



INVESTMENT STATEMENT

Relating to the offer of
NZ\$ Fixed Rate Bonds
5 September 2013

Westpac
Institutional Bank
Arranger and Lead Manager

CHRISTCHURCH
AIRPORT
bringing the world South

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Capitalised terms used in this Investment Statement have the specific meanings given to them in the Glossary at the back of this document or in the relevant section of this Investment Statement, or in the Trust Deed.

IMPORTANT INFORMATION

(The information in this section is required under the Securities Act 1978.)

Investment decisions are very important. They often have long-term consequences. Read all documents carefully. Ask questions. Seek advice before committing yourself.

Choosing an Investment

When deciding whether to invest, consider carefully the answers to the following questions that can be found on the pages noted below:

- What sort of investment is this? *(page 17)*
- Who is involved in providing it for me? *(pages 17 to 18)*
- How much do I pay? *(pages 18 to 19)*
- What are the charges? *(page 19)*
- What returns will I get? *(pages 19 to 22)*
- What are my risks? *(pages 23 to 24)*
- Can the investment be altered? *(pages 24 to 25)*
- How do I cash in my investment? *(page 25)*
- Who do I contact with enquiries about my investment? *(page 26)*
- Is there anyone to whom I can complain if I have problems with the investment? *(pages 26 to 27)*
- What other information can I obtain about this investment? *(pages 27 to 28)*

In addition to the information in this document, important information can be found in the current Prospectus for the investment. You are entitled to a copy of that Prospectus on request.

The Financial Markets Authority regulates conduct in financial markets

The Financial Markets Authority regulates conduct in New Zealand's financial markets. The Financial Markets Authority's main objective is to promote and facilitate the development of fair, efficient, and transparent financial markets.

For more information about investing, go to www.fma.govt.nz

Financial advisers can help you make investment decisions

Using a financial adviser cannot prevent you from losing money, but it should be able to help you make better investment decisions.

Financial advisers are regulated by the Financial Markets Authority to varying levels, depending on the type of adviser and the nature of the services they provide. Some financial advisers are only allowed to provide advice on a limited range of products.

When seeking or receiving financial advice you should check—

- the type of adviser you are dealing with;
- the services the adviser can provide you with;
- the products the adviser can advise you on.

A financial adviser who provides you with personalised financial adviser services may be required to give you a disclosure statement covering these and other matters.

You should ask your adviser about how he or she is paid and any conflicts of interest he or she may have.

Financial advisers must have a complaints process in place and they, or the financial services provider they work for, must belong to a dispute resolution scheme if they provide services to retail clients. So if there is a dispute over an investment, you can ask someone independent to resolve it.

Most financial advisers, or the financial services provider they work for, must also be registered on the financial service providers register. You can search for information about registered financial service providers at www.fspr.govt.nz.

You can also complain to the Financial Markets Authority if you have concerns about the behaviour of a financial adviser.



GENERAL INFORMATION

This document is an investment statement for the purposes of the Securities Act and is prepared as at and is dated 5 September 2013.

The purpose of this Investment Statement is to provide certain key information that is likely to assist a prudent but non-expert person to decide whether or not to subscribe for Bonds.

Offer of Bonds

This Investment Statement relates to an offer of fixed rate Bonds. The Bonds are direct, unsecured, unsubordinated debt securities offered by Christchurch International Airport Limited (incorporation number 376068) (CIAL).

Other important information

Investors should note that other important information about the Bonds and the Offer is available in the Prospectus and in the Trust Deed. Copies of these documents may be obtained free of charge from CIAL or the Registrar. Copies of the Prospectus are also available from the Lead Manager. Contact details for CIAL, the Registrar and the Lead Manager are listed in the directory at the back of this Investment Statement.

While there are Bonds outstanding, certain financial and other information about CIAL, including the latest financial statements, may be obtained by Bondholders from CIAL on request.

Credit Rating

At the date of this Prospectus, CIAL has a corporate credit rating of 'BBB+/Stable/A-2' from Standard & Poor's and the Bonds have an issue credit rating of 'BBB+'. CIAL's corporate credit rating and the Bond's issue credit rating are each considered an investment grade rating by market participants. CIAL's corporate credit rating incorporates Standard & Poor's view that there would be a "moderately high" likelihood that extraordinary support would be forthcoming from CIAL's majority shareholder CCHL (a wholly owned subsidiary of the Christchurch City Council), should CIAL experience an event of financial distress. Neither CCHL nor Christchurch City Council guarantee CIAL's obligations in respect of the Bonds. Standard & Poor's views CIAL's stand-alone corporate credit rating ("credit rating in the absence of extraordinary support") as 'BBB'.

The rating referred to in this Investment Statement is not a recommendation to buy, sell or hold the Bonds, and the rating may be subject to revision, suspension or withdrawal at any time by Standard & Poor's. Any downward revision, suspension or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

For the most up to date credit rating information on CIAL and the Bonds, refer to www.standardandpoors.com¹. Further detail on credit ratings is set out on pages 39 to 40 of this Investment Statement.

Standard & Poor's has not been involved in the preparation of this Investment Statement. Standard & Poor's and its affiliates provide financial data, analytical research and investment and credit opinions to the global capital markets.

No Underwriting

The offer of Bonds under this Investment Statement is not underwritten.

Selling restrictions

This Investment Statement does not constitute an offer of Bonds in any jurisdiction other than New Zealand. No action has been or will be taken by CIAL which would permit an offer of Bonds to the public, or possession or distribution of any offering material, in any country or jurisdiction where action for that purpose is required (other than New Zealand).

No Bondholder, nor any other person, may purchase, offer, sell, distribute or deliver Bonds, or have in its possession, publish, deliver or distribute to any person, any offering material or any documents in connection with Bonds, in any jurisdiction other than in compliance with all applicable laws and regulations. By purchasing Bonds, each Bondholder is deemed to have indemnified CIAL,

¹ For an explanation of Standard & Poor's credit rating system, please see Schedule 2 to this Investment Statement and www.standardandpoors.com/ratings/definitions-and-faqs/en/us under the Section "What do the letter ratings mean?".

the Arranger, the Lead Manager and the Trustee for any loss suffered by any of them by reason of any breach of the above selling restrictions.

Quotation

No application has been made to NZX for permission to list or quote the Bonds on the NZX or any other registered exchange.

Disclaimers

A financial institution may act as arranger or manager for an offer of securities. This Investment Statement does not constitute a recommendation by CIAL, the Arranger, the Lead Manager, the Trustee or any of their respective directors, officers, employees or agents to subscribe for, or purchase, any Bonds.

The Arranger, the Lead Manager, the Trustee and each of their respective directors, officers, employees and agents:

- do not accept any responsibility or liability whatsoever for any loss arising from this Investment Statement or its contents or otherwise arising in connection with the offer of Bonds;
- have not independently verified the information contained in this Investment Statement and
- have not authorised or caused the issue of, or made any statement in, any part of this Investment Statement; and
- make no representation or warranty, express or implied, and do not accept any responsibility or liability for, the origin, validity, accuracy or completeness of, or any errors or omissions (including negligence) in, any information, statement or opinion contained in this Investment Statement,

and each recipient waives all claims in that regard.

None of CIAL's Directors, the directors of any Guaranteeing Subsidiary (if any), the Arranger, the Lead Manager, or the Trustee or any of their respective directors, officers, employees or agents, or any other person, guarantees the repayment of the Bonds or the payment of interest thereon or any other aspect of any securities or obligations of CIAL or any Guaranteeing Subsidiaries (if any). As at the date of this Investment Statement, there are no Guaranteeing Subsidiaries.

The Westpac banking group of which the Lead Manager and Arranger is part (*Banking Group*) is one of the largest banking groups in New Zealand and Australia. Because of the Banking Group's longstanding presence and market share it has relationships (whether as banker, lender, mortgagee, adviser, investor, underwriter, fund manager or other service provider) with a wide cross section of the community in New Zealand and Australia.

Members of the Banking Group including the Lead Manager and Arranger may from time to time have relationships with CIAL and/or parties related to CIAL. Accordingly it is possible that: (1) where the Lead Manager and Arranger and/or any of its related bodies corporate is a lender to or an investor in CIAL it may be entitled to take action to its advantage and to the disadvantage of Bondholders; and (2) proceeds received by CIAL from this offer may be paid to the Lead Manager and Arranger and/or any of its related bodies corporate as compensation for services provided and/or pursuant to financing facilities.

OVERVIEW OF THE OFFER

For a more complete description of the Bonds, see Section 2: *Answers to Important Questions from page 17.*

Issuer	Christchurch International Airport Limited The Issuer's registered office is: Level 4, Car Park Building Christchurch Airport Memorial Avenue Christchurch 8544
Issuer's Business and Strategy	<p>CIAL is responsible for running the Christchurch International Airport. It owns more than 800 hectares of land, including the airfield, the airport terminal and a wide range of operational and commercial support facilities.</p> <p>A description of CIAL's principal activities and key business objectives are set out under Section 1 of this Investment Statement on pages 10 to 16.</p>
Description of Bonds	NZ\$ Fixed Rate Bonds maturing 4 October 2021
Status of Bonds	The Bonds constitute direct, unsecured, unsubordinated obligations of CIAL and the Guaranteeing Subsidiaries (if any), and will rank equally without any preference or priority among themselves and equally with all other unsecured, unsubordinated indebtedness of CIAL, (including the Series 1, Tranche 1 Bonds) and any Guaranteeing Subsidiaries, except indebtedness preferred by law. As at the date of this Investment Statement, CIAL has no Guaranteeing Subsidiaries.
Issue Amount	Up to \$50,000,000 with the ability to accept oversubscriptions of up to a further \$25,000,000
Maximum Principal Amount	<p>The maximum aggregate amount of the Bonds which may be issued is \$75,000,000 (comprising up to \$50,000,000 of initial Bonds and up to \$25,000,000 of Bonds which may be issued in respect of oversubscriptions).</p> <p>If the Principal Amount of Bonds applied for is greater than the Principal Amount of Bonds available to applicants, CIAL, in consultation with the Lead Manager, reserves the right to scale applications in its discretion.</p> <p>Scaling may not necessarily be pro-rata. No successful applicant will be allocated more Bonds than the Principal Amount for which that applicant has applied.</p>
Interest Rate	<p>The Bonds will carry a fixed rate of interest, payable semi-annually in arrears. Interest will accrue from (and including) the Issue Date.</p> <p>The Bonds will bear interest at the Interest Rate, which is the greater of:</p> <ul style="list-style-type: none">(a) the Minimum Interest Rate; and(b) the aggregate of the Swap Rate and the Issue Margin. <p>As the Swap Rate will not be known until the Rate Set Date, the final Interest Rate will itself not be known until then. However, investors can be certain that it will be no less than the Minimum Interest Rate.</p> <p>For further details about interest rate setting, refer to <i>What returns will I get?</i> on pages 19 to 22.</p>

