

STATEMENT OF INTENT

FOR THE FINANCIAL YEAR ENDING 30 JUNE 2025

AND EACH OF THE IMMEDIATELY FOLLOWING TWO YEARS

1. Introduction

This Statement of Intent (SOI) is presented by the Board of Marlborough Airport Limited (the Company) in accordance with Section 64 of the Local Government Act 2002.

As required it sets out the objectives for the company, the nature and scope of the activities to be undertaken and performance targets and measures by which the company will be reviewed in relation to its performance.

This SOI covers the financial year to 30 June 2025 and each of the immediately following two financial years.

Marlborough Airport Limited (MAL) is a Council Controlled Trading Organisation under section 6 of the Local Government Act 2002.

2. Governance

The Airport is a wholly owned subsidiary of Marlborough District Council Holdings Limited which is wholly owned by the Marlborough District Council. The Board of MAL is responsible for monitoring the performance of the company and setting the long term strategic and development direction for the company. The day to day operation of the airport is achieved via a mixture of staff employed by MAL and resources provided by Council.

The Board of MAL comprises of two independents, the Mayor and one or two Marlborough District Council Councilors and the Chief Executive of Marlborough District Council.

3. Objectives of the Company

The company's vision is to be an efficient airport operator that fosters regional economic growth, ensuring the long-term sustainability of the Company.

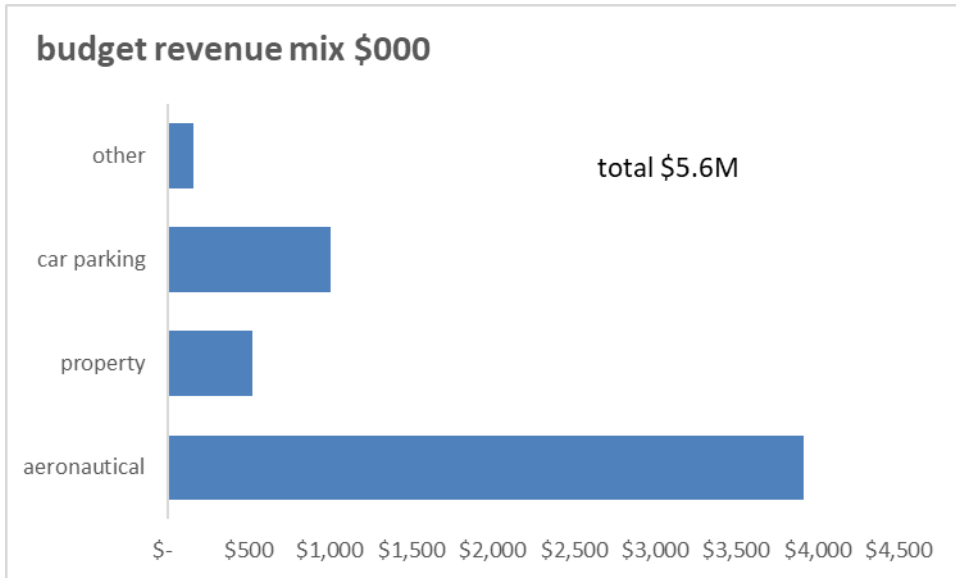
Consistent with this vision are the Company's objectives to:

- ensure a safe and healthy environment for workers, visitors and stakeholders;
- be a welcoming gateway for travelers;
- pursue opportunities to increase the value of commercial activities;
- facilitate economic development;
- be financially sustainable;
- be environmentally sustainable.

4. Nature and Scope of the Activities to be undertaken

MAL's primary activity is the operation of Marlborough Airport. For the airport to operate effectively the company provides the appropriate infrastructure, personnel and facilities to provide a safe environment to passengers, staff and other visitors.

In addition to the revenue generated by aeronautical activities MAL's revenue streams reflect its management of landside operations which generate commercial income from car parking, property leases and advertising. The 2025 budgeted revenue splits are illustrated below.



MAL continues to work with the Marlborough District Council, customers, operators and stakeholders to identify and invest in further regional and economic development opportunities relating to the airport. MAL now operates an extended carpark on land leased from Kurahaupo 2018 LP.

