

Wellington International Airport Limited

Investor Presentation – 10 Year Resetting Retail Bond Offer

13 September 2021



Joint Lead Managers



Photo: Scott Boardman

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- WIA's bonds maturing on 5 August 2024, which have a fixed interest rate of 4.00% per annum and are currently quoted on the NZX Debt Market under the ticker code WIA040;
- WIA's bonds maturing on 16 June 2025, which have a fixed interest rate of 5.00% per annum and are currently quoted on the NZX Debt Market under the ticker code WIA050;
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Overview of the Offer



Issuer	Wellington International Airport Limited
Instrument	Unsecured unsubordinated resetting fixed rate bonds
Ranking	Bonds will rank equally with WIAL's banking and USPP debt obligations
Volume	Up to \$75m plus up to \$50m oversubscriptions
Reset Date	24 September 2026
Maturity Date	24 September 2031 – 10 year term
Joint Lead Managers	ANZ and Forsyth Barr

Bond Offer Objectives

Repay drawn bank funding and commercial paper and fund general corporate purposes

Term out funding and achieve longer tenor, consistent with WIAL's long dated infrastructure assets

Retain diversification of funding market access – banks, retail bond market and USPP

- › Business Overview & Executive Team
- › Current Operating Environment
- › Aeronautical & Commercial Businesses
- › Financial Results
- › Funding, Covenants & S&P Rating
- › 2040 Masterplan
- › Sustainability - Kaitiakitanga
- › Bond Offer Terms & Timetable
- › Questions



Business Overview

Key Wellington infrastructure, a gateway to New Zealand's capital city and central region



	FY21		FY20
	64,000	Flights	94,000
	3.0m	Passengers	6.1m
	\$68.8m	Total Revenue	\$146.4m
	\$36.0m	EBITDAF *	\$103.2m
	\$7.2m	Operating Cash Flows *	\$79.7m
	\$35.0m	Capital Expenditure	\$80.6m
	\$1.50bn	Total Assets	\$1.37bn
	100 FTE	Employees	136 FTE



Financial figures are NZ\$. Data obtained from WIAL's audited FY20 & FY21 annual reports

* EBITDAF and operating cash flows are pre-subvention payment

Business Overview

Recap on business strategy with ongoing focus on high quality service and efficiency



- › **Business diversification & growth**
Capital investments (hotel, transport hub and terminal optimisation) have diversified revenue sources and provided a platform for future growth.
- › **High quality service**
Service quality has consistently rated amongst the top Australasian airports under ASQ surveys.
- › **Private/public ownership model**
Infratil (NZ listed infrastructure company) 66%, Wellington City Council 34%.
- › **Issuer credit rating of BBB/stable outlook**
Long-term investment grade issuer credit rating from S&P, upgraded to stable outlook in June 2021.
- › **Light handed economic regulatory regime**
Information disclosure regime for the aeronautical business of the main NZ airports, with landing charges set through airline consultation process.
- › **Committed to sustainability – people, community and environment**
Targeting 30% reduction in energy, waste, potable water and scope 1 & 2 carbon emissions by 2030. Benchmarking performance under GRESB framework.



Executive Team

Experienced Leadership



Steven Sanderson - Chief Executive Officer

Steve joined Wellington Airport in February 2012. Steve has predominately a career background in infrastructure businesses including Airport, Electricity and Ports. Prior to his appointment at Wellington Airport Steve's previous key roles include CEO for Queenstown Airport, CEO Dynamic Controls a US owned company, which is listed on the NY stock exchange, General Manager NZ/Australia at Powerco, and General Manager at Lyttelton Port Company.



John Howarth – General Manager Infrastructure & Planning

John has a long history with Wellington Airport, he was the Chief Operating Officer, (also acting as CEO) from 2002 till 2013 and returned in March 2017 as the GM Infrastructure. John trained as a civil engineer and has worked in the construction industry for over 30 years. With more than 20 years of his career involved in the planning, development and maintenance of airports John is unashamedly an aviation enthusiast.



Martin Harrington - Chief Financial Officer

Martin joined the Wellington Airport team in 2008, prior to this, he held a number of senior finance roles within various industry sectors, including transport, tourism and financial services. He is responsible for financial and management reporting, taxation, treasury, risk management, insurance and regulatory services for the business.



Leanne Gibson – General Manager Facilities, Transport and Technology

Leanne is responsible for the maintenance of all the airport's buildings, key services, technology, chattels, amenities and grounds within the airport precinct (110ha), as well as running the transport hub. Leanne joined the airport in February 2014 having previously worked for the Ministry of Education as their Chief Information Officer. Prior to that, she worked at the border (for MAF) as the Director of Passenger Clearance and as their Chief Information Officer, making Leanne well acquainted with the complexities and challenges associated with busy airports and ports.



Jackie Holley – General Manager People and Culture

Jackie has over 15 years of HR experience, having worked in various HR roles for a diverse range of organisations, including PwC, AXA, Intergen and ACC. Jackie has a Masters in Psychology and her most recent role at ACC was as the Deputy Head of Assurance Services.



Matt Clarke - Chief Commercial Officer

Matt Clarke joined the Wellington Airport team in 2010 and is responsible for WIAL's aeronautical and commercial revenue. He has over 12 years' airport senior management experience spanning operational and commercial roles across six airports in New Zealand and abroad. Matt is a Director of Wellington Regional Economic Development Agency and Nelson Airport.



Ayolt Wiertsema - General Manager Aero Operations

Ayolt Wiertsema is responsible for airport operations and joined the Wellington Airport team in 2011. He has significant aviation experience with 12 years at Amsterdam Airport Schiphol. Ayolt also has a background in service management consultancy and marketing.



Jenna Raeburn – General Manager Corporate Affairs

Jenna joined the Wellington Airport team in 2019 and is primarily responsible for regulatory and legal compliance, government and community relations, communications and sustainability. Her background is in politics with a foundation in law and economics. She also has extensive government relations experience across a range of sectors including transport, technology, e-commerce and infrastructure.

COVID-19 Response

Strong action in 2020 means WIAL is well positioned for ongoing COVID challenges



› **Business resized and operating costs reduced**

- Resized organisation for new operating environment (including 30% headcount reduction).
- Delivered overall cost reduction of 24% for FY21, compared with prior-year (or 32% excluding rates and insurance).

› **Bank facilities increased & maturities extended**

- \$70m new facilities put in place (bringing total to \$170m).
- Extended maturities to May 2022 through August 2023.
- Temporary covenant waivers obtained with banks/USPP lenders.

› **Additional support from shareholders**

- Shareholder support from Wellington City Council and Infratil with a \$75.8m equity commitment in the form of redeemable preference shares (currently expires 30 June 2022).

› **\$100m bond issue in August 2020**

- Undertook early refinancing for May 2021 bond maturity and strengthened balance sheet.

› **Capital development plans assessed and spend reduced**

- Growth-driven projects mainly on hold.
- Focused spend on safety, essential asset replacements and maintenance.
- Total capital expenditure spend of \$35m for FY21, including runway overlay brought forward.



Current Aviation Environment

Domestic focus has driven strong passenger recovery between lockdowns



> Domestic focus means lower exposure to border closures

- Pre-COVID-19, over 5m of WIAL's 6.4m annual passengers (85%) were domestic.
- Extended periods without NZ lockdowns/restrictions has supported a strong recovery.
- In July 2021 WIAL served over 420,000 domestic passengers (or 93% pre-COVID-19 levels).

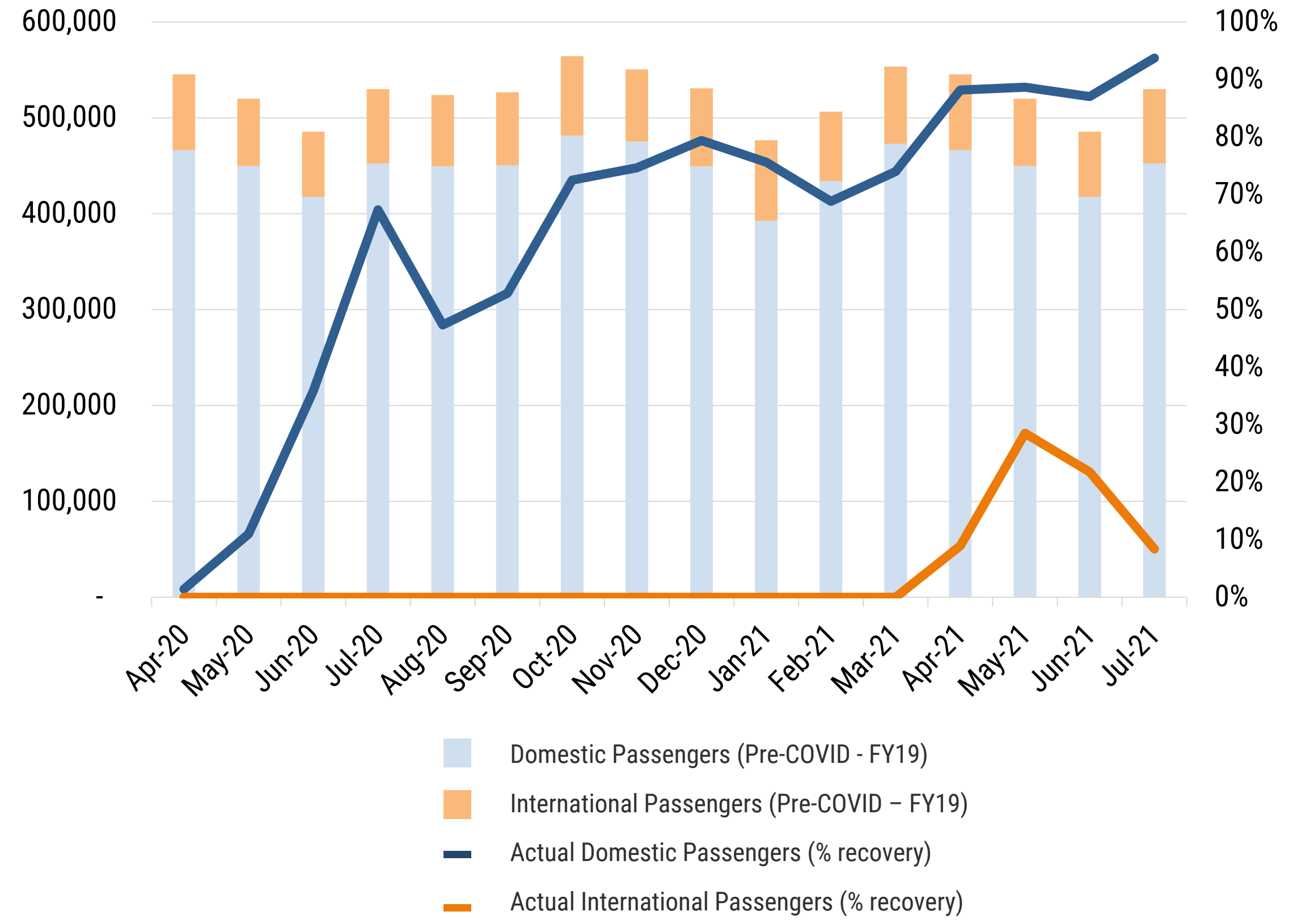
> Timing of international recovery remains uncertain

- The majority of WIAL's international market is Trans-Tasman.
- International passengers recovered to 25% of pre-COVID-19 levels in May 2021, prior to closures of the Trans-Tasman bubble.
- The timing of NZ/Australian borders re-opening is uncertain.

