Queenstown Airport Corporation Limited (QAC)

Masterplan 2023 Investment & Dividend Update

March 2026 (FY26, Update No. 2)

Purpose

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

QAC Obligations *(FY26 Statement of Intent)*

QAC has committed to:

- Present a capital reporting framework to be approved by QLDC based on the gateway investment approach – ***complete (June 2025)****;*
- Present project milestone reporting and exception reporting and provide briefings to the major shareholder through its Smart Finance Committee, including expectations regarding dividends; and
- Meet twice a year with the QLDC AFRC on the Master Plan 2023 investment programme.

Executive Summary

Since the last report, an additional $55 million has been added to the Capital Plan, including $31 million of investment in commercial land development (total - $36 million). The revised Plan provides for incremental returns and forecast dividends, whilst ensuring that the capital plan can continue to be funded by a combination of debt and working capital.

Meaningful pre-feasibility activity has been completed for the development of commercial/industrial land in the Frankton Flats. This has culminated in QAC prioritising the initial development of the land directly north of the runway ('Block D'). The current Capital Plan includes an anticipated initial investment of approximately $36 million. To date, only $2.3 million has been approved for investment.

QAC's Project Management Framework follows a 'gateway approach' for delivering capital projects. Accordingly, before allocating funds, the project must pass through the following phases: (1) Concept & Optioneering, (2) Preliminary Business Case, (3) Design & Planning, (4) Business Case, and (5) Implementation.

We are pleased to have concluded negotiations for new bank facilities, with exceptional terms agreed. The bank facilities will be executed prior to the end of the financial year. The total funding capacity of the banking group is $480 million, exceeding forecast funding requirements.

We remain confident that sustained dividend payments can be made to shareholders during and post the development.

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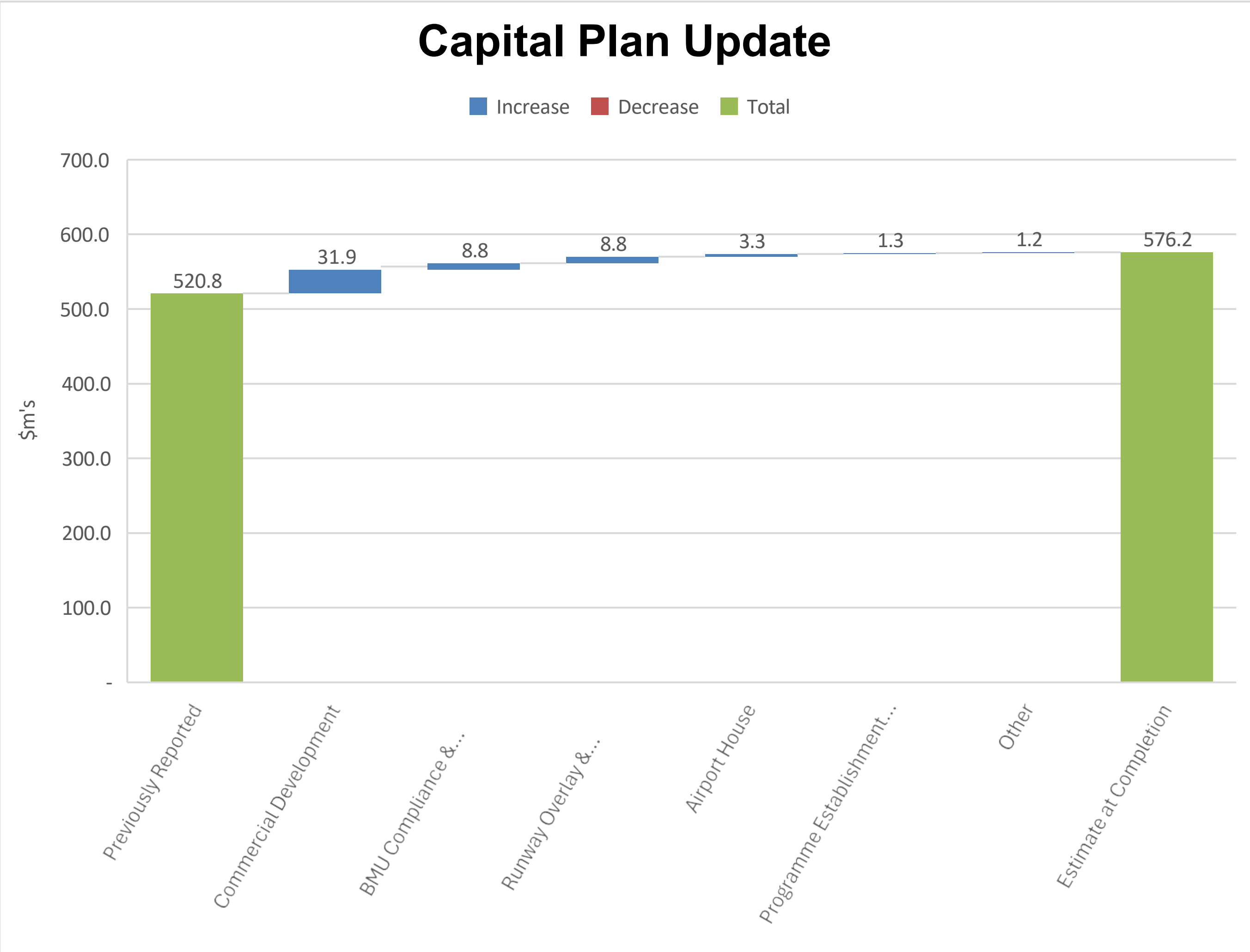
Capital Plan

