network across greater Christchurch and parts of the Selwyn & Waimakariri Districts.
- COVID affected non-essential new connection activity, but had minimal financial impact.
- Current customer base (>132,000) equates to around 80% of estimated long-term potential.

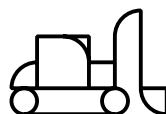
\$m	FY-2017	FY-2018	FY-2019	FY-2020	FY-2021
Revenue	36.3	48.5	58.8	77.0	84.4
NPAT	-8.5	-3.8	10.8	11.3	15.8
Assets	424.7	523.5	548.5	663.7	739.3
Equity	138.9	213.0	228.0	311.3	357.4
Dividends	0.0	0.0	0.0	0.0	18.0



## CCHL Portfolio – Service Companies

### City Care Group (CCL)

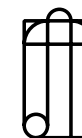
- CCHL owns 100%.
- CCL provides construction, maintenance, and management services for water, property, and civil infrastructure sectors throughout New Zealand.
- Operations were affected primarily by Level 4 COVID lockdown, and the overall financial impact was limited.



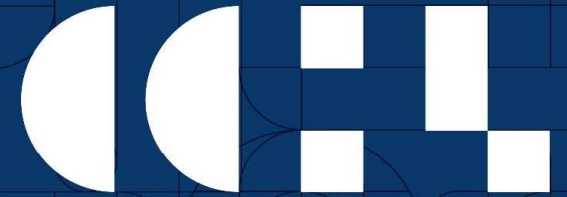
\$m	FY-2017	FY-2018	FY-2019	FY-2020	FY-2021
Revenue	303.8	313.5	299.2	294.7	319.6
NPAT	3.5	-0.4	-0.7	5.6	5.6
Assets	102.9	113.2	103.6	129.6	130.3
Equity	56.3	55.1	54.4	59.1	61.1
Dividends	6.2	0.8	0.0	0.3	4.6

### Eco Central Limited (ECL)

- CCHL owns 100%.
- ECL manages the processing of refuse for Christchurch city and sorting of recycling throughout Canterbury.
- COVID significantly restricted operations, but the financial impact was off-set by government's support programmes and the terms of the principal contract ECL has with Council.



\$m	FY-2017	FY-2018	FY-2019	FY-2020	FY-2021
Revenue	37.9	34.5	35.4	34.7	39.6
NPAT	0.9	0.4	1.1	-0.1	2.4
Assets	16.3	13.8	14.0	21.3	22.2
Equity	8.4	8.5	9.4	9.3	11.2
Dividends	0.3	0.3	0.3	0.0	0.5



