



Christchurch
City Holdings
Limited



PROPOSED BOND OFFER

CCHL Investor Presentation

20 March 2023



Arranger &
Joint Lead Manager



Joint Lead Manager



Financial Capital



Governance Capital



Human Capital



Infrastructure Capital



Social Capital



Natural Capital

WHOLLY OWNED SUBSIDIARY OF CHRISTCHURCH CITY COUNCIL



IMPORTANT NOTICE

- Christchurch City Holdings Limited (*CCHL* or *Parent*) is considering making an offer of unsecured, unsubordinated, fixed rate bonds (*Bonds*) in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (*FMCA*).
- No money is currently being sought and no 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 Bonds. If CCHL offers any Bonds, the offer will be made in accordance with the FMCA 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 and maturity date, any Bonds will have identical rights, privileges, limitations and conditions as CCHL's existing unsecured, unsubordinated, fixed rate \$150 million listed retail bonds, which are quoted on the NZX Debt Market under the ticker code CCH020 (maturing 27 November 2024 and with a 3.58% fixed rate) (the *Quoted Bonds*).
- The Quoted Bonds are the only debt securities of CCHL that are currently quoted and in the same class as the Bonds. In addition to the Quoted Bonds, CCHL also has on issue \$150,000,000 3.01% unsecured, unsubordinated, fixed rate sustainability bonds maturing on 5 November 2026 which are quoted on the NZX Debt Market under the ticker code CCH030 (the *Sustainability Bonds*). The Sustainability Bonds are not in the same class as the Bonds or the Quoted Bonds.
- 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.
- 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 Bonds are expected to be quoted on the NZX Debt Market.



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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 2022, its unaudited consolidated interim financial statements for the six months ended 31 December 2022, 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

- 1 Overview of CCHL Group
- 2 Portfolio Update
- 3 Financial Overview (Group & Parent)
- 4 Funding Programme (Parent)
- 5 Key Credit Highlights



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OVERVIEW OF CCHL GROUP

- Role
- Operating Subsidiaries
- Sustainability
- CCHL Strategic Review





CCHL's ROLE

- 100% owned by Christchurch City Council (*Council*) - established 1993.
- Core role is to provide a separate and non-political framework for Council Controlled Trading Organisations (*CCTOs*).
- Owns and monitors Council's investment in six main trading businesses.
- Dividend distributions to Council moderate rates (property tax) charges and/or Council borrowing.
- CCHL Credit Rating: AA / Stable (S&P Global).

Group assets have a key infrastructure focus.

Group activity enhances the economic, social and environmental well-being of the region.



OPERATING SUBSIDIARIES

Ports

- Christchurch International Airport Limited – airport operator.
- Lyttelton Port Company Limited – sea port and inland distribution centres.

Networks

- Orion New Zealand Limited – electricity distribution network.
- Enable Services Limited – fibre-optic network.

Services

- Citycare Limited – property and water infrastructure services.
- EcoCentral Limited – waste handling and recycling.

Other ¹

- 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.

¹ Neither of these is material to the CCHL Group

CCHL SUSTAINABILITY

- Sustainable Finance Framework adopted in October 2021 and first Sustainability Bond issued in November 2021.
- CCHL released its first Annual Sustainable Finance Report in September 2022.
<https://www.cchl.co.nz/uploads/images/CCHL-Annual-Sustainable-Finance-Report-30-June-2022.pdf>.
- Science-based Greenhouse Gas (*GHG*) emissions targets set across the Group, aligned to Council's "net zero by 2030" goal.
- Subsidiary GHG emission footprints/inventories completed in FY22 and independently verified by industry experts against recognised standards (via annual GHG audit process).
- Group GHG emissions are now reported quarterly (since the quarter ended 30-Sept-22), and will be published by individual subsidiaries in their FY23 Annual Reports.
- CCHL Group GHG reduction plan being developed and due to be finalised by end of April 2023.