Interest Payments	<p>Interest will be payable semi-annually in arrears, in equal instalments, on each Interest Payment Date up to and including the Maturity Date.</p> <p>Interest for any broken period (i.e. other than a full half year) will be calculated on the number of days elapsed and a 365 day year.</p>
Maturity Date	The Bonds will be repaid at par on 4 October 2021
Currency	New Zealand Dollars
Interest on application amount	<p>In respect of accepted applications, interest will be paid on application money at the Interest Rate from the date that application money is received into CIAL's bank account to (but excluding) the Issue Date.</p> <p>For unsuccessful applications, the application money will be refunded in full (without interest) within 5 Business Days of the Issue Date.</p>
Issue Price	\$1.00 per Bond
Minimum application amount	<p>The minimum application and holding amount in respect of the Bonds is \$5,000 and multiples of \$1,000 thereafter</p> <p>CIAL may accept all or part of any application, or refuse any application, in its absolute discretion.</p> <p>Full application instructions are set out under <i>How much do I pay?</i> on pages 18 to 19.</p>
Use of Funds	The issue of Bonds is a capital management initiative that further diversifies CIAL's funding sources and lengthens its average debt maturity profile. The proceeds of the Bond issuance programme will be used by CIAL to refinance in part its existing debt facilities, to provide funding for capital development projects and for general operational purposes.
Principal Risks	<p>The principal risks associated with the Bonds which could affect your ability to recover your principal investment or which could impact on the returns of the Bonds are set out under Section 5 of the Prospectus on pages 39 to 42.</p> <p>A summary of the principal risks associated with the Bonds are also set out under <i>What are my risks?</i> on pages 23 to 24.</p>
Fees and Costs	<p>You are not required to pay any fees or charges to invest in the Bonds.</p> <p>No brokerage or commission is payable by investors. However, a fee or commissions may be charged by a financial intermediary or broker through whom an investor receives an allocation of Bonds or through whom a subsequent transfer of any Bonds is effected.</p>

<p>Liquidity of Issuer</p>	<p>CIAL evaluates its liquidity requirements on an on-going basis and reviews the Treasury Policy Headroom levels on an annual basis.</p> <p>Current Treasury Policy Headroom requirements are that CIAL's committed debt facilities must be maintained at an amount that averages 110% of projected peak debt levels over the next twelve months (per long-term cash and debt forecasts).</p> <p>CIAL generates sufficient cash flows from its operating activities to meet its obligations arising from its financial liabilities and has funding in place to cover potential shortfalls.</p> <p>Access to both retail and wholesale funding reduces CIAL's reliance on a single funding source, and together with the staggering of maturity dates will assist in managing liquidity risk.</p> <p>Refer further to Liquidity Risk paragraph in Section 5 of the Prospectus on page 41.</p> <p>Details of the contractual maturity dates of CIAL's financial liabilities are shown in detail in note 27 to CIAL's 30 June 2013 annual financial statements.</p> <p>A copy of the most recent annual financial statements may be obtained, free of charge, by calling 03 378 2329 or visiting CIAL's registered office during normal business hours, downloading a copy from CIAL's website, www.christchurchairport.co.nz or from the Companies Office website at www.business.govt.nz/companies.</p>
<p>Key Financial Information</p>	<p>A summary of key financial information relating to CIAL is set out under Section 6 of the Prospectus on pages 43 to 49.</p> <p>As noted above it is anticipated that funds raised from this Bond issuance will be used by CIAL to refinance in part its existing debt facilities, to provide funding for capital development projects and for general operational purposes. Consequently it is not expected that CIAL's key financial metrics will be impacted significantly by the raising of these funds.</p>
<p>Transfer of Bonds and minimum holding</p>	<p>Bondholders may transfer their Bonds, but CIAL will not register the transfer of any Bonds if it is not a multiple of \$1,000 of Bonds or the transfer would result in the transferor or the transferee holding less than the minimum holding of \$5,000 of Bonds.</p> <p>As at the date of this Investment Statement there is no established market for the sale of Bonds. There can be no assurance of a liquid secondary market for the Bonds. Bondholders may not be able to sell Bonds readily or at prices that will enable them to realise a yield comparable to that of similar instruments, if any, with a developed secondary market</p>
<p>Redemption of Bonds</p>	<p>The Bonds will be redeemed at par on the Maturity Date. Bondholders have no right to require redemption of their Bonds prior to the Maturity Date, except in certain circumstances following an Event of Default and subject to the enforcement provisions of the Trust Deed. This means that Bondholders have no ability to cash in their investment prior to the Maturity Date, except by selling their Bonds in the secondary market (if one develops) or otherwise in very limited circumstances.</p>
<p>Payments Due on Non Business Days</p>	<p>Any payment due on a day which is not a Business Day shall be made on the next following Business Day.</p>
<p>Listing and quotation</p>	<p>No application has been made to NZX or any other exchange for permission to quote the Bonds on the NZX or any such other registered exchange</p>

Credit Rating for the Bonds	<p>As at the date of this Investment Statement, the Bonds have been assigned a rating of 'BBB+' by Standard & Poor's (rating confirmed on 4 September 2013).</p> <p>A credit rating is not a recommendation to invest in the Bonds and may be subject to revision, suspension or withdrawal at any time. (For example if CIAL's shareholding were to change) Further information about the rating is available at www.standardandpoors.com and on pages 39 to 40 of this Investment Statement.</p>
No Guarantors	<p>At the date of this Investment Statement, there are no guarantors of the Bonds. The Trust Documents provide that the payment obligations of CIAL under the Bonds are guaranteed by the Guaranteeing Subsidiaries, if any, on an unsecured, unsubordinated basis. As at the date of this Investment Statement, there are no Guaranteeing Subsidiaries.</p> <p>However, where certain criteria are met, CIAL is obliged to cause its subsidiaries to become Guaranteeing Subsidiaries in the future (and may at its option cause any other subsidiaries to become Guaranteeing Subsidiaries). Any such guarantee is unlimited and unconditional and is not secured by a mortgage or other security interest.</p>
No underwriting	The Offer is not underwritten
Who may apply	<p>Bonds are offered to investors in New Zealand</p> <p>Instructions on how to apply for Bonds are contained on pages 18 to 19 under <i>How much do I pay?</i></p>
Form of Bonds	Bonds will be entered onto the register maintained by the Registrar. Title passes by transfer and registration. CIAL and the Registrar will rely on the Register for the purpose of determining entitlements to interest payments on each Interest Payment Date, and for the repayment of the Principal Amount of Bonds when they are redeemed.
Arranger	Westpac Banking Corporation, acting through its New Zealand Branch (ABN 33 007 457 141)
Lead Manager	Westpac Banking Corporation, acting through its New Zealand Branch (ABN 33 007 457 141)
Trustee	Public Trust
Registrar	Computershare Investor Services Limited
Governing law	New Zealand

IMPORTANT DATES

Minimum Interest Rate and Margin announcement date	23 September 2013
Opening Date	23 September 2013
Closing Date	27 September 2013
Rate Set Date	27 September 2013
Issue Date	4 October 2013
First Interest Payment Date	4 April 2014
Subsequent Interest Payment Dates	4th of October and April each year until redemption and the Maturity Date
Maturity Date	4 October 2021

The above dates are indicative only and subject to change by CIAL at any time prior to the actual Issue Date. CIAL has the right to extend or otherwise vary the Opening Date and the Closing Date. This may have a consequent effect on other dates.

SECTION 1:

Introducing Christchurch International Airport Limited

Ownership

Christchurch International Airport Limited (*CIAL*) is a council-controlled trading organisation for the purposes of the Local Government Act 2002, and is registered as a limited liability Company under the Companies Act in New Zealand.

As a council-controlled trading organisation CIAL is required to have a statement of intent. A copy of the statement of intent for the year ending 30 June 2014 may be obtained, free of charge, by calling 03 378 2329 or visiting CIAL's registered office during normal business hours, or downloading a copy from CIAL's website, www.christchurchairport.co.nz.

As at the date of this Investment Statement, the Crown (i.e. the New Zealand Government) has a 25% shareholding in CIAL and such ownership is exercised through two shareholding Ministers, being the Minister of Finance and the Minister for State-Owned Enterprises (who each hold 12.5%). The remaining 75% is owned by Christchurch City Holdings Ltd (*CCHL*), a 100% owned subsidiary of the Christchurch City Council.

The Bonds are not guaranteed by the Crown, the Ministers or CCHL.

CIAL shares are not listed or tradable on the NZX or any other registered exchange.

Overview

Christchurch International Airport (the *Airport*) first opened as a commercial airport in 1939 as a division of the Christchurch City Council. In 1988 CIAL was incorporated to operate the airport business, and CIAL's primary business remains as an airport operator.

CIAL is the owner and operator of the Airport. As the gateway for Christchurch and the South Island, the Airport is New Zealand's second largest airport and the busiest and most strategic air connection for South Island trade and tourism markets.

The Airport includes dual runways (that are not subject to any curfew), the airport terminals, infrastructure and airfields, as well as more than 800 hectares of land. Within the Airport terminal, CIAL leases space to a wide variety of businesses including duty free shops, food outlets, cafes, bookshops and rental car operators.

The Airport also has car parking facilities, and significant ground and property leasing activity across the greater airport campus. On the airfield, it leases space to airlines, freight companies, the Canterbury Aero Club, and numerous general aviation businesses. It is also home to the NZ, US, Korean and Italian Antarctic Programs and the US Air Force in support of their Antarctic operations.

CIAL has undertaken a number of significant development projects to meet the changing needs of passengers and airline operators. The most recent development project was the integrated terminal project (*ITP*) which was officially opened by the Prime Minister on 17th April 2013. This development provides a new domestic terminal, which includes an integrated check-in facility and baggage handling facility for both domestic and international passengers. The development also included a regional terminal, completed in April 2011, to service turbo prop aircraft.

The Airport occupies a unique position both physically and economically. Around 81% of international visitors entering or leaving the South Island do so via the Airport. In addition the Airport services passengers coming to or leaving the wider Canterbury region, for both business and leisure purposes. For the year ended 30 June 2013, the Airport handled approximately 5.5 million passengers.

In the 2010 calendar year, the Airport generated \$1.7 billion in regional gross domestic product (*GDP*) for the Canterbury region. This is 6% of the total GDP for Canterbury and 3.9% of the total GDP for the South Island as a whole.

In that year, almost 6,000 people were employed by all of the businesses operating on the Airport campus in full time, part time or casual roles, making it the largest single centre of employment in the South Island.

The Airport also created employment for more than 20,000 full time equivalent workers (FTEs) on and off campus, which is 8.3% of the total FTEs in the Canterbury region and 4.4% of the total FTEs for the whole South Island.

The robustness of the Airport's infrastructure has been well proven as a result of the extraordinary seismic events of the Canterbury Earthquakes of September 2010 and February 2011. The main Airport buildings suffered only cosmetic damage and the runways were undamaged. During this period, the operations of the Airport and the wider campus have continued on a largely "business as usual" basis. Consequently the Airport continues to be a significant economic contributor to the economy of Christchurch, Canterbury and the wider South Island.

Corporate Structure

As at the date of this Investment Statement CIAL undertakes all operations in its own name.

CIAL currently has five wholly owned subsidiary companies:

- CIAL Holdings Number 1 Limited;
- CIAL Holdings Number 2 Limited;
- CIAL Holdings Number 3 Limited;
- CIAL Holdings Number 4 Limited; and
- CIAL Holdings Number 5 Limited.

All of the wholly owned subsidiary companies are currently dormant companies. They have never traded or held any assets or liabilities since their incorporation in June 2003. The Bonds are not guaranteed by these wholly owned subsidiaries.

Airports in New Zealand

There are 37 airports in New Zealand which provide scheduled services. Currently six airports provide international air services (besides domestic services): Auckland and Christchurch (the two largest) provide long-haul and short-haul international air services; and Wellington, Dunedin, Queenstown and Rotorua provide short-haul international air services essentially on trans-Tasman routes. There are around 31 other airports providing scheduled domestic services only.

Christchurch Airport is New Zealand's second largest airport and the main gateway to the South Island, with around 81% of international visitors entering or leaving the South Island via the Airport. Christchurch and Auckland are the only two airports capable of handling long-haul international services operated by "wide body" aircraft.