## Section: 4

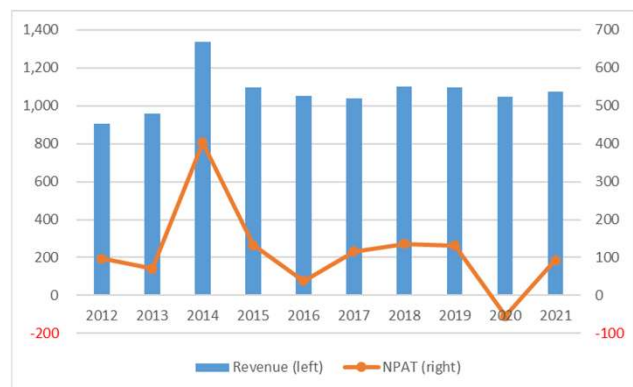
# CCHL Financial Overview



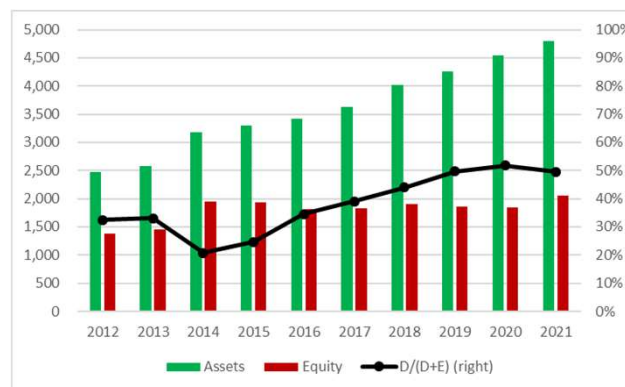
# CCHL Group Financial Overview

## 10 Year History & Key Statement of Intent (SOI) Targets

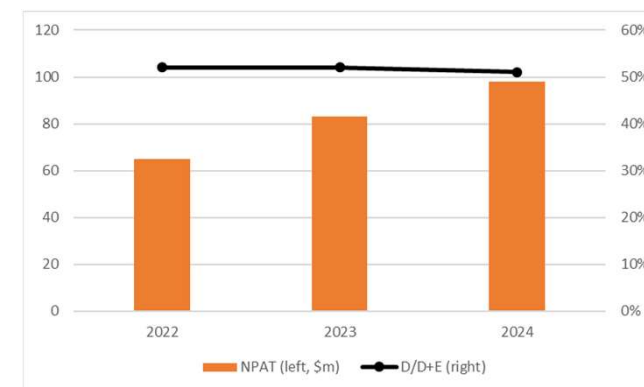
Group Revenue & Profit (\$m)



Group Assets & Equity (\$m) & Gearing (%)



Group SOI Targets



- FY14 revenue spike due to LPC's earthquake insurance settlement.
- FY20 losses mostly driven by LPC asset impairment.
- Material COVID impacts have been limited to CIAL aeronautical revenues (off-set by investment property revaluations in FY21 NPAT).

- CCHL Group has experienced a steady and significant growth in assets over the last decade.
- FY14 gearing decrease reflects LPC's earthquake insurance settlement.
- Subsequent gearing trend reflects capital programmes at the larger CCTOs (CIAL, LPC, ONZ, & ENL), plus capital release from CCHL (Parent) to Council to support earthquake recovery.

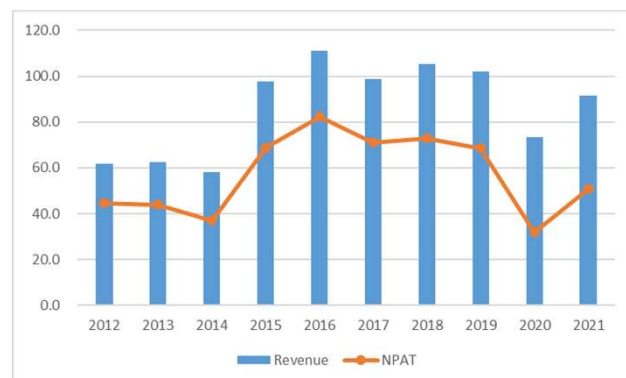
- SOI projects on-going post-COVID recovery in NPAT (excluding investment property revaluations), despite lower regulated revenues at ONZ.
- Minor gearing reduction from FY24 includes some debt reduction at Parent level.



# CCHL Parent Financial Overview

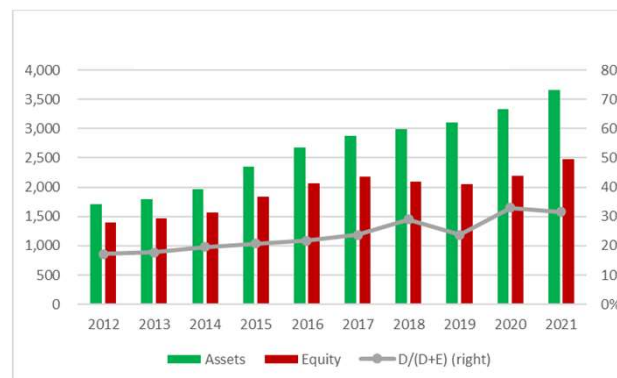
## 10 Year History & Planned Dividend Sources (SOI Period)

Parent Revenue & Profit (\$m)



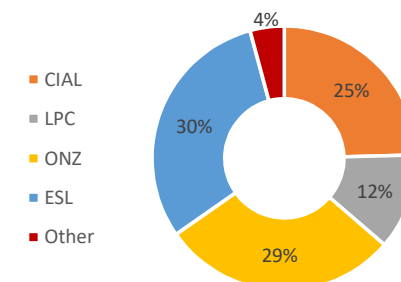
- Strong recovery post COVID in 2021.
- Forecast to return to pre-COVID levels by 2024.

