Queenstown Airport Corporation Limited (QAC)

Master Plan 2023 Investment and Dividend Update

August 2026 (Update No. 3, FY27 - 1)

1. Purpose

This report provides an update on QAC's capital programme, including the investment required to deliver the Master Plan 2023, key milestones and material exceptions.

2. QAC Obligations (FY27 Statement of Intent)

QAC has committed to:

- *Provide project milestone and exception reporting to the major shareholder through its Smart Finance Committee, including briefings on dividend expectations; and*
- *Meet twice yearly with QLDC's Finance Committee on the Master Plan 2023 investment programme.*

3. Project Management Framework

The capital reinvestment framework, based on the gateway investment approach, was presented to QLDC in June 2025. QAC's Project Management Framework applies a gateway approach to capital project delivery. Before funds are committed, each project progresses through the following phases: (1) Concept and Optioneering; (2) Preliminary Business Case; (3) Design and Planning; (4) Business Case; and (5) Implementation.

4. Capital Plan

The capital plan presented sets out estimated capital expenditure from FY25 to FY34. It comprises: (1) investment required to deliver the Master Plan 2023, referred to as the Infrastructure Programme; (2) Sustaining and Minor Works; and (3) non-aeronautical property development. Each investment remains subject to the applicable business case and approval requirements under the Project Management Framework.

The Infrastructure Programme comprises three core sub-programmes: the Terminal Programme, Airfield Programme and Landside Programme.

5. Executive Summary

Since the March 2026 update, the capital plan has increased by $45.0 million to $621.2 million. The increase comprises $37.1 million for the Infrastructure Programme and $7.9 million for Sustaining and Minor Works, primarily reflecting escalation, scope refinement and additional resilience requirements, with $7.6 million being approved for enhanced Heavy Taxiway and Runway Overlay. The remaining $37.4 million is subject to further review, business case development and approval under the Project Management Framework.

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The updated financial forecast indicates that QAC can fund the capital plan through operating cash flows and debt while maintaining dividends through the development cycle. QAC has secured $330 million of committed bank facilities, with potential total bank capacity of approximately $480 million, on current estimates. Drawn debt is forecast to peak at approximately $365 million in FY34, before reducing progressively from FY35.

Analysis has confirmed that the Capital Plan is forecast to remain within current banking covenants under the assumptions modelled. A sensitivity scenario assuming a $110 million, or 20%, increase in the base Capital Plan, indicates that banking covenants would continue to be met under the modelled assumptions.

There remains significant inherent uncertainty in the Capital Plan because the Terminal programme is at an early stage of design. This affects key assumptions, including capital cost and forecast aeronautical and commercial revenue. Further analysis will be completed when the Terminal design options are presented and costed.

6. Progress Summary

Infrastructure Programme - Good progress has been made in the Infrastructure Programme, as highlighted by the design and planning for Terminal Development, which has completed 30% Concept Design, moving to 80% concept design by the end of the year. This will provide a greater level of certainty of estimated cost. Construction on the Runway Overlay & Taxiway has commenced, with construction of Airport House expected to commence in September. Business cases are expected to be presented prior to the end of the calendar year for Northern Aviation Precinct, Baggage Make-up Unit (BMU), and Airport Emergency Services.

Sustaining & Minor Works – While comparatively low in value, the programme is progressing as planned, with no material changes. Additional investment is currently being considered to enhance the customer experience in the terminal in advance of the redevelopment.

Industrial/Commercial Development Programme - The updated strategy and feasibility for Block D are expected to be presented for Board Approval prior to the end of the calendar year.

7. Capital Plan Update

The following sections explain the principal movements in the capital plan and the associated cash flow, milestone, dividend and funding forecasts.

Investment in aeronautical infrastructure is subject to consultation with airline customers.

