



CHRISTCHURCH INTERNATIONAL  
AIRPORT LIMITED

# INDICATIVE TERMS SHEET

DATED 4 MAY 2018



LEAD MANAGER



# INDICATIVE TERMS SHEET

**FOR AN OFFER OF UP TO \$75,000,000 UNSECURED, UNSUBORDINATED, FIXED RATE 6 YEAR BONDS (PLUS UP TO \$25,000,000 OVERSUBSCRIPTIONS)**

The product disclosure statement for the Bonds ("PDS"), which contains full details of the offer, is available at [www.companiesoffice.govt.nz/disclose](http://www.companiesoffice.govt.nz/disclose) or can be obtained from the Lead Manager, or your usual financial advisor.

Investors must obtain a copy of the PDS before they apply for Bonds.

<b>ISSUER</b>	Christchurch International Airport Limited ("CIAL" or the "Issuer")	
<b>LEAD MANAGER</b>	Westpac Banking Corporation (ABN 33 007 457 141) (acting through its New Zealand Branch) ("Westpac Banking Corporation")	
<b>ORGANISING PARTICIPANT</b>	Westpac Banking Corporation	
<b>DESCRIPTION</b>	Unsecured, unsubordinated, fixed rate bonds ("Bonds")	
<b>TERM</b>	6 years, maturing on 24 May 2024	
<b>STATUS</b>	The Bonds are to be issued pursuant to the Master Trust Deed dated 9 November 2012 (as amended and restated by deed dated 11 October 2016 and by deed dated on or about 3 May 2018 ("Master Trust Deed"), and as further amended or supplemented from time to time) and a Supplemental Trust Deed dated on or about 3 May 2018 ("Supplemental Trust Deed"). The principal amounts of, and interest on, the Bonds will be unsubordinated, unsecured, obligations of the Issuer and rank at least equally with all present and future unsecured and unsubordinated indebtedness of the Issuer (except indebtedness preferred by law and subject to laws affecting creditors' rights generally and equitable principles of general application)	
<b>PURPOSE</b>	The proceeds of this offer are expected to be used by CIAL to refinance \$50m of its existing bank loan facilities. Any additional proceeds raised will be used to provide funding for capital development projects and for general operational purposes	
<b>CREDIT RATINGS</b>	<p><b>Issuer Credit Rating</b> BBB+ (stable) S&amp;P Global Ratings</p> <p>Further information about S&amp;P Global Ratings' credit rating scale is available at <a href="http://www.spglobal.com">www.spglobal.com</a></p> <p>A credit rating is an independent opinion of the capability and willingness of an entity to repay its debts (in other words, its creditworthiness). It is not a guarantee that the financial product being offered is a safe investment. A credit rating should be considered alongside all other relevant information when making an investment decision. A credit rating is not a recommendation to invest in the Bonds and may be subject to revision, suspension or withdrawal at any time</p>	<p><b>Expected Issue Credit Rating</b> BBB+ S&amp;P Global Ratings</p>
<b>OFFER AMOUNT</b>	Up to \$75 million (with the ability to accept oversubscriptions of up to \$25 million at CIAL's discretion)	
<b>NO PUBLIC POOL</b>	There is no public pool for the Bonds. This means you can only apply for Bonds through a Primary Market Participant or approved financial intermediary who has obtained an allocation. You can find a Primary Market Participant by visiting <a href="http://www.nzx.com/investing/find-a-participant">www.nzx.com/investing/find-a-participant</a>	