Parent Assets & Equity (\$m) & Gearing (%)



- Parent asset growth mirrors Group pattern.
- Gearing calculated on net debt (ie. total debt less on-lending to fully-owned subsidiaries).
- Net debt reduction is planned at Parent level, reducing Parent gearing over the SOI period.

Planned Dividend Sources  
(FY22-24 SOI Period)

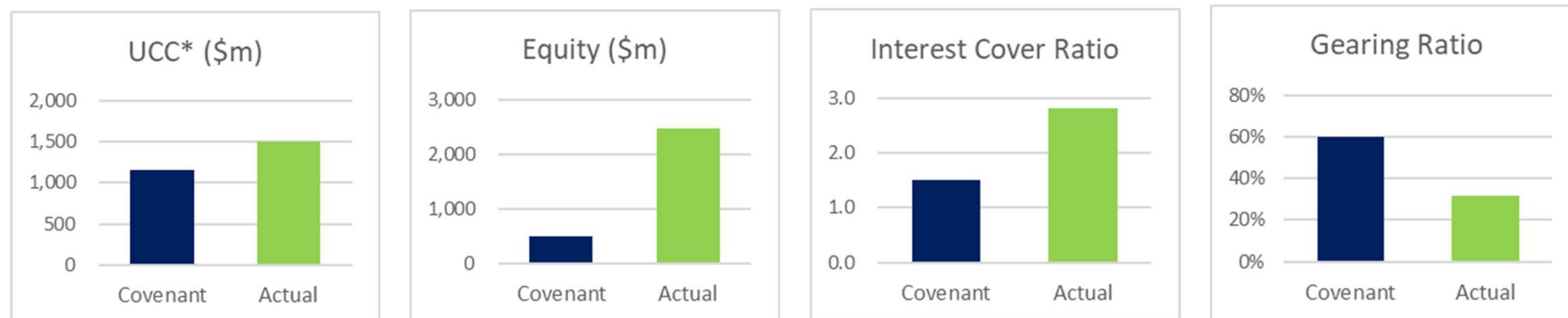


- Commencement of ESL dividends (from FY21) reduces historic reliance on CIAL and ONZ.
- Excludes interest revenue from on-lending (to LPC, ESL, and CCL).

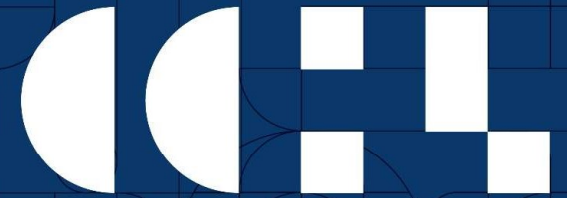


# CCHL Parent Financial Covenants

Significant forecast headroom against all lending covenants (all as at Jun-21)



\* UCC: Uncalled Capital from Council – under the Master Trust Deed, this must always exceed total CCHL (Parent) liabilities.