Airports are a vital component of national economies and of the air transport industry, underpinning tourism, trade and investment. The prospects for airport operators generally are driven by overall air traffic volumes and their ability to develop new routes and frequencies to attract passenger growth in competition with other airports worldwide.

Other key challenges for airports include implementation of stringent security environments that do not sacrifice customer service as well as the need to play a part in the reduction of greenhouse gas emissions and other environmental impacts.

In addition a key deliverable for airports is to develop future strategies that create a better passenger experience through enhanced technology and improved retail and leisure offerings, both for its passengers and other visitors to the airport. A similarly key strategic objective is the development of non-aeronautical revenue streams to reduce CIAL's reliance on aeronautical revenue and as an avenue to grow commercial revenues through diversified business activities.

Principal Activities of CIAL

Aeronautical services

The major operations of the Airport comprise aeronautical services (including both the use of the airfield and terminal). CIAL receives revenue from charges paid by aircraft operators and commercial airlines for the use of runway and terminal facilities and the provision of associated services. These revenue sources are influenced by aircraft and passenger movements. More details around revenue from aeronautical activities are shown in Section 6 of the Prospectus on page 44.

All international and domestic airport charges are collected from airlines and form part of their cost of operations. CIAL sets prices following consultation with its substantial airline customers. Prices are set for periods up to five years. CIAL has recently set its aeronautical prices for the period 1 December 2012 to 30 June 2017.

Non-aeronautical activities

The operations of the Airport also comprise non-aeronautical activities. Revenue sources from these activities at the time of the Investment Statement include:

- leasing space within the Airport terminal to retailers, duty free shops, food and beverage outlets, cafes, bookshops, rental car operators and other commercial operators;

SECTION 1:

Continued

- ground and property leasing activity across the Airport campus;
- car parking; and
- other commercial activities including the International Antarctic Centre, Craddock's Car Storage and The Wash.

More details around revenue from non-aeronautical activities are shown in Section 6 of the Prospectus on page 45.

CIAL Business Model

CIAL, like other airport operators, is predominantly an infrastructure business. As such CIAL operates a typical infrastructure type cost structure, where there are high fixed costs and the total variable costs do not fluctuate significantly as a result of changes in passenger or aircraft volumes. Key operating costs include personnel, maintenance, airline route development and marketing, energy, rates, insurance, IT, cleaning, baggage handling, and property and other administration costs.

The nature of this cost structure has a number of implications, specifically around capital expenditure profiles over time and the lack of ability to ratchet operating costs up or down in response to changing trading conditions.

CIAL's cash flows, like other airport operators, are characterised by "chunky" capital expenditure items, which are necessary in order to replace assets at the end of their lifecycle. CIAL is currently approaching the peak of the investment cycle following the completion of the ITP and the continued focus on the development of its property portfolio (and related infrastructure) on the wider Airport campus.

The CIAL Community

The Airport is one of Christchurch City's main assets and is a key piece of infrastructure for the Canterbury region. CIAL's most visible interaction with the community is to ensure that we keep the Airport open and functioning at all times and provide them with a first class customer experience when they visit.

CIAL continues to run public information campaigns about the new terminal, publishes "Airport Voice" (a community newsletter) and supports various community groups through donations.

CIAL's sponsorship programme focuses on supporting key events in the city, which will draw people into the region and help the local economy. CIAL is currently delivering on a three year commitment to the Christchurch Airport Marathon which began in 2012.

Highlights of the Business

• Key Business Objectives

CIAL's strategic direction is set out in the vision "To be the BEST airport". This means continuously striving for improvement. CIAL will never be satisfied with what is achieved – it is a continuous journey, not a destination.

CIAL's broad objectives focus on five definitive areas of the business:

- PEOPLE: An engaged and enabled team who perform strongly.
- AERONAUTICAL: Deliver outstanding airport and airport-related services and aeronautical growth.
- PROPERTY: Maximise economic value through property development and management.
- COMMERCIAL: Maximise economic value through commercial opportunities.
- MAKING IT HAPPEN: Deliver robust business enablers to ensure success.

Key initiatives for CIAL currently include:

- Focus on optimising passenger experience and consequently their spending on the Airport campus.
- Proactively pushing for new air service developments, with a focus on North America, Australia, Asia, and China in particular.
- Continuing strategy of growth through diversification through add-ons to existing operations, and developing new complementary businesses.
- Property development and management focusing on maximising economic value.

The Airport is viewed as the gateway to the South Island. This reinforces CIAL's commitment to Christchurch and the South Island tourism industry through close partnerships with industry partners.

• Post-Earthquake Status

The on-going impacts of the Canterbury earthquakes on passenger numbers are discussed in Section 6 of the Prospectus on page 44. The associated risks with the Christchurch recovery process are set out in Section 5 of the Prospectus at page 40.

No significant liquefaction damage occurred at the Airport during the Canterbury earthquakes.

CIAL is satisfied that it has adequate material damage and business interruption insurance cover in place for future seismic events.

CIAL has not identified any significant structural issues across the Airport campus that would create any public safety issues, or require further strengthening work.

• Market Growth

The loss of a significant portion of Christchurch's hotel accommodation, its convention centre and many of its sporting facilities as a result of the earthquakes has had an adverse effect on passenger throughput at the Airport. Recent announcements by the Government and the Christchurch City Council suggest that the 2014 and 2015 calendar years should see substantial work commence in respect to the plans for the rebuild of the Christchurch CBD and its related 'anchor projects'.

CIAL's greatest contribution to the redevelopment of Christchurch will be through the retention and growth of aeronautical services to Christchurch. CIAL's focus therefore is currently on retention of existing aeronautical services and the growth of new services.

In April 2013, Air New Zealand and Virgin Australia announced the commencement of direct seasonal services between Christchurch and Perth. The new service will commence on 4 December 2013 and initially operate from December to April. The service is anticipated to add approximately 23,900 seats into the Christchurch market each year, and open up the Western Australian market and beyond to the South Island.

SECTION 1:

Continued

On the back of demand from the domestic market, Air New Zealand recently announced the commencement of a daily service between Christchurch and the Kapiti Coast from 1 November 2013. As Christchurch's 16th domestic destination, the service is anticipated to add approximately 36,500 additional seats each year.

CIAL is in discussions with a number of airlines, both existing and new, on potential new services. Services which remain on CIAL's agenda for future connections include North America, China, currently un-serviced cities in Australia and various parts of South East Asia.

CIAL has recognised that until hotel accommodation and tourism activities recover in the city, the Airport needs to concentrate on marketing Christchurch as the gateway to the South Island as a tourism destination. CIAL has identified the need for an umbrella tourism marketing campaign for the South Island and has taken the lead in developing this, through a program called "South". Strong support has been received from the 13 Regional Tourism Organisations in the South Island enabling the appointment of a "South" representative in mainland China.

• Planning

Consultation has taken place between CIAL and the New Zealand Transport Agency (NZTA) to determine airport access issues as a result of the upgrading of Johns Road/Russley Road (SH1), which borders the airport campus. A mutually satisfactory agreement was reached in early 2012, providing for the safe passage of vehicles on the highway and at the same time allowing for multiple access points onto the CIAL campus.

• Regulatory Framework

CIAL operates solely in New Zealand and is governed by a range of New Zealand legislation and regulation including the Civil Aviation Act 1990 in terms of operational performance.

Since 2011, New Zealand's three largest airports including Christchurch have been subject to Information Disclosure requirements under Part 4 of the Commerce Act 1986. An extensive information disclosure regime has been developed with the airports requiring them to comply with Input Methodologies the Commerce Commission has determined for asset valuation, cost allocation, cost of capital and the calculation of tax.

The Commerce Commission has a requirement, as part of the Information Disclosure regime, to review aeronautical pricing decisions made by Christchurch, Wellington and Auckland airports. The review of Wellington and Auckland airports pricing decisions has been completed. The review of CIAL's aeronautical pricing is currently being carried out by the Commerce Commission. The draft report in respect of CIAL's 2012 pricing decision is expected to be released by the Commerce Commission some time in September 2013.

The three major airports, and Air New Zealand, consider that aspects of the Input Methodologies do not meet the Commerce Act 1986 purpose and statement and have lodged merits appeals in respect of these issues. Refer to further comments in relation to "merits review" appeals under *Pending Proceedings* heading on page 58 of the Prospectus. The associated risks with the Regulatory environment are set out in Section 5 of the Prospectus at page 40.

• Corporate Governance

The Board and management of CIAL are committed to ensuring it maintains corporate governance practices in line with current best practice. As with safety and quality, the Board has established a set of systems and processes, supported by people with the appropriate competencies and principles.

The Directors and executive management team of CIAL, have a broad range of commercial, legal, property, and other relevant experience and expertise. All of the Directors have extensive corporate governance experience.

The Board currently consists of five directors: three appointed by CIAL's majority shareholder, CCHL, (David Mackenzie, Catherine Drayton and Chris Paulsen), and two appointed by the Crown, George Gould and Justin Murray. Philip Carter resigned as a director on 23 August 2013 due to a conflict of interest. CCHL has the right, under CIAL's constitution, to appoint a replacement director in his place. Additional detail on CIAL's Directors can be found in Section 2 of the Prospectus on page 24.

The Directors may change after the date of this Investment Statement. The names of current Directors may be obtained from www.christchurchairport.co.nz. Each of the Directors can be contacted at CIAL's registered office.

CIAL's current Chief Executive Officer, Jim Boulton, has elected not to renew his contract at the end of 2013. Mr Boulton was initially appointed on a short-term contract in 2009. With the successful completion of ITP, and various strategic objectives well established, Mr Boulton considered it an appropriate time to hand over to his successor. After a comprehensive executive search, the Board has recently announced the appointment of Malcolm Johns as its Chief Executive Officer. Mr Johns is currently chief executive of Inter City Group and will take up his position at CIAL early 2014.

• Risk Management Framework

CIAL has a comprehensive risk management framework to identify and manage all business risks, and aspires to best "risk management" practice. The primary risk categories are financial, legislative/regulatory, operational, and strategic. CIAL's risk management policy is approved by the Directors. CIAL has put in place management structures and information systems to manage risks incorporated in CIAL's risk management framework.

A description of the principal risk factors which may affect the Bonds and/or CIAL's financial performance or condition are outlined in Section 5 of the Prospectus on pages 39 to 42. A summary of the principal risks associated with the Bonds are also set out under *What are my risks?* on pages 23 to 24.

• Funding and Capital Management

CIAL's overall debt level as at 30 June 2013 was NZ\$305 million. CIAL has committed bank funding facilities for an aggregate NZ\$230 million with five banks and a subordinated debt facility of NZ\$50 million from its majority shareholder, CCHL. In addition the company has an overdraft facility of \$1 million. In December 2012 CIAL completed a \$75 million bond issue with a maturity of seven years. The funds raised from this issuance were used to refinance the company's maturing bank debt facilities.

As at 30 June 2013, the weighted average debt maturity period was three years and two months.

It is forecast that CIAL's debt levels are likely to peak in mid to late 2014. There are currently sufficient funding facilities in place to cover CIAL's projected peak debt requirements.

Access to both retail and wholesale funding reduces CIAL's reliance on a single funding source, and together with the staggering of maturity dates assists in managing liquidity risk.

CIAL's policy is to maintain its capital base to insulate against re-financing risk so as to maintain investor, creditor and market confidence and to support future growth of the business.