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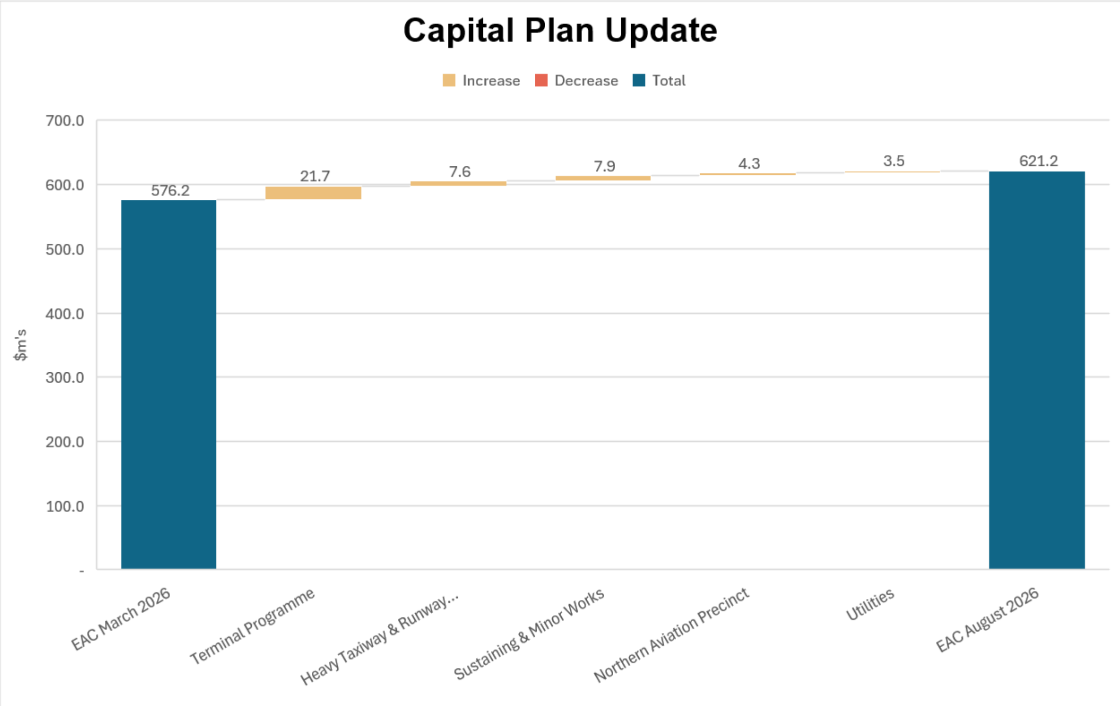

Key Movements

- **Terminal Programme (+$21.7 million) —** The increase principally reflects updated escalation associated with revised cash flow timing for terminal development (+$16.8 million) and additional early-stage planning, design and establishment costs (+$6.4 million), partly offset by other programme movements (-$1.5 million).
- **Heavy Taxiway and Runway Overlay (+$7.6 million) —** Enhanced materials to improve resilience and asset life (+$5.9 million), together with an expanded runway overlay scope in response to more rapid deterioration than previously anticipated (+$1.7 million). *Investment Approved.*
- **Sustaining and Minor Works (+$7.9 million) —** Additional provision for the Digital Strategy (+$2.0 million), blast fence scope changes (+$1.1 million), RPU units (+$1.2 million), a large-scale battery (+$0.6 million), other terminal bathroom works (+$0.6 million), noise-monitoring enhancements (+$0.3 million), and other net movements (+$2.1 million).
- **Northern Aviation Precinct (+$4.3 million) —** Scope increase to meet CAA and safety requirements, together with increased civil works.
- **Utilities (+$3.5 million) —** Scope increase for Airport Emergency Services, primarily to address increased stormwater design requirements.

8. Cash Flow Forecast (FY26 to FY34)

The variance from the previous report reflects the $45.0 million cost increase and updates to forecast cash flow timing.