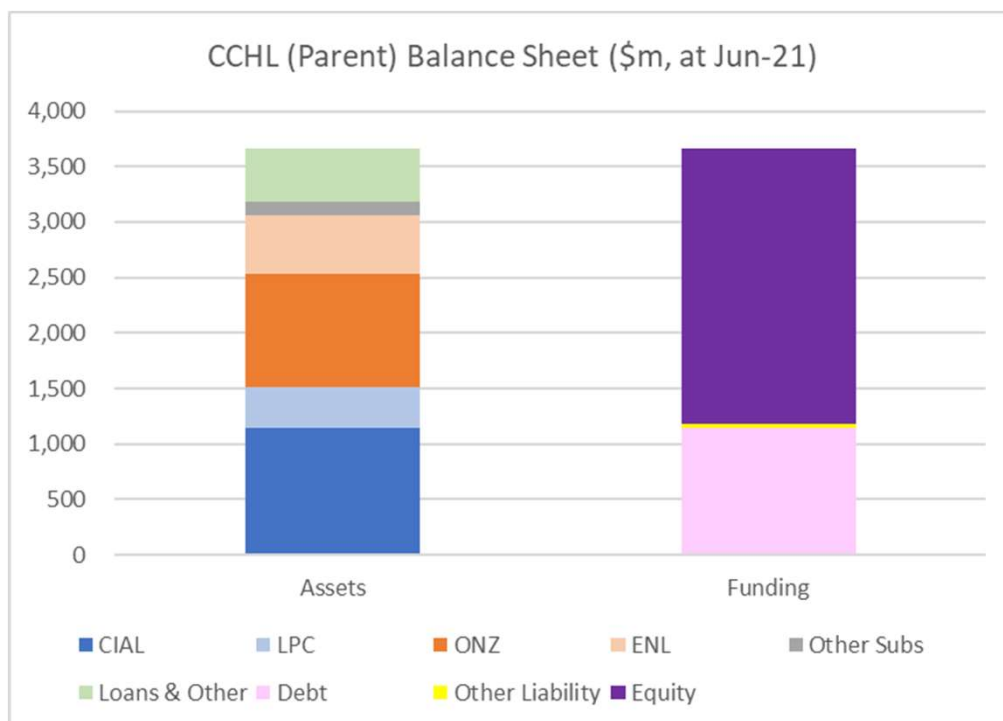
## Section: 5

# Funding Programme



# CCHL (Parent) Balance Sheet

Infrastructure focus, with prudent debt levels



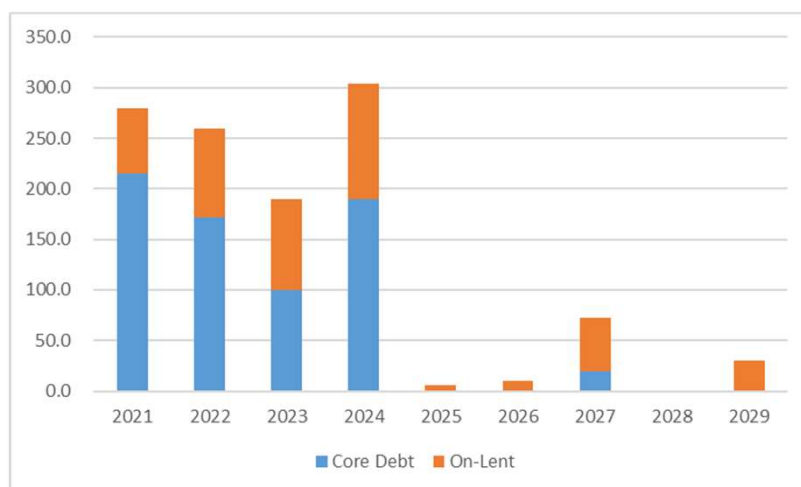
- Over 95% of CCHL's equity value in its subsidiaries is in the main four infrastructure companies (CIAL, LPC, ONZ, and ENL).
- CCHL (Parent) has lent \$454.4m (in total as at Jun-21) to ESL, LPC, and CCL on commercial terms – funded by matching Parent debt.
- Credit-worthiness is supported by uncalled capital from Council – \$1,500m as at Jun-21.



# Parent Debt

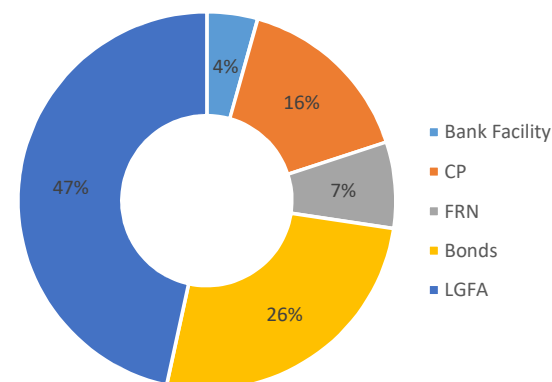
Total Parent Debt as at June 2021: \$1,151m

CCHL Parent Debt Maturity Profile (\$m, at Jun-21)



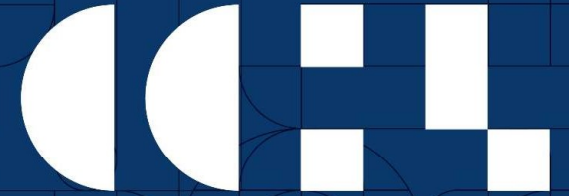
- \$696.8m is Parent Core Debt; \$454.4m is on-lent to subsidiaries.
- Maturity concentration largely reflects existing listed Retail Bonds – \$150m maturing in each of Dec-22 and Nov-24.
- CCHL wants to establish a Bond “curve” for the foreseeable future.