CCHL STRATEGIC REVIEW

- Council and CCHL are conducting a Strategic Review of CCHL, which will clarify Council's goals and priorities for CCHL and its infrastructure investment (last reviewed in 2016).
- Following an initial report by Northington Partners:
 - Council has re-affirmed CCHL's role - to provide a separate and non-political framework for the ownership of Council's key infrastructure assets.
 - Board composition has been adjusted - Councillor Directors reduced from 4 to 2; Independent Directors increased from 4 to 6 (Council Policy amended).
- The next stage of the Review is for Council to determine its key value objectives for the commercial assets it holds through CCHL on behalf of ratepayers and CCHL's role in managing them.
 - There is no intention to sell key assets.
 - The historic commitment to maintain sufficient uncalled capital from Council will not change.
- Draft outcomes to be presented to Council in September 2023 to be considered in its next Long Term Plan (effective July 2024).



PORTFOLIO UPDATE

- Christchurch International Airport Limited (CIAI)
- Lyttelton Port Company Limited (LPC)
- Orion New Zealand Limited (ONZ)
- Enable Services Limited (ESL)

These subsidiaries represent 95% of Group Assets (as at 30 June 2022).





CHRISTCHURCH AIRPORT

\$m	FY18	FY19	FY20	FY21	FY22
Revenue	236.6	200.6	179.3	189.5	187.3
NPAT	88.7	57.5	47.8	38.7	59.5
Assets	1,614.3	1,731.0	1,871.7	1,989.2	2,148.4
Equity	1,023.3	1,052.0	1,079.6	1,200.6	1,386.1
Dividends	39.3	44.8	41.4	-	6.8

- 75% owned by CCHL (balance by the Crown).
- CIAL owns and operates NZ's second busiest airport (by passengers), and a portfolio of surrounding commercial and industrial properties.
- 3.26 million passengers through the CIAL terminals in FY22 (c.46% of pre-COVID levels).
- Investment property represents 33% of total CIAL assets (as at 30 June 2022 market valuations).
- Credit rating upgrade to A- (stable outlook) in Dec 2022.



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Lpc Lyttelton Port of Christchurch

\$m	FY18	FY19	FY20	FY21	FY22
Revenue	122.2	166.8	128.3	142.2	161.7
NPAT	12.2	42.2	(152.8)	16.0	18.9
Assets	513.5	584.2	555.9	589.9	621.9
Equity	482.3	516.9	356.1	364.2	377.8
Dividends	8.6	7.0	6.8	10.0	10.0

- 100% owned by CCHL.
- LPC owns and operates the country's third largest port (by container volume), including two "inland port" distribution centres.
- 502,210+ TEU containerised volume handled by LPC in FY22 (increase of 14.5% vs. FY21).
- NPAT in FY22 starting to show benefit of new pricing regime.



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Orion

\$m	FY18	FY19	FY20	FY21	FY22
Revenue	321.9	325.6	307.7	301.7	310.6
NPAT	53.3	47.9	48.3	33.2	32.6
Assets	1,180.2	1,208.6	1,243.2	1,280.7	1,480.6
Equity	671.0	665.9	671.5	678.2	792.6
Dividends	55.0	53.0	47.0	30.0	31.0

- 89.3% owned by CCHL (balance by Selwyn District Council).
- Financial years are to 31 March.
- ONZ owns & operates NZ's 3rd largest electricity distribution network (by customers and system length), in Christchurch and central Canterbury.
- 215,700 homes & businesses to which Orion distributes power (March 2022).
- Lower NPAT from FY21 driven by regulatory framework – the most recent price path began in 2020 for the 5 years to FY25.



enable
fibre broadband

\$m	FY18	FY19	FY20	FY21	FY22
Revenue	48.5	58.8	77.0	84.4	94.6
NPAT	(3.8)	10.8	11.3	15.8	22.4
Assets	523.5	548.5	663.7	739.3	750.9
Equity	213.0	228.0	311.3	357.4	359.9
Dividends	-	-	-	18.0	20.0

- 100% owned by CCHL.
- ESL (through its subsidiary, Enable Networks Limited (ENL)^{*}) owns and operates the ultra-fast broadband fibre network across greater Christchurch and parts of the Selwyn & Waimakariri Districts.
- Current customer base is 147,000 (as at December 2022). The network passes over 207,000 homes, businesses and schools.
- NPAT reflects year-on-year growth in customer base as the network has been developed – first dividend paid in FY21.