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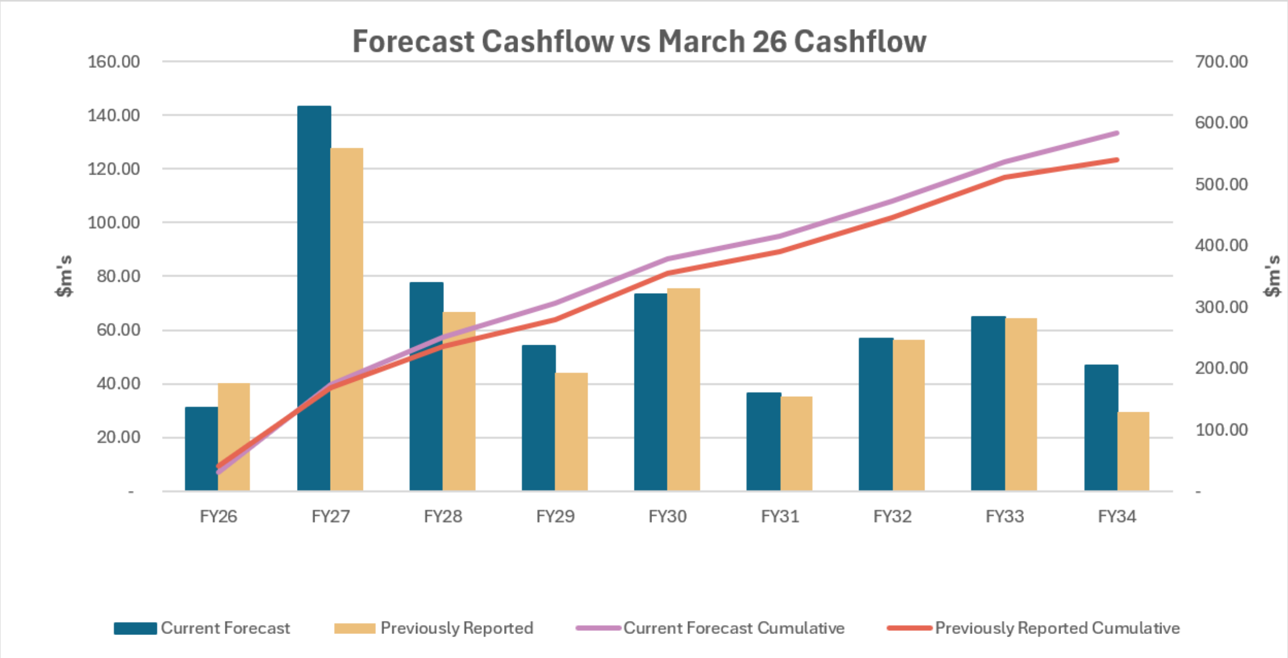

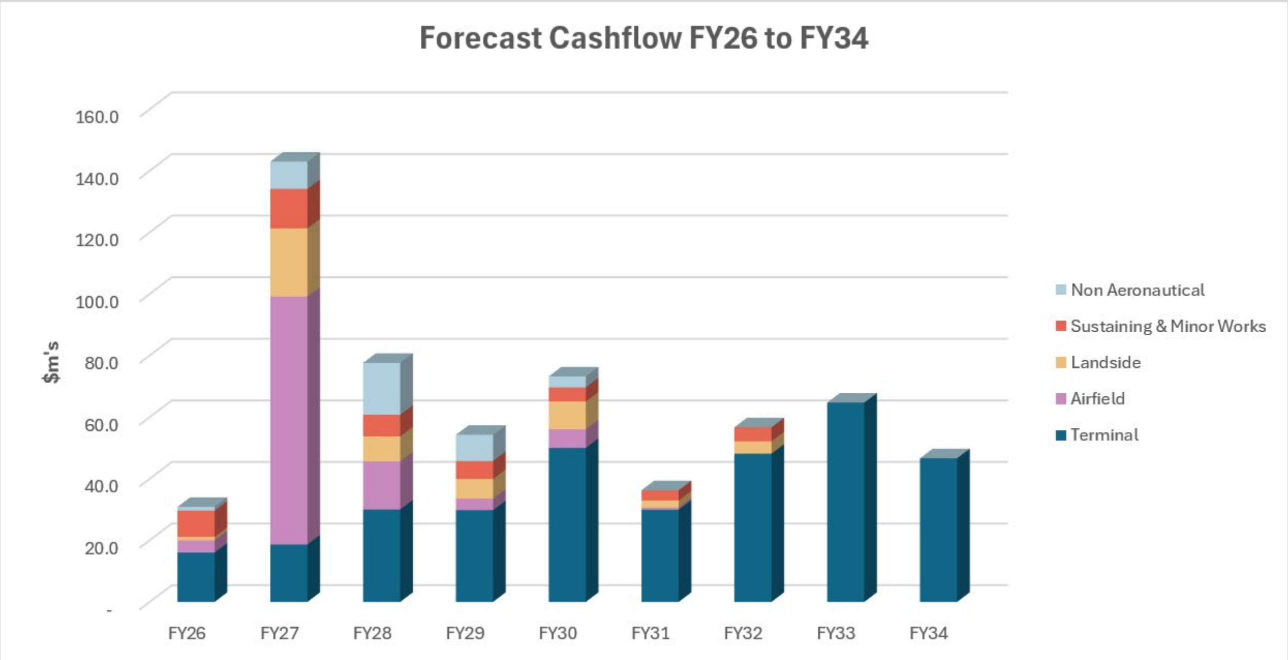

9. Milestone Reporting

PMF – Project Management Framework

The Infrastructure Programme remains at an early stage, as illustrated below. As each project progresses through the Project Management Framework, future reports will identify its current gateway, next milestone, expected timing and any material exceptions.