The Plan presented below represents the total estimated capital investment over the next 10 years. Since the last report, we have made modifications to the underlying assumptions as we move through the Project Management Framework. This has resulted in a modest increase in the total investment and a capital programme that concludes in FY34 (previous report: FY32). The investment in aeronautical infrastructure remains subject to consultation with airline customers.



<u>Key Movements</u>

Commercial Property Development (+$31.9m) – initial allocation of potential investment in 'Block D'. The only approved investment in this category is $2.3 million for a rental car wash bay for an existing tenant.

BMU Compliance and Capacity Upgrade (+$8.8m) – scope has changed to increase resilience and customer experience.

Airport House (+$3.3m) - identified during design and a scope change to include tenant fit-out.

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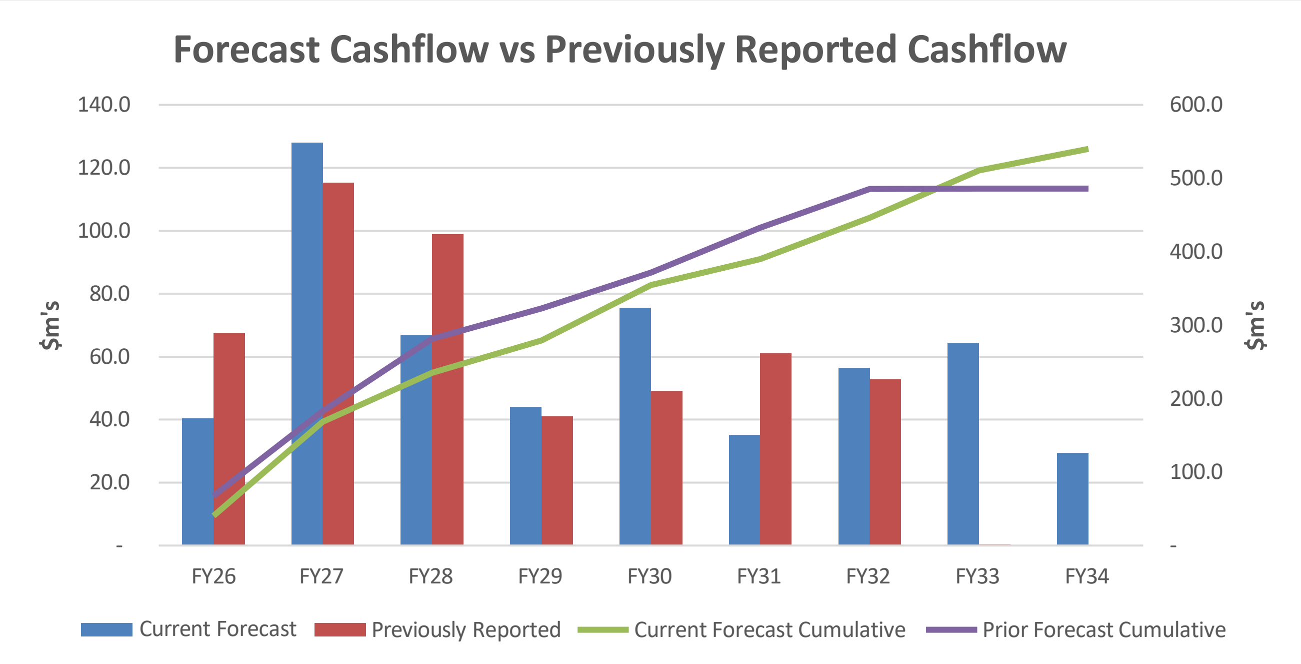
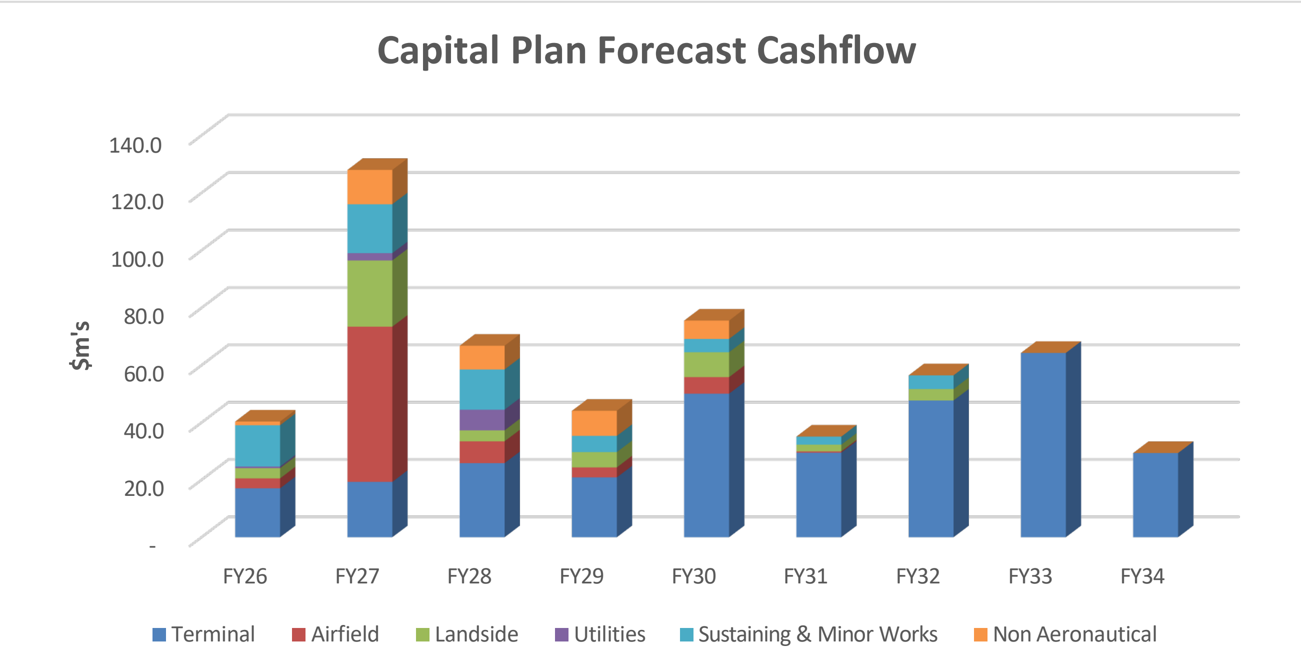
Runway Overlay (+$8.8m) – identification of additional runway remediation work required, engineering condition report.



