Rotorua Regional Airport Ltd

Statement of Intent

For the period 1 July 2026 to 30 June 2029

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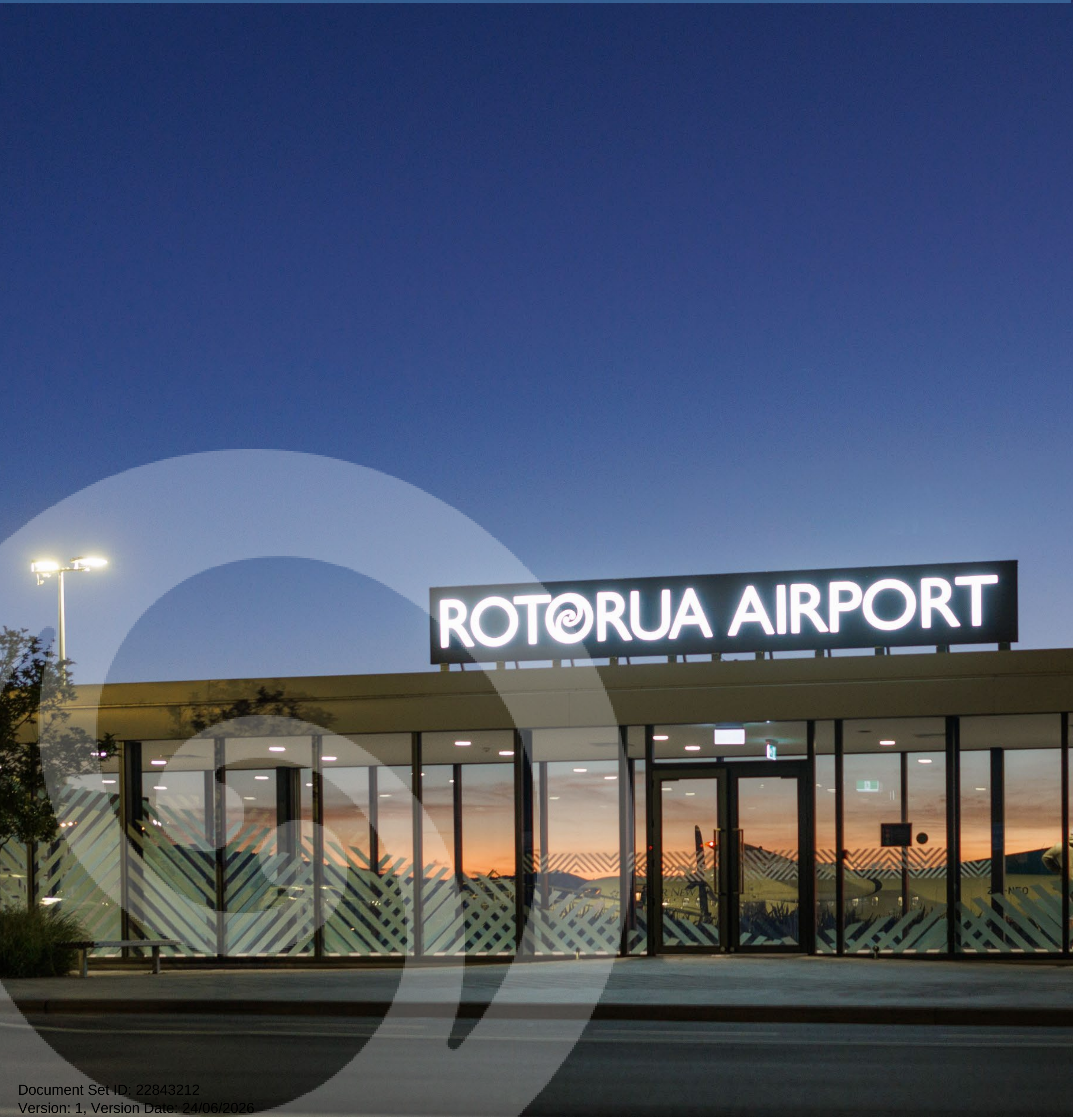

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INTRODUCTION

This Statement of Intent (SOI) is prepared by the Board of Directors of Rotorua Regional Airport Ltd (RRA) in accordance with the requirements of Section 64(1) of the Local Government Act 2002. It represents the objectives, nature, and scope of activities to be undertaken and performance targets by which RRA will be measured. It covers the three (3) years of operations from 1 July 2026 to 30 June 2029. This SOI will also have primacy over any conflicts between RRA's constitution and the SOI unless a clause of the SOI breaches the Companies Act.