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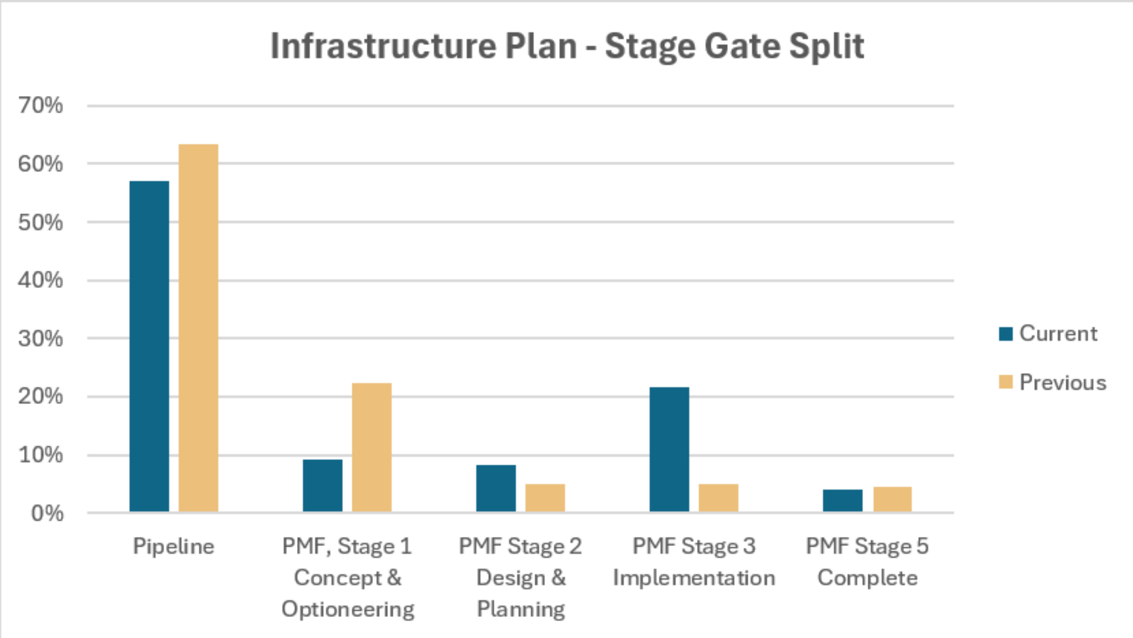
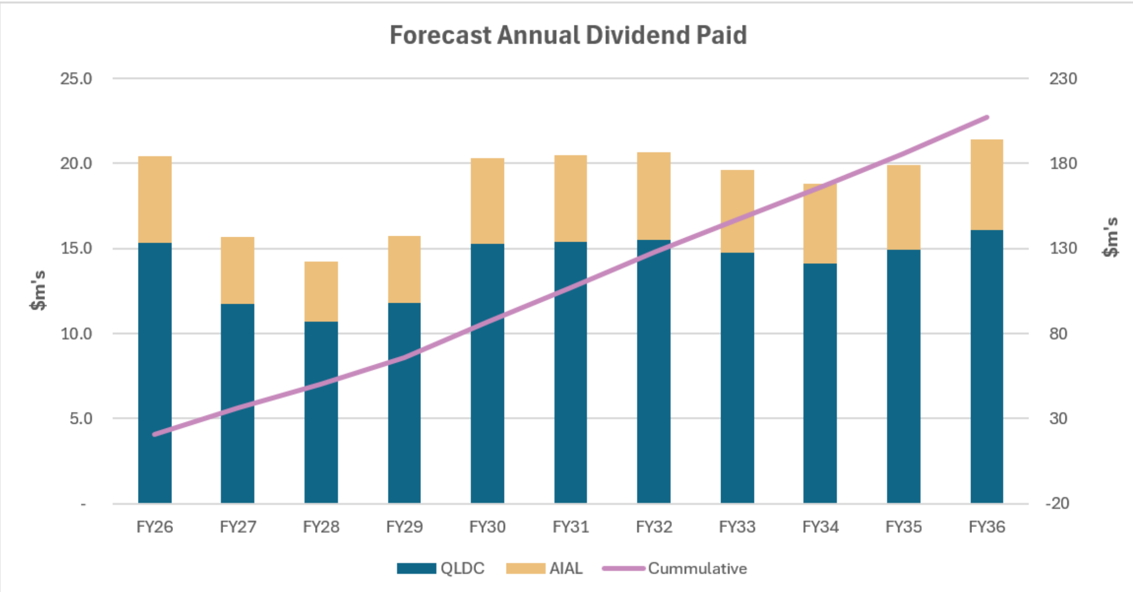


The key consideration is the design maturity of the Terminal and Landside programmes, which are at very early Concept Design. Significant uncertainty therefore remains regarding the scope and EAC of these programmes.