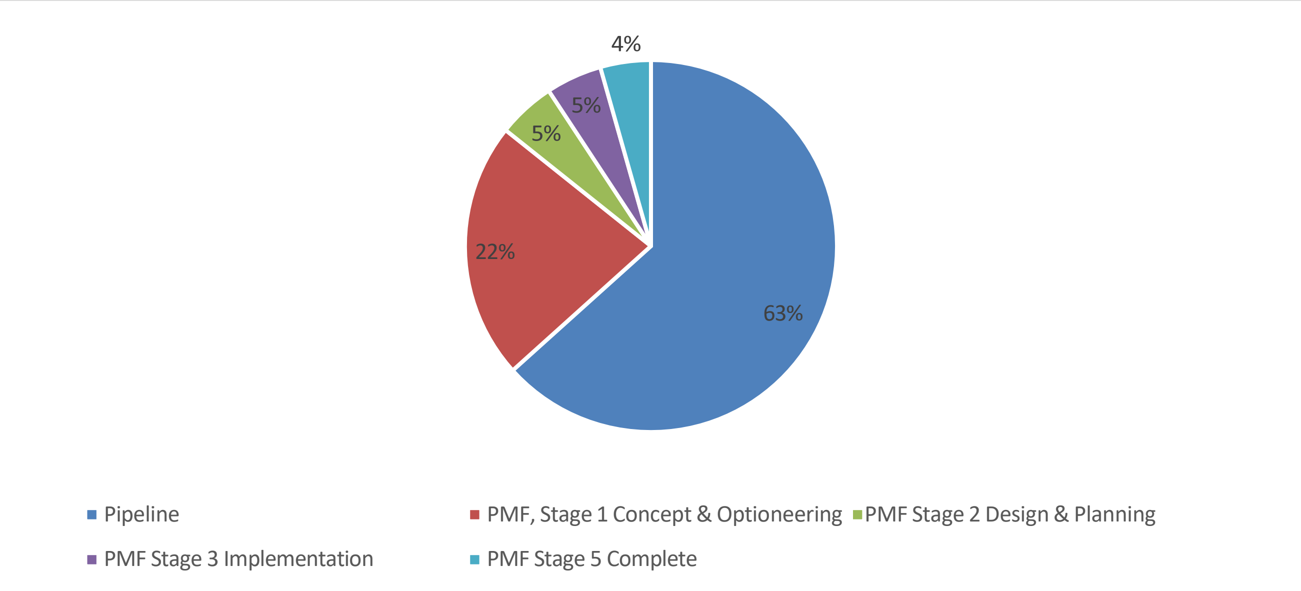
The longer programme is primarily due to the revised scheduling of the Terminal Programme, as programme establishment commenced later than anticipated.



Milestone Reporting

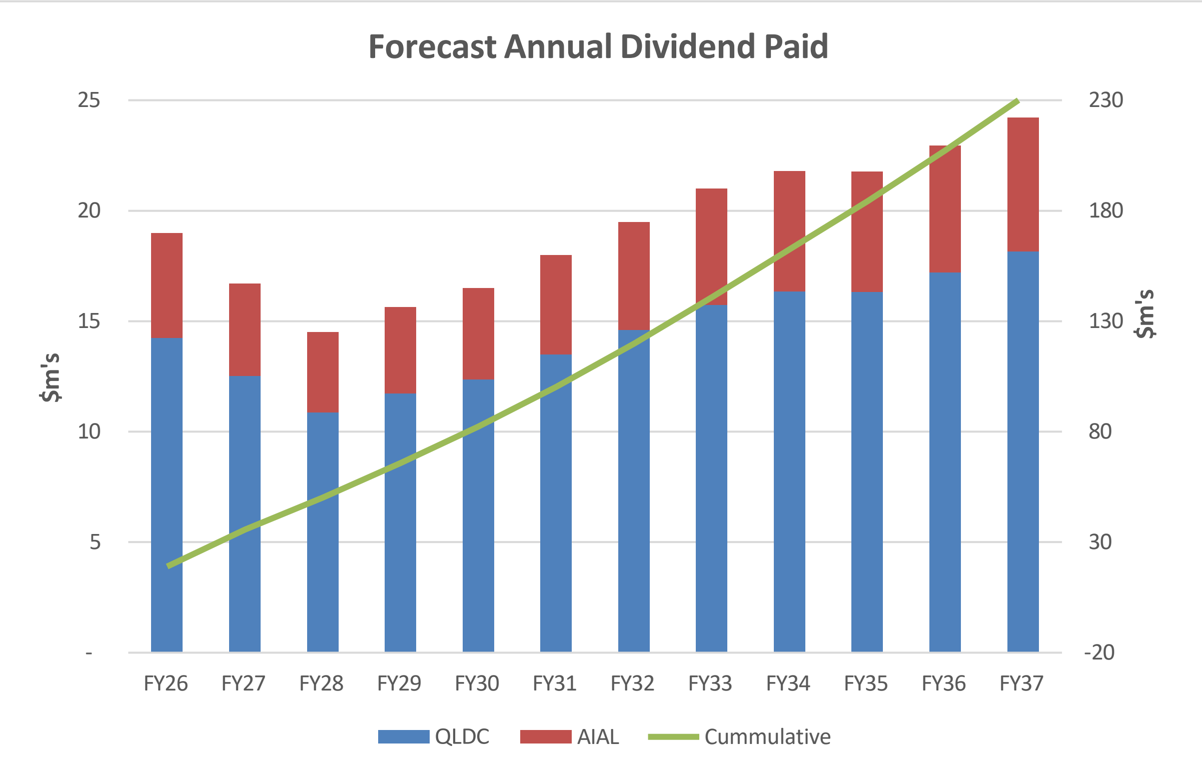
PMF – Project Management Framework

QAC is at the very early stages of the Capital Programme, as highlighted below.