> Long-term growth fundamentals remain strong

- WIAL is well positioned for a return to passenger growth as a central location providing domestic hub connection, NZ's capital city and home of Government, high barriers to entry, second largest economy and point-to-point international travel.
- The 2040 Masterplan represents a strong investment pipeline that will provide a foundation for sustainable growth and further opportunities for diversification.

Monthly Passenger Recovery Since April 2020



Historic information in this presentation must be considered in light of WIAL's current operating environment. Past performance is not a reliable indicator of future performance, particularly given the uncertainty created by COVID-19 related issues.

Aeronautical Business

Pre-COVID-19, aeronautical charges ~60% of total revenue



> **Strong passenger recovery**

- WIAL's recovery supported by:
 - High exposure to the domestic market
 - Extended periods without domestic travel restrictions in New Zealand
 - An eagerness from Kiwis to explore their own country
 - Return of corporate travel
 - Serving the home of Government provides WIAL with a stable foundation and level of demand even in times of economic downturn

> **PSE4 airline pricing**

- NZ airport regulation regime requires pricing to be reset at least every 5 years through consultation with the current pricing period ("PSE4") commencing 1 April 2019.
- Airline prices were held flat for FY20 & FY21 while consultation continued on the 2040 Masterplan and the impacts of COVID-19 were considered.
- Prices were updated in April 2021, targeting an average \$15 per passenger by the final year of pricing in FY24. This equates to a 5% per passenger per annum increase over FY22 – FY24.
- A passenger volume wash-up for PSE4 was also agreed given ongoing uncertainty (to be calculated at the end of FY24).

Domestic and International Route Network



Predominantly domestic route network

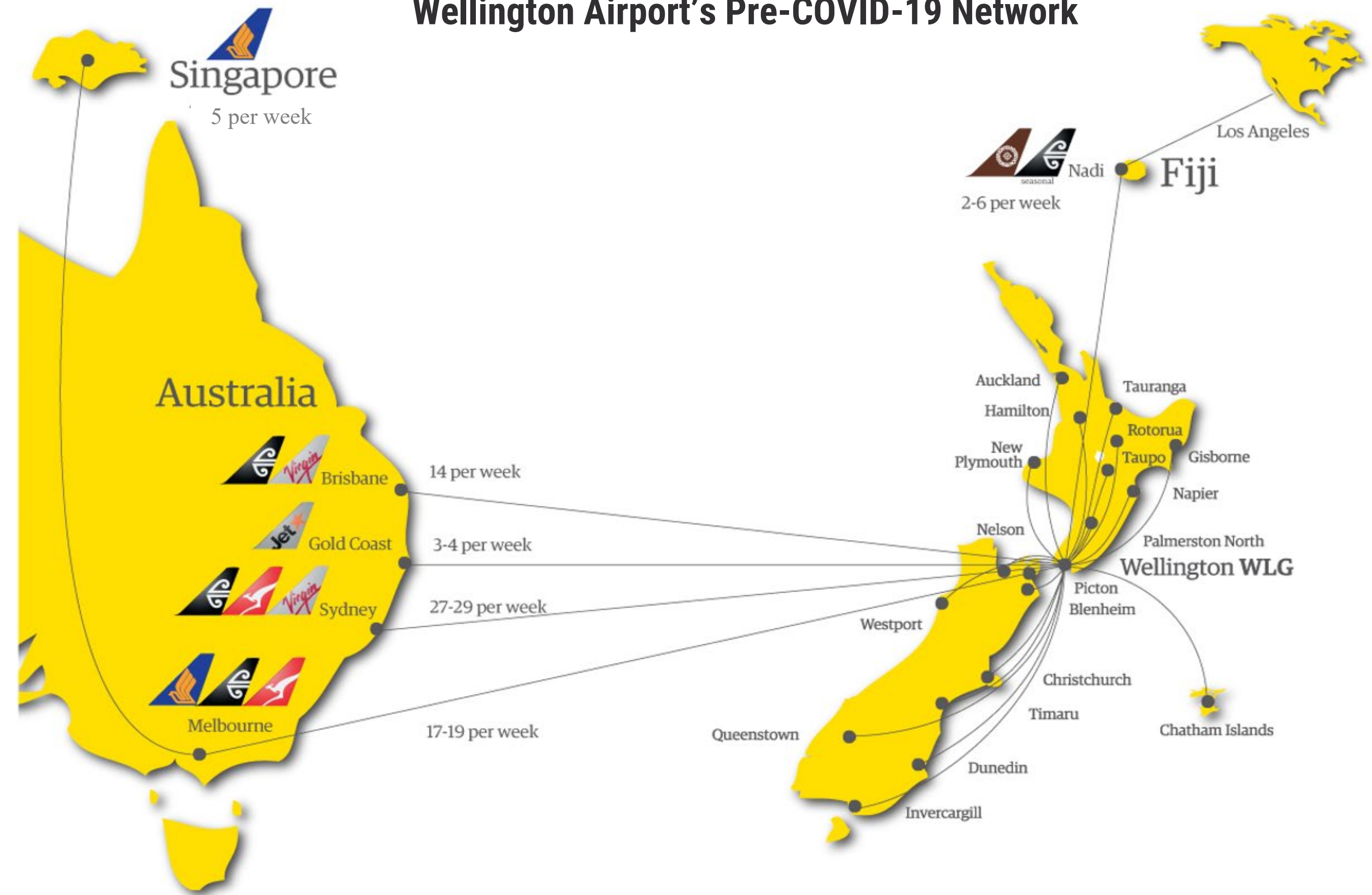
Domestic

- > Key routes are on the main trunk (Auckland and Christchurch).
- > The domestic market has continued to perform strongly through COVID-19, with Wellington being used as a hub by Air NZ to consolidate traffic during weak demand periods.
- > Capacity for FY21 was 59% of pre-COVID-19 levels, but recovered to 93% in July 2021 with load factors of 80%.

International

- > International network was predominantly short-haul to Australia/Fiji.
- > Wellington had seen a strong increase in capacity and passengers prior to COVID-19.
- > Closures of the Trans-Tasman bubble have been ongoing in response to recent outbreaks in Australia.
- > There is still uncertainty as to when international routes will reopen and when unrestricted travel will be permitted, however the International Air Transport Association (IATA) have forecasted a return to pre-COVID-19 global traffic levels in 2023/24*.

Wellington Airport's Pre-COVID-19 Network



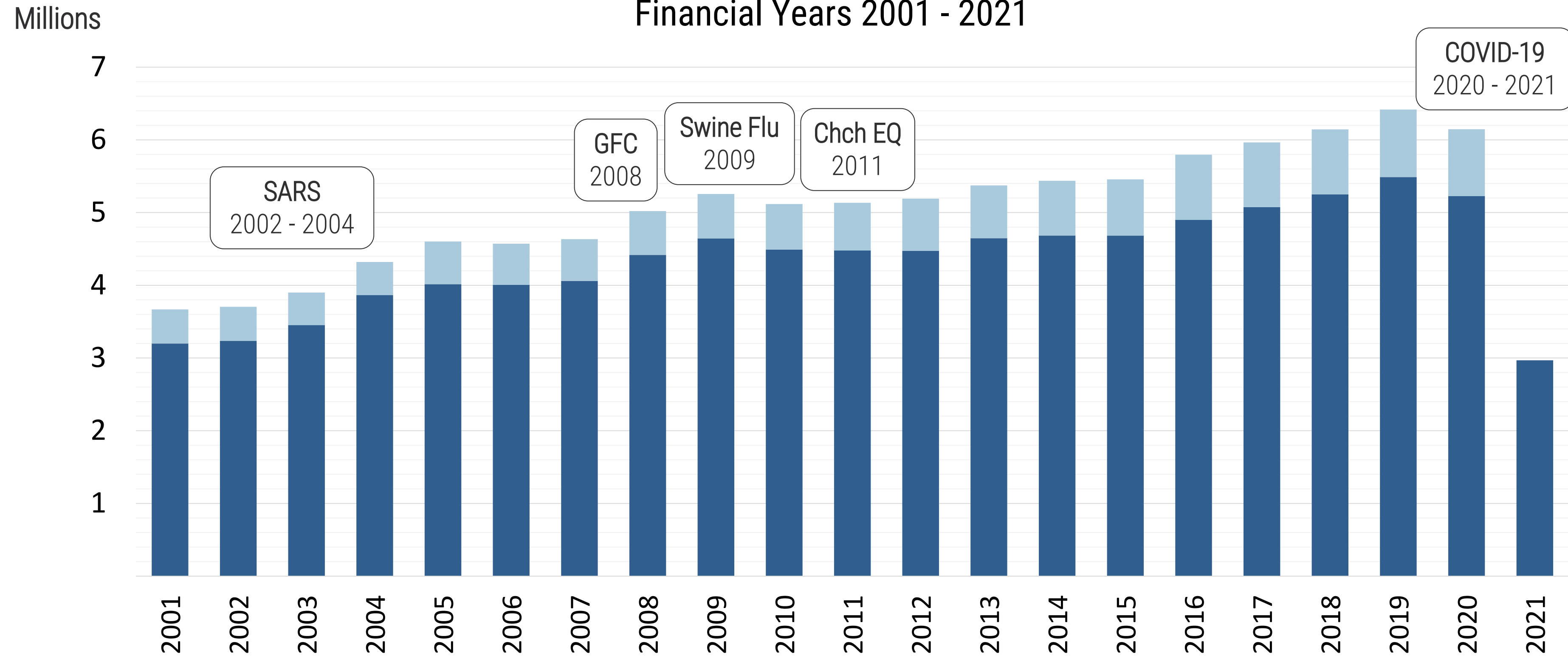
*IATA Presentation 26th May 2021 – COVID-19: An almost full recovery of air travel in prospect.