** The Crown holds 1 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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FINANCIAL OVERVIEW

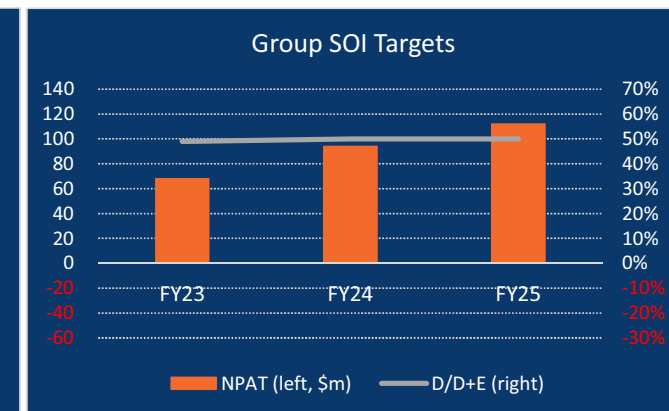
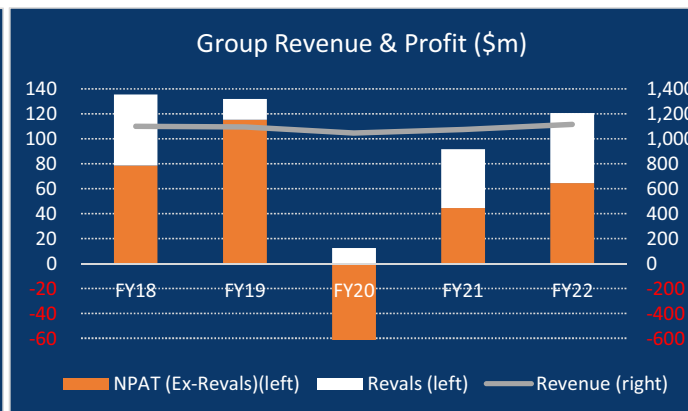
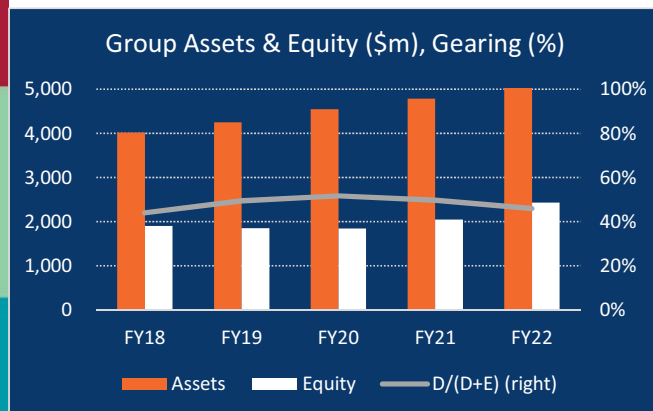
Group, Parent, Financial Covenants



Projected Financial Information

- This Financial Overview section contains financial projections for the three financial years ending 30 June 2023 to 30 June 2025. These projections are all based on the information in CCHL's current Statement of Intent (SOI) issued June 2022.
- SOIs are updated annually - updated projections for financial years ending 30 June 2024 to 2026 (inclusive) will be adopted and published by 30 June 2023.
- Preliminary information from CCTOs indicates that post-COVID economic headwinds (including inflation, labour market constraints, and higher interest rates) will continue to affect the Group over this new SOI period. This includes the NPAT Targets and forecast dividends that CCHL will receive from CCTOs over this period.
- The process for finalising SOIs is:
 - All draft SOIs must be approved and provided to Council for feedback by 31 March 2023.
 - Final SOIs (reflecting Council's feedback) must be adopted and published by 30 June 2023.