OWNERSHIP & GOVERNANCE

RRA is 100% owned by Rotorua Lakes Council (RLC) and operates as a Council Controlled Organisation (CCO). RRA has an independent skills-based Board of five Directors and a Chairperson, as well as an Independent Board Advisor.

	Appointment date:	Term length:
Mr Kevin Ward (Chairperson)	9 October 2023	3 years (9 October 2026)
Ms Danielle Auld (Director)	5 March 2020	extended to 6 October 2026
Mr Grant Lilly (Director)	26 August 2021	3 years (26 August 2027)
Mr Mark East (Director)	9 October 2023	3 years (9 October 2026)
Ms Marie Hosking (Director)	9 October 2023	renewed to 9 October 2028

The Board is responsible for ensuring RRA is managed in a financially responsible manner under sound governance principles and in accordance with the Local Government Act and the Companies Act. It is also responsible for setting strategic direction, overseeing management performance, approving significant capital and investment decisions, and ensuring robust risk management and compliance frameworks are in place. In carrying out its role, the Board operates in alignment with Rotorua Lakes Council's expectations as shareholder.

In particular, the Board will carry out its duties diligently, ethically, and in accordance with the highest standards of professional conduct. Directors will declare potential conflicts of interest and avoid situations where their actions could give rise to a conflict of interest.

With potential local government reforms on the horizon, the Board stands ready to support Rotorua Lakes Council by sharing its expertise and experience in airport operations, governance, and compliance.

The Board is mindful of succession planning and will work with RLC, as shareholder, to ensure an appropriate spread of skills and experience is maintained. The Board also supports and implements an annual Board Observer programme for developing future leaders or business owners, with one Observer being selected each 12 months.

The board will conduct an annual evaluation of its performance.

ABOUT US

RRA is situated on the northern edge of Rotorua on the eastern shores of Lake Rotorua. It is a regional airport which facilitates air connections for locals and manuhiri (visitors) alike, whatever their reason for travel, and essential links for civil defence and emergencies. With scheduled services to Auckland, Wellington and Christchurch RRA provides critical connectivity around New Zealand and beyond. RRA is also home to a number of aviation and tourism related businesses. As at 30 June 2025 RRA's land, buildings and assets were valued at $88.0m.

CURRENT OPERATING ENVIRONMENT

The domestic New Zealand aviation market continues to remain challenging. Airlines continue to face increased costs, skilled labour shortages and supply chain disruptions. Coupled with a downturn in demand, primarily in government and domestic leisure travel, airline profitability is a real challenge. In addition, Air New Zealand has an aging fleet which has caused reliability issues across the network. While Air New Zealand remains focused on solving these challenges, the poor reliability and reduced schedule continues to impact demand in Rotorua, particularly for business travellers. In addition to resolving these cost issues, Air NZ see an opportunity to attract more international visitors to NZ. Rotorua Airport and the Rotorua tourism industry are well placed to support this endeavour.

While airports operate on a cost recovery revenue model, they are a part of the domestic aviation ecosystem and must remain mindful of their customers challenges when making cost and price setting decisions. RRA remains focused on closely managing costs and exploring new revenue opportunities, however it is the reduced airline capacity, and consequently reduced passenger numbers, which is putting upward pressure on landing fees on a per passenger basis. While RRA's per passenger landing fees are high compared to peer airports, RRA's total costs are low in comparison. The current operating environment is also putting downward pressure on carparking and some lease revenues, as these are passenger number driven.

RELATIONSHIP WITH SHAREHOLDER

The RRA Board and management team are committed to engaging with the company's shareholder, Rotorua Lakes Council, both formally and informally, in an open, collaborative and constructive manner. RRA sees itself as an enabler and is here to support the common goals it shares with RLC, Rotorua NZ and the Rotorua community to support growth and prosperity.