CIAL evaluates its liquidity requirements on an on-going basis and reviews its Treasury Policy headroom levels on an annual basis. Current Treasury Policy Headroom requirements are that CIAL's committed debt facilities must be maintained at an amount that averages 110% of projected peak debt levels over the next twelve months (per long-term cash and debt forecasts).

In addition, CIAL has minimum capital requirements which it is required to maintain in accordance with its Trust Deed and its bank borrowing facilities. (as outlined in the Financial Covenants section in Section 4 of the Prospectus on pages 32 to 33)

Details of CIAL's bank funding facilities and bond issuance are outlined on pages 21 to 22 of the Prospectus.

• Material Assets and Liabilities

The principal assets of CIAL used in undertaking CIAL's principal activities are:

- Land and buildings;
- Terminal facilities, sealed surfaces and other infrastructure;
- Vehicles, plant and equipment;
- Office and computer equipment; and
- Car Parking building.

CIAL's principal monetary liabilities as at 30 June 2013 were its borrowings as described above (also see pages 21 to 22 of the Prospectus for further detail) and trade creditors generated in the normal course of business.

- **Credit Rating**

At the date of this Investment Statement, CIAL has a corporate credit rating of 'BBB+/Stable/A-2' from Standard & Poor's, which is considered an investment grade rating by market participants.

As at the date of this Investment Statement, the Bonds will on issue have an issue credit rating of BBB+ from Standard & Poor's.

CIAL's corporate credit rating incorporates Standard & Poor's view that there would be a "moderately high" likelihood that extraordinary support would be forthcoming from CIAL's majority shareholder CCHL (a wholly owned subsidiary of the Christchurch City Council), should CIAL experience an event of financial distress. Standard & Poor's views CIAL's stand-alone corporate credit rating ("credit rating in the absence of extraordinary support") as 'BBB'.

The rating referred to in this Investment Statement is not a recommendation to buy, sell or hold the Bonds, and the rating may be subject to revision, suspension or withdrawal at any time by Standard & Poor's (for example if CIAL's shareholding were to change).

For the most up to date credit rating information on CIAL and the Bonds, refer to www.standardandpoors.com². Further detail on credit ratings is set out on pages 39 to 40 of this Investment Statement. CIAL's management is committed to maintaining and enhancing its investment grade credit rating.

- **Related Parties and Transactions**

CIAL 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. These transactions are conducted on an arm's length basis and result from the normal dealings of the parties.

CIAL also transacts with its majority shareholder, CCHL, and the Christchurch City Council on an on-going basis in the ordinary course of business.

Some Directors are, or have been, directors of other companies or organisations with whom CIAL may transact. Such transactions are carried out on an arm's length basis and are conducted on normal commercial terms. Details of these transactions for the year ended 30 June 2013 can be found in Note 21 to the annual financial statements. A copy of the latest annual financial statements may be obtained, free of charge, by calling 03 378 2329, or visiting CIAL's registered office during normal business hours, or downloading a copy from CIAL's website, www.christchurchairport.co.nz, or from the Companies Office website at www.business.govt.nz/companies.

² For an explanation of Standard & Poor's credit rating system, please see www.standardandpoors.com/ratings/definitions-and-faqs/en/us under the Section "What do the letter ratings mean?".

SECTION 2:

Answers to important questions

The purpose of this section of this Investment Statement is to provide certain key information that is likely to assist a prudent but non-expert person to decide whether or not to invest with CIAL. Further important information about the Offer is set out in CIAL's Prospectus for the Bonds.

At CIAL we take our obligations very seriously and want to ensure that all investors have everything they need to make an informed decision. If you would like to know more about any matter identified in this section, or request a copy of CIAL's Prospectus or audited financial statements, please feel free to call us on 03 378 2329 or visit our website www.christchurchairport.co.nz, or visit CIAL's registered office.

WHAT SORT OF INVESTMENT IS THIS?

The Offer

CIAL is offering up to \$50,000,000 of Bonds (with the ability to accept oversubscriptions of up to a further \$25,000,000).

The Bonds will be direct, unsecured, unsubordinated debt obligations of CIAL and the Guaranteeing Subsidiaries (if any), and will rank at least equally with all other bonds issued under the Trust Documents and equally with CIAL bank borrowings. As at the date of this Investment Statement, there are no Guaranteeing Subsidiaries.

The Bonds will be issued subject to the terms and conditions contained in the Trust Deed. The Trustee holds on trust for the benefit of the investors the right to enforce CIAL's obligations under the Bonds. The main terms of the Trust Deed are summarised in the Prospectus.

The Bonds will mature on 4 October 2021.

The payment obligations of CIAL under the Bonds are guaranteed by the Guaranteeing Subsidiaries (if any) on an unsecured, unsubordinated basis. As at the date of this Investment Statement, there are no Guaranteeing Subsidiaries.

No application has been made to NZX for permission to list or quote the Bonds on the NZX Debt Market.

WHO IS INVOLVED IN PROVIDING IT FOR ME?

Issuer

Christchurch International Airport Limited (incorporation number 376068) is the issuer of the Bonds. CIAL's registered office, as at the date of this Investment Statement, is Level 4, Car Park Building, Christchurch Airport, Memorial Avenue, Christchurch 8544, New Zealand. Its principal place of business as at the date of this Investment Statement is the Christchurch Airport, Memorial Avenue, Christchurch.

The Directors of CIAL (as issuer) as at the date of this Investment Statement are David John Mackenzie, Catherine Margaret Drayton, Frederick David Justin Murray, George Arthur Churchill Gould and Christopher William Paulsen. The Directors may change after the date of this Investment Statement. The names of the current Directors may be obtained from www.christchurchairport.co.nz. Each of the Directors named above can be contacted at the registered office of CIAL set out above.

Further information about the Directors of CIAL is contained in section 2 of the Prospectus on page 24. As at the date of this Investment Statement, none of the Directors named above are employees of CIAL, or of an associated person of CIAL.

CIAL was incorporated in New Zealand on 22 March 1988 under the Companies Act 1955 and reregistered to become a company under the Companies Act on 30 June 1997.

Further information in respect of the guarantees given by Guaranteeing Subsidiaries (if any) is set out in the Summary of the Trust Deed section of the Prospectus. As at the date of this Investment Statement, there are no Guaranteeing Subsidiaries.

SECTION 2:

Continued

Trustee

Public Trust is the trustee in respect of the Bonds. Public Trust's address, as at the date of this Investment Statement is Level 35, 48 Shortland Street, Auckland 1140.

The Securities Trustees and Statutory Supervisors Act 2011 ("Securities Trustees Act") came into effect on 1 October 2011 and requires the Trustee to apply to the Financial Markets Authority ("FMA") for a licence to act as a trustee for a range of financial products.

The FMA has granted the Trustee a licence to act as a trustee of (among other things) debt securities pursuant to section 16 of the Securities Trustees Act, subject to the conditions specified in that licence. The Trustee's licence expires on 16 January 2018.

Change of name/address

The addresses of the entities, and the names of any of their directors, referred to in this section may change. You may obtain the current names and addresses from the Companies Office website at www.business.govt.nz/companies.

Description of activities

A description of CIAL's principal activities and key business objectives are set out under Section 1 of this Investment Statement on pages 10 to 16.

HOW MUCH DO I PAY?

The denomination of each Bond is \$1.00 and the Issue Price of each Bond is \$1.00, payable to CIAL.

Minimum Investment

Applications to subscribe for Bonds must be for a Minimum Holding of \$5,000 (and in multiples of \$1,000 thereafter) and payment of the total application amount in full must be made in accordance with the Payment for Bonds section below. There is no maximum amount of Bonds you may apply for (subject to the maximum amount of Bonds being issued), but applications for less than the Minimum Holding will not be accepted.

The Issue Price for each Bond is payable, in full, prior to the Issue Date in the manner set out in the Application Form and application instructions contained in this Investment Statement.

If the Principal Amount of Bonds applied for is greater than the Principal Amount of Bonds available to applicants, CIAL, in consultation with the Lead Manager, reserves the right to scale applications in its discretion. Scaling may not necessarily be pro-rata. No successful applicant will be allocated more Bonds than the Principal Amount for which that applicant has applied.

Payment for Bonds

Applicants who are members of the NZClear system, or who are able to have payments made on their behalf through the NZClear system, may settle their applications for Bonds on the Issue Date through the NZClear system.

Applicants who are not members of the NZClear system must pay for Bonds they apply for by a personal or bank cheque or by direct debit as set out in the Application Form, or, if the application is for Bonds of an aggregate Principal Amount of \$500,000 or more, by bank cheque or other method acceptable to CIAL. Cheques should be in New Zealand dollars drawn on a New Zealand branch of a financial institution and submitted with the completed Application Form. Cheques should be made payable to Christchurch International Airport Bond Offer and crossed "Not Transferable" and must not be post-dated. Funds must be available as cleared funds in your account.

Investors will receive interest calculated on a daily basis at the Interest Rate on application money paid in respect of accepted applications from the date that application money is received into CIAL's bank account to (but excluding) the Issue Date. That interest will be paid (less any withholding tax or AIL required to be deducted) within 10 Business Days of the Issue Date.



Any application monies received in respect of an application which is not accepted by CIAL, whether because of late receipt or otherwise, will be returned (without interest) to the applicant as soon as reasonably practicable after CIAL decides not to accept the application and, in any event, within five Business Days of the Closing Date.

Applications

Applications for Bonds may only be made on the Application Form contained in this Investment Statement and must be made in accordance with the instructions set out in this Investment Statement. CIAL reserves the right to refuse any application or to accept an application in part only, without providing a reason. This right will, if necessary, be exercised by the Directors, or by any agent of CIAL appointed for that purpose. If CIAL refuses an application or accepts an application in part, all or the relevant balance of the application monies will be refunded as soon as reasonably practicable after CIAL decides not to accept the application and, in any event, within five Business Days of the Closing Date. No interest will be paid on any application monies that are refunded to the applicant.

There is no cooling off period in relation to the Bonds. Consequently, once an application has been lodged, it cannot be withdrawn, unless CIAL determines otherwise in its sole discretion.

WHAT ARE THE CHARGES?

You are not required to pay any fees or charges to invest in the Bonds.

Brokerage

No brokerage or commission is payable by investors to CIAL for investing in the bonds. However, a fee or commission may be charged by a financial intermediary or broker through whom an investor receives an allocation of Bonds or through whom a subsequent transfer of any Bonds is affected.

WHAT RETURNS WILL I GET?

The information set out in this section should be read in conjunction with the information set out under the heading "*What are my risks?*" below.

Interest Rate

The Bonds will carry a fixed rate of interest, payable semi-annually in arrears, in equal instalments. This fixed rate of interest will be the **greater** of:

- (a) the Minimum Interest Rate (which will be announced shortly before the Opening Date); and
- (b) the aggregate of:
 - the Issue Margin (which will be announced shortly before the Opening Date); and
 - the Swap Rate (which will be determined by the Lead Manager on the Rate Set Date, by reference to the NZFMA 8 year swap mid-rate).

The Minimum Interest Rate will be confirmed shortly before the Opening Date. The sum of the Issue Margin and the Swap Rate will be determined on the Rate Set Date (shortly after the Closing Date), when the Swap Rate is determined. Accordingly, while investors can be certain that the Interest Rate will be no less than the Minimum Interest Rate, the final Interest Rate will not be known until after the Offer has closed.

The Issue Margin will be a percentage rate per annum determined by CIAL in consultation with the Lead Manager. The Issue Margin will be announced, along with the Minimum Interest Rate, shortly before the Opening Date and will not subsequently change. You can get this information from your broker or financial adviser.