Long-Term Passenger Trend

Resilient long-term growth achieved pre-COVID-19



Passenger Numbers Financial Years 2001 - 2021



 **+2.7%** Average annual growth rate over 20 years (2001 – 2020)

■ Domestic Passengers
■ International Passengers

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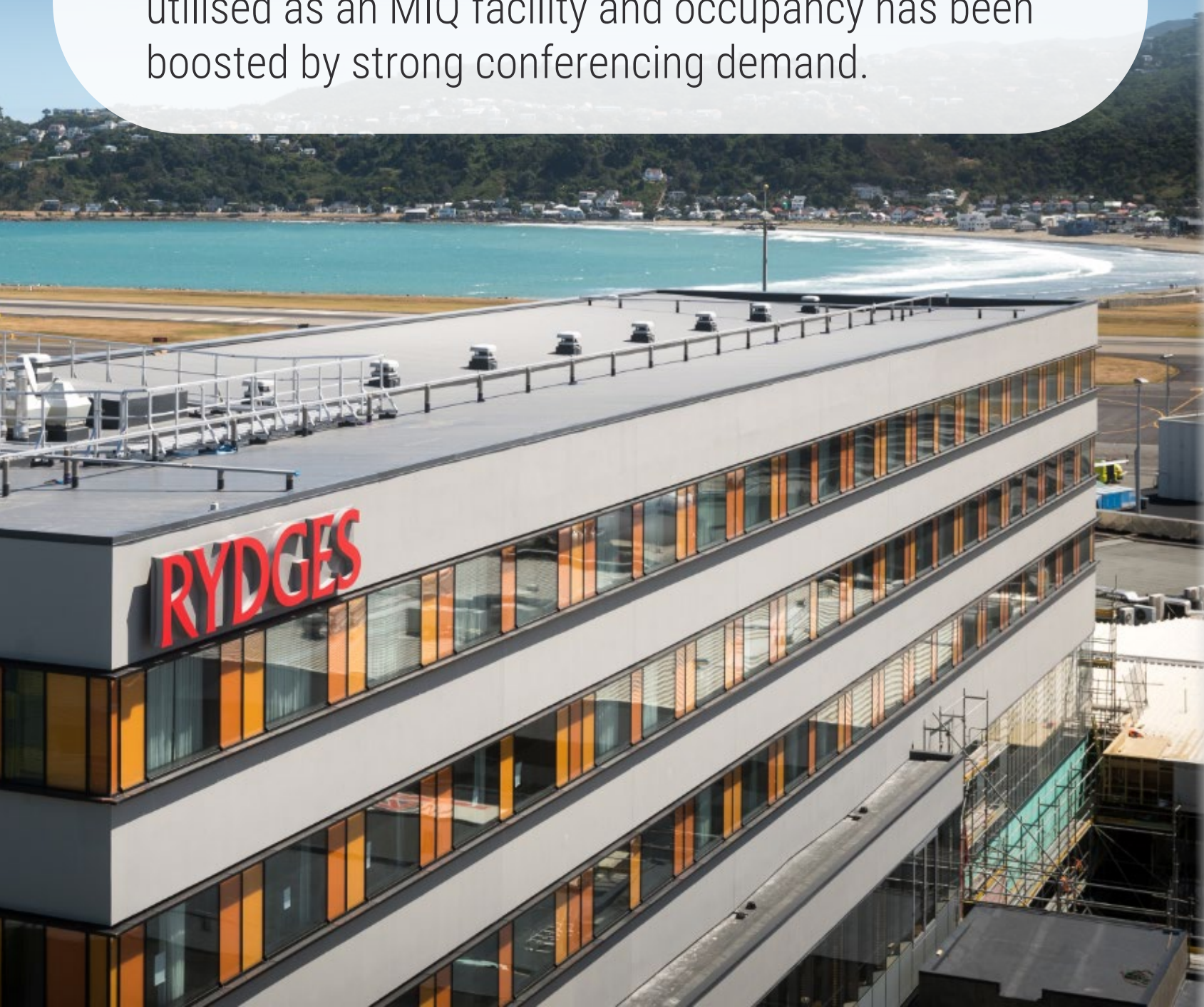
Commercial Business

Diversified commercial business contributed ~40% of total revenue pre-COVID-19



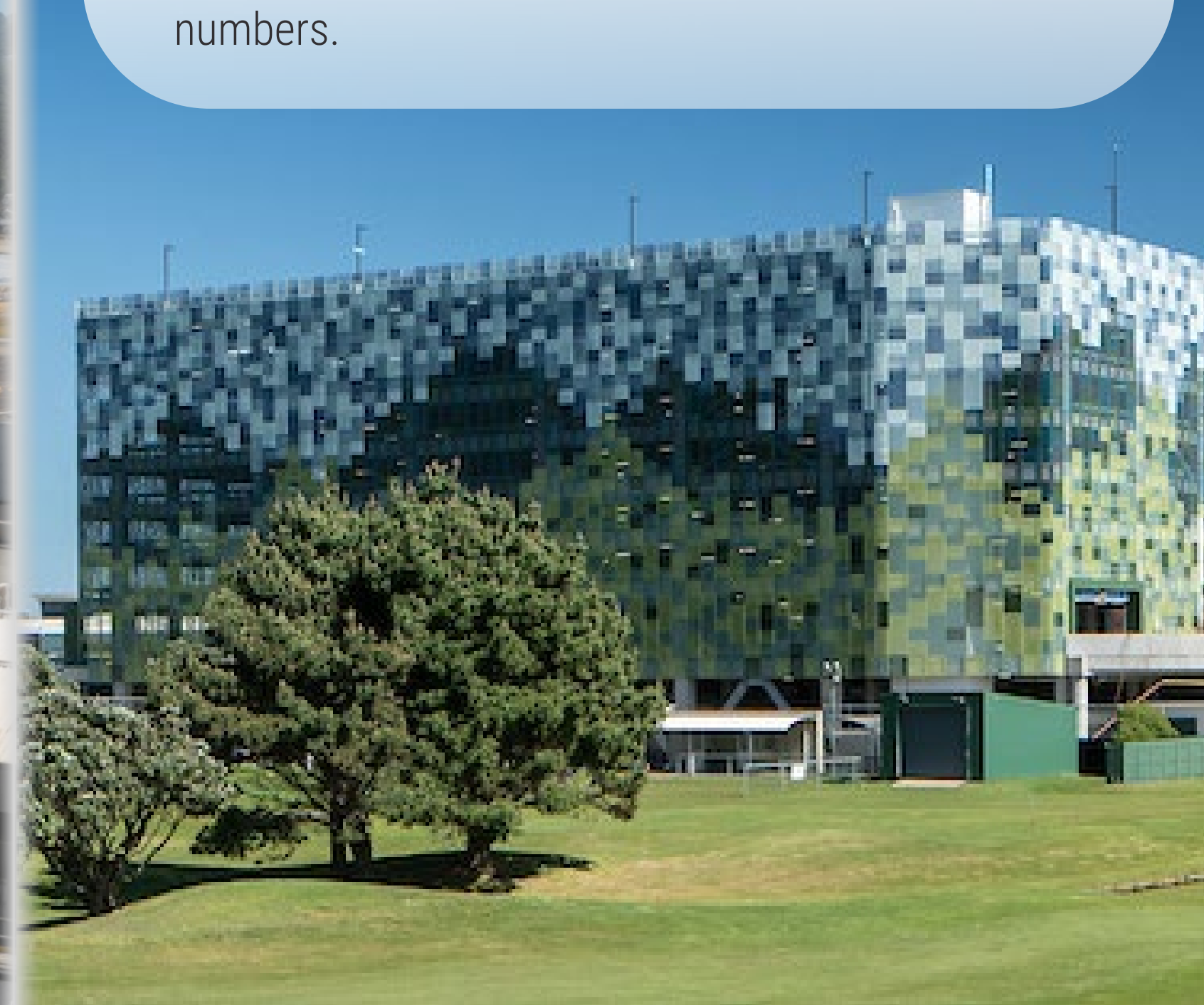
Property & Hotel Business

- Property business resilient through COVID-19 (FY21 revenue was 94% of FY20 levels).
- Diversified rent roll with tenancies ranging from main campus leases to residential properties, community facing restaurants and large format retail independent of primary airport activity.
- 134 room, 4-star hotel and restaurant is fully integrated with the airport terminal. Hotel was not utilised as an MIQ facility and occupancy has been boosted by strong conferencing demand.



Carparking & Transport

- WIAL offers a range of carparking products including valet.
- Multi-level transport hub was opened in 2018 with 1,000 additional parking spaces and electrical vehicle business.
- WIAL also receives concessions from taxis, rideshare and rental cars.
- Revenues generally perform in line with passenger numbers.



Retail & Advertising

- Terminal was redeveloped to increase quantity and quality of offerings.
- Revenue generated from advertising plus concessions from duty free, F&B and specialty stores.
- Certain operators including duty-free and FX were shut throughout FY21 and have only reopened in a limited capacity given reliance on international traffic.
- WIAL worked with tenants and continues to provide support where necessary.



Financial Results

Strong year-on-year growth achieved pre-COVID-19



› Pre-COVID-19, WIAL was achieving strong revenue, EBITDAF and cashflow growth driven by passenger numbers and capital investments.