10. Dividend Forecast

Dividend expectations remain on track, with dividends forecast to increase steadily over time, as illustrated below.



11. Funding and Debt

Terms have been agreed with four banks (the Bank Group), providing an initial committed facility limit of $330 million. The Bank Group has indicated potential total capacity of approximately $480 million, subject to future approvals and documentation. As illustrated below, forecast drawn debt is expected

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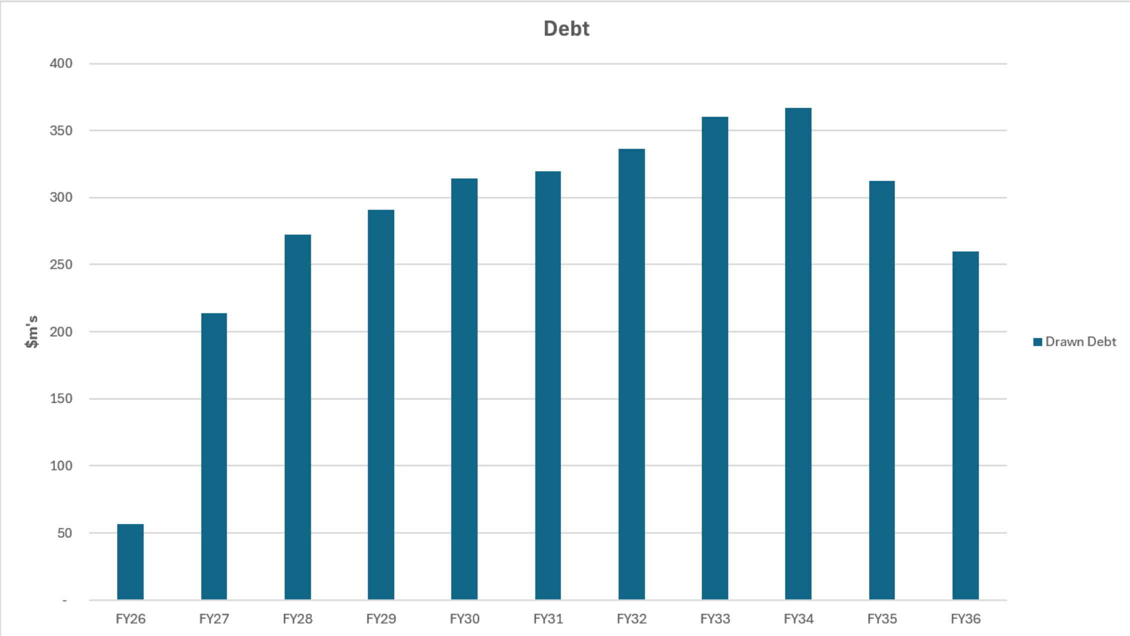
to peak at approximately $365 million in FY34. Strong operating cash flows are expected to enable QAC to reduce debt progressively from FY35.



12. Shadow Credit Rating

As noted in the previous report, PwC assessed QAC as having a shadow credit rating of **A-**. PwC noted that:

> *QAC's strong competitive position is underpinned by its role as the gateway to the tourism hub of Queenstown, its dominant market share of travel to this region, historically resilient international passenger flows, and its regulatory framework/pricing principles that enable recovery of capital expenditure.*
>
> *QAC is demonstrating a disciplined approach to its upcoming capital expenditure and forecasting credit metrics supporting a Modest Financial Risk Profile.*

13. Key Financial Ratios

The forecast ratios illustrated below indicate sound financial returns and sufficient balance sheet capacity to support the capital programme.