The Board aims to ensure that the Shareholder is informed of all major developments affecting the company, while at the same time recognising that commercial sensitivity may preclude certain information from being made public. Within this constraint, information is communicated to the Shareholder in the following ways:

- RRA Chief Executive, Chair and senior Council executives to meet on a regular basis.
- Quarterly reporting to RLC against the SOI's performance measures and financial forecasts.
- Asset Management Summary provided by 31 December each year.
- Delivery of signed and audited financial accounts by 1 October to RLC's Chief Financial Officer.
- Annual General Meeting (AGM) to be held within 6 months of the end of the financial year.
- Other ad-hoc reports and occasional briefings.

RLC recognises that RRA is an essential infrastructure asset for Rotorua and has a key role to play in the economic performance, growth and development of the region. As such, a separate Service Funding Agreement (SFA) was established to assist with the ongoing Airport capital development, infrastructure maintenance and operations. This was agreed as part of the Council's 2015 Long Term Plan (LTP) process and sits alongside and in support of this SOI.

RRA and RLC are committed to updating this SFA before the 2027 Long Term Plan to ensure it is fit for purpose and meets the needs of both organisations. The SFA will include a 20 year financial forecast, with a planned debt repayment schedule, that is updated each LTP cycle.

RELATIONSHIP WITH IWI

RRA is committed to building a strong and enduring relationship with iwi and hapu by acknowledging the past and actively building a future where we work collaboratively to advance mutual aspirations. .

RRA has a Memorandum of Understanding and meaningful relationship with Ngāti Uenukukōpako. Ngāti Uenukukōpako are mana whenua over Rotokawa, which is where the airport is located. Within the MOU RRA and Ngāti Uenukukōpako commit to a relationship of high trust that is embedded with four key values; Whakapapa, Whanaungatanga, Wairuatanga and Manaakitanga.

While recognising that other iwi and hapū are affected by the airport operations, RRA recognises Ngāti Uenukukōpako's deep ancestral connections to Rotokawa and the land underlying Rotorua Airport.

RRA also recognises and is committed to building and maintaining an ongoing relationship with Ngā Uri o Karamuramu, the descendants of the original owners of the land which is home to Rotorua Airport today.

OUR PURPOSE AND VISION

RRA's purpose is to be **"Rotorua's runway to a thriving future"**

and its vision is **"To be a uniquely Rotorua hub our community can be proud of".**

RRA's core business is to maintain a safe and efficient Airport operation in a commercially viable manner, whilst optimising the use of its assets to facilitate and grow tourism and trade, other commercial activity, and Airport profitability. This encompasses a wide range of activities from maintaining a Part 139 compliant aerodrome to financial sustainability and supporting the social, economic and cultural aspirations of Rotorua. RRA is responsible for the planning and management of ongoing capital development and maintenance of the Airport assets and infrastructure.

KEY PRIORITIES AND OBJECTIVES

The board and management have identified five key priorities for the airport to deliver on its vision:

Excelling Today

Ready for Tomorrow

Quality Asset Management

Stronger Together

Be financially sustainable

Critical elements in delivering the vision and realising these priorities include:

- A continuous improvement culture that embraces best practice Safety Management System, compliance and aeronautical practices
- Future ready capability that seeks to adopt emerging aviation technologies and adapt with climate change
- Plan and maintain assets to a high standard including a mature asset management system with maintenance, renewals and clear future financial forecasting
- Deliver value from people, partnerships and customer experience and drive positive community outcomes
- Drive commercial success and reduce the financial reliance on RLC by unlocking under-utilised airport land and growing non-aeronautical revenue

RRA has identified the FY27 initiatives, and FY29 key targets, that will enable it to deliver on this vision and objectives. The high-level strategic plan outlining these initiatives can be found in **Appendix 1**.

At an operational level RRA is focussed on maintaining a safe operation and ensuring the surrounding airspace is free of obstacles, including trees and vegetation. To deliver this objective RRA works in collaboration with the Whakapoungakau 7 Māori Reservation Trusts (Reservation Trusts) in regard to the Kahikatea stand to the north of RRA and other neighbours.