Dividend Forecast

Dividend expectations are on track, highlighted by the potential of steady increases over time.



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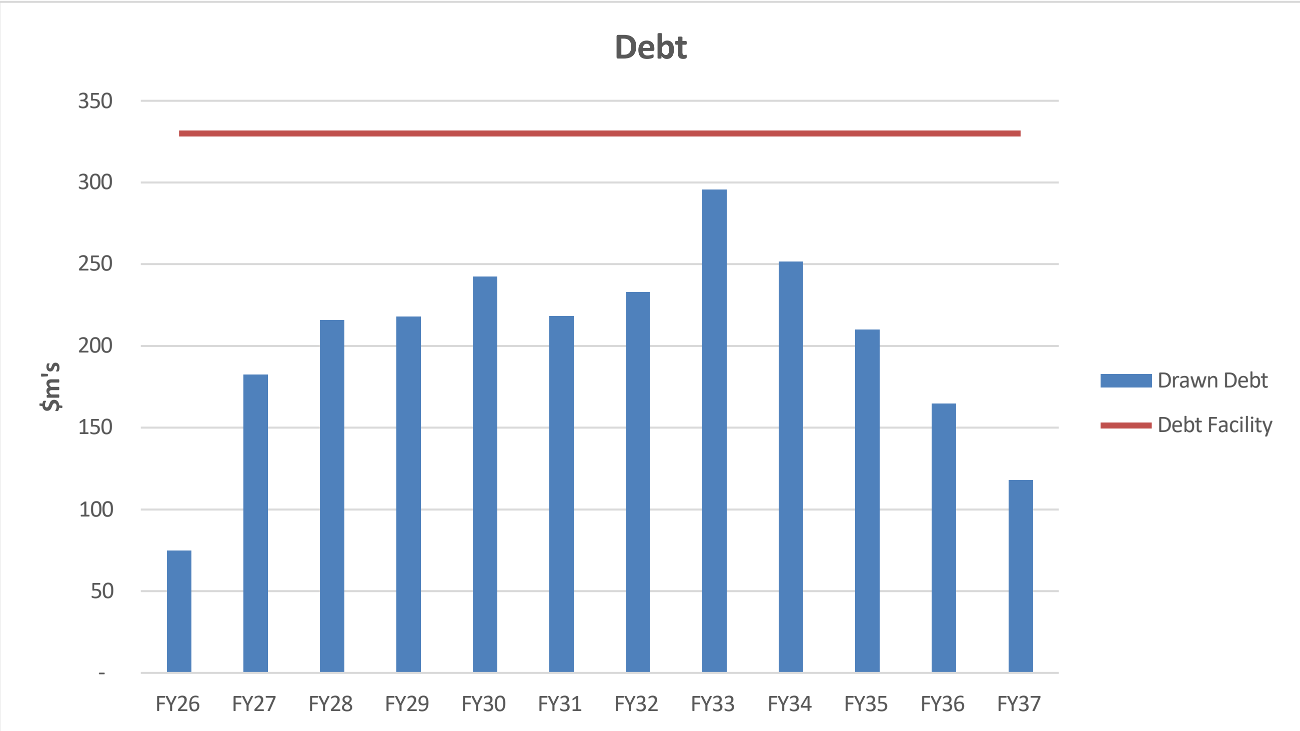
Funding & Debt

Terms have been agreed with four banks (Bank Group), providing an initial facility limit of $330m. The total capacity offered by these banks of approximately $480 million. As noted below, the total capacity provides sufficient headroom for anticipated increases in debt requirements throughout the development timeframe. In addition, the strong cash flows will enable the company to pay down debt quickly at the end of the development.