SECTION 2:

Continued

Interest payments

Interest will be calculated on the Principal Amount of each Bond from (and including) the Issue Date and is payable in arrears on each Interest Payment Date. The first Interest Payment Date is 4 April 2014 and subsequent Interest Payment Dates are the 4th day of each October and April that fall during the term of the investment and on the Maturity Date.

Each interest payment will be made to the Bondholder on the Register as at the Record Date.

Interest will cease to accrue on each Bond on the date on which it is repaid, redeemed or repurchased in full.

Interest will be paid or accrued net of any applicable taxes, including withholding tax, subject to any IRD exemption certificate provided.

CIAL is the entity legally liable to pay any returns on the Bonds. As at the date of this Investment Statement, no other party, including the Trustee, the Arranger, the Lead Manager or any of CIAL's subsidiaries guarantees CIAL's obligations in relation to the Bonds.

Possible factors affecting returns

If the Bonds are held to maturity, then interest will accrue up until the Maturity Date, at which point all Principal Amounts will be repaid.

If there is an Event of Default, the Bonds may be redeemed prior to the Maturity Date. In this scenario, interest paid will be the amount accrued up until the redemption date. The Principal Amount of the Bonds will also be repaid at this time.

A Bondholder may choose to sell their Bonds into the secondary market. In this case, interest paid up until sale date will be retained by the Bondholder, but the amount received on the sale of the Bonds (that is, the entitlement to remaining cash flows (principal and accrued but unpaid interest)) will be dependent on market forces. The Bondholder will receive the market value of the Bond. As noted elsewhere in this Investment Statement, the market value of Bonds may go down or up and hence the Bondholders may receive an amount greater or lesser than the Principal Amount of the Bonds sold plus accrued but unpaid interest.

New Zealand taxation

Introduction

The returns on the Bonds will be affected by taxes. If a law requires CIAL (which for the purposes of this section of this Investment Statement includes the Registrar acting on CIAL's behalf) or the Trustee to pay or deduct an amount in respect of taxes from a payment to a Bondholder, then CIAL or the Trustee will deduct the amount for the taxes and pay it to the relevant authority. Neither CIAL nor the Trustee is obliged to gross-up, indemnify or otherwise compensate or pay any additional amounts to the Bondholder as a consequence of or otherwise in connection with such deduction for taxes or payment of the Approved Issuer Levy (AIL) (see the statement on pages 21 to 22 of this Investment Statement).

The information set out below relates solely to New Zealand taxation and does not constitute taxation advice to any Bondholder. The information is believed by CIAL to be correct as at the date of this Investment Statement. Taxation laws are subject to change, and such changes may materially affect your tax position with respect to an investment in the Bonds. There may be other taxation changes in the future which affect your position. You should seek qualified independent financial and taxation advice before deciding to invest. In particular, you should consult your tax adviser in relation to your specific circumstances.

All Bondholders (including those resident outside New Zealand) must give written notice to the Registrar (or, where applicable, to the custodian/nominee registered as the Bondholder in respect of Bonds held on behalf of the beneficial owner) of their country of residence for taxation purposes and, if not New Zealand tax resident, whether the Bondholder is engaged in business in New Zealand through a fixed establishment in New Zealand. If a Bondholder's personal circumstances change in respect of the above matters then that Bondholder must advise the Registrar of that change.

In this section:

- Bondholders who are resident in New Zealand for taxation purposes are referred to as “Resident Bondholders”;
- Bondholders who are not resident in New Zealand for taxation purposes but who are engaged in business in New Zealand through a fixed establishment in New Zealand are referred to as “New Zealand Branch Bondholders”; and
- Bondholders who are neither resident in New Zealand for taxation purposes nor engaged in business in New Zealand through a fixed establishment in New Zealand are referred to as “Non-Resident Bondholders”.

Resident Withholding Tax

For Resident Bondholders and New Zealand Branch Bondholders, Resident Withholding Tax (*RWT*) will be deducted from the gross amount of interest paid or credited to them in accordance with the provisions of the Income Tax Act 2007 (*Tax Act*).

As at the date of this Investment Statement, individual or trustee Bondholders who are subject to RWT and have provided their IRD Number to the Registrar/CIAL will be able to elect one of the following RWT rates

- 33.0%;
- 30.0%;
- 17.5%; or
- 10.5%. This particular rate can only be elected if the Bondholder (a) is an individual (other than a trustee) and has a reasonable expectation at the time of making the election that their income for the income year will be \$14,000 or less or (b) is a trustee of a testamentary trust.

For individual Bondholders who have not provided their IRD number to the Registrar/CIAL, the applicable rate of RWT at the date of this Investment Statement is 33.0%.

As at the date of this Investment Statement, a company Bondholder (other than a Maori authority or a trustee, unless the trustee is also a Portfolio Investment Entity) that has provided its IRD number to the Registrar/CIAL will have RWT deducted at the rate of 28.0%. Such a company Bondholder can, by notice in writing to the Registrar/CIAL, elect to have a 33.0% rate of RWT deducted if it so wishes.

For company Bondholders who have not provided their IRD number to the Registrar/CIAL, the applicable rate of RWT at the date of this Investment Statement is 33.0%.

RWT will not be deducted where a Bondholder provides a copy of a current RWT exemption certificate to the Registrar/CIAL.

Depending on an individual Bondholder’s level of annual income, electing a RWT rate lower than the individual Bondholder’s personal marginal tax rate may result in a requirement to file a tax return (or result in the provision of an income statement by IRD) to account for the tax shortfall. Conversely, if an individual Bondholder elects a RWT rate higher than the individual Bondholder’s personal marginal tax rate, a tax return may need to be filed in order to obtain the relevant tax refund. Investors are urged to seek tax advice in this respect by reference to their particular circumstances.

Bondholders should notify the Registrar/CIAL of any changes to their elected RWT rate as a result of changes to their particular circumstances.

Approved Issuer Levy and Non-Resident Withholding Tax

CIAL will register as an “approved issuer” and will register the Bonds and their application monies as “registered securities” with IRD for the purposes of the AIL regime.

Except in the circumstances outlined below, CIAL will deduct and pay AIL (currently 2% of amounts treated as interest) instead of non-resident withholding tax (*NRWT*) from payments made or credited to Non-Resident Bondholders (except those Non-Resident Bondholders who derive interest jointly with a New Zealand resident – see page 22).

SECTION 2:

Continued

The amount of the AIL will be reimbursed to CIAL by deducting the same from the interest otherwise to be paid or compounded to or for the benefit of the Non-Resident Bondholder. Neither CIAL nor the Trustee is obliged to gross-up, indemnify or otherwise compensate or pay any additional amounts to the Bondholder in connection with the payment of AIL.

If the Bonds satisfy certain specific requirements, interest can be paid to Non-Resident Bondholders without deducting NRWT or AIL. It is not currently expected that the Bonds will satisfy these requirements (in particular, the requirement that the Bonds are held by 100 or more non-associated people). However, if the Bonds do qualify and CIAL is lawfully able, it will not deduct NRWT or AIL from payments made or credited to Non-Resident Bondholders.

Non-Resident Bondholders may request, by written notice to the Registrar/CIAL, that CIAL not pay AIL on interest paid or credited in respect of their Bonds, and that NRWT be deducted instead, at the rate required by law (as reduced by any applicable double tax agreement, where the Non-Resident Bondholder provides satisfactory evidence to the Registrar/CIAL of entitlement to such reduced rate).

If the Non-Resident Bondholder derives interest under the Bonds jointly with one or more Resident Bondholders then NRWT must be deducted from the interest paid or credited to the Non-Resident Bondholder at the applicable RWT rate. In such cases, the Non-Resident Bondholder may be entitled to claim a refund of NRWT to the extent that NRWT was deducted at a rate higher than that set out in an applicable double tax agreement.

New Zealand income tax implications

By acquiring the Bonds, Resident Bondholders and New Zealand Branch Bondholders who acquire the Bonds for the purpose of the business which they carry on through their New Zealand fixed establishment will be entering into a financial arrangement which is subject to the “financial arrangements rules” in the Tax Act. Interest paid to these Bondholders under the Bonds will be income that is taxable at the Bondholder's applicable tax rate (with a credit for any RWT deducted – see above). The financial arrangements rules do not apply to Non-Resident Bondholders except in the limited circumstances described below.

The timing of the derivation of that income will be governed by the financial arrangements rules. The financial arrangements rules require that income or expenditure arising or incurred in relation to the Bonds be spread over the life of the Bonds using an applicable method under those rules.

Bondholders who are “cash basis persons” for the purposes of the financial arrangements rules will be entitled to recognise income on a receipts basis. Bondholders who are not cash basis persons will be required to spread the income or expenditure using the spreading methods prescribed in the financial arrangements rules. Methods available will depend on the particular circumstances of the Bondholder.

The financial arrangements rules may cause Bondholders to derive income or incur expenditure on the transfer of the Bonds held by them. For example, if a gain is made on the transfer of the Bonds by Bondholders to whom the financial arrangements rules apply, the “base price adjustment” performed under the financial arrangements rules will bring the gain to account for New Zealand tax purposes and will cause that gain to be included in the Bondholder's income. Where a Bondholder incurs a loss on the transfer of the Bonds, this loss may be deductible to the Bondholder in some circumstances.

The financial arrangements rules may also apply to certain Non-Resident Bondholders and New Zealand Branch Bondholders who are trustees of a trust which has a New Zealand taxation resident settlor.

Although the financial arrangements rules do not apply to New Zealand Branch Bondholders who do not acquire the Bonds for the purpose of the business which they carry on through a New Zealand fixed establishment or to Non-Resident Bondholders (except in limited circumstances as noted above), those categories of Bondholders may still potentially be subject to New Zealand tax on any gains on sale of the Bonds.

Bondholders should ascertain whether New Zealand's provisional tax rules apply to their individual situations.

Double tax agreements

The application of a relevant double tax agreement may affect the treatment outlined above.

WHAT ARE MY RISKS?

In summary, the principal risks associated with the Bonds are that investors may not recover the principal sum paid for the Bonds and/or investors do not receive the expected returns on their investment referred to on pages 19 to 22 of this Investment Statement. This could happen for a number of reasons, including due to the following risks:

- The risk related to interest rate movements, being the risk that if you sell any of your Bonds, the price obtained for them may differ from the amounts you paid to purchase them, due to changes in market interest rates.
- The risk relating to market, liquidity and yield considerations, being the risk that the Bonds may not be readily saleable, that the value of the Bonds will fluctuate over time (including because of the market perception of CIAL's credit standing), and that such fluctuations may be significant and could result in significant losses to you if you sell your Bonds;
- CIAL's Industry and Business Risks, being risks that may impact on the financial performance and the real or perceived creditworthiness of CIAL; and
- The risk of insolvency of CIAL.