GROUP FINANCIAL OVERVIEW



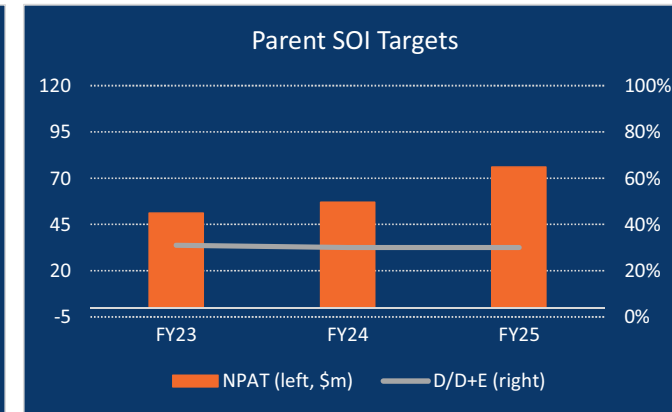
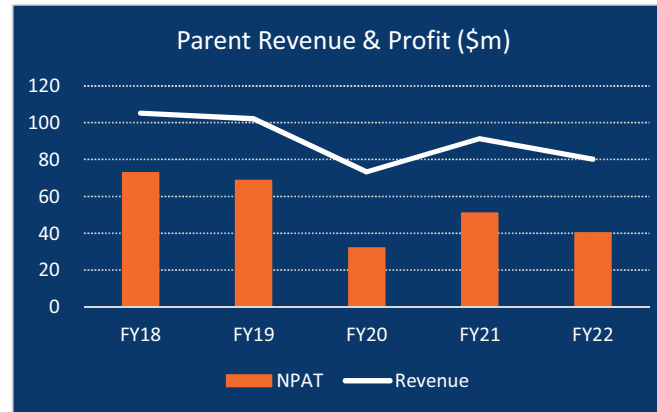
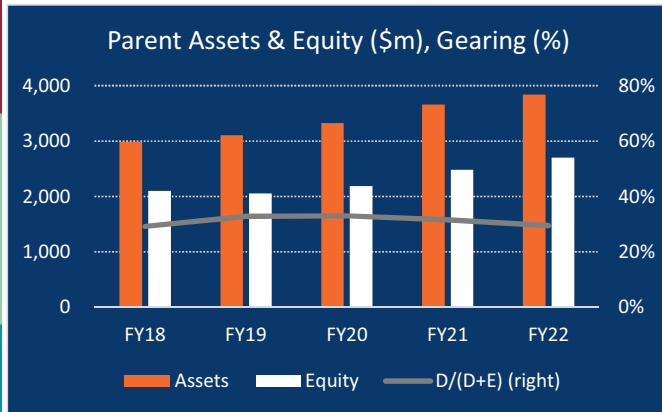
- Steady and significant growth in Group assets.
- Gearing includes the impact of capital release from CCHL (Parent) to Council to support earthquake recovery (FY16-FY19).

- FY20 loss driven by LPC asset impairment.
- Most significant COVID impact was on CIAL passenger volumes (Group NPAT reflects lower aeronautical revenues off-set by investment property revaluations).

- NPAT targets exclude annual investment property revaluations
- Projections are from the CCHL SOI issued in June 2022

- *Group Interim Result (31-Dec-22): operating revenue \$696.5m; total assets \$5.4bn; equity \$2.5bn; NPAT \$55.3m*
- *SOI Targets are being updated for FY24-FY26 (to be finalised 30 June 2023)*