Shadow Credit Rating

As noted in the previous report, PwC has assigned a shadow credit rating of A- to QAC. The following is commented on:

> *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.*

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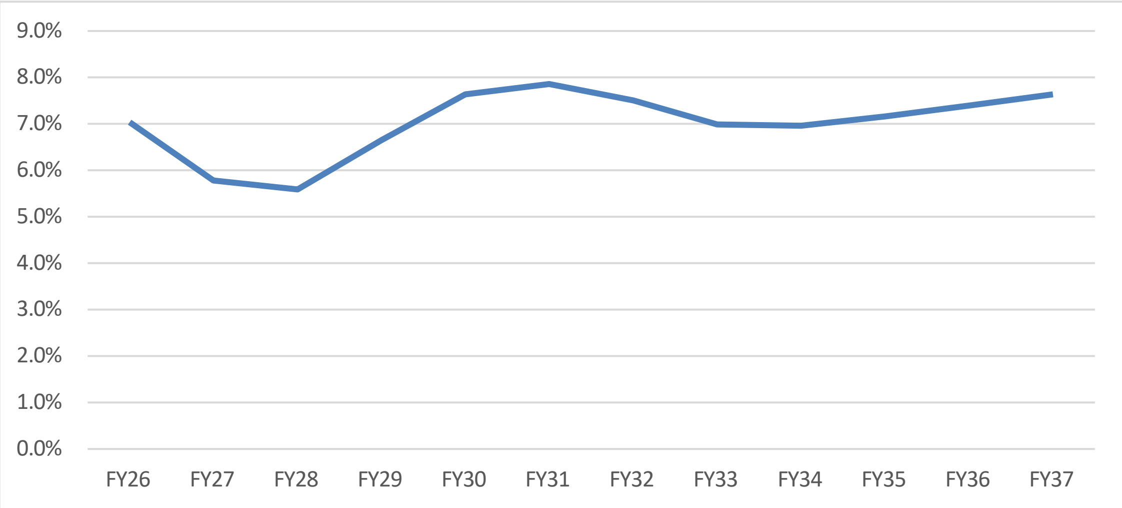
Key Financial Ratios

Demonstrate strong financial returns and sound balance sheet capacity.

Return on Capital Employed (ROCE)

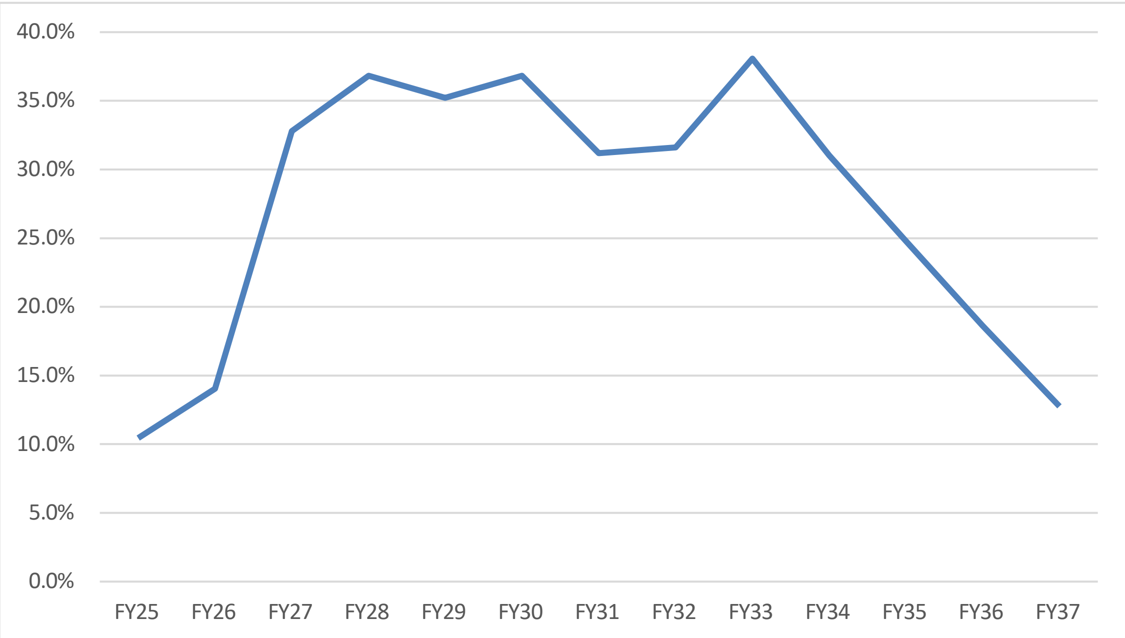
Earnings before interest & tax (EBIT) / Total Assets less current liabilities



Gearing

Debt / (debt+equity)

The balance sheet can sustain the forecast debt (at prudent levels) over the period of development.



Andrew Williamson
Chief Financial Officer
February 2026

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