› FY21 EBITDAF was significantly reduced at \$36m, but WIAL remained \$7m operating cash flow positive. This reflects the resilient property business, strong cost controls and capital expenditure reductions:

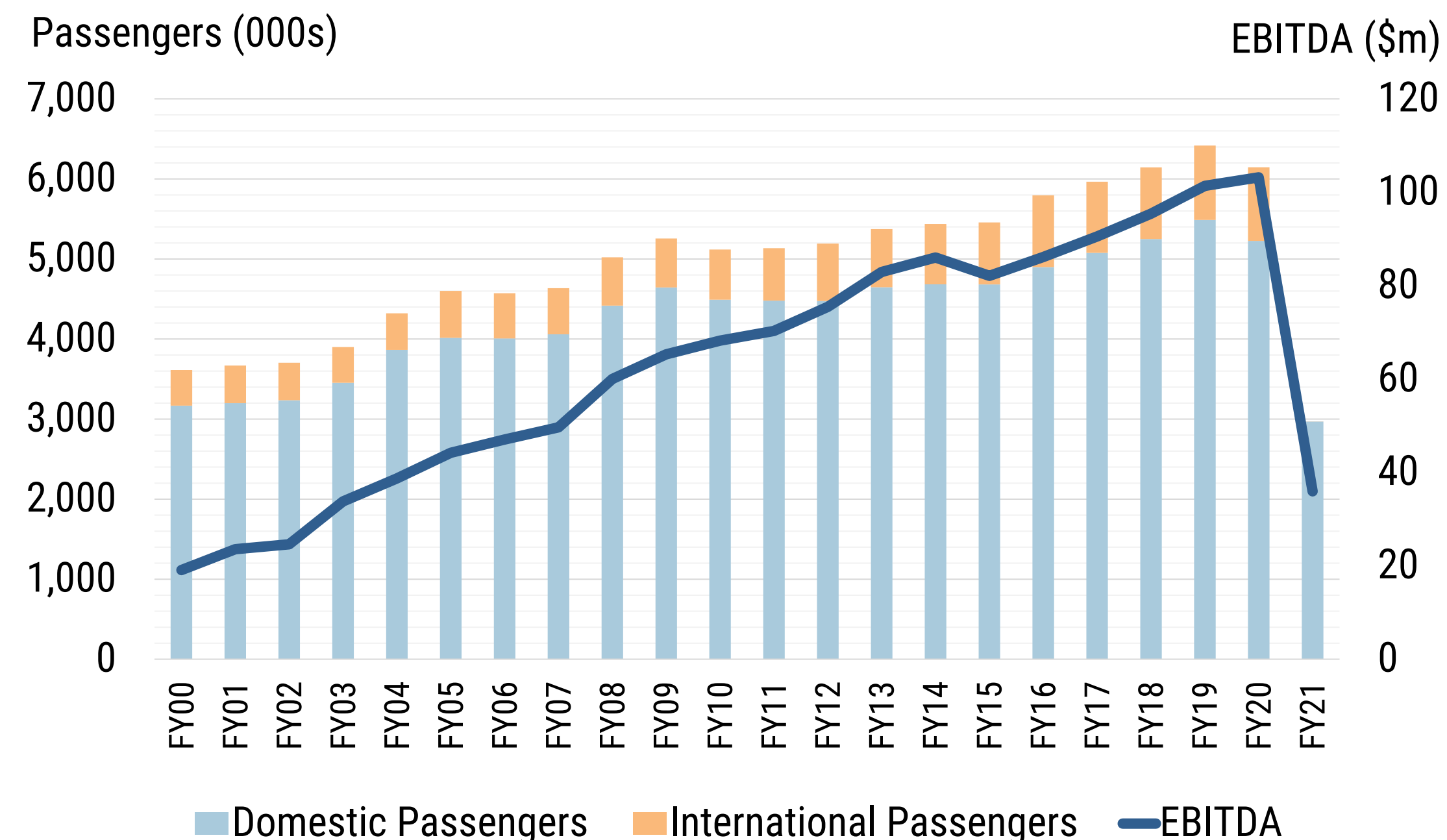
(\$m)	FY21	FY20	FY19	FY18	FY17
Aeronautical Charges	34.0	80.8	81.5	76.2	70.3
Retail & Trading Revenue	22.1	52.1	43.5	40.3	37.0
Property Revenue	12.7	13.5	12.9	12.2	12.2
Total Revenue	68.8	146.4	137.9	128.6	119.6
Operating Costs	32.8	43.2	36.5	33.2	29.0
EBITDAF	36.0	103.2	101.4	95.4	90.6

› Total assets of \$1.50bn, +37.8% growth since 2017 driven by capital investment and valuation uplifts.

* EBITDAF – Earnings before interest, tax, depreciation, amortisation, subvention payments and fair value movements.

** Operating cash flows are pre-subvention payment.

Passenger Numbers and EBITDAF (FY01-FY21)



Liquidity

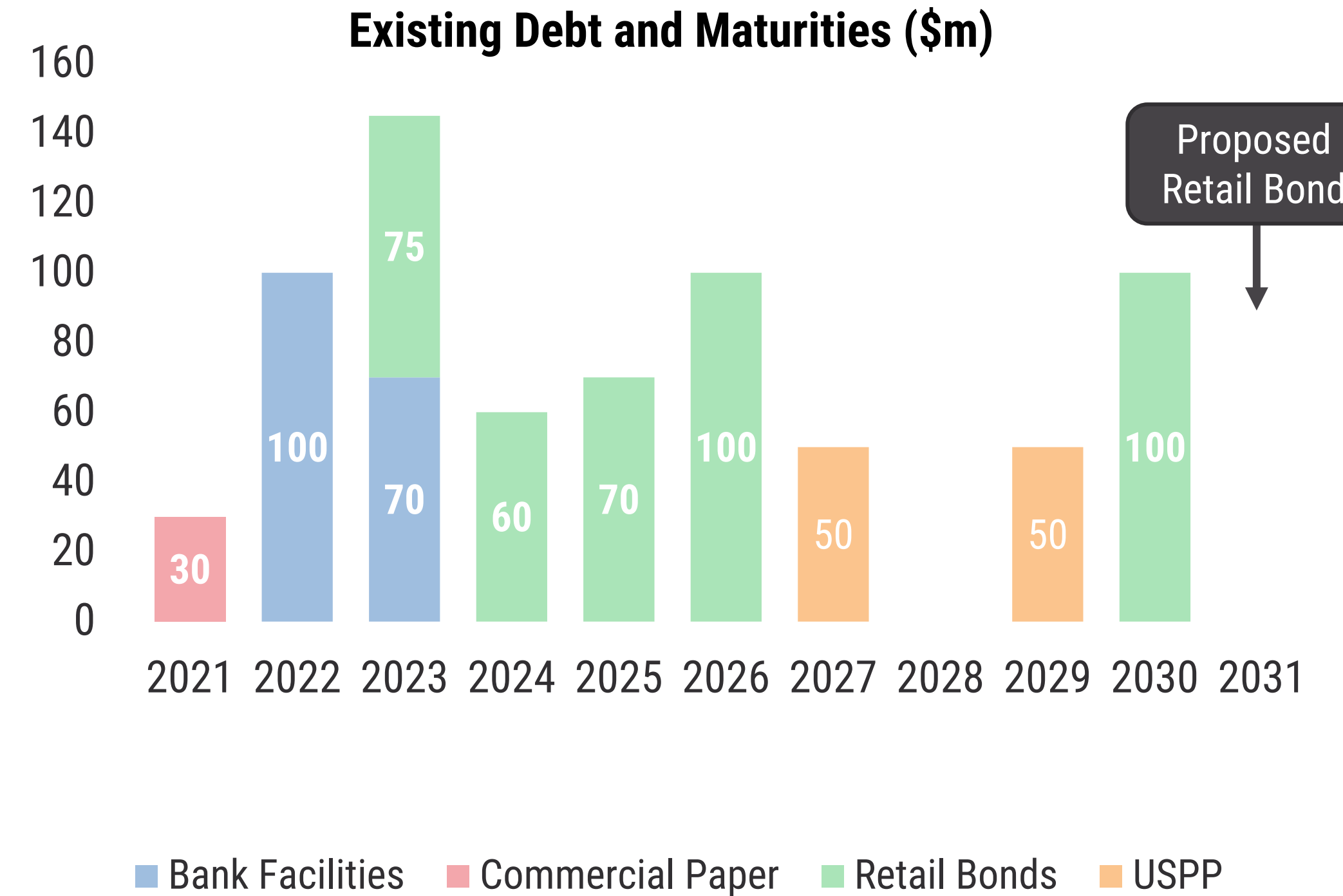
- > \$170m total facilities across banking group, with \$100m maturing over May/June 2022 and \$70m maturing over May/August 2023.
- > \$75.8m redeemable preference shares remain undrawn, with drawdown option expiring 30 June 2022.
- > WIAL is progressing refinancing plans for bank facilities and considering an extension of the shareholder support.
- > Sufficient liquidity will be maintained to manage future downside risk and maintain minimum BBB rating.

Bonds

- > Next bond maturity is \$75m in May 2023.

Banks and USPP Lending Group

- > Banking group and USPP lenders supportive, with EBITDA/Senior Interest covenant tests waivers in place for the next test date (30 September 2021) plus waiver of material adverse event clause in relation to COVID-19 until 30 September 2021.
- > Conditions of the covenant waivers include a minimum liquidity ratio and two one-off EBITDA/Senior Interest covenant tests.
- > Distributions are currently suspended until in compliance with all covenants.



Covenants & S&P Issuer Rating

Covenant headroom & S&P Rating



Covenant performance as at 31 March 2021

- › Leverage 46.5% (headroom \$199m debt vs 60%).
- › Interest bearing debt/TTA 46.2% (headroom \$356m debt vs 70%).
- › Covenant waivers in place for EBITDA/Senior Interest.

S&P Issuer credit rating **BBB, stable outlook*** (revised June 2021)

- › Rating outlook recently upgraded to stable from negative, reflecting strong recovery ahead of previous S&P assumptions.
- › WIAL is committed to a minimum BBB rating.
- › Lender pricing step-ups below BBB (as part of covenant waiver conditions) also incentivises a minimum BBB rating.

Covenants	Applies to	31/03/2021	30/09/2020
Secured Liabilities/TTA Ratio (<5%)	Banks/USPP	0.0%	0.0%
Leverage Ratio, Debt:Debt+Equity (<60%)	Banks/USPP	46.5%	48.4%
Guaranteeing Group TTA Ownership (>90%)	Banks/USPP	99.7%	99.9%
EBITDA/Senior Interest Ratio (>180%)	Banks/USPP	123.9%	232.1%
Secured Debt/TTA Ratio (<10%)	USPP/Bonds	0.0%	0.0%
Interest Bearing Debt/TTA Ratio (<70%)*	USPP/Bonds	46.2%	48.7%

*Note that retail bonds also include a 0.50% interest rate step-up if total interest bearing debt exceeds 60% of total tangible assets on a test date.

* A rating is not a recommendation by an organisation to buy, sell or hold the Bonds. The WIA issuer credit rating is current as at the date of this presentation and is subject to suspension, revision or withdrawal at any time by S&P Global Ratings.