CIAL's Industry and Business Risks are set out under Section 5 of the Prospectus on pages 39 to 42. Principal risks identified include:

- *Aeronautical Revenue & Aviation Industry Risk* - CIAL's aeronautical revenues may be affected by the factors below. Factors affecting aircraft movements and passenger volumes could include, without limitation, the attractiveness of New Zealand and/or Christchurch, Canterbury and the South Island as a destination, the relative strength or weakness of global economies (see comment below on global financial markets), exchange rates, fuel prices, the competitive actions of other airports, the behaviours of CIAL's current and potential airline customers (routes, capacity and aircraft fleet), changes to the global regulatory and competitive environment, concerns about the environmental impacts of air travel, the price of air travel, natural disasters (including earthquakes, floods, bio-security threats and diseases such as foot-and-mouth or an influenza pandemic), acts of terrorism, wars and associated security issues and political disruptions.
- *Ability to Facilitate Aircraft and Passenger Movements* - The Airport is located on a single site in Christchurch. This exposes CIAL to risks that may affect its ability to facilitate aircraft or passenger movements. Factors affecting CIAL's ability to process aircraft or passengers could include, without limitation, further natural disasters, acts of terrorism and aircraft incidents, environmental incidents as well as other events that would adversely impact the ability to operate the airfield, terminal buildings, fire station or the supporting infrastructure including information technology, electricity, water, fuel, gas and road access. In addition CIAL is reliant on a number of other government agencies in order to process aircraft and passengers. If any of these agencies were unable to perform the required services for an extended period of time, then this would impact on the financial performance of CIAL.
- *Regulatory Risk* - As explained in the *Regulatory Framework* paragraph of the Business Highlights in Section 1 of this Investment Statement on page 14, an extensive information disclosure regime has been developed with the three main New Zealand airports, with regulatory overview being undertaken by the Commerce Commission. (Refer to further comments in relation to "merits review" appeals under Pending Proceedings heading on page 58 of the Prospectus). The Commerce Commission is currently assessing the effectiveness of the new regime. Consequently, a lack of certainty in the regulatory environment for CIAL continues to exist.
- *Global Financial Markets*

Since 2007, the world economy has been experiencing a financial crisis which is continuing to impact the world economy, with particular impact in Europe, the United States and more recently China and certain emerging markets. This may have further direct and indirect adverse effects for CIAL, including on passenger volumes, aircraft movements, the ability of its counterparties to perform, the value of its assets generally (including investment property), and the ability of CIAL at a point in the future to obtain finance or the cost of that finance.
- *Noise Contours* - The calculation and application of noise contours is an important tool that provides for the long-term future of the airport, as well as the protection of the surrounding communities. Noise sensitive activity such as residential development close to the airport has the potential to lead to operational curfews. Any loss of ability for CIAL to operate 24/7 without the risk of curfew, would inhibit the Airport's activities and profitability.

SECTION 2:

Continued

- *Planning* - As has been highlighted previously in this Investment Statement, CIAL has been actively engaged in a programme to diversify its revenue streams predominantly through property development and leasing and other commercial opportunities. The Christchurch City Council Plan provides for a Special Purpose (airport) zone which enables the continued operation of CIAL and allows certain activities on the airport campus which are deemed to be consistent with those of a modern airport. The removal of this zoning or imposition of restrictions on activities carried out on the Airport campus could have a significant impact on the ability of CIAL to further undertake property developments on the wider airport campus. Conversely any favourable changes would create additional opportunities for CIAL.

- *Canterbury Earthquakes and Recovery*

The Canterbury earthquakes have continued to impact the demand for travel into and out of the Airport. If CIAL is unable to achieve growth in aircraft or passenger movements in line with its current strategic growth assumptions then the future growth in CIAL's profitability could be adversely affected. Factors which may impact aircraft and passenger growth include the length of time required to secure new airlines and routes and the speed of the Christchurch central city rebuild (including convention centre and hotel accommodation). Further delay in development of the central city key infrastructure projects may similarly delay the rejuvenation of tourism numbers into the city.

A future extreme seismic event or a period of extreme seismic activity could adversely impact on the Airport's activities and profitability.

- *Credit Rating Risk*

At the date of this Investment Statement, CIAL has a corporate credit rating of 'BBB+/Stable/A-2' from Standard & Poor's and the Bonds have an issue credit rating of 'BBB+'. CIAL's corporate credit rating and the Bond's issue credit rating are each considered an investment grade rating by market participants. CIAL's corporate credit rating incorporates Standard & Poor's view that there would be a "moderately high" likelihood that extraordinary support would be forthcoming from CIAL's majority shareholder CCHL (a wholly owned subsidiary of the Christchurch City Council), should CIAL experience an event of financial distress. Neither CCHL nor Christchurch City Council guarantee CIAL's obligations in respect of the Bonds. Standard & Poor's views CIAL's stand-alone corporate credit rating ("credit rating in the absence of extraordinary support") as 'BBB'.

The corporate credit rating may be subject to revision, suspension or withdrawal at any time by Standard & Poor's (For example if CIAL's shareholding were to change or if CIAL's majority shareholder was unwilling or unable to provide such extraordinary support). Any downward revision, suspension or withdrawal of the rating may have an adverse effect on the market price of the Bonds.

Consequences of Insolvency

Bondholders will not be liable to pay any money to any person as a result of the insolvency of CIAL, or if CIAL is placed in liquidation.

In the liquidation of CIAL, certain claims or payments must be met before investments can be repaid to the Bondholders. These claims are set out in legislation and include secured creditors, taxes, certain payment to employees and any liquidator's costs.

After the payment of these preferred creditors, the Bonds will rank at least equally in all respects with all other unsecured, unsubordinated claims against CIAL including existing and future debt securities issued by CIAL pursuant to the Trust Documents and CIAL's bank borrowings and without priority or preference amongst themselves.

CAN THE INVESTMENT BE ALTERED?

The terms of the Offer may be altered by CIAL by filing an instrument to amend the Prospectus with the Registrar of Financial Service Providers.

The rights attaching to Bonds are governed by the issue terms for the Bonds, the Master Trust Deed, the Supplemental Trust Deed and by law.

Specific terms of your investment (being the Principal Amount, Maturity Date, Interest Rate and Interest Payment Dates) can only be altered by way of an Extraordinary Resolution of Bondholders.

The Master Trust Deed and any applicable supplemental deed may be altered either through an Extraordinary Resolution of Holders (as defined in the Trust Deed) or with the approval of the Trustee in certain circumstances, as long as the changes will not be, in the reasonable opinion of the Trustee and the Issuer, materially prejudicial to the interests of the Holders generally.

Upon the occurrence of an Event of Default (as defined in the Trust Deed) that is continuing un-remedied, the Trustee may in its discretion, and must immediately if directed to do so by an Extraordinary Resolution of Bond holders, declare the principal amount together with accrued interest thereon of the Bonds to be immediately due and payable. The returns the investors will receive if the bonds are repaid prior to their Maturity Date will likely be different to the returns they will receive if the Bonds are repaid on their Maturity Date. (see the *"Possible factors affecting returns"* paragraph under the *"What returns will I get ?"* section on page 20.)

HOW DO I CASH IN MY INVESTMENT?

The Principal Amount of the Bonds will be repaid by CIAL on the Maturity Date. The Maturity Date is 4 October 2021.

Bondholders have no right to require redemption of their Bonds, except in certain circumstances following an Event of Default and subject to the enforcement provisions of the Trust Deed. This means that Bondholders have no ability to cash in their investment prior to the Maturity Date, except by selling their Bonds in the secondary market (if one develops) or otherwise in very limited circumstances.

If an Event of Default under the Trust Deed occurs, the Trustee may in its discretion, and will immediately upon being directed to do so by an Extraordinary Resolution passed by Bondholders, declare the Principal Amount and all accrued but unpaid interest on each Bond to be immediately due and payable by CIAL, and CIAL will immediately pay that amount to the Trustee who will then distribute the relevant amount to each Bondholder.

Transfer of Bonds

Bondholders are entitled to sell or transfer their Bonds at any time subject to the terms of the Trust Deed and applicable securities laws and regulations. CIAL may decline to register a transfer of Bonds for the reasons set out in the Trust Deed.

Applicants should not attempt to sell any Bonds until they know whether and how many Bonds have been allotted to them. To the maximum extent permitted by law, none of CIAL, the Arranger, the Lead Manager, the Trustee or any of their respective Directors or employees, or any other person accepts any liability should any applicant attempt to sell or otherwise deal with the Bonds before receiving a statement recording the number of Bonds (if any) issued to that applicant.

CIAL will not compensate Bondholders for any loss incurred if Bondholders choose to sell their Bonds.

The minimum amount of Bonds a Bondholder can transfer is \$1,000, and integral multiples of \$1,000 thereafter. No transfer of Bonds or any part of a Bondholder's interest in a Bond will be registered if the transfer would result in the transferor or the transferee holding or continuing to hold Bonds with an aggregate principal amount of less than the Minimum Holding of \$5,000.

CIAL and the Registrar will be entitled to accept and assume the authenticity and genuineness of any instrument of transfer or other document, and will not incur any liability for registering any instrument of transfer which is subsequently discovered to be a forgery or otherwise defective, unless CIAL or the Registrar had actual notice of such forgery or defect at the time of registration of such instrument of transfer.

As at the date of this Investment Statement there is no established market for the sale of Bonds. There can be no assurance of a liquid secondary market for the Bonds. Bondholders may not be able to sell your Bonds readily or at prices that will enable them to realise a yield comparable to that of similar instruments, if any, with a developed secondary market.

A fee or commission may be charged by a financial intermediary or broker through whom a transfer of any Bonds is effected.

SECTION 2:

Continued

WHO DO I CONTACT WITH ENQUIRIES ABOUT MY INVESTMENT?

Any inquiries about the Bonds can be directed to the Registrar at:

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland 1142

Phone: +64 9 488 8777
Facsimile: +64 9 488 8787
Email: enquiry@computershare.co.nz

Inquiries about the Bonds can also be directed to CIAL at:

Christchurch International Airport Limited

Address: Level 4, Car Park Building
Christchurch Airport
Memorial Avenue
Christchurch 8544

Phone: +64 3 358 5029
Facsimile: +64 4 353 7730
Attention: Chief Financial Officer

IS THERE ANYONE TO WHOM I CAN COMPLAIN IF I HAVE PROBLEMS WITH THE INVESTMENT?

Complaints about the Bonds can, in the first instance, be directed to CIAL at:

Christchurch International Airport Limited

Level 4, Car Park Building
Christchurch Airport
Memorial Avenue
Christchurch 8544

Phone: +64 3 358 5029
Facsimile: +64 4 353 7730
Attention: Chief Financial Officer

Complaints can also be made to the Trustee at:

Public Trust

Level 35
48 Shortland Street
Auckland 1140

Phone: +64 9 985 5300
Facsimile: +64 9 302 3696



Complaints can also be made to the Registrar at:

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland 1142

There is no approved dispute resolution scheme to which complaints about the Bonds can also be made.

WHAT OTHER INFORMATION CAN I OBTAIN ABOUT THIS INVESTMENT?

Prospectus and financial statements

Further important information about the Bonds and CIAL is set out in CIAL's Prospectus in relation to the Bonds, and in CIAL's financial statements.

CIAL's most recent full annual audited financial statements (for the year ended 30 June 2013) may be obtained free of charge, by calling 03 378 2329 or visiting CIAL's registered office during normal business hours, from CIAL's website at www.christchurchairport.co.nz, or from the Companies Office website at www.business.govt.nz/companies. CIAL's most recent annual audited financial statements (for the year ended 30 June 2013) were registered with the Companies Office on 5 September 2013.

The Prospectus, Constitution and certain other documents of, or relating to, CIAL are also filed on a public register maintained by the Companies Office and are available for public inspection, free of charge, on the Companies Office website at www.business.govt.nz/companies.

Annual information

Bondholders who hold Bonds at the relevant Record Date will be entitled to receive certain information relating to the on-going performance of CIAL in accordance with the Companies Act 1993, the Securities Act and the Financial Reporting Act 1993.

This annual information will include CIAL's most recent annual report (which will contain the audited annual financial statements of CIAL) and an interim report (which will contain unaudited half yearly financial statements of CIAL). Bondholders will either receive this information automatically, or will receive notification of their right to request this information.