CCHL Parent Sources of Debt (at Jun 21)\*



- Largest source of funding is from LGFA, accessed via Council.
- Proceeds from the proposed Sustainability Bond will reduce CP and Bank Facility funding.

\* CP = short-term Commercial Paper; FRN = Floating Rate Notes;  
LGFA = Local Government Funding Agency.



**Section: 6**  
**Proposed Sustainability Bond**  
*Refinancing the high-speed fibre network*



# Sustainability at CCHL

## Annual Statements of Intent

- Each CCTO (including CCHL) sets performance targets to reflect its own business (including social & environmental targets, as appropriate).
- CCHL provides direction through formal Letters of Expectation – current focus includes greenhouse gas (GHG) emissions, Living Wage & executive remuneration, diversity & inclusion, and health & safety.

## Sustainability Working Group (SWG)

- SWG exists to develop intra-Group co-operation in sustainability activities – particularly carbon reduction.
  - Established by the CCHL Board in June 2021.
  - Comprising sustainability specialists from across the Group, led by Claire Waghorn, Group Sustainability Lead (based at CIAL).
- Group GHG reduction incorporated into CCHL's current SOI:
  - **Group-wide science-aligned reduction target set** – each subsidiary to publish independent verified annual GHG emission footprints, with reduction targets & timeframes (by 31 December 2021).
  - **GHG emissions reduction management plan prepared** – to include a timeline to achieve a net zero GHG Group target.
  - **Climate change risks assessed & disclosed** – to be included in Annual Reporting, in compliance with Task Force on Climate-Related Financial Disclosure reporting standards.



# Sustainable Finance Framework

## Adopted by the CCHL Board in October 2021

- Initial priority is to support the refinancing of debt relating to the fibre-optic network.
- Broad enough to support the financing or refinancing of investment in any business, projects, assets, or activities that deliver positive environmental & social goals – particularly the UN Sustainable Development Goals.
- Consistent with sustainable finance market standards (principles & guidelines issued by the International Capital Market Association and relevant Loan Market Associations) – in particular (all dated 2021, and each as amended from time to time):
  - Sustainability Bond Guidelines
  - Green Bond Principles
  - Social Bond Principles

**Sustainability Bond**  
(Sustainability Bond Guidelines)

Environmental assets / activities  
(Green Bond Principles)



Social assets / activities  
(Social Bond Principles)





# Sustainable Finance Framework

## Management & Governance

<b>Use of proceeds</b>	The proceeds of any Sustainability Bond will be notionally allocated to <b>Eligible Assets</b> – ie. investments in businesses, projects, assets or activities (including those owned by subsidiaries) which are defined in the Sustainable Finance Framework as ‘green assets’ and/or ‘social assets’.
<b>Selection of Eligible Assets</b>	<p>CCHL will maintain a Register of Eligible Assets, and has established processes to ensure that this Register is assessed appropriately to ensure compliance with the Sustainable Finance Framework.</p> <p>As at the date of this presentation, the only asset in the Eligible Asset Register is ENL’s Fibre-optic network.</p>
<b>Management of proceeds</b>	CCHL’s Funding Sub-Committee is responsible for overall governance of the process contemplated by the Framework, including the selection of Eligible Assets and ensuring compliance. CCHL intends to maintain a balance of Eligible Assets that has a fair value at least equal to the principal of any Sustainability Bond issued. Membership of the Sub-Committee comprises CCHL’s CEO, CFO, and two Directors; it is required to meet and report to the Board six-monthly.
<b>Reporting</b>	CCHL commits to providing annual Update Reports to investors that cover Allocation Reporting, Eligibility Reporting, and Impact Reporting (subject to the availability of information & confidentiality obligations).



Copies of the Sustainable Finance Framework and Pre-Issuance Limited Assurance report are available on CCHL’s website, at [www.cchl.co.nz/bond-offer](http://www.cchl.co.nz/bond-offer)



# Proposed Sustainability Bond – Fibre Network

## Refinancing requirement

- Construction of ENL's fibre network was funded in part by a loan from Crown Infrastructure Partners to CCHL, which was used by CCHL to invest equity in ESL.
- CCHL repaid this Crown Infrastructure Partners loan on 31 May 2021 using short-term borrowing.
- CCHL is considering refinancing this existing debt by issuing a proposed Sustainability Bond, under its Sustainable Finance Framework.