<b>INTEREST RATE</b>	To be determined by CIAL in conjunction with the Lead Manager following a bookbuild, and announced via NZX on the Rate Set Date The Interest Rate will be equal to the sum of the Swap Rate on the Rate Set Date and the margin, but in any case will be no less than the minimum Interest Rate announced by CIAL via NZX on or about the Opening Date (being 14 May 2018)
<b>MARGIN</b>	The margin will be determined by CIAL in conjunction with the Lead Manager following a bookbuild on the Rate Set Date
<b>SWAP RATE</b>	The semi-annual mid-market swap rate for an interest rate swap of a term and start date matching the period from the Issue Date to the Maturity Date as calculated by the Lead Manager in accordance with market convention with reference to Reuters page ICAPKIWISWAP1 (or any successor page) on the Rate Set Date and expressed on a semi-annual basis, rounded to 2 decimal places, if necessary with 0.005 being rounded up
<b>ISSUE PRICE</b>	\$1.00 per Bond, being the Principal Amount of each Bond
<b>FINANCIAL COVENANTS</b>	CIAL has undertaken that for so long as any Bonds issued under the Trust Deed are outstanding: <ul style="list-style-type: none"> <li>• the Total Tangible Assets of the Guaranteeing Group will exceed 90% of the Total Tangible Assets of the CIAL Group;</li> <li>• Total Debt of the Guaranteeing Group will not exceed 60% of the sum of Total Debt plus Total Equity (which includes subordinated debt, provided it meets certain qualifying criteria) of the Guaranteeing Group;</li> <li>• the interest cover ratio of the Guaranteeing Group (being EBITDA divided by Total Interest Expense) for the immediately preceding financial year will not be less than 1.75:1; and</li> <li>• the Total Tangible Assets of the Guaranteeing Group attributable to joint venture interests will not exceed 10% of Total Tangible Assets of the CIAL Group, provided that any excess over 10% of the Total Tangible Assets of the CIAL Group up to a further 5% of such Total Tangible Assets is permitted subject to certain conditions</li> </ul>
<b>INTEREST PAYMENT DATES</b>	Interest will be paid semi-annually in arrear in equal amounts on 24 May and 24 November of each year (or if that day is not a Business Day, the next Business Day) until and including the Maturity Date The first Interest Payment Date will be 24 November 2018. As that date is a Saturday, the actual payment will be made on 26 November 2018
<b>BUSINESS DAY CONVENTION</b>	Following Business Day (unadjusted)
<b>RECORD DATE</b>	5.00pm on the date that is 10 days before the due date for payment. If the record date falls on a day which is not a Business Day, the record date will be the immediately preceding Business Day
<b>DENOMINATIONS</b>	Minimum denominations of \$5,000 with multiples of \$1,000 thereafter
<b>ISIN</b>	NZCHCDT004C4
<b>QUOTATION</b>	Application has been made to NZX for permission to quote the Bonds on the NZX Debt Market and all the requirements of NZX relating to that quotation that can be complied with on or before the date of distribution of this Terms Sheet have been duly complied with. However, the Bonds have not yet been approved for trading and NZX accepts no responsibility for any statement in this Terms Sheet. NZX is a licensed market operator, and the NZX Debt Market is a licensed market, under the FMCA

	NZX ticker code CHC010 has been reserved for the Bonds
<b>NZX TICKER CODE</b>	NZX ticker code CHC has been reserved for CIAL
<b>DOCUMENTS</b>	<p>The terms and conditions of the Bonds are set out in:</p> <ul style="list-style-type: none"> <li>• Product Disclosure Statement dated on or about 3 May 2018;</li> <li>• Master Trust Deed; and</li> <li>• Supplemental Trust Deed</li> </ul> <p>If you require further information in relation to any terms and conditions in the Master Trust Deed and Supplemental Trust Deed, you can obtain a copy of these documents from the Disclose Register at <a href="http://www.companiesoffice.govt.nz/disclose">www.companiesoffice.govt.nz/disclose</a></p>
<b>SECURITIES REGISTRAR</b>	<p>Computershare Investor Services Limited</p> <p>The Bonds will be accepted for settlement within the NZClear system</p>
<b>SUPERVISOR</b>	Public Trust
<b>REPO ELIGIBILITY</b>	The Issuer intends to apply to the Reserve Bank of New Zealand for the Bonds to be included as eligible securities for Domestic Market Operations
<b>GOVERNING LAW</b>	New Zealand
<b>SELLING RESTRICTIONS</b>	<p>This is an offer of Bonds to institutional investors and members of the public who are resident in New Zealand and certain overseas institutional investors only</p> <p>CIAL has not taken and will not take any action which would permit a public offering of Bonds, or possession or distribution of any offering material in respect of the Bonds, in any country or jurisdiction where action for that purpose is required (other than New Zealand)</p> <p>The Bonds may only be offered for sale or sold in a jurisdiction other than New Zealand in compliance with all applicable laws and regulations in any jurisdiction in which they are offered, sold or delivered</p> <p>In addition, the selling restrictions contained in the Schedule to this Terms Sheet apply. By subscribing for Bonds, each investor agrees to indemnify, among others, CIAL, the Supervisor and the Lead Manager and their respective directors, officers, employees and agents in respect of any loss, cost, liability or damages suffered because of that Bondholder breaching the selling restrictions referred to in this section and the Schedule to this Terms Sheet</p>