On request information

As a Bondholder you are entitled to request copies of the following documents under section 54B of the Securities Act:

- the Trust Deed;
- the Prospectus;
- a copy of any financial statements referred to in the Prospectus; and
- any other documents and information that may be requested under regulation 44 of the Securities Regulations.

This information will be made available to Bondholders, free of charge, upon a request in writing being made to CIAL at its registered office as set out in the Directory.

GLOSSARY

\$, NZD or NZ\$	New Zealand dollars
Application Form	The application form attached to this Investment Statement
Approved Issuer Levy or AIL	In relation to any payment of interest (as defined in section 86F of the Stamp and Cheque Duties Act 1971) on any Bond, the levy paid by CIAL in accordance with section 86J of that Act
Arranger	Westpac Banking Corporation, acting through its New Zealand Branch (ABN 33 007 457 141)
Auditor	Audit New Zealand, on behalf of the Auditor-General
Board	The board of directors of CIAL
Bonds	The bonds issued by CIAL under the Trust Deed and which are the subject of this Offer
Bondholder	A holder of a Bond
Business Day	A day (other than a Saturday, a Sunday or a public holiday) on which registered banks are open for general banking business in Auckland and Christchurch
CCHL	Christchurch City Holdings Limited (incorporation number 613388), which is a shareholder of CIAL, incorporated under the Companies Act 1955 and re-registered under the Companies Act
CIAL	Christchurch International Airport Limited (incorporation number 376068), which is the issuer of the Bonds, incorporated under the Companies Act 1955 and re-registered under the Companies Act
CIAL Group	CIAL and its subsidiaries from time to time
Closing Date	27 September 2013
Companies Act	The Companies Act 1993
Director	A member of the Board
Directory	The directory set out in this Investment Statement
Event of Default	An event of default as defined in the Trust Deed
Extraordinary Resolution	A resolution passed: (a) at a meeting of Holders of the Bonds and/or the Other Bonds, properly convened and held in accordance with the provisions of the Trust Documents, at which not less than three fourths of the persons voting upon a show of hands or, if a poll is properly demanded, not less than 75% of the votes given on such a poll, voted in favour of the resolution; or (b) in writing signed by not less than 75% of the Holders having the right to vote on that resolution, and holding in aggregate Bonds and/or Other Bonds conferring the right to cast not less than 75% of the votes that could be cast on that resolution.
Glossary	This glossary of terms

GLOSSARY

Continued

Guaranteeing Group	Has the meaning given to it in the Trust Deed
Guaranteeing Subsidiaries	Any subsidiary of CIAL which becomes a guarantor under the Trust Deed
Holder	In relation to a Bond or Other Bond at any time, the person whose name is recorded in the Register as the holder of that Bond or Other Bond at that time
Interest Payment Date	Interest is payable semi-annually in arrears on the 4th April and October in each year up to and including the Maturity Date
Interest Rate	The greater of: (i) the Minimum Interest Rate; and (ii) the aggregate of the Swap Rate and the Issue Margin
Investment Statement	This investment statement in respect of the Offer, which is an investment statement for the purposes of the Securities Act
IRD	Inland Revenue Department
Issue Margin	The rate determined by CIAL in consultation with the Lead Manager prior to the Opening Date
Issue Date	4 October 2013
Issue Price	\$1.00 per Bond
ITP	The International Terminal Project
Lead Manager	Westpac Banking Corporation, acting through its New Zealand Branch (ABN 33 007 457 141)
Master Trust Deed	The master trust deed dated 9 November 2012 between CIAL and the Trustee
Maturity Date	4 October 2021
Minimum Holding	\$5,000
Minimum Interest Rate	The rate determined by CIAL in consultation with the Lead Manager prior to the Opening Date
NZX	NZX Limited
Offer	The offer of Bonds pursuant to this Investment Statement
Opening Date	23 September 2013
Other Bonds	Any bonds (other than the Bonds offered under the Prospectus) constituted under the Trust Documents
Principal Amount	The amount (other than interest, fees and costs or amounts in the nature of interest, fees or costs) payable on redemption or repayment of a Bond

Prospectus	The current prospectus (including any amendments) which is a prospectus in respect of the Offer for the purposes of the Securities Act
Rate Set Date	27 September 2013
Record Date	In relation to a payment due on a Bond, the tenth calendar day before the relevant Interest Payment Date or Maturity Date or if that tenth day is not a Business Day, the day immediately preceding such day
Register	The register of Bonds maintained by the Registrar.
Registrar	Computershare Investor Services Limited
Securities Act	The Securities Act 1978, as amended from time to time
Securities Regulations	The Securities Regulations 2009, as amended from time to time
Standard & Poor's or S&P	Standard & Poor's (Australia) Pty Limited
Supplemental Trust Deed	The supplemental trust deed (No. 2, Tranche 1, Series 2 Bonds) between CIAL and the Trustee dated 5 September 2013, which is supplemental to the Master Trust Deed
Swap Rate	The NZFMA 8 year swap mid-rate as determined by the Lead Manager on the Rate Set Date
Trust Deed	The Master Trust Deed and the Supplemental Trust Deed, and any supplemental trust deeds pursuant to which the Guaranteeing Subsidiaries became guarantors
Trust Documents	The Master Trust Deed, the Supplemental Trust Deed, any other supplemental trust deeds relating to bonds (additional to the Bonds offered under the Prospectus) constituted or to be constituted under the Master Trust Deed, and any documents supplemental to, amending or restating, or amending and restating any of the foregoing.
Trustee	Public Trust as trustee in respect of the Bonds

Dates referred to in this Investment Statement are indicative only and are subject to change by CIAL at any time prior to the actual Issue Date. CIAL has the right to extend or otherwise vary the Opening Date and the Closing Date. This may have a consequent effect on other dates.

DIRECTORY

ISSUER

Christchurch International Airport Limited

Level 4, Car Park Building
Christchurch Airport
Memorial Avenue
Christchurch 8544
Phone: +64 3 358 5029
Facsimile: +64 4 353 7730

DIRECTORS OF THE ISSUER

C Drayton Christchurch
G Gould Christchurch
D Mackenzie Christchurch (Chairman)
J Murray Christchurch
C Paulsen Auckland

LEGAL ADVISERS TO THE ISSUER

Chapman Tripp

Level 17
10 Customhouse Quay
Wellington

Phone: +64 4 498 4937
Facsimile: +64 4 472 7111

TRUSTEE FOR BONDHOLDERS

Public Trust

Level 35
48 Shortland Street
Auckland 1140

Phone: +64 9 985 5300
Facsimile: +64 9 302 3696

LEGAL ADVISERS TO THE TRUSTEE

Minter Ellison Rudd Watts

Level 18
125 The Terrace
Wellington

Phone: +64 4 498 5000
Facsimile: +64 4 498 5001

AUDITOR OF THE ISSUER

Audit New Zealand, on behalf of the Auditor-General

Unit 4B, Harewood on the Park
337 Harewood Road
Bishopdale
Christchurch 8140.

Phone: 0508 283 4869
Facsimile: +64 3 359 4128

REGISTRAR

Computershare Investor Services Limited

Level 2, 159 Hurstmere Road
Takapuna
Private Bag 92119
Auckland 1142

Email: enquiry@computershare.co.nz
Phone: +64 9 488 8777
Facsimile: +64 9 488 8787

ARRANGER AND LEAD MANAGER

Westpac Banking Corporation, acting through its New Zealand Branch (ABN 33 007 457 141)

Westpac on Takutai Square
Level 8, 16 Takutai Square
PO Box 934
Auckland 1010

Phone: +64 9 352 0829
Facsimile: +64 9 367 3856

SCHEDULE 1:

Application form and instructions



This application form is issued with the Prospectus and Investment Statement dated and prepared as at 5 September 2013 (the "Offer Document") for the offer of Christchurch International Airport fixed rate bonds. Before completing this application form, applicants should read the offer document.

BROKER STAMP

Bond Application Form

Step 1: Application details

First name(s):

1.
2.
3.

Family name:

Corporate name or account designation:

--

Postal address:

Telephone (Home):

--

(Work):

--

Email address: *To enable Christchurch International Airport to provide you with your investor correspondence in relation to your holding in the Bonds electronically, please complete your email address in the box below. If you do not provide an email address, investor correspondence will be mailed to you at the address provided on this Application Form.*

--

Step 2: Application amount *(minimum amount \$5,000 and increments of \$1,000 thereafter)*

NZ Dollar amount of Bonds applied for:

NZ\$

You may choose only ONE of the three payment options below. Please tick the box next to your selected option (✓).

OPTION 1: OPTION 1: Please direct debit my bank account stated below for the amount of the Bonds applied for above. By ticking this box and signing this Application Form, I/we agree that Christchurch International Airport or its agent is authorised to direct debit my/our account for the full amount of the Bonds applied for at any time after receipt of this Application Form. All future amounts paid by Christchurch International Airport will also be credited to this account unless the Registrar is advised otherwise in writing.

OPTION 2: Please find attached my/our payment by cheque. I/we have supplied my/our bank account details below for the purpose of direct crediting of any future interest paid by Christchurch International Airport.

New Zealand Dollar bank account details for direct debit purposes and/or direct credit of future interest payments

Bank Name:	<input type="text"/>	Account Name:	<input type="text"/>		
Bank/Branch:	<input type="text"/>	Account Number:	<input type="text"/>	Suffix:	<input type="text"/>

SCHEDULE 1:

Continued

OPTION 3: Payment will be made through NZClear as arranged with the Registrar (authorised institutional investors only). Please enter your NZClear Mnemonic below.

NZClear Mnemonic:

Step 3: Common Shareholder Number ("CSN")

If you currently have a CSN, please enter it here:

Step 4: IRD number and RWT Rate

Please enter your IRD number here:

Please elect your RWT Rate:

10.5%

17.5%

30%

33%

If you hold a tax exemption certificate, tick here and attach a copy to the application form

Step 5: Signature(s) of applicant(s)

I/We hereby acknowledge that I/we have received and read the Offer Document and apply for the value of Bonds shown above and agree to accept such Bonds (or such lesser number as may be allotted to me/us) on and subject to the terms and conditions set out in the Offer Document. All applicants must sign.

Signature

Applicant 1:

Signature

Joint applicant 2:

Signature

Joint applicant 3:

Date: _____

Date: _____

Date: _____

Step 6: Closing Date and Delivery

All applications under the Bond Offer must be addressed to Christchurch International Airport Bond Offer, Computershare Investor Services Limited, Private Bag 92119, Auckland 1142, New Zealand and received by **12pm on 27 September 2013**.

Terms and Conditions

By signing this Application Form:

- (a) I / We agree to subscribe for Bonds upon and subject to the terms and conditions of the Offer Document and this Application Form and I / we agree to be bound by the provisions thereof.
- (b) I / We confirm that I / we have received, read and understood the Offer Document.
- (c) I / We declare that all details and statements made by me / us in this Application Form are complete and accurate.
- (d) I / We certify that, where information is provided by me / us in this Application Form about another person, I / we are authorised by such person to disclose the information to you and to give authorisation.
- (e) I / We acknowledge that an application cannot be withdrawn or revoked by the applicant once it has been submitted.

- (f) I / We acknowledge that the Offer is only made in New Zealand, and by applying for Bonds, I / we agree to indemnify Christchurch International Airport and its directors, officers, employees and agents in respect of any liability incurred by Christchurch International Airport as a result of my / our breaching the selling restrictions described in the Offer Document.