2040 Masterplan

Pre-COVID-19 2040 Masterplan confirmed but spend to align with passenger recovery

Projects rephased through COVID-19, but the need for ongoing investment remains

The Masterplan provides a roadmap for future investment, ensuring the airport is well positioned for future growth in passengers numbers and aircraft traffic

Miramar Golf Club Acquisition

Terminal Extension – 8 million passenger capacity

New Baggage Handling System

Apron Expansion

Miramar South School Acquisition & Redevelopment

Apron Expansion

Cargo Hub Development

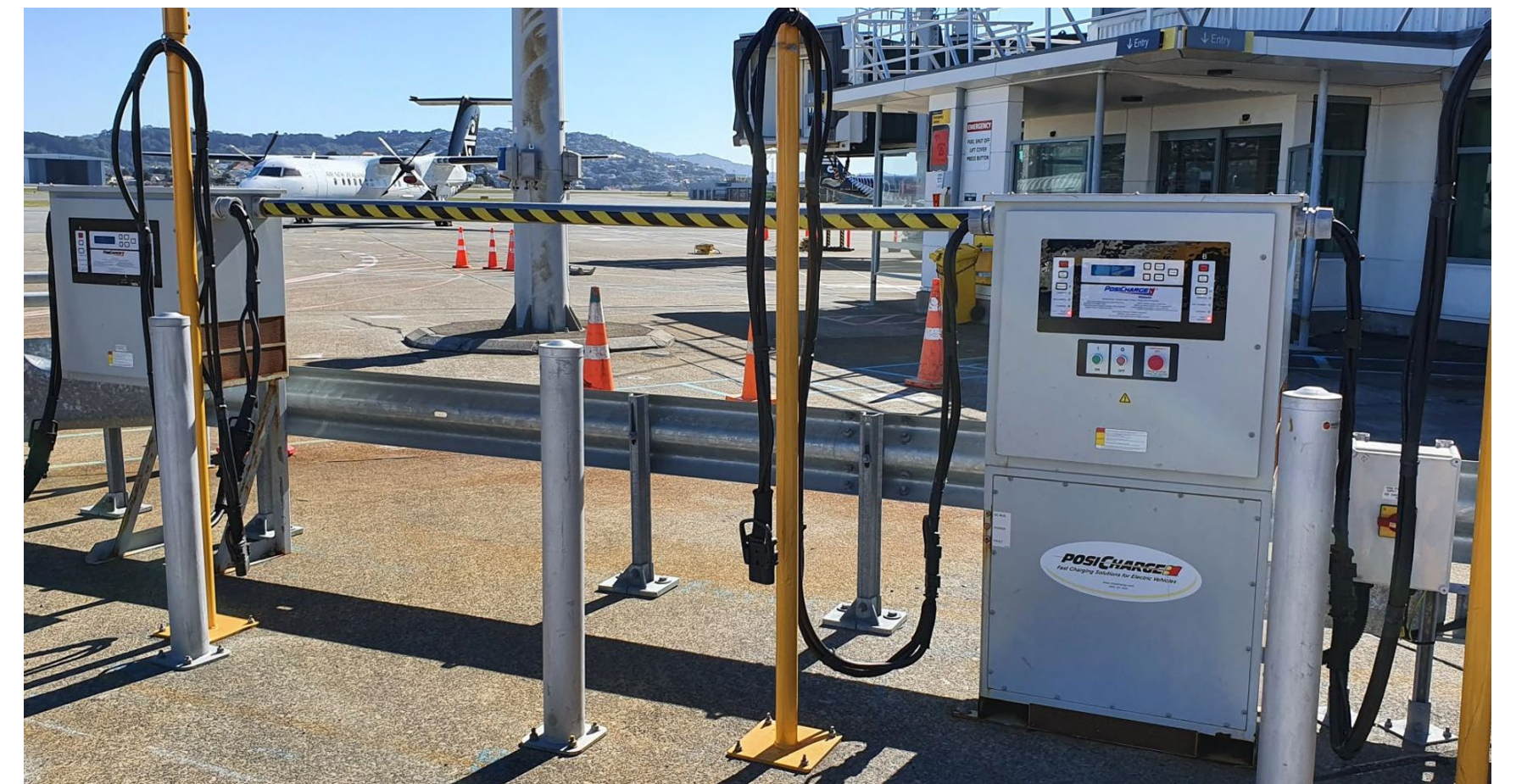
Construct New Airport Fire Station

Seawall Upgrades & Runway Extension?

Kaitiakitanga – Our Sustainability Targets

Reducing carbon emissions, waste to landfill and energy use by 30% by 2030

- › By 2030, we aim to reduce our operational carbon emissions, waste to landfill and energy use by 30% (against our FY17 baseline).
- › Our carbon emissions target is absolute, which means we will reduce emissions irrespective of our footprint or the number of passengers we service.
- › These targets inform our decision making, including adopting energy efficient and sustainable construction into our projects and making changes to how we manage our waste and resources.
- › WIAL is also committed to working with airline partners to ensure we enable and support the transition to a more sustainable aviation sector, including planning for sustainable fuels and electric aircraft.
- › Progress against our 30% reduction targets is reported annually.
- › ESG performance is also benchmarked against other airports and infrastructure assets under the GRESB framework. Our most recent assessment in 2020 resulted in a score of 78/100, increasing 20 points from 2019.



Kaitiakitanga – Results & Initiatives

Reducing carbon emissions, waste to landfill and energy use by 30% by 2030



> Carbon Emissions

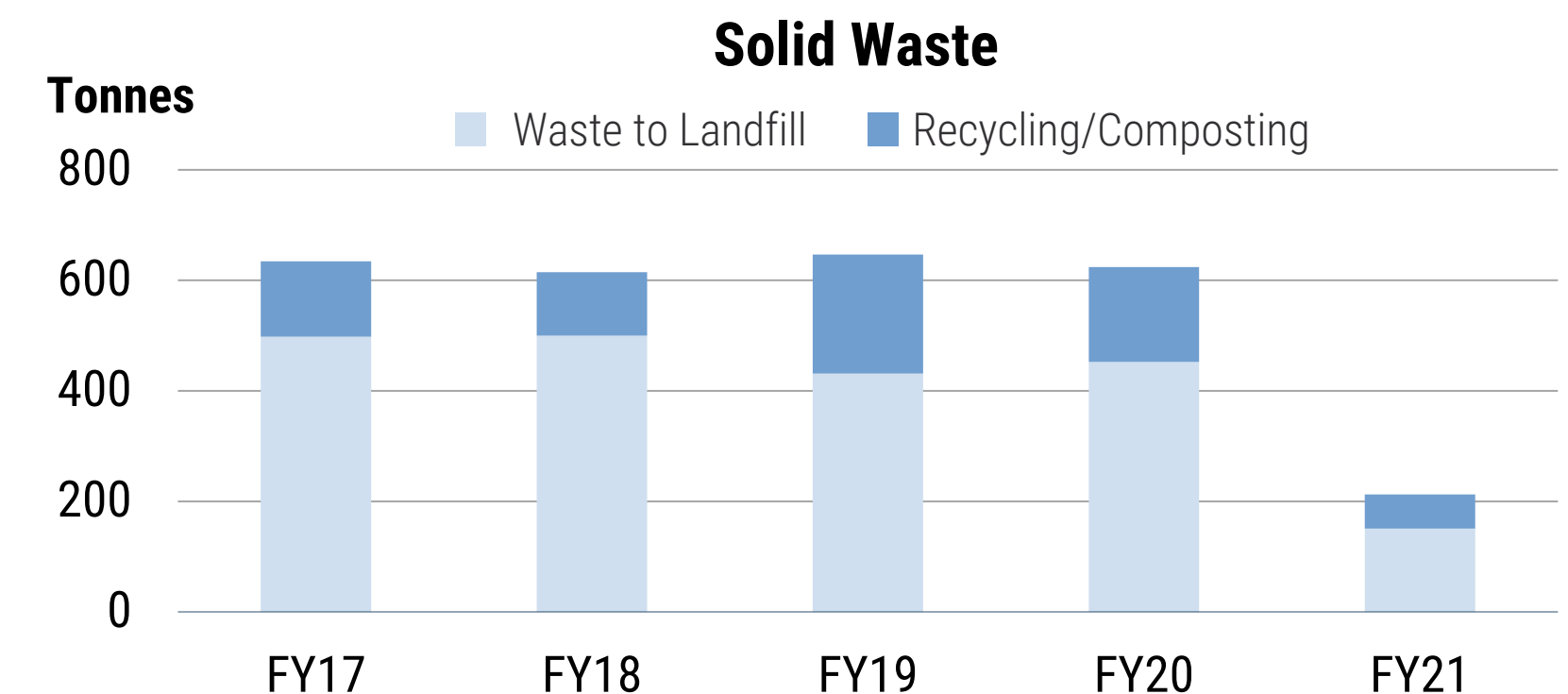
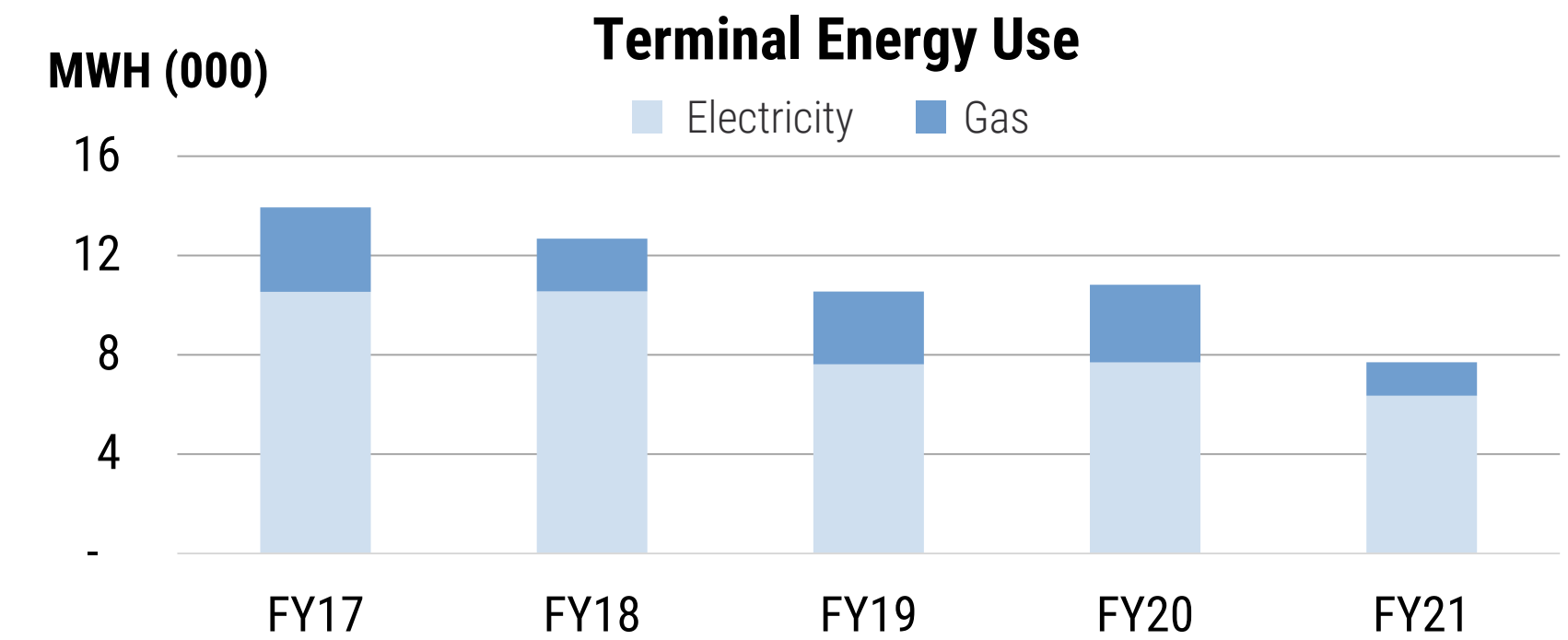
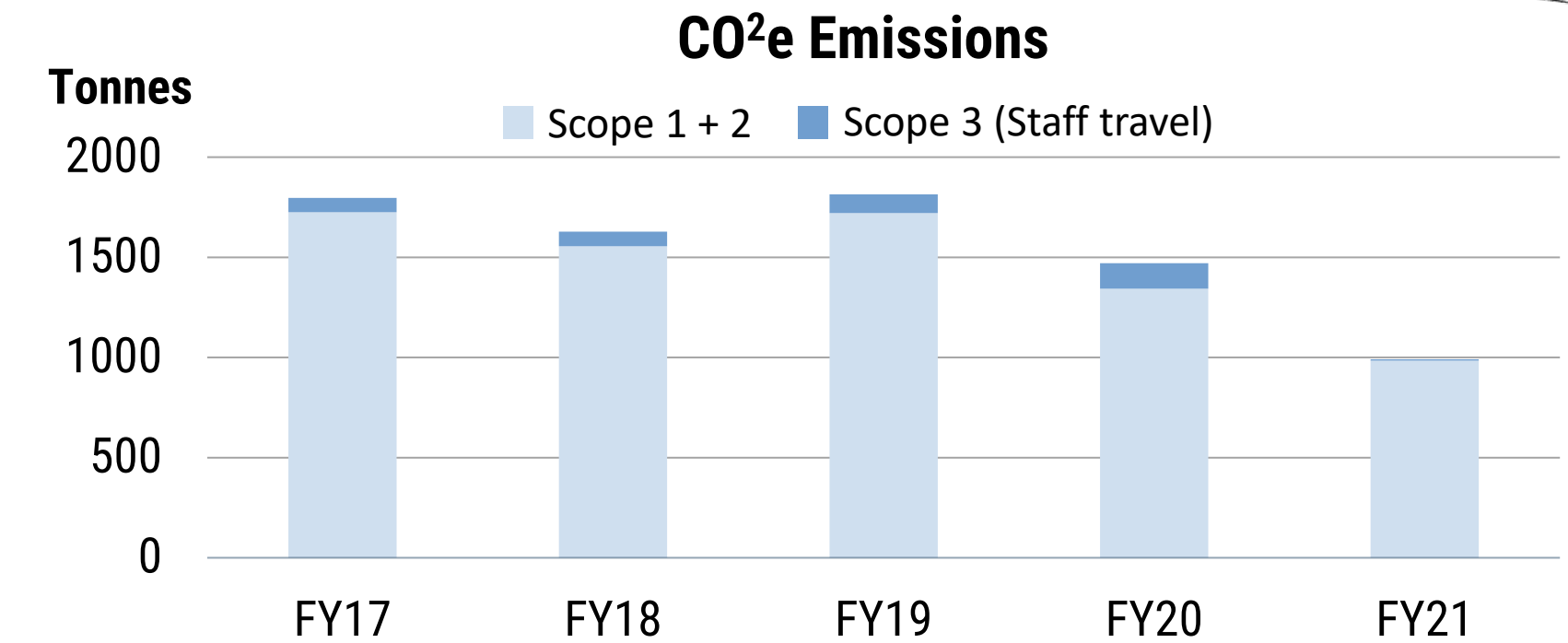
- FY21 reduction predominantly reflects lower natural gas use, given reduced operating hours.
- WIAL purchased Voluntary Emission Reductions to fully offset 2020 operational carbon emissions and is progressively transitioning to an electric vehicle fleet.