## Key network outcomes

- Improved **energy efficiency** through the use of fibre-optic networks;
- Provision of **affordable basic infrastructure** for high speed internet access;
- Enabling access to **essential services** through high speed internet;
- Generating investment and **employment opportunities** for the communities of Christchurch; and
- Assisting socioeconomic advancement and empowerment by seeking to eliminate **digital inequity**.



## Eligible Asset Value: \$527m

- Assessed value is the valuation of CCHL's equity investment in ESL as at 30 June 2021.
- Value is 3.5x the (maximum) proposed Sustainability Bond issue amount.



# External Review

## Pre-Issuance Limited Assurance



CCHL has obtained Pre-Issuance Limited Assurance from EY that concludes that nothing came to EY's attention that caused it to believe that the subject matter (i.e. CCHL's Framework and Eligible Assets Schedule) was not prepared, and presented fairly, in all material respects, in accordance with the criteria listed below:

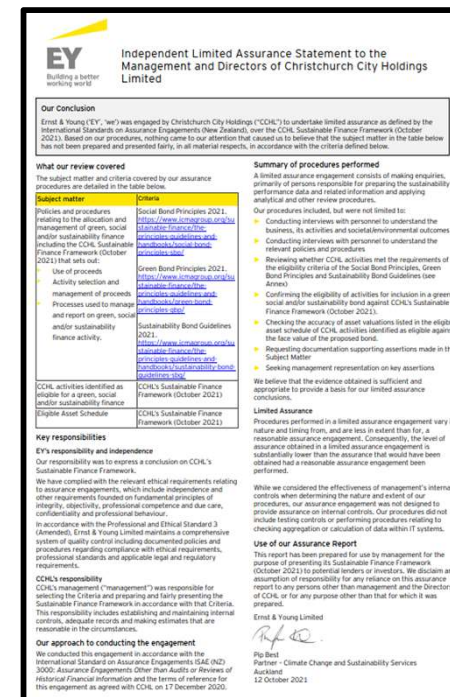
- Green Bond Principles,
- Social Bond Principles;
- Sustainability Bond Guidelines; and
- CCHL's Sustainable Finance Framework, which forms the criteria for assessing asset eligibility.

## Post-Issuance Limited Assurance

CCHL also intends to obtain Post-Issuance Limited Assurance for every annual Update Report over CCHL's Use of Proceeds Statement and Framework.

Provided by EY (or another credible sustainable finance verifier).

The purpose of this Post-Issuance Limited Assurance is to opine on CCHL's use of the proceeds of any Sustainability Bonds against the purpose for which any offer states such proceeds are intended to be used.





## Section: 7

# Proposed Sustainability Bond – Terms & Dates



# Summary Terms of Proposed Offer

<b>Issuer</b>	Christchurch City Holdings Limited ("CCHL")
<b>Instrument</b>	Unsecured, unsubordinated, fixed rate Sustainability Bonds
<b>Issuer Rating</b>	AA- (Stable), S&P Global Ratings
<b>Expected Issue Rating</b>	AA- S&P Global Ratings
<b>Issue Amount</b>	Up to \$100,000,000, with the ability to accept up to \$50,000,000 of oversubscriptions at CCHL's discretion
<b>Tenor</b>	5 years
<b>Maturity Date</b>	5 November 2026
<b>Interest Rate</b>	The Interest Rate will be determined by CCHL in conjunction with the Joint Lead Managers following the bookbuild
<b>Indicative Margin</b>	CCHL expects to announce an indicative margin through NZX on or about Tuesday, 26 October 2021.
<b>Interest Payments</b>	Semi-annually in arrear in equal amounts on 5 May and 5 November in each year until and including the Maturity Date
<b>Denominations</b>	Minimum denominations of \$5,000 with multiples of \$1,000 thereafter
<b>Listing</b>	Any Sustainability Bond is expected to be listed on the NZX Debt Market