The information in this Application Form is provided to enable Christchurch International Airport and the Registrar to process your application, and to administer your investment. By signing this Application Form, you authorise Christchurch International Airport and the Registrar to disclose information in situations where Christchurch International Airport or the Registrar are required or permitted to do so by any applicable law or by a governmental, judicial or regulatory entity or authority in any jurisdiction. If you are an individual under the Privacy Act 1993, you have the right to access and correct any of your personal information.



Power of attorney/Agent

Certificate of non-revocation of power of attorney/Agent *(only complete this section if you are signing this Application Form as attorney/Agent of the applicant)*

Full name: **Address:** of hereby certify that:

1. By power of Attorney/Agreement dated the **Day:** **Month/Year:** day of

Name of person for whom attorney/Agent is signing

appointed me his/her/its attorney/agent on the terms and conditions set out in that Power of Attorney/Agency Agreement .

2. I have executed this Application Form as attorney/agent under that Power of Attorney/Agency Agreement and pursuant to the powers thereby conferred upon me.
3. At the date of this certificate, I have not received any notice or information of the revocation of that Power of Attorney/Agency Agreement by the death or liquidation of the donor or otherwise.

Signed at: **Location:** this **Day:** **Month:** day of 2013

Signature of attorney/Agent:

SCHEDULE 1:

Continued

Application Instructions

Your form must be received by 12:00pm 27 September 2013

You should read this Offer Document carefully before completing this Application Form. An application will constitute an irrevocable offer by the applicant to subscribe for and acquire the value of Bonds specified on the Application Form (or such lesser amount which Christchurch International Airport may determine) on the terms and conditions set out in this Offer Document and this Application Form.

An application cannot be withdrawn or revoked by the applicant once it has been submitted.

1. Application details

Enter your FULL NAME(S). Applications must be in the name(s) of natural persons, companies or other legal entities, up to a maximum of three names per application. The table below shows the correct form of name to use. Applications using the wrong form of name may be rejected.

Enter your POSTAL ADDRESS. All communications to you from Christchurch International Airport will be mailed to the person(s) at the address as shown (unless you provide an email address on the Application Form). For joint applicants, only one address is to be entered.

Provide your TELEPHONE NUMBER(S) so that the Registrar or Christchurch International Airport can contact you in relation to your application if required.

By supplying your email address, Christchurch International Airport will be able to deliver your investor correspondence to you electronically where possible. This is a much more environmentally friendly, cost effective and timely option than paper-based investor mail outs.

TYPE OF INVESTOR	CORRECT WAY	INCORRECT WAY
Individual person	JOHN ALFRED SMITH	J A SMITH
More than one person	JOHN ALFRED SMITH MICHELLE JANE SMITH	J A & M J SMITH
Company	ABC LIMITED	ABC
Trusts	JOHN ALFRED SMITH <JOHN SMITH FAMILY A/C>	JOHN SMITH FAMILY TRUST
Partnerships	JOHN ALFRED SMITH MICHAEL FREDERICK SMITH <JOHN SMITH AND SONS A/C>	JOHN SMITH & SONS
Clubs or Unincorporated Associations	JANE ANNABEL SMITH <SMITH INVESTMENT CLUB A/C>	SMITH INVESTMENT CLUB
Superannuation funds	JOHN SMITH LIMITED <SUPERANNUATION FUND A/C>	JOHN SMITH SUPERANNUATION FUND

2. Application amount

Enter the total New Zealand dollar amount you wish to apply for. Tick the relevant box for your chosen payment method. The minimum application amount is \$5,000 with increments of \$1,000 thereafter.

Option 1

If you choose the direct debit option, you must tick the box authorising the Registrar to direct debit the bank account nominated on the Application Form on any day after the Application Form is received by the Registrar for the amount applied for on the Application Form. You cannot specify a direct debit date and you must ensure that:

- the bank account details supplied are correct;
- sufficient funds in the bank account for direct debit are available on the day the Registrar receives the Application Form;
- the person(s) giving the direct debit instruction has/have the authority to operate the account solely/jointly; and
- the bank account you nominated is a transactional account eligible for direct debit transactions.

If you are uncertain, you should contact your bank or financial institution. Should your direct debit fail, your application will be rejected. The Registrar will not be able to process your direct debit if you do not sign and date the Application Form.

If requested, the Registrar will provide you with a direct debit authority form.

Option 2

Cheques must be drawn on a New Zealand registered bank from a New Zealand dollar bank account and must be made in New Zealand dollars. Cheques must be made payable to "Christchurch International Airport Bond Offer" and crossed "Not Transferable". Cheques must not be post-dated as they will be banked on receipt. The banking of Application monies does not constitute confirmation of allotment of any Bonds or acceptance of an offer to subscribe for Bonds. If your cheque is dishonoured, your application will be rejected and Christchurch International Airport may cancel your allotment of Bonds and pursue any other remedies available to it at law.

Option 3

Investors who are members of NZClear may, by prior arrangement with the Registrar, settle their application for the Bonds on the Issue Date through the NZClear system with CISL90 Computershare Investor Services Limited.

Future interest payments

All future interest payments will be made to the account specified on this Application Form. If you do not select the direct debit option (option 1), you must provide your bank account details so that Christchurch International Airport can direct credit your interest payments into your bank account.

3. Common Shareholder Number

If you have a Common Shareholder Number (CSN), you must enter it in the box provided. The name and address details on your Application Form must correspond with the registration details under that CSN. If you do not provide a CSN, it will be deemed that you do not have a current CSN and a base registry number and FIN (Authorisation Code) will be allocated to you at allotment of the Bonds.

4. IRD number and RWT Rate

Enter your IRD number. For joint applicants, please fill in the IRD number of the first named applicant or the beneficiary of the trust (for an application by a trustee or trustees).

Please select the RWT rate you wish to be deducted from your future interest payments. If you have a tax exemption certificate, please attach a copy to the application form.

5. Signature of applicants

Read the declaration and the terms and conditions on the back of the Application Form carefully and SIGN and DATE the Application Form. An Application Form must be signed by the applicant(s) personally, or by two directors of a company (or one director if there is only one director, whose signature must be witnessed), or in either case by a duly authorised attorney or agent.

If the Application Form is signed by an attorney, the power of attorney document is not required to be lodged, but the attorney must complete the certificate of non-revocation of power of attorney section on the back of the Application Form. If the Application Form is signed by an agent, the agent must complete the certificate of non-revocation of agent section on the back of the Application Form.

Joint applicants must each sign the Application Form.

6. Closing Date and Delivery

Applicants applying under the Christchurch International Airport Bond Offer must return a completed Application Form (with payment) to the Registrar before 12.00pm on the Closing Date, 27 September 2013.

The address details of the Registrar are:

Computershare Investor Services Limited

Postal address:
Private Bag 92119
Auckland 1142

Physical address:
Level 2
159 Hurstmere Road
Takapuna
Auckland 0622

Please lodge your Application Form AS SOON AS POSSIBLE. Applicants should remember that the Closing Date may be changed at the sole discretion of Christchurch International Airport.

Christchurch International Airport reserves the right to accept applications which are received by the Registrar after the relevant Closing Date, but has no obligation to do so.

SCHEDULE 2: Explanation of S&P Credit Rating System

What is a credit rating?

A credit rating is a rating agency's opinion of an institution's ability to pay back in full and on time all the money they have promised an investor. In CIAL's case, this is the funds its investors have invested with it. In the case of the Bonds, this is the funds Bondholders have invested with it in relation to the Bonds.

Credit ratings are based on research and analysis by a ratings agency, which takes into account the financial history and current financial position of the institution. Ratings are continuously reviewed, although most ratings are subject to annual review.

What is the scale used for credit ratings?

The S&P rating scale is shown below. The rating scale used by S&P represents the breadth of opinions about the creditworthiness of an issuer. Generally a lower credit rating indicates a higher risk that an institution will "default" and an investor will not get their money back in full and/or on time, as promised.

S&P's long term issuer rating categories, from strongest creditworthiness to most vulnerable, are outlined below.

Investment Grade	AAA	Extremely strong: An obligor rated AAA has extremely strong capacity to meet its financial commitments. AAA is the highest issuer credit rating assigned by S&P.
	AA	Very strong: An obligor rated AA has very strong capacity to meet its financial commitments. It differs from the highest-rated obligors only to a small degree.
	A	Strong: An obligor rated A has strong capacity to meet its financial commitments, but is somewhat more susceptible to the adverse effects of changes in circumstances and economic conditions than obligors in higher-rated categories.
	BBB	Adequate capacity: An obligor rated BBB has adequate capacity to meet its financial commitments. However, adverse economic conditions or changing circumstances are more likely to lead to a weakened capacity of the obligor to meet its financial commitments.
Speculative Grade	BB	Less vulnerable: An obligor rated BB is less vulnerable in the near term than other lower-rated obligors. However, it faces major on-going uncertainties and exposure to adverse business, financial, or economic conditions, which could lead to the obligor's inadequate capacity to meet its financial commitments.
	B	More vulnerable: An obligor rated B is more vulnerable than the obligors rated BB, but the obligor currently has the capacity to meet its financial commitments. Adverse business, financial, or economic conditions will likely impair the obligor's capacity or willingness to meet its financial commitments.
	CCC	Currently vulnerable: An obligor rated CCC is currently vulnerable, and is dependent upon favourable business, financial, and economic conditions to meet its financial commitments.
	CC	Currently highly vulnerable: An obligor rated CC is currently highly vulnerable.
	D/SD	Default/Selective Default: An obligor rated D (Default) or SD (Selective Default) has failed to pay one or more of its financial obligations (rated or unrated) when it came due.

Ratings between AA and CCC may be modified by the addition of a plus (+) or minus (-) sign to show relative standing within the major rating categories.

“Investment grade” is broadly used to describe issuers and issues with relatively high levels of creditworthiness and credit quality. In contrast, the term “noninvestment grade,” or “speculative grade,” generally refers to debt securities where the issuer currently has the ability to repay but faces significant uncertainties, such as adverse business or financial circumstances that could affect credit risk.

In S&P’s long-term rating scale, issuers and debt issues that receive a rating of ‘BBB–’ or above are generally considered by regulators and market participants to be “investment grade,” while those that receive a rating ‘BB+’ or lower are generally considered to be “speculative grade.”

If S&P anticipates that a credit rating may change in the coming 6 to 24 months, it may issue an updated ratings “outlook” assessment. An outlook assessment considers the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). An outlook assessment is not necessarily a precursor of a rating change. The common rating outlook definitions are: Positive - means that a rating may be raised; Negative - means that a rating may be lowered; Stable - means that a rating is not likely to change; and Developing - means a rating may be raised or lowered.

S&P may also offer an opinion (termed a “CreditWatch”) as to whether a credit rating is likely to be upgraded (positive), downgraded (negative) or uncertain (neutral). It focuses on identifiable events and short-term trends that cause ratings to be placed under special surveillance by S&P.

Additional information about CIAL’s rating

CIAL’s company rating is a long term corporate credit rating which reflects CIAL’s creditworthiness over a time period of one year or more. The rating also assesses CIAL’s capacity to repay in New Zealand dollars.

Where can I find more information?

The Reserve Bank has some useful information on credit ratings on its website www.rbnz.govt.nz.

Additional information can also be found on S&P’s website www.standardandpoors.com.

Investors may also wish to engage an investment adviser for independent advice and CIAL encourages you to do so.

Two final things to note

Credit ratings are only one tool in assessing risk, and the Reserve Bank advises investors to seek more information on making wise investment decisions.

S&P’s credit ratings are statements of opinion, not statements of fact or recommendations to buy, hold or sell any securities. Accordingly, any user of credit ratings should not rely on any such ratings or other opinion issued by S&P in making any investment decision. Ratings are based on information received by S&P.



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