As well as continuing to explore new airline and business partnerships, RRA will also seek, assess and, where appropriate implement, commercial opportunities to diversify RRA's revenue streams and deliver on its key priorities. RRA acknowledges that some initiatives may require RLC support. RRA is exploring the possibility of a Solar Array Project with RLC, RRA and airport tenants as the off-taker. If successful, this project will provide RRA with future energy security and revenue diversification.

The Board remains open to strategic land purchases that align with the Rotorua Airport Property and Investment Framework.

AIRPORT BUSINESS PARK

RRA has developed the masterplan for an airport business park that will support long-term prosperity for both the organisation and the wider Rotorua community. The business park will be delivered in stages and the commencement of Stage 1A is planned for FY27.

Over the last 3 years RRA has worked in partnership with Ngāti Uenukukōpako and key stakeholders to understand the broader Eastside context and define the objectives of the proposed business park to enhance outcomes for Eastside and Rotorua as a whole. RRA completed a thorough and robust business case to identify how the business park can be designed and delivered to support sustainable growth while managing risk and cost.

Stage 1A delivers the essential enabling works required to unlock the first sections within the Airport Park and is the minimal viable investment required to create a market-ready aviation precinct. Work to be undertaken includes earthworks, stormwater, core utilities and initial roading to create three development-ready sites and associated airside works including a connecting taxiway and stormwater and safety upgrades.

As part of the delivery of the business park, RRA will work with Ngāti Uenukukōpako and Ngā Uri o Karamuramu to support outcomes that align with RRA, Rotorua community, and iwi and hapū aspirations, while also reflecting the mauri (essence) of the whenua (land) and its people.

This initiative presents a significant opportunity to support the airport's financial capability, attract new aviation and aviation related businesses (as well as support the growth of existing ones), and further strengthen RRA's role as a key economic driver for the region.

CAPITAL EXPENDITURE

RLC transferred all Airport assets to RRA in February 2016. A programme of capital improvements has been established and is ongoing.

The capital improvements programme, which relates to operational assets and airport infrastructure, is updated on an annual basis and likely future spend is also identified in the 20-year forecast. This reflects the nature of RRA's business as an owner of significant infrastructure assets that must be maintained to meet its obligations under the Civil Aviation Act 2023 and the Civil Defence and Emergency Act 2002. All assets are well managed to ensure maximum life span and replacement as and when required.

The cost of aeronautical capital expenditure can be recovered through aerodrome charges levied to both regular passenger service operators and general aviation. There is an established framework in place to manage this process, subject to commercial assessment.

Capital expenditure is funded out of airport cashflow wherever possible. However, from time to time, there will be essential large scale capital expenditure requiring debt funding. Indicative capital expenditure and likely required borrowing is outlined in the table below. RRA will work on the basis that borrowing for infrastructure and operational projects, given it is critical to maintaining and operating a safe airport which is fit for purpose for Rotorua, is pre-approved and will be included in RLC's long term plan.

From time to time RRA will also progress strategic development projects to deliver on its strategic priorities and objectives. Where RRA requires additional debt funding to deliver a strategic project, RRA will present a board approved business case to RLC to approve the increase in debt.

Capital Improvements and Strategic Development Programme (FY27)

Project	Description	Status	Project Type	RLC Borrowing
Airport Business Park Stage 1A	Enabling works (earthworks, utilities, roading and airside access)	Delivery phase	Infrastructure	Yes (in borrowing programme)
Airside Swale	Airside stormwater for climate resilience	Delivery phase	Infrastructure	No
Airfield Ground Lighting (AGL) Acquisition	Purchase of AGL assets from Airways	Final negotiations	Infrastructure	No
AGL partial replacement	Replace AGL assets that have reached end of life	Planning Phase	Infrastructure	Partial (in borrowing programme)

FY27 Budget:

RRA has allowed a capital expenditure budget of **$9,405,000 in FY27** to deliver the above projects and capital expenditure for Buildings & Fitout and Plant & Equipment.