PARENT FINANCIAL OVERVIEW



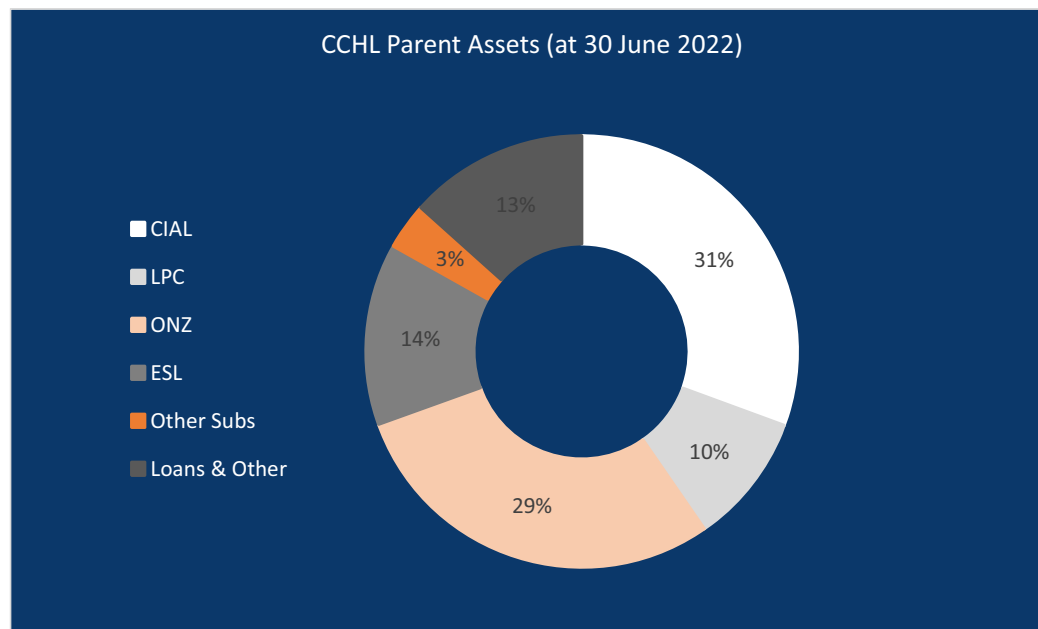
- Asset growth mirrors Group pattern.
- Gearing calculated on net debt (i.e. total debt less on-lending to fully-owned subsidiaries).
- Net debt reduction is planned at Parent level, reducing Parent gearing over the SOI period.

- Revenue includes interest income from intra-group lending, as well as dividend income.
- Diversified portfolio helped reduce COVID impact.
- Commencement of ESL dividend from FY21 provides diversification.

- Projections are from the CCHL SOI issued in June 2022.

- *Parent Interim Result (31-Dec-22): operating revenue \$46.1m; NPAT \$33.3m; total assets \$4.0bn; equity \$2.7bn*
- *SOIs are being updated for FY24-FY26 (to be finalised 30 June 2023)*