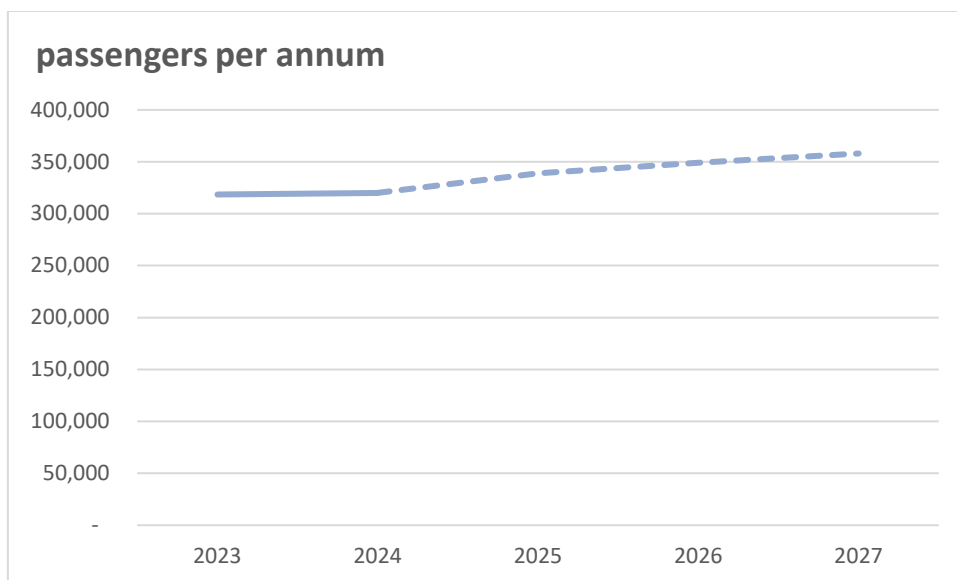
MAL has a licence to occupy the airfield which is owned by the New Zealand Defence Force and this brings unique financial and operational challenges. The regulated nature of aeronautical charges can also impact on the airport's ability to achieve the expected accounting surplus's and returns in some years.

MAL is a lifeline utility under the Civil Defence Emergency Management Act 2002 and must comply with the requirements of a lifeline utility.

5. Measuring Success

The Company has developed objectives under the headings People, Planet, Prosperity and Partnerships to improve business performance, encourage growth and ensure a sustainable future for the airport. These objectives are underpinned by a series of activities and performance targets.

Passenger numbers are the key driver of MAL's prosperity goals and the graph below sets out forecast passenger numbers. Passenger numbers have returned to pre-Covid levels and are now expected to return to growth at approximately 3% per annum.



MAL Performance Targets and Measures 2023-24				
Objective	Activity/KPI	2025 Target	2026 Target	2027 Target
People				
Be a welcoming gateway for travellers and ensure a safe and healthy environment for staff and airport tenants.	Passenger numbers.	>327,500 passengers	>337,325 passengers	>339,000 passengers
	Lost time injuries.	Nil.	Nil.	Nil.
	Safety management system.	Risk Rating <6.5 (maximum of 25)	Risk Rating <6.5 (maximum of 25)	Risk Rating <6.5 (maximum of 25)
Planet				

MAL Performance Targets and Measures 2023-24

Objective	Activity/KPI	2025 Target	2026 Target	2027 Target
To work towards sustainability aspirations within MAL's operations and in tandem with key partners.	Map and engage key stakeholders to identify shared priorities for sustainability initiatives, including metrics for success.	<ul style="list-style-type: none"> Develop annual baselines for identified sustainability metrics Sustainability embedded in runway reseal procurement Implement quarterly sustainability dashboard to the Board Implement traceability process for GhG Scope 1 and 2 measurements 85% survivability rate for carpark native plants 	Sustainability targets for 2026 implemented and reported on.	Sustainability targets for 2027 implemented and reported on.
Prosperity				
Manage financial performance to ensure MAL achieves its strategic goals and maintains a financially sustainable business.	Achieve profit targets as set out in the budget.	EBITDAF² >\$50,000	NPAT¹ >\$400,000 EBITDAF² >\$ 2.20m	NPAT¹ >\$450,000 EBITDAF² >\$ 2.30m
	Maintain a sustainable financial position as set out in the budget.	Cash flow from operations > (\$5.0 m) deficit (Runway Reseal) SH funds/Total assets³ >20% Dividend paid >\$450,000	Cash flow from operations >\$1.2m SH funds/Total assets³ >19% Nil dividend (2025 reseal year)	Cash flow from opns >\$2.2m SH funds /Total assets³ >18% Dividend paid >\$0.65m
Partnerships				
Work with key Stakeholders to ensure a sustainable future.	Meet with NZDF to re-negotiate the Airfield licence agreement			

¹ NPAT = Net Profit after Tax. The deficit result is not a target but rather the budgeted result for 2022.

² Earnings before interest, taxation, depreciation, amortisation and fair value movements (movements in fair value are not budgeted)

³ Shareholder Funds to total assets; Average equity/Average total assets; this measure is required by the Local Government Act to be included in this SOI.

6. Statement of Accounting Policies

The measurement and reporting of earnings and financial position are under the policies as contained in the 2022-23 Annual Report with updates as required to meet International Financial Reporting

Standards. The 2022-23 Annual Report including the Statement of Accounting Policies is available on the company's website www.marlboroughairport.co.nz.

7. Dividend Distribution Policy

A recommendation on the level of any dividend, if any, to be paid will be made by Directors each year. Dividends to shareholders will be maximised consistent with consideration of the current and future capital requirements of the company and its debt-to-equity ratio. It is anticipated that distributions will be in the order of 45% of after-tax profit as returned to Inland Revenue.

The Board will make best endeavors to distribute the below level of dividend to the Shareholder.

2026 - \$450,000

2027 - \$500,000

8. Projected borrowings

The underlying expectation is that the company will make a cash surplus every year. It is further expected that company debt will be repaid as funds allow.