Capital Improvements and Strategic Development Programme (FY28-FY29)

Project	Description	Status	Timing	Project Type	RLC Borrowing
Solar Array Project (8MW)	Development of onsite generation to support energy resilience and revenue diversification	Business case development (RLC engaged)	FY28	Strategic	Yes
Surface reseal	Asphalt reseal of Gates 2&3 and the northern starter extension	Not started	FY29	Infrastructure	No

FY28 and FY29 Budget:

RRA has allowed a capital expenditure budget of **$14,150,000 in FY28** and **$3,076,000 in FY29** to deliver the above projects and capital expenditure for Buildings & Fitout and Plant & Equipment.

Project Governance

Major capital and development projects progress through defined stages:

1. Investigation / concept development
2. Business case preparation and Board approval
3. Engagement with Rotorua Lakes Council where required (often occurs alongside stage 2)
4. Delivery and implementation

The board and management are mindful that we are in a period of changing technology which may alter the way the airport is required to operate over time. RRA continues to work closely with our aviation and other partners to stay well informed about developments. RRA will build required changes into the master plan and capital expenditure budgets to ensure RRA is prepared for the future.

Where projects progress to a formal business case, RRA will:

- Engage early with council to ensure that any implications for the Long-Term Plan are considered
- Work with RLC to identify any consultation requirements over and above RRA's own stakeholder engagement and consultation processes
- Identify funding requirements, including any debt drawdown
- Assess whether RLC approval is required for borrowings
- Work with RLC in a constructive and collaborative manner to ensure RLC consultation requirements or borrowing approval does not cause project delays.

This approach ensures that operational decision-making remains with the Board, while providing Council with appropriate visibility and involvement in line with Section 60 of the Local Government Act.

PERFORMANCE MEASURES

The following table outlines RRA's anticipated financial performance for the three (3) year period ending 30 June 2029, and the performance measures it will be assessed against. These measures and forecasted performance are based on the following key assumptions:

- That Air New Zealand will continue to operate regular passenger services to Auckland, Wellington and Christchurch.
- No further material external or internal economic shocks impacting business and aviation resulting from an un-forecast significant event.
- New Zealand GDP tracks to the current consensus of economic forecasts.
- The continuation of the RLC and BNZ Loan Facilities.
- No material movement in the fair value assessment of the airport land and buildings.
- Continuation and renewal of the Service Funding Agreement with RLC (SFA) at $1.8m per annum.
- RLC does not require a forecast Statement of Cashflows or forecast Statement of Financial Position in this SOI as the information below, and regular discussions with RLC, provide the shareholder with sufficient information.

In addition to the measures outlined below please see Appendix 1 for the FY27 Initiatives and the measures of success for the FY29 Key Targets.

	FY19 Actuals (pre COVID)	FY25 Actuals	FY27	FY28	FY29
a. Aircraft **Aircraft movements (note 1)**	7,498	5,421	5,084	5,152	5,234
b. Passengers **Domestic (note 1)**	265,443	206,008	193,795	197,368	199,398
c. Financial **Aeronautical Revenue (note 2)**	*$1,660,351*	*$4,145,491*	$5,321,697	$6,166,261	$6,252,868
Non-Aeronautical Revenue	*$1,270,064*	*$1,497,180*	$1,535,312	$1,551,288	$1,582,170
Service Funding Agreement	*$2,563,020*	*$1,800,000*	$1,800,000	$1,800,000	$1,800,000
Total Revenue	*$5,493,435*	*$7,474,291*	$8,657,009	$9,517,549	$9,635,038
Operating expenses	*$1,202,333*	*$1,919,802*	$2,642,092	$3,335,316	$2,337,659
Overheads	*$1,336,550*	*$2,223,344*	$2,603,972	$2,263,486	$2,308,756
Interest (note 3)	*$514,956*	*$364,945*	$395,589	$467,515	$503,880
Total Expenses (excl Depreciation)	*$3,053,839*	*$4,508,091*	$5,641,653	$6,066,317	$5,150,295
Net Surplus (before Depreciation)	*$2,439,595*	*$2,966,200*	$3,015,356	$3,451,233	$4,484,743
Depreciation	*$2,219,905*	*$2,478,570*	$2,968,600	$3,239,032	$3,335,983
Net Surplus / Loss (after Depreciation & before tax) (note 4)	*$219,690*	*$487,630*	$46,756	$212,201	$1,148,760
Capital expenditure	-	$1,385,663	$9,405,000	$14,150,000	$3,076,000
Shareholders' funds to total assets (note 5)	-		75.5%	66.7%	66.1%
d. RRA Term Borrowings (with LGFA via RLC) *As at 30 June (note 6)*	$14,400,000	$11,150,000	$12,050,000	$24,650,000	$23,250,000
e. Aviation Compliance **RRA has a current Part 139 Operating Certificate (note 7)**			Yes	Yes	Yes
f. Legal Compliance **5 year compliance calendar**	Provided with quarterly reporting				
g. Asset Management **High-level Asset Management Plan to RLC**	By 31 December, each year				