## Summary Terms of Proposed Offer (continued)

<b>Financial Covenants</b>	<p>CCHL has agreed that, for so long as any Sustainability Bonds or other bonds are outstanding:</p> <ul style="list-style-type: none"> <li>• Its Total Liabilities will not exceed 60% of its Total Tangible Assets</li> <li>• The ratio of EBIT to Interest &amp; Financing Costs will not be less than 1.5:1 and</li> <li>• Shareholders' Funds will not be less than \$500 million</li> </ul>
<b>Uncalled Capital</b>	<p>CCHL is a wholly owned subsidiary of Christchurch City Council, which provides financial support to CCHL through its subscription for uncalled capital</p>
<b>Negative Pledge</b>	<p>CCHL has agreed that it will not create any security over its assets, excluding (inter alia) :</p> <ul style="list-style-type: none"> <li>• Security interests created with the Supervisor's consent; and</li> <li>• 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.</li> </ul>
<b>Use of Proceeds</b>	<p>The net proceeds of any offer are intended to be notionally allocated in accordance with the Sustainable Finance Framework for financing or refinancing "Eligible Assets". Specifically, as at the date of this presentation, CCHL expects to apply the net proceeds of any offer to refinance CCHL's existing debt relating to the construction of the Enable fibre network and to track an amount equal to the net proceeds within its systems, notionally allocated for "Eligible Assets"*. In the future the net proceeds could be notionally allocated for other Eligible Assets.</p>



\* Eligible Assets includes businesses, projects, assets or activities that help achieve CCHL's "sustainability goals" which are defined in the Sustainable Finance Framework as "green assets" and/or "social assets".



## Indicative Dates for Proposed Offer

<b>Offer Opens</b>	Tuesday, 26 October 2021
<b>Offer Closes</b>	2:00pm (NZT) Thursday, 28 October 2021
<b>Rate Set Date</b>	Thursday, 28 October 2021
<b>Issue Date</b>	Friday, 5 November 2021
<b>Expected Date of Initial Quotation on the NZX Debt market</b>	Monday, 8 November 2021
<b>Maturity Date</b>	Thursday, 5 November 2026

# Key Credit Highlights



- Investment holding company, with credit enhancement provided by Council via issued & uncalled capital.
- Unique portfolio of premium infrastructure assets, consisting of some of the region's largest businesses.
- Diversified asset & revenue base, with established track record of resilient earnings.
- ONZ, LPC, CIAL continue to make significant reinvestment within their businesses.
- Conservative financial management.
- Issuer credit rating of AA- / Stable (S&P Global, reaffirmed December 2020).

## Appendices



- **Group Emissions Reduction Plan**
- **Selection of sustainability initiatives at CCTOs**
- **Alignment of fibre network with market standards & UN-SDGs** (*adapted from EY's Limited Assurance Report*)



## Appx.1: Group Emissions Reduction Plan



- Completion of **annual independently verified** GHG emission footprint reports, according to ISO 14064-3
- Annual GHG emission footprints to be **publicly available** on each subsidiary website.
- Development of a measurement framework to not only ensure we are choosing projects that maximise GHG emission reductions but also provide wider social, environmental and economic co-benefits.
- Collective Group GHG emissions footprint by 31 December 2021 (based on FY20 data).



- Development of Group science based GHG Emissions Reduction **targets** consistent with keeping global temperatures within 1.5 degrees to be finalised by 31 December 2021.
- Implementation of Group **emissions reduction plan** that is aligned or ahead of the science-based targets.
- Embedding of emissions reduction targets into **resource allocation and planning cycles**.
- Identify and recommend mutually beneficial investments and projects that could accelerate and/or scale the group's collective decarbonisation efforts, taking into account ease of implementation and marginal abatement costs (\$/tCO<sub>2</sub>e).
- Investigation of practical resource efficiency and GHG emissions reduction requirements for our suppliers.



- Development of **climate change risk disclosures**, compliant with TCFD reporting standards and national climate change risk assessment.
- Sharing of Just Transition frameworks.



- Proactively sharing and celebrating our learnings and successes with others, including within our organisations, the CCHL Board, the Council and with the wider community.
- Reporting on the positive environmental, social and economic impacts of our joint emissions reduction projects, alongside the tCO<sub>2</sub>e reduced (linked to SDGs).
- Alignment towards Integrated Reporting by 30 June 2023.



## Appx.2: Selection of sustainability initiatives at CCTOs



- Thousands of volunteer hours each year are dedicated to tree planting, landscaping, waste collection and removal, graffiti removal and painting, through a national Community Guardians platform (including supporting Student Volunteer Army).
- 2 in a Ute programme - collaboration with Auckland Council, deploying pairs of 'locals' provided with a ute, the necessary tools and a few weeks' specific training, to independently maintain storm water run-off areas.