PARENT ASSETS



Infrastructure Focus

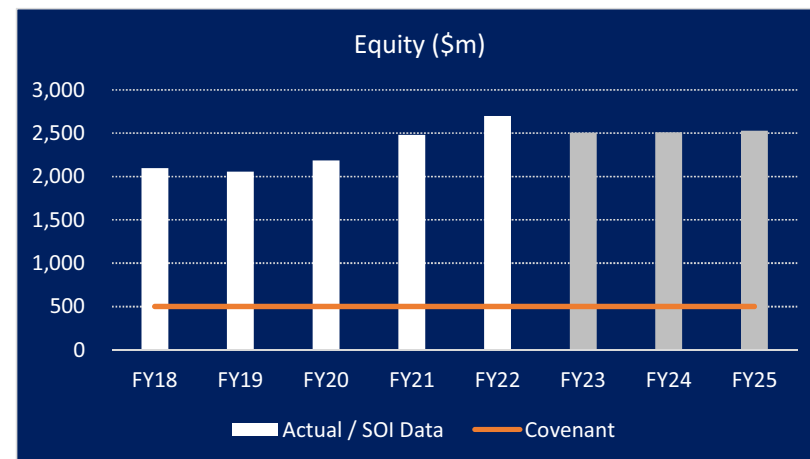
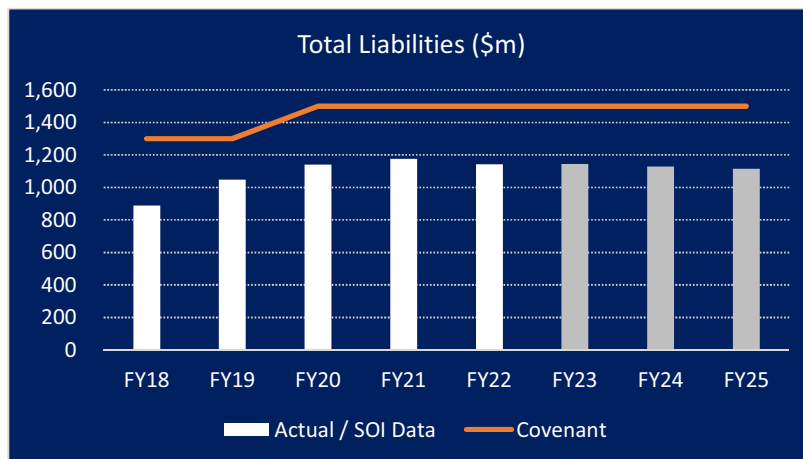
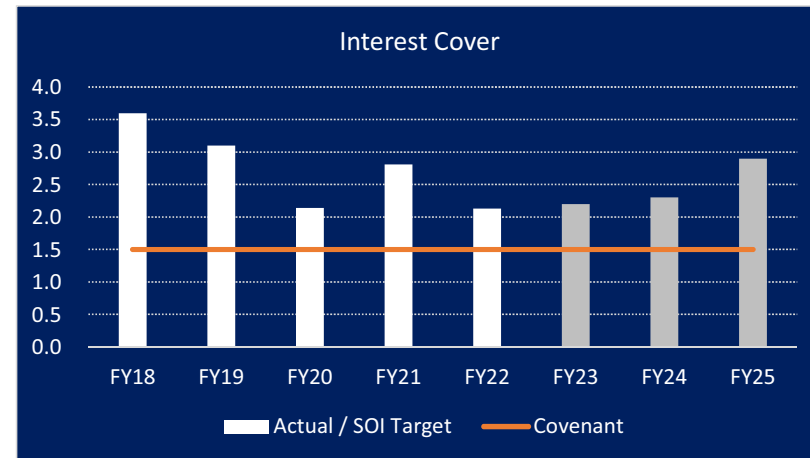
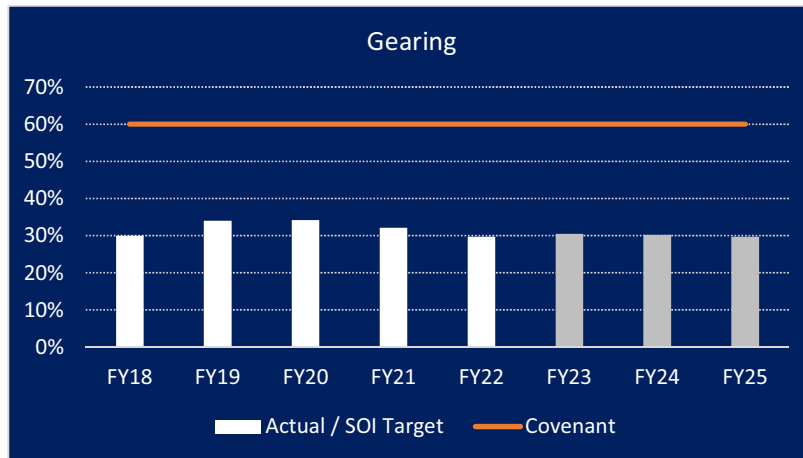
- Over 95% of CCHL's equity value in its subsidiaries is in the main four infrastructure companies (CIAL, LPC, ONZ, and ESL).
- Standard & Poor's credit rating upgraded in December 2022 to AA (Stable).



PARENT FINANCIAL COVENANTS

Actuals for FY18-FY22; projections from current SOI data

SOIs are being updated for FY24-FY26 (to be finalised 30 June 2023)