Note 1: *The following assumptions have been made in the forecasting of passenger numbers and flight movements, and consequently revenue:*

- *Passenger numbers are based on Air NZ forecast capacity at this point in time.*
- *Air NZ are forecasting domestic capacity to remain in line with current levels.*
- *Any increases will come from growing international visitors to Rotorua and onto air services.*

Note 2: *Aeronautical revenue is subject to variation based on the movement of interest rates and WACC.*

Note 3: *Interest charges include interest costs for the Stage 1a borrowing but not the Solar Array Project.*

Note 4: *Due to the availability of a group loss offset from RLC, the provision for taxation has been excluded in the financial forecast.*

Note 5: *Total assets represent the RRA's total assets, both intangible and tangible. Shareholders' funds represent net equity of the shareholder. This includes issued share capital, capital reserves and retained earnings. There is currently no intention to distribute any of these funds to the shareholder.*

Note 6: *The debt came from the purchase of the Airport Assets in 2016, the original RLC debt value was $18,400,000, which was reduced to $15,000,000 during FY16. At this time, the company took on, and continues to have, a customised average rate loan (CARL) from BNZ of up to $3,400,000 (please note this debt facility is not fully utilised and the balance varies throughout the year). Debt Repayment profile is as per this SOI, and in line with RLC's LTP. The borrowing includes Stage 1A of the Airport Business Park and the Solar Array Project.*

Note 7: *The current Part 139 Operating Certificate is valid until 29th February 2029.*

SIGNATORIES

Chairperson – Rotorua Regional Airport Ltd	Chief Executive – Rotorua Regional Airport Ltd
Kevin Ward	Nicole Brewer
Date: 23 June 2026	Date: 23 June 2026

APPENDIX 1

The following workplan summarises RRA's priority initiatives and strategic projects for FY27 and key targets for FY28-FY29:

OUR PURPOSE ROTORUA'S RUNWAY TO A THRIVING FUTURE

OUR VISION TO BE A UNIQUELY ROTORUA HUB OUR COMMUNITY CAN BE PROUD OF

EXCELLING TODAY
Continuous Improvement Culture

Key Targets FY29

- Best practice SMS & compliance
- Optimise aeronautical practices
- Mature and robust systems
- Embedded sustainability culture

FY27 Initiatives

- Reduce take off minima (part 2)
- Aeropath flight path review
- Remove priority trees to improve airport accessibility
- Streamline crane requests
- Optimise waste streams

READY FOR TOMORROW
Future Ready Capability

Key Targets FY29

- Embrace future ready capabilities
- On track to adopt emerging aviation technologies and standards
- Adapting with climate change
- Future proofing facilities

FY27 Initiatives

- New OLS design
- OLS alternative means of compliance lodged with CAA
- Protection of new OLS in DP/Spatial Plan underway
- Stage 1A constructed
- Climate resilience swale constructed
- Create Airport Knowledge Base
- Airport registration complete

QUALITY ASSET MANAGEMENT
Plan & maintain assets to a high standard

Key Targets FY29

- Mature asset management system including maintenance, renewals and clear future financial forecasting
- Single source of truth
- Asset management system embedded RRA wide

FY27 Initiatives

- Acquire AGL
- AGL replacement complete
- Baggage belt upgrade (part 2)
- Airport entranceway refresh
- Asset management dashboard
- Electrical services procurement
- Hangar 14 refresh
- Fire Training Ground remediated