> Energy use

- 60% less gas used than in previous years with improved heating management and reduced operating hours. Overall energy use down 30% against FY17 baseline.
- WIAL is utilising building analytics to provide a real time, integrated view of building performance – identifying opportunities for improved efficiency.

> Waste Volume

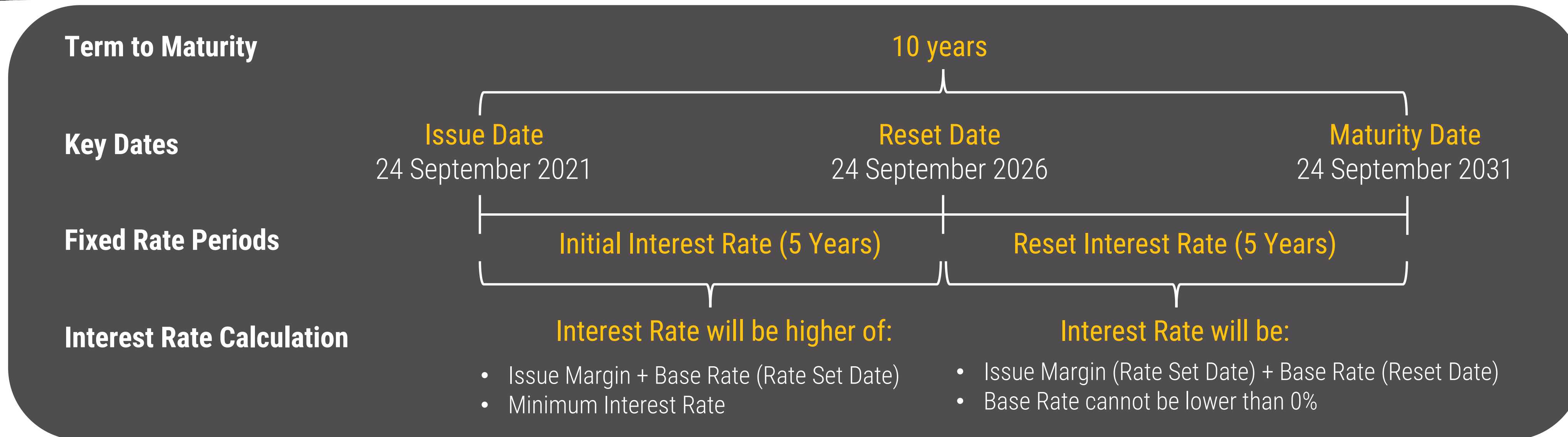
- Waste significantly decreased with lower passenger numbers, however waste to landfill per passenger also reduced.
- We are continuing to progress initiatives to reduce and divert waste from landfill, including working with our tenants to replace single use plastic with recyclable or compostable options.
- 100% of the asphalt removed during the runway overlay was reused in Transmission Gully project – a total of 17,900 tonnes.



Summary Bond Offer Terms



Issuer	Wellington International Airport Limited (WIAL).	
Status	Unsecured, unsubordinated, resetting fixed rate bonds.	
Use of proceeds	For general corporate purposes including the refinancing of drawn bank funding and commercial paper.	
Issuer Credit Rating	BBB (Stable) (S&P Global Ratings).	
Issue Amount	Up to \$75,000,000 plus up to \$50,000,000 oversubscriptions (at WIA's discretion)	
Maturity	24 September 2031 - 10 year term.	
Two Fixed Interest Rates	<u>Initial Interest Rate (5 Years)</u> From (and including) the Issue Date to (but excluding) the Reset Date	<u>Reset Interest Rate (5 Years)</u> From (and including) the Reset Date to (but excluding) the Maturity Date
Interest Rate	Each Interest Rate will be announced via NZX on or shortly after the Rate Set Date and the Reset Date (as applicable). Each Interest Rate will be equal to the sum of the Base Rate and the Issue Margin but, for the initial five year period only, will not be less than the Minimum Interest Rate.	
Indicative Issue Margin and Minimum Interest Rate	To be announced via the NZX on the opening date (13 September 2021). The Issue Margin is applicable to both Interest Rates.	
Interest Payment Dates	Payable semi-annually in arrear in equal amounts on 24 September and 24 March.	
Quotation	Expected to be quoted on the NZDX (ticker code WIA080).	
Brokerage	0.50% brokerage, 0.50% firm fee.	
Denominations	Minimum \$10,000 holding then \$1,000 increments.	
Change to Interest Rate	If on any Test Date (Semi-annual), Total Interest Bearing Debt exceeds 60% of Total Tangible Assets (TTA), then the Interest Rate for the next Interest Period shall increase by 0.50% per annum over the Initial or Reset Interest Rate (as applicable).	
Early Redemption	<p>WIAL may elect to redeem some or all of the Bonds. On early redemption, WIA will pay to Holders the greater of:</p> <ul style="list-style-type: none"> (a) the Principal Amount plus Accrued Interest; and (b) the volume weighted average price on the NZX <p>Holders of the Bonds have no right to require WIAL to redeem prior to the Maturity Date, except in accordance with the Trust Documents following an Event of Default.</p>	
Financial Covenants	<p>Total Secured Debt cannot exceed 10% of TTA</p> <p>Total Interest Bearing Debt cannot exceed 70% of TTA</p> <p>Non-compliance with material obligations (which would include a breach of a financial covenant) is an Event of Default, subject to remedy where the non-compliance is capable of remedy.</p>	



- > The Bonds have a 10 year term – the Issue Margin will reflect a 10 year risk premium
- > The Minimum Interest Rate only applies in respect of the Initial Interest Rate
- > The Issue Margin will remain unchanged for the duration of the Bonds
- > As per existing WIAL bond issues, the Bonds have an early redemption option. If utilised, investors would get the higher of par or market price. WIAL currently has no intention to use this feature on the Reset Date or at any other time. However this intention could change and investors should be aware that the redemption option could be used at any time.
- > Investors are not exposed to a fixed interest rate for the full 10 year term
 - First 5 year period – from and including the Issue Date to, but excluding, the Reset Date.
 - Second 5 year period – from and including the Reset Date to, but excluding, the Maturity Date.
- > The Interest Rate from the Reset Date to the Maturity Date will not be known until the Reset Date. Investors should consider the risk that the interest rate for the second fixed rate period (the Reset Interest Rate) could be lower than, the same as, or higher than the Initial Interest Rate as part of their investment decision.