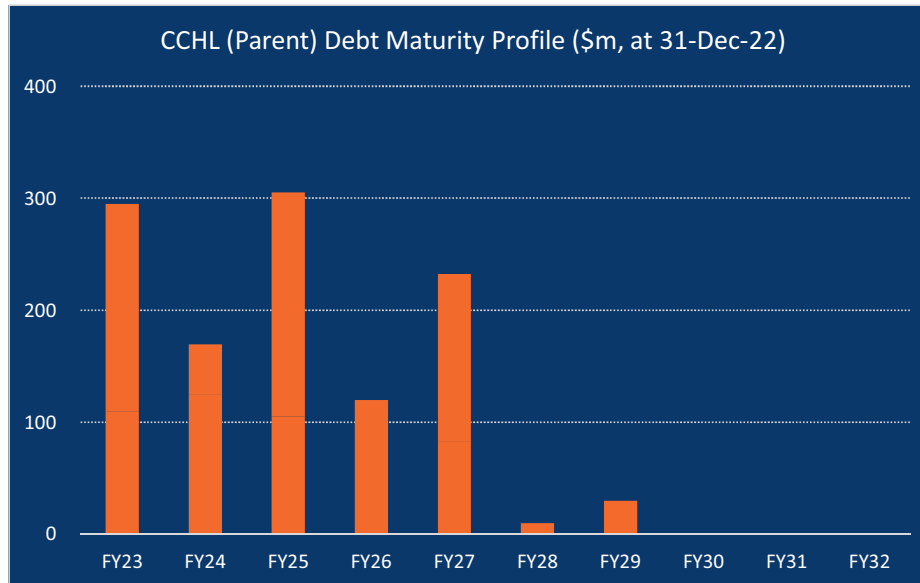


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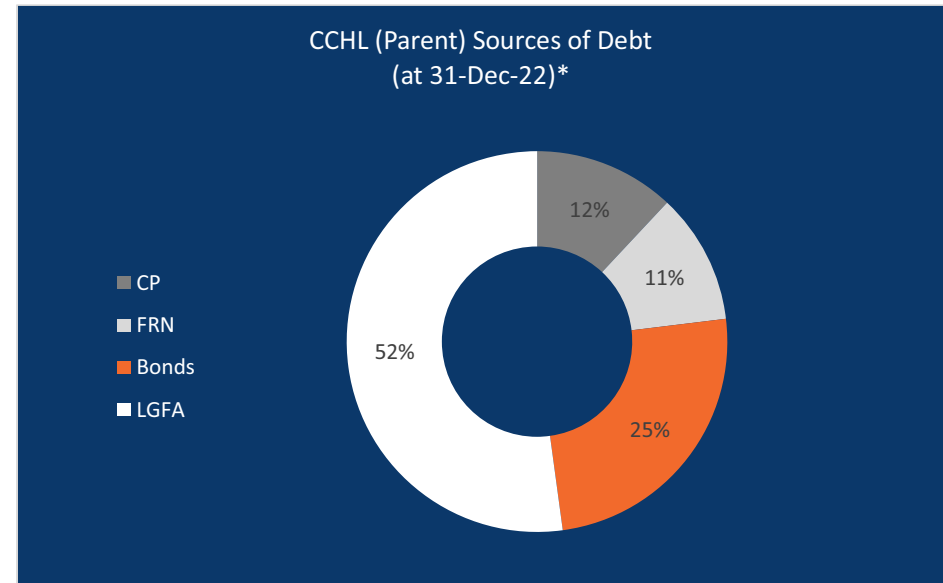
FUNDING PROGRAMME (Parent)



PARENT DEBT



- Maturity concentration in FY23 largely reflects short term funding used to refinance the bond maturity of \$150m in Dec-22. The proposed offer will be used to repay that short term funding.
- CCHL wants to maintain a bond “curve” for the foreseeable future, to ensure diversity of funding.
- Credit-worthiness is supported by uncalled capital from Council - \$1.5bn as at 31-Dec-22, which exceeds current debt of \$1.2bn.



- Largest source of funding is from LGFA, accessed via Council.
- Proceeds from any proposed Bonds would be used to reduce CP and LGFA funding.
- Liquidity supported by \$100m of committed bank facilities (undrawn).

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



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KEY CREDIT HIGHLIGHTS

- Resilient investment portfolio with diverse asset & revenue base.
- Unique premium regional infrastructure assets.
- Long term intergenerational asset management approach.
- Economic recovery post pandemic.
- Strong corporate governance framework and sustainability focus.
- Strong credit rating – AA (stable) – S&P Global – reflecting Council Ownership.