STRONGER TOGETHER
People, Partnerships and Experience

Key Targets FY29

- High performing team
- Drive positive community outcomes
- Extend our manaakitanga
- Extensive stakeholder & community relationships
- Strengthen air connectivity

FY27 Initiatives

- Business park design guidelines
- Advisory group in place
- Staff engagement survey refresh
- Masterplan update
- Shared air connectivity vision

BE FINANCIALLY SUSTAINABLE
Commercial Success

Key Targets FY29

- Actively working on Stage 1B
- Reduce financial reliance on RLC
- Grow non-aeronautical revenue
- Optimise and grow existing revenue streams

FY27 Initiatives

- Reset SFA with RLC
- Solar business case
- Business park marketing live
- Two stage 1A agreements to lease

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FY29 KEY TARGETS - WHAT DOES SUCCESS LOOK LIKE

EXCELLING TODAY
Continuous Improvement Culture

Best practice SMS & compliance
- Effective, embedded SMS that users interact with independently
- Up to date, easily accessible data supporting sound decision-making and continuous improvement

Optimise aeronautical practices
- All IFP understood, protected and optimized

Mature and robust systems
- Solid systems that continue through changes in staff or circumstance
- Automatic reminders to ensure all recurring items occur as scheduled and on time
- Comprehensive insights to enhance decision making

Embedded sustainability culture
- Environmental and Social sustainability is a routine consideration in all we do
- Tenants, partners and visitors are part of RRA's sustainability journey
- Sustainability and carbon reduction is a key consideration in procurement decisions

READY FOR TOMORROW
Future Ready Capability

Embrace future ready capabilities
- Taking advantage of new technologies and rule changes that will improve flight operations at RRA
- RRA own all AGL and upgrades are completed

On track to adopt emerging aviation technologies and standards
- District Plan changes completed to protect aerodrome OLS surfaces and IFPs
- SBAS procedures ready to be implemented

Adapting with Climate Change
- We understand the key threats and design for the probable future state, rather than for today's conditions

Future proofing facilities
- Southern GA fuel area fit for purpose and ready for growth
- Southern taxiway completed and poised for airport growth

QUALITY ASSET MANAGEMENT
Plan & maintain assets to a high standard

Mature asset management system including maintenance, renewals and clear future financial forecasting
- Maintenance and compliance is planned, tracked and recorded
- We have a clear understanding of capex spend and asset renewals to support 20-year forecast
- Robust board and management reporting to support governance oversight and data led decision making
- Maintenance and renewals are implemented in a steady and consistent manner to ensure RRA does not create an investment deficit

Single source of truth
- Can find all relevant asset information in one place

Asset management system embedded RRA wide
- All staff regularly interact with the asset management system and it becomes the automatic "go-to" for storing, tracking and finding asset related information

STRONGER TOGETHER
People, Partnerships and Experience

High performing team
- Highly engaged team who regard RRA as a great place to work
- Staff clearly understand RRA values and performance expectations
- Systems are in place to encourage and support high performance

Drive positive community outcomes
- Ngati Uenukukopako Advisory group constructively supporting airport decision making
- Support Rotorua business, tourism & aviation communities to thrive
- Regular community events

Extend our manaakitanga
- Visitors arriving at RRA immediately know they are in Rotorua
- Terminal showcases Rotorua
- Increased visitation from non-travellers

Extensive stakeholder & community relationships
- Regular and meaningful engagement with Ngati Uenukukopako and Nga Uri o Karamuramu
- Mature lease management system

Strengthen air connectivity
- We are actively working with partners to grow pax numbers

BE FINANCIALLY SUSTAINABLE
Commercial Success

Actively working on Stage 1B
- Pursing tenant leads for Stage 1b
- Planning underway for stage 1b
- Eastgate intersection ready to connect to RRA

Reduce financial reliance on RLC
- Revised SFA with RLC in place
- Non-aeronautical revenue increasing year on year

Grow non-aeronautical revenue
- Stage 1a tenants in place
- Solar installation in place
- Well utilised meeting facility
- Continually exploring opportunities

Optimise and grow existing revenue streams
- Rental Property Portfolio optimised
- New rental carpark in place to provide carpark capacity growth

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