Bond Offer Timetable

All dates are indicative only, and subject to change



13 September 2021	Offer Opens
13–14 September 2021	Roadshow
17 September 2021	Offer Closes (Bids due 12pm)
17 September 2021	Allocations & Rate Set
24 September 2021	Issue Date (Institutional settlement process)
27 September 2021	Expected Quotation Date
24 March 2022	First Interest Payment Date
24 September 2026	Reset Date
24 September 2031	Maturity Date

Any Questions?



INDICATIVE
**TERMS
SHEET**

10 year re-setting fixed rate bonds
maturing on 24 September 2031

**WELLINGTON
AIRPORT**

Joint Lead Managers



This indicative terms sheet (“Indicative Terms Sheet”) sets out the key terms of the offer (“Offer”) by Wellington International Airport Limited (“WIA”) of up to NZ\$75,000,000 (with the ability to accept oversubscriptions of up to an additional NZ\$50,000,000 at WIA’s discretion) unsecured, unsubordinated 10 year fixed rate bonds maturing on 24 September 2031, with the interest rate re-setting on 24 September 2026 (“2031 Bonds”). The 2031 Bonds are offered under WIA’s master trust deed dated 1 December 2008 (as amended and/or restated from time to time) (“Trust Deed”) as modified and supplemented by the supplemental trust deed dated 13 September 2021 (together, “Trust Documents”) entered into between WIA and Trustees Executors Limited (“Supervisor”). Unless the context otherwise requires, capitalised terms used in this Indicative Terms Sheet have the same meaning given to them in the Trust Documents.

Important Notice

The offer of debt securities by WIA is made in reliance upon the exclusion in clause 19 of schedule 1 of the Financial Markets Conduct Act 2013 (“FMCA”).

The offer contained in this Indicative Terms Sheet is an offer of bonds that have identical rights, privileges, limitations and conditions (except for the interest rate and maturity date) as:

- WIA’s bonds maturing on 12 May 2023, which have a fixed interest rate of 4.25% per annum and are currently quoted on the NZX Debt Market under the ticker code WIA030;
- WIA’s bonds maturing on 5 August 2024, which have a fixed interest rate of 4.00% per annum and are currently quoted on the NZX Debt Market under the ticker code WIA040;
- WIA’s bonds maturing on 16 June 2025, which have a fixed interest rate of 5.00% per annum and are currently quoted on the NZX Debt Market under the ticker code WIA050;
- WIA’s bonds maturing on 1 April 2030, which have a fixed interest rate until 1 April 2025 of 4.00% per annum (and will then reset until the maturity date) and are currently quoted on the NZX Debt Market under the ticker code WIA060; and
- WIA’s bonds maturing on 14 August 2026, which have a fixed interest rate of 2.50% per annum and are currently quoted on the NZX Debt Market under the ticker code WIA070,

(together the “Existing Bonds”).

Accordingly, the 2031 Bonds are the same class as the Existing Bonds for the purposes of the FMCA and the Financial Markets Conduct Regulations 2014.

WIA is subject to a disclosure obligation that requires it to notify certain material information to NZX Limited (“NZX”) for the purpose of that information being made available to participants in the market and that information can be found by visiting www.nzx.com/companies/WIA.

The Existing Bonds are the only debt securities of WIA that are currently quoted and in the same class as the 2031 Bonds.

Investors should look to the market price of the Existing Bonds referred to above to find out how the market assesses the returns and risk premium for those bonds.



KEY TERMS OF THE 2031 BONDS

Issuer	Wellington International Airport Limited (“WIA”)
Description	The 2031 Bonds are unsecured, unsubordinated, 10 year re-setting fixed rate interest bearing debt obligations of WIA.
Guarantee	The obligations of WIA with respect to the 2031 Bonds are guaranteed by the Guaranteeing Group Members under the Trust Deed. The Guarantee is an unsecured, unsubordinated obligation of each Guaranteeing Group Member. Currently Wellington Airport Noise Treatment Limited and Whare Manaakitanga Limited are the only Guaranteeing Group Members (in addition to WIA).
Purpose	The proceeds of the Offer will be used for general corporate purposes, including the repayment of drawn bank facilities and commercial paper.
Credit Rating	<p style="text-align: center;">Issuer Credit Rating</p> <p>S&P Global Ratings BBB (Stable)</p> <p>A rating is not a recommendation by any rating organisation to buy, sell or hold 2031 Bonds. The above issuer credit rating is current as at the date of this Indicative Terms Sheet and is subject to suspension, revision or withdrawal at any time by S&P Global Ratings.</p>
Issue Amount	WIA is offering up to NZ\$75,000,000 of 2031 Bonds with the ability to accept oversubscriptions of up to an additional NZ\$50,000,000 at WIA’s discretion. The offer is not underwritten.
Opening Date	Monday, 13 September 2021
Closing Date	Bids due by 12pm, Friday, 17 September 2021
Rate Set Date	Friday, 17 September 2021
Issue Date and Allotment Date	Friday, 24 September 2021
Reset Date	Thursday, 24 September 2026
Maturity Date	Wednesday, 24 September 2031
Interest Rate	<p>The rate of interest payable on the 2031 Bonds will be:</p> <ul style="list-style-type: none"> • the Initial Interest Rate for the first five year period; and • the Reset Interest Rate for the second five year period.
Change to Interest Rate	If on any Test Date, Total Interest Bearing Debt exceeds 60% of Total Tangible Assets, then the applicable Interest Rate for the next Interest Period shall increase by 0.50% per annum over the Initial Interest Rate or Reset Interest Rate (as applicable).
Initial Interest Rate	<p>The initial interest rate (“Initial Interest Rate”) will be the sum of:</p> <ul style="list-style-type: none"> • the Issue Margin; and • the relevant Base Rate on the Rate Set Date, <p>but in any case will be no less than the minimum interest rate of 3.25% per annum (“Minimum Interest Rate”).</p> <p>The Initial Interest Rate will apply for the five year period from (and including) the Issue Date to (but excluding) the Reset Date, and will be announced by WIA via NZX on or shortly after the Rate Set Date.</p>
Indicative Issue Margin	1.55% - 1.75% per annum
Issue Margin	The Issue Margin (which may be above or below the Indicative Issue Margin) will be determined by WIA in consultation with the Joint Lead Managers following completion of the bookbuild process and announced by WIA via NZX on or about the Rate Set Date at the same time as the announcement of the Initial Interest Rate. The Issue Margin for the 2031 Bonds will not change once set.

<p>Reset Interest Rate</p>	<p>The Interest Rate will be reset on the Reset Date to be the reset interest rate (“Reset Interest Rate”). The Reset Interest Rate will be the sum of:</p> <ul style="list-style-type: none"> the Issue Margin (as determined on the Rate Set Date); and the relevant Base Rate on the Reset Date. <p>The Reset Interest Rate will apply for the five year period from (and including) the Reset Date to (but excluding) the Maturity Date, and will be announced by WIA via NZX on or about the Reset Date.</p> <p>The Minimum Interest Rate is only applicable to the Initial Interest Rate and is not relevant to the calculation of the Reset Interest Rate.</p>		
<p>Base Rate</p>	<ul style="list-style-type: none"> Initial Interest Rate – The Base Rate will be a 5 year mid-market rate for a NZD interest rate swap from (and including) the Issue Date to (but excluding) the Reset Date, determined on the Rate Set Date as calculated by the Arranger in consultation with WIA; and Reset Interest Rate – The Base Rate will be a 5 year mid-market rate for a NZD interest rate swap from (and including) the Reset Date to (but excluding) the Maturity Date, determined on the Reset Date as calculated by the Rate Set Calculation Agent in consultation with WIA, <p>in each case according to market convention, with reference to ICAP New Zealand Limited (Bloomberg: ICNI > NZD Interest Rate Swaps) (or its successor page) rounded to 2 decimal places, if necessary, with 0.005 being rounded up. In each case, if the Base Rate as calculated above is less than 0% per annum, it will be deemed to be 0% per annum.</p>		
<p>Rate Set Calculation Agent</p>	<p>A third party appointed by WIA to calculate the Base Rate on the Reset Date, which may be the Arranger or a Joint Lead Manager.</p>		
<p>Interest Rate Structure</p>	<p>The 2031 Bonds have a 10 year term. However the Interest Rate will be set for two separate periods comprising an initial five years and then a further five year period, with the first fixed rate period being from (and including) the Issue Date to (but excluding) the Reset Date and the second fixed rate period being from (and including) the Reset Date to (but excluding) the Maturity Date.</p> <div style="text-align: center;"> <p>Term to Maturity 10 Years</p> <p>Key Dates Issue Date: 24 September 2021 Reset Date: 24 September 2026 Maturity Date: 24 September 2031</p> <p>Fixed Rate Periods Initial Interest Rate (5 Years) Reset Interest Rate (5 Years)</p> <p>Interest Rate Calculation</p> <table style="width: 100%; border: none;"> <tr> <td style="width: 50%; vertical-align: top;"> <p>Interest Rate will be higher of:</p> <ul style="list-style-type: none"> Issue Margin + Base Rate (Rate Set Date) Minimum Interest Rate </td> <td style="width: 50%; vertical-align: top;"> <p>Interest Rate will be:</p> <ul style="list-style-type: none"> Issue Margin (Rate Set Date) + Base Rate (Reset Date) Base Rate cannot be lower than 0% </td> </tr> </table> </div> <p>The Interest Rate for the second period referred to above will be determined on the Reset Date, and that rate could be higher, the same or lower than the Initial Interest Rate calculated at the Rate Set Date. The Minimum Interest Rate will only apply for the first five year period from the Issue Date to the Reset Date.</p> <p>Potential investors should consult their financial adviser about this risk before investing in the 2031 Bonds.</p>	<p>Interest Rate will be higher of:</p> <ul style="list-style-type: none"> Issue Margin + Base Rate (Rate Set Date) Minimum Interest Rate 	<p>Interest Rate will be:</p> <ul style="list-style-type: none"> Issue Margin (Rate Set Date) + Base Rate (Reset Date) Base Rate cannot be lower than 0%
<p>Interest Rate will be higher of:</p> <ul style="list-style-type: none"> Issue Margin + Base Rate (Rate Set Date) Minimum Interest Rate 	<p>Interest Rate will be:</p> <ul style="list-style-type: none"> Issue Margin (Rate Set Date) + Base Rate (Reset Date) Base Rate cannot be lower than 0% 		
<p>Interest Payment Dates and Interest Periods</p>	<p>Interest will accrue from the Issue Date and will be payable semi-annually in arrear in equal amounts on 24 March and 24 September of each year up to and including the Maturity Date. The first Interest Payment Date will be 24 March 2022.</p> <p>If an Interest Payment Date is not a Business Day, the due date for the payment to be made on that date will be the next following Business Day and no adjustment will be made to the amount payable as a result of the delay in payment.</p> <p>Each Interest Period in respect of an Interest Payment Date is the period from, and including, the preceding Interest Payment Date (or the Issue Date) to, but excluding, that next following Interest Payment Date.</p>		
<p>Business Day</p>	<p>A day (other than a Saturday or Sunday) on which banks are generally open for banking business in Wellington and Auckland.</p>		