## IMPORTANT DATES

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<b>Opening Date</b>	Monday, 14 May 2018
<b>Rate Set Date</b>	Friday, 18 May 2018
<b>Closing Date</b>	Friday, 11am NZT, 18 May 2018
<b>Issue Date</b>	Thursday, 24 May 2018
<b>Expected Date of Initial Quotation</b>	Friday, 25 May 2018
<b>Maturity Date</b>	Friday, 24 May 2024

CIAL may, in its absolute discretion and without notice, vary the timetable (including by opening or closing the offer early, accepting late applications and extending the Closing Date). If the Closing Date is extended, the Rate Set Date, the Issue Date, the Expected Date of Initial Quotation and trading of the Bonds on the NZX Debt Market, the Interest Payment Dates and the Maturity Date may also be extended. Any such changes will not affect the validity of any applications received.

Capitalised terms used but not defined in the Terms Sheet have the meaning given to them in the PDS.

CIAL reserves the right to cancel the offer and the issue of the Bonds, in which case all application monies received will be refunded (without interest) as soon as practicable.



## SCHEDULE – SELLING RESTRICTIONS

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Any information memorandum, disclosure statement, circular, advertisement or other offering material in respect of the Bonds may only be published, delivered or distributed in compliance with all applicable laws and regulations (including those of the country or jurisdiction in which the material is published, delivered or distributed).

There are specific selling restrictions that apply to an offer of the Bonds in the United States of America, European Economic Area, Switzerland, the United Kingdom, Australia, Hong Kong, Japan and Singapore. These selling restrictions do not apply to an offer of the Bonds in New Zealand.

These selling restrictions may be modified by CIAL and the Lead Manager, including following a change in a relevant law, regulation or directive. Persons into whose hands the PDS or this Terms Sheet comes are, and each Bondholder is, required by CIAL and the Lead Manager to comply with all applicable laws and regulations in each country or jurisdiction in or from which they purchase, offer, sell or deliver Bonds or have in their possession or distribute such offering material, in all cases at their own expense.

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### UNITED STATES OF AMERICA

The Bonds have not been and will not be registered under the Securities Act of 1933, as amended (Securities Act) and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act (Regulation S)) except in accordance with Regulation S or pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

None of CIAL, the Lead Manager nor any person acting on its or their behalf has engaged or will engage in any directed selling efforts (as defined in the Regulation S) in relation to the Bonds, and each of CIAL and the Lead Manager has complied and will comply with the offering restrictions in Regulation S.

The Bonds will not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time, or (ii) otherwise until 40 days after the completion of the distribution of all of the Bonds, as determined and certified by the Lead Manager, except in accordance with Rule 903 of Regulation S. Any Bonds sold to any distributor, dealer or person receiving a selling concession, fee or other remuneration during the distribution compliance period require a confirmation or notice to the purchaser at or prior to the confirmation of the sale to substantially the following effect:

“The Bonds covered hereby have not been registered under the United States Securities Act of 1933, as amended (the Securities Act) or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States, or to or for the account or benefit of, U.S. persons (i) as part of their distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the offering of the Bonds and the closing date except in either case pursuant to a valid exemption from registration in accordance with Regulation S under the Securities Act. Terms used above have the meaning given to them by Regulation S.”

Until 40 days after the completion of the distribution of all of the Bonds, an offer or sale of the Bonds within the United States by the Lead Manager or any dealer or other distributor (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Regulation S.

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### RELEVANT MEMBER STATES OF THE EUROPEAN ECONOMIC AREA

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a Relevant Member State), with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the Relevant Implementation Date) no Bonds have been offered and no Bonds will be offered that are the subject of the offering contemplated by the PDS in relation thereto to the public in that Relevant Member State except that an offer of Bonds to the public in the Relevant Member State may be made with effect from the Relevant Implementation Date:

- (a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (b) to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive) subject to obtaining the prior consent of the Lead Manager; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of the Bonds shall require CIAL or the Lead Manager to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of the Bonds to the public" in relation to any Bonds in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Bonds to be offered so as to enable an investor to decide to purchase or subscribe for the Bonds, as the same may be varied in that Relevant Member State by any measure implementing the "Prospectus Directive" in that Relevant Member State, and the expression Prospectus Directive means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and includes any relevant implementing measure in each Relevant Member State.