The currently projected level of debt is:

2025 - \$7.8m

2026 - \$7.9m

2027 - \$6.6m

9. Shareholder Equity

- (a) The commercial value of the Shareholder's investment is nominally \$2.6 million based on shareholders' funds forecast at June 2024 (\$3.7 million 2023 actual). From time to time the directors or the shareholder may request that an independent valuation of the shareholder's investment be undertaken. The manner and timing of this assessment will be determined by the purpose for which it is undertaken or by the terms of the request by the directors or shareholder.
- (b) The ratio of consolidated shareholder's equity to total assets will be maintained at no less than 18%. For the purposes of this ratio 'consolidated shareholder's equity' is total shareholder funds inclusive of retained earnings and revaluation surplus, and 'total assets' are current assets plus net book value of fixed assets plus future tax benefit (if any).

10. Information to be provided to Shareholder

The company will provide interim six monthly reports to its shareholder on the results of its trading.

The company will provide information which meets the requirements of the Companies Act 1993, the Financial Reporting Act 2013, the Local Government Act 2002 and in compliance with generally accepted accounting practice in New Zealand in order to enable the shareholder to make an informed assessment of the company's performance.

The company will make the following reports available to its shareholder:

- a) Annual Statement of Intent
A Statement of Intent will be prepared in accordance with the Local Government Act 2002.
- b) Annual Report and Half Yearly Report
The reports will be prepared in accordance with the Local Government Act 2002, the reporting requirements prescribed from time to time by the Companies Act 1993, the Financial Reporting Act 2013 and in compliance with generally accepted accounting practice in New Zealand. The annual report and half yearly report shall contain the following:
 - (i) Income Statement;
 - (ii) Statement of Comprehensive Income;
 - (iii) Statement of Financial Position;
 - (iv) Statement of Cash flows;
 - (v) Statement of Changes in Equity;
 - (vi) Report on Activities.

11. Procedure for Acquisition of Shares in any Company or Other Organisation

All investment proposals for the acquisition of shares in the Company or other organisation will be considered in the first instance by the directors.

If any decision is contemplated to acquire assets, the value of which is more than 20% of the value of the Company's assets before the acquisition; that decision will be made only after the directors have obtained the approval of the shareholder.

12. Procedure for the Disposition of Shares

The Company will not dispose of any shares without the prior written approval of the shareholder.

13. Other Matters

The Shareholder and directors agree that the above matters are the only ones to be covered in this Statement of Intent and that there are no additional matters to be included.

Prospective Summary Statement of Comprehensive Income

Marlborough Airport Limited Budget for 2024-25 to 2026-27

Income Statement

Year to 30 June:

	ref	Actual 2023	Forecast 2024	2025	Budget 2026	2027
PASSENGERS		318,517	320,000	339,000	349,000	358,000
		\$000	\$000	\$000	\$000	\$000
Income						
Aeronautical Income	1	3,461	3,511	3,914	4,031	4,152
Non Aeronautical Inc - Rental		420	472	472	478	500
Non Aeronautical Inc - Parking	2	550	874	1,001	1,063	1,115
Non Aeronautical Inc - Misc		135	110	159	163	168
Investment Property Income		47	47	47	50	50
Investment property revaluation		(20)	-	-	-	-
Other gains and losses		(5)	-	-	-	-
Financial Income		140	101	2,205	5	5
Gain or loss on fv ir-swaps		(8)	120	-	-	-
Total Income		4,721	5,235	7,798	5,790	5,990
Expenses						
Repairs & Maintenance						
Runway Reseal Actual cost		-	-	2,618	-	-
Runway Reseal Provision made		1,109	1,156	-	533	550
Airfield Expenses - R & M - non-reseal		350	263	64	155	166
Carpark Exp - R & M		12	104	103	39	41
Terminal Exp - R & M		74	76	61	44	47
Maintenance Contract		68	73	73	76	79
Other - R & M		3	6	3	3	3
Total Repairs & Maintenance	3	1,617	1,678	2,921	849	886
Airport operations						
Aeronautical Expense - Operations - RFS		550	550	550	605	605
Aeronautical Expense - Operations - non RFS		39	48	56	58	59
Non Aeronautical Exp - Operations - Licence		458	458	755	755	808
Non Aeronautical Exp - Operations - non licence		706	744	705	746	750
Strategic Planning		-	10	12	13	14
Total Operations		1,754	1,810	2,077	2,176	2,236
Depreciation	5	703	898	1,178	1,175	1,226
Other Expenses						
Employment Expenditure	4	434	468	540	503	524
Financing Costs	6	168	303	310	419	415
Total Expenses		4,676	5,157	7,026	5,122	5,287
Net Profit before tax		45	78	772	668	703
Tax Expense		6	28	1,842	208	225
Net Profit/(Loss) after Income Tax		39	50	(1,070)	460	478
NPAT (excluding fair value movements [F])		47	(70)	(1,070)	460	478
EBITDAF		776	1,178	55	2,256	2,339