Early Redemption	<p>WIA may elect to redeem some or all of the 2031 Bonds by giving written notice to the Supervisor and the Holders of the 2031 Bonds no later than five Business Days prior to any Record Date. Such notice must be given at a date not less than 25 Business Days before the Maturity Date. On early redemption, WIA will pay to Holders of the 2031 Bonds the greater of:</p> <ol style="list-style-type: none"> the Principal Amount plus accrued interest for the period from, and including, the preceding Interest Payment Date to, but excluding, the redemption date (less any withholding taxes and other deductions); and the average price, weighted by volume, of all trades of 2031 Bonds through NZX over the 10 Business Days up to the fifth Business Day before the relevant redemption date (except that if 2031 Bonds have not been sold through NZX on at least five of the 10 Business Days referred to above, the average price will be determined by an independent adviser selected by the Supervisor and approved by the Issuer). <p>Holders of the 2031 Bonds have no right to request or require WIA to redeem their 2031 Bonds prior to the Maturity Date, except in accordance with the Trust Documents following an Event of Default.</p>
Brokerage	<p>WIA will pay brokerage of 0.50% of the aggregate principal amount of 2031 Bonds issued plus 0.50% on firm allocations. Such amounts will be paid to the Arranger who will distribute them as appropriate to primary market participants and approved financial intermediaries.</p>
Record Date	<p>The tenth calendar day before the due date for that payment or, if that day is not a Business Day, the preceding Business Day or such other date as is determined by WIA in accordance with the Trust Documents.</p>
Issue Price	<p>NZ\$1.00 per 2031 Bond.</p>
Minimum Application	<p>The minimum application is NZ\$10,000, with multiples of NZ\$1,000 thereafter.</p>
Registrar and Paying Agent	<p>Link Market Services Limited</p> <p>The 2031 Bonds will be accepted for settlement within the NZClear system.</p>
Further Indebtedness	<p>WIA may, without the consent of the Holders of the 2031 Bonds, issue additional securities or other debt obligations on such other terms and conditions as WIA may think fit.</p>
Financial Covenants	<p>WIA shall ensure that, on each Test Date:</p> <ol style="list-style-type: none"> Total Secured Debt does not exceed 10% of Total Tangible Assets; and Total Interest Bearing Debt does not exceed 70% of Total Tangible Assets, (as those terms are defined in the supplemental trust deed for the 2031 Bonds). <p>Non-compliance with material obligations (which would include a breach of a financial covenant) is an Event of Default, subject to remedy where the non-compliance is capable of remedy. Please refer to the Trust Documents for more detail.</p>
How to Apply	<p>All of the 2031 Bonds, including oversubscriptions, are reserved for clients of the Joint Lead Managers, institutional investors and other primary market participants invited to participate in the book-build. There will be no public pool for the offer. Accordingly, retail investors should contact a Joint Lead Manager, their financial adviser or any primary market participant for details on how they may acquire 2031 Bonds. You can find a primary market participant by visiting https://www.nzx.com/services/market-participants/find-a-participant.</p> <p>In respect of oversubscriptions or generally, any allotment of 2031 Bonds will be at WIA's discretion, in consultation with the Joint Lead Managers. WIA reserves the right to refuse all or any part of an application without giving any reason.</p> <p>Each investor's financial adviser will be able to advise them as to what arrangements will need to be put in place for the investors to trade the 2031 Bonds including obtaining a common shareholder number (CSN), an authorisation code (FIN) and opening an account with a primary market participant as well as the costs and timeframes for putting such arrangements in place.</p>
Transfers	<p>Holders are entitled to sell or transfer their 2031 Bonds at any time subject to the terms of the Trust Documents, the Selling Restrictions set out below and applicable securities laws and regulations. WIA may decline to register a transfer of 2031 Bonds for the reasons set out in the Trust Documents.</p> <p>The minimum amount of 2031 Bonds a Holder can transfer is NZ\$1,000, and integral multiples of NZ\$1,000 thereafter. No transfer of 2031 Bonds or any part of a Holder's interest in a 2031 Bond will be registered if the transfer would result in the transferor or the transferee holding or continuing to hold 2031 Bonds with an aggregate principal amount of less than the minimum holding of NZ\$10,000 (other than zero).</p>

ISIN	NZWIAD0080L3
NZX Quotation	WIA will take any necessary steps to ensure that the 2031 Bonds are, immediately after issue, quoted on the NZX Debt Market. Application has been made to NZX for permission to quote the 2031 Bonds on the NZX Debt Market and all the requirements of NZX relating thereto that can be complied with on or before the distribution of this Indicative Terms Sheet have been duly complied with. However, NZX accepts no responsibility for any statement in this Indicative Terms Sheet. NZX is a licensed market operator and the NZX Debt Market is a licensed market under the FMCA.
Quotation Date	Expected to be Monday, 27 September 2021.
NZX Debt Market Ticker Code	WIA080
Selling Restrictions	<p>This is an offer of 2031 Bonds to retail investors in New Zealand and institutional investors. WIA has not taken and will not take any action which would permit a public or regulated offering of the 2031 Bonds, or possession or distribution of any offering material in respect of the 2031 Bonds, in any country or jurisdiction where action for that purpose is required (other than New Zealand).</p> <p>The 2031 Bonds may only be offered for sale or sold in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered.</p> <p>By purchasing any 2031 Bonds, each Holder agrees to indemnify the Issuer, the Arranger, the Joint Lead Managers, the Supervisor and/or each of their respective directors, officers and employees (as applicable) for any loss, cost, liability or expenses sustained or incurred by the Issuer, the Arranger, the Joint Lead Managers and/or the Supervisor, as the case may be, as a result of the breach by that Holder of these selling restrictions.</p>
Governing Law	The 2031 Bonds, the Trust Documents and the Offer are governed by New Zealand law.



The dates set out in this Indicative Terms Sheet are indicative only and are subject to change. WIA has the right in its absolute discretion and without notice to close the Offer early, to accept late applications, to extend the Closing Date or to choose not to proceed with the Offer. If the Closing Date is extended, subsequent dates may be extended accordingly.

Other Information

Copies of the Trust Documents are available on the New Zealand Companies Office Register at <https://companies-register.companiesoffice.govt.nz/>

Any internet site addresses provided in this Indicative Terms Sheet are for reference only and, except as expressly stated otherwise, the content of any such internet site is not incorporated by reference into, and does not form part of, this Indicative Terms Sheet.

Investors 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. Investors will also be personally responsible for ensuring compliance with relevant laws and regulations applicable to them (including any required registrations).

For further information regarding WIA, visit www.nzx.com/companies/WIA.



CONTACT DETAILS

Issuer**Wellington International Airport Limited**

Wellington Airport Terminal
Stewart Duff Drive
PO Box 14 175
Wellington

Registrar**Link Market Services Limited**

Level 11, Deloitte Centre
80 Queen Street
Auckland

Arranger and Joint Lead Manager**ANZ Bank New Zealand Limited**

Level 10, ANZ Centre
171 Featherston Street
Wellington 6011

Joint Lead Manager**Forsyth Barr Limited**

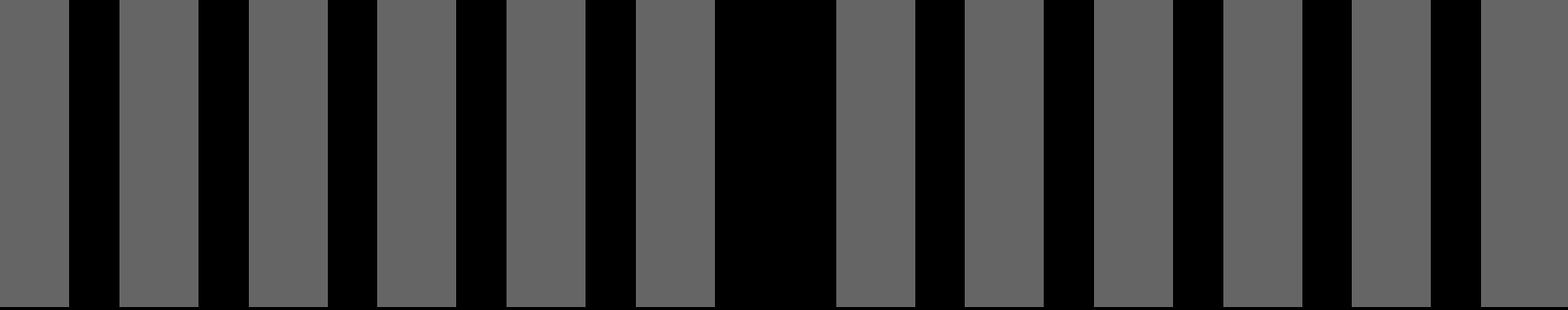
Level 22, NTT Tower
157 Lambton Quay
Wellington 6011

Supervisor**Trustees Executors Limited**

Suite 3, Spark Central
Boulcott Tower
70 Boulcott Street
Wellington 6011

Legal advisers to WIA**Chapman Tripp**

Level 14, 10 Customhouse Quay
Wellington 6011



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