## UNITED KINGDOM

No communication, invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (FSMA)) has been or may be made or caused to be made or will be made in connection with the issue or sale of the Bonds in circumstances in which section 21(1) of the FSMA applies to CIAL or any Guaranteeing Group Member.

All applicable provisions of the FSMA with respect to anything done in relation to the Bonds in, from or otherwise involving the United Kingdom must be complied with.

## JAPAN

The Bonds have not been and will not be registered in Japan pursuant to Article 4, Paragraph 1 of the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the FIEA) in reliance upon the exemption from the registration requirements since the offering constitutes the small number private placement as provided for in "ha" of Article 2, Paragraph 3, Item 2 of the FIEA. A Japanese Person who transfers the Bonds shall not transfer or resell the Bonds except where the transferor transfers or resells all the Bonds en bloc to one transferee. For the purposes of this paragraph, Japanese Person shall mean any person resident in Japan, including any corporation or other entity organised under the laws of Japan.

## SINGAPORE

The PDS has not been registered as a prospectus with the Monetary Authority of Singapore. Accordingly, the Bonds have not been offered or sold or be made the subject of an invitation for subscription or purchase and will not be offered or sold or be made the subject of an invitation for subscription or purchase. The PDS or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Bonds has not been circulated or distributed, nor will the PDS be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289 of Singapore) (SFA) pursuant to Section 274 of the SFA, (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Bonds are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor, securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Bonds pursuant to an offer made under Section 275 of the SFA except:
  - to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
  - where no consideration is or will be given for the transfer;
  - where the transfer is by operation of law;

- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

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## HONG KONG

No Bonds have been offered or sold or will be or may be offered or sold in Hong Kong, by means of any document other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong (the SFO) and any rules made under the SFO; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong (the C(WUMP)O) or which do not constitute an offer to the public within the meaning of the C(WUMP)O.

No advertisement, invitation or document relating to the Bonds may be issued or in the possession of any person or will be issued or be in the possession of any person in each case for the purpose of issue, whether in Hong Kong or elsewhere, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Bonds which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made under the SFO.

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## AUSTRALIA

No prospectus or other disclosure document (as defined in the Corporations Act 2001 of Australia (Corporations Act)) in relation to the Bonds (including the PDS) has been, or will be, lodged with, or registered by, the Australian Securities and Investments Commission (ASIC) or any other regulatory authority in Australia. No person may:

- make or invite (directly or indirectly) an offer of the Bonds for issue, sale or purchase in, to or from Australia (including an offer or invitation which is received by a person in Australia); and
- distribute or publish, any draft, preliminary or final form offering circular or information memorandum, prospectus or any other offering material or advertisement relating to the Bonds in Australia,

unless:

- the aggregate consideration payable by each offeree or invitee is at least A\$500,000 (or its equivalent in an alternative currency and, in either case, disregarding moneys lent by the offeror or its associates) or the offer or invitation otherwise does not require disclosure to investors in accordance with Part 6D.2 or Part 7.9 of the Corporations Act;
- the offer or invitation is not made to a person who is a "retail client" within the meaning of section 761G of the Corporations Act;
- such action complies with all applicable laws, regulations and directives; and
- such action does not require any document to be lodged with, or registered by, ASIC or any other regulatory authority in Australia.

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## SWITZERLAND

The Bonds shall not be publicly offered, sold, advertised, distributed or redistributed, directly or indirectly, in or from Switzerland, and neither this document nor any other solicitation for investments in the Bonds may be communicated, distributed or otherwise made available in Switzerland in any way that could constitute a public offering within the meaning of Articles 652a and 1156 of the Swiss Code of Obligations (CO) or of Article 3 of the Swiss Federal Act on Collective Investment Schemes (CISA) unless the legal and regulatory conditions imposed on a public offering under the CO or CISA are satisfied. This document nor any other offering or marketing material relating to the Bonds, does not constitute a public offering within the meaning of Articles 652a, respectively 1156, of the CO and of Article 5 of the CISA and may not comply with the information standards required thereunder, and in particular with the guidelines on informing investors about structured products as published in September 2014 by the Swiss Bankers Association, as applicable.

The Bonds do not constitute collective investments within the meaning of the CISA. Accordingly, holders of the Bonds do not benefit from protection under the CISA or from the supervision of the Swiss Financial Market Supervisory Authority. Investors are exposed to the default risk of the Issuer.