- 55% reduction in Scope 1&2 carbon emissions benchmarked against FY15.
- ACI Airports Carbon Accreditation Level 4 certified (world's first airport to achieve this).
- Currently 55% of road vehicle fleet are EV and hybrid vehicles.



- Enable has entered a 10-year partnership with Ōtautahi Community Trust (**ŌCHT**) to eliminate digital inequity by providing a free wholesale internet service to ŌCHT's social housing portfolio. This initiative will be rolled out over the coming year, subject to Ministerial approval as required by ENL's constitution. Enable works with the Ministry of Education to provide a free wholesale internet service to any school student without access to the internet where there is Enable network infrastructure installed in the home.
- Fully flexible working environment implemented for 135 employees.
- Reduced building footprint by 35%. Long term lease of 4-star Green Star rated building.










- Sustainability targets including zero waste to landfill by 2040, net-zero carbon emissions by 2050 and net gain in biodiversity and ecological health of the harbour.
- Contributing to the ongoing maintenance and development costs of a 500-hectare block of land on Banks Peninsula's Te Ahu Pātiki, to help restore the land to a native haven and ensure public access for future generations.



- Reduction in Scope 1 emissions due to the use of B100 (manufactured from used cooking oil) within Orion's mobile generators.
- Energy Academy and LUMO364 established to promote collaboration and capacity building in (among other things) renewable energy in NZ.
- Energy Accelerator innovation incubator established in partnership with Ministry of Awesome to support innovations that reduce carbon emissions and address energy poverty.



## Appx.3: Alignment of network with market standards & UN-SDGs

Alignment to ICMA Standard	ICMA GBP / SBP Category	Description of Eligible Assets [source: EY Assurance Report]	Contribution to UN Sustainable Development Goals
<b>Green Bond Principles (GBP)</b> 	<b>Energy Efficiency</b>	<ul style="list-style-type: none"> <li>Fibre-optic networks operate (i.e. transfer data) with much higher energy efficiency (e.g. unit of energy consumed per volume of data traffic) than legacy copper networks.</li> <li>It is estimated that fibre-to-the-home networks use 65% - 90% less energy per gigabyte of data traffic.</li> </ul>	 <b>Target 9.4:</b> Upgrade infrastructure and retrofit industries to make them sustainable, with increased resource-use efficiency
	<b>Affordable Basic Infrastructure</b>	<ul style="list-style-type: none"> <li>Enable's fibre network provides the basic infrastructure for high-speed internet access for homes, businesses, schools and other entities.</li> <li>The network's neutral, open access approach provides low barriers to entry and promotes competition for the benefit of community end users.</li> </ul>	 <b>Target 9.c</b> Significantly increase access to information and communications technology
<b>Social Bond Principles (SBP)</b> 	<b>Access to Essential Services</b>	<ul style="list-style-type: none"> <li>High-speed internet is acknowledged as an enabler of essential services. It also enables the provision and promotion of education, banking, healthcare, and other services.</li> </ul>	 <b>Target 4.3</b> Ensure equal access for all women and men to affordable and quality technical, vocational and tertiary education, including university
	<b>Employment Generation</b>	<ul style="list-style-type: none"> <li>The fibre network is sufficient for businesses to set up shop in the network area, enabling investment and employment opportunities to the communities of Christchurch and neighbouring small towns located within the network.</li> </ul>	 <b>Target 8.2</b> Achieve higher levels of economic productivity through diversification, technological upgrading, and innovation
	<b>Socioeconomic Advancement &amp; Empowerment</b>	<ul style="list-style-type: none"> <li>Enable has entered into partnerships with community housing providers to install free internet access for people in social housing, with the objective of addressing digital equity and enabling socioeconomic advancement and empowerment.</li> </ul>	 <b>Target 10.3</b> Ensure equal opportunity and reduce inequalities of outcome



This slide is adapted from EY's Limited Assurance Report, and is CCHL's summary of the key categories to which ENL's fibre network is aligned under the Green Bond Principles, Social Bond Principles, and the Sustainability Bond Guidelines.