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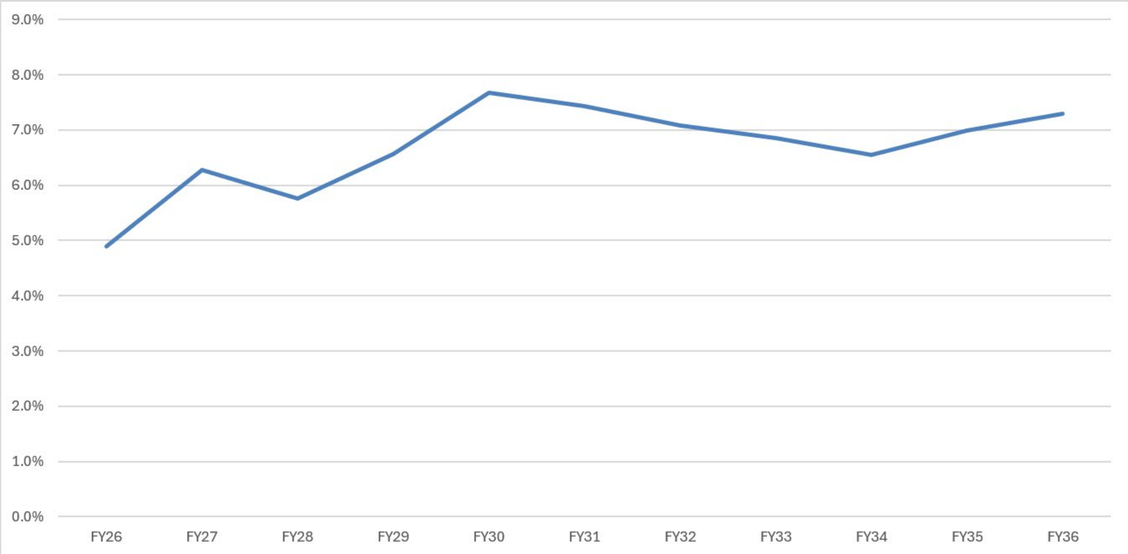
13.1. Return on Capital Employed (ROCE)

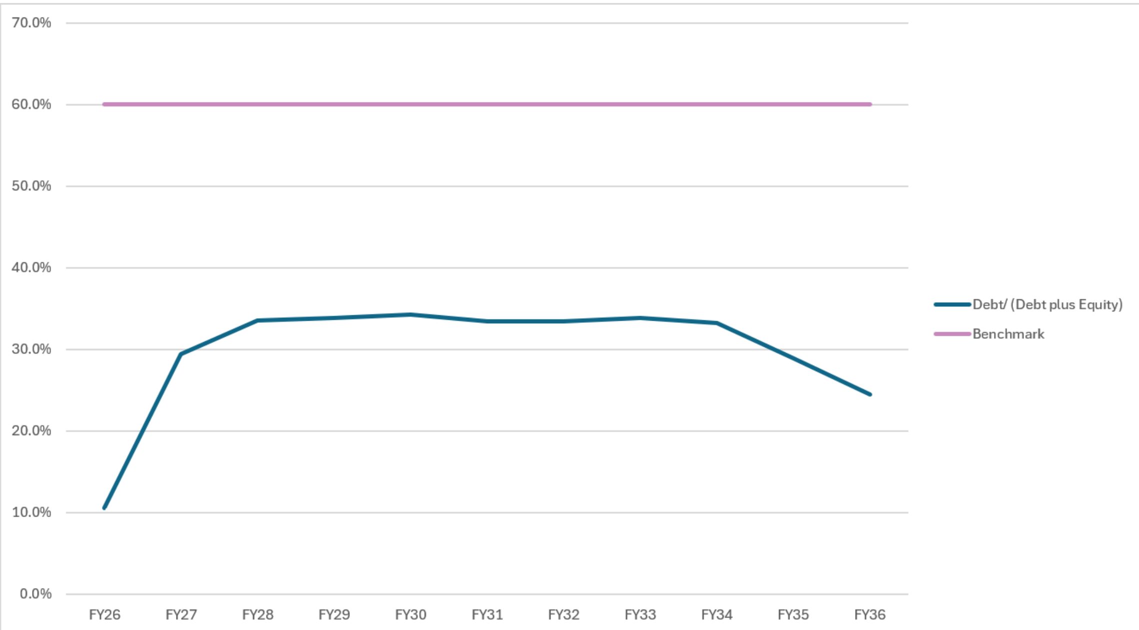
Earnings before interest and tax (EBIT) ÷ (total assets less current liabilities)



13.2. Gearing

Debt / (debt + equity)

The forecast indicates that QAC's balance sheet can support projected debt at prudent levels throughout the development period.



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